

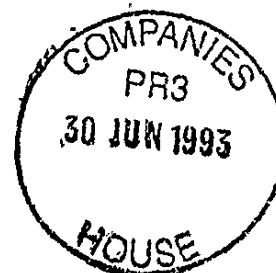
DIAGONAL

ACCOUNTS

DIAGONAL PLC

Company no: 2153353

30 November 1992



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DIAGONAL

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The directors present their report and the audited accounts for the year ended 30 November 1992.

PRINCIPAL ACTIVITIES

The principal activities of the company and its subsidiaries are the provision of the services of management consulting, information technology consulting, computer staff and computer staff recruitment to commerce, industry, government and public bodies.

REVIEW OF THE BUSINESS

A review of the group's trading position is given in the Chairman's statement on page 2.

RESULTS

The results for the year are set out on page 5 and the movements in reserves are shown in note 18 on page 18.

DIVIDENDS

As stated in last year's report, it was the intention to commence payment of dividends to the holders of the preference and 'A' ordinary shares during 1992 on a current year basis. Consequently, an interim payment was made in March amounting to £85,335. However, since the group's trading position showed no prospect of a positive result for the year as a whole, it was decided to suspend the second half-year instalment due in September.

Since the profitability of the group has improved substantially during the first half of 1993, a payment of £82,414 has been made to those shareholders in March of 1993. Provided that the group's affairs continue to show positive progress during the remainder of 1993, then a second instalment should become payable in September. Progress on the clearance of dividend arrears will be subject to the adequacy of both reserves and available working capital.

DIRECTORS

The directors who served during the year and their beneficial interests in the share capital of the company were as follows

	10p Ordinary shares	
	30 November 1992	30 November 1991
M.T. Samuels	1,803,406	1,803,406
C.D. Burnside	1,717,333	1,717,333
B.D. Churcher	1,650,000	1,650,000
E.C. Drummond	800,000	800,000
P.B. Moore	1,406,000	1,406,000
V.J. Tuffield	900,000	900,000

AUDITORS

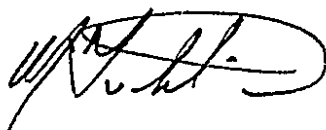
A resolution to reappoint Touche Ross & Co. as auditors will be proposed at the forthcoming Annual General Meeting.

By order of the board

V.J. Tuffield

Secretary

28 June 1993



Contrary to informed opinion, the recession in the UK continued well into 1992, prolonging the caution which has dominated our marketplace for nearly three years. Group revenue for the year ended 30 November 1992 was 19% down on the previous year at £9.75 million.

Demand for the services of our lower margin contract agency business continued to decline, more than accounting for the reduction in group revenue. Despite the cost of contract staff remaining in proportion to revenue it was necessary to reduce the overheads of this business during the year.

On a more positive note I am pleased to report a significant increase in the growth of our higher margin business. Demand for technical specialists and value added services provided by our permanently employed consultants saw revenue rise by more than 30%.

The substantial reduction in our fixed costs and continued improvements in the mix of business have resulted in a healthy increase in operating profit in the first half of the new year. Combined with improvement in the economy I am confident that the group will produce a good result in 1993.

M T Samuels
Chairman

June 1993

AUDITORS' REPORT TO THE MEMBERS
OF DIAGONAL PLC

DIAGONAL

We have audited the financial statements on pages 5 to 19 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 30 November 1992 and of the loss and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Touche Ross & Co
TOUCHE ROSS & CO.

Chartered Accountants and Registered Auditor

Hill House
1 Little New Street
London EC4A 3TR

28 June 1993

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 30 November 1992

DIAGONAL

	Note	1992	1991
TURNOVER	1(c)	9,753,850	12,060,789
Cost of sales		<u>(7,787,445)</u>	<u>(9,696,654)</u>
GROSS PROFIT		1,966,405	2,364,135
Administrative expenses		<u>(1,762,447)</u>	<u>(1,866,544)</u>
OPERATING PROFIT		203,958	497,591
Income from listed investment		1,387	-
Interest receivable	5	5,853	2,604
Interest payable and similar charges	6	<u>(175,686)</u>	<u>(243,869)</u>
		<u>(168,446)</u>	<u>(241,265)</u>
		35,512	256,326
AMOUNT WRITTEN OFF GOODWILL	9	<u>(97,703)</u>	<u>(97,703)</u>
(LOSS)/PROFIT BEFORE EXCEPTIONAL ITEMS		(62,191)	158,623
Exceptional items	7	<u>(155,347)</u>	-
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	(217,538)	158,623
Tax on (loss)/profit on ordinary activities	8	<u>2,688</u>	<u>(53,999)</u>
(LOSS)/PROFIT FOR THE YEAR		(214,850)	104,624
Dividends paid		<u>(85,335)</u>	-
RETAINED (LOSS)/PROFIT FOR THE YEAR	18	<u>£(300,185)</u>	<u>£104,624</u>

CONSOLIDATED BALANCE SHEET
30 November 1992

DIAGONAL

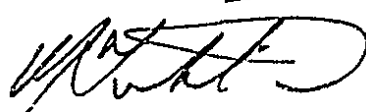
	Note	1992	1991
FIXED ASSETS			
Intangible assets	9	1,565,124	1,662,827
Tangible assets	10(a)	373,754	511,268
		<u>1,938,878</u>	<u>2,174,095</u>
CURRENT ASSETS			
Debtors	12	1,780,798	1,956,980
Investments	13	10,000	-
Cash at bank and in hand		50,142	14,222
		<u>1,840,940</u>	<u>1,971,202</u>
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR			
	14	<u>(1,965,653)</u>	<u>(2,057,650)</u>
NET CURRENT LIABILITIES			
		<u>(124,713)</u>	<u>(86,448)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		1,814,165	2,087,647
CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
	15	(80,497)	(93,348)
PROVISIONS FOR LIABILITIES AND CHARGES			
	16	<u>(39,554)</u>	<u>-</u>
		<u>£1,694,114</u>	<u>£1,994,299</u>
CAPITAL AND RESERVES			
Called up share capital	17	2,452,080	2,452,080
Reserves			
Share premium account	18	65,619	65,619
Merger reserve	18	18,866	18,866
Profit and loss account	18	<u>(842,451)</u>	<u>(542,266)</u>
Total reserves		<u>(757,966)</u>	<u>(457,781)</u>
SHAREHOLDERS' FUNDS			
		<u>£1,694,114</u>	<u>£1,994,299</u>

APPROVED BY THE BOARD OF DIRECTORS

M.T.Samuels



V.J.Tuffield



28 June 1993

COMPANY BALANCE SHEET
30 November 1992

DIAGONAL

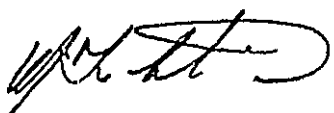
	Note	1992	1991
FIXED ASSETS			
Tangible assets	10(b)	73,172	100,533
Investments	11	<u>2,778,432</u>	<u>2,839,548</u>
		2,851,604	2,940,081
CURRENT ASSETS			
Debtors	12	2,527,839	2,722,670
Investments	13	10,000	-
Cash at bank and in hand		<u>355</u>	<u>14,222</u>
		2,538,194	2,736,892
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	14	<u>(1,174,165)</u>	<u>(1,167,243)</u>
NET CURRENT ASSETS		<u>1,364,029</u>	<u>1,569,649</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		4,215,633	4,509,730
CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	15	(23,225)	(65,537)
PROVISIONS FOR LIABILITIES AND CHARGES	16	<u>(39,554)</u>	<u>-</u>
		<u>£4,152,854</u>	<u>£4,444,193</u>
CAPITAL AND RESERVES			
Called up share capital	17	2,452,080	2,452,080
Reserves			
Share premium account	18	65,619	65,619
Merger reserve	18	1,524,946	1,524,946
Profit and loss account	18	<u>110,209</u>	<u>401,548</u>
Total reserves		<u>1,700,774</u>	<u>1,992,113</u>
SHAREHOLDERS' FUNDS		<u>£4,152,854</u>	<u>£4,444,193</u>

APPROVED BY THE BOARD OF DIRECTORS

M.T.Samuels



V.J.Tuffield



28 June 1993

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 30 November 1992

DIAGONAL

	Note	1992	1991
Net cash inflow from operating activities	A	354,537	969,830
Returns on Investments and servicing of finance			
Interest received	5,390	3,660	
Interest paid	(144,170)	(229,965)	
Interest element of finance lease payments	(35,059)	(46,479)	
Dividends received	1,387	-	
Dividends paid	(85,335)	-	
Net cash outflow from returns on Investments and servicing of finance		(257,787)	(272,784)
Taxation			
UK corporation tax (paid)/recovered		(74,553)	45,278
Investing activities			
Purchase of tangible fixed assets	(23,183)	(33,746)	
Purchase of shares in listed company	(19,246)	-	
Proceeds of disposals of tangible assets	50,925	43,756	
Deferred consideration paid on acquisition of a subsidiary	-	(4,000)	
Net cash inflow from Investing activities		8,496	6,010
Net cash inflow before financing		30,693	748,334
Financing			
Issue of ordinary share capital	-	408,613	
Expenses of issue	-	(10,700)	
Capital element of finance lease payments	(148,968)	(191,341)	
Net cash (outflow)/inflow from financing	B	(148,968)	206,572
(Decrease)/Increase in cash and cash equivalents	C	£(118,275)	£954,906

NOTES TO THE CASH FLOW STATEMENT
for the year ended 30 November 1992

DIAGONAL

A. Reconciliation of operating profits to cash inflow from operating activities	1992	1991	
Operating profit	203,958	497,591	
Exceptional items	(155,347)	-	
Depreciation	191,689	166,188	
Loss on sales of tangible assets	5,708	869	
Increases in provisions	48,800	-	
Decrease in debtors	199,887	626,070	
Decrease in creditors	(140,158)	(320,888)	
	<u>£354,537</u>	<u>£969,830</u>	
B. Analysis of changes in financing	<i>Share capital and premium</i>	<i>Finance lease obligations</i>	
At 1 December 1991	2,517,699	226,839	
Net cash outflow from financing	-	(148,968)	
Inception of finance leases	-	87,625	
At 30 November 1992	<u>£2,517,699</u>	<u>£165,496</u>	
C. Analysis of changes in cash and cash equivalents during the year			
At 1 December 1991		(900,863)	
Net cash outflow		(118,275)	
At 30 November 1992		<u>£(1,019,138)</u>	
D. Analysis of balances of cash and cash equivalents as show in the balance sheet	1992	1991	<i>Change in year</i>
Cash at bank and in hand	50,142	14,222	35,920
Bank overdraft	(1,069,280)	(915,085)	(154,195)
	<u>£(1,019,138)</u>	<u>£(900,863)</u>	<u>£(118,275)</u>

1. **ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with applicable Accounting Standards, using the historical cost convention. The particular accounting policies which the directors have adopted within that convention are set out below.

a) **Basis of consolidation**

The group accounts consolidate the accounts of the company and its subsidiary undertakings. The results of companies acquired during the year are consolidated from the date of acquisition. All companies within the group make up their accounts to the same date.

b) **Goodwill on consolidation**

Goodwill is the amount by which the purchase consideration for shares in subsidiary undertakings exceeded the fair value to the group of the net assets acquired. Goodwill is either written off to reserves on acquisition or amortised through the profit and loss account over the estimated useful economic life of twenty years.

c) **Turnover**

Turnover is the amount derived from the provision of goods and services falling within the group's ordinary activities after deduction of value added tax.

d) **Tangible fixed assets and depreciation**

Depreciation is calculated to write down their cost to their estimated residual values over the period of their estimated useful economic lives. The following rates have been used

Short leasehold property	- equal annual instalments over period of lease
Motor vehicles	- 25% p.a. reducing balance
Furniture, fixtures and fittings	- 15% p.a. straight line
Office equipment	- 20% p.a. straight line
Computer equipment	- 25% p.a. straight line

e) **Leased assets**

Fixed assets leased under finance leases, including hire purchase, are capitalised and depreciated over their expected useful economic lives. The finance charges are allocated over the primary period of the lease in proportion to the capital element outstanding. The costs of operating leases are charged to the profit and loss account as they accrue.

f) **Deferred taxation**

Deferred tax is provided at anticipated tax rates in respect of significant timing differences to the extent that it is probable that such tax will become payable.

g) **Pensions**

The group operates a Contracted Out Money Purchase pension scheme on behalf of some members of staff. This involves the diversion of a portion of National Insurance Contributions into the fund. In addition contributions are made towards personal pension plans of certain senior officials. The pension cost represents the group's contributions made in respect of the accounting period.

2.	(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	1992	1991
	The (loss)/profit on ordinary activities before taxation is arrived at after charging		
		£	£
	Amounts written off intangible assets	97,703	97,703
	Depreciation - owned assets	78,672	38,232
	- leased assets	113,017	127,956
	Auditors' remuneration	20,000	27,000
		<u> </u>	<u> </u>
3.	EMPLOYEES	1992	1991
	The average number, including directors, employed by the group during the year, was as follows		
		<u>No. of employees</u>	
	Operating staff	16	13
	Sales staff	22	23
	Administration staff	16	16
		<u> </u>	<u> </u>
		54	52
		<u> </u>	<u> </u>
	The costs incurred in respect of these employees were as follows		
	Wages and salaries	1,636,424	1,632,421
	Social security costs	172,016	163,022
	Other pension costs	49,280	35,649
		<u> </u>	<u> </u>
		<u>£1,857,720</u>	<u>£1,831,092</u>
4.	DIRECTORS	1992	1991
	The emoluments of the directors of the parent company were as follows		
	Management remuneration	<u>£314,868</u>	<u>£303,410</u>
	The management remuneration excluding pension contributions of directors was as follows		
	Chairman	<u>£45,711</u>	<u>£47,975</u>
	Highest paid director	<u>£57,780</u>	<u>£62,732</u>
	Other directors	<u>No. of directors</u>	
	£40,001 to £45,000	none	one
	£45,001 to £50,000	three	two
	£50,001 to £55,000	none	one
	£55,001 to £60,000	<u>one</u>	<u>none</u>

5. INTEREST RECEIVABLE	1992	1991
Bank interest	5433	939
Other interest	420	1,665
	<u>£5,853</u>	<u>£2,604</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES	1992	1991
Interest on bank overdraft repayable within five years	140,529	193,113
Invoice discounting charges	-	3,891
Finance lease charges	34,910	46,766
Other interest	247	99
	<u>£175,686</u>	<u>£243,869</u>

7. EXCEPTIONAL ITEMS

The charge for the year comprises three separate elements as detailed below.

- Due to the downturn in the group's business, it was regrettably necessary to dispense with the services of some senior staff. The cost of redundancies and other employment termination costs amounted to £79,347.
- Due to the business failure of the assignees of the lease on premises formerly leased by the company, the lease reverted to the company during the course of 1992. The current state of the commercial property market is unfavourable and the directors took the decision to sub-let the premises at a reduced rental for three years from 1 May 1993. Consequently a provision has been made for the costs already incurred and the anticipated shortfall in rents received over outgoings for the period up to the end of the sub-letting agreement. The estimated net cost amounts to £48,000.
- In view of the current state of the second-hand market for motor vehicles, combined with the effects of the removal of special car tax which has further depressed resale values, the directors are of the opinion that a number of the group's older vehicles would not realise their net book value. Accordingly an exceptional depreciation charge has been made in 1992 amounting to £28,000.

8. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

Taxation is based on the results for the year and comprises	1992	1991
Corporation tax at 30.36%	-	53,999
Overprovision in prior years	(2,688)	-
	<u>£(2,688)</u>	<u>£53,999</u>

Trading losses amounting to approximately £125,000, (1991 - £180,000) are available to carry forward to offset against future trading profits.

9. INTANGIBLE FIXED ASSETS

Group

Goodwill arising on consolidation

3,460,137

Cost

(1,506,080)

Transfers to merger reserve

1,954,057

Amortisation previously provided

(291,230)

Net book value at 1 December 1991

1,662,827

Amortisation provided in year

(97,703)

Net book value at 30 November 1992

£ 1,565,124

The cumulative amount of goodwill written off
at 30 November 1992 was £1,895,013.

10. TANGIBLE FIXED ASSETS

	<i>Short leasehold property</i>	<i>Motor vehicles</i>	<i>Furniture, fixtures and fittings</i>	<i>Office equipment</i>	<i>Computer equipment</i>	<i>Total</i>
a) Group						
Cost						
At 1 December 1991	32,894	551,382	106,532	53,794	198,659	943,261
Additions	-	108,771	-	2,037	-	110,808
Disposals	-	(149,296)	-	(2,299)	(1,050)	(152,645)
At 30 November 1992	32,894	510,857	106,532	53,532	197,609	901,424
Depreciation						
At 1 December 1991	3,019	227,395	44,205	30,917	126,457	431,993
Charge for the year	1,525	120,286	15,980	10,953	42,945	191,689
Disposals	-	(92,963)	-	(2,000)	(1,049)	(96,012)
At 30 November 1992	4,544	254,718	60,185	39,870	168,353	527,670
Net book value						
At 30 November 1992	£28,350	256,139	46,347	13,662	29,256	£373,754
At 30 November 1991	£29,875	323,987	62,327	22,877	72,202	£511,268
b) Company						
Cost						
At 1 December 1991	32,894	82,502	24,686	6,982	10,213	157,277
Additions	-	-	-	-	-	-
Disposals	-	(10,400)	-	-	-	(10,400)
At 30 November 1992	32,894	72,102	24,686	6,982	10,213	146,877
Depreciation						
At 1 December 1991	3,019	32,968	9,855	4,819	6,083	56,744
Charge for the year	1,525	15,311	3,703	1,396	2,204	24,139
Disposals	-	(7,178)	-	-	-	(7,178)
At 30 November 1992	4,544	41,101	13,558	6,215	8,287	73,705
Net book value						
At 30 November 1992	£28,350	31,001	11,128	767	1,926	£73,172
At 30 November 1991	£29,875	49,534	14,831	2,163	4,130	£100,533

10. TANGIBLE FIXED ASSETS (cont.)

c) Leased assets

The net book values of assets held under finance leases were as follows

	Group		Company	
	1992	1991	1992	1991
Motor vehicles	193,329	286,526	17,732	45,843
Furniture, fixtures and fittings	13,477	17,152	-	-
Office equipment	3,793	5,690	-	-
Computer equipment	17,450	57,661	-	-
	<u>£228,049</u>	<u>£367,029</u>	<u>£17,732</u>	<u>£45,843</u>

11. FIXED ASSET INVESTMENTS

Company

Cost of investment in subsidiaries acquired at 1 December 1991	3,528,897
Transfer of shares in Strand Computer Recruitment Limited from Strand Computer Systems Limited	<u>100</u>

Cost at 30 November 1992	<u>3,528,997</u>
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Amounts provided at 1 December 1991	689,349
Provided in year	<u>61,216</u>

Amounts provided at 30 November 1992	<u>750,565</u>
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Net book value at 30 November 1992	<u>£2,778,432</u>
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Net book value at 30 November 1991	<u>£2,839,548</u>
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- a) The investment in all subsidiaries, with the exception of MAPP Limited, Marshall-Wilkins Limited (see note (b) below) and Strand Computer Systems Limited (see note (c) below) has been fully provided.
- b) The investment in Marshall-Wilkins Limited was written down in the previous year to £750,000, since, in the opinion of the directors, that company has suffered a diminution in value due to the continuous losses suffered since acquisition. These losses have resulted from the severe effects of the current recession on the permanent recruitment market. The directors do believe, however, that Marshall-Wilkins Limited will have an important role to play in the group's affairs once the recovery in the economy materialises.
- c) The investment in Strand Computer Systems Limited is carried at its net asset value.

In addition to the above, the company has made cumulative provisions in respect of inter-company indebtedness amounting to £396,372 (1991 - £299,000).

11. FIXED ASSET INVESTMENTS (cont.)

Principal subsidiary companies

The principal subsidiaries of the company are set out below. The company owns 100% of the issued share capital. All companies are registered in England and Wales.

	<i>Nature of business</i>
Diagonal Computer Services Limited	Information technology consultancy and contract computer personnel
Diagonal Consulting Services Limited	Management and property consultancy
Marshall-Wilkins Limited	Campaign recruitment and management consultancy
MAPP Limited	Contract computer personnel

12. DEBTORS

	<i>Group</i>		<i>Company</i>	
	1992	1991	1992	1991
Trade debtors	1,716,280	1,917,078	-	-
Amounts owed by group companies	-	-	2,471,970	2,655,563
Other debtors	11,656	14,475	8,202	21,190
Corporation tax recoverable	1,452	-	-	-
Group relief receivable	-	-	40,138	43,572
ACT recoverable	30,347	8,557	347	-
Prepayments and accrued income	21,063	16,870	7,182	2,345
	<u>£1,780,798</u>	<u>£1,956,980</u>	<u>£2,527,839</u>	<u>£2,722,670</u>

13. CURRENT ASSET INVESTMENTS

Group and company

Shares listed on the UK Stock Exchange at market value (cost £19,246)

	1992	1991
	<u>£10,000</u>	<u>£-</u>

14. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	<i>Group</i>		<i>Company</i>	
	1992	1991	1992	1991
Bank overdrafts (see note 20 (a))	1,069,280	915,085	1,023,141	966,990
Trade creditors	479,113	596,860	-	-
Amount owed to group company	-	-	3,000	-
Other creditors	11,628	3,828	-	-
Corporation tax	-	53,999	-	-
Other taxation and social security	216,349	176,267	40,089	49,944
Obligations under finance leases (see note 15)	84,999	133,491	46,464	87,397
Accruals and deferred income	104,284	178,120	61,471	62,912
	<u>£1,965,653</u>	<u>£2,057,650</u>	<u>£1,174,165</u>	<u>£1,167,243</u>

17. SHARE CAPITAL (cont.)

b) 10p 'A' ordinary shares

The 'A' ordinary shares have a fixed dividend right which equates to a net investment yield to the holders of these shares of 8.25%. In addition, the 'A' ordinary shares attract a net cash dividend preferential to the ordinary shares, so as to bring the total dividend paid to 6.5% of the net profits before taxation of the group.

At 30 November 1992 there were arrears of dividends amounting to £252,344 (1991 - £210,811).

18. RESERVES

	<i>Merger reserve</i>	<i>Share premium account</i>	<i>Profit and loss account</i>
Group			
Balances at 1 December 1991	18,866	65,619	(542,266)
Loss for the year	-	-	(300,185)
Balances at 30 November 1992	<u>£18,866</u>	<u>£65,619</u>	<u>£(842,451)</u>
Company			
Balances at 1 December 1991	1,524,946	65,619	401,548
Loss for the year	-	-	(291,339)
Balances at 30 November 1992	<u>£1,524,946</u>	<u>£65,619</u>	<u>£110,209</u>

a) The company has taken advantage of the merger relief provisions of section 131 of the Companies Act 1985 and has therefore not created a share premium account on share issues made in connection with the acquisition of subsidiary companies. Instead the company has credited the amount by which the fair value exceeds the nominal value to a separate merger reserve.

b) No profit and loss account is presented for the parent company as permitted by section 230 of the Companies Act 1985. The company's loss for the financial year was £291,339 (1991 - profit £706,125)

15. CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	Group		Company	
	1992	1991	1992	1991
Obligations under finance leases	£80,497	£93,348	£23,225	£65,537

Obligations under finance leases fall due between two and five years.

Note that the company is carrying the obligations under finance leases in respect of some assets of subsidiary companies. The repayments including finance charges are dealt with through the inter-company accounts.

16. PROVISIONS FOR LIABILITIES AND CHARGES	1992	1991
Group and company		
Amount provided in respect of property liabilities (see note 7(b))	48,000	-
Less: Payments already made	(8,446)	-
	<u>£39,554</u>	<u>£-</u>

17. SHARE CAPITAL	1992	1991
Authorised		
900,000 cumulative redeemable 10% £1 preference shares	900,000	900,000
16,425,192 ordinary shares of 10p each	1,642,519	1,642,519
5,574,808 'A' ordinary shares of 10p each	557,481	557,481
	<u>£3,100,000</u>	<u>£3,100,000</u>
Allotted and fully paid		
817,628 cumulative redeemable 10% £1 preference shares	817,628	817,628
11,578,108 ordinary shares of 10p each	1,157,811	1,157,811
4,766,408 'A' ordinary shares of 10p each	476,641	476,641
	<u>£2,452,080</u>	<u>£2,452,080</u>

a) **Cumulative redeemable preference shares**

At an Extraordinary General Meeting held on 25 February 1992, the coupon on the cumulative redeemable preference shares was reduced from 12.1% to 10% with effect from 1 December 1991. In addition the redemption dates for the repayment of the shares were changed so that they will now become redeemable in four equal instalments at six-monthly intervals commencing on 31 March 1994 and ending on 30 September 1995.

At 30 November 1992 there were arrears of dividends amounting to £248,796 (1991 - £210,836).

19. FINANCIAL COMMITMENTS

Operating leases

Group and company

At 30 November, the group had annual commitments under non-cancellable operating leases as set out below.

	1992		1991	
	<u>Land and buildings</u>	<u>Other</u>	<u>Land and buildings</u>	<u>Other</u>
Operating leases which expire in the second to fifth year	-	6,557	-	6,663
Over five years	56,052	-	56,052	-
	<u>£56,052</u>	<u>£6,557</u>	<u>£56,052</u>	<u>£6,663</u>

Note that the financial commitment in respect of land and buildings does not include the annual commitment in respect of No 7 Borelli Yard already provided for within exceptional items (see notes 7(b) and 16).

20. CONTINGENT LIABILITIES

a) Mortgage debenture

The bank overdraft of the company is secured on the assets of the company and certain of its subsidiaries by way of a mortgage debenture.

b) Cross-guarantee

The company has issued a guarantee in favour of National Westminster Bank PLC in respect of the indebtedness of certain subsidiaries to the bank. At 30 November 1992 the contingent liability amounted to £nil (1991 - £nil).