

HATCHER & SONS LIMITED
FINANCIAL STATEMENTS
FOR THE 9 MONTHS ENDED 31 OCTOBER 1995



REGISTERED NUMBER: 56710

HATCHER & SONS LIMITED

Directors

Adrian Michael Hill (Managing Director)
Robert Clive Raisey FCCA (Financial Director)
Ernest Albert Cannings
Mark Raisey

Secretary

Robert Clive Raisey FCCA

Registered Office

11 High Street
Taunton
Somerset

Bankers

Royal Bank of Scotland Plc
7 Fore Street
Taunton
Somerset

Auditors

Albert Goodman
Mary Street House
Mary Street
Taunton
Somerset

HATCHER & SONS LIMITED
NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the ninety-eighth Annual General Meeting of the Members of Hatcher & Sons Limited will be held at 9-13 High Street, Taunton, on 22 May 1996, to transact the following business:

- 1 To adopt the Directors Report and Annual Financial Statements for the period ended 31 October 1995.
- 2 To re-elect a Director.
- 3 To re-elect Albert Goodman as Auditors for the ensuing year.
- 4 To authorise the Directors to fix the remuneration of the auditors.
- 5 To transact any other ordinary business.

By Order of the Board

R C Raisey
Secretary

Note

A member entitled to attend and vote at a meeting may appoint one or more proxies to attend and on a poll vote in their stead. To be valid proxies must be lodged with the Secretary forty eight hours before the commencement of the meeting. A proxy need not be a member of the Company.

HATCHER & SONS LIMITED
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FOR THE PERIOD ENDED 31 OCTOBER 1995

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HATCHER & SONS LIMITED
CHAIRMAN'S STATEMENT

This year we decided to change the financial year-end to 31 October and these accounts are therefore for a trading period of 9 months. This period does not include the profitable trading months covering Christmas and the January sale. The net trading loss, including the results of the subsidiary company, was £78,939 but as a result of the successful resolution of our long outstanding rating appeal we receive an exceptional credit of £85,921, which resulted in a profit on ordinary activities before tax of £6,982.

Retailing continues to be extremely difficult with only little discernable change in confidence among our shopping public. Our town council has started major improvements to the town centre which we hope will go some way to enhance the attraction of Taunton as a sub-regional shopping centre.

We have steadily improved the presentation of our merchandise and we are continuing to contain controllable costs. Our staff have maintained their loyal support and co-operation during difficult times.

Your directors are unable to recommend payment of any ordinary dividend.

R C Raisey
Chairman

18 April 1996

HATCHER & SONS LIMITED
REPORT OF THE DIRECTORS

The Directors present their Annual Report and the Annual Financial Statements for the nine months ended 31 October 1995.

Review of the Year

The company changed its year end from 31 January to 31 October during the year to bring the company into line with the year end of the Holding Company. The principal activity of the Company during the period has been that of operating department stores. The Directors consider that the result for the period is disappointing but the underlying position has not materially changed and is satisfactory.

The summary results for the period are as follows:

	£
Net Profit After Taxation	6263
Dividends Paid	(433)
	<hr/>
Transferred to Reserves	(5830)
	<hr/>

The Directors do not recommend the payment of an ordinary dividend.

Properties

It is the opinion of the Directors that the existing use at open market value of the property is £1800000. The book value of properties is £673812.

If the properties were to be sold at this existing use open market value there would be no immediate tax liability on the subsequent gain.

Fixed Assets

During the year, the company acquired additional fixed assets totalling £77940.

Directors

The Directors of the Company during the accounting period were:

J King (Resigned 31 March 1995)

R C Raisey

A M Hill

E A Cannings

M Raisey

Mr E A Cannings is the retiring Director and, being eligible, offers himself for re-election.

Parent Undertaking

The Company is a subsidiary undertaking of Hovelands Limited.

Subsidiary Undertaking

The company has a subsidiary company, Sovereign T V Limited which is wholly involved in the sale of electrical goods.

HATCHER & SONS LIMITED
REPORT OF THE DIRECTORS

Directors' Interests

The Directors of the Company did not own shares in Hatcher & Sons Limited except for the holding required by the Company's Articles for each Director, which are held on trust as nominee of the Parent Undertaking.

The interest of R C Raisey and A M Hill in the shares of the Parent Undertaking, of which they are also Directors, are disclosed in the accounts of that Company. M Raisey holds 420 preference shares in the parent undertaking (31.01.95 - 420) and no ordinary shares. The other Directors, J King and E A Cannings, do not hold shares in the Parent Undertaking.

The Parent Undertaking, Hovelands Limited, has ongoing contracts to provide management services, restaurant services, provision of vehicles and cleaning and maintenance services all on normal commercial terms to the Company.

Substantial Shareholdings Other Than Parent Undertaking

The only other shareholding of 5% or more was that of 3i Plc which held 30627 'A' Ordinary shares, 2065 Ordinary shares and 3371 Preference Shares at 31 October 1995.

Auditors

A resolution to re-appoint Albert Goodman as Auditors to the Company will be put to the Annual General Meeting.

By Order of the Board



R C Raisey
Secretary

HATCHER & SONS LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company Law requires the Directors to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those Financial Statements, the Directors are required to:-

1. Select suitable accounting policies and then apply them consistently.
2. Make judgements and estimates that are reasonable and prudent.
3. Prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the Financial Statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS' REPORT TO THE SHAREHOLDERS OF
HATCHER & SONS LIMITED

We have audited the Financial Statements on pages 7 to 19 which have been prepared under the historical cost convention and the accounting policies set out on pages 11 and 12.

Respective Responsibilities of Directors and Auditors

As described on page 4 the Company's Directors are responsible for the preparation of Financial Statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the Financial Statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial Statements are free from material mis-statement, 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 Financial Statements.

Opinion

In our opinion the Financial Statements give a true and fair view of the state of the Company's affairs as at 31 October 1995 and of its profit for the period then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

Mary Street House
Mary Street
Taunton

5 April 1996


Albert Goodman
Chartered Accountants
and Registered Auditors

AUDITORS' REPORT TO THE DIRECTORS OF HATCHER & SONS LIMITED
PURSUANT TO SECTION 248(3) OF THE COMPANIES ACT 1985

We have examined the Financial Statements of the Company and its subsidiary for the period ended 31 October 1995.

Basis of Opinion

The scope of our work for the purpose of this report was limited to confirming that the Company is entitled to the exemption from preparing Group Financial Statements.

Opinion

In our opinion the Company is entitled to the exemption from preparing Group Accounts conferred by section 248 of the Companies Act 1985.

Mary Street House
Mary Street
Taunton

5 April 1996


Albert Goodman
Chartered Accountants
and Registered Auditors

HATCHER & SONS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 31 OCTOBER 1995

	<u>Notes</u>	9 Months <u>31.10.95</u> £	12 Months <u>31.01.95</u> £
Turnover	1,2	1988503	3136386
Movement in Stocks of			
Finished Goods for Resale		191636	268464
Goods Purchased for Resale		(1505234)	(2359873)
Staff Costs	3,5	(432801)	(535539)
Other External Costs	4	(208897)	(432036)
Depreciation		(60015)	(74104)
		<u>(2015311)</u>	<u>(3133088)</u>
Operating (Loss)/Profit		<u>(26808)</u>	<u>3298</u>
Rents Received		21070	27861
Interest Receivable	6	35	318
Interest Payable	7	(43304)	(28320)
Share of Loss of Subsidiary Undertaking		(29932)	(5341)
Exceptional Item	8	85921	-
		<u>33790</u>	<u>(5482)</u>
Profit/(Loss) on Ordinary Activities Before Taxation		<u>6982</u>	<u>(2184)</u>
Taxation on Profit/(Loss) on Ordinary Activities	9	<u>(719)</u>	<u>(711)</u>
Profit/(Loss) on Ordinary Activities After Taxation		<u>6263</u>	<u>(2895)</u>
Dividends Paid	10	<u>(433)</u>	<u>(865)</u>
Retained Profit/(Loss) for the Period	19	<u><u>5830</u></u>	<u><u>(3760)</u></u>

There are no gains or losses other than the loss for the period.

There were no acquisitions or discontinued operations during the current or preceding period.

HATCHER & SONS LIMITED
BALANCE SHEET
AS AT 31 OCTOBER 1995

	<u>Notes</u>	<u>31.10.95</u>	<u>31.01.95</u>
		£	£
Fixed Assets			
Tangible Assets	11	950255	948837
Investments	12	6930	6930
		<hr/>	<hr/>
		957185	955767
Current Assets			
Stocks	13	1013343	818652
Debtors	14	316039	318811
Cash at Bank and in Hand		1810	1851
		<hr/>	<hr/>
		1331192	1139314
Creditors			
Amounts falling Due Within One Year	15	(971338)	(801804)
		<hr/>	<hr/>
Net Current Assets		359854	337510
		<hr/>	<hr/>
Total Assets Less Current Liabilities		1317039	1293277
		<hr/>	<hr/>
Creditors			
Amounts Falling Due After More Than One Year	16	(77509)	(90120)
Provisions for Liabilities and Charges	17	(44521)	(13978)
		<hr/>	<hr/>
		(122030)	(104098)
		<hr/>	<hr/>
		1195009	1189179
		<hr/>	<hr/>
Capital and Reserves			
Called Up Share Capital	18	139567	139567
Share Premium Account		20381	20381
Profit and Loss Account		1035061	1029231
		<hr/>	<hr/>
Shareholders' Funds	19	1195009	1189179
		<hr/>	<hr/>

Approved by a meeting of Directors held on 4 April 1996.



A M Hill



R C Raisey

HATCHER & SONS LIMITED
CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 OCTOBER 1995

	<u>Notes</u>	<u>9 Months</u> <u>31.10.95</u> £	<u>12 Months</u> <u>31.01.95</u> £
Net Cash Outflow from Operating Activities	A	(69944)	(236137)
Returns on Investments and Servicing of Finance			
Interest Received	35	318	
Interest Paid	(43304)	(28320)	
Dividends Paid	(433)	(865)	
Interest Element of Finance Lease			
Rental Payments	-	(165)	
		<u>(43702)</u>	<u>(29032)</u>
Taxation			
Taxation Paid	(4438)	-	
Taxation Received	76	9618	
		<u>(4362)</u>	<u>9618</u>
Investing Activities			
Cash Proceeds from the Sale of Tangible Fixed Assets	16507	19398	
Payments to Acquire Tangible Fixed Assets	(77940)	(142700)	
Payments to Acquire Investments in Subsidiary Undertakings	-	(2)	
		<u>(61433)</u>	<u>(123304)</u>
Net Cash Outflow Before Financing		(179441)	(378855)
Financing Activities	B		
Issue of Loans	13980	70632	
Repayment of Bank Loan	(12611)	-	
Repayment of Mortgage	-	(14000)	
Capital Element of Finance Lease			
Rental	(285)	(1007)	
		<u>1084</u>	<u>55625</u>
Decrease in Cash and Cash Equivalents	C	(178357)	(323230)

HATCHER & SONS LIMITED
NOTES TO THE CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 OCTOBER 1995

A Reconciliation of Operating Profit to Net Cash Outflow
from Operating Activities

	<u>9 Months</u> <u>31.10.95</u>	<u>12 Months</u> <u>31.01.95</u>
	£	£
Operating Net Profit	(26808)	3298
Rents Receivable	21070	27861
Depreciation Less Profit on Sale	60015	74104
(Increase) in Stocks	(194691)	(262997)
Decrease/(Increase) in Debtors	6394	(170447)
(Decrease)/Increase in Creditors	(21845)	91879
Finance Lease Interest Included Above	-	165
Exceptional Item	85921	-
	<u>(69944)</u>	<u>(236137)</u>

B Analysis of Changes in Financing

	<u>Bank</u> <u>Loan</u> £	<u>Other</u> <u>Loan</u> £	<u>Mortgage</u> £	<u>Finance</u> <u>Leasing</u> £	<u>Share-</u> <u>holders</u> <u>Capital</u> £
Balance at 1 February 1995	62120	46012	56000	285	139567
Net Cash Flow for the Period	<u>(12611)</u>	<u>13980</u>	<u>-</u>	<u>(285)</u>	<u>-</u>
Balance at 31 October 1995	<u>49509</u>	<u>59992</u>	<u>56000</u>	<u>-</u>	<u>139567</u>

C Analysis of Changes in Cash and Cash Equivalents

	<u>31.10.95</u> £	<u>31.01.95</u> £
Cash and Bank Balances at 1 February 1995	(335856)	(12626)
Net Cash Flow for the Year	<u>(178357)</u>	<u>(323230)</u>
Cash and Bank Balances at 31 October 1995	<u>(514213)</u>	<u>(335856)</u>

D Analysis of Cash and Cash Equivalents

	<u>31.10.95</u> £	<u>31.01.95</u> £	<u>Change</u> <u>in Period</u> £
Cash and Bank Balances in Hand	1810	1851	(41)
Bank Overdraft	<u>(516023)</u>	<u>(337707)</u>	<u>(178316)</u>
	<u>(514213)</u>	<u>(335856)</u>	<u>(178357)</u>

HATCHER & SONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 OCTOBER 1995

1 Accounting Policies

The Financial Statements have been prepared under the historical cost convention and comply with applicable Accounting and Reporting Standards.

Turnover

Turnover includes retail sales, rental income from televisions and videos and turnover of 'shop-in-shops' from which a commission is earned. Income from the sale of extended guarantees on televisions is deferred until after the first two years of the contracts and then brought into account in equal instalments over the remaining years.

Depreciation

The Company's tangible assets including leased assets are depreciated annually over their expected useful lives using the following rates:

Fixtures and Machinery	4% - 20% on Cost
TV Rental Sets	20% on Cost
Freehold Property	Not Depreciated

In the opinion of the directors, the residual value of freehold property is at least equal to cost, if not greater, because of the company's policy to fully maintain such property. The directors have based their estimate of residual value on prices prevailing at the time of acquisition or revaluation. As a result, any depreciation charge would not be material and therefore no depreciation is charged on freehold property in these Financial Statements.

Various tangible assets, 10 or more years old, which have been fully depreciated, have been eliminated from cost and accumulated depreciation balances and treated as scrapped.

Taxation

The charge for taxation is based on the result for the year at the appropriate rate and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

No provision for deferred taxation is made if there is reasonable evidence that such deferred taxation will not be payable in the foreseeable future.

Stocks

Stocks are valued at the lower of cost and net realisable value, on a first in first out basis, by deducting gross margin from selling price.

Investment Income

Income from investments is included, together with the related tax credit, in the profit and loss account of the accounting period in which it is received.

Group Accounts

The Financial Statements present information about the Company as an individual undertaking and not about its group. The Company is entitled to the exemption from preparing Group Accounts as provided by s248 Companies Act 1985.

The investment in the subsidiary is accounted for using the equity method of accounting.

HATCHER & SONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 OCTOBER 1995

Leasing

Assets acquired under finance leases are capitalised and the cost of the assets is included in tangible fixed assets. The capital element of the leasing commitment is shown in creditors as an obligation under finance leases and the interest element is charged to the Profit and Loss Account in proportion to the reducing capital element outstanding.

Payments under operating leases are charged to the Profit and Loss Account over the period of the lease.

Pension Scheme

The Company operated a defined benefit pension scheme, whose assets are held separately from those of the Company being invested with Commercial Union Life Assurance Company. The contributions due are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The main assumptions used in these actuarial valuations are:

- a) Returns on investments will be 9.5% per annum.
- b) Salaries will increase at 8.5% per annum.

The most recent actuarial valuation was carried out on 1 August 1993 when the results were as follows:

- i) Level of funding: 125%. The surplus is being eliminated over the expected average remaining service lives of the members as calculated by the actuary which has been taken as 12 years.
- ii) There is no 'Market Value' for the scheme's assets.

The accounting policy of the Company is to charge against profits the Company's contributions due at the actuarial recommended levels as they are paid, this cost is shown in Note 3 to the Financial Statements.

2 Turnover and Operating Profit

All turnover and operating profit arose wholly within the United Kingdom from the running of department stores.

3 Staff Numbers and Costs

	<u>31.10.95</u> <u>Number</u>	<u>31.01.95</u> <u>Number</u>
(Including Directors)		
Average Number of Employees (Full & Part Time)	74	70
	—	—
	9 Months	12 Months
	<u>31.10.95</u>	<u>31.01.95</u>
	£	£
Gross Wages	393159	480461
Employers National Insurance Contributions	21439	28658
Company Pension Costs - Defined Benefit Scheme	18203	26420
	—	—
	432801	535539
	—	—

HATCHER & SONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 OCTOBER 1995

4	<u>Other External Costs</u>	9 Months	12 Months
		<u>31.10.95</u>	<u>31.01.95</u>
		£	£
	Includes:		
	Hire of Plant, Machinery and Vehicles	50839	60559
	Finance Lease Charges	-	488
	Auditors' Remuneration - Audit	7000	6000
	- Non Audit	-	750
	Management Charges Payable to Parent Undertaking	63747	84996
	Property Rental	13006	21577
	Depreciation Less Profit on Sale	60015	74104
		<hr/>	<hr/>
5	<u>Directors' Remuneration</u>	9 Months	12 Months
		<u>31.10.95</u>	<u>31.01.95</u>
		£	£
	Services as a Director -		
	Including Pension Contributions	52062	65191
		<hr/>	<hr/>
	Excluding Pension Contributions		
	Including Taxable Benefits		
	i) Chairman	6318	2800
	ii) Highest Paid Director	18962	21405
		<hr/>	<hr/>
		<u>Number</u>	<u>Number</u>
	iii) Others in the Following Bands		
	£ 5001 - £10000	1	2
	£15001 - £20000	1	-
	£20001 - £25000	-	1
		<hr/>	<hr/>
6	<u>Interest Receivable</u>	9 Months	12 Months
		<u>31.10.95</u>	<u>31.01.95</u>
		£	£
	Debenture Interest (Unlisted)	-	297
	Bank Deposit Interest	35	21
		<hr/>	<hr/>
		35	318
		<hr/>	<hr/>
7	<u>Interest Payable</u>	9 Months	12 Months
		<u>31.10.95</u>	<u>31.01.95</u>
		£	£
	On Loans and Overdrafts Repayable Other Than By Instalments		
	Within Five Years	37214	18170
	On Mortgage Repayable by Instalments Within Five Years	6090	10150
		<hr/>	<hr/>
		43304	28320
		<hr/>	<hr/>

HATCHER & SONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 OCTOBER 1995

8	<u>Exceptional Item</u>	9 Months	12 Months
		<u>31.10.95</u>	<u>31.01.95</u>
		£	£
	Rates Refund	96734	-
	Interest	14471	-
		<hr/>	<hr/>
	Professional Fees	111205	-
		(25284)	-
		<hr/>	<hr/>
		85921	-
		<hr/>	<hr/>
9	<u>Taxation on Ordinary Activities</u>	9 Months	12 Months
		<u>31.10.95</u>	<u>31.01.95</u>
		£	£
	Taxation Charge Based Upon the Result for the Year at 25%	-	(548)
	Underprovision in Previous Year	-	(5)
	Transfer from/(to) Deferred Taxation Account at 25%	(719)	(158)
		<hr/>	<hr/>
	Charge for the Year	(719)	(711)
		<hr/>	<hr/>
10	<u>Dividends Paid</u>	9 Months	12 Months
		<u>31.10.95</u>	<u>31.01.95</u>
		£	£
	Preference Shares 3.5%	433	865
		<hr/>	<hr/>

HATCHER & SONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 OCTOBER 1995

11 Tangible Assets

	<u>Freehold Property</u> £	<u>Fixtures and Machinery</u> £	<u>Leased Fixtures and Machinery</u> £	<u>Total</u> £
Cost				
At 1 February 1995	673812	622444	28280	1324536
Additions	-	77940	-	77940
Transferred	-	24367	(24367)	-
Disposals	-	(89145)	(3913)	(93058)
At 31 October 1995	673812	635606	-	1309418
Accumulated Depreciation				
At 1 February 1995	-	347562	28137	375699
Provided in Year	-	59925	143	60068
Transferred	-	24367	(24367)	-
Eliminated on Disposals	-	(72691)	(3913)	(76604)
At 31 October 1995	-	359163	-	359163
Net Book Value				
At 31 October 1995	673812	276443	-	950255
At 1 February 1995	673812	274882	143	948837

12 Investments

	<u>Unlisted Debentures</u> £	<u>Unlisted Shares</u> £	<u>Total</u> £
Cost			
At 1 February 1995 and 31 October 1995	5930	1000	6930

The Directors are of the opinion that the market value of these investments are not significantly different from cost.

Details of Subsidiary Undertaking

Hatcher & Sons Limited has one subsidiary undertaking, Sovereign TV Limited which was incorporated in the UK on 2 March 1994.

The Company holds 100% of the 2 issued ordinary shares of £1 each. The summary of reserves is as follows:

Share Capital and Reserves at 1 February 1995	(5339)
Loss During Period Ended 31 October 1995	(29932)
Share Capital and Reserves at 31 October 1995	(35271)

As Hatcher & Sons Limited regard the subsidiary as a long term investment, provision has been made in the Financial Statements against the deficiency of net assets above (Note 17) by including in the Profit and Loss account the share of the losses of Sovereign TV Limited that relates to Hatchers and Sons Limited.

HATCHER & SONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 OCTOBER 1995

13	<u>Stocks</u>	<u>31.10.95</u> £	<u>31.01.95</u> £
	Goods for Resale	1003381	811745
	Sundry Stocks	9962	6907
		<hr/>	<hr/>
		1013343	818652
		<hr/>	<hr/>
14	<u>Debtors</u>	<u>31.10.95</u> £	<u>31.01.95</u> £
	Trade Debtors	65826	91871
	Amounts Owed by Parent Undertaking	7167	9974
	Amounts Owed by Subsidiary Undertaking	205856	186045
	Prepayments and Accrued Income	33568	30921
	Corporation Tax	3622	-
		<hr/>	<hr/>
		316039	318811
		<hr/>	<hr/>
15	<u>Creditors: Amounts Falling Due Within One Year</u>	<u>31.10.95</u> £	<u>31.01.95</u> £
	Mortgage on Freehold Property* (Note 16)	14000	14000
	Bank Overdraft and Loans	530023	351707
	Trade Creditors	312975	263936
	Amounts Owed to Parent Undertaking	19992	46012
	Corporation Tax	-	632
	Taxation and Social Security	29044	78533
	Finance Lease (Note 20)	-	285
	Accruals and Deferred Income	65304	46699
		<hr/>	<hr/>
		971338	801804
		<hr/>	<hr/>
16	<u>Creditors: Amounts Falling Due After More Than One Year</u>	<u>31.10.95</u> £	<u>31.01.95</u> £
	Due After One Year and Before Five Years:		
	Mortgage on Freehold Property*	42000	42000
	Bank Loan	35509	48120
		<hr/>	<hr/>
		77509	90120
		<hr/>	<hr/>

HATCHER & SONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 OCTOBER 1995

16 Creditors: Amounts Falling Due After More Than One Year (Continued)

* The capital element of this mortgage is repayable in annual instalments of £14000. An annual rate of interest of 14½% on the capital outstanding at the beginning of the year is charged.

- a) The mortgage on freehold property totalling £56000 is secured by a first charge on the Company's freehold property assets.
- b) A bank loan to purchase fixtures and fittings for the subsidiary undertaking Sovereign TV Limited is secured by a second legal charge over the Company's freehold property.
- c) The bank overdraft is also secured by a second charge on the Company's freehold property and a full fixed and floating charge on the remainder of the Company's assets.

17 Provisions for Liabilities and Charges	31.10.95	31.01.95
	£	£
Deferred Taxation (See Below)	9250	8639
Deficiency of Net Assets of Subsidiary	35271	5339
	<hr/>	<hr/>
	44521	13978
	<hr/>	<hr/>
Deferred Taxation		
Provision at 1 February 1995	8639	8250
Transferred (to)/from Profit and Loss Account	719	158
Advance Corporation Tax Set Off	(108)	231
	<hr/>	<hr/>
Provision at 31 October 1995	9250	8639
	<hr/>	<hr/>
Amount Provided		
Accelerated Capital Allowances	12544	14516
Other Short Term Timing Differences	(2840)	(2710)
Losses Available to Carry Forward	-	(2821)
Advance Corporation Tax	(454)	(346)
	<hr/>	<hr/>
	9250	8639
	<hr/>	<hr/>
Amount Unprovided		
Other Short Term Timing Differences	(1106)	(905)
	<hr/>	<hr/>

Deferred tax is not reserved on gains deferred in accordance with the provisions of Section 115 of the Capital Gains Tax Act 1979. The taxation attributable to these gains does not give rise to any liability (31.01.95 - £Nil).

HATCHER & SONS LIMITED
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18	<u>Called Up Share Capital</u>	<u>31.10.95</u> £	<u>31.01.95</u> £
	Authorised		
	Cumulative Preference Shares of 70p Each	27300	27300
	Ordinary Shares of 75p Each	100500	100500
	'A' Ordinary Shares of 75p Each	22970	22970
		<hr/>	<hr/>
		150770	150770
		<hr/>	<hr/>
	Allotted, Called Up and Fully Paid		
	Cumulative Preference Shares of 70p Each	24717	24717
	Ordinary Shares of 75p Each	91880	91880
	'A' Ordinary Shares of 75p Each	22970	22970
		<hr/>	<hr/>
		139567	139567
		<hr/>	<hr/>

The preference shares are entitled to a cumulative preferential dividend at the rate of 5% per annum, and in a winding up, to a repayment of the amounts paid or credited as paid, together with any arrears of dividend.

The 'A' ordinary shares carry a right to receive a dividend in priority to the ordinary shares.

19	<u>Shareholders' Funds</u>	<u>Profit and</u> <u>Loss Account</u> £	<u>Share</u> <u>Capital</u> £	<u>31.10.95</u> <u>Total</u> £	<u>31.01.95</u> <u>Total</u> £
	At 1 February 1995	1029231	159948	1189179	1192939
	Profit/(Loss) for the Period/Year	5830	-	5830	(3760)
		<hr/>	<hr/>	<hr/>	<hr/>
	At 31 October 1995	1035061	159948	1195009	1189179
		<hr/>	<hr/>	<hr/>	<hr/>
	Equity			1170292	1164462
	Non Equity			24717	24717
				<hr/>	<hr/>
				1195009	1189179
				<hr/>	<hr/>

20 **Operating Lease Commitments**

The Company is committed to making the following payments in the coming year in respect of operating lease contracts which expire as follows:

	<u>31.10.95</u> £	<u>31.01.95</u> £
0 - 1 Year: Property at Minehead	6000	6000
2 - 5 Years: Plant and Machinery	67099	67099
	<hr/>	<hr/>
	73099	73099
	<hr/>	<hr/>

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21 Parent Undertaking

The ultimate Parent Undertaking is Hovelands Limited registered in England. According to the register kept by the Company, at 31 October 1995 Hovelands Limited held a 67.3% (31.01.95 - 67%) interest in the share capital of Hatcher & Sons Limited. Accounts of Hovelands Limited may be obtained from Companies House at Cardiff.

22 Contingent Liabilities

The Company is a member of Mid Somerset Trading Company Limited, an electrical buying group. As a member, Hatcher & Sons Limited is committed to pay its proportion of any debts of other members who default in payment of their accounts with the group.

This potential liability is calculated on the basis of the Company's turnover with Mid Somerset Trading Company Limited in any one year. At 31 October 1995 the maximum liability was £5901 (31.01.95 - £5901).

A M Hill and R C Raisey have given personal guarantees which cover this liability.