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**Moore's  
Rowland**  
Travelers Accounts



H. BRONNLEY & CO. LIMITED

DIRECTORS' REPORT  
AND ACCOUNTS

YEAR ENDED 31ST DECEMBER 1989

COMPANIES HOUSE

29 OCT 1990

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MOORES ROWLAND  
Chartered Accountants  
LONDON

Moores  
Rowland

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of the members of the Company will be held at the office of the Company at Radstone Road, Brackley, on Friday, 12th October 1990 at 2.30 pm to transact the following business:-

1. To receive and consider the Directors' Report and Audited Accounts for the year ended 31st December 1989.
2. To confirm the Dividends as set out in the Audited Accounts for the year.
3. To re-elect Mr. F.J. Sheppard as a Director.
4. To resolve that the annual amount of Directors' fees to be paid to each Director under Article 88 shall be £2,878 per annum as from 1st January 1990.
5. To re-appoint 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.



By Order of the Board,

F.J. SHEPPARD

Secretary

19th September, 1990

DIRECTORS

H. Rossiter (Chairman and Joint Managing Director)  
Miss A. Rossiter (Joint Managing Director)  
A.R. Smith, C.A.  
H.G. Blank, F.C.A.  
F.J. Sheppard

SERVICE DIRECTORS

T.M. Stocker  
Mrs P. Swift  
H. Lovett

SECRETARY

F.J. Sheppard

REGISTERED OFFICE

Radstone Road,  
Brackley,  
Northamptonshire.  
NN13 5AU

LONDON OFFICE AND SHOWROOMS

10 Conduit Street,  
London,  
W1R OBR.

FACTORY

Radstone Road,  
Brackley,  
Northamptonshire.  
NN13 5AU

AUDITORS

Messrs. Moores Rowland,  
Clifford's Inn,  
Fetter Lane,  
London,  
EC4A 1AS.

SOLICITORS

Messrs. Denton Hall Burgin & Warren,  
5, Chancery Lane,  
London,  
WC2A 1LF

PRINCIPAL BANKER

Midland Bank Limited,  
17 Market Place,  
Banbury,  
Oxfordshire.  
OX16 8ED

DIRECTORS' REPORT

It is with the greatest regret that the board announces the death of Mrs. G. Rossiter, Deputy Chairman, on the 6th September 1990, who was the daughter of the founder of this company and who for more than fifty years with her husband, Mr. H. Rossiter, the Chairman, managed the Company and ensured its continued success.

The directors submit their report and the accounts for the year ended 31st December 1989.

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.

Further improvements to the design of the product range have significantly helped sales growth. However persistent high interest rates, the downturn in the economy and the strength of sterling is hampering growth in Exports.

The profits have been diminished by the high interest rates particularly on the heavy borrowing which continued until the sale of the Bridge Street premises.

The directors consider the financial position at the year end to be satisfactory.

DIVIDENDS AND APPROPRIATIONS

Dividends have been paid on the preference shares for 1989. The directors recommend that a final dividend of 3 pence per share (1988 - 3 pence) be paid on the ordinary shares and propose that £1,250,000 be transferred to reserves.

TANGIBLE FIXED ASSETS - CHANGES

The premises at Bridge Street, Brackley were sold on 18th December 1989 for £1,163,415, net of expenses. Together with the forfeited deposit of £160,133, net of expenses, in respect of the aborted sale in 1988, this has given rise to an extraordinary gain on disposal, after tax of £1,250,412 as shown in note 7 to the accounts. The construction of the extension to the Radstone Road site was completed with expenditure of £180,076 additional to that in 1988. Other additions and disposals represented movement in the normal course of business.

DIRECTORS AND INTERESTS IN SHARES

The names of the present directors of the company are stated on page 2. The number of shares in the company in which the directors had an interest, as defined by the Companies Act 1985, were as follows:-

DIRECTORS' REPORT - CONTINUED

## DIRECTORS AND INTERESTS IN SHARES - CONTINUED

	Beneficial Interest				Other Interest			
	Ordinary		Preference		Ordinary		Preference	
	<u>Voting</u>	<u>Non-Voting</u>	<u>6%B</u>	<u>5%</u>	<u>Voting</u>	<u>Non-Voting</u>	<u>6%B</u>	<u>5%</u>
* H. Rossiter	2,394	14,334	-	-				
* Mrs. G.H. Rossiter	1,039	2,078	-	-				
* Miss A. Rossiter	5,061	112,060	9,865	125				
* A.R. Smith	-	-	100	-				
* H.G. Blank	-	-	-	-				
* F.J. Sheppard	-	-	-	-				
* M.S. Gummer	-	-	-	-				
* Directors joint and collective interest					13,552	29,069	9,878	4,625

Mr. M.S. Gummer resigned as a director on 22nd December 1989. The other directors holding office and their interests in the share capital of the company did not change during the year.

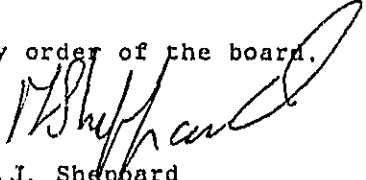
## AUDITORS

A resolution will be proposed at the Annual General Meeting to re-appoint Messrs. Moores Rowland as auditors for the ensuing year.

## STAFF

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

By order of the board,

  
F.J. Sheppard  
Secretary

Radstone Road,  
Brackley,  
Northants.  
NN13 5AU.

14th September 1990

Moores  
Rowland

AUDITORS REPORT TO THE MEMBERS OF  
H. BRONNLEY & CO. LIMITED

We have audited the accounts on pages 6 to 18 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of the affairs of the company and of the group at 31st December 1989 and of the profit and source and application of funds of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Moores Rowland*

Moores Rowland

Chartered Accountants  
LONDON

14th September 1990

Moores  
Rowland

H. BRONNLEY & CO. LIMITED

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CONSOLIDATED PROFIT AND LOSS ACCOUNT  
Year Ended 31st December 1989

	Note	£	1989	£	£	1988	£
TURNOVER	2		4,965,844			4,404,341	
Cost of sales			(2,545,714)			(2,490,744)	
GROSS PROFIT			2,420,130			1,913,597	
Distribution costs		(987,384)			(748,258)		
Administrative expenses		(1,115,847)			(923,890)		
			(2,103,231)			(1,672,148)	
			316,899			241,449	
Other operating income	3		84,221			1,227	
			401,120			242,676	
Interest payable	4		(337,097)			(135,115)	
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2		64,023			107,561	
Tax on profit on ordinary activities	6		(5,748)			(79,048)	
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION			58,275			28,513	
Extraordinary income	7		1,250,412			-	
PROFIT FOR THE FINANCIAL YEAR	8		1,308,687			28,513	
Transfer to reserves			(1,250,000)			-	
			58,687			28,513	
Dividends	9		(14,496)			(14,496)	
RETAINED PROFIT FOR THE YEAR			44,191			14,017	
Retained profits brought forward			390,896			376,879	
RETAINED PROFITS CARRIED FORWARD			£435,087			£390,896	

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H. BRONNLEY & CO. LIMITED

CONSOLIDATED BALANCE SHEET  
31st December 1989

	Note	1989	1988
		£	£
TANGIBLE FIXED ASSETS	10	2,184,879	1,953,207
CURRENT ASSETS			
Stocks	12	965,782	845,092
Debtors	13	1,465,627	1,549,739
Cash at bank and in hand		120,283	86,231
		<u>2,551,692</u>	<u>2,481,062</u>
CREDITORS - amounts falling due within one year	14	1,158,664	2,175,881
NET CURRENT ASSETS		<u>1,393,028</u>	<u>305,181</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,577,907</u>	<u>2,258,388</u>
CREDITORS - amounts falling due after more than one year	15	694,500	742,672
PROVISION FOR LIABILITIES AND CHARGES	16	<u>92,329</u>	<u>18,829</u>
		<u>786,829</u>	<u>761,501</u>
		<u>£2,791,078</u>	<u>£1,496,887</u>
CAPITAL AND RESERVES			
Called up share capital	17	450,991	450,991
Reserves		190,500	655,000
Profit and loss account		435,087	390,896
		<u>£2,791,078</u>	<u>£1,496,887</u>

Approved by the board on 14th September 1990

H. Rossiter

Directors

Ann Rossiter

Moore  
Rowland

BALANCE SHEET31st December 1989

	Note	£	1989	£	£	1988	£
<b>FIXED ASSETS</b>							
Tangible assets	10		2,180,414			1,952,593	
Investments	11		202			202	
			<u>2,180,616</u>			<u>1,952,795</u>	
<b>CURRENT ASSETS</b>							
Stocks	12	965,782		845,092			
Debtors	13	1,460,440		1,537,985			
Cash at bank and in hand		23,275		62			
		<u>2,449,497</u>		<u>2,383,139</u>			
CREDITORS - amounts falling due within one year	14	1,083,265		2,144,474			
NET CURRENT ASSETS			<u>1,366,232</u>			<u>238,665</u>	
TOTAL ASSETS LESS CURRENT LIABILITIES			3,546,848			2,191,460	
CREDITORS - amounts falling due after more than one year	15	694,500		742,672			
PROVISION FOR LIABILITIES AND CHARGES	16	92,329		18,829			
			<u>786,829</u>			<u>761,501</u>	
			<u>£2,760,019</u>			<u>£1,429,959</u>	
<b>CAPITAL AND RESERVES</b>							
Called up share capital	17		450,991			450,991	
Reserves			1,905,000			655,000	
Profit and loss account			404,028			323,968	
			<u>£2,760,019</u>			<u>£1,429,959</u>	

Approved by the board on 14th September 1990

H. Rossiter

Directors

Ann Rossiter

*H. Rossiter*  
*Ann Rossiter*

Moores  
Rowland

GROUP STATEMENT OF SOURCE AND APPLICATION OF FUNDS  
Year Ended 31st December 1989

	£	1989	£	1988	£
<b>SOURCE OF FUNDS</b>					
Profit on ordinary activities before taxation		64,023		107,561	
Extraordinary income before taxation		1,309,395		-	
		<u>1,373,418</u>		<u>107,561</u>	
Adjustment for items not involving the movement of funds:-					
Profit on disposal of tangible fixed assets	(15,508)		(12,060)		
Depreciation of tangible fixed assets	79,642		30,698		
Foreign exchange adjustments			-		
Tangible fixed assets	(78)		-		
		<u>64,056</u>		<u>18,638</u>	
<b>TOTAL GENERATED FROM OPERATIONS</b>		<u>1,437,474</u>		<u>126,199</u>	
<b>FUNDS FROM OTHER SOURCES</b>					
Long term bank loan	-		738,822		
Loan from pension fund	-		562,068		
Proceeds on disposal of tangible fixed assets	15,514		12,060		
		<u>15,514</u>		<u>1,312,950</u>	
		<u>1,452,988</u>		<u>1,439,149</u>	
<b>APPLICATION OF FUNDS</b>					
Repayment of long term bank loan	(88,822)		-		
Repayment of pension fund loan	(562,068)		-		
Purchase of tangible fixed assets	(325,395)		(1,868,572)		
Dividends paid	(14,496)		(27,010)		
Tax paid	(71,979)		(155,860)		
		<u>(1,062,760)</u>		<u>(2,051,442)</u>	
		<u>390,228</u>		<u>(612,293)</u>	
<b>(INCREASE)/DECREASE IN WORKING CAPITAL</b>					
Stocks	(120,690)		60,107		
Debtors	84,112		(315,778)		
Creditors due within one year	(186,179)		130,379		
Creditors due after more than one year	40,650		(3,007)		
		<u>(182,107)</u>		<u>(128,299)</u>	
		<u>£208,121</u>		<u>£(740,592)</u>	
<b>Represented by:</b>					
<b>INCREASE/(DECREASE) IN NET LIQUID FUNDS</b>					
Decrease/(increase) in bank overdraft					
less cash balances		<u>£208,121</u>		<u>£(740,592)</u>	

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

Basis of accounting:

The group accounts are prepared on the historic cost basis.

Consolidation:

The group accounts comprise the consolidated accounts of the holding company and all its subsidiaries made up to 31st December 1989.

Depreciation of tangible fixed assets:

Fixed assets other than freehold land are being depreciated so as to write them off over their anticipated useful lives at the following annual rates:-

Freehold buildings	- 2-5% Straight Line
Plant and machinery: - plant and fixtures	- 10% Reducing Balance
- computer and vehicles	- 20% Straight Line

Stock and work in progress:

Stock and work in progress are valued at the lower of cost, including appropriate overhead expenses, and net realisable value.

Foreign currency translation:

Foreign currency assets, liabilities and trading results have been translated into sterling at the end of year exchange rates. Transactions in foreign currency are translated at the rates at the time of a transaction and ensuing differences taken to profit and loss account. The difference arising on restatement of the accumulated losses of foreign subsidiaries is also taken to profit and loss account because the losses have been financed by the holding company. This represents a change on accounting policy.

Deferred taxation:

Provision is made at current rates of corporation tax for deferred liabilities arising from timing differences, except where the directors consider the deferment is likely to continue.

Leased assets:

Assets the subject of hire purchase contracts are capitalised and all other leasing payments are charged to profit and loss account.

Pension costs:

Contribution 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 with the group.

NOTES TO THE ACCOUNTS - CONTINUED2. TURNOVER AND PROFIT ON ORDINARY  
ACTIVITIES BEFORE TAXATION

	1989 £	1988 £
Geographical analysis of turnover. Sales to:		
United Kingdom	3,207,234	2,970,367
Rest of Europe	1,082,335	848,274
North and South America	421,776	433,851
Africa, Asia and Australia	254,499	151,849
	<u>£4,965,844</u>	<u>£4,404,341</u>

	1989 £	1988 £
Profit on ordinary activities has been arrived at after charging:-		
Depreciation of tangible fixed assets	79,662	30,698
Directors' emoluments	184,145	174,004
Auditors' remuneration	24,000	23,175
Hire of plant and machinery	121,400	100,061
Rent of property	17,400	32,600

## 3. OTHER OPERATING INCOME

	1989 £	1988 £
Gain/(loss) on exchange	68,502	(11,929)
Bank interest received	211	1,133
Royalties paid	-	(37)
Profit on disposal of fixed assets	15,508	12,060
	<u>£84,221</u>	<u>£1,227</u>

## 4. INTEREST PAYABLE

	1989 £	1988 £
Hire purchase interest	5,277	997
Bank overdrafts and other loans repayable within five years	157,222	82,774
Bank loans repayable over more than five years	174,598	51,344
	<u>£337,097</u>	<u>£135,115</u>

## 5. DIRECTORS AND OTHER EMPLOYEES

The average number of persons employed by the  
group during the year was as follows:-

	1989	1988
Production	77	77
Selling and distribution	40	41
Administration	31	31
	<u>148</u>	<u>149</u>

NOTES TO THE ACCOUNTS - CONTINUED

## 5. DIRECTORS AND OTHER EMPLOYEES - CONTINUED

Staff costs include the following:-

	1989	1988
	£	£
Wages and salaries	1,477,463	1,308,468
Social Security costs	152,346	144,447
Other pension costs	64,070	17,131
	<u>£1,693,809</u>	<u>£1,470,046</u>

The emoluments of the directors were as follows:-

	£	£
For services as executives	160,521	149,759
For services as directors	18,550	19,171
Pensions	5,074	5,074
	<u>£184,145</u>	<u>£174,004</u>

The individual emoluments, excluding pension contributions of all the directors fell into the following brackets:

	1989	1988
£ 0 - £ 5,000	-	1
£ 5,001 - £10,000	1	1
£10,001 - £15,000	2	1
£25,001 - £30,000	1	1
£30,001 - £35,000	1	1
£40,001 - £45,000	2	2

The emoluments, excluding pension contributions, of the chairman amounted to £29,731 (1988 - £27,054) and those of the highest paid director amounted to £44,803 (1988 - £43,852).

## 6. TAX ON PROFIT ON ORDINARY ACTIVITIES

Based on profit for the year:-

	1989	1988
	£	£
U.K. Corporation tax	(17,481)	54,767
Deferred tax	73,500	23,000
Overseas tax	1,025	1,281
	<u>57,044</u>	<u>79,048</u>
Prior year corporation tax credit in respect of group relief now agreed in principle with the Inland Revenue	(51,296)	-
	<u>£5,748</u>	<u>£79,048</u>

NOTES TO THE ACCOUNTS - CONTINUED

## 7. EXTRAORDINARY INCOME

1989

	£	£
Deposit forfeited on aborted disposal of property net of expenses	144,935	
Less: Corporation tax at 35%	50,727	94,208
	<hr/>	
Profit on disposal of property	1,164,460	
Less: Corporation tax at 35%	8,256	
	<hr/>	1,156,204
		<hr/>
		£1,250,412

No further tax provision is required on the disposal of property as the capital gains will be rolled over onto the costs of purchase and construction of the new factory.

## 8. PROFIT FOR THE FINANCIAL YEAR

As permitted by Section 228 (7) of the Companies Act 1985, the profit and loss account of the holding company is not presented as part of these financial statements. The accounts of the holding company include a profit for the financial year of £1,344,556 (1988 - £964).

## 9. DIVIDENDS

1989

1988

	£	£
5% Preference shares - 5 pence per share (1988 - 5 pence)	250	250
6% 'B' Preference shares - 6 pence per share (1988 - 6 pence)	1,732	1,732
Ordinary shares - 3 pence per share (1988 - 3 pence)	12,514	12,514
	<hr/>	<hr/>
	£14,496	£14,496

NOTES TO THE ACCOUNTS - CONTINUED

## 10. TANGIBLE FIXED ASSETS

<u>The Group</u>	<u>Freehold land and buildings</u> £	<u>Plant and machinery</u> £	<u>Total</u> £
<b>COST</b>			
At 1st January 1989	1,875,384	457,602	2,332,986
Exchange rate adjustments	-	78	78
Additions	180,076	145,319	325,395
Disposals	(34,061)	(23,011)	(57,072)
At 31st December 1989	2,021,399	579,988	2,601,387
<b>DEPRECIATION</b>			
At 1st January 1989	30,584	349,195	379,779
Charge for year	48,566	31,076	79,642
On disposals	(19,908)	(23,005)	(42,913)
At 31st December 1989	59,242	357,266	416,508
<b>NET BOOK VALUE</b>			
At 31st December 1989	£1,962,157	£222,722	£2,184,879
At 1st January 1989	£1,844,800	£108,407	£1,953,207
<u>The Company</u>	<u>Freehold land and buildings</u> £	<u>Plant and machinery</u> £	<u>Total</u> £
<b>COST</b>			
At 1st January 1989	1,875,384	454,664	2,330,048
Additions	180,076	140,514	320,590
Disposals	(34,061)	(23,011)	(57,072)
At 31st December 1989	2,021,399	572,167	2,593,566
<b>DEPRECIATION</b>			
At 1st January 1989	30,584	346,871	377,455
Charge for year	48,566	30,044	78,610
On disposals	(19,908)	(23,005)	(42,913)
At 31st December 1989	59,242	353,910	413,152
<b>NET BOOK VALUE</b>			
At 31st December 1989	£1,962,157	£218,257	£2,180,414
At 1st January 1989	£1,844,800	£107,793	£1,952,593

NOTES TO THE ACCOUNTS - CONTINUED

## 10. TANGIBLE FIXED ASSETS - CONTINUED

Included in the above tangible fixed assets are items of plant and machinery purchased under hire purchase agreements. The depreciation charged and net book value of these assets are as follows:-

	Group and Company
Depreciation charged for year	£12,790
Net Book Value at 31st December 1989	£90,716
Net Book Value at 31st December 1988	£11,432

11. FIXED ASSET INVESTMENTS -  
SUBSIDIARY COMPANIES

Shares in Group  
Companies  
£

Cost at 1st January and 31st December 1989	6,503
Less provision for diminution in value	6,301
Net book value at 31st December 1989	202

The subsidiary companies are as follows:-

Country of Incorporation

H. Bronnley (Africa) (Proprietary) Limited	South Africa
Bronnley of London Limited	Great Britain
Bronnley of France SARL	France
Bronnley of London Inc.	U.S.A.
A.R. Sales Limited	Great Britain

All of the subsidiary companies are wholly owned.

All of the companies are engaged in trading activities which complement those of the holding company, with the exception of Bronnley of London Limited, which has not traded in the year.

## 12. STOCKS

The Group and  
The Company

	1989 £	1988 £
Raw materials	227,344	251,543
Work in progress	207,245	174,910
Finished goods	531,193	418,639
	<u>£965,782</u>	<u>£845,092</u>

NOTES TO THE ACCOUNTS - CONTINUED

13. DEBTORS	The Group		The Company	
	1989	1988	1989	1988
	£	£	£	£
Trade debtors	1,381,291	1,459,841	1,307,834	1,306,838
Other debtors	19,595	21,844	322	576
Prepayments	63,656	68,054	61,729	58,154
Subsidiary companies	-	-	90,555	172,417
Taxation recoverable	1,085	-	-	-
	<u>£1,465,627</u>	<u>£1,549,739</u>	<u>£1,460,440</u>	<u>£1,537,985</u>

14. CREDITORS - amounts falling due within one year	The Group		The Company	
	1989	1988	1989	1988
	£	£	£	£
Trade creditors	179,414	294,344	170,905	276,515
Payments received on account -				
Sale of property	-	178,315	-	178,315
Corporation tax	22,290	103,693	10,640	137,360
Other taxes and social security	146,462	94,347	146,462	94,347
Bank loan and overdrafts	543,793	717,862	543,794	717,862
Proposed dividend	12,514	12,514	12,514	12,514
Other creditors	138,528	603,407	61,210	602,496
Accruals	115,663	171,399	115,663	105,636
Subsidiary companies	-	-	22,077	19,429
	<u>£1,158,664</u>	<u>£2,175,881</u>	<u>£1,083,265</u>	<u>£2,144,474</u>

The bank loan and overdrafts are secured on property. £29,306 of hire purchase creditors, included in other creditors above, are secured by charges over the assets purchased.

15. CREDITORS - amounts falling due after more than one year	The Group		The Company	
	1989	1988	1989	1988
	£	£	£	£
Hire purchase commitments	44,500	3,850	44,500	3,850
Bank loan	650,000	738,822	650,000	738,822
	<u>£694,500</u>	<u>£742,672</u>	<u>£694,500</u>	<u>£742,672</u>

The bank loan (secured on property) is repayable as to £50,000 in 1993 and £100,000 pa thereafter. Interest is payable at 1.5% above Bank Base Rate. The hire purchase commitments are secured by charges over the assets purchased.

NOTES TO THE ACCOUNTS - CONTINUED

## 16. PROVISIONS FOR LIABILITIES AND CHARGES

	The Group and The Company	
	1989	1988
	£	£
Deferred Tax		
Accelerated capital allowances	100,500	46,500
Other	(4,000)	(23,500)
	<hr/>	<hr/>
	96,500	23,000
Advance corporation tax recoverable	(4,171)	(4,171)
	<hr/>	<hr/>
	£92,329	£18,829

There is a potential deferred tax liability, not provided in the accounts, in respect of the capital gain on sale of property to be rolled over onto new capital expenditure. The potential amount is estimated at £329,000 based on cost but the alternative method of calculation using the 1982 value will almost certainly considerably reduce the potential liability. A professional valuation at that date is being obtained.

## 17. CALLED UP SHARE CAPITAL

	1989 and 1988	
	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 voting shares of £1 each	47,000	34,761
Ordinary non-voting shares of £1 each	400,000	382,371
	<hr/>	<hr/>
	£520,000	£450,991

## 18. LEASE COMMITMENTS

	The Group and The Company	
	1989	1988
	£	£
Annual commitments under operating leases for plant and equipment, expiring:-		
Within one year	8,393	15,466
Between one and five years	81,312	69,254
	<hr/>	<hr/>
	£89,705	£84,720
Annual commitments under property lease agreements, expiring:-		
Within one year	£ -	£8,700
	<hr/>	<hr/>

NOTES TO THE ACCOUNTS - CONTINUED

## 19. FUTURE CAPITAL EXPENDITURE

Capital expenditure on fixed assets authorised by the directors at the year end, but not provided for in the accounts was as follows:-

	1989	1988
Contracts placed	<u>£110,000</u>	<u>£164,000</u>
Contracts not placed	<u>£37,000</u>	<u>£ -</u>

## 20. CONTINGENT LIABILITIES

The Group and the Company  
1989 1988

Discounted bills receivable	<u>£14,328</u>	<u>£10,869</u>
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Deferred tax - see note 16

## 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 in accordance with triennial valuations by a professionally qualified actuary using the "Attained Age" method. The principal assumptions used were that the average investment return would be 9% per annum, that salary increases would average 7.5% per annum and that present and future pensions would increase at 3% per annum.

The most recent valuation was as at 1st December 1988. This showed that the market value of the scheme's assets was £1,057,000 and that the actuarial value of those assets represented 92% of the benefits that had accrued to members. The deficit of accumulated assets compared with past service liabilities has arisen because of benefit improvements introduced with effect from 6th April 1989. In accordance with the advice of the actuary the company's previous contributions holiday has ended and the employers contribution rate has been adjusted to meet the deficit.

The accounts include a provision of £11,395 (1988 - nil) assessed by a recent review carried out by the actuary for the purpose of the accounts.