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HOOVER plc

REPORT AND FINANCIAL STATEMENTS

FOR THE 12 MONTHS ENDED

30 NOVEMBER 1989

COMPANIES HOUSE
1 - OCT 1990
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HOOPER plc

Company Number 325270

DIRECTORS' REPORT

The directors present their report and the financial statements for the 12 months ended 30 November 1989.

Principal Activities and Business Review

The principal activities of the Group, in the United Kingdom and Overseas, are the manufacturing, marketing and servicing of domestic appliances.

During the period, several new products were introduced and continuing improvements were made to our manufacturing facilities.

In September 1988 the Trustees of the Hoover (1987) Pension Scheme agreed improvements to the benefits under the Scheme and a repayment of £11.4 million net of tax to the company. The repayment to the company was made in 1989.

In January 1989, Maytag Corporation of Iowa, USA merged with Chicago Pacific Corporation and is now the ultimate holding company of Hoover plc.

In November 1989 the Group's wholly owned subsidiary, Hoover (Australia) Pty Ltd. was sold to Hoover Pacific Holdings Proprietary Limited.

The directors of Hoover plc intend to continue modernising production facilities and seeking new product and business opportunities while striving for further improvements in productivity and keeping a tight control of costs throughout the Group.

During the year a review of all activities was carried out with the objective of reducing operating overheads. Restructuring costs arising from this exercise have been included in this year's accounts as an exceptional item. Major investment programmes have been announced at both manufacturing sites.

Results

The Group loss before taxation and extra-ordinary income amounted to £11,097,000 and the charge for taxation thereon amounted to £2,693,000. There was also extra-ordinary income of £12,251,000.

Dividends and Reserves

No dividend for 1989 is recommended by the directors. The transfer from the reserves of the group is £1,539,000.

Research and Development

The Group continues to maintain an extensive research and development programme directed towards the improvement in the design and features of existing domestic appliances and the introduction of new products.

Fixed Assets

In the opinion of the directors the market value of the Group's land and buildings is not less than the net book amount. Tangible fixed asset movements are summarised in note 9 to the accounts.

Charitable and Political Contributions

No charitable donations were made and no money was contributed for political purposes in the United Kingdom during the period.

Directors

Mr H Kapnick and Mr E J Harrison resigned as directors on 21 February 1989.

The following were directors throughout the year to 30 November 1989 :-

Mr F E Vaughn
Mr A V J Simpson
Mr A E Williams
Mr P H J Budd
Mr D F Jessopp
Mr G S Spurling

The above named were also directors of the Company at the date of this report.

Election of Directors

Mr D M Metcalfe was appointed Finance Director on 11 June 1990. In accordance with the articles of association of the Company, Mr F E Vaughn, Mr P H J Budd, Mr D F Jessopp, Mr G S Spurling and Mr D M Metcalfe retire from the board, and being eligible offer themselves for re-election. Mr T N Murnane was appointed Company Secretary with effect from 31 August 1990.

Employment Policies

It is the policy of the Company to keep its employees informed on matters concerning the progress and financial position of the Company. There continues to be close consultation between management and other employees on matters of mutual concern. The Company makes every effort to continue the employment of any employee who becomes disabled, and to give sympathetic consideration to applications for employment made by disabled persons.

Auditors

Following the merger of Chicago Pacific Corporation with the Maytag Corporation, Ernst & Whinney were appointed auditors to the company.

Ernst & Whinney merged their practice with Arthur Young on 1 September, 1989 and now practise in the name of Ernst & Young. Accordingly they have signed their audit report in their new name. Ernst & Young have expressed a willingness to continue in office as auditors and a resolution proposing their reappointment will be submitted at the annual general meeting.

By order of the board



T N MURNANE, Secretary
26th September 1990

HOOVER plc AND SUBSIDIARIES

AUDITORS' REPORT

Report of the auditors to the members

We have audited the financial statements on pages 5 to 19 in accordance with approved Auditing Standards. In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group at 30 November 1989 and of the profit and source and application of funds of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young

Chartered Accountants
26th September 1990

HOOVER PLC AND SUBSIDIARIES

GROUP PROFIT AND LOSS ACCOUNT
For the 12 months ended 30 November 1989

	Notes	Year to 30 Nov 1989 £'000	Year to 30 Nov 1988 £'000
Turnover	2	261,262	263,999
Cost of Sales		(204,070)	(197,621)
Gross Profit		57,192	66,378
Distribution Costs		(46,999)	(43,068)
Administrative Expenses		(11,147)	(9,586)
Operating (loss)profit - Hoover plc and subsidiaries		(954)	13,724
Share of associated company operating (loss)profit		(378)	1,700
Operating (Loss)Profit		(1,332)	15,424
Interest receivable - net	3	710	778
Exceptional item: Gain on property disposals		-	4,495
Rationalisation costs		(10,475)	-
(Loss)Profit on ordinary activities before taxation	4	(11,097)	20,697
Taxation	5	(2,693)	(4,476)
(Loss) profit on ordinary activities after taxation		(13,790)	16,221
Extra-ordinary Income			
Refund from Pension Scheme (net of tax £7,600)		11,400	-
Profit on disposal of subsidiaries	6	851	-
(Loss)profit for the financial year, transferred to reserves	19	(1,539)	16,221
Earnings per share	7	(69)p	82p

The notes on pages 9 to 19 form an integral part of these accounts.

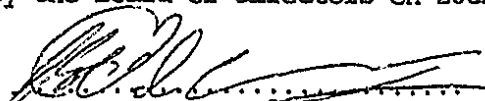
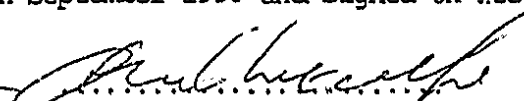
HOOVER plc AND SUBSIDIARIES

GROUP BALANCE SHEET
at 30 November 1989

	Notes	30 Nov 1989 £'000	30 Nov 1988 £'000
Fixed Assets			
Tangible assets	9	36,918	42,719
Investments	10/12	11,219	13,007
		<u>48,137</u>	<u>55,726</u>
Current assets			
Stocks	13	51,078	62,008
Debtors	14	94,131	63,079
Cash at bank and in hand		11,236	13,529
		<u>156,445</u>	<u>138,616</u>
Creditors: Amounts falling due within one year	15	(47,052)	(57,982)
Net Current Assets		<u>109,393</u>	<u>80,634</u>
Total assets less current liabilities		157,530	136,360
Creditors: Amount falling due after more than one year	16	(6,370)	(7,016)
Provisions for liabilities and charges	17	(329)	(279)
		<u>150,831</u>	<u>129,065</u>
Capital and reserves			
Called up share capital	18	4,963	4,963
Share premium account		939	939
Revaluation reserve	19	92	412
Other reserves	19	24,559	2,507
Profit and loss account	19	120,278	120,244
		<u>150,831</u>	<u>129,065</u>

The notes on pages 9 to 19 form an integral part of these accounts.

Approved by the board of directors on 26th September 1990 and signed on its behalf
by :-



 Mr A E Williamson (Director) Mr D M Metcalfe (Director)

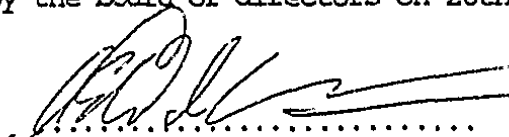
HOOVER plc

BALANCE SHEET
at 30 November 1989

	Notes	30 Nov 1989 £'000	30 Nov 1988 £'000
Fixed assets			
Tangible assets	9	35,001	34,160
Investments	10/12	3,653	4,652
		<u>38,654</u>	<u>38,812</u>
Current assets			
Stocks	13	47,145	51,861
Debtors	14	89,111	48,186
Cash at bank and in hand		10,795	8,139
		<u>147,051</u>	<u>108,186</u>
Creditors: Amounts falling due within one year	15	(40,226)	(42,694)
Net current assets		<u>106,825</u>	<u>65,492</u>
Total assets less current liabilities		145,479	104,304
Creditors: Amounts falling due after more than one year	16	(5,820)	(5,555)
		<u>139,659</u>	<u>98,749</u>
Capital and reserves			
Called up share capital	18	4,963	4,963
Share premium account		939	939
Other reserves	19	24,203	2,203
Profit and loss account	19	109,554	90,644
		<u>139,659</u>	<u>98,749</u>

The notes on pages 9 to 19 form an integral part of these accounts.

Approved by the board of directors on 26th September 1990 and signed on its behalf
by :-


.....
Mr A E Williamson (Director)


.....
Mr D M Metcalfe (Director)

HOOVER plc AND SUBSIDIARIES

SOURCE AND APPLICATION OF FUNDS

	Year to 30 Nov 1989 £'000	Year to 30 Nov 1988 £'000
SOURCE OF FUNDS		
(Loss)profit before taxation and extraordinary income	(11,097)	20,697
Extraordinary income	19,851	-
	<u>8,754</u>	<u>20,697</u>
Items not involving the movement of funds		
Movement in investment in the associated company	(1,295)	(258)
Depreciation	7,033	5,508
Currency translation differences	1,194	1,299
Profit on disposal of fixed assets	(186)	(4,981)
Profit on disposal of subsidiary	(851)	-
	<u>14,649</u>	<u>22,265</u>
Total funds generated from operations		
Funds from other sources		
Capital Contribution	22,000	-
Proceeds from disposal of fixed assets	592	5,493
Proceeds from disposal of subsidiary	28,000	-
	<u>65,241</u>	<u>27,758</u>
APPLICATION OF FUNDS		
Loan to Holding Company	50,000	-
Purchase of fixed assets	8,711	8,395
Corporate taxes paid	8,675	3,716
	<u>67,386</u>	<u>12,111</u>
Arising from movements in working capital		
Increase in stocks	1,100	17,011
(Decrease) in debtors	(2,641)	(22,822)
(Increase) decrease in creditors	(2,960)	822
Increase in net liquid funds	2,356	20,636
	<u>65,241</u>	<u>27,758</u>

The effect of the disposal of the subsidiary is detailed in Note 6 to the accounts.

HOOVER plc AND SUBSIDIARIES
STATEMENT OF ACCOUNTING POLICIES

Basis of Accounting

The Company prepares its accounts on the historical cost basis of accounting.

Basis of Consolidation

The group profit and loss account and balance sheet include the accounts of Hoover plc and subsidiaries made up to 30 November. Hoover plc's share of the consolidated profit of the associated company for the period is shown in the group profit and loss account and the share of the consolidated undistributed profits since acquisition is included in the group balance sheet. The amounts included are based on audited accounts for the period ended 30 November.

Foreign Currencies

Assets and liabilities denominated in foreign currency are translated to sterling at rates ruling at 30 November, and profit and loss accounts at the average rates for the period. Translation differences arising on consolidation are taken to reserves and other exchange differences are taken to the profit and loss account.

Stocks

Stocks include work in progress and are valued throughout the group at the lower of cost (which includes an addition for manufacturing overhead expenses) and net realisable value.

Turnover

Turnover represents sales less returns and discounts to customers and associated companies but excludes sales to subsidiaries, and is arrived at after deducting sales taxes.

Deferred Taxation

Deferred taxation is provided, using the liability method, only on timing differences where, in the opinion of the directors, there is reasonable probability that such taxation will become payable in the foreseeable future.

Government Grants

Government Grants are released to the profit and loss account in the same proportion as the expenditure to which they relate is charged.

Finance Leases

Finance leases have been recorded in the balance sheet as assets and as an obligation to pay future rental in compliance with the Statement of Standard Accounting Practice ("SSAP") 21.

Operating Leases

Rentals under operating leases are charged to the profit and loss account as they are incurred.

Depreciation

No depreciation is provided on freehold land. Other fixed assets are depreciated using the straight line method during their expected useful lives as follows :-

Freehold buildings	25 or 50 years
Leasehold buildings	Over the life of the lease
Plant, machinery, equipment and tooling	3 to 20 years

Assets leased under finance leases are depreciated over their useful lives as set out above or the lease term, if shorter.

Warranty Liability

Provision is made for the group's estimated liability on all products still under warranty.

Research and Development

All research and development costs are written off as incurred.

Pensions

The company and its subsidiaries operate retirement benefit schemes. The major scheme is of the defined benefit type. The funds are set up under separate trusts and their assets are separate from the assets of the companies. The pension cost relating to the UK ~~schemes~~ is assessed in accordance with the advice of qualified actuaries ~~following~~ the requirements of SSAP 24. This method of accounting for Pensions is used for the first time in these accounts and is based upon actuarial valuations as at 30th November 1988 and 30th November 1989.

HOOPER plc AND SUBSIDIARIES

NOTES TO ACCOUNTS
at 30 NOVEMBER 1990

1. Profit for the financial period

In accordance with the exemption allowed by Section 228 (7) of the Companies Act 1985 the company has not presented its own profit and loss account. Note 19 shows the retained profit for the period of the company.

	Year to 30 Nov 1989 £'000	Year to 30 Nov 1988 £'000
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2. Analysis of group turnover

Europe	189,432	203,419
Australia, Africa and Asia	69,429	57,376
The Americas	2,401	3,204
	-----	-----
	261,262	263,999
	=====	=====

3. Interest receivable (payable)

Interest payable on overdrafts and loans	(878)	(896)
Finance charges payable - finance leases	(234)	(256)
Interest receivable from fellow subsidiaries and holding company	275	9
Interest receivable from associated companies	154	3
Other interest receivable	1,393	1,918
	-----	-----
	710	778
	=====	=====

4. Profit on ordinary activities before taxation

Operating profit of Hoover plc and its subsidiaries is arrived at after charging :-

Depreciation - owned assets	4,693	4,403
- assets held under finance leases	1,031	1,105
Auditors remuneration	120	118
Hire of plant and machinery - operating leases	1,817	1,320
Hire of other assets - operating leases	533	452

and after crediting :-

Government grants	498	476
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5. Taxation

The charge is arrived at as follows :-

UK corporation tax at 35%	-	1,576
Overseas taxation	3,047	2,289
Share of taxation of associated company	(327)	718
Transfer to deferred taxation	26	(126)
	-----	-----
	2,746	4,457
Adjustment in respect of prior periods	(53)	19
	-----	-----
	2,693	4,476
	=====	=====

6. Effect of disposal of subsidiary company

Net assets sold		Discharged by	
	£000		£000
Fixed asset:	7,586	Cash	28,000
Trade Investments	3,083		
Net current assets			
Goodwill	354		
Stock	12,030		
Debtors	15,819		
Cash	1,501		
Creditors	(9,326)		

Long term obligations	(3,630)		
Reserves	(268)		
Profit on disposal	851		
	-----		-----
	28,000		28,000
	=====		=====

7. Earnings per share

The calculations of earnings per share are based on losses excluding extraordinary income of £13,790,000 (1988 - income of £16,221,000) and 7,640,000 ordinary and 12,210,800 'A' non-voting ordinary shares in issue throughout the period from 1 December 1987 to 30 November 1989.

8. Emoluments of Directors and Employees

The fees of Hoover plc directors amounted to £2,500 (1988 - £2,708) and other emoluments, including pension contributions, to £472,000 (1988 - £497,000). The duties of the Chairman and two other directors for which they received no emoluments arose mainly outside the United Kingdom. The emoluments (excluding pension contributions) of the highest paid director amounted to £94,000 (1988 - £87,000).

The number of other directors and employees in excess of £30,000, fall into the following scales :-

	Directors		Other employees	
	12 mths to 30 Nov 1989	12 mths to 30 Nov 1988	12 mths to 30 Nov 1989	12 mths to 30 Nov 1988
£25,001 - £30,000	-	1		
£30,001 - £35,000	-	-	7	2
£35,001 - £40,000	-	-	7	5
£40,001 - £45,000	-	-	3	4
£45,001 - £50,000	-	-	2	1
£50,001 - £55,000	-	-	2	3
£60,001 - £65,000	-	1	-	-
£65,001 - £70,000	3	2	-	-
£75,001 - £80,000	-	1	-	-
£90,001 - £95,000	1	-	-	-

Compensation of £142,000 was paid to a director who's employment terminated during the year 1988.

	Year to 30 Nov 1989 £'000	Year to 30 Nov 1988 £'000
Employment costs include the following amounts:-		
Wages and salaries	72,225	62,752
Social security costs	5,742	5,283
Pension (income) costs	(1,738)	671

1989 pension income includes SSAP 24 income of £2,400,000 (1988 - nil) for the Hoover plc schemes.

	1989	1988
The average number of employees during the period was :-		
United Kingdom	4,974	5,264
Overseas	1,285	1,213
	-----	-----
	6,259	6,477
	=====	=====

	Land and buildings £'000	Plant, machinery, tooling, equipment £'000	Total £'000
9. Tangible fixed assets			
The Group			
Cost or valuation at 30 November 1988	16,879	71,664	88,543
Exchange adjustments	176	1,031	1,207
Capital expenditure	362	8,349	8,711
Disposals	(125)	(21,321)	(21,446)
	-----	-----	-----
Cost or valuation at 30 November 1989	17,292	59,725	77,017
	=====	=====	=====
Depreciation at 30 November 1988	5,080	40,746	45,826
Exchange adjustments	67	627	694
Charge for the year	529	6,504	7,033
Disposals	-	(13,454)	(13,454)
	-----	-----	-----
Depreciation at 30 November 1989	5,676	34,423	40,099
	=====	=====	=====
Net book amount at 30 November 1989	11,616	25,302	36,918
	=====	=====	=====

Included in the depreciation charged for the year is an amount of £1,309,000 (1988 - £nil) in respect of a provision for the permanent diminution in value of certain items of plant and machinery.

Land and buildings include £4,319,000 (cost) and £1,879,000 (net book amount) in respect of short term leasehold properties. There are no long term leasehold properties.

Fixed assets include £14,073,000 (cost) and £6,341,000 (net book amount) in respect of assets held under finance leases.

	Land and buildings £'000	Plant, machinery, tooling, equipment £'000	Total £'000
2. Tangible fixed assets (cont'd)			
Hoover plc			
Cost at 30 November 1988	14,341	54,266	68,607
Capital expenditure	241	6,530	6,771
Disposals	-	(1,685)	(1,685)
Cost at 30 November 1989	14,582	59,111	73,693
Depreciation at 30 November 1988	4,123	30,324	34,447
Change for the year	488	5,130	5,618
Disposals	-	(1,373)	(1,373)
Depreciation at 30 November 1989	4,611	34,081	38,692
Net book amount at 30 November 1989	9,971	25,030	35,001

Included in the depreciation charged for the year is an amount of £1,309,000 (1988 - £nil) in respect of a provision for the permanent diminution in value of certain items of plant and machinery.

Land and buildings include £4,319,000 (cost) and £1,879,000 (net book amount) in respect of short term leasehold properties. There are no long term leasehold properties.

Fixed assets include £14,073,000 (cost) and £6,341,000 (net book amount) in respect of assets held under finance leases.

	The Group		Hoover plc	
	30 Nov 1989 £'000	30 Nov 1988 £'000	30 Nov 1989 £'000	30 Nov 1988 £'000
Land and buildings comprise:-				
Freehold land and buildings	12,973	12,707	10,263	10,170
Short term leasehold buildings	4,319	4,172	4,319	4,171
	17,292	16,879	14,582	14,341

The approximate amounts of future capital expenditure not dealt with in these accounts are :-

In respect of contract placed	2,300	5,000	2,300	4,800
Authorised by the directors but not yet committed	3,100	5,900	3,100	5,200

10. Fixed asset investment

	Trade Investment £'000	Associated Company £'000	Total £'000
The Group			
Cost			
At 30 November 1988	3,083	3,107	6,190
Acquisitions	-	-	-
Disposals	3,083	-	3,083
	-----	-----	-----
At 30 November 1989	-	3,107	3,107
	=====	=====	=====
Share of post acquisition reserves at 30 November 1988		6,817	6,817
Loss for the year		(51)	(51)
Currency translation differences		1,346	1,346
		-----	-----
At 30 November 1989		8,112	8,112
		=====	=====
Net book amount at 30 November 1989	-	11,219	11,219
	=====	=====	=====
	Subsidiaries £'000	Associated Company £'000	Total £'000
Hoover plc			
Cost			
At 30 November 1988	1,965	3,107	5,072
Disposals	(999)	-	(999)
	-----	-----	-----
At 30 November 1989	966	3,107	4,073
	=====	=====	=====
Amounts written off at 30 November 1989	420	-	420
	-----	-----	-----
At 30 November 1989	420	-	420
	=====	=====	=====
Net book amount at 30 November 1989	546	3,107	3,653
	=====	=====	=====

11. Shares in subsidiaries

The principal operating subsidiaries of Hoover plc, together with their countries of incorporation and registration, are:-

Manufacturing and marketing domestic appliances
Hoover Electrica Portuguesa Lda. Portugal

Marketing domestic appliances
Hoover Oy. Finland
Hoover Austria Ges. m.b.h. Austria

All shares are ordinary shares and are held by Hoover plc or its nominees.

12. Investment in associated company

The share capital of Hoover (Holland) BV which comprises 33,064 ordinary and 21,720 preference shares is owned equally by Hoover plc and Hoover Holdings Incorporated. The Hoover (Holland) BV Group is involved in the manufacturing and marketing of domestic appliances.

13. Stocks comprise

	The Group		Hoover plc	
	30 Nov 1989 £'000	30 Nov 1988 £'000	30 Nov 1989 £'000	30 Nov 1988 £'000
Raw materials and consumables	2,581	7,926	2,172	3,825
Work in progress	10,859	10,867	10,866	10,078
Finished goods	37,628	43,215	34,107	37,958
	<u>51,078</u>	<u>62,008</u>	<u>47,145</u>	<u>51,861</u>

14. Debtors comprise

Trade debtors	33,042	52,333	26,832	37,826
Amounts owed by subsidiaries	-	-	1,348	535
Amounts owed by fellow subsidiaries and holding company	52,750	6,209	52,921	4,412
Amounts owed by associated companies	2,119	651	2,101	2,021
Other debtors	1,966	2,658	1,800	2,446
Prepayments and accrued income	4,254	1,228	4,109	946
	<u>94,131</u>	<u>63,079</u>	<u>89,111</u>	<u>48,186</u>

Debtors for the Group and Hoover plc include £53,350,000 (1988 - £nil) falling due after more than one year.

15. Creditors: Amounts falling due within one year comprise.

Bank borrowing	437	3,585	-	500
Trade creditors	20,990	31,722	17,484	25,886
Amounts owed to fellow subsidiaries and holding company	662	166	528	495
Amounts owed to associated companies	1,809	464	752	916
Corporation Tax	1,152	3,214	898	940
Other taxation and social security	3,840	3,777	3,607	3,157
Other creditors	96	126	33	76
Accruals and deferred income	17,079	13,225	15,937	9,021
Obligations under finance leases	987	1,703	987	1,703
	<u>47,052</u>	<u>57,982</u>	<u>40,226</u>	<u>42,694</u>

16. Creditors: Amounts falling due after more than one year comprise

Other creditors	505	417	-	-
Accruals and deferred income	3,083	2,876	3,038	1,832
Obligations under finance leases:-				
in 2nd to 5th years inclusive	1,097	1,928	1,097	1,928
in over 5 years	1,685	1,795	1,685	1,795
	<u>6,370</u>	<u>7,016</u>	<u>5,820</u>	<u>5,555</u>

Other creditors includes a loan secured on property in Finland to the value of £205,000 (1988 - £417,000).

Provisions for liabilities and charges comprise.

	The Group £'000	Hoover plc £'000
Deferred taxation	279	-
At 30 November 1988	26	-
Charged to profit and loss	24	-
Exchange adjustments	329	-

Net deferred taxation comprises:

	The Group		Hoover plc	
	30 Nov 1989 £'000	30 Nov 1988 £'000	30 Nov 1989 £'000	30 Nov 1988 £'000
Accelerated capital allowances	97	84	-	-
Other timing differences	232	195	-	-
Recoverable advance corporation tax	-	-	-	-
	329	279	-	-

In addition there is a deferred taxation asset, which is not included in these accounts, which comprises:

	The Group		Hoover plc	
	30 Nov 1989 £'000	30 Nov 1988 £'000	30 Nov 1989 £'000	30 Nov 1988 £'000
Accelerated capital allowances	(2,696)	(1,878)	(2,696)	(1,602)
Other timing differences	3,747	2,551	3,718	1,498
Advance corporation tax	1,190	1,190	1,190	1,190
	2,241	1,863	2,212	1,086

There are also substantial tax losses available to be carried forward against future profits. No provision has been made in respect of tax payable on the remittance of earnings retained overseas.

18. Share capital of Hoover plc

	Authorised		Issued and fully paid	
	30 Nov 1989 £'000	30 Nov 1988 £'000	30 Nov 1989 £'000	30 Nov 1988 £'000
7,640,000 ordinary shares of 25p each issued	1,920	1,920	1,910	1,910
12,210,800 'A' non-voting ordinary shares of 25p each issued	3,090	3,090	3,053	3,053
	5,010	5,010	4,963	4,963

The ultimate holding company at the balance sheet date was the Maytag Corporation, incorporated in the USA.

	The Group		Hoover plc	
	30 Nov 1989 £'000	30 Nov 1988 £'000	30 Nov 1989 £'000	30 Nov 1988 £'000
19. Reserves				
Revaluation reserve				
At beginning of year	412	412	-	-
Disposal of subsidiary	(320)	-	-	-
At end of year	92	412	-	-
Other reserves				
At beginning of year	2,507	2,507	2,203	2,203
Capital contribution	22,000	-	22,000	-
Disposal of subsidiary	52	-	-	-
At end of year	24,559	2,507	24,203	2,203
Profit and loss account				
At beginning of year	120,244	101,299	90,644	78,223
Retained (released) during period	(1,539)	16,221	18,910	12,421
Currency translation differences	1,573	2,724	-	-
At end of year	120,278	120,244	109,554	90,644

20. Contingent liabilities comprise

Guarantees in respect of borrowings by wholly owned subsidiaries				
	-	-	1,000	450
Customs and Excise guarantees	1,500	1,500	1,500	1,500
Other trading guarantees	2,900	2,950	2,500	2,500
	4,400	4,450	5,000	4,450

21. Operating lease commitments

The annual commitments under non-cancellable operating leases comprise :-

Land and building leases which expire:-

within one year	51	41	11	-
in 2nd to 5th years inclusive	33	115	33	33
in over 5 years	212	242	212	242

Other leases which expire:-

within one year	2	-	-	-
in 2nd to 5th years inclusive	19	41	-	-
	317	439	256	275

22. Pension commitments

The Group operates defined benefit schemes in the UK. The assets of which are held in separate trustee administered funds.

In previous years, pension contributions were charged to the profit and loss account as incurred. Statement of Standard Accounting Practice Number 24 "Accounting for Pension Costs" requires that the costs of providing pensions are recognised over the period benefiting from the employees' services, with any difference between the charge to the profit and loss account and the contributions paid to the schemes being shown as an asset or liability in the balance sheet.

The pension income for the UK schemes was £2,400,000 (1988 £211,000 cost) and there is a pension prepayment in the Balance Sheet of £3,484,000 (1988 £84,000), only the 1989 figures being on a SSAP 24 basis.

The pension cost has been assessed in accordance with the advice of qualified actuaries using the actuarial methods and assumptions set out below. Variations in cost have been spread over the estimated average remaining working lifetime of the members of each scheme.

The most recent formal actuarial valuations of the UK schemes took place as at 31 March 1988. The actuary has updated those figures with estimates to evaluate the position as at 30 November 1989. The information given below is based on these evaluations. The actuarial methods used were the projected unit method. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increases in salaries and pensions.

It was assumed for valuations that the investment return will exceed the rate of salary increases by 2% per annum, and that present and future pensions would increase at 3% per annum on the non-GMP element of the pension. At the date of the valuation, the total market value of the assets of the schemes was £283,900,000, and the actuarial value of the assets was sufficient overall to cover approximately 132% of the benefits that had accrued to members at that date, after allowing for assumed future increases in earnings.

During the year £11,400,000 (after deduction of tax at 40%) was repaid from the main pension scheme to the company and has been treated as an extra-ordinary item in the Profit and Loss account.