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Cygnnet Health Care plc  
Directors' Report and Financial Statements  
for the year ended 31 October 1995



**Cygnnet Health Care plc**

**Company Information**

<b>Directors</b>	K.A.R. Wilson - Chairman J.C. Hughes - Chief Executive J.B. Randle - Non Executive R. Holmes - Non Executive
<b>Secretary</b>	R.C. Dinham
<b>Company Number</b>	2141256
<b>Registered Office</b>	Godden Green Clinic Godden Green Sevenoaks Kent TN15 0JR
<b>Auditors</b>	Noel & Co. Chartered Accountants and Registered Auditors 4 Parliament Close Prestwood Great Missenden Buckinghamshire HP16 9DT
<b>Bankers</b>	Midland Bank plc 54 High Street Epsom Surrey KT19 8DS  3i plc 91 Waterloo Road London SE1 8XP
<b>Solicitors</b>	Pollecoff Rangeley 125/135 City Road London EC1V 1JB

Cygnnet Health Care plc

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**Cygnnet Health Care plc**  
**Chairman's Statement**  
**for the year ended 31 October 1995**

**Corporate Goals**

Our aim remains the seeking of continuous improvement in the quality of care and ongoing investment in the development of our staff whilst maximising sustainable growth and returns for our shareholders. The Company is currently focused on acute psychiatric and elderly care. A continuing objective is to broaden the menu of services within these areas, identifying niche high added value activities which capitalise on existing management skills and unit locations.

**Trading Performance**

1994/95 has seen a year of useful progress both on the trading side where considerable refocussing has taken place and on the property side where substantial cash and profit has been released from non earning assets.

The results for the year ended 31st October show a profit before taxation of £816,000 compared with £153,000 in the previous year.

Additionally, long term loans of £727,000 (1993/94: £750,000) were repaid during the year. Gearing at the year end stood at 140% and has subsequently been reduced to 128% following a further loan repayment of £316,000.

**Property Review**

During the year the remainder of the non income producing property at Tabley House was disposed of, realising £862,000. The net proceeds have been applied to the provision of additional working capital and repayment of debt.

Following a successful planning appeal, the Company now has the opportunity to add a further 16 beds at Tupwood Gate Nursing Home. The Company has also won a planning application for extending the premises of the Bowden House joint venture hospital by 15 beds and this extension will open in 1997.

The success of the Bowden House joint venture has enabled your Board to negotiate a 9 year extension to the joint venture term, which now runs through to 2010.

**Psychiatric Care Review**

The Company's acute psychiatric care market now divides into two parts with the traditional private market maintaining existing levels and the NHS market providing significant growth.

Medical insurance reimbursement which accounts for some 70% of the Company's private psychiatric revenue continues to require active management in the face of continuing modification of the managed care system under which in-patient treatment is pre-authorised. During the year, the average length of stay for private acute psychiatric patients reduced by 7%. Increased marketing activity led to an 8% increase in the number of admissions.

## Cygnnet Health Care plc

### Chairman's Statement (Continued) for the year ended 31 October 1995

The number of people with private medical insurance ('PMI') is expected to grow substantially between now and the end of the century, and in parallel, the PMI market has become increasingly competitive as new insurers have entered the market. Whilst this is an attractive trend for the Company there has also been a proliferation of policies excluding psychiatry marketed with a 'comprehensive' label. The Company is actively working with the industry to expose this contradiction and educate the purchasing public on the benefit of genuinely comprehensive policies.

The building of close working relationships with the NHS for the treatment of overflow and sub-speciality acute psychiatric patients on an extra contractual referral ('ECR') basis has continued with good effect during the year and the number of referral sources has increased substantially, resulting in a 28% increase in the number of NHS ECR inpatient days. There appears to be a growing recognition by the NHS of the valuable role which the independent sector can fulfil in providing overflow facilities which assist in optimising utilisation of NHS facilities. The high quality of our Company's facilities, with intensive treatment and restful atmosphere, promotes reduced lengths of stay. We easily demonstrate the cost effectiveness of services provided to the NHS on a per episode basis. A surprising fact is that an episode of treatment in one of our hospitals usually costs less to the NHS than treatment in many of its own hospitals.

#### Elderly Care Review

The long stay residential and nursing home market has remained difficult throughout the year with the Community Care Act continuing to discourage state funded nursing home admissions and with further pressure to reduce prices.

Increased outreach activity led to a 17% increase in the number of admissions, the impact of which was offset by a 19% reduction in the average length of stay. The particular success of the year has been to implement a high private pay mix strategy resulting in a substantial increase in average reimbursement rates.

#### Employees

Once again the year has seen quantum change in the market places in which we operate. Our ability to assimilate these changes and capitalise on opportunities is entirely attributable to the skills, commitment and loyalty of our staff. Undoubtedly our greatest asset is this dedicated team. Encouraging personal performance enhancement, skills development and providing career advancement opportunities remains a priority.

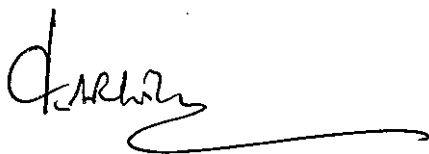
On behalf of the Cygnnet Board I would like to thank each member of our staff for their enthusiasm, loyalty and dedication.

#### Prospects

The reduction in borrowing levels provides the Company with an improved base for expansion in a market which, in spite of its changing nature, continues to offer opportunities.

K.A.R. Wilson

Chairman



**Cygnnet Health Care plc**

**Directors' Report  
for the year ended 31 October 1995**

The directors present their report and the financial statements for the year ended 31 October 1995.

**Principal Activities and Review of the Business**

The principal activity of the company is acquiring, developing and operating psychiatric and elderly health care facilities.

The bed capacity of the company's facilities provides for 164 short stay psychiatric patients and 93 long stay elderly care, as follows:

<u>Acute psychiatric units</u>	<u>Bed capacity</u>
Godden Green Clinic, Sevenoaks, Kent	54
Harrogate Clinic, Harrogate, North Yorkshire	34
Lindisfarne Suite, Nuffield Hospital, Newcastle upon Tyne	13
Stamford Wing, Royal Masonic Hospital, London	24
Bowden House, Harrow on the Hill (joint venture)	39
	----
	164
	----
<u>Elderly care</u>	
Tabley House, Knutsford, Cheshire	54
Tupwood Gate Nursing Home, Caterham, Surrey	39
	----
	93
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**Results and Dividends**

The results for the year are set out on page 7.

The directors do not recommend payment of a dividend.

It is proposed that the retained profit of £640,786 is transferred to reserves.

**Fixed Assets**

Details of movements in fixed assets during the year are set out in note 8 to the financial statements.

Cygnet Health Care plc

Directors' Report (Continued)  
for the year ended 31 October 1995

**Directors and their Interests**

The directors who served during the year and their interests in the company were as stated below.

	Class of share	Number of shares	
		1995	1994
J.C. Hughes	New ordinary shares	1,000	1,000
	'A' ordinary shares	512,325	616,325
	New preference shares	200,000	200,000
	New deferred shares	570,325	570,325
K.A.R. Wilson	'A' ordinary shares	187,500	187,500
	New deferred shares	67,500	67,500
J.B. Randle		-	-
R. Holmes		-	-

At 31st October 1995 immediate relatives of Mr J.C. Hughes held 559,200 shares (1994:505,200) comprising 405,300 'A' ordinary (1994:351,300) and 153,900 new deferred shares (1994:154,900). Mr K.A.R. Wilson holds options over 100 new ordinary shares (1994:100)

**Auditors**

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Noel & Co. be reappointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Board on 5 February 1996

R.C. Dinham  
Secretary

*R. Dinham*

## Cygnnet Health Care plc

### Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for 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 the going concern basis unless it is inappropriate to presume that the company will continue in business.

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



**Cygnnet Health Care plc**  
**Auditors' Report**  
**to the shareholders of Cygnnet Health Care plc**

We have audited the financial statements on pages 5 to 19 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on page 12.

**Respective responsibilities of directors and auditors**

As described on page 5 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.

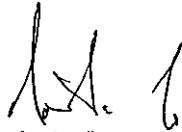
**Basis of opinion**

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 judgments 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 the company's affairs as at 31 October 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Noel & Co.

5 February 1996

**Chartered Accountants**  
**Registered Auditors**

4 Parliament Close  
Prestwood  
Great Missenden  
Buckinghamshire HP16 9DT

Cygnet Health Care plc  
Profit and Loss Account  
for the year ended 31 October 1995

	Notes	1995 £	1994 £
Turnover	2	5,387,726	5,131,964
Operating costs		(4,672,818)	(4,475,593)
Operating profit	3	714,908	656,371
Profit on sale of properties in continuing operations	4	585,134	-
Profit on ordinary activities before interest		1,300,042	656,371
Other interest receivable and similar income	5	3,701	3,411
Interest payable and similar charges	6	(487,957)	(505,979)
Profit on ordinary activities before taxation		815,786	153,803
Tax on profit on ordinary activities	7	(175,000)	(1,211)
Profit for the year	16	£ 640,786	£ 152,592

All operations are continuing operations

Cygnet Health Care plc

Statement of Total Recognised Gains and Losses  
for the year ended 31 October 1995

	1995 £	1994 £
Profit for the financial year	<u>640,786</u>	<u>152,592</u>
 Note of historical cost profits and losses		
	1995 £	1994 £
Reported profit on ordinary activities before taxation	815,786	153,803
Realisation of property revaluation gains of previous years	<u>55,000</u>	<u>34,655</u>
Historical cost profit on ordinary activities before taxation	<u>£ 870,786</u>	<u>£ 188,458</u>
Historical cost profit for the year retained after taxation, extraordinary items and dividends	<u>£ 695,786</u>	<u>£ 187,247</u>

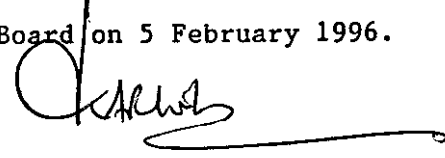
**Cygnnet Health Care plc**

**Balance Sheet  
as at 31 October 1995**

	Notes	£	1995 £	£	1994 £
<b>Fixed Assets</b>					
Tangible assets	8		7,706,036		7,898,348
<b>Current Assets</b>					
Stocks	9	9,362		8,226	
Debtors	10	564,970		648,429	
Cash at bank and in hand		286,598		2,026	
			<u>860,930</u>	<u>658,681</u>	
<b>Creditors: amounts falling due within one year</b>	11	<u>(1,858,528)</u>		<u>(1,762,508)</u>	
<b>Net Current Liabilities</b>			<u>(997,598)</u>	<u>(1,103,827)</u>	
<b>Total Assets Less Current Liabilities</b>			6,708,438		6,794,521
<b>Creditors: amounts falling due after more than one year</b>	12		<u>(3,633,448)</u>	<u>(4,360,317)</u>	
			<u>£ 3,074,990</u>	<u>£2,434,204</u>	
<b>Capital and Reserves</b>					
Called up share capital	14		6,202,611		6,202,611
Share premium account			146,933		146,933
Revaluation reserve	15		1,225,740		1,280,740
Profit and loss account	16		<u>(4,500,294)</u>	<u>(5,196,080)</u>	
<b>Shareholders' Funds</b>	17		<u>£ 3,074,990</u>	<u>£2,434,204</u>	

The financial statements were approved by the Board on 5 February 1996.

  
J.C. Hughes  
Director

  
K.A.R. Wilson  
Director

Cygnet Health Care plc  
Cash Flow Statement  
for the year ended 31 October 1995

	1995	1994
	£	£
Net cash flow from operating activities	1,075,359	803,616
Returns on investments and servicing of finance		
Interest received	3,701	3,411
Interest paid	<u>(487,957)</u>	<u>(568,828)</u>
Net cash flow from returns on investments and servicing of finance	(484,256)	(565,417)
Corporation tax paid (including advance corporation tax)	<u>-</u>	<u>(1,211)</u>
Tax paid	-	(1,211)
Investing activities		
Payments to acquire tangible assets	(74,507)	(46,222)
Receipts from sales of tangible assets	<u>710,721</u>	<u>173,128</u>
Net cash flow from investing activities	636,214	126,906
Net cash flow before financing	1,227,317	363,894
Financing		
Repayment of long term bank loan	<u>(726,869)</u>	<u>(750,500)</u>
Net cash flow from financing	(726,869)	(750,500)
Increase in cash and cash equivalents	<u>£ 500,448</u>	<u>£(386,606)</u>

**Cygnnet Health Care plc**

**Notes to the Cash Flow Statement  
for the year ended 31 October 1995**

1	Reconciliation of operating profit to net cash flow from operating activities	1995 £	1994 £	
	Operating profit	714,908	656,371	
	Depreciation of tangible assets	139,316	149,126	
	Loss/(profit) on disposal of tangible assets	1,916	(70,173)	
	Increase in stocks	(1,136)	(783)	
	Decrease/(increase) in debtors	83,459	(56,205)	
	Increase in creditors due within one year	136,896	125,280	
	Net cash flow from operating activities	<u>£1,075,359</u>	<u>£ 803,616</u>	
2	Analysis of changes in cash and cash equivalents during the year	1995 £	1994 £	
	Balance at 1 November 1994	(213,850)	172,756	
	Net cash flow	<u>500,448</u>	<u>(386,606)</u>	
	Balance at 31 October 1995	<u>£ 286,598</u>	<u>£ (213,850)</u>	
3	Analysis of the balances of cash and cash equivalents as shown in the balance sheet	1995 £	1994 £	Change in year £
	Cash at bank and in hand	286,598	2,026	284,572
	Bank overdrafts	-	(215,876)	215,876
		<u>£286,598</u>	<u>£(213,850)</u>	<u>£500,448</u>
4	Analysis of changes in financing during the year		Share capital £	Loans and finance lease obligations £
	Balance at 1 November 1994		6,349,544	4,992,817
	Cash flow from financing		-	(726,869)
	Balance at 31 October 1995		<u>£6,349,544</u>	<u>£4,265,948</u>

Cygnnet Health Care plc

Notes to the Financial Statements  
for the year ended 31 October 1995

1. Accounting Policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings and include the results of the company's operations as indicated in the directors' report, all of which are continuing.

1.2 Compliance with accounting standards

The company has complied with applicable accounting standards.

1.3 Turnover

Turnover represents amounts receivable for goods and services provided in the UK net of VAT and trade discounts and the share of surplus from the joint venture at St. Andrew's at Harrow, Bowden House.

1.4 Tangible fixed assets and depreciation

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

Leasehold properties	-	Straight line over the life of the lease
Fixtures, fittings and equipment	-	5 - 10 years
Motor vehicles	-	5 years

No depreciation is provided in respect of freehold or long leasehold land or buildings as it is the company's policy to maintain these so as to extend their useful lives.

1.5 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 Stock

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

1.7 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with SSAP 24.

1.8 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.

Cygnet Health Care plc

Notes to the Financial Statements  
for the year ended 31 October 1995

2. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the U.K.

3. Operating Profit

	1995 £	1994 £
Operating profit is stated after charging:		
Depreciation of tangible assets	139,316	149,126
Hire of plant and machinery	5,100	3,913
Operating lease rentals		
- Land and buildings	5,000	5,000
Auditors' remuneration	12,500	12,000
Remuneration of auditors for non-audit work	3,380	1,700
	<u>          </u>	<u>          </u>

4. Exceptional Items

Profit on sale of properties in continuing operations relates to the disposal of part of the Estate of Tabley House nursing home for the development of residential accommodation which is expected to generate a demand for home nursing services in the future whilst reducing ongoing maintenance costs. The amount is stated net of the appropriate proportion of profit related remuneration to Directors and professional fees relating to the disposal.

5. Other Interest Receivable and Similar Income

	1995 £	1994 £
Bank interest received	<u>3,701</u>	<u>3,411</u>

6. Interest Payable

	1995 £	1994 £
On bank loans and overdrafts	26,507	18,120
On loans repayable after 5 years	461,450	486,273
On overdue tax	-	73
Other	-	1,513
	<u>£ 487,957</u>	<u>£ 505,979</u>



**Cygnnet Health Care plc**

**Notes to the Financial Statements  
for the year ended 31 October 1995**

7. Taxation	1995 £	1994 £
U.K. Current year taxation		
U.K. Corporation tax at 25% (1994 - 25%)	175,000	-
Prior years		
U.K. Corporation tax	-	1,211
	<u>£ 175,000</u>	<u>£ 1,211</u>

The tax provision for the year is attributable to the exceptional item in Note 4.

The company had carry forward losses of £3,650,000 (1994 - £3,250,000) at the balance sheet date.

8. Tangible Assets	Land and buildings Freehold £	Land and buildings Leasehold (short) £	Land and buildings Leasehold (long) £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
<b>Cost or valuation</b>						
At 1 November 1994	5,261,283	301,947	1,826,898	1,176,923	70,321	8,637,372
Additions	32,919	-	-	41,588	-	74,507
Disposals	-	-	(123,541)	(5,859)	(3,000)	(132,400)
At 31 October 1995	<u>5,294,202</u>	<u>301,947</u>	<u>1,703,357</u>	<u>1,212,652</u>	<u>67,321</u>	<u>8,579,479</u>
<b>Depreciation</b>						
At 1 November 1994	-	71,573	-	598,601	68,850	739,024
On disposals	-	-	-	(3,364)	(1,533)	(4,897)
Charge for year	-	14,398	-	124,918	-	139,316
At 31 October 1995	<u>-</u>	<u>85,971</u>	<u>-</u>	<u>720,155</u>	<u>67,317</u>	<u>873,443</u>
<b>Net book values</b>						
At 31 October 1995	<u>5,294,202</u>	<u>215,976</u>	<u>1,703,357</u>	<u>492,497</u>	<u>4</u>	<u>7,706,036</u>
At 31 October 1994	<u>5,261,283</u>	<u>230,374</u>	<u>1,826,898</u>	<u>578,322</u>	<u>1,471</u>	<u>7,898,348</u>

Freehold properties were revalued on 8th March 1994 on the basis of an open market valuation for existing use by Erdman Lewis, International Property Consultants.

Cygnet Health Care plc

Notes to the Financial Statements  
for the year ended 31 October 1995

<b>9. Stocks</b>	<b>1995</b>	<b>1994</b>
	<b>£</b>	<b>£</b>
Finished goods and goods for resale	<u>9,362</u>	<u>8,226</u>
<b>10. Debtors</b>	<b>1995</b>	<b>1994</b>
	<b>£</b>	<b>£</b>
Trade debtors	513,055	615,597
Other debtors	1,132	66
Prepayments and accrued income	50,783	32,766
	<u>£ 564,970</u>	<u>£ 648,429</u>
<b>11. Creditors: amounts falling due within one year</b>	<b>1995</b>	<b>1994</b>
	<b>£</b>	<b>£</b>
Bank loans and overdrafts	632,500	848,376
Trade creditors	236,642	239,745
Corporation tax	175,000	-
Other taxes and social security costs	74,207	78,387
Other creditors	235,527	265,790
Accruals and deferred income	504,652	330,210
	<u>£1,858,528</u>	<u>£1,762,508</u>

Cygnet Health Care plc

Notes to the Financial Statements  
for the year ended 31 October 1995

12. Creditors: amounts falling due after more than one year	1995 £	1994 £
Loans	<u>3,633,448</u>	<u>4,360,317</u>
 <b>Loans</b>		
Not wholly repayable within five years by instalments		
Variable rate secured loan notes 1991-2002	2,710,317	3,122,817
Term loan	1,555,631	1,870,000
	<u>4,265,948</u>	<u>4,992,817</u>
Included in current liabilities	(632,500)	(632,500)
	<u>£3,633,448</u>	<u>£4,360,317</u>
 Instalments not due within five years	 <u>£1,103,448</u>	 <u>£2,095,750</u>

The loan notes and the term loan are secured by fixed charges on the company's tangible fixed assets and by floating charges on all assets of the company.

The loan notes and the term loan are repayable by equal six monthly instalments from June 1993 to December 2002. Interest is payable on each loan at 3% above LIBOR.

13. Pension Costs

Pension costs represent contributions to a money purchase scheme for all eligible employees.

Cygnet Health Care plc

Notes to the Financial Statements  
for the year ended 31 October 1995

14. Share Capital	1995 £	1994 £
<b>Authorised</b>		
9,000 New ordinary shares of 1p each	90	90
30,562,500 'A' ordinary shares of 50p each	15,281,250	15,281,250
800,000 New preference shares of £1 each	800,000	800,000
25,000,000 New deferred shares of 50p each	12,500,000	12,500,000
	<u>£ 28,581,340</u>	<u>£ 28,581,340</u>
<b>Allotted, called up and fully paid</b>		
8,600 New ordinary shares of 1p each	86	86
8,152,526 'A' ordinary shares of 50p each	4,076,263	4,076,263
800,000 New preference shares of £1 each	800,000	800,000
2,652,524 New deferred shares of 50p each	1,326,262	1,326,262
	<u>£ 6,202,611</u>	<u>£ 6,202,611</u>

The company has authority to issue warrants and options over 400 new ordinary shares. The options have been issued under an approved Inland Revenue Share Option Scheme. Warrants and options currently in issue are as follows:-

210 warrants, exercisable at £200 per share, between 30 September 1994 and 18 November 2001;  
137 options, exercisable at £200 per share, between 30 September 1994 and 30 September 2001;  
43 options, exercisable at £250 per share, between 12 January 1999 and 12 January 2006.

The new ordinary shares rank pari passu with the 'A' ordinary shares except that as a class they represent 89.5833% of the voting, income and capital rights applicable to the holders of all issued ordinary shares.

The 'A' ordinary shares represent in total 10.4167% of the voting, income and capital rights of the issued ordinary share capital.

The new preference shares are redeemable at par by 31st December 2002.

The new deferred shares have no rights to dividends or to voting and only minimal rights in the event of a winding up.

15. Revaluation Reserve	1995 £	1994 £
Balance brought forward at 1 November 1994	1,280,740	1,315,395
Transfer of realised profits	(55,000)	(34,655)
Balance carried forward at 31 October 1995	<u>£1,225,740</u>	<u>£1,280,740</u>

Cygnet Health Care plc

Notes to the Financial Statements  
for the year ended 31 October 1995

16. Profit And Loss Account	1995 £	1994 £
Accumulated losses at 1 November 1994	(5,196,080)	(5,383,327)
Retained profit for the year	640,786	152,592
Transfer from revaluation reserve	55,000	34,655
Accumulated losses at 31 October 1995	<u>£(4,500,294)</u>	<u>£(5,196,080)</u>

17. Reconciliation of Movements in Shareholders' Funds	1995 £	1994 £
Profit for the financial year	640,786	152,592
Opening shareholders' funds	2,434,204	2,281,612
Closing shareholders' funds	<u>£3,074,990</u>	<u>£2,434,204</u>
Attributable to Equity interests	948,728	307,942
Attributable to Non-Equity interests	2,126,262	2,126,262
	<u>£3,074,990</u>	<u>£2,434,204</u>

Non-Equity interests relate to shares which have limited rights to dividends or to surpluses in a winding up and include the New preference shares of £1 each and the New deferred shares of 50p each.

18. Financial Commitments

At 31 October 1995 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 1995 £	1994 £
Expiry date:		
In over five years	5,000	5,000
	<u>£ 5,000</u>	<u>£ 5,000</u>

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19. Directors' Emoluments	1995 £	1994 £
Remuneration	<u>300,876</u>	<u>153,600</u>
Emoluments disclosed above (excluding pension contributions) include amounts paid to:		
The chairman	<u>£ 89,142</u>	<u>£ 31,519</u>
The highest-paid director	<u>£ 194,109</u>	<u>£ 94,106</u>
The remuneration of the executive directors includes a basic remuneration that has remained unchanged since 1991 and a balance which is profit related.		
Other directors' emoluments (excluding pension contributions) were in the following ranges:	Number	Number
£5,001 - £10,000	<u>2</u>	<u>2</u>
20. Employees		
Number of employees		
The average weekly number of employees (including directors) during the year was:	1995 Number	1994 Number
Full time	152	138
Part time	<u>105</u>	<u>97</u>
	<u>257</u>	<u>235</u>
Employment costs	£	£
Wages and salaries	3,079,655	2,768,301
Social security costs	266,325	245,678
Other pension costs	<u>18,814</u>	<u>29,806</u>
	<u>£3,364,794</u>	<u>£3,043,785</u>