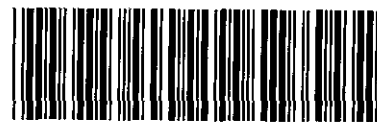


Registered no: 34239

Brintons Limited
Directors' Report & Financial Statements
for the 52 weeks ended 1 July 2006

SATURDAY



AONV9KMV

A03

18/11/2006

421

COMPANIES HOUSE

Brintons Limited

Directors' Report for the 52 weeks ended 1 July 2006

The Directors present their report and the audited consolidated financial statements for the 52 weeks ended 1 July 2006.

Principal activity

The Group and Company'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 £7,108,000 (2005: profit of £1,689,000). Before taxation, the consolidated profit for the financial year amounted to £6,552,000 (2005: profit of £1,763,000).

The Directors recommend the payment of a final ordinary dividend of 5.86% (2005: 5.86%), amounting to £236,000 (2005: £236,000). Dividends paid in the year amounted to £943,000 (2005: £943,000).

The final ordinary dividend, if approved, will be paid on 5 January 2007 to ordinary shareholders whose names are on the register on 15 December 2006.

Review of the business and future developments

Last year, the Directors conducted a review of operations of a subsidiary undertaking, Woodward Grosvenor & Co. Limited and the outcome was that the Narrowloom Wilton carpet manufacturing operations should be ceased. Provision was made in last year's accounts for the costs of cessation.

The Narrowloom Wilton carpet manufacturing operations were sold to the management of the subsidiary undertaking on 31 October 2005 and this year's accounts include the appropriate adjustments to the provisions that had been made for the cessation of those operations.

With effect from 2 July 2006, the continuing business of Woodward Grosvenor & Co. Limited, the merchandising of broadloom carpet, has been divisionalised into Brintons Limited, and Woodward Grosvenor & Co. Limited has ceased to trade. Next year's accounts will reflect the transfer of business and assets to Brintons Limited.

The Group will continue to pursue its principal activity for the foreseeable future.

Business risks

In the Directors' opinion, the principal risks and uncertainties facing the business relate to:

- its ability to maintain market share, particularly in the face of growing competition from low-cost producers in an increasingly global marketplace;
- the exchange rate between the US dollar and the British pound because a strong dollar is to the benefit of the Group's results which are reported in sterling;
- the continuity of supply of raw materials within the global supply chain, particularly of wool and yarn; and
- economic downturns in its principal markets, most recently experienced following the financial aftershocks of '9/11'.

Brintons Limited

Research and development

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

Political and charitable contributions

During the year, the Group made political contributions of £1,000 (2005: £3,500) to the Conservative Party and various charitable contributions totalling £12,000 (2005: £10,000).

Directors and their interests

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

M A C Brinton*	Chairman
J B T Brinton*	
C E Brinton-Hope*	
E P Gardiner	retired 30 September 2005
D C B Glencairn Campbell*	
P J S Johansen	appointed 1 September 2005
R A D Keatinge*	appointed 3 July 2006
H N Reilly	Managing Director
T G Stannard*	appointed 30 March 2006
A J Walker*	appointed 30 March 2006
A J Wilson*	

* non-executive directors

The interests of the Directors in office at the end of the financial year in the shares of Brintons Limited were as follows:

Ordinary shares in Brintons Limited	At 1 July 2006 or subsequent date of appointment		At 2 July 2005 or subsequent date of appointment	
	'A' Ordinary shares of 25p each <i>No.</i>	'B' Ordinary shares of £1 each <i>No.</i>	'A' Ordinary shares of 25p each <i>No.</i>	'B' Ordinary shares of £1 each <i>No.</i>
Beneficial interests:				
M A C Brinton	401,762	55,918	401,762	55,918
C E Brinton-Hope	298,029	74,741	298,029	74,741
J B T Brinton	168,461	45,607	168,461	45,607
D C B Glencairn Campbell	379,976	183,738	273,837	183,738
R A D Keatinge	71,488	15,511	71,488	15,511
H N Reilly	-	855	-	855
	1,319,716	376,370	1,213,577	376,370
Non-beneficial interests:				
M A C Brinton	340	33,838	340	33,838
J B T Brinton	340	33,838	340	33,838
D C B Glencairn Campbell	77,518	24,224	77,518	24,224
	1,397,914	468,270	1,291,775	468,270

Save as stated herein, none of the Directors has any interest in the shares of the Company or of any other Group company.

Brintons Limited

Employment policies

The Company is concerned that all of its employees, wherever they are in the world, are treated with due respect and dignity. Discrimination of any form will not be tolerated and this includes discrimination or harassment on the grounds of sex, race, disability, age and religion or belief. Family friendly and equal opportunities policies are followed.

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.

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.

Responsibilities of directors

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and the parent company financial statements in accordance with UK Accounting Standards.

The Group and parent company financial statements are required by law to give a true and fair view of the state of affairs of the Group and the parent company and of the profit or loss for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent company will continue in business.

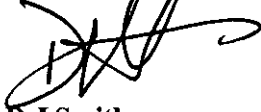
The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Brintons Limited

Auditors

A resolution for the re-appointment of KPMG LLP as auditor of the Company is to be proposed at the forthcoming annual general meeting.

By order of the Board

A handwritten signature in black ink, appearing to be 'D J Smith', written over the printed name.

D J Smith

Secretary

29 September 2006

Brintons Limited

Independent Auditor's Report to the Members of Brintons Limited

We have audited the Group and parent company financial statements (the "financial statements") of Brintons Limited for the year ended 1 July 2006 which comprise the Group Profit and Loss Account, the Group and Company Balance Sheets, the Group Cash Flow Statement, the Group Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

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.

Brintons Limited

Independent Auditor's Report to the Members of Brintons Limited (continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the Group's and the parent company's affairs as at 1 July 2006 and of the Group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor
29 September 2006

Brintons Limited

Consolidated Profit and Loss Account for the 52 weeks ended 1 July 2006

	Notes	2006 £'000	2005 (restated) £'000
Turnover:			
Continuing operations		94,116	90,915
Discontinued operations		197	-
Total turnover	3	94,313	90,915
Net operating expenses: - normal	4	(93,140)	(90,122)
- exceptional	4, 6	1,296	2,608
Total operating costs		(91,844)	(87,514)
Operating profit	5	2,469	3,401
Analysed as follows:			
Continuing operations		2,587	3,430
Discontinued operations	15	(118)	(29)
		2,469	3,401
Loss on sale of business	6, 15	(96)	-
Provision for loss on termination of operation	6	-	(1,189)
Exceptional profit on disposal of fixed assets	6	4,123	-
Profit on ordinary activities before interest		6,496	2,212
Net interest receivable/(payable)	7	56	(449)
Profit on ordinary activities before tax		6,552	1,763
Taxation	11	556	(74)
Profit on ordinary activities after tax, and for the financial year	21	7,108	1,689

Brintons Limited

Consolidated Statement of Total Recognised Gains and Losses for the 52 weeks ended 1 July 2006

	Notes	2006		2005	
		£'000	£'000	£'000	£'000
Profit for the financial year			7,108		1,689
Net exchange (losses)/gains on retranslation of subsidiary undertakings and related borrowings		(1,394)		1,261	
Actuarial gains/(losses):					
Company defined benefit pension scheme	24	500		166	
Company post-retirement medical benefit scheme		51		29	
Company ex-gratia pension scheme		8		(16)	
Taxation	11	(167)		246	
	21		(1,002)		1,686
Total recognised gains and losses relating to the financial year			6,106		2,432
Prior year adjustments:					
FRS17 - retirement benefits			-		(8,928)
FRS21 - dividends	12, 21		708		-
Total recognised gains and losses since the last annual report			6,814		(6,496)

Brintons Limited

Balance sheets at 1 July 2006

	Notes	Group		Company	
		2006	2005 (restated)	2006	2005 (restated)
		£'000	£'000	£'000	£'000
Fixed assets					
Goodwill	13	504	779	-	-
Tangible assets	14	27,414	30,942	16,302	17,120
Investments	15	-	-	7,771	8,595
		<u>27,918</u>	<u>31,721</u>	<u>24,073</u>	<u>25,715</u>
Current assets					
Stocks	16	20,079	21,753	14,113	14,662
Debtors	17	16,630	18,992	15,960	19,611
Cash at bank and in hand		3,693	3,390	2,397	24
		<u>40,402</u>	<u>44,135</u>	<u>32,470</u>	<u>34,297</u>
Creditors: amounts falling due within one year	18	(17,573)	(26,197)	(16,959)	(20,995)
Net current assets		<u>22,829</u>	<u>17,938</u>	<u>15,511</u>	<u>13,302</u>
Total assets less current liabilities		<u>50,747</u>	<u>49,659</u>	<u>39,584</u>	<u>39,017</u>
Creditors: amounts falling due after more than one year	18	(118)	(194)	(118)	(194)
Provisions for liabilities and charges	19	(2,173)	(1,899)	(2,035)	(1,416)
Net assets excluding pension liabilities		<u>48,456</u>	<u>47,566</u>	<u>37,431</u>	<u>37,407</u>
Pension liabilities	24	(5,631)	(9,904)	(5,631)	(9,904)
Net assets including pension liabilities		<u>42,825</u>	<u>37,662</u>	<u>31,800</u>	<u>27,503</u>
Capital and reserves					
Called up share capital	20	4,025	4,025	4,025	4,025
Profit and loss account	21	38,800	33,637	27,775	23,478
Equity shareholders' funds	21	<u>42,825</u>	<u>37,662</u>	<u>31,800</u>	<u>27,503</u>

The financial statements on pages 7 to 32 were approved by the board of directors on 29 September 2006 and signed on its behalf by:



M A C Brinton
Chairman

Brintons Limited

Consolidated Cash Flow Statement for the 52 weeks ended 1 July 2006

	Notes	2006 £'000	2005 £'000
Net cash inflow from operating activities	22(a)	6,047	723
Returns on investment and servicing of finance			
Interest received		306	257
Interest (paid)		(621)	(878)
		(315)	(621)
Taxation			
Overseas tax (paid)		(227)	(897)
Capital expenditure			
Purchase of tangible fixed assets	14	(1,802)	(2,290)
Receipts from sales of tangible fixed assets:			
Exceptional	6	4,773	-
Normal		84	498
Receipt of government grants		-	87
		3,055	(1,705)
Disposals			
Deferred consideration received		181	181
Net cash outflow arising from sale of business	15	(417)	-
		(236)	181
Equity dividends paid	12	(943)	(943)
Cash inflow/(outflow) before financing		7,381	(3,262)
Financing			
Loans (repaid)	22(e)	(7,163)	(3,303)
Leases capital element (repaid)/taken out	22(e)	(109)	323
Increase/(decrease) in cash in the year	22(b)	109	(6,242)

Brintons Limited

Notes to the Financial Statements for the 52 weeks ended 1 July 2006

1 Principal accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group's financial statements:

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom and in accordance with the historical cost convention. The Group and Company have adopted FRS 21 (Events after the Balance Sheet Date) in these financial statements. The comparative figures have been restated accordingly (see note 2). The financial statements are for a 52-week period (2005: 52-weeks).

Basis of consolidation

The consolidated financial statements comprise the accounts of the Company and its subsidiary undertakings made up to 1 July 2006.

Where the accounting reference date of a subsidiary undertaking is 31 March, a statutory reporting pack for the 12 months to 1 July has been used in the consolidation.

The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

Goodwill

Purchased goodwill (both positive and negative) arising on consolidation in respect of acquisitions before 28 June 1998, when FRS10 'Goodwill and Intangible Assets' was adopted, was written off to reserves in the year of acquisition. When a subsequent disposal occurs any related goodwill previously written off to reserves is written back through the profit and loss account as part of the profit or loss on disposal.

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on consolidation in respect of acquisitions since 28 June 1998 is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life subject to a maximum of 20 years.

On the subsequent disposal or termination of a business acquired since 28 June 1998, the profit or loss on disposal or termination is calculated after charging the unamortised amount of any related goodwill.

Fixed asset investments

Investments in subsidiary undertakings are generally stated at original cost. However, where the investments are denominated in foreign currency and hedged by foreign currency borrowings they are re-translated at closing exchange rates. Provision is made for diminutions in value.

Brintons Limited

1 Principal accounting policies (continued)

Depreciation of tangible fixed assets

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

Freehold buildings	- 20-40 years
Leasehold buildings	- 40 years or the lease term if shorter
Motor cars	- 4 years
Commercial vehicles	- 10 years
Plant and equipment	- 3-10 years

Freehold land and assets in the course of construction are not depreciated.

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

Foreign currencies

Company

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction or at the rate of exchange of the related forward currency contract. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date or if appropriate at the forward contract rate. All gains and losses on translation are included in 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 profit and loss accounts of overseas subsidiary undertakings are consolidated at average exchange rates. The assets and liabilities of overseas subsidiary undertakings 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 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.

Government grants

Capital based government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the estimated useful economic lives of the assets to which they relate. Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

Retirement 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.

Brintons Limited

1 Principal accounting policies (continued)

Retirement benefits (continued)

Defined benefit schemes

Pension scheme assets are measured at market values. The liabilities of pension schemes and other post-retirement benefits are measured using the projected unit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liability. The pension scheme deficit is recognised in full. The movement on the scheme deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses.

The gross deficit in the balance sheet is net of deferred tax where appropriate. The Group's principal defined benefit pension scheme was closed to future accruals during the year (see note 24).

Stocks

Stocks are stated 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.

Deferred taxation

Deferred taxation is recognised (without discounting), in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS19 'Deferred Tax'.

Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent 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 period of the lease.

Brintons Limited

2 Changes in accounting policy and presentation

As explained in note 1, the Group has adopted FRS 21 and as a result, comparative figures for the 52 weeks ended 2 July 2005 have been adjusted as follows:

	Group		Company	
	Profit for the year after dividends £'000	Net assets £'000	Profit for the year after dividends £'000	Net assets £'000
As previously reported	746	36,954	898	26,795
Prior year adjustment (note 21)	-	708	-	708
As restated	746	37,662	898	27,503

Current year profit before tax is unaffected by the adoption of FRS 21. Dividends payable have been eliminated from the balance sheet (see note 18) and the dividend charge comprises only those dividends that have been paid during the financial year (see note 12).

3 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 for commercial reasons and therefore no disclosure has been made.

4 Operating expenses

	2006					
	Continuing		Discontinued		Total	
	Normal	Exceptional (note 6)	Normal	Exceptional (note 6)	Normal	Exceptional (note 6)
	£'000	£'000	£'000	£'000	£'000	£'000
Change in stocks of finished goods & work in progress	243	-	71	-	314	-
Own work capitalised	-	-	-	-	-	-
Other operating income	(233)	-	-	-	(233)	-
Raw materials and consumables	24,793	-	(27)	-	24,766	-
Other external charges	6,726	-	18	-	6,744	-
Staff costs (note 9)	35,295	(1,203)	239	7	35,534	(1,196)
Depreciation of tangible fixed assets	3,709	-	-	-	3,709	-
Amortisation of goodwill	275	-	-	-	275	-
Other operating charges	21,924	-	107	(100)	22,031	(100)
	92,732	(1,203)	408	(93)	93,140	(1,296)

Brintons Limited

4 Operating expenses (continued)

	Continuing		2005 Discontinued		Total	
	Normal	Exceptional	Normal	Exceptional	Normal	Exceptional
	£'000	(note 6) £'000	£'000	(note 6) £'000	£'000	(note 6) £'000
Change in stocks of finished goods						
& work in progress	205	-	-	-	205	-
Own work capitalised	(3)	-	-	-	(3)	-
Other operating income	(263)	-	-	-	(263)	-
Raw materials and consumables	23,275	-	-	-	23,275	-
Other external charges	6,062	300	4	-	6,066	300
Staff costs (note 9)	35,776	-	-	-	35,776	-
Depreciation of tangible fixed assets	3,806	-	-	-	3,806	-
Amortisation of goodwill	275	-	-	-	275	-
Other operating charges	20,960	(2,908)	25	-	20,985	(2,908)
	<u>90,093</u>	<u>(2,608)</u>	<u>29</u>	<u>-</u>	<u>90,122</u>	<u>(2,608)</u>

5 Operating profit

		2006 £'000	2005 £'000
This is stated after charging:			
Auditors' remuneration - audit services	- UK (Company)	78	76
	- other UK	9	16
	- overseas	74	66
		<u>161</u>	<u>158</u>
- non-audit services	- UK (Company)	128	102
	- other UK	6	(1)
	- overseas	61	77
		<u>195</u>	<u>178</u>
Research and development expenditure		<u>783</u>	<u>801</u>
Operating lease rentals	- plant and machinery	100	151
	- land and buildings	622	925
		<u>722</u>	<u>1,076</u>
Government grants	- amortisation of capital grants	(40)	(28)
	- revenue grants receivable	(65)	(99)
		<u>(105)</u>	<u>(127)</u>

Brintons Limited

6 Exceptional (income)/costs

	2006 £'000	2005 £'000
Recognised in arriving at operating profit:		
Redundancy costs	7	-
Release of 2005 provision for operating losses of Narrowloom Wilton carpet manufacturing operations up to date of cessation	(100)	-
Curtailment gains:		
UK defined benefit pension scheme (note 24)	(1,100)	-
UK post retirement medical scheme	(103)	-
Other provisions	-	(2,608)
	<u>(1,296)</u>	<u>(2,608)</u>
Recognised below operating profit:		
Loss on sale of business	526	-
Provision for loss on termination of operations	(430)	1,189
	<u>96</u>	<u>1,189</u>

The Group sold surplus land and buildings during the year giving rise to an exceptional profit on disposal of £4,123,000. No tax is expected to be payable on the transactions because brought-forward tax losses have been utilised to offset the chargeable gains arising.

7 Net interest (receivable)/payable

	2006 £'000	2005 £'000
Interest payable and similar charges:		
Interest on bank loans and overdrafts	699	782
Net interest charge on Company post-retirement medical scheme*	85	85
Net interest charge on Company ex-gratia pension scheme*	9	12
Finance charges payable under finance leases & hire purchase contracts	31	42
Other interest payable and similar charges	6	76
Other interest receivable and similar income:		
Bank interest	(222)	(274)
Net interest credit on Company defined benefit pension scheme*	(400)	(200)
Corporation tax repayment supplements	(12)	-
Other interest receivable and similar income	(74)	(74)
Exchange gains	(178)	-
Net interest (receivable)/payable	<u>(56)</u>	<u>449</u>

Brintons Limited

7 Net interest (receivable)/payable (continued)

- * FRS17: the difference between the long-term expected return on the scheme's assets and the expected increase in the present value of the scheme's liabilities is as follows:

	Defined benefit pension scheme (note 24) £'000	Post- retirement medical benefits £'000	Ex-gratia pensions £'000	Total £'000
Long-term expected return on the scheme's assets	3,500	-	-	3,500
Expected increase in the present value of the scheme's liabilities	(3,100)	(85)	(9)	(3,194)
Net interest receivable/(payable)	400	(85)	(9)	306

8 Directors' emoluments

	2006 £'000	2005 £'000
<i>Total emoluments (excluding pension contributions):</i>		
Emoluments and benefits ⁽¹⁾	446	448
Compensation for loss of office	-	297
	446	745
<i>Pension contributions:</i>		
Company contributions paid to defined benefit pension schemes	116 ⁽²⁾	41
Company contributions paid to defined contribution pension schemes	26	25
	142	66
	No.	No.
Number of directors who were members of defined benefit pension schemes at year end	2	3
Number of directors who were members of defined contribution pension schemes at year end ⁽³⁾	2	1
	4	4
<i>Highest paid director:</i>	£'000	£'000
Emoluments and benefits (excluding pension contributions)	166	155
Company contributions paid to defined contribution pension scheme ⁽³⁾	26	25

The amount of the annual pension that would be payable to the highest paid director, under the Company's defined benefit pension scheme, when he reached normal pension age if he left the Company's service at the end of the financial year is £24,435 p.a. (2005: highest paid director - £20,240 p.a.).

⁽¹⁾ includes £18,750 (2005: £36,250) payable (in aggregate) to third parties for the services of J B T Brinton and J R Harris (2005 only) as non-executive directors.

⁽²⁾ includes a pension-scheme top-up of £72,907 (2005: £nil) in respect of E P Gardiner to offset the impact of early retirement.

⁽³⁾ one current director has a funded unapproved defined contribution scheme (FURBS) in addition to being a member of the Company defined benefit scheme.

Brintons Limited

9 Staff costs

	2006	2005
	£'000	£'000
Staff costs (which includes Directors' remuneration) were as follows:		
Wages and salaries*	31,294	31,440
Social security costs	2,931	3,037
Other pension costs (amounts within operating profit):		
UK - defined benefit scheme (note 24)	1,000	900
- defined contribution schemes	64	250
- ex-gratia pensions	12	168
- post-retirement medical costs	95	-
Overseas schemes	138	(19)
	<u>35,534</u>	<u>35,776</u>
The monthly average number of employees during the year were:	No.	No.
Production	1,542	1,491
Sales, marketing, distribution and design	259	284
Engineering and technology	75	92
Administration and finance	155	153
	<u>2,031</u>	<u>2,020</u>

* Including redundancy costs and compensation for loss of office of £74,000 (2005: £365,000).

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 £4,849,000 (2005: profit of £1,841,000).

Brintons Limited

11 Taxation

	2006		2005	
(a) Analysis of (credit)/charge in the year	£'000	£'000	£'000	£'000
Profit and loss account:				
<i>Current tax charges/(credits):</i>				
UK corporation tax on profits of the year	-		-	
UK adjustments in respect of previous years	11		(259)	
		11		(259)
Overseas tax on profits of the year	221		200	
Overseas tax adjustments in respect of previous years	(11)		(2)	
		210		198
Total current tax charge/(credit)		221		(61)
<i>Deferred taxation (note 19):</i>				
Origination and reversal of timing differences	1,059		300	
Adjustment in respect of prior year	(371)		(165)	
		688		135
<i>Deferred taxation (retirement benefits):</i>				
Origination and reversal of timing differences	725		-	
Adjustment in respect of prior year	(2,190)		-	
		(1,465)		-
Tax on profit on ordinary activities		(556)		74
Statement of total recognised gains and losses:				
<i>Deferred taxation (retirement benefits):</i>				
Origination and reversal of timing differences		167		(246)

(b) Factors affecting current tax charge for year

The tax assessed for the year is different to the standard rate of corporation tax in the UK (30%). The differences are explained below:	2006	2005
	£'000	£'000
Profit on ordinary activities before tax	6,552	1,763
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2005: 30%)	1,966	529
<i>Effects of:</i>		
Expenses not deductible for tax purposes	152	(863)
Tax losses not recognised/(utilisation of tax losses)	(1,027)	173
Non taxable income from the disposal of assets	(688)	-
Effect of overseas tax rates	137	(308)
Differences between depreciation and capital allowances	510	693
Non-taxable curtailment gains (UK defined benefit pension schemes)	(361)	-
Short term timing differences (UK defined benefit pension schemes)	(364)	-
Other short term timing differences	(104)	(24)
Adjustments to tax charge in respect of previous years	-	(261)
Current tax charge/(credit) for year	221	(61)

Brintons Limited

11 Taxation (continued)

(c) Factors that may affect future tax charges

The Group has tax losses available to carry forward of approximately £14.3m (2005: £13.5m) which have not been recognised as deferred tax assets.

The Group has operations in India where effective tax rates are currently lower than the standard rate of corporation tax.

12 Dividends

	2006	2005 (restated)
	£'000	£'000
Equity dividends paid on 'A' and 'B' ordinary shares:		
Relating to 2003/04 financial year:		
2 nd interim at 5.86%, paid 9 July 2004	-	236
3 rd interim at 5.86%, paid 8 October 2004	-	235
Final at 5.86%, paid 7 January 2005	-	236
Relating to 2004/05 financial year:		
1 st interim at 5.86%, paid 8 April 2005	-	236
2 nd interim at 5.86%, paid 8 July 2005	236	-
3 rd interim at 5.86%, paid 7 October 2005	235	-
Final at 5.86%, paid 6 January 2006	236	-
Relating to 2005/06 financial year:		
1 st interim at 5.86%, paid 7 April 2006	236	-
	<u>943</u>	<u>943</u>

The Group adopted Financial Reporting Standard no. 21 (FRS21) 'Events after the balance sheet date', during the year. Under FRS21, which became effective for accounting periods beginning on or after 1 January 2005, interim dividends that are declared but unpaid at the balance sheet date are not a liability at that balance sheet date because the Company's Articles of Association permit the Directors to reverse their decision to pay an interim dividend any time up to the date of payment.

Final dividends are not recognised as a liability of the Company until such time as the Director's recommendation is approved by Shareholders at the Annual General Meeting.

13 Goodwill

	£'000
Cost	
At 2 July 2005 and 1 July 2006	<u>1,375</u>
Amortisation	
At 3 July 2005	596
Charge for the year	275
At 1 July 2006	<u>871</u>
Net book value	
At 1 July 2006	<u>504</u>
At 2 July 2005	<u>779</u>

Brintons Limited

13 Goodwill (continued)

Goodwill arising on the acquisition of Woodward Grosvenor Holdings Limited is being amortised evenly over the Directors' estimate of its useful economic life of 5 years.

14 Tangible fixed assets

Group	Land & buildings		Vehicles, plant & equipment (owned)	Vehicles, plant & equipment (leased)	Assets in course of construction	Total
	Freehold £'000	Short leasehold £'000	£'000	£'000	£'000	£'000
Cost						
At 3 July 2005	19,114	3,001	76,882	489	418	99,904
Exchange adjustment	(364)	(95)	(1,349)	(4)	(24)	(1,836)
Reclassifications	28	1	1,025	-	(1,054)	-
Additions	23	-	337	-	1,442	1,802
Business sold	-	-	(491)	(57)	-	(548)
Disposals	(201)	(2,419)	(1,735)	(29)	-	(4,384)
At 1 July 2006	18,600	488	74,669	399	782	94,938
Depreciation						
At 3 July 2005	7,587	2,073	59,181	121	-	68,962
Exchange adjustment	(52)	(70)	(805)	(2)	-	(929)
Charge for year	527	23	3,061	98	-	3,709
Business sold	-	-	(491)	(57)	-	(548)
Disposals	(84)	(1,878)	(1,706)	(2)	-	(3,670)
At 1 July 2006	7,978	148	59,240	158	-	67,524
Net book value						
At 1 July 2006	10,622	340	15,429	241	782	27,414
At 2 July 2005	11,527	928	17,701	368	418	30,942

Included in freehold land and buildings is freehold land of £1,512,000 (£1,559,000) which is not depreciated.

Brintons Limited

14 Tangible fixed assets (continued)

Company	Land & buildings		Vehicles, plant & equipment (owned)	Vehicles, plant & equipment (leased)	Assets in course of construction	Total
	Freehold £'000	Short leasehold £'000	£'000	£'000	£'000	£'000
Cost						
At 3 July 2005	11,237	444	54,125	385	136	66,327
Additions	-	-	145	-	905	1,050
Reclassifications	-	-	345	-	(345)	-
Group transfers	-	-	1,308	-	-	1,308
Disposals	(50)	-	(485)	(29)	-	(564)
At 1 July 2006	11,187	444	55,438	356	696	68,121
Depreciation						
At 3 July 2005	4,772	104	44,284	47	-	49,207
Charge for year	277	11	2,473	90	-	2,851
Group transfers	-	-	294	-	-	294
Disposals	(48)	-	(483)	(2)	-	(533)
At 1 July 2006	5,001	115	46,568	135	-	51,819
Net book value						
At July 2006	6,186	329	8,870	221	696	16,302
At 2 July 2005	6,465	340	9,841	338	136	17,120

Included in freehold land and buildings is freehold land of £1,084,000 (2005: £1,086,000) which is not depreciated.

15 Fixed asset investments

Company	Shares in subsidiary undertakings £'000	Loans to subsidiary undertakings £'000	Total £'000
Cost			
At 3 July 2005	11,444	16,299	27,743
Additions	400	-	-
Disposals	(400)	-	-
Exchange adjustment	-	(531)	(531)
At 1 July 2006	11,444	15,768	27,212
Provision for diminution in value			
At 3 July 2005	2,849	16,299	19,148
Increase in provisions	824	-	824
Exchange adjustment	-	(531)	(531)
At 1 July 2006	3,673	15,768	19,441
Net book value			
At 1 July 2006	7,771	-	7,771
At 2 July 2005	8,595	-	8,595

On 28 October 2005, the Company subscribed for 100% of the issued share capital of The Grosvenor Wilton Co. Limited. On 31 October 2005, that investment was disposed of for £1.

Brintons Limited

15 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%	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	Australia	Ordinary shares	100%	Non trader (business sold in Jun 2004)
Brintons (France) SARL [*]	France	Ordinary shares	100%	Sale of high quality Axminster woven carpet & furnishings
Woodward Grosvenor Holdings Ltd [*]	UK	Ordinary shares	100%	Sale of high quality carpets
William Brinton Ltd [*]	UK	Ordinary shares	100%	Sale of high quality floor coverings

^{*} interests held directly by Brintons Limited

[†] accounting reference date is 31 March

All the above subsidiaries have been included in the consolidation. A full list of subsidiary undertakings at 1 July 2006 will be annexed to the Company's next Annual Return.

On 28 October 2005, the business and assets of the Narrowloom Wilton carpet manufacturing division of Woodward Grosvenor & Co. Limited were transferred to The Grosvenor Wilton Co. Limited, a newly created subsidiary of Brintons Limited. On 31 October 2005, the Group completed the sale of The Grosvenor Wilton Co. Limited to management of Woodward Grosvenor & Co. Limited, at which point operations discontinued.

The balance sheet of the Grosvenor Wilton Co. Limited comprised cash (£400,000) and stock (£103,000). After costs, the loss on disposal was £520,000. In addition, operating losses of £224,000 had been incurred in the period up to disposal.

An amount of £530,000 had been provided in last year's accounts for these losses. The balance of losses, £214,000 (£118,000 operating; £96,000 non-operating), has been reported this financial year.

Brintons Limited

16 Stocks

	Group		Company	
	2006	2005	2006	2005
	£'000	£'000	£'000	£'000
Raw materials and consumables	2,347	3,668	1,002	1,679
Work in progress	7,414	6,636	4,700	4,065
Finished goods	10,318	11,449	8,411	8,918
	<u>20,079</u>	<u>21,753</u>	<u>14,113</u>	<u>14,662</u>

17 Debtors

	Group		Company	
	2006	2005	2006	2005
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade debtors	13,169	15,188	7,453	7,372
Amounts owed by group undertakings	-	-	6,796	10,815
Other debtors	1,652	640	310	72
Prepayments and accrued income	1,628	1,776	1,363	1,341
Corporation tax recoverable	143	194	-	11
Amounts falling due after more than one year:				
Other debtors	38	1,194	38	-
	<u>16,630</u>	<u>18,992</u>	<u>15,960</u>	<u>19,611</u>

18 Creditors

	Group		Company	
	2006	2005	2006	2005
	£'000	(restated) £'000	£'000	(restated) £'000
Amounts falling due within one year:				
Bank overdrafts	896	639	-	158
Bank loans	2,557	9,884	2,557	9,884
Obligations under finance leases	96	130	96	130
Payments received on account	1,695	2,479	-	-
Trade creditors	5,593	5,598	4,629	4,520
Amount owed to group undertakings	-	-	6,062	2,796
Corporation tax	3	55	-	-
Other taxes and social security	1,940	1,797	1,175	1,109
Other creditors	852	634	670	507
Accruals and deferred income	3,941	4,981	1,770	1,891
	<u>17,573</u>	<u>26,197</u>	<u>16,959</u>	<u>20,995</u>
Amounts falling due after more than one year:	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Obligations under finance leases	118	194	118	194
Bank loans (unsecured) are due for repayment as follows:	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Within one year	2,557	9,884	2,557	9,884

Brintons Limited

19 Provisions for liabilities and charges

Group	Deferred taxation £'000	Other provisions £'000	Total £'000
At 3 July 2005	1,116	783	1,899
Exchange adjustment	(59)	(16)	(75)
Charge/(credit) to profit and loss account	688	(100)	588
Cash paid	-	(239)	(239)
At 1 July 2006	1,745	428	2,173

Having taken legal advice, the Directors consider that there are no further liabilities due in respect of the alleged misclassification of import tariffs, as reported last year.

Company	Deferred taxation £'000	Other provisions £'000	Total £'000
At 3 July 2005	1,116	300	1,416
Charge to profit and loss account	719	-	719
Cash paid	-	(100)	(100)
At 1 July 2006	1,835	200	2,035

Deferred taxation provided in the accounts is as follows:

	Group		Company	
	2006	2005	2006	2005
Deferred tax (assets)/liabilities:	£'000	£'000	£'000	£'000
Accelerated capital allowances	1,339	1,998	1,221	1,133
Other timing differences	(292)	(942)	(92)	(90)
Capital gains	1,125	686	1,125	686
Tax losses carried forward	(427)	(626)	(419)	(613)
	1,745	1,116	1,835	1,116

20 Called up share capital

Authorised:	2006 & 2005	
	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
	9,516,652	4,150

Allotted, called up and fully paid:	2006 & 2005	
	No.	£'000
'A' ordinary shares of 25p each	7,155,536	1,789
'B' ordinary shares of £1 each	2,236,116	2,236
	9,391,652	4,025

The 'A' and 'B' ordinary shares rank equally in respect of voting rights, rights to dividends and their priority and rights to distributions in respect of a winding up.

Brintons Limited

21 Reconciliation of shareholders' funds and movement on reserves

Group	Share capital £'000	Profit & loss account £'000	Total share- holders' funds £'000
At 4 July 2004, as previously reported	4,025	30,497	34,522
Prior year adjustment (see note 2)	-	708	708
At 4 July 2004, as restated	4,025	31,205	35,230
Profit for the year	-	1,689	1,689
Dividends	-	(943)	(943)
Other recognised net gains relating to the year	-	1,686	1,686
At 2 July 2005	4,025	33,637	37,662
Profit for the year	-	7,108	7,108
Dividends	-	(943)	(943)
Other recognised net losses relating to the year	-	(1,002)	(1,002)
At 1 July 2006	4,025	38,800	42,825
Consolidated profit and loss account reserve		2006	2005
		£'000	£'000
Profit and loss reserve excluding pension liability		44,431	43,541
Pension reserve (note 24)		(5,631)	(9,904)
Profit and loss reserve		38,800	33,637

The cumulative amount of goodwill written off to consolidated reserves in relation to acquisitions in previous years is £3,356,000 (2005: £3,356,000).

Company	Share capital £'000	Profit & loss account £'000	Total share- holders' funds £'000
At 4 July 2004, as previously reported	4,025	21,568	25,593
Prior year adjustment (see note 2)	-	708	708
At 4 July 2004, as restated	4,025	22,276	26,301
Profit for the year	-	1,841	1,841
Dividends	-	(943)	(943)
Other recognised net gains relating to the year	-	304	304
At 2 July 2005	4,025	23,478	27,503
Profit for the year	-	4,849	4,849
Dividends	-	(943)	(943)
Other recognised net gains relating to the year	-	391	391
At 1 July 2006	4,025	27,775	31,800
Company profit and loss account reserve		2006	2005
		£'000	£'000
Profit and loss reserve excluding pension liability		33,406	33,382
Pension reserve (note 24)		(5,631)	(9,904)
Profit and loss reserve		27,775	23,478

Brintons Limited

22 Notes to the consolidated cash flow statement

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

	2006 £'000	2005 £'000
Continuing activities:		
Operating profit	2,469	3,401
Non cash charges/(credits):		
(Profit)/loss on disposal of fixed assets	(20)	67
Depreciation of tangible fixed assets	3,709	3,806
Amortisation of goodwill	275	275
Amortisation of capital grants	(40)	(28)
Decrease/(increase) in stocks	1,196	(533)
Decrease in debtors	1,695	143
(Decrease) in creditors	(888)	(2,869)
(Decrease) in provisions:		
Curtailed gains on UK defined benefit pension schemes	(1,203)	-
Other decrease in pension provisions	(907)	(602)
Decrease in other provisions	(239)	(2,937)
Net cash inflow from operating activities	6,047	723

(b) Changes in net cash balances during the year

	2006 £'000	2005 £'000
At beginning of year	2,751	8,092
Net cash inflow/(outflow) before adjustments for the effects of foreign exchange rates	109	(6,242)
Effect of foreign exchange rates	(63)	901
At end of year	2,797	2,751

(c) Analysis of balances

	2006 £'000	2005 £'000	Change in year £'000	2005 £'000	2004 £'000	Change In year £'000
Cash at bank and in hand	3,693	3,390	303	3,390	11,662	(8,272)
Bank overdrafts	(896)	(639)	(257)	(639)	(3,570)	2,931
At end of year	2,797	2,751	46	2,751	8,092	(5,341)

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

	2006 £'000	2005 £'000
Increase/(decrease) in cash	109	(6,242)
Cash outflow from net decrease in loans and leases	7,273	2,979
Decrease/(increase) in net debt resulting from cash flows	7,382	(3,263)
Effect of foreign exchange rates	101	784
Movement in net debt	7,483	(2,479)
Net debt at beginning of year	(7,457)	(4,978)
Net cash/(debt) at end of year	26	(7,457)

Brintons Limited

22 Notes to the consolidated cash flow statement (continued)

(e) Analysis of net cash/(debt)

	At 3 July 2005 £'000	Cash flow £'000	Exchange movts £'000	At 1 July 2006 £'000
Cash at bank and in hand	3,390	427	(124)	3,693
Bank overdrafts	(639)	(318)	61	(896)
	2,751	109	(63)	2,797
Loans due within one year	(9,884)	7,163	164	(2,557)
Leases repayable within one year	(130)	34	-	(96)
Leases repayable after one year	(194)	76	-	(118)
	(7,457)	7,382	101	26

23 Analysis of changes in financing during the year

Group	2006		2005	
	Share capital £'000	Loans & leases £'000	Share capital £'000	Loans & leases £'000
Balance at beginning of year	4,025	10,208	4,025	13,070
Loans (repaid)/taken out – net	-	(7,163)	-	(3,303)
Leases taken out/(repaid) – net	-	(110)	-	324
Effect of foreign exchange rates	-	(164)	-	117
Balance at end of year	4,025	2,771	4,025	10,208

24 Retirement benefits

The Group operates a number of pension schemes throughout the world, being defined benefit and defined contribution in nature. The assets of all pension schemes are held separately from those of Group companies in independently administered funds.

A consolidation of UK pension schemes took place during the year. The UK defined benefit scheme was closed to future accruals on 30 June 2006. On the same date, two UK defined contribution schemes were closed to future contributions. With effect from 1 July 2006, existing members of closed schemes were offered membership of a new, defined contribution stakeholder plan, applicable to all UK employees.

UK defined contribution pension schemes

The pension cost charge for the year is disclosed in 'Staff Costs' (note 9). The unpaid employers' contributions outstanding at the year-end, included in 'Accruals and deferred income' (note 18), are £17,799 (2005: £20,861).

Brintons Limited

24 Retirement benefits (continued)

UK (& Company) defined benefit pension scheme and other post-retirement benefits

Summary of FRS 17 deficits:

	2006			2005		
	Gross deficit £'000	Related deferred tax asset £'000	Net deficit £'000	Gross Deficit £'000	Related deferred tax asset £'000	Net deficit £'000
Defined benefit pension scheme	7,000	(2,100)	4,900	9,800	(992)	8,808
Post-retirement medical benefits	892	(268)	624	1,056	(107)	949
Ex-gratia pensions	153	(46)	107	164	(17)	147
Total pension scheme liabilities	8,045	(2,414)	5,631	11,020	(1,116)	9,904

Based on the actuarial valuation methodology prescribed by FRS 17, a net deficit on the UK defined benefit pension scheme has been identified as follows:

FRS 17 valuation of UK defined benefit pension scheme:

Date of most recent full actuarial valuation				01 July 2004		
Name of actuary	KPMG LLP			RP Higgins FFA		
Main assumptions:	1 July 2006	2 July 2005	3 July 2004			
Rate of increase in salaries	n/a	3.6% p.a.	3.5% p.a.			
Rate of increase of pensions in payment	2.75% p.a.	2.1% p.a.	2.5% p.a.			
Rate used to discount scheme liabilities	5.4% p.a.	5.2% p.a.	5.8% p.a.			
Inflation assumption	2.85% p.a.	2.6% p.a.	3.0% p.a.			
	Fair value at 1 July 2006 £'000	Long-term expected rate of return %	Fair value at 2 July 2005 £'000	Long-term expected rate of return %	Fair value at 3 July 2004 £'000	Long-term expected rate of return %
Fair value and expected return on assets:						
Equities	35,600	8.0%	38,500	8.0%	36,400	8.0%
Bonds	20,400	5.0%	12,000	4.8%	8,300	5.3%
Total market value of scheme assets	56,000		50,500		44,700	
Present value of scheme liabilities	(63,000)		(60,300)		(55,300)	
Deficit in the scheme	(7,000)		(9,800)		(10,600)	
Related deferred tax asset	2,100		992		890	
Net pension liability	(4,900)		(8,808)		(9,710)	

Brintons Limited

24 Retirement benefits (continued)

FRS 17 Valuation (continued)

UK defined benefit scheme (continued)

	52 weeks ended 1 July 2006	52 weeks ended 2 July 2005
Movement in scheme deficit during the year	£'000	£'000
Deficit in scheme at beginning of the year	(9,800)	(10,600)
Movement in year:		
Current service cost	(1,000)	(900)
Contributions	1,800	1,334
Curtailment gain	1,100	-
Other finance income	400	200
Actuarial gain	500	166
Deficit in scheme at end of the year	(7,000)	(9,800)
Amount charged to operating profit:	£'000	£'000
Current service cost (note 9)	1,000	900
Curtailment gain	(1,100)	-
	(100)	900
Analysis of amounts credited to profit and loss interest charge (note 7):	£'000	£'000
Expected return on pension scheme assets	3,500	3,300
Interest on pension scheme liabilities	(3,100)	(3,100)
Net return	400	200
Analysis of amount recognised in Statement of Total Recognised Gains & Losses (STRGL):	£'000	£'000
Actual return less expected return on assets	3,100	3,966
Experience gains and losses arising on liabilities	1,900	(900)
Assumption changes regarding present value of liabilities	(4,500)	(2,900)
Actuarial gain recognised in STRGL	500	166

History of experience gains and losses

	2006 £'000	2005 £'000	2004 £'000	2003 £'000	2002 £'000
Actual return less expected return on assets	3,100	3,966	2,718	(6,600)	(10,300)
Percentage of scheme assets	6%	8%	6%	(16)%	(22)%
Experience gains and losses arising on liabilities	1,900	(900)	400	300	(1,800)
Percentage of present value of scheme liabilities	3%	(1)%	1%	1%	(3)%
Total amount recognised in STRGL	500	166	2,918	(7,900)	(4,900)
Percentage of present value of scheme liabilities	1%	0%	5%	(14)%	(9)%

Brintons Limited

24 Retirement benefits (continued)

Statutory triennial valuation of UK defined benefit scheme:

Date of most recent valuation	1 July 2004
Main assumptions:	
Rate of return on investments (pre-retirement)	7.7% p.a.
Rate of return on investments (in retirement)	5.1% p.a.
Pension increases	between 0.0% p.a. and 3.1% p.a.
Price inflation	3.1% p.a.
Market value of scheme's assets	£44.6m
Level of funding being the actuarial value of assets (using the defined accrued benefit method) 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	82%

Other UK post-retirement benefits

In addition to the defined benefit pension scheme, the Company provides unfunded post-retirement medical arrangements and unfunded ex-gratia pensions to a number of former employees. These schemes are accounted for in accordance with FRS 17. The charge to the profit and loss account is disclosed in 'Net Interest (Receivable)/Payable' (note 7) and 'Staff Costs' (note 9) and the actuarial gains and losses are disclosed in the statement of total recognised gains and losses.

At the year end, 39 (2005: 46) pensioners had entitlement to unfunded post-retirement medical benefits. The estimated liability in respect of these benefits is £892,000 (2005: £1,056,000). 83 (2005: 90) pensioners had entitlement to ex-gratia pensions. The estimated liability in respect of these benefits is £153,000 (2005: £164,000).

Overseas pension schemes

The aggregate pension cost charge for the year for overseas pension schemes is disclosed in 'Staff Costs' (note 9).

The principal overseas scheme with a defined benefit aspect is operated by Brintons Pty Limited. The Company operated a defined benefit scheme until 1995 when the nature of the scheme changed to defined contribution (for new members) and defined contribution (with a defined benefit underpin) for existing members. The pension cost charge for the period was £33,000 (2005: £66,000).

The last full actuarial valuation of the scheme on which the actuary (Aon Consulting, Sydney) has reported was as at 1 July 2005. This valuation has been interpreted on a set of assumptions consistent with those required under FRS17. It shows that the market value of the scheme's assets were £1,800,000 (2005: £1,300,000) and that after taking account of the present value of the scheme's liabilities, the scheme shows a surplus of £280,000 (2005: surplus of £42,000).

Full FRS 17 disclosures for the scheme have not been disclosed because, in the opinion of the Directors, the amounts are not material.

25 Capital commitments

	Group		Company	
	2006	2005	2006	2005
	£'000	£'000	£'000	£'000
Amounts contracted for but not provided in the accounts	345	73	261	56

Brintons Limited

26 Guarantees

The Company has guaranteed the bank overdrafts of three subsidiary undertakings. In two instances the guarantees are unlimited (2005: unlimited) and £346,000 was utilised at 1 July 2006 (2005: £ nil).

In the third instance the Company has guaranteed the bank overdraft of a subsidiary undertaking to the extent of £1,117,000 (2005: £1,300,000), of which £746,000 was utilised at 1 July 2006 (2005: £605,000).

27 Annual commitments under non-cancellable operating leases

Group	2006		2005	
	Land & buildings £'000	Other £'000	Land & buildings £'000	Other £'000
Expiring within one year	21	20	-	75
Expiring between two and five years	536	148	467	109
Expiring after five years	20	3	107	-
	<u>577</u>	<u>171</u>	<u>574</u>	<u>184</u>

Company	2006		2005	
	Land & buildings £'000	Other £'000	Land & buildings £'000	Other £'000
Expiring within one year	-	9	-	47
Expiring between two and five years	305	136	301	31
Expiring after five years	7	-	35	-
	<u>312</u>	<u>145</u>	<u>336</u>	<u>78</u>

28 Transactions with directors & other related party transactions

During the year, the Group entered into transactions, in the ordinary course of business and under normal trading conditions, with a related party. Transactions entered into, and trading balances outstanding at 1 July 2006, are as follows:

Group	Purchases from related party		Amounts owed to related party	
	2006 £	2005 £	2006 £	2005 £
<i>Related party</i>				
Jules Brinton Limited (formerly Brinton Wade Limited)	<u>32,400</u>	<u>87,552</u>	<u>2,000</u>	<u>-</u>

Company	Purchases from related party		Amounts owed to related party	
	2006 £	2005 £	2006 £	2005 £
<i>Related party</i>				
Jules Brinton Limited (formerly Brinton Wade Limited)	<u>-</u>	<u>18,667</u>	<u>-</u>	<u>-</u>

Brinton Wade Limited changed its name to Jules Brinton Limited on 26 July 2005. The 2006 transactions were for consultancy services. The 2005 transactions were for consultancy services, public relations services, website development and window styling. Jules Brinton Limited (formerly Brintons Wade Limited) is a company controlled by J B T Brinton, son of M A C Brinton.