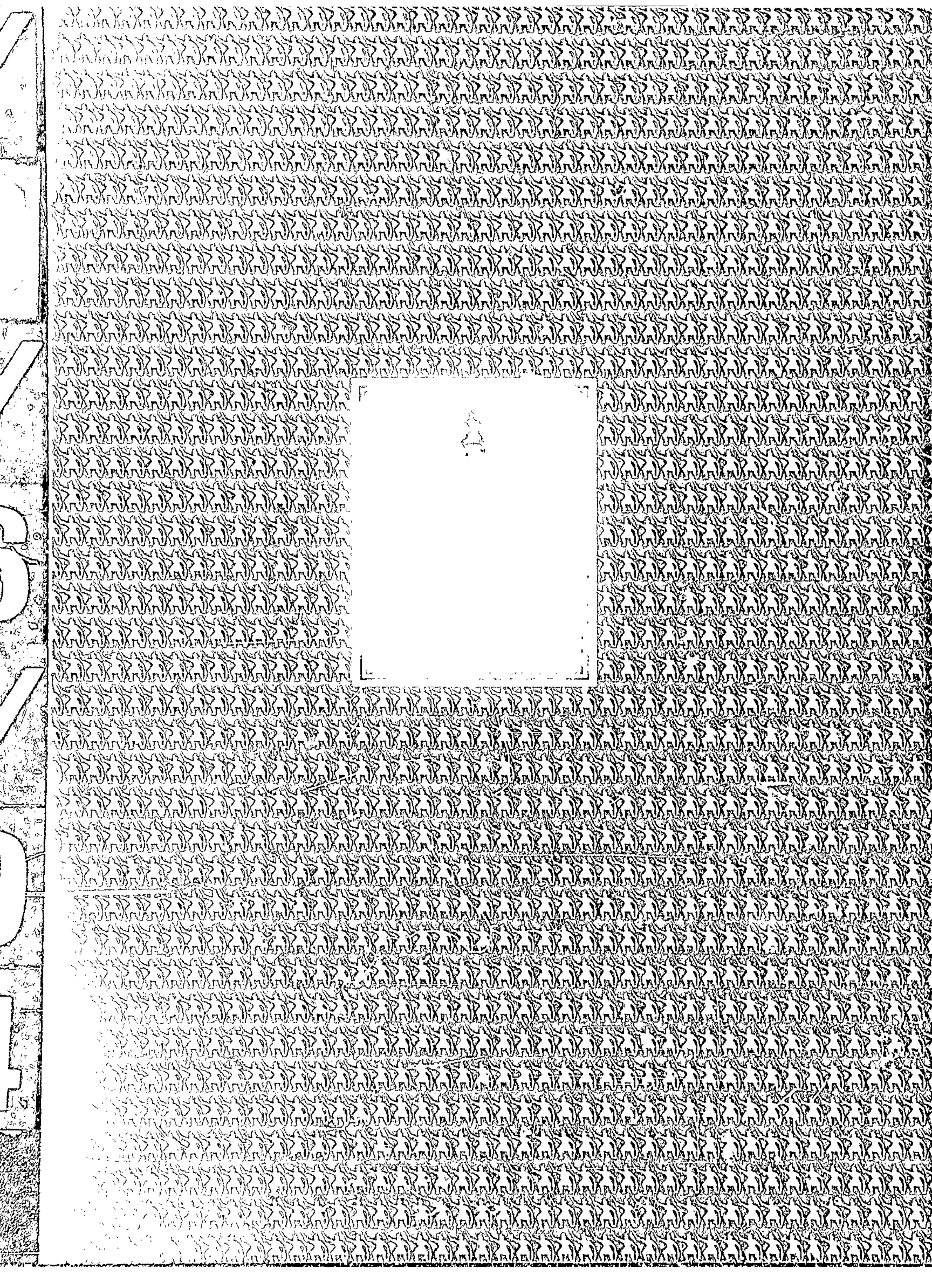

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Macfarlane Group (Clansman) P.L.C.

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Chairman's Statement

I am pleased to report that 1993 was a good year for Macfarlane Group.
Profits before taxation increased by 25.4% to £12,732,000 from £10,152,000 the previous year and sales for the same period increased by 11.2% to £96,717,000 from £86,974,000.
Earnings per share amounted to 11.25p, an increase of 27.8% over the 8.8p earned the previous year.
In my interim statement to shareholders last year I referred to the gentle upturn which we were experiencing in the U.K. economy. I am happy to confirm that this trend continued in the second half of the year resulting in a satisfactory increase in Group profits.
The results are a tribute to the commitment, dedication, expertise and experience of our executives who have successfully managed the Group through recessionary conditions and have continued to enforce prudent financial disciplines in all our companies.

Dividends

I have stated on many occasions that our policy on dividends is to ensure that shareholders should continue to benefit from growth in income which reflects the underlying growth in the earnings of the Group.
With this in mind your directors are recommending a final dividend of 2.4p per share which, with the interim of 1.44p already paid, makes a total for the year of 3.84p, an increase of 20.5% over the 3.186p paid last year.
Shareholders will be pleased to be reminded that dividends have increased by over 57% in the last four years and have been increased every year since Macfarlane Group became a public company in 1973.

Review of the Year

Nearly all of the companies in the Group achieved increased profits against the previous year and they continued to benefit from the stringent measures taken during the recession.
We have continued to invest substantial sums in buildings and plant and machinery and many of the decisions taken in 1993 will ensure improved performance in the years ahead.
Nearly all the growth in profits in 1993 was organic, which will continue this year but we should also achieve some benefit from acquisitions which are in negotiation at present.

Packaging Division

Packaging is the largest part of the Group, accounting for over 70% of Group business and employing three quarters of the workforce.
Most of the companies in the Division traded satisfactorily during the year and were able to take advantage of the upturn in the economy in the second six months.
Abbott's Packaging, the Group's largest subsidiary which has a national packaging distribution network, again traded satisfactorily.
On 1st January 1994 it absorbed the trade of Double R. Packaging Limited, which was acquired in January 1993 and now forms its Thames Valley Branch.
Aston Packaging continued to benefit from the trend towards environmentally friendly paper-based packaging products, from the acquisition and integration of Redditch Packaging, a major competitor and from a considerable improvement in efficiency.
Controlled Packaging Services of Westbury in Wiltshire achieved better results during the second half of the year due mainly to increased demand from its major customers.
A.&W. Fullarton of Glasgow, the largest

manufacturing company in the Division, had a good year.
To cope with increased demand Fullarton is making a major investment in additional storage facilities at its Braehead site, which should be completed within the next few weeks.

PLASTIC MOULDING DIVISION
The companies in the Division had another successful year producing increased contributions to Group profits.
A.C.W. of Aberdeen increased its capacity through the acquisition of adjacent property and installed a 'clean room' facility which enabled it to produce a new range of packaging for the medical sector.
Daniel Montgomery & Son of Kirkintilloch experienced increased demand for its range of sophisticated closures and advanced anti-counterfeiting devices and will make a major investment in new plant and buildings during 1994.

DEVELOPMENT DIVISION
N. S. Macfarlane & Co., Kilmarnock, our self adhesive label company had another successful year during which it built on the improvement in cost control and factory efficiency shown the previous year.
Investment in new equipment in the early part of 1994 should lead to a further increase in its contribution to Group profits this year.

EMPLOYEES
I make no apology for reminding shareholders once again that our employees are our greatest asset and the 1993 record results are a tribute to their enterprise, enthusiasm and hard work.
On behalf of the Board I thank them most warmly for their splendid contribution to the Group during another record year.

FINANCE
We have once again in the year under review pursued our stated policy of generating, not only satisfactory profits but also substantial cash which we invest in sectors in which we are already involved and where we can achieve attractive returns.
We have continued to enforce strict financial controls throughout the Group and as a result of this policy we produced an extremely strong balance sheet at the year end with over £19 million in cash and no borrowings.

DIRECTORS
I wish once again to thank all my fellow directors for their loyalty and support during another interesting year.
I particularly wish to pay tribute to my two senior executive colleagues, Bill Mackie and Andrew Reekie.
When Bill took over from me as Group Managing Director at the beginning of 1991 I said "I am confident that under his guidance the Group will continue to prosper" and this has certainly been the case.
Andrew has served the company as Group Financial Director for 25 years, during which he has coped with the considerable growth which has taken place, in an exemplary manner.

CORPORATE GOVERNANCE
As stated elsewhere in the Annual Report your Board has given careful consideration to the Cadbury Report on Corporate Governance. I am pleased to report that the Company now complies with all items of the Code where guidelines are currently available.

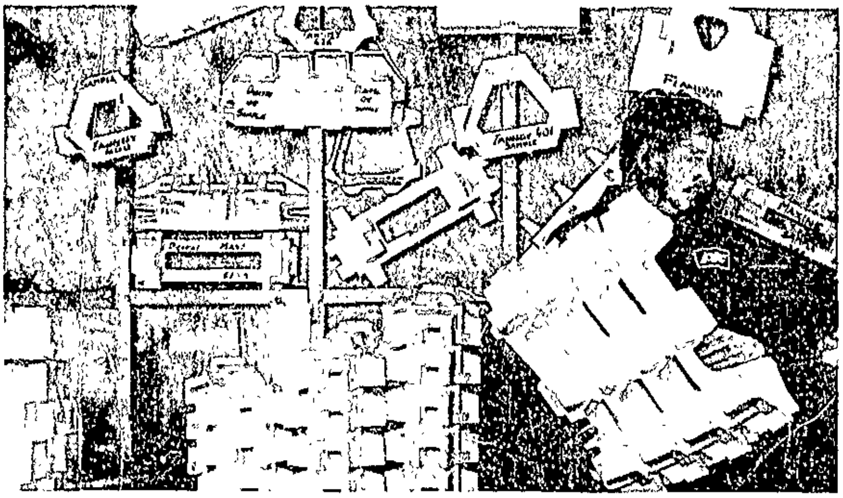
PROSPECTS
The current year has started well with sales and profits ahead of the corresponding period last year. Morale in the Group is good and we have substantial cash resources with which to take advantage of suitable investment opportunities.
I remain confident that Macfarlane Group will continue to make satisfactory progress.

Macfarlane of Bearsden

CHAIRMAN

PACKAGING DIVISION

The PACKAGING DIVISION is the largest part of the Group, employing three quarters of the workforce and accounting for over 70% of Group business.Turnover for the year increased by 12.7%. Most of the companies in the Division traded satisfactorily during the year and were able to take advantage of the gentle upturn in the economy which occurred towards the latter part of 1993.



ABBOTT'S PACKAGING supplies a comprehensive range of industrial packaging materials through its 13 branches which are strategically sited throughout the United Kingdom and which all operate under the BS5750 quality standard. Abbott's has over 25,000 customers whose requirements are satisfied by an experienced sales force and a comprehensive product catalogue and price list. Mainly because of the improved trading conditions during the second half of the year, satisfactory results were achieved.
Double R. Packaging of Tetsworth, which was acquired by the Group in January 1993, became the Thames Valley Branch of Abbott's on 1st January 1994. A further two Abbott's branches, sited in strategically important locations, will be opened this year.

ASTON PACKAGING manufactures single-faced corrugated paper rolls and also converts corrugated materials into corrupad and protech protective packaging products. Aston benefited during the year from the continuing trend away from plastic towards environmentally friendly paper based packaging products. It also improved its performance because of the acquisition and integration of Redditch Packaging, which was its major competitor and also because of the installation of new automated equipment. Exports to Europe are increasing and there are conversion plants in France as well as a licensing agreement in America. New products are being developed in order to enlarge the product range and further investment is planned for 1994.

CLANSMAN CASES is a manufacturer of heavy duty and conventional corrugated cases which operates from three locations. Each of these factories, at Stalybridge near Manchester, at Brackley in Northamptonshire and at Bedwas in Gwent, operates under the BS5750 quality standard. Although the corrugated case market is highly competitive, the company designs and manufactures specialised products where there is greater added value. Several large contracts were obtained during the year and these helped the company to achieve a satisfactory performance. Clansman Cases is well placed to benefit from the upturn taking place in the economy.

CONTROLLED PACKAGING SERVICES of Westbury in Wiltshire manufactures and converts heavy duty and composite corrugated packs in addition to supplying traditional packaging materials. The company improved its performance during the second half of the year, due mainly to improved demand from its major customers. Customer relationships and exceptional service have always been hallmarks of CPS and the company continues to build strongly on these attributes.

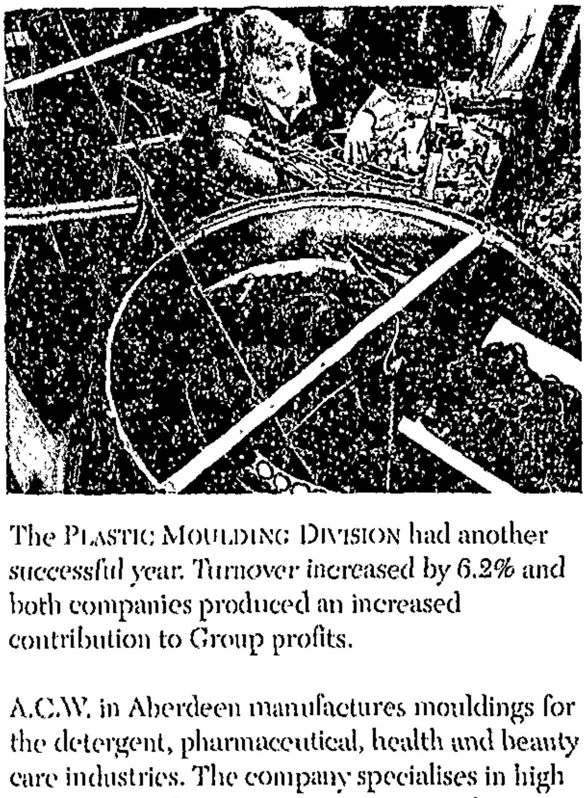
FLO-PAK (UK) is the largest manufacturer of loose-fill polystyrene packaging materials in the United Kingdom. Although trading conditions were again difficult during the year, the company achieved satisfactory results. The investment in the reprocessing of post consumer waste polystyrene has made Flo-pak more environmentally acceptable and has provided opportunities to manufacture other plastic products for the packaging industry. The company is continuing to pursue investment opportunities and will introduce a new product, with applications outwith as well as within the packaging industry, in 1994.

A & W FULLARTON of Glasgow, the largest manufacturing company in the Division, had another good year. Fullarton manufactures heavy duty and conventional corrugated cases as well as timber products. It is also a major supplier of warehousing and haulage facilities to many large companies, particularly in the computer and chemical industries, throughout Scotland. Fullarton's reputation for outstanding customer service has resulted in increased demand for its services. To cope with this a major investment in new storage facilities at Braehead, near Glasgow, commenced in the last quarter of the year and should be in operation by the Spring of 1994. Further investment opportunities are being actively pursued.

MITCHELL PACKAGING is based in Grantham, Lincolnshire, with a satellite factory in Sheffield. The company manufactures heavy duty and conventional corrugated cases as well as supplying a wide range of industrial packaging materials. A specialist area of activity is the waxing of corrugated cases for special projects including weather-proofing. Some contracts, particularly within the meat industry, have already been secured and others are being negotiated at present. The company had a difficult year because many of its traditional customers suffered from the continued recession but it has invested wisely in research and development and is continuing to seek out new opportunities, which should lead to an improved performance in 1994.

Packaging is the Group's core business and new investment and growth opportunities are continually being sought in this area. A number of these situations should come to fruition in the course of this year.

PLASTIC MOULDING DIVISION

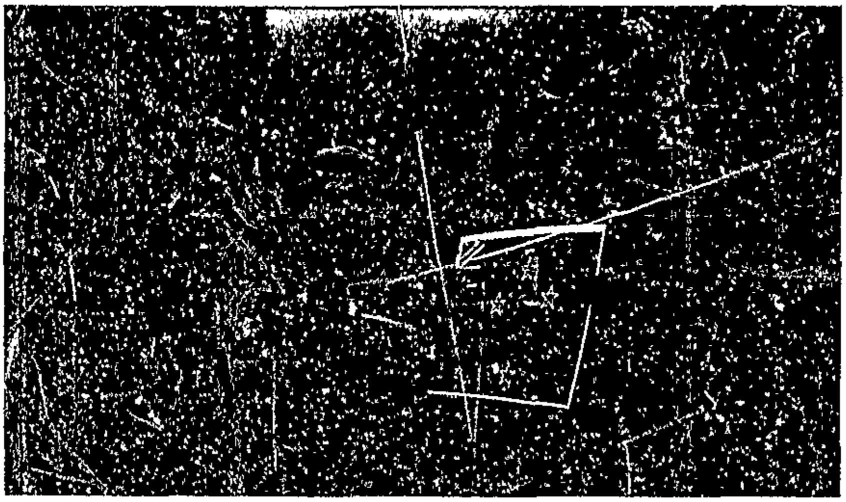


The PLASTIC MOULDING DIVISION had another successful year. Turnover increased by 6.2% and both companies produced an increased contribution to Group profits.

A.C.W. in Aberdeen manufactures mouldings for the detergent, pharmaceutical, health and beauty care industries. The company specialises in high volume manufacturing, using increasingly automated systems to provide outstanding service and quality products. It is forming increasingly strong links with its major customers and this is leading to opportunities outwith its traditional markets. During the year the company increased its capacity through the purchase of buildings adjacent to the existing factory and also installed a 'clean room' facility, which allowed the production of a new range of medical devices and cosmetic packaging. The company continues to increase its reputation for environmentally positive product design and innovation and it will take maximum advantage of this by increasing sales activities within the home market and continental Europe.

DANIEL MONTGOMERY & SON, one of the oldest established companies in the Group, has been making bottle closures for the whisky industry since 1848 and still specialises in the design and manufacture of closures and dispensing systems for premium wine and spirit brands.
The in-house design team works closely with its customers to develop highly decorative closures which enhance brand appeal and offer advanced tamper-evident and anti-counterfeiting systems. The general market for anti-counterfeiting devices is increasing and new designs are continually under development. During the year Montgomery was subject to increased demand for its products, as a result of which the manufacturing facilities are being extended and refurbished to increase volume and efficiency. Montgomery's management is conscious of the necessity of keeping up to date with advancing technology and also of maintaining the close connection with its customers which has continued in many cases for almost 150 years. Further investments are being made in new equipment, personnel and training to ensure continuing improvement in service and quality levels. New sales opportunities are available, not only in developing but also in mature markets which should lead to further growth.

DEVELOPMENT DIVISION



1993 was a year of progress for the DEVELOPMENT DIVISION. Turnover increased by 9.7% and each of the companies in the Division achieved improved results.

N.S. MACFARLANE & CO., the self-adhesive label printing company, based in Kilmarnock and Slough, continued to reap the benefits from its rationalisation programme and substantially increased its contribution to Group profits. The company is investing at present in high quality label printing machinery and new computer-aided design equipment which should lead to further progress in 1994.

Although demand continues to be disappointing, N.S. MACFARLANE (OFFICEMAKERS), the interior design and office furniture company, made a modest improvement during the year yet still recorded a small loss. The management continues to make strenuous efforts to increase sales volume and to place greater emphasis on interior design services which should lead to improved results in 1994.

FINANCIAL

These accounts have been prepared under the Accounting Standard Board's Financial Reporting Standard No. 3 'Reporting Financial Performance'. The presentation of the comparative figures has been adjusted to reflect the new standard. The five year record shown on page 8 has also been restated in respect of earnings per share and profit on ordinary activities before taxation in line with the requirements of the new standard.

Sales for the year at £96.7 million, showed an 11.2% increase from the previous year's figure of £87.0 million, reflecting the upturn in the U.K. economy. Profits before taxation were £12.7 million against £10.2 million last year, an increase of 25.4%. This is largely due to the continuing improvement in factory efficiency and cost control throughout the Group.

Although interest rates have dropped substantially since the beginning of 1993 interest received was £858,000, as against £766,000 the previous year, reflecting the very positive cash generation from most of the group companies.

The tax charge for the year was 32.8% compared with 34.5% the previous year.

An interim dividend of 1.44p per share was paid on 12th October 1993. The directors have recommended that a final dividend of 2.4p be paid on 26th May 1994 to those shareholders on the register at close of business on 6th May 1994.

The total dividend for the year excluding tax credits will therefore be 3.84p, an increase of 20.5% over the 3.19p paid the previous year. This ensures that shareholders continue to benefit from a real growth in income.

Cash flow for the year remained strong with an inflow of £7.8 million and funds at the end of the year amounting to £19.2 million. Stocks and debtors have been kept under tight control with balances of £4.2 million and £19.3 million respectively at the year end as against £4.2 million and £17.2 million the previous year.

Capital expenditure for the year amounted to £4.5 million compared with £3.2 million the previous year. Several major projects are under consideration at the present time.

One very important long term measure of consistent performance in any undertaking is the growth in shareholders' funds resulting from retained earnings. When the public quotation was achieved in 1973 shareholders' funds were £1.3 million. At the end of 1993 they were £48.8 million, an increase of 37 times.

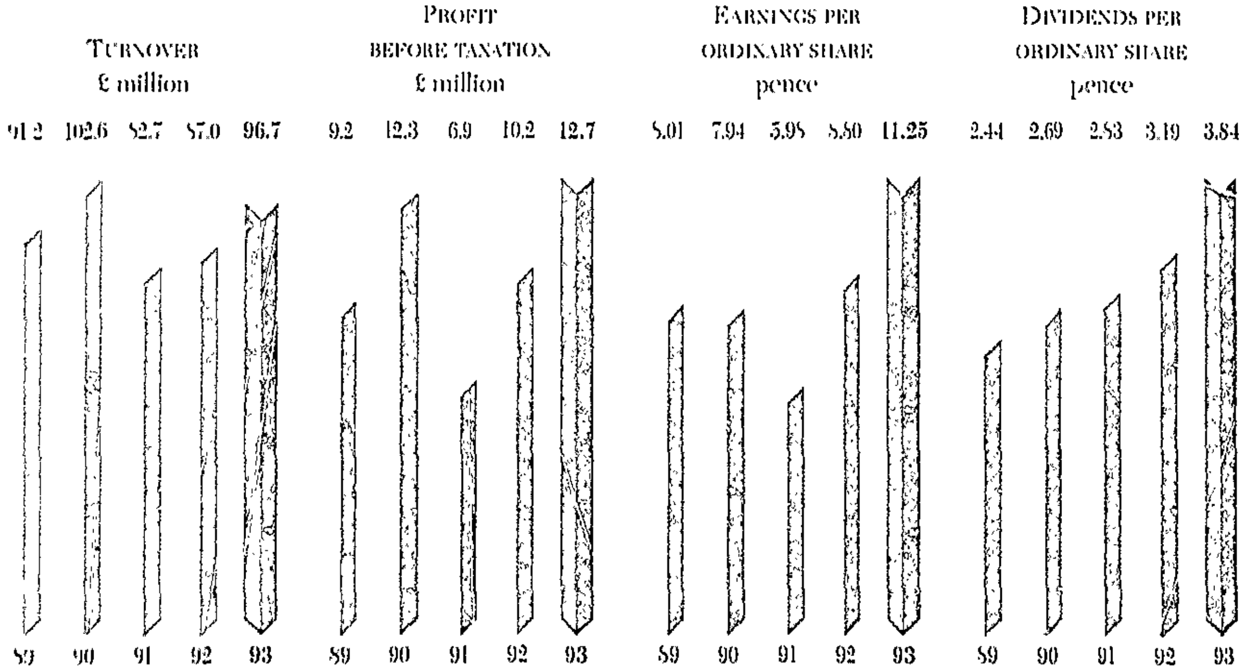
With a strong Balance Sheet and no borrowings the Group is ideally placed to take advantage of suitable investment opportunities as they arise.

Five Year Record

	1989	1990	1991	1992	**1993**
	£000	£000	£000	£000	**£000**
Turnover	91,199	102,560	82,656	86,974	**96,717**
Operating profit	10,171	10,383	6,762	9,559	**11,930**
Exceptional item	–	3,041	–	–	–
Interest receivable	157	61	393	766	**858**
Interest payable	(1,128)	(1,229)	(305)	(173)	**(56)**
Profit on ordinary activities before taxation	9,200	12,256	6,850	10,152	**12,732**
Taxation	3,164	3,329	2,335	3,504	**4,171**
Profit for the financial year	6,036	8,927	4,515	6,648	**8,561**
Dividends	1,844	2,030	2,134	2,410	**2,948**
Retained profit for the year	4,192	6,897	2,381	4,238	**5,613**
Earnings per ordinary share before exceptional item*	8.01p	7.94p	5.98p	8.80p	**11.25p**
Dividends per ordinary share*	2.44p	2.69p	2.83p	3.19p	**3.84p**
Dividend cover	3.3	3.0	2.1	2.8	**2.9**

* Adjusted for one for two capitalisation issue in May 1993

Previous years' figures have been restated in accordance with FRS3 'Reporting Financial Performance'.



Directors and Advisers

Lord Macfarlane of Bearsden
Chairman
Founder in 1949 of N. S. Macfarlane & Co which became Macfarlane Group (Clansman) in 1973. Aged 68, he combines his executive commitments to Macfarlane Group with appointments as Chairman of United Distillers plc, American Trust plc and The Fine Arts Society PLC. He is also Deputy Chairman of Clydesdale Bank PLC and a Non-Executive Director of General Accident Fire & Life Assurance Corporation PLC and Edinburgh Fund Managers plc. He was knighted in 1983 for service to industry and the arts and became a Life Peer in 1991.

Charles Cruickshank
Deputy Chairman
Was with Daniel Montgomery & Son from 1958, joining the Group Board in 1973 and becoming Deputy Chairman in 1979. He retired as Chief Executive of the Plastic Moulding Division on 31st December 1990 but remains a Non-Executive Director of the Group and is Chairman of the Remuneration Committee.

Gordon Lane
Chief Executive - Packaging Division
Aged 43, was with Abbott's Packaging for 21 years. He was appointed to the Group Board in 1987 and became Chief Executive of the Packaging Division on 1st January 1991. On 1st August 1993 he relinquished his position with Abbott's Packaging and assumed responsibility for identifying acquisition opportunities and new products for the Group.

Bill Mackie
Managing Director
Chief Executive - Development Division
Was with A & W Fullarton, one of the Group's principal packaging subsidiaries for 29 years before becoming Group Managing Director on 1st January 1991. Aged 59, he joined the Group Board in 1979 and has played a major part in the creation and development of the Group's present national packaging network.

Robert Martin
Chief Executive - Plastic Moulding Division
Joined A.C.W. in 1976 and was appointed Managing Director in 1985. Aged 40, he is responsible for the development of new applications and for leading the Division into new markets. He joined the Group Board in July 1990 and from 1st January 1991 assumed responsibility for the Plastic Moulding Division.

Andrew Reekie
Financial Director
A member of the Institute of Chartered Accountants of Scotland. Has been with the Group for 25 years becoming Group Accountant in 1973 and Group Financial Director in 1977. Aged 52, he is responsible for developing the tightly controlled financial systems which have contributed greatly to the Group's overall success. He is a Fellow of the Institute of Directors.

Norman Barclay
Non-Executive Director
Joined Daniel Montgomery & Son in 1952 and in 1963 became Managing Director of the A.C.W. Group which merged with N. S. Macfarlane & Co to form Macfarlane Group (Clansman) in 1973. He is now a Non-Executive Director and serves on several Boards in the UK and overseas.

Godfrey Lane
Non-Executive Director
Was with Abbott's Packaging for 30 years, initially as Finance Director and then as Managing Director until he relinquished his management responsibilities in 1986. He joined the Group Board in 1980 when Abbott's was acquired by Macfarlane Group and laid the foundations for Abbott's distribution network. He remains a Non-Executive Director and is Chairman of the Audit Committee.

Secretary
A. Ritchie

Registered Office
Clansman House, Sutcliffe Road,
Glasgow G13 1AH
Telephone: 041 959 4444
Fax: 041 954 3257

Company Registration Number
No 4221. Registered in Scotland

Registrar
Bank of Scotland
Apex House
9 Haddington Place
Edinburgh EH7 4AL

Principal Bankers
The Royal Bank of Scotland plc
100 West George Street
Glasgow G2 1PP

Auditors
Touche Ross & Co.

Solicitors
Wright, Johnston & Mackenzie

Stockbrokers
James Capel & Co Limited
Speirs & Jeffrey Limited

Report of the Directors

The directors present their annual report and audited Group accounts for the year ended 31st December 1993.

Principal activities

There has been no significant change in the activities of the Company and its subsidiaries which are the manufacture and distribution of packaging, plastic mouldings and specialist printing, the supply of office furniture and the provision of storage, warehousing and haulage services. Details of the principal subsidiary companies and their activities are set out on page 33.
An analysis of turnover by division and geographical area is shown in note 1 on page 20.

Review of the business

A review of the business during and following the end of the financial year and comments on future developments within the Group are contained in the Chairman's Statement and the Operating and Financial Review on pages 2 to 7.

Results and dividends

The Group profit on ordinary activities before taxation was £12,732,000 (1992 - £10,152,000). The directors recommend payment of a final dividend of 2.4p to be paid on 26th May 1994 making a total of 3.84p for the year (compared with 3.19p for the year ended 31st December 1992, adjusted for the capitalisation issue in May 1993). The retained profit for the year amounting to £5,613,000 (1992 - £4,238,000) will be transferred to reserves.

Share capital

At the last Annual General Meeting the directors were given authority to allot further ordinary shares for cash beyond those committed to the share option schemes up to an aggregate amount of £945,318. That authority expires at the conclusion of the forthcoming Annual General Meeting.

A resolution will be put to shareholders to renew for a further year the authority over the existing unissued and uncommitted ordinary share capital. This authority is limited to a maximum nominal amount of £967,128.

Employee share schemes

During the year 1,744,875 ordinary shares were issued on the exercise of options under The Macfarlane Group 1987 Executive Share Option Scheme.
Details of the remaining options outstanding under the Company's share option schemes are given in note 18 on page 27.
£131,000 has been allocated from 1993 profits to the Trustees of the Macfarlane Group Share Appropriation Scheme which was established in 1990 for the appropriation of ordinary shares to eligible employees.

Substantial holdings of shares in the company

The Company has received notification that at 29th March 1994 the following members held more than 3 per cent of the ordinary share capital.

	Holding	Percentage
The Edinburgh Investment Trust plc	4,359,370	5.63
Funds managed or advised by M & G Investment Management Ltd	3,992,600	5.16
Funds managed by Scottish Widows Investment Management Limited	3,563,112	4.60
The Alliance Trust PLC	3,304,683	4.27
Funds managed by Edinburgh Fund Managers plc	2,780,059	3.59
Murray Johnstone Limited and/or clients under its management	2,775,000	3.58

Report of the Directors

Directors and their interests

The names of the directors holding office together with short biographical details are set out on page 9. Messrs N.V.L. Barclay and R.I.B. Martin retire by rotation in accordance with the articles of association and, being eligible, offer themselves for re-election.

N.V.L. Barclay has a service contract with the Company which expires on 5th October 1995. R.I.B. Martin has a service contract with the Company unspecified as to period but subject to three years' notice by the Company and subject to six months' notice at any time by the director. No director, either during or at the end of the financial year, had an interest in any contract relating to the business of the Company or any of its subsidiaries. The interests of directors in office at 31st December 1993 in Macfarlane Group (Clansman) P.L.C. ordinary shares of 25p each were as follows:

	31st December 1993			1st January 1993		
	Beneficial	Non-Beneficial	Option	Beneficial	Non-Beneficial	Option
Lord Macfarlane of Bearsden	3,869,633	225,000		2,701,346	150,000	45,000
C.B. Cruickshank	415,601		75,000	277,068		50,000
G.S. Lane	750,501		135,000	540,258		135,000
W.P. Mackie	263,071		202,500	136,038		180,000
R.I.B. Martin	40,214		135,000	13,008		112,500
A. Reekie	139,001	531,107	135,000	53,258	309,696	135,000
N.V.L. Barclay	266,750	1,204,250		192,500	834,500	
J.G. Lane	3,000,000	306,107		2,200,000	159,696	

No changes have occurred in these holdings between 1st January 1994 and 29th March 1994.

Lord Macfarlane and A. Reekie have a joint non-beneficial interest as trustees of the N. S. Macfarlane Charitable Trust. A.Reekie and J.G.Lane have a joint non-beneficial interest as trustees of the Macfarlane Group Share Appropriation Scheme.

During the year Lord Macfarlane of Bearsden, G.S. Lane, W.P. Mackie, R.I.B. Martin and A. Reekie fully exercised their options under the Macfarlane Group 1987 Executive Share Option Scheme. The above options at 31st December 1993, with the exception of those granted to C.B.Cruickshank, were granted under the Macfarlane Group 1991 Share Option Scheme. The options held by C.B.Cruickshank were granted under the Macfarlane Group 1987 Executive Share Option Scheme. All options have been adjusted following the one for two capitalisation issue in May 1993. The terms and conditions attaching to these options are set out in note 18 on page 27. There were no share options granted during the year.

Report of the Directors

Directors' and officers' liability insurance
The Company has maintained directors' and officers' liability insurance cover throughout the financial year.

Acquisitions
The Company, either directly or through a subsidiary, acquired the whole of the issued share capital of Double R. Packaging Limited on 5th January 1993 and Moore Packaging Limited on 1st March 1993.

Fixed assets
The movements in tangible assets are set out in note 11 on pages 23 and 24. There were no significant changes during the year.

Post balance sheet event
The Company acquired the whole of the issued share capital of Enviropack Limited on 18th March 1994 for £300,000 with a further potential payment of up to £1,600,000 depending on performance over the three years following acquisition.

Employment of disabled persons
The Group 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.

Employee involvement
The directors of all companies within the Group recognise the importance of meaningful communication and consultation in maintaining good employee relations. The Group policy of having efficient autonomous units facilitates the involvement of employees in the companies for which they work, either through joint committees or less formal but equally effective methods of communication and consultation.

Political and charitable contributions
During the year a contribution of £10,000 was paid to the N.S. Macfarlane Charitable Trust, a donation of £5,000 was made to the Fund for Free Enterprise and a further £1,000 was contributed to charitable causes.

Close company status
The Company is not a close company within the provisions of the Income and Corporation Taxes Act 1988.

Auditors
A resolution to re-appoint Touche Ross & Co. as auditors will be proposed at the forthcoming Annual General Meeting.

By order of the board
A. Ritchie
Secretary

Clansman House, Sutcliffe Road,
Glasgow G13 1AH
29th March 1994

Corporate Governance

Following the publication in December 1992 of the report of the Cadbury Committee on the financial aspects of corporate governance, the Company is pleased to confirm that it has complied from 1st July 1993 with all items of the Code where guidelines are currently available.

Group Audit and Remuneration Committees have been established for some time with the three non-executive directors as members. Service contracts for executive directors are on a three year notice basis and such contracts are on display prior to the annual general meeting. Non-executive directors have service contracts on a fixed term basis for less than three years which are subject to review by the board.

The board meets at least seven times a year and as necessary for any matters arising between regular board meetings. The board is responsible for overall Group strategy, acquisition and divestment policy, approval of major capital expenditure projects and considerati , of significant financing matters. It reviews the strategic direction of individual trading subsidiaries, their annual budgets, their progress towards achievement of those budgets and their capital expenditure programmes. At each board meeting the board considers reports from the chief executive and the divisional chief executives.

Directors are authorised to take, at the Company's expense, independent professional advice on legal and financial matters in furtherance of their duties as directors, subject to certain limits and procedures.

The non-executive directors play a key role in the development of Group policy and form the Audit and Remuneration Committees.

Audit Committee	Remuneration Committee
J.G. Lane (Chairman)	C.B. Cruickshank (Chairman)
N.V.L. Barclay	N.V.L. Barclay
C.B. Cruickshank	J.G. Lane

The terms of reference which have been established for many years are similar to those recommended by the Cadbury Committee.

The Audit Committee meets routinely four times a year, with other meetings as necessary and the minutes are circulated to all board members. The finance director and the external and internal auditors attend such meetings as the committee requires. The committee monitors the adequacy of the Group's internal controls, accounting policies and financial reporting.

The Remuneration Committee meets routinely once a year with other meetings as necessary. The committee is responsible for approving Group board remuneration and bonus scheme targets. It also approves the performance conditions under which executive share option schemes operate. It is consulted on board appointments and measures the performance of the executive directors and key members of senior management. No director plays a part in any discussion about his own remuneration.

The Group operates two pension schemes one of which is based on final pensionable salary and the other is a defined contribution scheme. Every employee is eligible to join one or other of these schemes.

Directors' Responsibilities Statement

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

Report of the Auditors to the members of Macfarlane Group (Clansman) P.L.C.

We have audited the financial statements on pages 15 to 30 which have been prepared under the accounting policies set out on page 19.

Respective responsibilities of directors and auditors

As described above the Company's directors are responsible for the preparation of financial statements. It is our respo[illegible]ility to form an independent opinion, b[illegible] on our audit, on those statements and to rep[illegible]rt our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's and the Group'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 financial statements are free from material misstatement, whether caused by fra[illegible]d or other irregularity or error. In forming o[illegible]r opinion we also evaluated the overall adeq[illegible]y of the presentation of information in th[illegible] financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31st 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.

Grant Kos'lo

Chartered Accountants and Registered Auditors
39 St Vincent Place
Glasgow G1 2QQ
29th March 1994

Consolidated Profit and Loss Account

For the year ended 31st December 1993

	Note	Continuing operations £000	Acquisitions £000	1993 £000	1992 £000
Turnover	1	95,039	1,678	96,717	[illegible]
Cost of sales		57,245	1,050	58,295	[illegible]
Gross profit		37,794	628	38,422	[illegible]
Distribution costs		5,165	26	5191	[illegible]
Administrative expenses		21,167	514	21,681	[illegible]
		11,462	88	11,550	9,348
Other operating income	3	380	–	380	211
Operating profit	5	11,842	88	11,930	9,559
Interest receivable				858	766
Interest payable and similar charges	6			(56)	(173)
Profit on ordinary activities before taxation				12,732	10,152
Taxation on profit on ordinary activities	7			4,171	3,504
Profit for the financial year	8			8,561	6,648
Dividends	9			2,948	2,410
Retained profit for the year	19			5,613	4,238
Retained by:					
Macfarlane Group (Clansman) P.L.C.				2,773	727
Subsidiaries				2,840	3,511
				5,613	4,238
Earnings per ordinary share of 25p	10			11.25p	8.80p

There were no recognised gains or losses for either 1993 or 1992 other than the profit for the financial year.

Balance Sheets

As at 31st December 1993

		Group		Company	
		1993	1992	1993	1992
	Note	£000	£000	£000	£000
Fixed assets					
Tangible assets	11	28,390	28,380	462	433
Investments	12	–		11,381	11,485
		28,390	28,380	11,843	11,918
Current assets					
Stocks	13	4,238	4,172	–	
Debtors	14	19,295	17,200	7,831	6,566
Deferred taxation asset	15	–		413	387
Cash at bank and in hand		19,164	11,367	18,611	11,320
		42,697	32,739	26,855	18,273
Creditors - amounts falling due within one year	16	22,184	18,313	9,473	5,094
Net current assets		20,513	14,426	17,382	13,179
Total assets less current liabilities		48,903	42,806	29,225	25,097
Creditors - amounts falling due after more than one year	17	–	–	2,181	2,091
Provisions for liabilities and charges	15	59	358	–	
		59	358	2,181	2,091
Total net assets		48,844	42,448	27,044	23,006
Capital and reserves					
Called-up share capital	18	19,343	12,599	19,343	12,599
Share premium account	19	785	144	785	144
Revaluation reserve	19	4,357	4,461	–	–
Profit and loss account	19	24,359	25,244	6,916	10,263
Shareholders' funds		48,844	42,448	27,044	23,006

These financial statements were approved by the board of directors on 29th March 1994 and signed on its behalf by

Consolidated Cash Flow Statement

For the year ended 31st December 1993

	1993	1992
	£000	£000
Net cash inflow from operating activities	16,372	13,400
Returns on investments and servicing of finance		
Interest received	765	726
Interest paid	(50)	(198)
Interest element of finance lease rentals	(6)	(11)
Dividends paid	(2,551)	(2,201)
Net cash outflow from returns on investments and servicing of finance	(1,842)	(1,684)
Taxation		
UK corporation tax paid	(3,696)	(2,450)
UK corporation tax received	15	4
Tax paid	(3,681)	(2,446)
Investing activities		
Purchase of tangible fixed assets	(4,381)	(3,111)
Purchase of subsidiary undertakings	(1,091)	(1,415)
Disposal of subsidiary undertaking	–	1,426
Disposal of tangible fixed assets	1,237	1,118
Net cash outflow from investing activities	(4,235)	(1,952)
Net cash inflow before financing	6,614	7,288
Financing		
Issue of ordinary share capital	1,222	–
Capital element of finance lease rentals	(39)	(50)
Long term loan repaid	–	(658)
Net cash inflow/(outflow) from financing	1,183	(708)
Increase in cash and cash equivalents	7,797	6,580

The notes to the cash flow statement are contained within note 20 of the accounts.

Note of Historical Cost Profits and Losses

For the year ended 31st December 1993

	1993	1992
	£000	£000
Reported profit on ordinary activities before taxation	12,732	10,152
Realisation of property revaluation gains of previous years	11	
Difference between the historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	93	90
Historical cost profit on ordinary activities before taxation	12,836	10,242
Historical cost profit for the year retained after taxation and dividends	5,717	4,328

Reconciliation of Movements in Shareholders' Funds

For the year ended 31st December 1993

	1993	1992
	£000	£000
Profit for the financial year	8,561	6,648
Dividends	(2,948)	(2,410)
	5,613	4,238
New share capital issued	1,265	150
Purchased goodwill written off	(482)	(1,178)
Goodwill on disposal previously eliminated against reserves	–	1,213
Net addition to shareholders' funds	6,396	4,423
Shareholders' funds at 1st January	42,448	38,025
Shareholders' funds at 31st December	48,844	42,448

Accounting Policies

Basis of preparation
The accounts are prepared in accordance with applicable accounting standards and under the historical cost convention modified to include the revaluation of the majority of the group's properties. The accounts have been prepared in accordance with FRS3 'Reporting Financial Performance'. There has been no effect on the comparative figures.

Consolidation
In accordance with FRS2 the consolidated profit and loss account and balance sheet include the accounts of the parent company and all its subsidiaries made up to the end of the financial year. Pre-acquisition profits are eliminated on consolidation and purchased goodwill representing the excess of the purchase consideration over the fair values of the assets acquired is written off reserves. The consolidated profit or loss on closure or disposal of a subsidiary is the difference between the proceeds of sale and the group's share of the subsidiary's net assets together with any attributable goodwill originally written off on acquisition.

Turnover
Turnover is the value of goods sold and services provided to third parties stated net of value added tax.

Depreciation
Tangible fixed assets are stated at cost to the group except in the case of certain properties which are stated at valuations by professional valuers.
Depreciation is calculated at fixed rates on a straight line basis 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 per annum on buildings and 10 per cent and 20 per cent per annum on plant, vehicles and fittings.

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 comprises direct cost and manufacturing overheads.

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. Employment related regional development grants are credited to the profit and loss account in the period in which the jobs are created.

Taxation
Provision is made for corporation tax on all profits and realised gains up to the balance sheet date at the latest known corporation tax rates.

Deferred taxation
Provision is made for deferred taxation on timing differences to the extent that it is probable that a liability or asset will crystallise in the future. The provision is based on the rates of tax expected to be in force when the liability is likely to occur.

Leases
The cost of assets held under finance leases is included in tangible assets and depreciation is provided in accordance with the group's accounting policy for the class of asset concerned. The interest cost is charged over the term of the lease. All future obligations are included in creditors.
Rental costs under operating leases are charged to profit and loss account as incurred.

Foreign currency translation
Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date.
All exchange differences are dealt with through the profit and loss account.

Pension costs
The expected cost of providing pensions is charged to profit and loss account in order to spread the cost over the service lives of the employees in the schemes in such a way that the pension cost is a substantially level percentage of current and expected future pensionable payroll.

1. Analysis of turnover

	1993	1992
	£000	£000
By division:		
Packaging	68,453	60,717
Plastic Moulding	16,508	15,544
Development	11,756	10,713
	96,717	86,974
By geographical area:	£000	£000
United Kingdom	95,183	84,450
Europe	1,347	2,295
Other continents	187	229
	96,717	86,974

There is no disclosure of profit or net assets by division as in the opinion of the directors this would be prejudicial to the group's interest.

2. Employees

	1993	1992
The average number of employees of the group during the year was made up as follows:		
Production	990	867
Sales and distribution	278	277
Administration	186	184
	1,454	1,328
The costs incurred in respect of these employees were:	£000	£000
Wages and salaries	20,681	17,711
Social security costs	1,885	1,645
Other pension costs	943	875
	23,509	20,231

3. Other operating income

	1993	1992
	£000	£000
Grants released	53	40
Gain on disposal of fixed assets	280	115
Net rental income	47	56
	380	211

4. DIRECTORS		1993	[illegible]
		£000	[illegible]
Emoluments of the directors of the company included in employee costs:			
Fees		72	[illegible]
Remuneration	-salaries and taxable benefits	423	[illegible]
	-performance related incentive payments	100	[illegible]
		595	[illegible]
Pension scheme contributions		42	[illegible]
		637	[illegible]
Emoluments of the chairman who was also the highest paid director:			
Remuneration	-salary and taxable benefits	122	111
	-performance related incentive payment	29	26
		151	137
Pension scheme contributions		–	
		151	137

The executive directors are paid basic salaries and can also earn an incentive payment based on the Group's profit performance. The maximum payment is 25 % of basic salary.
Details of the directors' share options are set out in the Report of the Directors.

The following table shows in bands, the emoluments of other directors:			1993	1992
£10,001	-	£15,000	–	2
£15,001	-	£20,000	2	
£30,001	-	£35,000	1	1
£75,001	-	£80,000	–	3
£80,001	-	£85,000	2	
£85,001	-	£90,000	1	
£110,001	-	£115,000	–	1
£120,001	-	£125,000	1	

5. OPERATING PROFIT		1993	1992
Operating profit is arrived at after charging:		£000	£000
Depreciation		4,068	4,101
Auditors' remuneration	- audit services	140	145
	- non-audit services	67	70
Hire of plant and equipment		228	202
Operating lease rentals for land and buildings		246	216
Operating lease rentals for plant and equipment		485	471
Surplus on disposal of net assets of subsidiary undertaking		–	1,125
Goodwill written off on acquisition		–	1,213
Loss on disposal of subsidiary undertaking		–	58

6. INTEREST PAYABLE AND SIMILAR CHARGES

	1993	[illegible]
	£000	[illegible]
Bank loans and overdrafts repayable within five years	50	[illegible]
Finance lease charges	6	[illegible]
	56	[illegible]

7. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	1993	[illegible]
	£000	[illegible]
United Kingdom taxation		
Corporation tax at 33% (1992 - 33%)	4,533	[illegible]
Deferred taxation	(278)	[illegible]
Prior year adjustments	(84)	[illegible]
	4,171	[illegible]

8. PROFIT FOR THE FINANCIAL YEAR

	1993	[illegible]
	£000	[illegible]
Parent company	5,721	[illegible]
Subsidiaries	2,840	[illegible]
	8,561	[illegible]

The company has taken advantage of Section 230 of the Companies Act 1985 and consequently a separate profit and loss account for the parent company is not presented as part of these accounts.

9. DIVIDENDS

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

		Per share		1993	1992
				£000	£000
Interim paid 12th October 1993 1.44p net				1,089	948
	equivalent to gross	1.80p	1.67p		
Proposed final 2.4p net				1,859	1,162
	equivalent to gross	3.00p	2.42p		
		4.80p	4.09p	2,948	2,110

The 1992 dividend rates per share have been adjusted to take account of the one for two capitalisation issue in May 1993.

10. EARNINGS PER ORDINARY SHARE

The earnings per ordinary share are calculated on the basis of the weighted average of 76,099,717 shares in issue, following the one for two capitalisation issue in May 1993, (1992 - weighted average 75,554,385) and on earnings after taxation of £8,561,000 (1992 - £6,648,000). The 1992 earnings per ordinary share have been restated accordingly. No material dilution of earnings per share would arise if all outstanding options were exercised.

11. TANGIBLE ASSETS

The group	Land and buildings £000	Plant, vehicles and fittings £000	Total £000
Cost or valuation			
At 1st January 1993	20,729	30,710	51,439
Assets of subsidiaries acquired	450	263	713
Additions	1,442	3,033	4,475
Disposals	(610)	(1,866)	(2,476)
At 31st December 1993	22,011	32,140	54,151
Depreciation			
At 1st January 1993	1,544	21,515	23,059
Assets of subsidiaries acquired	10	153	163
Charge for year	469	3,599	4,068
Disposals	(11)	(1,518)	(1,529)
At 31st December 1993	2,012	23,749	25,761
Net book value at 31st December 1993	19,999	8,391	28,390
Net book value at 31st December 1992	19,185	9,195	28,380
At cost	7,017		
At valuation 1987	8,744		
At valuation 1990	6,250		
	22,011		

The net book value of fixed assets of £28,390,000 (1992 - £28,380,000) includes an amount of £40,000 (1992 - £39,000) in respect of assets held under finance leases. The depreciation charge in respect of these assets is £14,000 (1992 - £13,000)

11. TANGIBLE ASSETS (CONTINUED)

The company	Land and buildings £000	Plant, vehicles and fittings £000	Total £000
Cost			
At 1st January 1993	407	215	622
Additions	–	94	94
Disposals	–	(83)	(83)
Group transfers	–	39	39
At 31st December 1993	407	265	672
Depreciation			
At 1st January 1993	107	82	189
Charge for year	10	35	45
Disposals	–	(40)	(40)
Group transfers	–	16	16
At 31st December 1993	117	93	210
Net book value at 31st December 1993	290	172	462
Net book value at 31st December 1992	300	133	433

Land and buildings

	Group 1993 £000	Group 1992 £000	Company 1993 £000	Company 1992 £000
Land and buildings at net book value comprise:				
Freeholds	18,431	16,430	290	300
Long leaseholds	1,371	2,535	–	
Short leaseholds	197	220	–	–
	19,999	19,185	290	300
On an historical cost basis, land and buildings would have been included at:				
Cost	18,161	16,871	407	407
Aggregate depreciation	2,577	2,212	117	107
Net historical cost value at 31st December	15,584	14,659	290	300

12. INVESTMENTS

	1993
	£000
The company	
Investment in subsidiaries	
Cost	
At 1st January	11,485
Acquired	432
Transfer to subsidiary	(536)
At 31st December	11,381

Details of the principal subsidiary undertakings are set out on page 33.

13. STOCKS

	1993	[illegible]
	£000	[illegible]
The group		
Raw materials and consumables	1,908	[illegible]
Work in progress	403	[illegible]
Finished goods and goods for resale	1,927	[illegible]
	4,238	[illegible]

14. DEBTORS

	Group		Company	
	1993	[illegible]	1993	[illegible]
	£000	[illegible]	£000	[illegible]
Trade debtors	17,927	[illegible]	–	
Amounts owed by subsidiaries	–		7,382	[illegible]
Other debtors	189	[illegible]	225	[illegible]
Prepayments and accrued income	1,179	[illegible]	224	[illegible]
	19,295	[illegible]	7,831	[illegible]

Included in amounts owed by subsidiaries are loans which are due after more than one year totalling £449,000 (1992 - £449,000).

Included in other debtors are loans made to five officers and executives of the group under the group house purchase scheme. The total balance outstanding at 31st December 1993 amounted to £22,000 (1992 - £26,000) of which £3,000 (1992 - £3,000) relates to Mr A. Reekie and £2,000 (1992 - £3,000) relates to Mr W. P. Mackie who are directors of the parent company. The amounts outstanding at 1st January 1993 represented the maximum balance during the year.

15. Provision for liabilities and charges

	Group		Company	
	1993	[illegible]	1993	[illegible]
Deferred taxation	£000	[illegible]	£000	[illegible]
Provided in the accounts:				
Capital allowances and other timing differences	505	[illegible]	33	[illegible]
Advance corporation tax	(446)	[illegible]	(446)	[illegible]
Deferred liability/(asset)	59	[illegible]	(413)	[illegible]
Full potential liability:				
Capital allowances and other timing differences	1,770	[illegible]	33	[illegible]
Capital gains rolled over	887	[illegible]	–	
Surplus on revaluation	667	[illegible]	–	
Advance corporation tax	(446)	[illegible]	(446)	[illegible]
	2,878	[illegible]	(413)	[illegible]
The movement in deferred taxation during the year is as follows:				
At 1st January	783	941	38	[illegible]
Acquired on acquisition of subsidiary undertaking	–	65	–	
Credit for the year	(278)	[illegible]	(5)	[illegible]
	505	784	33	88
Advance corporation tax	(446)	(125)	(446)	(125)
At 31st December	59	[illegible]	(413)	(387)

16. Creditors - amounts falling due within one year

	Group		Company	
	1993	1992	1993	1992
	£000	£000	£000	£000
Bank overdrafts	–		6,319	2,337
Trade creditors	10,154	8,841	–	
Amounts owed to subsidiaries	–		–	11
Other creditors	347	317	4	1
Obligations under finance leases	20	22	–	
Corporation tax	4,546	3,736	554	705
Other taxation and social security	2,823	2,086	21	19
Accruals and deferred income	2,435	1,859	716	525
Proposed final dividend	1,859	1,462	1,859	1,462
	22,184	18,313	9,473	5,061

The company has given an inter company guarantee to secure the overdrafts of certain subsidiaries. The overall credit line for these borrowings is £10,000,000.

17. CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1993
	£000
The Company	
Loans from subsidiaries	2,161

18. SHARE CAPITAL

Ordinary shares of 25p each	Number of shares	1993 £000
Authorised	100,000,000	25,000
Allotted, issued and fully paid:		
At 1st January	50,397,656	12,599
Shares issued in respect of acquisition	19,282	5
Shares issued by way of capitalisation issue	25,208,469	6,302
Shares issued under Executive Share Option Scheme	1,744,875	437
At 31st December	77,370,282	19,343

The authorised share capital was increased from 60,000,000 to 100,000,000 ordinary shares of 25p each by special resolution on 25th May 1993.

At 31st December 1993 there were outstanding options to acquire:

(a) 421,500 ordinary shares under the Macfarlane Group 1987 Executive Share Option Scheme. These options are exercisable on varying dates up to 27th June 2000 at prices ranging from 70p to 111p per share.

(b) 1,395,000 ordinary shares under the Macfarlane Group 1991 Share Option Scheme. These options are exercisable on dates between 15th January 1995 and 14th January 2002 at 119p per share.

19. RESERVES

	Share premium account	Revaluation reserve	Profit and loss account
The group	£000	£000	£000
At 1st January 1993	144	4,461	25,244
Utilised for capitalisation issue	(182)	–	(6,120)
Purchased goodwill written off	–	–	(482)
Premium on shares issued during the year	823	–	–
Amortisation of revaluation surplus	–	(104)	104
Retained profit for the year	–	–	5,613
At 31st December 1993	785	4,357	24,359
The company			
At 1st January 1993	144	–	10,263
Utilised for capitalisation issue	(182)	–	(6,120)
Premium on shares issued during the year	823	–	–
Retained profit for the year	–	–	2,773
At 31st December 1993	785	–	6,916

The cumulative amount of goodwill written off in the group accounts is £4,490,000 at 31st December 1993 (1992-£4,008,000)

20. CASH FLOW STATEMENT

(i) Reconciliation of operating profit to net cash inflow from operating activities:

	1993	[illegible]
	£000	[illegible]
Operating profit	11,930	[illegible]
Depreciation	4,068	[illegible]
Gain on disposal of fixed assets	(280)	[illegible]
Decrease in stocks	8	[illegible]
Increase in debtors	(1,606)	[illegible]
Increase / (decrease) in creditors	2,252	[illegible]
Net cash inflow from operating activities	16,372	[illegible]

(ii) Analysis of changes in cash and cash equivalents during the year:

	1993	1992
	£000	£000
At 1st January	11,367	4,787
Net cash inflow	7,797	6,580
At 31st December	19,164	11,367

(iii) Analysis of the balances of cash and cash equivalents:

	1993	Change in year	1992	Change in year	1991
	£000	£000	£000	£000	£000
Cash at bank and in hand	19,164	7,797	11,367	6,172	5,195
Bank overdrafts	–	–		408	(408)
	19,164	7,797	11,367	6,580	4,787

(iv) Analysis of changes in financing during the year:

	Share capital (including premium)	Loans and finance lease obligations	Share capital (including premium)	Loans and finance lease obligations
	1993	1993	1992	1992
	£000	£000	£000	£000
Balance at 1st January	12,743	22	12,593	730
Acquired on acquisition of subsidiary undertakings	–	37		
Cash inflow/(outflow) from financing	1,222	(39)	[illegible]	(708)
Shares issued for non-cash consideration	6,163	–	150	
Balance at 31st December	20,128	20	12,743	22

20. CASH FLOW STATEMENT (CONTINUED)

(v) Purchase of subsidiaries:

	Double R. Packaging £000	Moore Packaging £000	Total 1993 £000	
Net assets acquired:				
Tangible assets	544	6	550	[illegible]
Stocks	67	7	74	
Debtors	338	79	417	[illegible]
Creditors	(310)	(79)	(389)	[illegible]
Bank overdraft	(534)	(48)	(582)	[illegible]
Deferred tax	–	–	–	[illegible]
	105	(35)	70	[illegible]
Goodwill	327	155	482	[illegible]
	432	120	552	[illegible]
Satisfied by:				
Cash (see note (vi) below)	389	120	509	917
Shares allotted	43	–	43	[illegible]
	432	120	552	[illegible]

There were no fair value adjustments required in respect of the subsidiaries acquired during the year. These subsidiaries disclosed turnover of £1,392,000 and losses before taxation of £11,000 in the year prior to acquisition.

(vi) Analysis of the net outflow of cash and cash equivalents in respect of the purchase of subsidiaries:

Cash consideration	389	120	509	917
Bank overdraft acquired	534	48	582	[illegible]
Net outflow of cash and cash equivalents	923	168	1,091	1,415

(vii) Analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiary undertaking.

	1993 £000	1992 £000
Cash consideration	–	[illegible]
Cash at bank and in hand disposed of	–	[illegible]
Bank overdraft disposed of	–	[illegible]
Net inflow of cash and cash equivalents	–	1,426

21. FINANCIAL COMMITMENTS

(a) Lease commitments

Annual commitments under non-cancellable operating leases comprise:

	Land and buildings	Other
	1993	1993
Leases which expire:	£000	£000
Within one year	-	245
One to five years	25	347
Beyond five years	127	1
	152	593

The majority of leases of land and buildings are subject to rent reviews.

(b) Contracts for capital expenditure

Contracts for capital expenditure for which no provision has been made in the accounts amounted to £343,000 (1992 - £377,000). Capital expenditure authorised by the directors but not contracted for amounted to £875,000 (1992 - £110,000).

22. PENSION SCHEMES

The group operates a pension scheme based on final pensionable salary. The assets of the scheme are held separately from those of the group in managed funds under the overall supervision of the scheme trustees. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the group. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuation was as at 1st May 1991. The principal assumptions adopted were that investment returns would average 9% per annum and that salary increases would average 7% per annum. The valuation showed that the market value of the relevant assets of the scheme was £10,386,000 and the actuarial value of these assets represented 103% of the benefits that had accrued to members.

The pension charge for the year represents contributions payable by the group to the funds and amounted to £864,000 (1992 - £803,000). Outstanding contributions at the year end amounted to £100,000 (1992 - £Nil)

The group also operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in independently administered funds. The pension cost charge represents contributions paid by the group to the funds and amounted to £79,000 (1992 - £72,000).

23. POST BALANCE SHEET EVENT

The company acquired the whole of the issued share capital of Enviropack Limited on 18th March 1994 for £300,000 with a further potential payment of up to £1,600,000 depending on performance over the three years following acquisition.

Financial Diary

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	Posted to shareholders - April
Annual General Meeting	Held in Glasgow - May

Notice of Meeting

Notice is hereby given that the ninety-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, 24th May 1994 at 12 noon for the following purposes:

Ordinary Business:-

1. To receive and adopt the directors' report and the accounts for the year ended 31st December 1993.
2. To declare a final dividend.
3. To re-elect Mr N.V.L. Barclay as a director.
4. To re-elect Mr R.I B. Martin as a director.
5. To re-appoint the auditors and to authorise the directors to determine their remuneration.

Special Business:-

To consider and, if thought fit, pass the following resolution:-

6. Special Resolution:-

(a) that 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 1995 to allot equity securities of the company in accordance with the provisions of Section 95 of the Companies Act 1985 up to a maximum nominal amount of £967,128 as if Section 89(1) of the Companies Act 1985 did not apply to such an allotment: and

(b) that 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.

By order of the board

A. Ritchie

Secretary

Clansman House, Sutcliffe Road,
Glasgow G13 1AH
21st April 1994

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 return of a proxy card does not preclude a member from attending the meeting and voting in person should he so wish.

The following documents will be available for inspection at the registered office of the company during usual hours of business on every week day from the date of this notice until the date of the meeting and thereafter at The Merchants House, 7 West George Street, Glasgow G2 1BA from 11.30 a.m. until the conclusion of the meeting:

(a) The register of directors' share interests and those of their families together with a statement of transactions.

(b) Copies of all contracts of service under which the directors are employed by the company or any of its subsidiaries.

Principal Operating Subsidiaries

			Country of registration
PACKAGING DIVISION			
Abbott's Packaging Limited London	Telephone 081-368 1266	Supply and distribution of all forms of packaging materials.	England
Aston Packaging Limited Birmingham	Telephone 021-327 0411	Manufacture of corrugated fibreboard products.	England
Clansman Cases Limited Manchester	Telephone 061-304 8400	Manufacture of corrugated cases and specialised packaging.	England
Controlled Packaging Services Limited Westbury	Telephone 0373 858555	Manufacture and distribution of specialist packaging.	England
Flo-Pak (U.K.) Limited Brackley	Telephone 0280 703161	Manufacture of expanded polystyrene cushioning material.	England
A & W Fullarton Limited Glasgow	Telephone 041-427 4044	Storage, warehousing, manufacture of packaging goods and road haulage.	Scotland
Mitchell Packaging Limited Grantham	Telephone 0476 74747	Manufacture of heavy duty and conventional corrugated cases and distribution of all types of packaging.	England
PLASTIC MOULDING DIVISION			
A.C.W. Limited Aberdeen	Telephone 0224 636357	Manufacture of precision mouldings for packaging and industrial use.	Scotland
Daniel Montgomery & Son Limited Kirkintilloch	Telephone 041-776 5276	Design, manufacture and decoration of bottle-closures, pourers and non-refillable fitments.	Scotland
DEVELOPMENT DIVISION			
N.S. Macfarlane & Co Limited Kilmarnock	Telephone 0563 25151	Manufacture of printed self adhesive labels.	Scotland
N.S. Macfarlane (Officemakers) Limited Glasgow	Telephone 041-221 7876	Office design and distribution of office and contract furniture.	Scotland

Note:
All of the above subsidiaries are wholly owned by Macfarlane Group (Clansman) P.L.C. and they operate within the United Kingdom. A full list of trading and non-trading subsidiary undertakings is attached to the Annual Return submitted to the Registrar of Companies.

PRODUCED BY BROTHER DESIGN EDINBURGH

NOTICE OF ILLEGIBLE DOCUMENT

ON THE MICROFICE RECORD

Companies House regrets that the microfiche record for this company contain some documents which are illegible.

The poor quality has been noted, but unfortunately steps taken to improve them were unsuccessful.

Companies House would like to apologies for any inconvenience this may cause.