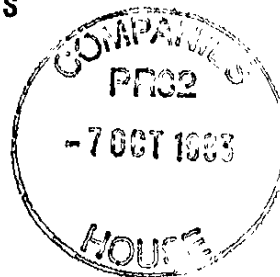


MOORE PARAGON UK LIMITED

DIRECTORS' REPORT AND ACCOUNTS

31 DECEMBER 1992

(REGISTERED NO 551336)



MOORE PARAGON U.K. LIMITED

DIRECTORS' REPORT

The directors submit their report and accounts for the year ended 31st December, 1992.

PRINCIPAL ACTIVITIES

The Company manufactures and merchants business forms and related products.

RESULTS FOR THE YEAR

Restructuring and rationalisation programmes continued throughout the year and a provision of £3,257,000 has been included for the cost of completing these programmes. The aforementioned combined with difficult trading conditions resulted in a loss on ordinary activities before taxation of £10,662,000 (1991 - loss £7,356,000).

The after tax loss for the year was £10,580,000 (1991 - loss £5,603,000).

The directors do not recommend the payment of a dividend (1991 - £NIL).

The ultimate holding company, Moore Corporation Limited of Toronto, continues to provide financial resources to Moore Paragon U.K. Limited as it continues with its restructuring programmes, the objectives of which are to return the Company to profit.

FIXED ASSETS

Information regarding changes in fixed assets is contained in Note 6 to the accounts.

It is considered that the market value of land is in excess of its net book amount.

EMPLOYMENT POLICIES

The policies in operation throughout the Company have been developed to comply in terms of non-discrimination on grounds of sex, race, creed or colour and compare favourably in every other respect with recognised good employment practices. The Company keeps all employees informed by the production of the magazine "Moore News".

DIRECTORS

J.W. Flowers
T.P. Courtney
A.M.W. Smith
R.C. Harkins
D.O. Osinsanya - (non-executive)

None of the directors had any beneficial interest in the share capital of the Company during the year.

MOORE PARAGON U.K. LIMITED

DIRECTORS' REPORT (continued)


SUBSEQUENT EVENTS

On 1st January, 1993 the Company sold the business and net assets of Moore Lithorex Marketing Division to a fellow group undertaking at net book value.

AUDITORS

The auditors, Price Waterhouse, have indicated their willingness to be reappointed.

By Order of the Board.



S. CORTESE
Secretary

20th September, 1993

Registered Office:

75-79 Southwark Street,
London SE1 0HY

Registered Number:
551336

MOORE PARAGON U.K. LIMITED

10 Bricket Road
St Albans
Herts AL1 3JX

Telephone 0727 844110
Fax 0727 844111
Telex 0727 844111

Price Waterhouse



AUDITORS' REPORT TO THE MEMBERS OF
MOORE PARAGON U.K. LIMITED

We have audited the financial statements of pages 4 to 16 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the Company at 31st December, 1992 and of the loss and cash flows of the Company 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 Auditor

10 Bricket Road
St. Albans
Herts
AL1 3JX

20th September 1993

MOORE PARAGON U.K. LIMITED

PROFIT AND LOSS ACCOUNT FOR THE
YEAR ENDED 31ST DECEMBER, 1992

		1992 <u>£'000</u>	1991 <u>£'000</u>
	<u>NOTES</u>		
Turnover	1 (2)	44,100	41,729
Cost of Sales		(43,677)	(40,506)
Gross Profit		----- 423	----- 1,223
Distribution Costs		(1,928)	(1,980)
Administrative Expenses		(4,156)	(3,882)
Operating Loss		----- (5,661)	----- (4,639)
Interest Receivable	3	19	19
Interest Payable	3	(1,288)	(794)
Loss before Exceptional Items	2	----- (6,930)	----- (5,414)
Exceptional Items	17	(3,732)	(1,942)
Loss on Ordinary Activities before Taxation		----- (10,662)	----- (7,356)
Tax on Loss on Ordinary Activities	5	82	1,753
Loss on Ordinary Activities after Taxation		----- (10,580)	----- (5,603)
Loss for the Year transferred to reserves	13	----- (10,580) =====	----- (5,603) =====

The notes on pages 7 to 16 form part of these financial statements.

MOORE PARAGON U.K. LIMITED

BALANCE SHEET - 31ST DECEMBER, 1992

	Notes	1992 £'000	1991 £'000
FIXED ASSETS			
Intangible assets	6	12,014	10,739
CURRENT ASSETS			
Stocks	7	6,258	5,959
Debtors	8	17,948	19,344
Cash at bank and in hand	21	348	252
CREDITORS:		24,554	25,555
Amounts falling due within one year	9	(22,216)	(19,260)
NET CURRENT ASSETS		2,338	6,295
TOTAL ASSETS LESS CURRENT LIABILITIES		14,352	17,034
Creditors:			
Amounts falling due after more than one year	10	(6,260)	(6,280)
Provisions for liabilities and charges	11	(71)	(153)
CAPITAL AND RESERVES		8,021	10,601
Called up share capital	12	9,300	1,300
Revaluation reserve	13	191	191
Profit and loss account	13	(1,470)	9,110
		8,021	10,601

Approved by the Board on 20th September, 1993

T.P. Courtney
Director

A.M.W. Smith
Director

The notes on pages 7 to 16 form part of these financial statements.

MOORE PARAGON U.K. LIMITED

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER, 1992

	1992 <u>£'000</u>	1991 <u>£'000</u>
Net cash outflow from operating activities (Note 19)	(4,209)	(5,655)
	-----	-----
Returns on investment and servicing of finance:		
Interest received	19	19
Interest paid to group undertaking	(1,282)	(787)
Interest element of finance lease rental payments	(6)	(7)
	-----	-----
Net cash outflow from return on investment and servicing of finance	(1,269)	(775)
	-----	-----
Investing activities:		
Payment to acquire tangible fixed assets	(3,362)	(2,454)
Receipts from sale of tangible fixed assets	128	182
	-----	-----
Net cash outflow from investing activities	(3,234)	(2,272)
	-----	-----
Net cash outflow before financing	(8,712)	(8,702)
	-----	-----
Financing:		
Ordinary shares issued for cash	8,000	-
Regional development grant	600	-
Capital element of finance lease payments	(20)	(18)
Increase inter company loans	228	8,659
	-----	-----
Net cash inflow from financing	8,808	8,641
	=====	=====
Increase/(decrease) in Cash (Note 20)	96	(61)
	=====	=====

1 ACCOUNTING POLICIES

(1) Basis of Accounting

The accounts have been prepared under the historical cost convention, as modified by the revaluation of certain properties, and in accordance with applicable accounting standards.

(2) Turnover

Turnover represents net amounts invoiced to customers, excluding VAT, of which £6,807,000 (1991 - £1,828,000) was invoiced to other countries.

All turnover relates to the Company's principal activities.

(3) Depreciation

Depreciation of fixed assets is provided on the straight-line method in order to write off assets, excluding freehold land, over their anticipated useful lives which are as follows:-

Freehold Buildings	-	50 years
Leasehold Buildings	-	Life of Lease
Plant and Machinery	-	5 - 20 years
Fixtures and Fittings	-	10 - 20 years
Motor Vehicles	-	4 - 5 years
Computer Equipment	-	3 - 5 years

(4) Stock and Work in Progress

Stock and work in progress has been valued at the lower of cost and net realisable value. Cost of manufactured goods and work in progress includes direct materials and an appropriate proportion of overhead expenses.

(5) Research and development

Research and development expenses are written off to profit and loss account as they are incurred.

(6) Foreign currencies

Assets and liabilities recorded in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Realised and unrealised exchange differences are taken into account in arriving at the results for the year.

(7) Deferred taxation

Deferred taxation is provided only where it can be demonstrated with reasonable probability that tax will become payable within the foreseeable future.

MOORE PARAGON U.K. LIMITED

NOTES TO THE ACCOUNTS - 31ST DECEMBER, 1992 (CONTINUED)

1 ACCOUNTING POLICIES (continued)

(8) Pensions

Contributions to the Moore UK Pension Plan are calculated by a qualified actuary based on the cost of providing pensions to employees of all participating companies. Costs are determined on an individual company basis and thus the prepayment resulting from the Plan attributable to Moore Paragon UK Limited employees has been included within these accounts.

(9) Finance and Operating Leases

Finance leases are capitalised and depreciated over the shorter of the lease period and their expected useful life. Finance charges are allocated to profit and loss in proportion to the capital outstanding. Operating lease charges are charged to profit and loss as incurred.

(10) Government Grants

Grants relating to expenditure on tangible fixed assets are credited to deferred income and amortised to the profit and loss account over the useful economic lives of the assets to which they relate.

2 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

Loss on ordinary activities before taxation is stated after the following amounts:-

	1992 £'000	1991 £'000
Wages and salaries	12,397	12,309
Social security costs	1,014	968
Other pension costs	281	273
Amortisation of Government Grant	(5)	-
Depreciation on owned assets	1,828	1,797
Depreciation on assets held under finance leases	15	15
Auditors' remuneration - audit services	50	51
- non-audit services	13	-
Directors' emoluments		
Pension contributions	5	4
Other emoluments	166	162
Exchange Losses/(Profits)	36	(13)
Operating leases - plant and machinery	47	32
Operating leases - other	278	297
	=====	=====

MOORE PARAGON U.K. LIMITED

NOTES TO THE ACCOUNTS - 31ST DECEMBER, 1992 (CONTINUED)

3 INTEREST

	1992 <u>£'000</u>	1991 <u>£'000</u>
Interest payable on capital lease	6	7
Interest payable to group undertakings	1,281	782
Bank interest	1	3
Other interest	-	2
	-----	-----
Total interest payable	1,288	794
	=====	=====
Total interest receivable	19	19
	=====	=====

4 EMOLUMENTS OF DIRECTORS

No Director held the post of Chairman during the year. The emoluments of the highest paid Director (excluding pension contributions) were £64,432 (1991 - £64,579).

The emoluments of the other Directors (excluding pension contributions) fell into the following categories.

	Directors	
	<u>1992</u>	<u>1991</u>
£45,001 - £50,000	1	1
£50,001 - £55,000	1	1

The remaining directors do not receive any emoluments in respect of their services to the Company and their emoluments are borne by the ultimate parent Company.

5 TAXATION

	1992 <u>£'000</u>	1991 <u>£'000</u>
Corporation Tax @ 33% (1991 - 33.25%)	-	(809)
Deferred Tax (Note 11)	(82)	(944)
	-----	-----
	(82)	(1,753)
	=====	=====

MOORE PARAGON U.K. LIMITED

NOTES TO THE ACCOUNTS - 31ST DECEMBER, 1992 (Continued)

6 FIXED ASSETS

	<u>Freehold Property</u> <u>£'000</u>	<u>Plant & Machinery</u> <u>£'000</u>	<u>Fixtures & Fittings</u> <u>£'000</u>	<u>Construction Account</u> <u>£'000</u>	<u>Total</u> <u>£'000</u>
<u>Cost or Valuation</u>					
At 1.1.92-Cost	4,191	4,502	332	2,279	21,304
-Valuation	680	-	-	-	680
Additions	-	-	-	3,362	3,362
Transfers	3,179	1,828	75	(5,082)	-
Disposals	(31)	(1,705)	(45)	-	(1,781)
	-----	-----	-----	-----	-----
At 31.12.92	8,019	14,625	362	559	23,565
	=====	=====	=====	=====	=====
<u>Depreciation</u>					
At 1.1.92	1,115	9,882	248	-	11,245
Provided	166	1,656	21	-	1,843
Disposals	(23)	(1,469)	(45)	-	(1,537)
	-----	-----	-----	-----	-----
At 31.12.92	1,258	10,069	224	-	11,551
	=====	=====	=====	=====	=====
<u>Net Book Amount</u>					
31.12.92	6,761	4,556	138	559	12,014
	=====	=====	=====	=====	=====
1.1.92	3,756	4,620	84	2,279	10,739
	=====	=====	=====	=====	=====

Plant and machinery includes assets held under finance leases with a net book value of £33,462 (1991 - £48,334); depreciation charged in respect of these assets was £14,872 (1991 - £14,872).

The freehold property held at valuation was revalued in 1973. The historical cost of the property was £489,000. At 31st December, 1992 the accumulated depreciation on the historical cost of the property was £223,000.

MOORE PARAGON U.K. LIMITED

NOTES TO THE ACCOUNTS - 31ST DECEMBER, 1992 (Continued)

STOCKS

	1992 £'000	1991 £'000
Raw materials	2,391	2,143
Work in progress	218	319
Finished goods	3,649	3,497
	-----	-----
	6,258	5,959
	=====	=====

DEBTORS

Trade debtors	5,918	7,450
Amounts owed by group undertakings	1,150	673
Other debtors	167	360
Prepayments	9,999	10,147
Corporation tax	714	714
	-----	-----
	17,948	19,344
	=====	=====

Amounts owed by group undertakings include £160,000 (1991 - £160,000) falling due after more than one year.

Prepayments include £9,778,000 (1991 - £9,778,000) falling due after more than one year.

Other debtors include £143,000 (1991 - £152,000) falling due after more than one year.

CREDITORS (amounts falling due within one year)

Trade creditors	2,487	3,612
Amounts owed to group undertakings	13,781	13,627
Other creditors	174	112
Taxation and social security	892	649
Accruals and deferred income	4,882	1,260
	-----	-----
	22,216	19,260
	=====	=====

CREDITORS (amounts falling due after more than one year)

Capital Lease (Note 14 (3))	22	42
Loans from immediate parent undertaking	6,238	6,238
	-----	-----
	6,260	6,280
	=====	=====

MOORE PARAGON U.K. LIMITED

NOTES TO THE ACCOUNTS - 31ST DECEMBER, 1992 (Continued)

11

PROVISIONS FOR LIABILITIES AND CHARGES

(1) Provisions for liabilities and charges include:

	Deferred Taxation £'000	Other £'000	Total £'000
At 1st January, 1992	82	71	153
Provided in the year	(82)	-	(82)
	-----	-----	-----
At 31st December, 1992	-	71	71
	=====	=====	=====

(2) Deferred Taxation

The deferred taxation provision at 31st December, 1992 has been calculated at 33% (1991 - 33.25%) being the expected future rate at which timing differences will reverse.

Deferred taxation comprises:

	1992 £'000	1991 £'000
Excess of tax depreciation allowances	(836)	(1,029)
Losses carried forward	175	274
Short term timing differences	54	246
Advance Corporation Tax	607	427
	-----	-----
	-	(82)
	=====	=====

12

CALLED UP SHARE CAPITAL

	1992	NUMBER 1991	1992 £'000	1991 £'000
Allotted and fully paid ordinary shares of £1 each	9,300,000	1,300,000	9,300	1,300
	=====	=====	=====	=====
Authorised	9,300,000	1,300,000	9,300	1,300
	=====	=====	=====	=====

On the 23rd December, 1992 the Company increased its allotted share capital by 8,000,000. On the same day the Company credited as fully paid 8,000,000 ordinary shares of £1 each to Moore Business Forms Limited in exchange for the cancellation of £8,000,000 of debt due to Moore Business Forms Limited.

MOORE PARAGON U.K. LIMITED

NOTES TO THE ACCOUNTS - 31ST DECEMBER, 1992 (Continued)

13

RESERVES

	<u>Profit & Loss Account</u>	<u>Revaluation Account</u>	<u>Total</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
At 1st January, 1992 as previously reported	(668)	191	(477)
Prior year adjustment (see below)	9,778	-	9,778
	-----	---	-----
As restated	9,110	191	9,301
Loss for the year	(10,580)	-	(10,580)
	-----	---	-----
At 31st December, 1992	(1,470)	191	(1,279)
	=====	===	=====

The revaluation reserve arises from the revaluation of properties in 1973.

The prior year adjustment relates to a change in accounting policy with regard to pensions. In previous years the pension scheme surplus was included in the accounts of the immediate parent undertaking, Moore Business Forms Limited. These accounts now include the proportion of the pension scheme surplus that relates to Moore Paragon U.K. Limited.

14

COMMITMENTS

(1)

Capital Commitments

Capital expenditure not provided for in the accounts but authorised by the directors amounts to £563,000 including contracts placed of £490,000 (1991 - £3,349,000 including contracts placed of £1,551,000).

MOORE PARAGON U.K. LIMITED

NOTES TO THE ACCOUNTS - 31ST DECEMBER, 1992 (Continued)

14

COMMITMENTS (Continued)

(2)

Leasing Commitments

The Company has annual commitments under operating leases in the year ending 31st December, 1993. These are analysed by date of termination of the leases as follows:-

	Land and Buildings £'000	Other £'000	Total £'000
Within one year	13	14	27
In the second to fifth years inclusive	31	2	33
After five years	95	3	98
	---	---	---
	139	19	158
	===	===	===

(3)

Finance Leases

At 31st December, 1992, certain creditors were secured on fixed assets under finance lease and hire purchase arrangements. The obligations in respect of these creditors are as follows:

	1992 £'000	1991 £'000
Repayable within one year	23	23
Repayable between two and five years	23	46
	--	--
	46	69
Less: Interest	(5)	(9)
	--	--
	41	60
Less: Due within one year	(19)	(18)
	--	--
Amount due after one year (Note 10)	22	42
	==	==

15

EMPLOYEES

The average number of persons employed by the Company during the year was 678 (1991 - 726) wholly in the United Kingdom.

MOORE PARAGON U.K. LIMITED

NOTES TO THE ACCOUNTS - 31ST DECEMBER, 1992 (Continued)

16

PENSIONS

The company participates in the Moore UK Pension Plan. This is a funded defined benefit scheme for all employees which is administered by Trustees. The scheme also operates a defined contribution benefit scheme.

The total pension cost of the Company for the year to 31st December, 1992 was £281,000 (1991 - £273,000) which represents the cost of the defined contribution elements of the scheme.

Based upon the advice of the Scheme's independent actuary there was no cost incurred during 1992 in respect of the defined benefit scheme.

The latest actuarial valuation of the plan was at 31st December, 1992. Details of this valuation are included in the accounts of Moore Business Forms Limited, the immediate parent undertaking.

17

EXCEPTIONAL ITEMS

Restructuring costs

1992	1991
<u>£'000</u>	<u>£'000</u>
(3,732)	(1,942)
=====	=====

18

SUBSEQUENT EVENT

On 1st January, 1993 the Company sold the business and net assets of Moore Lithorex Marketing Division to a fellow group undertaking at net book value.

MOORE PARAGON U.K. LIMITED

NOTES TO THE ACCOUNTS - 31ST DECEMBER, 1992 (Continued)

19 RECONCILIATION OF OPERATING PROFIT TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	1992 <u>£'000</u>	1991 <u>£'000</u>
Operating profit	(5,661)	(4,639)
Loss on sale of fixed assets	116	1
Depreciation	1,843	1,797
Amortisation of government grant	(5)	-
Increase in stock	(299)	(216)
Decrease/(increase) in debtors	1,396	(1,737)
(Decrease)/increase in trade creditors	(1,125)	691
Increase in other creditors	1	383
Exceptional item - restructuring costs	(3,732)	(1,942)
Increase in provision for restructuring costs	3,257	7
	-----	-----
Net cash outflow from operating activities	(4,209) =====	(5,655) =====

20 ANALYSIS OF CHANGES OF CASH AND CASH EQUIVALENTS DURING THE YEAR

	1992 <u>£'000</u>	1991 <u>£'000</u>
Balance at 1st January	252	313
Net cash inflow/(outflow)	96	(61)
	---	---
Balance at 31st December	348 ===	252 ===

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

	1992 <u>£'000</u>	1991 <u>£'000</u>
Cash at bank and in hand	348 ===	252 ===

22 PARENT UNDERTAKINGS

The immediate parent undertaking is Moore Business Forms Limited which is incorporated in England.

The ultimate parent undertaking is Moore Corporation Limited, which is incorporated in the Province of Ontario, Canada. Copies of the ultimate parent undertaking's consolidated financial statements may be obtained from Moore House, 75-79 Southwark Street, London SE1 0HY.