



Vymura International Limited  
(formerly Talbot Wallcoverings Limited)

Accounts 31 December 1993  
together with directors' and auditors' report  
Registered number: 2630824

## Directors' report

For the eighteen months ended 31 December 1993

The directors present their report on the affairs of the company, together with the accounts and auditors' report, for the period ended 31 December 1993.

### Principal activities and business review

On 26 June 1992 the company acquired the trade, assets and liabilities of an unincorporated business, Vymura, which was an autonomous operating division of Weston Hyde Products Limited, for a net consideration of £14,007,000. The tangible fixed assets acquired for £7,550,000 were revalued to their fair value of £8,566,000.

On 29 June 1992 the company changed its name to Vymura International Limited.

The principal activity of the company is the manufacture of wallcoverings, pattern books and related textile products.

Dormant company accounts were filed for the period from incorporation on 19 July 1991 to 25 June 1992.

### Results and dividends

Results, dividends paid and recommended transfers to reserves are as follows:

	£'000
Retained profit at 26 June 1992	-
Profit for the financial period	3,013
Dividends paid in the period	(796)
Transfer from revaluation reserve	26
Retained profit at 31 December 1993	<u>2,243</u>

### Directors and their interests

The directors who served during the period are as shown below.

The directors who held office at 31 December 1993 held the following beneficial interests in the shares of the company.

Name of director	Class of shares	1993 Number of shares
T. Smail	Ordinary 10p	46,000
R.A. Bradbury	Ordinary 10p	46,000
G.L. Blenkinship	Ordinary 10p	46,000
T. Langstroth	Ordinary 10p	46,000
L.S. Allan (Chairman)	Ordinary 10p	46,000
		<u>-</u>

The directors do not have any other interests required to be disclosed under Schedule 7 of the Companies Act 1985.

## Directors' report (continued)

### Fixed assets

Information relating to changes in tangible fixed assets is given in note 12 to the accounts.

### Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

### Employee consultation

The company places considerable value on the involvement of its employees and keeps them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through formal and informal meetings and the company magazine.

### Auditors

The directors will place a resolution before the annual general meeting to reappoint Arthur Andersen as auditors for the ensuing year.

P.O. Box 15  
Talbot Road  
Hyde  
Cheshire  
SK14 4EJ

By order of the Board,

T. Smail .

T. Smail

Director

18 March 1994

## Statement of directors' and auditors' responsibilities

### Directors' responsibilities

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Auditors' responsibilities

Company law requires auditors to form an independent opinion on the financial statements presented by the directors based on their audit and to report their opinion to the shareholders. The Companies Act 1985 also requires auditors to report to the shareholders if the following requirements are not met:

- that the company has maintained proper accounting records;
- that the financial statements are in agreement with the accounting records;
- that directors' emoluments and other transactions with directors are properly disclosed in the accounts; and
- that the auditors have obtained all the information and explanations which, to the best of their knowledge and belief, are necessary for the purpose of their audit.

The auditors' opinion does not encompass the directors' report on pages 1 to 2. However, the Companies Act 1985 requires auditors to report to the shareholders if the matters contained in the directors' report are inconsistent with the financial statements.

Auditors' report

Manchester

To the Shareholders of Vymura International Limited:

We have audited the financial statements on pages 5 to 25 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 9 to 12.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the company's state of affairs at 31 December 1993 and of its profit and cash flows for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Arthur Andersen

Arthur Andersen  
Chartered Accountants and Registered Auditors

Bank House  
9 Charlotte Street  
Manchester  
M1 4EU

18 March 1994

# Profit and loss account

For the 18 months ended 31 December 1993

	Notes	18 months to 31 December 1993 £'000	11 months to 25 June 1992 (Note 2) £'000
Turnover	3	55,785	-
Cost of sales		(29,204)	-
Gross profit		26,581	-
Other operating expenses (net)	4	(20,693)	-
Operating profit		5,888	-
Investment income	5	71	-
Interest payable and similar charges	6	(1,260)	-
Exceptional items	7	(389)	-
Profit on ordinary activities before taxation	8	4,310	-
Tax on profit on ordinary activities	10	(1,297)	-
Profit for the financial period		3,013	-
Dividends paid	11	(796)	-
Retained profit for the period		2,217	-
Transfer from revaluation reserve	22	26	-
Retained profit, at 31 December 1993		2,243	-

All activity has arisen from continuing operations.

The accompanying notes are an integral part of this profit and loss account.

# Statement of total recognised gains and losses

For the 18 months ended 31 December 1993

	Notes	18 months to 31 December 1993 £'000	11 months to 25 June 1992 £'000
Profit for the period		2,217	-
Unrealised surplus on revaluation		1,016	-
Total recognised gains and losses relating to the period		<u>3,233</u>	<u>-</u>

## Note of historical cost profits and losses

For the 18 months ended 31 December 1993

	Notes	18 months to 31 December 1993 £'000	11 months to 25 June 1992 £'000
Reported profit on ordinary activities before taxation		4,310	-
Difference between historical cost depreciation charge and actual depreciation charge for the period calculated on the revalued amount	22	26	-
Historical cost profit on ordinary activities before taxation		<u>4,336</u>	<u>-</u>
Historical cost profit for the period retained after taxation and dividends		<u>2,243</u>	<u>-</u>

# Balance sheet

31 December 1993

	Notes	31 December 1993 £'000	25 June 1992 (Note 2) £'000
Fixed assets	12	9,363	-
Tangible assets	13	-	-
Investment		<u>9,363</u>	<u>-</u>
Current assets	14	500	-
Assets held for sale	16	7,861	-
Stocks	17	6,715	-
Debtors		3	-
Cash at bank and in hand		<u>15,109</u>	<u>-</u>
Creditors: Amounts falling due within one year	18	<u>(9,407)</u>	<u>-</u>
Net current assets		<u>5,702</u>	<u>-</u>
Total assets less current liabilities		15,065	-
Creditors: Amounts falling due after more than one year	19	<u>(6,302)</u>	<u>-</u>
Net assets		<u>8,763</u>	<u>-</u>
Capital and reserves	21	5,340	-
Called-up share capital	22	190	-
Share premium account	22	990	-
Revaluation reserve	22	2,243	-
Profit and loss account		<u>8,763</u>	<u>-</u>
Total capital employed		<u>8,763</u>	<u>-</u>

Signed on behalf of the Board

T. Smail

*T. Smail*

Director

18 March 1994

The accompanying notes are an integral part of this balance sheet.



# Cash flow statement

For the 18 months ended 31 December 1993

	Notes	18 months to 31 December 1993	
		£'000	£'000
Net cash inflow from operating activities	24a		4,417
Returns on investments and servicing of finance			
Interest element of finance lease rentals and hire		(54)	
purchase creditors		48	
Interest received		(1,142)	
Interest paid		(796)	
Dividends paid			
Net cash outflow from returns on investments and servicing of finance			(1,944)
Taxation paid			-
Investing activities			
Purchase of tangible fixed assets, net of financing		(1,505)	
Acquisition costs capitalised in fixed assets		(125)	
Acquisition of an unincorporated business, net	24d	(14,007)	
Sale of tangible fixed assets		6	
Net cash outflow from investing activities			(15,631)
Net cash outflow before financing			(13,158)
Financing			
Issue of ordinary share capital, net of issue costs		5,530	
New loans		7,500	
Repayment of loans		(577)	
Capital element of finance lease rentals and hire		(580)	
purchase contracts			
Net cash inflow from financing	24b		11,873
Decrease in cash and cash equivalents	24c		(1,285)

The accompanying notes are an integral part of this statement.

## Notes to accounts

For the 18 months ended 31 December 1993

### 1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the period, is set out below.

#### a) Basis of accounting

The accounts are prepared under the historical cost convention modified to include the revaluation of land and buildings. The accounts have been prepared in accordance with applicable accounting standards.

#### b) Tangible fixed assets

Land and buildings are shown at original historical cost or subsequent valuation as set out in note 12. Other fixed assets are shown at cost.

Depreciation is provided at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life as follows:

Freehold buildings	25 years (4% per annum)
Plant and machinery	3-15 years (6.6% - 33% per annum)
Motor vehicles	2 years (50% per annum)

Land is not depreciated.

Residual value is calculated on prices prevailing at the date of acquisition or revaluation where this has taken place. Profits or losses on the disposal of fixed assets are included in the calculation of operating profit.

#### c) Investments

Fixed asset investments are shown at cost less amounts written off. Provisions are made for permanent reductions in value.

Group accounts were not prepared for the period in accordance with Section 229 of the Companies Act on the basis of the immateriality of the subsidiary undertaking.

## Notes to accounts (continued)

### 1 Accounting policies (continued)

#### d) Stocks

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

Cost incurred in bringing each product to its present location and condition is based on:

Raw materials	-	purchase cost on a first-in, first-out basis, including transport
Work-in-progress	-	cost of direct materials and labour, plus a reasonable proportion
and finished goods		of manufacturing overheads based on normal levels of activity.

Net realisable value is based on estimated normal selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

There are no significant differences between balance sheet and replacement cost values.

#### e) Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Advance corporation tax payable on dividends paid or provided for in the period is written off, except when recoverability against corporation tax payable is considered to be reasonably assured. Credit is taken for advance corporation tax written off in previous periods when it is recovered against corporation tax liabilities.

Deferred taxation (which arises from differences in the timing of the recognition of items, principally depreciation, in the accounts and by the tax legislation) has been calculated on the liability method. Deferred taxation is provided on timing differences which will probably reverse, at the rates of tax likely to be in force at the time of the reversal. Deferred tax is not provided on timing differences which, in the opinion of the directors, will probably not reverse. However, the amount of all deferred tax, including that which will probably not reverse, is shown in note 20.

#### f) Pension costs

The pension cost for the defined benefit pension scheme is assessed in accordance with the advice of an independent, qualified actuary. The amount charged to the profit and loss account is the estimated regular cost of providing benefits accrued in the period, adjusted to reflect variations from that cost. The regular cost is calculated so that it represents a substantially level percentage of current and future pensionable payroll. Variations from regular cost are charged or credited to the profit and loss account as a constant percentage of pensionable payroll over the estimated average remaining working life of scheme members. Further information on pension costs is provided in note 25c.

## Notes to accounts (continued)

### 1 Accounting policies (continued)

#### *g) Foreign currency*

Transactions denominated in foreign currencies are recorded in the local currency at actual exchange rates as of the date of the transaction (or, where appropriate, at the rate of exchange in a related forward exchange contract). Monetary assets and liabilities denominated in foreign currencies at the period end are reported at the rates of exchange prevailing at the period end. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

#### *h) Turnover*

Turnover comprises the value of sales (excluding VAT and similar taxes and trade discounts) of goods and services in the normal course of business.

#### *i) Leases*

The company enters into operating and finance leases as described in notes 25 and 19 respectively.

Assets held under finance leases are initially reported at the present value of the minimum lease payments at the inception of the lease, with an equivalent liability categorised as appropriate under creditors due within or after one year. The asset is depreciated over the shorter of the lease term and its useful economic life. Finance charges are allocated to accounting periods over the period of the lease to produce a constant rate of return on the outstanding balance. Rentals are apportioned between finance charges and reduction of the liability, and allocated to cost of sales and other operating expenses as appropriate. Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives. Rentals under operating leases are charged on a straight-line basis over the lease term.

#### *j) Revaluation reserve*

Surpluses arising on the revaluation of individual fixed assets other than investment properties are credited to a non-distributable reserve known as the revaluation reserve (see also note 22). Revaluation deficits in excess of the amount of prior revaluation surpluses on the same asset are charged to the profit and loss account. Where depreciation charges are increased following a revaluation, an amount equal to such increase is transferred annually from this reserve to the profit and loss account. On the disposal of a revalued fixed asset, any remaining revaluation surplus corresponding to the item is also transferred to the profit and loss account.

## Notes to accounts (continued)

### *k) Deferred costs*

The excess of expenditure over anticipated income on pattern books, directly attributable to new product ranges, is charged to the profit and loss account over two years, in the ratio of two thirds to one third from the date of sale on a commercial basis of the product to which the pattern book relates. The balance of the excess not charged to the profit and loss account is carried forward as a prepayment.

Design costs are treated similarly, but are charged to the profit and loss account in the year of launch.

### 2 Prior period accounts

Dormant accounts were prepared from the date of incorporation on 19 July 1991 to 25 June 1992. During this period the company did not trade and consequently there are no profit and loss comparative amounts.

The balance sheet as at 25 June 1992 contained £2 cash and £2 share capital.

### 3 Segment information

	1993 £'000
By geographical destination:	
United Kingdom	47,995
North America	3,829
Europe and other	3,961
	<hr/> 55,785 <hr/>

### 4 Other operating expenses (net)

	1993 £'000
Distribution costs	3,502
Selling and marketing costs	11,085
Administrative expenses	6,106
	<hr/> 20,693 <hr/>

### 5 Investment income

Investment income comprises:

	1993 £'000
Interest receivable and similar income	<hr/> 71 <hr/>

## Notes to accounts (continued)

### 6 Interest payable and similar charges

	1993 £'000
On bank loans, overdrafts and other loans	
- repayable within five years, by instalments	54
- repayable within five years, not by instalments	146
	<hr/> 200
Term loan	1,060
	<hr/> 1,260

Included in the above is the interest element of charges payable under finance leases amounting to £54,000.

### 7 Exceptional items

	1993 £'000
Costs of raising debt and acquisition costs written off	<hr/> 389

The effect of the tax charge on the above costs is to reduce the tax payable by £128,000.

### 8 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	1993 £'000
a) Depreciation on tangible assets	
- owned	721
- held under finance leases and hire purchase contracts	192
b) Hire of plant and machinery	
- under operating leases	85
- other	-
c) Other operating lease rentals	236
d) Auditors' remuneration	65
e) Staff costs (see note 9)	<hr/> 13,137

The auditors also received £200,400 in respect of non-audit services.

## Notes to accounts (continued)

### 9 Staff costs

Particulars of employees (including executive directors) are shown below:

	1993 £'000
Employee costs during the period amounted to:	
Wages and salaries	11,432
Social security costs	890
Other pension costs (see also note 25e)	815
	<u>13,137</u>

The average weekly number of persons employed by the company during the period was as follows:

	1993 Number employed
Production	329
Distribution	9
Sales	33
Administration	64
	<u>435</u>

### Directors' remuneration:

Directors' remuneration in respect of directors of the company was as follows:

	1993 £'000
Fees as directors	15
Other emoluments (including pension contributions)	<u>588</u>

The directors' remuneration shown above (excluding pensions and pension contributions) included:

	£'000
Chairman	<u>15</u>
Highest paid director	<u>142</u>

## Notes to accounts (continued)

### 9 Staff costs (continued)

Directors received emoluments (excluding pensions and pension contributions) in the following ranges:

	1993 Number
£ 15,001 - £ 20,000	1
£105,001 - £110,000	3
£140,001 - £145,000	1
	<hr/>

### 10 Tax on profit on ordinary activities

The tax charge is based on the profit for the period and comprises:

	1993 £'000
Corporation tax at 33%	1,297
	<hr/>

No deferred tax has been provided because the directors have concluded, on the basis of reasonable assumptions and the intentions of management, that it is improbable that any liability will arise. Had the company been providing the full amount of potential deferred tax, the charge for the period would have been increased (reduced) as follows:

	1993 £'000
Capital allowances	508
Other timing difference	(97)
	<hr/>
	411
	<hr/>

### 11 Dividends paid

	1993 £'000
9.5% cumulative redeemable preference shares of £1 each paid	765
9.5% cumulative convertible preferred ordinary shares of 10p each paid	31
	<hr/>
	796
	<hr/>



# Notes to accounts (continued)

## 12 Tangible fixed assets

a) The movement in the period was as follows.

	Freehold land and buildings £'000	Plant and machinery £'000	In course of construction £'000	Total £'000
<b>Cost or valuation</b>				
Beginning of period	-	-	-	-
Acquisitions	2,300	3,925	1,200	7,425
Additions	-	-	2,210	2,210
Capitalised acquisition costs	84	41	-	125
Surplus on revaluation	1,016	-	-	1,016
Transfer	-	2,308	(2,308)	-
Transfer to assets held for sale (cost)	(305)	-	-	(305)
Transfer to assets held for sale (surplus on revaluation)	(195)	-	-	(195)
End of period	2,900	6,274	1,102	10,276
<b>Depreciation</b>				
Beginning of period	-	-	-	-
Charge	79	834	-	913
End of period	79	834	-	913
<b>Net book value</b>				
Beginning of period	-	-	-	-
End of period	2,821	5,440	1,102	9,363
<b>Leased assets included in the above:</b>				
<b>Net book value</b>				
Beginning of period	-	-	-	-
End of period	-	1,616	-	1,616

Freehold land amounting to £1,488,000 has not been depreciated.

## Notes to accounts (continued)

### 12 Tangible fixed assets (continued)

b) The surplus on revaluation relates to the assets acquired from the Vymura business (see note 15). These are stated at fair value, which is based on an open market existing use valuation performed by King Sturge & Co., consultant surveyors, in June 1992.

c) Original cost, and aggregate depreciation based on cost, of land and buildings included at valuation:

	1993 Freehold £'000
Original cost	1,995
Depreciation based on cost	(53)
	<hr/> 1,942 <hr/>

### 13 Investments

The company has an investment of £2 in the following subsidiary undertaking:

	Country of registration	Proportion of shares held
Newbrush Limited	United Kingdom	100%

Newbrush Limited is currently dormant. The investment was acquired on 5 May 1993. This subsidiary undertaking has not been consolidated due to immateriality.

### 14 Assets held for sale

This reflects a surplus warehouse which was for sale as at 31 December 1993. This warehouse formed part of the assets included in the King Sturge & Co valuation in June 1992.

	1993 £'000
Cost	305
Surplus on revaluation	195
	<hr/> 500 <hr/>

This building was not depreciated during the period.

## Notes to accounts (continued)

### 15 Acquisition of unincorporated business

On 26 June 1992 the company acquired the trade, assets and liabilities of an unincorporated business, Vymura, which was an autonomous operating division of Weston Hyde Products Limited, for a net consideration of £14,007,000. The tangible fixed assets acquired for £7,550,000 were revalued to their fair value of £8,566,000 (see note 12).

### 16 Stocks

The following are included in the net book value of stocks:

	1993 £'000
Raw materials and consumables	912
Work-in-progress	905
Finished goods and goods for resale	6,044
	<hr/> 7,861 <hr/>

### 17 Debtors

The following are included in the net book value of debtors:

	1993 £'000
Amounts falling due within one year:	
Trade debtors	5,374
Prepayments and accrued income	1,128
ACT recoverable	243
	<hr/> 6,745 <hr/>

## Notes to accounts (continued)

### 18 Creditors: Amounts falling due within one year

The following amounts are included in creditors falling due within one year:

	1993 £'000
Obligations under finance leases and hire purchase contracts	186
Bank loans and overdrafts	2,442
Trade creditors	3,807
Other creditors	
- ACT payable	77
- VAT	339
- social security and PAYE	243
UK corporation tax payable	1,297
Accruals and deferred income	1,016
	<hr/> 9,407 <hr/>

### 19 Creditors: Amounts falling due after more than one year

The following amounts are included in creditors falling due after more than one year:

	1993 £'000
Obligations under finance leases and hire purchase contracts	533
Bank loans and overdrafts (see below)	5,769
	<hr/> 6,302 <hr/>

The bank loan is repayable in equal half-yearly instalments, beginning in July 1993 and ending in 15 July 1999. The rate of interest is variable, based on the company's overall level of borrowings and the Libor interest rate.

The security on the loan is by deed of charge incorporating fixed and floating charges over all the company's assets, and a specific charge over the freehold premises.

## Notes to accounts (continued)

### 19 Creditors: Amounts falling due after more than one year (continued)

#### Analysis of borrowings

Borrowings are repayable as follows:

	1993 £'000
Within 1 year	2,442
- bank	186
- leases and hire purchase contracts	
Within 1-2 years	1,154
- bank	150
- leases and hire purchase contracts	
Within 2-5 years	3,462
- bank	383
- leases and hire purchase contracts	<u>7,777</u>
Wholly or in part by instalments after 5 years	1,153
- bank	<u>8,930</u>

Bank loans and overdrafts are secured by a fixed and floating charge on the assets of the company.

### 20 Provisions for liabilities and charges

No deferred taxation has been provided because the directors have concluded, on the basis of reasonable assumptions and the intentions of management, that it is improbable that any liability will crystallise.

The amount of unprovided deferred taxation is as follows:

	1993 £'000
Excess of tax allowances over book depreciation of fixed assets	508
Other timing differences related to	(97)
- current assets and liabilities	<u>411</u>

An additional amount of unprovided deferred taxation is in respect of taxes of £335,000 that would arise if property were to be disposed of at its revalued amount.

# Notes to accounts (continued)

## 21 Called-up share capital

a) A summary of the authorised and issued share capital at 31 December 1993 is set out below:

Class of share	Authorised, allotted, called-up and fully-paid	
	Nominal value £	Number
Ordinary shares of 10p each	18,400	184,000
216,000 9.5% cumulative convertible preferred ordinary shares of 10p each	21,600	216,000
5,300,000 9.5% cumulative redeemable preference shares of £1 each	5,300,000	5,300,000
	<u>5,340,000</u>	

## b) Issue of shares

During the period, the company issued different classes of shares carrying distinct rights to capital and income. These shares seek to provide participation for the various institutional and director shareholders.

The cash consideration received was principally applied for the acquisition of the unincorporated business and related to each class of share as follows:

Class of share	Issue price £	Consideration received £	Share premium £
Ordinary shares of 10p	1	184,000	165,600
216,000 9.5% cumulative convertible preferred ordinary shares of 10p each	1	216,000	194,400
5,300,000 9.5% cumulative redeemable preference shares of £1 each	1	5,300,000	-
		<u>5,700,000</u>	<u>360,000</u>
Cost of share issues			<u>(170,000)</u>
Share premium account			<u>190,000</u>

## Notes to accounts (continued)

### 21 Called-up share capital (continued)

#### c) Redemption rights

The cumulative redeemable preference shares may at the company's option be redeemed at any time for an amount equal to the issue price together with any premium paid up or credited thereon together with any accrued dividend up to redemption date.

On the earlier of a change of control, a listing or sale, the preference shares then in issue shall be redeemed in full.

To the extent not previously redeemed the company shall redeem the preference shares in varying amounts and at various dates between 31 December 1995 and 30 June 2000.

### 22 Reserves

Of total reserves shown in the balance sheet, the following amounts are regarded as distributable or otherwise:

	1993 £'000
Distributable	2,243
- profit and loss account	
Non-distributable	190
- share premium account	990
- revaluation reserve	3,423
Total reserves	

	Share premium account £'000	Revaluation reserve £'000	Profit and loss account £'000	Total £'000
Beginning of period	-	-	-	-
Premium on allotments	360	-	-	360
Revaluation surplus	-	1,016	-	1,016
Transfer from revaluation reserve	-	(26)	26	-
Retained profit for the period	-	-	2,217	2,217
Costs written off on acquisition of business	(170)	-	-	(170)
End of period	190	990	2,243	3,423

No deferred tax has been provided in respect of the revaluation reserve since the directors consider that no liability to tax will arise in the foreseeable future. The contingent tax liability is set out in note 20.

## Notes to accounts (continued)

### 23 Reconciliation of movements in shareholders' funds

	1993 £'000
Profit for the financial period	2,217
Revaluation surplus	1,016
Net addition to shareholders' funds	3,233
Opening shareholders' funds	-
Closing shareholders' funds	3,233

### 24 Cash flow information

#### a) Reconciliation of operating profit to net cash inflow from operating activities

	1993 £'000
Operating profit	5,888
Exceptional items	(389)
Depreciation charge	913
Profit on sale of tangible fixed assets	(6)
Increase in stocks	(2,499)
Increase in debtors	(1,154)
Increase in creditors	1,664
Net cash inflow from continuing operating activities	4,417

#### b) Analysis of changes in financing

	Share capital (including premium) £'000	Loans and finance lease obligations £'000
Balance at beginning of period	-	-
Net cash inflow from financing	5,530	6,937
Inception of hire purchase contracts	-	705
Balance at end of period	5,530	7,642

#### c) Analysis of changes in cash and cash equivalents during the period

	Cash at bank and in hand £'000	Bank overdrafts £'000	Net £'000
Balance at beginning of period	-	-	-
Net cash inflow (outflow)	3	(1,288)	(1,285)
Balance at end of period	3	(1,288)	(1,285)



## Notes to accounts (continued)

### 24 Cash flow information (continued)

#### a) Acquisition of an unincorporated business

	£'000
Net assets acquired	
Tangible fixed assets	7,425
Stocks	5,362
Debtors	5,568
Cash	4
Creditors	(4,348)
	<hr/> 14,011
Satisfied by	
Cash	<hr/> 14,011

### 25 Guarantees and other financial commitments

#### a) Capital commitments

At the end of the period, capital commitments were:

	1993 £'000
Contracted for but not provided for	169
Authorized but not contracted for	-
	<hr/> 169

#### b) Lease commitments

The company has entered into non-cancellable operating leases in respect of plant and machinery and motor vehicles, the payments for which extend over a period of up to 5 years. The total rental (including interest) for the period was £320,809. The lease agreements provide that the company will pay all insurance, maintenance and repairs.

## Notes to accounts (continued)

### 25 Guarantees and other financial commitments (continued)

The minimum annual rentals under the foregoing leases are as follows:

	Plant and machinery £'000
1993	
Operating leases which expire	
- within 1 year	78
- within 2-5 years	121
- after 5 years	22
	<hr/>
	221

The company also has agreements to pay peppercorn rentals of £22,000 per annum for 40 years in respect of plant and machinery.

#### c) Pension arrangements

The company's principal pension scheme is the Vymura Pension Plan. The scheme, which covers 88% of employees, is of the defined benefit type with assets held in a separate trustee administered account.

Prior to the Vymura Pension Plan, from 26 June 1992 to 30 September 1992 the company participated in the EVC (UK) Pension Plan. On the advice of the independent actuaries this temporary period of participation in the previous scheme should be treated as a centralised or industry-wide scheme. Consequently, the contributions actually paid are satisfactory to determine the SSAP 24 regular pension cost.

Assets were transferred from the EVC (UK) Pension Plan into the Vymura Pension Plan based on an actuarial valuation. The market value of the assets of the scheme at the date of the actuarial valuation on 30 September 1992 was £5 million. The actuarial value of the scheme assets represented 118% of the liabilities for benefits that had accrued to members, after allowing for expected future increases in earnings.

The principal assumptions used in the valuation were:

Investment return	9½% per annum
Increase in earnings	7% per annum
Dividend growth	5% per annum
Pension increase	4½% per annum

The pension charge for the period was £736,000. This recognised the excess of assets over liabilities in the pension scheme which has been spread over the average remaining service lives of employees.

The company also operates a defined contribution scheme for senior employees. The pension charge for the scheme is the amount of contributions payable and totalled £79,000 for the period.