

**Regency International PLC and  
subsidiaries**

**Directors' report and financial statements**

2 March 1996

Registered number 2295620



# Regency International PLC and subsidiaries

## Directors' report and financial statements

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# Regency International PLC and subsidiaries

## Directors' report

The directors present their report and the audited financial statements for the year ended 2 March 1996.

### Principal activities

The principal activities of the group are the manufacture and supply of PVC-u profile and the manufacture and supply of PVC-u windows and doors.

### Business review

Trading conditions in the markets within which the group operates were generally difficult during the period under review. In the case of the group, these were exacerbated by unprecedented price increases in raw materials coinciding with disruptions caused by extensions to production facilities, and the commissioning of new machinery.

### Future developments in the business

The significant recent investment programme has positioned the group to take full advantage of any upturn in market conditions, with the capacity for substantial growth. Management accounts indicate an improvement in trading.

### Results and dividends

	1996 £'000	1995 £'000
Turnover	35,734	34,354
(Loss)/profit on ordinary activities before taxation	(3,049)	573
Taxation on profit on ordinary activities	662	(158)
(Loss)/profit on ordinary activities after taxation	(2,387)	415

In accordance with the company's Articles of Association in respect of the "A" ordinary shares and redeemable preference shares, interim dividends of £Nil (1995: £nil) were paid during the year and final dividends of £Nil (1995: £Nil) are proposed.

Transfers to reserves are detailed in note 19 to the financial statements.

### Fixed assets

Information relating to the movements in tangible fixed assets are detailed in note 10 to the financial statements.

# Regency International PLC and subsidiaries

## Directors' report *(continued)*

### Directors and directors' interests

The directors who served throughout the year together with their interests in share capital of the company at 2 March 1996 were as follows:

	2 March 1996		27 February 1995	
	Ordinary shares of £1 each	"A" ordinary shares of £1 each	Ordinary shares of £1 each	"A" ordinary shares of £1 each
RD Mills	25,005	-	25,005	-
MJ Collins	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

As at 2 March 1996 none of the directors had any interest in the share or loan capital of the company's subsidiary undertakings.

### Employees

The directors believe that benefit is derived from the provision of channels for employee participation. Exchange of information between management and employees is encouraged. The group seeks to provide suitable opportunities for the employment and training of disabled persons. Career development within the group is encouraged.

### Political and charitable donations

The group made no political contributions or charitable donations during the year.

# Regency International PLC and subsidiaries

## Directors' report *(continued)*

### Statement of 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 for that period. In preparing those financial statements, the directors are required to:

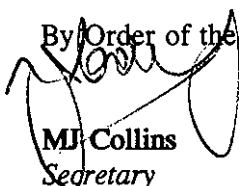
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

### Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By Order of the Board



**MJ Collins**  
Secretary

Tameside Drive  
Castle Bromwich  
Birmingham  
B35 7AG

12 July 1996



2 Cornwall Street  
Birmingham  
B3 2DL  
United Kingdom

## Report of the auditors to the members of Regency International PLC

We have audited the financial statements on pages 5 to 25.

### *Respective responsibilities of directors and auditors*

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

### *Basis of opinion*

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group'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 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 as at 2 March 1996 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**KPMG**  
*Chartered Accountants*  
*Registered Auditors*

12 July 1996

# Regency International PLC and subsidiaries

## Consolidated profit and loss account for the year ended 2 March 1996

	<i>Note</i>	1996 £'000	1995 £'000
Turnover	2	35,734	34,354
Cost of sales		(30,863)	(26,983)
<b>Gross profit</b>		<b>4,871</b>	<b>7,371</b>
Distribution costs		(1,349)	(1,137)
Administrative expenses		(6,780)	(5,401)
Other operating income		830	1
<b>Operating (loss)/profit</b>		<b>(2,428)</b>	<b>834</b>
Interest receivable and similar income	6	18	1
Interest payable and similar charges	7	(639)	(262)
<b>(Loss)/profit on ordinary activities before taxation</b>	2	<b>(3,049)</b>	<b>573</b>
Tax on (loss)/profit on ordinary activities	8	662	(158)
<b>(Loss)/profit on ordinary activities after taxation</b>	9	<b>(2,387)</b>	<b>415</b>
Dividends		-	-
<b>Retained (loss)/profit for the financial period</b>	19	<b>(2,387)</b>	<b>415</b>

The movement on reserves is set out at note 19.

All turnover and operating result arises from continuing activities.

The group has no recognised gains or losses in either the current or preceding year other than the (loss)/profit for those periods.

There is no material difference between the result as disclosed in the profit and loss account and the result on an unmodified historical cost basis.

# Regency International PLC and subsidiaries

## Consolidated balance sheet

at 2 March 1996

	Note	1996		1995	
		£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Tangible assets	10		15,200		13,949
Investments	11		-		-
			<u>15,200</u>		<u>13,949</u>
<b>Current assets</b>					
Stocks	12	5,064		6,338	
Debtors	13	5,497		5,464	
Cash in hand		13		5	
		<u>10,574</u>		<u>11,807</u>	
<b>Creditors: amounts falling due within one year</b>	14	<u>(11,285)</u>		<u>(8,701)</u>	
<b>Net current assets/(liabilities)</b>			<u>(711)</u>		<u>3,106</u>
<b>Total assets less current liabilities</b>			<u>14,489</u>		<u>17,055</u>
<b>Creditors: amounts falling due after more than one year</b>	15		<u>(3,547)</u>		<u>(3,886)</u>
<b>Provisions for liabilities and charges</b>	16		<u>(738)</u>		<u>(356)</u>
<b>Net assets</b>			<u>10,204</u>		<u>12,813</u>
<b>Capital and reserves</b>					
Called up share capital	18		27		27
Capital redemption reserve	19		23		23
Revaluation reserve	19		542		-
Profit and loss account	19		9,612		12,763
<b>Equity shareholders' funds</b>			<u>10,204</u>		<u>12,813</u>

These financial statements were approved by the board of directors on 12 July 1996 and signed on its behalf by:

RD Mills  
Director



KPMG



# Regency International PLC

Balance sheet  
at 2 March 1996

	Note	1996		1995	
		£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Tangible assets	10		15,200		13,949
Investments	11		83		82
			<u>15,283</u>		<u>14,031</u>
<b>Current assets</b>					
Stocks	12	5,064		6,338	
Debtors	13	5,497		5,464	
Cash in hand		13		5	
		<u>10,574</u>		<u>11,807</u>	
<b>Creditors: amounts falling due within one year</b>	14	<u>(11,285)</u>		<u>(8,701)</u>	
<b>Net current assets/(liabilities)</b>			<u>(711)</u>		<u>3,106</u>
<b>Total assets less current liabilities</b>			<u>14,572</u>		<u>17,137</u>
<b>Creditors: amounts falling due after more than one year</b>	15		<u>(5,484)</u>		<u>(5,823)</u>
<b>Provisions for liabilities and charges</b>	16		<u>(738)</u>		<u>(356)</u>
<b>Net assets</b>			<u>8,350</u>		<u>10,958</u>
<b>Capital and reserves</b>					
Called up share capital	18		27		27
Capital redemption reserve	19		23		23
Revaluation reserve	19		542		-
Profit and loss account	19		7,758		10,908
<b>Equity shareholders' funds</b>			<u>8,350</u>		<u>10,958</u>

These financial statements were approved by the board of directors on 12 July 1996 and signed on its behalf by:

RD Mills  
Director



# Regency International PLC and subsidiaries

## Consolidated cash flow statement for the year ended 2 March 1996

	Note	1996		1995	
		£'000	£'000	£'000	£'000
Net cash inflow from operating activities	22		684		692
<b>Returns on investments and servicing of finance</b>					
Interest received		18		1	
Interest paid		(621)		(154)	
		<hr/>		<hr/>	
Net cash outflow from returns on investments and servicing of finance			(603)		(153)
<b>Taxation</b>					
Corporation tax (paid)/received (including advance corporation tax)		612		(956)	
		<hr/>		<hr/>	
Tax (paid)/received			612		(956)
<b>Investing activities</b>					
Purchase of tangible fixed assets		(2,835)		(4,416)	
Receipts from sale of fixed assets		394		59	
		<hr/>		<hr/>	
Net cash outflow from investing activities			(2,441)		(4,357)
Net cash outflow before financing			(1,748)		(4,774)
<b>Financing</b>					
Receipt/(repayment) of loans	25	(255)		4,000	
Redemption of share capital	25	-		(2,500)	
Capital grant received	25	20		60	
Hire purchase agreements		1,215		-	
		<hr/>		<hr/>	
Net cash inflow from financing			980		1,560
Decrease in cash and cash equivalents	23		(768)		(3,214)
			<hr/>		<hr/>

# Regency International PLC and subsidiaries

Other primary statements  
for the year ended 2 March 1996

## Reconciliation of movements in shareholders' funds

	1996 £'000	1995 £'000
(Loss)/profit for the financial year	(2,387)	414
Dividends	-	-
	<hr/>	<hr/>
	(2,387)	414
Revaluation of buildings	542	-
Redemption of share capital	-	(2,500)
Goodwill on acquisitions written off	(764)	-
	<hr/>	<hr/>
	(2,609)	(2,086)
Opening shareholders' funds	12,813	14,899
	<hr/>	<hr/>
Closing shareholders' funds	10,204	12,813
	<hr/> <hr/>	<hr/> <hr/>

# Regency International PLC and subsidiaries

## Notes

(forming part of the financial statements)

### 1 Principal accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the group's financial statements:

#### *Basis of accounting*

These financial statements have been prepared in accordance with applicable accounting standards using the historical cost convention adjusted for the revaluation of certain tangible assets comprising of land and buildings.

#### *Consolidation principles*

The group financial statements include the results and net assets of the parent company and its subsidiaries made up to 2 March 1996.

Any excess of the purchase consideration over the fair value of the net assets/(liabilities) of an acquired business, is written off to reserves in the year of acquisition.

The company has not presented its profit and loss account as is permitted by Section 230 of the Companies Act 1985.

#### *Depreciation*

Depreciation has been calculated on all fixed assets at annual rates to write off the value of the relevant asset to residual value over the period of its estimated life.

Freehold buildings	2% per annum straight line
Long leasehold land and buildings	In equal instalments over the period of the lease
Fixtures, fittings, plant and equipment	15%-25% per annum on the reducing balance
Motor vehicles	25% per annum straight line
Commercial vehicles	33% per annum on the reducing balance

Assets acquired during the year and not brought into use at the year end are not depreciated in the year of acquisition. Freehold land is not depreciated.

#### *Stocks and work in progress*

Stocks and work in progress are valued at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and appropriate overhead expenditure.

#### *Foreign exchange*

Transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Balances denominated in foreign currency are translated into sterling at the exchange rates ruling at the balance sheet date.

# Regency International PLC and subsidiaries

## Notes (continued)

### *Deferred taxation*

Provision is made for deferred taxation using the liability method in respect of all material timing differences to the extent that it is probable that liabilities will become payable in the foreseeable future.

## 1 Principal accounting policies (continued)

### *Operating leases*

Annual payments under operating leases are charged to revenue in the period in which they are incurred.

### *Hire purchase and finance leases*

Assets held under finance lease agreements and similar hire purchase contracts are included in fixed assets. The obligations under such agreements, excluding finance charges, are shown separately under creditors.

### *Capital grants*

Grants are credited to deferred income and amortised to the profit and loss account over the expected useful economic lives of the related assets.

## 2 Turnover

Turnover represents sales less returns and allowances and excludes value added tax. All turnover originates in the United Kingdom and arises from the group's sole activity which is the manufacture and supply of PVC-u profile and PVC-u windows and doors.

The analysis of turnover by geographical destination is as follows:

	1996 £'000	1995 £'000
United Kingdom	33,820	33,032
America	1,710	1,322
EC	157	-
Other	47	-
	<hr/> 35,734 <hr/>	<hr/> 34,354 <hr/>

# Regency International PLC and subsidiaries

## Notes (continued)

### 3 (Loss)/profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging/(crediting) the following:

	1996 £'000	1995 £'000
Depreciation	1,799	1,642
Amortisation of capital grant	(36)	(28)
Hire of plant and machinery	120	99
Operating lease charges:		
Plant and machinery	53	30
Other	373	280
Auditors' remuneration	30	29
Adjustment to depreciation on sale of fixed assets	67	12
	<u>          </u>	<u>          </u>

Fees paid to the auditors in respect of non audit services were £23,100 (1995: £31,000).

### 4 Staff numbers and costs

The average number of persons employed by the group (including directors) during the year, analysed by category was as follows:

	1996 Number	1995 Number
Management	16	12
Sales	36	30
Administration	45	39
Production	507	529
	<u>          </u>	<u>          </u>
	604	610

The aggregate payroll costs of these persons were as follows:

	£'000	£'000
Wages and salaries	9,847	9,343
Social security costs	989	946
	<u>          </u>	<u>          </u>
	10,836	10,289

# Regency International PLC and subsidiaries

Notes (continued)

## 5 Emoluments of directors

	1996 £'000	1995 £'000
Remuneration as executives	<u>792</u>	<u>668</u>

Excluding pension contributions, the emoluments of the chairman and chief executive were £609,686 (1995: £495,709).

The emoluments of the directors were within the following ranges:

Scale of emoluments	1996 Number	1995 Number
£170,001 - £175,000	-	1
£180,001 - £185,000	1	-
£495,001 - £500,000	-	1
£600,001 - £650,000	<u>1</u>	<u>-</u>

## 6 Interest receivable and similar income

	1996 £'000	1995 £'000
Bank interest	5	1
Loan interest	<u>13</u>	<u>-</u>
	<u>18</u>	<u>1</u>

## 7 Interest payable and similar charges

	1996 £'000	1995 £'000
On bank loans, overdrafts and other loans wholly repayable within five years	569	262
On hire purchase and finance lease agreements	<u>70</u>	<u>-</u>
	<u>639</u>	<u>262</u>

# Regency International PLC and subsidiaries

Notes *(continued)*

## 8 Tax on (loss)/profit on ordinary activities

Taxation charge/credit based on the (loss)/profit for the year:

	1996 £'000	1995 £'000
Corporation tax at 33% (1995: 33%)	(1,000)	60
Deferred taxation	340	128
	<hr/>	<hr/>
	(660)	188
Adjustments in respect of prior years:		
Corporation tax	(45)	(56)
Deferred tax	43	26
	<hr/>	<hr/>
	(662)	158
	<hr/>	<hr/>

## 9 (Loss)/profit for the financial year

The group results include a loss of £3,150k (1995: profit £414k) which has been dealt with in the financial statements of the parent company.



# Regency International PLC and subsidiaries

Notes (continued)

## 10 Tangible fixed assets

### (a) The group and the company

	Freehold land and buildings	Long leasehold land and buildings	Plant, machinery, fixtures, fittings and equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000
<i>Cost or valuation</i>					
At beginning of year	2,491	2,149	15,658	985	21,283
Additions	-	-	2,401	434	2,835
Disposals	-	-	(269)	(384)	(653)
Revaluation	162	380	-	-	542
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	2,653	2,529	17,790	1,035	24,007
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Gross depreciable assets	1,025	2,529	17,790	1,035	22,379
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>					
At beginning of year	10	145	6,754	425	7,334
Charge for year	17	38	1,527	217	1,799
Disposals	-	-	(105)	(221)	(326)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	27	183	8,176	421	8,807
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>					
At 2 March 1996	2,626	2,346	9,614	614	15,200
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 27 February 1995	2,481	2,004	8,904	560	13,949
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

# Regency International PLC and subsidiaries

## Notes (continued)

### 10 Tangible fixed assets (continued)

	1995 Freehold land and buildings £'000	1996 Long leasehold land and buildings £'000
The cost of valuation of land and buildings comprises:		
Historical cost	2,491	2,149
Valuation at August 1995	<u>162</u>	<u>380</u>
As at 2 March 1996	<u>2,653</u>	<u>2,529</u>

At 24 August 1995 professional valuations of the land and buildings were carried out by DTZ Debenham Thorpe on an open market existing use basis.

At 2 March 1996 plant and machinery included assets at net book value £1,484k (1995: Nil) held under hire purchase agreements. The depreciation charge for the year for these assets was £80k (1995: Nil).

### (b) Capital commitments

	Group and company	
	1996 £'000	1995 £'000
Authorised and contracted	<u>287</u>	<u>734</u>

### 11 Investments

Group	Unlisted investments £
Cost:	
At beginning of year	30
Additions/(disposals)	<u>(10)</u>
At end of year	<u>20</u>

# Regency International PLC and subsidiaries

## Notes (continued)

### 11 Investments (continued)

Company	Shares in group undertakings £	Unlisted investments £	Total £
Cost:			
At beginning of year	82,404	30	82,434
Additions/(disposals)	100	(10)	90
	<hr/>	<hr/>	<hr/>
<b>At end of year</b>	<b>82,504</b>	<b>20</b>	<b>82,524</b>
	<hr/>	<hr/>	<hr/>

(i) The unlisted investments held by the group and company at 2 March 1996 comprise 10% of the issued ordinary share capital of Standard Windows Limited and Traditional British Standard Conservatories Limited. Both the companies are incorporated in Great Britain and registered in England and Wales.

(ii) On 2 January 1996, the company acquired the remaining 90% of the issued share capital of Traditional British Standard Windows Limited, a company incorporated in Great Britain and registered in England and Wales.

Traditional British Standard Windows Limited are engaged in the marketing and selling of a range of standard sized PVC-u windows for new markets.

(iii) The company owns 100% of the issued ordinary share capital of Regency Window Group PLC, a company incorporated in Great Britain and registered in England and Wales. This company acts as agent for Regency International PLC and during the year ended 2 March 1996 made neither a profit nor a loss from its activities. In addition, there are a further seven non-trading wholly owned dormant subsidiary undertakings all of which are incorporated in Great Britain and registered in England and Wales.

### 12 Stocks and work in progress

	Group and company	
	1996 £'000	1995 £'000
Raw materials and consumables	2,447	3,021
Work in progress	451	121
Finished goods and goods for resale	2,166	3,196
	<hr/>	<hr/>
	<b>5,064</b>	<b>6,338</b>
	<hr/>	<hr/>

# Regency International PLC and subsidiaries

## Notes (continued)

13 Debtors	Group		Company	
	1996 £'000	1995 £'000	1996 £'000	1995 £'000
Trade debtors	4,339	4,170	3,917	4,170
Amounts owed by group undertakings	-	-	422	-
Other debtors	1,109	1,271	1,109	1,271
Prepayments and accrued income	49	23	49	23
	<u>5,497</u>	<u>5,464</u>	<u>5,497</u>	<u>5,464</u>

Included in other debtors is corporation tax recoverable amounting to £1,008,764 (1995: £577,215).

The amounts owed by group undertakings are due after more than one year.

14 Creditors: amounts falling due within one year	Group and company	
	1996 £'000	1995 £'000
Bank loans and overdrafts	4,526	2,985
Trade creditors	3,187	3,916
Social security	416	130
Other taxes	1,074	161
Other creditors	409	416
Accruals and deferred income	1,124	1,063
Capital grants	31	30
Obligations under hire purchase agreements	518	-
	<u>11,285</u>	<u>8,701</u>

The company's bank loan and overdrafts are secured by an unlimited debenture over all the company's assets.

# Regency International PLC and subsidiaries

Notes (continued)

15	<b>Creditors: amounts falling due after more than one year</b>	<b>Group</b>		<b>Company</b>	
		1996	1995	1996	1995
		£'000	£'000	£'000	£'000
	Bank loans	2,725	3,745	2,725	3,745
	Amounts owed to subsidiary undertakings	-	-	1,937	1,937
	Accruals and deferred income (capital grants)	124	141	124	141
	Obligations under hire purchase agreements	698	-	698	-
		<u>3,547</u>	<u>3,886</u>	<u>5,484</u>	<u>5,823</u>

The bank loan of £4 million is repayable by 47 monthly repayments of £85,000 and one repayment of £5,000 commencing in December 1996. Interest is charged on the outstanding balance at the rate of 2% above the Lloyds Bank base rate and is payable quarterly.

The security given by the company is detailed in note 15.

16	<b>Deferred taxation</b>	<b>Group and company £'000</b>
	At beginning of year	356
	Charged to profit and loss account - current year	339
	- prior year	43
	<b>At end of year</b>	<u><b>738</b></u>

The amounts provided for deferred taxation, together with the amounts not provided, calculated on the liability method at a corporation tax rate of 33% (1995: 33%) are as follows:

# Regency International PLC and subsidiaries

Notes (continued)

	Group and company			
	1996		1995	
	Amount provided	Amount not provided	Amount provided	Amount not provided
	£	£	£	£
Accelerated capital allowances	839	554	349	889
Other timing differences	(101)	-	7	(58)
	<u>738</u>	<u>554</u>	<u>356</u>	<u>831</u>

## 17 Contingent liabilities

Other than performance bonds entered into in the normal course of business there are no other contingent liabilities.

## 18 Share capital

	1996	1995
	£'000	£'000
<i>Authorised:</i>		
Ordinary shares of £1 each	27	27
"A" ordinary shares of £1 each	7	7
Redeemable preference shares of £1 each	16	16
	<u>50</u>	<u>50</u>
<i>Allotted, called up and fully paid:</i>		
Ordinary shares of £1 each	27	27
"A" ordinary shares of £1 each	-	-
Redeemable preference shares of £1 each	-	-
	<u>27</u>	<u>27</u>

# Regency International PLC and subsidiaries

## Notes (continued)

### 19 Reserves

Group	Revaluation reserve £'000	Capital redemption reserve £'000	Profit and loss account £'000
At beginning of year	-	23	12,763
Revaluation of land and buildings	542	-	-
Retained loss for the year	-	-	(2,387)
Goodwill on acquisitions	-	-	(764)
	<hr/>	<hr/>	<hr/>
<b>At end of year</b>	<b>542</b>	<b>23</b>	<b>9,612</b>
	<hr/>	<hr/>	<hr/>

The cumulative amount of goodwill written off against profit and loss reserves amounts to £764k (1995: £nil)

Company	Revaluation reserve £'000	Capital redemption reserve £'000	Profit and loss account £'000
At beginning of year	-	23	10,908
Revaluation of land and buildings	542	-	-
Retained loss for the year	-	-	(3,150)
	<hr/>	<hr/>	<hr/>
<b>At end of year</b>	<b>542</b>	<b>23</b>	<b>7,758</b>
	<hr/>	<hr/>	<hr/>

# Regency International PLC and subsidiaries

## Notes (continued)

### 20 Lease commitments

The future annual minimum lease payments to which the group and the company are committed under operating lease agreements amount to £326,000 (1995: £328,000). These lease payments expire as follows:

	1996		1995	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Within two to five years	-	37	136	36
In more than five years	289	-	153	-
	<u>289</u>	<u>37</u>	<u>289</u>	<u>36</u>

### 21 Related party transactions

During the period to 2 January 1996, the company sold goods to a value of £1,572,827 (1995: £735,084) in the ordinary course of business and under normal terms and conditions to Traditional British Standard Windows Limited (TBSW). On 2 January 1996, the company purchased the remaining 90% of the shares of TBSW at par value. RD Mills, a director of the company, was a shareholder in TBSW.

### 22 Reconciliation of operating (loss)/profit to net cash inflow from operating activities

	1996 £'000	1995 £'000
Operating profit	(2,428)	834
Depreciation charges	1,799	1,642
Amortisation of capital grants	(36)	(27)
Adjustments to depreciation on sale of tangible fixed assets	(67)	(11)
(Increase)/decrease in stocks	1,274	(2,616)
(Increase)/decrease in debtors	736	(828)
Increase/(decrease) in creditors	(594)	1,698
	<u>(684)</u>	<u>692</u>



# Regency International PLC and subsidiaries

Notes *(continued)*

## 23 Analysis of changes in cash and cash equivalents during the year

	1996 £'000	1995 £'000
At beginning of year	(2,725)	489
Net cash outflow	(768)	(3,214)
	<hr/>	<hr/>
At end of year	(3,493)	(2,725)

## 24 Analysis of cash and cash equivalents as shown in the balance sheet

	1996 £'000	1995 £'000
Cash in hand	13	5
Bank overdraft	(3,506)	(2,730)
	<hr/>	<hr/>
	(3,493)	(2,725)

# Regency International PLC and subsidiaries

## Notes (continued)

### 25 Analysis of changes in financing during the year

	Share capital £'000	1996 Bank & debenture loans £'000	Capital grants £'000	Share capital £'000	1995 Bank & debenture loans £'000	Capital grants £'000
At beginning of year	27	4,000	170	30	-	138
Cash inflow/ (outflow) from financing	-	(255)	20	(2,500)	4,000	60
Non cash movements	-	-	-	-	-	-
Premium paid on redemption of shares	-	-	-	2,497	-	-
Amortisation of capital grants	-	-	(36)	-	-	(28)
<b>At end of year</b>	<b>27</b>	<b>3,745</b>	<b>154</b>	<b>27</b>	<b>4,000</b>	<b>170</b>

### 26 Major non-cash transactions

During the year a formal revaluation of the leasehold and freehold buildings was undertaken by an external valuer. This resulted in the assets being revalued by £542k.

# Regency International PLC and subsidiaries

## Notes *(continued)*

### 27 Purchase of subsidiary undertaking

	£'000
<b>Net (liabilities) acquired</b>	
Debtors	422
Creditors	(1,186)
	<hr/>
	(764)
Goodwill	764
	<hr/>
Consideration	-
	<hr/>

The value of the net liabilities acquired was equal to the fair values as at the date of acquisitions.