

Richard Burbidge Limited

Financial statements

For the 52 weeks ended 1 October 2005



Company No. 2037421

Company information

Company registration number :	2037421
Registered office :	Whittington Road Oswestry Shropshire SY11 1HZ
Directors :	R H Burbidge D L Burbidge C Grinyer (resigned 1 October 2005) J P D Hancox C Johnson S Underhill M Whybrow T Wood
Secretary :	C J Davies (appointed 1 October 2005)
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 UK LLP 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 1 October 2005.

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.

Dividends

The directors have declared a final ordinary dividend of £22.13 (2004 : £24.00) per share, with the interim dividend of £5.33 (2004 : £5.33) per share, making a total of £27.46 (2004 : £29.33) per share for the year. Mr R H Burbidge has waived the right to receive dividends totalling £467,968 (2004 : £499,829).

There is also a charge to the group profit and loss account of £Nil (2004 : £360,000) in respect of the appropriation for the premium payable on the redemption of non-equity shares.

The profit for the period retained in the group is £2,888,000 (2004 : £2,919,000).

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.

	"A" Ordinary £1 shares		"B" Redeemable Ordinary £1 shares		"C" Redeemable Ordinary £1 shares		"D" Redeemable Ordinary £1 shares		"E" Redeemable Ordinary £1 shares	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
R H Burbidge	18,540	18,540	—	—	—	—	—	—	—	—
D L Burbidge *	—	—	—	—	—	—	—	—	—	—
J P D Hancox *	—	—	—	—	—	—	—	—	—	—
S Underhill	—	—	82	—	81	—	83	—	69	—
T Wood	—	—	82	—	81	—	83	—	69	—
M Whybrow	—	—	82	—	81	—	83	—	69	—
C Johnson *	—	—	—	—	—	—	—	—	—	—
C Grinyer *	—	—	—	—	—	—	—	—	—	—
(resigned 1/10/05)										
R H Burbidge as trustee	2,250	2,250	—	—	—	—	—	—	—	—

* Non executive director

Except as explained in note 17, 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.

Changes in share capital

Details of changes in the share capital of the company in the year are set out in note 17 to the financial statements.

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

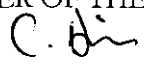
Political and charitable contributions

The group made no political contributions during the period. Donations to UK charities amounted to £5,084 (2004 : £3,895).

Auditors

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

BY ORDER OF THE BOARD


CJ Davies
Secretary

8 December 2005

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 1 October 2005 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 25. 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 United Kingdom law and 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 trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group'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 1 October 2005 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 UK LLP

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
MANCHESTER

8 December 2005

Principal accounting policies

Basis of preparation

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

The principal accounting policies of the group have remained unchanged from the previous year and are set out below.

Basis of consolidation

The group financial statements consolidate those of the company and of its subsidiary undertakings drawn up to 1 October 2005. Acquisitions of subsidiaries are dealt with by the acquisition method of accounting.

Goodwill

Goodwill, 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

	Note	2005 £000	2004 £000
Turnover	1	58,480	64,551
Cost of sales		<u>(38,444)</u>	<u>(43,114)</u>
Gross profit		20,036	21,437
Distribution costs		(10,897)	(11,413)
Administrative expenses		<u>(4,326)</u>	<u>(4,526)</u>
Operating profit		4,813	5,498
Interest receivable and similar income	4	364	205
Interest payable and similar charges	5	<u>(60)</u>	<u>(42)</u>
Profit on ordinary activities before taxation	2	5,117	5,661
Tax on profit on ordinary activities	6	<u>(1,667)</u>	<u>(1,782)</u>
Profit on ordinary activities after taxation		3,450	3,879
Dividends and appropriations	7	(562)	(960)
Profit retained and transferred to reserves	18	<u><u>2,888</u></u>	<u><u>2,919</u></u>

All of the activities of the group are classed as continuing.

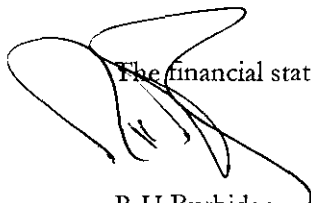
Consolidated statement of total recognised gains and losses

	2005 £000	2004 £000
Profit for the financial period	3,450	3,879
Exchange (loss)/gain on consolidation	(14)	1
Total recognised gains and losses since last financial statements	<u>3,436</u>	<u>3,880</u>

Consolidated balance sheet

	Note	2005 £000	2004 £000
Fixed assets			
Intangible assets	9	936	1,422
Tangible assets	10	10,957	10,124
Investments	11	2	2
		<u>11,895</u>	<u>11,548</u>
Current assets			
Stocks	12	6,931	8,506
Debtors	13	12,797	12,111
Cash at bank and in hand		10,088	8,282
		<u>29,816</u>	<u>28,899</u>
Creditors: amounts falling due within one year	14	<u>(9,426)</u>	<u>(11,127)</u>
Net current assets		<u>20,390</u>	<u>17,772</u>
Total assets less current liabilities		32,285	29,320
Creditors : amounts falling due after more than one year	15	(705)	(652)
Provisions for liabilities and charges	16	(332)	(306)
Net assets		<u><u>31,248</u></u>	<u><u>28,362</u></u>
Capital and reserves			
Called up share capital	17	38	38
Share premium account	18	2,548	2,536
Other reserves	18	360	360
Profit and loss account	18	28,302	25,428
Shareholders' funds	19	<u><u>31,248</u></u>	<u><u>28,362</u></u>
Analysed as:			
Equity shareholders' funds		30,669	27,795
Non-equity shareholders' funds		579	567
		<u><u>31,248</u></u>	<u><u>28,362</u></u>

The financial statements were approved by the Board of Directors on 8 December 2005


R H Burbidge

Director

The accompanying notes form part of these financial statements.

Company balance sheet

	Note	2005 £000	2004 £000
Fixed assets			
Intangible assets	9	218	516
Tangible assets	10	8,096	8,323
Investments	11	5,286	5,286
		<u>13,600</u>	<u>14,125</u>
Current assets			
Stocks	12	4,979	6,845
Debtors	13	10,253	9,621
Cash at bank and in hand		9,693	7,642
		<u>24,925</u>	<u>24,108</u>
Creditors: amounts falling due within one year	14	<u>(7,712)</u>	<u>(9,782)</u>
Net current assets		<u>17,213</u>	<u>14,326</u>
Total assets less current liabilities		30,813	28,451
Creditors : amounts falling due after more than one year	15	(705)	(652)
Provisions for liabilities and charges	16	(234)	(217)
Net assets		<u>29,874</u>	<u>27,582</u>
Capital and reserves			
Called up share capital	17	38	38
Share premium account	18	2,548	2,536
Other reserves	18	360	360
Profit and loss account	18	26,928	24,648
Shareholders' funds	19	<u>29,874</u>	<u>27,582</u>
Analysed as:			
Equity shareholders' funds		29,295	27,015
Non-equity shareholders' funds		579	567
		<u>29,874</u>	<u>27,582</u>

The financial statements were approved by the Board of Directors on 8 December 2005


R H Burbidge

Director

The accompanying notes form part of these financial statements.

Consolidated cash flow statement

	Note	2005 £000	2004 £000
Net cash inflow from operating activities	20	<u>5,787</u>	<u>7,993</u>
Returns on investments and servicing of finance			
Interest received		364	205
Interest paid		(1)	(1)
Finance lease interest paid		<u>(59)</u>	<u>(41)</u>
Net cash inflow from returns on investments and servicing of finance		304	163
Taxation		(1,490)	(2,019)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(2,941)	(1,177)
Sale of tangible fixed assets		<u>1,003</u>	<u>33</u>
Net cash outflow for capital expenditure and financial investment		(1,938)	(1,144)
Acquisitions			
Purchase of trade and assets		<u>-</u>	<u>(1,417)</u>
Net cash outflow for acquisitions		-	(1,417)
Equity dividends paid		<u>(600)</u>	<u>(498)</u>
Net cash inflow before financing		2,063	3,078
Financing			
Issue of redeemable ordinary shares		12	207
Capital element of finance lease rentals		<u>(255)</u>	<u>(152)</u>
Net cash (outflow)/inflow from financing		(243)	55
Increase in cash	21	<u><u>1,820</u></u>	<u><u>3,133</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 :

	2005 £000	2004 £000
United Kingdom	53,401	59,870
Europe	5,043	4,563
Rest of the World	36	118
	<u>58,480</u>	<u>64,551</u>

2 Profit on ordinary activities before taxation

	2005 £000	2004 £000
The profit on ordinary activities before taxation is stated after :		
Depreciation		
– owned	1,384	1,521
– held under finance leases and hire purchase contracts	266	145
Auditors' remuneration		
– audit	26	26
– other services	11	8
Amortisation of goodwill	366	412
(Profit)/loss on sale of fixed assets	(159)	23
Hire of plant and machinery under operating leases	487	572
Amortisation of grants	(6)	(6)

3 Directors and employees

	2005 £000	2004 £000
Staff costs during the period were as follows :		
Wages and salaries	12,409	13,017
Social security costs	1,065	1,116
Pension costs	805	805
	<u>14,279</u>	<u>14,938</u>

	2005 Number	2004 Number
The average number of employees during the period was :		
Distribution and sales	175	175
Production	379	414
Administration	54	55
	<u>608</u>	<u>644</u>

Directors and employees (continued)

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

	2005 £000	2004 £000
Emoluments	1,561	2,200
Pension costs	54	51
	<u>1,615</u>	<u>2,251</u>

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

	2005 £000	2004 £000
Emoluments	1,013	1,298
Pension costs	—	—
	<u>1,013</u>	<u>1,298</u>

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

	2005 Number	2004 Number
Money purchase schemes	1	1
Defined benefit schemes	3	3

4 Interest receivable and similar income

	2005 £000	2004 £000
Bank interest receivable	<u>364</u>	<u>205</u>

5 Interest payable and similar charges

	2005 £000	2004 £000
On bank loans and overdrafts	1	1
Finance leases	59	41
	<u>60</u>	<u>42</u>

6 Tax on profit on ordinary activities

	2005 £000	2004 £000
The taxation charge is based on the profit for the period and represents :		
Corporation tax at 30% (2004 : 30%)	1,636	1,685
Adjustments in respect of prior periods	5	140
	<u>1,641</u>	<u>1,825</u>
Deferred tax	26	(43)
	<u>1,667</u>	<u>1,782</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% (2004 : 30%). The differences are explained as follows :

	2005 £000	2004 £000
Profit on ordinary activities before taxation	<u>5,117</u>	<u>5,661</u>
Profit on ordinary activities before taxation multiplied by standard rate of corporation tax in the United Kingdom of 30% (2004 : 30%)	1,535	1,698
Effect of:		
Expenses not deductible for tax purposes (including goodwill amortisation)	135	100
Depreciation for the period in excess of capital allowances	16	37
Movement in provisions	(47)	(148)
Adjustment in respect of prior periods	5	140
Marginal relief	(3)	(2)
	<u>1,641</u>	<u>1,825</u>

7 Dividends and appropriations

	2005 £000	2004 £000
Dividends on equity shares:		
Interim	109	109
Final proposed	453	491
Appropriation for premium payable on redemption of redeemable ordinary shares	—	360
	<u>562</u>	<u>960</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 and appropriations was £2,842,000 (2004 : £3,539,000).

9 Intangible fixed assets

	Group Goodwill £000	Company Goodwill £000
Cost		
At 3 October 2004	2,290	1,024
Disposals	(120)	(120)
At 1 October 2005	<u>2,170</u>	<u>904</u>
Amortisation		
At 3 October 2004	868	508
Provided in the year	366	178
At 1 October 2005	<u>1,234</u>	<u>686</u>
Net book amount		
At 1 October 2005	<u>936</u>	<u>218</u>
Net book amount		
At 2 October 2004	<u>1,422</u>	<u>516</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 3 October 2004	9,806	85	14,021	—	23,912
Additions	2,168	—	1,129	30	3,327
Disposals	(724)	—	(702)	—	(1,426)
Transfers	40	—	(40)	—	—
At 1 October 2005	<u>11,290</u>	<u>85</u>	<u>14,408</u>	<u>30</u>	<u>25,813</u>
Depreciation					
At 3 October 2004	3,940	28	9,820	—	13,788
Provided in the year	417	1	1,232	—	1,650
Disposals	(123)	—	(459)	—	(582)
At 1 October 2005	<u>4,234</u>	<u>29</u>	<u>10,593</u>	<u>—</u>	<u>14,856</u>
Net book amount					
At 1 October 2005	<u>7,056</u>	<u>56</u>	<u>3,815</u>	<u>30</u>	<u>10,957</u>
Net book amount					
At 2 October 2004	<u>5,866</u>	<u>57</u>	<u>4,201</u>	<u>—</u>	<u>10,124</u>

Tangible fixed assets (continued)

The cost and net book value of freehold land and buildings includes land of £405,000 (2004 : £405,000) which is not depreciated.

Included in the net book value of plant and machinery is £920,179 (2004 : £801,224) in respect of assets held under finance leases. Depreciation for the period on these assets was £266,439 (2004 : £145,133).

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 3 October 2004	8,634	85	12,920	–	21,639
Additions	72	–	904	30	1,006
Disposals	(724)	–	(818)	–	(1,542)
Transferred from subsidiary undertaking	923	–	107	–	1,030
Transfers	40	–	(40)	–	–
At 1 October 2005	<u>8,945</u>	<u>85</u>	<u>13,073</u>	<u>30</u>	<u>22,133</u>
Depreciation					
At 3 October 2004	3,730	28	9,558	–	13,316
Provided in the year	349	1	1,077	–	1,427
Disposals	(123)	–	(583)	–	(706)
At 1 October 2005	<u>3,956</u>	<u>29</u>	<u>10,052</u>	<u>–</u>	<u>14,037</u>
Net book amount					
At 1 October 2005	<u>4,989</u>	<u>56</u>	<u>3,021</u>	<u>30</u>	<u>8,096</u>
Net book amount					
At 2 October 2004	<u>4,904</u>	<u>57</u>	<u>3,362</u>	<u>–</u>	<u>8,323</u>

The cost and net book value of freehold land and buildings includes land of £255,000 (2004 : £255,000) which is not depreciated.

Included in the net book value of plant and machinery is £920,179 (2004 : £801,224) in respect of assets held under finance leases. Depreciation for the period on these assets was £266,439 (2004 : £145,133).

11 Fixed asset investments**Group****Other
investments
£000****Cost**

At 3 October 2004 and 1 October 2005

25**Provisions**

At 3 October 2004 and 1 October 2005

23**Net book value**

At 1 October 2005

2

At 2 October 2004

2**Company****Shares in
group
undertakings
£000****Other
investments
£000****Total
£000****Cost**

At 3 October 2004 and 1 October 2005

5,292255,317**Provisions**

At 3 October 2004 and 1 October 2005

82331**Net book value**

At 1 October 2005

5,28425,286

At 2 October 2004

5,28425,286

The company had the following subsidiary undertakings as at 1 October 2005 :

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

	2005 £000	Group 2004 £000	2005 £000	Company 2004 £000
Raw materials and consumables	2,488	3,023	2,029	2,520
Work in progress	435	623	400	597
Finished goods and goods for resale	4,008	4,860	2,550	3,728
	<u>6,931</u>	<u>8,506</u>	<u>4,979</u>	<u>6,845</u>

13 Debtors

	2005 £000	Group 2004 £000	2005 £000	Company 2004 £000
Trade debtors	11,020	11,533	7,809	8,860
Amounts owed by subsidiary undertakings	—	—	790	288
Other debtors	1,360	87	1,360	87
Prepayments and accrued income	417	491	294	386
	<u>12,797</u>	<u>12,111</u>	<u>10,253</u>	<u>9,621</u>

14 Creditors : amounts falling due within one year

	2005 £000	Group 2004 £000	2005 £000	Company 2004 £000
Trade creditors	3,140	3,691	2,083	3,063
Amounts owed to subsidiary undertakings	—	—	33	33
Corporation tax	900	749	656	406
Other taxation and social security	1,304	1,733	1,071	1,490
Other creditors	83	493	83	493
Accruals and deferred income	3,281	3,657	3,068	3,493
Dividend proposed	453	491	453	491
Deferred consideration	—	120	—	120
Obligations under finance leases	265	193	265	193
	<u>9,426</u>	<u>11,127</u>	<u>7,712</u>	<u>9,782</u>

15 Creditors : amounts falling due after more than one year

	2005 £000	Group 2004 £000	2005 £000	Company 2004 £000
Obligations under finance leases	654	595	654	595
Deferred regional development grants	51	57	51	57
	<u>705</u>	<u>652</u>	<u>705</u>	<u>652</u>

Obligations under finance leases are repayable as follows:

	2005 £000	Group 2004 £000	2005 £000	Company 2004 £000
Within one year	265	193	265	193
Between one and two years	265	191	265	191
Between two and five years	389	404	389	404
	<u>919</u>	<u>788</u>	<u>919</u>	<u>788</u>

16 Provisions for liabilities and charges

Deferred taxation

	Group £000	Company £000
At 3 October 2004	306	217
Charged to profit and loss account	26	17
At 1 October 2005	<u>332</u>	<u>234</u>

The amounts provided for deferred taxation are set out below :

	2005 £000	Group 2004 £000	2005 £000	Company 2004 £000
Difference between accumulated depreciation and amortisation and capital allowances	423	441	308	341
Other timing differences	(91)	(135)	(74)	(124)
	<u>332</u>	<u>306</u>	<u>234</u>	<u>217</u>

17 Share capital

	2005 £	2004 £
Authorised		
37,500 A Ordinary shares £1 each	37,500	37,500
360 B Redeemable Ordinary shares of £1 each	360	360
345 C Redeemable Ordinary shares of £1 each	345	345
715 D Redeemable Ordinary shares of £1 each	715	715
715 E Redeemable Ordinary shares of £1 each	715	715
715 F Redeemable Ordinary shares of £1 each	715	715
715 G Redeemable Ordinary shares of £1 each	715	715
715 H Redeemable Ordinary shares of £1 each	715	715
720 I Redeemable Ordinary shares of £1 each	720	720
	<u>42,500</u>	<u>42,500</u>
Allotted, called up and fully paid		
37,500 A Ordinary shares of £1 each	37,500	37,500
246 B Redeemable Ordinary shares of £1 each	246	246
249 C Redeemable Ordinary shares of £1 each	249	249
243 D Redeemable Ordinary shares of £1 each	243	243
207 E Redeemable Ordinary shares of £1 each	207	—
	<u>38,445</u>	<u>38,238</u>

Share capital (continued)

During the year 207 E redeemable ordinary shares were issued for a total consideration of £12,385.

Each class of redeemable ordinary shares have separate dates at which a proportion (which will range from 0% to 100%) of the shares may "flower" to three of the company's directors, S Underhill, T Wood and M Whybrow, dependent on the performance of the group.

Those shares that do not flower (because the performance of the company does not warrant it) will retain no rights and be redeemable at par.

Those shares that do flower, shall from then on have the same rights to dividends as those attaching to the A ordinary shares and will also have the same rights on a winding up as A ordinary shares. However, the shares shall remain redeemable and will remain non-voting. Once flowered, the redemption value of the shares shall reflect what the Plan Committee of the Board determines is the fair value of such a share at that time based on a multiple applied to the adjusted earnings per share figure for the immediately preceding financial year.

18 Share premium account and reserves

	Share premium account £000	Other reserves £000	Group Profit and loss account £000	Share premium account £000	Other reserves £000	Company Profit and loss account £000
At 3 October 2004	2,536	360	25,428	2,536	360	24,648
Premium on shares issued	12	—	—	12	—	—
Premium payable on redemption of redeemable ordinary shares	—	—	—	—	—	—
Retained profit for the year	—	—	2,888	—	—	2,280
Exchange differences	—	—	(14)	—	—	—
At 1 October 2005	<u>2,548</u>	<u>360</u>	<u>28,302</u>	<u>2,548</u>	<u>360</u>	<u>26,928</u>

19 Reconciliation of movements in shareholders' funds

	2005	Group 2004	2005	Company 2004
	£000	£000	£000	£000
Profit for the financial period	3,450	3,879	2,842	3,539
Dividends and appropriations	(562)	(960)	(562)	(960)
	<u>2,888</u>	<u>2,919</u>	<u>2,280</u>	<u>2,579</u>
Shares issued in the year	12	207	12	207
Premium payable on redemption of redeemable ordinary shares	—	360	—	360
Other recognised gains and losses relating to the period	(14)	1	—	—
Net addition to shareholders' funds	<u>2,886</u>	<u>3,487</u>	<u>2,292</u>	<u>3,146</u>
Opening shareholders' funds	<u>28,362</u>	<u>24,875</u>	<u>27,582</u>	<u>24,436</u>
Closing shareholders' funds	<u>31,248</u>	<u>28,362</u>	<u>29,874</u>	<u>27,582</u>

20 Net cash inflow from operating activities

	2005	2004
	£000	£000
Operating profit	4,813	5,498
Depreciation	1,650	1,666
Amortisation and disposal of goodwill	486	412
(Profit)/loss on sale of tangible fixed assets	(159)	23
Amortisation of grants	(6)	(6)
Decrease/(increase) in stocks	1,575	(121)
Increase in debtors	(686)	(536)
(Decrease)/increase in creditors	(1,886)	1,057
Net cash inflow from operating activities	<u>5,787</u>	<u>7,993</u>

21 Reconciliation of net cash flow to movement in net funds

	2005	2004
	£000	£000
Increase in cash in the period	1,820	3,133
Cash outflow from finance leases	255	152
Change in net debt resulting from cash flows	<u>2,075</u>	<u>3,285</u>
Translation differences	(14)	1
Inception of finance leases	(386)	(512)
Movement in net funds in the period	<u>1,675</u>	<u>2,774</u>
Net funds at 3 October 2004	<u>7,494</u>	<u>4,720</u>
Net funds at 1 October 2005	<u>9,169</u>	<u>7,494</u>

22 Analysis of changes in net funds

	At 3 October 2004 £000	Cashflow £000	Exchange movement £000	Other non- cash items £000	At 1 October 2005 £000
Cash in hand	8,282	1,820	(14)	—	10,088
Finance leases	(788)	255	—	(386)	(919)
	<u>7,494</u>	<u>2,075</u>	<u>(14)</u>	<u>(386)</u>	<u>9,169</u>

23 Capital commitments

	2005 £000	2004 £000
Group and company		
Contracted	<u>30</u>	<u>56</u>

24 Guarantees and other financial commitments

Leasing commitments

At 1 October 2005, the group had annual commitments under operating leases for assets other than land and buildings expiring as follows:

	Plant and machinery	
	2005 £000	2004 £000
Operating leases which expire :		
– within one year	95	86
– within two to five years	210	299
	<u>305</u>	<u>385</u>

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 £805,000 (2004 : £805,000) of which £761,000 (2004 : £788,000) 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.

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 2003 and the actuarial value of the assets at that date was sufficient to cover 79% 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 £682,000 at 5 April 2003. Under the MFR basis the company is more than 100% funded.

Retirement benefits – FRS 17 disclosures at 1 October 2005

The transitional arrangements of FRS 17 require disclosure of assets and liabilities as at 1 October 2005 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 1 October 2005.

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		
	1 October 2005	2 October 2004	27 September 2003	1 October 2005	2 October 2004	27 September 2003
Rate of increase in salaries	3.8%	4.4%	4.1%	3.8%	3.8%	3.5%
Rate of increase in pensions in payment	2.8%	2.9%	2.6%	2.8%	2.8%	2.5%
Rate of increase in deferred pensions	2.8%	2.9%	2.6%	2.8%	2.8%	2.5%
Discount rate	5.0%	5.5%	5.3%	5.0%	5.5%	5.5%

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

	Richard Burbidge		Atkinson Marketing	
	Value at 1 October 2005 £000	Long term rate of return expected at 1 October 2005	Value at 1 October 2005 £000	Long term rate of return expected at 1 October 2005
Equities	11,461	7.5%	832	7.8%
Bonds	2,292	4.5%	314	4.5%
Property	819	7.0%	–	–
Cash	1,801	4.5%	6	4.5%
Total market value of assets	16,373		1,152	

	Richard Burbidge Long term rate of return expected at 2 October 2004	Atkinson Marketing Long term rate of return expected at 2 October 2004
	Value at 2 October 2004 £000	Value at 2 October 2004 £000
Equities	9,983	711
Bonds	1,348	150
Property	687	—
Cash	946	69
Total market value of assets	12,964	930

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

The following amounts at 1 October 2005 were measured in accordance with the requirements of FRS 17:

	2005 £000	2004 £000	2003 £000
Market value of Schemes' assets	17,525	13,894	11,673
Present value of Schemes' liabilities	(22,286)	(18,493)	(16,640)
Deficit in the Schemes	(4,761)	(4,599)	(4,967)
Related deferred tax asset	1,428	1,380	1,490
Net pension liability	(3,333)	(3,219)	(3,477)

If the above amounts had been recognised in the financial statements, the group net assets and profit and loss reserve at 1 October 2005 would be as follows :

	Net assets £000	2005 Profit and loss reserve £000	Net assets £000	2004 Profit and loss reserve £000	Net assets £000	2003 Profit and loss reserve £000
Excluding pension scheme liability	31,248	28,302	28,362	25,428	24,875	22,508
Net pension liability	(3,333)	(3,333)	(3,219)	(3,219)	(3,477)	(3,477)
Including pension scheme liability	<u>27,915</u>	<u>24,969</u>	<u>25,143</u>	<u>22,209</u>	<u>21,398</u>	<u>19,031</u>

The following amounts would have been recognised in the performance statements in the year to 1 October 2005 under the requirements of FRS 17:

	2005 £000	2004 £000	2003 £000
Operating profit			
Current service cost	745	605	675
Past service cost	—	—	—
Total operating charge	<u>745</u>	<u>605</u>	<u>675</u>

	2005 £000	2004 £000	2003 £000
Other finance income			
Expected return on pension scheme assets	1,033	878	638
Interest cost	(1,038)	(902)	(810)
Net return	<u>(5)</u>	<u>(24)</u>	<u>(172)</u>

Statement of total recognised gains and losses:

	2005 £000	2004 £000	2003 £000
Actual return less expected return on pension scheme assets	2,115	764	805
Experience gains and losses arising on the scheme liabilities	(100)	9	69
Changes in the assumptions underlying the present value of scheme liabilities	(2,005)	(396)	7
	<u>10</u>	<u>377</u>	<u>881</u>

Movement in the deficit during the year:

	2005 £000	2004 £000	2003 £000
Deficit in the scheme at the beginning of the period	(4,599)	(4,967)	(5,546)
Current service cost	(745)	(605)	(675)
Contributions	578	620	545
Net interest	(5)	(24)	(172)
Actuarial gain	10	377	881
Deficit in the scheme at the end of period	<u>(4,761)</u>	<u>(4,599)</u>	<u>(4,967)</u>

History of experience gains and losses:

	2005 £000	2004 £000	2003 £000
Actual return less expected return	2,115	764	805
As a percentage of assets	12%	5%	7%
Experience (losses)/gain on scheme liabilities	(100)	9	69
As a percentage of liabilities	0%	0%	0%
Total amount recognised in Statement of Total Recognised Gains and Losses	10	377	881
As a percentage of scheme liabilities	0%	2%	5%