

Chantrey Vellacott DFK



HUNTERS & FRANKAU LIMITED

**Financial Statements
31 December 2000**

HUNTERS & FRANKAU LIMITED

Directors' report for the year ended 31 December 2000

The directors present their report and the financial statements for the year ended 31 December 2000.

Review of the business

The company is engaged in importing and distributing cigars and allied products.

The directors consider the results for the year, the financial position at the end of the year and the prospects for 2001 to be satisfactory.

Results and dividends

The results for the year ended 31 December 2000 are shown in the profit and loss account on page 4. The group profit for the year after taxation was £4,063,554.

An interim dividend of 110.62p per ordinary share was paid in the year. The directors recommend that a final dividend of 165.93p per ordinary share be paid for the year.

Directors and their interests

It is with deep regret that the directors record the death on 28 July 2000 of the company's chairman, Mr N D J Freeman.

The other directors who served during the year were:

Executive

D G Lewis (Chairman)
W H Carver (Managing) (resigned 8 February 2001)
Mrs T Camacho Rodriguez (Corporate)
S G Chase (Marketing)
J H Darnton (Sales)
P J Hambidge (Finance)

Non executive

D A J Baxter
D G Lewis (appointed executive 24 August 2000)
A E Iglesias Reyes (resigned 22 January 2001)
P P Medero Paiva (resigned 22 January 2001)
Mrs B E P Freeman (appointed 9 November 2000)

Mr J B L Alonso and Mr J Garcia-Andrade Manso were appointed non-executive directors on 16 May 2001.

No director had any direct beneficial interest in the shares of the company at 1 January 2000 or 31 December 2000.

Mrs B E P Freeman held 1,000 shares in Hunters & Frankau Group Limited, the ultimate parent undertaking, at the date of her appointment to the board of directors of Hunters & Frankau Limited and at 31 December 2000.

The interests of Mr D A J Baxter, Mr P J Hambidge and Mr D G Lewis in the shares of Hunters & Frankau Group Limited, are given in the financial statements of that company.

No other director had any interest in the shares of Hunters & Frankau Group Limited, the ultimate parent undertaking.

HUNTERS & FRANKAU LIMITED

Directors' report for the year ended 31 December 2000

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 those financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

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 to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Tangible fixed assets

The movements in tangible fixed assets are set out in note 9 on pages 12 and 13 of the financial statements. Additions to tangible fixed assets during the year comprised normal replacements and additions.

Donations

Charitable donations during the year amounted to £17,500.

Close company status

The close company provisions of the Income and Corporation Taxes Act 1988 apply to the company.

Auditors

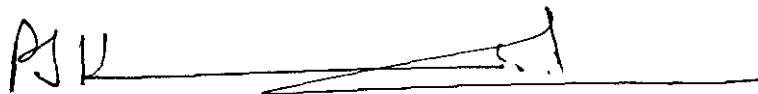
Chantrey Vellacott DFK have indicated their willingness to continue as auditors of the company and a resolution to reappoint them will be proposed at the annual general meeting.

Signed on behalf of the
Board of Directors

P J HAMBIDGE

Secretary

Date: 16 May 2001



HUNTERS & FRANKAU LIMITED

Independent Auditors' report to the Shareholders of Hunters & Frankau Limited

We have audited the financial statements of Hunters & Frankau Limited for the year ended 31 December 2000 which are set out on pages 4 to 17. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the directors' report, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with the relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 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 regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of 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 company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and of the group as at 31 December 2000 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


CHANTREY VELLACOTT DFK

Chartered Accountants
Registered Auditors
London

16 May 2001

HUNTERS & FRANKAU LIMITED

Consolidated profit and loss account For the year ended 31 December 2000

	Notes	2000 £	1999 £
Turnover	2	24,360,939	25,998,690
Cost of sales		<u>14,312,899</u>	<u>15,334,957</u>
Gross profit		<u>10,048,040</u>	<u>10,663,733</u>
Distribution costs		1,777,643	1,721,035
Other operating expenses		<u>2,514,415</u>	<u>2,478,757</u>
		<u>4,292,058</u>	<u>4,199,792</u>
Operating profit		5,755,982	6,463,941
Interest receivable		80,513	65,673
Interest payable	3	<u>(10,533)</u>	<u>(34,986)</u>
Profit on ordinary activities before taxation	4	5,825,962	6,494,628
Tax on profit on ordinary activities	7	<u>1,762,408</u>	<u>1,959,279</u>
Profit for the financial year		4,063,554	4,535,349
Dividends	8	<u>3,750,000</u>	<u>4,500,000</u>
Retained profit for the year	16	<u>313,554</u>	<u>35,349</u>

The group had no recognised gains and losses other than those included in the profits above, and therefore no separate statement of total recognised gains and losses has been presented. There is no difference between the profits shown above and their historical cost equivalents.

The notes on pages 8 to 17 form part of these financial statements.

HUNTERS & FRANKAU LIMITED

Consolidated balance sheet as at 31 December 2000

	Notes	2000 £	1999 £
Fixed assets			
Tangible assets	9	<u>965,288</u>	<u>1,043,937</u>
Current assets			
Stocks	11	4,502,802	5,858,694
Debtors	12	4,750,002	7,111,776
Cash at bank and in hand		<u>961,407</u>	<u>471,138</u>
		10,214,211	13,441,608
Creditors: amounts falling due within one year	13	<u>5,604,013</u>	<u>9,234,180</u>
Net current assets		<u>4,610,198</u>	<u>4,207,428</u>
Total assets less current liabilities		5,575,486	5,251,365
Provision for liabilities and charges			
Deferred taxation	14	<u>47,608</u>	<u>37,041</u>
		5,527,878	5,214,324
Capital and reserves			
Called up share capital	15	678,001	678,001
Share premium account		1,250	1,250
Profit and loss account	16	<u>4,848,627</u>	<u>4,535,073</u>
Equity shareholders' funds		<u>5,527,878</u>	<u>5,214,324</u>

Approved by the Board of Directors on 16 May 2001

D.G. LEWIS


Directors

P J HAMBIDGE



The notes on pages 8 to 17 form part of these financial statements.

HUNTERS & FRANKAU LIMITED

Balance sheet as at 31 December 2000

	Notes	2000 £	1999 £
Fixed assets			
Tangible assets	9	567,334	635,015
Investments	10	399,664	399,664
		<u>966,998</u>	<u>1,034,679</u>
Current assets			
Stocks	11	4,502,802	5,858,694
Debtors	12	4,746,359	7,107,250
Cash at bank and in hand		947,141	460,623
		<u>10,196,302</u>	<u>13,426,567</u>
Creditors: amounts falling due within one year	13	<u>5,863,392</u>	<u>9,481,565</u>
Net current assets		<u>4,332,910</u>	<u>3,945,002</u>
Total assets less current liabilities		<u>5,299,908</u>	<u>4,979,681</u>
Provision for liabilities and charges			
Deferred taxation	14	37,332	26,713
		<u>5,262,576</u>	<u>4,952,968</u>
Capital and reserves			
Called up share capital	15	678,001	678,001
Share premium account		1,250	1,250
Profit and loss account	16	4,583,325	4,273,717
Equity shareholders' funds		<u>5,262,576</u>	<u>4,952,968</u>

Approved by the Board of Directors on 16 May 2001

D G LEWIS

P J HAMBIDGE

Directors

The notes on pages 8 to 17 form part of these financial statements.

HUNTERS & FRANKAU LIMITED

Consolidated cash flow statement for the year ended 31 December 2000

	Notes	2000 £	1999 £
Cash flow from operating activities	(a)	9,723,778	5,828,666
Returns on investments and servicing of finance	(b)	67,253	30,687
Taxation		(2,130,820)	(2,324,627)
Capital expenditure and financial investment	(c)	(223,063)	(459,999)
Equity dividend paid		(5,000,000)	(4,000,000)
Increase/(decrease) in cash in period	(d)	<u>2,437,148</u>	<u>(925,273)</u>

Chantrey Vellacott DFK

The notes on pages 8 to 17 form part of these financial statements.

HUNTERS & FRANKAU LIMITED

Notes to the consolidated cash flow statement For the year ended 31 December 2000

(a) **Reconciliation of operating profit to net cash inflow from operating activities**

	2000 £	1999 £
Operating profit	5,755,982	6,463,941
Depreciation charges	305,736	275,293
Profit on sale of fixed assets	(12,541)	(9,297)
Changes in stocks	1,355,892	(739,649)
Changes in debtors	2,365,443	(623,000)
Changes in creditors	(46,734)	461,378
Net cash inflow from operating activities	<u>9,723,778</u>	<u>5,828,666</u>

(b) **Returns on investments and servicing of finance**

	2000 £	1999 £
Interest received	76,844	65,673
Interest paid	(9,591)	(34,986)
Net cash flow from returns on investments and servicing of finance	<u>67,253</u>	<u>30,687</u>

(c) **Capital expenditure and financial investment**

Sale of tangible fixed assets	74,208	57,750
Purchase of tangible fixed assets	(297,271)	(517,749)
Net cash flow for capital expenditure and financial investment	<u>(223,063)</u>	<u>(459,999)</u>

(d) **Analysis of net debt**

	At 1 January 2000 £	Cash flow £	At 31 December 2000 £
Cash at bank and in hand	471,138	490,269	961,407
Overdrafts	(2,033,249)	1,946,879	(86,370)
	<u>(1,562,111)</u>	<u>2,437,148</u>	<u>875,037</u>

(e) **Reconciliation of net cash flow to movement in net debt**

	2000 £	1999 £
Increase/(decrease) in cash	2,437,148	(925,273)
Net debt at 1 January 2000	(1,562,111)	(636,838)
Net cash/(debt) at 31 December 2000	<u>875,037</u>	<u>(1,562,111)</u>

HUNTERS & FRANKAU LIMITED

Notes to the financial statements For the year ended 31 December 2000

1. Accounting policies

(a) Basis of accounting

The financial statements are prepared on the historical cost basis of accounting, and in accordance with applicable accounting standards.

(b) Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings. The subsidiary undertakings prepare their financial statements to 31 December and are consolidated using the acquisition method of accounting.

(c) Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is the purchase cost on a first-in, first-out basis. Net realisable value is the price at which the stock can be realised in the normal course of business. Provision is made for slow moving stocks.

(d) Depreciation of tangible fixed assets

Depreciation is provided at the following annual rates, on a straight line basis, so as to write off the cost of tangible fixed assets over their expected useful lives as follows:

Freehold property	- 2%
Short leasehold improvements	- 15%
Plant, equipment, fixtures and fittings	- 15 - 25% according to category
Motor vehicles	- 25 - 33% according to category

(e) Deferred taxation

Deferred taxation is provided under the liability method in respect of all material timing differences between the profits as computed for taxation purposes and the profits as stated in the financial statements, to the extent that it is probable that a liability or asset will crystallise. The rate of tax used is that which is expected to be applied when the liability or asset is expected to crystallise.

(f) Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the date of the balance sheet. Transactions denominated in foreign currencies are translated into sterling using the rates of exchange ruling at the date of the transaction. Gains and losses arising thereon are dealt with in the profit and loss account.

(g) Goodwill

Purchased goodwill arising on the acquisition of a subsidiary represents the difference between the fair value of the consideration given for the company and the aggregate of the fair values of the separable net assets acquired.

Prior to 31 December 1997 the group eliminated purchased goodwill by immediate write off to reserves on acquisition.

HUNTERS & FRANKAU LIMITED

Notes to the financial statements For the year ended 31 December 2000

1. Accounting policies

(h) Leases

Rentals under operating leases are charged to the profit and loss account as they fall due.

(i) Pension costs

The cost of pensions in respect of the group's pension schemes is charged to the profit and loss account so as to spread the cost of pensions over the service lives of employees. Variations from the regular cost are spread over the expected service lives of current employees in the scheme.

2. Turnover

Turnover represents the amount receivable for goods sold during the year and is exclusive of VAT. Turnover arose as follows:-

	2000 £	1999 £
United Kingdom	23,608,707	25,167,892
Europe	752,232	830,798
	<u>24,360,939</u>	<u>25,998,690</u>

Turnover and profit on ordinary activities before taxation is derived from importing and distributing cigars and allied products.

3. Interest payable

Interest on bank overdrafts and loans wholly repayable within 5 years

2000 £	1999 £
10,533	34,986
<u>10,533</u>	<u>34,986</u>

4. Profit on ordinary activities before taxation

Is stated after charging:

	2000 £	1999 £
Depreciation	305,736	275,293
Directors' emoluments (note 6)	933,232	786,457
Auditors' remuneration	22,255	20,000
Property rentals	175,119	192,578
	<u>1,436,342</u>	<u>1,274,328</u>

Fees charged by the group's auditors for other services were £9,400 (1999: £12,383).

and after crediting:

	2000 £	1999 £
Profit on disposal of tangible fixed assets	12,441	9,297
	<u>12,441</u>	<u>9,297</u>

HUNTERS & FRANKAU LIMITED

Notes to the financial statements For the year ended 31 December 2000

5. Staff costs	2000	1999
	£	£
(a) Staff costs including executive directors during the year amounted to:		
Wages and salaries	2,213,680	2,194,532
Social security costs	224,551	224,350
Other pension costs	272,932	272,747
	<u>2,711,163</u>	<u>2,691,629</u>
(b) The average number of employees including executive directors during the year was made up as follows:		
	2000	1999
	Number	Number
Warehousing and distribution	34	39
Office and management	23	23
	<u>57</u>	<u>62</u>
6. Directors' emoluments	2000	1999
	£	£
(a) Fees and management remuneration	767,962	754,607
Compensation for loss of office	165,270	-
	<u>933,232</u>	<u>754,607</u>
Contributions to money purchase pension scheme	-	31,850
(b) Highest paid director:	2000	1999
	£	£
Fees and management remuneration	174,341	182,000
Compensation for loss of office	165,270	-
	<u>339,611</u>	<u>182,000</u>
Contributions to money purchase pension scheme	-	31,850
5 directors benefited from contributions to the group's defined benefit pension scheme.		
7. Tax on profit on ordinary activities	2000	1999
	£	£
U.K. corporation tax based on the profit for the year at 30% (1999 : 30%)	1,753,891	1,987,722
Over provision in prior year	(2,050)	-
Transfer to/(from) deferred taxation	10,567	(28,443)
	<u>1,762,408</u>	<u>1,959,279</u>

HUNTERS & FRANKAU LIMITED

Notes to the financial statements For the year ended 31 December 2000

8. Dividends	2000 £	1999 £
On the 'A' and 'B' ordinary shares:		
First interim paid	1,500,000	500,000
Second interim	-	500,000
Third interim	-	1,000,000
Fourth interim	-	1,000,000
Proposed final	2,250,000	1,500,000
	<u>3,750,000</u>	<u>4,500,000</u>

9. Tangible fixed assets

Group	Freehold property £	Short leasehold improvements £	Plant, equipment, fixtures & fittings £	Motor vehicles £	Total £
Cost:					
At 1 January 2000	548,434	294,309	826,276	644,029	2,313,048
Additions	-	-	155,351	141,921	297,272
Disposals	-	(42,068)	(187,509)	(222,379)	(451,956)
At 31 December 2000	<u>548,434</u>	<u>252,241</u>	<u>794,118</u>	<u>563,571</u>	<u>2,158,364</u>
Depreciation:					
At 1 January 2000	139,512	152,531	620,471	356,597	1,269,111
Provision for year	10,968	33,255	116,955	144,558	305,736
Adjustment for disposals	-	(42,068)	(177,149)	(162,554)	(381,771)
At 31 December 2000	<u>150,480</u>	<u>143,718</u>	<u>560,277</u>	<u>338,601</u>	<u>1,193,076</u>
Net book value:					
At 31 December 2000	<u>397,954</u>	<u>108,523</u>	<u>233,841</u>	<u>224,970</u>	<u>965,288</u>
At 31 December 1999	<u>408,922</u>	<u>141,778</u>	<u>205,805</u>	<u>287,432</u>	<u>1,043,937</u>

HUNTERS & FRANKAU LIMITED

Notes to the financial statements For the year ended 31 December 2000

9. Tangible fixed assets

Company	Short leasehold improvements £	Plant, equipment, fixtures & fittings £	Motor vehicles £	Total £
Cost:				
At 1 January 2000	294,309	735,666	644,029	1,674,004
Additions	-	155,351	141,921	297,272
Disposals	(42,068)	(187,509)	(222,379)	(451,956)
At 31 December 2000	<u>252,241</u>	<u>703,508</u>	<u>563,571</u>	<u>1,519,320</u>
Depreciation:				
At 1 January 2000	152,531	529,861	356,597	1,038,989
Provision for year	33,255	116,955	144,558	294,768
Adjustment for disposals	(42,068)	(177,149)	(162,554)	(381,771)
At 31 December 2000	<u>143,718</u>	<u>469,667</u>	<u>338,601</u>	<u>951,986</u>
Net book value:				
At 31 December 2000	<u>108,523</u>	<u>233,841</u>	<u>224,970</u>	<u>567,334</u>
At 31 December 1999	<u>141,778</u>	<u>205,805</u>	<u>287,432</u>	<u>635,015</u>

10. Investments - Company

£

Shares in subsidiary undertakings:

Cost:

At 1 January 2000 and 31 December 2000

4,120,714

Provisions:

At 1 January 2000 and 31 December 2000

3,721,050

Net book value:

At 31 December 1999 and 31 December 2000

399,664

HUNTERS & FRANKAU LIMITED

Notes to the financial statements For the year ended 31 December 2000

10. Investments - company

At 31 December 2000 the company's wholly owned subsidiary undertakings were Joseph Samuel & Son Limited, registered in England and operating in Great Britain and Knight Brothers Cigar Shippers Limited, registered in England and dormant. Joseph Samuel & Son Limited leases warehouse accommodation.

The company also owns indirectly the entire share capital of the following subsidiary undertakings which are registered in England and are dormant:

Morris & Morris Limited
Melbourne Hart & Co. Limited
Tabaco Torcido Traders Limited
Lancha House Limited
Incentive Marketing Services (UK) Limited
Tropic Tobacco Co Ltd
Melbourne Hart Holdings Ltd
Jacon Financial Services Ltd
C H Downton Ltd
F J Downton Ltd
English Import Co. Ltd

11. Stocks	Group		Company	
	2000 £	1999 £	2000 £	1999 £
Goods purchased for resale	<u>4,502,802</u>	<u>5,858,694</u>	<u>4,502,802</u>	<u>5,858,694</u>
12. Debtors	Group		Company	
	2000 £	1999 £	2000 £	1999 £
Amounts receivable within one year:				
Trade debtors	4,021,072	5,869,568	4,021,072	5,869,568
Other debtors	119,292	704,903	119,111	703,422
Prepayments and accrued income	609,638	537,305	606,176	534,260
	<u>4,750,002</u>	<u>7,111,776</u>	<u>4,746,359</u>	<u>7,107,250</u>

HUNTERS & FRANKAU LIMITED

Notes to the financial statements For the year ended 31 December 2000

13. Creditors: amounts falling due within one year

	Group		Company	
	2000	1999	2000	1999
	£	£	£	£
Bank loans and overdrafts	86,370	2,033,249	86,370	2,033,249
Amount owed to subsidiary undertaking	-	-	268,285	256,285
Trade creditors	624,567	700,417	621,592	698,611
Corporation tax	1,070,793	1,447,722	1,067,306	1,444,092
Other taxes, duties and social security costs	738,834	895,557	737,390	894,682
Interim dividends	-	2,000,000	-	2,000,000
Proposed final dividend	2,250,000	1,500,000	2,250,000	1,500,000
Other creditors and accruals	833,449	657,235	832,449	654,646
	<u>5,604,013</u>	<u>9,234,180</u>	<u>5,863,392</u>	<u>9,481,565</u>

The bank loans and overdrafts are secured by a mortgage debenture over the group's assets.

14. Deferred taxation

	Group		Company	
	2000	1999	2000	1999
	£	£	£	£
Capital allowances	(40,022)	(45,521)	(50,298)	(55,849)
Other timing differences	87,630	82,562	87,630	82,562
Deferred tax liability	<u>47,608</u>	<u>37,041</u>	<u>37,332</u>	<u>26,713</u>

The provision for deferred taxation has been calculated based on a corporation tax rate of 30% (1999 : 30%).

The movement during the year is analysed as follows:

	Group		Company	
	2000	1999	2000	1999
	£	£	£	£
Balance at 1 January 2000	37,041	65,484	26,713	54,649
Provided/(reversed) in year	10,567	(28,443)	10,619	(27,936)
Balance at 31 December 2000	<u>47,608</u>	<u>37,041</u>	<u>37,332</u>	<u>26,713</u>

HUNTERS & FRANKAU LIMITED

Notes to the financial statements For the year ended 31 December 2000

15. Share capital

	Authorised, allotted and fully paid	
	2000 £	1999 £
678,000 ordinary 'A' shares of 50p each	339,000	339,000
678,000 ordinary 'B' shares of 50p each	339,000	339,000
1 ordinary 'C' share of 50p	1	1
	<u>678,001</u>	<u>678,001</u>

'C' shares do not carry any voting rights or rights to receive dividends, but otherwise carry equal rights to 'A' and 'B' shares.

16. Profit and loss account

	Group		Company	
	2000 £	1999 £	2000 £	1999 £
Retained profit at 1 January 2000	4,535,073	4,499,724	4,273,717	4,243,431
Retained profit for the year	313,554	35,349	309,608	30,286
Retained profit at 31 December 2000	<u>4,848,627</u>	<u>4,535,073</u>	<u>4,583,325</u>	<u>4,273,717</u>

As permitted by Section 230 of the Companies Act 1985, a separate profit and loss account for Hunters & Frankau Limited is not presented.

The cumulative amount of goodwill written off to profit and loss account in prior years is £776,200.

17. Reconciliation of movements in equity shareholders' funds

	Group		Company	
	2000 £	1999 £	2000 £	1999 £
Profit for the financial year	4,063,554	4,535,349	4,059,608	4,530,286
Dividends	(3,750,000)	(4,500,000)	(3,750,000)	(4,500,000)
Net addition to shareholders' funds	313,554	35,349	309,608	30,286
Opening equity shareholders' funds	5,214,324	5,178,975	4,952,968	4,922,682
Closing equity shareholders' funds	<u>5,527,878</u>	<u>5,214,324</u>	<u>5,262,576</u>	<u>4,952,968</u>

HUNTERS & FRANKAU LIMITED**Notes to the financial statements
For the year ended 31 December 2000****18. Lease commitments**

	Group		Company	
	2000	1999	2000	1999
	£	£	£	£
Annual property rentals payable under leases which expire:				
Within one year	4,776	4,853	4,776	4,853
After five years	124,000	124,000	124,000	124,000
	<u>128,776</u>	<u>128,853</u>	<u>128,776</u>	<u>128,853</u>

19. Pension commitments

The group operates a pension scheme providing benefits based on final pensionable salary. The assets of the scheme are held separately from those of the company being invested with major asset management companies. The contributions are determined by a qualified actuary on the basis of triennial valuations using the "projected unit" method. The most recent valuation was as at 31 December 1997. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rate of increase in salaries and pensions. It was assumed the yield on the fund would exceed the rate of increase in pensionable salaries by 2% per annum. This is consistent with assumptions usually used for longer term funding.

The most recent actuarial valuation showed that the market value of the scheme's assets was £7,082,070 and that the actuarial value of those assets represented 100 per cent of the benefits that had accrued to members.

At 31 December 2000, the group has prepaid a contribution of £292,100 (1999: £272,932) to the scheme.

The total pension charge, including defined contribution payments was £272,932 (1999 - £272,747).

20. Ultimate parent undertaking

The ultimate parent undertaking is Hunters & Frankau Group Limited, which is registered in England.