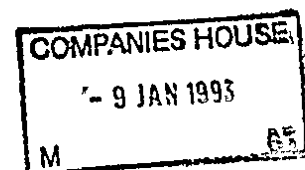


ROADCHEF LIMITED

REPORT AND ACCOUNTS

53 WEEKS ENDED 7TH JUNE 1992

Contents	Page
Officers and advisers	1
Directors' report	2 - 3
Auditors' report	4
Profit and loss account	5
Balance sheet	6
Cash flow statement	7
Notes to the accounts	8 - 16



ROADCHEF LIMITED

OFFICERS AND ADVISERS

Directors	T Ingram Hill, F.H.C.I.M.A. - Chairman & Managing A L Cooper, M.B.I.A.T. E C McVay, D.M.S., M.H.C.I.M.A., Dip M. T Redman, M.H.C.I.M.A. C M J Szymanska, B.Sc., A.C.A. P J West, D.M.S., M.H.C.I.M.A.
Secretary	C M J Szymanska, B.Sc., A.C.A.
Registered Office	Imperial Chambers 41/47 Longsmith Street Gloucester GL1 2HJ
Auditors	Edmund Gibbs 46 St Giles' Oxford OX1 3LT
Bankers	Barclays Bank PLC 1 Pall Mall East London SW1Y 5AX
Solicitors	Crawfords Berwald 21 Bentinck Street London W1M 5RL McGrigor Donald Pacific House 70 Wellington Street Glasgow G2 6SB
Valuers	Dron & Wright Chartered Surveyors St George's House 12a St George Street London W1R 9DE

ROADCHEF LIMITED

DIRECTORS' REPORT

The directors present their report, together with the audited accounts of the company for the 53 weeks ended 7th June 1992.

Principal activities

The principal activity of the company is the operation of motorway service areas.

Results and dividends

A summary of the results of the trading is given on Page 5. The directors do not recommend the payment of a final dividend.

Business review

Despite the prolonged recession in consumer spending in the United Kingdom, the company has achieved a profit on ordinary activities before tax for the period of £1,650,930 (1991 : £1,150,691) an increase of 43%.

The trading in the year fully benefitted from the review of costs carried out by senior management which, together with the fall in interest rates, combined to produce this strong performance.

In March 1992, the company completed all the arrangements for the financing, construction and future operation of the new motorway service area at Clacket Lane on the M25. This major project, scheduled to commence trading in Summer 1993, will provide long term security for the company, and ensure a profitable future.

The leisure and retail sectors continue to be affected by difficult trading conditions, and the current period has not experienced any increase in volumes. The directors expect to report a reduction in profits for the year to June 1993.

Directors and directors' interests

The following directors served during the period under review:

<u>Ordinary Shares in Ultimate</u>		
<u>Holding Company</u>		
	<u>07.06.92</u>	<u>At 02.06.91</u>
		<u>or date of</u>
		<u>appointment</u>
A L Cooper	298,500	282,000
M J Edgington (resigned 8th June 1992)	1,062,380	1,060,000
T Ingram Hill	2,286,800	2,284,000
E C McVay (appointed 3rd June 1991)	5,000	5,000
T Redman (appointed 3rd June 1991)	49,800	47,000
C M J Szymanska (appointed 10th April 1992)	2,000	2,000
P J West (appointed 3rd June 1991)	34,400	32,000

In accordance with the articles of association A L Cooper and E McVay retire from the board by rotation, and C M J Szymanska retires from the board having been appointed during the period, and all being eligible, offer themselves for re-election at the forthcoming annual general meeting.

ROADCHEF LIMITED

DIRECTORS' REPORT (Continued)

Fixed assets

All acquisitions and disposals during the period are detailed in note 9 to the accounts.

On 7th June 1992 the directors revalued certain of the company's leasehold and freehold properties in accordance with professional valuations prepared for bank security purposes by Dron & Wright, Chartered Surveyors. The surplus of £12,963,394 has been credited to the reserves in the period.

On 4th May 1992 construction of the M25 service area commenced, and costs amounting to £1,216,060 are included in leasehold additions for the work carried out to 7th June 1992. The company's total capital commitment to this development is detailed in note 25.

Employee involvement

The company pursues an active policy to encourage all members of staff to participate in the effective running and development of the business.

The six monthly newsletter forms a key part of the company's communications programme. This publication is, where possible, presented personally by senior management to all staff. This, together with the corporate brochure, bulletins and ESOP publications, ensures the company's aims and philosophy are effectively communicated to all staff.

The company places considerable emphasis on training, organising regular internal and external courses, in addition to a structured training programme for all staff. The company also operates an additional incentive training scheme known as the "5 Star Award" to ensure a continuing programme of skills improvement.

Disabled persons

The company continues to recognise its social and statutory duty to employ disabled persons and pursues a policy of providing, where possible, the same employment opportunities to disabled persons as to others.

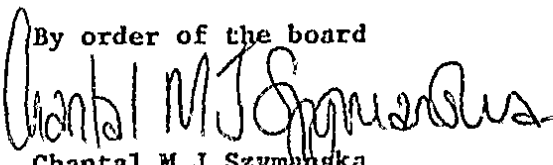
Charitable and political donations

The company made charitable donations of £7,880 (1991 : £5,639). There were no political payments.

Auditors

A resolution to re-appoint Edmund Gibbs as auditors to the company and to authorise the directors to fix their remuneration will be proposed at the annual general meeting.

By order of the board


Chantal M J Szymanska
Secretary

17th September 1992

ROADCHEF LIMITED

AUDITORS' REPORT

TO THE MEMBERS OF ROADCHEF LIMITED

We have audited the accounts on Pages 5 to 16 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of the affairs of the company at 7th June 1992 and of the profit and cash flows for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Edmund Gibbs

EDMUND GIBBS
Certified Accountants
Registered Auditors

46 St Giles'
Oxford
OX1 3LT

17th September 1992

ROADCHEF LIMITED

PROFIT AND LOSS ACCOUNT FOR THE 53 WEEKS ENDED 7TH JUNE 1992

	Notes	£	52 weeks ended 2nd June 1991 £
Turnover	2	74,852,771	67,644,323
Cost of sales		<u>(57,680,877)</u>	<u>(51,418,244)</u>
Gross profit		17,171,894	16,226,079
Administrative expenses		<u>(14,189,210)</u>	<u>(13,594,117)</u>
Operating profit		2,982,684	2,631,962
Capital grants	3	37,725	37,725
Interest receivable		53,635	56,868
Interest payable	4	<u>(1,423,114)</u>	<u>(1,575,864)</u>
Profit on ordinary activities before taxation	5	1,650,930	1,150,691
Taxation	6	<u>(591,473)</u>	<u>(471,787)</u>
Profit on ordinary activities after taxation		1,059,457	678,904
Extraordinary item	7	<u>-</u>	<u>(2,611,764)</u>
Profit/(loss) for the financial period		1,059,457	(1,932,860)
Dividend	8	<u>-</u>	<u>(500,000)</u>
Profit/(loss) retained	18	<u>1,059,457</u>	<u>(2,432,860)</u>

ROADCHEF LIMITED

BALANCE SHEET AT 7TH JUNE 1992

	Notes	£	£	£	2nd June 1991 £
Fixed assets					
Tangible assets	9		53,138,691		39,306,649
Investments	10		<u>721,600</u>		<u>700</u>
			53,860,291		39,307,349
Current assets					
Stock	11	1,867,242		1,835,777	
Debtors	12	2,199,842		2,335,141	
Cash at bank and in hand		<u>597,566</u>		<u>40,882</u>	
		4,664,650		4,211,800	
Creditors - amounts falling due within one year	13	<u>(12,786,534)</u>		<u>(9,991,758)</u>	
Net current liabilities			<u>(8,121,884)</u>		<u>(5,779,958)</u>
Total assets less current liabilities			<u>45,738,407</u>		<u>33,527,391</u>
Creditors - amounts falling due after more than one year	14		9,139,496		10,913,606
Provisions for liabilities and charges	15		354,000		354,000
Deferred income	16		123,137		160,862
Capital and reserves					
Called up share capital	17	1,045,000		1,045,000	
Share premium account	18	16,667		16,667	
Revaluation reserve	18	32,116,394		19,153,000	
Profit and loss account	18	<u>2,943,713</u>		<u>1,884,256</u>	
			<u>36,121,774</u>		<u>22,098,923</u>
			<u>45,738,407</u>		<u>33,527,391</u>

Approved by the board on 17th September 1992

T Ingram Hill

Directors

C M J Szymanska

ROADCHEF LIMITED

CASH FLOW STATEMENT FOR THE 53 WEEKS ENDED 7TH JUNE 1992

			52 weeks ended 2nd June 1991
	Notes	£	£
Net cash inflow from operating activities	19	<u>5,546,767</u>	<u>2,464,325</u>
Returns on investments and servicing of finance			
Interest received		54,241	52,914
Interest paid		<u>(1,348,883)</u>	<u>(1,449,361)</u>
Net cash outflow from returns on investment and servicing of finance		<u>(1,294,642)</u>	<u>(1,396,447)</u>
Taxation			
Corporation tax paid		<u>(386,342)</u>	<u>(582,417)</u>
Investing activities			
Loan to fellow subsidiary (Roadchef Diners Limited)		(720,900)	-
Payments to acquire fixed assets		<u>(2,197,567)</u>	<u>(2,682,473)</u>
Receipts from sales of fixed assets		59,825	24,070
(Increase)/decrease in group balances		88,324	2,556,902
Cancellation of intercompany debt		-	(2,611,764)
Dividend paid		<u>-</u>	<u>(500,000)</u>
Net cash outflow from investing activities		<u>(2,770,318)</u>	<u>(3,213,265)</u>
Net cash inflow/(outflow) before financing		<u>1,095,465</u>	<u>(2,727,804)</u>
Financing			
New hire purchase finance		118,565	187,151
New loans		-	3,600,000
Bills of exchange payable		500,000	-
Repayment of hire purchase		<u>(150,162)</u>	<u>(172,535)</u>
Repayment of loans		<u>(1,748,802)</u>	<u>(1,495,349)</u>
Net cash (outflow)/inflow from financing	20	<u>(1,280,399)</u>	<u>2,119,267</u>
Decrease in cash and cash equivalents	21	<u>(184,934)</u>	<u>(608,537)</u>

ROADCHEF LIMITED

NOTES TO THE ACCOUNTS

1. Accounting policies

The following specific accounting policies have been selected and consistently applied in order to present fairly the results and financial position of the company.

(a) Basis of accounting

The accounts have been prepared in accordance with applicable accounting standards and under alternative accounting rules set out in the fourth Schedule to the Companies Act 1985, being prepared under the historical cost convention adjusted by the revaluation of certain leasehold and freehold properties.

(b) Fixed assets

Excluding freehold land and buildings on which no depreciation is charged, depreciation is provided to write off the cost or revaluation of the fixed assets over their expected useful lives at the following rates:-

leasehold property	-	unexpired period of the lease
fixtures and fittings	-	4% - 20% per annum
motor vehicles	-	25% per annum

All depreciation is calculated on a straight line basis except for leasehold property which is calculated in accordance with actuarial tables which write off the lease at an increasing level each year over its remaining term.

(c) Stock

Stock is consistently valued at the lower of cost and net realisable value. The cost of goods for resale other than fuel is computed by deducting the gross profit margin from the selling value of stock.

(d) Deferred taxation

Provision is made in respect of timing differences to the extent that such liabilities are expected to become payable in the foreseeable future. No provision is made for taxation liabilities on capital gains which might arise from the sale of properties at values at which they are stated in the balance sheet.

(e) Pension scheme

The company pension scheme is a defined benefit scheme which is administered by Scottish Widows Fund and Life Assurance Limited. The charge in the financial accounts is the total contributions due in accordance with the actuarial valuations. Independent actuarial valuations on a going concern basis are carried out every three years. The information required by the Statement of Standard Accounting Practice Number 24 is given in note 26 to the accounts.

2. Turnover

Turnover consists of the amounts receivable from customers after the deduction of value added tax.

ROADCHEF LIMITED

NOTES TO THE ACCOUNTS

3. Capital grants

Capital grants are amounts received towards the development costs of the company's motorway service areas. The total received is being credited to the profit and loss account over the period of the agreements and the balance is carried forward as deferred income.

4. Interest payable

	<u>1992</u> £	<u>1991</u> £
Overdraft	243,238	295,472
Bank loans repayable within 5 years	-	139,964
Bank loans repayable after 5 years	<u>1,179,876</u>	<u>1,140,428</u>
	<u>1,423,114</u>	<u>1,575,864</u>

Overdraft interest includes commission and discount paid on a revolving acceptance credit facility from J Henry Schroder Wagg & Co Ltd.

5. Profit on ordinary activities

This is stated after charging/(crediting) the following:

	<u>1992</u> £	<u>1991</u> £
Depreciation	1,271,770	1,183,599
(Profit)/loss on sale of fixed assets	(2,676)	19,386
Auditors remuneration	24,500	21,500
Directors remuneration	447,125	231,617
Payment to former director	6,667	50,000
Management fees	375,000	250,000
Contributions to employee share ownership plan	<u>190,000</u>	<u>150,000</u>

6. Taxation

The charge on the profit for the period consists of:

	<u>1992</u> £	<u>1991</u> £
Corporation tax at 33% (1991: 33.83%)	606,500	410,000
Deferred taxation	-	61,000
Prior year adjustments	<u>(15,027)</u>	<u>787</u>
	<u>591,473</u>	<u>471,787</u>

ROADCHEF LIMITED

NOTES TO THE ACCOUNTS

7. Extraordinary item (1991)

This represents the write off of the complete amount due from a fellow subsidiary company, Roadchef Diners Limited, at 2nd June 1991.

8. Dividend (1991)

As part of an internal re-organisation of the capital structure of the group, a dividend was paid to Roadchef Holdings Limited. This was paid without the payment of Advance Corporation Tax in accordance with an election agreed under Section 247 of the I.C.T.A.1988.

9. Fixed assets

	<u>Freehold land and buildings</u> £	<u>Short leasehold land and buildings</u> £	<u>Fixtures and fittings</u> £	<u>Motor vehicles</u> £	<u>Total</u> £
<u>Cost or valuation</u>					
At 2nd June 1991	2,501,194	33,078,964	8,845,855	402,997	44,829,010
Adjustments	(850)	(35,972)	(24,234)	-	(61,056)
Disposals	(41,800)	-	-	(103,661)	(145,461)
Group transfers in	-	-	-	4,423	4,423
Additions	13,587	1,432,210	682,367	129,268	2,257,432
Revaluation	<u>492,820</u>	<u>12,054,575</u>	<u>-</u>	<u>-</u>	<u>12,547,395</u>
At 7th June 1992	<u>2,964,951</u>	<u>46,529,777</u>	<u>9,503,988</u>	<u>433,027</u>	<u>59,431,743</u>
<u>Depreciation</u>					
At 2nd June 1991	-	609,394	4,720,577	192,390	5,522,361
Disposals	-	-	-	(88,312)	(88,312)
Group transfers in	-	-	-	3,232	3,232
Charge for period	-	196,354	967,113	108,303	1,271,770
Revaluation	<u>-</u>	<u>(415,999)</u>	<u>-</u>	<u>-</u>	<u>(415,999)</u>
At 7th June 1992	<u>-</u>	<u>389,749</u>	<u>5,687,690</u>	<u>215,613</u>	<u>6,293,052</u>
<u>Net book values</u>					
At 7th June 1992	<u>2,964,951</u>	<u>46,140,028</u>	<u>3,816,298</u>	<u>217,414</u>	<u>53,138,691</u>
At 2nd June 1991	<u>2,501,194</u>	<u>32,469,570</u>	<u>4,125,278</u>	<u>210,607</u>	<u>39,306,649</u>

Freehold and leasehold property included at valuation comprises:

	£	£
Cost	1,212,131	18,165,202
Revaluations:		
1984-86	1,127,000	8,712,000
1989	133,000	7,598,000
1992	<u>492,820</u>	<u>12,054,575</u>
	<u>2,964,951</u>	<u>46,529,777</u>

At 7th June 1992 certain of the Company's leasehold and freehold properties having a net book value of £27,531,606 have been revalued at £40,495,000. These values are in accordance with open market existing use valuations provided by Dron & Wright, Chartered Surveyors.

ROADCHEF LIMITED

NOTES TO THE ACCOUNTS

9. Fixed assets (contd.)

Fixed assets include assets held under hire purchase contracts with a net book value of £264,158 (1991 : £281,525). The depreciation charge for the period on these assets was £71,266 (1991 : £72,394).

10. Investments

	<u>1992</u> £	<u>1991</u> £
Investment in subsidiaries	700	700
Loan to fellow subsidiary (Roadchef Diners Limited)	<u>720,900</u> <u>721,600</u>	<u>-</u> <u>700</u>

The company's subsidiaries which are all wholly owned and non-trading are listed below. All companies are incorporated in England, and the shareholdings are in ordinary shares.

Roadchef (Hamilton) Limited
Roadchef (Harthill) Limited
Roadchef (Killington) Limited
Roadchef (Pont Abraham) Limited
Roadchef (Rownhams) Limited
Roadchef (Sandbach) Limited
Roadchef (Taunton) Limited

In the opinion of the directors, the value of the company's interest in its subsidiaries is not less than the original cost as stated in the balance sheet.

11. Stock

	<u>1992</u> £	<u>1991</u> £
Raw materials and consumables	237,005	224,168
Goods for resale	<u>1,630,237</u> <u>1,867,242</u>	<u>1,611,609</u> <u>1,835,777</u>

12. Debtors

	<u>1992</u> £	<u>1991</u> £
Owed by fellow subsidiary	693,053	637,722
Trade debtors	875,035	923,228
Other debtors	217,495	506,435
Prepayments	<u>414,259</u> <u>2,199,842</u>	<u>267,756</u> <u>2,335,141</u>

ROADCHEF LIMITED

NOTES TO THE ACCOUNTS

13. Creditors

Amounts falling due within one year

	<u>1992</u>	<u>1991</u>
	<u>£</u>	<u>£</u>
Amounts due to ultimate holding company	360,191	311,743
Amounts owed to subsidiaries	700	700
Amount owed to fellow subsidiary	95,207	-
Trade creditors (secured)	1,949,786	1,816,104
Trade creditors (unsecured)	2,637,432	2,510,705
Other creditors	1,234,819	564,249
Taxes and social security	597,508	680,038
Accruals	984,328	622,115
Bank overdraft	1,459,735	1,218,117
Bills of exchange payable (secured)	500,000	-
Proportion of long term loans	2,258,925	1,748,802
Hire purchase accounts	101,403	117,815
Corporation tax	606,500	401,370
	<u>12,786,534</u>	<u>9,991,758</u>

The bank overdraft is secured by inter-company cross guarantees given by Roadchef Holdings Limited and its other subsidiary companies and by a fixed charge on certain assets of the company.

ROADCHEF LIMITED

NOTES TO THE ACCOUNTS

14. Creditors

Amounts falling due after more than one year

	<u>1992</u> £	<u>1991</u> £
Barclays Bank PLC		
1990/2000 - Average interest rate 12.95%	8,833,000	9,620,500
Other loans		
1984/94	236,221	345,246
1986/96	479,400	601,800
1990/2000	1,702,083	1,917,083
1991/96	82,033	96,910
	<u>11,332,737</u>	<u>12,581,539</u>
Less payable within one year	<u>2,258,925</u>	<u>1,748,802</u>
	9,073,812	10,832,737
Hire purchase accounts (payable within five years)	65,684	80,869
	<u>9,139,496</u>	<u>10,913,606</u>

The Barclays Bank loan is secured by inter-company cross guarantees given by Roadchef Holdings Limited and its other subsidiary companies.

In addition all loans except the 1991/96 loan are secured by fixed charges on certain assets of the company.

15. Provisions for liabilities and charges
- deferred taxation

	<u>Amount Provided</u> £	<u>1992</u> <u>Amount Unprovided</u> £	<u>Amount Provided</u> £	<u>1991</u> <u>Amount Unprovided</u> £
Accelerated capital Allowances	354,000	86,000	354,000	164,000
Revaluation of leasehold and freehold property	-	9,950,000	-	6,150,000
	<u>354,000</u>	<u>10,036,000</u>	<u>£ 354,000</u>	<u>£6,314,000</u>

Deferred taxation is calculated at 33% (1991: 33%)

In the opinion of the directors, any capital gains tax arising on disposal of freehold and leasehold properties would be deferred by rollover relief.

ROADCHEF LIMITED

NOTES TO THE ACCOUNTS

16. Deferred income

	<u>1992</u> £	<u>1991</u> £
Balance brought forward	160,862	198,587
Credited to profit and loss account in the period	<u>(37,725)</u>	<u>(37,725)</u>
Balance carried forward	<u>123,137</u>	<u>160,862</u>

17. Share capital

	<u>1992</u> £	<u>1991</u> £
Authorised: 2,500,000 ordinary shares of £1 each	<u>2,500,000</u>	<u>2,500,000</u>
Issued : 1,045,000 ordinary shares of £1 each	<u>1,045,000</u>	<u>1,045,000</u>

18. Reserves

	<u>Share premium account</u> £	<u>Revaluation reserve</u> £	<u>Profit & loss account</u> £	<u>Total</u> £
At 2nd June 1991	16,667	19,153,000	1,884,256	21,053,923
Profit for the period	-	-	1,059,457	1,059,457
Revaluation	-	<u>12,963,394</u>	-	<u>12,963,394</u>
At 7th June 1992	<u>16,667</u>	<u>32,116,394</u>	<u>2,943,713</u>	<u>35,076,774</u>

19. Reconciliation of operating profit to net cash inflow from operating activities.

	<u>1992</u> £	<u>1991</u> £
Operating profit	2,982,684	2,631,962
Depreciation	1,271,770	1,183,599
(Profit)/loss on disposal of fixed assets	(2,676)	19,586
(Increase)/decrease in stock	(31,465)	(233,513)
(Increase)/decrease in debtors	120,138	(591,310)
Increase/(decrease) in creditors	<u>1,206,316</u>	<u>(545,999)</u>
Net cash inflow from operating activities	<u>5,546,767</u>	<u>2,464,325</u>

ROADCHEF LIMITED

NOTES TO THE ACCOUNTS

20. Analysis of changes in financing during the year.

	<u>1992</u> £	<u>1991</u> £
Balance at 2nd June 1991	12,780,223	10,660,956
Cash (outflow)/inflows from financing	<u>(1,280,399)</u>	<u>2,119,267</u>
Balance at 7th June 1992	<u>11,499,824</u>	<u>12,780,223</u>

21. Analysis of the balances of cash and cash equivalents as shown in the balance sheet.

	<u>7th June</u> <u>1992</u> £	<u>2nd June</u> <u>1991</u> £	<u>3rd June</u> <u>1990</u> £	<u>Change</u> <u>in</u> <u>1992</u> £	<u>Change</u> <u>in</u> <u>1991</u> £
Cash at bank and in hand	597,566	40,882	37,130	556,684	3,752
Overdrafts	<u>(1,959,735)</u>	<u>(1,218,117)</u>	<u>(605,828)</u>	<u>(741,618)</u>	<u>(612,289)</u>
	<u>(1,362,169)</u>	<u>(1,177,235)</u>	<u>(568,698)</u>	<u>(184,934)</u>	<u>(608,537)</u>

22. Staff numbers and costs

The average number of persons employed by the company (including directors) during the period was 970 (1991: 1028).

The aggregate payroll costs of these persons were as follows:

	<u>1992</u> £	<u>1991</u> £
Wages and salaries	7,402,512	6,762,213
Social security costs	626,842	586,264
Other pension costs	<u>221,256</u>	<u>189,187</u>
	<u>8,250,610</u>	<u>7,537,664</u>

23. Directors remuneration

Excluding pension contributions, the remuneration of the chairman, who was also the highest paid director, during the period was £103,017 (1991: £69,445).

The remuneration of the other directors was within the following ranges:

	<u>1992</u> <u>Number</u>	<u>1991</u> <u>Number</u>
£15,001 - £20,000	1	-
£30,001 - £35,000	-	1
£40,001 - £45,000	3	-
£45,001 - £50,000	-	1
£50,001 - £55,000	-	1
£65,001 - £70,000	1	-
£85,001 - £90,000	<u>1</u>	<u>-</u>

ROADCHEF LIMITED

NOTES TO THE ACCOUNTS

24. Ultimate holding company

The company is a wholly owned subsidiary of Roadchef Holdings Limited, a company incorporated in England. As provided by section 229 (2) of the Companies Act 1985, group accounts have not been prepared.

25. Capital commitments

Existing sites

Future capital expenditure authorised by the Board at 7th June 1992 amounted to £1,007,408 (1991: £1,343,540) against which contracts amounting to £103,130 (1991: £552,975) had been placed.

New motorway service area - M25, Clacket Lane

Capital expenditure authorised and committed by the board at 7th June 1992 was £29,696,392 (1991: Nil) with a further £2,695,000 authorised but not yet committed.

Loan facilities totalling £23.3 million have been arranged by the company in order to finance the project. Since 7th June 1992 the company has drawn £8.5 million of these facilities.

26. Pension scheme

The company participates in the group pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company, being invested with an insurance company. 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 company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuation was at 1st June 1989. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries. It was assumed that the investment returns would be 8½% per annum and that salary increases would average 7½% per annum.

The pension charge for the period was £221,256 (1991 : £189,187).

The most recent actuarial valuation showed that the market value of the scheme's assets was £420,200 and that the actuarial value of those assets is sufficient to meet in full the liabilities of the scheme.

The total contributions of the company, with effect from 1st June 1992, will remain at 14.2% of declared earnings. The employee contributions are 3.5% of declared earnings.

27. Contingent Liability

At 7th June 1992 a contingent liability of £1,500,000 (1991 : £1,310,000) existed in respect of loans advanced by Unity Trust Bank Plc to the trustees of the Employee Benefits Trust.