REPORT AND ACCOUNTS

MAPLIN ELECTRONICS PLC

DECEMBER 28, 1996

Registered No. 1264385

DIRECTORS
R.L. Allen
A.D. Black
G. Clark
J.C. Fawcett
A.J.N. Gearty
D.D. Smith
M.P.A. Wareing

SECRETARY
J.C. Fawcett

AUDITORS
Ernst & Young
Becket House
1 Lambeth Palace Road
London
SE1 7EU

PRINCIPAL BANKERS
Bank of Scotland
Glasgow Chief Office
110 St Vincent Street
Glasgow
G2 5EJ

SOLICITORS
Dickson Minto WS
Royal London House
22/25 Finsbury Square
London
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REGISTERED OFFICE
Maplin House
274-288 London Road
Hadleigh
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SS7 2DE

DIRECTORS' REPORT

The directors present their report and accounts for the period ended December 28, 1996.

RESULTS AND DIVIDENDS

The profit for the period after taxation amounted to £1,293,925 (profit of £1,301,268 for the eighteen month period ended December 30, 1995). The directors recommend the payment of a final dividend of £324,121 for the period ended December 28, 1996 making a total of ordinary dividends of £715,000 for the period (£711,852 for the eighteen month period ended December 30, 1995). A retained profit of £578,925 (£558,517 for the eighteen month period ended December 30, 1995) has been transferred to reserves.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

Maplin Electronics PLC, through its expanding chain of catalogue stores and rapid mail order service, brings a huge choice of electronics and technology to consumers and technically qualified users throughout the UK and abroad.

The Maplin professional catalogue, with more than 18,000 products listed, is the most widely available electronics catalogue in the UK for technically qualified engineers, students, DIY specialists and consumers. It provides detailed information and technical advice on a broad range of product categories, covering specialist components, tools, sound and vision, kits and educational projects, computer accessories, general electrical and security products.

After adjusting pro rata for the effect of an eighteen month accounting period ended December 30, 1995, turnover increased by 2.3% year on year.

Retail stores sales increased strongly by 10%, reflecting the impact of new stores at Watford, Luton and Maidstone, a resite at Southend and the first phase of a refit and remerchandising programme. This included a completely new electronics superstore concept called Mondo, developed out of the previous small Maplin Leeds store towards the end of 1995. A continuation of the store refit programme, two new Mondo superstores and an ongoing Maplin store opening programme is likely to continue the trend of increasing retail store sales into 1997 and beyond. The company's development plan anticipates growing the retail chain of 38 stores at the period end to approximately 100 stores as soon as suitable sites become available.

Mail order sales fell by 8% based on a pro rata adjustment of the eighteen months' sales in the preceding period. Within the mail order business growth in sales to trade customers was offset by a continuing decline in consumer sales. Steps are being taken to accelerate the growth of our premium service mail order business to trade customers. Consumer mail order business has been further stimulated towards the end of the period by the launch of a new Maplin Discoveries home shopping catalogue business.

Improved product sales mix and better buying contributed to increased gross profit margins. These rose from 40.2% to 47.7%, this being the main driver of an increase in operating profits of 9.2%, after adjusting the preceding eighteen month period on a pro rata basis.

DIRECTORS' REPORT

MARKET VALUE OF LAND AND BUILDINGS

Freehold land and buildings were revalued as at September 16, 1994, as stated in note 10 to the financial statements, and these valuations have been incorporated into the accounts.

OVERSEAS BRANCH

The company continued during the year to source products through its overseas branch in Taiwan.

FIXED ASSETS

Significant changes in fixed assets during the period are summarised in notes 10 and 11 to the financial statements. The main additions to leasehold properties and fixtures, fittings, tools and equipment related to the new store openings. The company continued to invest heavily in its computer systems.

CLOSE COMPANY STATUS

The company is not a close company within the meaning of the Income and Corporation Taxes Act 1988.

EMPLOYEES

It is the board's policy to pursue open communication with the company's employees and, to this end, regular meetings are held with management to convey information about the business.

During the period under review, the parent company, Saltire PLC, established an approved Share Save Scheme which was made available to eligible employees including those at Maplin Electronics PLC.

The company gives full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities. Systems are in place to prevent discrimination. Where existing employees become disabled, it is the company's policy, wherever practicable, to provide continuing employment under normal terms and conditions and to provide training and career development opportunities where appropriate.

DIRECTORS' REPORT

DIRECTORS AND THEIR INTERESTS

The directors who served during the period were as follows:

R.L. Allen	
S.W. Allen	(resigned December 28, 1996)
A.D. Black	
G. Clark	(appointed January 11, 1996)
J.C. Fawcett	
R.J. Francis	(resigned January 26, 1996)
A.J.N. Gearty	
D.D. Smith	
M.P.A. Wareing	(appointed January 2, 1996)

The company is a wholly owned subsidiary of Saltire PLC. D.D. Smith is a director of Saltire PLC and his interests in its share capital are disclosed in the accounts of that company. The interests of the other directors in the ordinary shares of Saltire PLC were as follows:

	At December 28, 1996 or at date of appointment or resignation		At December 30, 1995 or at date of appointment or resignation (re-stated)	
	Shares	Options	Shares	Options
R.L. Allen	1,006,514	-	1,006,514	-
S.W. Allen	227,454	-	227,454	-
A.D. Black	24,000	103,293	-	100,000
G. Clark	-	25,000	-	-
J.C. Fawcett	3,500	-	3,500	-
A.J.N. Gearty	-	27,441	-	24,148
M.P.A. Wareing	-	25,000	-	-

POLICY ON THE PAYMENT OF SUPPLIERS

The company recognises the importance of maintaining good business relationships with its suppliers and is committed to paying all invoices within agreed terms.

DIRECTORS' REPORT

AUDITORS

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

By order of the Board

J.C. Fawcett
Secretary

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company 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 to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE AUDITORS
TO THE MEMBERS OF MAPLIN ELECTRONICS PLC

We have audited the accounts on pages 6 to 24, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 11 and 12.

Respective responsibilities of directors and auditors

As described on page 6 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at December 28, 1996 and of the profit of the company for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young

Ernst & Young
Chartered Accountants
Registered Auditor
London

30 April 1997

PROFIT AND LOSS ACCOUNT
for the period ended December 28, 1996

	Note	For the period ended December 28 1996 £	For the eighteen month period ended December 30 1995 £
TURNOVER	2	32,651,012	47,886,216
Cost of sales		(17,072,733)	(28,643,811)
GROSS PROFIT		15,578,279	19,242,405
Distribution costs		(4,986,053)	(5,542,956)
Administrative expenses		(8,522,011)	(10,522,824)
Other operating income		86,575	106,563
		(13,421,489)	(15,959,217)
PROFIT BEFORE EXCEPTIONAL ITEMS		2,156,790	3,283,188
Exceptional operating costs	3	(139,186)	(511,099)
OPERATING PROFIT	4	2,017,604	2,772,089
Other interest receivable and similar income		2,340	2,598
Interest payable	7	(410,991)	(532,154)
		(408,651)	(529,556)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,608,953	2,242,533
Tax on profit on ordinary activities	8	(315,028)	(941,265)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,293,925	1,301,268
Other appropriations	9	-	(30,899)
Dividends paid and proposed	9	(715,000)	(711,852)
PROFIT FOR THE PERIOD	21	578,925	558,517

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the period ended December 28, 1996

	For the period ended December 28 1996	For the eighteen month period ended December 30 1995
	£	£
Profit for the financial period	1,293,925	1,301,268
Utilisation of revaluation reserve	-	(87,818)
Total recognised gains since the last annual report	1,293,925	1,213,450

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	For the period ended December 28 1996	For the eighteen month period ended December 30 1995
	£	£
Opening balance	4,371,196	3,869,598
Profit for the period attributable to shareholders	1,293,925	1,301,268
Other recognised gains/(losses)	-	(87,818)
Dividends	(715,000)	(711,852)
Closing balance	4,950,121	4,371,196

BALANCE SHEET
at December 28, 1996

	Note	At December 28 1996 £	At December 30 1995 £
FIXED ASSETS			
Tangible assets	10	6,154,978	5,617,610
Investments	11	36,089	20,384
		6,191,067	5,637,994
CURRENT ASSETS			
Stock	12	7,654,525	8,011,028
Debtors	13	2,962,643	2,886,943
Cash at bank and in hand		283,230	598,408
		10,900,398	11,496,379
CREDITORS: amounts falling due within one year	14	(12,108,844)	(12,549,856)
NET CURRENT LIABILITIES		(1,208,446)	(1,053,477)
TOTAL ASSETS LESS CURRENT LIABILITIES		4,982,621	4,584,517
CREDITORS: amounts falling due after more than one year	15	(32,500)	(213,321)
		4,950,121	4,371,196
CAPITAL AND RESERVES			
Called up share capital	20	420,000	420,000
Share premium	21	429,258	429,258
Profit and loss account	21	4,100,863	3,521,938
Shareholders' funds (including non-equity interests)	22	4,950,121	4,371,196

On behalf of the Board

.... Director

Alex Black

.... Director

NOTES TO THE ACCOUNTS
at December 28, 1996

1. ACCOUNTING POLICIES

Accounting convention
The accounts have been prepared under the historical cost convention modified to include the revaluation of certain land and buildings. The accounts have been prepared in accordance with applicable accounting standards.

Group accounts
The company is a wholly owned subsidiary of Saltire PLC, a company registered in England and Wales. Accordingly no group accounts have been prepared as permitted by Section 228 of the Companies Act 1985.

Cash flow statement
The company is exempt from publishing a cash flow statement as it is a wholly owned subsidiary of Saltire PLC whose group accounts contain a consolidated cash flow statement.

Foreign currencies
Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at hedged rates, where applicable. Assets and liabilities denominated in foreign currencies are translated into sterling at the period end rates or hedged rates, where applicable. All exchange differences thus arising are dealt with through the profit and loss account.

Exchange differences arising on investments in overseas subsidiaries are dealt with as a movement on reserves using the closing rate method.

Depreciation of tangible fixed assets
No depreciation is provided on freehold land. For all other assets, depreciation is provided at rates calculated to write off the cost or valuation, less estimated residual value, of each asset over its estimated useful life, as follows:

Freehold buildings	-	2% on cost
Short leasehold property and improvements	-	over remaining period of the lease
Long leasehold property and improvements	-	over remaining period of the lease, subject to a maximum of 25 years
Fixtures, fittings, tools and equipment	-	15%, reducing balance basis
Computer equipment and motor vehicles	-	25%, reducing balance basis

Government grants
Grants received on capital expenditure are deducted from the cost of the related asset.

Deferred taxation
Provision is made under the liability method in respect of those timing differences which are expected to crystallise in the foreseeable future.

NOTES TO THE ACCOUNTS
at December 28, 1996

1. ACCOUNTING POLICIES (continued)

Store pre-opening and refurbishment costs
Pre-opening and related start-up expenses incurred by new or refurbished units in the period up to commencement of full trading are deferred and expensed over the first twelve months of trading.

Stock
Stock is stated at the lower of cost and net realisable value. Cost comprises purchase price and all other directly attributable costs.

Leasing and hire purchase commitments
Assets held under finance leases and hire purchase contracts are included as tangible assets at cost and depreciated over the asset's life. The interest element is charged to the profit and loss account using a reducing balance method. Rentals under operating leases are charged to the profit and loss account on a straight line basis.

2. TURNOVER AND SEGMENTAL ANALYSIS

An analysis of turnover by activity, destination and origin is given below:

	Total turnover		Intercompany turnover		External turnover	
	For the period ended December 28 1996	For the eighteen month period ended December 30 1995	For the period ended December 28 1996	For the eighteen month period ended December 30 1995	For the period ended December 28 1996	For the eighteen month period ended December 30 1995
TURNOVER	£	£	£	£	£	£
Mail order	13,803,879	22,182,863	540,342	517,770	13,263,537	21,665,093
Stores	18,847,133	25,703,353	-	-	18,847,133	25,703,353
	32,651,012	47,886,216	540,342	517,770	32,110,670	47,368,446
By destination:						
United Kingdom	31,362,382	46,120,685	259,482	147,875	31,102,900	45,972,810
Netherlands	314,177	369,895	280,860	369,895	33,317	-
Other	974,453	1,395,636	-	-	974,453	1,395,636
	32,651,012	47,886,216	540,342	517,770	32,110,670	47,368,446
By origin:						
United Kingdom	32,184,907	46,500,212	540,342	517,770	31,644,565	45,982,442
Other	466,105	1,386,004	-	-	466,105	1,386,004
	32,651,012	47,886,216	540,342	517,770	32,110,670	47,368,446

NOTES TO THE ACCOUNTS
at December 28, 1996

3. EXCEPTIONAL OPERATING COSTS

	For the period ended December 28 1996	For the eighteen month period ended December 30 1995
	£	£
Write down of freehold premises and other assets	-	329,813
Reorganisation and redundancy costs	130,186	157,294
Group brands development	9,000	23,992
	139,186	511,099

4. OPERATING PROFIT

	For the period ended December 28 1996	For the eighteen month period ended December 30 1995
	£	£
This is stated after charging:		
Auditors' remuneration - audit services	21,070	41,789
- non-audit services	6,585	8,805
Depreciation of owned assets	594.449	687,191
Depreciation of assets held under finance leases	51,840	189,880
Loss on disposal of fixed assets	11,098	5,824
Operating lease costs	1,004,702	1,407,651
Hire of plant and machinery	13,183	22,501
Exceptional costs (note 3)	139,186	511,099

5. DIRECTORS' EMOLUMENTS

	For the period ended December 28 1996	For the eighteen month period ended December 30 1995
	£	£
Fees	-	3,420
Other emoluments including benefits in kind	476,746	452,573
Compensation for loss of office	-	30,000
	476,746	485,993

NOTES TO THE ACCOUNTS
at December 28, 1996

5. DIRECTORS' EMOLUMENTS (continued)

The emoluments, excluding pension contributions, of the chairman, were £nil.

The emoluments, excluding pension contributions for the highest paid director were £120,000 for the period (£nil for the eighteen month period ended December 30, 1995).

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

	For the period ended December 28 1996	For the eighteen month period ended December 30 1995
	Number	Number
£0 - £5,000	2	4
£5,001 - £10,000	1	-
£15,001 - £20,000	-	1
£50,001 - £55,000	2	-
£65,001 - £70,000	1	-
£70,001 - £75,000	1	-
£75,001 - £80,000	1	1
£80,001 - £85,000	-	1
£90,001 - £95,000	-	1
£95,001 - £100,000	-	1
£100,001 - £105,000	-	1
£115,001 - £120,000	1	-

6. STAFF COSTS

	For the period ended December 28 1996	For the eighteen month period ended December 30 1995
	£	£
Wages and salaries	6,572,359	9,616,829
Social security costs	506,585	703,104
Other pension costs	165,599	310,769
Other staff costs	350,337	463,341
	7,594,880	11,094,043

NOTES TO THE ACCOUNTS
at December 28, 1996

6. STAFF COSTS (continued)

The average weekly number of full-time employees during the period was 495 (493 for the period ended December 30, 1995).

7. INTEREST PAYABLE

	For the period ended December 28 1996	For the eighteen month period ended December 30 1995
	£	£
Bank loans, overdraft and other loans repayable within five years	399,858	470,463
Finance charges payable under finance leases	11,133	41,046
Other interest	-	20,645
	410,991	532,154

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	For the period ended December 28 1996	For the eighteen month period ended December 30 1995
	£	£
The taxation charge is made up as follows:		
Based on the profit for the period - corporation tax (33%)	-	342,471
Group relief payable	492,430	621,761
Overseas tax recoverable	(6)	(309)
Over provision in prior period:		
UK corporation tax	(177,396)	(22,658)
	315,028	941,265

NOTES TO THE ACCOUNTS
at December 28, 1996

9. DIVIDENDS PAID AND PROPOSED

	For the period ended December 28 1996	For the eighteen month period ended December 30 1995
	£	£
Equity dividends on ordinary shares:		
Final dividend proposed 77.2p per share (1995 - £4.82 per share)	324,121	183,000
Interim dividends paid 93.1p per share (1995 - £11.48 per share)	390,879	436,199
Non-equity dividends on:		
Cumulative convertible voting participating preference shares:		
Interim dividend paid (1995 - £2.50 per share)	-	79,996
Cumulative redeemable preference shares:		
Interim dividend paid (1995 - 3.6p per share)	-	12,657
	715,000	711,852
Other appropriations	-	30,899

Other appropriations in the eighteen month period ended December 30, 1995 represented the finance costs of the cumulative redeemable preference shares.

The share capital of the company was restructured in May 1996 - see note 20.

NOTES TO THE ACCOUNTS
at December 28, 1996

10. TANGIBLE FIXED ASSETS

	Freehold land and buildings	Leasehold property and improvements	Fixtures fittings tools and equipment	Computer equipment and motor vehicles	Total
	£	£	£	£	£
Cost or valuation:					
At December 30, 1995	2,234,150	1,719,543	2,633,900	2,004,123	8,591,716
Additions	2,822	553,868	206,029	490,861	1,253,580
Disposals	-	-	-	(435,582)	(435,582)
At December 28, 1996	2,236,972	2,273,411	2,839,929	2,059,402	9,409,714
Depreciation:					
At December 30, 1995	371,527	322,476	1,209,920	1,070,183	2,974,106
Provided during the period	45,296	112,489	224,288	264,216	646,289
Disposals	-	-	-	(365,659)	(365,659)
At December 28, 1996	416,823	434,965	1,434,208	968,740	3,254,736
Net book amount:					
At December 28, 1996	1,820,149	1,838,446	1,405,721	1,090,662	6,154,978
At December 30, 1995	1,862,623	1,397,067	1,423,980	933,940	5,617,610

The net book amount of fixed assets at December 28, 1996 includes an amount of £139,800 (£291,937 at December 30, 1995) in respect of assets held under finance leases. The related depreciation charge for the period was £51,840 (£189,880 for the period ended December 30, 1995).

Leasehold property includes a long lease with a net book value at December 28, 1996 of £147,568 (£152,634 at December 30, 1995).

Freehold land and buildings have been valued at open market value as at September 16, 1994 by Herring Baker Harris, Chartered Surveyors, apart from two properties which have been valued by the directors at £60,636 and £225,434 respectively. The valuations by Herring Baker Harris were carried out in accordance with the Statements of Asset Valuation Practice and Guidance Notes published by the Royal Institution of Chartered Surveyors.

NOTES TO THE ACCOUNTS
at December 28, 1996

10. TANGIBLE FIXED ASSETS (continued)

If the properties had not been revalued they would be included in the financial statements at the following amounts:

	£
Cost	2,463,927
Accumulated depreciation	416,388

11. INVESTMENTS

	£
Cost:	
At December 30, 1995	20,384
Issue of further shares by Nikkai (Hong Kong) Limited in the period	15,705
	36,089

Investments in subsidiary undertakings are as follows:

Subsidiary	Country of registration/ incorporation	Holding	Proportion held	Activity
Cubipaq Inc.	Philippines	ordinary shares	70%	Packaging and general trading
Nikkai (Hong Kong) Limited	Hong Kong	ordinary shares	100%	Buying, sourcing, quality control and shipping of products

12. STOCK

	At December 28 1996	At December 30 1995
	£	£
Finished goods and goods for resale	7,654,525	8,011,028

There are no significant differences between replacement cost and the above values.

NOTES TO THE ACCOUNTS
at December 28, 1996

13. DEBTORS

	At December 28 1996 £	At December 30 1995 £
Trade debtors	1,475,704	1,502,654
Amounts owed by parent and fellow subsidiary undertakings	214,873	515,468
Amounts owed by subsidiary undertakings	193,463	84,688
Other debtors	231,405	49,586
Prepayments and accrued income	600,007	542,132
ACT recoverable	224,500	159,712
Overseas tax recoverable	191	309
VAT recoverable	22,500	32,394
	2,962,643	2,886,943

14. CREDITORS: amounts falling due within one year

	At December 28 1996 £	At December 30 1995 £
Customer credits	15,435	35,315
Bank overdrafts (secured)	5,246,943	5,567,734
Bank loans (guaranteed) (note 19)	125,000	125,000
Payments on account	14,970	23,261
Trade creditors	4,198,871	4.241,148
Amount owed to parent undertaking	-	4,700
Amount owed to fellow subsidiary undertakings	553,895	231,991
Accruals and deferred income	454,313	802,356
Taxation and social security	428,659	231,075
Obligations under finance leases (note 17)	52,600	110,399
Dividends payable	324,121	183,000
Corporation tax payable	-	342,471
ACT payable	178,750	77,860
Group relief payable	515,287	573,546
	12,108,844	12.549,856

Bank overdrafts are secured by a fixed and floating charge over the assets of the company.

NOTES TO THE ACCOUNTS
at December 28, 1996

15. CREDITORS: amounts falling due after more than one year

	At December 28 1996 £	At December 30 1995 £
Bank loans (guaranteed) (note 19)	-	125,000
Obligations under finance leases (note 17)	32,500	88,321
	32,500	213,321

16. DEFERRED TAXATION

Deferred taxation has not been provided, on the grounds that it is not expected to reverse in the foreseeable future. On a full provision basis there is a potential deferred tax liability of approximately £282,232 (£152,790 at December 30, 1995), which arises primarily from capital allowances in advance of depreciation.

17. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

	At December 28 1996 £	At December 30 1995 £
Obligations under finance leases:		
Minimum lease payments payable:		
Within one year	55,656	118,512
Within two and five years	32,500	89,789
	88,156	208,301
Finance charges allocated to future years	(3,056)	(9,581)
	85,100	198,720
Amounts due within one year	52,600	110,399
Amounts due after more than one year	32,500	88,321
	85,100	198,720

18. OBLIGATIONS UNDER OPERATING LEASE COMMITMENTS

The company has annual commitments in respect of leases for land and buildings expiring as follows:

	At December 28 1996	At December 30 1995
	£	£
Within two to five years	215,000	71,000
More than five years	1,116,743	775,858
	1,331,743	846,858

19. LOANS

The one loan in existence at the balance sheet date (see note 14) is repayable in half-yearly instalments of £62,500 and bears interest at 10% per annum. The loan is secured by a guarantee from the company's bankers.

20. SHARE CAPITAL

	At December 28 1996	At December 30 1995
	Number	Number
Authorised:		
Ordinary shares of £1 each	73,660	41,660
Redeemable ordinary shares of £1 each	350,000	-
Cumulative convertible voting participating preference shares of £1 each	-	32,000
Cumulative redeemable preference shares of £1 each	-	350,000
	423,660	423,660
	£	£
Allotted, called up and fully paid:		
Ordinary shares of £1 each	70,000	38,000
Redeemable ordinary shares of £1 each	350,000	-
Cumulative convertible voting participating preference shares of £1 each	-	32,000
Cumulative redeemable preference shares of £1 each	-	350,000
	420,000	420,000

NOTES TO THE ACCOUNTS
at December 28, 1996

20. SHARE CAPITAL (continued)

In May 1996 the capital structure of the company was simplified. Following the restructuring, each of the cumulative convertible voting participating preference shares of £1 were converted into one ordinary share of £1, ranking *pari passu* with the existing ordinary shares, and each of the cumulative redeemable preference shares of £1 were converted into one redeemable ordinary share of £1, ranking *pari passu* with the ordinary shares, except that the redeemable ordinary shares may be redeemed at par at the option of either the company or the holder.

21. RESERVES

	Share premium	Profit and loss account
	£	£
At December 30, 1995	429,258	3,521,938
Profit for the period	-	578,925
At December 28, 1996	429,258	4,100,863

22. SHAREHOLDERS' FUNDS

Shareholders' funds can be analysed as follows:

	At December 28 1996	At December 30 1995
	£	£
Cumulative redeemable preference shares	-	392,197
Cumulative convertible voting participating preference shares	-	467,518
	-	859,715
Equity shares	4,950,121	3,511,481
	4,950,121	4,371,196

23. PENSION COMMITMENTS

The company has a managed invested pension scheme for its present directors and employees, administered by Sedgwick Noble Lowndes Limited. Premiums paid to or provided for this scheme amounted to:

	For the period ended December 28 1996	For the eighteen month period ended December 30 1995
	£	£
Directors	12,837	17,795
Employees	152,762	292,974
	165,599	310,769

The company operates a defined benefit funded scheme, contributions being payable both by employees and by the company. The scheme utilises the "Projected Unit Credit" method of valuation, which is designed to give stable contribution rates from one valuation to the next provided the age distribution of the scheme remains reasonably constant and the experience of the scheme broadly follows the valuation assumptions.

The last valuation was carried out as at April 1, 1995 in accordance with the guidelines issued by the Institute and Faculty of Actuaries by Consulting Actuaries, Sedgwick Noble Lowndes Limited, 5 Bedford Park, Croydon, CR9 2ZT.

The main assumptions underlying the valuation were as follows:

Valuation rate of interest	-	10% per annum compound
Rate of salary growth	-	8% per annum compound
Dividend growth and inflation	-	5.5% per annum compound
Retirement age	-	65 years

At the date of this valuation, the market value of the assets was £1.56 million. After allowing for future salary increases, there was a shortfall of assets compared with liabilities for past service of £70,000. The funding level was 96% compared with 93% at the last valuation when the past service liabilities exceeded the assets by £90,000.

23. PENSION COMMITMENTS (continued)

The calculated regular contribution rate resulting from the actuarial valuation was 10.7% of pensionable salaries, plus an additional 1.8% to eliminate the shortfall in respect of past service. If the actuarial assumptions were borne out in practice, the deficit would be expected to be removed in about two years, i.e. by April 1, 1997.

Of the total contribution of 12.5%, 5% is payable by employees. Since the last valuation, pension increases have been introduced in line with Limited Price Indexation for service accruing after January 1, 1995.

Since the balance sheet date, the company's current pension arrangements have been under review.

24. CAPITAL COMMITMENTS

	At December 28 1996	At December 30 1995
	£	£
Authorised by the directors and contracted for	965,000	-

25. CONTINGENT LIABILITIES

The Bank of Scotland has a fixed and floating charge over all of the company's assets. The company is a party to a group banking facility with its principal bankers under which it has guaranteed the liabilities of fellow group undertakings. The amount drawn down as bank overdrafts at December 28, 1996 was £7,316,000 (£12,785,000 at December 30, 1995).

26. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking, for which group accounts are drawn up and of which the company is a member, is Saltire PLC, a company registered in England and Wales. Copies of the report and accounts of Saltire PLC can be obtained from the registered office, New London Bridge House, 25 London Bridge Street, London, SE1 9SG.