

REGISTRAR OF COMPANIES

**Moores
Rowland**

**H BRONNLEY & CO LIMITED
DIRECTORS' REPORT AND ACCOUNTS
YEAR ENDED 31ST DECEMBER 1995**

Company Number: 46883



NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that pursuant to Article 8 of the Articles of Association in force at the date hereof the following Extraordinary General Meetings of the members of the Company will be held at the registered office of the Company at Radstone Road, Brackley on 17 October 1996 at the times below for each class of shareholder, for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as an extraordinary resolution:

Ordinary shareholders	2.30 pm
Ordinary non voting shareholders	at the conclusion of the previous meeting
5% Preference shareholders	at the conclusion of the previous meeting
6% 'B' Preference shareholders	at the conclusion of the previous meeting

Extraordinary Resolution

That the regulations in the form attached to this Resolution which are initialled by the Secretary for the purpose of identification be and are hereby adopted in place of and in substitution for the existing Articles of Association.

By order of the Board,


F J Sheppard
Secretary

16 SEP 1996

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.

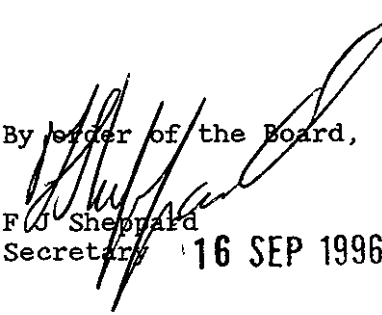
Copies of the existing and proposed articles of association will be available for inspection at the registered office from the notice date and at the meeting.

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 17 October 1996 at the conclusion of the Extraordinary General Meeting of the 6% 'B' Preference shareholders as referred to on page 1 to transact the following business:

1. To receive and consider the Directors' Report and Audited Accounts for the year ended 31st December 1995.
2. To confirm the Dividends as set out in the Audited Accounts.
3. To re-elect Mr H G Blank as a Director.
4. To resolve that the annual amount of Directors' fees to be paid to each Director pursuant to Article 94 of the Articles of Association proposed to be adopted pursuant to resolution 7 below or, if such resolution is not passed, pursuant to Article 88 of the Articles of Association of the Company in force at the date of notice of this meeting shall be £3,710 per annum as from 1st January 1996.
5. To reappoint auditors and authorise the Directors to determine their Remuneration.
6. To transact any other business which may be properly transacted at an Annual General Meeting of the Company.
7. To propose the following Resolution as a Special Resolution - That the regulations in the form attached to this Resolution, which are initialled by the Secretary for the purpose of identification, be and are hereby adopted in place of and in substitution for the existing Articles of Association.

By order of the Board,


F J Sheppard
Secretary

16 SEP 1996

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 31st December 1995.

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.

Increased sales in the year coupled with containment of costs have led to improved profits before tax compared with 1994. Further improvement in sales is anticipated during the current year.

In the opinion of the Directors the financial position of the company at the end of the year is 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 £30,628 (1994 £37,354).

Dividends have been paid on the preference shares for 1995. The directors recommend that a dividend be declared on the ordinary shares of 3% absorbing £12,514 (1994 nil). The remaining profit for the financial year of £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 & Secretary)	500	-	-	-				
* Directors joint interests					4,181	15,985	4,096	4,625

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.

ENVIRONMENT STATEMENT

The company continues to monitor its impact on the environment. However opportunities for improvement are limited by the success of previous initiatives.

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



F J Sheppard
Secretary

16 SEP 1996

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 21.

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 31st December 1995 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



MOORES ROWLAND

Chartered Accountants
Registered Auditors

London

17th September 1996

H BRONNLEY & CO LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT Year ended 31st December 1995

	Note	1995 £	1994 £
TURNOVER	2	6,073,937	5,622,804
Cost of sales		(3,505,222)	(3,142,175)
GROSS PROFIT		<u>2,568,715</u>	<u>2,480,629</u>
Selling and distribution costs		(1,493,289)	(1,401,364)
Administrative expenses		(922,819)	(979,073)
		<u>(2,416,108)</u>	<u>(2,380,437)</u>
		152,607	100,192
Other operating income	3	30,911	14,624
		<u>183,518</u>	<u>114,816</u>
Interest payable	4	(56,731)	(56,815)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		126,787	58,001
Tax thereon	6	(96,159)	(20,647)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION (including parent company £40,456 1994 £57,042)		30,628	37,354
Dividends	7	(14,496)	(1,982)
RETAINED PROFIT FOR THE FINANCIAL YEAR		<u>16,132</u>	<u>35,372</u>
Retained profits brought forward		822,467	787,095
RETAINED PROFITS CARRIED FORWARD		<u><u>838,599</u></u>	<u><u>822,467</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 31st December 1995

	Note	£	1995 £	£	1994 £
FIXED ASSETS					
Tangible assets	8		2,053,042		2,105,148
CURRENT ASSETS					
Stocks	10	1,074,356		1,033,671	
Debtors	11	1,728,245		1,559,861	
Cash at bank and in hand		139,684		181,096	
		<u>2,942,285</u>		<u>2,774,628</u>	
CREDITORS - amounts falling due within one year	12	<u>1,494,316</u>		<u>1,434,233</u>	
NET CURRENT ASSETS			1,447,969		1,340,395
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>3,501,011</u>		<u>3,445,543</u>
CREDITORS - amounts falling due after more than one year	13	120,498		104,833	
Provisions for liabilities and charges	14	<u>185,923</u>		<u>162,252</u>	
			306,421		267,085
TOTAL NET ASSETS			<u><u>3,194,590</u></u>		<u><u>3,178,458</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			838,599		822,467
Shareholders' funds (including non equity interests)			<u><u>3,194,590</u></u>		<u><u>3,178,458</u></u>

Approved by the board on

Miss A Rossiter

Chairman

Ann Rossiter 16 SEP 1996

H BRONNLEY & CO LIMITED

BALANCE SHEET

As at 31st December 1995

	Note	£	1995 £	£	1994 £
FIXED ASSETS					
Tangible assets	8		2,050,346		2,100,155
Investments	9		202		202
			<u>2,050,548</u>		<u>2,100,357</u>
CURRENT ASSETS					
Stocks	10	1,074,356		1,033,671	
Debtors	11	1,729,571		1,579,979	
Cash at bank and in hand		28,456		63,951	
		<u>2,832,383</u>		<u>2,677,601</u>	
CREDITORS - amounts falling due within one year	12	<u>1,446,382</u>		<u>1,406,705</u>	
NET CURRENT ASSETS			1,386,001		1,270,896
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>3,436,549</u>		<u>3,371,253</u>
CREDITORS - amounts falling due after more than one year	13	120,498		104,833	
Provisions for liabilities and charges	14	<u>185,923</u>		<u>162,252</u>	
			306,421		267,085
TOTAL NET ASSETS			<u><u>3,130,128</u></u>		<u><u>3,104,168</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			774,137		748,177
Shareholders' funds (including non equity interests)	16		<u><u>3,130,128</u></u>		<u><u>3,104,168</u></u>

Approved by the board on

Miss A Rossiter

Chairman

Ann Rossiter

9

16 SEP 1996

Meeres
Rowland

H BRONNLEY & CO LIMITED

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31st December 1995

	Note	1995 £	1994 £
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	17	115,958	(22,957)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		1,511	1,014
Interest paid		(56,731)	(56,815)
Dividends paid		(1,982)	(1,982)
NET CASH (OUTFLOW) FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(57,202)	(57,783)
TAXATION			
UK tax refunded		1,302	2,486
Overseas tax (paid)/refunded		(106)	21
TAX REFUNDED		1,196	2,507
INVESTING ACTIVITIES			
Payments to acquire tangible fixed assets		(80,390)	(37,114)
Receipts from sale of tangible fixed assets		5,570	-
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES		(74,820)	(37,114)
NET CASH (OUTFLOW) BEFORE FINANCING		(14,868)	(115,347)
NET CASH INFLOW/(OUTFLOW) FROM FINANCING			
Capital element of hire purchase rentals		17,689	(11,009)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	19	2,821	(126,356)

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 31st December 1995. 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.

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	1995 £	1994 £
United Kingdom	3,771,304	3,620,837
Rest of Europe	1,117,096	1,231,598
North and South America	430,523	453,478
Africa, Asia and Australia	755,014	316,891
	<u>6,073,937</u>	<u>5,622,804</u>

Profit on ordinary activities before taxation is stated after charging:	1995 £	1994 £
Depreciation of fixed assets	131,741	131,175
Auditors' remuneration		
Audit fee (parent company)	24,250	22,750
Non-audit services	15,450	19,250
Hire of equipment	74,139	65,874
Rent of property	9,257	48,275
Directors' emoluments	147,428	143,315
	<u> </u>	<u> </u>

Depreciation of fixed assets includes £3,337 (1994 £11,786) in respect of assets acquired under hire purchase contracts.

H BRONNLEY & CO LIMITED

NOTES TO THE ACCOUNTS (continued)

3. OTHER OPERATING INCOME

	1995 £	1994 £
Gain on exchange	25,083	14,425
Bank interest receivable	1,511	1,014
Profit/(loss) on disposal of fixed assets	4,317	(815)
	<u>30,911</u>	<u>14,624</u>

4. INTEREST PAYABLE

	1995 £	1994 £
On bank and other borrowings:		
Repayable within five years	51,786	40,822
Repayable after more than five years	-	6,948
On hire purchase contracts	4,945	9,045
	<u>56,731</u>	<u>56,815</u>

5. DIRECTORS AND OTHER EMPLOYEES

Staff costs include:

	1995 £	1994 £
Wages and salaries	1,914,203	1,839,196
Social security costs	182,969	185,254
Other pension costs	83,480	81,877
	<u>2,180,652</u>	<u>2,106,327</u>

Average number of persons employed by the group:

	1995 Number	1994 Number
Production	74	75
Selling and distribution	34	42
Administration	26	27
	<u>134</u>	<u>144</u>

Emoluments of the directors:

	£	£
For services as executives	133,088	129,403
For services as directors	14,340	13,912
	<u>147,428</u>	<u>143,315</u>

H BRONNLEY & CO LIMITED

NOTES TO THE ACCOUNTS (continued)

5. DIRECTORS AND OTHER EMPLOYEES (continued)

	1995 £	1994 £
Emoluments, excluding pension contributions:		
Chairman	53,413	50,963
Highest paid director	60,333	58,819

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	1
£55,001 - £60,000	-	1
£60,001 - £65,000	1	-

6. TAXATION

	1995 £	1994 £
Based on the profit for the year:		
UK Corporation tax at 33% (1994 33%)	72,405	16,174
Transfer to deferred taxation at 33% (1994 33%)	23,671	26,403
Overseas taxation on profits	-	26
UK Corporation tax under/(over)provided in prior years	83	(21,956)
	96,159	20,647

The tax charge for the year is comparatively high due to taxable foreign exchange profits arising in the parent company coupled with non allowable related foreign exchange losses arising on consolidation.

7. DIVIDENDS

	1995 £	1994 £
5% Preference shares	250	250
6% 'B' Preference shares	1,732	1,732
Ordinary shares - proposed dividend of 3%	12,514	-
	14,496	1,982

H BRONNLEY & CO LIMITED

NOTES TO THE ACCOUNTS (continued)

8. TANGIBLE FIXED ASSETS

Group	Freehold land and buildings £	Plant and machinery £	Total £
Cost			
At 1st January 1995	2,042,914	900,828	2,943,742
Additions	—	80,390	80,390
Disposals	—	(37,332)	(37,332)
Exchange adjustment	—	498	498
At 31st December 1995	<u>2,042,914</u>	<u>944,384</u>	<u>2,987,298</u>
Depreciation			
At 1st January 1995	312,332	526,262	838,594
Charge for year	50,920	80,821	131,741
Disposals	—	(36,079)	(36,079)
At 31st December 1995	<u>363,252</u>	<u>571,004</u>	<u>934,256</u>
Net Book Value			
At 31st December 1995	<u>1,679,662</u>	<u>373,380</u>	<u>2,053,042</u>
At 31st December 1994	<u>1,730,582</u>	<u>374,566</u>	<u>2,105,148</u>
Parent Company	Freehold land and buildings £	Plant and machinery £	Total £
Cost			
At 1st January 1995	2,042,914	882,867	2,925,781
Additions	—	80,390	80,390
Disposals	—	(37,332)	(37,332)
At 31st December 1995	<u>2,042,914</u>	<u>925,925</u>	<u>2,968,839</u>
Depreciation			
At 1st January 1995	312,332	513,294	825,626
Charge for year	50,920	78,026	128,946
Disposals	—	(36,079)	(36,079)
At 31st December 1995	<u>363,252</u>	<u>555,241</u>	<u>918,493</u>
Net Book Value			
At 31st December 1995	<u>1,679,662</u>	<u>370,684</u>	<u>2,050,346</u>
At 31st December 1994	<u>1,730,582</u>	<u>369,573</u>	<u>2,100,155</u>

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 31st December 1995	<u>48,900</u>
Net book value at 31st December 1994	<u>66,860</u>

9. FIXED ASSET INVESTMENTS

Subsidiary undertakings

	1995 £
Shares at cost:	
At 1st January 1995 and 31st December 1995	6,503
Less provision for diminution in value	6,301
Net book value at 31st 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	
	1995	1994	1995	1994
	£	£	£	£
Raw materials and consumables	406,411	322,060	406,411	322,060
Work in progress	323,348	320,300	323,348	320,300
Finished goods	344,597	391,311	344,597	391,311
	<u>1,074,356</u>	<u>1,033,671</u>	<u>1,074,356</u>	<u>1,033,671</u>

11. DEBTORS

	Group		Parent Company	
	1995	1994	1995	1994
	£	£	£	£
Trade	1,593,213	1,415,741	1,532,106	1,378,144
Owed by subsidiary undertakings	-	-	91,688	83,342
Other	59,634	50,682	46,610	35,136
Prepayments and accrued income	74,397	86,269	58,204	76,188
Taxation recoverable	1,001	7,169	963	7,169
	<u>1,728,245</u>	<u>1,559,861</u>	<u>1,729,571</u>	<u>1,579,979</u>

Other includes £3,128 Advance Corporation Tax recoverable in more than one year.

12. CREDITORS - amounts falling due within one year

	Group		Parent Company	
	1995	1994	1995	1994
	£	£	£	£
Bank loans and overdraft (secured on property)	500,263	544,496	496,359	544,496
Pension fund loan	100,000	100,000	100,000	100,000
Trade	486,558	461,476	446,994	439,041
Owed to subsidiary undertakings	-	-	55,194	55,194
Hire purchase obligations	16,234	14,209	16,234	14,209
Taxation and social security	154,290	159,280	107,029	107,082
Other	15,401	20,332	10,200	14,503
Proposed dividend	12,514	-	12,514	-
Accruals and deferred income	137,174	129,579	129,976	127,387
Corporation tax	71,882	4,861	71,882	4,793
	<u>1,494,316</u>	<u>1,434,233</u>	<u>1,446,382</u>	<u>1,406,705</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	
	1995	1994	1995	1994
	£	£	£	£
Bank loan *	100,000	100,000	100,000	100,000
(secured on property & due in 1999)				
Hire purchase obligations	20,498	4,833	20,498	4,833
	<u>120,498</u>	<u>104,833</u>	<u>120,498</u>	<u>104,833</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	
	1995	1994	1995	1994
	£	£	£	£
Deferred taxation:				
Balance at 1st January 1995	162,252	135,849	162,252	135,849
Transfer from profit and loss account	23,671	26,403	23,671	26,403
Balance at 31st December 1995	<u>185,923</u>	<u>162,252</u>	<u>185,923</u>	<u>162,252</u>
The deferred taxation provision comprises:				
Accelerated capital allowances	172,525	149,745	172,525	149,745
Other short term timing differences	13,398	12,507	13,398	12,507
	<u>185,923</u>	<u>162,252</u>	<u>185,923</u>	<u>162,252</u>

There is a potential deferred taxation liability, estimated at £89,803 (1994 £101,745) 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

1995 and 1994

	Authorised £	Allotted & 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>

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Group		Parent Company	
	1995 £	1994 £	1995 £	1994 £
Profit for the year	16,132	35,372	25,960	55,060
Net addition to shareholders funds	16,132	35,372	25,960	55,060
Opening shareholders' funds	3,178,458	3,143,086	3,104,168	3,049,108
Closing shareholders' funds	<u>3,194,590</u>	<u>3,178,458</u>	<u>3,130,128</u>	<u>3,104,168</u>
Comprising:				
Equity interests	3,160,731	3,144,599	3,096,269	3,070,309
Non equity interests	33,859	33,859	33,859	33,859
	<u>3,194,590</u>	<u>3,178,458</u>	<u>3,130,128</u>	<u>3,104,168</u>

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

	1995 £	1994 £
Operating profit	152,607	100,192
Depreciation charges	131,741	131,175
Exchange adjustment	24,585	14,082
Increase in stocks	(40,685)	(116,751)
Increase in debtors	(171,919)	(260,604)
Increase in creditors	19,629	108,949
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	<u>115,958</u>	<u>(22,957)</u>

H BRONNLEY & CO LIMITED

NOTES TO THE ACCOUNTS (continued)

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

	1995 £	1994 £
Balance at 1st January 1995	(363,400)	(237,044)
Net cash inflow/(outflow)	2,821	(126,356)
Balance at 31st December 1995	<u>(360,579)</u>	<u>(363,400)</u>

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

	1995 £	1994 £	Change in year £
Cash at bank and in hand	139,684	181,096	(41,412)
Bank overdrafts	(500,263)	(544,496)	(44,233)
	<u>(360,579)</u>	<u>(363,400)</u>	<u>2,821</u>

20. OPERATING LEASE COMMITMENTS

Annual amounts not provided in the accounts:

Group	Property leases		Plant and equipment	
	1995 £	1994 £	1995 £	1994 £
Expiring within:				
1 year	-	-	17,750	30,770
2 - 5 years	-	-	44,711	24,688
Over 5 years	9,257	9,836	-	-
	<u>9,257</u>	<u>9,836</u>	<u>62,461</u>	<u>55,458</u>

Parent Company

Expiring within:

1 year	-	-	17,750	30,770
2 - 5 years	-	-	37,340	17,750
Over 5 years	-	-	-	-
	<u>-</u>	<u>-</u>	<u>55,090</u>	<u>48,520</u>

H BRONNLEY & CO LIMITED

NOTES TO THE ACCOUNTS (continued)

21. PENSIONS

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

The pension cost is assessed triennially by a professionally qualified actuary using the 'Attained Age' method of valuation. The principal 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 7.0% per annum (previously 7.5% per annum) and that present and future pensions would increase at 3% per annum.

That 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 year was £74,000 after allowing for interest on a prepayment. The excess of contributions paid over pensions cost has increased the prepayment in the accounts to £40,600 (1994 £37,900).

H BRONNLEY & CO LIMITED

MANUFACTURING ACCOUNT

Year ended 31st December 1995

	£	1995 £	£	1994 £
COST OF RAW MATERIALS				
Stock at 1st January 1995	322,060		234,132	
Purchases	1,980,124		1,711,338	
	<u>2,302,184</u>		<u>1,945,470</u>	
Deduct: Stock at 31st December 1995	406,411		322,060	
MATERIALS CONSUMED		1,895,773		1,623,410
DIRECT FACTORY LABOUR		<u>486,939</u>		<u>486,487</u>
PRIME COST		2,382,712		2,109,897
WORK IN PROGRESS				
WIP at 1st January 1995	320,300		211,733	
Deduct: WIP at 31st December 1995	<u>323,348</u>		<u>320,300</u>	
		(3,048)		(108,567)
		<u>2,379,664</u>		<u>2,001,330</u>
FACTORY EXPENSES				
Rates	73,036		65,627	
Factory expenses	135,580		151,151	
Plant repairs	35,150		30,431	
Factory repairs	3,585		743	
Indirect labour	653,053		635,670	
Power, light and heat	25,573		24,781	
Van expenses	6,502		6,072	
Hire of plant	2,608		1,549	
Depreciation: plant and machinery	60,395		57,343	
factory premises	<u>38,190</u>		<u>38,190</u>	
		1,033,672		1,011,557
MANUFACTURING COSTS carried forward to Trading Profit and Loss account		<u>3,413,336</u>		<u>3,012,887</u>

H BRONNLEY & CO LIMITED

TRADING PROFIT AND LOSS ACCOUNT

Year ended 31st December 1995

	1995	1994
	£	£
SALES	5,923,372	5,451,845
Manufacturing costs	3,413,336	3,012,887
Discounts allowed	19,068	8,852
Finished goods at 1st January 1995	391,311	471,055
	<u>3,823,715</u>	<u>3,492,794</u>
Finished goods at 31st December 1995	344,597	391,311
COST OF SALES	<u>3,479,118</u>	<u>3,101,483</u>
GROSS PROFIT	2,444,254	2,350,362
Profit/(loss) on disposal of fixed assets	4,317	(815)
Discounts received	3,981	4,267
Commission received	12,520	17,576
Interest received	446	228
	<u>21,264</u>	<u>21,256</u>
	2,465,518	2,371,618
ADMINISTRATIVE EXPENSES		
Rent and rates	20,528	72,896
Insurances	39,616	49,383
Light and heat	8,524	9,382
Repairs	2,257	407
General expenses and staff training	72,167	67,117
Stationery, postage and telephone	58,724	60,288
Professional charges	62,080	95,065
Hire of office equipment	773	2,756
Staff Health Insurance	26,113	25,040
Salaries	396,672	395,945
Pension scheme costs	73,992	69,714
Canteen expenses	6,041	4,899
Travelling expenses, entertaining and foreign visits	32,769	23,869
Office travelling and motor expenses	6,150	5,917
Depreciation of fixtures, fittings and buildings	30,361	32,886
	<u>836,767</u>	<u>915,564</u>

H BRONNLEY & CO LIMITED

TRADING PROFIT AND LOSS ACCOUNT (continued)

Year ended 31st December 1995

	£	1995 £	£	1994 £
SELLING EXPENSES				
Advertising and product development	216,870		170,544	
Travellers' salaries, commission and expenses	448,453		421,660	
Agents' commission and expenses	230,818		234,283	
Freight export	92,240		95,280	
Carriage inland	126,648		115,830	
Bad debts	4,767		23,353	
	<u>1,119,796</u>		<u>1,060,950</u>	
FINANCIAL EXPENSES				
Discounts allowed	57,829		48,780	
Bank charges	15,774		13,009	
Gain on exchange	(144,391)		(61,777)	
Bank and loan interest	49,468		45,895	
Hire purchase interest	4,945		9,045	
Corporation tax repayment supplement	(385)		(129)	
	<u>(16,760)</u>		<u>54,823</u>	
TOTAL EXPENSES		1,939,803		2,031,337
NET PROFIT CARRIED FORWARD		<u>525,715</u>		<u>340,281</u>

H BRONNLEY & CO LIMITED

TRADING PROFIT AND LOSS ACCOUNT (continued)

Year ended 31st December 1995

	£	1995 £	£	1994 £
NET PROFIT BROUGHT FORWARD		525,715		340,281
Less provision against amount due from subsidiary undertakings in respect of their losses		389,100		252,043
		<u>136,615</u>		<u>88,238</u>
Less taxation charge:-				
Corporation tax	72,488		4,793	
Deferred tax	<u>23,671</u>		<u>26,403</u>	
		<u>96,159</u>		<u>31,196</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		40,456		57,042
Less dividends:-				
5% Preference shares	250		250	
6% 'B' Preference shares	<u>1,732</u>		<u>1,732</u>	
Ordinary shares	<u>12,514</u>		<u>-</u>	
		<u>14,496</u>		<u>1,982</u>
		<u>25,960</u>		<u>55,060</u>
Retained profits brought forward		748,177		693,117
		<u><u>774,137</u></u>		<u><u>748,177</u></u>