

Registered no: 34239

Brintons Limited

Directors' Report & Financial Statements
for the 53 weeks ended 1 July 2000



Brintons Limited

Directors' report for the 53 weeks ended 1 July 2000

The directors present their report and the audited consolidated financial statements for the 53 weeks ended 1 July 2000.

Principal activity

The group's principal activity is the production and sale of high quality Axminster and Wilton woven carpet. The group spins yarn for use in its own carpets and for sale outside the group. In addition, the group manufactures textile machinery for its own requirements.

Results and dividends

The consolidated profit for the financial year after taxation amounted to £7,307,000 (1999: £5,025,000). Before taxation, the consolidated profit for the financial year amounted to £10,585,000 (1999: £7,376,000).

The directors recommend the payment of a final ordinary dividend of 11.72%, amounting to £472,000, making totals of 43.6% and £1,756,000 for the year respectively.

The final ordinary dividend, if approved, will be paid on 5 January 2001 to ordinary shareholders whose names were on the register on 8 December 2000.

Review of the business and future developments

The directors are satisfied with the financial position of the group. The group will continue to pursue its principal activity for the foreseeable future.

Research and development

The group continues to invest in methods of improving production efficiency, product quality and differentiation.

Land and buildings

The Directors are of the opinion that on an existing use basis the market value of the properties used by the group is not significantly different from their book value.

The Kidderminster town centre site is in the process of being sold. The estimated sales proceeds are significantly in excess of book value.

Political and charitable contributions

During the year, the group made a political contribution of £22,500 (1999: £12,750) to the Conservative Party and various charitable contributions totalling £12,936 (1999: £13,508).

Brintons Limited

Directors and their interests

The directors, who served throughout the year unless indicated otherwise, are as follows:

| | |
|---------------|----------------------------|
| M A C Brinton | (Chairman) |
| J R B Clist* | |
| A J S Folwell | (Managing Director) |
| E P Gardiner | |
| T F Haberman | |
| J R Harris* | (appointed 23 July 1999) |
| J R Pilling | |
| H N Reilly | (appointed 1 October 1999) |
| D M Rhead* | |
| A C R Wilson | |

* non-executive directors.

The interests of the directors in the shares of Brintons Limited are as follows:

Ordinary shares in Brintons Limited

| | At 1 July 2000 | | At 26 June 1999 | |
|---------------|---|--|---|--|
| | 'A' | 'B' | 'A' | 'B' |
| | Ordinary shares of 25p each <i>No.</i> | Ordinary shares of £1 each <i>No.</i> | Ordinary shares of 25p each <i>No.</i> | Ordinary shares of £1 each <i>No.</i> |
| M A C Brinton | 397,504 | 94,566 | 396,323 | 130,186 |
| J R B Clist | 112,482 | 36,130 | 111,300 | 34,983 |
| A J S Folwell | 3,051 | 4,448 | 1,870 | 3,300 |
| E P Gardiner | 2,423 | 389 | 2,423 | 189 |
| T F Haberman | 935 | 1,543 | 935 | 1,543 |
| J R Pilling | 180,287 | 46,739 | 170,349 | 43,034 |
| A C R Wilson | 561 | 565 | 561 | 565 |
| | <u>697,243</u> | <u>184,380</u> | <u>683,761</u> | <u>213,800</u> |

Save as stated herein, none of the directors has any interest in the shares of the company or of any other group company.

Employment policies

The directors regard the involvement, participation and training of employees to be of great importance. Management takes every opportunity to inform employees of group developments and encourage them to be aware of the performance of the group. Employees are encouraged to discuss with management matters of interest to the employee.

Employee briefings and action review meetings, at all levels of responsibility, provide the necessary information flow in both directions. Health, safety and environmental matters are discussed at regular meetings with actions being proposed and monitored.

Profit sharing schemes apply in some parts of the group depending on local conditions.

Applications for employment from disabled people are given full and fair consideration bearing in mind the aptitudes and abilities of each person in relation to the requirements of the job. Opportunities also exist for employees of the group who become disabled to continue in their employment or to be trained for other positions in the group. Disabled people have the same training, career development and promotion opportunities as all other employees.

Brintons Limited

Year 2000 date change

As reported last year, the group had undertaken a self-assessment of its systems for Year 2000 compliance and has also participated in external programmes to assess compliance. The directors can confirm that although the monitoring process continues, no significant problems have been encountered following the date change.

Responsibilities of directors

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 the group and of the profit or loss for that period. In preparing those financial statements, the directors are required to

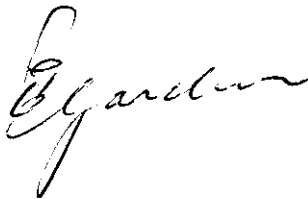
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare 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 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 company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

A resolution to reappoint KPMG as auditors will be put to members at the Annual General Meeting.

By order of the board



E P Gardiner
Secretary
27 September 2000

Brintons Limited

Report of the auditors to the members of Brintons Limited

We have audited the financial statements on pages 5 to 22.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board 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 regarding directors' remuneration and transactions with the group is not disclosed.

Basis of 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 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 1 July 2000 and of the profit of the group for the 53 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.

12PmC

KPMG

Chartered Accountants and Registered Auditors
Birmingham
27 September 2000

Brintons Limited

Consolidated profit and loss account for the 53 weeks ended 1 July 2000

| | Notes | 2000 £'000 | 1999 £'000 |
|--|-------|---------------|---------------|
| Turnover – continuing operations | 2 | 111,614 | 101,319 |
| Operating expenses | 3 | (100,490) | (93,479) |
| Operating profit – continuing operations | 4 | 11,124 | 7,840 |
| Net interest payable | 5 | (539) | (464) |
| Profit on ordinary activities before tax | | 10,585 | 7,376 |
| Taxation | 8 | (3,278) | (2,351) |
| Profit for the financial year | 18 | 7,307 | 5,025 |
| Dividends | 9, 18 | (1,756) | (1,562) |
| Retained profit for the financial year | | 5,551 | 3,463 |

Statement of total recognised gains and losses for the 53 weeks ended 1 July 2000

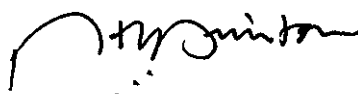
| | Notes | 2000 £'000 | 1999 £'000 |
|--|-------|---------------|---------------|
| Profit for the financial year | | 7,307 | 5,025 |
| Exchange differences on retranslation of subsidiary undertakings | 18 | (608) | 1,015 |
| Total recognised gains relating to the financial year | | 6,699 | 6,040 |

Brintons Limited

Balance sheets at 1 July 2000

| | Notes | Group | | Company | |
|--|-------|---------------|---------------|---------------|---------------|
| | | 2000 £'000 | 1999 £'000 | 2000 £'000 | 1999 £'000 |
| Fixed assets | | | | | |
| Tangible assets | 11 | 44,389 | 44,055 | 18,806 | 20,206 |
| Investments | 12 | - | - | 20,070 | 18,048 |
| | | <u>44,389</u> | <u>44,055</u> | <u>38,876</u> | <u>38,254</u> |
| Current assets | | | | | |
| Stocks | 13 | 21,015 | 21,281 | 13,165 | 13,831 |
| Debtors | 14 | 19,073 | 17,625 | 14,259 | 11,512 |
| Cash at bank and in hand | | 6,796 | 4,686 | 2,051 | 2,014 |
| | | <u>46,884</u> | <u>43,592</u> | <u>29,475</u> | <u>27,357</u> |
| Creditors: amounts falling due within one year | 15 | (30,369) | (27,632) | (15,788) | (14,815) |
| Net current assets | | <u>16,515</u> | <u>15,960</u> | <u>13,687</u> | <u>12,542</u> |
| Total assets less current liabilities | | <u>60,904</u> | <u>60,015</u> | <u>52,563</u> | <u>50,796</u> |
| Creditors: amounts falling due after more than one year | 15 | (743) | (4,441) | - | (3,154) |
| Provisions for liabilities and charges | 16 | (6,007) | (6,363) | (3,257) | (3,040) |
| Net assets | | <u>54,154</u> | <u>49,211</u> | <u>49,306</u> | <u>44,602</u> |
| Capital and reserves | | | | | |
| Called up share capital | 17 | 4,025 | 4,025 | 4,025 | 4,025 |
| Profit and loss account | 18 | 50,129 | 45,186 | 45,281 | 40,577 |
| Equity shareholders' funds | 18 | <u>54,154</u> | <u>49,211</u> | <u>49,306</u> | <u>44,602</u> |

The financial statements on pages 5 to 22 were approved by the board of directors on 27 September 2000 and signed on its behalf by:



M A C Brinton
Chairman

Brintons Limited

Consolidated cash flow statement for the 53 weeks ended 1 July 2000

| | Notes | 2000 £'000 | 1999 £'000 |
|---|-------|---------------|----------------|
| Net cash inflow from operating activities | 19(a) | 16,411 | 13,838 |
| Returns on investment and servicing of finance | | | |
| Interest received | | 327 | 263 |
| Interest paid | | (766) | (806) |
| | | (439) | (543) |
| Taxation | | | |
| Corporation tax paid | | (2,757) | (1,839) |
| Overseas tax paid | | (880) | (851) |
| | | (3,637) | (2,690) |
| Capital expenditure | | | |
| Purchase of tangible fixed assets | | (6,135) | (7,305) |
| Receipts from sales of tangible fixed assets | | 647 | 411 |
| Purchase of subsidiary | | - | (373) |
| | | (5,488) | (7,267) |
| Equity dividends paid | | (1,246) | (1,452) |
| Cash inflow before financing | | 5,601 | 1,886 |
| Financing | | | |
| Repayment of loans | 20 | (3,474) | (4,528) |
| Increase/(decrease) in cash in the year | 19(b) | 2,127 | (2,642) |

Brintons Limited

Notes to the financial statements for the 53 weeks ended 1 July 2000

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention. The financial statements are for a 53 week period compared to a 52 week period last year.

Consolidation

The consolidated financial statements comprise the accounts of the company and all its subsidiary undertakings, all of which are made up to 1 July 2000.

On acquisition of a subsidiary undertaking, fair values are attributed to the group's share of net tangible assets. Where the cost of acquisition differs from the values attributable to such net assets, the difference is capitalised as goodwill in accordance with FRS 10. The results of a subsidiary undertakings acquired during the year are included from the effective date of acquisition.

Goodwill

Goodwill is capitalised and written off to profit and loss in equal annual instalments over the estimated useful economic life subject to a maximum of 20 years.

Fixed asset investments

Investments in subsidiary undertakings are stated at original cost. Provision is made for permanent diminution in value

Depreciation

The cost less estimated residual value of fixed assets, other than freehold land, is depreciated by equal annual instalments over the expected useful life of the assets as follows:

| | |
|---------------------|---|
| Freehold buildings | - 20-50 years |
| Leasehold buildings | - 40 years or the lease term if shorter |
| Vehicles | - 4 years |
| Plant and equipment | - 4-10 years |
| Fixtures & fittings | - 3-10 years |

Government grants

Government grants in respect of capital expenditure are credited to a deferred income account and are released to profit over the expected useful lives of the relevant assets by equal annual instalments. Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

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1 Principal accounting policies (continued)

Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for any obsolete or slow moving items. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

| | | |
|-------------------------------------|---|---|
| Raw materials and consumables | - | purchase cost on a first in, first out basis |
| Work in progress and finished goods | - | cost of direct materials and labour plus attributable overheads based on a normal level of activity |

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Research and development

Research and development expenditure is written off as incurred.

Foreign currencies

Company

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward foreign currency contract. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date or if appropriate at the forward contract rate. All differences are taken to the profit and loss account with the exception of differences on foreign currency borrowings, to the extent that they are used to finance or provide a hedge against foreign equity investments, which are taken directly to reserves, together with the exchange difference on the carrying amount of the related investments.

Group

The results of overseas subsidiaries are translated at average exchange rates. The assets and liabilities of overseas subsidiaries are translated at year-end exchange rates in accordance with the closing rate method. However, where it is considered that the financial performance of an overseas subsidiary is more dependent on the economic environment of the UK (Brintons Limited) than its own, the assets and liabilities of that subsidiary are translated at rates approximating to actual in accordance with the temporal method. In these cases exchange differences are recorded in the profit and loss account.

All other translation differences are taken directly to reserves, including differences on foreign currency borrowings, to the extent they are used to finance or provide a hedge against group equity investments in foreign enterprises.

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences, including those relating to pensions and other post retirement benefits, which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

Deferred tax assets are only recognised if recovery without replacement by equivalent debit balances is reasonably certain.

Brintons Limited

1 Principal accounting policies (continued)

Operating leases

The costs of operating leases are written off to the profit and loss account as incurred.

Pension benefits

Defined contribution schemes

The pension costs charged to the profit and loss account represent the amount of the contributions payable to the schemes in respect of the accounting period.

Defined benefit schemes

The amount charged to the profit and loss account in respect of defined benefit pension plans is calculated so as to spread the cost of pensions over the average remaining service life of the employees. The difference between the charge to the profit and loss account and the contributions paid to the schemes is shown as an asset or a liability in the balance sheet.

2 Turnover

Turnover comprises the invoiced value of goods and services supplied by the group exclusive of VAT and net of trade discounts. Turnover is solely attributable to the group's principal activity.

In the opinion of the directors, an analysis of turnover by geographical destination would be seriously prejudicial to the interests of the group and therefore no disclosure has been made.

3 Operating expenses

| | 2000 £'000 | 1999 £'000 |
|--|----------------|---------------|
| Change in stocks of finished goods and work in progress | 297 | 1,651 |
| Own work capitalised | (138) | (415) |
| Other operating income | (332) | (1,044) |
| Raw materials and consumables | 21,955 | 22,060* |
| Other external charges | 7,913 | 6,878* |
| Staff costs (note 7) | 44,908 | 42,627* |
| Depreciation and other amounts written off tangible fixed assets | 5,800 | 5,200 |
| Other operating charges | 20,087 | 16,522 |
| | <u>100,490</u> | <u>93,479</u> |

* Certain components within these expense categories have been re-analysed in order to be consistent with the classifications now adopted.

Brintons Limited

4 Operating profit

This is stated after charging/(crediting):

| | | |
|---|---------------|---------------|
| Auditors' remuneration - audit services – UK* | 2000 £'000 | 1999 £'000 |
| - audit services – overseas | 68 | 63 |
| | 67 | 62 |
| | <u>135</u> | <u>125</u> |
| - non-audit services – UK | 199 | 164 |
| - non-audit services – overseas | 56 | 35 |
| | <u>255</u> | <u>199</u> |

* and company

| | | |
|--|---------------|---------------|
| Research and development expenditure | 2000 £'000 | 1999 £'000 |
| | 643 | 630 |
| Operating lease rentals - plant and machinery | 92 | 134 |
| - land and buildings | 221 | 112 |
| | <u>313</u> | <u>246</u> |
| Government grants - amortisation of capital grants | (87) | (81) |
| - revenue grants receivable | (115) | (135) |
| | <u>(202)</u> | <u>(216)</u> |

5 Net interest payable

| | | |
|--|---------------|---------------|
| | 2000 £'000 | 1999 £'000 |
| <i>Interest payable and similar charges:</i> | | |
| Interest on bank loans and overdrafts | 860 | 727 |
| <i>Other interest receivable and similar income:</i> | | |
| Bank interest | (308) | (263) |
| Corporation tax repayment supplements | (13) | - |
| | <u>539</u> | <u>464</u> |

6 Directors' emoluments

| | | |
|---|---------------|---------------|
| | 2000 £'000 | 1999 £'000 |
| Emoluments and benefits (excluding pension contributions)* | 1,269 | 917 |
| * includes £40,000 (1999: £20,000) payable to third parties for the services of J R B Clist and J R Harris as non-executive directors | | |
| Company contributions paid to defined benefit pension schemes | 78 | 62 |
| Company contributions paid to defined contribution pension schemes | 80 | 42 |
| | <u>158</u> | <u>104</u> |

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6 Directors' emoluments (continued)

| | 2000 No. | 1999 No. |
|--|-------------|-------------|
| Members of defined benefit pension schemes | 6 | 5 |
| Members of defined contribution pension schemes* | 4 | 3 |
| | <u>10</u> | <u>8</u> |

* three directors have funded unapproved defined contribution schemes (FURBS) in addition to being members of the company defined benefit scheme.

The amounts in respect of the highest paid director are as follows:

| | 2000 £'000 | 1999 £'000 |
|---|---------------|---------------|
| Emoluments and benefits (excluding pension contributions) | 292 | 197 |
| Company contributions paid to defined benefit pension scheme* | 10 | 10 |
| Company contributions paid to defined contribution pension scheme | 51 | 25 |
| | <u>61</u> | <u>35</u> |

* Accrued pension at year-end was £18,360 (1999: £15,100).

7 Staff costs

| | 2000 £'000 | 1999 £'000 |
|---|---------------|---------------|
| Staff costs (which includes directors' remuneration) were as follows: | | |
| Wages and salaries | 40,207 | 37,570 |
| Social security costs | 3,274 | 3,559 |
| Other pension costs (note 21) | 1,427 | 1,498 |
| | <u>44,908</u> | <u>42,627</u> |

The monthly average number of employees during the year were:

| | 2000 No. | 1999 No. |
|------------------------|--------------|--------------|
| Production | 1,803 | 1,728 |
| Sales & administration | 574 | 578 |
| | <u>2,377</u> | <u>2,306</u> |

8 Taxation

| | 2000 £'000 | 1999 £'000 |
|---|---------------|---------------|
| Taxation charges/(credits): | | |
| UK corporation tax at 30.0% (1999: 30.75%) | 2,977 | 2,098 |
| Overseas tax | 1,165 | 841 |
| Deferred taxation (note 16) | (803) | (46) |
| Charge for current year | <u>3,339</u> | <u>2,893</u> |
| Corporation tax (over)/underprovided in previous years: | | |
| UK corporation tax | (528) | (419) |
| Overseas tax | 39 | 7 |
| Deferred taxation (note 16) | 428 | (130) |
| | <u>3,278</u> | <u>2,351</u> |

Brintons Limited

9 Dividends

| | 2000 £'000 | 1999 £'000 |
|--|---------------|---------------|
| Equity dividends paid on 'A' and 'B' ordinary shares: | | |
| 1 st interim at 10.64% (1999: 8.80%) | 428 | 354 |
| 2 nd interim at 10.64% (1999: 9.68%) | - | 390 |
| Equity dividends payable on 'A' and 'B' ordinary shares: | | |
| 2 nd interim at 10.64% (1999: 9.68%) | 428 | - |
| 3 rd interim at 10.64% (1999: 9.68%) | 428 | 390 |
| Final proposed at 11.72% (1999: 10.64%) | 472 | 428 |
| | 1,756 | 1,562 |

10 Profits of holding company

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the company for the year is not presented as part of these accounts. The profit after tax of the company was £6,460,000 (1999: £5,905,000).

11 Tangible fixed assets

| Group | Land & buildings Freehold £'000 | Short leasehold £'000 | Vehicles, plant & equipment £'000 | Assets in course of construction £'000 | Total £'000 |
|-----------------------|---------------------------------------|-----------------------------|--|---|----------------|
| Cost | | | | | |
| At 27 June 1999 | 18,397 | 2,980 | 68,055 | 5,604 | 95,036 |
| Exchange adjustment | (124) | 119 | 221 | 93 | 309 |
| Additions | 11 | - | 3,104 | 2,882 | 5,997 |
| Own work capitalised | - | - | - | 138 | 138 |
| Reclassifications | 1,943 | - | 4,911 | (6,854) | - |
| Disposals | (50) | (170) | (1,665) | - | (1,885) |
| At 1 July 2000 | 20,177 | 2,929 | 74,626 | 1,863 | 99,595 |
| Depreciation | | | | | |
| At 27 June 1999 | 5,537 | 100 | 45,344 | - | 50,981 |
| Exchange adjustment | (24) | 6 | (30) | - | (48) |
| Charge for year | 559 | 66 | 5,175 | - | 5,800 |
| Disposals | (13) | (12) | (1,502) | - | (1,527) |
| At 1 July 2000 | 6,059 | 160 | 48,987 | - | 55,206 |
| Net book value | | | | | |
| At 1 July 2000 | 14,118 | 2,769 | 25,639 | 1,863 | 44,389 |
| At 26 June 1999 | 12,860 | 2,880 | 22,711 | 5,604 | 44,055 |

Included in freehold land and buildings is freehold land of £2,368,000 which is not depreciated.

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11 Tangible fixed assets (continued)

| Company | Land & buildings Freehold £'000 | Short leasehold £'000 | Vehicles, plant & equipment £'000 | Assets in course of construction £'000 | Total £'000 |
|-----------------------|---------------------------------------|-----------------------------|--|---|----------------|
| Cost | | | | | |
| At 27 June 1999 | 12,911 | 614 | 48,338 | 687 | 62,550 |
| Additions | 2 | - | 611 | 1,363 | 1,976 |
| Own work capitalised | - | - | - | 138 | 138 |
| Reclassifications | - | - | 1,315 | (1,315) | - |
| Group transfers | - | - | (633) | - | (633) |
| Disposals | (50) | (170) | (1,535) | - | (1,755) |
| At 1 July 2000 | 12,863 | 444 | 48,096 | 873 | 62,276 |
| Depreciation | | | | | |
| At 27 June 1999 | 4,015 | 47 | 38,282 | - | 42,344 |
| Charge for year | 303 | 13 | 2,607 | - | 2,923 |
| Group transfers | - | - | (355) | - | (355) |
| Disposals | (13) | (12) | (1,417) | - | (1,442) |
| At 1 July 2000 | 4,305 | 48 | 39,117 | - | 43,470 |
| Net book value | | | | | |
| At 1 July 2000 | 8,558 | 396 | 8,979 | 873 | 18,806 |
| At 26 June 1999 | 8,896 | 567 | 10,056 | 687 | 20,206 |

Included in freehold land and buildings is freehold land of £1,710,000 which is not depreciated.

12 Fixed asset investments

| Company | Shares in subsidiary undertakings £'000 | Loans to subsidiary undertakings £'000 | Total £'000 |
|--|--|---|----------------|
| Cost | | | |
| At 27 June 1999 | 6,194 | 11,884 | 18,078 |
| Exchange adjustment | - | 142 | 142 |
| Group transfers | (5) | 1,885 | 1,880 |
| At 1 July 2000 | 6,189 | 13,911 | 20,100 |
| Provision for diminution in value | | | |
| At 27 June 1999 and 1 July 2000 | (30) | - | (30) |
| Net book value | | | |
| At 1 July 2000 | 6,159 | 13,911 | 20,070 |
| At 26 June 1999 | 6,164 | 11,884 | 18,048 |

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12 Fixed asset investments (continued)

Details of principal subsidiary undertakings are as follows:

| <i>Subsidiary</i> | <i>Country of incorporation</i> | <i>Holding</i> | <i>Proportion of voting rights & shares held</i> | <i>Nature of Business</i> |
|---|---------------------------------|-----------------|--|--|
| Brintons US Axminster Inc | USA | Common stock | 100% | Production and sale of high quality Axminster woven carpet |
| Brintons Pty Limited | Australia | Ordinary shares | 100% | Production and sale of high quality Axminster and Wilton woven carpet |
| Brintons Carpets Asia Private Limited* | India | Ordinary shares | 100% | Production and sale of high quality Axminster woven carpet |
| Brintons Industria de Alcatifas Limitada* | Portugal | Ordinary Shares | 100% | Production of high quality Axminster woven carpet for Brintons Limited |
| Brintons Christchurch Yarns Limited | New Zealand | Ordinary shares | 100% | Production and sale of high quality carpet yarn |
| Brintons Gmbh | Germany | Ordinary shares | 100% | Non-trader |
| Brintons Carpets (USA) Limited* | England | Ordinary shares | 100% | Non-trader |

Interests marked * are held directly by Brintons Limited.

All the above subsidiaries have been included in the consolidation. A full list of subsidiary undertakings at 1 July 2000 will be annexed to the company's next annual return.

13 Stocks

| | Group | | Company | |
|-------------------------------|---------------|---------------|---------------|---------------|
| | 2000 | 1999 | 2000 | 1999 |
| | £'000 | £'000 | £'000 | £'000 |
| Raw materials and consumables | 3,644 | 3,613 | 979 | 974 |
| Work in progress | 5,833 | 6,436 | 3,552 | 3,972 |
| Finished goods | 11,538 | 11,232 | 8,634 | 8,885 |
| | <u>21,015</u> | <u>21,281</u> | <u>13,165</u> | <u>13,831</u> |

Brintons Limited

14 Debtors

| | Group | | Company | |
|---|---------------|---------------|---------------|---------------|
| | 2000 | 1999 | 2000 | 1999 |
| | £'000 | £'000 | £'000 | £'000 |
| Amounts falling due within one year: | | | | |
| Trade debtors | 17,325 | 15,435 | 8,339 | 7,402 |
| Amounts owed by group undertakings | - | - | 4,884 | 2,904 |
| Other debtors | 1,072 | 1,095 | 819 | 648 |
| Prepayments and accrued income | 507 | 1,095 | 217 | 262 |
| Corporation tax recoverable | 169 | - | - | - |
| | <u>19,073</u> | <u>17,625</u> | <u>14,259</u> | <u>11,216</u> |
| Amounts falling due after more than one year: | | | | |
| Amounts owed by group undertakings | - | - | - | 296 |
| | <u>19,073</u> | <u>17,625</u> | <u>14,259</u> | <u>11,512</u> |

15 Creditors

| | Group | | Company | |
|--|---------------|---------------|---------------|---------------|
| | 2000 | 1999 | 2000 | 1999 |
| | £'000 | £'000 | £'000 | £'000 |
| Amounts falling due within one year: | | | | |
| Bank overdrafts | 5,313 | 5,010 | 50 | 737 |
| Bank loans | 3,381 | 3,215 | 3,311 | 3,154 |
| Other loans | 337 | - | - | - |
| Payments received on account | 3,842 | 2,554 | - | - |
| Trade creditors | 4,456 | 5,279 | 2,571 | 2,719 |
| Amount owed to group undertakings | - | - | 370 | - |
| Corporation tax | 2,463 | 2,712 | 1,944 | 2,210 |
| Other taxes and social security | 1,205 | 1,448 | 1,103 | 1,032 |
| Other creditors | 2,860 | 1,983 | 2,317 | 1,433 |
| Accruals and deferred income | 5,184 | 4,613 | 2,794 | 2,712 |
| Dividends payable | 1,328 | 818 | 1,328 | 818 |
| | <u>30,369</u> | <u>27,632</u> | <u>15,788</u> | <u>14,815</u> |
| Amounts falling due after more than one year: | | | | |
| Bank loans | 238 | 3,448 | - | 3,154 |
| Other loans | 505 | 985 | - | - |
| Other creditors | - | 8 | - | - |
| | <u>743</u> | <u>4,441</u> | <u>-</u> | <u>3,154</u> |
| Bank loans (unsecured) are due for repayment as follows: | | | | |
| | 2000 | 1999 | 2000 | 1999 |
| | £'000 | £'000 | £'000 | £'000 |
| Within one year | 3,381 | 3,215 | 3,311 | 3,154 |
| Between one and two years | 76 | 3,448 | - | 3,154 |
| Between two and five years | 162 | - | - | - |
| | <u>3,619</u> | <u>6,663</u> | <u>3,311</u> | <u>6,308</u> |

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15 Creditors (continued)

| | Group | | Company | |
|---|---------------|---------------|---------------|---------------|
| Other loans (secured on the land and buildings of a subsidiary undertaking) are due for repayment as follows: | 2000 £'000 | 1999 £'000 | 2000 £'000 | 1999 £'000 |
| Within one year | 337 | - | - | - |
| Between one and two years | 337 | 460 | - | - |
| Between two and five years | 168 | 350 | - | - |
| Over five years | - | 175 | - | - |
| | <u>842</u> | <u>985</u> | <u>-</u> | <u>-</u> |

16 Provisions for liabilities and charges

| Group | Deferred taxation £'000 | Pension provision £'000 | Other post retirement benefits provision £'000 | Total £'000 |
|--|-------------------------------|-------------------------------|--|----------------|
| At 27 June 1999 | 3,949 | 1,136 | 1,278 | 6,363 |
| Exchange adjustment | 144 | - | - | 144 |
| Charge/(credit) to profit and loss account | (375) | 5 | (24) | (394) |
| Cash paid | - | (37) | (69) | (106) |
| At 1 July 2000 | <u>3,718</u> | <u>1,104</u> | <u>1,185</u> | <u>6,007</u> |

| Company | Deferred taxation £'000 | Pension provision £'000 | Other post retirement benefits provision £'000 | Total £'000 |
|--|-------------------------------|-------------------------------|--|----------------|
| At 27 June 1999 | 626 | 1,136 | 1,278 | 3,040 |
| Charge/(credit) to profit and loss account | 342 | 5 | (24) | 323 |
| Cash paid | - | (37) | (69) | (106) |
| At 1 July 2000 | <u>968</u> | <u>1,104</u> | <u>1,185</u> | <u>3,257</u> |

The pension provision represents the capitalised cost of pensions payable directly by the company and the excess of the total pension cost over the amount funded.

The company provides medical benefits for certain pensioners and their dependants in the United Kingdom. The company's obligation for medical benefits was assessed last year by independent qualified actuaries. The main assumptions used were that future healthcare cost trend rates were 8% and the discount rate used was 9%. The benefits are funded when incurred at which time tax relief is expected.

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16 Provisions for liabilities and charges (continued)

Deferred taxation provided in the accounts and the amounts not provided are as follows:

| Group | Amount provided | | Amount not provided | |
|-----------------------------------|-----------------|---------------|---------------------|---------------|
| | 2000 £'000 | 1999 £'000 | 2000 £'000 | 1999 £'000 |
| Deferred tax (assets)/liabilities | | | | |
| Accelerated capital allowances | 4,996 | 4,889 | - | 450 |
| Other timing differences | (1,278) | (940) | - | - |
| Capital gains | - | - | 342 | 342 |
| | <u>3,718</u> | <u>3,949</u> | <u>342</u> | <u>792</u> |
| Company | Amount provided | | Amount not provided | |
| | 2000 £'000 | 1999 £'000 | 2000 £'000 | 1999 £'000 |
| Deferred tax (assets)/liabilities | | | | |
| Accelerated capital allowances | 1,711 | 1,437 | - | 450 |
| Other timing differences | (743) | (811) | - | - |
| Capital gains | - | - | 342 | 342 |
| | <u>968</u> | <u>626</u> | <u>342</u> | <u>792</u> |

No provision is made in these financial statements for any additional taxation liability which might arise if the retained reserves of the overseas subsidiaries were to be distributed because no significant distributions are foreseen.

17 Called up share capital

Authorised:

| | 2000 & 1999 | |
|---------------------------------|------------------|--------------|
| | No. | £'000 |
| Undesignated shares of £1 each | 75,000 | 75 |
| 'A' ordinary shares of 25p each | 7,155,536 | 1,789 |
| 'B' ordinary shares of £1 each | 2,286,116 | 2,286 |
| | <u>9,516,652</u> | <u>4,150</u> |

Allotted, called up and fully paid:

| | 2000 & 1999 | |
|---------------------------------|------------------|--------------|
| | No. | £'000 |
| Undesignated shares of £1 each | - | - |
| 'A' ordinary shares of 25p each | 7,155,536 | 1,789 |
| 'B' ordinary shares of £1 each | 2,236,116 | 2,236 |
| | <u>9,391,652</u> | <u>4,025</u> |

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18 Reconciliation of shareholders' funds and movement on reserves

| Group | Share capital £'000 | Profit & loss account £'000 | Total share- holders' funds £'000 |
|----------------------|------------------------|-----------------------------------|---|
| At 28 June 1998 | 4,025 | 41,224 | 45,249 |
| Profit for the year | - | 5,025 | 5,025 |
| Dividends | - | (1,562) | (1,562) |
| Goodwill written off | - | (516) | (516) |
| Exchange adjustment | - | 1,015 | 1,015 |
| At 26 June 1999 | 4,025 | 45,186 | 49,211 |
| Profit for the year | - | 7,307 | 7,307 |
| Dividends | - | (1,756) | (1,756) |
| Exchange adjustment | - | (608) | (608) |
| At 1 July 2000 | <u>4,025</u> | <u>50,129</u> | <u>54,154</u> |

The cumulative amount of goodwill written off to reserves in relation to acquisitions in previous years is £3,356,000 (1999: £3,356,000).

| Company | Share capital £'000 | Profit & loss account £'000 | Total share- holders' funds £'000 |
|---------------------|------------------------|-----------------------------------|---|
| At 28 June 1998 | 4,025 | 36,178 | 40,203 |
| Profit for the year | - | 5,905 | 5,905 |
| Dividends | - | (1,562) | (1,562) |
| Exchange adjustment | - | 56 | 56 |
| At 26 June 1999 | 4,025 | 40,577 | 44,602 |
| Profit for the year | - | 6,460 | 6,460 |
| Dividends | - | (1,756) | (1,756) |
| Exchange adjustment | - | - | - |
| At 1 July 2000 | <u>4,025</u> | <u>45,281</u> | <u>49,306</u> |

The exchange adjustments above (group and company) are net of losses of £168,000 (1999: £417,000) in respect of foreign currency borrowings.

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19 Notes to the consolidated cash flow statement

(a) Reconciliation of operating profit to net cash inflow from operating activities

| | 2000 £'000 | 1999 £'000 |
|--|---------------|---------------|
| Continuing activities: | | |
| Operating profit | 11,124 | 7,840 |
| Non cash charges: | | |
| (Profit) on disposal of fixed assets | (288) | (61) |
| Depreciation of tangible fixed assets | 5,800 | 5,200 |
| Amortisation of grants | (87) | (81) |
| Decrease in stocks | 151 | 1,307 |
| (Increase) in debtors | (1,228) | (739) |
| Increase in creditors | 1,070 | 414 |
| (Decrease) in provision for pension costs and other post retirement benefits | (131) | (42) |
| Net cash inflow from operating activities | <u>16,411</u> | <u>13,838</u> |

(b) Changes in net cash/(overdraft) during the year

| | 2000 £'000 | 1999 £'000 |
|--|---------------|---------------|
| At 27 June 1999 | (324) | 2,300 |
| Net cash inflow/(outflow) before adjustments for the effects of foreign exchange rates | 2,127 | (2,642) |
| Effect of foreign exchange rates | (320) | 18 |
| At 1 July 2000 | <u>1,483</u> | <u>(324)</u> |

(c) Analysis of balances

| | 2000 £'000 | 1999 £'000 | Change in year £'000 | 1999 £'000 | 1998 £'000 | Change in year £'000 |
|--------------------------|---------------|---------------|----------------------------|---------------|---------------|----------------------------|
| Cash at bank and in hand | 6,796 | 4,686 | 2,110 | 4,686 | 5,062 | (376) |
| Bank overdrafts | (5,313) | (5,010) | (303) | (5,010) | (2,762) | (2,248) |
| At end of year | <u>1,483</u> | <u>(324)</u> | <u>1,807</u> | <u>(324)</u> | <u>2,300</u> | <u>(2,624)</u> |

(d) Reconciliation of net cash flow to movement in net debt

| | 2000 £'000 | 1999 £'000 |
|---|----------------|----------------|
| Increase/(decrease) in cash | 2,127 | (2,642) |
| Cash outflow from decrease in loans | 3,474 | 4,528 |
| Changes in net debt resulting from cash flows | 5,601 | 1,886 |
| Effect of foreign exchange rates | (607) | (455) |
| Movement in net debt | 4,994 | 1,431 |
| Net debt at 27 June 1999 | (7,972) | (9,403) |
| Net debt at 1 July 2000 | <u>(2,978)</u> | <u>(7,972)</u> |

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19 Notes to the consolidated cash flow statement (continued)

(e) Analysis of net debt

| | At 27 June 1999 £'000 | Cash flow £'000 | Exchange movts £'000 | At 1 July 2000 £'000 |
|---------------------------|-----------------------------|-----------------------|----------------------------|----------------------------|
| Cash at bank and in hand | 4,686 | 2,228 | (118) | 6,796 |
| Bank overdrafts | (5,010) | (101) | (202) | (5,313) |
| | (324) | 2,127 | (320) | 1,483 |
| Loans due within one year | (3,215) | 105 | (608) | (3,718) |
| Loans due after one year | (4,433) | 3,369 | 321 | (743) |
| | (7,972) | 5,601 | (607) | (2,978) |

20 Analysis of changes in financing during the year

| Group | 2000 | | 1999 | |
|----------------------------------|------------------|---------|------------------|---------|
| | Share capital | Loans | Share capital | Loans |
| Balance at beginning of year | 4,025 | 7,648 | 4,025 | 11,703 |
| Loans repaid | - | (3,474) | - | (4,528) |
| Effect of foreign exchange rates | - | 287 | - | 473 |
| Balance at end of year | 4,025 | 4,461 | 4,025 | 7,648 |

21 Pension commitments

The group operates a number of pension schemes throughout the world, being defined benefit and defined contribution in nature. The assets of defined benefit schemes are held separately from those of the group in funds administered by trustees.

The pension costs for defined benefit schemes, of which the UK scheme is the major element, are determined with the advice of independent qualified actuaries on the basis of triennial valuations.

UK scheme

Date of most recent valuation 1 July 1998

Main assumptions:

| | |
|--|-----------------------------|
| Rate of return on equities (in excess of expected level of salary increases) | 3% p.a. |
| Rate of return on gilts (in excess of expected level of salary increases) | 2% p.a. |
| Rate of pension increases | Between 2.75% and 3.5% p.a. |

Market value of scheme's assets £49.3m

Level of funding being the actuarial value of assets expressed as a percentage of the benefits accrued to members, after allowing for future salary increases and after allowing for increases in pensions in payment 101%

Based on the actuarial valuation, the obligations of the scheme are funded through company contributions spread over the remaining service lives of members. The difference between the amount funded (paid over to the scheme) and the amount charged in the profit and loss account is recognised as a provision, in accordance with SSAP 24. A provision of £644,000 (1999: £657,000) is included in the balance sheet.

The total pension costs relating to the overseas schemes were £380,000 (1999: £349,000).

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22 Capital commitments

| | Group | | Company | |
|---|---------------|---------------|---------------|---------------|
| | 2000 £'000 | 1999 £'000 | 2000 £'000 | 1999 £'000 |
| Amounts contracted for but not provided in the accounts | <u>1,752</u> | <u>1,985</u> | <u>1,663</u> | <u>107</u> |

23 Annual commitments under non-cancellable operating leases

| Group | 2000 | | 1999 | |
|-------------------------------------|---------------------------|----------------|---------------------------|----------------|
| | Land & buildings £'000 | Other £'000 | Land & buildings £'000 | Other £'000 |
| Expiring within one year | 16 | 16 | 35 | 59 |
| Expiring between two and five years | 79 | 64 | 103 | 58 |
| Expiring after five years | 86 | - | 62 | 23 |
| | <u>181</u> | <u>80</u> | <u>200</u> | <u>140</u> |

| Company | 2000 | | 1999 | |
|-------------------------------------|---------------------------|----------------|---------------------------|----------------|
| | Land & buildings £'000 | Other £'000 | Land & buildings £'000 | Other £'000 |
| Expiring within one year | 9 | - | 9 | 15 |
| Expiring between two and five years | 49 | - | 18 | - |
| Expiring after five years | 50 | - | 41 | - |
| | <u>108</u> | <u>-</u> | <u>68</u> | <u>15</u> |

24 Guarantees and financial commitments

The company has given guarantees in respect of various subsidiaries' bank facilities totalling £4,636,000 (1999: £4,414,000). At the balance sheet date the amount drawn against these facilities was £4,580,000 (1999: £3,847,000).