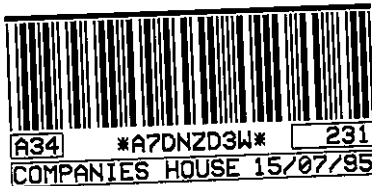


417183

TORDAY & CARLISLE PLC  
ANNUAL REPORT AND ACCOUNTS 1994



## CONTENTS

---

CHAIRMAN'S STATEMENT	2
DIRECTORS & ADVISERS	5
DIRECTORS' REPORT	6
STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE ACCOUNTS	9
AUDITORS' REPORT	9
CONSOLIDATED PROFIT AND LOSS ACCOUNT	10
BALANCE SHEETS	11
CONSOLIDATED CASH FLOW STATEMENT	12
OTHER STATEMENTS	13
NOTES ON FINANCIAL STATEMENTS	14
SUBSIDIARY AND ASSOCIATED UNDERTAKINGS	28
NOTICE OF ANNUAL GENERAL MEETING	29
PROXY FORM	31

## FINANCIAL SUMMARY

---

	1994 £000s	1993 £000s
Turnover	28,870	32,697
(Loss)/profit before tax and interest	(392)	636
Loss before tax	(932)	(292)
(Loss)/profit after taxation	(829)	37
(Loss)/earnings per ordinary share	(5.2p)	0.2p
Dividends per ordinary share	Nil	Nil
Gearing ratio (bank borrowings less cash balances expressed as a percentage of shareholders' funds)	91%	73%

## CHAIRMAN'S STATEMENT

---

1994 was a year of considerable activity by the executive management in which a number of important operational changes were implemented in the Group. These changes, which are detailed below, should ensure progressive improvement in the Group's fortunes.

The operating loss for the Group in the full year was £122,000 compared to a profit of £35,000 for the previous year and a loss of £270,000 which we reported for the half year to 30th June 1994.

After exceptional costs of £570,000 and an exceptional profit of £300,000 the consolidated loss before tax for the Group was £932,000.

The exceptional costs comprise £400,000 in respect of the holding costs of the Group's long leasehold property at Wembley and £170,000 in respect of redundancy and other costs arising from the rationalisation of group management. The exceptional profit arose from the sale of a long leasehold office in Hong Kong.

Group borrowings at the year end were £5.7 million (1993: £5.2 million) which represents a gearing of 91%.

The Board is not recommending the payment of a final dividend.

The principal actions taken in 1994 were as follows:-

1. The environmental plan in Holland has been agreed with the relevant authorities and all provisions for known expenditure have been made.
2. The social plan to reduce labour costs in DMI (Europe), for which provision was made in the 1993 accounts, has been agreed and implemented. This has seen a reduction in people employed by the Group in Holland of 29. The benefits of this necessary cost reduction are already being seen and will continue into the future.
3. The management structure has been simplified by combining the management of the Torday & Carlisle Group with that of its largest subsidiary (DMI). This has reduced costs as well as giving more direct management control of DMI.
4. The DMI sales structure has been totally reviewed to boost effectiveness and save costs. One result of this review has been the closure and sale of our own office in Hong Kong and the appointment of an agent there. This gave rise to a profit on the sale of the Hong Kong property in 1994 and will give ongoing operating savings into the future.

As a result of these actions DMI's structure is now leaner to enable it to benefit from improvements we are seeing in the international marine market.

5. Many actions have been taken in the commercial sign businesses to reduce costs and generate stability. This has enabled us to win some significant mid to long term contracts which should improve future performance.

### **DMI Group**

DMI achieved improved profitability in 1994 reversing the trend of decline which had been seen over the previous few years. Operating profits before exceptional costs increased by 73% to £933,000 on slightly increased sales of £18.3 million.

Both DMI (Europe) and DMI (UK) showed better trading performances than in 1993. This was partly due to a slight firming in the marine markets and partly due to increased internal efficiencies. In Holland the benefits of the social plan became increasingly evident in the last quarter of 1994.

DMI continues to be a progressive, international business steadily widening its sales network and increasing its strategic stocks.

DMI's car die division further increased its turnover and profitability in 1994, a year which saw the major international car manufacturers increasingly adopting the process because of its powerful operating benefits to them.

### **Environmental issues in the Netherlands**

The environmental plan for both Zwolle sites has been fully agreed with both the local and provincial authorities. The plan will be completed by the year 2002 with a total expenditure of up to £2.5 million as indicated in the interim statement. This comprises £1.6 million of capital expenditure, £0.5 million of revenue expenditure and £0.4 million of contingent liability relating to soil disposal.

The reorganisation of the factories to implement the environmental plans will also have a significant benefit in terms of efficiency which will be progressively seen from 1997 onwards.

### **Oldham Signs**

The first few months of 1994 were very poor for Oldham Signs due to a lack of any continuing base load, poor trading conditions and severe work shortages. The last seven months of the year were significantly better with a much reduced loss.

The market place for this business remains very competitive but increasing stability and internal efficiencies are beginning to improve results.

## CHAIRMAN'S STATEMENT

---

### **Properties**

Although there was some interest shown in the remaining surplus building at Leeds in the second half of 1994, so far we have not been successful in selling this property.

In spite of substantial marketing efforts we have been unable to dispose of the lease in Fulton Road, Wembley. The board has considered it prudent to expense the costs of this property in 1994, thus maintaining the provision made in 1993 of £1,200,000, which is equivalent to three years' holding and other costs.

### **Management and staff**

Humphrey Odd resigned from the Board and as Managing Director of DMI at the end of 1994 after 14 years with the company and I would like to thank him for his contribution during that time. Rationalisation at all levels in DMI as part of overhead reductions will contribute to cost savings in 1995 and beyond.

My thanks go to all employees for their continuing efforts in the difficult economic times experienced in 1994.

### **Current trading**

In 1995, DMI worldwide has made an encouraging start to the year both in the marine and industrial sectors. The car die division has a growing order book but the work load is dependent on the car manufacturers' ability to release dies for reconditioning.

Oldham Signs has suffered from the usual seasonal trend in the early months of this year but this has not been as severe as in 1994 and major contracts now secured will provide a better base load for the balance of 1995.

I am pleased to report that, in line with what I said in the Annual Report and Accounts for 1993 regarding opportunities for further expansion, your Board has decided to proceed with a car die joint venture in Michigan, USA. Our partner in the 50:50 joint venture is Kokachrome of Japan, our licensor for the process. Building will be completed and the plant installed before the end of this year.

I am confident that the management team which is in place has the ability to take full advantage of the upturns in our markets as they occur.

Peter Ryan *Chairman*

## DIRECTORS & ADVISERS

---

- PETER RYAN (64)**  
Non-Executive Chairman  
Appointed 1992 – has a wide range of experience in industry. He is currently Chairman of Protean PLC and holds a number of non-executive directorships in public companies.
- ERIC BRIGHTMORE (53)**  
Chief Executive  
Appointed 31 March 1994.
- DAVID BATIE (53)**  
Executive Director  
Joined 1964 – appointed Director February 1994. DMI Sales and Marketing Director.
- MICHAEL HENNON (48)**  
Executive Director  
Joined 1980 – appointed Director February 1994. DMI (UK) Operations Director.
- MENNO van der HULST (40)**  
Executive Director  
Joined 1991 – appointed Director February 1994. Managing Director of DMI (Europe).
- STEPHEN SCOTT ACA (34)**  
Finance Director and  
Company Secretary  
Joined 1989 – appointed Director November 1993.
- JIM COLE (55)**  
Non-Executive Director  
Appointed 31 March 1994 – Chief Executive of Dowding & Mills PLC.
- JIM McCOLGAN (64)**  
Non-Executive Director  
Appointed 31 March 1994 – formerly Group Managing Director of Blue Circle Industries PLC and currently Non-Executive Director of Mirror Group Newspapers PLC.

**Registered Office** West Chirton Industrial Estate, Gloucester Road,  
North Shields, NE29 8RQ

**Registrars**  
Barclays Registrars P.O. Box 34, Octagon House  
Gadbrook Park, Northwich, Cheshire, CW9 7RD

**Investment Bankers**  
Close Brothers 12 Appold Street, London  
EC2A 2AA

**Auditors**  
Price Waterhouse 89 Sandyford Road, Newcastle upon Tyne  
NE99 1PL

**Solicitors**  
Dickinson Dees Cross House, Westgate Road  
Newcastle upon Tyne NE99 1SB

**Bankers**  
Barclays Bank PLC Percy Street, Newcastle upon Tyne  
NE1 4QL

ABN AMRO Bank NV Stationsplein, Postbus 643, 8000 AP, Zwolle  
The Netherlands

The company's shares are traded on The International  
Stock Exchange, London. The company is registered in  
England, number 417183.

# DIRECTORS' REPORT

Year ended 31 December 1994

## GROUP ACTIVITIES

The company is a holding company which provides management and financial services to its subsidiary undertakings. Group activities consist of two businesses:

### Diesel Marine International (DMI)

Involved in the treatment, reconditioning, exchange and supply of diesel engine, marine and industrial components from its network of factories, joint ventures, licensees and sales offices in Europe, the Far East and North America.

### Oldham Signs

Involved in the manufacture, installation and maintenance of commercial signs.

Group operations are reviewed on pages 2 to 4 in the Chairman's statement.

## RESULTS

A summary of the 1994 financial results and comparisons with 1993 are given on page 1. Further analyses of the turnover and results of the different classes of the group's business are given in notes 2, and 3 on pages 15 and 16.

## DIVIDENDS

The directors do not recommend the payment of a dividend for 1994. The loss withdrawn for the year was £829,000 (1993: profit £37,000).

## CHANGES IN TANGIBLE FIXED ASSETS

Changes in the tangible fixed assets of the group and the company during the year are set out in note 12 on page 19.

## EMPLOYEES AND EMPLOYEE INVOLVEMENT

The average number of persons employed directly by group companies during 1994 was 491 compared with 612 in 1993. An analysis by business category is given in note 25 on page 26.

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event that an employee became disabled during employment every effort would be made, including appropriate training, to ensure that employment with the company could continue.

The directors attach the greatest importance to the development of employee involvement and financial and commercial information is made available to all groups of employees. The decentralised nature of the group necessitates that the detailed application of this policy is the responsibility of local management in compliance with practices in the country of operation or relevant industry sector.

## CHARITABLE DONATIONS

During the year group companies made charitable donations amounting to £100 (1993: £1,700). No political donations were made.

## DIRECTORS

The names of the present directors are shown on page 5. Details of the directors' emoluments in 1994 and their interests in the company at 31 December 1994 are given in note 24 on pages 25 and 26. There has been no change in the interests of the directors since the year end.

## DIRECTORS' REPORT

Year ended 31 December 1994

Sir Michael Carlisle and Mr Michael Denny resigned from the board on 11 January 1994. Mr David Batie, Mr Michael Hennon and Mr Menno van der Hulst were appointed to the board on 1 February 1994. Mr Eric Brightmore, Mr Jim Cole and Mr Jim McColgan were appointed to the board on 31 March 1994. Mr Paul Torday and Mr Humphrey Odd resigned from the board on 30 April 1994 and 31 December 1994 respectively. Mr Jim Cole retires by rotation at the forthcoming Annual General Meeting and wishes to offer himself for re-election.

### DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The company has secured insurance on behalf of the directors and certain officers of the company, which indemnifies them from certain liabilities in relation to the company, in accordance with S310(3) Companies Act 1985.

### SIGNIFICANT SHAREHOLDINGS

As far as the directors are aware shareholders, other than directors, holding more than 3% of the company's issued share capital at the date of this report are shown below. The table is based on the 16,084,206 ordinary shares in issue.

	no of ordinary shares held	% of ordinary shares held
Cogshall Partnership	4,820,167	29.9%
Framlington Group PLC	2,070,000	12.9%
Dowding & Mills PLC	1,395,001	8.7%
Mars Security Limited	804,210	5.0%
M & G Group	780,000	4.8%
PosTel Investment Management Limited	740,000	4.6%
Legal & General Assurance Society Limited	540,000	3.4%
Buchanan Fund Limited	500,000	3.1%

The directors consider that the company is not a close company as defined in the Income and Corporation Taxes Act 1988.

### CORPORATE GOVERNANCE

The directors both recognise and applaud the recommendations of the report of the Cadbury Committee on Corporate Governance issued on 1 December 1992. The Code of Best Practice included therein is accepted by the Board and the majority of its recommendations are already followed, as exemplified, in part, by the manner of presentation of the Annual Report.

Due to the resignation of Sir Michael Carlisle and Michael Denny on 11 January 1994, both having been non-executive directors, there has been a short period when the company has not been able to comply with paragraphs 1.3, 3.3 and 4.3 of the Code dealing with the number of non-executive directors and the formation of remuneration and audit committees. The appointment of non-executive directors Jim Cole and Jim McColgan on 31 March 1994, has enabled the company to comply again. The only Code recommendation which is still to be met is paragraph 4.5 concerning directors reporting on the effectiveness of the company's system of internal control. This issue will be addressed in the 1995 Annual Report.

After making enquiries, the Directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.



# DIRECTORS' REPORT

Year ended 31 December 1994

## SPECIAL BUSINESS AT THE AGM

Three resolutions will be proposed as special business at the forthcoming annual general meeting. The effect of these resolutions is as follows:

### Resolution 4 – Torday and Carlisle PLC 1995 Executive Share Option Scheme

The power to grant options under the Torday & Carlisle PLC Executive Share Option Scheme terminated in 1994. The directors have therefore decided, subject to shareholder approval, to introduce a new Executive Share Option Scheme, details of which are set out in the circular letter to shareholders dated 27 April 1995 which is enclosed with this document.

### Resolution 5 – Disapplication of pre-emption rights

This is the customary annual request that the shareholders empower the directors to allot equity securities for cash in the terms of Section 89 of the Companies Act 1985 up to an aggregate nominal value of £40,211, being approximately equal to 5% of the issued ordinary share capital of the company.

### Resolution 6 – Amendments to the company's Articles of Association

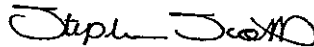
The directors propose two amendments for the purposes of up-dating the Articles of Association. The amendment to Article 122 reflects the fact that following amendment of the Companies Act 1985, it is no longer necessary for a company to possess a common seal for the purposes of validly executing documents. The amendment to Article 136 will enable dividends to be paid in the future by cheque, warrant or bank transfer.

## AUDITORS

The auditors, Price Waterhouse, have expressed their willingness to continue in office and a resolution to re-appoint them and to authorise the directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Board

Stephen Scott  
Secretary



27 April 1995

## STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE ACCOUNTS

---

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group as at the end of the financial year and of the profit or loss for that period. It is also the directors' responsibility to maintain adequate accounting records for safeguarding the assets of the company and group and for preventing and detecting fraud and other irregularities.

The directors confirm that the financial statements have been prepared on the going concern basis and that suitable accounting policies consistently applied and supported by reasonable and prudent judgements have been used in the preparation of the financial statements and that applicable accounting standards have been followed.

## AUDITORS' REPORT TO THE SHAREHOLDERS OF TORDAY & CARLISLE PLC

---

We have audited the financial statements on pages 10 to 28 which have been prepared under the historical cost convention as modified by the revaluation of certain tangible fixed assets and the accounting policies set out on page 14.

### 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, on those statements and to report our opinion to you.

### BASIS OF OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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 as at 31 December 1994 and of the loss 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**  
Chartered Accountants  
and Registered Auditors

Newcastle upon Tyne  
27 April 1995

# CONSOLIDATED PROFIT AND LOSS ACCOUNT

Year ended 31 December 1994

	Notes	1994 £000s	1993 £000s
<b>Turnover</b> – continuing businesses	2	28,870	28,805
– discontinued business	2	–	3,892
	2	28,870	32,697
Cost of sales	2	(21,778)	(23,856)
Gross profit		7,092	8,841
Net operating costs	2	(7,901)	(11,385)
Income from interests in associated undertakings	13	117	160
<b>Operating loss:</b>			
Continuing businesses before exceptional operating costs	2	(122)	35
Exceptional operating costs	4	(570)	(2,963)
Total for continuing businesses		(692)	(2,928)
Discontinued business	2	–	544
		(692)	(2,384)
Profit on sale of property in continuing business	5	300	–
Profit on sale of discontinued business	6	–	3,020
<b>(Loss)/profit on ordinary activities before interest</b>		(392)	636
Interest payable and similar charges (net)	7	(540)	(928)
<b>Loss on ordinary activities before taxation</b>	7	(932)	(292)
Taxation	8	103	329
<b>(Loss withdrawn)/retained profit for the year</b>	21	(829)	37
<b>(Loss)/earnings per share</b>	11	(5.2p)	0.2p

## BALANCE SHEETS

31 December 1994

	Notes	The Group		The Company	
		1994	1993	1994	1993
		£000s	£000s	£000s	£000s
<b>Fixed assets</b>					
Tangible assets	12	7,208	7,596	—	12
Investments	13	704	868	9,695	9,879
		7,912	8,464	9,695	9,891
<b>Current assets</b>					
Properties held pending sale	14	1,700	2,200	1,700	2,200
Stocks	15	3,643	4,190	—	—
Debtors	16	7,979	6,846	1,670	287
Cash at bank and in hand		601	552	7	407
		13,923	13,788	3,377	2,894
<b>Creditors: Amounts falling due within one year</b>	17	(12,805)	(11,277)	(11,881)	(9,763)
<b>Net current assets/(liabilities)</b>		1,118	2,511	(8,504)	(6,869)
<b>Total assets less current liabilities</b>		9,030	10,975	1,191	3,022
<b>Creditors: Amounts falling due after more than one year</b>	18	(2,230)	(3,398)	—	(800)
<b>Provisions for liabilities and charges</b>	19	(527)	(426)	—	—
<b>Net assets</b>	3	6,273	7,151	1,191	2,222
Represented by:					
<b>Capital and reserves</b>					
Called up equity share capital	20	804	804	804	804
Share premium account	21	6,897	6,897	6,897	6,897
Other reserve	21	—	—	342	342
Revaluation reserve	21	375	398	—	—
Profit and loss account	21	(1,803)	(948)	(6,852)	(5,821)
<b>Shareholders' funds</b>		6,273	7,151	1,191	2,222

The financial statements on pages 10 to 28 were approved by the board of directors on 27 April 1995 and are signed on its behalf by:

**ERIC BRIGHTMORE**  
Director



# CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December 1994

	1994 £000s	1993 £000s
<b>Net cash outflow from operating activities</b>	<b>(66)</b>	<b>(263)</b>
<b>Returns on investments and servicing of finance</b>		
Interest received	21	37
Interest paid	(574)	(906)
Interest element of finance lease rental payments	(36)	(34)
Dividend received from associated undertaking	49	134
<b>Net cash outflow from returns on investments and servicing of finance</b>	<b>(540)</b>	<b>(769)</b>
<b>Taxation</b>		
UK corporation tax	(6)	67
Overseas tax	105	18
<b>Tax refunds received</b>	<b>99</b>	<b>85</b>
<b>Investing activities</b>		
Purchase of tangible fixed assets	(497)	(410)
Sale of tangible fixed assets	172	35
Sale of surplus property	500	—
Sale of subsidiary and business undertakings	—	4,380
Investment in associated undertaking	—	(46)
<b>Net cash inflow from investing activities</b>	<b>175</b>	<b>3,959</b>
<b>Net cash (outflow)/inflow before financing</b>	<b>(332)</b>	<b>3,012</b>
<b>Financing</b>		
Repayment of amounts borrowed (net)	(449)	(2,458)
Capital element of finance lease rental payments	(75)	(118)
<b>Net cash outflow from financing</b>	<b>(524)</b>	<b>(2,576)</b>
<b>(Decrease)/increase in cash and cash equivalents</b>	<b>(856)</b>	<b>436</b>

Notes supporting the cash flow statement can be found at note 22 on pages 24 and 25.

# OTHER STATEMENTS

Year ended 31 December 1994

## Group statement of total recognised gains and losses

	1994 £000s	1993 £000s
(Loss withdrawn)/retained profit for the year	(829)	37
Translation of foreign currency net investments	(54)	(131)
Goodwill previously written off to reserves reinstated and charged to profit and loss in the year	—	95
Total recognised gains and losses for the year	(883)	1

## Group statement of historical cost profits and losses

	1994 £000s	1993 £000s
Reported loss on ordinary activities before taxation	(932)	(292)
Realised on disposal or depreciation of tangible fixed assets	28	227
Historical cost loss on ordinary activities before taxation	(904)	(65)
Historical cost (loss withdrawn)/retained profit for the financial year	(801)	264

## Reconciliation of movements in Group shareholders' funds

	1994 £000s	1993 £000s
(Loss withdrawn)/retained profit for the year	(829)	37
Total currency translation differences	(49)	(140)
Goodwill previously written off in reserves reinstated and charged to profit and loss in the year	—	95
Net reduction in shareholders' funds	(878)	(8)
Opening shareholders' funds	7,151	7,159
Closing shareholders' funds	6,273	7,151

# NOTES ON FINANCIAL STATEMENTS

Year ended 31 December 1994

## 1. ACCOUNTING POLICIES

### (a) Accounting standards

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

### (b) Basis of consolidation

The consolidated financial statements include the accounts of the company, its subsidiary undertakings and the group's share of the post-acquisition results of associated undertakings.

Turnover and profits of subsidiary undertakings acquired or disposed of during the year are accounted for according to their effective dates of acquisition.

### (c) Goodwill

Goodwill arising in the year is eliminated against consolidated reserves. On the disposal of a business the related goodwill is written off to the profit and loss account as part of the profit or loss on disposal. Provision is also made to write off goodwill to the profit and loss account where there has been a long term impairment in the value of the related investment.

### (d) Tangible fixed assets

Depreciation is not provided on freehold land. Depreciation of tangible fixed assets other than freehold land is calculated so as to write off the cost or valuation, in equal annual instalments over their estimated useful lives, using the following rates:

Buildings	2-5%	Furniture and fittings	10%
Plant and machinery	5-20%	Motor vehicles	20-25%

Assets held pending sale are reclassified as current assets and held at the lower of cost and net realisable value.

### (e) Government grants

Capital based grants are treated as deferred income which is credited to the profit and loss account by instalments over the expected useful economic life of the related asset on a basis consistent with depreciation policy. Revenue based grants are credited to profit and loss account in the same accounting period as the related expenditure.

### (f) Deferred taxation

No provision is made for tax deferred by timing differences unless there is reasonable probability that the tax deferral will become payable in the foreseeable future.

### (g) Stocks and work in progress

Stocks are stated at the lower of cost and net realisable value. Cost, in the case of work in progress and finished goods, includes an appropriate addition for labour and overheads.

### (h) Foreign currency translation

The assets and liabilities of overseas subsidiary and associated undertakings are expressed in sterling at the rates of exchange ruling at the balance sheet date. The results of the overseas subsidiary and associated undertakings are expressed in sterling at the average rates of exchange applicable for the year.

The exchange differences arising from the retranslation of the opening net investment in overseas subsidiary and associated undertakings and from applying the average rate compared with the closing rate to the profit and loss account are shown as a movement on revenue reserves.

Monetary assets and liabilities of the group denominated in a foreign currency at the balance sheet date are translated at the year end rate and exchange differences are taken to the profit and loss account.

### (i) Turnover

Turnover comprises the invoiced value of goods supplied and services provided to third parties exclusive of value added tax.

### (j) Leased assets

Tangible fixed assets which are subject to finance lease arrangements are capitalised in the balance sheet and the related lease liability is included in creditors. Any such assets are depreciated over their estimated useful lives using depreciation rates similar to those used for other tangible fixed assets (see note 1(d) above).

Operating lease rentals are charged to the profit and loss account as incurred.

### (k) Pensions

The cost of pensions in respect of the group's defined benefit pension schemes is charged to the profit and loss account so as to spread the cost over the service lives of employees in the schemes. Variations from the regular cost are spread over the average remaining expected service lives of current employees in the schemes.

# NOTES ON FINANCIAL STATEMENTS

Year ended 31 December 1994

## 2. SEGMENTAL ANALYSIS

	1994 Continuing businesses £000s	1993 Continuing businesses £000s	1993 Discontinued business £000s
<b>Turnover:</b>			
Diesel engine, marine and industrial component treatment, reconditioning, exchange and supply	18,317	17,937	—
Commercial signs	10,553	10,868	—
Pressure relief and safety equipment	—	—	3,892
	28,870	28,805	3,892
Cost of sales	(21,778)	(21,797)	(2,059)
Gross profit	7,092	7,008	1,833
Income from interests in associated undertakings	117	160	—
Distribution costs	(3,418)	(3,375)	(1,096)
Administration expenses – trading	(3,913)	(3,758)	(193)
Operating (loss)/profit before exceptional operating costs	(122)	35	544
Administration expenses – exceptional (note 4)	(570)	(2,963)	—
Operating (loss)/profit	(692)	(2,928)	544

Total administration expenses for the year were £4,483,000 (1993: £6,914,000).

The operating results of the different classes of the group's businesses before exceptional costs are as follows:

	1994 Continuing businesses £000s	1993 Continuing businesses £000s	1993 Discontinued business £000s
Diesel engine, marine and industrial component treatment, reconditioning, exchange and supply	933	538	—
Commercial signs	(549)	52	—
Pressure relief and safety equipment	—	—	544
Central overheads	(506)	(555)	—
Operating (loss)/profit before exceptional operating costs	(122)	35	544

## 3. GEOGRAPHICAL ANALYSIS

Turnover analysed by main geographical market is as follows:

	United Kingdom £000s	Rest of Europe £000s	Rest of the World £000s	1994 Total £000s	1993 Total £000s
Turnover of companies based in:					
United Kingdom	12,902	1,180	1,462	15,544	17,935
Rest of Europe	1,158	10,650	980	12,788	14,058
Rest of the World	—	—	538	538	704
1994 turnover	14,060	11,830	2,980	28,870	
% of turnover	49%	41%	10%	100%	
1993 turnover	16,291	13,579	2,827		32,697
% of turnover	50%	42%	8%		100%

Turnover by main geographical market is further analysed by main country or region in the rest of Europe as follows:

	1994 £000s	1993 £000s
Benelux countries	3,080	3,464
Scandinavian countries	2,273	2,483
Germany	1,684	2,267
France	1,070	2,262
Italy	721	948
Others	3,002	2,155
	11,830	13,579



# NOTES ON FINANCIAL STATEMENTS

Year ended 31 December 1994

## 3. GEOGRAPHICAL ANALYSIS (continued)

Operating results before exceptional operating costs by geographical location are analysed as follows:

	United Kingdom £000s	Rest of Europe £000s	Rest of the World £000s	1994 Total £000s	1993 Total £000s
Diesel engine, marine and industrial component treatment, reconditioning, exchange and supply	589	130	214	933	538
Commercial signs	(549)	—	—	(549)	52
Pressure relief and safety equipment	—	—	—	—	544
Central overhead	(506)	—	—	(506)	(555)
1994 operating (loss)/profit	(466)	130	214	(122)	
1993 operating profit/(loss)	297	(34)	316		579

Operating assets by geographical location are analysed as follows:

	United Kingdom £000s	Rest of Europe £000s	Rest of the World £000s	1994 Total £000s	1993 Total £000s
Diesel engine, marine and industrial component treatment, reconditioning, exchange and supply	1,601	6,734	902	9,237	8,739
Commercial signs	1,068	—	—	1,068	1,431
1994 operating assets	2,669	6,734	902	10,305	
1993 operating assets	3,199	6,148	823		10,170
Properties held pending sale				1,700	2,200
Bank balances, loans and overdrafts (net)				(5,732)	(5,219)
Net assets				6,273	7,151

# NOTES ON FINANCIAL STATEMENTS

Year ended 31 December 1994

## 4. EXCEPTIONAL OPERATING COSTS – CONTINUING BUSINESSES

	1994 £000s	1993 £000s
Holding cost of properties (see below)	400	1,266
Cost of environmental compliance (see below)	–	963
Restructuring and reorganisation costs (see below)	170	734
	570	2,963

The Oldham Signs Southern Division which specialised in spectacular signs and engineered products was closed in 1990. The 1994 charge comprises rental and other holding costs for the year in relation to the leasehold property at Weimbley previously occupied by the division. The property is held on a long lease expiring in fourteen years' time. The company holds a provision of £1,200,000, equivalent to 3 years rental and other holding costs, to cover the cost of disposal of its interest in this property.

In 1992 the company's subsidiary in the Netherlands, DMI (Europe) BV, retained the services of the Bedrijfs Milieu Dienst, a specialist environmental consultancy, to analyse all the appropriate environmental matters relating to its two sites at Zwolle and advise on the development of a long term environmental plan which would be acceptable to all the relevant authorities in the Netherlands.

The plan was expected to consist of two elements. The first part of the plan, which had been agreed with the relevant authorities, comprised expenditure on upgrading existing environmental controls at DMI (Europe)'s two sites at Zwolle. The total revenue costs and write offs involved were estimated at £963,000, for which provision was made in the 1993 accounts. The second part of the plan, which was dependent upon the results of surveys being undertaken at DMI (Europe)'s two sites at Zwolle, was to comprise expenditure on treating any polluted soil and groundwater.

Detailed negotiations with the relevant authorities began when the results of the surveys were known and an agreement on a treatment plan was reached during 1994. No further provision is required in the accounts.

The 1994 charge for restructuring and reorganisation relates to redundancy and other costs of £170,000 arising from the rationalisation of the management of Torday & Carlisle PLC and Diesel Marine International Limited.

## 5. NET PROFIT ON SALE OF PROPERTY IN CONTINUING BUSINESS

	1994 £000s	1993 £000s
Net profit on sale of land and buildings	300	–

The exceptional profit arises from the disposal of leasehold land and buildings in Hong Kong following a reorganisation of DMI's overseas sales operations.

## 6. PROFIT ON SALE OF DISCONTINUED BUSINESS

	1994 £000s	1993 £000s
Profit on disposal of Elfab Hughes Limited (note 22)	–	3,020

# NOTES ON FINANCIAL STATEMENTS

Year ended 31 December 1994

## 7. (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The (loss)/profit on ordinary activities before taxation is stated after charging/(crediting):

	1994 £000s	1993 £000s
Staff costs:		
Wages and salaries	8,130	10,040
Social security costs	1,329	1,608
Other pension costs	509	603
Depreciation	1,065	1,345
Operating lease rentals:		
Hire of plant and machinery	93	60
Other operating leases	688	558
Auditors' remuneration	100	107
Interest payable on bank and other borrowings repayable within five years	268	626
Interest payable on long term borrowings	267	297
Interest receivable and similar income	(31)	(29)
Interest payable under finance leases and hire purchase contracts	36	34

In addition to the above the group's UK auditors received remuneration in respect of non-audit services amounting to £33,000 (1993: £65,500) during the year.

## 8. TAXATION

The tax (credit)/charge is made up as follows:

	1994 £000s	1993 £000s
<b>United Kingdom taxation</b>		
Corporation tax at 33%	(25)	836
Deferred taxation	-	(56)
Advance corporation tax (recovered)/written off	-	(472)
Group share of taxation attributable to associated undertakings	-	6
	(25)	314
<b>Overseas taxation</b>		
Local taxation on profit for the year	(166)	(476)
Deferred taxation	70	(205)
Group share of taxation attributable to associated undertakings	18	22
Withholding tax suffered	-	16
	(78)	(643)
<b>Group tax credit for the year</b>	<b>(103)</b>	<b>(329)</b>

## 9. TORDAY & CARLISLE PLC PROFIT AND LOSS ACCOUNT

Torday & Carlisle PLC has not presented its own profit and loss account, as permitted by Section 230(1) of the Companies Act 1985. The amount of the consolidated loss for the financial year dealt with in the accounts of the holding company is £1,031,000 (1993: profit £1,776,000).

## 10. DIVIDENDS PAID AND PROPOSED

No dividend has been paid and no dividend is proposed for 1994 (1993: £Nil).

## 11. (LOSS)/EARNINGS PER ORDINARY SHARE

The calculation of (loss)/earnings per share is based on the loss on ordinary activities after taxation of £829,000 (1993: profit on ordinary activities after taxation £37,000) and on 16,084,206 ordinary shares, being the weighted average number of ordinary shares in issue and ranking for a full year's dividend (1993: 16,084,206 ordinary shares).

# NOTES ON FINANCIAL STATEMENTS

Year ended 31 December 1994

## 12. TANGIBLE FIXED ASSETS

Movements during the year have been as follows:

	Land and buildings £000s	Plant and machinery £000s	The Group Total £000s	The Company Plant and machinery £000s
<b>Cost or valuation</b>				
At 1 January 1994	4,301	8,782	13,083	93
Additions at cost	—	592	592	—
Disposals	(196)	(143)	(339)	(64)
Exchange adjustment	170	361	531	—
At 31 December 1994	4,275	9,592	13,867	29
<b>Comprising:</b>				
At cost:				
Freehold land and buildings	1,913	—	1,913	—
Long leasehold land and buildings	494	—	494	—
Short leasehold land and buildings	48	—	48	—
Plant and machinery	—	9,592	9,592	29
At 1984 valuation:				
Freehold land and buildings	1,111	—	1,111	—
At 1988 valuation:				
Freehold land and buildings	709	—	709	—
	4,275	9,592	13,867	29
<b>Depreciation</b>				
At 1 January 1994	505	4,982	5,487	81
Amount provided for the year	122	943	1,065	5
Disposals	(17)	(127)	(144)	(57)
Exchange adjustments	35	216	251	—
At 31 December 1994	645	6,014	6,659	29
<b>Net book amount</b>				
At 31 December 1994	3,630	3,578	7,208	—
At 31 December 1993	3,796	3,800	7,596	12

Tangible fixed assets included at a valuation would have been included on an historical cost basis at 31 December 1994 as follows:

	1994 £000s	The Group 1993 £000s	1994 £000s	The Company 1993 £000s
Cost	2,480	2,359	—	—
Aggregate depreciation	(1,966)	(1,845)	—	—
Net book amount	514	514	—	—

Included within cost of plant and machinery is £615,000 held under finance leases and hire purchase contracts. The accumulated depreciation charge on these assets at 31 December 1994 was £455,000.

Future capital expenditure not provided for in the accounts is as follows:

	1994 £000s	The Group 1993 £000s	1994 £000s	The Company 1993 £000s
Under contract	3	—	—	—
Additional expenditure authorised by the Board	90	25	—	—

In addition to the above, agreement has been reached with the relevant authorities in the Netherlands that capital expenditure of £1,600,000 will be incurred over the next eight years on upgrading existing environmental controls at DMI (Europe)'s two sites at Zwolle.

# NOTES ON FINANCIAL STATEMENTS

Year ended 31 December 1994

## 13. INVESTMENTS

### The Group

Investments comprise the group's interests in the associated undertakings shown on page 28. The movements during the year have been as follows:

	£000s
Cost or amount under equity method of accounting at 1 January 1994	868
Share of profit before tax of associated undertakings	117
Share of tax on profit of associated undertakings	(18)
Dividends received from associated undertakings	(49)
Currency translation adjustments	(214)
Cost or amount under equity method of accounting at 31 December 1994	704

The group's share of net assets of associated undertakings at 31 December 1994 amounted to £704,000 (1993: £868,000) and the share of cumulative post-acquisition profits amounted to £142,000 (1993: £202,000).

### The Company

Investments comprise the shares in group undertakings shown on page 28.

	£000s
Cost less amounts written off at 1 January 1994	9,879
Liquidation of Group undertaking	(6)
Provision for diminution in value of investments	(178)
Cost less amounts written off at 31 December 1994	9,695

## 14. PROPERTIES HELD PENDING SALE

The company owns a long leasehold building, which is surplus to the group's operational requirements as at 31 December 1994 following the restructuring and reorganisation of Oldham Signs in 1992. The property is held at the directors' assessment of its net realisable value at 31 December 1994.

## 15. STOCKS

	The Group		The Company	
	1994	1993	1994	1993
	£000s	£000s	£000s	£000s
Raw materials and consumables	783	715	-	-
Work in progress	903	1,333	-	-
Finished goods and goods for resale	1,957	2,142	-	-
	3,643	4,190	-	-

## 16. DEBTORS

	The Group		The Company	
	1994	1993	1994	1993
	£000s	£000s	£000s	£000s
Trade debtors	5,596	5,289	-	-
Amounts owed by group undertakings	-	-	1,191	-
Amounts owed by undertakings in which the group has a participating interest	145	106	-	-
Other debtors	1,004	540	278	278
Prepayments and accrued income	582	394	1	9
Dividend receivable	-	-	200	-
Taxation recoverable	652	517	-	-
	7,979	6,846	1,670	287

# NOTES ON FINANCIAL STATEMENTS

Year ended 31 December 1994

## 17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	The Group		The Company	
	1994	1993	1994	1993
	£000s	£000s	£000s	£000s
Bank loans and overdrafts	4,127	3,242	—	—
Trade creditors	3,356	3,277	66	30
Amounts owed to group undertakings	—	—	9,784	8,416
Amounts owed to undertakings in which the group has a participating interest	16	11	—	—
Other creditors	1,081	1,166	81	493
Taxation and social security	353	391	10	13
Accruals and deferred income (see below)	3,461	2,761	1,736	609
Corporation tax	359	347	204	202
Obligations under finance lease and hire purchase contracts	52	82	—	—
	12,805	11,277	11,881	9,763

Accruals include a provision amounting to £1,200,000 for costs associated with the surplus leasehold property at Wembley, and a provision of £464,000 relating to the costs of the environmental plan. Both items are described in further detail in note 4.

## 18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	The Group		The Company	
	1994	1993	1994	1993
	£000s	£000s	£000s	£000s
Bank loans	2,206	2,529	—	—
Obligations under finance lease and hire purchase contracts	24	69	—	—
Other creditors	—	800	—	800
	2,230	3,398	—	800

The bank loans and net obligations under finance lease and hire purchase contracts are repayable by instalments as follows:

### The Group

	Finance lease and hire purchase contracts		Bank loans	
	1994	1993	1994	1993
	£000s	£000s	£000s	£000s
Within 2 years	72	132	2,444	2,390
Within 2–5 years	4	19	1,138	839
After 5 years	—	—	596	1,245
	76	151	4,178	4,474
Within 1 year	(52)	(82)	(1,972)	(1,945)
	24	69	2,206	2,529

The bank loans consist of five foreign currency denominated loans and one sterling denominated loan held by subsidiary undertakings. The foreign currency denominated loans are repayable over periods of between 1 and 9 years and bear interest at rates of between 7.0% and 10.5% subject to periodic revision. The sterling denominated loan is repayable on demand and bears interest at 2.5% over Barclays Bank base rate. Total borrowings not wholly repayable within five years amount to £2,678,000 (1993: £2,974,000).

Security for the foreign currency denominated loans and overdrafts is by fixed and floating charges over the assets of DMI (Europe) BV and its subsidiary undertakings and a cross guarantee from the Company. Security for the group's sterling loans and overdrafts is by fixed and floating charge over the assets of the company and its United Kingdom based subsidiary undertakings.

# NOTES ON FINANCIAL STATEMENTS

Year ended 31 December 1994

## 19. PROVISIONS FOR LIABILITIES AND CHARGES

Provisions for liabilities and charges comprise:

	1994	The Group	1994	The Company
	£000s	1993	£000s	1993
		£000s		£000s
Deferred taxation	527	426	-	-

The movement in deferred taxation for the year is as follows:

	The Group	The Company
	£000s	£000s
Deferred taxation provided at 1 January 1994	426	-
Transfer to profit and loss account		
Overseas (note 8)	70	-
UK (note 8)	-	-
Currency adjustments charged to reserves	31	-
Deferred taxation provided at 31 December 1994	527	-

The deferred taxation provided in the accounts comprises:

	1994	The Group	1994	The Company
	£000s	1993	£000s	1993
		£000s		£000s
United Kingdom deferred taxation	-	-	-	-
Deferred taxation in overseas subsidiary undertakings	527	426	-	-
	527	426	-	-

The potential liability for deferred taxation not provided in the accounts calculated at the rate of taxation in force at the end of the period is as follows:

	1994	The Group	1994	The Company
	£000s	1993	£000s	1993
		£000s		£000s
Potential taxation in respect of revaluation surpluses	330	330	-	-
Potential liability in respect of the group's share of retained overseas earnings if remitted as a dividend	330	270	-	-
	660	600	-	-

In addition to the items taken into account above there are the following estimated amounts available for relief in future periods:

	1994	The Group	1994	The Company
	£000s	1993	£000s	1993
		£000s		£000s
Unabsorbed trading losses	4,400	4,400	603	603
Capital losses carried forward	300	300	-	-

# NOTES ON FINANCIAL STATEMENTS

Year ended 31 December 1994

## 20. CALLED UP EQUITY SHARE CAPITAL

	1994 £000s	5p Ordinary shares 1993 £000s
Allotted	804	804
Authorised	1,350	1,350

The allotted and fully paid ordinary share capital comprises 16,084,206 ordinary shares of 5p each. Of the un-issued shares, 804,000 are reserved for the share option scheme approved by the shareholders on 31 May 1984. At 31 December 1994 options under the scheme were outstanding in respect of 350,000 ordinary shares and are first exercisable at dates between May 1994 and April 1999 at amounts varying between 33p and 156p per share.

## 21. RESERVES

	Share premium account £000s	Other reserve £000s	Revaluation reserve £000s	Profit & loss account £000s
<b>The Group</b>				
At 1 January 1994	6,897	—	398	(948)
Loss for financial year	—	—	—	(829)
Currency translation adjustments	—	—	5	(54)
Realised on disposal or depreciation of tangible fixed assets	—	—	(28)	28
At 31 December 1994	6,897	—	375	(1,803)
<b>The Company</b>				
At 1 January 1994	6,897	342	—	(5,821)
Loss for financial year	—	—	—	(1,031)
At 31 December 1994	6,897	342	—	(6,852)

The total goodwill eliminated against consolidated reserves amounts to £1,030,000 (1993: £1,030,000).



# NOTES ON FINANCIAL STATEMENTS

Year ended 31 December 1994

## 22. CASH FLOW STATEMENT

Reconciliation of group operating (loss)/profit to net cash (outflow)/inflow from operating activities:

	1994 £000s	1993 £000s
Operating (loss)/profit before exceptional operating costs	(122)	579
Depreciation charges	1,065	1,345
Profit on sale of tangible fixed assets	(39)	(33)
Decrease in stocks	547	314
(Increase)/decrease in debtors	(506)	778
(Decrease) in creditors	(324)	(1,466)
Income from interests in associated undertakings	(117)	(160)
Net cash inflow from operating activities before exceptional operating costs	504	1,357
Net cash outflow in respect of restructuring, reorganisation, property and environmental costs	(570)	(1,620)
Net cash outflow from operating activities	(66)	(263)

Analysis of changes in cash and cash equivalents during the year:

	1994 £000s	1993 £000s
Balance at 1 January 1994	(745)	(716)
Net cash (outflow)/inflow before adjustments for the effect of foreign exchange rate changes	(856)	436
Sale of subsidiary undertaking	-	(406)
Effect of foreign exchange rate changes	47	(59)
Balance at 31 December 1994	(1,554)	(745)

Analysis of the balances of cash and cash equivalents as shown in the balance sheet:

	1994 £000s	1993 £000s	1992 £000s	Change in 1994 £000s	Change in 1993 £000s
Cash at bank and in hand	601	552	874	49	(322)
Bank overdrafts	(2,155)	(1,297)	(1,590)	(858)	293
	(1,554)	(745)	(716)	(809)	(29)

Analysis of changes in financing during the year:

	1994 Share capital (including premium) £000s	1994 Loans and finance lease obligations £000s	1993 Share capital (including premium) £000s	1993 Loans and finance lease obligations £000s
Balance at 1 January 1994	7,701	4,625	7,701	7,325
Repayment of loans	-	(449)	-	(2,458)
Effect of foreign exchange rate changes	-	153	-	(124)
Repayment of finance lease contracts	-	(75)	-	(118)
Balance at 31 December 1994	7,701	4,254	7,701	4,625

# NOTES ON FINANCIAL STATEMENTS

Year ended 31 December 1994

## 22. CASH FLOW STATEMENT (continued)

On 15 December 1993 the group disposed of its wholly owned subsidiary undertaking, Elfab Hughes Limited. Details of the cash flows arising and net assets disposed of are set out below.

### Disposal of subsidiary and business undertakings:

	1994 £000s	1993 £000s
Fixed assets	—	482
Stocks	—	464
Debtors	—	970
Creditors	—	(1,057)
Cash at bank and in hand	—	406
Net assets on disposal	—	1,265
Profit on disposal	—	3,020
Goodwill eliminated through profit and loss account	—	95
Cash realised on sale	—	4,380

The subsidiary undertaking disposed of during the year had the following effect on the group's cash flows:

	Continuing businesses £000s	Discontinued business £000s	Total £000s
Cash (outflow)/inflow from operating activities	(587)	324	(263)
Returns on investment and servicing of finance	(569)	(200)	(769)
Taxation	52	33	85
Investing activities	4,050	(91)	3,959
Financing	(2,576)	—	(2,576)
Net cash inflow	370	66	436

## 23. CONTINGENT LIABILITIES

The contingent liabilities of the company not provided in the accounts at 31 December 1994 consist of guarantees of bank borrowings in respect of subsidiary undertakings amounting to £6,334,000 (1993: £2,681,000). There are contingent liabilities in respect of claims arising in the normal course of business of the company and its subsidiary undertakings. The directors do not consider that any substantial liability will arise from such claims.

As set out in Note 4 to the accounts, surveys have been undertaken at DMI (Europe)'s two sites at Zwolle and agreement reached with the authorities on treating polluted soil and groundwater. This treatment plan also includes the disposal of an amount of polluted soil. Whilst the cost of this is not expected to exceed £400,000, no provision has been made in the accounts owing to uncertainty over the eventual size and timing of the expenditure.

## 24. DIRECTORS' INTERESTS AND EMOLUMENTS

### Directors' interests

The register kept by the company for the purposes of Section 324 of the Companies Act 1985 shows that the directors of the company at 31 December 1994 and their families had the following beneficial interests in the shares of the company at 31 December 1994.

	1994	Ordinary shares 1993
Peter Ryan	5,000	—
Eric Brightmore	15,167	—
David Batie	17,500	17,500
Michael Hennon	10,000	10,000
Stephen Scott	25,000	—
Jim McColgan	15,000	—

# NOTES ON FINANCIAL STATEMENTS

Year ended 31 December 1994

## 24. DIRECTORS' INTERESTS AND EMOLUMENTS (continued)

Details of directors share options were as follows:-

	1994	1993	Exercise Price	Date from which exercisable	Expiry Date
Eric Brightmore	200,000	—	33p	21 April 1999	21 April 2004
David Batie	10,000	10,000	74p	16 April 1997	16 April 2002
Michael Hennon	10,000	10,000	74p	16 April 1997	16 April 2002
Menno van der Hulst	30,000	30,000	74p	16 April 1997	16 April 2002
Stephen Scott	10,000	10,000	156p	29 March 1995	29 March 2000
	10,000	10,000	74p	16 April 1997	16 April 2002

During the year the company's share price was between 25p and 37p.

David Batie has a service agreement requiring three years notice. Stephen Scott, Michael Hennon and Eric Brightmore have service contracts requiring one years notice. None of the service agreements include any requirements for compensation by the company other than the period of notice.

No director has any material interest in any contract with the company or with any of its subsidiary or associated undertakings.

### Directors' emoluments

	1994 £000s	1993 £000s
The emoluments of the directors of the company for the period were:		
Fees	9	10
Management remuneration	493	331
Pension contributions	58	39
	560	380

The above emoluments include a performance related bonus of £15,000 payable to Eric Brightmore in respect of the achievement of certain performance criteria defined by the company's remuneration committee but do not include any amounts in respect of the share options referred to above. The emoluments of the chairman were £25,000 (1993: £25,000). No pension contributions were paid on behalf of the chairman (1993: £nil). The emoluments of the highest paid UK director in the period, exclusive of pension contributions of £6,000 (1993: £16,000), were £90,000 (1993: £103,000). The remuneration, exclusive of pension contributions of the UK directors during the period fell within the following bands:

	1994	1993
£Nil to £5,000	2	—
£5,001 to £10,000	2	3
£20,001 to £25,000	1	1
£30,001 to £35,000	1	1
£35,001 to £40,000	1	—
£50,001 to £55,000	2	—
£55,001 to £60,000	—	1
£85,001 to £90,000	2	—
£90,001 to £95,000	—	1
£100,001 to £105,000	—	1

In addition to the above emoluments the sum of £170,000 has been paid to Mr Humphrey Odd since the end of the year as compensation for loss of office. Full provision has been made in these accounts.

## 25. EMPLOYEES

The average number of persons employed by the group in each week of the year analysed by business category, was as follows:

	1994	1993
Diesel engine, marine and industrial component treatment, reconditioning, exchange and supply	305	337
Pressure relief and safety equipment	—	92
Commercial signs	186	183
	491	612

# NOTES ON FINANCIAL STATEMENTS

Year ended 31 December 1994

## 26. OPERATING LEASE COMMITMENTS

The annual rental commitments at 31 December 1994 in respect of non-cancellable operating leases were as follows:

	1994 £000s	Property 1993 £000s	1994 £000s	Equipment 1993 £000s
<b>The Group</b>				
Operating leases which expire:				
Within one year	—	—	112	64
Between two and five years	60	22	189	173
Over five years	429	456	—	—
	<b>489</b>	<b>478</b>	<b>301</b>	<b>237</b>
<b>The Company</b>				
Operating leases which expire:				
Within one year	—	—	1	—
Between two and five years	—	—	15	6
Over five years	376	376	—	—
	<b>376</b>	<b>376</b>	<b>16</b>	<b>6</b>

## 27. PENSION COSTS

The group operates pension schemes in the UK and in the Netherlands. The two principal UK schemes are the Torday & Carlisle PLC Pension and Life Assurance Scheme ("the T&C Scheme") and the Oldham Signs Limited Pension and Life Assurance Scheme ("the Oldham Scheme"), both of which are defined benefit schemes.

The total pension cost for the group for the year was £509,000 (1993: £603,000). The pension costs relating to the UK schemes are assessed in accordance with the advice of qualified actuaries.

The latest actuarial review of the T&C Scheme was carried out as at 1 December 1993 using the projected unit credit method. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that the investment return would be 9% per annum, that salary increases would average 7% per annum and that present and future pensions would not be increased. At the date of the latest actuarial review, the market value of the assets of the T&C Scheme was £2,349,653 and the actuarial value of the scheme was sufficient to cover 101% of the benefits that had accrued to members, after allowing for expected future increases in earnings. This surplus should be eliminated over the service lives of the current employees using the recommended contribution rate of 10.9% of pensionable earnings.

The latest actuarial valuation of the Oldham Scheme was carried out as at 6 April 1993 using the projected unit credit method. It was assumed that the investment return would be 8.75% per annum, that salary increases would average 7.0% per annum and that present and future pensions would not be increased. The market value of the assets of the Oldham Scheme was £4,152,700 and the actuarial value of the scheme was sufficient to cover 102% of the benefits that had accrued to members after allowing for expected future increases in earnings. The surplus should be eliminated over the service lives of the current employees using the recommended contribution rate of 15.5% of pensionable salaries.

The charge relating to the pension cost of the schemes in the Netherlands has been determined in accordance with local best practice and regulations in the Netherlands. The principal scheme in the Netherlands is administered by a body covering the metal working industry throughout the Netherlands.

# SUBSIDIARY AND ASSOCIATED UNDERTAKINGS

Year ended 31 December 1994

The group's significant operating subsidiary and associated undertakings at the date of this report are shown below. All the shareholdings are of ordinary shares and no other classes of shares are issued. The companies marked \* are associated undertakings.

	Country of incorporation and operation	Interest
<b>Diesel Marine International Ltd</b>	England	100%
DMI (Europe) BV	Netherlands	100%
DMI Scandinavia AS	Norway	100%
DMI (Lowestoft) Ltd	England	100%
DMI (Far East) Ltd	Hong Kong	100%
Diesel Marine International (France) SARL	France	100%
Diesel Marine International (Deutschland) GmbH	Germany	100%
DMI (Japan) Ltd *	Japan	50%
Piston Rings (UK) Ltd *	England	50%
Diesel Marine (Guangzhou) Ltd *	China	20%
Diesel Marine (Nantong) Ltd *	China	20%
Diesel Marine (Dalian) Ltd *	China	20%
<b>Oldham Signs Ltd</b>	England	100%
Anglia Signs Ltd	England	100%
Interneon Ltd	England	51%
<b>Torday &amp; Carlisle (Finance) Ltd</b>	England	100%

The results of all of the above listed subsidiary and associated undertakings are included within the consolidated financial statements. The financial year end of all of the above companies is 31 December with the exception of Torday & Carlisle (Finance) Ltd which has a financial year end of 30 November for administrative purposes.

# ANNUAL GENERAL MEETING

Year ended 31 December 1994

Notice is hereby given that the Annual General Meeting of the company will be held in the Marriott Hotel, Metrocentre, Gateshead on the 23rd day of May 1995 at 10.00 am for the purpose of considering and, if thought fit, passing the following resolutions of the company. Resolutions 1 to 4 are ordinary resolutions and resolutions 5 and 6 are special resolutions of the company.

## ROUTINE BUSINESS

1. To receive and adopt the Statement of Accounts for the year ended 31 December 1994 and the reports of the directors and auditors thereon.
2. To re-elect Jim Cole as a director who retires by rotation and wishes to offer himself for re-election.
3. To re-appoint the auditors, Price Waterhouse, and authorise the directors to fix their remuneration.

## SPECIAL BUSINESS

4. That the company approves and authorises the directors to adopt the rules of the Torday & Carlisle PLC 1995 Executive Share Option Scheme ("the Scheme") as produced in draft at this meeting, signed for the purpose of identification by the Chairman thereof and summarised in the circular letter to shareholders dated 27 April 1995, which is enclosed with this document; authorises the directors to adopt such modifications to the Scheme as the directors may consider necessary in order to obtain the approval of the Inland Revenue thereto or to take account of the Listing Rules; and authorises the directors to do all acts and things necessary or expedient to give effect to the Scheme and to such modifications.
- 5a. That, pursuant to the general authority conferred on them by resolution 11 passed at the annual general meeting of the company held on 20 May 1994, the directors be and they are hereby empowered pursuant to Section 95 of the Companies Act 1985 ("the Act") to allot equity securities (as defined in Section 94(2) of the Act) as if Section 89(1) of the Act did not apply to any such allotment provided that this power shall be limited:
  - (i) to the allotment of equity securities in connection with a rights issue in favour of ordinary shareholders of the company where the equity securities attributable to the interests of all ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them or into which their shares or securities are to be deemed converted in calculating the extent of their participation but subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws of any overseas territory or the requirements of any recognised regulatory body or any Stock Exchange;
  - (ii) to the allotment of equity securities pursuant to the exercise of options granted on or prior to 23 May 1995; and
  - (iii) to the allotment (otherwise than pursuant to the preceding sub-clauses of this paragraph) of equity securities up to an aggregate nominal value of £40,211;and shall expire at the conclusion of the next annual general meeting of the company following the date of this resolution or fifteen months from the date of the passing of this resolution (whichever first occurs) but may be previously revoked or varied by special resolution; and
- b. That the power hereby conferred shall enable the company to make any offer or agreement that would or might require equity securities to be allotted after such power expires and the directors may allot equity securities in pursuance of any such offer or agreement subject to the limits prescribed in this resolution as if the power hereby conferred had not expired.
6. That, the Articles of Association of the company be amended as follows:
  - (a) by the addition of the following wording as a new Article 122(d):

"A document signed by a Director and by the Secretary or another Director and expressed (in whatever forms of words) to be executed by the Company shall have the same effect as if it were under seal and a document so executed which makes it clear on its face that it is intended to be a deed (in whatever form of words) has effect, upon delivery, as a deed."
  - (b) by the re-numbering of the existing clause 136 as clause 136(a) and the addition of the following wording as a new clause 136(b):

"For the purposes of Article 136(a), any such dividend or other moneys may also be paid by any other method (including direct debit or bank transfer) which the Directors consider appropriate."

By order of the board  
**STEPHEN SCOTT**  
Secretary

Torday & Carlisle PLC  
Registered Office  
West Chirton Industrial Estate  
Gloucester Road  
North Shields  
27 April 1995

## NOTE:

- 1) A member of the company entitled to attend and vote at the meeting may appoint a proxy to attend and vote in his place. A proxy need not be a member of the company. A form of proxy is included at the rear of this document.
- 2) Directors' service contracts will be available for inspection, by any member, for a period of one hour preceding the meeting and during the meeting. Service contracts will also be available for inspection by any interested party, during normal office hours from the date of this notice until the date of the meeting at the company's registered office.

## NOTES

---

Year ended 31 December 1994

# FORM OF PROXY

I/We \_\_\_\_\_ (See Note 1)  
(Block capitals)

of \_\_\_\_\_

being (a) registered holder(s) of ordinary shares in Torday & Carlisle PLC

hereby appoint \_\_\_\_\_ (See Note 2)

or failing him or her, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting to be held in the Marriott Hotel, Metrocentre, Gateshead, Tyne and Wear on the 23rd day of May 1995 at 10.00 am, and at any adjournment thereof.

Ordinary Resolution No 1 (see Note 3):	For/Against
Ordinary Resolution No 2 (see Note 3):	For/Against
Ordinary Resolution No 3 (see Note 3):	For/Against
Ordinary Resolution No 4 (see Note 3):	For/Against
Special Resolution No 5 (see Note 3):	For/Against
Special Resolution No 6 (see Note 3):	For/Against

Dated \_\_\_\_\_

Signature \_\_\_\_\_ (see Notes 1 and 4)

## Notes:

1. In the case of joint shareholders, the vote of the person tendering a vote, whether in person or by proxy, who is named first on the register will be accepted to the exclusion of the votes of the other joint holders, but the names of all joint holders must be stated.
2. If you do not wish to appoint the Chairman of the Meeting as proxy, add the name of your preferred proxy in the blank space provided and initial the addition. Such proxy need not be a shareholder in the company. Unless you add a name, you will be deemed to have appointed the Chairman of the Meeting.
3. Please delete as appropriate to indicate in the case of each resolution set out in the Notice of Meeting how you wish your votes to be cast. Except to the extent otherwise directed the person appointed will vote or abstain from voting as he thinks fit in respect of all matters arising at the meeting or any adjournment thereof.
4. Corporations must execute this form of proxy under seal or have it signed on their behalf by a duly authorised officer or attorney or other duly authorised person.
5. To be valid, this form of proxy must be lodged at the registered office of the company or the office of the registrars not less than forty-eight hours before the time appointed for the meeting or adjourned meeting and in the case of a poll taken subsequently to the date of the meeting or adjourned meeting, not less than twenty-four hours before the time appointed for the taking of the poll, together with the power of attorney or other authority under which it is signed or a notarially certified copy of such power or authority.



SECOND FOLD

BUSINESS REPLY SERVICE  
Licence No. MB 122



Barclays Registrars  
Proxy Section  
Bourne House  
34 Beckenham Road  
Beckenham  
Kent  
BR3 4BR

FIRST FOLD

THIRD FOLD



**DIESEL MARINE**

**INTERNATIONAL LTD**

West Chirton Industrial Estate,  
Gloucester Road,  
North Shields,  
NE29 8RQ, England.  
Tel: (0)91.2584477  
Fax: (0)91.2581525 Tlx: 53517

Factories, stockpoints and  
sales offices in the  
Netherlands, France,  
Germany, Spain, Norway,  
Hong Kong, China,  
Japan, Canada  
and the USA.

**OLDHAM SIGNS LTD**

PO Box YR15,  
Cross Green Approach,  
Leeds,  
LS9 0TQ, England.  
Tel: (0)532.404142  
Fax: (0)532.496249

Joint venture, Interneon Ltd,  
with Hoerner GmbH & Co KG of Germany.