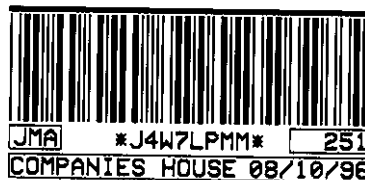


# **THI Plc**

## **Directors' report and financial statements**

**31 December 1995**

Registered number 2880822



# THI Plc

## Directors' report and consolidated financial statements

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# THI Plc

## Directors' report

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

### Principal activities

The principal activities of the company are the provision of advice and expertise to its subsidiaries, and seeking new development opportunities.

The group results for the period are shown on page 4 of the financial statements.

### Proposed dividend and transfer to reserves

The directors do not recommend the payment of a dividend.

The profit for the period retained in the group is £460,551.

### Significant changes in fixed assets

Movements in fixed assets are set out in notes 9 and 10 to the accounts.

In the accounts of the holding company the cost of investment in THI Leisure (Barking and Dagenham) Limited has been revalued to the Directors' estimate of £3,500,000 due to a potential disposal of the shares in this company.

### Directors and directors' interests

The directors who held office during the year were as follows:

C A Lewis	
J D Henley	
M M Doran	(resigned 15 July 1996)
A Nock	(appointed 15 July 1996)
C J Peacock	
B T E Shrubbsall	
J A Theakston	

The directors who held office at the end of the financial year had the following interests in the shares of group companies as recorded in the register of directors' share and debenture interests:

	Company	Class of share	Interest at the beginning and end of the year
C A Lewis	THI Plc	A £1 ordinary	400
J D Henley	THI Plc	A £1 ordinary	200
M M Doran	THI Plc	A £1 ordinary	150

# THI Plc

## Directors' report

### Directors and directors' interests *(continued)*

Since M M Doran's resignation as a Director on 15 July 1996 she no longer has an interest in any of the shares of group companies. None of the other directors who held office at the end of the financial year had any disclosable interest in the shares of group companies.

### 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 for that year. 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

### Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company was passed at the Annual General Meeting on 20 August 1996.

By order of the board



**EJ Lawrie**  
*Secretary*

5 Heritage Court  
Lower Bridge Street  
Chester  
CH1 1RD



St James' Square  
Manchester  
M2 6DS

## Auditors' report to the members of THI Plc

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 group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### *Opinion*

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 31 December 1995 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG*

**KPMG**  
Chartered Accountants  
Registered Auditors

*7 October 1996*

# THI Plc

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

	Note	Year ended 31 December 1995 £	13 month period ended 31 December 1994 £
<b>Turnover from continuing operations</b>	2	<b>9,161,452</b>	13,179,285
Cost of sales		<u>(6,837,830)</u>	<u>(11,895,902)</u>
<b>Gross profit</b>		<b>2,323,622</b>	1,283,383
Administrative expenses		<u>(1,438,304)</u>	<u>(1,115,577)</u>
<b>Operating profit from continuing operations</b>		<b>885,318</b>	167,806
Other interest receivable and similar income	6	<b>13,917</b>	32,237
Interest payable and similar charges	7	<u>(162,126)</u>	<u>(43,466)</u>
<b>Profit on ordinary activities before taxation</b>	2-7	<b>737,109</b>	156,577
Tax on profit on ordinary activities	8	<u>(276,558)</u>	<u>(78,324)</u>
<b>Retained profit carried forward</b>		<u><b>460,551</b></u>	<u>78,253</u>

The company has no recognised gains or losses other than the profit for the period in either the current year or previous period.

# THI Plc

## Consolidated balance sheet at 31 December 1995

	Note	1995 £	1994 £
<b>Fixed assets</b>			
Tangible assets	9	149,448	96,646
<b>Current assets</b>			
Stocks	11	14,268,048	5,453,196
Debtors	12	2,404,441	8,938,014
Cash at bank and in hand		1,964,955	835,569
		<u>18,637,444</u>	<u>15,226,779</u>
<b>Creditors: amounts falling due within one year</b>	13	(17,581,167)	(9,274,306)
Convertible loan notes	13	-	(1,313,000)
		<u>(17,581,167)</u>	<u>(10,587,306)</u>
<b>Net current assets</b>		<u>1,056,277</u>	<u>4,639,473</u>
<b>Total assets less current liabilities</b>		<u>1,205,725</u>	<u>4,736,119</u>
<b>Creditors: amounts falling due after more than one year</b>	14	(41,057)	(4,032,002)
<b>Net assets</b>		<u>1,164,668</u>	<u>704,117</u>
<b>Capital and reserves</b>			
Called up share capital	15	176,000	176,000
Share premium account	16	449,864	449,864
Profit and loss account	16	538,804	78,253
<b>Shareholders' funds</b>		<u>1,164,668</u>	<u>704,117</u>
<b>Equity</b>		<u>989,668</u>	<u>529,117</u>
<b>Non equity</b>		<u>175,000</u>	<u>175,000</u>
<b>Shareholders funds</b>		<u>1,164,668</u>	<u>704,117</u>

These financial statements were approved by the board of directors on 3/10/96 and were signed on its behalf by:

  
J D Henley  
Director

# THI Plc

## Balance sheet at 31 December 1995

	Note	1995		1994	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	9		149,448		96,646
Investments	10		3,500,026		16
			<u>3,649,474</u>		<u>96,662</u>
<b>Current assets</b>					
Stocks	11	298,745		228,173	
Debtors	12	4,273,405		1,801,421	
Cash at bank and in hand		48,392		418,090	
		<u>4,620,542</u>		<u>2,447,684</u>	
<b>Creditors: amounts falling due within one year</b>	13	(2,084,652)		(367,444)	
Convertible loan notes	13	-		(1,313,000)	
		<u>(2,084,652)</u>		<u>(1,680,444)</u>	
<b>Net current assets</b>			<u>2,535,890</u>		<u>767,240</u>
<b>Total assets less current liabilities</b>			<u>6,185,364</u>		<u>863,902</u>
<b>Creditors: amounts falling due after more than one year</b>	14		(41,057)		(40,723)
<b>Net assets</b>			<u><u>6,144,307</u></u>		<u><u>823,179</u></u>
<b>Capital and reserves</b>					
Called up share capital	15		176,000		176,000
Share premium account	16		449,864		449,864
Revaluation account			3,500,000		-
Profit and loss account	16		2,018,443		197,315
<b>Shareholders' funds</b>			<u><u>6,144,307</u></u>		<u><u>823,179</u></u>
Equity			<u>5,969,307</u>		<u>648,179</u>
Non equity			<u>175,000</u>		<u>175,000</u>
<b>Shareholders funds</b>			<u><u>6,144,307</u></u>		<u><u>823,179</u></u>

These financial statements were approved by the board of directors on 30 October 1996 and were signed on its behalf by:

J D Henley  
Director

# THI Plc

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

	<i>Note</i>	<b>Year ended 31 December 1995</b>	<b>13 month year ended 31 December 1994</b>
		£	£
<b>Net cash inflow/(outflow) from operating activities</b>	<b>19</b>	<b>27,727</b>	<b>(12,543,991)</b>
<b>Return on investments and servicing of finance</b>			
Interest received		13,917	32,237
Interest paid		(187,445)	-
Interest element of hire purchase rental payments		(11,028)	(7,117)
		<u>          </u>	<u>          </u>
<b>Net cash (outflow)/inflow from returns on investment and servicing of finance</b>		<b>(184,556)</b>	<b>25,120</b>
<b>Taxation</b>			
UK corporation tax paid		(78,324)	-
<b>Investing activities</b>			
Purchase of tangible fixed assets		(51,994)	(21,225)
		<u>          </u>	<u>          </u>
<b>Net cash outflow from investing activities</b>		<b>(51,994)</b>	<b>(21,225)</b>
<b>Net cash outflow before financing</b>		<b>(287,147)</b>	<b>(12,540,096)</b>
<b>Financing</b>			
Issue of ordinary share capital		-	625,862
New short-term loans	21	1,444,621	12,768,151
Capital element of finance lease rental payments	21	(28,088)	(18,348)
		<u>          </u>	<u>          </u>
<b>Net cash inflow from financing</b>		<b>1,416,533</b>	<b>13,375,665</b>
<b>Increase in cash and cash equivalents</b>	<b>20</b>	<b>1,129,386</b>	<b>835,569</b>

# THI Plc

## Reconciliation of movements in shareholders' funds for the year ended 31 December 1995

	1995			1994		
	Equity £	Non-equity £	Total £	Equity £	Non-equity £	Total £
<b>Group</b>						
Profit for the year	460,551	-	460,551	78,253	-	78,253
New share capital subscribed	-	-	-	450,864	175,000	625,864
<b>Net addition to shareholders' funds</b>	<b>460,551</b>	<b>-</b>	<b>460,551</b>	<b>529,117</b>	<b>175,000</b>	<b>704,117</b>
Opening shareholders' funds	529,117	175,000	704,117	-	-	-
<b>Closing shareholders' funds</b>	<b>989,668</b>	<b>175,000</b>	<b>1,164,668</b>	<b>529,117</b>	<b>175,000</b>	<b>704,117</b>

	1995			1994		
	Equity £	Non-equity £	Total £	Equity £	Non-equity £	Total £
<b>Company</b>						
Profit for the year	1,821,128	-	1,821,128	197,315	-	197,315
Revaluation of cost of investment	3,500,000	-	3,500,000	-	-	-
New share capital subscribed	-	-	-	450,864	175,000	625,864
<b>Net addition to shareholders' funds</b>	<b>5,321,128</b>	<b>-</b>	<b>5,321,128</b>	<b>648,179</b>	<b>175,000</b>	<b>823,179</b>
Opening shareholders' funds	648,179	175,000	823,179	-	-	-
<b>Closing shareholders' funds</b>	<b>5,969,307</b>	<b>175,000</b>	<b>6,144,307</b>	<b>648,179</b>	<b>175,000</b>	<b>823,179</b>

# THI Plc

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules as modified by the revaluation of investments in subsidiaries.

#### *Basis of consolidation*

The group accounts consolidate the accounts of THI Plc and all its subsidiary undertakings. These accounts are made up to 31 December 1995.

The consolidated accounts are based on accounts of subsidiary undertakings so as to include the results for a year coterminous with that of the parent company.

In accordance with Section 230(4) of the Companies Act 1985 THI Plc is exempt from the requirement to present its own profit and loss account.

The amount of the profit for the financial year dealt with in the financial statements of THI Plc is disclosed in note 16 to these accounts.

#### *Fixed assets and depreciation*

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Fixtures, fittings,		
tools & equipment	-	15-20% per annum
Motor vehicles	-	25% per annum

#### *Leases*

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

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

# THI Plc

## Notes *(continued)*

### 1 Accounting policies *(continued)*

#### *Pensions*

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting year.

#### *Long term contracts*

The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at a cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years. Provision is made for any losses which are foreseen.

Contract work in progress is stated at costs incurred, less those transferred to the profit and loss account, after deducting foreseeable losses and payments on account not matched with turnover.

Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account.

Interest costs attributable to specific projects are carried forward in work in progress to the extent that their recovery on completion of the contract involved can be reasonably foreseen.

#### *Taxation*

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

#### *Turnover*

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services including construction contracts to third party customers during the year.

# THI Plc

## Notes (continued)

### 2 Analysis of turnover and profit on ordinary activities before taxation

The turnover and profit on ordinary activities before taxation relate to the principal activity and arose wholly in the United Kingdom.

### 3 Profit on ordinary activities before taxation

	1995 £	1994 £
<i>Profit on ordinary activities before taxation is stated</i>		
<i>after charging</i>		
Auditors' remuneration:		
Audit	14,500	17,300
Other services	6,500	34,575
Depreciation and other amounts written off tangible fixed assets	31,908	9,688
Hire of plant and machinery - rentals payable under operating leases	3,161	1,890
<i>after crediting</i>		
Rents receivable from property	277,500	57,014
Government grants	-	1,070
	<hr/>	<hr/>

The total amount charged to revenue for the hire of plant and machinery amounted to £37,995 (1994: £17,118). This comprises rentals payable under operating leases as well as depreciation on plant and machinery held under finance leases together with the related finance charge.

# THI Plc

## Notes (continued)

### 4 Remuneration of directors

	1995	1994
	£	£
Directors' emoluments:		
As directors	<u>396,994</u>	<u>338,553</u>

The emoluments, excluding pension contributions, of the Chairman and highest paid director were £191,382 (1994:£179,834)

The emoluments, excluding pension contributions, of the directors (including the Chairman and highest paid director) were within the following ranges:

	Number of directors	
	1995	1994
£0 - £5,000	3	3
£50,001 - £55,000	1	1
£105,001 - £110,000	-	1
£150,001 - £155,000	1	-
£175,001 - £180,000	-	1
£190,001 - £195,000	1	-
	<u>1</u>	<u>-</u>

### 5 Staff numbers and costs

The average number of persons employed by the group (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	1995	1994
Management	3	3
Sales and administration	11	10
	<u>14</u>	<u>13</u>

The aggregate payroll costs of these persons were as follows:

	1995	1994
	£	£
Wages and salaries	678,563	506,303
Social security costs	56,465	52,059
Other pension costs (see note 18)	20,285	4,575
	<u>755,313</u>	<u>562,937</u>

# THI Plc

## Notes (continued)

### 6 Other interest receivable and similar income

	1995	1994
	£	£
Bank interest receivable	<u>13,917</u>	<u>32,237</u>

### 7 Interest payable and similar charges

	1995	1994
	£	£
On bank loans, overdrafts and other loans wholly repayable within five years	151,098	36,349
Finance charges payable in respect of finance leases and hire purchase contracts	<u>11,028</u>	<u>7,117</u>
	<u>162,126</u>	<u>43,466</u>

Interest costs and income attributable to specific developments are carried forward in work in progress to the extent that their recovery on completion of the contract involved can be reasonably foreseen.

### 8 Taxation

	1995	1994
	£	£
UK corporation tax at 33% on the profit for the year on ordinary activities	204,549	78,324
Underprovision from prior year	<u>72,009</u>	<u>-</u>
	<u>276,558</u>	<u>78,324</u>

# THI Plc

## Notes (continued)

### 9 Tangible fixed assets

	Fixtures and fittings £	Motor vehicles £	Total £
<b>Group and company</b>			
<i>Cost</i>			
At start of year	21,225	85,109	106,334
Additions	33,947	50,763	84,710
	<hr/>	<hr/>	<hr/>
At end of year	55,172	135,872	191,044
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At start of year	1,577	8,111	9,688
Charge for year	8,102	23,806	31,908
	<hr/>	<hr/>	<hr/>
At end of year	9,679	31,917	41,596
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 December 1995	45,493	103,955	149,448
	<hr/>	<hr/>	<hr/>
At 31 December 1994	19,648	76,998	96,646
	<hr/>	<hr/>	<hr/>

Included in the net book value of motor vehicles is £85,908 (1994 £76,998) in respect of assets held under hire purchase contracts. Depreciation for the year on these assets was £23,806 (1994: £8,111)

### 10 Fixed asset investments

	Shares in group undertakings £
<b>Company</b>	
<i>Cost</i>	
At start of year	16
Additions	10
Revaluation	3,500,000
	<hr/>
At end of year	3,500,026
	<hr/>

Shares in group undertakings comprise £3,500,026 (1994 £16) in respect of shares held in subsidiary undertakings. Due to a potential disposal of the shares in THI Leisure (Barking and Dagenham) Limited the Directors' consider it appropriate that the investment in this company be stated at the Directors' estimated valuation at 31 December 1995.

# THI Plc

## Notes *(continued)*

### 10 Fixed asset investments *(continued)*

	Country of registration
<i>Subsidiary undertakings</i>	
THI Leisure (Luton) Limited	England and Wales
THI Leisure (Finchley) Limited	England and Wales
THI Leisure (Leeds) Limited	England and Wales
THI Leisure (Bristol) Limited	England and Wales
THI Leisure (Norwich) Limited	England and Wales
THI Leisure (Acton) Limited	England and Wales
THI Leisure (Anglia) Limited	England and Wales
THI Leisure (Glasgow) Limited	England and Wales
THI Leisure (Barking and Dagenham) Limited	England and Wales
THI Leisure (Teeside) Limited	England and Wales
THI Leisure (Baldon) Limited	England and Wales
THI Leisure (Conway) Limited	England and Wales
THI Leisure (Brandenburg) Limited	England and Wales

The principal activity of each of the above companies is that of leisure site development. THI Plc owns 100% of the share capital of each company.

# THI Plc

## Notes (continued)

### 11 Stocks

	Group		Company	
	1995	1994	1995	1994
	£	£	£	£
Work in progress	<u>14,268,048</u>	<u>5,453,196</u>	<u>298,745</u>	<u>228,173</u>

Group work in progress includes £443,415 (1994:£119,375) of interest payable (Company £Nil (1994:£Nil)) and interest received of £18,823 (1994 £5,159) (Company £Nil (1994:£Nil)) for the year.

### 12 Debtors

	Group		Company	
	1995	1994	1995	1994
	£	£	£	£
Trade debtors	2,111,696	8,589,642	-	-
Amounts owed by group undertakings	-	-	4,176,186	1,677,277
Other debtors	207,855	188,796	72,289	106,993
Called up share capital not paid	2	2	2	2
Prepayments and accrued income	84,888	159,574	24,928	17,149
	<u>2,404,441</u>	<u>8,938,014</u>	<u>4,273,405</u>	<u>1,801,421</u>
<i>The amounts owed by group undertakings comprise:</i>				
Subsidiary undertakings	<u>-</u>	<u>-</u>	<u>4,176,186</u>	<u>1,677,277</u>

All debtors fall due within one year.

# THI Plc

## Notes (continued)

### 13 Creditors: amounts falling due within one year

	Group		Company	
	1995	1994	1995	1994
	£	£	£	£
Convertible loan notes	-	1,313,000	-	1,313,000
Other loans and bank overdrafts	14,212,772	7,463,872	-	175,000
Obligations under hire purchase contracts	30,332	26,038	30,332	26,038
Trade creditors	2,149,115	396,883	173,290	57,076
Amounts owed to group undertakings	-	-	1,738,685	16
Other creditors including taxation and social security:				
Corporation tax	276,558	78,324	4,412	-
Other taxes	102,493	89,623	88,012	39,192
Accruals and deferred income	809,897	1,219,566	49,921	70,122
	<u>17,581,167</u>	<u>10,587,306</u>	<u>2,084,652</u>	<u>1,680,444</u>

	Group		Company	
	1995	1994	1995	1994
	£	£	£	£
<i>The amounts owed to group undertakings comprise:</i>				
Subsidiary undertakings	-	-	1,738,683	16

The loan notes were capable of being converted at the option of the holder into 200 B £1 Ordinary shares between 1 March 1995 and 23 March 1995 inclusive. This option was not taken up and the loan notes were repaid during the year.

Other loans are secured by fixed and floating charges over the assets of group companies. Interest is charged at 1.75% over one month LIBOR. The loans are repayable when the contracts to which they relate are complete.

# THI Plc

## Notes (continued)

### 14 Creditors: amounts falling due after more than one year

	Group 1995 £	Group 1994 £	Company 1995 £	Company 1994 £
Other loans	-	3,991,279	-	-
Obligations under hire purchase contracts	<b>41,057</b>	40,723	<b>41,057</b>	40,723
	<b>41,057</b>	4,032,002	<b>41,057</b>	40,723

Other loans are secured by fixed and floating charges over the assets of group companies. Interest on the balance is charged at 1.75% over one month LIBOR. The loans are repayable when the contracts to which they relate are complete.

#### Creditors payable by instalments

	Instalments payable within five years		Instalments payable after five years		Total	
	1995 £	1994 £	1995 £	1994 £	1995 £	1994 £
Group and company	<b>71,389</b>	66,761	-	-	<b>71,389</b>	66,761

The maturity of obligations under finance leases and hire purchase contracts is as follows:

Group and company	1995 £	1994 £
Within one year	<b>34,840</b>	26,038
In the second to fifth years	<b>47,386</b>	51,553
	<b>82,226</b>	77,591
Less future finance charges	<b>(10,837)</b>	(10,830)
	<b>71,389</b>	66,761

# THI Plc

## Notes (continued)

### 15 Called up share capital

	1995 £	1994 £
<i>Authorised</i>		
Equity shares:		
750 "A" Ordinary shares of £1 each	750	750
450 "B" Ordinary shares of £1 each	450	450
Non equity shares:		
175,000 "C" Deferred shares of £1 each	175,000	175,000
	<u>176,200</u>	<u>176,200</u>
<i>Allotted and called up and partly paid</i>		
Equity shares:		
750 "A" Ordinary shares of £1 each	750	750
250 "B" Ordinary shares of £1 each	250	250
Non equity shares:		
175,000 "C" Deferred shares of £1 each	175,000	175,000
	<u>176,000</u>	<u>176,000</u>

### Share rights

#### 1 Conversion and redemption

There are no conversion or redemption rights attached to the share capital of the company.

#### 2 Voting

The only shares carrying voting rights are the "A" Ordinary shares and the "B" Ordinary shares. Each £1 share carries one vote.

Each "A" Ordinary share and "B" Ordinary share ranks equally in all respects apart from the appointment and removal of directors.

# THI Plc

## Notes *(continued)*

### Share rights *(continued)*

The holder or holders of a majority of the issued "A" Ordinary shares is or are entitled to appoint and maintain up to three persons as directors of the company.

The holder or holders of a majority of the issued "B" Ordinary shares is or are entitled to appoint and maintain up to three persons as directors of the company.

3

#### Capital rights

In the event of a capital distribution, shares carry the following rights to payments:

"A" Ordinary shares and "B" Ordinary shares are entitled to an amount in proportion to the amounts paid up on the ordinary shares.

"C" deferred shares are not entitled to any assets on a winding up of the company.

4

#### Dividend rights

Dividends are due as follows:

Dividends on "A" Ordinary £1 shares and "B" Ordinary £1 shares are at the discretion of the directors. These classes of share rank *pari passu* to any dividend.

"C" deferred shares do not carry rights to receive a dividend.

# THI Plc

## Notes (continued)

### 16 Share premium and reserves

	Group		
	Profit and loss account £	Share premium account £	Revaluation Reserve £
At start of year	78,253	449,864	-
Retained profit for year	460,551	-	-
	<hr/>	<hr/>	<hr/>
At end of the year	<b>538,804</b>	<b>449,864</b>	<b>-</b>
	<hr/>	<hr/>	<hr/>
	Company		
	Profit and loss account £	Share premium account £	Revaluation Reserve £
At start of year	197,315	449,864	-
Retained profit for the year	1,821,128	-	-
Revaluation of cost investment (note 10)	-	-	3,500,000
	<hr/>	<hr/>	<hr/>
At end of the year	<b>2,018,443</b>	<b>449,864</b>	<b>3,500,000</b>
	<hr/>	<hr/>	<hr/>

### 17 Commitments

Annual commitments under non-cancellable operating leases are as follows:

	1995		1994	
	Land and buildings	Other	Land and buildings £	Other £
Group and company				
Operating leases which expire:				
Within one year	-	-	13,300	1,772
	<hr/>	<hr/>	<hr/>	<hr/>

### 18 Pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the fund and amounted to £20,285 (1994:£4,575).

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

# THI Plc

## Notes (continued)

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

	1995 £	1994 £
Operating profit	885,318	167,806
Depreciation charge	31,908	9,688
Reduction/(increase) in stocks	(8,814,852)	(5,453,196)
Increase in debtors	6,533,573	(8,938,014)
Increase in creditors	1,391,780	1,669,725
	<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities	27,727	(12,543,991)
	<hr/>	<hr/>

### 20 Analysis of changes in cash and cash equivalents

	Cash £
Balance at 9 December 1993	-
Net cash inflow	835,569
	<hr/>
Balance at 31 December 1994	835,569
Net cash inflow	1,129,386
	<hr/>
Balance at 31 December 1995	1,964,955
	<hr/>

# THI Plc

## Notes (continued)

### 21 Analysis of changes in financing during the year

	Share capital (including premium) £	Loans £	Hire purchase obligations £
Balance at 9 December 1993	-	-	-
Share issue	625,864	-	-
Inception of loans	-	12,768,151	-
Inception of hire purchase contract	-	-	85,109
Repayments on hire purchase contracts	-	-	(18,348)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 1994	625,864	12,768,151	66,761
Cash inflow from financing	-	1,444,621	-
Repayment of loans	-	-	-
Inception of hire purchase contract	-	-	32,716
Repayments on hire purchase contract	-	-	(28,088)
	<hr/>	<hr/>	<hr/>
	625,864	14,212,772	71,389
	<hr/>	<hr/>	<hr/>