

48

Richard Burbidge Limited

Financial statements

For the 52 weeks ended 27 September 2003



Company No. 2037421

Company information

Company registration number :	2037421
Registered office :	Whittington Road Oswestry Shropshire SY11 1HZ
Directors :	R H Burbidge D L Burbidge J P D Hancox C Johnson S Underhill M Whybrow T Wood
Secretary :	S Underhill
Bankers :	National Westminster Bank Plc 8 Mardol Head Shrewsbury Shropshire SY1 1HE
Solicitors :	Mace & Jones Drury House 19 Water Street Liverpool L2 0RP
Auditors :	Grant Thornton Registered Auditors Chartered Accountants Heron House Albert Square Manchester M60 8GT

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Report of the directors

The directors present their report together with the audited financial statements for the 52 weeks ended 27 September 2003.

Principal activity

The company's principal activity is the supply of quality timber based products to the home improvement and building industries.

Performance Review

The directors are pleased with the overall financial performance of the group.

The increase in group profitability is due to the improved performance of our 3 subsidiary companies. This includes a full year profit contribution from Atkinson Marketing Limited, compared to only 6 months contribution in the previous year.

In the main business, Richard Burbidge Limited, both turnover and profitability were down on the previous year.

Dividends

The directors have declared a final ordinary dividend of £19.02 (2002 : £14.67) per share making, with the interim dividend of £5.33 (2002 : £5.33) per share, a total of £24.35 (2002 : £20) per share for the year. Mr R H Burbidge has waived the right to receive dividends totalling £415,125 (2002 : £340,800).

The profit for the period retained in the group is £2,448,000 (2002 : £2,387,000).

Directors

The directors of the company and their interests in the share capital of the company at the end of the period are listed below.

	Ordinary shares of £1 each	
	2003	2002
R H Burbidge	18,540	18,540
D L Burbidge *	—	—
J P D Hancox *	—	—
S Underhill	—	—
T Wood	—	—
M Whybrow	—	—
C Johnson *	—	—
R H Burbidge and D L Burbidge as trustees	2,250	7,820

* Non executive director

R D Smith resigned as a director of the company on 31 December 2002.

No rights to subscribe for shares or debentures of group companies were granted to any of the directors or their immediate families, or exercised by them, during the financial period.

Directors' responsibilities for the financial statements

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the group and the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for ensuring that the directors' report is prepared in accordance with company law in the United Kingdom.

Employees

The group supports the employment of disabled people wherever possible through recruitment, by retention of those who become disabled during their employment and generally through training, career development and promotion.

The directors recognise the importance of good communications and relations with employees.

Environmental policy

The group is committed to reducing the environmental impacts caused by its operations as a manufacturer and supplier of predominantly timber based products for the building and home improvement sector. A copy of the environmental policy is available on request from the head office address, or can be viewed on the company's web site at www.richardburbidge.co.uk

Political and charitable contributions

The group made no political contributions during the period. Donations to UK charities amounted to £2,817 (2002 : £3,820).

Auditors

Grant Thornton offer themselves for reappointment as auditors in accordance with Section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD



S Underhill
Secretary

4 December 2003

Report of the independent auditors to the members of Richard Burbidge Limited

We have audited the financial statements of Richard Burbidge Limited for the 52 weeks ended 27 September 2003 which comprise the principal accounting policies, the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the balance sheets, the consolidated cash flow statement and notes 1 to 26. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

The directors' responsibilities for preparing the directors' report and the financial statements in accordance with applicable law and United Kingdom accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the directors' report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Grant Thornton 

Report of the independent auditors to the members of Richard Burbidge Limited

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 27 September 2003 and of the group's profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
MANCHESTER

4 December 2003

Principal accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Basis of consolidation

The group financial statements consolidate those of the company and of its subsidiary undertakings drawn up to 27 September 2003. Acquisitions of subsidiaries are dealt with by the acquisition method of accounting.

Goodwill

Goodwill arising on consolidation, representing the excess of the fair value of the consideration given over the fair values of the identifiable net assets acquired, is capitalised and is amortised on a straight line basis over its estimated useful life.

Turnover

Turnover is the total amount receivable by the group for goods supplied and services provided, excluding VAT and trade discounts.

Depreciation

Depreciation is calculated to write down the cost of all tangible fixed assets other than freehold land by equal annual instalments over their expected useful economic lives. The rates generally applicable are:

Freehold buildings	25 years
Leasehold land and buildings	Life of lease
Plant and machinery	2 to 10 years

Stocks

Stocks are stated at the lower of cost and net realisable value, after making allowance for obsolete and slow moving items.

Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal.

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

Contributions to pension funds

Defined Contribution Scheme

The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

Defined Benefit Scheme

The pension costs charged against profits are based on actuarial methods and assumptions designed to spread the anticipated pension costs over the service lives of the employees in the scheme, so as to ensure that the regular pension cost represents a substantially level percentage of the current and expected future pensionable payroll. Variations from regular cost are spread over the average remaining service lives of current employees in the scheme.

Leased assets

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight-line basis over the lease term.

Foreign currency

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction.

Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the profit and loss account over the expected useful lives of the assets concerned.

Research and development costs

Expenditure on research and development is written off against profit in the year in which it is incurred.

Consolidated profit and loss account

Continuing activities	Note	2003 £000	2002 £000
Turnover	1	57,563	54,181
Cost of sales		<u>(38,448)</u>	<u>(36,490)</u>
Gross profit		19,115	17,691
Distribution costs		<u>(10,496)</u>	<u>(10,578)</u>
Administrative expenses		<u>(4,310)</u>	<u>(3,158)</u>
Operating profit		4,309	3,955
Interest receivable and similar income	4	115	88
Interest payable and similar charges	5	<u>(26)</u>	<u>(4)</u>
Profit on ordinary activities before taxation	2	4,398	4,039
Tax on profit on ordinary activities	6	<u>(1,452)</u>	<u>(1,243)</u>
Profit on ordinary activities after taxation		2,946	2,796
Dividends	7	(498)	(409)
Profit retained and transferred to reserves	18	<u><u>2,448</u></u>	<u><u>2,387</u></u>
Consolidated statement of total recognised gains and losses			
		2003 £000	2002 £000
Profit for the financial period		2,946	2,796
Exchange gain on consolidation		52	4
Total recognised gains and losses		<u>2,998</u>	<u>2,800</u>
Prior year adjustment (see note 18)		(86)	(325)
Total recognised gains and losses since last financial statements		<u><u>2,912</u></u>	<u><u>2,475</u></u>

Consolidated balance sheet

	Note	2003 £000	Restated 2002 £000
Fixed assets			
Intangible assets	9	941	1,181
Tangible assets	10	10,039	10,669
Investments	11	2	2
		<u>10,982</u>	<u>11,852</u>
Current assets			
Stocks	12	7,859	7,366
Debtors	13	11,575	12,984
Cash at bank and in hand		5,148	1,421
		<u>24,582</u>	<u>21,771</u>
Creditors: amounts falling due within one year	14	<u>(9,944)</u>	<u>(10,482)</u>
Net current assets		<u>14,638</u>	<u>11,289</u>
Total assets less current liabilities		25,620	23,141
Creditors : amounts falling due after more than one year	15	(396)	(215)
Provisions for liabilities and charges	16	(349)	(551)
Net assets		<u>24,875</u>	<u>22,375</u>
Capital and reserves			
Called up share capital	17	38	38
Share premium account	18	2,329	2,329
Profit and loss account	18	22,508	20,008
Equity shareholders' funds	19	<u>24,875</u>	<u>22,375</u>

The financial statements were approved by the Board of Directors on 4 December 2003.

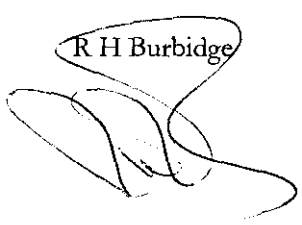
R H Burbidge

Director

Company balance sheet

	Note	2003 £000	2002 £000
Fixed assets			
Intangible assets	9	—	104
Tangible assets	10	8,273	8,930
Investments	11	5,286	5,286
		<u>13,559</u>	<u>14,320</u>
Current assets			
Stocks	12	6,554	6,353
Debtors	13	9,406	10,867
Cash at bank and in hand		3,993	1,106
		<u>19,953</u>	<u>18,326</u>
Creditors: amounts falling due within one year	14	<u>(8,452)</u>	<u>(9,124)</u>
Net current assets		<u>11,501</u>	<u>9,202</u>
Total assets less current liabilities		25,060	23,522
Creditors : amounts falling due after more than one year	15	(396)	(215)
Provisions for liabilities and charges	16	(228)	(428)
Net assets		<u>24,436</u>	<u>22,879</u>
Capital and reserves			
Called up share capital	17	38	38
Share premium account	18	2,329	2,329
Profit and loss account	18	22,069	20,512
Equity shareholders' funds	19	<u>24,436</u>	<u>22,879</u>

The financial statements were approved by the Board of Directors on 4 December 2003.



R H Burbidge

Director

Consolidated cash flow statement

	Note	2003 £000	2002 £000
Net cash inflow from operating activities	20	<u>6,405</u>	<u>5,063</u>
Returns on investments and servicing of finance			
Interest received		115	88
Interest paid		(1)	(1)
Finance lease interest paid		<u>(25)</u>	<u>(3)</u>
Net cash inflow from returns on investments and servicing of finance		89	84
Taxation		(1,449)	(1,402)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(890)	(956)
Sale of tangible fixed assets		<u>17</u>	<u>82</u>
Net cash outflow for capital expenditure and financial investment		(873)	(874)
Acquisition			
Purchase of subsidiary undertakings		-	(5,254)
Net cash acquired with subsidiary undertaking		<u>-</u>	<u>1,738</u>
Net cash outflow for acquisition		-	(3,516)
Equity dividends paid		<u>(409)</u>	<u>(368)</u>
Net cash inflow/(outflow) before financing		3,763	(1,013)
Financing			
Capital element of finance lease rentals		<u>(88)</u>	<u>(6)</u>
Net cash outflow from financing		(88)	(6)
Increase/(decrease) in cash	21	<u><u>3,675</u></u>	<u><u>(1,019)</u></u>

Notes to the financial statements

1 Segmental turnover analysis

The turnover and profit on ordinary activities before taxation is attributable to the supply of quality timber based products to the home improvement and building industries as follows :

	2003 £000	2002 £000
United Kingdom	53,423	50,310
Europe	4,119	3,839
Rest of the World	21	32
	<u>57,563</u>	<u>54,181</u>

2 Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after :

	2003 £000	2002 £000
Depreciation		
– owned	1,763	1,666
– held under finance leases and hire purchase contracts	78	10
Auditors' remuneration		
– audit	26	21
– other services	18	1
Amortisation	240	173
Profit on sale of fixed assets	(9)	(6)
Hire of plant and machinery under operating leases	710	656
Amortisation of grants	(6)	(7)

3 Directors and employees

Staff costs during the period were as follows :

	2003 £000	2002 £000
Wages and salaries	11,465	11,180
Social security costs	950	844
Pension costs	1,187	704
	<u>13,602</u>	<u>12,728</u>

The average number of employees during the period was :

	2003 Number	2002 Number
Distribution and sales	171	176
Production	410	431
Administration	55	55
	<u>636</u>	<u>662</u>

Directors and employees (continued)

The total amounts for directors' remuneration and other benefits was as follows :

	2003 £000	2002 £000
Emoluments	1,180	885
Pension costs	523	138
	<u>1,703</u>	<u>1,023</u>

Directors' remuneration shown above included the following amounts payable in respect of the highest paid director :

	2003 £000	2002 £000
Emoluments	695	479
Pension costs	491	109
	<u>1,186</u>	<u>588</u>

Retirement benefits are accruing to the following number of directors under :

	2003 Number	2002 Number
Money purchase schemes	1	1
Defined benefit schemes	3	3

4 Interest receivable and similar income

	2003 £000	2002 £000
Bank interest receivable	<u>115</u>	<u>88</u>

5 Interest payable and similar charges

	2003 £000	2002 £000
On bank loans and overdrafts	1	1
Finance leases	25	3
	<u>26</u>	<u>4</u>

6 Tax on profit on ordinary activities

	2003 £000	2002 £000
The taxation charge is based on the profit for the period and represents :		
Corporation tax at 30% (2002 : 30%)	1,622	1,210
Adjustments in respect of prior periods	32	(5)
	<u>1,654</u>	<u>1,205</u>
Deferred tax	(202)	38
	<u>1,452</u>	<u>1,243</u>

Factors affecting the tax charge for the period

The tax assessed for the period differs from the standard rate of corporation tax in the United Kingdom of 30% (2002 : 30%). The differences are explained as follows :

	2003 £000	2002 £000
Profit on ordinary activities before taxation	<u>4,398</u>	<u>4,039</u>
Profit on ordinary activities before taxation multiplied by standard rate of corporation tax in the United Kingdom of 30% (2002 : 30%)	1,319	1,212
Effect of:		
Expenses not deductible for tax purposes (including goodwill amortisation)	127	89
Depreciation for the period in excess of capital allowances	122	67
Movement in provisions	58	(158)
Adjustment in respect of prior periods	32	(5)
Marginal relief	(4)	-
	<u>1,654</u>	<u>1,205</u>

7 Dividends

	2003 £000	2002 £000
Ordinary shares		
Interim	109	109
Final proposed	389	300
	<u>498</u>	<u>409</u>

8 Profit for the financial period

The parent company has taken advantage of section 230 of the Companies Act 1985 and has not included its own profit and loss account in these financial statements. The parent company's profit for the financial period before dividends was £2,055,000 (2002 : £3,509,000).

9 Intangible fixed assets

	Group Goodwill £000	Company Goodwill £000
Cost		
At 29 September 2002	1,397	250
Additions	—	—
At 27 September 2003	<u>1,397</u>	<u>250</u>
Depreciation		
At 29 September 2002	216	146
Provided in the year	240	104
At 27 September 2003	<u>456</u>	<u>250</u>
Net book amount		
At 27 September 2003	<u>941</u>	<u>—</u>
Net book amount		
At 28 September 2002	<u>1,181</u>	<u>104</u>

10 Tangible fixed assets

Group	Freehold land and buildings £000	Long leasehold land and buildings £000	Plant and machinery £000	Assets in course of construction £000	Total £000
Cost					
At 29 September 2002 (as restated)	9,086	85	12,955	179	22,305
Additions	404	—	783	32	1,219
Disposals	—	—	(134)	—	(134)
Transfers	53	—	126	(179)	—
At 27 September 2003	<u>9,543</u>	<u>85</u>	<u>13,730</u>	<u>32</u>	<u>23,390</u>
Depreciation					
At 29 September 2002	3,275	24	8,337	—	11,636
Provided in the year	371	2	1,468	—	1,841
Disposals	—	—	(126)	—	(126)
At 27 September 2003	<u>3,646</u>	<u>26</u>	<u>9,679</u>	<u>—</u>	<u>13,351</u>
Net book amount					
At 27 September 2003	<u>5,897</u>	<u>59</u>	<u>4,051</u>	<u>32</u>	<u>10,039</u>
Net book amount					
At 28 September 2002	<u>5,811</u>	<u>61</u>	<u>4,618</u>	<u>179</u>	<u>10,669</u>

Tangible fixed assets (continued)

The cost and net book value of freehold land and buildings includes land of £405,000 (2002 : £405,000) which is not depreciated.

Included in the net book value of plant and machinery is £434,315 (2002 : £183,078) in respect of assets held under finance leases. Depreciation for the period on these assets was £78,088 (2002 : £9,636).

Company	Freehold land and buildings £000	Long leasehold land and buildings £000	Plant and machinery £000	Assets in course of construction £000	Total £000
Cost					
At 29 September 2002	7,956	85	12,243	179	20,463
Additions	376	—	592	32	1,000
Disposals	—	—	(133)	—	(133)
Transfers	53	—	126	(179)	—
At 27 September 2003	<u>8,385</u>	<u>85</u>	<u>12,828</u>	<u>32</u>	<u>21,330</u>
Depreciation					
At 29 September 2002	3,168	24	8,341	—	11,533
Provided in the year	323	2	1,324	—	1,649
Disposals	—	—	(125)	—	(125)
At 27 September 2003	<u>3,491</u>	<u>26</u>	<u>9,540</u>	<u>—</u>	<u>13,057</u>
Net book amount					
At 27 September 2003	<u>4,894</u>	<u>59</u>	<u>3,288</u>	<u>32</u>	<u>8,273</u>
Net book amount					
At 28 September 2002	<u>4,788</u>	<u>61</u>	<u>3,902</u>	<u>179</u>	<u>8,930</u>

The cost and net book value of freehold land and buildings includes land of £255,000 (2002 : £255,000) which is not depreciated.

Included in the net book value of plant and machinery is £434,315 (2002 : £183,078) in respect of assets held under finance leases. Depreciation for the period on these assets was £78,088 (2002 : £9,636).

11 Fixed asset investments

Group	Other investments £000		
Cost			
At 29 September 2002 and 27 September 2003			<u>25</u>
Provisions			
At 29 September 2002 and 27 September 2003			<u>23</u>
Net book value			
At 27 September 2003			<u>2</u>
At 28 September 2002			<u>2</u>
Company	Shares in group undertakings £000	Other investments £000	Total £000
Cost			
At 29 September 2002 and 27 September 2003	<u>5,292</u>	<u>25</u>	<u>5,317</u>
Provisions			
At 29 September 2002 and 27 September 2003	<u>8</u>	<u>23</u>	<u>31</u>
Net book value			
At 27 September 2003	<u>5,284</u>	<u>2</u>	<u>5,286</u>
At 28 September 2002	<u>5,284</u>	<u>2</u>	<u>5,286</u>

The company had the following subsidiary undertakings as at 27 September 2003 :

Name of subsidiary	Country of incorporation	Class of share capital held	Percentage of nominal value of issued share capital	Nature of business
Richard Burbidge (Ireland) Limited	Eire	Ordinary IR £1	100%	Distributor of home improvement timber products
Brankbrook Limited	England & Wales	Ordinary £1	100%	Dormant
Atkinson Marketing Limited	England & Wales	Ordinary £1	100%	Intermediate Holding Company
Atkinson and Kirby Limited	England & Wales	Ordinary £1	100% *	Import and manufacture of flooring products
Art Mouldings (Sales) Limited	England & Wales	Ordinary £1	100% *	Manufacture and finishing of picture frame mouldings
A. M. Products Limited	England & Wales	Ordinary £1	100% *	Dormant

* Subsidiaries of Atkinson Marketing Limited

12 Stocks

	2003 £000	Group 2002 £000	2003 £000	Company 2002 £000
Raw materials and consumables	2,733	2,974	2,439	2,731
Work in progress	866	802	841	788
Finished goods and goods for resale	4,260	3,590	3,274	2,834
	<u>7,859</u>	<u>7,366</u>	<u>6,554</u>	<u>6,353</u>

13 Debtors

	2003 £000	Group 2002 £000	2003 £000	Company 2002 £000
Trade debtors	11,061	12,521	8,472	9,884
Amounts owed by subsidiary undertakings	—	—	516	568
Other debtors	38	14	38	14
Prepayments and accrued income	476	449	380	401
	<u>11,575</u>	<u>12,984</u>	<u>9,406</u>	<u>10,867</u>

14 Creditors : amounts falling due within one year

	2003 £000	Group 2002 £000	2003 £000	Company 2002 £000
Trade creditors	3,955	5,430	3,367	4,680
Amounts owed to subsidiary undertakings	—	—	35	33
Corporation tax	943	738	486	532
Other taxation and social security	1,309	1,430	971	1,139
Other creditors	506	261	506	261
Accruals and deferred income	2,747	2,282	2,603	2,138
Dividend proposed	389	300	389	300
Obligations under finance leases	95	41	95	41
	<u>9,944</u>	<u>10,482</u>	<u>8,452</u>	<u>9,124</u>

15 Creditors : amounts falling due after more than one year

	2003 £000	Group 2002 £000	2003 £000	Company 2002 £000
Obligations under finance leases	333	146	333	146
Deferred regional development grants	63	69	63	69
	<u>396</u>	<u>215</u>	<u>396</u>	<u>215</u>

Obligations under finance leases are repayable as follows:

	2003 £000	Group 2002 £000	2003 £000	Company 2002 £000
Within one year	95	41	95	41
Between one and two years	102	37	102	37
Between two and five years	231	109	231	109
	<u>428</u>	<u>187</u>	<u>428</u>	<u>187</u>

16 Provisions for liabilities and charges**Deferred taxation**

	Group £000	Company £000
At 29 September 2002	551	428
Credited to profit and loss account	(202)	(200)
At 27 September 2003	<u>349</u>	<u>228</u>

The amounts provided for deferred taxation are set out below :

	2003 £000	Group 2002 £000	2003 £000	Company 2002 £000
Difference between accumulated depreciation and amortisation and capital allowances	504	625	372	493
Other timing differences	(155)	(74)	(144)	(65)
	<u>349</u>	<u>551</u>	<u>228</u>	<u>428</u>

17 Share capital

	2003 £000	2002 £000
Authorised		
37,500 Ordinary shares of £1 each	<u>38</u>	<u>38</u>
Allotted, called up and fully paid		
37,500 Ordinary shares of £1 each	<u>38</u>	<u>38</u>

18 Share premium account and reserves

	Share premium account £000	Group Profit and loss account £000	Share premium account £000	Company Profit and loss account £000
At 29 September 2002 as previously reported	2,329	20,094	2,329	20,512
Prior year adjustment	—	(86)	—	—
At 29 September 2002 as restated	<u>2,329</u>	<u>20,008</u>	<u>2,329</u>	<u>20,512</u>
Retained profit for the year	—	2,448	—	1,557
Exchange differences	—	52	—	—
At 27 September 2003	<u>2,329</u>	<u>22,508</u>	<u>2,329</u>	<u>22,069</u>

The prior year adjustment in 2003 has arisen due to a change in one of the accounting policies of the company's subsidiary undertaking in respect of the treatment of land and buildings, to bring it in line with the group policy. The prior year adjustment in 2002 related to the adoption of FRS19.

	Fixed assets £	Shareholders' funds £
Balance sheet		
2002 as previously reported	10,755	22,461
Prior year adjustment	(86)	(86)
2002 as restated	<u>10,669</u>	<u>22,375</u>

19 Reconciliation of movements in shareholders' funds

	2003 £000	Restated Group 2002 £000	2003 £000	Company 2002 £000
Profit for the financial period	2,946	2,796	2,055	3,509
Dividends	(498)	(409)	(498)	(409)
	<u>2,448</u>	<u>2,387</u>	<u>1,557</u>	<u>3,100</u>
Other recognised gains and losses relating to the period	52	4	-	-
Net addition to shareholders' funds	<u>2,500</u>	<u>2,391</u>	<u>1,557</u>	<u>3,100</u>
Opening shareholders' funds	<u>22,375</u>	<u>19,984</u>	<u>22,879</u>	<u>19,779</u>
Closing shareholders' funds	<u>24,875</u>	<u>22,375</u>	<u>24,436</u>	<u>22,879</u>

20 Net cash inflow from operating activities

	2003 £000	2002 £000
Operating profit	4,309	3,955
Depreciation	1,841	1,676
Amortisation of goodwill	240	173
Profit on sale of tangible fixed assets	(9)	(6)
Amortisation of grants	(6)	(7)
Increase in stocks	(493)	(254)
Decrease/(increase) in debtors	1,409	(1,117)
(Decrease)/increase in creditors	(886)	643
Net cash inflow from operating activities	<u>6,405</u>	<u>5,063</u>

21 Reconciliation of net cash flow to movement in net funds

	2003 £000	2002 £000
Increase/(decrease) in cash in the period	3,675	(1,019)
Cash outflow from finance leases	88	6
Change in net debt resulting from cash flows	3,763	(1,013)
Translation differences	52	4
Inception of finance leases	(329)	(193)
Movement in net funds in the period	3,486	(1,202)
Net funds at 29 September 2002	1,234	2,436
Net funds at 27 September 2003	4,720	1,234

22 Analysis of changes in net funds

	At 29 September 2002 £000	Cashflow £000	Exchange movement £000	Other non- cash items £000	At 27 September 2003 £000
Cash in hand	1,421	3,675	52	—	5,148
Finance leases	(187)	88	—	(329)	(428)
	1,234	3,763	52	(329)	4,720

23 Capital commitments

	2003 £000	2002 £000
Group and company		
Contracted	55	221

24 Guarantees and other financial commitments

Leasing commitments

	Plant and machinery	
	2003 £000	2002 £000
Operating leases which expire :		
– within one year	62	53
– within two to five years	550	478
	612	531

25 Pension schemes

The group operates two defined benefit staff pension schemes, a defined contribution staff pension scheme, a stakeholder scheme, a director's money purchase scheme and an overseas money purchase scheme. The assets of the schemes are held in separate trustee administered funds.

The total pension costs for the group were £696,000 (2002 : £595,000) of which £686,000 (2002 : £587,000) relates to the UK schemes and the balance to the overseas money purchase scheme. The pension cost relating to the defined benefit staff pension schemes is assessed in accordance with the advice of independent qualified actuaries using the projected unit method. There were no outstanding or prepaid contributions at either the beginning or end of the financial period.

The Richard Burbidge Defined Benefit Scheme

The latest actuarial valuation of this scheme was at 5 April 2002 and the actuarial value of the assets at that date was sufficient to cover 95% of the benefits which had accrued to members, after allowing for expected future increases in earnings. The market value of the assets of the staff pension scheme was £11.0 million at 5 April 2002. Under the MFR basis the company is more than 100% funded.

The Atkinson Marketing Defined Benefit Scheme

The latest actuarial valuation of this scheme was at 5 April 2000 and the actuarial value of the assets at that date was sufficient to cover 74% of the benefits which had accrued to members, after allowing for expected future increases in earnings. The market value of the assets of the staff pension scheme was £3.0 million at 5 April 2000. Under the MFR basis the company is more than 100% funded.

Retirement benefits – FRS 17 disclosures at 27 September 2003

The transitional arrangements of FRS 17 require disclosure of assets and liabilities as at 27 September 2003 calculated in accordance with the requirements of FRS 17. The valuations used for FRS 17 disclosures have been based on the latest actuarial valuation and updated by the actuaries to assess the liabilities of the schemes at 27 September 2003.

The assets of the schemes have been taken at market value and the liabilities have been calculated using the following principal actuarial assumptions.

Major assumptions used :	Richard Burbidge		Atkinson Marketing	
	27 September 2003	28 September 2002	27 September 2003	28 September 2002
Rate of increase in salaries	4.1%	3.8%	3.8%	3.5%
Rate of increase in pensions in payment	2.6%	2.3%	2.3%	2.5%
Rate of increase in deferred pensions	2.6%	2.3%	2.3%	2.5%
Discount rate	5.3%	5.2%	5.2%	5.5%

The assets in the schemes and the expected rates of return were :

	Value at 27 September 2003 £000	Richard Burbidge Long term rate of return expected at 27 September 2003	Value at 27 September 2003 £000	Atkinson Marketing Long term rate of return expected at 27 September 2003
Equities	8,698	8.00%	638	7.25%
Bonds	1,301	4.60%	150	5.25%
Property	358	7.50%	—	—
Cash	488	4.00%	40	4.25%
Total market value of assets	10,845		828	

	Value at 28 September 2002 £000	Richard Burbidge Long term rate of return expected at 28 September 2002	Value at 28 September 2002 £000	Atkinson Marketing Long term rate of return expected at 28 September 2002
Equities	6,549	7.00%	489	7.25%
Bonds	1,588	5.00%	135	5.25%
Property	137	6.50%	—	—
Cash	634	4.00%	40	4.25%
Total market value of assets	8,908		664	

The following amounts at 27 September 2003 were measured in accordance with the requirements of FRS 17:

	2003 £000	2002 £000
Market value of Schemes' assets	11,673	9,572
Present value of Schemes' liabilities	16,640	15,118
Deficit in the Schemes	4,967	5,546
Related deferred tax asset	(1,490)	(1,664)
Net pension liability	3,477	3,882

If the above amounts had been recognised in the financial statements, the group net assets and profit and loss reserve at 27 September 2003 would be as follows :

	Net assets £000	2003 Profit and loss reserve £000	Net assets £000	2002 Profit and loss reserve £000
Excluding pension scheme liability	24,875	22,508	22,461	20,094
Net pension liability	<u>(3,477)</u>	<u>(3,477)</u>	<u>(3,882)</u>	<u>(3,882)</u>
Including pension scheme liability	<u>21,398</u>	<u>19,031</u>	<u>18,579</u>	<u>16,212</u>

The following amounts would have been recognised in the performance statements in the year to 27 September 2003 under the requirements of FRS 17:

	2003 £000	2002 £000
Operating profit		
Current service cost	675	592
Past service cost	<u>—</u>	<u>—</u>
Total operating charge	<u>675</u>	<u>592</u>

	2003 £000	2002 £000
Other finance income		
Expected return on pension scheme assets	638	758
Interest cost	<u>(810)</u>	<u>(881)</u>
Net return	<u>(172)</u>	<u>(123)</u>

Statement of total recognised gains and losses:

	2003 £000	2002 £000
Actual return less expected return on pension scheme assets	805	(2,220)
Experience gains and losses arising on the scheme liabilities	69	1,045
Changes in the assumptions underlying the present value of scheme liabilities	<u>7</u>	<u>(582)</u>
	<u>881</u>	<u>(1,757)</u>

Movement in the deficit during the year:

	2003 £000	2002 £000
Deficit in the scheme at the beginning of the period	(5,546)	(3,646)
Current service cost	(675)	(592)
Contributions	545	572
Net interest	(172)	(123)
Actuarial gain / (loss)	<u>881</u>	<u>(1,757)</u>
Deficit in the scheme at the end of period	<u>(4,967)</u>	<u>(5,546)</u>

26 Post balance sheet events

On 29 September 2003 the company acquired the trade and certain of the assets of another company for a consideration of £1,500,000.