

The General Welfare of the Blind

(A registered charity and company limited by guarantee)

Accounts 31 March 2002

together with Council's and Auditors' reports

Charity number: 210794

Company number: 116713



The General Welfare of the Blind

Founded 1854

Registered in accordance with the National Assistance Act 1948

Registered under the Charities Act 1960

A company limited by guarantee

President

HRH The Duchess of Gloucester

Council Chairman

DF Calow

Vice Chairman and Hon. Treasurer

TB Burton FCA

Council Members

RA Barker

R Wilson

RW Lynes

Chief Executive

GP Robinson FCA

Secretary

J Kay

Headquarters

37/55 Ashburton Grove

London

N7 7DW

Trading Locations

Ashburton Grove

London

Hanover Trading Estate

London

Auditors

Deloitte & Touche

180 Strand

London WC2R 1BL

Bankers

Barclays Bank plc

54 Lombard Street

London EC3P 3AH

Investment Managers

Deutsche Asset Management Ltd

One Appold Street

London EC2A 2UU

Solicitors

Hammond Suddards Edge

7 Devonshire Square

Cutlers Gardens

London EC2M 4YH


Notice of annual general meeting

NOTICE IS HEREBY GIVEN that the 91st Annual General Meeting of the members of the above Company will be held at the headquarters of the Company at Ashburton Grove on 27 September 2002 at 10.30 a.m. for the following purposes:

- 1 To approve the minutes of the previous Annual General Meeting held on 14 December 2001 (Resolution No.1).
- 2 To approve and adopt the Council's report and annual accounts for the year ended 31 March 2002 and to receive the auditors' report (Resolution No.2).
- 3 To re-elect the following member of the Council who retires by rotation and, being eligible, will be proposed for re-election:

D.F. Calow (Resolution No.3).
- 4 To appoint Deloitte & Touche as auditors (Resolution No.4).
- 5 To transact any other ordinary business of the Company.

By Order of the Council



T.B. Burton
Council Member

27 September 2002

Annual Report of the Council

For the year ended 31 March 2002

The Council submits its report together with the audited financial statements for the year ended 31 March 2002.

Statement of Council Members' responsibilities

Company law requires the Council Members 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 income and expenditure of the Company for that period. In preparing those financial statements, the Council Members have:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- stated whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepared the financial statements on the going concern basis.

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

Principal Activities of the Company

The Company, which is a charity and trades under the name of GWB Products, employs blind and disabled people in supported factories in the manufacture of liquid products for the toiletry and household product markets, and in the manufacture of bedding products and in sales positions in the Company's telephone sales office.

Results

The net incoming resources from continued activities amounted to £114,063 (2001 - £174,310). A review of the Company's operations during the year is contained in the Chairman's statement on page 5.

Employees

The average number of persons employed by the Company throughout the year was 97 (2001 - 98) of whom 58 (2001: 58) were blind or disabled.

Council

The Council Members at the date of this report are shown on page 1. One third of council members retire each year, but are allowed to stand for re-election at the Annual General Meeting. The Council has an Audit committee and a Compensation committee.

Reserves policy

It is the policy of the Company to maintain unrestricted funds, which are the free reserves of the Company at a level to maintain income to finance the operation of the supported factories. This provides sufficient funds to cover management and administration and support costs as well as welfare payments and the cost of the sheltered housing.

Risk management

The Trustees have examined the major strategic, business and operational risks which the Company faces and confirm that systems have been established to enable regular reports to be produced so that the necessary steps can be taken to lessen these risks.

Investment policy and returns

The listed investments are held in the Charities Aid Foundation Balanced Growth Fund, the aim of which is to deliver a total return higher than the FTSE All-share index over a five year period. Following the fall in the stock market over the last year, in common with most investors the value of the investments fell during the year, but the fall was limited to some 3%.

The investment property continues to be held as a long term investment with the aim of achieving an acceptable annual rate of return in the region of 7% to 9%, which has been achieved.

Auditors

In the UK, an agreement for the partners and personnel of Arthur Andersen to join Deloitte & Touche was concluded on 31 July 2002. Arthur Andersen resigned as of that date and Deloitte & Touche have been appointed to fill the vacancy until the Annual General Meeting. A resolution proposing the appointment of Deloitte & Touche will be proposed at the Annual General Meeting.

This report was approved by the Council on 27 September 2002.



TB Burton

Council Member

Chairman's report

For the year ended 31 March 2002

Trading conditions in the manufacture of liquid products for the toiletry and household products markets have continued to be very difficult and our London factory has been heavily dependent upon supplying products for our own direct sales organisation, led by Christine Sylvester. The third party supply market continues to be 'cut throat' with price parameters overshadowing the quality which we know our factory produces. The bedding department has also found conditions in the last year difficult. Given these factors it is a creditable performance that we have achieved sales of almost £4.8 million (2001: £5.1 million – 2000: £4.4 million) and that our total net incoming resources in the year have amounted to £114,063.

The number of disabled people employed has remained constant at 58.

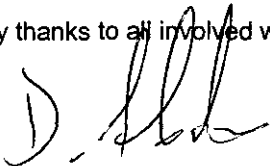
It is of concern to me that the amount of bureaucracy with which the executive has of necessity to deal with has increased yet again – need I say year on year – since a government elected on pledges to reduce red tape and make life easier for small businesses (let alone charities!).

Reports on training for progression of employees into open employment, which they do not want, and other audits which we are now subjected to, only serve to divert the attention and efforts of our very dedicated team of executives to what we believe are irrelevant requirements to an organisation such as ours. It is a great pity that the government agencies with which we deal seem unable to understand the needs of an organisation such as GWB or at least, do not seem to be in a position to influence the decision makers.

Whilst we have not yet concluded a contractual arrangement with Arsenal F.C. to acquire our factory in Ashburton Grove and to re-house us in a modern and refurbished factory, discussions are at an advanced stage and we are hopeful that they will be concluded shortly. Given the construction programme for the new Arsenal stadium we are hopeful we will be re-housed by the end of the year. A new factory site has been identified and the discussions on the terms of the lease are well advanced. Given the dreadful state of the surroundings and current environment at Ashburton Grove the proposed relocation cannot happen soon enough. My thanks to Graham Robinson and my colleague Robert Wilson for all the time and effort they have given to this very difficult, but vital, project.

Life in business rarely becomes easier, always new issues – new problems, I am only grateful that we have an executive and a Council which is able to take all of the problems in their stride and deal with them effectively.

My thanks to all involved with GWB in whatever capacity.



DF Calow

27 September 2002

Independent auditors' report

To the members of The General Welfare of the Blind

We have audited the financial statements of The General Welfare of the Blind for the year ended 31 March 2002 which comprise the Statement of financial activities, the Balance sheet, Cash flow statement and the related notes numbered 1 to 18. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of Council Members and auditors

The Council Members' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Council Members' Responsibilities. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 Annual Report of the Council 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.

We read the Annual Report of the Council and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of opinion

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

Independent auditors' report (continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31 March 2002 and of its incoming resources and application of resources expended for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in cursive script that reads "Deloitte & Touche".

Deloitte & Touche

Chartered Accountants and Registered Auditors

London

27 September 2002

Statement of financial activities

For the year ended 31 March 2002

	Notes	2002 £	Restated 2001 £
Incoming resources - all continuing activities			
Sales from supported factories		4,795,470	5,055,676
Capitations		698,830	701,498
Donations and legacies	2	96,158	118,925
Rental income		128,484	133,711
Employment Service capital grants		9,375	30,779
Sheltered housing income		12,375	11,740
Investment income	3	22,279	17,500
Profit on sale of fixed assets		3,311	736
Interest income		4,609	1,198
Total incoming resources		5,770,891	6,071,763
Cost of generating income			
Distribution costs		(2,533,746)	(2,575,716)
Net resources available		3,237,145	3,496,047
Charitable expenditure			
Benefits to the blind and disabled			
- supported factory costs		2,876,315	3,142,644
- welfare		58,589	62,810
- sheltered housing costs		6,452	5,183
Support costs		55,000	55,000
Management and administration of the charity		59,466	56,100
Total charitable expenditure		3,055,822	3,321,737
Luton property costs	6	67,260	-
Total resources expended	4	5,656,828	5,897,453
Net incoming resources – continuing activities	6	114,063	174,310
Unrealised losses on listed investments	8	(24,057)	(78,268)
Net movement in funds		90,006	96,042
Funds brought forward as previously reported	13	3,651,208	3,560,699
Prior year adjustment	13	102,288	96,755
Funds brought forward as restated	13	3,753,496	3,657,454
Net movement in funds		90,006	96,042
Fund balances carried forward	13	3,843,502	3,753,496

The Company has no recognised gains or losses other than those stated above. During the year the Company employed 58 (2001 - 58) blind and disabled people in supported factories and sales offices.

Balance sheet
As at 31 March 2002

	Notes	2002 £	Restated 2001 £
Fixed assets			
Tangible assets	7	978,754	1,022,438
Investments	8	2,292,403	2,316,460
		<u>3,271,157</u>	<u>3,338,898</u>
Current assets			
Stocks	9	849,885	830,011
Debtors	10	560,476	600,236
Cash		160,725	206,958
		<u>1,571,086</u>	<u>1,637,205</u>
Creditors: amounts falling due within one year	11	<u>(769,316)</u>	<u>(803,976)</u>
Net current assets		<u>801,770</u>	<u>833,229</u>
Total assets less current liabilities		<u>4,072,957</u>	<u>4,172,127</u>
Creditors: amounts falling due after more than one year	12	<u>(229,455)</u>	<u>(418,631)</u>
Net assets		<u>3,843,502</u>	<u>3,753,496</u>
General funds			
Realised		2,699,599	2,585,536
Unrealised	8	1,143,903	1,167,960
	13	<u>3,843,502</u>	<u>3,753,496</u>

The financial statements on pages 8 to 20 were approved by the Council on 27 September 2002.



DF Calow
Chairman



TB Burton
Honorary Treasurer

Cash flow statement
for the year ended 31 March 2002

	Notes	2002 £	Restated 2001 £
Net cash inflow from operating activities	16	32,840	193,333
Returns on investments and servicing of finance	17	140,404	123,999
Capital expenditure and financial investment	17	(41,069)	(59,730)
Cash inflow before financing		<u>132,175</u>	<u>257,602</u>
Financing	17	(178,408)	(52,679)
(Decrease)/Increase in cash in the year	18	<u>(46,233)</u>	<u>204,923</u>

Notes to the financial statements

For the year ended 31 March 2002

1 Accounting policies*a) Basis of preparation*

The financial statements have been prepared under the historical cost convention, with the exception of fixed asset investments which are included on a market value basis. The accounts, have been prepared in accordance with the 'Statement of Recommended Practice - Accounting and Reporting by Charities ("SORP")' issued in October 2000 (comparatives being restated) and applicable accounting standards. All income and expenditure is shown in the Statement of Financial Activities ('SOFA').

b) Company status

The Charity is a company limited by guarantee. The guarantors are the Council members of the General Welfare of the Blind. The liability in respect of the guarantee, as set out in the memorandum, is limited to £1 while a person is a Council member and for up to one year after ceasing to be a member. The Charity has availed itself of Paragraph 3 (3) of Schedule 4 of the Companies Act and adapted the Companies Act formats to reflect the special nature of the company's activities.

c) Fund accounting

General funds are available for use at the discretion of the Council in furtherance of the general objectives of the Charity.

d) Sales from supported factories

Sales represents the amount receivable for goods and services provided in the normal course of trading net of trade discounts, VAT and other sales related taxes.

e) Capitations

Capitations are received from local authorities in respect of blind and disabled employees and are credited in the period to which they relate.

f) Donations and legacies

Donations, legacies and other voluntary income are recognised on a receivable basis when the Council consider that such recognition is prudent and practicable and conditions for receipt have been met.

g) Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of the resources and the number of employees involved.

Central overheads are allocated on the basis of their use with the aim of ensuring that those costs remaining within administration relate to the management of the Charity's assets, organisational administration and compliance with constitutional and statutory requirements.

Notes to the financial statements (continued)

1 Accounting policies (continued)*h) Investments*

Investments are stated at market value. Market value of listed investments is taken to be the middle market price ruling at the balance sheet date. The freehold investment property is valued at open market value.

i) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost including any incidental expenses of acquisition.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost on a straight line basis at the following annual rates:

Freehold buildings	-	at varying rates between 0.5% and 1.5%
Leasehold buildings	-	life of lease
Plant and machinery	-	10%
Motor vehicles	-	25%
Computer equipment	-	20%

j) Stocks

Raw material and finished goods stocks are valued at the lower of cost and net realisable value. Cost in relation to manufactured products is the cost of labour and materials with a proportion of overhead expended added where appropriate.

k) Pension costs

The regular cost of providing pension and related benefits is charged to the SOFA over the employees' service lives on the basis of a constant percentage of earnings. Variations from regular cost, arising from periodic actuarial valuations are allocated over the expected remaining service lives of current employees on the basis of a constant percentage of current and estimated future earnings. Any difference between the charge to the SOFA and the contributions payable to the scheme is shown as an asset or a liability in the balance sheet.

l) Finance and operating leases

Rentals applicable to operating leases are charged to the SOFA over the period in which the cost is incurred.

Assets purchased under finance lease are capitalised in fixed assets. Obligations under such agreements are included in creditors. The difference between the capitalised cost and the total obligation under the lease represents the finance charges.

Finance charges are written-off over the period of the lease so as to produce a constant periodic rate of charge on fixed interest contracts.

Notes to the financial statements (continued)

1 Accounting policies (continued)

m) Capital grants from the Employment Service

Grants are receivable from the Employment Service in respect of certain plant and machinery. They are subject to conditions laid down by the Service and are repayable on a diminishing basis within five years of receipt if the plant and machinery in question is sold. In the past the grants were released to the SOFA in equal and annual instalments in line with the reduction in amount repayable if the plant were to be sold. However this treatment is not in accordance with the SORP which requires recognition on entitlement. Consequently the treatment has been corrected and the prior year restated (see note 13).

2 Donations and legacies

	2002 £	2001 £
Greater London Fund for the Blind	80,056	56,728
Legacies	7,700	50,255
Other donations	8,402	11,942
	<u>96,158</u>	<u>118,925</u>

3 Investment income

	2002 £	2001 £
Dividends receivable	<u>22,279</u>	<u>17,500</u>

4 Total resources expended

	Staff costs £	Other costs £	Allocated costs £	Total 2002 £	Total 2001 £
Benefits to the blind and disabled					
- supported factory costs	1,138,028	1,476,926	261,361	2,876,315	3,142,644
- welfare	-	58,589	-	58,589	62,810
- sheltered housing costs	-	6,452	-	6,452	5,183
Support costs	-	5,000	50,000	55,000	55,000
Management and administration of the charity	125,922	244,905	(311,361)	59,466	56,100
	<u>1,263,950</u>	<u>1,791,872</u>	<u>-</u>	<u>3,055,822</u>	<u>3,321,737</u>
Distribution costs	178,354	2,355,392	-	2,533,746	2,575,716
Luton property costs	-	67,260	-	67,260	-
Total resources expended	<u>1,442,304</u>	<u>4,214,524</u>	<u>-</u>	<u>5,656,828</u>	<u>5,897,453</u>

Notes to the financial statements (continued)

5 Staff costs

	2002 £	2001 £
Wages and salaries	1,291,141	1,255,914
Social security costs	87,006	87,248
Pension costs	64,157	67,757
	<u>1,442,304</u>	<u>1,410,919</u>

One employee earned between £50,000 and £55,000 (2001: 1).

The average number of employees, analysed by function was:

	2002 Number	2001 Number
Production	82	86
Distribution	10	7
Welfare	1	1
Management and administration of the charity	4	4
	<u>97</u>	<u>98</u>

6 Net incoming resources is stated after charging/(crediting):

	2002 £	2001 £
Depreciation		
- Hire purchase assets	3,766	10,013
- other	84,268	79,061
Surplus on sale of tangible fixed assets	(3,311)	(736)
Auditors' remuneration	15,000	15,500
Hire purchase interest	91	1,627
Luton property costs (see (a) below)	67,260	-
Operating lease rentals		
- plant and machinery	35,316	38,336
- land and buildings	95,100	95,100
Interest on bank loans falling due after more than five years	-	2,579
Interest on other bank loans and overdrafts	<u>14,877</u>	<u>24,204</u>

(a) The lease of the former supported factory in Luton was assigned in 1999. The assignee defaulted on its lease in July 2001, since which time the costs have reverted to the Company and the cost relating to the period ended 31 March 2002 amounted to £67,260. Steps are being taken to arrange a further assignment of the lease and no further provision for costs is considered to be necessary.

Notes to the financial statements (continued)

7 Tangible fixed assets

	Freehold land £	Freehold building £	Short leasehold £	Long leasehold £	Plant and machinery £	Total £
Cost						
1 April 2001	11,040	12,184	43,272	835,456	720,605	1,622,557
Additions	-	-	-	-	48,469	48,469
Disposals	-	-	-	-	(78,786)	(78,786)
31 March 2002					690,288	1,592,240
Depreciation						
1 April 2001	-	6,147	29,605	177,983	386,384	600,119
Charge for year	-	150	4,970	9,813	73,101	88,034
Disposals	-	-	-	-	(74,697)	(74,697)
31 March 2002		6,297	34,575	187,796	384,788	613,456
Net book value						
at 31 March 2002	11,040	5,887	8,697	647,660	305,500	978,784
at 31 March 2001	11,040	6,037	13,667	657,473	334,221	1,022,438

Plant and machinery includes assets with a net book value of £4,709 (2001 - £12,565) held under hire purchase agreements.

8 Fixed asset investments

	Listed investments £	Freehold property - Wigan £	Bank deposits £	Total £
Market value as at 1 April 2001	765,793	1,550,000	667	2,316,460
Transfer	(70)	-	70	-
Net investment losses	(24,057)	-	-	(24,057)
Market value as at 31 March 2002	741,666	1,550,000	737	2,292,403
Historical cost as at 31 March 2002	(631,513)	(516,250)	(737)	(1,148,500)
Unrealised gains at 31 March 2002	110,153	1,033,750	-	1,143,903
Unrealised gains at 31 March 2001	(134,210)	(1,033,750)	-	(1,167,960)
Net investment losses	(24,057)	-	-	(24,057)
Historical cost as at 31 March 2001	631,583	516,250	667	1,148,500
Market value of listed investments:-	£			
Charities Aid Foundation	741,666			

Notes to the financial statements (continued)

9 Stocks

	2002 £	2001 £
Raw materials and consumables	262,480	261,771
Finished goods	587,405	558,240
	<u>849,885</u>	<u>830,011</u>

10 Debtors

	2002 £	2001 £
Trade debtors	504,336	551,749
Other debtors	52,774	28,545
Prepayments and accrued income	3,366	19,942
	<u>560,476</u>	<u>600,236</u>

11 Creditors: amounts falling due within one year

	2002 £	2001 £
Bank loans and overdraft (See note 12)	114,500	100,350
Trade creditors	395,976	411,201
Other creditors	157,141	169,736
Other taxes and social security	62,694	80,311
Accruals	38,001	37,992
Hire purchase agreements	1,004	4,386
	<u>769,316</u>	<u>803,976</u>

Notes to the financial statements (continued)

12 Creditors: amounts falling due after more than one year

	2002 £	2001 £
Bank loan	33,205	222,381
Interest free loan from the Employment Service	196,250	196,250
	<u>229,455</u>	<u>418,631</u>
Bank loan		
The loan is repayable as follows:		
Between two and five years	33,205	222,381
Within one year	114,500	100,350
	<u>147,705</u>	<u>322,731</u>

The Barclays Bank plc loan is secured by way of a fixed charge over the company's listed investments and is for a period of 4 years. The charge which also covers the short term overdraft facilities, requires the minimum value of the listed investments to be greater than £400,000, subsequently reduced to £200,000. It is repayable by monthly instalments to include capital and interest. Interest is charged at 1.5% above base rate, subject to a minimum of 5.5%. It is anticipated that the loan will be repaid within 2 years.

The interest free loan from the Employment Service is repayable in the event of the premises at Ashburton Grove ceasing to be utilised for supported employment.

13 Funds and prior year adjustment

	Funds 2002 £	Funds 2001 £	Statement of Financial Activities 2001 £
Amounts brought forward as previously reported	3,651,208	3,560,699	90,509
Adjustment in respect of treatment of Employment Service capital grants	102,288	96,755	5,533
Amounts brought forward as restated	<u>3,753,496</u>	<u>3,657,454</u>	<u>96,042</u>
Net movement in funds	<u>90,006</u>	<u>96,042</u>	
Funds carried forward	<u>3,843,502</u>	<u>3,753,396</u>	

Notes to the financial statements (continued)

14 Financial commitments

i) Capital commitments

There was no capital expenditure authorised and contracted for at the year end (2001: nil).

ii) Operating leases

Annual commitments under non cancellable operating leases are as follows:

	2002		2001	
	Land and buildings £	Other £	Land and buildings £	Other £
Expiring:				
Within one year	-	1,262	-	3,507
In second to fifth years inclusive	60,100	29,956	60,500	19,087
After five years	35,000	-	35,000	1,160
	<u>95,100</u>	<u>31,218</u>	<u>95,100</u>	<u>23,754</u>

Leases of land and buildings are subject to regular rent reviews.

15 Pension costs

The Company operates a defined benefit final salary pension scheme for all permanent employees, the assets of which are held in a separate trustee administered fund. The funding of this scheme and the Company's pension cost are both determined based on advice provided by a professionally qualified actuary. The Company's pension costs for the year were £64,157 (2001 - £67,757) and were assessed using the Projected Unit Method together with the actuarial assumptions detailed below.

The pension scheme was formally valued at 1 April 2001 using the Projected Unit Method and assumed rates of investment return and earnings increases of 6.0% and 4.5% respectively. This valuation revealed that the scheme had assets with a market value of £8,901,000 and was funded to the extent of 117% of its liabilities on an on-going basis. As a result of the valuation, the Company contributes to the scheme at the recommended rate of 9.0% of pensionable salaries, which will continue for the next three years.

Additional disclosures regarding the Company's defined benefit pension scheme are required under the transitional provisions of FRS 17 "Retirement benefits" and these are set out below. The disclosures relate to the first year of the transitional provisions. They provide information which will be necessary for full implementation of the FRS 17 in the year ending 31 March 2004.

The actuarial valuation described above has been updated at 31 March 2002 by a qualified actuary using revised assumptions that are consistent with the requirements of FRS 17. Investments have been valued, for this purpose, at fair value.

Notes to the financial statements (continued)

15 Pension costs (continued)

The major assumptions used for the 31 March 2002 actuarial valuation were:

	2002
Rate of increase in salaries	5%
Discount rate	6.2%
Inflation assumption	3.0%

The fair value of the assets in the scheme, the present value of the liabilities in the scheme and the expected rate of return at the balance sheet date were:

	%	£
Equities and property	8.0	5,208,000
Gilts, bonds and cash	5.3	3,189,000
Total fair value of assets		8,397,000
Present value of scheme liabilities		(8,108,000)
Surplus in the scheme and net pension asset		289,000

16 Reconciliation of net incoming resources to operating cash flows

	2002 £	2001 £
Changes in resources before revaluation	114,043	174,310
Depreciation	88,034	89,074
Interest paid	14,877	26,783
Rents received	(128,484)	(133,711)
Profit on sale of tangible fixed assets	(3,311)	(736)
Dividend and interest income	(26,888)	(18,698)
(Increase)/decrease in stocks	(19,874)	41,041
Decrease in debtors	39,760	57,459
Decrease in creditors	(45,428)	(43,816)
Interest element of hire purchase payment	91	1,627
Net cash inflow from operating activities	32,840	193,333

Notes to the financial statements (continued)

17 Analysis of cashflows for headings netted in the cashflow statement

	2002 £	2001 £
Returns on investments and servicing of finance		
Dividend and interest income	26,888	18,698
Interest paid	(14,877)	(26,783)
Rents received	128,484	133,711
Interest element of hire purchase	(91)	(1,627)
Net cash inflow for returns on investments and servicing of finance	140,404	123,999
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(48,469)	(64,480)
Sale of tangible fixed assets	7,400	4,750
Net cash outflow for capital expenditure and financial investment	(41,069)	(59,730)
Financing		
Repayment of secured loan	(175,026)	(42,921)
Capital element of finance lease rental payments	(3,382)	(9,758)
Net cash outflow from financing	(178,408)	(52,679)

18 Analysis of net debt

	At 1 April 2001 £	Cashflow £	At 31 March 2002 £
Cash in hand, at bank	206,958	(46,233)	160,725
Debt due after one year	(418,631)	189,176	(229,455)
Debt due within one year	(100,350)	(14,150)	(114,500)
Finance leases	(4,386)	3,382	(1,004)
Total	316,409	132,175	(184,234)

	2002 £	2001 £
Reconciliation of net cash flow to movement in net debt		
Decrease in cash in the period	(46,233)	204,923
Cash outflow from repayment of debt and finance leases	178,408	52,679
Movement in net debt in the period	132,175	257,602
Net debt at 1 April 2001	(316,409)	(574,011)
Net debt at 31 March 2002	(184,234)	(316,409)