875534

# BLICK plc

# ANNUAL REPORT AND ACCOUNTS

# COMPANY HOUSE COPY

The Blick Group specialises in the supply of electronic systems for local communications, employee information and security. The Group operates through five main product divisions each focused on providing quality system solutions for our customers.

Our commitment is to provide the highest quality of customer support from our specialised research and development and by employing the highest standards in manufacturing. Our customers are supported by a modern efficient field service network.

We shall continue to develop our rental business to invest our cash flow in the improvement and integration of our product range and to increase our presence in both existing and new markets.

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Shareholders' information point:
If you have any queries about the Group, its products or its services please contact Colin MacInnes, Director and Group Company Secretary

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Telephone 01793 692401
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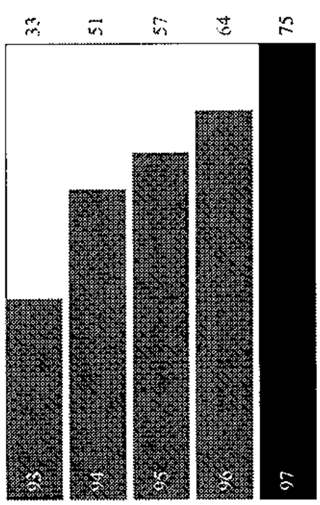
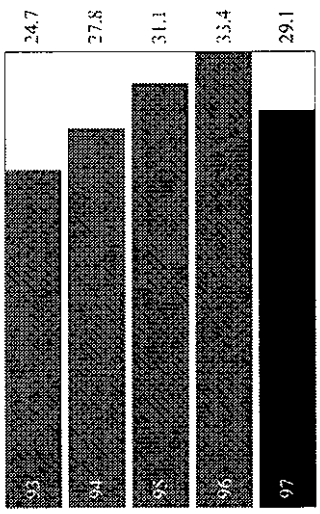
Registered in England
Company number 875534

# Highlights

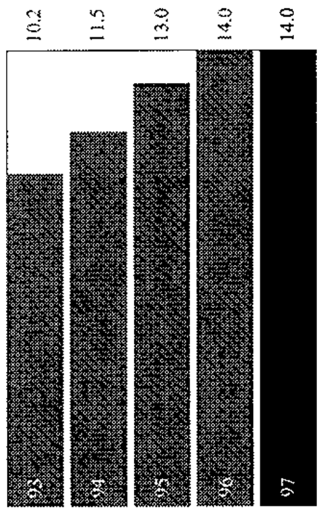
- Turnover increased by 17% to £75m (1996: £64m)
- Profit before tax £12.9m (1996: £15.3m)
- Earnings per share 29.1p (1996: 33.4p), on a full tax basis
- Dividends 14.0p (1996: 14.0p)
- Operating cash flow increased to £20.2m (1996: £11.9m)
- Gearing down to 60% (1996: 97%)




Turnover £m



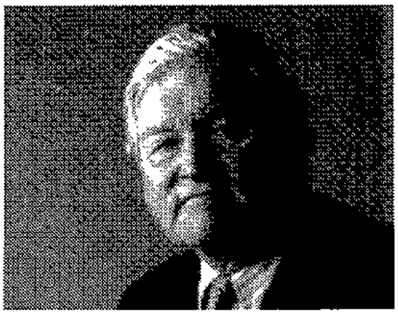

Earnings per share pence




Dividend per share pence

# Chairman's statement

## With the number of new products that have been launched the Group has a renewed momentum and I look forward to the future with confidence.



### Results

In the year to 30 September 1997 turnover of the Group increased by 17% from £64m to £75m. As anticipated in my interim statement, the second half of the year has shown an improvement over the first half although profit before tax for the full year has fallen from £15.3m to £12.9m. Earnings per share, on a full tax charge, were down by 13% from 33.4p to 29.1p.

Your Board is recommending a final dividend of 9.5p making an unchanged total of 14.0p for the year. This dividend is covered 2.1 times by earnings.

As shareholders have already been informed, the shortfall in profits arose mainly from the low level of orders in the Time and Security business and a poor performance from Teletechnicom in the Netherlands.

These areas have been addressed. The main UK rental businesses have been merged, with rental and maintenance activities concentrated in one division which will generate greater efficiency and cost savings. Our new windows-based time and attendance products are being well received in the market.

The Communications business has been set up as a new division to focus on exciting new sales opportunities.

Teletechnicom has been restructured and the workforce has been reduced by a third. With the current level of order prospects, this business should trade profitably during this year.

Our joint venture with the Amano Corporation of Japan is proceeding as planned and we expect that the business will move into profit towards the end of 1998. Orders are now being taken for its recently released integrated systems and I remain convinced that we were right to invest time and resources in this venture.

The acquisition of PAC International in 1996 has been a great success with 1997 turnover up by one-third and profits increased.

### Gearing

Cash flow has continued to be strong and during the year we have increased our investment in research and development, information technology and new rental installations. As a result of these investment activities the Group has incurred interest costs in line with last year.

In spite of this on-going investment programme, overall gearing has been reduced from 97% in September 1996 to 60% at the end of the year under review. Subject to there being no further major investments we expect our borrowings to be at an even lower level next September.

## Board change

Anthony Simonds-Gooding was appointed as a Non-Executive Director on 9 April 1997. Anthony brings with him a wealth of marketing experience, having been Group Managing Director of Whitbread, Chairman and Chief Executive Officer of Saatchi Communications Worldwide and Chief Executive Officer of British Satellite Broadcasting.

## Staff

The loyalty and dedication of all our staff have been admirable during this difficult year and the Board would like to thank them all for their hard work and contribution.

## Prospects

The Group has recurring annual rental and maintenance cash flow of over £30m with a forward contracted income of more than £150m. This area of our business produces a substantial cash surplus and a significant level of profit, both of which will continue for many years.

Our strategy is to continue to invest in our rental and maintenance business and to use our surplus cash flow and borrowing facilities to develop our markets and products by internal investment and acquisition.

With the number of new products that have been launched the Group has a renewed momentum and I look forward to the future with confidence.

Alan L. Elliot

Alan Elliot Chairman
15 December 1997

# Chief Executive's review

## We will continue to invest in the future. Our strategy for the planned growth of the business is aimed at restoring shareholder value and securing the future progress of the Group.

We began the year with the objective of generating organic growth for the Group as a whole. This was to be achieved through investment in both new technology and the Group's infrastructure.

Furthermore, the acquisitions of PAC and Teletechnicom in 1996 and the ongoing investment in the joint venture companies, were to be funded out of the Group's cash and borrowing facilities.

However, this year has actually been one of transition, both within the Group and in our various markets. Managing this transition, developing new products and bringing them to market has absorbed significant overhead and management time. This has affected the operating performance of the Group. However, these issues have been tackled and, as detailed below, we have implemented a number of changes which we believe will place the Group on a firm footing to move forward with confidence.

### New divisional structure

Although over the last decade our strategy of building our time and communications businesses as separate UK divisions has worked well, the Group recognised the need for a strategic change.

A strategic review was carried out earlier this year. Its objective was twofold, firstly to streamline the operating companies to provide a greater strategic focus and, secondly to allow us to concentrate our resources on those areas of the business which offer the greatest potential for future growth.

The Group has therefore reorganised its operating companies into five new divisions, with the senior management of the operating companies changing to reflect the new structure.

The new divisions are Time and Security, TV Signal Distribution, Radio Communications, Access Control and Integrated Software Systems. They are summarised below.

• The Time and Security Division is responsible for the Group's rental and maintenance portfolio, both in the UK and South Africa and for managing the Group's UK direct sales for time and attendance, car parking systems, public address and fire alarm products.

In Southern Africa, T R Services (Pty) Ltd markets a similar product portfolio, together with sales of PABX telephone systems.

• The TV Signal Distribution business manages our long term rental and maintenance contracts for the distribution of TV signals from satellite and master antenna systems, mainly in the Local Authority and MOD housing sectors.

• The Radio Communications Division has been formed to take advantage of the growing opportunities in mobile data and on site communications.

The radio paging manufacturing, research and development facility in Exeter, the UK and export sales of radio paging, mobile alarms, radio nurse call and DECT products together with the businesses of Teletechnicom in Holland and Databip in France, have all been brought together within this division.

• The Access Control Division comprises the indirect sales businesses of PAC International Ltd and the Paisley based Blick Door Entry Ltd. PAC is a vertically integrated business with its research, development and manufacturing base in Bredbury from where its sales, marketing and customer support are also managed.

• Integrated Software Systems Division includes our Local Government software development activities and our integrated time, access and human resource management software systems. The latter is carried out through our joint venture company ABI (Europe) Ltd. The other companies in our joint venture with the Amano Corporation of Japan are included in the division, but are accounted for as associate companies.

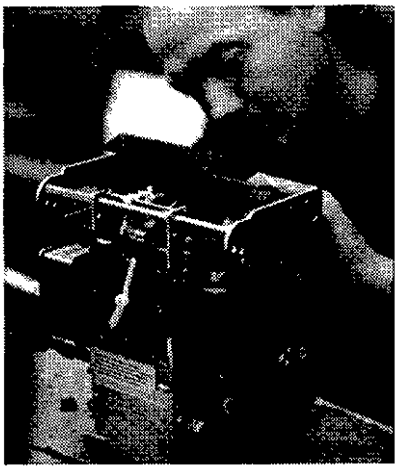
## Review of operations

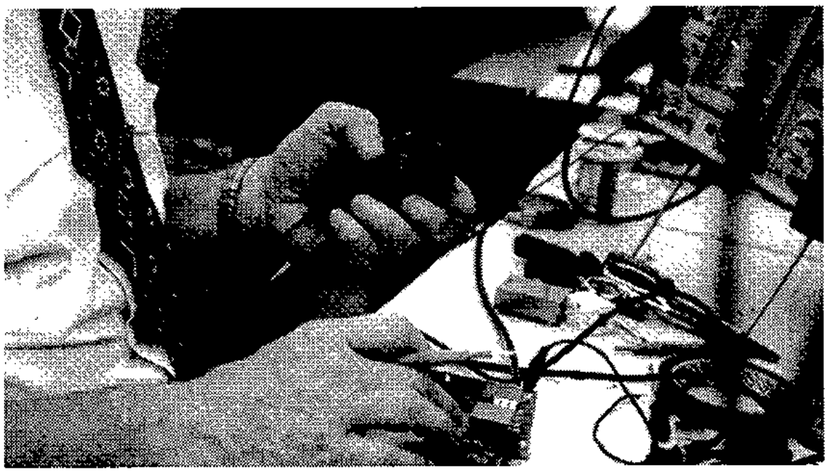
**Group:**
**Turnover £75m (1996: £64m)**
**Profit before tax £12.9m (1996: £15.3m)**
**Operating cash inflow £20.2m (1996: £11.9m)**

Group turnover has increased due to the inclusion of Teletechnicom for the first time and PAC International for a full 12 months. Whilst there have been changes within our product portfolios during the year, underlying sales have been similar to last year. Our longer term customer base revenues have increased by 4% in the UK; these have more than offset the effect of currency translations on our revenues in South Africa.

The net cash inflow from operating activities was £20.2m compared with only £11.9m in 1996 when we invested heavily in the working capital of our acquired businesses. This year's level of cash flow also exceeds the £19.9m achieved in 1995.

The Group's net debt has been reduced by £8.7m during the year, after increased capital expenditure and a continuing programme of investment into our rental portfolio.





Time and Security

Turnover £41.2m (1996: £43.8m)
Profit before tax £8.6m (1996: £9.6m)

During the year we saw a significant decrease in the demand for low to mid range time recording equipment. This decline had an adverse impact on the first half year's results. The second half saw a better performance particularly from computerised time systems and car parking system installations.

In effect, the market has polarised between either Windows based computer systems or functional time recorders. Therefore, in April we launched a new product, Astrow, our mid-range Windows time and attendance system. Initial customer response was enthusiastic and a high level of demand has continued. Sales are being made equally to both new users and to existing customers who wish to upgrade their installations.

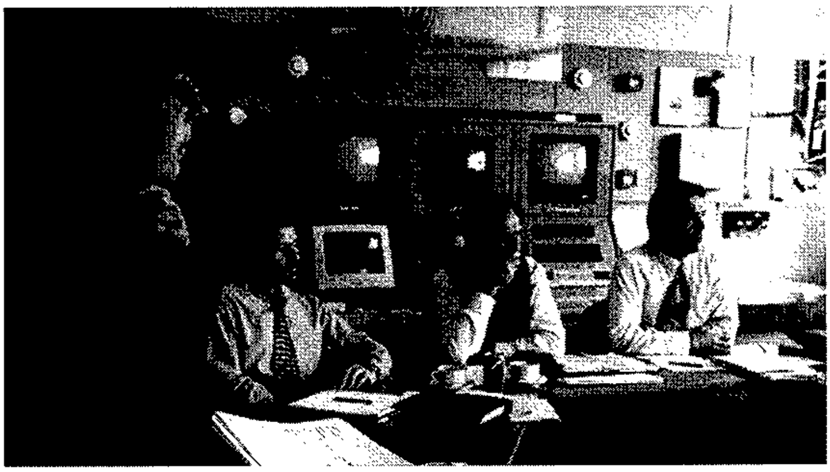
The car parking systems business showed good growth this year, in part due to contracts with two leading national supermarket chains. Our suppliers, Amano, have developed a new product range for parking equipment and we expect to do well with this new range as soon as it becomes available in 1998.

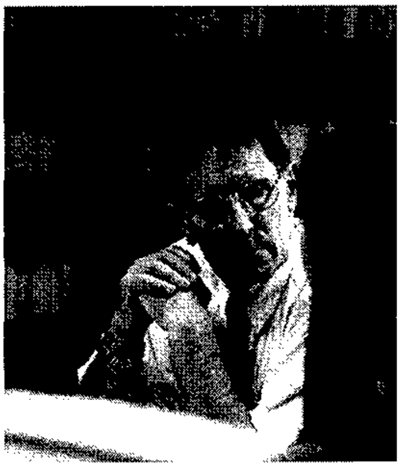
We also strengthened our security product portfolio this year by launching a radio-based fire alarm system and an integrated fire and voice evacuation system.

Our National Call Centre has been brought on line, which allows us to communicate with our engineers using mobile data communications throughout the country. We have invested over £0.6m this year in setting up this new computer based system. We have equipped 150 of our engineers with two-way messaging mobile data terminals. This investment will enable us to reduce our operating costs, whilst at the same time provide improved levels of service to our customers.

Help desks have also been established to support our growing software user base. These provide our customers with general assistance and remote site diagnostics.

In South Africa TR Services (Pty) Limited has performed well with profits above budget. Their PABX business performed well and in addition several large contracts were won for time and access control systems. We are confident that this business will continue to grow whilst utilising its own resources and make a good contribution to the Group.





### TV Signal Distribution

Turnover £6.4m (1996: £5.3m)
Profit before tax £2.9m (1996: £3.2m)

This division has benefited from the launch of Channel 5 which has provided us with significant opportunities to upgrade our customer base. This has allowed us to re-equip several large rental contracts and extend them for longer terms. This division should continue to benefit from this work next year. However, although its cash flow will increase, it will suffer higher depreciation charges than at present.

### Radio Communications

Turnover £15.2m (1996: £7.5m)
Profit before tax £0.5m (1996: £1.4m)

The results of this division have been impacted by the losses of Teletechnicom in Holland. This business has been restructured during the second half of the year. Completion of the work in progress taken over at the time of the acquisition has proceeded well during the year. Some six large contracts are in the final stages of installation.

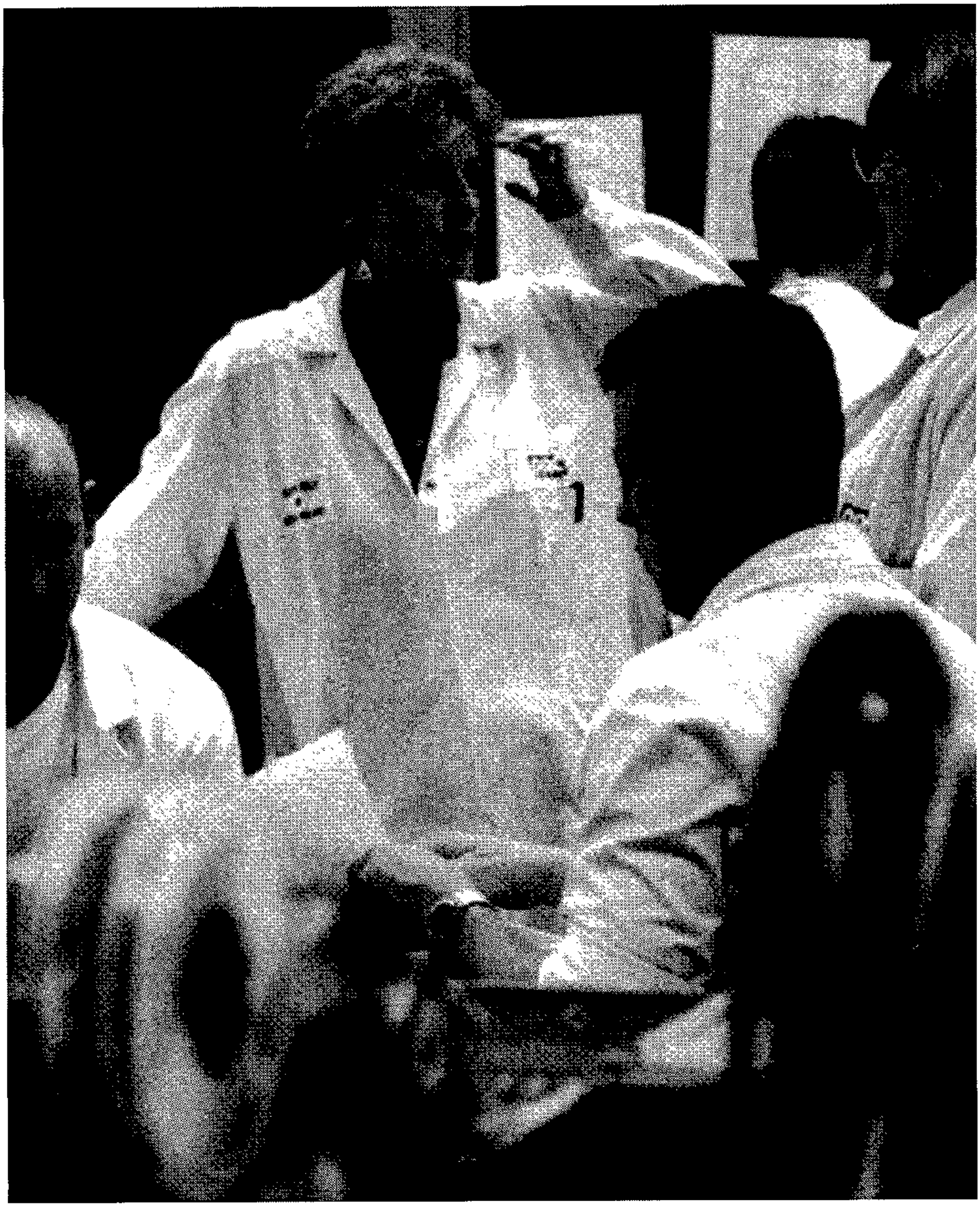
The inflow of orders has matched the budget and the business is trading profitably. The Dutch Ministry of Justice's expenditure plans have been announced and Teletechnicom is confident of winning a satisfactory share of that business.

A new Managing Director has been appointed, costs have been reduced and management controls are being improved, all of which should return Teletechnicom to a growing, profitable business.

The European market for radio paging is declining, although still of significant value. Our market share has been maintained despite increasing price competition.

The launch of our first cordless telephone system based on DECT technology took place towards the end of the year. This product has been well received in our UK and export markets. Demand for cordless telephony is projected to grow rapidly. Although DECT is a threat to traditional on-site paging, we plan to integrate our paging products within the DECT handset and are confident that this will safeguard our paging business.

In August, we introduced Minder 2, our latest radio paging location and alarm system. This is an updated version of our original Minder product and it has been improved to meet the latest Home Office specifications for prisons and secure units.



Earlier this year, we identified the opportunity to apply our lone worker paging technology to mobile alarms and two-way data systems. We have already completed the development of a range of products that will operate on the national data networks. This has generated strong interest from a number of national maintenance and service companies as well as from the Health Sector.

This newly formed division has a strategic objective to launch and develop new radio based products and we see this as an exciting area of growth for the Group.

## Access Control

Turnover £10.7m (1996: £5.9m)
Profit before tax £1.6m (1996: £1.1m)

PAC International Ltd continues to produce an excellent performance. This year turnover increased by nearly a third, on a like for like basis. This growth has been fuelled by substantial increases in export sales which now account for 40% of turnover.

During the year contracts have been won across a whole range of security applications, from the centralised security monitoring of 40 remote electricity sub-stations to a complex access control system for a major charter airline.

PAC's certification as an Investor in People was reconfirmed last year and they continue to host events for the DTI's Insider UK Enterprise Scheme.

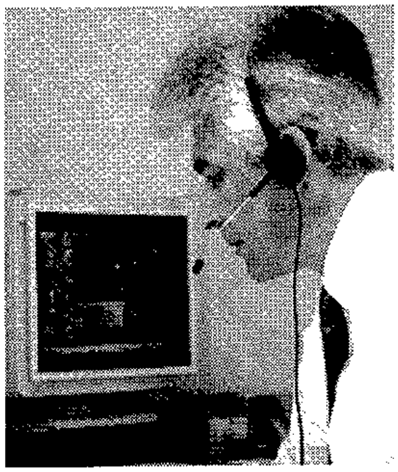
The successful exporting of access control equipment has been based upon a strong and well-targeted marketing strategy. Documentation and software for access products are available in six different languages and exhibitions have been staged in Moscow and Budapest, in addition to other European cities. New agreements have been signed with distributors in France and Spain as part of our drive to expand European sales.

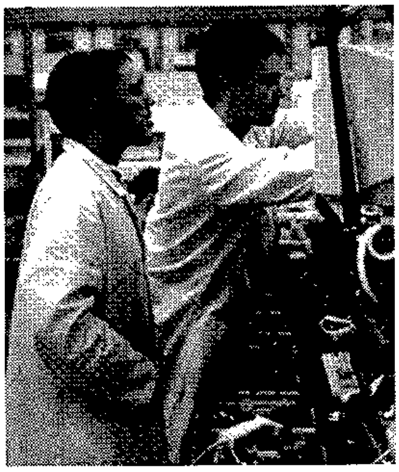
PAC has recently re-signed its long-term agreement with its US partner, Radionics, which continues to distribute PAC's Access Control products throughout North America, China and Australasia.

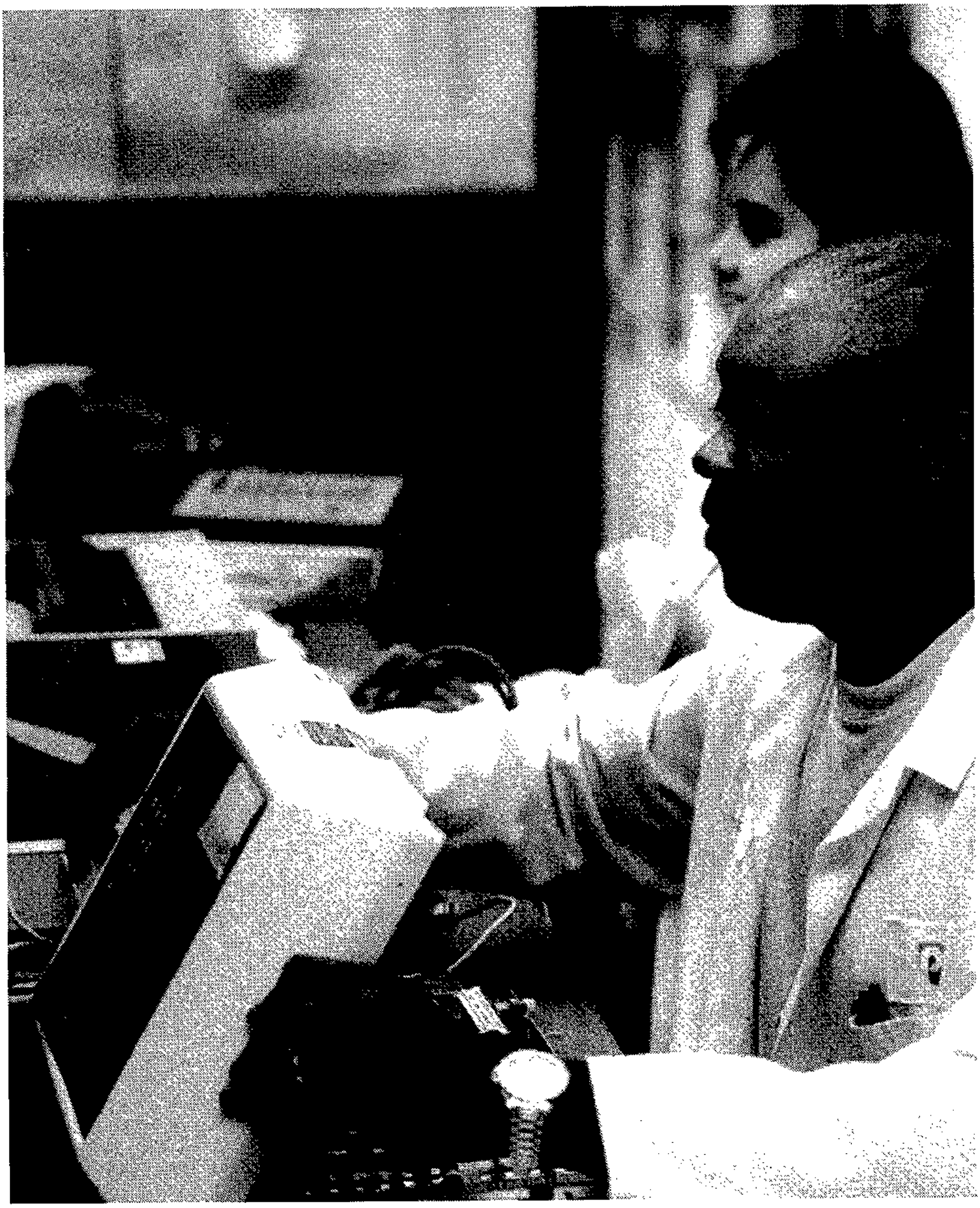
## Integrated Software Systems

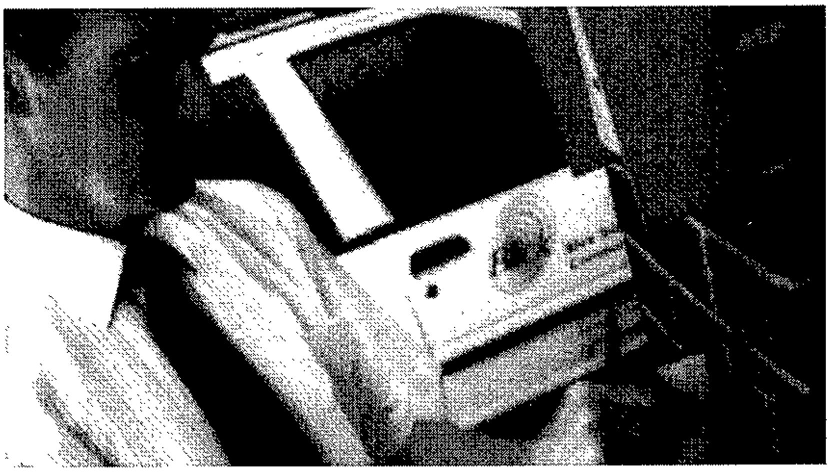
Turnover £1.6m (1996: £1.4m)
Loss before tax £0.7m (1996: £nil)

In last year's review, we announced the formation of ABI (Europe) Limited, together with ABI Inc, our worldwide joint venture with the Amano Corporation of Japan. The objective of ABI (Europe) was to launch a comprehensive Windows package and redesigned hardware into the high end European systems market.









A significant investment in the marketing and technical groundwork has now been made. The development of improved hardware and software was completed on time and they have now been launched into the European and North American markets.

Considerable progress has been achieved in the UK market and the first orders for systems have been installed. Activities in other European countries are well underway and this division is well positioned to generate good sales next year.

The division has also continued to supply the TAMS II computerised time system.

### Research and Development and capital expenditure

R&D costs (including associates in 1997) £1.4m (1996: £1.1m)
Capital Expenditure £2.2m (1996: £1.6m)

This year considerable emphasis has been placed on three areas of development. These are:

- Radio based products
- Integrated T&A, Access and workforce management Windows software systems.
- Access Control integrated Windows products.

The Group has continued to invest in software development, which is now driving an increasing number of our products. In today's competitive market, the quality of the software determines the success of our product sales.

Capital expenditure was higher this year because we replaced the surface mount machines in both the Exeter and Bredbury factories, greatly improving their capacity and capability.

Significant investment continues to be made in computer equipment to support our Sales and Engineering staff across the Group.

### Staff

As at 30 September 1997:
1,062 employees (1996: 1,106)

This period of transition has brought its difficulties but the response of our staff, across the whole Group, has been very supportive. Their contribution to the process of strengthening the Group and in developing our new products is much appreciated.

Training and Management development initiatives are continuing throughout the Group. I would like to reinforce the comments made by the Chairman in his report and thank all staff for their hard work and enthusiasm.

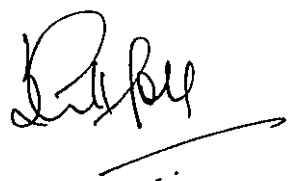
### Conclusion

This last year has been a period of transition for the Group. The task to combine the previously separate rental and maintenance businesses is well underway and will soon be completed.

We will continue to evolve into a more broadly based European business, whilst exploiting those opportunities created by our global alliance with the Amano Corporation of Japan. We have identified scope for growth in the high-level systems markets and are well positioned to develop all of our businesses to take advantage of this.

We will invest in the future through capital and development expenditure, whilst carrying out a programme of new product launches.

These actions and the planned growth of the business are aimed at restoring shareholder value and securing the future progress of the Group.



Ian Scott-Gall Chief Executive
15 December 1997

# Financial review

## Turnover for the year increased by 17% of which 5% was generated organically from existing businesses and 12% arose from acquisitions during the period.

### Results

Turnover for the year increased by 17% of which 5% was generated organically from existing businesses and 12% arose from acquisitions during the period. The gross margin of 48.3% generated from existing businesses was slightly lower than the 49.3% achieved last year.

Operating profit for the year from existing businesses of £14.7m was lower than last year, reflecting the weaker trading conditions experienced in the UK Time and Security business.

The negative contribution from acquisitions in the year, part of which was anticipated in the ABI joint venture, reduced the overall operating profit for the year to £14m.

Net interest payable was unchanged at £1m reflecting the interest cost of the cash used to finance acquisitions and investments. Profit before tax for the year fell by 16% from £15.3m to £12.9m.

The Group generated a net cash inflow from operating activities of £20.2m for the year compared to £11.9m last year.

This strong cash generation reflects the underlying strength of the core rental businesses and the tight management of working capital.

By the end of the financial year Group debt had been reduced by £10.2m. After payment of corporation taxes of £3.9m, dividends of £4.3m and capital expenditure of £2.2m, the net cash flow for the year was £8.7m.

Earnings per share for the year, on a full tax charge, of 29.08p were down by 13% on last year's 33.41p. Dividends are still covered more than two times and with the Group's strong generation of cash the dividend for the current year has been maintained at 14.0p, the same level as last year.

### Accounting policies

The Group's accounting policies are set out on pages 28 and 29. Over recent years there has been an acceleration in the number of accounting standards and exposure drafts being issued on the reporting of financial results. It is the Group's policy to implement revised accounting standards and recommended practice contained in exposure drafts at the earliest practicable opportunity.

Where financial reporting standards have not yet come into operation for the reporting period covered by these financial statements recognition of the intent of the standards has been followed in this report. The disclosure requirements in respect of financial instruments and derivatives is mainly applicable to the Group in respect of its portfolio of rental contracts which continue to be accounted for as finance leases. These have been accounted for in accordance with SSAP21 but full disclosure as a financial instrument has not been made as we believe this is neither appropriate to the business nor meaningful to shareholders.

Capital structure and dividend policy

It is the Group's policy to maintain a suitable capital base to support its medium term business plans. The Group recognises that from time to time it may be appropriate for the Company to repurchase its own shares and authority to do this has been obtained from shareholders for up to 5% of the Company's issued share capital.

The Group has followed a dividend policy of increasing dividends in line with increases in earnings, whilst maintaining adequate cover. Particular reference is made to the Group's cash position and cash generation potential.

The Group's objective is to increase dividends at a sustainable rate commensurate with the growth of the business.

Balance sheet

The Group's balance sheet reflects the effects of working capital control with reductions in stock levels and debtor levels over the period.

The net investment in finance leases now stands at £40m and this investment is covered by forward contracted income of £157m. The value of rental contracts are shown in the balance sheet at cost less amortisation. The Group's rental statistics are set out on page 45. These show the consistency of the rental database and the conservative valuation of contracts in the balance sheet.

During the year shareholders' funds have been reduced by the write-off of goodwill arising on the acquisition of our Dutch subsidiary Teletechnicom . In addition in accordance with our accounting policy on intangible assets we have written off to reserves £1.6m of goodwill representing the cost of the computer software products of our newly acquired associated companies.

In accordance with our accounting policies no value has been attributed to computer software in the balance sheet notwithstanding their real commercial value.

Cumulative goodwill written off to reserves amounts to £58m (1996: £54m).

## Capital expenditure

Capital expenditure is subject to evaluation and normal discounted cash flow assessments. Each project is reviewed individually and appropriate financing put in place in line with overall group capital and financing plans.

## Treasury

It is the Group's policy to avoid speculation on interest rate and exchange rate movements. However, where appropriate, future liabilities and transactions are hedged in order to limit the Group's exposure. During 1997, the Group's borrowing rates were set at various times under fixed rate agreements through our banking syndicate in order to avoid any adverse impact from interest rate increases.

Borrowing facilities are maintained at a level sufficient to provide flexibility for our operations but without incurring the excessive costs of unused facilities. The current syndicated facility of £20m expires in April 1998 and replacement facilities have been negotiated.

Working capital facilities for overseas subsidiaries have been arranged with local banks without recourse to the holding company. The UK subsidiaries continue to be net generators of cash which has been used to repay the corporate debt incurred for business acquisitions.

The profile of the Group's cash flow is such that the first half of the financial year has a substantial net inflow, arising in the main, from the collection of annual rentals due on 1 January each year. The second six months remains broadly neutral in operating cash flow but corporation tax payments and two dividend payments give rise to a net cash outflow.

At the balance sheet date, gearing stood at 60% of shareholders' funds but this should be reduced to around 10% at the end of March and subject to there being no further major investments we expect gearing to be around 40% at the end of September 1998.

## Taxation

The Group has achieved a tax rate for the year of 32%. The UK corporation tax rates changed during the period from 33% to 31%. The effective tax rate has not been unduly influenced by the level of profits or losses arising in the overseas operations.

# At the balance sheet date, gearing stood at 60% of shareholders' funds but this will be reduced to around 10% at the end of March and should be about 40% at the end of September 1998.

The Group has provided for deferred tax on the liability method and it is expected that the Group will incur a taxation charge in the forthcoming years of about 32%. In 1996 the earnings per share were calculated on the FRS3 basis and also on the basis of a full taxation charge. In the current year the calculation of earnings per share is the same both under FRS3 and a full tax charge basis. Accordingly, comparable earnings per share on a full tax charge basis are 29.1p in 1997 and 33.4p in 1996.

## Risk management

It is Group policy to limit the financial consequence of normal business risks through insurance and treasury activities. We pursue an active policy of risk management with a degree of self insurance where we have the relevant experience. This relates particularly to computer equipment maintenance, motor vehicle insurance and medical insurance for staff.

As part of the Group's regular activities business risks are assessed and evaluated in line with our general risk management and insurance programme. The Group's overall approach to managing these exposures is to be risk-averse on a cost effective basis.

## Information technology and internal systems

The year 2000, or Millennium problem, has been addressed by the Group and both our internal computer systems and systems sold to our customers have been evaluated to assess the impact of possible software deficiencies in coping with the change to the year 2000. We are actively amending internal systems and we have a review system to ensure that computer systems on rental with our customers are capable of operating effectively through the Millennium change. It is expected that the Group will have incurred additional costs of some £400,000 in respect of the 'Millennium' issue in the years leading up to 2000.

We continue to exploit developments in PC technology for information processing and portable data applications but the core systems for rental administration and customer service utilise IBM AS400 technology. During the year further modules of the Customer Service System were introduced, including the use of mobile data communications, and the rewrite of the UK rental system was completed.

As computer systems now form a critical integrated part of the business process we are increasing our efforts to ensure that our disaster recovery systems and procedures are adequate. We have introduced independent reviews of internal controls to supplement existing review procedures.

The development of cost effective and reliable systems remain a key objective for the Information Technology function within the Group.

## Conclusion

We will to continue to review our financial reporting and communication with shareholders, customers, suppliers and employees. Our objective is to achieve the highest standards of financial reporting to encourage a better understanding of the financial and commercial performance of the Group. To enable us to achieve this objective we continue to seek to recruit and retain employees of high calibre in all areas of financial control, financial accounting and reporting.

Michael Lee Finance Director
15 December 1997

# Directors and advisers

## Directors

Alan Elliot MA
Chairman (60)
Graduated from Christ Church, Oxford in 1958. After a period with Metropole Industries he was made Managing Director of Dufay Limited in 1963. He was appointed a Non-Executive Director of Blick in 1963, an Executive Director in 1966 and became Executive Chairman in 1971. In March 1997 he retired as Executive Chairman and remains Chairman of the Board.

Ian Scott-Gall BSc FCA
Chief Executive (48)
Graduated from Manchester University in 1971. In 1974 he qualified as a Chartered Accountant and then joined Burmah Oil in Group Management Accounts, progressing to finance manager of the investment division. He joined Blick in March 1984 and became Finance Director in July 1984. He was appointed Managing Director in July 1988 and Chief Executive in March 1997.

Michael Lee CA(SA) CA
Finance Director (46)
Qualified as a Chartered Accountant in 1975 and worked in the pharmaceutical, computer and electronic industries in South Africa before coming to the UK and joining Equipu plc as Finance Director in February 1986. He joined Blick on 1 November 1988 as Finance Director.

Colin MacInnes TD MA FCIS
Director and Company Secretary (59)
Graduated from Trinity College Cambridge in 1961 and qualified as a Chartered Secretary. He was previously with I.C.F.C and subsequently with Slater Walker Securities as a Director and Company Secretary. He acted as a Financial and Management Consultant before joining Blick in March 1986 as a Director and Company Secretary.

Grahame Purvis BA
Commercial Director (46)
Graduated from University of Kent in 1973. Gained his experience in marketing at BP and then Distillers Company Plc before joining Mercury Communications in 1986. He became a Director in 1990 and was appointed to the Group Executive Committee in 1992. Grahame joined Blick in January 1997 as Group Commercial Director. He is also a Non-Executive Director of LSI Plc.

Christopher Eugster ‡#
Non-Executive Director (56)
After qualifying as a Chartered Accountant he joined Kleinwort Benson in 1970 and became a Director in 1975. In 1991 he left Kleinwort Benson to become a Founder Director of Cardew & Co Limited. He was appointed a Non-Executive Director of Blick in January 1991. He is Chairman of the Audit Committee.

John Newman ‡#
Non-Executive Director
Deputy Chairman (67)
He has had many years experience in industry principally as Chairman and Chief Executive of a wholly owned subsidiary of the Rugby Group. He is a Director of a number of other companies. He was appointed a Non-Executive Director in May 1988. He is Chairman of the Remuneration Committee and he was appointed Deputy Chairman in April 1997.

Anthony Simonds-Gooding ‡#
Non-Executive Director (60)
He was previously Group Managing Director of Whitbread Plc, Chairman and Chief Executive Officer of Saatchi Communications Worldwide and Chief Executive Officer of British Satellite Broadcasting. He is currently a Non-Executive Director of several public and private companies and is a trustee for MacMillan Cancer Relief. He was appointed a Non-Executive Director of Blick in April 1997.

## Advisers

Auditors
Price Waterhouse
31 Great George Street
Bristol BS1 5QD

Solicitors
Clifford Chance
200 Aldersgate Street
London EC1A 4JJ

Clark Holt
1 Sanford Street
Swindon Wiltshire SN1 1QQ

Stockbrokers
Merrill Lynch International
20 Farringdon Road
London EC1M 3NH

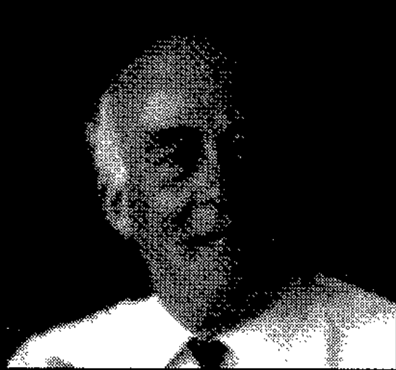
Bankers
The Royal Bank of Scotland plc
62/63 Threadneedle Street
London EC2R 8LA

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

Registrars
The Royal Bank of Scotland plc
PO Box 435
Owen House
8 Bankhead Crossway North
Edinburgh EH11 4BR

‡ Member of the Audit Committee
# Member of the Remuneration Committee

From top row, left to right:
Alan Elliot, Ian Scott-Gall,
Michael Lee, Colin MacInnes,
Grahame Purvis, Christopher Eugster,
John Newman and
Anthony Simonds-Gooding.



# Directors' report

The Directors of Blick plc have pleasure in submitting their annual report and accounts for the year ended 30 September 1997.

## Group activities

Blick plc is the holding company of the Blick Group and provides strategic direction to the Group as well as management and support services to its subsidiary companies.

The principal activities of the Group are the design, manufacture, sale and maintenance of electronic equipment and integrated systems for local communications, employee information and security applications.

The Group conducts its business through subsidiary companies within a structure of five divisions. The activities of the business are more fully set out in the Chief Executive's review.

Market and product development is carried out throughout the Group.

## Results

The Group achieved a profit on ordinary activities before taxation for the year of £12,864,000 (1996: £15,340,000), earnings per share were 29.08p (1996: 36.94p). A review of the results for the year and the prospects for 1998 are more fully set out in the Chairman's statement on pages 2 and 3 and in the Chief Executive's review on pages 4 to 11.

## Dividends

The Directors recommend a final ordinary dividend of 9.5p per share. It is proposed that the final dividend be paid on 1 April 1998 to shareholders on the register on 27 February 1998.

An interim dividend of 4.5p per share was paid on 3 September 1997 to shareholders on the register on 15 August 1997. The total dividends declared and proposed in respect of the year amount to £4,343,000 (1996: £4,331,000).

## Annual General Meeting

The notice of the Meeting to be held on Wednesday 4 February 1998, is set out on pages 47 and 48.

## Share capital

Resolutions will be proposed at the Annual General Meeting to renew for a further year the Directors' authority to allot ordinary shares of the Company, and to renew for a further year the Directors' authority to allot equity securities for cash other than to existing shareholders on a pro-rata basis. A resolution will also be proposed to renew the authority to purchase a proportion of the Company's shares. An explanation of this Special Business is given in the accompanying notice of the Annual General Meeting.

## Research and development

Continuing research and development is undertaken throughout the Group in order to maintain and enhance the Group's market share in the products which it manufactures.

## Payment of suppliers

It is Blick's payment policy for the year ending 30 September 1998 to follow the Confederation of British Industry (CBI) Code of Practice on supplier payments. The Company agrees payment terms in advance with individual suppliers and abides by these terms. Information about the Code and copies thereof may be obtained from the CBI at Centre Point, 103 New Oxford Street, London WC1A 1DJ. The Group's average number of days purchases outstanding in respect of trade creditors at 30 September 1997 was 26 days (1996: 26 days) and that of the Company was 26 days (1996: 29 days).

## Directors and their interests

The Directors of the Company who served during the financial year are shown on page 16.

Mr C A A P Eugster, Mr J F Newman and Mr A J J Simonds-Gooding are members of the Remuneration Committee and the Audit Committee.

Mr I Watkins retired from the Board on 31 December 1996 and Mrs T L W Elliot retired from the Board on 9 April 1997.

Mr M J Lee, Mr C D MacInnes and Mr J F Newman retire by rotation and, being eligible, offer themselves for re-election.

Mr A J J Simonds-Gooding was appointed a director of the Company on 9 April 1997 and, having been appointed since the last Annual General Meeting and being eligible, offers himself for re-election.

The interests of the Directors in the 5p ordinary shares of the Company are shown in note 22 on page 41.

## Material interest in contracts

There were no contracts in which any Director of the Company had a material interest.

## Major shareholdings

At the date of this report, the following shareholders have informed the Company that they have a "notifiable interest" for the purposes of the Companies Act 1985 in the ordinary shares of the Company. A "notifiable interest" is an interest of 3% or more or, in the case of persons authorised to manage investments belonging to others, 10% or more:

| | Number of ordinary shares | % |
|---|---|---|
| FMR Corp and Fidelity International Ltd and subsidiaries | 1,930,000 | 6.22 |
| The Equitable Life Assurance Society | 995,832 | 3.23 |

So far as the Directors are aware no other shareholder, apart from the Directors, has a notifiable interest in the ordinary shares of the Company as at the date of this report.

## Employees

The Group continues to keep employees informed on matters affecting them as employees by way of in-house magazines, circulars and staff meetings.

It is the policy of the Group to offer to disabled persons, having regard to their particular abilities, the same training, career development and promotion prospects as are available to other employees.

The Group actively encourages the promotion of safe working conditions and procedures and the development of practices which secure and enhance the health and welfare of employees at work.

## Employee share schemes

As set out in the Report of the Remuneration Committee, the Group operates employee share schemes for the benefit of employees and Directors. During the year the following options were granted over the ordinary shares of Blick plc:

| | Number of ordinary shares | Exercise price |
|---|---|---|
| The Blick Sharesave Scheme 1992 | 83,406 | 370p |
| The Blick 1996 Executive Share Option Scheme | 30,700 | 245p |

Awards over 90,203 ordinary shares have been made by the trustee of the ESOP under the Blick 1996 Long Term Incentive Plan dependent upon certain performance targets being met.

Share options granted under the Blick 1996 Executive Share Option Scheme may only be exercised if certain performance targets are met.

The performance targets are set out in the Report of the Remuneration Committee on page 20.

## Political and charitable donations

The Group contributed £2,757 (1996: £3,669) for charitable purposes in the UK during the year. No political donations were made.

## Environmental policy

The Blick Group has made a commitment to protect and enhance the environment by developing innovative solutions to environmental issues that may arise through its products, operations or business activities.

## Compliance with the Code of Best Practice for Corporate Governance

A statement of compliance with the Code and on internal controls is set out on pages 21 and 22.

## Auditors

A resolution for the reappointment of Price Waterhouse as the Group's auditors and authorising the Directors to fix their remuneration is to be proposed at the Annual General Meeting.

## Going concern

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

## Post balance sheet event

On 1 October 1997 the businesses of Blick Time Systems Ltd and Blick Telefusion Communications Ltd were merged and rearranged. The principal operating subsidiaries are set out in note 25 on page 44. There are no exceptional costs arising from this reorganisation.

## Close company

The Directors consider that, on the information available, the Company is not a close company as defined by the Income and Corporation Taxes Act 1988.

## Approval of report

This report was approved at a Directors' meeting held on 15 December 1997.

By order of the Board

Colin MacInnes Secretary
15 December 1997

# Report of the Remuneration Committee

The Remuneration Committee is constituted in accordance with the Code of Best Practice set out in the Greenbury report. The Committee is comprised entirely of Non-Executive Directors and the Chairman is Mr J F Newman.

The terms of reference for the Committee are to determine the Group's policy on executive remuneration and to consider and approve the remuneration packages for executive Directors subject to ratification by the Board. The Board determines the Group's policy on Non-Executive Directors' fees.

The Group's remuneration policy aims to ensure that executive Directors are fairly rewarded for their individual contributions to the Group's overall performance. The Committee is responsible for recommendations on all elements of Directors' remuneration including in particular, basic salary, annual bonus and long term incentive plans.

## Basic salary

The basic salaries of executive Directors are reviewed annually having regard to individual performance and are intended to be competitive but fair using information provided from both internal and external sources. The performance related annual bonus forms an integral part of the level of basic remuneration considered appropriate by the Remuneration Committee.

## Performance related annual bonus

The percentages of basic salary for annual bonuses are set by the Committee and are directly related to growth in earnings per share. A maximum bonus of 40% of basic annual salary may currently be awarded. This performance related bonus constitutes pensionable remuneration.

## Employee share schemes

The Group operates the following employee share schemes:

The Blick Sharesave Scheme 1992 is a Save-As-You-Earn share option scheme which is approved by the Inland Revenue. This scheme is open to all Directors and staff in the United Kingdom with more than one year's service and who open an approved savings contract. Inland Revenue rules limit the maximum amount that can be saved to £250 per month. Options can normally be exercised after three or five years. The exercise price is based on the market value of the shares and may be discounted only by a maximum of 20% in accordance with the Inland Revenue rules. Details of the options subscribed for by each Director under this scheme are set out in note 22 on page 42.

The Blick plc Group Share Option Scheme is an Inland Revenue approved Executive Share Option Scheme. This scheme was set up in 1986. No options have been granted under this scheme since 20 December 1995. Options already granted may still be exercised in accordance with the terms of the scheme. Options were granted at the discretion of the Remuneration Committee to executive Directors and staff based on a price not less than the market price. Options can be exercised between three and ten years after the date of grant. Existing options held by Directors over ordinary shares are set out in note 22 on page 42.

The Blick 1996 Executive Share Option Scheme is partly approved by the Inland Revenue. Share options may only be exercised if certain performance targets are met. The Remuneration Committee sets appropriate performance targets whenever options are granted under this scheme. The current performance criteria are based on growth in the Company's earnings per share over any three year period and requires the growth in earnings per share to outstrip inflation by at least 9% in aggregate over that period. It is not intended that further share options be issued to the Directors under this scheme, except under exceptional circumstances.

The Blick 1996 Long Term Incentive Plan is operated in conjunction with the Blick 1996 Employee Share Ownership Plan (the "ESOP"). Under the terms of the scheme the trustee of the ESOP may award to certain senior executives within the Group the right to receive free shares dependent upon certain performance targets being met. The performance criteria are recommended to the trustee by the Remuneration Committee. The current minimum performance criteria in respect of the awards made to date require growth in earnings per share of at least 9% over inflation over a three year period, with awards vesting in full where growth in earnings per share of 27% in excess of the rate of inflation is achieved over the same three year period.

## Pensions

Executive Directors may participate in the Group pension scheme which provides a pension of up to two-thirds of salary on retirement depending on service and Inland Revenue approved limits. Details of Directors' pension benefits are set out in note 21 on page 41.

## Other benefits

The Committee aims to provide an objective and independent assessment of all benefits granted to Directors.

## Service contracts

Directors' service contracts have notice periods which vary between twelve months, eighteen months and two years in recognition of their key roles within the Group.

# Corporate governance

The Cadbury Report on the Financial Aspects of Corporate Governance, published on 1 December 1992, includes a Code of Best Practice ("the Code"). All companies incorporated in the United Kingdom and listed on the Stock Exchange are now required to state in their Annual Report and Accounts whether or not they have complied with the Code.

The Board of Directors of Blick plc consists of the Chairman, four executive and three non-executive Directors. None of the Non-Executive Directors participates in any of the Group share option schemes, and their remuneration is not pensionable by the Group. These Directors do not have fixed term service contracts as they are of the opinion that this would impede the proper execution of their duties. The reappointment of all Non-Executive Directors is reviewed by the Board as a whole in each year. They are also subject to retirement and re-election by shareholders in accordance with the Articles of Association at least once every three years as are the executive Directors. Executive Directors have service contracts which have varying notice periods. Mr I H Scott-Gall's service contract has a notice period of two years. Mr M J Lee's service contract has a notice period of eighteen months and Mr A C Elliot, Mr C D MacInnes and Mr G R Purvis have service contracts with notice periods of twelve months.

The Board meets regularly throughout the year, usually monthly, to discuss all matters specifically referred to it. These are principally to review and approve corporate plans, budgets and financial forecasts, management accounts and major capital investment and acquisition plans. The appointment of directors throughout the Group and the Group's policies on health, safety and environmental issues are all decided by the Board.

Remuneration of all executive Directors is set by the Remuneration Committee. The Chairman is Mr J F Newman and the other members are Mr C A A P Eugster and Mr A J J Simonds-Gooding. Details of the Directors' remuneration is set out in note 21 on page 40 and in the Report of the Remuneration Committee on page 20.

The Audit Committee consists of Mr C A A P Eugster (Chairman), Mr J F Newman and Mr A J J Simonds-Gooding.

## Statement of compliance

The Board believes that it has been in compliance with the Code for the whole of the financial year.

# Internal controls

Guidance for Directors on reporting on internal controls was issued in December 1995 and is effective for the year ended 30 September 1997.

The Directors are responsible for ensuring that the Group maintains a system of internal financial controls, including suitable monitoring procedures. The system is designed to ensure the maintenance of proper accounting records and the reliability of the financial information used within the business or for publication, but any such system can only provide reasonable, and not absolute, assurance against misstatement or loss of assets.

The Group's internal financial control and monitoring procedures include:

1) clear responsibility on the part of line and financial management for the maintenance of good financial controls and the production of accurate and timely financial management information;
2) the control of key financial risks through clearly laid down authorisation levels and appropriate segregation of accounting duties;
3) detailed monthly budgeting and reporting of trading results, balance sheets and cash flows, with regular review by management of variances from budget;
4) reporting on compliance with internal financial controls and procedures by appropriate personnel and (for the year end) by external auditors. These reports are reviewed by the Audit Committee prior to the issue of the annual accounts.

The Audit Committee has reviewed the system of internal financial controls for the period covered by the accounts.

# Directors' responsibilities for the preparation of financial statements

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

1) select suitable accounting policies and then apply them consistently;
2) make judgements and estimates that are reasonable and prudent;
3) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
4) prepare the financial statements on a 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 financial statements 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.

# Auditors' report

To the members of Blick plc

We have audited the financial statements on pages 24 to 44 which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and the accounting policies set out on pages 28 and 29.

## Respective responsibilities of Directors and auditors

As described on page 22, 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 of the Group as at 30 September 1997 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**

Chartered Accountants and Registered Auditors
31 Great George Street, Bristol BS1 5QD
15 December 1997

# Report by the auditors

To the Directors of Blick plc on corporate governance matters

In addition to our audit of the financial statements we have reviewed your statements on pages 19 and 21 concerning the Group's compliance with the paragraphs of the Code of Best Practice specified for our review by the London Stock Exchange and the adoption of the going concern basis in preparing the financial statements. The objective of our review is to draw attention to non-compliance with Listing Rules 12.43(j) and 12.43(v) if not otherwise disclosed.

## Basis of opinion

We carried out our review having regard to guidance issued by the Auditing Practices Board. That guidance does not require us to perform the additional work necessary to, and we do not, express any opinion on the effectiveness of either the Group's system of internal financial control or corporate governance procedures nor on the ability of the Group to continue in operational existence.

## Opinion

In our opinion, your statements on internal financial controls on page 22 and on going concern on page 19, have provided the disclosures required by the Listing Rules referred to above and are consistent with the information which came to our attention as a result of our audit work on the financial statements.

In our opinion, based on enquiry of certain Directors and officers of the Company and examination of relevant documents, your statement on page 21, appropriately reflects the Group's compliance with the other aspects of the Code specified for our review by Listing Rule 12.43(j).

Price Waterhouse.

**Price Waterhouse**

Chartered Accountants
31 Great George Street, Bristol BS1 5QD
15 December 1997

# Group profit and loss account

For the year ended 30 September 1997

| | Notes | 1997 £'000 | # Restated 1996 £'000 |
|---|---|---|---|
| Turnover | | | |
| Existing businesses | | 67,373 | 58,015 |
| Acquisitions | | 7,718 | 5,919 |
| | 1 | 75,091 | 63,934 |
| Cost of sales | 2 | (41,372) | (32,098) |
| Gross profit | | | |
| Existing businesses | | 32,562 | 28,584 |
| Acquisitions | | 1,157 | 3,252 |
| | | 33,719 | 31,836 |
| Distribution costs | 2 | (7,303) | (5,934) |
| Administrative expenses | 2 | (12,421) | (9,575) |
| Operating profit | | | |
| Existing businesses | | 14,702 | 14,760 |
| Acquisitions | | (707) | 1,567 |
| | | 13,995 | 16,327 |
| Interest receivable | | 65 | 101 |
| Interest payable | 3 | (1,109) | (1,088) |
| Share of profits less losses of associated undertakings | | (87) | – |
| Profit on ordinary activities before taxation | 3 | 12,864 | 15,340 |
| Tax on profit on ordinary activities | 4 | (4,142) | (3,977) |
| Profit on ordinary activities after taxation | | 8,722 | 11,363 |
| Minority shareholders' interest | | 280 | – |
| Profit for the financial year | | 9,002 | 11,363 |
| Dividends | 5 | (4,343) | (4,331) |
| Retained profit for the financial year | 16 | 4,659 | 7,032 |
| Earnings per share (FRS 3) | 6 | 29.08p | 36.94p |
| Earnings per share (full tax charge basis) | 6 | 29.08p | 33.41p |

# The 1996 comparative figures have been restated to reflect a reclassification of certain manpower costs from cost of sales to distribution costs and administrative expenses.

# Statement of total recognised gains and losses

For the year ended 30 September 1997

| | 1997 £'000 | 1996 £'000 |
|---|---|---|
| Profit for the financial year | 9,002 | 11,363 |
| Dividends | (4,343) | (4,331) |
| Retained profit for the financial year | 4,659 | 7,032 |
| Currency translation differences on foreign currency net investments | (381) | (574) |
| Total recognised gains and losses for the year | 4,278 | 6,458 |

# Note of historical cost profits and losses

For the year ended 30 September 1997

| | 1997 £'000 | 1996 £'000 |
|---|---|---|
| Reported profit on ordinary activities before taxation | 12,864 | 15,340 |
| Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount | 11 | 11 |
| Historical cost profit on ordinary activities before taxation | 12,875 | 15,351 |
| Historical cost retained profit for the year | 4,670 | 7,043 |

# Reconciliation of movements in shareholders' funds – equity

For the year ended 30 September 1997

| | 1997 £'000 | 1996 £'000 |
|---|---|---|
| Retained profit for the financial year | 4,659 | 7,032 |
| New share capital issued | 5 | 1,340 |
| Currency translation differences on foreign currency net investments | (381) | (574) |
| Goodwill written off | (3,856) | (14,226) |
| Net increase/(decrease) in shareholders' funds | 427 | (6,428) |
| Opening shareholders' funds | 23,618 | 30,046 |
| Closing shareholders' funds | 24,045 | 23,618 |

# Balance sheets

As at 30 September 1997

| | Notes | Group 1997 £'000 | Group 1996 £'000 | Company 1997 £'000 | Company 1996 £'000 |
|---|---|---|---|---|---|
| Fixed assets | | | | | |
| Tangible assets | 7 | 8,436 | 8,128 | 3,278 | 3,981 |
| Investments | 8 | 112 | 1,938 | 56,293 | 50,334 |
| | | 8,548 | 10,066 | 59,571 | 54,315 |
| Current assets | | | | | |
| Stocks | 9 | 7,728 | 9,564 | – | – |
| Debtors | 10 | 9,967 | 13,006 | 7,875 | 21,856 |
| Net investment in finance leases | 11 | | | | |
| due within one year | | 8,122 | 8,208 | – | – |
| due after more than one year | | 31,963 | 35,223 | – | – |
| Cash at bank | | 1,297 | 201 | 551 | 11 |
| | | 59,077 | 66,202 | 8,426 | 21,867 |
| Creditors (amounts falling due within one year) | 12 | (41,952) | (50,915) | (23,501) | (30,358) |
| Net current assets/(liabilities) | | 17,125 | 15,287 | (15,075) | (8,491) |
| Total assets less current liabilities | | 25,673 | 25,353 | 44,496 | 45,824 |
| Creditors (amounts falling due after more than one year) | 12 | (520) | (660) | – | – |
| Provisions for liabilities and charges | 13 | (1,373) | (1,075) | – | – |
| Net assets | | 23,780 | 23,618 | 44,496 | 45,824 |
| Capital and reserves | | | | | |
| Called up share capital | 15 | 1,551 | 1,551 | 1,551 | 1,551 |
| Share premium account | 16 | 2,068 | 2,063 | 2,068 | 2,063 |
| Revaluation reserve | 16 | 733 | 744 | 733 | 744 |
| Other reserves | 16 | – | – | 27,617 | 27,617 |
| Profit and loss account | 16 | 19,693 | 19,260 | 12,527 | 13,849 |
| Shareholders' funds – equity | | 24,045 | 23,618 | 44,496 | 45,824 |
| Minority interests – equity | | (265) | – | – | – |
| Total equity | | 23,780 | 23,618 | 44,496 | 45,824 |

Approved by the Board on 15 December 1997

Alan Elliot, Michael Lee Directors

# Group cash flow statement

For the year ended 30 September 1997

| | Notes | 1997 £'000 | 1996 £'000 |
|---|---|---|---|
| Net cash inflow from operating activities | 17 | 20,215 | 11,922 |
| Returns on investment and servicing of finance | | | |
| Interest received | | 68 | 71 |
| Interest paid | | (1,204) | (1,042) |
| Net cash outflow from returns on investments and servicing of finance | | (1,136) | (971) |
| Taxation paid | | (3,930) | (1,556) |
| Capital expenditure | | | |
| Purchase of tangible fixed assets | | (2,243) | (1,584) |
| Purchase of own shares by employee share trust | | – | (288) |
| Proceeds of disposal of tangible fixed assets | | 181 | 97 |
| Total capital expenditure | | (2,062) | (1,775) |
| Acquisitions | | | |
| Purchase of businesses | | – | (12,869) |
| Investment in associated undertakings | | (25) | (1,737) |
| Total acquisitions | | (25) | (14,606) |
| Equity dividends paid | | (4,345) | (4,159) |
| Net cash inflow/(outflow) before financing | | 8,717 | (11,145) |
| Financing | | | |
| Issue of share capital | | 5 | 1,340 |
| New medium term loans | | – | 7,977 |
| Repayment of loans | | (10,260) | – |
| Shares issued by subsidiary to minority shareholder | | 15 | – |
| Total financing | | (10,240) | 9,317 |
| Decrease in cash | 18 | (1,523) | (1,828) |

# Accounting policies

## Accounting convention

These financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom and under the historical cost convention modified by the revaluation of certain freehold land and buildings. A summary of the more important group accounting policies is set out below.

## Basis of consolidation

These consolidated financial statements incorporate the financial statements of Blick plc and all of its subsidiary undertakings made up to 30 September 1997. The results of subsidiary undertakings acquired are included in the consolidated profit and loss account from the date of their acquisition. Intra-group sales and profits are eliminated fully on consolidation.

On acquisition of a subsidiary, all of the subsidiary's assets and liabilities that exist at the date of acquisition are recorded at their fair values reflecting their condition at that date. All changes to those assets and liabilities, and the resulting gains and losses, that arise after the group has gained control of the subsidiary are charged to the post acquisition profit and loss account.

## Associated undertakings

Investments in which the Group has a participating interest and over which the Group exerts significant influence are accounted for as associated undertakings using the equity method. The Group's share of pre-tax profits less losses of such entities is included in the profit and loss account, with the Group's share of tax being included in tax on ordinary activities. Group policy is to extract these amounts from the latest audited financial statements of the undertakings concerned, however for the associate group of Amano Blick International Inc. (ABI Inc.) management accounts have been used. Audited financial statements for ABI Inc. were drawn up to 31 March 1997, being a requirement of other shareholders in ABI Inc.

In the case of associated undertakings that do not conform with the accounting policies of Blick plc, appropriate adjustments have been made on consolidation to present the Group's accounts on a uniform basis.

## Goodwill

Goodwill arising on consolidation represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired. Goodwill arising on the acquisition of subsidiaries and associates is written off immediately against reserves. Purchased goodwill is also written off against reserves as acquired.

## Turnover

Turnover, which excludes value added tax, comprises the sales value of equipment sold during the year, finance lease income and service and maintenance income, included in the lease rentals or billed directly to customers, on the accruals basis in the period to which it relates.

## Research and development

Research and development expenditure is written off in the period in which it is incurred.

## Pensions

The Group operates three pension schemes of which two are money purchase schemes and one is a defined benefit scheme. The Group's contributions to the money purchase schemes are charged against profits in the year in which they are payable. The contributions to the defined benefit scheme are charged to the profit and loss account so as to spread the cost of pensions over participating employees' working lives with the Group.

## Investments

Investments in subsidiary undertakings are shown at cost less provision for any permanent diminution in value. Where the merger relief provisions of Section 131 of the Companies Act 1985 apply to shares allotted on the acquisition of a subsidiary undertaking, the cost of investment is recorded as the nominal value of the shares allotted.

## Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is calculated so as to write down the cost of the tangible fixed assets to their residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Freehold buildings – 2%
Motor vehicles – 25%
Plant, machinery, fixtures and fittings – 10% to 33%.

Freehold land is not depreciated. Leasehold improvements are depreciated over the remaining period of the lease.

## Stocks

Stocks, including work-in-progress, are stated at the lower of cost and net realisable value.

## Equipment on rental

### Transactions as lessor (equipment rented by the Group to its customers)

*Finance leases* Equipment leased under finance leases is deemed to be sold at normal end user selling prices, which value is included in turnover at the inception of the lease. Income from finance lease rentals (after deducting the proportion attributable to maintenance) is recognised over the primary period of the lease so as to give a constant periodic rate of return on the net cash investment in the lease in each period.

The net cash investment in the lease is amortised within the primary lease period on a straight line basis so as to match the diminution in the economic value of the underlying assets. All leases are amortised to nil residual value within their primary lease term.

Provision is made for the expected level of unrecovered losses on early termination.

### Transactions as lessee (equipment rented to the Group)

*Finance leases* Assets acquired by the Group under finance leases are capitalised and the obligation shown on the balance sheet, whilst interest is charged to the profit and loss account in accordance with the provisions of Statement of Standard Accounting Practice number 21, so as to produce a constant periodic rate of charge on the remaining balance.

*Operating leases* Gross rentals on assets used under operating leases are charged to the profit and loss account in the period to which they relate on a straight line basis.

## Deferred taxation

Deferred taxation is provided using the liability method, on all material timing differences, to the extent that the liability or asset is expected to crystallize in the foreseeable future.

## Foreign currencies

Assets and liabilities of subsidiaries in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial year and the results of foreign subsidiaries are translated at the average rate of exchange for the year. Differences on exchange arising from the retranslation of the opening net investment in subsidiary companies, and from the translation of the results of those companies at average rate, are taken to reserves and are reported in the statement of total recognised gains and losses. All other foreign exchange differences are taken to the profit and loss account in the year in which they arise.

Gains and losses on forward foreign exchange contracts entered into as hedges of future purchases and sales denominated in foreign currency, are carried forward and taken to profit and loss on maturity to match the underlying transactions.

# Notes to the accounts

For the year ended 30 September 1997

## 1 Turnover and segmental information

| | Total 1997 £000 | Acquisitions 1997 £000 | Existing businesses 1997 £000 | 1996 £000 |
|---|---|---|---|---|
| **Turnover** | | | | |
| Time and Security | 41,212 | | 41,212 | 43,760 |
| TV Signal Distribution | 6,389 | | 6,389 | 5,303 |
| Radio Communications | 15,206 | 7,718 | 7,488 | 7,536 |
| Access Control | 10,718 | | 10,718 | 5,919 |
| Integrated Software Systems | 1,566 | | 1,566 | 1,416 |
| | 75,091 | 7,718 | 67,373 | 63,934 |
| **Operating profit** | | | | |
| Time and Security | 8,406 | | 8,406 | 10,031 |
| TV Signal Distribution | 2,752 | | 2,752 | 3,196 |
| Radio Communications | 995 | (128) | 1,123 | 1,498 |
| Access Control | 2,346 | | 2,346 | 1,567 |
| Integrated Software Systems | (504) | (579) | 75 | 35 |
| | 13,995 | (707) | 14,702 | 16,327 |
| **Profit before tax** | | | | |
| Time and Security | 8,589 | | 8,589 | 9,650 |
| TV Signal Distribution | 2,891 | | 2,891 | 3,216 |
| Radio Communications | 466 | (713) | 1,179 | 1,388 |
| Access Control | 1,596 | | 1,596 | 1,064 |
| Integrated Software Systems | (678) | (799) | 121 | 22 |
| | 12,864 | (1,512) | 14,376 | 15,340 |
| **Net assets** | | | | |
| Time and Security | | | 28,932 | 35,173 |
| TV Signal Distribution | | | 3,252 | 2,201 |
| Radio Communications | | | 2,569 | 4,162 |
| Access Control | | | 2,527 | 1,650 |
| Integrated Software Systems | | | 630 | 2,318 |
| Unallocated net liabilities | | | (14,130) | (21,886) |
| | | | 23,780 | 23,618 |
| **Unallocated net liabilities** | | | | |
| Cash at bank | | | 551 | 11 |
| Bank overdraft | | | (3,732) | (956) |
| Bank loans | | | (8,000) | (18,000) |
| Dividends payable | | | (2,949) | (2,941) |
| | | | (14,130) | (21,886) |

The segmental information has been expanded to show the results by operating division. This analysis reflects the changed operating structure implemented on 1 October 1997. The 1996 comparative figures have been restated on the new basis. The segmental analysis is stated after the allocation of head office costs.

| | Turnover 1997 £'000 | Turnover 1996 £'000 |
|---|---|---|
| **Analysed by location of customer** | | |
| United Kingdom | 55,151 | 51,567 |
| Rest of Europe | 10,181 | 3,011 |
| Africa | 6,214 | 7,238 |
| United States of America | 2,966 | 1,650 |
| Rest of World | 579 | 468 |
| | 75,091 | 63,934 |
| **Analysed by type of sale** | | |
| Sales | 45,014 | 34,167 |
| Finance income | 3,458 | 3,175 |
| Service and maintenance | 26,619 | 26,592 |
| | 75,091 | 63,934 |

## 2 Operating costs

| | Total 1997 £000 | Acquisitions 1997 £000 | Existing businesses 1997 £000 | 1996 £000 |
|---|---|---|---|---|
| Cost of sales | 41,372 | 6,550 | 34,822 | 32,098 |
| Distribution costs | 7,303 | 173 | 7,130 | 5,934 |
| Administrative expenses | 12,421 | 1,702 | 10,719 | 9,575 |

A reclassification of certain manpower costs has been made from cost of sales to distribution costs and administrative expenses in the 1996 comparative figures.

## 3 Profit on ordinary activities before taxation

| | 1997 £'000 | 1996 £'000 |
|---|---|---|
| Profit on ordinary activities before taxation is stated after charging: | | |
| Depreciation of tangible fixed assets | | |
| Owned assets | 1,639 | 1,211 |
| Assets leased as lessee | 11 | 55 |
| Amortisation of fixed asset investments | 108 | 87 |
| Research and development | 1,101 | 1,084 |
| Operating lease rentals (as lessee) | | |
| Land and buildings | 481 | 469 |
| Hire of plant, office equipment and vehicles | 1,934 | 1,572 |
| Interest payable | | |
| Hire purchase and finance leases | 80 | 35 |
| Bank loans and overdrafts wholly repayable within five years | 1,029 | 1,053 |
| Auditors' remuneration | | |
| Audit work (company £25,000; 1996: £28,000) | 134 | 120 |
| Non-audit work | 37 | 12 |

## 4 Tax on profit on ordinary activities

| | 1997 £'000 | 1996 £'000 |
|---|---|---|
| UK Corporation tax at 32% (1996: 33%) | | |
| Current | 4,103 | 4,365 |
| Deferred | 300 | 38 |
| Overseas taxation | 142 | – |
| Adjustments relating to earlier years | (418) | (426) |
| | 4,127 | 3,977 |
| Share of associates' taxation | 15 | – |
| Current year tax charge | 4,142 | 3,977 |

## 5 Dividends

| | 1997 £'000 | 1996 £'000 |
|---|---|---|
| Interim dividend of 4.5p (1996: 4.5p) per share paid 3 September 1997 | 1,396 | 1,382 |
| Final dividend proposed of 9.5p (1996: 9.5p) | 2,947 | 2,949 |
| | 4,343 | 4,331 |

A final dividend of 9.5p per share (1996: 9.5p) is recommended by the Directors, payable on 1 April 1998 to shareholders on the register on 27 February 1998.

The trustee of the Employee Share Ownership Plan has waived all but 0.001p of dividends on each of the 60,000 shares it currently owns.

## 6 Earnings per share

Earnings per share have been calculated using profits after tax and minority interests divided by the weighted average number of ordinary shares in issue during the period (excluding shares held by the Employee Share Ownership Plan) of 30,960,970 (1996: 30,762,905). At 30 September 1997 the issued share capital of the Company was 31,022,301 (1996: 31,019,725) shares.

There is no material difference between earnings per share as reported and on a fully diluted basis, which includes share options outstanding and not yet exercised at 30 September 1997.

Earnings per share on a full tax charge basis have been derived from an adjusted profit figure as set out below calculated on the basis that full provision for taxation has been made in the current and all previous years. A rate of taxation of 32% has been used for the current year (1996: 33%).

| | 1997 £'000 | 1996 £'000 |
|---|---|---|
| Profit on ordinary activities before taxation | 12,864 | 15,340 |
| Minority shareholders' interest | 280 | – |
| | 13,144 | 15,340 |
| Tax on profit on ordinary activities at 32% (1996: 33%) | (4,142) | (5,062) |
| Adjusted profit for the financial year | 9,002 | 10,278 |

## 7 Tangible fixed assets

| Group | Land and buildings £'000 | Plant, machinery, fixtures and fittings £'000 | Total £'000 |
|---|---|---|---|
| Cost or valuation | | | |
| At 1 October 1996 | 6,484 | 9,272 | 15,756 |
| Additions | 40 | 2,203 | 2,243 |
| Disposals | – | (541) | (541) |
| Exchange adjustments | (198) | (145) | (343) |
| At 30 September 1997 | 6,326 | 10,789 | 17,115 |
| Depreciation | | | |
| At 1 October 1996 | 1,546 | 6,082 | 7,628 |
| Charge for the year | 237 | 1,413 | 1,650 |
| Disposals | – | (465) | (465) |
| Exchange adjustments | (33) | (101) | (134) |
| At 30 September 1997 | 1,750 | 6,929 | 8,679 |
| Net book value | | | |
| At 30 September 1997 | 4,576 | 3,860 | 8,436 |
| At 30 September 1996 | 4,938 | 3,190 | 8,128 |

The net book value of tangible fixed assets includes an amount of £158,000 (1996: £180,000) in respect of assets held under finance leases.

## 7 Tangible fixed assets continued

| Company | Freehold land and buildings £'000 | Plant, machinery, fixtures and fittings £'000 | Total £'000 |
|---|---|---|---|
| Cost or valuation | | | |
| At 1 October 1996 | 3,470 | 2,267 | 5,737 |
| Additions | – | 152 | 152 |
| Disposals | – | (197) | (197) |
| Transfers to subsidiary undertakings | – | (1,894) | (1,894) |
| At 30 September 1997 | 3,470 | 328 | 3,798 |
| Depreciation | | | |
| At 1 October 1996 | 334 | 1,422 | 1,756 |
| Charge for the year | 62 | 172 | 234 |
| Disposals | – | (179) | (179) |
| Transfers to subsidiary undertakings | – | (1,291) | (1,291) |
| At 30 September 1997 | 396 | 124 | 520 |
| Net book value | | | |
| At 30 September 1997 | 3,074 | 204 | 3,278 |
| At 30 September 1996 | 3,136 | 845 | 3,981 |

The net book value of land and buildings comprises:

| Group | Freehold land and buildings £'000 | Short leasehold £'000 | Total £'000 |
|---|---|---|---|
| At cost or valuation | | | |
| At 1 October 1996 | 5,135 | 1,349 | 6,484 |
| Additions | 3 | 37 | 40 |
| Exchange adjustments | (198) | – | (198) |
| | 4,940 | 1,386 | 6,326 |
| Depreciation | (632) | (1,118) | (1,750) |
| Net book value at 30 September 1997 | 4,308 | 268 | 4,576 |

Included in freehold land and buildings of the Group and the Company are assets with a net book value of £3,074,000 (1996: £3,136,000) which have been revalued. The revaluations were carried out by surveyors in 1982 and 1986. The net book value of those assets determined according to the historical cost convention would be:

| | 1997 £'000 | 1996 £'000 |
|---|---|---|
| Cost | 2,649 | 2,649 |
| Depreciation | (273) | (220) |
| Net book value | 2,376 | 2,429 |

## 8 Fixed asset investments

| Group | Associated undertakings £'000 | Own shares £'000 | Total £'000 |
|---|---|---|---|
| Cost or valuation | | | |
| At 1 October 1996 | 1,736 | 289 | 2,025 |
| Additions | 25 | – | 25 |
| Adjustment to valuation | (1,641) | – | (1,641) |
| Share of retained losses | (102) | – | (102) |
| At 30 September 1997 | 18 | 289 | 307 |
| Amounts written off | | | |
| At 1 October 1996 | – | 87 | 87 |
| Charge for the year | – | 108 | 108 |
| At 30 September 1997 | – | 195 | 195 |
| Net book value | | | |
| At 30 September 1997 | 18 | 94 | 112 |
| At 30 September 1996 | 1,736 | 202 | 1,938 |

The value of the Group's holding in ABI inc was reviewed by the Directors during the year and an amount of £1,641,000 has been written off as goodwill, an explanation of this calculation is provided in note 20 on page 40.

The principal operating companies are given in note 25 on page 44.

| Company | Shares in subsidiary undertakings £'000 | Shares in associated undertakings £000 | Own shares £'000 | Total £'000 |
|---|---|---|---|---|
| Cost | | | | |
| At 1 October 1996 | 48,722 | 1,736 | 289 | 50,747 |
| Additions | 6,042 | 25 | – | 6,067 |
| At 30 September 1997 | 54,764 | 1,761 | 289 | 56,814 |
| Amounts written off | | | | |
| At 1 October 1996 | 326 | – | 87 | 413 |
| Charge for the year | – | – | 108 | 108 |
| At 30 September 1997 | 326 | – | 195 | 521 |
| Net book value | | | | |
| At 30 September 1997 | 54,438 | 1,761 | 94 | 56,293 |
| At 30 September 1996 | 48,396 | 1,736 | 202 | 50,334 |

On 30 September 1997 Blick Holdings Netherlands BV issued 10,000 ordinary shares to Blick plc the value of which has been added to the Company's investments.

The investment in the Company's own shares is held by the Employee Share Ownership Plan (the "ESOP"). This is a trust which holds shares for the benefit of employees and executive directors. The trustee may use the shares to meet share requirements when share options or awards under the Long Term Incentive Plan are exercised. At 30 September 1997 the ESOP owned 60,000 Blick plc 5p ordinary shares, bought for 476p each on 5 February 1996 and funded by a loan to the ESOP from Blick plc. The market value of this shareholding at 30 September 1997 was £152,100. The ESOP holds an option over a further 100,000 shares at an exercise price of 467p.

## 9 Stocks

| Group | 1997 £'000 | 1996 £'000 |
|---|---|---|
| Raw materials | 4,700 | 5,876 |
| Work in progress | 1,050 | 1,288 |
| Finished goods and goods for resale | 1,978 | 2,400 |
| | 7,728 | 9,564 |

## 10 Debtors

| | Group 1997 £'000 | Group 1996 £'000 | Company 1997 £'000 | Company 1996 £'000 |
|---|---|---|---|---|
| Trade debtors | 8,161 | 8,848 | 2 | 12 |
| Amounts owed by subsidiary undertakings | – | – | 6,803 | 20,936 |
| Amounts owed by associated undertakings | 2 | – | 1 | – |
| Corporation tax | – | – | 843 | 400 |
| Other debtors | 468 | 2,430 | 88 | 215 |
| Prepayments | 1,336 | 1,728 | 138 | 293 |
| | 9,967 | 13,006 | 7,875 | 21,856 |

## 11 Net investment in finance leases

Aggregate rentals receivable in relation to finance leases was £31,783,000 (1996: £29,784,000). The total cost of assets acquired for rental under finance leases was £8,083,000 (1996: £8,650,000).

## 12 Creditors

Amounts falling due within one year

| | Group 1997 £'000 | Group 1996 £'000 | Company 1997 £'000 | Company 1996 £'000 |
|---|---|---|---|---|
| Bank overdrafts | 6,924 | 4,305 | 3,732 | 956 |
| Bank loans | 8,038 | 18,047 | 8,000 | 18,000 |
| Obligations under finance leases | 56 | 167 | – | 113 |
| Trade creditors | 4,650 | 5,674 | 243 | 235 |
| Corporation tax | 4,501 | 4,344 | – | – |
| Advance corporation tax | 1,085 | 1,344 | – | 735 |
| Amounts owed to subsidiary undertakings | – | – | 6,583 | 5,324 |
| Other taxes and social security | 622 | 559 | 49 | 25 |
| Accruals, rectification and warranty costs | 5,789 | 6,079 | 1,945 | 2,029 |
| Deferred income | 7,126 | 7,120 | – | – |
| Amounts received in advance | 212 | 327 | – | – |
| Dividends payable | 2,949 | 2,949 | 2,949 | 2,941 |
| | 41,952 | 50,915 | 23,501 | 30,358 |

Amounts falling due after more than one year

| | Group 1997 £'000 | Group 1996 £'000 | Company 1997 £'000 | Company 1996 £'000 |
|---|---|---|---|---|
| Bank and other loans due within one to two years | 418 | 546 | – | – |
| Obligations under finance leases, amounts due between one and two years | 102 | 114 | – | – |
| | 520 | 660 | – | – |

Analysis of interest rate exposure and currency of borrowings
The currency and interest rate exposure of the gross borrowings of the Group at 30 September 1997 was:

| Currency | Total £'000 | Floating rate borrowings £'000 | Fixed rate borrowings £'000 | Fixed rate borrowings Weighted average interest rate at 30 September 1997 | Fixed rate borrowings Weighted average time for which rate is fixed in years |
|---|---|---|---|---|---|
| Sterling | 11,960 | 3,960 | 8,000 | 7.85% | less than one year |
| Rand | 1,052 | 1,052 | – | – | – |
| Guilder | 2,526 | 2,070 | 456 | 6.70% | 3 |
| | 15,538 | 7,082 | 8,456 | 7.79% | 1 |

## 12 Creditors continued

Amounts falling due after more than one year continued

Maturity of borrowings
The maturity of the Group's borrowings is as follows:

| Group | 1997 £'000 | 1996 £'000 |
|---|---|---|
| Within one year | 15,018 | 22,519 |
| Between one and two years | 140 | 190 |
| Between two and five years | 115 | 94 |
| Over five years | 265 | 376 |
| | 15,538 | 23,179 |

The Guilder loan of £456,000 (1996: £593,000) is secured by a charge over the property of Teletechnicom Holding BV.

## 13 Provisions for liabilities and charges

| | Group £'000 |
|---|---|
| Deferred taxation | |
| At 1 October 1996 | 1,075 |
| Profit and loss account charge | 300 |
| Change in recoverable advance corporation tax | (2) |
| At 30 September 1997 | 1,373 |

The deferred taxation balance at 30 September 1997 comprises:

| | Provided 1997 £'000 | Provided 1996 £'000 | Unprovided 1997 £'000 | Unprovided 1996 £'000 |
|---|---|---|---|---|
| Accelerated capital allowances | 2,110 | 1,810 | 5,710 | 6,053 |
| Arising as the result of the revaluation of tangible fixed assets | – | – | – | 81 |
| Recoverable advance corporation tax | (737) | (735) | (737) | (735) |
| Total deferred taxation | 1,373 | 1,075 | 4,973 | 5,399 |

## 14 Financial commitments

At 30 September 1997 the Group had operating lease commitments payable in the following year, analysed according to the period in which each lease expires, as follows:

| | Land and buildings 1997 £'000 | Land and buildings 1996 £'000 | Motor vehicles 1997 £'000 | Motor vehicles 1996 £'000 |
|---|---|---|---|---|
| Expiring: | | | | |
| Within one year | 86 | 64 | 558 | 278 |
| Between one and two years | – | 99 | 770 | 351 |
| Between two and five years | 38 | 31 | 401 | 548 |
| Over five years | 292 | 277 | – | – |
| | 416 | 471 | 1,729 | 1,177 |

There were no capital commitments contracted for at 30 September 1997 (1996: £nil).

## 15 Called up share capital

| | Authorised 1997 £'000 | Authorised 1996 £'000 | Allotted and fully paid 1997 £'000 | Allotted and fully paid 1996 £'000 |
|---|---|---|---|---|
| Ordinary shares of 5p each | 2,071 | 2,071 | 1,551 | 1,551 |

2,576 ordinary shares with a nominal value of £129 were allotted for a consideration of £5,163 during the year.

At 30 September 1997 the following options in respect of the ordinary 5p shares were outstanding:

| Date of grant | Option price | Exercisable between | Number of options outstanding 1997 | Number of options outstanding 1996 |
|---|---|---|---|---|
| The Blick plc Group Share Option Scheme | | | | |
| 2 August 1989 | 268p | 02/08/1992 - 01/08/1999 | 19,361 | 19,361 |
| 25 June 1990 | 171p | 25/06/1993 - 24/06/2000 | 21,408 | 22,437 |
| 8 July 1991 | 220p | 08/07/1994 - 07/07/2001 | 5,160 | 6,707 |
| 30 June 1992 | 402p | 30/06/1995 - 29/06/2002 | 158,704 | 175,182 |
| 30 June 1993 | 483p | 30/06/1996 - 29/06/2003 | 10,598 | 16,772 |
| 24 June 1994 | 439p | 24/06/1997 - 23/06/2004 | 268,950 | 287,850 |
| 22 June 1995 | 476p | 22/06/1998 - 21/06/2005 | 51,800 | 51,800 |
| 20 December 1995 | 454p | 20/12/1998 - 19/12/2005 | 87,000 | 87,000 |
| | | | 622,981 | 667,109 |
| The Blick 1996 Executive Share Option Scheme | | | | |
| 17 June 1996 | 547p | 17/06/1999 - 16/06/2006 | 247,050 | 267,900 |
| 9 June 1997 | 245p | 09/06/2000 - 08/06/2007 | 29,450 | – |
| | | | 276,500 | 267,900 |
| The Blick Sharesave Scheme | | | | |
| 8 January 1993 | 340p | 01/03/1998 - 31/08/1998 | 138,971 | 145,153 |
| 12 January 1994 | 380p | 01/03/1999 - 31/08/1999 | 20,087 | 23,262 |
| 10 January 1995 | 385p | 01/03/2000 - 31/08/2000 | 52,443 | 58,711 |
| 9 January 1996 | 400p | 01/03/2001 - 31/08/2001 | 13,825 | 20,464 |
| 3 January 1997 | 370p | 01/03/2000 - 31/08/2000 | 42,337 | – |
| 3 January 1997 | 370p | 01/03/2002 - 31/08/2002 | 28,916 | – |
| | | | 296,579 | 247,590 |
| The Blick 1996 Employee Share Ownership Plan | | | | |
| 2 February 1996 | 467p | 01/10/1998 - 01/02/2013 | 100,000 | 100,000 |

At the date of this report the number of ordinary 5p shares in issue was 31,022,301.

## 16 Reserves

| Group | Share premium account £'000 | Revaluation reserve £'000 | Profit and loss account £'000 |
|---|---|---|---|
| At 1 October 1996 | 2,063 | 744 | 19,260 |
| Adjustment to goodwill | – | – | (3,856) |
| Retained profit for the financial year | – | – | 4,659 |
| Exchange difference | – | – | (381) |
| Revaluation surplus released | – | (11) | 11 |
| Premium on issue of new shares | 5 | – | – |
| At 30 September 1997 | 2,068 | 733 | 19,693 |

The adjustment to goodwill comprises additional goodwill of £2,215,000 in respect of the Teletechnicom acquisition and £1,641,000 in respect of the ABI Inc acquisition, as explained in note 20 on page 39.

Cumulative goodwill written off against reserves amounted to £57,799,000 (1996: £53,943,000).

| Company | Share premium account £'000 | Revaluation reserve £'000 | Other reserves £'000 | Profit and loss account £'000 |
|---|---|---|---|---|
| At 1 October 1996 | 2,063 | 744 | 27,617 | 13,849 |
| Retained profit for the financial year | – | – | – | (1,333) |
| Revaluation surplus released | – | (11) | – | 11 |
| Premium on issue of new shares | 5 | – | – | – |
| At 30 September 1997 | 2,068 | 733 | 27,617 | 12,527 |

The share premium account and revaluation reserve are not distributable. Other reserves comprise an amount of £27,617,000 which was transferred under Court Order from the share premium account on 23 March 1994. The Court Order imposes certain restrictions on the ability of the Company to make distributions out of this reserve.

The amount of profit (before dividends) that has been dealt with in the accounts of the parent company is £3,010,000 (1996: £7,072,000). A separate profit and loss account dealing with the results of the Company has not been presented as permitted by Section 230 of the Companies Act 1985.

## 17 Net cash inflow from operating activities

| | 1997 £'000 | 1996 £'000 |
|---|---|---|
| Operating profit | 13,995 | 16,327 |
| Depreciation charge | 1,650 | 1,266 |
| Amortisation of investments | 108 | 87 |
| Loss on disposal of tangible fixed assets | (105) | (24) |
| Movements in | | |
| Stocks | (26) | (365) |
| Debtors | 2,510 | 383 |
| Net investment in finance leases | 3,346 | 3,778 |
| Creditors | (1,263) | (9,530) |
| | 20,215 | 11,922 |

## 18 Analysis of net debt and reconciliation of net cash flow

| | 1997 £'000 | Cash flows £'000 | 1996 £'000 |
|---|---|---|---|
| Cash at bank | 1,297 | 1,096 | 201 |
| Bank overdraft | (6,924) | (2,619) | (4,305) |
| Net cash | (5,627) | (1,523) | (4,104) |
| Debt due within one year | (8,094) | 10,120 | (18,214) |
| Debt due after one year | (520) | 140 | (660) |
| Net debt | (14,241) | 8,737 | (22,978) |
| Total equity | 23,780 | | 23,618 |
| Debt/equity ratio | 60% | | 97% |

## 19 Financial instruments

### Off balance sheet financial instruments

| | 1997 £'000 | 1996 £'000 |
|---|---|---|
| Forward exchange contracts | 162 | – |

The principal value and the fair value of the financial instruments is the same.

### Currency analysis of net assets

The Group's net assets by currency at 30 September 1997 were:

| Company | Net assets before financing £'000 | Gross borrowings £'000 | Net assets 1997 £'000 | Net assets 1996 £'000 |
|---|---|---|---|---|
| Sterling assets/(liabilities) | 34,193 | (12,416) | 21,777 | 23,712 |
| Rand assets/(liabilities) | 3,126 | (1,052) | 2,074 | 1,979 |
| Guilder assets/(liabilities) | 1,999 | (2,070) | (71) | (2,073) |
| Total net assets/(liabilities) | 39,318 | (15,538) | 23,780 | 23,618 |

## 20 Acquisitions

Turnover, gross profit and operating profit in respect of acquisitions include the results of Teletechnicom Holding BV and ABI (Europe) Ltd for the year ended 30 September 1997. For the year ended 30 September 1996 the results of PAC International Ltd are shown in acquisitions. Operating profits comprise net losses of £128,000 arising in Teletechnicom, and £579,000 arising in ABI (Europe) Ltd.

### Teletechnicom

On 30 September 1996 the Group acquired the whole of the issued share capital of Teletechnicom Holding BV ("Teletechnicom"), a company registered in the Netherlands for a total consideration of £1,541,000. The consideration was satisfied by the issue of 200,000 ordinary shares of 5p having a total value of £1,072,000 and cash amounting to £469,000 (including costs of acquisition of £200,000). The Group accounted for the purchase using acquisition accounting to include the net assets of Teletechnicom in the consolidated balance sheet at 30 September 1996. For the 1996 financial year no trading results were included in the profit and loss account and for the 1997 financial year the results of Teletechnicom are shown under acquisitions.

A provisional assessment was made of the fair value of the Teletechnicom assets and liabilities at the date of acquisition based on the information available at that time and accordingly an adjustment was made to write down the value of stock by £500,000. As permitted by Financial Reporting Standard No.7 "Fair Values in Acquisition Accounting" the Directors have reassessed the provisional fair values of the assets and liabilities of Teletechnicom Holding BV and its subsidiaries as included in the Group's financial statements at 30 September 1996 and final adjustments have now been made.

The assets and liabilities of Teletechnicom acquired are set out below:

| | Book value £000 | Accounting policy alignment £000 | Provisional fair value £000 | Accounting policy alignment £000 | Revaluation £000 | Fair value £000 |
|---|---|---|---|---|---|---|
| Tangible fixed assets | 919 | – | 919 | – | – | 919 |
| Current assets | | | | | | |
| Stock and work in progress | 3,339 | (500)[1] | 2,839 | (1,059)[2] | (802)[4] | 978 |
| Trade and other debtors | 4,104 | – | 4,104 | (2,616)[3] | | 1,488 |
| Irrecoverable tax losses | 354 | – | 354 | – | (354)[5] | – |
| Cash | 3 | – | 3 | – | – | 3 |
| Liabilities | | | | | | |
| Trade and other creditors | (8,065) | – | (8,065) | 2,616[3] | – | (5,449) |
| Bank loans and overdrafts | (2,220) | – | (2,220) | – | – | (2,220) |
| Obligations under finance leases | (7) | – | (7) | – | – | (7) |
| Net assets | (1,573) | (500) | (2,073) | (1,059) | (1,156) | (4,288) |
| Goodwill | | | 3,614 | | | 5,829 |
| Consideration including costs | | | 1,541 | | | 1,541 |

## 20 Acquisitions continued

Adjustments to book values

1) Teletechnicom's accounting practice was to use a percentage of completion method to value work in progress whereby a proportion of the total profit expected to be made on a contract would be included in the valuation, calculated in relation to the stage of completion of the job. The Group's basis of stock and work in progress valuation is the lower of cost and net realisable value. Based on the information available at acquisition, an estimate was made as to the expected decrease in valuation arising as a result of bringing Teletechnicom's accounting policies into line with those of the Group.

2) Further to the completion of the renegotiations of the Teletechnicom purchase and sale contract in December 1996, Group policies and controls were introduced into the Teletechnicom group and a detailed assessment was made of the changes to valuation arising from the adoption of the Group method of valuation stock and work in progress.

3) A reclassification was made between debtors and creditors of £2,616,000 due to and from the same party.

4) In December 1996 a contract by contract review was undertaken of the provision required for the estimated losses arising on the completion of the work in progress at 30 September 1996. An increase of £802,000 was made to the provision to arrive at the final valuation.

5) Tax losses of £354,000 no longer considered recoverable have been written off.

Amano Blick International Inc (ABI Inc)
The Group holds a 45% interest in ABI Inc which is the holding company of a group of companies based in the USA, Canada and the Far East. An assessment was made of the fair value of the assets and liabilities of the ABI Inc group which mainly comprise intangible assets relating to the development of the Tru Trac software product. Blick's accounting policy is not to include intangible assets in the balance sheet and the calculation of the fair values has been reduced accordingly. The resulting difference of £1,641,000 between the remaining net assets and the purchase consideration has been written off as goodwill during during the financial year.

## 21 Directors' emoluments

Directors' emoluments, including benefits in kind, of all Directors amounted to:

| | 1997 £'000 | 1996 £'000 |
|---|---|---|
| Remuneration as executives | 618 | 617 |
| Performance related pay | 13 | 54 |
| | 631 | 671 |
| Pension contributions | 83 | 115 |
| Pensions to former Directors | 26 | 26 |
| | 740 | 812 |

Total remuneration for each Director, excluding pension contributions, was as follows:

| | Basic salary £ | Directors' fees and remuneration £ | Performance related bonuses £ | Benefits in kind £ | Total emoluments excluding pensions 1997 £ | Total emoluments excluding pensions 1996 £ |
|---|---|---|---|---|---|---|
| Executive | | | | | | |
| A C Elliot | 86,190 | – | 2,209 | 32,263 | 120,662 | 151,837 |
| M J Lee | 114,000 | – | 2,209 | 10,100 | 126,309 | 123,725 |
| C D MacInnes | 76,000 | – | 2,209 | 8,302 | 86,511 | 88,157 |
| G R Purvis (appointed 1 January 1997) | 87,500 | – | – | 7,579 | 95,079 | – |
| I H Scott-Gall | 139,075 | – | 2,209 | 7,252 | 148,536 | 145,361 |
| Non-Executive | | | | | | |
| C A A P Eugster | – | 17,512 | 1,988 | 1,080 | 20,580 | 18,700 |
| J F Newman | – | 19,512 | 1,988 | 1,340 | 22,840 | 18,700 |
| A J J Simonds-Gooding | – | 9,500 | – | 600 | 10,100 | – |
| | 502,765 | 46,524 | 12,812 | 68,516 | 630,617 | 546,480 |

During the year ended 30 September 1997 Mr I Watkins, who retired from the Board on 31 December 1996, received remuneration of £42,683 (1996: £98,744), including benefits in kind of £3,331 (1996: £10,694) and Mrs T L W Elliot, who retired as a Non-Executive Director on 9 April 1997, received remuneration of £13,054 (1996: £25,896), including benefits in kind of £4,054 (1996: £7,896).

## 21 Directors' emoluments continued

### Pension contributions

| | 1997 £ | 1996 £ |
|---|---|---|
| A C Elliot | – | 31,808 |
| M J Lee | 22,976 | 21,403 |
| C D MacInnes | 16,508 | 16,069 |
| G R Purvis | 15,750 | – |
| I H Scott-Gall | 28,164 | 26,479 |
| | 83,398 | 95,759 |

### Pension entitlements

| | Accrued Pension entitlements as at 30 September 1997 £ per annum | Increase in accrued pension during the year £ per annum | Transfer value of the increase in entitlement during the year £ |
|---|---|---|---|
| M J Lee | 35,191 | 6,468 | 51,141 |
| C D MacInnes | 31,954 | 3,534 | 43,408 |
| G R Purvis | 2,100 | 2,100 | 17,675 |
| I H Scott-Gall | 64,498 | 9,103 | 80,220 |

On 9 March 1997, Mr A C Elliot attained retirement age thereby enabling him to receive his full pension entitlement. There was no increase in value during the financial year as the liability had fully accrued at the commencement of the year.

## 22 Directors' interests in shares

The number of ordinary 5p shares in which the Directors were interested was:

| | Beneficial number 30 September 1997 | Non-beneficial number 30 September 1997 | Beneficial number 30 September 1996 | Non-beneficial number 30 September 1996 |
|---|---|---|---|---|
| A C Elliot | 3,983,000 | 2,207,222 | 3,850,000 | 693,222 |
| T L W Elliot | – | – | 925,000 | 3,227,000 |
| C A A P Eugster | 2,027 | – | 2,027 | – |
| M J Lee | 3,000 | – | 1,000 | – |
| C D MacInnes | 8,000 | – | 8,000 | – |
| J F Newman | 17,333 | – | 7,333 | – |
| G R Purvis | 9,334 | – | – | – |
| I H Scott-Gall | 15,386 | – | 15,386 | – |
| A J J Simonds-Gooding | 4,736 | – | – | – |
| I Watkins | – | – | 29,760 | – |

Mrs T L W Elliot retired from the Board during the year and her shares are shown as part of Mr A C Elliot's holding as at 30 September 1997. As a result of Mr and Mrs Elliot being trustees and/or beneficiaries of the same trusts and/or both being deemed to be interested in the shares held for the benefit of their children, their respective interests in ordinary 5p shares as at 30 September 1996 shown in the table above contain a degree of duplication. On 30 September 1997 Mr Elliot's holding of beneficial interests represented 12.84% (1996: 15.4%) of the issued share capital of the Company.

Mr Elliot's adult children are beneficially interested in a further 3,067,000 shares representing 9.89% of the issued share capital of the Company (1996: 2,275,000 shares; 7.30%).

Since 30 September 1997 there have been no changes to Directors' shareholdings.

## 22 Directors' interests in shares continued

In addition to the above shareholdings, the following Directors had options to subscribe for shares in the Company:

| | Option price | Number of share options at 1/10/1996 | Number of share options Granted/ (Exercised) | Number of share options at 30/9/1997 | Exercisable from - to |
|---|---|---|---|---|---|
| The Blick plc Group Share Option Scheme | | | | | |
| M J Lee | 171p | 20,585 | – | 20,585 | 25/06/1993 - 24/06/2000 |
| | 402p | 24,716 | – | 24,716 | 30/06/1995 - 29/06/2002 |
| | 439p | 20,000 | – | 20,000 | 24/06/1997 - 23/06/2004 |
| | 454p* | 20,000 | – | 20,000 | 20/12/1998 - 19/12/2005 |
| C D MacInnes | 402p | 16,477 | – | 16,477 | 30/06/1995 - 29/06/2002 |
| | 439p | 14,000 | – | 14,000 | 24/06/1997 - 23/06/2004 |
| | 454p* | 8,000 | – | 8,000 | 20/12/1998 - 19/12/2005 |
| I H Scott-Gall | 402p | 33,985 | – | 33,985 | 30/06/1995 - 29/06/2002 |
| | 439p | 15,000 | – | 15,000 | 24/06/1997 - 23/06/2004 |
| | 454p* | 21,000 | – | 21,000 | 20/12/1998 - 19/12/2005 |
| The Blick 1996 Executive Share Option Scheme | | | | | |
| G R Purvis | 245p* | – | 12,200 | 12,200 | 09/06/2000 - 08/06/2007 |
| The Blick Group Sharesave Scheme | | | | | |
| A C Elliot | 340p* | 5,330 | – | 5,330 | 01/03/1998 - 31/08/1998 |
| M J Lee | 340p* | 4,264 | – | 4,264 | 01/03/1998 - 31/08/1998 |
| | 380p* | 907 | – | 907 | 01/03/1999 - 31/08/1999 |
| C D MacInnes | 340p* | 5,330 | – | 5,330 | 01/03/1998 - 31/08/1998 |
| I H Scott-Gall | 340p* | 5,330 | – | 5,330 | 01/03/1998 - 31/08/1998 |

*These share options are not yet exercisable

In addition to the above options the following Directors had awards, under the Long Term Incentive Plan giving the right to receive shares dependent upon certain performance targets being met, as described in the Report of the Remuneration Committee, on page 20.

| | Number of awards made at 1/10/1996 | Number of awards made during year | Number of awards made at 30/9/1997 | Exercisable from - to |
|---|---|---|---|---|
| M J Lee | 11,028 | – | 11,028 | 02/02/1999 - 01/02/2002 |
| | – | 20,878 | 20,878 | 15/01/2000 - 14/01/2003 |
| C D MacInnes | 7,709 | – | 7,709 | 02/02/1999 - 01/02/2002 |
| | – | 14,595 | 14,595 | 15/01/2000 - 14/01/2003 |
| I H Scott-Gall | 13,383 | – | 13,383 | 02/02/1999 - 01/02/2002 |
| | – | 25,338 | 25,338 | 15/01/2000 - 14/01/2003 |

The middle market value of the shares at 30 September 1997 was 253½p and during the year the price varied between 529p and 205p.

The executive Directors of the Company and certain other employees are deemed to have a technical interest in the 60,000 shares and the option over the 100,000 shares held by the ESOP trustee as they are potential beneficiaries under the terms of the ESOP. Further details of the terms of the ESOP are given in the Report of the Remuneration Committee on page 20 and in note 8 on page 34.

## 23 Pensions

The Group operates three schemes for the benefit of its employees:

The Blick plc Group Money Purchase Pension Plan
This plan is a defined contribution pension scheme. The pension cost charge represents contributions payable by the Group to the fund and amounted to £302,000 (1996: £245,000).

The Blick plc Group Pension and Life Assurance Scheme
The Group operates a defined benefit pension scheme. The assets of the scheme are held separately from those of the Group, being invested in a managed fund of an investment company. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the Group. The contributions are determined by a qualified actuary on the basis of triennial valuations using the attained age 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 which it was assumed would be 9% per annum and salary increases which were assumed to average 8% per annum. It was assumed that present and future pensions would not increase. Assets were valued by discounting future income, allowing for dividend growth of 4% per annum on equity investments. The assets were assumed to be held in a notional portfolio, of which 70% is invested in equities and 30% in fixed interest securities.

The pension charge for the period was £278,000 (1996: £242,000).

The most recent formal actuarial valuation was carried out as at 1 September 1995. The valuation showed that the market value of the scheme's assets was £2,144,000 and that the actuarial value of the assets represented 76% of the benefits that had accrued to members, after allowing for expected future increases in earnings. On the recommendation of the actuary the Group contribution rate was increased with effect from 1 September 1995 from 15.7% to 18% of salaries and again from 18% to 21.6% with effect from 1 August 1997.

The Group meets the cost of life assurance benefits for all UK staff which amounted to £85,000 in the year (1996: £92,000). The Group also meets the cost of consultancy and administration for both schemes which amounted to £60,000 (1996: £56,000).

TR Services Pension Fund
This fund covers staff employed by TR Services (Proprietary) Limited in South Africa. It is a defined contribution scheme. The charge represents amounts payable by that Company to the fund and totalled £103,000 in the year (1996: £109,000).

Unfunded pension commitment
Apart from an unfunded annual pension commitment to former Directors and their dependents currently amounting to £26,000 (1996: £26,000) there is no unfunded pension commitment.

## 24 Particulars of employees

The total number of employees at 30 September 1997 was 1,062 (1996: 1,106).

The average number of persons including directors employed by the Group was as follows (the figures for 1996 exclude Teletechnicom):

| | 1997 Number | 1996 Number |
|---|---|---|
| Production, sales and service | 900 | 788 |
| Management and customer administration | 241 | 210 |
| | 1,141 | 998 |

Their total remuneration was:

| | 1997 £'000 | 1996 £'000 |
|---|---|---|
| Wages and salaries | 21,114 | 17,622 |
| Social security costs | 1,923 | 1,476 |
| Other pension costs | 897 | 596 |
| | 23,934 | 19,694 |

## 25 Subsidiary undertakings

At 30 September 1997, the principal operating subsidiary undertakings were as follows:

| | Place of incorporation |
|---|---|
| Amano Blick International (Europe) Limited | England |
| Blick Communications Ltd # | England |
| Blick Door Entry Limited | England |
| Blick Holdings Netherlands BV | Holland |
| Blick Telefusion Communications Limited | England |
| Blick Time Systems Limited ‡ | England |
| Blick National Ltd ‡ | England |
| Blick Software Systems Ltd # | England |
| Databip SARL* | France |
| PAC International Limited | England |
| Teletechnicom Communicatiesystemen BV* | Holland |
| Teletechnicom Holding BV* | Holland |
| Teletech Systems BV* | Holland |
| TR Services (Proprietary) Limited | South Africa |

‡ With effect from 1 January 1998, Blick Time Systems Limited will change its name to Blick National Limited. All of the above companies are 100% owned by Blick plc except for Amano Blick International (Europe) Limited which is 51% owned. Those marked * are owned through intermediate holding companies. Those marked # were dormant during the year but became active after the year ended 30 September 1997.

All of the above companies are involved in the supply of electronics systems for security, communications and employee information.

## 26 Associated undertakings

At 30 September 1997 the Group owned 45% of Amano Blick International Inc, incorporated in USA and based in Delaware. In October 1996 this company became the holding company of a group of companies involved in the development and sale of time management, workforce management and shop floor data collection systems in the USA, Canada and the Far East.

# Ten year record

| | 1997 £'000 | 1996 £'000 | 1995 £'000 | 1994 £'000 | 1993 £'000 | 1992 £'000 | 1991 £'000 | 1990 £'000 | 1989 £'000 | 1988 £'000 |
|---|---|---|---|---|---|---|---|---|---|---|
| Turnover | | | | | | | | | | |
| Equipment sales | 45,014 | 34,167 | 16,697 | 15,764 | 10,442 | 10,737 | 10,663 | 11,450 | 12,467 | 11,239 |
| Customer base | 30,077 | 29,767 | 40,077 | 35,578 | 22,398 | 20,119 | 13,090 | 10,583 | 9,298 | 8,039 |
| Total | 75, 091 | 63,934 | 56,774 | 51,342 | 32,840 | 30,856 | 23,753 | 22,033 | 21,765 | 19,278 |
| Generated in the UK | 60,378 | 55,830 | 51,041 | 50,743 | 32,267 | 30,856 | 23,753 | 22,033 | 21,765 | 19,278 |
| Generated overseas | 14,713 | 8,104 | 5,733 | 599 | 573 | – | – | – | – | – |
| | 75,091 | 63,934 | 56,774 | 51,342 | 32,840 | 30,856 | 23,753 | 22,033 | 21,765 | 19,278 |
| Profit on ordinary activities Before taxation | 12,864 | 15,340 | 14,201 | 12,262 | 9,411 | 8,581 | 6,317 | 5,668 | 5,381 | 4,718 |
| After taxation | 8,722 | 11,363 | 10,451 | 8,775 | 6,712 | 6,208 | 4,593 | 4,057 | 3,781 | 3,356 |
| Earnings per share* (FRS 3) (pence) | 29.08 | 36.94 | 34.20 | 29.70 | 26.28 | 25.25 | 21.00 | 19.06 | 18.08 | 16.14 |
| Earnings per share (on the basis of full provision for taxation) (pence) | 29.08 | 33.41 | 31.13 | 27.81 | 24.69 | 23.38 | 19.21 | 17.31 | 16.72 | 14.75 |
| Dividends per share (pence) | 14.00 | 14.00 | 13.00 | 11.50 | 10.20 | 9.20 | 8.00 | 7.00 | 6.60 | 5.60 |
| Shareholders' funds | 24,045 | 23,618 | 30,046 | 24,645 | 22,697 | 19,539 | 12,237 | 12,319 | 9,701 | 7,431 |
| Average number of staff | | | | | | | | | | |
| Based in the UK | 868 | 828 | 755 | 730 | 645 | 644 | 590 | 569 | 571 | 558 |
| Based overseas | 273 | 170 | 192 | 9 | 7 | – | – | – | – | – |
| | 1,141 | 998 | 947 | 739 | 652 | 644 | 590 | 569 | 571 | 558 |
| Rental statistics Gross future rentals receivable under contract | 157,000 | 162,000 | 167,000 | 161,400 | 87,800 | 85,300 | 68,400 | 47,100 | 40,200 | 30,000 |
| Net investment in rental assets | 40,085 | 43,431 | 47,048 | 53,407 | 18,075 | 16,604 | 12,036 | 8,860 | 7,749 | 6,054 |
| Annual rental income | 31,783 | 29,784 | 29,058 | 27,616 | 15,823 | 13,132 | 7,260 | 6,058 | 5,003 | 3,723 |

*Earnings per share figures for 1993 and earlier have been restated following the Rights Issue in November 1993.

# Senior management

## Time and Security Division

Blick National Limited
Ian Macfarlane, Managing Director
Bruce Ginnever, Finance Director
Martin French, Sales Director
Alan Wild, Operations Director

T R Services (Proprietary) Limited
Iain Fynes-Clinton, Managing Director
Albert Cimma, National Sales Manager
Ninon Murray-Smith, Financial Controller

## Television Signal Distribution Division

Blick Telefusion Communications Limited
Ian Macfarlane, Managing Director

## Radio Communications Division

Blick Communications Limited
Michael Stickland, Managing Director
George Cooke, Finance Director
Michael Gloster, Technical Director
Stan Batters, Sales Director

Teletechnicom Communicatiesystemen BV
Antoon van Osch, Managing Director
Johan Rijnvos, Director of Finance
Anton Bakkeren, Director of Operations

Databip Sarl
Laurent du Sartel, Gérant

## Access Control Division

PAC International Limited
Vanda Murray, Managing Director
Tim Gregory, General Manager Sales and Marketing
Robert Harvey, Development Manager
Mike Price, Operations Manager

Blick Door Entry Limited
Richard Best, Managing Director
David Horn, Sales Director

## Integrated Software Systems Division

ABI (Europe) Limited
Colin Bulley, Managing Director
George Cooke, Finance Director
Hennie Kriek, Technical Director
Ian Wheeler, Sales and Marketing Manager

Blick Software Systems Limited
Colin Bulley, Managing Director
George Cooke, Finance Director
Robert Harvey, Manager

## Head office

Martyn Melvin, Personnel Director
Andrew Sauntson, Business Development Director
Ray Clarke, Information Technology Manager
Helen Pennock, Group Accountant

# Notice of the Annual General Meeting

NOTICE IS HEREBY GIVEN, that the Annual General Meeting of Blick plc will be held at Blick House, Bramble Road, Swindon, Wiltshire SN2 6ER on Wednesday, 4 February 1998 at 12 noon for the following purposes:

1 To receive and consider the Directors' Report and the Audited Accounts for the year ended 30 September 1997, together with the Report of the Auditors.

2 To declare a final dividend of 9.5p net per share on the ordinary share capital of the Company.

3 To re-elect Mr M J Lee, who retires under the provision of the Articles of Association, as a director.

4 To re-elect Mr C D MacInnes, who retires under the provisions of the Articles of Association, as a director.

5 To re-elect Mr J F Newman, who retires under the provisions of the Articles of Association, as a director.

6 To re-elect Mr A J J Simonds-Gooding, who retires pursant to Article 87 of the Articles of Association, as a director.

7 To reappoint Price Waterhouse as auditors of the Company and to authorise the Directors to fix the remuneration of the auditors.

As Special Business, to consider and, if thought fit, to pass the following resolutions which will be proposed:

As an Ordinary Resolution

8 That for the purpose of Section 80 of the Companies Act 1985 ("the Act") the Directors be and are hereby authorised, generally and unconditionally, to exercise all powers of the Company to allot or grant options over any relevant securities (as defined in sub-section (2) of Section 80 of the Act) of the Company up to an aggregate nominal amount of £516,995, representing 10,339,908 ordinary 5p shares or 33% of the share capital in issue at the date of this notice, provided that this authority shall expire at the conclusion of the Annual General Meeting of the Company to be held in 1999, save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

As a Special Resolution

9 That the Directors be and are hereby empowered pursuant to Section 95 of the Companies Act 1985 ("the Act") to allot equity securities (within the meaning of Section 94 of the Act) of the Company for cash pursuant to the authority conferred by Resolution numbered 8 set out in the notice of this meeting as if Section 89(1) of the Act did not apply to such allotment provided that this power shall be limited:

a) to the allotment of equity securities (as aforesaid) in connection with a rights issue, where, in the opinion of the Directors, it is reasonably necessary or expedient to allot equity securities (as aforesaid) otherwise than in accordance with Section 89(1) of the Act for the purpose of dealing with fractional entitlements or legal or practical problems under the laws of any territory or the requirements of any recognised regulatory body in any territory; and

b) to the allotment (otherwise than pursuant to paragraph (a) above) of equity securities of the Company up to an aggregate nominal amount of £77,549 representing 1,550,986 ordinary 5p shares or 5% of the share capital in issue at the date of this notice

and shall expire at the conclusion of the Annual General Meeting of the Company to be held in 1999, save that the Company may before such expiry make an offer or agreement which would or might require equity securities (as aforesaid) to be allotted after such expiry and the Directors may allot equity securities (as aforesaid) in pursuance of such an agreement as if the authority conferred hereby had not expired.

As a Special Resolution continued

10 That the Company is hereby generally and unconditionally authorised to make market purchases (within the meaning of Section 163(3) of the Companies Act 1985) of Ordinary Shares in the capital of the Company ("Ordinary Shares") provided that:

a) the maximum number of Ordinary Shares hereby authorised to be purchased is 1,550,000, or such lesser number of Ordinary Shares representing 5% of the share capital in issue at the date of the Annual General Meeting;

b) the maximum price which may be paid for each Ordinary Share is 5% above the average of the middle market quotations for the Ordinary Shares derived from the London Stock Exchange Official List for the ten dealing days immediately prior to the date of purchase of such shares and the minimum price that may be paid for the Ordinary Shares is the nominal value of 5p per share;

c) the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company to be held in 1999 unless such authority is renewed prior to such time; and

d) the Company may make a contract to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of the authority which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of Ordinary Shares in pursuance of any such contract.

By order of the Board

C D MacInnes Secretary
Blick House, Bramble Road, Swindon, Wiltshire, SN2 6ER
15 December 1997

Notes

1 Any member entitled to attend and vote at the above Meeting may appoint one or more proxies to attend and, on a poll, to vote on his or her behalf. A proxy need not be a member of the Company. A prepaid form is enclosed with this notice. To be valid, forms of proxy must be received by the Registrars, The Royal Bank of Scotland plc, Registrar, PO Box 457, Owen House, 8 Bankhead Crossway North, Edinburgh EH11 0XG, no later than forty-eight hours before the Meeting. Completion of a form of proxy will not preclude a member from attending and voting in person.

2 A statement of Directors' share transactions and copies of Directors' service contracts with the Company or any subsidiary will be available for inspection at the Registered Office of the Company during normal business hours from the date of this notice until the date of the Meeting and at the place of the Annual General Meeting from 11.45am on the day of the Meeting until the conclusion of the Meeting.

# Financial calendar

| | |
|---|---|
| Annual General Meeting | 4 February 1998 |
| Announcement of half year results | June 1998 |
| Announcement of full year results | December 1998 |
| 1997 final dividend paid | 1 April 1998 |
| 1998 interim dividend paid | September 1998 |

# Group directory

United Kingdom

Blick National Limited
*Head office and Sales*
Telephone 01793 692401
Fax 01793 615848

*National call centre*
Telephone 0990 200800

*Service centres*
Unit 4, Wingates Industrial Park
Westhoughton BL5 3XH
Telephone 01942 814343
Fax 01942 814915

Unit 9, Blacklands Way
Abingdon Business Park
Abingdon OX14 1DY
Telephone 01235 546500
Fax 01235 546510

Unit 69, Balloo Link
Dunlop Industrial Estate
Bangor BT19 2HJ
Telephone 01247 270364
Fax 01247 460859

12 Walton Road
Chaddesdon, Derby DE2 6QE
Telephone 01332 668997
Fax 01332 280004

Graphic House
Moseley Road
Manchester M19 2LH
Telephone 0161 2240308
Fax 0161 2572488

Unit 34, 3 Taunton Road
Metropolitan Centre
Greenford UB6 0NP
Telephone 0181 5759111
Fax 0181 5757448

61/63 Back Sneddon Street
Paisley PA3 2DD, Scotland
Telephone 0141 8898993
Fax 0141 8891274

Blick Communications Limited
*Head office and Sales*
Telephone 0171 692401
Fax 0171 615848

*Factory and service centre*
15 Cofton Road, Marsh Barton
Trading Estate, Exeter EX2 8QW
Telephone 01392 204100
Fax 01392 204170

PAC International Limited
Unit 1, Parkgate Close
Bredbury, Stockport SK6 2SZ
Telephone 0161 494 1331
Fax 0161 430 8658

Blick Door Entry Systems Limited
61/63 Back Sneddon Street
Paisley PA3 2DD, Scotland
Telephone 0141 889 8993
Fax 0141 889 1274

A B I (Europe) Limited
Crowood House
Gipsy Lane, Swindon
Wiltshire SN2 6XD
Telephone 01793 692401
Fax 01793 484565

Blick Software Systems Limited
*Head office*
Crowood House
Gipsy Lane, Swindon
Wiltshire SN2 6XD
Telephone 01793 692401
Fax 01793 484565

*Local Government and Utilities*
Mowbray House, Mowbray Square
Harrogate, North Yorkshire HG1 5AU
Telephone 01423 561754
Fax 01423 500099

South Africa

TR Services (Proprietary) Limited

*Head office*
PO Box 1908, Rivonia, 2128
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Telephone (00) 2711 321 1800
Fax (00) 2711 885 1061

*Cape Town*
PO Box 81, Paarden Eiland, 7420
Telephone (00) 2721 511 3322
Fax (00) 2721 511 8495

*Port Elizabeth*
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Telephone (00) 2741 34 2111
Fax (00) 2741 34 3354

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PO Box 18045, Dalbridge, 4014
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