

BURNDENE INVESTMENTS PLC

Report and Financial Statements

28 September 2002

**Deloitte & Touche
Leeds**



REPORT AND FINANCIAL STATEMENTS 2002**CONTENTS****Page**

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BURNDENE INVESTMENTS PLC

OFFICERS AND PROFESSIONAL ADVISERS

Directors

D T C Caldwell	(Chairman and Managing Director)
I J Burville	
S J C Finston	(Non-executive)

Secretary

I J Burville FCCA

Registered Office

PO Box 28448
Finance House
Orchard Brae
Edinburgh
EH4 1WQ

Principal Bankers

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

Registrars

Lloyds TSB Registrars Scotland
PO Box 28448
Finance House
Orchard Brae
Edinburgh
EH4 1WQ

Shareholder help line: 0870 6015366
Web address: www.shareview.co.uk

Auditors

Deloitte & Touche
Leeds

BURNDENE INVESTMENTS PLC**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 7 February 2003 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 28 September 2002.
- (2) To declare a final dividend on the ordinary shares.
- (3) To confirm the election of I J Burville as Director.
- (4) To re-elect 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:

Ordinary Resolution

That the authority given on 8 February 2002 for the Company to make market purchases (within the meaning of section 63 (3) of the Companies Act 1985) on the London Stock Exchange Limited up to an aggregate of 20,000,000 ordinary shares of 5 pence 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 5 pence per ordinary share (in each case exclusive of expenses) and is hereby renewed for a period to expire on the earlier of 7 August 2004 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.

- (7) To consider the following resolution to re-elect D T C Caldow as a Director, special notice having been given pursuant to sections 293 and 379 of the Companies Act 1985 of the intention to propose the following resolution as an ordinary resolution.

Ordinary Resolution

That Mr D T C Caldow who attained the age of 70 years on 3 November 2002 to be re-elected as a Director of the Company.

By order of the Board
I J Burville FCCA
Secretary
PO Box 28448
Finance House
Orchard Brae
Edinburgh EH4 1WQ

9 December 2002

BURNDENE INVESTMENTS PLC**NOTICE OF ANNUAL GENERAL MEETING (continued)**

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, PO Box 28448, Finance House, Orchard Brae, Edinburgh, EH4 1WQ not less than 48 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.

This notice is sent to loan stockholders for information. Only ordinary shareholders are entitled to attend and vote at the meeting.

BURNDENE INVESTMENTS PLC**CHAIRMAN'S STATEMENT****Year ended 28 September 2002**

I am pleased to announce that your Company has earned record profits before tax in the year to 28 September 2002 of £11.499m against £5.710m in the previous year.

Earnings per share were 9.38p as against 4.34p per share in the previous year based on the average number of shares treated as in issue.

It is proposed that a final dividend of 2.5p per share, after tax, be paid on each share of 5p, which added to the interim dividend already paid, would make a total of 3.75p after tax. (2001 : 2.5p).

CARAVAN HOLIDAY HOME MANUFACTURING DIVISION.

The improvements in the production and management process, which we started to implement two years ago had been held back by the industrial action last year. However, I am pleased to report that the benefits of these improvements have had a substantial impact in this financial year, which allied to a strong sales demand, has resulted in our achieving record earnings.

Sales at Willerby Holiday Homes Ltd and BK Bluebird Limited aggregated £127.851m compared to £103.496m in the previous year. The profit before tax of this division was £8.674m against £4.355m previously.

We are acknowledged to be the leading manufacturer in the holiday home sector of the industry both in terms of aesthetic appeal and quantity of units produced. Our extensive range of holiday homes continue to attract the consumer and offers well designed and affordable holiday homes to meet a wide variety of leisure requirements. We manufacture holiday homes to a high specification and their appeal is reflected in an encouraging order position for the coming months.

CARAVAN PARK OPERATING DIVISION.

The Company sold the entire share capital of Redgates Caravan Parks Limited on 28 September 2002. The sales proceeds of £2.246m are reflected in the accounts. Redgates Caravan Parks Limited was our sole remaining investment in this sector of the industry and it was decided in rationalising our activities to effect a sale. Accordingly, this Company will not feature in future accounts.

HOSIERY MANUFACTURING DIVISION.

We had anticipated that additional profits would be earned in the second half of the year which would add to those declared in the half year to 30 March 2002. Unfortunately, delays in obtaining firm commitments to enable us to meet an improved demand, resulted in a small loss in the second half.

Having closed our Merchandise division we are operating a strict control of costs and we have prospects of developing our range of products and increasing our customer base in the current year.

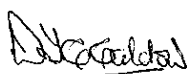
Sales increased from £4.959m to £5.676m while profit before tax for the year was £67,245 compared to a loss of £337,550 in the previous year.

GENERAL.

It would be misleading to anticipate at this time that the improvement which we predict in our holiday home manufacturing division would be on the same scale as that which we enjoyed last year. Our forward orders, however, encourage us to hope for some improvement in our profits.

While the hosiery manufacturing division operates on a relatively small scale of activity we would hope that the efforts made by its management will produce better profits in the current year.

I would thank our management and staff, particularly those engaged in holiday home manufacturing, for all that they have done to assist in producing such excellent results.



D T C Caldow
Chairman
9 December 2002

BURNDENE INVESTMENTS PLC
DIRECTORS' REPORT
Year ended 28 September 2002

The Directors present their annual report and audited financial statements for the year ended 28 September 2002.

RESULTS AND DIVIDENDS

Details of the results for the year ended 28 September 2002 are shown in the Group profit and loss account and related notes. The Directors recommend a final dividend of 2.5p (2001: 1.7p) net per share for the year making a total dividend for the year of 3.75p (2001: 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 and intergroup dividends	
	2002	2001	2002	2001
	£'000	As restated (note 2) £'000	£'000	As restated (note 2) £'000
Caravan holiday home manufacturing division	127,851	103,496	8,674	4,355
Caravan park operating division	693	881	209	245
Hosiery manufacturing division	5,676	4,959	67	(338)
Property, finance and administration	15	15	2,549	1,448
	<u>134,235</u>	<u>109,351</u>	<u>11,499</u>	<u>5,710</u>

DIRECTORS AND THEIR INTERESTS

The Directors throughout the year ended 28 September 2002 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:

	28 September 2002		29 September 2001 (or date of appointment)	
	Beneficial Interest No.	Purchase of shares No.	Transfer of shares No.	Beneficial interest No.
D T C Caldow (Chairman)	5,622,082	800,000	(16,000,000)	20,822,082
I J Burville (appointed 27 May 2002)	150,000	25,000	-	125,000
S J C Finston	18,000,000	-	8,000,000	10,000,000

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

	29 September 2001 and 28 September 2002 £
D T C Caldow (Chairman)	142,998

BURNDENE INVESTMENTS PLC**DIRECTORS' REPORT (continued)**
Year ended 28 September 2002**DIRECTORS AND THEIR INTERESTS (continued)**

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

Mr W R Douglas, a Director of the Company, died on 24 May 2002.

Mrs S J C Finston is a non-executive Director aged 38. 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.

SUBSTANTIAL SHAREHOLDINGS

	9 December 2002 Number of Ordinary shares held	Transfer of shares	11 December 2001 Number of ordinary shares held
Miss A M C Caldow	18,000,000	8,000,000	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

The review of business and further developments is covered in the Chairman's statement on page 4.

CHARITABLE AND POLITICAL DONATIONS

During the year the Group made charitable donations of £402 (2001: £570).

No political donations were made during the year (2001: £6,000)

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 subsidiary company.

PURCHASE OF OWN SHARES

Further to the resolution voted at the previous annual general meeting, the Company purchased 3,435,000 ordinary shares of 5p each in the Company during the year for an aggregate consideration of £1,272,017. These were subsequently cancelled. This represents 4% of the issued share capital as at 28 September 2002. The Directors consider the purchase will be beneficial to shareholders through the increase in earnings per share.

EMPLOYEES

Full and fair consideration is given to applications for employment made by disabled persons having regard to their particular aptitudes and abilities. Appropriate training is arranged for disabled persons, including retraining for alternative work of employees who become disabled, to promote their career development within the organisation.

Employees are encouraged to discuss with management any matters about which they are concerned and factors affecting the Company. In addition, the Board takes account of employee's interests when making decisions, and the employees are informed of the Company's performance on a regular basis. Suggestions from employees aimed at improving the Company's performance are encouraged.

BURNDENE INVESTMENTS PLC**DIRECTORS' REPORT (continued)****Year ended 28 September 2002****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 28 September 2002 there was an average of 58 days (2001: 61 days) purchases included within trade creditors in respect of the Group. The Company does not make any trade purchases.

OTHER MATTERS

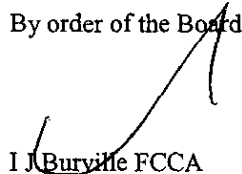
The following resolution is to be proposed as an ordinary resolution at the annual general meeting.

That the authority given on 8 February 2002 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 20,000,000 ordinary shares of 5 pence each in its capital at not more than a price per ordinary share equal to 5% above the average of the middle market quotations of 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 5 pence per ordinary share (in each case exclusive of expenses) and is hereby renewed for a period to expire on the earlier of 7 August 2004 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.

AUDITORS

Deloitte & Touche were appointed as auditors during the year. A resolution to re-appoint them will be proposed at the following Annual General Meeting.

By order of the Board



I J Burville FCCA

Secretary

9 December 2002

BURNDENE INVESTMENTS PLC**CORPORATE GOVERNANCE STATEMENT**

Throughout the year ended 28 September 2002 the Company has been in compliance with the Code provisions set out in section 1 of the Combined Code on Corporate Governance issued by the Financial Services Authority with the following exceptions:-

- Paragraph A.2.1 - Due to the size of the Company the positions of Chairman and Managing Director are not separately held.
- Paragraph A.3.2 - *The non-executive Director has a significant interest in the ordinary share capital of the Company and therefore may not be seen as independent. However, the non-executive Director has no operational responsibilities or authorities. Due to the size and circumstances of the Group, the Board do not feel they need a further independent element.*
- Paragraph A.6.2 - All Directors did not retire and seek re-election at least once every three years. However, the Company changed its articles of association during the year to implement this requirement.
- Paragraph B.2.1 - The Company does not have sufficient non-executive Directors to form a remuneration committee.
- Paragraph B.1.7 - The Chairman, Mr D T C Caldow, has a service contract with a notice period of 2 years. The Board has not set an objective to reduce the notice period to one year or less as the Board considers that a 2 year notice period is required in order to retain an executive Director of sufficient ability and experience. The other Director and the non-executive Director do not have service contracts. The Board considers that the service arrangements with Directors are appropriate for the current circumstances of the Group.
- Paragraph D.3.1 - The Company does not have sufficient non-executive Directors to form an audit committee.

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

At 28 September 2002 the Board of Directors comprised 2 executive and 1 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. In the Managing Director's role Mr D T C Caldow is responsible for the day to day management of the business and for implementing Group strategy.

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 environment issues. A nominations committee has not been formed as the Directors consider the Board to be too small for such a committee to be appropriate.

The Board met 4 times in the year ended 28 September 2002.

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

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 has been implemented.

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 and pension arrangements are given in notes 6 and 28 to the financial statements.

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 Group does not have an internal audit function. The Board has considered the need for an internal audit function and has determined that the current internal controls and review procedures are appropriate for the current circumstances of the Group.

BURNDENE INVESTMENTS PLC**CORPORATE GOVERNANCE STATEMENT (continued)****RELATIONS WITH SHAREHOLDERS**

The Company encourages two way communications 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 formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Group 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 financial statements.

INTERNAL CONTROL

The Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group, which complies with the guidance "Internal Control: Guidance for Directors on the Combined Code". This has been in place throughout the year and this process is regularly reviewed by the Board.

The Directors are responsible for the Group's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable but not absolute assurance against material misstatement or loss. Steps are being taken to embed internal control and risk management further into the operations of the business and to deal with areas of improvement which come to management's and the Board's attention.

The key procedures that the Directors have established to ensure internal controls are effective are as follows:

- There is a regular review of the risk management and control process. In addition to monitoring the regular reports made by Group management, it considers the risks faced by the Group, whether the control systems are appropriate and consults with internal and external experts on environmental, insurance, legal and health and safety compliance.
- Operational management are responsible for identification and evaluation of significant risks applicable to their area of business and design and operate suitable internal controls in conjunction with the main Board.
- Management report regularly on their review of risks and how they are managed to the main Board.
- The Group has a comprehensive system for reporting financial results to the Board; each significant operating unit prepares monthly results. Others prepare them on a regular basis throughout the year. The Board reviews these for the Group as a whole and determines appropriate action.
- Operational management are responsible for the appraisal, training and advancement criteria in relation to personnel. The Board is responsible for ensuring these are linked to the Group's business objectives and the risks of not achieving them.
- The Group via operational management has established controls and procedures over the security of data held on IT systems.

The Board has met four times during the year and has met with the external auditors twice during the year. The Board has reviewed the effectiveness of the system of internal financial control during the year and has taken account of material developments which have taken place since the year end.

The Board uses the Chairman's Statement on page 4 and the Directors' report on pages 5 to 7 to present a balanced and understandable assessment of the Group's position.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom 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 the Company as at the end of the financial year 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.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BURNDENE INVESTMENTS PLC

We have audited the financial statements of Burndene Investments PLC for the year ended 28 September 2002 which comprise the profit and loss account, the balance sheets, the cash flow statement, the statement of total recognised gains and losses, the note of historical cost profits and losses and the related notes 1 to 29. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of Directors and Auditors

As described in the statement of Directors' responsibilities, the Company's Directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements, auditing standards, and the Listing Rules of the Financial Services Authority.

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 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 and other members of the Group is not disclosed.

We review whether the Corporate Governance Statement reflects the Company's compliance with the seven 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 consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Company's corporate governance procedures or its risk and control procedures.

We read the Directors' report and the other information contained in the annual report for the above year as described in the contents section and 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 United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 28 September 2002 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Chartered Accountants and Registered Auditors

Leeds

9 December 2002

GROUP PROFIT AND LOSS ACCOUNT
Year ended 28 September 2002

	Note	2002 £	2001 As restated (note 18) £
TURNOVER	2	134,235,143	109,351,124
Cost of sales		109,607,430	92,727,501
GROSS PROFIT		24,627,713	16,623,623
Net operating expenses	3	12,851,505	10,210,375
OPERATING PROFIT	5	11,776,208	6,413,248
Profit on sale of subsidiary undertaking	22	487,031	-
Other interest receivable		7,615	39,094
		12,270,854	6,452,342
Interest payable	4	772,082	741,962
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX	2	11,498,772	5,710,380
Taxation on profit on ordinary activities	7	3,359,940	1,708,389
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		8,138,832	4,001,991
Dividends	8	3,214,062	2,229,975
RETAINED PROFIT		4,924,770	1,772,016
Basic earnings per share	20	9.38p	4.34p

All amounts relate to continuing activities.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year ended 28 September 2002

		Group		Company	
		2002	2001	2002	2001
	Note	£	As restated (note 18) £	£	£
Profit for the financial year		8,138,832	4,001,991	9,230,465	4,012,642
Currency translation differences on foreign currency net investments	16	15,725	(885)	-	-
Surplus arising on revaluation of fixed assets		-	4,278,804	-	-
Total recognised gains and losses in the year		8,154,557	8,279,910	9,230,465	4,012,642
Prior period adjustment	18	(986,300)	-	-	-
Total recognised gains and loss for the year		<u>7,168,257</u>	<u>8,279,910</u>	<u>9,230,465</u>	<u>4,012,642</u>

In addition to the restatement in note 18, the above comparatives have been restated to include the prior year revaluation which had previously been omitted.

NOTE OF HISTORICAL COST PROFITS AND LOSSES
Year ended 28 September 2002

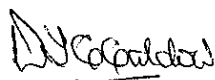
Group	Note	2002 £	2001 As restated (note 18) £
Profit on ordinary activities before taxation		11,498,772	5,710,380
Realisation of property revaluation gains of prior years	16	1,380,599	-
Historical cost profit on ordinary activities before taxation		<u>12,879,371</u>	<u>5,710,380</u>
Historical cost profit for the year retained after taxation and dividends		<u>6,466,389</u>	<u>2,229,975</u>

BURNDENE INVESTMENTS PLC
GROUP BALANCE SHEET
28 September 2002

		2002	2001
		£	As restated (note 18) £
Fixed assets			
Tangible assets	9	38,693,856	30,137,303
Current assets			
Stock	11	22,736,248	19,380,664
Debtors	12	19,413,186	22,196,835
Cash at bank and in hand		192,220	139,143
		<u>42,341,654</u>	<u>41,716,642</u>
Creditors			
Amounts falling due within one year	13	<u>32,835,281</u>	<u>27,476,174</u>
Net current assets		<u>9,506,373</u>	<u>14,240,468</u>
Total assets less current liabilities		<u>48,200,229</u>	<u>44,377,771</u>
Creditors			
Amounts falling due after more than one year	14	772,487	772,487
Provisions for liabilities and charges	18	<u>1,079,000</u>	<u>986,300</u>
		<u>46,348,742</u>	<u>42,618,984</u>
Capital and reserves			
Called up share capital	15	4,285,000	4,456,750
Investment property revaluation reserve	16	373,567	373,567
Other freehold property revaluation reserve	16	<u>12,050,949</u>	<u>13,431,548</u>
		12,424,516	13,805,115
Capital redemption reserve	16	1,027,344	855,594
Profit and loss account	16	<u>28,611,882</u>	<u>23,501,525</u>
Shareholders' funds		<u>46,348,742</u>	<u>42,618,984</u>

All items under capital and reserves are equity.

These financial statements were approved by the Board on 9 December 2002.



D T C Caldow

Director

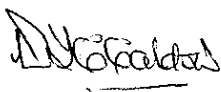
BURNDENE INVESTMENTS PLC

COMPANY BALANCE SHEET
28 September 2002

	Note	2002 £	£	2001 £	£
Fixed assets					
Investments	10		6,473,489		6,703,502
Current assets					
Debtors	12	31,672,321		19,469,044	
Cash at bank and in hand		88,883		7,652	
		<u>31,761,204</u>		<u>19,476,696</u>	
Creditors					
Amounts falling due within one year	13	9,176,804		1,866,695	
Net current assets			<u>22,584,400</u>		<u>17,610,001</u>
Total assets less current liabilities			<u>29,057,889</u>		<u>24,313,503</u>
Creditors					
Amounts falling due after more than one year	14		772,487		772,487
			<u>28,285,402</u>		<u>23,541,016</u>
Capital and reserves					
Called up share capital	15		4,285,000		4,456,750
Capital redemption reserve	16		1,027,344		855,594
Profit and loss account	16		22,973,058		18,228,672
Shareholders' funds			<u>28,285,402</u>		<u>23,541,016</u>

All items under capital and reserves are equity.

These financial statements were approved by the Board on 9 December 2002.



D T C Caldow
Director

GROUP CASH FLOW STATEMENT
Year ended 28 September 2002

		2002	2001
	Note	£	£
Net cash inflow from operating activities	23	18,099,264	7,508,766
Returns on investments and servicing of finance			
Interest received		7,615	39,094
Interest paid		(772,082)	(741,962)
		(764,467)	(702,868)
Taxation		(2,896,049)	(1,538,577)
Capital expenditure			
Payments to acquire tangible fixed assets		(11,302,738)	(1,083,656)
Receipts from sales of tangible fixed assets		32,528	57,259
		(11,270,210)	(1,026,397)
Acquisitions and disposals			
Cash disposed of with subsidiary	22	(9,526)	-
Sale of subsidiary	22	2,160,000	-
		2,150,474	-
Equity dividends paid		(2,586,857)	(2,302,225)
Cash inflow before financing		2,732,155	1,938,699
Financing			
Repurchase of share capital		(1,272,017)	(1,275,815)
		(1,272,017)	(1,275,815)
Increase in cash in the year	25	1,460,138	662,884

There is no material impact on any cashflow heading of the disposal of the subsidiary undertaking.

NOTES TO THE ACCOUNTS (continued)**Year ended 28 September 2002****1. ACCOUNTING POLICIES****Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain freehold properties and in accordance with applicable United Kingdom accounting standards. Compliance with SSAP 19 Accounting for investment properties requires departure from the requirements of the Companies Act 1985 relating to depreciation and an explanation of the departure is given below. The particular accounting policies adopted are described below.

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. These financial statements are for the 52 week period ended 28 September 2002. 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 28 September 2002. The Group uses acquisition accounting to consolidate the results of subsidiary undertakings. The results of subsidiary undertakings are included from the date of acquisition.

Investment properties

In accordance with Statement of Standard Accounting Practice No 19, investment properties are revalued annually and the aggregate surplus or deficit is transferred to revaluation reserve. No depreciation is provided in respect of investment properties.

The Companies Act 1985 requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principle set out in SSAP 19. The Directors consider that, because these properties are not held for consumption, but for their investment potential, to depreciate them would not give a true and fair view and that it is necessary to adopt SSAP 19 in order to give a true and fair view.

If this departure from the Act had not been made, the profit for the financial year would have been reduced by depreciation. However, the amount of depreciation cannot reasonably be quantified, because 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.

Freehold properties other than investment properties

Freehold properties other than investment properties are carried at revalued amounts and shown at their current value at the balance sheet date in accordance with FRS 15. Freehold properties other than investment properties are subject to valuation every 5 years with an interim valuation carried out in the third year of the cycle.

Profit or loss on disposal of revalued properties is equal to the difference between the net sale proceeds and the net book value and any realised revaluation surplus is transferred to the profit and loss reserve.

Depreciation

No depreciation has been charged on certain freehold properties due to immateriality. 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 years
Short leasehold buildings	Over term of lease
Machinery and plant	5 – 10 years
Motor vehicles	3 – 4 years

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.

1. ACCOUNTING POLICIES (continued)

BURNDENE INVESTMENTS PLC**NOTES TO THE ACCOUNTS (continued)****Year ended 28 September 2002****Deferred tax**

During the year, the Company adopted FRS 19 "Deferred Tax". This has resulted in a restatement of the prior year results. The effect of the restatement is given in note 16.

Deferred taxation is provided in full on timing differences that result in a obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements.

A deferred tax asset is recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Foreign currency

Transactions denominated in foreign currencies are translated into the functional currency at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

The financial statements of foreign subsidiaries are translated into sterling at the closing rates of exchange and the difference arising from the translation of the opening net investment in subsidiaries at the closing rate are taken direct to reserves.

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 FRS 10 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.

The transitional disclosures of FRS 17 "Retirement Benefits" have been adopted during the year. The disclosures required by FRS 17 are given in note 28.

Financial instruments

In relation to the disclosures made in note 29.

- Short term debtors and creditors are not treated as financial assets or financial liabilities.
- The Group does not hold or issue derivative financial instruments for trading purposes.

NOTES TO THE ACCOUNTS (continued)
Year ended 28 September 2002

2. SEGMENTAL ANALYSES

a) Turnover and profit on ordinary activities before tax and intergroup dividends

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

Description of class of business	Turnover		Profit before tax and intergroup dividends	
	2002 £	2001 As restated £	2002 £	2001 As restated £
Caravan holiday home manufacturing division	127,850,793	103,495,768	8,673,860	4,354,528
Caravan park operating division	692,934	881,318	208,946	245,112
Hosiery manufacturing division	5,676,459	4,959,081	67,245	(337,550)
Property, finance and administration	14,957	14,957	2,548,721	1,448,290
	<u>134,235,143</u>	<u>109,351,124</u>	<u>11,498,772</u>	<u>5,710,380</u>

The caravan park operating division has been separated from the caravan holiday home manufacturing division due to the sale of the business during the year (note 22).

Geographical market supplied:	Turnover	
	2002 £	2001 £
United Kingdom	120,870,538	87,434,980
Western Europe	13,364,605	21,916,144
	<u>134,235,143</u>	<u>109,351,124</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.

b) Net assets	2001	
	2002 £	As restated £
Description of class of business:		
Caravan holiday home manufacturing division	10,764,029	10,891,047
Caravan park operating division	-	1,416,125
Hosiery manufacturing division	1,162,059	903,989
Property, finance and administration	34,422,654	29,407,823
	<u>46,348,742</u>	<u>42,618,984</u>
United Kingdom	45,785,958	42,042,676
Florida	562,784	576,308
	<u>46,348,742</u>	<u>42,618,984</u>

The above split of net assets by geographical location have been restated to more accurately reflect the true split. This decreased net assets in Florida by £211,690 and increased the United Kingdom net assets by the same amount.

BURNDENE INVESTMENTS PLC
NOTES TO THE ACCOUNTS (continued)
Year ended 28 September 2002
3. NET OPERATING EXPENSES

	2002 £	2001 £
Distribution costs	136,132	673,007
Administrative expenses	12,745,237	9,568,522
Other operating income	(29,864)	(31,154)
	<u>12,851,505</u>	<u>10,210,375</u>

4. INTEREST PAYABLE

	2002 £	2001 £
Bank interest	656,526	626,406
On loan stock repayable after five years	115,556	115,556
	<u>772,082</u>	<u>741,962</u>

5. OPERATING PROFIT

Operating profit is stated after charging/crediting:	2002 £	2001 As restated £
Is stated after crediting:		
Rents receivable	14,957	16,301
Surplus on sale of fixed assets	23,011	17,284
	<u>37,968</u>	<u>33,585</u>
Is stated after charging:		
Depreciation	1,119,489	1,076,870
Research and development	654,404	626,428
Operating lease rentals - land and buildings	225,000	250,534
- other	112,403	146,015
Auditors' remuneration - audit	73,642	60,973
- non audit services	18,794	26,585
	<u>2,193,728</u>	<u>2,126,705</u>

The figures for the parent Company are audit: £13,986 (2001: £13,335) and for non audit services: £6,000 (2001: £16,135).

Research and development costs have been restated to show the cost for the first time this year.

NOTES TO THE ACCOUNTS (continued)

Year ended 28 September 2002

6. STAFF COSTS

	2002 £	2001 £
Directors remuneration:		
Fees	2,000	2,000
Other emoluments	489,193	284,577
	<u>491,193</u>	<u>286,577</u>

The following table shows a breakdown of the remuneration of the individual Directors for the year ended 28 September 2002:

	Basic Emoluments £	Performance Related Payments £	Other Benefits £	Pension £	Total £
2002					
D T C Caldwell	192,662	132,948	32,781	-	358,391
W R Douglas	20,000	-	-	-	20,000
S J C Finston	20,667	-	-	-	20,667
I J Burville (appointed 27 May 2002)	41,989	31,667	5,669	12,810	92,135
	<u>275,318</u>	<u>164,615</u>	<u>38,450</u>	<u>12,810</u>	<u>491,193</u>
2001					
D T C Caldwell	190,128	15,229	39,886	-	245,243
W R Douglas	20,667	-	-	-	20,667
S J C Finston	20,667	-	-	-	20,667
	<u>231,462</u>	<u>15,229</u>	<u>39,886</u>	<u>-</u>	<u>286,577</u>

One Director (2001: Nil) is a member of a defined benefit pension scheme. The accrued annual pension entitlement of the highest paid Director at the year end is £nil (2001: £nil).

I J Burville is the only Director who is a member of a defined benefit pension scheme. His accrued retirement benefit at the year end is £67,631 (2001 : £63,761).

	2002 £	2001 As restated £
Wages and salaries	27,054,604	22,115,201
Social security costs	2,152,764	1,756,301
Other pension costs	304,052	296,500
	<u>29,511,420</u>	<u>24,168,002</u>

The above 2001 numbers have been restated to more accurately reflect the total wages and salary cost to the Group. This did not impact upon the profit and loss account. The total cost disclosed has been increased by £1,647,208.

BURNDENE INVESTMENTS PLC
NOTES TO THE ACCOUNTS (continued)
Year ended 28 September 2002
6. STAFF COSTS (continued)

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

	2002 No.	2001 No.
Manufacture	1,321	1,016
Sales and distribution	36	48
Office and management	106	85
	<u>1,463</u>	<u>1,149</u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2002 £	2001 As restated (note 18) £
United Kingdom corporation tax at 30% (2001: 30%)	3,251,456	1,567,024
Adjustment in respect of prior years	15,784	(35)
	<u>3,267,240</u>	<u>1,566,989</u>
Current tax charge	3,267,240	1,566,989
Deferred taxation	92,700	141,400
	<u>3,359,940</u>	<u>1,708,389</u>

Reconciliation of current tax charge:	2002 £	2001 £
Profit on ordinary activities before tax	11,498,772	5,710,380
Tax at 30% thereon	3,449,632	1,713,114
Capital allowances in excess of depreciation	(95,000)	(107,000)
Non-qualifying depreciation	-	10,910
Expenses not deductible for corporation tax	42,824	-
Profit on disposal of subsidiary shares	(146,000)	-
Prior year adjustments	15,784	(35)
Utilisation of brought forward losses	-	(51,000)
Small companies relief	-	1,000
	<u>3,267,240</u>	<u>1,566,989</u>

No provision has been made for deferred tax on revaluing property to its market value or on gains held over. The tax on the gains arising from the revaluation would only become payable if the property were sold without rollover relief or capital losses being available.

BURNDENE INVESTMENTS PLC
NOTES TO THE ACCOUNTS (continued)
Year ended 28 September 2002
8. DIVIDENDS

	2002 £	2001 £
Dividend 1.25p (2001: 0.80p) per ordinary share paid on 1 September 2002	1,071,562	714,680
Proposed dividend 2.5p per ordinary shares (2001: 1.70p) payable on 11 February 2003	2,142,500	1,515,295
	<u>3,214,062</u>	<u>2,229,975</u>

9. TANGIBLE FIXED ASSETS

Group	Freehold Investment Properties £	Other Freehold Properties £	Improvements to short Leasehold Properties £	Machinery Plant and Machinery £	Total £
Cost or valuation:					
At 30 September 2001	1,362,000	24,199,784	710,230	13,517,658	39,789,672
Additions	-	10,154,504	1,093	1,147,141	11,302,738
Disposals	-	-	-	(145,963)	(145,963)
Disposal on sale of subsidiary (note 22)	-	(1,597,000)	-	(98,243)	(1,695,243)
Re-classification	-	711,323	(711,323)	-	-
At 28 September 2002	<u>1,362,000</u>	<u>33,468,611</u>	<u>-</u>	<u>14,420,593</u>	<u>49,251,204</u>
Being assets stated at:					
Professional valuation in					
2001	1,362,000	22,040,000	-	-	23,402,000
1993	-	562,784	-	-	562,784
Cost	-	10,865,827	-	14,420,593	25,286,420
	<u>1,362,000</u>	<u>33,468,611</u>	<u>-</u>	<u>14,420,593</u>	<u>49,251,204</u>
Depreciation					
At 30 September 2001	-	-	277,591	9,374,778	9,652,369
Charge for the year	-	3,210	72,192	1,044,087	1,119,489
Disposals	-	-	-	(136,446)	(136,446)
Disposal on sale of subsidiary (note 22)	-	(3,210)	-	(74,854)	(78,064)
Re-classification	-	349,783	(349,783)	-	-
At 28 September 2002	<u>-</u>	<u>349,783</u>	<u>-</u>	<u>10,207,565</u>	<u>10,557,348</u>
Net book value					
At 28 September 2002	<u>1,362,000</u>	<u>33,118,828</u>	<u>-</u>	<u>4,213,028</u>	<u>38,693,856</u>
At 29 September 2001	<u>1,362,000</u>	<u>24,199,784</u>	<u>432,639</u>	<u>4,142,880</u>	<u>30,137,303</u>

NOTES TO THE ACCOUNTS (continued)
Year ended 28 September 2002

9. TANGIBLE FIXED ASSETS (continued)

Company	Other Freehold Properties £
Cost:	
At 30 September 2001	-
Transfers from Group companies	3,648,000
Transfer to Group Company	(3,648,000)
At 28 September 2002	-
Net book value	
At 28 September 2002	-
At 29 September 2001	-

All freehold properties with the exception of the land in Florida, the value of which is immaterial, were professionally valued on the basis of their open market value at 28 September 2001.

The Directors have considered the value of freehold investment properties this year and are satisfied that the open market value at 28 September 2002 is not materially different from that at 28 September 2001.

The Directors have performed a review of the freehold properties and are satisfied that there has not been a material change in value since last year. They are also satisfied that the existing use value (as required by FRS15) is not materially different to the open market value in the valuation.

The valuations were carried out by Garness Jones Limited, Surveyors, Valuers and Property Agents in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors.

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

	2002 £	2001 £
Cost	22,891,277	12,161,341
Less: accumulated depreciation	(349,783)	(35,397)
	22,541,494	12,125,944

NOTES TO THE ACCOUNTS (continued)

Year ended 28 September 2002

10. INVESTMENTS

Company	2002 £	2001 £
a) In subsidiary undertakings		
Shares at cost		
At 30 September 2001	6,703,502	6,703,502
Less disposal of investment in subsidiary undertaking (note 22)	(230,010)	-
Less subsidiaries struck off during the year	(3)	-
	<u>6,473,489</u>	<u>6,703,502</u>

During the year Pretty Hosiery Limited and That's My Style Hosiery Limited were struck off the register of companies. Burndene Investments PLC owned or indirectly owned 100% of the ordinary share capital of both companies.

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

	% Ordinary Shares
Caravan holiday home manufacturing:	
Willerby Holiday Homes Ltd (E)	100
BK Bluebird Limited (E)	100
Greatfield Windows Limited (E)	100
Hosiery:	
Pretty Legs Hosiery Limited (E)	100
Property:	
Burndene Properties Limited (E)	100
Glencairn Development Corporation (US)	100
Bankside Properties Limited (E)	100

11. STOCKS

	2002 £	2001 £
Raw materials	5,496,702	5,361,580
Work in progress	2,145,475	1,838,268
Finished goods	15,094,071	12,180,816
	<u>22,736,248</u>	<u>19,380,664</u>

12. DEBTORS

	Group		Company	
	2002 £	2001 £	2002 £	2001 £
Amounts falling due within one year				
Trade debtors	16,767,690	20,317,010	-	-
Other debtors	1,491,571	1,254,627	95,515	13,761
Amounts owed by subsidiary undertakings	-	-	31,576,806	19,455,283
Prepayments	1,153,925	625,198	-	-
	<u>19,413,186</u>	<u>22,196,835</u>	<u>31,672,321</u>	<u>19,469,044</u>

NOTES TO THE ACCOUNTS (continued)

Year ended 28 September 2002

13. CREDITORS

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
Amounts falling due within one year:				
Bank overdrafts (secured)	5,186,885	6,593,946	-	-
Trade creditors	19,366,753	14,632,406	-	-
Amounts owed to Group undertakings	-	-	6,464,294	247,540
Corporation tax	1,593,997	1,222,806	-	-
Other taxes and social security costs	1,113,440	1,129,335	80,904	14,036
Other creditors	1,617,776	886,563	-	5,232
Accruals and deferred income	1,813,930	1,495,823	489,106	84,592
Proposed dividend	2,142,500	1,515,295	2,142,500	1,515,295
	<u>32,835,281</u>	<u>27,476,174</u>	<u>9,176,804</u>	<u>1,866,695</u>

The overdraft is secured by specific charges over certain assets of the Group.

14. CREDITORS

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
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>
Amounts 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

	Authorised		Allotted, called up And fully paid	
	2002	2001	2002	2001
	No.	No.	No.	No.
Ordinary shares of 5p each	120,000,000	120,000,000	85,700,000	89,135,000
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Ordinary shares of 5p each	6,000,000	6,000,000	4,285,000	4,456,750

Further to the resolution voted at the previous annual general meeting, the Company purchased 3,435,000 ordinary shares of 5p each in the Company during the year for an aggregate consideration of £1,272,017. These were subsequently cancelled. This represents 4% of the issued share capital as at 28 September 2002. 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 TO THE ACCOUNTS (continued)

Year ended 28 September 2002

16. RESERVES

	Investment Property Revaluation Reserve £	Other Freehold Property Revaluation Reserve £	Capital Redemption Reserve £	Profit and loss account as restated (note 18) £
Group				
At 30 September 2001	373,567	13,431,548	855,594	24,487,825
Prior year adjustment in respect of 2001	-	-	-	(141,400)
Prior year adjustment in respect of earlier years	-	-	-	(844,900)
At 30 September 2001 as restated	373,567	13,431,548	855,594	23,501,525
Retained profit for the year	-	-	-	4,924,770
Purchase of own shares	-	-	171,750	(1,272,017)
Exchange movements	-	-	-	15,725
Reinstatement of goodwill on disposal	-	-	-	61,280
Movement on revaluation reserve	-	(1,380,599)	-	1,380,599
At 28 September 2002	373,567	12,050,949	1,027,344	28,611,882
Company			Capital Redemption Reserve £	Profit and loss account £
At 30 September 2001			855,594	18,228,672
Retained profit for year			-	6,016,403
Purchase of own shares			171,750	(1,272,017)
At 28 September 2002			1,027,344	22,973,058

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 28 September 2002 is £1,792,609 (2001: £1,853,889).

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

NOTES TO THE ACCOUNTS (continued)

Year ended 28 September 2002

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Group		Company	
	2002 £	2001 As restated £	2002 £	2001 £
Profit for the financial year	8,138,832	4,001,991	9,230,465	4,012,642
Dividends	(3,214,062)	(2,229,975)	(3,214,062)	(2,229,975)
	<u>4,924,770</u>	<u>1,772,016</u>	<u>6,016,403</u>	<u>1,782,667</u>
Purchase of own shares	(1,272,017)	(1,275,815)	(1,272,017)	(1,275,815)
Unrealised surplus on valuation of property	-	4,278,804	-	-
Reinstatement of goodwill on disposal	61,280	-	-	-
Other recognised gains and losses relating to the year	15,725	(885)	-	-
	<u>3,729,758</u>	<u>4,774,120</u>	<u>4,744,386</u>	<u>506,852</u>
Net addition to shareholders funds				
Opening shareholders funds (originally £43,605,284 in Group before deducting prior year adjustment of £986,300 (note 18))	42,618,984	37,844,864	23,541,016	23,034,164
Closing shareholders funds	<u>46,348,742</u>	<u>42,618,984</u>	<u>28,285,402</u>	<u>23,541,016</u>

18. DEFERRED TAX

Deferred taxation liabilities/(assets) provided:

	Assets		Liabilities	
	2002 £	2001 As restated £	2002 £	2001 As restated £
At 30 September 2001	(72,000)	(68,100)	1,058,300	913,000
Current year (credit)/charge	27,000	(3,900)	65,700	145,300
At 28 September 2002	<u>(45,000)</u>	<u>(72,000)</u>	<u>1,124,000</u>	<u>1,058,300</u>

Deferred taxation liabilities/(assets) comprised:

	Provided assets		Provided liabilities	
	2002 £	2001 As restated (note 1) £	2002 £	2001 As restated (note 1) £
Capital allowances in excess of depreciation	<u>(45,000)</u>	<u>(72,000)</u>	<u>1,124,000</u>	<u>1,058,300</u>

There were no amounts in respect of unprovided deferred tax (2001: As restated; £nil).

BURNDENE INVESTMENTS PLC
NOTES TO THE ACCOUNTS (continued)
Year ended 28 September 2002
18. DEFERRED TAX (continued)

The adoption of FRS 19 'Deferred tax' has required change to the accounting treatment of deferred tax and the prior year results have been restated accordingly as follows:

	Deferred tax Liability £	Profit and loss account £
Balance sheet		
As previously reported at 29 September 2001	-	24,487,825
Adoption of FRS 19 at 30 September 2000	(844,900)	(844,900)
Application of FRS 19 during the year ended 29 September 2001	(141,400)	(141,400)
29 September 2001 as restated	<u>(986,300)</u>	<u>23,501,525</u>

	Profit before taxation £	Taxation £	Profit on ordinary activities after taxation £
Profit and loss account			
Year ended 29 September 2001 as previously reported	5,710,380	(1,566,989)	4,143,391
Adoption of FRS 19	-	(141,400)	(141,400)
Year ended 29 September 2001 as restated	<u>5,710,380</u>	<u>(1,708,389)</u>	<u>4,001,991</u>

The adoption of FRS 19 has increased the profit and loss account tax charge and decreased profit after taxation by £92,700 in the year ended 28 September 2002.

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 £9,230,465 (2001: £4,102,642).

20. BASIC EARNINGS PER SHARE

The calculation of basic earnings per ordinary share is based on the profit after tax of £8,138,832 (2001 as restated: £4,001,991) and on a weighted average of 86,729,260 (2001: 92,267,051) ordinary shares. There are no potentially dilutive shares and so no diluted earnings per share.

If this was calculated on the basis of 85,700,000 (2001: 89,135,000) shares in issue at the end of the period, the earnings per share would be 9.50p (2001 as restated: 4.49p).

21. CAPITAL COMMITMENTS

Capital expenditure for which contracts had been placed but for which no provision had been made at 28 September 2002 amounted to £nil (2001: £nil).

BURNDENE INVESTMENTS PLC
NOTES TO THE ACCOUNTS (continued)
Year ended 28 September 2002
22. SALE OF SUBSIDIARY UNDERTAKINGS

On 28 September 2002 Burndene Investments PLC sold the entire share capital of Redgates Caravan Parks Limited for a total consideration of £2,246,003.

	£
Tangible fixed assets	1,617,179
Stock	20,873
Debtors	169,731
Cash	9,526
Creditors	(146,451)
	1,670,858
Reinstatement of goodwill previously charged to reserves	61,280
Selling costs	26,834
	1,758,972
Profit on disposal	487,031
	2,246,003
Satisfied by:	
Cash	2,160,000
Deferred consideration	86,003
	2,246,003

There is no corporation tax charge on the sale.

23. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2002 £	2001 £
Operating profit	11,776,208	6,413,248
Depreciation charges	1,119,489	1,076,870
Surplus on sale of tangible fixed assets	(23,011)	(17,284)
Increase in stocks	(3,490,884)	(1,439,454)
Decrease/(increase) in debtors	2,706,294	(2,138,768)
Increase in creditors	6,011,168	3,614,154
Net cash inflow from operating activities	18,099,264	7,508,766

24. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2002 £	2001 £
Increase in cash in year	1,460,138	662,884
Change in net debt	1,460,138	662,884
Opening net debt	(7,227,290)	(7,890,174)
Closing net debt	(5,767,152)	(7,227,290)

NOTES TO THE ACCOUNTS (continued)

Year ended 28 September 2002

25. ANALYSIS OF CHANGES IN NET DEBT

	At 29 September 2001 £	Cashflows £	At 28 September 2002 £
Cash in hand and at bank	139,143	53,077	192,220
Overdrafts	(6,593,946)	1,407,061	(5,186,885)
	(6,454,803)	1,460,138	(4,994,665)
Debt due after 1 year	(772,487)	-	(772,487)
	(7,227,290)	1,460,138	(5,767,152)

26. 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 £1,356,776 (2001: £1,750,609).

27. OPERATING LEASE COMMITMENTS

	2002		2001	
	Land and Buildings £	Other £	Land and Buildings £	Other £
Commitment for next year under operating leases which expire:				
Within 1 year	-	36,147	62,000	101,733
Within 2 and 5 years	-	53,810	-	65,556
After 5 years	-	-	225,000	-
	-	89,957	287,000	167,289

28. PENSIONS

SSAP 24; Accounting for Pension Costs

Several pension schemes are operated by the Group. The major schemes for the two subsidiaries Willerby Holiday Homes Ltd and Pretty Legs Hosiery Limited are defined benefit ones. These schemes have been closed to new entrants since 26 September 1997. The active membership of the two schemes is 27 and benefits are calculated against basic remuneration and not total earnings. They were established under an irrevocable Deed of Trust for their employees. The schemes are managed by Trustees accountable to the pension scheme members.

The pension cost relating to these schemes is assessed every three years in accordance with the advice of a qualified actuary using the projected unit method. The most recent valuations at 26 September 2001 and 1 October 1999, indicate that, on the basis of service to date and current salaries, the schemes' assets were sufficient to meet liabilities.

At 28 September 2002 the schemes, which are contracted out of the state scheme, had assets of approximately £4,633,930 (2001: £3,222,358) at market value.

Contributions to the schemes by employees and the Group Companies have been maintained in accordance with the recommendations of the actuaries in this previous valuations.

The contributions of the Group Companies to the schemes have been between 15.3% and 31%. Executive members and other members contribute 5% and 4% respectively.

NOTES TO THE ACCOUNTS (continued)

Year ended 28 September 2002

28. PENSIONS (continued)

Contributions of £271,308 (2001: £257,400) were made in the period to 28 September 2002. Future payments as a percentage of pensionable salaries will be between 15.3% and 25.4%.

A number of Group Companies operate defined contribution pension schemes. The assets of the schemes are held separately from the assets of the Group Companies in independently administered funds. The pension cost charge represents contributions payable by the Group Companies to the funds and amounts to £33,340 (2001 : £39,050).

FRS17; Retirement Benefits

The Group has complied with the transitional arrangements of FRS 17. The transitional arrangements require certain disclosures to be made and do not impact upon the profit and loss account or balance sheet, the disclosures for which are shown below. In the prior year the disclosures were not available and so the comparatives are shown here for the first time.

Willerby Holiday Homes Ltd

Willerby Holiday Homes Ltd operates a defined benefits scheme, the Willerby Holiday Homes Ltd Retirement Benefits Scheme. A full valuation was undertaken as at 26 September 2001 and has been updated to 28 September 2002 by a qualified independent Actuary.

The major assumptions used by the Actuary were as follows:

	At 28 September 2002	At 29 September 2001
Rate of Increase in Salaries	4 % p.a.	4 % p.a.
Limited Price Indexation Pension Increases	2.5% p.a.	2.5 % p.a.
Discount Rate	5.25% p.a.	6 % p.a.
Inflation Assumption	2.5% p.a.	2.5% p.a.

The assets of the Scheme are held in a Pension Reserve with profits insurance contract with Scottish Provident. The fair value of the assets held and the expected rates of return assumed are as follows:

	Expected Rate of Return Year Commencing 28 September 2002	Value at 28 September 2002 £000's	Expected Rate of Return Year Commencing 29 September 2001	Value at 29 September 2001 £000's
Equities & Property	7%	1,762	7.5%	1,521
Bonds	4.75%	940	5.5%	507
Cash	4 %	235	-	-
Total		<u>2,937</u>		<u>2,028</u>

BURNDENE INVESTMENTS PLC
NOTES TO THE ACCOUNTS (continued)
Year ended 28 September 2002
28. PENSIONS (continued)

The funding position was as follows:

	At 28 September 2002 £000's	At 29 September 2001 £000's
Total market value of assets	2,937	2,028
Present value of Scheme liabilities	(3,041)	(2,399)
Deficit in the Scheme	(104)	(371)
Related deferred tax asset	31	111
Net Pension liability	(73)	(260)

Excluded from both the asset and liability above is the liability for pensions secured by an annuity (as the scheme is insured). At the year end there were 19 insured pensioners (2001: 17).

Analysis of amount chargeable to operating profit:

	Year ending 28 September 2002 £000's
Current service cost	132
Past service cost	-
Total operating charge	132

Analysis of the amount to be credited to other finance income:

	Year ending 28 September 2002 £000's
Expected return on pension scheme assets	147
Interest on pension scheme liabilities	(149)
Net return	(2)

Analysis of amount recognisable in statement of total recognised gains and losses:

	Year ending 28 September 2002 £000's
Actual return less expected return on pension scheme assets	607
Experience gains and losses arising on scheme liabilities	(17)
Changes in assumptions underlying present value of scheme liabilities	(381)
Actuarial gain recognised in the statement of total recognised gains and losses	209

BURNDENE INVESTMENTS PLC
NOTES TO THE ACCOUNTS (continued)
Year ended 28 September 2002
28. PENSIONS (continued)

Movement in surplus/(deficit) during the year:

	Year ending 28 September 2002 £000's
Deficit in Scheme at beginning of year	(371)
Current service cost	(132)
Contributions	192
Past service costs	-
Other finance income	(2)
Actuarial gain	209
Deficit in Scheme at the end of year	(104)

During the year ending 28 September 2002 Willerby Holiday Homes Ltd made contributions to the Scheme at the rate of 31% of Pensionable Salaries.

As a result of the actuarial valuation as at 26 September 2001, the future contributions of Willerby Holiday Homes Ltd have been set out at 25.4% of Pensionable Salaries. The current service cost will increase as the members of the Scheme approach retirement.

History of experience gains and losses:

	Year ending 28 September 2002 £000's
Difference between expected and actual return on Scheme assets:	
Gain (£000's)	607
Percentage of Scheme assets	20.7%
Experience gains and losses on Scheme liabilities	
Loss (£000's)	(17)
Percentage of present value of Scheme liabilities	0.6%
Total amount recognised in statement of total recognised gains and losses	
Gain (£000's)	209
Percentage of present value of Scheme liabilities	6.9%

Pretty Legs Hosiery Limited

Pretty Legs Hosiery Limited operates a defined benefits scheme, the Pretty Legs Hosiery Limited Retirement Benefits Scheme. A full valuation was undertaken as at 1 October 1999 and has been updated to 28 September 2002 by a qualified independent Actuary.

BURNDENE INVESTMENTS PLC
NOTES TO THE ACCOUNTS (continued)
Year ended 28 September 2002
28. PENSIONS (continued)

The major assumptions used by the Actuary were as follows:

	At 28 September 2002	At 29 September 2001
Rate of Increase in Salaries	4 % p.a.	4% p.a.
Limited Price Indexation Pension Increases	2.5 % p.a.	2.5% p.a.
Discount Rate	5.25 % p.a.	6% p.a.
Inflation Assumption	2.5% p.a.	2.5 % p.a.

The assets of the Scheme are held in a Pension Reserve with profits insurance contract with Scottish Provident. The fair value of the assets held and the expected rates of return assumed are as follows:

	Expected Rate of Return Year Commencing 28 September 2002	Value at 28 September 2002 £000's	Expected Rate of Return Year Commencing 29 September 2001	Value at 29 September 2001 £000's
Equities & Property	7%	1,018	7.5%	896
Bonds	4.75%	543	5.5%	298
Cash	4 %	136	-	-
Total		<u>1,697</u>		<u>1,194</u>

The funding position was as follows:

	At 28 September 2002 £000's	At 29 September 2001 £000's
Total market value of assets	1,697	1,194
Present value of Scheme liabilities	(1,280)	(983)
Surplus in the Scheme	417	211
Related deferred tax liability	(123)	(63)
Net Pension Asset	<u>294</u>	<u>148</u>

Excluded from both the asset and liability above is the liability for pensions secured by an annuity (as the scheme is insured). At the year end there were 9 insured pensioners (2001: 9).

BURNDENE INVESTMENTS PLC
NOTES TO THE ACCOUNTS (continued)
Year ended 28 September 2002
28. PENSIONS (continued)
Analysis of amount chargeable to operating profit:

	Year Ending 28 September 2002 £000's
Current service cost	48
Past service cost	-
Total operating charge	48

Analysis of the amount to be credited to other finance income:

	Year Ending 28 September 2002 £000's
Expected return on pension scheme assets	85
Interest on pension scheme liabilities	(59)
Net return	26

Analysis of amount recognisable in statement of total recognised gains and losses:

	Year Ending 28 September 2002 £000's
Actual return less expected return on pension scheme assets	401
Experience gains and losses arising on scheme liabilities	(2)
Changes in assumptions underlying present value of scheme liabilities	(196)
Actuarial gain recognised in the statement of total recognised gains and losses	203

Movement in surplus during the year:

	Year Ending 28 September 2002 £000's
Surplus in Scheme at beginning of year	211
Current service cost	(48)
Contributions	25
Past service costs	-
Other finance income	26
Actuarial gain	203
Surplus in Scheme at the end of year	417

During the year ending 28 September 2002 Pretty Legs Hosiery Limited made contributions to the Scheme at the rate of 15.8% of Pensionable Salaries, and this is the rate at which contributions are due to be paid for the following year. The current service cost will increase as the members of the Scheme approach retirement.

BURNDENE INVESTMENTS PLC
NOTES TO THE ACCOUNTS (continued)
Year ended 28 September 2002
28. PENSIONS (continued)

	Year ending 28 September 2002 £000's	
History of experience gains and losses:		
Difference between expected and actual return on Scheme assets		
Gain (£000's)		401
Percentage of Scheme assets		23.6%
Experience gains and losses on Scheme liabilities		
Loss (£000's)		(2)
Percentage of present value of Scheme liabilities		0.2%
Total amount recognised in statement of total recognised gains and losses		
Gain (£000's)		203
Percentage of present value of Scheme liabilities		15.9%
	At	At
	28 September	29 September
	2002	2001
	£000's	As restated £000's
Profit and loss reserve		
Profit and loss reserve excluding pension (liability)/asset	28,612	23,502
Willerby Holiday Homes Ltd pension reserve	(73)	(260)
Pretty Legs Hosiery Limited pension reserve	294	148
Profit and loss reserve including pension (liability)/asset	28,833	23,390

29. FINANCIAL INSTRUMENTS
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 2002. 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.

Short-term debtors and creditors

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

Financial assets

The only financial assets that the Group holds is cash at bank which does not attract interest.

Financial liabilities

These comprise bank overdrafts of £5,186,885 (2001: £6,593,946) at floating rate of interest based upon Bank of England base rate 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 £988,474 (2001 : £1,008,096) based upon market value and a book value of £772,487 (2001: £772,487). The maturity of the unsecured loan stock is shown in note 14.

Foreign currency

The Group has no foreign currency financial assets or liabilities.

Undrawn committed borrowing facility

The undrawn committed borrowing facilities in place at 28 September 2002 were £12,713,115 (2001: £11,306,054).