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D. W. GENERAL WOOD MACHINISTS LIMITED

AND ITS SUBSIDIARY COMPANY

Company Number 607717

ANNUAL REPORT AND
CONSOLIDATED FINANCIAL STATEMENTS

- for the year ended -

31ST AUGUST 1997



Paul Da Costa & Co.,
13/17 High Beech Road,
Loughton, Essex.

IG10 4BN

D. W. GENERAL WOOD MACHINISTS LIMITED

DIRECTORS

E. E. Dossett, Esq.
B. Dossett, Esq.
A. Howard, Esq.

SECRETARY

B. Dossett, Esq.

REGISTERED OFFICE

855/857 High Road,
Tottenham,
London.
N17

AUDITORS

Paul Da Costa & Co.,
13/17 High Beech Road,
Loughton,
Essex.
IG10 4BN

BANKERS

Midland Bank PLC,
Central Hall,
Storeys Gate,
Westminster,
London.
SW1P 3AS

D. W. GENERAL WOOD MACHINISTS LIMITED

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D. W. GENERAL WOOD MACHINISTS LIMITED

REPORT OF THE DIRECTORS

FINANCIAL STATEMENTS

The Directors present their report and the audited financial statements of the Group for the year ended 31st August 1997.

ACTIVITIES

The principal activity of the Company is that of wood machinists, wood moulders and general timber merchants.

REVIEW OF BUSINESS

A summary of the Company's results during the trading period is set out in the financial statements.

Group turnover has decreased during the year by 15.2% to £2349589. The Directors consider the profit achieved on ordinary activities before taxation to be satisfactory, particularly in the light of current trading conditions.

PROPOSED DIVIDEND

The Directors do not recommend payment of a dividend.

EVENTS SINCE THE END OF YEAR

No events have occurred since the date of the Balance Sheet that are of such significance that they require disclosure.

FUTURE DEVELOPMENTS

The Company does not envisage any future developments outside the normal course of business.

RESEARCH AND DEVELOPMENT

The Company does not carry out a research and development programme.

FIXED ASSETS

All movements in Fixed Assets are disclosed in the Notes to the Financial Statements.

DIRECTORS AND THEIR INTERESTS

The Directors who held office at the accounting date and their interests in the shares of the Company as shown in the Register of Directors' Interests were as stated below.

	Class of Share	Number Held	
		1997	1996
E. E. Dossett, Esq.	Ordinary	5416	5416
E. E. Dossett, Esq. (Joint Trustee Grandchildrens Settlement)	Ordinary	3984	3984
A. E. Woodley, Esq. (Deceased 22nd May 1997)	Ordinary	90	90
B. Dossett, Esq. and Family	Ordinary	16859	16859
A. Howard, Esq. and Family	Ordinary	13559	13559

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D. W. GENERAL WOOD MACHINISTS LIMITED

REPORT OF THE DIRECTORS

(Continued)

DIRECTORS RESPONSIBILITIES

Company Law requires the Directors to prepare financial statements for each year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for the period. In preparing those financial statements, the Directors are required to:

- a) Select suitable accounting policies and then apply them consistently.
- b) Make judgements and estimates that are reasonable and prudent.
- c) Follow applicable accounting standards, subject to any material departures disclosed and explained in the financial statements.
- d) Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

In accordance with Section 385 of the Companies Act 1985, a resolution proposing the re-appointment of Messrs. Paul Da Costa & Co., Accountants as Auditors to the Company will be put to the Annual General Meeting.

This report has been prepared in accordance with the special provisions of Part VII of the companies Act 1985 relating to small companies.

REGISTERED OFFICE:

855/857 High Road,
Tottenham,
London.
N17

BY ORDER OF THE BOARD

.....*B. Dossett*.....
Secretary - B. Dossett, Esq.

This Report was approved by the Board on 26/98.....

REPORT OF THE AUDITORS TO THE MEMBERS OF

D. W. GENERAL WOOD MACHINISTS LIMITED

We have audited the financial statements annexed hereto which have been prepared under the historical cost convention and the accounting policies as set out in Note 1, in accordance with Auditing Standards.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the Report of the Directors, 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 financial 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 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.

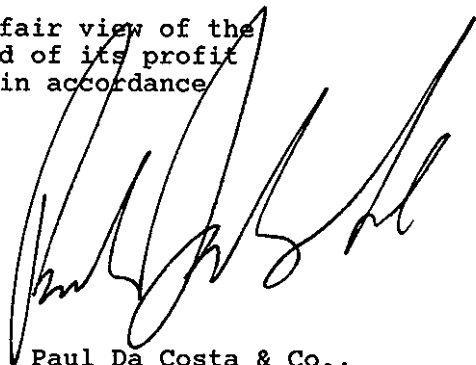
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material mis-statement, whether caused by fraud or other irregularity 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 the Company's affairs as at 31st August 1997 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

13/17 High Beech Road,
Loughton, Essex.

Date 9/6/98



Paul Da Costa & Co.,
Accountants and
Registered Auditors.

D. W. GENERAL WOOD MACHINISTS LIMITED
AND ITS SUBSIDIARY COMPANY
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST AUGUST 1997

			<u>1997</u>	<u>1996</u>
	<u>NOTES</u>	£	£	£
TURNOVER	2		2349589	2039356
COST OF SALES			1925068	1646233
GROSS PROFIT			<u>424521</u>	<u>393123</u>
OVERHEADS				
Administrative Expenses		200247		205678
Other Operating Charges		223780		232848
		<u> </u>	424027	<u>438526</u>
OPERATING PROFIT	3		494	(45403)
OTHER INCOME				
Interest Receivable		24432		29162
Rent Received		23679		22946
		<u> </u>	48111	<u>52108</u>
PROFIT on Ordinary Activities before taxation			48605	6705
TAXATION	4		11198	1866
PROFIT FOR THE YEAR			<u>£ 37407</u>	<u>£ 4839</u>
			=====	=====

There are no recognised gains or losses other than those passing through the Profit and Loss Account.

D. W. GENERAL WOOD MACHINISTS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST AUGUST 1997

		<u>1997</u>	<u>1996</u>
	<u>NOTES</u>	£	£
TURNOVER	2	1031639	937061
COST OF SALES		792896	718039
GROSS PROFIT		<u>238743</u>	<u>219022</u>
OVERHEADS			
Administrative Expenses		127097	119374
Other Operating Charges		146376	151158
		<u>273473</u>	<u>270532</u>
OPERATING LOSS	3	(34730)	(51510)
OTHER INCOME			
Interest Receivable		17780	19154
Rent Received		23679	22946
Service Charge		30000	15500
		<u>71459</u>	<u>57600</u>
PROFIT on Ordinary Activities before taxation		<u>36729</u>	<u>6090</u>
TAXATION	4	9049	1866
PROFIT FOR THE YEAR		<u>£ 27680</u>	<u>£ 4224</u>
		=====	=====

There are no recognised gains or losses other than those passing through the Profit and Loss Account.

D. W. GENERAL WOOD MACHINISTS LIMITED

AND ITS SUBSIDIARY COMPANY


CONSOLIDATED BALANCE SHEET


AS AT 31ST AUGUST 1997

			<u>1997</u>	<u>1996</u>
	<u>NOTES</u>	£	£	£
FIXED ASSETS				
Tangible Assets	5a		775065	756639
CURRENT ASSETS				
Stocks	6	355654		440903
Debtors	7	470433		448081
Cash at Bank and In Hand		523044		478393
		1349131		1367377
CREDITORS: Amounts due within one year				
	8	470480		509762
NET CURRENT ASSETS				
			878651	857615
TOTAL ASSETS LESS CURRENT LIABILITIES				
			1653716	1614254
PROVISIONS FOR LIABILITIES AND CHARGES				
	9		107107	105052
			£1546609	£1509202
			=====	=====
CAPITAL AND RESERVES				
Called up Share Capital	10		50000	50000
Profit and Loss Account	11a		1496609	1459202
SHAREHOLDERS FUNDS				
	11c		£1546609	£1509202
			=====	=====

The Financial Statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The Financial Statements were approved by the Board on 26/9/97.....


.....
Director - E. E. Dossett, Esq.


.....
Director - B. Dossett, Esq.

D. W. GENERAL WOOD MACHINISTS LIMITED


BALANCE SHEET

AS AT 31ST AUGUST 1997

			<u>1997</u>	<u>1996</u>
	<u>NOTES</u>	£	£	£
FIXED ASSETS				
Tangible Assets	5b		722326	727407
Other Assets	5c		7657	7657
			<hr/>	<hr/>
			729983	735064
CURRENT ASSETS				
Stocks	6	109116		102975
Debtors	7	371981		347663
Cash at Bank and In Hand		339525		332760
		<hr/>	<hr/>	
		820622		783398
CREDITORS: Amounts due within one year	8	307324		304916
		<hr/>	<hr/>	
NET CURRENT ASSETS			513298	478482
			<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES			1243281	1213546
PROVISIONS FOR LIABILITIES AND CHARGES	9		107107	105052
			<hr/>	<hr/>
			£1136174	£1108494
			=====	=====
CAPITAL AND RESERVES				
Called up Share Capital	10		50000	50000
Profit and Loss Account	11a		1086174	1058494
			<hr/>	<hr/>
SHAREHOLDERS FUNDS	11c		£1136174	£1108494
			=====	=====

The Financial Statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The Financial Statements were approved by the Board on


.....
Director - E. E. Dossett, Esq.


.....
Director - B. Dossett, Esq.

D. W. GENERAL WOOD MACHINISTS LIMITED

AND ITS SUBSIDIARY COMPANY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST AUGUST 1997

1. ACCOUNTING POLICIES

a) Basis of Financial Statements

The financial statements are prepared under the historical cost convention and include the results of the Company's operations as indicated in the Director's Report, all of which are continuing.

The Company has taken advantage of the exemption in Financial Reporting Standard No. 1 from the requirement to produce a Cash Flow Statement on the grounds that it is a small company.

b) Turnover

Turnover represents the total invoice value, excluding Value Added Tax, of goods sold and services rendered during the year.

c) Stock

Stock is valued at the lower of cost and estimated net realisable value.

d) Deferred Taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the Directors consider that a liability to taxation is unlikely to crystallise.

e) Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:-

Freehold Properties	-	Over 100 Years
Plant and Equipment	-	Over 6 Years
Fixtures and Fittings	-	10% P. A. Reducing Balance
Motor Vehicles	-	25% P. A. Reducing Balance
Leasehold Property Over 50 Years	-	Over the Life of the Lease

f) Pensions

The pension costs charged in the Financial Statements represent the contributions payable by the Company during the year in accordance with SSAP24.

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D. W. GENERAL WOOD MACHINISTS LIMITED

AND ITS SUBSIDIARY COMPANY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST AUGUST 1997

(Continued)

2. TURNOVER

The turnover and profit before taxation is attributable to the one principal activity of the Company.

	<u>Group</u>		<u>Company</u>	
	<u>1997</u>	<u>1996</u>	<u>1997</u>	<u>1996</u>
United Kingdom Sales	£2349589	£2039356	£1031639	£ 937061
	=====	=====	=====	=====

3. OPERATING PROFIT

	<u>Group</u>		<u>Company</u>	
	<u>1997</u>	<u>1996</u>	<u>1997</u>	<u>1996</u>
This is stated after charging:				
Depreciation of Tangible Fixed Assets	31041	27068	13924	15527
Audit	8500	8500	4742	4250
Staff Costs:				
Wages and Salaries	684795	651440	287709	284470
Social Security Costs	72823	68206	34104	32960
Other Pension Costs	11301	9354	7755	6520
	=====	=====	=====	=====

4. TAXATION

United Kingdom Corporation tax rate changed from 25% to 21% on 1st April 1997 and corporation tax has been provided at the appropriate rate.

	<u>Group</u>		<u>Company</u>	
	<u>1997</u>	<u>1996</u>	<u>1997</u>	<u>1996</u>
U. K. Corporation Tax	9157	860	7008	860
Deferred Taxation	2055	1006	2055	1006
Prior Year Adjustment	(14)	-	(14)	-
	=====	=====	=====	=====
	£ 11198	£ 1866	£ 9049	£ 1866
	=====	=====	=====	=====

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D. W. GENERAL WOOD MACHINISTS LIMITED
AND ITS SUBSIDIARY COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 1997

(Continued)

5a. TANGIBLE FIXED ASSETS

<u>GROUP</u>	<u>Plant and Equipment</u>	<u>Motor Vehicles</u>	<u>Fixtures and Fittings</u>	<u>Leasehold Property Over 50 Years</u>	<u>Freehold Properties</u>	<u>Total</u>
<u>Cost</u>						
At 1st September 1996	789615	68557	52399	317724	487089	1715384
Additions	42249	-	7218	-	-	49467
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31st August 1997	831864	68557	59617	317724	487089	1764851
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<u>Depreciation</u>						
At 1st September 1996	766103	49419	38062	53216	51945	958745
Charge for the Year	15926	4785	2156	3303	4871	31041
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31st August 1997	782029	54204	40218	56519	56816	989786
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<u>Net Book Value</u>						
At 31st August 1997	£ 49835	£ 14353	£ 19399	£261205	£430273	£775065
	=====	=====	=====	=====	=====	=====
At 31st August 1996	£ 23512	£ 19138	£ 14337	£264508	£435144	£756639
	=====	=====	=====	=====	=====	=====

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D. W. GENERAL WOOD MACHINISTS LIMITED

AND ITS SUBSIDIARY COMPANY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST AUGUST 1997

(Continued)

5b. TANGIBLE FIXED ASSETS

<u>COMPANY</u>	<u>Plant and Equipment</u>	<u>Motor Vehicles</u>	<u>Fixtures and Fittings</u>	<u>Leasehold Property Over 50 Years</u>	<u>Freehold Properties</u>	<u>Total</u>
<u>Cost</u>						
At 1st September 1996	244994	43549	52399	317724	487089	1145755
Additions	1625	-	7218	-	-	8843
At 31st August 1997	246619	43549	59617	317724	487089	1154598
<u>Depreciation</u>						
At 1st September 1996	241435	33690	38062	53216	51945	418348
Charge for the Year	1129	2465	2156	3303	4871	13924
At 31st August 1997	242564	36155	40218	56519	56816	432272
<u>Net Book Value</u>						
At 31st August 1997	£ 4055	£ 7394	£ 19399	£261205	£430273	£722326
	=====	=====	=====	=====	=====	=====
At 31st August 1996	£ 3559	£ 9859	£ 14337	£264508	£435144	£727407
	=====	=====	=====	=====	=====	=====

5c. FIXED ASSET INVESTMENTS

Investment in Group Undertaking

At 31st August 1997, D. W. General Wood Machinists Limited held 99.92% of the Issued Share Capital of D. W. Mouldings Limited, a Company incorporated in the United Kingdom, whose principal activities are those of wood moulders and general timber merchants.

	<u>1997</u>	<u>1996</u>
Investment in Subsidiary Company (Unquoted)		
At Cost	£ 7657	£ 7657
	=====	=====

The Directors are of the opinion that the market value of the investment is not less than cost.

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D. W. GENERAL WOOD MACHINISTS LIMITED
AND ITS SUBSIDIARY COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 1997

(Continued)

6. STOCK

	<u>Group</u>		<u>Company</u>	
	<u>1997</u>	<u>1996</u>	<u>1997</u>	<u>1996</u>
Stock and Raw Materials	£355654	£440903	£109116	£102975
	=====	=====	=====	=====

7. DEBTORS

	<u>Group</u>		<u>Company</u>	
	<u>1997</u>	<u>1996</u>	<u>1997</u>	<u>1996</u>
Trade Debtors	420655	395053	183953	183710
Amounts owed by Group Companies	-	-	162494	138741
Prepayments and Accrued Income	49778	53028	25534	25212
	-----	-----	-----	-----
	£470433	£448081	£371981	£347663
	=====	=====	=====	=====

8. CREDITORS: Amounts falling due
within one year

	<u>Group</u>		<u>Company</u>	
	<u>1997</u>	<u>1996</u>	<u>1997</u>	<u>1996</u>
Trade Creditors	244093	306999	135077	136655
Social Security and Other Taxes	66906	48249	29619	27683
Directors Loan Accounts	116169	121169	116169	121169
Corporation Tax	9157	860	7008	860
Other Creditors	1300	1300	1300	1300
Accruals and Deferred Income	32855	31185	18151	17249
	-----	-----	-----	-----
	£470480	£509762	£307324	£304916
	=====	=====	=====	=====

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D. W. GENERAL WOOD MACHINISTS LIMITED
AND ITS SUBSIDIARY COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 1997
(Continued)

9. PROVISIONS FOR LIABILITIES AND CHARGES

	<u>Group</u>		<u>Company</u>	
	<u>1997</u>	<u>1996</u>	<u>1997</u>	<u>1996</u>
<u>Deferred Taxation</u>				
At 1st September 1996	105052	104046	105052	104046
Transfer for the Year	2055	1006	2055	1006
	<hr/>	<hr/>	<hr/>	<hr/>
	£107107	£105052	£107107	£105052
	=====	=====	=====	=====

The balance at 31st August 1997 represents the full potential liability and is entirely in respect of accelerated capital allowances.

10. CALLED UP SHARE CAPITAL

	<u>Group</u>		<u>Company</u>	
	<u>1997</u>	<u>1996</u>	<u>1997</u>	<u>1996</u>
<u>Authorised</u>				
50000 Ordinary Shares of £1 each	£ 50000	£ 50000	£ 50000	£ 50000
	=====	=====	=====	=====
 <u>Issued and Fully Paid</u>				
50000 Ordinary Shares of £1 each	£ 50000	£ 50000	£ 50000	£ 50000
	=====	=====	=====	=====

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D. W. GENERAL WOOD MACHINISTS LIMITED
AND ITS SUBSIDIARY COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 1997

(Continued)

11a. PROFIT AND LOSS ACCOUNT

	<u>Group</u>		<u>Company</u>	
	<u>1997</u>	<u>1996</u>	<u>1997</u>	<u>1996</u>
At 1st September 1996	1461859	1457020	1058494	1054270
Profit for the Year	37407	4839	27680	4224
	<hr/>	<hr/>	<hr/>	<hr/>
Goodwill Written off to Reserves	1499266	1461859	1086174	1058494
	2657	2657	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	£1496609	£1459202	£1086174	£1058494
	=====	=====	=====	=====
Holding Company	1055134	1057454		
Subsidiary Company	444132	404405		
	<hr/>	<hr/>		
Goodwill Written Off to Reserves	1499266	1461859		
	2657	2657		
	<hr/>	<hr/>		
	£1496609	£1459202		
	=====	=====		

11b. PROFIT ATTRIBUTABLE TO MEMBERS OF THE HOLDING COMPANY

	<u>1997</u>	<u>1996</u>
Dealt within the Accounts of the Holding Company	(2320)	4224
Retained by Subsidiary Company	39727	615
	<hr/>	<hr/>
	£ 37407	£ 4839
	=====	=====

11c. RECONCILIATION OF MOVEMENTS ON SHAREHOLDERS FUNDS

	<u>Group</u>		<u>Company</u>	
	<u>1997</u>	<u>1996</u>	<u>1997</u>	<u>1996</u>
Profit for the Financial Year	37407	4839	27680	4224
Opening Shareholders Funds	1509202	1504363	1108494	1104270
	<hr/>	<hr/>	<hr/>	<hr/>
Closing Shareholders Funds	£1546609	£1509202	£1136174	£1108494
	=====	=====	=====	=====

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D. W. GENERAL WOOD MACHINISTS LIMITED

AND ITS SUBSIDIARY COMPANY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST AUGUST 1997

(Continued)

12. PARTICULARS OF EMPLOYEES

	<u>Group</u>		<u>Company</u>	
	<u>1997</u>	<u>1996</u>	<u>1997</u>	<u>1996</u>
The average number of persons employed during the year was:				
Office and Management	6	6	5	5
Production and Sales	55	55	20	20
	<hr/>	<hr/>	<hr/>	<hr/>
	61	61	25	25
	=====	=====	=====	=====

13. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	<u>Group</u>		<u>Company</u>	
	<u>1997</u>	<u>1996</u>	<u>1997</u>	<u>1996</u>
Bank Interest Received	£ 24432	£ 29162	£ 17780	£ 19154
	=====	=====	=====	=====

14. DIRECTORS REMUNERATION

Directors Remuneration for the year was as follows:

	<u>Group</u>		<u>Company</u>	
	<u>1997</u>	<u>1996</u>	<u>1997</u>	<u>1996</u>
Directors Fees	£ 99402	£101841	£ 70130	£ 64178
	=====	=====	=====	=====

The Remuneration of the Directors fell within the following ranges:

	<u>1997</u>	<u>1996</u>
£ 10001 - £ 20000	1	1
£ 20001 - £ 30000	2	2
£ 30001 - £ 40000	-	-
	=====	=====

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D. W. GENERAL WOOD MACHINISTS LIMITED

AND ITS SUBSIDIARY COMPANY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST AUGUST 1997

(Continued)

15. CONTINGENT LIABILITIES

The Company has entered into cross guarantees in respect of bank borrowings of its subsidiary, the maximum liability under which amounted to nil (1996 - nil) at the Balance Sheet date.

The Group has provided a guarantee to Midland Bank in respect of duty deferment to H. M. Customs and Excise, the maximum liability under which amounts to £20000 (1996 - £20000).

16. PENSION COMMITMENTS

The Group operates a defined contribution pension plan for certain of its senior employees, the costs of which are calculated annually and charged in the Profit and Loss Account when they arise. Costs for 1997 amounted to £11301 (1996 - £9354).

17. SECURITY

Midland Bank PLC, hold a fixed and floating charge over the assets of the Company to secure any borrowings.