

Report and Accounts

Maplin Electronics PLC

1 January 2000



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Maplin Electronics PLC

Registered No. 1264385

DIRECTORS

R L Allen
J Barkley
A D Black
G N Caldwell
N L J Fawcett
J Kelly
J Maclean
D O'Reilly
K Pacey
M E Smith

SECRETARY

M E Smith

AUDITORS

Ernst & Young
Becket House
1 Lambeth Palace Road
London SE1 7EU

PRINCIPAL BANKERS

Bank of Scotland
Glasgow Chief Office
110 St Vincent Street
Glasgow G2 5EJ

SOLICITORS

Dickson Minto WS
Royal London House
22/25 Finsbury Square
London EC2A 1DS

REGISTERED OFFICE

National Distribution Centre
Valley Road
Wombwell
South Yorkshire S73 0BS

Maplin Electronics PLC

DIRECTORS' REPORT

The directors present their report and accounts for the period ended 1 January 2000.

RESULTS AND DIVIDENDS

The operating profit for the period amounted to £890,478 (£2,803,579 for the period ended 2 January 1999). The loss for the period after taxation amounted to £1,945 (profit of £1,376,701 for the period ended 2 January 1999). No dividends were paid during the period (£1,091,281 for the period ended 2 January 1999). A retained loss of £1,945 (profit of £285,420 for the period ended 2 January 1999) has been transferred to reserves.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

On 30 April 1999 Compart PLC ("Compart") made offers to acquire the Ordinary and Preference Shares of Saltire (formerly Saltire PLC), the holding company of Maplin Electronics PLC. Dr. K Pacey and Mr A D Black, the executive management team of Saltire, are together the majority shareholders of Compart.

On 24 June 1999 Compart announced that the offers had been declared unconditional in all respects and control of Saltire passed to Compart on that date. On the same day Saltire applied for cancellation of its listing on the London Stock Exchange with effect from 23 July 1999.

Maplin Electronics is a UK based catalogue retailer and e-commerce distributor of electronic and computer products.

Maplin's sales for the twelve months of 1999 increased by 9.5% to £45.1m.

Store sales grew by 16% to £31.9m helped by the opening of six new stores bringing the year end total to 55; like-for-like sales grew by 10.8%. Since then two new stores have opened at Kingston on Thames and Uxbridge with a further store under construction at Plymouth. Store sales in the current year continue to show strong progress with like-for-like increases exceeding those achieved in 1999 plus the benefit of growth from the 1999 store openings.

Mail order sales for the twelve months of 1999 were down by 4.6% to £12.3m. However in June 1999 a major development initiative saw the launch of the Maplin web trading site www.maplin.co.uk, one of the UK's most sophisticated fully interactive on-line catalogue site with secure and guaranteed ordering facilities. With highly focused investment, the e-commerce business has grown to account for almost 15% of all mail order sales and has proven to be highly profitable.

1999 was an important transition year for Maplin. Exceptional reorganisation costs were incurred and provided in the period covered by these accounts amounting to £794,000 with further costs of £250,000 due to be charged in 2000. These related to the transfer of the Essex operations to the Barnsley National Distribution Centre and the rationalisation of the field sales force associated with the business to business mail order activities. Other non-recurring costs of approximately £230,000 were also incurred in 1999 reducing reported operating profit to £890,000 compared with the previous year's £2,804,000. It is anticipated that, with the move to Barnsley now almost completed and with the strategic benefits already starting to show, underlying profitability will return to and exceed the levels achieved in 1998.

MARKET VALUE OF LAND AND BUILDINGS

Freehold land and buildings were revalued as at 16 September 1994, as stated in note 10 to the financial statements, and these valuations have been incorporated into the accounts. A further valuation of the company's two main freehold properties conducted in November 1997 by Lancasters, Chartered Surveyors, and by Lambert Smith Hampton, Consultants, Surveyors and Valuers, indicated a potential net increase in value of £234,000. For the sake of prudence, the directors have elected not to reflect this increase in these accounts.

Maplin Electronics PLC

DIRECTORS' REPORT

OVERSEAS BRANCHES

The company continued during the period to source products through its overseas branch in Taiwan and through Nikkai (Hong Kong) Limited, its subsidiary in Hong Kong and China.

EMPLOYEES

It is the board's policy to pursue open communication with employees and, to this end, regular meetings are held with management to convey information about the business.

The company gives full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities. Systems are in place to prevent discrimination. Where existing employees become disabled, it is the company's policy, wherever practicable, to provide continuing employment under normal terms and conditions and to provide training and career development opportunities where appropriate.

DIRECTORS AND THEIR INTERESTS

The directors who served during the period were as follows:

R L Allen	
J Barkley	(appointed 12 August 1999)
A D Black	
G N Caldwell	
J C Fawcett	(resigned 1 November 1999)
N L J Fawcett	(appointed 3 March 1999)
J Kelly	
J Maclean	(appointed 12 August 1999)
K Pacey	(appointed 4 January 1999)
M E Smith	(appointed 1 November 1999)
K Tahmasebi	(resigned 4 January 1999)
N P Turner	(resigned 16 April 1999)

D O'Reilly was appointed a director on 21 June 2000.

None of the directors had any interest in the shares of the company.

The company is a wholly owned subsidiary of Compart PLC. J Barkley, A D Black, J Maclean and K Pacey are directors of Compart PLC and their interests in its share capital are disclosed in the accounts of that company.

POLICY ON THE PAYMENT OF SUPPLIERS

The company recognises the importance of maintaining good business relationships with its suppliers and aims to pay all invoices within agreed terms. At 1 January 2000, the company had an average of 58 days' purchases outstanding in trade creditors (period ended 2 January 1999 – 57 days). On average during 1999, 47 days' purchases were outstanding (period ended 2 January 1999 – 47 days).

DIRECTORS' REPORT

YEAR 2000 COMPLIANCE

As is well known, many computer and digital storage systems express dates using only the last two digits of the year and thus required modification or replacement to accommodate the Year 2000 and beyond in order to avoid malfunctions and resulting widespread commercial disruption. This is a complex and pervasive issue. The operation of our business depends not only on our own computer systems, but also to some degree on those of our suppliers and customers. This could expose us to further risk in the event that there is a failure by other parties to remedy their own Year 2000 issues.

As at the date of signing the balance sheet there has been no significant impact on the company and no significant costs have been incurred relating to the Year 2000 issue.

AUDITORS

A resolution to reappoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

By order of the Board



27 JUL 2000

Secretary

Maplin Electronics PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts 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 accounts, 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 accounts; and
- prepare the accounts 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 accounts 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.

REPORT OF THE AUDITORS
to the members of Maplin Electronics PLC

We have audited the accounts on pages 7 to 19, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 10 and 11.

Respective responsibilities of directors and auditors

As described on page 5 the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by Statute, the Auditing Practices Board and by our profession's ethical guidance.

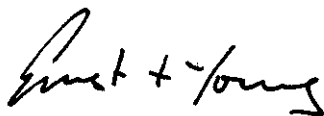
Basis of opinion

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 1 January 2000 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



27 JUL 2000

Ernst & Young
Registered Auditor
London

Maplin Electronics PLC

PROFIT AND LOSS ACCOUNT for the period ended 1 January 2000

		Period ended 1 January 2000	Period ended 2 January 1999
	Notes	£	£
TURNOVER	2	45,105,985	41,195,016
Cost of sales		(23,558,436)	(20,943,166)
GROSS PROFIT		21,547,549	20,251,850
Distribution costs		(4,895,783)	(4,284,204)
Administrative expenses		(15,073,694)	(13,329,549)
Other operating income		105,906	165,482
		(19,863,571)	(17,448,271)
OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS		1,683,978	2,803,579
Exceptional operating charges	3	(793,500)	-
OPERATING PROFIT	4	890,478	2,803,579
Other interest receivable and similar income		5,895	4,869
Interest payable	7	(421,761)	(635,808)
		(415,866)	(630,939)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		474,612	2,172,640
Tax on profit on ordinary activities	8	(476,557)	(795,939)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		(1,945)	1,376,701
Dividends paid and proposed	9	-	(1,091,281)
RETAINED (LOSS)/PROFIT FOR THE PERIOD	20	(1,945)	285,420

Maplin Electronics PLC

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the period ended 1 January 2000

	<i>Period ended 1 January 2000 £</i>	<i>Period ended 2 January 1999 £</i>
(Loss)/profit for the financial period	(1,945)	1,376,701
Total recognised (losses)/gains since the last annual report	<u>(1,945)</u>	<u>1,376,701</u>

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

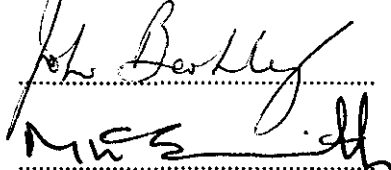
	<i>Period ended 1 January 2000 £</i>	<i>Period ended 2 January 1999 £</i>
Opening balance	5,039,346	4,753,926
Profit for the period attributable to shareholders	(1,945)	1,376,701
Dividends	—	(1,091,281)
Closing balance	<u>5,037,401</u>	<u>5,039,346</u>

Maplin Electronics PLC

BALANCE SHEET at 1 January 2000

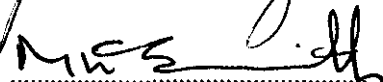
	Notes	1 January 2000 £	2 January 1999 £
FIXED ASSETS			
Tangible assets	10	7,968,641	7,532,847
Investments	11	16,538	36,089
		<u>7,985,179</u>	<u>7,568,936</u>
CURRENT ASSETS			
Stock	12	8,081,588	7,641,584
Debtors	13	3,026,297	3,372,378
Cash at bank and in hand		620,801	186,347
		<u>11,728,686</u>	<u>11,200,309</u>
CREDITORS: amounts falling due within one year	14	(14,637,959)	(13,161,781)
NET CURRENT LIABILITIES		<u>(2,909,273)</u>	<u>(1,961,472)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>5,075,906</u>	<u>5,607,464</u>
CREDITORS: amounts falling due after more than one year	15	(38,505)	(568,118)
		<u>5,037,401</u>	<u>5,039,346</u>
CAPITAL AND RESERVES			
Called up share capital	19	420,000	420,000
Share premium	20	429,258	429,258
Profit and loss account	20	4,188,143	4,190,088
Shareholders' funds	21	<u>5,037,401</u>	<u>5,039,346</u>

On behalf of the Board


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Director

27 JUL 2000


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Director

27 JUL 2000

Maplin Electronics PLC

NOTES TO THE ACCOUNTS

at 1 January 2000

1. ACCOUNTING POLICIES

Accounting convention

The accounts have been prepared under the historical cost convention modified to include the revaluation of certain land and buildings. The accounts have been prepared in accordance with applicable accounting standards.

Group accounts

The company is a wholly owned subsidiary of Compart PLC, a company registered in Scotland. Accordingly no group accounts have been prepared as permitted by Section 228 of the Companies Act 1985.

Statement of cash flows

The company is exempt from publishing a statement of cash flows under FRS 1 (Revised) as it is a wholly owned subsidiary of Compart PLC whose group accounts contain a consolidated statement of cash flows.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at hedged rates, where applicable. Assets and liabilities denominated in foreign currencies are translated into sterling at the period end rates or hedged rates, where applicable. All exchange differences thus arising are dealt with through the profit and loss account.

Depreciation of tangible fixed assets

No depreciation is provided on freehold land. For all other assets, depreciation is provided at rates calculated to write off the cost or valuation, less estimated residual value, of each asset over its estimated useful life, as follows:

Freehold buildings	-	2% on cost
Short leasehold property and improvements	-	over remaining period of the lease
Long leasehold property and improvements	-	over remaining period of the lease, subject to a maximum of 25 years
Fixtures, fittings, tools and equipment	-	15%, reducing balance basis
Computer equipment and motor vehicles	-	25%, reducing balance basis

Government grants

Grants received on capital expenditure are deducted from the cost of the related asset.

Deferred taxation

Provision is made under the liability method in respect of those timing differences which are expected to crystallise in the foreseeable future.

Store pre-opening and refurbishment costs

Pre-opening and related start-up expenses incurred by new or refurbished units in the period up to commencement of full trading are deferred and expensed over the first twelve months of trading.

Maplin Electronics PLC

NOTES TO THE ACCOUNTS

at 1 January 2000

1. ACCOUNTING POLICIES (continued)

Stock

Stock is stated at the lower of cost and net realisable value. Cost comprises purchase price and all other directly attributable costs.

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are included as tangible fixed assets at cost and depreciated over the asset's life. The interest element is charged to the profit and loss account using a reducing balance method. Rentals under operating leases are charged to the profit and loss account on a straight line basis.

2. TURNOVER AND SEGMENTAL ANALYSIS

An analysis of turnover by activity, destination and origin is given below:

	<i>Total turnover</i>		<i>Intercompany turnover</i>		<i>External turnover</i>	
	<i>Period ended</i>	<i>Period ended</i>	<i>Period ended</i>	<i>Period ended</i>	<i>Period ended</i>	<i>Period ended</i>
	<i>1 January</i>	<i>2 January</i>	<i>1 January</i>	<i>2 January</i>	<i>1 January</i>	<i>2 January</i>
	<i>2000</i>	<i>1999</i>	<i>2000</i>	<i>1999</i>	<i>2000</i>	<i>1999</i>
<i>Turnover</i>	£	£	£	£	£	£
Mail order	13,246,376	13,728,198	134,242	84,512	13,112,134	13,643,686
Stores	31,859,609	27,466,818	—	—	31,859,609	27,466,818
	<u>45,105,985</u>	<u>41,195,016</u>	<u>134,242</u>	<u>84,512</u>	<u>44,971,743</u>	<u>41,110,504</u>
By destination:						
United Kingdom	44,479,250	40,611,962	134,242	80,400	44,345,008	40,531,562
The Netherlands	3,001	5,750	—	4,112	3,001	1,638
Other	623,734	577,304	—	—	623,734	577,304
	<u>45,105,985</u>	<u>41,195,016</u>	<u>134,242</u>	<u>84,512</u>	<u>44,971,743</u>	<u>41,110,504</u>
By origin:						
United Kingdom	44,176,410	40,814,270	134,242	84,512	44,042,168	40,729,758
Other	929,575	380,746	—	—	929,575	380,746
	<u>45,105,985</u>	<u>41,195,016</u>	<u>134,242</u>	<u>84,512</u>	<u>44,971,743</u>	<u>41,110,504</u>

The net assets of the company are principally in the United Kingdom. The operating profit is derived principally from electronics retail and distribution and originates entirely from the United Kingdom.

Maplin Electronics PLC

NOTES TO THE ACCOUNTS

at 1 January 2000

3. EXCEPTIONAL OPERATING CHARGES

	<i>Period ended 1 January 2000 £</i>	<i>Period ended 2 January 1999 £</i>
Reorganisation and redundancy costs	793,500	-

4. OPERATING PROFIT

	<i>Period ended 1 January 2000 £</i>	<i>Period ended 2 January 1999 £</i>
This is stated after charging:		
Auditors' remuneration – audit services	48,160	23,322
– non-audit services	-	3,174
Depreciation of owned assets	899,177	803,933
Depreciation of assets held under finance leases	17,942	29,858
Loss on disposal of fixed assets	9,685	25,572
Operating lease costs – land and buildings	2,019,155	1,770,982
Hire of plant and machinery	158,615	91,480

5. DIRECTORS' EMOLUMENTS

	<i>Period ended 1 January 2000 £</i>	<i>Period ended 2 January 1999 £</i>
Emoluments	485,295	434,061
Company contributions paid or accrued to money purchase pension schemes	25,976	44,342

	<i>Period ended 1 January 2000 No.</i>	<i>Period ended 2 January 1999 No.</i>
Members of money purchase pension schemes	6	7
Members of final salary schemes	-	-
Total members of company pension schemes	6	7

Maplin Electronics PLC

NOTES TO THE ACCOUNTS

at 1 January 2000

5. DIRECTORS' EMOLUMENTS (continued)

	<i>Period ended 1 January 2000 £</i>	<i>Period ended 2 January 1999 £</i>
The amounts in respect of the highest paid director are as follows:		
Emoluments	169,000	146,924
Company contributions paid to money purchase pension schemes	—	18,000

6. STAFF COSTS

	<i>Period ended 1 January 2000 £</i>	<i>Period ended 2 January 1999 £</i>
Wages and salaries	8,734,362	8,136,743
Social security costs	674,605	663,140
Other pension costs	146,323	134,243
Other staff costs	—	397,049
	9,555,290	9,331,175

The average weekly number of full-time employees during the period was 620 (583 for the period ended 2 January 1999).

7. INTEREST PAYABLE

	<i>Period ended 1 January 2000 £</i>	<i>Period ended 2 January 1999 £</i>
Bank loans, overdraft and other loans repayable within five years	418,907	626,244
Finance charges payable under finance leases	2,854	9,564
	421,761	635,808

Maplin Electronics PLC

NOTES TO THE ACCOUNTS at 1 January 2000

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	<i>Period ended 1 January 2000 £</i>	<i>Period ended 2 January 1999 £</i>
The taxation charge is made up as follows:		
Group relief payable	463,035	740,335
ACT written off	—	44,857
Group relief (over)/underprovided in previous years	(3,075)	10,747
Overseas taxation	16,597	—
	<u>476,557</u>	<u>795,939</u>

Capital allowances have been disclaimed in order to utilise available group relief.

9. DIVIDENDS PAID AND PROPOSED

	<i>Period ended 1 January 2000 £</i>	<i>Period ended 2 January 1999 £</i>
Equity dividends on ordinary shares:		
Interim dividends paid £nil per share (1999 – £2.60 per share)	—	1,091,281
	<u>—</u>	<u>1,091,281</u>

10. TANGIBLE FIXED ASSETS

	<i>Freehold land and buildings £</i>	<i>Leasehold property and improvements £</i>	<i>Fixtures, fittings, tools and equipment £</i>	<i>Computer equipment and motor vehicles £</i>	<i>Total £</i>
Cost or valuation:					
At 2 January 1999	2,176,336	3,954,853	3,784,287	2,356,350	12,271,826
Additions	249,675	482,648	665,890	253,284	1,651,497
Disposals	(207,111)	—	(11,088)	(188,884)	(407,083)
At 1 January 2000	<u>2,218,900</u>	<u>4,437,501</u>	<u>4,439,089</u>	<u>2,420,750</u>	<u>13,516,240</u>
Depreciation:					
At 2 January 1999	498,493	866,262	1,977,447	1,396,777	4,738,979
Provided during the period	41,073	292,147	319,746	264,153	917,119
Disposals	—	—	(1,487)	(107,012)	(108,499)
At 1 January 2000	<u>539,566</u>	<u>1,158,409</u>	<u>2,295,706</u>	<u>1,553,918</u>	<u>5,547,599</u>
Net book amount:					
At 1 January 2000	<u>1,679,334</u>	<u>3,279,092</u>	<u>2,143,383</u>	<u>866,832</u>	<u>7,968,641</u>
At 2 January 1999	<u>1,677,843</u>	<u>3,088,591</u>	<u>1,806,840</u>	<u>959,573</u>	<u>7,532,847</u>

Maplin Electronics PLC

NOTES TO THE ACCOUNTS

at 1 January 2000

10. TANGIBLE FIXED ASSETS (continued)

The net book amount of fixed assets at 1 January 2000 includes an amount of £98,123 (£146,464 at 2 January 1999) in respect of assets held under finance leases. The related depreciation charge for the period was £17,942 (£29,858 for the period ended 2 January 1999).

Leasehold property includes a long lease with a net book value at 1 January 2000 of £136,704 (£142,502 at 2 January 1999).

Freehold land and buildings have been valued at open market value as at 16 September 1994 by Herring Baker Harris, Chartered Surveyors, apart from two properties which have been valued by the directors at £60,636 and £225,434 respectively. The valuations by Herring Baker Harris were carried out in accordance with the Statements of Asset Valuation Practice and Guidance Notes published by the Royal Institution of Chartered Surveyors.

As noted in the Directors' Report, there is a potential increase in value of the two main freeholds which has not been incorporated in these accounts.

If the properties had not been revalued they would be included in the accounts at the following amounts:

	£
Cost	2,466,749
Accumulated depreciation	<u>463,385</u>

11. INVESTMENTS

	£
Cost:	
At 2 January 1999	36,089
Amounts provided in the period	<u>(19,551)</u>
Investments in subsidiary undertakings are as follows:	
At 1 January 2000	<u>16,538</u>

<i>Subsidiary</i>	<i>Country of registration/ incorporation</i>	<i>Holding</i>	<i>Proportion held</i>	<i>Activity</i>
Cubipaq Inc.	Philippines	Ordinary shares	70%	Packaging and general trading
Nikkai (Hong Kong) Limited	Hong Kong	Ordinary shares	100%	Buying, sourcing quality control and shipping of products

Maplin Electronics PLC

NOTES TO THE ACCOUNTS at 1 January 2000

12. STOCK

	<i>1 January 2000 £</i>	<i>2 January 1999 £</i>
Finished goods and goods for resale	8,081,588	7,641,584

There are no significant differences between replacement cost and the above values.

13. DEBTORS

	<i>1 January 2000 £</i>	<i>2 January 1999 £</i>
Trade debtors	1,327,503	1,885,524
Amounts owed by subsidiary undertakings	334,200	275,939
Other debtors	154,563	94,492
Prepayments and accrued income	972,318	648,881
ACT recoverable	227,517	437,113
Income tax recoverable	—	149
VAT and duties recoverable	10,196	30,280
	<u>3,026,297</u>	<u>3,372,378</u>

14. CREDITORS: amounts falling due within one year

	<i>1 January 2000 £</i>	<i>2 January 1999 £</i>
Bank overdrafts (secured)	5,181,132	5,456,953
Payments on account	30,681	22,024
Trade creditors	5,177,038	4,410,722
Amount owed to fellow subsidiary undertakings	387,219	405,157
Amount owed to parent undertaking	1,085,000	575,000
Accruals and deferred income	1,337,685	608,411
Taxation and social security	910,999	709,313
Other creditors	40,894	56,657
Obligations under finance leases (note 17)	23,574	22,057
ACT payable	—	144,435
Group relief payable	463,737	751,052
	<u>14,637,959</u>	<u>13,161,781</u>

Maplin Electronics PLC

NOTES TO THE ACCOUNTS

at 1 January 2000

15. CREDITORS: amounts falling due after more than one year

	<i>1 January 2000</i>	<i>2 January 1999</i>
	£	£
Amount owed to parent undertaking	—	510,000
Deferred taxation (note 16)	9	9
Obligations under finance leases (note 17)	38,496	58,109
	<u>38,505</u>	<u>568,118</u>

16. DEFERRED TAXATION

There is no potential deferred tax liability (1998 – £36,427).

17. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

Obligations under finance leases

	<i>1 January 2000</i>	<i>2 January 1999</i>
	£	£
Minimum lease payments payable:		
Within one year	27,522	27,874
Within two and five years	41,501	65,296
	<u>69,023</u>	<u>93,170</u>
Finance charges allocated to future years	(6,953)	(13,004)
	<u>62,070</u>	<u>80,166</u>
Amounts due within one year	23,574	22,057
Amounts due after more than one year	38,496	58,109
	<u>62,070</u>	<u>80,166</u>

18. OBLIGATIONS UNDER OPERATING LEASE COMMITMENTS

As at 1 January 2000 the company has annual commitments under non-cancellable operating leases as set out below:

	<i>Land and buildings</i>		<i>Other</i>	
	<i>1 January 2000</i>	<i>2 January 1999</i>	<i>1 January 2000</i>	<i>2 January 1999</i>
	£	£	£	£
Operating leases which expire:				
Within one year	11,500	—	20,689	—
In two to five years	324,500	251,500	110,858	128,112
In over five years	1,786,885	1,461,165	—	—
	<u>2,122,885</u>	<u>1,712,665</u>	<u>131,547</u>	<u>128,112</u>

Maplin Electronics PLC

NOTES TO THE ACCOUNTS at 1 January 2000

19. SHARE CAPITAL

	<i>1 January 2000 No.</i>	<i>2 January 1999 No.</i>
Authorised:		
Ordinary shares of £1 each	73,660	73,660
Redeemable ordinary shares of £1 each	350,000	350,000
	<u>423,660</u>	<u>423,660</u>
	£	£
Allotted, called up and fully paid:		
Ordinary shares of £1 each	70,000	70,000
Redeemable ordinary shares of £1 each	350,000	350,000
	<u>420,000</u>	<u>420,000</u>

The redeemable ordinary shares of £1 nominal value rank *pari passu* with the ordinary shares, except that the redeemable ordinary shares may be redeemed at par at the option of either the company or the holder.

20. RESERVES

	<i>Share premium £</i>	<i>Profit and loss account £</i>
At 2 January 1999	429,258	4,190,088
Loss for the period	—	(1,945)
At 1 January 2000	<u>429,258</u>	<u>4,188,143</u>

21. SHAREHOLDERS' FUNDS

Shareholders' funds can be analysed as follows:

	<i>1 January 2000 £</i>	<i>2 January 1999 £</i>
Equity shares	<u>5,037,401</u>	<u>5,039,346</u>

22. PENSION COMMITMENTS

Maplin now participates in the Saltire Group Pension Scheme which was switched to a defined contribution basis from 6 April 1997. This scheme is the main pension scheme for employees of the Saltire Group with all benefits being on a defined contribution basis. One of the company's principal objectives in making this change was to achieve greater stability in its pension costs. Contributions are paid to the scheme by both employers and employees and are held in a separate trust fund.

NOTES TO THE ACCOUNTS

at 1 January 2000

22. PENSION COMMITMENTS (continued)

A valuation of the financial position of the Saltire Scheme was carried out by the Scheme's actuary, Bacon & Woodrow, as at 5 April 1999. The valuation confirmed that the Scheme was not excessively funded under the Government's statutory surplus regulations. However, the Scheme had assets in excess of the total amount of the members' defined contribution accounts. Those excess assets amounted to approximately £200,000 and have subsequently been used to meet part of the employer contribution requirement and to pay expenses

From 6 April 1997 further accrual of defined benefits under the Maplin Electronics PLC Pension & Life Assurance Scheme ceased. Existing members of the Maplin Scheme were offered membership of the Saltire Scheme on a defined contribution basis. These members were also given the opportunity to convert their existing benefits under the Maplin Scheme to a defined contribution basis and transfer them to the Saltire Scheme. The majority of the members agreed to transfer across and this was completed during 1998. Following the transfer, the winding-up of the Maplin Scheme commenced and the benefits of the few remaining members will be secured via the purchase of insurance policies. Calculations were carried out at the start of 1999 and again in June 2000 to assess whether the winding up would give rise to any additional liabilities. These calculations showed that there would have been no significant additional liabilities at that time although the final position will depend on market conditions at the date the liabilities are crystallised.

23. CAPITAL COMMITMENTS

	<i>1 January 2000 £</i>	<i>2 January 1999 £</i>
Authorised by the directors and contracted for	46,791	—

24. CONTINGENT LIABILITIES

The Bank of Scotland has a fixed and floating charge over all of the company's assets. The company is a party to a group banking facility with its principal bankers under which it has guaranteed the liabilities of fellow group undertakings. The amount drawn down by the Group as bank overdrafts at 1 January 2000 was £7,401,000 (£4,441,000 at 2 January 1999).

25. RELATED PARTY TRANSACTIONS

The company is taking advantage of the exemption within Financial Reporting Standard 8 : Related Party Disclosures, which allows transactions with group undertakings not to be disclosed where the consolidated financial statements of the ultimate parent undertaking are publicly available.

26. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking for which group accounts are drawn up is Compart PLC, a company registered in Scotland. Copies of the report and accounts of Compart PLC can be obtained from Companies House, Argyle House, 37 Castle Terrace, Edinburgh, EH1 2EB.