

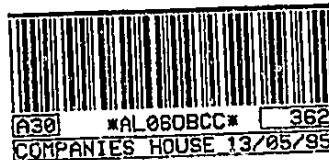
# 17 - 05 - 95

**JR CROMPTON LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**31 DECEMBER 1994**

**REGISTERED NUMBER 58810**



## **J R CROMPTON LIMITED**

### **DIRECTORS' REPORT**

The directors present their ninety-seventh annual report and the audited financial statements of the company for the year ended 31 December 1994.

#### **PRINCIPAL ACTIVITIES**

The principal activity of the company is the manufacture and sale of special long fibred papers.

#### **DEVELOPMENTS DURING THE YEAR AND FINANCIAL POSITION AT 31 DECEMBER 1994**

Profits for 1994 benefited from a small improvement in margins as improvements were made in machine efficiency, paper quality and customer service.

Profit on ordinary activities before taxation amounted to £7,003,627 (1993: £6,245,977). Retained profit for the year after payment of ordinary dividends of £2,796,614 was £2,696,928.

Capital expenditure amounted to £7,472,371.

#### **POST BALANCE SHEET EVENT**

The company is a wholly owned subsidiary undertaking of Portals Group plc, which was acquired by De La Rue plc with effect from 6 February 1995.

#### **FUTURE DEVELOPMENTS IN THE COMPANY'S BUSINESS**

The company expects continued growth in its traditional product range and is developing new product opportunities but is currently operating at close to its production capacity. To take advantage of these market opportunities, the company has decided to increase its production capacity by constructing a new paper-making machine at its Lydney Mill in Gloucester. The project will cost approximately £35 million and is expected to be operational in late 1996. The project is being funded by the parent undertaking.

#### **RESEARCH AND DEVELOPMENT**

Efforts continued throughout the year to develop and improve the main product range in order to strengthen the company's position in the market place. In addition, significant resources are being applied to develop new product opportunities.

## **J R CROMPTON LIMITED**

### **DIRECTORS' REPORT (CONTINUED)**

#### **EMPLOYMENT INVOLVEMENT**

The company maintains a policy of providing employees with information on matters of concern aimed at achieving a common awareness of the financial and economic factors affecting the performance of the company. Regular meetings with employees' representatives provide a forum for employee consultation so that their views can be taken into account in making decisions which are likely to affect their interests.

#### **EMPLOYMENT OF DISABLED PERSONS**

Applications for employment by a disabled person are treated in the same way as any others. The company employs 2 disabled persons. Company policy is to make special arrangements by providing the necessary training and opportunity for rehabilitation in cases of disablement while in the company's employment.

#### **FIXED ASSETS**

The movements in tangible fixed assets during the year are set out in Note 8 to the financial statements.

#### **POLITICAL AND CHARITABLE DONATIONS**

No political contributions were made during the year. Charitable contributions amounted to £5,952 (1993: £2,276).

#### **TAX STATUS**

In the opinion of the directors the company is not a close company within the meaning of section 414, Income and Corporation Taxes Act 1988.

#### **DIRECTORS AND DIRECTORS' INTERESTS**

The directors in office during the year were as follows:

R A Gardener (resigned on 31 December 1994)  
S Charters  
A S Dowd  
B Tomkinson  
G B Woodall  
N A B Acland (appointed on 1 January 1994)  
J E F Lloyd (resigned on 3 February 1995)  
A P Conway (resigned on 3 February 1995)  
J K L McBride (resigned on 3 February 1995)

G B Woodall and A S Dowd retire by rotation and, being eligible, offer themselves for re-election at the next Annual General Meeting.

Mr L G Cullen and Miss S A Field were appointed as directors on 6 February 1995.

The parent undertaking maintains liability insurance for the directors and officers of the company.

## J R CROMPTON LIMITED

### DIRECTORS REPORT (CONTINUED)

#### DIRECTORS AND DIRECTORS' INTERESTS (CONTINUED)

Beneficial interests of directors in the ordinary share capital of Portals Group plc were:

	31 December 1994 Number	31 December 1993 Number
R A Gardener	621	621
J E F Lloyd	38,535	7,316
A P Conway	11,335	2,000
J K L McBride	1,000	1,000

Interests of directors in executive share options of Portals Group plc were:

	At 31 December 1993 Number	Acquired in year Number	Exercised in year Number	At 31 December 1994 Number
R A Gardener	15,000	-	-	15,000
S Charters	12,500	9,000	(2,000)	19,500
A S Dowd	12,500	9,000	(2,000)	19,500
B Tomkinson	12,500	9,000	-	21,500
G B Woodall	12,500	9,000	-	21,500
N A B Acland	42,000	12,000	-	54,000
J E F Lloyd	149,886	16,000	(36,219)	129,667
A P Conway	112,799	15,362	(13,329)	114,832
J K L McBride	16,000	16,000	-	32,000

Directors who had an interest in the Portals Group plc SAYE Option Scheme were as follows:

	31 December 1994 Number	31 December 1993 Number
R A Gardener	2,544	2,544
S Charters	2,556	2,556
N A B Acland	3,136	3,136
A P Conway	1,388	1,388
J K L McBride	3,136	-

Following the change in ownership, directors were offered shares in De La Rue plc or a cash cancellation alternative.

## J R CROMPTON LIMITED

### DIRECTORS' REPORT (CONTINUED)

#### STATEMENT OF 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 and 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;
- 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

Following the change in ownership, KPMG Peat Marwick resigned as auditors and Price Waterhouse were appointed in February 1995.

BY ORDER OF THE BOARD



A S Dowd  
Secretary  
23 March 1995

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Wellington Street  
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Lancashire  
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York Street  
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Telephone: 0161-245 2000  
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Facsimile: 0161-228 1429

*Price Waterhouse*



## AUDITORS' REPORT TO THE MEMBERS OF J R CROMPTON LIMITED

We have audited the financial statements on pages 6 to 19 which have been prepared under the historical cost convention and the accounting policies set out on pages 11 and 12

### Respective responsibilities of directors and auditors

As described on page 4, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

### Basis of opinion

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

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

### Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1994 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Price Waterhouse*

PRICE WATERHOUSE  
Chartered Accountants and  
Registered Auditors

31 March 1995

## J R CROMPTON LIMITED

### PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1994

	<u>1994</u> £	<u>1993</u> £
Turnover from continuing operations (Note 2)	41,935,204	39,699,005
Cost of sales	(29,416,017)	(28,113,209)
	<hr/>	<hr/>
Gross profit	12,519,187	11,585,796
Distribution costs	(3,464,907)	(3,168,687)
Administrative expenses	(2,065,319)	(2,036,400)
	<hr/>	<hr/>
Operating profit from continuing operations	6,988,961	6,380,709
Other interest receivable and similar income (Note 6)	117,871	75,273
Interest payable and similar charges (Note 6)	(103,205)	(210,005)
	<hr/>	<hr/>
Profit on ordinary activities before taxation (Notes 3,5)	7,003,627	6,245,977
Tax on profit on ordinary activities (Note 7)	(1,510,085)	(1,514,807)
	<hr/>	<hr/>
Profit on ordinary activities after taxation	5,493,542	4,731,170
Dividends paid	(2,796,614)	(7,881,857)
	<hr/>	<hr/>
Retained profit/(loss) for the financial year (Note 14)	2,696,928	(3,150,687)

The notes on pages 11 to 19 form part of these financial statements.

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## J R CROMPTON LIMITED

### STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 1994

	<u>1994</u>	<u>1993</u>
	£	£
Profit for the financial year	5,493,542	4,731,170
Realised surplus on revaluation of properties	<u>-</u>	<u>950,621</u>
	<u>5,493,542</u>	<u>5,681,791</u>

### HISTORICAL COST PROFITS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 1994

	<u>1994</u>	<u>1993</u>
	£	£
Profits on ordinary activities before taxation	7,003,627	6,245,977
Realisation of property revaluation gains	-	1,280,821
Difference between a historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	<u>-</u>	<u>6,604</u>
Historical cost profit on ordinary activities before taxation	<u>7,003,627</u>	<u>7,533,402</u>
Historical cost profit/(loss) for the year retained after taxation and dividends	<u>2,696,928</u>	<u>(1,863,262)</u>



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## J R CROMPTON LIMITED

### BALANCE SHEET AS AT 31 DECEMBER 1994

	1994	1993
	£	£
<b>FIXED ASSETS</b>		
Tangible assets (Note 8)	25,932,730	20,209,284
<b>CURRENT ASSETS</b>		
Stocks (Note 9)	5,701,292	5,496,220
Debtors (Note 10)	5,881,683	5,335,625
Cash at bank and in hand	<u>2,288,258</u>	<u>2,398,205</u>
	13,871,233	13,530,050
<b>CREDITORS: amounts falling due within one year (Note 11)</b>	<u>(13,777,588)</u>	<u>(10,582,922)</u>
<b>NET CURRENT ASSETS</b>	<u>93,645</u>	<u>2,947,128</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	26,026,375	23,156,412
<b>PROVISIONS FOR LIABILITIES AND CHARGES (Note 12)</b>	(883,087)	(670,852)
<b>ACCRUALS AND DEFERRED INCOME</b>	<u>(209,200)</u>	<u>(248,400)</u>
	24,934,088	22,237,160
<b>CAPITAL AND RESERVES</b>		
Called up share capital (Note 13)	20,086,959	20,086,959
Share premium account (Note 14)	122,370	122,370
Profit and loss account (Note 14)	<u>4,724,759</u>	<u>2,027,831</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>	24,934,088	22,237,160

The notes on pages 11 to 19 form part of these financial statements.

These financial statements were approved by the board of directors on 23 March 1995 and were signed on its behalf by:

  
A S Dowd  
DIRECTOR

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## J R CROMPTON LIMITED

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 1994

	<u>1994</u> £	<u>1993</u> £
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	7,693,874	10,908,915
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		
External interest received	88,162	71,054
Intra group interest received	29,709	4,219
External interest paid	(61,554)	(93,928)
Intra group interest paid	(37,651)	(120,077)
Dividends paid - intra group	(2,796,614)	(7,881,857)
<b>NET CASH OUTFLOW FROM RETURNS ON INVESTMENT AND SERVICING OF FINANCE</b>	(2,777,948)	(8,020,589)
<b>TAXATION</b>		
Tax paid in UK	(1,450,762)	(978,063)
<b>INVESTING ACTIVITIES</b>		
Purchase of tangible fixed assets	(4,219,674)	(3,755,284)
Sale of tangible fixed assets	105,580	17,734
Intra group property transfers	-	4,180,000
<b>NET CASH (OUTFLOW)/INFLOW FROM INVESTING ACTIVITIES</b>	(4,114,094)	442,450
<b>NET CASH (OUTFLOW)/INFLOW BEFORE FINANCING</b>	(648,930)	2,352,713
<b>FINANCING</b>		
Interest bearing intra group loan	5,250,000	4,698,179
Repayment of interest bearing intra group loan	(4,500,000)	(5,209,580)
Repayment of non-interest bearing intra group loan	-	(338,415)
<b>NET CASH INFLOW/(OUTFLOW) FROM INTRA GROUP FINANCING</b>	750,000	(849,816)
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	101,070	1,502,897

## J R CROMPTON LIMITED

### NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 1994

1	<b>RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<u>1994</u> £	<u>1993</u> £	
	Operating profit	6,988,961	6,380,709	
	Depreciation charges (including profit/(loss) on sale of fixed assets)	1,643,345	1,580,995	
	(Increase) in stock	(205,072)	(143,469)	
	(Increase) in debtors	(425,578)	(79,974)	
	(Decrease)/increase in creditors and provisions	(307,782)	3,170,654	
	<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<u>7,693,874</u>	<u>10,908,915</u>	
2	<b>ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR</b>	<u>1994</u> £	<u>1993</u> £	
	At 1 January 1994	2,187,188	684,291	
	Net cash inflow	101,070	1,502,897	
	At 31 December 1994	<u>2,288,258</u>	<u>2,187,188</u>	
3	<b>ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS DURING THE YEAR</b>	<u>1994</u> £	<u>1993</u> £	Change in year £
	Cash at bank and in hand	480,787	6,732	474,055
	Money at call and on short term deposit	1,807,471	2,391,473	(584,002)
	Bank overdrafts	-	(211,017)	211,017
		<u>2,288,258</u>	<u>2,187,188</u>	<u>101,070</u>
4	<b>ANALYSIS OF CHANGE IN FINANCING DURING THE YEAR</b>			<u>Interest bearing Intragroup loan</u> £
	At 1 January 1994			1,500,000
	Cash inflow from financing			750,000
	At 31 December 1994			<u>2,250,000</u>

## **J R CROMPTON LIMITED**

### **NOTES TO THE ACCOUNTS**

#### **1 ACCOUNTING POLICIES**

##### **Accounting convention**

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention.

##### **Fixed assets and depreciation**

Depreciation is provided by the company to write off the cost or valuation less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Plant and machinery, motor vehicles - 4 to 40 years

##### **Foreign currencies**

Current assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange either committed under forward exchange contracts or those ruling at the balance sheet date. Gains or losses arising on the exchange are included in trading results for the year.

##### **Leases**

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a "finance lease". The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as "operating leases" and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

## **J R CROMPTON LIMITED**

### **NOTES TO THE ACCOUNTS (CONTINUED)**

#### **1 ACCOUNTING POLICIES (CONTINUED)**

##### **Pension costs**

The company operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees working lives with the company.

##### **Research and development expenditure**

Expenditure on research and development is written off against profits in the year in which it is incurred.

##### **Stocks**

Stocks are stated at the lower of cost and net realisable value. For work in progress and finished goods manufactured by the company, cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

##### **Taxation**

The charge for taxation is based on the 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 only to the extent that it is probable that an actual liability will crystallise.

##### **Turnover**

Turnover represents the amounts (net of rebates and excluding value added tax) derived from the provision of goods during the year.

#### **2 TURNOVER**

No analysis of turnover by geographical market has been presented as the directors feel this is prejudicial to the interests of the company.

All turnover and profit before taxation arises from the single activity of the manufacture and sale of special long fibred papers.

## J R CROMPTON LIMITED

### NOTES TO THE ACCOUNTS (CONTINUED)

#### 3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	<u>1994</u>	<u>1993</u>
	£	£
Profit on ordinary activities before taxation is stated after charging/ (crediting):		
Auditors' remuneration:		
Audit	25,750	25,000
Other services	-	3,000
Depreciation and other amounts written off tangible fixed assets	1,553,173	1,515,874
Loss on sale of fixed assets	90,172	65,121
Hire of plant and machinery - rentals payable under operating leases	185,800	138,723
Property rental costs	585,000	-
Rents receivable from property	(400)	(10,400)
Research and development expenditure	1,111,871	927,647

#### 4 REMUNERATION OF DIRECTORS

	<u>1994</u>	<u>1993</u>
	£	£
Directors' emoluments:		
Pension contributions	50,964	49,127
Remuneration as executives	<u>284,552</u>	<u>276,886</u>
	<u>335,516</u>	<u>326,013</u>

The emoluments, excluding pension contributions, of the chairman were £NIL (1993:£Nil) and those of the highest paid director were £73,158 (1993: £72,951).

The emoluments, excluding pension contributions, of the directors (including the chairman and highest paid directors) were within the following ranges:

	<u>1994</u>	<u>1993</u>
	Number of directors	
£0 - £5,000	4	5
£65,001 - £70,000	1	3
£70,001 - £75,000	3	1

In addition an amount of £115,000 was recharged by Portals Group plc for the services of N A B Acland as managing director of the company.

## J R CROMPTON LIMITED

### NOTES TO THE ACCOUNTS (CONTINUED)

#### 5 STAFF NUMBERS AND COSTS

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	<u>1994</u>	<u>1993</u>
	Number of employees	
Production and engineering	374	366
Others	<u>77</u>	<u>80</u>
	451	446

The aggregate payroll costs of these persons were as follows:

	<u>1994</u>	<u>1993</u>
	£	£
Wages and salaries	8,601,917	8,005,203
Social security costs	687,272	640,577
Other pension costs (see note 18)	<u>569,617</u>	<u>540,063</u>
	9,858,806	9,185,843

#### 6 INTEREST

	<u>1994</u>	<u>1993</u>
	£	£
Other interest receivable and similar income	117,871	75,273

Of the above amount £29,709 was receivable from group undertakings (1993: £4,219).

Interest payable and similar charges:

On bank loans, overdrafts and other loans  
wholly repayable within five years

103,205	210,005
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Of the above amount £37,651 was payable to group undertakings (1993: £120,077).

## J R CROMPTON LIMITED

### NOTES TO THE ACCOUNTS (CONTINUED)

#### 7 TAXATION

	1994 £	1993 £
UK corporation tax at 33% (1993:33%) on the profit for the year on ordinary activities	1,554,007	1,535,085
Deferred taxation	(78,946)	(178,530)
Adjustment relating to an earlier year	<u>35,024</u>	<u>158,252</u>
	<u>1,510,085</u>	<u>1,514,807</u>

The tax charge for the current year is low due to the incidence of capital allowances in excess of the depreciation charge. Deferred tax has not been provided in respect of this difference because it is not expected to reverse within the foreseeable future.

#### 8 TANGIBLE FIXED ASSETS

	Plant and machinery £	Motor vehicles £	Payments on account for assets in course of construction £	Total £
<b>COST</b>				
At 1 January 1994	26,088,949	147,381	2,800,649	29,036,979
Additions	-	12,969	7,459,402	7,472,371
Transfers	4,408,749	-	(4,408,749)	-
Disposals	<u>(592,573)</u>	<u>(130,275)</u>	<u>-</u>	<u>(722,848)</u>
At 31 December 1994	<u>29,905,125</u>	<u>30,075</u>	<u>5,851,302</u>	<u>35,786,502</u>
<b>DEPRECIATION</b>				
At 1 January 1994	8,723,338	104,357	-	8,827,695
Charge for year	1,540,963	12,210	-	1,553,173
On disposals	<u>(434,243)</u>	<u>(92,853)</u>	<u>-</u>	<u>(527,096)</u>
At 31 December 1994	<u>9,830,058</u>	<u>23,714</u>	<u>-</u>	<u>9,853,772</u>
<b>NET BOOK AMOUNT</b>				
At 31 December 1994	<u>20,075,067</u>	<u>6,361</u>	<u>5,851,302</u>	<u>25,932,730</u>
At 31 December 1993	<u>17,365,611</u>	<u>43,024</u>	<u>2,800,649</u>	<u>20,209,284</u>



## J R CROMPTON LIMITED

### NOTES TO THE ACCOUNTS (CONTINUED)

#### 9 STOCKS

	<u>1994</u>	<u>1993</u>
	£	£
Raw materials and consumables	3,150,276	2,984,799
Work in progress	1,162,121	1,062,224
Finished goods and goods for resale	<u>1,388,895</u>	<u>1,449,197</u>
	<u>5,701,292</u>	<u>5,496,220</u>

There is no material difference between the replacement cost of stocks and their balance sheet amounts.

#### 10 DEBTORS

	<u>1994</u>	<u>1993</u>
	£	£
Due within one year:		
Trade debtors	5,722,512	5,330,648
Amounts owed by group undertakings	919	-
Corporation tax recoverable	-	179,520
Prepayments and accrued income	<u>158,252</u>	<u>125,457</u>
	<u>5,881,683</u>	<u>5,635,625</u>

#### 11 CREDITORS: amounts falling due within one year

	<u>1994</u>	<u>1993</u>
	£	£
Bank overdraft	-	211,017
Trade creditors	6,245,884	3,073,056
Bills of exchange payable	1,417,519	1,077,976
Amounts owed to group undertakings	2,482,575	2,357,324
Corporation tax	1,554,007	1,595,258
Other taxes and social security	338,598	355,758
Accruals and deferred income	<u>1,739,005</u>	<u>1,912,533</u>
	<u>13,777,588</u>	<u>10,582,922</u>

## J R CROMPTON LIMITED

### NOTES TO THE ACCOUNTS (CONTINUED)

#### 12 PROVISIONS FOR LIABILITIES AND CHARGES

	Pensions and similar <u>obligations</u>	Taxation including <u>deferred tax</u>	<u>Total</u>
	£	£	£
1 January 1994	1,001,000	(330,148)	670,852
Charge/(credit) for the year	569,617	(78,946)	490,671
Paid during the year	<u>(278,436)</u>	<u>-</u>	<u>(278,436)</u>
At 31 December 1994	<u>1,292,181</u>	<u>(409,094)</u>	<u>883,087</u>

The deferred tax asset relates to the SSAP24 pension adjustment.

The amount provided for deferred taxation and the amounts not provided are set out below:

	<u>1994</u>		<u>1993</u>	
	<u>Provided</u>	<u>Unprovided</u>	<u>Provided</u>	<u>Unprovided</u>
	£	£	£	£
Difference between accumulated depreciation and amortisation and capital allowances	-	4,424,817	-	3,562,680
Other timing differences	<u>(409,094)</u>	<u>-</u>	<u>(330,148)</u>	<u>-</u>
	<u>(409,094)</u>	<u>4,424,817</u>	<u>(330,148)</u>	<u>3,562,680</u>

#### 13 CALLED UP SHARE CAPITAL

	<u>1994</u>	<u>1993</u>
	£	£
<u>Authorised</u>		
Ordinary shares of 10p each	<u>20,150,000</u>	<u>20,150,000</u>
<u>Allotted and fully paid</u>		
Ordinary shares of 10p each	<u>20,086,959</u>	<u>20,086,959</u>

## J R CROMPTON LIMITED

### NOTES TO THE ACCOUNTS (CONTINUED)

#### 14 RESERVES

	Share premium <u>account</u> £	Profit and loss <u>account</u> £
At 1 January 1994	122,370	2,027,831
Retained profit for the year	-	<u>2,696,928</u>
At 31 December 1994	<u>122,370</u>	<u>4,724,759</u>

#### 15 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>1994</u> £	<u>1993</u> £
Profit for the financial year	5,493,542	4,731,170
Dividends	(2,796,614)	(7,881,857)
Other recognised gains and losses	-	<u>950,621</u>
Net addition to/(deduction from) shareholders' funds	2,696,928	(2,200,066)
Opening shareholders' funds	<u>22,237,160</u>	<u>24,437,226</u>
Closing shareholders' funds	<u>24,934,088</u>	<u>22,237,160</u>

#### 16 COMMITMENTS

- (i) Capital commitments at the end of the financial year for which no provision has been made are as follows:

	<u>1994</u> £	<u>1993</u> £
Contracted	8,109,000	686,189
Authorised but not contracted	<u>29,652,000</u>	<u>871,784</u>

**J R CROMPTON LIMITED****NOTES TO THE ACCOUNTS (CONTINUED)****16 COMMITMENTS (CONTINUED)**

- (ii) Annual commitments under non cancellable operating leases are as follows:

	<u>1994</u>	<u>1993</u>
	£	£
Operating leases which expire:		
Within one year	9,587	26,244
In the second to fifth years inclusive	<u>171,512</u>	<u>100,920</u>
	<u>181,099</u>	<u>127,164</u>

**17 CONTINGENT LIABILITIES**

The company had guaranteed the obligations of Portals Group Plc to the value of £10 million under a revolving credit facility. The facility was cancelled on 17 March 1995.

**18 PENSION SCHEME**

As explained in the accounting policies set out on page 12, the company operates a pension scheme providing benefits based on final pensionable pay, contributions being charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuation was at 1 May 1994. 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.

The pension charge for the period of £569,617 (1993: £541,000) included £140,200 (1993: £104,000) in respect of the amortisation of experience surpluses that are being recognised over the average remaining service lives of employees.

The most recent actuarial valuation showed that the market value of the scheme's assets was £15,925,756 and that the actuarial value of those assets represented 106% of the benefits that had accrued to members, after allowing for expected future increases in earnings. The contributions of the company recommenced (after a contributions holiday) in April 1994 at 6% of pensionable earnings. Employees' contributions have remained at 5% of earnings.

**19 ULTIMATE PARENT UNDERTAKING**

The company's ultimate parent undertaking is De La Rue plc, incorporated in Great Britain and registered in England and Wales.