

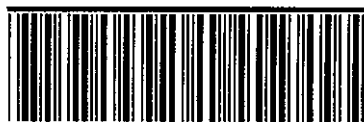
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# BRIDGEND GROUP

PLC

ANNUAL REPORT & ACCOUNTS

1995



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COMPANIES HOUSE 31/07/96



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## **FINANCIAL HIGHLIGHTS**

	1995 £'000	1994 £'000
Turnover of continuing operations	15,577	17,479
Profit before exceptional items and tax	49	86
(Loss)/profit before tax	(3,382)	28
Earnings per Ordinary share	(12.3)p	0.1p
Earnings per Ordinary share adjusted to exclude exceptional items	0.2p	0.3p
Dividends per Ordinary share	0.2p	0.2p

The exceptional items referred to above relate to property revaluation deficits, losses on sale of a subsidiary and a settlement on an aborted capital project.

## CHAIRMAN'S STATEMENT

### RESULTS

The year under review was one of significant strategic importance for the Group with the sale of The Imperial Hotel (Cork) Limited to Hanover International PLC. The Group now owns only one leisure asset, Stocks Hotel Golf & Country Club, and the main businesses are in distribution. Profits before exceptional items and tax reduced marginally to £49,000 (1994: £86,000). This resulted from an improvement in the wholesale distribution division offset by a reduction in the profitability of the leisure division, largely attributable to The Imperial Hotel. Turnover for the year decreased to £15,577,000 (1994: £17,524,000) which reflects the recent sales of leisure businesses coupled with Brimleys now selling non-core street lighting products on a commission basis only. The latter has reduced turnover and cost of sales but has had little impact on gross profit. Excluding these factors from both years Group figures gives an underlying increase in continuing businesses turnover of £1,227,000 for 1995. A final dividend of 0.1p per Ordinary share has been declared, making a total of 0.2p (1994: 0.2p) for the year.

### REVIEW OF OPERATIONS

**DISTRIBUTION DIVISION:** The improvement of over 19% in the profitability of this division was entirely due to John Sydney. This company is one of the UK's leading distributors of bathroom and kitchen fittings. Considerable efforts were made during the year to source the company's products and components more cheaply. These were successful leading to an improvement in margins despite adverse currency movements. Operating expenses were closely controlled and the combination of these factors resulted in a satisfactory increase in sales of 12% being

The sale of The Imperial Hotel to Hanover, a fully quoted company, was for a net consideration before expenses of £2.1m of which £200,000 was in cash, £500,000 in Hanover Ordinary shares representing 47.6% of the equity and £1,400,000 in Hanover Redeemable Convertible Preference shares. In addition the purchaser assumed £1.5m of debt. The Imperial was sold at above book value but an exceptional loss of £17,000 was recorded after costs. I have joined the Board of Hanover and the value of our shareholding has risen since flotation representing a substantial unrealised profit at the current price.

Stocks Hotel Golf & Country Club contributed a full year operating profit for the first time since the official opening of the golf course in March 1994. With the benefit of these actual results the Board decided to review the investment on a prudent basis in the light of current market conditions and to provide £3,414,000 against its carrying value.

translated into operating profits higher by 40%. This improvement at John Sydney was partially masked by disappointing results at Brimley, the Group's distributor of electrical products, specialising in the shipping industry. Brimleys gross profit actually increased in 1995 but the one off costs of reorganising the sales force and improving customer service at the branches meant that the operating profit for 1995 was below that for 1994. Having benefitted from this reorganisation Brimleys results for the first quarter of 1996 are ahead of those both for 1995 and 1994.

## CHAIRMAN'S STATEMENT *continued*

**LEISURE DIVISION:** Excluding the results of The Imperial Hotel and exceptional items, this division's operating profits for 1995 were £23,000 below the levels achieved the previous year.

Stocks Hotel Golf & Country Club which is situated in Aldbury, Hertfordshire has continued its development programme but has yet to reach its full potential. Allowing for the impact of the one off joining fees, which benefitted Stocks on the opening of the golf course in 1994, the underlying profitability of this exclusive golf and hotel complex improved in 1995 over the previous year. This improvement in underlying profits derived primarily from golf related food and beverage sales in the hotel and bookings in this area are up again in 1996. The golf course is enthusiastically supported by the club's members particularly at weekends and during

this year weekday Corporate golf memberships will be sold actively for the first time to increase membership levels towards capacity. Cloisters Wood Country Club, the sports and leisure club which the Group operates under a short term lease agreement, produced an excellent profit for 1995 in comparison to previous years and it is hoped that this improvement can be maintained.

The Imperial Hotel which contributed £257,000 for the full year in 1994, reported a significantly lower profit during the period of ownership in 1995. This reduction in profits appears to be short term as the Group's share of The Imperial Hotel's profits via its shareholding in the new associate Hanover International PLC is ahead of our budget for the first quarter of 1996.

## PROSPECTS

The disposal of The Imperial Hotel completes the sale over the last two years of the entire leisure portfolio at above book value with the exception of Stocks Hotel Golf & Country Club. The quality of our asset base together with the results for the first quarter of this year which are ahead of budget, contribute in helping us to continue the momentum towards more acceptable levels of return.

The clear objective is to improve earnings by increasing the size of our distribution division whilst at the same time continuing to develop our existing businesses. We are maintaining our search for acquisition opportunities which meet our strict criteria within these areas of operation.



Neil List  
Chairman  
30 May 1996

## **DIRECTORS' REPORT**

### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

Bridgend Group PLC is a holding and management company. The Company has two operating divisions: Wholesale Distribution and Leisure.

The Wholesale Distribution division consists of companies engaged in the distribution, packing and assembly of bathroom and kitchen fittings, principally taps and showers, and in the distribution of electrical products.

The Leisure division consists of a sports and leisure club operation, and a hotel and golf club.

During the year the shares of The Imperial Hotel (Cork) Limited were sold. Further details of the disposal are given in Note 25 to the accounts.

Details of principal operating divisions and companies are given in Note 26 to the accounts.

A review of the Group's activities and future prospects is included in the Chairman's Statement on pages 3 and 4.

### **RESULTS & DIVIDENDS**

The results for the year are shown in the Consolidated Profit and Loss Account on page 12. The loss transferred to reserves was £3,437,000.

An interim dividend of 0.1p per Ordinary share was paid on 8 January 1996. The Directors recommend the payment of a final dividend of 0.1p per Ordinary share on 26 July 1996 to members on the register at the close of business on 25 June 1996.

### **CORPORATE GOVERNANCE**

In December 1992, the Cadbury Committee issued its report on the financial aspects of corporate governance. The Board generally supports the principles contained in the Cadbury Committee's Code of Best Practice and the Company has complied fully with the Code throughout the year.

### **BOARD COMMITTEES**

The Company has maintained a Remuneration Committee and an Audit Committee for many years, both of which consist of the Non-executive Directors. A report of the Remuneration Committee is set out on pages 9 and 10.

### **INTERNAL CONTROL**

The Directors acknowledge responsibility for the Group's system of internal financial control and have reviewed its effectiveness. As with any system of internal financial control the systems are designed to provide reasonable but not absolute assurance against material misstatement or loss.

The Board of Directors meets at least monthly and is responsible for Group strategy, approving major capital expenditure and disposals, and approving budgets. Additionally the Board has a formal schedule of matters specifically reserved for its decision and ensures appropriate action is taken to monitor and mitigate risk. An internal control framework has been put in place by the Board of Directors to safeguard the assets of the Group, and ensure that proper accounting records are maintained and that reliable financial information is produced. There is a comprehensive system of budgets against which actual monthly results are reported and monitored both by local subsidiary management and by the Directors of the Company. The Company reports to shareholders on a half yearly basis.

Although there are no dedicated internal auditors, head office staff monitor business performance and carry out reviews of key financial systems and controls throughout the Group.

### **GOING CONCERN**

The Directors believe that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

## **DIRECTORS' REPORT**

*continued*

### **REPORT BY THE AUDITORS ON CORPORATE GOVERNANCE MATTERS**

The auditors, KPMG, have confirmed that in their opinion with respect to the Directors' statement on internal financial control above and the Directors' statement on going concern in the preceding paragraph the Directors have provided the disclosures required by paragraphs 4.5 and 4.6 of the Code (as supplemented by the related guidance for directors) and such statements are not inconsistent with the information of which they are aware from their audit work on the financial statements; and that the Directors' statement on compliance with the Code appropriately reflects the Company's compliance with the other paragraphs of the Code specified by the Listing Rules for their review. They have carried out their review in accordance with the relevant Bulletin issued by the Auditing Practices Board, which does not require them to perform any additional work necessary to express a separate opinion on the effectiveness of the Company's system of internal financial control or corporate governance procedures, or on the ability of the Group to continue in operational existence.

### **DIRECTORS AND THEIR INTERESTS**

The Directors who served during the year, together with their holdings in the Ordinary shares of the Company, were:

	31 December 1995	31 December 1994
	Ordinary Share Holdings	Ordinary Share Holdings
N.P. List	2,240,435	2,240,435
M.A. Bretherton	75,000	75,000
J.N. Ferguson	-	-
F.C. Flood	10,000	10,000
C.G. Stainforth	-	-

The holding of N.P. List in the Ordinary shares of the Company includes a non-beneficial interest in 360,000 shares held as trustee of a settlement for the benefit of the children of N.P. List.

All other interests are beneficial.

Details of the Directors' Share options and Deferred Convertible shares are given in the Remuneration Committee Report on pages 9 and 10.

No right to subscribe for shares in or debentures of any Group company was granted to or extended by any Director or member of his immediate family during the year.

There have been no movements in the interests of the Directors in the shares of the Company between 31 December 1995 and the date of this report.

F.C. Flood retires by rotation and being eligible offers himself for re-election.

No Director had any interest in contracts, other than contracts of service, with the Group during or at the end of the year.

The company maintains insurance cover for Directors and Officers against any personal liabilities incurred in the course of their duties.

### **PROFILE OF THE DIRECTORS**

N.P. List B.A.; Chairman, aged 50

Neil List was appointed Chairman of the Company in September 1983. He became a Member of the Stock Exchange in 1972 and was previously a Partner in two member firms. Between 1978 and 1981, he was an Executive Director of R&W Hawthorne, Leslie & Co. Limited, a public company with interests in electrical wholesaling and engineering.

## **DIRECTORS' REPORT**

*continued*

### **PROFILE OF THE DIRECTORS *continued***

M.A. Bretherton B.A., A.C.A.; Finance Director, aged 40

Mike Bretherton joined the Company in January 1988 and was appointed to the Board in June of that year. He was formerly a Manager in the Corporate Financial Analysis and Planning Department of The Plessey Company PLC, having qualified as a Chartered Accountant with Price Waterhouse, London and held the position of Manager for two years with Price Waterhouse in the Middle East.

J. N. Ferguson M.A., B.Com., C.A.; Non-executive Director, aged 67

John Ferguson was previously Chairman and Managing Director of BSR Limited and was Non-executive Chairman of Associated Engineering Plc. Both of these companies were engaged in the fields of engineering and electronics.

F.C. Flood C.A.; Non-executive Director, aged 56

Cyril Flood is a sole-practitioner Chartered Accountant. He has been Company Secretary since 1980 and joined the Board as a Non-executive Director in 1987. He is also Chairman of the Company's Audit Committee.

C.G. Stainforth F.C.A.; Non-executive Director, aged 42

Christopher Stainforth is Director of Corporate Finance at Guinness Mahon & Co. Limited and is also a Director of a number of public and private companies. He became a Member of the Stock Exchange in 1985. He is also Chairman of the company's Remuneration Committee.

### **SUBSTANTIAL SHAREHOLDINGS**

Up to 24 May 1996, the Company has been notified of the following material holdings of shares:

	Number of Ordinary shares	Percentage of Ordinary share capital
Co-operation Retirement Benefit Fund Limited	8,215,942	29.8%
N.P. List	2,240,435	8.1%
Mars Security Limited	1,377,348	5.0%
Clerical Medical and General Life Assurance Society	1,000,000	3.6%

### **FIXED ASSETS**

Changes in fixed assets during the year are given in Notes 11 and 12 to the accounts. Details of the effect on fixed assets of the sale of The Imperial Hotel (Cork) Limited are given in Note 25 to the accounts.

### **SHARE CAPITAL**

Details of movements in the called-up share capital are set out in Note 18 to the accounts.

A resolution to replace the limited authority given to the Directors at the 1995 Annual General Meeting to allot the Company's unissued share capital in certain specified circumstances without first offering shares to existing shareholders will be put to shareholders. A resolution will also be put to shareholders to further renew the authority given to the Company at the Annual General Meeting on 4 May 1990 to purchase its own Ordinary shares. Such authority permits the Company to make market purchases of up to 2,933,083 Ordinary shares at a price per share of not less than 10p and not more than five per cent above the average middle market quotation for an Ordinary share for the ten business days prior to the date of purchase. The Company has to date purchased a total of 1,860,000 Ordinary shares pursuant to such an authority.



## **DIRECTORS' REPORT**

*continued*

### **EXECUTIVE SHARE OPTION SCHEME**

During the year, no options were granted under the Bridgend Group PLC Executive Share Option Scheme 1985. No options were exercised but options over 20,000 shares previously granted were allowed to lapse, leaving 1,033,331 options outstanding at 31 December 1995 as follows:

Ordinary Shares	Option Prices	Exercisable
100,000	37.0p	1990/1997
100,000	40.0p	1991/1998
733,331	50.0p	1993/2000
20,000	31.5p	1993/2000
80,000	20.0p	1997/2004

The Board believe that the scheme is a most valuable means of securing an identity of interest between shareholders and employees. The scheme is an Inland Revenue Approved scheme.

### **EMPLOYMENT POLICIES**

The Group supports employment of disabled people wherever possible through recruitment, by retention of those who become disabled and generally through training, career development and promotion.

The Group is committed to keeping employees as fully-informed as possible with regard to the Group's performance and prospects and seeks their views, wherever possible, on matters which affect them as employees.

### **DONATIONS**

Charitable donations of £4,000 were made in the year (1994: £4,000). No political donations were made in the year (1994: NIL).

### **COMPANY STATUS**

So far as the Directors are aware, the Company was not during the year and is not a close company within the provisions of the Income and Corporation Taxes Act 1988.

### **CREST**

CREST is the new settlement system for shares which will replace the existing settlement system and which is due to go live in July 1996. It is a voluntary system which will enable shareholders to hold and transfer their shareholdings in electronic form rather than in paper if they so wish. Shareholders who wish to retain their certificates will be able to continue to do so. This system will also offer active shareholders the option of sponsored membership enabling them to hold their shares in their own name in electronic form while authorising an intermediary to operate the membership on their behalf. Such shareholders will continue to have a direct relationship with the issuing company, just as if they had continued to retain certificates.

A notice of passing of the resolution by the Directors allowing the Ordinary shares of the Company to be transferred under CREST is given on page 31.

### **AUDITORS**

Our auditors KPMG have indicated to the Directors that a limited liability company, KPMG Audit Plc, is to undertake part of their audit business. Accordingly, a resolution is to be proposed at the forthcoming Annual General Meeting for the appointment of KPMG Audit Plc as auditors of the Company.

Thompson House  
20-22 Curtain Road  
London  
EC2A 3NQ  
30 May 1996

  
By order of the Board  
F.C. Flood  
Secretary

## **REMUNERATION COMMITTEE REPORT**

The Remuneration Committee presents its report to the shareholders for the year ended 31 December 1995.

### **REMUNERATION COMMITTEE**

The Committee comprises of C.G. Stainforth as Chairman together with the other two Non-executive Directors. The Committee is responsible for determining the remuneration and other terms of employment of the Executive Directors. The overall policy of the Committee is to provide pay and benefits packages to Directors to attract, retain and motivate individuals of the quality required by the Group.

### **SALARIES**

The salaries paid to Executive Directors are determined by the Committee at the beginning of each year and when an individual changes position or responsibility. In reviewing and setting Executive Directors' salaries the Committee considers individual performance, responsibility and market conditions. Particular attention is paid to salary levels in companies of a comparable size and performance.

The fees paid to Non-executive Directors are determined by the Board based upon their time commitment and experience.

### **PENSION CONTRIBUTIONS**

The company makes defined contributions into the pension schemes of the Executive Directors. The rates of these contributions are determined by the Committee when reviewing salaries and currently range between 15% and 20% of the individual Executive Director's basic salary.

### **SHARE OPTIONS**

The Committee grants share options at its own discretion, subject to Inland Revenue limits and the rules of the Bridgend Group PLC Executive Share Option Scheme 1985 and are phased over time. Subject to Scheme rules, options are exercisable not later than ten years and not earlier than three years from the date of grant.

### **DEFERRED CONVERTIBLE SHARES**

Deferred Convertible shares are issued to the Executive Directors.

Each Deferred Convertible share carries the right to convert into one Ordinary share of 10p at any time between the third and tenth anniversary of the date on which they were allotted, provided that earnings per Ordinary share, as shown by the Company's most recently available report and accounts, are on average at least 14% compound per annum above the corresponding earnings per share figure at the date of allotment of the Deferred Convertible share. The conversion price is calculated by reference to the average middle market quotation of the Ordinary shares for the ten days immediately preceding the date of allotment of the Deferred Convertible shares. The Deferred Convertible shares would be redeemed by the Company, at their nominal value, if they remain unconverted on the tenth anniversary of allotment or if the person to whom they are allotted ceases to be an employee of the Group. The Deferred Convertible shares are not listed on any Stock Exchange.

On both 29 March 1990 and 3 December 1992, 500,000 Deferred Convertible shares were allotted to N.P.List and 250,000 Deferred Convertible shares were allotted to M.A.Bretherton. The total of 1,500,000 Deferred Convertible shares allotted to the Executive Directors of the Company were for a subscription price of 1p per share. The average middle market quotations of the Ordinary shares for the ten days immediately preceding the allotment dates were 48.5p and 12.7p respectively. The earnings per Ordinary share from the most recently available report and accounts at the allotment dates were 3.1p and 2.4p respectively.

### **OTHER BENEFITS**

Other benefits principally relate to the use of company cars and private medical and life insurance.

# BRIDGEND GROUP

PLC

## REMUNERATION COMMITTEE REPORT

*continued*

### DIRECTORS REMUNERATION

The remuneration of the individual Directors was:

	Salary and fees £'000	Benefits £'000	Pension Contribution £'000	1995 Total £'000	1994 Total £'000
N.P.List	100.0	13.5	20.0	133.5	134.5
M.A.Bretherton	70.0	7.0	10.5	87.5	87.0
Non-executive Directors					
J.N.Ferguson	12.5	-	-	12.5	7.0
F.C.Flood	12.5	-	-	12.5	12.5
C.G.Stainforth	12.5	-	-	12.5	12.5
	<u>207.5</u>	<u>20.5</u>	<u>30.5</u>	<u>258.5</u>	<u>253.5</u>

### DIRECTORS SHARE OPTIONS AND DEFERRED CONVERTIBLE SHARES

The interests of the Directors in the Deferred Convertible shares and options on Ordinary shares of the Company were:

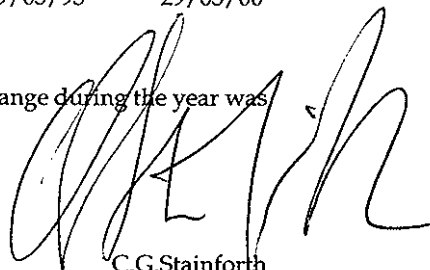
	Deferred Convertible Share Holdings 31 December 1995	Deferred Convertible Share Holdings 31 December 1994	Ordinary Share Options 31 December 1995	Ordinary Share Options 31 December 1994
N.P. List	1,000,000	1,000,000	500,000	500,000
M.A. Bretherton	500,000	500,000	250,000	250,000

Details of the Directors Ordinary share options are as follows:

	Number of Ordinary Share Options 31 December 1995	31 December 1994	Option Price	Date From Which Exercisable	Expiry Date
N.P. List	100,000	100,000	37p	07/12/90	07/12/97
	400,000	400,000	50p	29/03/93	29/03/00
M.A. Bretherton	100,000	100,000	40p	07/07/91	07/07/98
	150,000	150,000	50p	29/03/93	29/03/00

The market price of the Ordinary shares at 31 December 1995 was 18p and the range during the year was 11p to 21p.

30 May 1996

  
C.G. Stainforth  
Chairman of the Remuneration Committee

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The Directors are required by UK Company Law to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and the Group at the end of the financial year and of the profit or loss for the financial year.

In preparing the accounts, the Directors are required to select appropriate accounting policies and apply them consistently, to make reasonable and prudent judgements and estimates, and to state that all applicable accounting standards have been followed, save as disclosed and explained in the accounts. The Directors are also required to prepare the accounts on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors have responsibility for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Group and which enable them to ensure that the accounts comply with the Companies Act 1985. The Directors also have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

## **AUDITORS' REPORT TO THE MEMBERS OF BRIDGEND GROUP PLC**

We have audited the accounts set out on pages 12-29.

### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

As described above the Company's Directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.


### **BASIS OF OPINION**

We conducted our audit in accordance with the 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 accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the accounts, 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 consider necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts 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 accounts.

### **OPINION**

In our opinion the accounts give a true and fair view of the state of affairs of the Company and the Group as at 31 December 1995 and of the loss of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG   
Chartered Accountants  
Registered Auditors

30 May 1996

# BRIDGEND GROUP

PLC

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

Year ended 31 December		1995		1994	
Notes		£'000	£'000	£'000	£'000
2	Turnover				
	Continuing operations		15,577		17,479
	Discontinued operations		-		45
			<hr/>		<hr/>
			15,577		17,524
	Cost of sales				
	Continuing operations		(9,381)		(11,175)
			<hr/>		<hr/>
	Gross profit		6,196		6,349
11	Property revaluation deficit	(3,414)		-	
	Settlement regarding aborted capital project	-		(58)	
3	Other operating expenses	(5,823)		(5,884)	
		<hr/>		<hr/>	
	Net operating expenses		(9,237)		(5,942)
			<hr/>		<hr/>
	Discontinued operations loss				
	Income	-		45	
	Marketing expenses	-		(162)	
	Less 1991 provision	-		10	
		<hr/>		<hr/>	
		-		(107)	
	Continuing operations (loss)/profit	(3,041)		514	
		<hr/>		<hr/>	
2	Operating (loss)/profit		(3,041)		407
	Share of associate's pre-tax results		30		-
	Loss on sale of subsidiary in continuing operations		(17)		-
			<hr/>		<hr/>
	(Loss)/profit before interest		(3,028)		407
4	Net interest payable		(354)		(379)
			<hr/>		<hr/>
	(Loss)/profit on ordinary activities before taxation		(3,382)		28
8	Taxation on ordinary activities		-		(15)
			<hr/>		<hr/>
5	(Loss)/profit for the financial year		(3,382)		13
9	Dividends		(55)		(55)
			<hr/>		<hr/>
19	Retained loss transferred to reserves		(3,437)		(42)
			<hr/>		<hr/>
10	Earnings per Ordinary share		(12.3)p		0.1p
	Adjustments				
	Property revaluation deficit		12.4p		-
	Loss on sale of subsidiary in continuing operations		0.1p		-
	Settlement regarding aborted capital project		-		0.2p
			<hr/>		<hr/>
	Adjusted earnings per Ordinary share		0.2p		0.3p
			<hr/>		<hr/>

The adjusted earnings per Ordinary share figures show the year on year comparison adjusted to exclude property revaluation deficits, the loss on sale of a subsidiary and a settlement on an aborted capital project.

# BRIDGEND GROUP

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## BALANCE SHEETS

At 31 December	Notes	Group		Company	
		1995	1994	1995	1994
		£'000	£'000	£'000	£'000
	Fixed Assets				
11	Tangible Assets	6,559	13,700	19	25
12	Investments	1,946	383	13,005	16,121
		<hr/>	<hr/>	<hr/>	<hr/>
		8,505	14,083	13,024	16,146
		<hr/>	<hr/>	<hr/>	<hr/>
	Current Assets				
13	Stocks	2,790	2,307	-	-
14	Debtors	2,387	2,452	838	505
	Cash at bank and in hand	521	424	301	212
		<hr/>	<hr/>	<hr/>	<hr/>
		5,698	5,183	1,139	717
		<hr/>	<hr/>	<hr/>	<hr/>
15	Creditors: amounts falling due within one year	(5,284)	(5,043)	(1,076)	(1,201)
		<hr/>	<hr/>	<hr/>	<hr/>
	Net current assets/(liabilities)	414	140	63	(484)
		<hr/>	<hr/>	<hr/>	<hr/>
	Total assets less current liabilities	8,919	14,223	13,087	15,662
		<hr/>	<hr/>	<hr/>	<hr/>
16	Creditors: amounts falling due after more than one year	(1,116)	(2,947)	(5,464)	(5,486)
17	Provisions for liabilities and charges	-	(27)	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
	Net Assets	7,803	11,249	7,623	10,176
		<hr/>	<hr/>	<hr/>	<hr/>
	Capital and Reserves				
18	Called up share capital	2,769	2,769	2,769	2,769
19	Share premium account	69	69	69	69
19	Capital redemption reserve	186	186	186	186
19	Other reserves	4,529	5,700	4,372	5,543
19	Profit and loss account	250	2,525	227	1,609
		<hr/>	<hr/>	<hr/>	<hr/>
	Shareholders' Funds	7,803	11,249	7,623	10,176
		<hr/>	<hr/>	<hr/>	<hr/>

Included in the analysis of both the Group's and the Company's shareholders' funds above, is £15,000 (1994: £15,000) which relates to non-equity interest.

Approved by the Board on 30 May 1996 and signed on its behalf by:

N.P. List  
Director

M.A. Bretherton  
Director

# BRIDGEND GROUP

PLC

## GROUP CASH FLOW STATEMENT

Year ended 31 December	1995		1994	
	£'000	£'000	£'000	£'000
Net cash inflow/(outflow) from operating activities (Note 20)		540		(103)
Returns on investments and servicing of finance				
Interest received	24		104	
Interest paid	(337)		(437)	
Interest on finance lease and hire purchase payments	(25)		(32)	
Dividends paid	(55)		(55)	
		(393)		(420)
Taxation				
UK Corporation tax refunded	11		31	
Overseas tax paid	(49)		(70)	
		(38)		(39)
Investing activities				
Purchase of tangible fixed assets	(357)		(719)	
Sale of tangible fixed assets	94		1,376	
Sale of investments	218		-	
Sale of subsidiary undertaking	2		600	
		(43)		1,257
Net cash inflow before financing		66		695
Financing				
New secured loan	-		(1,463)	
Redemption of loan stock	-		3,125	
Repayment of bank loans	242		1,267	
Capital element of finance lease and hire purchase payments	39		(33)	
		281		2,896
Decrease in cash and cash equivalents		(215)		(2,201)
		66		695

Part of the proceeds from the sale of subsidiary undertaking comprised of shares in the acquiring company, details of this transaction are given in Note 25. An analysis of changes in cash and cash equivalent balances and financing is shown in Note 21.

**BRIDGEND GROUP**  
PLC

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

<i>Year ended 31 December</i>	1995 £'000	1994 £'000
(Loss)/profit for the financial year	(3,382)	13
Exchange rate adjustments	(9)	47
Total recognised gains and losses relating to the year	(3,391)	60

**NOTE OF HISTORICAL COST PROFITS AND LOSSES**

<i>Year ended 31 December</i>	1995 £'000	1994 £'000
Reported (loss)/profit on ordinary activities before taxation	(3,382)	28
Property revaluation deficit	3,414	-
Historical cost profit on ordinary activities before taxation	32	28
Historical cost loss on ordinary activities after taxation and dividends	(23)	(42)

**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

<i>Year ended 31 December</i>	1995 £'000	1994 £'000
(Loss)/profit for the financial year	(3,382)	13
Dividends	(55)	(55)
Other recognised gains and losses relating to the year	(3,437)	(42)
Net (reduction)/increase in shareholders' funds	(3,446)	5
Opening shareholders' funds	11,249	11,244
Closing shareholders' funds	7,803	11,249



## **NOTES TO THE ACCOUNTS**

### **1. ACCOUNTING POLICIES**

**Basis of accounting:** The accounts are prepared under the historical cost convention as modified by the revaluation of certain land and buildings and comply with applicable accounting standards.

**Basis of consolidation:** The Group accounts include the accounts of Bridgend Group PLC and all its subsidiaries prepared to 31 December 1995. The Group accounts also include the share of the associate's results and net assets from accounts prepared to 31 December 1995. The results of any subsidiaries acquired or disposed of in the year are included in the consolidated profit and loss account for the periods of Group ownership.

**Goodwill arising on consolidation** is written off directly to reserves. On disposal goodwill previously charged directly to reserves is included in determining the profit or loss on disposal.

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the Parent Company is not presented. The Company's result for the year is shown in Note 5.

**Tangible fixed assets:** Tangible assets are stated at cost or valuation less, if appropriate, accumulated depreciation.

No depreciation is provided in respect of freehold hotel and leisure properties. It is the Group's practice to maintain these assets to a standard such that the Directors consider that the lives of these assets are sufficiently long and residual values based on prices prevailing at the time of acquisition or subsequent valuation are sufficiently high that their depreciation is insignificant. Any permanent diminution in the value of such properties to below cost is charged to the profit and loss account.

Where hotel and leisure properties are in the course of development, interest costs, together with all other outgoings less revenue incomes, are capitalised net of applicable tax relief, providing that such capitalisation does not increase the balance sheet carrying value of the property above net realisable value. Net realisable value is calculated as estimated sales value based on professional valuations less costs to completion.

Plant, equipment and motor vehicles are depreciated at rates of between 10% and 33% calculated to write off their cost over their estimated useful lives.

**Leases:** Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

**Investments:** Shares in and loans to subsidiaries are stated in the holding company's balance sheet at cost less any provision for permanent diminution in value.

**Government grants:** Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the asset. Grants towards revenue expenditure are released to the profit and loss account as the relevant expenditure is incurred.

**Stocks:** Stocks comprise raw materials and goods for resale and have been valued at the lower of cost and net realisable value. In determining cost, the first-in, first-out method is used.

**Deferred taxation:** Deferred taxation represents corporation tax, calculated on the liability basis, deferred by capital allowances and other timing differences to the extent that the Directors expect liabilities to arise in the foreseeable future.

## **NOTES TO THE ACCOUNTS**

*continued*

### **1. ACCOUNTING POLICIES *continued***

Pension costs: The cost of providing pensions to employees is charged to the profit and loss account over the period benefiting from the employees' services. The difference between the charge to the profit and loss account and contributions paid is included as an asset or liability in the balance sheet.

Foreign currency: Assets and liabilities expressed in foreign currencies are translated into sterling at the rates of exchange ruling at the date of the balance sheets. The trading results of foreign subsidiaries are translated into sterling at the average rate for the year. Differences arising on the restatement of net investments in foreign subsidiaries are dealt with as adjustments to reserves. All other differences are taken to the profit and loss account.

### **2. SEGMENTAL INFORMATION**

#### **Business Analysis**

	<i>Turnover</i>		<i>Operating (Loss)/Profit</i>		<i>Net Assets</i>	
	1995	1994	1995	1994	1995	1994
	£'000	£'000	£'000	£'000	£'000	£'000
Continuing operations:						
Wholesale distribution	12,247	12,459	732	613	2,984	3,005
Leisure	3,330	5,020	(3,296)	396	5,795	12,441
Corporate and unallocated	-	-	(477)	(495)	1,390	(281)
	<u>15,577</u>	<u>17,479</u>	<u>(3,041)</u>	<u>514</u>	<u>10,169</u>	<u>15,165</u>
Discontinued operations:						
Property	-	45	-	(107)	-	-
	<u>15,577</u>	<u>17,524</u>	<u>(3,041)</u>	<u>407</u>	<u>10,169</u>	<u>15,165</u>
Net borrowings					(2,366)	(3,916)
					<u>7,803</u>	<u>11,249</u>

#### **Geographical Analysis**

The figures for each geographical area show the net operating assets owned by, and the turnover and profits made by, companies located in that area; export sales and related profits are included in the areas from which those sales were made. Turnover in each geographical market in which customers are located is not disclosed as there is no material difference between the two.

	<i>Turnover</i>		<i>Operating (Loss)/Profit</i>		<i>Net Assets</i>	
	1995	1994	1995	1994	1995	1994
	£'000	£'000	£'000	£'000	£'000	£'000
Continuing operations:						
United Kingdom	14,154	14,789	(3,049)	257	10,169	11,829
Ireland	1,423	2,690	8	257	-	3,336
	<u>15,577</u>	<u>17,479</u>	<u>(3,041)</u>	<u>514</u>	<u>10,169</u>	<u>15,165</u>
Discontinued operations:						
Belgium	-	45	-	(107)	-	-
	<u>15,577</u>	<u>17,524</u>	<u>(3,041)</u>	<u>407</u>	<u>10,169</u>	<u>15,165</u>
Net borrowings					(2,366)	(3,916)
					<u>7,803</u>	<u>11,249</u>

**NOTES TO THE ACCOUNTS**  
*continued*

**3. OTHER OPERATING EXPENSES**

	1995 £'000	1994 £'000
Distribution costs	1,697	1,499
Selling and administration	4,126	4,385
	<u>5,823</u>	<u>5,884</u>

**4. NET INTEREST**

	1995 £'000	1994 £'000
Interest receivable	25	104
Less: payable on bank loans and overdrafts repayable within five years	(354)	(466)
Less: payable on bank loans repayable after five years	-	(37)
Less: finance lease and hire purchase interest charges	(25)	(32)
	<u>(354)</u>	<u>(431)</u>
Interest capitalised	-	52
	<u>(354)</u>	<u>(379)</u>

**5. (LOSS)/PROFIT FOR THE FINANCIAL YEAR**

	1995 £'000	1994 £'000
The (loss)/profit for the financial year is stated after charging/(crediting):		
Depreciation	375	461
Auditors' remuneration - audit	53	55
- non-audit fees	72	24
Operating lease rentals for plant and machinery	45	33
Other operating lease rentals	185	198
Exchange rate adjustments	(57)	(113)
The consolidated (loss)/profit for the financial year is dealt with as follows:		
Company	(2,518)	284
Subsidiaries	(864)	(271)
	<u>(3,382)</u>	<u>13</u>

**6. EMPLOYEE COSTS**

	1995 £'000	1994 £'000
Wages and salaries	2,969	3,446
Social security	286	335
Other pension costs	143	138
	<u>3,398</u>	<u>3,919</u>

The average weekly number of persons employed by the Group during the year was as follows:

	1995 Number	1994 Number
Operations	183	227
Administration	58	75
	<u>241</u>	<u>302</u>

**NOTES TO THE ACCOUNTS**  
*continued*

**7. DIRECTORS' EMOLUMENTS**

	1995 £'000	1994 £'000
Directors' emoluments, included in employee costs above, were as follows:		
Non-executives' fees	38	32
Remuneration as executives, excluding pension contributions	191	191
Executives' pension contributions	30	30
	259	253
Chairman and highest paid Director, excluding pension contributions	113	115

The Company provided pension contributions on behalf of the Chairman of £20,000 (1994: £20,000).

Details of Directors' remuneration and share options are included in the Remuneration Committee Report on pages 9 and 10.

Directors' emoluments, excluding pension contributions:

The number of Directors, including the Chairman and highest paid Director, whose emoluments fell within the relevant bands, were as follows:

	1995 Number	1994 Number
£ 5,001 – £ 10,000	-	1
£ 10,001 – £ 15,000	3	2
£ 75,001 – £ 80,000	1	1
£110,001 – £115,000	1	1

**8. TAXATION**

	1995 £'000	1994 £'000
Taxation charge:		
United Kingdom		
Adjustment relating to prior years	1	(45)
Advance corporation tax written off	14	14
	15	(31)
Overseas		
Current taxation on profits	-	46
Adjustment relating to prior years	(15)	-
	(15)	46
Taxation on ordinary activities	-	15

The aggregate Group taxation losses carried forward at 31 December 1995 were approximately £700,000 (1994: £700,000).

**9. DIVIDENDS**

	1995 £'000	1994 £'000
Ordinary shares - interim dividend of 0.1p (1994: 0.1p) per share	28	28
- final dividend of 0.1p (1994: 0.1p) per share	27	27
	55	55

## **NOTES TO THE ACCOUNTS**

*continued*

### **10. EARNINGS PER SHARE**

Earnings per share is based on the loss on ordinary activities after taxation of £3,382,000 (1994: profit £13,000) related to the weighted average number of shares in issue during the year of 27,544,092 (1994: 27,543,631).

### **11. TANGIBLE FIXED ASSETS**

The Group

	<i>Freehold land and buildings</i>	<i>Short leasehold land and buildings</i>	<i>Plant equipment and motor vehicles</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Cost or valuation				
At 1 January 1995	12,551	85	2,693	15,329
Additions	61	-	296	357
Disposals	(3,217)	-	(1,204)	(4,421)
Revaluation deficit	(3,414)	-	-	(3,414)
At 31 December 1995	5,981	85	1,785	7,851
At valuation	5,871	-	-	5,871
At cost	110	85	1,785	1,980
	5,981	85	1,785	7,851
Depreciation				
At 1 January 1995	35	19	1,575	1,629
Provision in year	3	5	367	375
Disposals	-	-	(712)	(712)
At 31 December 1995	38	24	1,230	1,292
Net book amount				
At 31 December 1995	5,943	61	555	6,559
At 31 December 1994	12,516	66	1,118	13,700

A hotel property, which includes the golf course and fixtures and equipment was valued by the Directors at 31 December 1995, at open market value for existing use basis, at £6,000,000.

The Irish hotel property, which includes fixtures and equipment, was professionally valued at 10 November 1994 in accordance with the RICS Statements of Asset Valuation Practice and Guidance Notes, at open market value for existing use basis, at Irish Pounds 4.35 million, equivalent to £4,303,000 by John D Wood, Surveyors and Valuers. Notwithstanding this, the Directors after having taken into account all relevant circumstances, decided to carry this hotel property at a 31 December 1994 value of Irish Pounds 3.7 million equivalent to £3,658,000. This property has been disposed of in the year as a result of the sale of the subsidiary detailed in Note 25.

Freehold land and buildings include no capitalised interest, at 31 December 1995 (1994: £692,500 net of applicable tax relief) relating to the development of a hotel and leisure property.

**NOTES TO THE ACCOUNTS**  
*continued*

**11. TANGIBLE FIXED ASSETS** *continued*

If land and buildings had not been revalued they would have been included at the following amounts:

	1995 £'000	1994 £'000
Cost	9,480	13,727
Depreciation	(62)	(54)
Net book amount	<u>9,418</u>	<u>13,673</u>
The Company	<i>Plant, equipment and motor vehicles</i> £'000	
Cost		
At 1 January 1995		148
Additions		5
At 31 December 1995		<u>153</u>
Depreciation		
At 1 January 1995		123
Provision in year		11
At 31 December 1995		<u>134</u>
Net book amount		
At 31 December 1995		<u>19</u>
At 31 December 1994		<u>25</u>

Tangible fixed assets include assets acquired under finance leases and hire purchase agreements as follows:

	<i>Group</i>		<i>Company</i>	
	1995 £'000	1994 £'000	1995 £'000	1994 £'000
Net book amount	294	352	11	15
Depreciation charge for year	<u>140</u>	<u>142</u>	<u>4</u>	<u>2</u>

**NOTES TO THE ACCOUNTS**  
*continued*

**12. FIXED ASSETS - INVESTMENTS**

	<i>Group</i>		<i>Company</i>	
	1995	1994	1995	1994
	£'000	£'000	£'000	£'000
Subsidiaries	-	-	13,005	16,121
Associate				
Listed	500	-	-	-
Unlisted	1,430	-	-	-
Other unlisted	16	383	-	-
	<u>1,946</u>	<u>383</u>	<u>13,005</u>	<u>16,121</u>
Market value of listed investment	665	-	-	-

The principal trading subsidiaries are set out in Note 26.

The listed investment is listed on The London Stock Exchange and comprises 500,000 Ordinary shares of 25p each in Hanover International PLC ('Hanover') which represents a 47.6% interest. The market value of each Hanover Ordinary share at 31 December 1995 was 133p. The Group also has an unlisted holding of 1,400,000 Redeemable Convertible Preference shares of 25p each in Hanover which may be converted at any time on the basis of 4 Ordinary shares for 4 Preference shares provided that the resultant aggregate holding of Ordinary shares does not exceed 29.9%. Further details of the associate are given in Note 25.

The other unlisted investment is stated at nominal value and comprises 16,176 Ordinary shares of £1 each issued by Heatons Transport (St Helens) Limited which represent a 13.9% interest.

Details of investments in subsidiaries and associate are as follows:

	<i>Group</i>	<i>Company</i>		
	<i>Associate</i>	<i>Subsidiaries</i>		
	<i>Shares</i>	<i>Shares</i>	<i>Loans</i>	<i>Total</i>
	£'000	£'000	£'000	£'000
Cost				
At 1 January 1995	-	11,797	8,845	20,642
Additions	1,900	-	717	717
Disposals	-	(104)	-	(104)
At 31 December 1995	<u>1,900</u>	<u>11,693</u>	<u>9,562</u>	<u>21,255</u>
Share of post acquisition reserves				
At 1 January 1995	-	-	-	-
Retained profits for year	30	-	-	-
At 31 December 1995	<u>30</u>	<u>-</u>	<u>-</u>	<u>-</u>
Provisions				
At 1 January 1995	-	(1,968)	(2,553)	(4,521)
Movements in year	-	(1,377)	(2,352)	(3,729)
At 31 December 1995	<u>-</u>	<u>(3,345)</u>	<u>(4,905)</u>	<u>(8,250)</u>
Net book amount				
At 31 December 1995	<u>1,930</u>	<u>8,348</u>	<u>4,657</u>	<u>13,005</u>
At 31 December 1994	<u>-</u>	<u>9,829</u>	<u>6,292</u>	<u>16,121</u>

# BRIDGEND GROUP

PLC

## NOTES TO THE ACCOUNTS

*continued*

### 13. STOCKS

	<i>Group</i>	
	1995	1994
	£'000	£'000
Raw materials	272	216
Finished goods and goods for resale	2,518	2,091
	<hr/>	<hr/>
	2,790	2,307

### 14. DEBTORS

	<i>Group</i>		<i>Company</i>	
	1995	1994	1995	1994
	£'000	£'000	£'000	£'000
Trade debtors	2,050	2,160	-	-
Amounts owed by subsidiaries	-	-	792	350
Taxation recoverable	7	18	7	18
Other debtors	152	5	-	-
Prepayments and accrued income	178	269	39	137
	<hr/>	<hr/>	<hr/>	<hr/>
	2,387	2,452	838	505

Included within Group other debtors is an amount of £149,000 which is due from Heatons Transport (St Helens) Limited and is repayable on 15 March 2000. The loan accrues interest at a rate of 2 1/2% above the base rate which is paid quarterly in arrears. The loan is secured by a Deed of Debenture creating fixed and floating charges over certain assets of Heatons Transport (St Helens) Ltd, on the basis that such security ranks behind any security granted in favour of that company's bankers.

### 15. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	<i>Group</i>		<i>Company</i>	
	1995	1994	1995	1994
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	1,673	1,292	644	806
Finance leases and hire purchase	118	161	5	5
Trade creditors	1,692	1,747	53	18
Corporation tax	342	387	147	133
Other taxes and social security	646	363	9	16
Other creditors	88	128	46	36
Accruals and deferred income	670	910	117	132
Proposed dividends	55	55	55	55
	<hr/>	<hr/>	<hr/>	<hr/>
	5,284	5,043	1,076	1,201

Bank overdrafts are repayable on demand. Bridgend Group PLC has given its bankers the authority to combine or offset its own and certain of its subsidiaries' bank accounts. Details in respect of the bank loans are given in Note 16.



**NOTES TO THE ACCOUNTS**  
*continued*

**16. CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<i>Group</i>		<i>Company</i>	
	1995	1994	1995	1994
	£'000	£'000	£'000	£'000
Bank loans	1,014	2,809	-	-
Finance leases and hire purchase	82	78	3	8
Amount owed to subsidiaries	-	-	5,461	5,478
Other creditors	20	60	-	-
	<u>1,116</u>	<u>2,947</u>	<u>5,464</u>	<u>5,486</u>

The total amount of bank loans and overdrafts was as follows:

	<i>Group</i>		<i>Company</i>	
	1995	1994	1995	1994
	£'000	£'000	£'000	£'000
Falling due within one year:				
Bank overdrafts	1,352	1,040	644	806
Bank loans	321	252	-	-
	<u>1,673</u>	<u>1,292</u>	<u>644</u>	<u>806</u>
Falling due after more than one year:				
Bank Loans				
- repayable between one and two years	350	439	-	-
- repayable between two and five years	664	1,521	-	-
- repayable after five years	-	849	-	-
	<u>1,014</u>	<u>2,809</u>	<u>-</u>	<u>-</u>
Total bank borrowings	<u>2,687</u>	<u>4,101</u>	<u>644</u>	<u>806</u>

All of the bank loans are secured on specific fixed assets and comprise £960,000 in respect of a property loan which carries interest at a rate of 2<sup>1</sup>/<sub>4</sub> % above Lloyds Bank Plc base rate and is being repaid in monthly instalments which terminate in September 2000 and £375,000 in respect of further property loans which carry interest at a rate of 2<sup>1</sup>/<sub>4</sub> % above Lloyds Bank Plc base rate and are being repaid in monthly instalments of £12,500. Bank overdrafts are secured by fixed and floating charges over certain assets.

**17. PROVISIONS FOR LIABILITIES AND CHARGES**

	<i>Group</i>
	1995
	£'000
Deferred taxation	
The deferred taxation movement in the year was as follows:	
At 1 January 1995	27
Reversal on sale of subsidiary	(27)
At 31 December 1995	<u>-</u>

Deferred taxation provided in the Group accounts and unprovided timing differences and potential capital gains were as follows at 31 December:

	<i>Provided</i>		<i>Unprovided</i>	
	1995	1994	1995	1994
	£'000	£'000	£'000	£'000
Accelerated capital allowances	-	27	-	415
Deferred capital gains	-	-	-	1,203
	<u>-</u>	<u>27</u>	<u>-</u>	<u>1,618</u>

In addition to the above at 31 December 1995 both the Company and the Group had an unprovided deferred tax asset relating to written off advance corporation tax of £281,000 (1994: £267,000).

**NOTES TO THE ACCOUNTS**  
*continued*

**18. SHARE CAPITAL**

	1995 £'000	1994 £'000
Authorised:		
43,050,000 Ordinary shares of 10p each (1994: 43,050,000)	4,305	4,305
19,500,000 Deferred Convertible shares of 1p each (1994: 19,500,000)	195	195
	<u>4,500</u>	<u>4,500</u>
Allotted, called up and fully paid:		
27,544,092 Ordinary shares of 10p each (1994: 27,544,092)	2,754	2,754
1,500,000 Deferred Convertible shares of 1p each (1994: 1,500,000)	15	15
	<u>2,769</u>	<u>2,769</u>

Ordinary shares

At 31 December 1995 there were 1,033,331 options outstanding on Ordinary shares granted under the Bridgend Group PLC Executive Share Option Scheme 1985 as detailed in the Directors' Report on pages 5 to 8.

Deferred Convertible shares

Details of the Deferred Convertible shares allotted and their conversion rights are given in the Remuneration Committee Report on pages 9 and 10.

**19. RESERVES**

	<i>Share Premium account £'000</i>	<i>Capital redemption reserve £'000</i>	<i>Other reserves £'000</i>	<i>Profit and loss account £'000</i>
The Group				
At 1 January 1995	69	186	5,700	2,525
Retained loss	-	-	-	(3,437)
Release of merger reserve against diminution in value of related investment	-	-	(1,171)	1,171
Exchange rate adjustments	-	-	-	(9)
	<u>69</u>	<u>186</u>	<u>4,529</u>	<u>250</u>
At 31 December 1995	69	186	4,529	250

The cumulative net capital reserve arising on consolidation which has been taken directly to reserves amounts to £157,000 at 31 December 1995.

	<i>Share Premium account £'000</i>	<i>Capital redemption reserve £'000</i>	<i>Other reserves £'000</i>	<i>Profit and loss account £'000</i>
The Company				
At 1 January 1995	69	186	5,543	1,609
Retained profit	-	-	-	(2,573)
Release of merger reserve against diminution in value of related investment	-	-	(1,171)	1,171
Exchange rate adjustments	-	-	-	20
	<u>69</u>	<u>186</u>	<u>4,372</u>	<u>227</u>
At 31 December 1995	69	186	4,372	227

# BRIDGEND GROUP

PLC

## NOTES TO THE ACCOUNTS

*continued*

### 20. NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	1995 £'000	1994 £'000
Operating (loss)/profit	(3,041)	407
Depreciation	375	461
Property revaluation deficit	3,414	-
Net profit on sale of tangible fixed assets	(7)	-
(Increase)/decrease in stock	(510)	148
Increase in debtors	(28)	(105)
Increase/(decrease) in creditors	344	(1,010)
	<hr/>	<hr/>
Net cash inflow/(outflow) from continuing operating activities	547	(99)
Net cash outflow in respect of discontinued activities and reorganisation costs	(7)	(4)
	<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities	540	(103)

### 21. CHANGES IN CASH AND CASH EQUIVALENT BALANCES AND FINANCING

	At 1 January 1995 £'000	Cash and other movements £'000	At 31 December 1995 £'000
Cash	424	97	521
Overdrafts	(1,040)	(312)	(1,352)
	<hr/>	<hr/>	<hr/>
Net cash and cash equivalents	(616)	(215)	(831)
Bank loans	(3,061)	1,726	(1,335)
Finance leases and hire purchase	(239)	39	(200)
	<hr/>	<hr/>	<hr/>
Net borrowings	(3,916)	1,550	(2,366)
	<hr/>	<hr/>	<hr/>
Share capital (including share premium and capital redemption reserve)	(3,024)	-	(3,024)
	<hr/>	<hr/>	<hr/>
	(6,940)	1,550	(5,390)

**NOTES TO THE ACCOUNTS**  
*continued*

**22. FINANCIAL COMMITMENTS**

Finance leases and hire purchase

Net obligations under finance leases and hire purchase at 31 December were payable as follows:

	<i>Group</i>		<i>Company</i>	
	1995	1994	1995	1994
	£'000	£'000	£'000	£'000
Finance lease and hire purchase obligations falling due:				
Within one year	118	161	5	5
Over one year and under two years	82	78	3	8
	<u>200</u>	<u>239</u>	<u>8</u>	<u>13</u>

Operating leases

At 31 December the Group had annual commitments under non-cancellable operating leases as follows:

	<i>Land and buildings</i>		<i>Other</i>	
	1995	1994	1995	1994
	£'000	£'000	£'000	£'000
Operating leases which expire:				
Within one year	-	-	1	1
In the second to fifth years inclusive	55	-	25	17
Over five years	164	211	-	-
	<u>219</u>	<u>211</u>	<u>26</u>	<u>18</u>

Forward currency

At 31 December 1995 the sterling equivalent of forward foreign exchange commitments entered into by Group subsidiaries in the normal course of business amounted to £432,000 (1994: £1,285,000).

Contingent liability

The Company has guaranteed overdrafts of its subsidiaries totalling £947,000 (1994: £466,000). Additionally the company has guaranteed certain borrowings made by a subsidiary of the Group's associate, the amount guaranteed at the year end was IR £250,000 equivalent to £258,000.

**23. CAPITAL COMMITMENTS**

The Group

Capital commitments of the Group at 31 December comprised:

	1995	1994
	£'000	£'000
Expenditure authorised but not contracted for	-	59
	<u>-</u>	<u>59</u>

The Company

The Company had no capital commitments at the year end (1994: Nil).

## **NOTES TO THE ACCOUNTS**

*continued*

### **24. PENSION SCHEMES**

The Company and a number of its trading subsidiaries operate various defined contribution pension schemes for employees under which the relevant company pension commitments are limited to making pension contributions at fixed rates in accordance with the benefit terms of the pension schemes.

Brimley & Co. Limited currently also operates a defined contribution pension scheme for employees. The Company had previously operated a defined benefits pension scheme up until 30 April 1992 and a number of its present and former employees remain entitled to a preserved pension under this defined benefits scheme. The assets of this defined benefits scheme are held in a separate fund administered by an insurance company and a full actuarial valuation of the fund was undertaken in 1994. The valuation indicated that the past service liabilities of the scheme were approximately £72,000 in excess of the value of the assets and in view of the age profile of the scheme it was recommended that this deficit be funded over a 14 year term by way of equal annual contributions of £9,700. Accordingly a pension contribution of £9,700 payable by the Company has been included in the 1995 pension charge disclosed in Note 6.

### **25. SALE OF SUBSIDIARY UNDERTAKING**

The Irish business The Imperial Hotel (Cork) Limited was sold to Hanover International PLC ('Hanover') under an agreement entered into on 31 July 1995 and completed on 16 August 1995.

The total consideration was £2.1 million satisfied as to £200,000 in cash together with a 47.6% Ordinary shareholding in Hanover worth £500,000 at the Placing Price together with 100% of its Redeemable Convertible Preference shares to the value of £1,400,000. The Preference shares may be converted at any time on the basis of 4 Ordinary shares for 4 Preference shares provided that the resultant aggregate holding of Ordinary shares does not exceed 29.9%. Hanover International PLC is registered in England and Wales and is a hotel holding and management company.

The Imperial Hotel (Cork) Limited contributed £1,423,000 to the Group turnover and £8,000 to the Group operating profit for the year, prior to disposal.

	£'000
Net assets disposed of	
Fixed assets	3,622
Stocks	27
Debtors	232
Bank overdrafts	(71)
Bank loans	(1,484)
Creditors	(478)
	<hr/> 1848
Loss on disposal	(17)
	<hr/> 1,831
Satisfied by	
Ordinary shares	500
Redeemable Convertible Preference shares	1,400
Net cash proceeds less costs	(69)
	<hr/> 1,831
Analysis of the net inflow of cash and cash equivalents in respect of the sale of the subsidiary undertaking	
Net cash proceeds	(69)
Bank overdrafts of disposed subsidiary undertaking	71
Net inflow of cash and cash equivalents	<hr/> 2

The subsidiary sold during the year contributed £17,000 to the Group's net cash inflow from operating activities, paid £74,000 in respect of returns on investment and servicing of finance, paid £49,000 in respect of taxation and utilised £33,000 for investing activities.

**NOTES TO THE ACCOUNTS**  
*continued*

**26. PRINCIPAL TRADING SUBSIDIARIES**

The Group's principal trading subsidiaries at 31 December 1995 were as follows:

Wholesale Distribution:

Brimley & Co. Limited\*

187-189 Cleveland Street, Birkenhead, Merseyside, L41 3QN

Tel: 0151 650 0022

Electrical wholesaling

John Sydney Limited\*

3-4 Denbigh Hall, Bletchley, Milton Keynes, Bucks, MK3 7QT

Tel: 01908 274111

Bathroom and kitchen fittings

Leisure:

Stocks Hotel & Country Club Limited

Stocks Road, Aldbury, Nr Tring, Herts, HP23 5RX

Tel: 0144 2851 341

Hotel and golf club

Stocks at Birmingham Limited

Trading as:

Cloisters Wood Country Club

Wood Lane, Stanmore, Middx, HA7 4LF

Tel: 0181 954 7699

Sports and leisure club

Notes:

1. The issued Ordinary share capital of each company listed above is wholly owned by Bridgend Group PLC, as indicated\*, or one of its wholly owned subsidiaries.
2. The companies are all registered in England and Wales and operate wholly or mainly in the country of registration.

# BRIDGEND GROUP PLC

## FIVE YEAR FINANCIAL SUMMARY

### SUMMARY CONSOLIDATED PROFIT AND LOSS ACCOUNTS

Year ended 31 December	1995	1994	1993	1992	1991
	£'000	£'000	£'000	£'000	£'000
Turnover	15,577	17,479	15,567	15,728	17,373
Continuing operations	-	45	64	25	156
Discontinued operations	15,577	17,524	15,631	15,753	17,529
Operating (loss)/profit	(3,041)	407	350	(2,905)	908
Share of associate's pre-tax results	30	-	-	-	-
Continuing operations	(17)	-	-	-	-
Loss on sale of subsidiary	-	-	(660)	-	-
Loss on sale of property	-	-	-	-	-
Discontinued operations	-	-	-	(525)	(877)
Provision for loss	(3,028)	407	(310)	(3,430)	31
(Loss)/profit before interest	(354)	(379)	(239)	(179)	22
Net interest					
(Loss)/profit on ordinary activities before taxation	(3,382)	28	(549)	(3,609)	53
Taxation on ordinary activities	-	(15)	(65)	(105)	(30)
(Loss)/profit for the financial year	(3,382)	13	(614)	(3,714)	23
Dividends	(55)	(55)	(55)	(110)	(336)
Retained loss	(3,437)	(42)	(669)	(3,824)	(313)
Earnings per Ordinary share	(12.3)p	0.1p	(2.2)p	(13.4)p	0.1p
Earnings per Ordinary share adjusted to exclude exceptional items	0.2p	0.3p	0.2p	0.7p	2.4p
Dividends per Ordinary share	0.2p	0.2p	0.2p	0.4p	1.2p

### SUMMARY GROUP BALANCE SHEETS

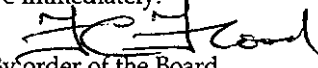
At 31 December	1995	1994	1993	1992	1991
	£'000	£'000	£'000	£'000	£'000
Fixed Assets	8,505	14,083	15,012	16,087	17,889
Current Assets	5,698	5,183	7,592	7,176	10,361
Creditors: amounts falling due within one year	(5,284)	(5,043)	(8,574)	(5,913)	(7,424)
Net current assets/(liabilities)	414	140	(982)	1,263	2,937
Creditors: amounts falling due after more than one year	(1,116)	(2,947)	(2,760)	(5,367)	(4,999)
Provisions for liabilities and charges	-	(27)	(26)	(35)	(48)
Net Assets	7,803	11,249	11,244	11,948	15,779
Share capital	2,769	2,769	2,769	2,769	2,900
Reserves	5,034	8,480	8,475	9,179	12,879
Shareholders' Funds	7,803	11,249	11,244	11,948	15,779

The profit and loss figures for 1991 and 1992 have been restated to reflect subsequent changes in accounting presentation.

## **NOTIFICATION OF DIRECTORS' RESOLUTION RELATING TO THE CREST SYSTEM**

Notice is hereby given in accordance with the Uncertificated Securities Regulations 1995 ("the Regulations"), that on 20 May 1996 the company resolved by a resolution of its Directors that title to the Ordinary shares of 10p each in the capital of the Company, in issue or to be issued, may be transferred by means of a relevant system. The resolution of the Directors will become effective immediately.

Thompson House  
20-22 Curtain Road  
London EC2A 3NQ

  
By order of the Board

F. C. Flood

Secretary

30 May 1996

### **Explanatory note**

The above notice is that which the Company is obliged to give to its shareholders, under the Regulations, of the passing of a "Directors' resolution" (as defined in the Regulations) in relation to its Ordinary shares. The Directors' resolution will enable the Company's Ordinary shares to join CREST which is a new securities settlement and registration system enabling shares to be held and transferred on computerised records. The Ordinary shares have not become transferable by means of the CREST system merely by virtue of the passing of the Directors' resolution; the permission of the Operator of the system, CRESTCo Limited, must also be given before the Ordinary shares can become so transferable. It is anticipated that the Company's Ordinary shares will join CREST in early 1997.

The effect of the Directors' resolution is to disapply, in relation to the Ordinary shares, those provisions of the Company's articles of association that are inconsistent with the holding and transfer of those shares in CREST and any provision of the Regulations, as and when the shares concerned enter the CREST system.

A leaflet produced by CRESTCo Limited on CREST "What it means for you the private shareholder" may be obtained by writing to the Company's registered office.

Shareholders should also note that, under the Regulations, they have the right by ordinary resolution:

- (a) as the Directors' resolution referred to above is effective in accordance with its terms but the permission of the Operator of the system, CRESTCo Limited, has not yet been given to the shares concerned becoming transferable by means of the CREST system, to resolve that the Directors' resolution shall cease to have effect; and
- (b) once the Directors' resolution referred to above is effective in accordance with its terms and the permission of the Operator of the system, CRESTCo Limited, has been given to the shares concerned becoming transferable by means of the CREST system, to resolve that the Directors of the Company shall take the necessary steps to ensure that title to the shares concerned shall cease to be transferable by means of the CREST system and that the Directors' resolution shall cease to have effect.



## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Bridgend Group PLC will be held at Stocks Hotel Golf & Country Club, Stocks Road, Aldbury, Nr Tring, Hertfordshire on 11 July 1996 at 10.30 am. Directions to Stocks Hotel Golf & Country Club are available by telephone request on 0171-377 6060.

The Annual General Meeting will be held for the following purposes:

### ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the audited accounts for the year ended 31 December 1995.
2. To declare a final dividend of 0.1p per Ordinary share.
3. To re-elect Mr F.C.Flood as a Director.
4. To appoint KPMG Audit Plc as auditors of the Company and authorise the Directors to fix their remuneration.

### SPECIAL BUSINESS

5. To consider and, if thought fit, pass the following resolution which will be proposed as a special resolution:

That:

- (a) The Directors be empowered during the period expiring on the date of the Company's Annual General Meeting next following the date of the passing of this resolution to allot equity securities of the Company, as if Section 89(1) of the Companies Act 1985 did not apply to any such allotment, provided that such power shall be limited to the allotment of equity securities:

- (i) in connection with a rights issue in favour of Ordinary shareholders and the holders of any other shares or securities of the Company that by their terms are entitled to participate in such rights issue where the equity securities respectively attributable to the interest of all such holders are proportionate (as nearly as may be) to the respective number of Ordinary shares held by them or into which their shares or securities are to be deemed converted in calculating the extent of their participation but subject to such exclusions, variations or other arrangements as the Directors may deem necessary or expedient to deal with fractional entitlements or legal or practical problems arising under the laws of any territory or the requirements of any regulatory body or any stock exchange in any territory,


- (ii) (otherwise than under sub-paragraph (a)(i) above) having an aggregate nominal value of £137,700,

- (b) such power shall permit and enable the Directors to make an offer or agreement, before the expiry of such power, which would or might require equity securities to be allotted after such expiry,
- (c) words and expressions defined in or for the purposes of Part IV of the Companies Act 1985 shall bear the same meanings in this resolution.

6. To consider and, if thought fit, pass the following resolution which will be proposed as a special resolution:

That the authority conferred on the Company by Special Resolution of the Company dated 4 May 1990 and renewed and extended by Special Resolutions of the Company dated 23 May 1991, 28 May 1992, 19 July 1993, 14 July 1994 and 21 July 1995 to make market purchases of its own Ordinary shares be and is hereby further renewed and extended to the extent it has not previously been utilised for a further period commencing on the date hereof and expiring on the conclusion of the Annual General Meeting for 1997.

Thompson House  
20-22 Curtain Road  
London  
EC2A 3NQ  
30 May 1996

  
By order of the Board  
F.C. Flood  
Secretary

#### Notes

A member of the Company entitled to attend and vote at the meeting may appoint one or more proxies to attend and vote on a poll instead of him. A proxy need not be a member of the Company.

The following will be available for inspection at Thompson House, 20-22 Curtain Road, London EC2A 3NQ, during normal business hours every weekday (Saturdays and public holidays excluded) from the above date to the date of the Annual General Meeting and at Stocks Hotel Golf & Country Club during and for 15 minutes immediately prior to the Annual General Meeting.

- (i) A register showing the transactions of each Director and, so far as he is aware, the transactions of his family in the Company's shares.
- (ii) Contracts of service in respect of Mr N.P. List and Mr M.A. Bretherton, which can be terminated by either the Director or the Company giving to the other not less than three years' notice in writing together with the contract of service in respect of Mr J.N. Ferguson which is for a fixed period of two years from the date of his appointment on 10 June 1994. No other Director has a contract of service with the Company.