

## Financial Highlights



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Turnover at £22.6 million up 10% on previous year

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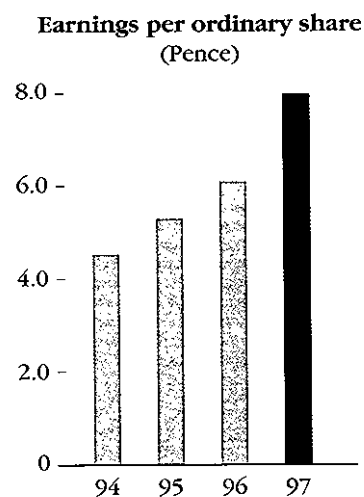
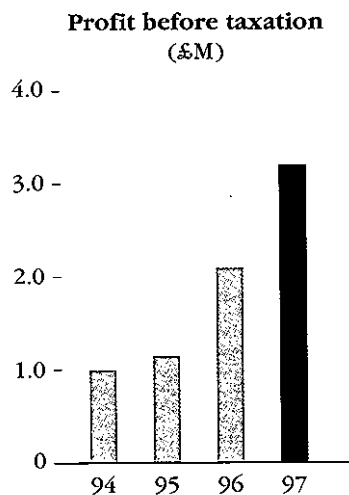
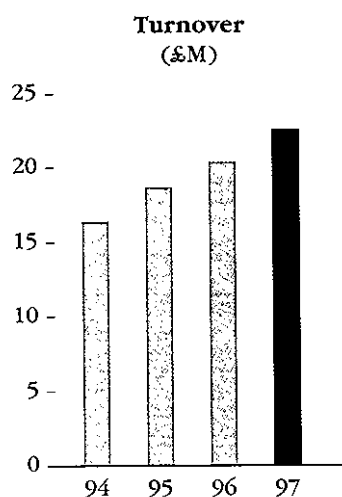
Profit before taxation increased to £3.2 million -  
an increase of 52%

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Earnings per share at 8.00p -  
an increase of 31%

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Recommended final dividend of 1.4p per share  
making a total of 2.6p per share  
(1996: 2.2p per share)

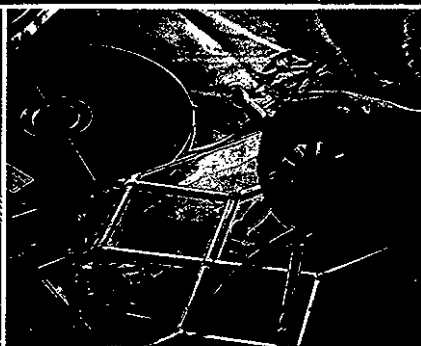
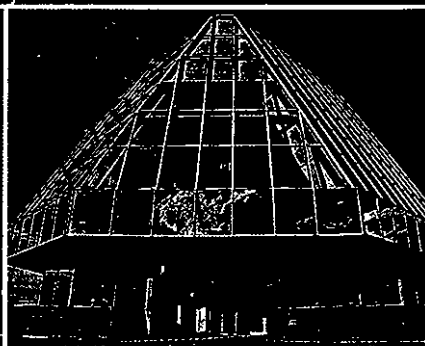






# ***Darby***

DARBY GROUP Plc



**A N N U A L   R E P O R T   1 9 9 7**

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## Corporate Vision

Darby Group was established in 1973, and is now the UK's largest independent producer of flat and curved tempered safety glass.

The head office and largest manufacturing facility is in Scunthorpe, and the Company has extensive production facilities in Glengarnock (near Glasgow), Gloucester, Barking, Wolverhampton, Newcastle, Ashton-under-Lyne, Norwich, Wellingborough and Portsmouth.

It is the Company's strategy to prioritise sales activities in those market sectors wherein, through the provision of industry leading service levels and the supply of specialist value added product lines for niche market applications, premium pricing structures can be commanded.





# Chairman's Statement

I am pleased to report that your company achieved further substantial trading improvement for the year to 31st December 1997. Sales rose by 10% to £22.6 million (1996: £20.4 million), with profits before taxation ahead by 52% at £3.2 million (1996: £2.1 million). Earnings per share improved by 31% to 8.00p (1996: 6.11p).

Our financial gearing (net borrowings as a percentage of shareholders funds) had been further reduced at the end of the year to a modest 13% (1996: 17%).

The directors propose a final dividend of 1.4p per share, making a total of 2.6p per share (1996: 2.2p per share). This will be payable on 30th April 1998 to shareholders on the register at close of business on 20th March 1998.

## Annual Review

Trading performance during the year was in accordance with our expectation, as we maintained solid progress across all of our businesses. Although there was downward pressure on price in some market areas, we continued to prioritise the

provision of superior service levels for core product lines, and pleasingly we were able to increase that part of our business which commands a premium pricing structure. This combined with a number of successful cost saving initiatives to secure a 2.1 percentage points improvement in our gross margins.

During the year, we successfully completed four acquisitions – in Ashton under Lyne, Norwich, Wellingborough and Portsmouth – and these made a positive contribution from an early stage. Each newly acquired company met our key requirement of being able to demonstrate a substantial local reputation for the supply of quality insulating glass unit products, and will thereby provide the basis for us to increase our market penetration in geographical areas wherein previously we were poorly represented. Common to each acquired company was a regular large volume consumption of tempered safety glass, which was being obtained from other sources. Thus, an important positive secondary effect of each acquisition was the immediate increased utilisation of glass tempering capacity at our existing hub sites.

During the year considerable development work was completed on the horizontal bent tempering equipment, which severely curtailed revenue generation from the Bending Division. In the light of increasing market demand for curved tempered glasses of a type we are able to manufacture efficiently, we have decided to strictly limit further development work. The bending plant is now operating on a multi shift basis ahead of a substantial order book, and we anticipate that the Division will make a good contribution to Group profits in 1998.

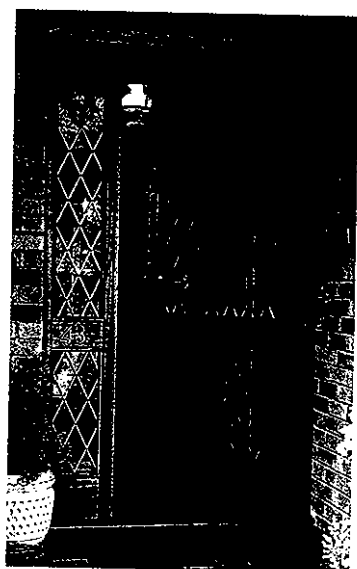
## Current Trading and Prospects

The outlook for continued growth in our industry remains good. Despite some setbacks caused by particularly wet weather during early January, early trading indications are in line with our expectation, with the 1997 acquisitions being satisfactorily integrated into our trading structure. Encouragingly, all of our tempering hub sites are operating on a multi shift basis, with the exception of Darby Scotland where the tempering plant has been undergoing a major mid-life refurbishing programme. We anticipate a return to full commercial production at this site in early March.

There remains some over capacity within the European Float Glass manufacturing industry, and we have been able to take full advantage of this to exercise strong controls over the cost of our most important raw material item. Our improved purchasing power, resulting from the further growth of the business, is enabling us to drive down costs of bought in goods and services.

During the first half, older tempering furnaces at Scunthorpe and Gloucester are being replaced as part of a planned plant modernisation programme. Whilst this will cause some short term disruption, nevertheless we anticipate that the advanced technology of the new furnaces will serve to bring about significant productivity gains at each of these key sites, which will impact positively on margins for our core tempered glass product lines.

In the second quarter, we shall be commissioning a new hub site in the Hampshire area, featuring sophisticated glass tempering and insulating glass unit manufacturing capacity. We believe that this new hub will have an immediate major impact upon our ability to service the important markets



## Chairman's Statement

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of the South Coast, and at the same time will relieve pressure upon our Darby London factory at Barking, which is presently running at almost full capacity.

The new satellite companies at Portsmouth, Wellingborough and Ashton under Lyne are trading strongly in accordance with our expectation. Rapid availability of tempered safety glass is facilitating the profitable expansion of their business volumes, and additionally underlying profitability has been enhanced through the availability of much improved purchasing terms for raw material glass and other key component items. Development of business at Norwich was initially curtailed as a consequence of the inadequacies of existing premises and an unexpected hold up in the signing of a lease for a larger factory unit in a nearby location. This problem has now been resolved and the business will be relocated in March, from which time we can begin to realise its full trading potential.

To reinforce the service based emphasis of our core business activities, all manufacturing satellites

will henceforth trade under the banner of Darby Xpress, a recently registered trademark. During the course of the year we intend to continue to seek opportunities to establish additional manufacturing satellites, either by acquisition or greenfield site development. Our business remains strongly cash generative, so that this controlled expansion programme can be implemented from our own resources.

There is evidence of a continuing strong performance from our Redbourne Division. Demand for the Canadian designed high security patio door, which we introduced at the end of last year, is beginning to take off, and increasing market penetration by the new conservatory roofing system is encouraging. We expect Redbourne sales for the full year to be ahead of those of a year ago, so that the division will make a much improved contribution to Group profits.

### Outlook

Our strategy to secure quality growth through increased local manufacturing presence in key industrial conurbations, has received an unexpected boost as a consequence of major changes within the U.K. glass industry. We see a developing trend to rationalise the industry, distinguishing between the manufacturers of float glass, and those companies involved in its subsequent processing and application, an area of activity increasingly dominated by service related factors. We are well placed to take full advantage of these opportunities.

The group will remain focused on its core activities, and I believe that we are in a position to substantially build on the very solid trading platform now

established. I anticipate that favourable circumstances within the industry generally, will combine with a strong ongoing trading performance to make 1998 a year of continuing growth in line with our plans.

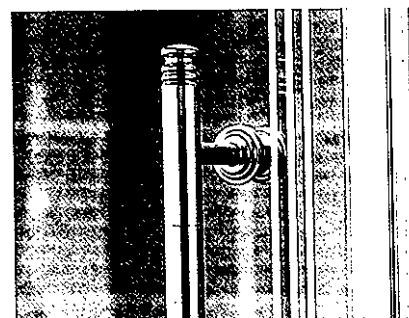
### Non-Executive Directors

I am pleased to confirm the appointments of two new non executive directors. Mr Mark Abrahams FCA, is the Chief Executive of Fenner Plc., the Hull based engineering group. He joined Fenner as Finance Director in 1990 and was appointed Chief Executive in 1994. Besides his new role at Darby, Mark is also a Council Member for the British Rubber Manufacturers' Association. Mr Brian Cooper is a former Chief Executive of Coalite Plc., and former non-executive director of Philip Harris Plc. He is a chartered engineer, and is currently non executive chairman of The N.G. Bailey Organisation Limited, and a non-executive Director of Silentnight Holdings Plc.

I believe that the combined wealth of industrial experience of Mark and Brian will be of great value to us at this exciting phase in the Group's development and expansion.

**Michael Darby**  
*Chairman*

4th March 1998



# Officers and Advisers

for the year ended 31st December 1997

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<b>Chairman</b>	M.J. Darby
<b>Group Managing Director</b>	C.M. Simpson
<b>Directors</b>	M.S. Abrahams ( <i>non-executive</i> ) B. Cooper ( <i>non-executive</i> ) E.H. Hart R.C. Queen
<b>Company Secretary</b>	R.C. Queen
<b>Registered Office</b>	Darby House, Sunningdale Road, Scunthorpe.
<b>Joint Auditors</b>	Streets & Co., Tower House, Lucy Tower Street, Lincoln.  KPMG Audit Plc, The Fountain Precinct, 1, Balm Green, Sheffield.
<b>Bankers</b>	National Westminster Bank PLC, Nottingham Business Centre, 1st Floor, Radford House, Radford Boulevard, Nottingham.
<b>Solicitors</b>	Ashurst Morris Crisp, Broadwalk House, 5, Appold Street, London.  Burton & Dyson, Market Place, Gainsborough, Lincolnshire.
<b>Stockbrokers</b>	Albert E. Sharp, Edmund House, 12, Newhall Street, Birmingham.
<b>Transfer Office</b>	Independent Registrars, Broseley House, Newlands Drive, Witham, Essex.





# Directors' Report

The directors submit their annual report and audited financial statements for the year ended 31st December 1997.

## Results and dividends

The group profit before taxation, was £3,203,000  
After taxation, there was a profit of £2,203,000

An interim dividend of 1.2p per share (1996: 1.0p) was paid, amounting to £331,000 (1996: £271,000). The directors propose a final dividend of 1.4p per share (1996: 1.2p) amounting to £387,000 (1996: £326,000).

## Activities

The group is a manufacturer and distributor of a range of specialist glass products.

The chairman's statement contains a review of the group's business and likely future developments.

## Fixed assets

The directors do not consider that there is any significant difference between the market value of the group's interest in land and buildings and the amount at which these assets are stated in the financial statements.

## Directors

The directors who held office during the year and their interests in the ordinary share capital of the company were as follows:

	31st December 1997	1st January 1997 (or date of appointment)
M.J. Darby	4,150,000	7,650,000
M.S. Abrahams (appointed 1st July 1997)	-	-
H. Hardy (resigned 6th May 1997)	-	7,024
F.H. Hart (appointed 1st January 1997)	-	-
R.C. Queen	-	-
C.M. Simpson	2,244	2,100
J.R.C. Young (resigned 16th July 1997)	-	-

B. Cooper was appointed a director on 9th February 1998.

The above interests include shares held by or on behalf of trustees of a settlement made by him as follows:

	31st December 1997	1st January 1997
M.J. Darby	4,150,000	7,650,000

In addition, 33,600 shares (1st January 97 - 33,600 shares) are held in a self administered pension scheme of which M.J. Darby is a member.

There was no change in the above shareholdings between 31st December 1997 and 4th March 1998.

The following directors held options to purchase shares under the company's executive share option scheme as follows:

	Number of options at 1st January 1997	Number of options exercised in 1997	Number of options granted in 1997	Number of options at 31st December 1997	Option price on options exercised	Market price at date of exercise	Option price on options granted
M.J. Darby	365,937	365,937	131,500	131,500	31.56p	108p	128.5p
C.M. Simpson	121,979	121,979	93,000	93,000	31.56p	108p	128.5p
R.C. Queen	-	-	58,500	58,500	-	-	128.5p
F.H. Hart	-	-	44,000	44,000	-	-	128.5p

The market price of the ordinary 5p shares at 31st December 1997 was 150.5p and the share price range during the year was 93.5p to 162.5p.

The directors' share options are exercisable from 6th June 2000 to 6th June 2004, subject to the performance criteria set out in note 17.



# Directors' Report

## Directors (continued)

No director has had a beneficial interest in any contract of significance with the company or its subsidiaries during the year.

M.S. Abrahams is Chief Executive of Fenner Plc, the Hull based engineering group. He is also a Council Member of the British Rubber Manufacturers Association. B. Cooper is non-executive chairman of The N.G. Bailey Organisation Limited and a non-executive director of Silentnight Holdings Plc.

H. Hardy is a consultant for the firm of Messrs. Burton & Dyson, the company's solicitors. During the year that firm received fees of £81,307 (1996: £69,391) in respect of general services, some of which arose after the date of his resignation as a director.

In accordance with the articles, M.S. Abrahams and B. Cooper retire from the board at the annual general meeting and, being eligible, offer themselves for re-election.

## Other substantial shareholdings

At 26th February 1998, disclosable substantial shareholdings were as follows:

	Number of ordinary shares	Percentage of issued share capital
M.J. Darby	4,150,000	15.0%
PDFM Limited	4,076,658	14.8%
NatWest Investment Management Limited	3,187,967	11.5%
The Equitable Life Assurance Society	3,141,398	11.4%
Norwich Union Life Insurance Society and Norwich Union Pensions Management Limited	1,581,243	5.7%

## Corporate governance

The Board of Directors has complied with the Cadbury Committee's Code of Best Practice except that the Board and the Audit Committee did not comprise, as explained below, three non-executive directors as required by paragraph 4.3 of the Code.

## Board of Directors

The Board comprises four executive and two non-executive directors. The Board considers that two non-executive directors are appropriate in view of the size of the business. The two non-executive directors in place at 31st December 1996 retired during the year and two new appointments have since been made. The selection of the non-executive directors was subject to a formal process, carried out by the Board as a whole. The directors are able to take independent professional advice, if necessary, at the company's expense. The Board has a schedule of matters specifically reserved to it for decision.

## Board Committees

The group has maintained a Remuneration Committee and an Audit Committee during the year, both of which comprised the non-executive directors.

## The Audit Committee

The Group Finance Director and the audit partners of the two firms of auditors namely KPMG Audit Plc. and Streets & Co. attend each Audit Committee meeting. The Audit Committee receives reports regularly from the company's finance department and ensures that an objective and professional relationship is maintained between the Board and the external auditors.

## Internal financial control

The Board of Directors has reviewed the effectiveness of the group's systems of internal financial controls.

The Board has overall responsibility for the group's systems of internal financial control and for monitoring their effectiveness.

The annual operating and budgetary plans for each operating division are reviewed by the controlling management prior to submission to the Board for approval. This includes the identification and assessment of the business and financial risks inherent in each operating area. The process is repeated monthly with results for each operational division compared with budget and past period. Additionally, planned capital expenditure and proposed acquisitions are discussed and formally approved by the Board.



### Internal financial control (continued)

The system of internal control includes:

- Comprehensive budgeting systems with an annual budget approved by the Board.
- Regular consideration by the Board of actual results compared with budgets and of the group's capital commitments.
- Periodic review of legal and accounting developments affecting the group.
- Formal treasury procedures, covering banking arrangements, hedging instruments and borrowing procedures.

Such a system can provide only reasonable and not absolute assurance against material misstatement or loss.

### Going concern

The directors confirm that, after making enquiries, they have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

### Creditor payment policy

The group agrees terms and conditions for its business transactions with its suppliers. Payment is then made on these terms, subject to the terms and conditions being met by the supplier.

The group had trade creditors at the year end outstanding, as defined by Statutory Instrument 1997/571, of 62 days (1996: 63 days).

The company has no trade creditors.

### Employees

The group seeks to provide equal opportunities in the appointment, training and career development of disabled persons taking into account their abilities, and to keep employees involved in and informed about the group's affairs.

### Charitable donations and political contributions

The group did not make any political or charitable contributions during the year.

### Auditors

A resolution is to be proposed at the annual general meeting for the re-appointment of Streets & Co. and KPMG Audit Plc as joint auditors.

By Order of the Board

R.C. Queen  
Secretary



4th March 1998



# Report of the Remuneration Committee

for the year ended 31st December 1997

The remuneration and emoluments of executive directors are determined by the Remuneration Committee, which is currently composed of M.S. Abrahams and B. Cooper. The current policy is to review the remuneration of directors annually giving consideration to performance and prevailing market rates.

The remuneration of non-executive directors is determined by the full board. The non-executive directors do not participate in bonus, share option or long-term incentive schemes. A full table of individual directors' salaries and benefits is given in note 3 to the financial statements.

The Committee acknowledges the recommendations of the Greenbury Committee on directors' remuneration. The Remuneration Committee's composition, responsibilities and operation comply with the best practice provisions in Section A of The Annex to the Listing Rules of the London Stock Exchange (except that the Committee comprises only two non-executive directors) and in implementing its policy the Committee has given full consideration to the Annex to the Listing Rules, Best Practice Provisions; Directors' Remuneration: Section B: Remuneration Policy, Service Contracts and Compensation and the Best Practice Provisions set out in Section C and D of the Code.

The company operates an annual bonus scheme for directors which is related to the performance of the business. The bonus is earned at above budgeted profit and is capped at 25% of basic salary.

The company operates a defined contribution scheme for its directors. Contributions are paid annually at 10% of basic salary, except in the case of M.J. Darby whose pension contribution from the company is detailed in note 3.

The company does not operate any long term incentive schemes.

Each executive director has an employment contract with an entitlement to notice. M.J. Darby, C.M. Simpson and R.C. Queen entered into two year fixed term contracts on 1st July 1996. The notice period for each extends 12 months beyond the expiry date of 30th June 1998. Thereafter, the notice period remains at 12 months for the three directors. E.H. Hart entered into a two year contract on 1st January 1997 with a notice period of 6 months. Executive directors are prohibited under these contracts from accepting outside appointments without the permission of the board.

Non-executive directors have letters appointing them to fixed term contracts.



## Review Report to Darby Group Plc on Corporate Governance Matters

In addition to our audit of the financial statements, we have reviewed the directors' statements on pages 8 and 9 on the company's compliance with the paragraphs of the Cadbury Code of Best Practice specified for our review by the Listing Rules and their adoption of the going concern basis in preparing the financial statements. The objective of our review is to draw attention to non-compliance with the disclosure requirements of the Listing Rules 12.43(j) and 12.43(v).

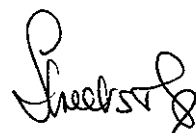
### Basis of opinion

We carried out our review in accordance with guidance issued by the Auditing Practices Board. That guidance does not require us to perform any additional work necessary to express a separate opinion on the effectiveness of either the group's system of internal financial control or corporate governance procedures, or on the ability of the group to continue in operational existence.

### Opinion

With respect to the directors' statements on internal financial control and going concern on pages 8 and 9, in our opinion the directors have provided the disclosures required by the Listing Rules and such statements are not inconsistent with the information of which we are aware from our audit work on the financial statements.

Based on enquiry of certain directors and officers of the company, and examination of relevant documents, in our opinion the directors' statement on pages 8 and 9 appropriately reflects the company's compliance with the other paragraphs of the Code specified for our review by the Listing Rules.



**Streets & Co.**

*Chartered Accountants*

Lincoln



**KPMG Audit Plc**

*Chartered Accountants*

Sheffield

4th March 1998



# Directors' Responsibilities

for the year ended 31st December 1997

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Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and the group and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the group 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 have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.



# Report of the Auditors

To the members of Darby Group Plc

We have audited the financial statements on pages 14 to 31.

## Respective responsibilities of Directors and Auditors

As described on page 12, 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.

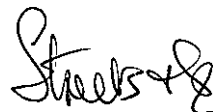
## Basis of opinion

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 made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we 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 and the group as at 31st December 1997 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Streets & Co.**  
*Registered Auditor*  
*Chartered Accountants*  
Lincoln



**KPMG Audit Plc**  
*Registered Auditor*  
*Chartered Accountants*  
Sheffield

4th March 1998



# Accounting Policies

for the year ended 31st December 1997

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The financial statements have been prepared under the historical cost basis and in accordance with applicable United Kingdom accounting standards. All the activities in the group are continuing businesses and the significant accounting policies are set out below and have been applied consistently.

## (a) Consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings for the year ended 31st December 1997. The acquisition method of accounting has been used in respect of all acquired undertakings and their results from the date of acquisition are included in the consolidated financial statements.

A separate profit and loss account for the holding company is not presented as provided by Section 230 of the Companies Act 1985.

Consolidated goodwill arising on the acquisition of subsidiary companies or businesses acquired by subsidiary companies (representing the excess of the fair value of the consideration given over the separate net assets acquired) is written off against reserves in the year in which it arises.

## (b) Leases

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

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

## (c) Depreciation

Freehold land is not depreciated. Other fixed assets are depreciated on a straight line basis to write off the excess of cost over estimated residual value over the estimated useful lives of the assets, from the date of coming into use, as follows:

Freehold buildings	- 40 years
Leasehold improvements	- life of lease
Plant	- 7 to 15 years
Office equipment	- 7 years
Motor vehicles	- 4 years

The residual values and the useful lives are estimated by the directors.

The cost of commissioning new machinery (being the cost of glass used together with the attributable cost of labour and overheads) is included in plant where appropriate.

## (d) Turnover

The group turnover represents the value of goods, excluding VAT, supplied to customers excluding group companies.

## (e) Government grants

Regional selective assistance received primarily in respect of job creation is credited to the profit and loss account as earned.

## (f) Stocks

Stocks and work in progress are stated at the lower of cost, including the appropriate level of overheads, and net realisable value.

## (g) Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are recorded at the rates of exchange prevailing at the balance sheet date. Transactions in foreign currencies are recorded at the rate of exchange prevailing at the date of transaction, or, if hedged forward, at the rate of exchange under the related forward currency contract. Any gains or losses are included in the profit and loss account.

## (h) Deferred taxation

The charge for taxation is based on the profits for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for accounting and tax purposes and is provided to the extent that timing differences are expected to reverse.

## (i) Pensions

The company operates a defined contribution pension scheme for its directors. The assets of the scheme are held separately from those of the group in an independently administered fund. In addition, the group makes discretionary contributions to the personal pension plans of certain employees. The pension charge represents contributions payable by the group in respect of the accounting period.

## (j) Cash

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.





# Consolidated Profit and Loss Account

for the year ended 31st December 1997

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	<i>Notes</i>	<b>1997 £'000</b>	<b>1996 £'000</b>
<b>Turnover</b>	<i>1</i>	<b>22,565</b>	20,447
Cost of sales		<b>(13,995)</b>	(13,110)
<b>Gross profit</b>		<b>8,570</b>	7,337
Distribution costs		<b>(2,602)</b>	(2,311)
Administrative expenses		<b>(2,526)</b>	(2,669)
<b>Operating profit</b>	<i>2</i>	<b>3,442</b>	2,357
Interest receivable		<b>48</b>	13
Interest payable	<i>4</i>	<b>(287)</b>	(268)
<b>Profit on ordinary activities before taxation</b>		<b>3,203</b>	2,102
<b>Taxation</b>	<i>5</i>	<b>(1,000)</b>	(460)
<b>Profit on ordinary activities after taxation</b>	<i>6</i>	<b>2,203</b>	1,642
<b>Dividends</b>	<i>7</i>	<b>(718)</b>	(597)
<b>Retained profit for the financial year</b>		<b>1,485</b>	1,045
<b>Earnings per share</b>	<i>8</i>	<b>8.00p</b>	6.11p

The group has no recognised gains or losses other than the profit for the year.

Acquisitions made during the year, details of which are set out in note 10, have not had a material impact on the group's results for the year. As a result, the turnover and operating profit noted above are reported as deriving solely from continuing operations.



# Consolidated Balance Sheet

At 31st December 1997

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	Notes	1997 £'000	1996 £'000
<b>Fixed assets</b>			
Tangible assets	9	12,153	12,984
Investments	10	19	19
		<b>12,172</b>	<b>13,003</b>
<b>Current assets</b>			
Stocks	11	2,341	1,962
Debtors	12	5,269	4,187
Cash and bank balances		72	1
		<b>7,682</b>	<b>6,150</b>
<b>Creditors: Amounts falling due within one year</b>	13	<b>(5,504)</b>	<b>(4,825)</b>
<b>Net current assets</b>		<b>2,178</b>	<b>1,325</b>
<b>Total assets less current liabilities</b>		<b>14,350</b>	<b>14,328</b>
<b>Creditors: Amounts falling due after more than one year</b>	14	<b>(962)</b>	<b>(1,337)</b>
<b>Provisions for liabilities and charges</b>			
Deferred taxation	15	(120)	-
		<b>13,268</b>	<b>12,991</b>
<b>Capital and reserves</b>			
Called up share capital	17	1,382	1,357
Share premium account	18	8,153	8,065
Profit and loss account	19	3,733	3,569
<b>Equity shareholders' funds</b>	20	<b>13,268</b>	<b>12,991</b>

Approved by the board of directors on 4th March 1998 and signed on its behalf by:

M.J. Darby

R.C. Queen

} Directors




# Company Balance Sheet

At 31st December 1997

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	<i>Notes</i>	<b>1997</b> <b>£'000</b>	<b>1996</b> <b>£'000</b>
<b>Fixed assets</b>			
Tangible assets	9	2,075	2,107
Investments	10	1,194	684
		<b>3,269</b>	<b>2,791</b>
<b>Current assets</b>			
Debtors	12	8,612	8,232
Cash and bank balances		150	-
		<b>8,762</b>	<b>8,232</b>
<b>Creditors: Amounts falling due within one year</b>	13	<b>(1,730)</b>	<b>(807)</b>
<b>Net current assets</b>		<b>7,032</b>	<b>7,425</b>
<b>Total assets less current liabilities</b>		<b>10,301</b>	<b>10,216</b>
<b>Creditors: Amounts falling due after more than one year</b>	14	<b>(200)</b>	<b>(263)</b>
		<b>10,101</b>	<b>9,953</b>
<b>Capital and reserves</b>			
Called up share capital	17	1,382	1,357
Share premium account	18	8,153	8,065
Profit and loss account	19	566	531
<b>Equity shareholders' funds</b>	20	<b>10,101</b>	<b>9,953</b>

Approved by the board of directors on 4th March 1998 and signed on its behalf by:

M.J. Darby  
R.C. Queen

} *Directors*




# Cash Flow Statement

for the year ended 31st December 1997

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	<i>Notes</i>	<b>1997 £'000</b>	<b>1996 £'000</b>
Net cash inflow from operating activities	21	2,918	3,228
Returns on investments and servicing of finance	21	(263)	(320)
Taxation		(103)	(144)
Capital expenditure and financial investment	21	(128)	(1,659)
Acquisitions and disposals	21	(1,372)	-
Equity dividends paid		(663)	(807)
Net cash inflow before use of liquid resources and financing		389	298
Financing	21	(244)	(901)
Increase/(decrease) in cash	21	145	(603)



# Notes Forming Part of the Financial Statements

for the year ended 31st December 1997

## 1 Segmental information

(a) The turnover, profit and net assets all arise in the UK and are attributable to one activity, the manufacture and distribution of a range of specialist glass products.

(b) The post acquisition impact of the results of acquisitions made during 1997 were:

	£'000
Turnover	891
Cost of sales	(634)
Gross profit	257
Distribution costs	(25)
Administrative expenses	(73)
<b>Operating profit</b>	<b>159</b>

(c) The analysis of turnover by geographical destination is as follows:-

	Turnover	
	1997	1996
	£'000	£'000
UK	21,364	19,489
Other EC countries	1,073	935
Other	128	23
	<b>22,565</b>	<b>20,447</b>

## 2 Operating profit

	1997	1996
	£'000	£'000
This is stated after charging/(crediting):		
Depreciation on:		
Owned assets	850	922
Assets held under finance leases and hire purchase contracts	276	291
Plant and vehicles - operating leases	422	428
Property - operating leases	289	275
Directors' remuneration	464	391
Auditors' remuneration - Audit services	48	42
- Other services	24	29
Compensation for loss of profits on late commissioning of machinery	(200)	-
Exceptional costs - contract claim	-	385
Regional selective assistance	-	(72)

Audit and non-audit fees paid to Streets & Co. were £33,000 and £15,000 (1996: £27,000 and £14,000) respectively and paid to KPMG Audit Plc were £15,000 and £9,000 (1996: £15,000 and £15,000) respectively.



# Notes Forming Part of the Financial Statements

for the year ended 31st December 1997

## 3 Employees and directors

The average weekly number of employees during the year was made up as follows:

	1997 No.	1996 No.
Production	346	293
Administration and management	62	50
Sales and distribution	49	42
	<u>457</u>	<u>385</u>

	1997 £'000	1996 £'000
Staff costs consist of:		
Wages and salaries	5,154	4,591
Social security costs	467	379
Other pension costs (defined contribution schemes)	189	127
	<u>5,810</u>	<u>5,097</u>

Directors' remuneration:		
Fees	26	30
Other emoluments	279	284
Company contributions to money purchase pension schemes	165	77
	<u>470</u>	<u>391</u>

Emoluments excluding pension contributions:		
Highest paid director	<u>112</u>	<u>110</u>

	1997 No.	1996 No.
Retirement benefits are accruing to directors under money purchase schemes	<u>4</u>	<u>3</u>

The number of directors who exercised share options was	<u>2</u>	<u>-</u>
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### 3 Employees and directors (continued)

Directors' emoluments included the following:

	Salary	Bonus	Benefits	Pension contributions	1997	1996
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Executive directors</b>						
M.J. Darby	11	13	15	144	183	187
C.M. Simpson	95	10	7	10	122	119
R.C. Queen	60	6	7	6	79	55
F.H. Hart	45	5	5	5	60	-
<b>Non-executive directors</b>						
H. Hardy	5	-	-	-	5	15
J.R.C. Young	12	-	-	-	12	15
M.S. Abrahams	9	-	-	-	9	-
	<u>237</u>	<u>34</u>	<u>34</u>	<u>165</u>	<u>470</u>	<u>391</u>

Benefits principally include the provision of a company car and medical insurance.

Company contributions toward a defined contribution pension scheme of 10% of basic salary are payable in respect of each director. For 1997, M.J. Darby has elected to have the majority of his basic salary also paid as pension contribution.

Movements of share options during 1997 are set out in the report of the directors on page 7.

Gains made on share options exercised during the year were as follows:

	1997	1996
	£'000	£'000
M.J. Darby	280	-
C.M. Simpson	93	-
	<u>373</u>	<u>-</u>

### 4 Interest payable

	1997	1996
	£'000	£'000
On bank overdrafts and bank loans wholly repayable within five years	142	58
Finance lease and hire purchase interest	142	181
On other borrowings and other interest	3	29
	<u>287</u>	<u>268</u>



# Notes Forming Part of the Financial Statements

for the year ended 31st December 1997

## 5 Taxation

	1997 £'000	1996 £'000
UK corporation tax at 31.5% (1996: 33%)	880	463
Provision for deferred taxation	120	-
Adjustment relating to prior years	-	(3)
	<u>1,000</u>	<u>460</u>

## 6 Profit for the year

	1997 £'000	1996 £'000
This has been dealt with as follows:		
Parent company	753	492
Subsidiary companies	1,450	1,150
	<u>2,203</u>	<u>1,642</u>

## 7 Dividends

	1997 £'000	1996 £'000
Ordinary dividends - paid	331	271
- proposed	387	326
	<u>718</u>	<u>597</u>

## 8 Earnings per share

	1997 Pence	1996 Pence
Earnings per share excluding exceptional item	8.00	7.54
Earnings per share including exceptional item	<u>8.00</u>	<u>6.11</u>

The calculation of earnings per share is based on profit of £2,203,000 (1996: £1,642,000) and on the weighted average number of shares in issue during the year of 27,541,802 (1996: 26,866,788). The fully diluted earnings per share does not differ materially from the above.





## 9 Tangible assets

	Freehold property £'000	Short leasehold improvements £'000	Plant, vehicles and office equipment £'000	Assets in the course of construction £'000	Total £'000
<b>Group:</b>					
<b>Cost:</b>					
At 1st January 97	2,599	281	14,389	2,126	19,395
Additions	25	4	552	1,147	1,728
Acquisitions	-	-	150	-	150
Disposals	-	-	(1,684)	(19)	(1,703)
Reclassification	-	-	1,922	(1,922)	-
<b>At 31st December 97</b>	<b>2,624</b>	<b>285</b>	<b>15,329</b>	<b>1,332</b>	<b>19,570</b>
<b>Depreciation:</b>					
At 1st January 97	492	110	5,809	-	6,411
Provided during year	57	30	1,039	-	1,126
On disposals	-	-	(120)	-	(120)
<b>At 31st December 97</b>	<b>549</b>	<b>140</b>	<b>6,728</b>	<b>-</b>	<b>7,417</b>
<b>Net Book Value</b>					
<b>At 31st December 97</b>	<b>2,075</b>	<b>145</b>	<b>8,601</b>	<b>1,332</b>	<b>12,153</b>
At 31st December 96	2,107	171	8,580	2,126	12,984
<b>Company:</b>				<b>Freehold Property £'000</b>	<b>Total £'000</b>
<b>Cost:</b>					
At 1st January 97				2,599	2,599
Additions				25	25
<b>At 31st December 97</b>				<b>2,624</b>	<b>2,624</b>
<b>Depreciation:</b>					
At 1st January 97				492	492
Provided during year				57	57
<b>At 31st December 97</b>				<b>549</b>	<b>549</b>
<b>Net Book Value At 31st December 97</b>				<b>2,075</b>	<b>2,075</b>
<b>Net Book Value At 31st December 96</b>				<b>2,107</b>	<b>2,107</b>
<b>Group:</b>				<b>1997 £'000</b>	<b>1996 £'000</b>
Cost of land not subject to depreciation				334	334
Residual value of plant used in the calculation of depreciation and therefore not subject to depreciation				2,860	2,445
Additions to plant include:					
● Cost of materials used plus labour and overhead in commissioning new machinery				50	91
● Own labour on installation of plant				128	123
Net book value of plant held under finance leases				1,942	2,818



# Notes Forming Part of the Financial Statements

for the year ended 31st December 1997

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## 10 Investments

	<b>Group</b>	
	<b>1997</b>	<b>1996</b>
	<b>£'000</b>	<b>£'000</b>
<b>Trade investment:</b>		
Cost 1st January 97	19	-
Additions	-	19
<b>31st December 97</b>	<b>19</b>	<b>19</b>
	<b>Company</b>	
	<b>1997</b>	<b>1996</b>
	<b>£'000</b>	<b>£'000</b>
<b>Subsidiary companies:</b>		
Cost 1st January 97	832	832
Additions	1,613	-
Cost 31st December 97	2,445	832
Provision	(1,270)	(167)
<b>Net book value</b>	<b>1,175</b>	<b>665</b>
<b>Trade investment</b>	<b>19</b>	<b>19</b>
	<b>1,194</b>	<b>684</b>

### Subsidiary companies:

Shareholdings are stated at cost less provisions.

The company's trading subsidiaries are:

	<b>Country of incorporation and operation</b>	<b>Proportion of ordinary share capital held</b>
Darby Tempered Products Limited	UK	100%
Darby Tempered Products (Exports) Limited	UK	100%
Curved Tempered Glass Limited	UK	100%
Deltaglas Limited	UK	100%
Seal Units (Norwich) Limited	UK	100%
Poplar Glass Limited	UK	100%
Starwise Sealed Units Limited	UK	100%

The shareholdings are held directly by the company. The business of each subsidiary is the manufacture and/or distribution of specialist glass products.

During the year the group acquired the whole of the issued share capital of the following companies:

<b>Company</b>	<b>Date of acquisition</b>	<b>Total estimated purchase consideration £'000</b>
Deltaglas Limited	30th May 1997	497
Seal Units (Norwich) Limited	3rd October 1997	82
Poplar Glass Limited	22nd October 1997	140
Starwise Sealed Units Limited	15th December 1997	894
		<b>1,613</b>

The above consideration for Seal Units (Norwich) Limited includes an estimated £20,000 payable based on the net assets at the date of acquisition and for Poplar Glass Limited includes an estimated £50,000 which would be payable dependent upon the gross profits reported for each of the two financial years ending 31st December 1998 and 1999.



# 10 Investments (continued)

The estimated total net assets acquired were as follows:

	Book value £'000	Revaluation £'000	Accounting policy conformity £'000	Fair value £'000
<b>Fixed assets</b>				
Tangible assets	230	(80)	-	150
<b>Current assets</b>				
Stocks	84	-	-	84
Debtors	675	-	-	675
Bank	203	-	-	203
	<u>962</u>	<u>-</u>	<u>-</u>	<u>962</u>
<b>Creditors:</b>				
Amounts falling due within one year	(763)	-	(20)	(783)
	<u>199</u>	<u>-</u>	<u>(20)</u>	<u>179</u>
<b>Net current assets</b>				
	<u>199</u>	<u>-</u>	<u>(20)</u>	<u>179</u>
<b>Total assets less current liabilities</b>	429	(80)	(20)	329
<b>Creditors:</b>				
Amounts falling due after more than one year	(37)	-	-	(37)
	<u>392</u>	<u>(80)</u>	<u>(20)</u>	<u>292</u>
<b>Net assets</b>				
	<u>392</u>	<u>(80)</u>	<u>(20)</u>	<u>292</u>
Goodwill				1,321
				<u>1,613</u>
<b>Satisfied by:</b>				
Cash				1,430
Deferred consideration				70
Acquisition expenses				113
				<u>1,613</u>

In the opinion of the directors, no individual acquisition during 1997 has been deemed so material as to warrant separate disclosure, and so the impact of the acquisitions has been aggregated for this purpose. The above net assets acquired and the fair values assigned are provisional because they can only be estimated at the present time.

## Impact on cash flows:

The acquisitions described above had the following impact on the group cash flows:	£'000
Operating cash flow	142
Returns on investments and servicing of finance	(3)
Taxation	-
Capital expenditure and financial investment	18
Financing	(21)
	<u>136</u>



# Notes Forming Part of the Financial Statements

for the year ended 31st December 1997

## 11 Stocks

	Group	
	1997	1996
	£'000	£'000
Raw materials	1,373	1,189
Work in progress	321	212
Finished goods	647	561
	<u>2,341</u>	<u>1,962</u>

## 12 Debtors

	Group		Company	
	1997	1996	1997	1996
	£'000	£'000	£'000	£'000
Trade debtors	4,536	3,587	-	-
Amounts owed by group companies	-	-	8,487	8,173
Taxation recoverable	151	114	97	59
Prepayments and accrued income	582	486	28	-
	<u>5,269</u>	<u>4,187</u>	<u>8,612</u>	<u>8,232</u>
Due within 1 year	5,172	4,106	8,515	8,173
Due after 1 year	97	81	97	59

## 13 Creditors falling due within one year

	Group		Company	
	1997	1996	1997	1996
	£'000	£'000	£'000	£'000
Bank overdraft (secured)	4	78	768	121
Bank loan (secured)	463	250	63	125
Finance leases	411	559	-	-
Trade creditors	2,146	1,670	-	-
Amounts owed to group companies	-	-	59	59
Social security and other taxes	364	238	-	-
Corporation tax	1,059	178	262	149
Dividends	408	353	408	353
Accruals and deferred income	649	1,499	170	-
	<u>5,504</u>	<u>4,825</u>	<u>1,730</u>	<u>807</u>



14 Creditors falling due after more than one year	Group		Company	
	1997	1996	1997	1996
	£'000	£'000	£'000	£'000
Bank loans (secured)	219	263	200	263
Finance leases	743	1,074	—	—
	<u>962</u>	<u>1,337</u>	<u>200</u>	<u>263</u>

#### 15 Provisions for liabilities and charges

The full potential liability for deferred taxation of the group and company and the amounts provided are set out below:

	1997		1996	
	Provided	Total potential liability	Provided	Total potential liability
	£'000	£'000	£'000	£'000
Accelerated capital allowances				
- Group	120	2,093	—	2,082
- Company	—	186	—	192

#### 16 Borrowings

	Group		Company	
	1997	1996	1997	1996
	£'000	£'000	£'000	£'000
Bank loans (secured)	682	513	263	388
Finance leases	1,154	1,633	—	—
	<u>1,836</u>	<u>2,146</u>	<u>263</u>	<u>388</u>
Repayable as to:				
Within one year	874	809	63	125
After more than one year	962	1,337	200	263
	<u>1,836</u>	<u>2,146</u>	<u>263</u>	<u>388</u>

Borrowings which are repayable by instalments are due:

Within one year	- Bank and other	463	250	63	125
	- Finance leases	411	559	—	—
In one to two years	- Banks	80	63	—	63
	- Finance leases	327	391	—	—
In two to five years	- Banks	139	200	200	200
	- Finance leases	405	658	—	—
After five years	- Finance leases	11	25	—	—
		<u>1,836</u>	<u>2,146</u>	<u>263</u>	<u>388</u>

All bank loans and facilities are secured by fixed and floating charges over all the assets of the company and its subsidiary companies and by cross guarantees between those companies.



# Notes Forming Part of the Financial Statements

for the year ended 31st December 1997

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## 17 Share capital

	Number	Authorised £'000	Issued and fully paid Number	£'000
Ordinary shares of 5p each				
1 January 97	35,680,000	1,784	27,146,214	1,357
Issued during the year			488,380	25
<b>31st December 97</b>	<b>35,680,000</b>	<b>1,784</b>	<b>27,634,594</b>	<b>1,382</b>

During the year 488,380 ordinary shares of 5p each were allotted for a total consideration of £155,000. The premium on issue, net of costs, has been credited to the share premium account. The shares were issued under the company's share option scheme.

### Share option scheme:

Options have been granted to subscribe for ordinary shares and are outstanding as follows:

Date granted	Number	Option price	Exercisable
31st October 1988	2,000	115p	1996 to 1998
6th June 1997	601,000	128.5p	2000 to 2004

The performance criteria to be met for the exercise of these options is that the growth in the company's adjusted earnings per share for any consecutive three year period exceeds the increase in the retail price index by an average of 4 per cent per annum over the consecutive three year period.

## 18 Share premium account

	£'000
At 1st January 1997	8,065
Arising on issue of shares	130
Share issue expenses	(42)
<b>At 31st December 1997</b>	<b>8,153</b>

## 19 Reserves – profit and loss account

	Group £'000	Company £'000
At 1st January 1997	3,569	531
Retained profit for the year	1,485	35
Goodwill	(1,321)	-
<b>At 31st December 1997</b>	<b>3,733</b>	<b>566</b>

The cumulative goodwill written off resulting from acquisitions (adjusted for disposals) at 31st December 1997 is £2,882,000 (1996 – £1,561,000).



# Notes Forming Part of the Financial Statements

for the year ended 31st December 1997

## 21 Notes to cash flow statement (continued)

(ii) Analysis of cash flows for headings netted in the cash flow statement and other information:

	1997 £'000	1996 £'000
Returns on investments and servicing of finance		
Interest received	21	7
Interest paid	(284)	(327)
	<u>(263)</u>	<u>(320)</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(1,728)	(1,740)
Proceeds from sales of tangible fixed assets	1,600	100
Purchase of fixed asset investments	—	(19)
	<u>(128)</u>	<u>(1,659)</u>
Acquisitions and disposals		
Payments in respect of purchase of subsidiary undertakings	(1,543)	—
Net cash acquired	171	—
	<u>(1,372)</u>	<u>—</u>
Financing		
Issue of ordinary share capital, net of costs of issue	113	121
Receipts from loans and other borrowings	400	—
Repayments of loans and other borrowings	(269)	(312)
Capital element of finance lease repayments	(488)	(710)
	<u>(244)</u>	<u>(901)</u>

(iii) Analysis of changes in net debt:

	At 1st January 1997 £'000	Cash flows £'000	Acquisitions (excluding cash and overdrafts) £'000	Reclassifi- cations £'000	At 31st December 1997 £'000
Cash in hand and at bank	1	71			72
Overdrafts	(78)	74			(4)
	<u>(77)</u>	<u>145</u>			<u>68</u>
Debt due within 1 year	(250)	(131)	(3)	(79)	(463)
Debt due after 1 year	(263)	—	(35)	79	(219)
Finance leases	(1,633)	488	(9)	—	(1,154)
	<u>(2,146)</u>	<u>357</u>	<u>(47)</u>	<u>—</u>	<u>(1,836)</u>
<b>Total</b>	<u>(2,223)</u>	<u>502</u>	<u>(47)</u>		<u>(1,768)</u>



## 20 Reconciliation of movements in shareholders' funds

	Group		Company	
	1997	1996	1997	1996
	£'000	£'000	£'000	£'000
Profit for the financial year	2,203	1,642	753	492
Dividends	(718)	(597)	(718)	(597)
Goodwill	(1,321)	-	-	-
New share capital subscribed, net of share issue expenses	113	121	113	121
<b>Net addition to shareholders' funds</b>	<b>277</b>	<b>1,166</b>	<b>148</b>	<b>16</b>
Opening shareholders' funds	12,991	11,825	9,953	9,937
<b>Closing shareholders' funds</b>	<b>13,268</b>	<b>12,991</b>	<b>10,101</b>	<b>9,953</b>

## 21 Notes to cash flow statement

(i) Reconciliation of operating profit to operating cash flows:	1997	1996
	£'000	£'000
Operating profit	3,442	2,357
Depreciation	1,126	1,213
Profit on disposal of tangible fixed assets	(17)	(46)
Increase in stocks	(295)	(258)
Increase in debtors	(494)	(202)
(Decrease)/increase in creditors	(844)	164
<b>Net cash inflow from operating activities</b>	<b>2,918</b>	<b>3,228</b>





# Notice of Annual General Meeting

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Notice is hereby given that the Annual General Meeting of Darby Group Public Limited Company will be held at Darby House, Sunningdale Road, Scunthorpe, North Lincolnshire. DN17 2SS on Monday, 27th April 1998 at 11.00 a.m. for the following purposes.

## Ordinary business

1. To receive the reports of the Directors and Auditors and to adopt the accounts of the Company for the year ended 31st December, 1997.
2. To declare the dividend recommended by the Directors.
3. To consider and if thought fit, to pass the following resolution: That Streets & Co and KPMG Audit Plc be and are hereby appointed auditors of the company to hold office from the conclusion of this meeting until the conclusion of the next General Meeting at which accounts are laid before the company at a remuneration to be fixed by the directors.
4. To re-appoint Mr. M.S. Abrahams as a Director. Mr. M.S. Abrahams is a member of the Audit Committee.
5. To re-appoint Mr. B. Cooper as a Director. Mr. B. Cooper is a member of the Audit Committee.

By order of the Board.

  
R.C. Queen  
Secretary

4th March, 1998

## Notes

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and, on a poll to vote in his place. A proxy need not be a member of a Company. The completion and return of a Form of Proxy will not preclude members entitled to attend and vote at the meeting from doing so if they wish.
2. Forms of Proxy must be lodged with the Company Secretary, Darby Group Public Limited Company, Darby House, Sunningdale Road, North Lincolnshire. DN17 2SS not less than forty-eight hours before the time fixed for the meeting.
3. In accordance with the requirements of the London Stock Exchange the following documents will be available for inspection at Darby House, Sunningdale Road, Scunthorpe, North Lincolnshire, during usual business hours on weekdays (except Saturdays, Sundays and public holidays) from the date of this notice until the close of the Annual General Meeting:
  - (i) the Register of Directors' Interests in the capital of Group companies;
  - (ii) copies of directors' service contracts with the Company;
  - (iii) copies of the Rules of the Company's Executive Share Option Scheme.



## 21 Notes to cash flow statement (continued)

### (iv) Reconciliation of net cash flow to movement in net debt:

	£'000
Increase in cash in the year	145
Cash outflow from decrease in debt and lease financing	357
Change in net debt resulting from cash flows	502
Loans and finance leases acquired with subsidiaries	(47)
<b>Movement in net debt in the year</b>	<b>455</b>
<b>Net debt at 31st December 1996</b>	<b>(2,223)</b>
<b>Net debt at 31st December 1997</b>	<b>(1,768)</b>

## 22 Capital commitments

	Group		Company	
	1997	1996	1997	1996
	£'000	£'000	£'000	£'000
Amounts contracted for but not provided for in these accounts	1,340	848	—	37

## 23 Financial commitments

The group leases property, plant and vehicles. The minimum annual rentals under these leases are as follows:

	1997		1996	
	Property	Plant and vehicles	Property	Plant and vehicles
	£'000	£'000	£'000	£'000
Operating leases which expire:				
Within 1 year	2	93	2	102
In 1 to 5 years	79	170	79	241
Over 5 years	283	280	194	11
	<u>364</u>	<u>543</u>	<u>275</u>	<u>354</u>

## 24 Contingent liabilities

The company has guaranteed the bank facilities granted to its subsidiary companies. At 31st December 1997, the amounts guaranteed totalled £64,554.

