

Group profit and loss account

for the year ended 31 December 2000

	Notes	2000 £'000	1999 £'000
Turnover	1(a)		
Continuing operations		171,632	124,836
Cost of sales		(111,368)	(78,091)
Gross profit		60,264	46,745
Distribution costs		(21,525)	(16,786)
Administrative expenses (after goodwill amortisation of £938,000 (1999: £274,000))		(14,810)	(11,778)
Operating profit	1(b)/2(a)	23,929	18,181
Continuing operations			
Exceptional items	3		
Costs of restructuring an operating division		(3,561)	–
Profit on disposal of property		3,504	–
Profit on ordinary activities before interest		23,872	18,181
Net interest payable	5	(2,193)	(329)
Profit on ordinary activities before taxation		21,679	17,852
Tax on profit on ordinary activities	6	(7,227)	(6,057)
Profit for the financial year attributable to members of the parent company		14,452	11,795
Dividends	7	(5,372)	(4,901)
Retained profit for the financial year	22	9,080	6,894
		Pence	Pence
Earnings per share – basic	8	25.6	20.9
– adjusted	8	25.8	22.5
– diluted	8	25.4	20.7

Group statement of total recognised gains and losses

for the year ended 31 December 2000

	2000 £'000	1999 £'000
Profit for the year attributable to equity shareholders	14,452	11,795
Currency translation differences on foreign currency net investments	1,090	362
Total gains recognised in the year	15,542	12,157

Balance sheets

at 31 December 2000

	Notes	Group 2000 £'000	Group 1999 £'000	Company 2000 £'000	Company 1999 £'000
Fixed assets					
Intangible assets	10	17,783	6,572	–	–
Tangible assets	11	23,705	32,561	131	59
Investments	12	16	39	75,971	75,994
		41,504	39,172	76,102	76,053
Current assets					
Stocks	13	21,602	13,770	–	–
Debtors	14	33,727	24,686	20,367	18,601
Cash at bank and in hand		8,557	4,531	4,195	–
		63,886	42,987	24,562	18,601
Creditors:					
Amounts falling due within one year					
Borrowings	15	(1,870)	(13,966)	(140)	(10,226)
Other creditors	15	(29,396)	(21,968)	(5,032)	(4,499)
		(31,266)	(35,934)	(5,172)	(14,725)
Net current assets		32,620	7,053	19,390	3,876
Total assets less current liabilities		74,124	46,225	95,492	79,929
Creditors:					
Amounts falling due after more than one year					
Borrowings	15	(17,254)	(771)	(17,200)	(340)
Provisions for liabilities and charges	18	(1,508)	(741)	–	–
		55,362	44,713	78,292	79,589
Capital and reserves					
Called up share capital	21	565	563	565	563
Share premium account	22	5,370	4,893	5,370	4,893
Capital redemption reserve	22	51	51	51	51
Other reserves	22	–	–	66,077	66,077
Profit and loss account	22	49,376	39,206	6,229	8,005
		55,362	44,713	78,292	79,589

H L Tee

Group Chief Executive

A J Vaisey

Group Finance Director

15 March 2001

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Group statement of cash flows

for the year ended 31 December 2000

	Notes	2000 £'000	1999 £'000
Cash flow from operating activities			
Net cash inflow from trading operations	2(b)	27,298	18,714
Outflow related to exceptional item: restructuring of division		(3,221)	-
Cash flow from operating activities		24,077	18,714
Returns on investments and servicing of finance			
Interest paid		(2,541)	(635)
Interest received		332	363
Net cash outflow from returns on investment and servicing of finance		(2,209)	(272)
Taxation		(7,934)	(7,234)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(5,659)	(19,580)
Sale of tangible fixed assets		365	106
Exceptional item: sale of property (net of related costs)		18,815	-
Net cash outflow from investing activities		13,521	(19,474)
Acquisitions and disposals			
Purchase of subsidiary undertakings	27	(23,395)	(7,342)
Sale of subsidiary undertaking		-	(194)
		(23,395)	(7,536)
Equity dividends paid		(5,017)	(4,611)
Cash outflow before use of liquid resources and financing		(957)	(20,413)
Financing			
Issue of ordinary share capital		479	304
Loan advance		22,950	13,500
Loan repayments		(18,474)	(3,801)
Capital element of finance lease rental payments		(89)	(60)
		4,866	9,943
Increase/(decrease) in cash in the year	17	3,909	(10,470)
Reconciliation of net cash flow to movements in net debt			
Increase/(decrease) in cash in the year		3,909	(10,470)
Cash inflow from increase in debt and lease financing		(4,387)	(9,639)
Change in net debt resulting from cash flows		(478)	(20,109)
Loans and finance leases acquired with subsidiary undertakings		-	(1,345)
Loan notes issued		-	(590)
Translation difference		117	(58)
Movement in net debt in the year		(361)	(22,102)
Net debt at beginning of year		(10,206)	11,896
Net debt at end of year	17	(10,567)	(10,206)

Accounting policies

Accounting convention The accounts are prepared in accordance with the historical cost convention and in accordance with applicable accounting standards. A summary of the principal accounting policies is set out below:

Basis of consolidation The consolidated accounts incorporate the accounts of the company and those of each of its subsidiary undertakings drawn up to 31 December each year. No profit and loss account is presented for The Roxboro Group PLC as provided by Section 230 of the Companies Act 1985. The results of businesses acquired or disposed of are included in the profit and loss account from the date on which control passes.

Turnover Group turnover represents the net amounts invoiced to customers for goods and services supplied in respect of ordinary activities, excluding intra-Group transactions and value added tax.

Depreciation Depreciation is calculated so as to write off the cost, less estimated net realisable value, of tangible fixed assets on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Freehold land	– not depreciated
Freehold buildings	– between 2% and 6%
Office equipment	– between 10% and 20%
Computer equipment	– between 20% and 33.3%
Plant, machinery, fixtures and fittings	– between 7% and 20%
Tooling and moulds	– minimum 25%
Motor vehicles	– between 25% and 33.3%

Leased assets Assets acquired under finance leases and the related future rental obligations are included on the balance sheet. The interest element of the rental obligation is charged against profit in proportion to the reducing capital elements outstanding. The assets are depreciated over the shorter of the lease term and their useful lives. The costs of operating leases are expensed as incurred.

Foreign currencies Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward exchange contract. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date or if appropriate at the forward contract rate. All differences are taken to the profit and loss account with the exception of differences on foreign currency borrowings, to the extent that they are used to finance or provide a hedge against foreign equity investments, which are taken directly to reserves together with the exchange difference on the carrying amount of the related investments.

Profit and loss accounts denominated in foreign currencies are translated into sterling in the Group accounts at the average rates of exchange ruling for the relevant financial year. Assets and liabilities are translated at exchange rates ruling at the balance sheet date. Exchange differences arising on the retranslation of the opening net investment in foreign enterprises are dealt with as adjustments to reserves.

Stocks and work in progress Stocks and work in progress are stated at the lower of cost and net realisable value. Cost includes material, direct labour and all overheads appropriate to the relevant stage of production. Net realisable value represents the estimated amount at which stocks and work in progress will be realised after taking into account all relevant marketing, selling and distribution costs.

Deferred taxation Deferred taxation is provided using the liability method in respect of the taxation effect on all material timing differences between the treatment of certain items for taxation and accounting purposes to the extent that it is probable that a liability or asset will actually crystallise.

Goodwill Purchased goodwill prior to 31 December 1997, representing the difference between the purchase price and the fair value of net assets acquired was immediately set off against reserves. On disposal of businesses, goodwill previously written off under this policy is written back through the profit and loss account. Goodwill previously eliminated against reserves has not been reinstated on implementation of FRS10.

Positive goodwill arising on acquisitions since 1 January 1998 is capitalised and amortised on a straight line basis over the anticipated useful economic life up to a maximum of 20 years. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstance indicate that the carrying value may not be recoverable.

Investments in subsidiary undertakings Investments in subsidiary undertakings are stated at cost.

Employee share option plans The ESOP asset is categorised as investments in own shares at original cost. The cost of shares awarded to employees is written off in the profit and loss account in the year of the award.

Pension contributions The Group operates defined benefit and defined contribution pension schemes in both the UK and USA. The defined benefit pension scheme costs are accounted for on the basis of charging the consistent ongoing cost of providing pensions over the years during which the Group benefits from the employees' services, adjusted for any variations in cost arising from the experience of the scheme. The effects of variations from regular cost are spread over the average expected remaining working lifetime of members of the scheme. Contributions for the defined contribution pension schemes are charged to the profit and loss account as they become payable, in accordance with the rules of the scheme.

The Dialight plan for post-retirement medical benefits is an annual plan and provision is made for the forthcoming years estimated expenditure.

Engineering technology Research and development expenditure incurred in the Group's technology and product creation is written off to the profit and loss account as incurred.