DIRECTORS AND ADVISERS

227691

Directors
*†J H A Wood (Chairman)
M A W Baggott (Chief Executive)
R A Green FCA, CPA (Financial Director)
*†C S Gladstone
L Manfrotto
*†D J Medcalf
*†H Poulson

*Non-executive
†Member of the the remuneration committee

Secretary
M G Tite ACA

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Telefax (0753) 890527

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Suffolk IP33 3TB

Registered in England No. 227691

Registrar
Barclays Registrars
Bourne House
34 Beckenham Road
Beckenham
Kent BR3 4TU
Telephone (081) 650 4866

Stockbrokers
James Capel & Co
Thames Exchange
10 Queens Street Place
London EC4R 1BL

Auditors
Clark Whitehill
Group and UK

KPMG Peat Marwick
Italy, France and Japan

Price Waterhouse
USA

Bankers
Midland Bank plc

Merchant bankers
J Henry Schroder Wagg & Co

Solicitors
Greene & Greene
Bury St Edmunds

Market makers in Company shares
Barclays de Zoete Wedd
James Capel & Co
NatWest Securities Ltd
Kleinwort Benson Group plc
Smith New Court Securities Ltd
S G Warburg & Company Ltd

The Vinten Group of international companies manufacture and supply camera mounting, lighting support and ancillary equipment and camera systems to the world's broadcasting, photographic, corporate, public sector and defence markets. Its businesses operate in niche areas, combining high market share with high quality products and efficient manufacturing and operations. A large proportion of Group sales are exports from either the UK or Italy, the largest single export market being the USA.

There are three main business areas

- **Broadcast**
  Design and manufacture of studio and outside broadcast camera mounting equipment and camera automation systems. Rental, sales and service of professional video equipment for broadcast and industrial markets. Design, installation and maintenance of videocommunication systems.

- **Photographic**
  Design, manufacture and distribution of camera mounting equipment, lighting supports, photographic studio equipment and retail display systems.

- **Surveillance**
  Design and manufacture of airborne reconnaissance camera and sensor systems, video recorders and electronic countermeasures.

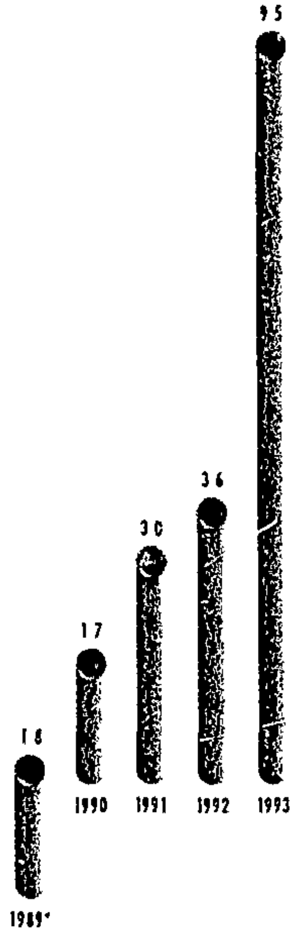
The Group's strategy is to grow its businesses through a combination of vigorous organic expansion and carefully planned acquisitions in areas related to its existing businesses, markets and skills.

FINANCIAL HIGHLIGHTS OF 1993

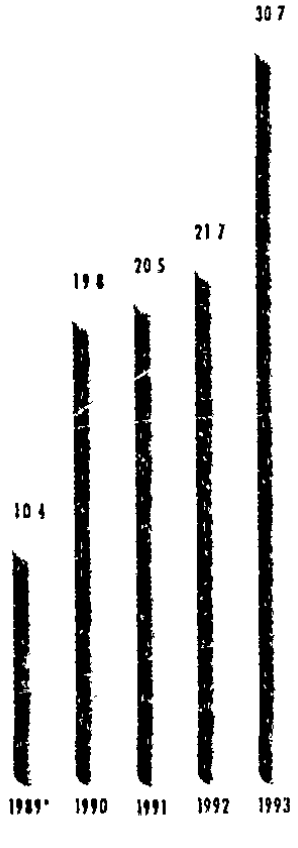
- Turnover increased by 20.9% to £93.4 million
- Trading profit up by 37.7% to a record £15.6 million
- Headline earnings per share up 41.5% to 30.7p
- Free cash flow up by £5.9 million to £9.5 million
- Interest cover improved to 16.3 times; gearing of 45%
- Total dividend of 7.8p, up 11.4%

PRE-TAX PROFITS BEFORE EXCEPTIONALS
(£m)

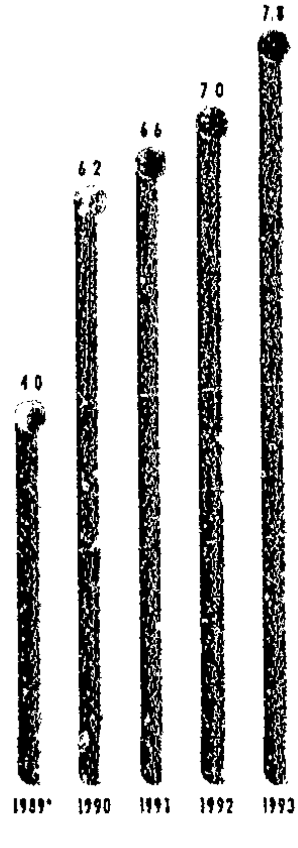
FREE CASH FLOW
(£m)



HEADLINE EARNINGS PER SHARE
(Pence)



DIVIDENDS PER SHARE
(Pence)



** Nine months ended December*

Free cash flow is net cash flow from operating activities less cash outflows for interest, dividends, tax and net capital expenditures

CHAIRMAN'S STATEMENT

Humphrey Wood
Chairman

RESULTS AND DIVIDENDS

This has been a year of outstanding performance for your Group, with the achievement of another record trading profit of £15 6 million, an increase of 37 7% over 1992 on turnover of £93 4 million (1992 £77 3 million) Exceptional items of £10 4 million reduce the profit before interest to £5 2 million These charges relate to disposals of the loss making electro-optics activities and termination costs of the Microswift product line following the acquisition of Total Spectrum Manufacturing Inc (TSM) After an interest charge of £1 0 million (1992 £1 1 million) pre tax profit was £4 2 million The tax charge is 16 1% of profit before exceptional items

Earnings per share, before exceptional items, have continued to improve with significant growth of 41 5% to 30 7p The directors are, therefore, once again recommending an increase in the dividend, with a final dividend of 5 7p per share, making a total of 7 8p, an increase of 11 4% over the previous year

The broadcast businesses have undergone significant change in the year with the acquisitions of Internet and TSM making direct year on year comparisons difficult However, as a result of the cost reductions and the benefits of scale which we have been able to achieve, helped by favourable sterling exchange rates, both sales and profits improved Bexel consolidated its good start in New York and showed considerable improvement over 1992

In the photographic businesses, Gruppo Manfrotto had another excellent year with volumes and prices holding up Its large export business was also helped by favourable lira exchange rates Gitzo has continued to benefit from the guidance of the Manfrotto management and performed well Our latest acquisition in this field, Bogen Photo Corporation, produced results well up to expectation with a particularly strong performance from Alu, the retail display business

W Vinten Limited had an outstanding year, buoyed by some good export business Prior to disposal, the electro-optic businesses made a combined loss

ACQUISITIONS AND DISPOSALS

Acquisitions and disposals made 1993 a busy year for your Group as we extricated ourselves from electro-optical sub-contracting and strengthened our position in the broadcast and photographic markets The photographic activities now represent over 50% of Group profits

In January Vinten acquired Internet Videocommunications, one of the UK's leading videoconferencing businesses, broadening the Group's range of broadcast camera management products and services

In April, we acquired Bogen Photo Corporation (Bogen), a New Jersey based distributor of photographic equipment and accessories and retail display systems. Bogen is the sole distributor in the United States of equipment manufactured by Gruppo Manfrotto and sold under the Bogen name This acquisition consolidates Vinten's position in the USA and will provide the opportunity to develop the Manfrotto brand in that market

In June, the Group acquired TSM, one of America's leading suppliers of camera automation systems located in New York State This acquisition has enabled the Group to eliminate costs and increase profitability through cessation of its UK remote control Microswift product range and merging of its US broadcasting sales operation with TSM

On 1 July, we announced the disposal of Exotic Materials Inc to the management and employees The business had been trading at a loss and, with no foreseeable upturn, the company was sold for a nominal sum plus a loan note of $2 million payable to the Group over five years The loss on the sale of the business includes a full provision for the loan note In October, the business of Vinten Electro-Optics Limited was sold to Coherent Technology Inc. for £992,000. These disposals have discontinued Vinten's interests in the electro-optical sub-contracting market and eliminated exposure to the depressed US defence market.

BORROWINGS

Strong cash flow enabled the Group to finance the acquisitions of Internet and Bogen for a total consideration of approximately £14 2 million out of its own resources This, combined with a share issue of £6 2 million for the acquisition of TSM, has resulted in net debt at the year end of £11 4 million, an increase of only £2 7 million over 1992 Interest cover is extremely sound at 16 3 times profit before interest, exceptional items and tax. Gearing at the year end was 44.9%

Your Group took advantage of the prevailing low level of interest rates to secure long term debt finance of $40 million by a private placement of guaranteed Senior Notes in the USA The Notes are repayable over 7 years commencing in 1997 and carry a fixed coupon of 6 72% $15 million of the borrowing has been 'swapped' into floating rate sterling under 10 year swap arrangements.

STAFF

Although we were very successful in 1993, it was far from an easy year. We continue to face difficult market conditions and the resilience of your Group is due in large part to the fine efforts and commitment of our staff throughout the world On your behalf may I again thank them all I am sure that their contributions in 1994 will be equal to the task

CADBURY COMMITTEE

As I said last year, your Board strongly supports the need for sound corporate governance The Group has employed for some years practices which are consistent with many of the recommendations of the Cadbury Committee. We have now completed our detailed review and a full statement on our current policies and procedures is laid out in the Directors' Report

EXECUTIVE SHARE OPTION SCHEME

The 1984 Executive Share Option Scheme expires in August of this year. Your Board believes that it will be in the Group's interest to introduce a new scheme, with generally similar rules but, in the light of the recommendations of the Association of British Insurers (ABI) and National Association of Pension Funds (NAPF), proposes to introduce a performance threshold which will require growth in earnings per share to have exceeded inflation before options can be exercised

A resolution to approve this Scheme will be put to shareholders at the forthcoming annual general meeting. More details of the Scheme are set out in my letter to shareholders which accompanies this report together with a recommendation that you should vote in favour of the resolution.

FUTURE PROSPECTS

This year has seen considerable progress for your Group with the elimination of unprofitable activities, major improvements in profitability of continuing operations and consolidation of our position in both the broadcast and photographic markets. Whilst we do not anticipate that W Vinten Limited will be able to repeat its remarkable 1993 performance, full benefits of the other actions taken this year will be seen in 1994. The United States economy is improving and we hope that we will see signs of improvement in Japan and continental Europe before too long. These aspects and the anticipation of continuing favourable exchange rates, lead us to look forward with enthusiasm.

With solid underlying businesses, strong cash flow and adequate financing facilities, your Board plans to continue the strategy of careful expansion both organically and by acquisition so that long term benefits for shareholders will be maximised.

Humphrey Wood

CHAIRMAN

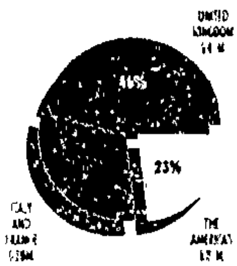
CHIEF EXECUTIVE'S REVIEW OF OPERATIONS

Malcolm Baggott
Chief Executive

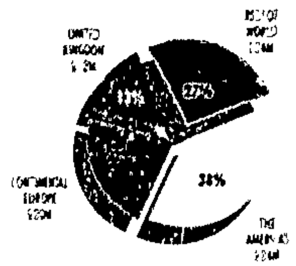
This has been a year of considerable progress for Vinten Group. Our core businesses have performed well, the new acquisitions have made a significant contribution in the second half year and we have disposed of the poorly performing electro-optics businesses. The Group now comprises three main business areas: broadcast, photographic and surveillance, operating in niche markets on a worldwide basis.

This balanced profile continues to serve the Group well.

TURNOVER BY ORIGIN



TURNOVER BY DESTINATION



Broadcast

BROADCAST
£4.5M

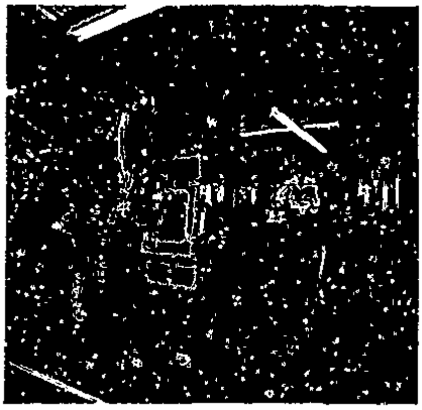
TRADING PROFIT

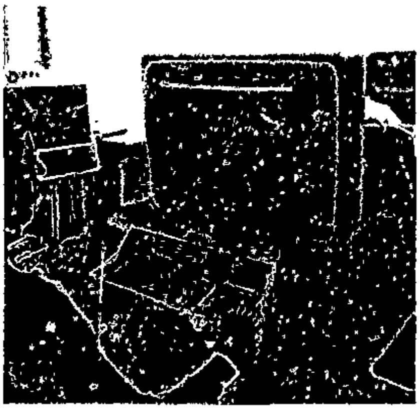
The results for the broadcast companies were affected by the acquisitions of Internet Videocommunications and TSM. Internet contributed turnover of £3.3 million and a small profit. Vinten Broadcast Inc was merged with TSM and the Microswift remote control business ceased operations in the UK, thus it is not possible to isolate the results for TSM. Nevertheless, with substantial cost reductions, continuing competitive exchange rates and a much improved contribution from Bexel, broadcast revenues and operating profits increased by 42% to £34 million and £4.5 million, respectively.

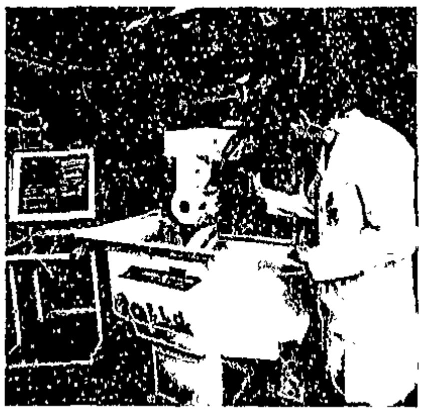
VINTEN BROADCAST

Vinten Broadcast has undergone substantial change in the year. Sales of the Classic range of mounting products were down on last year but the Vision range has performed well with the new Vision 22SD getting off to an encouraging start. Further new Vision and Classic products are planned for introduction in 1994. Geographically, trading conditions in Europe and Japan continued to be difficult but the rest of the world's markets performed well. With the change in sales mix away from labour intensive products it became necessary to reduce the headcount

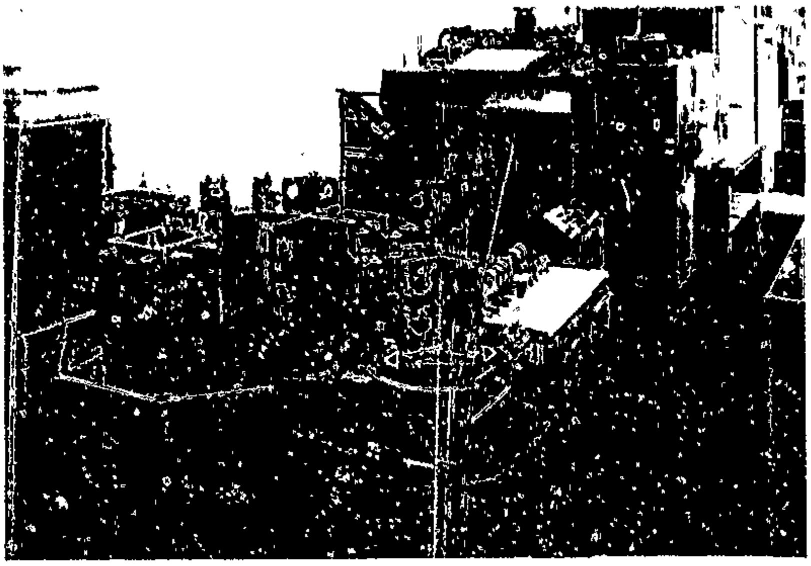
Automated manufacturing at Bury St Edmunds







at the factory in Bury St Edmunds, this was completed at mid-year Continuing investment in automated manufacturing systems also made a significant contribution to maintaining competitiveness Profitability was further improved by closure of Microswift development and manufacturing at Bury St Edmunds, camera automation systems are now centred on TSM Direct control over distribution was strengthened with the establishment of a sales office in France situated at the new facility for Gitzo and Manfrotto France



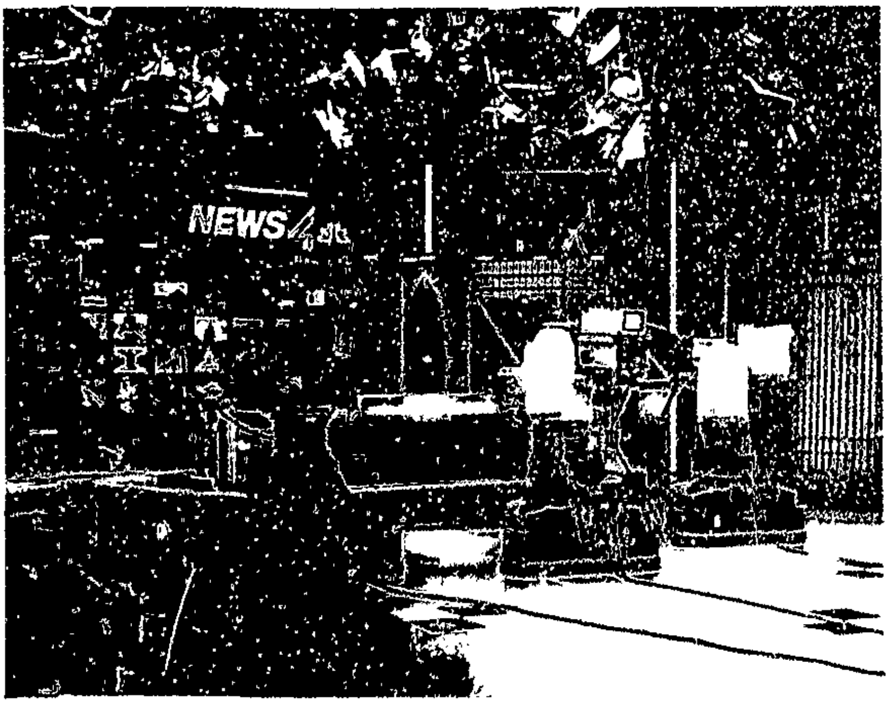
Horizontal machining centre

Vinten

TSM

The integration of Vinten Broadcast Inc and TSM was accomplished early in July resulting in significant cost savings In addition to developing and manufacturing camera automation systems under the Autocam name, TSM now markets the full range of Vinten Broadcast products in North and South America The market for camera automation products in the USA continues to hold up and the first Autocam products developed since TSM became a member of the Group were launched in March 1994

Autocam system in the USA



TSM

CHIEF EXECUTIVE'S REVIEW OF OPERATIONS

BEXEL

The broadcast rental market in the USA showed a resurgence in 1993, which resulted in a major improvement to profits and cash flow for Bexel. The New York operation is now well established and further expansion in the USA is planned for 1994.

Bexel Corporation

Bexel on location in Hollywood

INTERNET VIDEOCOMMUNICATIONS

Internet Videocommunications had a disappointing first year as new product delays from its main supplier combined with uncertain market conditions to slow sales. The videocommunication market is developing at a high rate, however, and no doubt 1994 will be another challenging year as we work to broaden Internet's product range and customer base.

Internet Videocommunications

Photographic

PHOTOGRAPHIC £8.5M

TRADING PROFIT

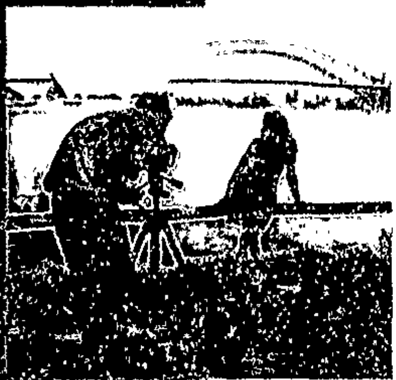
With the acquisition of Bogen in April, a full year's contribution from Gitzo and another good year from Manfrotto, sales in the photographic business increased by 53% to £36 million and trading profit by 40% to £8.5 million. These businesses now contribute over 50% of Group trading profit. Bogen's sales in the period were £14.9 million and trading profit £1.9 million.

GRUPPO MANFROTTO

Gruppo Manfrotto had another outstanding year as the world's leading supplier of camera mounting products for professional photographers. It supplies a wide range of both still and video camera heads and tripods in addition to an extensive line of lighting supports and studio equipment marketed under its own brand name and original equipment manufacturers (OEM) arrangements. Sold in over 50 countries, the key success factors are its well established brand name combined with aggressive selling, rigorous cost control and continuous product development. These factors are aided by a

Manfrotto tripods are used in all conditions throughout the world

Hong Kong



Sydney

Paris

competitive rate of exchange for the lira. A number of new products were introduced in 1993 and with further investment in product development it is planned to broaden the range in 1994. The first new lighting hoists for the television market developed by Industria Fototecnica Firenze (IFF) were installed in France. Manfrotto France, which distributes Manfrotto and other photographic products in France, has relocated in 1994 to the new Gitzo facility.

GITZO

Gitzo had an extremely successful first full year as the effect of the improvements made by the Manfrotto management team were felt This culminated in the move to a new factory on the outskirts of Paris This site will be considerably more efficient than the old one and will also accommodate the trading operations of Manfrotto France and a new French sales office for Vinten Broadcast Current developments will see both new and re designed products in 1994

New Gitzo designs for 1994

BOGEN

Bogen was successfully integrated into the Group and has performed fully up to expectations Photographic equipment sales were particularly strong in the second half year and overall were level with 1992 In 1994 Bogen will take over the distribution of Gitzo products which were previously handled by a third party distributor Bogen has added new lines to its catalogue in 1993 and will continue to look for additions in 1994 The Alu retail display business has shown good growth and with further growth planned for 1994, additional warehouse space was acquired in September With the acquisition of Bogen it has been possible to optimise stock planning with Gruppo Manfrotto and the resultant de-stocking which has occurred in Bogen has been completed early in 1994

Photographic Marketing Association Exhibition 1994 Atlanta

Surveillance

W VINTEN LIMITED

TRADING PROFIT

W Vinten Limited had an outstanding year due to unanticipated orders and a high level of export sales, in recognition of which it has received the Queen's Award for Export Achievement. The large reconnaissance contract won in 1990 was completed and new orders taken in the year for video recording systems and infra-red linescan sensors provide a solid order book going into 1994. The first electro-optically backed camera was successfully commissioned in the year. Whilst we expect 1994 to be another good year for this business it is not anticipated that the exceptional success of 1993 will be repeated.

Video recording systems are to be fitted to Viggen aircraft

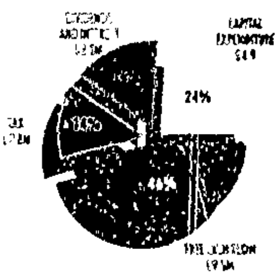
Financial Review

CAPITAL STRUCTURE, TREASURY POLICY AND CASH FLOW

The Group is in excellent financial condition with long term borrowings of £30.6 million and cash in hand of £19.2 million providing net debt of £11.4 million. Once again the Group had strong trading cash flow and, in the absence of further acquisitions, it is anticipated that net debt will reduce further in 1994.

Shareholders' funds have been depleted this year despite the substantial improvement in profits. The major reductions in reserves are due to the goodwill on acquisitions, Microswift termination costs, write-off of assets associated with the disposal of Exotic Materials Inc and losses on the translation of lira assets into sterling. It should be noted that substantial deferred tax assets have not been recognised and that full provision has been made for the loan note of $2 million owed by Exotic Materials Inc. Cumulative goodwill written off now totals £44 million.

TRADING CASH FLOW



It is the Group policy to hedge a large proportion of the projected cash receipts from sales made in foreign currencies in our larger export markets. This provides a reasonable degree of short term certainty over our major transactional exposures. It is also Group policy to hedge the net asset positions in its foreign subsidiary balance sheets in cases where this can be done at a reasonable economic cost and where there is approximate matching of the resultant cash flows.

TAX

The Group tax charge on profit before exceptional items remains low at 16.1% as we continue to enjoy the benefits of low effective tax rates in Italy and now also in the USA. With unutilised tax losses in the USA related to the disposal of Exotic Materials Inc and continuing favourable effective rates in Italy, we anticipate that the low tax charge will prevail in the medium term, subject to any change in the relevant tax legislation.

Malcolm Baggott

CHIEF EXECUTIVE

The directors submit their report and the audited accounts for the year ended 31 December 1993 An amplification of the Group's activities is given in the Chief Executive's Review of Operations

RESULTS AND DIVIDENDS

	£'000	£'000
The consolidated profit and loss account is shown on page 18		
Profit for the financial year after providing for tax amounted to		2,420
Recommended dividends		
Interim 2 1p per share paid on 4 January 1994	858	
Proposed final 5 7p per share payable on 1 July 1994	2,341	3,199
Loss transferred to reserves		779

PRINCIPAL ACTIVITIES

The Group's activities and the trading results for the year are analysed in note 3 to the accounts The Group is principally engaged in the design, manufacture, rental and sale of broadcast, video and photographic camera mountings, camera systems, videocommunication systems, lighting supports and associated equipment, airborne reconnaissance cameras and sensor systems, video recorders and electronic countermeasure systems. The Group has manufacturing plants in the UK, Italy, the USA and France with sales and service companies in France, Germany, Japan and the USA The Group exports extensively from its manufacturing bases in Europe to over 100 countries

SHARE CAPITAL

The Companies Act 1985 provides that the directors may not allot shares unless authorised to do so by the shareholders The period of the authority granted by the shareholders may not exceed five years and the aggregate nominal amount of the shares which can be allotted must be specified The current authority was granted at the annual general meeting in 1991 since which both the authorised and the issued share capital of the Company have increased In order to bring the authority into line with the present authorised and issued share capital, an ordinary resolution is included in the Notice of Meeting proposing that the directors be granted general authority, at any time within the next five years, to allot ordinary shares up to an aggregate nominal amount of £2,309,407. This would replace the authority granted in 1991

Your directors have no present intention of issuing or granting rights over the unissued share capital, except in relation to the Company's adopted employee share schemes, and no issue will be made which will effectively alter the control of the Company without prior approval of the shareholders in general meeting

A special resolution renewing the directors' authority to allot shares for cash, as if the pre-emption provisions of Section 89 of the Companies Act 1985 did not apply, is set out in the Notice of Meeting

The first part of the resolution deals with the allotment of shares for cash under a rights issue giving power to make adjustments to deal with overseas shareholders, fractions of shares and similar matters

The second part renews the power of the directors to allot shares for cash limited to 5% of the issued share capital at 31 December 1993

These powers will last until the Company's next annual general meeting

SHARE OPTION SCHEMES

A resolution proposing the adoption of the Vinton Group (1994) Executive Share Option Scheme is included in the *Notice of Meeting Your directors fully support the adoption of this resolution*

During the year the following options were granted to full time directors and staff

	Date of grant	*Number of shares*	*Subscription price*	*Dates normally exercisable*
SAYE Share Option Scheme	14 July 1993	34,495	296p	1998-2000
Executive Share Option Scheme	26 April 1993	30,000	351p	1996-2003
	4 October 1993	35,000	441p	1996-2003
	11 October 1993	15 000	436p	1996-2003

FIXED ASSETS

The changes in tangible fixed assets in the year are detailed in note 12 to the accounts

RESEARCH AND DEVELOPMENT

The Group is alert to the effects that evolving technology will have on its future products and markets Where appropriate, each operating company carries out research and development programmes to suit its own market and product needs Government and other customer-funded research and development is undertaken in some areas and during the year the value of this work amounted to £2.4 million, making the total amount of research and development £4 4 million

FUTURE DEVELOPMENTS

The Group's strategy is to grow its businesses through a combination of vigorous organic expansion and carefully planned acquisitions in areas related to its existing businesses, markets and skills

DIRECTORS

The directors throughout the year were Messrs M A W Baggott, C S Gladstone, R A Green, D J Medcalf, L Manfrotto, H Poulson and J H A Wood

Details of the directors' shareholdings are given on page 14.

At the annual general meeting Mr Wood retires by rotation and, being eligible, offers himself for re-election Mr Wood has no service agreement with the Company.

Mr Medcalf is a partner in Greene & Greene, the Group's solicitors The Group has paid Greene & Greene £199,424, for legal advice and services during the period 1 January to 31 December 1993

Sig Manfrotto has various interests in properties leased by the Group During the year the Company entered into an agreement for the rental of an apartment from a company in which Sig Manfrotto has an interest. The agreement provides for an annual rental of £4,737 and runs for an initial period of one year Thereafter a notice period of six months is required to terminate the lease. During the period 1 January to 31 December 1993 the Group paid £146,669 in rentals (including those mentioned above) related to the property interests of Sig Manfrotto.

DIRECTORS continued

Pursuant to Section 310 of the Companies Act 1985, for the year ended 31 December 1993 the Company has purchased and maintained policies of insurance for its directors and officers against the financial consequences of actions brought against them by outside parties for their acts or omissions in the performance of their duties as directors or officers of the Company

With the exception of the above, no director, in the financial year covered by the accounts, had a beneficial interest in any contract to which the Company or any of its subsidiaries was a party during the year.

NON-EXECUTIVE DIRECTORS

The following directors serve in a non-executive capacity

Mr Christopher S Gladstone BA – (British) aged 62; appointed to the Board on 9 July 1986.

Mr David J Medcalf LLB – (British) aged 49, appointed to the Board on 1 March 1990, currently a partner in Greene & Greene

Mr Howard Poulson – (British) aged 50, appointed to the Board on 16 July 1992, currently a director and chief executive of Farnell Electronics plc.

Mr J Humphrey A Wood MA – (British) aged 61; appointed to the Board on 5 April 1991 becoming Chairman on 3 September 1991, currently Chairman of Albrighton plc and a non-executive director of Birse Group plc

DIRECTORS' SHAREHOLDINGS

The beneficial interests of the directors and their families in the shares of the Company at 31 December 1993, with the comparative figures as at 1 January 1993, were as follows

	Ordinary Shares		*SAYE Share Option Scheme*		*Executive Share Option Scheme*	
	December	*January*	*December*	*January*	*December*	*January*
M A W Baggott	22,500	7,500	12,174	12,174	75,000	150,000
C S Gladstone	8,666	14,442	—	—	—	—
R A Green	2,500	2,500	10,080	10,080	75,000	75,000
L Manfrotto	—	—	—	—	—	—
D J Medcalf	—	—	—	—	—	—
H Poulson	—	—	—	—	—	—
J H A Wood	2,500	2,500	—	—	—	—

During the year Mr Baggott exercised 75,000 options granted to him under the terms of the 1984 Executive Share Option Scheme at a price of £1.49 per share. He subsequently sold 60,000 shares at a price of £4.50 per share.

At 31 December 1993 Mr Medcalf and Mr Gladstone had non-beneficial interests in 533,041 shares and 2,888 shares, respectively Since 1 January 1994 Mr Medcalf has notified the Company that he has a non-beneficial interest in a further 384,400 shares, bringing his total non-beneficial interest to 917,441 shares

Subject to the above there have been no further movements in directors' shareholdings or interests in shares of the Company for the period 1 January 1994 to 18 March 1994.

CORPORATE GOVERNANCE

The Group complies closely with the principal recommendations and the spirit of the Code of Best Practice established by the Cadbury Committee.

The roles of the Chairman and the Chief Executive are separate and the Board comprises a majority of non-executive directors. The Chairman and non-executive directors are appointed by the whole Board through a formal selection process, normally for a period of six years. The Board has agreed that reappointment is not automatic.

A Remuneration Committee consisting of the Chairman and the non-executive directors establishes the terms of service, total pay and benefits of the executive direc 's, who do not have service contracts exceeding three years

The whole Board of directors performs the tasks which might otherwise be delegated to an Audit Committee. The Company's auditors report to and meet the Board twice a year. They are also invited to meet the Chairman and non-executive directors separately should they so choose.

The Board of directors meets regularly and there is a formal schedule of matters and levels of authority which are delegated to the executive directors, all other matters and powers being reserved to the Board for decision.

Directors, having notified the Chairman, are able to take independent professional advice in furtherance of their duties at the Company's expense

HEALTH AND SAFETY AT WORK

The Company has continued to observe the requirements of the Health and Safety at Work Act 1976 and associated legislation with the utmost concern for the welfare of its employees.

EMPLOYMENT OF DISABLED PERSONS

It is the Company's policy to consider applications for employment from disabled people on the same basis as other potential employees. Ability and aptitude are the determining factors in the selection, training, career development and promotion of all employees. If an employee becomes disabled during his or her period of employment, the Company will, if necessary and to the extent possible, retrain the employee for duties suited to that employee's abilities following the disablement.

EMPLOYEE INVOLVEMENT

The Group operates worldwide, and its employment policies are varied to meet local conditions and requirements but are established on the basis of the best practices for any given country.

The importance of good communication and working relationships is recognised and the Group's policy is to keep employees informed on matters relating to their employment.

The Group is organised on a de-centralised basis. The senior operating executives of the Group, together with the Group Chief Executive and Financial Director, meet on a regular basis. In addition the managements of the subsidiaries employ a variety of consultation methods, including joint committees and briefing groups which operate on a regular basis.

CHARITABLE AND POLITICAL DONATIONS

During the year the Company made donations of £19,086 for charitable purposes

INCOME AND CORPORATION TAXES ACT 1988

The directors are of the opinion that the Company is not a close company within the meaning of the Act

AUDITORS

The Company's auditors, Clark Whitehill, have indicated their willingness to continue in office and will be proposed for re-appointment at the annual general meeting

M G Tite.

By Order of the Board
M G Tite
Secretary

18 March 1994

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and the Group at the end of the year, and of the profit or loss of the Group for that period In preparing those accounts, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts,
- prepare the accounts on the going concern basis unless it is inappropriate to assume that the Company will continue in business

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

AUDITORS' REPORT

To the shareholders of Vinten Group plc

We have audited the accounts on pages 18 to 34 which have been prepared under the accounting policies set out on page 21

Respective responsibilities of directors and auditors
As described above the Company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on the accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts 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 accounts.

Opinion
In our opinion, the accounts give a true and fair view of the state of affairs of the Company and the Group as at 31 December 1993 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Clark Whitehill Clark Whitehill
Chartered Accountants
and Registered Auditor

London
18 March 1994

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 December 1993

	Notes	1993 £'000	1992 £'000
Turnover	3		
Continuing operations		76,592	68 711
Acquisitions		18,147	
Inter-company sales to acquired company		(4,910)	
		89,829	68 711
Discontinued operations		3,582	8 561
		93,411	77 272
Cost of sales	3	51,530	47 436
Gross profit		41,881	29 836
Operating expenses	4	26,309	18 525
Trading profit	3 & 5		
Continuing operations		14,818	11 487
Acquisitions		1,958	
Inter-company stock profit adjustment		(865)	
		15,911	11 487
Discontinued operations (loss)		(339)	(176)
		15,572	11 311
Exceptional items	8	10,405	
Profit before interest and tax		5,167	11 311
Net interest payable	22	955	1 081
Profit on ordinary activities before tax		4,212	10 230
Tax	9	1,792	1 824
Profit for the financial year		2,420	8 406
Dividends	10	3,199	2 774
(Loss)/retained profit for the year transferred to reserves	21	(779)	5,632
Headline earnings per share	11	30.7p	21.7p
Less exceptional items		24.6p	
Earnings per share – FRS3 basis	11	6.1p	21.7p

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 31 December 1993

	Notes	1993 £'000	1992 £'000
Profit for the financial year		2,420	8 406
Exchange rate movements on foreign net investments		(2,443)	(168)
Total (loss)/gain recognised in the year		(23)	8 238

The notes on pages 21 to 34 form an integral part of these accounts.

BALANCE SHEETS

As at 31 December 1993

		Group		Company	
	Notes	1993 £'000	1992 £'000	1993 £'000	1992 £'000
Fixed assets					
Tangible assets	12	22,964	25,524	4,577	4,650
Investments	13	—		47,304	41,911
		22,964	25,524	51,881	46,561
Current assets					
Assets for disposal		250	250	—	—
Stocks	14	20,992	21,250	—	—
Debtors	15	21,656	19,785	4,400	7,190
Cash at bank and in hand	22	19,166	5,673	15,226	6,565
		62,064	46,958	19,626	13,755
Creditors – amounts falling due within one year	16	(22,082)	(25,087)	(7,245)	(8,415)
Net current assets		39,982	21,871	12,381	5,340
Total assets less current liabilities		62,946	47,395	64,262	51,901
Creditors – amounts falling due *after more than one year*	16	(32,218)	[illegible]	(14,016)	(6,679)
Provisions for liabilities and charges	17	(5,257)	[illegible]	(108)	(1,680)
Net assets		25,471	32,458	50,138	43,542
Capital and reserves					
Called up share capital	20	8,191	7,774	8,191	7,774
Share premium account	21	5,457	4,991	5,457	4,991
Revaluation reserve	21	1,463	1,499	770	780
Other reserves	21	—		32,412	26,549
Profit and loss account	21	10,360	18,194	3,308	3,448
Shareholders' funds		25,471	32,458	50,138	43,542

Approved by the Board on 18 March 1994 and signed on its behalf

J H A Wood } *Directors*
R A Green }

J H A Wood
R A Green

The notes on pages 21 to 34 form an integral part of these accounts.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 1993

	Notes	1993 £'000	1992 £'000
Net cash inflow from operating activities	5	20,500	13,903
Exceptional closure costs		(830)	
		19,670	13,903
Returns on investments and servicing of finance			
Interest received		790	858
Interest paid		(1,347)	(1,939)
Dividends paid		(2,727)	(2,500)
Net cash outflow from returns on investments and servicing of finance		(3,284)	(3,581)
Tax paid			
UK corporation tax		(1,707)	(641)
Foreign company taxes		(1,161)	(828)
Total tax paid		(2,868)	(1,469)
Investing activities			
Purchase of tangible fixed assets		(5,408)	[illegible]
Sale of tangible fixed assets		537	[illegible]
Purchase of subsidiaries (net of cash acquired)	18	(11,653)	[illegible]
Sale of businesses	19	371	
Net cash outflow from investing activities		(16,153)	[illegible]
Net cash (outflow)/inflow before financing		(2,635)	[illegible]
Financing			
Issue of ordinary shares	20	531	145
Net drawdown/(repayment) of loans	22	18,172	[illegible]
Net cash inflow/(outflow) from financing		18,703	[illegible]
Increase/(decrease) in cash and cash equivalents	22	16,068	[illegible]

1. BASIS OF PRESENTATION

The accounts have been prepared in accordance with all applicable accounting standards under the historical cost convention modified to include the revaluation of certain fixed assets In accordance with the exemption granted under Section 230 of the Companies Act 1985 the profit and loss account of the Company has not been separately presented

2. ACCOUNTING POLICIES

Basis of consolidation

The difference between the cost of investments in subsidiaries and the fair value of their net assets at the date of acquisition is set off against reserves The results of subsidiaries acquired during the year are consolidated from the date of acquisition

Fixed assets and depreciation

Depreciation is provided at rates estimated to write off the relevant assets by equal annual amounts over their expected useful lives

In general the rates used are

Freehold and leasehold buildings	2½% - 5% on cost or valuation
Plant	12½% - 25% on cost
Vehicles	25% - 33⅓% on cost
Office equipment	10% - 33⅓% on cost
Rental equipment	20% - on cost

Stock and work in progress

Stock and work in progress other than on long term contracts is valued at the lower of cost and net realisable value less progress payments Cost includes materials, direct labour and production and other overheads incurred in bringing stock and work in progress to their present location and condition

Long term contracts

These are assessed on a contract by contract basis and reflected in the profit and loss account by recording turnover and related costs as contract activity progresses Where appropriate, attributable profits and anticipated losses are recognised The amount by which recorded turnover exceeds payments on account is shown separately within debtors in the balance sheet. The balance of any payments on account is firstly offset against long term contract work in progress and any excess shown separately within creditors in the balance sheet

Research and development

Expenditure on the Group's own research and development projects is charged to the profit and loss account in the year in which it is incurred Only in the case of contracted development is any value carried forward in the balance sheet

Deferred taxation

Full provision is made for corporation tax deferred on timing differences other than those which are expected with reasonable probability to continue in the future

Foreign currencies

Transactions with overseas customers are converted at the rates in effect at the date of the transactions Profits and losses arising from the difference between spot rates and contracted rates on forward exchange rate contracts which cover sales and purchases are recorded in operating expenses Foreign trading profits and cash flows are translated at the average rates for the year Assets and liabilities are translated at rates ruling at the end of the financial year Differences on translation of investments in overseas companies are taken directly to reserves

Turnover

This represents the net sales and the proportion of work billed on long term contracts after deducting agents' commissions and trade discounts

Pension costs

The costs of providing pensions for employees under defined benefit pension schemes are charged in the profit and loss account over the working life of the employees in accordance with the recommendations of qualified actuaries Any funding surpluses or deficits that may arise are amortised over the average working life of the employees but surpluses may first be used to improve members benefits

3. ACTIVITY ANALYSIS

In order to provide meaningful year on year comparisons, post acquisition inter-company sales from Manfrotto to Bogen and the resulting inter-company profit held in stocks at 31 December 1993 have been eliminated and shown separately on the face of the profit and loss account.

	Turnover 1993 £'000	Turnover 1992 £'000	Trading Profit 1993 £'000	Trading Profit 1992 £'000	Net Assets 1993 £'000	Net Assets 1992 £'000
3.1 Class of business						
Broadcast	33,803	23,758	4,492	3,152	15,098	16,740
Photographic	35,950	23,464	8,528	6,077	19,578	15,066
Surveillance	20,073	21,489	2,891	2,258	7,348	10,840
	89,829	68,711	15,911	11,487	42,024	42,646
Discontinued	3,582	8,561	(339)	(176)	—	5,159
	93,411	77,272	15,572	11,311	42,024	47,805
Less Group net liabilities (including financing)					(16,553)	(15,354)
					25,471	32,451

	By destination 1993 £'000	By destination 1992 £'000	By origin 1993 £'000	By origin 1992 £'000
3.2 Geographical turnover				
United Kingdom	11,928	6,572	41,218	39,911
The Rest of Europe	20,196	18,441	27,702	23,464
The Americas	34,192	19,692	20,909	5,336
Asia and Australasia	16,422	20,241	—	—
Africa and Middle East	7,091	3,765	—	—
	89,829	68,711	89,829	68,711
Discontinued	3,582	8,561	3,582	8,561
	93,411	77,272	93,411	77,272

In order to reflect more properly ongoing segmental profitability, head office costs have not been allocated to discontinued operations and the comparative figures have been adjusted accordingly. In the opinion of the directors, the disclosure of the trading profit and net operating assets analysed by origin would be prejudicial to the interests of the Group and as such that information is not disclosed.

3.3 Cost of sales

Cost of sales includes £10,646,000 for activities acquired in the year and £2,773,000 (1992 – £5,123,000) for activities sold in the year.

4. OPERATING EXPENSES

	1993 £'000	1992 £'000
Marketing, selling and distribution costs	11,715	7,450
Administrative expenses	12,605	8,499
Research and development costs	1,989	2,576
	26,309	18,525

Operating expenses include £5,543,000 for activities acquired in the year and £1,148,000 (1992 – £3,614,000) for activities sold in the year.

5. TRADING PROFIT

	1993 £'000	1992 £'000
Trading profit is after charging		
Depreciation	5,045	4,701
Hire of plant and equipment	11	50
Rent of premises	1,057	810
Directors' emoluments (including pension contributions)	592	411
Auditors' remuneration		
Audit fees	280	253
Non-audit work	162	111
Relocation costs	—	344

Included in the auditors' remuneration are fees paid to Clark Whitehill, the parent company auditors, of £65,000 (1992 – £56,000) for performance of the parent company audit. The non-audit work disclosed above includes £69,000 (1992 – £41,000) paid to Clark Whitehill for tax advice and services and other non-audit work. In addition, in 1993, fees amounting to £373,000 (1992 – £162,000) *have been paid to other auditors or their affiliated firms for investigation, audit, tax and legal work on the companies purchased* and sold during the year. These have been accounted for in the costs of the acquisitions and disposals as appropriate.

	1993 £'000	1992 £'000
Reconciliation of trading profit to net cash flow from operating activities		
Trading profit	15,572	11,311
Depreciation	5,045	4,701
Profit on sale of fixed assets	(56)	(80)
Increase/(decrease) in provisions	202	(19)
Decrease/(increase) in stock	3,428	(55)
Increase in debtors	(710)	(1,427)
Decrease in creditors	(2,981)	(528)
Net cash inflow from operating activities	20,500	13,903

6. EMPLOYEES

	1993 £'000	1992 £'000
Staff costs during the year		
Wages and salaries	21,820	19,596
Social security costs	2,963	2,663
Other pension costs	1,265	1,185
	26,048	23,444

	1993 Number	1992 Number
The average weekly number of persons employed during the year was		
Broadcast	398	414
Photographic	329	247
Surveillance	241	230
Head Office	9	9
	977	900
Discontinued	52	104
	1,029	1,004

7. DIRECTORS' REMUNERATION

The remuneration of the executive directors is determined by the Remuneration Committee. There is a bonus scheme for executive directors which has two elements

(i) a formula based on the annual growth of the normalised earnings per share in excess of the retail price index; and
(ii) the attainment of agreed objectives.

The combined remuneration of the directors of the Group who discharged their duties wholly or mainly in the UK is set out below

	1993 *£'000*	*1992* *£'000*
Fees	82	88
Remuneration	222	191
Profit related bonuses	188	37
Pension fund contributions	92	34
	584	350

The remuneration excluding pension contributions of the Chairman and highest paid director who discharged their duties wholly or mainly in the UK are set out below

	1993 *£'000*	*1992* *£'000*
Mr J H A Wood, Chairman	47	45
Highest paid director		
Remuneration	122	112
Profit related bonuses	103	20
	225	132

The directors' remuneration excluding pension contributions fell into the following bands

	1993 *Number*	*1992* *Number*
£5,001 – £10,000	—	1
£10,001 – £15,000	3	2
£15,001 – £20,000	—	1
£40,001 – £45,000	—	1
£45,001 – £50,000	1	—
£95,001 – £100,000	—	1
£130,001 – £135,000	—	1
£180,001 – £185,000	1	—
£225,001 – £230,000	1	—

8. EXCEPTIONAL ITEMS

	1993 £'000	1992 £'000
Microswift termination costs within continuing operations		
assets written off	1,611	—
other costs	1,298	—
Loss on disposal of discontinued electro-optics businesses		
loss on net assets	4,859	—
purchased goodwill written off	2,637	—
	10,405	—

9. TAX

	1993 £'000	1992 £'000
Tax on the profit for the year		
UK corporation tax at 33% (1992 – 33%)	3,520	2,634
Overseas company tax	739	503
Deferred tax	(1,733)	(1,293)
Double tax relief	(112)	(110)
Prior year adjustments	(59)	90
Tax on ordinary activities before exceptional items	2,355	1,824
UK corporation tax at 33% on exceptional items	(563)	—
Tax on ordinary activities	1,792	1,824

Reconciliation of effective tax rate on profit before exceptional items
The tax charge has been increased/(reduced) by the following major items

	%	%
Statutory UK corporation tax rate	33.0	33.0
Profits in tax free areas of Italy	(13.3)	(16.5)
Allowable amortisation of goodwill	(10.4)	(14.9)
Utilisation of tax losses brought forward	(3.7)	(2.0)
Tax losses for year not utilised	—	7.6
Higher overseas tax rates	10.0	9.2
Other items	0.5	1.4
Effective tax rate	16.1	17.8

10. DIVIDENDS

	1993 £'000	1992 £'000
Interim proposed 2.1p per share (1992 – 1.9p)	858	741
Final proposed 5.7p per share (1992 – 5.1p)	2,341	1,983
	3,199	2,724

11. EARNINGS PER ORDINARY SHARE

Headline earnings per share has been presented in order to reflect more accurately the ongoing earnings performance of the Group. The calculation uses profit after interest and tax but before exceptional items and the related tax. In 1993 this profit was £12,262,000 (1992 – £8,406,000). The calculation of earnings per share under FRS3 is based on profit after tax of £2,420,000 (1992 – £8,406,000). Both measures of earnings per share are based on the weighted average number of shares in issue during the year of 39,944,325 (1992 – 38,811,563).

12. TANGIBLE FIXED ASSETS

Group	Total £'000	Land and Buildings £'000	Plant Machinery Vehicles £'000	Office Equipment £'000
Cost or valuation				
At 1 January 1993	47,300	14,880	25,992	6,428
Acquisition of businesses	1,701	242	589	870
Disposal of businesses	(6,396)	(1,047)	(4,876)	(473)
Additions	5,774	1,477	3,548	749
Currency translation adjustments	(1,721)	(950)	(653)	(118)
Transfers between categories	—	27	68	(95)
Disposals	(2,250)	(184)	(1,666)	(400)
At 31 December 1993	44,408	14,445	23,002	6,961
Depreciation				
At 1 January 1993	21,776	2,448	15,679	3,649
Acquisition of businesses	953	110	322	521
Disposal of businesses	(3,994)	(47)	(3,754)	(193)
Charge for year	5,045	529	3,681	835
Currency translation adjustments	(795)	(233)	(490)	(72)
Transfers between categories	—	—	32	(32)
Disposals	(1,541)	(126)	(1,165)	(250)
At 31 December 1993	21,444	2,681	14,305	4,458
Net book value				
At 31 December 1993	22,964	11,764	8,697	2,503
At 1 January 1993	25,524	12,432	10,313	2,779

The fixed assets of Vinten Group plc at a cost of £5,175,000 (1992 – £5,092,000) and the accumulated depreciation of £598,000 (1992 – £442,000) are included above. During the year additions at cost were £122,000, disposals totalled £39,000 and depreciation was £173,000.

	Group £'000	Company £'000
Net book value of land and buildings at cost or valuation comprise the following		
Carried at cost	7,022	456
Carried at valuation (31 March 1989)	4,742	3,956
	11,764	4,412
Freehold	11,627	4,412
Leasehold	137	—
	11,764	4,412

The Group's land and buildings shown above at a revalued net book value of £4,742,000 would have been stated under historical cost at £4,370,000 and a net book value of £3,694,000.

Commitments for tangible fixed asset expenditure, for which no provision has been made in the accounts, amount to £240,000 (1992 – £286,000) for the Group and £nil (1992 – £30,000) for the Company. Amounts authorised but not committed were £66,000 (1992 – £2,296,000) for the Group and £nil (1992 – £nil) for the Company.

13. INVESTMENTS

The Company's investments in subsidiaries at cost or written down value is

	Total £'000	Shares £'000	Loans £'000
At 1 January 1993	41,911	18,316	23,595
Additions	28,243	12,798	15,445
Disposals/repayments	(23,090)	(3,810)	(19,280)
Currency translation adjustment	240	—	240
At 31 December 1993	47,304	27,304	20,000

The Company's principal subsidiaries are

Broadcast	
Vinten Broadcast Ltd	UK*
Vinten Broadcast France Sarl	France
Vinten GmbH	Germany*
Vinten Japan KK	Japan*
Total Spectrum Manufacturing Inc	USA
Bexel Corporation	USA
Internet Technology Ltd	UK
Photographic	
Lino Manfrotto & Co. Spa	Italy*
Avenger Studio Equipment Srl	Italy
Feltre Stampi Srl	Italy
Feltre Tubi Srl	Italy
Industria Fototecnica Firenze Srl	Italy
Manfrotto France Sarl	France
Manfrotto Nord Srl	Italy
Manfrotto Trading Srl	Italy
Gitzo SA	France
Gitzo Industries Sarl	France
Bogen Photo Corporation	USA
Alu Systems Inc	USA
Surveillance	
W Vinten Ltd	UK*

*Indicates companies directly owned by the parent company.

The companies are all ultimately wholly-owned by Vinten Group plc, incorporated in Great Britain and registered in England unless otherwise shown. All companies operate in the country in which they are incorporated. The Company also holds investments in other subsidiaries which are either non-trading or not significant.

14. STOCKS

	Group 1993 £'000	1992 £'000
Raw materials and components	3,406	5,728
Work in progress	7,955	10,946
Finished goods	10,098	4,621
	21,459	21,295
Less payments on account	(467)	(45)
	20,992	21,250

15. DEBTORS

	Group		Company	
	1993	*1992*	*1993*	*1992*
	£'000	*£'000*	*£'000*	*£'000*
Amounts falling due within one year				
Trade debtors	16,218	11,922	—	—
Amounts recoverable on contracts	77	2,773	—	—
Amounts owed by subsidiaries	—	—	2,305	5,538
Other debtors	1,774	2,113	204	132
ACT recoverable	833	907	833	907
Prepayments and accrued income	1,148	483	1,058	613
	20,050	18,198	4,400	7,190
Amounts falling due after one year				
Prepayments and accrued income	206	175	—	—
Other debtors	1,400	1,412	—	—
	1,606	1,587	—	—
Total debtors	21,656	19,785	4,400	7,190

16. CREDITORS

	Group		Company	
	1993	*1992*	*1993*	*1992*
	£'000	*£'000*	*£'000*	*£'000*
Amounts falling due within one year				
Bank loans and overdrafts	60	5,052	—	3,149
Other loans	211	222	—	—
Payments received on account	772	1,257	—	—
Trade creditors	7,437	7,831	—	—
Amounts owed to subsidiaries	—	—	1,180	603
Proposed dividend	3,193	2,721	3,193	2,721
Corporation tax	3,333	2,838	2,124	1,125
Other tax and social security costs	1,497	1,515	15	18
Other creditors	1,882	875	34	31
Accruals and deferred income	3,697	2,776	699	768
	22,082	25,087	7,245	8,415
Amounts falling due after more than one year				
Bank loans	1,170	6,410	—	6,410
Other loans	29,170	2,659	—	—
Amounts owed to subsidiaries	—	—	13,914	—
Other creditors	1,558	35	—	—
Accruals and deferred income	320	433	102	269
	32,218	9,537	14,016	6,679

16. CREDITORS continued

	Group 1993 £'000	Group 1992 £'000	Company 1993 £'000	Company 1992 £'000
Bank and other loans are repayable				
Within one to two years	303	3,390	—	3 149
Within two to five years	8,449	3 866	13,914	3 261
After five years	21,588	1,813	—	—
	30,340	9 069	13,914	6 410

During 1993, a USA subsidiary of the Company issued, via a private placement, $40 million of 6.72% unsecured Senior Notes 2003 guaranteed by the Company. The Notes are repayable over 7 years commencing in 1997. Concurrent with the drawdowns under the Notes, the Company entered into 10 year US dollar/sterling interest rate swap agreements with banks whereby $15 million of fixed rate obligations were exchanged for obligations of £10.1 million at interest rates linked to LIBOR. The obligations under the swap agreements amortise in line with the underlying Notes. The proceeds from the issue were used principally to refinance short to medium term secured bank debt.

Certain loans in Italy amounting to £2,340,000 (1992–£2,873,000) are secured on the land and buildings of subsidiary companies in Italy and are at fixed interest rates of 5% to 7% per annum. During the year a French subsidiary acquired a property on which there are secured loans of £1,232,000 with interest rates of 7% to 11% per annum.

17. PROVISIONS FOR LIABILITIES AND CHARGES

	Group Total £'000	Group Deferred tax £'000	Group Other provisions £'000	Company Total £'000	Company Deferred tax £'000	Company Other provisions £'000
At 1 January 1992	5,407	3,199	2,208	1,680	1,680	—
Profit and loss account	1,802	(1,733)	3,535	(1,620)	(1,691)	71
Utilised in year	(2,911)	—	(2,911)	—	—	—
Acquisition of business	1,013	—	1,013	—	—	—
Currency translation adjustments	(54)	48	(102)	48	48	—
At 31 December 1993	5,257	1,514	3,743	108	37	71

Of provisions utilised in the year £229,000 relates to prior year acquisitions.

	Group 1993 £'000	Group 1992 £'000	Company 1993 £'000	Company 1992 £'000
Composition of deferred tax provision				
Accelerated tax depreciation allowances	616	368	560	178
Other timing differences	898	2,831	(523)	1,502
	1,514	3,199	37	1,680

At 31 December 1993 no deferred tax has been provided on the unremitted reserves of certain subsidiaries in overseas tax concession areas.

18. ACQUISITIONS

On 7 January 1993, the Group acquired Weselcourt Limited and its subsidiary company Internet Technology Limited for a cash consideration of £2.5 million. On 7 April 1993 the Group acquired Bogen Photo Corporation for a cash consideration of $17.1 million after adjustments. These acquisitions were financed using the Group's cash and debt facilities. On 16 June 1993, the Group acquired the whole of the issued share capital of Total Spectrum Manufacturing Inc comprising 200 common shares of no par value for a total consideration of $9.1 million, financed by the issue and vendor placing of 1,760,683 ordinary shares of Vinten Group plc at a price of 353p. All of these purchases have been accounted for using the acquisition method of accounting. The excess of the fair value of the Company's shares issued as the consideration for Total Spectrum Manufacturing Inc over their nominal value of £352,137 has been added to the merger reserve in accordance with the provisions of Section 131 of the Companies Act 1985. The operating assets acquired comprise the following

	Book value £'000	*Fair value adjustments £'000*	*As adjusted £'000*
Net assets acquired			
Intangible fixed assets	34	(34)	—
Tangible fixed assets	748	—	748
Stocks	7,883	(323)	7,560
Debtors	3,934	(158)	3,776
Cash	2,987	—	2,987
Creditors	(3,150)	(3,194)	(6,344)
Other provisions	—	(1,013)	(1,013)
	12,436	(4,722)	7,714
Purchased goodwill (see note 21)			
Bogen Photo Corporation			5,706
Internet Technology Limited			686
Total Spectrum Manufacturing Inc			6,749
			13,141
Total cost of acquisitions including expenses			20,855
Satisfied by			
Cash			14,640
Shares allotted			6,215
			20,855
Net outflow of cash in respect of the purchases			
Cash consideration and expenses			14,640
Cash acquired			(2,987)
Net outflow of cash from the Group			11,653

The companies acquired during the year contributed £1.9 million to the Group's net cash inflow from operating activities.

19. DISPOSAL OF BUSINESSES

On 11 August 1993 the Group completed the sale of its holding of the entire issued capital stock of Exotic Materials Inc (EMI) to EMI's management for a nominal sum of $10 plus a $2 million loan note. The loan note which is subordinated and unsecured is repayable over 5 years and carries interest at 9% per annum. Full provision has been made against the loan note.

On 29 October 1993 the Group sold the electro-optics business of Vinten Electro-Optics Limited for a cash consideration of £992,000.

	£'000
Net assets of businesses sold	
Tangible fixed assets	2,402
Stocks	2,454
Debtors	1,164
Cash	272
Creditors and provisions	(790)
	5,502
Loss on disposal	(4,859)
	643
Satisfied by	
Cash (net of expenses)	643
Net inflow of cash in respect of disposals	
Net cash consideration	643
Cash retained by purchasers	(272)
Net cash inflow to the Group	371

The businesses sold during the year contributed £0.3 million to the Group's cash inflow from operating activities.

20. SHARE CAPITAL

The authorised share capital consists of 52,500,000 ordinary shares of 20p each, of which 40,952,961 are allotted and fully paid. The movement during the year is

	Shares	*Issued Share Capital £'000*	*Consideration £'000*
At 1 January 1993	38,868,341	7,774	—
Acquisition	1,760,683	352	6,215
Exercise of share options	323,937	65	531
At 31 December 1993	40,952,961	8,191	6,746

20. SHARE CAPITAL continued

At 31 December 1993 the following options had been granted and were still outstanding under the Company's share option schemes

	Number of shares	Subscription prices	Dates normally exercisable		Number of shares	Subscription prices	Dates normally exercisable
SAYE Scheme	4,461	207p	up to 1994	Executive Scheme	1,000	153p	up to 1994
	12,288	150p	1993-95		2,500	138p	up to 1996
	13,284	167p	1994-96		44,000	197p	up to 1997
	41,122	144p	1995-96		37,500	173p	up to 1998
	34,028	184p	1996-98		19,800	167p	up to 2000
	86,141	186p	1997-99		37,750	149p	up to 2000
	34,495	296p	1998-2000		204,300	216p	1994-2001
					415,000	268p	1995-2002
	225,819				30,000	351p	1996-2003
					35,000	441p	1996-2003
					15,000	436p	1996-2003
					841,850		

21. SHARE PREMIUM ACCOUNT AND RESERVES

	Share Premium Account £'000	Revaluation Reserve £'000	Merger Reserve £'000	Other Reserves £'000	Profit and Loss Account £'000
Group					
At 1 January 1993	4,991	1,492	—	—	18,194
Loss for year	—	—	—	—	(779)
Transfers	—	(29)	—	—	29
Premium on new shares issued	466	—	5,863	—	—
Purchased goodwill on businesses acquired	—	—	(5,863)	—	(7,278)
Original purchased goodwill of business sold	—	—	—	—	2,637
Currency translation	—	—	—	—	(2,443)
At 31 December 1993	5,457	1,463	—	—	10,360

The total amount of goodwill set off directly against reserves amounts to £43,733,956 at historic cost.

	Share Premium Account £'000	Revaluation Reserve £'000	Merger Reserve £'000	Other Reserves £'000	Profit and Loss Account £'000
Company					
At 1 January 1993	4,991	780	3,855	22,694	3,448
Loss for year	—	—	—	—	(372)
Transfers	—	(10)	—	—	10
Currency translation	—	—	—	—	222
Premium on new shares issued	466	—	5,863	—	—
At 31 December 1993	5,457	770	9,718	22,694	3,308

Other reserves represent capitalisation of the share premium account.

21. SHARE PREMIUM ACCOUNT AND RESERVES continued

	1993 £'000	1992 £'000
Reconciliation of movements in shareholders' funds		
Profit for the financial year	2,420	8,406
Dividends	(3,199)	(2,724)
	(779)	5,682
Other recognised net gains and (losses) relating to the year	(2,443)	(168)
New share capital subscribed	6,746	261
Goodwill set off	(13,141)	(2,097)
Goodwill on business sold	2,637	—
Net (reduction)/addition to shareholders' funds	(6,980)	3,678
Opening shareholders' funds	32,451	28,773
Closing shareholders' funds	25,471	32,451

22. CASH AND FINANCING

Analysis of changes in cash and cash equivalents during the year

	1993 £'000	1992 £'000
Balance at 1 January 1993	3,770	6,603
Net cash inflow/(outflow)	16,068	(1,395)
Effect of foreign exchange rate changes	(672)	(1,438)
Balance at 31 December 1993	19,166	3,770

Analysis of the balances of cash and cash equivalents as shown in the Balance Sheet

Cash at bank and in hand	19,166	5,673
Bank overdraft	—	(1,903)
	19,166	3,770

Financing

Share capital (including premium)

Balance at 1 January 1993	12,765	12,610
Cash inflow from share issues	531	145
Shares issued for non-cash consideration	352	10
Balance at 31 December 1993	13,648	12,765

Loans and finance lease obligations

Balance at 1 January 1993	12,440	15,558
Cash inflow/(outflow) from financing	18,172	(2,713)
Effect of foreign exchange differences	(1)	(405)
Balance at 31 December 1993	30,611	12,440

22. CASH AND FINANCING continued

Interest	*1993* *£'000*	*1992* *£'000*
Bank loans and overdrafts	1,327	1 769
Other loans – repayable within 5 years	45	3
– repayable after 5 years	393	167
	1,765	1,939
Less receivable	810	858
Net interest payable	955	1,081

23. LEASING COMMITMENTS

At 31 December 1993 the Group had the following annual commitments under operating leases

	Land and Buildings *£'000*	*Other* *£'000*	*Total* *£'000*	*1992* *£'000*
Expiring within 1 year	252	55	307	73
Expiring 2-5 years	740	7	747	164
Expiring after 5 years	503	—	503	827
	1,495	62	1,557	1,064

24. CONTINGENT LIABILITIES

The Company has guaranteed the Senior Notes described in note 16 and subsidiary companies' bank borrowings and commitments which, at 31 December 1993, amounted to £5,704,000 (1992 – £8,464,000). In addition there are forward foreign exchange contracts and performance and advance payment guarantees which have been entered into in the normal course of trade.

25. PENSION COMMITMENTS

The Group operates defined benefit pension schemes in the UK which are set up under separate trusts. The adequacy of the schemes to meet the projected benefits is assessed by independent qualified actuaries, William M Mercer Limited, at regular intervals. The most recent actuarial valuations of the schemes were at 5 April 1992. The schemes had assets with a combined market value in excess of £15 million at that date representing 113.6% of the benefits that had accrued to members, allowing for expected future increases in salaries. The surpluses arising have been partly used to improve members' and pensioners' benefits; the balances have been spread over approximately 15 years by way of variation from regular cost. The most significant assumptions made by the actuary were; investment return – 9%; salary inflation – 7%; dividends – 5%; pension increase – 5%. The charge to the profit and loss account during the year amounted to £654,000 (1992 – £652,000). There is an accrual of £189,000 (1992 – £254,000) included in creditors in the balance sheet, for the excess of the accumulated pension cost charged to the profit and loss account over the amount funded.

The defined benefit pension scheme in the USA was terminated in 1993.

Analysis of shareholders

	31 December 1993			31 December 1992		
	Number of Holders	*Shares*	*% of Shares*	*Number of Holders*	*Shares*	*% of Shares*
Institutions and companies	409	31,685,494	77.4	288	29,158,652	75.0
Directors and their families	5	36,166	0.1	6	26,942	0.1
Individuals	868	9,231,301	22.5	886	9,682,747	24.9
	1,282	40,952,961	100.0	1,180	38,868,341	100.0

Analysis of shareholdings as at 31 December 1993

Shares held	*Number of holders*	*% of holders*	*Number of shares*	*% of shares*
Up to 1,000	642	50.1	232,926	0.6
1,001 to 5,000	376	29.3	869,435	2.1
5,001 to 10,000	58	4.5	413,155	1.0
10,001 to 50,000	98	7.6	2,631,679	6.4
50,001 to 100,000	25	2.0	1,900,949	4.6
100,001 and over	83	6.5	34,904,817	85.3
	1,282	100.0	40,952,961	100.0

So far as the directors are aware, the only parties, other than directors, interested in 3% or more of the share capital of the Company as at 18 March 1994 are:

		%
Schroders plc	4,479,407	10.9
The Provident Mutual Group	2,392,411	5.8
Mrs D Battocchio	2,312,892	5.6
Phillips & Drew Group of Companies	1,880,758	4.6
A Manfrotto	1,312,893	3.2
Prudential Corporation Group of Companies	1,305,919	3.2
Murray Johnstone Ltd	1,245,000	3.0

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B J Hughes

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the SIXTY-SEVENTH ANNUAL GENERAL MEETING of the Company will be held at The Brewery, Chiswell Street, London EC1Y 4SD on Thursday, 12 May 1994 at 12 noon for the transaction of the undermentioned business:

1 To receive and adopt the audited accounts for the year ended 31 December 1993, together with the reports of the directors and auditors thereon and to declare a dividend.

2. To re-elect Mr J H A Wood, the director retiring by rotation in accordance with the Company's articles of association.

3. To re-appoint Clark Whitehill as auditors of the Company and to authorise the Board of directors to determine their remuneration for the ensuing year.

4. To consider and, if thought fit, pass an ordinary resolution that the directors be and they are hereby generally and unconditionally authorised to exercise all the powers of the Company to allot relevant securities (within the meaning of Section 80 of the Companies Act 1985, as amended) up to the aggregate nominal amount of £2,309,407 during the period from the date of the passing of this resolution up to and including 11 May 1999, on which date such authority will expire, save that the Company may, before such expiry, make an offer or agreement which would, or might, require relevant securities to be allotted after such expiry; and the directors may allot relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired; and the foregoing authority conferred upon the directors hereby replaces the authority conferred upon the directors pursuant to Resolution 9 passed at the annual general meeting of the Company held on 9 May 1991.

5. To consider and, if thought fit, pass a special resolution that the directors be hereby empowered pursuant to Section 95 of the Companies Act 1985 to allot equity securities (within the meaning of Section 94 of the said Act) for cash as if Section 89(1) of the said Act did not apply to the allotment provided that such power shall be limited:

   (a) To the allotment of equity securities in connection with an offer of such securities by way of rights to the holders of Ordinary Shares in proportion (as nearly as may be) to such holders' then holdings of such shares, subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws of, or the requirements of any recognised regulatory body in any territory; or

   (b) Apart from any allotment pursuant to sub-paragraph (a) above, to the allotment of equity securities up to an aggregate nominal amount of £409,530 (being 5% of the issued share capital of the Company at 31 December 1993);

   and unless previously revoked or varied such power shall expire at the conclusion of the next annual general meeting, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreements as if the power conferred hereby had not expired.

6. To consider and, if thought fit, pass an ordinary resolution that:

   (a) The Vinton Group (1994) Executive Share Option Scheme, *details of which were circulated to the members* of the Company with the audited accounts of the Company for the year ended 31 December 1993 accompanying the notice convening this meeting, be and is hereby approved and that the directors be and they are hereby authorised to carry the same into effect with such amendments as may be necessary or desirable to obtain the approval of the Board of Inland Revenue pursuant to the Income and Corporation Taxes Act 1988 and to do all acts and things necessary to carry the same into effect.

   (b) The directors be and they are hereby authorised to vote or be counted in a quorum on any matter connected with the said scheme, notwithstanding that they may be interested in the same (except that no director may be counted in a quorum or vote in respect of his own participation) and the prohibition of interested directors voting contained in the articles of association of the Company be, and the same is, hereby relaxed to that extent.

By Order of the Board
M G Tite
Secretary

18 March 1994

Notes

(a) Any member of the Company entitled to attend and vote at the meeting may appoint another person (who need not be a member of the Company) as his proxy to attend and, on a poll, vote instead of him.

(b) This proxy, to be valid, must be deposited at Barclays Registrars, Bourne House 34 Beckenham Road, Beckenham, Kent BR3 4BR not less than 48 hours before the time for holding the meeting *In the case of joint holders, the signature of the holder first on the register only is required.*

(c) Directors' service contracts will be available for inspection at the registered office of the Company during normal business hours from the date of this notice until Wednesday, 11 May 1994 inclusive and at The Brewery, Chiswell Street, London EC1Y 4SD on Thursday, 12 May 1994 from 11 45 am, to the close of the annual general meeting

FIVE YEAR REVIEW

		Year ended 31 December			Nine months ended 31 December
	1993	*1992*	*1991*	*1990*	*1989*
Turnover	93,411	77,272	63,311	63,951	34,856
Trading profit	15,572	11,311	10,882	11,437	5,336
Interest	(955)	(1,081)	(1,704)	(2,790)	(935)
Profit before tax and exceptional items	14,617	10,230	9,178	8,647	4,401
Capital employed					
Fixed tangible assets	22,964	25,524	23,136	20,391	19,437
Other net assets	15,466	18,796	17,067	15,121	17,384
	38,430	44,320	40,203	35,512	36,821
Financed by					
Shareholders' funds	25,471	32,451	28,773	17,109	14,239
Net borrowings	11,445	8,670	8,955	16,640	20,291
Deferred tax	1,514	3,199	2,475	1,763	2,291
	38,430	44,320	40,203	35,512	36,821
Statistics					
Trading profit margin (%)	16.7	14.6	17.2	17.9	15.3
Headline earnings per share (p)*	30.7	21.7	20.5	19.8	10.4
Earnings per share (p) – FRS 3 basis	6.1	21.7	20.5	15.4	12.3
Dividends per share (p)	7.8	7.0	6.6	6.2	4.0

*Differences between the Headline and FRS3 earnings per share arise from exceptional items in the years in question.