Hornby Group Plc
Reg No: 1547390

Hornby Group Annual Report & Accounts

1993

CONTENTS

FINANCIAL HIGHLIGHTS

	1993 £'000	1992 £'000
TURNOVER	28,238	31,323
OPERATING PROFIT	1,721	1,864
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	1,501	1,455
SHAREHOLDERS' FUNDS	14,394	14,235
EARNINGS PER ORDINARY SHARE	10.9p	11.5p
DIVIDENDS PER ORDINARY SHARE	9.0p	9.0p
NET ASSETS PER ORDINARY SHARE (AFTER ADDING BACK GOODWILL WRITTEN OFF)	190.3p	188.4p

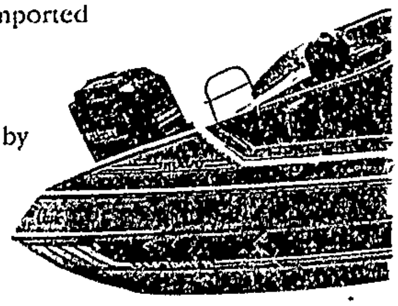
CHAIRMAN'S STATEMENT

In my first year as Chairman I am delighted to report that the Group was able to maintain both its pre-tax profits and the level of dividend in a year in which trading conditions continued to be difficult in all our major markets.

Hornby is largely dependent on the domestic UK market and the absence of a recovery in the retail sector continued to affect the demand for the Group's core products.

Turnover in the year was £28.2 million (1992 – £31.3 million) representing a reduction of ten per cent. The profit before taxation was maintained at £1.5 million. The profit after taxation was also maintained at £0.9 million and resulted in earnings per share of 10.9 pence (1992 – 11.5 pence). The Group tax charge is relatively high at 39.8 per cent primarily due to timing differences between depreciation and capital allowances.The effective tax rate increased in 1993, which reduced earnings per share, due to the fact that 1992 benefitted from an adjustment in respect of prior years.

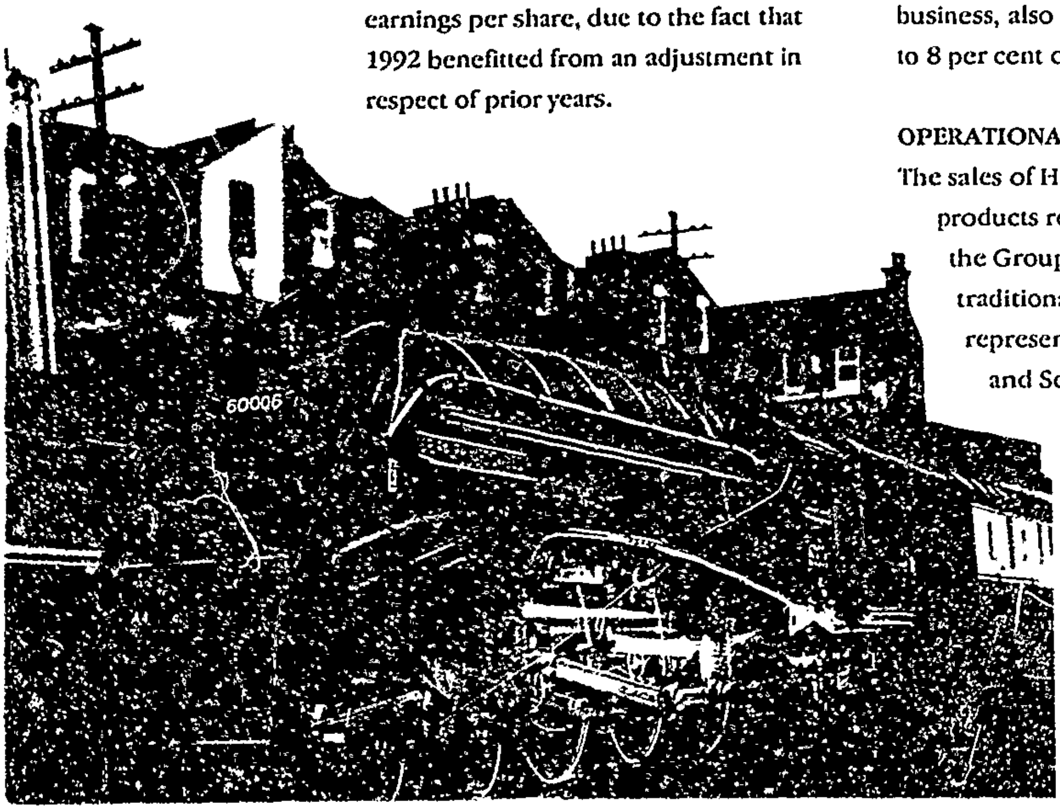
During the year, the Group focussed on reducing operating expenses where possible and conserving cash. As a result, operating costs were reduced from £8.7 million to £7.3 million although this was offset by the effect of the weakness of sterling during the year which increased the costs of our imported toy products and affected the Group's earnings by approximately £0.9 million compared with the previous year.



Capital expenditure in the year was restricted and was £1.1 million lower than the previous year. This contributed to an improvement in the year end cash position which increased by £1.2 million to £4.3 million. (1992 – £3.1 million). The Group's average borrowings, which arise due to the seasonal nature of our business, also improved from 19 per cent to 8 per cent of shareholders' funds.

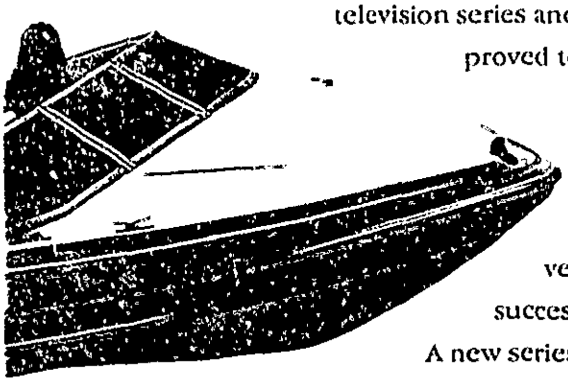
OPERATIONAL REVIEW

The sales of Hornby toy and model products represented 88 per cent of the Group's turnover. Of this, our traditional core products represented by Hornby Railways and Scalextric slot-car racing accounted for approximately 60 per cent of sales. Despite the continuing effect of the recession on the retail sector the sales of these traditional products held



CHAIRMAN'S STATEMENT
CONTINUED

up well. Our major new toy product was an in-house development based upon the popular Gladiator television series. This product was launched in the second half of the year to coincide with the television series and proved to be very successful. A new series will be televised during 1994 and we expect sales of this product range to continue to perform well.



The Fletcher sports boat business also faced continuing difficult market conditions during 1993. Despite these tough conditions, Fletcher continued to improve its trading performance and achieved a small profit at the operating level. This was achieved on nominally higher sales by a combination of improved gross margins and further reductions in operating costs. The European dealer network has been extended and the Fletcher product is now represented by approximately 65 dealer points throughout Europe. Fletcher has also recently successfully exhibited at the Japanese boat show.

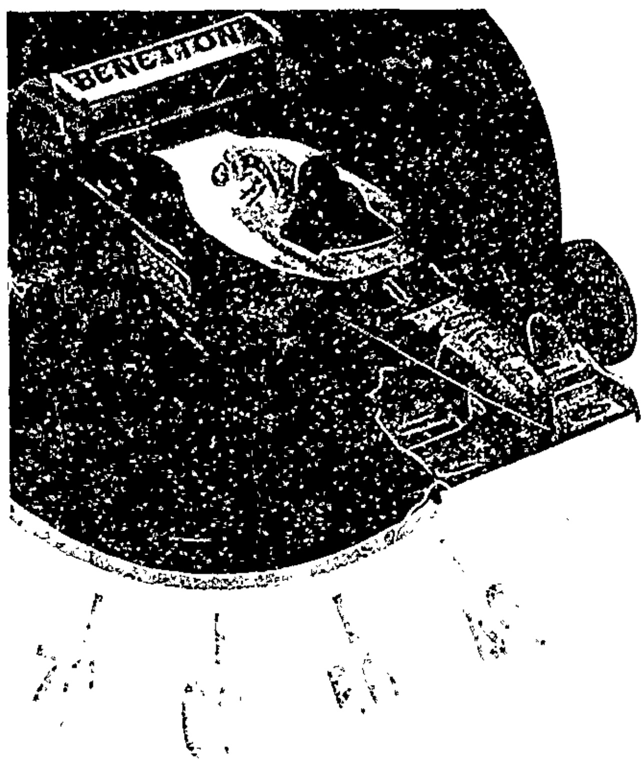
Dividends

The Group's balance sheet shows an increase in net cash and a reduction in average borrowings. Taking these factors into account, the directors are pleased to recommend that the Group maintains the dividend at the 1992 level of 9.0 pence per share. This dividend would be covered 1.2 times by earnings compared with 1.3 times in 1992.

Future Prospects

The Group enters 1994 with both a strong product range and a sound balance sheet. Several new product ranges were introduced at the 1994 International Toy Fair and these were received favourably. To add to the ongoing range we have launched a small scale Scalextric system which will compete in the lower end of the slot-car racing market and the initial response to this has been very positive. The new toy products included a boys action figure range and two collectible concepts for girls. An innovative toy oven, developed internally, attracted much interest at the Toy Fair. This toy oven can be used by a child to cook real cakes by using mixes developed by McDougalls.

The level of orders received to date is ahead of the same period last year



CHAIRMAN'S STATEMENT

CONTINUED

although there is little evidence in the retail trade that the recessionary pressures are easing. We believe that it is unlikely that there will be a marked recovery in retail sales in the UK during the current year and we anticipate that trading conditions will continue to be difficult.

The Fletcher business has considerable potential but the market will continue to be tough. Fletcher is now positioned as the leading manufacturer of quality sports boats in Europe and, following the actions that are being taken to develop new markets for our products, Fletcher is expected to perform strongly when economic conditions improve.

We will also add other established toy or model brands to the Group's stable core products of Hornby Railways and Scalextric.

The directors believe that the Group is in a relatively strong position and will benefit from an improvement in trading conditions as the domestic economy and the level of consumer spending recovers.

Board of Directors

During the year Jack Strowger stepped down as Chairman but continued as a non-executive director and I took over as Chairman.

I am very pleased to welcome Peter Newey to the board as a non-executive director. Peter was previously an executive director of Lazard Brothers & Co Ltd and is currently Chairman and Chief Executive of Owen Owen plc.

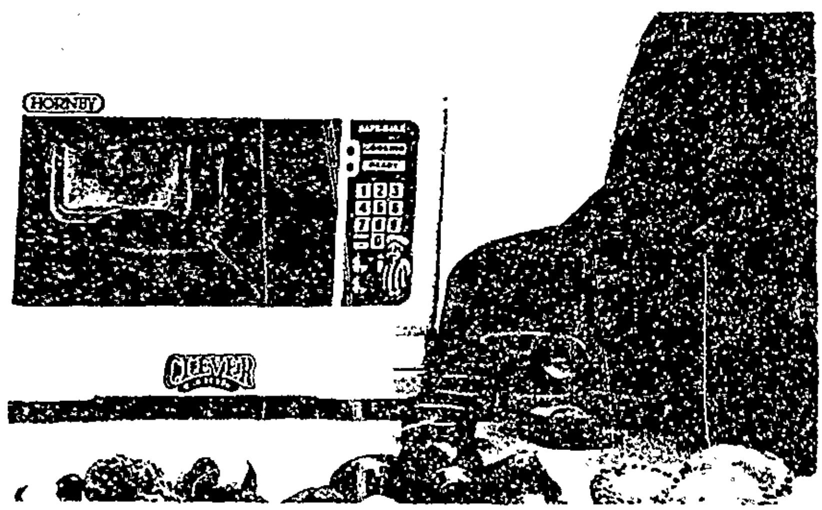
During the year Jacques Margry resigned as a director.

I also have to inform you that Jack Strowger has decided to retire for personal reasons and left the Board on 31st March 1994. Jack has been a director of the Company since July 1981 shortly after the Hornby business was acquired by way of a management buy-out. Jack guided the Group through very challenging times and his presence on the Board will be greatly missed. On behalf of the Board, I would like to wish Jack a happy and well-deserved retirement.

Finally, on behalf of the Board, I would like to thank all employees of the Group for their commitment and tenacity during another difficult year.

M. C. Thomas

Malcolm C. Thomas
Chairman
15th April 1994



CORPORATE GOVERNANCE

In the latter part of 1992 the final report of the Cadbury Committee on the Financial Aspects of Corporate Governance was published which included a Code of Best Practice. The Board fully supports the recommendations of the Committee and the Company intends to comply with all provisions of the Code except those for which guidelines are still awaited.

Set out below is the statement of compliance with the Code which identifies any areas of non-compliance with the Code. The Auditors have reported separately on the Company's compliance with the Code of Best Practice and their report is shown on page 6.

STATEMENT OF COMPLIANCE WITH THE CODE OF BEST PRACTICE

Hornby Group Plc complies with the Code of Best Practice issued by the Cadbury Committee with the following variations and exceptions:

THE BOARD OF DIRECTORS

The Board, which consisted of two executive and three non-executive directors, meets regularly throughout the year. Although the Board has not yet adopted a formal schedule of matters specifically reserved for Board decision, it determines overall Group strategy, approves major acquisitions and disposals, reviews annual budgets of the Group and monitors progress against those budgets at each meeting. A formal schedule of matters specifically reserved to the Board for decision will be adopted during the coming year.

The directors are able to take independent professional advice in the furtherance of their duties at the Company's expense and a formal procedure for this will be adopted during the coming year.

The Remuneration Committee of the Board, which consists of all the non-executive directors and is chaired by Mr M. Thomas, determines the terms of service and remuneration of all members of the Board including the granting of options under the Company's executive share option scheme. Formal terms of reference for this committee will be adopted shortly. The selection of non-executive directors has been a matter for the Board as a whole although a formal process will be introduced in the coming year.

REPORTING AND CONTROLS

The Company's Audit Committee comprises all the Board members who attend a meeting with the Auditors at least once a year, normally following the completion of the audit process and prior to the directors approving the relevant accounts. This Committee reviews the effectiveness of the external audit, considers any major accounting issues, and reviews the annual report and accounts prior to the accounts being approved by the directors. There are currently no written terms of reference for the Audit Committee although this will be formalised in the coming year.

Until guidance for directors is finalised on statements relating to the effectiveness of internal controls and the Group's status as a going concern, the directors are not in a position to report in relation to paragraphs 4.5 and 4.6 of the Code.

Corporate Governance

CONTINUED

REPORT OF THE AUDITORS TO HORNBY GROUP PLC ON THE STATEMENT OF COMPLIANCE WITH THE CODE OF BEST PRACTICE

We have reviewed the directors' statement on page 5 concerning the Company's compliance with the Code of Best Practice, insofar as it relates to the paragraphs of the Code which the London Stock Exchange has specified for our review. We carried out our review having regard to the Bulletin "Disclosures relating to corporate governance" issued by the Auditing Practices Board.

The purpose of the directors' statements is to give readers information which assists them in forming their own views regarding the governance of the Company. In respect of the paragraphs of the Code specified for our consideration, we are required to draw attention to any aspects of the Company's non-compliance with the Code which the directors have not properly disclosed. We are not required to review, and have not reviewed, the effectiveness of the Company's governance procedures.

Through enquiry of certain directors and officers of the Company, and examination of relevant documents, we have satisfied ourselves that the directors' statement appropriately reflects the Company's compliance with the specified paragraphs of the Code.

Arthur Andersen
Chartered Accountants and Registered Auditors
1 Surrey Street
London WC2R 2PS
15th April 1994

Directors & Corporate Information

DIRECTORS
M. C. Thomas
Chairman

K. L. Ness
Managing Director & Chief Executive

A. R. Cox BA ACMA
Finance Director

P. Newey
Non-Executive

SECRETARY
A. R. Cox BA ACMA

REGISTERED OFFICE
Westwood, Margate
Kent CT9 4JX

COMPANY REGISTERED NUMBER
Incorporated in England No. 1547390

AUDITORS
Arthur Andersen
1 Surrey Street
London WC2R 2PS

SOLICITORS
Berwin Leighton
Adelaide House, London Bridge
London EC4R 9HA

PRINCIPAL BANKERS
Barclays Bank PLC
9 St. George's Street, Canterbury
Kent CT1 2JX

STOCKBROKERS
S. G. Warburg Securities Ltd.
1 Finsbury Avenue
London EC2M 2PA

REGISTRARS AND TRANSFER AGENTS
Independent Registrars Group
Broseley House, Newlands Drive
Witham
Essex CM8 2UL

REPORT OF THE DIRECTORS

The directors submit their annual report together with the audited financial statements for the year ended 31st December 1993.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company is a holding company.

The Group is principally engaged in the development, manufacture and distribution of a wide range of toy and model products. The Group is also engaged in the design and manufacture of sports boats and accessories.

The Group's business review is included in the Chairman's statement.

The Board considers that research and development continues to play a vital role in the Group's success. Details are given in Note 3 to the financial statements.

RESULTS AND DIVIDENDS

The results for the year ended 31st December 1993 are set out in the Consolidated Profit & Loss Account on page 10. Turnover for the year was £28.2m against £31.3m last year. The profit on ordinary activities after taxation for the year amounted to £0.9m (1992 – £0.9m).

The directors recommend a final dividend of 9.0p per ordinary share payable on 18th May 1994 to those shareholders on the register at 15th April 1994. The dividend is covered 1.2 times by earnings (1992 – 1.3 times).

The retained profit of £0.2m (1992 – £0.2m) was transferred to Reserves, (see Note 17).

FIXED ASSETS

The changes in tangible fixed assets in the year are detailed in Note 10 to the financial statements.

In the opinion of the directors, there is no significant difference between the book value and the current value of interests in land and buildings.

CHARITABLE DONATIONS

During the year the Group made donations of £275 (1992 – £2,412) for charitable purposes.

DIRECTORS AND THEIR INTERESTS

The directors and their interests, including family holdings, in the fully paid ordinary shares of the Company (all of which are beneficially held) and in options granted over such shares under the Company's executive share option scheme were as follows:

	Number of 5p Ordinary shares at 31st December		Share options held at 31st December	
	1993	1992	1993	1992
M. C. Thomas	5,000	5,000	–	–
K. L. Ness	73,000	73,000	117,100	117,100
A. R. Cox	28,600	28,600	18,000	18,000
G. J. Strowger	25,000	25,000	–	–

REPORT OF THE DIRECTORS

CONTINUED

No changes took place in the interests of directors in the Group's shares between 31st December 1993 and 15th April 1994.

No directors were beneficially interested in contracts with the Group throughout the year ending 31st December 1993.

Mr J.G. Margry resigned as a director on 20th May 1993 and Mr P. Newey was appointed as a non-executive director on the same date.

The directors retiring by rotation under Article 93 of the Articles of Association and offering themselves for re-election are as follows:

Mr K.L. Ness (Chief Executive), first appointed to the Board on 28th June 1982.

Mr P. Newey (Non-Executive), appointed to the Board on 20th May 1993.

The following directors served in a Non-Executive capacity:

Mr M.C. Thomas – (Chairman) – British, aged 64, appointed to the Board on 17th August 1987, previously a director of Reed International PLC and is currently President of Smurfit (UK) Limited. He is also Chairman of Minipak Systems Limited and a director of Holmes and Marchant Group PLC. Mr Thomas succeeded Mr Strowger as Chairman on 14th May 1993.

Mr G.J. Strowger – British, aged 78, appointed to the Board in July 1981. He served with the Thorn-EMI Group for over thirty-eight years and was group managing director from 1970 to 1979. Mr Strowger resigned as a director on 31st March 1994.

Mr P. Newey – British, aged 46, appointed to the Board on 20th May 1993. He was previously an executive director of Lazard Brothers & Co Ltd. and is currently Chairman and Chief Executive of Owen Owen PLC and a director of Holmes & Marchant Group PLC, and Buckland Corporate Finance Limited.

LIABILITY INSURANCE FOR COMPANY OFFICERS

As permitted by the Companies Act 1985 (as amended), the Company has purchased insurance cover for the directors against liabilities in relation to the Company.

POST BALANCE SHEET EVENTS

The Company acquired ten per cent of the issued share capital of The Original San Francisco Toymakers Inc. on 6th January 1994 for a consideration of £673,000. The Original San Francisco Toymakers Inc. are engaged in the design and development of new toy products.

SUBSTANTIAL SHAREHOLDINGS

The Company has been notified that on 31st March 1994 the following parties were interested in 3 per cent or more of the Company's ordinary share capital:

Shareholder	Number of Ordinary shares	Percentage held
Electra Investment Trust PLC	819,030	9.91
Fidelity International Ltd	710,000	8.59
Scottish Amicable Investment Managers Ltd	496,043	6.00
B.T. Pension Scheme	436,080	5.28
Post Office Staff Superannuation Scheme	290,720	3.52

Report of the Directors

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CLOSE COMPANY STATUS

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

PERSONNEL POLICIES

It is the policy of the Group to follow equal opportunity employment practices and these include the full consideration of employment prospects for the disabled.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

The Group places importance on the contributions to be made by all employees to the progress of the Group and aims to keep them informed by the use of formal and informal meetings at the individual company level.

The Group encourages employees to be shareholders of the Company.

AUTHORITY TO ISSUE SHARES

At the Annual General Meeting shareholders will be asked to renew the authority given to the directors to disapply pre-emption rights in certain circumstances in accordance with Section 95 of the Companies Act 1985. The special resolution is set out in the Notice of Annual General Meeting on page 28 of this document.

DIRECTORS' RESPONSIBILITIES

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 Group 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, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the 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 Group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

The directors will place a resolution before the Annual General Meeting to re-appoint Arthur Andersen as auditors for the ensuing year and to authorise the directors to determine their remuneration.

By order of the Board,
A.R. Cox
Secretary
Westwood, Margate
Kent CT9 4JX
15th April 1994

Consolidated Profit & Loss Account

FOR THE YEAR ENDED 31ST DECEMBER 1993

	Notes	1993 £'000	1992 £'000
TURNOVER	2	28,238	31,323
Cost of sales		19,257	20,710
GROSS PROFIT		8,981	10,613
Other operating expenses	3	7,260	8,749
OPERATING PROFIT		1,721	1,864
Net interest payable	4	(220)	(409)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	1,501	1,455
Taxation on profits on ordinary activities	7	(598)	(504)
PROFIT FOR THE FINANCIAL YEAR		903	951
Dividends proposed	8	(744)	(744)
RETAINED PROFIT FOR THE YEAR		159	207
ATTRIBUTABLE TO:			
The Company		3	–
Subsidiary undertakings		156	207
		159	207
EARNINGS PER SHARE	9	10.9p	11.5p

Details of m vements on reserves are given in Note 17.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31ST DECEMBER 1993	1993	1992
	£'000	£'000
PROFIT FOR THE FINANCIAL YEAR	903	951
Currency translation difference on foreign currency investments	–	4
TOTAL GAINS RECOGNISED FOR THE PERIOD	903	955

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	1,501	1,455
Difference between the historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	17	17
Historical cost profit on ordinary activities	1,518	1,472
HISTORICAL COST PROFIT FOR THE YEAR RETAINED AFTER TAXATION AND DIVIDENDS	176	224

BALANCE SHEETS

AT 31ST DECEMBER 1993

	Notes	Group 1993 £'000	Group 1992 £'000	Company 1993 £'000	Company 1992 £'000
FIXED ASSETS					
Tangible assets	10	6,458	7,282	–	–
Investments	11	–	–	16,148	15,693
		6,458	7,282	16,148	15,693
CURRENT ASSETS					
Stocks	12	4,303	5,379	–	–
Debtors	13	6,642	6,013	36	335
Cash at bank and in hand	19	4,337	4,676	7	8
		15,282	16,068	43	343
CREDITORS – Amounts falling due within one year	14	(6,962)	(8,648)	(766)	(770)
NET CURRENT ASSETS/(LIABILITIES)		8,320	7,420	(723)	(427)
TOTAL ASSETS LESS CURRENT LIABILITIES		14,778	14,702	15,425	15,266
CREDITORS – Amounts falling due after more than one year	14	(321)	(415)	–	–
PROVISIONS FOR LIABILITIES AND CHARGES	15	(63)	(52)	–	–
NET ASSETS		14,394	14,235	15,425	15,266
CAPITAL & RESERVES					
Called-up share capital	16	413	413	413	413
Share premium account	17	4,498	4,498	4,498	4,498
Revaluation reserve	17	931	948	–	–
Other reserves	17	377	377	14,057	13,901
Profit and loss account	17	8,175	7,999	(3,543)	(3,546)
TOTAL CAPITAL EMPLOYED		14,394	14,235	15,425	15,266

K. L. Ness.

Signed on behalf of the Board

K.L. Ness – Director

15th April 1994

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST DECEMBER 1993	Notes	1993 £'000	1993 £'000	1992 £'000	1992 £'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	19		3,554		3,194
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE:					
Interest received		58		80	
Interest paid		(192)		(444)	
Interest element – finance leases		(86)		(45)	
Dividends paid		(744)		(744)	
NET CASH OUTFLOW FROM INVESTMENTS AND SERVICING OF FINANCE			(964)		(1,153)
TAXATION:					
Corporation tax paid		(424)		(642)	
Corporation tax received		32		82	
NET TAXATION PAID			(392)		(560)
INVESTING ACTIVITIES:					
Payments to acquire tangible fixed assets		(818)		(1,450)	
Receipts from sales of tangible fixed assets		–		3	
NET CASH OUTFLOW FROM INVESTING ACTIVITIES			(818)		(1,447)
NET CASH INFLOW BEFORE FINANCING			1,380		34
FINANCING:					
Issue of ordinary share capital		–		1	
Capital element of finance lease rental payments		(154)		(217)	
NET CASH OUTFLOW FROM FINANCING			(154)		(216)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	19		1,226		(182)

NOTES TO THE FINANCIAL STATEMENTS

1 *ACCOUNTING POLICIES*

A summary of the principal Group accounting policies, all of which have been applied consistently throughout the year and with the preceding year, is set out below.

BASIS OF ACCOUNTING
The financial statements are prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and have been prepared in accordance with applicable accounting standards.

BASIS OF CONSOLIDATION
The Group financial statements consolidate the financial statements of the Company and all its subsidiaries made up to 31st December 1993. The results of subsidiary undertakings acquired in the year are included in the consolidated profit & loss account from the date of acquisition. Goodwill arising on consolidation (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired, having made appropriate provisions for any reorganisation costs) is written off against other reserves on acquisition.

The Company has taken advantage of the exemption provided by S.230 of the Companies Act 1985 not to present its own profit & loss account.

RESEARCH AND DEVELOPMENT
Expenditure on research and development is written off in the year in which the expenditure is incurred.

TANGIBLE FIXED ASSETS
Land and buildings are shown at cost or valuation less accumulated depreciation. Other fixed assets are shown at cost less accumulated depreciation.

Depreciation is provided at rates calculated to write off the cost or valuation, less any estimated residual value, of each asset on a straight-line basis (with the exception of tools and moulds) over its expected useful life, as follows:

Freehold buildings	–	30 to 50 years
Plant and equipment	–	5 to 10 years
Motor vehicles	–	4 years

Residual value is calculated on prices prevailing at the date of acquisition or revaluation where this has taken place. Profits or losses on the disposal of plant and equipment are included in the calculation of operating profit.

Tools and moulds are depreciated at varying rates in line with the related estimated product sales on an item-by-item basis up to a maximum of 4 years.

FIXED ASSET INVESTMENTS
In the Company's financial statements investments in subsidiary undertakings are stated using the equity method of valuation. Accordingly, subsequent increases and reductions in the value of these investments are set against other reserves in the financial statements of the Company. The directors consider that this policy more fairly represents the Company's investments than carrying them at cost.

STOCKS
Stocks are stated at the lower of cost and net realisable value.

Cost incurred in bringing each product to its present location and condition is based on:

Raw materials	–	actual purchase cost on a first in, first out basis including freight and duty where applicable
Work in progress and finished goods	–	cost of actual direct materials and labour plus a proportion of manufacturing overheads based on the normal level of activity.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

Net realisable value is based on anticipated selling price less further costs expected to be incurred to completion and disposal. Provisions are made against those stocks considered to be obsolete or excess to requirements on an item-by-item basis.

There are no significant differences between balance sheet and replacement cost values. For these purposes replacement cost is based on latest invoice prices before the balance sheet date.

REVALUATION RESERVE
The surplus arising on the revaluation of freehold land and buildings is credited to the revaluation reserve, which is not distributable. Where depreciation charges are increased following a revaluation, an amount equal to such increase is transferred annually from this reserve to the profit and loss account.

TAXATION
Corporation tax, where payable, is provided on taxable profits at the current rate.

Advance corporation tax payable on dividends paid or provided for in the year is written off, except when recoverability against corporation tax payable is considered to be reasonably assured. Credit is taken for advance corporation tax written off in previous years when it is recovered against corporation tax liabilities.

The taxation liabilities of certain Group undertakings are reduced wholly or in part by the surrender of losses by fellow group undertakings. The tax benefits arising from group relief are recognised in the financial statements of the surrendering and recipient undertakings.

Deferred taxation (which arises from differences in the timing of the recognition of items, principally depreciation, in the financial statements and by the tax authorities) has been calculated on the liability method. Deferred tax is provided on timing differences which will probably reverse at the rates of tax likely to be in force at the time of reversal. Deferred tax is not provided on timing differences which, in the opinion of the directors, will probably not reverse.

PENSION COSTS
During the year the Group operated a defined contribution money purchase pension scheme under which it pays contributions based upon a percentage of the members' basic salary. The scheme is administered by trustees appointed by the Company.

The amount charged to the profit and loss account in respect of the scheme is the contribution payable in the year.

Further information on pension costs is provided in note 20.

FOREIGN CURRENCY
Transactions denominated in foreign currencies are recorded in sterling at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rate of exchange prevailing at that date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is reported in the profit and loss account as an exchange gain or loss.

TURNOVER
Group turnover is recorded at the date of despatch and comprises the value of sales (excluding VAT and trade discounts) of goods and services in the normal course of business, and royalties receivable.

LEASES
The Group enters into operating and finance leases.

Assets held under finance leases are initially reported at the fair value of the asset with an equivalent liability categorised as appropriate under creditors due within or after one year. The assets are depreciated over the shorter of the lease term and their useful economic life. Finance charges are allocated to accounting periods over the period of the lease to produce a constant rate of return on the outstanding balance. Rentals are apportioned between finance charges and reduction of the liability, and allocated to cost of sales and other operating expenses as appropriate.

Rentals under operating leases are charged on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

2 *SEGMENT INFORMATION*

The analysis of Group turnover, profit on ordinary activities before taxation and net assets by business and geographical segment is as follows:

BUSINESS SEGMENTS

	Toys & Models		Sports Boats		Group	
	1993 £'000	1992 £'000	1993 £'000	1992 £'000	1993 £'000	1992 £'000
TURNOVER						
Sales to third parties	24,958	28,296	3,280	3,027	28,238	31,323
SEGMENT PROFIT (LOSS)	1,886	2,290	35	(267)	1,921	2,023
Common costs					(200)	(159)
Operating profit					1,721	1,864
Net interest payable					(220)	(409)
Profit on ordinary activities before taxation					1,501	1,455
NET ASSETS						
Segment net assets	14,232	13,979	1,101	1,151	15,333	15,130
Unallocated liabilities					(939)	(895)
TOTAL NET ASSETS					14,394	14,235

GEOGRAPHICAL SEGMENTS

	United Kingdom		Europe		Other		Group	
	1993 £'000	1992 £'000	1993 £'000	1992 £'000	1993 £'000	1992 £'000	1993 £'000	1992 £'000
TURNOVER BY DESTINATION								
Sales to third parties	24,616	28,127	2,738	2,568	884	628	28,238	31,323

All turnover, profit and net assets can be considered to originate in the United Kingdom and relate to continuing operations.

3 *OTHER OPERATING EXPENSES*

	1993 £'000	1992 £'000
Distribution costs	489	569
Selling and marketing costs	4,392	5,818
Research and development costs	393	376
Administrative expenses	1,986	1,986
	7,260	8,749

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

4 *NET INTEREST PAYABLE*

	1993 £'000	1992 £'000
Interest receivable and similar income:		
– bank interest receivable	(58)	(80)
Interest payable and similar charges:		
– on bank loans and overdrafts repayable within five years not by instalments	192	444
Interest element of finance leases	86	45
	220	409

5 *PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION*

Profit on ordinary activities before taxation is stated after charging/(crediting):

	1993 £'000	1992 £'000
Depreciation of tangible fixed assets		
– owned	1,479	1,495
– held under finance leases	165	112
Operating lease rentals	22	63
Hire of plant and machinery	10	110
Auditors' remuneration – audit fees	58	58
– non-audit fees	78	47
Surplus provisions and other accruals	(200)	(197)
Staff costs (see note 6)	6,909	7,471

6 *DIRECTORS AND EMPLOYEES*

STAFF COSTS

	1993 £'000	1992 £'000
Wages and salaries	6,186	6,694
Social security costs	515	560
Other pension costs	208	217
	6,909	7,471

AVERAGE NUMBER OF EMPLOYEES

The average number of employees in the Group during the year was:

	1993 Number	1992 Number
Manufacturing	508	576
Sales, marketing and distribution	87	91
Administration	31	32
	626	699

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

6 *DIRECTORS AND EMPLOYEES CONTINUED*

DIRECTORS' REMUNERATION

Directors' remuneration in respect of the Company was as follows:	1993 £'000	1992 £'000
Fees as directors	33	20
Salaries as directors	207	220
Other emoluments (including pension contributions)	166	163
	406	403

The directors' remuneration shown above (excluding pension contributions) includes:

	1993 £'000	1992 £'000
Chairmen:		
Mr. G. J. Strowger (1993 – 5 months)	13	45
Mr. M. C. Thomas (1993 – 7 months)	16	–

	1993 £'000	1992 £'000
Highest paid director:		
Salary	110	110
Incentive compensation	100	100
Other	19	18
	229	228

Mr K.L. Ness, the Group Chief Executive, receives a profit-related incentive bonus based upon varying percentages of the Group profit achieved in the year, subject to a minimum bonus of £150,000. In the year ended 31st December 1993 Mr. Ness waived £50,000 of this contractual bonus (1992 – £50,000). Mr Ness also received pension contributions during the year of £14,304 (1992 – £10,555). The Chairmen received no pension contributions.

The directors received emoluments (excluding pension contributions) in the following ranges:

	1993	1992
£nil-£5,000	1	–
£5,001-£10,000	1	1
£10,001-£15,000	–	1
£20,001-£25,000	1	–
£30,001-£35,000	1	–
£40,001-£45,000	–	1
£90,001-£95,000	1	1
£225,001-£230,000	1	1

7 *TAXATION ON PROFITS ON ORDINARY ACTIVITIES*

The tax charge is based on the profit for the year and comprises:	1993 £'000	1992 £'000
Corporation tax at 33% (1992 – 33%)	590	551
Deferred taxation arising from:		
– capital allowances	7	(2)
– other timing differences	4	–
	601	549
Adjustment of taxation in respect of prior years – current taxation	(3)	(45)
	598	504

Had the Group recognised the full amount of potential deferred tax, the charge for the year would have been reduced by approximately £63,000 (1992 – £79,000) (See note 15).

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

8 *DIVIDENDS PROPOSED*

	1993 £'000	1992 £'000
Ordinary:		
– final proposed of 9.0p per share (1992 – 9.0p per share)	744	744

9 *EARNINGS PER SHARE*

The calculation of earnings per share is based on the profit for the financial year after taxation of £903,000 (1992 – £951,000) and the weighted average number of ordinary shares in issue during the year of 8,263,220 (1992 – 8,262,475). Earnings per share calculated on a fully diluted basis are not materially different from the figures shown above.

10 *TANGIBLE FIXED ASSETS – GROUP*

	Freehold land and buildings £'000	Plant and equipment £'000	Motor vehicles £'000	Tools and moulds £'000	Total £'000
COST OR VALUATION					
Beginning of year	3,846	5,726	565	8,431	18,568
Additions	–	80	68	718	866
Disposals	–	(13)	(143)	–	(156)
End of year	3,846	5,793	490	9,149	19,278
DEPRECIATION					
Beginning of year	306	3,376	210	7,394	11,286
Charge	66	523	109	946	1,644
Disposals	–	(13)	(97)	–	(110)
End of year	372	3,886	222	8,340	12,820
NET BOOK VALUE					
At 31st December 1993	3,474	1,907	268	809	6,458
At 31st December 1992	3,540	2,350	355	1,037	7,282

Freehold land amounting to £1,116,000 (1992 – £1,116,000) has not been depreciated.

	1993 £'000	1992 £'000
Included in the tangible fixed assets are the following capitalised values and related accumulated depreciation of motor vehicles and computer equipment acquired under finance leases:		
Capitalised value	818	864
Accumulated depreciation	(359)	(261)
NET BOOK VALUE	459	603

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

10 *TANGIBLE FIXED ASSETS CONTINUED*

The cost or valuation of freehold land and buildings is represented by:

	Freehold land and buildings 1993 £'000	Freehold land and buildings 1992 £'000
Valuation in 1986	2,360	2,360
Cost	1,486	1,486
	3,846	3,846

Other tangible fixed assets are stated at cost.

The original cost and aggregate depreciation, based on cost of land and buildings included at valuation, are as follows:

	Freehold land and buildings 1993 £'000	Freehold land and buildings 1992 £'000
Original cost	412	412
Depreciation based on cost	(95)	(87)
	317	325

11 *FIXED ASSET INVESTMENTS – COMPANY*

The following are included in the net book value of fixed asset investments:

	Company 1993 £'000	Company 1992 £'000
Subsidiary undertakings	15,636	15,480
Loans to subsidiary undertakings	512	213
	16,148	15,693

The movements in the values of the subsidiary undertakings are as follows:

	Company 1993 £'000	Company 1992 £'000
Shares at cost less amounts written off	5,356	5,356
Excess of assets purchased over cost	2,438	2,438
	7,794	7,794
Movement in underlying net assets since acquisition:		
Beginning of year	7,686	7,476
Retained profits of subsidiary undertakings	156	210
End of year	7,842	7,686
	15,636	15,480

Amounts due to subsidiary undertakings previously disclosed as creditors falling due within one year have been reclassified to Fixed Asset Investments as they are considered to be part of the investment in subsidiary undertakings.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

11 *FIXED ASSET INVESTMENTS CONTINUED*

PRINCIPAL GROUP SUBSIDIARY UNDERTAKINGS

Details of the principal subsidiary undertakings of the Company, which are all included in the consolidated financial statements are set out below. All subsidiary undertakings are wholly-owned private companies.

	Principal activity	Country of incorporation and operation
Hornby Hobbies Limited	Toy manufacture	England
Norman Fletcher (Sales & Developments) Limited	Holding Company	England
Fletcher International Sports Boats Limited	Manufacture of sports boats	England
Fletcher France SARL	Distributor of sports boats	France

Fletcher France SARL did not trade during the year.

12 *STOCKS*

	Group 1993 £'000	Group 1992 £'000
Raw materials and consumables	833	1,174
Work in progress	1,538	1,794
Finished goods and goods for resale	1,932	2,411
	4,303	5,379

13 *DEBTORS*

	Group 1993 £'000	Group 1992 £'000	Company 1993 £'000	Company 1992 £'000
AMOUNTS FALLING DUE WITHIN ONE YEAR				
Trade debtors	5,548	4,899	–	–
Dividends receivable from subsidiary undertakings	–	–	–	331
Prepayments	857	866	36	4
Other debtors	237	138	–	–
	6,642	5,903	36	335
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR				
ACT recoverable	–	110	–	–
	–	110	–	–
TOTAL DEBTORS	6,642	6,013	36	335

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

14 CREDITORS

	Group 1993 £'000	Group 1992 £'000	Company 1993 £'000	Company 1992 £'000
AMOUNTS FALLING DUE WITHIN ONE YEAR				
Finance lease obligations	178	197	–	–
Bank overdraft	–	1,565	–	–
Trade creditors	2,432	2,397	–	–
UK Corporation tax payable	563	475	3	3
ACT payable	216	248	–	–
VAT	792	796	–	–
PAYE and Social Security	178	177	–	–
Dividends proposed	744	744	744	744
Accruals	949	1,272	19	23
Other	910	777	–	–
	6,962	8,648	766	770
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR				
Finance lease obligations	321	415	–	–
TOTAL CREDITORS	7,283	9,063	766	770

Finance leases are repayable as follows (excluding finance charges):

	Group 1993 £'000	Group 1992 £'000	Company 1993 £'000	Company 1992 £'000
Within 1 – 2 years	131	152	–	–
Within 2 – 5 years	190	263	–	–
	321	415	–	–

The Group has provided a debenture on its total assets excluding freehold land and buildings to secure bank overdrafts of £nil (1992 – £1,565,000).

Aggregate finance lease obligations exclude future finance charges amounting to £89,000 (1992 – £154,000).

15 PROVISIONS FOR LIABILITIES AND CHARGES

	Group 1993 £'000	Group 1992 £'000
Deferred taxation:		
– excess of tax allowances over book depreciation of fixed assets	59	52
– other timing differences related to current assets and liabilities	4	–
	63	52

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

15 *PROVISIONS FOR LIABILITIES AND CHARGES CONTINUED*

Deferred tax has been provided to the extent that the directors have concluded, on the basis of reasonable assumptions and the intentions of management, that it is probable that part of the liability will crystallise. No deferred tax has been provided in respect of timing differences relating to the revaluation of certain land and buildings, nor on the disposal of the Fletcher premises which, in the opinion of the directors, are unlikely to crystallise in the foreseeable future.
The amount of deferred taxation not provided in respect of these items approximates £527,000 (1992 – £527,000).
Certain fixed asset categories, notably tools and moulds, are depreciated over shorter periods in the financial statements than may be available for tax purposes. These originating timing differences give rise to a net potential deferred tax asset which has not been recognised in these financial statements. The deferred tax assets not recognised are detailed below:

	1993 £'000	1992 £'000
Fixed assets	357	288
Other current items	135	141
	492	429

The movement on deferred taxation comprises:

	Group 1993 £'000	Group 1992 £'000
Beginning of year	52	54
Charged/(credited) to profit and loss, in respect of capital allowances and other timing differences	11	(2)
End of year	63	52

16 *CALLED UP SHARE CAPITAL*

	1993 £'000	1992 £'000
Authorised:		
10,000,000 (1992 – 10,000,000) Ordinary shares of 5p each	500	500
Issued and fully paid:		
8,263,220 (1992 – 8,263,220) Ordinary shares of 5p each	413	413

At 31st December 1993 options granted under the Company's share option scheme were outstanding as follows:

Date Granted	Number of options	Option price	Period of option
1st May 1986	97,468	33.3p	March 1989 – April 1996
16th March 1990	106,000	235.0p	March 1993 – February 2000

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

17 *RESERVES*

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

GROUP

	1993 £'000	1992 £'000
Profit for the financial year	903	951
Dividends proposed	(744)	(744)
New share capital subscribed	–	1
Goodwill written off	–	–
Currency translation differences	–	4
Net additions to shareholders' funds	159	212
Opening shareholders' funds	14,235	14,023
Closing shareholders' funds	14,394	14,235

MOVEMENTS IN RESERVES

GROUP

	Share premium account £'000	Revaluation reserve £'000	Other reserves £'000	Profit and loss account £'000
Beginning of year	4,498	948	377	7,999
Retained profit for year	–	–	–	159
Amortisation of revaluation surplus	–	(17)	–	17
End of year	4,498	931	377	8,175

The cumulative goodwill resulting from acquisitions which has been written off is £1,329,000 (1992 – £1,329,000)

COMPANY

	Share premium account £'000	Other reserves £'000	Profit and loss account £'000
Beginning of year	4,498	13,901	(3,546)
Increase in underlying net assets of subsidiary undertakings	–	156	–
Retained profit for the year	–	–	3
End of year	4,498	14,057	(3,543)

The net deficit carried forward on the profit and loss account arises as a result of a provision for the diminution in the value of the investment in Hornby Industries Limited. Relying on S.275(1) of the Companies Act 1985, the provision for diminution in value of the investment in Hornby Industries Limited is not treated for distribution purposes as a realised loss. In the directors' opinion therefore, at the end of the year £236,000 (1992 – £233,000) may be considered to be distributable.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

18 *GUARANTEES AND OTHER FINANCIAL COMMITMENTS*

CAPITAL COMMITMENTS

At the end of the year capital commitments were:

	Group	
	1993 £'000	1992 £'000
Contracted for but not provided for	280	118
Authorised but not contracted for	193	118
	473	236

CONTINGENT LIABILITIES

The Company and various of its subsidiary undertakings are, from time to time, parties to legal proceedings and claims which arise in the ordinary course of business. The directors do not anticipate that the outcome of these proceedings and claims, either individually or in aggregate, will have a material adverse effect upon the Group's financial position.

19 *NOTES TO THE CASH FLOW STATEMENT*

RECONCILIATION OF OPERATING PROFIT

	1993 £'000	1992 £'000
Operating profit	1,721	1,864
Depreciation	1,644	1,607
Profit on sale of tangible fixed assets	–	(3)
Decrease/(increase) in stocks	1,076	(455)
(Increase)/decrease in debtors	(768)	449
Decrease in creditors due within one year	(119)	(218)
Reorganisation costs incurred	–	(50)
Net cash inflow from operating activities	3,554	3,194

ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET

	Cash at bank and in hand £'000	Bank Overdrafts £'000	Total £'000
Balance at 1st January 1992	3,800	(511)	3,289
Net cash inflow/(outflow) before foreign exchange rate changes	872	(1,054)	(182)
Effect of foreign exchange rate changes	4	–	4
Balance at 1st January 1993	4,676	(1,565)	3,111
Net cash (outflow)/inflow	(339)	1,565	1,226
Balance at 31st December 1993	4,337	–	4,337

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

19 *NOTES TO THE CASH FLOW STATEMENT CONTINUED*

ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Share Capital (including premium) £'000	Loans and finance lease obligations £'000
Balance at 1st January 1992	4,910	311
Cash inflow(outflow) from financing	1	(217)
Inception of finance lease contracts	–	518
Balance at 1st January 1993	4,911	612
Cash outflow from financing	–	(154)
Inception of finance lease contracts	–	68
Disposal of finance lease contracts	–	(27)
Balance at 31st December 1993	4,911	499

MAJOR NON-CASH TRANSACTIONS

During the year the Group entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of £68,000 (1992 – £518,000).

20 *PENSION ARRANGEMENTS*

On 1st January 1992 the Group defined benefit pension scheme was converted to a Group defined contribution contracted-out money purchase scheme. The scheme is open to all permanent salaried employees aged twenty years or over. The assets of the previous final salary scheme were converted into cash and the total proceeds were allocated to individual members by the scheme's actuaries on the basis of the value of the members' accrued benefits under the previous scheme. The amounts allocated to the individual members were invested in either a managed fund investment, an insured with profits insurance contract or in a building society deposit account, according to the wishes of individual members. The level of contributions to the money purchase scheme for current members is fixed by the Trustees according to the age of the member.

The pension cost for the year was £208,000 (1992 – £217,000) representing the actual contributions payable in the year and certain scheme administration costs.

THE REPORT OF THE AUDITORS

TO THE MEMBERS OF HORNBY GROUP PLC:

We have audited the financial statements on pages 10 to 26 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 14 and 15.

Respective responsibilities of directors and auditors

As described on page 9 the Company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the 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 circumstances of the Company and of the Group 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 fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and of the Group at 31 December 1993 and of the Group's profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Arthur Andersen
Chartered Accountants and Registered Auditors
1 Surrey Street
London WC2R 2PS

15th April 1994

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the thirteenth Annual General Meeting of Hornby Group Plc will be held at The Great Danes Hotel, Hollingbourne, Maidstone, Kent ME17 1RT on Friday 13th May 1994 at 11.00 am for the following purposes:

ORDINARY BUSINESS

1. To receive the report of the directors and the audited financial statements for the year ended 31st December 1993 and to declare a dividend.
2. To re-elect Mr K.L. Ness a director of the Company.
3. To re-elect Mr P. Newey a director of the Company.
4. To re-appoint Arthur Andersen, the retiring auditors, and to authorise the directors to determine their remuneration.

SPECIAL BUSINESS

To consider and if thought fit to pass the following resolution which will be proposed as a special resolution:

THAT the directors be empowered for a period expiring at the conclusion of the Annual General Meeting of the Company next following the date of the passing of this Resolution to allot equity securities of the Company as if Section 89(1) of the Companies Act 1985 did not apply to any such allotment provided that such power shall be limited to the allotment of the equity securities:-

(a) in connection with an offer of securities, open for acceptance for a period fixed by the directors, by way of rights to holders of shares in proportion (as nearly as may be) to their holdings on a record date fixed by the directors or (where applicable) in accordance with the rights for the time being attached to such shares (but subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with problems under the laws of any territory or the requirements of any regulatory body or any stock exchange in any territory or in connection with fractional entitlements or otherwise howsoever);

(b) pursuant to the terms of the Company's existing executive share option scheme;

(c) (otherwise than under paragraphs (a) and (b) of the Resolution) up to an aggregate nominal value of £20,000; and

(d) such power shall permit and enable the directors to make an offer or agreement, before the expiry of such power, which would or might require equity securities to be allotted after such expiry.

Words and expressions defined in or for the purposes of Sections 89-96 of the Companies Act 1985 shall bear the same meaning in this Resolution.

By order of the Board

A.R. Cox
Secretary
15th April 1994

NOTES

1. A Member is entitled to appoint a Proxy, who need not be a Member of the Company, to attend and vote instead of him. A form of proxy is enclosed. Completion of a form of proxy will not preclude a member from attending and voting at the meeting in person.

2. There will be available for inspection at the Registered Office of the Company during usual business hours (Saturday excepted), from the date of this Notice, until the date of the Annual General Meeting, a copy of each Contract of Service open to inspection under S.318 of the Companies Act 1985, whereunder the directors are employed. These documents will also be available for inspection at the Annual General Meeting and for fifteen minutes prior thereto.

SHAREHOLDERS INFORMATION SERVICE

THE GROUP WELCOMES CONTACT WITH ITS SHAREHOLDERS.
IF YOU HAVE QUESTIONS OR ENQUIRIES ABOUT THE GROUP OR ITS PRODUCTS, PLEASE CONTACT:

A R COX, FINANCE DIRECTOR
HORNBY GROUP PLC
WESTWOOD
MARGATE
KENT CT9 4JX

TEN YEAR SUMMARY

	1993 £'000	1992 £'000	1991 £'000	1990 £'000	1989 £'000	1988 £'000	1987 £'000	1986 £'000	1985 £'000	1984 £'000
Turnover	28,238	31,323	32,036	39,467	31,996	23,424	20,096	14,237	12,169	7,608
Profit (loss) before exceptional items	1,501	1,455	2,088	3,821	3,467	2,404	1,828	608	271	(222)
Exceptional items	–	–	–	616	–	–	–	–	–	–
Profit on ordinary activities before taxation	1,501	1,455	2,088	4,437	3,467	2,404	1,828	608	271	(222)
Taxation	(598)	(504)	(818)	(1,365)	(1,174)	(947)	(720)	(215)	–	–
Profit (loss) on ordinary activities after taxation	903	951	1,270	3,072	2,293	1,457	1,108	393	271	(222)
Assets employed:										
Fixed assets	6,458	7,282	7,020	7,246	5,378	4,551	3,365	3,315	2,313	2,445
Net current assets	8,320	7,420	7,228	6,862	6,346	5,565	5,722	4,279	2,421	2,620
Creditors due after more than one year	(321)	(415)	(121)	(294)	(239)	(73)	(90)	(104)	(3,010)	(3,612)
Provision for liabilities and charges	(63)	(52)	(104)	(49)	(51)	(2,585)	(1,684)	(964)	(750)	–
Net assets	14,394	14,235	14,023	13,765	11,434	7,458	7,313	6,526	974	1,453
Total capital employed	14,394	14,235	14,023	13,765	11,434	7,458	7,313	6,526	974	1,453
Earnings (loss) per share	10.9p	11.5p	15.4p	37.7p	28.3p	18.2p	13.8p	10.4p	7.7p	(6.3p)
Dividend per share (net)	9.0p	9.0p	9.0p	9.0p	7.5p*	5.25p	4.0p	–	–	–
Net assets per share (after adding back goodwill written off)	190.3p	188.4p	185.9p	181.0p	153.6p	106.4p	91.1p	81.3p	27.7p	41.4p