

**COMPANIES HOUSE**

Grant Thornton 

**THE BRITISH GLASS  
MANUFACTURERS CONFEDERATION**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**30 JUNE 2002**



Company no 00539065

# THE BRITISH GLASS MANUFACTURERS CONFEDERATION

## FINANCIAL STATEMENTS

For the year ended 30 June 2002

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Company registration number: 00539065

Registered office: Northumberland Road  
Sheffield  
S10 2UA

Director General: Mr D Workman

Secretary: Mr K B Barnsley

Bankers: National Westminster Bank plc

Solicitors: Blakesley Rice MacDonald  
Irwin Mitchell  
Keeble Hawson

Auditors: Grant Thornton  
Registered Auditors  
Chartered Accountants

# THE BRITISH GLASS MANUFACTURERS CONFEDERATION

## FINANCIAL STATEMENTS

For the year ended 30 June 2002

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# THE BRITISH GLASS MANUFACTURERS CONFEDERATION

## MEMBERS OF THE COUNCIL

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### President

P Murray

### Council members during the financial year

T Barrow  
P Christie  
D Currie  
S Hammond  
G Hardcastle  
A J O Hoskins  
A Jones (Appointed 10 May 2002)  
R A E Katz (Appointed 10 May 2002)  
E Kilty  
R Kirk  
R T Montgomery (Resigned 31 December 2001)  
P Murray  
A Norris  
E I H Palmer  
W Pardoe  
D Petit-Maire  
A Rattray  
R Ritchie  
C Scholey  
A Spencer  
J Whitehouse

### Members of the Finance and General Purposes Committee

A Rattray (Chairman)  
R T Montgomery (Resigned 31 December 2001)  
R Kirk  
P Murray  
W Pardoe  
C Scholey  
A Hoskins (Appointed 6 February 2002)

### Full members of the confederation at 30 June 2002

#### Representative

Beatson Clark plc	A Jones
Bibby Sterilin Ltd	J Whitehouse
Biochem Glass	W Fludgate
Caithness Glass plc	J Morris
Corning Ltd	R Healey
Cumbria Crystal Ltd	I Dillon
Dartington Glass Ltd	R Ritchie
Edinburgh Crystal Glass Co Ltd	A Ritchie
SLI Glass Harworth	W Cook

# THE BRITISH GLASS MANUFACTURERS CONFEDERATION

## MEMBERS OF THE COUNCIL

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### Full members of the confederation at 30 June 2002 (continued)

	Representative
Chromacol Ltd	B Freeman
FBG Anchor	J McLaughlin
Grantley of Yorkshire Ltd	D Stiles
Allied Glass Containers Ltd	A Spencer
Hollinee Ltd	W Copeland
Laboratory Sales (UK) Ltd	R Ashton
Lancaster Glass Fibre Ltd	R Taylor
Lewis & Towers Ltd	J Daniels
St Gobain Glass	D Shephard
S Murray & Co	P Murray
Nazeing Glass Works Ltd	M Tarrant
Newell Ltd	K Parkinson
LG Philips Displays Ltd	P Starkey
Pilkington Glass Ltd	A Norris
Rexam Glass Barnsley	C Scholey
Plowden & Thompson Ltd	S F R Beadman
Potters Ballotini Ltd	G Crutchley
PPG Industries (UK) Ltd	P D Nisbett
QVF Process Systems Ltd	R J Dimelow
Regina Industries Ltd	M Beardmore
Rockware Glass Ltd	E Kilty
Royal Brierley Crystal Ltd	G Webster-Gardiner
Sean Quinn Group	S Quinn
Stevenson Reeves Ltd	R S Mein
Stolzle Flaconnage Ltd	P Christie
J B Treasure & Co Ltd	D C Elliott
United Glass Ltd	S Hammond
Wilkinson Group plc	D J Wilkinson

### Associate members of the confederation at 30 June 2002

	Representative
AFT (UK) Ltd	P Q West
Appleby Calumite Ltd	M Abraham
Batoyle Ltd	J S Clark
T Berryman & Sons Ltd	M J Keogh
Advantica Ltd	P McConiv
BOC Ltd	A C Wardell
Borax Europe Ltd	J M Simon
Brunner Mond (UK) Ltd	J O Pugh
Brewing Food and Beverage Association	
Cartonplast	O Hoffman
A E Chapman & Sons Ltd	A Chapman
D M G Media	J Towers
Dyson Hotwork Ltd	J V Laming

# THE BRITISH GLASS MANUFACTURERS CONFEDERATION

## MEMBERS OF THE COUNCIL

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Associate members of the confederation at 30 June 2002 (continued)

	Representative
Dyson Industries Ltd	J Fox
Elna UK	E Langton
Emhart (UK) Ltd	G Parkinson
General Chemical (GB) Ltd	G Worrall
Graphoidal Developments Ltd	L D Brown
GG Cade Ltd	L Stovin
Gugart Glass Ltd	R Singhal
W & B Minerals Ltd	R S Leonard
Inex Vision Systems Division	B Foster
International Bottle Co Ltd	R Clark
I S Maintenance Ltd	C Farnsworth
Laidlaw Drew Ltd	R S Pont
Leerco Engineering Ltd	G Green
Longcliffe Quarries Ltd	R J G Shields
F X Nachtmann Bleikristallwerke GmbH	W Frank
J T Nex Ltd	A Tromans
Omya UK Ltd	M Nocivelli
Parkinson Spencer Refractories Ltd	D E Parkinson
Poulten & Graf Ltd	H Graf
Schott	R Mills
SEPR Chemicals Ltd	I Whittaker
Solvay Chemicals	C Telling
Stein Atkinson	M Curten
Sunglass	S Kelly
Swarovski & Co	K Kolb
Tarmac (Central) Ltd	C James
Uniq Prepared Foods	M Gould
Tecoglass	R Duly
Waterford Crystal	J Kennedy

# **THE BRITISH GLASS MANUFACTURERS CONFEDERATION**

## **REPORT OF THE COUNCIL**

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The directors present their report together with the audited financial statements for the year ended 30 June 2002.

### **Principal activity**

The main activities of British Glass are as a trade association and research establishment, representing and working on research projects, for all sectors of the glass industry and associated industries.

### **Business review**

There was a profit for the year after taxation of £61,600 (2001: £91,700) for British Glass and its subsidiary company Glass Technology Services Limited

Federation activities, handled through British Glass, have been focused on a number of issues affecting many if not all of our members.

A few examples include the progression of the UK's packaging legislation, the continuing need for lobby against the imposition of an aggregate's tax on the industry's raw materials and, worst of all, a very heavy levy on the gas and electricity used by the industry which could easily miss its target and penalise companies which have already carried out energy saving measures, but do not employ enough people to benefit from the suggested recycling of the money into reductions in National Insurance Contributions.

These activities reflect the changes in legislation and standards which impact on businesses, and British Glass successfully aims to influence and direct these changes wherever possible to benefit the industry.

### **Members and directors**

Membership details are set out on pages 1 to 3.

### **Directors' responsibilities for the financial statements**

Company law in the United Kingdom 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, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# THE BRITISH GLASS MANUFACTURERS CONFEDERATION

## REPORT OF THE COUNCIL

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### Auditors

Grant Thornton offer themselves for reappointment as auditors in accordance with Section 385 of the Companies Act 1985.

BY ORDER OF THE COUNCIL

Mr K B Barnsley  
Secretary



14 November 2002

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF**

**THE BRITISH GLASS MANUFACTURERS CONFEDERATION**

We have audited the financial statements of The British Glass Manufacturers Confederation Limited for the year ended 30 June 2002 which comprise the principal accounting policies, the consolidated profit and loss account, the balance sheets, the consolidated cash flow statement, the note of historical cost profits and losses and notes 1 to 20. These financial statements have been prepared under the accounting policies set out therein.

**Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the director's report and the financial statements in accordance with United Kingdom law and 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 other information contained in the director's report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

**Basis of opinion**

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

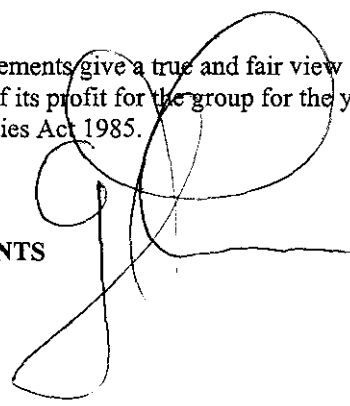
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. 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 group and the company's affairs as at 30 June 2002 and of its profit for the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**GRANT THORNTON  
REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS**

SHEFFIELD  
14 November 2002



# **THE BRITISH GLASS MANUFACTURERS CONFEDERATION**

## **PRINCIPAL ACCOUNTING POLICIES**

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### **BASIS OF PREPARATION**

The financial statements have been prepared under the historical cost convention, except that they have been modified to include the revaluation of certain fixed assets.

The principal accounting policies of the group are set out below. The policies have remained unchanged from the previous year apart from the adoption of FRS 19. This change has not affected the results of the current or preceding year.

### **BASIS OF CONSOLIDATION**

The group financial statements consolidate those of the company and of its subsidiary undertaking (see note 7) drawn up to 30 June 2002. Profits or losses on intra-group transactions are eliminated in full.

### **TURNOVER**

Turnover is the total amount receivable by the Confederation for goods supplied and services provided, excluding VAT and trade discounts.

In the case of long-term contracts, turnover reflects the contract activity during the year and represents the proportion of total contract value which costs incurred to date bear to total expected contract costs.

### **LONG-TERM CONTRACTS**

The attributable profit on long-term contracts is recognised once their outcome can be assessed with reasonable certainty. The profit recognised reflects the proportion of work completed to date on the project.

Costs associated with long-term contracts are included in stocks to the extent that they cannot be matched with contract work accounted for as turnover. Long-term contract balances included in stocks are stated at cost, after provision has been made for any foreseeable losses and the deduction of applicable payments on account.

Full provision is made for losses on all contracts in the year in which the loss is first foreseen.

### **TANGIBLE FIXED ASSETS AND DEPRECIATION**

Tangible fixed assets are stated at cost or valuation, net of depreciation.

Depreciation is calculated to write down the cost or valuation of all tangible fixed assets by equal annual instalments over their estimated useful economic lives. The periods generally applicable are:

Leasehold premises	30 years
Machinery and equipment	2 - 10 years

The leasehold land is held on a 1,000 year lease from 1957 at a nominal annual rent.

### **LEASED ASSETS**

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their estimated useful economic lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease. All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

# **THE BRITISH GLASS MANUFACTURERS CONFEDERATION**

## **PRINCIPAL ACCOUNTING POLICIES**

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### **INVESTMENTS**

Investments are included at cost less amounts written off.

### **STOCKS**

Stocks are stated at the lower of cost and net realisable value.

### **DEFERRED TAX**

Deferred tax is recognised on all timing differences where the transactions or events that give the group an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax on defined benefit pension scheme surpluses or deficits is adjusted against these surpluses. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance date.

### **RETIREMENT BENEFITS**

#### **Defined Contribution Pension Scheme**

The pension costs charged against operating profits are the contributions payable to the scheme in respect of the accounting period.

#### **Defined Benefit Pension Scheme**

The pension costs charged against profits are based on actuarial methods and assumptions designed to spread the anticipated pension costs over the service lives of the employees in the scheme, so as to ensure that the regular pension cost represents a substantially level percentage of the current and expected future pensionable payroll. Variations from regular cost are spread over the average remaining service lives of current employees in the scheme.

### **GOVERNMENT GRANTS**

Government grants in respect of capital expenditure are credited to a deferred income account and are released to the profit and loss account by equal annual instalments over the expected useful lives of the relevant assets.

### **FIXED ASSETS**

Following the implementation of FRS 15 "Tangible Fixed Assets" the company has adopted a policy of not revaluing fixed assets. The carrying amount of tangible fixed assets previously revalued has been retained at their book amount in accordance with the transitional provisions of FRS 15.

# THE BRITISH GLASS MANUFACTURERS CONFEDERATION

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 30 June 2002

	Note	2002 £'000	2001 £'000
Turnover	1	1,724.9	1,770.6
Cost of sales		<u>(1,696.9)</u>	<u>(1,711.6)</u>
Gross profit		28.0	59.0
Other operating income		<u>30.0</u>	<u>29.8</u>
Operating profit	1	58.0	88.8
Net Interest		3.6	2.9
Retained profit for the year	11	<u>61.6</u>	<u>91.7</u>

There were no recognised gains or losses other than the profit for the financial year.

The accompanying accounting policies and notes form an integral part of these financial statements.

# THE BRITISH GLASS MANUFACTURERS CONFEDERATION

BALANCE SHEETS AT 30 JUNE 2002

	Note	The group		The company	
		2002 £'000	2001 £'000	2002 £'000	2001 £'000
<b>Fixed assets</b>					
Tangible assets	6	<u>1,003.0</u>	<u>1,032.7</u>	<u>1,003.0</u>	<u>1,032.7</u>
<b>Current assets</b>					
Stocks	8	128.2	58.1	1.6	1.6
Debtors	9	355.2	412.4	516.7	617.0
Cash at bank and in hand		<u>186.5</u>	<u>241.4</u>	<u>186.5</u>	<u>234.0</u>
		<u>669.9</u>	<u>711.9</u>	<u>704.8</u>	<u>852.6</u>
<b>Creditors: amounts falling due within one year</b>	10	<u>243.5</u>	<u>337.9</u>	<u>157.7</u>	<u>264.3</u>
<b>Net current assets</b>		<u>426.4</u>	<u>374.0</u>	<u>547.1</u>	<u>588.3</u>
<b>Total assets less current liabilities</b>		<u>1,429.4</u>	<u>1,406.7</u>	<u>1,550.1</u>	<u>1,621.0</u>
<b>Provisions for liabilities and charges</b>					
Deferred income		164.0	202.9	164.0	202.9
		<u>1,265.4</u>	<u>1,203.8</u>	<u>1,386.1</u>	<u>1,418.1</u>
<b>Capital and reserves</b>					
Revaluation reserve	11	668.5	695.3	668.5	695.3
Profit and loss account	11	596.9	508.5	717.6	722.8
<b>Members' funds</b>	12	<u>1,265.4</u>	<u>1,203.8</u>	<u>1,386.1</u>	<u>1,418.1</u>

The financial statements were approved by the Finance and General Purposes Committee of the Confederation on 14 November 2002.

Dr A Rattray

Member of the Council of the Confederation



The accompanying accounting policies and notes form an integral part of these financial statements.

# THE BRITISH GLASS MANUFACTURERS CONFEDERATION

## CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 June 2002

	Note	2002 £'000	2001 £'000
Net cash inflow from operating activities	13	54.3	169.1
Returns on investments and servicing of finance			
Interest received		3.6	2.9
Net cash inflow from returns on investments and servicing of finance		3.6	2.9
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(45.8)	(93.9)
Grants received		-	100.0
Net cash (outflow)/inflow from capital expenditure and financial investment		(45.8)	6.1
Increase in cash	14	12.1	178.1

The accompanying accounting policies and notes form an integral part of these financial statements.

# THE BRITISH GLASS MANUFACTURERS CONFEDERATION

## NOTE OF HISTORICAL COST PROFITS AND LOSSES

For the year ended 30 June 2002

	2002 £'000	2001 £'000
Profit on ordinary activities before taxation	61.6	91.7
Difference between historical cost depreciation charge and depreciation charge based on revalued amounts	28.9	28.9
Historical cost profit on ordinary activities before taxation	<u>90.5</u>	<u>120.6</u>
Historical cost profit transferred to reserves	<u>90.5</u>	<u>120.6</u>

# THE BRITISH GLASS MANUFACTURERS CONFEDERATION

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2002

### 1 TURNOVER AND PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

Turnover is attributable to the following classes of business:

	Turnover		Gross profit/(loss)	
	2002 £'000	2001 £'000	2002 £'000	2001 £'000
Member services	544.5	568.1	(31.8)	(8.0)
Research group:				
Research and development, contracts, fees and sales	1,180.4	1,202.5	93.7	67.0
	<u>1,724.9</u>	<u>1,770.6</u>	<u>61.9</u>	<u>59.0</u>

An analysis of turnover by geographical market is given below:

	2002 £'000	2001 £'000
United Kingdom	1,536.2	1,519.9
Overseas	188.7	250.7
	<u>1,724.9</u>	<u>1,770.6</u>

The profit on ordinary activities before taxation is stated after:

	2002 £'000	2001 £'000
Rent receivable	(30.0)	(29.8)
Auditors' remuneration	7.6	8.2
Depreciation	72.1	93.8
Operating lease payments - equipment	19.5	20.5
Tangible fixed assets - permanent diminution	3.4	27.4
Government grants	38.9	16.2
Pension refund	26.6	5.3

### 2 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:

	2002 £'000	2001 £'000
Wages and salaries	851.8	731.8
Social security costs	58.5	50.9
Other pension costs (note 18)	72.0	51.5
	<u>982.3</u>	<u>834.2</u>

The average number of employees of the Confederation is set out below:

	2002 Number	2001 Number
Management	9	8
Administration	9	8
Technical	19	18
	<u>37</u>	<u>34</u>

The Confederation is governed by a Council, the Members of which are its Directors for the purposes of the Companies Act 1985. The Memorandum of Association prohibits the appointment of any Member of the Council to any salaried office of the Confederation. Neither the President nor any Member of Council received any remuneration during the year.

# THE BRITISH GLASS MANUFACTURERS CONFEDERATION

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2002

### 3 TAX ON LOSS ON ORDINARY ACTIVITIES

#### The company

Unrelieved tax losses of £302,000 remain available to offset against future taxable trading profits.

### 4 RECONCILIATION OF TAX ON ORDINARY ACTIVITIES

The tax charge is explained as follows:

	2002 £'000	2001 £'000
Profit on ordinary activities before tax	61.6	91.7
Profit on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom of 30% (2001: 30%)	18.0	27.5
Effect of:		
Expenses not deductible for tax purposes	13.0	1.0
Capital allowances for the period in excess of depreciation	(39.0)	(4.0)
Utilisation of tax losses	36.0	(15.5)
Other	-	(9.0)
Current tax charge for the period	-	-

### 5 LOSS FOR THE FINANCIAL YEAR

The parent company has taken advantage of section 230 of the Companies Act 1985 and has not included its own profit and loss account in these financial statements. The parent company's loss for the year was £32,000 (2001: £24,694 profit).

### 6 TANGIBLE FIXED ASSETS

#### The group and the company

	Leasehold premises £'000	Machinery and equipment £'000	Total £'000
Cost or valuation			
At 1 July 2001	940.0	1,173.7	2,113.7
Additions	-	45.8	45.8
At 30 June 2002	940.0	1,219.5	2,159.5
Depreciation			
At 1 July 2001	203.6	877.4	1,081.0
Provided in the year	31.4	40.7	72.1
Diminution in value	-	3.4	3.4
At 30 June 2002	235.0	921.5	1,156.5
Net book amount at 30 June 2002	705.0	298.0	1,003.0
Net book amount at 30 June 2001	736.4	296.3	1,032.7

# THE BRITISH GLASS MANUFACTURERS CONFEDERATION

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2002

### 6 TANGIBLE FIXED ASSETS (CONTINUED)

The figures above for cost or valuation include valuations as follows:

	Leasehold premises	
	2002	2001
	£'000	£'000
1995 valuation	940.0	940.0

If leasehold premises had not been revalued, they would have been included on the historical cost basis at the following amounts:

	Leasehold premises £'000
Cost	228.6
Accumulated depreciation	177.1
Net book amount at 30 June 2002	51.5
Net book amount at 30 June 2001	56.1

### 7 FIXED ASSETS INVESTMENTS

At 30 June 2002 the group held more than 20% of the equity of Glass Technology Services Limited a subsidiary undertaking:

Class of share capital held	Proportion held by parent company	Nature of business
Ordinary	100%	Sale of equipment and services

The subsidiary undertaking has been consolidated in the group accounts.

### 8 STOCKS

	The group		The company	
	2002	2001	2002	2001
	£'000	£'000	£'000	£'000
Raw materials and consumable stores	18.4	38.5	1.6	1.6
Work in progress	109.8	19.6	-	-
	128.2	58.1	1.6	1.6

# THE BRITISH GLASS MANUFACTURERS CONFEDERATION

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2002

### 9 DEBTORS

	The group		The company	
	2002	2001	2002	2001
	£'000	£'000	£'000	£'000
Trade debtors	297.1	345.2	5.4	54.1
Amounts owed by subsidiary undertakings	-	-	453.2	495.7
Prepayments and other debtors	58.1	67.2	58.1	67.2
	<u>355.2</u>	<u>412.4</u>	<u>516.7</u>	<u>617.0</u>

### 10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	The group		The company	
	2002	2001	2002	2001
	£'000	£'000	£'000	£'000
Bank overdraft	9.4	76.4	9.4	76.4
Payments received on account	37.7	33.1	2.0	1.1
Trade creditors	75.8	134.7	75.8	134.7
Social security and other taxes	72.4	59.7	22.3	19.3
Accruals and deferred income	48.2	34.0	48.2	32.8
	<u>243.5</u>	<u>337.9</u>	<u>157.7</u>	<u>264.3</u>

The National Westminster Bank plc holds a first legal mortgage over the leasehold premises as security against overdraft facilities.

### 11 RESERVES

#### The group

	Revaluation reserve £'000	Profit and loss account £'000
At 1 July 2001	695.3	508.5
Transfer	(26.8)	26.8
Profit for the year	-	61.6
At 30 June 2002	<u>668.5</u>	<u>596.9</u>

#### The company

	Revaluation reserve £'000	Profit and loss account £'000
At 1 July 2001	695.3	722.8
Transfer	(26.8)	26.8
Profit for the year	-	(32.0)
At 30 June 2002	<u>668.5</u>	<u>717.6</u>

Clause 4 of the Memorandum of Association of the Confederation requires that the income and property of the Confederation be applied solely towards the promotion of the objects of the Confederation and prohibits its distribution directly or indirectly, by way of dividend, gift, division, bonus or otherwise by way of profit to the Members of the Confederation.

# THE BRITISH GLASS MANUFACTURERS CONFEDERATION

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2002

### 12 RECONCILIATION OF MOVEMENTS IN MEMBERS' FUNDS

	2002 £'000	2001 £'000
Profit for the financial year	61.6	91.7
Members' funds at 1 July 2001	1,203.8	1,112.1
Members' funds at 30 June 2002	<u>1,265.4</u>	<u>1,203.8</u>

### 13 NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	2002 £'000	2001 £'000
Operating profit/(loss)	58.0	88.8
Depreciation	75.5	121.2
Release of grant	(38.9)	(16.2)
(Increase)/decrease in stock	(70.1)	52.6
Decrease/(increase) in debtors	57.2	(159.6)
(Decrease)/increase in creditors	(27.4)	82.3
Net cash inflow from operating activities	<u>54.3</u>	<u>169.1</u>

### 14 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2002 £'000	2001 £'000
Increase in cash in the year	<u>12.1</u>	<u>178.1</u>
Change in net debt resulting from cash flows	12.1	178.1
Net debt at 1 July 2001	<u>165.0</u>	<u>(13.1)</u>
Net debt at 30 June 2002	<u>177.1</u>	<u>165.0</u>

### 15 ANALYSIS OF CHANGES IN NET DEBT

	At 1 July 2001 £'000	Cash flow £'000	At 30 June 2002 £'000
Cash in hand and at bank	241.4	(54.9)	186.5
Overdrafts	(76.4)	67.0	(9.4)
	<u>165.0</u>	<u>12.1</u>	<u>177.1</u>

### 16 CAPITAL COMMITMENTS

There were no capital commitments at 30 June 2002 and 30 June 2001.

# THE BRITISH GLASS MANUFACTURERS CONFEDERATION

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2002

### 17 LEASING COMMITMENTS

Operating lease payments amounting to £44,900 (2001: £19,800) are due within one and five years. The leases to which these amounts relate expire as follows:

	<b>Machinery and equipment</b>	
	<b>2002</b>	<b>2001</b>
	<b>£'000</b>	<b>£'000</b>
Between one and five years	<b>44.9</b>	<b>19.8</b>

### 18 RETIREMENT BENEFITS

#### Defined Contribution Pension Scheme

The Confederation operates a defined contribution pension scheme for the benefit of the employees. The assets of the scheme are administered by trustees in a fund independent from those of the Confederation.

The Confederation is also a member of the Federated Superannuation System for Universities, administered by a Central Council with the main object of securing that superannuation provision is made continuously and without interruption during the service of those who are engaged in higher education and research. The benefits of this scheme are secured by protective trusts for the members and/or their dependants on retirement or earlier death by means of a legal agreement between each individual member and the Confederation as Employer.

The cost included in these accounts is £3,176 (2001: £3,000).

#### Defined Benefit Pension Schemes

##### The British Glass Manufacturers Confederation Pension and Assurance Scheme

The Confederation operates a defined benefit scheme for the benefit of certain staff. The British Glass Manufacturers Confederation Pension and Assurance Scheme applies to all staff not eligible for the universities schemes. The assets of the scheme are administered by trustees in a fund independent from those of the company.

Pension costs are assessed in accordance with the advice of a qualified actuary using the projected unit method of valuation. The most recent valuation was as at 1 April 2000.

The market value of scheme assets as at 1 April 2000 was £1.3m. The actuarial value of those assets was sufficient to cover 114% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

# THE BRITISH GLASS MANUFACTURERS CONFEDERATION

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2002

### 18 RETIREMENT BENEFITS (CONTINUED)

The total contributions charged by the company in respect of the year ended 30 June 2002 were £68,790 (2001: £53,792). The difference between the accumulated charge and the payments made to the scheme is dealt with in debtors and creditors as appropriate.

#### Transitional FRS17 disclosures for defined benefit schemes

The most recent actuarial valuation of the scheme has been updated by an independent qualified actuary, taking account of the requirements of FRS17 to assess the liabilities of the scheme at 30 June 2002. Scheme assets are stated at their market value. The principal assumptions used by the actuary were:

	2002 %
Rate of increase in salaries	4.0
Rate of increase for pensions in payment	3.0
Rate of inflation	2.8
Discount rate	5.8

The assets in the scheme at 30 June 2002 and the expected long-term rates of return were:

	Rate of return %	2002 value £'000
Deposited administration contract	6.5	1,407
Annuities	5.8	314
		<u>1,721</u>
Total market value of assets		
Present value of scheme liabilities		<u>(1,937)</u>
Net pension liability		<u>(216)</u>

#### Universities Superannuation Scheme

The Confederation also participates in the Universities Superannuation Scheme, which is externally funded and contracted out of the State Earnings Related Pension Scheme. The assets of the scheme are held in a separate trustee administered fund.

The latest actuarial valuation of the scheme was at 31 March 1999. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments and the rates of increase in salary and pensions. It is assumed that the valuation rate of interest would be 4.5% per annum, that salary scale increases would be 3.6% per annum and that pensions would increase by 2.6% per annum.

At the date of the latest actuarial valuation, the market value of the assets of the scheme was £18,870 million and the actuarial value of the assets was sufficient to cover 108% of the benefits which had accrued to members after allowing for expected future increases in earnings.

# **THE BRITISH GLASS MANUFACTURERS CONFEDERATION**

## **NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 June 2002

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### **18 RETIREMENT BENEFITS (CONTINUED)**

The group received a refund in respect of pension costs of £26,575 (2000: £5,329). The contribution rate payable by the institution was 14% of pensionable salaries. The actuary to the Universities Superannuation Scheme has confirmed that it is appropriate to take the pensions costs in the institution's accounts to be equal to the actual contributions paid during the year. In particular, the contribution rate recommended following the 1999 valuation has regard to the surplus disclosed, the benefit improvements introduced subsequent to the valuation, and the need to spread surplus in a prudent manner over the future lifetime of current scheme members. The last member of the Universities Superannuation Scheme retired on 31 March 2000.

The Confederation is also a member of the Federated Superannuation System for Universities, a defined contribution scheme administered by a Central Council with the main object of securing that superannuation provision is made continuously and without interruption during the service of those who are engaged in higher education and research. The benefits of this scheme are secured by protective trusts for the members and/or their dependants on retirement or earlier death by means of a legal agreement between each individual member and the Confederation as Employer.

The total contributions charged by the company in respect of the year ended 30 June 2002 were £3,176 (2001: £3,000). The difference between the accumulated charge and the payments made to the scheme is dealt with in debtors and creditors as appropriate.

### **19 LIABILITIES OF MEMBERS**

Under Clause 6 of the Memorandum of Association all members undertake to contribute to the assets of the Confederation such an amount as may be required, not exceeding £5 in the event of it being wound up during their period of membership, and within one year afterwards.

### **20 TRANSACTIONS WITH RELATED PARTIES**

The members of Council consider that British Glass Foundation was a related party of the company during the year. The British Glass Manufacturers Confederation received no management and ancillary fees in respect of goods and services provided from the organisation.