

Coopers
& Lybrand

Stannifer Group Limited
Annual report
for the year ended 31 December 1995

Registered in England and Wales: 2597047



A36 *AQ571NXX* 286
COMPANIES HOUSE 08/08/96

**Directors' report
for the year ended 31 December 1995**

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

Review of business

The company acts as the holding company for a group of companies engaged in property development, management and investment. The results for the year are set out in the consolidated profit and loss account on page 4.

The directors regard the results and prospects of the group as satisfactory.

Dividends and transfers to reserves

An interim dividend of £16.764 per ordinary share amounting to £3,145,000 was declared on 17 March 1995. The directors do not recommend the payment of a final dividend and the loss for the year of £2,621,949 has been deducted from reserves.

Directors and directors' interests

The directors of the company who served during the year were as follows:

G G Hudson
R S Barrott
C L Limited
H E Rogg

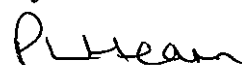
At 31 December 1995 Mr R S Barrott held an interest in 75,000 "B" ordinary shares of £1 each (1994: 75,000) in the company. Mr R S Barrott is also a director of Stannifer Group Holdings Limited, a fellow subsidiary company, in which he has an interest in 23 ordinary shares of £1 each and a joint interest with Messrs P L Hearn and M J Sheard in 7 and 10 ordinary shares of £1 each respectively. No other director had any interest in the share capital of the company or in the share capital of other group companies.

Fixed assets

The changes in tangible fixed assets are detailed in note 11 to the financial statements.

Auditors

A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the forthcoming general meeting.

By order of the board

P L Hearn
Secretary

7 JUNE 1996

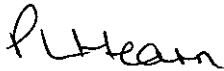
Statement of directors' responsibilities

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 the group and of the profit or loss of the group 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;
- 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 of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board



P L Hearn
Secretary

7 JUNE 1996

Report of the auditors to the members of Stannifer Group Limited

We have audited the financial statements on pages 4 to 23.

Respective responsibilities of directors and auditors

As described on page 2 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.

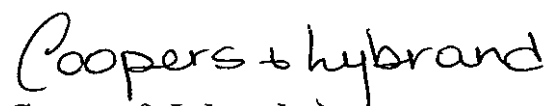
Basis of opinion

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 31 December 1995 and the profit, total recognised losses 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
Birmingham

10 June 1996

**Consolidated profit and loss account
for the year ended 31 December 1995**

	Notes	1995 £	1994 £
Turnover - continuing operations	2	2,308,619	17,800,728
Cost of sales - before exceptional item		(589,870)	(12,165,216)
Exceptional cost of sales - permanent diminution in value of investment properties		(338,735)	-
Total cost of sales - continuing operations		(928,605)	(12,165,216)
Gross profit		1,380,014	5,635,512
Administrative expenses - continuing operations		(919,810)	(1,137,189)
Operating profit - continuing operations		460,204	4,498,323
Income from interests in associated undertakings		1,836,154	-
Profit on ordinary activities before interest		2,296,358	4,498,323
Interest receivable and similar income	5	251,419	153,408
Interest payable and similar charges	6	(811,282)	(569,678)
Profit on ordinary activities before taxation	7	1,736,495	4,082,053
Taxation	8	(1,220,933)	(1,255,769)
Profit on ordinary activities after taxation		515,562	2,826,284
Minority interest		7,489	5,975
Profit for the financial year		523,051	2,832,259
Dividend	10	(3,145,000)	-
(Loss)/profit for the year	21	(2,621,949)	2,832,259

There is no difference between the profit on ordinary activities before taxation and the (loss)/profit for the year stated above and their historical cost equivalents.

Consolidated statement of total recognised gains and losses for the year ended 31 December 1995

	Notes	1995 £	1994 £
Profit for the financial year		523,051	2,832,259
Temporary diminution in value of investment properties	22	(553,627)	(314,931)
Total (losses)/gains recognised since last annual report		<u>(30,576)</u>	<u>2,517,328</u>

Stannifer Group Limited

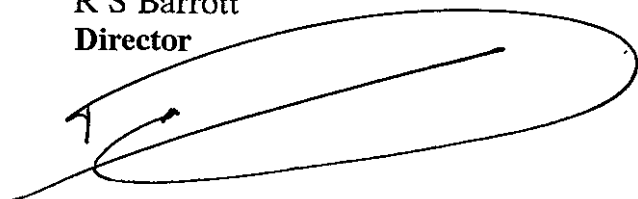
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Balance sheet at 31 December 1995

	Notes	Group 1995 £	Company 1995 £	Group 1994 £	Company 1994 £
Fixed assets					
Tangible assets	11	5,337,552	-	6,222,476	-
Investments	12	2,613,585	2,228,842	2,053,645	2,228,842
		<u>7,951,137</u>	<u>2,228,842</u>	<u>8,276,121</u>	<u>2,228,842</u>
Current assets					
Stocks	13	977,075	-	650,229	-
Debtors	14	1,802,325	4,257,097	2,226,583	4,350,424
Cash at bank and in hand		1,386,025	292,772	5,524,683	26,742
		<u>4,165,425</u>	<u>4,549,869</u>	<u>8,401,495</u>	<u>4,377,166</u>
Current liabilities					
Creditors: amounts falling due within one year	15	(13,514,023)	(6,434,849)	(14,994,556)	(3,522,117)
Net current (liabilities)/assets		<u>(9,348,598)</u>	<u>(1,884,980)</u>	<u>(6,593,061)</u>	<u>855,049</u>
Total assets less current liabilities		<u>(1,397,461)</u>	<u>343,862</u>	<u>1,683,060</u>	<u>3,083,891</u>
Creditors: Amounts falling due after more than one year	16	(495,885)	-	(491,145)	-
Provisions for liabilities and charges	17	(99,015)	(99,015)	(1,211)	-
Net (liabilities)/assets		<u>(1,992,361)</u>	<u>244,847</u>	<u>1,190,704</u>	<u>3,083,891</u>
Capital reserves					
Called up share capital	19	187,600	187,600	187,600	187,600
Profit and loss account	21	337,335	57,247	2,959,284	2,896,291
Revaluation reserve	22	(868,558)	-	(314,931)	-
Other reserve	22	(1,626,087)	-	(1,626,087)	-
Total equity shareholders' funds	20	<u>(1,969,710)</u>	<u>244,847</u>	<u>1,205,866</u>	<u>3,083,891</u>
Equity minority interest		<u>(22,651)</u>	<u>-</u>	<u>(15,162)</u>	<u>-</u>
		<u>(1,992,361)</u>	<u>244,847</u>	<u>1,190,704</u>	<u>3,083,891</u>

The financial statements on pages 4 to 23 were approved by the board of directors on 7 JUNE 1996 and were signed on its behalf by:

R S Barrott
Director



**Consolidated cash flow statement
for the year ended 31 December 1995**

	Notes	1995 £	1994 £
Net cash (outflow)/inflow from operating activities (reconciliation to operating profit on page 8)	(a)	(2,527,051)	8,763,522
Returns on investments and servicing of finance			
Interest received		244,145	146,561
Discount on deep discount bond		(556,625)	-
Interest paid		(486,708)	(592,670)
Interest paid on hire purchase agreements		(1,848)	(2,362)
Dividends paid on equity shares		(3,145,000)	-
Net cash outflow from returns on investments and servicing of finance		(3,946,036)	(448,471)
Taxation			
United Kingdom corporation tax paid		(1,238,523)	(96,273)
Group relief received		17,833	-
		(1,220,690)	(96,273)
Investing activities			
Payments to acquire investments in associated undertakings		(20,177)	(2,033,468)
Payments to acquire tangible fixed assets		(137,423)	(139,052)
Receipts from disposal of fixed assets		417	1,400
Purchase of subsidiary (net of cash acquired)		-	31,771
Net cash outflow from investing activities		(157,183)	(2,139,349)
Net cash (outflow)/inflow before financing		(7,850,960)	6,079,429
Financing			
Loans received from immediate holding company		1,625,000	-
Loans repaid to immediate holding company		(1,625,000)	-
Loans received from/repaid by fellow subsidiary		4,927,797	-
Loans repaid/given to fellow subsidiary		(1,127,797)	-
Loans received from associated undertakings		2,878,736	-
Loans repaid to associated undertaking		(410,125)	-
Loan to associated undertaking		(2,069,184)	(715,550)
Loan repaid by associated undertaking		2,623,914	-
Amount received in respect of loan from group undertaking		-	282,817
Amount (repaid)/received in respect of deep discount bond		(3,093,375)	3,093,375
Repayment of loan		-	(3,486,617)
Repayment of principal under hire purchase agreement		(17,664)	(24,860)
Net cash inflow/(outflow) from financing	(d)	3,712,302	(850,835)
(Decrease)/increase in cash and cash equivalents	(b)	(4,138,658)	5,228,594

Notes to the consolidated cash flow statement are given on pages 8 and 9 of the financial statements.

Notes to the consolidated cash flow statement

(a) Reconciliation of operating profit to net cash (outflow)/inflow from operating activities

	1995 £	1994 £
Continuing activities		
Operating profit	460,204	4,498,323
Depreciation	62,545	34,751
Provision for permanent diminution in value of investment properties	338,735	-
Gain on sale of tangible fixed assets	(52)	(1,153)
(Increase)/decrease in stocks	(301,715)	1,763,329
(Increase)/decrease in debtors	(790,030)	2,732,329
Decrease in creditors	(2,296,738)	(264,057)
Net cash (outflow)/inflow from operating activities	<u>(2,527,051)</u>	<u>8,763,522</u>

(b) Analysis of changes in cash and cash equivalents during the year

	1995 £	1994 £
Opening balance	5,524,683	296,089
Net cash (outflow)/inflow	<u>(4,138,658)</u>	<u>5,228,594</u>
	<u>1,386,025</u>	<u>5,524,683</u>

(c) Analysis of the balance of cash and cash equivalents as shown in the balance sheet

	1995 £	Change £	1994 £	Change £	1993 £
Cash at bank and in hand	<u>1,386,025</u>	<u>(4,138,658)</u>	<u>5,524,683</u>	<u>5,228,594</u>	<u>296,089</u>

(d) Analysis of changes in financing

	Hire purchase obligations 1995 £	Loans 1995 £	Minority Interest 1995 £	Associate undertaking loan 1995 £	Deep discount bond 1995 £	Hire purchase obligations 1994 £	Loans 1994 £	Minority interest 1994 £	Associate undertaking loan 1994 £	Deep discount bond 1994 £
Opening balance	15,752	5,491,145	(15,162)	(715,550)	3,333,420	40,612	430,000	(9,187)	-	-
Cash inflows/(outflows) from financing	-	5,997,203	-	809,552	-	-	282,817	-	(715,550)	3,093,375
Inception of hire purchase agreements	7,646	-	-	-	-	-	-	-	-	-
Repayment of principal on hire purchase agreements	(17,664)	-	-	-	-	(24,860)	-	-	-	-
Repayment of loans received	-	(2,475,000)	-	(410,125)	-	-	(3,486,617)	-	-	-
Repayment of loans given	-	277,797	-	2,623,914	-	-	-	-	-	-
Minority interest share of losses	-	-	(7,489)	-	-	-	-	(5,975)	-	-
Loan finance acquired	-	-	-	-	-	-	-	-	-	-
- intergroup	-	-	-	-	-	-	2,773,800	-	-	-
- bank	-	-	-	-	-	-	5,500,000	-	-	-
Finance cost of debt	-	3,147	-	-	316,580	-	(8,855)	-	-	240,045
Deep discount bond	-	-	-	-	(3,650,000)	-	-	-	-	-
	5,734	9,294,292	(22,651)	2,307,791	-	15,752	5,491,145	(15,162)	(715,550)	3,333,420

(e) Major non-cash transactions

- In 1995 the group entered into hire purchase arrangements in respect of fixed assets with a total capital value at inception of £7,646 (1994: Nil).
- Stock includes £25,131 (1994: £353,419) in respect of periodic reimbursement of part of the purchase price of fixed assets. Further details are set out in note 18.

Notes to the financial statements for the year ended 31 December 1995

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom, which have been applied consistently. However compliance with SSAP 19 'Accounting for investment properties', requires departure from the requirements of the Companies Act 1985 relating to depreciation and an explanation of the departure is given in the note relating to investment properties. A summary of the more important group accounting policies is set out below.

Basis of accounting

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

Basis of consolidation

The consolidated accounts include the results and net assets of the company and all its group undertakings made up to the year end. The result of undertakings acquired are included in the consolidated profit and loss account from the date control passes. Internal sales and profits are eliminated on consolidation.

The group's share of profit less losses of joint ventures is included in the consolidated profit and loss account, and the group's share of their net assets is included in the consolidated balance sheet. These amounts are taken from the latest audited financial statements of the undertakings concerned, which all have the same accounting reference date, except in the case of Stannifer Morrison Limited, where management accounts have been used.

In accordance with Section 230 of the Companies Act 1985 a separate profit and loss account dealing with the results of the company has not been presented.

Minority interests

Debit balances on minority interests are only recognised up to the monetary value of the binding obligation on the minority shareholder to make good the losses incurred.

Deferred taxation

Deferred taxation is provided using the liability method in respect of the taxation effect of all timing differences to the extent that it is probable that liabilities will become payable in the foreseeable future.

Goodwill

Goodwill arising on consolidation, which represents the difference between the fair value of consideration given and the fair value of the separable net assets acquired, is dealt with as a negative reserve in the consolidated balance sheet.

Depreciation

Depreciation is provided on tangible fixed assets at rates calculated to write off the cost evenly over their expected useful lives, as follows:

Motor vehicles	4 years
Fixtures and fittings	4 years

Investment properties

Freehold investment properties are stated at valuation. These properties are revalued annually in accordance with SSAP 19 and the aggregate surplus or deficit is transferred to a revaluation reserve unless any diminution is of a permanent nature in which case the diminution is charged to the profit and loss account. Temporary diminutions are shown within the statement of recognised gains and losses. No depreciation or amortisation is provided in respect of these properties. This treatment is a departure from the Companies Act 1985 which requires all properties to be depreciated. The directors consider that to depreciate the investment properties would not give a true and fair view because they are not held for consumption but for investment, but that a true and fair view is given by following SSAP 19 as described above. If this departure from the Act had not been made, the loss for the financial year would have been increased by depreciation on the revalued properties of £121,225 (1994: £104,268).

Under a sale and purchase agreement made in 1991, certain investment properties were acquired. In accordance with this agreement periodic reimbursements of part of the purchase price are made until a certain level of letting has been achieved.

Hire purchase and operating leases

Hire purchase agreements which transfer to the group substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the hiring commitment is shown as obligations under hire purchase agreements. The hire purchase rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit to give a constant periodic rate of charge on the remaining balance outstanding at the end of each accounting period. Assets held under hire purchase agreements are depreciated over their useful lives. Operating lease rentals are charged to the profit and loss account in the year to which they relate.

Contract and development work in progress

Contract and development work in progress has been valued at cost plus attributable overheads or net realisable value if lower, less provisions for foreseeable losses and progress payments received and receivable. Cost includes specific attributable interest costs during the development period.

Long term contracts

Turnover on long term contracts is recognised according to the stage reached in the contract by reference to the value of work done. A prudent estimate of the profit attributable to work completed is recognised once the outcome of the contract can be assessed with reasonable certainty. The amount by which the turnover exceeds payments on account is shown under debtors as amounts recoverable on contracts. The costs on long term contracts not yet taken to the profit and loss account less related foreseeable losses and payments on account are shown in stocks as long term contract balances.

Finance costs

Finance costs incurred in connection with loan finance in excess of twelve months have been deducted from the proceeds received and have been allocated to periods at a constant rate based on carrying amount.

Pensions

Contributions in respect of a defined contribution money purchase scheme are recognised in the profit and loss account in the year to which they relate.

2 Turnover

Turnover, which is wholly generated within the United Kingdom, represents the sales value of work done in respect of property development activities, rents received and management and consultancy services provided during the financial year and is exclusive of value added tax. No credit is taken for claims until there is a firm agreement with the customer.

3 Staff numbers and costs

The average number of employees (including directors) of the group during the year was:

	1995 Number	1994 Number
Property management	3	3
Project management	2	2
Surveying	6	4
Administration	10	7
	<u>21</u>	<u>16</u>

The aggregate payroll costs of these persons were as follows:

	1995 £	1994 £
Wages and salaries	407,883	832,987
Social security costs	40,647	84,319
Pension costs	21,313	12,743
	<u>469,843</u>	<u>930,049</u>

4 Directors' remuneration

	1995 £	1994 £
Emoluments	83,916	359,087
Pension contributions	6,241	5,742
	<u>90,157</u>	<u>364,829</u>

Emoluments, excluding pension contributions, include amounts paid to the chairman of Nil (1994: Nil) and to the highest paid director of £76,916 (1994: £353,837).

The number of directors who received fees and other emoluments (excluding pensions contributions) within the following ranges was:

	1995 Number	1994 Number
£0 - £5,000	2	2
£5,001 - £10,000	1	1
£75,001 - £80,000	1	-
£350,001 - £355,000	-	1
	<u> </u>	<u> </u>

5 Interest receivable and similar income

	1995 £	1994 £
Bank interest	196,673	153,399
Interest received from fellow subsidiary	8,554	-
Interest received from associated undertakings	46,192	-
Other interest	-	9
	<u> </u>	<u> </u>
	<u>251,419</u>	<u>153,408</u>

6 Interest payable and similar charges

	1995 £	1994 £
Interest on bank loans repayable not by instalments within 5 years	466,991	326,239
Discount on deep discount bond redeemable 31 December 1995	316,580	240,045
On hire purchase agreements	1,848	2,362
Other interest on loans repayable within 5 years not by instalments	7,875	1,032
Interest on advance corporation tax	11,696	-
Interest payable to fellow subsidiary	60	-
Other interest	6,232	-
	<u> </u>	<u> </u>
	<u>811,282</u>	<u>569,678</u>

7 Profit on ordinary activities before taxation

	1995 £	1994 £
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Profit on disposal of tangible fixed assets	(52)	(1,153)
Auditors' remuneration for:		
audit (Company £6,050, 1994: £1,000)	17,900	12,103
non audit services	17,413	23,737
Depreciation charge for year:		
tangible owned fixed assets	52,473	19,276
tangible assets held under hire purchase agreements	10,072	15,475
Operating lease rentals		
buildings	8,306	-
plant and machinery	741	1,674
	<u> </u>	<u> </u>

8 Taxation

	1995 £	1994 £
Tax on profit on ordinary activities		
United Kingdom corporation tax at 33% (1994: 33%)		
Current	(53,977)	1,283,545
Deferred	96,040	(864)
Over/(under) provision in respect of prior years		
Current	(99,108)	(27,727)
Deferred	1,764	815
Associated undertakings	1,276,214	-
	<u>1,220,933</u>	<u>1,255,769</u>

The group had tax losses of approximately £405,000 (1994: £466,000) to carry forward against future taxable profits.

9 Profit for the financial year

The profit for the financial year includes £305,956 (1994: £2,995,115) which has been dealt with in the financial statements of the company.

10 Dividend

	1995 £	1994 £
Interim paid of £16.764 per share (1994: Nil)	<u>3,145,000</u>	<u>-</u>

11 Tangible fixed assets

	Freehold investment properties £	Motor vehicles £	Fixtures and fittings £	Total £
Group				
Cost/valuation				
At 1 January 1995	6,092,101	132,831	51,233	6,276,165
Additions	18,087	8,360	69,032	95,479
Disposals	-	-	(840)	(840)
Capital repayments (see note 18)	(25,131)	-	-	(25,131)
Revaluation deficit	(892,362)	-	-	(892,362)
At 31 December 1995	5,192,695	141,191	119,425	5,453,311
Depreciation				
At 1 January 1995	-	29,363	24,326	53,689
Charge for the year	-	34,253	28,292	62,545
Disposals	-	-	(475)	(475)
At 31 December 1995	-	63,616	52,143	115,759
Net book value				
At 31 December 1995	5,192,695	77,575	67,282	5,337,552
At 31 December 1994	6,092,101	103,468	26,907	6,222,476

The net book value of tangible fixed assets includes an amount of £7,315 (1994: £39,977) in respect of assets held under hire purchase agreements.

The investment properties were revalued at their open market value at 31 December 1995 by R S Barrott, the managing director of the company.

The original cost of the investment properties was £6,645,030.

12 Investments

	Joint ventures	Interest in group undertakings	Company total	Group joint ventures share of net assets
	£	£	£	£
Cost				
At 1 January 1995	2,053,645	175,372	2,229,017	2,053,645
Share of retained profit	-	-	-	559,940
At 31 December 1995	2,053,645	175,372	2,229,017	2,613,585
Amounts written off				
At 1 January 1995	-	175	175	-
Written off in year	-	-	-	-
At 31 December 1995	-	175	175	-
Net book value				
At 31 December 1995	2,053,645	175,197	2,228,842	2,613,585
Net book value				
At 31 December 1994	2,053,645	175,197	2,228,842	2,053,645

At 31 December 1995 the company owned shares in the following group undertakings, all of whom are registered in England and Wales and operate in Great Britain.

Company	Activity	Ownership	Description of shares
Stannifer Limited	Property development	100%	Ordinary £1 shares
Stannifer Management Limited	Property management	100%	Ordinary £1 shares
Stannifer (Consultancy) Limited	Property consultants	100%	Ordinary £1 shares
Longmile (Aylesbury) Limited	Property development	75%	"A" ordinary £1 shares
Aufer Limited	Property investment	100%	Ordinary £1 shares

The company directly owns non controlling interests in the ordinary share capital of the following companies which are accounted for as associated undertakings and are registered and operate in Scotland.

Company	Activity	Ownership	Accounting reference date
Stannifer Morrison Limited	Property development	50%	31 March
Retail Parks (Scotland) Limited	Property development	50%	31 December
Retail Parks (Hamilton) Limited	Property development	50%	31 December

13 Stocks

	Group 1995 £	Group 1994 £
Stock held for resale (see note 18)	675,360	650,229
Contract and development work in progress	524,604	-
Less progress payments	(222,889)	-
	<u>977,075</u>	<u>650,229</u>

14 Debtors: amounts falling due within one year

	Group 1995 £	Company 1995 £	Group 1994 £	Company 1994 £
Trade debtors	288,455	-	363,166	-
Amounts recoverable on contracts	269,063	-	266,563	-
Amounts owed by group undertakings	-	4,032,757	-	3,623,643
Group relief/consortium relief receivable	53,977	57,935	-	-
Amount owed by associated undertakings including a loan of £153,760 (1994: £715,550)	928,275	164,524	715,550	715,550
Amount owed by fellow subsidiary undertakings	191,669	405	-	-
Advance corporation tax recoverable	36,250	-	750,000	-
Other debtors	12,118	228	93,330	7,060
Prepayments and accrued income	22,518	1,248	37,974	4,171
	<u>1,802,325</u>	<u>4,257,097</u>	<u>2,226,583</u>	<u>4,350,424</u>

Included in amounts owed by group undertakings is a loan of £4,021,829 (1994: £3,605,955) owed by Aufer Limited. Somerston Holdings Limited, the immediate holding company of Stannifer Group Limited, has indemnified Stannifer Group Limited against any loss resulting from Aufer Limited being unable to repay this loan.

15 Creditors: amounts falling due within one year

	Group 1995 £	Company 1995 £	Group 1994 £	Company 1994 £
Bank loan	5,000,000	-	5,000,000	-
Trade creditors	1,700,875	3,063	4,237,947	20,677
Payments received on account	152,111	-	-	-
Obligations under hire purchase agreements	4,141	-	15,752	-
Amounts owed to group undertakings	-	163,133	-	158,506
Loan owed to fellow subsidiary undertakings	3,800,000	3,800,000	-	-
Amounts owed to associated undertakings	2,461,551	2,461,551	-	-
Deep discount bond and accrued discount	-	-	3,333,420	3,333,420
Corporation tax	-	-	2,033,545	-
Other taxation and social security	103,309	213	48,108	217
Other creditors	16,015	-	1,709	-
Accruals and deferred income	276,021	6,889	324,075	9,297
	<u>13,514,023</u>	<u>6,434,849</u>	<u>14,994,556</u>	<u>3,522,117</u>

The bank loan outstanding at the year end represents a loan with The Royal Bank of Scotland International Limited repayable in full in December 1996. The loan bears interest at 1.75% per annum above LIBOR. The loan is secured by a first legal charge over certain freehold properties.

16 Creditors: amounts falling due after more than one year

	Group 1995 £	Company 1995 £	Group 1994 £	Company 1994 £
Bank loan	494,292	-	491,145	-
Obligations under hire purchase agreements due within two to five years	1,593	-	-	-
	<u>495,885</u>	<u>-</u>	<u>491,145</u>	<u>-</u>

The Bank loan represents a medium term loan with Barclays Bank repayable in full in October 1997. The loan bears interest at 1.75% per annum above LIBOR payable quarterly in arrears and on maturity. An interest rate protection agreement has been entered into capping the interest rate at 10% per annum. The loan is secured by a first legal charge over a certain freehold property together with an assignment of the rental income thereon.

17 Provisions for liabilities and charges

Deferred taxation	Group £	Company £
At 1 January 1995	1,211	-
Profit and loss account	97,804	99,015
	<u> </u>	<u> </u>
At 31 December 1995	<u>99,015</u>	<u>99,015</u>

The total potential liability to deferred taxation and the amount provided in the financial statements, are as follows:

	Group		Company	
	1995	1994	1995	1994
	£	£	£	£
Tax effect of timing differences:				
Excess of capital allowances over depreciation	-	1,211	-	-
Other	99,015	-	99,015	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	<u>99,015</u>	<u>1,211</u>	<u>99,015</u>	<u>-</u>

18 Capital repayments

In accordance with a sale and purchase agreement made during 1991 by Aufer Limited the company acquired certain investment properties. Until a certain level of letting was achieved on these properties the vendor agreed to make periodic reimbursements of the purchase price. The repayments were secured by a charge over a deposit account and first legal charge over certain freehold land and buildings. In 1992, the company making the repayments went into administrative receivership. Aufer Limited utilised the deposit account to cover a shortfall in the reimbursements from the vendor. Once these monies were extinguished, Aufer Limited foreclosed on the property on which there was a legal charge referred to above. The reimbursements due for the year to 31 December 1995 were £25,131 (1994: £344,093). These have been included in stock as this represents the cost for the financial year of the freehold property. The directors are seeking to sell this property and are confident it will realise £675,360. No provision has been made in these accounts for any capital repayments due after the year end.

19 Share capital

	1995 £	1994 £
Authorised:		
124,900 (1994: 124,900) "A" ordinary shares of £1 each	124,900	124,900
75,000 (1994: 75,000) "B" ordinary shares of £1 each	75,000	75,000
100 (1994: 100) "C" ordinary shares of £1 each	100	100
	<u>200,000</u>	<u>200,000</u>
Allotted called up and fully paid		
112,500 "A" ordinary shares of £1 each	112,500	112,500
75,000 "B" ordinary shares of £1 each	75,000	75,000
100 "C" ordinary shares of £1 each	100	100
	<u>187,600</u>	<u>187,600</u>

All shares command the same voting rights and rank equally for dividend and in the event of the company being wound up.

20 Reconciliation of movements in shareholders' funds

	1995 £	1994 £
Profit for the financial year	523,051	2,832,259
Dividend	(3,145,000)	-
(Loss)/profit for the year	<u>(2,621,949)</u>	<u>2,832,259</u>
Temporary diminution in value of investment properties	(553,627)	(314,931)
Issue of "C" ordinary shares	-	100
Goodwill acquired during the year and written off	-	(1,626,087)
Opening shareholders' funds	<u>1,205,866</u>	<u>314,525</u>
Closing shareholders' funds	<u>(1,969,710)</u>	<u>1,205,866</u>

21 Profit and loss account

	Group £	Company £
At 1 January 1995	2,959,284	2,896,291
Loss for the year	<u>(2,621,949)</u>	<u>(2,839,044)</u>
At 31 December 1995	<u>337,335</u>	<u>57,247</u>

22 Other reserves

	Revaluation reserve £	Goodwill write off reserve £
At 1 January 1995	(314,931)	(1,626,087)
Temporary diminution in value	(553,627)	-
	<u>(868,558)</u>	<u>(1,626,087)</u>
At 31 December 1995	<u>(868,558)</u>	<u>(1,626,087)</u>

23 Capital commitments

Future capital commitments for which no provision has been made in these financial statements are as follows:

	Group 1995 £	Group 1994 £
Authorised and contracted for	2,567	-
Authorised but not contracted for	33,514	46,971

24 Financial commitments

The group was committed to make the following payments during the next year in respect of operating leases expiring:

	Plant and machinery 1995 £	Buildings 1995 £	Plant and machinery 1994 £	Buildings 1994 £
Between one and two years	420	-	400	-
Between two and five years	-	4,750	-	-
	<u>420</u>	<u>4,750</u>	<u>400</u>	<u>-</u>

At the year end the group had commitments in respect of ongoing projects of £2,700,000.

25 Contingent liabilities

The company is a member of a VAT group and under this arrangement the company is liable jointly and severally for tax due to HM Customs & Excise by the VAT group, which comprises members of its immediate group.

26 Pensions

The group operates a defined contribution money purchase scheme in respect of certain salaried and executive employees. The assets of the scheme are held separately from those of the group in a fund independently administered by an insurance company. Contributions are made by both members and the employing company based on individual salaries. The pension cost charge represents contributions payable by the group to the fund.

27 Holding company

The immediate holding company is Somerston Holdings Limited, a company registered and incorporated in the Isle of Man. Somerston Holdings Limited is the largest group of undertakings for which consolidated financial statements, which include the results of Stannifer Group Limited and its subsidiary undertakings, are prepared.

In the opinion of the directors, Carlton International Holdings Limited, a company registered in the British Virgin Islands, is the ultimate holding company.