14-06-93

Report and Accounts
1992

14-06-93

CANDOVER INVESTMENTS plc

Report and Accounts

for the year ended 31st December, 1992

1512178

Candover Investments organises and invests in large management buy-outs and buy-ins, and provides development capital to unquoted companies. The company's primary objective is to achieve above average growth in its net assets through capital gains from its investments and to earn a satisfactory income for its shareholders.

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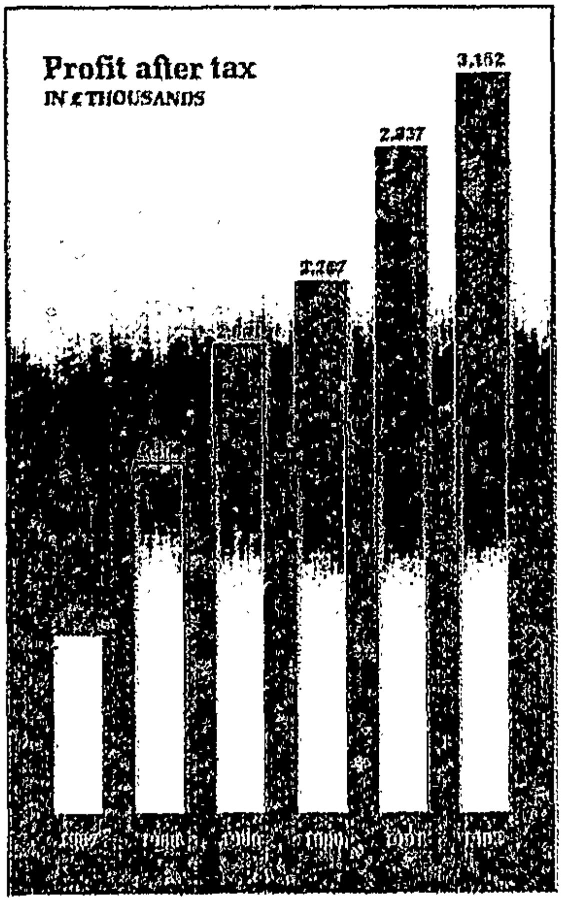
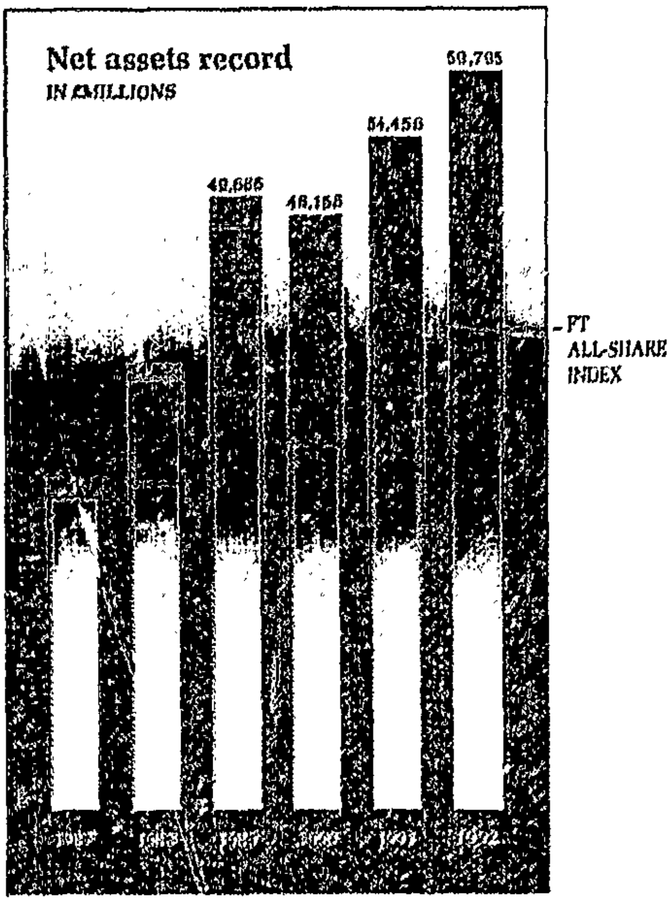
Six-year Record





	1987	1988	1989	1990	1991	1992
Total Net Assets £ million	25,443	34,681	49,686	48,156	54,456	59,795
Net Assets per share	117p	159p	224p	217p	244p	267p
Profit on Ordinary Activities before tax (£'000)	1,212	2,132	2,985	3,702	3,955	4,099

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	1987	1988	1989	1990	1991	1992
Profit after tax (£'000)	772	1,500	2,001	2,267	2,837	3,152
Net Dividend per share	3.00p	4.50p	7.00p	8.50p	9.50p	10.25p
Earnings per share:						
Basic	3.58p	6.90p	9.03p	10.20p	12.69p	14.09p
Fully diluted	3.38p	6.57p	8.75p	9.83p	12.22p	13.67p

Directors

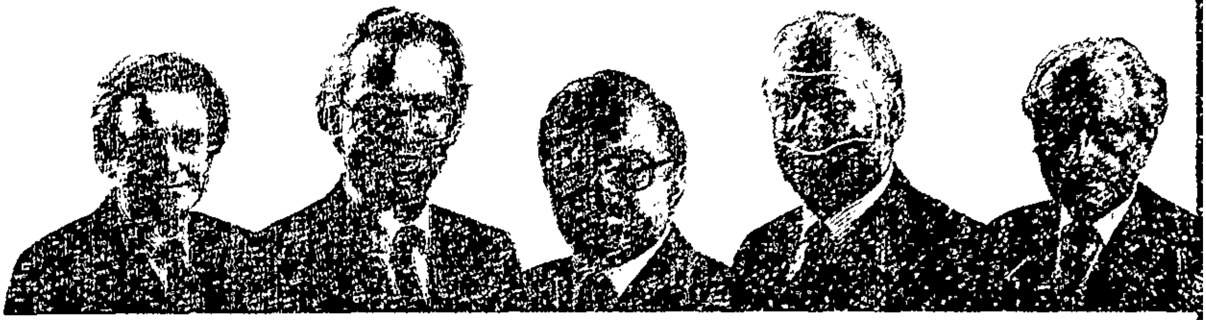
C R E Brooke MA Chairman Mr Brooke was Chief Executive of Candover from its formation in 1980 and was appointed Chairman on 1st January, 1991. In 1966 he was appointed Deputy Managing Director of the Industrial Reorganisation Corporation and from 1969 to 1971 he was Managing Director of Scienta SA which was involved in investments in small and medium sized advanced technology businesses in Europe. He was a director of Pearson Group for eight years and in June 1979 was appointed Group Managing Director of EMI, leaving the company in February 1980 after its merger with Thorn. He is also a director of Slough Estates plc, Lowndes Lambert Group Holdings plc and various unquoted companies. Mr Brooke is 62.

S W Curran FCCA Chief Executive Mr Curran was appointed Chief Executive on 1st January, 1991, having previously been Deputy Chief Executive and a director of Candover since July 1982. Prior to joining Candover in May 1981, he was a managing consultant with Coopers & Lybrand Associates and then an Investment Manager with what is now CINVen. He is a non-executive director of Greggs plc and a number of unquoted companies. Mr Curran is 50.

G D Fairservice BSc MBA Deputy Chief Executive Mr Fairservice joined Candover in March 1984, was appointed to the board in July 1986 and was made Deputy Chief Executive on 1st January, 1991. Before joining Candover, Mr Fairservice was eight years with ICFC (3i) followed by two years with the British Technology Group. He is a non-executive director of Kenwood Appliances plc and several unquoted companies. Mr Fairservice is 45.

***A P Hichens MA MBA** Deputy Chairman, non-executive Mr Hichens joined the Board of Candover in December 1989 and he was appointed Deputy Chairman of the company with effect from 1st January, 1991. He is Chairman of MB Caradon plc following its purchase of Caradon, of which he was previously Chairman, Chairman of Y J Lovell (Holdings) plc and was appointed Deputy Chairman of Courtaulds Textiles plc in March 1993. He is also a director of South Western Electricity plc, Greenfriar Investment Company Plc, The British Coal Corporation and The Fleming Income & Capital Investment Trust Plc. He was previously a managing director and chief financial officer of Consolidated Gold Fields. Mr Hichens is 56.

***P G Wreford ACIS AIB** Non-executive Mr Wreford was Chairman of Candover until 1st January, 1991 and continues as a non-executive director. Previously he was Chairman, Managing Director and a principal shareholder of Gresham Trust, a company providing



G D FAIRSERVICE S W CURRAN C R E BROOKE A P HICHENS P G WREFORD

merchant banking services principally to unquoted companies. Mr Wreford is currently a director of several companies, including London Atlantic Investment Trust PLC and Investment Trust of Guernsey PLC. Mr Wreford is 75.

§G A Elliot FCA Non-executive Mr Elliot was until March 1992 Executive Vice-Chairman of Slough Estates plc, one of the UK's largest international property companies. He previously occupied a number of senior positions in RTZ Corporation plc. He is also a director of The William Hill Group Limited, Automated Security (Holdings) plc and Facilities & Property Management Plc. Mr Elliot is 59.

***R A P King** Non-executive Mr King was until February 1991 the Chairman of Sale Tilney plc. He is Chairman of Majestic Films International, one of the leading international film distribution companies, and of the Fathom Line Group. Mr King is 58.

§P J Scott Plummer FCA Non-executive Mr Scott Plummer is Managing Director of Martin Currie Ltd and a director of its subsidiary, Martin Currie Investment Management Ltd, the managers of The Scottish Eastern Investment Trust Plc, on which Board he also serves. He is also a director of The Life Association of Scotland Limited. He was previously a partner of Cazenove & Co from 1974 to 1980 and has had many years' experience in the investment field. Mr Scott Plummer is 49.

***J G West FCA** Non-executive Mr West is a Managing Director of Lazard Brothers and Chief Executive of Lazard Investors. Mr West is 45.

§J M Raisman CBE Non-executive Mr Raisman joined the Board of Candover in July 1990. Until March 1985 he was the Chairman and Chief Executive of Shell UK Limited and retired in October 1991 from the post of Deputy Chairman of British Telecom plc. He was non-executive director of Glaxo Holdings plc until October 1990 and non-executive director of Vickers plc until December 1990. He is a non-executive director of Lloyds Bank Plc and Tandem Computers Ltd and is Pro-Chancellor of Aston University. He is also Chairman of the Council for Industry and Higher Education and Deputy Chairman of the National Commission on Education. Mr Raisman has been the Chairman of the Investment Committee of the now fully invested Electra Candover Direct Investment Plan since its inception in 1985. Mr Raisman is 65.

* Member of the Remuneration Committee § Member of the Audit Committee

J M RAISMAN G A ELLIOT P J SCOTT PLUMMER R A P KING J G WEST

Executives and Advisers

P G Symonds FCA Investment Executive Mr Symonds joined Candover in January 1983. After qualifying as a Chartered Accountant in 1976 with Peat, Marwick, Mitchell & Co he spent seven years in various aspects of professional practice. Mr Symonds is 41.

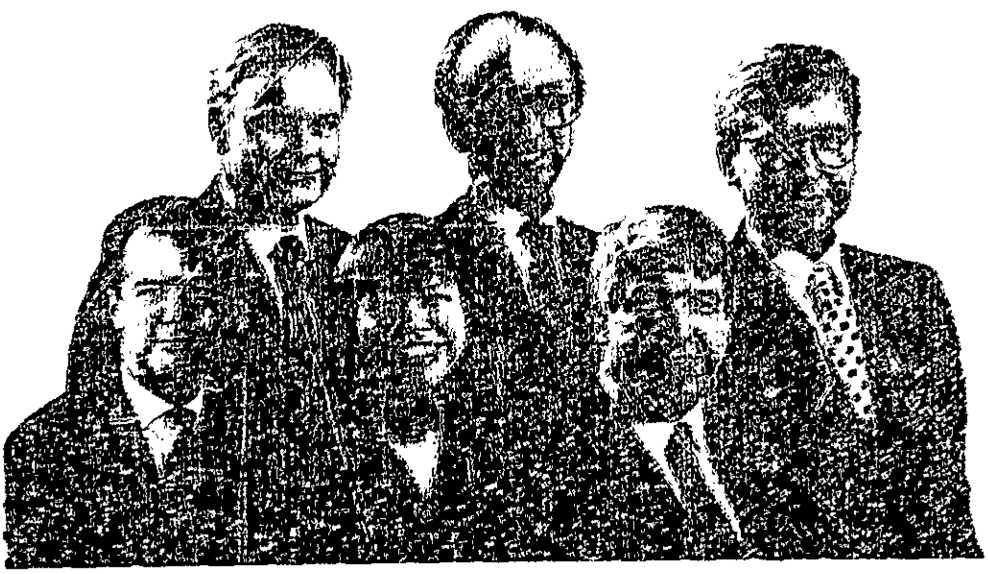
C J Buffin ACA Investment Executive Mr Buffin joined Candover in September 1985. After qualifying as a Chartered Accountant in 1984 with Deloitte Haskins & Sells he spent two years in the Investigations and Corporate Finance Departments. Mr Buffin is 35.

M S Gumienny ACA Investment Executive Mr Gumienny joined Candover in January 1987. After qualifying as a Chartered Accountant with Price Waterhouse he spent 15 months on secondment in the Price Waterhouse Training Department before transferring to Price Waterhouse Bahrain for 12 months. Mr Gumienny is 34.

S N A Leefe ACA Investment Executive Mr Leefe joined Candover in January 1992 after qualifying with Arthur Andersen & Co in 1990. He gained experience in a number of areas including Corporate Recovery. Mr Leefe is 27.

P R Neal ACIS Company Secretary Mr Neal joined Candover in October 1990 as Company Secretary. He has been Company Secretary or Assistant Company Secretary to a number of companies in shipping, insurance and stockbroking and prior to joining Candover was Assistant Company Secretary of The Great Universal Stores plc. Mr Neal qualified as a Chartered Secretary in 1981 and is 44.

T Tan ACA CPA Financial Controller Ms Tan joined Candover in September 1990 after qualifying as a Chartered Accountant in 1979 with Grant Thornton. She spent three years in the United States where she qualified as a Certified Public Accountant before returning to the Audit Department in London. Ms Tan is 3?.



S N A LEEFE C J BUFFIN T TAN P G SYMONDS P R NEAL M S GUMIENNY

Deutsche Candover GmbH – Executives

J Drerup Managing Director Mr Drerup joined Deutsche Candover at its foundation in 1987. After graduating in 1971 from the University of Technical Sciences, Darmstadt, as an engineer, he became a manager of elring Dichtungswerke KG, Stuttgart. In 1980 he joined Deutsche Wagnisfinanzierungsgesellschaft, Frankfurt, the first German bank owned Venture Capital Company, as project manager, and in 1985 became a Vice President and Project Manager of the venture capital/MBO department of Citibank AG, Frankfurt. Mr Drerup is 49.

C Schlesiger Investment Manager Mr Schlesiger joined Deutsche Candover in January 1991 after obtaining a business degree at the University of Frankfurt. Following a period as an auditor, he qualified as a tax consultant and joined Goldwell AG (KAO-Group), Darmstadt in 1989, becoming head of investment in charge of international subsidiaries. Mr Schlesiger is 33.

Y-G von Hugo Junior Investment Manager Mr von Hugo joined Deutsche Candover in October 1991 after gaining experience with Ernst & Young and a Business Degree at Wilfrid Laurier University in Canada. Mr von Hugo is 27.

Candover Investments plc
Registered in England and Wales
No. 1512178

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Ashurst Morris Crisp,
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Stockbrokers
Cazenove & Co.,
12 Tokenhouse Yard, London EC2R 7AN

Auditors
Grant Thornton,
Melton Street, Euston Square, London NW1 2EP

Bankers
Barclays Bank PLC,
9 Gracechurch Street, London EC3V 0BB

Registrars
Barclays Bank PLC,
Registration Department, Octagon House, Gadbrook Park, Northwich,
Cheshire CW9 7RD

Chairman's Statement

I am glad to report that Candover achieved an increase both in profits and net asset value during the year. This was despite the fact that the prolonged recession in the UK continued throughout the year, and in consequence for most of Candover's investee companies 1992 was a continuing struggle to reach budgeted levels of sales and profits. Although the circumstances were less severe in most of the overseas economies where Candover has investments, they were nevertheless not particularly favourable, and in Germany there was a marked deterioration in the general business environment late in the year. I believe that we can therefore take some pride in the fact that while maintaining our conservative valuation policy Candover's net asset value increased during the year by 9.4 per cent and our profits were comfortably above the previous year. We believe that this performance compares favourably with other companies in our field. Although this growth did not quite match that of the FT All Share Index, which rose in the year by 14.8 per cent, over the eight years since December 1984, when Candover's shares were listed, the Index has risen by an average compound rate of 14.3 per cent per annum while the annual compound growth rate of Candover's net assets has been 22 per cent.

The total net assets attributable to the ordinary shares at 31st December, 1992, after including current asset investments at market or directors' valuation, less attributable taxation, were £59,705,000 as against £54,450,000 at 31st December, 1991. Net assets per share were 267p compared with 244p, a rise of 9.4 per cent for the year. At 30th June, 1992 the net asset value per share was 251p.

Profits before tax were £4,097,000 as compared with £3,955,000 in the previous year, an increase of 3.6 per cent. Profits after tax were £3,152,000 (1991 £2,837,000), an 11.1 per cent rise. Fully diluted earnings per share were 13.57p compared with 12.22p in 1991, an increase of 10.9 per cent.

The valuation of our investments was £37,026,000 (1991 £34,421,000) after taking into account downward adjustments of £2,545,000 made to reflect the underperformance of some companies as well as an increase of £137,000 over the year in the market value of the shares which we still hold in those of our investee companies which have obtained stock exchange listings. We maintained our policy of reducing our holdings in these stocks, particularly in the second half year when stock market values rose strongly. We also sold our interest in one buy-out company, achieving a significant capital gain. The result was that at the year end our cash and readily saleable assets totalled £24.5 million, an increase of £2.9 million over the year. UK listed shares at the year end totalled 6.4 per cent of our net assets.

Dividends

At the half year we increased the interim dividend from 3.5p to 3.75p per share. On 25th March, 1993, the Board, having considered the implication of the chancellor's budget proposals, took the view that in order to provide maximum advantage to shareholders the final dividend announced on 9th March, 1993 should be cancelled and instead proposed that a second interim dividend be paid of 6.[illegible]p per share (payment of the second interim dividend will be made on 5th April, 1993 to holders on the register at 22nd March, 1993).

Whilst the Board will not now be recommending a final dividend the total dividend for the year will still amount to 10.25p which represents an increase of 7.9 per cent.

Activities in 1992

Our investment policy during the year was influenced by the uncertainty as to when the recession in the UK was likely to end. This same uncertainty also meant that some companies delayed decisions to sell non-core subsidiaries and divisions which would have been suitable for buy-outs or buy-ins until the economic climate was more favourable and they might expect to receive better prices. During the year the Candover 1989 Fund invested £34.4 million and the Candover 1991 Fund invested £5.5 million. In total Candover and funds managed by it invested £45.8 million in 1992 compared to £89.8 million in 1991.

Two large buy-outs were led by Candover involving the Candover 1989 Fund. The first was the buy-out of the Gaymer Group Europe from Allied-Lyons plc. Gaymer sells an extensive range of branded products of which some of the best known are Gaymer's Olde English Cyder, Babycham, QC British Sherry, Warninks Advocaat, and Concorde and Rougemont Castle wines. Candover invested £1.4 million in this transaction and the Candover 1989 and 1991 Funds together invested £15.6 million. The company has made encouraging progress since the buy-out, reporting a strong increase in profits despite the recession.

The second major transaction was the buy-out of Atco-Qualcast from Blue Circle Industries plc towards the end of the year. Atco-Qualcast manufactures a large range of lawnmowers and other products, of which the best known brands are Atco, Qualcast and Suffolk Punch. The company has implemented a major rationalisation and new model programme and should be an early beneficiary of any recovery of confidence in the UK.

Candover's investment in Atco was £758,000 and the 1989 Fund's £9.2 million. Candover has found that companies such as these, with established market positions and well known brandnames, can produce excellent returns, not least because they can readily achieve stock exchange listings if they develop a reasonable profit record post buy-out.

In addition, Candover, the 1990 and 1991 Funds participated in a syndicate financing the buy-out of Expro, a substantial company providing specialist services to the international oil and gas industries. The total investment by Candover and the Funds was £7.0 million.

Of the smaller investments made, one of particular interest was in Orion Publishing Group Limited. This was a company established by a well known team of publishers who had successfully developed and sold a similar book publishing business in previous years and had decided to start again. A cornerstone of the new venture was the purchase of Weidenfeld and Nicolson. The investment by Candover and the 1991 Fund in Orion totalled just over £1.6 million.

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Candover also participated in two other new buy-outs; the first (in which the 1991 Fund also invested), Inspec Limited, a company manufacturing specialist chemicals primarily for the automobile and industrial lubricants markets, and BTG, the former public sector company comprising the NRDC and the NEB which acquires and exploits intellectual property rights deriving mostly from Government establishments and universities.

BRITISH TECHNOLOGY GROUP

Over and above our new investments Candover and its funds provided additional finance to eight companies already in the portfolio. Most of these comprised small amounts of additional capital for development but one, in Jarvis Hotels, totalled £7.2 million as part of a larger equity injection, which together with additional banking facilities will enable Jarvis to take advantage of the current market opportunities to acquire hotels in the UK on attractive terms.

Realisations

There were very few new listings in the UK in 1992 and relatively few corporate realisations. It was gratifying that in such a lean year two of the most notable listings involved Candover backed companies. The first was of Kenwood Appliances, which had built up its business

KENWOOD

in the manufacture and sale of small domestic appliances extremely successfully since the buy-out from Thorn-EMI in 1989. Not only had Kenwood been able to increase its sales and profits in world markets but was also greatly to increase its share of the UK market through the introduction of a new range of well designed and innovative products. The other successful listing was of the Anglian Group which had again, against the trend, been able dramatically to increase the size and profits of its business in the UK replacement window market, with the result that we achieved a fourfold increase in the value of our investment in the company at the listing price.

Anglian

Candover and the 1987 Fund had a small investment in MFI which also obtained a listing during the year. MFI started out with what proved in retrospect to be an excessive amount of debt and it is a tribute to the skills of the management team that the company was able to survive and prosper to a listing while many of its competitors were failing.

These flotations bring to 16 the number of Candover backed companies which have obtained stock exchange listings. Most of them have prospered both before and after their listings. The successes of Kenwood, Anglian and MFI demonstrate once again that companies where the management are fully motivated by the equity incentives built into buy-outs can produce above average performance even in difficult times. Finally, Candover disposed of its interest in Tallent Engineering at a profit.

Candover 1987 Fund

The 1987 Fund made five modest investments in portfolio companies. Realisations during the year comprised the Fund's holding in Tallent Engineering and MFI.

Candover 1989 Fund

The investments made by the 1989 Fund during the year raised the total drawn down from the Fund at the year end to £217 million out of a total committed of £299 million (excluding £20 million from Candover itself). The portfolio has made very satisfactory progress highlighted by the successful flotations of Kenwood Appliances and the Anglian Group; other investments in the Fund traded well in difficult circumstances and further realisations are being planned for this year, market conditions permitting.

Candover 1991 Fund

It is early days for the 1991 Fund. The companies in which the largest investments have been made to date – Orion Publishing Group and Inspec – have so far reported results in line with their business plans.

INSPEC GROUP

Overseas activities

With the approach of recession in Germany we made no new investments there in 1992. Some of the portfolio companies reported profits lower than the previous year as trading became materially more difficult for German companies. While we have a well spread portfolio there must inevitably be concern about short term performance.

In the United States further good progress was made and there is a prospect, with the apparent recovery of confidence in North America, of some further realisations. One new investment was made during the year. In France, Ciclad Investissements has shown an increase in the value of the portfolio despite increasingly difficult trading conditions in the second half of last year. In Holland only one investment was made through the WCP/Candover Partnership and, finally, in Italy, Cambria realised at a profit its first investment and is seeing an encouraging flow of new propositions.

Recent events

Shortly after the year end Candover and the 1989 Fund together invested £15 million in the buy-out of Gardner Merchant from Forte plc. Gardner Merchant is the market leader in the UK in contract catering and has continued to develop its business successfully through the recession not only in the UK but in other markets.

GARDNER MERCHANT

In February Motor World, a company specialising in the distribution and retailing of parts and accessories for the motor industry, obtained a Stock Exchange listing. Motor World was a buy-out organised by Candover in 1988 and the company has grown steadily through the recession, thanks largely to the energy and skill of the management. Candover and the 1987 Fund together crystallised, at the listing price, a gain of £1.8 million.

Future prospects

After the frustrations and disappointments of 1992 it is to be hoped that British companies will soon start to feel the benefits of lower interest rates and a more realistic exchange rate. Many of Candover's portfolio companies depend on a recovery of corporate and individual spending in the UK if they are to reach their profitability targets. We are continuing to take a cautious view of new investment prospects and to maintain conservative financial structures in our transactions. It remains reassuring that despite all the difficulties so many of our companies have performed well in comparison with their competitors. It will not take much of a recovery, provided it is sustained, for values in the Candover portfolio to rise significantly, which in turn should lead to the further significant uplift in our net asset value. This remains, of course, the principal measure of Candover's performance.

I have warned for the past two years that our income may be reduced for a time as we invest more in buy-outs where the initial yield is normally low. To date this has not happened, primarily because we have made more realisations than we expected and thus increased our holdings of cash and liquid securities. This year, however, with deposit rates much lower than in previous years, it is going to be considerably more difficult to maintain our income levels.

I repeat that our principal objective is consistently to make above average capital gains on our investments, with the attendant benefit to our net asset value. I remain confident of our ability to achieve this, and when the economy finally recovers I would expect the uplift in the medium term to be more in line with our performance before the recession.

Board and Staff

There were no changes to the Board and Executive Staff in 1992. Everyone has worked hard and cheerfully throughout a difficult year and I am most grateful to them.

C R E Brooke
Chairman
25th March, 1993

Review of Investments

Jarvis Hotels Limited

Valuation as at 31st December, 1992 — £3,624,000

Cost of Investment — *£3,624,000*

Jarvis Hotels, the subject of a management buy-in in July 1990, owns and manages a nationwide portfolio of hotels under the Jarvis brand, offering conference, training and leisure facilities.

In November 1992, Jarvis raised a further £13 million, of which Candover and the Candover 1989 and 1987 funds provided £7.2 million, to finance further expansion including the recent purchase of the Spiders Web Hotel near Watford.

Jarvis made a profit before interest and tax of £9.4 million on sales of £59.9 million during the year ended 28th March, 1992, compared with £8.9 million on sales of £46.2 million in the previous 36 week period since the buy-in.

No dividends were received in the year to 31st December, 1992.

Midland Independent Newspapers Limited

Valuation as at 31st December, 1992 — £2,759,000

Cost of investment — *£2,583,000*

Midland Independent Newspapers, which includes The Birmingham Post, The Birmingham Evening Mail, The Sunday Mercury and The Coventry Evening Telegraph, was the subject of a £125 million management buy-out from Ingersoll Publications Limited led by Candover in November 1991 in which Candover and the Candover 1989 Fund together made a £38.1 million investment.

In the year ended 31st December, 1991, the profit before interest and tax included in the Group's audited results was £6.1 million on sales of £51.6 million. The unaudited results for the six months to 30th June, 1992 revealed an almost fourfold increase in profit before interest and tax from £1.95 million on sales of £21.3 million in the six months to 30th June, 1991 to £7.3 million on sales of £32.5 million. Audited results for the year to 31st December 1992 are expected shortly.

No dividends were received in the year ended 31st December, 1992.

Keller Group Limited

Valuation as at 31st December, 1992 — £2,134,000

Cost of investment — *£955,000*

Keller is a leading international specialist contractor providing a range of services in the areas of foundation support, specialty grouting, underpinning, ground retention, groundwater control and seismic protection.

Following the management buy-out in May 1990, in which Candover and the Candover 1989 Fund invested £12.2 million, Keller achieved a profit before interest and tax of £6.33 million for the year ended 31st December, 1991 compared with £5.8 million for the previous eight month period. Sales increased to £113.56 million from £75.2 million for the same periods.

In the year to 31st December, 1992, Candover received gross dividends of £150,159.

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John Wilkinson
Chief Executive
Gaymer Group
Europe Limited

Gaymer Group Europe Limited

Valuation at 31st December 1992
£1,885,000

Cost of investment
£1,301,000

The management buy-out of Gaymer Group Europe Limited from Allied Lyons plc was completed in February 1992 in which Candover and the Candover 1989 and 1991 Funds invested £17 million. Gaymers manufacture and distribute a number of well known drinks, including Gaymer's Olde English and "K" Ciders, Babycham, Warninck's Advocaat and Country Manor.

For the seven month period from 26th February, 1992 to 30th September, 1992, Gaymers achieved a profit before interest and tax of £9.4 million on sales of £75.2 million.

No dividends were received in the year to 31st December, 1992. However, a dividend was declared in the year and in February 1993 Candover received £56,352.

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Blue Arrow Personnel Services Limited

Valuation as at 31st December, 1992	Cost of investment
£1,738,000	*£1,738,000*

Blue Arrow whose principal business is the operation of a nationwide chain of 70 offices offering selection and recruitment services in the provision of temporary and permanent staff was the subject of a management buy-out from Manpower Plc led by Candover in June 1991. Candover and the Candover 1989 Fund together invested £22.1 million.

The audited accounts for the ten month period from 27th February, 1991 to 31st December, 1991 showed a profit before interest and tax of £474,000 on sales of £26.9 million. Management accounts for the current year are showing a significant increase in sales and profits.

No dividends were received in the year ended 31st December, 1992.

Dakota, Minnesota & Eastern Railroad Corporation

Valuation as at 31st December, 1992	Cost of investment
US$2,015,000 (£1,615,000)	*US$263,000 (£191,000)*

DM&E Railroad operates a 965 mile railroad in the Mid-Western United States of America in which Candover made an initial investment in September 1986 alongside Lombard Investments Inc, in which Candover also has an investment.

In the year ended 31st December, 1992 the company achieved a profit before interest and tax of US$8.9 million on total sales of US$40.9 million before an extraordinary item of US$1.03 million in respect of the write off of costs relating to an uncompleted purchase of extra railway track. The previous year the profit before interest and tax was US$8.2 million on total sales of US$37.9 million.

There were no dividends received in the year ended 31st December, 1992.

Pavilion Services Group Limited

Valuation as at 31st December, 1992	Cost of investment
£1,600,000	*£1,600,000*

In December 1991, Candover together with the Candover 1989 Fund and, following syndication in 1992, the Candover 1991 Fund together invested £21.4 million in the buy-in of the Rank Motorway Service Areas, which have now been rebranded under the Pavilion Services name.

The company is the fourth largest operator of motorway service areas in the UK with eight motorway service areas and three trunk road service areas located mainly in the North-West, North and West including Hilton Park, Knutsford, Forton (M6); Aust, Cardiff, Swansea (M4); Anderton (M61), Farthing Corner (M2); Scotch Corner, Newark (A1); and Bangor (A55).

Audited results for the year to 31st October, 1992 are expected in the near future. No dividends were received during the period ended 31st December, 1992.

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Stephen Roberts,
Managing Director
AQ Holdings
Limited

AQ Holdings Limited

Valuation as at 31st December, 1992
£783,000

Cost of Investment
£783,000

In December 1992 Candover led the £27 million management buy-out of Atco-Qualcast Limited from Blue Circle Industries plc in which Candover and the Candover 1989 Fund invested £10 million. Atco-Qualcast manufactures lawnmowers under the Atco, Qualcast and Suffolk Punch brand names.

Due to the recent completion of this buy-out, no financial results or dividends are due at this time.

Motorworld Group Plc

Valuation as at 31st December, 1992 — Cost of Investment
£1,449,000 — £580,000

Motorworld Group Plc is a retailer of motor spares and accessories and was the subject of an original investment by Candover and the Candover 1987 Fund in June 1988 and a further investment in August 1989 to finance the acquisition of Autogem, a small manufacturing business.

In February 1993 the Company was successfully listed by a private placing at 210p per share valuing Candover's investment in shares held on listing and cash redeemed at £1,449,000.

Proforma results for the year ended 1st November, 1992 showed a profit before interest and tax of £3.4 million on sales of £34.2 million.

Candover received gross dividends of £91,910 in the year to 31st December, 1992.

Heidemann Verwaltungs GmbH

Valuation as at 31st December, 1992 — Cost of Investment
Dm 3,437,000 (£1,317,000) — Dm 3,231,000 (£1,099,000)

Heidemann, which is located in Einbeck, near Hanover, is engaged in the manufacture of special automotive components and electroplating. It was the subject of a buy-out in November 1987 and a further investment in January 1990.

The profit before interest and tax for the year to 31st January, 1992 was Dm 12 million on sales of Dm 200.9 million and included an extraordinary profit of Dm 2.3 million on the sale of a non-core business. The previous year's profit before interest and tax was Dm 10.4 million on sales of Dm 170.4 million. The audited results for the year to 31st January, 1993 are expected shortly.

No dividends were received in the year to 31st December, 1992.

Kenwood Appliances Plc

Valuation as at 31st December 1992 — Cost of Investment
£1,232,000 — £58,000

Kenwood, which manufactures a wide range of food preparation appliances, the best known of which is the "Kenwood Chef", successfully listed on the London Stock Exchange in July 1992 at a listing price of 285p, valuing Candover's shareholding at £2.7 million before the sale of part of Candover's holding at the time of the listing.

In the six months to 30th September, 1992, Kenwood's unaudited pro forma results showed a profit before interest and tax of £5.3 million on sales of £45.3 million as against profit before interest and tax of £2.0 million and sales of £45.7 million for the same period in the previous year. The results for the year to 31st March, 1992 showed a profit before interest and tax of £9.5 million on sales of £92.1 million.

Candover received gross dividends of £143,524 in the year to 31st December, 1992.

Anglian Group Plc

Valuation as at 31st December, 1992	Cost of investment
£1,111,000	£22,000

Anglian Windows, the leading UK manufacturer of double glazed windows and conservatories, listed on the London Stock Exchange in July 1992 following the management buy-out of the Company in December 1990, in a deal in which Candover and the Candover 1989 Fund participated. At the listing price of 210p per share, Candover's holding of new ordinary shares was valued at £2.07 million. Part of Candover's holding was sold during the listing and prior to the year end.

Gross dividends of £24,290 were received by Candover in the year to 31st December, 1992.

Left to right:
Anthony Cheetham, Chairman and Chief Executive,
Rosie Cheetham, Publisher, and Peter Roche, Managing Director
Orion Publishing Group Limited

Orion Publishing Group Limited

Valuation as at 31st December, 1992	Cost of investment
£213,000	£213,000

Orion Publishing Group was the subject of an investment in June 1992 which included the purchase of Weidenfeld & Nicholson. Among other imprints are J M Dent, Everyman, Phoenix House and Chapmans.

No audited figures are available at this time.

No dividends were received in the year ended 31st December, 1992.

Report of the Directors

The directors present their report together with the financial statements for the year ended 31st December, 1992.

Principal activities

The group is engaged in the identification, investigation, implementation and monitoring of large management buy-outs and buy-ins in which it always makes an investment. The company has a number of funds under management: The Candover 1989 Fund which has £290 million committed for investment in transactions requiring equity in excess of £5 million together with a £20 million co-investment agreement with the company; The Candover 1987 Fund which had £20 million available for investment in smaller transactions and for which all commitments have been drawn down, and The Candover 1991 Fund which had a final closing in April 1992 with commitments of £32.5 million in addition to which the company has committed £5 million under a co-investment agreement. The Hoare Candover Exempt Fund, which was due to terminate in March 1993 has, by Extraordinary Resolution of the Unitholders passed on 24th February, 1993, been extended for a further two years to permit an orderly realisation of remaining investments.

Candover Investments plc is an investment company within the meaning of Part VIII of the Companies Act 1985.

Results and review of business

The group profit for the financial year after taxation was £3,152,000 compared with £2,837,000 for the year ended 31st December, 1991. Income increased from £8,576,000 to £9,606,000. Administrative expenses were £4,920,000 compared with £4,617,000 in 1991. A review of the group's activities is given in the Chairman's Statement on pages 8 to 12.

Dividend and proposed transfer to reserves

The directors do not recommend the payment of a final dividend having approved the payment of a second interim dividend of 6.5p per ordinary share on 5th April, 1993 to holders on the register at the close of business on 22nd March, 1993. The dividend details are shown in Note 8 and also on page 3.

After payment of the dividend, the amount retained by the group in respect of the year ended 31st December, 1992 will be £838,000, which the directors propose to transfer to reserves.

Basis of preparation of the financial statements

Two changes have been made this year. FRS 3 "Reporting Financial Performance" has been adopted ahead of the mandatory compliance date. Also, a linked consolidation of Candover's managed funds has been undertaken in the *Group Balance Sheet*, and attention is drawn to the relevant new accounting policy detailed on page 25.

Directors

The directors listed below served on the Board during the year and were in office at the end of the year. Their biographical details appear on pages 4 and 5.

C R E Brooke	R A P King*
S W Curran	J M Raisman*
G D Fairservice	P J Scott Plummer*
A P Hichens*	J G West*
G A Elliot*	P G Wreford*

* non-executive

Directors' Interests

The interests of the directors in the ordinary shares of the company are detailed below.

	31st December, 1992	1st January, 1992
BENEFICIAL		
C R E Brooke	501,552	1,001,552
S W Curran	639,708	639,708
G D Fairservice	165,000	165,000
A P Hichens	15,000	15,000
P J Scott Plummer	12,000	12,000
J G West	1,500	1,500
P G Wreford	100,000	115,000
G A Elliot	Nil	Nil
R A P King	Nil	Nil
J M Raisman	Nil	Nil
NON BENEFICIAL		
C R E Brooke	400,000	400,000

In the period between 31st December, 1992 and 25th March, 1993, Mr Wreford sold 5,000 ordinary shares. There were no other changes.

Mr Brooke, Mr Curran and Mr Fairservice each have options to subscribe for 12,795 shares, exercisable after 28th October, 1990 at 114p per share. Mr Fairservice was granted an option on 20th October, 1992 under the Candover Executive Share Option Scheme to subscribe for a further 37,205 shares, exercisable after 20th October, 1995 at 235p per share.

Messrs C R E Brooke, S W Curran and G D Fairservice, together with certain other executives of the company have a beneficial interest in the Limited Partnerships of the Candover 1989 Fund and the Candover 1991 Fund. The participation of these directors and executives in such arrangements was approved by shareholders at an Extraordinary General Meeting of the company held on 4th May, 1989.

Apart from service contracts, no director of the company is or has been during the year, materially interested in any contracts of significance with the company or its subsidiaries.

During the year a contract of insurance existed as referred to in section 310(3)(a) of the Companies Act 1985 as amended for the purpose of indemnifying the directors and officers against liabilities that may arise in the performance of their duties. This contract has been renewed since the year end.

Substantial shareholders

The company has been notified of the following interests in excess of 3 per cent of the issued share capital of the company at 25th March, 1993

Electra Investment Trust plc	11.2%
The Scottish Eastern Investment Trust plc	8.4%
British Coal Pension Funds	7.7%
The Prudential Assurance Company Limited	8.7%
London and Manchester Group plc	8.5%
The British Petroleum Pension Trust Limited	8.1%
Mars Security Limited	4.8%
British Airways Pension Fund	4.4%
C R E Brooke (including Non-beneficial)	4.1%
Royal Life Insurance Limited	3.0%

Political and charitable donations

During the year £10,017 (1991 £15,812) was given for charitable purposes. There were no political donations (1991 £10,000).

Corporate Governance

The directors have considered their duties and confirm their intention to comply with the Cadbury Report and have set out their statement of Compliance hereunder.

"The directors are required by UK Company Law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group as at the end of the financial year and of the profit and loss for that period. In preparing the financial statements, suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made on the basis that the company is a going concern. Applicable accounting standards have been followed with the exception of the departures which are disclosed and explained under the Accounting Policies. The directors are also responsible for maintaining adequate accounting records, for safeguarding the assets of the group and for preventing and detecting fraud and other irregularities."

Committees of the Board

The directors continue to maintain the following:

(a) Audit Committee

The Audit Committee was established in 1980 for the purpose of providing a link between the Board and the company's auditors on matters arising from the group audit. These matters include consideration of the group report and accounts which Candover intends to publish,

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the effect of accounting standards and policies generally, and internal financial control procedures. The Committee meets regularly before the publication of the group's interim and preliminary announcement of results and at other times as necessary. It does not involve itself in the day to day running of the business which remains the responsibility of the executive directors. The members of the Committee are shown on page 5.

(b) Remuneration Committee

The Committee meets regularly to agree the remuneration policy in respect of directors and senior executives and to advise on the remuneration of staff. The members of the Committee are shown on pages 4 and 5.

The directors considered the formal establishment of a Nomination Committee to select future non-executive directors to the Board to be inappropriate as, in their view, the present procedure for selection of nominees to the Board by informal discussion between the Chairman, the Chief Executive and the Non-Executive Deputy Chairman is considered the most effective way of choosing a suitable candidate. All appointments are subject to the final approval of the full Board, before ratification at a General Meeting of shareholders.

Annual General Meeting

The Annual General Meeting of the company will be held on 11th May, 1993 at 12 noon at the Howard Hotel, Temple Place, London WC2; the Notice of Meeting appears on pages 45 and 46.

Whilst it has already been reported that a decision has been made to not recommend a final dividend there are certain matters arising this year which will require Special Resolutions to be proposed at the Annual General Meeting which are in addition to the usual Ordinary Business of the Annual General Meeting, such as the receipt of the Report and Accounts and the re-appointment of the Auditors, and these are set out in the Notice of the Meeting on pages 45 and 46. An explanation of these resolutions is given below:

1. Rotation of directors

Under Article 106 of the Company's Articles of Association, the directors are not required to retire by rotation. But your directors feel that in order to ensure good governance of the company, this article should be amended to enable Regulations 73 to 80 of Table A of the Companies (Table A to F) Regulations 1985 to apply. Resolution 3 will therefore be proposed as a Special Resolution to amend the Company's Articles of Association.

Subject to the above special resolution being passed, Messrs C R E Brooke, S W Curran, A P Hichens and R A P King will retire by rotation and being eligible will offer themselves for re-election and these Ordinary Resolutions are likewise set out in the Notice under Resolutions 5, 6, 7 and 8. The directors offering themselves for re-election do not have a service contract of more than one year's duration other than Messrs. C R E Brooke and S W Curran who both have a service contract of two years duration.

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2. Directors' authority to allot shares

The Companies Act limits the power of your directors to allot and issue new share capital without the authority of the company in General Meeting. The Act also provides shareholders with certain pre-emption rights on the issue for cash unless those rights have been set aside by the passing of a Special Resolution. Your directors consider that it is in the interests of the company that they have the power to issue shares and to issue shares for cash without making a similar offer to all existing shareholders. Issues for cash (other than rights or similar issues) would be limited to an aggregate nominal amount equal to approximately 5 per cent of the ordinary shares in issue.

Your directors will not, without the prior approval of the company in General Meeting, issue shares which would effectively alter the control of the company.

Resolution 4 will be proposed as a Special Resolution at the Annual General Meeting to renew the above authorities under sections 80 and 95 of the Companies Act 1985.

Auditors

Grant Thornton offer themselves for reappointment as auditors in accordance with section 384(1) of the Companies Act 1985.

Tax status

The Board of the Inland Revenue has approved the company as an investment trust, under section 842 of the Income and Corporation Taxes Act 1988, for the year ended 31st December, 1991.

In the opinion of the directors, the company's affairs since that date have been conducted so as to enable it to continue to seek approval as an investment trust and to be eligible for inclusion in a General PEP. In addition they are of the opinion that the company is not a close company within the provisions of the Income and Corporation Taxes Act 1988.

By Order of the Board
P R Neal
Secretary

20 Old Bailey
London EC4M 7LN
25th March, 1993

Report of the Auditors

We have audited the financial statements on pages 25 to 44 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 December, 1992 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.

Grant Thornton

Grant Thornton

Grant Thornton
Registered Auditor
Chartered Accountants

London

25th March, 1993

Accounting Policies

The financial statements have been prepared in accordance with applicable accounting standards except for the policies relating to accounting for managed funds and certain associated undertakings as described below. The financial statements are prepared under the historical cost convention except that investments are stated at valuation.

The principal accounting policies of the group, which have remained unchanged from the previous year except for the policy relating to accounting for managed funds, are set out below:

Basis of consolidation

The group financial statements consolidate those of the company and of its subsidiary undertakings (see Note 10). The financial statements of each undertaking in the group have been prepared to 31st December, 1992. The results of subsidiary undertakings have been included from the date of acquisition.

Associated undertakings

An associated undertaking is defined as an entity, not being a subsidiary undertaking, in which the group has substantial and long-term interest and over whose financial and operating policy decisions the group is in a position to exercise significant influence. Where such entities are an integral part of the group's investment management operations, the group's share of profits is included in the group profit and loss account, and the investment is carried in the group balance sheet at an amount equivalent to the group's share of net assets. The company balance sheet shows the investment in such undertakings at cost, and particulars of entities accounted for as associated companies are set out in Note 11.

The group has certain other investments in companies which fall within the definition of associated undertakings contained in the Companies Act 1985 (as amended) but which are not accounted for as associated undertakings, and accordingly, the group does not equity account its share of the net assets and results of such investments. In the opinion of the directors it would not show a true and fair view for such investments to be equity accounted while the remainder are held at valuation, since all such investments are held for capital appreciation. Furthermore, the directors consider it is inappropriate to include in the consolidated profit and loss account the group's share of an investee company's undistributed profits when those profits cannot be realised as income unless distributed, and if realised by sale of the company will be taken to non-distributable capital reserves. The effect if such investments were equity accounted is set out in Note 9.

Managed funds

Where the constitution of a managed fund involves its being a subsidiary undertaking under Section 227, Companies Act 1985 (as amended), but the group has no substantial beneficial interest in the income, assets or liabilities, the total net assets of the fund are now consolidated gross within fixed asset investments and the minority interest deducted immediately after, whereas previously the fund was not included in the consolidation. The fund has not been accounted for under the method of full consolidation, since in the opinion of the directors, it would be misleading to do so and the overriding duty to give to shareholders a true and fair view of the income and state of affairs of the group requires its exclusion. Details of these managed funds are set out in Note 10. The 1991 comparatives have been adjusted for this change in the accounting policy for managed funds.

Income

Income arises from investment management and other financial services provided and investment transactions undertaken during the year. It also includes income from investments and interest receivable.

Deferred expenditure

Placement fees incurred in the establishment of the Candover 1989 Fund and the Candover 1991 Fund have been carried forward in current assets and will be written off over five years.

Depreciation

Depreciation is calculated to write down the cost of all tangible fixed assets by equal annual instalments over their expected useful lives. The periods generally applicable are:

Plant and equipment	2-5 years
Motor vehicles	4 years

Investments

Fixed asset listed investments are valued at middle market quotations derived from the Stock Exchange Daily Official List. Unquoted investments are included at directors' valuation.

Profits and losses on realisation are dealt with through the realised net appreciation reserve. Fixed asset investments are not held for resale and any profits on realisation are not available for distribution. The excess of the market value of investments over cost to the group is shown as an unrealised surplus.

Investments held as current assets are held at the lower of cost and net realisable value to the relevant subsidiary undertaking. Profits and losses on realisations are dealt with through the profit and loss account.

Shares in subsidiary undertakings are held at cost less provisions.

Deferred taxation

Deferred taxation is the taxation attributable to timing differences between profits or losses computed for taxation purposes and results as stated in the financial statements. Provision for deferred taxation is made to the extent that it is probable that a liability will crystallise. Unprovided deferred tax is disclosed as a contingent liability.

Deferred tax is calculated at the rate at which it is estimated that the tax will be paid when the timing differences reverse.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Balance sheets and profit and loss accounts of overseas companies are also translated at the rates of exchange ruling at the balance sheet date. Where exchange differences result from the translation into sterling of foreign currency resources to be used for further investment, they are taken to the realised and unrealised net appreciation reserves. All other exchange differences are dealt with through the profit and loss account.

Pension costs

The group contributes towards a number of funded defined contribution pension schemes designed to provide retirement benefits for its directors and employees. The assets of the schemes are held separately from the group in independently administered funds. The pension cost charge represents contributions by the group to the schemes in respect of the accounting period.

Operating Leases

Payments made under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Group Profit and Loss Account

	Notes	£'000	1992 £'000	£'000	1991 £'000
Income	1		8,996		8,576
Administration expenses	2		(4,920)		(4,617)
Operating income			4,076		3,959
Share of profits of associated undertakings	11		41		9
Profit before interest			4,117		3,968
Interest payable and similar charges	3		(18)		(13)
Profit on ordinary activities before tax			4,099		3,955
Tax on profit on ordinary activities					
Group	4	(945)		(1,116)	
Associated undertakings		(2)		(2)	
			(947)		(1,118)
Profit for the financial year	5		3,152		2,837
Minority interests			–		(8)
			3,152		2,829
Dividends	6		(2,294)		(2,122)
Profit retained	17		858		707
Earnings per share	7				
Basic			14.09p		12.69p
Fully Diluted			13.67p		12.22p

The accounting policies on pages 25 and 26 and notes on pages 32 to 44 form part of these financial statements.

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Statement of Total Recognised Gains and Losses

	Notes	1992 £'000	1991 £'000
Capital profit on investments			
Realised gains and losses	17	282	1,906
Unrealised gains and losses	17	4,085	3,648
Exchange differences	17	112	51
Capital surplus for the year		4,479	5,605
Revenue profit available for distribution		3,152	2,829
Total recognised gains and losses for the year		7,631	8,434
Distributable profits			
Revenue profit available for distribution		3,152	2,829
Dividends	6	(2,294)	(2,122)
Transfer to distributable reserves	17	858	707
Non-distributable profits			
Transfer to non-distributable reserves	17	4,479	5,605
		5,337	6,312

The accounting policies on pages 25 and 26 and notes on pages 32 to 44 form part of these financial statements.

Group Balance Sheet

	Notes	£'000	1992 £'000	£'000	1991 as restated £'000
Fixed assets					
Tangible	8		218		279
Investments					
Managed Funds	10	212,591		192,441	
Less:					
Minority interests in managed funds		(212,517)		(192,370)	
Net investment in managed funds	9	74		71	
Other	9	37,052		34,350	
	9	37,126		34,421	
Associated undertakings	11	60		54	
			37,186		34,475
Current assets					
Debtors	12	6,305		5,192	
Investments	13	24,334		21,530	
Cash at bank		204		115	
		30,843		26,837	
Creditors: due within one year	14	(8,217)		(5,058)	
Net current assets			22,626		21,779
Total assets less current liabilities			60,030		56,533
Provisions for liabilities and charges	15		(440)		(2,317)
			59,590		54,216
Capital and reserves					
Called up share capital	16		5,595		5,585
Share premium account	17		126		99
Realised net appreciation reserve	17		44,604		43,231
Unrealised net appreciation reserve	17		5,933		2,827
Profit and loss account	17		3,315		2,457
			59,573		54,199
Minority interests			17		17
			59,590		54,216

The financial statements were approved by the Directors on 25th March, 1993

C R E Brooke
Chairman

S W Curran
Chief Executive

The accounting policies on pages 25 and 26 and notes on pages 32 to 44 form part of these financial statements.

Balance Sheet

	Notes	£000	1992 £000	£000	1991 £000
Fixed assets					
Investments	9		41,968		39,263
Associated undertakings	11		1		1
			41,969		39,264
Current assets					
Debtors	12	2,525		1,631	
Investments	13	15,783		14,512	
Cash at bank		8		44	
		18,316		16,187	
Creditors: due within one year	14	(3,561)		(3,068)	
Net current assets			14,755		13,119
Total assets less current liabilities			56,724		52,383
Provisions for liabilities and charges	15		(63)		(70)
			56,661		52,313
Capital and reserves					
Called up share capital	16		5,595		5,585
Share premium account	17		126		99
Realised net appreciation reserve	17		44,604		43,231
Unrealised net appreciation reserve	17		5,659		2,665
Profit and loss account	17		677		733
			56,661		52,313

The financial statements were approved by the Directors on 25th March, 1993

C R E Brooke
Chairman

S W Curran
Chief Executive

The accounting policies on pages 25 and 26 and notes on pages 32 to 44 form part of these financial statements.

Group Cash Flow Statement

	Notes	£'000	1993 £'000	£'000	1992 £'000
Operating activities					
Cash received from investments			3,050		3,488
Cash received from investment management and other financial services			5,477		4,064
Expenses			(4,311)		(3,475)
Net cash inflow from operating activities	23		4,216		4,077
Returns on investments and servicing of finance					
Dividends received from associated undertakings		35		–	
Interest paid		(18)		(13)	
Dividends paid		(2,174)		(2,010)	
Net cash inflow/(outflow) from returns on investments and servicing of finance			(2,157)		(2,023)
Taxation					
UK corporation tax paid			(80)		(569)
Investing activities					
Purchase of tangible fixed assets		(76)		(65)	
Purchase of investments		(5,370)		(9,921)	
Sales of investments		6,232		8,335	
Receipts from sales of tangible fixed assets		11		49	
Exchange differences		112		51	
Net cash inflow/(outflow) from investing activities			909		(1,541)
Net cash inflow/(outflow) before financing			2,888		(56)
Financing					
Issue of ordinary share capital		(37)		(99)	
Net cash inflow from financing			(37)		(99)
Increase in cash and cash equivalents	24		2,925		43
			2,888		(56)

The accounting policies on pages 25 and 26 and notes on pages 32 to 44 form part of these financial statements.

Notes to the Financial Statements

1 Income from continuing operations

	£'000	1992 £'000	£'000	1991 £'000
Financial services		1,136		584
Investment dealing		401		441
Investment management fees		4,247		3,740
		5,784		4,765
Investment income				
Income from fixed asset investments	1,045		1,265	
Income from Treasury bills	1,199		1,540	
Other income receivable, arising on short-term deposits and loans	968		1,006	
		3,212		3,811
		8,996		8,576

Of the income from fixed asset investments £143,000 arose from listed investments (1991 £111,000). Income from financial services originating outside the United Kingdom was £45,000 (1991 £58,000). All income arose from the single activity of organising and investing in management buy-outs and buy-ins and providing development capital to unquoted companies.

2. Administrative expenses

Administrative expenses include the following:

	1992 £'000	1991 £'000
Staff costs	2,129	1,835
Depreciation	130	138
Auditors' remuneration – audit work	40	33
– non-audit work	66	78
Operating lease rentals – building	556	200
– other	35	28

Staff costs during the year were:

	1992 £'000	1991 £'000
Salaries	1,642	1,475
Social Security	142	146
Other pension costs	345	214
	2,129	1,835

The average number of employees of the group in the UK during the year was 19 (1991 18). Additionally, the average number of employees of overseas subsidiary undertakings in the group during the year was 5 (1991 5).

Remuneration and consultancy fees paid in respect of services provided by directors were as follows:

	1992 £'000	1991 £'000
Directors' fees	120	120
Management remuneration	810	794
	930	914

Administrative expenses continued

The emoluments of the directors, excluding pension contributions, were as follows:

	1992 £000	1991 £000
The Chairman	251	269
The highest paid director	Chairman	Chairman

Other directors:	1992 number	1991 number
£ 15,001 to £ 20,000	6	6
£ 20,001 to £ 25,000	1	1
£170,001 to £175,000	–	1
£100,001 to £105,000	1	–
£230,001 to £235,000	1	–
£250,001 to £255,000	–	1

Included in the directors' emoluments shown above are performance related payments of £65,082 arising from the Profit Related Pay Scheme and a discretionary bonus which were made to Messrs C R E Brooke, S W Curran and G D Fairservice in respect of the financial year ended 31st December, 1992.

3 Interest payable and similar charges

	1992 £000	1991 £000
On bank loans, overdrafts and other loans		
– repayable within 5 years otherwise than by instalments	18	13

4 Tax on profit on ordinary activities

The taxation charge is based on profit for the year and is made up as follows:

	1992 £000	1991 £000
United Kingdom corporation tax at 33 per cent (1991 33 per cent)	2,470	237
Deferred tax (Note 15)	(1,871)	637
Tax attributable to franked investment income	240	375
Adjustments relating to prior years:		
United Kingdom corporation tax	12	(13)
Deferred tax (Note 15)	(6)	(120)
	915	1,116

The Board of Inland Revenue has approved the company as an investment trust, under section 842 of the Income and Corporation Taxes Act 1988, for the year ended 31st December, 1991. In the opinion of the directors, the company's affairs since that date have been conducted so as to enable it to continue to seek approval as an investment trust.

5 Profit for the year

As permitted by section 230 of the Companies Act 1985, the company has not included its own profit and loss account in these financial statements. The group profit for the year includes £2,238,000 (1991 £1,787,000) which is dealt with in the financial statements of the holding company.

6 Dividends

	1992 £'000	1991 £'000
Paid interim of 3.75p (1991 3.5p)	839	782
Proposed second interim of 6.5p (1991 Nil)	1,455	–
Proposed final of Nil (1991 6.0p)	–	1,340
	2,294	2,122

7 Earnings per share

The calculation of basic earnings per ordinary share is based on profit for the financial year of £3,152,000 (1991 £2,829,000) and a weighted average number of shares of 22,366,485 (1991 22,297,910). The calculation of fully diluted earnings per share takes account of the share options and is based on profit for the financial year of £3,152,000 (1991 £2,829,000) and a weighted average number of shares of 23,060,255 (1991 23,148,770).

8 Tangible fixed assets

	Plant and equipment £'000	Motor vehicles £'000	Total £'000
Cost			
At 1st January, 1992	342	229	571
Additions	48	28	76
Disposals	–	(18)	(18)
At 31st December, 1992	390	239	629
Depreciation			
At 1st January, 1992	186	106	292
Provided in the year	69	61	130
Disposals	–	(11)	(11)
At 31st December, 1992	255	156	411
Net book amount at 31st December, 1992	135	8[illegible]	218
Net book amount at 31st December, 1991	156	123	279

9 Fixed asset investments

Group	Investments: Managed Funds £'000	Investments: Other £'000	Total £'000
Valuation at 1st January, 1992	71	34,350	34,421
Additions at cost	3	5,367	5,370
Disposals	–	(6,750)	(6,750)
Appreciation	–	4,085	4,085
Valuation at 31st December, 1992	74	37,052	37,126
Reconciliation			
Cost of investments	74	31,571	31,645
Net unrealised appreciation of investments	–	5,481	5,481
	74	37,052	37,126

Fixed asset investments continued

Company

	Shares in subsidiary undertakings £000	Investments Managed Funds £000	Other £000	Total £000
Valuation at 1st January, 1992	4,842	71	34,350	39,263
Additions at cost	–	3	5,367	5,370
Disposals	–	–	(6,750)	(6,750)
Appreciation	–	–	4,085	4,085
Valuation at 31st December, 1992	4,842	74	37,052	41,968
Reconciliation				
Cost of investments	4,842	74	31,571	36,487
Net unrealised appreciation of investments	–	–	5,481	5,481
	4,842	74	37,052	41,968

At 31st December, 1992 cumulative downward adjustments of £6,577,000 (1991 £8,586,000) had been made against investments with original costs of £19,525,000 (1991 £12,363,000).

Investments at valuation include:	1992 £000	1991 £000
UK		
Listed	3,872	2,490
Unquoted at directors' valuation	23,298	21,201
Europe		
Unquoted at directors' valuation	5,364	6,763
US		
Listed	831	1,944
Unquoted at directors' valuation	3,011	2,023
	37,126	34,421

At 31st December, 1992 the company held shares in excess of 10 per cent of a class of share capital in a number of investee companies, the particulars of which are set out below. The company did not have interests of more than 20 per cent of the total allotted share capital in any of these investee companies.

Also included in the particulars below are percentage interests in the relevant class of share capital of the company's ten largest investments by valuation.

Companies incorporated in Great Britain	Class of shares held	Percentage of class held
Blue Arrow Holdings Ltd	Cumulative convertible participating preferred ordinary	6.57
	Cumulative redeemable preference	6.74
Cambridge Capacitors Ltd	Cumulative convertible participating preferred ordinary	19.53
	Cumulative redeemable preference	10.00
Fenland Sheepskin Company Ltd	"B" Ordinary	21.58
Fishers Group Ltd	Cumulative Convertible participating preferred ordinary	22.50

Fixed asset investments continued

Companies incorporated in Great Britain	Class of shares held	Percentage of class held
Gaymer Group Europe Ltd	"B" Ordinary	2.94
	Cumulative convertible participating preferred ordinary	2.65
	Preference	3.12
Hermitage Precision Engineering Ltd	Cumulative convertible participating preferred ordinary	10.00
	Cumulative redeemable preference	15.46
Hermes Group Ltd	"A" Ordinary	15.89
	Cumulative redeemable preference	11.30
	"A" Preference	12.97
Jarvis Hotels Ltd	Cumulative convertible participating preferred ordinary	3.73
	Cumulative redeemable preference	3.41
	"B" Preference	3.41
Kenwood Appliances Plc	Ordinary	1.29
Keller Group Ltd	Cumulative convertible participating preferred ordinary	7.44
	Cumulative redeemable preference	7.84
Knickerbox Ltd	Cumulative convertible participating preferred ordinary	33.75
	Cumulative redeemable preference	25.00
LCE Holdings Ltd	Cumulative convertible participating preferred ordinary	20.45
	Cumulative redeemable preference	16.32
Midland Independent Newspapers Ltd	Cumulative convertible participating preferred ordinary	3.35
Motor World Group Ltd	Cumulative convertible participating preferred ordinary	10.90
Partco Group Ltd	"A" Cumulative redeemable preference	10.00
	Deferred	15.50
Pavilion Services Group Ltd	Cumulative convertible participating preferred ordinary	3.54
	Cumulative redeemable preference	3.75
Provend Services Ltd	Cumulative convertible participating preferred ordinary	21.60
Steens Ltd	Cumulative convertible participating preferred ordinary	18.51
Thos. Storey Ltd	Cumulative convertible participating preferred ordinary	11.36

In some cases, where the participation of management in the equity share capital is related to the achievement of target profits, the company's ultimate percentage equity interests will depend on the performance of the company concerned.

Companies incorporated outside Great Britain	Class of shares held	Percentage of class held
Alupac, Inc. (State of Delaware)	Convertible preferred stock	22.86
Ciclad SA (France)	Ordinary	90.00
Dakota, Minnesota & Eastern Railroad Corp (State of South Dakota)	Series "A" preferred stock	22.70
	Common stock	13.70
Ernest Tank-und Apparatebau Verwaltungs GmbH (Federal Republic of Germany)	Ordinary	15.17
Five Star Holdings, Inc (Liberia)	Common	28.00
Heidemann-Werke GmbH (Federal Republic of Germany)	Ordinary	9.51

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Fixed asset investments continued

Companies incorporated outside Great Britain	Class of shares held	Percentage of class held
Ibercapital (Luxembourg)	Ordinary	10.50
	Preference	10.50
Lombard Corporation (State of California)	Preferred	22.50
MBS-Deutschland GmbH (Federal Republic of Germany)	Ordinary	12.65
Northern Industries, Inc (State of Pennsylvania)	Preferred Stock	22.50
Novadyne Ltd (State of Delaware)	Convertible Preferred	15.58
RTA Rotations Tiefdruck GmbH (Federal Republic of Germany)	Ordinary	10.18
Schweinfurter Schlossbrauerei (Federal Republic of Germany)	Ordinary	10.80
Tekna, Inc (State of Delaware)	"A" Convertible preferred	10.00
Valley Data Sciences, Inc (State of California)	"A" Preferred	10.88
Western Rock Inc (State of Pennsylvania)	Common	11.02

At 31st December, 1992, the company had an interest of more than 20 per cent in the nominal value of the total allotted share capital of the following companies:

Companies	Class of shares held	Percentage of class held
Golden Key Homes Ltd (incorporated in Great Britain)	Cumulative convertible participating preferred ordinary	36.00
	Cumulative redeemable preference	33.33
Karablue Ltd (incorporated in Great Britain)	"B" Ordinary	35.58
Lombard Investments Inc (State of California)	Preferred	100.00
VCI Candover Management BV (incorporated in the Netherlands)	Ordinary	30.00
	Loan Capital	30.00

For the reasons set out in the Accounting Policies these investments have not been equity accounted. Based on the latest audited accounts received by the company in respect of each investment, if such equity accounting had been incorporated in these financial statements, the group profit after tax would have been increased by approximately £61,000 (1991 reduction of £29,000) and the group net assets decreased by £56,000 (1991 increase of £212,000).

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10 ***Subsidiary undertakings***

At 31st December, 1992 the principal subsidiary undertakings included in the consolidation were:

	Nature of business	*Issued share capital*
Candover Services Limited*	Arrangement of investment syndications	£4,400,000 Ordinary
Candover Realisations Limited	Investment dealing company	£100 Ordinary
Candover (Trustees) Limited*	Nominee Company	£100 Ordinary
Candover Nominees Limited*	Nominee Company	£100 Ordinary
Candover Partners Limited	General Partner of the Candover 1989 Fund and of the Candover 1991 Fund	£1,050,000 Ordinary
Candover Investments (Nassau) Inc.*	Investment holding company	US$500,000 Common Stock
Deutsche Candover GmbH**	Arrangement of management buy-out and buy-in investments in Germany	DM600,000 Shareholders' loan

* Wholly owned directly by the holding company ** 90 per cent owned by the holding company

All of the above companies are incorporated in Great Britain and are registered and operational in England and Wales with the exception of Deutsche Candover GmbH which is incorporated and is operational in the Federal Republic of Germany and Candover Investments (Nassau) Inc which is incorporated and is operational in the Bahamas.

Interests in the Candover 1989 and 1991 Funds

Candover Partners Limited is the General Partner of the limited partnerships comprising the Candover 1989 and the Candover 1991 Funds. The company is a Special Limited Partner entitled to participate in profits after a minimum rate of return has been achieved by the Limited Partners.

For the reasons set out in the Accounting Policies, the limited partnerships comprising the Candover 1989 Fund and the Candover 1991 Fund have not been accounted for under the method of full consolidation. At 31st December, 1992 the net assets of the Funds were £212.6m (1991 £192.4m) and the income for the year then ended was £6.3m (1991 £6.6m). The net assets can be summarised as follows:

	1992 £m	1991 £m
Investments	191.9	187.7
Debtors	0.1	–
Cash	20.7	4.9
Creditors	(0.1)	(0.2)
	212.6	192.4

11 Associated undertakings

	Class of share capital held	Proportion held by holding company	Proportion held by subsidiary undertaking	Nature of business
Hoare Candover Limited	Ordinary shares	50%	–	**Management of the Hoare Candover Exempt Fund**
Electra Candover Partners	Partnership	–	33⅓%	**Management of the £260 million Electra Candover Direct Investment Plan**

Hoare Candover Limited is incorporated in Great Britain and registered in England and Wales; both are operational in England. Electra Candover Partners' accounting reference period is 30th September.

The investors in the Electra Candover Direct Investment Plan were released from their commitments on 28th February, 1989.

	Group share of net assets £000	Company share at cost £000
Cost at 1st January, 1992	1	1
Share of post-acquisition reserves at 1st January, 1992	53	–
Increase	6	–
	60	1

12 Debtors

	Group 1992 £000	Group 1991 £000	Company 1992 £000	Company 1991 £000
Due within one year:				
Trade debtors	1,504	1,089	–	–
Amount owed by group undertakings	–	–	77	78
Amount owed by associated undertakings	6	–	–	–
Other debtors	2,364	1,592	2,221	1,305
Prepayments and accrued income	1,978	1,665	227	248
	5,852	4,346	2,525	1,631
Due after more than one year:				
Prepayments and accrued income	413	846	–	–
Total debtors	6,265	5,192	2,525	1,631

13 Current asset investments

	1992 £000	Group 1991 £000	1992 £000	Company 1991 £000
Listed investments	3	10	–	–
Unquoted investments	24,331	21,520	15,783	14,512
	24,334	21,530	15,783	14,512

Unquoted investments consist mainly of short-term deposits and Treasury bills. The market value of the listed investments was £4,000 (1991 £191,000).

14 Creditors: due within one year

	1992 £000	Group 1991 £000	1992 £000	Company 1991 £000
Bank overdraft	–	32	–	–
Trade creditors	387	237	9	15
Amounts owed to group undertakings	–	–	575	576
Current taxation	3,267	868	1,285	866
Social security and other taxes	23	211	–	–
Proposed dividends	1,455	1,335	1,455	1,335
Other creditors	621	561	186	204
Accruals and deferred income	2,464	1,814	51	72
	8,217	5,058	3,561	3,068

15 Provisions for liabilities and charges

	1992 £000	Group 1991 £000	1992 £000	Company 1991 £000
Deferred taxation				
At 1st January	2,317	1,800	70	210
Increase/(decrease) in year	(1,877)	517	(7)	(140)
At 31st December	440	2,317	63	70
Deferred taxation provided for in the financial statements is set out below.				
Accelerated capital allowances	(96)	–	–	–
Other timing differences	536	2,317	63	70
	440	2,317	63	70

There was no unprovided deferred taxation in the financial statements at 31st December, 1992 (1991 NIL).

16 Share capital

	Number	1992 £'000	Number	1991 £'000
Authorised:				
Ordinary shares of 25p each	29,000,000	7,250	29,000,000	7,250
Allotted, called up and fully paid:				
Ordinary shares of 25p each				
At 1st January	22,341,095	5,585	22,229,300	5,557
Issued during the year on exercise of options	40,000	10	111,795	28
At 31st December	22,381,095	5,595	22,341,095	5,585

The consideration received by the company in respect of the exercise of options was £37,416. During the year the company granted new options to certain directors and employees in respect of 202,205 ordinary shares. At 31st December, 1992 the following options remained exercisable at the following prices and dates.

No. of options	Price	Exercisable after
115,155	113.69p	28th October, 1990
49,230	137.41p	6th October, 1991
75,000	208.00p	15th March, 1993
40,000	262.67p	29th April, 1994
20,000	236.67p	19th October, 1995
182,205	233.00p	20th October, 1995
481,590		

17 Reserves

	Share premium account £'000	Realised appreciation reserve £'000	Unrealised appreciation reserve £'000	Profit and loss account £'000
Group				
At 1st January, 1992	99	43,231	2,827	2,457
Premium on shares issued in year	27	–	–	–
Surplus on investments revaluation	–	–	4,085	
Investments realised in year	–	1,373	(1,091)	–
Exchange differences	–	–	112	–
Retained profit for year	–	–	–	858
At 31st December, 1992	126	44,604	5,933	3,315
Company				
At 1st January, 1992	99	43,231	2,665	733
Premium on shares issued in year	27	–	–	–
Surplus on investments revaluation	–	–	4,085	–
Investments realised in year	–	1,373	(1,091)	–
Loss for year	–	–	–	(56)
At 31st December, 1992	126	44,604	5,659	677

18 Reconciliation of movements in shareholders' funds

	1992 £'000	1991 as restated £'000
Profit for the financial year	3,152	2,829
Dividends	(2,294)	(2,122)
	858	707
Capital surplus for the year	4,479	5,605
New share capital subscribed	37	99
Net addition to shareholders' funds	5,374	6,411
Opening shareholders' funds	54,199	47,788
Closing shareholders' funds	59,573	54,199

19 Capital commitments

The directors have authorised a commitment of £20 million which will be invested pro rata and in parallel with the Candover 1989 Fund, an equity investment fund organised by the company to participate in management or leveraged buy-outs of unquoted and quoted companies within the UK and Western Europe. At 31st December, 1992 the outstanding commitment was £5.3 million.

The company has undertaken to purchase, for cash and on the same terms, 20 per cent of that part of the ordinary share capital of any future investee company offered to the combined Candover 1987 Funds.

The company had committed ITL 5,425 million (£2.5 million) to the Cambria Fund. At 31st December, 1992 the outstanding commitment was ITL 4,601 million (£2 million).

The directors have also authorised a commitment of £5 million which will be invested pro rata and in parallel with the Candover 1991 Fund, an equity investment fund organised by the company to participate in management or leveraged buy-out of unquoted and quoted companies within the UK and Western Europe. At 31st December, 1992 the outstanding commitment was £4 million.

20 Pension commitments

The group contributes towards a number of funded defined contribution pension schemes designed to provide retirement benefits for its directors and employees. The assets of the schemes are held separately from the group in independently administered funds. The pension cost charge represents contributions by the group to the schemes in respect of the accounting period and amounted to £218,000 (1991 £183,000).

At 31st December 1992 £17,000 (1991 £NIL) was payable to the schemes.

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21 Lease commitments

The following amounts are payable in respect of operating leases:

	1992 Land and Buildings £'000	1992 Other £'000	1991 Land and Buildings £'000	1991 Other £'000
Commitments expiring in less than one year	–	11	–	11
2 – 5 years	–	24	–	20
More than 5 years	556	–	534	–
	556	35	534	31

An agreement to lease was entered into during January 1991 whereby a proportion of the premises have been sublet at a rental of £148,000 per annum, expiring in two years.

22 Co-investment by directors

During the year, Messrs C R E Brooke, S W Curran and C D Fairservice, who are all directors of the company have, invested in companies in which Candover Investments has also made an investment.

The London Stock Exchange has granted a waiver of the normal Class 4 requirements in view of the relative insignificance of the transactions by these directors. The company's auditors have confirmed that the terms of the transactions are, from the point of view of the company's shareholders, fair and reasonable.

Details of these investments are as follows:

	Class of share	Equity investments in companies: subscribed in year £	percentage (of class) held by the directors %
A Q Holdings Limited	CCPPO's of 1p each	368.25	0.21
Bowglaze Limited	"A" Ordinary shares of 10p each	206.00	0.05
	"B" Ordinary shares of 10p each	329.00	0.03
BFCC Limited	New "A" Ordinary shares of 1p each	8.69	0.01
BTG Limited	"A" Ordinary shares of £1 each	3,895.00	0.18
Embarcadero Media Inc.	Share Warrants	0.00	0.47
Hermes Group Limited	"A" Ordinary shares of £1 each	2,021.00	0.91
	Convertible "A" Ordinary shares of £1 each	1,012.00	3.17
Gaymer Group Europe Limited	A CCPPO's	1,138.00	0.09
	"B" Ordinary shares	173.60	0.09
Inspec Group Limited	"A" Preferred Ordinary shares of 10p each	574.01	0.04
	"C" Ordinary shares of 1p each	22.66	0.04
LCE Holdings Limited	Redeemable Warrants of 1p each	1.99	1.90
Orion Publishing Group Limited	"B" Ordinary shares of £1 each	768.00	0.17

During the year a subsidiary company advanced funds under the Candover staff co-investment scheme and season ticket loan scheme to an officer of the company. The amount of £2,766 remained payable at 31st December, 1992 (1991 £2,026).

23 Reconciliation of operating profit to net cash inflow from operating activities

	1992 £000	1991 £000
Operating income	4,076	3,959
Increase in debtors	(325)	(85)
Increase in creditors	522	440
Tax on franked investment income included within income from UK companies	(183)	(375)
Depreciation	130	138
Profit on disposal of tangible fixed assets	(4)	–
Net cash inflow from operating activities	4,216	4,077

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

	1992 £000	1991 £000
Balance at 1st January	21,613	21,570
Net cash inflow	2,925	43
Balance at 31st December	24,538	21,613

25 Cash and cash equivalents

	Current asset investments £000	Cash at bank and in hand £000	Bank overdrafts £000	Total £000
Balance at 31st December, 1990	21,134	436	–	21,570
Change	396	(321)	(32)	43
Balance at 31st December, 1991	21,530	115	(32)	21,613
Change	2,804	89	32	2,925
Balance at 31st December, 1992	24,334	204	–	24,538

26 Contingent liabilities

There were no contingent liabilities at 31st December, 1992 or 31st December, 1991.

27 Other assets

Included in fixed asset investments is the company's investment in the Candover 1989 Fund. Arising from this Fund and due to two realisations during the year to 31st December, 1992, the amount attributable to the company's investment is £4.4 million. However, given that this amount, which is held in a separate blocked account, will only be released once it has been certified that the internal rate of return on or before the release date on the Limited Partners' commitments exceeds the prescribed rate no credit has been taken for the potential profits on these realisations, and the investment has been retained at its cost of £68,000.

Notice of Meeting

Notice is hereby given that the Annual General Meeting of Candover Investments plc will be held at The Howard Hotel, Temple Place, London WC2 on Tuesday, 11th May, 1993 at 12 Noon for the following purposes:

1 To receive the Report of the Directors and the audited financial statements for the year ended 31st December, 1992.

2 To re-appoint Messrs Grant Thornton, Chartered Accountants, as Auditors of the company until the conclusion of the next Annual General Meeting and to authorise the directors to fix their remuneration.

Special Business

To consider and, if thought fit, to pass the following resolutions as Special Resolutions:

3 "That the Articles of Association of the company be altered by deleting Article 106 and inserting the following article in its place:

"106 The directors shall retire by rotation and Regulations 73 to 80 of Table A of the Companies (Tables A to F) Regulations 1985 shall apply."

4 "That:

(a) the directors be and are hereby generally and unconditionally authorised to exercise all powers of the company to allot relevant securities (within the meaning of Section 80 of the Companies Act 1985) up to an aggregate nominal amount of £1,654,726 provided that this authority shall expire on the day preceding the fifth anniversary of the passing of this resolution 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 an expiry and the directors may allot relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired; and so that this resolution shall revoke and replace the corresponding resolution passed at the Extraordinary General Meeting of the company held on 4th May, 1989; and

(b) that the directors be and are hereby given power pursuant to Section 95 of the Companies Act 1985 to allot equity securities (within the meaning of Section 89 of the said Act) pursuant to authority conferred by paragraph (a) of this resolution as if Section 89(1) of the said Act did not apply to any such allotment, provided that this power shall be limited:

(i) to the allotment of equity securities for the purpose of or in connection with a rights issue or any other pre-emptive offer concerning equity securities or any pre-emptive invitation to apply for equity securities in the company to the holders of shares on the record on a fixed record date in proportion to their then holdings of ordinary shares in favour of the holders of ordinary shares (notwithstanding that by reason of such exclusions or other arrangements as the directors may deem necessary or desirable by virtue of overseas regulations or to deal with problems arising in any overseas territory or in connection with fractional entitlements or record dates or otherwise howsoever, the equity securities to be allotted are not offered to all of such holders in proportion to the number of ordinary shares held by each of them); and

(ii) to the allotment of equity securities (otherwise than pursuant to sub-paragraph (i) above) up to an aggregate nominal amount equal to £279,704;

and shall expire at the conclusion of the next Annual General Meeting of the company to be held after the conclusion of the meeting at which this resolution is passed save that the company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired."

Subject to Resolution 3 being passed, the following resolutions will be proposed as Ordinary Resolutions:

5 To re-elect Mr C R E Brooke who retires by rotation.

6 To re-elect Mr S W Curran who retires by rotation.

7 To re-elect Mr A P Hichens who retires by rotation.

8 To re-elect Mr R A P King who retires by rotation.

P R Neal
Secretary
25th March, 1993

NOTE
Every member entitled to attend and vote at the above Meeting may appoint one or more proxies to attend and vote on his behalf. A proxy need not be a member of the company. Forms of Proxy must be lodged not later than 48 hours before the Meeting.

Copies of service contracts of the directors with the company and its subsidiaries which are of more than one year's duration will be available for inspection at the registered office during business hours on any weekday (excluding Saturdays and public holidays) from the date of this Notice until the date of the Annual General Meeting and at the venue of the Meeting from 11.45am on 11th May, 1993 until the conclusion of the Meeting.

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Form of Proxy

[illegible]

I/We ....
(BLOCK CAPITALS)

of ....

being (a) member(s) of Candover Investments plc, hereby appoint the Chairman of the Meeting or (see note 2)

....

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting to be held at 12 Noon on 11th May, 1993 and at any adjournment thereof.

I/We direct my/our proxy to vote on the resolutions as set out in the Notice convening the Meeting as indicated with an 'X' in the appropriate space below.

Ordinary Resolutions		For	Against
Resolution 1	To receive the Report of the Directors and the audited financial statements for the year ended 31st December, 1992		
Resolution 2	To re-appoint the auditors and to authorise the directors to fix their remuneration		

Special Resolutions		For	Against
Resolution 3	To approve the resolution to delete article 105 of the company's articles of association and insert the new article in its place as set out in the Notice of the Meeting		
Resolution 4	To approve the resolutions set out in the Notice of the Meeting to grant the directors the powers pursuant to (a) Section 80 Companies Act 1985 in order to allot the authorised but unissued securities in the company for a further period of five years, and (b) Section 95 Companies Act 1985 in order to disapply the provisions of Section 89(1) Companies Act 1985 with regard to the allotment of certain equity securities		

Ordinary Resolutions		For	Against
Resolution 5	To re-elect Mr C R E Brooke		
Resolution 6	To re-elect Mr S W Curran		
Resolution 7	To re-elect Mr A P Fletcher		
Resolution 8	To re-elect Mr R A P King		

Date ....

Signature ....
(see notes 3 & 4)

Notes

1. If no indication is given, the proxy holder will vote or abstain from voting at his or her discretion.
2. A member may appoint a proxy other than the Chairman of the Meeting by inserting the name and address of such proxy (who need not be a member) in the space provided above. The appointment of a proxy will not preclude a member from attending and voting in person should he/she subsequently decide to do so.
3. In the case of joint holders the signature of any one holder will be sufficient.
4. In the case of a corporation the proxy should be executed under its common seal or under the hand of some officer duly authorised in writing in that behalf.
5. This form, to be valid, must be lodged at the office of the registrars of the company not later than 48 hours before the time of the Meeting.

Companies House
for the record

Crown Way Cardiff CF14 3UZ
www.companieshouse.gov.uk

NOTICE OF ILLEGIBLE DOCUMENTS

Companies House regrets that documents in this company's microfiche record have pages which are illegible.

This has been noted but unfortunately steps taken to rectify this were unsuccessful.

Companies House would like to apologise for any inconvenience this may cause.