MACFARLANE GROUP (CLANSMAN) P.L.C.

CONTENTS

DIRECTORS

Directors	Sir Norman Macfarlane, *Chairman and managing director*
	C. B. Cruickshank, *Deputy chairman*
	J. K. Burton, M.A.(Hons.)
	A. F. Hampton
	J. G. Lane, F.C.A.
	W. P. Mackie
	A. Reekie, C.A.
	J. A. Taylor
	N. V. L. Barclay, M.A., C.A.
	P. D. Stevenson, M.A.
Secretary	A. Reekie, C.A.
Registered office and transfer office	Clansman House, Sutcliffe Road, Glasgow G13 1AH Telephone: 041-959 4444
Auditors	Spicer Watson & Co.
Bankers	Royal Bank of Scotland PLC
Solicitors	Dallas, McMillan and Sinclair

MACFARLANE GROUP

NOTICE OF MEETING

Notice is hereby given that the Eighty-fourth annual general meeting of the members of Macfarlane Group (Clansman) P.L.C. will be held at The Merchants House, 7 West George Street, Glasgow G2 1BA on Tuesday 17th May 1983 at 12 noon for the following purposes:

1. To receive and adopt the directors' report and the accounts for the year ended 31st December 1982 (resolution 1).

2. To declare a final dividend (resolution 2).

3. To re-elect Mr W. P. Mackie as a director (resolution 3).

4. To re-elect Mr J. A. Taylor as a director (resolution 4).

5. To re-elect Mr A. Reekie as a director (resolution 5).

6. To re-appoint the auditors and to authorise the directors to determine their remuneration (resolution 6).

7. That the board be and it is hereby generally and unconditionally authorised to exercise all powers of the company to allot relevant securities (within the meaning of Section 14 of the Companies Act 1980) up to an aggregate nominal amount of £1,210,863·50 from the date of the passing of this resolution up to and including 16th May 1988 and that the company may at any time prior to the expiry of this authority make an offer or agreement which would or might require relevant securities to be allotted after the expiry of such authority.

8. Special Resolution
   that:
   (a) subject to the passing of resolution number seven the directors be and they are hereby empowered for the period from the passing of this resolution until the conclusion of the annual general meeting to be held in 1984 to allot equity securities (as defined by Section 17 of the Companies Act 1980) of the company up to a maximum nominal amount of £1,210,863·50 as if Section 17 of the Companies Act 1980 did not apply to such an allotment; and
   (b) the directors on behalf of the company shall be entitled to make at any time prior to the expiry of the power hereby conferred any offer or agreement which would or might require equity securities to be allotted after its expiry.

Clansman House
Sutcliffe Road
Glasgow G13 1AH
22nd April 1983

By order of the board
Secretary

A member entitled to be present and vote at the above meeting may appoint one or more proxies to attend and on a poll to vote instead of him. A proxy need not also be a member of the company. Members wishing to vote by proxy at the meeting may use the form of proxy enclosed with these accounts.

The register of directors' share interests will be available for inspection by members at the registered office of the company during usual hours of business on every week day [illegible]ys excepted), and at the Merchants House, 7 West George Street, Glasgow G2 [illegible]A, o[illegible] 1983 from 11.30 a.m. until the conclusion of the annual general meeting.

There are no contracts of service between directors and the company or any of its subsidiaries.

CHAIRMAN'S STATEMENT

Financial Results

I am pleased to report that in 1982 the company once again achieved record sales and profits. Group profits before tax for the year were £2,150,941 against £1,760,247 in 1981, an increase of 22%, and group sales amounted to £31,811,536 compared with £26,937,718 in the previous year, an increase of 18%.

Earnings per share, adjusted for the bonus issue last year, were 9·62p compared with 7·77p in 1981.

Dividend

The directors recommend the payment of a final dividend of 2p per share, which in addition to the interim dividend of 1·9p per share makes a total for the year of 3·9p per share.

As the final dividend is the first to be paid on the increased share capital following the one-for-four bonus issue in October 1982, the total dividend for the year is effectively 10% greater than in 1981.

The directors are pleased to report that an increased dividend has been paid every year since the company achieved its public flotation in 1973.

Review of the year

1982 was once again a year in which the group had to operate in extremely difficult economic circumstances.

This makes it particularly gratifying to report that not only has the group produced record sales and profits, but it has also made excellent progress in achieving its corporate objectives and gathering strength and momentum for future growth.

Our companies which supply the whisky industry, Daniel Montgomery of Kirkintiiloch, A.C.W. of Aberdeen, and N. S. Macfarlane & Co. of Glasgow, traded successfully in spite of the difficult trading conditions experienced in this sector. The improvement in Montgomery's figures reflected the strength, experience and technical expertise of the company's management and N. S. Macfarlane & Co.'s continued investment in the latest high technology equipment has now borne fruit. Smith Brothers of Kilmarnock had a year of rationalisation and consolidation but 1983 should be an attractive year for this company.

The whisky industry has for many years been an important source of group business and our experienced management team has been capable of reacting swiftly to fluctuating conditions in the industry. I am very confident that as the whisky trade resolves its present problems, which it undoubtedly will, our close association with it will prove to be of continued importance and benefit to the group.

Abbott's Packaging through its depots at New Southgate, Brackley and Haverhill, again traded satisfactorily in 1982 and should make continued progress this year. Flo-Pak (U.K.) Ltd. our polystyrene cushioning material manufacturing company based at Brackley performed well in 1982 and shows encouraging potential for the future.

Controlled Packaging Services of Westbury in Wiltshire was acquired for £275,000 cash in May 1982. This company's business is complementary to our existing packaging interests and its geographical location will prove attractive to the group. It made a modest contribution to group profits in 1982 but should produce a six figure contribution in 1983.

A. & W. Fullarton of Govan which provides specialist warehousing, storage, haulage, and other related services once again used its unique entrepreneurial skills to great advantage in 1982 as evidenced by their excellent results. Much of Fullarton's business is in the electronics sector in which there is considerable potential for the future.

C. Williams of Liverpool again traded successfully in 1982 and N. S. Macfarlane (Furniture) of Glasgow, John M. Napier of Edinburgh, and Macfarlane Business Forms of Paisley all achieved satisfactory results which should be improved upon this year.

Farquharson Brothers of Anniesland and Cyro Copigraph of Hillington, each of which is in the copying products and office supplies sector found trading conditions very difficult last year. Cyro Copigraph achieved a creditable result in reducing the previous year's loss of £73,000 to an almost break level situation in 1982 and should trade profitably in 1983, but Farquharsons lost £35,000 last year. The management of Farquharson Brothers will make every effort to ensure that their company returns to profitable trading as quickly as possible.

We have pursued our policy of continued investment in spite of the recessionary conditions based on the strategy that the group must be in an efficient, alert condition to take advantage of any improvement in trading conditions. Last year Mr Denis Thatcher accompanied by the Minister of State for Industry in Scotland, Mr Alex Fletcher, very appropriately opened Abbott's Packaging's new warehouse premises at New Southgate, London. We have recently purchased premises in Edinburgh which will be opened later this year as a high class contract furniture showroom, and before the end of 1983 we shall complete the refurbishing of Controlled Packaging's premises at Westbury, Wiltshire. Our manufacturing companies have continued to install the most up-to-date equipment available and it is the board's intention to continue the policy of investing for the future.

I have drawn to your attention on previous occasions the deliberate policy we have pursued in relation to the size and location of our trading units. We now have over twenty relatively small manufacturing and warehousing units throughout the country, each employing less than 150 people on one site. The acquisition of Controlled Packaging last year is a further indication of the board's commitment to this policy which has not only been successful in the past, but will be even more relevant to future business conditions and relationships.

Balance Sheet and Resources

I am pleased to report that the continued policy of applying stringent financial controls and disciplines to our business, at which our experienced management team excels, resulted once again in an attractive year-end cash situation. Total borrowings at the end of 1982 amounted to £640,550 and as this figure took account of the acquisition of Controlled Packaging Services, and the continued policy of investment, the Directors consider the financial position to be satisfactory.

We have once again prepared current cost accounts in accordance with S.S.A.P. 16 and the requirements of the Stock Exchange. The preparation of these accounts involves a number of our senior executives in a costly and time-wasting exercise which is of no benefit whatsoever to the efficient running of the company, nor do I believe it to be of any benefit to shareholders or potential investors. I can only repeat that these spurious accounting procedures should be repealed as soon as possible.

Directors

Mr A. F. Hampton (60) will resign from the group board at the end of April. He has served Abbott's Packaging for over 35 years with great enthusiasm, loyalty and distinction. Mr Hampton is returning to his native New Zealand and will take with him our thanks and very best wishes for a long and happy retirement.

I am pleased to report that Mr Leslie Irvine (34) who joined the group in 1973 was appointed Managing Director of Cyro Copigraph Ltd. at the beginning of this year.

Personnel

The record results for 1982 could not have been achieved without the commitment and co-operation of all group personnel.

My colleagues and I once again take this opportunity to thank all our employees for their splendid contribution during a difficult and challenging year.

Future Prospects

In the early part of this year the group traded at levels similar to the same period last year, but March produced a considerable improvement. Record sales were achieved in the month and several of our companies experienced an increased level of activity which if it continues will be most welcome.

Our present financial resources are adequate for our immediate requirements, morale is excellent, and our management team is confident that they can take the group forward in a positive manner.

I believe that the outlook for Macfarlane Group is still encouraging.

Sir Norman Macfarlane
Chairman

REPORT OF THE DIRECTORS
for the year ended 31st December 1982

Activities
Macfarlane Group (Clansman) P.L.C. is the holding company of a group engaged in the manufacture and distribution of packaging, plastics and metallising, specialist printing and office supplies and in warehousing, haulage and factory maintenance. Details of the principal subsidiary companies and their activities are set out on page 22.

Turnover and profit
Turnover and profit before taxation of the principal activities of the group are as follows:

	1982		1981	
	Turnover	*Profit*	*Turnover*	*Profit*
	£	£	£	£
Packaging, Printing and Office Supplies	23,517,676	1,183,980	20,547,649	1,147,916
Plastics and Metallising	5,055,168	459,161	3,866,480	281,392
Warehousing, Haulage and Factory Maintenance	3,238,692	507,800	2,523,589	330,939
	£31,811,536	£2,150,941	£26,937,718	£1,760,247

Results
The group profit before taxation was £2,150,941 (1981 £1,760,247). Details are contained in the consolidated profit and loss account on page 8.

Appropriations
An interim dividend of 1·9p per share was paid to shareholders on 12th October 1982. The directors now propose a final dividend of 2·0p to be paid on 18th May 1983. Together with the associated tax credit, the gross equivalents are 2·714p and 2·857p per share, amounting to 5·571p for the year ended 31st December 1982 (compared with 5·714p for the year ended 31st December 1981).

As the final dividend will be the first to be paid on the increased share capital following the one-for-four bonus issue in October 1982, the adjusted total for the year of 3·52p net is ten per cent greater than the corresponding figure of 3·2p for 1981.

The retained profit for the year amounting to £843,494 will be carried forward in reserves.

Directors
The names of the directors holding office are set out on page 2.
The interests of directors in office at 31st December 1982 (as defined by the Companies Act 1967) in Macfarlane Group (Clansman) P.L.C. ordinary shares of 25p each were as follows:

	31st December 1982		*1st January 1982*	
	Beneficial	*Other*	*Beneficial*	*Other*
Sir Norman Macfarlane	1,551,171	50,000	1,610,937	31,250
C. B. Cruickshank	112,116		79,694	
J. K. Burton	781		625	
A. F. Hampton	45,632		51,506	
J. G. Lane	1,077,093	307,025	861,675	245,620
W. P. Mackie	86,260		69,008	
A. Reekie	9,275		7,420	
J. A. Taylor	14,647		11,718	
N. V. L. Barclay	514,330	200,407	585,566	81,250
[illegible]. D. Stevenson	3,750		3,750	

No changes have occurred in these holdings between 1st January 1983 and 29th March 1983

Fixed assets

The movements in fixed assets are set out in note 10 on page 15.

Acquisitions

During the year the company acquired the whole issued share capital of Controlled Packaging Services Limited.

Substantial holding of shares in the company

The company has received notification that at 31st December 1982 the following member held more than 5 per cent of the ordinary share capital.

	Holding	*Percentage*
Scottish Northern Investment Trust Limited	937,500	6·19

Payroll

The average number of persons employed each week by the group during the year was 1,158 and their aggregate remuneration was £7,716,360.

The company's policy for training and career development is to give full and fair consideration for all vacancies and opportunities to any suitable person including disabled persons.

Political and charitable contributions

No political or charitable donations were made during the year.

Auditors

A resolution will be proposed at the forthcoming annual general meeting for the re-appointment of the auditors Messrs Spicer Watson & Co. who have indicated their willingness to continue in office.

By order of the board

Secretary

Clansman House
Sutcliffe Road
Glasgow G13 1AH
22nd April 1983

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 31st December 1982

	Note	1982 £	1981 £
Group turnover	1	31,811,536	26,937,718
Trading profit	2	2,300,521	1,920,355
Interest	3	149,580	160,108
Profit before taxation		2,150,941	1,760,247
Taxation	5	692,843	582,532
Profit after taxation and before extraordinary items		1,458,098	1,177,715
Extraordinary items	6	81,094	(88,000)
Profit attributable to shareholders	7	1,377,004	1,265,715
Dividends	8	533,510	485,009
Retained profit		£843,494	£780,706
Retained by:			
Macfarlane Group (Clansman) P.L.C.		492,775	494,498
Subsidiary companies		350,719	286,208
		£843,494	£780,706
Earnings per ordinary share of 25p			
Before extraordinary items	9	9·62p	7·77p

MACFARLANE GROUP

CONSOLIDATED BALANCE SHEET
as at 31st December 1982

	Note	1982		1981	
		£	£	£	£
Fixed assets	10		8,085,173		7,264,369
Current assets					
Stock and work in progress	13	2,419,467		2,016,294	
Debtors	14	6,557,625		5,817,005	
Bank balances		58,744		34,324	
		9,035,836		7,867,623	
Current liabilities					
Creditors		5,059,668		4,174,070	
Short-term loan		250,000		–	
Bank overdrafts		390,694		612,639	
Current taxation		984,483		727,558	
Proposed final dividend		303,131		278,880	
		6,987,976	2,047,860	5,793,147	2,074,476
			£10,133,033		£9,338,845
Represented by:					
Share capital	15		3,789,136		3,031,309
Reserves	16		5,993,724		6,009,689
			9,782,860		9,040,998
Loans	17		30,450		19,980
Government grants			449,636		397,387
Deferred taxation	18		(129,913)		(119,520)
			£10,133,033		£9,338,845

Approved by the board of directors on 29th March 1983

HOLDING COMPANY BALANCE SHEET
as at 31st December 1982

	Note	1982 £	1982 £	1981 £	1981 £
Fixed assets	10		213,453		219,375
Investment in subsidiaries	12		7,344,134		6,921,762
Current assets					
Debtors	14	97,370		127,936	
Bank balances		300		1,408	
		97,670		129,344	
Current liabilities					
Creditors		51,796		139,073	
Short-term loan		250,000		–	
Bank overdraft		38,640		344,006	
Current taxation		228,647		207,861	
Proposed final dividend		303,131		278,880	
		872,214	(774,544)	969,820	(840,476)
			£6,783,043		£6,300,661
Represented by:					
Share capital	15		3,789,136		3,031,309
Reserves	16		3,123,820		3,388,872
Deferred taxation	18		(129,913)		(119,520)
			£6,783,043		£6,300,661

Approved by the board of directors on 29th March 1983

MACFARLANE GROUP

SOURCE AND APPLICATION OF FUNDS

for the year ended 31st December 1982

	1982	1981
Source	£	£
Group profit before taxation	2,150,941	1,760,247
Extraordinary items	9,094	(104,000)
	2,141,847	1,864,247
Adjustment not involving the movement of funds		
Depreciation adjusted for disposal of fixed assets	1,047,209	739,713
Funds generated from trading	3,189,056	2,603,960
Funds from other sources		
Proceeds from disposal of fixed assets	199,976	894,132
Decrease in stock and work in progress	—	1,333,083
Increase in creditors and pre-acquisition taxation liabilities of subsidiary company	853,135	-
Government grants	52,249	73,692
Short-term loan received	250,000	—
Loans in subsidiary company acquired during year	38,963	—
Tax recovered	54,673	—
	4,638,052	4,904,867
Application		
Purchase of fixed assets	2,067,989	1,383,053
Loans repaid	28,493	6,030
Tax paid	540,521	936,769
Dividends paid	509,259	448,634
Increase in debtors	740,620	880,705
Increase in stock and work in progress	403,173	—
Decrease in creditors	—	181,549
Goodwill arising on acquisition of subsidiary company	101,632	—
	4,391,687	3,836,740
Net inflow	£246,365	£1,068,127
Movement in net liquid funds		
Increase/(Decrease) in bank balances and short-term deposits	24,276	(280,518)
Decrease in bank overdrafts	222,089	1,348,645
	£246,365	£1,068,127

ACCOUNTING POLICIES

Basis of preparation

The accounts are prepared under the historical cost convention adjusted by the revaluation of certain assets and are in compliance with Section 152A of and Schedule 8A to the Companies Act 1948.

Consolidation

The consolidated profit and loss account and balance sheet include the accounts of the holding company and all its subsidiaries made up to the end of the financial year. Pre-acquisition profits are eliminated on consolidation and goodwill is deducted from reserves.

Depreciation

Fixed assets are stated at cost to the group except in the case of the main properties which are stated at valuations by professional valuers. Depreciation is calculated at fixed rates on a straight line basis so as to write off the cost or valuation of the various assets over the period of their expected useful lives. The rates of depreciation vary generally between 1 per cent and 3 per cent on buildings and 5 per cent and 20 per cent on plant and equipment.

Stock and work in progress

Stock and work in progress are consistently valued at the lower of cost and net realisable value. Such cost is determined by the first-in first-out method and is stated less any provisions required for obsolescence. In the case of work in progress and finished goods, cost normally comprises direct cost and a proportion of factory overheads. In certain of the subsidiary companies, however, overheads are excluded from the valuation of work in progress.

Debtors

Debtors are stated after deducting specific provisions for bad and doubtful debts.

Short-term deposits

Interest on short-term deposits is taken into account on a day-to-day basis.

Government grants

Regional development grants receivable on depreciable assets are taken to government grants account and are credited to profit and loss account over the period of the estimated life of the assets to which they relate. Interest relief grants are credited to profit and loss account in the period in which the revenue expenditure to which they relate is charged.

Taxation

Provision is made for taxation on all profits and realised gains up to the balance sheet date but no provision is made for any taxation liabilities which might arise on the sale of assets at their revalued amounts.

Deferred taxation

No provision is made for deferred taxation liabilities which in the opinion of the directors have no probability of materialising in the foreseeable future.

NOTES ON THE ACCOUNTS

1 Group turnover

Turnover is the value of goods invoiced and includes sales between group companies amounting to £1,063,047 (1981 £1,426,578).

2 Trading profit

	1982	1981
	£	£
Trading profit is arrived at after		
Deducting:		
Pre-acquisition profits of company acquired during year	34,590	—
Crediting:		
Transfer from government grants account	134,397	113,369
Consequential loss of profits claim	258,913	—
Charging:		
Emoluments of directors including pension fund contributions—note 4	246,703	212,935
Depreciation	1,038,875	862,911
Auditors' remuneration (Holding Company £2,100 1981 £2,100)	61,950	56,300
Hire of plant	23,610	19,002

3 Interest

	1982	1981
	£	£
Payable on:		
Bank and other short-term loans wholly repayable within five years	158,149	164,549
Loans repayable beyond five years	2,705	—
	160,854	164,549
Receivable on:		
Short-term loans and deposits	11,274	4,441
	£149,580	£160,108

4 Emoluments of directors

	1982	1981
Emoluments of directors of the holding company		
Chairman and managing director	£30,300	£26,700
Other directors whose remuneration is in the following scale:		
Nil—£5,000	2	2
£15,001—£20,000	1	3
£20,001—£25,000	4	4
£25,001—£30,000	2	-

5 Taxation

	1982 £	1981 £
Corporation tax, at 52 per cent		
Current	740,031	577,920
Prior year adjustments	(47,188)	4,612
	£692,843	£582,532

The tax charge for the year has been reduced by £63,702 (1981 £153,285) as a result of stock relief and £371,809 (1981 £210,308) as a result of capital allowances for which no deferred tax provision has been made.

6 Extraordinary items

	1982 £	1981 £
Fire damage—New Southgate warehouse, less taxation	—	(88,000)
Consequential loss of profits claim relating to 1981, less taxation	(89,000)	—
Provision for diminution in value of investments of a subsidiary company	147,000	—
Cost of dilapidations on disposal of lease, less taxation	23,094	—
	£81,094	£(88,000)

7 Profit attributable to shareholders

	1982 £	1981 £
Retained by holding company	1,026,285	979,507
Retained by subsidiary companies	350,719	286,208
	£1,377,004	£1,265,715

8 Dividends

The cost of the dividends paid or proposed on the ordinary shares is:

	Per share		1982 £	1981 £
Interim paid 12th October 1982 1·9p net			230,379	206,129
equivalent to gross	2·714p	2·428p		
Proposed final for 1982 2·0p net			303,131	278,880
equivalent to gross	2·857p	3·286p		
	22·28%	22·86%	£533,510	£485,009

9 Earnings per share

The earnings per ordinary share are calculated on the basis of 15,156,546 shares in issue following the one-for-four scrip issue in October 1982 (1981 15,156,546) and on earnings after taxation and before extraordinary items of £1,458,098 (1981 £1,177,715).

10 Fixed assets

	Heritable property	Plant, vehicles and fittings	Total
The group	£	£	£
Cost or valuation			
At 1st January 1982	4,772,513	6,704,370	11,476,883
Assets of subsidiary company acquired	120,169	144,018	264,187
Additions	325,928	1,553,894	1,879,822
Disposals	(42,000)	(425,592)	(467,592)
At 31st December 1982	£5,176,610	£7,976,690	£13,153,300
Depreciation			
At 1st January 1982	131,037	4,081,477	4,212,514
On assets of subsidiary company acquired	—	76,022	76,022
Charge for year	93,050	945,825	1,038,875
Disposals	(1,750)	(257,534)	(259,284)
At 31st December 1982	£222,337	£4,845,790	£5,068,127
Net book value at 31st December 1982	£4,954,273	£3,130,900	£8,085,173
At cost	1,386,610		
At valuation 1979	1,769,000		
1980	2,021,000		
	£5,176,610		
The company	£	£	£
Cost or valuation			
At 1st January 1982	210,000	31,066	241,066
Additions	—	4,281	4,281
Disposals	—	—	—
At 31st December 1982	£210,000	£35,347	£245,347
Depreciation			
At 1st January 1982	8,750	12,941	21,691
Charge for year	4,375	5,828	10,203
Disposals	—	—	—
At 31st December 1982	£13,125	£18,769	£31,894
Net book value at 31st December 1982	£196,875	£16,578	£213 453
At valuation 1979	£210,000		

11 Contracts for capital expenditure

Contracts for capital expenditure for which no provision has been made in the accounts are estimated to amount to £147,000 (1981 £584,000) after taking account of grants receivable of £31,000 (1981 £12,000). Capital expenditure authorised by the directors but not contracted for amounted to £224,000 (1981 £47,000).

12 Investment in subsidiaries

	1982	1981
	£	£
Shares at cost	6,233,159	5,927,064
Amounts due by subsidiaries	1,110,975	994,698
	£7,344,134	£6,921,762

13 Stock and work in progress

	1982	1981
	£	£
Raw materials	1,020,147	793,136
Work in progress	234,514	162,659
Finished goods	1,164,806	1,060,499
	£2,419,467	£2,016,294

14 Debtors

Included in debtors are loans made to officers and executives of the group under the group house purchase scheme. The total balance outstanding at 31st December 1982 amounted to £40,832 (1981 £47,822) of which £8,945 (1981 £9,965) was attributable to directors of the holding company.

15 Share capital

	1982	1981
Authorised	£	£
Ordinary shares of 25p each	5,000,000	4,000,000
Issued and fully paid		
Ordinary shares of 25p each	3,789,136	3,031,309

On 14th October 1982 the authorised share capital was increased from £4,000,000 to £5,000,000 by the creation of an additional 4,000,000 ordinary shares of 25p each. On 29th October 1982 3,031,309 ordinary shares of 25p each were issued by way of a one-for-four bonus issue.

16 Reserves

The group	*Share Premium*	*Capital Surpluses*	*Retained Profit*	*Total*
	£	£	£	£
At 1st January 1982	946,686	960,856	4,102,147	6,009,689
Utilised for bonus issue	(757,827)	—	—	(757,827)
Goodwill arising from acquisition of subsidiary company during year	—	(101,632)	—	(101,632)
Retained profit for year	—	—	843,494	843,494
At 31st December 1982	£188,859	£859,224	£4,945,641	£5,993,724
The company	£	£	£	£
At 1st January 1982	946,686	—	2,442,186	3,388,872
Utilised for bonus issue	(757,827)	—	—	(757,827)
Retained profit for year	—	—	492,775	492,775
At 31st December 1982	£188,859	—	£2,934,961	£3,123,820

17 Loans

	1982 £	1981 £
(a) Repayable in full within five years		
Repayable in equal half-yearly instalments of £1,715, the final instalment being due in November 1983. The rate of interest is 6·125 per cent and the loan is fully secured over heritable property	2,550	5,980
Repayable in equal half-yearly instalments of £1,300, the final instalment being due in August 1986. The rate of interest is 9·25 per cent	11,400	14,000
Repayable in equal half-yearly instalments of £500, the final instalment being due in July 1986. The rate of interest is 12·625 per cent	4,000	–
(b) Repayable beyond five years		
Repayable in equal half-yearly instalments of £500, the final instalment being due in June 1995. The rate of interest is 15·75 per cent	12,500	–
	£30,450	£19,980

18 Deferred taxation

	The Company		*The Group*	
	1982 £	1981 £	1982 £	1981 £
(a) Provided in accounts				
Advance corporation tax in respect of the proposed final dividend	(129,913)	(119,520)	(129,913)	(119,520)
	£	£	£	£
(b) Potential deferred taxation not provided in accounts				
On capital allowances	29,354	28,117	2,313,791	1,911,228
On capital gains rolled over	16,000	16,000	172,750	176,750
On other timing differences	–	–	(26,332)	(9,794)
	£45,354	£44,117	£2,460,209	£2,078,184

CONSOLIDATED CURRENT COST PROFIT AND LOSS ACCOUNT
for the year ended 31st December 1982

	Note	1982		1981	
		£	£	£	£
Group turnover			31,811,536		26,937,718
Profit before interest and taxation as per historical cost accounts			2,300,521		1,920,355
Less: Current cost operating adjustments					
Cost of sales	2	333,480		285,232	
Monetary working capital	2	99,668		108,813	
Depreciation	4	273,618		250,015	
			706,766		644,060
Current cost operating profit			1,593,755		1,276,295
Interest		149,580		160,108	
Gearing adjustment	3	(76,331)		(98,482)	
			73,249		61,626
Current cost profit before taxation			1,520,506		1,214,669
Taxation			692,843		582,532
Current cost profit after taxation and before extraordinary items			827,663		632,137
Extraordinary items			81,094		(88,000)
Current cost profit attributable to shareholders			746,569		720,137
Dividends			533,510		485,009
Retained profit			£213,059		£235,128
Earnings per ordinary share of 25p			5·46p		4·17p

MACFARLANE GROUP

CONSOLIDATED CURRENT COST BALANCE SHEET
as at 31st December 1982

	Note	1982		1981	
		£	£	£	£
Fixed assets	4		8,648,686		8,367,445
Current assets					
Stock and work in progress	5	2,462,114		2,060,689	
Debtors		6,557,625		5,817,005	
Bank balances		58,744		34,324	
		9,078,483		7,912,018	
Current liabilities					
Creditors		5,059,668		4,174,070	
Short-term loan		250,000		—	
Bank overdrafts		390,694		612,639	
Current taxation		984,483		727,558	
Proposed final dividend		303,131		278,880	
		6,987,976	2,090,507	5,793,147	2,118,871
			£10,739,193		£10,486,316
Represented by:					
Share capital			3,789,136		3,031,309
Current cost reserve	6		2,256,488		2,167,364
Other reserves	7		4,343,396		4,989,796
			10,389,020		10,188,469
Loans			30,450		19,980
Government grants			449,636		397,387
Deferred taxation			(129,913)		(119,520)
			£10,739,193		£10,486,316

CURRENT COST ACCOUNTS—NOTES

1 Basis

The current cost accounts on pages 18 and 19 have been prepared in accordance with the Statement of Standard Accounting Practice No. 16 issued by the Accounting Standards Committee.

2 Working Capital

In order to allow for the impact of price changes on working capital, consisting of stocks, debtors cash, creditors and bank overdrafts two adjustments are made to the operating costs calculated on the historical cost basis, one on stock and the other on monetary working capital. The adjustments are based on the official price indices considered to be most appropriate to the business.

3 Gearing Adjustment

The gearing adjustment represents that proportion of the current cost operating adjustments which is attributable to finance provided by net borrowing, rather than shareholders' funds. It has the effect of reducing the current cost operating adjustments to the amounts that have to be financed from shareholders' funds.

4 Fixed assets and depreciation

	Heritable property	*Plant, vehicles and fittings*	*Total*
At 31st December 1982	£	£	£
Gross current replacement cost	5,126,669	12,410,186	17,536,855
Aggregate depreciation	222,855	8,665,314	8,888,169
Net current replacement cost	£4,903,814	£3,744,872	£8,648,686
At 31st December 1981			
Net current replacement cost	£5,147,949	£3,219,496	£8,367,445

The total depreciation charge in the current cost profit and loss account represents the current cost of fixed assets consumed in the year. The depreciation adjustment of £273,618 is the difference between the depreciation charge in the historic cost and the current cost accounts.

5 Stock and work in progress

Stock and work in progress are valued at current replacement cost using the official indices considered to be most appropriate to the business.

6 Current cost reserve

	£
At 1st January 1982	2,167,364
Revaluation surpluses reflecting price changes during year	
Fixed assets	(265,945)
Stock	331,732
Monetary working capital	99,668
	2,332,819
Gearing	76,331
Balance at 31st December 1982	£2,256,488

7 Other Reserves

	Share Premium	*Capital Surpluses*	*Retained Profit*	*Total*
	£	£	£	£
At 1st January 1982	946,686	960,856	3,082,254	4,989,796
Utilised for bonus issue	(757,827)	—	—	(757,827)
Goodwill arising from acquisition of subsidiary company during year	—	(101,632)	—	(101,632)
Current cost profit for year retained	—	—	213,059	213,059
	£188,859	£859,224	£3,295,313	£4,343,396

MACFARLANE GROUP

REPORT OF THE AUDITORS

To the members of Macfarlane Group (Clansman) P.L.C.

We have audited the financial statements on pages 8 to 20 in accordance with approved Auditing Standards.

In our opinion the financial statements on pages 8 to 17, which have been prepared under the historical cost convention as modified by the revaluation of certain assets, give a true and fair view of the state of affairs of the company and the group at 31st December 1982 and of the profit and source and application of funds of the group for the year then ended and comply with the Companies Acts 1948 to 1981.

In our opinion the supplementary current cost accounts for the year ended 31st December 1982 on pages 18 to 20 have been properly prepared in accordance with the policies and methods described in the notes to give the information required by Statement of Standard Accounting Practice No. 16.

Spicer Watson Co

Chartered Accountants

Glasgow
22nd April 1983

MACFARLANE GROUP

PRINCIPAL SUBSIDIARIES

Company	Activity	Chief Executive
*Abbott's Packaging Limited London	Manufacture and supply of packaging materials	J. G. Lane
A.C.W. Limited Aberdeen	Manufacture of thermoplastic mouldings for packaging and industrial use	J. R. Duff
*Controlled Packaging Services Limited, Westbury	Manufacture and supply of packaging materials	A. F. Hampton
Cyro Copigraph Limited Glasgow	National distribution of computer supplies and office copying products	W. L. Irvine
Factory Maintenance Services (Glasgow) Limited, Glasgow	Industrial maintenance and servicing. Plant removal	W. P. Mackie
Farquharson Bros. Limited Glasgow	Manufacture of computer supplies, carbon papers, and office machine ribbons	N. W. Batty
David Fleming Limited Glasgow	Manufacture of rubber stamps, signs and marking devices	J. M. Brown
*Flo-pak (U.K.) Limited Brackley	Manufacture of expanded polystyrene cushioning material	J. G. Lane
A. & W. Fullarton Limited Glasgow	Manufacture of packing cases and cartons. Storage and packaging	W. P. Mackie
M.B.F. (Clansman) Limited Paisley	Manufacture of business forms, stationery and marking devices	R. Dickson
N. S. Macfarlane & Co. Limited Glasgow	Manufacture of printed self-adhesive tapes and labels	W. G. MacNaught
N. S. Macfarlane (Furniture) Limited Glasgow	Distribution of office and contract furniture	N. J. Macmillan
Management Investors (Clansman) Limited, Glasgow	Venture capital and management services	J. K. Burton
Daniel Montgomery & Son Limited Kirkintilloch	Manufacture of bottle closures and pourers. Vacuum metallising	C. B. Cruickshank
John M. Napier Limited Edinburgh	Colour printing and label specialists	A. Strachan
Smith Brothers (Kilmarnock) Limited Kilmarnock	Colour printing and label specialists	A. J. Muir
*C. Williams (Liverpool) & Co. Limited, Liverpool	Manufacture of rubber stamps and marking devices. Engraving and vitreous enamelling	S. E. Beddoe

Note:

All the above companies are wholly owned by Macfarlane Group (Clansman) P.L.C. They are all registered in Scotland with the exception of those marked with an asterisk which are registered in England.

MACFARLANE GROUP

GENERAL INFORMATION

Dates to note

Dividend payments

Interim	Announced—September Paid—October
Final	Announced—April Paid—May

Results

Half year	Announced—September
Full year	Announced—April
Report and accounts and chairman's statement	Posted to shareholders—April
Annual general meeting	Held in Glasgow—May

Finance Act 1965

The market value of the company's shares for capital gains tax purposes as at 6th April 1965, adjusted for subsequent scrip and rights issues, was as follows:

Ordinary shares of 25p each	13·16p

Income and Corporation Taxes Act 1970

In so far as the directors are aware the company is not a close company within the meaning of the Act.