



**Reece Australia Limited** annual report 2000



**Reece Australia Limited** A.C.N. 004 313 133 A.B.N. 49 004 313 133

<b>Controlled Entities</b>	Reece Pty Ltd A.C.N. 004 097 090 A.B.N. 84 004 097 090  Plumbing World Pty Ltd A.C.N. 004 910 829 A.B.N. 99 004 910 829  Duncan and Ling Proprietary Limited A.C.N. 004 248 953 A.B.N. 73 004 248 953
<b>Controlled Entity of Reece Pty Ltd</b>	Bolong Pty Limited A.C.N. 008 576 903 A.B.N. 96 008 576 903
<b>Directors</b>	L.T. Wilson (Chairman) L.A. Wilson (Managing Director) B.W.C. Wilson J.G. Wilson P.J. Wilson
<b>Company Secretary</b>	N.G. Cathie
<b>Bankers</b>	National Australia Bank Limited
<b>Solicitors</b>	Russell Kennedy
<b>Auditors</b>	Pitcher Partners
<b>Registered Office</b>	118 Burwood Highway, Burwood Victoria, 3125 Telephone (03) 9274 0000 Facsimile (03) 9274 0197
<b>Share Registry</b>	Computershare Registry Services Pty Limited Level 12 565 Bourke Street Melbourne, Victoria, 3000 Telephone (03) 9611 5711 Facsimile (03) 9611 5710
<b>Stock Exchange Listing</b>	Reece Australia Limited shares are listed on the Australian Stock Exchange. ASX Code: REH

#### **NOTICE OF MEETING**

Notice is hereby given that the Annual General Meeting of Reece Australia Limited will be held at 3pm on Tuesday, 24 October, 2000 at 118 Burwood Highway, Burwood, Victoria

## **Reece Australia Limited and its controlled entities**

Financial Statements and Reports  
for the year ended 30 June 2000

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A new corporate identity was launched during the year giving Reece and its stores a stronger, more effective presence.



Reece's successful entry into the mechanical services, gas spares and irrigation markets provides a great basis for further expansion in these allied areas.

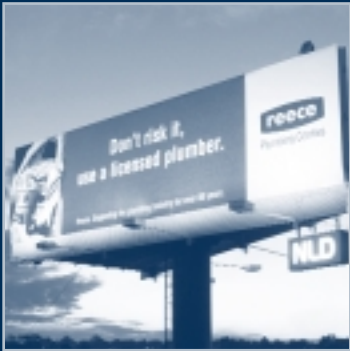
## continuing to impress

Reece continues to improve its showroom operations setting new standards in presentation and constantly developing the product range displayed.



## growing new markets





supporting the  
plumbing industry

Reece continues to provide our trade customers with the support they need to get the job done. From a superior product range to improved store environments, we aim to provide them with the best service possible.

1999-2000 was a challenging and rewarding year for both Reece and its customers. We responded to the challenges the way we always have - by focussing on meeting the needs of our customers. The result was a successful year, building on our strength as Australia's leading supplier of plumbing and bathroom products. Our focus in the year ahead will be on continued innovation and improvement in all areas of our operations. This will underpin our commitment to providing our customers with the best service possible. Looking after them will look after our own business.



# Directors' Report

The Directors present their report together with the financial report of Reece Australia Limited (The Company) and the consolidated financial report of the economic entity, being the Company and its controlled entities for the year ended 30 June 2000 and the auditors' report thereon.

## Directors

The Directors in office at any time during or since the end of the year are:

L.T. Wilson  
L.A. Wilson  
B.W.C. Wilson  
J.G. Wilson  
P.J. Wilson

## Principal Activities

The principal activities of the economic entity during the course of the financial year were plumbing, building and hardware merchants.

There were no significant changes in the nature of the economic entity's principal activities during the year.

## Consolidated Result

The consolidated profit for the year attributable to the members of Reece Australia Limited was:

	<b>2000</b>	<b>1999</b>
	<b>(\$000's)</b>	<b>(\$000's)</b>
Operating profit before income tax	61,949	43,825
Income tax expense	23,160	16,392
Operating profit after income tax attributable to the members of Reece Australia Limited	<u>38,789</u>	<u>27,433</u>

## Dividends

Dividends paid or declared by the Company since the end of the previous financial year were:

### As proposed and provided for in last year's report: (\$000's)

A final fully franked ordinary dividend of 37.5 cents per share in respect of the year ended 30 June 1999, was paid on 27 October 1999. 7,470

### In respect of the current financial year:

An interim ordinary dividend of 25 cents per share and a special dividend of 50 cents per share, was paid on 7 April 2000, both fully franked. 14,940

The final dividend recommended by the Directors of the Company to be paid on 24 October 2000 is an ordinary fully franked dividend of 50 cents per share. 9,960  
24,900

## Review of Operations

During the financial year the economic entity opened or acquired 18 outlets throughout mainland Australia.

Despite a tightening of interest rates and worsening key building indicators the economic entity has produced a very satisfactory financial result. The introduction of a Goods and Services Tax from 1 July 2000 provided a major stimulus in May and June 2000.

The economic entity's continual improvement programs continue to underpin systems refinement and efficiency gains. These programs remain an integral part of the economic entity's operations.

The economic entity continues to be well served by its information technology infrastructure.

A new corporate image was launched during the financial year with all outlets expected to present the new image within twelve months.

The economic entity's successful entry into the mechanical services, gas and irrigation markets provides great encouragement for further expansion.

The economic entity will continue to pursue its policy of increasing its profitability and market share during the next financial year.

## Environmental Regulations

The economic entity's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation.

## State of Affairs

In the opinion of the Directors there were no significant changes in the state of affairs of the economic entity that occurred during the financial year under review not otherwise disclosed in this report or the financial report.

## Events Subsequent to Balance Date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the company, to affect significantly the operations of the economic entity, the results of those operations, or the state of affairs of the economic entity, in subsequent financial years.

## Likely Developments

Likely developments in the operations of the economic entity and the expected results of those operations have not been included in this report as the Directors believe, on reasonable grounds, that the inclusion of such information would result in unreasonable prejudice to the economic entity.

## Information on Directors

**Name:** Mr Leslie T. Wilson  
**Age:** 90  
**Position:** Chairman  
**Experience:** Appointed to the board in 1958. Chairman of Reece Australia Limited since 1969. He has been associated with the manufacture and distribution of plumbing supplies since 1929.

**Name:** Mr L. Alan Wilson  
**Age:** 59  
**Position:** Managing Director  
**Experience:** Appointed to the board 1969. General Manager 1970-1974. Deputy Chairman since 1973. Managing Director since 1974.

**Name:** Mr Peter J. Wilson  
**Age :** 32  
**Position:** Executive Director/  
Marketing Manager  
**Experience:** B.Comm (Melb). Appointed to the board in 1997.

**Name:** Mr. Bruce W.C. Wilson  
**Age:** 54  
**Position:** Non-Executive Director  
**Experience:** B.Comm (Melb). Appointed to the board 1970. Secretary 1974 - 1999.

**Name:** Mr John G. Wilson  
**Age:** 62  
**Position:** Non-Executive Director  
**Experience:** Appointed to the board in 1984.

# Directors' Report

## Meetings of Directors

The number of Directors' meetings (including audit committee meetings) and number of meetings attended by each of the Directors of the company during the financial year were :

Director	Number of Directors Meetings Attended	Number of Directors Meetings held
L.T. Wilson	11	11
L.A. Wilson	11	11
P.J. Wilson	11	11
B.W.C. Wilson	10	11
J.G. Wilson	11	11

Director	Number of Audit Committee Meetings Attended	Number of Audit Committee Meetings held
J.G. Wilson	2	2
B.W.C. Wilson	2	2

## Directors' Interest and Benefits

The relevant interest of each Director in the share capital of the company shown in the Register of Directors shareholdings as at the date of this report is:

	Ordinary Shares
L.A. Wilson	8,516,564
J.G. Wilson	8,679,064
B.W.C. Wilson	8,493,064
L.T. Wilson	11,098,200
P.J. Wilson	21,300

Since the end of the previous financial year no Director of the company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors shown in the financial report) because of a contract made by the company, its controlled entities or a related body corporate with a Director or with a firm of which a director is a member, or with an entity in which the Director has a substantial interest. However, L.T. Wilson, L.A. Wilson, B.W.C. Wilson, and J.G. Wilson have interests in, and are directors of, entities which let properties to a related entity under normal terms and conditions.

In addition, L.T. Wilson, L.A. Wilson, B.W.C. Wilson and J.G. Wilson have interests in and are directors of entities which supply plumbing and building supplies to a related entity on terms and conditions no more favourable than other suppliers.

Further details of these transactions are set out in Note 21 to the financial statements.





### Directors and Senior Executive Officer Emoluments

Remuneration of the directors and the executive officers is the responsibility of the Board as a whole.

Details of the nature and amount of each major element of the emoluments of each director of the Company and, the executive officers who are concerned in, or take part in, the management of the Company and the Group are:

	Salary \$	Directors Fees \$	Super Contributions \$	Non-cash benefits \$	Retirement benefits	Total \$
<b>Director</b>						
L.A. Wilson	1,224,510	500	75,283	83,742	-	1,384,035
P.J. Wilson	228,065	500	15,991	21,567	-	266,123
B.W.C. Wilson	20,834	36,000	3,978	14,720	267,288	342,820
L.T. Wilson	-	36,000	-	-	-	36,000
J.G. Wilson	-	36,000	2,520	-	-	38,520
<b>Executive</b>						
L.A. Wilson	1,224,510	500	75,283	83,742	-	1,384,035
P.J. Wilson	228,065	500	15,991	21,567	-	266,123
N.G. Cathie	368,789	-	7,000	33,347	-	409,136

### Share Options

No options to shares have been granted during the financial year and there were no options outstanding at the end of the financial year.

### Indemnification and Insurance of Officers

During the year the Company has paid a premium in respect of an insurance contract to indemnify officers against liabilities that may arise from their position as officers of the Company and its controlled entities.

Officers indemnified include the Directors, Company Secretary and all executive officers participating in the management of the company and its controlled entities.

Further disclosure required under section 300(1)(g) of the Corporations Law is prohibited under the terms of the contract.

### Rounding of Amounts to Nearest Thousand Dollars

The company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that class order, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Dated at Melbourne on 13 September 2000.

Signed in accordance with a resolution of Directors.

**L.T. WILSON**  
Director

**L.A. WILSON**  
Director

# Corporate Governance Statement

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Reece Australia Limited is a long established Public Company that operates across a well-defined area of business. Corporate Governance practices have been implemented that are consistent with the nature of the economic entity's operations.

## Responsibility for Corporate Governance

Responsibility for Corporate Governance lies with the Board of Directors of Reece Australia Limited. In conjunction with the senior management team, the Board is responsible for setting the strategic direction of the group, monitoring its performance and ensuring that appropriate policies and procedures regarding controls, risk management, financing, employment, occupational health and safety, environmental and trade practices are in place.

The Board sets benchmarks for the ethical and business standards of the organisation. This includes monitoring internal and external professional conduct, enhancing and promoting the business and community reputation of the group and delivering professionalism and equity within the workplace.

## The Board of Directors

The Board comprises two executive directors; L.A. Wilson and P.J. Wilson and three non-executive directors; L.T. Wilson, J.G. Wilson and B.W.C. Wilson. Further details of the directors experience and qualifications are set out on page 5. In accordance with the Articles of Association and subject to other provisions of the Corporations Law, each director (apart from the managing director), must, every three years on a rotational basis, vacate their position and may offer themselves for re-election. Remuneration of both executive and non-executive directors is a responsibility of the Board as a whole.

## Audit Committee

An Audit Committee exists comprising B.W.C. Wilson and J.G. Wilson. Meetings of the Committee are held periodically and may involve other participants at the discretion of the Committee. The duties of the Audit Committee include; the review and assessment of statutory and management financial statements, monitoring performance of the internal control environment including the identification of weaknesses and potential risks, monitoring conformance with statutory responsibilities, liaison with and appraisal of both internal and external audit functions, assessment and review of the performance of management, and, providing assurance to the Board regarding the reliability of financial information prepared for use by the Board.

## Internal Controls and Risk Management

The Board is ultimately responsible for both the implementation and maintenance of a comprehensive framework of internal control within the organisation. Achieving the objectives of safeguarding the assets of the group whilst operating a competitive and efficient workplace is, however, a joint responsibility of all participants of the organisation.

To this end the Board and senior management have established a 'Continuous Improvement Program' to promote the ongoing development of the control and operating environment of the Reece group. This involves assessing the controls in place throughout all facets of the organisation, measuring their effectiveness in a continually changing environment, and developing new and improved procedures where necessary.

This process aids in the timely identification of business risks allowing management to control these risks in order to achieve the objectives of Reece Australia Limited.



# Independent Auditors' Report

to the members of Reece Australia Limited



## Scope

We have audited the financial report of Reece Australia Limited for the financial year ended 30 June 2000 as set out on pages 10 to 30. The financial report includes the consolidated financial statements of the economic entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year. The company's directors are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards, statutory requirements and other mandatory professional reporting requirements so as to present a view which is consistent with our understanding of the company's and the economic entity's financial position, the result of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

## Audit Opinion

In our opinion, the financial report of Reece Australia Limited is in accordance with:

- (a) the Corporations Law, including:
  - i) giving a true and fair view of the company's and economic entity's financial position as at 30 June 2000 and of their performance for the year ended on that date; and
  - ii) complying with Accounting Standards and Corporations Regulations
- (b) other mandatory professional reporting requirements.

Dated at Melbourne on 13 September 2000.

**PITCHER PARTNERS**

**S P CATLIN**  
Partner

# Directors Declaration

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The directors of Reece Australia Limited declare that the financial statements and notes set out on pages 11 to 30:

- (a) comply with the Accounting Standards and the Corporations Law; and
- (b) give a true and fair view of the financial position as at 30 June 2000 and financial performance for the year ended on that date of Reece Australia Limited and the economic entity.

The directors further declare that in their opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Dated at Melbourne on 13 September 2000.

Signed in accordance with a resolution of directors.

**L.T. WILSON**  
Director



**L.A. WILSON**  
Director



## Profit and Loss Accounts

for the year ended 30 June 2000

	Note	Consolidated		The Company	
		2000 (\$000's)	1999 (\$000's)	2000 (\$000's)	1999 (\$000's)
<b>Operating profit before income tax</b>	2	61,949	43,825	24,900	10,956
Income tax attributable to operating profit	3	23,160	16,392	-	-
<b>Operating profit after income tax</b>		38,789	27,433	24,900	10,956
Retained profits at the beginning of the financial year		135,061	118,584	111	111
<b>Total available for appropriation</b>		173,850	146,017	25,011	11,067
Dividends provided for or paid	4	24,900	10,956	24,900	10,956
Aggregate of amounts transferred to Reserves	18	407	-	-	-
		25,307	10,956	24,900	10,956
<b>Retained profits at the end of the financial year</b>		148,543	135,061	111	111
Earnings per share	5				

The Profit and Loss Accounts are to be read in conjunction with the notes to the financial statements set out on pages 14 to 30.

# Balance Sheets

as at 30 June 2000

	Note	Consolidated		The Company	
		2000 (\$000's)	1999 (\$000's)	2000 (\$000's)	1999 (\$000's)
<b>Current Assets</b>					
Cash	6	36,470	23,819	-	-
Receivables	7	104,111	77,758	-	-
Inventories	8	68,057	58,855	-	-
Investments	9	10,306	18,340	-	-
<b>Total Current Assets</b>		<b>218,944</b>	<b>178,772</b>	<b>-</b>	<b>-</b>
<b>Non-Current Assets</b>					
Receivables	7	-	-	10,357	7,867
Investments	9	-	-	9,711	9,711
Property, plant and equipment	10	73,320	61,892	-	-
Intangibles	12	778	1,181	-	-
Other	13	5,478	4,582	-	-
<b>Total Non-Current Assets</b>		<b>79,576</b>	<b>67,655</b>	<b>20,068</b>	<b>17,578</b>
<b>Total Assets</b>		<b>298,520</b>	<b>246,427</b>	<b>20,068</b>	<b>17,578</b>
<b>Current Liabilities</b>					
Accounts payable	14	102,182	72,846	-	-
Provisions	15	31,556	23,081	9,960	7,470
Other	16	101	225	-	-
<b>Total Current Liabilities</b>		<b>133,839</b>	<b>96,152</b>	<b>9,960</b>	<b>7,470</b>
<b>Non-Current Liabilities</b>					
Provisions	15	4,435	3,918	-	-
<b>Total Non-Current Liabilities</b>		<b>4,435</b>	<b>3,918</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities</b>		<b>138,274</b>	<b>100,070</b>	<b>9,960</b>	<b>7,470</b>
<b>Net Assets</b>		<b>160,246</b>	<b>146,357</b>	<b>10,108</b>	<b>10,108</b>
<b>Shareholders' Equity</b>					
Share capital	17	9,960	9,960	9,960	9,960
Reserves	18	1,743	1,336	37	37
Retained Profits		148,543	135,061	111	111
<b>Total Shareholders' Equity</b>		<b>160,246</b>	<b>146,357</b>	<b>10,108</b>	<b>10,108</b>

The Balance Sheets are to be read in conjunction with the notes to the financial statements set out on pages 14 to 30.



# Statements of Cash Flows

for the year ended 30 June 2000

	Note	Consolidated		The Company	
		2000 (\$000's)	1999 (\$000's)	2000 (\$000's)	1999 (\$000's)
<b>Cash flows from operating activities</b>					
Cash receipts in the course of operations		565,824	461,705	22,410	10,458
Cash payments in the course of operations		(503,174)	( 412,978)	-	-
Dividends received		8	3	-	-
Interest received		1,444	1,047	-	-
Income taxes paid		(19,284)	( 14,130)	-	-
<b>Net cash provided by operating activities</b>	19(b)	<b>44,818</b>	<b>35,647</b>	<b>22,410</b>	<b>10,458</b>
<b>Cash flows from investing activities</b>					
Payments for property, plant and equipment		(19,396)	( 12,871)	-	-
Purchase of intangibles		-	( 630)	-	-
Proceeds from sale of property, plant, equipment and investments		1,630	660	-	-
<b>Net cash provided by investing activities</b>		<b>(17,766)</b>	<b>( 12,841)</b>	<b>-</b>	<b>-</b>
<b>Cash flows from financing activities</b>					
Loans repaid by other entities		9	9	-	-
Dividends paid		(22,410)	( 10,458)	( 22,410)	(10,458)
<b>Net cash provided by financing activities</b>		<b>(22,401)</b>	<b>( 10,449)</b>	<b>( 22,410)</b>	<b>(10,458)</b>
<b>Net increase in cash held</b>		<b>4,651</b>	<b>12,357</b>	<b>-</b>	<b>-</b>
Cash at the beginning of the year		41,819	29,462	-	-
Cash at the end of the year	19 (a)	<b>46,470</b>	<b>41,819</b>	<b>-</b>	<b>-</b>

The Statements of Cash Flows are to be read in conjunction with the notes to the financial statements set out on pages 14 to 30.

to the financial statements for the year ended 30 June 2000

## 1. Statement of Significant Accounting Policies

The significant policies which have been adopted in the preparation of the financial report are:

### Basis of Preparation

The financial report of the company and the economic entity is a general purpose financial report that has been drawn up in accordance with the Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Law. They have been prepared on the basis of historical costs and do not take into account changing money values nor, except where stated, current valuations of non-current assets. The accounting policies have been consistently applied.

### Recoverable Amounts of Non-Current Assets

The carrying amounts of all non-current assets are reviewed at least annually to determine whether they are in excess of their recoverable amount. If the carrying amount of a non-current asset exceeds the recoverable amount, the asset is written down to the lower value. In assessing recoverable amounts the relevant cash flows have not been discounted to their present value.

### Principles of Consolidation

The consolidated financial statements comprise the financial statements of the Company, being the parent entity, and its controlled entities. A list of controlled entities is contained in Note 26 to the financial statements.

All inter-entity balances and transactions (including unrealised profits or losses) have been eliminated on consolidation.

Where a controlled entity has been acquired during the year, its results are included in consolidated profit from the date of acquisition.

### Income Tax

The liability method of tax-effect accounting has been adopted in the preparation of these financial statements.

Income tax expense is calculated on operating profit adjusted for permanent differences between taxable and accounting income. The tax effect of timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes, is carried forward in the balance sheet as a future income tax benefit or a deferred tax liability, at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits which include tax losses are only brought to account when their realisation is virtually certain.

### Capital Gains Tax

Capital gains tax is provided in the profit and loss account in the period in which the relevant asset is sold. The tax effect of capital gains or losses is not recorded unless realisation is virtually certain.

### Property, Plant and Equipment

Property, plant and equipment are brought to account at cost or at independent or directors' valuation, less, where applicable, any accumulated depreciation or amortisation. The carrying amount of property, plant and equipment is reviewed annually to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted back to their present values in determining recoverable amounts.

#### Acquisition

Items of property, plant and equipment are recorded at cost and depreciated as outlined below.

#### Revaluations

The valuation of property, plant and equipment is regularly reviewed and, where considered appropriate, revalued amounts are incorporated in the financial statements. This is in addition to the annual review for recoverable amount referred to above.

Where revalued amounts are included in the accounts, the potential impact of capital gains tax is not included where the asset is an integral part of the economic entity's operations. Where there is an intention to dispose of the revalued asset, the relevant capital gains tax liability is brought to account.

#### Disposal of Revalued Assets

The gain or loss on disposal of revalued assets is calculated as the difference between the carrying amount of the asset at the time of disposal and the proceeds on disposal, and is included in the results in the year of disposal.

Any realised revaluation increment relating to the disposed asset standing in the asset revaluation reserve at the time of disposal is transferred to the capital profits reserve.

#### Depreciation

Items of plant and equipment are depreciated over their estimated useful lives commencing from the time the asset is held ready for use. The straight-line method of depreciation is used. The depreciation rates used for each class of depreciated assets are:

Freehold buildings	4%
Plant and equipment	12%-27%
Motor vehicles	15%-20%

### Leased motor vehicles, buildings, plant and equipment

Leases of motor vehicles, buildings, plant and equipment under which the company or its controlled entities do not assume substantially all the risks and benefits of ownership are classified as operating leases.



## Notes

to the financial statements for the year ended 30 June 2000

Payments made under operating leases are charged against profits in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of the benefits to be derived from the leased property.

### **Inventories**

Inventories are carried at the lower of cost and net realisable value. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition and location.

#### ***Net Realisable Value***

Net realisable value is determined on the basis of the normal selling pattern. Expenses of marketing, selling and distribution to customers are estimated and are deducted to establish net realisable value.

### **Provisions**

#### ***Doubtful Debts***

The collectibility of debts is assessed at year end and provision is made for any doubtful accounts.

#### ***Warranty***

Provision is made in respect of the economic entity's estimated liability on all relevant products and services under warranty at balance date. The provision is based on the economic entity's history of warranty claims.

### **Employee Entitlements**

The liability for employee entitlements represents the amount which the economic entity has a present obligation to pay resulting from employees' services provided up to balance date.

#### ***Annual Leave***

The liability has been calculated at nominal amounts based on current wage and salary rates and includes related on-costs.

#### ***Long Service Leave***

The liability for employee entitlements to long service leave represents the present value of the estimated future cash outflows to be made by the employer resulting from employees' services provided up to the balance date.

Liabilities for employee entitlements which are not expected to be settled within twelve months are discounted using the rates attaching to national government securities at balance date, which most closely match the terms of maturity of the related liabilities.

In determining the liability for employee entitlements, consideration has been given to future increases in wage and salary rates, and the economic entity's experience with staff departures. Related on-costs have also been included in the liability.

### **Superannuation Fund**

Contributions are made to superannuation funds on behalf of employees. Contributions are based on the relevant industrial awards, the superannuation guarantee charge rate or the level of allowable contributions defined by the Australian Prudential Regulation Authority. Such contributions are charged against income.

### **Goodwill**

Goodwill, representing the excess of the purchase consideration plus incidental costs over the fair value of the identifiable net assets acquired on the acquisition of a controlled entity, is amortised over the period of time during which benefits are expected to arise.

Goodwill on consolidation is amortised on a straight line basis over 20 years.

The unamortised balance of all goodwill is reviewed at least each reporting date. Where the balance exceeds the value of expected future benefits, the difference is charged to the profit and loss account.

### **Revenue Recognition**

#### ***Sales revenue***

Sales revenue comprises revenue earned from the provision of products to entities outside the economic entity. Sales revenue is recognised when the goods are invoiced.

#### ***Interest revenue***

Interest revenue is recognised as it accrues.

#### ***Asset sales***

The gross proceeds of asset sales are included as revenue of the consolidated entity. The profit or loss on disposal of assets is brought to account at the date an unconditional contract of sale is signed.

## Notes

to the financial statements for the year ended 30 June 2000

	Consolidated		The Company	
	2000 (\$000's)	1999 (\$000's)	2000 (\$000's)	1999 (\$000's)
<b>2. Operating Profit</b>				
<b>Operating profit has been arrived at after including:</b>				
<b>Operating revenue</b>				
Sales of goods	593,643	468,380	-	-
Dividends received or due and receivable from:				
Related entities	-	-	24,900	10,956
Other entities	4	-	-	-
Interest received or due and receivable from other persons	1,424	1,108	-	-
Gross proceeds on sale of property, plant, equipment and investments	1,630	658	-	-
Bad debts recovered	281	242	-	-
	596,982	470,388	24,900	10,956
Profit on sale of property, plant and equipment	563	251	-	-
<b>Operating expenses</b>				
Bad debts written off:				
Trade Debtors	1,561	1,831	-	-
Amortisation of Goodwill	403	679	-	-
Depreciation	6,806	6,410	-	-
Amounts set aside to:				
Provision for employee entitlements	1,164	756	-	-
Provision for stock obsolescence	563	530	-	-
Provision for doubtful debts	1,155	-	-	-
Provision for warranty	567	-	-	-
Lease rentals paid or due and payable to other entities	4,001	3,675	-	-

### Auditors Remuneration

Consolidated amounts due and receivable by the auditors for auditing the financial statements were \$220,000 (1999: \$215,000) and for other services were \$169,195 (1999: \$124,002).



## Notes

to the financial statements for the year ended 30 June 2000

	Consolidated		The Company	
	2000 (\$000's)	1999 (\$000's)	2000 (\$000's)	1999 (\$000's)
<b>3. Income Tax</b>				
<b>Prima facie income tax expense calculated at 36% (1999 - 36%) on the operating profit</b>	22,302	15,777	8,964	3,944
<b>Increase in income tax expense due to:</b>				
Non - deductible items	747	725	-	-
Non - deductible capital losses	31	-	-	-
Change in tax rate	322	-	-	-
<b>Decrease in income tax expense due to:</b>				
Non - taxable profits on asset sales	(179)	-	-	-
Non - taxable unrealised profits	-	(110)	-	-
Rebateable dividends	-	-	(8,964)	(3,944)
Overprovision in prior year	(63)	-	-	-
<b>Income tax expense attributable to operating profit</b>	23,160	16,392	-	-
<b>Income tax expense attributable to operating profit is made up of:</b>				
Current income tax expense	24,119	16,903	-	-
Future income tax benefit	(896)	(511)	-	-
Overprovision in prior year	(63)	-	-	-
	23,160	16,392	-	-
<b>Provision for Current Income Tax</b>				
Movements during the year were as follows:				
Balance at beginning of year	10,927	8,154	-	-
Income tax paid	(19,284)	(14,130)	-	-
Current income tax expense on operating profit	24,119	16,903	-	-
Income tax overprovided in prior year	(63)	-	-	-
	15,699	10,927	-	-
<b>Future Income Tax Benefit</b>				
Future income tax benefit reflects the future benefit at future income tax rates on the following items:				
Provision for doubtful debts	1,141	792	-	-
Provision for employee entitlements	3,319	3,097	-	-
Provision for stock obsolescence	1,470	1,354	-	-
Provision for warranty	193	-	-	-
Prepayments	(336)	(478)	-	-
Other timing differences	(309)	(183)	-	-
	5,478	4,582	-	-
<b>Future Income Tax Benefit Not Taken To Account</b>				
The future income tax benefit arising from Capital losses has not been recognised as an asset because recovery is not virtually certain at 34% (1999 - 36%)	502	484	-	-

The future income tax benefit which has not been recognised as an asset will only be obtained if:

- (i) the company derives future assessable income of a nature and an amount sufficient to enable the benefit to be realised; and
- (ii) the company continues to comply with the conditions for deductibility imposed by the law; and
- (iii) no changes in tax legislation adversely affect the company in realising the benefit.

## Notes

to the financial statements for the year ended 30 June 2000

	Consolidated		The Company	
	2000 (\$000's)	1999 (\$000's)	2000 (\$000's)	1999 (\$000's)
<b>4. Dividends Paid and Proposed</b>				
The following are the dividends paid and / or proposed for the financial year:				
Final dividend of 25 cents per share paid 27 October 1999, (fully franked to 36%)	7,470	6,972	7,470	6,972
Interim dividend of 25 cents per share and special dividend of 50 cents per share paid 7 April 2000 (fully franked to 36%)	14,940	3,486	14,940	3,486
Dividend Proposed (50 cents per share fully franked)	9,960	7,470	9,960	7,470
	24,900	10,956	24,900	10,956
<b>Dividend Franking Account</b>				
Balance of franking account adjusted for franking credits that will arise after payment of income tax payable and after payment of proposed dividends. Class C - franked to 34% (1999 - 36%)	174,994	132,495	13	12

	Consolidated	
	2000 Cents	1999 Cents
<b>5. Earnings per Share</b>		
Basic earnings per share	195	138
Diluted earnings per share	195	138
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share.	19,920,000	19,920,000

The earnings per share has been calculated on the weighted average of share capital during the year in accordance with Accounting Standard AASB 1027: Earnings Per Share.

	Consolidated		The Company	
	2000 (\$000's)	1999 (\$000's)	2000 (\$000's)	1999 (\$000's)
<b>6. Cash</b>				
Cash on hand	127	109	-	-
Cash on deposit	36,343	23,710	-	-
	36,470	23,819	-	-



## Notes

to the financial statements for the year ended 30 June 2000

	Consolidated		The Company	
	2000 (\$000's)	1999 (\$000's)	2000 (\$000's)	1999 (\$000's)
<b>7. Receivables</b>				
Current				
Trade debtors	95,939	69,796	-	-
Less: Provision for doubtful debts	(3,355)	(2,200)	-	-
	92,584	67,596	-	-
Other debtors and prepaid expenses	11,527	10,162	-	-
	104,111	77,758	-	-
Non-current				
Loans, controlled entities	-	-	10,357	7,867
<b>8. Inventories</b>				
Current				
Finished goods, at cost	72,380	62,615	-	-
Provision for obsolescence	(4,323)	(3,760)	-	-
	68,057	58,855	-	-
<b>9. Investments</b>				
Current				
Short maturity bills and term deposits	10,000	18,000	-	-
Shares in quoted corporations, at deemed cost	306	340	-	-
	10,306	18,340	-	-
Non-current				
Shares in related corporations at director's valuation (1987). The directors revaluation in 1987 of its investment in controlled entities was based upon the increase in the underlying value of land and buildings held in those entities at that date.	-	-	9,711	9,711

## Notes

to the financial statements for the year ended 30 June 2000

	Consolidated		The Company	
	2000 (\$000's)	1999 (\$000's)	2000 (\$000's)	1999 (\$000's)
<b>10. Property, Plant and Equipment</b>				
Freehold land at directors valuation 1986	1,612	1,612		
Freehold land and buildings at cost	49,951	40,690	-	-
Less: Accumulated depreciation	(7,274)	(6,464)	-	-
	42,677	34,226		
Freehold land and buildings at directors valuation 1987	13,110	13,110	-	-
Less: Accumulated depreciation	(4,394)	(4,023)	-	-
	8,716	9,087	-	-
Total land and buildings	64,673	55,412	-	-
Less: Accumulated depreciation	(11,669)	(10,487)	-	-
	53,005	44,925	-	-
Fixtures, fittings and equipment at cost	35,896	31,065	-	-
Less: Accumulated depreciation	(24,935)	(21,812)	-	-
	10,961	9,253	-	-
Motor vehicles at cost	20,125	17,497	-	-
Less: Accumulated depreciation	(10,771)	(9,783)	-	-
	9,354	7,714	-	-
	73,320	61,892	-	-

### 11. Current Value of Land and Buildings

A directors valuation of land and buildings was undertaken on 30 June 2000. The valuation was undertaken to comply with Accounting Standard AASB 1034 as part of a policy to reassess the current market value of land and buildings every 3 years. In preparing their valuation the directors took account of periodic independent kerbside valuations obtained throughout the reporting period. As at 30 June 2000 the directors assessment of the current market value of land and buildings is \$76,539,553.



## Notes

to the financial statements for the year ended 30 June 2000

	Consolidated		The Company	
	2000 (\$000's)	1999 (\$000's)	2000 (\$000's)	1999 (\$000's)
<b>12. Intangibles</b>				
Goodwill on consolidation	1,750	1,750	-	-
Less: Accumulated amortisation	(1,051)	(963)	-	-
	699	787	-	-
Goodwill, at cost	1,774	1,774	-	-
Less: Accumulated amortisation	(1,695)	(1,380)	-	-
	79	394	-	-
	778	1,181	-	-
<b>13. Other Assets</b>				
Non-current				
Future income tax benefit	5,478	4,582	-	-
<b>14. Accounts Payable</b>				
Current				
Trade creditors and accruals	102,182	72,846	-	-
<b>15. Provisions</b>				
Current				
Provision for income tax	15,699	10,927	-	-
Provision for employee entitlements	5,330	4,684	-	-
Provision for dividend	9,960	7,470	9,960	7,470
Provision for warranty	567	-	-	-
	31,556	23,081	9,960	7,470
Non-current				
Provision for employee entitlements	4,435	3,918	-	-
Aggregate employee entitlements	9,765	8,602	-	-

## Notes

to the financial statements for the year ended 30 June 2000

	Consolidated		The Company	
	2000 (\$000's)	1999 (\$000's)	2000 (\$000's)	1999 (\$000's)
<b>16. Other Current Liabilities</b>				
Amount owing under contract of sale	101	225	-	-
<b>17. Share Capital</b>				
Issued and paid up capital 19,920,000 Ordinary shares fully paid	9,960	9,960	9,960	9,960
<b>18. Reserves</b>				
Asset revaluation reserve	461	461	-	-
General reserve	51	51	-	-
Capital Profits reserve	1,231	824	37	37
	1,743	1,336	37	37
<b>Movements during the year consist of:-</b>				
<b>Capital Profits reserve</b>				
Balance at beginning of year	824	824	37	37
Profit on sale of land and buildings	407	-	-	-
Balance at end of year	1,231	824	37	37





## Notes

to the financial statements for the year ended 30 June 2000

	Consolidated		The Company	
	2000 (\$000's)	1999 (\$000's)	2000 (\$000's)	1999 (\$000's)
<b>19. Notes to the Statement of Cashflows</b>				
<b>(a) Reconciliation of Cash</b>				
For the purposes of the Statement of Cash Flows, cash includes cash on hand and at bank, short term deposits at call and short maturity bills net of outstanding bank overdrafts. Cash as at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the balance sheet as follows:				
Cash on hand	127	109	-	-
Cash on deposit	36,343	23,710	-	-
Short maturity bills and term deposits	10,000	18,000	-	-
	46,470	41,819	-	-
<b>(b) Reconciliation of operating profit after income tax to net cash provided by operating activities</b>				
Operating profit after income tax	38,789	27,433	24,900	10,956
<i>Add/(less) items classified as investing / financing activities:</i>				
Unrealised gain on investment	-	(306)	-	-
Profit on sale of non-current assets	(568)	(251)	-	-
<i>Add/(less) non cash items:</i>				
Depreciation	6,806	6,410	-	-
Amortisation of goodwill	403	679	-	-
Dividend received - controlled entity	-	-	(2,490)	(498)
Amounts set aside to provisions	2,886	756	-	-
(Decrease)/increase in income taxes payable	4,771	2,774	-	-
<b>Net cash from operating activities before change in assets and liabilities</b>	<b>53,087</b>	<b>37,495</b>	<b>22,410</b>	<b>10,458</b>
<b>Change in assets and liabilities during the financial year</b>				
(Increase)/decrease in trade debtors	(26,143)	(4,572)	-	-
(Increase)/decrease in sundry debtors	(1,366)	(1,800)	-	-
(Increase)/decrease in inventory	(9,201)	(7,575)	-	-
Increase/(decrease) in trade creditors and accruals	29,337	12,611	-	-
(Increase)/decrease in deferred tax benefits	(896)	(512)	-	-
(Increase)/decrease in loans, controlled entities	-	-	(2,490)	(498)
Increase/(decrease) in provision for dividend	-	-	2,490	498
<b>Net cash provided by operating activities</b>	<b>44,818</b>	<b>35,647</b>	<b>22,410</b>	<b>10,458</b>

## Notes

to the financial statements for the year ended 30 June 2000

	Consolidated		The Company	
	2000 (\$000's)	1999 (\$000's)	2000 (\$000's)	1999 (\$000's)
<b>19. Notes to the Statement of Cashflows</b> (continued)				
<b>(c) Financing Facilities</b>				
<u>Bank Loans and Overdraft</u>				
Bank facilities are secured by a letter of lien over certain of the company's property assets.				
The economic entity has access to the following lines of credit:				
<b>Total Facilities available:</b>				
Bank Overdraft	1,000	1,000	1,000	1,000
Bank Guarantees	140	140	140	140
Trade Refinance & documentary letters of credit/surrenders	500	500	500	500
Credit cards	1,100	-	-	-
<b>Total</b>	<b>2,740</b>	<b>1,640</b>	<b>1,640</b>	<b>1,640</b>
<b>Facilities utilised at Balance Date:</b>				
Bank Overdraft	-	-	-	-
Bank Guarantee	-	-	-	-
Trade Refinance & documentary letters of credit/surrenders	408	-	-	-
Credit cards	-	-	-	-
<b>Total</b>	<b>408</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>20. Remuneration and Retirement Benefits</b>				
<b>(a) Directors' Remuneration</b>	(\$)	(\$)	(\$)	(\$)
Income paid or payable, or otherwise made available, to all directors of each entity in the economic entity and any related party. Income includes salary, superannuation and other benefits.	2,067,498	1,733,457		
Income paid or payable, or otherwise made available, to all directors of the parent entity from the parent entity and any related party. Income includes salary, superannuation and other benefits.			2,067,498	1,733,457



## Notes

to the financial statements for the year ended 30 June 2000

	Consolidated		The Company	
	2000	1999	2000	1999
<b>20. Remuneration and Retirement Benefits</b>				
<b>(a) Directors' Remuneration (continued)</b>				
The number of directors referred to above are shown below in their relevant income bands.				
\$10,000 and \$19,999	-	1	-	1
\$30,000 and \$39,999	2	1	2	1
\$190,000 and \$199,999	-	1	-	1
\$260,000 and \$269,999	1	-	1	-
\$340,000 and \$349,999	1	-	1	-
\$360,000 and \$369,999	-	1	-	1
\$1,130,000 and \$1,139,999	-	1	-	1
\$1,380,000 and \$1,389,999	1	-	1	-
Total number of directors	5	5	5	5

	Consolidated		The Company	
	2000 (\$)	1999 (\$)	2000 (\$)	1999 (\$)
<b>(b) Executive Officers' Remuneration</b>				
Income received or due and receivable by executive officers of the economic entity, from all entities in the economic entity and any related entities, whose income is \$100,000 or more. Income includes salary, superannuation and other benefits.				
	2,059,294	1,995,848	-	-

	Consolidated		The Company	
	2000	1999	2000	1999
\$190,000 and \$199,999	-	1	-	1
\$260,000 and \$269,999	1	-	1	-
\$300,000 and \$309,999	-	1	-	1
\$360,000 and \$369,999	-	1	-	1
\$400,000 and \$409,999	1	-	1	-
\$1,130,000 and \$1,139,999	-	1	-	1
\$1,380,000 and \$1,389,999	1	-	1	-

Directors' and executive officers' income bands do not include insurance premiums paid by the Company or related entities in respect of Directors' and Officers' Liabilities and Legal Expenses insurance contracts, as the insurance policies do not specify premiums payable in respect of each individual.

## Notes

to the financial statements for the year ended 30 June 2000

### 21. RELATED PARTY DISCLOSURES

#### (a) Directors

The names of each person holding the position of Director of Reece Australia Limited during the financial year were L.T. Wilson, L.A. Wilson, B.W.C. Wilson, J.G. Wilson and P.J. Wilson.

Details of directors remuneration, superannuation and retirement payments are set out in Note 20.

Apart from the details disclosed in this note no Director has entered into a material contract with the Company or the economic entity since the end of the previous financial year and there were no material contracts involving directors interests existing at year end.

Directors of the company, Messrs L.T. Wilson, L.A. Wilson, B.W.C. Wilson and J.G. Wilson have a beneficial interest in an entity that sold plumbing and building supplies to the economic entity. All dealings are in the ordinary course of business and on normal terms and conditions no more favourable than those which it is reasonable to expect would have been accepted if dealing at arms length in the same circumstances. Goods purchased from these entities during the year total \$2,900,992 of which \$273,079 was owing at year end.

Directors of the company Messrs L.A. Wilson, B.W.C. Wilson, J.G. Wilson have a beneficial interest in entities that lease premises to the economic entity. All dealings with these

entities are in the ordinary course of business and on normal terms and conditions no more favourable than those which would have been expected if dealing at arms length in the same circumstances. Lease rentals paid to these entities during the year were \$155,806.

From time to time, directors of the parent entity or its controlled entities, may purchase goods from the economic entity. These transactions are on the same terms and conditions as those entered into by other economic entity employees.

#### (b) Directors Holding of Shares and Share Options

The relevant interest of Directors of the reporting entity and their Director related entities in shares of Reece Australia Limited are set out in the Director's Report attached to these financial statements. All subsidiary entities are wholly owned directly and indirectly by the ultimate parent entity.

#### (c) Controlling Entity

Reece Australia Limited, is incorporated in Victoria, and is believed to be the ultimate Parent entity.

#### (d) Ownership Interests in Related Parties

Details of interests in wholly owned entities are set out in Note 26.

	Consolidated		The Company	
	2000 (\$000's)	1999 (\$000's)	2000 (\$000's)	1999 (\$000's)
<b>22. Lease Rental Commitments</b>				
Future operating lease rentals not provided for and payable in respect of :				
Motor Vehicles	100	247	-	-
Buildings	10,281	10,047	-	-
Equipment	1,038	1,462	-	-
	11,419	11,756	-	-
Due not later than one year	4,407	4,035	-	-
Due later than one year but not later than five years	7,012	7,721	-	-
	11,419	11,756	-	-
Rental expense	4,001	3,675		



## Notes

to the financial statements for the year ended 30 June 2000

### 23. Financial Instruments

#### (a) Terms, conditions and accounting policies

Recognised Financial Instrument	Note	Accounting Policy	Terms & Conditions
<b>a) Financial assets</b>			
Cash	6	Cash is carried at the lower of cost and net realisable value.	Cash balances in bank accounts receive the bank benchmark interest rates. Cash is at call.
Receivables - trade	7	Trade receivables are carried at nominal amounts less any provision for doubtful debts.	Trade receivables are on 30 day terms.
Receivables - other	7	Other receivables are carried at nominal amounts due.	
Term deposits	9	Term deposits are carried at the lower of cost and net realisable value.	Term deposits have varying maturity dates with effective interest rates of 4.7% to 6.08% (1999: 4.75% to 5.2%).
Shares in quoted corporations	9	Shares are carried at the lower of deemed cost and net realisable value.	Included in quoted shares held at balance date are ordinary shares with a deemed cost of \$305,757 (1999: \$339,732).
<b>b) Financial liabilities</b>			
Trade creditors and accruals	14	Recognised for amounts to be settled in the future, whether or not billed to the economic entity.	Trade payables are ordinarily settled within 30 day terms.
Dividends payable	15	Dividends payable are recognised when declared by the company.	Dividends payable represent the final dividend of 50 cents (1999: 37.5 cents) per ordinary share for the financial year ended 30 June 2000. The dividend is fully franked and franking credits available for the subsequent financial year are disclosed in Note 4.
Amounts owing under contract of sale	16	Amounts owing under contract of sale are carried at the principal amount.	
<b>c) Equity</b>			
Ordinary shares	17	Ordinary share capital is recognised at the paid up amount of each share.	The company is authorised to issue up to 40,000,000 (1999: 40,000,000) ordinary shares.

There are no financial instruments not recognised in the accounts at balance date.

## Notes

to the financial statements for the year ended 30 June 2000

### 23. Financial Instruments (Continued)

#### (b) Interest rate risks

The economic entity's exposure to interest rate risks and the effective interest rates of financial assets and liabilities at balance date are as follows:

	Weighted Average Interest Rate %		Variable Interest Rate		Fixed Interest Less than 1 year		Non Interest Bearing		Total	Total
	2000 %	1999 %	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
<b>i) Financial assets</b>										
Cash	4.90	4.65	36,470	23,819	-	-	-	-	36,470	23,819
Receivables - trade	n/a	n/a	-	-	-	-	92,584	67,596	92,584	67,596
Receivables - other	n/a	n/a	-	-	-	-	11,527	10,162	11,527	10,162
Term deposits	5.16	4.82	-	-	10,000	18,000	-	-	10,000	18,000
Shares in quoted corporations	n/a	n/a	-	-	-	-	306	340	306	340
<b>Total financial assets</b>	-	-	36,470	23,819	10,000	18,000	104,417	78,098	150,887	119,917
<b>ii) Financial liabilities</b>										
Trade creditors & accruals	n/a	n/a	-	-	-	-	102,182	72,846	102,182	72,846
Dividends payable	n/a	n/a	-	-	-	-	9,960	7,470	9,960	7,470
Amounts owing under contracts of sale	n/a	n/a	-	-	-	-	101	225	101	225
<b>Total financial liabilities</b>	-	-	-	-	-	-	112,243	80,541	112,243	80,541

#### (c) Credit risk

##### i) Exposure to credit risk

The economic entity's maximum exposure to credit risk, not taking into account the value of any collateral or other security held by the company, at balance date, in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the balance sheet.

Credit risk in trade receivables is managed in the following ways:

- payment terms are 30 days; and
- a risk assessment process prior to granting credit is used for all customers.

##### ii) Concentrations of credit risk

The company minimises concentrations of credit risk in relation to trade receivables by undertaking transactions with a large number of customers in the plumbing, building and hardware industry in Australia.



## Notes

to the financial statements for the year ended 30 June 2000

### 23. Financial Instruments (Continued)

#### (d) Net fair values

The following table details the net market values as at balance date of each class of financial asset and financial liability, both recognised and unrecognised.

	Carrying amount		Net fair value	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
<b>Financial assets</b>				
<i>Readily traded</i>				
Cash	36,470	23,819	36,470	23,819
Shares in quoted corporation	306	340	430	393
Short maturity bills and term deposits	10,000	18,000	10,000	18,000
<i>Not readily traded</i>				
Receivables - trade	92,584	67,596	92,584	67,596
Receivables - other	11,527	10,162	11,527	10,162
<b>Total financial assets</b>	<b>150,887</b>	<b>119,917</b>	<b>151,011</b>	<b>119,970</b>
<b>Financial liabilities</b>				
<i>Not readily traded</i>				
Trade creditors and accruals	102,182	72,846	102,182	72,846
Dividends payable	9,960	7,470	9,960	7,470
Amounts owing under contract of sale	101	225	101	225
<b>Total financial liabilities</b>	<b>112,243</b>	<b>80,541</b>	<b>112,243</b>	<b>80,541</b>

#### Determination of Net Fair Value

##### *Financial assets*

Carrying value as noted in the balance sheet approximates net fair value.

##### *Financial liabilities*

Carrying value as noted in the balance sheet approximates net fair value.

## Notes

to the financial statements for the year ended 30 June 2000

### 24. SUPERANNUATION COMMITMENTS

At 30 June 2000, entities within the economic entity participated in four employer established superannuation plans all of which are accumulation plans. In addition, entities within the economic entity participated in several award-related superannuation plans in order to satisfy award entitlements of employees. Employees contribute to the plans at various percentages of their salaries and wages. Entities within the economic entity also contribute to the plans at varying levels and satisfy all of their legal obligations. The assets of the plans are sufficient to satisfy all benefits that would have been vested under the plans in the event of termination of the plans or voluntary or compulsory termination of the employment of each employee.

### 25. GEOGRAPHICAL AND INDUSTRY SEGMENTS

The sole activity of the economic entity is that of plumbing, building and hardware merchants in Australia.

### 26. PARTICULARS IN RELATION TO CORPORATIONS IN THE GROUP

Name of entity	Ownership Percentage 2000 %	Ownership Percentage 1999 %
<b>Parent Entity</b>		
Reece Australia Limited	-	-
<b>Controlled entities of Reece Australia Limited</b>		
Reece Pty Ltd	100%	100%
Plumbing World Pty Ltd	100%	100%
Duncan & Ling Proprietary Limited	100%	100%
<b>Controlled entity of Reece Pty Ltd</b>		
Bolong Pty Limited	100%	100%

#### Notes

- (i) All corporations in the group are incorporated in Australia.
- (ii) All shareholdings are of ordinary shares.
- (iii) All corporations in the group carry on business in Australia only.
- (iv) All corporations financial years end on 30 June.





# Shareholders Information

as at 31 July 2000

In accordance with Section 4.10 of the Australian Stock Exchange Limited Listing rules, the directors provide the following information.

## Shareholding Analysis

### At 31 July 2000

#### (a) Distribution of Shareholders

The distribution of shareholdings were as follows:

Size Of Shareholding	Number of Shareholders
1 - 1,000	129
1,001 - 5,000	115
5,001 - 10,000	26
10,001 - 100,000	48
Over 100,000	22
Holdings of less than a marketable parcel.	2

#### (b) Substantial shareholdings

The number of shares held by the substantial shareholders listed in the Company's register of substantial shareholders as at 31 July 2000 were:

Shareholder	Number of Shares
Waln Pty Ltd	9,295,428
W.A.L. Investments Pty Ltd	10,260,292
Leslie Alan Wilson	8,516,564
Wilgay Pty Ltd	9,457,928
J.G.W. Investments Pty Ltd	10,260,292
John Gay Wilson	8,679,064
Lezirol Pty Ltd	8,623,364
Florizel Investments Pty Ltd	10,260,292
Bruce Walter Campbell Wilson	8,493,064
Adawarra Nominees Pty Ltd	15,070,492
Warramunda Investments Pty Ltd	15,070,492
L.T.W. Holdings Pty Ltd	15,070,492
L.T. Wilson Pty Ltd	15,070,492
Leslie Thomas Wilson	11,098,200
Wilaust Holdings Pty Ltd	15,070,492
Austral Hardware Pty Ltd	15,070,492
Austral Hardware (Healesville) Pty Ltd	15,070,492
Tyara Pty Ltd	10,260,292
Wal Assets Pty Ltd	9,295,428
Abtourk Vic No. 11 Pty Ltd	9,457,928

Note: Many of these substantial shareholdings relate to the same shares.

## Shareholders Information

as at 31 July 2000

**(c) Class of Shares and Voting Rights**

At 31 July 2000, there were 340 holders of ordinary shares of the Company. All of the issued shares in the capital of the parent entity are ordinary shares and each shareholder is entitled to one vote per share.

**(d) Twenty largest shareholders, as at 31 August 2000:**

Shareholder	Number	% Held
L.T. Wilson Pty Ltd	6,288,000	31.6%
L.T.W. Holdings Pty Ltd	2,400,000	12.0%
Warramunda Investments Pty Ltd	1,945,800	9.8%
Perpetual Nominees Limited	997,850	5.0%
Florizel Investments Pty Ltd	672,064	3.4%
W.A.L. Investments Pty Ltd	672,064	3.4%
J.G.W. Investments Pty Ltd	672,064	3.4%
Austral Hardware Pty Ltd	597,000	3.0%
NRMA Nominees Pty Limited	535,400	2.7%
Austral Hardware (Healesville) Pty Ltd	480,000	2.4%
Adawarra Nominees Pty Ltd	462,000	2.3%
BT Custodial Services Pty Ltd (Equi <sup>^</sup> / <sub>c</sub> )	399,641	2.0%
Wilaust Holdings Pty Ltd	349,200	1.7%
Perpetual Trustees Nominees Limited	284,000	1.4%
BT Custodial Services Pty Limited	226,606	1.1%
John G. Wilson	186,000	0.9%
Commonwealth Custodial Services Limited	155,200	0.8%
Perpetual Nominees Limited (ICIS <sup>^</sup> / <sub>c</sub> )	144,784	0.7%
Whitefield Limited,	120,000	0.6%
Abtourk Vic No. 11 Pty Ltd	106,800	0.5%

The twenty members holding the largest number of shares together held a total of 88.84% of the issued capital.



## Victoria

### Plumbing Centres

Airport West  
Armadale  
Box Hill  
Brunswick  
Burwood  
Camberwell  
Campbellfield  
Caulfield  
City  
Clayton  
Cranbourne  
Croydon  
Dandenong  
Diamond Creek  
Doveton  
Dromana  
Emerald  
Ferntree Gully  
Footscray  
Hastings  
Healesville  
Heidelberg  
Hoppers Crossing  
Lilydale  
Melton  
Mentone  
Montmorency  
Moonee Ponds  
Mornington  
Newport  
Pakenham  
Richmond  
Ringwood  
Seaford  
St Kilda  
Sth Melbourne  
Sunbury  
Sunshine  
Templestowe  
Thomastown  
Tootgarook

### Vic Country

Albury  
Bairnsdale  
Ballarat  
Ballarat west  
Bendigo  
Colac  
Echuca  
Geelong  
Hamilton  
Horsham  
Mildura  
Moe  
Sale  
Seymour  
Shepparton  
Swan Hill  
Traralgon  
Warrnambool  
Wodonga  
Wonthaggi

### Irrigation

Clayton  
Lilydale  
Mildura  
Mornington  
Ringwood  
Sunshine

### Gas

Clayton

### Mechanical Services

Albury  
Clayton  
Sunshine

### Projects

Airport West

## New South Wales

### Plumbing Centres

Artarmon  
Blacktown  
Brookvale  
Chipping Norton  
Minchinbury  
Oak Flats  
Parramatta  
Penrith  
Punchbowl  
Rydalmere  
Taren Point  
Thornleigh  
Unanderra  
Waterloo  
Wetherill Park

### NSW Country

Albury  
Bowral  
Braddon  
Coffs Harbour  
Erina  
Gosford  
Goulburn  
Grafton  
Lismore  
Lewisham  
Mitchell  
Newcastle  
Nth Wollongong  
Port Macquarie  
Queanbeyan  
Rockdale  
South Windsor  
Wagga Wagga  
Warners Bay  
Wollongong

### Mechanical Services

Revesby

## Queensland

### Plumbing Centres

Albion  
Ballina  
Beenleigh  
Browns Plains  
Bundaberg  
Burleigh Junction  
Caboolture  
Cairns  
Caloundra  
Cannonvale  
Capalaba  
Enoggera  
Geebung  
Hervey Bay  
Ipswich  
Kedron  
Labrador  
Lismore  
Mackay  
Maroochydore  
Mermaid Beach  
Morningside  
Mt Isa  
Nerang  
Noosa  
Salisbury  
Toowoomba  
Townsville  
Tweed Heads  
Underwood  
West End

### Mechanical Services

West End

## Northern Territory

### Plumbing Centres

Darwin

## South Australia

### Plumbing Centres

Adelaide - Showroom  
Adelaide - Trade Counter  
Gawler  
Hilton  
Lonsdale  
Morphettville  
Mt Barker  
Mt Gambier  
O'Halloran Hill  
Ridgehaven  
Salisbury Plains  
Stepney  
Wingfield

### Mechanical Services

Wingfield

## Western Australia

### Plumbing Centres

Albany  
Bunbury  
Busselton  
Cannington  
Fremantle  
Geraldton  
Joondalup  
Kalgoorlie  
Mandurah  
Midvale  
Myaree  
Osborne Park  
Perth - City  
Perth - Showroom  
Rockingham





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