ANNUAL RETURN COPY

MACFARLANE GROUP (CLANSMAN) P.L.C.

CONTENTS

DIRECTORS

Directors	Sir Norman Macfarlane, *Chairman and managing director*
	C. B. Cruickshank, *Deputy chairman*
	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-fifth 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 15th May 1984 at 12 noon for the following purposes:

1. To receive and adopt the directors' report and the accounts for the year ended 31st December 1983 (resolution 1).

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

3. To re-elect Mr P. D. Stevenson as a director (resolution 3).

4. To re-elect Mr J. G. Lane as a director (resolution 4).

5. To re-appoint the auditors and to authorise the directors to determine their remuneration (resolution 5).

6. Special Resolution
   that:
   (a) 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 1985 to allot equity securities (as defined by Section 17 of the Companies Act 1980) of the company up to a maximum nominal amount of £1,174,198·25 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
20th April 1984

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 (Saturdays excepted), and at the Merchants House, 7 West George Street, Glasgow G2 1BA, on 15th May 1984 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.

MACFARLANE GROUP

CHAIRMAN'S STATEMENT

Financial Results

I am pleased to report that in 1983 the company once again achieved record sales and profits.

Group profits before tax were £2,521,386 against £2,150,941 in 1982, an increase of 17·2%, and group sales amounted to £34,099,704 compared with £31,811,536 in the previous year, an increase of 7·2%.

Earnings per share increased to 13·1p compared with 9·62p in 1982.

Dividend

The directors recommend the payment of a final dividend of 2·2p per share which in addition to the interim dividend of 1·673p per share makes a total for the year of 3·873p per share.

I am pleased to report that the increase in dividend for the year of 10% continues our record of having increased the dividend every year since the group was established in its present form in 1973.

Review of the year

Macfarlane Group advanced strongly in 1983 in spite of the difficult trading conditions which existed throughout the year. While this was true for the group as a whole it was even more applicable to the individual companies, each of which grew stronger and gathered momentum as the year progressed.

The present problems which are being experienced by the whisky sector have been well publicised, but the Scotch whisky industry remains a valuable and important source of business for the group and I have every confidence in its future. Daniel Montgomery of Kirkintilloch, bottle closures and metallising, N. S. Macfarlane & Co., specialist printing, and Smith Bros. of Kilmarnock, label printing, each of which is a supplier to the whisky industry produced improved results in 1983. N. S. Macfarlane & Co. is now benefiting from the investment in new equipment and technology which it has made over the past few years and this also applies to Smith Bros. Daniel Montgomery have only this month completed an investment of £600,000 to produce a new generation on non-refillable fitments from which a return should be produced in the second-half of this year.

In Aberdeen our thermoplastic moulding company A.C.W., which makes the shells for the Sinclair ZX81 and Spectrum computers, produced improved figures and is continuing to make progress.

Abbott's Packaging had another good year and each of its depots at New Southgate, Brackley and Haverhill traded satisfactorily. Abbott's opened a new depot at Westbury, Wiltshire on the 1st January this year and will open a further new depot at Horsham, Surrey in July. These new facilities should make a contribution to Abbott's profits by the end of this year. Flo-pak (U.K.) which manufactures expanded polystyrene cushioning materials at Brackley also had another good year and continues to show encouraging potential for the future. On the 1st January this year the case manufacturing unit of Abbott's Packaging at Brackley was established as a separate company Clansman Cases, under the experienced management of Malcolm Pilcher who joined the group recently. This venture already shows encouraging potential for the future.

Controlled Packaging Services of Westbury, Wiltshire, which specialises in sophisticated bespoke packaging for the Ministry of Defence and the electronics industry, traded well in 1983. In November we were once again greatly indebted to Mr Denis Thatcher who very graciously opened Controlled Packaging's new production area which cost £250,000.

In October last year we acquired R. Mitchell of Grantham at a cost of £300,000 which was satisfied in cash and shares. Mitchell's is an efficient, well managed packaging business whose interests are complementary to those of Abbott's and Controlled Packaging. The acquisition of Mitchell's continues our corporate strategy of siting units in commercially attractive geographical areas throughout the country which will have long term advantages to the group.

A. & W. Fullarton of Govan our specialist warehousing and storage company, had a satisfactory year during which they acquired the assets of a small company with complementary interests in Newcastle. This new facility has been installed, trading as Fullartons, in a new factory at a cost of £125,000, and with Fullarton's expertise behind it should make good progress.

CHAIRMAN'S STATEMENT—continued

N. S. Macfarlane (Furniture) had a good 1983 and is trading well in 1984. In February this year it opened a new showroom in splendid premises in the New Town in Edinburgh, and so far the venture is promising.

M.B.F. (Clansman) of Paisley, whose main business is now in marking products, made considerable progress in 1983 and is making continued progress in 1984 reflecting the strength of the new management team.

David Fleming of Glasgow, marking products, was closed at the end of last year on the grounds that the business was not of a sufficient size to continue as a separate trading unit. The property was sold for £60,000 and the business was integrated with that of M.B.F. whose interests are complementary.

C. Williams of Liverpool and John M. Napier of Edinburgh each made a useful contribution to profits last year.

The most disappointing performances achieved in 1983 were those of our two copying products companies Cyro Copigraph and Farquharson Bros., each of which found trading conditions difficult. The combined losses made by these companies last year was over £150,000, but I can report that due to substantial changes which have been made in the structure and the management of these companies, they are both trading profitably at present and are likely to continue to do so in 1984.

We have deliberately pursued our policy of continued investment in growth areas over the past few years, in spite of the recession, on the grounds that it was essential that the group should be ready to take advantage of improved trading conditions when they arose. It would appear that this forward-looking policy could meet with its reward in 1984.

Balance Sheet and Resources

Group total borrowings at the end of 1983 amounted to £183,000 against £582,000 at the same time the previous year. This improved position was achieved as a result of our continued policy of prudent financial controls and disciplines, which is a major feature of our corporate strategy.

Although the overall effect on Group finances of the various changes made in the recent budget is difficult to forecast, your Directors believe that the changes in Corporation Tax will be beneficial to the group.

I have in recent years, as shareholders are well aware, been a critic of the current cost accounting requirements of the Stock Exchange on the grounds that in their present form they are costly and time-wasting to the company, and of no material benefit to shareholders. I am pleased to advise you that as there is no requirement to produce current cost accounts in accordance with SSAP 16 this year we have not done so, and I sincerely hope that commonsense will prevail in this matter in the future.

Personnel

Once again I would stress that the record results produced in 1983 could not have been achieved without the continued commitment and dedication of all group personnel.

I believe that our employees are our greatest asset, and I take this opportunity to thank them for their splendid efforts during 1983 which are continuing this year.

Future Prospects

1984 has started strongly with sales and profits in advance of the same period last year.

Most of our companies are experiencing better trading conditions at present which we are hopeful will continue throughout the year. Many of our younger management team have not yet had an opportunity to manage their companies in an attractive economic environment, and if this should occur they and the group will have an exciting future.

We have adequate financial resources, group morale is excellent and I still believe that the outlook for Macfarlane Group is encouraging.

Norman Macfarlane

Chairman

REPORT OF THE DIRECTORS

for the year ended 31st December 1983

The directors present their annual report and audited group accounts for the year ended 31st December 1983.

Review of the business

There has been no significant change in the activities of the company and its subsidiaries which continue to be the manufacture and distribution of packaging, plastics and metallising, specialist printing and office supplies and warehousing, haulage and factory maintenance. Details of the principal subsidiary companies and their activities are set out on page 23.

Despite the continuing difficult economic circumstances, the group turnover increased by 7·2 per cent and the consolidated profit by 17·2 per cent.

A review of the business during and following the end of the financial year, together with comments on future developments within the group, is contained in the Chairman's Statement on pages 4 and 5.

Results and dividends

The group profit on ordinary activities before taxation was £2,521,386 (1982 £2,150,941). The directors recommend payment of a final dividend of 2·2p to be paid on 16th May 1984, making a total of 3·873p for the year. Together with the associated tax credits, the gross equivalent is 5·533p (compared with 5·028p for the year ended 31st December 1982, adjusted for scrip issue).

The retained profit for the year amounting to £1,398,995 will be carried forward in reserves.

Directors and their interests

The names of the directors holding office are set out on page 2.

The interests of directors in office at 31st December 1983 (as defined by the Companies Act 1967) in Macfarlane Group (Clansman) P.L.C. ordinary shares of 25p each were as follows:

	31st December 1983		*1st January 1983*	
	Beneficial	*Other*	*Beneficial*	*Other*
Sir Norman Macfarlane	1,551,171	50,000	1,551,171	50,000
C. B. Cruickshank	112,116		112,116	
J. G. Lane	1,077,093		1,077,093	307,025
W. P. Mackie	86,260		86,260	
A. Reekie	9,275		9,275	
J. A. Taylor	14,647		14,647	
N. V. L. Barclay	486,788	210,873	514,330	200,497
P. D. Stevenson	3,750		3,750	

No changes have occurred in these holdings between 1st January 1984 and 29th March 1984.

J. K. Burton resigned as a director and from the service of the company on 30th April 1983 and A. F. Hampton on 31st July 1983.

Fixed assets

The movements in tangible fixed assets are set out in note 14 on page 16. The significant changes during the year arose from the expansion of the productive capacity of Daniel Montgomery & Son Limited and N. S. Macfarlane & Co. Limited and the factory extension at Controlled Packaging Services Limited.

Acquisitions

During the year the company acquired the whole issued share capital of R. Mitchell (Grantham) Limited.

Substantial holding of shares in the company

The company has received notification that at 31st December 1983 the following members held more than 5 per cent of the ordinary share capital.

	Holding	*Percentage*
Scottish Northern Investment Trust P.L.C.	937,500	6·13
The Edinburgh Investment Trust plc	843,749	5·51

Employment of disabled persons

The company policy is to encourage the employment of disabled persons where the disabilities do not handicap these persons in the performance of their duties.

Where an employee becomes disabled every effort is made to resettle that employee in a suitable post.

Registered disabled persons, once employed, receive equal opportunities for training, career development and promotion.

Political and charitable contributions

No political or charitable donations were made during the year.

Close company status

The company is not a close company within the provisions of the Income and Corporation Taxes Act 1970.

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
20th April 1984

MACFARLANE GROUP

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31st December 1983

	Note	1983		1982	
		£	£	£	£
Turnover	2		34,099,704		31,811,536
Cost of sales			22,793,293		21,040,817
Gross profit			11,306,411		10,770,719
Distribution costs		1,595,864		1,465,551	
Administrative expenses		7,464,959	9,060,823	7,443,628	8,909,179
			2,245,588		1,861,540
Other operating income	5		337,022		438,981
Operating profit	3		2,582,610		2,300,521
Interest receivable	6	(13,620)		(11,274)	
Interest payable	7	74,844	61,224	160,854	149,580
Profit on ordinary activities before taxation	2		2,521,386		2,150,941
Tax on profit on ordinary activities	8		532,151		692,843
Profit on ordinary activities after taxation			1,989,235		1,458,098
Extraordinary income	9	–		(89,000)	
Extraordinary charges	10	–	–	170,094	81,094
Profit attributable to members of the holding company	11		1,989,235		1,377,004
Dividends	12		590,240		533,510
Retained profit for year			£1,398,995		£843,494
Retained by:					
Macfarlane Group (Clansman) P.L.C.			556,562		492,775
Subsidiary companies			842,433		350,719
			£1,398,995		£843,494
Earnings per ordinary share of 25p, before extraordinary items			13·10p		9·62p

MACFARLANE GROUP

CONSOLIDATED BALANCE SHEET
as at 31st December 1983

	Note	1983 £	1983 £	1982 £	1982 £
Fixed assets					
Tangible assets	14		9,446,159		8,085,173
Current assets					
Stocks	17	2,555,816		2,456,630	
Debtors	18	6,883,394		6,516,544	
Cash at bank and in hand		330,168		58,744	
		9,769,378		9,031,918	
Deferred taxation asset	19	144,287		129,913	
		9,913,665		9,161,831	
Creditors—amounts falling due within one year					
Bank loan and overdrafts	20	513,178		640,694	
Trade creditors		3,944,410		3,429,965	
Sundry creditors	21	3,000,579		2,920,549	
		7,458,167		6,991,208	
Net current assets			2,455,498		2,170,623
Total assets less current liabilities			11,901,657		10,255,796
Creditors—amounts falling due after more than one year	22		(14,191)		(23,300)
Deferred credit	23		(620,374)		(449,636)
			£11,267,092		£9,782,860
Capital and reserves					
Called-up share capital	24		3,825,802		3,789,136
Reserves					
Share premium account	25	363,385		188,859	
Revaluation reserve	26	151,869		231,708	
Other reserves	27	581,400		627,516	
Profit and loss account	28	6,344,636	7,441,290	4,945,641	5,993,724
Shareholders' funds			£11,267,092		£9,782,860

Approved by the board of directors on 29th March 1984

MACFARLANE GROUP

CONSOLIDATED BALANCE SHEET
as at 31st December 1983

	Note	1983 £	1983 £	1982 £	1982 £
Fixed assets					
Tangible assets	14		9,446,159		8,085,173
Current assets					
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Sundry creditors	21	3,000,579		2,920,549	
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Revaluation reserve	26	151,869		231,708	
Other reserves	27	581,400		627,516	
Profit and loss account	28	6,344,636		4,945,641	
			7,441,290		5,993,724
Shareholders' funds			£11,267,092		£9,782,860

Approved by the board of directors on 29th March 1984

MACFARLANE GROUP

HOLDING COMPANY BALANCE SHEET
as at 31st December 1983

	Note	1983		1982	
		£	£	£	£
Fixed assets					
Tangible assets	14		229,549		213,453
Investment in subsidiaries	16		6,535,271		6,233,159
			6,764,820		6,446,612
Current assets					
Debtors	18	3,159,159		2,702,868	
Cash at bank and in hand		159,376		300	
		3,318,535		2,703,168	
Deferred taxation asset	19	144,287		129,913	
		3,462,822		2,833,081	
Creditors—amounts falling due within one year					
Bank loan and overdraft	20	250,000		288,640	
Sundry creditors	21	2,296,932		2,078,097	
		2,546,932		2,366,737	
Net current assets			915,890		466,344
Total assets less current liabilities			£7,680,710		£6,912,956
Capital and reserves					
Called-up share capital	24		3,825,802		3,789,136
Reserves					
Share premium account	25	363,385		188,859	
Profit and loss account	28	3,491,523	3,854,908	2,934,961	3,123,820
Shareholders' funds			£7,680,710		£6,912,956

Approved by the board of directors on 29th March 1984

MACFARLANE GROUP

SOURCE AND APPLICATION OF FUNDS
for the year ended 31st December 1983

	1983		1982	
Source of funds	£	£	£	£
Profit on ordinary activities before taxation		2,521,386		2,150,941
Extraordinary items before taxation		–		9,094
		2,521,386		2,141,847
Adjustment for items not involving the movement of funds				
Depreciation	1,185,717		1,038,875	
(Gain)/Loss on disposal of tangible fixed assets	(72,912)		8,334	
Release from deferred credit	(143,743)		(134,397)	
		969,062		912,812
Total generated from operations		3,490,448		3,054,659
Funds from other sources				
Shares issued in consideration of acquisition of subsidiary		211,192		–
Proceeds from disposal of tangible fixed assets		246,159		199,976
Government grants received		314,481		186,646
Tax recovered		7,873		54,673
		4,270,153		3,495,954
Application of funds				
Purchase of tangible fixed assets		2,799,789		2,067,989
Tax paid		1,001,397		540,521
Dividends paid		556,700		509,259
Goodwill arising on acquisition of subsidiary company		46,116		101,632
(Increase)/decrease in working capital				
Stocks	99,186		403,173	
Debtors	367,230		740,620	
Creditors	(999,205)		(863,605)	
		(532,789)		280,188
		3,871,213		3,499,589
		£398,940		£(3,635)
Movement in net liquid funds				
Increase in cash at bank and in hand		271,424		24,276
(Increase)/decrease in bank loan and overdrafts		127,516		(27,911)
		£398,940		£(3,635)

MACFARLANE GROUP

NOTES ON THE ACCOUNTS

1 Accounting Policies

Basis of preparation

The accounts are prepared under the historical cost convention modified to include the revaluation of the majority of the group's properties.

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. No profit and loss account is presented for the holding company as provided by Section 149(5) of the Companies Act 1948.

Turnover

Turnover is the value of goods sold and services provided, stated net of value added tax and inclusive of intra-group sales.

Depreciation

Tangible 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 between 1 per cent and 3 per cent on buildings and 5 per cent and 20 per cent on plant and equipment.

Stocks

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 loans and deposits

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

Government grants

Regional development grants receivable on depreciable assets are treated as a deferred credit and are released to profit and loss account over the period of the estimated lives of the assets to which they relate.

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.

2 Analysis of turnover and profit

Turnover and profit on ordinary activities before taxation are as follows:

	1983		1982	
	Turnover £	*Profit* £	*Turnover* £	*Profit* £
Packaging, printing and office supplies	25,887,994	1,560,736	23,517,676	1,183,980
Plastics and metallising	4,695,933	492,066	5,055,168	459,161
Warehousing, haulage and factory maintenance	3,515,777	468,584	3,238,692	507,800
	£34,099,704	£2,521,386	£31,811,536	£2,150,941

3 Operating profit

	1983 £	1982 £
Operating profit is arrived at after		
Deducting:		
Pre-acquisition profits of company acquired during year	14,296	34,590
Charging:		
Depreciation	1,185,717	1,038,875
Auditors' remuneration (holding company £2,357 1982 £2,345)	66,473	65,475
Hire of plant	69,873	23,610

4 Employees

The average number of employees of the group during the year was made up as follows:

	1983	1982
Production staff	664	702
Distribution staff	224	209
Administration staff	248	247
	1,136	1,158

	£	£
The costs incurred in respect of these employees were:		
Wages and salaries	6,817,087	6,558,803
Social security costs	761,993	835,957
Other pension costs	267,242	249,541
	£7,846,322	£7,644,301

	£	£
Emoluments of the directors of the company included in staff costs:		
Fees	–	–
Other emoluments	226,405	246,703
Ex gratia payments to former directors	42,250	–
	£268,655	£246,703

4 Employees—continued

	1983	1982
Emoluments of the chairman and managing director	£33,400	£30,300
Other directors whose remuneration is in the following scale:		
Nil—£5,000	2	2
£5,001—£10,000	2	—
£15,001—£20,000	—	1
£20,001—£25,000	2	4
£25,001—£30,000	3	2

5 Other operating income

	1983	1982
	£	£
Deferred credit release	143,743	118,397
Selective assistance grants	10,000	16,000
Gain on disposal of tangible fixed assets	99,301	10,007
Net rental income	11,348	11,144
Commission receivable	20,886	24,520
Consequential loss of profits claim	51,744	258,913
	£337,022	£438,981

6 Interest receivable

	1983	1982
Short-term loans and deposits	£13,620	£11,274

7 Interest payable

	1983	1982
	£	£
Bank and other short-term loans wholly repayable within five years	74,844	158,149
Loan repayable beyond five years	—	2,705
	£74,844	£160,854

8 Taxation on profit on ordinary activities

	1983	1982
	£	£
Corporation tax		
Current	542,440	740,031
Prior year adjustments	(10,289)	(47,188)
	£532,151	£692,843

The tax charge for the year has been reduced by £64,975 (1982 £63,702) as a result of stock relief and £491,987 (1982 £371,809) as a result of capital allowances for which no deferred tax provision has been made.

9 Extraordinary income

	1983	1982
	£	£
Consequential loss of profits claim relating to 1981	—	[illegible]
Less taxation thereon	—	[illegible]
	—	[illegible]

10 Extraordinary charges

	1983 £	1982 £
Cost of dilapidations on disposal of lease	—	48,094
Less taxation thereon	—	25,000
	—	23,094
Provision for diminution in value of investments of a subsidiary company	—	147,000
	—	£170,094

11 Profit attributable to members of the holding company

	1983 £	1982 £
Retained by holding company	1,146,802	1,026,285
Retained by subsidiary companies	842,433	350,719
	£1,989,235	£1,377,004

12 Dividends

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

	Per share		1983 £	1982 £
Interim paid 11th October 1983 1·673p net			253,569	230 379
equivalent to gross	2·390p	2·171p		
Proposed final 2·2p net			336,671	303,131
equivalent to gross	3·143p	2·857p		
	22·13%	20·11%	£590,240	£533,510

The 1982 interim dividend rate per share has been adjusted to take account of the one for four bonus issue in October 1982.

13 Earnings per share

The earnings per ordinary share are calculated on the basis of the weighted average of 15,187,100 shares in issue (1982 15,156,546) and on earnings after taxation and before extraordinary items of £1,989,235 (1982 £1,458,098).

14 Tangible assets

	Land and buildings	Plant, vehicles and fittings	Total
The group	£	£	£
Cost or valuation			
At 1st January 1983	5,176,610	7,976,690	13,153,300
Assets of subsidiary company acquired	29,856	337,937	367,793
Additions	518,213	2,132,015	2,650,228
Disposals	(89,000)	(487,545)	(576,545)
At 31st December 1983	£5,635,679	£9,959,097	£15,594,776
Depreciation			
At 1st January 1983	222,337	4,845,790	5,068,127
On assets of subsidiary company acquired	6,432	211,800	218,232
Charge for year	98,403	1,087,314	1,185,717
Disposals	(5,565)	(317,894)	(323,459)
At 31st December 1983	£321,607	£5,827,010	£6,148,617
Net book value at 31st December 1983	£5,314,072	£4,132,087	£9,446,159
Net book value at 31st December 1982	£4,954,273	£3,130,900	£8,085,173
At cost	1,934,679		
At valuation 1979	1,680,000		
1980	2,021,000		
	£5,635,679		
The company	£	£	£
Cost or valuation			
At 1st January 1983	210,000	35,347	245,347
Additions	–	36,959	36,959
Disposals	–	(27,663)	(27,663)
Group transfers	–	1,278	1,278
At 31st December 1983	£210,000	£45,921	£255,921
Depreciation			
At 1st January 1983	13,125	18,769	31,894
Charge for year	4,375	7,824	12,199
Disposals	–	(18,104)	(18,104)
Group transfers	–	383	383
At 31st December 1983	£17,500	£8,872	£26,372
Net book value at 31st December 1983	£192,500	£37,049	£229,549
Net book value at 31st December 1982	£196,875	£16,578	£213,453
At valuation 1979	£210,000		

14 Tangible assets—continued

	Group 1983	Group 1982	Company 1983	Company 1982
	£	£	£	£
Land and buildings				
On an historical cost basis, land and buildings would have been included at				
Cost	3,843,382	3,309,881	173,604	173,604
Aggregate depreciation	306,817	241,204	14,464	10,848
Net historical cost value at 31st December 1983	£3,536,565	£3,068,677	£159,140	£162,756
Land and buildings at net book value comprise:	£	£	£	£
Freeholds	4,202,714	4,092,430	192,500	196,875
Long leaseholds	730,906	740,285	—	—
Short leaseholds	380,452	121,558	—	—
	£5,314,072	£4,954,273	£192,500	£196,875

All other tangible fixed assets are stated at historical cost.

15 Contracts for capital expenditure

Contracts for capital expenditure for which no provision has been made in the accounts are estimated to amount to £130,000 (1982 £147,000) after taking account of grants receivable of £10,000 (1982 £31,000). Capital expenditure authorised by the directors but not contracted for amounted to £21,000 (1982 £224.000).

16 Investment in subsidiaries

	1983	1982
	£	£
At cost at 1st January	6,233,159	5,927,064
Additions	302,112	306,095
At cost at 31st December	£6,535,271	£6,233,159

17 Stocks

	1983	1982
	£	£
Raw materials and consumables	1,326,893	1,057,310
Work in progress	220,372	[illegible]
Finished goods	1,008,551	[illegible]
	£2,555,816	[illegible]

18 Debtors

	Group 1983 £	Group 1982 £	Company 1983 £	Company 1982 £
Trade debtors	6,307,809	5,884,207	–	–
Amounts owed by group companies	–	–	3,045,710	2,608,632
Other debtors	351,144	408,552	65,675	52,229
Prepayments and accrued income	224,441	223,785	47,774	42,007
	£6,883,394	£6,516,544	£3,159,159	£2,702,868

Included in other debtors are loans made to officers and executives of the group under the group house purchase scheme. The total balance outstanding at 31st December 1983 amounted to £59,786 (1982 £40,832) of which £2,780 (1982 £8,945) was attributable to directors of the holding company.

19 Deferred taxation asset

	Group 1983 £	Group 1982 £	Company 1983 £	Company 1982 £
Advance corporation tax in respect of the proposed final dividend	144,287	129,913	144,287	129,913
Potential deferred taxation liability not provided in accounts:				
on capital allowances	2,805,778	2,313,791	31,944	29,354
on capital gains rolled over	519,250	501,750	16,000	16,000
on other timing differences	–	(26,332)	–	–
	£3,325,028	£2,789,209	£47,944	£45,354

20 Bank loan and overdrafts

	Group 1983 £	Group 1982 £	Company 1983 £	Company 1982 £
Bank loan	250,000	250,000	250,000	250,000
Overdrafts	263,178	390,694	–	38,640
	£513,178	£640,694	£250,000	£288,640

The company has given letters of guarantee to secure the overdrafts of certain subsidiary companies.

21 Sundry creditors

	Group 1983 £	Group 1982 £	Company 1983 £	Company 1982 £
Current instalments due on loans	2,600	4,600	–	–
Amounts owed to group companies	–	–	1,658,573	1,497,657
Other creditors	290,086	181,459	1,650	1,602
Corporation tax	531,204	984,483	252,960	228,647
Other taxation and social security	952,714	965,285	6,331	5,177
Accruals and deferred income	887,304	481,591	40,747	41,883
Proposed final dividend	336,671	303,131	336,671	303,131
	£3,000,579	£2,920,549	£2,296,932	£2,078,097

22 Creditors—amounts falling due after more than one year

	1983 £	1982 £
(a) Loans repayable in full within five years		
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	6,200	8,800
*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	—	3,000
	6,200	11,800
(b) Loan 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	—	11,500
(c) Corporation tax	7,991	—
	£14,191	£23,300

*These loans were repaid during the year.

23 Deferred credit

	1983 £	1982 £
Regional development grants on qualifying expenditure		
At 1st January	449,636	397,387
Received in the year	314,481	186,646
Released to profit and loss account	(143,743)	(134,397)
At 31st December	£620,374	£449,636

24 Share capital

	1983 £	1982 £
Authorised		
Ordinary shares of 25p each	5,000,000	5,000,000
Allotted, issued and fully paid:		
Ordinary shares of 25p each	3,825,802	3,789,136

25 Share premium account

	Group £	*Company* £
At 1st January 1983	188,859	188,859
Premium on shares issued during the year	174,526	174,526
At 31st December 1983	£363,385	£363,385

26 Revaluation reserve

	Group £	*Company* £
At 1st January 1983	231,708	—
Eliminated on disposals	(79,839)	—
At 31st December 1983	£151,869	—

27 Other reserves

	Group £	Company £
At 1st January 1983	627,516	–
Goodwill written off	46,116	–
At 31st December 1983	£581,400	–

28 Profit and loss account

	Group £	Company £
At 1st January 1983	4,945,641	2,934,961
Retained profit for year	1,398,995	556,562
At 31st December 1983	£6,344,636	£3,491,523

29 Pension commitments

The group has a number of pension plans designed to provide retirement benefits based upon final salaries. The cost of these benefits arising from current service, which is determined by actuarial valuation using a projected benefit method, is charged against profit as the service arises. In addition to this there is an unfunded pension commitment to a former director of a subsidiary company amounting to £10,000 per annum, terminating in 1992.

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 give a true and fair view of the state of affairs of the company and the group at 31st December 1983 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.

Spicer Watson Co.

Chartered Accountants

Glasgow
20th April 1984

MACFARLANE GROUP

FIVE-YEAR FINANCIAL REVIEW

	1979 £	1980 £	1981 £	1982 £	1983 £
Turnover	15,894,375	16,194,676	26,937,718	31,811,536	34,099,704
Profit on ordinary activities before taxation	1,668,581	1,216,482	1,760,247	2,150,941	2,521,386
Taxation	642,213	(286,089)	582,532	692,843	532,151
Profit on ordinary activities after taxation	1,026,368	1,502,571	1,177,715	1,458,098	1,989,235
Extraordinary items	–	57,278	(88,000)	81,094	–
Profit attributable to members of holding company	1,026,368	1,445,293	1,265,715	1,377,004	1,989,235
Dividends	366,220	419,373	485,009	533,510	590,240
Retained profit for year	£660,148	£1,025,920	£780,706	£843,494	£1,398,995
Earnings per ordinary share, before extraordinary items	7·89p	11·55p	7·77p	9·62p	13·10p

Notes

1. The tax charge for 1980 has been reduced by a non-recurring release of deferred taxation provision amounting to £619,990.
2. The earnings per share have been adjusted for the scrip issues in 1979, 1980 and 1982.

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	C. B. Cruickshank
*Controlled Packaging Services Limited, Westbury	Manufacture and supply of packaging materials	Sir Norman Macfarlane
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	Sir Norman Macfarlane
*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
*R. Mitchell (Grantham) Limited Grantham	Manufacture and supply of packaging materials	A. R. Finney
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. 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	R. S. Beddoe/ E. I. Pywell

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 — March Paid — May

Results

Half year	Announced — September
Full year	Announced — March
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

Printed by Blackwood Pillans & Wilson Ltd, Edinburgh