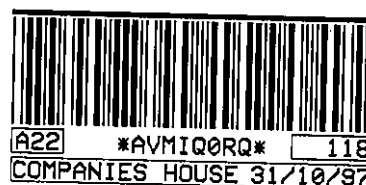


REGISTRAR OF COMPANIES

H BRONNLEY & CO LIMITED
DIRECTORS' REPORT AND ACCOUNTS
YEAR ENDED 31 DECEMBER 1996

Company Number: 46883



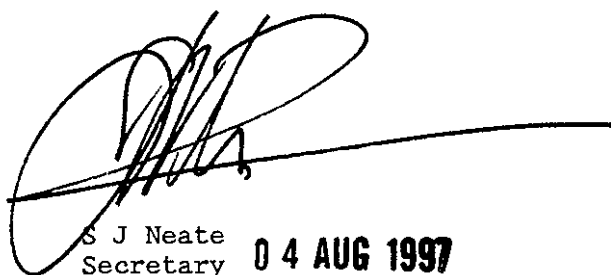
H BRONNLEY & CO LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the members of the Company will be held at the registered office of the Company at Radstone Road, Brackley on 28 August 1997 at 11am to transact the following business.

1. To receive and consider the Directors' Report and Audited Accounts for the year ended 31 December 1996.
2. To confirm the Dividends as set out in the Audited Accounts.
3. To re-elect Mr F J Sheppard as a Director.
4. To elect Mr F J Morris as a Director.
5. To resolve that the amount of Directors' fees to be paid to each Director pursuant to Article 94 of the Articles of Association shall be £3,825 per annum as from 1st January 1997.
6. To reappoint auditors and authorise the Directors to determine their remuneration.
7. To transact any other business which may be properly transacted at an Annual General Meeting of the Company.

By Order of the Board



S J Neate
Secretary

04 AUG 1997

A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and, on a poll, to vote on his/her behalf. A proxy need not be a member of the Company. Any instrument appointing a proxy, to be valid, must be lodged with the Company Secretary at the registered office not later than forty eight hours before the time fixed for the meeting.

H BRONNLEY & CO LIMITED

DIRECTORS' REPORT

The directors submit their report and the accounts for the year ended 31 December 1996.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the group during the year continued to be the production and wholesale distribution of quality soap and toiletries.

After difficult trading conditions in the recession, profitability has improved. The directors regard the position of the company at the end of the year as satisfactory.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts that 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 its financial year. In doing so the directors are required to:

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

The directors are responsible for maintaining proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

RESULTS AND DIVIDENDS

The profit of the group for the year after taxation amounted to £235,005 (1995 £30,628).

Dividends have been paid on the preference shares for 1996. The directors recommend that a dividend be declared on the ordinary shares of £20,857 (5%) (1995 £12,514 (3%)). The remaining profit for the financial year of £212,242 (1995 £16,132) has been transferred to reserves.

H BRONNLEY & CO LIMITED

DIRECTORS' REPORT (continued)

DIRECTORS AND INTERESTS IN SHARES

The names of the present directors, all of whom served throughout the year, and the number of shares in the company in which they had an interest as defined by the Companies Act 1985 is as follows:

At beginning and end of year

	Beneficial Interest				Other Interest			
	Ordinary		Preference		Ordinary		Preference	
	Voting	Non Voting	6% B	5%	Voting	Non Voting	6% B	5%
Miss A Rossiter * (Chairman)	17,365	141,556	15,797	125				
A R Smith C.A.	-	-	100	-				
H G Blank F.C.A.	-	-	-	-				
F J Sheppard * (Managing Director)	500	-	-	-				
* Directors joint interests					4,181	15,985	4,096	4,625

On 1 January 1997, Mr F J Morris was appointed Sales Director and Mr S J Neate was appointed Company Secretary replacing Mr F J Sheppard who resigned on 1 January 1997.

DIRECTORS' INSURANCE

An insurance policy is maintained for the directors of the company to be indemnified in respect of liabilities incurred in the execution of their duties.

MARKET VALUE OF LAND AND BUILDINGS

The directors are of the opinion that the market value of land and buildings is in excess of the book value, but since there is no intention of selling the property, they do not consider the cost of obtaining a professional valuation is justified.

ENVIRONMENTAL STATEMENT

The company continually reviews the materials used in the manufacture of its products with particular reference to their environmental impact.

Consequently, we decided to change the board used in packaging production. The new board is manufactured from pulp that is totally chlorine free and therefore has a reduced impact on the environment.

H BRONNLEY & CO LIMITED

DIRECTORS' REPORT (continued)

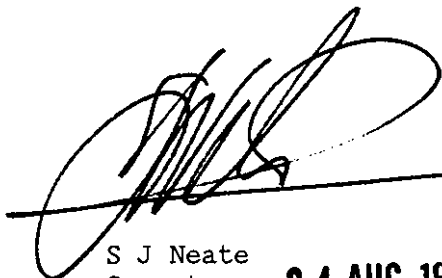
STAFF

The directors wish to thank the staff for their loyalty and co-operation during the year.

AUDITORS

A resolution will be proposed at the annual general meeting to re-appoint Moores Rowland as auditors to the company for the ensuing year.

On behalf of the board

A large, stylized handwritten signature in black ink, appearing to be 'S J Neate', is written over a horizontal line.

S J Neate
Secretary

04 AUG 1997

Radstone Road
Brackley
Northamptonshire
NN13 5AU

AUDITORS' REPORT TO THE MEMBERS OF

H BRONNLEY & CO LIMITED

We have audited the accounts on pages 7 to 22.

Respective responsibilities of directors and auditors

As described in the directors' report the company's directors are responsible for the preparation of accounts. It is our responsibility as auditors 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 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 that we considered 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 1996 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



MOORES ROWLAND
Chartered Accountants
Registered Auditors

London

August 4th 1997

H BRONNLEY & CO LIMITED**CONSOLIDATED PROFIT AND LOSS ACCOUNT**
Year ended 31 December 1996

	Note	1996 £	1995 £
TURNOVER	2	6,330,084	6,073,937
Cost of sales		(3,693,069)	(3,505,222)
GROSS PROFIT		<u>2,637,015</u>	<u>2,568,715</u>
Selling and distribution costs		(1,367,121)	(1,493,289)
Administrative expenses		(915,416)	(922,819)
		<u>(2,282,537)</u>	<u>(2,416,108)</u>
		354,478	152,607
Other operating (expenses)/income	3	(59,786)	30,911
		<u>294,692</u>	<u>183,518</u>
Interest payable	4	(46,988)	(56,731)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	247,704	126,787
Tax thereon	6	(12,699)	(96,159)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION (including parent company £258,709 1995 £40,456)		235,005	30,628
Dividends	7	(22,763)	(14,496)
RETAINED PROFIT FOR THE FINANCIAL YEAR		<u>212,242</u>	<u>16,132</u>
Retained profits brought forward		838,599	822,467
RETAINED PROFITS CARRIED FORWARD		<u><u>1,050,841</u></u>	<u><u>838,599</u></u>

As there were no acquisitions or discontinued activities in the year, all disclosures relate only to continuing operations.

The group has no recognised gains or losses other than the profit for the year.

H BRONNLEY & CO LIMITED

CONSOLIDATED BALANCE SHEET

As at 31 December 1996

	Note	£	1996 £	£	1995 £
FIXED ASSETS					
Tangible assets	8		1,944,341		2,053,042
CURRENT ASSETS					
Stocks	10	1,205,345		1,074,356	
Debtors	11	1,563,849		1,728,245	
Cash at bank and in hand		164,499		139,684	
		<u>2,933,693</u>		<u>2,942,285</u>	
CREDITORS - amounts falling due within one year	12	<u>1,167,605</u>		<u>1,494,316</u>	
NET CURRENT ASSETS			1,766,088		1,447,969
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>3,710,429</u>		<u>3,501,011</u>
CREDITORS - amounts falling due after more than one year	13	107,163		120,498	
Provisions for liabilities and charges	14	<u>196,434</u>		<u>185,923</u>	
			303,597		306,421
TOTAL NET ASSETS			<u><u>3,406,832</u></u>		<u><u>3,194,590</u></u>
CAPITAL AND RESERVES					
Called up share capital	15		450,991		450,991
Reserve			1,905,000		1,905,000
Profit and loss account			1,050,841		838,599
Shareholders' funds (including 16 non equity interests)			<u><u>3,406,832</u></u>		<u><u>3,194,590</u></u>

Approved by the board on **04 AUG 1997**

Miss A Rossiter

Chairman

Ann Rossiter

H BRONNLEY & CO LIMITED

BALANCE SHEET

As at 31 December 1996

	Note	£	1996 £	£	1995 £
FIXED ASSETS					
Tangible assets	8		1,941,835		2,050,346
Investments	9		202		202
			<u>1,942,037</u>		<u>2,050,548</u>
CURRENT ASSETS					
Stocks	10	1,205,345		1,074,356	
Debtors	11	1,579,314		1,729,571	
Cash at bank and in hand		110,863		28,456	
		<u>2,895,522</u>		<u>2,832,383</u>	
CREDITORS - amounts falling due within one year	12	<u>1,167,888</u>		<u>1,446,382</u>	
NET CURRENT ASSETS			1,727,634		1,386,001
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>3,669,671</u>		<u>3,436,549</u>
CREDITORS - amounts falling due after more than one year	13	107,163		120,498	
Provisions for liabilities and charges	14	<u>196,434</u>		<u>185,923</u>	
			303,597		306,421
TOTAL NET ASSETS			<u><u>3,366,074</u></u>		<u><u>3,130,128</u></u>
CAPITAL AND RESERVES					
Called up share capital	15		450,991		450,991
Reserve			1,905,000		1,905,000
Profit and loss account			1,010,083		774,137
Shareholders' funds (including 16 non equity interests)			<u><u>3,366,074</u></u>		<u><u>3,130,128</u></u>

Approved by the board on **04 AUG 1997**

Miss A Rossiter

Chairman

Ann Rossiter

Moore
Rowland

H BRONNLEY & CO LIMITED

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December 1996

	Note	1996 £	1995 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	17	<u>491,612</u>	<u>115,958</u>
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		402	1,511
Interest paid		(46,988)	(56,731)
Dividends paid		(14,420)	(1,982)
NET CASH (OUTFLOW) FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		<u>(61,006)</u>	<u>(57,202)</u>
TAXATION			
UK tax (paid)/refunded		(75,102)	1,302
Overseas tax refunded		12	(106)
TAX (PAID)/REFUNDED		<u>(75,090)</u>	<u>1,196</u>
INVESTING ACTIVITIES			
Payments to acquire tangible fixed assets		(25,228)	(80,390)
Receipts from sale of tangible fixed assets		2,050	5,570
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES		<u>(23,178)</u>	<u>(74,820)</u>
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING		332,338	(14,868)
NET CASH (OUTFLOW)/INFLOW FROM FINANCING			
Capital element of hire purchase rentals		(16,234)	17,689
INCREASE IN CASH AND CASH EQUIVALENTS		<u><u>316,104</u></u>	<u><u>2,821</u></u>

H BRONNLEY & CO LIMITED

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

Accounting convention

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Basis of consolidation

The group accounts consolidate the accounts of the parent company and the accounts of its subsidiary undertakings made up to 31 December 1996. No profit and loss account is presented for the parent company as permitted by Section 230 of the Companies Act 1985.

Turnover

Group turnover comprises amounts invoiced, excluding value added tax, in respect of goods and services provided by the companies.

Depreciation of tangible fixed assets

Depreciation is provided on all tangible fixed assets other than freehold land so as to write them off over their anticipated useful lives at the following annual rates and methods:

Freehold buildings	- 2%-5% straight line
Plant and machinery: - plant and fixtures	- 10% straight line
- computers and vehicles	- 20% straight line

Stocks

Stocks are valued at the lower of cost, including appropriate overhead expenses, and estimated net realisable value.

Lease and hire purchase contracts

Rentals under operating leases are charged to the profit and loss account as incurred.

Assets being acquired under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated on the same basis as tangible fixed assets. The obligation to make future rental payments, net of future finance charges, is recognised as a liability in the balance sheet.

Foreign currencies

In the accounts of the individual companies, assets and liabilities expressed in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated at the rate ruling at the date of the transaction and ensuing differences are taken to profit and loss account.

The difference arising on restatement of the accumulated losses of foreign subsidiary undertakings is also taken to profit and loss account because the losses have been financed by the holding company.

H BRONNLEY & CO LIMITED**NOTES TO THE ACCOUNTS (continued)****1. ACCOUNTING POLICIES (continued)****Deferred taxation**

Deferred taxation is calculated using the liability method and provision is made to the extent that it is likely that such tax will become payable in the foreseeable future.

Pension costs

Contributions to the defined benefit pension scheme are charged to the profit and loss account on a systematic and rational basis so as to spread the cost of providing pensions over the employees' working lives within the group.

2. TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Turnover by geographical area	1996 £	1995 £
United Kingdom	3,863,494	3,771,304
Rest of Europe	1,190,671	1,117,096
North and South America	370,284	430,523
Africa, Asia and Australia	905,635	755,014
	<u>6,330,084</u>	<u>6,073,937</u>

Profit on ordinary activities before taxation is stated after charging:	1996 £	1995 £
Depreciation of fixed assets	133,048	131,741
Auditors' remuneration		
Audit fee (parent company)	23,750	24,250
Non-audit services	11,375	15,450
Hire of equipment	73,872	74,139
Rent of property	7,958	9,257
Directors' emoluments	151,799	147,428
	<u> </u>	<u> </u>

Depreciation of fixed assets includes £5,310 (1995 £3,337) in respect of assets acquired under hire purchase contracts.

H BRONNLEY & CO LIMITED

NOTES TO THE ACCOUNTS (continued)

3. OTHER OPERATING (EXPENSES)/ INCOME

	1996 £	1995 £
(Loss)/gain on exchange	(61,756)	25,083
Bank interest receivable	402	1,511
Profit on disposal of fixed assets	1,568	4,317
	<u>(59,786)</u>	<u>30,911</u>

4. INTEREST PAYABLE

	1996 £	1995 £
On bank and other borrowings:		
Repayable within five years	44,524	51,786
On hire purchase contracts	2,464	4,945
	<u>46,988</u>	<u>56,731</u>

5. DIRECTORS AND OTHER EMPLOYEES

Staff costs include:

	1996 £	1995 £
Wages and salaries	1,973,480	1,914,203
Social security costs	174,570	182,969
Other pension costs	80,482	83,480
	<u>2,228,532</u>	<u>2,180,652</u>

Average number of persons employed by the group:

	1996 Number	1995 Number
Production	75	74
Selling and distribution	32	34
Administration	26	26
	<u>133</u>	<u>134</u>

Emoluments of the directors:

	£	£
For services as executives	136,959	133,088
For services as directors	14,840	14,340
	<u>151,799</u>	<u>147,428</u>

H BRONNLEY & CO LIMITED

NOTES TO THE ACCOUNTS (continued)

5. DIRECTORS AND OTHER EMPLOYEES (continued)

	1996 £	1995 £
Emoluments, excluding pension contributions:		
Chairman	55,055	53,413
Highest paid director	61,234	60,333

The individual emoluments, excluding pension contributions, of the directors who served during the year fell into the following brackets:

	Number	Number
£10,001 - £15,000	1	1
£15,001 - £20,000	1	1
£50,001 - £55,000	-	1
£55,001 - £60,000	1	-
£60,001 - £65,000	1	1

6. TAXATION

	1996 £	1995 £
Based on the profit for the year:		
UK Corporation tax at 24.25% (1995 33%)	1,430	72,405
Overseas taxation	676	-
Transfer to deferred taxation at 33% (1995 33%)	10,511	23,671
UK Corporation tax under provided in prior years	82	83
	12,699	96,159

The tax charge for the year is comparatively low due to non-taxable foreign exchange profits arising on consolidation.

7. DIVIDENDS

	1996 £	1995 £
5% Preference shares	250	250
6% 'B' Preference shares	1,656	1,732
Ordinary shares - proposed dividend of 5% (1995 3%)	20,857	12,514
	22,763	14,496

H BRONNLEY & CO LIMITED
NOTES TO THE ACCOUNTS (continued)
8. TANGIBLE FIXED ASSETS

Group	Freehold land and buildings £	Plant and machinery £	Total £
Cost			
At 1 January 1996	2,042,914	944,384	2,987,298
Additions	-	25,228	25,228
Disposals	-	(30,493)	(30,493)
Exchange adjustment	-	(399)	(399)
At 31 December 1996	2,042,914	938,720	2,981,634
Depreciation			
At 1 January 1996	363,252	571,004	934,256
Charge for year	50,921	82,127	133,048
Disposals	-	(30,011)	(30,011)
At 31 December 1996	414,173	623,120	1,037,293
Net Book Value			
At 31 December 1996	1,628,741	315,600	1,944,341
At 31 December 1995	1,679,662	373,380	2,053,042
Parent Company	Freehold land and buildings £	Plant and machinery £	Total £
Cost			
At 1 January 1996	2,042,914	925,925	2,968,839
Additions	-	22,580	22,580
Disposals	-	(29,544)	(29,544)
At 31 December 1996	2,042,914	918,961	2,961,875
Depreciation			
At 1 January 1996	363,252	555,241	918,493
Charge for year	50,921	79,688	130,609
Disposals	-	(29,062)	(29,062)
At 31 December 1996	414,173	605,867	1,020,040
Net Book Value			
At 31 December 1996	1,628,741	313,094	1,941,835
At 31 December 1995	1,679,662	370,684	2,050,346

H BRONNLEY & CO LIMITED

NOTES TO THE ACCOUNTS (continued)

8. TANGIBLE FIXED ASSETS (continued)

Included in the net book values of plant and machinery are the following amounts in respect of assets being acquired under hire purchase contracts.

	Group and Parent Company £
Net book value at 31 December 1996	<u>43,590</u>
Net book value at 31 December 1995	<u>48,900</u>

9. FIXED ASSET INVESTMENTS

Subsidiary undertakings

	1996 £
Shares at cost:	
At 1 January 1996 and 31 December 1996	6,503
Less provision for diminution in value	6,301
Net book value at 31 December 1996 and 31 December 1995	<u>202</u>

The group has the following wholly owned subsidiary undertakings:

	Country of incorporation
H Bronnley (Africa) (Proprietary) Limited	South Africa
Bronnley of London Inc - USA	USA
Bronnley of France SARL	France
Bronnley of London Inc *	USA
Bronnley of London Limited *	Great Britain
A R Sales Limited *	Great Britain

* These companies have not traded in the year.

H BRONNLEY & CO LIMITED

NOTES TO THE ACCOUNTS (continued)

10. STOCKS

	Group		Parent Company	
	1996	1995	1996	1995
	£	£	£	£
Raw materials and consumables	477,791	406,411	477,791	406,411
Work in progress	297,797	323,348	297,797	323,348
Finished goods	429,757	344,597	429,757	344,597
	<u>1,205,345</u>	<u>1,074,356</u>	<u>1,205,345</u>	<u>1,074,356</u>

11. DEBTORS

	Group		Parent Company	
	1996	1995	1996	1995
	£	£	£	£
Trade	1,427,693	1,593,213	1,407,664	1,532,106
Owed by subsidiary undertakings				
less provisions	-	-	59,384	91,688
Other	56,659	59,634	44,207	46,610
Prepayments and accrued income	71,857	74,397	60,419	58,204
Taxation recoverable	7,640	1,001	7,640	963
	<u>1,563,849</u>	<u>1,728,245</u>	<u>1,579,314</u>	<u>1,729,571</u>

Taxation recoverable includes Advance Corporation Tax of £5,214 recoverable in more than one year.

12. CREDITORS - amounts falling due within one year

	Group		Parent Company	
	1996	1995	1996	1995
	£	£	£	£
Bank loans and overdraft (secured on property)	208,974	500,263	208,654	496,359
Pension fund loan	100,000	100,000	100,000	100,000
Trade	526,539	486,558	504,167	446,994
Owed to subsidiary undertakings	-	-	55,194	55,194
Hire purchase obligations	13,335	16,234	13,335	16,234
Taxation and social security	131,155	154,290	104,554	107,029
Other	26,329	15,401	22,666	10,200
Proposed dividend	20,857	12,514	20,857	12,514
Accruals and deferred income	134,302	137,174	132,997	129,976
Corporation tax	6,114	71,882	5,464	71,882
	<u>1,167,605</u>	<u>1,494,316</u>	<u>1,167,888</u>	<u>1,446,382</u>

Hire purchase liabilities are secured by charges over the assets purchased.

H BRONNLEY & CO LIMITED

NOTES TO THE ACCOUNTS (continued)

13. CREDITORS - amounts falling due after more than one year

	Group		Parent Company	
	1996	1995	1996	1995
	£	£	£	£
Bank loan *	100,000	100,000	100,000	100,000
(secured on property & due in 1999)				
Hire purchase obligations	7,163	20,498	7,163	20,498
	<u>107,163</u>	<u>120,498</u>	<u>107,163</u>	<u>120,498</u>

* Interest payable at 1.5% above bank base rate.

Hire purchase liabilities are secured by charges over the assets purchased.

14. PROVISIONS FOR LIABILITIES AND CHARGES

	Group		Parent company	
	1996	1995	1996	1995
	£	£	£	£
Deferred taxation:				
Balance at 1 January 1996	185,923	162,252	185,923	162,252
Transfer from profit and loss loss account	10,511	23,671	10,511	23,671
	<u>196,434</u>	<u>185,923</u>	<u>196,434</u>	<u>185,923</u>

The deferred taxation provision comprises:

Accelerated capital allowances	182,112	172,525	182,112	172,525
Other short term timing differences	14,322	13,398	14,322	13,398
	<u>196,434</u>	<u>185,923</u>	<u>196,434</u>	<u>185,923</u>

There is a potential deferred taxation liability, estimated at £80,543 (1995 £89,803) after rebasing at 1982 values where appropriate and indexation allowance, not provided in the accounts, in respect of the capital gain on the sale of property rolled over onto new capital expenditure.

H BRONNLEY & CO LIMITED

NOTES TO THE ACCOUNTS (continued)

15. CALLED UP SHARE CAPITAL

	1996	and	1995
	Authorised £		Allotted and Fully paid £
5% Preference shares of £1 each	5,000		5,000
6% 'B' Preference shares of £1 each	68,000		28,859
Ordinary shares of £1 each	47,000		34,761
Ordinary non voting shares of £1 each	400,000		382,371
	<u>520,000</u>		<u>450,991</u>

All the shares have voting rights except the non-voting shares. The 5% Preference shares confer a right to priority in the return of capital and dividends over all other shares. The 6% 'B' Preference shares confer a right to priority in the return of capital and dividends over voting and non-voting Ordinary shares.

16 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	Group		Company	
	1996 £	1995 £	1996 £	1995 £
Profit for the year	235,005	30,628	258,709	40,456
Dividends	<u>22,763</u>	<u>14,496</u>	<u>22,763</u>	<u>14,496</u>
Net addition to shareholders' funds	212,242	16,132	235,946	25,960
Opening shareholders' funds	<u>3,194,590</u>	<u>3,178,458</u>	<u>3,130,128</u>	<u>3,104,168</u>
	<u>3,406,832</u>	<u>3,194,590</u>	<u>3,366,074</u>	<u>3,130,128</u>
Comprising:				
Equity interests	3,372,973	3,160,731	3,332,215	3,096,269
Non equity interests	<u>33,859</u>	<u>33,859</u>	<u>33,859</u>	<u>33,859</u>
	<u>3,406,832</u>	<u>3,194,590</u>	<u>3,366,074</u>	<u>3,130,128</u>

H BRONNLEY & CO LIMITED

NOTES TO THE ACCOUNTS (continued)

**17. RECONCILIATION OF OPERATING PROFIT TO
NET CASH INFLOW FROM OPERATING ACTIVITIES**

	1996 £	1995 £
Operating profit	354,478	152,607
Depreciation charges	133,048	131,741
Exchange adjustment	(61,357)	24,585
Increase in stocks	(130,989)	(40,685)
Decrease/(increase) in debtors	171,530	(171,919)
Increase in creditors	24,902	19,629
	<u>491,612</u>	<u>115,958</u>
NET CASH INFLOW FROM OPERATING ACTIVITIES	<u>491,612</u>	<u>115,958</u>

**18 ANALYSIS OF CHANGES IN CASH AND
CASH EQUIVALENTS DURING THE YEAR**

	1996 £	1995 £
Balance at 1 January 1996	(360,579)	(363,400)
Net cash inflow	316,104	2,821
Balance at 31 December 1996	<u>(44,475)</u>	<u>(360,579)</u>

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

	1996 £	1995 £	Change in year £
Cash at bank and in hand	164,499	139,684	24,815
Bank overdrafts	(208,974)	(500,263)	291,289
	<u>(44,475)</u>	<u>(360,579)</u>	<u>316,104</u>

H BRONNLEY & CO LIMITED

NOTES TO THE ACCOUNTS (continued)

20. OPERATING LEASE COMMITMENTS

Annual amounts not provided:

Group	Property leases		Plant and equipment	
	1996 £	1995 £	1996 £	1995 £
Expiring within:				
1 year	-	-	36,658	17,750
2 - 5 years	-	-	25,980	44,711
Over 5 years	7,958	9,257	-	-
	<u>7,958</u>	<u>9,257</u>	<u>62,638</u>	<u>62,461</u>

Parent Company

Expiring within:

1 year	-	-	28,797	17,750
2 - 5 years	-	-	25,980	37,340
Over 5 years	-	-	-	-
	<u>-</u>	<u>-</u>	<u>54,777</u>	<u>55,090</u>

21. PENSIONS

The company operates a defined benefit pension scheme, the assets of which are held in a separate trustee administered fund. This is a funded scheme.

The pension cost is assessed triennially by a professionally qualified actuary using the 'Attained Age' method of valuation. The principle assumptions used for the most recent valuation at 1 December 1994 were that the average investment return would be 9% per annum, that salary increases would average 7% per annum (previously 7.5% per annum) and that present and future pensions would increase at 3% per annum.

The valuation showed that the market value of the scheme's assets was £2,364,830 which represented 101% of the benefits that had accrued to members, allowing for future salary increases to retirement.

The pension cost for the period amounted to £72,700 (1995 £74,000) after allowing for interest on the prepayment. The excess of contributions paid over pensions cost has increased the prepayment in the accounts to £43,400 (1995 £40,600).

H BRONNLEY & CO LIMITED

NOTES TO THE ACCOUNTS (continued)

22. CONTROLLING PARTY

Miss Ann Rossiter is the controlling party of the company.