

**CWV Group Limited (formerly
Englewood Limited)**

Report and Financial Statements

Year Ended

31 December 2001



BDO

BDO Stoy Hayward
Chartered Accountants

CWV GROUP LIMITED

Annual report and financial statements for the year ended 31 December 2001

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Directors

E.M. Kilby
K. Revitt
J.C. Kay
G.J. Hey
K.P. Woodcock

Secretary and registered office

S P Cunliffe
PO Box 15
Talbot Road
Hyde
Cheshire
SK14 4EJ

Company number

2630824

Auditors

BDO Stoy Hayward, 11-15 Cross Street, Manchester, M2 1WE

CWV GROUP LIMITED

Report of the Directors for the year ended 31 December 2001

The Directors present their report together with the audited financial statements for the year ended 31 December 2001.

Results and dividends

The profit and loss account is set out on page 5 and shows the loss for the year.

The Directors do not recommend the payment of a dividend

Prior year adjustment

As a result of accounting errors, prior year profit and loss account, stock, debtors and creditors have been restated. This is further disclosed in note 22 to the accounts.

Principal activities, trading review and future developments

The principal activity of the Company is that of design and distribution of home furnishings including the manufacture of wallcoverings.

Business review

The year ended 31 December 2001 continued to be difficult for the Company. This has led the Board to take a radical look at all aspects of our business.

Management has already undertaken an operational restructure of the business. As a consequence there have been a number of executive director and management changes. A complete layer of senior staff has been taken out as well as, sadly, the loss of a number of other employees' jobs.

A financial restructure of the Company has also been undertaken, including the sale of surplus assets, the transfer of CWV's Textiles business to a sister Company, the injection of substantial new monies and a revision of our banking facilities. The effect of these actions is to provide a secure basis on which the Company can grow in the future.

Trading conditions continue to be testing on all fronts but now with real glimmers of light appearing as a result of everyone's effort during the past 12 months. The Board's thanks go to all our people for their understanding throughout this challenging period.

Directors

The Directors of the Company during the year were:

E.M. Kilby	(appointed 1 October 2001)
K. Revitt	
J.C. Kay	(appointed 9 January 2002)
G.J. Hey	(appointed 15 March 2001)
K.P. Woodcock	(appointed 15 March 2001)
M.J. McCauley	(appointed 15 March 2001, resigned 28 February 2002)
C.G. Thomason	(appointed 15 March 2001, resigned 12 November 2001)
M. Hennessy	(resigned 7 September 2001)
J. Bowler	(resigned 16 January 2002)

None of the Directors who held office at the end of the financial year had any disclosable interest in the shares of the Company.

CWV GROUP LIMITED

Report of the Directors for the year ended 31 December 2001 (*Continued*)

Directors

According to the register of Directors' interest, no rights to subscribe for shares in or debentures of the Company were granted to any of the Directors or their immediate families, or exercised by them, during the financial year.

Employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

The Company places considerable value on the involvement of its employees and has continued its previously practice of keeping them informed on matters affecting them as employees. This is achieved through formal and informal meetings. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Political and charitable contributions

The Company made no political contributions during the year. Donations to UK charities amounted to £1,648 (2000 - £8,276).

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 of the Company 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

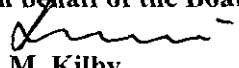
The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

KPMG LLC resigned as auditors after the year end and BDO Stoy Hayward were appointed in their place

BDO Stoy Hayward have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

On behalf of the Board


E. M. Kilby
Chairman and Chief Executive

18 October 2002

CWV GROUP LIMITED

Report of the independent auditors

To the shareholders of CWV Group Limited

We have audited the financial statements of CWV Group Ltd for the year ended 31 December 2001 on pages 5 to 20 which have been prepared under the accounting policies set out on pages 8 and 9.

Respective responsibilities of Directors and auditors

The Directors' 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 Directors' 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 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.

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

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board except that the scope of our work was limited as explained below. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. However, the evidence available to us was limited because we were not appointed auditors of the Company until 16 September 2002 and it was not possible for us to perform the auditing procedures necessary to obtain sufficient appropriate audit evidence as regards the restated opening balances for fixed assets, stocks, debtors and creditors included in this year's financial statements. Any adjustment to these figures would have a consequential effect on the loss for the year ended 31 December 2001. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

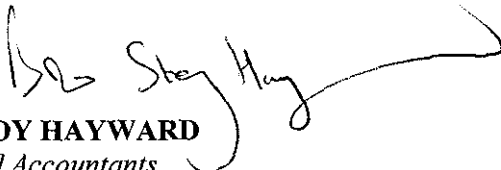
CWV GROUP LIMITED

~~Profit and loss account for the year ended 31 December 2001~~

Qualified opinion arising from limitation in audit scope

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31 December 2001 and, except for any adjustments that might have been found to be necessary had we been able to obtain sufficient evidence concerning the opening balances for fixed assets, stock, debtors and creditors as restated as at 1 January 2001, of the loss for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

In respect alone of the limitation on our work relating to the opening balances for fixed assets, stock, debtors and creditors, we have not obtained all the information and explanations that we considered necessary for the purpose of the audit and we were unable to determine whether proper accounting records have been maintained.



BDO STOY HAYWARD
*Chartered Accountants
and Registered Auditors*
Manchester

18 October 2002

CWV GROUP LIMITED**Profit and loss account for the year ended 31 December 2001**

	Note	2001 £'000	2000 £'000 (as restated)
Turnover	2	51,998	71,364
Cost of sales		(37,782)	(46,374)
Gross profit		14,216	24,990
Distribution costs		(4,787)	(5,606)
Administrative expenses		(16,683)	(20,070)
Operating loss	3	(7,254)	(686)
Profit on disposal of tangible fixed assets		941	-
Interest payable and similar charges	6	(689)	(1,245)
Loss on ordinary activities before taxation		(7,002)	(1,931)
Tax on loss on ordinary activities	7	452	-
Loss on ordinary activities after taxation retained for the year		(6,550)	(1,931)

The turnover and operating loss arose from continuing operations.

The notes on pages 8 to 20 form part of these financial statements.

CWV GROUP LIMITED**Statement of total recognised gains and losses for the year ended 31 December 2001**

	2001 £'000	2000 £'000
Loss for the financial year	(6,550)	(1,931)
Prior year adjustments (note 22)	-	(2,386)
Total recognised gains and losses during the year	<u>(6,550)</u>	<u>(4,317)</u>

Note of historical cost profit and losses for the year ended 31 December 2001

	2001 £'000	2000 £'000
Reported loss on ordinary activities before taxation	(7,002)	(1,931)
Difference between historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount	104	107
Historical cost loss on ordinary activities before taxation	<u>(6,898)</u>	<u>(1,824)</u>
Historical cost loss for the year retained after taxation and dividends	<u>(6,446)</u>	<u>(1,824)</u>

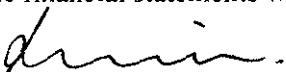
The notes on pages 8 to 20 form part of these financial statements.

CWV GROUP LIMITED

Balance sheet at 31 December 2001

	Note	2001 £'000	2001 £'000	2000 £'000 (as restated)	2000 £'000 (as restated)
Fixed assets					
Tangible assets	8		20,597		23,709
Investments	9		34		34
			<u>20,631</u>		<u>23,743</u>
Current assets					
Stocks	10	13,001		15,356	
Debtors	11	16,350		14,027	
Cash at bank and in hand		15		6	
		<u>29,366</u>		<u>29,389</u>	
Creditors: amounts falling due within one year	12	(37,274)		(33,769)	
		<u></u>		<u></u>	
Net current liabilities			(7,908)		(4,380)
			<u></u>		<u></u>
Total assets less current liabilities			12,723		19,363
Creditors: amounts falling due after more than one year	13		-		(90)
			<u></u>		<u></u>
Net assets			<u>12,723</u>		<u>19,273</u>
Capital and reserves					
Called up share capital	15		1,293		1,293
Share premium account	16		9,728		9,728
Revaluation reserve	16		4,950		5,054
Profit and loss account	16		(3,248)		3,198
			<u></u>		<u></u>
Equity shareholders' funds	17		<u>12,723</u>		<u>19,273</u>
			<u></u>		<u></u>

The financial statements were approved by the Board on 18 October 2002.


E. M. Kilby
Chairman and Chief Executive

The notes on pages 8 to 20 form part of these financial statements.

CWV GROUP LIMITED

Notes forming part of the financial statements for the year ended 31 December 2001

1 Accounting policies

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Cashflow statement

The Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised) as it is a wholly owned subsidiary of Gleadway Limited and is included in the consolidated financial statements of Gleadway Limited.

Turnover

Turnover represents sales to outside customers at invoiced amounts less value added tax.

Depreciation

Depreciation is provided to write off the cost or valuation, less estimated residual values, of all fixed assets, except freehold land, evenly over their expected useful lives. It is calculated at the following rates:

Freehold buildings	- 25 years
Plant, machinery and motor vehicles	- 3-25 years

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

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

Related party transactions

The Directors have taken advantage of the exemption under Financial Reporting Standard 8, and not disclosed transactions or balances between Group entities that are part of the Gleadway Limited Group.

Taxation

The charge for taxation is based on the loss for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual asset or liability will crystallise.

CWV GROUP LIMITED

Notes forming part of the financial statements for the year ended 31 December 2001 (*Continued*)

1 Accounting policies (*Continued*)

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Reverse premiums and similar incentives to enter into operating lease agreements are initially recorded as deferred income and released to the profit and loss account over the period to the date on which the rent is first expected to be adjusted to the prevailing market rate.

Post retirement benefits

The Company operates both defined benefit and contribution pensions schemes.

The pension cost for the defined benefit scheme is assessed in accordance with the advice of an independent qualified actuary. The amount charged to the profit and loss account is the estimated regular cost of providing benefits accrued in the period, adjusted to reflect variations from that cost. The regular cost is calculated so that it represents a substantially level percentage of current and future pensionable payroll. Variations from regular cost are charged or credited to the profit and loss account as a constant percentage of pensionable over the estimated average remaining working life of scheme members. The asset of the scheme are held separately from those of the Company, being invested with insurance companies.

For the defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post retirement benefits is the contribution paid in the period. Differences between contributions actually paid are shown as either accruals or prepayments in the balance sheet. The assets of the scheme are held separately from those of the Company in independently administered funds.

CWV GROUP LIMITED

Notes forming part of the financial statements for the year ended 31 December 2001 (*Continued*)

2 Analysis of turnover

Turnover originated wholly in the United Kingdom and arose entirely on the sale of printed wallcoverings and related textile products.

	2001 £'000	2000 £'000
By geographical destination:		
United Kingdom	44,840	61,175
North America	3,550	5,078
Europe and other	3,608	5,111
	<u>51,998</u>	<u>71,364</u>

3 Operating loss

	2001 £'000	2000 £'000
This has been arrived at after charging:		
Auditors' remuneration:		
Audit	25	23
Other services	4	8
Depreciation and other amounts written off tangible fixed assets:		
Owned	2,454	2,732
Leased	61	61
Operating leases - plant and machinery	621	536
- other	395	395
	<u> </u>	<u> </u>

CWV GROUP LIMITED

Notes forming part of the financial statements for the year ended 31 December 2001 *(Continued)*

4 Remuneration of Directors

	2001 £'000	2000 £'000
Directors' emoluments	364	283
Company contributions to money purchase pension schemes	11	24
	<u>375</u>	<u>307</u>

The aggregate emoluments of the highest paid Directors was £83,173 (2000 - £115,000). Company pension contributions of £6,696 (2000 - £8,810) were made to a money purchase scheme on his behalf.

	Number of Directors	
	2001 £'000	2000 £'000
Retirement benefits are accruing to the following number of Directors under:		
Money purchase schemes	1	1
Defined benefit schemes	3	1
	<u>4</u>	<u>2</u>

5 Staff numbers and costs

	Number of employees	
	2001	2000
Production	254	316
Distribution	45	50
Sales	461	450
Administration	127	120
	<u>887</u>	<u>936</u>

The aggregate payroll costs of these persons were as follows:

	2001 £'000	2000 £'000
Wages and salaries	12,982	14,587
Social security costs	976	1,135
Other pension costs	737	805
	<u>14,695</u>	<u>16,527</u>

CWV GROUP LIMITED

Notes forming part of the financial statements for the year ended 31 December 2001 (*Continued*)

6 Interest payable and similar charges

	2001 £'000	2000 £'000
On bank loans and overdrafts	662	1,218
Finance charges payable in respect of finance leases and hire purchase contracts	27	27
	<u>689</u>	<u>1,245</u>

7 Taxation

	2001 £'000	2000 £'000
Repayment in respect of previous years	452	-
	<u>452</u>	<u>-</u>

The corporation tax charge for the year is £NIL as a result of the losses occurred.

8 Tangible assets

	Freehold land and buildings £'000	Plant and machinery £'000	Plant and machinery in the course of construction £'000	Total £'000
<i>Cost or valuation</i>				
At beginning of year	8,938	26,451	1,133	36,522
Additions	-	395	423	818
Transfers between items	-	1,302	(1,302)	-
Disposals	(1,563)	-	-	(1,563)
At end of year	<u>7,375</u>	<u>28,148</u>	<u>254</u>	<u>35,777</u>
<i>Depreciation</i>				
At beginning of year	386	12,427	-	12,813
Charge for year	232	2,283	-	2,515
Disposals	(148)	-	-	(148)
At end of year	<u>470</u>	<u>14,710</u>	<u>-</u>	<u>15,180</u>
<i>Net book value</i>				
At 31 December 2001	<u>6,905</u>	<u>13,438</u>	<u>254</u>	<u>20,597</u>
At 31 December 2000	<u>8,552</u>	<u>14,024</u>	<u>1,133</u>	<u>23,709</u>

CWV GROUP LIMITED

Notes forming part of the financial statements for the year ended 31 December 2001 (*Continued*)

8 Tangible assets (*Continued*)

On 31 December 1999 the freehold land and buildings at Hyde, Manchester were independently revalued by King Sturge, International Property Consultants, in accordance with the RICS Appraisal and Valuation Manual. The basis of valuation was existing use value.

Particulars relating to revalued assets are given below:

	2001 £'000	2000 £'000
<i>Land and buildings</i>		
At 1999 existing value	7,375	7,375
Aggregate depreciation thereon	(470)	(209)
Net book value	<u>6,905</u>	<u>7,166</u>
Historical cost of revalued assets	2,009	2,009
Aggregate depreciation based on historical cost	(360)	(320)
Historical cost net book value	<u>1,649</u>	<u>1,689</u>

Freehold land amounting to £3,431,000 (2000 - £3,431,000) has not been depreciated.

Included in the total net book value of plant and machinery is £835,000 (2000 - £896,000) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £61,000 (2000 - £61,000).

9 Fixed assets investments

	Shares in Group undertakings £'000
<i>Cost</i>	
At beginning and end of year	<u>658</u>
<i>Provision</i>	
At beginning and end of year	<u>624</u>
<i>Net book value</i>	
At 31 December 2001	<u>34</u>
At 31 December 2000	<u>34</u>

CWV GROUP LIMITED

Notes forming part of the financial statements for the year ended 31 December 2001 (Continued)

9 Fixed assets investments (continued)

The undertakings in which the Company's interest at the year end is more than 20% are as follows:

Subsidiary undertakings	Nature of business	Country of incorporation
Coloroll (1997) Limited	Dormant Company	United Kingdom*
John Wilman (Export) Limited	Dormant Company	United Kingdom*
Saverapid Limited	Dormant Company	United Kingdom*
Ventura Wallcoverings Limited	Dormant Company	United Kingdom*
Vymura Employee Trust	Dormant Company	United Kingdom*
CWV Group LLC	Wholesale of wallcoverings	United States**

All subsidiary undertakings have share capital consisting solely of ordinary shares and are wholly owned by the Company.

* Registered in England and Wales

** Registered in United States

10 Stocks

	2001 £'000	2000 £'000 (as restated)
Raw materials and consumables	970	1,072
Work in progress	448	634
Finished goods and goods for resale	11,583	13,650
	<u>13,001</u>	<u>15,356</u>

11 Debtors

	2001 £'000	2000 £'000 (as restated)
Trade debtors	11,965	11,272
Amounts owed by subsidiary undertaking	2,207	610
Other debtors	102	496
Prepayments and accrued income	2,076	1,457
Corporation tax	-	192
	<u>16,350</u>	<u>14,027</u>

Debtors include prepayments and accrued income of £345,000 (2000 - £468,000) due after more than one year.

CWV GROUP LIMITED

Notes forming part of the financial statements for the year ended 31 December 2001 (Continued)

12 Creditors: amounts falling due within one year

	2001 £'000	2000 £'000 (as restated)
Bank loans and overdrafts	11,377	5,910
Loan notes	1,000	1,500
Obligations under finance leases and hire purchase contract	45	180
Trade creditors	9,606	8,608
Amounts owed to Group undertakings	12,569	15,069
Other creditors including taxation and social security:		
Corporation tax	-	150
Taxation and social security	641	321
Other creditors	1,824	22
Accruals and deferred income	213	2,009
	<u>37,274</u>	<u>33,769</u>

13 Creditors: amounts falling due after more than one year

	2001 £'000	2000 £'000
Obligations under finance leases and hire purchase contracts (all within five years)	-	90

14 Provisions for liabilities and charges

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

	2001		2000	
	Provided £'000	Unprovided £'000	Provided £'000	Unprovided £'000
Difference between accumulated depreciation and amortisation and capital allowances	-	(882)	-	1,523
On revaluation of land and buildings	-	1,516	-	1,516
Revenue losses	-	(1,625)	-	(1,476)
Other timing differences	-	(298)	-	9
Deferred tax (asset)/liability	<u>-</u>	<u>(1,289)</u>	<u>-</u>	<u>1,572</u>

No deferred tax has been provided as the Directors have concluded on the basis of reasonable assumptions, and the intentions of management, that it is improbable that any liability will crystallise.

CWV GROUP LIMITED

Notes forming part of the financial statements for the year ended 31 December 2001 (*Continued*)

15 Share capital

	Authorised		Allotted, called up and fully paid	
	2001 £'000	2000 £'000	2001 £'000	2000 £'000
Equity:				
Ordinary shares of £0.05 each	1,750	1,750	1,293	1,293

16 Reserves

	Share premium account £'000	Revaluation reserve £'000	Profit and loss account £'000
At beginning of year	9,728	5,054	5,566
Prior year adjustment	-	-	(2,368)
Reserves as restated	9,728	5,054	3,198
Retained loss for the year	-	-	(6,550)
Transfers	-	(104)	104
At end of year	9,728	4,950	(3,248)

17 Reconciliation of movements in shareholders' funds

	2001 £'000	2000 £'000
(Loss)/profit for the financial year as reported	(6,550)	437
Prior year adjustment	-	(2,368)
Net reduction in shareholders' funds	(6,550)	(1,931)
Opening shareholders' funds	19,273	21,204
Closing shareholders' funds	12,723	19,273

CWV GROUP LIMITED

Notes forming part of the financial statements for the year ended 31 December 2001 (Continued)

18 Commitments

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

	2001 £'000	2000 £'000
Contracted	72	84
Authorised but not contracted for	-	212
	<u>72</u>	<u>296</u>

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

	2001 £'000	2000 £'000
Land and buildings:		
Operating leases which expire:		
In more than five years	395	395
Plant and machinery:		
Operating leases which expire:		
Within one year	89	484
In the second to fifth years inclusive	192	710
In more than five years	-	27
	<u>281</u>	<u>1,221</u>

19 Pension scheme

The Company operates two pension schemes.

The first scheme is a funded UK pension scheme in which certain employees participate. The Scheme provides benefits based on final pensionable salary with contributions being charged to the profit and loss so as to spread the cost of pensions over employees' working lives with the Company. The contributions are determined by a qualified independent actuary on the basis of triennial valuations using the Projected Unit method.

The Company has continued to account for pensions in accordance with SSAP24 and the disclosures required by that standard are set out in (i) below. FRS 17 – Retirement Benefits was issued in November 2000 but the Company is not required to implement the new standard fully until the year to 31 December 2003. However, FRS 17 requires certain disclosures to be made in these accounts. To the extent that they are different or additional to those required under SSAP 24, these are set out in (ii) below.

CWV GROUP LIMITED

Notes forming part of the financial statements for the year ended 31 December 2001 (*Continued*)

19 Pension scheme (*continued*)

i) SSAP 24

The most recent actuarial valuation was carried out at 5 April 2001 by the independent actuary. The principal assumptions and results of the valuation are set out below:

Discount rate and expected rate of return	7.25%
Rate of increase in pensionable salaries	4.5%
Rate of increase in pensions in payment and inflation	3.0%
Market (and actuarial) value of assets	£17.0 million
Level of funding (actuarial value of assets as a percentage of Accrued service liabilities)	100%

The next actuarial valuation is due to be carried out no later than 5 April 2004.

The contributions of the employees are set out in the rules of the fund.

The contributions of the Company are 13.4% of pensionable salary.

The total charge for the year in the accounts of the Company was £550,000 (2000:£678,000).

Prepaid contributions at the beginning and end of the year amounted to £367,000 and £468,000 respectively.

ii) FRS 17

The valuation used for FRS 17 disclosures has been based on the most recent actuarial valuation at 4 April 2001 amended to take account of the requirement of FRS 17 and updated to 31 December 2001. The principal assumptions used by the actuary for this purpose are set out below:

Rate of increase in pensionable salaries	4.0%
Rate of increase in pensions in payment	2.5%
Discount rate	6.0%
Inflation assumption	2.5%

CWV GROUP LIMITED

Notes forming part of the financial statements for the year ended 31 December 2001 (*Continued*)

19 Pension scheme (*continued*)

The assets in the Scheme and the expected rates of return (net of administrative expenses) were:

		31 December 2001 £'000
Equities	8.0%	12,864
Bonds	4.6%	2,283
Cash	4.5%	<u>784</u>
Total market value of assets		15,931
Actuarial value of liability		<u>21,224</u>
Deficit in the scheme		5,293
Related deferred tax asset		<u>1,588</u>
Net pension liability		3,705

The second scheme is a defined contribution arrangement for employees who are not members of the defined benefit scheme. The pension charge for the arrangements is the amount of contributions payable and totalled £187,000 (2000 : £162,000).

20 Related party disclosures

John Wilman Limited

On 1 October 1999 the trade and assets of John Wilman Limited, a fellow subsidiary, were transferred to the Company for a consideration of £9,647,000. Subsequently John Wilman Limited waived £5,467,000 of the amount owed by the Company. The balance owed to John Wilman Limited at 31 December 2001 was £4,000,000 (2000 - £4,000,000).

TJH Group Limited

During the year the Company paid rent for premises of £395,000 (2000 - £395,000) to Northern Trust Company Limited, a subsidiary of TJH Group Limited. In addition, during the year, a non interest bearing loan of £1,000,000 was provided to the Company by Northern Trust Limited. Mr T.J. Hemmings is a Director of TJH Group Limited. The ultimate parent Company of CWV Group Limited is controlled by the family interests of Mr T.J. Hemmings.

CWV GROUP LIMITED

Notes forming part of the financial statements for the year ended 31 December 2001 (*Continued*)

21 Post balance sheet event

Financial Restructuring

The Company and its parent have received undertakings in respect of transactions concerning a financial restructuring, as follows:

- a) The sale of the Company's freehold property for a cash consideration significantly in excess of its book value;
- b) The sale of the assets and liabilities of the Textiles Division of CWV Group Limited for a cash consideration in excess of net asset book value;
- c) The Company's bankers have confirmed new long term facilities in accordance with the restructuring above.

22 Prior year adjustment

Following the signing of the financial statements for the year ended 31 December 2000 it was subsequently discovered that there were a number of accounting errors. The financial effect of this are shown below:

	Per statutory accounts 2000 at 31 December £'000	Prior year adjustment £'000	As restated 2001 £'000
Stock	15,669	(313)	15,356
Trade debtors	12,072	(800)	11,272
Prepayments	1,657	(200)	1,457
Trade creditors	(7,553)	(1,055)	8,608
		(2,368)	
Sales	71,564	200	71,364
Cost of sales	(46,061)	313	46,374
Administrative expenses	(18,215)	1,855	20,070
		2,368	

23 Ultimate parent Company and parent undertaking of larger Group of which the Company is a member

The Company is a wholly owned subsidiary undertaking of Newby Manor Limited incorporated in Jersey.

The largest and smallest Group in which the results of the Company are consolidated is that headed by Gleadway Limited, incorporated in the United Kingdom.