



BUSHBURY HOLDINGS LIMITED

Report and Financial Statements

31 December 1997

**Deloitte & Touche
Colmore Gate
2 Colmore Row
Birmingham
B3 2BN**





REPORT AND FINANCIAL STATEMENTS 1997

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

M B Hughes (Chairman)
B F Tinklin
R Nicholls

SECRETARY

R Nicholls

REGISTERED OFFICE

PO Box 232
Shaw Road
Bushbury
Wolverhampton
WV10 9LA

BANKERS

Midland Bank PLC
36 Bennetts Hill
Birmingham
B2 5RJ

Allied Irish Bank
Stillorgan
Co Dublin
Ireland

SOLICITORS

Martineau Johnson
St Philips House
St Philips Place
Birmingham
B3 2PP

A & L Goodbody
Earlsfort House
Earlsfort Terrace
Dublin
Ireland

AUDITORS

Deloitte & Touche
Chartered Accountants
Colmore Gate
2 Colmore Row
Birmingham
B3 2BN

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 1997.

RESULTS

The profit for the year on ordinary activities before taxation amounted to £417,580 (1996 - £497,462). The directors do not propose a dividend for the year (1996 - £Nil) and the retained profit for the year of £301,940 (1996 - £337,561) has been transferred to reserves.

ACTIVITY

Bushbury Holdings Limited is principally engaged in the provision of management consultancy services and is the parent company of the following subsidiaries:

- Eastfield Engineering Limited - engaged in the manufacture of off-highway vehicle cab conditioning equipment, spares for this and for vehicle cabs and refurbishment of railway carriage window frames
- Epstone Limited - invests in freehold property
- M.C. Air Filtration Limited - manufactures high efficiency air filters and associated equipment.
- Walkair Limited - distributes air conditioning and filtration products, is involved in the construction of clean rooms and controlled environments and provides installation, commissioning and maintenance services.

REVIEW OF THE BUSINESS AND FUTURE PROSPECTS

The operating performance of the group continued to be satisfactory during the year. Eastfield Engineering Limited achieved I.S.O. 9002 accreditation in November and Walkair Limited consolidated its position in the Irish market. The directors intend to pursue a policy of controlled growth and, subject to unforeseen circumstances, anticipate a further satisfactory trading performance in the current year.

DIRECTORS

The directors during the year, together with the interests of the directors at the end of the year, as defined by the Companies Act 1985, in the shares of the Company were as follows:

	At 31 December 1997	At 31 December 1996
M B Hughes (Chairman)	56,400	56,400
B F Tinklin	34,400	34,400
R Nicholls	6,700	6,700

The directors had no interest in the shares of other group companies.

Messrs M B Hughes, B F Tinklin and R Nicholls served throughout the year.



DIRECTORS' REPORT

RESEARCH AND DEVELOPMENT

The Company and its subsidiaries continue an active programme of research and product development.

EMPLOYEE INVOLVEMENT

The group has established structures and procedures for consultation, communication and negotiation with its employees. Importance is placed on this aspect of the business and all managers have a responsibility to this end.

EMPLOYMENT OF DISABLED PERSONS

Suitable procedures are in operation to support the group's policy that disabled persons (whether registered or not) shall be considered for employment and subsequent training, career development and promotion on the basis of their aptitudes and abilities.

AUDITORS

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

R NICHOLLS

Secretary

Registered Office:

PO Box 232
Shaw Road
Bushbury
Wolverhampton
WV10 9LA



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 the group as at the end of the financial year and of the profit or loss of the group for that period. In preparing those financial statements, 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
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.



Chartered Accountants

Deloitte & Touche
Colmore Gate
2 Colmore Row
Birmingham B3 2BN

Telephone: National 0121 200 2211
International + 44 121 200 2211
Fax (Gp. 3): 0121 695 5311

AUDITORS' REPORT TO THE MEMBERS OF

BUSHBURY HOLDINGS LIMITED

We have audited the financial statements on pages 6 to 21 which have been prepared under the accounting policies set out on page 12 and 13.

Respective responsibilities of directors and auditors

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

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the company and the group, 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 and the group as at 31 December 1997 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Chartered Accountants and Registered Auditors

31st March 1998



CONSOLIDATED PROFIT AND LOSS ACCOUNT
Year ended 31 December 1997

	Note	1997 £	1996 £
TURNOVER	2	6,537,029	7,433,089
Cost of sales		(5,064,980)	(6,117,261)
		<u>1,472,049</u>	<u>1,315,828</u>
Distribution expenses		(441,334)	(299,090)
Administration expenses		(589,515)	(585,682)
OPERATING PROFIT	4	<u>441,200</u>	<u>431,056</u>
Interest receivable	5	11,146	92,378
Interest payable	6	(34,766)	(25,972)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>417,580</u>	<u>497,462</u>
Tax on profit on ordinary activities	7	(115,640)	(151,976)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>301,940</u>	<u>345,486</u>
Equity minority interest		-	(7,925)
PROFIT FOR THE FINANCIAL YEAR	17	<u><u>301,940</u></u>	<u><u>337,561</u></u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year ended 31 December 1997

	1997 £	1996 £
Profit for the financial year	301,940	337,561
Currency translation differences on foreign currency net investments	(30,339)	(8,784)
Total recognised gains and losses relating to the year	<u><u>271,601</u></u>	<u><u>328,777</u></u>

All activities derive from continuing operations.

There is no material difference between the historical cost profit and the profit stated in the profit and loss account.

CONSOLIDATED BALANCE SHEET
31 December 1997

	Note	£	1997 £	£	1996 £
FIXED ASSETS					
Tangible assets	9		807,319		830,348
CURRENT ASSETS					
Stocks	11	968,516		557,869	
Debtors	12	1,404,382		961,742	
Cash at bank and in hand		82,483		620,646	
		2,455,381		2,140,257	
CREDITORS: amounts falling due within one year	13	(1,567,484)		(1,525,290)	
NET CURRENT ASSETS			887,897		614,967
TOTAL ASSETS LESS CURRENT LIABILITIES			1,695,216		1,445,315
CREDITORS: amounts falling due after more than one year	14		(259,700)		(281,400)
TOTAL NET ASSETS			1,435,516		1,163,915
CAPITAL AND RESERVES					
Called up share capital	16		100,000		100,000
Capital redemption reserve	17		50,000		50,000
Revaluation reserve	17		12,746		12,966
Foreign exchange reserve	17		(39,123)		(8,784)
Profit and loss account	17		1,311,893		1,009,733
EQUITY SHAREHOLDERS' FUNDS	18		1,435,516		1,163,915

These financial statements were approved by the Board of Directors on *25th March 1998*

Signed on behalf of the Board of Directors

M B Hughes

B F Tinklin

Directors

M B Hughes
B F Tinklin

BALANCE SHEET
31 December 1997

	Note	£	1997 £	£	1996 £
FIXED ASSETS					
Tangible assets	9		13,785		559
Investments	10		268,180		268,180
			<u>281,965</u>		<u>268,739</u>
CURRENT ASSETS					
Debtors	12	230,631		78,744	
Cash at bank and in hand		227		9,342	
		<u>230,858</u>		<u>88,086</u>	
CREDITORS: amounts falling due within one year	13	<u>(186,558)</u>		<u>(92,596)</u>	
NET CURRENT LIABILITIES			<u>44,300</u>		<u>(4,510)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>326,265</u>		<u>264,229</u>
CAPITAL AND RESERVES					
Called up share capital	16		100,000		100,000
Capital redemption reserve	17		50,000		50,000
Profit and loss account	17		176,265		114,229
EQUITY SHAREHOLDERS' FUNDS			<u>326,265</u>		<u>264,229</u>

These financial statements were approved by the Board of Directors on 25th March 1998

Signed on behalf of the Board of Directors

M B Hughes

B F Tinklin

Directors

M B Hughes
B F Tinklin



CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 December 1997

	Note	1997 £	1996 £
Cash flow from operating activities	(i)	(46,394)	578,243
Returns on investments and servicing of finance	(ii)	(23,620)	(8,594)
Taxation		(152,808)	(78,503)
Capital expenditure and financial investment	(ii)	(137,028)	(146,851)
Acquisitions	(ii)	-	(49,035)
Cash inflow before use of liquid resources and financing		(359,850)	295,260
Financing	(ii)	(45,324)	(417,862)
Decrease in cash in the year		(405,174)	(122,602)

	(iii)	1997 £	1996 £
Reconciliation of net cash flow to movement in net debt			
Decrease in cash in the year		(405,174)	(122,602)
Cash outflow from decrease in debt and lease financing		45,324	49,862
Change in net funds resulting from cash flows		(359,850)	(72,740)
New finance leases		-	(8,460)
Movement in net funds in the year		(359,850)	(81,200)
Net funds at 1 January 1997		161,155	242,355
Net (debts)/funds at 31 December 1997		(198,695)	161,155

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 December 1997

(i) RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS

	1997 £	1996 £
Operating profit	441,200	431,056
Depreciation	152,296	122,789
(Increase)/decrease in stocks	(410,647)	21,664
(Increase)/decrease in debtors	(442,640)	411,949
Increase/(decrease) in creditors	213,397	(409,215)
Net cash (outflow)/inflow from operating activities	<u>(46,394)</u>	<u>578,243</u>

**(ii) ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED
IN THE CASH FLOW STATEMENT**

	1997 £	1996 £
Returns on investments and servicing of finance		
Interest received	11,146	92,378
Interest paid	(34,111)	(25,654)
Interest element of finance lease rental payments	(655)	(318)
Dividends paid on ordinary shares to equity minority interest	-	(75,000)
Net cash outflow for returns on investments and servicing of finance	<u>(23,620)</u>	<u>(8,594)</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(140,010)	(162,871)
Sale of tangible fixed assets	2,982	16,020
Net cash outflow for capital expenditure and financial investment	<u>(137,028)</u>	<u>(146,851)</u>
Acquisitions		
Purchase of business (note v)	-	(36,100)
Purchase of minority interest in subsidiary company	-	(12,935)
	<u>-</u>	<u>(49,035)</u>
Financing		
Purchase of own shares	-	(368,000)
Repayment of bank loan	(40,302)	(47,068)
Capital element of finance lease rental payments	(5,022)	(2,794)
Net cash outflow from financing	<u>(45,324)</u>	<u>(417,862)</u>

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 December 1997

(iii) MOVEMENT IN NET FUNDS

	At 1 Jan 1997 £	Cash flow £	At 31 Dec 1997 £
Cash in hand and at bank	620,646	(538,163)	82,483
Overdraft	(132,989)	132,989	-
		<u>(405,174)</u>	
Bank loan	(170,042)	40,302	(129,740)
Other loan	(150,000)	-	(150,000)
Finance leases	(6,460)	5,022	(1,438)
		<u>45,324</u>	
	<u>161,155</u>	<u>(359,850)</u>	<u>(198,695)</u>

(iv) MAJOR NON-CASH TRANSACTIONS

During the year the group entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of £Nil (1996 - £8,460).

(v) PURCHASE OF SUBSIDIARY UNDERTAKING AND BUSINESS OF WALKER AIR CONDITIONING LIMITED

	1997 £	1996 £
Net assets acquired		
Tangible assets	-	26,100
Stocks	-	10,000
	<u>-</u>	<u>36,100</u>
Satisfied by		
Cash	-	36,100
	<u>-</u>	<u>36,100</u>

NOTES TO THE ACCOUNTS

Year ended 31 December 1997

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Consolidation

The consolidated financial statements incorporate the financial statements of the company and all its subsidiaries.

Acquisitions

On the acquisition of a business fair values are attributed to the net tangible assets. Where the costs of acquisition exceeds the values attributable to such net assets, the difference is treated as purchased goodwill and is written off directly to reserves in the year of acquisition.

Exchange rates

Balances denominated in foreign currencies have been translated into sterling at the rates ruling on 31 December 1997. Realised exchange differences in the course of trading have been taken to the profit and loss account.

Depreciation on fixed assets

Depreciation is provided on a straight line basis, to write off the assets concerned over their estimated useful lives, at the following annual rates:

Freehold land	Nil
Freehold buildings	2.5%
Short leasehold land and buildings	Over life of lease
Plant and equipment	10% - 50%

Stocks

Stocks, including work-in-progress, are valued at the lower of cost and net realisable value. Cost represents materials, direct labour and an appropriate proportion of overheads.

Leased assets

Where fixed assets are financed by leasing agreements which give rights approximating to ownership, the assets are treated as if they had been purchased and the capital element of the leasing commitments is shown as obligations under finance leases. The rentals payable are apportioned between interest, which is charged to profit and loss account, and capital, which reduces the outstanding obligation.

Operating lease rentals payable are charged to profit and loss account on a straight line basis over the lease term.

Investments

Investments held as fixed assets are stated at cost less any provisions against a permanent diminution in value.

Deferred taxation

Deferred taxation is provided at the anticipated tax rates on differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

NOTES TO THE ACCOUNTS
Year ended 31 December 1997

1. ACCOUNTING POLICIES (continued)

Pension costs

The expected cost of providing pensions, as calculated periodically by professionally qualified actuaries is charged to the profit and loss account so as to spread the cost over the service lives of employees in the scheme, in such a way that the pension cost is a substantially level percentage of current and expected future pensionable payroll.

2. ANALYSES OF TURNOVER

	1997 £	1996 £
Geographical analyses by location		
United Kingdom	4,702,428	6,957,227
Republic of Ireland	1,834,601	475,862
	<u>6,537,029</u>	<u>7,433,089</u>
Geographical analyses of turnover by destination		
United Kingdom	4,581,825	6,712,013
Other European countries	1,776,069	698,712
Rest of world	179,135	22,364
	<u>6,537,029</u>	<u>7,433,089</u>

3. INFORMATION RELATING TO DIRECTORS AND EMPLOYEES

	1997 £	1996 £
Directors' emoluments		
Other remuneration	152,077	146,425
Pension contributions	39,816	87,654
	<u>191,893</u>	<u>234,079</u>
	No	No
Number of directors who are members of defined benefit pension schemes	<u>3</u>	<u>3</u>

NOTES TO THE ACCOUNTS
Year ended 31 December 1997

3. INFORMATION RELATING TO DIRECTORS AND EMPLOYEES (continued)

	1997	1996
	No	No
Average number of persons employed		
Production staff	85	67
Sales and distribution staff	12	13
Administrative staff	11	11
	<u>108</u>	<u>91</u>
	£	£
Staff costs during the year (including directors)		
Wages and salaries	1,687,236	1,151,356
Social security costs	152,902	99,379
Other pension costs	146,524	168,543
	<u>1,986,662</u>	<u>1,419,278</u>

4. OPERATING PROFIT

	1997	1996
	£	£
The operating profit is arrived at after taking into account the following items:		
Depreciation		
Assets owned	140,306	112,219
Assets held under finance leases	11,990	10,570
Rentals under operating leases		
Hire of plant and equipment	19,180	20,700
Other operating leases	174,071	70,822
Auditors' remuneration		
Audit services	17,618	17,312
Non audit services	3,787	5,558
	<u></u>	<u></u>

5. INTEREST RECEIVABLE

	1997	1996
	£	£
Bank interest receivable	10,303	92,156
Other interest	843	222
	<u>11,146</u>	<u>92,378</u>

NOTES TO THE ACCOUNTS
Year ended 31 December 1997

6. INTEREST PAYABLE

	1997 £	1996 £
Bank loans, overdrafts and other loans repayable within five years	34,111	25,654
Finance lease charges	655	318
	<u>34,766</u>	<u>25,972</u>

7. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	1997 £	1996 £
Taxation charge on profit for the year		
UK corporation tax at 31.5% (1996 - 33%)	112,016	152,429
Republic of Ireland corporation tax at 28%	3,873	-
Adjustment in respect of previous year	(249)	(453)
	<u>115,640</u>	<u>151,976</u>

The taxation charge on the profit for the year has been reduced by the utilisation of losses brought forward in a subsidiary company and by the effect of marginal small companies relief.

**8. PROFIT FOR THE YEAR ATTRIBUTABLE TO THE MEMBERS OF
 BUSHBURY HOLDINGS LIMITED**

	1997 £	1996 £
Profits dealt with in the accounts of the parent company	<u>62,036</u>	<u>528,087</u>

The Company has taken advantage of Section 230 of the Companies Act 1985 and consequently a profit and loss account for the Company alone is not provided.

NOTES TO THE ACCOUNTS
Year ended 31 December 1997

9. TANGIBLE FIXED ASSETS

The Group	Freehold land and buildings £	Short leasehold land and buildings £	Plant and machinery £	Total £
Cost or valuation				
At 1 January 1997	400,000	169,388	1,096,551	1,665,939
Foreign exchange translation differences	-	-	(10,684)	(10,684)
Additions	-	-	140,010	140,010
Disposals	-	(8,117)	(45,027)	(53,144)
At 31 December 1997	400,000	161,271	1,180,850	1,742,121
Accumulated depreciation				
At 1 January 1997	5,000	153,137	677,454	835,591
Foreign exchange translation differences	-	-	(2,923)	(2,923)
Charge for year	5,000	8,959	138,337	152,296
Disposals	-	(8,117)	(42,045)	(50,162)
At 31 December 1997	10,000	153,979	770,823	934,802
Net book value				
At 31 December 1997	390,000	7,292	410,027	807,319
At 31 December 1996	395,000	16,251	419,097	830,348

Comparable amounts determined according to the
historical cost convention:

	£
Cost	406,826
Accumulated depreciation	33,968
Net book value	
At 31 December 1997	372,858
At 31 December 1995	377,638

The value of freehold land not depreciated is £200,000.

The freehold land and buildings were valued as at 31 December 1995 by Messrs Walter and Randall, Chartered Surveyors. In their opinion the open market value for the existing use at that time was £400,000.

The net book value of the group's fixed assets includes £21,397 (1996 - £33,660) in respect of assets held under finance leases.

NOTES TO THE ACCOUNTS
Year ended 31 December 1997

9. TANGIBLE FIXED ASSETS (continued)

The Company	Plant and machinery £
Cost	
At 1 January 1997	18,642
Additions	18,801
Disposals	(16,481)
At 31 December 1996	20,962
Accumulated depreciation	
At 1 January 1997	18,083
Charge for year	5,575
Disposals	(16,481)
At 31 December 1997	7,177
Net book value	
At 31 December 1997	13,785
At 31 December 1996	559

10. INVESTMENTS HELD AS FIXED ASSETS

Shares in subsidiary companies		£
At cost		
At 1 January 1997 and 31 December 1997		268,180
Name	Principal activity	Proportion of ordinary shares held
Eastfield Engineering Limited	Manufacture of off-highway vehicle cab conditioning equipment, spares for this and for vehicle cabs and refurbishment of railway carriage window frames	100%
M.C. Air Filtration Limited	Manufacture of high efficiency air filters and associated equipment	100%
Epstone Limited	Investment in freehold property	100%
Walkair Limited	Distribution of air conditioning and filtration products, the construction of clean rooms and controlled environments and the provision of installation, commissioning and maintenance services	100%

All of the companies except Walkair Limited were incorporated and registered in England and Wales. Walkair Limited is incorporated and registered in the Republic of Ireland.


NOTES TO THE ACCOUNTS
Year ended 31 December 1997
11. STOCKS

	Group	
	1997	1996
	£	£
Raw materials and components	741,204	407,129
Work in progress	135,400	83,780
Finished goods	91,912	66,960
	<u>968,516</u>	<u>557,869</u>

12. DEBTORS

	Group		Company	
	1997	1996	1997	1996
	£	£	£	£
Trade debtors	1,357,262	896,738	-	-
Amount due from subsidiary companies	-	-	230,631	78,744
Other debtors	1,537	13,253	-	-
Prepayments and accrued income	45,583	51,751	-	-
	<u>1,404,382</u>	<u>961,742</u>	<u>230,631</u>	<u>78,744</u>

The amounts due from subsidiary includes £221,781 due after more than one year.

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	1997	1996	1997	1996
	£	£	£	£
Bank overdraft (note 15)	-	132,989	91,194	-
Bank loan (note 15)	20,040	40,302	-	20,262
Finance leases (note 15)	1,438	4,800	-	-
Trade creditors	911,367	541,836	211	16,436
Amount due to subsidiaries	-	-	46,475	-
Payroll and other taxes including social security	354,189	226,842	22,675	33,000
Other creditors	22,920	9,808	3,355	2,384
Accruals and deferred income	257,530	568,713	22,648	20,514
	<u>1,567,484</u>	<u>1,525,290</u>	<u>186,558</u>	<u>92,596</u>

NOTES TO THE ACCOUNTS
Year ended 31 December 1997

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

	Group		Company	
	1997	1996	1997	1996
	£	£	£	£
Bank loan (note 15)	109,700	129,740	-	-
Other loan (note 15)	150,000	150,000	-	-
Finance leases (note 15)	-	1,660	-	-
	<u>259,700</u>	<u>281,400</u>	<u>-</u>	<u>-</u>

15. BORROWINGS

	Group		Company	
	1997	1996	1997	1996
	£	£	£	£
Bank overdraft	-	132,989	91,194	-
Bank loans	129,740	170,042	-	20,262
Other loan	150,000	150,000	-	-
Finance leases	1,438	6,460	-	-
	<u>281,178</u>	<u>459,491</u>	<u>91,194</u>	<u>20,262</u>
Due within one year	21,478	178,091	91,194	20,262
Due after more than one year	<u>259,700</u>	<u>281,400</u>	<u>-</u>	<u>-</u>
	<u>281,178</u>	<u>459,491</u>	<u>91,194</u>	<u>20,262</u>
Analysis of loan repayments:				
Bank overdraft				
Within one year or on demand	-	132,989	91,194	-
Bank loans				
Within one year	20,040	40,302	-	20,262
Between one and two years	20,040	20,040	-	-
Between two and five years	60,120	60,120	-	-
After five years	29,540	49,580	-	-
Other loan				
Between two and five years	150,000	150,000	-	-
Finance leases				
Within one year	1,438	4,800	-	-
Between one and two years	-	1,660	-	-
	<u>281,178</u>	<u>459,491</u>	<u>91,194</u>	<u>20,262</u>

The bank loan and other loan are secured by fixed and floating charges over the group's property and other assets and are subject to interest rates of between base rate and base rate plus 2.75%. The other loan is due to the Bushbury Holdings Pension Plan.

The company is party to a multilateral guarantee securing the bank overdraft and borrowings of other group companies, together with a guarantee in respect of a subsidiary company's overdraft. Its maximum potential liability in relation to these guarantees at 31 December 1997 was £76,476 (1996 - £337,730).

NOTES TO THE ACCOUNTS
Year ended 31 December 1997

16. CALLED UP SHARE CAPITAL

	1997 £	1996 £
Authorised:		
Ordinary shares of £1 each	160,000	160,000
Allotted and fully paid:		
Ordinary shares of £1 each	100,000	150,000

17. RESERVES

	Capital redemption reserve £	Revaluation reserve £	Foreign exchange reserve £	Profit and loss account £
The Group				
Balance at 1 January 1997	50,000	12,966	(8,784)	1,009,733
Retained profit for the year	-	-	-	301,940
Foreign exchange translation differences	-	-	(30,339)	-
Transfer of amount equivalent to additional depreciation on revalued assets	-	(220)	-	220
Balance at 31 December 1997	50,000	12,746	(39,123)	1,311,893
The Company				
Balance at 1 January 1997	50,000	-	-	114,229
Retained profit for the year	-	-	-	62,036
Balance at 31 December 1997	50,000	-	-	176,265

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1997 £	1996 £
Profit for the financial year	301,940	337,561
Other recognised gains and losses relating to the year	(30,339)	(8,784)
Purchase of own shares	-	(368,000)
Net addition to/(reduction in) shareholders' funds	271,601	(39,223)
Opening shareholders' funds	1,163,915	1,203,138
Closing shareholders' funds	1,435,516	1,163,915

NOTES TO THE ACCOUNTS
Year ended 31 December 1997

19. FINANCIAL COMMITMENTS

Operating lease commitments

At 31 December 1997, the group was committed to making the following payments during the next year in respect of operating leases:

	Land and buildings	
	1997	1996
	£	£
In respect of commitments that expire:		
After five years	41,822	41,822

Capital commitments

The group has contracts for capital expenditure on hand amounting to £44,553 (1996 - £Nil).

The company had capital commitments at 31 December 1997 of £44,553 (1996 - £Nil).

20. PENSION COSTS

The group operates a defined pension scheme, the assets of which are held separately from those of the group. 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 contributions are determined by a qualified actuary, the most recent valuation being at 6 April 1996.

The pension charge for the year was £146,524 (1996 - £168,543).

The most recent actuarial valuation showed that, at 6 April 1996, the scheme had a past service shortfall of £56,000 which was cleared by a payment included in the pension charge for 1996. The market value of the scheme's assets at that date was £2,157,000. The actuarial valuation was carried out on the basis of the projected unit costing method and the assumptions used comprised an assumed rate of investment return of 9% per annum and a rate of increase of pensionable earnings of 7%.

21. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption under FRS 8 "Related Party Disclosures" not to disclose transactions with other wholly owned companies in the group.