ARTHUR ANDERSEN

ARTHUR ANDERSEN & CO. SC

The Ravenhead Company Limited

and subsidiary undertaking

Accounts 30 November 1994

together with directors' and auditors' reports

Registered number: 2749300

Directors' report

For the year ended 30 November 1994

The directors present their annual report on the affairs of the group, together with the accounts and auditors' report, for the year ended 30 November 1994.

Principal activity and business review

The principal activity of the group continues to be the design, manufacture and sale of glass tableware.

Group turnover for the year was £19,687,000, and the retained loss for the year was £1,491,000. The directors expect the general level of activity to continue and profitability to improve.

On 28 November 1994 the company issued 1,000,000 ordinary shares of £1 each to Absy S.A., the immediate parent company, for a total cash consideration of £1,000,000. This was for the purpose of providing the company with additional working capital.

Results and dividends

Group results, dividends and recommended transfers to reserves are as follows:

	£'000
Group accumulated deficit at 30 November 1993	(2,335)
Group retained loss for the year	(1,491)
Group accumulated deficit at 30 November 1994	(3,826)

No dividend can be paid.

Directors and their interests

The directors who served during the year are as shown below:

M. Zadikyan	Chairman
J-C. Dehovre	
B. Marchand	
B. Liebin	

The directors do not have any interests required to be disclosed under Schedule 7 of the Companies Act 1985.

Fixed assets

Information relating to changes in tangible fixed assets is given in note 8 to the accounts.

Directors' report (continued)

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the group continues and that appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Employee consultation

The group places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the group. This is achieved through formal and informal meetings. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Auditors

The directors will place a resolution before the annual general meeting to reappoint Arthur Andersen as auditors for the ensuing year.

PO Box 48
Nuttall Street
St. Helens
Merseyside
WA10 3LP

By order of the Board,

D Grimes

Derek Grimes

Secretary

23 February 1995

Statement of directors' and auditors' responsibilities

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and group 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, subject to any material departures disclosed and explained in the financial statements; and
- 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 which disclose with reasonable accuracy at any time the financial position of the company and group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors' responsibilities

Company law requires auditors to form an independent opinion on the financial statements presented by the directors based on their audit and to report their opinion to the shareholders. The Companies Act 1985 also requires auditors to report to the shareholders if the following requirements are not met:

- that the companies in the group have maintained proper accounting records;
- that the financial statements are in agreement with the accounting records;
- that directors' emoluments and other transactions with directors are properly disclosed in the accounts; and
- that the auditors have obtained all the information and explanations which, to the best of their knowledge and belief, are necessary for the purpose of their audit.

The auditors' opinion does not encompass the directors' report on pages 1 and 2. However, the Companies Act 1985 requires auditors to report to the shareholders if the matters contained in the directors' report are inconsistent with the financial statements.

Auditors' report

Manchester

To the Shareholders of The Ravenhead Company Limited:
We have audited the financial statements on pages 5 to 24 which have been prepared under the historical cost convention and the accounting policies set out on pages 9 to 11.

Respective responsibilities of directors and auditors
As described on page 3 the company's directors are responsible for the preparation of the 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 of 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 of the group at 30 November 1994 and of the group's loss and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Arthur Andersen

Arthur Andersen
Chartered Accountants and Registered Auditors

Bank House
9 Charlotte Street
Manchester
M1 4EU

23 February 1995

Consolidated profit and loss account

For the year ended 30 November 1994

	Notes	Year ended 30 November 1994 £'000	14 months ended 30 November 1993 £'000
Turnover	2	19,687	14,936
Cost of sales		(18,401)	(14,785)
Gross profit		1,286	151
Other operating expenses (net)	3	(2,393)	(2,335)
Operating loss		(1,107)	(2,184)
Interest payable and similar charges	4	(384)	(151)
Loss on ordinary activities before taxation	5	(1,491)	(2,335)
Tax on loss on ordinary activities	7	-	-
Retained loss for the year		(1,491)	(2,335)
Retained loss for the year			
The company		(1,491)	(2,335)
Group undertaking		-	-
		(1,491)	(2,335)

All activity has arisen from continuing operations. The company and the group have no recognised gains or losses other than the retained loss for the year.

A statement of movements on reserves is given in note 16.

The accompanying notes are an integral part of this consolidated profit and loss account.

Consolidated balance sheet

30 November 1994

	Notes	1994 £'000	1993 £'000
Fixed assets			
Tangible assets	8	9,560	9,318
Current assets			
Stocks	10	5,386	4,538
Debtors	11	5,077	3,722
Cash at bank and in hand		2	2
		10,465	8,262
Creditors: Amounts falling due within one year	12	(9,032)	(9,594)
Net current assets (liabilities)		1,433	(1,332)
Total assets less current liabilities		10,993	7,986
Creditors: Amounts falling due after more than one year	13	(4,233)	(735)
Net assets		6,760	7,251
Capital and reserves			
Called-up share capital	15	7,000	6,000
Capital reserve	16	3,586	3,586
Profit and loss account	16	(3,826)	(2,335)
Total capital employed		6,760	7,251

Signed on behalf of the Board

M. Zadikyan Director

23 February 1995

The accompanying notes are an integral part of this consolidated balance sheet.

Balance sheet

30 November 1994

	Notes	1994 £'000	1993 £'000
Fixed assets			
Tangible assets	8	9,560	9,318
Investments	9	7,000	7,000
		16,560	16,318
Current assets			
Stocks	10	5,386	4,538
Debtors	11	5,077	3,722
Cash at bank and in hand		2	2
		10,465	8,262
Creditors: Amounts falling due within one year	12	(9,032)	(9,594)
Net current assets (liabilities)		1,433	(1,332)
Total assets less current liabilities		17,993	14,986
Creditors: Amounts falling due after more than one year	13	(14,819)	(11,321)
Net assets		3,174	3,665
Capital and reserves			
Called-up share capital	15	7,000	6,000
Profit and loss account	16	(3,826)	(2,335)
Total capital employed		3,174	3,665

Signed on behalf of the Board

M. Zadikyan Director

23 February 1995

The accompanying notes are an integral part of this balance sheet.

Consolidated cash flow statement

For the year ended 30 November 1994

	Notes	1994		1993	
		£'000	£'000	£'000	£'000
Net cash outflow from operating activities	18a		(2,663)		(57)
Returns on investments and servicing of finance					
Interest paid		(384)		(191)	
Net cash outflow from returns on investments and servicing of finance			(384)		(191)
Taxation					
UK corporation tax paid		-		-	
Tax paid			-		-
Investing activities					
Purchase of tangible fixed assets		(1,857)		(498)	
Purchase of subsidiary undertaking	18c	-		(8,603)	
Receipt of government grant		300		900	
Sale of tangible fixed assets		-		4	
Net cash outflow from investing activities			(1,557)		(8,197)
Net cash outflow before financing			(4,604)		(8,445)
Financing					
Issue of ordinary share capital		1,000		6,000	
New intercompany loan		1,500		-	
New medium term loan		2,250		-	
Net cash inflow from financing	18d		4,750		6,000
Increase (decrease) in cash and cash equivalents	18e		146		(2,445)

The accompanying notes are an integral part of this consolidated statement.

Notes to accounts
30 November 1994

1 Accounting policies
A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the preceding period, is set out below.

a) Basis of accounting
The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

b) Basis of consolidation
The group accounts consolidate the accounts of The Ravenhead Company Limited and its subsidiary undertaking made up to 30 November 1994. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the period are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal. Goodwill arising on consolidation (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) is written off against reserves on acquisition. Any excess of the aggregate of the fair value of the separable net assets acquired over the fair value of the consideration given (negative goodwill) is credited direct to reserves.

In the company's accounts, the investment in the subsidiary undertaking is stated at cost. Only dividends received and receivable are credited to the company's profit and loss account.

No profit and loss account is presented for The Ravenhead Company Limited as permitted by section 230 of the Companies Act 1985.

c) Tangible fixed assets
Fixed assets are shown at cost.

Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life as follows:

Freehold buildings	2.5-4% per annum
Plant and machinery	5-33.3% per annum
Fixtures, fittings and equipment	10-33.3% per annum

Residual value is calculated on prices prevailing at the date of acquisition. Profits or losses on the disposal of fixed assets are included in the calculation of operating loss.

1 Accounting policies (continued)

d) Stocks

Stocks are stated at the lower of cost and net realisable value.

Cost incurred in bringing each product to its present location and condition is based on:

Raw materials	-	purchase cost on a first-in, first-out basis, including transport
Work-in-progress and finished goods	-	cost of direct materials and labour, plus a reasonable proportion of manufacturing overheads based on normal levels of activity.

Net realisable value is based on estimated normal selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

e) Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Advance corporation tax payable on dividends paid or provided for in the period is written off, except when recoverability against corporation tax payable is considered to be reasonably assured. Credit is taken for advance corporation tax written off in previous periods when it is recovered against corporation tax liabilities.

The taxation liabilities of certain group undertakings are reduced wholly or in part by the surrender of losses by fellow group undertakings. The tax benefits arising from group relief are recognised in the accounts of the surrendering and recipient companies.

Deferred taxation (which arises from differences in the timing of the recognition of items, principally depreciation, in the accounts and by the tax legislation) has been calculated on the liability method. Deferred taxation is provided on timing differences which will probably reverse, at the rates of tax likely to be in force at the time of the reversal. Deferred tax is not provided on timing differences which, in the opinion of the directors, will probably not reverse.

However, the amount of all deferred taxation, including that which will probably not reverse, is shown in note 14.

f) Pension costs

The group provides pensions to the majority of its employees through funded defined benefit pension scheme arrangements based on final pensionable salary. All employees are entitled to become members as soon as they join the group. The assets are held independently of the group in trustee administered funds. Contributions by the group are based upon the results of triennial valuations by a professionally qualified actuary.

Notes to accounts (continued)

1 Accounting policies (continued)

f) Pension costs (continued)

The amount charged to the profit and loss account is the estimated regular cost of providing the benefits accrued in the period, adjusted to reflect variations from that cost. The regular cost is calculated so that it represents a substantially level percentage of current and future pensionable payroll. Variations from regular cost are charged or credited to the profit and loss account over the estimated average remaining working life of scheme members.

Any difference between amounts charged to the profit and loss account and contributions paid is shown as a separately identified liability or asset in the balance sheet.

Further information on pension costs is provided in note 19c.

g) Foreign currency

Transactions denominated in foreign currencies are recorded in the local currency at actual exchange rates as of the date of the transaction (or, where appropriate, at the rate of exchange in a related forward exchange contract). Monetary assets and liabilities denominated in foreign currencies at the period end are reported at the rates of exchange prevailing at the period end (or, where appropriate, at the rate of exchange in a related forward exchange contract). Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

h) Turnover

Group turnover comprises the value of sales (excluding VAT, intra group transactions and trade discounts) of goods and services provided in the normal course of business.

i) Leases

Assets held under finance leases are initially reported at the fair value of the asset, with an equivalent liability categorised as appropriate under creditors due within or after one year. The asset is depreciated over the shorter of the lease term and its useful economic life. Finance charges are allocated to accounting periods over the period of the lease to produce a constant rate of return on the outstanding balance. Rentals are apportioned between finance charges and reduction of the liability, and allocated to cost of sales and other operating expenses as appropriate.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Further information on charges in the period and future commitments is given in note 19b.

j) Government grants

Government grants received in respect of various revenue and capital projects are included within accruals and deferred income and amortised over various periods from the date of receipt. These periods are principally three years and reflect the charging of the related costs, including the expected useful lives of related tangible fixed assets. The balance of unamortised grants is disclosed as deferred income (see notes 12 and 13).

Notes to accounts (continued)

2 Turnover

Contributions to turnover by geographical destination are as follows:

	Year ended 30 November 1994 £'000	14 months ended 30 November 1993 £'000
United Kingdom	11,907	9,545
Rest of Europe	7,780	5,391
	19,687	14,936

3 Other operating expenses (net)

	Year ended 30 November 1994 £'000	14 months ended 30 November 1993 £'000
Distribution costs	854	945
Selling and marketing costs	892	1,163
Administrative expenses	1,099	591
	2,845	2,699
Other operating income - amortisation of government grants	(452)	(364)
	2,393	2,335

4 Interest payable and similar charges

	Year ended 30 November 1994 £'000	14 months ended 30 November 1993 £'000
On bank loans and overdrafts repayable within five years, not by instalments	384	151

Notes to accounts (continued)

5 Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging:

	Year ended 30 November 1994 £'000	14 months ended 30 November 1993 £'000
Depreciation of tangible fixed assets	1,615	1,388
Hire of plant and machinery under operating leases	51	22
Auditors' remuneration - audit	21	22
- non-audit	10	10
Staff costs (see note 6)	8,627	7,182

6 Staff costs

Particulars of employees (including executive directors) are as shown below:

	Year ended 30 November 1994 £'000	14 months ended 30 November 1993 £'000
Employee costs during the year amounted to:		
Wages and salaries	7,726	6,403
Social security costs	593	508
Other pension costs (see note 19c)	308	271
	8,627	7,182

The average weekly number of persons employed by the group during the year was as follows:

	Year ended 30 November 1994	14 months ended 30 November 1993
Production	368	296
Sales and distribution	52	54
Administration	38	37
	458	387

Notes to accounts (continued)

6 Staff costs (continued)

Directors' remuneration was paid in respect of directors of the company as follows:

	Year ended 30 November 1994 £'000	14 months ended 30 November 1993 £'000
Remuneration for management services	70	28

The directors' remuneration shown above (excluding pension contributions) included:

	Year ended 30 November 1994 £'000	14 months ended 30 November 1993 £'000
Chairman and highest paid director	70	28

Directors received emoluments (excluding pension contributions) in the following ranges:

	1994 Number	1993 Number
Up to £ 5,000	3	5
£ 25,001 - £ 30,000	-	1
£ 65,001 - £ 70,000	1	-

7 Tax on loss on ordinary activities

Due to tax losses in the current period there is no tax charge. The deferred tax asset has not been recognised because the directors do not consider it to be recoverable in the foreseeable future. The full amount of unrecognised deferred tax is detailed in note 14.

The group had tax losses available for carry forward of approximately £2,200,000 (1993 - £1,800,000).

8 Tangible fixed assets

The following are included in the net book value of tangible fixed assets:

	Group and Company 1994 £'000	Group and Company 1993 £'000
Freehold land and buildings	4,590	4,748
Plant and machinery	4,826	4,299
Fixtures, fittings and equipment	144	97
Assets in course of construction	-	174
Net tangible fixed assets	9,560	9,318

The movement in the year was as follows:

Group and company	Freehold land and buildings £'000	Plant and machinery £'000	Fixtures, fittings and equipment £'000	Assets in course of construction £'000	Total £'000
Cost					
Beginning of year	5,037	8,913	506	174	14,630
Additions	-	1,740	117	-	1,857
Transfers	-	166	8	(174)	-
Disposals	-	(332)	(5)	-	(337)
End of year	5,037	10,487	626	-	16,150
Depreciation					
Beginning of year	289	4,614	409	-	5,312
Charge	158	1,379	78	-	1,615
Disposals	-	(332)	(5)	-	(337)
End of year	447	5,661	482	-	6,590
Net book value					
Beginning of year	4,748	4,299	97	174	9,318
End of year	4,590	4,826	144	-	9,560

Freehold land amounting to £1,087,000 (1993 - £1,087,000) has not been depreciated.

Notes to accounts (continued)

9 Fixed asset investments

The following are included in the net book value of fixed asset investments:

	Company 1994 £'000	Company 1993 £'000
Subsidiary undertaking	7,000	7,000

a) Principal group investment

The company has an investment in the following subsidiary undertaking:

Subsidiary undertaking	Country of incorporation, registration and operation	Principal activity	Description and proportion of shares held by the company
Ravenhead Limited	England and Wales	Dormant	100% ordinary shares

b) Investment in subsidiary undertaking

	Company 1994 £'000	Company 1993 £'000
Cost		
Beginning of year	7,000	-
Additions at cost	-	7,000
End of year	7,000	7,000
Amounts written off		
Beginning and end of year	-	-
Net book value	7,000	7,000

Notes to accounts (continued)

10 Stocks

The following are included in the net book value of stocks:

	Group and Company	
	1994	1993
	£'000	£'000
Raw materials and consumables	1,014	804
Finished goods and goods for resale	4,372	3,734
	5,386	4,538

11 Debtors

The following amounts, all falling due within one year, are included in the net book value of debtors:

	Group and Company	
	1994	1993
	£'000	£'000
Trade debtors	4,681	3,262
Amounts owed by other group undertakings	317	413
VAT	-	10
Other debtors	46	10
Prepayments and accrued income	33	27
	5,077	3,722

Notes to accounts (continued)

12 Creditors: Amounts falling due within one year

The following amounts are included in creditors falling due within one year:

	Group		Company	
	1994	1993	1994	1993
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	2,301	2,447	2,301	2,447
Trade creditors	2,266	1,775	2,266	1,775
Amounts owed to other group undertakings	1,046	818	1,046	818
Other creditors				
- social security and PAYE	231	170	231	170
- VAT	80	-	80	-
- other creditors	1,508	1,591	1,508	1,591
- pension schemes	299	280	299	280
Accruals and deferred income				
- government grants	453	353	453	353
- other	848	2,160	848	2,160
	9,032	9,594	9,032	9,594

The company has granted a floating charge over its assets to secure the bank overdrafts of £2,301,000 (1993 - £2,447,000).

13 Creditors: Amounts falling due after more than one year

The following amounts are included in creditors falling due after more than one year:

	Group		Company	
	1994	1993	1994	1993
	£'000	£'000	£'000	£'000
Amounts owed to subsidiary undertaking	-	-	10,586	10,586
Amounts owed to immediate parent company	1,500	-	1,500	-
Medium term loan	2,250	-	2,250	-
Accruals and deferred income				
- government grants	483	735	483	735
	4,233	735	14,819	11,321

Notes to accounts (continued)

13 Creditors: Amounts falling due after more than one year (continued)

The amounts owed to the subsidiary undertaking are unsecured, non-interest bearing and have no fixed repayment date.

Amounts owed to the immediate parent company represent an intercompany loan which is unsecured and has no fixed repayment date. Interest on the loan is payable at a discretionary rate.

The medium term bank loan is repayable in twelve quarterly and consecutive instalments commencing on 30 June 1996. Interest on the loan is payable at 2% per annum above LIBOR. The loan is secured by both fixed and floating charges over the assets of the company.

Analysis of borrowings:

	Group and Company	
	1994	1993
	£'000	£'000
Loans due wholly or in part by instalments after five years	2,250	-
Aggregate of loan instalments falling due after more than five years	375	-

14 Deferred taxation

There was no provision for deferred tax at the year end (1993 - £Nil).

The unrecognised deferred tax asset was as follows:

	Group and Company	
	1994	1993
	£'000	£'000
Excess of book depreciation of fixed assets over tax allowances	754	737
Other timing differences related to		
- pensions	99	100
- current assets and liabilities	461	350
Deferred tax asset	1,314	1,187

In addition, the tax effect of losses carried forward is approximately £730,000 (1993 - £600,000).

15 Called-up share capital

	1994 £'000	1993 £'000
Authorised		
7,000,000 ordinary shares of £1 each	7,000	7,000
Allotted, called-up and fully-paid		
7,000,000 (1993 - 6,000,000) ordinary shares of £1 each	7,000	6,000

On 28 November 1994 the company issued 1,000,000 ordinary shares of £1 each to Absy S.A., the immediate parent company, for a total cash consideration of £1,000,000. This was for the purpose of providing the company with additional working capital.

16 Reserves

Of total reserves shown in the balance sheet, the following amounts are regarded as distributable or otherwise:

	Group		Company	
	1994 £'000	1993 £'000	1994 £'000	1993 £'000
Non-distributable				
- capital reserve	3,586	3,586	-	-
- profit and loss account	(3,826)	(2,335)	(3,826)	(2,335)
Total reserves	(240)	1,251	(3,826)	(2,335)

Group	Capital reserve £'000	Profit and loss account £'000	Total £'000
Beginning of year	3,586	(2,335)	1,251
Retained loss for the year	-	(1,491)	(1,491)
End of year	3,586	(3,826)	(240)

Company	Profit and loss account £'000	Total £'000
Beginning of year	(2,335)	(2,335)
Retained loss for the year	(1,491)	(1,491)
End of year	(3,826)	(3,826)

Notes to accounts (continued)

17 Reconciliation of movements in shareholders' funds

	1994 £'000	1993 £'000
Retained loss for the year	(1,491)	(2,335)
New share capital subscribed	1,000	6,000
Capital reserve arising on acquisition of subsidiary undertaking	-	3,586
Net (reduction) addition to shareholders' funds	(491)	7,251
Opening shareholders' funds	7,251	-
Closing shareholders' funds	6,760	7,251

18 Cash flow information

a) Reconciliation of operating loss to net cash outflow from operating activities

	1994 £'000	1993 £'000
Operating loss	(1,107)	(2,184)
Depreciation charges	1,615	1,388
Profit on sale of tangible fixed assets	-	(4)
Increase in stocks	(848)	(900)
Increase (decrease) in debtors	(1,355)	323
Decrease (increase) in creditors	(516)	1,684
Amortisation of government grants	(452)	(364)
Net cash outflow from operating activities	(2,663)	(57)

Notes to accounts (continued)

18 Cash flow information (continued)

b) Acquisition of subsidiary undertaking

	1994 £'000	1993 £'000
Net assets acquired		
Tangible fixed assets	-	10,208
Current assets		
- stocks	-	3,638
- debtors	-	4,045
- cash at bank and in hand	-	2
Creditors	-	(4,702)
Bank overdrafts	-	(2,605)
	-	10,586
Capital reserve	-	(3,586)
	-	7,000
Satisfied by		
Cash	-	6,000
Deferred consideration	-	1,000
		7,000

The business acquired during the prior period made no contributions to the group's cash flows.

c) Analysis of the net outflow of cash and cash equivalents in respect of the purchase of the subsidiary undertaking

	1994 £'000	1993 £'000
Cash consideration	-	6,000
Cash at bank and in hand acquired	-	(2)
Bank overdraft acquired	-	2,605
Net outflow of cash and cash equivalents	-	8,603

d) Analysis of changes in financing

	Loans £'000	Share capital £'000	Total £'000
Balance at 22 September 1992	-	-	-
Net cash inflow from financing	-	6,000	6,000
Balance at 30 November 1993	-	6,000	6,000
Net cash inflow from financing	3,750	1,000	4,750
Balance at 30 November 1994	3,750	7,000	10,750

Notes to accounts (continued)

18 Cash flow information (continued)

e) Analysis of changes in cash and cash equivalents during the year

	Cash at bank and in hand £'000	Bank overdrafts £'000	Net £'000
Balance at 22 September 1992	-	-	-
Net cash inflow (outflow)	2	(2,447)	(2,445)
Balance at 30 November 1993	2	(2,447)	(2,445)
Net cash inflow	-	146	146
Balance at 30 November 1994	2	(2,301)	(2,299)

19 Guarantees and other financial commitments

a) Capital commitments

At the end of the year, capital commitments were:

	Group and Company	
	1994 £'000	1993 £'000
Contracted for but not provided for	-	1,465
Authorised but not contracted for	-	1,213
	-	2,678

b) Lease commitments

The group has entered into non-cancellable operating leases in respect of plant and machinery, the payments for which extend over a period of up to 5 years. The total rental in the year was £51,000, (1993 - £22,000) all of which was applicable to the company. The lease agreements provide that the group will pay all insurance, maintenance and repairs. The group may continue, at its option, to use the plant and machinery after the expiration of the initial lease period at a nominal rental.

The minimum annual rentals under the foregoing leases are as follows:

	Group and Company	
	1994 £'000	1993 £'000
Operating leases which expire		
- within 1 year	3	7
- within 2-5 years	52	16
	55	23

Notes to accounts (continued)

19 Guarantees and other financial commitments (continued)

c) Pension arrangements

The group operates defined benefit pension scheme arrangements. The assets are held independently of the group in trustee administered funds.

The pension cost and related provision are assessed in accordance with the advice of a professionally qualified actuary. The latest actuarial valuations were at 6 April 1993 and used the projected unit method. The principal actuarial assumptions were an investment return of 9% per annum, an increase in pensionable earnings of 6% per annum and an increase in state benefits of 6% per annum.

At the date of the latest actuarial valuations, the market value of the assets was £14,401,000 and the actuarial value of the assets was sufficient to cover 123% of the benefits that had accrued to members after allowing for future increases in earnings.

In view of the pension surpluses, reduced contributions are being made until the next actuarial valuations. The current period pension cost of £308,000 (1993 - £271,000) represents the regular cost of pensionable payroll less variations from this regular cost arising from the pension surpluses. The surpluses are being spread over the average remaining service lives of the relevant employees.

A balance sheet provision of £299,000 (1993 - £280,000) has been set up to account for the excess of the accumulated pension cost over the amount funded.

d) VAT

The company is registered for VAT purposes in a group of companies which share a common registration number. As a result, it has jointly guaranteed the VAT liability of the group, and failure by other members of the group would give rise to additional liabilities for the company. The directors are of the opinion that no liability is likely to arise from the failure of those companies.

20 Ultimate parent company

The company is a subsidiary undertaking of Societe Regionale D'Investissement De Wallonie S.A., incorporated in Belgium.

The largest and smallest group of which The Ravenhead Company Limited is a member and for which group accounts are drawn up is that headed by Durobor S.A. incorporated in Belgium, whose principal place of business is at Rue Melle Hanicq 39, B-7060 Soignies, Belgium.