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**BDO  
BINDER  
HAMLYN**

I. HENNIG & CO. LIMITED

DIRECTORS' REPORT AND  
FINANCIAL STATEMENTS

for the year ended  
31 December 1992

COMPANIES HOUSE

21 MAY 1993

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BDO Binder Hamlyn  
Chartered Accountants

NOTICE OF MEETING

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NOTICE IS HEREBY GIVEN that the annual general meeting of the company for 1993 will be held at 1, Charterhouse Street, London, EC1P 1BL, on 29 April 1993 for the following purposes:-

1. To receive and adopt the directors' report and statement of accounts for the year ended 31 December 1992 together with the report of the auditors.
2. To elect directors.
3. To re-appoint the auditors.
4. To transact any other ordinary business of the company.

1, Charterhouse Street,  
London, EC1P 1BL.

By Order of the Board  
J.M. SHRIMPTON  
JMS  
Secretary  
7 Apr 1993

DIRECTORS AND OFFICES

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**DIRECTORS**

R A Hambro  
C J Dundas  
J O Hambro  
G D MacRae  
C G Hill  
F J A Howard  
D Shein  
J A O'Cock  
D Tata

**SECRETARY**

Mrs J M Shrimpton

**REGISTERED OFFICE**

1 Charterhouse Street  
London  
EC1P 1BL

**AUDITORS**

BDO Binder Hamlyn  
20 Old Bailey  
London  
EC4M 7BH

**BANKERS**

Hambros Bank Limited  
41 Tower Hill  
London  
EC3N 4HA

**SOLICITORS**

Denton Hall Burgin & Warren  
5 Chancery Lane  
London  
WC2A 1EU

# I. HENNIG & CO. LIMITED

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## DIRECTORS' REPORT for the year ended 31 December 1992

### FINANCIAL STATEMENTS

The directors present their report and financial statements for the year ended 31 December 1992.

### PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The group's principal activities continue to be diamond broking and merchanting and the sale of jewellery. The directors have decided to decrease the level of trading in jewellery with the intent to cease trading in the near future. Income also continued to be generated from holding investments as fixed and current assets.

### RESULTS AND DIVIDENDS

The profit for the year after taxation and minority interests amounted to £636,023 (1991: £1,188,290). The directors recommend that this amount be dealt with as follows:

	1992 £	1991 £
Ordinary dividends		
- Interim paid £3.50 per share (1991: £5.00)	238,000	340,000
- Final proposed £2.68 per share (1991: £3.60)	182,000	585,000
Transfer to reserves	216,023	263,290
	<u>£636,023</u>	<u>£1,188,290</u>

### DIRECTORS AND DIRECTORS' INTERESTS IN SHARES

The directors during the year were as follows:

R A Hambro	(Chairman)
C J Dundas	(Managing Director)
G Just	(resigned 8 October 1992)
J O Hambro	
G D MacRae	
C G Hine	
F J A Howard	
D Shein	
J A O'Cock	
D Tata	(appointed 18 September 1992)

R A Hambro and J O Hambro are directors and shareholders of J.O. Hambro & Company Limited, which owns 13,600 shares of £1 each (1991 : 13,600 shares) in the company and which receives a fee for their services. The shares are subject to a put and call option with the parent company.

F J A Howard is a director of Howard Perry Associates Ltd which receives a fee for his services.

**DIRECTORS' REPORT**  
for the year ended 31 December 1992 (continued)

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**FIXED ASSETS**

Details of movements in fixed assets are set out in notes 11 and 12 to the financial statements.

**CHARITABLE AND POLITICAL DONATIONS**

During the year the group contributed £14,560 (1991: £21,185) to charities. There were no political donations during the year (1991: Nil).

**AUDITORS**

In accordance with Section 384 of the Companies Act 1985, a resolution proposing that BDO Binder Hamlyn be re-appointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Board on 7 April 1993



Director

R.A. HAMBR2



BDO Binder Hamlyn  
Chartered Accountants

20 Old Bailey London EC4M 7BH

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**AUDITORS' REPORT**

to the members of I. Hennig & Co. Limited

We have audited the financial statements on pages 6 to 21 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 31 December 1992 and of the profit and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*BDO Binder Hamlyn*

Chartered Accountants  
Registered Auditor

7 April 1993

**GROUP PROFIT AND LOSS ACCOUNT**  
for the year ended 31 December 1992

	Notes	1992 £	1991 £
Turnover	2	41,205,051	36,315,281
Cost of sales		(37,600,364)	(31,452,697)
Gross profit		3,604,687	4,862,584
Administrative expenses		(3,099,928)	(3,438,152)
Other operating income		124,844	74,782
Operating profit	3	629,603	1,499,214
Income from fixed asset investments	2	1,020	1,030
Interest receivable and similar income	4	342,194	379,820
Interest payable and similar charges	4	(83,460)	(151,955)
Profit on ordinary activities before taxation	2	889,357	1,728,109
Tax on profit on ordinary activities	8	(248,894)	(535,771)
Profit on ordinary activities after taxation		640,463	1,192,338
Minority interests		(4,440)	(4,048)
Profit attributable to members of the company	9	636,023	1,188,290
Dividends	10	(420,000)	(925,000)
Retained profit for the year	18	£216,023	£263,290

**I. HENNIG & CO. LIMITED**

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**GROUP BALANCE SHEET  
as at 31 December 1992**

	Notes	1992		1991	
		£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	11		623,970		698,979
Investments	12		105,224		22,880
			<u>729,194</u>		<u>721,859</u>
<b>CURRENT ASSETS</b>					
Stocks	13	906,794		776,642	
Debtors	14	2,885,042		1,270,468	
Cash at banks and in hand		2,773,420		4,166,390	
		<u>6,565,256</u>		<u>6,213,500</u>	
CREDITORS' amounts falling due within one year	15	(3,705,038)		(3,639,437)	
Net Current Assets			<u>2,860,218</u>		<u>2,574,063</u>
Total Assets less Current Liabilities			3,589,412		3,295,922
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>					
	16		(313,526)		(263,609)
Net Assets			<u>£3,275,884</u>		<u>£3,032,313</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	17		68,000		68,000
Other reserves	18		156,623		105,279
Profit and loss account	18		3,048,084		2,855,212
			<u>3,272,707</u>		<u>3,028,491</u>
Minority interests			3,177		3,822
			<u>£3,275,884</u>		<u>£3,032,313</u>



BALANCE SHEET  
as at 31 December 1992

	Notes	1992	1991
		£	£
<b>FIXED ASSETS</b>			
Tangible assets	11	496,708	579,083
Investments	12	332,704	194,593
		<u>829,412</u>	<u>773,676</u>
<b>CURRENT ASSETS</b>			
Debtors	14	1,703,138	946,190
Cash at banks and in hand		2,325,595	3,687,845
		<u>4,028,733</u>	<u>4,634,035</u>
CREDITORS: amounts falling due within one year	15	(1,249,445)	(2,066,595)
Net Current Assets		<u>2,779,288</u>	<u>2,567,440</u>
Total Assets less Current Liabilities		3,608,700	3,341,116
<b>PROVISION FOR LIABILITIES AND CHARGES</b>			
	16	(313,528)	(272,643)
Net Assets		<u>£3,295,172</u>	<u>£3,068,473</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	68,000	68,000
Profit and loss account	18	3,227,172	3,000,473
		<u>£3,295,172</u>	<u>£3,068,473</u>

Financial statements on pages 6 to 21 were approved by the Board on 7th April 1993

Director

R.A. HAMBRIDGE

Director

G.D. MACRAE

**I. HENNING & CO. LIMITED**

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**GROUP CASH FLOW STATEMENT  
for the year ended 31 December 1992**

	Notes	1992 £	1991 £
Net cash inflow from operating activities	19	60,479	1,788,375
Returns on investments and servicing of finance			
Interest received		342,194	379,820
Interest paid		(83,460)	(151,955)
Dividends received		1,020	1,030
Dividends paid		(823,000)	(707,200)
Minority interest drawings		(5,085)	(2,361)
Net cash outflow from returns on investments and servicing of finance		(568,331)	(480,666)
Taxation			
UK taxation paid		(710,659)	(358,572)
Investing activities			
Purchase of tangible fixed assets		(132,050)	(428,249)
Purchase of fixed asset investments		(82,132)	(663)
Sale of tangible fixed assets		38,313	21,300
Net cash outflow from investing activities		(175,869)	(407,612)
Net cash (outflow)/inflow before financing		(1,394,380)	541,525
(Decrease)/increase in cash and cash equivalents	21	£(1,394,380)	£541,525

**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 December 1992**

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**1. ACCOUNTING POLICIES**

Accounting convention and compliance with accounting standards

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

**Turnover**

Turnover represents amounts receivable, less value added tax, by the group in the ordinary course of business for goods sold to or supplied by it as principal and for services provided by it as brokers. In accordance with section 55(5) of Schedule 4 to the Companies Act 1985, particulars of geographical markets supplied are not disclosed.

Credit is taken for dividends when received, for valuation fees and brokerage commission when earned, and merchanting sales when effected.

**Tangible fixed assets and depreciation**

Freehold property overseas (including contents) and short leasehold improvements are being written off on a straight line basis over five or ten years.

Depreciation of other fixed assets is provided in equal annual instalments calculated on cost over the expected useful life of the different classes of asset at rates ranging between 10% and 25% per annum with the exception of computer equipment, which is written off in the year of purchase.

**Stocks**

Stocks are valued at the lower of cost and net realisable value. Purchases and sales are principally made in United States Dollars and the net realisable value of stock is determined by reference to values in that currency at the balance sheet date.

**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.

**Foreign currency translation**

Transactions in foreign currencies are recorded at the rate ruling at the date of transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the following rates of exchange ruling at 31 December 1992:-

Belgium francs	B.frs. - 50.3	= £1
U.S. dollars	U.S.\$ - 1.514	= £1
New Israeli shekels	N.I.\$ - 4.1775	= £1
Thai Bahts	Bahts - 38.6	= £1

All differences are taken to the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 1992 (continued)

1. ACCOUNTING POLICIES (continued)

Foreign currency translation (continued)

The financial statements of overseas subsidiaries are retranslated at the rates of exchange ruling at the balance sheet date. Exchange differences arising from the translation of opening net assets are taken directly to reserves.

Client bank balances

Amounts held by the company on behalf of clients in separately designated bank accounts are not included in the balance sheet.

Group accounts

The group accounts consolidate the accounts of the company and all of its subsidiaries made up to 31 December and also include the accounts of John Abrahams (a limited partnership) incorporating its results for the year ended 31 December 1992 and its net assets at that date. Goodwill arising on consolidation and representing the excess of the purchase price over the fair value of the net assets acquired is written off immediately to reserves.

Pension costs

The regular cost of providing retirement pensions and related benefits under the group's defined benefit scheme is charged to the profit and loss account over the employees' service lives on the basis of a constant percentage of earnings. Variations from regular cost, arising from periodic actuarial valuations, are allocated over the expected remaining service lives of current employees on the basis of a constant percentage of current and estimated future earnings. The difference between the charge to the profit and loss account and the contributions paid to the scheme is shown in provision for liabilities and charges. Pension contributions due to defined contribution schemes are charged to the profit and loss account as incurred.

2. TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Class of business	Turnover		Profit/(loss) on ordinary activities before taxation	
	1992 £	1991 £	1992 £	1991 £
Diamond broking	3,346,816	4,575,107	640,866	1,513,630
Diamond merchanting	37,663,114	31,398,474	23,555	18,487
Trading in jewellery	193,121	341,700	(34,818)	(32,903)
	<u>£41,205,051</u>	<u>£36,315,281</u>		
Operating profit			629,603	1,499,214
Investment income			1,020	1,030
Interest receivable			342,194	379,820
Interest payable			(83,460)	(151,955)
Profit on ordinary activities before taxation			<u>£989,357</u>	<u>£1,728,109</u>

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 1992 (continued)

3.	OPERATING PROFIT is stated after charging or (crediting):	1992 £	1991 £
	Depreciation of fixed assets	203,759	191,062
	£ change (gains)/losses	(39,998)	13,681
	Auditors' remuneration		
	- Audit work	19,900	20,801
	- Non audit work	39,750	52,445
	Rent payable	304,510	310,893
	Profit on sale of fixed assets	(9,127)	(3,678)
	Rent receivable	(75,719)	(74,782)
		<u>          </u>	<u>          </u>
4.	INTEREST		
	(a) Interest receivable		
	From banks	£342,194	£379,820
		<u>          </u>	<u>          </u>
	(b) Interest payable		
	To parent undertaking	24,230	119,673
	To fellow subsidiary undertakings	37,088	14,459
	On other borrowings repayable within five years	22,142	17,823
		<u>          </u>	<u>          </u>
		£83,460	£151,955
		<u>          </u>	<u>          </u>
5.	DIRECTORS		
	(a) Emoluments		
	The emoluments of the directors of the company were:		
	Fees	6,888	6,917
	Fees paid to third parties for the services of directors	70,000	70,000
	Management remuneration (including pension contributions and benefits-in-kind)	520,143	471,416
	Consultancy fees	37,769	40,000
		<u>          </u>	<u>          </u>
		£643,800	£588,333
		<u>          </u>	<u>          </u>
	(b) Bandings		
	Fees and other emoluments disclosed above (excluding pension contributions, annuities but including amounts paid to third parties for the services of directors) include amounts paid in respect of:		
		1992 £	1991 £
	The chairman	51,500	51,500
	The highest-paid director	143,667	153,726
		<u>          </u>	<u>          </u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 1992 (continued)**

**5. DIRECTORS (continued)**

**(b) Bandings (continued)**

Other directors' emoluments (excluding pension contributions) were in the following ranges:

	1992 Number	1991 Number
£ 5,001 - £ 10,000	1	1
£ 10,001 - £ 15,000	1	1
£ 35,001 - £ 40,000	1	-
£ 40,001 - £ 45,000	-	1
£ 50,001 - £ 55,000	-	1
£ 55,001 - £ 60,000	1	1
£ 60,001 - £ 65,000	1	-
£ 65,001 - £ 70,000	1	-
£ 70,001 - £ 75,000	-	1
£ 80,001 - £ 85,000	1	-
£110,001 - £115,000	-	1
£120,001 - £125,000	1	-

**6. EMPLOYEES**

**(a) Number of employees**

The average weekly number of persons (including directors) employed by the group during the year was 56 (1991 : 52).

**(b) Employment costs**

	£	£
Wages and salaries	1,461,453	1,361,465
Social security costs	120,112	106,087
Other pension costs	93,037	80,873
Termination charges and annuities	119,375	127,500
	<u>£1,793,977</u>	<u>£1,675,925</u>

**PENSION COSTS**

The group operates a defined benefit pension scheme in the UK. The assets of the scheme are held in separate trustees administered funds.

The total pension cost for the group in respect of this pension scheme was £40,885 (1991 : £36,643). The remainder of the group pension cost reflects payments to defined contribution schemes and payments made under the arrangements described in note 22.

This cost was assessed in accordance with the advice of a professionally qualified actuary using the projected unit method. The most recent full actuarial valuation of the scheme was at 31 December 1991, from which the pension cost for 1992 was calculated.

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 1992 (continued)

7. PENSION COSTS (continued)

The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that the investment return would be 9% per annum, that salary increases would be 7.5% per annum and that pensions would increase as stated in the rules of the scheme (5% per annum or increase in the Retail Price Index if lower).

The market value of the assets of the scheme at 31 December 1991 was £5,532,833 and the level of funding was 221% at that date.

As a consequence of the surplus, the group has taken a contribution holiday since 1987. This holiday is currently expected to last for a further 9 years.

8. TAXATION	1992 £	1991 £
UK current year taxation		
UK Corporation tax at 33.25% (1991: 33.25%)	280,761	640,224
Payment for group relief	10,520	-
Deferred tax	-	(9,034)
Double tax relief	(5,396)	(4,869)
	<u>285,885</u>	<u>626,321</u>
Overseas taxation	5,588	10,942
	<u>291,473</u>	<u>637,263</u>
Prior years		
UK Corporation tax	(55,222)	(47,871)
Group relief	3,609	(53,621)
Deferred tax	9,034	-
	<u>£248,894</u>	<u>£535,771</u>
9. PROFIT ATTRIBUTABLE TO MEMBERS OF THE COMPANY		
Dealt with in the accounts of the company	646,699	1,249,706
Deficit in subsidiary undertakings	(10,676)	(61,416)
	<u>£636,023</u>	<u>£1,188,290</u>
10. DIVIDENDS		
Ordinary:		
Interim paid of £3.50 (1991: £5.00) per share	238,000	340,000
Final proposed of £2.68 (1991: £8.60) per share	182,000	585,000
	<u>£420,000</u>	<u>£925,000</u>

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 1992 (continued)

## 11. TANGIBLE FIXED ASSETS

(a) Group	Freehold property overseas (including leasehold equipment) £	Long leasehold property £	Short leasehold improve- ments £	Motor cars and equipment £	Total £
<b>Cost</b>					
1 January 1992	165,916	187,042	718,230	630,065	1,701,253
Exchange adjustment	-	-	-	51,905	51,905
Additions	-	2,417	2,387	127,246	132,050
Disposals	-	-	-	(79,594)	(79,594)
<b>31 December 1992</b>	<b>165,916</b>	<b>189,459</b>	<b>720,617</b>	<b>729,622</b>	<b>1,805,614</b>
<b>Depreciation</b>					
1 January 1992	165,912	146,633	362,139	327,590	1,002,274
Exchange adjustment	-	-	-	26,019	26,019
Charge for the year	3	2,040	90,518	111,198	203,759
Disposals	-	-	-	(50,408)	(50,408)
<b>31 December 1992</b>	<b>165,915</b>	<b>148,673</b>	<b>452,657</b>	<b>414,399</b>	<b>1,181,644</b>
<b>Net book value</b>					
31 December 1992	£1	£40,786	£267,960	£315,223	£623,970
31 December 1991	£4	£40,409	£356,091	£302,475	£698,979
<b>(b) Company</b>					
<b>Cost</b>					
1 January 1992	165,916	36,349	718,230	350,747	1,271,242
Additions	-	-	2,387	98,714	101,101
Disposals	-	-	-	(62,820)	(62,820)
<b>31 December 1992</b>	<b>165,916</b>	<b>36,349</b>	<b>720,617</b>	<b>386,641</b>	<b>1,309,523</b>
<b>Depreciation</b>					
1 January 1992	165,912	-	362,139	164,108	692,159
Charge for the year	3	-	90,518	75,301	165,822
Disposals	-	-	-	(45,166)	(45,166)
<b>31 December 1992</b>	<b>165,915</b>	<b>-</b>	<b>452,657</b>	<b>194,243</b>	<b>812,815</b>
<b>Net book value</b>					
31 December 1992	£1	£36,349	£267,960	£192,398	£496,708
31 December 1991	£4	£36,349	£356,091	£186,639	£579,083



NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 1992 (continued)

12.	FIXED ASSET INVESTMENTS	£
(a)	Group	
	Unlisted investments at cost	
	1 January 1992	22,880
	Exchange adjustments	212
	Additions	82,132
	31 December 1992	<u>£105,224</u>
(b)	Company	
	Shares in wholly owned subsidiary undertakings	
	Cost	
	1 January 1992	265,196
	Additions	62,811
	31 December 1992	<u>328,007</u>
	Provision for diminution in value	
	1 January 1992 and 31 December 1992	<u>(92,164)</u>
		235,823
	Other unlisted investments held	
	Cost	
	1 January 1992	21,581
	Additions	75,300
		<u>£332,704</u>

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 1992 (continued)

## 12. INVESTMENTS (continued)

I. Hennig & Co Limited holds 100% of the ordinary share capital of the following companies, which unless otherwise stated are incorporated in England:

	Nature of business
I. Hennig & Co. (U.S.A.) Limited (incorporated in the United States of America)	Agency company
I. Hennig & Co. (Belgium) N.V. (incorporated in Belgium)	Agency company
I. Hennig & Co. (Far East) Limited (incorporated in Thailand)	Agency company
I. Hennig & Co. (Services) Limited	Service company
I. Hennig & Co. (Jewellery) Limited	Jewellery dealer
Diamond Realisations Limited	Diamond Merchants
Diamond Realisations (Belgium) N.V. (incorporated in Belgium)	Diamond Merchants
Diamond Realisations (Overseas) Limited (incorporated in Israel)	Diamond Merchants
Ely Place Trading Company Limited	Non trading

The company is a 98% profit sharing partner in the business of John Abrahams. The acquisition cost of £285,000 has been written off in a prior year.

The company also holds 11.8% (1991: 9.95%) of the issued ordinary share capital in The London Diamond Club Limited, which is incorporated in England.

13. STOCKS	1992	1991
Goods for resale	£906,794	£776,642

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 1992 (continued)

14. DEBTORS	Group		Company	
	1992 £	1991 £	1992 £	1991 £
Amounts falling due within one year				
Trade debtors	2,676,383	1,053,216	186,791	340,856
Amounts owed by subsidiary undertakings	-	-	1,340,934	439,180
Amounts owed by fellow subsidiary undertakings	12,958	6,861	12,958	6,861
Other debtors	126,379	94,470	76,401	52,693
Prepayments	41,322	45,321	37,088	36,000
	<u>2,857,042</u>	<u>1,199,868</u>	<u>1,654,172</u>	<u>875,590</u>
Amounts falling due after more than one year				
Other debtors	28,000	70,600	48,966	70,600
	<u>£2,885,042</u>	<u>£1,270,468</u>	<u>£1,703,138</u>	<u>£946,190</u>

Other debtors include an amount for ACT recoverable of £28,000 (1991: £39,000) and a loan of £Nil (1991: £4,344) to an officer of the company.

15. CREDITORS: amounts falling due within one year	Group		Company	
	1992 £	1991 £	1992 £	1991 £
Bank overdraft	1,410	-	-	-
Trade creditors	1,228,883	217,118	-	23,272
Amounts owed to subsidiary undertakings	-	-	6,917	12,919
Amounts owed to parent undertaking	794,142	1,693,659	527,606	377,249
Amounts owed to fellow subsidiary undertakings	1,015,381	202,722	799	14,561
Corporation tax	207,397	689,196	323,177	842,051
Other taxation and social security	86,070	88,904	77,849	68,150
Other creditors	64,118	67,000	51,977	61,945
Accruals	125,637	95,838	79,120	81,448
Dividend payable	182,000	585,000	182,000	585,000
	<u>£3,705,038</u>	<u>£3,639,437</u>	<u>£1,249,445</u>	<u>£2,066,595</u>

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 1992 (continued)

16. PROVISIONS FOR LIABILITIES AND CHARGES

Group	Pension costs £	Deferred tax £	Total £
1 January 1992	272,643	(9,034)	263,609
Transfer to profit and loss account for the year	-	9,034	9,034
Pension provision for the year	40,885	-	40,885
31 December 1992	<u>£313,528</u>	<u>£-</u>	<u>£313,528</u>
Company			Pension costs £
1 January 1992			272,643
Pension provision for the year			40,885
31 December 1992			<u>£313,528</u>

17. SHARE CAPITAL	1992	1991
Authorised 75,000 Ordinary shares of £1 each	<u>£75,000</u>	<u>£75,000</u>
Allotted, called up and fully paid 68,000 ordinary shares of £1 each	<u>£68,000</u>	<u>£68,000</u>

18. RESERVES	Group Other reserves £	Group Profit and loss account £	Company Profit and loss account £
1 January 1992	105,279	2,855,212	3,000,473
Retained profit for the year	-	216,023	226,699
Exchange gain	-	28,193	-
Transfer	51,344	(51,344)	-
31 December 1992	<u>£156,623</u>	<u>£3,048,084</u>	<u>£3,227,172</u>

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 1992 (continued)

19. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES		1992 £	1991 £
Operating profit		629,603	1,499,214
Depreciation		203,759	191,062
Profit on sale of tangible fixed assets		(9,127)	(3,678)
(Increase)/decrease in stocks		(3,570)	275,437
(Increase)/decrease in debtors		(1,493,912)	1,321,559
Increase/(decrease) in creditors		692,841	(1,531,862)
Movement in provisions		40,885	36,643
Net cash inflow from operating activities		<u>£60,479</u>	<u>£1,788,375</u>
20. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR			
Balance 1 January		4,166,390	3,624,865
Net cash (outflow)/inflow		<u>(1,394,380)</u>	<u>541,525</u>
Balance 31 December		<u>£2,772,010</u>	<u>£4,166,390</u>
21. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET			
	1992 £	1991 £	Changes in year £
Cash at bank and in hand	2,773,420	4,166,390	(1,392,970)
Bank overdrafts	<u>(1,410)</u>	<u>-</u>	<u>(1,410)</u>
	<u>£2,772,010</u>	<u>£4,166,390</u>	<u>£(1,394,380)</u>
22. FINANCIAL COMMITMENTS			
(a) Operating leases			
At 31 December 1992 the group had annual commitments to pay rents under property leases as follows:			
	1992 £	1991 £	
Expiring within five years	42,149	42,149	
Expiring after five years	230,000	230,000	
	<u>£272,149</u>	<u>£272,149</u>	

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 1992 (continued)

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22. FINANCIAL COMMITMENTS (continued)

(b) Overdraft facility

Bank balances of £1.65 million are separately designated as security for an overdraft of \$1,452,000.

(c) Commitments

No provision has been made in these financial statements for the pension and annuity commitments currently amounting to £64,599 per annum made by John Abrahams.

23. ULTIMATE PARENT UNDERTAKING

The directors regard Hattron Limited, a company registered in England and Wales, as the company's ultimate parent undertaking. Hattron Limited is the only group of which the company is a member for which group accounts are drawn up. Copies of those accounts are available from Companies House, Crown Way, Maindy, Cardiff CF4 3UZ.

24. PROFIT AND LOSS ACCOUNT

The company has taken advantage of the exemption from presenting its own profit and loss account.