

ARTHUR  
ANDERSEN

ARTHUR ANDERSEN & CO SC

The Ravenhead Company Limited  
and subsidiary undertaking

Accounts 30 November 1995  
together with directors' and auditors' reports

Registered number: 2749300



## Directors' report

For the year ended 30 November 1995

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 1995.

### 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.

### 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 £21,156,000 (1994 - £19,687,000), and the retained profit for the year was £458,000 (1994 - loss of £1,491,000). The directors expect the general level of activity to continue and profitability to improve.

### Results and dividends

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

	£'000
Group accumulated deficit at 30 November 1994	(3,826)
Group retained profit for the year	458
Group accumulated deficit at 30 November 1995	<u>(3,368)</u>

No dividend can be paid.

## Directors' report (continued)

### 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.

### 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

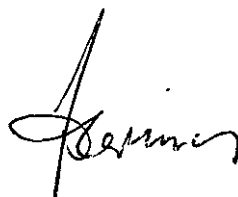
The group places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the group. This is achieved through formal and informal meetings. Employee 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,



Derek Grimes

Secretary

11 January 1996

Auditors' report

Manchester

**To the Shareholders of The Ravenhead Company Limited:**

We have audited the financial statements on pages 4 to 23 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 to 10.

**Respective responsibilities of directors and auditors**

As described on page 1 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 1995 and of the group's profit 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

11 January 1996

## Consolidated profit and loss account

For the year ended 30 November 1995

	Notes	1995 £'000	1994 £'000
<b>Turnover</b>	2	21,156	19,687
Cost of sales		(17,732)	(18,401)
<b>Gross profit</b>		<u>3,424</u>	<u>1,286</u>
Other operating expenses (net)	3	(2,476)	(2,393)
<b>Operating profit (loss)</b>		<u>948</u>	<u>(1,107)</u>
Interest payable and similar charges	4	(490)	(384)
<b>Profit (loss) on ordinary activities before taxation</b>	5	<u>458</u>	<u>(1,491)</u>
Tax on profit (loss) on ordinary activities	7	-	-
<b>Retained profit (loss) for the year</b>		<u>458</u>	<u>(1,491)</u>
<b>Retained profit (loss) for the year</b>			
The company		458	(1,491)
Group undertaking		-	-
		<u>458</u>	<u>(1,491)</u>

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

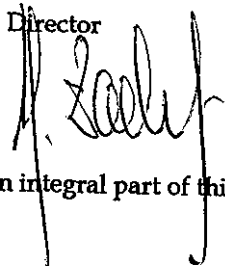
30 November 1995

	Notes	1995 £'000	1994 £'000
<b>Fixed assets</b>			
Tangible assets	8	9,032	9,560
<b>Current assets</b>			
Stocks	10	6,228	5,386
Debtors	11	4,961	5,077
Cash at bank and in hand		2	2
		11,191	10,465
<b>Creditors: Amounts falling due within one year</b>	12	(8,987)	(9,032)
<b>Net current assets</b>		2,204	1,433
<b>Total assets less current liabilities</b>		11,236	10,993
<b>Creditors: Amounts falling due after more than one year</b>	13	(4,018)	(4,233)
<b>Net assets</b>		7,218	6,760
<b>Capital and reserves</b>			
Called-up share capital	15	7,000	7,000
Capital reserve	16	3,586	3,586
Profit and loss account	16	(3,368)	(3,826)
<b>Total capital employed</b>		7,218	6,760

Signed on behalf of the Board

M. Zadikyan

Director



11 January 1996

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

# Balance sheet

30 November 1995

	Notes	1995 £'000	1994 £'000
<b>Fixed assets</b>			
Tangible assets	8	9,032	9,560
Investments	9	7,000	7,000
		<u>16,032</u>	<u>16,560</u>
<b>Current assets</b>			
Stocks	10	6,228	5,386
Debtors	11	5,162	5,077
Cash at bank and in hand		2	2
		<u>11,392</u>	<u>10,465</u>
<b>Creditors: Amounts falling due within one year</b>	12	<u>(9,188)</u>	<u>(9,032)</u>
<b>Net current assets</b>		<u>2,204</u>	<u>1,433</u>
<b>Total assets less current liabilities</b>		<u>18,236</u>	<u>17,993</u>
<b>Creditors: Amounts falling due after more than one year</b>	13	<u>(14,604)</u>	<u>(14,819)</u>
<b>Net assets</b>		<u>3,632</u>	<u>3,174</u>
<b>Capital and reserves</b>			
Called-up share capital	15	7,000	7,000
Profit and loss account	16	(3,368)	(3,826)
<b>Total capital employed</b>		<u>3,632</u>	<u>3,174</u>

Signed on behalf of the Board

M. Zadikyan

Director

11 January 1996

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

## Consolidated cash flow statement

For the year ended 30 November 1995

	Notes	1995		1994	
		£'000	£'000	£'000	£'000
<b>Net cash inflow (outflow) from operating activities</b>	18a		1,102		(2,663)
<b>Returns on investments and servicing of finance</b>					
Interest paid		(490)		(384)	
<b>Net cash outflow from returns on investments and servicing of finance</b>			(490)		(384)
<b>Taxation</b>					
UK corporation tax paid		-		-	
<b>Tax paid</b>					
<b>Investing activities</b>					
Purchase of tangible fixed assets		(1,231)		(1,857)	
Receipt of government grant		300		300	
Sale of tangible fixed assets		32		-	
<b>Net cash outflow from investing activities</b>			(899)		(1,557)
<b>Net cash outflow before financing</b>			(287)		(4,604)
<b>Financing</b>					
Issue of ordinary share capital		-		1,000	
New intercompany loan		-		1,500	
New medium term loan		250		2,250	
<b>Net cash inflow from financing</b>	18b		250		4,750
<b>(Decrease) increase in cash and cash equivalents</b>	18c		(37)		146

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



## Notes to accounts

30 November 1995

### 1 Accounting policies

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

#### a) Basis of accounting

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards. Assets and liabilities are recognised in the accounts where, as a result of past transactions or events, the group has rights or other access to future economic benefits controlled by the group, or obligations to transfer economic benefits.

#### b) Basis of consolidation

The group accounts consolidate the accounts of The Ravenhead Company Limited and its subsidiary undertaking made up to 30 November 1995. 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 directly 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. The company's profit for the financial year determined in accordance with the Act, was £458,000 (1994 - Loss of £1,491,000).

#### 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 profit.

## Notes to accounts (continued)

### 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	-	cost of direct materials and labour, plus a reasonable proportion
and finished goods		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 year 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.

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:

	1995 £'000	1994 £'000
United Kingdom	11,847	11,907
Rest of Europe	9,309	7,780
	<u>21,156</u>	<u>19,687</u>

### 3 Other operating expenses (net)

	1995 £'000	1994 £'000
Distribution costs	961	854
Selling and marketing costs	1,177	892
Administrative expenses	889	1,099
	<u>3,027</u>	<u>2,845</u>
Other operating income - amortisation of government grants	(551)	(452)
	<u>2,476</u>	<u>2,393</u>

### 4 Interest payable and similar charges

	1995 £'000	1994 £'000
Bank loans, overdrafts and other loans		
- repayable within five years, by instalments	275	150
- repayable within five years, not by instalments	215	234
	<u>490</u>	<u>384</u>

### 5 Profit (loss) on ordinary activities before taxation

Profit (loss) on ordinary activities before taxation is stated after charging (crediting):

	1995 £'000	1994 £'000
Government grants amortised	(551)	(452)
Depreciation of tangible fixed assets	1,748	1,615
Hire of plant and machinery under operating leases	90	51
Auditors' remuneration - audit	20	21
- non-audit	33	10
Staff costs (see note 6)	8,610	8,627
Exceptional item - production overheads (see note 10)	(250)	-
	<u>8,610</u>	<u>8,627</u>

## Notes to accounts (continued)

### 6 Staff costs

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

	1995 £'000	1994 £'000
Employee costs during the year amounted to:		
Wages and salaries	7,627	7,726
Social security costs	612	593
Other pension costs (see note 19c)	371	308
	<u>8,610</u>	<u>8,627</u>

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

	1995 Number employed	1994 Number employed
Production	330	368
Sales and distribution	59	52
Administration	42	38
	<u>431</u>	<u>458</u>

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

	1995 £'000	1994 £'000
Remuneration for management services	<u>71</u>	<u>70</u>

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

	1995 £'000	1994 £'000
Chairman and highest paid director	<u>71</u>	<u>70</u>

## Notes to accounts (continued)

### 6 Staff costs (continued)

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

	1995 Number	1994 Number
Up to £ 5,000	3	3
£ 65,001 - £ 70,000	-	1
£ 70,001 - £ 75,000	1	-
	<hr/>	<hr/>

### 7 Tax on profit (loss) on ordinary activities

Due to tax losses arising in preceding periods there is no current year tax charge. At 31 November 1995 the group had tax losses available for carry forward of approximately £1,950,000 (1994 - £2,200,000). The deferred tax asset on these losses has not been recognised on the grounds of prudence. The full amount of this and other unrecognised deferred tax is detailed in note 14.

### 8 Tangible fixed assets

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

	Group and Company	
	1995 £'000	1994 £'000
Freehold land and buildings	4,464	4,590
Plant and machinery	3,863	4,826
Fixtures, fittings and equipment	103	144
Assets in course of construction	602	-
	<hr/>	<hr/>
	9,032	9,560
	<hr/>	<hr/>

## Notes to accounts (continued)

### 8 Tangible fixed assets (continued)

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
<b>Cost</b>					
Beginning of year	5,037	10,487	626	-	16,150
Additions	32	582	15	602	1,231
Disposals	-	(147)	-	-	(147)
End of year	<u>5,069</u>	<u>10,922</u>	<u>641</u>	<u>602</u>	<u>17,234</u>
<b>Depreciation</b>					
Beginning of year	447	5,661	482	-	6,590
Charge	158	1,534	56	-	1,748
Disposals	-	(136)	-	-	(136)
End of year	<u>605</u>	<u>7,059</u>	<u>538</u>	<u>-</u>	<u>8,202</u>
<b>Net book value</b>					
Beginning of year	<u>4,590</u>	<u>4,826</u>	<u>144</u>	<u>-</u>	<u>9,560</u>
End of year	<u>4,464</u>	<u>3,863</u>	<u>103</u>	<u>602</u>	<u>9,032</u>

Freehold land amounting to £1,087,000 (1994 - £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	
	1995 £'000	1994 £'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	Sale of glass tableware	100% ordinary shares

#### b) Investment in subsidiary undertaking

Cost	£'000
Beginning and end of year	7,000
Amounts written off	
Beginning and end of year	-
Net book value	
Beginning and end of year	7,000



## Notes to accounts (continued)

### 10 Stocks

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

	Group and Company	
	1995 £'000	1994 £'000
Raw materials and consumables	875	1,014
Finished goods and goods for resale	5,353	4,372
	<u>6,228</u>	<u>5,386</u>

During the current year, the group revised its method for inventorising production overheads into finished goods. This resulted in an exceptional credit of approximately £250,000.

### 11 Debtors

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

	Group		Company	
	1995 £'000	1994 £'000	1995 £'000	1994 £'000
Trade debtors	4,609	4,681	3,101	4,681
Amounts owed by other group undertakings	179	317	1,888	317
VAT	-	-	-	-
Other debtors	87	46	87	46
Prepayments and accrued income	86	33	86	33
	<u>4,961</u>	<u>5,077</u>	<u>5,162</u>	<u>5,077</u>

## 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	
	1995 £'000	1994 £'000	1995 £'000	1994 £'000
Bank loans and overdrafts	2,338	2,301	2,338	2,301
Medium term loan	416	-	416	-
Trade creditors	2,214	2,266	2,214	2,266
Amounts owed to other group undertakings	511	1,046	511	1,046
Other creditors				
- social security and PAYE	244	231	244	231
- VAT	454	80	655	80
- other creditors	1,568	1,508	1,568	1,508
- pension schemes	347	299	347	299
Accruals and deferred income				
- government grants	251	453	251	453
- other	644	848	644	848
	<u>8,987</u>	<u>9,032</u>	<u>9,188</u>	<u>9,032</u>

The company has granted a fixed and floating charge over its assets to secure the bank overdrafts of £2,338,000 (1994 - £2,301,000).

### 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	
	1995 £'000	1994 £'000	1995 £'000	1994 £'000
Amounts owed to subsidiary undertaking	-	-	10,586	10,586
Amounts owed to immediate parent company	1,500	1,500	1,500	1,500
Medium term loan	2,084	2,250	2,084	2,250
Accruals and deferred income				
- government grants	434	483	434	483
	<u>4,018</u>	<u>4,233</u>	<u>14,604</u>	<u>14,819</u>

## 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	
	1995 £'000	1994 £'000
Amounts payable		
- within 1 year	416	-
- between 1 and 2 years	832	750
- between 2 and 5 years	1,252	1,500
	<u>2,500</u>	<u>2,250</u>

### 14 Deferred taxation

There was no provision for deferred tax at the year end (1994 - £Nil).

The unrecognised deferred tax asset was as follows:

	Group and Company	
	1995 £'000	1994 £'000
Excess of book depreciation of fixed assets over tax allowances	521	754
Other timing differences related to		
- pensions	115	99
- current assets and liabilities	249	461
Deferred tax asset	<u>885</u>	<u>1,314</u>

In addition, the tax effect of losses carried forward is approximately £650,000 (1994 - £730,000).

## Notes to accounts (continued)

### 15 Called-up share capital

	1995 £'000	1994 £'000
<i>Authorised</i>		
7,000,000 ordinary shares of £1 each	<u>7,000</u>	<u>7,000</u>
<i>Allotted, called-up and fully-paid</i>		
7,000,000 ordinary shares of £1 each	<u>7,000</u>	<u>7,000</u>

### 16 Reserves

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

	Group		Company	
	1995 £'000	1994 £'000	1995 £'000	1994 £'000
Non-distributable				
- capital reserve	3,586	3,586	-	-
- profit and loss account	(3,368)	(3,826)	(3,368)	(3,826)
Total reserves	<u>218</u>	<u>(240)</u>	<u>(3,368)</u>	<u>(3,826)</u>

Group	Capital reserve £'000	Profit and loss account £'000	Total £'000
Beginning of year			
Retained profit for the year	3,586	(3,826)	(240)
End of year	<u>-</u>	<u>458</u>	<u>458</u>
	<u>3,586</u>	<u>(3,368)</u>	<u>218</u>

Company	Profit and loss account £'000	Total £'000
Beginning of year		
Retained profit for the year	(3,826)	(3,826)
End of year	<u>458</u>	<u>458</u>
	<u>(3,368)</u>	<u>(3,368)</u>

The capital reserve is that which arises on consolidation.

## Notes to accounts (continued)

### 17 Reconciliation of movements in shareholders' funds

	1995 £'000	1994 £'000
Retained profit (loss) for the year	458	(1,491)
New share capital subscribed	-	1,000
Net addition in (reduction to) shareholders' funds	458	(491)
Opening shareholders' funds	6,760	7,251
Closing shareholders' funds	7,218	6,760

### 18 Cash flow information

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

	1995 £'000	1994 £'000
Operating profit (loss)	948	(1,107)
Depreciation charges	1,748	1,615
Profit on sale of tangible fixed assets	(21)	-
Increase in stocks	(842)	(848)
Decrease (increase) in debtors	116	(1,355)
Decrease in creditors	(296)	(516)
Amortisation of government grants	(551)	(452)
Net cash inflow (outflow) from operating activities	1,102	(2,663)

## Notes to accounts (continued)

### 18 Cash flow information (continued)

#### b) Analysis of changes in financing

	Loans £'000	Share capital £'000	Total £'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
Net cash inflow from financing	250	-	250
Balance at 30 November 1995	4,000	7,000	11,000

#### c) 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 30 November 1993	2	(2,447)	(2,445)
Net cash inflow	-	146	146
Balance at 30 November 1994	2	(2,301)	(2,299)
Net cash outflow	-	(37)	(37)
Balance at 30 November 1995	2	(2,338)	(2,336)

### 19 Guarantees and other financial commitments

#### a) Capital commitments

At the end of the year, capital commitments were:

	Group and Company	
	1995 £'000	1994 £'000
Contracted for but not provided for	698	-

## Notes to accounts (continued)

### 19 Guarantees and other financial commitments (continued)

#### 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 £90,000, (1994 - £51,000) 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	
	1995 £'000	1994 £'000
Operating leases which expire		
- within 1 year	1	3
- within 2-5 years	108	52
	<hr/>	<hr/>
	109	55
	<hr/>	<hr/>

#### 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 £371,000 (1994 - £308,000) 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 £347,000 (1994 - £299,000) has been set up to account for the excess of the accumulated pension cost over the amount funded.

## Notes to accounts (continued)

### 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.



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**SWALLOW HOUSE MANAGEMENT COMPANY LIMITED**

**ACCOUNTS - YEAR ENDED 31ST DECEMBER 1995**