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# Crosville Wales Limited

Report and Financial Statements

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◆ *Period ended 31 December 1996* ◆

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Company No: 155374

## **CROSVILLE WALES LIMITED**

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### **CONTENTS**

	<b>Page</b>
Company information	1
Report of the directors	2-4
Report of the auditors	5
Profit and loss account	6
Balance Sheet	7
Statement of total recognised gains and losses	8
Note of historical cost profits and losses	8
Reconciliation of movement in shareholders' funds	8
Notes to the financial statements	9-22

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## **CROSVILLE WALES LIMITED**

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### **COMPANY INFORMATION**

Directors	S P Lonsdale	(Appointed 1 August 1996)
	D R Martin	
	M A Jones	(Resigned 28 February 1997)
	S G Green	
	M Gilkerson	(Appointed 1 March 1996)
	A H Pegg	(Appointed 1 January 1997)
	D T Williams	(Resigned 19 July 1996)
G G Watt	(Resigned 1 August 1996)	
S P Bayfield	(Appointed 12 July 1996, resigned 28 February 1997)	

Company Secretary	British Bus (Company Secretaries) Limited (Resigned 1 August 1996) D P Turner (Appointed 1 August 1996)
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Registered office	Imperial Buildings Glan y Mor Road Llandudno Junction Conwy LL31 9RU
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Registered number	155374
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Auditors appointed in the period	Price Waterhouse 89 Sandyford Road Newcastle Upon Tyne NE99 1PL
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Bankers	Midland Bank 14 Fawcett Street Sunderland SR1 1SJ
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Solicitors	Dickinson Dees Cross House Westgate Road Newcastle Upon Tyne NE99 1SB
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The ultimate holding company is Cowie Group plc.

## **CROSVILLE WALES LIMITED**

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### **REPORT OF THE DIRECTORS**

The directors present their report and the audited financial statements for the period ended 31 December 1996.

#### **Principal activities**

The principal activities of the Company continue to be the operation of local bus services in Wales.

#### **Business review and future developments**

The Company has again improved its operating profit. By continuing close review of its services and awareness of new opportunities, the directors forecast further improvement in 1997.

On 1 August 1996, Cowie Group plc acquired British Bus Group Limited and became the ultimate holding company from that date.

#### **Results and dividends**

The profit for the year after tax amounted to £1,782,000, (1995 restated £1,190,000).

A dividend of £1,500,000 has been paid and £282,000 has been transferred to reserves.

#### **Fixed assets**

The movement in tangible fixed assets is set out in Note 11 to the financial statements.

#### **Directors**

The directors of the Company are set out on page 1.

No director had any interest in the Company's shares notifiable in accordance with the Companies Act 1985.

#### **Directors' Interests**

S P Lonsdale is a director of Cowie Group Plc and his interest at the end of the financial period in the share capital of the ultimate holding company is disclosed in the Directors' Report of that Company.

## **CROSVILLE WALES LIMITED**

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### **REPORT OF THE DIRECTORS**

**(Continued)**

#### **Donations**

Charitable donations made by the Company during the year amounted to £100, (1995 - £NIL).

#### **Directors' responsibility statement**

The following statement, which should be read in conjunction with the auditors' statement of their responsibilities set out on page 5 is made with a view to describing to shareholders the responsibilities of the directors in relation to the financial statements.

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the year and of the profit or loss for the year.

Following discussions with the auditors, the directors consider that in preparing the financial statements on pages 9-22, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates and that all accounting standards which they consider to be applicable have been followed (subject to any explanations and any material departures disclosed in the notes to the financial statements).

The directors have the responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The directors have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

#### **Employee involvement**

The Company aims to provide all its employees with information on matters of concern to them as employees and to keep them involved in, and aware of, the Company's activities and performance. The Company is concerned with employees' health and safety and pays particular attention to the health and safety at work legislation.

Decisions are made wherever possible in consultation with employee representatives.

The company operates a Profit Related Pay scheme in which all employees are invited to participate.

## **CROSVILLE WALES LIMITED**

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### **REPORT OF THE DIRECTORS** **(Continued)**

#### **Disabled persons**

It is the Company's policy to give full and fair consideration to applications for suitable employment by disabled persons having regard to their individual aptitudes and abilities.

Opportunities also exist for employees of the Company who become disabled to continue in employment or to be trained for other positions in the Company's employment wherever this is practical.

#### **Policy regarding payment of suppliers**

The Company's policy regarding the payment of suppliers is either to agree terms of payment at the start of business with each supplier, or to ensure that the supplier is made aware of the payment terms, and in either case to pay in accordance with its contractual or other legal obligations.

#### **Auditors**

Auditors Price Waterhouse were appointed during the period and are willing to continue in office. Resolutions as to their re-appointment and remuneration will be proposed at the Annual General Meeting.

The report of the directors was approved by the Board on 18 March 1997 and signed on its behalf by:



**D P Turner**  
Company Secretary  
18 March 1997

## **AUDITORS' REPORT TO THE MEMBERS OF CROSVILLE WALES LIMITED**

We have audited the financial statements on pages 6 to 22 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets, and on the basis of the accounting policies set out on pages 9 and 10.

### **Respective responsibilities of directors and auditors**

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

### **Basis of opinion**

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

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

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the Company as at 31 December 1996 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



**PRICE WATERHOUSE**  
Chartered Accountants  
and Registered Auditors  
Newcastle upon Tyne

18 March 1997

**CROSVILLE WALES LIMITED**

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**PROFIT AND LOSS ACCOUNT**

for the period ended 31 December 1996

	Note	Period ended 31 December 1996 £'000	As restated 52 weeks ended 30 December 1995 £'000
Turnover - continuing operations	1	11,599	11,791
Cost of sales		(8,476)	(9,702)
		<hr/>	<hr/>
Gross profit		3,123	2,089
Administrative expenses		(1,451)	(2,526)
Other operating income	3	1,429	2,153
		<hr/>	<hr/>
Operating profit - continuing operations	2	3,101	1,716
Interest receivable	4	7	38
Interest payable	5	(1,152)	(386)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		1,956	1,368
Tax on profit on ordinary activities	8	(174)	(178)
		<hr/>	<hr/>
Profit on ordinary activities after taxation		1,782	1,190
Dividends	9	(1,500)	(3,000)
		<hr/>	<hr/>
Retained profit/(loss) for the period	19	282	(1,810)
		<hr/>	<hr/>

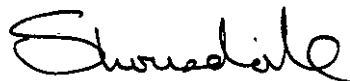


**CROSVILLE WALES LIMITED****BALANCE SHEET**  
**at 31 December 1996**

	Note	31 December 1996 £'000	As restated 30 December 1995 £'000
<b>Fixed assets</b>			
Intangible assets	10	-	-
Tangible assets	11	2,825	2,756
Investments	12	11,150	11,150
		<u>13,975</u>	<u>13,906</u>
<b>Current assets</b>			
Stock	13	171	159
Debtors	14	7,215	5,887
Cash at bank and in hand		1	1,594
		<u>7,387</u>	<u>7,640</u>
<b>Creditors: Amounts falling due within one year</b>	15	(4,439)	(3,559)
		<u>2,948</u>	<u>4,081</u>
<b>Net current assets</b>			
		<u>16,923</u>	<u>17,987</u>
<b>Total assets less current liabilities</b>			
<b>Creditors: Amounts falling due after more than one year</b>	16	(14,746)	(16,045)
<b>Provision for liabilities and charges</b>	17	(703)	(750)
		<u>1,474</u>	<u>1,192</u>
<b>Net assets</b>			
		<u>1,474</u>	<u>1,192</u>
<b>Capital and reserves</b>			
Called up share capital	18	1,400	1,400
Revaluation reserve	19	15	15
Goodwill reserve	19	(565)	(565)
Profit and loss account	19	624	342
		<u>1,474</u>	<u>1,192</u>
<b>Equity shareholders' funds</b>			
		<u>1,474</u>	<u>1,192</u>

The financial statements were approved by the Board on 18 March, 1997 and signed on its behalf by:

S P Lonsdale  
Director



**CROSVILLE WALES LIMITED****STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

for the period ended 31 December 1996

	Period ended 31 December 1996 £'000	52 weeks ended 30 December 1995 £'000
Profit for the period	1,782	1,190
Unrealised profit on property revaluation	-	969
Total recognised gains and losses relating to the year	1,782	2,159
Prior year adjustment	(551)	
Total gains and losses since last annual report	1,231	2,159

**NOTE OF HISTORICAL COST PROFITS AND LOSSES**

for the period ended 31 December 1996

	Period ended 31 December 1996 £'000	52 weeks ended 30 December 1995 £'000
Reported profit on ordinary activities before taxation	1,956	1,368
Realisation of property revaluation gains	-	2,113
Excess of actual depreciation charge over historical cost depreciation	-	11
Historical cost profit on ordinary activities before taxation	1,956	3,492
Historical cost retained profit	282	314

**RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

for the period ended 31 December 1996

	Period ended 31 December 1996 £'000	52 weeks ended 30 December 1995 £'000
Profit for the period	1,782	1,190
Dividends	(1,500)	(3,000)
	282	(1,810)
Unrealised profit on property revaluation	-	969
Opening equity shareholders' funds (originally £1743k before deducting prior year adjustment of £551k).	1,192	2,033
Closing equity shareholders' funds.	1,474	1,192

## **CROSVILLE WALES LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS**

**31 December 1996**

#### **1. ACCOUNTING POLICIES**

##### **Basis of accounting**

The financial statements are prepared under the historical cost convention as modified by the revaluation of certain land and buildings.

The accounts are drawn up to 31 December 1996.

The company is a wholly owned subsidiary and has therefore not produced group accounts. These accounts only contain information about the parent company and not the group.

##### **Turnover**

Turnover consists of the gross revenue for road passenger transport together with the aggregate of amounts receivable for other services and goods supplied in the ordinary course of business, excluding VAT.

##### **Investments**

Investments are stated at cost less provision for permanent diminution in value. Cost is purchase price including acquisition expenses, but excluding any payment for accrued interest or fixed dividend entitlement.

##### **Goodwill and Amortisation**

Following a change in accounting policy, goodwill is now written off directly to reserves. Previously goodwill was amortised through the profit and loss account in equal annual charges. This change in policy has been accounted for by a prior year adjustment restating the 1995 accounts.

This change in policy brings the Company in line with the policy that its ultimate holding Company, Cowie Group plc, adopts in its Group accounts. Had the previous policy applied in 1996, the effect would be as follows:

Operating and retained profits reduced by £18,250.

Intangible fixed assets and shareholders funds increased by £532,625.

##### **Tangible fixed assets and depreciation**

Depreciation is provided evenly on the cost (or valuation where appropriate) of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on freehold land. The principal annual rates used for other assets are:

Freehold buildings	50 years
Public service vehicles	10-14 years
Plant and machinery	3-10 years
Fixtures, fittings and equipment	5 years
Other motor vehicles	3-5 years

## **CROSVILLE WALES LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS**

**31 December 1996**

#### **1. ACCOUNTING POLICIES (Continued)**

##### **Leased assets**

Where assets are financed by leasing agreements ('finance leases') the assets are included in the balance sheet at cost less depreciation in accordance with the Company's normal accounting policies. The present value of future rentals is shown as a liability. The interest element of rental obligations is charged to the profit and loss account over the period of the lease in proportion to the balance of capital repayments outstanding.

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

##### **Stocks**

Stock consists of engineering spare parts, spare units and fuel and is valued at the lower of cost and estimated realisable value. Cost is determined on a first-in first-out basis. Full provision is made in respect of obsolete stock.

##### **Taxation**

The charge for taxation is based on the profit for the year and takes into account taxation deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes.

Provision for deferred taxation is made under the liability method only to the extent that it is probable that the liability will become payable in the foreseeable future.

##### **Pensions**

The company operates a defined contribution pension scheme. The assets of the scheme are invested and managed independently of the finances of the Company. The pension cost charge represents contributions payable in the period.

#### **2. OPERATING PROFIT**

Operating profit is arrived at after charging:

	<b>Period ended 31 December 1996 £'000</b>	<b>52 weeks ended 30 December 1995 £'000</b>
Auditors' remuneration	-	14
Depreciation of tangible fixed assets	446	726
Exceptional provision re. Wrexham strike	-	750
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**CROSVILLE WALES LIMITED****NOTES TO THE FINANCIAL STATEMENTS****31 December 1996****3. OTHER OPERATING INCOME**

	Period ended 31 December 1996 £'000	52 weeks ended 30 December 1995 £'000
(Loss)/Profit on sale of fixed assets	(86)	175
Commercial advertising	65	90
Other	50	188
Income from shares in group undertakings	1,400	1,700
	<hr/>	<hr/>
	1,429	2,153
	<hr/>	<hr/>

**4. INTEREST RECEIVABLE**

	Period ended 31 December 1996 £'000	52 weeks ended 30 December 1995 £'000
Bank interest	7	38
	<hr/>	<hr/>
	7	38
	<hr/>	<hr/>

**5. INTEREST PAYABLE**

	Period ended 31 December 1996 £'000	52 weeks ended 30 December 1995 £'000
Interest on leased assets	153	174
Interest on loans and overdrafts repayable wholly within five years	39	212
Interest on loans and overdrafts repayable after five years	960	
	<hr/>	<hr/>
	1,152	386
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**CROSVILLE WALES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**31 December 1996****6. EMPLOYEES**

Average weekly number of employees, including directors:

	Period ended 31 December 1996 No	52 weeks ended 30 December 1995 No
Drivers	397	459
Maintenance and engineers	61	67
Administrative staff	35	39
	<hr/>	<hr/>
	493	565
	<hr/>	<hr/>

Staff costs, including directors:

	Period ended 31 December 1996 £'000	52 weeks ended 30 December 1995 £'000
Wages and salaries	5,245	6,045
Social security costs	375	442
Other pension costs	174	195
Redundancy costs	-	61
	<hr/>	<hr/>
	5,794	6,743
	<hr/>	<hr/>

**7. DIRECTORS**

Emoluments of the company's directors:

	Period ended 31 December 1996 £'s	52 weeks ended 30 December 1995 £'s
As directors	87,080	56,489
	<hr/>	<hr/>

# CROSVILLE WALES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 December 1996

### 7. DIRECTORS (Continued)

Emoluments exclusive of pension contributions:

The emoluments of the chairman were £Nil (1995 - £Nil). The emoluments of the highest paid director were £48,469, (1995 - £37,330). The emoluments of the directors, also exclusive of pension contributions, were in the following ranges:

	Period ended 31 December 1996 No	52 weeks ended 30 December 1995 No
£0 - £5,000	6	3
£10,001 - £15,000	-	1
£35,001 - £40,000	1	1
£45,001 - £50,000	1	-

### 8. TAXATION AND GROUP RELIEF

Taxation charge for the year:

	Period ended 31 December 1996 £'000	52 weeks ended 30 December 1995 £'000
Corporation tax at 33% (1995 - 33%)	174	170
Adjustment to previous years	-	8
	174	178

### 9. DIVIDENDS

	Period ended 31 December 1996 £'000	52 weeks ended 30 December 1995 £'000
Dividend paid	1,500	3,000

**CROSVILLE WALES LIMITED****NOTES TO THE FINANCIAL STATEMENTS****31 December 1996**

10. INTANGIBLE ASSETS	Goodwill £'000
Cost	
At 30 December 1995 - As restated (see below)	-
At 31 December 1996	-
Amortisation	
At 30 December 1995 - As restated (see below)	-
At 31 December 1996	-
Net Book value	
At 31 December 1996	-
At 30 December 1995 - As restated	-

During the period the accounting policy for goodwill was changed to one of immediate write off to reserves. The prior year figures have been restated to reflect this. The cumulative amount of goodwill charged to the profit and loss account is £Nil (1995: £Nil).

The effect on the accounts to 30 December 1995 of this change in policy is as follows:-

	Goodwill Cost £'000	Goodwill Amortisation £'000	Retained Profit for the Period £'000	Shareholders' funds £'000	Goodwill Reserve £'000	Profit and Loss Account £'000
Previously reported	565	14	(1824)	1743	-	328
Prior year adjustment	(565)	(14)	14	(551)	(565)	14
As restated	-	-	(1810)	1192	(565)	342



**CROSVILLE WALES LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

31 December 1996

**11. TANGIBLE ASSETS**

	Land and Buildings £'000	Public Service Vehicles £'000	Plant, Machinery, Fixtures and Motor Vehicles £'000	Total £'000
Cost or valuation				
At 30 December 1995	31	9,105	615	9,751
Inter-group transfers	-	248	(16)	232
Additions	-	537	74	611
Disposals	-	(411)	(11)	(422)
At 31 December 1996	31	9,479	662	10,172
Depreciation				
At 30 December 1995	6	6,577	412	6,995
Inter-group transfers	-	221	(21)	200
Period charge	2	338	106	446
Disposals	-	(283)	(11)	(294)
At 31 December 1996	8	6,853	486	7,347
Net book value				
At 31 December 1996	23	2,626	176	2,825
At 30 December 1995	25	2,528	203	2,756

The net book value of the tangible fixed assets includes £1,891,000, (1995 - £2,254,254) in respect of assets held under finance leases and hire purchase contracts. Depreciation charged in the year on those assets amounted to £408,000, (1995 - £450,000).

Following the acquisition by the Cowie Group the depreciation policy for passenger carriage vehicles has been standardised. The impact of this change in the current year is to decrease the depreciation charge by £144,000.

**CROSVILLE WALES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**31 December 1996****11. TANGIBLE ASSETS (Continued)**

During 1995 freehold property was revalued. If it had not been revalued, land and buildings would have been carried in the balance sheet at 31 December 1996 as follows:

	Freehold properties £'000
Cost	27
Depreciation	8
	<hr/>
At 31 December 1996	19
	<hr/>
At 30 December 1995	16
	<hr/>

## **CROSVILLE WALES LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS**

**31 December 1996**

#### **12. INVESTMENTS**

	<b>Shares in group undertakings £'000</b>
<b>Cost</b>	
At 30 December 1995	11,150
Additions	-
	<hr/>
At 31 December 1996	11,150
	<hr/>
<b>Provisions</b>	
At 30 December 1995	-
Provided in the period	-
	<hr/>
At 31 December 1996	-
	<hr/>
<b>Net book value</b>	
At 31 December 1996	11,150
	<hr/>
At 30 December 1995	11,150
	<hr/>

Shares in group undertakings:

The subsidiary undertakings are all wholly owned, registered in England and Wales, and if trading, involved in the operation of bus and coach services.

Trading subsidiaries:

Midland Red North (Ltd)  
Stevensons of Uttoxeter Ltd

In the opinion of the directors, the carrying value of the investments is not less than their actual value.

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**CROSVILLE WALES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS****31 December 1996****13. STOCKS**

	<b>31 December 1996 £'000</b>	<b>30 December 1995 £'000</b>
Raw materials and consumables	171	159

The replacement cost of the above stocks would not be significantly different from the values stated.

**14. DEBTORS**

	<b>31 December 1996 £'000</b>	<b>30 December 1995 £'000</b>
Trade debtors	392	598
Amounts owed by parent and fellow subsidiaries	-	65
Amounts owed by own subsidiaries	6,640	5,050
Other debtors	65	25
Prepayments and accrued income	118	149
	<b>7,215</b>	<b>5,887</b>

**CROSVILLE WALES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS****31 December 1996****15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>31 December 1996 £'000</b>	<b>30 December 1995 £'000</b>
Obligations under finance leases	457	526
Borrowing	352	-
Trade creditors	256	653
Amounts owed to parent and fellow subsidiaries	1,131	-
Corporation tax	566	400
Other taxation and social security	118	243
Other creditors	148	218
Accruals and deferred income	1,411	1,519
	<u>4,439</u>	<u>3,559</u>

**16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>31 December 1996 £'000</b>	<b>30 December 1995 £'000</b>
Obligations under finance leases		
- due within two to five years	777	1,217
Amounts owed to Parent Undertaking	13,771	14,452
Deferred Consideration - Alpine	155	310
Chattel Mortgage	43	66
	<u>14,746</u>	<u>16,045</u>

The Chattel Mortgage is secured on two Passenger Service Vehicles which have a net book value of £Nil at year end 1996.

The company is party to an unlimited multi-lateral guarantee involving the bank borrowings of Cowie Group plc and other group undertakings.

**CROSVILLE WALES LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

31 December 1996

**17. PROVISIONS FOR LIABILITIES AND CHARGES**

Provisions:

	31 December 1996 £'000	30 December 1995 £'000
Wrexham strike provision	703	750
	<u>703</u>	<u>750</u>

This provision is to cover possible claims for loss of income by Wrexham drivers involved in a strike in 1990. This case is currently being considered by the House of Lords.

Deferred taxation comprises:

	Amounts provided		Amounts not provided	
	31 December 1996 £'000	30 December 1995 £'000	31 December 1996 £'000	30 December 1995 £'000
Capital allowances	-	-	367	393
Other timing differences	-	-	-	(118)
	<u>NIL</u>	<u>NIL</u>	<u>367</u>	<u>275</u>

**18. SHARE CAPITAL**

	31 December 1996 £'000	30 December 1995 £'000
Authorised 1,400,000 ordinary shares of £1.00 each	1,400	1,400
Allotted and fully paid 1,400,000 ordinary shares of £1.00 each	<u>1,400</u>	<u>1,400</u>

**CROSVILLE WALES LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

31 December 1996

**19. RESERVES**

	<b>Goodwill Reserves £'000</b>	<b>Revaluation reserve £'000</b>	<b>Profit and loss account £'000</b>
At 30 December 1995 as previously stated	-	15	328
Prior year adjustment	(565)	-	14
	<hr/>	<hr/>	<hr/>
At 30 December 1995 as restated	(565)	15	342
Result for the period	-	-	282
	<hr/>	<hr/>	<hr/>
At 31 December 1996	(565)	15	624
	<hr/>	<hr/>	<hr/>

**20. FINANCIAL COMMITMENTS****Capital commitments**

There were no capital commitments at the year end (1995:£Nil).

**21. CONTINGENT LIABILITIES**

The Company has guaranteed rental payments due under certain finance leases entered into by other group undertakings. This amounted to £364,000 at 31 December 1996 (1995 - £555,000).

**22. PENSION COMMITMENTS**

The Group operates a scheme providing benefits based on fixed pensionable salary. The scheme was set up in August 1987 and the latest valuation was carried out as at 6 April 1993 at which date the market value of the assets was £7,370,000 and the actuarial valuation of the assets was sufficient to cover 106% of the benefits which had accrued to members of the scheme at the valuation date. The principal assumptions used by the actuary were that investment returns would be 8.5% per annum, that salary increases would average 6.5% per annum and that present and future pensions would increase as set out in the rules of the scheme. The charge for the year was £303,000 (1995 - £272,000); employees' contributions have been paid at the rate of 5% and 7% of employees' earnings.

**NOTES TO THE FINANCIAL STATEMENTS**

**31 December 1996**

**23. PARENT UNDERTAKING**

The ultimate parent Company and ultimate controlling party at the end of the year is Cowie Group plc, a Company which operates and is registered in England and Wales, and which has prepared Group accounts incorporating the results of Crosville Wales Limited. Copies of these accounts can be obtained from Millfield House, Hylton Road, Sunderland.

Transactions with other companies in Cowie Group are not specifically disclosed as the Company has taken advantage of the exemption available under FRS 8 "Related Party Disclosures" for wholly-owned subsidiaries.