

KEN MOORE LIMITED
(formerly Ken Moore plc)
ANNUAL REPORT
YEAR ENDED 31 MARCH 1994

Registered Number: 1687312

PANNELL KERR FORSTER
CHARTERED ACCOUNTANTS
NOTTINGHAM



KEN MOORE LIMITED

ANNUAL REPORT

YEAR ENDED 31 MARCH 1994

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DIRECTORS' REPORT

The directors present their annual report together with the audited financial statements for the year ended 31 March 1994.

1 RESULTS AND DIVIDENDS

The loss for the year after tax was £40,949. A dividend of £446,665 was declared and paid on 17 November 1993. No further dividend is proposed and the retained loss of £487,614 has been transferred from reserves.

2 PRINCIPAL ACTIVITY

The company's principal activity during the year continued to be knitters of elastomeric fabric for use in swim and leisure wear.

3 REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENT

During December 1993 a management buyout led by Mr K J Moore acquired the company and its complete undertaking from West Trust plc contemporaneously re registering as a private limited company.

The loss for the year arises as a result of exceptional items which are summarised below and obscure the turn-round in the business as a whole since the disappointing performance in 1993 (losses £95,349).

Disclosed losses 1994 -	£	(487,614)
Add back: Final dividend to West Trust arising out of the Business purchase agreement	446,665	
Business purchase fees	7,150	
Exceptional stock provisions	<u>170,883</u>	
Profit from ordinary trading activities	<u>137,084</u>	

An upturn in the market place and revised marketing and investment strategies add to the Director's confidence in the continual improvement of the business.

4 DIRECTORS

The directors during the year and their interest in the shares of the company at the beginning and end of the year were as follows:

	Number of ordinary shares of £1 each	
	<u>1994</u>	<u>1993</u>
K J Moore	49,999	-
P M Ford (resigned 17 December 1993)	-	-
H R Hampson (resigned 9 December 1993)	-	-
R D Nixon (appointed 10 December 1993)	-	-
Mrs K Moore (appointed 22 March 1994)	1	-
J Alton (appointed 12 July 1994)	-	-

5 FIXED ASSETS

Movements in fixed assets are disclosed in note 7 to the accounts.

6 AUDITORS

A resolution to re-appoint the auditors, Pannell Kerr Forster, will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD

K J Moore
K J MOORE
SECRETARY

22 August 1994

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:

- * select suitable accounting policies and then apply them consistently;
- * make judgments and estimates that are reasonable and prudent;
- * 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
KEN MOORE LIMITED**

3

We have audited the financial statements on pages 4 to 17 which have been prepared in accordance with the policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 2 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.

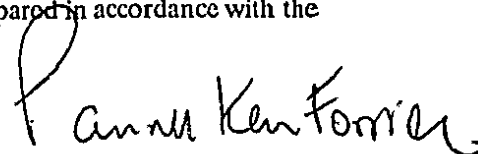
Basis of opinion

We conducted our audit in accordance with Auditing Standards. 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 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 financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 March 1994 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PANNELL KERR FORSTER
Chartered Accountants
Registered Auditors

Nottingham

22 August 1994

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MARCH 1994

		<u>1994</u>		<u>1993</u>	
	<u>Notes</u>	£	£	£	£
TURNOVER	1(c),2		5,417,676		5,017,605
COST OF SALES		(4,516,683)		(4,339,897)	
EXCEPTIONAL ITEM	4	<u>(170,883)</u>	<u>(4,687,566)</u>	<u>-</u>	<u>(4,339,897)</u>
GROSS PROFIT			730,110		677,708
DISTRIBUTION COSTS		(243,312)		(275,313)	
ADMINISTRATIVE EXPENSES		<u>(318,132)</u>	<u>(561,444)</u>	<u>(293,026)</u>	<u>(568,339)</u>
			168,666		109,369
OTHER OPERATING INCOME			<u>-</u>		<u>14,811</u>
			168,666		124,180
INTEREST PAYABLE AND SIMILAR CHARGES	3		<u>(209,615)</u>		<u>(221,689)</u>
(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION ⁴			(40,949)		(97,509)
TAX ON (LOSS) ON ORDINARY ACTIVITIES	6		<u>-</u>		<u>2,160</u>
(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION			(40,949)		(95,349)
DIVIDEND			<u>(446,665)</u>		<u>-</u>
RETAINED (LOSS) FOR THE FINANCIAL YEAR			<u>(487,614)</u>		<u>(95,349)</u>

All amounts relate to continuing operations.

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

Movements in reserves are shown in note 13.

NOTE OF HISTORICAL COST PROFITS AND LOSSES

YEAR ENDED 31 MARCH 1994

	<u>1994</u>	<u>1993</u>
	£	£
Reported (loss) on ordinary activities before taxation	(40,949)	(97,509)
Realisation of asset revaluation gains of previous years	9,120	-
Difference between a historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount.	<u>11,494</u>	<u>11,186</u>
Historical cost (loss) on ordinary activities before taxation	<u>(20,335)</u>	<u>(86,323)</u>

BALANCE SHEET

31 MARCH 1994

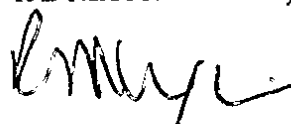
		<u>1994</u>	<u>1993</u>
	<u>Notes</u>	£	£
FIXED ASSETS			
Tangible Assets	7	999,341	866,599
CURRENT ASSETS			
Stocks	8	1,233,943	1,438,132
Debtors	9	819,134	723,148
Cash at bank and in hand		<u>2,817</u>	<u>1,860</u>
		2,055,894	2,163,140
CREDITORS - Amounts falling due within one year	10	<u>(2,163,675)</u>	<u>(1,987,357)</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(107,781)</u>	<u>175,783</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		891,560	1,042,382
CREDITORS - Amounts falling due after more than one year	10	<u>(713,207)</u>	<u>(106,897)</u>
		<u>178,353</u>	<u>935,485</u>
CAPITAL AND RESERVES			
Called up share capital	12	50,000	50,000
Revaluation reserve	13	108,253	128,867
Profit and loss account	13	<u>20,100</u>	<u>487,100</u>
SHAREHOLDERS' FUNDS	14	178,353	665,967
Parent undertaking loan		<u>-</u>	<u>269,518</u>
		<u>178,353</u>	<u>935,485</u>

Approved by the board on 22 August 1994.

K J MOORE

) Directors

R D NIXON



CASH FLOW STATEMENT

YEAR ENDED 31 MARCH 1994

	Note	£	1994 £	£	1993 £	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	17(1)		388,883		457,407	
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE :						
Interest paid & factoring charges		(180,054)		(190,602)		
Interest element of finance lease and hire purchase payments		(27,561)		(31,087)		
Dividend paid		(446,665)		-		
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			(654,280)		(221,689)	
TAXATION :						
ACT paid		(129,677)		-		
Corporation Tax repaid		-		2,160		
NET TAXATION (PAID)/REPAID			(129,677)		2,160	
INVESTING ACTIVITIES :						
Payments to acquire tangible fixed assets		(174,077)		(266,881)		
Receipts from sales of tangible fixed assets		30,425		129,322		
NET CASH OUTFLOW FROM INVESTING ACTIVITIES			(143,652)		(137,559)	
NET CASH (OUTFLOW)/INFLOW BEFORE FINANCING			(538,726)		100,319	
FINANCING ACTIVITIES :						
Loans received		757,342		-		
Loans repaid		(90,000)		-		
Principal payments under finance, lease and hire purchase obligations		(91,357)		(10,943)		
NET CASH INFLOW/(OUTFLOW) FROM FINANCING	17(iv)		575,985		(10,943)	
INCREASE IN CASH AND CASH EQUIVALENTS	17(iii)		37,259		89,376	

NOTES AND ACCOUNTING POLICIES

YEAR ENDED 31 MARCH 1994

1 ACCOUNTING POLICIES

a) Basis of accounting

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain tangible fixed assets and in accordance with applicable accounting standards.

b) Tangible fixed assets and depreciation

Tangible fixed assets are being written off over their estimated useful lives and after taking account of estimated residual values at the following rates:-

Improvements to leasehold property - over the period of lease.

Plant and machinery	10%	on cost or valuation
Office equipment	20%	on the net book amount
Computer	20%	
Motor vehicles	25%	

c) Turnover

Turnover represents sales at invoice value less trade discounts allowed and excluding Value Added Tax.

d) Stock

Stock is stated at the lower of cost and net realisable value.

Cost comprises the direct cost of production and the attributable proportion of all overheads appropriate to location and condition. Net realisable value is the estimated selling price reduced by all costs of completion, marketing, selling and distribution.

e) Foreign currencies

Assets and liabilities expressed in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Normal fluctuations on trading items are dealt with as part of the results of the year.

f) Deferred taxation

Provision is made for deferred tax using the liability method for all timing differences to the extent that it is probable that a liability will crystallise in the foreseeable future.

g) Finance and operating leases

Costs in respect of operating leases are charged in arriving at the operating profit on a straight line basis over the term of the lease. Where fixed assets are financed by entering into leasing agreements, which transfer to the lessee substantially all benefits and risks of ownership, the assets are treated as if they had been purchased and included in tangible fixed assets and the capital element of the leasing commitment is shown as obligations under finance leases.

h) Pensions

The company participates in a defined contribution scheme. Contributions charged to the profit and loss account represent the amount of contributions payable to the pension scheme in respect of the accounting period.

NOTES AND ACCOUNTING POLICIES (CONTINUED)

YEAR ENDED 31 MARCH 1994

2 GEOGRAPHICAL ANALYSIS OF SALES

	<u>1994</u>	<u>1993</u>
	£	£
• Europe	347,125	583,146
Australia and the Far East	1,081	9,778
Rest of the World	97,624	163,569
• UK	<u>4,971,846</u>	<u>4,261,112</u>
	<u>5,417,676</u>	<u>5,017,605</u>

All turnover and profit before taxation relates to the company's principal activity arising from operations within the United Kingdom.

3 INTEREST PAYABLE AND SIMILAR CHARGES

	£	£
Finance charges in respect of finance leases	4,947	5,511
Interest payable on bank and other borrowings repayable within five years	51,516	66,578
Factoring charges	<u>153,152</u>	<u>149,600</u>
	<u>209,615</u>	<u>221,689</u>

4 (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

The (loss) on ordinary activities before taxation is after charging:

	£	£
Auditors' remuneration - audit services	6,900	6,300
- other services provided	6,200	1,500
Depreciation and amortisation of owned assets	67,707	67,744
Depreciation and amortisation of assets held under finance lease and hire purchase	19,958	18,572
Loss on disposal of fixed assets	23,883	10,493
Foreign exchange (gains) losses	(40,907)	8,709
Operating lease rentals - land and building	101,779	94,689
Staff costs	618,309	599,637
Exceptional stock provision	<u>170,883</u>	<u>-</u>

The exceptional item arises from a disposal of non current stock items following the change in management during the year.

NOTES AND ACCOUNTING POLICIES (CONTINUED)

YEAR ENDED 31 MARCH 1994

5	STAFF	<u>1994</u>	<u>1993</u>
		<u>Number</u>	<u>Number</u>
	Average number employed in the year:		
	Production	36	31
	Sales and distribution	8	7
	Administration	<u>11</u>	<u>7</u>
		<u>55</u>	<u>45</u>
		£	£
	Aggregate amounts paid in respect of:		
	Wages and salaries	544,686	535,383
	Social security costs	65,742	53,475
	Other pension costs	<u>7,881</u>	<u>10,779</u>
		<u>618,309</u>	<u>599,637</u>
	Directors' emoluments:		
	Salaries	55,717	49,500
	Pension contributions	<u>829</u>	-
		<u>56,546</u>	<u>49,500</u>
	Directors' emoluments excluding pension contributions were as follows:		
	Chairman & highest paid director	<u>43,765</u>	<u>49,500</u>
	Emoluments of other directors fell within the following ranges:	<u>Number</u>	<u>Number</u>
	£ Nil - £ 5,000	1	2
	£10,001 - £15,000	1	-
	£25,001 - £30,000	<u>-</u>	<u>-</u>
6	TAX ON (LOSS) ON ORDINARY ACTIVITIES		
		£	£
	Adjustment due prior year	<u>-</u>	<u>(2,160)</u>

No tax is payable due to the existence of taxable losses.

NOTES AND ACCOUNTING POLICIES (CONTINUED)

YEAR ENDED 31 MARCH 1994

7 FIXED ASSETS

<u>Cost or Valuation</u>	<u>At 1 April 1993</u> £	<u>Additions</u> £	<u>Disposals</u> £	<u>At 31 March 1994</u> £
Improvements to short term leasehold property	43,341	2,976	-	46,317
Plant and machinery	1,015,835	247,717	102,000	1,161,552
Office equipment	65,948	2,223	-	68,171
Motor vehicles	59,543	51,174	51,243	59,474
	<u>1,184,667</u>	<u>304,090</u>	<u>153,243</u>	<u>1,335,514</u>
<u>Depreciation</u>	<u>At 1 April 1993</u> £	<u>Charge for year</u> £	<u>Eliminated on disposals</u> £	<u>At 31 March 1994</u> £
Amortisation of improvements to short term leasehold property	10,708	3,361	-	14,069
Plant and machinery	241,586	67,034	40,687	267,933
Office equipment	33,454	6,731	-	40,185
Motor vehicles	32,320	10,539	28,873	13,986
	<u>318,068</u>	<u>87,665</u>	<u>69,560</u>	<u>336,173</u>
<u>Net book amounts</u>	<u>At 1 April 1993</u> £			<u>At 31 March 1994</u> £
Improvements to short term leasehold property	32,633			32,248
Plant and machinery	774,249			893,619
Office equipment	32,494			27,986
Motor vehicles	27,223			45,488
	<u>866,599</u>			<u>999,341</u>

All tangible assets, with the exception of office equipment and motor vehicles were revalued on 31 March 1988 at open market value on an existing use basis. The valuation included above of £351,442 compares with a historical cost of £319,799.

Included in the above are assets held under finance lease and hire purchase obligations with a net book value of £273,984 (1993 : £254,265).

NOTES AND ACCOUNTING POLICIES (CONTINUED)

YEAR ENDED 31 MARCH 1994

8	STOCKS	<u>1994</u> £	<u>1993</u> £
	Raw Materials and consumables	488,100	445,620
	Work in progress	279,924	277,439
	Finished goods and goods for re-sale	<u>465,919</u>	<u>715,073</u>
		<u>1,233,943</u>	<u>1,438,132</u>
9	DEBTORS		
		£	£
	Trade Debtors	635,940	692,085
	Other debtors	163,590	1,619
	Prepayments and accrued income	<u>19,604</u>	<u>29,444</u>
		<u>819,134</u>	<u>723,148</u>
10	CREDITORS		
	Amounts falling due within one year:	£	£
	Bank overdraft (note a)	172,267	208,569
	Other loans (note c)	250,677	-
	Trade creditors	1,290,057	1,426,942
	Amounts due to parent undertaking	-	110,400
	Taxation and social security	187,596	127,475
	Hire purchase and finance lease creditors (note 6)	79,797	43,002
	Other creditors	14,686	27,924
	Accruals and deferred income	<u>168,595</u>	<u>43,045</u>
		<u>2,163,675</u>	<u>1,987,357</u>
	Amounts falling due after more than one year:		
	Other loans (note c)	582,682	-
	Hire purchase & finance lease creditors (note b)	<u>130,525</u>	<u>106,897</u>
		<u>713,207</u>	<u>106,897</u>

a) The bank overdraft is secured by a debenture dated 26 March 1993.

b) Assets held under hire purchase and finance lease agreements are secured on the plant and machinery and motor vehicles to which they relate.

NOTES AND ACCOUNTING POLICIES (CONTINUED)

YEAR ENDED 31 MARCH 1994

c) Other loans comprise:-

- i) An interest free loan from the company's former parent undertakeing secured by a second charge on the company's assets.
- ii) A long term unsecured interest free loan from K Moore with no fixed repayment terms.
- iii) Sundry interest free loan of £4,000.

The terms of the loan are as follows:-

	<u>1994</u> £	<u>1993</u> £
i) Loan repayable by instalments of £10,000 per month commencing January 1994.	712,359	-
ii) Directors' loan with no fixed repayment terms	117,000	-
iii) Loan repayable by instalments of £1,000 per annum	<u>4,000</u>	<u>-</u>
	<u>833,359</u>	<u>-</u>

Disclosed as:

Due in less than 1 year	250,677	-
Due in more than 1 year	<u>582,682</u>	<u>-</u>
	<u>833,359</u>	<u>-</u>

NOTES AND ACCOUNTING POLICIES (CONTINUED)

YEAR ENDED 31 MARCH 1994

11 PROVISIONS FOR LIABILITIES AND CHARGES - DEFERRED TAXATION

- No provision has been made for deferred taxation.

The potential liability to deferred taxation is as follows:

	<u>1994</u>		<u>1993</u>	
	<u>Provided</u>	<u>Unprovided</u>	<u>Provided</u>	<u>Unprovided</u>
	£	£	£	£
Revaluation of fixed assets	-	27,063	-	42,526
Accelerated capital allowances	-	82,677	-	60,037
	-	109,740	-	102,563
Losses offset	-	(31,522)	-	(4,055)
	-	78,218	-	98,508

No provision has been made for the potential liability relating to the surplus on revaluation of fixed assets as there is no intention to sell these assets in the foreseeable future. The directors consider that the potential liability in respect of accelerated capital allowances is unlikely to crystallise in the foreseeable future and accordingly no provision has been made in the accounts.

12 SHARE CAPITAL

	<u>1994 and 1993</u>	
	<u>Authorised</u>	<u>Allotted & fully paid</u>
	£	£
Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

13 RESERVES

	<u>Revaluation Reserve</u>	<u>Profit and loss account</u>
	£	£
At 1 April 1993	128,867	487,100
Transfer of realised profits	(20,614)	20,614
(Loss) for the financial year	-	(487,614)
At 31 March 1994	<u>108,253</u>	<u>20,100</u>

The revaluation reserve arises as a result of certain tangible fixed assets being carried in the Balance Sheet at a valuation. The transfer to the profit and loss account is made up of:

- £11,494 being depreciation charge relating to revalued assets which are deemed to be realised and represents the difference between depreciation charged on historical values and revalued amounts.
- £9,120 being asset revaluation gains of previous years now realised on disposal of the relevant assets.

NOTES AND ACCOUNTING POLICIES (CONTINUED)

31 MARCH 1994

14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>1994</u>	<u>1993</u>
	£	£
(Loss) for the financial year	(40,949)	(95,349)
Dividends	<u>(446,665)</u>	<u>-</u>
	(487,614)	(95,349)
Opening shareholders' funds	<u>665,967</u>	<u>761,316</u>
Closing shareholders' funds	<u>178,353</u>	<u>665,967</u>

15 LEASE COMMITMENTS

The company has operating lease commitments to pay during the next year as follows:

	<u>Plant & Machinery</u>		<u>Land & Buildings</u>	
	<u>1994</u>	<u>1993</u>	<u>1994</u>	<u>1993</u>
	£	£	£	£
Expiring between two and five years	6,056	6,767	9,000	32,000
Expiring in more than five years	<u>-</u>	<u>-</u>	<u>89,172</u>	<u>55,922</u>

16 CAPITAL COMMITMENTS

	<u>1994</u>	<u>1993</u>
	£	£
Contracted for	10,059	9,539
Authorised but not contracted for	<u>11,022</u>	<u>70,734</u>
	<u>21,081</u>	<u>80,273</u>

NOTES AND ACCOUNTING POLICIES (CONTINUED)

YEAR ENDED 31 MARCH 1994

17 NOTES TO THE CASHFLOW STATEMENT

(i) RECONCILIATION OF OPERATING PROFIT
TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	<u>1994</u>	<u>1993</u>
	£	£
Operating profit	168,666	124,180
Depreciation	87,655	86,316
Loss on sale of tangible fixed assets	23,883	10,493
Decrease/(Increase) in stocks	204,189	(100,121)
Decrease/(Increase) in debtors	67,377	(4,382)
(Decrease)/Increase in creditors	<u>(162,897)</u>	<u>340,921</u>
Net cash inflow from operating activities	<u>388,883</u>	<u>457,407</u>

(ii) ANALYSIS OF CHANGES IN CASH AND CASH
EQUIVALENTS DURING THE YEAR

	£	£
Balance at 1 April 1993	(206,709)	(296,085)
Net cash inflow	<u>37,259</u>	<u>89,376</u>
Balance at 31 March 1994	<u>(169,450)</u>	<u>(206,709)</u>

(iii) ANALYSIS OF THE BALANCE OF CASH AND
CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET

	<u>1994</u>	<u>1993</u>	Change in year
	£	£	£
Cash at bank and in hand	2,817	1,860	957
Bank overdrafts	<u>(172,267)</u>	<u>(208,569)</u>	<u>36,302</u>
	<u>(169,450)</u>	<u>(206,709)</u>	<u>37,259</u>
	<u>1993</u>	<u>1992</u>	Change in year
	£	£	£
Cash at bank and in hand	1,860	738	1,122
Bank overdrafts	<u>(208,569)</u>	<u>(296,823)</u>	<u>88,254</u>
	<u>(206,709)</u>	<u>(296,085)</u>	<u>89,376</u>

NOTES AND ACCOUNTING POLICIES (CONTINUED)

YEAR ENDED 31 MARCH 1994

17 NOTES TO THE CASH FLOW STATEMENT (CONTINUED)

(iv) ANALYSIS OF CHANGES IN FINANCING

	<u>Loans and finance lease & hire purchase obligations</u>	
	<u>1994</u>	<u>1993</u>
	£	£
Balance at 1 April 1993	149,899	(17,790)
Conversion of former parent undertaking's current account to a loan account	166,017	-
Net cash inflows/(outflows) from financing	575,985	(10,943)
Inception of finance lease and hire purchase contracts	<u>151,780</u>	<u>178,632</u>
Balance at 31 March 1994	<u><u>1,043,681</u></u>	<u><u>149,899</u></u>

18 CONTINGENT LIABILITIES

The company has a contingent liability in respect of certain trade debtors sold under a financing arrangement amounting to £787,499 at 31 March 1994 (1993: £895,233).