

Logandene Limited and subsidiary companies

Annual report for the year ended 30 June 1996

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Directors and advisers

Directors

H Meillat
D McCroskey
M J McKenzie

Secretary

M J McKenzie

Registered office

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Directors' report for the year ended 30 June 1996

The directors present their report and the audited financial statements for the year ended 30 June 1996.

Principal activities

The principal activities of the group are the design, production and distribution of industrial safety equipment.

Review of business

The Group's performance during the year has been very satisfactory following the restructuring programme and the directors anticipate further improvement in the future.

The directors have paid an interim dividend of £158,000 and have paid a final dividend of £275,000. The consolidated retained profit for the year of £259,065. (1995: £822,122) will be transferred to reserves.

Research and development

It is the group's policy to engage actively in research and development on a continuing basis both to improve current products and to produce new ones. The cost attributed to these activities is written off to the profit and loss account in the year in which it is incurred.

Changes in fixed assets

Change in fixed assets are detailed in notes 11 to 13 to the financial statements.

Market value of land and buildings

The directors consider that due to the low turnover in the property market they are unable to assess the market value of land and buildings.

Post balance sheet events

On 27 September 1996, the company was acquired by Christian Dalloz SA, a company incorporated in France. The directors regard Christian Dalloz SA as the new ultimate parent company.

Directors and their interests in shares of the company

The directors who served during the year and their interests in the shares of the company were as follows:

	Number of ordinary shares of £1	
	30 June 1996	30 June 1995 or date of appointment
J W Maxwell (Chairman from 30 November 1995 until 21 February 1996)	30,500	30,500
R T Masterman (Chairman until 30 November 1995)	-	7,500
M J McKenzie	7,500	7,500
R A Faulkner	7,500	7,500
D R Yelland	7,500	7,500
T R Hall	24,500	24,500
T A Clements (Chairman following appointment 22 February 1996)	-	-

J W Maxwell, R A Faulkner, D R Yelland, T R Hall and T A Clements resigned as directors of the company on 27 September 1996.

H Meillat and D McCroskey were appointed directors of the company on 27 September 1996.

Charitable and political contributions

The contribution made by the group during the year for charitable purposes was £1,167 (1995: £692).

Directors' responsibilities for preparing the financial statements

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and the group as at the end of the financial year and of the profit or loss of the group for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 30 June 1996. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records for taking reasonable steps to safeguard the assets of the company and the group and to prevent and detect fraud and other irregularities.

By order of the board

Director

12 December 1996



**Report of the auditors to the members of
Logandene Limited**

We have audited the financial statements on pages 5 to 24.

Respective responsibilities of directors and auditors

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

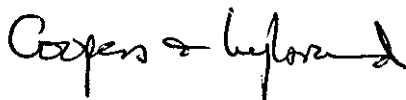
Basis of opinion

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

We planned and performed our audit so as to obtain all 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 at 30 June 1996 and of the profit, total recognised gains and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Coopers & Lybrand

Chartered Accountants and Registered Auditors
Croydon

18 December 1996

Consolidated profit and loss account for the year ended 30 June 1996

	Notes	Before Exceptional Items 1996 £'000	Exceptional Items 1996 £'000	After Exceptional Items 1996 £'000	1995 £'000
Turnover	2	12,940	-	12,940	12,255
Cost of sales		(7,816)	-	(7,816)	(7,734)
Gross profit		5,124	-	5,124	4,521
Other operating expenses	3	(2,890)	(1,453)	(4,343)	(2,684)
Operating profit		2,234	(1,453)	781	1,837
Exceptional item	6	-	247	247	(173)
Interest receivable and similar income		129	-	129	56
Interest payable	7	(115)	-	(115)	(140)
Profit on ordinary activities before taxation	8	2,248	(1,206)	1,042	1,580
Taxation	9	(812)	462	(350)	(577)
Profit on ordinary activities after taxation		1,436	(744)	692	1,003
Dividends paid and payable				(433)	(180)
Retained profit for the year	21			259	823

All of the operations of the group are classified as continuing.

Statement of total recognised gains and losses

	1996 £'000	1995 £'000
Profit for the financial year	259	823
Currency translation differences on foreign currency net investments	(18)	50
Revaluation of trade investment	6	5
Total recognised gains and losses relating to the year	247	878

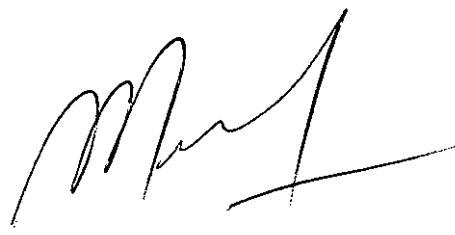
There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

Balance sheets at 30 June 1996

	Notes	Group		Company	
		1996 £'000	1995 £'000 as restated	1996 £'000	1995 £'000 as restated
Fixed assets					
Intangible assets	11	244	294	-	-
Tangible assets	12	2,845	2,178	-	-
Investments	13	106	100	564	564
		<u>3,195</u>	<u>2,572</u>	<u>564</u>	<u>564</u>
Current assets					
Stocks	14	1,478	1,395	-	-
Debtors	15	2,139	2,117	722	908
Cash at bank and in hand		858	1,617	-	-
		<u>4,475</u>	<u>5,129</u>	<u>722</u>	<u>908</u>
Creditors: amounts falling due within one year	16	2,769	2,847	1,089	1,255
Net current assets/(liabilities)		<u>1,706</u>	<u>2,282</u>	<u>(367)</u>	<u>(347)</u>
Total assets less current liabilities		<u>4,901</u>	<u>4,854</u>	<u>197</u>	<u>217</u>
Creditors: amounts falling due after more than one year	17	1,065	916	-	-
Provisions for liabilities and charges	18	(37)	312	-	-
		<u>1,028</u>	<u>1,228</u>	<u>-</u>	<u>-</u>
Net assets		<u>3,873</u>	<u>3,626</u>	<u>197</u>	<u>217</u>
Capital and reserves					
Called up share capital	20	85	85	85	85
Capital redemption reserve		7	7	7	7
Share premium account		4	4	4	4
Revaluation reserve	21	102	96	-	-
Capital reserve	21	407	407	-	-
Profit and loss account	21	3,268	3,027	101	121
Equity Shareholders' funds		<u>3,873</u>	<u>3,626</u>	<u>197</u>	<u>217</u>

The financial statements on pages 5 to 24 were approved by the board of directors on 12 December 1996 and were signed on its behalf by:

Director



Consolidated cash flow statement for the year ended 30 June 1996

	Notes	1996 £'000	1995 £'000 as restated
Net cash inflow from operating activities	23	1,428	2,965
Returns on investments and servicing of finance			
Interest received		129	56
Interest paid		(110)	(123)
Interest paid on finance leases		(5)	(17)
Dividends paid		(553)	(60)
Net cash outflow from returns on investments and servicing of finance		(539)	(144)
Taxation			
United Kingdom corporation tax paid		(666)	(365)
Investing activities			
Purchase of intangible fixed assets		-	(4)
Purchase of tangible fixed assets		(1,205)	(331)
Sale of tangible fixed assets		46	10
Net cash outflow from investing activities		(1,159)	(325)
Net cash (outflow)/inflow before financing		(936)	2,131
Financing			
Repayment of loans		(403)	(1,100)
New loan finance		438	764
Payment of principal under finance leases		(86)	(5)
Net cash outflow from financing		(51)	(341)
(Decrease)/increase in cash and cash equivalents	24	(987)	1,790

**Notes to the financial statements
for the year ended 30 June 1996****1 Principal accounting policies**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important group accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified by the revaluation of certain fixed assets.

Basis of consolidation

The consolidated financial statements incorporate the accounts of the parent company and its subsidiaries. The results of subsidiary companies acquired or disposed of during a financial year are included in the consolidated financial statements from, or up to, the effective date of acquisition or disposal. Goodwill, being the difference between the cost and attributable fair valued net assets of subsidiaries at the date of acquisition, is dealt with through reserves in the year of acquisition.

Depreciation

Depreciation of tangible fixed assets is provided in the following manner to write off the cost of assets over their estimated useful lives:

Freehold buildings	-	2% - 4% straight line
Short leasehold	-	over period of lease
Plant and machinery	-	12.5% - 25% straight line
Office equipment	-	10% - 33% straight line
Motor vehicles	-	25% - 33% straight line

Depreciation of intangible fixed assets is provided on a straight line basis, calculated at annual rates estimated to write off assets over the term of their useful life.

Know-how	10% - 20% per annum
Purchased goodwill	6.7% per annum

Stocks and work in progress

Stocks and work in progress are valued on a first in first out basis at the lower of cost and net realisable value after making allowances for any obsolete or slow moving items. Cost includes materials, direct labour and overheads.

Deferred taxation

Tax deferred or accelerated by the effect of timing differences is accounted for under the liability method to the extent that a liability or asset is expected to crystallise in the near future.

Foreign currencies

Assets and liabilities of subsidiaries in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial year and the results of foreign subsidiaries are translated at the average rate of exchange for the year. Differences on exchange arising from the retranslation of the opening net investment in subsidiary companies, and from the translation of the results of those companies at average rate, are taken to reserves and are reported in the statement of total recognised gains and losses. All other foreign exchange differences are taken to the profit and loss account in the year in which they arise.

Research and development

Expenditure is charged to the profit and loss account in the year in which it is incurred.

Turnover

Turnover comprises the value of goods supplied net of value added tax.

Pension schemes

Pension costs are accounted for on the basis of charging the cost of providing pensions over the period during which the group benefits from the employees' services. Any variations to the regular contributions to the defined benefits scheme are spread over the remaining expected average working lives of the members.

Government grants

Capital grants are credited to deferred income and are amortised in the profit and loss account over the estimated lives of the qualifying assets.

Finance and operating leases

Tangible fixed assets held under finance leases and the related lease obligations are recorded in the balance sheet at the fair value of the leased assets at the inception of the lease. The excesses of the lease payments over the recorded lease obligations are treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligations.

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the period of the lease.

2 Turnover

In the opinion of the directors, the disclosure concerning turnover and profit on ordinary activities before taxation for differential classes of business and separate geographical markets, would be seriously prejudicial to the interests of the group. Such disclosure has therefore not been included, and complies with Section 55 of the Companies Act 1985.

3 Other operating expenses

	1996 £'000	1996 £'000	1995 £'000
Distribution costs		1,417	1,304
Administrative expenses	1,473		1,380
Exceptional administrative expenses	1,453		-
		2,926	1,380
		4,343	2,684

The exceptional administrative expenses relate to additional pension and bonus payments made in the year.

4 Employee information

The average weekly number of persons (including executive directors) employed by the group during the year was:

	1996 Number	1995 Number
Administration	103	102
Production	99	88
Selling	16	16
	218	206
	1996 £'000	1995 £'000

Staff costs (for the above persons):

Wages and salaries	2,930	2,675
Social security costs	293	277
Other pension costs	91	83
Exceptional pension costs	1,298	-
	4,612	3,035

5 Directors' emoluments

The remuneration paid to the directors was:

	1996 £'000	1995 £'000
Executive emoluments (including pension contributions and benefits in kind)	1,493	254

Executive emoluments (excluding pension contributions) include amounts paid to:

	1996 £'000	1995 £'000
The chairman		
- up to 30 November 1995	-	-
- from 30 November 1995 until 22 February 1996	19	-
- from 22 February 1996	74	-

The chairman was the highest paid director (1995: highest paid director £56,000).

The number of directors (including the chairman and the highest-paid director) who received emoluments (excluding pension contributions) in the following ranges was:

	1996 Number	1995 Number
£0 - £5,000	1	1
£15,001 to £20,000	-	1
£40,001 to £45,000	-	1
£45,001 to £50,000	-	1
£50,001 to £55,000	2	-
£60,001 to £65,000	1	2
£65,001 to £70,000	1	-
£70,001 to £75,000	2	-

The company previously had an agreement with Masterman Management Services Limited for the provision of the services of Richard Masterman as a director and consultant of the company. Amounts of £14,000 (1995: £48,000) were charged in the year. No remuneration was paid directly to Mr Masterman.

6 Exceptional items

	1996 £'000	1995 £'000
Restructuring costs	-	(173)
Gain on disposal of fixed asset	247	-

7 Interest payable

	1996 £'000	1995 £'000
On bank loans and overdrafts	110	123
On finance leases and hire purchase contracts	5	11
Other interest	-	6
	<u>115</u>	<u>140</u>

8 Profit on ordinary activities before taxation

	1996 £'000	1995 £'000
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Amortisation of government grants	(30)	(56)
Depreciation charge for the year:		
Intangible fixed assets	32	33
Tangible owned fixed assets	428	467
Tangible fixed assets held under finance leases	24	26
Auditors' remuneration (company £3,300; 1995: £3,200)	31	33
Hire of plant and machinery - operating leases	139	177
Hire of other assets - operating leases	61	96
(Profit)/loss on disposal of fixed assets	(1)	1
	<u> </u>	<u> </u>

Remuneration of the group's auditors for provision of non audit services to the group was £19,242 (1995: £54,199).

9 Taxation

	1994 £'000	1995 £'000
United Kingdom corporation tax at 33%		
Current	547	600
Deferred	(184)	(1)
Over-provision in respect of prior years:		
Current	23	(22)
Deferred	(36)	-
	<u>350</u>	<u>577</u>

10 Profit for the financial year

As permitted by Section 230 of the Companies Act 1985, the holding company's profit and loss account has not been included in these financial statements. The profit for the financial year is made up as follows:

	1996 £'000	1995 £'000
Dealt with in the accounts of the holding company	(21)	(24)
Retained by subsidiary companies	280	847
	<u>259</u>	<u>823</u>

11 Intangible fixed assets

Group

	Know-how £'000	Goodwill £'000	Total £'000
Cost			
At 1 July 1995	67	456	523
Exchange differences	-	(31)	(31)
	<hr/>	<hr/>	<hr/>
At 30 June 1996	67	425	492
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 July 1995	63	166	229
Exchange difference	-	(13)	(13)
Charge for year	1	31	32
	<hr/>	<hr/>	<hr/>
At 30 June 1996	64	184	248
	<hr/>	<hr/>	<hr/>
Net book value			
At 30 June 1996	3	241	244
	<hr/>	<hr/>	<hr/>
Net book value			
At 30 June 1995	4	290	294
	<hr/>	<hr/>	<hr/>

12 Tangible fixed assets

Group

	Land and Buildings		Plant and machinery	Fixtures and fittings	Motor vehicles	Total
	Freehold	Short leasehold				
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 July 1995	1,277	77	3,194	567	110	5,225
Reclassification	-	-	(36)	36	-	-
Exchange differences	(44)	-	(58)	(8)	(1)	(111)
Additions	613	1	477	79	35	1,205
Disposals	(38)	(27)	(159)	(15)	(35)	(274)
At 1 July 1996	1,808	51	3,418	659	109	6,045
Depreciation						
At 30 June 1995	153	47	2,364	426	57	3,047
Reclassification	-	-	(26)	26	-	-
Exchange differences	(8)	-	(55)	(6)	(1)	(70)
Charge for year	28	12	310	74	28	452
Eliminated in respect of disposals	(10)	(27)	(157)	(14)	(21)	(229)
At 30 June 1996	163	32	2,436	506	63	3,200
Net book value						
At 30 June 1996	1,645	19	982	153	46	2,845
Net book value						
At 30 June 1995	1,124	30	830	141	53	2,178

The net book value of plant and machinery includes an amount of £6,874 (1995: £8,087) and the net book value of motor vehicles includes an amount of £21,044 (1995: £51,680) in respect of assets held under finance leases and hire purchase contracts.

Company

	Freehold Land and Buildings £'000
Cost	
At 1 July 1995	-
Transfer from group undertaking	247
Disposal	(247)
At 30 June 1996	-

13 Fixed asset investments

Group

	Trade investment £'000
Cost or valuation	
At 1 July 1995	100
Revaluation	6
	<hr/>
At 30 June 1996	106
	<hr/>

Name of undertaking	Country of registration	Description of shares held where applicable	Proportion of nominal value of ordinary shares held/share of undertaking
BAK Mouldings Limited	England and Wales	4,250 ordinary shares of £1 each	25%

For the year ended 30 June 1995, the undertaking's most recent audited financial year end:

	1996	1995
	£'000	£'000
Aggregate capital and reserves	426	403
	<hr/>	<hr/>
Profit after tax for the year	23	23
	<hr/>	<hr/>

Company

	Interests in group undertakings £'000
Cost	
At 1 July 1995	564
Additions	11
Disposals	(11)
	<hr/>
At 30 June 1996	564
	<hr/>

On 28 June 1996 the company transferred the share capital of Safety Eyeware Limited to Pulsafe Safety Products Limited in a share exchange.

13 Fixed asset investments (continued)
Interests in group undertakings

Name of undertaking	Country of incorporation or registration	Description of shares held	Proportion of nominal value of issued shares held by	
			Group	Company
Pulsafe Safety Products Limited	England and Wales	6,530 ordinary shares of £1 each	100%	100%
Safety Eyeware Limited	England and Wales	11,488 ordinary shares of £1 each	100%	-
Pulsafe Europe Holdings BV	The Netherlands	40 ordinary shares of 1000 Dfl each	100%	100%
OPMA Arbeitsschutz GmbH	Germany	50,000 ordinary shares of 1 DM each	100%	-

Pulsafe Europe Holdings BV is an investment holding company. The principal business activities of the other subsidiaries are the design, production and distribution of industrial safety equipment.

14 Stocks

	Group	
	1996	1995
		£'000
Raw materials and consumables	843	871
Work in progress	310	262
Finished goods and goods for resale	325	262
	1,478	1,395

15 Debtors

	Group		Company	
	1996	1995	1996	1995
	£'000	£'000	£'000	£'000
		as restated		as restated
Amounts falling due within one year				
Trade debtors	1,996	1,899	-	-
Amounts owed by subsidiary undertakings	-	-	485	754
Other debtors	48	51	12	11
Prepayments and accrued income	95	167	-	30
	<u>2,139</u>	<u>2,117</u>	<u>497</u>	<u>795</u>
Amounts falling due after more than one year				
Amounts owed by group undertakings	-	-	225	113
	<u>2,139</u>	<u>2,117</u>	<u>722</u>	<u>908</u>

Included within the 1995 group total for other debtors was a balance of £1,314,000 which represented cash equivalents. This balance has been transferred and shown within cash at bank and in hand. The amounts owed by group undertakings in 1995 have also been restated to account for foreign exchange gains on translation.

16 Creditors: amounts falling due within one year

	Group		Company	
	1996	1995	1996	1995
	£'000	£'000	£'000	£'000
Debenture loans	-	82	-	82
Bank loans and overdrafts (see note 17)	410	267	161	7
Obligations under finance leases	14	86	-	-
Trade creditors	913	935	-	-
Amounts owed to subsidiary undertakings	-	-	913	949
Corporation tax	428	604	4	-
Advance corporation tax	108	30	-	30
Other taxation and social security payable	190	259	2	4
Other creditors	167	166	-	13
Accruals and deferred income	539	298	9	50
Dividends payable	-	120	-	120
	<u>2,769</u>	<u>2,847</u>	<u>1,089</u>	<u>1,255</u>

17 Creditors: amounts falling due after more than one year

	Group		Company	
	1996	1995	1996	1995
	£'000	£'000	£'000	£'000
Bank loans	1,059	896	-	-
Obligations under finance leases	6	20	-	-
	<u>1,065</u>	<u>916</u>	<u>-</u>	<u>-</u>
	<u><u>1,065</u></u>	<u><u>916</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

Bank loans and overdrafts

	Group		Company	
	1996	1995	1996	1995
	£'000	£'000	£'000	£'000
Repayable as follows:				
In one year or less	410	267	161	7
Between one and two years	164	197	-	-
Between two and five years	363	286	-	-
In five years or more	532	413	-	-
	<u>1,469</u>	<u>1,163</u>	<u>161</u>	<u>7</u>
	<u><u>1,469</u></u>	<u><u>1,163</u></u>	<u><u>161</u></u>	<u><u>7</u></u>

The loans and overdraft are secured by fixed charges on certain freehold properties.

Finance leases

The future minimum lease payments to which the group and the company are committed under finance leases and hire purchase contract are as follows:

	Group		Company	
	1996	1995	1996	1995
	£'000	£'000	£'000	£'000
In one year or less	14	86	-	-
Between one and two years	6	20	-	-
	<u>20</u>	<u>106</u>	<u>-</u>	<u>-</u>
	<u><u>20</u></u>	<u><u>106</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

18 Provisions for liabilities and charges

	Restructuring costs	Pensions and similar obligations (see note 19)	Deferred taxation (see below)	Total
	£'000	£'000	£'000	£'000
Group				
At 1 July 1995	230	82	-	312
Transferred from profit and loss account	11	3	(220)	(206)
Utilised in year	(136)	(4)	-	(143)
At 30 June 1996	105	78	(220)	(37)
Company	-	-	-	-

Deferred taxation

Deferred taxation provided in the financial statements, and the total potential liability including the amounts for which provision has been made, are as follows:

	Amount provided		Total potential liability/(asset)	
	1996	1995	1996	1995
	£'000	£'000	£'000	£'000
Group				
Tax effect of timing differences because of:				
Excess of tax allowances over depreciation	117	84	117	84
Pensions spreading	(285)	-	-	-
Other short term items	(52)	(84)	(337)	(90)
	(220)	-	(220)	(6)
Company	-	-	-	-

19 Pension and similar obligations

The group operates a defined benefit scheme and a defined contributions scheme in the United Kingdom. The major scheme is the defined benefit scheme. The assets of the schemes are held in separate trustee administered funds, invested with insurance companies.

The total pension cost for the group in respect of the UK schemes was £1,388,945 (1995: £83,372) including exceptional contributions of £1,298,000 (1995: Nil) (note 4). The pension cost relating to the United Kingdom schemes is assessed in accordance with the advice of an independent qualified actuary using the attained age method. The latest actuarial valuation of those schemes was at 1 July 1994. The assumptions that have the most significant effect on 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 exceed salary increases by 2% per annum.

At the date of the latest actuarial valuation, the market value of the assets of the defined benefit scheme was £910,000 and the actuarial value of the assets was sufficient to cover 109% of the benefits which had accrued to members, after allowing for expected future increases in earnings.

Provision is made within these financial statements for the pension obligations of the group's subsidiary undertaking in Germany (see note 18). The related pension cost for the group was £2,500 (1995: £2,500).

20 Called-up share capital

	1996 £'000	1995 £'000
Authorised		
100,000 ordinary shares of £1 each	100	100
	<hr/>	<hr/>
Allotted, called up and fully paid		
85,000 ordinary shares of £1 each	85	85
	<hr/>	<hr/>

21 Reserves

	Revaluation reserve £'000	Profit and loss account £'000
Group		
At 1 July 1995	96	3,027
Currency translation differences on foreign currency net investments	-	(18)
Revaluation of trade investment	6	-
Retained profit for the year	-	259
	<hr/>	<hr/>
At 30 June 1996	102	3,268
	<hr/>	<hr/>
		Profit and loss account £'000
Company		
At 1 July 1995 as previously stated		12
Prior year adjustment:		
Foreign currency gains		109
		<hr/>
At 1 July 1995 as restated		121
Retained loss for the year		(20)
		<hr/>
At 30 June 1996		101
		<hr/>

Prior year adjustment

The prior year adjustment relates to foreign exchange gains on amounts owed by subsidiary undertakings.

22 Reconciliation of movements in shareholders' funds

	1996 £'000	1995 £'000
Profit for the financial year after taxation	692	1,003
Dividends	(433)	(180)
Currency translation differences on foreign currency net investments	(18)	50
Revaluation of trade investment	6	5
	<hr/>	<hr/>
Net additions to shareholders' funds	247	878
Opening shareholders' funds	3,626	2,748
	<hr/>	<hr/>
Closing shareholders' funds	3,873	3,626
	<hr/>	<hr/>

23 Reconciliation of operating profit to net cash inflow from operating activities

	1996 £'000	1995 £'000 as restated
Operating profit	781	1,837
Exceptional item	247	(173)
Amortisation of intangible fixed assets	32	33
Depreciation on tangible fixed assets	452	493
(Profit)/loss on disposal of tangible fixed assets	(1)	1
(Increase) in stocks	(83)	(144)
(Increase)/decrease in trade debtors	(97)	131
Decrease in other debtors	3	523
Decrease in prepayments and accrued income	72	24
(Decrease)/increase in trade creditors	(22)	61
(Decrease)/increase in other taxation and social security	(69)	17
Increase/(decrease) in other creditors	1	(44)
Increase in accruals and deferred income	241	45
(Decrease)/increase in provisions	(129)	161
	<hr/>	<hr/>
	1,428	2,965
	<hr/>	<hr/>

The 1995 comparative for the cash flow statement has been restated to show the reclassification of an other debtor balance to cash equivalents (note 15).

24 Cash and cash equivalents

	1996 £'000	1995 £'000 as restated
At 1 July 1995	1,546	(180)
Net cash (outflow)/inflow before adjustment for the effect of foreign exchange rates	(987)	1,790
Effect of foreign exchange rates	84	(64)
At 30 June 1996	<u>643</u>	<u>1,546</u>

25 Analysis of balances

	1996 £'000	Change in year £'000	1995 £'000 as restated	Change in year £'000	1994 £'000
Cash at bank and in hand	858	(759)	1,617	1,573	44
Bank overdrafts	(215)	(144)	(71)	153	(224)
At 30 June 1996	<u>643</u>	<u>(903)</u>	<u>1,546</u>	<u>1,726</u>	<u>(180)</u>

26 Analysis of changes in financing during the year

	Loans £'000	Finance lease obligations £'000
Balance at 1 July 1995	1,243	106
Repayment of loans	403	-
New loans	(438)	-
Repayment of principal under finance leases	-	(86)
Exchange differences	46	-
	<u>1,254</u>	<u>20</u>

27 Capital commitments

	Group		Company	
	1996 £'000	1995 £'000	1996 £'000	1995 £'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	<u>78</u>	<u>128</u>	<u>Nil</u>	<u>Nil</u>
Capital expenditure that has been authorised by the directors but has not yet been contracted for	<u>Nil</u>	<u>80</u>	<u>Nil</u>	<u>Nil</u>

28 Contingent liability

Logandene Limited has a contingent liability to pay an amount of DM 1,200,000 (£545,455) to the bank of a subsidiary should that subsidiary default on the payment of the loan.

29 Financial commitments

At 1 July 1996 the group had annual commitments under non-cancellable operating leases as follows:

	1996		1995	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Expiring within one year	3	3	15	52
Expiring between two and five years inclusive	44	73	24	81
Expiring in over five years	35	-	35	-
	<u>82</u>	<u>76</u>	<u>74</u>	<u>133</u>