

## 25. Reconciliation of net assets and profit under UK GAAP to IFRS

The Group reported under UK GAAP in its published financial statements for the 52 weeks to 1 April 2005. The analysis below shows a reconciliation of net assets and profit as reported under UK GAAP for the 52 weeks to 1 April 2005 to the revised net assets and profit under IFRS as reported in these financial statements. In addition, there is a reconciliation of net assets under UK GAAP to IFRS at the transition date for the Group being 3 April 2004.

### Key impacts

The main impacts of IFRS on the reported results of the Group are listed below and are described in greater detail in the following sections.

- **Goodwill (IFRS 3)** — Acquired goodwill should no longer be amortised and is instead subjected to an annual impairment review. At the date of transition to IFRS the value of goodwill is frozen.
- **Share Based Payments (IFRS 2)** — Fair value based charges are required for all awards made for share schemes on or after 7 November 2002 which had not vested by 2 April 2005.
- **Property Leases (IAS 17)** — The building element of the lease relating to the Group's head office in Redditch has been reclassified as a finance lease. Lease incentives must now be amortised in the income statement over the lease term not to the date of the first rent review.
- **Timing and Recognition of Dividends (IAS 10)** — Final dividends declared after the Balance Sheet date cannot be recognised at the Balance Sheet date and instead are reported in the period in which they are approved.
- **Intangible Assets (IAS 38)** — Software costs previously categorised within tangible fixed assets must now be shown as intangible assets in the Balance Sheet.

	52 weeks to 1 April 2005 £m
<b>Operating profit under UK GAAP as previously reported</b>	<b>78.3</b>
Prior year adjustment — rebates	(1.3)
<b>Operating profit under UK GAAP restated</b>	<b>77.0</b>
Goodwill amortisation	13.7
Share-based payment	(1.0)
Reclassification of assets from operating to finance leases	0.4
Lease incentives	(0.8)
<b>IFRS adjustments</b>	<b>12.3</b>
<b>Operating profit under IFRS</b>	<b>89.3</b>
	<b>1 April 2005 £m</b>
<b>Net assets under UK GAAP as previously reported</b>	<b>156.3</b>
Prior year adjustment — rebates	(3.9)
<b>Net assets under UK GAAP restated</b>	<b>152.4</b>
Goodwill amortisation	13.7
Holiday pay accrual	(0.5)
Reclassification of assets from operating to finance leases	(0.5)
Lease incentives	(6.4)
Tax on above adjustments	(1.9)
Dividend recognition	18.9
<b>IFRS adjustments</b>	<b>23.3</b>
<b>Net assets under IFRS</b>	<b>175.7</b>