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Dewhurst plc

Annual report and accounts 2001

Directors

1 **RICHARD DEWHURST**
BA (ENG SC), ACMA
Chairman, 45, joined in 1985.
Previously with Ford Motor Co,
Ernst & Whinney Senior Management Consultant.

2 **DAVID DEWHURST**
BSc (Elec Eng)
Group Managing Director - Lift Division,
40, joined in 1987. Previously with Holmes & Marchant Plc.

3 **DAVID MASON**
CEng, MIEE, MI MGT
Production Director, 54, joined in 1992. Previously with Kidde Graviner Ltd. (Williams Holdings Plc) Operations Manager.

4 **MEL WHITE**
BSc, PHD
Engineering Director, 51, joined in 1995. Previously with ITT Cannon, Director of Research Development and Engineering.

5 **RICHARD YOUNG**
BSc, CEng, MIEE
Managing Director – UK Lift Division, 45, joined in 1996. Previously with MBM Technology Ltd, Director and General Manager.

6 **COLIN JOHNSON**
MA, CEng, MIEE
Non-executive Director, 66, joined in 1980. Previously with RCA European General Manager and Development Capital Ltd Director, Group Managing Director Dewhurst plc 1980-1996.

7 **KEITH BOSSARD**
BSc (ENG), ACGI
Non-executive Director 59, joined in 1979. Previously with Marconi Co. Ltd and Plessey Plc Sales Manager. New Business Division Director of Dewhurst plc 1979-1999

8 **PETER TETT**
MA, MSc
Non-executive Director, 62,
Joined in November 2000.
Previously with Halma plc Director.

Advisers

AUDITORS
BDO Stoy Hayward
Chartered Accountants
Emerald House
East Street
Epsom
Surrey KT17 1HS.

SECRETARY AND REGISTERED OFFICE
Mike Green
Dewhurst plc
Melbourne Works, Inverness Road
Hounslow, Middlesex TW3 3LT

Registered No. 160314.

BANKERS
National Westminster Bank Plc
275-277 High Street
Hounslow
Middlesex TW3 1EG

REGISTRARS
Capita IRG plc
Bourne House
34 Beckenham Road
BECKENHAM
Kent BR3 4TU

STOCKBROKERS
Seymour Pierce Ltd
29/30 Cornhill
London EC3V 3NF

SOLICITORS
Lawrence Graham
190 Strand
London EC2R 1JN

Report of the directors

The directors present their annual report and the audited accounts of the group for the year ended 30 September 2001.

Results and dividends

The trading profit for the period, after taxation, amounted to £853,697 (2000: £1,342,485).

A final dividend on the Ordinary and 'A' ordinary shares of 2.64p per 10p share (2000: 2.50p) will be proposed at the Annual General Meeting to be held on 28 January 2002. If approved, this dividend will be paid on 25 February 2002 to members on the register at 18 January 2002.

An interim dividend of 1.32p per share (2000: 1.25p) was paid on 3 September 2001.

These dividends absorb £403,115 (2000: £382,738) of the profit for the period leaving a balance retained of £450,582 (2000: £959,747) which has been transferred to group reserves.

Activities and review of the business

The group manufactured, throughout the period, electrical components and control equipment for industrial and commercial capital goods, and maintained its position as a specialist supplier of lift equipment to that industry. A review of the group's operations is dealt with on pages 4–9.

Fixed assets

The last major valuation of the parent company's land and buildings took place in 1977. The directors believe that the market value of the freehold land and buildings is in excess of the book value. The movements in fixed assets during the period are set out in the notes to the accounts.

Directors

The members of the board during the period were:
Mr R M Dewhurst
Mr D Dewhurst
Mr D F Mason
Dr M D White
Mr R Young
Mr C Johnson (non-executive)
Mr K F C Bossard (non-executive)
Mr P Tett (non-executive appointed 8 March 2001)

Mr K F Bossard retires by rotation and offers himself for re-election. The unexpired period of Mr K F Bossard's service agreement is less than one year. Mr P Tett having been appointed to the Board since the last Annual General Meeting, being eligible, offers himself for re-election. The unexpired period of Mr P Tett's service agreement is less than one year.

Details of directors' interests are stated in the Remuneration Report on page 18.

Authority to purchase shares

On 6 October 2000 the company purchased 168,500 of its own Ordinary 10p shares for £139,686. At the time of purchase these shares amounted to 1.63% of the called up share capital of the company and have been cancelled.

On 10 April 2001 the company purchased a further 50,000 of its own Ordinary 10p shares for £38,250. At the time of purchase these shares amounted to 0.49% of the called up share capital of the company and have been cancelled.

Details of shares purchased pursuant to the authority have been notified to the London Stock Exchange and to the Registrar of Companies.

An Ordinary Resolution will be proposed at this year's Annual General Meeting to renew the company's authority to purchase in the market up to 357,070 Ordinary shares and 660,900 'A' non-voting ordinary shares, representing 10% of the issued share capital at a price of not less than 10p and not more than 105% of the average of the middle market quotations for such shares as derived from the Stock Exchange Daily Official List for ten days preceding the day of purchase.

If granted, the authority would expire at the 2003 Annual General Meeting. It would be the intention of the board to request the renewal of the authority at that time.

The board would only intend to exercise such authority after careful consideration and when it was satisfied that it would be for the benefit of the company and in the best interests of shareholders generally, after taking into account alternative investment opportunities and the effect of any such purchases on the overall financial position of the company.

Substantial shareholders

At 5 December 2001 the company had been advised of the following beneficial interests in excess of 3% of the ordinary voting share capital (other than the holdings shown under directors' share interests in the Remuneration Report).

Mr A Dewhurst	370,000
Mrs V E Dewhurst	285,000
R C Greig Nominees Ltd	213,000
Mrs M Meredith	190,208
Invesco Perpetual	190,000
Mrs E Dewhurst	175,333
Mrs R McAlister	164,779
Mr J H Ridley	126,000

At the same date the register shows interests in excess of 3% of the 'A' non-voting ordinary share capital (other than directors' holdings) of:

HSBC Global Custody Nominee (UK) Ltd	1,718,509
Mrs V E Dewhurst	369,377
Barfield Nominees Ltd	200,000

Employee involvement

Meetings, chaired by the Chairman, are held with employee representatives. The financial position and prospects of the company are discussed together with details of investment and changes in facilities which are planned by management. Opportunity is given at the meetings to question senior executives about matters which concern the employees.

Health and safety

Constant attention is given to health and safety with particular regard to the requirements of the Health and Safety at Work Act 1974 and related legislation.

Employment of disabled persons

Full and fair consideration is given to the employment of disabled persons, having regard to their particular aptitudes and abilities. Wherever possible, continuing employment is provided for employees who become disabled with appropriate arrangements for re-training being made where necessary.

Training

The Group has a development policy committing it to the training and continuous development of its employees to develop their full potential and to achieve a more flexible and skilled workforce. Dewhurst plc, the company, is working toward achieving IiP (Investors in People) status and is currently awaiting the outcome of the assessment procedure which is before the recognition panel.

Supplier payments policy

The company's policy concerning the payment of its trade creditors is to arrange the best possible terms with its suppliers and then pay as appropriate to those terms, subject to satisfactory performance by the supplier.

Any contractual or legal obligations would be honoured with creditors being paid by the agreed dates to satisfy such contracts and commitments.

As at the financial year end the number of days purchases outstanding was thirty three.

Political and charitable contributions

The group has made no political contributions this year (2000: £Nil).

Charitable donations made by the group to local schools, community projects and worthy causes amounted to £2,739 (2000: £688).

Auditors

A resolution to re-appoint BDO Stoy Hayward as auditors for the ensuing year will be proposed at the Annual General Meeting.

Corporate governance

Whilst in general we support the objectives of the combined code, we do not feel that some of its recommendations for best practice are appropriate for companies of our size. In certain areas we consider the proposals to be too bureaucratic for a small company with a small board. The board confirms that the company has complied with the provisions set out in Section 1 of the Combined Code, except that the non-executive directors comprised less than one third of the Board until the appointment of Mr P Tett on 8 March 2001, the remuneration committee does not consist solely of independent non-executive directors, the audit committee does not consist of the minimum number of non-executive directors and that two of the directors are not required to submit themselves for re-election. The board describes below how the principles identified in the Combined Code already referred to above are applied by the company.

Board of directors

The board consists of eight directors with a chairman and a group managing director responsible for the lift division which forms a major part of the group activities. Three of the directors are non-executive and, whilst two are not independent according to the terms of the code, they have a wealth of experience and understanding of the company. This is valued by the board and the director's views certainly carry weight in the board's decisions.

Independent professional advice for directors is channelled through the company secretary, to whom all directors have access. This practice operates satisfactorily and it is not considered a formal procedure is required.

The procedure adopted for the appointment of new directors to the board is for all directors to be involved in the appointment in place of a formal nomination committee.

The training needs in respect of new appointments to the board are assessed and arrangements put in place as appropriate.

Internal control and risk management

The directors are responsible for the company's system of internal control to safeguard shareholders' investment and the company's assets. The system is designed to provide reasonable but not absolute assurance against material mis-statement or loss. The board of directors has overall responsibility for the company's system of internal control. The board meets nine times a year to review the management of the business and has a formal schedule of matters specifically reserved to it for decision.

The company operates a comprehensive annual budgeting and financial operating system which compares results with budget on a monthly basis. At each of its meetings the board reviews the performance of the major business units across the group.

The group has put in place an organisational structure with clearly defined lines of authority and accountability. An internal audit service has been put in place which monitors compliance as part of a programme of review work.
The internal audit programme is constructed using risk assessment techniques to develop an appropriate cycle of activity reviews having regard to the key aspects of the business. The plans and results of internal audit activities are reviewed by the Audit Committee.

Following publication of Guidance for Directors on Internal Control (the Turnbull Guidance) the Board confirms that formal risk management procedures have been implemented and are regularly reviewed by a member of the Audit Committee. All directors are involved in the continuous process for identifying, evaluating and managing the significant risks faced by the Group, including operational and compliance risks. Effective controls, policies and procedures have been put in place for the year under review and they will be continually monitored.

Shareholder communications

A copy of the Annual Report and Accounts published by the company is sent to every shareholder.

Meetings with institutional investors are held on a regular basis. There is also an opportunity for individual and institutional shareholders to question directors at the Annual General Meeting and to discuss with them any less formal issues at the conclusion of that meeting. Voting at the meeting is by way of a show of hands by members present at the meeting, with the number of proxy votes, for and against being taken into account and announced if required.

Remuneration committee

The company complies with the provisions regarding executive directors, except that directors' remuneration is determined by an informal committee of the chairman and Mr C Johnson a non-executive director.

The role of the remuneration committee is to establish board policy in respect of terms of employment, including remuneration packages for each executive director. The remuneration committee seeks to ensure that directors are fairly and responsibly rewarded for their individual contributions.

Audit committee

The audit committee is comprised of two non-executive directors being Mr C Johnson and Mr K F Bossard. The audit committee in conjunction with the board review the interim and financial statements together with the reports produced by the internal and external auditors.

It receives and reviews a schedule detailing the group risks and how these risks are being managed.

Each director takes responsibility for dealing with risks relating to their specific areas and to filtering information back to the Audit Committee.

The Audit Committee reports to the Board relevant matters resulting from its meetings.

The group's pension funds are maintained separately from the group's finances and are invested with Legal and General Investment Management Ltd, a major insurance company, and Friends Provident. The trustees meet regularly and all meetings are minuted.

Going concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason the company continues to adopt the going concern basis in preparing the accounts.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that year. In preparing the group's accounts, the directors confirm that they have:

1 selected suitable accounting policies and applied them consistently;

2 made judgements and estimates that are reasonable and prudent;

3 followed applicable accounting standards; and

4 prepared the accounts on a going concern basis.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group and 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 the group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board

M.N. Green

M N Green
Secretary

Report of the independent auditors

To the shareholders of Dewhurst plc

We have audited the financial statements of Dewhurst plc for the year ended 30 September 2001 on pages 20 to 35. These financial statements have been prepared under the accounting policies set out on page 24.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom 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, United Kingdom Auditing Standard and Listing Rules of the Financial Services Authority.

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 or the Listing Rules regarding directors' remuneration and transactions with the company and other members of the group is not disclosed.

We review whether the Corporate Governance Statement reflects the group's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report, the Chairman's Statement, the Operating and Financial Review and the Corporate Governance Statement. 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 audit 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's and the company's affairs as at 30 September 2001 and of the group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO Stoy Hayward
Chartered Accountants
and Registered Auditors

Epsom, Surrey
5 December 2001

Consolidated profit and loss account

For the year ended 30 September 2001	Notes	2001 £	2001 £	2000 £	2000 £
Turnover	2		22,902,771		21,660,106
Operating costs	3		(21,528,910)		(19,664,938)
Operating profit before exceptional items and amortisation of goodwill			1,974,135		2,095,414
Exceptional items	3		(459,747)		–
Amortisation of goodwill	3		(140,527)		(100,246)
Operating profit			1,373,861		1,995,168
Net interest	5		(14,790)		10,235
Profit on ordinary activities before taxation			1,359,071		2,005,403
Tax on profit on ordinary activities	6		(505,374)		(662,918)
Profit for the financial year	7		853,697		1,342,485
Dividends per 10p ordinary share	8				
Interim paid of 1.32p (2000: 1.25p)		(134,371)		(128,983)	
Proposed final of 2.64p (2000: 2.50p)		(268,744)		(253,755)	
			(403,115)		(382,738)
Retained profit for the financial year	19		450,582		959,747
Basic earnings per share	8		8.41p		13.01p
Diluted earnings per share	8		8.36p		12.90p

All amounts relate only to continuing operations.

A statement of movements on reserves can be found in note 19.

Consolidated statement of total recognised gains and losses

	2001 £	2000 £
Profit for the financial year attributable to shareholders	**853,697**	1,342,485
Currency translation differences on foreign currency net investments	**(190,389)**	55,961
Taxation in respect of exchange translation differences	**(14,860)**	(20,488)
Total recognised gains and losses for the financial year	**648,448**	1,377,958

The notes on pages 24 to 35 form part of these financial statements.

Consolidated balance sheet

At 30 September 2001	Notes	£	2001 £	£	2000 £
Fixed assets					
Intangible	9		1,079,018		1,327,290
Tangible					
– Land and buildings	10	1,361,440		1,388,823	
– Plant and machinery	10	1,540,483		1,769,156	
			2,901,923		3,157,979
			3,980,941		4,485,269
Current assets					
Stocks	12	4,368,467		4,150,620	
Debtors	13	4,441,429		4,050,268	
Investments	14	175,358		26,501	
Cash at bank and in hand		1,624,340		1,707,376	
		10,609,594		9,934,765	
Creditors:					
amounts falling due within one year	15	4,362,029		4,053,157	
Net current assets			6,247,565		5,881,608
Total assets less current liabilities			10,228,506		10,366,877
Creditors: due after one year	16		480,111		734,254
Provisions for liabilities and charges	17		155,000		145,000
Net assets			9,593,395		9,487,623
Capital and reserves					
Called up share capital	18		1,017,970		1,031,870
Share premium account	19		157,083		126,658
Revaluation reserve	19		423,001		423,001
Capital redemption reserve	19		118,790		96,940
Profit and loss account	19		7,876,551		7,809,154
Equity shareholders' funds	20		9,593,395		9,487,623

The financial statements were approved by the board of directors on 5 December 2001 and were signed on its behalf by:

R M Dewhurst Chairman

D Dewhurst Group Managing Director – Lift Division

The notes on pages 24 to 35 form part of these financial statements.

Company balance sheet

At 30 September 2001	Notes	£	2001 £	£	2000 £
Fixed assets					
Tangible					
– Land and buildings	10	710,327		716,985	
– Plant and machinery	10	1,066,176		1,169,474	
			1,776,503		1,886,459
Investments – shares in subsidiary undertakings	11		1,803,005		1,948,214
			3,579,508		3,834,673
Current assets					
Stocks	12	2,913,352		2,760,847	
Debtors	13	3,142,798		3,170,793	
Cash at bank and in hand		1,353,391		1,613,510	
		7,409,541		7,545,150	
Creditors:					
amounts falling due within one year	15	2,576,029		2,720,684	
Net current assets			4,833,512		4,824,466
Total assets less current liabilities			8,413,020		8,659,139
Creditors: due after one year	16		471,942		671,387
Provisions for liabilities and charges	17		155,000		176,207
Net assets			7,786,078		7,811,545
Capital and reserves					
Called up share capital	18		1,017,970		1,031,870
Share premium account	19		157,083		126,658
Revaluation reserve	19		423,001		423,001
Capital redemption reserve	19		118,790		96,940
Profit and loss account	19		6,069,234		6,133,076
Equity shareholders' funds			7,786,078		7,811,545

The financial statements were approved by the board of directors on 5 December 2001 and were signed on its behalf by:

R M Dewhurst Chairman R M Dewhurst

D Dewhurst Group Managing Director – Lift Division D Dewhurst

The notes on pages 24 to 35 form part of these financial statements.

Consolidated cash flow statement

For the year ended 30 September 2001	Notes	£	2001 £	£	2000 £
Net cash inflow from operating activities	23		1,842,304		1,982,424
Returns on investments and servicing of finance:					
Interest and dividends received		57,067		57,073	
Interest paid		(65,122)		(45,711)	
Interest element from finance lease rental payments		(6,735)		(1,127)	
Net cash inflow from returns on investments and servicing of finance			(14,790)		10,235
Taxation:					
UK taxation		(573,646)		(336,663)	
Overseas taxation		(125,307)		(134,670)	
Net cash outflow from taxation			(698,953)		(471,333)
Capital expenditure and financial investment:					
Purchase of fixed assets		(357,071)		(403,122)	
Sale of tangible fixed assets		22,673		52,462	
Net cash outflow from capital expenditure & financial investment			(334,398)		(350,660)
Acquisitions and disposals:					
Purchase of subsidiary undertakings		–		(1,664,321)	
Net cash outflow from acquisitions			–		(1,664,321)
Equity dividends paid			(388,126)		(366,313)
Net cash inflow/(outflow) before use of liquid resources and financing			406,037		(859,968)
Management of liquid resources:					
Sale/(purchase) of short-term deposits		(175,358)		752,400	
Sale of investments		26,501		–	
			(148,857)		752,400
Financing:					
Bank loan		–		1,000,000	
Bank loan repayments		(153,891)		(93,209)	
Capital element of finance lease rental payments		(46,764)		(41,484)	
Issue of share capital		38,375		–	
Repurchase of shares		(177,936)		–	
			(340,216)		865,307
Increase/(decrease) in cash in year			(83,036)		757,739

The notes on pages 24 to 35 form part of these financial statements.

Notes to the accounts

1 Accounting policies

The group accounts have been prepared under the historical cost convention as modified by the transitional arrangements on adoption of FRS 15 "Tangible Fixed Assets" and the effects of translation of foreign currencies. The accounts are prepared in accordance with applicable accounting standards.

Consolidation

The group accounts consolidate the accounts of the company and the subsidiary undertakings using the acquisition accounting method, as at 30 September. A separate profit and loss account dealing with the results of the company has not been presented, as permitted by section 230 of the Companies Act 1985.

Investments

Fixed asset investments: In the accounts of the company, investments held as fixed assets are stated at cost less provision for diminution in value. Current asset investments: Investments held as current assets are stated at the lower of cost and net realisable value.

Goodwill

Any difference between the cost of acquisition of a subsidiary undertaking and the fair value of its separable net assets at acquisition is capitalised as goodwill. Goodwill carried in the balance sheet as an intangible asset is amortised, on a straight line basis, over a period of 10 years with such period being chosen to reflect its expected useful life. Impairment tests on the carrying value of goodwill have been undertaken at the end of this the first full financial year following acquisition resulting in no change to the previously agreed amortisation period. Impairment tests in future periods will be undertaken if events or changes in circumstances indicate that the carrying value may not be recoverable.

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation less residual value over the expected useful life. The annual rates generally applicable are:

Freehold buildings
1½% or 5% on a declining balance basis

Plant and machinery
10% to 33⅓% on a straight-line basis

Motor vehicles
25% to 30% on a straight-line basis

Stocks

Stocks and work-in-progress are stated at the lower of cost and net realisable value. Cost represents direct materials, labour and appropriate production overheads.

Deferred taxation

Deferred taxation is provided to take account of timing differences between profit as computed for taxation purposes and profit as stated in the accounts, except where the liability is not expected to crystallise in the foreseeable future.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date and exchange differences are taken to reserves. All other differences are taken to the profit and loss account with the exception of differences on foreign currency borrowings, which, to the extent that they are used to finance or provide a hedge against foreign equity investments, are taken directly to reserves to the extent of the exchange difference arising on the net investment in these enterprises. Tax charges or credits that are directly and solely attributable to such exchange differences are also taken to reserves. The results for the year of Dupar Controls Inc., The Fixture Company and Australian Lift Components Pty Ltd have been translated at an average rate of exchange for the year.

Research and development

Research and development costs are written off in the year of expenditure.

Leased assets

Assets funded through finance leases are capitalised in tangible fixed assets. The interest element is charged to the profit and loss account over the life of the lease in proportion to the outstanding commitment.

Rentals under operating leases are charged to the profit and loss account as incurred.

Pension costs

The group operates both a defined benefit and defined contribution type scheme. The majority of the group's employees belong to pension schemes which are funded by both employer's and employees' contributions and which are of the defined benefit type. The pension cost is assessed in accordance with the advice of an independent qualified actuary to recognise the expected cost of providing pensions on a systematic and rational basis over the expected remaining service lives of employees. Any difference between the cost charged and the amounts paid by the group is treated as a prepayment or accrual. Contributions in respect of the defined contribution schemes are charged to the profit and loss account as incurred. As required under the Welfare Reform and Pensions Act 1999 and Stakeholder Pension Schemes regulations 2000 the group has offered access to a stakeholder pension scheme to employees in its UK based companies. The group has adopted the disclosure requirements of FRS 17 "Retirement Benefits".

Financial instruments

In relation to the disclosures made in note 24, trade debtors and trade creditors are treated as financial assets or liabilities. The group does not hold or issue derivative financial instruments for trading purposes.

2 Turnover

Turnover represents the invoiced value of sales less returns and sales taxes.

A geographical analysis of turnover by destination is as follows:

	2001 £	2001 %	2000 £	2000 %
United Kingdom	**14,041,419**	**61**	13,047,429	60
Africa and Middle East	**140,485**	**1**	61,440	1
The Americas	**4,126,047**	**18**	3,270,038	15
Europe	**852,152**	**4**	1,096,880	5
Australia and Asia	**3,742,668**	**16**	4,184,319	19
	22,902,771	**100**	21,660,106	100

In the opinion of the directors, disclosure of turnover by origin, class of business and net assets and profits by both class of business and geographical location would be prejudicial to the activities of the group.

3 Operating costs

	2001 £	2000 £
Movement in trading stocks and work-in-progress	**(217,847)**	(658,597)
Raw materials and consumables	**9,782,804**	9,165,704
Other external charges	**366,334**	346,207
Staff costs (see note 4)	**8,262,235**	7,637,080
Depreciation	**553,305**	525,661
Goodwill amortisation	**140,527**	100,246
Exceptional items – factory refurbishment	**459,747**	–
Other operating charges	**2,181,805**	2,548,637
Operating costs	**21,528,910**	19,664,938

Depreciation includes £26,839 (2000: £17,618) charged on assets held under finance leases and hire purchase contracts.

Other operating charges include lease rentals on premises £102,907 (2000: £83,397), auditors' remuneration £45,054 (2000: £47,554), non audit fees paid to the holding company's auditors £29,107 (2000: £29,169) and loss on sale of fixed assets £2,923 (2000: £(19,727)).

Expenditure on research and development was £730,000 (2000: £748,000).

4 Staff costs and information regarding employees

Costs during the year, including directors' emoluments which are disclosed in the remuneration report on page 17, were as follows:

	2001 £	2000 £
Wages and salaries	7,136,160	6,686,650
Social security costs	501,277	472,459
Pension costs	624,798	477,971
	8,262,235	7,637,080

The average number of employees of the group during the year was:

	2001 No	2000 No
Office and management	157	152
Manufacturing	210	217
	367	369

5 Net interest

	2001 £	2000 £
Bank deposit interest	51,137	57,073
Other interest receivable	5,930	–
	57,067	57,073
Less:		
Interest payable on bank overdraft and loan repayable within five years	(65,122)	(45,332)
Interest payable on finance leases	(6,735)	(1,127)
Other interest payable	–	(379)
	(14,790)	10,235

6 Tax on profit on ordinary activities

	2001 £	2000 £
UK Corporation Tax at 30% (2000: 30%)	338,846	529,001
Deferred taxation	2,426	(11,365)
Adjustment on prior year tax	–	61
Overseas taxation	164,102	145,221
Taxation charge	505,374	662,918

7 Profit for the financial year

This includes £627,747 (2000: £1,075,130) of profit after tax which has been dealt with in the accounts of the holding company.

8 Earnings per share and dividend per share

	2001 No	2000 No
Weighted average number of shares:		
For basic earnings per share	**10,146,095**	10,318,698
Share options	**62,076**	85,500
For diluted earnings per share	**10,208,171**	10,404,198

The calculation of basic earnings per share is based on the profit attributable to shareholders and on 10,146,095 Ordinary 10p and 'A' ordinary 10p shares, being the weighted average number of shares in issue throughout the financial year.

For diluted earnings per share the weighted average number of ordinary shares in issue is adjusted by assuming that all share options exercised during the year were converted at the beginning of the year, as detailed in note 18.

The final proposed dividend is based on 3,570,700 Ordinary 10p shares and 6,608,998 'A' ordinary 10p shares, being the expected number of shares on the proposed record date.

9 Intangible fixed assets

	The Group		
	Goodwill on consolidation £	Other £	Total £
Cost or valuation:			
At 1 October 2000	1,421,437	6,099	1,427,536
Exchange adjustment	(133,275)	(549)	(133,824)
At 30 September 2001	**1,288,162**	**5,550**	**1,293,712**
Amortisation:			
At 1 October 2000	100,246	–	100,246
Exchange adjustment	(26,079)	–	(26,079)
Charge for the year	140,527	–	140,527
At 30 September 2001	**214,694**	**–**	**214,694**
Net book value:			
At 30 September 2001	**1,073,468**	**5,550**	**1,079,018**
At 30 September 2000	1,321,191	6,099	1,327,290

10 Tangible fixed assets

	The Group		The Company	
	Freehold land and buildings £	Plant and machinery £	Freehold land and buildings £	Plant and machinery £
Cost or valuation:				
At 1 October 2000	1,650,901	4,368,598	888,811	3,091,196
Exchange adjustment	(14,461)	(45,738)	-	-
Additions	5,626	351,445	-	230,031
Disposals	-	(112,300)	-	(45,278)
At 30 September 2001	**1,642,066**	**4,562,005**	**888,811**	**3,275,949**
Depreciation:				
At 1 October 2000	262,078	2,599,442	171,826	1,921,722
Exchange adjustment	(3,203)	(22,770)	-	-
Charge for the year	21,751	531,554	6,658	324,204
Disposals	-	(86,704)	-	(36,153)
At 30 September 2001	**280,626**	**3,021,522**	**178,484**	**2,209,773**
Net book value:				
At 30 September 2001	**1,361,440**	**1,540,483**	**710,327**	**1,066,176**
At 30 September 2000	1,388,823	1,769,156	716,985	1,169,474

The cost or valuation figures for land and buildings comprise:

	The Group		The Company	
	2001 £	2000 £	2001 £	2000 £
Valuation made in 1977	**590,000**	590,000	**590,000**	590,000
Valuation made in 1982	**32,000**	32,000	**32,000**	32,000
Stated at historical cost	**1,020,066**	1,028,901	**266,811**	266,811
	1,642,066	1,650,901	**888,811**	888,811

The net book value of land and buildings comprises:

	£	£	£	£
Freehold land	**390,535**	392,747	**270,000**	270,000
Freehold buildings	**970,905**	996,076	**440,327**	446,985
	1,361,440	1,388,823	**710,327**	716,985

The amount attributed to land and buildings as determined by historical cost accounting rules are:

	The Group		The Company	
	2001 £	2000 £	2001 £	2000 £
Cost	**1,219,000**	1,228,000	**466,000**	466,000
Depreciation	**197,000**	186,000	**112,000**	110,000
Net book value at 30 September 2001	**1,022,000**	1,042,000	**354,000**	356,000

The net book value of tangible fixed assets for the group includes an amount of £95,577 (2000: £130,087) in respect of assets held under finance leases and hire purchase contracts.

Capital commitments contracted by the group and the company amounted to £201,961 (2000: £Nil).

11 Fixed asset investments – shares in subsidiary undertakings

Investments in subsidiary undertakings are:

	2001 £	2000 £
Cost:		
Dupar Controls Inc.	**34,770**	34,770
Thames Valley Controls Ltd	**300,000**	300,000
The Fixture Company	**31,852**	31,852
Australian Lift Components Pty Ltd	**1,468,235**	1,613,444
	1,834,857	1,980,066
Provision for diminution in value	**(31,852)**	(31,852)
	1,803,005	1,948,214

The company has four wholly-owned subsidiaries, Dupar Controls Inc., registered and principally operating in Canada, Thames Valley Controls Ltd, registered in England, The Fixture Company, registered and principally operating in the United States of America, and Australian Lift Components Pty Ltd, registered and principally operating in Australia. All four companies have similar principal activities to Dewhurst plc. The parent company has guaranteed borrowings between two of its subsidiary undertakings of £199,794 (2000: £209,694).

12 Stocks

	The Group		The Company	
	2001 £	2000 £	2001 £	2000 £
Raw materials and consumables	**1,856,704**	1,810,224	**1,226,933**	1,163,547
Work-in-progress	**763,327**	554,677	**498,150**	446,913
Finished goods and goods for re-sale	**1,748,436**	1,785,719	**1,188,269**	1,150,387
	4,368,467	4,150,620	**2,913,352**	2,760,847

There is no material difference between the replacement cost of stocks and the amounts stated above.

13 Debtors

	The Group		The Company	
	2001 £	2000 £	2001 £	2000 £
Amounts falling due within one year:				
Trade debtors	**4,188,029**	3,900,675	**1,932,170**	1,960,673
Amounts due from subsidiary undertakings	**–**	–	**405,042**	502,471
Other debtors	**850**	1,168	**850**	1,168
Prepayments and accrued income	**252,550**	148,425	**211,523**	106,481
	4,441,429	4,050,268	**2,549,585**	2,570,793
Amounts falling due after more than one year:				
Amounts due from subsidiary undertakings	**–**	–	**593,213**	600,000
	4,441,429	4,050,268	**3,142,798**	3,170,793

14 Current assets – Investments

	The Group		The Company	
	2001 £	2000 £	2001 £	2000 £
Cost and market value:				
Unlisted Overseas Government Securities	–	26,501	–	–
Short-term deposits	175,358	–	–	–
	175,358	26,501	–	–

15 Creditors – amounts falling due within one year

	The Group		The Company	
	2001 £	2000 £	2001 £	2000 £
Bank loan	163,133	167,110	163,133	167,110
Trade creditors	2,146,819	1,449,074	1,404,423	881,649
Corporation tax and overseas tax	333,806	525,295	155,136	371,206
Other taxes and social security costs	290,964	362,125	101,425	201,053
Obligations under finance leases	49,864	47,106	–	–
Other creditors	70,555	185,742	66,800	139,844
Accruals and deferred income	1,038,144	1,062,950	416,368	706,067
Proposed dividend	268,744	253,755	268,744	253,755
	4,362,029	4,053,157	2,576,029	2,720,684

16 Creditors – amounts falling due after more than one year

	The Group		The Company	
	2001 £	2000 £	2001 £	2000 £
Bank loan	471,942	671,387	471,942	671,387
Obligations under finance leases	7,344	62,867	–	–
Other loans	825	–	–	–
	480,111	734,254	471,942	671,387

The AUS$2,532,500 bank loan taken out to fund the acquisition of Australian Lift Components Pty Ltd is subject to interest at 1.5% above the bank's currency base rate. This loan is treated as a hedge against the investment.

Financial liabilities are due:

	Bank loan		Finance leases		Total	
	2001 £	2000 £	2001 £	2000 £	2001 £	2000 £
– one year or less	163,133	167,110	49,864	47,106	212,997	214,216
– between one and two years	174,993	179,304	7,344	54,796	182,337	234,100
– two to five years	296,949	492,083	–	8,071	296,949	500,154
	635,075	838,497	57,208	109,973	692,283	948,470

17 Provision for liabilities and charges

	The Group £	The Company £
Deferred taxation:		
At 1 October 2000	–	31,207
Exchange adjustment	(2,426)	–
Transfer to/(from) profit and loss account	2,426	(31,207)
At 30 September 2001	–	–

Provision for liabilities and charges provided in full is as follows:

	The Group		The Company	
	2001 £	2000 £	**2001 £**	2000 £
Deferred taxation – accelerated capital allowances	**24,443**	79,927	**41,458**	60,277
– *other timing differences*	***(24,443)***	*(79,927)*	***(41,458)***	*(29,070)*
Warranty provision	**155,000**	145,000	**155,000**	145,000
	155,000	145,000	**155,000**	176,207

Warranties are provided in the normal course of business based on an assessment of future claims with reference to past claims. Unused warranty provisions released during the year amounted to £5,000 (2000: £44,714).

18 Called up share capital

	2001 £	2000 £
Allotted and fully paid:		
Shares of 10p each – 3,570,700 (2000: 3,762,700) Ordinary	357,070	376,270
– 6,608,998 (2000: 6,555,998) 'A' non-voting ordinary	660,900	655,600
	1,017,970	1,031,870

The company purchased 168,500 of its own Ordinary shares in October 2000 and a further 50,000 Ordinary shares in April 2001. For details see the note in the report of the directors on page 13.

	2001 £	2000 £
Authorised:		
Shares of 10p each – 4,500,000 Ordinary	450,000	450,000
– 9,000,000 'A' non-voting ordinary	900,000	900,000
	1,350,000	1,350,000

Share options

At the balance sheet date there were no options outstanding.

During the year 26,500 Ordinary 10p share options and 53,000 'A' non-voting ordinary 10p options were exercised. Details of directors' interests in the shares of the company are disclosed in the remuneration report on page 18.

19 Reserves

	The Group				The Company			
	Revaluation reserve £	Capital redemption reserve £	Share premium account £	Profit and loss account £	Revaluation reserve £	Capital redemption reserve £	Share premium account £	Profit and loss account £
At 1 October 2000	423,001	96,940	126,658	7,809,154	423,001	96,940	126,658	6,133,076
Exchange adjustments on net investments on subsidiaries	–	–	–	(254,781)	–	–	–	(160,070)
Exchange adjustments on loan	–	–	–	49,532	–	–	–	49,532
Premium of Share Issues	–	–	30,425	–	–	–	30,425	–
Share Repurchases – nominal value	–	21,850	–	(21,850)	–	21,850	–	(21,850)
Share Repurchases – premium	–	–	–	(156,086)	–	–	–	(156,086)
Retained profits for the year	–	–	–	450,582	–	–	–	224,632
At 30 September 2001	**423,001**	**118,790**	**157,083**	**7,876,551**	**423,001**	**118,790**	**157,083**	**6,069,234**

20 Reconciliation of movements in shareholders' funds

	2001 £	2000 £
Total recognised gains and losses for the year	**648,448**	1,377,958
Dividends	**(403,115)**	(382,738)
Share capital issued	**38,375**	–
Share capital cancelled	**(177,936)**	–
Net increase in shareholders' funds	**105,772**	995,220
Shareholders' funds at 1 October 2000	**9,487,623**	8,492,403
Shareholders' funds at 30 September 2001	**9,593,395**	9,487,623

21 Pensions

The group operates pension schemes in the UK, Canada and Australia. The UK operates both a defined contribution scheme and a defined benefit scheme, the assets of which are held in trustee administered funds. The Canadian and Australian schemes are of the defined contribution type. The total pension cost for the group was £624,978 (2000: £477,971), of which £43,363 (2000: £32,171) relates to schemes outside the UK. There were no outstanding or prepaid contributions at the balance sheet date in respect of any scheme. The defined benefit scheme company contribution rates during the year ranged from 12.6% to 16.9% (2000: 7.6% to 16.5%) and cost £566,156 (2000: £441,149). The scheme actuary reviews the company contribution rate on a regular basis.

The pension cost relating to the UK scheme is assessed in accordance with the advice of qualified actuaries using the projected unit method. The latest actuarial valuation of the scheme was on 1 June 2000. Generally, it has been assumed that future investment yields would be at 6.4% per annum and that increases in earnings would average 4.5% per annum.

At the date of the latest actuarial valuation of the UK scheme, the market value of the assets of the scheme exceeded £6.8 million and the funding level on the ongoing valuation basis was 91%. The 2000 actuarial valuation takes account of the position of existing pensioners when assessing the assets and liabilities of the fund. This has become standard actuarial practice. The recommendations made by the scheme's actuary to eliminate the minimum funding requirement funding level deficit have been fully implemented.

FRS17 Retirement Benefits Disclosures

The valuation used for FRS17 disclosure has been based on the most recent actuarial valuation at 1 June 2000 and updated by the schemes actuary at Legal and General Assurance Society to take account of FRS17 requirements. The assets are valued at market value and the liabilities are valued using a market rate derived from high quality corporate bonds, which do not depend upon the assets in which the pension scheme happens to be invested.

As most pension schemes invest a significant proportion of their investments in equities the adoption of FRS17 accounting standard may lead to some of the pension figures in the company accounts tending to be much more volatile as the transition period progresses to full disclosure in June 2003.

The following actuarial assumptions have been used in preparing the disclosures required under FRS17:

	% per annum
Retail price index expected to rise by	2.5
Pensionable salaries will increase by	4.0
Statutory revaluation in deferment assumed as	2.5
Liabilities discounted at a rate of	6.0

The inflation assumption is based on yields on fixed and index linked gilt indices. Salary increases are derived from the inflation assumption by adding a similar margin to that adopted in the June 2000 triennial valuation. The discount rate is derived from the yield on AA rated corporate bonds of appropriate term, at 30 September 2001.

Using the above assumptions gives the following balance sheet at 30 September 2001:

	£'000
Managed funds – Legal & General Consensus Fund	6,535
Cash and other assets	177
	6,712
Actuarial value of liabilities	9,287
Deficit in the scheme	(2,575)
Related deferred tax asset	773
	(1,802)

Had the company adopted FRS 17 early, the group profit and loss reserves would have been stated as follows:

	£'000
Profit and loss reserve in financial statements as at 30 September 2001	7,877
Net pension liability – Deficit in relation to the Dewhurst pension scheme	(1,802)
Profit and loss reserve as adjusted	6,075

22 Lease commitments

Annual commitments under operating leases expiring:

	The Group	
	2001 Land and buildings £	2000 Land and buildings £
Within one year	**22,859**	32,847
Between one and five years	**105,709**	43,000
Between five and ten years	**11,599**	11,599
	140,167	87,446

23 Notes to the cash flow statement

	2001 £	2000 £
Reconciliation of operating profit to net cash flow from operating activities:		
Operating profit	**1,373,861**	1,995,168
Depreciation and amortisation	**693,832**	625,907
(Profit)/loss on sale of fixed assets	**2,923**	(19,727)
(Increase)/decrease in stocks	**(217,847)**	(470,379)
(Increase)/decrease in debtors	**(391,161)**	(498,808)
Increase/(decrease) in creditors	**486,591**	331,782
Increase/(decrease) in creditors – due after one year	**825**	–
Increase/(decrease) in provisions for liabilities and charges	**10,000**	(18,000)
(Profit)/loss on exchange	**(116,720)**	36,481
Net cash inflow from operating activities	**1,842,304**	1,982,424

	2001 £	2000 £
Reconciliation of net cash flows to movement in net funds:		
Increase/(decrease) in cash in year	**(83,036)**	757,739
Increase/(decrease) in liquid resources in year	**148,857**	(752,400)
(Increase)/decrease in debt and lease financing	**200,655**	(865,307)
Change in net funds resulting from cash flows	**266,476**	(859,968)
Loans and finance leases acquired with subsidiaries	**–**	(151,457)
Exchange differences	**55,532**	71,602
	322,008	(939,823)
Net funds at 1 October 2000	**785,407**	1,725,230
Net funds at 30 September 2001	**1,107,415**	785,407

	At 1 October 2000 £	Cash flows £	Exchange movements £	**At 30 September 2001 £**
Analysis of net funds:				
Cash at bank and in hand	1,707,376	(83,036)	–	**1,624,340**
Liquid resources	26,501	148,857	–	**175,358**
Cash and liquid resources	1,733,877	65,821	–	**1,799,698**
Loans	(838,497)	153,891	49,531	**(635,075)**
Finance leases	(109,973)	46,764	6,001	**(57,208)**
Financing (excluding share capital)	(948,470)	200,655	55,532	**(692,283)**
Net funds	785,407	266,476	55,532	**1,107,415**

24 Financial instruments

The group's policies towards using financial instruments to manage interest rate, liquidity and currency exposure risks are explained in the financial review on page 12.

Currency and interest rate exposure of financial assets and liabilities

	30 September 2001			30 September 2000		
	Assets £	Liabilities £	Net £	Assets £	Liabilities £	Net £
Sterling	**4,467,271**	**1,737,947**	**2,729,324**	4,585,557	1,193,245	3,392,312
Canadian dollars	**869,055**	**76,627**	**792,428**	552,971	105,871	447,100
United States dollars	**304,748**	**127,318**	**177,430**	193,303	36,928	156,375
Australian dollars	**346,653**	**840,002**	**(493,349)**	302,721	961,527	(658,806)
	5,987,727	**2,781,894**	**3,205,833**	5,634,552	2,297,571	3,336,981
Of which cash amounts to	***1,624,340***	***635,075***	***989,265***	*1,707,376*	*838,497*	*868,879*

The cash amount shown above is invested at overnight rates based on the relevant national LIBOR. The short-term deposits of £175,358 (2000: £26,501) attract interest of 3.6%. The floating rate bank loan of £635,075 (2000: £838,497) bears interest at 1.5% above base rates. Other financial assets and liabilities do not attract interest.

The operations do not hold material monetary assets and liabilities in currencies other than their functional currencies.

Hedges

As indicated in note 19 "Reserves" on page 32 the group has on-balance sheet (deferred) gains and losses in respect of financial instruments used as hedges at the end of the year. All the gains and losses on the hedging instruments are expected to be matched by losses and gains on the hedged transactions or positions.

Fair value of financial instruments

Fair value is defined as the amount at which a financial instrument could be exchanged in an arm's length transaction between informed and willing parties, excluding accrued interest, and is calculated by reference to market rates discounted to current value.

Accordingly, the group believes that there is no material difference between the carrying amount and the fair value of its financial instruments.

Bank facilities

The group has an un-drawn committed bank overdraft facility of £500,000 (2000: £500,000).