

SNOWDON MOUNTAIN RAILWAY PLC
AND SUBSIDIARY

42476

GROUP REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 1988

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FINANCE

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SNOWDON MOUNTAIN RAILWAY PLC AND SUBSIDIARY

GROUP REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER 1988

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SNOWDON MOUNTAIN RAILWAY PLC

COMPANY INFORMATION

DIRECTORS : Ninian Rhys Davies, LL.B. (Lond) - Chairman
Nigel Keith Ross, LL.B. (Lond) - Deputy Chairman
Derek Rogerson, B.Sc.(Hons.) (Dunelm) - Managing
Director
Andrew Owen Evan Davies
Andrew Ian Jaye, A.S.V.A.
Brian Ivan Leaver, F.R.I.C.S.
Gillian Davies (non-executive Director)

SECRETARY : Andrew Ian Jaye, A.S.V.A.

REGISTERED OFFICE AND REGISTRARS : Snowdon Mountain Railway Plc.,
Llanberis, Caernarfon, Gwynedd, LL55 4TY.

AUDITORS : Peat Marwick McLintock,
Richmond House,
Rumford Place,
LIVERPOOL. L3 9QY.

BANKERS : Midland Bank Plc.,
24 Castle Square, Caernarfon,
Gwynedd, LL55 2NB.

SOLICITORS : Crawfords Berwald,
21 Bentinck Street,
LONDON. W1M 5RL.
: Gouldens,
22 Tudor Street,
LONDON. EC4Y 0JJ.

SNOWDON MOUNTAIN RAILWAY PLC

REPORT OF THE DIRECTORS

The directors present their group report and financial statements for the year ended 31st December 1988.

PRINCIPAL ACTIVITIES

The principal activities of the group are that of operating the Snowdon Mountain Railway and a commercial airport at Caernarfon, together with associated catering and retail activities.

During the year the group began construction of an Air Museum to provide an all-weather attraction at the airport and to complement the existing aviation facilities. The museum is to open in May 1989.

BUSINESS REVIEW

The state of the group's affairs and trading results for the year ended 31st December 1988 are as shown by the attached financial statements.

DIVIDENDS

The directors do not propose to recommend any distribution by way of dividend.

FIXED ASSETS

The directors are of the opinion that the market value of the railway line and works, and the freehold land and buildings are substantially in excess of the value reflected in the financial statements.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year and their interests (including their family interests) in the issued share capital of the company were as follows:-

	<u>Ordinary 10p Shares</u>		<u>3% Convertible Unsecured Loan Stock 1997</u>
	<u>at 31.12.88</u>	<u>at 31.12.87</u>	<u>at 31.12.88</u>
			£
N.R. Davies	12,750	12,750	1,734
N.K. Ross	1,000*	1,000*	136
D. Rogerson	5,000	5,000	680
A.O.E. Davies	10,000	10,000	1,360
A.I. Jaye	- *	- *	-
B.I. Leaver	500*	500*	68
G. Davies	7,500	7,500	1,020

SNOWDON MOUNTAIN RAILWAY PLC

REPORT OF THE DIRECTORS

DIRECTORS AND THEIR INTERESTS - continued

* The above shareholdings take no account of the 697,389 Ordinary Shares (43.1% of the issued share capital of the company) and £94,845 3% Convertible Unsecured Loan Stock 1997 held by Cadogan Properties Limited, which is owned by B.I. Leaver, N.K. Ross, A.I. Jaye and Haigside Limited (in which N.K. Ross, A.I. Jaye and the Ross Jaye Pension Fund have an interest).

The 3% Convertible Unsecured Loan Stock 1997 is subject to the terms set out in note 14. However under the terms of the issue the directors and Cadogan Properties Limited cannot exercise conversion before July 1990.

In accordance with the Articles of Association, D. Rogerson, G. Davies and N.R. Davies retire by rotation and, being eligible, offer themselves for re-election.

POLITICAL AND CHARITABLE CONTRIBUTIONS

No political or charitable contributions were made during the year.

TAXATION STATUS

So far as the directors are aware the company was not, at the end of the accounting period, a close company within the meaning of the Income and Corporation Taxes Act 1970.

AUDITORS

In accordance with Section 384 of the Companies Act 1985, a resolution for the reappointment of Peat Marwick McLintock as auditors will be proposed at the forthcoming Annual General Meeting.

BY ORDER OF THE BOARD


SECRETARY

Peat Marwick McLintock

AUDITORS' REPORT
TO THE MEMBERS OF
SNOWDON MOUNTAIN RAILWAY PLC

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 of the group at 31st December 1988, and of the profit and source and application of funds of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Peat Marwick McLintock

Chartered Accountants

31 March 1989

Richmond House,
1 Rumford Place,
Liverpool, L3 9QY.

SNOWDON MOUNTAIN RAILWAY PLC

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31st DECEMBER 1988


	Note	1988 £	1987 £
Turnover	1	1,248,728	1,127,780
Costs of sales		<u>(893,112)</u>	<u>(794,724)</u>
<u>Gross profit</u>		355,616	333,056
Administrative expenses		(296,177)	(277,186)
Other operating income	2	<u>12,867</u>	<u>8,663</u>
<u>Operating Profit</u>	3	72,306	64,533
Interest payable and similar charges	6	<u>(37,782)</u>	<u>(29,742)</u>
<u>Profit before exceptional item</u>		34,524	34,791
Exceptional item	3	<u>(20,760)</u>	<u>-</u>
<u>Profit on ordinary activities before taxation</u>		13,764	34,791
Tax on profit on ordinary activities	7	<u>(757)</u>	<u>-</u>
<u>Retained profit for the year</u>	8,17	<u>13,007</u>	<u>34,791</u>

SNOWDON MOUNTAIN RAILWAY PLC

GROUP BALANCE SHEET AS AT 31st DECEMBER 1988

	Note	1988	1987
		£	£
<u>FIXED ASSETS</u>			
Tangible assets	9	1,238,137	1,064,124
<u>CURRENT ASSETS</u>			
Stock	11	129,077	108,747
Debtors	12	54,396	92,349
Cash at bank and in hand		<u>33,572</u>	<u>34,472</u>
		217,045	235,568
<u>CREDITORS :</u>	13		
Amounts falling due within one year		(215,298)	(200,082)
<u>NET CURRENT ASSETS</u>		<u>1,747</u>	<u>35,486</u>
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		1,239,884	1,099,610
<u>CREDITORS :</u>	14		
Amounts falling due after more than one year		238,658	113,839
<u>PROVISION FOR LIABILITIES AND CHARGES</u>			
Deferred taxation	15	<u>34,697</u>	<u>34,697</u>
		(273,355)	(148,536)
		<u>966,529</u>	<u>951,074</u>
<u>CAPITAL AND RESERVES</u>			
Called up share capital	16	161,806	161,500
Share premium	17	621,392	619,250
Revaluation reserve	17	3,104	3,104
Profit and loss account	17	<u>180,221</u>	<u>167,220</u>
		<u>966,529</u>	<u>951,074</u>

The financial statements were approved by the Board on 31st March 1989


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) Directors
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The notes on pages 9 to 19 form part of these financial statements.

SNOWDON MOUNTAIN RAILWAY PLC

BALANCE SHEET AS AT 31st DECEMBER 1988

	Note	1988	1987
		£	£
<u>FIXED ASSETS</u>			
Tangible assets	9	802,286	750,173
Investments	10	<u>431,037</u>	<u>369,913</u>
		1,233,323	1,120,086
<u>CURRENT ASSETS</u>			
Stock	11	107,708	90,919
Debtors	12	18,493	86,747
Cash at bank and in hand		<u>33,537</u>	<u>28,135</u>
		159,738	205,801
<u>CREDITORS :</u>	13		
Amounts falling due within one year		(<u>156,231</u>)	(<u>178,539</u>)
<u>NET CURRENT ASSETS</u>		<u>3,507</u>	<u>27,262</u>
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		1,236,830	1,147,348
<u>CREDITORS :</u>	14		
Amounts falling due after more than one year		235,504	100,264
<u>PROVISION FOR LIABILITIES AND CHARGES</u>			
Deferred taxation	15	<u>34,697</u>	<u>34,697</u>
		(<u>270,201</u>)	(<u>134,961</u>)
		<u>966,629</u>	<u>1,012,387</u>
<u>CAPITAL AND RESERVES</u>			
Called up share capital	16	161,806	161,500
Share premium	17	621,392	619,250
Profit and loss account	17	<u>183,431</u>	<u>231,637</u>
		<u>966,629</u>	<u>1,012,387</u>

The financial statements were approved by the Board on 31st March 1989

[Signature]
[Signature]

Directors

The notes on pages 9 to 19 form part of these financial statements.

SNC/D & MOUNTAIN RAILWAY PLC

GROUP STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED 31st DECEMBER 1988

	£	1988	£	1987	£
<u>SOURCE OF FUNDS</u>					
Profit on ordinary activities before taxation			13,764		34,791
Adjustment for items not involving the movement of funds:					
Depreciation of fixed assets	15,154			15,444	
Loss on disposal of tangible fixed assets		357		742	
			15,511		16,186
Total generated from operations			29,275		50,977
<u>Funds from other sources</u>					
Proceeds of disposal of tangible fixed assets		444		-	
Loan received		66,560		33,000	
Proceeds of issue of Loan Stock		158,795		-	
Tax refund received		42,665		-	
			268,464		33,000
			294,739		83,977
<u>APPLICATION OF FUNDS</u>					
Loan repayments		75,901		47,130	
Decrease in creditors falling due after more than one year		-		1,000	
Purchase of tangible fixed assets (net)		189,968		136,195	
			(265,869)		(184,325)
			31,870		(100,348)
<u>(DECREASE)/INCREASE IN WORKING CAPITAL</u>					
Stock			20,331		23,280
Debtors and prepayments			5,470		17,195
Creditors and accruals			(26,839)		11,213
			(1,038)		51,688
<u>Movement in net liquid funds</u>					
Bank Overdraft			32,908		(152,036)
			31,870		(100,348)

The notes on pages 9 to 19 form part of these financial statements.

SNOWDON MOUNTAIN RAILWAY PLC

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31st DECEMBER 1988

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

a) BASIS OF ACCOUNTING

The financial statements are prepared under the historical cost convention.

b) BASIS OF CONSOLIDATION

The group financial statements include those of the company and its subsidiary made up to the end of the financial year.

A separate profit and loss account dealing with the results of the company only has not been presented.

c) DEPRECIATION

Tangible fixed assets in use are depreciated at annual rates to write off the cost of the assets over their estimated useful lives using the reducing balance method applying the following rates:-

Freehold premises	2 per cent per annum
Plant and machinery	20 per cent per annum
Furniture, fixtures and fittings	20 per cent per annum
Motor vehicles	20 per cent per annum
Leased office equipment	20 per cent per annum
Museum exhibits	2.5 per cent per annum
Aircraft	2.5 per cent per annum

The long leasehold premises are being amortised over the length of the lease.

No provision for depreciation has been made for the railway line and works (including locomotives and rolling stock) on the grounds that expenditure incurred on an annual basis to maintain indefinitely the useful life of such assets is charged to the profit and loss account.

Similarly, no provision is made for a vintage aircraft, on the grounds that the cost of maintenance is charged to the profit and loss account and that in the opinion of the directors its market value is not decreasing.

SNOWDON MOUNTAIN RAILWAY PLC

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31st DECEMBER 1988

d) CAPITAL GRANTS

Grants receivable relating directly to capital expenditure are deducted from the cost of the relevant assets.

e) STOCK

Stocks have been valued at the lower of cost and net realisable value.

f) DEFERRED TAXATION

Deferred taxation is provided on the liability method, at the current corporation tax rate, on the difference between the book and taxation values of depreciable assets, less any available tax losses, except where there is reasonable probability that such liability will continue to be deferred for the foreseeable future.

g) LEASING AND HIRE PURCHASE COMMITMENTS

Assets obtained under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are dealt with in the profit and loss account as incurred.

SNOWDON MOUNTAIN RAILWAY PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 1988

1. TURNOVER

Turnover represents the invoiced value of services rendered and goods sold excluding value added tax and trade discounts.

2. OTHER OPERATING INCOME

	<u>1988</u> £	<u>1987</u> £
Net rental income	2,787	3,669
Interest receivable	10,080	4,994
	<hr/>	<hr/>
	<u>12,867</u>	<u>8,663</u>

3. OPERATING PROFIT AND EXCEPTIONAL ITEM

	<u>1988</u> £	<u>1987</u> £
Operating profit is stated after charging:		
Auditors' remuneration	5,900	5,070
Directors' emoluments (see note 4)	38,489	34,210
Depreciation	15,154	15,444
Loss on sale of fixed assets	357	742
Operating lease payments in respect of the hire of equipment	<u>7,691</u>	<u>6,905</u>

The exceptional item is represented by professional costs relating to the rights issue of the convertible loan stock.

4. DIRECTORS' EMOLUMENTS

	<u>1988</u> £	<u>1987</u> £
Emoluments	36,889	32,610
Pension paid to former director	<u>1,600</u>	<u>1,600</u>
	<hr/>	<hr/>
	<u>38,489</u>	<u>34,210</u>
Chairman's emoluments	<u>7,000</u>	<u>7,000</u>
Highest paid director's emoluments	<u>18,089</u>	<u>15,039</u>

SNOWDON MOUNTAIN RAILWAY PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER 1988

4. DIRECTORS' EMOLUMENTS - continued

The emoluments of the other directors were within the following ranges:

	<u>1988</u> <u>Number</u>	<u>1987</u> <u>Number</u>
£0 - £ 5,000	3	3
£5,001 - £10,000	2	2

5. STAFF COSTS (including directors)

The average number of persons employed by the group, including directors during the year was:

<u>Category</u>	<u>1988</u> <u>Number</u>	<u>1987</u> <u>Number</u>
Management and administration	18	18
Railway operations	40	39
Ancilliary services	<u>16</u>	<u>16</u>
	<u>74</u>	<u>73</u>

Their total remuneration was:

	<u>1988</u> <u>£</u>	<u>1987</u> <u>£</u>
Wages and salaries	557,443	496,614
Social security costs	45,523	48,070
Other pension costs	28,169	15,881
	<u>631,135</u>	<u>560,565</u>

Number of employees excluding directors
earning over £30,000 per annum:

<u>1988</u> <u>Number</u>	<u>1987</u> <u>Number</u>
<u>None</u>	<u>None</u>

SNOWDON MOUNTAIN RAILWAY PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 1988

6. INTEREST PAYABLE AND SIMILAR CHARGES

	<u>1988</u> £	<u>1987</u> £
On bank overdraft	9,524	4,705
On loans wholly repayable within five years	25,208	24,734
Finance charges payable - hire purchase contract	205	303
On convertible loan stock	2,845	-
	<u>37,782</u>	<u>29,742</u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	<u>1988</u> £	<u>1987</u> £
Corporation tax on profits for the year	-	-
Deferred taxation	-	-
Under provision of taxation in earlier years	757	-
	<u>757</u>	<u>-</u>

No taxation arises on the profit of the year, due to the level of allowances on recent capital expenditure, and the availability of group relief.

8. RETAINED PROFIT/(LOSS) FOR THE YEAR

	<u>1988</u> £	<u>1987</u> £
By the company	61,443	76,563
By the subsidiary	(48,436)	(41,772)
	<u>13,007</u>	<u>34,791</u>

SNOWDON MOUNTAIN RAILWAY PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 1988

9. <u>FIXED ASSETS - GROUP</u>	<u>Land and Buildings</u>		<u>Plant and Machinery</u>	<u>Fixtures & Fittings</u>	<u>Total</u>
	<u>Freehold</u>	<u>Long Leasehold</u>			
	£	£	£	£	£
<u>COST</u>					
At 1st January 1988	136,030	242,821	763,001	34,887	1,176,739
Additions	15,940	109,082	59,234	5,711	189,967
Disposals	-	-	(1,000)	-	(1,000)
At 31st December 1988	<u>151,970</u>	<u>351,903</u>	<u>821,235</u>	<u>40,598</u>	<u>1,365,706</u>
<u>DEPRECIATION</u>					
At 1st January 1988	12,633	3,406	73,227	23,349	112,615
Charge for the year	2,786	1,818	7,101	3,449	15,154
On disposals	-	-	(200)	-	(200)
At 31st December 1988	<u>15,419</u>	<u>5,224</u>	<u>80,128</u>	<u>26,798</u>	<u>127,569</u>
<u>NET BOOK VALUE</u>					
At 31st December 1988	<u>136,551</u>	<u>346,679</u>	<u>741,107</u>	<u>13,800</u>	<u>1,238,137</u>
At 31st December 1987	<u>123,397</u>	<u>239,415</u>	<u>689,774</u>	<u>11,538</u>	<u>1,064,124</u>

Additions to long leasehold land and buildings are in progress at 31st December 1988 and are stated after deducting grants receivable in the amount of £30,327.

Plant and Machinery additions include Museum exhibits stated after deducting grants receivable of £1,572.

No depreciation has been provided on net additions relating to the Air Museum of £125,323 as these were not yet in use at 31st December 1988.

Plant and machinery at cost includes equipment at directors' valuation of £43,000 (cost £39,896) based on independent professional advice. This, together with further equipment at a cost of £616,404 (1987: £576,620), is not depreciable.

At 31st December 1988, assets held under hire purchase contracts had a net book value of £1,931 (1987: £2,880). The depreciation charged in the year in respect of these assets was £483 (1987: £720).

SNOWDON MOUNTAIN RAILWAY PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 1988

9. FIXED ASSETS - COMPANY

	<u>Land and Buildings</u>		<u>Plant and Machinery</u>	<u>Fixtures & Fittings</u>	<u>Total</u>
	<u>Freehold</u>	<u>Long Leasehold</u>			
	£	£	£	£	£
<u>COST</u>					
At 1st January 1988	136,030	17,782	668,382	31,844	854,038
Additions	15,940	-	41,979	5,711	63,630
Disposals	-	-	(1,000)	-	(1,000)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31st December 1988	<u>151,970</u>	<u>17,782</u>	<u>709,361</u>	<u>37,555</u>	<u>916,668</u>
<u>DEPRECIATION</u>					
At 1st January 1988	12,633	88	68,757	22,387	103,865
Charge for the year	2,786	18	4,880	3,033	10,717
On disposals	-	-	(200)	-	(200)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31st December 1988	<u>15,419</u>	<u>106</u>	<u>73,437</u>	<u>25,420</u>	<u>114,382</u>
<u>NET BOOK VALUE</u>					
At 31st December 1988	<u>136,551</u>	<u>17,676</u>	<u>635,924</u>	<u>12,135</u>	<u>802,286</u>
At 31st December 1987	<u>123,397</u>	<u>17,694</u>	<u>599,625</u>	<u>9,457</u>	<u>750,173</u>

Plant and machinery includes equipment at cost of £616,404 (1987: £576,620) which is not depreciable.

At 31st December 1988, assets held under hire purchase contracts had a net book value of £1,931 (1987: £2,880). The depreciation charged in the year in respect of these assets was £483 (1987: £720).

SNOWDON MOUNTAIN RAILWAY PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 1988

10. INVESTMENTS - COMPANY

	<u>1988</u> £	<u>1987</u> £
Cost of investment in subsidiary	100	100
Amount owed by subsidiary	540,586	369,813
	<hr/>	<hr/>
	540,686	369,913
Less: Provision against subsidiary's indebtedness	109,649	-
	<hr/>	<hr/>
	<u>431,037</u>	<u>369,913</u>

The company's wholly owned subsidiary is Snowdon Mountain Aviation Limited, a company registered in Wales. The principal activity of Snowdon Mountain Aviation Limited is that of operators of a commercial airport.

The company has undertaken that it will only require repayment of the subsidiary's indebtedness to the extent which its financial resources may from time to time permit.

11. STOCK

	<u>The Group</u>		<u>The Company</u>	
	<u>1988</u> £	<u>1987</u> £	<u>1988</u> £	<u>1987</u> £
Raw materials and consumables	101,144	67,399	83,971	53,661
Goods for resale	27,933	41,348	23,737	37,258
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>129,077</u>	<u>108,747</u>	<u>107,708</u>	<u>90,919</u>

12. DEBTORS: Amounts falling due within one year

	<u>The Group</u>		<u>The Company</u>	
	<u>1988</u> £	<u>1987</u> £	<u>1988</u> £	<u>1987</u> £
Trade debtors	1,311	1,522	-	-
Other debtors	36,290	33,545	7,629	32,550
Taxation	2,243	45,666	2,243	45,666
Prepayments	14,552	11,616	8,621	8,531
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>54,396</u>	<u>92,349</u>	<u>18,493</u>	<u>86,747</u>

SNOWDON MOUNTAIN RAILWAY PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 1988

13. CREDITORS: Amounts falling due within one year

	<u>The Group</u>		<u>The Company</u>	
	<u>1988</u>	<u>1987</u>	<u>1988</u>	<u>1987</u>
	£	£	£	£
Bank overdraft	33,395	67,205	-	67,205
Obligations under hire purchase contracts	-	1,000	-	1,000
Loans (see note 14)	98,434	76,247	85,283	63,096
Trade creditors	23,423	12,185	13,985	7,649
Other taxes and social security	19,503	17,667	18,031	17,016
Other creditors	8,101	409	8,092	-
Accruals	32,442	25,369	30,840	22,573
	<u>215,298</u>	<u>200,082</u>	<u>156,231</u>	<u>178,539</u>

The bank overdraft is secured by a fixed and floating charge over the group's assets.

14. CREDITORS: Amounts falling due after more than one year

	<u>The Group</u>		<u>The Company</u>	
	<u>1988</u>	<u>1987</u>	<u>1988</u>	<u>1987</u>
	£	£	£	£
3% Convertible Unsecured Loan Stock 1997	156,347	-	156,347	-
Loans	82,311	113,839	79,157	100,264
	<u>238,658</u>	<u>113,839</u>	<u>235,504</u>	<u>100,264</u>

During 1988, £158,795 was raised by means of a rights issue of 3% Convertible Loan Stock for the purpose of the Construction of an Air Museum at Caernarfon Airport. The loan stock is convertible into Ordinary Shares of 10p each at 80p per share in July 1988 - 96 inclusive. Any stock not converted by 31st July 1996 is subject to redemption at par on 31st July 1997. Interest at 3% per annum is subject to accumulation and payment on redemption or earlier conversion.

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14. CREDITORS: Amounts falling due after
more than one year - continued

Other loans are subject to repayment by instalments within two to five years from 31st December 1988. These loans are secured on the specific assets to which they relate.

15. DEFERRED TAXATION

	<u>The Group</u>		<u>The Company</u>	
	<u>1988</u>	<u>1987</u>	<u>1988</u>	<u>1987</u>
	£	£	£	£
Maximum potential liability	<u>77,804</u>	<u>70,050</u>	<u>77,804</u>	<u>70,050</u>
Amount provided in the accounts	<u>34,697</u>	<u>34,697</u>	<u>34,697</u>	<u>34,697</u>

16. SHARE CAPITAL

	<u>1988</u>	<u>1987</u>
	£	£
Authorised		
2,000,000 ordinary shares of 10p each	<u>200,000</u>	<u>200,000</u>
Issued and fully paid		
1,618,065 shares of 10p each (1987 - 1,615,005)	<u>161,806</u>	<u>161,500</u>

During 1988, 3060 shares were allotted on conversion of £2,448 of convertible loan stock. Conversion in full of the remainder of the loan stock on or before the final specified date of 31st July 1996 would result in the issue of 195,434 additional shares.

17. RESERVES - THE GROUP

	<u>Share Premium</u>	<u>Revaluation Reserve</u>	<u>Profit and loss account</u>
	£	£	£
At 1st January 1988	619,250	3,104	167,220
Profit for the year	-	-	13,007
Premium on loan stock conversion	<u>2,142</u>	<u>-</u>	<u>-</u>
At 31st December 1988	<u>621,392</u>	<u>3,104</u>	<u>180,227</u>

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17. RESERVES - THE COMPANY

	<u>Share Premium</u> £	<u>Profit and loss account</u> £
At 1st January 1988	619,250	231,637
Profit for the year	-	61,443
Premium on loan stock conversion	2,142	-
Provision against subsidiary's indebtedness	-	(109,649)
	<hr/>	<hr/>
At 31st December 1988	<u>621,392</u>	<u>183,431</u>

18. CAPITAL COMMITMENTS

Capital commitments at 31st December, for which no provision has been made in the accounts, were as follows:-

	<u>1988</u> £	<u>1987</u> £
Authorised and contracted for	<u>6,700</u>	<u>57,200</u>

At 31st December 1988, annual commitments under operating leases were as follows:-

<u>The Group</u> £	<u>The Company</u> £
<u>3,715</u>	<u>3,402</u>

These leases expire between one and five years from 31st December 1988.

19. COMPARATIVE FIGURES

Certain items in the comparative figures have been restated to conform with the current year's presentation.