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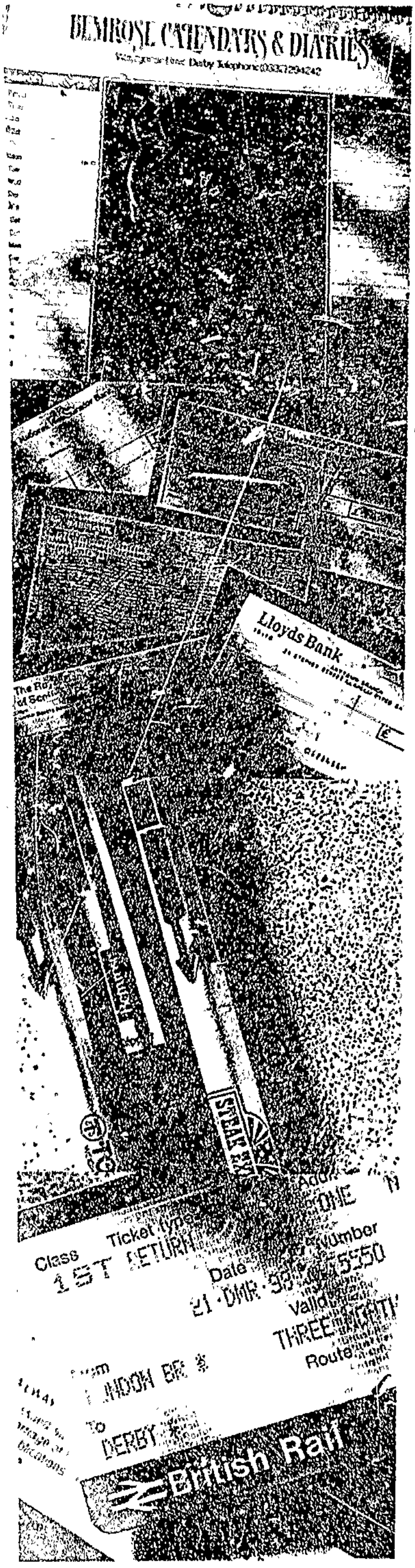


Bemrose Annual Report & Accounts 1992

Bemrose Corporation plc

CONTENTS

Registered office
North Bar House, Beverley, North Humberside, HU17 8DG
Telephone. (0482) 867862 Fax. (0482) 867864

Registered Number
177991 England

Auditors
Coopers & Lybrand
Cumberland House, 35 Park Row,
Nottingham NG1 6FY

Registrar and transfer office
Independent Registrars Group Limited
Balfour House, 390/398 High Road,
Ilford, Essex IG1 1NQ

Bankers
Barclays Bank Plc
Midland Bank Plc
National Westminster Bank Plc

Merchant Banker
S G Warburg & Co. Ltd

Annual Report and Accounts 1992

Financial Highlights

	1992	1991
Turnover	*£49.7m*	£48.6m
Profit before taxation	*£6.3m*	£5.1m
Earnings	*£4.1m*	£3.3m
Ordinary shareholders' funds	*£23.4m*	£21.3m
Bank borrowings	*£8.3m*	£10.6m
Debt/Equity	*41%*	57%
Earnings per share — before tax	*37.45p*	30.63p
Earnings per share — after tax	*24.28p*	19.87p
Net dividend per share	*11.75p*	11.75p
Dividend cover (times)	*2.04*	1.68

Principal Operating Addresses

GROUP HEADQUARTERS

Bemrose Corporation plc
Rodger Booth – Group Chief Executive
North Bar House, Beverley, North Humberside HU17 8DG
Telephone: (0482) 867862 Fax: (0482) 867864

UNITED KINGDOM

Bemrose UK Limited

Bemrose Security & Promotional Printing
Graham Bennington – Managing Director
Wayzgoose Drive, Derby DE21 6XG
Telephone: (0332) 294242 Fax: (0332) 290366

Henry Booth & Company
Andrew Lashey – Managing Director
Stockholm Road, Sutton Fields, Hull HU7 0XY
Telephone: (0482) 826343 Fax: (0482) 839767

ESP Security Print
Terry Dunn – Managing Director
Dukesway, Thornaby, Cleveland TS17 9LT
Telephone: (0642) 750700 Fax: (0642) 760340

UNITED STATES OF AMERICA

Bemrose Yattendon, Inc.

Souvenir, Inc.
Tom Jacob – President
202 F Avenue N.W., Cedar Rapids, Iowa 52405
Telephone: (319) 366 7831 Fax: (319) 366 7836

Janesville Group Limited
Bart Toomey – President
1309 Plainfield Avenue, Janesville, Wisconsin 53545
Telephone: (608) 752 6000 Fax: (608) 752 6254

Renaissance Publishing Company, Inc.
Jeff Meyer – President
318 East Seventh Street, Auburn, Indiana 46706
Telephone: (219) 925 1700 Fax: (219) 925 6157

1992 was and 1993 will be important milestone years for your company.

Our two major UK businesses in Derby and Hull increased their profits in 1992 in spite of the recession. Effective executive action already taken should enable them to continue to progress in difficult conditions and benefit from any economic upturn. Excellent results from our US associate company enabled group pre-tax profits to rise by 24%, to £6.25 million.

Earnings per share increased by 22% to 24.28p and the debt:equity ratio was brought down to 41% (1991: 57%). Net dividend for the financial year is maintained at 11.75p per share, the dividend cover having been restored to 2.0 times.

1993 has started with encouraging performances from our operations on both sides of the Atlantic and we have announced two important acquisitions of considerable strategic significance.

In 1984, the purchase of the writing instruments company, Souvenir, was the first move in the strategic plan to build a leading group in the US specialty advertising industry. In 1986, in conjunction with Yattendon Investment Trust PLC, we acquired the Janesville Group, a market leader in the etched crystal market, and Renaissance, which specialises in wall calendars and funeral directors stationery.

The value of this US strategy has become further apparent in the 1992 results, as these businesses continued to demonstrate the ability to generate excellent profits and cash flow, even in unhelpful trading conditions. We have, therefore, been delighted to announce the acquisition of the other 50% share of BYI and your Board looks forward to a successful future for our US operations.

Following the placing of the Yattendon Investment Trust shares in Bemrose, and the completion of this acquisition, Mr. R. P. R. Iliffe resigned from the Board. Our six year business partnership with Robert Iliffe and his colleagues has been constructive and cordial and we would like to express our sincere appreciation to them. We also wish to thank Robert Iliffe for his supportive contribution which has been a considerable asset to your company.

In the UK, we have continued the strategy of building our position in calendars and diaries. The purchase of Moments Calendars in 1991 made us the British leader in calendars and the acquisition of Barnard and Jackson will make us one of the leaders in UK diaries. We welcome Mr. Mendel Miller into our senior management team and are delighted that he will continue to grow and develop the diary business within Bemrose.

These major steps forward have been made possible by the support of our shareholders in voting in favour of the 1 for 2 share issue. Your Board is conscious of the responsibility to direct the activities of Bemrose Corporation to provide shareholders with a good return on their investment and we thank them for their trust and confidence.

I would like to congratulate Rodger Booth and his executive team on their considerable achievements in 1992 and to thank all the group's employees in the UK and USA for their dedication and hard work. We wish them every success in the future.

David C. Wigglesworth

14 April 1993

*David C. Wigglesworth, C.B.E.
Chairman

*Richard E. Hanwell, F.C.A.
Director

Rodger Booth
Group Chief Executive

Graham J. Bennington
Managing Director
Bemrose Security & Promotional Printing

Richard Harrison, F.C.A.
Group Financial Director and Secretary

Andrew C. Lindsey
Managing Director
Henry Booth & Company

*Non Executive Directors

David Wigglesworth (63) was appointed a Director in 1966, Group Chief Executive in 1971 and Chairman on January 1, 1992. He is Chairman of the East Midlands Regional Development Organisation and Chairman of the Governors of Trent College

Richard Hanwell (50) was appointed a Director in 1992. He is Chairman of Farnell Electronics Plc, John Brunton Plc, The Scottish Heritable Trust Plc, CCA Group Ltd. and White Rose Television Ltd. He is a Director of Tay Homes Plc.

Executive Directors

Rodger Booth (49) has been with Bemrose for four years. He was appointed Group Chief Executive in January 1992. Previously he was with Henry Booth for nineteen years, as Sales Director and Managing Director. He is a graduate of Oxford University and spent five years in the computer industry prior to 1970.

Graham Bennington (42) has been with Bemrose for sixteen years. He was appointed Managing Director of the Security and Promotional Printing Division in 1987, and to the Bemrose Board in 1992. He is a graduate of Reading and Aston universities. He has prior experience in Personnel and Works Management, both with Bemrose and British Leyland

Richard Harrison (44) was appointed Financial Director in 1992. He has been with Bemrose and Henry Booth for nine years. He is a Chartered Accountant, and a graduate of Leicester University in maths and economics. He has ten years prior experience as Group Accountant and Finance Director in public companies.

Andrew Lindsey (45) has been with Bemrose for a total of thirteen years. Following a print apprenticeship and broad industry experience, he was appointed General Manager of Bemrose Ticket Printing Division in 1980. He left the UK to take up a senior position in Hong Kong, returning as Managing Director of Almex Ticket Printing in 1987. He was appointed Managing Director of Henry Booth & Company in 1989 and to the Bemrose Board in 1992

"In my first year as Chief Executive of Bemrose I am delighted to report an increase in pre-tax profits of 24%.

In this achievement we have been helped by falling interest rates in the UK and the USA, and by the strengthening US dollar later in the year. The view is widely held that this trend will not be significantly reversed in 1993. We were not helped by the weakness of the economy on both sides of the Atlantic during 1992. There are, however, convincing signs of recovery in the USA and we are hopeful that the worst is past in Britain. In these respects the economic environment in which we operate should be more favourable in 1993

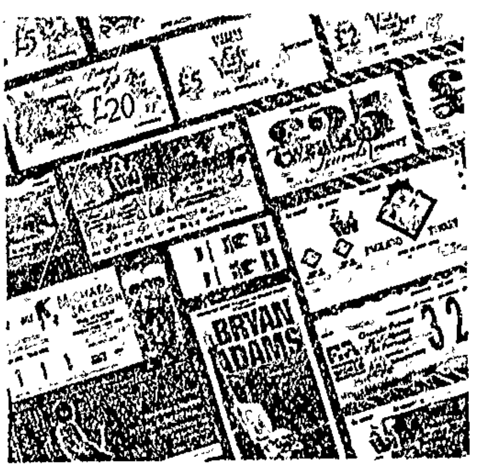
The results from our UK businesses reflect the decisive steps taken over the last two years to dispose of loss-making enterprises, to strengthen our main businesses, and to eliminate excessive cost. Employee numbers have been reduced during the year, mostly by early retirement or voluntary redundancy. Redundancy costs of around £300,000 have been incurred through this exercise and have reduced the growth in UK operating profits to 4%. I consider that these measures have been essential for the future health of the Company. The acquisition of Barnard and Jackson, a leading manufacturer in the UK of desk and pocket diaries, referred to in the Chairman's statement, will be a valuable addition to our UK businesses.

In the USA the market for Specialty Advertising Products has been mixed in 1992. A strong recovery after the success of Desert Storm was not sustained. However, following the election the year finished well, and we anticipate stronger overall demand through 1993. Results have been very good, with income from our US associate, BYI, up a massive 83% in the year exceeding our most optimistic forecasts. All three businesses have contributed excellent profits. US debt has been reduced by a further $5.5m, and as a result has been halved over the past three years. The Chairman in his statement referred to our decision to purchase the remaining 50% of BYI from our partner Yattendon Investment Trust. This confirms our faith in the continuing good potential for our American businesses.

I now turn to the individual businesses within the Bemrose Group.

SECURITY AND PROMOTIONAL PRINTING

Our Derby based division is still our largest single operation. Graham Bennington, the Managing Director, has had to deal with another year of tough markets and tough decisions. To compete we have been obliged to reduce costs still further, and we have avoided contracts where we did not believe that the work could be produced profitably. By this strategy we have lost sales, but overall margins and profits have been maintained and even improved in some areas.



Cheque printing was particularly hard hit. All major contracts were up for renewal on a 3-5 year basis With declining volumes and supplier over-capacity, it was inevitable that prices would be forced down. We have won a substantial volume of business from the major clearing banks, and this is secure for the medium term.

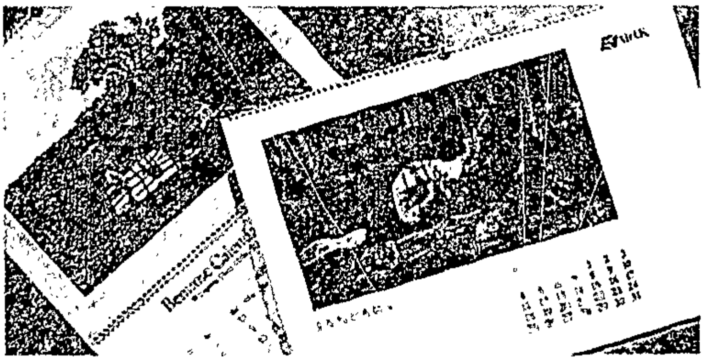
We have restricted our investment to improving efficiency rather than increasing capacity. This area of our work gives us a sound base from blue chip customers, and we shall continue to apply our best efforts to giving them a first class service.

Tickets and Vouchers have developed well through the year. Demand for our high security features has been increased by the prevalence of fraud, particularly through colour photocopying. We have increased our sales in the UK and in Continental Europe We also offer secure systems for stockholding and distribution.

We are the largest UK supplier of these items by a significant margin.

Confidential Information Products performed well, based on our major long term contracts with Ford, General Motors, London University, British Rail and others. In these areas we seek to add sophisticated data processing skills to the printing process, within a secure environment, thereby enhancing our added value

Demand for Advertising Calendars and Diaries was again reduced in 1992, reflecting an overall weakness in advertising expenditure. We expect a cyclical upturn as business confidence returns, and indeed we see some signs of this in the early part of 1993.

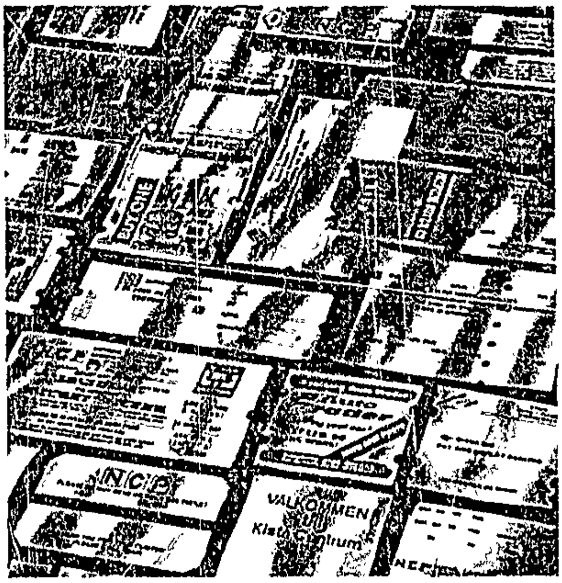


In the meantime the extra volumes secured by our previous acquisition of Moments Calendars have proved beneficial. We are working actively to stimulate the market and our margins within it by the introduction of new products with additional value added features, and with ever more attractive designs to provide an effective advertising medium for our customers. We were proud to be awarded major prizes at the National Business Calendar Awards early in 1993.

In August 1992 we acquired Rowton Crystal. Rowton is similar to our Janesville business in the USA, supplying etched crystal for advertising and award purposes. Their customer base is similar to that for Moments Calendars, and we seek to develop these lines together. Early results are encouraging.

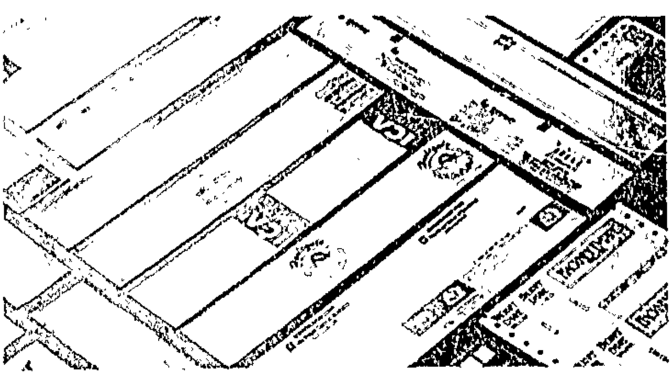
HENRY BOOTH & COMPANY

Henry Booth has continued to focus its activities on the production of high volume tickets, designed to tight specifications, and often for issue through sophisticated automatic equipment. Our main markets include passenger transport, parking and leisure.



1992 was the first full year for the enlarged company, following the acquisition of the printing division of Almex during 1991. High importance was placed on completing this acquisition in accordance with our plan. The larger volumes of work have provided larger batch sizes and reduced unit costs. Profits and margins have both benefited here as a direct result of this.

During the year our Managing Director, Andrew Lindsey, has concentrated attention on improving organisational and production systems for optimum future efficiency. Agreements have been reached for continuous running of high speed presses. Further investment has been made in Computer Aided Design. Initiatives in training and management development have been taken, supported by the Humberside TEC.

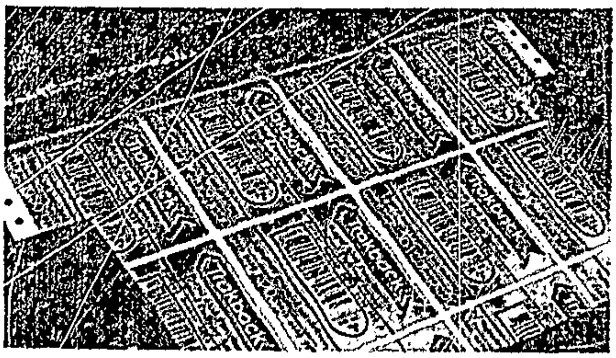


We are constantly seeking to develop new specialised products, and to add further value to current products. 1992 has seen several initiatives in this area. The most notable has been the launch of Parking Spaces, a department concentrating on the sale of advertisements on tickets which we already manufacture.

This is turning out to be a valuable advertising medium, where the audience is closely targeted and response levels high

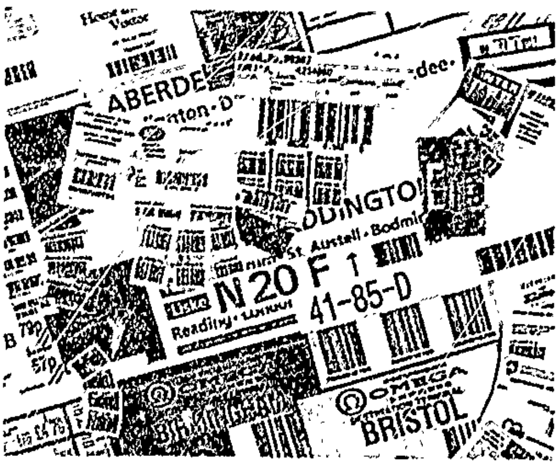
Earlier in the year we had the opportunity to purchase on good terms a 10,000 sq. ft. factory building immediately adjacent to our present operations. This gives us the possibility for further development of our business on this site in the years ahead

ESP [illegible] Print



ESP is a UK leader in the production of variable data bar codes. Our staff have a special blend of computer skills, printing knowledge and systems experience. Sales of these products are developed through the solution of business management problems, such as the need to track and identify parcels in transit or goods in a warehouse

1992 was a more difficult year, with pressure on prices and several projects under development by our customers being delayed. Earnings suffered as a consequence but the division none the less made a valuable contribution to the Group



Action has been taken to improve production efficiency, and to extend the marketing effort into new application areas. Several new contracts have already been obtained for 1993 and beyond, and our major established contracts renewed. We continue to invest in 'state-of-the-art' manufacturing equipment. We are putting special emphasis on joint systems development with our customers.

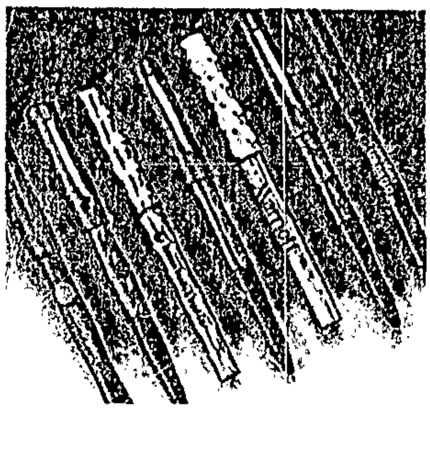
We are confident that 1993 will see a return to the impressive growth record of earlier years

We are pleased that during 1993 our Managing Director, Terry Dunn, is serving as Chairman of AIM UK, - the trade association covering this specialised industry, where we need to maintain a high profile

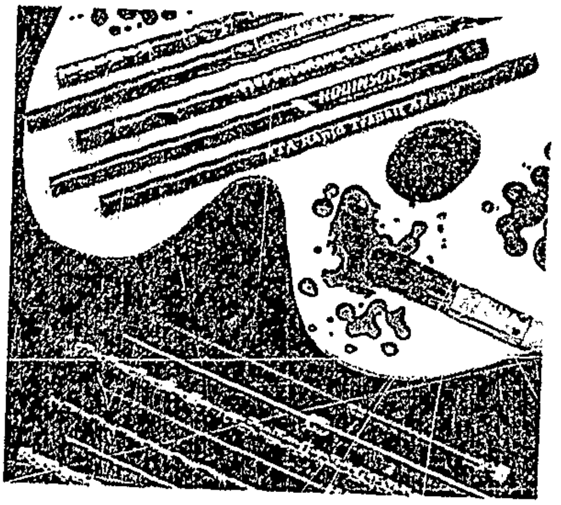
BEMROSE YATTENDON INC

During the financial year 1992 BYI was an Associated Company owned 50% by Bemrose Corporation plc and 50% by Yattendon Investment Trust PLC. Rodger Booth is President of BYI, which comprises the following companies:

Souvenir



Souvenir is one of the leading suppliers of writing instruments to the specialty advertising market in the USA. The company has grown substantially since acquisition by Bemrose, based on a very high level of service efficiency (we process some 400 custom printed orders per day). The products are mostly priced in the range 50c - $5 and cover a wide range of imaginative styles. These are either assembled from parts at our Cedar Rapids plant or bought in from around the world. Our major sources are Germany, Italy and the Far East. Our President, Tom Janik, has unrivalled experience of product selection in this area. In all cases printing in single or multi colours is carried out by ourselves



The market for writing instruments continued to be highly competitive in 1992, but despite this our excellent levels of sales and profitability have been broadly maintained. The company has been strengthened by the installation of a new generation computer system, increasing capacity five-fold. This includes shop floor reporting for all orders in progress. New computer equipment was also installed in our graphic origination area. Our best new product, the Fantasy multi-colour ball pen, sold over 2½ million pieces.

For the future we are broadening our sales coverage across the US outside our heartland, the Mid West. We have laid the groundwork for future development in the emerging markets of Mexico and Canada, where barriers to trade with the USA are being lowered.

Renaissance Publishing

We have achieved another successful year in the development of Renaissance. As you may remember, we experienced major difficulties in 1989 following the integration of our two main calendar businesses, Champion and Dot Line. Each year since then has seen a large stride in the rebuilding of profits to a level comparable today with the best in the industry. This objective has now been accomplished, and we have commenced to pro-actively develop the whole business.

During 1992, president Jeffry Meyer supervised the acquisition and integration of two further calendar lines, Colson and LTA.

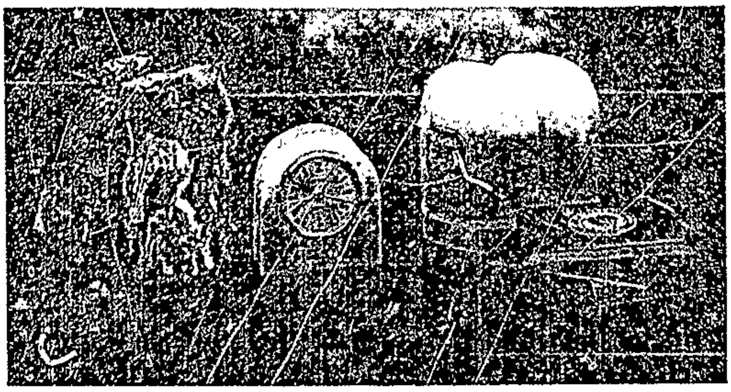
Colson specialise in high volume orders for major businesses. LTA focus on smaller run US State calendars and books using the same pictures and provide us with new outlets into the retail market place. Together Colson and LTA added some 15% of new sales over a full year. The extra work stretched our production resources at the year end peak, where the increase was nearer to 40%. We have learnt by this experience and we look forward to a further increase in volumes in 1993.

Renaissance includes two other divisions. Doty Litho carries out the main colour printing for our calendars, and supplies a number of commercial customers with high volume colour print. In 1992 we consolidated its operations into our main Auburn plant. Some disruption was inevitable, but lower costs will be seen from 1993 onwards. We installed a new 6 colour web press at a cost of some $3m, providing extra capacity, improved quality and reduced unit costs. A further investment was our state-of-the-art electronic publishing system keeping us in the forefront of technical capability in our production area. The Messenger division is the leading supplier of special stationery to US funeral homes. Another excellent performance was achieved by Vice President Bob Nobles and his staff.

1993 sees all the Renaissance businesses installed on our two sites in Auburn. We shall have a full year's production from the new web press, and a full contribution from our 1992 acquisitions.

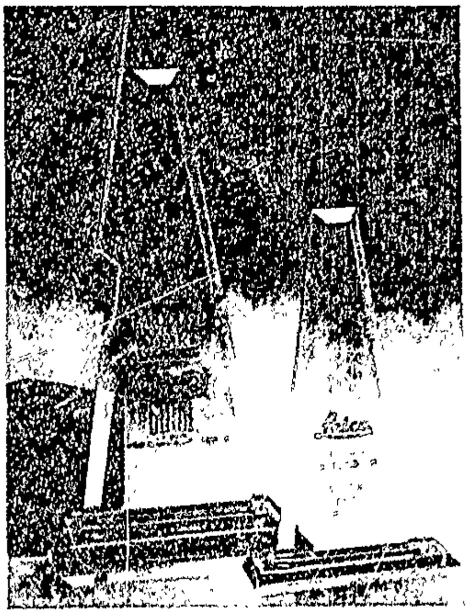
We have every reason to be optimistic for our future prospects here.

JANESVILLE



The Janesville Group is a leading US supplier of etched crystal items for promotional and award purposes. Additional product lines include screen printed glass and ceramics, and the O-J line of pens, pointers and other personal use items.

After a disappointing 1991, our new President Bart Toomey directed substantial re-organisation of both production and financial controls. Sales have been maintained and profits have recovered dramatically to give us our best ever performance. We have recruited a new Vice President of sales, Larry Rallo, with sound experience within the industry. From our firm foundation a new sales structure is being put in place through 1993 to extend our effective coverage throughout the USA. We have extended our main product range by the introduction of attractive jade crystal and marble items. These are already being well received. We anticipate significant sales growth through 1993 and beyond as a result of this strategy.



Towards the end of 1992 we took the opportunity to acquire the Lite R-Line business from London International Group plc. Their products include pen knives, nail clippers and personal grooming kits, imprinted to a client's specifications. Production has been moved from Florida to Janesville and integrated with our O-J line. These new products were launched at the Dallas Show in January 1993, and attracted great interest. We are further developing sales to universities through our Collegiate Products division, and our O-J items are being increasingly sold through office products catalogues.

The Janesville Group now has a broad base of products and customers, and ambitious management determined to move the company forward."

11 April 1993

The directors submit their report and the audited accounts for the 53 weeks ended 2 January 1993.

Results and dividends

The results of the group for the 53 weeks are set out in detail on page 12.

An interim dividend of 4.3p per ordinary share for 1992 was paid on 14 November 1992 and the directors recommend a final dividend of 7.45p per share. The proposed dividend, if approved, will be paid on 4 June 1993 in respect of shares registered in the books of the company at the close of business on 20 May 1993.

The total of 1992 distributions paid and recommended on the ordinary shares is £1,974,000 or 11.75p per share (1991: £1,949,000 or 11.75p per share).

Principal activities

The principal activities of the group consist of security and confidential printing, calendars and advertising products.

Review of the business

A review of the business is contained in the Chief Executive's Review on pages 4 to 8.

Charitable and political donations

The group contributed the following sums:

	1992	1991
Charitable purposes	£5,926	£5,270
Political purposes	£Nil	£Nil

Disabled persons

The group has an established policy of encouraging the employment of disabled persons wherever this is practicable. In compliance with current legislation the group seeks to employ at least the quota of disabled persons required and endeavours to ensure that disabled employees benefit from training and career development programmes in common with all other employees.

Employee involvement

As a key part of the group's philosophy, we continue to place great importance on involving our staff in our operations.

Regular meetings are held between management and employee representatives through which we seek to keep staff informed and involved in the progress and performance of the group.

A savings related share option scheme is operated for all United Kingdom employees with three or more years service within the group.

Proposals for and details of a new savings related share option scheme are set out on pages 33 to 35.

Fixed assets

The group's land and buildings were revalued at 29 December 1990 by Edward Rushton Son & Kenyon, International Surveyors and Valuers on an open market value for existing use basis assuming continued operation of the various trade processes carried out in those properties. These valuations were included in the accounts for the year ended 29 December 1990 and subsequent additions have been included at cost to the group. The directors are of the opinion that the present aggregate value of the group's land and buildings does not differ materially from the value shown in the accounts.

Details of the movements in fixed assets are shown in note 13 to the accounts.

Directors

The names of the directors in office at the end of the year and their interests in the share capital of the company are shown on page 10.

Sir Gordon Brunton and Kenneth Kemp resigned on 31 December 1991, John R. Bradbury resigned on 20 March 1992 and Robert P. R. Iliffe resigned on 13 April 1993. Richard E. Hanwell, Richard Harrison, Graham Bennington and Andrew Lindsey were appointed to the Board on 20 March 1992. All the other directors held office throughout the year.

Graham Bennington retires by rotation and being eligible, offers himself for re-election. Graham Bennington does not have a service agreement.

During the year the company maintained insurance to undemnify director against liability incurred in relation to the group.

Neither the directors nor any members of their families had any interest either during or at the end of the year in any contract with the company or its subsidiaries requiring disclosure under Parts II and III of Schedule 6 of the Companies Act 1985.

Post balance sheet events

Details of post balance sheet events are shown in note 24 to the accounts.

Substantial interest

At 30 March 1993, the company had been notified of the following holdings of the issued ordinary share capital:

	Number of 25p shares	%
Funds managed/advised by M & G Investment Management Limited	1,565,600	9.3
Funds managed by Moorgate Investment Management	1,370,000	8.2
TSB Group plc and Subsidiaries	1,133,500	6.7
S. R. G. Booth (Self and Trust)	840,000	5.0
Sun Life Corporation plc	799,550	4.8
Refuge Group plc	564,888	3.4
Imperial Investments Ltd.	540,000	3.2
Prudential Assurance Co. Ltd.	540,000	3.2

Tax status

In the opinion of the directors, the company is not a close company for taxation purposes.

Auditors

Touche Ross & Co. resigned as auditors during the year and Coopers & Lybrand were appointed to fill the ensuing vacancy. A resolution to reappoint the auditors, Coopers & Lybrand and authorising the directors to fix their remuneration will be put to the Annual General Meeting.

Capital gains

For the purpose of the taxation of capital gains, the market prices of the shares of the company were:

	6 April 1965	31 March 1982
7½% Cumulative Preference Shares of £1.00 each	100.00p	38.50p
Ordinary Shares of 25p each adjusted for subsequent subdivisions capitalisation and rights issue up to 2 January 1993	40.34p	66.50p

Directors' interests in the share capital of Bemrose Corporation plc

	2 January 1993				28 December 1991 (or on appointment if later)			
			Outstanding Options (Number of Ordinary Shares)				Outstanding Options (Number of Ordinary Shares)	
	Ordinary Shares	Preference Shares	Savings Related Scheme	1986 Executive Scheme	Ordinary Shares	Preference Shares	Savings Related Scheme	1986 Executive Scheme
David C. Wigglesworth	90,306	—	5,510	62,500	90,306	—	5,510	160,000
David C. Wigglesworth (as trustee)	29,445	1,000	—	—	51,145	1,000	—	—
Rodger Booth	840,00	—	—	150,000	997,500	—	—	130,000
Richard Harrison	7,500	—	5,510	75,000	7,500	—	5,510	—
Andrew C. Lindsey	1,000	—	—	75,000	—	—	—	30,000
Graham J. Bennington	—	—	5,510	95,000		—	5,510	70,000
Robert P. R. Iliffe (as Trustee)	1,903,551	—	—	—	1,903,551	—	—	—
Richard E. Hanwell	10,000	—	—	—	—	—	—	—

All shares listed above are held beneficially unless otherwise shown.

Of the shares listed against Rodger Booth, 90,000 are held in a trust, of which his infant children are beneficiaries, under the control of independent trustees.

The shares listed against Robert P. R. Iliffe are registered in the name of Yattendon Investment Trust PLC and were sold on 25 March 1993. Iliffe family trusts, of which Robert P. R. Iliffe is a trustee, control Yattendon Investment Trust PLC.

The Savings Related and the 1986 Executive Share Option Schemes were adopted by the company at Extraordinary General Meetings on 24 May 1983 and 21 May 1986 respectively. The number of ordinary shares shown above under each of those schemes are those over which options outstanding at the relevant date had been granted.

During the year, David C. Wigglesworth exercised options in respect of 97,500 ordinary shares which were subsequently sold.

During the year options in respect of ordinary shares were granted to Executive Directors as follows:— Rodger Booth – 20,000; Richard Harrison – 75,000; Andrew C. Lindsey – 45,000; Graham J. Bennington – 25,000.

Options are subject to adjustment following the recently announced rights issue.

By order of the Board
R. Harrison
Secretary
14 April 1993

Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards. The particular accounting policies adopted are detailed below.

The accounts of Bemrose Corporation plc and its subsidiaries are prepared in accordance with historical cost accounting principles. No adjustments are made for the effects of inflation, other than the revaluation of land and buildings referred to below.

Basis of consolidation

The consolidated accounts comprise the accounts of Bemrose Corporation plc and its subsidiaries. The results of subsidiaries acquired or disposed of during the year are included from or up to the date of acquisition or disposal.

The consolidated results include the relevant proportion of the results of the associated company and, in the consolidated balance sheet, the investment in the associated company is shown as the group's share of the underlying net assets/liabilities.

Purchased goodwill

Purchased goodwill is written off against the goodwill write off reserve in the year of acquisition.

Turnover

Turnover represents the net invoiced value of goods and services to customers outside the group.

Tangible fixed assets and depreciation

Land and buildings are stated at their valuation on 29 December 1990. No depreciation is provided on land. For all other tangible fixed assets, depreciation is calculated to write off their cost or valuation by equal annual instalments over the period of their estimated useful lives, which are reviewed and revised on a regular basis.

The principal useful lives currently fall within the following ranges:

Buildings	20 — 60 years
Plant, machinery, fixtures and fittings	5 — 25 years
Motor vehicles	3 — 6 years

The maximum useful lives attributed to tangible fixed assets in the year of acquisition are 20 years for plant, machinery, fixtures and fittings, and 5 years for motor vehicles. Useful lives of buildings are based upon the advice of professional valuers.

Profits and losses arising from depreciation over or under provided at the time of disposal are accounted for in arriving at operating profit and are separately disclosed when material.

Leases and hire purchase contracts

Fixed assets leased under finance leases or acquired under hire purchase contracts are capitalised and depreciated over their expected useful lives within the ranges specified above. Finance charges are allocated over the primary period of the lease or contract in proportion to the capital element outstanding.

Rentals payable under operating leases are charged to the profit and loss account as they accrue

Deferred taxation

Provision is made, at appropriate rates of tax, using the liability method, where a material liability may arise in the foreseeable future.

Where a provision is required, deductions are made for anticipated relief for losses and advance corporation tax.

Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value. Cost comprises materials, labour and the overheads attributable to the stage of production reached.

Foreign currencies

The financial statements of overseas enterprises are translated into sterling at the exchange rates ruling at the balance sheet date; profits and losses are translated at average rates for the trading period under review. The resulting surpluses and deficits, except to the extent that they are matched by surpluses and deficits arising on currency borrowings funding such enterprises, are taken directly to reserves. All other exchange profits and losses are dealt with through the profit and loss account.

For the purposes of the cash flow statement, the working capital movements in overseas subsidiaries are translated into sterling at the exchange rates ruling at the closing balance sheet date.

Pensions

The group operates defined benefit, funded pension schemes for the majority of its permanent United Kingdom employees. Actuarial valuations of these schemes are carried out by independent professionally qualified actuaries every three years. Contributions to each of the schemes, which are determined in accordance with the recommendations of the actuaries, are charged to the profit and loss account so as to spread the cost to the group of providing the expected benefits as nearly as possible in proportion to the expected pensionable remuneration of the participating employees over their anticipated service lives with the group. The accounting policy follows the funding policy except where the actuarial valuation gives rise to a surplus or deficiency. For funding purposes, such surpluses or deficiencies are dealt with as advised by the actuary. Under normal circumstances, for accounting purposes, they are spread over the anticipated remaining service lives of the participating employees.

The group's associated companies in the United States of America maintain defined contribution funded pension schemes for the majority of their employees. Contributions to these schemes are charged to the profit and loss account as made.

The figure for pension cost prepayments is shown in the group's balance sheet separately from the figure for debtors and after arriving at the amount for net current assets. This represents a departure from the requirements of Schedule 4 of the Companies Act 1985. In view of the nature of the pension cost prepayments and the length of time for which they are anticipated to remain in existence, the directors are of the opinion that such departure is necessary in order for the financial statements to give a true and fair view.

Benrose

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the 53 weeks ended 2 January 1993

	Note	1992 £'000	1991 £'000
Turnover	1	*49,719*	48,638
Change in stocks of finished goods and work in progress		*(432)*	(5)
		49,287	48,633
Operating expenses	2	*43,804*	43,382
Operating profit		*5,483*	5,251
Income from associated company		*1,754*	957
		7,237	6,208
Interest	6	*979*	1,149
Profit on ordinary activities before tax	7	*6,258*	5,059
Tax on profit on ordinary activities	8	*2,200*	1,774
Profit on ordinary activities after tax		*4,058*	3,285
Extraordinary charge	9		1,398
Profit for the financial year	10	*4,058*	1,887
Dividends	11	*1,985*	1,960
Transfer to/(from) reserves		*2,073*	(73)
Earnings per ordinary share of 25p	12		
Before tax		*37.48p*	30.63p
After tax as charged		*24.28p*	19.87p

Details of movements on reserves are shown on page 15.

BALANCE SHEETS

at 2 January 1993

	Note	Group 1992 £'000	Group 1991 £'000	Parent 1992 £'000	Parent 1991 £'000
Fixed assets					
Tangible assets	13	*17,696*	17,150	*7,939*	7,448
Investments	14	*4,044*	2,548	*19,363*	19,018
		21,740	19,698	*27,302*	26,466
Current assets					
Stocks	15	*4,691*	4,866		
Debtors	16	*13,739*	16,209	*1,333*	2,598
Cash at bank and in hand		*634*	21	*10*	8
		19,064	21,096	*1,343*	2,606
Creditors: amounts falling due within one year	17	*(14,241)*	(15,204)	*(3,366)*	(2,034)
Net current assets		*4,823*	5,892	*(2,023)*	572
Pension cost prepayments	4	*9,127*	8,549		
Total assets less current liabilities		*35,690*	34,139	*25,279*	27,038
Creditors: amounts falling due after more than one year	18	*(8,552)*	(9,192)	*(1,983)*	(1,871)
Provisions for liabilities and charges	19	*(3,532)*	(3,489)	*(34)*	(96)
		23,606	21,458	*23,262*	25,071
Capital and reserves					
Called up share capital	20	*4,407*	4,339	*4,407*	4,339
Share premium account		*4,667*	4,255	*4,667*	4,255
Revaluation reserve		*4,849*	4,900	*1,772*	1,799
Capital reserve				*4,427*	4,427
Profit and loss account		*29,046*	26,657	*7,989*	10,251
Goodwill write off reserve		*(19,363)*	(18,693)		
		23,606	21,458	*23,262*	25,071

The financial statements on pages 11 to 30 were approved by the Board of Directors on 14 April 1993 and were signed on its behalf by

D. C. Wigglesworth *Director*

S. R. G. Booth *Director*

CASH FLOW STATEMENT

for the 53 weeks ended 2 January 1993

	Note	1992 £'000	1992 £'000	1991 £'000	1991 £'000
Net cash inflow from operating activities	A		9,534		5,899
Returns on investments and servicing of finance					
Interest received		38			
Interest paid		(867)		(1,063)	
Dividends paid		(1,972)		(1,947)	
Interest element of finance lease payments		(150)		(86)	
Net cash outflow from returns on investments and servicing of finance			(2,951)		(3,096)
Taxation – Corporation tax paid			(652)		(1,055)
Investing activities					
Purchase of tangible fixed assets		(2,935)		(1,613)	
Sale of tangible fixed assets		90		169	
Purchase of businesses/subsidiaries					
– overdraft in respect of subsidiary acquired		(230)		(2,602)	
– costs of acquisition in respect of subsidiary acquired		(58)			
Net cash outflow from investing activities			(3,133)		(4,046)
Net cash inflow/(outflow) before financing			2,798		(2,298)
Financing					
New loans entered into				(6,000)	
Issue of share capital		(222)		(119)	
New finance leases entered into				(1,746)	
Capital element of finance lease rental payments		223		217	
Net cash outflow from financing			1		(7,648)
Increase in cash and cash equivalents	B		2,797		5,350
			2,798		(2,298)

Notes:

A *Reconciliation between operating profit and net cash inflow from operating activities*

	1992	1991
Operating profit	5,483	5,251
Depreciation charge	2,483	2,088
Profit on sale of tangible fixed assets	(16)	(82)
Pension	(578)	(371)
Decrease in stocks	222	508
Decrease/(increase) in debtors	2,712	(1,302)
(Decrease)/increase in creditors	(494)	729
Net cash inflow from continuing operating activities	9,812	6,821
Net cash outflow in respect of discontinued activities	(278)	(922)
	9,534	5,899

B *Analysis of the balances of cash and cash equivalents as shown in the balance sheet*

	1992 £'000	1991 £'000	Change in year £'000
Cash	634	21	613
Overdrafts	(579)	(2,763)	2,184
	55	(2,742)	2,797

Significant non-cash transaction

The company acquired Rowton Crystal Limited in exchange for 140,000 ordinary shares of 25 pence each. See note 23.

Benrose

STATEMENT OF MOVEMENTS ON RESERVES

for the 53 weeks ended 2 January 1993

	Note	Share premium account £'000	Revaluation reserve £'000	Capital reserve £'000	Profit and loss account £'000	Goodwill write off reserve £'000
Group:						
At 28 December 1991		4,255	4,900		26,657	(18,693)
Transfer to reserves					2,073	
Shares issued in year		412				
Goodwill written off	14 & 23					(670)
Currency adjustment					265	
Transfer of amount equivalent to additional depreciation on revalued assets			(51)		51	
At 2 January 1993		4,667	4,849		29,046	(19,363)
Parent:						
At 28 December 1991		4,255	1,799	4,427	10,251	
Transfer from reserves					(2,289)	
Shares issued in year		412				
Transfer of amount equivalent to additional depreciation on revalued assets			(27)		27	
At 2 January 1993		4,667	1,772	4,427	7,989	

The capital reserve arose from the cancellation of the balance standing to the credit of the share premium account in 1987. As a result of an undertaking given by the company at the time, the capital reserve has, for the time being, to be regarded as non-distributable.

The revaluation reserve represents the unrealised surpluses remaining following the revaluation of the group's land and buildings over their original cost. No provision is made for taxation in respect of revaluation surpluses on the grounds that the directors have no intention of disposing of any of the group's land and buildings.

The cumulative amount of goodwill written off in this, and earlier years in respect of subsidiary companies, associated companies and businesses presently held amounted to £19,363,000 (1991: £18,693,000). Goodwill written off is now shown separately on the face of the balance sheet as a goodwill write off reserve.

The accounts of which these notes form a part were approved by the directors on 14 April 1993

1 *Turnover*

	1992 £'000	1991 £'000
The analysis of turnover in terms of geographical distribution is as follows:		
Africa	6	5
America	42	18
Australia	33	12
Continental Europe	1,893	1,019
Far East	35	43
Middle East	29	7
United Kingdom	47,681	47,534
	49,719	48,638

In the opinion of the directors, the group's businesses do not differ from each other sufficiently as to require separate disclosure of their turnover and profits.

2 *Operating expenses*

	1992	1991
Raw materials and consumables	14,856	16,371
Rentals under operating leases:		
Hire of vehicles and equipment	896	791
Other operating leases	135	89
Auditors' remuneration for audit (parent: £8,500, 1991: £10,000)	55	74
Staff costs (note 3)	17,310	16,892
Depreciation of owned assets	2,289	1,867
Depreciation of assets held under finance leases	194	221
Rental income	(143)	(88)
Profit on disposal of tangible fixed assets	(16)	(82)
Other external charges	8,228	7,247
	43,804	43,382

Remuneration of the company's auditors, Coopers & Lybrand, for the provision of non-audit services to the company and its UK subsidiary undertakings during the period was £1,000.

3 *Employees*

The average number employed by the group during the year is analysed as follows:

	1992 No.	1991 No.
Production	732	873
Sales and distribution	85	102
Administration	164	175
	981	1,150

The costs incurred and amounts credited in respect of these employees (1991 – including costs charged and amounts credited in arriving at extraordinary charges) were:

	1992	1991
Wages and salaries	16,634	17,261
Social security costs	1,261	1,285
Pension credits (note 4)	(585)	(499)
	17,310	18,047

4 *Employee pension schemes*

	1992 £'000	1991 £'000
The net pension credits (note 3) are made up as follows:		
Regular cost	*1,489*	1,686
Part of actuarial surplus allocated to year	*(1,193)*	(1,223)
Refund taken under the Finance Act 1986		(210)
Interest effect of prepayments	*(881)*	(752)
	(585)	(499)

The funds of each of the group's schemes are administered by trustees and are independent of the group's finances.

The net pension scheme credits for the year have been assessed in accordance with the advice of the group's independent actuaries, Noble Lowndes & Partners Limited, on an ongoing basis using the projected unit method of valuation. The latest actuarial assessments of the group's schemes were made on either 1 January or 6 April 1990.

The assumptions which had the most significant effect on the results of the valuations were those concerning the annual rates of return on investments and the annual rates of increase in pensionable earnings. The assumptions used involved the former exceeding the latter for each scheme. The differences between the two assumed annual rates were in the range of 0.5% to 1.5%.

At the dates of the actuarial valuations, the market value of the assets of the schemes was £43,470,000 and the actuarial value of the assets was sufficient to cover, on average, 174% of the benefits which had accrued to the members after allowing for future increases in earnings.

Experience differences identified with extraordinary events and those identified in respect of acquired companies and businesses have been accounted for immediately. Other actuarial surpluses are being spread for accounting purposes over the average remaining service lives of the current participating employees of the schemes in proportion to the anticipated levels of pensionable earnings during that period. The interest effects of the timing differences arising from the recognition of pension cost prepayments have been calculated assuming an annual interest rate consistent with the assumptions described above.

Pension cost prepayments:

The prepayments included in the balance sheet amounting to £9,127,000 (1991: £8,549,000) represent those parts of the net actuarial surplus, which have been recognised immediately for the reasons set out above, reduced by contribution holidays taken and increased by interest effects. The circumstances of the group's schemes are such that the prepayments are unlikely to reduce during 1993. Under normal circumstances the group is able to convert recognised actuarial surpluses into cashflows only by means of annual contribution holidays. The effect of these on the prepayments is restricted to the amount by which regular cost exceeds that part of the previously unrecognised surplus allocated to the period.

5 Directors

	1992 £'000	1991 £'000
Emoluments of directors of the parent company included in staff costs were as follows:		
Fees		
Other emoluments	424	321
Compensation for loss of office	30	

The emoluments, excluding pension contributions, of the directors were as follows:

	1992 £	1991 £
Chairman	55,284	22,565
Highest paid director	131,855	118,182

	1992 No.	1991 No.
All directors		
£0,000 – £5,000	2	
£5,001 – £10,000	1	1
£10,001 – £15,000	1	1
£20,001 – £25,000		1
£50,001 – £55,000	1	
£55,001 – £60,000	3	
£70,001 – £75,000	1	1
£85,001 – £90,000		1
£115,001 – £120,000		1
£130,001 – £135,000	1	

Of the Chairman's emoluments, £25,000 represents the Chairman's salary, the balance being the residual portion of his contract period as Group Chief Executive.

All executive directors have performance related bonus plans which are included in their total emoluments.

6 Interest

	1992	1991
Interest receivable and similar income	(38)	
Bank loans and overdrafts		
Repayable within five years not by instalments	61	687
Repayable within five years by instalments	693	204
Repayable wholly or partly in more than five years	113	172
	829	1,063
Finance lease	150	86
	979	1,149

Some rentals under the finance lease are due after more than five years subsequent to the balance sheet date.

7 Profit on ordinary activities before tax

	1992	1991
Earned by Group companies in the United Kingdom	4,504	4,102
Income from associated company	1,754	957
	6,258	5,059

The only activities carried on outside the United Kingdom are those of the associated company, the turnover of which amounted to £39,106,000 (1991: £33,794,000).

8 Tax on profit on ordinary activities

	1992 £'000	1991 £'000
United Kingdom taxation:		
Corporation tax at 33% (1991: 33.25%)	1,669	1,224
Deferred taxation:		
(Credit)/Charge for period/year	(147)	429
	1,522	1,653
Adjustments in respect of previous year:		
Corporation tax	(170)	61
Deferred taxation	191	(156)
	1,543	1,558
On Group share of results of associated company	657	216
	2,200	1,774

The charge in respect of profits arising in the United Kingdom has been increased by Nil (1991: £301,000) as a result of timing differences on which deferred tax was not previously provided. The associated company tax charge has been reduced by Nil (1991: £90,000) as a result of previously unrelieved losses brought forward.

9 Extraordinary charge

Losses and costs arising from disposal and closure of businesses	3,555
Pension scheme surpluses attributable thereto	(1,477)
Taxation attributable thereto	(680)
	1,398

10 Profit for the financial year

The company has taken advantage of Section 230 of the Companies Act 1985 and consequently a profit and loss account for the company alone is not presented. Profits for the financial year of £105,000 (1991 Losses: £159,000) have been dealt with in the financial statements of the company.

11 Dividends

Ordinary dividends:		
Interim paid 4.3p (1991: 4.3p)	723	711
Final proposed 7.45p (1991: 7.45p)	1,251	1,238
	1,974	1,949
Preference dividends	11	11
	1,985	1,960

The preference dividends are for the year ending 31 March 1993.

12 Earnings per share

Earnings per share are based on a weighted average of 16,667,126 ordinary shares(1991: 16,478,966), profit on ordinary activities before tax, adjusted for preference dividends, of £6,247,000 (1991:£5,048,000) and profit on ordinary activities after tax, adjusted for preference dividends, of £4,047,000 (1991: £3,274,000).

13 Tangible assets

	Land and buildings Freehold £'000	Long leasehold £'000	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
Group:					
Cost or valuation:					
At 28 December 1991	6,497	1,070	23,560	1,567	32,694
Additions	615		2,237	195	3,047
Disposals			(4,166)	(6)	(4,172)
Acquisition of business			49	7	56
At 2 January 1993	*7,112*	*1,070*	*21,680*	*1,763*	*31,625*
At valuation	6,415	1,050			
At cost	697	20			
	7,112	*1,070*			
Depreciation:					
At 28 December 1991	101	18	14,382	1,043	15,544
Charge for period	106	18	2,248	111	2,483
Disposals			(4,092)	(6)	(4,098)
At 2 January 1993	*207*	*36*	*12,538*	*1,148*	*13,929*
Net book value at 2 January 1993	*6,905*	*1,034*	*9,142*	*615*	*17,696*
Parent:					
Cost or valuation:					
At 28 December 1991	6,497	1,070			7,567
Additions	615				615
At 2 January 1993	*7,112*	*1,070*			*8,182*
At valuation	6,415	1,050			
At cost	697	20			
	7,112	*1,070*			
Depreciation:					
At 28 December 1991	101	18			119
Charge for period	106	18			124
Disposals					
At 2 January 1993	*207*	*36*			*243*
Net book value at 2 January 1993	*6,905*	*1,034*			*7,939*

13 *Tangible assets (continued)*

Revaluation of land and buildings

The Group's land and buildings were revalued as at 29 December 1990 by Edward Rushton Son & Kenyon, International Surveyors and Valuers, on an open market value for existing use basis assuming continued operation of the various trade processes carried out therein.

Land and buildings

If stated under historical cost principles the comparable amounts for the total of land and buildings would be:

	Group		*Parent*	
	1992 £'000	1991 £'000	*1992 £'000*	1991 £'000
Cost:				
Freehold	*3,100*	2,485	*5,630*	5,015
Long leasehold	*500*	500	*820*	820
	3,600	2,985	*6,450*	5,835
Depreciation:				
Freehold	*353*	291	*243*	158
Long leasehold	*157*	147	*40*	27
	510	438	*283*	185

Assets held under finance leases

Included in tangible assets are the following capitalised values and related accumulated depreciation of plant and machinery held under finance leases:

	Group		*Parent*	
	1992 £'000	1991 £'000	*1992 £'000*	1991 £'000
Capitalised values	*3,166*	5,153		
Accumulated depreciation	*1,811*	3,600		
Net book value at end of period	*1,355*	1,553		

14 *Investments*

			£'000
Group:			
Group's share of net assets of associated company:			
At 28 December 1991			2,548
Currency adjustment			708
Goodwill written off			(309)
Profit after tax in period			1,097
At 2 January 1993			*4,044*

Parent:	Group companies Shares at cost £'000	Associated company Shares at cost £'000	Total £'000
At 28 December 1991	7,831	11,187	19,018
Shares acquired in year	345		345
At 2 January 1993	8,176	11,187	19,363

Subsidiary companies:

The principal operating subsidiaries at 2 January 1993, all of which are wholly owned, registered and operating in England are:

Bemrose UK Limited — Security and confidential printing, calendars and advertising products
Rowton Crystal Limited — Glass and advertising products engravers
Bemrose Finance Limited — Investment company

In order to achieve certain cashflow advantages the directors have determined that the accounting date of Bemrose Finance Limited should not co-incide with that of the company.

The latest financial period of Bemrose Finance Limited is the year to 15 December 1992. The Group's consolidated accounts reflect the results of Bemrose Finance Limited up to 2 January 1993 and the assets and liabilities of that company at that date.

Full information on all subsidiary companies will be annexed to the company's next annual return to the Registrar of Companies.

Associated company:

The company owns 50% of the common stock of Bemrose Yattendon, Inc., a company registered and operating in the United States of America. Bemrose Yattendon, Inc., is a joint venture with Yattendon Investment Trust PLC, which also owns 50% of the common stock of that company. Subsequent to the year end the outstanding 50% of the common stock of Bemrose Yattendon, Inc., was acquired.

Bemrose Yattendon, Inc. owns 100% of the common stock of the following companies, all of which are registered and operating in the United States of America:

Bemrose USA, Inc. — Holding company
Renaissance Publishing Company, Inc. — Advertising and religious calendars
Janesville Group Limited — Etched crystal and screened glass
Souvenir, Inc. — Writing Instruments

Summarised below is the consolidated balance sheet of Bemrose Yattendon, Inc., taken as a whole, as at 2 January 1993. This is based upon audited accounts made up to that date, adjusted as necessary to reflect the accounting policies described on page 11.

	1992 £'000	1991 £'000
Fixed assets		
Intangible assets	1,905	1,601
Tangible assets	10,781	8,604
	12,686	10,205
Current assets	14,838	12,638
Creditors: amounts falling due within one year	(14,276)	(13,253)
Total assets less current liabilities	13,248	9,590
Creditors: amounts falling due after more than one year	(5,161)	(4,494)
Net assets	8,087	5,096

Intangible assets, which comprise rights relating to artwork, are being amortised over periods of either twenty years or forty years as appropriate.

Creditors include the following bank borrowings:

	1992 £'000	1991 £'000
Repayable within one year	9,694	9,231
From one to two years	2,187	1,211
From two to five years	1,742	3,110
After more than five years	171	173
	13,794	13,725

15 *Stocks*

	1992 £'000	1991 £'000
Group:		
Raw materials and consumables	1,583	1,326
Work in progress	2,401	2,470
Finished goods and goods for resale	707	1,070
	4,691	4,866

16 *Debtors*

	Group		Parent	
	1992 £'000	1991 £'000	1992 £'000	1991 £'000
Trade debtors	13,091	15,050		
Current asset investment	71	71	71	71
Amount due from subsidiary company			946	2,527
Other debtors – due within one year	270	731		
– due after more than one year	50	100	316	
Prepayments	257	257		
	13,739	16,209	1,333	2,598

The current asset investment comprises a residential property held for resale.

17 *Creditors: amounts falling due within one year*

	Group		Parent	
	1992 £'000	1991 £'000	1992 £'000	1991 £'000
Bank loans	830			
Bank overdrafts	579	2,763		
Payments received on account	243	264		
Trade creditors	4,642	5,666		
Loan due to subsidiary company			330	
Amounts due to subsidiary company			784	
Corporation tax	597	116	140	50
Advance corporation tax	660	649	660	649
Other tax and social security	2,190	2,240		
Obligation under finance lease	252	223		
Other creditors	2,991	2,039	195	91
Dividends	1,257	1,244	1,257	1,244
	14,241	15,204	3,366	2,034

Bank loans comprise £500,000 bearing interest at 1¼% above the bank's base rate and $500,000 bearing interest at 1% over the Inter-bank offered rate in London. The loan due to the subsidiary company bears interest at 1⅛% over the Inter-bank offered rate in London.

18 *Creditors: amounts falling due after more than one year*

	Group 1992 £'000	Group 1991 £'000	Parent 1992 £'000	Parent 1991 £'000
Group:				
Bank loans	7,483	7,871		1,871
Loan due to subsidiary company			1,983	
Obligation under finance lease	1,069	1,321		
	8,552	9,192	1,983	1,871
Bank loans:				
From one to two years	2,163	269		269
From two to five years	4,658	6,801		801
Over five years:				
1997		267		267
1998	331	267		267
1999	331	267		267
Loan due to subsidiary company:				
From one to two years			330	
From two to five years			991	
Over five years:				
1998			331	
1999			331	
Bank loans:				
From one to two years	285	252		
From two to five years	784	971		
Over five years:				
1997		98		
	8,552	9,192	1,983	1,871

Bank loans comprise £5,500,000 bearing interest at 1¼% above the bank's base rate and $3,000,000 bearing interest at 1% over the Inter-bank offered rate in London. The loan due to the subsidiary company bears interest at 1¼% over the Inter-bank offered rate in London.

19 *Provisions for liabilities and charges*

	Group 1992 £'000	1991 £'000	*Parent* 1992 £'000	1991 £'000
Deferred taxation	*3,532*	3,211	*34*	96
Other		278		
	3,532	3,489	*34*	96

	Deferred taxation £'000	Other £'000
(a) Movements in the year:		
Group:		
At 28 December 1991	3,211	278
Losses and costs incurred in respect of the closure of businesses provided in previous year		(278)
Tax on profit on ordinary activities	44	
Transfer to goodwill	(46)	
Advance corporation tax	323	
At 2 January 1993	3,532	
Parent:		
At 28 December 1991	96	
Tax on profit on ordinary activities	(258)	
Advance corporation tax	196	
At 2 January 1993	34	

(b) Deferred taxation

The amounts provided for deferred taxation and the full potential liability are as set out below:

	Provision 1992 £'000	1991 £'000	*Full potential liability* 1992 £'000	1991 £'000
Group:				
Depreciation/capital allowances	*988*	964	*988*	975
Pension cost prepayments	*3,014*	2,821	*3,014*	[illegible]
Other timing differences	*(49)*	170	*(49)*	220
	3,953	3,955	*3,953*	4,016
Advance corporation tax not yet relieved	*(421)*	(744)	*(421)*	(744)
	3,532	3,211	*3,532*	3,272
Parent:				
Depreciation/capital allowances	*117*	96	*117*	107
Chargeable gains less losses			*529*	1,485
Other timing differences	*22*	301	*22*	301
	139	397	*668*	1,893
Advance corporation tax not yet relieved	*(105)*	(301)	*(105)*	(301)
	34	96	*563*	1,592

20 *Called up share capital*

	1992 £'000	1991 £'000
Authorised:		
300,000 7.5% cumulative preference shares of £1 each	300	300
19,200,000 ordinary shares of 25p each	4,800	4,800
	5,100	5,100
Allotted and fully paid:		
207,548 7.5% cumulative preference shares of £1 each	208	208
16,796,273 ordinary shares of 25p each	4,199	4,131
	4,407	4,339

During the year 131,750 ordinary shares of 25p each were issued for £221,700 under the 1986 Executive Share Option Scheme.

In accordance with the Income and Corporation Tax Act 1988, dividends on the 7.5% cumulative preference shares are payable at the rate of 5.25% net of the related tax credit.

At 2 January 1993, the following options had been granted and were outstanding under the company's share option schemes:

	Number of ordinary shares	Number of options	Subscription price	Date normally exercisable
1983 Executive Scheme	2,500	1	175p	May 1986—May 1993
1986 Executive Scheme	32,500	1	165p	June 1989—June 1996
1986 Executive Scheme	40,000	2	240p	April 1990—April 1997
1986 Executive Scheme	10,000	1	230p	October 1990—October 1997
1986 Executive Scheme	210,000	3	190p	May 1994—May 2001
1986 Executive Scheme	165,000	4	190p	April 1995—April 2002
1987 Executive Scheme USA (1st Issue)	20,000	1	230p	October 1990—October 1997
Savings Related Scheme (1989 Issue)	131,913	80	196p	January 1995—June 1995

The options are subject to adjustment following the recently announced rights issue.

A new savings related share option scheme will be proposed at the forthcoming Annual General Meeting, details of which are set out on pages 34 and 35.

21 *Financial commitments*

	1992 Land and buildings £'000	1992 Other £'000	1991 Land and buildings £'000	1991 Other £'000
At 2 January 1993, the Group was committed to making the following payments during the next year in respect of non-cancellable operating leases which expire;				
within one year		48		126
in two to five years	55	466	30	349
in more than five years	114		93	
	169	514	123	475

22 *Contingent liabilities*

Guarantees have been given by the parent company for Group bank borrowings which, at 2 January 1993 amounted to £8,093,000 (1991: £8,774,000).

Further guarantees have been given by the parent company for the bank borrowings of associated companies which, at 2 January 1993, amounted to £5,522,000 (1991: £4,618,000).

23 *Acquisition of business*

During the year the Group acquired the entire issued share capital of Rowton Crystal Limited. This has been accounted for by the acquisition method. Details of assets acquired and of consideration, are given below:

	Book Value £'000	Fair value adjustments £'000	Fair value to the Group £'000
Tangible fixed assets	91	(35)	56
Stocks	241	(94)	147
Debtors	260	(18)	242
Total assets	592	(147)	445
Creditors	189		189
Bank overdraft	230		230
Net assets	173	(147)	26
Provision against future purchase commitments		(100)	(100)
Tax effect of adustments		79	79
Net assets acquired			5
Costs of acquisition			(58)
Goodwill			361
Net proceeds			308
Shares issued			258
Deferred consideration			50
			308

The adjustments to fixed assets, stock and debtors represent an adjustment to value arising from a review of the individual assets.

Provision has been made against excess purchase commitments entered into prior to acquisition.

The taxation effect of the above adjustments has been offset against goodwill.

Rowton Crystal Limited recorded an operating loss of £40,000 in the period from 1 January 1992 up to the time of its acquisition on 28 August 1992 and an operating loss of £11,000 in the preceding financial year. As a result of the acquisition of Rowton Crystal Limited, turnover of the Group increased by £518,000 and operating profit by £85,000.

24 *Post balance sheet events*

As detailed in the circular to shareholders dated 25 March 1993 and approved by shareholders at an Extraordinary General Meeting on 13 April 1993, the following transactions were approved:–

(i) The acquisition of the 50% of common stock of Bemrose Yattendon Inc. (BYI) not already owned for a consideration of £11 million payable in cash and a deferred consideration of $2.5 million payable on the first anniversary of completion.

(ii) An increase in the authorised share capital of the company.

(iii) A 1 for 2 rights issue of ordinary shares at 265p pence per share to raise approximately £21.1 million net of expenses.

Further, Barnard and Jackson (Holdings) Ltd. (Barnard and Jackson) was acquired for a consideration of £4 million.

Set out below, for the purpose of illustration only, is a pro forma statement of the net assets of the enlarged Group after taking into account the acquisition of BYI and Barnard and Jackson, together with the net proceeds of the 1 for 2 rights issue. The statement is based on the audited consolidated balance sheet of Bemrose and BYI at 2 January 1993, and Barnard and Jackson at 31 December 1992. These have been adjusted in accordance with the notes set out on page 30.

	Group Consolidated £'000	BYI £'000	Barnard and Jackson £'000	Adjustments Notes	Adjustments £'000	Total £'000
Intangible fixed assets		1,905				1,905
Fixed assets	17,696	10,781	1,953			30,430
Investments	4,044			(i)	(4,044)	
	21,740	12,686	1,953		(4,044)	32,335
Current assets						
Stocks	4,691	5,800	550			11,041
Debtors	13,739	8,065	2,103			23,907
Cash	634	973	438	(ii)	21,105	7,650
				(iii)	(15,500)	
Total current assets	19,064	14,838	3,091		5,605	42,598
Creditors due within one year						
Bank loans and overdrafts	(1,409)	(9,215)	(87)			(10,711)
Finance leases and hire purchase liabilities	(252)		(230)			(482)
Other creditors	(12,580)	(4,582)	(1,573)			(18,735)
Deferred consideration		(479)				(479)
	(14,241)	(14,276)	(1,890)			(30,407)
Pension prepayment	9,127					9,127
Creditors falling due after more than one year						
Bank loans	(7,483)	(4,100)	(262)			(11,845)
Finance leases and hire purchase liabilities	(1,069)		(496)			(1,565)
Other creditors		(299)	(70)			(369)
Deferred consideration				(iv)	(1,685)	(1,685)
	(8,552)	(4,399)	(828)		(1,685)	(15,464)
Provisions for liabilities and charges	(3,532)	(762)				(4,294)
Net assets	23,606	8,087	2,326		(124)	33,895
Capital and reserves	23,606	8,087	2,326		(124)	33,895

24 *Post balance sheet events (continued)*

Notes

The BYI balance sheet has been converted to sterling at the rate of US$1.5125 = £1.00, the closing spot exchange rate on 2 January 1993. The adjustments reflect the transactions described on page 29:

(i) Elimination of investment in BYI from Bemrose's accounts.

(ii) The net proceeds of the Rights Issue (8,398,136 Ordinary shares issued at a price of 265p, net of estimated expenses of £1.15 million).

(iii) The initial consideration for the BYI Acquisition of £11 million and the cash consideration for the Barnard and Jackson Acquisition of £4 million and the £150,000 payment to Barnard and Jackson pension fund to be made by Barnard and Jackson. Prior to acquisition, the net assets of Barnard and Jackson have been reduced by £350,000 as a result of bonus payments and pension contributions.

(iv) Deferred consideration for the BYI Acquisition of $2.5 million, converted at the closing spot exchange rate on 23rd March 1993 of US$1.4835 = £1.00.

No adustment has been made to reflect any differences between the values attributed to the assets of BYI and Barnard and Jackson in those companies' accounts and the estimated fair value to Bemrose of those assets.

to the members of Bemrose Corporation plc

We have audited the financial statements on pages 11 to 30 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the company and of the group at 2 January 1993 and of the profit and cash flows of the group for the 53 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers + Lybrand.

Coopers & Lybrand
Chartered Accountants and Registered Auditors
Nottingham
14 April 1993

	1992 £'000	1991 £'000	1990 £'000	1989 £'000	1988 £'000
Assets employed:					
Land and buildings (see note)	7,939	7,448	7,465	5,558	5,638
Plant, machinery and equipment	9,757	9,702	11,015	8,414	8,902
Investment in associated company	4,044	2,548	1,814	(589)	170
Fixed assets	21,740	19,698	20,294	13,383	14,710
Net current assets (see note)	997	3,824	5,436	7,006	3,738
Pension cost prepayments	9,127	8,549	6,693	5,987	5,750
	31,864	32,071	32,423	26,376	24,198
Financed by:					
Ordinary share capital	4,199	4,131	4,113	4,113	4,111
Reserves	19,199	17,119	18,189	16,863	16,794
Ordinary shareholders' funds	23,398	21,250	22,302	20,976	20,905
Preference share capital	208	208	208	208	208
Net bank borrowings	8,258	10,613	9,913	5,192	3,085
	31,864	32,071	32,423	26,376	24,198
Debt/equity ratio	41%	57%	44%	25%	15%
Turnover:					
External sales: UK group — UK	47,681	47,534	48,142	46,394	36,121
— Export	2,038	1,104	2,483	1,639	1,580
Overseas subsidiaries					9,556
	49,719	48,638	50,625	48,033	47,257
Profit before taxation (see note)	6,258	5,059	4,910	3,841	5,336
Earnings per share (see note):					
Before taxation	37.48p	30.63p	29.78p	23.28p	37.28p
After taxation as charged	24.28p	19.87p	23.21p	13.69p	23.52p
Dividends per share	11.75p	11.75p	11.75p	11.30p	11.00p

Note

Land and buildings were revalued in 1990. Net current assets are shown before deducting bank borrowings but after deducting other creditors falling due after more than one year and provisions for liabilities and charges.

Notice is hereby given that the Annual General Meeting of Bemrose Corporation plc will be held at North Bar House, Beverley, North Humberside on 19 May 1993 at 3.00pm for the following purposes:

As ordinary business

1. To receive and adopt the Report of the Directors and the Company's Accounts for the 53 weeks ended 2 January 1993.
2. To declare a final dividend of 7.45p.
3. To re-elect Mr. G. J. Bennington who retires by rotation.
4. To re-appoint Coopers & Lybrand as auditors of the company and authorise the directors to fix their remuneration.

As special business, to consider and if thought fit to pass the following resolutions:

5. The Bemrose Savings Related Share Option Scheme (1993), the provisions of which are summarised on pages 34 and 35, and to be constituted by rules produced in draft to this meeting and for the purpose of identification initialled by the chairman hereof, be and is hereby approved and the directors be and are hereby authorised to do all acts and things which they may consider necessary or expedient for implementing and giving effect to the same.

As a special resolution:

6. That the directors be and are hereby empowered to allot equity securities within the meaning of section 89 of the Companies Act 1985 as if sub-section (1) of the said section 89 did not apply to such allotment provided that this power shall be limited;
   (a) to the allotment of equity securities in connection with a rights issue in favour of ordinary shareholders of the company where the equity securities attributable to the interests of all such ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them;
   (b) to the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal value of £314,930 and further provided that this power shall expire on the date of the next annual general meeting of the company.

By order of the Board
R. Harrison
Secretary
14 April 1993

Notes

A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and, on a poll, to vote instead of him. A proxy need not also be a member of the company. A prepaid form of proxy is enclosed which shareholders are invited to complete and return.

Under the Company's articles of association, only the holders of ordinary shares are entitled to attend or be represented at the meeting.

The following information will be available for inspection at the registered office of the Company during usual business hours on any weekday (Saturdays and public holidays excepted) from the date of this notice until 19 May 1993.

1 A statement of transactions during the past year of each director and of his family interests in the share capital of the Company.

2 Copies of directors' service contracts with the Company or any of its subsidiaries.

3 Copies of the rules of the 1983 Savings Related Share Option Scheme.

4 Copies of the rules of the 1986 Executive Share Option Scheme.

5 Copies of the rules of the proposed 1993 Savings Related Share Option Scheme (which are summarised on pages 34 and 35).

Bemrose Savings Related Share Option Scheme (1993)

("the 1993 Scheme")

Summary of the Rules:

1 *Constitution* – The 1993 Scheme will be introduced under the provisions of the Income and Corporation Taxes Act 1988. It will be governed by Rules and administered under the direction of the Directors.

2 *Eligible Employees* – All full-time employees (i.e. those having a normal working week of 16 hours or more, including executive directors) who are with the Company or any of its subsidiaries which the Directors have decided shall participate, and who have completed at least one year's continuous service, will be eligible to participate. Participation may also be offered at the Directors' discretion to other employees not meeting these requirements.

3 *Option Price* – The price at which a participant may acquire ordinary shares in the Company ("shares") on the exercise of an option shall be determined by the Directors but shall be not less than 80% of the middle market quotation of a share as derived from the London Stock Exchange Daily Official List on the dealing day immediately before eligible employees are invited to apply for options (or, if higher, the nominal value of a share).

4 *Grant of Options* – Where the Directors issue an invitation, they shall do so to all eligible employees during the six week periods following:–

(i) the date of approval of the 1993 Scheme by the Commissioners of Inland Revenue; and

(ii) subsequently, the announcement of the Company's final and interim results to the London Stock Exchange for any financial period

and at other times under exceptional circumstances.

An employee who applies to participate will normally be granted an option over the number of shares whose aggregate option price equals as nearly as possible the proceeds (including relevant bonus) of an approved SAYE contract entered into at that time.

Options will not be transferable or assignable.

5 *Limits*

(i) The maximum number of shares which may be issued under the Savings Related Scheme shall be 3,780,000 representing approximately 15% of the Company's issued ordinary share capital as it presently stands.

(ii) The number of unissued shares over which options may be granted under the 1993 Scheme on any date shall be limited so that the number of shares issued under any employee share scheme not involving the grant of options, when aggregated with the number of shares made issuable pursuant to options granted (excluding lapsed options) under the 1993 Scheme and any other employee share option scheme,

(a) shall not in any ten year period exceed 10% of the Company's issued ordinary share capital for the time being; and

(b) shall not in any five year period exceed 5% of the Company's issued ordinary share capital for the time being.

(iii) No options may be granted after the tenth anniversary of the shareholders' approval of the 1993 Scheme.

6 *Exercise of Options* – Options may be exercised only out of funds not exceeding the proceeds of the related SAYE contract, contributions under which must be between £10 and £250 per month over five years.

An option will normally only be exercisable following the completion of savings over five years under the SAYE contract. However, earlier exercise is permitted if the participant first reaches age 60, or if he leaves the employment of the Group through death, redundancy, retirement, injury, disability or the company or undertaking by which he is employed being transferred outside the Group; or in the event of a takeover, reconstruction or voluntary winding up of the Company. Whenever an option is exercised before completion of the SAYE contract the exercise of such option is limited to the total of refunded contributions together with any bonus or interest received under the SAYE contract at that time.

7 *Issue of Shares* – Shares allotted following the exercise of an option will rank *pari passu* with the then issued shares of the same class of the Company (except that they will not rank for any dividend or other right having a record date prior to the allottee's entry on the Company's register of members). The Company will apply to the Council of the London Stock Exchange for such shares to be admitted to the Official List.

8 *Takeover or reconstruction* – In the event of another company acquiring control of the Company through a takeover or reconstruction then (as an alternative to exercising his option as described in paragraph 6) a participant may, if the acquiring company so agrees, release his existing options in return for the grant of an option over shares in the acquiring company (or a parent thereof) having the same aggregate option prices and the same aggregate market value as the shares the subject of the options released, the new options being generally exercisable on the same terms as the old.

9 *Reorganisation of Capital* – In the event of a capitalisation or rights issue or the sub-division, consolidation or reduction of the Company's ordinary share capital, then the number of shares referred to in paragraph 5(i) hereof, the option prices of shares under option and the number, nominal value and class of such shares may be adjusted with the confirmation in writing of the Company's auditors (except in the case of a capitalisation issue) that such adjustment is fair and reasonable.

10 *Amendments* – The Rules of the 1993 Scheme may be amended by the Directors in any respect provided that:–

(i) no amendment which would be to the advantage of participants may be made to the following without prior consent of the Company in General Meeting:–

(a) the periods during which options may be offered, granted and exercised;

(b) the basis of calculation of the option price;

(c) the total number of new shares available for the 1993 Scheme;

(d) the persons eligible to participate;

(e) the maximum contribution of each participant under SAYE contracts linked to options;

(f) the rules governing reorganisation of capital, takeover, reconstruction or the winding up of the Company;

(g) the rules governing amendment of the 1993 Scheme;

(h) the rights attaching to shares issued or transferred on the exercise of options;

(j) the non-transferability and non-assignability of options.

(ii) no amendment shall operate to affect to his disadvantage any rights already acquired by an employee under the 1993 Scheme without his consent.

(iii) notwithstanding anything to the contrary contained in (i) and (ii) of this paragraph the Directors may amend the 1993 Scheme to secure or maintain its approval by the Inland Revenue or to allow the use of any replacement, alternative or modified contractual savings scheme permitted by the Inland Revenue or to comply with or take advantage of any changes to legislation.

(iv) no amendment shall have effect until it is approved by the Inland Revenue.