

BURNDENE INVESTMENTS PLC

2000 Report and Financial Statements

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Directors

D T C Caldow - Chairman and Managing Director
W R Douglas - Non executive
S J C Finston - Non executive

Secretary and registered office of the Company

I J Burville FCCA
The Registrar Department, 117 Dundas Street, Edinburgh EH3 5ED

Registrar

Lloyds TSB Registrars Scotland
117 Dundas Street, Edinburgh EH3 5ED

Auditors

BDO Stoy Hayward,
Beckside Court, Annie Reed Road, Beverley, East Yorkshire HU17 0LF

Principal Bankers

National Westminster Bank PLC
Corporate Business Centre, PO Box 183, 8 Park Row, Leeds LS1 1QT



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of Burndene Investments PLC will be held at 22 Hanover Street, Edinburgh, on 9 February 2001 at 10:30 am for the following purposes:

To consider and, if thought fit, pass the following resolutions:

- (1) To receive and adopt the Directors' report and the audited financial statements for the year ended 30 September 2000.
- (2) To declare a final dividend on the ordinary shares.
- (3) To re-elect W R Douglas as a Director.
- (4) To re-appoint the auditors.
- (5) To authorise the Directors to fix the auditors' remuneration.
- (6) As special business to consider, and if thought fit, pass the following resolution which will be proposed as an ordinary resolution:

That the authority given on 11 February 2000 for the Company to make market purchases (within the meaning of Section 163(3) of the Companies Act 1985) on the London Stock Exchange Limited up to an aggregate of 10,000,000 ordinary shares of 5p each in its capital at not more than a price per ordinary share equal to 5% above the average of the middle market quotations for the Company's ordinary shares as derived from The Stock Exchange daily official list for the ten business days immediately preceding the day on which an ordinary share is purchased, and not less than 5p per ordinary share (in each case exclusive of expenses) be and is hereby renewed for a period to expire on the earlier of 9 August 2002 and the date of the next annual general meeting of the Company (unless previously revoked or renewed) except in relation to the purchase of ordinary shares the contract for which was concluded before such date and which might be executed wholly or partially after such date.

By order of the Board
I J BURVILLE FCCA
Secretary
117 Dundas Street
Edinburgh EH3 5ED

19 December 2000

Notes

- 1 A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote in his stead. A proxy need not be a member of the Company. Completion and return of a form of proxy will not prevent a member from attending and voting at the meeting. A proxy card is enclosed.
 - 2 The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed must be deposited at the registered office of the Company, 117 Dundas Street, Edinburgh, EH3 5ED not less than forty-eight hours before the time of the meeting.
 - 3 There will be available for inspection at the registered office of the Company during usual business hours on any weekday (Saturdays and public holidays excepted) from the date of this notice until the date of the annual general meeting and, at the place of the annual general meeting, from at least fifteen minutes prior to and until the conclusion of the annual general meeting.
 - a) copies of the Directors' service agreements with the Company or any of its subsidiaries other than those agreements expiring or determinable by the employing company without payment of compensation within one year; and
 - b) the Register of Directors' Interests.
 - 4 This notice is sent to loan stockholders for information. Only ordinary shareholders are entitled to attend and vote at the meeting.
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CHAIRMAN'S STATEMENT

As anticipated in the interim report the pre-tax profits of the Company for the year to 30 September 2000 were lower than in the previous year at £6,253,000 compared with £7,759,481.

Earnings per share were 4.64p as against 5.73p per share in the previous year based on the average number of ordinary shares treated as in issue.

It is proposed that the same final dividend of 1.7p per share, after tax, be paid on each share of 5p, which added to the interim dividend already paid, would make a total of 2.5p after tax (1999: 2.5p).

CARAVAN HOLIDAY HOMES MANUFACTURING AND PARK OPERATING DIVISION

As anticipated when the interim report was circulated in June our earnings on a similar level of export sales were much reduced on account of the exchange rate effect of the weak Euro. We did well to maintain the level of sales, even at reduced margins. A larger share of the total market in France has been taken by local manufacturers whose products became relatively less expensive, as the price of our product was increased by exchange rate fluctuations. The weakened Euro against sterling, will have an affect on our future trading position in all countries which have adopted the weak Euro. The situation will improve as the Euro recovers.

In the home market our sales increased for both Willerby Holiday Homes Ltd and BK Bluebird Limited but profits in the aggregate were lower than had been anticipated at £5.504m against £6.670m in the previous year. Turnover in this division was higher at £116.223m compared with £103.262m.

We continue to produce holiday homes to a high specification and our designs are well received in the market place. It is hoped that the appeal of our holiday homes will be better recognised in the coming year leading to an increase in sales which will permit a higher level of earnings. Your management is striving for that result.

HOSIERY MANUFACTURE

The low level of sales at Pretty Legs Hosiery Limited continues to prejudice the results. This follows loss of important business the previous year. We have cut our costs and overheads but the future of the business depends upon an increase in profitable sales.

Turnover for the year to 30 September 2000 was £5,424,685 compared with £6,643,899 and the losses sustained were £521,493 against £111,823 respectively. Management understands that this cannot be allowed to continue. Action has been taken to recover the position and there are prospects for an increase in turnover but it is too early to forecast how much this will improve the situation.

GENERAL

We hope that margins on aggregate sales of holiday homes will increase in the coming year but this will be directly related to the volume of sales. So far orders are encouraging but this position must continue to improve if we are to secure better profit margins in the future.

The hosiery division while relatively small in its contribution to turnover can have a significant affect by the profits or losses sustained. A substantial improvement is required and this will depend upon increased profitable sales. The matter is being kept under review by the Board.

In explaining the difficulties and uncertainties which we face I would offer a cautious forecast for the coming year. We shall endeavour to improve the position but it is still too early to do more than anticipate a similar level of profit.

Our management and staff are conscious of our difficulties and the challenge which we face and I am sure that they will again make maximum effort to contribute to our recovery.

D T C Caldow
Chairman

19 December 2000

BURNDENE INVESTMENTS PLC

REPORT OF THE DIRECTORS

30 September 2000

The Directors submit their report together with the audited financial statements for the year ended 30 September 2000.

RESULTS AND DIVIDENDS

Details of the results for the year ended 30 September 2000 are shown in the Group profit and loss account and related notes. The Directors recommend a final dividend of 1.7p net per share for the year making a total dividend for the year of 2.5p net per share.

CONTRIBUTION BY ACTIVITIES

The principal activities of the Group by divisions and the contributions they made during the year are set out below:

	Turnover		Profit before taxation	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Caravan holiday home manufacturing and park operating division	116,223	103,262	5,504	6,670
Hosiery manufacture	5,424	6,644	(521)	(112)
Property, finance and administration	31	115	1,270	1,201
	<u>121,678</u>	<u>110,021</u>	<u>6,253</u>	<u>7,759</u>

DIRECTORS

The Directors throughout the year ended 30 September 2000 are listed below. According to the register maintained as required under the Companies Act 1985, the Directors' interests in the ordinary share capital and loan stock of the Company were as follows:

Ordinary shares	30 September 2000	3 October 1999
	Beneficial interest	Beneficial interest
	number	number
D T C Caldwell (Chairman)	20,822,082	20,822,082
W R Douglas	562,250	562,250
S J C Finston	10,000,000	10,000,000

15% unsecured loan stock 2007/2012 (£1 units)

	£	£
D T C Caldwell (Chairman)	142,998	142,998
W R Douglas	5,110	5,110
S J C Finston	—	—

Mr F W Ritchie retired on 11 February 2000.

There were no changes in the shareholdings of the Directors since the year end.

The Director retiring by rotation is Mr W R Douglas who, being eligible, offers himself for re-election. Mr W R Douglas does not have a service contract with the Company.

Mr W R Douglas is a non-executive Director aged 69. He is a Bachelor of Law, Writer to the Signet and Fellow of the British Institute of Management. He is retired from practice and for over 30 years he was senior partner in a firm of Solicitors in Edinburgh.

Mrs S J C Finston is a non-executive Director aged 36. She has a Master of Business Administration degree from the Wharton School of Business and is a qualified solicitor. She has experience both as a corporate lawyer, with one of the City's leading law firms, and as a corporate financier, with one of the major European investment banks. She is currently working as a financial analyst.

No Director had a material interest during the year in any significant contract with the Company or any subsidiary apart from the transaction detailed in Note 31 involving Mr W R Douglas.

BURNDENE INVESTMENTS PLC

REPORT OF THE DIRECTORS (Contd.)

30 September 2000

SUBSTANTIAL SHAREHOLDINGS

	19 December 2000 Number of ordinary shares held	30 September 2000 Number of ordinary shares held
Miss A M C Caldw	10,000,000	10,000,000
Mr J S Murdoch	5,500,000	5,500,000

The Company has not been informed of any other holding representing 3% (or 10% on a non-beneficial basis) or more of the ordinary share capital of the Company.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

In the home market our sales increased for both Willerby Holiday Homes Ltd and BK Bluebird Limited but margins in the aggregate were lower than had been anticipated at £5.504m against £6.670m in the previous year. Turnover in this division was higher at £116.223m compared with £103.262m. We continue to produce holiday homes to a high specification and our designs are well received in the market place.

The low level of sales at Pretty Legs Hosiery Limited continues to prejudice the results. Turnover for the year ended 30 September 2000 was £5,424,685 compared with £6,643,899 and the losses sustained were £521,493 against £111,823 respectively. Action has already been taken to recover the position and there are prospects for an increase in turnover.

The property, finance and administration division contributed £1.270m to Group profits. The income stream was principally generated from the manufacturing companies occupying the property portfolio of the Group.

CHARITABLE AND POLITICAL DONATIONS

During the year the Group made charitable donations of £371. There were no political donations in the year.

BENEFICIAL INTEREST

There are no schemes to benefit Directors by enabling them to buy shares in or debentures of the Company, or shares in or debentures of any other company.

PURCHASE OF OWN SHARES

Further to the resolution voted at the previous annual general meeting, the Company purchased 1,700,000 ordinary shares of 5p each in the Company during the year for an aggregate consideration of £557,147. These were subsequently cancelled. This represents 1.78% of the issued share capital as at 2 October 1999. The Directors consider the purchase will be beneficial to shareholders through the increase in earnings per share. On 5 October 2000 the Company bought a further 250,000 shares.

RELATED PARTY TRANSACTION

On 4 October 1999 the whole of the share capital of Nivensknowe Parks Limited was sold to PD Securities Limited, a company owned by Mr W R Douglas and his family. Mr W R Douglas, his wife and their pension scheme own 40.42% of the issued share capital. The total consideration was £520,000, of which £399,000 remained outstanding at 30 September 2000. Repayment is over ten years from 4 October 1999. Interest is chargeable at 3% over National Westminster Bank PLC base rate. Payment of interest and capital are on normal Scottish quarter days.

CREDITORS' PAYMENT POLICY AND PRACTICE

The Group's policy for the next financial year for all suppliers, is to fix terms of payment when agreeing the terms of each business transaction, to ensure the supplier is aware of those terms and to abide by the agreed terms of payment.

At 30 September 2000 there was an average of 45 days (1999: 51 days) purchases included within trade creditors in respect of the Group. The Company does not make any trade purchases.

30 September 2000

OTHER MATTERS

The following resolution is to be proposed as an ordinary resolution at the annual general meeting:

That the authority given on 11 February 2000 for the Company to make market purchases (within the meaning of Section 163(3) of the Companies Act 1985) on the London Stock Exchange Limited up to an aggregate of 10,000,000 ordinary shares of 5p each in its capital at not more than a price per ordinary share equal to 5% above the average of the middle market quotations for the Company's ordinary shares as derived from The Stock Exchange daily official list for the ten business days immediately preceding the day on which an ordinary share is purchased, and not less than 5p per ordinary share (in each case exclusive of expenses) be and is hereby renewed for a period to expire on the earlier of 9 August 2002 and the date of the next general meeting of the Company (unless previously revoked or renewed) except in relation to the purchase of ordinary shares the contract for which was concluded before such date and which might be executed wholly or partially after such date.

AUDITORS

BDO Stoy Hayward have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the Board

I J BURVILLE FCCA
Secretary



19 December 2000

30 September 2000

The Company complied throughout the year ended 30 September 2000 with the provisions set out in Section 1 of the Combined Code with the following exceptions:-

- Due to the size of the Company the positions of Chairman and Managing Director are not separately held.
- The Company does not have sufficient non-executive Directors to form an audit committee.
- The non-executive Directors do not have service contracts.
- A remuneration committee has not been formed.
- All Directors do not retire and seek re-election at least once every three years. The Company is in the process of changing its articles to implement this requirement.
- The Group has decided to adopt the transitional approach for reporting on internal controls under the Combined Code set out in the letter from the London Stock Exchange to listed companies at the end of September 1999.

The Company has applied the principles of the Combined Code as follows:-

At 30 September 2000 the Board of Directors comprised 1 executive and 2 non-executive Directors.

The duties of the Chairman and the Managing Director are held by Mr D T C Caldow, the Chairman's role is primarily responsible for that of running the Board and to ensure that all Directors receive sufficient relevant information to consider matters prior to meetings. The Managing Director is responsible for the day to day management of the business and for implementing Group strategy.

Both non-executive Directors are considered by the Board to be independent, the senior of which is Mr W R Douglas.

The Board meets regularly and has a formal agenda. It is responsible for identifying key business risks and their resolution. It also considers key recruitment issues together with health and safety and environmental issues. A nominations committee has not been formed as the Directors consider the Board to be small.

The functions of a remuneration committee are undertaken by the Board. The individual Directors do not participate in decisions relating to their own remuneration. Details of each individual Director's remuneration package are given in note 5 to the financial statements.

The Chairman, Mr D T C Caldow, has a service contract with a notice period of 2 years. The Board considers that a 2 year notice period is required in order to retain an executive Director of sufficient ability and experience.

The provisions of the Combined Code as to every Director receiving appropriate training on the first occasion that he or she is appointed to the Board and subsequently as necessary are being implemented. There were no appointments in the year.

The Board does obtain outside legal and other independent professional advice as necessary.

The functions of an audit committee are fulfilled by the Board which meets with the external auditors whenever it is necessary for it to obtain advice or clarification of issues and there is a formal meeting with the auditors at least annually to discuss the financial statements in some detail.

The Board met 4 times in the year ended 30 September 2000.

RELATIONS WITH SHAREHOLDERS

The Company encourages two way communication with its shareholders and responds quickly to all queries received whether verbally or in writing. All shareholders have at least 20 working days notice of the annual general meeting at which all Directors are introduced and are available for questions.

GOING CONCERN

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

30 September 2000

INTERNAL CONTROL

The Board expects to have procedures in place by June 2001 in order to implement the guidance Internal Control: Guidance for Directors on the Combined Code. These include meetings, attended by all Board members, which will be followed by prioritising the risks faced by the Group and ensuring a control strategy for each significant risk. A risk management policy document setting out the Board's approach to controlling those risks that are crucial to the achievement of the Group's business objectives will be prepared. Where appropriate, improvements will be made to the monthly management information in the area of risk management and key risk indicators added.

The Board will consider risk management and internal control on a regular basis throughout the year and plans to be in the position to report its compliance with the Guidance for the year ended 29 September 2001.

The Directors are responsible for the Company's system of internal financial control which is designed to provide reasonable but not absolute assurance against material misstatement or loss. The key procedures that the Directors have established to provide effective internal financial controls are set out below.

The Board has overall responsibility for the Group's system of internal financial control. The full Board meets regularly and ensures that it maintains full and effective financial control over the appropriate issues. The Group has a structure which sets out the appropriate responsibilities. There are also established procedures for planning, capital expenditure and information and reporting systems for monitoring the Group's businesses and their performance.

The Directors have delegated to certain executives the implementation of the Group system of internal financial control. This includes controls which enable the Board to meet its responsibilities for the completion and accuracy of the Group's accounting records.

The internal financial control system is monitored and is focused on the areas of greatest risk.

The Directors believe that the Group's system of internal financial control provides reasonable but not absolute assurance that assets are safeguarded, transactions authorised and recorded properly and that material errors and irregularities are either prevented or would be detected within a timely period. Having made appropriate enquiries, the Directors consider that the system of internal financial control operated effectively during the period covered by this report and financial statements.

The Directors have restricted their review of internal controls to financial controls as permitted by the London Stock Exchange.

DIRECTORS' RESPONSIBILITIES

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 Company and of the Group 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;
- 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 Group will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS' REPORT TO THE SHAREHOLDERS OF BURNDENE INVESTMENTS PLC

We have audited the financial statements on pages 10 to 26 which have been prepared under the accounting policies set out on pages 15 and 16.

Respective responsibilities of Directors and Auditors

The Directors are responsible for preparing the Annual Report, including as described on page 8, the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board, the Listing Rules of the Financial Services Authority, and by our profession's ethical guidance.

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. 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 or the Listing Rules regarding Directors' remuneration and transactions with the Company is not disclosed.

We review whether the statement on page 7 reflects the Company's compliance with those provisions of the Combined Code specified for our review by the Listing Rules, and we report if it does not. We are not required to form an opinion on the effectiveness of the Company's corporate governance procedures or its internal controls.

We read the other information contained in the Annual Report, including the corporate governance statement, 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.

Basis of audit opinion

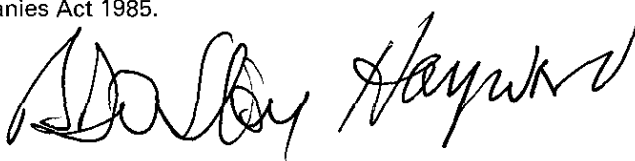
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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 presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Group's and Company's affairs as at 30 September 2000 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO STOY HAYWARD
Registered Auditors
Beverley



19 December 2000

BURNDENE INVESTMENTS PLC**GROUP PROFIT AND LOSS ACCOUNT****For the year ended 30 September 2000**

	Note	2000 £	1999 £
Turnover	2	121,677,976	110,021,121
Cost of sales		104,033,308	91,097,794
Gross profit		17,644,668	18,923,327
Net operating expenses	3	10,605,544	10,773,417
Operating profit		7,039,124	8,149,910
Other interest receivable		48,221	68,220
		7,087,345	8,218,130
Interest payable	4	834,345	458,649
Profit on ordinary activities before tax	2 & 5	6,253,000	7,759,481
Taxation on profit on ordinary activities	7	1,860,100	2,226,967
Profit for the financial year		4,392,900	5,532,514
Dividends	8	2,339,725	2,379,125
Retained profit		2,053,175	3,153,389
Basic earnings per share	20	4.64p	5.73p

All amounts relate to continuing activities.

The notes on pages 15 to 26 form part of these financial statements.

BURNDENE INVESTMENTS PLC**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES****For the year ended 30 September 2000**

	Note	Group		Company	
		2000 £	1999 £	2000 £	1999 £
Profit for the financial year		4,392,900	5,532,514	5,227,666	10,604,705
Currency translation differences on foreign currency net investments	16	(895)	(1,006)	–	–
Total recognised gains and losses for the year		<u>4,392,005</u>	<u>5,531,508</u>	<u>5,227,666</u>	<u>10,604,705</u>

The notes on pages 15 to 26 form part of these financial statements.

BURNDENE INVESTMENTS PLC

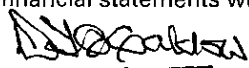
GROUP BALANCE SHEET

30 September 2000

	Note	£	2000 £	£	1999 £
Fixed assets					
Tangible assets	9		25,891,688		25,459,658
Current assets					
Stock	11	17,941,210		17,227,773	
Debtors	12	20,058,067		19,937,472	
Cash at bank and in hand		214,468		792,326	
		<u>38,213,745</u>		<u>37,957,571</u>	
Creditors					
Amounts falling due within one year	13	24,643,182		25,462,055	
Net current assets			13,570,563		12,495,516
Total assets less current liabilities			39,462,251		37,955,174
Creditors					
Amounts falling due after more than one year	14		772,487		772,487
			<u>38,689,764</u>		<u>37,182,687</u>
Capital and reserves					
Called up share capital	15		4,681,750		4,766,750
Investment property revaluation reserve	16	991,567		991,567	
Other freehold property revaluation reserve	16	8,534,744		8,977,710	
			9,526,311		9,969,277
Capital redemption reserve	16		630,594		545,594
Profit and loss account	16		23,851,109		21,901,066
Shareholders' fund			<u>38,689,764</u>		<u>37,182,687</u>

All items under capital and reserves are equity.

These financial statements were approved by the Board on 19 December 2000.



D T C CALDOW

Director

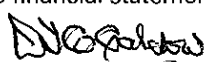
The notes on pages 15 to 26 form part of these financial statements.

BURNDENE INVESTMENTS PLC
COMPANY BALANCE SHEET
30 September 2000

	Note	2000 £	1999 £
Fixed assets			
Investments	10	6,703,502	6,811,693
Current assets			
Debtors	12	19,071,210	16,679,893
Cash at bank and in hand		11,536	1,067
		<u>19,082,746</u>	<u>16,680,960</u>
Creditors			
Amounts falling due within one year	13	<u>1,979,597</u>	<u>2,016,796</u>
Net current assets		<u>17,103,149</u>	<u>14,664,164</u>
Total assets less current liabilities		<u>23,806,651</u>	<u>21,475,857</u>
Creditors			
Amounts falling due after more than one year	14	<u>772,487</u>	<u>772,487</u>
		<u>23,034,164</u>	<u>20,703,370</u>
Capital and reserves			
Called up share capital	15	4,681,750	4,766,750
Capital redemption reserve	16	630,594	545,594
Profit and loss account	16	<u>17,721,820</u>	<u>15,391,026</u>
Shareholders' fund		<u>23,034,164</u>	<u>20,703,370</u>

All items under capital and reserves are equity.

These financial statements were approved by the Board on 19 December 2000.


D T C CALDOW

Director

The notes on pages 15 to 26 form part of these financial statements.

BURNDENE INVESTMENTS PLC**GROUP CASH FLOW STATEMENT****For the year ended 30 September 2000**

		2000		1999	
	Note	£	£	£	£
Net cash inflow from operating activities	22		1,212,051		6,964,209
Returns on investments and servicing of finance					
Interest received		48,221		68,220	
Interest paid		(818,828)		(458,309)	
Interest element of finance lease rental payments		—		(694)	
			(770,607)		(390,783)
Taxation			(1,882,377)		(2,977,844)
Capital expenditure					
Payments to acquire tangible fixed assets		(2,077,328)		(2,217,629)	
Receipts from sales of tangible fixed assets		43,475		43,107	
			(2,033,853)		(2,174,522)
Acquisitions and disposals					
Cash disposed of with subsidiary	30	(55,677)		—	
Sale of subsidiary	30	518,350		—	
			462,673		—
Equity dividends paid			(2,372,875)		(2,408,875)
Cash outflow before financing			(5,384,988)		(987,815)
Financing					
Loans repaid		—		(13,201)	
Repurchase of share capital		(557,147)		(668,044)	
Capital element of finance lease rental payments		(1,825)		(3,128)	
			(558,972)		(684,373)
Decrease in cash in the year			<u>(5,943,960)</u>		<u>(1,672,188)</u>

The notes on pages 15 to 26 form part of these financial statements.

NOTES ON THE FINANCIAL STATEMENTS

For the year ended 30 September 2000

1 ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention, as modified by the *transitional arrangements which have been followed this year on adopting Financial Reporting Standard 15, "Tangible Fixed Assets"*, and are in accordance with applicable accounting standards.

ACCOUNTING PERIODS

The Company's accounting reference date is 30 September. Financial statements are made up to a 52 or 53 week period ending on a Saturday adjacent to 30 September each year. The financial statements are for the 52 week period ended 30 September 2000. The comparative figures are for a 52 week period.

BASIS OF CONSOLIDATION

The Group financial statements incorporate the financial statements of the Company and each of its subsidiaries for the year ended 30 September 2000. The Group uses acquisition accounting to consolidate the results of subsidiary undertakings. The results of subsidiary undertakings are included from the date of acquisition.

REVALUATION OF LAND AND BUILDINGS

Following the issue of Financial Reporting Standard 3 – Reporting Financial Performance, the calculation of any profit or loss on disposal of revalued properties is by reference to net book value and any realised revaluation surplus is transferred to the profit and loss account reserve.

DEPRECIATION

In accordance with Statement of Standard Accounting Practice No. 19 freehold investment properties are revalued annually and no depreciation is provided. The Directors consider that this accounting policy results in the accounts giving a true and fair view. Depreciation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

No depreciation has been charged on certain freehold properties and impairment reviews have been undertaken.

The cost or valuation of other fixed assets is written off by equal annual instalments over their expected useful lives as follows:

Freehold buildings	50 - 150 years
Short leasehold buildings	Over term of lease
Machinery and plant	5 - 10 years
Motor vehicles	3 - 4 years

TANGIBLE FIXED ASSETS

The Company is adopting FRS 15 this year. In future, all additions to tangible fixed assets will be stated at cost. Where existing unimpaired tangible fixed assets are stated at valuation the Company has taken advantage of the transitional arrangements in FRS 15 to retain these book values. Where an asset that was previously revalued is disposed of, its book value is eliminated and an appropriate transfer made from the revaluation reserve to the profit and loss reserve.

STOCK

Stock is stated at the lower of cost and net realisable value with due allowance for any obsolete or slow moving items. In the case of finished goods and work in progress, cost comprises direct materials, direct labour and a proportion of manufacturing fixed and variable overheads where appropriate. The allocation of manufacturing fixed overheads has regard to budgeted normal production. Net realisable value comprises anticipated proceeds of sale less anticipated costs relating thereto.

DEFERRED TAX

Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes to the extent that it is probable that an asset or liability will crystallise.

FOREIGN CURRENCY

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

The financial statements of foreign subsidiaries are converted to sterling at the exchange rates ruling at the balance sheet date. Exchange gains and losses arising, net of differences on related currency borrowings, are shown as a movement in reserves. Other exchange differences are included in the profit and loss account.

NOTES ON THE FINANCIAL STATEMENTS (Contd.)

For the year ended 30 September 2000

1 ACCOUNTING POLICIES (Contd.)

GOODWILL

Goodwill arising on an acquisition of a subsidiary is the difference between the fair value of the consideration paid and the fair value of the separable assets and liabilities acquired. Prior to the adoption of FRS10 all positive goodwill was eliminated against reserves as a matter of accounting policy. Such goodwill remains eliminated against reserves and will be charged in the profit and loss account on the subsequent disposal of the business to which it relates.

TURNOVER

Turnover comprises the invoiced value of sales exclusive of VAT and intra Group transactions.

LEASING AND HIRE PURCHASE COMMITMENTS

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

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

PENSION COSTS

The cost of providing retirement pensions and related benefits is charged to the profit and loss account over the periods benefiting from the employees' services. The difference, if any, between the charge to the profit and loss account and the contribution paid to the scheme is shown as an asset or liability in the balance sheet.

2 SEGMENTAL ANALYSES

(a) Turnover and profit on ordinary activities before tax

Turnover and profit on ordinary activities before tax were contributed as follows:

Description of class of business:	Turnover		Profit before tax	
	2000 £	1999 £	2000 £	1999 £
Caravan holiday home manufacturing and park operating division	116,222,663	103,262,408	5,504,116	6,669,766
Hosiery manufacture	5,424,685	6,643,899	(521,493)	(111,823)
Property, finance and administration	30,628	114,814	1,270,377	1,201,538
	<u>121,677,976</u>	<u>110,021,121</u>	<u>6,253,000</u>	<u>7,759,481</u>

Geographical market supplied:	Turnover	
	2000 £	1999 £
United Kingdom	91,133,525	80,110,576
Western Europe	30,544,451	29,910,545
	<u>121,677,976</u>	<u>110,021,121</u>

A further analysis of turnover originating in 'Western Europe' and segmental profit before tax has not been given since, in the opinion of the Directors, this would be prejudicial to the commercial interest of the Group.

NOTES ON THE FINANCIAL STATEMENTS (Contd.)

For the year ended 30 September 2000

2 SEGMENTAL ANALYSES (Contd.)

(b) Net assets

	2000 £	1999 £
Description of class of business:		
Caravan holiday home manufacturing and park operating division	11,165,981	10,759,409
Hosiery manufacture	1,225,339	2,103,923
Property, finance and administration	26,298,444	24,319,355
	<u>38,689,764</u>	<u>37,182,687</u>
United Kingdom	37,902,026	36,470,841
Florida	787,738	711,846
	<u>38,689,764</u>	<u>37,182,687</u>

3 NET OPERATING EXPENSES

	2000 £	1999 £
Distribution costs	195,734	227,605
Administrative expenses	10,480,578	10,620,612
Other operating income	(70,768)	(74,800)
	<u>10,605,544</u>	<u>10,773,417</u>

4 INTEREST PAYABLE

	2000 £	1999 £
On bank overdrafts	718,508	338,599
On loan stock repayable after five years	115,238	115,556
On hire purchase and finance leases	—	694
Other	599	3,800
	<u>834,345</u>	<u>458,649</u>

5 PROFIT ON ORDINARY ACTIVITIES BEFORE TAX

	2000 £	1999 £
is stated after crediting:		
Rents receivable less expenses	29,472	139,946
Surplus on sale of fixed assets	—	15,921
Surplus on disposal of subsidiaries	15,390	—
	<u>44,862</u>	<u>155,867</u>
and after charging:		
Depreciation	1,060,366	924,297
Loss on sale of fixed assets	7,118	—
Operating lease rentals – plant and machinery	180,764	184,250
– other	277,723	231,808
Auditors' remuneration – audit	59,140	59,882
– non audit services	35,583	29,840

The figures for the Holding Company are audit: £12,817 (1999: £12,444) and for non-audit services: £15,508 (1999: £15,056).

Directors' remuneration:

	2,000	2,000
Fees	297,887	341,182
Other emoluments	<u>299,887</u>	<u>343,182</u>

NOTES ON THE FINANCIAL STATEMENTS (Contd.)

For the year ended 30 September 2000

5 PROFIT ON ORDINARY ACTIVITIES BEFORE TAX (Contd.)

The following table shows a breakdown of the remuneration of the individual Directors for the two years ended 30 September 2000:

	Basic emoluments £	Performance related payments £	Other benefits £	Total £
2000				
D T C Caldwell	183,893	25,635	41,753	251,281
W R Douglas	18,000	—	—	18,000
F W Ritchie (Resigned 11 February 2000)	8,833	—	1,273	10,106
S J C Finston	20,500	—	—	20,500
	<u>231,226</u>	<u>25,635</u>	<u>43,026</u>	<u>299,887</u>
1999	£	£	£	£
D T C Caldwell	181,908	54,204	39,481	275,593
W R Douglas	15,500	—	9,039	24,539
F W Ritchie	20,500	—	2,050	22,550
S J C Finston	20,500	—	—	20,500
	<u>238,408</u>	<u>54,204</u>	<u>50,570</u>	<u>343,182</u>

The remuneration of the Company's Directors is determined by the Chairman and the other Directors, and is set with reference to individual performance and market data. The remuneration comprises base salary, health insurance, car benefits and performance related benefits which are based on the attainment of pre-determined financial targets. None of the foregoing is pensionable.

There are no share option arrangements or other long term incentives. None of the Directors participates in a defined contribution or defined benefit pension scheme.

6 STAFF COSTS

	2000 £	1999 £
Wages and salaries	22,872,137	19,530,839
Social security costs	1,977,936	1,746,410
Other pension costs	314,674	215,204
	<u>25,164,747</u>	<u>21,492,453</u>

The average number of employees (including Directors) during the year was made up as follows:

	Number	Number
Manufacture	1,196	1,024
Sales and distribution	48	32
Office and management	74	77
	<u>1,318</u>	<u>1,133</u>

7 TAX ON PROFIT ON ORDINARY ACTIVITIES

	2000 £	1999 £
Corporation tax at 30% (1999: 30.5%)	1,679,128	2,176,518
Adjustment in respect of prior years:		
Corporation tax	<u>180,972</u>	<u>50,449</u>
	<u>1,860,100</u>	<u>2,226,967</u>

BURNDENE INVESTMENTS PLC
NOTES ON THE FINANCIAL STATEMENTS (Contd.)
For the year ended 30 September 2000

8 DIVIDENDS	2000 £	1999 £
Dividend 0.80p (1999: 0.80p) per ordinary share paid on 1 September 2000	752,180	758,430
Proposed dividend 1.70p per ordinary share (1999: 1.70p) payable on 12 February 2001	1,587,545	1,620,695
	<u>2,339,725</u>	<u>2,379,125</u>

9 TANGIBLE FIXED ASSETS	Freehold investment properties £	Other freehold properties £	Short leasehold properties £	Machinery, plant and vehicles £	Total £
Cost or valuation:					
At 3 October 1999	1,980,000	19,218,076	680,285	11,556,532	33,434,893
Additions	–	487,607	22,525	1,567,196	2,077,328
Disposals	–	–	–	(231,353)	(231,353)
Sale of subsidiary	–	(528,000)	–	(51,271)	(579,271)
At 30 September 2000	<u>1,980,000</u>	<u>19,177,683</u>	<u>702,810</u>	<u>12,841,104</u>	<u>34,701,597</u>
Being assets stated at:					
Directors' valuation in 2000	1,980,000	–	–	–	1,980,000
Professional valuation in					
1998	–	1,250,000	–	–	1,250,000
1997	–	1,200,000	–	–	1,200,000
1995	–	9,980,000	–	–	9,980,000
1993	–	2,527,791	–	–	2,527,791
Cost	–	4,219,892	702,810	12,841,104	17,763,806
	<u>1,980,000</u>	<u>19,177,683</u>	<u>702,810</u>	<u>12,841,104</u>	<u>34,701,597</u>
Depreciation:					
At 3 October 1999	–	23,239	137,924	7,814,072	7,975,235
Charge for the year	–	2,680	68,015	989,671	1,060,366
Disposals	–	–	–	(180,760)	(180,760)
Sale of subsidiary	–	(8,148)	–	(36,784)	(44,932)
At 30 September 2000	<u>–</u>	<u>17,771</u>	<u>205,939</u>	<u>8,586,199</u>	<u>8,809,909</u>
Net book amount					
At 30 September 2000	<u>1,980,000</u>	<u>19,159,912</u>	<u>496,871</u>	<u>4,254,905</u>	<u>25,891,688</u>
At 2 October 1999	<u>1,980,000</u>	<u>19,194,837</u>	<u>542,361</u>	<u>3,742,460</u>	<u>25,459,658</u>

Certain freehold properties were professionally valued on the basis of their open market value as shown above. These valuations have not been updated. The Company has taken advantage of the transitional provisions in FRS 15 this year to retain the existing book values including those of its unimpaired tangible fixed assets which were previously stated at valuation.

If the freehold property had not been revalued it would have been included at the following amounts:

	2000 £	1999 £
Cost	12,015,593	11,621,347
Less: accumulated depreciation	33,826	49,916
	<u>11,981,767</u>	<u>11,571,431</u>

BURNDENE INVESTMENTS PLC

NOTES ON THE FINANCIAL STATEMENTS (Contd.)

For the year ended 30 September 2000

10 INVESTMENTS

£

(a) In subsidiary undertakings:

Shares at cost	
At 3 October 1999	6,811,693
Investment in new subsidiary	2
Less disposal of investment in subsidiaries	(108,193)
	<u>6,703,502</u>

(b) The Holding Company Burndene Investments PLC is registered in Scotland and operates in the United Kingdom. The subsidiaries operate in England (E) and Scotland (S) except for one which is incorporated in and operates in the United States of America (US).

	% Ordinary Shares Held	
	Directly	Indirectly
Caravan holiday home manufacturing and park operating division:		
Willerby Holiday Homes Ltd. (E)	100	
Redgates Caravan Parks Limited (S)	100	
BK Bluebird Limited (E)	100	
Greatfield Windows Limited (E)	100	
(Incorporated 2 August 2000)		
Hosiery:		
Pretty Legs Hosiery Limited (E)	100	
Property:		
Burndene Properties Limited (E)	100	
Pretty Hosiery Limited (E)		100
Glencairn Development Corporation (US)	100	
That's My Style Hosiery Limited (E)	100	
Bankside Properties Limited (E)	100	

11 STOCK

	2000 £	1999 £
Raw materials	4,586,702	4,844,499
Work in progress	1,769,828	1,680,392
Finished goods	11,584,680	10,702,882
	<u>17,941,210</u>	<u>17,227,773</u>

12 DEBTORS

	Group		Company	
	2000 £	1999 £	2000 £	1999 £
Amount falling due within one year:				
Trade debtors	17,960,764	17,912,930	—	—
Other debtors	1,408,500	1,310,510	402,247	2,464
Amounts owed by subsidiary undertakings	—	—	18,668,963	16,677,429
Prepayments	648,542	673,771	—	—
Corporation tax refund due	40,261	40,261	—	—
	<u>20,058,067</u>	<u>19,937,472</u>	<u>19,071,210</u>	<u>16,679,893</u>

Included within other debtors for Group and Company is an amount of £357,000 (1999:£Nil) falling due after more than one year. (See note 31).

BURNDENE INVESTMENTS PLC
NOTES ON THE FINANCIAL STATEMENTS (Contd.)
For the year ended 30 September 2000
13 CREDITORS

	Group		Company	
	2000	1999	2000	1999
	£	£	£	£
Amounts falling due within one year:				
Bank overdrafts (secured)	7,332,155	1,966,053	-	-
Trade creditors	11,492,366	16,331,804	-	-
Amounts owed to Group undertakings	-	-	260,057	238,772
Corporation tax	1,194,394	1,216,671	-	-
Other taxes and social security costs	896,922	1,149,766	35,876	42,458
Other creditors	801,087	615,388	67,191	40,522
Accruals and deferred income	1,338,713	2,559,853	28,928	74,349
Obligations under finance leases and hire purchase contracts (see note 27)	-	1,825	-	-
Proposed dividend	1,587,545	1,620,695	1,587,545	1,620,695
	<u>24,643,182</u>	<u>25,462,055</u>	<u>1,979,597</u>	<u>2,016,796</u>

The overdraft of £7,332,155 is secured by specific charges over certain assets of the Group.

14 CREDITORS

	Group		Company	
	2000	1999	2000	1999
	£	£	£	£
Amounts falling due after more than one year:				
15% unsecured loan stock 2007/2012	772,487	772,487	772,487	772,487
	<u>772,487</u>	<u>772,487</u>	<u>772,487</u>	<u>772,487</u>
Amount of borrowings repayable:				
In more than five years	772,487	772,487	772,487	772,487
	<u>772,487</u>	<u>772,487</u>	<u>772,487</u>	<u>772,487</u>

15 CALLED UP SHARE CAPITAL

	Number of Shares			
	Authorised		Allotted, called up and fully paid	
	2000	1999	2000	1999
Ordinary shares of 5p each	120,000,000	120,000,000	93,635,000	95,335,000
	£	£	£	£
Ordinary shares of 5p each	<u>6,000,000</u>	<u>6,000,000</u>	<u>4,681,750</u>	<u>4,766,750</u>

Further to the resolution voted at the previous annual general meeting, the Company purchased 1,700,000 ordinary shares of 5p each in the Company during the year for an aggregate consideration of £557,147. These were subsequently cancelled. This represents 1.78% of the issued share capital as at 2 October 1999. The Directors consider the purchase will be beneficial to shareholders through the increase in earnings per share. The impact on reserves is shown in note 16.

NOTES ON THE FINANCIAL STATEMENTS (Contd.)

For the year ended 30 September 2000

16 RESERVES

	Investment property revaluation reserve	Other freehold property revaluation reserve	Capital redemption reserve	Profit and loss account
	£	£	£	£
Group				
At 3 October 1999	991,567	8,977,710	545,594	21,901,066
Retained profit for the year	–	–	–	2,053,175
Purchase of own shares	–	–	85,000	(557,147)
Exchange movements	–	–	–	(895)
Movement on revaluation reserve				
- realised profit on sale	–	(442,966)	–	442,966
Goodwill written back	–	–	–	11,944
At 30 September 2000	<u>991,567</u>	<u>8,534,744</u>	<u>630,594</u>	<u>23,851,109</u>
Company				
At 3 October 1999	–	–	545,594	15,391,026
Retained profit for year	–	–	–	2,887,941
Purchase of own shares	–	–	85,000	(557,147)
At 30 September 2000	<u>–</u>	<u>–</u>	<u>630,594</u>	<u>17,721,820</u>

The cumulative amount of goodwill resulting from acquisitions in previous years which has been eliminated against Group reserves, net of any goodwill attributable to businesses disposed of before 30 September 2000 is £1,853,889 (1999: £1,865,833).

The amount of unprovided deferred tax relating to revaluation surpluses is shown in note 18.

17 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Group		Company	
	2000 £	1999 £	2000 £	1999 £
Profit for the financial year	4,392,900	5,532,514	5,227,666	10,604,705
Dividends	(2,339,725)	(2,379,125)	(2,339,725)	(2,379,125)
	<u>2,053,175</u>	<u>3,153,389</u>	<u>2,887,941</u>	<u>8,225,580</u>
Purchase of own shares	(557,147)	(668,044)	(557,147)	(668,044)
Other recognised gains and losses relating to the year	11,049	(1,006)	–	–
Net addition to shareholders' funds	<u>1,507,077</u>	<u>2,484,339</u>	<u>2,330,794</u>	<u>7,557,536</u>
Opening shareholders' funds	<u>37,182,687</u>	<u>34,698,348</u>	<u>20,703,370</u>	<u>13,145,834</u>
Closing shareholders' funds	<u>38,689,764</u>	<u>37,182,687</u>	<u>23,034,164</u>	<u>20,703,370</u>

18 DEFERRED TAX

The amount of unprovided deferred taxation is as follows:

	2000 £	1999 £
Property revaluation surpluses (net of losses)	1,821,439	1,238,119
Accelerated capital allowances	1,155,869	809,582
	<u>2,977,308</u>	<u>2,047,701</u>

The property revaluation surpluses do not constitute a timing difference as there is currently no intention to dispose of any of the properties.

BURNDENE INVESTMENTS PLC**NOTES ON THE FINANCIAL STATEMENTS (Contd.)****For the year ended 30 September 2000****19 PROFIT FOR THE FINANCIAL YEAR**

Burndene Investments PLC has not presented its own profit and loss account as permitted by section 230 of the Companies Act 1985. The Group profit for the financial year includes a profit after tax dealt with in the financial statements of the Holding Company of £5,227,666 (1999: £10,604,705).

20 BASIC EARNINGS PER SHARE

The calculation of basic earnings per ordinary share is based on the profit after tax of £4,392,900 (1999: £5,532,514) and on a weighted average of 94,771,264 (1999: 96,501,196) ordinary shares. There are no potentially dilutive shares.

21 CAPITAL COMMITMENTS

Capital expenditure for which contracts had been placed but for which no provision had been made at 30 September 2000, amounted to £Nil (1999: £110,175).

22 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2000 £	1999 £
Operating profit	7,039,124	8,149,910
Depreciation charges	1,060,366	924,297
Surplus on disposal of subsidiaries	(15,390)	–
Deficit/(surplus) on sale of tangible fixed assets and investments	7,118	(15,921)
Increase in stocks	(740,085)	(4,427,922)
Increase in debtors	(152,493)	(2,979,537)
(Decrease)/increase in creditors	(5,986,589)	5,313,382
Net cash inflow from operating activities	<u>1,212,051</u>	<u>6,964,209</u>

23 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2000 £	1999 £
Decrease in cash in year	(5,943,960)	(1,672,188)
Cash outflow from decrease in debt and lease financing	<u>1,825</u>	<u>16,329</u>
Change in net debt	(5,942,135)	(1,655,859)
Opening net debt	<u>(1,948,039)</u>	<u>(292,180)</u>
Closing net debt	<u>(7,890,174)</u>	<u>(1,948,039)</u>

24 ANALYSIS OF CHANGES IN NET DEBT

	At 3 October 1999 £	Cashflows £	At 30 September 2000 £
Cash in hand and at bank	792,326	(577,858)	214,468
Overdrafts	(1,966,053)	(5,366,102)	(7,332,155)
	<u>(1,173,727)</u>	<u>(5,943,960)</u>	<u>(7,117,687)</u>
Debt due after 1 year	(772,487)	–	(772,487)
Finance leases	(1,825)	1,825	–
	<u>(1,948,039)</u>	<u>(5,942,135)</u>	<u>(7,890,174)</u>

BURNDENE INVESTMENTS PLC**NOTES ON THE FINANCIAL STATEMENTS (Contd.)****For the year ended 30 September 2000****25 CONTINGENT LIABILITIES**

The Holding Company has guaranteed the bank loans and overdrafts of certain subsidiaries in the United Kingdom. The total of the contingent liabilities under these guarantees is £1,268,134 (1999: £437,663).

26 OPERATING LEASE COMMITMENTS

	2000		1999	
	Land and buildings £	Other £	Land and buildings £	Other £
Commitment for next year under operating leases which expire:				
Within 1 year	–	77,908	–	103,809
Within 2 to 5 years	62,000	44,655	50,000	23,908
After 5 years	225,000	3,096	225,000	–
	<u>287,000</u>	<u>125,659</u>	<u>275,000</u>	<u>127,717</u>

27 OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

	Plant, machinery and motor vehicles	
	2000 £	1999 £
The maturity of these amounts is as follows:		
Amounts payable within one year	–	1,825
	<u>–</u>	<u>1,825</u>

28 PENSIONS

Certain pension schemes operated by Group undertakings provide benefits based on final pensionable pay. The assets of the schemes are held separately from those of the Group Companies, being invested with insurance companies. Contributions to the schemes are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with these Group undertakings. The contributions are determined by a qualified actuary on the basis of triennial valuations using methods of valuation by reference to benefits expected to accrue during their estimated service life and based on pensionable salaries projected during that period. The most recent valuations for which information is available were at 1 October 1999 and at 26 September 1998, both using the projected unit method. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in pensionable salaries. It was assumed that the investment returns would be 8% per annum and that pensionable salaries would increase at 6%. The overall estimated market value of the schemes assets at their latest interim valuation dates amounted to £2,746,031 (1999: £2,925,300).

The pension charge for the year relating to defined benefit schemes was £263,208 (1999: £172,737).

The information available from the actuarial valuations carried out in 1998 showed that certain scheme assets did not fully cover their liabilities. Accordingly the contribution rate was increased to 31% to ensure liabilities were met in the future. The contributions of the Group Companies to the schemes are between 15.3% and 31%. Executive members and other members contribute 5% and 4% respectively.

A number of Group Companies operate defined contribution pension schemes. The assets of the schemes are held separately from those of the Companies in independently administered funds. The pension cost charge represents contributions payable by the Companies to the funds and amounted to £50,466 (1999: £42,467).

NOTES ON THE FINANCIAL STATEMENTS (Contd.)

For the year ended 30 September 2000

29 FINANCIAL INSTRUMENTS

(a) General

The Group's financial instruments comprise bank overdrafts, finance leases, fixed rate borrowings and cash deposits. The main purpose of these financial instruments is to raise finance for the Group's operations.

It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are interest rate risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. These policies have remained unchanged since the beginning of 2000. The Group finances its operations through a mixture of retained profits and bank borrowings. It enters into fixed rate borrowing where applicable. The Group's policy has throughout the year been to ensure continuity of funding via bank deposits and renewable overdraft facilities.

(b) Short-term debtors and creditors

Short-term debtors and creditors are not considered financial assets and liabilities for disclosure purposes.

(c) Financial assets

The only financial assets that the Group holds are sterling bank deposits, which are deposited at fixed interest rates.

(d) Financial liabilities

These comprise bank overdrafts of £7,332,155 (1999: £1,966,053) at floating rate of interest, finance leases and the 15% unsecured loan stock. The fair value of the financial assets and liabilities were the same as their book value at the year end with the exception of the unsecured loan stock which had a fair value of £1,015,820 (1999: £1,050,582) and a book value of £772,487 (1999: £772,487). The maturity of the unsecured loan is shown in note 14.

(e) Bank facilities

At the year end the Group has undrawn committed borrowing facilities of £9.7 million (1999: £15 million) expiring within one year or less.

30 DISPOSAL OF SUBSIDIARIES

During the year the Group disposed of Nivensknowe Parks Limited and Robin Caravans Limited.

The profit on disposals has been calculated as follows:

	£	£
Cash proceeds		518,350
Net assets disposed of:		
Tangible fixed assets	534,339	
Stocks	26,648	
Debtors	31,898	
Cash	55,677	
Creditors	(157,546)	
		491,016
Profit before goodwill and tax		27,334
Goodwill previously eliminated against reserves (see note 16)		(11,944)
Profit on disposal		15,390

31 RELATED PARTY TRANSACTION

On 4 October 1999 the whole of the share capital of Nivensknowe Parks Limited was sold to PD Securities Limited, a company owned by Mr W R Douglas and his family. Mr W R Douglas, his wife and their pension scheme own 40.42% of the issued share capital. The total consideration was £520,000, of which £399,000 remained outstanding at 30 September 2000. Repayment is over ten years from 4 October 1999. Interest is chargeable at 3% over National Westminster Bank PLC base rate. Payment of interest and capital are on normal Scottish quarter days.

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BULK LIST OF SHAREHOLDERS OR MEMBERS

A bulk list (over 50 pages) of Shareholders or Members for the company named below has been lodged but does not appear on this annual return microfiche.

If you wish to search the list, please enquire at the Public Counter.

Company Number SC15613

Company Name BOURSDENE INVESTMENTS PLC

Annual Return Date 04/05/01