

Registration No 2224604

UNDERWOODS GROUP LIMITED

FINANCIAL STATEMENTS

30 APRIL 1998



UNDERWOODS GROUP LIMITEDREPORT OF THE DIRECTORSFOR THE YEAR ENDED 30 APRIL 1998DIRECTORS

E R Boxall (Chairman)
D H Drabwell (Managing Director)
D A Hill
S M Kneebone
L H Smith

ACTIVITIES AND FUTURE PROSPECTS

The Company both acts as the Holding company for the Underwood Group and provides certain central functions.

There are four trading companies within the Group. The main areas of activity include industrial electrical distribution, LV switchgear and control system assembly and electrical contracting.

The Directors are optimistic about the Company's prospects.

The Directors do not consider the company to be at particular risk from the year 2000 computer bug. In their opinion adequate measures have been taken to mitigate any potential problems.

OPERATIONS AND RESULTS

Trade in all our markets remains very competitive which when combined with the fact that many companies continue to operate with very tight control over their capital expenditure means margins remain under constant pressure. The directors, therefore, feel that the results are that much more praiseworthy. Particular attention has been paid to lowering the Group cost base over the year. On the back of this reduction has been the commencement of an expansion programme that has seen the Group significantly widening its geographical area of operation.

For the year ending 30 April 1998 the Group achieved a profit before taxation of £160,072 (1997: £207,150) on a turnover of £13,708,769 (1997: £13,021,424). The retained profit for the year of £89,293 (1997: £113,135) has been added to the retained profit brought forward of £344,161 to give retained profits carried forward of £433,454.

UNDERWOODS GROUP LIMITEDFOR THE YEAR ENDED 30 APRIL 1998DIRECTORS' INTEREST IN SHARES

The Directors' holdings of shares in the Company throughout the year to 30 April 1998 were as follows:

	Ordinary <u>£1 Shares</u>
D H Drabwell	162,405
D A Hill	162,405
L H Smith	162,405

No other Directors hold any shares in the Company.

DIVIDEND

The Directors do not recommend the payment of a dividend on the Ordinary Share Capital (1997:Nil) but on the Preferred Ordinary Shares they propose a total dividend of £21,856 (1997: £29,082).

AUDITORS

A resolution for the reappointment of Deloitte & Touche as auditors is to be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD



S M Kneebone
COMPANY SECRETARY

UNDERWOODS GROUP LIMITEDSTATEMENT OF DIRECTORS' RESPONSIBILITIESFOR THE YEAR ENDED 30 APRIL 1998

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 the group as at the end of the financial year and of the profit or loss of the group 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;
- prepare the financial statements on a 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 group and the company and to 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 5 to 19 which have been prepared under the accounting policies set out on pages 11 and 12.

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 whether the accounting policies are appropriate to the circumstances of the company and the group, 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 30 April 1998 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



DELOITTE & TOUCHE
Chartered Accountants and
Registered Auditors
Columbia Centre
Market Street
Bracknell RG12 1PA

6 November 1998

UNDERWOODS GROUP LIMITEDCONSOLIDATED PROFIT AND LOSS ACCOUNTFOR THE YEAR ENDED 30 APRIL 1998

	<u>Notes</u>	£	<u>1998</u>	£	£	<u>1997</u>	£
<u>TURNOVER</u>	2		13,708,769			13,021,424	
Change in stocks of finished goods and work in progress			140,964			151,505	
			<u>13,849,733</u>			<u>13,172,929</u>	
Raw materials and consumables		(10,326,957)			(9,896,138)		
Other external charges		(1,113,050)			(1,043,327)		
Staff costs	3	(2,061,279)			(1,862,852)		
Depreciation:							
Tangible fixed assets		(118,669)			(102,387)		
			<u>(13,619,955)</u>		<u>(12,904,704)</u>		
<u>OPERATING PROFIT</u>	4		229,778			268,225	
Interest Payable	5		(69,706)			(61,075)	
			<u></u>			<u></u>	
<u>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</u>			160,072			207,150	
Tax on profit on ordinary activities	6		(48,923)			(64,933)	
<u>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</u>	16		111,149			142,217	
Dividends Payable	7		(21,856)			(29,082)	
<u>TRANSFERRED TO RESERVES</u>			£ 89,293			£ 113,135	
			=====			=====	

A statement of movements on reserves is shown in note 16.



All results have been derived from continuing operations. There are no recognised gains and losses for the current financial year and preceding year other than as stated in the profit and loss account.

UNDERWOODS GROUP LIMITED

6.

CONSOLIDATED BALANCE SHEETAS AT 30 APRIL 1998

	<u>Notes</u>	£	<u>1998</u>	£	£	<u>1997</u>	£
<u>FIXED ASSETS</u>							
Tangible Assets	8		244,811			296,432	
<u>CURRENT ASSETS</u>							
Stocks	10	1,478,052			1,337,088		
Debtors	11	3,315,041			3,500,788		
Cash at bank and in hand		4,584			3,851		
			4,797,677		4,841,727		
<u>CREDITORS:</u>							
Amounts falling due within one year	12	(3,855,038)			(4,021,706)		
<u>NET CURRENT ASSETS</u>							
			942,639		820,021		
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>							
			1,187,450		1,116,453		
<u>CREDITORS:</u>							
Amounts falling due after more than one year	13		(26,809)		(45,105)		
			£ 1,160,641		£ 1,071,348		
			=====		=====		
<u>CALLED UP SHARE CAPITAL AND RESERVES</u>							
			£		£		
Called up share capital	15		727,187		727,187		
Profit and Loss account	16		433,454		344,161		
<u>EQUITY SHAREHOLDERS' FUNDS</u>							
			£ 1,160,641		£ 1,071,348		
			=====		=====		

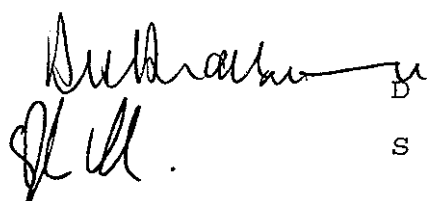

D H DRABWELL)
S M KNEEBONE)

DIRECTORS

Approved by the Board of Directors on 8 October 1998

UNDERWOODS GROUP LIMITEDBALANCE SHEETAS AT 30 APRIL 1998

	<u>Notes</u>	<u>1998</u>	<u>1997</u>
		£	£
<u>FIXED ASSETS</u>			
Tangible Assets	8	91,258	94,056
Investments	9	2,407,952	2,407,952
		<hr/> 2,499,210	<hr/> 2,502,008
<u>CURRENT ASSETS</u>			
Debtors:	11		
Amounts falling due after more than one year		224,021	228,892
Amounts falling due within one year		780,500	685,500
		<hr/> 1,004,521	<hr/> 914,392
<u>CREDITORS:</u>			
Amounts falling due within one year	12	(2,740,378)	(2,669,778)
		<hr/> (1,735,857)	<hr/> (1,755,386)
<u>NET CURRENT LIABILITIES</u>			
		<hr/> (1,735,857)	<hr/> (1,755,386)
<u>TOTAL ASSETS LESS</u>			
<u>CURRENT LIABILITIES</u>		£ 763,353	£ 746,622
		=====	=====
<u>CALLED UP SHARE CAPITAL AND RESERVES</u>			
		£	£
Called up share capital	15	727,187	727,187
Profit and Loss account	16	36,166	19,435
<u>EQUITY SHAREHOLDERS' FUNDS</u>		£ 763,353	£ 746,622
		=====	=====



D H DRABWELL)
)
 S M KNEEBONE)

DIRECTORS

Approved by the Board of Directors on 8 October 1998

UNDERWOODS GROUP LIMITEDCONSOLIDATED CASHFLOW STATEMENTFOR THE YEAR ENDED 30 APRIL 1998

		<u>1998</u>	<u>1997</u>
	Note	£	£
Cash flow from operating activities	1	101,755	(66,982)
Returns on investments and servicing of finance	2	(69,706)	(61,075)
Taxation		(59,824)	(55,659)
Capital expenditure and financial investment	2	(13,068)	(19,226)
Acquisitions and Disposals	2	-	(79,421)
Cash outflow before use of liquid resources and financing		(40,843)	(282,363)
Financing	2	(100,144)	(83,218)
(Decrease) in cash in the period	3	£ (140,987)	£ (365,581)
		=====	=====

NOTES TO CASHFLOW STATEMENT1. RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS

	<u>1998</u>	<u>1997</u>
	£	£
Operating Profit	229,778	268,225
Depreciation	118,669	102,387
(Increase) in Stock	(140,964)	(144,005)
Decrease/(Increase) in Debtors	185,747	(636,181)
(Decrease)/Increase in Creditors	(293,581)	348,256
Loss/(Profit) on Sales of Tangible fixed assets	2,106	(5,664)
Net cash inflow/(outflow) from operating activities	£ 101,755	£ (66,982)
	=====	=====

NOTES TO CASHFLOW STATEMENT

FOR THE YEAR ENDED 30 APRIL 1998

2. ANALYSIS OF CASH FLOWS FOR HEADINGS
NETTED IN THE CASH FLOW STATEMENT

	<u>1998</u>		<u>1997</u>	
	£	£	£	£
Returns on investments and servicing of finance				
Interest paid	(60,196)		(46,186)	
Interest element of finance lease rental payments	(9,510)		(14,889)	
	<u> </u>	(69,706)	<u> </u>	(61,075)
		=====		=====
Capital expenditure and financial investment				
Purchase of tangible fixed assets	(18,718)		(31,026)	
Sale of tangible fixed assets	5,650		11,800	
	<u> </u>	(13,068)	<u> </u>	(19,226)
		=====		=====
Acquisitions and Disposals				
Purchase of subsidiary undertaking	-		(36,214)	
Net overdraft acquired with subsidiary	-		(43,207)	
	<u> </u>	-	<u> </u>	(79,421)
		=====		=====
Financing				
Capital element of finance lease rental payments		(100,144)		(83,218)
		=====		=====

3. ANALYSIS OF NET DEBT

	At 1 May 1997 £	Cash Flow £	Financed £	At 30 April 1998 £
Cash in hand and at bank	3,851	733		4,584
Overdrafts	(1,078,003)	(141,720)		(1,219,723)
Finance Leases	(136,017)	100,144	(56,085)	(91,958)
	<u>£ (1,210,169)</u>	<u>£ (40,843)</u>	<u>£ (56,085)</u>	<u>£ (1,307,097)</u>
	=====	=====	=====	=====

NOTES TO CASHFLOW STATEMENT

30 APRIL 1998

4. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	<u>1998</u> £	<u>1998</u> £	<u>1997</u> £	<u>1997</u> £
Decrease in Cash in the Period	(140,987)		(365,581)	
Cash outflow from decrease in lease financing	100,144		83,218	
Change in net debt resulting from cashflows		(40,843)		(282,363)
Finance leases acquired with subsidiary		-		(14,499)
New finance leases		(56,085)		(69,686)
Movement in net debt in the period		(96,928)		(366,548)
Net debt at 1 May 1997		(1,210,169)		(843,621)
Net debt at 30 April 1998		£ (1,307,097) =====		£ (1,210,169) =====

UNDERWOODS GROUP LIMITEDNOTES TO THE ACCOUNTS30 APRIL 19981. ACCOUNTING POLICIESBasis of Accounting

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

Basis of Consolidation

The consolidated accounts incorporate the accounts of all the Company's subsidiaries for the year ended 30 April 1998. The purchase of these subsidiaries has been dealt with in accordance with the principles of acquisition accounting.

As permitted by S228 (7) of the Companies Act 1985, the profit and loss account of the Company is not published.

Where the acquisition cost of an investment in a subsidiary is greater than the underlying net asset value at the date of acquisition, the excess is deducted from consolidated reserves.

Turnover

Turnover is defined as the net amount receivable for goods supplied and services provided, excluding value added tax.

Depreciation

Depreciation is calculated to write off the cost of tangible assets, except freehold land which is not depreciated, over their expected useful lives by equal annual instalments at the following rates:

Freehold Buildings	2%
Leasehold Buildings	Terms of Lease
Computer Equipment	25%
Fixtures and Equipment	12.5%
Motor vehicles	25%

Leasing and Hire Purchase Agreements

Rental costs under operating leases are charged to profit and loss account in equal annual amounts over the periods of the leases.

Assets held under finance lease and the related lease obligations are recorded in the balance sheet at the fair value of the leased assets at the inception of the leases. The amounts by which the lease payments exceed the recorded lease obligations are treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligation.

Hire Purchase and finance lease obligations are secured on the related assets.

UNDERWOODS GROUP LIMITEDNOTES TO THE ACCOUNTS30 APRIL 19981. ACCOUNTING POLICIES (Cont'd)Fixed Asset Investments

Fixed Asset Investments are shown on the balance sheet of Underwoods Group Limited at cost less provision for any permanent diminution in value.

Deferred Taxation

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounts and taxation purposes, which are expected to reverse in the future, calculated at rates at which it is estimated that tax will arise.

Stocks

Stocks represent both goods purchased for resale and in the process of being assembled and have been valued at the lower of cost and net realisable value. Cost is taken as the purchase price of goods purchased together with an element of labour rate recovery in work in progress.

Pension Costs

The Group operates a defined contribution pension scheme. The pension cost represents the contributions payable to the pension scheme in respect of the accounting period.

2. TURNOVER

The Group's turnover is all made in the United Kingdom and derives from substantially the same class of business.

3. STAFF COSTS

	<u>1998</u> £	<u>1997</u> £
Wages and Salaries	1,767,308	1,619,850
Social Security Costs	180,481	157,268
Other Pension Costs	113,490	85,734
	£ 2,061,279 =====	£ 1,862,852 =====

Average number of employees:

	<u>1998</u> No's	<u>1997</u> No's
Administration and management	20	20
Operational	67	62
	<u>87</u> ===	<u>82</u> ===

UNDERWOODS GROUP LIMITEDNOTES TO THE ACCOUNTS30 APRIL 19984. OPERATING PROFIT

a) This is stated after charging:	<u>1998</u> £	<u>1997</u> £
Directors' emoluments	345,705	350,930
Auditors' remuneration		
- Group Audit Services	15,600	15,000
- Company Audit Services	1,000	1,000
- Other Services	3,575	7,850
Equipment Hire & Operating Lease payments		
- Land and Buildings	120,275	120,968
- Other	17,087	13,074
Depreciation : Owned Assets	28,027	25,683
Leased Assets	90,642	76,704
	=====	=====

	<u>1998</u> £	<u>1997</u> £
b) Directors' emoluments		
Fees	6,800	8,300
Remuneration	280,810	288,276
Pension Contributions	58,095	54,354
	£ 345,705	£ 350,930
	=====	=====

	£	£
c) Highest paid director's emoluments:		
Remuneration	78,502	78,758
Pension Contributions	24,662	24,662
	£ 103,164	£ 103,420
	=====	=====

d) Number of directors who are members of a defined contribution pension scheme	<u>No</u>	<u>No</u>
	4	4
	==	==

5. <u>INTEREST PAYABLE</u>	<u>1998</u> £	<u>1997</u> £
Interest payable on bank borrowings	60,196	46,186
Interest payable on assets held under Finance Leases	9,510	14,889
	£ 69,706	£ 61,075
	=====	=====

UNDERWOODS GROUP LIMITEDNOTES TO THE ACCOUNTS30 APRIL 19986. TAX ON PROFIT ON
ORDINARY ACTIVITIES

	<u>1998</u> £	<u>1997</u> £
Corporation Tax payable at 31% (1997:33%)	(48,457)	(65,933)
Corporation Tax payable on previous periods	(1,326)	-
Corporation Tax recoverable against previous periods	860	1,000
	£ <u>(48,923)</u> =====	£ <u>(64,933)</u> =====

7. PROPOSED DIVIDEND ON EQUITY SHARES

	<u>1998</u> £	<u>1997</u> £
Preferred Ordinary Share Dividend	21,856 =====	29,082 =====

The Dividend payable on the preferred ordinary shares is based on 10% of adjusted profits before taxation, excluding the adjusted imputed tax credit of 25% of the dividend payable.

8. TANGIBLE FIXED ASSETS

(a) GROUP

COST	<u>Land and Buildings</u> £	<u>Fixtures and Equipment</u> £	<u>Computer Equipment</u> £	<u>Motor Vehicles</u> £	<u>Total</u> £
At 1 May 1997	113,658	139,893	9,598	425,744	688,893
Additions	-	-	37,403	37,400	74,803
	<u>113,658</u>	<u>139,893</u>	<u>47,001</u>	<u>463,144</u>	<u>763,696</u>
Disposals	-	(4,049)	-	(32,255)	(36,304)
At 30 April 1998	£ <u>113,658</u>	<u>135,844</u>	<u>47,001</u>	<u>430,889</u>	<u>727,392</u>

NOTES TO THE ACCOUNTS

30 APRIL 1998

8. TANGIBLE FIXED ASSETS (Cont'd)

	<u>Land and Buildings</u> £	<u>Fixtures and Equipment</u> £	<u>Computer Equipment</u> £	<u>Motor Vehicles</u> £	<u>Total</u> £
DEPRECIATION					
At 1 May 1997	19,602	102,849	3,390	266,620	392,461
Charge	2,798	18,144	11,750	85,977	118,669
	<u>22,400</u>	<u>120,993</u>	<u>15,140</u>	<u>352,597</u>	<u>511,130</u>
Disposals	-	(4,049)	-	(24,500)	(28,549)
At 30 April 1998	£ <u>22,400</u>	<u>116,944</u>	<u>15,140</u>	<u>328,097</u>	<u>482,581</u>

NET BOOK VALUE

At 30 April 1998	£ 91,258 =====	£ 18,900 =====	£ 31,861 =====	£ 102,792 =====	£ 244,811 =====
At 30 April 1997	£ 94,056 =====	£ 37,044 =====	£ 6,208 =====	£ 159,124 =====	£ 296,432 =====

LAND AND BUILDINGS AT NET BOOK VALUE COMPRISE

	<u>1998</u> £	<u>1997</u> £
Freehold	87,058	89,131
Short Leasehold	4,200	4,925
	£ <u>91,258</u> =====	£ <u>94,056</u> =====

Included in tangible fixed assets are the following Net Book amounts in respect of assets purchased under hire purchase and leasing agreements.

	<u>1998</u> £	<u>1997</u> £
Motor Vehicles	£ 125,549 =====	£ 155,148 =====

(b) Company

	<u>Land and Buildings</u>
Cost at 1 May 1997 and 30 April 1998	£ 113,658 =====
Depreciation at 1 May 1997	19,602
Charge for Year	2,798
At 30 April 1998	<u>22,400</u> =====
Net Book Value	
At 30 April 1998	£ 91,258 =====
At 30 April 1997	£ 94,056 =====

UNDERWOODS GROUP LIMITEDNOTES TO THE ACCOUNTS30 APRIL 19988. TANGIBLE FIXED ASSETS (Cont'd)

Land and Buildings at Net Book Value comprise:	<u>1998</u> £	<u>1997</u> £
Freehold	87,058	89,131
Short Leasehold	4,200	4,925
	£ <u>91,258</u> =====	£ <u>94,056</u> =====

9. FIXED ASSET INVESTMENT

Investment in Subsidiary Companies	£
Cost at 1 May 1997	
and at 30 April 1998	2,407,952 =====

At 30 April 1998 the company owned the whole of the issued share capital of the following companies, all of which are registered in England and Wales:

	Principal Activities
Underwoods Electrical Distributors Limited	Electrical Wholeselling
Underwoods Engineered Products Limited	Switchgear and Control System Builder
Phillipsons Electrical Contractors Limited	Electrical Contractors
Weirgrove Automation Limited	Software House

Invertech Limited was dormant throughout the year ending 30 April 1998.

Underwoods Electrical Distributors Limited, itself, owns 100% of the issued share capital of two companies. These companies, which are both dormant and are registered in England and Wales, are as follows:

G D Underwood (Wallingford) Limited
Broadway Chambers (Whetstone) Limited

10. STOCKS

	<u>1998</u> £	<u>1997</u> £
Work in Progress	186,961	199,026
Goods for Resale	1,291,091	1,138,062
	£ <u>1,478,052</u> =====	£ <u>1,337,088</u> =====

The replacement cost of goods purchased for resale is, the directors estimate, approximately 3% greater than the balance sheet figure.

UNDERWOODS GROUP LIMITEDNOTES TO THE ACCOUNTS30 APRIL 1998

11. <u>DEBTORS</u>	<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
	<u>1998</u>	<u>1998</u>	<u>1997</u>	<u>1997</u>
	£	£	£	£
Trade debtors	3,258,805	-	3,454,944	-
Amounts owed by				
Subsidiary undertakings	-	985,379	-	900,714
Taxation recoverable	19,142	19,142	15,827	13,678
Sundry Debtors	1,750	-	4,767	-
Prepayments	35,344	-	25,250	-
	<u>£3,315,041</u>	<u>£1,004,521</u>	<u>£3,500,788</u>	<u>£914,392</u>
	=====	=====	=====	=====

Within amounts owed by subsidiaries there is an amount of £780,500 (1997 : £685,500) which is due after more than one year.

12. <u>CREDITORS</u>	<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
	<u>1998</u>	<u>1998</u>	<u>1997</u>	<u>1997</u>
	£	£	£	£
Amounts falling due within one year:				
Bank loans and overdraft (Note 14)	1,219,723	103	1,078,003	233,882
Hire Purchase & Finance				
Lease Obligations	65,149	-	90,912	-
Trade Creditors	2,147,924	-	2,199,144	-
Amounts due to				
Subsidiary undertakings	-	2,600,729	-	2,274,208
Taxation	68,795	30,142	79,696	23,876
Other taxes and social security	151,857	12,659	216,209	11,864
Other creditors	456	-	43,421	-
Accruals	124,564	20,175	259,607	71,234
Proposed Dividend (Note 15)	76,570	76,570	54,714	54,714
	<u>£3,855,038</u>	<u>£2,740,378</u>	<u>£4,021,706</u>	<u>£2,669,778</u>
	=====	=====	=====	=====

13. <u>CREDITORS</u>	<u>Group</u>	<u>Group</u>
	<u>1998</u>	<u>1997</u>
	£	£
Amounts falling due after more than one year:		
Hire Purchase & Finance		
Lease Obligations	26,809	45,105
	=====	=====

All amounts are due within two to five years.

UNDERWOODS GROUP LIMITEDNOTES TO THE ACCOUNTS30 APRIL 1998

14. <u>BANK LOANS AND OVERDRAFT</u>	<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
	<u>1998</u>	<u>1998</u>	<u>1997</u>	<u>1997</u>
	£	£	£	£
Repayable on Demand	£ 1,219,723	£ 103	£ 1,078,003	£ 233,882
	=====	=====	=====	=====

The bank loans and overdraft are secured by both a fixed charge on the freehold property and floating charges on the other assets of the Group.

15. <u>CALLED UP SHARE CAPITAL</u>	<u>1998</u>	<u>1997</u>
	£	£
Authorised, Allotted, Issued and Fully Paid		
545,390 Ordinary Shares of £1 each	545,390	545,390
181,797 Preferred ordinary shares of £1 each	181,797	181,797
	£727,187	£ 727,187
	=====	=====

The rights associated with the two different classes of shares are equal in all respects except that the Preferred Ordinary shares are entitled to a dividend based on 10% of the profit before tax.

16. COMBINED STATEMENT OF MOVEMENTS IN SHAREHOLDERS FUNDS AND STATEMENT OF MOVEMENTS ON RESERVES

Group

	<u>Issued share Capital</u>	<u>Profit and Loss Account</u>	<u>Total 1998</u>	<u>Total 1997</u>
	£	£	£	£
At 1 May 1997	727,187	344,161	1,071,348	988,169
Profit for the year	-	111,149	111,149	142,217
Dividends	-	(21,856)	(21,856)	(29,082)
Goodwill written off	-	-	-	(29,956)
At 30 April 1998	£ 727,187	£ 433,454	£ 1,160,641	£ 1,071,348
	=====	=====	=====	=====

Company

	<u>Issued share Capital</u>	<u>Profit and Loss Account</u>	<u>Total 1998</u>	<u>Total 1997</u>
	£	£	£	£
At 1 May 1997	727,187	19,435	746,622	745,770
Profit for the year	-	38,587	38,587	29,934
Dividends	-	(21,856)	(21,856)	(29,082)
At 30 April 1998	£ 727,187	£ 36,166	£ 763,353	£ 746,622
	=====	=====	=====	=====

UNDERWOODS GROUP LIMITEDNOTES TO THE ACCOUNTS30 APRIL 199817. LEASING COMMITMENTS

At 30 April 1998, annual commitments under non-cancellable operating leases existed as set out below:

	<u>1998</u>	<u>1997</u>
	<u>Land and</u> <u>Buildings</u>	<u>Land and</u> <u>Buildings</u>
Operating leases which expire:	£	£
Within one year	15,400	-
In the second to fifth years inclusive	59,750	35,150
Over five years	44,400	84,400
	£ <u>119,550</u> =====	£ <u>119,550</u> =====

18. CONTINGENT LIABILITIES

Cross guarantees and debentures.

Under the terms of the financing of Underwoods Group Limited, the freehold property of the Company has been charged by way of a fixed charge as part of the security for the overdraft held by its subsidiary companies.