1455128

CONTENTS

THE GIEVES GROUP plc

DIRECTORS AND OFFICERS

DIRECTORS	B T R Scruby FCA — Chairman W C C Cheng OBE I H Currie FCA H M Gordon-Martin M E A Keeling FCA C E Maunsell MC N D McWhirter CBE G V Sherren
REGISTERED OFFICE	No. 1 Savile Row London W1X 2JR (Registered No. 1455128)
SECRETARY'S OFFICE	I H Currie FCA 2 Church Road Hayling Island Hants PO11 0NT
REGISTRARS AND TRANSFER OFFICE	Independent Registrars Group Broseley House Newlands Drive Witham Essex CM8 2UL
AUDITORS	Grant Thornton Grant Thornton House Melton Street Euston Square London NW1 2EP

PROPOSED PLACING

A circular has been sent to shareholders which contains details of a capital reorganisation and proposals to raise £2,051,000 through a placing of ordinary shares. Further reference to this transaction is made later in this statement.

RESULTS YEAR TO 31st JANUARY, 1993

At the time of the interim results we said that our budgets indicated a substantial reduction in the rate of trading loss for the second half, compared with the loss incurred during the first six months of the year. The actual trading outturn was considerably better than budget and in the six months ended 31st January, 1993 the profit on ordinary activities before interest amounted to £463,000.

With the benefit of the second half improvement the trading profit for the year amounted to £216,000 compared with £359,000 for the previous year. After interest of £340,000 and exceptional costs of £1,344,000 the Group incurred a loss of £1,468,000 compared with a loss of £1,638,000 last year.

The exceptional items comprise £437,000 in respect of further losses incurred by the Gieves & Hawkes Milan store and £373,000 in relation to terminal trading costs, asset write downs and direct costs associated with the closure of two retail outlets in the United Kingdom. Of the balance, £471,000 relates to the last round of costs and provisions arising from the reorganisation and restructuring of the publishing divisions of Chivers and its North American subsidiary, £167,000 to payments in respect of a property originally assigned by the Group to a third party in 1982, who has subsequently defaulted, less profits of £104,000 realised from property disposals.

REVIEW OF THE GROUP'S BUSINESSES

GIEVES & HAWKES

The third successive year of trading in a recessionary retail environment in the United Kingdom was accompanied by difficult economic conditions in a number of our other key markets. The outcome was that the combined trading profit earned by the domestic retail and international divisions amounted to £805,000 compared with £1,016,000 in the previous year.

At the end of the year Gieves & Hawkes UK retailing division traded from twelve locations and contributed £290,000 to the overall profit compared with £505,000 in the previous year. Following the previous year's sharp fall in sales, volume was maintained but at the expense of an erosion of margins.

The trading results of the International division, which increased profits to £515,000 compared with £511,000 in the previous year, reflect increasing brand awareness through licensing and distribution channels.

Our plan to develop and raise the visibility of the Gieves & Hawkes brand through the establishment of a retail presence in Italy has failed. Since the Milan store was opened in February, 1991 the sales performance has been well below expectations and despite rigorous cost control we have been unable to prevent losses continuing. Last year, we explained that we were looking to reduce the Group's interest in this business. Since then we have held discussions with a number of potentially interested participants, but so far without success.

Earlier this year, therefore, we decided to close the store and since April we have been running it down to maximise the realisation of stocks and debtors; the shop will be finally closed at the end of July.

The potential for the Gieves & Hawkes brand remains. We have recently strengthened our UK retail management and our international team are pursuing a number of opportunities.

CHIVERS

Following the closure of the book wholesaling activities in March, 1992 Chivers' business has focused on publishing and distributing large print and unabridged audio books and its Cherrytree series of children's educational titles. In the USA our subsidiary, which was relocated in August, 1992 from its former base in Massachusetts to Hampton, New Hampshire, publishes and distributes large print books and Chivers audio books for whom it now acts as sole distributor in North America.

On sales of £7.9 million the businesses incurred a trading loss of £33,000. In the United Kingdom the business made a trading profit of £245,000 compared with a loss of £95,000 in the previous year. With static first half sales and reduced margins the subsidiary in the USA incurred a loss of £278,000.

Throughout the year both our Chivers businesses were fundamentally reorganised and the management strengthened. In August, 1992 Tom Beeler, who has wide publishing knowledge and experience, joined Chivers North America as president and chief executive. In January, 1993 Simon Gibbs, who joined Chivers as commercial director towards the end of 1991, was appointed managing director.

Exceptional costs of £471,000 relate principally to provisions against certain titles in the Cherrytree children's educational series and the final costs associated with the reorganisation referred to.

We firmly believe that as a result of all the steps that have been taken to strengthen the Chivers businesses they are now well placed to move ahead profitably.

CONSOLIDATED PROFIT & LOSS ACCOUNT

The consolidated profit and loss account on page 18 shows a loss on ordinary activities after tax of £1,280,000, although after extraordinary items of £3,467,000 the retained loss is £4,747,000.

The make up of the extraordinary charge requires an explanation. Of the total figure of £3,467,000, £1,784,000 relates to goodwill, previously written off against reserves, which under new accounting rules is required to be recharged through the consolidated profit and loss account upon the disposal or closure of a subsidiary. The goodwill arose on the acquisition of Bookpoint, which was disposed of in July, 1992 and Valux Manzoni SRL, our subsidiary in Italy, through which we have operated the Milan store. There is no overall impact upon our shareholders' funds flowing from the recharge of the goodwill.

The balance of the extraordinary charge is £1,683,000. This includes a profit of £815,000 arising on the sale of Bookpoint, less £998,000 in respect of provisions and asset write offs, the majority of which are associated with the Milan store. In addition, a further £1,500,000 has been included as a provision against the crystallisation of guarantees relating to the business of Redwood Press Limited which were in place at the time of the disposal of Redwood's business to BPMG plc in March, 1992.

It was announced on 28th April, 1993 that Redwood Press Limited, a wholly owned subsidiary of BPMG, had been placed in administration. Under the terms of the sale agreement dated 12th March, 1992 whereby the Group sold Redwood to BPMG, we continued to provide guarantees on certain outstanding leasing and hire purchase obligations relating to various printing plant and equipment used by Redwood. The principal amounts outstanding in respect of the leasing and hire purchase obligations at 31st January, 1993 were approximately £3.5 million. Under the sale agreement BPMG provided the Group with counter-indemnities in respect of 40 per cent. of the outstanding commitments due. At the present time

Redwood remains in administration and purchasers are now being sought for the printing plant and equipment. Accordingly, in making a provision we have taken into account the substantial proceeds which it is estimated should be derived from the sale of the plant and equipment.

We have reached conditional agreements with the principal guaranteed parties, which provide for an orderly discharge of the liabilities under the guarantees after taking into account the estimated net sale proceeds from the Redwood plant and equipment.

As a result of the losses and provisions made, there is now a deficit on revenue reserves which, unless action were taken, would prohibit the payment of a dividend in the foreseeable future. Accordingly, to ensure that, upon a return to profitability, there is an early resumption of the payment of dividends we will seek to reorganise the present capital structure through a capital reduction scheme the effect of which would be to eliminate the present deficit. The scheme is subject to shareholders' approval and to the confirmation of the High Court.

CONSOLIDATED BALANCE SHEET

The consolidated balance sheet appears on page 19. After taking into account the sale of Bookpoint and the losses and provisions already referred to, the net tangible assets attributable to the shareholders amount to £1,886,000 equivalent to 13.8 pence per share.

The £2.5 million raised in July 1992 by way of a Convertible Secured Loan Stock to a wholly owned subsidiary of USI Holdings Limited, a Hong Kong quoted company, is included in the balance sheet under the heading of creditors falling due after more than one year.

FUNDING PROPOSALS AND PROSPECTS

In the circular we explained that to restore the Group's capital base and to ensure that we have adequate funds available to meet our obligations in respect of the crystallisation of the Redwood guarantees, it is proposed to raise £1,776,000, net of expenses, through the issue of 8,204,112 new ordinary shares at 25 pence per share. The shares will be placed conditionally by James Capel & Co. Limited with a wholly owned subsidiary of USI Holdings Limited, subject to valid applications from existing shareholders who may wish to participate. In addition Royal Scot Leasing Limited, one of the guaranteed parties, has conditionally agreed to subscribe £225,000 through the issue of 900,000 new ordinary shares at 25p per share as part of the arrangements by which the obligation to them is to be discharged.

We have completed a three year reorganisation and rationalisation of the Group's businesses. The Group is focused, and following the placing, will be adequately funded and, with a strengthened management, is set to move forward profitably. The current year has started well and in the first quarter the actual trading results are ahead of budget for the period. However, we have so far seen little evidence to indicate when we may expect a material upturn in UK consumer confidence and demand for the Group's products and services. Until there is an upturn our ability to progress rapidly is bound to be restricted.

Dividends are vital and as soon as profitability has firmly been re-established we intend to see this source of income to our shareholders reinstated.

CONCLUSION

The Group has emerged from three very difficult and unpleasant years with a capital base which has been eroded as a result of substantial losses and asset write downs. During that period the non core activities have been disposed of and our core businesses are now in a position to expand their potential and meet that challenge with renewed confidence.

We are grateful to everyone working in the Group for their hard work and for maintaining their patience and spirit in the face of difficulty and some uncertainty.

Tom Scruby

9th July, 1993

A difficult year hampered Gieves & Hawkes' profitability both at home and in overseas markets.

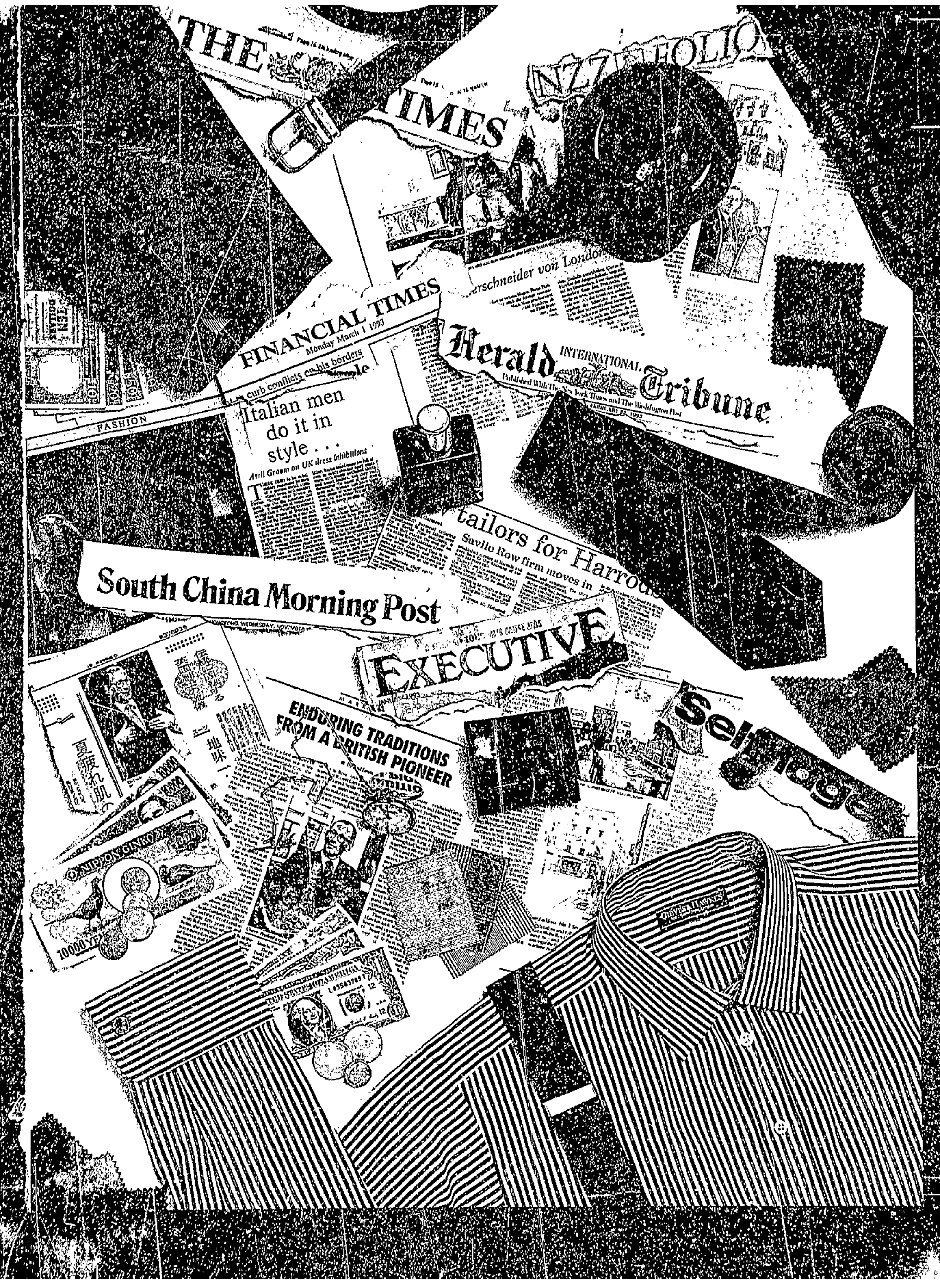
The anticipated upturn in the UK did not arrive and the company suffered, from a lack of overseas visitors and some reduction in our traditional domestic business.

Internationally, G&H fared better in a number of territories and made progress with distribution in Taiwan, where two new shops have been opened in the past year. Nevertheless, the worldwide recession restrained the growth of our business particularly in the important markets of Japan and North America.

Our efforts continue to develop the business on the European mainland through wholesale distribution. In Italy, our endeavours to develop a retail business in Milan have been unsuccessful and in consequence the store will be closed on 31st July.

Continued . . .

GIEVES & HAWKES
No. 1 Savile Row, London


THE
TIMES
FINANCIAL TIMES
Monday March 1 1993
curb conflicts on his borders
Italian men
do it in
style . . .
FASHION
Herald
INTERNATIONAL
Tribune
tailors for
Savile Row firm moves in
South China Morning Post
EXECUTIVE
ENDURING TRADITIONS
FROM A BRITISH PIONEER

We have been encouraged by the start to the current year and there are tangible signs that, helped by an increase in the number of overseas visitors to the city, the retail trade in London is showing signs of improvement. In our principal international markets there are indications that the impact of the recessions is easing. At home, with a management team recently strengthened, and overseas, with a number of growth opportunities being pursued, the outlook points to Gieves & Hawkes being well placed to build again for the future.

GIEVES & HAWKES
No 1 Savile Row London

GIEVES & HAWKES
The Boating Season
Come i lord inglesi
alla "Henley Regat

KEY EVENTS

Chivers is one of the world's leading publishers of large print books for the sight handicapped and of complete and unabridged recorded books as supplied to public libraries. This position and its reputation as a publisher of a broad range of high quality publications remain unassailed despite a difficult year in which the constraints on local authority funding put severe pressure on library resources.

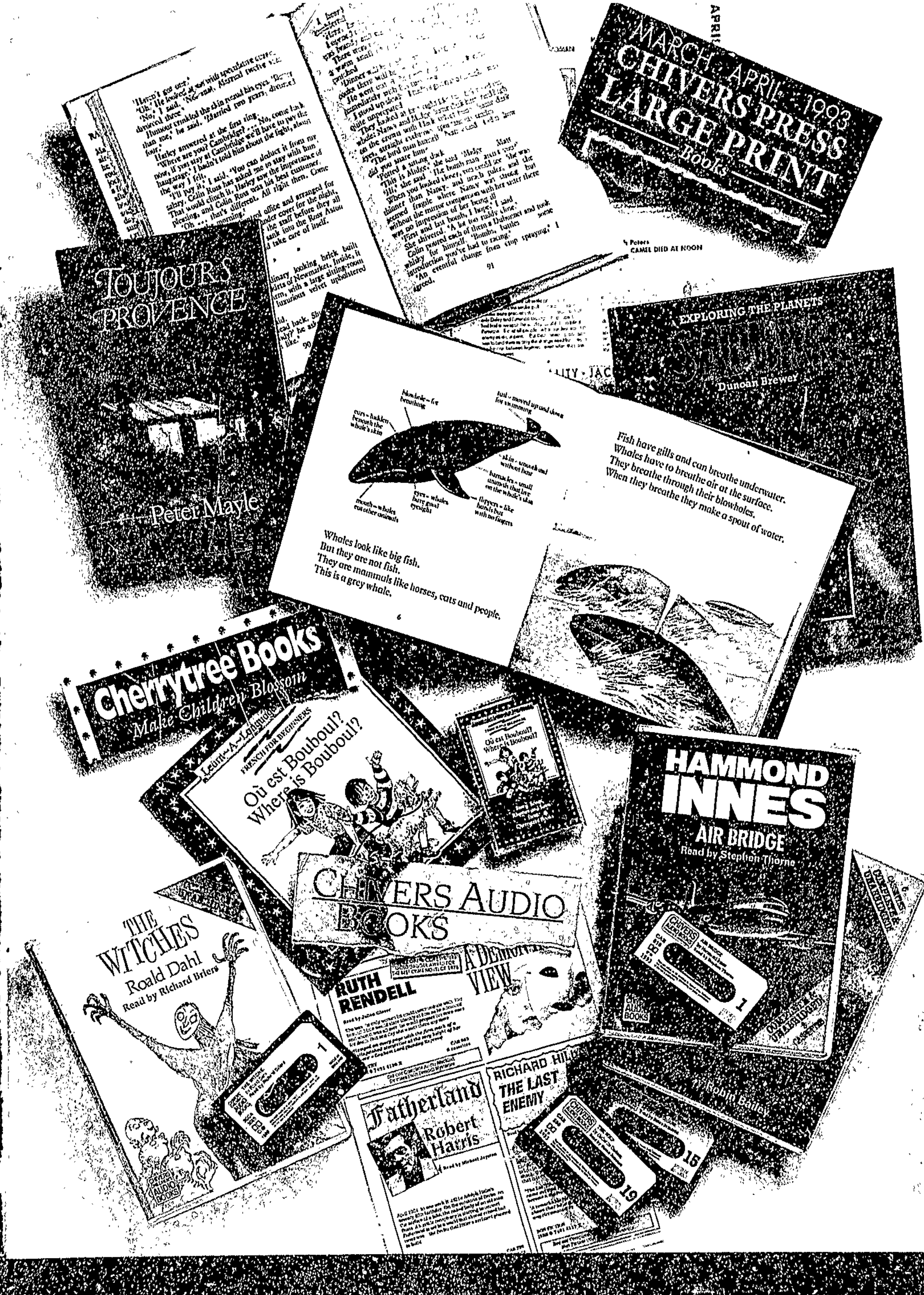
Chivers has undergone fundamental changes during the past year in order to secure the future of the publishing business. The library supply business was closed, the marketing focus of Chivers publications has been changed from the wholesale market to selling direct to libraries, and substantial cost reductions have been secured. In addition, a new management team has been put in place to run Chivers' American subsidiary, which was relocated, renamed and given the exclusive distribution of Chivers audio books in the USA. The benefits of all these changes are now beginning to show in the creation of a tightly focused business, although the costs of these changes impacted upon the results for 1992/3.

During the year Chivers rationalised its imprints and introduced a new large print series, which has been widely acclaimed by librarians throughout the United Kingdom and in English speaking countries overseas.

Chivers' reputation for the quality and range of its recordings of books is second to none. It remains the market leader in this field on the strength of recordings by well known artists such as Robert Hardy, Jeremy Irons and Prunella Scales reading complete and unabridged versions of books by the world's leading authors.

The development of the Cherrytree imprint, Chivers' successful children's educational series, continues with the publication of a children's atlas and the continuing growth of the popular Shakespeare and Feelings series. Such innovative developments as the introduction of a new Learn-a-Language series, should maintain Cherrytree's increasing popularity.

Chivers...
Chivers Press Limited


MARCH · APRIL · 1993
CHIVERS PRESS
LARGE PRINT
Books
TOUJOURS PROVENCE
Peter Mayle
EXPLORING THE PLANETS
Duncan Brewer
Fish have gills and can breathe underwater.
Whales have to breathe air at the surface.
They breathe through their blowholes.
When they breathe they make a spout of water.
Whales look like big fish.
But they are not fish.
They are mammals like horses, cats and people.
This is a grey whale.
Cherrytree Books
Make Children Blossom
FRENCH FOR BEGINNERS
Où est Bouboul?
Where is Bouboul?
HAMMOND INNES
AIR BRIDGE
Read by Stephen Thorne
CHIVERS AUDIO BOOKS
THE WITCHES
Roald Dahl
Read by Richard Briers
RUTH RENDELL
Fatherland
Robert Harris
THE LAST ENEMY

The directors submit the Group accounts together with their report for the year ended 31st January, 1993.

Results and Principal Activities
The Group loss for the year on ordinary activities before taxation amounted to £1,411,000.

The financial statements have been prepared on the going concern basis in the expectation that the shareholders will approve the Placing and Open Offer at the Extraordinary General Meeting to be held on 2nd August, 1993 (note 23 refers) and that, as a result, the waiver of breaches of certain covenants of the Convertible Loan Stock Deed (note 15 refers) will be unconditional.

These results are presented on a basis consistent with previous years. Future results will be presented in accordance with FRS 3—"Reporting Financial Performance", which is mandatory for accounting periods ending on or after 23rd June, 1993.

The Group has been engaged during the year in the following activities:—
Retailers and licensors.
Publishers.
Book distributors.

The book distribution business was disposed of on 13th July, 1992.

A review of the business and future developments of the business of the Company and its subsidiaries has been given in the Chairman's Statement on pages 3 to 7.

Share Capital
On 13th July, 1992 the authorised share capital of the Company was increased from £3,750,000 to £4,750,000 by the creation of an additional 5,000,000 ordinary shares of 20p each.

Dividends
No interim dividend has been paid and no final dividend is recommended by the directors. The Group loss of £4,747,000 after taxation and extraordinary items has been transferred to reserves.

Directors
The directors of the Company during the year to 31st January, 1993 are shown below, together with their beneficial interests in the shares of the Company on 31st January, 1993 and on 1st February, 1992.

(a) Shares	20p Ordinary Shares	
	This year	Last year
B. T. R. Scruby	18,000	18,000
W. C. C. Cheng (appointed 13th July, 1992)	—	N/A
I. H. Currie	30,000	30,000
H. M. Gordon-Martin	58,473	58,473
M. E. A. Keeling	404,373	404,373
C. E. Maunsell (appointed 13th July, 1992)	—	N/A
N. D. McWhirter	13,333	13,333
G. V. Sherren*	—	—

*At the beginning and end of the year, through trusts, Mr. Sherren's family were interested in 154,800 ordinary shares of 20p each in the Company.

(b) Share Options

All share options outstanding at 1st February, 1992 were relinquished on 15th May, 1992.

No directors had interests in any options at 31st January, 1993.

There have been no changes in directors' interests between 31st January, 1993 and 30th June, 1993.

Mr. W. C. C. Cheng and Mr. C. E. Maunsell, who were appointed directors on 13th July, 1992, retire in accordance with the Articles of Association and, being eligible, offer themselves for re-election. Mr. N. D. McWhirter and Mr. M. E. A. Keeling retire by rotation and, being eligible, offer themselves for re-election. None of the above has a service agreement.

There were no contracts of significance subsisting during or at the year end in which any of the directors had a material interest.

Brief biographical details of the non-executive directors are as follows:—

Mr. Michael Keeling joined the Board in 1970, served as Chairman from 1971 until June, 1989, and has since served as a non-executive director. Until 1990 Mr. Keeling had been a member of the Boards of London and Yorkshire Trust Limited and Ibstock Johnsen plc and also director and chairman of Close Brothers Group plc. Age 67.

Mr. Norris McWhirter joined the Board in 1973 as a non-executive director on the acquisition of the Redwood companies, where he served as Chairman. A founder editor of the Guinness Book of Records (together with his late twin Ross), he later served as Managing Director of Guinness Superlatives Limited. He is a trustee of the Police Rehabilitation Trust and of the Ross McWhirter Memorial Trust. Age 67.

Mr. Graham Sherren joined the Board as a non-executive director in January, 1990. He is Chairman and Chief Executive of Centaur Communications Limited, a major UK magazine and education language publisher. Among his other directorships he is a non-executive director of Culbro Corporation, a quoted US based group with diversified interests. Age 55.

Mr. Christopher Cheng is Chairman of United Success International Limited, a member of the Wing Tai group of companies in Hong Kong and of Campari International Plc and also a non-executive Director of Vivat Holdings PLC. Age 44.

Mr. Kit Maunsell is Chief Executive of Wing Tai (Europe) Limited and of Campari International Plc and also a non-executive director of Vivat Holdings PLC. Age 53.

During the year the Company maintained indemnity insurance for its Directors and Officers, including those of certain subsidiary companies.

Substantial Shareholdings

At 30th June, 1993, the Company has been advised of the following holdings in excess of 3% in the capital of the Company.

	Number of shares	%
Matheson & Co. Limited (held as nominee)	1,668,883	12.2
Barclays Bank PLC (held as trustee)	966,966	7·1
Asia Champ Developments Limited (a wholly-owned subsidiary of USI Holdings Limited)	701,848	5·1
Mr. D. A. Love	671,265	4·9
A & R Equity Limited	553,480	4·0

Fixed Assets
The directors are of the opinion that the open market values of the Group's properties are not significantly different from their book values. Movements in fixed assets are shown in Note 10.

Post Balance Sheet Events
(a) Since the year end, Redwood Press Limited ("Redwood"), a wholly-owned subsidiary of BPMG plc ("BPMG") has been placed in administration. Under the terms of the sale agreement under which it sold Redwood to BPMG, the Group continued to provide guarantees on certain outstanding leasing and hire purchase obligations relating to various items of printing equipment used by Redwood, subject to counter indemnities provided by BPMG in respect of 40 per cent. of the outstanding commitments due. The contingent liabilities under the guarantees have crystallised and therefore a provision of £1.5 million has been made in these accounts.

(b) On 9th July, 1993, the company announced the proposed Placing and Open Offer of 8,204,112 new ordinary shares at 25p per share to raise approximately £2.1 million. The Placing and Open Offer is conditional upon shareholders' approval at an Extraordinary General Meeting to be held on 6th August, 1993. Full details of the Placing and Open Offer and the resolutions to be considered at the Extraordinary General Meeting are set out in the circular to shareholders dated 9th July, 1993.

Corporate Governance
The Cadbury Committee on the Financial Aspects of Corporate Governance has published its report, including a Code of Best Practice.

A formal statement on the action taken by the Group to comply with the report's recommendations does not fall to be made until our next year-end Report and Accounts. At this stage shareholders should be aware that steps are being taken towards achieving compliance with the recommendations. This will include the constitution of formal committees, as appropriate, comprising our non-executive directors. For a number of years a committee comprising the non-executive directors have been responsible for sanctioning the remuneration and benefits of the executive directors.

Employment policies
The Group supports the employment of disabled people wherever possible through recruitment, by retention of those who become disabled during their employment and generally through training, career development and promotion.

While employee involvement represents an increasingly high priority in the Group the degree of achievement varies from one division to another. Nevertheless all managements are conscious of the need for the dissemination to their respective employees of information on matters concerning them, and they are encouraged to feel involved in their companies' affairs.

Community Involvement
The Group is committed to best contemporary practice in environmental matters. In addition to seeking compliance with existing legislation and regulations each company in the Group pursues environmental policies aimed at achieving the standards expected of a responsible organisation.

Charitable and Political Contributions
The total of the Group's charitable contributions in the United Kingdom for the year was £436. No political contributions were made.

Capital Gains Tax
The adjusted market value of The Gieves Group plc shares at 31st March, 1982 for the purpose of Capital Gains Tax was 16.25p.

Auditors
Grant Thornton offer themselves for reappointment as auditors in accordance with Section 385 of the Companies Act 1985.

By Order of the Board
I. H. Currie, *Secretary* 9th July, 1993

I H Currie

To the members of The Gieves Group plc

We have audited the financial statements on pages 18 to 35 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group at 31st January, 1993 and of the loss and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Without qualifying our opinion above, we draw attention to the accounting policies on page 21 which refer to the basis of preparation of these financial statements.

GRANT THORNTON
Registered Auditor
Chartered Accountants
London
9th July, 1993

Grant Thornton

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31st January, 1993

Turnover	Notes				Last Year
Principal activities—		£000	£000	£000	£000
Retailers and licensors			9,448		9,422
Publishers			7,919		6,753
			17,367		16,175
Discontinued businesses:					
Book distributors			1,620		3,965
Book and magazine manufacturers			—		12,887
Library suppliers			—		4,528
Motor and petrol retailers			—		10,963
			18,987		48,518
Operating Profits/(Losses)					
Retailers and licensors			805		1,016
Publishers			(33)		(223)
Parent company—central expenses			*(556)*		(434)
Profit before interest			216		359
Interest payable less receivable			(340)		(292)
(Loss)/Profit on continuing activities before exceptional items			(124)		67
Exceptional items	4		(1,344)		(1,705)
Loss after exceptional items on continuing activities before taxation			(1,468)		(1,638)
Profits/(Losses) attributable to discontinued businesses:					
Book distributors		57		460	
Book and magazine manufacturers		—		(645)	
Library suppliers		—		301	
Motor and petrol retailers		—		11	
			57		127
Loss on ordinary activities before taxation	1		(1,411)		(1,511)
Taxation credit/(charge)	6		131		(11)
Loss on ordinary activities after taxation			(1,280)		(1,522)
Extraordinary items (net of taxation)	7		(3,467)		(2,281)
Loss retained in the business	19		(4,747)		(3,803)
Loss per 20p ordinary share	9		(9·4)p		(11·1)p

CONSOLIDATED BALANCE SHEET

31st January, 1993

	Notes	£000	£000	£000	Last Year £000
Fixed assets					
Tangible assets	10		1,316		9,414
Investments	11		816		38
			2,132		9,452
Current assets					
Stocks	12	4,312		6,145	
Debtors	13	4,140		7,746	
Cash at bank and in hand		1,343		53	
		9,795		13,944	
Creditors: amounts falling due within one year:—					
Borrowings	16	1,103		3,739	
Other		5,670		9,314	
	14	6,773		13,053	
Net current assets			3,022		891
Total assets less current liabilities			5,154		10,343
Creditors: amounts falling due after more than one year:—					
Borrowings	16	2,832		5,196	
Other		199		187	
	15	3,031		5,383	
Provisions for liabilities and charges	17	237		816	
			3,268		6,199
			1,886		4,144
Capital and reserves					
Called up share capital	18		2,735		2,735
Merger reserve	19		51		51
Revaluation reserve	19		670		—
Profit and loss account	19		(1,570)		1,358
			1,886		4,144

B. T. R. SCRUBY
I H. CURRIE
} *Directors*

Approved by the board on 9th July, 1993

BALANCE SHEET

31st January, 1993

	Notes	£000	£000	£000	Last Year £000
Fixed assets					
Tangible assets	10		21		21
Investments	11		10,509		11,299
			10,530		11,320
Current assets					
Debtors	13	155		7	
Cash at bank and in hand		1,341		—	
		1,496		7	
Creditors: amounts falling due within one year:—					
Borrowings	16	—		78	
Due to subsidiaries		236		239	
Other		1,827		682	
	14	2,063		999	
Net current liabilities			(567)		(992)
Total assets less current liabilities			9,963		10,328
Creditors: amounts falling due after more than one year:—					
Borrowings	16	2,500		—	
Other		2,382		1,955	
	15	4,882		1,955	
Provisions for liabilities and charges	17	13		12	
			4,895		1,967
			5,068		8,361
Capital and reserves					
Called up share capital	18		2,735		2,735
Merger reserve	19		451		451
Revaluation reserve	19		4,112		4,292
Profit and loss account	19		(2,230)		883
			5,068		8,361

B. T. R. SCRUBY } *Directors*
I. H. CURRIE

Approved by the board on 9th July, 1993

The following are the main accounting policies of the Group, and are unchanged from the previous year.

(a) Basis of accounts

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

(b) Basis of preparation

The financial statements have been prepared on the going concern basis.

The group are in breach of certain covenants of the Convertible Secured Loan Stock Deed. However, conditional upon shareholders' approval of the proposed Placing and Open Offer (note 23 refers), USI Holdings Limited, the Convertible Secured Loan Stock holder, has agreed to waive all breaches of covenants that have occurred up to the date of approval of these financial statements by the directors and all breaches of covenant that will occur prior to the Extraordinary General Meeting.

The financial statements have been prepared on the going concern basis in the expectation that certain resolutions will be passed at the Extraordinary General Meeting to be held on 2nd August, 1993. The resolutions, which are more fully described as resolutions 1 and 2 in the Notice of Extraordinary General Meeting included in the circular to shareholders dated 9th July, 1993, are in respect of

(i) increasing the authorised share capital;
(ii) granting authority to the directors to allot up to a maximum of 17,437,445 new ordinary shares in connection with the proposed placing and open offer; and
(iii) waiving the obligation which USI Holdings Limited may have to make a general offer for the ordinary shares of the company.

In the event that the resolutions are not passed, the group will continue to be in breach of certain covenants of the Convertible Secured Loan Stock Deed and the Convertible Secured Loan Stock would become repayable on demand. In these circumstances, the going concern basis may not be appropriate.

(c) Basis of consolidation

(i) Composition of the Group
The Group accounts consolidate the accounts of the Company and its subsidiaries which are made up to a date co-terminous with the financial year of the Company.
(ii) All unrealised internal profits are eliminated on consolidation.
(iii) Goodwill arising on acquisition of subsidiaries is written off against reserves at the time of acquisition.

(d) Depreciation

Depreciation is normally provided to write off the cost on a straight line basis as follows:
Freehold buildings – 2 per cent. per annum
Short leasehold property – over period of lease
Plant, vehicles and equipment – at rates varying between 10 per cent. and 33⅓ per cent. per annum.

(e) Leasing

The cost of assets held under finance leases is included under tangible assets, and depreciation is provided in accordance with the Group's accounting policy for the class of asset concerned. Interest calculated on the reducing balance basis is charged as interest payable over the period of the lease and the capital element of future lease payments is included in creditors.

The cost of operating leases is charged to the profit and loss account on a straight line basis over the term of the lease.

(f) Deferred taxation

Deferred taxation is the taxation attributable to timing differences between profits/losses computed for taxation purposes and profits/losses as stated in the accounts. It is provided to the extent that it is probable that a liability will crystallise.

Provision for deferred taxation is made at the effective rate of corporation tax in force during the following accounting year and is computed under the liability method.

(g) Turnover

Turnover represents the net amounts invoiced for sales and services rendered excluding value added tax and intra-group transactions.

(h) Stocks

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

(i) Foreign currencies

Monetary assets and liabilities have been translated into sterling at the rate of exchange ruling at the balance sheet date, except where covered by a forward exchange contract in which case the contract rate has been used. The trading results of overseas operations have been translated into sterling at the average rate for the year. Differences arising on consolidation of reserves of overseas operations are taken to reserves. All other differences are taken to the profit and loss account.

(j) Pension Scheme

Contributions to the scheme are calculated as a percentage, agreed on actuarial advice, of the pensionable salaries of employees. The cost of providing pensions is charged to the profit and loss account over the periods benefiting from the services of employees.

(k) Fixed Asset Investments

Investments are included at cost or valuation, having regard to the underlying net assets. Surpluses and deficits on revaluation are included in the revaluation reserve except to the extent of any permanent diminution in value which is written off to the profit and loss account.

1. Turnover and profit before taxation

	£000	£000	£000	Last Year £000
Turnover		18,987		48,518
Change in stocks of finished goods and work in progress		478		84
		19,465		48,602
Other operating income		1,157		1,385
		20,622		49,987
Raw materials and consumables	8,740		23,147	
Other external charges	281		5,049	
		9,021		28,196
		11,601		21,791
Staff costs (Note 5)	4,481		10,831	
Depreciation	503		1,457	
Other operating charges	6,359		8,225	
		11,343		20,513
Operating profit		258		1,278
Interest receivable and similar income		22		38
		280		1,316
Interest payable and similar charges (Note 3)		347		1,122
(Loss)/Profit before exceptional items		(67)		194
Exceptional items (Note 4)		(1,344)		(1,705)
Loss on ordinary activities before taxation		(1,411)		(1,511)

	£000	£000	£000	Last Year £000
Exports included in turnover		3,113		5,629
Loss on ordinary activities is stated after:—				
Depreciation of fixed assets:—				
Freehold buildings	—		39	
Leasehold property—short	196		101	
Plant, equipment and vehicles—owned	451		630	
—leased and hire-purchased	102		743	
(*Includes £246,000 (Last year £56,000) charged to exceptional items)		*749		*1,513
Auditors' remuneration—				
As auditors		45		70
Other services		35		94
Other operating lease rentals, including land and buildings		1,101		1,574

2. **Segmental analysis**

Class of business	Turnover £000	Operating Profit £000	Net assets £000	Last year Turnover £000	Last year Operating Profit £000	Last year Net assets £000
Continuing operations:						
Retailers and licensors	9,448	805	2,692	9,422	1,016	3,842
Publishers	7,919	(33)	1,382	6,753	(223)	(64)
Central expenses	—	(556)	—	—	(434)	—
	17,367	216	4,074	16,175	359	3,778
Discontinued operations:						
Book distributors	1,620	42	—	3,965	441	485
Book and magazine *manufacturers*	—	—	—	12,887	66	(47)
Library suppliers	—	—	—	4,528	401	—
Motor and petrol retailers	—	—	—	10,963	11	2,015
	1,620	42	—	32,343	919	2,453
Totals	18,987	258	4,074	48,518	1,278	6,231
Net interest payable		(325)			(1,084)	
Exceptional items		(1,344)			(1,705)	
Loss on ordinary activities before tax		(1,411)			(1,511)	
Consolidation adjustments, including parent company			(2,188)			(2,087)
Total net assets			1,886			4,144

The analysis of turnover, profit and net assets by geographical market for each principal activity has not been disclosed.

3. **Interest payable**

	£000	Last year £000
On bank overdrafts and other loans		
—repayable within 5 years, otherwise than by instalments	198	335
—repayable wholly or partly in more than 5 years	121	214
On finance leases and hire purchase agreements	28	573
	347	1,122

4. **Exceptional items**

	£000	Last year £000
Reorganisation costs and stock provisions	471	1,342
Trading loss of store in Milan	437	548
Net surplus on sale of assets	(104)	(185)
Branch closure costs	373	—
Surplus property costs	167	—
	1,344	1,705

5. **Directors and employees**

Staff costs during the year:	£000	Last year £000
Wages and salaries	4,027	9,750
Social security costs	400	967
Other pension costs	54	114
	4,481	10,831

The average number of employees of the Group during the year was as follows:

	Full time	Part time	1993 Total	Full time	Part time	1992 Total
Continuing businesses:						
Retailers and licensors	124	19	143	137	23	160
Publishers	83	5	88	138	19	157
Central administration	4	—	4	4	—	4
	211	24	235	279	42	321
Discontinued businesses	24	3	27	393	39	432
	235	27	262	672	81	753

	£000	Last year £000
Directors' emoluments—		
Management remuneration	362	333
The emoluments of the directors, excluding pension contributions, were as follows:		
Chairman	100	82
Highest paid director	110	110
Other directors:	Number	Number
£ 5,001 to £ 10,000	2	—
£ 10,001 to £ 15,000	2	2
£ 15,001 to £ 20,000	1	1
£ 60,001 to £ 65,000	—	1
£ 65,001 to £ 70,000	1	—

6. Taxation on loss on ordinary activities

	£000	Last year £000
(i) The taxation (credit)/charge based on the result for the year is made up as follows:		
U.K. corporation tax at 33% (last year: 33.17%)	9	86
Overseas taxation	46	41
Deferred taxation	(44)	(122)
	11	5
Taxation adjustment in respect of previous years	(142)	6
	(131)	11

(ii) No tax credit has been taken for losses amounting to £1,465,000 (last year: £1,117,000) incurred by overseas companies.

(iii) In the opinion of the directors, the Company is not a close company under the Income and Corporation Taxes Act 1988.

7. Extraordinary items

	£000	£000	Last year £000
Surplus on sale of Bookpoint Limited	815		
Less: goodwill previously written off on acquisition (see note 19)	(1,228)		
		(413)	—
Losses on disposal and closure of other subsidiary undertakings	*(998)		(2,367)
Add: goodwill previously written off on acquisition of Valux Manzoni SRL (see note 19)	(556)		—
		(1,554)	
Provision in respect of guarantees provided by the holding company of leasing and hire purchase commitments of Redwood Press Limited (See note 23)		(1,500)	—
Taxation credit		—	86
Net loss		(3,467)	(2,281)

*Includes £496,000 written off fixed assets (see note 10)

8. Company profit and loss account

The Company has taken advantage of Section 230 of the Companies Act 1985 and has not included its own profit and loss account in these accounts. The Group loss for the year includes a loss after tax and extraordinary items for the financial year of £3,113,000 (last year loss £1,389,000) which is dealt with in the accounts of the Company.

9. Earnings per 20p ordinary share

The calculation of earnings per ordinary share is based on the loss for the year of £1,280,000 before extraordinary items (last year loss of £1,522,000) and on 13,673,521 (last year: 13,673,521) ordinary shares of 20p each in issue at 31st January, 1993.

10. Tangible fixed assets

	Properties			
	Freehold £000	Short Leasehold £000	Plant, Vehicles and Equipment £000	Total £000
Holding Company—				
Cost at beginning and end of year	25	—	—	25
Depreciation at beginning and end of year	4	—	—	4
Net Book Amount at 31st January, 1993	21	—	—	21
Last year	21	—	—	21
The Group—				
Cost at beginning of year	2,776	917	10,982	14,675
Movements in year:				
Exchange difference	—	3	11	14
Additions	—	35	178	213
Disposals	(2,468)	(25)	(8,312)	(10,805)
At end of year	308	930	2,859	4,097
Depreciation at beginning of year	400	237	4,624	5,261
Exchange difference	—	3	9	12
Charge for year (including £246,000 in exceptional items)	—	196	553	749
Amount written off included in extraordinary items	80	252	164	496
Released on disposals	(317)	(8)	(3,412)	(3,737)
At end of year	163	680	1,938	2,781
Net Book Amount at 31st January, 1993	145	250	921	1,316
Last year	2,376	680	6,358	9,414
Net Book Amount at 31st January, 1993 of assets held under finance leases	—	—	167	167
Last year	—	—	4,112	4,112

11. *Fixed asset investments*

	Shares in subsidiaries £000	Loans to subsidiaries £000	Shares in Associate £000	Other Investments £000	Total £000
The Group—					
At beginning of year at cost	—	—	8	30	38
Additions	—	—	—	708	708
Net surplus on revaluation	—	—	—	70	70
At end of year at cost or valuation	—	—	8	808	816
Holding Company—					
At beginning of year at cost or valuation	9,534	1,727	8	30	11,299
Additions	—	2,150	—	—	2,150
Disposals	(1,510)	—	—	—	(1,510)
Amounts provided this year	—	(2,100)	—	—	(2,100)
Surplus on revaluation	—	—	—	670	670
At end of year at cost or valuation	8,024	1,777	8	700	10,509

Investments are stated at the fair value of the underlying net assets based upon directors' valuation as at 31st January, 1993. The historical cost of investments in subsidiary undertakings was £3,611,000 at 31st January, 1993 (last year: £5,570,000).

The investment in the associated company represents the Company's holding of 50% of the issued ordinary share capital and the whole of the preference share capital of Burnlave Properties Limited, which has not traded during the year. Burnlave Properties Limited is incorporated in Great Britain and registered in England and Wales.

Other investments comprise shareholdings in unlisted companies as follows:—

	Place of registration/ incorporation	% of Equity held	£000
Merlin Publishing International plc	England and Wales	7.2	700
BPMG plc	England and Wales	18.0	100
Gieves & Hawkes Japan Co. Ltd.	Japan	18.0	8
			808

The net surplus on revaluation of other investments includes a surplus of £670,000 arising on the revaluation of the investment in Merlin Publishing International plc, less £600,000 written off in respect of the investment in BPMG plc.

The principal trading companies within the Group, as at 31st January, 1993 together with their principal activities, are shown below; their results have been included in the Consolidated Profit and Loss Account. All subsidiaries are incorporated in Great Britain and registered in England and Wales and operate in the United Kingdom, except where indicated.

		% of Equity held
*Gieves & Hawkes Limited	Retailers and licensors	100
*Gieves & Hawkes International Limited	Retailers and licensors	100
Chivers Press Limited	Publishers	100
Chivers North America Inc. (USA)	Publishers	75
Valux Manzoni SRL (Italy)	Retailers	100

*Directly owned by the Company.

12. Stocks

	£000	Last year £000
The Group		
Raw materials	64	389
Work in progress	172	1,328
Finished goods	4,076	4,428
	4,312	6,145

13. Debtors

	Holding Company £000	The Group £000	Last Year Holding Company £000	Last Year The Group £000
Amounts falling due within one year:				
Trade debtors	—	2,538	—	5,412
Other debtors	137	215	1	269
Prepayments and accrued income	—	954	6	1,467
Taxation recoverable	18	110	—	81
	155	3,817	7	7,229
Amounts falling due after more than one year:				
Trade debtors	—	255	—	476
Advance corporation tax recoverable	—	68	—	41
	—	323	—	517
Total	155	4,140	7	7,746

14. Creditors—amounts falling due within one year

	Holding Company £000	The Group £000	Last Year Holding Company £000	Last Year The Group £000
Finance leases and hire purchase	—	76	—	684
Instalments due on mortgages	—	18	—	111
Bank overdrafts*	—	1,009	78	2,944
Payments received on account	—	—	—	340
Trade creditors	—	2,210	—	5,089
Amounts owed to group undertakings	236	—	239	—
Current taxation	—	—	90	—
Social security and other taxes	—	315	—	591
Other creditors	146	1,055	353	1,327
Accruals	1,681	2,090	239	1,967
	2,063	6,773	999	13,053

*Bank overdrafts amounting to £62,000 (last year: £1,939,000) are secured by fixed and floating charges.

15. Creditors—amounts falling due after more than one year

	Holding Company £000	The Group £000	Last Year Holding Company £000	Last Year The Group £000
Convertible Secured Loan Stock 2000	2,500	2,500	—	—
Finance leases and hire purchase	—	118	—	3,807
Mortgages:				
Secured on freehold properties and repayable monthly by instalments (Interest rate at 2% over bank base rate)	—	214	—	1,389
Other creditors	—	199	—	187
Amounts owed to group undertakings between one and two years	2,382	—	1,955	—
	4,882	3,031	1,955	5,383

The convertible loan stock bears interest on the principal amount thereof from time to time outstanding at (i) the rate of 8.75 per cent. per annum for the year ending 31st July, 1993 payable by equal quarterly instalments on 31st October, 1992; 31st January, 1993; 30th April, 1993; and 31st July, 1993; (ii) the rate of 9.25 per cent. per annum for the year ending 31st July, 1994 payable by equal quarterly instalments on 31st October, 1993; 31st January, 1994; 30th April, 1994; and 31st July, 1994; and (iii) the rate of 9.75 per cent. per annum thereafter payable by equal quarterly instalments on 31st January, 30th April, 31st July and 31st October in every year.

The group are in breach of certain covenants of the Convertible Secured Loan Stock Deed. However, the loan stock holder has conditionally agreed to waive these breaches (the accounting policies on page 21 refer).

16. Borrowings

	Holding Company £000	The Group £000	Last Year Holding Company £000	Last Year The Group £000
Included in creditors falling due within one year:				
Finance leases and hire purchase	—	76	—	684
Mortgages	—	18	—	111
Bank overdrafts	—	1,009	78	2,944
	—	1,103	78	3,739
Included in creditors falling due after more than one year:				
Convertible Secured Loan Stock 2000	2,500	2,500	—	—
Finance leases and hire purchase	—	118	—	3,807
Mortgages	—	214	—	1,389
	—	2,832	—	5,196
Total borrowings	2,500	3,935	78	8,935
Mortgages are repayable as follows:				
Within one year	—	18	—	111
Between one and two years	—	18	—	112
Between two and five years	—	55	—	335
In five years or more	—	141	—	942
	—	232	—	1,500

17. Provisions for liabilities and charges

	Total £000	Deferred Taxation £000	Pension Fund £000
The Group			
(i) At beginning of year	816	546	270
Provided/(released) during year	(9)	(44)	35
Transfer to current taxation	27	27	—
Disposal of subsidiary undertaking	(597)	(525)	(72)
At end of year	237	4	233

(ii) The amount provided in the balance sheet for deferred taxation consists of:

	£000	Last year £000
Accelerated capital allowances and timing differences in respect of finance leases	60	726
Other timing differences	(74)	(116)
Losses unrelieved	—	(183)
Roll-over relief	18	146
Advance Corporation Tax	—	(27)
	4	546

(iii) There is no unprovided deferred taxation.

(iv) There are tax losses carried forward in Chivers Press Limited and available to be set off against future taxable profits of that company amounting to £141,000, no part of which is reflected in the deferred tax account.

(v) The Group operates a funded defined benefit pension scheme whose assets are administered by trustees in a managed fund independent from the Group's assets. Actuarial valuations are made regularly at three-year intervals by a professionally qualified actuary and contribution levels reviewed.

At the last actuarial valuation in May 1990 a surplus on the Group Fund of approximately £600,000 arose and, after consultation with the actuary, the Group decided to suspend its contributions for a period of up to three years. In accordance with Statement of Standard Accounting Practice No. 24, the Group has provided in the accounts for a sum representing the regular pension cost less amortisation of the surplus.

The 1990 actuarial valuation was carried out using the Projected Unit Cost method. The main assumption adopted in the valuation was that the annual rate of return on investments would be 2·0% higher than the annual increase in total pensionable remuneration. The market value of the fund's assets at 1st May, 1990 was £3·741 million, which represented 125% of future benefits on a continuance basis.

	Pension Fund £000
The Company	
(i) At beginning of year	12
Provided during year	1
At end of year	13

(ii) There is unprovided deferred taxation of approximately £2 million in respect of the realisation of the Company's investments in its retailing and licensing subsidiaries.

18. Share capital

	£000	Last year £000
Authorised		
23,750,000 ordinary shares of 20p each (last year: 18,750,000)	4,750	3,750
Allotted, called up and fully paid		
13,673,521 ordinary shares of 20p each (last year: 13,673,521)	2,735	2,735

On 13th July, 1992 the authorised share capital of the Company was increased from £3,750,000 to £4,750,000 by the creation of an additional 5,000,000 ordinary shares of 20p each.

The holders of £2·5 million convertible secured loan stock have the option of converting every 50p nominal loan stock into one 20p ordinary share until 30th April, 2000. These conversion rights could give rise to the issue of up to 5,000,000 ordinary shares.

19. Reserves

	Holding Company £000	The Group £000
Merger reserve		
At beginning of year and at end of year	451	51
Revaluation reserve		
At beginning of year	4,292	—
Transfer to profit and loss account	1,250	—
Revaluation during year	(1,430)	670
At end of year	4,112	670
Profit and loss account		
At beginning of year	883	1,358
Transfer of goodwill on disposal of subsidiaries to profit and loss account	—	1,784
Exchange movements	—	35
Retained loss for year	(3,113)	(4,747)
At end of year	(2,230)	(1,570)
Total reserves at end of year	2,333	(849)

The cumulative amount of goodwill written off on acquisition of subsidiaries is £437,000 (last year £2,222,000).

The directors have considered the value of the company's fixed assets without revaluing all such assets. The directors are satisfied that the aggregate value of those assets at the balance sheet date was not less than the aggregate amount at which they are stated in the company's financial statements.

20. Capital commitments

There are no outstanding capital commitments not provided in the accounts for the Group, (last year Nil).

There are no capital commitments for the holding company, (last year Nil)

There are no commitments in respect of finance leases entered into after the balance sheet date (last year Nil).

21. Contingent liabilities

	£000	Last year £000
Guarantees by the Company in respect of certain subsidiaries:—		
Bank overdrafts	1,851	4,649
Leasing commitments	—	1,083
	1,851	5,732

There are no contingent liabilities for the Group (last year Nil.)

22. Leasing commitments

The Group

		£000	Last year £000
(i) Operating lease commitments payable within one year, analysed according to the period in which each lease expires, are as follows:			
(a) Land and buildings:			
Lease expiry date:	within one year	29	42
	in years two to five	149	126
	thereafter	768	1,180
		946	1,348
(b) Other assets:			
Lease expiry date:	within one year	6	22
	in years two to five	107	265
	thereafter	—	44
		113	331
(ii) Amounts due under hire purchase agreements and finance leases are payable as follows:		£000	£000
	due within one year	76	684
	in years one to two	63	684
	in years two to five	55	1,431
	thereafter	—	1,692
		194	4,491

The Company

The company has no commitments payable within one year in respect of property leases, finance leases or hire purchase agreements.

23. Post balance sheet events

(a) Since the year end, Redwood Press Limited ("Redwood"), a wholly-owned subsidiary of BPMG plc ("BPMG") has been placed in administration. Under the terms of the sale agreement under which it sold Redwood to BPMG, the Group continued to provide guarantees on certain outstanding leasing and hire purchase obligations relating to various items of printing equipment used by Redwood, subject to counter indemnities provided by BPMG in respect of 40 per cent. of the outstanding commitments due. The contingent liabilities under the guarantees have crystallised and therefore a provision of £1.5 million has been made in these accounts in creditors—amounts falling due within one year.

(b) On 9th July, 1993, the company announced the proposed Placing and Open Offer of 8,204,112 new ordinary shares at 25p per share to raise approximately £2.1 million. The Placing and Open Offer is conditional upon shareholders' approval at an Extraordinary General Meeting to be held on 6th August, 1993. Full details of the Placing and Open Offer and the resolutions to be considered at the Extraordinary General Meeting are set out in the circular to shareholders dated 9th July, 1993.

For the year ended 31st January, 1993

	Notes	This year £000	This year £000	Last year £000	Last year £000
Net cash (outflow)/inflow from operating activities	1		(230)		971
Returns on investments and servicing of finance					
Interest paid		(347)		(1,122)	
Interest received		22		38	
Dividends paid		—		(205)	
Net cash outflow from returns on investments and servicing of finance			(325)		(1,289)
Taxation: UK and overseas corporation tax received/(paid)		58		(20)	
Investing activities					
Purchase of tangible fixed assets		(153)		(159)	
Sale of subsidiary undertakings		976		41	
Disposal of fixed assets		495		446	
Net cash inflow from investing activities			1,318		328
Net cash inflow/(outflow) before financing			821		(10)
Financing					
Issue of Convertible Loan Stock		2,500		—	
Capital element of finance lease rentals and repayment of loans	2	(129)		(1,075)	
			2,371		(1,075)
Increase/(decrease) in cash and cash equivalents			3,192		(1,085)

NOTES TO CASH FLOW STATEMENT

1. Reconciliation of operating profit to net cash flow from operating activities

	This year £000	Last year £000
Operating profit before interest	258	1,278
Exceptional items	(1,344)	(1,705)
Depreciation	829	1,513
Decrease in stock	395	1,965
Decrease/(Increase) in debtors	1,576	(32)
(Decrease)/Increase in creditors	(1,404)	252
Net cash inflow from continuing operating activities	310	3,271
Net cash outflow in respect of discontinued activities	(540)	(2,300)
Net cash (outflow)/inflow from operating activities	(230)	971

2. Analysis of changes in financing during the year

	Loans and finance lease obligations This year £000	Last year £000
Balance at oeginning of year	5,991	6,814
Net cash inflow/(outflow) from financing	2,371	(1,075)
Loans and finance lease obligations of subsidiary undertakings disposed of during the year	(5,496)	—
Inception of finance leases	60	252
Balance at end of year	2,926	5,991

3. Analysis of changes in cash and cash equivalents during the year

	This year £000	Last £000
Balance at beginning of year	(2,891)	(1,763)
Net cash outflow before adjustments for the effect of foreign exchange rate changes	3,192	(1,085)
Effect of foreign exchange rate changes	33	(43)
Balance at end of year	334	(2,891)

Cash and cash equivalents comprise:

	This year £000	Last year £000	1991 £000	Change in year £000	Change last year £000
Cash at bank and in hand	1,343	53	182	1,290	(129)
Bank overdrafts	(1,009)	(2,944)	(1,945)	1,935	(999)
	334	(2,891)	(1,763)	3,225	(1,128)

4. Effects of disposals

	This year £000	Last year £000
Net assets disposed of:		
Tangible fixed assets	6,573	193
Stocks	1,438	1,044
Debtors	2,086	251
Taxation recoverable	—	18
Cash at bank and in hand	448	184
Creditors	(3,215)	(801)
Deferred taxation	(525)	(16)
Bank overdraft	(90)	—
Loans and finance	(5,496)	—
	1,219	873
Profit/(Loss) on disposal	*815	(648)
*Bookpoint Limited	2,034	225
Satisfied by:		
Cash	1,334	225
Investment in BPMG plc	700	—
	2,034	225

The subsidiary undertakings disposed of during the year made the following contributions to, and utilisations of, group cash flow:

	This year £000	Last year £000
Net cash outflow from operating activities	(199)	60
Returns on investment and servicing of finance	15	(16)
Taxation paid	(20)	—
Investing activities	(46)	—
Net cash outflow before financing	(250)	44
Financing	10	(17)
Decrease in cash and cash equivalents	(240)	27

NOTICE OF MEETING

NOTICE is hereby given that the fourteenth Annual General Meeting of the Company will be held at **English Speaking Union World Headquarters, 37 Charles Street, London W1,** immediately after the Extraordinary General Meeting of the Company which is to be held at 12 noon on Friday 6th August, 1993, for the following purposes:

Ordinary Business

1. To receive and adopt the Directors' Report and Accounts for the year ended 31st January, 1993.
2. To receive the Auditors' Report.
3. To re-elect Mr. W. C. C. Cheng as a Director.
4. To re-elect Mr. C. E. Maunsell as a Director.
5. To re-elect Mr. N. D. McWhirter as a Director.
6. To re-elect Mr. M. E. A. Keeling as a Director.
7. To reappoint Messrs. Grant Thornton as Auditors and to authorise the Directors to fix the remuneration of the Auditors.
8. To note that no dividend is to be declared.

By order of the Board

I. H. Currie
Secretary

Registered Office:
No. 1 Savile Row,
London W1X 2JR
(Registered in England and Wales—No. 1455128)

9th July, 1993

Notes
Copies of directors' service contracts and memoranda of terms of service required to be made available for inspection under the terms of the Stock Exchange Listing Agreement will be so available fifteen minutes prior to and at the Meeting. They will also be available for inspection at the office of the Company's Registrars during usual business hours on any weekday (Saturdays and public holidays excluded) from the date of this Notice until the date of the Meeting.

A member of the Company entitled to attend and vote at the above meeting may appoint a proxy (whether a member or not) to attend and on a poll vote instead of him. To be effective Forms of Proxy must be deposited at the office of the Company's Registrars by noon on Wednesday 4th August, 1993. Completion of a Form of Proxy will not preclude a member from attending and voting in person.

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