



**CAPE**

ANNUAL REPORT 1994



\*AOM1B3C/\*

A33 RECEIPT DATE: 29/07/94

## CONTENTS

Directorate and Administration	
Summary of Cape's Operations	1
Cape Group Around the World	2
Results in Brief	3
Five Year Financial Summary	4
Chairman's Statement	5
Chief Executive's Review	7
Directors' Report	11
Consolidated Profit and Loss Account	17
Consolidated Balance Sheet	18
Consolidated Cash Flow Statement	19
Balance Sheet	20
Statement of Total Recognised Gains and Losses	21
Accounting Policies	22
Notes to the Accounts	24
Principal Subsidiary Undertakings	27
Statement of Directors' Responsibilities in Respect of the Accounts	34
Report of the Auditors	45
The Board of Directors	46
Notice of Meeting	47
Financial Calendar	

## DIRECTORATE AND ADMINISTRATION

### Directors

†‡ J W Herbert, Chairman  
 \* M J Farebrother, Chief Executive  
 † Sir Michael Grylls MP  
 \* F K J Jackson, Finance  
 †‡ A M Millwood OBE  
 C H Parker  
 † N E Robson

\* executive  
 † audit committee  
 ‡ remuneration committee

### Secretary and Registered Office

M G Pitt-Payne FCA  
 Iver Lane  
 Uxbridge  
 Middlesex UB8 2JQ

### Auditors

Coopers & Lybrand  
 Harman House  
 1 George Street  
 Uxbridge UB8 1QQ

### Bankers

National Westminster Bank PLC  
 30 North Audley Street  
 London W1Y 2HP

### Registrars

Barclays Registrars  
 Bourne House  
 34 Beckenham Road  
 Beckenham  
 Kent BR3 4TU

### Solicitors

Davies Arnold Cooper  
 6-8 Bouverie Street  
 London EC4A 8DD

Herbert Smith  
 Exchange House  
 Primrose Street  
 London EC2A 2HS

### Stockbrokers

Williams de Broë Limited  
 PO Box 515  
 6 Broadgate  
 London EC2M 2RP

Cape PLC is a company registered in  
 England and Wales.  
 Registration Number: 40203

## SUMMARY OF CAPE'S OPERATIONS

**CAPE'S PRODUCTS AND SERVICES** are used extensively in many parts of the world in industrial plant, in commercial and domestic developments and in petrochemical, power generation, transportation and other engineering projects.

**CAPE BOARDS** operates internationally as a leader in the development, manufacture and supply of specialist building boards and systems for high performance passive fire protection and moisture resistant applications.

**CAPE CEILINGS**, manufacturer of ceiling tiles in many designs and materials, is established as a major supplier of ceiling systems in the UK and European markets.

**CAPE CONTRACTS EUROPE** undertakes contracts for thermal insulation, refractory lining and the removal of asbestos contaminated materials. In addition to its prominent position in the UK construction sector, the division carries out major operations through companies in France, Germany, Holland, Belgium and Eire.

**CAPE DURASTEEL** is a market leader in the manufacture and installation of fire and blast barriers, fire walls, fire doors, fire resistant ducting, penetration seals and enclosures for engineering and construction projects in the UK, Europe and the Far East.

**CAPE EAST**, based in Singapore, offers the full range of Cape's products and services to markets from North Africa to the Far East and Australia, spearheading Cape's commitment to international activity.

**CAPE EXTERNAL PRODUCTS** manufacturing in the UK and France has a wide range of architectural panels which are offered complete with accessories and purpose-designed systems for fixing as exterior cladding to buildings.

**CAPE INDUSTRIAL AND INSULATION PRODUCTS**, a major manufacturer of thermal insulation, precision heat insulation components and high performance fire protection materials, supplies its products and insulation systems to industry and to shipbuilding and engineering projects around the world.

**CAPE SCAFFOLDING EUROPE** provides scaffolding and specialist coating services for large scale industrial complexes together with specialist maintenance and repair services at offshore locations. The services supplied include scaffolding, painting, insulation, fire protection, heating, ventilation, air conditioning, flooring systems and industrial cleaning.

## CAPE GROUP AROUND THE WORLD



### United Kingdom

Cape is a market leader in the production of high performance boards, general purpose building boards, insulation materials, external cladding systems and ceiling systems manufactured and supplied from nine factories in the UK. Cape's depots throughout the UK support the provision of insulation, scaffolding, industrial coating, asbestos removal and maintenance services by the Industrial Services division to clients in the power generation, petrochemical, offshore and marine industries.

### Continental Europe

Cape has expanded its activities in Germany during the course of the year and rationalized its industrial services operation in France. There is a network of depots to cover insulation and asbestos removal activities in France, Germany, Holland, Belgium and Fire while manufacturing operations take place in France and Germany.

### Middle East

Cape has operations in Bahrain, Abu Dhabi and Saudi Arabia which control the provision of Cape's products and services throughout the Middle East.

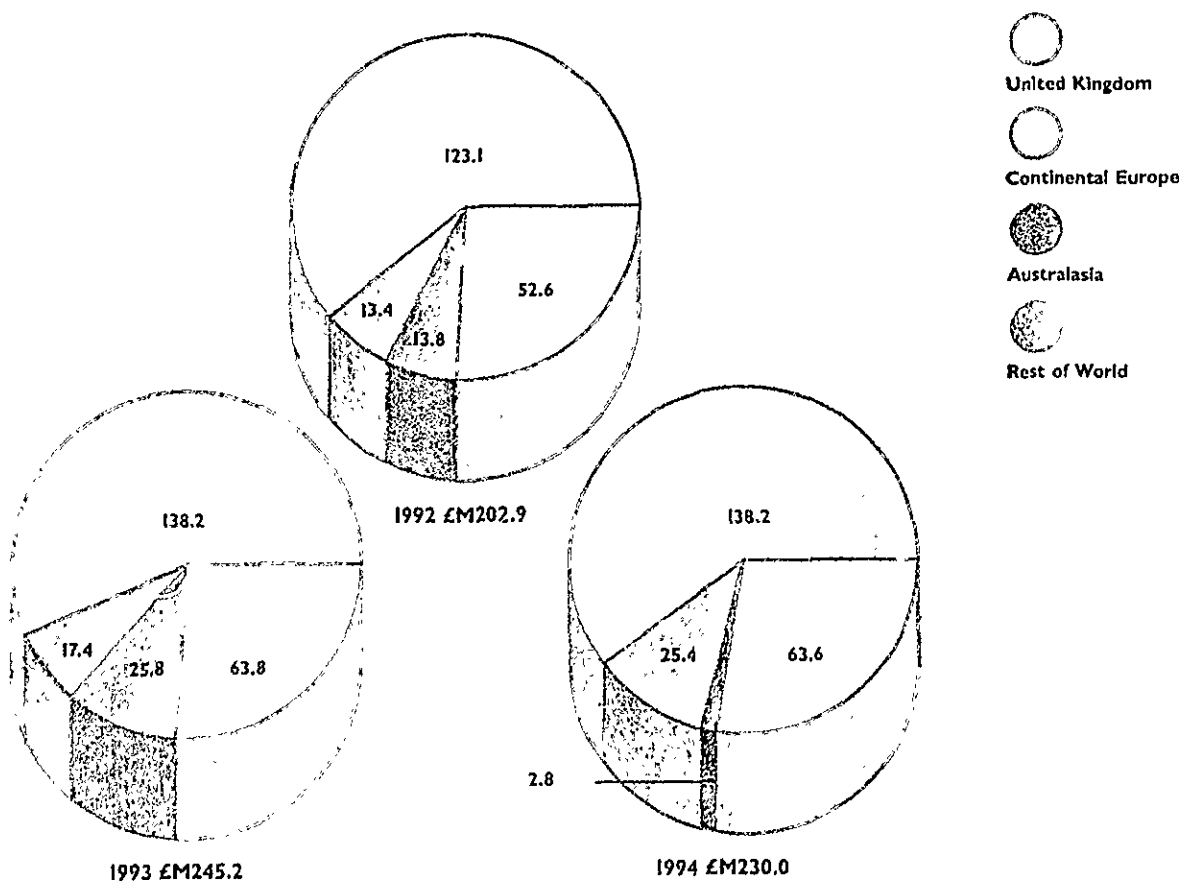
### Far East and Pacific Basin

The headquarters of Cape East are based in Singapore and this is the springboard for taking Cape's products and services into the countries of South East Asia and the Pacific Basin. The operations in the Philippines, Thailand and Malaysia have expanded during the year.

## RESULTS IN BRIEF

	1994	1993 as restated
	£m	£m
Turnover	230.0	245.2
Operating profit before interest	13.7	11.9
Profit on ordinary activities before taxation	12.7	11.9
Profit on ordinary activities after taxation	8.5	8.0
Net assets	59.0	58.2
Operating profit as a percentage of turnover	6.0%	4.8%
Operating profit as a percentage of average capital employed	25.5%	22.6%
Earnings per ordinary share	15.8p	14.9p
Dividends per ordinary share	11p	10.75p
Net assets per ordinary share	109p	108p

### Geographical analysis of turnover by market



## FIVE YEAR FINANCIAL SUMMARY

	1994	1993 as restated	1992	1991	1990
	£m	£m	£m	£m	£m
<b>PROFIT AND LOSS ACCOUNT</b>					
<b>Turnover</b>					
Continuing operations	228.7	245.2	202.9	184.1	161.8
Acquisitions	1.3	—	—	—	—
	<u>230.0</u>	<u>245.2</u>	<u>202.9</u>	<u>184.1</u>	<u>161.8</u>
Discontinued operations	—	—	—	—	9.6
	<u>230.0</u>	<u>245.2</u>	<u>202.9</u>	<u>184.1</u>	<u>171.4</u>
<b>Operating profit</b>					
Continuing operations	13.7	11.9	12.5	13.8	15.6
Acquisitions	—	—	—	—	—
	<u>13.7</u>	<u>11.9</u>	<u>12.5</u>	<u>13.8</u>	<u>15.6</u>
Discontinued operations	—	—	—	—	(0.4)
	<u>13.7</u>	<u>11.9</u>	<u>12.5</u>	<u>13.8</u>	<u>15.2</u>
Continuing operations					
Profit/(loss) on sale or termination of businesses	—	—	—	1.7	(0.2)
Discontinued operations					
Profit/(loss) on sale or termination of businesses	—	—	(1.2)	(2.6)	0.1
	<u>13.7</u>	<u>11.9</u>	<u>11.3</u>	<u>12.9</u>	<u>15.1</u>
Profit on ordinary activities before interest	13.7	11.9	11.3	12.9	15.1
Net interest (payable)/receivable	(1.0)	—	1.1	2.5	2.3
	<u>12.7</u>	<u>11.9</u>	<u>12.4</u>	<u>15.4</u>	<u>17.4</u>
Profit on ordinary activities before taxation	12.7	11.9	12.4	15.4	17.4
Tax on profit on ordinary activities	(4.2)	(3.9)	(4.3)	(3.8)	(3.5)
	<u>8.5</u>	<u>8.0</u>	<u>8.1</u>	<u>11.6</u>	<u>13.9</u>
Profit attributable to ordinary shareholders	8.5	8.0	8.1	11.6	13.9
Operating profit as a percentage of turnover	6.0%	4.8%	5.6%	7.0%	8.8%
Earnings per ordinary share	15.8p	14.9p	15.3p	21.9p	26.8p
Dividends per ordinary share	11p	10.75p	10.5p	10.5p	9.5p
<b>BALANCE SHEET</b>					
<b>Employment of capital</b>					
Fixed assets	51.0	51.8	50.5	46.0	37.1
Other assets	2.8	2.0	1.0	0.5	6.9
	<u>53.8</u>	<u>53.8</u>	<u>51.5</u>	<u>46.5</u>	<u>44.0</u>
<b>Capital employed</b>					
Capital and reserves	59.0	58.2	67.9	68.1	67.0
Net (cash)	(5.2)	(4.4)	(16.4)	(21.6)	(23.0)
	<u>53.8</u>	<u>53.8</u>	<u>51.5</u>	<u>46.5</u>	<u>44.0</u>
Return on average capital employed (based on profit on ordinary activities before interest)	25.5%	22.6%	23.2%	28.4%	35.0%
Net assets per ordinary share	109p	108p	127p	128p	127p

Net assets per ordinary share has been calculated on the basis of deferred shares having no real value.

## CHAIRMAN'S STATEMENT



Cape PLC celebrated the centenary of its incorporation on 28th December 1993 and an increase in the company's profits is a fine way to mark this event. Profit before tax for the year ended 31st March 1994 rose by 7 per cent to £12.7 million from £11.9 million last year. Operating profits, however, rose by 15 per cent to £13.7 million compared with £11.9 million last year. Earnings per share increased by 6 per cent to 15.8 pence compared to 14.9 pence last year. The directors are recommending a final ordinary dividend of 8 pence payable on 5th August 1994 to shareholders who are on the register at the close of business at 1st July 1994 which together with the interim dividend of 3 pence, brings the total for the year to 11 pence compared with 10.75 pence last year.

Turnover fell by 6 per cent from £245 million to £230 million. This is largely the result of a reduction in the value of contract sales by Cape East of £19 million, following the completion last year of the major contract on the Australian North West Shelf. Sales in the UK and Europe were in line with last year.

The improvement in operating profits was the result of a strong performance by the Building and Architectural Products division with an improvement in margins for industrial and insulation products, the return to profit by Cape Ceilings, a reduction in losses at Cape Boards Siborit, and the resolution of the problems at the French insulation business. As was anticipated, restructuring and the final run-down of unprofitable contracts at SOCAP has resulted in a further loss. This was offset by the strong performance of the industrial insulation business in the UK and

## CHAIRMAN'S STATEMENT continued

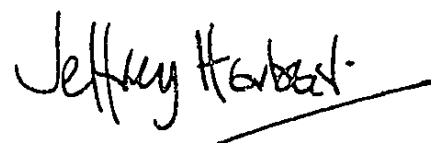
Germany. There was an increased seasonal demand for working capital, owing to the expansion of industrial services activity following the acquisition of Darcnem Contracting. As a result, there was an interest charge of £1 million, whereas there was none last year.

Cape's net cash balances at 31st March 1994 rose by £0.8 million to £5.2 million after spending £8.3 million on capital expenditure. Cape has broadened the range of products and services it offers. The businesses which were bought from Darcnem have been successfully integrated into the group. Cape completed the purchase of the R B Hilton operations in the Middle East on 5th October 1993 and bought two small insulation manufacturing businesses, trading under the names of Scotswood and Dalfratex, from William Baird PLC on 31st March 1994. Cape acquired Pyrok, a cement bonded board business in South Wales, from the Receiver on 12th May 1994.

The Building and Architectural Products division is operating in relatively stable markets and there are increasing signs of a modest growth in demand in the UK and Europe. The outlook for the Industrial Services division in the UK is uncertain. There are very few major construction projects in the petrochemical and offshore industries and changes in the power generation industry have affected demand for insulation products and related services. Cape will continue to expand in South East Asia where we expect demand for its products and services to grow. Cape's cost base remains low and its management and structure is adaptable and able to take advantage of opportunities.

Tony Hepper retired from the board on 31st December 1993. He worked for Cape in his early career and served the company as a non-executive director for 25 years. I thank him on behalf of the board and shareholders for his highly valued contribution.

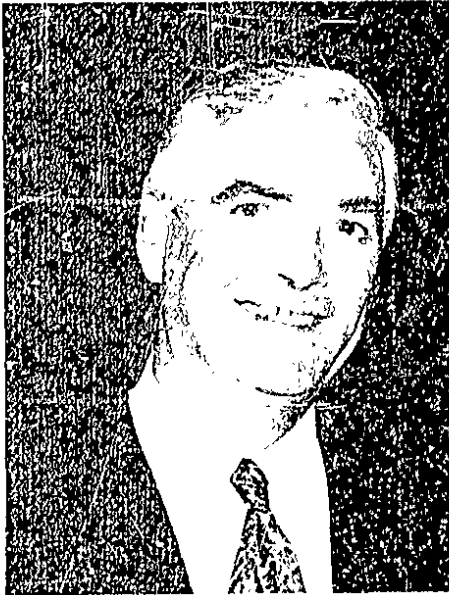
Cape's resilience through the sustained period of difficult trading conditions has been rewarded by this year's strong performance which is a credit to all its people. I thank them for their dedication and loyalty and congratulate them on their contribution to Cape's achievement during this centenary year.



J W Herbert  
Chairman  
7th June 1994



## CHIEF EXECUTIVE'S REVIEW year ended 31 st March 1994



**Building and Architectural Products** The sales of the manufacturing divisions were virtually the same as last year at £71.7 million (1993: £71.5 million) which indicates that the level of demand for the company's products has stabilised. Operating profits rose by 45% to £9.4 million (1993: £6.5 million) as the technical problems at Cape Boards Siborit were resolved and Cape Ceilings returned to profitability. The industrial and insulation businesses enjoyed an increase in demand for their products.

**Cape Building Products** Cape Boards which produces high quality fire protection and general purpose building boards increased sales by 7% following the launch of a number of new products and the development of its selling activities in Germany while operating profits were maintained at the same level as last year.

Cape Durasteel which produces high quality fire protection boards for use in demanding commercial and industrial applications continued to operate in difficult conditions and the level of sales fell by 34%, while the fall in profits was restricted to 10%, as some large contracts commenced last year were completed.

**Cape Industrial Products** This is a new grouping which we have established to focus management attention on those products which are used in industrial and insulation applications in temperature ranges between minus 160°C and plus 2,000°C.

Sales at Cape Industrial Products which produces high quality insulation boards were slightly higher than last year, and operating profits rose by 28% as margins improved.

Sales at Cape Insulation Products which produces phenolic foam and low density

## CHIEF EXECUTIVE'S REVIEW continued

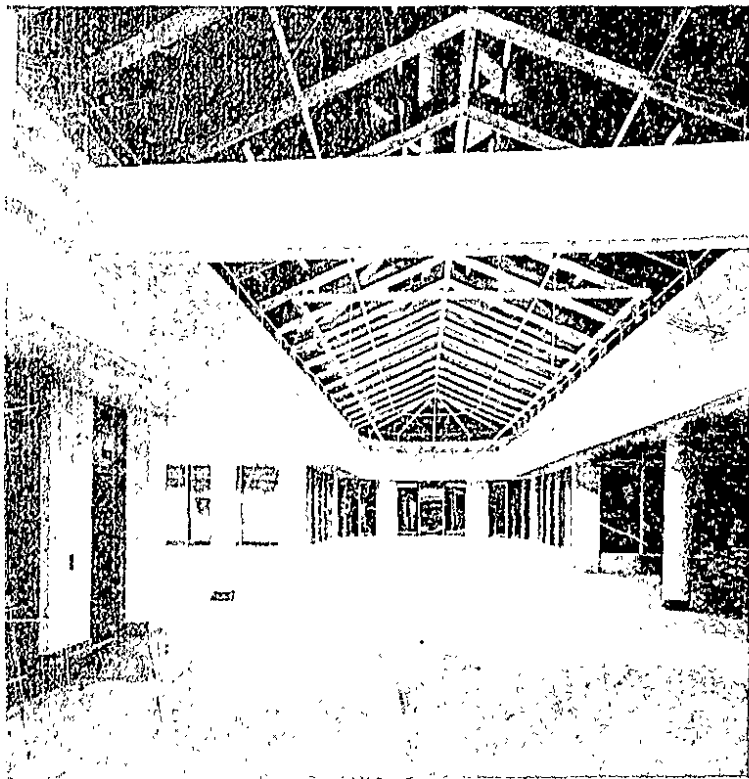
calcium silicate products increased by 21% in spite of cut backs in the demand for insulation materials in the UK power generation industry. Operating profits rose by 76% as the business benefitted from the incorporation of the Modlag production facilities acquired from William Baird PLC in March 1993 into its factory at Washington, Tyne & Wear and a growth in demand from export markets.

Cape Boards Siborit which produces high density calcium silicate boards for use in the aluminium smelting industry has resolved its technical problems but sales were depressed as a result of the recession in the world-wide aluminium smelting industry. Sales fell by 15%, but the level of losses was reduced to one third of the level

experienced in 1993 and steps have been taken to broaden the market base of the company's products.

**Cape Architectural Products** This division has been restructured during the year to include those businesses which are manufacturing and selling ceiling tiles and external cladding for buildings.

Cape Ceilings which produces ceiling tiles in metal, mineral fibre and plaster has concentrated on the development of high quality ceiling systems and has become one of the leading suppliers of ceiling systems in the UK. Sales increased by 16% during the year and the business returned to profit as a result of repositioning the mineral fibre range of tiles in the market place and concentrating on the sale of systems to major end users.



▲ Ceiling fitted with Plastaglass from the wide range of mouldings, sections and tiles made by Cape Ceilings.

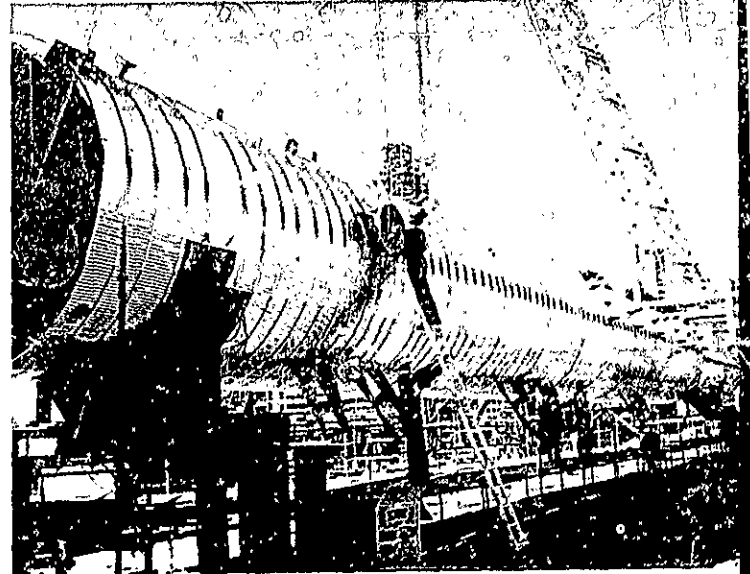
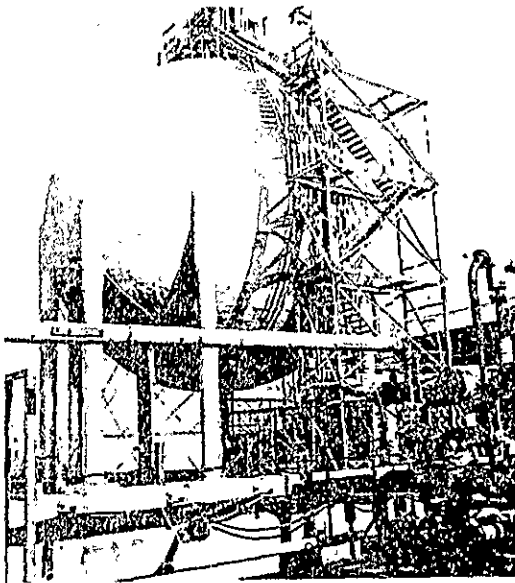
Cape External Products and Cape Façade produce glass reinforced polyester stone clad panels and market a range of external cladding products which are used extensively in the refurbishment of buildings. They suffered a reduction of 9% in sales, but profits were increased by 6%.

**Industrial Services** The level of sales in the industrial service divisions fell by 9% to £159.8 million (1993: £174.7 million) and operating profits were down by 9% to £6.1 million (1993: £6.7 million).

**Cape Contracts Europe** which is the largest industrial insulation contractor in the UK with substantial operations in Holland, France and Germany increased its sales

by 9%, but operating profits fell by 31% as a result of the problems experienced at the SOCAP operation in France.

Sales in the UK were 23% higher as a result of the benefits of a full year's activity



from the Darchem Contracting business which was acquired as at 31st December 1992 and operating profits were increased by 41%. The company is established as a specialist in industrial insulation, refractory lining and asbestos removal.

Sales in the Dutch region increased by 6% and profits rose by 31% in an environment which continues to be difficult as the markets in the South of Holland and in Belgium have been badly affected by the world-wide recession in the chemical industry.

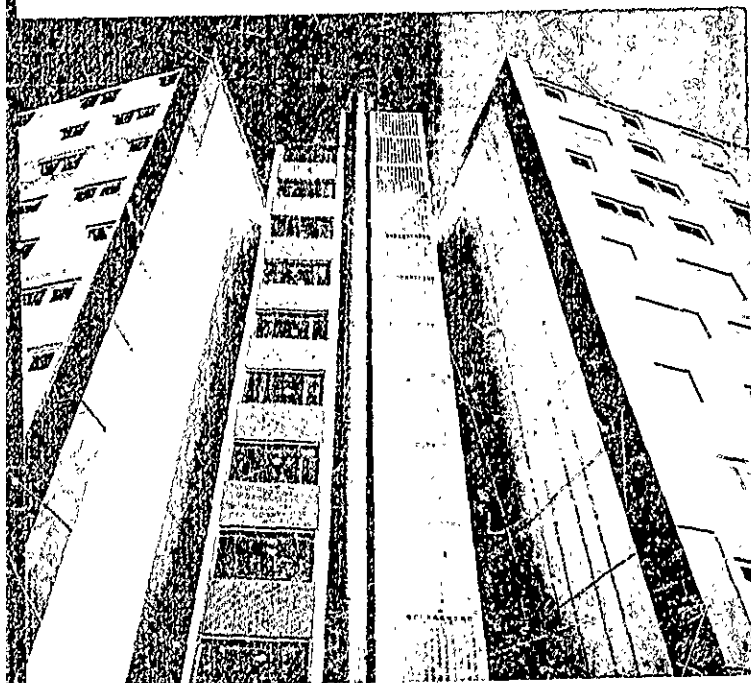
The level of activity in Germany was raised by a number of significant asbestos removal contracts and sales increased by 46%. Cape Entsorgungstechnik was chosen as one of the Opel company's Suppliers of the Year because of the high level of service provided on a major contract for the removal of asbestos which was completed without any interruption to the production of motor cars.

The situation in the French insulation business was explained in the interim statement which was issued in December 1993. As a result of misstatements in the reporting of the financial performance of SOCAP over a period of years there was an adjustment of £5.9 million to shareholders' funds as at 31st March 1993. The situation has been addressed and those responsible for the problems are no longer employed within the group. The company continued to trade at a loss during the year as unprofitable contracts were completed and a number of depots were closed.

▲ Cape East at work on the installation of a Foamglass insulation system for the Dugas Methanol Plant in Dubai.

◀ Polyurethane foam insulation applied to an oil refinery sphere by Cape Contracts Europe.

## CHIEF EXECUTIVE'S REVIEW *continued*



▲ Capex Rainscreen System from Cape External Products covers the gable ends and lift shafts at Wilmcote House, Portsmouth.

The results for the year include a further loss on the operations at SOCAP and a fall of more than £5 million in the sales of the business.

**Cape Scaffolding Europe** specialises in the provision of industrial scaffolding and specialist industrial coating services to the power generation and petrochemical industries and offers a multi-discipline maintenance service to operators of oil platforms in the North Sea. Sales fell by 12% as a result of a reduction in the demand for coating services and changes in the power generation industry in the UK, but in spite of these difficulties profits were maintained at the same level as last year.

**Cape East** which controls all the group's activities in the Middle East, South East Asia and the Pacific Basin from its headquarters in Singapore consolidated its position during the year with significant new contracts for scaffolding and insulation services in the Philippines, Thailand and Malaysia. Contract sales were £19 million lower than last year which benefitted from the large insulation contract on the North West Shelf in Western Australia, but profits were increased by 14%.

The group continues to place emphasis on the development of good products, high quality services and well-motivated people as it recognises that these are the key elements which contribute to the success of the company.

*Michael Farebrother*

M J Farebrother  
Chief Executive  
7th June 1994

## DIRECTORS' REPORT continued

On 31st March 1994 the company purchased from William Baird PLC the specialist insulation manufacturing businesses and certain assets which operate under the names of Scotswood and Dalfratex for a cash consideration of £770,000. These businesses are being merged with Cape Insulation Products at its factory at Washington, Tyne & Wear.

**Directors** The directors at the date of this report and their biographical details

are listed inside the front cover and on page 46. Sir Michael Grylls and Mr N E Robson are the directors retiring by rotation under Article 90 and being eligible offer themselves for re-appointment at the annual general meeting.

Mr A E Hepper retired from the Board on 31st December 1993 having completed 25 years as a director of the company.

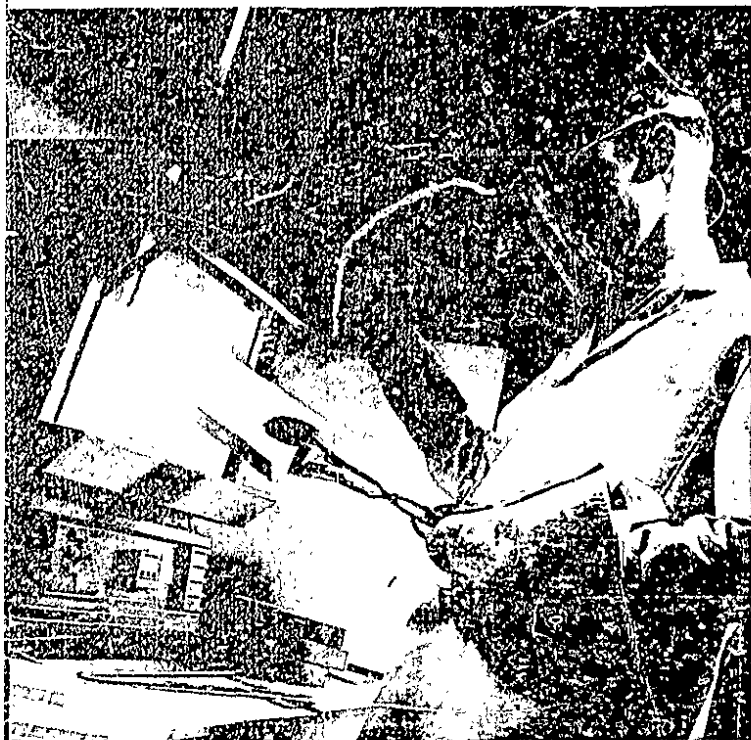
The interests of the directors and their associates in the shares and share option schemes of the company and where applicable of Charter plc are shown in note 4 to the accounts on pages 25 to 27. Except as disclosed in the accounts, no director had any interest in any contract with the company or its subsidiaries at any time during the year other than service contracts and share option schemes. No director

has a service contract for a period in excess of one year's duration.

The company has maintained insurance to cover the directors' and officers' liability as defined in s.310(3)(a) of the Companies Act 1985.

**Annual General Meeting** Tuesday 26th July 1994. The notice convening the annual general meeting at the London Marriott Hotel, Duke Street, off Grosvenor Square, London W1 is set out on pages 47 and 48.

**Share Capital** On 13th August 1993 the holders of 3,703 8.4% cumulative convertible redeemable preference shares of £1 each exercised their rights to convert and accordingly 8,400 ordinary shares of 25p each and 160,300 deferred shares of 1p each were issued. The remaining holders of cumulative convertible redeemable preference shares have the opportunity to convert by completing and signing the notice of conversion which appears on each cumulative convertible redeemable preference share certificate and lodging the share certificate(s) between 1st July 1994 and



▲ Cape Industrial Products uses the latest technology for testing its Monolux Insulation board which is used in high temperature industrial applications.

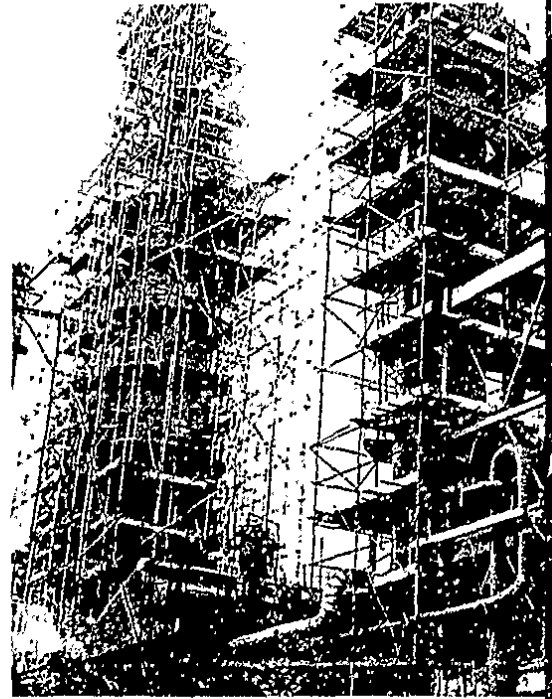
12th August 1994 inclusive with the company's registrars. In addition to the shares issued as a result of the conversion of the 8.4% cumulative convertible redeemable preference shares, 558,352 ordinary shares were issued by the company during the year under employee share schemes.

**Authority to allot shares** At the annual general meeting of the company a special resolution will be proposed as special business to renew for a further year the directors' authority to allot equity securities for cash other than to existing holders up to an amount equal to 5 per cent of the issued share capital of the company at 31st March 1994. The text of the special resolution is set out in resolution 6 of the notice of the meeting on pages 47 and 48.

**Fixed Assets** Details of the movements in the tangible fixed assets during the year are given in note 11 to the accounts on page 30.

**Research and Development** The companies in the group continue to place

▼ Maintenance scaffolding at the process columns, BP Baglan Bay supplied by Cape Scaffolding.



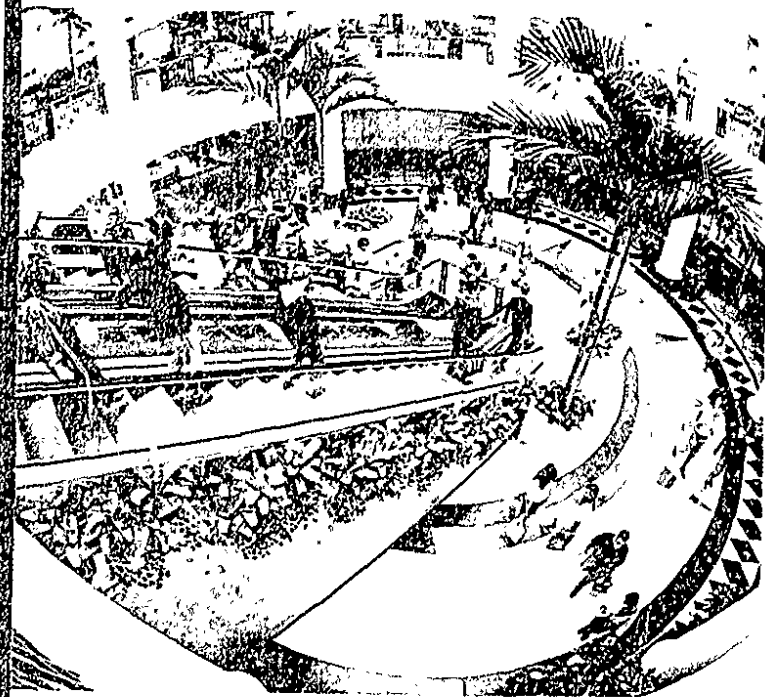
strong emphasis on research and development to expand the scope of the products to meet the changing needs of their customers in the highly competitive markets in which they operate.

**Charitable and Political Donations** During the year the company has made contributions of £52,000 to charitable organisations in the United Kingdom. There were no political donations.

**Employment Policies** The companies within the group operate within broadly

◀ Baucrad from Cape External Products provides a smooth architectural finish for Essex County Council's office development at Harlow Water Gardens.

## DIRECTORS' REPORT *continued*



▲ Fire protection of the structural steelwork at Meadowhall Shopping Centre, Sheffield is constructed from Cape Industrial Products' Vermiculux.

▲ Scaffolding at The Royal Albert Railway Bridge, Saltash provided by Kennedy's Scaffolding.

prescribed personnel and employment policies and each develops procedures which are most appropriate to the circumstances within which it operates. Training, career development and promotion policies within the group provide equal opportunities for all employees.

**Health and Safety** The Chief Executive has issued a policy statement on the group's commitment to the provision of a safe working environment for its employees and each Managing Director within the group has responsibility for ensuring that the group policy on Health and Safety is implemented. Health and Safety audits were carried out by consultants at all subsidiaries and Environmental audits were conducted at all manufacturing locations during the course of the year.

**Employment of Disabled Persons** It is company policy to encourage, wherever practicable, the employment of disabled persons and to provide appropriate opportunities for their training, career development and promotion. Where employees have become disabled in the service of the company, every effort is made to rehabilitate them in their former occupation or some suitable alternative.

**Employee Involvement** The group continues its practice of keeping all employees informed on matters affecting them. Senior management are kept abreast of developments

in financial, commercial and personnel matters and this enables them to ensure that employees at operational level are kept informed. The group operates pension schemes for the benefit of eligible employees in the UK and overseas. The schemes' funds are administered by trustees and they are held separately from group funds.

**Employee Share Option Schemes** The company has made a further offer of

shares under the savings related share option scheme.

**Post Balance Sheet Events** On 12th May 1994 the company purchased from the Receiver of Pyrok Group PLC the freehold property, plant and machinery, stock in trade and intellectual property rights associated with the production of cement bonded boards, for a cash consideration of £3,160,000. This business is being merged with the activities of Cape Boards.

**Cadbury Report** During the year ended 31st March 1994 the company complied with the Cadbury Committee's Code of Best Practice except as follows:

Code para. 1.4 – The Board has not passed a formal resolution covering matters specifically reserved for decision by the full Board as these matters are already incorporated in the Company's Policy Manual.

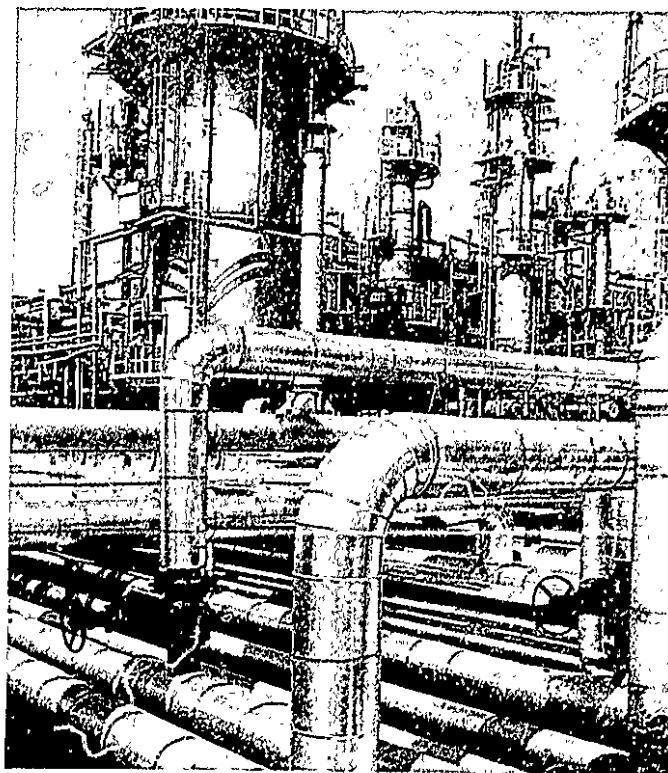
Code para. 2.3 and 2.4 – Non-executive directors are not appointed for specific terms nor have they been selected through a formal process. The Board does not believe that appointment for a specific term would improve the role performed by non-executive directors.

A statement of compliance with the sections of the Code on the effectiveness of internal controls and reporting as a going concern cannot be issued until the necessary guidance has been obtained from the working group.

This statement of compliance with the Code of Best Practice has been reviewed by the company's auditors, Coopers & Lybrand to the extent recommended by the Cadbury Committee. Coopers & Lybrand has confirmed to the Board that they agree with the contents of this statement.

**Interests in Share Capital** On 7th June 1994 Scottish Amicable Investment Managers Limited held 1,995,439 ordinary shares representing 3.7% of the issued ordinary share capital of the company.

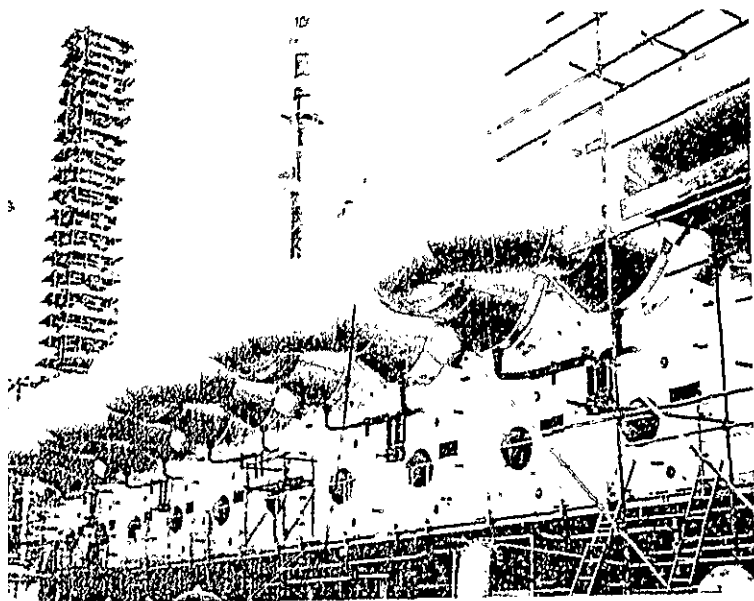
In addition on 7th June 1994 funds managed or advised by M & G Investment Management Limited held 5,607,091 ordinary shares representing 10.3% of the issued ordinary share capital of the company. The directors have not been advised of any



▲ Pipework insulation and aluminium cladding carried out within the petrochemical industry by Cape Contracts Europe.



## DIRECTORS' REPORT continued



A Water desalination units in Dubai, insulated by Cape East.

other notifiable interest of 3% or more in the share capital of the company other than the ultimate holding company.

**Ultimate Holding Company** On 7th June 1994 Charter plc, a company registered in England and Wales, held through a subsidiary 35,462,383 ordinary shares representing 65.3% of the issued ordinary share capital and the whole of the 3 1/4% cumulative preference share capital of the company.

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

**Auditors** Coopers & Lybrand were appointed auditors to the company by resolution of the directors on 7th December 1993 following the resignation of the previous auditors. In accordance with s.388 of the Companies Act 1985 a resolution for the re-appointment of Coopers & Lybrand will be proposed at the annual general meeting on 26th July 1994 and special notice of this resolution has been given in accordance with that section.

*M G Pitt-Payne*

Iver Lane  
Uxbridge  
Middlesex  
UB8 2JQ

By Order of the Board  
M G Pitt-Payne  
Secretary  
7th June 1994

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31st March 1994

	Note	1994 £m	1993 £m
<b>Turnover</b>	1		
Continuing operations		228.7	245.2
Acquisitions		1.3	
		<u>230.0</u>	
<b>Cost of sales</b>			
Continuing operations		(198.4)	(217.4)
Acquisitions		(1.3)	
		<u>(199.7)</u>	
Gross profit		30.3	27.8
Other operating expenses	2	(16.6)	(15.9)
		<u>13.7</u>	
<b>Operating profit</b>	3		
Continuing operations		13.7	11.9
Acquisitions		—	
		<u>13.7</u>	
<b>Profit on ordinary activities before interest</b>		13.7	11.9
Net interest payable	6	(1.0)	—
		<u>12.7</u>	
<b>Profit on ordinary activities before taxation</b>		12.7	11.9
Tax on profit on ordinary activities	7	(4.2)	(3.9)
		<u>8.5</u>	
<b>Profit on ordinary activities after taxation</b>		8.5	8.0
Dividends	8	(6.0)	(5.8)
		<u>2.5</u>	
<b>Retained profit for the financial year</b>	19	2.5	2.2
Earnings per ordinary share	9	15.8p	14.9p

Movements in reserves are set out in note 19 on page 37.

The notes and information on pages 22 to 43 form part of these accounts.

# **CONSOLIDATED BALANCE SHEET**

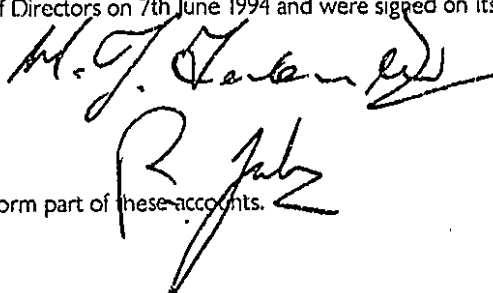
at 31st March 1994

		1994		1993 as restated	
	Note	£m	£m	£m	£m
<b>Fixed assets</b>					
Tangible assets	11		51.0		51.8
<b>Current assets</b>					
Stocks	13	13.3		12.1	
Debtors	14	52.3		61.1	
Cash at bank and in hand		20.7		27.7	
		<u>86.3</u>		<u>100.9</u>	
<b>Creditors:</b>					
<b>Amounts falling due within one year</b>	15				
Borrowings and finance leases		(15.3)		(22.9)	
Other creditors		(56.6)		(65.4)	
		<u>(71.9)</u>		<u>(88.3)</u>	
<b>Net current assets</b>			14.4		12.6
<b>Total assets less current liabilities</b>			<u>65.4</u>		<u>64.4</u>
<b>Creditors:</b>					
<b>Amounts falling due after more than one year</b>	16				
Borrowings and finance leases			(0.2)		(0.4)
<b>Provisions for liabilities and charges</b>	17		(6.2)		(5.8)
<b>Net assets</b>			<u>59.0</u>		<u>58.2</u>
<b>Capital and reserves</b>					
Called up share capital (includes non-equity interests)	18		18.2		18.0
Share premium account	19		1.6		0.8
Revaluation reserve	19		11.4		11.4
Profit and loss account	19		27.8		28.0
<b>Shareholders' funds</b>			<u>59.0</u>		<u>58.2</u>

These accounts were approved by the Board of Directors on 7th June 1994 and were signed on its behalf by:

M J Farebrother  
F K J Jackson

Director  
Director



The notes and information on pages 22 to 43 form part of these accounts.

**CONSOLIDATED CASH FLOW STATEMENT**

for the year ended 31st March 1994

	Note	1994		1993	
		£m	£m	£m	£m
<b>Net cash inflow from operating activities</b>	20(a)		18.0		12.7
<b>Returns on investments and servicing of finance</b>					
Interest received		1.3		2.3	
Interest paid		(1.8)		(2.2)	
Dividends paid		(5.8)		(5.6)	
<b>Net cash outflow from returns on investments and servicing of finance</b>			(6.3)		(5.5)
<b>Tax paid</b>	20(b)		(4.1)		(2.9)
<b>Investing activities</b>					
Purchase of tangible fixed assets net of grants		(8.3)		(6.9)	
Purchase of subsidiary undertakings	21(b)	—		(8.5)	
Sale of plant and machinery		0.7		1.1	
Movement in financial deposits	20(c)	2.0		14.0	
<b>Net cash outflow from investing activities</b>			(5.6)		(0.3)
<b>Net cash inflow before financing</b>			2.0		4.0
<b>Financing</b>					
Issue of ordinary share capital		1.0		0.3	
Capital element of finance lease rental payments	20(c)	(0.2)		(0.1)	
Repayments of amounts borrowed	20(c)	(0.1)		—	
New secured loans		—		0.1	
<b>Net cash inflow from financing</b>			0.7		0.3
<b>Net increase in cash and cash equivalents</b>	20(c)		2.7		4.3

The notes and information on pages 22 to 43 form part of these accounts.

**BALANCE SHEET**

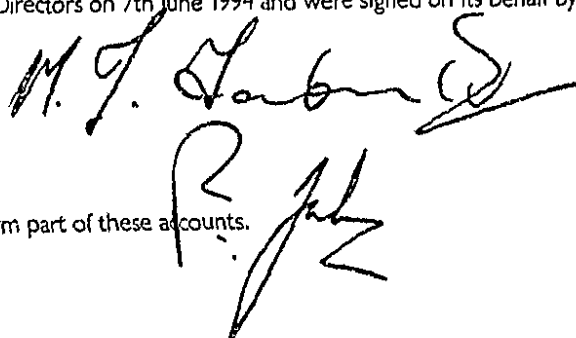
at 31st March 1994

		1994		1993 as restated	
	Note	£m	£m	£m	£m
<b>Fixed assets</b>					
Tangible assets	11		0.7		0.8
Investments	12		64.0		70.2
			<u>64.7</u>		<u>71.0</u>
<b>Current assets</b>					
Debtors	14	6.6		17.1	
Cash at bank and in hand		21.9		20.8	
		<u>28.5</u>		<u>37.9</u>	
<b>Creditors:</b>					
<b>Amounts falling due within one year</b>	15				
Borrowings and finance leases		(13.1)		(20.8)	
Other creditors		(10.5)		(10.8)	
		<u>(23.6)</u>		<u>(31.6)</u>	
<b>Net current assets</b>			<u>4.9</u>		<u>6.3</u>
<b>Total assets less current liabilities</b>			<u>69.6</u>		<u>77.3</u>
<b>Creditors:</b>					
<b>Amounts falling due after more than one year</b>	16		(9.5)		(15.8)
<b>Provisions for liabilities and charges</b>	17		(1.1)		(3.3)
<b>Net assets</b>			<u>59.0</u>		<u>58.2</u>
<b>Capital and reserves</b>					
Called up share capital (includes non-equity interests)	18		18.2		18.0
Share premium account	19		1.6		0.8
Revaluation reserve	19		18.4		28.1
Profit and loss account	19		20.8		11.3
			<u>59.0</u>		<u>58.2</u>

These accounts were approved by the Board of Directors on 7th June 1994 and were signed on its behalf by:

M J Farebrother  
F K J Jackson

Director  
Director



The notes and information on pages 22 to 43 form part of these accounts.

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

for the year ended 31st March 1994

	1994 £m	1993 £m
<b>Profit on ordinary activities after taxation</b>	<b>8.5</b>	<b>8.0</b>
Currency translation differences on foreign currency net investments	(0.4)	(0.4)
<b>Total recognised gains and losses relating to the year</b>	<b>8.1</b>	<b>7.6</b>
 Prior year adjustment (as explained in note 10)	 (5.9)	
<b>Total gains and losses recognised since last Annual Report</b>	<b>2.2</b>	

**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

for the year ended 31st March 1994

	1994 £m	1993 £m
Profit on ordinary activities after taxation	8.5	8.0
Dividends	(6.0)	(5.8)
	2.5	2.2
Net effect of translation of currencies	(0.4)	(0.4)
Goodwill written off	(2.3)	(5.9)
New share capital subscribed	1.0	0.3
Prior year adjustment (note 10)	—	(5.9)
<b>Net addition/(reduction) to shareholders' funds</b>	<b>0.8</b>	<b>(9.7)</b>
Shareholders' funds at 1st April (originally £64.1 million before deducting prior year adjustment of £5.9 million)	58.2	67.9
<b>Shareholders' funds at 31st March</b>	<b>59.0</b>	<b>58.2</b>

The notes and information on pages 22 to 43 form part of these accounts.

## ACCOUNTING POLICIES

**1. Accounting convention** The accounts are prepared under the historical cost convention, except for certain fixed assets included at revaluation, and in accordance with applicable Accounting Standards.

**2. Basis of consolidation** (a) The consolidated accounts comprise the accounts of the company and all subsidiary undertakings for the year ended 31st March 1994.

(b) The results of subsidiary undertakings acquired or disposed of during the year are included in the consolidated profit and loss account from or to their effective dates of acquisition or disposal. The premium or discount between the purchase consideration and the fair value of net assets acquired is dealt with through reserves. The difference between the sale consideration and the book value of net assets at the date of disposal, plus purchased goodwill eliminated against reserves in previous years, is included in profit on ordinary activities before interest.

(c) The group's interest in non-corporate joint ventures is accounted for under the proportional consolidation method.

**3. Foreign currencies** Foreign currency assets and liabilities of United Kingdom undertakings and the assets and liabilities of overseas subsidiary undertakings are translated into sterling at the rates of exchange ruling at the balance sheet dates. Profits and losses of overseas subsidiary undertakings are translated into sterling at the average rates of exchange during the year.

The differences arising from the translation of net equity interests in overseas subsidiary undertakings and of foreign currency borrowings used to finance these interests are dealt with through reserves as are differences between profits translated at average and closing rates.

**4. Turnover** Turnover is the invoiced value of sales and services of the group including the value of work executed for long term contracting during the year and excludes transactions between group undertakings.

**5. Depreciation** Depreciation is provided to write off the cost or valuation less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives with the exception that no depreciation is provided on freehold land. The following rates are normally applied:

Freehold buildings — 2% per annum

Leasehold land and buildings — the period of the lease

Plant, machinery, fixtures and fittings — 10% to 33½% per annum

Motor vehicles — 25% per annum

- 6. Leased plant and machinery** Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases) the amount representing the outright purchase price of such assets is capitalised and the corresponding leasing commitments are shown as obligations to the lessor. The relevant assets are depreciated in accordance with the group's depreciation policy. Net finance charges, calculated on the reducing balance method, are included in interest costs. All other leases are treated as operating leases and the annual rentals charged to the operating profit of the year.
- 7. Compensation for industrial disease** Provision is made for compensation for industrial disease on the basis of the estimated liabilities in respect of claims lodged and outstanding at the year end and any additional provision required is charged to the operating profit of the year.
- 8. Technical development expenditure** Group expenditure on research and development, patents and trade marks is written off when incurred.
- 9. Stocks and work in progress** Stocks and work in progress are valued at the lower of cost and net realisable value. Cost includes expenditure which is incurred in the normal course of business in bringing the product or service to its present location and condition. Net realisable value is the estimated selling price less all costs to be incurred. Contract work in progress is valued at cost, plus attributable profit where appropriate for long term contracts, less foreseeable losses and progress payments received and receivable.
- 10. Capital expenditure grants** Grants in respect of capital expenditure are treated as deferred income and are credited to operating profit over the expected useful lives of the assets to which they relate.
- 11. Deferred taxation** Provision is made for deferred taxation on the liability method in respect of timing differences to the extent that it is probable that an actual liability will crystallise.
- 12. Investments in subsidiary undertakings** The company has valued its investments in subsidiary undertakings in order to reflect their underlying net asset values at the balance sheet date. Provision has not been made for any taxation liability on capital gains that might arise on the disposal of subsidiary undertakings at the amount at which they are stated in the balance sheet because there is no intention of disposal.
- 13. Pensions** Pension costs for defined benefit schemes are charged against profits on a systematic basis. Surpluses and deficits arising are allocated over the expected remaining service lives of current employees. The pension expense for defined contribution schemes represents amounts payable in the year.



## NOTES TO THE ACCOUNTS

### 1 Segmental analysis

#### (a) Business analysis

	1994			1993 as restated		
	Turnover	Profit before tax	Net assets	Turnover	Profit before tax	Net assets
	£m	£m	£m	£m	£m	£m
Building and Architectural Products	71.7	9.4	36.3	71.5	6.5	32.8
Industrial Services	159.8	6.1	27.3	174.7	6.7	26.3
Inter-segment sales	(1.5)			(1.0)		
	<u>230.0</u>	<u>15.5</u>	<u>63.6</u>	<u>245.2</u>	<u>13.2</u>	<u>59.1</u>
Central credit		—	(9.8)		0.2	(5.3)
Compensation for industrial disease		(1.8)			(1.5)	
		<u>13.7</u>	<u>53.8</u>		<u>11.9</u>	<u>53.8</u>
Net interest/net cash		(1.0)	5.2		—	4.4
	<u>12.7</u>	<u>59.0</u>		<u>11.9</u>	<u>58.2</u>	

#### (b) Geographical analysis by origin

	1994			1993 as restated		
	Turnover	Profit before tax	Net assets	Turnover	Profit before tax	Net assets
	£m	£m	£m	£m	£m	£m
United Kingdom	166.4	11.9	37.3	159.1	8.9	39.5
Continental Europe	59.3	(0.5)	12.8	57.5	0.3	11.2
Rest of World	19.3	2.3	3.7	39.6	2.7	3.1
Inter-segment sales	(15.0)			(11.0)		
	<u>230.0</u>	<u>13.7</u>	<u>53.8</u>	<u>245.2</u>	<u>11.9</u>	<u>53.8</u>
Net interest/net cash		(1.0)	5.2		—	4.4
	<u>12.7</u>	<u>59.0</u>		<u>11.9</u>	<u>58.2</u>	

#### (c) Geographical analysis by market

	1994 Turnover £m	1993 Turnover £m
United Kingdom	138.2	138.2
Continental Europe	63.6	63.8
Rest of World	28.2	43.2
	<u>230.0</u>	<u>245.2</u>

Note: Turnover in Continental Europe includes Holland £26.2 million (1993: £24.9 million), France £13.8 million (1993: £19.6 million) and Germany £16.4 million (1993: £12.4 million)

## DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the financial statements of the company for the year ended 31st March 1994.

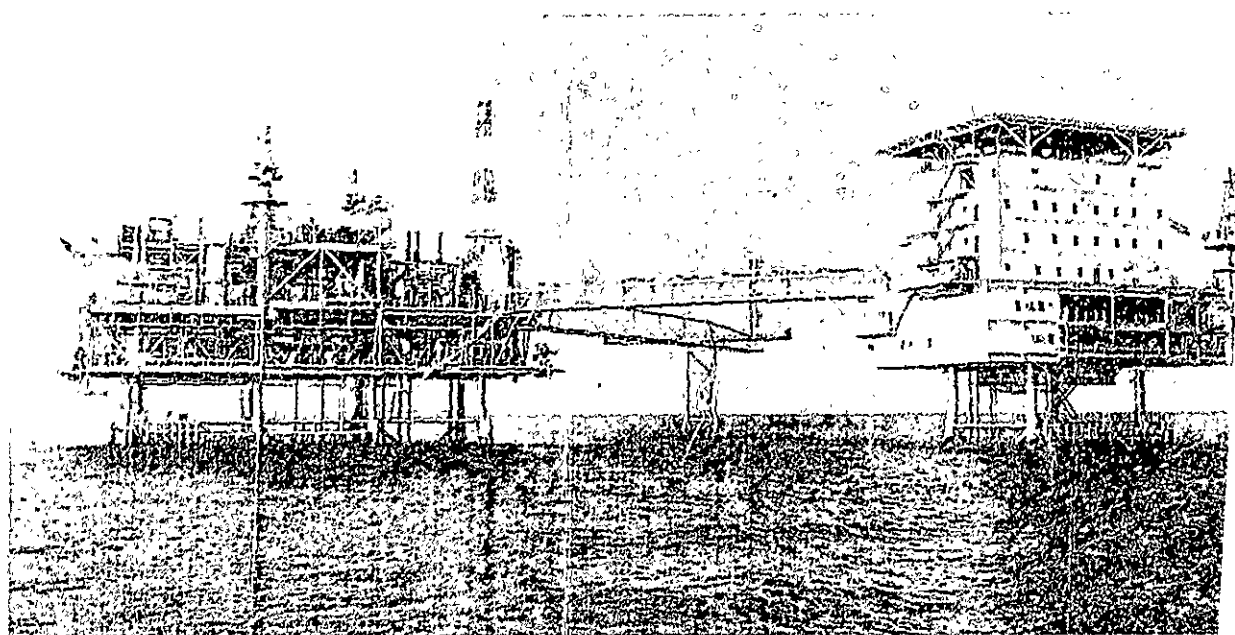
**Principal Activities** The company and its subsidiaries form an international group which manufactures high performance fire protection, insulation and building products for the construction industry. It is a market leader in the UK, Holland, the Middle East and the Pacific Basin for the supply of thermal insulation and scaffolding services to the power generation and petrochemical industries. The principal subsidiary undertakings are set out on pages 42 and 43. A review of the group's activities during the year is contained in the Chairman's statement and the Chief Executive's review on pages 5 to 10.

**Results and Dividends** The profit for the year before taxation was £12.7 million (1993: £11.9 million). The profit after taxation amounted to £8.5 million (1993: £8.0 million).

The directors recommend the payment of a final ordinary dividend of 8p per share (1993: 7.75p) on 5th August 1994 to shareholders on the register on 1st July 1994. The total ordinary dividend for the year is 11p per share (1993: 10.75p). The retained profit for the year after payment of dividends is £2.5 million (1993: £2.2 million) which has been added to the reserves.

**Acquisitions** On 5th October 1993 the company purchased the Middle East insulation contracting business of R B Hilton Limited from William Baird PLC for a cash consideration of £499,000. This acquisition has been merged with the activities of Cape East in the region.

▼ Cape Contracts' experience and multi-discipline skills are extensively used in the construction of production and accommodation units for offshore complexes.



## 2 Other operating expenses

	1994 £m	1993 £m
Distribution costs	9.0	8.5
Administrative expenses	6.3	6.0
Research and development expenditure	1.3	1.4
	<u>16.6</u>	<u>15.9</u>

Administrative expenses represent those costs which are not directly related to production or distribution functions or which are not recovered as part of an allocation of overheads to cost of sales. There are no other operating expenses in respect of acquisitions.

## 3 Operating profit

	1994 £m	1993 £m
Operating profit is stated after charging/(crediting):	0.3	0.3
Auditor's remuneration	0.1	0.1
Non audit fees payable to auditors	8.6	7.5
Depreciation on tangible fixed assets	1.3	1.0
Hire of plant and machinery	0.9	0.7
Other operating leases	(0.1)	(0.1)
Capital expenditure grants		

## 4 Directors

### (a) Directors' emoluments

The emoluments of the directors of the parent company were:

	1994 £000	1993 £000
Fees	41	44
Payment to Charter Central Services Limited for the services of three directors	80	80
Salaries and other emoluments of executive directors	233	223
Profit related pay of executive directors	—	19
Pension contributions for executive directors	44	42
	<u>398</u>	<u>408</u>

Profit related pay in the year is determined by reference to the results of the group for the previous year.

## NOTES TO THE ACCOUNTS continued

### 4 Directors continued

Directors' emoluments excluding pension contributions are as follows:

	1994 £	1993 £
Chairman's emoluments	60,000	60,000
The chairman received no profit related pay in either year.		
Highest paid director:		
Salaried emoluments	142,386	137,372
Profit related pay	—	11,290
	<u>142,386</u>	<u>148,662</u>

All directors:	No. of directors	
£5,001 – £10,000	3	3
£10,001 – £15,000	1	1
£20,001 – £25,000	1	1
£55,001 – £60,000	1	1
£90,001 – £95,000	1	1
£140,001 – £145,000	1	—
£145,001 – £150,000	—	1

### (b) Directors' interests

The beneficial interests of the directors of the company and their families in the shares of the company and of Charter plc, where applicable, are set out below:

	Cape PLC		Charter plc	Charter Consolidated P.L.C.
	Ordinary shares of 25p each		Fully paid shares of 2p each	Fully paid shares of 2p each
	1994	1993	1994	1993
M J Farebrother	13,598	1 000	720	720
Sir Michael Grylls MP	—	—	—	—
J W Herbert	1,000	1,000	(1)11,631	(1)6,782
F K J Jackson	11,145	11,145	(1)5,267	(1)5,266
A M Millwood	7,000	7,000	—	—
C H Parker	—	—	(1)7,810	(1)6,961
N E Robson	—	—	(1)3,056	(1)2,207

Following a Scheme of Arrangement on 23rd August 1993 Charter plc succeeded Charter Consolidated P.L.C. as the

## 4 Directors continued

	Cape PLC Share option schemes			
	1994	Granted in year	Exercised in year	1993
M J Farebrother	107,407	100,000	(100,000)	107,407
F K J Jackson	62,314	60,000	—	2,314

	Charter plc Share option schemes			
	1994	Granted in year	Exercised in year	1993
J W Herbert	169,614	17,289	(14,549)	166,874
C H Parker	85,997	3,265	—	82,732
N E Robson	118,037	4,326	—	113,711

## Notes:

- (i) Includes shares appropriated under profit sharing scheme.  
(ii) There were no changes in the above mentioned interests between 31st March 1994 and 1st June 1994, being one month prior to the date of the notice of the annual general meeting.

## 5 Employees

	1994	1993
(a) Average number of employees by business:		
Building and Architectural Products	886	913
Industrial Services	3,619	4,046
Central	22	21
	<u>4,527</u>	<u>4,980</u>

## Geographically:

United Kingdom	3,056	3,612
Continental Europe	780	898
Rest of World	691	470
	<u>4,527</u>	<u>4,980</u>

## (b) Employment costs, including directors' emoluments:

	1994 £m	1993 £m
Wages and salaries	82.4	89.9
Social security costs	10.9	11.3
Other pension costs (note 26)	0.3	0.3
	<u>93.6</u>	<u>101.5</u>

## NOTES TO THE ACCOUNTS continued

### 6 Net interest payable

	1994 £m	1993 £m
Interest receivable	0.8	2.2
Interest payable on bank loans, overdrafts and other loans wholly repayable within five years	(1.8)	(2.2)
	<u>(1.0)</u>	<u>—</u>

### 7 Tax on profit on ordinary activities

	1994 £m	1993 £m
Taxation for the year comprises:		
United Kingdom:		
Corporation tax at 33.0% (1993: 33.0%)	4.0	3.4
Double taxation relief	—	(0.1)
Deferred tax	—	0.1
Overseas taxes	1.0	0.6
	<u>5.0</u>	<u>4.0</u>
Effective rate 39.5% (1993: 34.4%)		
Adjustments relating to earlier years:		
United Kingdom	(1.1)	(0.2)
Overseas	0.3	0.1
	<u>4.2</u>	<u>3.9</u>
Reported rate 32.9% (1993: 33.1%)		

### 8 Dividends

	1994 £m	1993 £m
Interim – paid 10th January 1994 – 3p per share (1993: 3p per share)	1.6	1.6
Final proposed – 8p per share (1993: 7.75p per share)	4.4	4.2
	<u>6.0</u>	<u>5.8</u>

### 9 Earnings per ordinary share

Earnings per ordinary share on a net basis are calculated by dividing profits after tax (after taking account of dividends on the 3½% cumulative preference and 8.4% cumulative convertible redeemable preference shares) of £8,514,000 (1993: £7,953,000) by 53,999,886 ordinary shares (1993: 53,554,854), being the weighted average number of such shares in issue during the year. Because no preference dividend has accrued this year on the preference shares converted, and the ordinary shares issued on conversion rank for dividend for the year, earnings per ordinary share has been calculated on the basis that the increased number of shares were in issue throughout the year.

Taking into consideration outstanding share options and unconverted preference shares at 31st March 1994 there is no material dilution of earnings per ordinary share.

# 10 Prior year adjustment

As a result of the discovery of misstatements in the reporting of the financial performance of the French insulation business, SOCAP, for a period of years the shareholders' funds in the balance sheet at 31st March 1993 have been adjusted by £5.9 million. This prior year adjustment is as follows:

	GROUP £m	COMPANY £m
Fixed assets – tangible assets		
Plant, machinery, fixtures and fittings	(0.1)	—
Fixed assets – investments	—	(5.9)
Stocks		
Short term contract work in progress	(2.9)	—
Raw materials and consumables	(0.4)	—
Debtors		
Trade debtors	(2.1)	—
Prepayments and accrued income	(0.1)	—
Creditors: Amounts falling due within one year		
Trade creditors	(0.4)	—
Accruals and deferred income	0.1	—
	<hr/>	<hr/>
Prior year adjustment to reserves – profit and loss account as at 31st March 1993	(5.9)	(5.9)
	<hr/>	<hr/>

The comparative 1993 balance sheet and applicable statistics have been restated for the above items. As it is not practical to ascertain the part of the loss which is applicable to the year ended 31st March 1993 the comparative 1993 consolidated profit and loss account and consolidated cash flow statement have not been restated.

## NOTES TO THE ACCOUNTS continued

### II Fixed assets — tangible assets

	Total £m	Land and buildings £m	Plant, machinery, fixtures and fittings £m	Assets in course of construction £m
<b>GROUP</b>				
COST OR VALUATION:				
At 1st April 1993 as restated	98.6	27.1	71.3	0.2
Currency realignments	(0.4)	(0.1)	(0.3)	—
Additions at cost	8.3	0.2	7.9	0.2
Acquisition of subsidiary undertakings	0.8	0.2	0.6	—
Disposals	(4.8)	—	(4.8)	—
Transfer between categories	—	—	0.4	(0.4)
At 31st March 1994	<u>102.5</u>	<u>27.4</u>	<u>75.1</u>	<u>—</u>
DEPRECIATION:				
At 1st April 1993 as restated	46.8	3.9	42.9	—
Currency realignments	(0.1)	—	(0.1)	—
Provided during the year	8.6	0.5	8.1	—
Acquisition of subsidiary undertakings	0.2	—	0.2	—
Disposals	(4.0)	—	(4.0)	—
At 31st March 1994	<u>51.5</u>	<u>4.4</u>	<u>47.1</u>	<u>—</u>
NET BOOK AMOUNTS				
At 31st March 1994	<u>51.0</u>	<u>23.0</u>	<u>28.0</u>	<u>—</u>
At 31st March 1993	<u>51.8</u>	<u>23.2</u>	<u>28.4</u>	<u>0.2</u>
The cost or valuation and cumulative depreciation at 1st April 1993 have been restated for the prior year adjustment (note 10).				
<b>COMPANY</b>				
COST OR VALUATION:				
At 1st April 1993	1.1	0.5	0.6	—
At 31st March 1994	<u>1.1</u>	<u>0.5</u>	<u>0.6</u>	<u>—</u>
DEPRECIATION:				
At 1st April 1993	0.3	—	0.3	—
Provided during the year	0.1	—	0.1	—
At 31st March 1994	<u>0.4</u>	<u>—</u>	<u>0.4</u>	<u>—</u>
NET BOOK AMOUNTS				
At 31st March 1994	<u>0.7</u>	<u>0.5</u>	<u>0.2</u>	<u>—</u>
At 31st March 1993	<u>0.8</u>	<u>0.5</u>	<u>0.3</u>	<u>—</u>



**II Fixed assets — tangible assets continued**

(i) The net book amount of land and buildings comprises:

	GROUP		COMPANY	
	1994 £m	1993 £m	1994 £m	1993 £m
Freehold	22.2	22.4	—	—
Long leasehold	0.6	0.6	0.5	0.5
Short leasehold	0.2	0.2	—	—
	<u>23.0</u>	<u>23.2</u>	<u>0.5</u>	<u>0.5</u>

(ii) The total cost or valuation of land and buildings comprises:

At cost	14.5	14.2	0.5	0.5
At 1988 professional valuation	11.8	11.8	—	—
At 1990 directors' valuation	1.1	1.1	—	—
	<u>27.4</u>	<u>27.1</u>	<u>0.5</u>	<u>0.5</u>

(iii) The net book amount of group freehold land and buildings at 31st March 1994 includes £10.7 million (1993: £10.9 million) of depreciable assets. The net book amount of company long leasehold land is not depreciated.

(iv) Historical cost figures for land and buildings, i.e. the original cost of all land and buildings and related depreciation are:

Historical cost	16.8	16.5	0.5	0.5
Aggregate depreciation	5.2	4.8	—	—
Net book amount	<u>11.6</u>	<u>11.7</u>	<u>0.5</u>	<u>0.5</u>

(v) Included in plant and machinery are the following assets which are held under finance leases:

Net book amount	0.5	1.0	—	—
Depreciation charge for year	<u>0.4</u>	<u>0.6</u>	<u>—</u>	<u>—</u>

**NOTES TO THE ACCOUNTS** continued**12 Fixed assets — Investments**

	Total £m	Group undertakings Shares £m	Loans £m
<b>Company</b>			
Cost or valuation at 1st April 1993			
As previously reported	76.1	24.6	51.5
Prior year adjustment (note 10)	(5.9)	—	(5.9)
	<hr/>	<hr/>	<hr/>
As restated	70.2	24.6	45.6
Intra-group transfers	1.1	1.1	—
Net advances	2.7	—	2.7
Revaluation deficit	(10.0)	(9.7)	(0.3)
	<hr/>	<hr/>	<hr/>
Cost or valuation at 31st March 1994	<b>64.0</b>	<b>16.0</b>	<b>48.0</b>

If investments in shares in subsidiary undertakings had not been revalued they would have been included at the following amounts:

	1994 £m	1993 £m
Cost	13.9	12.8
	<hr/>	<hr/>
Aggregate amounts written off	3.9	3.9
	<hr/>	<hr/>

The principal subsidiary undertakings at 31st March 1994 are shown on pages 42 and 43. Full information on all subsidiary undertakings will be included with the company's next annual return which will be sent to the Registrar of Companies twenty eight days after the annual general meeting.

**13 Stocks**

	<b>GROUP</b>	
	1994 £m	1993 as restated £m
Short term contract work in progress	42.2	40.5
Less: Progress payments received and receivable	(36.6)	(35.6)
	<hr/>	<hr/>
Short term contract balances	5.6	4.9
	<hr/>	<hr/>
Long term contract work in progress	1.1	—
Less: Progress payments received and receivable	(0.7)	—
	<hr/>	<hr/>
Long term contract balances	0.4	—
	<hr/>	<hr/>
Raw materials and consumables	2.8	3.1
Work in progress	0.7	0.7
Finished goods and goods for resale	3.8	3.4
	<hr/>	<hr/>
	7.3	7.2
	<hr/>	<hr/>
	13.3	12.1
	<hr/>	<hr/>

Payments received on account in excess of the value of the work done on the related contract are included within creditors.

**14 Debtors**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>1994</b>	<b>1993</b> as restated	<b>1994</b>	<b>1993</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Amounts falling due within one year:				
Trade debtors	42.1	49.5	—	—
Amounts recoverable on long term contracts	2.2	0.3	—	—
Amounts owed by subsidiary undertakings			2.5	10.0
Other debtors	3.3	7.5	1.3	5.4
Prepayments and accrued income	2.7	2.3	0.2	0.5
	<u>50.3</u>	<u>59.6</u>	<u>4.0</u>	<u>15.9</u>
Amounts falling due after more than one year:				
Advance corporation tax recoverable	1.6	1.2	2.6	1.2
Trade debtors	0.4	0.3	—	—
	<u>52.3</u>	<u>61.1</u>	<u>6.6</u>	<u>17.1</u>

**15 Creditors: Amounts falling due within one year**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>1994</b>	<b>1993</b> as restated	<b>1994</b>	<b>1993</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Borrowings and finance leases</b>				
Bank loans and overdrafts	15.3	22.7	13.1	20.8
Obligations under finance leases	—	0.2	—	—
	<u>15.3</u>	<u>22.9</u>	<u>13.1</u>	<u>20.8</u>
<b>Other creditors</b>				
Payments received on account (note 13)	2.9	4.4	—	—
Trade creditors	18.0	21.5	—	—
Amounts owed to subsidiary undertakings			0.8	0.6
Payroll and other taxes, including social security	7.4	8.1	0.1	0.1
United Kingdom taxation	2.7	3.2	1.7	0.9
Overseas taxation	0.9	1.0	—	—
Other creditors	7.5	12.5	2.8	4.2
Accruals and deferred income	12.8	10.5	0.7	0.8
Dividends payable	4.4	4.2	4.4	4.2
	<u>56.6</u>	<u>65.4</u>	<u>10.5</u>	<u>10.8</u>
	<u>71.9</u>	<u>88.3</u>	<u>23.6</u>	<u>31.6</u>

# NOTES TO THE ACCOUNTS continued

## 16 Creditors: Amounts falling due after more than one year

	GROUP		COMPANY	
	1994 £m	1993 £m	1994 £m	1993 £m
<b>Borrowings and finance leases</b>				
Bank loans and overdrafts	0.2	0.3	—	—
Obligations under finance leases	—	0.1	—	—
	<u>0.2</u>	<u>0.4</u>	<u>—</u>	<u>—</u>
 Amounts owed to subsidiary undertakings			9.5	15.8
	<u>0.2</u>	<u>0.4</u>	<u>9.5</u>	<u>15.8</u>

### (a) Bank loans and overdrafts:

These include bank loans at interest rates between 6.25% and 9.25% secured on property and other assets in subsidiary undertakings and repayable as follows:

	GROUP	
	1994 £m	1993 £m
Within one year	0.2	0.1
Between one and two years	—	0.1
Between two and five years	0.1	0.1
After five years	0.1	0.1
	<u>0.4</u>	<u>0.4</u>

### (b) Obligations under finance leases:

Rentals fall due as follows:

Within one year	—	0.2
Between one and two years	—	0.1
	<u>—</u>	<u>0.3</u>
Total rentals due	—	0.3
 Shown as:		
Amounts falling due within one year	—	0.2
Amounts falling due after more than one year	—	0.1
	<u>—</u>	<u>0.3</u>

**17 Provisions for liabilities and charges**

	Total £m	Compensation for industrial disease £m	Other provisions, closure costs and associated losses £m
<b>Group</b>			
At 1st April 1993	5.8	2.3	3.5
Applications	(1.7)	(1.4)	(0.3)
Provided during the year	2.1	1.8	0.3
	<u>6.2</u>	<u>2.7</u>	<u>3.5</u>
At 31st March 1994			
<b>Company</b>			
At 1st April 1993	3.3	2.3	1.0
Transferred to subsidiary undertakings	(2.3)	(2.3)	—
Provided during the year	0.1	—	0.1
	<u>1.1</u>	<u>—</u>	<u>1.1</u>
At 31st March 1994			

**18 Share capital**

	1994 £m	1993 £m
<b>(a) Authorised</b>		
Equity:		
73,655,555 ordinary shares of 25p each (1993: 73,647,155 ordinary shares of 25p each)	<u>18.4</u>	<u>18.4</u>
Non-equity:		
18,543 8.4% cumulative convertible redeemable preference shares of £1 each (1993: 22,246)	—	—
250,000 3 1/2% cumulative preference shares of £1 each	0.3	0.3
431,756,835 deferred shares of 1p each (1993: 431,596,535)	4.3	4.3
	<u>4.6</u>	<u>4.6</u>
	<u>23.0</u>	<u>23.0</u>
<b>(b) Called up, fully paid and allotted</b>		
Equity:		
54,279,596 ordinary shares of 25p each (1993: 53,712,844)	<u>13.6</u>	<u>13.4</u>
Non-equity:		
18,543 8.4% cumulative convertible redeemable preference shares of £1 each (1993: 22,246)	—	—
250,000 3 1/2% cumulative preference shares of £1 each	0.3	0.3
431,756,835 deferred shares of 1p each (1993: 431,596,535)	4.3	4.3
	<u>4.6</u>	<u>4.6</u>
	<u>18.2</u>	<u>18.0</u>

In addition to the ordinary shares issued as a result of the conversion of the 8.4% cumulative convertible redeemable preference shares, as detailed below, 558,352 ordinary shares of 25p each were issued at various dates during the year in accordance with the rules of the executive and savings related share option schemes. The consideration received by the company for these shares was £1.0 million.

## NOTES TO THE ACCOUNTS continued

### 18 Share capital continued

#### (c) Share options

The following share options in respect of ordinary shares were outstanding at 31st March 1994:

	Date of grant	Number of shares	Price	Date of exercise
Savings related share option scheme	6.1.89	37,177	167p	28.2.94 or 28.2.96
	13.7.90	38,276	190p	28.9.95 or 28.9.97
	2.1.92	266,352	243p	28.3.97 or 28.3.99
	8.7.93	197,300	241p	28.9.98 or 28.9.00
Executive share option scheme	5.1.90	92,000	176p	5.1.93 to 5.1.00
	4.1.91	20,000	182p	4.1.94 to 4.1.01
	8.7.93	625,000	241p	8.7.96 to 8.7.03
	31.12.93	303,750	358p	31.12.96 to 31.12.03
	31.12.93	58,750	219.3p	31.12.98 to 31.12.03

#### (d) 8.4% Cumulative convertible redeemable preference shares

##### Dividend rights:

Fixed cumulative preferential dividend at the rate of 8.4% per annum payable half yearly in arrears on 1st April and 1st October in priority to any other class of shareholder.

##### Redemption of shares:

The holders of the 8.4% cumulative convertible redeemable preference shares, which were issued on 11th June 1985 pursuant to a capital reorganisation, have the right to convert all or any such shares into fully paid ordinary shares of 25p each at the rate of 227 ordinary shares and 4,325 deferred shares of 1p each for every 100 8.4% cumulative convertible redeemable preference shares during the six weeks following the publication of the Annual Report each year and not later than such publication in the year 1995.

In accordance with those conversion rights, 3,703 8.4% cumulative convertible redeemable preference shares were converted on 13th August 1993 to 8,400 new ordinary shares of 25p each and 160,300 deferred shares of 1p each.

The company is entitled to redeem the 8.4% cumulative convertible redeemable preference shares at any time until 31st March 2000 at which date any of these shares remaining in issue must be redeemed.

##### Winding up:

On a winding up the holders have priority over all other classes of share to receive repayment of capital plus all arrears of dividend.

##### Voting rights:

The holders have no voting rights unless the dividend is in arrears by six months or more.

#### (e) 3½% Cumulative preference shares

##### Dividend rights:

Fixed cumulative preferential dividend at the rate of 3½% per annum payable half yearly in arrears on 31st March and 30th September ranking in priority after the 8.4% cumulative convertible redeemable preference shares.

##### Redemption of shares:

The shares have no redemption entitlement.

##### Winding up:

On a winding up the holders have priority after the 8.4% cumulative convertible redeemable preference shares and before all other classes of share to receive repayment of capital plus all arrears of dividend.

##### Voting rights:

The holders have no voting rights unless the dividend is in arrears by six months or more.

#### (f) Deferred shares

##### Dividend rights, redemption of shares and voting rights:

The holders have no dividend rights, no redemption entitlement and no voting rights.

##### Winding up:

On a winding up the holders are entitled to repayment of capital, only after ordinary shareholders have received £100 for each ordinary share.

## 19 Reserves

	Total £m	Share premium account £m	Revaluation reserve £m	Profit and loss account £m
<b>Group</b>				
At 1st April 1993				
As previously reported	46.1	0.8	11.4	33.9
Prior year adjustment (note 10)	(5.9)	—	—	(5.9)
As restated	40.2	0.8	11.4	28.0
Net effect of translation of currencies	(0.4)	—	—	(0.4)
Goodwill arising on acquisitions	(2.3)	—	—	(2.3)
Premium on shares issued during year	0.8	0.8	—	—
Retained profit for the financial year	2.5	—	—	2.5
At 31st March 1994	40.8	1.6	11.4	27.8
<b>Company</b>				
At 1st April 1993				
As previously reported	46.1	0.8	28.1	17.2
Prior year adjustment (note 10)	(5.9)	—	—	(5.9)
As restated	40.2	0.8	28.1	11.3
Goodwill arising on acquisitions	(0.1)	—	—	(0.1)
Fair value provision released	1.4	—	—	1.4
Premium on shares issued during year	0.8	0.8	—	—
Deficit arising on revaluation of investments in subsidiary undertakings	(9.7)	—	(9.7)	—
Retained profit for the financial year	8.2	—	—	8.2
At 31st March 1994	40.8	1.6	18.4	20.8

## Notes:

- (i) Included in the net effect of translation of currencies for the group is a credit of £0.6 million (1993: charge of £2.6 million) in relation to foreign currency borrowings.
- (ii) The cumulative goodwill charged to reserves at 31st March 1994 was £17.5 million (1993: £15.2 million).
- (iii) As permitted by Section 230 of the Companies Act 1985 no separate profit and loss account is presented for the company. Of the group retained profit for the financial year, £8.2 million (1993: £5.6 million) is dealt with in the financial statements of the company.

## NOTES TO THE ACCOUNTS continued

### 20 Consolidated cash flow statement

#### (a) Reconciliation of operating profit to net cash inflow from operating activities

	1994 £m	1993 £m
Operating profit	13.7	11.9
Depreciation charge net of grants amortised	8.5	7.3
(Increase)/decrease in stocks	(0.5)	2.9
Decrease/(increase) in debtors	5.8	(6.1)
Decrease in creditors	(9.8)	(2.5)
Increase in provisions	2.0	1.5
Compensation for industrial disease	(1.4)	(1.9)
Net cash inflow from continuing operating activities	18.3	13.1
Net cash outflow in respect of discontinued activities	(0.3)	(0.4)
Net cash inflow from operating activities	18.0	12.7

#### (b) Analysis of tax paid

United Kingdom corporation tax	(2.6)	(2.8)
Overseas tax	(1.5)	(0.1)
	(4.1)	(2.9)

#### (c) Analysis of balances of cash and cash equivalents as shown in the balance sheet

	1994 £m	1993 £m	Movement 1994 £m
Cash at bank and in hand	20.7	27.7	(7.0)
Borrowings and finance leases	(15.5)	(23.3)	7.8
	5.2	4.4	0.8
Analysis of the movement:			
Movement in financial deposits			(2.0)
Net increase in cash and cash equivalents			2.7
Capital element of finance lease rental payments			0.2
Repayments of amounts borrowed			0.1
Net effect of translation of currencies			(0.2)
			0.8



**21 Acquisitions****(a) Purchase consideration**

During the year the group purchased by way of cash consideration the following:  
 The Middle East insulation contracting business of R B Hilton Limited on 5th October 1993  
 The businesses and certain assets of Scotswood and Dalfratex on 31st March 1994

1994  
£m

0.5  
0.8

1.3

**(b) Reconciliation to amount in consolidated cash flow statement**

Total purchase consideration as above  
 Deferred purchase consideration  
 Net deferred consideration received in the year on prior year acquisitions  
 Cash balances acquired

1.3  
(0.6)  
(0.5)  
(0.2)

Amount included in consolidated cash flow statement

—

**(c) Net tangible assets acquired and their fair values to the group**

	Book value at acquisition £m	Reorganisation costs £m	Other items £m	Fair value to the group £m
Fixed assets	0.5	—	—	0.5
Stocks	0.9	—	(i)(0.2)	0.7
Debtors	0.9	—	(0.1)	0.8
Creditors	(1.4)	(0.7)	(ii)(0.1)	(2.2)
Taxation including deferred taxation	—	—	0.2	0.2
Cash	0.2	—	—	0.2
	1.1	(0.7)	(0.2)	0.2

Notes:

- (i) This includes provisions for future losses on contracts acquired.  
 (ii) This comprises acquisition costs.

The fair values attributed to the Darchem Contracting assets and liabilities acquired on 31st December 1992 have been adjusted in the year as follows:

As previously reported	6.2	(1.9)	(2.3)	2.0
Adjustment in year	—	(0.4)	(0.8)	(1.2)
	6.2	(2.3)	(3.1)	0.8

**(d) Goodwill**

The acquisition method of accounting has been used giving rise to goodwill as follows:

1994  
£m

Purchase consideration  
 Additional fair value provisions in respect of prior years  
 Less: Fair value of net assets acquired

1.3  
1.2  
(0.2)  
2.3

**(e) Other information**

- (i) £1.2 million (1993: £2.7 million) of current and prior year provisions remain unutilised and are included in other creditors at the balance sheet date.  
 (ii) The operating results of the acquired businesses were a loss of £0.4 million in the last complete financial year prior to acquisition which ended on 31st December and a profit of £8,000 included in the group consolidated profit and loss account.

## NOTES TO THE ACCOUNTS *continued*

### 22 Deferred taxation

	GROUP			COMPANY		
	1994 £m	Movement £m	1993 £m	1994 £m	Movement £m	1993 £m
The potential liability for deferred taxation not provided is set out below:						
Excess of the book values of assets including finance leases qualifying for taxation allowances over their written down values for taxation purposes	1.6	0.7	0.9	—	—	—
Taxation arising on the potential disposal of properties at their book values	0.4	—	0.4	—	—	—
Other timing differences	(1.1)	(0.3)	(0.8)	—	—	—
Trading losses carried forward (i)	(0.9)	(0.4)	(0.5)	—	—	—
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

#### Notes:

- The losses carried forward are in certain subsidiary undertakings and will only be utilised against future profits of those undertakings.
- In addition to the tax relief for trading losses carried forward shown above further tax relief is available in respect of trading losses carried forward amounting to approximately £6.4 million (1993: £4.8 million).
- Deferred tax has not been provided in the event of the distribution of the unappropriated profits or reserves of certain overseas subsidiary undertakings as the group does not intend to make such distributions.

### 23 Capital commitments

	GROUP	
	1994 £m	1993 £m
Capital expenditure authorised but not provided for in these accounts:		
Against which orders have been placed	0.3	0.6
Against which orders have not been placed	0.2	0.5
	<u>0.5</u>	<u>1.1</u>

### 24 Commitments under operating leases

	GROUP	
	1994 £m	1993 £m
(a) Land and buildings		
Annual commitments under operating leases expiring:		
Within one year	0.1	0.1
Between one year and five years	0.1	0.2
After five years	0.4	0.4
	<u>0.6</u>	<u>0.7</u>
(b) Other leases		
Annual commitments under operating leases expiring:		
Within one year	0.1	0.3
Between one year and five years	0.1	0.1
	<u>0.2</u>	<u>0.4</u>

## 25 Contingent liabilities

The parent company has contingent liabilities amounting to £4.0 million (1993: £4.0 million) in respect of bank and other guarantees and indemnities, the majority on behalf of subsidiary undertakings. The group has contingent liabilities of £1.1 million (1993: £1.0 million) in respect of guarantees and indemnities to third parties. In addition, both the company and its subsidiary undertakings have given guarantees and performance bonds of a normal trading nature.

Certain companies in the group, as well as the ultimate holding company, continue to be named, along with several asbestos fibre and asbestos product suppliers, as defendants in a significant number of legal actions in North America. The plaintiffs in such actions are claiming substantial damages as a result of the use of their products. The company has received legal advice in the UK that such actions, if brought in the UK, would be likely to fail and that, if no defence is mounted or response made abroad and so long as the normal rules governing corporate individuality apply, judgements obtained in North America against companies within the group would not be enforceable in the UK. In addition, the group has retained obligations in respect of claims made within a limited period against companies disposed of within its former mining division. The directors believe, in the light of legal advice they have received, that the above-mentioned matters are unlikely to have a material effect on the group's financial position.

## 26 Pensions

The group operates two major pension schemes in the UK, one is of the defined benefit type and the other of the defined contribution type. The assets of both schemes are held in trustee administered funds. The latest valuation of the defined benefit scheme was assessed by independent qualified actuaries as at 6th April 1992 using the projected unit method. The main actuarial assumptions adopted in the valuation were that over the long term the annual investment return would be 2% higher than general earnings inflation and 4% higher than the annual increase in present and future pensions. The valuation showed that the defined benefit scheme had a market value of £53.8 million and was 125% funded after allowing for improved benefits for pensioners and members. The defined benefit scheme actuarial surplus is being spread over the remaining service lives of the current employees in accordance with advice from independent qualified actuaries. Other pension costs include a charge of £1.5 million (1993: £1.5 million) and a credit of £1.5 million (1993: £1.5 million). A pension prepayment of £1.2 million (1993: £1.2 million) is included in the balance sheet at 31st March 1994. The pension expense in the period for the defined contribution scheme of £0.1 million (1993: £0.1 million) equalled the company contributions to the scheme. Pensions for employees of overseas subsidiaries are provided in accordance with local requirements and practices.

## 27 Ultimate holding company

Charter plc, a company registered in England and Wales, held through a subsidiary 65.3% (1993: 66.0%) of the issued ordinary share capital and the whole of the 3½% cumulative preference share capital of the company at 31st March 1994. Charter plc is the only group in which the results of the company are consolidated. Copies of the annual report of Cape can be obtained from The Company Secretary, Cape PLC, Iver Lane, Uxbridge, Middlesex UB8 2JQ, and the annual report of Charter can be obtained from The Company Secretary, Charter plc, 7 Hobart Place, London SW1W 0HH.

## PRINCIPAL SUBSIDIARY UNDERTAKINGS

### BUILDING AND ARCHITECTURAL PRODUCTS

#### Cape Boards Limited

Uxbridge, Ystrad Mynach

Managing director: D F Flynn

Manufacture and supply of non-combustible fire protection and high performance boards for use in building, construction and general industry.

#### Cape Ceilings Limited

Stafford, Frome

Managing director: M P Barton

Manufacture of decorative and acoustic metal, glass reinforced gypsum and mineral fibre suspended ceiling systems for use in industrial, retail and commercial buildings.

#### Cape External Products Limited

Blackburn, Burnley, Stafford

Managing director: M P Barton

Manufacture of aggregate covered glass reinforced external cladding panels. Design and supply of cladding systems for high and low rise buildings. Supply of a wide range of decorative claddings for public sector, commercial, domestic and industrial buildings.

#### Cape Façade\*

Villers la Montagne, France

Managing director: M P Barton

Manufacture and supply of aggregate covered and decorative smooth faced glass reinforced polyester external cladding panels.

#### Cape France SA\*

Paris, France

General manager: L F M Dupont

Marketing Cape's range of building products throughout France and Belgium.

#### Cape Boards (Deutschland) GmbH\*

Cologne, Germany

Director and general manager: J Plate

Marketing Cape's range of building products throughout Germany.

#### Cape Durasteel Limited

Wellingborough

Managing director: R A J Stark

Design, manufacture and installation of passive fire protection systems including barriers, ducting, doors and penetration seals.

#### Cape Insulation Products Limited

Washington

Managing director: I W Robb

Manufacture and supply of calcium silicate and phenolic foam insulation and insulation systems.

#### Cape Industrial Products Limited

Glasgow

Director and general manager: W Farrell

Manufacture and supply of specialist non-combustible fire protection and heat resistant boards.

#### Cape Boards Siborit GmbH\*

Lüneberg, Germany

Director and general manager: W Hüttner

Manufacture and supply of a range of high performance calcium silicate industrial and insulation products.

### INDUSTRIAL SERVICES

#### Cape Contracts Limited

including Darlington Insulation Company Limited

Watford, Belfast, Birmingham, Cardiff,

Dalton-in-Furness, Doncaster, Dublin, Dunstable,

Elsham, Fareham, Glasgow, North Shields, Oldham

Managing director: M J Needham

Director - North: A Green

Director - South: W T Craig

Industrial insulation services.

#### Clecon Insulation BV\*

Vlaardingen, Netherlands

Managing director: M den Boer

Industrial insulation services.

**Hessisches Isolierwerk GmbH\* (75%)**

Borken, Germany  
Managing director: S R Martindale  
Industrial insulation services.

**Cape Entsorgungstechnik GmbH\***

Borken, Germany  
Managing director: I Kattenberg  
Asbestos removal.

**Société Cape Contracts SA\***

Saint Quentin, France  
Director and general manager: W T Craig  
Industrial insulation services.

**Cape Scaffolding Limited**

Normanton, Billingham, Elsham Wold, Linlithgow,  
Port Talbot, Sutton Coldfield, Warrington  
Managing director: P R Ainley  
Director - North: I Nickerson  
Director - South: J Gammage  
Industrial scaffolding.

**Cape Hire Limited**

Billingham, Elsham Wold  
Hire and sale of scaffolding equipment.

**Cape Offshore Services Limited**

Aberdeen  
Scaffolding, fire protection, insulation and painting  
services for the offshore and related industries.

**Cape Specialist Coatings Limited**

East Boldon, Elsham Wold, Linlithgow, Sutton  
Coldfield, Warrington  
Industrial painting, fire protection, flooring systems.

**Kennedy's Scaffolding**

Eastleigh, Plymouth  
Industrial scaffolding.

**Cape East Private Limited\***

Singapore  
Managing director: W Kitchman  
Co-ordination of all Cape's activities in S E Asia and  
the Pacific Rim. These include the marketing of  
Cape's products and the provision of industrial  
services and the provision of scaffolding services.

**Cape East Limited**

including R B Hilton Middle East  
Watford  
Managing director: J P Gartside  
Supply of thermal insulation, refractory, fire  
protection, painting and scaffolding services and the  
marketing of Cape's products in the Middle East.

**Cape Contracts International (WA) Pty  
Limited\***

Perth, Western Australia  
Managing director: W Kitchman  
Industrial insulation services.

**Notes**

1. The subsidiary undertakings listed are those  
whose results, in the opinion of the directors,  
principally affected the profit or assets of the group.  
The subsidiary undertakings operate principally in  
the countries in which they are incorporated.

2. The shareholdings in subsidiary undertakings are  
in ordinary shares which are held by Cape PLC  
except for those subsidiary undertakings marked  
with an asterisk whose shares are held by wholly  
owned subsidiary undertakings.

3. Except where indicated all subsidiary undertakings  
are wholly owned and incorporated in Great Britain  
and registered in England and Wales.

## STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

The following statement, which should be read in conjunction with the Report of the Auditors is made with a view to identifying for shareholders the responsibilities of the directors in respect of the accounts.

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

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

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

## REPORT OF THE AUDITORS

to the members of Cape PLC

We have audited the financial statements on pages 17 to 43.

### Respective responsibilities of directors and auditors

As described on page 44 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 financial statements and to report our opinion to you.

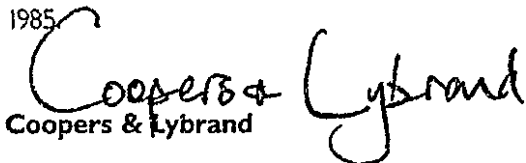
### Basis of opinion

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 company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the 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 the group at 31st March 1994 and of its profit, total recognised gains and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
Coopers & Lybrand

Chartered Accountants and Registered Auditors

West London

7th June 1994

## THE BOARD OF DIRECTORS

### **J W Herbert**

Chairman

Age 51. Appointed Chairman in July 1985 having joined the board in April of that year. He is Chief Executive of Charter plc and a non-executive director of Vickers PLC and M&G Recovery Investment Trust. He joined Charter from the General Electric Company as a director in 1985 having previously been a director of Jaguar Rover Triumph.

### **M J Farebrother**

Chief Executive

Age 53. Joined the Board as Chief Executive in April 1989. He was formerly the Managing Director of the industrial operations of the Chloride Group PLC.

### **Sir Michael Grylls MP**

Non-executive director. Age 60. Appointed in August 1990, he has been Member of Parliament for North West Surrey since 1974 and is parliamentary spokesman for the Institute of Directors. He is also a non-executive director of Le Carbone Lorraine (GB) Limited and Small Business Bureau Limited.

### **F K J Jackson**

Finance Director. Age 45. Appointed in 1989 having previously held various financial directorships in Malaysia and South America.

### **A M Millwood OBE**

Non-executive director since 1986. Age 65. He was a director of John Laing PLC until 1988 having spent his career in the contracting industry.

### **C H Parker**

Non-executive director appointed in March 1990. Age 40. He is Commercial Director of Charter plc.

### **N E Robson**

Non-executive director appointed in January 1991. Age 48. He is a Chartered Accountant and Finance Director of Charter plc.

### **Group Management Board**

**Michael Farebrother**

Chief Executive

**Paul Ainley**

Cape Scaffolding Europe

**Michael Barton**

Cape Architectural

**Stephen Drew**

Personnel

**David Flynn**

Cape Boards

**Peter Gartside**

Cape East - Middle East

**Keith Jackson**

Finance Director

**Bill Kitchman**

Cape East - Far East

**Michael Needham**

Cape Contracts Europe

**Michael Pitt-Payne**

Secretarial and business development

**Ian Robb**

Cape Industrial Products

**Richard Stark**

Cape Durasteel

**Ian Widdowson**

Cape Boards Europe



## NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the one hundred and first Annual General Meeting of Cape PLC will be held at the London Marriott Hotel, Duke Street, off Grosvenor Square, London W1A 4AW on Tuesday 26th July 1994 at 12 noon for the following purposes:

- Resolution 1 To receive the Report of the Directors and the audited accounts for the year ended 31st March 1994.
- Resolution 2 To declare a final dividend in respect of the year ended 31st March 1994 on the ordinary share capital of the Company.
- Resolution 3 To re-appoint Sir Michael Grylls, who retires by rotation, as a Director of the Company.
- Resolution 4 To re-appoint Mr N E Robson, who retires by rotation, as a Director of the Company.
- Resolution 5 To re-appoint Coopers & Lybrand as Auditors of the Company and to authorise the Directors to fix their remuneration.

To propose Resolution 6 as a Special Resolution.

Resolution 6 That the Directors be empowered, pursuant to s.95 of the Companies Act 1985, for a period expiring at the conclusion of the Annual General Meeting of the Company to be held in 1995 to allot equity securities (within the meaning of s.94(2) of the Companies Act 1985) of the Company pursuant to the authority conferred by an ordinary resolution of the Company passed on 25th July 1990 as if s.89(1) of that Act did not apply to such allotment and the Directors 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 the expiry of such power provided that such power shall be limited:

- (i) to the allotment of equity securities in connection with a rights issue in favour of the holders of Ordinary Shares and the 8.4% Cumulative Convertible Redeemable Preference Shares of £1 each ("Convertible Preference Shares") where the equity securities respectively attributable to the interests of such shareholders are proportionate (as nearly as may be) to the respective numbers of Ordinary Shares held by them, or in the case of the holders of the Convertible Preference Shares, deemed to be held by them in accordance with the Articles of Association of the Company, subject only to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with fractional entitlements, legal or practical problems arising in any overseas territory or by virtue of shares being represented by depository receipts, the requirements of any regulatory body or stock exchange, or any other matter whatsoever; and

## NOTICE OF MEETING continued

- (ii) to the allotment (otherwise than pursuant to sub-paragraph (i) above) of equity securities up to an aggregate nominal value of £678,495 (representing 5% of the issued ordinary share capital as at 31st March 1994).

By Order of the Board

**M G Pitt-Payne**

Secretary

Registered Office:

Iver Lane

Uxbridge

Middlesex

UB8 2JQ

1st July 1994

### Notes

1. This notice is sent for information only to the holders of the 3½% Cumulative Preference Shares, the 8.4% Cumulative Convertible Redeemable Preference Shares and the holders of Share Options.
2. Any Ordinary Shareholder entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, to vote instead of him. A proxy need not be a member of the Company. A proxy form is enclosed. Proxy forms should be received by the Company's registrars at the address on the back of the form not less than 48 hours before the time fixed for the meeting.
3. The Company has not entered into any Directors' service contracts of more than one year's duration.