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1.

D.W. GENERAL WOOD MACHINISTS LIMITED

REPORT OF THE DIRECTORS

CHAIRMAN E.E. Dossett

DIRECTORS A.E. Woodley
B. Dossett
Mrs I.J. Dossett
Mrs M.R. Woodley
A. Howard

SECRETARY B. Dossett

REGISTERED OFFICE 855/857 High Road
Tottenham
London N17

REGISTERED NUMBER 607717

FINANCIAL STATEMENTS

The directors submit their report and the audited financial statements of the group for the year ended 31 August 1986.

DIVIDEND

The directors do not recommend the payment of a dividend and the profit for the year has therefore been retained.

REVIEW OF THE BUSINESS

The group's principal activities during the year were those of wood machinists and wood moulders.

The improvement in the trading operations of the group's subsidiary company has, as anticipated, contributed in large to the overall increase in both turnover and gross operating profit of the group, which has now returned to the relative level of earlier years.

In addition, recurring operating costs have reduced in proportion to turnover, pension costs associated with the subsidiary company have been reduced in line with earlier years, and despite the adverse effects of an increase in insurance costs and realisation of losses related to a client in liquidation, the group reports a profit before taxation of £223,950 (1985 - £20,649).

The construction work undertaken to expand the company's factory at Tottenham was completed during the year and the new production facilities, including the introduction of computerised machinery, were commenced.

FUTURE DEVELOPMENTS

The directors are confident that the group will maintain turnover and continue to operate profitably and competitively, increasing investment in new technology.

FIXED ASSETS

The principal items of capital expenditure in the year are detailed under note 8 of the financial statements, the total cost of which represents a significant investment by the group which is viewed with confidence to provide for future expansion and growth.

COMPANIES REGISTRATION
- 6 AUG 1987
OFFICE 77

D.W. GENERAL WOOD MACHINISTS LIMITED

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REPORT OF THE DIRECTORS (continued)

DIRECTORS

The directors in office at the end of the year are as listed on page one, all of whom served on the board throughout the year.

A.E. Woodley and E.E. Dossett retire by rotation and being eligible offer themselves for re-election.

DIRECTORS' INTERESTS

The directors' interests in the share capital of the company at 31 August 1986 as recorded in the register maintained by the company in accordance with the provisions of the Companies Act 1985, were as follows

	£1 Ordinary Shares	
	31.8.86	31.8.85
E.E. Dossett	20,250	20,250
A.E. Woodley	8,250	10,250
Mrs I.J. Dossett	1,666	1,666
Mrs M.R. Woodley	1,666	1,666
B. Dossett	10,784	9,084
A. Howard	7,384	7,084
	<u>50,000</u>	<u>50,000</u>

AUDITORS

Messrs Menzies Middleton Hawkins & Co have expressed their willingness to continue in office as auditors and in accordance with Section 384(1) of the Companies Act 1985 a resolution proposing their re-appointment will be submitted to the annual general meeting.

By order of the board

Secretary

J. Dossett

30 June 1987

REPORT OF THE AUDITORS TO THE MEMBERS OF
D.W. GENERAL WOOD MACHINISTS LIMITED AND
ITS SUBSIDIARY COMPANY

We have audited the financial statements set out on pages four to eighteen in accordance with approved auditing standards.

In our opinion the financial statements, which have been prepared under the historical cost convention, give a true and fair view of the state of affairs of the company and the group at 31 August 1986 and of the profit and source and application of funds of the group for the year ended on that date, and comply with the Companies Act 1985.

30 June 1987

116 Richmond Road
Kingston upon Thames
Surrey KT2 5EP

Menzies Middleton Hawkins & Co

MENZIES MIDDLETON HAWKINS & CO
Chartered Accountants

4.

D.W. GENERAL WOOD MACHINISTS LIMITED AND ITS SUBSIDIARY COMPANY

GROUP PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 AUGUST 1986

	Note	1986 £	1985 £
TURNOVER	2	1,895,062	1,374,156
COST OF SALES		1,385,744	1,049,770
GROSS PROFIT		509,318	324,386
Distribution costs and administrative expenses	2	297,789	304,305
OPERATING PROFIT	2	211,529	20,081
Interest receivable		15,940	12,929
		227,469	33,010
Interest payable	3	3,519	12,361
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	223,950	20,649
Tax charge (credit) on profit on ordinary activities	4	81,783	(33,077)
RETAINED PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL YEAR	5	142,167	53,726

D.W. GENERAL WOOD MACHINISTS LIMITED AND ITS SUBSIDIARY COMPANY

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GROUP BALANCE SHEET

31 AUGUST 1986

	Note	£	1986	£	1985	£
FIXED ASSETS						
Tangible assets	8		681,455		594,199	
CURRENT ASSETS						
Stock and work in progress	10	101,125		119,498		
Debtors	11	474,182		400,665		
Cash at bank and in hand		255,217		150,210		
		830,524		670,373		
CREDITORS: amounts falling due within one year	12	487,687		392,262		
NET CURRENT ASSETS			342,837		278,111	
TOTAL ASSETS LESS CURRENT LIABILITIES			1,024,292		872,310	
CREDITORS: amounts falling due after more than one year	13		54,030		36,668	
PROVISION FOR LIABILITIES AND CHARGES			970,262		835,642	
Deferred taxation	14		141,872		149,419	
			828,390		686,223	
CAPITAL AND RESERVES						
Called up share capital	15		50,000		50,000	
Profit and loss account	16		778,390		636,223	
			828,390		686,223	

The financial statements were approved by the board of directors on 30 June 1987.

DIRECTORS

E.E. Dossett

E. Dossett

A.E. Woodley

A. Woodley

D.W. GENERAL WOOD MACHINISTS LIMITED AND ITS SUBSIDIARY COMPANY

GROUP STATEMENT OF SOURCE AND APPLICATION OF FUNDS

YEAR ENDED 31 AUGUST 1986

	1986		1985	
	£	£	£	£
SOURCE OF FUNDS				
Group profit on ordinary activities before taxation		223,950		20,649
Items not involving the movement of funds				
Depreciation and amounts written off tangible fixed assets		140,850		48,163
TOTAL GENERATED FROM OPERATIONS		364,800		68,812
FUNDS FROM OTHER SOURCES				
Sale of tangible fixed assets		500		900
		365,400		69,712
APPLICATION OF FUNDS				
Purchase of tangible fixed assets	228,706		74,705	
Taxation paid	36,723		17,780	
		265,429		92,485
NET INFLOW (OUTFLOW) OF FUNDS		99,971		(22,773)
INCREASE (DECREASE) IN WORKING CAPITAL				
Stock and work in progress	(18,373)		15,091	
Debtors	73,517		(20,068)	
Creditors: amounts falling due within one year	(62,908)		(26,164)	
Creditors: amounts falling due after more than one year	2,728		(6,630)	
		(5,036)		(37,771)
MOVEMENT IN NET LIQUID FUNDS				
Cash at bank and in hand		105,007		14,998
		99,971		(22,773)

D.W. GENERAL WOOD MACHINISTS LIMITED

BALANCE SHEET

31 AUGUST 1986

	Note	1986 £	1985 £
FIXED ASSETS			
Tangible assets	5	529,146	408,498
Investments	9	7,657	7,657
CURRENT ASSETS			
Stock and work in progress	10	76,565	89,747
Debtors	11	329,240	322,521
Cash at bank and in hand		13,837	58,344
		<u>419,642</u>	<u>470,612</u>
CREDITORS: amounts falling due within one year	12	312,476	341,386
NET CURRENT ASSETS		107,166	129,226
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>643,969</u>	<u>545,381</u>
CREDITORS: amounts falling due after more than one year 13		54,030	36,668
		<u>589,939</u>	<u>508,713</u>
PROVISION FOR LIABILITIES AND CHARGES			
Deferred taxation	14	110,023	95,105
		<u>479,916</u>	<u>413,608</u>
CAPITAL AND RESERVES			
Called up share capital	15	50,000	50,000
Profit and loss account	16	429,916	363,608
		<u>479,916</u>	<u>413,608</u>

The financial statements were approved by the board of directors on 30 June 1987.

DIRECTORS

E.E. Dossett

A.E. Woodley

1979

D.W. GENERAL WOOD MACHINISTS LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

YEAR ENDED 31 AUGUST 1986

	1986	1985
	£	£
SOURCE OF FUNDS		
Profit on ordinary activities before taxation	111,316	118,769
Items not involving the movement of funds		
Depreciation and amounts written off tangible fixed assets	33,114	10,113
TOTAL GENERATED FROM OPERATIONS	144,430	128,882
FUNDS FROM OTHER SOURCES		
Proceeds on disposal of tangible fixed assets	600	-
	145,030	128,882
APPLICATION OF FUNDS		
Purchase of tangible fixed assets	154,362	6,827
Taxation paid	36,723	7,948
Paid to subsidiary company for surrender of group relief	-	42,100
	191,085	56,875
NET (OUTFLOW) INFLOW OF FUNDS	(46,055)	72,007
INCREASE (DECREASE) IN WORKING CAPITAL		
Stock and work in progress	(13,182)	12,455
Debtors	27,116	43,889
Creditors: amounts falling due within one year	2,187	(23,584)
Creditors: amounts falling due after more than one year	2,728	(6,630)
	18,849	26,130
(DECREASE) INCREASE IN CURRENT ACCOUNT BALANCE WITH GROUP COMPANIES	(20,397)	16,656
MOVEMENT IN NET LIQUID FUNDS		
Cash at bank and in hand	(44,507)	29,221
	(46,055)	72,007

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 1986

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention.

The principal accounting policies of the group have remained unchanged from the previous year and are set out below.

Basis of consolidation

The group financial statements consolidate the financial statements of D.W. General Wood Machinists Limited and its subsidiary company, D.W. Mouldings Limited, made up to 31 August each year. No profit and loss account is presented for D.W. General Wood Machinists Limited as provided by Section 228(7) of the Companies Act 1985.

Goodwill arising on consolidation

Goodwill arising on consolidation, representing the excess of the purchase price over the fair value of the net assets acquired, has been written off in full against the group's profit and loss account reserve.

Deferred taxation

Provision is made for deferred taxation on the liability method for all short-term timing differences. Provision is also made for long-term timing differences, except to the extent that there is a reasonable probability of the tax not falling due for payment in the foreseeable future. Such tax not provided for is disclosed as a contingent liability.

Depreciation

Depreciation is charged on the cost of the group's tangible fixed assets at the following rates which are expected to reduce the assets to their net realisable values over their estimated useful lives.

Freehold land	Nil
Freehold premises	Over 100 years
Leasehold property and factory improvements	Over the life of the lease
Plant and machinery	Over 6 years
Fixtures and fittings	10% per annum on net book values
Motor vehicles	25% per annum on net book values

Profits and losses arising on the disposal of tangible fixed assets are included in the depreciation charge for the year.

The basis on which depreciation is charged in relation to plant and equipment has been changed. Details of the changes made and the effect on the group's financial statements are shown under note 2.

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31 AUGUST 1986

1. ACCOUNTING POLICIES (continued)

Stock and work in progress

Stock and work in progress is valued at the lower of cost and net realisable value.

In the case of raw materials and consumable stores, cost means purchase price calculated on a first in, first out basis. In the case of work in progress and finished goods, cost consists of direct materials, direct labour and attributable production and other overheads. Where relevant, the amount of work in progress has been reduced by progress payments.

Net realisable value means estimated selling price less all further costs to completion and all costs to be incurred in marketing, selling and distribution.

Turnover

Turnover is the total amount receivable by the group in respect of work carried out during the year, excluding value added tax, trade discounts and intra group turnover.

2. TURNOVER AND GROUP PROFIT

- a) The turnover and group profit on ordinary activities before taxation may be attributed to the joint activities of wood machining and moulding.

Group profit on ordinary activities is stated after charging

	1986 £	1985 £
Auditors' remuneration	5,300	4,700
Depreciation and amounts written off tangible fixed assets	140,850	46,163
Directors' emoluments (note 6)	114,873	155,611
Interest payable (note 3)	3,519	12,361
Exceptional item - Bad debt in respect of customer in liquidation	16,800	-

b) DISTRIBUTION COSTS AND ADMINISTRATIVE EXPENSES

	1986 £	1985 £
Distribution costs	45,319	21,279
Administrative expenses	167,335	196,110
Other operating costs	85,135	86,916
	<u>297,789</u>	<u>304,305</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31 AUGUST 1986

2. TURNOVER AND PROFIT (continued)

c) DEPRECIATION

The directors are of the opinion that the basis on which depreciation had been charged in relation to plant and equipment had overstated the useful life of the underlying assets, resulting in an understated charge for depreciation against the group's profit. To provide a more realistic basis for the charge the rates applied in computing depreciation have been changed. The effect of the change on the group's profits for the year is as follows

Plant and Equipment	Original Basis		Revised Basis
	Holding Company	Subsidiary Company	
General	10% p.a. NBV	Over 10 years	Over 6 years
Fork lift trucks	10% p.a. NBV	Over 6 years	Over 6 years
Cranes	10% p.a. NBV	Over 8 years	Over 6 years
			Company Group
			£ £
Depreciation charge under original basis			7,762 50,049
Depreciation charge under revised basis			20,296 118,180
Reduction in profits resulting from change			12,534 68,131
Depreciation in respect of obsolete plant and equipment			- 6,958
Aggregate reduction in profits resulting from additional charge for depreciation			12,534 75,089

D.W. GENERAL WOOD MACHINISTS LIMITED AND ITS SUBSIDIARY COMPANY

12.

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31 AUGUST 1986

3. INTEREST PAYABLE

	1986 £	1985 £
In respect of loans repayable by instalments		
- repayable within 5 years,	936	9,684
- repayment wholly or partly in more than 5 years	2,583	2,677
	<u>3,519</u>	<u>12,361</u>

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

The taxation charge is based on the profit for the year as follows

	Group		Company	
	1986 £	1985 £	1986 £	1985 £
United Kingdom corporation tax at between 30% and 40%	83,319	3,989	24,079	3,989
Deferred tax	(7,547)	(39,015)	14,918	(23,706)
In respect of group relief surrendered by subsidiary company	-	-	-	42,100
	<u>75,772</u>	<u>(35,026)</u>	<u>38,997</u>	<u>22,383</u>
Adjustment in respect of prior years	6,011	1,949	6,011	1,949
	<u>81,783</u>	<u>(33,077)</u>	<u>45,008</u>	<u>24,332</u>

5. PROFIT ATTRIBUTABLE TO MEMBERS OF THE HOLDING COMPANY

	1986 £	1985 £
Dealt with in the accounts of the holding company	66,308	94,437
Retained by subsidiary company	75,859	(40,711)
	<u>142,167</u>	<u>53,726</u>

D.W. GENERAL WOOD MACHINISTS LIMITED AND ITS SUBSIDIARY COMPANY

13.

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31 AUGUST 1986

6. DIRECTORS AND EMPLOYEES

	1986 £	1985 £
Staff costs during the year comprise		
Wages and salaries	815,918	642,140
Social security costs	78,216	59,119
Other pension costs	6,305	47,098
	<u>900,439</u>	<u>748,357</u>

The average number of employees during the year was as follows

	1986 No	1985 No
Factory	86	82
Administration	12	7
	<u>98</u>	<u>89</u>

The emoluments of the directors, excluding pension contributions, were as follows

	1986 £	1985 £
The chairman, who was also the highest paid director	<u>37,131</u>	<u>36,550</u>

Other directors

	1986 £	1985 £
£0 - £ 5,000	1	1
£ 5,001 - £10,000	1	1
£10,001 - £15,000	-	-
£15,001 - £20,000	1	1
£20,001 - £25,000	2	2
	<u>2</u>	<u>2</u>

7. INTANGIBLE ASSETS

	1986 £	1985 £
Goodwill arising on consolidation		
1 September 1985	2,657	2,657
Written off to reserves	<u>(2,657)</u>	<u>(2,657)</u>
31 August 1986	<u>-</u>	<u>-</u>

Goodwill represents the excess of cost over the fair value of the net assets acquired on the acquisition of D.W. Mouldings Limited, the company's wholly owned subsidiary.

W. GENERAL WOOD MACHINISTS LIMITED AND ITS SUBSIDIARY COMPANY
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 YEAR ENDED 31 AUGUST 1986

14.

8. TANGIBLE ASSETS

Movements during the year are summarised as follows

GROUP	Plant and Equipment £	Motor Vehicles £	Fixtures and Fittings £	Leasehold Property Over 50 Years £	Freehold Properties £	Total £
COST						
1 September 1985	364,980	38,293	21,142	315,424	82,462	822,301
Additions	134,303	13,450	21,304	-	59,649	228,706
Disposals	-	(3,821)	-	-	-	(3,821)
31 August 1986	499,283	47,922	42,446	315,424	142,111	1,047,186
DEPRECIATION						
1 September 1985	173,196	21,040	11,645	16,961	5,260	228,102
Charged	125,138	7,390	3,080	3,277	1,421	140,306
Released	-	(2,677)	-	-	-	(2,677)
31 August 1986	298,334	25,753	14,725	20,238	6,681	365,731
NET BOOK VALUE						
1 September 1985	191,784	17,253	9,497	298,463	77,202	594,199
31 August 1986	200,949	22,169	27,721	295,186	135,430	681,455
COMPANY						
COST						
1 September 1985	31,308	23,555	21,142	315,424	82,462	473,891
Additions	64,959	8,450	21,304	-	59,649	154,362
Disposals	-	(3,821)	-	-	-	(3,821)
31 August 1986	96,267	28,184	42,446	315,424	142,111	624,432
DEPRECIATION						
1 September 1985	18,649	12,878	11,645	16,961	5,260	65,393
Charged	20,296	4,496	3,080	3,277	1,421	32,570
Released	-	(2,677)	-	-	-	(2,677)
31 August 1986	38,945	14,697	14,725	20,238	6,681	95,286
NET BOOK VALUE						
1 September 1985	12,659	10,677	9,497	298,463	77,202	408,498
31 August 1986	57,322	13,487	27,721	295,186	135,430	529,146

D.W. GENERAL WOOD MACHINISTS LIMITED AND ITS SUBSIDIARY COMPANY

15.

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31 AUGUST 1986

9. FIXED ASSET INVESTMENTS

At 31 August 1986 D.W. General Wood Machinists Limited held 100% of the issued share capital of D.W. Mouldings Limited, a company incorporated in the United Kingdom.

	1986 £	1985 £
Investment in subsidiary company (unquoted)		
At cost	<u>7,657</u>	<u>7,657</u>

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

10. STOCK AND WORK IN PROGRESS

	Group		Company	
	1986 £	1985 £	1986 £	1985 £
Raw materials and consumable stores	31,715	51,140	29,765	48,598
Work in progress	25,093	11,500	25,093	11,500
Finished goods and goods for resale	<u>44,317</u>	<u>56,858</u>	<u>21,707</u>	<u>29,649</u>
	<u>101,125</u>	<u>119,498</u>	<u>76,565</u>	<u>89,747</u>

There were no significant differences between the replacement cost and the values disclosed for all categories of stock.

11. DEBTORS

	Group		Company	
	1986 £	1985 £	1986 £	1985 £
Amounts due from subsidiary company	-	-	75,241	95,638
Trade debtors	439,173	377,196	242,871	218,173
Prepayments and accrued income	34,618	23,469	10,737	8,710
Other debtors	<u>391</u>	<u>-</u>	<u>391</u>	<u>-</u>
	<u>474,182</u>	<u>400,665</u>	<u>329,240</u>	<u>322,521</u>

All amounts included above are considered receivable within one year of the balance sheet date.

D.W. GENERAL WOOD MACHINISTS LIMITED AND ITS SUBSIDIARY COMPANY

16.

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31 AUGUST 1986

12. CREDITORS: amounts falling due within one year

	Group		Company	
	1986	1985	1986	1985
	£	£	£	£
Amounts due to group company (trade)	-	-	29,016	30,711
Trade creditors	39,187	108,916	61,371	78,208
Current corporation tax	69,240	36,723	10,000	35,723
Other taxes and social security costs	51,323	50,355	12,189	18,437
Directors' loans (12a)	149,400	130,413	149,400	130,413
Mortgage (secured) (note 13)	1,008	914	1,008	914
Other loans (note 13)	1,722	1,565	1,722	1,565
Other creditors	15,624	15,623	15,413	15,623
Accruals	60,183	47,755	32,357	28,792
	<u>437,687</u>	<u>392,262</u>	<u>312,476</u>	<u>341,386</u>

a) Directors' loans

At present there are no specific provisions for the repayment of the directors' loans, which represent a medium term, interest free, source of finance for the company.

13. CREDITORS: amounts falling due after more than one year

	Group and Holding Company	
	1986	1985
	£	£
Mortgage (secured) (13a)	25,136	26,050
Loans (unsecured) (13b)	7,545	9,108
	<u>32,681</u>	<u>35,158</u>
Amounts due for repayment within one year as shown under note 12	2,730	2,479
	<u>29,951</u>	<u>32,679</u>
Corporation tax	24,079	3,989
	<u>54,030</u>	<u>36,668</u>

a) Mortgage

The mortgage is secured on the leasehold property at Sandy in Bedfordshire, and is repayable by half yearly instalments of £1,748, including interest charged at 10% per annum on the outstanding reducing balance.

D.W. GENERAL WOOD MACHINISTS LIMITED AND ITS SUBSIDIARY COMPANY

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31 AUGUST 1986

13. CREDITORS: amounts falling due after more than one year (continued)

b) Loans (unsecured)

The unsecured loan is repayable by quarterly instalments of £525, including interest at 11% charged on the outstanding reducing balance.

The mortgage and loans are repayable as follows

	1986 Group and Holding Company £	1985 Group and Holding Company £
Within 1 year	2,730	2,479
Between 1 and 5 years	10,999	12,238
After 5 years	18,952	20,441
	<u>32,681</u>	<u>35,158</u>

14. DEFERRED TAXATION

	Group		Company	
	1986 £	1985 £	1986 £	1985 £
1 September 1985	149,419	188,434	95,105	118,811
Transfer for the year	(7,547)	(39,015)	14,918	(23,706)
31 August 1986	<u>141,872</u>	<u>149,419</u>	<u>110,023</u>	<u>95,105</u>

The balance at 31 August 1986 represents the full potential liability and is entirely in respect of accelerated capital allowances.

15. CALLED UP SHARE CAPITAL

The authorised and issued share capital consists of 50,000 ordinary shares of £1 each fully paid.

D.W. GENERAL WOOD MACHINISTS LIMITED AND ITS SUBSIDIARY COMPANY

18.

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31 AUGUST 1986

16. PROFIT AND LOSS ACCOUNT

	Company		Group	
	1986 £	1985 £	1986 £	1985 £
1 September 1985	363,608	269,171	638,880	555,154
Retained profit for the year	66,308	94,437	142,167	53,726
31 August 1986	<u>429,916</u>	<u>363,608</u>	<u>781,047</u>	<u>638,880</u>
Goodwill written off			2,657	2,657
			<u>778,390</u>	<u>636,223</u>
Holding company			429,916	363,608
Subsidiary company			351,131	275,272
			<u>781,047</u>	<u>638,880</u>
Goodwill written off to reserves			2,657	2,657
			<u>778,390</u>	<u>636,223</u>

17. CONTINGENT LIABILITIES

The company has entered into cross guarantees in respect of bank borrowings of its subsidiary, the maximum liability under which amounted to fnil (1985 - fnil) at the balance sheet date.

18. PENSION COMMITMENTS

The group operates a 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 1986 amounted to £6,305 (1985 - £47,098).

19. CAPITAL COMMITMENTS

	Group		Company	
	1986 £	1985 £	1986 £	1985 £
Contracted for	35,000	70,652	10,000	70,652
Authorised but not contracted for	-	50,000	-	50,000
	<u>35,000</u>	<u>120,652</u>	<u>10,000</u>	<u>120,652</u>

20. CHARGED ASSETS

In addition to the second mortgage in respect of the company's leasehold property at Sandy, the company's bank, Midland Bank plc, hold a fixed charge on the company's book debts in relations to any bank borrowings. Borrowings at 31 August 1986 amounted to fnil (1985 - fnil).