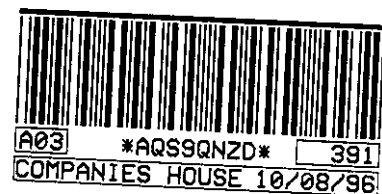


Company number : 22169

HUNTERS & FRANKAU LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1995



HUNTERS & FRANKAU LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the financial statements for the year ended 31st December 1995.

REVIEW OF THE BUSINESS

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

The directors consider the result for the year and the financial position at the end of the year to be satisfactory.

The prospects for 1996 are largely dependent on the receipts of adequate cigar shipments from Cuba. With adequate shipments the directors anticipate a similar result to 1995.

RESULTS AND DIVIDENDS

The results for the year ended 31st December 1995 are shown in the profit and loss account on page 4. The group profit for the year after taxation was £2,956,864.

An interim dividend of 36.9p per 'A' and 'B' ordinary share was paid in the year.

A further interim dividend of 110.6p per 'A' and 'B' ordinary share was paid on 4th April 1996.

The directors recommend that a final dividend of 36.9p per 'A' and 'B' ordinary shares be paid for the year.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year were:

N.D.J. Freeman (Chairman)
S.A. Morera Gonzalez (Joint Managing Director)
J.G. Simonds (Joint Managing Director)
S.G. Chase
J.H. Darnton
P.J. Hambidge
D.G. Lewis
D.A.J. Baxter
E. Mendez Perez (resigned 7th May 1996)

Mr. J. Blanco Lamelas was appointed a director on 14th May 1996.

No director had any beneficial interest in the shares of the company at 1st January 1995 or 31st December 1995.

HUNTERS & FRANKAU LIMITED

REPORT OF THE DIRECTORS (continued)

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 then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 company 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

Donations to charity during the year amounted to £7,500.

CLOSE COMPANY STATUS

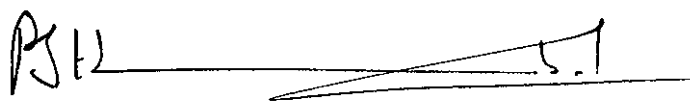
The close company provisions of the Income and Corporation Taxes Act 1988 apply to the company.

AUDITORS

Chantrey Vellacott 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

14th May 1996

REPORT OF THE AUDITORS

to the members of

HUNTERS & FRANKAU LIMITED

We have audited the financial statements on pages 4 to 17 which have been prepared under the historical cost convention and in accordance with the accounting policies set out on pages 9 and 10.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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 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 the group at 31st December 1995 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

Chartered Accountants
Registered Auditor

14th May 1996

HUNTERS & FRANKAU LIMITED AND SUBSIDIARIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 1995

	<u>Notes</u>	<u>1995</u>	<u>1994</u>
		£	£
TURNOVER	2	20,599,254	18,202,933
Cost of sales		<u>13,518,566</u>	<u>12,117,552</u>
Gross profit		7,080,688	6,085,381
Distribution costs		1,030,092	986,786
Administrative expenses		<u>1,958,451</u>	<u>1,781,465</u>
		<u>2,988,543</u>	<u>2,768,251</u>
Operating profit		4,092,145	3,317,130
Profit on sale of surplus leasehold property		259,461	-
Interest receivable		98,133	25,317
Interest payable	3	<u>(144,139)</u>	<u>(234,339)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	4,305,600	3,108,108
Tax on profit on ordinary activities	7	<u>1,348,736</u>	<u>1,046,420</u>
PROFIT FOR THE FINANCIAL YEAR		2,956,864	2,061,688
DIVIDENDS	8	<u>2,500,000</u>	<u>1,200,000</u>
RETAINED PROFIT FOR THE YEAR		<u>£ 456,864</u>	<u>£ 861,688</u>

The company has 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 9 to 17 form part of these financial statements.

HUNTERS & FRANKAU LIMITED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET AS AT 31ST DECEMBER 1995

	<u>Notes</u>	<u>1995</u>	<u>1994</u>
		£	£
FIXED ASSETS			
Tangible assets	9	889,186	1,402,283
CURRENT ASSETS			
Stocks	11	1,773,301	2,556,794
Debtors	12	5,559,670	4,122,407
Cash at bank and in hand		61,324	8,168
		<u>7,394,295</u>	<u>6,687,369</u>
CREDITORS: amounts falling due within one year	13	<u>(4,989,796)</u>	<u>(4,218,075)</u>
NET CURRENT ASSETS		<u>2,404,499</u>	<u>2,469,294</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,293,685</u>	<u>3,871,577</u>
CREDITORS: amounts falling due after more than one year	14	(550,000)	(1,561,503)
PROVISION FOR LIABILITIES AND CHARGES			
Deferred taxation	15	<u>(44,715)</u>	<u>(67,968)</u>
		<u><u>£2,698,970</u></u>	<u><u>£2,242,106</u></u>
CAPITAL AND RESERVES			
Called up share capital	16	678,001	678,001
Share premium account		1,250	1,250
Profit and loss account	17	<u>2,019,719</u>	<u>1,562,855</u>
		<u><u>£2,698,970</u></u>	<u><u>£2,242,106</u></u>

Approved by the Board of Directors on 14th May 1996

N.D.J. FREEMAN

) Directors

P.J. HAMBIDGE

The notes on pages 9 to 17 form part of these financial statements.

HUNTERS & FRANKAU LIMITED

BALANCE SHEET

AS AT 31ST DECEMBER 1995

	<u>Notes</u>	<u>1995</u>	<u>1994</u>
		£	£
FIXED ASSETS			
Tangible assets	9	436,217	335,842
Investments	10	<u>3,399,664</u>	<u>3,399,664</u>
		3,835,881	3,735,506
CURRENT ASSETS			
Stocks	11	1,773,301	2,556,794
Debtors	12	5,095,560	4,079,058
Cash at bank and in hand		<u>61,205</u>	<u>7,929</u>
		6,930,066	6,643,781
CREDITORS: amounts falling due within one year	13	<u>(7,727,338)</u>	<u>(6,515,158)</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(797,272)</u>	<u>128,623</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,038,609	3,864,129
CREDITORS: amounts falling due after more than one year	14	(550,000)	(1,561,503)
PROVISION FOR LIABILITIES AND CHARGES			
Deferred taxation	15	<u>(32,989)</u>	<u>(44,231)</u>
		<u>£2,455,620</u>	<u>£2,258,395</u>
CAPITAL AND RESERVES			
Called up share capital	16	678,001	678,001
Share premium account		1,250	1,250
Profit and loss account	17	<u>1,776,369</u>	<u>1,579,144</u>
		<u>£2,455,620</u>	<u>£2,258,395</u>

Approved by the Board of Directors on 14th May 1996

N.D.J. FREEMAN

)

)

) Directors

P.J. HAMBIDGE

)

)

The notes on pages 9 to 17 form part of these financial statements.

HUNTERS & FRANKAU LIMITED AND SUBSIDIARIES

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 1995

	£	<u>1995</u>	£	<u>1994</u>	£
Net cash inflow from operating activities (note 1)			3,516,874		4,574,039
Returns on investments and servicing of finance					
Interest paid	(144,139)		(247,869)		
Dividend paid	<u>(1,100,000)</u>		<u>(1,040,000)</u>		
Net cash outflow from returns on investments and servicing of finance			(1,244,139)		(1,287,869)
Taxation					
Corporation tax paid			(1,061,956)		(691,764)
Investing activities					
Purchase of tangible fixed assets	(297,282)		(266,096)		
Sale of tangible fixed assets	877,424		137,237		
Disposal of subsidiary undertakings	<u>-</u>		<u>108,028</u>		
Net cash inflow/(outflow) from investing activities			<u>580,142</u>		<u>(20,831)</u>
Net cash inflow before financing			1,790,921		2,573,575
Financing					
Loans repaid	<u>(1,011,503)</u>		<u>(1,586,503)</u>		
Net cash (outflow)/inflow from financing activities			<u>(1,011,503)</u>		<u>(1,586,503)</u>
Increase in cash and cash equivalents (note 2)			<u>£ 779,418</u>		<u>£ 987,072</u>

The notes to the consolidated cash flow statement are on page 8.

HUNTERS & FRANKAU LIMITED AND SUBSIDIARIES

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 1995

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	<u>1995</u>	<u>1994</u>
	£	£
Operating profit	4,190,278	3,342,447
Depreciation	200,320	178,187
Profit on sale of tangible fixed assets	(7,904)	(38,172)
Decrease in stocks	783,493	262,918
(Increase)/decrease in debtors	(1,274,763)	384,738
(Decrease)/increase in creditors	(374,550)	443,921
Net cash inflow from operating activities	<u>£3,516,874</u>	<u>£4,574,039</u>

2. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS

Balance at 1st January 1995	(720,836)	(1,707,908)
Net cash inflow	<u>779,418</u>	<u>987,072</u>
Balance at 31st December 1995	<u>£58,582</u>	<u>£(720,836)</u>

3. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET

	<u>1995</u>	<u>1994</u>	Changes in <u>year</u>
	£	£	£
Cash at bank and in hand	61,324	8,168	53,156
Bank overdrafts	(2,742)	(729,004)	726,262
	<u>£58,582</u>	<u>£(720,836)</u>	<u>£779,418</u>

HUNTERS & FRANKAU LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1995

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 31st 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%
Long leasehold property	- 2%
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 have been translated into sterling at the rate of exchange ruling at the date of the balance sheet. Gains and losses on exchange on transactions in foreign currencies 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.

The group eliminates positive purchased goodwill by immediate write off to reserves on acquisition.

h) **Leases**

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

HUNTERS & FRANKAU LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31ST DECEMBER 1995

1. ACCOUNTING POLICIES (continued)

i) **Pension costs**

The expected 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 V.A.T. Turnover arose as follows:-

	<u>1995</u>	<u>1994</u>
	£	£
United Kingdom	20,235,797	17,905,601
Europe	<u>363,457</u>	<u>297,332</u>
	<u>£20,599,254</u>	<u>£18,202,933</u>

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

3. INTEREST PAYABLE

	<u>1995</u>	<u>1994</u>
	£	£
Interest on bank loans and overdrafts and loans wholly repayable within 5 years	<u>£144,139</u>	<u>£234,339</u>

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	<u>1995</u>	<u>1994</u>
	£	£
Is stated after charging:		
Depreciation	200,320	178,187
Directors' emoluments (note 6)	587,739	540,142
Auditors' remuneration	19,700	18,700
Property rentals	<u>180,103</u>	<u>182,242</u>

Fees charged by the group's auditors for other services were £4,825 (1994 : £5,300).

and after crediting:

Profit on disposal of tangible fixed assets (Other than surplus leasehold property)	<u>7,904</u>	<u>38,172</u>
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HUNTERS & FRANKAU LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31ST DECEMBER 1995

5. STAFF COSTS	<u>1995</u>	<u>1994</u>
	£	£
a) Staff costs during the year amounted to:		
Wages and salaries	1,587,778	1,477,237
Social security costs	149,019	133,167
Other pension costs	226,886	215,081
	<u>£1,963,683</u>	<u>£1,825,485</u>

b) The average weekly number of employees during the year was made up as follows:

	<u>1995</u>	<u>1994</u>
	Number	
Warehousing and distribution	41	41
Office and management	23	21
	<u>64</u>	<u>62</u>

6. DIRECTORS' EMOLUMENTS	<u>1995</u>	<u>1994</u>
	£	£
a) Fees	17,500	16,250
Management remuneration	494,158	447,536
Contributions to pension schemes	76,081	76,356
	<u>£587,739</u>	<u>£540,142</u>

b) Fees and management remuneration only:	<u>1995</u>	<u>1994</u>
Chairman and highest paid director	<u>£138,000</u>	<u>£105,187</u>

Other directors received emoluments in the following ranges:

	<u>1995</u>	<u>1994</u>
£Nil to £5,000	2	1
£10,001 to £15,000	1	1
£25,001 to £30,000	-	1
£50,001 to £55,000	-	2
£55,001 to £60,000	2	1
£65,001 to £70,000	1	1
£75,001 to £80,000	1	-
£85,001 to £90,000	-	1
£95,001 to £100,000	<u>1</u>	<u>-</u>

HUNTERS & FRANKAU LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31ST DECEMBER 1995

7.

TAX ON PROFIT ON ORDINARY ACTIVITIES

	<u>1995</u>	<u>1994</u>
	£	£
U.K. corporation tax based on		
the profit for the year at 33% (1994 - 33%)	1,373,558	1,025,796
(Over)/under provision in prior year	(1,569)	1,416
Transfer (from)/to deferred taxation	(23,253)	19,208
	<u>£1,348,736</u>	<u>£1,046,420</u>

8.

DIVIDENDS

	<u>1995</u>	<u>1994</u>
	£	£
On the 'A' and 'B' ordinary shares:		
First interim paid 23rd November 1995	500,000	300,000
Second interim proposed	1,500,000	300,000
Proposed final	500,000	600,000
	<u>£2,500,000</u>	<u>£1,200,000</u>

9.

TANGIBLE FIXED ASSETS

a) Group

	Freehold property £	Long leasehold property £	Short leasehold improvements £	Plant, equipment, fixtures & fittings £	Motor vehicles £	Total £
COST						
At 1st January 1995	548,434	841,795	74,793	463,263	476,573	2,404,858
Additions	-	-	69,062	137,029	91,191	297,282
Disposals	-	(841,795)	-	(179,788)	(54,706)	(1,076,289)
At 31st December 1995	<u>548,434</u>	<u>-</u>	<u>143,855</u>	<u>420,504</u>	<u>513,058</u>	<u>1,625,851</u>
DEPRECIATION						
At 1st January 1995	84,671	244,382	66,699	409,359	197,464	1,002,575
Provision for year	10,969	-	12,836	48,372	128,143	200,320
Adjustment for disposals	-	(244,382)	-	(177,717)	(44,131)	(466,230)
At 31st December 1995	<u>95,640</u>	<u>-</u>	<u>79,535</u>	<u>280,014</u>	<u>281,476</u>	<u>736,665</u>
NET BOOK VALUE						
At 31st December 1995	<u>£452,794</u>	<u>£ -</u>	<u>£64,320</u>	<u>£140,490</u>	<u>£231,582</u>	<u>£889,186</u>
At 31st December 1994	<u>£463,763</u>	<u>£597,413</u>	<u>£ 8,094</u>	<u>£53,904</u>	<u>£279,109</u>	<u>£1,402,283</u>

HUNTERS & FRANKAU LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31ST DECEMBER 1995

9. TANGIBLE FIXED ASSETS (continued)

b) Company	Short leasehold improvements £	Plant, equipment, fixtures & fittings £	Motor vehicles £	Total £
COST				
At 1st January 1995	74,793	261,741	476,573	813,107
Additions	69,062	137,029	91,191	297,282
Disposals	-	(68,876)	(54,706)	(123,582)
At 31st December 1995	<u>143,855</u>	<u>329,894</u>	<u>513,058</u>	<u>986,807</u>
DEPRECIATION				
At 1st January 1995	66,699	213,102	197,464	477,265
Provision for year	12,836	45,353	128,143	186,332
Adjustment for disposals	-	(68,876)	(44,131)	(113,007)
At 31st December 1995	<u>79,535</u>	<u>189,579</u>	<u>281,476</u>	<u>550,590</u>
NET BOOK VALUE				
At 31st December 1995	<u>£64,320</u>	<u>£140,315</u>	<u>£231,582</u>	<u>£436,217</u>
At 31st December 1994	<u>£ 8,094</u>	<u>£48,639</u>	<u>£279,109</u>	<u>£335,842</u>

10. INVESTMENTS

£

Shares in subsidiary undertakings:

COST

At 1st January 1995 and 31st December 1995 4,120,714

PROVISION FOR REDUCTION TO NET ASSET VALUE

At 1st January 1995 and 31st December 1995 751,050

NET BOOK VALUE

At 31st December 1995 and 31st December 1994 £3,399,664

HUNTERS & FRANKAU LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31ST DECEMBER 1995

10. INVESTMENTS

At 31st December 1995 the principal subsidiary undertaking is Joseph Samuel & Son Limited, a company wholly owned and incorporated in Great Britain.

Dormant subsidiary company details are not disclosed as in the directors' opinion, this information is of excessive length.

11. STOCKS

	<u>1995</u>	<u>1994</u>
Stocks consist of goods purchased for resale	<u>£1,773,301</u>	<u>£2,556,794</u>

12. DEBTORS

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>1995</u>	<u>1994</u>	<u>1995</u>	<u>1994</u>
	£	£	£	£
Amounts receivable within one year:				
Trade debtors	4,336,181	3,485,143	4,336,181	3,485,142
Other debtors	547,478	100,512	84,735	75,504
Prepayments and accrued income	<u>363,511</u>	<u>386,752</u>	<u>362,144</u>	<u>368,412</u>
	5,247,170	3,972,407	4,783,060	3,929,058
Amounts receivable after more than one year:				
Advance corporation tax recoverable	<u>312,500</u>	<u>150,000</u>	<u>312,500</u>	<u>150,000</u>
	<u>£5,559,670</u>	<u>£4,122,407</u>	<u>£5,095,560</u>	<u>£4,079,058</u>

13. CREDITORS: amounts falling due within one year

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>1995</u>	<u>1994</u>	<u>1995</u>	<u>1994</u>
	£	£	£	£
Bank loans and overdrafts	2,742	729,004	2,625	726,534
Amount owed to subsidiary undertaking	-	-	2,753,379	2,327,202
Trade creditors	334,921	462,828	334,921	445,513
Corporation tax	1,535,382	1,062,849	1,520,646	1,056,136
Other taxes and social security costs	730,547	1,084,832	730,197	1,082,411
Proposed 2nd interim dividend	1,500,000	-	1,500,000	-
Proposed final dividend	500,000	600,000	500,000	600,000
Other creditors	25	54	25	54
Accruals	<u>386,179</u>	<u>278,508</u>	<u>385,545</u>	<u>277,308</u>
	<u>£4,989,796</u>	<u>£4,218,075</u>	<u>£7,727,338</u>	<u>£6,515,158</u>

HUNTERS & FRANKAU LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31ST DECEMBER 1995

13. CREDITORS: amounts falling due within one year (continued)

The bank loans and overdrafts secured by a mortgage debenture over the group's assets are as follows:-

	<u>1995</u>	<u>1994</u>
	£	£
Due within one year	<u>£2,742</u>	<u>£729,004</u>
14. CREDITORS: amounts falling due after more than one year	<u>1995</u>	<u>1994</u>
	£	£
£1,100,000 10% Unsecured loan stock 1998/99	550,000	1,100,000
9% Unsecured loan stock 1996/97	-	461,503
	<u>£550,000</u>	<u>£1,561,503</u>

15. DEFERRED TAXATION

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>1995</u>	<u>1994</u>	<u>1995</u>	<u>1994</u>
	£	£	£	£
Accelerated capital allowances	23,313	(1,065)	35,039	22,672
Other timing differences	<u>(68,028)</u>	<u>(66,903)</u>	<u>(68,028)</u>	<u>(66,903)</u>
Deferred tax liability	<u>£(44,715)</u>	<u>£(67,968)</u>	<u>£(32,989)</u>	<u>£(44,231)</u>

The provision for deferred taxation has been calculated based on a corporation tax rate of 33% (1994 : 33%).

The movement during the year is analysed as follows:

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>1995</u>	<u>1994</u>	<u>1995</u>	<u>1994</u>
	£	£	£	£
Balance at 1st January 1995	(67,968)	(51,260)	(44,231)	(28,950)
Disposal of subsidiary	-	2,500	-	-
Released/(provided) in year	<u>23,253</u>	<u>(19,208)</u>	<u>11,242</u>	<u>(15,281)</u>
Balance at 31st December 1995	<u>£(44,715)</u>	<u>£(67,968)</u>	<u>£(32,989)</u>	<u>£(44,231)</u>

HUNTERS & FRANKAU LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31ST DECEMBER 1995

16. CALLED UP SHARE CAPITAL

	Authorised, allotted and fully paid	
	<u>1995</u>	<u>1994</u>
	£	£
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>

17. PROFIT AND LOSS ACCOUNT

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>1995</u>	<u>1994</u>	<u>1995</u>	<u>1994</u>
	£	£	£	£
Retained profit at 1st January 1995	1,562,855	701,167	1,579,144	700,154
Retained profit for the year	456,864	861,688	197,225	878,990
Retained profit at 31st December 1995	<u>£2,019,719</u>	<u>£1,562,855</u>	<u>£1,776,369</u>	<u>£1,579,144</u>

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>1995</u>	<u>1994</u>	<u>1995</u>	<u>1994</u>
	£	£	£	£
Profit for the financial year	2,956,864	2,061,688	2,697,225	2,078,990
Dividends	(2,500,000)	(1,200,000)	(2,500,000)	(1,200,000)
Net addition to shareholders' funds	456,864	861,688	197,225	878,990
Opening shareholders' funds	2,242,106	1,380,418	2,258,395	1,379,405
Closing shareholders' funds	<u>£2,698,970</u>	<u>£2,242,106</u>	<u>£2,455,620</u>	<u>£2,258,395</u>

19. LEASE COMMITMENTS

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>1995</u>	<u>1994</u>	<u>1995</u>	<u>1994</u>
	£	£	£	£
Annual property rentals payable under leases which expire:				
Within one year	10,833	10,833	10,833	10,833
After five years	159,500	164,500	159,500	159,500
	<u>£170,333</u>	<u>£175,333</u>	<u>£170,333</u>	<u>£170,333</u>

HUNTERS & FRANKAU LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31ST DECEMBER 1995

20. 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 a major U.K. insurance group. 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 31st December 1994. 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 pension charge for the year was £226,886 (1994 : £215,081).

The most recent actuarial valuation showed that the market value of the scheme's assets was £4,629,000 and that the actuarial value of those assets represented 95 per cent of the benefits that had accrued to members.

At 31st December 1995, the group has prepaid a contribution of £206,145 (1994: £202,736) to the scheme.

21. PROFIT AND LOSS ACCOUNT - PARENT COMPANY

As permitted by Section 230 of the Companies Act 1985, a separate profit and loss account for the parent company is not presented.