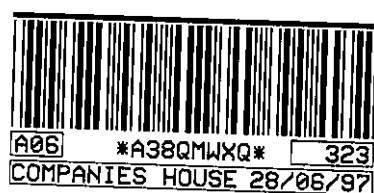


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CLAUDE FENTON (HOLDINGS) LIMITED  
CHAIRMAN'S REPORT  
DIRECTORS' REPORT  
AND  
GROUP ACCOUNTS  
FOR THE YEAR ENDED 30TH SEPTEMBER 1996

COMPANY NUMBER : 474108



## CLAUDE FENTON (HOLDINGS) LIMITED

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DIRECTORS	D B Gammer (Chairman) P R Fenton (Managing Director) J S Fenton A J Harper (Non-executive)
SECRETARY	J S Fenton
BANKERS	National Westminster Bank Plc Reading
SOLICITORS	Ratcliffe, Duce and Gammer Reading
AUDITORS	Moores Rowland Reading
REGISTERED OFFICE	Rose Kiln Lane, Reading, RG2 0HR
SUBSIDIARY COMPANIES	Alan Hadley Limited Arrowhead Hire Limited Claude Fenton Limited Claude Fenton (Construction) Limited Claude Fenton (Plant Hire) Limited Claude Fenton (Plant) Limited Claw Scaffold Limited Fenton Hadley Contracts Limited Hill Industrial Limited Lafford & Leavey Builders Merchants Limited Lafford & Leavey Manufacturing Limited Sheerhire Limited

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CLAUDE FENTON (HOLDINGS) LIMITED

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FORTY SEVENTH ANNUAL GENERAL MEETING

Notice is hereby given that the forty seventh Annual General Meeting of the Company will be held on 17th April 1997 at 12 Noon at Pincent's Manor, Calcot, Reading.

The business of the meeting will be as follows:

1. To consider the minutes of the forty sixth Annual General Meeting held on 25th April 1996.
2. To consider the audited accounts for the year ended 30th September 1996 and to adopt the accounts and the reports of the Directors and Auditors.
3. To declare a dividend.
4. To re-elect the following Director – Mr D B Gammer retires by rotation and being eligible offers himself for re-election.
5. To re-appoint Moores Rowland as Auditors and to authorise the Directors to fix their remuneration.
6. To transact any other ordinary business of the Company.

By Order of the Board



J S Fenton  
Secretary

25th March 1997

Rose Kiln Lane  
Basingstoke Road  
Reading  
Berkshire

A member of the Company entitled to attend and vote at the above mentioned meeting may appoint a proxy to attend and vote on a poll in their place. Such proxy need not be a member of the Company.

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## CLAUDE FENTON (HOLDINGS) LIMITED

### CHAIRMAN'S REPORT 1996

It is gratifying to be able to report another satisfactory year's trading with a Group profit before tax of £514,167 for the year ended 30 September 1996 compared with a pre-tax profit of £403,807 in the previous year. You will see that after provision for taxation there is a profit of £412,301 (1995 £310,236).

The substantial increase in turnover from £13,079,000 to £16,518,000 reflects the value of some particularly large contracts undertaken by Claude Fenton (Construction) Limited and Hill Industrial Limited during the course of the year, of which there are no equivalents in the current year, and not a significant increase in trading generally.

Your Directors therefore propose, subject to the approval of the Company in General Meeting, the payment of a final dividend of 20% which, together with the interim dividend of 10% already paid, makes a total dividend for the year of 30% (1995 27%).

Upon this basis it will be seen that an additional sum of £222,251 has been carried forward in the Balance Sheet by way of unappropriated profit for the year (1995 £139,190).

I am particularly pleased with the results which have been achieved despite the continuing squeeze on margins in the construction industry. Nevertheless the trading of Lafford & Leavey Builders Merchants Limited to which I referred in my Report last year continued to be of concern to your Board and I refer to the steps which have been taken later in this Report.

There have been no significant acquisitions or disposals by the Group during the year under review but the policy of letting out on lease those parts of the Group's properties which are not required for the immediate activities of the Group has continued.

In particular the decision has been taken that the remaining premises at Rose Kiln Lane no longer suit the requirements of those Companies still occupying the same. The nature of the surrounding area has changed considerably since the Company first moved there in the early 1950s, as those of you who are familiar with this part of Reading will know, and we now look out on a retail park with a supermarket and motor showrooms close by. Most seriously the increase in traffic flow in Rose Kiln Lane following the connection to the inner distribution road has restricted the accessibility of the premises for plant and other current use.

It has therefore been decided to move the Reading depot of Claude Fenton (Plant Hire) Limited to the part of the premises vacated by Lafford & Leavey Builders Merchants Limited at Arrowhead Road, Theale and the head office of the holding company to offices formerly occupied by Lafford & Leavey Manufacturing Limited on the same site at Theale. This will release the Rose Kiln Lane premises for a use more appropriate to its locality and at the time of preparing this report a prospective tenant has been found to rent the property on a 15 year lease.

As to the individual companies within the Group I have to report as follows:-

#### CLAUDE FENTON LIMITED

The Company has carried out no development during the year but completed the purchase of the site with planning consent for light industrial development at Compton referred to in my last Report. Application has been made to vary the existing planning consent.

#### CLAUDE FENTON (CONSTRUCTION) LIMITED

The Company had a very good year benefiting in particular from one sizeable contract. However margins continue to be low and currently there is a shortage of enquiries for contracts of a reasonable size.

## CLAUDE FENTON (HOLDINGS) LIMITED

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### CHAIRMAN'S REPORT 1996

## CLAUDE FENTON (PLANT HIRE) LIMITED

Again the Company had a good year and it is particularly pleasing to note the contribution to profit made by the depots at Southampton and Swindon. The selective plant replacement programme has been pursued but trading in the current year has been difficult.

## CLAW SCAFFOLD LIMITED

The reduction in margins noted in my last Report persisted throughout the year but nevertheless the Company had a good year. In the current year, whilst figures for Reading are encouraging those for the Bridgwater branch show a deterioration.

## ALAN HADLEY LIMITED

Whilst the Company's turnover rose by some 15% this was not reflected in the bottom line profit which was much as that for the previous year. To some extent this was the result of an increased provision for bad and doubtful debts and increased finance costs, but this business is also especially vulnerable to the substantial increase in the cost of fuel. The Company has entered into a joint activity with a third party for the operation of a waste transfer station which is proving promising. I am also pleased to say that planning consent has been obtained for a recycling station on the site we rent at Ufton Nervet. It is early days to say what the effect of the new Landfill Tax introduced on the 1<sup>st</sup> October last year will ultimately have on the Company but no adverse effects have been noticed so far.

## LAFFORD & LEAVEY BUILDERS MERCHANTS LIMITED

In my last Annual Report I referred to the intention to downsize the operations of this Company. Having concluded these measures, which included the reduction in the area of the premises occupied at Arrowhead Road, Theale, a pruning of the other overhead expenses and a reduction of the stock, the principal objective has been to exercise rigorous stock control and to improve the gross margin. A manager with considerable experience in the builders merchant's business has been recruited to take over as Managing Director with Brian Hutchins returning to his original position as Sales Director.

## FENTON HADLEY CONTRACTS LIMITED

The Company had a good year aided in particular by one especially substantial contract.

## HILL INDUSTRIAL LIMITED

The contracts to which I have already referred helped this Company to achieve its profit during the year. It has become evident, however, that the margins available in local authority open tenders for design and build work are not sufficient and notwithstanding the fact that such contracts have formed a large part of the Company's turnover in the past it has been decided not to compete for such contracts, at least for the time being. The effect of this will be to reduce the Company's turnover substantially in the current year.

## CONCLUSION

To predict the future, even the short term future, with or without the help of a crystal ball is never an exact science and is even less so in an election year. Nevertheless on the evidence currently available I have no reason to believe that the results for the current year should significantly differ from those for the year ended September 1996 although the profitability may come from different sources. The longer term future must depend upon the economic policies adopted by the next government. In this respect we should not, perhaps, fear too much the advent of a socialist government. Indeed the policies of past socialist governments have tended to favour the construction industry even though their taxation policies towards any consequent profits may not be so acceptable!

CLAUDE FENTON (HOLDINGS) LIMITED

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CHAIRMAN'S REPORT 1996

Finally may I once again express my gratitude to all the Group's Directors and employees for their continued loyalty and support throughout the year.

A handwritten signature in black ink, appearing to read 'D B Gammer', with a stylized flourish at the end.

D B Gammer  
Chairman

25th March 1997

DIRECTORS' REPORT

For The Year Ended 30th September 1996

The Directors submit their Report and the accounts of the Group for the year ended 30th September 1996.

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 the 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.

PRINCIPAL ACTIVITIES AND RESULTS FOR THE YEAR

The principal activities of the Group continue to be that of building and civil engineering contractors, plant hirers, road haulage, scaffolding, builders merchants and property development.

The chairman's report refers to the results of the individual subsidiaries.

There was a total profit before tax of £514,167 (1995 : profit £403,807). There is a taxation charge of £101,866 (1995 : charge of £93,571) leaving a profit after tax of £412,301 (1995 : profit after tax of £310,236). A final dividend of £126,700 (1995 : £107,695) is proposed, which together with an interim dividend of £63,350 (1995 : £63,351) paid during the year, leaves a retained profit for the year of £222,251 (1995 : retained profit of £139,190).

The contribution to turnover analysed over the different classes of activity are disclosed in Note 2 in the notes to the accounts. The Chairman, in his Report, has referred to the results of the business for the year and future developments.

FIXED ASSETS

The changes in tangible fixed assets during the year are summarised in the notes to the accounts.

The last professional valuation of the Group's land and buildings was in March 1992, and these valuations were adopted for the purposes of the accounts. The Directors have considered the current market value of the Group's land and buildings and in their opinion this was not materially different from the March 1992 valuations.

## CLAUDE FENTON (HOLDINGS) LIMITED

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### DIRECTORS' REPORT

For The Year Ended 30th September 1996

#### DIRECTORATE

The Directors who have served the Company during the year and their interests in the share capital of the Company are as follows:

	Ordinary £1 Shares			
	1996		1995	
	Beneficial Holdings	Family Holdings	Beneficial Holdings	Family Holdings
D B Gammer	13,250	123,630	13,250	123,630
P R Fenton	46,082	—	46,082	—
J S Fenton	38,582	—	38,582	—
A J Harper	—	2500	—	2500
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

D B Gammer is a consultant with Ratcliffe, Duce and Gammer, the Group's Solicitors.

#### CHARITABLE DONATIONS

Total charitable donations made by the Group during the year were £1,199.

#### DIVIDENDS AND RETAINED PROFIT

The Directors recommend a final dividend of £126,700 (1995 : £107,695), making a total of £190,050 (1995 : £171,046) of dividends for the year. Unappropriated profits of the Group, carried forward at 30th September 1996 total £3,552,987 (1995 : £3,330,786).

#### AUDITORS

Moore Rowland have expressed their willingness to be re-appointed as auditors to the Company.

By Order of the Board



J S Fenton  
Secretary  
25th March 1997



## AUDITORS' REPORT TO THE MEMBERS OF

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### CLAUDE FENTON (HOLDINGS) LIMITED

We have audited the accounts on pages 7 to 31.

#### 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 of the Group as at 30th September 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

Reading, Berkshire  
25th March 1997

CLAUDE FENTON (HOLDINGS) LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT  
For The Year Ended 30th September 1996

	NOTE	1996	1995
		£000	£000
Turnover	2	16,518	13,079
Cost of sales		13,227	10,094
Gross profit		3,291	2,985
Administrative expenses		3,061	2,859
		230	126
Other operating income	3b	382	376
Operating profit	3	612	502
Interest receivable	6	136	115
Interest payable	7	(234 )	(213 )
		(98 )	(98 )
Profit on ordinary activities before taxation		514	404
Tax on profit on ordinary activities	8	102	94
PROFIT FOR THE FINANCIAL YEAR		412	310
Dividends	9	(190 )	(171 )
RETAINED PROFIT FOR THE FINANCIAL YEAR	10	222	139

All disclosures relate only to continuing operations.

The accounting policies and notes on pages 12 to 31 form part of these accounts.

CLAUDE FENTON (HOLDINGS) LIMITED

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STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
For The Year Ended 30th September 1996

	1996 £000	1995 £000
Profit for the financial year after taxation	222	139
Total recognised gains and losses for the year	<u>222</u>	<u>139</u>
Total gains and losses recognised since last reported	<u>222</u>	<u>139</u>

NOTE OF HISTORICAL COST PROFITS AND LOSSES

Reported profit on ordinary activities before taxation	514	404
Difference between historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	(19 )	(14)
Historical cost profit on ordinary activities before taxation	<u>495</u>	<u>390</u>
Tax on profit on ordinary activities	(102)	(94)
Dividends	(190)	(171)
Historical cost retained profit for the financial year	<u>203</u>	<u>125</u>

CLAUDE FENTON (HOLDINGS) LIMITED

CONSOLIDATED BALANCE SHEET  
As At 30th September 1996

	NOTE	1996 £000	1995 £000
<b>FIXED ASSETS</b>			
Tangible assets	1b, 11a	7,541	7,113
<b>CURRENT ASSETS</b>			
Stocks	1c, 14	632	468
Debtors	1d, 1m, 1n, 15	3,188	2,868
Cash at bank and in hand		26	289
Building society deposit		425	380
		<u>4,271</u>	<u>4,005</u>
<b>CREDITORS</b>			
Amounts falling due within one year	16	3,776	3,305
<b>NET CURRENT ASSETS</b>		<u>495</u>	<u>700</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>8,036</u>	<u>7,813</u>
<b>CREDITORS</b>			
Amounts falling due after more than one year	17	720	793
<b>PROVISION FOR LIABILITIES AND CHARGES</b>	1e, 19a	474	400
		<u>1,194</u>	<u>1,193</u>
		<u>6,842</u>	<u>6,620</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	20	633	633
Revaluation reserve	21	2,657	2,657
Profit and loss account	21	3,552	3,330
<b>EQUITY SHAREHOLDERS FUNDS</b>	21	<u>6,842</u>	<u>6,620</u>

Approved by the Board on 25th March 1997


D B Gammer )  
P R Fenton ) Directors

The accounting policies and notes on pages 12 to 31 form part of these accounts.

# CLAUDE FENTON (HOLDINGS) LIMITED

## BALANCE SHEET

As At 30th September 1996

	NOTE	1996 £000	1995 £000
<b>FIXED ASSETS</b>			
Tangible assets	1b, 11b	5,486	5,521
Investments	1h, 1o, 12	1,654	1,996
		<u>7,140</u>	<u>7,517</u>
<b>CURRENT ASSETS</b>			
Debtors	15	390	375
Cash at bank and in hand		962	620
		<u>1352</u>	<u>995</u>
<b>CREDITORS</b>			
Amounts falling due within one year	16	941	842
<b>NET CURRENT ASSETS</b>		<u>411</u>	<u>153</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>7,551</u>	<u>7,670</u>
<b>CREDITORS</b>			
Amounts falling due after more than one year	17	538	753
<b>PROVISION FOR LIABILITIES AND CHARGES</b>	1e, 19b	327	338
		<u>865</u>	<u>1,091</u>
		<u>6,686</u>	<u>6,579</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	20	633	633
Revaluation reserve	21	2,657	2,657
Profit and loss account	21	3,396	3,289
<b>EQUITY SHAREHOLDERS FUNDS</b>	21	<u>6,686</u>	<u>6,579</u>

Approved by the Board on 25th March 1997

  
P. R. Fenton

D B Gammer )  
P R Fenton ) Directors

The accounting policies and notes on pages 12 to 31 form part of these accounts.

CLAUDE FENTON (HOLDINGS) LIMITED

CONSOLIDATED CASH FLOW STATEMENT

As At 30th September 1996

	NOTE	1996	1995
		£000	£000
NET CASH INFLOW FROM OPERATING ACTIVITIES	27	869	1,212
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		136	115
Interest paid		(234 )	(213 )
Dividends paid		(170 )	(142 )
		—	—
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING ON FINANCE		(268)	(240)
TAXATION			
Corporation tax (paid)/recovered		(29 )	(34)
ACT paid		(43 )	(19 )
		—	—
TAX PAID		(72 )	(53)
INVESTING ACTIVITIES			
Payments to acquire tangible fixed assets		(1,030 )	(868 )
Receipts from sales of tangible fixed assets		218	149
		—	—
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(812)	(719)
NET CASH (OUTFLOW)/INFLOW BEFORE FINANCING		(283)	200
FINANCING			
Inception of hire purchase and finance leases		684	574
Capital element of hire purchase and finance lease rental payments		(397 )	(180 )
Repayments of amounts borrowed		(222 )	(222 )
		—	—
NET CASH INFLOW FROM FINANCING		65	172
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	29	(218)	372
		==	==

The accounting policies and notes on pages 12 to 31 form part of these accounts.

NOTES TO THE ACCOUNTS

As At 30th September 1996

1. ACCOUNTING POLICIES

(a) Accounting convention

The accounts are prepared under the historical cost convention, which takes no account of the effects of inflation, modified to include the revaluation of certain land and buildings. The accounts are prepared in accordance with applicable accounting standards.

(b) Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land and investment properties, at rates calculated to write off the cost or valuation of each asset evenly over its expected useful life, as follows:

Freehold buildings	1% to 2%
Leasehold land and buildings	Over the period of the lease
Other fixed assets	Between 2% and 33%

Scaffolding and related equipment acquired more than eight years before the balance sheet date, and which are fully depreciated, are eliminated from fixed assets.

In accordance with applicable accounting standards, investment properties are revalued annually by the Directors and the aggregate surplus or deficit is transferred to a revaluation reserve. No depreciation or amortisation is provided. This policy represents a departure from the requirements of the Companies Act 1985, but in the opinion of the Directors is necessary in order for the accounts to give a true and fair view.

(c) Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value on a basis consistent with previous years and after taking account of slow moving and obsolete stock.

Development land has been valued by the Directors at the lower of cost and net realisable value and is apportioned to sales on the basis of plots to total area.

(d) Long term contracts

Long term contracts are stated at total costs incurred, net of amounts transferred to the profit and loss account in respect of work carried out to date after deducting foreseeable losses if applicable and payments on account.

Amounts recoverable on contracts are included in debtors, net of payments received and receivable.

Payments made in excess of amounts (i) matched with turnover; and (ii) off-set against long term contract balances are classified as "Payments on Account" and disclosed under "Creditors: Amounts Falling Due Within One Year". Turnover has been based on valuation certificates issued and invoices raised, excluding retentions which are recognised when received.

(e) Deferred taxation

Deferred taxation is provided on the liability method on all timing differences to the extent that it is probable that they will reverse in the future, calculated at the rate at which it is estimated that tax will be payable. Advance corporation tax which is expected to be recoverable in the future is deducted from the deferred taxation balance.

NOTES TO THE ACCOUNTS

As At 30th September 1996

1. ACCOUNTING POLICIES – (Continued)

(f) Leases and hire purchase contracts

Assets obtained under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the term of the lease.

(g) Operating lease income

Income receivable from operating leases is recognised in the profit and loss account on a straight line basis over the period of the lease.

(h) Basis of consolidation

The Group accounts consolidate the accounts of Claude Fenton (Holdings) Limited and all its direct and indirect subsidiary undertakings made up to 30th September 1996. No profit and loss account is presented for Claude Fenton (Holdings) Limited as permitted by S230 of the Companies Act 1985.

(i) Goodwill

Goodwill arising on consolidation and acquired has been written off to reserves.

(j) Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

All exchange differences are taken to the profit and loss account.

(k) Pension scheme contributions

Contributions to the Group pension scheme are charged to the profit and loss account so as to spread the cost of the pensions over employees' working lives.

(l) Joint ventures and jointly controlled operations

The Group's share of the results and net assets of non-incorporated joint ventures and jointly controlled operations are proportionately consolidated in the profit and loss account and balance sheet.

(m) Tipping royalties

Tipping royalties and set up costs are charged to the profit and loss account over the life of the tipping agreement based upon the amount of void space consumed.

(n) Deferred costs

Costs and fees incurred in advance are carried forward and spread over the periods to which the agreements relate.

(o) Fixed asset investments

Fixed asset investments, other than investment properties, are recorded at cost less any provision for possible diminution in value.



# CLAUDE FENTON (HOLDINGS) LIMITED

## NOTES TO THE ACCOUNTS

As At 30th September 1996

### 1. ACCOUNTING POLICIES – (Continued)

#### (p) Warranties and guarantees

Costs, if any, incurred in respect of warranty and guarantee claims are accounted for in the period in which they arise.

### 2. TURNOVER

Turnover represents the invoiced amounts of goods sold and services provided (stated net of VAT) and, in the case of long term contracts, the value of work completed during the year.

The turnover is attributable to the following activities after eliminating inter group transactions. The Directors have this year reviewed the analysis previously adopted and have considered it appropriate to change the presentation of the information to reflect the current activities of the Group. The comparative figures for the previous year have also been restated.

	TURNOVER			
	1996		1995	
	%	£000	%	£000
Construction and development	48.63	8,032	35.86	4,690
Scaffolding	7.88	1,302	11.47	1,500
Plant and lorry hire, waste management and related transport	26.83	4,431	31.62	4,136
Builders merchants and allied sales	16.66	2,753	21.05	2,753
	<u>100.0</u>	<u>16,518</u>	<u>100.0</u>	<u>13,079</u>

### 3. OPERATING PROFIT

	GROUP	
	1996	1995
	£000	£000
(a) This is stated after charging:		
Auditors' remuneration	30	29
Depreciation	522	571
Hire of plant and machinery	247	192
Other operating lease payments	181	72
	<u>980</u>	<u>864</u>

The auditors also received £29,570 (1995 : £27,380 ) for non-audit services which included fees relating to the Profit Related Pay Schemes for the Group.

CLAUDE FENTON (HOLDINGS) LIMITED

NOTES TO THE ACCOUNTS

As At 30th September 1996

3. OPERATING PROFIT (continued)

	1996 £000	GROUP 1995 £000
(b) and after crediting:		
Rental income	382	376
	<u>      </u>	<u>      </u>
Profit on sale of fixed assets	138	128
Aggregate amounts receivable in respect of operating leases and short term hire income	1,856	1,997
	<u>      </u>	<u>      </u>

The profits for the year include a profit of £590 from a jointly controlled activity. The Group has also recorded proportionately its own sales and costs relating to this activity which involves the operation of a waste transfer station.

4. STAFF COSTS (INCLUDING DIRECTORS)

	1996 £000	GROUP 1995 £000
Wages and salaries	2,365	2,334
Social security costs	240	243
Other pension costs	109	94
	<u>2,714</u>	<u>2,671</u>

The average monthly number of employees during the year was made up as follows:

	1996 No	GROUP 1995 No
Office and management	72	74
Productive	70	65
	<u>142</u>	<u>139</u>

5. DIRECTORS' REMUNERATION

	1996 £000	1995 £000
Executive and Non Executive Directors' fees	70	55
Other emoluments	112	87
	<u>182</u>	<u>142</u>

Emoluments include an amount of £23,383 relating to payments made to a Director by a subsidiary undertaking, in his capacity as an employee of that subsidiary (1995: £15,708 from date of appointment on 22 June 1995).

CLAUDE FENTON (HOLDINGS) LIMITED

NOTES TO THE ACCOUNTS

As At 30th September 1996

5. DIRECTORS' REMUNERATION (continued)

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

	1996	GROUP	1995
	Number		Number
Nil - £5,000	—		2
£5001 - £10,000	1		—
£15,001 - £20,000	—		1
£30,001 - £35,000	1		—
£40,001 - £45,000	1		1
£70,001 - £75,000	—		1
£85,001 - £90,000	1		—
	<u>—</u>		<u>—</u>

Emoluments (excluding pension contributions):

	1996	GROUP	1995
	£000		£000
Chairman	45		41
	<u>—</u>		<u>—</u>
Highest paid Director	88		74
	<u>—</u>		<u>—</u>

6. INTEREST RECEIVABLE

	1996	GROUP	1995
	£000		£000
Bank interest receivable	110		92
Building society interest receivable	26		23
	<u>136</u>		<u>115</u>
	<u>—</u>		<u>—</u>

7. INTEREST PAYABLE

	1996	GROUP	1995
	£000		£000
Bank loans and overdrafts repayable within five years	154		172
Hire purchase loans and finance leases	80		41
	<u>234</u>		<u>213</u>
	<u>—</u>		<u>—</u>

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**CLAUDE FENTON (HOLDINGS) LIMITED**

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**NOTES TO THE ACCOUNTS**

As At 30th September 1996

**8. TAX ON PROFIT ON ORDINARY ACTIVITIES**

The charge/(release) for the year is made up as follows:

	GROUP		COMPANY	
	1996	1995	1996	1995
	£000	£000	£000	£000
Corporation tax at 33%, 25% and 24%	64	71	92	134
Deferred taxation	38	15	(6)	15
Under provision in respect of previous years corporation tax	-	8	-	-
	<u>102</u>	<u>94</u>	<u>86</u>	<u>149</u>
	<u>==</u>	<u>==</u>	<u>==</u>	<u>==</u>

The corporation tax charge/(release) for the year is after taking account of group relief surrenders which are expected to be available. The group has tax losses of approximately £2,000 (1995 : £30,000) available for offset against future taxable profits.

In the opinion of the Directors, the Company is a close company within the meaning of Section 414 of the Income and Corporation Taxes Act 1988.

<b>9. DIVIDENDS</b>	1996	1995
	£000	£000
Interim dividend paid: 10p per ordinary share (1995 : 10p)	63	63
Final proposed dividend: 20p per ordinary share (1995 : 17p)	127	108
	<u>190</u>	<u>171</u>
	<u>==</u>	<u>==</u>

CLAUDE FENTON (HOLDINGS) LIMITED

NOTES TO THE ACCOUNTS

As At 30th September 1996

10. RETAINED PROFIT FOR THE FINANCIAL YEAR

The profit for the year, included within the accounts of the Company amounted to £106,607 (1995 : profit £129,430) after an exceptional release of provisions of £117,093 (1995 : £56,234) in respect of diminution in investments and loans to subsidiary undertakings.

11a TANGIBLE FIXED ASSETS : GROUP

	Land & Freehold Properties £000	Investment Properties £000	Other Assets £000	Total £000
COST OR VALUATION				
As at 1st October 1995	5,419	215	7,381	13,015
Additions	—	—	1,030	1,030
Disposals	—	—	(971)	(971)
As at 30th September 1996	<u>5,419</u>	<u>215</u>	<u>7,440</u>	<u>13,074</u>
DEPRECIATION				
As at 1st October 1995	138	—	5,764	5,902
Provided during the year	38	—	484	522
Disposals	—	—	(891)	(891)
As at 30th September 1996	<u>176</u>	<u>—</u>	<u>5,357</u>	<u>5,533</u>
BALANCE SHEET VALUE				
As at 1st October 1995	<u>5,281</u>	<u>215</u>	<u>1,617</u>	<u>7,113</u>
As at 30th September 1996	<u>5,243</u>	<u>215</u>	<u>2,083</u>	<u>7,541</u>

Other assets include plant and machinery, equipment, computer equipment, fixtures and fittings and vehicles.

CLAUDE FENTON (HOLDINGS) LIMITED

NOTES TO THE ACCOUNTS

As At 30th September 1996

11b TANGIBLE FIXED ASSETS : COMPANY

	Land & Freehold Properties £000	Investment Properties £000	Other Assets £000	Total £000
<b>COST OR VALUATION</b>				
As at 1st October 1995	5,419	215	623	6,257
Additions	—	—	11	11
As at 30th September 1996	<u>5,419</u>	<u>215</u>	<u>634</u>	<u>6,268</u>
	=====	=====	=====	=====
<b>DEPRECIATION</b>				
As at 1st October 1995	137	—	599	736
Provided during the year	38	—	8	46
As at 30th September 1996	<u>175</u>	<u>—</u>	<u>607</u>	<u>782</u>
	=====	=====	=====	=====
<b>BALANCE SHEET VALUE</b>				
As at 1st October 1995	5,282	215	24	5,521
	=====	=====	=====	=====
As at 30th September 1996	<u>5,244</u>	<u>215</u>	<u>27</u>	<u>5,486</u>
	=====	=====	=====	=====

Other assets include equipment, computer equipment, fixtures and fittings.

11c TANGIBLE FIXED ASSETS : GROUP AND COMPANY

Investment properties comprise:

	Group and Company	
	1996	1995
	£000	£000
Freehold property	150	150
Short term leasehold	65	65
	<u>215</u>	<u>215</u>
	=====	=====

CLAUDE FENTON (HOLDINGS) LIMITED

NOTES TO THE ACCOUNTS

As At 30th September 1996

11c TANGIBLE FIXED ASSETS : GROUP AND COMPANY (continued)

For the freehold land and buildings and investment properties included at valuation:

	Group and Company	
	1996	1995
	£000	£000
HISTORICAL COST		
As at 30th September 1996	3,435	3,435
	<u>          </u>	<u>          </u>
DEPRECIATION BASED ON COST		
As at 1st October 1995	653	
Charge for the year	57	
	<u>          </u>	
As at 30th September 1996	710	
	<u>          </u>	

The freehold and leasehold land and buildings were revalued at open market existing use value on 13th March 1992 by Vail Williams Chartered Surveyors, Reading, Berkshire. If the land and buildings were sold at their valuation, a taxation liability would arise which is referred to in Note 19b. The freehold investment properties have been included at the value established on 13th March 1992 and which in the opinion of the Directors remains appropriate. In the opinion of the Directors the short-term leasehold investment property has a market value equivalent to its book value at the balance sheet date.

Included in other assets above are the following amounts relating to assets acquired under finance leases and hire purchase contracts where the term of those contracts has not yet come to an end:

	GROUP	COMPANY
	£000	£000
NET BOOK VALUE		
As at 30th September 1996	1,437	14
	<u>          </u>	<u>          </u>
DEPRECIATION		
Provided during the year	235	7
	<u>          </u>	<u>          </u>

Included in fixed assets are the following amounts held in respect of operating lease and short term hire income.

COST		
As at 30th September 1996	4,806	-
	<u>          </u>	<u>          </u>
ACCUMULATED DEPRECIATION		
As at 30th September 1996	3,123	-
	<u>          </u>	<u>          </u>

NOTES TO THE ACCOUNTS

As At 30th September 1996

12. FIXED ASSET INVESTMENTS

	NOTE	GROUP		COMPANY	
		1996 £000	1995 £000	1996 £000	1995 £000
Shares in subsidiary undertakings	13	—	—	279	188
Loans to subsidiary undertakings		—	—	1,375	1,808
		<u>—</u>	<u>—</u>	<u>1,654</u>	<u>1,996</u>
		<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

The Directors have reviewed the amounts attributed in the balance sheet of the Company to shares in and loans to subsidiary undertakings. The review has taken into account any deficiency in shareholders funds or where there was a shortfall in the net assets compared to the cost of the investment at 30th September 1996 and where the support of the Group is required to enable the subsidiary undertaking to continue as a going concern. Based on this review, provisions amounting to £1,341,283 (1995 : £1,366,979) against loans to five (1995 : seven) subsidiary undertakings and £1,784,803 (1995 : £1,875,200) against the cost of shares in eight (1995 : eight) subsidiary undertakings has been made. In the case of two (1995 : three) subsidiary undertakings the shortfall in net assets exceeded the amounts due to the Group, the Directors have concluded that it is not appropriate to make provision for these shortfalls as in the long term they consider the position will reverse. In connection with one of these subsidiary undertakings the parent company has guaranteed various bank and supplier liabilities, these are referred to in note 23, contingent liabilities, the most significant of these is the bank overdraft which at 30th September 1996 was £635,433 (1995 : £606,988).

13. SUBSIDIARY UNDERTAKINGS

	COMPANY	
	1996 £000	1995 £000
Cost of shares at 1st October 1995	2,089	2,089
Pre-acquisition profit paid as dividend	(26)	(26)
Provision for diminution	(1,784)	(1,875)
Net book value of shares at 30th September 1996	<u>279</u>	<u>188</u>
	<u>—</u>	<u>—</u>



# CLAUDE FENTON (HOLDINGS) LIMITED

## NOTES TO THE ACCOUNTS

As At 30th September 1996

### 13. SUBSIDIARY UNDERTAKINGS (continued)

The following are all wholly owned subsidiary undertakings, incorporated in the United Kingdom and registered in England. The Company owns all of the ordinary shares, and in addition in the case of Hill Industrial Ltd the preference shares, of these subsidiary undertakings.

Arrowhead Hire Limited	- Dormant
Alan Hadley Limited	- Haulage and Waste Disposal
Claude Fenton Limited	- Property Development
Claude Fenton (Construction) Limited	- Construction
Claude Fenton (Plant Hire) Limited	- Plant Hire
Claude Fenton (Plant) Limited	- Dormant
Claw Scaffold Limited	- Scaffolding
Fenton Hadley Contracts Limited	- Earth Moving and Groundworks
Hill Industrial Limited	- Design and Build
Lafford & Leavey Builders Merchants Limited	- Builders Merchants
Lafford & Leavey Manufacturing Limited	- Dormant

Sheerhire Limited [Investment held by Claude Fenton (Plant) Limited] - Dormant

### 14. STOCKS

	GROUP	
	1996	1995
	£000	£000
Raw materials and consumables	43	35
Finished goods and goods for resale	228	383
Land and developments in progress	361	50
	<u>632</u>	<u>468</u>
	<u><u>        </u></u>	<u><u>        </u></u>

### 15. DEBTORS

	GROUP		COMPANY	
	1996	1995	1996	1995
	£000	£000	£000	£000
Trade debtors	2,521	2,382	103	110
Amounts recoverable on contracts	273	192	-	-
Amounts due from subsidiary undertakings	-	-	156	127
Other debtors (see below)	89	100	12	23
Prepayments and accrued income (see below)	305	194	119	115
	<u>3,188</u>	<u>2,868</u>	<u>390</u>	<u>375</u>
	<u><u>        </u></u>	<u><u>        </u></u>	<u><u>        </u></u>	<u><u>        </u></u>

Amounts recoverable on contracts represent ascertained cumulative turnover transferred to the profit and loss account in current and prior years of £16,302,275 (1995 : £11,638,430) less payments on account of £16,029,352 (1995 : £11,446,755).

# CLAUDE FENTON (HOLDINGS) LIMITED

## NOTES TO THE ACCOUNTS

As At 30th September 1996

### 15. DEBTORS (continued)

Included in other debtors for the Group is a loan of £29,000 secured by a legal charge over a freehold property. This loan, advanced to an employee of the group, has no fixed repayment date and is interest free whilst employment continues. Also included in other debtors is a loan made in 1966 to P Fenton Esq amounting to £5,700 bearing a fixed rate of interest of 4% and secured by a legal charge over a freehold property. The maximum amount outstanding during the year was £5,700

Other debtors also include amounts due of £19,500 (1995: £28,500) payable after twelve months relating to the disposal of part of the trade of a subsidiary undertaking.

Included in prepayments and accrued income is £50,478 (1995 : £Nil) of deferred costs in respect of payments made in advance of their recognition in the profit and loss account.

### 16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

		GROUP		COMPANY	
	NOTE	1996	1995	1996	1995
		£000	£000	£000	£000
Current instalments due on bank loans	22	222	222	222	222
Obligations under hire purchase and finance lease contracts	1f,18	410	271	6	—
Payments received on account	1d	113	103	—	—
Trade creditors		1,840	1,714	119	121
Amounts due to subsidiary undertakings		—	—	190	129
Corporation tax		22	31	7	21
ACT payable		48	43	48	43
Other taxes and social security costs		334	241	6	6
Other creditors		2	4	1	—
Accruals and deferred income		658	568	215	192
Proposed dividend	9	127	108	127	108
		<u>3,776</u>	<u>3,305</u>	<u>941</u>	<u>842</u>

The bank loans and overdrafts are secured by fixed and floating charges over the Company's and Group's assets, specific charges on book debts, and a composite unlimited guarantee by subsidiary undertakings, and various rights of set off.

CLAUDE FENTON (HOLDINGS) LIMITED

NOTES TO THE ACCOUNTS

As At 30th September 1996

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	NOTE	GROUP		COMPANY	
		1996 £000	1995 £000	1996 £000	1995 £000
Bank loans	22	222	444	222	444
Obligations under hire purchase and finance lease contracts	1f,18	498	349	7	—
Amounts due to subsidiary undertakings		—	—	309	309
		<u>720</u>	<u>793</u>	<u>538</u>	<u>753</u>
		==	==	==	==

The bank loans are secured by fixed and floating charges over the Company's and the Group's assets (Note 24), and although payable over a fixed term are repayable on demand under normal banking arrangements.

18. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

	GROUP		COMPANY	
	1996 £000	1995 £000	1996 £000	1995 £000
Amounts payable:				
Within one year	473	315	5	—
In second to fifth year inclusive	536	396	10	—
	<u>1009</u>	<u>711</u>	<u>15</u>	<u>—</u>
Less: Finance charges allocated to future periods	101	91	2	—
	<u>908</u>	<u>620</u>	<u>13</u>	<u>—</u>
	==	==	==	==
Disclosed as:				
Current obligations	410	271	6	—
Non current obligations	498	349	7	—
	<u>908</u>	<u>620</u>	<u>13</u>	<u>—</u>
	==	==	==	==

Obligations under finance leases and hire purchase contracts are secured upon the assets concerned. The finance companies have the right of repossession upon default.

CLAUDE FENTON (HOLDINGS) LIMITED

NOTES TO THE ACCOUNTS

As At 30th September 1996

19a PROVISIONS FOR LIABILITIES AND CHARGES

GROUP

	Provision for foreseeable losses on leases £000	Provision for maintenance on contracts £000	Other provisions £000	Deferred Taxation £000	Total £000
As at 1 October 1995	92	-	52	256	400
Charge/(release) arising during the year	-	17	24	38	79
Advance corporation tax	-	-	-	(5)	(5)
As at 30 September 1996	<u>92</u>	<u>17</u>	<u>76</u>	<u>289</u>	<u>474</u>

The other provisions relate to an estimate by the directors, based on void space consumed, for re-instatement of land after tipping, £75,391 (1995 : £52,226). These provisions were previously included as accruals under Creditors : amounts falling due after more than one year.

19b PROVISIONS FOR LIABILITIES AND CHARGES

COMPANY

	Provision for foreseeable losses on leases £000	Deferred Taxation £000	Total £000
As at 1 October 1995	92	246	338
Charge/(release) arising during the year	-	(6)	(6)
Advance corporation tax	-	(5)	(5)
As at 30 September 1996	<u>92</u>	<u>235</u>	<u>327</u>

Deferred taxation is calculated at 33% (1995 : 33%) analysed as follows:

	GROUP		COMPANY	
	1996 £000	1995 £000	1996 £000	1995 £000
Capital allowances in excess of depreciation	349	313	295	302
Short term timing differences	(28)	(30)	(28)	(29)
	<u>321</u>	<u>283</u>	<u>267</u>	<u>273</u>
Advance corporation tax recoverable	(32)	(27)	(32)	(27)
	<u>289</u>	<u>256</u>	<u>235</u>	<u>246</u>

There is a potential liability to deferred taxation amounting to approximately £165,000 on the unrealised surplus on revaluation, and accelerated capital allowances in connection with, the Company's properties which has not been provided for in these accounts which would crystallise if the properties were sold at valuation and no other taxation reliefs were available.

CLAUDE FENTON (HOLDINGS) LIMITED

NOTES TO THE ACCOUNTS

As At 30th September 1996

20. SHARE CAPITAL

	1996 £000	1995 £000
Authorised:		
1,000,000 (1995 : 1,000,000)		
Ordinary shares of £1 each	1,000	1,000
	<u>          </u>	<u>          </u>
Issued and fully paid:		
633,500 (1995 : 633,500)		
Ordinary shares of £1 each	633	633
	<u>          </u>	<u>          </u>

21. RESERVES : GROUP

	Revaluation Reserve £000	Profit and Loss Account £000	Total £000
As at 1st October 1995	2,657	3,330	5,987
Profit for the year after taxation	-	412	412
Dividends	-	(190)	(190)
	<u>          </u>	<u>          </u>	<u>          </u>
As at 30th September 1996	2,657	3,552	6,209
	<u>          </u>	<u>          </u>	<u>          </u>

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS: GROUP

	1996 £000	1995 £000
Profit for the financial year	412	310
Dividends	(190)	(171)
	<u>          </u>	<u>          </u>
Net additions to shareholders' funds	222	139
Opening shareholders' funds	6,620	6,481
	<u>          </u>	<u>          </u>
Closing shareholders' funds	6,842	6,620
	<u>          </u>	<u>          </u>

RESERVES : COMPANY

	Revaluation Reserve £000	Profit and Loss Account £000	Total £000
As at 1st October 1995	2,657	3,289	5,946
Profit for the year after taxation	-	297	297
Dividends	-	(190)	(190)
	<u>          </u>	<u>          </u>	<u>          </u>
As at 30th September 1996	2,657	3,396	6,053
	<u>          </u>	<u>          </u>	<u>          </u>

# CLAUDE FENTON (HOLDINGS) LIMITED

## NOTES TO THE ACCOUNTS

As At 30th September 1996

### 21. RESERVES : COMPANY (continued)

#### RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS : COMPANY

	1996	1995
Profit for the financial year	297	301
Dividends	(190)	(171)
Net addition to shareholders' funds	<u>107</u>	<u>130</u>
Opening shareholders' funds	6,579	6,449
Closing shareholders' funds	<u>6,686</u>	<u>6,579</u>

### 22. BANK LOANS

Included in bank loans is a loan for £2,000,000 which was taken up in March 1988. There were no repayments for the first twenty four months, after that period the repayment terms are variable by the Company over the existence of the loan which is for a maximum period of ten years. To the balance sheet date £1,555,554 had been repaid. The loan bears interest of 1.5% over the bank's base rate and is variable after five years. For the analysis below it has been assumed that the loan will be for the maximum term.

The date for the final payment for loans repayable within five years is March 1998 (Group and Company).

	GROUP		COMPANY	
	1996	1995	1996	1995
	£000	£000	£000	£000
Analysis of bank loan repayments:				
Within one year	222	222	222	222
Between one and two years	222	222	222	222
Between two and five years	-	222	-	222
	<u>444</u>	<u>666</u>	<u>444</u>	<u>666</u>

The current portion of the loans amounting to £222,222 for the Group (1995 : £222,222) and £222,222 for the Company (1995 : £222,222) are shown in creditors : amounts falling due within one year.

The bank loans are secured by fixed and floating charges over the Company's and the Group's assets (Note 24), and although payable over a fixed term are repayable on demand under normal banking arrangements.

NOTES TO THE ACCOUNTS

As At 30th September 1996

23. CONTINGENT LIABILITIES AND GUARANTEES

As at 30th September 1996, there exist contingent liabilities and guarantees of the Group in respect of the following:

- (a) Bonds given to various authorities in respect of construction work as is the usual practice in this industry amounting to £163,850 (1995 : £153,745).
- (b) The Directors are of the opinion, that adequate provision has been made within these accounts to meet the Group's obligations to re-instate land after tipping. In addition to the obligation to reinstate land after tipping, for which a provision has been made, the Group has tipping arrangements, one of which is currently subject to negotiation, which may include an obligation to re-instate land after tipping. A provision has been made in these accounts towards the costs of this re-instatement. It is the intention of the Directors that any remaining costs will be provided for in future accounting periods, over the remaining life of the tip.
- (c) A joint and several liability in respect of a lease of premises for its joint operations amounting in total to £54,000 (1995 : £Nil).
- (d) An option given to the licensors of a tip to require the Group to purchase the site after tipping for an amount of £40,000.
- (e) A bond given to the licensors of Poores Allotment Ufton Nerver tip in respect of a tipping agreement amounting to £40,000 (1995 : £Nil).

As at 30th September 1996, there exists contingent liabilities and guarantees of the Company in respect of the following:

- (a) A composite unlimited guarantee on all subsidiary undertakings' bank overdrafts which amounted to £1,390,940 (1995 : £1,218,379).
- (b) A statutory guarantee for value added tax due by all subsidiary undertakings under the group election amounting to £270,425 (1995 : £183,407).
- (c) The Company has guaranteed hire purchase and finance lease agreements for subsidiary undertakings. The outstanding balances due under such agreements amount to £894,481 (1995 : £619,498) at the balance sheet date.
- (d) The Company has guaranteed amounts owed by one of its subsidiary undertakings to suppliers through a merchant buying society scheme. The outstanding balances due under the scheme at the balance sheet date, amount to £41,361 (1995 : £34,818).
- (e) The Company has guaranteed performance of one of its subsidiary undertakings in respect of construction contracts amounting to £Nil (1995 : £344,582).
- (f) The Company has guaranteed amounts owed by its subsidiary undertakings to suppliers of up to £423,000 (1995 : £635,547). The company also has unlimited guarantees in respect of certain of its subsidiary undertakings to suppliers.

24. SECURED LIABILITIES

National Westminster Bank Plc holds a number of debentures secured by various fixed and floating charges over the assets of the Group and the Company, specific charges on freehold and leasehold land and buildings and fixed charges on book debts of the Group and the Company, and various rights of set-offs.

# CLAUDE FENTON (HOLDINGS) LIMITED

## NOTES TO THE ACCOUNTS

As At 30th September 1996

### 25. LEASE COMMITMENTS

The amounts payable in the next year in respect of operating leases and similar agreements are shown below, analysed according to expiry date of the leases or agreements and include the group's tipping arrangements.

The analysis of lease commitments by expiry date is as follows:

	Other £000	Land and Buildings £000
Expiry date:		
Within 1 year	41	10
Between one and five years	94	—
More than five years	—	61
	<u>135</u>	<u>71</u>

### 26. PENSION SCHEME

The Group operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from the Group in trustee administered funds. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives.

The contributions are determined by a qualified actuary on the basis of triennial valuations using the "Attained Age" method and are based on pension costs across the Group as a whole. A valuation is currently under progress and the most recent completed valuation was at 6th April 1994. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and dividends. It was assumed that the investment return would be 9% per annum, that salary increases would average 8% per annum and that present and future pensions would increase at the rate of 4.5% per annum.

At the date of the latest completed actuarial valuation, the market value of the assets of the scheme was £1,756,472 and the actuarial value of the assets was sufficient to cover 114% of the benefits that had accrued to members after allowing for expected future increase of earnings. On a discontinuance basis, the actuarial value of the assets was sufficient to cover 98% of the benefits that had accrued to the members. With effect from April 1994, the following funding rates are being applied.

	% of Pensionable Salaries		
	Members	Company	
		(to 30.9.95)	(from 1.10.95)
Category 1	2.5	11.8	11.9
Category 2	4.0	5.2	5.5
Category 3	Nil	1.6	1.7

The pension charge for the year was £109,591 (1995 : £94,278) and at 30th September 1996 there were outstanding contributions of £Nil (1995 : £Nil).



CLAUDE FENTON (HOLDINGS) LIMITED

NOTES TO THE ACCOUNTS

As At 30th September 1996

27. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	GROUP	
	1996 £000	1995 £000
Operating profit	612	502
Depreciation charges	522	571
Total profit on sale of tangible fixed assets	(138)	(128)
Decrease/(Increase) in stocks	(164)	(1)
Decrease/(Increase) in debtors	(320)	47
Increase/(Decrease) in creditors	316	210
Increase/(Decrease) in provision for liabilities and charges	41	11
	<u>869</u>	<u>1,212</u>

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

	GROUP	
	1996 £000	1995 £000
Balance at 1st October 1995	669	297
Net cash (outflow)/inflow	(218)	372
Balance at 30th September 1996	<u>451</u>	<u>669</u>

29. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS AS SHOWN ON THE BALANCE SHEET

			Change in year	Change in year
	1996 £000	1995 £000	1996 £000	1995 £000
Cash at bank and in hand	26	289	(263)	345
Building society deposit	425	380	45	27
	<u>451</u>	<u>669</u>	<u>(218)</u>	<u>372</u>

CLAUDE FENTON (HOLDINGS) LIMITED

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NOTES TO THE ACCOUNTS

As At 30th September 1996

30. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Bank Loan £000	Hire Purchase and finance Leases £000
Balance at 1st October 1995	666	620
Inception of hire purchase and finance lease contracts	-	684
Cash outflow from financing	(222)	(396)
	<u>      </u>	<u>      </u>
Balance at 30th September 1996	444	908
	<u>      </u>	<u>      </u>

31. CAPITAL AND OTHER COMMITMENTS

As at 30th September 1996 the Group had capital commitments authorised but not contracted for of £Nil (1995 : £12,000) and commitments authorised but not contracted for of £Nil (1995 : £260,000) and contracted over five years in total £Nil (1995: £300,000 ) not shown elsewhere in these accounts.