
CML Group Limited

Report and Financial Statements

◆ *Year ended 31 March 1999* ◆

Company No: 1564040



CML GROUP LIMITED

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CML GROUP LIMITED

COMPANY INFORMATION

| | |
|-----------|---|
| Directors | I D Brodie - Chairman D J Brannock J S Ellison D N Haden D J Ison D G Scott G D Stewart |
|-----------|---|

| | |
|-----------|-------------|
| Secretary | J S Ellison |
|-----------|-------------|

| | |
|-------------------|--|
| Registered office | PO Box 25 South Marston Park Swindon Wiltshire SN3 4TR |
|-------------------|--|

| | |
|-------------------|---------|
| Registered number | 1564040 |
|-------------------|---------|

| | |
|----------|--|
| Auditors | Robson Rhodes Chartered Accountants Centre City Tower 7 Hill Street Birmingham B5 4UU |
|----------|--|

| | |
|---------|---|
| Bankers | Barclays Bank PLC 10-14 High Street Swindon Wiltshire SN1 1ED |
|---------|---|

CML GROUP LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31 March 1999.

Principal activities

The principal activities of the company in the year were precision engineering and manufacture of sub assemblies and components for the aerospace and transportation industries.

Business review and future developments

The results for the year reflect an increase in demand for the principal products and services of the company within both Precision Machining and Composites. The year has seen a further increase in both activity and profitability.

Whilst it is anticipated that the market will remain competitive, continued improvements in operating efficiency and emphasis on cost reduction, will enable the company to continue profitable trading.

Dividends

A dividend was paid in the year of £130,000 (1998 : £98,000). The directors do not proposed a final dividend (1998 : £130,000).

Directors

The directors of the company are set out on page 1. D J Ison was appointed as a director on 7 October 1998 and D J Brannock was appointed as a director on 4 May 1999. J P Davis resigned as a director on 13 June 1999. All other directors served throughout the year. The directors do not retire by rotation.

The interests of the main board directors in the shares of Intelek plc are disclosed in the financial statements of that company.

The beneficial interests of the directors and their families at 31 March 1999 and the beginning of the year in the ordinary share capital of Intelek plc, other than for main board directors are detailed below:

| | Ordinary shares of 5p each | | | | Options under the | |
|-------------|----------------------------|------|---------------|--------|-------------------|------|
| | Beneficial | | Options under | | Savings Related | |
| | 1999 | 1998 | 1999 | 1998 | 1999 | 1998 |
| D N Haden | - | - | 20,000 | 20,000 | - | - |
| G D Stewart | - | - | 20,000 | 20,000 | - | - |
| D J Ison | - | - | 15,000 | 7,500 | - | - |

There are no non-beneficial interests. There have been no changes in the above since the year end.

The options granted under the terms of the Executive Scheme are exercisable between 1998 and 2005 at prices of between 21p and 25p per share.

CML GROUP LIMITED

REPORT OF THE DIRECTORS (Continued)

Year 2000

As is well known, many computer and digital storage systems express dates using only the last two digits of the year and will thus require modification or replacement to accommodate the Year 2000 and beyond in order to avoid malfunctions and resulting widespread commercial disruptions. This is a complex and pervasive issue. The operation of our business depends not only on our own computer systems but also to some degree on those of our suppliers and customers. This could expose us to further risk in the event that there is a failure by other parties to remedy their own Year 2000 issues.

A detailed inventory has been carried out of the Group's hardware and software systems. Contact has been made with all relevant suppliers regarding Year 2000 compliance of their products. The testing of systems has been completed and non-compliant systems have been replaced under our normal programme of updating and enhancing the Group's management information systems.

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 of the profit or loss of the company for that year. In preparing these financial statements, the directors have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable accounting standards; and
- prepared the financial statements on the going concern basis.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

The auditors, Robson Rhodes, are willing to continue in office and are expected to be deemed to be reappointed in accordance with the elective resolution currently in force.

The report of the directors was approved by the Board on 2 July 1999 and signed on its behalf by:



J S ELLISON
Secretary

AUDITORS' REPORT TO THE SHAREHOLDERS OF CML GROUP LIMITED

We have audited the financial statements on pages 5 to 17 which have been prepared on the basis of the accounting policies set out on pages 7 and 8.

Respective responsibilities of directors and auditors

As described on page 3 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 company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all 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 as at 31 March 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Robson Rhodes
Chartered Accountants and Registered Auditor

Birmingham
2 July 1999

CML GROUP LIMITED

PROFIT AND LOSS ACCOUNT
for the year ended 31 March 1999

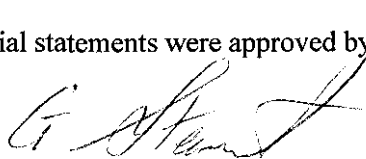
| | Note | 1999 £ | 1998 £ |
|--|-------------|-------------------|-------------------|
| Turnover - continuing activities | 1,2 | 10,131,862 | 8,602,726 |
| Cost of sales | | (8,480,291) | (7,114,614) |
| | | <hr/> | <hr/> |
| Gross profit | | 1,651,571 | 1,488,112 |
| Administrative expenses | | (640,618) | (641,523) |
| Other operating (expenses)/income | | (5,115) | 42,085 |
| | | <hr/> | <hr/> |
| Operating profit - continuing activities | 3 | 1,005,838 | 888,674 |
| Interest receivable | 4 | 78 | 8,027 |
| Interest payable | 5 | (89,739) | (93,778) |
| | | <hr/> | <hr/> |
| Profit on ordinary activities before taxation | | 916,177 | 802,923 |
| Taxation | 8 | (507,152) | (347,207) |
| | | <hr/> | <hr/> |
| Profit on ordinary activities after taxation | | 409,025 | 455,716 |
| Dividends | 9 | (130,000) | (228,000) |
| | | <hr/> | <hr/> |
| Retained profit for the year | 18 | 279,025 | 227,716 |
| | | <hr/> <hr/> | <hr/> <hr/> |

The company has no recognised gains or losses other than those reported above.

CML GROUP LIMITED**BALANCE SHEET**
at 31 March 1999

| | Note | 1999 £ | 1998 £ |
|--|------|--------------------------|--------------------------|
| Fixed assets | | | |
| Tangible assets | 10 | 2,307,960 | 2,444,158 |
| | | <hr/> | <hr/> |
| Current assets | | | |
| Stocks | 11 | 1,979,469 | 1,796,613 |
| Debtors | 12 | 1,672,812 | 1,746,711 |
| Cash at bank and in hand | | 1,995 | 1,852 |
| | | <hr/> | <hr/> |
| Creditors: Amounts falling due within one year | 13 | 3,654,276 (2,261,354) | 3,545,176 (2,448,683) |
| | | <hr/> | <hr/> |
| Net current assets | | 1,392,922 | 1,096,493 |
| | | <hr/> | <hr/> |
| Total assets less current liabilities | | 3,700,882 | 3,540,651 |
| | | <hr/> | <hr/> |
| Creditors: Amounts falling due after more than one year | 14 | | |
| Interest free loan from parent company | | 2,788,000 | 2,788,000 |
| Other creditors | | 140,876 | 211,445 |
| Provisions for liabilities and charges | 15 | 156,000 | 143,000 |
| Deferred income | 16 | - | 61,225 |
| | | <hr/> | <hr/> |
| | | 3,084,876 | 3,203,670 |
| | | <hr/> | <hr/> |
| Capital and reserves | | | |
| Called up share capital | 17 | 100,000 | 100,000 |
| Profit and loss account | 18 | 516,006 | 236,981 |
| | | <hr/> | <hr/> |
| Equity shareholders' funds | 19 | 616,006 | 336,981 |
| | | <hr/> | <hr/> |
| Source of capital | | 3,700,882 | 3,540,651 |
| | | <hr/> | <hr/> |

The financial statements were approved by the Board on 2 July 1999 and signed on its behalf by:



G D STEWART
Director



D N HADEN
Director

NOTES TO THE FINANCIAL STATEMENTS

31 March 1999

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards under the historical cost convention.

Turnover

Turnover is the amount receivable for goods and services supplied, excluding value added tax. Turnover is recognised on long term contracts as these progress and comprises the sales value of work performed in the year.

Depreciation

Depreciation is provided to write down the cost of *tangible fixed assets* over their estimated useful lives. No depreciation is provided on freehold land or assets in the course of construction. The principal annual rates used are:

| | | |
|------------------------|-----------|---------------------------|
| Leasehold improvements | 10% | straight line |
| Plant and fixtures | 8% to 33% | straight line (see below) |
| Motor vehicles | 25% | straight line |

In certain cases plant and machinery is depreciated to residual value over 12½ years and then to £Nil value over a further five years. Previously all plant was depreciated to £Nil value.

Foreign currencies

Where practicable, transactions involving foreign currencies are protected by equivalent currency borrowings or currency contracts, and recorded at the value of the sterling proceeds of such borrowings or contracts. Otherwise, assets and liabilities denominated in foreign currency are translated into sterling at the rates of exchange ruling at the balance sheet date. Exchange differences are recognised in the profit and loss account.

Pensions

In accordance with SSAP 24, contributions to the group defined benefit pension scheme are charged to profit on the recommendation of a qualified actuary using the defined accrued benefit method so as to spread the cost of pensions over the anticipated service lives of scheme members.

Deferred tax is fully accounted for on any difference between accumulated pension costs charged against profit and accumulated contributions paid.

Government grants

The government grant received has been transferred to Intelek Properties Limited along with the property to which the grant related.

NOTES TO THE FINANCIAL STATEMENTS**31 March 1999****1. ACCOUNTING POLICIES (continued)****Stock and work in progress**

Stock and work in progress are stated at the lower of cost and net realisable value. Cost comprises direct material and labour and, where appropriate, includes attributable overheads. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

Deferred taxation

Deferred taxation is provided under the liability method to take account of timing differences arising because of the different treatment of certain items for accounts and tax purposes where there is reasonable probability that such taxation will become payable in the foreseeable future.

Leased assets

Fixed assets subject to finance leases are capitalised and depreciated in accordance with the depreciation policy stated above. The corresponding liability for the capital element is included in creditors, and the interest, calculated on the basis of the amount outstanding, is charged against profits over the year of the lease. The rental and operating lease costs of all other assets are charged against profit before interest, as incurred.

2. TURNOVER

| | 1999 | 1998 |
|----------------|-------------|-------------|
| | £ | £ |
| United Kingdom | 9,396,932 | 7,783,584 |
| North America | 734,930 | 819,142 |
| | <hr/> | <hr/> |
| | 10,131,862 | 8,602,726 |
| | <hr/> | <hr/> |

An element of the sales made to United Kingdom customers is in respect of end customers based in overseas markets, particularly in the United States.

CML GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS**31 March 1999****3. OPERATING PROFIT**

Operating profit is arrived at after charging/(crediting):

| | 1999 | 1998 |
|---|-------------|-------------|
| | £ | £ |
| Rental income | (6,730) | (10,000) |
| Depreciation | 440,754 | 424,575 |
| Amortisation of government grants | (8,706) | (32,250) |
| Loss/(profit) on sale of fixed assets | 12,691 | (23,288) |
| Operating lease rentals | | |
| plant and machinery | 156,709 | 45,361 |
| land and buildings | 150,750 | 141,500 |
| Auditors' remuneration | 11,000 | 12,000 |
| Fees paid to Robson Rhodes for other services | 6,000 | 6,275 |
| Management charges | 72,000 | 72,000 |
| | <hr/> | <hr/> |

4. INTEREST RECEIVABLE

| | 1999 | 1998 |
|---------------------|-------------|-------------|
| | £ | £ |
| Interest receivable | 78 | 8,027 |
| | <hr/> | <hr/> |

5. INTEREST PAYABLE

| | 1999 | 1998 |
|----------------------------------|-------------|-------------|
| | £ | £ |
| Interest on loans and overdrafts | 64,746 | 55,949 |
| Interest on leased assets | 22,187 | 35,268 |
| Other loans | 2,806 | 2,561 |
| | <hr/> | <hr/> |
| | 89,739 | 93,778 |
| | <hr/> | <hr/> |

CML GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS**31 March 1999****6. EMPLOYEES**

Average monthly number of employees, including directors:

| | 1999 | 1998 |
|----------------|-------------|-------------|
| | No | No |
| Production | 164 | 138 |
| Administration | 16 | 15 |
| | <hr/> | <hr/> |
| | 180 | 153 |
| | <hr/> | <hr/> |

Staff costs, including directors:

| | 1999 | 1998 |
|-----------------------|-------------|-------------|
| | £ | £ |
| Wages and salaries | 4,123,375 | 3,371,672 |
| Social security costs | 356,377 | 263,978 |
| Other pension costs | 188,165 | 150,985 |
| | <hr/> | <hr/> |
| | 4,667,917 | 3,786,635 |
| | <hr/> | <hr/> |

7. DIRECTORS

Emoluments of the company's directors:

| | 1999 | 1998 |
|-----------------------|-------------|-------------|
| | £ | £ |
| Emoluments | 161,765 | 140,960 |
| Pension contributions | 16,241 | 12,358 |
| | <hr/> | <hr/> |
| | 178,006 | 153,318 |
| | <hr/> | <hr/> |

Directors' pensions

| | 1999 | 1998 |
|---|-------------|-------------|
| | £ | £ |
| The number of directors who are accruing retirement benefits under: | | |
| - defined benefit schemes | 3 | 3 |
| | <hr/> | <hr/> |

All other directors accrue retirement benefits within the parent company.

CML GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS**31 March 1999****8. TAXATION**

| | 1999 | 1998 |
|---------------------------------------|-------------|-------------|
| | £ | £ |
| Group relief at 31% (1998 - 31%) | 333,770 | 269,402 |
| Group relief additional payment | 159,395 | - |
| Deferred taxation | 13,000 | 76,800 |
| | <hr/> | <hr/> |
| | 506,165 | 346,202 |
| Amendment of previous year's estimate | 987 | 1,005 |
| | <hr/> | <hr/> |
| | 507,152 | 347,207 |
| | <hr/> <hr/> | <hr/> <hr/> |

For 1999 group relief was charged at a rate in excess of the basic rate of corporation tax.

9. DIVIDENDS

| | 1999 | 1998 |
|--|-------------|-------------|
| | £ | £ |
| Interim dividend paid at £1.30 per share (1998: £0.98) | 130,000 | 98,000 |
| Final dividend proposed at nil per share (1998: £1.30) | - | 130,000 |
| | <hr/> | <hr/> |
| | 130,000 | 228,000 |
| | <hr/> <hr/> | <hr/> <hr/> |

CML GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31 March 1999****10. TANGIBLE ASSETS**

| | Leasehold improve- ments £ | Assets in course of construction £ | Plant and fixtures £ | Motor vehicles £ | Total £ |
|-----------------------|---|---|-------------------------------------|---------------------------------|--------------------|
| Cost | | | | | |
| At 1 April 1998 | 547,420 | 75,413 | 6,171,712 | 134,650 | 6,929,195 |
| Additions | 157,390 | 177,530 | 294,056 | - | 628,976 |
| Group transfers | (294,002) | - | - | - | (294,002) |
| Disposals | - | (187) | (158,238) | (38,057) | (196,482) |
| Recategorisation | 65,054 | (75,226) | 10,172 | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| At 31 March 1999 | 475,862 | 177,530 | 6,317,702 | 96,593 | 7,067,687 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Depreciation | | | | | |
| At 1 April 1998 | 255,216 | - | 4,141,238 | 88,583 | 4,485,037 |
| Charged in year | 42,362 | - | 378,247 | 20,145 | 440,754 |
| Group transfers | (135) | - | - | - | (135) |
| Disposals | - | - | (138,837) | (27,092) | (165,929) |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| At 31 March 1999 | 297,443 | - | 4,380,648 | 81,636 | 4,759,727 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Net book value | | | | | |
| At 31 March 1999 | 178,419 | 177,530 | 1,937,054 | 14,957 | 2,307,960 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| At 31 March 1998 | 292,204 | 75,413 | 2,030,474 | 46,067 | 2,444,158 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |

The net book value of the tangible fixed assets includes £432,409 (1998 - £853,615) in respect of assets held under finance leases and hire purchase. Depreciation charged in the year on those assets amounted to £47,799 (1998 - £106,708).

CML GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS**31 March 1999****11. STOCKS**

| | 1999 | 1998 |
|-------------------------------------|-------------|-------------|
| | £ | £ |
| Raw materials and consumables | 506,375 | 548,433 |
| Work in progress | 1,268,564 | 1,040,622 |
| Finished goods and goods for resale | 204,530 | 207,558 |
| | <hr/> | <hr/> |
| | 1,979,469 | 1,796,613 |
| | <hr/> | <hr/> |

The replacement cost of the above would not be significantly different from the values stated.

12. DEBTORS

| | 1999 | 1998 |
|--------------------------------|-------------|-------------|
| | £ | £ |
| Trade debtors | 1,575,310 | 1,649,274 |
| Other debtors | 10,341 | 9,213 |
| Prepayments and accrued income | 87,161 | 88,224 |
| | <hr/> | <hr/> |
| | 1,672,812 | 1,746,711 |
| | <hr/> | <hr/> |

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 1999 | 1998 |
|------------------------------------|-------------|-------------|
| | £ | £ |
| Bank overdraft | 184,137 | 255,872 |
| Obligations under finance leases | 103,495 | 101,901 |
| Trade creditors | 1,029,956 | 979,241 |
| Amounts due to group undertakings | 167,711 | 167,935 |
| Corporation tax | 272,397 | 227,737 |
| Other taxation and social security | 207,529 | 257,693 |
| Other creditors | 128,645 | 98,372 |
| Accruals | 167,484 | 229,932 |
| Proposed dividend | - | 130,000 |
| | <hr/> | <hr/> |
| | 2,261,354 | 2,448,683 |
| | <hr/> | <hr/> |

CML GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31 March 1999****14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

| | 1999 | 1998 |
|----------------------------------|-------------|-------------|
| | £ | £ |
| Other creditors: | | |
| Obligations under finance leases | | |
| - due between one and two years | 100,609 | 90,603 |
| - due between two and five years | 40,267 | 120,842 |
| | <hr/> | <hr/> |
| | 140,876 | 211,445 |
| | <hr/> | <hr/> |

The interest free loan from parent of £2,788,000 (1998 - £2,788,000) is unsecured and has no fixed term of repayment. The parent company has confirmed that no substantial repayment will be requested within 12 months of the balance sheet date.

15. PROVISIONS FOR LIABILITIES AND CHARGES

| | Deferred taxation £ |
|-------------------------|------------------------------------|
| At 1 April 1998 | 143,000 |
| Profit and loss account | 13,000 |
| | <hr/> |
| At 31 March 1999 | 156,000 |
| | <hr/> |

Deferred taxation comprises:

| | Amounts provided | | Amounts not provided | |
|--------------------------|-------------------------|-------------|-----------------------------|-------------|
| | 1999 | 1998 | 1999 | 1998 |
| | £ | £ | £ | £ |
| Capital allowances | 172,000 | 143,000 | 156,800 | 206,200 |
| Other timing differences | (16,000) | - | (400) | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 156,000 | 143,000 | 156,400 | 206,200 |
| | <hr/> | <hr/> | <hr/> | <hr/> |

CML GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS**31 March 1999****16. DEFERRED INCOME - GOVERNMENT GRANTS**

| | 1999 | 1998 |
|-------------------------|-------------|-------------|
| | £ | £ |
| At 1 May 1998 | 61,225 | 30,000 |
| Profit and loss account | (8,706) | (32,250) |
| Amounts received | 56,525 | 63,475 |
| Transferred to parent | (109,044) | - |
| | <hr/> | <hr/> |
| At 31 March 1999 | - | 61,225 |
| | <hr/> <hr/> | <hr/> <hr/> |

17. SHARE CAPITAL

| | 1999 | 1998 |
|------------------------------------|-------------|-------------|
| | £ | £ |
| Authorised | | |
| 100,000 ordinary shares of £1 each | 100,000 | 100,000 |
| | <hr/> | <hr/> |
| Allotted and fully paid | | |
| 100,000 ordinary shares of £1 each | 100,000 | 100,000 |
| | <hr/> <hr/> | <hr/> <hr/> |

18. RESERVES

| | Profit and loss account £ |
|---------------------|--|
| At 1 April 1998 | 236,981 |
| Profit for the year | 279,025 |
| | <hr/> |
| At 31 March 1999 | 516,006 |
| | <hr/> <hr/> |

CML GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS**31 March 1999****19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

| | 1999 | 1998 |
|-----------------------------|-------------|-------------|
| | £ | £ |
| Profit after taxation | 409,025 | 455,716 |
| Dividends | (130,000) | (228,000) |
| | <hr/> | <hr/> |
| Opening shareholders' funds | 279,025 | 227,716 |
| | 336,981 | 109,265 |
| | <hr/> | <hr/> |
| Closing shareholders' funds | 616,006 | 336,981 |
| | <hr/> <hr/> | <hr/> <hr/> |

20. CONTINGENT LIABILITY

The company has given an unlimited cross company guarantee in favour of The First National Bank of Chicago, N.A. and Barclays Bank PLC as security for its borrowings and those of certain group undertakings.

21. FINANCIAL COMMITMENTS**Operating lease commitments**

The annual commitments under operating leases are analysed to the year in which each lease expires, as follows:

| | 1999 | 1998 |
|--------------------------------------|-------------|-------------|
| | £ | £ |
| Land and buildings, leases expiring | | |
| within one year | 200,000 | - |
| beyond five years | 9,000 | 141,500 |
| | <hr/> | <hr/> |
| | 209,000 | 141,500 |
| | <hr/> | <hr/> |
| Plant and machinery, leases expiring | | |
| within one year | 9,368 | 21,568 |
| between one and five years | 150,716 | 77,601 |
| | <hr/> | <hr/> |
| | 160,084 | 99,169 |
| | <hr/> <hr/> | <hr/> <hr/> |

CML GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 1999

22. PENSION SCHEME

The company is a member of a defined benefit pension scheme operated by the parent company for the benefit of employees with assets held in separately invested funds, administered by trustees.

The latest actuarial valuation of the pension scheme was prepared as at 30 September 1996. A summary of the results of this valuation is contained within the financial statements of the parent company.

23. RELATED PARTY DISCLOSURES

Advantage has been taken of the special exemption for group companies regarding related party disclosures.

24. PARENT UNDERTAKING

The ultimate parent company is Intelek plc, which is registered in England and Wales.

Its group accounts are available to the public on payment of the appropriate fee, from *Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.*