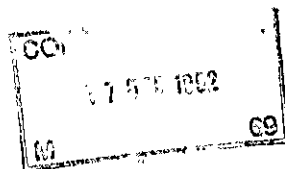


# ANNUAL REPORT

1992

11/15/92





## Contents

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Results at a glance and financial highlights.....	3
Directors and advisers .....	4
Chairman's statement.....	5
Notice of meeting .....	6
Directors' report .....	7
Report of the auditors .....	9
Consolidated profit and loss account .....	10
Balance sheets .....	11
Consolidated cash flow statement .....	12
Notes .....	13
Shareholders' profile .....	21
Financial calendar .....	21
10 year financial record .....	22
Bar chart – 10 year financial record.....	23

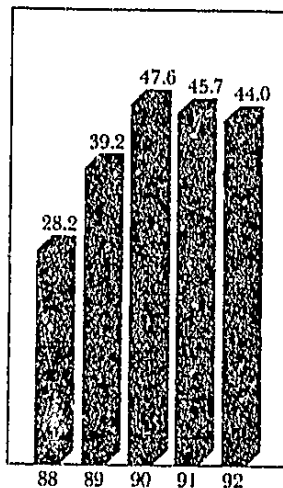


RENISHAW

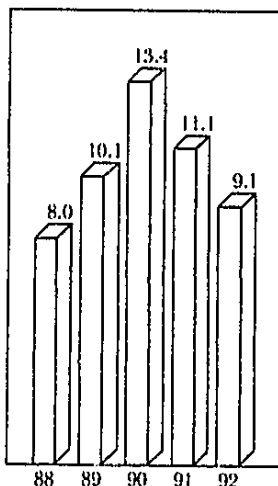
## Results at a glance and financial highlights

	1992 £'000	1991 £'000
Turnover	44,047	45,662
Profit before taxation	9,087	11,103
Taxation	2,745	3,335
Profit after taxation	6,342	7,768
Earnings per share	13.1p	16.1p
Dividend per share	6.5p	6.0p

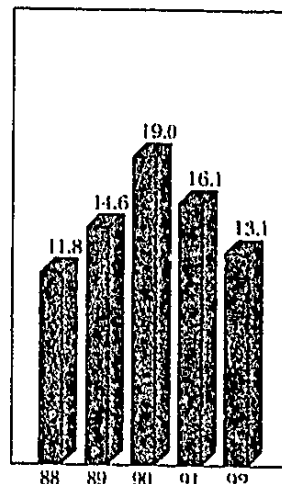
Turnover  
£m



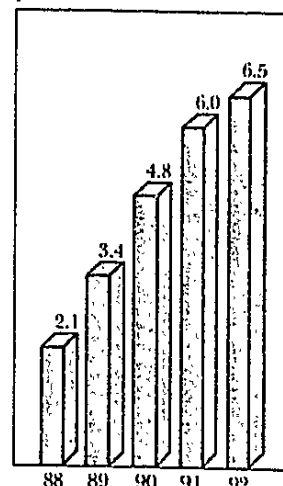
Profit before taxation  
£m



Earnings per share  
pence



Dividend per share  
pence





## Directors and advisers

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DIRECTORS (back left to right): A.C.G. Roberts, G.F. Migliardi, L. Brook, B.R. Taylor  
(front left to right): D.R. McMurtry, D.J. Deer.

D.R. McMURTRY, Chairman and Chief Executive, age 52, was employed by Rolls-Royce plc, Bristol, for 17 years, latterly holding the positions of Deputy Chief Designer and Assistant Chief of Engine Design of all Rolls-Royce engines manufactured at the Filton, Bristol, works. After inventing the original probe in the early 1970s, David McMurtry formed Renishaw in 1973 with John Deer and joined Renishaw full time in 1976. He is a member of a number of national and international technology committees.

D.J. DEER, Deputy Chairman, age 54, trained as a mechanical engineer and worked for Rolls-Royce plc, Bristol from 1960 until 1974 when he moved to Renishaw to become the first full-time employee, responsible for the initial production and distribution of Renishaw products.

B.R. TAYLOR, Joint Managing Director, age 43, has been involved in the field of metrology all his working life after graduating in mechanical engineering and design from Pennsylvania State University. Prior to joining Renishaw Inc. as President in 1985, he was the Director of Engineering at Sheffield Measurement, USA. Ben Taylor was appointed to the Board of Renishaw plc in June 1987 and is responsible for the Group's UK and Ireland operations. He chairs a US national metrology committee and also serves on a number of other metrology committees and associations.

G.F. MIGLIARDI, Joint Managing Director, age 53, obtained a Doctors Degree in mechanical engineering at Genoa University and a Masters Degree in machine tool technology at the University of Manchester Institute of Science & Technology. Before joining Renishaw in 1989, he worked at Olivetti headquarters as Business Development Director. Gianfranco Migliardi is responsible for the Group's international operations, group strategy and finance.

A.C.G. ROBERTS, Finance Director, age 43, is a Fellow of the Institute of Chartered Accountants in England and Wales. Prior to joining the Company in 1979, he was employed for 11 years by Peat, Marwick, Mitchell and Co. He was appointed a Director in 1980.

L. BROOK, an independent Director, age 80, joined Renishaw in 1980. He is an engineer of long experience and has held many directorships and senior appointments in the engineering industry. He was Chairman of Simon Engineering plc from 1970 to 1977 and Chairman of Associated Nuclear Services from 1977 to 1990.

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Company secretary and  
registered office  
A.C.G. Roberts, F.C.A.  
New Mills, Wotton-under-Edge,  
Gloucestershire, GL12 8JR  
Registered number: 1106260  
Telephone: (0453) 524524  
Telex: 437120 RENMET G  
Facsimile: (0453) 524001

Auditors  
KPMG Peat Marwick

Solicitors  
Norton Rose

Principal bankers  
Lloyds Bank Plc  
Société Générale

Stockbrokers  
Rowe & Pitman Limited

Registrars and transfer office  
Lloyds Bank Plc,  
Registrar's Department,  
The Causeway, Worthing,  
West Sussex, BN99 6DA  
Telephone: (0903) 502541



RENISHAW

## Chairman's statement

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### Trading results and dividends

The profit before tax for the year to 30th June 1992 amounted to £9.1m compared with £11.1m in 1991. Earnings per share were 13.1p (1991 16.1p).

Turnover amounted to £44m, 3.5 per cent below the level of the previous year. Over 90 per cent of turnover represented sales to overseas customers. Operating profit was £6.7m (1991 £8.3m) and net interest receivable £2.4m (1991 £2.8m). A final dividend of 4p per share is recommended, making 6.5p per share for the year (1991 6.0p).

While we are pleased to report that overall turnover was largely maintained with only the UK, Italy and Japan experiencing significant reductions, the results essentially reflect the tight trading conditions resulting from the downturn in manufacturing activity throughout the world combined with inflationary costs absorbed within the Group.

As was mentioned at the interim stage many of our customers have seen very large falls in the demand for their products.

### New product development

We have continued to focus on the development of new products related to our core technology. This year has seen the successful introduction of a new high speed scanning and digitising machine, the Cyclone, which enables rapid high-accuracy scanning and reproduction of components, and of the 2-Dimensional imaging Raman microscope for spectral analysis. A number of new probes both for automatic and manual applications have also been launched. During the year under review £5.8m was expended on engineering costs, of which, in line with SSAP13 definitions, pure research and development amounted to £3.7m (1991 £3.6m).

### Manufacturing

At the same time, the Group has also concentrated on further improving manufacturing efficiencies and reducing the amount of sub-contract work, thus enabling faster and more economic production, and even greater quality control. The Group has developed and installed its own automated machining process to increase manufacturing efficiencies and is presently evaluating marketing opportunities for this system.

### Queen's Award

During the year, we were delighted that Renishaw Transducer Systems Limited (RTS) won a Queen's Award for Export Achievement. The award was for sales of the laser interferometer system, used for determining the accuracy of measuring machines and machine tools, which was designed and launched by RTS within two years of being established in 1985. This is the seventh Queen's Award won by the Group in the past 13 years.

### Purchase of own shares

Your Directors consider that the Company should continue to have the flexibility to be able to make market purchases of its own ordinary shares, up to a total of 10% of the issued share capital. Shareholders will therefore be asked to renew the necessary authority at this year's annual general meeting which will be a special resolution. There is at present no intention to purchase shares and, if granted, the authority would only be exercised if an improvement in earnings per share were expected to result.

### Personnel

The Group continues to refine its operating procedures and organisation and on behalf of the Directors, I thank all employees for their cooperation and commitment over the last year.

I am delighted to announce that the Company has received the "Investor in People" award for its UK based activities. The award scheme was established in 1991 as the national standard for the assessment of employee training and development.

### Currency

Since the majority of the Group's sales are made overseas the group results may be expected to benefit over the longer term from the reduction in value of sterling after the recent turbulence in the foreign exchange markets.

### Outlook

Despite the inevitable restraints imposed by the world environment and there being no current sign of any economic upturn, we have continued to improve our range of products and their applications and to reinforce our own manufacturing capabilities. We have strong resources with significant underlying demand for our current products and believe that our recently introduced products will provide additional growth potential. Your Directors are confident of the longer term outlook for the Group and are ready to respond to and take advantage of any upturn in the world economy.

D.R. McMurtry  
Chairman and Chief Executive  
7th October 1992



## Notice of meeting

NOTICE IS HEREBY GIVEN that the 19th annual general meeting of the Company will be held at the Post House Hotel, Thornbury Road, Alveston, near Thornbury, Avon on Friday 13th November 1992 at noon to transact the following business:-

1. To receive and adopt the reports of the Directors and auditors and the audited financial statements for the year ended 30th June 1992.
2. To declare a final dividend.
3. To re-elect as a Director of the Company B.R. Taylor, who is retiring by rotation.
4. To re-appoint KPMG Peat Marwick as auditors of the Company and to authorise the Directors to fix their remuneration.

To consider as special business and, if thought fit, to pass the following resolutions which will be proposed as special resolutions:

5. THAT, the Company be and is hereby generally and unconditionally authorised to make market purchases (within the meaning of section 163 of the Companies Act 1985) of ordinary shares of 20p each in the capital of the Company ("ordinary shares") provided that:

- i) the maximum number of ordinary shares hereby authorised to be purchased is 4,858,026;
- ii) the maximum price that may be paid for an ordinary share is an amount equal to 105% of the average of the middle market quotations for an ordinary share (as derived from the London Stock Exchange Daily Official List) for the 10 business days immediately preceding the day on which the ordinary share is purchased;
- iii) the minimum price which may be paid for an ordinary share shall be 20p;
- iv) the authority hereby conferred shall expire at the conclusion of the annual general meeting of the Company to be held in 1993 or, if earlier, on 31st December 1993 unless such authority is renewed prior to such time; and
- v) the Company may make a contract to purchase ordinary shares under the authority hereby conferred prior to the expiry of such authority which contract will or may be executed wholly or partly after the expiration of such authority and may make a purchase of ordinary shares pursuant to any such contract.

6. THAT,

- i) any securities of the Company may be converted into uncertificated form and, where units of a security (existing or future) are at any time to be issued by the Company, they may be issued in such form rather than certificated form, should the Directors of the Company think fit;
- ii) conversion of the ordinary shares of 20p each in the capital of the Company into uncertificated form is hereby authorised; and
- iii) words and expressions defined in The Uncertificated Securities Regulations have the same meaning in this resolution.

7. To transact any other business of an annual general meeting.

By order of the Board  
A.C.G. Roberts  
Secretary

New Mills, Wotton-under-Edge  
Gloucestershire. GL12 8JR  
19th October 1992

### Notes:

1. A member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and, on a poll, to vote instead of him or her. A proxy need not be a member of the Company and the appointment of a proxy will not preclude a member from attending and voting at the meeting. A form of proxy is enclosed for this purpose.
2. The register of Directors' shareholdings and Director's service contract will be available for inspection at the registered office of the Company during normal business hours until the date of the meeting and at the place of the meeting for 15 minutes prior to, and during, the meeting.



RENISHAW

## Directors' report

The Directors have pleasure in presenting their 19th Annual Report, together with the audited financial statements for the year ended 30th June 1992 as set out on pages 10 to 20 and approved by the Board of Directors on 7th October 1992.

### Trading results

The group results for the year were:-

	1992 £'000	1991 £'000
Profit on ordinary activities before taxation	9,087	11,103
Taxation on profit on ordinary activities	2,745	3,335
Profit for the financial year	6,342	7,768
Dividends	3,157	2,910
Retained profit for the financial year	3,185	4,858

### Review of the business

The principal activities of the Group during the year were the design, manufacture and sale of advanced precision metrology and inspection equipment, and computer aided design and manufacturing systems.

During the year, the Company sold its 30% shareholding in its related undertaking, Micro Aided Engineering Limited. Also during the year, the Group acquired a 91.7% shareholding in a small French company which has expertise in the marketing of laser interferometer systems.

Further details of group activities are incorporated in the Group Profile accompanying these financial statements. An analysis of turnover by geographical market is given in note 2 to the financial statements.

### Dividends

The Directors propose a final dividend of £1,943,210 for the year, which is equivalent to 4.0p per share net and together with the interim dividend of 2.5p makes a total of 6.5p for the year, compared with 6.0p for the previous year. The dividend will be paid on 23rd November 1992 to shareholders on the register on 29th October 1992.

### Directors and their interests

The Directors who served during the year and their interests in the share capital of the Company at the beginning and end of the year, were:-

	Ordinary shares of 20p each	
	30th June 1992	30th June 1991
D.R. McMurtry	17,756,771	18,156,771
D.J. Deer	8,333,071	8,733,071
B.R. Taylor	—	—
GF. Migliardi	—	—
A.C.G. Roberts	23,681	47,681
L. Brook	11,456	11,456

All the above holdings were beneficially held with the exception of 1,562,500 shares which were non-beneficially held by D.J. Deer but in respect of which he has voting rights. There has been no change in the above holdings in the period 30th June 1992 to 7th October 1992. Under the terms of the 1984 employee share option scheme, options granted to Directors outstanding at 7th October 1992, which are exercisable between 3 and 10 years after the date the options were granted, were:-

Date options granted	Option price	Number of shares		
		B.R. Taylor	GF. Migliardi	A.C.G. Roberts
23rd September 1988	£1.17	11,719	—	11,719
6th September 1989	£1.90	9,375	9,375	9,375

In accordance with the Articles of Association B.R. Taylor, who does not have a service contract, retires by rotation and being eligible, offers himself for re-election.

No Director was interested during or at the end of the year in any contract which was significant in relation to the Group's business.



## Directors' report

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### Share capital

Under the terms of the 1981 employee share option scheme, options have been granted to employees of group companies. Details of options exercised and outstanding are given in note 15 to the financial statements. There has been no change in share capital between 30th June 1992 and 7th October 1992.

### Special business

#### (i) Purchase of own shares

Your Directors consider that the Company should have the flexibility to be able to make market purchases of its own ordinary shares, up to a total of 10% of the issued share capital. Shareholders are being asked to pass the necessary special resolution at the annual general meeting to give the required general authority until the conclusion of the 1993 annual general meeting or, if earlier, 31st December 1993. There is at present no intention to purchase shares and, if granted, the authority would only be exercised if an improvement in earnings per share were expected to result.

#### (ii) Taurus

Shareholders will doubtless have heard of the new electronic system known as "Taurus", proposed by the London Stock Exchange, which will enable stocks and shares to be transferred by computer entry, rather than by transfer forms and the production of share certificates. Earlier this year The Uncertificated Securities Regulations 1992 ("the Regulations"), which set out the legal framework within which the system will operate came into force. Before Taurus can be introduced, further regulations governing the operation of the London Stock Exchange computer will have to be approved by the Secretary of State, who will also have to approve the commencement of the system once the London Stock Exchange has satisfied him of the security of the system and the establishment of a compensation fund for investors. It is not envisaged that Taurus will become operational until the summer of 1993 at the earliest.

Your Directors would wish the Company's shares to participate in Taurus from the earliest opportunity, since participation will facilitate share dealings. Before a company's securities can join Taurus, a special resolution of its shareholders is required, and a number of administrative steps need to be taken by the Directors. The shareholders' resolution must be passed at least two months before the shares can be admitted to the system. So as to expedite the process, your Directors are proposing the authorising resolution to be proposed at this year's annual general meeting.

How shareholders will be affected by Taurus:

Enclosed is a leaflet issued by the London Stock Exchange explaining Taurus. The leaflet should be read carefully, as it will help you to understand how the system is intended to work.

Share certificates:

You should keep your share certificates carefully until you are notified that it is safe to dispose of them, which will not be until after the Company has entered the Taurus system.

#### (iii) Recommendation

The Directors consider the proposals above to be in the best interests of the Company and its shareholders and accordingly recommend all shareholders to vote in favour of the resolutions to be proposed at the annual general meeting. The Directors intend to do so in respect of their own shareholdings amounting to 26,124,979 ordinary shares representing 53.8% of the issued share capital.

### Substantial shareholdings

Apart from the shareholdings of Messrs McMurtry and Deer (53.7%) the only shareholding notified to the Directors which represents 3% or more of the issued share capital of the Company is that of Prudential Corporation (3.32%).

### Fixed assets

The changes in tangible fixed assets during the year are summarised in note 9 to the financial statements.

During the previous year, the Group's land and buildings were revalued by professional valuers. The market value at that time of £12,436,000 on an existing use basis, exceeded the net book value of £8,277,000 by £4,159,000. The revaluation has not been incorporated in the financial statements.

### Research and development

The Group has a continuing commitment to a high level of research and development. The expenditure involved is directed towards the research and development of new products relating to metrology.



## Directors' report

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### Employees

The maintenance of a highly skilled workforce is essential to the future of the business and the Directors place great emphasis on the continuation of the Company's approved training policy. Health and safety matters are given special attention by the Directors and it is their policy to ensure that continued employment is offered to employees who become temporarily or permanently disabled. The Company always carefully considers an application for employment by any registered disabled person.

Regular contact is maintained with all employees through departmental channels and the monthly in-house journal ensures staff are kept well informed on the progress of the Group.

### Donations

During the year the Company made charitable donations amounting to £19,683 (1991 £16,825). No political donations were made.

### Taxation

The Company is not a close company within the provisions of the Income and Corporation Taxes Act 1988.

### Auditors

In accordance with section 385 of the Companies Act 1985, a resolution for the reappointment of KPMG Peat Marwick as auditors of the Company, will be proposed at the forthcoming annual general meeting.

By order of the Board  
A.C.G. Roberts  
Secretary  
7th October 1992



## Report of the auditors

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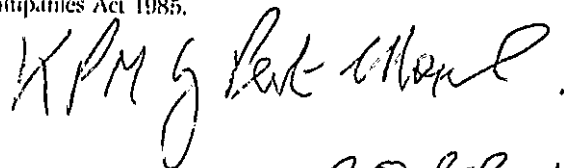
 Peat Marwick

### To the members of Renishaw plc

We have audited the financial statements on pages 10 to 20 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 30th June 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.

KPMG Peat Marwick  
Chartered Accountants  
Registered Auditors  
Welsh Street, Chepstow,  
Gwent, NP6 5LN



7th October 1992

7th October 1992



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## Consolidated profit and loss account

for the year ended 30th June 1992

	Notes	1992 £'000	1991 £'000
Turnover	2	44,047	45,662
Cost of sales		21,255	22,797
Gross profit		22,792	22,865
Distribution costs		7,430	6,436
Administrative expenses		8,675	8,157
		16,105	14,593
Operating profit	3	6,687	8,272
Interest receivable less payable	4	2,400	2,831
Profit on ordinary activities before taxation		9,087	11,103
Taxation on profit on ordinary activities	5	2,745	3,335
Profit for the financial year	6	6,342	7,768
Dividends paid and proposed	7	3,157	2,910
Retained profit for the financial year		3,185	4,858
Earnings per share	8	13.1p	16.1p

A statement of movements on reserves is set out in note 16.

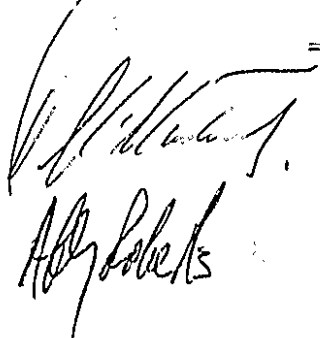
## Balance sheets

at 30th June 1992

	Notes	The Group		The Company	
		1992	1991	1992	1991
		£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Tangible assets	9	16,452	15,228	4,840	4,648
Investments in subsidiaries	10	—	—	958	577
		<u>16,452</u>	<u>15,228</u>	<u>5,798</u>	<u>5,225</u>
<b>Current assets</b>					
Stocks	11	6,345	6,797	—	—
Debtors	12	11,472	12,322	34,049	33,895
Cash at bank		31,588	29,374	2,944	2,663
		<u>49,405</u>	<u>48,493</u>	<u>36,993</u>	<u>36,558</u>
<b>Creditors</b>					
Amounts falling due within one year	13	17,944	20,655	26,989	28,811
		<u>17,944</u>	<u>20,655</u>	<u>26,989</u>	<u>28,811</u>
<b>Net current assets</b>		<u>31,461</u>	<u>27,838</u>	<u>10,004</u>	<u>7,747</u>
<b>Total assets less current liabilities</b>		<u>47,913</u>	<u>43,066</u>	<u>15,802</u>	<u>12,972</u>
<b>Provision for liabilities and charges</b>					
Deferred taxation	14	3,418	1,617	908	96
		<u>3,418</u>	<u>1,617</u>	<u>908</u>	<u>96</u>
<b>Net assets</b>		<u>44,495</u>	<u>41,419</u>	<u>14,894</u>	<u>12,876</u>
<b>Capital and reserves</b>					
Called up share capital	15	9,717	9,697	9,717	9,697
Share premium account	15	641	522	641	522
Profit and loss account	16	34,137	31,200	4,536	2,657
		<u>44,495</u>	<u>41,419</u>	<u>14,894</u>	<u>12,876</u>
<b>Shareholders' funds</b>		<u>44,495</u>	<u>41,419</u>	<u>14,894</u>	<u>12,876</u>

D. R. McMurtry  
A. C. G. Roberts

Directors



## Consolidated cash flow statement

for the year ended 30th June 1992

	Notes	1992 £'000	1991 £'000
Net cash inflow from operating activities	17	9,414	9,560
Returns on investments and servicing of finance			
Interest received		3,355	2,560
Interest paid		(885)	(829)
Dividends paid		(3,154)	(2,514)
		(684)	(783)
Net cash inflow from returns on investments and servicing of finance		8,730	8,777
Taxation			
UK corporation tax paid		(2,361)	(2,296)
Overseas tax paid		(1,771)	(1,300)
Tax paid		(4,132)	(3,596)
Investing activities			
Purchase of tangible fixed assets		(3,891)	(3,482)
Sale of tangible fixed assets		118	837
Purchase of subsidiary undertaking		(68)	—
Net cash outflow from investing activities		(3,841)	(2,645)
Net cash inflow before financing		757	2,536
Financing			
Issue of ordinary share capital under employee share option scheme		(139)	(356)
Increase in cash and cash equivalents		896	2,892
		757	2,536

## Notes

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### Notes (forming part of the financial statements)

#### 1. Accounting policies

The principal accounting policies applied in the preparation of the financial statements of the Group are described below. The financial statements have been prepared under the historical cost accounting rules and in accordance with applicable accounting standards.

#### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries.

#### Turnover

Turnover represents the value of group sales to third parties invoiced during the year, including royalty income, less returns, allowances and value added tax.

#### Tangible assets and depreciation

Tangible assets are stated at cost less accumulated depreciation. Depreciation is provided to write off the cost of assets less their estimated residual value on a straight line basis over their estimated useful economic lives as follows:-

Freehold buildings – 50 years

Plant and machinery – 5 to 10 years

Motor vehicles – 3 to 4 years

No depreciation is provided on freehold land.

#### Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is defined as being direct materials and labour plus overheads applicable to the stage of manufacture reached.

#### Research and development

Research and development expenditure is charged to profit and loss account in the year in which it is incurred.

#### Taxation

The charge for taxation is based on the group profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax on all these timing differences at the rate expected to be incurred when the liability crystallises.

#### Foreign currency

Each trading transaction entered into by the Group denominated in a foreign currency, is translated and recorded at the rate of exchange ruling at the date of the transaction and any differences in value on settlement are taken to profit and loss account.

Overseas profits and losses are translated into sterling at the rate of exchange ruling when they are earned. Overseas assets and liabilities included in the consolidated balance sheet are translated into sterling at the rates of exchange ruling at the end of the accounting year and resultant currency adjustments are treated as movements on reserves.

#### Government grants

Government grants received relating to the purchase of tangible fixed assets are released to profit and loss account over the estimated useful lives of the relevant assets. Grants relating to revenue expenditure are credited to profit and loss account when received.

#### Pension costs

The Group operates a contributory pension scheme, of the defined benefit type, for UK based employees. The scheme is administered by trustees and is independent of the group finances. Contributions are paid to the scheme in accordance with the recommendations of an independent actuary to enable the trustees to meet from the scheme the benefits accruing in respect of current and future service. The Group's contributions are charged to profit and loss account in accordance with SSAP 24. An independent actuarial valuation has been carried out on the scheme in July 1990 and the scheme is adequately funded.

Foreign based employees are covered by state, defined benefit and private pension schemes in their countries of residence. Actuarial valuations of the foreign pension schemes, in accordance with SSAP 24, were not obtained because of the costs involved and the smaller number of foreign employees.

#### Goodwill

Goodwill relating to a business purchased by the Group is written off immediately against reserves.

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## 2. Turnover

Turnover is defined under the accounting policies in note 1 and relates to the principal trade. An analysis by geographical market is:-

	1992 £'000	1991 £'000
USA	14,370	13,970
Japan	6,716	7,968
Germany	7,622	7,333
France	4,314	4,147
Italy	3,766	4,603
Other overseas countries	3,909	3,434
Total sales to overseas customers	40,697	41,455
United Kingdom	3,350	4,207
Total group sales	44,047	45,662

A geographical analysis of profit before taxation and net assets is not shown because, in the opinion of the Directors, disclosure of such information would be seriously prejudicial to the interests of the Group.

## 3. Operating profit

a) The operating profit is stated after charging:-

	1992 £'000	1991 £'000
Research and development	3,707	3,622
Depreciation	2,531	2,364
Amortisation of intangible asset	—	129
Auditors' remuneration	99	87

b) Directors' emoluments

	1992 £'000	1991 £'000
	942	862

The emoluments of the Chairman, excluding pension contributions, were £184,625 (1991 £170,104). The emoluments, excluding pension contributions, of the Directors whose duties were performed mainly in the UK, fell within the following ranges:-

	1992 Number	1991 Number
£ 10,001—£ 15,000	1	1
£ 95,001—£100,000	—	2
£105,001—£110,000	1	—
£110,001—£115,000	1	—
£165,001—£170,000	—	1
£170,001—£175,000	—	1
£175,001—£180,000	1	—
£180,001—£185,000	1	—

c) Staff numbers and costs

The average number of persons employed by the Group (including Directors) during the year was:-

	1992 Number	1991 Number
Office and management	114	124
Research, manufacturing and marketing	652	687
	766	811

The average payroll cost of the above was:-

	1992 £'000	1991 £'000
Wages and salaries	14,396	13,964
Social security costs	1,563	1,444
Other pension costs	683	680
	16,642	16,088

#### 4. Interest receivable less payable

	1992 £'000	1991 £'000
<b>Receivable</b>		
Bank	3,350	3,660
<b>Payable</b>		
Bank and other short term interest	950	829
	<u>2,400</u>	<u>2,831</u>

#### 5. Taxation on profit on ordinary activities

Based on group profit on ordinary activities for the year:-

	1992 £'000	1991 £'000
UK corporation tax at 33% (1991 33.75%)	429	2,250
Deferred tax charge/(release) at 33%	1,125	(563)
Overseas tax	1,191	1,648
	<u>2,745</u>	<u>3,335</u>

A further liability to taxation would arise if the retained profits of certain overseas subsidiaries were distributed.

#### 6. Profit for the financial year

As provided by section 230(3) of the Companies Act 1985, a separate profit and loss account dealing with the results of the Company alone has not been presented. The loss for the financial year, excluding dividends receivable, dealt with in the financial statements of the Company is £309,000 (1991 £297,000).

#### 7. Dividends

	1992 £'000	1991 £'000
Interim dividend paid of 2.5p per share (1991 2p)	1,214	970
Proposed final dividend of 4p per share (1991 4p)	1,943	1,940
	<u>3,157</u>	<u>2,910</u>

#### 8. Earnings per share

Earnings per share are calculated on earnings of £6,342,000 (1991 £7,768,000) and on 48,539,729 shares (1991 48,367,678), being the weighted average number of shares in issue during the year.

## 9. Tangible assets

	Freehold land and buildings £'000	Plant and machinery £'000	Motor vehicles £'000	Total £'000
<b>a) The Group</b>				
<b>Cost</b>				
At 1st July 1991	9,205	14,017	1,169	24,391
Additions	1,893	1,647	398	3,938
Disposals	—	(211)	(152)	(363)
Currency adjustment	(72)	(119)	(8)	(199)
At 30th June 1992	11,026	15,334	1,407	27,767
<b>Depreciation</b>				
At 1st July 1991	766	7,643	754	9,163
Charge for the year	262	1,988	281	2,531
Released on disposals	—	(128)	(145)	(273)
Currency adjustment	(5)	(95)	(6)	(106)
At 30th June 1992	1,023	9,408	884	11,315
<b>Net book value</b>				
At 30th June 1992	10,003	5,926	523	16,452
At 30th June 1991	8,439	6,374	415	15,228
<b>b) The Company</b>				
<b>Cost</b>				
At 1st July 1991	3,768	2,212	783	6,763
Additions	362	268	283	913
Disposals	—	(10)	(86)	(96)
At 30th June 1992	4,130	2,470	980	7,580
<b>Depreciation</b>				
At 1st July 1991	501	1,094	520	2,115
Charge for the year	96	433	190	719
Released on disposals	—	(10)	(84)	(94)
At 30th June 1992	597	1,517	626	2,740
<b>Net book value</b>				
At 30th June 1992	3,533	953	354	4,840
At 30th June 1991	3,267	1,118	263	4,648

### c) Outstanding capital expenditure not provided for in these financial statements was:—

	The Group		The Company	
	1992 £'000	1991 £'000	1992 £'000	1991 £'000
Authorised but not committed	286	523	17	123
Authorised and committed	89	1,681	14	58





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**10. Investments in subsidiaries**

The Company	Shares £'000	Loans £'000	Total £'000
Cost			
At 1st July 1991	25	1,959	1,984
Advances	—	708	708
At 30th June 1992	25	2,667	2,692
Provisions			
At 1st July 1991	—	1,407	1,407
Amounts provided in the year	—	327	327
At 30th June 1992	—	1,734	1,734
Net book value			
At 30th June 1992	25	933	958
At 30th June 1991	25	552	577

Details of subsidiary undertakings are shown in note 19.

**11. Stocks**

	The Group	
	1992 £'000	1991 £'000
Raw materials	2,679	2,467
Work in progress	679	1,276
Finished goods	2,987	3,054
	<u>6,345</u>	<u>6,797</u>

**12. Debtors**

	The Group		The Company	
	1992 £'000	1991 £'000	1992 £'000	1991 £'000
Trade debtors	8,725	9,443	—	—
Amounts owed by subsidiaries	—	—	32,880	33,365
Corporation tax	—	—	838	—
Prepayments	2,747	2,879	331	530
	<u>11,472</u>	<u>12,322</u>	<u>34,049</u>	<u>33,895</u>

Included in prepayments for the Group are amounts totalling £100,000 (1991 £297,000) which represent deposits on leased premises by a subsidiary undertaking. These amounts are recoverable on termination of the leases, which will not be within one year.

**13. Creditors**

Amounts falling due within one year

	The Group		The Company	
	1992 £'000	1991 £'000	1992 £'000	1991 £'000
Bank overdrafts	10,096	9,149	10,224	9,149
Trade creditors	4,327	4,509	222	590
Amounts owed to subsidiaries	—	—	14,060	16,531
Corporation tax	19	3,195	—	422
Other taxes and social security	672	697	74	90
Other creditors	887	1,165	466	89
Proposed dividend payable	1,943	1,940	1,943	1,940
	<u>17,944</u>	<u>20,655</u>	<u>26,989</u>	<u>28,811</u>

## 14. Deferred taxation

### a) Movements during the year were:-

	The Group		The Company	
	1992 £'000	1991 £'000	1992 £'000	1991 £'000
At 1st July 1991	1,647	2,341	96	517
Charge/(release) for the year	1,125	(563)	166	(290)
ACT movement	646	(131)	646	(131)
At 30th June 1992	<u>3,418</u>	<u>1,647</u>	<u>908</u>	<u>96</u>

### b) Represented by:-

	The Group		The Company	
	1992 £'000	1991 £'000	1992 £'000	1991 £'000
Accelerated capital allowances	2,411	2,081	606	549
Other timing differences	1,007	212	302	193
	<u>3,418</u>	<u>2,293</u>	<u>908</u>	<u>742</u>
ACT recoverable	—	(646)	—	(646)
	<u>3,418</u>	<u>1,647</u>	<u>908</u>	<u>96</u>

## 15. Share capital

	1992 £'000	1991 £'000
Authorised 50,000,000 ordinary shares of 20p each	<u>10,000</u>	<u>10,000</u>
Allotted, called up and fully paid 48,580,261 ordinary shares of 20p each	<u>9,717</u>	<u>9,697</u>

Movements in share capital and share premium accounts during the year were:-

	Share capital		Share premium
	Number of shares	£'000	£'000
At 1st July 1991	48,483,639	9,697	522
Employee share options exercised	96,622	20	119
At 30th June 1992	<u>48,580,261</u>	<u>9,717</u>	<u>641</u>

Under the terms of the 1984 employee share option scheme, options outstanding at 7th October 1992, which are exercisable between 3 and 10 years after the date the options were granted, were:-

Date options granted	Option price	Number of shares
24th July 1985	£1.62	12,313
6th August 1986	£1.81	17,406
7th September 1987	£1.40	64,617
23rd September 1988	£1.17	152,133
6th September 1989	£1.90	199,575

## 16. Profit and loss account

Movements during the year were:-

	The Group		The Company	
	1992 £'000	1991 £'000	1992 £'000	1991 £'000
At 1st July 1991	31,200	28,180	2,657	5,809
Capitalisation issue	—	(1,935)	—	(1,935)
Goodwill on consolidation	(135)	—	—	—
Movement in currency reserve	(113)	97	—	—
Retained profit/(loss) for the year	3,185	4,858	1,879	(1,217)
At 30th June 1992	<u>34,137</u>	<u>31,200</u>	<u>4,536</u>	<u>2,657</u>

The cumulative amount of goodwill, resulting from acquisitions in the current and earlier financial years, which has been written off is £1,913,000 (1991 £1,778,000).

## 17. Notes to the cash flow statement

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

	1992 £'000	1991 £'000
Operating profit	6,687	8,272
Depreciation charges	2,531	2,364
Amortisation charges	—	129
(Profit) on sale of tangible fixed assets	(28)	(76)
Decrease/(increase) in stocks	466	(1,624)
Decrease in debtors	548	1,364
(Decrease) in creditors	(790)	(869)
Net cash inflow from operating activities	<u>9,414</u>	<u>9,560</u>

b) Analysis of changes in cash and cash equivalents during the year:-

	1992 £'000	1991 £'000
At 1st July 1991	20,225	17,625
Net cash inflow before adjustments for the effect of foreign exchange rate changes	896	2,892
Effect of foreign exchange rate changes	371	(292)
At 30th June 1992	<u>21,492</u>	<u>20,225</u>

c) Analysis of the balances of cash and cash equivalents as shown in the consolidated balance sheet:-

	1992 £'000	1991 £'000	Change in year £'000
Cash at bank and in hand	31,588	29,374	2,214
Bank overdrafts	(10,096)	(9,149)	(947)
	<u>21,492</u>	<u>20,225</u>	<u>1,267</u>

## 18. Pension scheme

The Group operates a number of pension schemes throughout the world. The major schemes, which cover over 90% of scheme members, are of the defined benefit type.

The total pension cost for the Group was £683,000 (1991 £680,000) of which £258,000 (1991 £252,000) relates to overseas schemes. The pension cost relating to the UK scheme is assessed in accordance with the advice of a qualified actuary using the projected unit method. The latest actuarial assessment of that scheme was as at July 1990. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that the investment return would be 1% per annum in excess of salary increases and that future pensions would increase at the rate of 3% per annum.

At the date of the latest actuarial valuation, the market value of the assets of the UK scheme was £1,897,000 and the actuarial value of the assets was sufficient to cover 93% of the benefits that had accrued to members after allowing for expected future increases in earnings. This deficiency was not considered by the actuary to be material.

## 19. Subsidiary undertakings

The following are the principal subsidiary undertakings of Renishaw plc, all of which are wholly owned unless otherwise stated. The country of incorporation and registration is Great Britain and England & Wales respectively unless otherwise stated. The country of incorporation is also the principal country of operation.

Company	Principal activities
Renishaw Metrology Limited	Design, manufacture and sale of advanced precision metrology and inspection equipment and computer aided design and manufacturing systems.
Renishaw Transducer Systems Limited	Design, manufacture and sale of laser interferometer and calibration systems.
Wotton Travel Limited	Travel agency.
Renishaw International Limited	Overseas holding and investment company.
Renishaw (Ireland) Limited ( <i>Republic of Ireland</i> )	Manufacture and sale of advanced precision metrology and inspection equipment.
Renishaw Investments Limited ( <i>Guernsey</i> )	Investment company.
Renishaw International B.V. ( <i>The Netherlands</i> )	Overseas holding and investment company.
Renishaw Inc. ( <i>USA</i> )	Service and distribution of group products.
Renishaw Kabushiki Kaisha ( <i>Japan</i> )	Service and distribution of group products.
Renishaw GmbH ( <i>Germany</i> )	Service and distribution of group products.
Renishaw S.A. ( <i>France</i> )	Service and distribution of group products.
Simci S.A. ( <i>France</i> ) (91.7%)	Service and distribution of group products.
Renishaw S.p.A. ( <i>Italy</i> )	Service and distribution of group products.
Renishaw Iberica S.A. ( <i>Spain</i> )	Service and distribution of group products.
Renishaw A.G. ( <i>Switzerland</i> )	Service and distribution of group products.

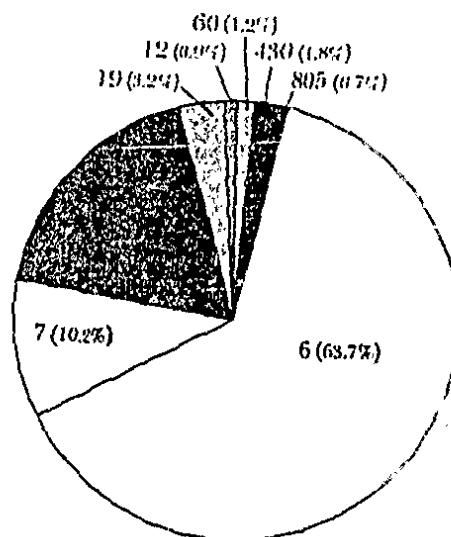
## Shareholders' profile

1. Range of shareholdings	Number of shareholders		Number of shares	
	Number	%	Number	%
1-500	492	35.5	115,088	0.2
501-1,000	313	22.7	240,353	0.5
1,001-5,000	430	31.2	872,965	1.8
5,001-10,000	41	3.0	288,798	0.6
10,001-25,000	19	1.4	306,257	0.6
25,001-50,000	12	0.9	415,750	0.9
50,001-100,000	19	1.4	1,533,076	3.2
100,001-500,000	41	3.0	8,872,910	18.3
500,001-1,000,000	7	0.5	4,951,872	10.2
more than 1,000,000	6	0.4	30,983,192	63.7
	<u>1,380</u>	<u>100.0</u>	<u>48,580,261</u>	<u>100.0</u>
2. Categories of shareholders				
Directors	4	0.3	26,124,979	53.8
Other bodies with shareholdings of over 5,000 shares (see note below)	103	7.5	20,812,415	42.8
Other bodies with shareholdings of up to 5,000 shares (see note below)	128	9.3	203,884	0.4
Individuals	1,145	82.9	1,438,983	3.0
	<u>1,380</u>	<u>100.0</u>	<u>48,580,261</u>	<u>100.0</u>

Note. Other bodies comprise mainly pension funds, insurance companies and nominee accounts.

### Number of shareholders in each shareholding range

Shareholdings
1-1,000
1,001-5,000
5,001-25,000
25,001-50,000
50,001-100,000
100,001-500,000
500,001-1,000,000
more than 1,000,000



The above information was compiled from the register of members as at 1st September 1992.

## Financial calendar

Annual general meeting  
13th November 1992

Announcement of results  
Annual results - October  
Half year results - March

Dividends  
Interim - paid April  
Final - paid November



## 10 year financial record

### Results

	1992 £'000	1991 £'000	1990 £'000	1989 £'000	1988 £'000	1987 £'000	1986 £'000	1985 £'000	1984 £'000	1983 £'000
Overseas sales	40,697	41,155	43,087	35,244	25,053	20,098	17,869	13,878	9,317	5,565
UK sales	3,350	4,207	4,474	3,953	3,176	3,012	3,518	1,667	1,145	907
Total sales	<u>44,047</u>	<u>45,662</u>	<u>47,561</u>	<u>39,197</u>	<u>28,229</u>	<u>23,110</u>	<u>21,387</u>	<u>15,545</u>	<u>10,492</u>	<u>6,472</u>
Profit on ordinary activities before taxation	9,087	11,103	13,423	10,088	8,029	7,511	7,019	5,627	3,744	1,722
Taxation	2,745	3,335	4,253	3,069	2,337	2,149	2,022	1,813	1,518	813
Profit on ordinary activities after taxation	6,342	7,768	9,170	7,019	5,692	5,362	4,997	3,814	2,196	909
Extraordinary item	—	—	—	—	1,735	—	—	—	(260)	272
Profit for the financial year	6,342	7,768	9,170	7,019	3,957	5,362	4,997	3,814	2,456	637
Dividends	3,157	2,910	2,314	1,617	1,016	770	678	586	128	71
Retained profits	<u>3,185</u>	<u>4,858</u>	<u>6,856</u>	<u>5,402</u>	<u>2,941</u>	<u>4,592</u>	<u>4,319</u>	<u>3,228</u>	<u>2,328</u>	<u>566</u>

### Capital employed

	1992 £'000	1991 £'000	1990 £'000	1989 £'000	1988 £'000	1987 £'000	1986 £'000	1985 £'000	1984 £'000	1983 £'000
Share capital	9,717	9,697	7,722	7,700	1,540	1,540	1,540	1,540	1,400	1,400
Share premium	641	522	206	—	5,770	5,770	5,770	5,770	—	—
Reserves	<u>34,137</u>	<u>31,200</u>	<u>28,180</u>	<u>21,485</u>	<u>16,154</u>	<u>13,794</u>	<u>9,227</u>	<u>6,209</u>	<u>3,051</u>	<u>676</u>
Shareholders' funds	44,495	41,419	36,108	29,185	23,464	21,104	16,537	13,519	4,451	2,076
Deferred taxation	3,418	1,647	2,341	1,566	2,189	2,765	3,340	3,993	2,595	1,592
Capital employed	<u>47,913</u>	<u>43,066</u>	<u>38,449</u>	<u>30,751</u>	<u>25,653</u>	<u>23,869</u>	<u>19,877</u>	<u>17,512</u>	<u>7,046</u>	<u>3,668</u>

### Statistics

	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983
Overseas sales as a percentage of total sales	92.4%	90.8%	90.6%	89.9%	88.7%	87.0%	83.6%	89.3%	89.1%	86.0%
Adjusted earnings per share	13.1p	16.1p	19.0p	14.6p	11.8p	11.1p	10.4p	8.1p	4.9p	2.0p
Adjusted dividend per share	6.5p	6.0p	4.8p	3.4p	2.1p	1.6p	1.4p	1.2p	0.9p	0.7p



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## Bar chart – 10 year financial record

