

Aerosol Products Limited

Directors' report and financial  
statements

Registered number 3843496

30 June 2004



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## Directors and advisors

<b>Directors:</b>	Dr C H B Honeyborne (Chairman) B H D Minto P B Loudon A Lindsay T N M Seaman N A Carmichael
<b>Secretary:</b>	C A Barnet
<b>Registered office:</b>	Middleton Way Middleton Manchester M24 4DP
<b>Registered Number:</b>	3843496
<b>Auditors:</b>	KPMG LLP St James' Square Manchester M2 6DS
<b>Solicitors</b>	Kuit, Steinart, Levy & Co 3 St Mary's Parsonage Manchester M3 2RD
<b>Bankers:</b>	Barclays Bank Plc M1 Corridor Corporate Business Centre Eagle Point 1 Capability Green Luton LU1 3US

## **Directors' report**

The directors present their annual report and the audited financial statements for the year ended 30 June 2004.

### **Principal activities**

The company manufactures aerosol products for the household and personal care markets.

### **Business review**

During the year the company continued to develop its operations and to invest in the latest technology.

It is the intention to keep the company's product range at the forefront of market requirements and to ensure that customers are served to their complete satisfaction.

### **Results and dividends**

Profit after tax for the year ended 30 June 2004 was £724,000 (2003: £437,000 loss).

The directors do not recommend the payment of a final dividend to ordinary shareholders (2003: *£nil*). The retained profit for the year has been transferred to reserves.

### **Policy on payment to suppliers**

All payments to suppliers are made on the basis of mutually agreed terms and conditions.

In accordance with SI 1997 No 571 The Companies Act 1985 (Directors Report) (Statement of Payment Practice) Regulation 1997, the company had 65 days (2003: 75 days) of purchases outstanding at the end of the financial period.

### **Market value of land and buildings**

In the opinion of the directors, the current open market value of land and buildings does not materially differ from the net book amount of £1,065,000 (2003: £1,095,000) shown in the accounts.

### **Employment of disabled persons**

The company aims to provide a working environment and to offer terms and conditions of service which allow disabled people with the necessary skills and qualifications to obtain employment with the company. If an employee becomes disabled while in the service of the company, he or she is, wherever practicable, retained in employment. Disabled people are afforded equal opportunities in recruitment, promotion and training.

### **Employee involvement**

The company is committed to communications with employees by way of briefings and information bulletins. The communications aim to achieve a common awareness on the part of all employees of the financial and economic factors affecting the performance of the company.

The company consults employees or their representatives on a regular basis so that the view of employees can be taken into account in making decisions which are likely to affect their interests.

### **Environmental policy**

The company places considerable importance on compliance with environmental standards and aims to ensure that it conforms to all relevant legislation and codes of practice.

## **Directors' report** *(continued)*

### **Directors and directors' interests**

The directors who held office during the year were as follows:

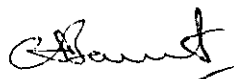
Dr C H B Honeyborne  
Mr B H D Minto  
Mr A Lindsay  
Mr P B Loudon  
Mr T N M Seaman  
Mr N A Carmichael

None of the directors are required to retire by rotation.

None of the directors had any interest in shares or debentures of the company.

No director, either during or at the end of the financial year, was materially interested in any contract that was significant in relation to the company's business.

By order of the board



**C A Barnet**  
*Secretary*

Middleton Way  
Middleton  
Manchester  
M24 4DP

## Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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



## KPMG LLP

St James' Square  
Manchester  
M2 6DS  
United Kingdom

### Report of the independent auditors to the members of Aerosol Products Limited

We have audited the financial statements on pages 6 to 20.

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 are responsible for preparing the directors' report and, as described on page 4, 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 1985. 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 company is not disclosed.

#### Basis of audit opinion

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

#### Going concern

In forming our opinion we have considered the adequacy of the disclosures made in the Basis of preparation note, concerning the uncertainties as to the company's funding. In view of the significance of this uncertainty we consider that these disclosures should be drawn to your attention, but our opinion is not qualified in this respect.

#### Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2004 and of the profit of the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG LLP*

KPMG LLP

Chartered Accountants  
Registered Auditor

26 August 2004

**Profit and loss account**  
*for the year ended 30 June 2004*

	<i>Note</i>	<b>2004</b> <b>£000</b>	2003 £000
<b>Turnover</b>		<b>32,981</b>	30,105
Cost of sales		<b>(23,422)</b>	(21,858)
<b>Gross profit</b>		<b>9,559</b>	8,247
Distribution costs		<b>(812)</b>	(696)
Administrative expenses		<b>(7,417)</b>	(6,942)
<b>Operating profit</b>	<i>1-4</i>	<b>1,330</b>	609
Other interest receivable and similar income	<i>5</i>	<b>12</b>	7
Interest payable and similar charges	<i>6</i>	<b>(623)</b>	(753)
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>719</b>	(137)
Tax on profit/(loss) on ordinary activities	<i>7</i>	<b>5</b>	(300)
<b>Profit on ordinary activities after taxation</b>		<b>724</b>	(437)
Undeclared non-equity preference dividend	<i>17</i>	<b>(88)</b>	(88)
<b>Retained profit/(loss) for the year</b>		<b>636</b>	(525)

All activities are derived from continuing operations.

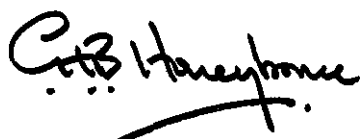
There are no recognised gains or losses other than those shown above.



**Balance sheet**  
**at 30 June 2004**

	<i>Note</i>	<b>2004 £000</b>	<b>2004 £000</b>	<b>2003 £000</b>	<b>2003 £000</b>
<b>Fixed assets</b>					
Intangible assets	8		5,023		5,350
Tangible assets	9		4,576		4,485
			<hr/>		<hr/>
			9,599		9,835
<b>Current assets</b>					
Stocks	10	972		1,054	
Debtors	11	1,886		1,070	
Cash at bank and in hand		209		236	
		<hr/>		<hr/>	
		3067		2,360	
<b>Creditors: amounts falling due within one year</b>	12	(9,959)		(10,397)	
		<hr/>		<hr/>	
<b>Net current liabilities</b>			(6,892)		(8,037)
<b>Total assets less current liabilities</b>			<hr/>		<hr/>
			2,707		1,798
<b>Creditors: amounts falling due after more than one year</b>	13		(185)		-
			<hr/>		<hr/>
<b>Net assets</b>			2,522		1,798
			<hr/>		<hr/>
<b>Capital and reserves</b>					
Called up share capital	16		1,500		1,500
Preference dividend reserve	17		176		88
Share premium account	17		25,600		25,600
Profit and loss account	17		(24,754)		(25,390)
			<hr/>		<hr/>
<b>Shareholders' funds</b>			2,522		1,798
			<hr/>		<hr/>
Attributable to equity shareholders			(12,654)		(13,290)
Attributable to non-equity shareholders			15,176		15,088
			<hr/>		<hr/>
			2,522		1,798
			<hr/>		<hr/>

These financial statements were approved by the board of directors on 18 August 2004 and were signed on its behalf by:



**Dr C H B Honeyborne**  
*Director*



**Mr T N M Seaman**  
*Director*

**Cash flow statement**  
*for the year ended 30 June 2004*

	2004 £000	2004 £000	2003 £000	2003 £000
<b>Net cash inflow from operating activities</b>		1,009		414
<b>Returns on investments and servicing of finance</b>				
Interest received	12		12	
Interest paid	(616)		(511)	
Interest element of finance lease rental payments	(7)		-	
	<hr/>		<hr/>	
<b>Net cash (outflow) from returns on investments and servicing of finance</b>		(611)		(499)
<b>Taxation</b>				
Consortium relief received	-		350	
Taxation	(19)		-	
	<hr/>		<hr/>	
<b>Net cash (outflow)/inflow from taxation</b>		(19)		350
<b>Capital expenditure</b>				
Disposal receipts	9		38	
Payments to acquire tangible fixed assets	(736)		(198)	
	<hr/>		<hr/>	
<b>Net cash (outflow) from capital expenditure</b>		(727)		(160)
<b>Cash inflow before financing</b>		<hr/> (348)		<hr/> 105
<b>Financing</b>				
Capital element of finance lease	321		-	
	<hr/>		<hr/>	
<b>Cash inflow from financing</b>		321		-
<b>(Decrease)/increase in cash in the period</b>		<hr/> (27)		<hr/> 105

**Notes to the cashflow statement**

**Reconciliation of operating profit to net cash flow from operating activities**

	2004 £000	2003 £000
Operating profit	1,330	609
Depreciation charges	641	669
(Profit)/Loss on sale of fixed assets	(6)	5
Goodwill amortisation	327	325
Decrease in stocks	82	523
(Increase)/decrease in debtors	(816)	467
(Decrease) in creditors	(549)	(2,184)
	<hr/>	<hr/>
<b>Net cash inflow from operating activities</b>	1,009	414

## Notes to the cash flow statement *(continued)*

### Reconciliation of net cash flow to movement in net (debt)/funds

	2004 £000	2003 £000
(Decrease)/increase in cash in the year	(27)	105
Change in net debt resulting from cash flows	(27)	105
New finance leases	(321)	-
Movement in net (debt)/funds in the year	(348)	105
Net funds at beginning of year	236	131
Net (debt)/funds at end of year	(112)	236

### Analysis of net debt

	At 1 July 2003 £000	Cash flow £000	Other non- cash changes £000	As at 30 June 2004 £000
Cash at bank and in hand	236	(27)	-	209
Finance leases	-	-	(321)	(321)
<b>Total</b>	236	(27)	(321)	(112)

**Reconciliation of movements in shareholders' funds**  
*for the year ended 30 June 2004*

	2004 £000	2003 £000
<b>Profit for the financial year</b>	<b>636</b>	<b>(525)</b>
Preference dividend reserve	<b>88</b>	<b>88</b>
	<hr/>	<hr/>
Net movement in shareholders' funds	<b>724</b>	<b>(437)</b>
Opening shareholders' funds	<b>1,798</b>	<b>2,235</b>
	<hr/>	<hr/>
<b>Closing shareholders' funds</b>	<b>2,522</b>	<b>1,798</b>
	<hr/>	<hr/>

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's accounts.

#### ***Basis of preparation***

The financial statements have been prepared under the historical cost convention, applicable accounting standards and the Companies Act 1985.

The company has made a number of changes to restructure its finances on 6 June 2002. The company meets its working capital requirements from trading and certain funding arrangements with Robert McBride Limited. These funding arrangements are as follows:

- On 1 July 2001 Robert McBride Limited entered into an arrangement with the company to purchase all finished goods stocks that existed on that date and agreed to purchase all finished goods produced thereafter at the date of completion of production.
- On 12 July 2001 Robert McBride Limited entered into an arrangement with the company to pay all sales invoices issued by the company as soon as practicable after receipt.

The directors have prepared a detailed cash flow projection and the company has received a letter from McBride plc, stating that it is their current policy to continue with the stock and debtor funding arrangements referred to above.

Based on this information, the directors consider it appropriate to prepare the accounts on the going concern basis. However, the margin of funding over requirements is not large and, inherently, there can be no certainty in relation to these matters. The accounts do not include any adjustments that would result in a withdrawal of the support of McBride plc.

#### ***Goodwill***

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arises on business combinations in respect of acquisitions capitalised.

Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life. Goodwill is being amortised over the directors' estimate of the useful life of 20 years following a detailed review of the factors affecting its durability including the life spans of the company's products, technology, the stability of the industry and the company's competitive position within it.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Fixed assets and depreciation*

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold buildings	-	50 years
Leasehold property	-	life of lease
Plant and fixtures	-	10 years
Computer equipment	-	5 years
Motor vehicles	-	4 years

No depreciation is provided on freehold land or assets in the course of construction.

#### *Stocks*

Stocks are stated at the lower of cost and net realisable value. The cost of raw materials and consumables is determined on a first in first out basis. For work in progress and finished goods, cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

#### *Taxation*

Corporation tax payable or receivable is provided on taxable profits or losses at the current rate.

Deferred tax 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.

#### *Foreign currencies*

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction or at the contracted rate if covered by a forward exchange contract.

Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

#### *Leases*

Assets acquired under finance leases are capitalised in the balance sheet and depreciated over their useful lives. The interest element is charged to the profit and loss account over the term of the contract.

Operating leases are charged to the profit and loss account on a straight line basis over the life of the operating lease.

#### *Turnover*

Turnover represents the amounts, excluding value added tax, derived from the provision of goods to Robert McBride Limited during the period.

#### *Pensions*

The company participates in the Robert McBride Pension Fund. The assets of the schemes are held separately from those of the company in independently administered funds. The scheme is a multi-employer scheme in which the company is unable to identify its share of the underlying assets and liabilities. Contributions to the scheme are charged to the profit and loss account in the year in which they are payable in accordance with FRS 17, which has been adopted by the company.

#### *Research and development expenditure*

Expenditure on research and development is written off against profits in the period in which it is incurred.

## Notes (continued)

### 2 Operating Profit

	2004 £000	2003 £000
<i>Operating profit is stated after charging</i>		
Depreciation	641	669
Amortisation of goodwill	327	325
Operating leases – hire of plant and machinery	70	23
Auditors' remuneration	15	15
Research and development expenditure	250	212
	<u>          </u>	<u>          </u>

### 3 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees 2004	2003
Operations	197	182
Finance and administration	29	26
	<u>          </u>	<u>          </u>
	226	208
	<u>          </u>	<u>          </u>

The aggregate payroll costs of these persons were as follows:

	2004 £000	2003 £000
Wages and salaries	3,757	3,340
Social security costs	327	282
Other pension costs	119	114
	<u>          </u>	<u>          </u>
	4,203	3,736
	<u>          </u>	<u>          </u>

### 4 Directors' emoluments

During the year the company paid fees of £25,000 (2003: £25,000) for the services of the chairman, Dr C H B Honeyborne. None of the other directors received any remuneration for their work as directors of the company. The companies employing the directors received £50,000 for providing the directors services.

## Notes (continued)

### 5 Other interest receivable and similar income

	2004 £000	2003 £000
Bank interest	12	7

### 6 Interest payable and similar charges

	2004 £000	2003 £000
Other interest	623	753

### 7 Taxation

	2004 £000	2003 £000
Tax charge for the period	1	21
Adjustment in respect of prior period	(6)	279
Total current tax and tax on loss on ordinary activities	(5)	300

#### *Factors affecting the tax (credit)/ charge for the period*

The current tax credit for the period is lower (2003: higher) than the standard rate of corporation tax in the UK (19%, 2003: 30%). The difference is explained below:

	2004 £000	2003 £000
Profit/(loss) on ordinary activities before tax	719	(137)
Current tax at 19% (2003: 30%)	136	(41)
Effects of:		
Tax on expenses not deductible for tax purposes	64	113
Tax on capital allowances for the year in excess of depreciation	118	193
Tax on other timing differences	(2)	4
Tax on losses carried forward	(6)	-
Adjustments in respect of prior periods	(31)	279
Utilisation of losses	(284)	(248)
Total current tax (credit)/charge	(5)	300



## Notes (continued)

### 8 Intangible fixed assets Goodwill

	£000
Cost at beginning and end of year	17,455
<i>Amortisation</i>	
At beginning of year	12,105
Charged in year	327
At end of year	12,432
<b>Net book value</b>	
<b>At 30 June 2004</b>	<b>5,023</b>
At 30 June 2003	5,350

### 9 Tangible fixed assets

	Freehold property £000	Plant and fixtures £000	Assets under construction £000	Total £000
<i>Cost</i>				
At beginning of year	1,207	5,736	-	6,943
Additions	-	603	133	736
Disposals	-	(8)	-	(8)
At end of year	1,207	6,331	133	7,671
<i>Depreciation</i>				
At beginning of year	112	2,346	-	2,458
Charged in year	30	611	-	641
Disposals	-	(4)	-	(4)
At end of year	142	2,953	-	3,095
<b>Net book value</b>				
<b>At 30 June 2004</b>	<b>1,065</b>	<b>3,378</b>	<b>133</b>	<b>4,576</b>
At 30 June 2003	1,095	3,390	-	4,485

Included in the net book value of freehold property at 30 June 2004 is freehold land of £51,000 (2003: £51,000) which is not depreciated.

Included in the cost of plant and fixtures at 30 June 2004 is £321,000 (2003: £Nil) of assets held under finance leases. The cumulative depreciation charge at 30 June 2004 on these assets is £Nil (2003: £Nil).

**Notes (continued)**

**10 Stocks**

	<b>2004</b>	2003
	<b>£000</b>	£000
Raw materials and consumables	969	1,051
Finished goods	3	3
	<u>972</u>	<u>1,054</u>

**11 Debtors**

	<b>2004</b>	2003
	<b>£000</b>	£000
Amounts owed by Robert McBride Limited	1,497	796
Other debtors	108	96
Prepayments and accrued income	281	178
	<u>1,886</u>	<u>1,070</u>

**12 Creditors: amounts falling due within one year**

	<b>2004</b>	2003
	<b>£000</b>	£000
Obligations under finance leases and hire-purchase contracts	136	-
Trade creditors	4,829	5,082
Amounts owed to Robert McBride Limited	2,274	2,367
Taxation and social security	577	566
Corporation tax	-	21
Other creditors	39	46
Accruals and deferred income	2,104	2,315
	<u>9,959</u>	<u>10,397</u>

## Notes (continued)

### 13 Creditors: amounts falling due after more than one year

	2004 £000	2003 £000
Obligations under finance leases and hire-purchase contracts	185	-

### 14 Obligations under finance leases

The maturity of obligation under finance leases and hire purchase contracts is as follows:

	2004 £000	2003 £000
Within 1 year	136	-
In the second to fifth years	185	-
	321	-

### 15 Provisions for liabilities and charges

The amounts for deferred taxation and the amounts not provided are set out below:

	2004 Provided £000	2004 Unprovided £000	2003 Provided £000	2003 Unprovided £000
Tax on losses carried forward	-	(2,368)	-	(2,819)
Accelerated capital allowances	-	(256)	-	(66)
Other timing differences	-	(35)	-	(85)
	-	(2,659)	-	(2,970)

The deferred tax asset has not been recognised as at 30 June 2004 because of the trading results to date.

### 16 Called up share capital

	2004 £	2003 £
<b>Authorised</b>		
Equity: 450 Ordinary A Shares of £1 each	450	450
450 Ordinary B shares of £1 each	450	450
11,000,000 A Preference shares of £0.10 each	1,100,000	1,100,000
4,001,000 Redeemable B preference shares of £0.10 each	400,100	400,100
	1,501,000	1,501,000
<b>Allotted, called up and fully paid</b>		
Equity: 50 Ordinary A Shares of £1 each	50	50
50 Ordinary B shares of £1 each	50	50
11,000,000 A Preference shares of £0.10 each	1,100,000	1,100,000
4,001,000 Redeemable B preference shares of £0.10 each	400,100	400,100
	1,500,200	1,500,200

## **Notes (continued)**

**The rights and privileges attaching to the 'A' preference shares in issue at 30 June 2004 are as follows:**

*a) Income*

Priority as to receipt of dividend paid as a fixed cumulative cash dividend at the rate of 0.8p per share per annum payable half yearly on 30 June and 31 December.

*b) Capital*

Priority, on a return of assets on liquidation, reduction of capital or otherwise, to all arrears and/or accruals of the fixed cumulative cash dividend together with any interest thereon.

Secondly, to an amount equal to the subscription price paid for the shares.

*c) Voting and attendance at general meetings*

The shares confer no voting rights.

*d) Redemption*

Following payment of the 'A' Preference and the 'A' Fixed dividends, the Company may redeem all or any of the 'A' Preference shares on 30 June and 31 December in each year commencing on 31 December 2002.

**The rights and privileges attaching to the 'A' Ordinary Shares are:-**

*a) Income*

Subject to payment in full of the 'A' Preference Share dividends and any arrears, a fixed cash dividend at the rate of £100,000 per issued share per annum, payable half yearly on 30 June and 31 December.

*b) Capital*

Subject to settlement of the rights and privileges attaching to the 'A' Preference Shares, an amount equal to £2,000,000 or such smaller amount as the Shareholders may agree in writing.

**The rights and privileges attaching to the 'B' Preference Shares are :-**

*a) Capital*

Subject to settlement of the rights and privileges attaching to the 'A' Preference and the 'A' Ordinary Shares, an amount equal to the subscription price paid.

*b) Voting*

The shares confer no voting rights.

*c) Redemption*

Following payment of the 'A' Preference and the 'A' ordinary dividends and redemption in full of the 'A' Preference shares, the company may redeem all or any of the 'B' Preference shares on 30 June and 31 December in each year which commenced on 31 December 2002.

**Notes (continued)**

**17 Share premium and reserves**

	Preference dividend reserve £000	Share premium Account £000	Profit and loss account £000
At beginning of year	88	25,600	(25,390)
Retained profit for the year	-	-	636
Credit in the year	88	-	-
	<hr/>	<hr/>	<hr/>
<b>At end of year</b>	<b>176</b>	<b>25,600</b>	<b>24,754</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**18 Commitments**

- a) Capital commitments at the end of the financial year for which no provision has been made, are as follows:

	2004 £000	2003 £000
Contracted	36	30
	<hr/>	<hr/>

- (b) Annual commitments under non-cancellable operating leases are as follows:

	2004		2003	
	Land and buildings £000	Other £000	Land and Buildings £000	Other £000
Operating leases which expire:				
Within one year	75	2	-	11
In the second to fifth years inclusive	-	39	150	8
Over five years	-	30	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	<b>75</b>	<b>71</b>	<b>150</b>	<b>19</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

## Notes (continued)

### 19 Related party transactions

During the year, the Company entered into certain transactions with Robert McBride Limited ('RMB'), a fellow undertaking of McBride Holdings Limited. Transactions with RMB during the year are summarised below.

Goods are purchased from the Company by RMB and sold to third party customers by RMB at nil gross margin. During the year sales of £32,981,000 (2003: £29,067,000) were made by the Company under these terms.

Additionally management services are provided by RMB under a Management Services Agreement. During the year £1,300,000 (2003: £1,000,000) was charged by RMB in respect of these services.

Interest was charged on loans and cash advanced by RMB during the year of £618,000 (2003: £758,000).

Balances outstanding between the Company and RMB at the year end were:

	2004 £000	2003 £000
Trade debtors	1,497	796
Other debtors	-	96
Other creditors	(2,274)	(2,367)

### 20 Pension scheme

The Company participates in the Robert McBride Pension Fund, a pension scheme providing benefits based on final pensionable pay. The scheme is a multi-employer scheme in which the Company is unable to identify its share of the underlying assets and liabilities and costs are recorded on a contribution basis.

The contributions are determined by a qualified actuary on the basis of triennial valuation using the projected unit method. The most recent valuation was at 31 March 2003. The assumptions which have the most significant effect on the results of the valuation were that price inflation would be 2.5% per annum, pensionable salary increases would be 4.0% per annum, pensions in payment increase would be 2.4% per annum and the investment return would be 5.3% per annum.

The most recent actuarial valuation showed that the market value of the scheme's assets was £32.9 million at 30 June 2003 and that the actuarial value of those assets represented 68.9% of the benefits that had accrued to members, after allowing for expected future increases in earnings. The Company and the trustees are aware that contributions at this level are not sufficient to meet the full cost of the liabilities. The rates of contributions payable will be reviewed over the next twelve months.

The pension charge for the year of £119,000 (2003: £114,000) includes £90,000 (2003: £88,000) in respect of the Robert McBride Pension Fund, £18,000 (2003: £16,000) in respect of the Company's defined contribution pension scheme and £11,000 (2003: £10,000) in respect of other schemes.

Contributions amounting to £3,000 (2003: £3,000) were payable to the Robert McBride Pension Fund at the year end and are included in accruals within creditors.