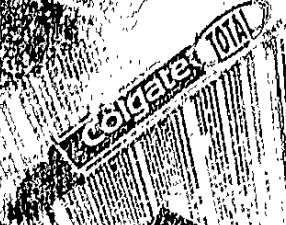


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John Waddington PLC 0173491
ANNUAL REPORT & ACCOUNTS 1994



WILL HELP YOU
MAKE MONEY ON
THE STOCKS

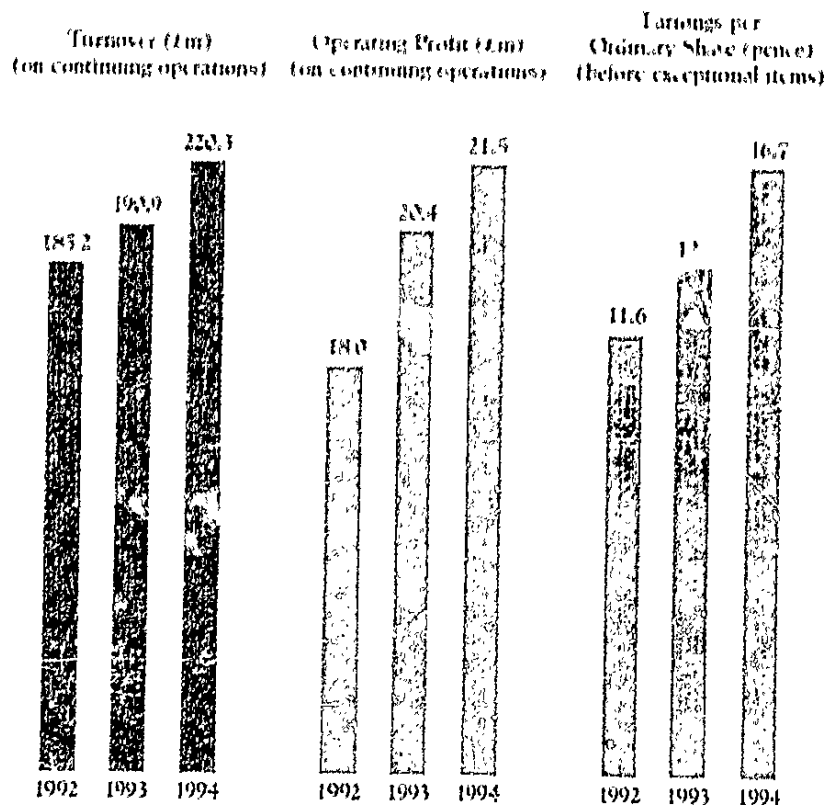


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John Walker PLC

GROUP FINANCIAL HIGHLIGHTS

	Year to	
	2 April 1994	3 April 1993
	£m	£m
Turnover on continuing operations	220.3	180.9
Operating profit before exceptional items on continuing operations	21.5	20.4
Interest payable	2.3	3.1
Profit before taxation	8.1	6.8
Net profit for the financial year	3.5	2.6
Earnings per ordinary share before exceptional items (pence)	16.7p	13.7p
Dividend per share (pence)	8.5p	7.9p



CHAIRMAN'S STATEMENT



David Perry, Chairman

Results for the Year

This year has been one of progress both for Waddingtons and the economic environment in which we operate.

We reported pleasing performances in our core packaging businesses in 1994. We were particularly encouraged by the considerable improvement we saw in most subsidiaries' performance in the second half, which bodes well for the future.

Total group turnover increased by 6.5% to £216.1m.

However, turnover for continuing businesses was much improved at £220.3m, an increase of 15.4%. Operating profits for continuing businesses before exceptional items improved by 5.3% to £21.5m.

Profit before tax was £8.1m and profit after tax was £3.5m.

Profits for the year were reduced by two one-off items: a charge against profits relating to an anti-trust investigation in the US and the loss on sale of an unprofitable labels business.

Earnings per share excluding exceptional items increased by 21.7% to 16.69 pence. Earnings per share after exceptional items were 4.33 pence.

Two particular successes stand out in 1994. Our US food services business achieved strong profit growth of 48% to £5.4m, and profits in our major UK cartons department rose up 38% to £4.7m. We have invested heavily in these two sectors, as part of our strategy to grow our attractive packaging businesses. The success of this strategy is reflected in these results.

US Investigation

Profits for the year were affected by an anti-trust investigation by the US Department of Justice into two of our US food services companies, Comet and Comet California Catering, as announced in January 1994. On the advice of its legal advisers, Comet entered into negotiations with the US Government under a plea bargain agreement. This agreement does not become effective until it is accepted by a US Federal Judge. The directors have been advised by their US lawyers that they expect the plea to be accepted. Under the plea bargain agreement Comet has agreed to pay a fine of \$6.2m, payable over three years. Comet has also received three civil claims and others may follow. A provision of £7.6m has been made to reflect the fine, legal expenses, potential civil claims and the costs of defending such claims. In the opinion of the directors, this amount adequately covers all costs associated with this event.

Settlement of the plea bargain agreement was a commercial decision taken so as to minimise the potential time and attendant legal costs. As importantly, we have also minimised

John Widdington PLC
CHAIRMAN'S STATEMENT

the disruption to what is, and continues to be, a highly successful business. We remain confident about the future trading performance of our important US food service operations.

We look forward to continuing our organic growth in line with recent history and our well tested strategy of providing an exciting range of products of consistent quality, delivered on time to leading distributors and retailers.

Acquisitions and Divestments

During the year we made two acquisitions in our most successful packaging sectors, food services and cartons. In May 1993 we acquired the US based Carthage Cup Company, to extend market penetration in our high growth food services business. We have already achieved profit growth in this new operation. In addition, in October 1993 we set up a joint venture with Cartonmaster International Inc to develop a new carton manufacturing process in the UK. This business is in the early stages of development and has excellent profit growth potential.

We announced the sale of two of our operations in May 1994. The sale of the loss making self-adhesive labels operation, Label Converters Ltd, will have a positive effect on future group earnings. We incurred a one off loss on disposal of £3.8m, of which £2.1m represents goodwill previously written off. We also sold Alexander Pettigrew Ltd, a small non-core business.

Outlook

For the first time in some years we have confidence in the growth we are beginning to see in the UK economy. This economic growth is reflected in improved performances from our continuing operations in the second half of the year. Second half results also reflect specific operational successes, which should continue to enhance future results. The majority of our subsidiaries showed at least 15% improvement in operating profit in the second half of the year.

The pattern of demand, the needs of customers and the ability of suppliers to respond, have all undergone fundamental change during the recession. This works to our advantage. As the inevitable polarisation means that customers continue to grow in size, their needs can only be met by suppliers doing the same. There is growing acceptance that suppliers need an acceptable return in order to justify the necessary investment, so the rewards for those who are attainable. We have concentrated a great deal of effort in this arena, as reflected in marked increases in

efficiency, capacity and flexibility. We will continue to invest to maintain the high service levels demanded as the polarisation takes effect, as long as the rewards are appropriate.

We continue to hold leading market positions in many of our niche markets. This strong competitive position combined with economic recovery provides attractive prospects for the group.

In particular, we expect the good growth achieved by our US based food services operation and our UK cartons operations to continue. Demand is high and we see a number of new opportunities. In addition, our expectations are high for our specialist printing operation and the pharmaceutical packaging business, both of which produced accelerated growth in the second half of the year.

Dividend

The increased dividend for the year reflects our confidence in the future. The Board has recommended a final dividend of 4.7 pence per share, an increase of 9.3%. The dividend for the year will total 8.5 pence, an increase of 7.6%.

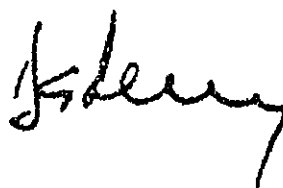
Management and Staff

Our earnings growth reflects the efforts of people as well as investment in the asset base. We have actively encouraged the initiatives of recent years in raising performance at all levels. The introduction of the continuous improvement ethos linked to Total Quality Management has now been supplemented by formal external assessments on safety and the introduction of benchmarking procedures. These methods improve efficiency levels and job satisfaction for employees as well as increasing customer satisfaction.

I would like to thank all our employees for the part they have played through the year.

Corporate Governance

I am pleased to confirm that the company's procedures are in line with the requirements of the Code of Best Practice embodied in the Cadbury Report. A full statement of compliance appears in the Directors' Report.



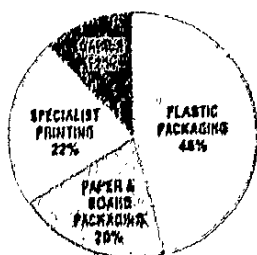
DAVID PERRY
Chairman

CHIEF EXECUTIVE'S REVIEW OF OPERATIONS

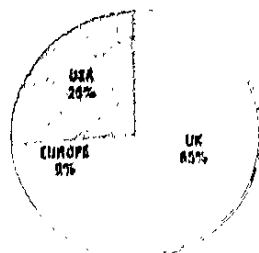


Martin Buckley, Chief Executive

Turnover by Class of Business on Continuing Operations



Turnover by Geographical Market on Continuing Operations



Progress has been made in our core business during 1994. Our major packaging operations continued to perform well, and we were encouraged by the strong performances in mixed areas of business in the second half.

It has been our stated objective to grow our profitable Packaging Division, where we hold strong market positions in many of the niche markets in which we operate. We were successful in achieving this objective: this year packaging recorded a 11.8% growth in profits, and now contributes 65% of group sales and 67% of operating profit. The Specialist Printing Division contributed 17% of operating profit with the Games Division generating 16% of group profit in 1994.

It has also been our stated strategy to grow our attractive US operations, one of our top performers this year. Again this objective was achieved. The US now accounts for 29% of group turnover and 27% of group profit, a considerable increase on the 19% contribution last year.

The UK remained our largest market, generating 65% of sales and 68% of operating profit. We are leading players in cartons, pharmaceutical packaging, specialist print and games in our domestic market, and have well established brands. Our businesses have started to benefit from the economic recovery which is now evident in the UK.

Our presence in Europe remained relatively small, accounting for about 9% of turnover and 5% of group profit. We currently operate only in the Specialist Print market in Europe, from a Benelux base.

Our results reflect the growing benefit of our strategic progress in enhancing the good operations and where appropriate disposing of those without growth potential. This supports our strategy of focusing on the three main business areas of packaging, specialist print and games. Our constant re-appraisal of markets and trends determines our short term strategy within our overall strategy to grow the core businesses by organic and acquisition routes.

Our capital investments over the four years to 1992 focused primarily on protecting the profit base, whilst those of the last two years concentrated on introducing new technologies, new techniques and exploring new sections of well known markets in order to enhance future profits. We have concentrated that investment into our key areas of activity and the rewards have shown through in the second half of the year in particular.

The common thread amongst our companies, well identified as we emerge from the recession, is the need to be proactive and inherently reliable, as well as providing the right combination of service, price and quality. It is this philosophy which will underpin future profit growth.

The US investigation has been a diversion and a setback, but not, we believe, one to cloud the future for these operations. The investigation related to 1992: progress was good before then, during that period and has been since. The growth was built on a strong base and we do not believe the investigation will seriously affect the future for these operations.

The strategies we have adopted have resulted in progress and success in a number of our operations this year. We look forward to building on the successes of 1994, taking advantage of economic growth and our leading market positions.

Waddingtons

PLASTIC PACKAGING



High performance packaging
for the brand leader

High quality printed tubs and lids for salads

Major Products

- disposable crockery, cutlery and glassware
- containers for yellow fats, dairy products and ice cream
- tamper evident and child resistant containers primarily for the pharmaceutical and healthcare industries

Financial Highlights

£m	1994	1993
Sales	101.9	83.3
Operating Profit	10.4	9.8
Percentage of continuing turnover	46%	

Key Points

- strong growth from US food services sector profits up 46%
- food and drink business hit by decline in yellow fats industry
- excellent second half profit growth from pharmaceutical packaging up 86%

The plastic packaging sector is the largest part of the Waddingtons Group, contributing 46% of total group sales and 48% of operating profit.

Food Services

Our US based food services operation continued its 1993 successes during 1994. We are a leading manufacturer of disposable tableware for warehouse clubs, institutional distributors and the retail market.

Sales increased by 62% to £45.4m in the year, and operating profit by 46% to £5.4m. We achieved organic growth in profits of 12%, with the remaining profit growth arising from the acquisition of Carthage Cup and exchange translation gains of £500,000. Margins remained healthy at 11.9%.

We have been successful in the launch of new products to sell into our existing customer base. For example our new Classiware plates and bowls achieved sales of \$2.5m this year from a standing start in 1992. This, combined with the growth of other products, created excessive demands and costs in all production departments as we struggled to meet these orders. Nine additional moulding machines have been installed during the year which will increase capacity by 20% and we expect further improvements in profits to follow.

The benefits of an enlarged customer base following the acquisition of Carthage Cup are evident already. We will continue to build on this, increasing sales from both existing and new customers.

Food and Drink Packaging

The food and drink business reported reduced profits of £3.0m in 1994 on sales of £45.5m, a level similar to 1993. Lower profits were primarily the result of reduced demand for products in the yellow fat industry, which represents a high proportion of our business in this sector. We have been affected not only by a decline in volumes but more particularly by fluctuations in demand which are equally damaging financially.

The year has also borne the cost of a product diversification programme designed to minimise these problems by broadening the product base. We now have a much wider product range extending into new areas of dairy and ice cream containers. Second half results saw an improvement in profitability, reflecting the benefits of the new range starting to flow through. Future profits should also be enhanced by investment in additional print capacity which will increase the added value content of production and should increase margins.

Pharmaceutical Packaging

The Pharmaceutical sector had a good year achieving profit growth of 11% to £2.0m, on sales maintained at the 1993 level of £11.0m. We were particularly pleased to see margins increase to a high of 18.2% compared with 16.4% in 1993.

In 1994 we broadened our target market to healthcare, food and certain industrial markets, and have seen profits grow by 86% in the second half as new orders impacted on the business. Excellence of service and quality has protected margins despite pressure from competitors selling on price alone. This excellence should bring further growth in volumes and profits, and the potential from new markets remains substantial.



Comet Products produces plastic cups for a wide range of leading companies, in this instance McDonald's

Waddingtons

PAPER & BOARD PACKAGING



A selection of high quality consumer packaging from Waddingtons Cartons

Major Products

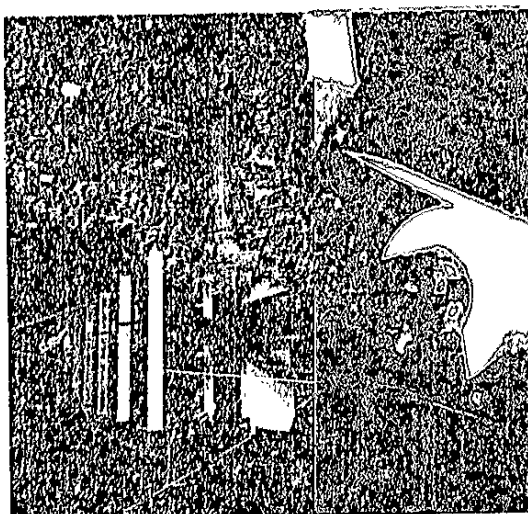
- folding cartons for the food industry
- wet applied labels for cans, bottles and jars for the food industry

Financial Highlights

£m	1993	1992
Sales	43.9	36.5
Operating Profit	4.0	3.0
Percentage of continuing turnover	20%	

Key Points

- strong performance from cartons: profits up 38%
- growing demand for cartons expected to continue
- progress slow in turning around the labels operation, but sales base has been rebuilt



Cartonmaster's revolutionary Arpeco "Pyromagnum" press which has expanded the group's repertoire to include short-run cartons with

Paper & Board is our second biggest sector in profit terms, contributing 20% of Group sales and 19% of operating profits.

Cartons

We remain delighted with the performance of our cartons operation, reborn in 1991 when relocated and re-equipped to service the food market. We achieved profit growth of 38% on sales growth of 21.5% in 1994. This reflects the success we have had in attracting blue chip customers into our top quality manufacturing operation. We offer one of the most sophisticated operations in the UK, and our results demonstrate that customers increasingly see the benefit of our production facilities.

Margins are healthy at 13.2%, an increase of 12% on last year's margins. This principally reflects the benefits of increased volumes: any significant increase in sales has a substantial effect on profitability.

The rapid growth in the demand for Waddingtons' cartons has been faster than we anticipated when we first developed our strategy to upgrade this important area of business. As a result of high and growing demand we have committed to a £5m investment in a new production line which will be operational early in 1995. This reflects our continuing confidence in this high performing operation, where we hold a leading position in an attractive market.

Labels

Unfortunately our remaining labels business was not as successful. This is taking longer than expected to turn around, which the results for the year reflect. A loss of £700,000 was reported on sales up 8% to £8.2m. £300,000 of the reported loss is non-recurring, primarily reflecting redundancy payments.

It is viable to retain this business despite the sale of our labels operation, providing sustainable profits can be achieved. During the year we regained our sales base, as other turnover figure shows. We are now concentrating on costs. Changes in working practices are being implemented, and this should reduce costs and increase productivity.

Some progress has been made in re-positioning this business.



Waddingtons Labels prints quality labels for major food manufacturers



Charlotte provide printed security products for leading financial institutions

Major Products

- security printing for the financial services industry
- business forms in the Benelux countries
- postage stamps

Financial Highlights

£m	1994	1993
Sales	48.5	45.3
Operating Profit	3.7	4.1
Percentage of continuing turnover	8%	

Key Points

- results for the year do not reflect the potential of this sector
- profit potential evident in second half performance: profits up nearly 50% on the first half of the year
- exciting opportunities in direct mail
- continental shift system introduced to meet increasing demand

The results for the year for our Specialist Printing Division do not reflect the potential of this business. Profits were down to £3.7m on sales of £48.5m. However, we remain confident about the future for this sector.

First half profits were poor, as a result of a temporary reduction in capacity at our main printing plant, combined with lower demand in Europe as the recession there deepened. However, performance in the second half has improved significantly, with profits up by 50% on the first half. We expect this upward trend to continue.

In our core specialist print business we substantially upgraded an 8 page web with sophisticated in-line equipment to service a more specialist market. This caused disruption in manufacturing and higher costs as we fought to avoid passing these problems onto our customers. These development costs are now behind us and we have not only retained existing customers but added new ones attracted by our fire power and service levels.

This increase in sales meant we were running close to full capacity in our high margin markets. We introduced continental shifts in May 1994, providing 24 hour, 7 day working as demand continues to grow. We continue to hold a strong market position in security printing for the financial services sector and are increasingly building up the profitable direct mail business. We hope to see margin improvement as increasing demand flows through.

Our business forms operation in the Benelux countries has benefited from the improved economic position in Europe in the second half, after a disappointing first six months. The company's growing reputation should enhance future profits. Stamp sales were slightly down on last year, but of greater impact was the reduction in margins in this worldwide market. This has concentrated our efforts on cost reduction, in particular, equipping the manufacturing operation to provide a full origination and design facility to add value and reduce competitive pressures.

Waddingtons

GAMES

Major Products

- board games such as *Monopoly*, *Cluedo*, *Subbuteo*
- craft products such as *Get Set* range
- two new toy distributorships obtained in the year

Financial Highlights

£m	1994	1993
Sales	25.0	25.8
Operating Profit	3.5	3.4
Percentage of continuing turnover	12%	

Key Points

- stable contribution to group profits
- market leadership position in board games maintained
- new opportunities from toy distributorships

Our Games operation continued to provide stable profits for the group. Both sales and operating profits were similar to last year at £25.0m and £3.5m respectively. Margins remained attractive at 13.1%.

Our major brands such as *Monopoly*, *Cluedo* and *Subbuteo* are selling well, and we remain among the market leaders in the Board Games sector. Our craft range 'Get Set' was enhanced during the year, and it now holds a leading position in the market only three years after its launch.

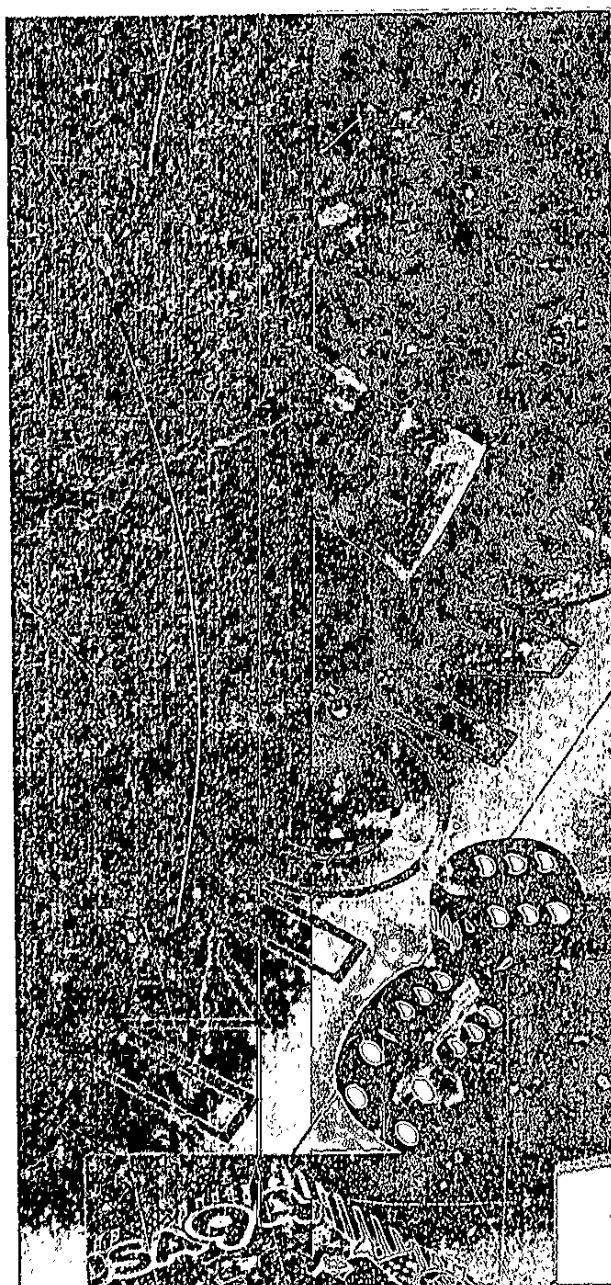
Royalty income also continued to grow. Last year we placed additional emphasis on overseas markets and saw exports rise 10% in the year.

During this year we obtained distributorships for two new ranges of toys, which should provide useful additional profits in the future.

We also have a number of new games products under development. These have incurred costs in 1994, but revenues will start to flow this year.

Martin H Buckley

MARTIN BUCKLEY
Chief Executive



Monopoly, and *Subbuteo*, two of Waddingtons' consistently successful classic games

FINANCIAL REVIEW



Geoffrey Gibson, Finance Director

Profit & Loss Account

The analysis of the performance of our divisions in the Operational Review focuses on continuing operations before exceptional items, where operating profit increased by 5.3% to £21.5m.

Profit for continuing operations excludes the results of the two businesses sold: Label Converters Ltd in the Paper & Board Sector and Alexander Pettigrew Ltd in the Specialist Printing Sector. Profits were enhanced by our acquisitions in the year: Carthage Cup Company contributed £600,000 over 10 months in the Plastic Packaging Sector, and Cartonmaster (UK) Ltd made a small contribution over a 6 month period. Exchange rates had a minor but beneficial impact on US profits, reflected in an exchange rate translation gain of £500,000 for the Plastic Packaging Sector.

The operating profit margin for continuing businesses remained healthy at around 10%. Many of our businesses are volume sensitive, so increases in sales have a substantial effect on profits and margins. We expect to see improved margins in 1995, reflecting higher demand levels as well as productivity improvements.

Profit before tax was £8.1m in 1994. This reflects exceptional items of £10.7m for the year. These include a charge against profits of £7.4m relating to the US investigation and the £3.8m loss on sale of Label Converters Ltd, offset by a profit on sale of a property of £500,000.

Interest paid in 1994 at £2.3m was lower than 1993, reflecting a lower average debt level as well as lower interest rates. Interest was covered 5 times by profit before interest, and 9 times by operating profit before exceptional items.

Our effective tax rate was 28.5% (1993 27%), based on profits for continuing businesses and before exceptional items. The effective rate differs from the nominal statutory rate of 33% largely because of the impact of overseas tax rates. A slow upward trend in the tax rate is expected to continue.

Earnings per share excluding exceptional items increased by 21.7% to 16.69 pence. On this basis the improved dividend for the year of 8.5 pence was almost twice covered.

Balance Sheet

The balance sheet remained strong. Over the last five years we have invested over £85m in new machinery and buildings. We expect that investment to provide the basis for sustained growth over the coming years and we will continue to invest in those areas where we see the potential for above average returns and where our strict investment criteria are met.

Net borrowings at the year end moved from £26.4m to £28.9m, largely as a result of acquisitions made during the year. Our US acquisition was US funded and is dollar denominated. In addition we increased our dollar denominated loans in the UK so that our debt profile better matches the group's asset base.

Our gearing at the year end was 44%, up from 33% last year as a result of our investments in Carthage Cup Company and Cartonmaster (UK) Ltd.

Shareholders' funds were lower in 1994 at £65.4m (1993 £69.2m). Profit attributable to shareholders was adversely impacted by non-recurring items. At the same time we increased our dividend payments reflecting our confidence in future trading. Shareholders funds were also affected by the goodwill written off on acquisitions during the year.

Return on net assets by division remained strong: packaging operations achieved a return on assets of 17.9%, while specialist printing returning 24.2% and games achieving a 43.5% return.

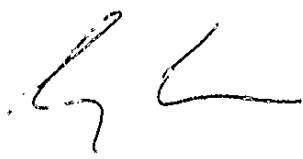
Cash Flow

We had a small net cash outflow of £2.3m in 1994. This was due mainly to capital investment of £10m and the cost of acquisitions of £8m being in excess of the cash generated from operations net of interest, tax and dividends. We expect to be cash positive next year.

The £10 million investment in capital items during the year was spread across all business areas. Our budget for capital items in 1995 is £16m, of which £5m is committed to a new production line for the cartons business.

Treasury and Financial Management

The group covers its trading risks by entering into foreign exchange contracts when appropriate. In addition, the group has a policy of hedging its overseas investments with borrowings in local currencies. The provision of financial resources and the control of foreign currency exposure is managed centrally by a small head office team in accordance with overall policies established by the Board.


GEOFFREY GIBSON
Finance Director

ENVIRONMENTAL STATEMENT

It is the group's policy to seek continually to minimise any negative environmental impact from the pursuit of its various business interests whilst continuing to produce high quality products to its customers' needs, specification and satisfaction.

To this end the benefits of our products must be weighed against any environmental impact as a result of their manufacture, sale and ultimate disposal.

Environmental impact is therefore considered throughout the organisation in relation to:

- 1 Design and development of new products and processes,
- 2 Selection of raw materials and suppliers thereof;
- 3 Internal production methods, with particular emphasis on
 - reducing wastage
 - reducing energy usage
 - minimising and controlling hazardous substances
 - controlling emissions whether to air, drainage or land fill
 - optimising packaging of raw material and finished products.

It is the group's policy to comply with and aim to improve upon all statutory environmental requirements and to foster an informed and open approach to environmental concerns.

The involvement of our employees, customers, suppliers, local communities and local authorities will be encouraged to assist us in the achievement of this policy.

CORPORATE DIRECTORY

Directors

David G. Perry (Chairman)
Michael D. Abrahams CBE
Martin H. Buckley FCA (Chief Executive)
Geoffrey Gibson FCA (Finance Director)
David F. L. Sykes BA

Secretary

Martin K. Young LLB, CA

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Beckenham
Kent BR3 4TU

Solicitors

Evershed & Phipps & Co
Cath Hall Court
Infirmary Street
Leeds LS1 2JB

Auditors

Price Waterhouse
9 Bond Court
Leeds LS1 2SN

Merchant Bankers

Robert Fleming & Co. Limited
25 Copthall Avenue
London EC2R 7DR

Stockbrokers

Cazenove & Co.
12 Tokenhouse Yard
London EC2R 7AN

Principal Bankers

National Westminster Bank PLC
Midland Bank plc

BOARD OF DIRECTORS



DAVID PERRY

Aged 56. Joined the Board in 1981 and became Chairman in 1991. He is a non-executive director of Whitehall PLC, Dechert Group plc and National & Provincial Building Society. Mr Perry serves on the Remuneration Committee.



MARTIN BUCKLEY

Ag. 54. Became a director in 1987. He has been Chief Executive since 1992 and is also a non-executive director of St. James's University Hospital NHS Trust.



GEOFFREY GIBSON

Aged 49. Joined Waddington from Price Waterhouse in 1985. He was appointed to the Board as Finance Director in 1987.



MR. HALE ABRAHAM

Aged 50. Joined the Board as a non-executive director in 1984. He is Chairman of the Audit Committee and serves on the Remuneration Committee. Mr Abraham is also Chairman of Dalepak Food PLC and Deputy Chairman of Prudential Corporation plc and is a non-executive director of Drummond Group PLC.



DAVID SYKES

Aged 60. Joined the Board as a non-executive director in 1990. He is Chairman of the Remuneration Committee and serves on the Audit Committee. Mr Sykes is also a non-executive director of Reardon International PLC and recently retired as Senior Partner of Usher & Hipworth & Chadwick.

DIRECTORS' REPORT

The directors present their annual report together with the accounts of the company for the financial year ended 2 April 1994. The principal activities of the group are described on page 36. A review of the performance in the year, at the conclusion of the year end and of future developments is given in the Chief Executive's Review of Operations.

Results and dividends

The results for the year and the transfer from retained profits are shown on page 20. The directors are proposing a final dividend of 4.7p per ordinary share payable on 11 August 1994 which, together with the interim dividend of 3.8p per ordinary share already paid, makes a total of 8.5p per ordinary share, increased from 7.9p for the previous year.

Directors

The present directors of the company are shown on page 14.

Mr. V.H. Watson retired as Chairman and as a director at the last Annual General Meeting on 30 July 1993. On the same date Mr. D.G. Perry was appointed Chairman.

The directors due to retire under Article 85 are Mr. G. Gibson and Mr. D.F.L. Sykes and they, being eligible, offer themselves for re-election.

The service contracts for Messrs. Perry, Buckley and Gibson may be terminated by not less than three years' notice in writing given by the company. Neither Mr. Sykes nor Mr. Abrahams has a service contract with the company.

Mr. D.F.L. Sykes was until recently senior partner in Eversheds Hepworth & Chadwick, the company's solicitors, and on each had an interest in contracts between that firm and certain group companies. Except for this no director had an interest in any contract (other than service contracts) with the company or with any subsidiary company during the year.

During the year the company purchased and maintained Directors' and Officers' Liability Insurance as permitted by the Companies Act 1985.

Directors' interests

The interests (all being beneficial) of the directors and their families in the share and debenture capital of the company are shown below, together with their interests in options granted to them pursuant to the rules of the John Waddington PLC Savings-Related Share Option Schemes (marked a) and the rules of the John Waddington PLC Executive Share Option Scheme 1985 (marked b).

Directors at 2 April 1994	Shares held and options granted over ordinary shares	Interest at 2 April 1994	Interest at 3 April 1993	Options during the year granted exercised
M.D. Abrahams	4.2% Preference Shares	500	500	
M.H. Buckley	Ordinary Shares	71,765	70,665	
	Options a	10,593	10,593	
	Options b	307,000	287,000	20,000
G. Gibson	Ordinary Shares	3,000	27,117	
	Options a	13,576	13,576	
	Options b	205,558	197,558	8,000
D.G. Perry	Ordinary Shares	27,725	27,725	
	4.2% Preference Shares	500	500	
	Options a	10,593	10,593	
	Options b	261,000	258,000	3,000
D.F.L. Sykes	Ordinary Shares	33,318	33,318	

During the period 2 April to 8 June 1994 there were no changes in the interests of any director from those shown. The directors and their families had no interest in the shares of any other company within the group.

DIRECTORS' REPORT

Acquisitions and disposals

On 24 May 1993 Carthage Cup Company, a Texas company, was acquired for a cash consideration of \$5,400,000.

On 21 June 1993 Waddingtons Business Forms was sold for a total consideration of £1,316,000 of which £500,000 was payable on completion and the remainder over the next five years. This was dealt with in last year's Annual Report.

On 12 October 1993 75% of the issued share capital of Cartonmaster (U.K.) Limited was acquired for a cash consideration of £2,386,000.

On 5 May 1994 Alexander Pettigrew was sold for a consideration of £1,350,000.

On 18 May 1994 Label Converters Limited was sold for a consideration of £350,000 payable over the next five years.

Research and development

Expenditure on research and development in the year was £2,209,000 (1993 £1,869,000).

Tangible assets

Details of the movements in tangible assets are given in note 9 to the accounts.

Based upon professional advice received, the directors consider that the open market value for existing use of the group's land and buildings is approximately £5 million in excess of the amount included in the consolidated balance sheet.

Share capital

Movements in the authorised, allotted and fully paid share capital are set out in note 17 to the accounts.

Share Option Schemes

Further options were granted during the year under the share option schemes. Details of the options outstanding at the year end are given in note 17 to the accounts.

Employees

The company gives full and fair consideration to applications for employment by disabled persons having regard to their particular aptitudes and abilities. Every effort is made to continue the employment of employees who have become disabled during their employment with the company. Depending on their skills and abilities disabled employees have the same career prospects and opportunities for promotion as other employees.

The company continues its practice of keeping all its employees informed on matters affecting them.

Charitable and political contributions

During the year the group contributed £20,730 (1993 £14,628) for charitable purposes and made no political contributions.

Substantial shareholdings

As at 8 June 1994 the company had been informed of interests of 3% or more of the company's issued ordinary shares as follows.

	Number of ordinary shares	%
Funds managed and advised by PDEM Ltd	9,535,963	11.65
Britannic Assurance PLC	6,615,000	8.22
Investment management clients of the Mercury Asset Management Group	6,505,000	8.00
Funds managed or advised by M&G Investment Management	6,364,360	7.91
Funds managed by Threadneedle Investment Managers Ltd	5,760,000	7.18
Funds managed by AMP Asset Management plc	4,533,546	5.63
Norwich Union Group	3,891,468	4.84

As far as the directors are aware, no other shareholder holds 3% or more of the company's issued ordinary shares.

DIRECTORS' REPORT

Corporate Governance

In December 1992, the Financial Aspects of Corporate Governance report ("Cadbury") was published, including a recommended Code of Best Practice. With the exception of those sections of the Code on which guidance is awaited, the company is in full compliance with the Code with the exception that the company has only two Non-Executive Directors rather than the three recommended by Cadbury. As a medium sized public company, the Board feels that two Non-Executive Directors have been sufficient to date but intends to appoint a third in due course.

Other than the above, full compliance with the operative provisions of the Code was completed towards the end of the year under review when certain matters were formalised. This included the preparation of a detailed schedule of matters referred to the decision of the Board and the adoption of a written procedure for directors to take independent professional advice at the company's expense in the furtherance of their duties.

The company has maintained a Remuneration Committee and an Audit Committee for some time. The current memberships of these committees are set out on page 15.

The group's auditors, Price Waterhouse, have reviewed our compliance with the specific matters in the Code which the London Stock Exchange requires that the auditors should review. They have reported to the Board that they are of the opinion that it is appropriate for the directors to make the statement relating to Corporate Governance set out above.

Annual General Meeting

Notice of the Annual General Meeting to be held on 28 July 1994 is contained in the document addressed to shareholders dated 5 July 1994 and enclosed with this Report.

Close company status

In the opinion of the directors the company is not a close company within the meaning of the Income and Corporation Taxes Act 1988.

Auditors

A resolution to re-appoint the auditors, Price Waterhouse, will be proposed at the Annual General Meeting.

By order of the board

M K Young
Secretary

M. K. Young

8 June 1994

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE PREPARATION OF 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 group and of the profit or loss of the group 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 JOHN WADDINGTON PLC

We have audited the financial statements on pages 20 to 34 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 page 24.

Respective responsibilities of directors and auditors

As described above the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit of 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by 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 as at 2 April 1994 and of the profit and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse
Price Waterhouse
9 Bond Court
Leeds
LS 1 2SN

Chartered Accountants
and Registered Auditors

8 June 1994

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the financial year ended 2 April 1994

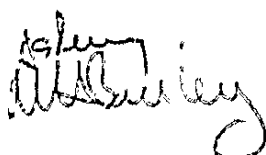
	Notes	Before Exceptionals 1994 £000	Exceptionals 1994 £000	Total 1994 £000	Before Exceptionals 1993 £000	Exceptionals 1993 £000	Total 1993 £000
Turnover	1	236,056	-	236,056	221,556	-	221,556
Costs and overheads	2 & 4	215,882	7,400	223,282	203,197	-	203,197
1993 provision for loss on sale of operations	4	(874)	-	(874)	-	-	-
Operating profit	1	21,048	(7,400)	13,648	18,359	-	18,359
Provision for loss on operations to be sold	4	-	(3,841)	(3,841)	-	(9,000)	(9,000)
Loss on sale of operations	4	-	(7,196)	(7,196)	-	-	-
Less 1993 provision for loss on sale of operations	4	-	7,196	7,196	-	-	-
Profit on disposal of property following relocation	4	-	512	512	-	-	-
Profit on ordinary activities before interest		21,048	(10,729)	10,319	18,359	(9,000)	9,359
Interest payable	5	2,252	-	2,252	3,100	-	3,100
Profit before taxation		18,796	(10,729)	8,067	15,259	(9,000)	6,259
Taxation	6	5,355	(800)	4,555	4,077	(400)	3,677
Profit attributable to shareholders		13,441	(9,929)	3,512	11,182	(9,400)	1,782
Dividends	7	-	-	6,865	-	-	6,865
Deficit retained		-	-	(3,353)	-	-	(3,353)
Earnings per ordinary share	8	-	-	4.33p	-	-	3.19p
Earnings per ordinary share excluding exceptional items	8	-	-	16.69p	-	-	13.71p
Statement of retained profits							
Profit and loss account at 4 April 1993				40,515			41,217
Deficit retained				(3,353)			(3,353)
Exchange adjustments				430			2,049
Goodwill written back on disposals	18			1,963			920
Profit and loss account at 2 April 1994				39,555			40,833

BALANCE SHEETS

at 2 April 1994

	Notes	Group		Company	
		1994 £000	1993 £000	1994 £000	1993 £000
Fixed assets					
Tangible assets	9	81,699	87,235	30,542	27,484
Investments	10			17,964	28,187
		81,699	87,235	58,506	65,671
Current assets					
Stocks	11	29,656	28,165	14,011	16,431
Debtors	12	44,757	42,852	24,036	24,416
Cash at bank and in hand	13	7,771	14,358	1,771	9,282
		82,184	85,375	39,818	50,129
Creditors (due within one year)					
Borrowings	14	21,834	15,173	14,574	11,182
Other creditors	15	49,279	50,055	26,857	26,771
		71,113	65,228	41,431	37,953
Net current assets (liabilities)		11,071	20,147	(1,613)	12,176
Total assets less current liabilities		92,770	107,382	36,895	70,657
Creditors (due after one year)					
Borrowings	14	14,800	25,945	10,000	23,624
Other creditors		-	825	-	-
		14,800	26,770	10,000	23,624
Provisions for liabilities and charges					
Provision for exceptional items	16	8,580	8,070	1,767	8,070
Deferred taxation	6	3,957	3,363	2,150	1,779
		12,537	11,433	3,917	9,849
Net assets	1	65,433	69,179	41,069	44,509
Capital and reserves					
Called up share capital	17	20,716	20,669	20,716	20,669
Share premium account	18	2,091	1,818	2,091	1,818
Capital reserve	18	3,071	6,177	3,071	6,177
Profit and loss account	19	39,555	40,515	15,191	15,999
		65,433	69,179	41,069	44,509

D G Perry
M H Buckley
Directors



Approved by the board on 8 June 1994

John Waddington Plc.

CASH FLOW STATEMENT

for the financial year ended 2 April 1994

	Notes	1994 £000	1993 £000
Net inflow from operating activities	20	23,379	22,673
Returns on investments and servicing of finance			
Interest received		1,066	167
Interest paid		(3,444)	(3,284)
Dividends paid		(6,536)	(4,333)
Net outflow from returns on investments and servicing of finance		(8,914)	(9,450)
Taxation			
UK corporation tax paid		(934)	(2,130)
Overseas tax paid		(1,935)	(900)
Tax paid		(2,869)	(3,030)
Investing activities			
Purchase of tangible assets		(10,068)	(9,406)
Purchase of subsidiaries and businesses (net of cash acquired)	21	(8,013)	(267)
Sale of tangible assets		4,527	507
Disposal of businesses	22	(388)	234
Net outflow from investing activities		(13,942)	(9,932)
Net (outflow) inflow before financing		(2,346)	1,134
Financing	23		
Issue of ordinary shares		(320)	(501)
New loans		(11,173)	(6,049)
Repayment of loans		16,180	4,750
Net cash outflow (inflow) from financing		4,687	(2,319)
(Decrease) increase in cash and cash equivalents	24 & 25	(7,033)	3,353
		(2,346)	1,134

STATEMENT OF TOTAL RECOGNISED GAINS

for the financial year ended 2 April 1994

	1994	1993
	£000	£000
Profit attributable to shareholders	3,512	2,574
Currency translation differences	410	2,049
Goodwill written back on disposals	2,074	910
	<u>6,016</u>	<u>5,553</u>

There is no material difference between the results as disclosed in the profit and loss account and the results on a historical cost basis.

RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

for the financial year ended 2 April 1994

	1994	1993
	£000	£000
Profit attributable to shareholders	3,512	2,574
Dividends	6,865	6,343
	<u>(1,353)</u>	<u>(2,769)</u>
Currency translation differences	410	2,049
New share capital issued	320	901
Goodwill written off	(3,217)	(307)
Goodwill written back on disposals	2,074	920
	<u>(3,746)</u>	<u>(163)</u>
Shareholders' funds at start of year	69,179	69,257
Shareholders' funds at end of year	<u>65,433</u>	<u>69,179</u>

NOTES TO THE ACCOUNTS

1. Segment information

	Turnover		Operating profit				Assets employed	
	1994 £000	1993 £000	Before Exceptionals		Total		1994 £000	1993 £000
			1994 £000	1993 £000	1994 £000	1993 £000		
By class of business:								
Packaging	145,846	119,787	14,352	(7,400)	6,952	12,813	80,296	74,410
Specialist printing	40,531	45,347	3,656	-	3,656	4,116	15,097	12,615
Games	25,915	25,790	3,451	-	3,451	3,426	7,928	9,493
Continuing operations	220,294	190,924	21,459	(7,400)	14,059	20,375	103,321	96,518
Operations sold								
Packaging	5,049	5,786	(460)	-	(460)	(577)	4,303	2,787
Specialist printing	10,711	24,846	49	-	49	(1,639)	256	7,931
	236,056	221,556	21,048	(7,400)	13,648	18,159	107,880	107,236
By location of customer:								
United Kingdom	145,397	149,783						
Europe	28,004	25,006						
USA	58,157	40,029						
Rest of world	4,498	6,738						
	236,056	221,556						
By origin:								
United Kingdom	143,466	133,003	14,643	-	14,643	15,441	63,876	61,667
Europe	19,229	17,959	1,053	-	1,053	1,087	6,658	6,375
USA	57,599	39,962	5,763	(7,400)	(1,637)	3,847	32,787	26,248
Continuing operations	220,294	190,924	21,459	(7,400)	14,059	20,375	103,321	96,518
Operations sold (all United Kingdom)	15,762	30,632	(411)	-	(411)	(2,216)	4,559	10,718
	236,056	221,556	21,048	(7,400)	13,648	18,159	107,880	107,236
Assets employed reconcile to the group balance sheet as follows:								
Assets employed							107,880	107,236
Finance debt less cash at bank and in hand							(28,863)	(26,750)
Current and deferred taxation							(9,802)	(16,115)
Dividends							(3,782)	(3,453)
Net asset							65,433	60,918

2. Costs and overheads

	1994 £000	1993 £000
Change in stocks of finished goods and work in progress	(2,179)	(2,154)
Own work capitalised	(273)	(160)
Other operating income	(2,260)	(1,855)
Raw materials and consumables	92,936	89,363
Other external and operating charges	58,156	44,469
Staff costs (Note 3)	65,215	62,452
Depreciation	11,687	10,414
	223,282	203,397

Other external and operating charges include:

	1994 £000	1993 £000
Auditors' remuneration	230	217
Auditors' remuneration for non-audit services	93	204
Hire of plant and equipment	1,141	970
Profit on sale of tangible assets	(431)	(124)
Insurance surplus	(54)	-
Research and development	2,219	1,869

NOTES TO THE ACCOUNTS

	1994	1993
	£000	£000
3. Employees and directors		
Staff costs:		
Wages and salaries	56,431	55,425
Social security costs	6,771	6,079
Other pension costs (Note 26)	2,013	1,420
	<u>65,215</u>	<u>62,924</u>

The average number of persons employed by the group during the year was:

	Number of employees
United Kingdom	2,615
Rest of world	972
	<u>3,587</u>

The emoluments of the directors of the company included above were as follows:

	1994	1993
Fees	31	31
Management remuneration	676	440
Pension contributions	42	8
Performance related payments	197	161
	<u>746</u>	<u>707</u>

The remuneration of the executive directors is determined by a Remuneration Committee of the board, the majority of members of which are non-executive directors.

Executive directors are entitled to a performance-related payment based upon the improvement in underlying earnings.

Directors' emoluments

Chairman from 4 April 1993 to 30 July 1993:

	1994	1993
Salary	21	48
Value of benefits in kind		6
	<u>21</u>	<u>54</u>

Chairman from 30 July 1993 to 2 April 1994:

	1994	1993
Salary	100	-
Performance related payments	45	-
Value of benefits in kind	5	-
	<u>150</u>	<u>-</u>
Pension contributions	10	-
	<u>160</u>	<u>-</u>

Highest paid directors:

	1994	1993
Salary	166	145
Performance related payments	75	57
Value of benefits in kind	7	6
	<u>248</u>	<u>228</u>
Pension contributions	16	3
	<u>264</u>	<u>231</u>

Directors' emoluments, excluding pension contributions, fell within the following ranges:

	Number of directors	
	1994	1993
£10,001 ~ £15,000	2	2
£20,001 ~ £25,000	1	-
£50,001 ~ £55,000	-	1
£170,001 ~ £175,000	-	1
£175,001 ~ £180,000	1	-
£220,001 ~ £225,000	-	2
£225,001 ~ £230,000	1	-
£245,001 ~ £250,000	1	-

NOTES TO THE ACCOUNTS

	1994	1993
	£000	£000
4. Exceptional items		
Costs of US antitrust investigation	7,000	
Provision for loss on operations to be sold	1,840	9,000
Profit on disposal of property following relocation	(512)	
	<u>10,729</u>	<u>9,000</u>

Two of the group's US subsidiary undertakings, Comet Products Inc and Comet California Cutlery, have been the subject of an antitrust investigation by the US Department of Justice. On the advice of its US legal advisors, Comet Products Inc entered into negotiations with the US Government under a plea bargain agreement. As a consequence, Comet Products Inc agreed to pay a fine of \$4.2m payable over three years. Civil claims may follow from customers. A provision of £7,000,000 has been made to reflect the fine, legal expenses, potential civil claims and the costs of defending such claims.

The provision for loss on operations to be sold includes goodwill previously written off to capital reserve of £2,074,000 (1993 £930,000).

On 17 May 1994 Label Converters Limited was sold for a cash consideration of £350,000, payable over the next five years. Full provision has been made in these accounts for the estimated loss on disposal.

The provision for the loss on disposal of the business and certain assets of Waddingtons Business Partners Limited of £8,000,000 made in the 1993 accounts has been utilised during the year.

	1994	1993
	£000	£000
5. Interest payable		
Interest payable on:		
Debentures	22	92
Bank loans	1,918	2,824
Bank overdrafts	615	266
Other	102	73
Interest receivable on:		
Short term deposits and bank balances	(198)	(167)
	<u>2,252</u>	<u>3,166</u>

	1994	1993
	£000	£000
6. Taxation		
Based on profits for the year:		
UK corporation tax at 33%	1,519	3,445
Overseas taxation	1,057	1,023
Deferred taxation	539	(1,091)
	<u>5,115</u>	<u>3,477</u>
Adjustments in respect of prior years	(580)	
	<u>4,535</u>	<u>3,477</u>

The tax charge has been reduced by £130,000 (1993 £540,000) in respect of overseas trading and £350,000 (1993 £111,000) because of rollover relief available on capital gains.

The potential liability at 33% for deferred taxation is as follows:

	Amount provided		Potential	
	1994	1993	1994	1993
	£000	£000	£000	£000
Group				
Accelerated capital allowances	1,896	3,886	6,220	1,504
Other timing differences	61	(523)	61	(523)
	<u>1,957</u>	<u>3,363</u>	<u>6,281</u>	<u>981</u>

The movement in the amount provided reflects a charge to the profit and loss account of £539,000 and an increase in respect of the acquisition of a subsidiary of £55,000.

	1994	1993	1994	1993
	£000	£000	£000	£000
Company				
Accelerated capital allowances	2,066	2,284	2,066	3,025
Other timing differences	84	(514)	84	(514)
	<u>2,150</u>	<u>1,770</u>	<u>2,150</u>	<u>2,511</u>

NOTES TO THE ACCOUNTS

	1992	1993
7. Dividends		
Ordinary		
Interim of 3.8p per share (1993 3.6p)	1,055	2,074
Proposed final of 4.7p per share (1993 4.3p)	1,762	1,451
	<u>0,817</u>	<u>0,127</u>
Preference	28	28
	<u>0,845</u>	<u>0,155</u>
8. Earnings per ordinary share		
Earnings per share are calculated as follows:		
Profit after taxation	1,512	2,574
Preference dividends	28	28
	<u>1,484</u>	<u>2,546</u>
Earnings per share	<u>4.33p</u>	<u>3.09p</u>
Earnings per share excluding exceptional items are also presented in order to give an indication of the underlying performance of the group and are calculated as follows:		
Profit after taxation	1,512	2,574
Preference dividends	28	28
	<u>1,484</u>	<u>2,546</u>
Exceptional items	10,729	9,000
Taxation on exceptional items	(1,000)	(600)
	<u>11,413</u>	<u>10,946</u>
Earnings per share excluding exceptional items	<u>16.69p</u>	<u>13.71p</u>

Both calculations of earnings per share are based on the average number of ordinary shares in issue during the year ranking for dividend of 80,363,216 (1993 79,837,953).

NOTES TO THE ACCOUNTS

9. Tangible assets
0000

Group	Freehold property	Short leasehold property	Plant and vehicle	Other equipment	Total
Cost or valuation					
4 April 1993	36,703	1,287	91,928	18,924	148,842
Exchange adjustments	251		413	61	725
Subsidiaries acquired	1,168		5,278	161	6,607
Business disposed of			(9,490)	(916)	(10,406)
Additions	757	49	7,522	1,740	10,068
Disposals	(2,429)		(3,567)	(414)	(6,410)
2 April 1994	36,450	1,336	92,084	19,556	149,426
Being: Cost	33,214	1,336	92,084	18,556	145,190
Valuation 1977	306				306
Valuation 1980	2,930				2,930
Aggregate depreciation					
4 April 1993	3,506	188	45,349	12,544	61,587
Exchange adjustments	37		280	50	367
Subsidiaries acquired	462		3,687	99	4,248
Business disposed of			(6,238)	(507)	(6,745)
Disposals	(145)		(2,620)	(403)	(3,168)
Charge for year	683	73	9,177	1,754	11,687
2 April 1994	4,343	261	49,635	13,454	67,693
Net book amounts					
2 April 1994	11,107	1,075	42,449	6,102	60,733
3 April 1993	11,197	1,099	46,579	6,169	65,044
Company					
Cost or valuation					
4 April 1993	2,951		49,328	3,947	56,226
Additions			3,003		3,003
Disposals	(2,357)		(11,322)		(13,679)
2 April 1994	594		41,009	3,947	45,550
Being: Cost	290		41,009	3,947	45,246
Valuation 1977	306				306
Aggregate depreciation					
4 April 1993	624		25,218	2,702	28,544
Disposals	(338)		(7,647)	(909)	(8,894)
Charge for year	17		4,155	253	4,425
2 April 1994	303		21,726	2,046	24,075
Net book amounts					
2 April 1994	293		19,263	901	20,457
3 April 1993	2,329		24,110	1,245	27,684

Freehold property includes £1,307,000 (1993 £1,307,000) in respect of interest capitalised.

NOTES TO THE ACCOUNTS

9. Tangible assets - continued £000

On a historical cost basis freehold property would have been stated at:

	Group		Company	
	1994	1993	1994	1993
	£000	£000	£000	£000
Cost	34,731	33,436	550	1,400
Aggregate depreciation	4,071	3,126	281	294
Net book amount	30,660	30,310	269	1,106
Future capital expenditure not provided in the accounts:				
Contracts placed	2,662	1,332	949	512
Authorised by the directors but for which contracts not yet placed	525	588	25	377
	3,187	1,920	974	889

10. Investments

Subsidiaries	Shares £000	Loans £000	Participations £000	Total £000
4 April 1993	83,491	(1,448)	(43,456)	38,587
Movement during year	2,387	607	(1,417)	(423)
2 April 1994	85,878	(841)	(44,873)	37,964

The principal operating companies of the group are shown on page 36

	Group		Company	
	1994	1993	1994	1993
	£000	£000	£000	£000
11. Stocks				
Raw materials	8,461	8,884	4,231	4,546
Work in progress	1,569	5,666	2,114	4,768
Finished goods	17,626	13,615	7,466	6,297
	29,656	28,165	13,811	15,611

12. Debtors

Trade debtors	37,401	36,458	17,010	17,324
Other debtors	1,146	2,086	949	1,260
Prepayments and accrued income	4,210	4,308	2,252	2,738
Amounts owed by group companies	-	-	3,827	2,421
	44,757	42,852	24,038	24,016

Other debtors include £666,000 (1993: £62,000) receivable after more than one year.

13. Cash at bank and in hand

Short term deposits	1,189	7,954	847	7,907
Cash and bank balances	6,582	6,404	924	1,135
	7,771	14,358	1,771	9,042

NOTES TO THE ACCOUNTS

	Group		Company	
	1994	1993	1994	1993
	£000	£000	£000	£000
14. Borrowings				
Secured				
10% Debenture stock 1990/95		878		370
Bank loans in foreign currencies at floating rates on variable fixture terms	579	675		
	579	1,553		670
Unsecured				
Bank loans in sterling at various floating rates and fixture terms	13,733	21,972	13,4	21,997
Bank loans in foreign currencies at various floating rates and fixture terms	21,066	16,732	1,010	9,835
Bank overdrafts	1,256	861	2,990	2,455
	16,614	11,118	26,444	14,787
Repayable				
Over five years	424	418		
Between two and five years	5,371	14,624	4,554	13,540
Between one and two years	9,005	10,899	7,355	10,076
	14,800	25,945	11,909	23,616
Within one year	21,814	15,173	14,535	11,171
	16,614	41,118	26,444	34,787

The debenture stock was secured by a first floating charge on the undertaking, property and assets of the company. In accordance with the Trust Deed, the company gave notice to holders of the stock and redeemed at par on 30 June 1993 and cancelled all the nominal amount of the stock outstanding and registered at that date. The bank loans in foreign currencies of certain overseas subsidiaries are secured on the current assets of those subsidiaries.

15. Other creditors (due within one year)				
Trade creditors	25,168	26,366	10,136	13,798
Corporation tax	5,245	4,753	3,788	1,380
Social security and taxation	3,845	3,898	2,850	2,471
Accruals and deferred income	6,763	6,035	1,893	2,140
Dividends	3,782	3,453	3,782	7,433
Amounts due to group companies			2,363	905
Other creditors	3,876	5,550	2,749	2,449
	49,279	50,055	26,857	24,776
16. Provisions				
Costs of US anti-trust investigation	6,811	-		
Loss on operations to be sold	1,767	8,070	1,767	8,070
	8,578	8,070	1,767	8,070

The provision for the loss on disposal of Waddingtons Business Forms of £8,070,000 on 3 April 1993 has been utilised during the year. The provision of £1,767,000 at 2 April 1994 relates to the disposal of Label Converters Ltd.

	Authorised		Allotted and fully paid	
	1994	1993	1994	1993
	£000	£000	£000	£000
17. Called up share capital				
5.6% Cumulative preference shares of £1 each	200	200	200	200
4.2% Cumulative preference shares of £1 each	300	500	401	401
Ordinary shares of 25p each	27,000	27,000	20,115	20,000
	27,700	27,700	20,716	20,601
Shares allotted during the year:		Number	Nominal Value	Net Consideration
On exercise of options		189,561	47	220

NOTES TO THE ACCOUNTS

17. Called up share capital - continued

Under share option schemes, share options outstanding at 2 April 1994 to subscribe for ordinary shares of 25p each were as follows:

Number	Price per Share	Exercisable
111,163	153.5p 182.2p	1994
75,000	153.5p 197.5p	between 1994 and 1995
39,000	181.5p	between 1994 and 1996
115,558	175.5p 181.5p	between 1994 and 1998
160,000	182.2p	between 1994 and 1999
792,000	134.8p 162.0p	between 1994 and 2000
137,500	181.5p 199.0p	between 1994 and 2001
81,400	168.0p	1995
7,500	184.0p	between 1995 and 2001
480,500	178.0p 181.5p	between 1995 and 2002
9,500	178.0p	between 1996 and 2002
186,000	227.5p 230.0p	between 1996 and 2003
801,639	177.0p	1997
5,000	230.0p	between 1997 and 2003

18. Reserves

Share premium account

4 April 1993

Arising on exercise of options in year

2 April 1994

Capital reserve

4 April 1993

Goodwill arising on acquisitions

Disposal of operations:

Reinstatement of goodwill previously written off against capital reserve

Goodwill written back to profit and loss account

2 April 1994

1994	1993
6490	6660
1,818	1,893
278	725
2,091	1,818
6,177	6,304
(3,217)	(167)
2,960	617
(1,463)	(910)
1,497	617

The cumulative amount of goodwill charged to group reserves at 2 April 1994, net of goodwill attributable to subsidiaries subsequently sold, is £46,397,000 (1993: £45,254,000).

19. Profit and loss account

John Waddington PLC has not presented its own profit and loss account as permitted by Section 230 of the Companies Act 1985. The amount of the consolidated profit for the financial year dealt with in the profit and loss account of the holding company is shown below:

4 April 1993	6000
Profit for year	15,990
Dividend	6,151
Exchange gain	(4,855)
Goodwill written back on disposal	3
2 April 1994	1,963
	15,191

20. Cash flow from operating activities

Operating profit

Depreciation

Profit on sale of tangible assets

Increase in stocks

(Increase) decrease in debtors

Increase (decrease) in creditors

Exchange differences

Cash outflow from exceptional items

Net inflow from operating activities

1994	1993
6000	6000
21,046	18,170
11,687	10,814
(973)	(124)
(2,122)	(2,005)
(3,666)	459
600	(1,116)
146	(554)
(1,549)	
21,379	22,873

NOTES TO THE ACCOUNTS

	1994	1993
	1994	1993
21. Purchase of subsidiary undertakings		
Net assets acquired:		
Tangible assets	2,348	
Stocks	2,394	
Debtors	1,614	
Cash at bank and in hand	(11,777)	
Creditors	(1,462)	
Minority interests	(123)	
	3,014	
Goodwill	3,217	207
Cash consideration	6,231	207
Net outflow of cash:		
Cash consideration	6,231	207
Bank overdrafts acquired	1,777	
Net outflow of cash in respect of purchase of subsidiaries	8,008	207

On 24 May 1993 Carriage Cup Company, a Texas company, was acquired for a cash consideration of \$5,400,000.

On 12 October 1993 75% of the issued share capital of Cartmester (UK) Limited was acquired for a cash consideration of £1,386,000.

	1994	1993
	1994	1993
22. Disposal of business		
Net assets disposed of:		
Tangible assets	3,001	1,024
Stocks	3,025	140
Debtors	4,012	500
Cash at bank and in hand	1,063	340
Creditors	(2,269)	(990)
Bank loans	-	(140)
Taxation	-	(75)
	9,442	740
Loss on disposal	(8,126)	
Proceeds of disposal	1,316	740
Satisfied by:		
Cash	550	563
Deferred consideration	766	187
	1,316	740
Net (outflow) inflow of cash:		
Cash consideration	550	563
Deferred consideration received	123	
Cash at bank and in hand disposed of	(1,063)	(340)
Net (outflow) inflow of cash in respect of disposal of business	(388)	254

On 23 June 1993 the business and certain assets of Waddingtons Business Forms Limited were sold for a total consideration of £1,316,000.

NOTES TO THE ACCOUNTS

23. Analysis of changes in financing

	Share capital and reserves	Bank loans and debentures
4 April 1993	2000	2000
Share options exercised	22,497	40,297
New loans	120	-
Repayment of loans	-	11,173
Effect of foreign exchange rate changes	-	(16,189)
2 April 1994	22,607	35,375

24. Analysis of changes in cash and cash equivalents

4 April 1993	2000
Net cash outflow before adjustments for the effect of foreign exchange rate changes	13,497
Effect of foreign exchange rate changes	(7,093)
2 April 1994	6,515

25. Analysis of the balances of cash and cash equivalents

	Cash at bank and in hand	Bank overdrafts	1994 Total	1993 Total
4 April 1993	£000	£000	£000	£000
Movement in year	14,358	(861)	13,497	10,144
	(6,587)	(395)	(6,982)	1,593
2 April 1994	7,771	(1,256)	6,515	11,497

26. Pension commitments

The group operates a number of pension schemes in the United Kingdom. The three principal schemes are funded defined benefit schemes. The assets of these schemes are held under trust and are managed by outside investment managers.

The contributions to the principal schemes are determined by a qualified actuary on the basis of actuarial valuations using the projected unit method. The most recent actuarial valuations for the principal schemes were carried out at various dates between 1 June 1992 and 1 January 1993.

The actuarial assumptions which have the most significant effect on the results of the valuations are those relating to the rate of return on investments and the rates of increase in earnings and pensions. The principal assumptions used in the actuarial valuations referred to above were that the average long-term investment returns would exceed increases in earnings by 1.5% and that increases in pensions will be in line with the average rate of increase, and in recent years.

The last actuarial valuations showed that, at the different valuation dates, the combined market value of the schemes was £38,525,000 and the actuarial value of the assets represented 111% of the benefits that had accrued to members after allowing for expected future increases in earnings. The excess value of the assets is being spread over the average remaining period of membership of current employees.

The pension cost for the year equates to the contributions made to all schemes.

27. Contingent liabilities

The company has given guarantees in respect of the indebtedness of certain group companies.

FINANCIAL CALENDAR

Annual General Meeting

28 July 1994

Final Ordinary Dividend

Payable on 11 August 1994

Preference Dividends

Payable on 30 June and 31 December 1994

Interim Results for the half-year to 1 October 1994

Announcement expected in November 1994

1994/95 Interim Ordinary Dividend

Payable January 1995

Final Results for the year to 1 April 1995

Announcement expected in June 1995

FIVE YEAR REVIEW

£000	1994	1993	1992	1991	1990
Sales	236,056	221,556	231,386	227,602	238,192
Profit before exceptional items and tax	18,796	15,051	11,511	16,027	17,607
Profit before tax	8,067	6,051	7,204	16,027	12,610
Profit after tax	3,512	2,574	3,951	11,733	9,162
Continuing businesses (at 2 April 1994)					
Sales	220,294	190,924	185,217	172,256	167,995
Operating profit before exceptional items	21,779	20,375	18,009	16,240	15,500
Capital expenditure	10,068	11,936	11,103	25,020	22,207
Depreciation	11,387	10,814	10,339	9,137	9,113
Pence per ordinary share					
Earnings	4.33	3.19	4.93	14.75	11.10
Earnings before exceptional items	16.69	13.71	11.60	14.75	16.29
Dividend	8.50	7.90	7.90	7.90	7.90

OPERATIONS OF THE GROUP

The following is a list of the group's major subsidiary operating companies of which John Waddington PLC is either directly, or through subsidiary companies, the owner of the whole, or such lesser percentage as is stated, of the equity share capital.

Direct subsidiaries of John Waddington PLC are marked †.

Companies acting as agent of John Waddington PLC are marked *

All subsidiaries are incorporated in England and operate in the U.K. with the exception of (a) Connet Products Inc., California Cutlery Corp, Hopple Plastics Inc. and Carthage Cup Company, which are incorporated and operate in the USA, (b) Waddingtons International Ltd., which is incorporated in England and operates in the Far East, Australia and New Zealand, (c) Data Documents SA, incorporated in Belgium, Data Documents BV and Zuid-Nederlandse Drukkerij BV, incorporated in The Netherlands, and Data Documents SARL, incorporated in Luxembourg, all of which companies operate in Europe and (d) Arcol Thermoplastics Ltd. which is registered in Scotland and operates in the U.K.

The particulars given relate only to those undertakings whose results, in the opinion of the directors, significantly affect the amount of the profit or assets of the group.

PLASTIC PACKAGING

- *† Plastona (John Waddington) Ltd
Leeds
Soft margarine packaging, dessert containers, ice cream tubs, DUAL HEAT™ plates and trays
- Connet Products Inc.
Chilmark, Massachusetts, USA
Disposable food service products - plastic glasses, cups and plates, dual ovenable trays
- California Cutlery Corp
Los Angeles, California, USA
Disposable plastic cutlery, cups and straws
- Hopple Plastics Inc.
Florence, Kentucky, USA
Thermoformed plastic products for the food, confectionery, toiletries and other industries
- Finsen & Jørgensen Ltd
Dunfermline, Fife, Scotland
Wines and spirits - food and industrial packaging
- Jaycare Ltd
North Shields
Healthcare, pharmaceutical and toiletries packaging, containers and closures, including tamper resistant, tamper evident and child resistant features
- Arcol Thermoplastics Ltd
Glasgow
Performance cushion packaging
- Carthage Cup Company
Carthage and Longview, Texas, USA
Disposable plastic cups

PAPER AND BOARD PACKAGING

- * Waddingtons Cartons Ltd
Leeds
Folding cartons, board dairy pots, carton packaging systems
- *† Waddingtons Labels Ltd
Gateshead
Can and bottle labels
- † Cartormaster (UK) Ltd (75%)
Congleton
Short-run folding cartons

SPECIALIST PRINTING

- Chorley & Pickersgill Ltd
Leeds
Financial security printing, direct mail, travelling security passbooks, books, brochures, publications, report and accounts
- † The House of Questa Ltd
London
Postage stamps, financial security printing
- † Data Documents SA
Brussels, Belgium
Security printing, word processor stationery, continuous stationery, cheques
- Data Documents BV
Breda, The Netherlands
Security printing, word processor stationery, continuous stationery, cheques
- Data Documents Luxembourg SARL
Luxembourg
Security printing, word processor stationery, continuous stationery, cheques
- Zuid-Nederlandse Drukkerij BV
Herengracht, The Netherlands
Security printing, word processor stationery, continuous stationery, cheques

GAMES

- *† Waddingtons Games Ltd
Leeds
Children's and family games, jigsaw puzzles, painting by numbers, playing cards, Substraco, promotional products
- *† Waddingtons International Ltd
Singapore
Children's and family games, jigsaw puzzles
- Supervision Entertainments Ltd (75%)
London
Design and distribution of electronic games