

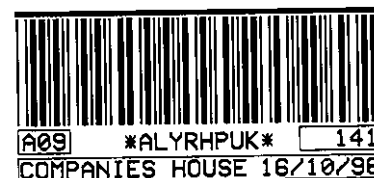
Faithful Group Limited

Report and Accounts

31 December 1995

Company Number: 1966114

 ERNST & YOUNG



DIRECTORS' REPORT

The directors submit their report for the year ended 31 December 1995.

DIRECTORS

Mrs C I Dorrell (Chairman)
P R Warr (Managing Director)
A D Dorrell
Mrs P A W Dorrell

The directors of the company during the year were those listed above.

Mrs P A W Dorrell retires by rotation and, being eligible, offers herself for re-election.

ACCOUNTS AND DIVIDENDS

The profit for the financial year amounts to £1,366,937 (1994: £1,206,503) and after dividends is dealt with as shown in the consolidated profit and loss account.

An interim dividend of 150p per share has been declared during the year. A final dividend of 350p per share is proposed, making a total for the year of 500p per share.

ACTIVITIES AND REVIEW OF BUSINESS DEVELOPMENTS

The activities of the group have continued to be the manufacture and supply of garments for people at work.

The analysis of turnover and profits for the year is shown in the consolidated profit and loss account on page 5.

FIXED ASSETS

Changes in tangible fixed assets are disclosed in note 11.

DIRECTORS' INTERESTS

The directors' interests, including family interests, as defined by the Companies Act 1985, in the share capital of the company were as follows:

	1995	1994
Mrs C I Dorrell	6,202	6,202
P R Warr	100	100
A D Dorrell	5,347	5,347
Mrs P A W Dorrell	5,347	5,347

DISABLED PERSONS

It is the company's policy to give full consideration to suitable applications for employment by disabled persons. Opportunities also exist for employees of the company who become disabled to continue in their employment or to be trained for other positions within the company.

Faithful Group Limited

DIRECTORS' REPORT

EMPLOYEE INVOLVEMENT POLICIES

During the year the company has continued to provide employees with relevant information and to seek their views on matters of concern both through their representatives and through the company's senior management.

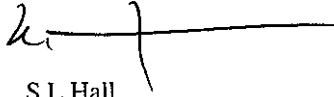
CHARITABLE AND POLITICAL CONTRIBUTIONS

During the year the group made various charitable donations totalling £2,925 (1994: £1,125).

AUDITORS

A resolution to re-appoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

By order of the Board



S L Hall
Secretary

31 May 1996

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE
ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which gives 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 accounts, the directors are required to:

- select suitable accounting policies and then 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 confirm that they have complied with the above requirements in preparing the accounts.

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 accounts comply with the Companies Act. 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.

REPORT OF THE AUDITORS

to the members of Faithful Group Limited

We have audited the accounts on pages 5 to 22 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and on the basis of the accounting policies set out on pages 9 and 10.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of the accounts. It is our responsibility 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 which 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 31 December 1995 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young

Ernst & Young

Chartered Accountants

Registered Auditor

Birmingham

31 May 1996

Faithful Group Limited

GROUP PROFIT AND LOSS ACCOUNT

for the year ended 31 December 1995

	Note	1995 £	1994 £
TURNOVER	2	16,999,157	15,895,355
Operating costs	3	15,136,020	14,262,703
OPERATING PROFIT	4	1,863,137	1,632,652
Interest receivable	5	88,048	56,555
Interest payable	6	(4,580)	(26,750)
		83,468	29,805
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,946,605	1,662,457
Tax on profit on ordinary activities	9	579,668	455,954
PROFIT FOR THE FINANCIAL YEAR		1,366,937	1,206,503
Dividends	10	127,200	108,120
RETAINED PROFIT FOR THE FINANCIAL YEAR		1,239,737	1,098,383

Movement in reserves are set out in notes 19 and 20

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the year ended 31 December 1995

	1995 £	1994 £
Profit for the financial year	1,366,937	1,206,503
Exchange movement gain on foreign equity investment	205,510	111,023
Unrealised deficit on revaluation of land and buildings	-	(327,500)
Total recognised gains and losses relating to the year	1,572,447	990,026

Faithful Group Limited

GROUP BALANCE SHEET

at 31 December 1995

	Note	1995 £	1994 £
FIXED ASSETS			
Tangible assets	11	2,292,063	2,265,307
CURRENT ASSETS			
Stocks	13	4,850,888	3,866,749
Debtors	14	2,885,722	2,674,915
Cash at bank and in hand		2,058,895	1,618,190
		<u>9,795,505</u>	<u>8,159,854</u>
CREDITORS - amounts falling due within one year			
Trade and other creditors	15	2,090,023	2,035,379
Dividends		115,599	76,320
Corporation tax		568,054	546,917
		<u>2,773,676</u>	<u>2,658,616</u>
NET CURRENT ASSETS		<u>7,021,829</u>	<u>5,501,238</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>9,313,892</u>	<u>7,766,545</u>
CREDITORS - amounts falling due after more than one year	16	124,518	1,333
PROVISION FOR LIABILITIES AND CHARGES	17	-	21,085
		<u>9,189,374</u>	<u>7,744,127</u>
CAPITAL AND RESERVES			
Called up share capital	18	25,440	25,440
Revaluation reserves	19	547,919	555,346
Other reserves	19	890,357	721,668
Profit and loss account	20	7,725,658	6,441,673
Shareholders' funds		<u>9,189,374</u>	<u>7,744,127</u>

C I Dorrell

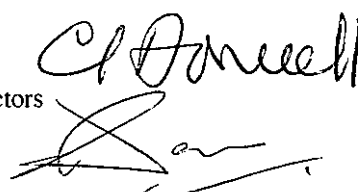
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) Directors

P R Warr

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31 May 1996



Faithful Group Limited

BALANCE SHEET

at 31 December 1995

	Note	1995 £	1994 £
FIXED ASSETS			
Tangible assets	11	-	3,050
Investments	12	8,227,505	7,597,074
		<u>8,227,505</u>	<u>7,600,124</u>
CURRENT ASSETS			
Debtors	14	284,040	224,384
Cash at bank and in hand		857,046	265,945
		<u>1,141,086</u>	<u>490,329</u>
CREDITORS - amounts falling due within one year			
Accruals and deferred income		31,578	21,982
Dividends		115,599	76,320
Corporation tax		32,040	27,030
		<u>179,217</u>	<u>125,332</u>
NET CURRENT ASSETS		<u>961,869</u>	<u>364,997</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>9,189,374</u>	<u>7,965,121</u>
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
Loan from subsidiary undertakings		-	220,994
		<u>9,189,374</u>	<u>7,744,127</u>
CAPITAL AND RESERVES			
Called up share capital	18	25,440	25,440
Revaluation reserves	19	6,236,472	5,826,536
Other reserves	19	619,228	418,800
Profit and loss account	20	2,308,234	1,473,351
		<u>9,189,374</u>	<u>7,744,127</u>

C I Dorrell

)

) Directors

P R Warr

)

31 May 1996

C I Dorrell
P R Warr

Faithful Group Limited

GROUP CASH FLOW STATEMENT

for the year ended 31 December 1995

	Notes	1995 £	1994 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	22	1,336,656	1,629,275
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		88,048	83,224
Interest paid		(4,580)	(44,302)
Dividends paid		(87,921)	(72,504)
NET CASH INFLOW/(OUTFLOW) FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(4,453)	(33,582)
TAXATION			
Corporation tax paid (including advance corporation tax)		(451,060)	(348,815)
Overseas tax paid		(153,352)	(3,071)
		(604,412)	(351,886)
INVESTING ACTIVITIES			
Payments to acquire tangible fixed assets		(317,614)	(539,212)
Purchase of subsidiary undertakings			
(net of cash and cash equivalents acquired)	22	-	(634,610)
Receipts from sale of tangible fixed assets		6,894	264,614
NET CASH OUT FLOW FROM INVESTING ACTIVITIES		(310,720)	(909,208)
NET CASH INFLOW BEFORE FINANCING		417,071	334,599
FINANCING			
Repayment of loans	16	-	196,783
Repayments of capital element of finance lease rentals	24	9,534	24,806
		9,534	221,589
INCREASE IN CASH AND CASH EQUIVALENT	22	407,537	113,010
		417,071	334,599

NOTES TO THE ACCOUNTS

at 31 December 1995

1 ACCOUNTING POLICIES

The accounts are prepared under the historical cost convention, except that certain properties are included at valuation, and in accordance with applicable accounting standards.

Basis of consolidation

The consolidated accounts incorporate the accounts of the company and each of its subsidiaries for the year ended 31 December 1995.

Fixed assets and depreciation

Freehold land is not depreciated. The cost or valuation of other fixed assets is written off by equal annual instalments over their expected useful lives as follows:

Freehold buildings	50 years
Plant and equipment	5-10 years
Motor vehicles	4 years

Leased assets

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the group, 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.

Revenue in respect of assets held under operating leases are charged to the profit and loss account as incurred.

Stocks

Stocks are valued at the lower of cost and net realisable value. In the case of finished goods and work in progress cost comprises direct materials, direct labour and an appropriate proportion of manufacturing overheads.

Deferred taxation

Provision is made for deferred taxation, using the liability method, on short-term timing differences and all other material timing differences which are not expected to continue in the future.

Pension costs

Pension costs are recognised on a systematic basis so that the costs of providing retirement benefits to employees are evenly matched, so far as possible, to the service lives of the employees concerned. Any excess or deficiency of the actuarial value of assets over the actuarial value of liabilities of the pension scheme is allocated over the average remaining service lives of current employees.

Foreign currencies

Assets, liabilities, revenues and costs denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction; monetary assets and liabilities at the balance sheet date are translated at the year end rate of exchange. All exchange differences thus arising are reported as part of the profit for the year. Upon consolidation, assets and liabilities of the overseas subsidiaries are translated at the year end rate of exchange and the profit and loss account at an average rate. All exchange differences arising on consolidation are included in reserves.

NOTES TO THE ACCOUNTS

at 31 December 1995

1 ACCOUNTING POLICIES *(continued)***Investment in subsidiaries**

The company's investment in its overseas subsidiaries is translated into sterling at the rate of exchange ruling at the balance sheet date and the investment in all subsidiaries is periodically revalued to the amount of the underlying net assets.

Goodwill

Purchased goodwill, representing the excess of the purchase consideration for subsidiary undertakings over the fair value ascribed to their net tangible assets at the respective dates of acquisition, is set off directly against reserves.

2 TURNOVER

Turnover comprises sales to third parties exclusive of value added tax. Turnover is attributable to one continuing activity, the manufacture and supply of garments for people at work.

Turnover is analysed as follows:	1995 £	1994 £
Continuing operations:		
United Kingdom	11,938,321	11,662,144
Overseas	5,060,836	4,233,211
	<u>16,999,157</u>	<u>15,895,355</u>

3 OPERATING COSTS

	1995 £	1994 £
(Increase) in stocks of finished goods and work in progress	(859,454)	(155,564)
Raw materials and consumables	8,788,520	7,711,873
Staff costs:		
Wages and salaries	4,396,728	4,039,987
Social security costs	353,497	438,126
Other pension costs	311,698	199,432
Depreciation	335,313	320,334
Operating lease rentals - plant and equipment	146,600	144,170
- land and buildings	126,848	142,586
Auditors' remuneration - audit services	30,429	35,865
- non-audit services	28,928	22,746
Other operating charges	1,476,913	1,372,525
Other income	-	(9,377)
	<u>15,136,020</u>	<u>14,262,703</u>

Faithful Group Limited

NOTES TO THE ACCOUNTS at 31 December 1995

4 OPERATING PROFIT

Operating profit is analysed as follows:

	1995	1994
	£	£
United Kingdom operating profit	1,502,051	1,283,726
Overseas operating profit	361,279	360,108
Parent company expenses	(193)	(20,599)
	<u>1,863,137</u>	<u>1,623,235</u>

5 INTEREST RECEIVABLE

	1995	1994
	£	£
Bank interest	<u>88,048</u>	<u>56,555</u>

6 INTEREST PAYABLE

	1995	1994
	£	£
On amounts repayable within five years:		
Bank overdrafts and loans	2,831	22,959
Hire purchase	1,749	3,791
	<u>4,580</u>	<u>26,750</u>

Faithful Group Limited

NOTES TO THE ACCOUNTS

at 31 December 1995

7 DIRECTORS' EMOLUMENTS

	1995	1994
	£	£
Fees	-	13,269
Remuneration (including pension contributions)	241,873	211,138
	<u>241,873</u>	<u>224,407</u>

The emoluments, excluding pension contributions, are as follows:

	1995	1994
	£	£
Chairman	42,436	24,131
Highest paid director	<u>88,101</u>	<u>83,799</u>

Directors' emoluments, excluding pension contributions, fell within the following ranges:

	Number of directors	
	1995	1994
£10,001 - £15,000	-	1
£20,001 - £25,000	-	1
£25,001 - £30,000	1	1
£40,001 - £45,000	1	-
£60,001 - £65,000	-	1
£65,001 - £70,000	1	-
£80,001 - £85,000	-	1
£85,001 - £90,000	1	-

8 EMPLOYEES

The average number of employees during the period was 381 (1994 - 407).

9 TAX ON PROFIT ON ORDINARY ACTIVITIES

The taxation charge is made up as follows:

	1995	1994
	£	£
Based on the profit for the year		
UK Corporation tax at 33% (1994: 33%)	530,601	455,445
UK Deferred tax	(36,280)	(21,920)
Corporation tax overprovided in prior years	(15,074)	-
	<u>479,247</u>	<u>433,525</u>
Overseas current tax	112,429	78,865
Overseas deferred tax	(12,008)	(56,436)
	<u>579,668</u>	<u>455,954</u>

The tax charge for the year has been reduced by approximately £68,000 arising from tax losses brought forward. There are tax losses amounting to approximately £490,000 available to be offset against future trading profits of certain subsidiaries.

Faithful Group Limited

NOTES TO THE ACCOUNTS

at 31 December 1995

10 DIVIDENDS

	1995 £	1994
Interim of 150p per share (1994 - 125p interim)	38,160	31,800
Proposed final of 350p per share (1994 - 300p interim)	89,040	76,320
	<u>127,200</u>	<u>108,120</u>

11 TANGIBLE FIXED ASSETS GROUP

	Freehold land and buildings £	Plant, equipment and vehicles £	Total £
Cost or valuation:			
At 1 January 1995	1,463,437	3,229,870	4,693,307
Exchange adjustments	48,589	33,250	81,839
Additions	8,860	308,754	317,614
Disposals	-	(24,313)	(24,313)
At 31 December 1995	<u>1,520,886</u>	<u>3,547,561</u>	<u>5,068,447</u>
Depreciation:			
At 1 January 1995	92,487	2,335,513	2,428,000
Exchange adjustments	8,690	23,981	32,671
Charge for the year	37,537	297,776	335,313
Disposals	-	(19,600)	(19,600)
At 31 December 1995	<u>138,714</u>	<u>2,637,670</u>	<u>2,776,384</u>
Net book value:			
At 31 December 1995	<u>1,382,172</u>	<u>909,891</u>	<u>2,292,063</u>
At 1 January 1995	<u>1,370,950</u>	<u>894,357</u>	<u>2,265,307</u>

An analysis of cost or valuation is as follows:

	1995 £	1994 £
At cost	590,886	533,437
At valuation	930,000	930,000
	<u>1,520,886</u>	<u>1,463,437</u>

Faithful Group Limited

NOTES TO THE ACCOUNTS

at 31 December 1995

11 TANGIBLE FIXED ASSETS *(continued)*

On a historical cost basis freehold land and buildings would have been included at:

	1995	1994
	£	£
Cost	954,724	897,275
Accumulated depreciation	163,647	124,847
	<u>791,077</u>	<u>772,428</u>

Cost or valuation of freehold land and buildings includes £1,155,886 (1994 - £1,098,437) in respect of buildings.

COMPANY

	Freehold land and buildings £	Plant equipment and vehicles £	Total £
Cost or valuation:			
At 1 January 1995	-	12,200	12,200
Additions	-	-	-
At 31 December 1995	-	12,200	12,200
Depreciation:			
At 1 January 1995	-	9,150	9,150
Charge for year	-	3,050	3,050
At 31 December 1995	-	12,200	12,200
Net book value:			
At 31 December 1995	-	-	-
At 1 January 1995	-	3,050	3,050

Faithful Group Limited

NOTES TO THE ACCOUNTS

at 31 December 1995

12 FIXED ASSETS - INVESTMENTS COMPANY

Subsidiary undertakings	Shares £
Valuation	
At 31 January 1995	7,597,074
Exchange gain	220,495
Surplus on revaluation	409,936
At 31 December 1995	<u>8,227,505</u>

Investments in subsidiary undertakings have been revalued to net asset value, the surplus over cost being transferred to a revaluation reserve. At 31 December 1995 the cost of the investments was £1,278,740 (1994 - £1,278,740).

Faithful Limited	- registered in England and Wales
Frederick Moffat Limited	
(formerly Frederick Moffat & Co (London) Limited	- registered in England and Wales
Faithful Holdings Limited	- registered in England and Wales
Faithful GB Limited (non-trading)	- registered in England and Wales
Faithful Nederland BV	- incorporated in Holland
Orcon Bedrijfskleding BV	- incorporated in Holland
Liemco Beroepskleding BV	- incorporated in Holland

All subsidiaries are wholly owned.

At 31 December 1995 the investment in Orcon Bedrijfskleding BV and Liemco Beroepskleding BV were held by Faithful Nederland BV, the investment in Faithful Nederland BV was held by Faithful Holdings Limited and the investment in Frederick Moffat Limited was held by Faithful Limited. The investments in all other subsidiaries are held by the company.

The trading subsidiaries manufacture and supply garments for people at work.

13 STOCKS

	1995 £	1994 £
GROUP		
Raw materials	1,260,800	1,141,623
Work in progress	603,101	507,225
Finished goods	2,971,089	2,207,511
Other	15,898	10,390
	<u>4,850,888</u>	<u>3,866,749</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

Faithful Group Limited

NOTES TO THE ACCOUNTS

at 31 December 1995

14 DEBTORS GROUP

	1995 £	1994 £
Amounts due within one year:		
Trade debtors	2,721,307	2,535,223
Prepayments and accrued income	135,739	139,692
Tax recoverable (note 17)	28,676	-
	<u>2,885,722</u>	<u>2,674,915</u>

COMPANY

Amounts due within one year:		
Amounts due from subsidiary undertaking	278,100	215,999
Group relief receivable	-	4,744
Prepayments and accrued income	5,940	3,641
	<u>284,040</u>	<u>224,384</u>

15 TRADE AND OTHER CREDITORS GROUP

	1995 £	1994 £
Trade creditors	891,483	1,054,409
Accruals and deferred income	769,430	623,720
Taxation and social security	397,735	334,346
Pension scheme contributions	30,042	13,370
Obligations under finance leases and hire purchase contract	1,333	9,534
	<u>2,090,023</u>	<u>2,035,379</u>

COMPANY

Accruals and deferred income	<u>31,578</u>	<u>21,982</u>
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16 CREDITORS - amounts falling due after more than one year

	1995 £	1994 £
GROUP		
Accruals and deferred income	124,518	-
Obligations under finance leases and hire purchase contracts	-	1,333
	<u>124,518</u>	<u>1,333</u>
 Analysis of changes in group loan financing during the year:		
At 1 January	-	161,783
Loans of acquired subsidiary undertaking	-	35,000
Repayment of borrowings	-	(196,783)
At 31 December	<u>-</u>	<u>-</u>

Faithful Group Limited

NOTES TO THE ACCOUNTS

at 31 December 1995

17 PROVISIONS FOR LIABILITIES AND CHARGES GROUP

Deferred taxation

	1995 £	1994 £
At 1 January	21,085	109,634
Exchange adjustments	1,707	3,124
Transfer to profit and loss account	(38,108)	(78,644)
Movement in advance corporation tax	(3,180)	(8,904)
Adjustment in respect of previous years	(10,180)	(4,125)
At 31 December	<u>(28,676)</u>	<u>21,085</u>

Deferred taxation provided in the accounts and the full potential liability consists of:

	1995 £	Provided 1994 £	Full potential liability 1995 £	1994 £
Accelerated capital allowances	35,500	32,250	85,955	88,914
Short term timing differences	(52,700)	(13,170)	(52,666)	(13,340)
Advance corporation tax	(22,260)	(19,080)	(22,260)	(19,080)
Overseas taxation	10,784	21,085	10,784	21,085
	<u>(28,676)</u>	<u>21,085</u>	<u>21,813</u>	<u>77,579</u>

Deferred tax on the revalued property is not provided as this does not constitute a timing difference.

18 CALLED UP SHARE CAPITAL

	Authorised 1995 & 1994 £
Ordinary shares of £1 each	50,000
	<u>50,000</u>
	Allotted, and fully paid
	1995 & 1994 No. £
Ordinary shares of £1 each	25,440 25,440
	<u>25,440</u> <u>25,440</u>

Faithful Group Limited

NOTES TO THE ACCOUNTS

at 31 December 1995

19 RESERVES GROUP

	<i>Revaluation</i> £	<i>Other</i> £
At 1 January 1995	555,346	721,668
Exchange adjustments	-	168,689
Transfer to profit and loss account	(7,427)	-
At 31 December 1995	<u>547,919</u>	<u>890,357</u>

COMPANY

	<i>Revaluation</i> £	<i>Other</i> £
At 1 January 1995	5,826,536	418,800
Surplus on revaluation of investments in subsidiaries	409,936	-
Exchange adjustments	-	200,428
At 31 December 1995	<u>6,236,472</u>	<u>619,228</u>

The exchange adjustments for the year are stated net of £20,067 loss on the revaluation of loans denominated in foreign currency at the year end rate of exchange.

20 PROFIT AND LOSS ACCOUNT

	<i>Company</i> £	<i>Group</i> £
At 1 January 1995	1,473,351	6,441,673
Exchange adjustments	-	36,821
Profit for the year	834,883	1,239,737
Transfer from revaluation reserve	-	7,427
At 31 December 1995	<u>2,308,234</u>	<u>7,725,658</u>

As permitted by Section 228 (7) of the Companies Act 1985 the profit and loss account of the parent company is not presented as part of these accounts. The profit on ordinary activities for the financial year dealt with in the accounts of the company amounted to £962,083 (1994: profit £236,723).

The cumulative amount of goodwill written off at 31 December 1995, net of goodwill relating to undertakings disposed of, is £220,973 (1994: £220,973).

NOTES TO THE ACCOUNTS

at 31 December 1995

21 RECONCILIATION OF SHAREHOLDERS' FUNDS

	1995 £	1994 £
Total recognised gains and losses	1,572,447	990,026
Dividends	(127,200)	(108,120)
	<u>1,445,247</u>	<u>881,906</u>
Other movements:		
Goodwill written off	-	(45,541)
	<u>1,445,247</u>	<u>836,365</u>
Total movements during the year	7,744,127	6,907,762
Shareholders' funds at 1 January	<u>9,189,374</u>	<u>7,744,127</u>
Shareholders' funds at 31 December	<u>9,189,374</u>	<u>7,744,127</u>

22 CASH FLOW STATEMENT

	1995 £	1994 £
a) Reconciliation of operating profit to net cash inflow from operating activities.		
Operating profit	1,863,137	1,623,275
Depreciation charges	335,313	320,334
(Profit) on sale of tangible fixed assets	(2,181)	(3,194)
(Increase) in stocks	(872,360)	(317,715)
(Increase) in debtors	(135,853)	(107,619)
Increase in creditors	148,600	114,194
	<u>1,336,656</u>	<u>1,629,275</u>

b) Analysis of the Net Outflow of Cash and Cash Equivalents in respect of the Purchase of Subsidiary Undertakings.

	1995 £	1994 £
Cash consideration	-	275,000
Cash at bank and in hand acquired	-	(390)
Bank overdrafts of acquired subsidiary undertakings	-	360,000
	<u>-</u>	<u>360,000</u>
Net outflow of cash and cash equivalents in respect of the purchase of subsidiary undertakings	<u>-</u>	<u>634,610</u>

Faithful Group Limited

NOTES TO THE ACCOUNTS

at 31 December 1995

22 CASH FLOW STATEMENT *(continued)*

c) Analysis of changes in cash and cash equivalents during the year.

	1995 £	1994 £
Balance at 1 January	1,618,190	1,517,453
Net cash inflow	417,071	113,010
Effect of foreign exchange rate changes	23,634	(12,273)
Balance at 31 December	<u>2,058,895</u>	<u>1,618,190</u>

d) Analysis of the balances of cash and cash equivalents as shown in the balance sheet.

	1995 £	1994 £	Change in year £
Cash at bank and in hand	<u>2,058,895</u>	<u>1,618,190</u>	<u>440,705</u>
	1994 £	1993 £	Change in year £
Cash at bank and in hand	1,618,190	1,635,278	(17,088)
Bank overdraft	-	(117,825)	117,825
	<u>1,618,190</u>	<u>1,517,453</u>	<u>100,737</u>

23 CAPITAL COMMITMENTS

	1995 £	1994 £
Authorised but not contracted	<u>281,313</u>	<u>-</u>
Contracted	<u>3,680</u>	<u>52,806</u>

Faithful Group Limited

NOTES TO THE ACCOUNTS

at 31 December 1995

24 OBLIGATIONS UNDER LEASES AND HIRE PURCHASE CONTRACTS

GROUP

	1995	1994
	£	£
Amounts payable:		
within one year	1,333	9,534
between two and five years	-	1,333
	<u>1,333</u>	<u>10,867</u>

Analysis of changes in finance leasing during the year:

At 1 January	10,867	-
Finance leases of acquired subsidiary undertaking	-	35,673
Capital element of finance lease rental payments	(9,534)	(24,806)
	<u>1,333</u>	<u>10,867</u>
At 31 December		

The annual commitment under non-cancellable operating leases was as follows:

	<i>Land and Buildings</i>		<i>Other</i>	
	1995	1994	1995	1994
	£	£	£	£
Leases expiring:				
Within one year	-	-	20,960	27,917
Within two to five years	-	-	96,238	67,595
Thereafter	1,311,150	131,150	-	-
	<u>1,311,150</u>	<u>131,150</u>	<u>117,198</u>	<u>95,512</u>

NOTES TO THE ACCOUNTS

at 31 December 1995

25 PENSION SCHEME

The group operates two defined benefit pension schemes.

The assets of the main scheme relating to the company and its UK trading subsidiary are held separately from those of the company in an independently administered fund. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees working lives with the company.

The pension cost is assessed triennially in accordance with the advice of a qualified actuary using the projected unit method. The latest actuarial assessment of the scheme was as at 6 April 1994. The assessment incorporated the main following assumptions.

Investment return	9% pa
Pensionable salary increases	7% pa
Pension increases	GMP only after 6 April 1988 at lesser of 3% pa or rise in RPI.

At the date of the latest actuarial valuation, the market value of the schemes assets was £2.137,000, and the actuarial value of the assets was sufficient to cover 85% of the benefits that had accrued to members, after allowing for expected future increases in earnings. The contributions of the company were increased to 7% of earnings with effect from 1 January 1995, whilst employee contributions remained at 5%. The scheme deficiency will be eliminated in due course by the current contribution levels over the next 20 years.