

CHART SERVICES PLC

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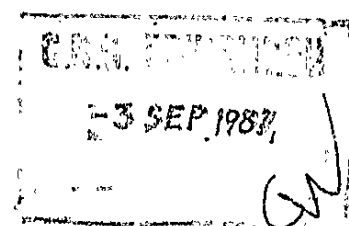


CHART SERVICES PLC

Chairman **A. J. Murray, C.A.**

Deputy Chairman/Managing Director **S. M. Duff, M.A., F.C.I.T., F.I.L.D.M.**

Executive Directors **G. Homer
W. McCreadie, B.Acc., C.A.
E. Mitchell**

Non-Executive Directors **Prof. M. G. Christopher, B.A., M.Sc., Ph.D.
J. D. T. Greenall
R. Waters, F.C.I.B. (appointed 15th May 1987)**

Secretary **W. McCreadie, B.Acc., C.A.**

Registered Office **Whitehouse Road
Springkerse Industrial Estate
Stirling**

Auditors **Ernst & Whinney**

Solicitors **Dorman, Jeffrey & Co.**

CHART SERVICES PLC

Chairman's Report

Results for 1987

I am pleased to report that the year to March 1987 was another successful year. Turnover increased by 21% over 1986 to a new record of £19.8 million, and profit before tax also improved by 21% to £1.108 million.

Pre-tax return on average shareholders' funds moved from 19.7% to 20.8% and earnings per share, on a notional tax charge of 35%, improved from 14.4p to 16.9p.

Change of Name

As was reported last year, a separate Division was formed for contract distribution. Your Board considered that whilst Charthire Services was a very suitable name for our contract hire and rental activities, it was not so appropriate for contract distribution or other activities in which we might become involved in the future. The move to a divisional structure was a further consideration as divisional names would be required. To maintain the corporate identity and at the same time identify the divisional activity, it was proposed that the Company's name be changed to Chart Services PLC. This was approved at an Extraordinary General Meeting held on 12th November 1986.

A move to a divisional structure with appropriate divisional names was considered necessary and therefore following this approval the two divisions were named Chart Hire Services, maintaining the original identity, and Chart Distribution Services.

Increase in Capital

The continuing growth of the Company was leading to a situation where gearing would have reached an unacceptably high level. Future growth

would therefore have been severely restricted unless our equity base could be increased. We were fortunate to be introduced to the Al Baraka Investment Company who were prepared to make a substantial investment. The necessary ordinary and special resolutions were approved at an Extraordinary General Meeting held on 14th May 1987, following which Al Baraka have subscribed for 1,711,486 shares at a price of £1.70 per share. Mr Robert Waters, of Al Baraka, has joined the Board and my colleagues and I would like to take advantage of this opportunity to extend a warm welcome to him.

Activities

Contract hire sales were satisfactory and margins improved slightly to give an overall favourable result.

The rental market remained buoyant throughout the whole year in contrast to the previous year when the usual pre-Christmas peak was slow to materialise. The fleet size increased by 17% to an average of 374 vehicles, again with improved margins.

Our workshops have continued a steady improvement. Our customers' needs are increasingly to make better utilisation of their vehicles with the result that the demand for out-of-hours servicing is increasing. To meet this demand we have started to operate night-shifts at three of our depots.

The purpose of forming a separate distribution division was to enable the company to exploit the growing demand for dedicated distribution services. This meant an initial increase in overhead costs in order to develop the activity. Although we anticipated that growth would be slow due to the long lead times in obtaining contracts, the results have

CHART SERVICES PLC

been disappointing. Two new contracts were obtained and one lost. There are, however, a number of good prospects and I anticipate a considerable improvement in performance.

Management Structure

We intend to continue to strengthen our management structure and a decision has been made to appoint a divisional General Manager for Chart Hire Services.

Chairman

At the formation of the Company in 1979, we were extremely fortunate to obtain the services of Stanley Lyon as our Chairman after a distinguished career in industry. He has led us through our successful formative years but sadly decided that the time had come for him to retire which he did at the time of our last Annual General Meeting. We shall miss the benefit of his wise counsel which he has given unstintingly over the years and wish him a long and happy retirement.

Dividend

Your Board has proposed a final dividend of 3.2p per share which brings

the total to 5p per share, compared with a total of 4p per share last year.

People

Our aim is to give a high quality of service designed to meet customers' needs and in this way to differentiate ourselves from competitors. We appreciate that it is people who enable us to achieve this. We endeavour to recruit individuals of quality, provide them with the best training possible, motivate them to do an outstanding job by rewarding excellent performance and providing scope for career advancement. In a very competitive market our staff have responded admirably. A further allocation of shares will be made this year through the Employee Share Scheme to all qualifying staff.

Outlook

The industrial climate is currently buoyant and demand for our services is strong. In spite of the increased and increasing number of competitors, your Board is confident of continued organic growth and will seek to expand our existing range of activities and services by acquisition should suitable opportunities arise.

A. J. MURRAY
Chairman

CHART SERVICES PLC

Directors' Report

The directors present their eighth Annual Report together with the financial statements for the year ended 31st March 1987.

Results

The profit for the financial year amounts to:	£000
From which deduct:	700
Dividends as detailed in Note 11 to the Accounts	246
Balance of profit to be added to reserves	454

Principal Activities and Review of Business Developments

The principal activities of the Company consist of the provision of a range of transport and distribution services to industry throughout the United Kingdom.

In November 1986 the Company changed its name to Chart Services PLC and adopted the trading names Chart Hire Services and Chart Distribution Services for contract hire and distribution depots respectively.

During the year trading ceased at Gloucester and a location in London following the termination of two major contracts.

New distribution operations commenced at Bradford and Frome and, on 1st April 1987, a truck rental depot was opened in Leicester.

Share Capital

Increases in the allotted share capital during the year are detailed in Note 17 to the Accounts.

Fixed Assets

During the period the Company acquired new hire vehicles at a cost of £7,152,000 (1986—£7,460,000).

Directors

The directors of the Company are listed on page 2.

In addition, S. D. Lyon was a director for part of the financial year ended 31st March 1987. He was Chairman of the Company from its formation until his retirement on 14th July 1986.

Directors' Interests

According to the register maintained as required under the Companies Act 1985, the directors' interests in the share capital of the Company are as follows:

	31st March 1987		Options over ordinary shares	31st March 1986		Options over ordinary shares
	Preference	Ordinary		Preference	Ordinary	
A. J. Murray	200	800	—	200	800	—
S. M. Duff	2,200	12,953	50,000	2,200	12,235	50,000
G. Homer	650	9,293	18,000	650	6,845	18,000
W. McCreadie	—	2,343	15,000	—	2,457	15,000
E. Mitchell	50	2,740	10,000	50	2,358	10,000
Prof. M. G. Christopher	—	5,000	—	—	5,000	—

In addition to the above, A. J. Murray and S. M. Duff have a non-beneficial interest in shares held by the Trustees of the Employee Share Scheme. At 31st March 1987, the Trustees held 51,605 shares (1986—24,405).

No change in any of these interests had been notified to the Company by 15th June 1987.

Under the employee share loan scheme, loans to directors were as follows:

	Maximum balance during the year	Balance at 31st March 1987
	£	£
S. M. Duff	525	131
G. Homer	2,091	697
W. McCreadie	772	144
E. Mitchell	350	87

Management fees were charged by the firms associated with some of the non-executive directors and the amounts involved are included as directors' emoluments as appropriate in Note 6 to the Accounts.

No other contract or arrangement entered into by the Company in which any director is interested has subsisted during the period.

CHART SERVICES PLC

- Post Balance Sheet Event** At an Extraordinary General Meeting of the shareholders on 14th May 1987, approval was given to Resolutions which inter alia increased the authorised share capital to £6,900,000 and enabled the allotment of 1,711,486 ordinary shares at £1.70 per share to Al Baraka Investment Company Limited resulting in that company holding 29.9% of the enlarged issued ordinary share capital.
- Employee Involvement** It is a policy of the Company to increase employees' understanding of its main objectives and to encourage employees to identify with, and to share in, these objectives. In pursuit of this policy the Company distributes accounts for employees which are explained to and discussed with them. The Company operates an employee share scheme as a result of which, over 200 employees are beneficial shareholders.
- Disabled Persons** It is the Company's policy to give full consideration to suitable applications for employment from disabled persons.
Opportunities also exist for employees of the Company who become disabled to continue in their employment or to be trained for other positions within the Company.
- Close Company Provisions** The Company is not a close company within the meaning of the Income and Corporation Taxes Act 1970.
- Donations** Charitable donations were made during the year amounting to £2,269 (1986—£498).
- Auditors** Ernst & Whinney have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be submitted to the Annual General Meeting.

By order of the Board

W. McCREADIE
Secretary

15th June 1987

Auditors' Report

To the members of Chart Services PLC

We have audited the accounts set out on pages 7 to 19 in accordance with approved auditing standards. The accounts have been prepared under the historical cost convention.

In our opinion the accounts give a true and fair view of the state of affairs of the Company and of the Group at 31st March 1987 and of the profit and source and application of funds of the Group for the year then ended and comply with the Companies Act 1985.

Ernst & Whinney
ERNST & WHINNEY
Glasgow

15th June 1987

CHART SERVICES PLC

Consolidated Profit & Loss Account for the year ended 31st March 1987

	Note	1987 £000	1986 £000
Turnover	2/3	19,821	16,368
Operating Costs	4	17,695	14,674
Net Operating Income	5	2,126	1,694
Interest receivable	7	37	40
Interest payable	8	(1,055)	(818)
Profit before Taxation		1,108	916
Taxation	9	408	240
Profit for The Financial Year	10	700	676
Dividends	11	246	205
Retained Profit for The Year		454	471
Earnings per Ordinary Share	12		
based on a notional tax charge of 35%		16.9p	14.4p
based on an actual tax charge of 36.8% (1986—26.2%)		16.2p	16.6p

STATEMENT OF CONSOLIDATED RETAINED PROFITS

Balance at 31st March 1986		665	194
Retained Profit for The Year		454	471
Add: Group capital reserve	19	7	—
Balance at 31st March 1987		1,126	665

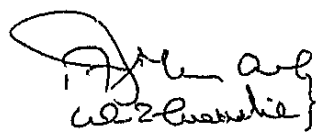
The notes on pages 11 to 19 form part of these financial statements

CHART SERVICES PLC

Consolidated Balance Sheet

as at 31st March 1987

	Note	1987 £000	1986 £000
Fixed Assets			
Tangible assets	13	<u>18,464</u>	<u>16,504</u>
Current Assets			
Stocks	15	204	180
Debtors	16	3,485	3,700
Cash at bank and in hand		4	137
		<u>3,693</u>	<u>4,017</u>
		<u>22,157</u>	<u>20,521</u>
Capital and Reserves			
Called up share capital	17	4,413	4,381
Other reserves	19	28	28
Profit and loss account		<u>1,126</u>	<u>665</u>
		<u>5,567</u>	<u>5,074</u>
Provision for Liabilities and Charges	20	1,671	1,262
Creditors	22	<u>14,919</u>	<u>14,185</u>
		<u>22,157</u>	<u>20,521</u>


 Directors
 15 June 1987

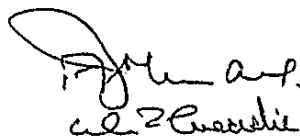
The notes on pages 11 to 19 form part of these financial statements

CHART SERVICES PLC

Balance Sheet

as at 31st March 1987

	Note	1987 £000	1986 £000
Fixed Assets			
Tangible assets	13	18,464	16,504
Investments	14	—	1,003
		<u>18,464</u>	<u>17,507</u>
Current Assets			
Stocks	15	204	180
Debtors	16	3,485	3,700
Cash at bank and in hand		4	137
		<u>3,693</u>	<u>4,017</u>
		<u>22,157</u>	<u>21,524</u>
Capital and Reserves			
Called up share capital	17	4,413	4,381
Other reserves	19	28	21
Profit and loss account		<u>1,126</u>	<u>921</u>
		<u>5,567</u>	<u>5,323</u>
Provision for Liabilities and Charges	20	1,671	1,262
Creditors	22	<u>14,919</u>	<u>14,939</u>
		<u>22,157</u>	<u>21,524</u>


 Directors
 15 June 1987

The notes on pages 11 to 19 form part of these financial statements

CHART SERVICES PLC

Consolidated Statement of Source and Application of Funds for the year ended 31st March 1987

	1987 £000	1986 £000
SOURCE OF FUNDS		
From Operations		
Profit before taxation	1,108	916
Items not involving the movement of funds:		
Depreciation and amortisation of tangible fixed assets	4,728	3,932
Provision for repairs and maintenance	97	127
Profit on sale of fixed assets	(238)	(275)
Total generated from operations	5,695	4,700
Other Sources		
Capital borrowings	5,414	7,046
Net proceeds of share issues	39	540
Proceeds of sale of tangible fixed assets	1,265	1,094
	<u>12,413</u>	<u>13,380</u>
FUNDS APPLIED		
Purchase of tangible fixed assets	7,715	7,958
Capital borrowings repaid	5,693	4,543
Dividend paid	217	175
Corporation tax paid	89	77
	<u>13,714</u>	<u>12,753</u>
(Decrease)/Increase in Working Capital	<u>(1,301)</u>	<u>627</u>
Arising from movements in:		
Stocks	24	2
Debtors	(215)	193
Creditors (excluding capital borrowings)	(827)	151
Bank balances and cash	(283)	281
	<u>(1,301)</u>	<u>627</u>

CHART SERVICES PLC

Notes on the Accounts

as at 31st March 1987

1. Accounting Policies (a) *Accounting convention*

The accounts are prepared under the historical cost convention.

(b) *Basis of consolidation*

The consolidated accounts incorporate the accounts of the Company and each of its subsidiaries for the year ended 31st March 1987. The results of subsidiaries acquired during the year are included in the consolidated profit and loss account from the effective date of acquisition.

(c) *Depreciation and amortisation*

Freehold land is not depreciated. The cost of other fixed assets is written off by equal monthly instalments over their expected useful lives or in the case of leasehold improvements, over the period of the lease.

Freehold buildings	50 years
Leasehold improvements	Period of lease
Hire vehicles	3-7 years
Plant and equipment	3-7 years

Construction in progress and vehicles in progress are not depreciated until commissioned.

(d) *Assets financed by lease and hire purchase agreements*

Where assets are financed by leasing agreements which give rights similar to ownership (finance leases) or by hire purchase agreements, the assets are treated as though they had been purchased outright and are depreciated in the same manner as owned assets.

The capital element of the payments due under these agreements is recorded as capital borrowings and amortised over the primary period of the lease. Finance costs are allocated during the term of the agreement so as to produce a constant periodic rate of charge on the remaining balance of the obligation.

Rentals payable under operating lease agreements are charged on a straight-line basis over the lease term.

Commercial vehicles which are hired to customers under operating lease agreements are included in fixed assets.

(e) *Repairs and maintenance*

A proportion of the income earned in the initial period of the lives of certain contract hire vehicles is provided for release against the higher maintenance costs anticipated in the later years of those vehicles' effective lives.

(f) *Stocks*

Stocks are valued at the lower of cost and net realisable value after making due allowance for any obsolete or slow-moving items, cost being the invoiced value of goods.

(g) *Deferred taxation*

Provision is made for deferred taxation, using the liability method, on all timing differences to the extent that it is probable that the liability will crystallise.

(h) *Pension benefits*

Pension benefits are funded over the employees' periods of service. The Company's contributions are based on the most recent actuarial valuation of the fund.

2. Turnover

Turnover consists of the value of sales, services and lease rental income exclusive of Value Added Tax.

CHART SERVICES PLC

Notes on the Accounts continued

3. Analysis of Turnover and Profits between Activities and Markets

The directors consider that the classes of business in which the Company operates do not differ substantially from each other, and that the Company supplies only one geographical market.

4. Operating Costs

	1987 £000	1986 £000
External charges	8,732	7,260
Staff costs:		
Wages and salaries	3,697	3,021
Social security costs	366	298
Other pension costs	172	163
	4,235	3,482
Depreciation:		
Owned/hire purchased assets	1,311	855
Leased assets	3,417	3,077
	4,728	3,932
Total Operating Costs	17,695	14,674

5. Net Operating Income is stated after charging

	£000	£000
Auditors' remuneration	19	18
Directors' remuneration (Note 6)	182	122
Allocation to Employee Share Scheme	50	34
Hire of plant and equipment	21	21
Operating lease rentals	419	316

6. Emoluments of Directors

	£	£
Remuneration, including pension contributions	182,372	122,168

The emoluments, excluding pension contributions, of directors of the Company are detailed as follows:

	£	£
Chairman (see below)	7,286	3,825
Highest paid director	58,795	41,483
Other directors in scale		
Not more than £5,000	2	3
£ 5,001 to £10,000	—	1
£20,001 to £25,000	—	1
£25,001 to £30,000	—	1
£30,001 to £35,000	2	—
£35,001 to £40,000	1	—

Note: The Chairman's emoluments in 1987 are made up as follows:—

	£
S. D. Lyon	1,520
A. J. Murray	5,766
	7,286

7. Interest Receivable

	1987 £000	1986 £000
Interest receivable on short-term deposits	37	40

8. Interest Payable

	£000	£000
Repayable within 5 years:		
Bank overdraft	14	22
Leasing and hire purchase finance	1,041	796
	1,055	818

9. Taxation

	£000	£000
The charge for the year comprises:		
Deferred taxation provided (See Note 21):		
Current year	389	322
Adjustments in respect of prior years	8	(91)
	397	231
Current taxation	11	9
	408	240

10. Profit for the Financial Year

In accordance with the exemptions allowed by Section 228(7) of the Companies Act 1985 the Company has not presented its own profit and loss account. Of the profit for the financial year, £451,000 (1986—£676,000) has been dealt with in the accounts of the Company.

11. Dividends

	1987 £000	1986 £000
Preference dividend—paid	34	34
—payable	12	12
Ordinary dividend—paid 1.8p per share (1986—1.5p)	72	59
—proposed 3.2p per share (1986—2.5p)	128	100
	246	205

12. Earnings per Ordinary Share

The earnings per share figures are derived from the profit on ordinary activities after taxation and preference dividends for the year divided by the weighted average number of called up shares in issue during the year, 4,027,000 (1986—3,807,000).

CHART SERVICES PLC

Notes on the Accounts continued

13. Tangible Fixed Assets

Group and Company	Freehold properties £000	Short leasehold improvements £000	Hire vehicles £000	Plant and machinery £000	Total £000
Cost					
At 31st March 1986	1,349	122	21,846	956	24,273
Additions during year	230	7	7,152	326	7,715
Cost of disposals	—	(24)	(3,667)	(149)	(3,840)
At 31st March 1987	1,579	105	25,331	1,133	28,148
Depreciation					
At 31st March 1986	60	54	7,066	589	7,769
Charge for year	24	6	4,533	165	4,728
Relating to disposals	—	(24)	(2,655)	(134)	(2,813)
At 31st March 1987	84	36	8,944	620	9,684
Net book amount at 31st March 1987	1,495	69	16,387	513	18,464
Net book amount at 31st March 1986	1,289	68	14,780	367	16,504

The net book amount of Group fixed assets at 31st March 1987 comprises:

	Freehold properties		Short leasehold improvements	
	1987 £000	1986 £000	1987 £000	1986 £000
Land	363	308	—	—
Buildings	1,132	981	69	68
	1,495	1,289	69	68
	Hire vehicles		Plant and machinery	
	1987 £000	1986 £000	1987 £000	1986 £000
Owned/Hire purchase	5,492	3,098	504	339
Leased	10,742	11,649	9	28
Vehicles in progress	736	33	—	—
	16,970	14,780	513	367

14. Fixed Asset Investments

	1987 £000	1986 £000
Subsidiary companies:		
Shares at cost	1,003	1,003
Less: provisions	249	—
	<u>754</u>	<u>1,003</u>
Less: amounts due to related companies	754	—
	<u>—</u>	<u>1,003</u>

During the year investments in subsidiaries continued to comprise the investment in the Cooper London companies which were acquired during 1983.

The trades of these companies had all been hived up to Chart Services PLC prior to the start of the March 1987 financial year and they were dormant throughout the year. The carrying value of the investments in these now dormant subsidiaries has been reduced by a provision of £249,000 to reflect a permanent diminution in the value of these investments.

The names of two of these companies were changed during the year, not to transact business through them but merely to prevent other companies registering in Chart's trading names. Dormant subsidiaries, therefore, are now named:

Chart Hire Services Limited
Chart Distribution Services Limited
Transport Specialists (Southwark) Limited

All of these wholly-owned companies are incorporated in England.

15. Stocks Stocks comprise new materials and consumables, being vehicle spare parts and fuel.

16. Debtors

	Group and Company	
	1987 £000	1986 £000
Due within one year:		
Trade debtors	2,606	2,613
Other debtors	89	425
Prepayments and accrued income	782	650
Loans to employees to purchase Company shares	8	12
	<u>3,485</u>	<u>3,700</u>

CHART SERVICES PLC

Notes on the Accounts continued

17. Called Up Share Capital

	Authorised		Allotted and Fully Paid	
	1987	1986	1987	1986
	£000	£000	£000	£000
11.5% cumulative convertible redeemable preference shares of £1 each	400	400	400	400
Ordinary shares of £1 each	4,200	4,200	4,013	3,981
	<u>4,600</u>	<u>4,600</u>	<u>4,413</u>	<u>4,381</u>

The following share issues took place during the year:

Date	Number of £1 ordinary shares issued	Issue price
31st July 1986	250	£1.05
7th August 1986	29,000	£1.25
29th September 1986	300	£1.25
28th January 1987	1,300	£1.25

The premiums arising were credited to the share premium account.

18. Share Subscription and Conversion Rights

The preference shares are convertible into ordinary shares at par at any time between 1st July and 10th August each year until 10th August 1989. Any shares not so converted shall be redeemed at par by 30th September 1989.

The trustees of the Chart Services PLC Employee Share Scheme have been allocated £49,860 to subscribe for ordinary shares, at a price to be determined, on behalf of employees participating in the Scheme.

The following options have been granted under the Executive Share Option Scheme:

Number of Shares	Period when option is normally exercisable	Subscription price
105,000	14th December 1987—14th December 1994	£1.05
33,000	14th August 1988—14th August 1995	£1.20
15,000	8th August 1989—8th August 1996	£1.25

19. Other Reserves

	Share Premium £000	Group Capital Reserve £000	Total £000	Company Share Premium £000
At 31st March 1986	21	7	28	21
Premium arising on issue of shares during the year	7	—	7	7
	<u>28</u>	<u>7</u>	<u>35</u>	<u>28</u>
Transferred to Profit and Loss account	—	(7)	(7)	—
At 31st March 1987	<u>28</u>	<u>—</u>	<u>28</u>	<u>28</u>

The above reserves are not distributable.

20. Provisions for Liabilities and Charges

	Group and Company	
	1987	1986
	£000	£000
Deferred taxation (Note 21)	1,136	824
Other provisions:		
Repairs and maintenance	535	438
	<u>1,671</u>	<u>1,262</u>

21. Deferred Taxation The amounts provided for deferred taxation and the full potential liability calculated by the liability method at a rate of 35% are set out below:

	Group and Company			
	1987		1986	
	Amount Provided £000	Full Potential Liability £000	Amount Provided £000	Full Potential Liability £000
Excess of capital allowances and capital lease repayments over related depreciation	1,476	1,687	1,178	1,380
Other timing differences and taxation losses	(48)	(75)	(147)	(174)
	<u>1,428</u>	<u>1,612</u>	<u>1,031</u>	<u>1,206</u>
Less: Advance corporation tax	(292)	(292)	(207)	(207)
	<u>1,136</u>	<u>1,320</u>	<u>824</u>	<u>999</u>

22. Creditors

	Group		Company	
	1987	1986	1987	1986
	£000	£000	£000	£000
Bank overdraft	150	—	150	—
Current portion of capital borrowings (see Note 23)	5,385	4,807	5,385	4,807
Trade creditors	923	747	923	747
Corporation tax	52	45	52	45
Other taxation and social security	145	275	145	275
Other creditors	650	123	650	123
Accruals	402	148	402	148
Proposed dividend	140	111	140	111
Amount owed to group companies	—	—	—	754
Amounts falling due within one year	<u>7,847</u>	<u>6,256</u>	<u>7,847</u>	<u>7,010</u>
Capital borrowings falling due after more than one year (see Note 23)	<u>7,072</u>	<u>7,929</u>	<u>7,072</u>	<u>7,929</u>
	<u>14,919</u>	<u>14,185</u>	<u>14,919</u>	<u>14,939</u>

CHART SERVICES PLC

Notes on the Accounts continued

23. Capital Borrowings

	Group and Company	
	1987	1986
	£000	£000
Capital borrowings which comprise:		
Amounts borrowed on finance lease and hire purchase agreements	22,623	19,929
Amounts repaid	10,166	7,193
At 31st March 1987	12,457	12,736
Less: Current portion (see Note 22)	5,385	4,807
	<u>7,072</u>	<u>7,929</u>

Amounts repayable under finance lease and hire purchase commitments after more than one year are:

	Group and Company	
	1987	1986
	£000	£000
1988-89	4,004	4,202
1989-90	2,054	2,509
1990-91	728	901
1991-92	286	317
	<u>7,072</u>	<u>7,929</u>

24. Capital Commitments

At 31st March 1987 the directors have authorised future capital expenditure which amounts to:

	1987	1986
	£000	£000
Contracted	1,211	97
Not contracted	467	317
	<u>1,678</u>	<u>414</u>

25. Operating Leases

The annual commitment under non-cancellable operating leases due to be made in the year to 31st March 1988 is as detailed below:

	Land and Buildings	Other Operating Leases
	£000	£000
Leases expiring:		
Within one year	40	115
Within two to five years	41	246
Thereafter	197	—
	<u>278</u>	<u>361</u>

26. Commitments to Pension Fund Contributions to the Company's contributory pension scheme are based on the most recent triennial actuarial valuation and are charged to revenue as incurred.

27. Employees The average number of employees of the Group in each week in the year was 343 and may be analysed as follows:

	<u>1987</u> <u>Number</u>	<u>1986</u> <u>Number</u>
Vehicle hire and contract distribution	178	170
Workshops	102	99
Administration	63	55
	<u>343</u>	<u>324</u>