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BRIDGEND GROUP
PLC

Financial Report & Accounts

1996

DIRECTORS AND ADVISERS

DIRECTORS

N.P. List *(Chairman)*
M.A. Bretherton
J.N. Ferguson
F.C. Flood
C.G. Stainforth

SECRETARY AND REGISTERED OFFICE

F.C. Flood
Thompson House
20-22 Curtain Road
London
EC2A 3NQ
Tel: 0171-377 6060

REGISTRARS

Lloyds Bank Registrars
The Causeway
Worthing
West Sussex BN99 6DA
Tel: 01903 502541

AUDITORS

KPMG Audit Plc

FINANCIAL ADVISERS

Guinness Mahon & Co. Limited

STOCKBROKERS

UBS Limited

SOLICITORS

Simmons & Simmons

BANKERS

Lloyds Bank Plc

Royal Bank of Scotland Plc

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FINANCIAL HIGHLIGHTS

	1996 £'000	1995 £'000
Turnover of continuing operations	14,122	15,577
(Loss)/profit before exceptional items and tax	(7)	49
Profit/(loss) before tax	148	(3,382)
Earnings per Ordinary share	0.5 p	(12.3)p
Earnings per Ordinary share adjusted to exclude exceptional items	0.0 p	0.2 p
Dividends per Ordinary share	0.2 p	0.2 p

The exceptional items referred to above relate to profits on disposal of investments, costs relating to aborted acquisitions, property revaluation deficits and losses on sale of a subsidiary.

CHAIRMAN'S STATEMENT

RESULTS AND OPERATIONAL REVIEW

Turnover for the year was £14,122,000 which was a marginal reduction on 1995 (£14,154,000) as adjusted for the sale of The Imperial Hotel (Cork) Limited. Profits before tax were £148,000 and in 1995 profits were £49,000 before tax and an exceptional property revaluation deficit of £3,414,000.

A final dividend of 0. lp per Ordinary share has been declared making a total of 0.2p (1995: 0.2p) for the year.

The turnover at John Sydney, the Group's specialist distributor of taps and bathroom fittings, reduced marginally but the company has continued to expand its customer base to reduce reliance on sales to the large DIY hypermarket customers which now account for just under 10% of the whole. The specifying division increased sales by 20% over the preceding year and the order book now approaches £4 million.

The housing market is showing increasing signs of recovery and although currency requirements are largely hedged, the strength of sterling will assist profitability this year. John Sydney has significantly increased its marketing spend to meet competitive market conditions.

Both turnover and profits increased slightly at Brimley, which distributes electrical products principally to the marine industry. A new computer system was installed during the year and its de-centralised structure will enable Brimley to consider bolt-on acquisitions in the future.

Stocks Hotel Golf and Country Club again increased turnover and profits and more than offset a reduction at Cloisters Wood, the sports and leisure complex which the Group operates. Stocks has hosted a number of professional tournaments and the golf course has been highly acclaimed. The planning issues have been largely resolved and your Board are actively considering alternative methods to optimise this valuable asset.

CORPORATE DEVELOPMENT

The Imperial Hotel was sold to Hanover International in August 1995 in order to unlock its underlying value which the Directors did not consider had been reflected fully in Bridgend's market capitalisation. A substantial equity stake was retained at the time and on 31 July 1996 Bridgend announced that it had, with the approval of the directors of Hanover agreed conditionally to dispose of the majority of its shareholding. The net proceeds of the share sale amounted to £1,606,000 and Bridgend retains 530,000 shares in Hanover representing 3.1% of the issued share capital.

In accord with the stated objective to improve earnings with the acquisition of additional business engaged in the field of wholesale distribution your Company announced on the 27th March 1996 the acquisition of Kingavon Limited and Cosmic Automotive subject to the approval of shareholders on the 16 April 1996. Kingavon is a leading wholesale distributor of after market car accessories, own brand in car entertainment audio equipment, car security products and hydraulic jacks. Cosmic is also engaged in the wholesale distribution of after market car accessories and its product range and customer base complements the business

CHAIRMAN'S STATEMENT
continued

CORPORATE DEVELOPMENT
continued

of Kingavon into which it will be absorbed with consequent savings of overhead.
Both companies source the majority of their product range from the Far East and this expertise could benefit Bridgend's existing distribution activities. Together the two companies will be the market leader in their field and the Directors believe that the prospects for the businesses will be enhanced as part of a fully listed company.

Full details of these two proposed acquisitions are contained in the circular sent to shareholders on 27 March last.

FUTURE PROSPECTS

The disposal of The Imperial completed the sale of the majority of Bridgend's leisure portfolio with the exception of Stocks Hotel. Bridgend is now a holding company for distribution businesses with a single leisure asset. The acquisitions of Kingavon and Cosmic are designed both to expand significantly and focus attention upon the inherent value of the distribution activities. The Board will continue to pursue opportunities that maintain this strategy and are confident of further growth in 1997.

Neil List

Neil List
Chairman
15 April 1997

DIRECTORS' REPORT

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

Bridgend Group PLC is a holding and management company. The Company has two operating divisions: Wholesale Distribution and Leisure.

The Wholesale Distribution division consists of companies engaged in the distribution, packing and assembly of bathroom and kitchen fittings, principally taps and showers, and in the distribution of electrical products.

The Leisure division consists of a sports and leisure club operation, and a hotel and golf club.

During the year the majority of shares of Hanover International Plc were sold. The balance of 530,000 Ordinary shares in Hanover International Plc, representing 3.1% of the issued share capital has been retained.

Details of principal operating divisions and companies are given in Note 24 to the accounts.

A review of the Group's activities and future prospects is included in the Chairman's Statement on pages 3 and 4.

RESULTS & DIVIDENDS

The results for the year are shown in the Consolidated Profit and Loss Account on page 13.

An interim dividend of 0.1p per Ordinary share was paid on 3 January 1997. The Directors recommend the payment of a final dividend of 0.1p per Ordinary share on 8 July 1997 to members on the register at the close of business on 6 June 1997.

POST BALANCE SHEET EVENTS

The Company announced on 27 March 1997 that it had conditionally agreed to acquire the whole of the issued share capital of Kingavon Limited and the business and certain assets of Cosmic Automotive. The consideration will be a maximum of £4,350,000 payable as to £1,850,000 in cash and as to £2,500,000 by the issue of 12,500,000 new Ordinary shares to the Kingavon Limited vendors. The acquisitions are conditional on the passing of the necessary resolution at the Extraordinary General Meeting to be held on 16 April 1997 and the listing of the new Ordinary shares becoming effective. Details of the acquisitions are given in Note 26 to the accounts.

CORPORATE GOVERNANCE

The Board generally supports the principles contained in the Cadbury Committee's Code of Best Practice and the Company has complied fully with the Code throughout the year.

BOARD COMMITTEES

The Company has maintained a Remuneration Committee and an Audit Committee for many years, both of which consist of the Non-executive Directors. A report of the Remuneration Committee is set out on pages 10 and 11.

INTERNAL CONTROL

The Directors acknowledge responsibility for the Group's system of internal financial control and have reviewed its effectiveness. As with any system of internal financial control the systems are designed to provide reasonable but not absolute assurance against material misstatement or loss.

The Board of Directors meets at least monthly and is responsible for Group strategy, approving major capital expenditure and disposals, and approving budgets. Additionally the Board has a formal

DIRECTORS' REPORT
continued

INTERNAL CONTROL *continued*

schedule of matters specifically reserved for its decision and ensures appropriate action is taken to monitor and mitigate risk. An internal control framework has been put in place by the Board of Directors to safeguard the assets of the Group, and ensure that proper accounting records are maintained and that reliable financial information is produced. There is a comprehensive system of budgets against which actual monthly results are reported and monitored both by local subsidiary management and by the Directors of the Company. The Company reports to shareholders on a half yearly basis.

Although there are no dedicated internal auditors, head office staff monitor business performance and carry out reviews of key financial systems and controls throughout the Group.

GOING CONCERN

The Directors believe that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

REPORT BY THE AUDITORS ON CORPORATE GOVERNANCE MATTERS

The auditors, KPMG Audit Plc, have confirmed that in their opinion with respect to the Directors' statement on internal financial control above and the Directors' statement on going concern in the preceding paragraph the Directors have provided the disclosures required by the Listing Rules of the London Stock Exchange and such statements are not inconsistent with the information of which they are aware from their audit work on the financial statements; and that the Directors' statement appropriately reflects the Company's compliance with the other paragraphs of the Cadbury Code of Best Practice specified by the Listing Rules for their review. They have carried out their review in accordance with the relevant Bulletin issued by the Auditing Practices Board, which does not require them to perform any additional work necessary to express a separate opinion on the effectiveness of the Group's system of internal financial control or corporate governance procedures, or on the ability of the Group to continue in operational existence.

DIRECTORS AND THEIR INTERESTS

The Directors who served during the year, together with their holding in the Ordinary shares of the Company, were:

	31 December 1996 Ordinary Share Holdings	31 December 1995 Ordinary Share Holdings
N.P. List	2,240,435	2,240,435
M.A. Bretherton	75,000	75,000
J.N. Ferguson	—	—
F.C. Flood	10,000	10,000
C.G. Stainforth	—	—

The holding of N.P. List in the Ordinary shares of the Company includes a non-beneficial interest in 360,000 shares held as trustee of a settlement for the benefit of the children of N.P. List.

All other interests are beneficial.

Details of the Directors' share options and Deferred Convertible shares are given in the Remuneration Committee Report on pages 10 and 11.

DIRECTORS' REPORT
continued

DIRECTORS AND THEIR INTERESTS *continued*

No right to subscribe for shares in or debentures of any Group company was granted to or extended by any Director or member of his immediate family during the year.

There have been no movements in the interests of the Directors in the shares or share options of the Company between 31 December 1996 and the date of this report.

C.G.Stainforth retires by rotation and being eligible offers himself for re-election. He does not have a contract of service with the Company.

PROFILE OF THE DIRECTORS

N.P. List B.A.; Chairman, aged 51

Neil List was appointed Chairman of the Company in September 1983. He became a Member of the Stock Exchange in 1972 and was a Partner in two member firms. Between 1978 and 1981, he was an Executive Director of R&W Hawthorne, Leslie & Co. Limited, a public company with interests in electrical wholesaling and engineering.

M.A. Bretherton B.A., A.C.A.; Finance Director, aged 41

Mike Bretherton joined the Company in January 1988 and was appointed to the Board in June of that year. He was formerly a Manager in the Corporate Financial Analysis and Planning Department of The Plessey Company PLC, having qualified as a Chartered Accountant with Price Waterhouse, London and held the position of Manager for two years with Price Waterhouse in the Middle East.

J. N. Ferguson M.A., B.Com., C.A.; Non-executive Director, aged 68

John Ferguson was previously Chairman and Managing Director of BSR Limited and was Non-executive Chairman of Associated Engineering Plc. Both of these companies were engaged in the fields of engineering and electronics.

F.C. Flood C.A.; Non-executive Director, aged 57

Cyril Flood is a sole-practitioner Chartered Accountant. He has been Company Secretary since 1980 and joined the Board as a Non-executive Director in 1987. He is also Chairman of the Company's Audit Committee.

C.G. Stainforth F.C.A.; Non-executive Director, aged 43

Christopher Stainforth is Managing Director of Corporate Finance at Guinness Mahon & Co. Limited and is also a Director of a number of public and private companies. He became a Member of the Stock Exchange in 1985. He is also Chairman of the Company's Remuneration Committee.

SUBSTANTIAL SHAREHOLDINGS

Up to 11 April 1997, the Company has been notified of the following material holdings of shares:

	Number of Ordinary shares	Percentage of Ordinary share capital
Co-operation Retirement Benefit Fund Limited	8,215,942	29.8%
N.P. List	2,240,435	8.1%
Mars Security Limited	1,004,633	3.6%
Clerical Medical and General Life Assurance Society	1,000,000	3.6%

DIRECTORS' REPORT
continued

SHARE CAPITAL

Details of movements in the called-up share capital are set out in Note 18 to the accounts.

A resolution to replace the limited authority given to the Directors at the 1996 Annual General Meeting to allot the Company's unissued share capital in certain specified circumstances without first offering shares to existing shareholders will be put to shareholders. A resolution will also be put to shareholders to further renew the authority given to the Company at the Annual General Meeting on 4 May 1990 to purchase its own Ordinary shares. Such authority permits the Company to make market purchases of up to 2,933,083 Ordinary shares at a price per share of not less than 10p and not more than five per cent above the average middle market quotation for an Ordinary share for the ten business days prior to the date of purchase. The Company has to date purchased a total of 1,860,000 Ordinary shares pursuant to such an authority.

EXECUTIVE SHARE OPTION SCHEME

During the year, no options were granted under the Bridgend Group PLC Executive Share Option Scheme 1985. No options were exercised but options over 183,331 shares previously granted were allowed to lapse, leaving 850,000 options outstanding at 31 December 1996 as follows:

Ordinary Shares	Option Prices	Excercisable
100,000	37.0p	1990/1997
100,000	40.0p	1991/1998
550,000	50.0p	1993/2000
20,000	31.5p	1993/2000
80,000	20.0p	1997/2004

The Board believe that the scheme is a most valuable means of securing an identity of interest between shareholders and employees. The scheme is an Inland Revenue Approved scheme.

EMPLOYMENT POLICIES

The Group supports employment of disabled people wherever possible through recruitment, by retention of those who become disabled and generally through training, career development and promotion.

The Group is committed to keeping employees as fully-informed as possible with regard to the Group's performance and prospects and seeks their views, wherever possible, on matters which affect them as employees.

DONATIONS

Charitable donations of £4,000 were made in the year (1995: £4,000). No political donations were made in the year (1995: Nil).

PAYMENT OF SUPPLIERS

The Group's policy concerning the payment of suppliers is either to agree payment terms in advance with each supplier or to ensure that the supplier is made aware of the Group's standard payment terms, and in either case to pay in accordance with its contractual or other legal obligations.

DIRECTORS' REPORT
continued

CREST

On 17 March 1997, CRESTCo granted permission for the Ordinary shares to be admitted to the CREST system. Shareholders may decide to retain their share certificates and transfer shares in the usual way rather than holding the shares in electronic form within the CREST system.

Shareholders' banks or stockbrokers should be able to provide Shareholders with information about the CREST system. Shareholders can also obtain more information by writing directly to CRESTCo Limited, Trinity Tower, 9 Thomas Moore Street, London E1 9YN.

AUDITORS

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

Thompson House
20-22 Curtain Road
London
EC2A 3NQ
15 April 1997

By order of the Board
F.C. Flood
Secretary

REMUNERATION COMMITTEE REPORT

The Remuneration Committee presents its report to the shareholders for the year ended 31 December 1996.

The Committee considers that through the year it has complied with Section A of the Best Practice Provisions annexed to the London Stock Exchange Listing Rules and has given full consideration in forming its remuneration policy to the matters set out in Section B of those Provisions.

REMUNERATION COMMITTEE

The Committee comprises of C.G. Stainforth as Chairman together with the other two Non-executive Directors. The Committee is responsible for determining the remuneration and other terms of employment of the Executive Directors. The overall policy of the Committee is to provide pay and benefits packages to Directors to attract, retain and motivate individuals of the quality required by the Group.

SALARIES

The salaries paid to Executive Directors are determined by the Committee at the beginning of each year and when an individual changes position or responsibility. In reviewing and setting Executive Directors' salaries the Committee considers individual performance, responsibility and market conditions. Particular attention is paid to salary levels in companies of a comparable size and performance.

The fees paid to Non-executive Directors are determined by the Board based upon their time commitment and experience.

PENSION CONTRIBUTIONS

The company makes defined contributions into the pension schemes of the Executive Directors. The rates of these contributions are determined by the Committee when reviewing salaries and currently range between 15% and 20% of the individual Executive Director's basic salary.

DEFERRED CONVERTIBLE SHARES

Deferred Convertible shares are issued to the Executive Directors.

Each Deferred Convertible share carries the right to convert into one Ordinary share of 10p at any time between the third and tenth anniversary of the date on which they were allotted, provided that earnings per Ordinary share, as shown by the Company's most recently available report and accounts, are on average at least 14% compound per annum above the corresponding earnings per share figure at the date of allotment of the Deferred Convertible share. The conversion price is calculated by reference to the average middle market quotation of the Ordinary shares for the ten days immediately preceding the date of allotment of the Deferred Convertible shares. The Deferred Convertible shares would be redeemed by the Company, at their nominal value, if they remain unconverted on the tenth anniversary of allotment or if the person to whom they are allotted ceases to be an employee of the Group. The Deferred Convertible shares are not listed on any Stock Exchange. The holders of the Deferred Convertible shares have no rights to receive payments of dividends or to vote on any resolution at a general meeting unless it is a resolution for winding up the Company or to modify the special rights attached to the Deferred Convertible shares. On a winding up or other return of capital the nominal value of the Deferred Convertible shares shall only be repaid after the nominal value of the Ordinary shares has been repaid.

On both 29 March 1990 and 3 December 1992, 500,000 Deferred Convertible shares were allotted to N.P. List and 250,000 Deferred Convertible shares were allotted to M.A.Bretherton. The total of 1,500,000 Deferred Convertible shares allotted to the Executive Directors of the Company were for a subscription price of 1p per share. The average middle market quotations of the Ordinary shares for the ten days immediately preceding the allotment dates were 48.5p and 12.7p respectively. The earnings per Ordinary share from the most recently available report and accounts at the allotment dates were 3.1p and 2.4p respectively.

REMUNERATION COMMITTEE REPORT
continued

SHARE OPTIONS

The Committee grants share options at its own discretion, subject to Inland Revenue limits and the rules of the Bridgend Group PLC Executive Share Option Scheme 1985 and are phased over time. Subject to Scheme rules, options are exercisable not later than ten years and not earlier than three years from the date of grant.

OTHER BENEFITS

Other benefits principally relate to the use of company cars and private medical and life insurance.

DIRECTORS' REMUNERATION

The remuneration of the individual Directors was:

	Salary and fees £'000	Benefits £'000	Pension Contribution £'000	1996 Total £'000	1995 Total £'000
Executive Directors:					
N.P. List	100.0	15.0	20.0	135.0	133.5
M.A. Bretherton	70.0	8.5	10.5	89.0	87.5
Non-executive Directors:					
J.N. Ferguson	12.5	—	—	12.5	12.5
F.C. Flood	12.5	—	—	12.5	12.5
C.G. Stainforth	12.5	—	—	12.5	12.5
	207.5	23.5	30.5	261.5	258.5

The contracts of service in respect of N.P. List and M.A. Bretherton can be terminated by either the Director or the Company giving to the other not less than three years notice in writing. The contract of service in respect of J.N. Ferguson is for a fixed period of two years from 13 June 1996.

C.G. Stainforth retires by rotation and being eligible offers himself for re-election. He does not have a contract of service with the Company.

DIRECTORS' DEFERRED CONVERTIBLE SHARES AND SHARE OPTIONS

The interests of the Directors in the Deferred Convertible shares and options on Ordinary shares of the Company were:

	Deferred Convertible Share Holdings 31 December 1996	Deferred Convertible Share Holdings 31 December 1995	Ordinary Share Options 31 December 1996	Ordinary Share Options 31 December 1995
N.P. List	1,000,000	1,000,000	500,000	500,000
M.A. Bretherton	500,000	500,000	250,000	250,000

Details of the Directors' Ordinary share options are as follows:

	Number of Ordinary Share Options 31 December 1996	Number of Ordinary Share Options 31 December 1995	Option Price	Date From Which Exercisable	Expiry Date
N.P. List	100,000	100,000	37p	07/12/90	07/12/97
	400,000	400,000	50p	29/03/93	20/03/00
M.A. Bretherton	100,000	100,000	40p	07/07/91	07/07/98
	150,000	150,000	50p	29/03/93	29/03/00

The market price of the Ordinary shares at 31 December 1996 was 20p and the range during the year was 18p to 26p.

15 April 1997

C.G. Stainforth
Chairman of the Remuneration Committee

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are required by UK Company Law to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and the Group at the end of the financial year and of the profit or loss for the financial year.

In preparing the accounts, the Directors are required to select appropriate accounting policies and apply them consistently, to make reasonable and prudent judgements and estimates, and to state that all applicable accounting standards have been followed, save as disclosed and explained in the accounts. The Directors are also required to prepare the accounts on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors have responsibility for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Group and which enable them to ensure that the accounts comply with the Companies Act 1985. The Directors also 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' REPORT
TO THE MEMBERS OF BRIDGEND GROUP PLC

We have audited the accounts set out on pages 13 to 31. We have also examined the amounts disclosed relating to emoluments, share options and long-term incentive scheme interests of the Directors which form part of the Remuneration Committee Report as aset out on pages 10 and 11.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described above, the Company's Directors are responsible for the preparation of 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 the Auditing Standards issued by the Auditing Practices Board. An audit indudes 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 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 consider 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 and the Group as at 31 December 1996 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc KPMG Audit Plc.
Chartered Accountants
Registered Auditor

15 April 1997

CONSOLIDATED PROFIT AND LOSS ACCOUNT

Year ended 31 December		1996		1995	
Notes		£'000	£'000	£'000	£'000
2	Turnover		14,122		15,577
	Cost of sales		(9,010)		(9,381)
	Gross profit		5,112		6,196
	Costs relating to aborted acquisitions	(34)		—	
	Property revaluation deficit	—		(3,414)	
3	Other operating expenses	(4,890)		(5,823)	
	Net operating expenses		(4,924)		(9,237)
2	Operating profit/(loss)		188		(3,041)
	Share of associate's pre-tax results		17		30
	Profit on disposal of investments		189		—
	Loss on sale of subsidiary		—		(17)
	Profit/(loss) before interest		394		(3,028)
4	Net interest payable and similar charges		(246)		(354)
	Profit/(loss) on ordinary activities before taxation		148		(3,382)
8	Taxation on ordinary activities		—		—
5	Profit/(loss) for the financial year		148		(3,382)
9	Dividends		(55)		(55)
19	Retained profit/(loss) transferred to reserves		93		(3,437)
10	Earnings per Ordinary share		0.5p		(12.3)p
	Adjustments				
	Profit on disposal of investments		(0.6)p		—
	Costs relating to aborted acquisitions		0.1p		—
	Property revaluation deficit		—		12.4p
	Loss on sale of subsidiary		—		0.1p
	Adjusted earnings per Ordinary share		0.0p		0.2p

The above results are all derived from continuing operations.

The adjusted earnings per Ordinary share figures show the year on year comparison adjusted to exclude profits on disposal of investments, costs relating to aborted acquisitions, property revaluation deficits and the loss on sale of a subsidiary.

BALANCE SHEETS

At 31 December Notes		*Group* 1996 £'000	*Group* 1995 £'000	*Company* 1996 £'000	*Company* 1995 £'000
	Fixed Assets				
11	Tangible assets	6,508	6,559	101	19
12	Investments	—	1,946	14,625	13,005
		6,508	8,505	14,726	13,024
	Current Assets				
13	Stocks	2,863	2,790	—	—
14	Debtors	2,687	2,387	471	838
15	Investments	530	—	—	—
	Cash at bank and in hand	448	521	415	301
		6,528	5,698	886	1,139
16	Creditors: amounts falling due within one year	(4,319)	(5,284)	(882)	(1,076)
	Net current assets	2,209	414	4	63
	Total assets less current liabilities	8,717	8,919	14,730	13,087
17	Creditors: amounts falling due after more than one year	(813)	(1,116)	(7,051)	(5,464)
	Net Assets	7,904	7,803	7,679	7,623
	Capital and Reserves				
18	Called up share capital	2,769	2,769	2,769	2,769
19	Share premium account	69	69	69	69
19	Capital redemption reserve	186	186	186	186
19	Other reserves	4,529	4,529	4,372	4,372
19	Profit and loss account	351	250	283	227
		7,904	7,803	7,679	7,623

Included in the analysis of both the Group's and the Company's shareholders' funds above, is £15,000 (1995: £15,000) which relates to non-equity interest.

Approved by the Board on 15 April 1997 and signed on its behalf by:

N.P. List
Director

M.A. Bretherton
Director

GROUP CASH FLOW STATEMENT

Year ended 31 December	1996		1995	
	£'000	£'000	£'000	£'000
Net cash (outflow)/inflow from operating activities (Note 20)		(381)		540
Returns on investments and servicing of finance				
Interest received	25		24	
Interest paid	(299)		(337)	
Interest on finance leases and hire purchase payments	(17)		(25)	
Dividends paid	(55)		(55)	
		(346)		(393)
Taxation				
UK taxation paid	(282)		—	
UK Corporation tax refunded	—		11	
Overseas tax paid	(17)		(49)	
		(299)		(38)
Investing activities				
Purchase of tangible fixed assets	(277)		(357)	
Sale of tangible fixed assets	101		94	
Sale of investments	1,622		218	
Sale of subsidiary undertaking	—		2	
		1,446		(43)
Net cash inflow before financing		420		66
Financing				
Repayment of bank loans	(323)		(242)	
Capital element of finance lease and hire purchase payments	10		(39)	
		(313)		(281)
Increase/(decrease) in cash and cash equivalents		107		(215)

During the year, the Group had no major non-cash transactions. An analysis of changes in cash and cash equivalent balances and financing is shown in Note 21.

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Year ended 31 December	1996 £'000	1995 £'000
Profit/(loss) for the financial year	148	(3,382)
Exchange rate adjustments	8	(9)
Total recognised gains and losses relating to the year	156	(3,391)

NOTE OF HISTORICAL COST PROFITS AND LOSSES

Year ended 31 December	1996 £'000	1995 £'000
Reported profit/(loss) on ordinary activities before taxation	148	(3,382)
Property revaluation deficit	—	3,414
Historical cost profit on ordinary activities before taxation	148	32
Historical cost profit/(loss) on ordinary activities after taxation and dividends	93	(23)

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Year ended 31 December	1996 £'000	1995 £'000
Profit/(loss) for the financial year	148	(3,382)
Dividends	(55)	(55)
	93	(3,437)
Other recognised gains and losses relating to the year	8	(9)
Net increase/(reduction) in shareholders' funds	101	(3,446)
Opening shareholders' funds	7,803	11,249
Closing shareholders' funds	7,904	7,803

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

Basis of accounting: The accounts are prepared under the historical cost convention as modified by the revaluation of certain land and buildings and comply with applicable accounting standards.

Basis of consolidation: The Group accounts include the accounts of Bridgend Group PLC and all its subsidiaries prepared to 31 December 1996. The Group accounts also include the share of the associate's results up to the date of disposal. The results of any subsidiaries acquired or disposed of in the year are included in the consolidated profit and loss account for the periods of Group ownership.

Goodwill arising on consolidation is written off directly to reserves. On disposal goodwill previously charged directly to reserves is included in determining the profit or loss on disposal.

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the Parent Company is not presented. The Company's result for the year is shown in Note 5.

Tangible fixed assets: Tangible assets are stated at cost or valuation less, if appropriate, accumulated depreciation.

No depreciation is provided in respect of freehold hotel and leisure properties. It is the Group's practice to maintain these assets to a standard such that the Directors consider that the lives of these assets are sufficiently long and residual values based on prices prevailing at the time of acquisition or subsequent valuation are sufficiently high that their depreciation is insignificant. Any permanent diminution in the value of such properties to below cost is charged to the profit and loss account.

Where hotel and leisure properties are in the course of development, interest costs, together with all other outgoings less revenue incomes, are capitalised net of applicable tax relief, providing that such capitalisation does not increase the balance sheet carrying value of the property above net realisable value. Net realisable value is calculated as estimated sales value based on professional valuations less costs to completion.

Plant, equipment and motor vehicles are depreciated at rates of between 10% and 33% calculated to write off their cost less estimated residual value over their estimated useful economic lives.

Leases: Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

Investments: Shares in and loans to subsidiaries are stated in the holding company's balance sheet at cost less any provision for permanent diminution in value.

Government grants: Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the asset. Grants towards revenue expenditure are released to the profit and loss account as the relevant expenditure is incurred.

Stocks: Stocks comprise raw materials and goods for resale and have been valued at the lower of cost and net realisable value. In determining cost, the first-in, first-out method is used.

Deferred taxation: Deferred taxation represents corporation tax, calculated on the liability basis, deferred by capital allowances and other timing differences to the extent that the Directors expect liabilities to arise in the foreseeable future.

NOTES TO THE ACCOUNTS
continued

1. ACCOUNTING POLICIES *continued*

Pension costs: The cost of providing pensions to employees is charged to the profit and loss account over the period benefiting from the employee's services. The difference between the charge to the profit and loss account and contributions paid is included as an asset or liability in the balance sheet.

Foreign currency: Assets and liabilities expressed in foreign currencies are translated into sterling at the rates of exchange ruling at the date of the balance sheets. The trading results of foreign subsidiaries are translated into sterling at the average rate for the year. Differences arising on the restatement of net investments in foreign subsidiaries are dealt with as adjustments to reserves. All other differences are taken to the profit and loss account.

2. SEGMENTAL INFORMATION

Business Analysis

	Turnover		*Operating Profit/(Loss)*		*Net Assets*	
	1996	1995	1996	1995	1996	1995
	£'000	£'000	£'000	£'000	£'000	£'000
Continuing operations:						
Wholesale distribution	12,181	12,247	643	732	3,469	2,984
Leisure	1,941	3,330	130	(3,296)	5,862	5,795
Corporate and unallocated	—	—	(585)	(477)	519	1,390
	14,122	15,577	188	(3,041)	9,850	10,169
Net borrowings					(1,946)	(2,366)
					7,904	7,803

Geographical Analysis

The figures for each geographical area show the net operating assets owned by, and the turnover and profits made by, companies located in that area; export sales and related profits are included in the areas from which those sales were made. Turnover in each geographical market in which customers are located is not disclosed as there is no material difference between the two.

	Turnover		*Operating Profit/(Loss)*		*Net Assets*	
	1996	1995	1996	1995	1996	1995
	£'000	£'000	£'000	£'000	£'000	£'000
Continuing operations:						
United Kingdom	14,122	14,154	188	(3,049)	9,850	10,169
Ireland	—	1,423	—	8	—	—
	14,122	15,577	188	(3,041)	9,850	10,169
Net borrowings					(1,946)	(2,366)
					7,904	7,803

NOTES TO THE ACCOUNTS
continued

3. OTHER OPERATING EXPENSES

	1996 £'000	1995 £'000
Distribution and selling costs	1,767	1,697
Administration expenses	3,123	4,126
	4,890	5,823

4. NET INTEREST PAYABLE AND SIMILAR CHARGES

	1996 £'000	1995 £'000
Interest receivable	28	25
Less: payable on bank loans and overdrafts repayable within five years	(257)	(354)
Less: finance lease and hire purchase interest charges	(17)	(25)
	(246)	(354)

5. PROFIT/(LOSS) FOR THE FINANCIAL YEAR

	1996 £'000	1995 £'000
The profit/(loss) for the financial year is stated after charging/(crediting):		
Depreciation	242	375
Auditors' remuneration	53	53
Non-Audit fees payable to KPMG and their associates	18	72
Operating lease rentals for plant and machinery	95	45
Other operating lease rentals	228	185
Exchange rate adjustments	82	(57)
The consolidated profit/(loss) for the financial year is dealt with as follows:		
Company	111	(2,518)
Subsidiaries	37	(864)
	148	(3,382)

Fees paid to the auditors in relation to the Company audit were £19,000 (1995: £19,000).

6. EMPLOYEE COSTS

	1996 £'000	1995 £'000
Wages and salaries	2,574	2,969
Social security	227	286
Other pension costs	99	143
	2,900	3,398

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

	1996 Number	1995 Number
Operations	145	183
Administration	47	58
	192	241

NOTES TO THE ACCOUNTS
continued

7. DIRECTORS' EMOLUMENTS

	1996 £'000	1995 £'000
Directors' emoluments, included in employee costs above, were as follows:		
Non-executives' fees	38	38
Remuneration as executives, excluding pension contributions	194	191
Executives' pension contributions	30	30
	262	259
Chairman and highest paid Director, excluding pension contributions	115	113

The Company provided pension contributions on behalf of the Chairman of £20,000 (1995: £20,000).

Details of Directors' remuneration and share options are included in the Remuneration Committee Report on pages 10 and 11.

Directors' emoluments, excluding pension contributions:

The number of Directors, including the Chairman and highest paid Director, whose emoluments, excluding pension contributions, fell within the relevant bands, were as follows:

	1996 Number	1995 Number
£10,001 – £15,000	3	3
£75,001 – £80,000	1	1
£110,001 – £115,000	1	1

8. TAXATION

	1996 £'000	1995 £'000
Taxation charge:		
United Kingdom		
Adjustment relating to prior years	—	1
Advance corporation tax written off	—	14
	—	15
Overseas		
Adjustment relating to prior years	—	(15)
Taxation on ordinary activities	—	—

The aggregate Group taxation losses carried forward at 31 December 1996 were approximately £700,000 (1995: £700,000). Additionally both the Company and the Group had an unprovided deferred tax asset relating to written off advance corporation tax of £266,000 (1995: £281,000).

NOTES TO THE ACCOUNTS
continued

9. DIVIDENDS

	1996 £'000	1995 £'000
Ordinary shares – interim dividend of 0.1p (1995: 0.1p) per share	28	28
– final dividend of 0.1p (1995: 0.1p) per share	27	27
	55	55

10. EARNINGS PER SHARE

Earnings per share is based on the profit on ordinary activities after taxation of £148,000 (1995: loss £3,382,000) related to the weighted average number of shares in issue during the year of 27,544,092 (1995: 27,544,092).

11. TANGIBLE FIXED ASSETS

The Group

	Freehold land and buildings £'000	*Short leasehold land and buildings* £'000	*Plant equipment and motor vehicles* £'000	*Total* £'000
Cost or valuation				
At 1 January 1996	5,981	85	1,785	7,851
Additions	41	3	233	277
Disposals	—	—	(333)	(333)
At 31 December 1996	6,022	88	1,685	7,795
At valuation	5,871	—	—	5,871
At cost	151	88	1,685	1,924
	6,022	88	1,685	7,795
Depreciation				
At 1 January 1996	38	24	1,230	1,292
Provision in year	2	6	234	242
Disposals	—	—	(247)	(247)
At 31 December 1996	40	30	1,217	1,287
Net book amount				
At 31 December 1996	5,982	58	468	6,508
At 31 December 1995	5,943	61	555	6,559

A hotel property, which includes the golf course and fixtures and equipment was valued by the Directors at 31 December 1995, at open market value for existing use basis, at £6,000,000.

Included above in freehold land and buildings are non depreciated assets with cost of £5,912,000 (1995: £5,871,000).

NOTES TO THE ACCOUNTS
continued

11. TANGIBLE FIXED ASSETS *continued*

If land and buildings had not been revalued they would have been included at the following amounts:

	1996 £'000	1995 £'000
Cost	9,524	9,480
Depreciation	(70)	(62)
Net book amount	9,454	9,418

The Company	*Plant, equipment and motor vehicles* £'000
Cost	
At 1 January 1996	153
Additions	97
Disposals	(65)
At 31 December 1996	185
Depreciation	
At 1 January 1996	134
Provision in year	15
Disposals	(65)
At 31 December 1996	84
Net book amount	
At 31 December 1996	101
At 31 December 1995	19

Tangible fixed assets include assets acquired under finance leases and hire purchase agreements as follows:

	Group		*Company*	
	1996 £'000	1995 £'000	1996 £'000	1995 £'000
Net book amount	307	294	97	11
Depreciation charge for year	88	140	11	4

NOTES TO THE ACCOUNTS
continued

12. FIXED ASSETS – INVESTMENTS

	Group		*Company*	
	1996	1995	1996	1995
	£'000	£'000	£'000	£'000
Subsidiaries	—	—	14,625	13,005
Associate				
Listed	—	500	—	—
Unlisted	—	1,430	—	—
Other unlisted	—	16	—	—
	—	1,946	14,625	13,005
Market value of listed investment	—	665		

The principal trading subsidiaries are set out in Note 24.

Details of investments in subsidiaries and associate are as follows:.

	Group Associate Shares	*Company Shares*	*Company Loans*	*Company Total*
	£'000	£'000	£'000	£'000
Cost				
At 1 January 1996	1,900	11,693	9,562	21,255
Additions	—	—	1,379	1,379
Disposals	(1,370)	—	(113)	(113)
Transfer to current assets	(530)	—	—	—
At 31 December 1996	—	11,693	10,828	22,521
Share of post acquisition reserves				
At 1 January 1996	30	—	—	—
Retained profits for year	17	—	—	—
Disposals	(47)	—	—	—
At 31 December 1996	—	—	—	—
Provisions				
At 1 January 1996	—	(3,345)	(4,905)	(8,250)
Movements in year	—	255	99	354
At 31 December 1996	—	(3,090)	(4,806)	(7,896)
Net book amount				
At 31 December 1996	—	8,603	6,022	14,625
At 31 December 1995	1,930	8,348	4,657	13,005

NOTES TO THE ACCOUNTS
continued

13. STOCKS

	Group 1996 £'000	Group 1995 £'000
Raw materials	226	272
Finished goods and goods for resale	2,637	2,518
	2,863	2,790

14. DEBTORS

	Group 1996 £'000	Group 1995 £'000	Company 1996 £'000	Company 1995 £'000
Trade debtors	2,235	2,050	—	—
Amounts owed by subsidiaries	—	—	419	792
Taxation recoverable	24	7	24	7
Other debtors	189	152	2	—
Prepayments and accrued income	239	178	26	39
	2,687	2,387	471	838

Included within Group other debtors is an amount of £149,000 (1995: £149,000) which is due from Heatons Transport (St Helens) Limited and is repayable on 15 March 2000. The loan accrues interest at a rate of 2½% above the base rate which is paid quarterly in arrears. The loan is secured by a Deed of Debenture creating fixed and floating charges over certain assets of Heatons Transport (St Helens) Limited, on the basis that such security ranks behind any security granted in favour of that company's bankers.

15. CURRENT ASSETS – INVESTMENTS

	Group 1996 £'000	Group 1995 £'000
Listed investments	530	—
Market value of listed investments	729	—

No tax liability would arise if these investments were disposed of at current market value due to the availability of brought forward capital losses.

NOTES TO THE ACCOUNTS
continued

16. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		*Company*	
	1996	1995	1996	1995
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	1,505	1,673	637	644
Finance leases and hire purchase	76	118	34	5
Trade creditors	1,687	1,692	14	53
Corporation tax	46	342	14	147
Other taxes and social security	361	646	19	9
Other creditors	45	88	25	46
Accruals and deferred income	544	670	84	117
Proposed dividends	55	55	55	55
	4,319	5,284	882	1,076

Bank overdrafts are repayable on demand. Bridgend Group PLC has given its bankers the authority to combine or offset its own and certain of its subsidiaries' bank accounts. Details in respect of the bank loans are given in Note 17.

17. CREDITORS – AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		*Company*	
	1996	1995	1996	1995
	£'000	£'000	£'000	£'000
Bank loans	679	1,014	—	—
Finance leases and hire purchase	134	82	50	3
Amount owed to subsidiaries	—	—	7,001	5,461
Other creditors	—	20	—	—
	813	1,116	7,051	5,464

The total amount of bank loans and overdrafts was as follows:

	Group		*Company*	
	1996	1995	1996	1995
	£'000	£'000	£'000	£'000
Falling due within one year:				
Bank overdrafts	1,172	1,352	637	644
Bank loans	333	321	—	—
	1,505	1,673	637	644
Falling due after more than one year:				
Bank Loans – repayable between one and two years	350	350	—	—
– repayable between two and five years	329	664	—	—
	679	1,014	—	—
Total bank borrowings	2,184	2,687	637	644

All of the bank loans are secured on specific fixed assets and comprise £787,000 in respect of a property loan which carries interest at a rate of 2¼% above Lloyds Bank Plc base rate and is being repaid in monthly instalments which terminate in September 2000 and £225,000 in respect of further property loans which carry interest at a rate of 2¼% above Lloyds Bank Plc base rate and are being repaid in monthly instalments of £12,500. Bank overdrafts are secured by fixed and floating charges over certain assets.

NOTES TO THE ACCOUNTS
continued

18. SHARE CAPITAL

	1996 £'000	1995 £'000
Authorised:		
43,050,000 Ordinary shares of 10p each (1995: 43,050,000)	4,305	4,305
19,500,000 Deferred Convertible shares of 1p each (1995: 19,500,000)	195	195
	4,500	4,500
Allotted, called up and fully paid:		
27,544,092 Ordinary shares of 10p each (1995: 27,544,092)	2,754	2,754
1,500,000 Deferred Convertible shares of 1p each (1995: 1,500,000)	15	15
	2,769	2,769

Ordinary shares
At 31 December 1996 there were 850,000 options outstanding on Ordinary shares granted under the Bridgend Group PLC Executive Share Option Scheme 1985 as detailed in the Directors' Report on pages 5 to 9.

Deferred Convertible shares
Details of the Deferred Convertible shares allotted and their conversion rights are given in the Remuneration Committee Report on pages 10 and 11.

19. RESERVES

The Group	*Share premium account* £'000	*Capital redemption reserve* £'000	*Other reserves* £'000	*Profit and loss account* £'000
At 1 January 1996	69	186	4,529	250
Retained profit	—	—	—	93
Exchange rate adjustments	—	—	—	8
At 31 December 1996	69	186	4,529	351

The cumulative net capital reserve arising on consolidation which has been taken directly to reserves amounts to £157,000 at 31 December 1996 (1995: £157,000).

The Company	*Share premium account* £'000	*Capital redemption reserve* £'000	*Other reserves* £'000	*Profit and loss account* £'000
At 1 January 1996	69	186	4,372	227
Retained profit	—	—	—	56
At 31 December 1996	69	186	4,372	283

NOTES TO THE ACCOUNTS
continued

20. NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

	1996 £'000	1995 £'000
Operating profit/(loss)	377	(3,041)
Depreciation	242	375
Profit on sale of investments	(189)	—
Property revaluation deficit	—	3,414
Net profit on sale of tangible fixed assets	(15)	(7)
Increase in stock	(73)	(510)
Increase in debtors	(280)	(28)
(Decrease)/increase in creditors	(427)	344
Net cash (outflow)/inflow from continuing operating activities	(365)	547
Net cash outflow in respect of discontinued activities and reorganisation	(16)	(7)
Net cash (outflow)/inflow from operating activities	(381)	540

21. CHANGES IN CASH AND CASH EQUIVALENT BALANCES AND FINANCING

	At 1 January 1996 £'000	*Cash and other movements* £'000	*At 31 December 1996* £'000
Cash	521	(73)	448
Overdrafts	(1,352)	180	(1,172)
Net cash and cash equivalents	(831)	107	(724)
Bank loans	(1,335)	323	(1,012)
Finance leases and hire purchase	(200)	(10)	(210)
Net borrowings	(2,366)	420	(1,946)
Share capital (including share premium and capital redemption reserve)	(3,024)	—	(3,024)
	(5,390)	420	(4,970)

NOTES TO THE ACCOUNTS
continued

22. FINANCIAL COMMITMENTS

Finance leases and hire purchase

Net obligations under finance leases and hire purchase at 31 December were payable as follows:

	Group		Company	
	1996	1995	1996	1995
	£'000	£'000	£'000	£'000
Finance lease and hire purchase obligations falling due:				
Within one year	76	118	34	5
Over one year and under two years	134	82	50	3
	210	200	84	8

Operating leases

At 31 December the Group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	1996	1995	1996	1995
	£'000	£'000	£'000	£'000
Operating leases which expire:				
Within one year	73	—	35	1
In the second to fifth years inclusive	—	55	108	25
Over five years	155	164	—	—
	228	219	143	26

Forward currency

At 31 December 1996 the sterling equivalent of forward foreign exchange commitments entered into by Group subsidiaries in the normal course of business amounted to £1,910,000 (1995: £432,000).

Contingent liability

The Company has guaranteed overdrafts of its subsidiaries totalling £663,000 (1995: £947,000).

23. PENSION SCHEMES

The Company and a number of its trading subsidiaries operate various defined contribution pension schemes for employees under which the relevant company pension commitments are limited to making pension contributions at fixed rates in accordance with the benefit terms of the pension schemes.

Brimley & Co. Limited currently also operates a defined contribution pension scheme for employees. The Company had previously operated a defined benefits pension scheme up until 30 April 1992 and a number of its present and former employees remain entitled to a preserved pension under this defined benefits scheme. The assets of this defined benefits scheme are held in a separate fund administered by an insurance company and a full actuarial valuation of the fund was undertaken in 1994. The valuation indicated that the past service liabilities of the scheme were approximately £72,000 in excess of the value of the assets and in view of the age profile of the scheme it was recommended that this deficit be funded over a 14 year term by way of equal annual contributions of £9,700. Accordingly a pension contribution of £9,700 payable by the Company has been included in the 1996 pension charge disclosed in Note 6.

NOTES TO THE ACCOUNTS
continued

24. PRINCIPAL TRADING SUBSIDIARIES

The Group's principal trading subsidiaries at 31 December 1996 were as follows:

Wholesale distribution:	
Brimley & Co. Limited*	Electrical wholesaling
187-189 Cleveland Street, Birkenhead, Merseyside, L41 3QN	
Tel: 0151 650 0022	
John Sydney Limited*	Bathroom and kitchen fittings
3-4 Denbigh Hall, Bletchley, Milton Keynes, Bucks, MK3 7QT	
Tel: 01908 274111	
Leisure:	
Stocks Hotel & Country Club Limited	Hotel and golf club
Stocks Road, Aldbury, Nr. Tring, Herts, HP23 5RX	
Tel: 0144 2851 341	
Cloisters Wood Limited	
Trading as:	
Cloisters Wood Country Club	Sports and leisure club
Wood Lane, Stanmore, Middx, HA7 4LF	
Tel: 0181 954 7699	

Notes:

1. The issued Ordinary share capital of each company listed above is wholly owned by Bridgend Group PLC, as indicated*, or one of its wholly owned subsidiaries.
2. The companies are all registered in England and Wales and operate wholly or mainly in the country of registration.

25. RELATED PARTY TRANSACTIONS

There are no material related party transactions which require disclosure in these accounts.

NOTES TO THE ACCOUNTS
continued

26. POST BALANCE SHEET EVENTS

The Company announced on 27 March 1997 that it had conditionally agreed to acquire Kingavon Limited ("Kingavon") for a consideration of £3,950,000 and Cosmic Automotive ("Cosmic") for a maximum consideration of £400,000 subject to a completion audit.

The Company has entered into a conditional agreement to acquire the whole of the issued share capital of Kingavon from the Kingavon vendors for a consideration of £3,950,000 payable as to £1,450,000 in cash and as to £2,500,000 by the issue of 12,500,000 new Ordinary shares to the Kingavon vendors representing 31.2 per cent of the Company's enlarged issued share capital.

In addition, Bridgend has entered into a conditional agreement to acquire the business and certain assets of Cosmic from Edgemond Group Limited for a maximum consideration of £400,000 payable in cash, subject to a completion audit.

Charles Stanley & Company Limited has agreed pursuant to the Placing Agreement, as agent for the Kingavon vendors, to use its reasonable endeavours to procure purchasers for 9,500,000 new Ordinary shares (representing 34.5 per cent of the existing and 23.7 per cent of the enlarged issued Ordinary share capital) under the Placing or, failing which, itself to purchase those shares at the Placing Price of 20p each. The Placing Agreement is conditional upon, *inter alia,* the passing of the necessary resolution at the Extraordinary General Meeting to be held on 16 April 1997 and the Listing becoming effective.

Neil List, the Executive Chairman of Bridgend, has agreed to purchase 250,000 new Ordinary shares under the Placing.

The new Ordinary shares will be issued fully paid and will rank *pari passu* in all respects with the existing Ordinary shares including the right to receive all dividends declared, made or paid hereafter including the final dividend of 0.1p per share in respect of the year ended 31 December 1996. The total additional final dividend payable on the new Ordinary shares would be £12,500.

Further details of the acquisitions are set out in the Circular sent to Shareholders on 27 March 1997.

NOTES TO THE ACCOUNTS
continued

26. POST BALANCE SHEET EVENTS continued

Set out below, for illustrative purposes only, is a pro forma statement of combined net assets of the enlarged group. The pro forma is based upon the audited financial statements of Bridgend Group for the year ended 31 December 1996 and the audited accounts of Kingavon for the six months ended 30 September 1996.

Group	*Bridgend Group as at 31/12/96* £'000	*Kingavon as at 30/09/96* £'000	*Adjustments (1)* £'000	*Pro forma Combined Assets of the Enlarged* £'000
Fixed assets				
Tangible assets	6,508	378	15	6,901
Current assets				
Stocks	2,863	3,205	300	6,368
Debtors	2,687	2,486	—	5,173
Investments	530	—	—	530
Cash at bank and in hand	448	80	(528)	—
	6,528	5,771	(228)	12,071
Creditors: amounts falling due within one year	(4,319)	(4,372)	(362)	(9,053)
Net current assets/(liabilities)	2,209	1,399	(590)	3,018
Total assets less current liabilities	8,717	1,777	(575)	9,919
Creditors: amounts falling due after more than one year	(813)	(26)	(1,500)	(2,339)
Net assets	7,904	1,751	(2,075)	7,580

1 The pro forma statement of net assets of the enlarged group has been adjusted for, the acquisition of Kingavon for a consideration of £3,950,000 payable as to £1,450,000 in cash, and as to the balance by the issue of the new Ordinary shares, the acquisition of Cosmic for a cash consideration amounting to the value of the assets being acquired, estimated at £315,000, together with £25,000 for the goodwill associated with the business and for the payment of estimated expenses of £600,000 relating to the Acquisitions and the Placing:

	£'000
Kingavon cash consideration	(1,450)
Cosmic cash consideration	(340)
Cosmic assets acquired	315
Estimated expenses	(600)
Net assets adjustment	(2,075)

2 No fair value adjustments have been incorporated within the pro forma statement.

3 No adjustment has been made to reflect any trading results since the respective balance sheet dates.

FIVE YEAR FINANCIAL SUMMARY

SUMMARY CONSOLIDATED PROFIT AND LOSS ACCOUNTS

Year ended 31 December	1996 £'000	1995 £'000	1994 £'000	1993 £'000	1992 £'000
Turnover					
Continuing operations	14,122	15,577	17,479	15,567	15,728
Discontinued operations	—	—	45	64	25
	14,122	15,577	17,524	15,631	15,753
Operating profit/(loss)	188	(3,041)	407	350	(2,905)
Share of associate's pre-tax results	17	30	—	—	—
Continuing operations					
Profit on disposal of investments	189	—	—	—	—
Loss on sale of subsidiary	—	(17)	—	—	—
Loss on sale of property	—	—	—	(660)	—
Discontinued operations					
Provision for loss	—	—	—	—	(525)
Profit/(loss) before interest	394	(3,028)	407	(310)	(3,430)
Net interest	(246)	(354)	(379)	(239)	(179)
Profit/(loss) on ordinary activities before taxation	148	(3,382)	28	(549)	(3,609)
Taxation on ordinary activities	—	—	(15)	(65)	(105)
Profit/(loss) for the financial year	148	(3,382)	13	(614)	(3,714)
Dividends	(55)	(55)	(55)	(55)	(110)
Retained profit/(loss)	93	(3,437)	(42)	(669)	(3,824)
Earnings per Ordinary share	0.5p	(12.3)p	0.1p	(2.2)p	(13.4)p
Earnings per Ordinary share adjusted to exclude exceptional items	0.0p	0.2p	0.3p	0.2p	0.7p
Dividends per Ordinary share	0.2p	0.2p	0.2p	0.2p	0.4p

SUMMARY GROUP BALANCE SHEETS

At 31 December	1996 £'000	1995 £'000	1994 £'000	1993 £'000	1992 £'000
Fixed Assets	6,508	8,505	14,083	15,012	16,087
Current Assets	6,528	5,698	5,183	7,592	7,176
Creditors: amounts falling due within one year	(4,319)	(5,284)	(5,043)	(8,574)	(5,913)
Net current assets/(liabilities)	2,209	414	140	(982)	1,263
Creditors: amounts falling due after more than one year	(813)	(1,116)	(2,947)	(2,760)	(5,367)
Provisions for liabilities and charges	—	—	(27)	(26)	(35)
Net assets	7,904	7,803	11,249	11,244	11,948
Share capital	2,769	2,769	2,769	2,769	2,769
Reserves	5,135	5,034	8,480	8,475	9,179
Shareholders' funds	7,904	7,803	11,249	11,244	11,948

The profit and loss figures for 1992 have been restated to reflect subsequent changes in accounting presentation.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Bridgend Group PLC will be held at Stocks Hotel Golf & Country Club, Stocks Road, Aldbury, Nr Tring, Hertfordshire on 13 May 1997 at 10.30 am. Directions to Stocks Hotel Golf & Country Club are available by telephone request on 0171-377 6060.

The Annual General Meeting will be held for the following purposes:

ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the audited accounts for the year ended 31 December 1996.

2. To declare a final dividend of 0.1p per Ordinary share.

3. To re-elect Mr C.G. Stainforth as a Director.

4. To reappoint KPMG Audit Plc as auditors of the Company and authorise the Directors to fix their remuneration.

SPECIAL BUSINESS

5. To consider and, if thought fit, pass the following resolution which will be proposed as a special resolution:
   That:
   (a) The Directors be empowered during the period expiring on the date of the Company's Annual General Meeting next following the date of the passing of this resolution to allot equity securities of the Company, as if Section 89(1) of the Companies Act 1985 did not apply to any such allotment, provided that such power shall be limited to the allotment of equity securities:
      (i) in connection with a rights issue or an offer or invitation in favour of Ordinary shareholders and the holders of any other shares or securities of the Company that by their terms are entitled to participate in such rights issue or an offer or invitation where the equity securities respectively attributable to the interest of all such holders are proportionate (as nearly as may be) to the respective number of Ordinary shares held by them or into which their shares or securities are to be deemed converted in calculating the extent of their participation but subject to such exclusions, variations or other arrangements as the Directors may deem necessary or expedient to deal with fractional entitlements or legal or practical problems arising under the laws of any territory or the requirements of any regulatory body or any stock exchange in any territory,
      (ii) (otherwise than under sub-paragraph (a)(i) above) having an aggregate nominal value of £137,700,
   (b) such power shall permit and enable the Directors to make an offer or agreement, before the expiry of such power, which would or might require equity securities to be allotted after such expiry,
   (c) words and expressions defined in or for the purposes of Part IV of the Companies Act 1985 shall bear the same meanings in this resolution.

NOTICE OF ANNUAL GENERAL MEETING
continued

6. To consider and, if thought fit, pass the following resolution which will be proposed as a special resolution:

   That the authority conferred on the Company by Special Resolution of the Company dated 4 May 1990 and renewed and extended by Special Resolutions of the Company dated 23 May 1991, 28 May 1992, 19 July 1993, 14 July 1994, 21 July 1995 and 11 July 1996 to make market purchases of its own Ordinary shares be and is hereby further renewed and extended to the extent it has not previously been utilised for a further period commencing on the date hereof and expiring on the conclusion of the Annual General Meeting for 1998.

By order of the Board
F.C. Flood
Secretary

Thompson House
20-22 Curtain Road
London
EC2A 3NQ
15 April 1997

Notes

A member of the Company entitled to attend and vote at the meeting may appoint one or more proxies to attend and vote on a poll instead of him. A proxy need not be a member of the Company.

The Company pursuant to Regulation 34 of the Uncertificated Securities Regulations 1995, specifies that only those shareholders registered in the register of members of the company as at 6pm on 11 May 1997 shall be entitled to attend or vote at the aforesaid general meeting in respect of the number of shares registered in their name at that time. Changes to entries on the relevant register of securities after 6pm on 11 May 1997 shall be disregarded in determining the rights of any person to attend or vote at the meeting.

The following will be available for inspection at Thompson House, 20-22 Curtain Road, London EC2A 3NQ, during normal business hours every weekday (Saturdays and public holidays excluded) from the above date to the date of the Annual General Meeting and at Stocks Hotel Golf & Country Club during and for 15 minutes immediately prior to the Annual General Meeting.

(i) A register showing the transactions of each Director and, so far as he is aware, the transactions of his family in the Company's shares.

(ii) Contracts of service in respect of Mr N.P. List and Mr M.A. Bretherton, which can be terminated by either the Director or the Company giving to the other not less than three years' notice in writing together with the contract of service in respect of Mr J.N. Ferguson which is for a fixed period of two years from 13 June 1996. No other Director has a contract of service with the Company.

BRIDGEND GROUP
PLC

FORM OF PROXY

Please insert full Name(s) and Address(es) in Block Letters

*If you wish to appoint your own proxy, delete and please fill in his/her name.

I/We (names in full)..
(BLOCK CAPITALS)

of..
being Member(s) of Bridgend Group PLC hereby appoint the Chairman of the Meeting or*

....
as my/our proxy to vote for me/us on my/our behalf as indicated below at the Annual General Meeting of the Company to be held on 13 May 1997, and at any adjournment thereof.

	For	Against
ORDINARY RESOLUTION 1.		
ORDINARY RESOLUTION 2.		
ORDINARY RESOLUTION 3.		
ORDINARY RESOLUTION 4.		
SPECIAL RESOLUTION 5.		
SPECIAL RESOLUTION 6.		

Dated the.. day of...1997

Signed..

Notes:
1 A proxy need not be a member of the Company.
2. The appointment of a proxy will not preclude you from attending and voting at the Meeting in person.
3. Please indicate how you wish your vote(s) to be cast by placing an "X" in one of the boxes provided above. On receipt of this card duly signed, but without specific direction as to how you wish your vote(s) to be cast, you will be deemed to have authorised your proxy to vote, or to abstain from voting, as he/she thinks fit.
4. A corporation may execute under seal or under the hand of an officer or attorney duly authorised in writing. In case of joint shareholders, the signature of the first named joint shareholder on the register will be accepted to the exclusion of all other joint shareholders.
5. To be valid, this proxy must be completed, signed and deposited at the office of the Company's Registrars, Lloyds Bank Registrars. The Causeway, Worthing, West Sussex BN99 6DA or posted in time to be delivered there, not later than 10.00 am on 11 May 1997. If this form is signed by someone else on your behalf, their authority to sign the form must be returned together with this form.

First Fold

Third Fold (Tuck-in)

BUSINESS REPLY SERVICE
Licence No. BR 3006

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Lloyds Bank Registrars
Registrar's Department
The Causeway
Worthing
West Sussex BN99 6DA

Second Fold

First Fold