

COMPANIES HOUSE SIGNED COPY**Carver PLC****Report and Financial Statements****Year Ended****31 July 2000**

Carver PLC

Annual report and financial statements for the year ended 31 July 2000

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Directors

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Directors

Executive

D L Carver (Chairman)
D Morrison
D A Jones

Non-executive

Mrs A M Carver
Mrs N M Carver
P J Hall
T J Carver

Secretary and registered office

D A Jones
15 Northgate, Aldridge, Walsall, West Midlands, WS9 8QD

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E-mail group@carver-plc.co.uk

Company number

509127

Auditors

BDO Stoy Hayward, Mander House, Wolverhampton, West Midlands, WV1 3NF.

Bankers

Barclays Bank PLC, The Bridge, Walsall, West Midlands, WS1 1RN

The directors present their report together with the audited financial statements for the year ended 31 July 2000.

Results and dividends

The profit and loss account is set out on page 6 and shows the profit for the year.

An interim dividend totalling £132,000 has been paid since the balance sheet date but the directors do not recommend a final dividend.

Principal activities

The group's principal activities during the year were as follows:

- | | |
|---------------------------------|---|
| Carver PLC | - holding company |
| Carver & Co (Engineers) Limited | - development and manufacture of caravan mover equipment and engineering clamping and workholding devices. |
| Robinson Willey Limited | - development, manufacture and marketing of gas and electric heating appliances for installation into domestic dwellings. Supply and distribution of ventilation filtration appliances for the domestic and light commercial markets. |
| Thermoscreens Limited | - manufacture and sale of air curtains and the factoring of air conditioners. |
| Widney Leisure Limited | - development, manufacture and marketing of gas and electric heating appliances for domestic dwellings and caravan holiday homes. |
| Zig Electronics Limited | - development, manufacture and marketing of electrical and automotive products. |

Prior to the sale of its leisure heater business in September 1999, Carver & Co (Engineers) Limited was also involved in the development, manufacture and marketing of caravan central heating, water heating systems, ancillary equipment and vehicle and marine heating equipment.

Review of business

The year under review saw a number of significant changes to the Group's activities, directors and business trading locations. As previously reported, in September 1999 the leisure heater business of Carver & Co (Engineers) Limited was sold for a total consideration of £13.1million. This provides the Group with considerable cash resources that it is committed to reinvesting to further its strategic aims.

A significant amount of relocation of operations resulted from this disposal. The site at Bromsgrove occupied by Widney Leisure Limited has been extended and now holds the Carver Van Mover and Clamps operations of Carver & Co (Engineers) Limited that previously operated from Brownhills. This same site is currently being further expanded to form a new home for Zig Electronics Limited that by co-locating with the other businesses gains access to wider resources and considerable cost benefits.

Review of business (continued)

The Group is now in its new headquarters at 15 Northgate, Aldridge maintaining the company's proud links with Walsall going back to 1776.

The Company's former Chairman and stalwart inventor and designer LJ Carver sadly passed away on 16th April aged 80. His loss is felt at a personal level but also from a business point a view as his technical and strategic input continued right up to the time of his death. A further change to the Board came with the resignation of MJ Groom whose input to the business over many years is thankfully acknowledged.

Finally in September 2000, after many years of investment in the business, 3i sold their shareholding back to the company.

The year was dominated by the events highlighted above. However, the Directors are pleased with the operating profits achieved from the continuing operations in the Group.

Carver & Co (Engineers) Limited has seen a significant growth in the Carver Van Mover sales throughout Europe and resources dedicated to Clamp sales have been expanded to encourage improved sales overseas.

Robinson Willey Limited overcame the challenge of the closure of the British Gas Energy Centres. Sales have been maintained by a combination of increased exports and new product penetration especially from the quartz radiant heaters of Linquartz acquired during the year.

Thermoscreens Limited has been successfully integrated into the Group thereby introducing an extensive experience of export markets to the other businesses. Further resources have been committed to expand the product and customer bases of the business and to help alleviate the impact of the strength of Sterling on profitability.

Widney Leisure Limited has experienced a levelling off of demand in its traditional market but has maintained growth through new products and continued expansion in the domestic electric fire market.

Zig Electronics Limited continues to operate in an extremely competitive market place but has nevertheless grown market share and increased its product portfolio. The relocation to the Bromsgrove site will provide an ideal opportunity to improve the efficiency and cost structure of the business.

It has been a highly eventful year for the Group involving considerable change that currently finds each of the operating businesses well positioned to meet their future targets. This together with substantial cash reserves enables the search to continue for suitable acquisitions to further the strategic goals of the Group.

Quality assurance

The main group trading activities operate under BS EN ISO 9002 accreditation for Quality Management systems. Additionally, group companies embrace a wider ethic of continuous improvement.

Future developments

All subsidiary trading companies have substantial growth targets for the next 5 years which involve expansion of technology into new market areas or new technology into existing markets and will be achieved by a combination of internal developmental work and acquisition.

Directors

The members of the board during the year were:

Executive

D L Carver
D Morrison
D A Jones

Non executive

L J Carver (deceased 16 April 2000)
Mrs A M Carver
Mrs N M Carver
P J Hall
T J Carver
M J Groom (resigned 31 May 2000)

Directors' interest in shares

The directors who held office at 31 July 2000 had the following interests in the shares of the company at the beginning and end of the financial year.

	£1 Ordinary shares fully paid			
	Beneficial		Non-Beneficial	
	2000	1999	2000	1999
D L Carver	90,000	89,999	60,000	60,000
D Morrison	-	-	-	-
D A Jones	-	-	-	-
Mrs A M Carver	-	-	60,000	60,000
Mrs N M Carver	1	1	179,999	179,999
P J Hall	40,000	40,000	-	-
T J Carver	89,999	89,999	90,000	90,000

The non-beneficial interests include significant duplications arising from shares held in trust.

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 group and of the profit or loss of the group 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.

Directors' responsibilities (Continued)

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Employees

During the year, the policy of providing group employees with information about the group has operated through team briefing whereby they have been encouraged to make suggestions on ways in which the group's performance can be improved. Employees are encouraged to participate directly in project teams set-up for specific tasks identified as areas for improvement.

The group supports the employment of disabled people wherever possible, by recruitment, by retaining all those who become disabled during their employment, and generally through training, career development and promotion.

Creditors' payment policy

The average number of days purchases included within trade creditors is 50 days (1999 – 62 days). For the year to 31 July 2001, the group's policy for all suppliers is to fix terms of payment when agreeing the terms of each business transaction, to ensure the supplier is aware of those terms and to abide by the agreed terms of payment.

Post balance sheet events

Details of such events are shown in note 31 of the financial statements.

Auditors

BDO Stoy Hayward have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the Board



DA Jones
Secretary

28 November 2000

To the shareholders of Carver PLC

We have audited the financial statements on pages 6 to 27 which have been prepared under the accounting policies set out on pages 11 to 13.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

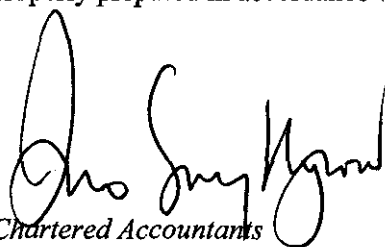
Basis of opinion

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 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 affairs of the company and of the group as at 31 July 2000 and of the group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants
and Registered Auditors

28 November 2000

Carver PLC

Group profit and loss account for the year ended 31 July 2000

	Note	2000 £'000	1999 as restated £'000
Turnover	2		
Continuing operations		26,200	21,442
Discontinued operations		703	9,838
		<u>26,903</u>	<u>31,280</u>
Cost of sales	4	(15,383)	(17,152)
Gross profit		<u>11,520</u>	<u>14,128</u>
Distribution costs	4	(5,853)	(7,949)
Administrative expenses	4	(5,454)	(4,267)
		<u></u>	<u></u>
Operating profit	7	213	1,912
Continuing operations		483	878
Discontinued operations		(270)	1,034
Profit on disposal of discontinued operations	27	8,558	-
Profit on ordinary activities before interest		<u>8,771</u>	<u>1,912</u>
Interest receivable		353	22
Interest payable and similar charges	8	(160)	(214)
Profit on ordinary activities before taxation	2	<u>8,964</u>	<u>1,720</u>
Taxation on profit from ordinary activities	9	(2,180)	(570)
Profit attributable to shareholders	23	<u>6,784</u>	<u>1,150</u>
Dividends	10	(132)	(165)
Retained profit for the year	22	<u><u>6,652</u></u>	<u><u>985</u></u>

The notes on pages 11 to 27 form part of these financial statements.

Carver PLC

Group balance sheet at 31 July 2000

	Note	2000 £'000	1999 £'000
Fixed assets			
Intangible assets	11	5,465	5,805
Tangible assets	12	2,904	4,710
Investments	13	-	-
		<u>8,369</u>	<u>10,515</u>
Current assets			
Stocks	14	5,519	6,314
Debtors	15	5,709	6,136
Cash at bank and in hand		7,475	604
		<u>18,703</u>	<u>13,054</u>
Creditors: amounts falling due within one year	16	<u>(8,884)</u>	<u>(7,846)</u>
Net current assets		<u>9,819</u>	<u>5,208</u>
Total assets less current liabilities		<u>18,188</u>	<u>15,723</u>
Creditors: amounts falling due after more than one year	17	(95)	(4,316)
Provisions for liabilities and charges	19	<u>(424)</u>	<u>(390)</u>
Net assets		<u><u>17,669</u></u>	<u><u>11,017</u></u>
Capital and reserves			
Called up share capital	21	500	500
Revaluation reserve	22	333	491
Profit and loss account	22	16,836	10,026
Shareholders' funds	23	<u><u>17,669</u></u>	<u><u>11,017</u></u>


The notes on pages 11 to 27 form part of these financial statements.

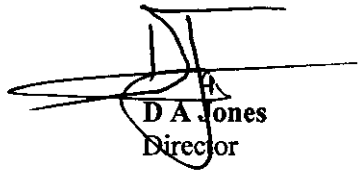
Carver PLC

Company balance sheet at 31 July 2000

	Note	2000 £'000	1999 £'000
Fixed assets			
Tangible assets	12	1,157	2,058
Investments	13	12,889	15,027
		<u>14,046</u>	<u>17,085</u>
Current assets			
Debtors	15	880	166
Cash at bank and in hand		5,937	-
		<u>6,817</u>	<u>166</u>
Creditors: amounts falling due within one year	16	<u>(4,809)</u>	<u>(3,059)</u>
Net current assets/(liabilities)		<u>2,008</u>	<u>(2,893)</u>
Total assets less current liabilities		<u>16,054</u>	<u>14,192</u>
Creditors: amounts falling due after more than one year	17	-	(4,175)
Provisions for liabilities and charges	19	<u>(10)</u>	<u>(47)</u>
Net assets		<u><u>16,044</u></u>	<u><u>9,970</u></u>
Capital and reserves			
Called up share capital	21	500	500
Revaluation reserve	22	333	491
Profit and loss account	22	15,211	8,979
Shareholders' funds	23	<u><u>16,044</u></u>	<u><u>9,970</u></u>

The financial statements on pages 6 to 27 were approved by the Board on 28 November 2000.


D Morrison
Director


D A Jones
Director

The notes on pages 11 to 27 form part of these financial statements.

Carver PLC

Cash flow statement for the year ended 31 July 2000

	Note	2000 £'000	1999 £'000
Net cash inflow from operating activities	26	1,244	1,800
Returns on investments and servicing of finance			
Interest received		353	21
Interest paid		(142)	(211)
Interest element of finance lease rentals		(18)	(3)
		<u>193</u>	<u>(193)</u>
Taxation			
Corporation tax paid		(573)	(677)
Capital expenditure			
Payments to acquire intangible fixed assets		(105)	-
Payments to acquire tangible fixed assets		(815)	(658)
Receipts from sales of tangible fixed assets		24	9
		<u>(896)</u>	<u>(649)</u>
Acquisitions and disposals			
Purchase of subsidiary undertakings		-	(3,003)
Sale of business	27	11,061	-
		<u>11,061</u>	<u>(3,003)</u>
Equity dividends paid		<u>(165)</u>	<u>-</u>
Cash inflow/(outflow) before use of liquid resources and financing		10,864	(2,722)
Financing	28		
New loans		-	3,900
Loans repaid		(3,900)	(2,370)
Capital element of finance lease rentals		(93)	(11)
		<u>(3,993)</u>	<u>1,519</u>
Increase/(decrease) in cash		<u>6,871</u>	<u>(1,203)</u>

The notes on pages 11 to 27 form part of these financial statements.

Carver PLC**Statement of total recognised gains and losses and note of historical cost profits and losses
for the year ended 31 July 2000**

	2000 £'000	1999 £'000
Statement of total recognised gains and losses		
Profit for the financial year	6,784	1,150
Unrealised surplus on revaluation of properties	-	80
	<u>6,784</u>	<u>1,230</u>
Currency translation differences on foreign currency net investments	-	(1)
Total recognised gains and losses relating to the year	<u><u>6,784</u></u>	<u><u>1,229</u></u>
Note of historical cost profits and losses		
Reported profit on ordinary activities before taxation	8,964	1,720
Reversal of revaluation loss previously recognised in the profit and loss account	-	(160)
Reversal of impairment loss previously recognised in the profit and loss account	-	(110)
Difference between a historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	15	11
Realisation of property revaluation gain of previous years	143	-
	<u>9,122</u>	<u>1,461</u>
Historical cost profit on ordinary activities before taxation	<u><u>9,122</u></u>	<u><u>1,461</u></u>
Historical cost profit for the year retained after taxation and dividends	<u><u>6,810</u></u>	<u><u>726</u></u>

1 Accounting policies

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, and are in accordance with applicable accounting standards. The following principal policies have been applied:

Basis of consolidation

The group financial statements consolidate the financial statements of Carver PLC and all its subsidiary undertakings made up to 31 July each year. Subsidiary undertakings acquired during the year are included from the effective date of acquisition.

No profit and loss account for Carver PLC has been presented as permitted by section 230 of the Companies Act 1985.

Turnover

Turnover represents amounts receivable, net of value added tax, for goods and services supplied to external customers in the normal course of business.

Acquisitions

Where a company or business has been accounted for using the principles of acquisition accounting, fair values are attributed to the group's share of separable net assets acquired. If the cost of acquisition is less than the values attributable to such net assets, the difference is treated as a capital reserve arising on consolidation and is added to reserves. If the cost of acquisition exceeds the values attributable to such net assets, the difference is recognised as goodwill. Such goodwill is capitalised and is written off to the profit and loss account evenly over its anticipated economic life of 20 years.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation, less depreciation. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Freehold buildings	- over 15 years
Leasehold improvements	- over length of lease
Plant, machinery, fixtures and fittings	- 10% to 20% per annum
Tooling	- 20% to 33% per annum
Computer equipment	- 20% to 50% per annum
Motor vehicles	- 25% per annum

The part of the depreciation charge on revalued assets which relates to the surplus is transferred from the revaluation reserve to the profit and loss account reserve.

As permitted by the transitional provision of FRS15 'Tangible Fixed Assets', the group has elected not to adopt a policy of revaluation of tangible fixed assets. However, it will retain the carrying value of freehold land and buildings previously revalued in 1999, and will not update that valuation.

Fixed asset investments

Investments in subsidiary and associated undertakings are stated at cost less provision for impairment.

1 Accounting policies (*Continued*)

Impairment of fixed assets

The need for any fixed asset impairment write-down is assessed by comparison of the carrying value of the asset against the higher of net realisable value and value in use.

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor. All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Stocks

Stocks and work in progress is stated at the lower of cost and net realisable value. Cost is arrived at as follows:

Raw materials, consumables and goods for resale	-	purchase cost on a first-in, first-out basis.
Work in progress and finished goods	-	cost of direct materials and labour plus attributable overheads based on a normal level of activity.

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

Pension costs

The regular cost of providing retirement pensions and related benefits in respect of the defined contribution schemes is charged to the profit and loss account in the year in which it is incurred.

Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to crystallise.

Research and development

Expenditure on research and development, including patents, trade marks and copyright, is written off to the profit and loss account in the year in which it is incurred.

1 Accounting policies (*Continued*)*Foreign currencies*

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract. Assets and liabilities denominated in foreign currencies are translated into sterling at exchange rates ruling at the balance sheet date. All exchange differences are taken to the profit and loss account.

Government grants

Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

Warranties

Provision is made for the expected cost of warranty work in respect of products delivered and invoiced.

2 Segmental information

The directors consider that the disclosure of both a geographical analysis and an analysis by class of business of turnover, profit on ordinary activities before taxation and net assets would be seriously prejudicial to the interests of the group and this information has therefore not been disclosed.

3 Corresponding figures

The analysis between continuing and discontinued operations is shown in note 4 below. Acquisitions made in the year ended 31 July 1999 are shown as part of continuing activities in both years and activities discontinued in the year ended 31 July 2000 are shown as part of discontinued activities in both years.

4 Cost of sales, distribution costs and administrative expenses

	Continuing operations £'000	Discontinued operations £'000	Total £'000
Year ended 31 July 2000			
Cost of sales	14,948	435	15,383
Distribution costs	5,787	66	5,853
Administrative expenses	4,982	472	5,454
	<u> </u>	<u> </u>	<u> </u>
Year ended 31 July 1999			
Cost of sales	11,888	5,264	17,152
Distribution costs	5,342	2,607	7,949
Administrative expenses	3,334	933	4,267
	<u> </u>	<u> </u>	<u> </u>

5 Employees

Staff costs (including directors) consist of:

	2000 £'000	1999 £'000
Wages and salaries	6,257	6,845
Social security costs	592	632
Other pension costs	500	490
	<u>7,349</u>	<u>7,967</u>

The average monthly number of employees (including directors) during the year was as follows:

	2000 Number	1999 Number
Production and maintenance	220	292
Sales and service	35	45
Administration	58	68
	<u>313</u>	<u>405</u>

6 Directors

	2000 £'000	1999 £'000
Directors' emoluments consist of:		
Emoluments	1,194	736
Pension contributions towards defined contribution schemes	228	153
Compensation for loss of office	238	-
	<u>1,660</u>	<u>889</u>

Four directors were members of defined contribution pension schemes to which the group made contributions (1999 - 4).

The total amount payable to the highest paid director in respect of emoluments was £508,900 (1999 - £162,466). The amount of the group's contribution towards a defined contribution pension scheme in respect of this director was £119,582 (1999 - £70,978).

7 Operating profit

	2000 £'000	1999 £'000
This has been arrived at after charging/(crediting):		
Amortisation of intangible assets	342	235
Depreciation of tangible fixed assets		
- owned by the group	571	1,052
- held under finance leases	57	5
Hire of plant and machinery – operating leases	8	-
Hire of other assets – operating leases	574	336
Research and development	464	964
Auditors' remuneration		
- audit fee	34	34
- non-audit services	30	7
Profit on sale of fixed assets	(12)	(6)
	<u> </u>	<u> </u>

In addition, during the year, the auditors received £Nil (1999 - £19,500) for non-audit services, the amount of which has been capitalised in the financial statements.

8 Interest payable and similar charges

	2000 £'000	1999 £'000
On bank loans and overdraft	69	205
On other loans	73	6
On finance leases and hire purchase contracts	18	3
	<u> </u>	<u> </u>
	160	214
	<u> </u>	<u> </u>

9 Taxation

	2000 £'000	1999 £'000
<i>Current year</i>		
UK corporation tax	2,226	577
Transfer to/(from) deferred taxation	(3)	32
	<u> </u>	<u> </u>
	2,223	609
<i>Prior years</i>		
UK corporation tax	(43)	(37)
Deferred taxation	-	(2)
	<u> </u>	<u> </u>
	2,180	570
	<u> </u>	<u> </u>

The tax charge is disproportionate to the profit on ordinary activities due to the disallowance for tax purposes of amortisation of goodwill amounting to £342,000 (1999 - £235,000).

Carver PLC**Notes to the financial statements for the year ended 31 July 2000 (Continued)****10 Dividends**

	2000 £'000	1999 £'000
<i>Equity shares</i>		
Ordinary shares		
Interim paid of 33p (1999 – 33p) per share	<u>132</u>	<u>165</u>

The interim dividend was declared after the purchase of own shares referred to in note 31 to the financial statements.

11 Intangible fixed assets

Group	Goodwill £'000
<i>Cost</i>	
At 1 August 1999	6,899
Additions	105
Disposal of business	(143)
	<u> </u>
At 31 July 2000	<u>6,861</u>
<i>Amortisation</i>	
At 1 August 1999	1,094
Provided for the year	342
Disposal of business	(40)
	<u> </u>
At 31 July 2000	<u>1,396</u>
<i>Net Book Value</i>	
At 31 July 2000	<u>5,465</u>
	<u> </u>
At 31 July 1999	<u>5,805</u>

12 Tangible fixed assets

Group summary	Land & buildings £'000	Plant, equipment and vehicles £'000	Total £'000
<i>Cost or valuation</i>			
At 1 August 1999	2,141	11,499	13,640
Additions	282	577	859
Disposals	-	(96)	(96)
Disposal of business	(1,155)	(4,821)	(5,976)
At 31 July 2000	<u>1,268</u>	<u>7,159</u>	<u>8,427</u>
<i>Depreciation</i>			
At 1 August 1999	59	8,871	8,930
Provided for the year	50	578	628
Disposals	-	(84)	(84)
Disposal of business	(6)	(3,945)	(3,951)
At 31 July 2000	<u>103</u>	<u>5,420</u>	<u>5,523</u>
<i>Net book value</i>			
At 31 July 2000	<u>1,165</u>	<u>1,739</u>	<u>2,904</u>
At 31 July 1999	<u>2,082</u>	<u>2,628</u>	<u>4,710</u>

Included above are plant, equipment and vehicles held under finance leases or hire purchase contracts with a net book value of £271,000 (1999 - £303,000).

Group summary	Land & buildings £'000	Plant, equipment and vehicles £'000	Total £'000
Analysis of cost or valuation			
1999 valuation	900	-	900
Cost	368	7,159	7,527
31 July 2000	<u>1,268</u>	<u>7,159</u>	<u>8,427</u>

12 Tangible fixed assets (Continued)

	Land & buildings £'000	Plant, equipment and vehicles £'000	Total £'000	
Company summary				
<i>Cost or valuation</i>				
1 August 1999	2,055	76	2,131	
Additions	267	30	297	
Disposals	-	(22)	(22)	
Disposal of business	(1,155)	-	(1,155)	
31 July 2000	1,167	84	1,251	
<i>Depreciation</i>				
1 August 1999	-	73	73	
Charge for the year	41	6	47	
Disposals	-	(20)	(20)	
Disposal of business	(6)	-	(6)	
31 July 2000	35	59	94	
<i>Net book value</i>				
31 July 2000	1,132	25	1,157	
31 July 1999	2,055	3	2,058	
<i>Analysis of cost or valuation</i>				
1999 valuation	900	-	900	
Cost	267	84	351	
31 July 2000	1,167	84	1,251	
Analysis of land and buildings				
	Group		Company	
	2000	1999	2000	1999
Net book value	£'000	£'000	£'000	£'000
Freehold land	375	860	375	860
Freehold buildings	490	1,195	490	1,195
Long leasehold	267	-	267	-
Short leasehold	33	27	-	-
	1,165	2,082	1,132	2,055

12 Tangible fixed assets (*Continued*)**Asset revaluation**

The freehold land and buildings were revalued professionally as at 31 July 1999 on the basis of an open market valuation for existing use.

If the freehold land and buildings had not been revalued, they would have been included at the following amounts:

	Group		Company	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Cost	552	1,564	552	1,564
Depreciation	(20)	(243)	(20)	(243)
Net book value	<u>532</u>	<u>1,321</u>	<u>532</u>	<u>1,321</u>

	Group		Company	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Capital commitments				
Contracted but not provided for	<u>52</u>	<u>-</u>	<u>-</u>	<u>-</u>

13 Fixed asset investments

Group summary	Participating interest in associated undertaking £'000
<i>Cost</i>	
At 1 August 1999	6
Disposal	(6)
31 July 2000	<u>-</u>
<i>Provision for diminution in value</i>	
1 August 1999	6
Disposal	(6)
31 July 2000	<u>-</u>
<i>Net book value</i>	
31 July 2000	<u>-</u>
31 July 1999	<u>-</u>

13 Fixed asset investments (Continued)

Company summary	Shares in subsidiary undertakings £'000	Loans to subsidiary undertakings £'000	Participating interest in associated undertaking £'000	Total £'000
<i>Cost</i>				
At 1 August 1999	10,663	4,364	6	15,033
Additions	-	179	-	179
Repayments	-	(1,709)	-	(1,709)
Disposals	(13)	-	(6)	(19)
At 31 July 2000	10,650	2,834	-	13,484
<i>Provisions</i>				
At 1 August 1999	-	-	6	6
Increase in provision	595	-	-	595
Disposals	-	-	(6)	(6)
At 31 July 2000	595	-	-	595
<i>Net book value</i>				
At 31 July 2000	10,055	2,834	-	12,889
At 31 July 1999	10,663	4,364	-	15,027

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings and participating interest in associated undertakings is not less than the amount included in the balance sheet.

Details of subsidiary undertakings at 31 July 2000

Name	Class of shares held	Group holding %	Company holding %
<i>Trading:</i>			
Carver & Co (Engineers) Limited	Ordinary	-	100
Robinson Willey Limited	Ordinary	-	100
Thermoscreens Limited	Ordinary	100	-
Widney Leisure Limited	Ordinary	-	100
Zig Electronics Limited	Ordinary	-	100
<i>Dormant:</i>			
CW Brown (Engineers) Limited	Ordinary	-	100
Carver GmbH	Ordinary	-	100
Carver Properties Limited	Ordinary	-	100
	7½% Non-cumulative preference	-	100
Grate Glow Fires Limited	Ordinary	100	-
Imperial Electric Limited	Ordinary	-	100
Imperial Fires Limited	Ordinary	100	-
Joseph Carver Limited	Ordinary	-	100
Linquartz Limited	Ordinary	-	100
Vamer Limited	Ordinary	100	-

Details of the respective natures of business of the trading companies are set out in the Directors' Report on page 1 of the financial statements. Carver GmbH is incorporated in Germany.

13 Fixed asset investments (Continued)

Details of associated undertakings	Class of shares held	Company holding %
Name		
Advanced Colouring Systems Limited	Ordinary	50

The company was removed from the Companies House registry during the year.

14 Stocks	Group		Company	
	2000 £'000	1999 £'000	2000 £'000	1999 £'000
Raw materials and consumables	2,348	3,004	-	-
Work in progress	238	249	-	-
Finished goods and goods for resale	2,933	3,061	-	-
	<u>5,519</u>	<u>6,314</u>	<u>-</u>	<u>-</u>

The difference between cost and replacement cost is not material.

15 Debtors	Group		Company	
	2000 £'000	1999 £'000	2000 £'000	1999 £'000
Trade debtors	4,650	5,619	-	-
Amounts due from group undertakings	-	-	172	18
Corporation tax recoverable	46	-	-	-
Other debtors	851	26	703	-
Prepayments	162	491	5	148
	<u>5,709</u>	<u>6,136</u>	<u>880</u>	<u>166</u>

16 Creditors: amounts falling due within one year

	Group		Company	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Bank loans	-	735	-	735
Other loans	1,010	-	1,010	-
Bank overdrafts	-	-	-	1,004
Trade creditors	3,697	4,695	71	55
Amounts owed to group undertakings	-	-	1,431	560
Taxation and social security	399	530	104	44
Interim dividend	132	165	132	165
Corporation tax	2,086	430	1,532	25
Net obligations under finance leases and hire purchase contracts	71	88	-	-
Other creditors	19	114	11	88
Accruals and deferred income	1,470	1,089	518	383
	<u>8,884</u>	<u>7,846</u>	<u>4,809</u>	<u>3,059</u>

The other loans shown above are denominated in US dollars. The group has entered into forward exchange contracts to cover the amounts outstanding (1999 - £1,010,000). The group's bankers have guaranteed these loans.

17 Creditors: amounts falling due after more than one year

	Group		Company	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Bank loans	-	3,165	-	3,165
Other loans	-	1,010	-	1,010
Net obligations under finance leases and hire purchase contracts	95	126	-	-
Other creditors	-	-	-	-
Deferred income	-	15	-	-
	<u>95</u>	<u>4,316</u>	<u>-</u>	<u>4,175</u>

Net obligations under finance lease and hire purchase contracts shown above fall due as follows:

	Group		Company	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Between one and two years	45	63	-	-
Between two years and five years	50	63	-	-
	<u>95</u>	<u>126</u>	<u>-</u>	<u>-</u>

18 Loans and overdrafts

Analysis	Group		Company	
	2000 £'000	1999 £'000	2000 £'000	1999 £'000
Bank overdrafts	-	-	-	1,004
Bank loans	-	3,900	-	3,900
	<u>-</u>	<u>3,900</u>	<u>-</u>	<u>3,900</u>
	<u>-</u>	<u>3,900</u>	<u>-</u>	<u>4,904</u>

Maturity

The bank loans bear interest at 1.75% per annum above LIBOR and are repayable by instalments as follows:

	Group		Company	
	2000 £'000	1999 £'000	2000 £'000	1999 £'000
In one year or less	-	735	-	735
Between one year and two years	-	735	-	735
Between two and five years	-	1,630	-	1,630
In five years or more	-	800	-	800
	<u>-</u>	<u>3,900</u>	<u>-</u>	<u>3,900</u>
	<u>-</u>	<u>3,900</u>	<u>-</u>	<u>3,900</u>

19 Provision for liabilities and charges

	Deferred Taxation £'000	Warranty £'000	Total £'000
<i>Group summary</i>			
Balance at 1 August 1999	177	213	390
Transfer to profit and loss account during the year	(3)	-	(3)
Charge to profit and loss account during the year	-	224	224
Release to profit and loss account during the year	-	(38)	(38)
Utilised during the year	-	(149)	(149)
	<u>174</u>	<u>250</u>	<u>424</u>
Balance at 31 July 2000	<u>174</u>	<u>250</u>	<u>424</u>

Deferred taxation

Full provision has been made for deferred taxation and the tax liability is analysed as follows:

	Group		Company	
	2000 £'000	1999 £'000	2000 £'000	1999 £'000
Accelerated capital allowances	<u>174</u>	<u>177</u>	<u>10</u>	<u>47</u>

19 Provision for liabilities and charges (continued)*Warranty*

Warranty provisions are created where the group has given a guarantee to cover the reliability and performance of products over an extended period. The maturity profile of the provision is as follows:

	£'000
Within one year	183
Between one and two years	67
	<u>250</u>

20 Pension costs

A number of the group's employees are members of certain group pension schemes. All schemes are defined contribution schemes and their assets are held separately from those of any group company, being invested in insurance policies. The pension cost charge in respect of these pension schemes amounted to £500,000 (1999 - £490,000). At the balance sheet date, the amount of contributions due to the pension schemes was £7,000 (1999 - £31,000).

21 Called up share capital

	Authorised		Allotted, called up and fully paid up	
	2000 Number	1999 Number	2000 £'000	1999 £'000
Ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>	<u>500</u>	<u>500</u>

22 Reserves

	Revaluation reserve £'000	Profit and loss account £'000
Group		
At 1 August 1999	491	10,026
Retained profit for year	-	6,652
Transfer on sale of revalued land and buildings	(143)	143
Transfer of depreciation on revaluation surplus	(15)	15
At 31 July 2000	<u>333</u>	<u>16,836</u>
Company		
At 1 August 1999	491	8,979
Retained profit for year	-	6,074
Transfer on sale of revalued land and buildings	(143)	143
Transfer of depreciation on revaluation surplus	(15)	15
At 31 July 2000	<u>333</u>	<u>15,211</u>

22 Reserves (*continued*)**Taxation****Group and company**

No provision has been made for the additional taxation that would accrue if the freehold land and buildings were disposed of at their revalued amounts. As there is no intention to dispose of the properties, the relevant portion of the revaluation reserve does not constitute a timing difference.

23 Reconciliation of movements in shareholders' funds

	Group		Company	
	2000 £'000	1999 £'000	2000 £'000	1999 £'000
Profit for the financial year	6,784	1,150	6,206	976
Dividends	(132)	(165)	(132)	(165)
	<u>6,652</u>	<u>985</u>	<u>6,074</u>	<u>811</u>
Other recognised gains relating to the year	-	80	-	80
	<u>6,652</u>	<u>1,065</u>	<u>6,074</u>	<u>891</u>
Net addition to shareholders' funds	6,652	1,065	6,074	891
Opening shareholders' funds	11,017	9,952	9,970	9,079
Closing shareholders' funds	<u>17,669</u>	<u>11,017</u>	<u>16,044</u>	<u>9,970</u>

24 Contingent liabilities

The group enters into forward foreign exchange contracts in the normal course of business. The value of contracts outstanding at 31 July 2000 is £93,000 (1999 - £572,000) but the directors do not consider that any liability will arise as a result of these commitments.

25 Commitments under operating leases

As at 31 July 2000, the group had annual commitments under non-cancellable operating leases as set out below:

	2000		1999	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Operating leases which expire:				
Within one year	-	82	25	22
In two to five years	73	72	49	91
Over five years	137	2	116	-
	<u>210</u>	<u>156</u>	<u>190</u>	<u>113</u>

26 Reconciliation of operating profit to net cash inflow from operating activities

	2000 £'000	1999 £'000
Operating profit	213	1,912
Amortisation	342	235
Depreciation	628	1,057
(Profit) on disposal of tangible fixed assets	(12)	(6)
Increase in stocks	(280)	(768)
Decrease in debtors	1,173	425
(Decrease) in creditors	(857)	(688)
Movement in provisions for liabilities and charges	37	(97)
Reversal of revaluation loss	-	(160)
Reversal of impairment loss	-	(110)
Net cash inflow from operating activities	<u>1,244</u>	<u>1,800</u>

27 Sale of business

On 16 September 1999, the group disposed of its leisure heater business.

The profit on disposal of this business has been calculated as follows:

	£'000	£'000
Cash proceeds		13,130
Assets disposed of and expenses:		
Intangible fixed assets	103	
Tangible fixed assets	2,025	
Stocks	1,075	
Other disposal expenses	<u>1,369</u>	
		<u>(4,572)</u>
Profit on disposal		<u>8,558</u>

The net inflow of cash in respect of the sale of this business is made up as follows:

	£'000
Cash consideration	13,130
Other disposal expenses	(1,369)
Deferred consideration	<u>(700)</u>
Net cash inflow on disposal of the business	<u>11,061</u>

28 Reconciliation of net cash flow to movement in net debt

	2000 £'000	1999 £'000
Increase/(decrease) in cash in the year	6,871	(1,203)
Cash to repay bank loans	3,900	2,370
New bank loans	-	(3,900)
Finance leases	92	11
Change in net debt resulting from cash flows	10,863	(2,722)
Loan and finance leases acquired with subsidiaries	-	(1,115)
New finance leases	(44)	(109)
Movement in net debt in the period	10,819	(3,946)
Net debt at 1 August 1999	(4,520)	(574)
Net funds/(debt) at 31 July 2000	6,299	(4,520)

29 Analysis of changes in net debt

	At 1 August 1999 £'000	Cash flows £'000	Other changes £'000	At 31 July 2000 £'000
Cash at bank and in hand	604	6,871	-	7,475
Debt due within one year	(735)	735	(1,010)	(1,010)
Debt due after more than one year	(4,175)	3,165	1,010	-
Finance leases	(214)	92	(44)	(166)
Total	(4,520)	10,863	(44)	6,299

30 Related party transactions

The exemptions given under Financial Reporting Standard 8 from the requirement to disclose transactions with related parties where 90% more of the voting rights are controlled by the group has been adopted.

31 Post balance sheet events

On 14 September 2000, the company re-purchased 100,000 £1 Ordinary shares of the issued share capital for £2,300,000.