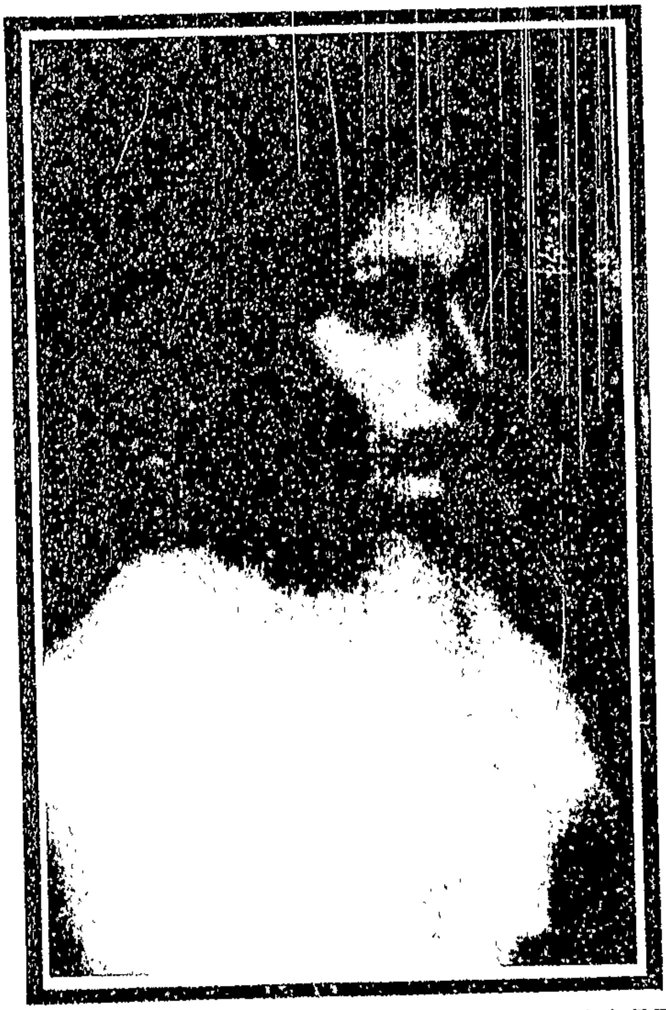
Nineteen eighty Creighton Laboratories plc



NATURAL BEAUTY

ANNUAL REPORT

Rich precious oils from sun-ripened APRICOTS *are the base for Creighton's extended Apricot range. Creighton's exclusive range makes one of* NATURES *most valuable* OILS *available in an all over revitalising programme.*

Laboratories plc

Contents

Nineteen eighty Creighton Laboratories plc

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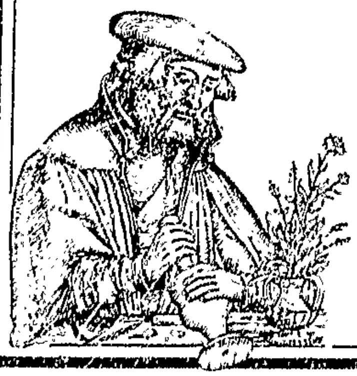


Directors, Advisers and Bankers

Directors
Richard Collard, F.C.A.
Angela Nicholls, M.P.S.
Geoffrey Rowswell, F.C.A.
Robert Bailey
Patrick Hammond-Turner
Peter Jarvis, B.Sc.

Secretary and Registered Office
Geoffrey Rowswell, F.C.A.,
Water Lane,
Storrington,
Pulborough,
West Sussex RH20 3DP

Auditors
Peat Marwick McLintock,
Chartered Accountants,
Arlen House,
Salisbury Road,
Leicester LE1 7QS

Registrars
Barclays Bank PLC,
Registration and New Issues,
PO Box No 34,
Octagon House,
Gadbrook Park,
Northwich,
Cheshire CW9 7RD

Bankers
Barclays Bank PLC,
Old Mill Square,
Storrington,
Pulborough,
West Sussex RH20 4NG

Solicitors
W. Davies & Son,
Westminster Bank Chambers,
Church Path,
Woking GU21 1EH

Stockbrokers
Stock Beech & Co. Limited,
Warnford Court,
Throgmorton Street,
London EC2N 2AY

Financial Advisers
Singer & Friedlander Limited,
21 New Street,
Bishopsgate,
London EC2M 4HR

Notice of Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Abingworth Hall, Storrington Road, Thakeham, Pulborough, West Sussex on 26 August 1988 at 11.30 a.m. for the following purposes:

Ordinary business

1. To receive and adopt the Directors' report and accounts for the year ended 31 March 1988.
2. To declare a final dividend.
3. To re-elect Mrs A. M. Nicholls a Director.
4. To re-elect Mr R. W. Bailey a Director.
5. To re-appoint Peat Marwick McLintock as auditors and to authorise the Directors to fix their remuneration.
6. To transact any other business of an Ordinary General Meeting.

To consider and if thought fit to pass Resolution 7, as a Special Resolution.

Special business

7. The Directors be and they are hereby empowered pursuant to Section 95 (1) of the Companies Act 1985 to allot equity securities (as defined in Section 94 of the said Act) for cash pursuant to the authority contained in Article 20 of the Company's Articles of Association as renewed and varied by paragraph C. of the Special Resolution passed by the Company on the 1 September 1986 as if Section 89 (1) of the said Act did not apply to any such allotment Provided this power shall be limited

   (i) to the allotment of equity securities in connection with a rights issue in favour of Ordinary Shareholders where the equity securities respectively attributable to the interests of all such shareholders are proportionate (as nearly as may be) to the respective numbers of Ordinary Shares held by them subject only to such exclusions or other arrangements as the Directors may consider appropriate to deal with fractional entitlements or legal or practical difficulties under the laws of or the requirements of any recognised regulatory body in any territory; and

   (ii) to the allotment (otherwise than pursuant to sub-paragraph (1) above) of equity securities up to an aggregate in nominal amount of £36,650

   and shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this Resolution unless renewed or extended prior to or at such meeting save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power hereby conferred had not expired.

By Order of the Board,
G. G. ROWSWELL, Secretary.
2 August 1988

Water Lane
Storrington
West Sussex

Registered in England No. 1227964

Notes:

(a) Every member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the company. A proxy card for this purpose is enclosed with these financial statements and to be valid must be lodged with the Company's Registrars, Barclays Bank PLC not later than 48 hours before the time for holding the meeting.

(b) Copies of Directors' contracts of service are open for inspection at the registered office of the Company during usual business hours from the date of this notice until the date of the Annual General Meeting and will be available for inspection 15 minutes prior to and throughout the Annual General Meeting.

Five Year Financial Summary

	1984 *£'000*	*1985* *£'000*	*1986* *£'000*	*1987* *£'000*	*1988* *£'000*	*Comparison 1987/1988*
Turnover	1,928	2,326	3,353	4,186	6,864	+64%
Profit on ordinary activities before taxation	226	271	479	580	1,261	+117%
Taxation on ordinary activities	(52)	(75)	(204)	(208)	(389)	—
Profit on ordinary activities after taxation	174	196	275	372	872	+134%
Ordinary dividends paid and proposed	—	—	—	(136)	(198)	+46%
Earnings per 20p ordinary share	5.2p	5.9p	8.2p	10.5p	23.8p	+127%
Net assets	819	997	1,273	1,761	2,435	+38%

Notes:

1. Earnings per share for the years 1984 to 1986 have been calculated as if 3,334,500 shares had been in issue throughout the year.
2. Earnings per share for 1987 have been calculated as if 3,528,808 shares (the weighted average) had been in issue throughout the year.

Chairman's Statement

I am pleased to announce a highly successful year for the Company in its second year on the Unlisted Securities Market. The Company has continued to benefit from its heightened profile gained by its presence on the USM, both with existing and new customers. Our strategy still continues to be that of manufacturing "Natural Beauty" products of outstanding high quality, on an ever increasing automated base, coupled with strong and effective marketing.

Results

The Company has produced record pre-tax profits of £1,261,000 for the year ended 30 March 1988 against £580,000 for 1987, showing a profit increase of 117 per cent. This produced record earnings per share of 23.8p, showing an increase of 127 per cent.

Dividend

We have already paid an interim dividend of 1.4p per share and the Directors now recommend a final dividend of 4p per share against a total dividend last year of 3.7p per share, an increase of 46 per cent. Payment of the final dividend will be made on 2 September 1988 to shareholders registered on 4 August 1988.

The Present and The Future

These excellent results have confirmed the optimism which I expressed in my Chairman's Statement last year. Our export markets are buoyant, with continuing success in Japan and the Pacific Basin. We have expanded and reorganised our premises at Storrington to maximise efficiency, and acquired further leasehold premises in the near vicinity to further develop our fast growing soap and powder division. We continue to explore new product lines along the "Natural Beauty" theme and are progressing new markets with further international retailers.

The current year has started well with a full order book and we look forward to next year with justifiable optimism.

The success which the company is enjoying reflects upon the hard work and reliability of our staff and I do thank them most sincerely for their efforts in continuing to maintain great standards of quality and service.

Richard Collard
Chairman

Directors' Report

The directors submit their report and financial statements for the year ended 31 March 1988.

Activity

The principal activity of the Company is the creation and manufacture of toiletries, soaps and fragrances.

A review of the operations of the Company during the period, events since the end of the period, and future developments, are referred to in the Chairman's Statement on page 5.

Financial

The profit for the period and the appropriations are shown in the Profit and Loss Account on page 10.

An interim dividend of 1.4p per share was paid on 18 January 1988. The directors recommend that a final dividend of 4.0p per share be paid, resulting in a total dividend of 5.4p per share for the year. The final dividend will be paid on 2 September 1988 to shareholders on the register at 4 August 1988.

Fixed assets

Significant movements in fixed assets are shown in note 11 to the accounts.

Related company

During the year the Company acquired a 50 per cent interest in the ordinary shares of Creighton Laboratories (N.Z.) Limited, which was established to market the Company's products in Australasia.

Research and Development

The Company has a policy of continual product development, the costs of which are written off to the Profit and Loss Account as they are incurred.

Directors

The directors who are shown on page 2 have served throughout the year, except for Robert Bailey who was appointed on 1 January 1988, and offers himself for re-election. The director retiring by rotation is Angela Nicholls who, being eligible, offers herself for re-election.

Non-executive directors

Patrick Hammond-Turner joined the Board in 1975. He is a director of ERA Group PLC.

Peter Jarvis joined the Board in 1986. He is Managing Director of Peter Jarvis Cosmetic Developments Limited.

Directors' interests

The interests of the directors and their families in the shares of the Company at the beginning and end of the year were as follows:

	31 March 1988 Ordinary shares of 20p			*1 April 1987* Ordinary shares of 20p		
	Beneficial	*Options*	*Trustee*	*Beneficial*	*Options*	*Trustee*
R. D. Collard	1,627,604	—	—	1,643,575	—	—
Mrs A. M Nicholls	3,846	42,500	—	3,946	37,500	—
G. G. Rowswell	3,846	42,500	—	3,846	37,500	—
R. W. Bailey	385	5,000	—	—	—	—
P. A. Hammond-Turner	586,830	—	240,000	600,146	—	266,760
P. A. W. Jarvis	768	—	—	768	—	—

There is duplication in respect of 120,000 ordinary shares between the beneficial and trustee holdings of Mr P. A. Hammond-Turner.

Details of the Company's share option scheme are set out in note 22 to the accounts.

Between 31 March and 4 July 1988 there were no changes in directors' interests in ordinary shares.

Substantial Shareholdings

At 4 July 1988 the following substantial interest, being over 5 per cent of ordinary shares, had been notified to the Company.

S. J. G. Oxley and C. E. A. Jeffers	381,236 shares

Share Capital

There were no movements in share capital during the year (see note 17 to the accounts).

Charitable Donations

During the year donations made for charitable purposes in the United Kingdom amounted to £840.

Auditors

Our auditors, Peat Marwick McLintock, have indicated their willingness to continue in office. A resolution concerning their appointment and remuneration will be proposed at the annual general meeting.

By order of the Board,

G. G. ROWSWELL, Secretary.

Water Lane
Storrington
West Sussex

4 July 1988

Report of the Auditors

KPMG Peat Marwick McLintock

To the Members of Creighton Laboratories plc

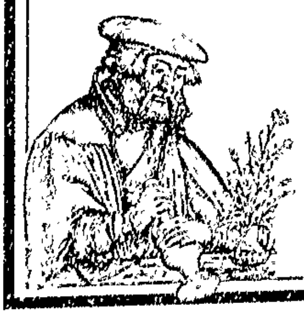
We have audited the financial statements on pages 9 to 20 in accordance with approved Auditing Standards.

In our opinion the financial statements, which have been prepared under the historical cost convention, as modified by the revaluation of certain assets, give a true and fair view of the state of affairs of the Company and the Group at 31 March 1988 and of the profit and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Peat Marwick McLintock

PEAT MARWICK McLINTOCK
Chartered Accountants
Leicester

5 July 1988



Accounting Policies

Financial statements

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of land and buildings, and in accordance with Section 228 and Section 230 of, and Schedule 4 to, the Companies Act 1985.

The Consolidated Profit and Loss Account and Balance Sheet include the accounts of the Company and its subsidiaries made up to 31 March in each year.

Fixed assets

Fixed assets are stated at cost to the Group with the exception that the freehold property is stated at an open market valuation with vacant possession made on 31 March 1984.

Depreciation, calculated on the cost or valuation of fixed assets, is provided on a straight line basis over their expected useful lives at the following rates: —

	% per annum
Freehold land	Nil
Freehold buildings	2
Leasehold properties	over the lease period
Plant and machinery	10
Fixtures and fittings	10
Computer	25
Motor vehicles	20

Stock

Stocks are valued at the lower of cost and net realisable value. Cost includes an appropriate proportion of manufacturing overheads.

Taxation

The charge for taxation is based upon the profits for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision for deferred taxation is only made if there is reasonable evidence that such deferred taxation will become payable in the foreseeable future.

Research and development

Research and development expenditure is written off as incurred.

Hire purchase

Assets purchased under hire purchase agreements have been included in the financial statements at their capital cost. Interest charges under the agreements are written off as incurred.

Leases

Rental income and charges arising from operating leases are taken to the profit and loss account on a straight line basis over the life of the lease.

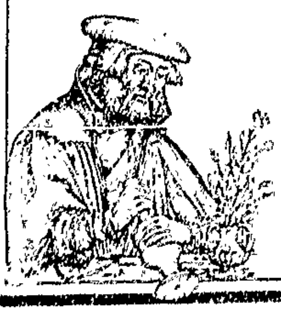
Pensions

The Company operates insured pension schemes covering senior employees. Charges in respect of the insured schemes are made to profit and loss account in the year in which they fall due.

Consolidated Profit and Loss Account

For the year ended 31 March 1988

	Notes	1988		1987	
		£'000	£'000	£'000	£'000
Turnover	1		6,864		4,186
Cost of sales			(4,569)		(2,897)
Gross profit			2,295		1,289
Distribution costs		(59)		(27)	
Administrative expenses		(836)		(581)	
			(895)		(608)
Share of loss of related company	12		(1)		(—)
Trading profit	2		1,399		681
Other operating income	5		20		20
			1,419		701
Interest payable	6		(158)		(121)
Profit on ordinary activities before taxation			1,261		580
Tax on profit on ordinary activities	7		(389)		(208)
Profit on ordinary activities after taxation			872		372
Extraordinary item	8		—		(8)
Profit for the year			872		364
Dividends	9		(198)		(136)
Retained profit for the year	18		674		228
Earnings per share	10		23.8p		10.5p



Consolidated Balance Sheet

As at 31 March 1988

	Notes	1988 £'000	1988 £'000	1987 £'000	1987 £'000
Fixed Assets					
Tangible assets	11		2,516		1,716
Investments	12		1		—
Current Assets					
Stocks	13	1,674		1,044	
Debtors	14	2,005		978	
Cash at bank and in hand		1		7	
		3,680		2,029	
Creditors: Amounts falling due within one year	15	(3,072)		(1,511)	
Net Current Assets			608		518
Total Assets Less Current Liabilities			3,125		2,234
Creditors: Amounts falling due after more than one year	15		(690)		(468)
Provisions for Liabilities and Charges:					
Deferred taxation	16		—		(5)
			2,435		1,761
Capital and Reserves					
Called-up share capital	17		733		733
Share premium account			195		195
Capital reserve	18		7		7
Revaluation reserve	18		218		222
Profit and loss account	18		1,282		604
			2,435		1,761

Approved by the Board on 4 July 1988

R. D. Collard, *Director*

G. G. Rowswell, *Director*

Balance Sheet of Creighton Laboratories plc

As at 31 March 1988

	Notes	1988		1987	
		£'000	£'000	£'000	£'000
Fixed Assets					
Tangible assets	11		2,516		1,716
Investments	12		7		6
Current Assets					
Stocks	13	1,674		1,044	
Debtors	14	2,005		978	
Cash at bank and in hand		1		7	
		3,680		2,029	
Creditors: Amounts falling due within one year	15	(3,095)		(1,534)	
Net Current Assets			585		495
Total Assets Less Current Liabilities			3,108		2,217
Creditors: Amounts falling due after more than one year	15		(690)		(468)
Provisions for Liabilities and Charges:					
Deferred taxation	16		—		(5)
			2,418		1,744
Capital and Reserves					
Called-up share capital	17		733		733
Share premium account			195		195
Profit and loss account	18		1,490		816
			2,418		1,744

Approved by the Board on 4 July 1988

R. D. Collard, *Director*

G. G. Rowswell, *Director*

Consolidated Statement of Source and Application of Funds

Year ended 31 March 1988

	1988		1987	
	£'000	£'000	£'000	£'000
Source of Funds				
Net profit on ordinary activities before taxation		1,261		580
Depreciation		242		154
Profit on sale of tangible fixed assets		(3)		(1)
Extraordinary item		—		(12)
Share of loss of related company		1		—
Total Generated from Operations		1,501		721
Funds from other sources				
Sale of tangible fixed assets		13		18
Loan received		467		—
Proceeds of new share issue		—		433
		1,981		1,172
Application of Funds				
Purchase of tangible fixed assets	(1,052)		(348)	
Investments	(2)		—	
Taxation paid	(242)		(184)	
Expenses of new share issue and placing	—		(172)	
Loan repayments	(50)		(41)	
Dividends paid	(143)		(44)	
		(1,489)		(789)
Net Inflow of Funds		492		383
Increase/(decrease) in working capital				
Stocks	630		61	
Debtors	978		227	
Creditors	(586)		(50)	
Hire purchase liabilities	27		6	
		1,049		244
Movement in net liquid funds:				
Cash at bank and in hand		(6)		2
Bank overdraft		(551)		137
		492		383

Notes to the Accounts

1. Turnover

Turnover is stated net of value added tax, and is analysed as follows:

	1988 £'000	1987 £'000
United Kingdom	6,416	4,070
Europe	342	59
North America	25	34
Asia	56	18
Australasia	25	5
	6,864	4,186

2. Trading Profit

Trading profit is stated after charging:

	1988 £'000	1987 £'000
Directors' remuneration	192	130
Auditors' remuneration	15	14
Depreciation	242	154
Operating lease rentals — land and buildings	151	100
Hire of plant and machinery	10	7

3. Staff Costs (including directors' remuneration)

Average number of employees:—

	No.	No.
Management	21	12
Administration	10	11
Production	118	93
	149	116

	1988 £'000	1987 £'000
Wages and salaries	1,139	821
Social security costs	108	73
Pension contributions	29	26
	1,276	920

4. Directors' Remuneration

	1988 £'000	1987 £'000
For management	167	107
Pension contributions	25	23
	192	130

Directors' emoluments excluding pension contributions:

Chairman	78	61

Other directors whose remuneration is within the following bands:

	No.	No.
£ 0 — £ 5,000	2	2
£ 5,001 — £10,000	1	—
£20,001 — £25,000	—	2
£40,001 — £45,000	2	—

5. Other operating income

	1988 £'000	1987 £'000
Rents receivable	20	20

6. Interest payable

	1988 £'000	1987 £'000
Bank interest	96	51
Loan interest	48	56
Hire purchase interest	14	14
	158	121

7. Tax on profit on ordinary activities

	1988 £'000	1987 £'000
The taxation charge based on the profit of the year comprises at 35% (1987 — 35%):		
Corporation tax	435	217
Adjustment in respect of previous year	(7)	(1)
	428	216
Transfer from deferred tax account at 35%; Current year	(39)	8
	389	208

8. Extraordinary item

Unit closure costs (bottle manufacturing division)	—	12
Taxation thereon	—	(4)
	—	8

9. Dividends

Ordinary shares:		
Interim dividend paid (1.4p per share)	51	44
Final dividend proposed (4.0p per share)	147	92
	198	136

10. Earnings per share

The Earnings Per Share figure for 1988 has been based on 3,667,600 ordinary shares of 20p in issue throughout the year. The 1987 figure has been calculated using a weighted average of the number of shares in issue during the year, taking into account the issue of 333,100 ordinary shares as part of the placing agreement. The earnings figure for 1988 is £871,956 (1987: £371,892). The fully diluted earnings per share has not been given as the dilution is not material.

11. Fixed Tangible Assets

Group and Company

	Freehold land and buildings £'000	*Short leasehold land and buildings £'000*	*Plant equipment fixtures and motor vehicles £'000*	*Payments on account £'000*	*Total £'000*
Cost or valuation					
At 31 March 1987	815	97	1,279	—	2,191
Additions	4	48	810	190	1,052
Disposals	—	—	(27)	—	(27)
At 31 March 1988	819	145	2,062	190	3,216
Depreciation					
At 31 March 1987	(37)	(48)	(390)	—	(475)
Disposals	—	—	17	—	17
Charge for year	(13)	(25)	(204)	—	(242)
At 31 March 1988	(50)	(73)	(577)	—	(700)
Net book value					
At 31 March 1988	769	72	1,485	190	2,516
At 31 March 1987	778	49	889	—	1,716

Notes to the Accounts

11. Fixed Tangible Assets (continued)

Freehold land and buildings were valued on a vacant possession basis at 31 March 1984, and transferred from a subsidiary to the holding company on 1 April 1986. The gross figure in the group fixed assets consists of £775,000 valuation and £43,217 cost.

Historical cost
If the freehold land and buildings had not been revalued, these amounts would have been:

	£'000
At 31 March 1987	582
Additions at cost	3
At 31 March 1988	585
Depreciation based on cost	
At 31 March 1987	(26)
Charge for year	(9)
At 31 March 1988	(35)
Net historical book value	
At 31 March 1988	550
At 31 March 1987	556

Freehold land which is included above and amounts to £175,000 is not depreciated.

The group has capitalised assets held under hire purchase agreements which are included in the financial statements at the following amounts:

	1988 £'000	1987 £'000
Plant, equipment, fixtures and motor vehicles:		
Cost	205	288
Depreciation	(53)	(81)
Net book value	152	207

12. Fixed Asset Investments

Group Related company	Main activity		1988 £'000	1987 £'000
Creighton Laboratories (N.Z.) Limited incorporated in New Zealand	Marketing	Shares at cost	2	—
		Less: share of loss	(1)	(—)
			1	—

Company Wholly owned subsidiaries	Main activity			
St James Perfumery Co Limited incorporated in the United Kingdom	Dormant	Shares at cost	1	1
		Less provision	(1)	(1)
			—	—
GT Scientific Products Limited incorporated in the United Kingdom	Dormant	Shares at cost	6	6

12. Fixed Asset Investments (continued)

Wholly owned subsidiaries	Main activity		*1988 £'000*	*1987 £'000*
Hibavend Limited incorporated in the United Kingdom	Dormant	Shares at cost	22	22
		Less provision	(22)	(22)
			—	—

Related company				
Creighton Laboratories (N.Z.) Limited incorporated in New Zealand	Marketing	Shares at cost	2	—
		Less: share of loss	(1)	(—)
			1	—

A 50 per cent interest in Creighton Laboratories (N.Z.) Limited was acquired on the incorporation of that company in September 1987.

13. Stocks

Group and Company

	1988 £'000	*1987 £'000*
Raw materials and containers	1,339	873
Bulk preparations	131	33
Finished goods	136	88
Sundry stocks	68	50
	1,674	1,044

14. Debtors

Group and Company

Trade debtors	1,851	950
Amounts owed by related company	17	—
Prepayments and accrued income	88	28
Other debtors	49	—
	2,005	978

Other debtors consist of advance corporation tax recoverable which is due after more than one year.

Notes to the Accounts

15. Creditors

Group

	1988		1987	
	Due within one year £'000	*Due after one year £'000*	*Due within one year £'000*	*Due after one year £'000*
Bank overdraft	789	—	238	—
Bank loans	194	650	50	377
Payments received on account	—	—	25	—
Trade creditors	876	—	553	—
Other creditors	5	—	5	—
Tax and social security	617	—	343	—
Obligations under hire purchase agreements	52	40	63	56
Accruals	392	—	142	35
Proposed dividend	147	—	92	—
	3,072	690	1,511	468

Company

	1988		1987	
	Due within one year £'000	*Due after one year £'000*	*Due within one year £'000*	*Due after one year £'000*
Bank overdraft	789	—	238	—
Bank loans	194	650	50	377
Payments received on account	—	—	25	—
Trade creditors	876	—	553	—
Other creditors	5	—	5	—
Amounts owed to group companies: subsidiary	23	—	23	—
Tax and social security	617	—	343	—
Obligations under hire purchase agreements	52	40	63	56
Accruals	392	—	142	35
Proposed dividend	147	—	92	—
	3,095	690	1,534	468

Analysis of borrowing

	Hire purchase liabilities		*Bank loans repayable by instalments*	
	1988 £'000	*1987 £'000*	*1988 £'000*	*1987 £'000*
Repayments due:				
Within 1 year	52	63	194	50
In 1-2 years	35	37	219	51
In 2-5 years	5	19	322	162
After 5 years	—	—	109	164
	92	119	844	427

Bank loans secured by mortgages on the freehold property:

(i) £145,835 repayable in seven bi-annual instalments of £20,833 bearing interest at 11.5%.

(ii) £175,000 repayable in eight bi-annual instalments of £21,875 commencing 31 January 1992, bearing interest at 2.5% above the higher of the three month LIBOR rate or 8%.

Bank loan secured by fixed charge on certain plant and machinery:

(iii) £56,401 repayable in ten bi-annual instalments of varying amounts. Interest is payable half yearly at a rate of 12%.

Bank loan secured by a first fixed charge on leasehold property and book debts and a first floating charge over the other assets of the Company except as noted above:

(iv) £466,736 repayable under a revolving loan agreement with separate monthly instalments relating to three tranches.

The bank overdraft is secured under the same debenture as the loan at (iv) above.

16. Deferred Taxation

Group and Company

	1988 *£'000*	*1987* *£'000*
Deferred taxation represents Corporation tax at 35% on:		
Accelerated capital allowances	—	39
Less: advance corporation tax recoverable	—	(34)
	—	5
Total potential deferred tax:		
Accelerated capital allowances	245	201
Capital gains tax payable if the freehold property were disposed of at surplus	42	70
	287	271
Movement during the year:		
Balance at 1 April 1987	39	
Transfer to Profit and Loss	(39)	
	—	

17. Called Up Share Capital

	Authorised			
	1988		*1987*	
	£'000	*No.*	*£'000*	*No.*
Ordinary shares of 20p each	1,000	5,000,000	1,000	5,000,000

	Allotted, called-up and fully paid			
	1988		*1987*	
	£'000	*No.*	*£'000*	*No.*
Ordinary shares of 20p each	733	3,667,600	733	3,667,600

18. Reserves

Group

	Capital Reserve *£'000*	*Revaluation Reserve* *£'000*	*Profit and Loss Account* *£'000*
At 1 April 1987	7	222	604
Revaluation surpluses realised	—	(4)	4
Profit and Loss Account	—	—	674
At 31 March 1988	7	218	1,282

Company

	Capital Reserve *£'000*	*Revaluation Reserve* *£'000*	*Profit and Loss Account* *£'000*
At 1 April 1987	—	—	816
Profit and Loss Account	—	—	674
At 31 March 1988	—	—	1,490

Notes to the Accounts

19. Capital Commitments

	1988 £'000	1987 £'000
Capital expenditure approved by the directors but not provided for in the accounts		
Contracted	554	57
Authorised but not contracted	559	175
	1,113	232

20. Operating Lease Commitments

At 31 March 1988 there were annual commitments not provided for under operating leases as follows:

	1988		1987	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Payments due within one year for leases which expire:				
Within one year	25	2	—	—
From two to five years	84	8	33	8
Over five years	113	—	67	—
	222	10	100	8

21. Close Company

The Company is a close company as defined in the Income and Corporation Taxes Act 1988. The directors are of the opinion that no apportionment will arise.

22. Share Option Scheme

The Company has an Executive Share Option scheme, participation in which is open to all full-time employees, including executive directors, except for persons holding more than 10 per cent of the issued ordinary share capital.

Not more than 5 per cent of the issued ordinary share capital may be placed under option over any 10 year period, subject to an overall maximum of 375,000 ordinary shares.

On 22 September 1986 options were granted to directors and senior executives in respect of 92,500 ordinary shares at the placing price of 130p per share. These options are exercisable no earlier than 23 September 1989.

On 24 August 1987 further options were granted in respect of 12,500 ordinary shares at 250p per share. These options are exercisable no earlier than 25 August 1990.

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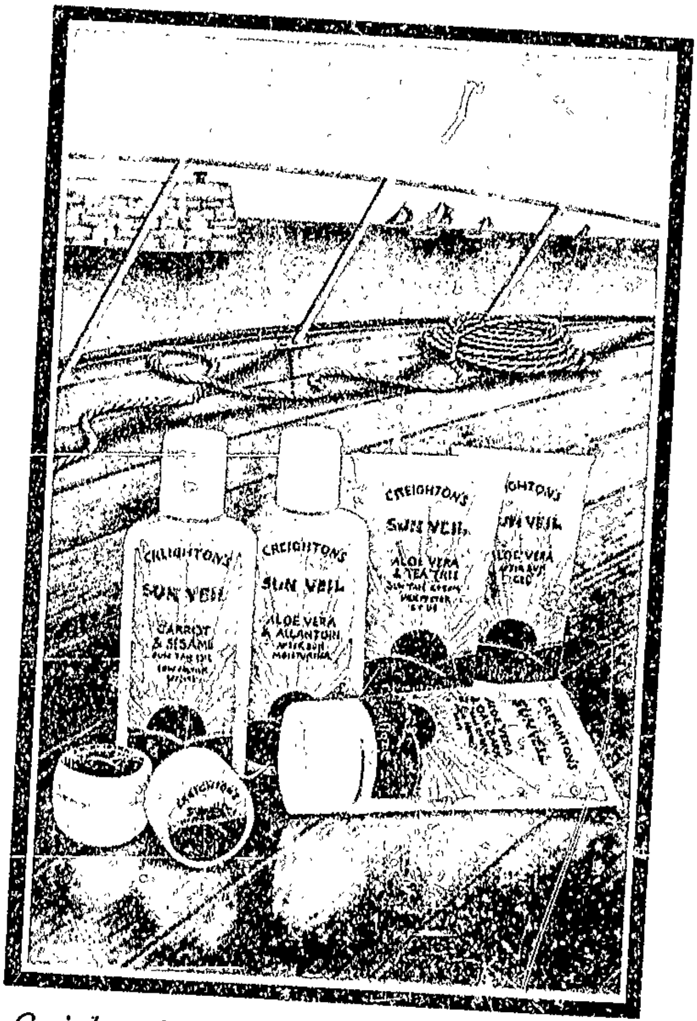

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