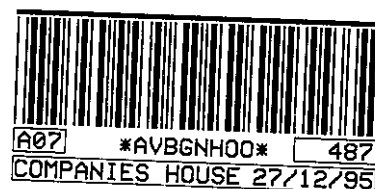


Drexel Equipment (UK) Limited

Directors' report and financial statements

31 March 1995

Registered number 873028



Drexel Equipment (UK) Limited

Directors' report and financial statements

<i>Contents</i>	<i>Page</i>
Directors' report	1
Statement of directors' responsibilities	2
Auditors' report	3
Consolidated profit and loss account	4
Consolidated statement of total recognised gains and losses	4
Consolidated balance sheet	5
Company balance sheet	6
Consolidated cash flow statement	7
Notes	8 - 20

Drexel Equipment (UK) Limited

Directors' report

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

Principal activities

The principal activities of the company and its subsidiary undertaking are that of manufacturing, wholesaling and servicing of equipment and accessories to the oil and gas industry.

Business review

Turnover fell to £8,635,410 (1993: £9,054,734) and profit on ordinary activities before tax fell to £660,344 (1993: £705,492). Despite this, the directors believe that the group's markets should improve slightly during the coming year, particularly on an international basis and from diversification into the industrial, non-oilfield market place.

Proposed dividend and transfer to reserves

The directors recommend that no dividend be paid. The retained profit for the financial year is £402,588.

Significant changes in fixed assets

Movements in fixed assets are set out in notes 8 and 9 to the accounts.

Directors and directors' interests

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

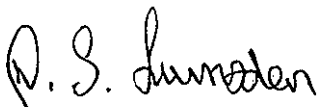
LY Loh	(Chairman)
D Barrett	
JE McAnally	
CD Harriman	
PJ Stuart	
HM Murray	
FB McCafferty	
DS Lumsden	

None of the directors who held office at the end of the financial year had any disclosable interests in the shares of the company and its subsidiary undertakings.

Auditors

On 6 February 1995 our auditors changed the name under which they practise to KPMG and, accordingly, have signed their report in their new name. In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board


DS Lumsden
Secretary

5A Furze Hill
Purley
Surrey
CR8 3LB

26 June 1995

Drexel Equipment (UK) Limited

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 group and of the profit or loss 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.



37 Albyn Place
Aberdeen AB9 1JE

Report of the auditors to the members of Drexel Equipment (UK) Limited

We have audited the financial statements on pages 4 to 20.

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 March 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.

*Chartered Accountants
Registered Auditors*

13 July 1995

Drexel Equipment (UK) Limited

Consolidated profit and loss account for the year ended 31 March 1995

	<i>Note</i>	1995 £	1994 £
Turnover	2	8,635,410	9,054,734
Cost of sales		(6,566,629)	(6,851,337)
		<hr/>	<hr/>
Gross profit		2,068,781	2,203,397
Distribution costs		(768,146)	(791,442)
Administrative expenses		(593,788)	(649,508)
		<hr/>	<hr/>
Operating profit		706,847	762,447
Interest receivable and similar income		6,194	2,435
Interest payable and similar charges	6	(52,697)	(59,390)
		<hr/>	<hr/>
Profit on ordinary activities before taxation	3-5	660,344	705,492
Tax on profit on ordinary activities	7	(257,756)	(240,600)
		<hr/>	<hr/>
Profit for the financial year		402,588	464,892
		<hr/>	<hr/>

A statement of movements on reserves is given in note 17.

Turnover and profit on ordinary activities before interest arises wholly from continuing operations.

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

	1995 £	1994 £
Profit for the financial year	402,588	464,892
Unrealised surplus on revaluation of tangible fixed assets	-	162,470
	<hr/>	<hr/>
Total gains and losses since last annual report	402,588	627,362
	<hr/>	<hr/>

Drexel Equipment (UK) Limited

Consolidated balance sheet at 31 March 1995

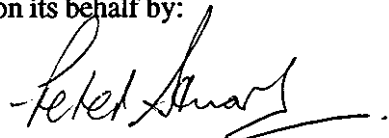
	Note	£	1995 £	£	1994 £
Fixed assets					
Tangible assets	8		2,047,179		2,200,190
Current assets					
Stocks	10	1,521,407		1,431,918	
Debtors	11	2,483,625		1,666,382	
Cash at bank and in hand		121,165		180,395	
		<u>4,126,197</u>		<u>3,278,695</u>	
Creditors: amounts falling due within one year	12	(2,076,763)		(1,878,524)	
Net current assets			<u>2,049,434</u>		<u>1,400,171</u>
Total assets less current liabilities			<u>4,096,613</u>		<u>3,600,361</u>
Creditors: amounts falling due after more than one year	13		(371,844)		(253,180)
Provisions for liabilities and charges	14		-		(25,000)
Net assets			<u>3,724,769</u>		<u>3,322,181</u>
Capital and reserves					
Called up share capital	15		1,258,421		1,258,421
Share premium account	17		202,167		202,167
Revaluation reserve	17		206,516		210,916
Profit and loss account	17		2,057,665		1,650,677
Equity shareholders' funds			<u>3,724,769</u>		<u>3,322,181</u>

Drexel Equipment (UK) Limited

Balance sheet at 31 March 1995

	Note	£	1995 £	£	1994 £
Fixed assets					
Tangible assets	8		2,047,179		2,200,190
Investments	9		-		-
			<hr/>		<hr/>
			2,047,179		2,200,190
Current assets					
Stocks	10	1,521,407		1,431,918	
Debtors	11	2,483,625		1,666,382	
Cash at bank and in hand		121,165		180,395	
		<hr/>		<hr/>	
			4,126,197		3,278,695
Creditors: amounts falling due within one year	12	(2,076,763)		(1,878,524)	
		<hr/>		<hr/>	
Net current assets			2,049,434		1,400,171
			<hr/>		<hr/>
Total assets less current liabilities			4,096,613		3,600,361
Creditors: amounts falling due after more than one year	13		(371,844)		(253,180)
Provisions for liabilities and charges	14		-		(25,000)
			<hr/>		<hr/>
Net assets			3,724,769		3,322,181
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	15		1,258,421		1,258,421
Share premium account	17		202,167		202,167
Revaluation reserve	17		206,516		210,916
Profit and loss account	17		2,057,665		1,650,677
			<hr/>		<hr/>
Equity shareholders' funds			3,724,769		3,322,181
			<hr/>		<hr/>

These financial statements were approved by the board of directors on 26 June 1995 and were signed on its behalf by:



PJ Stuart
Director

Drexel Equipment (UK) Limited

Consolidated cash flow statement for the year ended 31 March 1995

	Note	£	1995 £	£	1994 £
Net cash inflow from operating activities	18		654,905		1,232,797
Return on investments and servicing of finance					
Interest paid		(52,697)		(59,390)	
Interest received		6,194		2,435	
Net cash outflow from returns on investments and servicing of finance			(46,503)		(56,955)
Taxation					
UK corporation tax paid			(214,755)		(127,501)
Investing activities					
Payments to acquire tangible fixed assets		(475,729)		(599,075)	
Receipts from sales of tangible fixed assets		66,273		185,013	
Net cash outflow from investing activities			(409,456)		(414,062)
Net cash (outflow) inflow before financing			(15,809)		634,279
Financing					
Loans advanced		310,000		-	
Repayment of amounts borrowed		(106,908)		(106,909)	
Capital element of finance lease rental payments		(24,613)		(21,464)	
Net cash inflow (outflow) from financing	21		178,479		(128,373)
Increase in cash and cash equivalents	19		162,670		505,906

Drexel Equipment (UK) Limited

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, modified to include the revaluation of certain land and buildings.

Basis of consolidation

The group accounts consolidate the financial statements of Drexel Equipment (UK) Limited and its subsidiary undertaking made up to 31 March 1995.

Unless otherwise stated, the acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal. Goodwill arising on consolidation (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) is written off against reserves on acquisition. Any excess of the aggregate of the fair value of the separable net assets acquired over the fair value of the consideration (negative goodwill) is credited direct to reserves.

In the company's accounts, investments in subsidiary undertakings are stated as cost less amounts written off.

In accordance with Section 230(4) of the Companies Act 1985, Drexel Equipment (UK) Limited 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 Drexel Equipment (UK) Limited is disclosed in note 17 to these accounts.

Tangible fixed assets

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

Freehold buildings	-	50 years
Plant and machinery	-	5 to 7 years
Rental equipment	-	2 to 8 years
Motor vehicles	-	4 years
Fixtures and fittings	-	5 to 10 years

No depreciation is provided on freehold land.

Gains or losses on disposals of rental equipment

The trading activities of offshore rental equipment in which the company trades, are an integral part of the company's business. Gains or losses on disposals of these assets, which are a recurring feature of the company's business are considered to be operating items and accordingly are included within operating profit and are separately disclosed within the company's financial statements.

Drexel Equipment (UK) Limited

Notes (continued)

1 Accounting policies (continued)

Stocks and work in progress

Stocks are valued at the lower of cost or net realisable value. Cost includes direct materials, labour and works overheads and excludes cost of selling and administration. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the cost of realisation and, where appropriate, the cost of conversion from their existing state to a finished condition. Provision is made where necessary for obsolete, slow moving and defective stocks.

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.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Pension costs

The group operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the group in an independently administered fund. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the group.

Turnover

Turnover represents the invoiced value of goods and services supplied, excluding value added tax, together with commission received from principals for whom the group acts as agents.

Development expenditure

Development expenditure relating to specific projects intended for commercial exploitation is carried forward when its recoverability can be foreseen with reasonable assurance. Such expenditure is amortised over the periods expected to benefit from it, commencing with the period in which related sales are first made. Expenditure on pure and applied research is written off as incurred.

Drexel Equipment (UK) Limited

Notes (continued)

1 Accounting policies (continued)

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 with 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.

2 Analysis of turnover

By geographical market

	1995 £	1994 £
United Kingdom	4,199,675	4,418,453
Rest of Europe	1,561,133	2,117,809
United States of America	1,844,583	1,037,227
Asia	484,877	665,444
Africa	534,271	709,668
Australia	10,871	106,133
	<hr/>	<hr/>
	8,635,410	9,054,734
	<hr/>	<hr/>

3 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging (crediting):

	1995 £	1994 £
Depreciation of tangible fixed assets	586,428	530,017
Operating lease rentals - plant and machinery	6,447	9,185
- other assets	49,500	49,500
Auditors' remuneration	12,500	12,000
Research and development expenditure	66,210	59,707
Gains on disposals of fixed assets	(23,961)	(129,130)
	<hr/>	<hr/>

Drexel Equipment (UK) Limited

Notes (continued)

4 Remuneration of directors

	1995 £	1994 £
Directors' emoluments:		
Remuneration as executives	246,049	276,721

The emoluments, excluding pension contributions, of the chairman were £nil (1994: £nil) and those of the highest paid director were £52,928 (1994: £59,207).

The emoluments, excluding pension contributions, of the directors were within the following ranges:

	Number of directors	
	1995	1994
£0 - £ 5,000	3	3
£35,001 - £40,000	1	-
£40,001 - £45,000	2	1
£45,001 - £50,000	-	-
£50,001 - £55,000	2	3
£55,001 - £60,000	-	1

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
Production	63	68
Sales	12	13
Research and development	2	1
Administration	20	21
	97	103

Drexel Equipment (UK) Limited

Notes (continued)

5 Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows:

	1995 £	1994 £
Wages and salaries	1,848,720	2,049,235
Social security costs	164,320	185,433
Other pension costs (see note 24)	91,200	78,596
	<hr/> 2,104,240	<hr/> 2,313,264

6 Interest payable and similar charges

	1995 £	1994 £
Interest payable on bank loans and overdrafts:		
Repayable within 5 years, by instalments	34,939	21,544
Repayable within 5 years, not by instalments	8,706	25,645
Interest on finance leases	9,052	12,201
	<hr/> 52,697	<hr/> 59,390

7 Taxation

	1995 £	1994 £
UK corporation tax at 33% (1994: 33%)	282,500	215,600
Deferred taxation	(25,000)	25,000
Adjustment relating to an earlier year	256	-
	<hr/> 257,756	<hr/> 240,600

Drexel Equipment (UK) Limited

Notes (continued)

8 Tangible fixed assets

Group and company

	Freehold land and buildings	Plant and machinery (Including rental equipment)	Motor vehicles	Fixtures and fittings	Total
	£	£	£	£	£
Cost or valuation					
At beginning of year	846,747	3,959,636	222,163	343,045	5,371,591
Additions	4,427	361,425	79,754	30,123	475,729
Disposals	-	(146,065)	(46,807)	-	(192,872)
At end of year	851,174	4,174,996	255,110	373,168	5,654,448
Depreciation					
At beginning of year	44,900	2,824,551	142,587	159,363	3,171,401
Charge for year	20,237	449,241	46,090	70,860	586,428
Disposals	-	(114,187)	(36,373)	-	(150,560)
At end of year	65,137	3,159,605	152,304	230,223	3,607,269
Net book value					
At 31 March 1995	786,037	1,015,391	102,806	142,945	2,047,179
At 31 March 1994	801,847	1,135,085	79,576	183,682	2,200,190

The group's freehold land and buildings were revalued at 31 March 1994 on an open market basis as follows:

	Revalued amount £	Historical cost £
Noble Road, Dundee	325,000	271,980
Waldron Road, Montrose	375,000	316,447
	700,000	588,427

Drexel Equipment (UK) Limited

Notes (continued)

8 Tangible fixed assets (continued)

Particulars relating to revalued assets are given below:

	1995 £	1994 £
<i>Land and buildings</i>		
At 31 March 1994 open market value	700,000	700,000
Aggregate depreciation thereon	(14,570)	-
	<hr/>	<hr/>
Net book value	685,430	700,000
	<hr/>	<hr/>
Historical cost of revalued assets	588,427	588,427
Aggregate depreciation based on historical cost	(89,000)	(78,830)
	<hr/>	<hr/>
Historical cost net book value	499,427	509,597
	<hr/>	<hr/>

If these properties were sold at revalued amounts, a taxation charge of approximately £10,300 would arise.

The cost or valuation of land and buildings includes £756,174 (1994: £751,747) of depreciable assets.

Included in the total net book value of fixtures and fittings is £66,041 (1994: £88,054) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £22,013 (1994: £22,013).

9 Fixed asset investments

	Shares in group undertaking £
<i>Cost</i>	
At beginning and end of year	11,768
	<hr/>
<i>Provisions</i>	
At beginning and end of year	(11,768)
	<hr/>
At 31 March 1995	-
	<hr/>
At 31 March 1994	-
	<hr/>

The company holds 100% of the ordinary share capital of the Brandt Company (UK) Limited, a dormant company, which is incorporated in Great Britain.

Drexel Equipment (UK) Limited

Notes (continued)

10 Stocks

Group and company

	1995 £	1994 £
Raw materials and consumables	106,272	126,839
Work in progress	458,755	493,083
Finished goods and goods for resale	956,380	811,996
	<u>1,521,407</u>	<u>1,431,918</u>

11 Debtors

Group and company

	1995 £	1994 £
Trade debtors	1,798,683	1,575,062
Amounts owed by other group undertakings	622,951	41,695
Prepayments and accrued income	39,505	42,097
Other debtors	22,486	7,528
	<u>2,483,625</u>	<u>1,666,382</u>

12 Creditors: amounts falling due within one year

Group and company

	1995 £	1994 £
Term loans (see note 13)	112,877	56,210
Bank overdraft	-	221,900
Trade creditors	425,955	295,277
Amounts owed to group undertakings	455,499	305,638
Obligations under finance leases	27,761	24,613
Taxation and social security	50,545	55,916
Corporation tax	282,500	214,499
Accruals and deferred income	614,522	558,427
Pension scheme (Note 24)	107,104	146,044
	<u>2,076,763</u>	<u>1,878,524</u>

The group has provided to its bankers a standard security over its freehold property and a floating charge over all other assets in respect of all overdrafts and term loans.

Drexel Equipment (UK) Limited

Notes (continued)

13 Creditors: amounts falling due after more than one year

Group and company

	1995 £	1994 £
Obligations under finance leases	38,878	66,639
Term loans	332,966	186,541
	<u>371,844</u>	<u>253,180</u>

There are three term loans repayable in monthly instalments over periods ranging from one year to 9 years. The rate of interest applied is 1.5% over bank base rate.

Creditors payable by instalments

	Instalments payable within five years		Instalments payable after five years		Total	
	1995 £	1994 £	1995 £	1994 £	1995 £	1994 £
Term loans	332,966	52,298	-	134,243	332,966	186,541
Obligations under finance leases	38,878	66,639	-	-	38,878	66,639
	<u>371,844</u>	<u>118,937</u>	<u>-</u>	<u>134,243</u>	<u>371,844</u>	<u>253,180</u>

14 Provisions for liabilities and charges

Deferred taxation

Group and company

	1995 £	1994 £
At beginning of year	25,000	-
Provided in year	-	25,000
Utilised during the year	(25,000)	-
	<u>-</u>	<u>25,000</u>
At end of year	-	25,000

Drexel Equipment (UK) Limited

Notes (continued)

14 Provisions for liabilities and charges (continued)

The amounts provided for deferred taxation and amounts not provided are set out below:

	Provided £	1995 Unprovided £	Provided £	1994 Unprovided £
Difference between accumulated depreciation and capital allowances	-	71,700	107,500	-
Other timing differences	-	(95,200)	(82,500)	-
	-	(23,500)	25,000	-

15 Called up share capital

	1995 £	1994 £
<i>Authorised</i> Ordinary shares of £1 each	2,000,000	2,000,000
<i>Issued, called up and fully paid</i> Ordinary shares of £1 each	1,258,421	1,258,421

16 Reconciliation of movements in shareholders' funds

Group and company

	1995 £	1994 £
Profit for the financial year	402,588	464,892
Other recognised gains and losses relating to the year (net)	-	162,470
Opening shareholders' funds	3,322,181	2,694,819
Closing shareholders' funds	3,724,769	3,322,181

Drexel Equipment (UK) Limited

Notes (continued)

17 Share premium and reserves

Group and company

	Share premium account	Revaluation reserve	Profit and loss account
	£	£	£
At beginning of year	202,167	210,916	1,650,677
Retained profit for year	-	-	402,588
Release of revaluation reserve	-	(4,400)	4,400
	<hr/>	<hr/>	<hr/>
At end of year	202,167	206,516	2,057,665
	<hr/>	<hr/>	<hr/>

The cumulative amount of goodwill resulting from an acquisition in an earlier financial year which has been written off is £75,894 (1994: £75,894).

18 Reconciliation of operating profit to net cash inflow from operating activities

	1995 £	1994 £
Operating profit	706,847	762,447
Depreciation charges	586,428	530,017
Pension adjustment	(38,940)	(38,292)
Gain on sale of tangible fixed assets	(23,961)	(129,130)
(Increase) decrease in stocks	(89,489)	158,120
Increase in debtors	(817,243)	(294,449)
Increase in creditors	331,263	244,084
	<hr/>	<hr/>
Net cash inflow from operating activities	654,905	1,232,797
	<hr/>	<hr/>

19 Analysis of changes in cash and cash equivalents during the year

	1995 £	1994 £
Balance at beginning of year	(41,505)	(547,411)
Net cash inflow	162,670	505,906
	<hr/>	<hr/>
Balance at end of year	121,165	(41,505)
	<hr/>	<hr/>

Drexel Equipment (UK) Limited

Notes (continued)

20 Analysis of the balance of cash and cash equivalents as shown in the balance sheet

	1995 £	1994 £
Cash at bank	121,165	180,395
Bank overdrafts	-	(221,900)
	<u>121,165</u>	<u>(41,505)</u>

21 Analysis of changes in financing during the year

Loans and finance lease obligations

	1995 £	1994 £
Balance at beginning of year	334,003	462,376
Loans advanced	310,000	-
Loans repaid	(131,521)	(128,373)
	<u>178,479</u>	<u>(128,373)</u>
Cash inflow (outflow) from financing	178,479	(128,373)
Balance at end of year	<u>512,482</u>	<u>334,003</u>

22 Contingent liabilities

At 31 March 1995, the Group had contingent liabilities in respect of outstanding guarantees given for performance bonds and contracting agreements entered into in the normal course of business which amounted to £567,000 (1994: £578,000).

23 Commitments

- (i) There were no capital commitments at the end of the financial year (1994: *£nil*).
- (ii) Annual commitments under non-cancellable operating leases are as follows:

Group and company

Land and buildings

	1995 £	1994 £
Operating leases which expire:		
Within one year	-	-
In the second to fifth year inclusive	-	-
After five years	49,500	49,500
	<u>49,500</u>	<u>49,500</u>

Drexel Equipment (UK) Limited

Notes (continued)

24 Pension scheme

The pension cost charge for the year was £91,200 (1994: £78,596) made up of a regular cost of £130,140 (1994: £116,888) less variations from regular cost of £38,940 (1994: less £38,292).

The pension cost and related provision are assessed in accordance with the advice of a professionally qualified actuary. The latest actuarial valuation was at 6 April 1992 and used the attained age method. The main actuarial assumptions were that pensionable salaries would increase by 7% per annum, pensions in payment by 3% per annum, and return on scheme investments would be 9% per annum.

At the date of the latest actuarial valuation, the actuarial value of the assets of the scheme was £1,240,000 and this was sufficient to cover 117% of the benefits that had accrued to members after allowing for expected future increases in earnings. This surplus should be eliminated by 1996 as a result of the current employer's pension contribution holiday. As a result of this contribution holiday, an amount of £107,104 (1994: £146,044) is included in creditors (see Note 12) representing the excess of the cumulative pension cost over the contributions due to the scheme.

The actuarial surplus of £177,000 is being spread over 13 years, the estimated average remaining service lives of the relevant employees.

25 Ultimate parent company

At 31 March 1994, the ultimate parent company was DOS Limited, a company incorporated in the Bermuda whose principal place of business is at 23rd Floor, St Georges Building, Hong Kong.