

**CWV Group Limited**

**Report and Financial Statements**

**Year Ended**

**31 December 2002**



**BDO Stoy Hayward**  
Chartered Accountants



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# **CWV GROUP LIMITED**

## **Annual report and financial statements for the year ended 31 December 2002**

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### **Directors**

E.M. Kilby  
K. Revitt  
J.C. Kay  
M.L. Widders  
G.J. Hey

### **Secretary and registered office**

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

### **Company number**

2630824

### **Auditors**

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

## **CWV GROUP LIMITED**

### **Report of the Directors for the year ended 31 December 2002**

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The directors present their report together with the audited financial statements for the year ended 31 December 2002.

#### **Results and dividends**

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

The directors do not recommend the payment of a dividend

#### **Principal activities**

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

#### **Business review**

In the light of continuing weak market conditions, the year saw considerable further restructuring of the company's wallcoverings business. Changes included the relocation of manufacturing facilities to free up unused factory space and more reductions in overheads as well as changes to the Board of Directors. Most importantly, confidence in the Boards strategy was evidenced through the commitment of substantial new funds.

Re-structuring is continuing during the current year with the purchase in September 2003 of the business and assets of Crown Wallcoverings from IHDG (UK) Limited.

#### **Directors**

The directors of the company during the year were:

E.M. Kilby	
K. Revitt	
J.C. Kay	(appointed 9 January 2002)
M.L. Widders	(appointed 11 November 2002)
G.J. Hey	
K.P. Woodcock	(resigned 5 August 2003)
M.J. McCauley	(resigned 28 February 2002)
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 or its immediate and ultimate parent undertaking.

According to the register of directors' interest, no rights to subscribe for shares in or debentures of the company or its immediate and ultimate parent undertaking 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.

## **CWV GROUP LIMITED**

### **Report of the Directors for the year ended 31 December 2002 (*Continued*)**

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#### **Political and charitable contributions**

The company made no political contributions during the year. Donations to UK charities amounted to £3,869 (2001 - £1,648).

#### **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**

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**  
**Director**

27 October 2003

## **CWV GROUP LIMITED**

### **Report of the independent auditors**

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#### **To the shareholders of CWV Group Limited**

We have audited the financial statements of CWV Group Ltd for the year ended 31 December 2002 on pages 5 to 19 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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

#### *Basis of audit 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 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.

**CWV GROUP LIMITED**

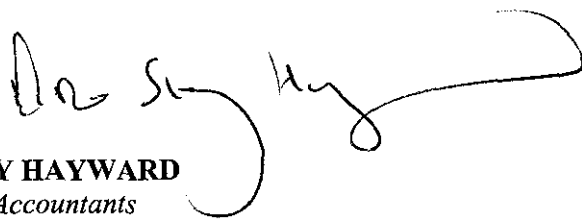
**Report of the independent auditors (Continued)**

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*Qualified opinion arising from the omission of Retirement Benefits information*

As explained in note 22 the financial statements do not disclose certain information as required by Financial Reporting Standard 17 "Retirement Benefits".

Except for the failure to provide certain information about retirement benefits, in our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 2002 and of the profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



**BDO STOY HAYWARD**  
*Chartered Accountants  
and Registered Auditors*  
Manchester

27 October 2003

# CWV GROUP LIMITED

## Profit and loss account for the year ended 31 December 2002

	Note	Continuing operations 2002 £'000	Discontinued operations 2002 £'000	Total 2002 £'000	2001 £'000
<b>Turnover</b>	2	27,690	19,057	46,747	51,998
Cost of sales (including exceptional costs of £2,655,000, 2001 : £nil)	4	(23,940)	(8,783)	(32,723)	(37,782)
<b>Gross profit</b>		3,750	10,274	14,024	14,216
Distribution costs		(2,805)	(1,543)	(4,348)	(4,787)
Administrative expenses		(8,366)	(9,998)	(18,364)	(16,683)
<b>Operating loss</b>	3	(7,421)	(1,267)	(8,688)	(7,254)
Profit on disposal of tangible fixed assets	5			7,091	941
Profit on disposal of division	5			3,059	-
Interest payable and similar charges	8			(612)	(689)
<b>Profit/(loss) on ordinary activities before taxation</b>				850	(7,002)
Tax on loss on ordinary activities	9			-	452
<b>Profit/(loss) on ordinary activities after taxation</b>				850	(6,550)

The notes on pages 8 to 19 form part of these financial statements.

**CWV GROUP LIMITED****Statement of historical profits and losses for the year ended 31 December 2002**

	<b>2002</b> <b>£'000</b>	<b>2001</b> <b>£'000</b>
<b>Reported profit/(loss) on ordinary activities before taxation</b>	850	(7,002)
Difference between historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount	95	104
Realisation of property revaluation gains	4,855	-
<b>Historical cost profit/(loss) on ordinary activities before taxation</b>	<u>5,800</u>	<u>(6,898)</u>
<b>Historical cost profit/(loss) for the year retained after taxation and dividends</b>	<u>5,800</u>	<u>(6,446)</u>

The notes on pages 8 to 19 form part of these financial statements.



# CWV GROUP LIMITED

## Balance sheet at 31 December 2002

	Note	2002 £'000	2002 £'000	2001 £'000	2001 £'000
<b>Fixed assets</b>					
Tangible assets	10		10,522		20,597
Investments	11		34		34
			<u>10,556</u>		<u>20,631</u>
<b>Current assets</b>					
Stocks	12	6,082		13,001	
Debtors	13	10,430		16,350	
Cash at bank and in hand		3		15	
		<u>16,515</u>		<u>29,366</u>	
<b>Creditors: amounts falling due within one year</b>	14	<u>13,498</u>		<u>37,274</u>	
<b>Net current assets/(liabilities)</b>			<u>3,017</u>		<u>(7,908)</u>
<b>Net assets</b>			<u><u>13,573</u></u>		<u><u>12,723</u></u>
<b>Capital and reserves</b>					
Called up share capital	16		1,293		1,293
Share premium account	17		9,728		9,728
Revaluation reserve	17		-		4,950
Profit and loss account	17		2,552		(3,248)
<b>Equity shareholders' funds</b>	18		<u><u>13,573</u></u>		<u><u>12,723</u></u>

The financial statements were approved by the Board on 27 October 2003.

  
**E. M. Kilby**  
**Director**

The notes on pages 8 to 19 form part of these financial statements.

## CWV GROUP LIMITED

### Notes forming part of the financial statements for the year ended 31 December 2002

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#### 1 Accounting policies

The financial statements have been prepared under the historical cost convention, 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 CWV Holdings Limited and is included in the consolidated financial statements of CWV Holdings 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 CWV Holdings Limited group.

##### *Deferred taxation*

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that:

- deferred tax is not recognised on timing differences arising on revalued properties nor on capital gains relating to other group companies and rolled over into the company unless the company has entered into a binding sale agreement and is not proposing to take advantage of rollover relief; and
- the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profit in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

## CWV GROUP LIMITED

### Notes forming part of the financial statements for the year ended 31 December 2002 *(Continued)*

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#### 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 company has not adopted FRS17 'Retirement benefits' for the year ended 31 March 2003.

Contributions to the company's defined benefit pension scheme continue to be accounted for under Statement of Standard Accounting Practice 24 'Accounting for Pension Costs':

Contributions are charged to the profit and loss account so as to spread the cost of pensions over employees' expected working lives with the company. Variations to pension costs caused by differences between the assumptions used and actual experience are spread over the average remaining working lives of the current employees at each actuarial date.

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 2002 (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.

	Continuing	Dis- continuing	2002 Total £'000	2001 £'000
By geographical destination:				
United Kingdom	21,625	17,785	39,410	44,840
North America	3,245	77	3,322	3,550
Rest of Europe and other	2,820	1,195	4,015	3,608
	<u>27,690</u>	<u>19,057</u>	<u>46,747</u>	<u>51,998</u>

## 3 Operating loss

	2002 £'000	2001 £'000
This has been arrived at after charging:		
Auditors' remuneration:		
Audit	18	25
Other services	2	4
Depreciation and other amounts written off tangible fixed assets:		
Owned	2,703	2,454
Leased	-	61
Operating leases - plant and machinery	482	621
- other	362	395
	<u>          </u>	<u>          </u>

## 4 Exceptional items

	2002 £'000	2001 £'000
Cost of restructuring	2,655	-
	<u>          </u>	<u>          </u>

## 5 Profit on disposal

	2002 £'000	2001 £'000
Profit on disposal of land and buildings	7,091	941
Profit on disposal of textile division	3,059	-
	<u>10,150</u>	<u>941</u>

During the year the company sold its freehold land and buildings for a consideration of £14,000,000 (note 23).

The company also sold the textile division to CW Textiles Limited in November 2002 for a consideration of £11,000,000 (note 23).

# CWV GROUP LIMITED

Notes forming part of the financial statements for the year ended 31 December 2002 (Continued)

## 6 Remuneration of Directors

	2002 £'000	2001 £'000
Directors' emoluments	211	364
Company contributions to money purchase pension schemes	9	11
	<u>220</u>	<u>375</u>

The aggregate emoluments of the highest paid director was £107,696 (2001 - £83,173). Company pension contributions of £8,945 (2001 - £6,696) were made to a money purchase scheme on his behalf.

	Number of Directors	
	2002	2001
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	1	1
Defined benefit schemes	1	3

## 7 Staff numbers and costs

	Number of employees	
	2002	2001
The average monthly number of employees, including directors was as follows:		
Production	220	254
Distribution	38	45
Sales	453	461
Administration	161	127
	<u>872</u>	<u>887</u>

The aggregate payroll costs of these persons were as follows:

	2002 £'000	2001 £'000
Wages and salaries	11,961	12,982
Social security costs	804	976
Other pension costs	698	737
	<u>13,463</u>	<u>14,695</u>

# CWV GROUP LIMITED

Notes forming part of the financial statements for the year ended 31 December 2002 (Continued)

## 8 Interest payable and similar charges

	2002 £'000	2001 £'000
On bank loans and overdrafts	612	662
Finance charges payable in respect of finance leases and hire purchase contracts	-	27
	<u>612</u>	<u>689</u>

## 9 Taxation

	2002 £'000	2001 £'000
UK Corporation tax		
Current tax on profit/(loss) for the year	-	-
Adjustment in respect of previous years	-	452
Taxation on profit/(loss) on ordinary activities	<u>-</u>	<u>452</u>

The tax assessed for the period is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	2002 £'000	2001 £'000
Profit/(loss) on ordinary activities before tax	850	(7,002)
Profit/(loss) on ordinary activities at the standard rate of corporation tax in the UK of 30% (2001 : 30%)	255	(2,101)
Effect of:		
Expenses not deductible for tax purposes	33	39
Depreciation in excess of capital allowances	687	834
Profit on sale of fixed assets	(2,127)	(286)
Capital items expensed	420	-
Profit on sale of goodwill	(918)	-
Capital gains	638	176
Losses carried forward	102	1,715
Group relief surrendered for no consideration	910	-
Adjustments to tax charge in previous periods	-	(452)
Other short term timing differences	-	334
Tax effect of prior year adjustment	-	(711)
Current tax charge for the period	<u>-</u>	<u>(452)</u>

# CWV GROUP LIMITED

Notes forming part of the financial statements for the year ended 31 December 2002 (*Continued*)

## 10 Tangible assets

	Freehold land and buildings £'000	Plant and machinery £'000	Total £'000
<i>Cost or valuation</i>			
At beginning of year	7,375	28,402	35,777
Additions	-	475	475
Disposals	(7,375)	(215)	(7,590)
Disposal on sale of division	-	(4,583)	(4,583)
At end of year	-	24,079	24,079
<i>Depreciation</i>			
At beginning of year	470	14,710	15,180
Charge for year	-	2,703	2,703
Disposals	(470)	(211)	(681)
Disposal on sale of division	-	(3,645)	(3,645)
At end of year	-	13,557	13,557
<i>Net book value</i>			
At 31 December 2002	-	10,522	10,522
At 31 December 2001	6,905	13,692	20,597

## 11 Fixed assets investments

	Shares in group undertakings £'000
<i>Cost</i>	
At beginning and end of year	658
<i>Provision</i>	
At beginning and end of year	624
<i>Net book value</i>	
At 31 December 2002	34
At 31 December 2001	34

## CWV GROUP LIMITED

Notes forming part of the financial statements for the year ended 31 December 2002 (Continued)

### 11 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
Saverapid Limited	Dormant Company	United Kingdom*
Ventura Wallcoverings Limited	Dormant Company	United Kingdom*
Vymura Employee Trust	Dormant Company	United Kingdom*
Coloroll (1997) Limited	Dormant Company	United Kingdom*
CWVA Limited	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

### 12 Stocks

	2002 £'000	2001 £'000
Raw materials and consumables	857	970
Work in progress	449	448
Finished goods and goods for resale	4,776	11,583
	<u>6,082</u>	<u>13,001</u>

### 13 Debtors

	2002 £'000	2001 £'000
Trade debtors	4,523	11,965
Amounts owed by subsidiary undertaking	4,507	2,207
Other debtors	19	102
Prepayments and accrued income	1,037	2,076
Other taxation, social security and employee costs	344	-
	<u>10,430</u>	<u>16,350</u>

Debtors include prepayments and accrued income of £346,000 (2001 - £367,000) due after more than one year.



# CWV GROUP LIMITED

Notes forming part of the financial statements for the year ended 31 December 2002 (*Continued*)

## 14 Creditors: amounts falling due within one year

	2002 £'000	2001 £'000
Bank loans and overdrafts	1,338	11,377
Loan notes	-	1,000
Obligations under finance leases and hire purchase contract	-	45
Trade creditors	6,477	9,606
Amounts owed to group undertakings	4,000	12,569
Taxation and social security	-	641
Other creditors	766	1,823
Accruals and deferred income	917	213
	<u>13,498</u>	<u>37,274</u>

## 15 Provisions for liabilities and charges

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

	2002		2001	
	Provided £'000	Unprovided £'000	Provided £'000	Unprovided £'000
Difference between accumulated depreciation and amortisation and capital allowances	-	(1,825)	-	(882)
On revaluation of land and buildings	-	-	-	1,516
Revenue losses	-	(1,740)	-	(1,625)
Other timing differences	-	(298)	-	(298)
Deferred tax (asset)	<u>-</u>	<u>(3,863)</u>	<u>-</u>	<u>(1,289)</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 asset will crystallise in the foreseeable future.

## 16 Share capital

	Authorised		Allotted, called up and fully paid	
	2002 £'000	2001 £'000	2002 £'000	2001 £'000
Equity:				
35,000,000 (allotted 25,860,000) ordinary shares of £0.05 each	<u>1,750</u>	<u>1,750</u>	<u>1,293</u>	<u>1,293</u>

# CWV GROUP LIMITED

Notes forming part of the financial statements for the year ended 31 December 2002 (Continued)

## 17 Reserves

	Share premium account £'000	Revaluation reserve £'000	Profit and loss account £'000
At beginning of year	9,728	4,950	(3,248)
Retained profit for the year	-	-	850
Realised on disposal	-	(4,950)	4,950
At end of year	<u>9,728</u>	<u>-</u>	<u>2,552</u>

## 18 Reconciliation of movements in shareholders' funds

	2002 £'000	2001 £'000
Profit/(loss) for the financial year	850	(6,550)
Net increase/(reduction) in shareholders' funds	<u>850</u>	<u>(6,550)</u>
Opening shareholders' funds	12,723	19,273
Closing shareholders' funds	<u>13,573</u>	<u>12,723</u>

## 19 Corresponding figures

The analysis between continuing and discontinued operations for the year ended 31 December 2001 is shown below. Discontinued activities in the year ended 31 December 2002 are shown as discontinued operations in the analysis below:

	Continuing £'000	Dis- continued £'000	Total £'000
Turnover	32,461	19,537	51,998
Cost of sales	(24,250)	(13,532)	(37,782)
Gross profit	<u>8,211</u>	<u>6,005</u>	<u>14,216</u>
Distribution costs	(3,536)	(1,251)	(4,787)
Administrative expenses	(9,811)	(6,872)	(16,683)
Operating loss	<u>(5,136)</u>	<u>(2,118)</u>	<u>(7,254)</u>

## CWV GROUP LIMITED

### Notes forming part of the financial statements for the year ended 31 December 2002 (Continued)

#### 20 Commitments

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

	2002 £'000	2001 £'000
Contracted	5	72
Authorised but not contracted for	50	-
	<u>55</u>	<u>72</u>

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

	2002 £'000	2001 £'000
Land and buildings: Operating leases which expire: In more than five years	-	395
Plant and machinery: Operating leases which expire: Within one year	40	89
In the second to fifth years inclusive	159	192
In more than five years	-	-
	<u>199</u>	<u>281</u>

#### 21 Contingent liabilities

The company is party to group banking arrangements of CWV Holdings Limited. Consequently it is jointly and severally liable for the loans and overdrafts of CWV Holdings Limited and certain of its subsidiary undertakings. At 31 December 2002 the liability under this guarantee amounted to £12,356,000.

#### 22 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 below.

## CWV GROUP LIMITED

### Notes forming part of the financial statements for the year ended 31 December 2002 (*Continued*)

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#### 22 Pension scheme (*continued*)

##### SSAP 24

The most recent actuarial valuation was carried out at 5 April 2002 by the independent actuary. Therefore, the following information required under SSAP 24 may not disclose the up to date position of the scheme which may be significantly different. 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)	100.0%

The next actuarial valuation is due to be carried out no later than 5 April 2005.

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 (2001:£678,000).

Prepaid contributions at the beginning and end of the year amounted to £367,000 and £346,000 respectively.

#### Financial Reporting Standard 17 "Retirement Benefits"

The directors do not consider it meaningful to continue to adopt FRS 17 for the year ended 31 December 2002 and, specifically, certain disclosures required by the transitional rules of FRS 17 have been omitted. The disclosures omitted relate to the fair values of the assets and liabilities of the scheme as at 31 December 2002 and the main financial assumptions inherent in those valuations.

The company also operates defined contribution arrangements for employees who are not members of the defined benefit scheme. The pension charge is the amount of contributions payable and totalled £187,000 (2001 : £162,000).

#### 23 Related party disclosures

During the year the company paid rent for premises of £362,000 (2001 - £395,000) to Northern Trust Company Limited. In addition, the company sold its freehold land and buildings to Northern Trust Company Limited for a consideration of £14,000,000.

The textiles division of the company was sold to CW Textiles Limited for a consideration of £11,000,000.

CW Textiles Limited was a subsidiary of Guild Ventures Limited. Both Guild Ventures Limited and Northern Trust Company Limited are subsidiaries of TJH Group 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 TJ Hemmings.

## **CWV GROUP LIMITED**

**Notes forming part of the financial statements for the year ended 31 December 2002 *(Continued)***

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### **24 Post balance sheet events**

On 5 September 2003 the group acquired the business and assets of IHDG (UK) Limited.

### **25 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. Newby Manor Limited is controlled by the family interests of Mr TJ Hemmings.

The largest and smallest group in which the results of the company are consolidated is that headed by CWV Holdings Limited, incorporated in the United Kingdom.