

Company Number: 120002

J E Beale plc

Directors' report and financial statements  
for the 52 weeks ended 28 October 2000



J E Beale plc

Directors' report and financial statements for the 52 weeks ended 28 October 2000

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## Report of the directors

The directors present their annual report and the audited financial statements for the 52 weeks ended 28 October 2000.

## Principal activities and business review

The principal activity of the Company continues to be the operation of department stores in the UK.

Throughout the year under review, the Company operated department stores in Bedford, Bournemouth, Kendal, Poole, Walton-on-Thames and Winchester, all trading as Beales, and as Broadbents & Boothroyds in Southport and, as Denners in Yeovil and as Whitakers in Bolton.

Profit and dividends	£000
Profit	3,266
Taxation	(1,107)
	<hr/>
Profit for the year	2,159
	<hr/>

The directors recommend that a final ordinary dividend of 120.11p per share be paid making, with the interim dividend of 35.13p per share, a total of 155.24p per share for the year (1999 153.15p per share).

## Donations

Donations to charitable organisations during the year amounted to £4,720 (1999 : £5,755). There were no donations to political parties.

## Directors

The directors during the year were N B E Beale\*, M C H Mitchell, A K Owst, T R Rathbone, Alison H Richards\* and J M H Sexton\* (\*non-executive).

M C H Mitchell and Alison H Richards will retire by rotation at the annual general meeting and, being eligible, will offer themselves for re-election. N D Jones was appointed as an executive director on 24 January 2001 and will offer himself for election at the annual general meeting.

The interests of the directors in the share capital of Beale PLC are disclosed in the board report on the directors' remuneration contained in the annual report of Beale PLC. No director had a beneficial interest in the share capital of the Company.

## Directors' interests in contracts with the Company

No director has had an interest in any contract.

## Employees

The Company's policy is to ensure that no disabled applicant or staff member will receive less favourable treatment or be disadvantaged by job requirements or conditions. Where appropriate, retraining or job adjustments are made to assist staff members who become disabled.

Staff members receive information on the Group and store news through weekly store newsletters. Company results and announcements are also posted on notice boards. Consultation with staff representatives takes place through senior management meetings and individual store councils whose members are then in a position to inform their colleagues.

J E Beale plc  
Report of the directors (continued)

The Company continued to operate a profit related pay scheme so that participating staff benefit directly from the performance of the Company. Legislative changes mean that the scheme ceased operating from 29 October 2000.

The Company also operates two profit sharing schemes which appropriated a total of 2,029,780 shares of Beale PLC (9.9% of the equity on appropriation) in three tranches between March 1995 and April 1996 to 844 staff. Directors were excluded from the share appropriation.

Following Beale PLC shareholder approval of a Beales Three Year Sharesave Scheme and a Beales Five Year Sharesave Scheme, the parent company, Beale PLC, granted 734,505 share options to qualifying employees on 4 May 1999.

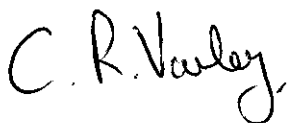
#### **Payment practice**

The Company's policy is to settle invoices within contractual timescales agreed in advance with suppliers. Settlement terms are agreed at the time of placing orders and at the commencement of business with suppliers. The Company does not follow any code or statement on payment practice. Payment is made in accordance with contractual and legal obligations. There were 39 days (1999 42 days) purchases in trade creditors on 28 October 2000 (based upon the year-end trade creditors as a proportion of average daily purchases).

#### **Auditors**

A resolution to reappoint KPMG Audit Plc as auditors to the Company will be proposed at the forthcoming annual general meeting.

By order of the board



Christopher R Varley, Bsc, FCA  
Secretary

26 January 2001  
Bournemouth

#### **Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

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

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

**Auditors' report to shareholders of J E Beale plc**

We have audited the financial statements on pages 5 to 17.

**Respective responsibilities of directors and auditors**

The directors are responsible for preparing the directors' report. As described on page 3, this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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

**Basis of audit opinion**

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

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 28 October 2000 and of its profit for the 52 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.

  
KPMG Audit Plc

Chartered Accountants  
Registered Auditor

26 January 2001  
Southampton

## Profit and loss account for the 52 weeks ended 28 October 2000

	<u>Notes</u>	2000	1999
		<u>52 weeks</u> £000	<u>52 weeks</u> Reclassified £000
Turnover	1	75,057	62,302
Cost of sales		(47,943)	(40,005)
Gross profit		27,114	22,297
Administrative expenses		(23,629)	(19,234)
Operating profit		3,485	3,063
Loss on sale of property		-	(114)
Profit on ordinary activities before interest		3,485	2,949
Net interest payable and other similar charges	3	(219)	(283)
Profit on ordinary activities before taxation		3,266	2,666
Taxation	4	(1,107)	(1,165)
Profit for the financial year		2,159	1,501
Dividends	6	(1,588)	(1,567)
Retained profit/(loss) for the year	17	571	(66)

There is no material difference between the results as disclosed above and the results on an unmodified historical cost basis.

A statement of movement on reserves is set out in note 17.

## Statement of total recognised gains and losses

	2000	1999
	<u>52 weeks</u> £000	<u>52 weeks</u> £000
Profit on ordinary activities after taxation	2,159	1,501
Unrealised surplus on revaluation of properties	697	-
Total recognised gains relating to year	2,856	1,501

## J E Beale plc

## Balance sheet as at 28 October 2000

	<u>Notes</u>	2000 <u>52 weeks</u> £000	1999 <u>52 weeks</u> £000
<b>Fixed assets</b>			
Intangible assets	7	94	99
Tangible assets	8	14,906	13,064
Investments	9	141	150
		<u>15,141</u>	<u>13,313</u>
<b>Current assets</b>			
Stock		8,056	9,291
Debtors			
- due after one year	10	164	305
- due within one year	10	6,861	7,735
Total debtors		7,025	8,040
Cash at bank and in hand		84	1,894
		<u>15,165</u>	<u>19,225</u>
Creditors : amounts falling due within one year	11	(15,096)	(18,511)
Net current assets		<u>69</u>	<u>714</u>
Total assets less current liabilities		15,210	14,027
Creditors : amounts falling due after more than one year	12	(3,396)	(3,396)
Provisions for liabilities and charges	14	( 973)	(1,058)
Net assets		<u>10,841</u>	<u>9,573</u>
<b>Capital and reserves</b>			
Called up share capital	16	1,030	1,030
Revaluation reserve	17	714	19
Capital redemption reserve	17	188	188
Profit and loss account	17	8,909	8,336
Equity shareholders' funds		<u>10,834</u>	<u>9,566</u>
Non-equity shareholders' funds		<u>7</u>	<u>7</u>
Shareholders' funds		<u>10,841</u>	<u>9,573</u>

These financial statements were approved by the board of directors on 26 January 2001 and were signed on its behalf by

N B E Beale director

A K Owst director

### 1. Accounting policies

The Company prepares its financial statements on the historical cost basis of accounting, modified to include the revaluation of certain tangible fixed assets. The accounting periods are for fifty-two or, when appropriate, fifty-three weeks. The year 1999/2000 was a 52 week year (1998/99 52 week year). The financial statements have been prepared in accordance with applicable accounting standards.

The Company has taken advantage of the provisions of the Companies Act 1985 not to prepare Group accounts, on the basis that it is a wholly owned subsidiary of a Company registered in England and Wales (see note 22). The financial statements therefore present information about the Company as an individual undertaking and not about its Group.

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

#### Cashflow statement

Under Financial Reporting Standard 1 (revised 1996) the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

#### Goodwill

Goodwill (representing the excess of the fair value of the consideration and associated costs given over the fair value of the separable net assets acquired) arising in connection with businesses acquired since 1 November 1998 is capitalised and amortised on a straight line basis over 20 years. On the subsequent disposal or termination of a business acquired since 1 November 1998, the profit or loss on disposal or termination is calculated after charging the unamortised amount of any related goodwill.

In prior years, goodwill was written off to reserves in the year of acquisition. On the subsequent disposal or termination of a business acquired before 1 November 1998, the profit or loss on disposal or termination is calculated after charging the amount of any related goodwill previously taken against reserves.

#### Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation, as detailed in note 8 of these financial statements.

Depreciation is provided for on the straight line basis so that assets are written down to residual values over their expected useful life. Freehold land is not depreciated. Freehold buildings have been depreciated at 1% per annum. The rate applied to computers and motor vehicles is 25%. The rate applied to fixtures and fittings and EPOS cash registers is 12.5%.

Costs incurred in entering a lease and of leasehold improvements are included in fixed assets and amortised on a straight line basis over the life of the lease.

The Company adopted FRS15 "Tangible fixed assets" with effect from 31 October 1999.

#### Fixed asset investments

Fixed asset investments are stated at cost, but provision is made if it is considered that there has been any impairment in value. For listed investments, market value is based on closing mid-market price on a recognised UK stock exchange.



Notes to the financial statements

**Deferred taxation**

The Company provides deferred taxation under the liability method. Provision is made only to the extent that it is probable that a tax liability will crystallize.

**Stocks**

Stocks comprise principally retail items for resale and are valued at the lower of cost and net realisable value; cost being computed principally on the basis of the selling price less the appropriate trading margin.

**Turnover and gross profit**

Turnover and gross profit are derived from one business activity. Turnover includes the sales of concession departments and represents amounts received and receivable from goods and services supplied to customers after deduction of value added tax. Turnover and gross profit includes interest earned on customers' accounts.

Until 30 October 1999, the Company accounted for promotional discounts as an administrative expense. With effect from 31 October 1999, promotional discounts have been deducted from turnover. Turnover and administrative expenses for the previous year have been reclassified and reduced by £804,000.

**Leases**

The Company's major leased assets are properties held under operating leases, and annual rentals are charged to the profit and loss account.

**Contributions to the pension scheme**

The Company's pension scheme has a section providing benefits based on final pensionable pay, which was closed to new entrants on 6 April 1997, and a defined contribution section. The assets of the scheme are held separately from the Company in an independently administered fund. The scheme is valued by actuaries every three years and the rates of contribution are adjusted in accordance with their advice.

Contributions to the final salary section of the pension scheme are charged to the profit and loss account so as to produce a level percentage of current and future pensionable payroll. The amount charged against profits in relation to the defined contribution section of the scheme represents the contributions payable to the scheme for the accounting period.

**Foreign currencies**

Transactions in foreign currencies are translated into sterling at rates ruling at the time of transaction. Assets and liabilities are translated at year-end rates of exchange, except in those instances where forward cover has been arranged, in which case the forward rate is used. All differences arising on translation are included in the profit and loss account.

**Related party transactions**

Advantage has been taken of the exemption available under Financial Reporting Standard No. 8 not to disclose details of transactions with Beale Plc or other group undertakings as the consolidated financial statements of Beale Plc, in which the company is included, are publicly available.

J E Beale plc  
Notes to the financial statements (continued)

	2000 <u>52 weeks</u> £000	1999 <u>52 weeks</u> £000
<b>2. Profit on ordinary activities before taxation is stated after charging/crediting):</b>		
Depreciation	1,937	1,573
Amortisation of Goodwill	5	1
Operating lease rentals - land and buildings	2,554	1,855
Operating lease rentals - plant and machinery	121	136
Profit on sale of fixed tangible assets	7	14
(Loss)/profit on sale of fixed asset investments	(4)	1
Auditors' remuneration:		
Audit work	39	34
Other fees paid to the auditors and their associates	1	21
Included within administrative expenses:		
Exceptional business rate rebates	44	18
Exceptional property repairs	70	175
Exceptional restructuring costs	-	48

In addition, the auditors and their associates were paid £Nil during the year (1999 £15,557 in connection with the acquisition of the Kendal store). These fees have been capitalised as acquisition costs.

	2000 <u>52 weeks</u> £000	1999 <u>52 weeks</u> £000
<b>3. Net interest payable and similar charges</b>		
Interest receivable		
Total interest receivable	1,019	935
Less interest on customers' accounts included in turnover	(941)	(912)
Interest receivable	78	23
Bank overdraft	(19)	(41)
Other interest payable	(11)	(2)
Holding company loan repayable within 5 years	(267)	(263)
Interest payable	(297)	(306)
	(219)	(283)
	2000 <u>52 weeks</u> £000	1999 <u>52 weeks</u> £000
<b>4. Taxation</b>		
United Kingdom corporation tax at 30% (1999 30.42%)	713	1,042
Deferred taxation (see notes 14 and 15)	318	123
Adjustment in respect of prior years	76	-
	1,107	1,165

## Notes to the financial statements (continued)

The tax charge is higher than the statutory rate in 1999 principally because the Company has borne the tax arising on the disposal of the Bolton freehold, whereas the profit has been accounted for in Beale PLC.

	2000 <u>52 weeks</u>	1999 <u>52 weeks</u>
<b>5. Directors and employees</b>		
The average number (including directors) employed by the Company during the year was:		
Full time	613	605
Part time	601	470
	<u>1,214</u>	<u>1,075</u>
	2000 <u>52 weeks</u> £000	1999 <u>52 weeks</u> £000
Staff costs for the above:		
Wages and salaries	10,508	8,486
Social security costs	616	497
Other pension costs (see note 19)	358	266
	<u>11,482</u>	<u>9,249</u>

No director received any emoluments from J E Beale plc. Emoluments received as directors of Beale PLC are disclosed in that company's financial statements and the board report on directors' remuneration. Emoluments received from Beale PLC substantially all relate to J E Beale plc.

	2000 <u>52 weeks</u> £000	1999 <u>52 weeks</u> £000
<b>6. Dividends</b>		
Ordinary shares:		
Interim paid	35.13p	34.13p
Final proposed	120.11p	119.02p
	<u>155.24p</u>	<u>153.15p</u>
	<u>1,588</u>	<u>1,218</u>
		<u>1,567</u>

	<u>Goodwill</u> £000
<b>7. Intangible fixed assets</b>	
<b>COST</b>	
At 30 October 1999 and 28 October 2000	100
	<u>100</u>
<b>AMORTISATION</b>	
31 October 1999	1
Charge for the year	5
28 October 2000	<u>6</u>
	<u>6</u>
<b>NET BOOK VALUE</b>	
28 October 2000	<u>94</u>
	<u>94</u>
30 October 1999	<u>99</u>
	<u>99</u>

## Notes to the financial statements (continued)

	Freehold Land and <u>Buildings</u> £000	Short Leasehold <u>Buildings</u> £000	Plant, Fixtures & <u>Fittings</u> £000	<u>Total</u> £000
<b>8 Tangible fixed assets</b>				
<b>COST OR VALUATION</b>				
31 October 1999	3,288	1,040	21,407	25,735
Additions	-	3	3,117	3,120
Adjustment to prior year	-	-	290	290
Transfers	-	-	(32)	(32)
Disposals	-	-	(60)	(60)
Revaluation	492	-	-	492
28 October 2000	<u>3,780</u>	<u>1,043</u>	<u>24,722</u>	<u>29,545</u>
<b>REPRESENTED BY:</b>				
Valuation in 1979	-	120	-	120
Cost	80	923	24,722	25,725
Valuation in 2000	3,700	-	-	3,700
	<u>3,780</u>	<u>1,043</u>	<u>24,722</u>	<u>29,545</u>
<b>DEPRECIATION</b>				
31 October 1999	182	393	12,096	12,671
Charge for the year	26	37	1,874	1,937
Adjustment to prior year	-	-	290	290
Eliminated in respect of disposals	-	-	(54)	(54)
Revaluation	(205)	-	-	(205)
28 October 2000	<u>3</u>	<u>430</u>	<u>14,206</u>	<u>14,639</u>
<b>NET BOOK VALUE:</b>				
28 October 2000	<u>3,777</u>	<u>613</u>	<u>10,516</u>	<u>14,906</u>
30 October 1999	<u>3,106</u>	<u>647</u>	<u>9,311</u>	<u>13,064</u>

Freehold land and buildings were revalued at the existing use value on 28 October 2000 by Baring Houston & Saunders, Chartered Surveyors. The valuation has been made in accordance with the RICS Appraisal and Valuation Manual.

At 28 October 2000, the total value of land not being depreciated is £2,786,907 (1999 £657,515).

## Notes to the financial statements (continued)

## 8 Tangible fixed assets (continued)

If fixed assets had not been revalued, they would have been included at historical cost amounts.

	<u>Freehold Land and Buildings</u> £000	<u>Short Leasehold Buildings</u> £000	<u>Plant, Fixtures &amp; Fittings</u> £000	<u>Total</u> £000
Cost	3,288	981	24,722	28,991
Accumulated depreciation	(208)	(385)	(14,206)	(14,799)
NET BOOK VALUE				
28 October 2000	3,080	596	10,516	14,192
30 October 1999	3,106	628	9,311	13,045

## Capital commitments

Capital expenditure contracted for but not provided for in the financial statements

2000 <u>52 weeks</u> £000	1999 <u>52 weeks</u> £000
---------------------------------	---------------------------------

222	46
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## 9 Fixed asset investments

Shares in subsidiaries at cost  
Listed on a recognised UK stock  
exchange  
Unlisted investments

2000 <u>52 weeks</u> £000	1999 <u>52 weeks</u> £000
---------------------------------	---------------------------------

109	109
6	6
26	35
141	150

At 28 October 2000 the Company held, either directly or indirectly, the whole of the issued ordinary share capital in the following dormant subsidiary companies:

J E Beale (Stores) Limited  
John Elmes Beale Trust Company Limited  
Grant-Warden Limited  
IMS Finance Limited  
Beale Staff Share Schemes Trustees Limited

The market value of listed investments is £6,000 (1999 £8,000).

In the opinion of the directors the aggregate value of shares in subsidiary companies is not less than aggregate balance sheet value.

J E Beale plc

Notes to the financial statements (continued)

	2000 <u>52 weeks</u> £000	1999 <u>52 weeks</u> £000
<b>10 Debtors</b>		
Due after one year:		
Trade debtors	164	305
	<hr/>	<hr/>
Due within one year:		
Trade debtors	5,990	6,832
Prepayments and accrued income	746	778
Advance corporation tax	125	125
	<hr/>	<hr/>
	6,861	7,735
	<hr/>	<hr/>
<b>Total Debtors</b>	<b>7,025</b>	<b>8,040</b>

	2000 <u>52 weeks</u> £000	1999 <u>52 weeks</u> £000
<b>11 Creditors</b>		
Amounts falling due within one year:		
Bank overdraft	4,020	519
Trade creditors	5,099	5,892
Amount owed to fellow subsidiaries	85	3,814
Amount owed to holding company	658	2,829
Amounts owed to subsidiary undertakings	109	109
Corporation tax	552	760
Other taxation and social security	410	1,099
Accruals and deferred income	2,934	2,271
Dividends	1,229	1,218
	<hr/>	<hr/>
	15,096	18,511
	<hr/>	<hr/>

The bank overdraft is unsecured

## Notes to the financial statements (continued)

	2000	1999
	<u>52 weeks</u>	<u>52 weeks</u>
	£000	£000
<b>12 Creditors</b>		
Amounts falling due after more than one year:		
Holding company loan (note 13)	3,396	3,396

	2000	1999
	<u>52 weeks</u>	<u>52 weeks</u>
	£000	£000
<b>13 Borrowings</b>		
The aggregate amount of loans was as follows:		
Holding company loan (due between 1 and 2 years)	3,396	3,396

The holding company loan is secured by a fixed charge on the Company's book debts and certain freehold property and a floating charge over the Company's other assets. The holding company loan due between 1 and 2 years is repayable on one year and one day's notice. Interest on the holding company loan accrues at Midland Bank plc's base rate.

	<u>Deferred Taxation</u>	<u>Pension Commitments</u>	<u>Total</u>
	£000	£000	£000
<b>14 Provisions for liabilities and charges</b>			
At 31 October 1999	356	702	1,058
Charge for the year	394	202	596
Utilised during year	-	(681)	(681)
As at 28 October 2000	750	223	973

	<u>Amount Provided</u>		<u>Amount Unprovided</u>	
	<u>2000</u>	<u>1999</u>	<u>2000</u>	<u>1999</u>
	£000	£000	£000	£000
<b>15 Deferred taxation</b>				
Deferred taxation provided for in the financial statements and the amounts unprovided are as follows:				
Accelerated capital allowances	878	620	-	-
Pension timing differences	(66)	(209)	-	-
Short term timing differences	(62)	(55)	-	-
	750	356	-	-

## Notes to the financial statements (continued)

	2000 52 weeks £000	1999 52 weeks £000
<b>16 Called up share capital</b>		
Authorised		
1,212,254 ordinary shares of £1 each	1,212	1,212
146,960 management shares of 5p each	7	7
	<hr/> 1,219 <hr/>	<hr/> 1,219 <hr/>
Allotted, called up and fully paid		
1,023,254 ordinary shares of £1 each	1,023	1,023
141,960 management shares of 5p each	7	7
	<hr/> 1,030 <hr/>	<hr/> 1,030 <hr/>

**Ordinary shares - equity**

The ordinary shares carry no rights to dividend other than those which may be recommended by the directors and approved by shareholders in general meeting. Ordinary shares have no redemption rights. However, they have an unlimited right to share in the surplus remaining on a winding-up, after all liabilities and participation rights of other classes of shares have been satisfied. Ordinary shares have one vote per share.

**Management shares - non-equity**

The management shares carry a fixed non-cumulative dividend at the rate of 5% per annum on capital paid up thereon calculated from the date of issue of such shares and ranking pari passu with any dividend paid on ordinary shares. Beale PLC has waived the dividend. On a winding up, holders are entitled to repayment of the capital paid up thereon in priority to any payment to holders of ordinary shares, but the management shares shall not entitle the holders to any further or other participation in the profits or assets of the Company. Management shares have one vote per share.

	Capital Redemption Reserve £000	Revaluation Reserve £000	Profit and Loss Account £000
<b>17 Reserves</b>			
At 31 October 1999	188	19	8,336
Retained profit for the year	-	-	571
Transfer	-	(2)	2
Revaluation	-	697	-
At 28 October 2000	<hr/> 188 <hr/>	<hr/> 714 <hr/>	<hr/> 8,909 <hr/>



## Notes to the financial statements (continued)

## 17 Reserves (continued)

All reserves of the Company relate to equity interests. Those that may not be distributed under Section 264 of the Companies Act 1985 comprise the capital redemption reserve and the revaluation reserve.

The transfer from the revaluation reserve to the profit and loss account represents the difference between the depreciation charge for the year based on revalued amounts and the depreciation charge for the year based on historical cost.

With effect from 1 November 1998, any goodwill resulting from an acquisition has been capitalised. Prior to that date, all goodwill was written off to reserves. At 28 October 2000 the cumulative goodwill written off relating to acquisitions prior to 1 November 1998 was £560,000 (1999 £560,000).

	<u>2000</u>	<u>1999</u>
	52 weeks	52 weeks
	£000	£000
<b>18 Reconciliation of movements in shareholders' funds</b>		
Profit for the financial year	2,159	1,501
Dividends	(1,588)	(1,567)
	<hr/>	<hr/>
Net addition to/(reduction of) shareholders' funds	571	(66)
Revaluation surplus	697	-
Opening shareholders' funds	9,573	9,639
	<hr/>	<hr/>
Closing shareholders' funds	10,841	9,573
	<hr/>	<hr/>

## 19 Pension commitments

The Company operates both a pension scheme providing benefits based on final salary with a money purchase underpin and a money purchase section. Entry to the final salary section of the scheme was closed from 6 April 1997. The assets of the scheme are held separately from those of the Company, being invested principally through the purchase of units in managed funds.

The pension cost relating to the final salary section of the scheme is assessed every three years in accordance with the advice of a qualified actuary using the projected unit method. The most recent actuarial valuation, at 6 April 1999, recorded that the scheme had assets of approximately £17,880,000 at market value, and that a deficit of £774,000 was indicated. The valuation identified a solvency level of 95.8%. The valuation assumed an investment return of 5% per annum for pensioner liabilities and 6.5% per annum for current active and deferred liabilities, average salary increases of 4.5% per annum compound and present and future pensions increasing at the rate of 5% per annum in respect of pensions with guaranteed increases of 5% per annum, and 3% per annum in respect of pensions receiving Limited Price Indexation.

Following the actuarial valuation on 6 April 1999, the directors have been advised that contributions by the Company to the Beales scheme should be at the rate of 9.2% of pensionable salaries plus £471,000 per annum from 1 April 2000 for a period of 7 years.

## Notes to the financial statements (continued)

**Summary**

The pension charge for the year amounted to £358,000 (1999 £266,000) including matched additional voluntary contributions.

**20 Contingent liabilities**

The Company has an unlimited multilateral guarantee with HSBC in relation to Beale PLC and Grant Warden Limited. There is a Guarantee for £100,000 in favour of Combined Independent (Holding) Ltd.

	<u>2000</u>		<u>1999</u>	
	<u>Land and Buildings</u>	<u>Other</u>	<u>Land and Buildings</u>	<u>Other</u>
<b>21 Commitments under operating lease</b>				
At 28 October 2000 the Company had annual commitments under non-cancellable operating leases as follows:				
Expiring within one year	-	2	-	65
Expiring between one and five years	16	95	16	67
Expiring in more than five years	2,595	2	2,548	7
	<u>2,611</u>	<u>99</u>	<u>2,564</u>	<u>139</u>
	<u><u>2,611</u></u>	<u><u>99</u></u>	<u><u>2,564</u></u>	<u><u>139</u></u>

The Company's leases of land and buildings are subject to rent review periods of between one and seven years.

**22 Ultimate holding company**

The Company's immediate parent and ultimate holding company is Beale PLC, a company registered in England and Wales. The only group in which the results of the Company are consolidated is that headed by Beale PLC. The consolidated Financial Statements of this Group are available to the public and may be obtained from The Granville Chambers, 21 Richmond Hill, Bournemouth, BH2 6BJ.