Richard Burbidge Limited

Financial statements

For the 52 weeks ended 29 September 2007

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Company No. 2037421

Company information

Company registration number :	2037421
Registered office :	Whittington Road Oswestry Shropshire SY11 1HZ
Directors :	D L Burbidge C J Davies K K Riddle S Underhill
Secretary :	C J Davies
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 4 Hardman Square Spinningfields Manchester M3 3EB

Index to the financial statements

Report of the directors	3 – 5
Report of the independent auditors	6 – 7
Principal accounting policies	8 – 9
Consolidated profit and loss account	10
Consolidated statement of total recognised gains and losses	11
Consolidated balance sheet	12
Company balance sheet	13
Consolidated cash flow statement	14
Notes to the financial statements	15 – 31

Report of the directors

The directors present their report together with the audited financial statements for the 52 weeks ended 29 September 2007

Principal activity

The principal activities of the group and its associated undertakings is the supply of quality timber based products to the home improvement and building industries

Business review and future outlook

The directors have declared a final ordinary dividend of £22 35 (2006 £22 62) per share, with the interim dividend of £5 33 (2006 £5 33) per share, making a total of £27 68 (2006 £27 95) per share for the year Mr R H Burbidge has waived the right to receive dividends totalling £471,667 (2006 £476,268) In accordance with the provisions of FRS 21 "Events after the Balance Sheet Date (IAS 10)", the final declared ordinary dividend of £22 35 has not been recognised as a liability at the balance sheet date

There is also a charge to the group profit and loss account of £2,622 (2006 credit of £8,515) 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 £836,000 (2006 £3,751,000)

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

The directors consider the group's key performance indicators ("KPI's") to be gross profit, operating profit, stock turnover, debtor days and creditor days These KPIs can be calculated directly from the financial statements

Financial risk management objectives and policies

The group uses financial instruments, these include cash, finance leases and various items, such as trade debtors and trade creditors that arise directly from its operations The main purpose of these financial instruments is to raise finance for the group's operations

The existence of these financial instruments exposes the group to a number of financial risks, which are described in more detail below

- *Liquidity risk* – The group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash safely and profitably

- *Interest rate risk* – The group finances its operations through a mixture of retained profits and finance leases

- *Credit risk* – The group's principal financial assets are cash deposits, cash and trade debtors The credit risk associated with cash is limited The principal credit risk arises therefore from its trade debtors

  In order to manage credit risk, credit limits are set and reviewed by the credit controller on a regular basis in conjunction with debt ageing and collection history

- *Currency risk* - The group has an Irish subsidiary and a number of overseas suppliers As a result the group reviews its currency exposure on a continual basis and will enter into hedges if considered necessary

Directors

The present membership of the board is set out below All directors served throughout the period except where otherwise stated

R H Burbidge (resigned 28 March 2007)
D L Burbidge*
S Underhill
T C Wood (resigned 9 November 2007)
M Whybrow (resigned 29 September 2007)
C J S Johnson* (resigned 9 August 2007)
C J Davies (appointed 1 October 2006)
K K Riddle* (appointed 1 October 2006)

* Non executive director

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

Statement of directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period In preparing these 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,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 maintaining proper accounting records that disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 1985 They are also responsible for safeguarding the assets of the group and for taking reasonable steps for the prevention and detection of fraud and other irregularities

In so far as the directors are aware

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

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 £4,001,274 (2006 £250,836)

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

C J Davies
Secretary

19 December 2007

Grant Thornton

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

We have audited the group and parent company financial statements of Richard Burbidge Limited for the 52 weeks ended 29 September 2007 which comprise the principal accounting policies, the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the consolidated and company balance sheets, the consolidated cash flow statement and notes 1 to 27 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 directors and auditors

The directors' responsibilities for preparing the Directors' Report and financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland)

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements

In addition we report to you if, in our opinion, 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 other transactions is not disclosed

We read the Directors' Report and consider whether it is consistent with the 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 audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 group's and company's circumstances, consistently applied and adequately disclosed

Grant Thornton

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

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

Opinion
In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and parent company's affairs as at 29 September 2007 and of the group's profit for the 52 weeks then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements for the 52 weeks ended 29 September 2007

Grant Thornton UK LLP

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
MANCHESTER

19 December 2007

Principal accounting policies

Basis of preparation
The financial statements have been prepared under the historical cost convention and in accordance with applicable UK accounting standards

The directors have reviewed the accounting policies in accordance with FRS 18 "Accounting Policies" and consider them to be the most appropriate to the group

Basis of consolidation
The group financial statements consolidate those of the company and of its subsidiary undertakings drawn up to 29 September 2007 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
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 on defined benefit pension scheme surpluses or deficits is adjusted against these surpluses 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 group operates a defined benefit scheme for certain employees The scheme assets are measured at fair values Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality corporate bond rates The net surplus or deficit, adjusted for deferred tax, is presented separately from other net assets on the balance sheet A net surplus is recognised only to the extent that it is recoverable by the group

The current service cost and costs from settlements and curtailments are charged against operating profit Past service costs are spread over the period until the benefit increases vest Interest on the scheme liabilities and the expected return on scheme assets are included in other finance costs Actuarial gains and losses are reported in the statement of total recognised gains and losses

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	2007 £000	2006 £000
Turnover	1	**55,085**	52,176
Cost of sales		**(36,292)**	(33,537)
Gross profit		**18,793**	18,639
Distribution costs		**(10,745)**	(10,330)
Administrative expenses		**(7,455)**	(3,478)
Operating profit		**593**	4,831
Interest receivable and similar income	4	**835**	585
Interest payable and similar charges	5	**(40)**	(52)
Profit on ordinary activities before taxation	2	**1,388**	5,364
Tax on profit on ordinary activities	6	**(552)**	(1,613)
Profit on ordinary activities after taxation	18	**836**	3,751

All of the activities of the group are classed as continuing

The accompanying notes form part of these financial statements.

Consolidated statement of total recognised gains and losses

	2007	2006
	£000	£000
Profit for the financial period	**836**	3,751
Currency translation differences on foreign currency net investments	**48**	(9)
Actuarial gain/(loss) in respect of defined benefit pension scheme (note 27)	**3,405**	(165)
Tax on actuarial (gain)/(loss) relating to pensions and other post retirement benefits	**(1,021)**	49
Total gains and losses recognised since last financial statements	**3,268**	3,626

Consolidated balance sheet

	Note	2007 £000	2006 £000
Fixed assets			
Intangible assets	9	**393**	530
Tangible assets	10	**9,549**	10,013
Investments	11	**2**	2
		9,944	10,545
Current assets			
Stocks	12	**9,658**	7,507
Debtors	13	**12,882**	11,295
Cash at bank and in hand		**10,701**	15,261
		33,241	34,063
Creditors· amounts falling due within one year	14	**(7,962)**	(9,316)
Net current assets		**25,279**	24,747
Total assets less current liabilities		**35,223**	35,292
Creditors · amounts falling due after more than one year	15	**(408)**	(744)
Provisions for liabilities and charges	16	**(221)**	(208)
Net assets excluding pension liability		**34,594**	34,340
Pension liability	27	**(1,039)**	(3,478)
Net assets including pension liability		**33,555**	30,862
Capital and reserves			
Called up share capital	17	**38**	38
Share premium account	18	**2,329**	2,329
Profit and loss account	18	**31,188**	28,495
Shareholders' funds	19	**33,555**	30,862

The financial statements were approved by the Board of Directors on 19 December 2007

C J Davies Director

S Underhill Director

Company balance sheet

	Note	2007 £000	2006 £000
Fixed assets			
Intangible assets	9	–	–
Tangible assets	10	**6,762**	7,255
Investments	11	**5,286**	5,286
		12,048	12,541
Current assets			
Stocks	12	**7,658**	5,595
Debtors	13	**9,906**	8,187
Cash at bank and in hand		**9,808**	14,653
		27,372	28,435
Creditors: amounts falling due within one year	14	**(7,364)**	(7,981)
Net current assets		**20,008**	20,454
Total assets less current liabilities		**32,056**	32,995
Creditors : amounts falling due after more than one year	15	**(408)**	(744)
Provisions for liabilities and charges	16	**(176)**	(154)
Net assets excluding pension liability		**31,472**	32,097
Pension liability	27	**(937)**	(3,265)
Net assets including pension liability		**30,535**	28,832
Capital and reserves			
Called up share capital	17	**38**	38
Share premium account	18	**2,329**	2,329
Profit and loss account	18	**28,168**	26,465
Shareholders' funds	19	**30,535**	28,832

The financial statements were approved by the Board of Directors on 19 December 2007

C J Davies Director

S Underhill Director

Consolidated cash flow statement

	Note	2007 £000	2006 £000
Net cash (outflow)/inflow from operating activities	20	**(1,281)**	7,521
Returns on investments and servicing of finance			
Interest received		**787**	572
Interest paid		**–**	–
Finance lease interest paid		**(40)**	(52)
Net cash inflow from returns on investments and servicing of finance		**747**	520
Taxation		**(1,955)**	(1,650)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		**(1,005)**	(392)
Sale of tangible fixed assets		**2**	289
Net cash outflow for capital expenditure and financial investment		**(1,003)**	(103)
Equity dividends paid		**(572)**	(562)
Net cash (outflow)/inflow before financing		**(4,064)**	5,726
Financing			
Issue of redeemable ordinary shares classified as liabilities		**14**	14
Redemption of redeemable ordinary shares classified as liabilities		**(224)**	(243)
Capital element of finance lease rentals		**(334)**	(315)
Net cash outflow from financing		**(544)**	(544)
(Decrease)/increase in cash	21	**(4,608)**	5,182

The accompanying notes form part of these financial statements.

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

	2007 £000	2006 £000
United Kingdom	**50,098**	47,072
Europe	**4,845**	5,050
Rest of the World	**142**	54
	55,085	52,176

2 Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after	2007 £000	2006 £000
Depreciation		
– owned	**1,196**	1,249
– held under finance leases and hire purchase contracts	**333**	315
Auditors' remuneration		
– audit	**32**	30
– other services (tax compliance)	**15**	12
Amortisation of goodwill	**137**	406
Profit on sale of fixed assets	**(2)**	(216)
Hire of plant and machinery under operating leases	**344**	424
Amortisation of grants	**(6)**	**(6)**

3 Directors and employees

	Group		Company	
	2007 £000	2006 £000	2007 £000	2006 £000
Staff costs during the period were as follows				
Wages and salaries	**11,123**	10,531	**9,492**	9,052
Social security costs	**934**	899	**795**	766
Pension costs (note 27)	**746**	710	**661**	617
	12,803	12,140	**10,948**	10,435

Pension costs are amounts charged to operating profit and do not include amounts charged or credited to interest (note 4) and amounts recognised in the statement of recognised gains and losses

Directors and employees (continued)

	Group		Company	
	2007	2006	**2007**	2006
The average number of employees during the period was	**Number**	Number	**Number**	Number
Distribution and sales	**170**	**163**	**145**	140
Production	**287**	**294**	**239**	246
Administration	**48**	**49**	**34**	33
	505	**506**	**418**	419

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

	2007	2006
	£000	£000
Emoluments	**798**	1,300
Pension costs	**83**	65
Compensation for loss of office	**53**	–
	934	1,365

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

	2007	2006
	£000	£000
Emoluments	**213**	735
Pension costs	**30**	–
	243	735

During the year 3 directors, including the highest paid director (2006 3 directors, not including the highest paid director) received shares under long-term incentive schemes

Retirement benefits are accruing to the following number of directors under

	2007	2006
	Number	Number
Money purchase schemes	**1**	1
Defined benefit schemes	**4**	3

4 Interest receivable and similar income

	2007	2006
	£000	£000
Bank interest receivable	**787**	572
Net finance interest in respect of defined benefit pension scheme (note 27)	**48**	13
	835	585

5 Interest payable and similar charges

	2007 £000	2006 £000
Finance leases	**40**	52

6 Tax on profit on ordinary activities

The taxation charge is based on the profit for the period and represents	2007 £000	2006 £000
Corporation tax at 30% (2006 30%)	**515**	1,765
Adjustments in respect of prior periods	**-**	(14)
	515	1,751
Deferred tax	**13**	(125)
Deferred tax impact of movement in pension liability	**24**	(13)
	552	1,613

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% (2006 30%) The differences are explained as follows

	2007 £000	2006 £000
Profit on ordinary activities before taxation	**1,388**	5,364
Profit on ordinary activities before taxation multiplied by standard rate of corporation tax in the United Kingdom of 30% (2006 30%)	**416**	1,609
Effect of		
Expenses not deductible for tax purposes (including goodwill amortisation)	**166**	118
Depreciation for the period in excess of capital allowances	**54**	52
Movement in provisions	**(68)**	36
Adjustment in respect of prior periods	**–**	(14)
Pension adjustments	**(24)**	13
Income not taxable	**(16)**	(71)
Marginal relief	**(13)**	(4)
Effect of capital gains	**–**	12
	515	1,751

7 Dividends and appropriations

	2007 £000	2006 £000
Dividends on equity shares		
Interim paid	**109**	109
Final 2005 proposed - paid in 2006	**–**	453
Final 2006 proposed - paid in 2007	**463**	–
Appropriation for premium payable on redemption of redeemable ordinary shares	**3**	(9)
	575	553

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 £2,000 (2006 £2,880,000)

9 Intangible fixed assets

	Group Goodwill £000	Company Goodwill £000
Cost		
At 1 October 2006 and 29 September 2007	**2,170**	904
Amortisation		
At 1 October 2006	**1,640**	904
Provided in the year	**137**	–
At 29 September 2007	**1,777**	904
Net book amount		
At 29 September 2007	**393**	–
Net book amount		
At 1 October 2006	**530**	–

10 Tangible fixed assets

Group	Freehold land and buildings £000	Plant and machinery £000	Assets in course of construction £000	Total £000
Cost				
At 1 October 2006	11,291	14,566	18	25,875
Additions	132	919	14	1,065
Disposals	–	(13)	–	(13)
At 29 September 2007	**11,423**	**15,472**	**32**	**26,927**
Depreciation				
At 1 October 2006	4,624	11,238	–	15,862
Provided in the year	413	1,116	–	1529
Disposals	–	(13)	–	(13)
At 29 September 2007	**5,037**	**12,341**	**–**	**17,378**
Net book amount				
At 29 September 2007	**6,386**	**3,131**	**32**	**9,549**
Net book amount				
At 1 October 2006	6,667	3,328	18	10,013

Tangible fixed assets (continued)

The cost and net book value of freehold land and buildings includes land of £405,000 (2006 £405,000) which is not depreciated

Included in the net book value of plant and machinery is £626,573 (2006 £898,675) in respect of assets held under finance leases Depreciation for the period on these assets was £332,502 (2006 £315,248)

Company

	Freehold land and buildings £000	Plant and machinery £000	Assets in course of construction £000	Total £000
Cost				
At 1 October 2006	8,934	13,125	18	22,077
Additions	66	693	14	773
At 29 September 2007	**9,000**	**13,818**	**32**	**22,850**
Depreciation				
At 1 October 2006	4,262	10,560	–	14,822
Provided in the year	322	944	–	1,266
At 29 September 2007	**4,584**	**11,504**	–	**16,088**
Net book amount				
At 29 September 2007	**4,416**	**2,314**	**32**	**6,762**
Net book amount				
At 1 October 2006	4,672	2,565	18	7,255

The cost and net book value of freehold land and buildings includes land of £255,000 (2006 £255,000) which is not depreciated

Included in the net book value of plant and machinery is £626,573 (2006 £898,675) in respect of assets held under finance leases Depreciation for the period on these assets was £332,502 (2006 £315,248)

11 Fixed asset investments

Group	Other investments £000
Cost	
At 1 October 2006 and 29 September 2007	25
Provisions	
At 1 October 2006 and 29 September 2007	23
Net book value	
At 29 September 2007	2
At 1 October 2006	2

Company	Shares in group undertakings £000	Other investments £000	Total £000
Cost			
At 1 October 2006 and 29 September 2007	5,292	25	**5,317**
Provisions			
At 1 October 2006 and 29 September 2007	8	23	**31**
Net book value			
At 29 September 2007	5,284	2	**5,286**
At 1 October 2006	5,284	2	5,286

The company had the following subsidiary undertakings as at 29 September 2007

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
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

	Group		Company	
	2007	2006	**2007**	2006
	£000	£000	**£000**	£000
Raw materials and consumables	**3,483**	2,765	**3,082**	2,387
Work in progress	**527**	457	**484**	420
Finished goods and goods for resale	**5,648**	4,285	**4,092**	2,788
	9,658	7,507	**7,658**	5,595

13 Debtors

	Group		Company	
	2007	2006	**2007**	2006
	£000	£000	**£000**	£000
Trade debtors	**11,428**	10,470	**8,354**	7,444
Amounts owed by subsidiary undertakings	**–**	–	**–**	26
Corporation tax	**440**	–	**644**	–
Other debtors	**346**	402	**346**	402
Prepayments and accrued income	**668**	423	**562**	315
	12,882	11,295	**9,906**	8,187

14 Creditors : amounts falling due within one year

	Group		Company	
	2007	2006	**2007**	2006
	£000	£000	**£000**	£000
Trade creditors	**2,850**	3,243	**2,008**	2,571
Amounts owed to subsidiary undertakings	**–**	–	**787**	167
Corporation tax	**–**	1,000	**–**	696
Other taxation and social security	**1,125**	1,009	**918**	811
Other creditors	**96**	91	**96**	91
Accruals and deferred income	**3,495**	3,426	**3,159**	3,098
Obligations under finance leases	**302**	325	**302**	325
Shares classed as financial liabilities	**94**	222	**94**	222
	7,962	9,316	**7,364**	7,981

Amounts due under finance leases and hire purchase contracts are secured on the assets to which they relate

15 Creditors : amounts falling due after more than one year

	Group		Company	
	2007	2006	**2007**	2006
	£000	£000	**£000**	£000
Obligations under finance leases	**329**	580	**329**	580
Deferred regional development grants	**39**	45	**39**	45
Shares classed as financial liabilities	**40**	37	**40**	37
	408	744	**408**	744

The directors have reviewed the shareholders' funds and have determined that the C, D, E, F and G redeemable ordinary shares be classified as liabilities in accordance with the provisions of FRS 25 "Financial Instruments Disclosure and Presentation (IAS 32)"

Creditors: amounts falling due after more than one year (continued)

Obligations under finance leases are repayable as follows

	Group		Company	
	2007	2006	**2007**	2006
	£000	£000	**£000**	£000
Within one year	**302**	325	**302**	325
Between one and two years	**216**	289	**216**	289
Between two and five years	**113**	291	**113**	291
	631	905	**631**	905

16 Provisions for liabilities and charges

Deferred taxation

	Group	Company
	£000	**£000**
At 1 October 2006	**208**	154
Charged to profit and loss account	**13**	22
At 29 September 2007	**221**	176

The amounts provided for deferred taxation are set out below

	Group		Company	
	2007	2006	**2007**	2006
	£000	£000	**£000**	£000
Difference between accumulated depreciation and amortisation and capital allowances	**261**	315	**196**	252
Other timing differences	**(40)**	(107)	**(20)**	(98)
	221	208	**176**	154

17 Share capital

	2007 £	2006 £
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
	42,500	42,500
Allotted, called up and fully paid		
37,500 A Ordinary shares of £1 each	**37,500**	37,500
Shares classed as financial liabilities		
249 C Redeemable Ordinary shares of £1 each	**–**	249
243 D Redeemable Ordinary shares of £1 each	**243**	243
207 E Redeemable Ordinary shares of £1 each	**207**	207
230 F Redeemable Ordinary shares of £1 each	**230**	230
255 G Redeemable Ordinary shares of £1 each	**255**	–
	935	929

The C, D, E, F and G Redeemable Ordinary Shares have been reclassified as liabilities in accordance with FRS 25 "Financial Instruments Disclosure and Presentation (IAS 32)" Further details on this reclassification can be seen in notes 14 and 15

During the year 255 G redeemable ordinary shares of £1 each were issued for a total consideration of £14,446

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 two of the company's directors, S Underhill and C J Davies together with former directors, T C 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

	Group		Company	
	Share premium account £000	Profit and loss account £000	Share premium account £000	Profit and loss account £000
At 1 October 2006	2,329	28,495	2,329	26,465
FRS 17 Actuarial gain	–	3,405	–	3,251
FRS 17 Deferred tax	–	(1,021)	–	(975)
Dividends paid	–	(575)	–	(575)
Retained profit for the year	–	836	–	2
Exchange differences	–	48	–	–
At 29 September 2007	**2,329**	**31,188**	**2,329**	**28,168**

19 Reconciliation of movements in shareholders' funds

	Group		Company	
	2007 £000	2006 £000	**2007 £000**	2006 £000
Profit for the financial period	**836**	3,751	**2**	2,880
Dividends and appropriations	**(575)**	(553)	**(575)**	(553)
	261	3,198	**(573)**	2,327
Other recognised gains and losses relating to the period	**2,432**	(125)	**2,276**	(136)
Net addition to shareholders' funds	**2,693**	3,073	**1,703**	2,191
Opening shareholders' funds	**30,862**	27,789	**28,832**	26,641
Closing shareholders' funds	**33,555**	30,862	**30,535**	28,832

20 Net cash inflow from operating activities

	2007 £000	2006 £000
Operating profit	**593**	4,831
Provision for pension service costs	**575**	618
Pension contributions paid	**(606)**	(563)
Depreciation	**1,529**	1,564
Amortisation and disposal of goodwill	**137**	406
Profit on sale of tangible fixed assets	**(2)**	(216)
Amortisation of grants	**(6)**	(6)
Increase in stocks	**(2,151)**	(576)
(Increase)/decrease in debtors	**(1,147)**	1,502
Decrease in creditors	**(203)**	(39)
Net cash (outflow)/inflow from operating activities	**(1,281)**	7,521

21 Reconciliation of net cash flow to movement in net funds

	2007 £000	2006 £000
(Decrease)/increase in cash in the period	**(4,608)**	5,182
Cash outflow from finance leases	**334**	315
Change in net debt resulting from cash flows	**(4,274)**	5,497
Translation differences	**48**	(9)
Inception of finance leases	**(60)**	(301)
Movement in net funds in the period	**(4,286)**	5,187
Net funds at 1 October 2006	**14,356**	9,169
Net funds at 29 September 2007	**10,070**	14,356

22 Analysis of changes in net funds

	At 1 October 2006 £000	Cashflow £000	Exchange movement £000	Other non-cash items £000	At 29 September 2007 £000
Cash in hand	15,261	(4,608)	48	–	**10,701**
Finance leases	(905)	334	–	(60)	**(631)**
	14,356	(4,274)	48	(60)	**10,070**

23 Capital commitments

Group and company	2007 £000	2006 £000
Contracted capital expenditure	**59**	109

24 Guarantees and other financial commitments

Leasing commitments

At 29 September 2007, the group had annual commitments under operating leases for assets other than land and buildings expiring as follows

	Plant and machinery 2007 £000	Plant and machinery 2006 £000
Operating leases which expire		
– within one year	**37**	33
– within two to five years	**331**	263
	368	296

At 29 September 2007, the group had committed to making a further £1 million donation to charity

25 Post balance sheet events

On 29 October 2007, Atkinson & Kirby Limited, a subsidiary undertaking purchased the entire share capital of a company based in Scotland involved in the supply of timber based products to the home improvement and building industries for a cash consideration of £1,410,000 The net asset value of this company at the date of acquisition was approximately £485,000 and fair values have not yet been finalised by management

26 Transactions with related parties

During the year the company made a donation of £4,000,000 (and has committed to donating a further £1,000,000 post year end) to the Haystack Trust, whose trustees are R H Burbidge, a former director, and his wife

27 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 £745,411 (2006 £710,000) of which £737,294 (2006 £685,000) 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 2005 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 £14 4 million at 5 April 2005 Under the MFR basis the scheme is more than 100% funded

The Atkinson Marketing Defined Benefit Scheme

The latest actuarial valuation of this scheme was at 5 April 2006 and the actuarial value of the assets at that date was sufficient to cover 89% 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 £1,303,000 at 5 April 2006 Under the MFR basis the scheme is more than 100% funded

Retirement benefits – FRS 17 disclosures at 29 September 2007

The present value of the scheme liabilities has been determined using the projected unit method as required by FRS 17 Full actuarial valuations were carried out at 5 April 2005 and 5 April 2006 (as noted above) and updated to 29 September 2007 by a qualified independent actuary Employer contributions paid during the year were £606,000 The scheme is closed to new entrants and so, under the projected unit method the current service cost will increase as the active members of the scheme approach retirement As this rate is applied to a salary roll which will decline as members leave or retire, the service cost amount will decline in the long term The major assumptions used by the actuary were

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		
	29 September 2007	1 October 2006	2 October 2005	**29 September 2007**	1 October 2006	2 October 2005
Rate of increase in salaries	**4.3%**	4 0%	3 8%	**4 3%**	4 0%	3 8%
Rate of increase in pensions in payment	**2.5%**	2 5%	2 8%	**3 0%**	3 0%	2 8%
Rate of increase in deferred pensions	**3.3%**	3 0%	2 8%	**5.0%**	5 0%	5 0%
Inflation rate	**3.3%**	3 0%	2 8%	**3 3%**	3 0%	2 8%
Discount rate	**5.7%**	5 1%	5 0%	**5.7%**	5 0%	5 0%

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

	Richard Burbidge		Atkinson Marketing	
	Value at 29 September 2007 £000	**Long term rate of return expected at 29 September 2007**	**Value at 29 September 2007 £000**	**Long term rate of return expected at 29 September 2007**
Equities	15,431	8 0	925	8 3%
Bonds	2,088	5 0	529	5 3%
Property	1,640	7 1	–	–
Cash	2,082	5 4	14	5 8%
Total market value of assets	21,241		1,468	

	Richard Burbidge		Atkinson Marketing	
	Value at 1 October 2006 £000	**Long term rate of return expected at 1 October 2006**	**Value at 1 October 2006 £000**	**Long term rate of return expected at 1 October 2006**
Equities	13,388	7 5	908	8 0%
Bonds	2,497	4 5	411	4 8%
Property	1,321	7 0	–	–
Cash	1,275	4 8	6	4 8%
Total market value of assets	18,481		1,325	

	Richard Burbidge		Atkinson Marketing	
	Value at 2 October 2005 £000	**Long term rate of return expected at 2 October 2005**	**Value at 2 October 2004 £000**	**Long term rate of return expected at 2 October 2004**
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	

The following amounts at 29 September 2007 were measured in accordance with the requirements of FRS 17

	Group		Company	
	2007	2006	**2007**	2006
	£000	£000		£000
Market value of Schemes' assets	**22,709**	19,806	**21,241**	18,481
Present value of Schemes' liabilities	**(24,193)**	(24,774)	**(22,580)**	(23,145)
Deficit in the Schemes	**(1,484)**	(4,968)	**(1,339)**	(4,664)
Related deferred tax asset	**445**	1,490	**402**	1,399
Net pension liability	**(1,039)**	(3,478)	**(937)**	(3,265)

	Group	
	2007	2006
	£000	£000
Operating profit		
Current service cost	**575**	618
Past service cost	**–**	–
Total operating charge	**575**	618

	2007	2006
	£000	£000
Other finance income		
Expected return on pension scheme assets	**1,324**	1,145
Interest cost	**(1,276)**	(1,132)
Net return	**48**	13

Statement of total recognised gains and losses

	2007 £000	2006 £000
Actual return less expected return on pension scheme assets	**1,117**	564
Experience gains and losses arising on the scheme liabilities	**(60)**	70
Changes in the assumptions underlying the present value of scheme liabilities	**2,348**	(799)
	3,405	(165)

Movement in the deficit during the year:

	2007 £000	2006 £000
Deficit in the scheme at the beginning of the period	**(4,968)**	(4,761)
Current service cost	**(575)**	(618)
Contributions	**606**	563
Net interest	**48**	13
Actuarial gain	**3,405**	(165)
Deficit in the scheme at the end of period	**(1,484)**	(4,968)

History of experience gains and losses:

	2007 £000	2006 £000	2005 £000
Actual return less expected return	**1,117**	564	2,115
As a percentage of assets	**5%**	3%	12%
Experience (losses)/gain on scheme liabilities	**(60)**	70	(100)
As a percentage of liabilities	**0%**	0%	0%
Total amount recognised in Statement of Total Recognised Gains and Losses	**3,405**	(165)	10
As a percentage of scheme liabilities	**14%**	(-1%)	0%