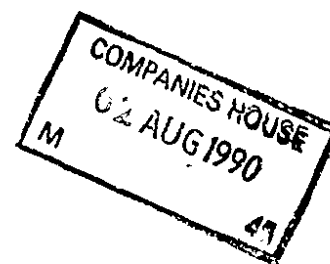


# Contents

Directors and Officers	2
Summary of Results	3
Chairman's Statement	4-5
Review of Continuing Activities	6-7
Group Operating Companies	8
Report of the Directors	9-11
Group Profit and Loss Account	12
Balance Sheets	13
Group Source and Application of Funds	14-15
Notes to the Accounts	16-30
Auditors' Report	31
Five Year Record	32
Notice of Meeting	33-34
Form of Proxy	35



# Directors & Officers

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<b>Directors:</b>	N. W. Brown	<i>Chairman and Chief Executive</i>
	A. C. Wightman, B.Sc., F.C.A.	<i>Group Managing Director</i>
	D. G. Richards, C.B.E., F.C.A.	<i>Non-Executive</i>
	R. C. Smurthwaite	<i>Managing Director – Wallcoverings</i>
	K. M. Waterfield, F.C.A.	<i>Finance Director</i>

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**Secretary:** K. H. J. Coney, F.C.I.S.

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**Group  
Financial  
Controller:** M. C. Hynes, A.C.A.

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**Group  
Administration  
and Registered  
Office:** 74-78 Wood Lane End,  
Hemel Hempstead, Hertfordshire,  
HP2 4RF

**Telephone** (0442) 68890

**Fax** (0442) 3541

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**Registrars:** Stentiford Close Registrars Ltd.,  
Broseley House,  
Newlands Drive,  
Witham,  
Essex,  
CM8 2UL

# Summary of Results

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	1990 £000	1989 £000
Turnover	127,270	118,635
Profit on Ordinary Activities before Taxation	7,118	3,085
Profit/(Loss) after Taxation and Extraordinary Items	5,066	(1,472)
Number of Ordinary Shares in issue	91,080,989	90,699,033
Earnings per Share (Note 10 to the Accounts)	5.10p	2.41p
Net Assets	£31.2m	£24.9m
Gearing	NIL	73.8%
Ordinary Dividend	2.75p	2.25p
Preference Dividend	6.5p	6.5p

# Chairman's Statement

## Results and Dividends

I am pleased to report that the profit on ordinary activities before taxation for the year ended 3rd February 1990 increased from £3,085,000 to £7,118,000 an increase of 131%. The operating profit before interest increased from £4,920,000 to £9,634,000. Earnings per share have increased by 112% from 2.41p to 5.10p.

A final dividend of 1.75p per ordinary share is proposed which, with the interim dividend of 1p already paid, makes a total for the year of 2.75p, an increase of 22% over last year.

In my Interim Statement I stated that the strategy of the board is to concentrate on the highly successful wallcoverings business, Wallcoverings International, and to dispose of non-core activities and surplus properties. Considerable progress towards achieving this objective has been made. To date £26.8 million has been raised through the disposal of seven companies. As a result the group now has a substantially strengthened balance sheet with net cash resources which will be increased through the sale of further businesses and the vacant property portfolio. Negotiations over the sales of the remaining non-core activities are continuing. Montan (which includes Alkar), Bloom Signs and the Healthcare division will be sold, together with the remaining engineering businesses — Greenbank Terotech, Cox & Wright, UK Lift and Welding Machines. Those businesses sold to date were Altair, Wilcomatic, McKendrick & Wane, Greenbank Group, Van-Line, Reel Cable, Didsbury Engineering and Gorseline, the last two having been sold since the balance sheet date.

The profit before tax of the core wallcoverings and fabrics business increased by 6.2% to £7.6 million maintaining its unbroken 10 year record of rising profits. I would emphasise that these results have been achieved during a year of significant investment in enlarging the product range and improving product quality and levels of service. This company which I founded some 20 years ago consists of three divisions — contract, domestic and manufacturing.

The contract division principally supplies, to specification, wallcoverings for hotels, offices and other institutions. It is therefore insulated from the difficulties of the retail sector. With its pre-eminent and growing market share (it is the most successful wallcoverings business in the UK) there is still considerable potential to increase profits.

The domestic wallcoverings and fabrics division which accounts for approximately 20% of total sales mainly supplies the middle and upper end of the retail market under the trade names of Harlequin and Zoffany. This division, which is in an early stage of development, is performing most satisfactorily.

As part of its overall strategy the board wishes to expand the wallcoverings businesses both organically and by acquisition. In particular, we are looking at the large and diverse international fabrics market, and are currently negotiating two acquisitions.

We have also recently strengthened the management team with the appointment of Charles Wightman as Group Managing Director and Martin Hynes as Group Financial Controller.

### **Board of Directors**

Christopher Loveday who served as a Non-Executive Director throughout the year, retired on 27th April 1990. I would like to thank him for the assistance he has given me and wish him a long and happy retirement.

Charles Wightman was appointed as Group Managing Director on 26th February 1990. He formerly held the position of Group Managing Director of UK Operations with the Blenheim Exhibitions Group PLC.

David Richards has continued to serve throughout the year as a non-executive director. He was formerly a partner in the international accountancy practice Deloitte, Haskins & Sells and was President of the Institute of Chartered Accountants in 1979-1980. He was, until this year, Deputy Chairman of the Monopolies and Mergers Commission.

### **Management**

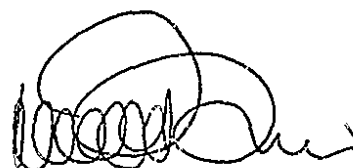
I wish to thank the management and all employees of the group for their continued effort during a year of uncertainty and change.

### **The Future**

The group has successfully pursued the strategy of consolidating its activities around the wallcoverings companies. It is now your board's intention to divest of all other businesses in order to reinvest the proceeds in the growth of the core wallcoverings and fabrics activities. This growth will be achieved both organically and by acquisition.

Wallcoverings has a history of successful organic growth. As previously stated, we are currently considering several acquisitions which will help to both consolidate our position in the contract market and produce a significant advance in our entry into the top end international domestic wallpaper and fabrics business. It is anticipated that these acquisitions will be funded out of group resources.

I am confident that with the legacy of the problems I inherited now substantially behind us, the future of your company under its strengthened management team should be both exciting and financially secure.



**NICHOLAS BROWN**  
Chairman

# Review of Continuing Activities

## **Wallcoverings International Limited**

Despite the current economic situation, Wallcoverings International continues to make significant advances in all three divisions in both sales and profitability.

### **Contract Division**

Major new collections launched in July 1989 by MURASPEC, our UK market leader in specialist contract wallcoverings, have been extremely well received in the market place. These new collections have already made a contribution to the year's growth and their full benefit will be realised from 1990 onwards. Muraspec's product ranges are used extensively in offices, hotels, high street outlets, hospitals and the leisure industry. Development of new products and services to the specifier and contractor is a continuous process in this expanding market. After a successful start in its first year of operation in France, Muraspec now has its sights firmly set on expanding into Europe.

B BROWN has been the established UK market leader in fabrics and vinyls for the display and exhibition industry for many years. Traditionally, customers have been serviced from their Holborn premises in Greville Street, off Hatton Garden. However, 1989 saw the opening of a highly successful branch operation in Birmingham, within the Muraspec premises. It has been decided to provide the same local service in Bristol, Leeds, Manchester and Glasgow by utilising the facilities that already exist within the Muraspec group. We are confident that, as with Birmingham, local stocks, telephone sales and showroom facilities will provide a significant increase in sales and profitability in the future.

In the USA our Atlanta based company, TEXTILE WALLCOVERINGS INTERNATIONAL, is in the process of broadening its product range by the introduction of specialist vinyls, wallpapers and fabrics collections. Together with the development of new distribution channels, this will further improve profitability in North America.

### **Domestic Wallcoverings and Fabrics Division**

*This division concentrates its activities in the middle and top end of the domestic market.*

A company and brand name created by the group in 1983, ZOFFANY, has now become firmly established with the top interior decorators, designers and better quality retail furnishing shops. Its fabrics and unique wallpapers are being used extensively at the top end of the market, particularly in period town and country properties. This has so far been achieved without the benefit of advertising to the consumer. An exciting advertising campaign is now in place for this year and excellent results are anticipated. The build up in its product range continues, with successful new collections introduced in the year. The prestigious showrooms at South Audley Street, Mayfair, provide an ideal setting where interior designers and their clients can view the entire collection of archive inspired wallpapers and fabrics. Zoffany has embarked on exporting its products and has recently established distribution in North America. The company will develop on an international basis with carefully selected distributors and retailers.

HARLEQUIN was a small company acquired in 1987 in order to implement the group's strategy of moving into the middle domestic market. The sales, including exports, of Harlequin's fabrics and wallpapers are currently running at a very satisfactory level and are targeted to improve considerably over the medium to long-term. Since the introduction of its successful earlier collections, Harlequin has gone from strength to strength with several outstanding new products introduced to the market last year. Harlequin was relocated this year at Sileby in Leicestershire, close to the group's main manufacturing unit at Anstey. The domestic division is developing a central distribution facility for Harlequin and Zoffany in order to further improve customer service. More exciting collections are planned next year and, building on the excellent growth achieved this year in fabrics, more emphasis will be placed on this product area. Harlequin has proved to be an excellent acquisition.

#### **Manufacturing Division**

The division's largest wallpaper production facility is at ANSTEY, with other factories at SILEBY and LEEDS. During the last five years the division has added machinery and is now in the unique position in the UK of being able to print by any process used in the wallcoverings industry. As a result it has developed a reputation in the industry for quality and flexibility. In addition to servicing the needs of the marketing companies within Wallcoverings International, the manufacturing division has a significant and growing contract wallpaper printing business with customers at the high end of the market, some of whom are international household names. Since acquiring the Anstey and Sileby manufacturing assets from the liquidator in 1983, the division has been turned into a highly profitable unit by moving the product range into the middle and upper market sector and minimizing its dependency on the mass volume, low-profit area. This has largely been achieved with the successful development of both the Zoffany and Harlequin companies. In addition, new hard-wearing contract wallcoverings are now being produced for Muraspec.

BOYLE & SON in Leeds, Wallcoverings International's textile wallcovering production unit, concentrates its skills in the lamination of short and flexible production runs providing quality products for the profitable contract market. Its dyeworks undertakes a wide variety of dyeing and finishing processes. Many of the fibres and yarns used in the lamination of textile wallcoverings are processed here, thus assuring excellent quality control throughout manufacture. B Brown (Holborn) is a major group customer requiring display fabrics dyed in a wide variety of colours. In addition, contract dyeing and finishing provides added contribution, much of it to the sports apparel industry.

# Group Operating Companies

Unless otherwise stated in brackets, companies are wholly owned and UK registered.

## Wallcoverings International Limited:

Hemel Hempstead

Muraspec

London and Hemel Hempstead

Zoffany Wallcoverings

London

Harlequin Wallcoverings

Sileby

B. Brown (Holborn)

London

Boyle & Son

Leeds

Anstey Wallpaper Company

Anstey

## Textile Wallcoverings International Limited (USA)

Atlanta, Georgia

Montan Group Limited

Burnopfield

Monlan Joinery (Shopfitters) Limited

Newton Aycliffe

Adrian Shilton (Cabinet Makers) Limited

Longbenton

Harold Bloom Signs Limited

London

Gemmoco Limited (51%)

Leeds

Cox & Wright Limited

Rushden

Greenbank Terotech Limited

Burnley

C B P Engineering Corp (USA)

Glenwood, Illinois

The UK Lift Co Limited

Watford

Welding Machines (Automated) Limited

Grantham

Gimson Tendercare Limited

Leicester

Hampshire Medical Developments Limited

Romsey

Further information on Wallcoverings International's activities is given on pages 6 and 7.



# Report of the Directors

The directors submit their annual report, together with the audited accounts of the group for the 53 weeks ended 3rd February 1990.

## Group Results:

The profit before taxation amounted to £7,118,000. The directors recommend payment of a final ordinary dividend of 1.75p per share, amounting to £1,594,000, making a total of 2.75p and £2,505,000 for the year, which with preference dividends of £122,000, leaves a surplus of £2,439,000 after tax, minority interests and extraordinary items to be transferred to reserves.

## Review of the Business:

During the year, the board established and pursued a strategy of concentrating the group's ongoing operations and development around the Wallcoverings businesses. This has resulted in the disposal of a number of companies both during and since the end of the financial year.

Further information on the business and future development of the group is included in the chairman's statement on pages 4 and 5, and in the review of continuing activities on pages 6 and 7.

## Research and Development:

Development of new and improved products is a feature of the group's operations. Companies are encouraged to continuously explore methods of improving and extending their ranges of products and services.

## Executive Share Option Scheme:

Options over 73,000 ordinary shares were exercised during the year and options over 60,000 ordinary shares lapsed during the year. Since 3rd February 1990 options over a further 345,000 ordinary shares have lapsed.

Options over ordinary shares still outstanding at the date of this report are therefore as follows:

Date Granted	No. of Shares	Subscription Price	Exercisable
14th October 1985	100,000	28p	14.10.88 to 13.10.95
21st July 1986	156,000	64p	21.07.89 to 20.07.96
6th November 1986	265,000	58p	06.11.89 to 05.11.96
23rd May 1987	350,000	91p	23.05.90 to 22.05.97
2nd November 1987	24,000	166p	02.11.90 to 01.11.97
11th May 1988	135,000	114p	11.05.91 to 10.05.98
4th November 1988	600,000	117p	04.11.91 to 03.11.98
	<u>1,630,000</u>		

## Pensions:

The group operates both defined benefit and defined contribution schemes for employees. Further information on the schemes is given in Note 25 to the accounts.

## Employees:

The group keeps its employees informed on matters affecting them and on the progress of the group by way of informal meetings, and consultation with employees' representatives. Disabled persons are given full and fair consideration for employment where an appropriate vacancy occurs, having regard to their particular aptitudes and abilities. Whenever possible, arrangements are made for the continuing employment of persons who have become disabled during service, and for appropriate training of all disabled employees, who are given equal consideration with all other employees in promotion and career development.

# Report of the Directors

## Charitable Contributions:

During the year the Group made donations totalling £5,179 for charitable purposes.

## Board of Directors:

The board of directors as at the date of this report is set out on page 2.

Other than Mr. A. C. Wightman, who was appointed on 26th February 1990, all current directors served throughout the year.

Mr. J. C. Loveday also served throughout the year, but subsequently retired from the board on 27th April 1990.

Sir Anthony Jolliffe and Mr. J. Pither resigned as directors on 2nd May 1989 and 15th May 1989 respectively.

Mr. A. C. Wightman, appointed since the last annual general meeting, retires and seeks re-election. Mr. Wightman does not have a service contract.

The Director retiring by rotation is Mr. N. W. Brown who, being eligible, offers himself for re-election. Mr. Brown's service contract is determinable at any time subject to two years' notice given by the employer, or one year by the employee.

## Directors' Shareholdings:

The interests of the directors in office at 3rd February 1990 in the share capital of the company were:

	Number of Shares							
	Ordinary Shares				Convertible Preference Shares			
	Beneficial 3.2.90	28.1.89	Non-Beneficial 3.2.90	28.1.89	Beneficial 3.2.90	28.1.89	Non-Beneficial 3.2.90	28.1.89
N. W. Brown	2,531,044	2,531,044	—	—	—	—	—	—
J. C. Loveday	720,000	720,000	709,778	879,778	214,000	214,000	461,949	581,949
R. C. Smurthwaite	101,473	101,473	—	—	—	—	—	—

None of the directors' interests changed between 3rd February 1990 and the date of this report.

Directors holding options under the executive share option scheme are as follows:

	Number of Shares	
	3.2.90	28.1.89
R. C. Smurthwaite	100,000	100,000
K. M. Waterfield	75,000	75,000

None of the directors' options changed between 3rd February 1990 and the date of this report.

## Substantial Shareholdings:

The company has been notified of an interest in 15.53% of the ordinary issued share capital by Aubin Limited, a company registered in July 1989 in Jersey, Channel Islands. No other interest exceeding 5% of the issued share capital has been notified to the company.

### Special Business:

Resolutions will be proposed at the annual general meeting to renew the powers granted to the directors to allot shares for cash and to renew the authority given to the company to purchase any of its own ordinary shares.

The Companies Act 1985 requires that any ordinary shares issued for cash must first be offered to existing shareholders unless approval of the ordinary shareholders is obtained to this requirement not applying. Your directors consider it desirable that they should have the ability to make allotments of ordinary shares for cash other than by way of rights issues to existing shareholders up to a maximum nominal amount of £680,000 being approximately 5.0% of the present issued ordinary share capital.

Section 162 of the Companies Act 1985 allows the use of a company's available resources to acquire its own shares in the market, for cancellation. Your directors believe that it would be appropriate for the company to continue to have this authority to make such purchases if they are in the interests of the company and its shareholders. If renewed, the authority given to the company to make such purchases will remain in place until no later than 31st August 1991 and its renewal will be sought at subsequent annual general meetings. The maximum number of ordinary shares to be purchased pursuant to this authority would not exceed 9,076,000, and the maximum purchase price per share would not be more than 5 per cent above the average of the middle market quotations taken from The Stock Exchange Daily Official List for the ten business days before the purchase is made.

In accordance with both the articles of association of the company, and stock exchange regulations, approval was obtained in June last year from the holders of the cumulative convertible redeemable preference shares for the purchase of own shares, such approval to remain in force for a period of five years up to the conclusion of the 1994 annual general meeting.

These proposals should not be taken as an indication that the company will purchase shares at any particular price, or indeed at all, or to imply any opinion on the part of your directors as to the market or other value of the company's ordinary shares. Your directors will only consider making purchases of the company's shares if they believe that such purchases would be in the best interests of the shareholders.

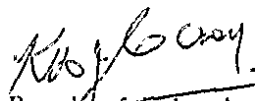
### Close Company Provisions:

The directors are of the opinion that the company is not a close company within the meaning of the Income and Corporation Taxes Act 1988.

### Auditors:

Touche Ross & Co, Chartered Accountants, have indicated their willingness to continue in office as auditors, and a resolution to re-appoint them and to authorise the directors to agree their remuneration will be put to the annual general meeting.

Zoffany House,  
74-78 Wood Lane End,  
Hemel Hempstead,  
Hertfordshire,  
HP2 4RF.

  
By order of the board  
K. H. J. CONEY Secretary  
14th May 1990

# Group Profit and Loss Account

53 weeks ended 3rd February 1990	Note	1990 £000	1989 £000
Turnover	2	127,270	118,633
Cost of sales		<u>84,382</u>	<u>83,912</u>
Gross profit		42,888	34,693
Distribution costs		16,596	13,145
Administrative expenses		<u>18,072</u>	<u>19,160</u>
		8,220	2,388
Other operating income		<u>1,414</u>	<u>2,532</u>
Operating profit		9,634	4,920
Income from investments	6	8	24
Interest receivable		227	168
Interest payable	7	<u>(2,751)</u>	<u>(2,027)</u>
Profit on ordinary activities before taxation	3	7,118	3,085
Tax on profit on ordinary activities	8	<u>2,305</u>	<u>757</u>
Profit on ordinary activities after taxation		4,813	2,328
Minority interest		(45)	(6)
Extraordinary items	9	<u>298</u>	<u>(3,794)</u>
Profit/(Loss) after extraordinary items for the financial period		5,066	(1,472)
Dividends	20	<u>(2,627)</u>	<u>(2,175)</u>
Surplus/(Deficit) for the period	21	<u>2,439</u>	<u>(3,647)</u>
Earnings per share	10	5.10p	2.41p

The Notes on pages 16-30 form part of these accounts.

# Balance Sheets

3rd February 1990

	Note	Group 1990 £000	1989 £000	Company 1990 £000	1989 £000
<b>Fixed assets</b>					
Intangible assets	11	1,778	129	—	—
Tangible assets	12	17,382	24,964	139	227
Investments	13	5,554	3,932	14,307	16,554
		<u>24,714</u>	<u>29,025</u>	<u>14,446</u>	<u>16,781</u>
<b>Current assets</b>					
Stocks	14	14,588	17,252	—	—
Debtors	15	23,620	32,282	15,710	30,212
Cash at bank and in hand		3,804	749	328	—
		<u>42,012</u>	<u>50,283</u>	<u>16,038</u>	<u>30,212</u>
<b>Creditors: amounts falling due within one year</b>	16	26,575	50,214	8,317	25,359
<b>Net current assets</b>		<u>15,437</u>	<u>69</u>	<u>7,721</u>	<u>4,853</u>
<b>Total assets less current liabilities</b>		40,151	29,094	22,167	21,634
<b>Creditors: amounts falling due after more than one year</b>	17	1,702	2,368	31	42
		<u>38,449</u>	<u>26,726</u>	<u>22,136</u>	<u>21,592</u>
<b>Provisions for liabilities and charges</b>					
Deferred taxation	24	87	448	69	69
Government grants provision	24	782	1,220	—	—
Other provisions	24	6,272	99	190	—
		<u>31,308</u>	<u>24,959</u>	<u>21,877</u>	<u>21,523</u>
Minority interest		(69)	(35)	—	—
		<u>31,239</u>	<u>24,924</u>	<u>21,877</u>	<u>21,523</u>
<b>Capital and reserves</b>					
Called up share capital	19	14,106	14,104	14,106	14,104
Share premium account	21	6,183	5,878	6,183	5,878
Revaluation reserves	21	7,632	9,235	33	33
Profit and loss account	21	10,127	8,756	1,555	1,508
Other reserves	21	1,600	1,613	—	—
		<u>25,542</u>	<u>25,482</u>	<u>7,771</u>	<u>7,419</u>
Reserve arising on merger	21	(4,866)	(8,178)	—	—
Goodwill reserves	21	(3,543)	(6,484)	—	—
<b>Net reserves</b>		<u>17,133</u>	<u>10,820</u>	<u>7,771</u>	<u>7,419</u>
		<u>31,239</u>	<u>24,924</u>	<u>21,877</u>	<u>21,523</u>

N. W. Brown }  
K. M. Waterfield } *Directors*

These accounts were approved by the directors on 14th May 1990

The Notes on pages 16-30 form part of these accounts.

# Group Source and Application of Funds

53 weeks ended 3rd February 1990	1990		1989	
	£000	£000	£000	£000
<b>Source</b>				
Profit before taxation		7,118		3,085
Extraordinary items		298		(3,794)
		<u>7,416</u>		<u>(709)</u>
<i>Adjustment for items not involving the use of funds:</i>				
Depreciation	2,384		2,723	
Amortisation of intangible fixed assets	686		109	
Profit on disposal of tangible fixed assets	(298)		(1,084)	
Profit on disposal of investments	(773)		(356)	
(Release)/Charge from regional development grant provision	(450)		189	
Extraordinary write down of tangible fixed assets	—		1,623	
Non-coterminous accounting periods	—		(354)	
Profit on disposal of subsidiary companies	(8,734)		—	
Provisions in respect of businesses to be sold	6,272		—	
Release of reorganisation provision	(99)		—	
		<u>(1,012)</u>		<u>2,850</u>
Funds generated from operations		6,404		2,141
<i>Funds from other sources:</i>				
Proceeds of disposal of tangible fixed assets	1,202		2,796	
Proceeds of disposal of investments	939		525	
Receipts from investments and loans	62		95	
Grants received	12		734	
Shares issued in connection with the acquisition of subsidiaries	—		350	
Shares issued in connection with deferred consideration re Gimson Tendercare	—		183	
Proceeds from exercise of share options	21		35	
Refund of corporation tax	693		—	
Income from disposal of subsidiary companies*:	22,982		—	
Proceeds of sale	17,465		—	
Repayment of inter-company loans	5,517		—	
		<u>25,911</u>		<u>4,718</u>
		32,315		6,859
<b>Application</b>				
Purchase of fixed assets	3,929		7,190	
Taxation paid	426		4,131	
Dividends paid	2,175		2,573	
Decrease in loans due after more than one year	721		1,207	
Merger costs written off to share premium	—		76	
Acquisition of subsidiary businesses	—		7,039	
Deferred consideration re Gimson Tendercare	—		315	
Adjustments to consideration:				
Harold Bloom Signs	233		—	
Montan Companies	50		—	
Gorseline Daisy	(12)		—	
Pattern books, patents and design expenditure	1,776		—	
		<u>(9,298)</u>		<u>(22,531)</u>
		23,017		(15,672)

	1990		1989	
	£000	£000	£000	£000
<b>Increase/(Decrease) in working capital:</b>				
Stocks		4,069		(1,714)
Debtors		188		47
Creditors		(374)		(527)
Exchange adjustments		(20)		2
		<u>3,863</u>		<u>(2,192)</u>
<b>Increase/(Decrease) in net liquid funds:</b>				
Cash at bank and in hand	3,540		544	
Bank overdraft	5,894		(3,627)	
Loans — current instalments	<u>9,720</u>		<u>(10,397)</u>	
		<u>19,154</u>		<u>(13,480)</u>
		<u>23,017</u>		<u>(15,672)</u>
				1990
				£000
<b>*Analysis of the disposal of subsidiary businesses:</b>				
Intangible fixed assets				7
Tangible fixed assets				5,911
Stocks				6,733
Debtors				8,271
Cash at bank and in hand				485
Bank overdraft				(1,851)
Creditors				(8,386)
Finance lease and hire purchase				(873)
Current taxation				(1,107)
Deferred taxation				(89)
Minority interest				(11)
				<u>9,110</u>
Merger reserves eliminated				3,362
Goodwill reserves eliminated				2,377
Revaluation reserves eliminated				(1,124)
Other reserves eliminated				(13)
				<u>13,712</u>
Costs of disposal				536
Profit on disposal				<u>8,734</u>
Income from disposal of subsidiaries				<u>22,982</u>

# Notes to the Accounts

## 1. Accounting policies

### Accounting convention:

The accounts are prepared under the historical cost convention modified for the revaluation of certain properties.

### Basis of consolidation:

The group accounts consolidate the financial statements of the parent company and its subsidiaries made up to the Saturday nearest to 31st January. This periodically results in a financial year of 53 weeks. Profits arising on trading between group companies are excluded. The group accounts do not consolidate the results of related companies over which the group does not exercise significant control. The group's share of profits of related companies is included to the extent that this has been paid or is payable to the group.

The group profit and loss account includes the results of all companies disposed of during the year up to their effective date of disposal.

No profit and loss account is presented for Walker Greenbank PLC as provided by S.228(7) of the Companies Act 1985.

### Goodwill:

Purchased goodwill is written off against the profit and loss account reserve upon acquisition. Goodwill arising on consolidation, being the difference between the consideration payable and the fair value of net assets acquired, is written off to the goodwill reserve and is eliminated by transfers from the profit and loss account reserve over its expected useful life.

### Foreign currency:

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

The profit and loss accounts of overseas subsidiaries are translated at the average rates of exchange applicable to the accounting periods. The exchange difference arising on the retranslation of opening net assets is taken directly to reserves.

### Turnover:

The group turnover represents the invoiced value, excluding VAT, of sales to outside customers and related companies adjusted for contracts in progress, to reflect the value of work done.

### Stocks:

Stocks and work in progress are stated at the lower of cost and net realisable value. Payments on account are deducted from the value of work in progress, or, to the extent that they exceed cost incurred, are included in creditors.

Cost comprises direct materials, on a first-in, first-out basis, and direct labour plus attributable production overheads based on a normal level of activity. Net realisable value is based on estimated selling prices less anticipated costs to disposal.

### Pensions:

The group operates both defined benefit and defined contribution schemes. The cost of providing retirement pensions and related benefits is charged to the profit and loss account over the periods during which members are employed.

Any surplus of assets over liabilities is apportioned over the expected remaining service lives of current employees in the schemes.



**Research and development:**

Research and development expenditure is written off as incurred, except that development expenditure incurred on an individual project is carried forward when its future recoverability can be foreseen with reasonable assurance. Any expenditure carried forward is amortised in line with the sales from the relevant project.

**Fixed assets:**

Depreciation is charged on a straight-line basis on the original cost or subsequent valuation of assets (excluding freehold land) after deduction of investment and development grants, and any estimated residual value. The principal rates are:

Buildings	2%
Leascholds	Over the unexpired period of lease
Plant, Equipment and Vehicles	Various rates between 5% and 25%
Pattern Books, Patents and Design Costs	Between 6% and 50%

**Investments:**

Except as stated below, investments held as fixed assets are stated at cost less provision for permanent diminution in value.

Investment properties are stated at their latest valuation and the aggregate surplus or deficit is transferred to the revaluation reserve. No depreciation is provided in respect of investment properties; this constitutes a departure from the statutory rules requiring fixed assets to be depreciated over their useful economic lives and is necessary to enable the accounts to give a true and fair view.

**Leasing and hire purchase commitments:**

Assets obtained under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The interest element of the rental obligations is charged to profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. Rentals paid under operating leases are charged to income as incurred.

**Deferred taxation:**

Deferred taxation is provided on the liability method on all timing differences to the extent that they are expected to reverse in the future, calculated at the rate at which it is estimated that tax will be payable. Advance corporation tax, expected to be recoverable in the future, is deducted from deferred taxation.

**Government grants:**

Government grants in respect of capital expenditure are credited to the profit and loss account over the average estimated useful life of the relevant tangible fixed assets. Government grants related to job creation projects are released to the profit and loss account over the minimum period of the project.

# Notes to the Accounts

## 2. Turnover and trading profit

	Turnover		Profit on ordinary activities before taxation	
(a) Analysis of trading:	1990	1989	1990	1989
Continuing activities:	£000	£000	£000	£000
Wallcoverings	45,157	39,220	7,634	7,189
Head office expenses	—	—	(763)	(732)
	<u>45,157</u>	<u>39,220</u>	<u>6,871</u>	<u>6,457</u>
Businesses sold or to be sold	82,113	79,415	247	(3,372)
	<u>127,270</u>	<u>118,635</u>	<u>7,118</u>	<u>3,085</u>

Included in the figures for businesses sold or to be sold are turnover of £27,338,000 and profit on ordinary activities before taxation of £2,675,000 relating to Wilcomatic Limited, McKendrick & Wane Limited, Altair Norge A/S, Multiple Industries Group Limited and Greenbank Group PLC and their subsidiaries, which were derived from unaudited management accounts made up to the effective dates of disposal. Details of businesses sold or to be sold are contained in the chairman's statement and review of continuing activities on pages 4 to 7.

### (b) Geographical analysis of turnover:

United Kingdom	112,675	107,363
North America	4,997	3,936
Europe	7,366	5,481
Rest of the World	2,232	1,855
	<u>127,270</u>	<u>118,635</u>

## 3. Profit on ordinary activities before taxation

	1990	1989
	£000	£000
The profit is arrived at after charging/(crediting):		
Emoluments of Directors (Note 4)	646	513
Auditors' remuneration	245	325
Depreciation of owned assets	1,749	2,082
Depreciation of assets held under finance leases and hire purchase contracts	635	665
Hire of motor vehicles and site plant and machinery	1,772	1,730
Development expenditure written off	68	257
Exceptional items — profit on property disposals	(639)	(1,238)
— profit on sale of trade investment	(181)	(356)

£2,960,000 of the profit attributable to the group (1989 £3,268,000) has been dealt with in the accounts of the holding company.

<b>4. Emoluments of Directors of the Parent Company relating to their periods of office</b>	<b>1990</b>	<b>1989</b>
	<b>£000</b>	<b>£000</b>
As directors	22	20
As executives (including pension contributions)	624	493
	<u>646</u>	<u>513</u>
Emoluments, excluding pension contributions:		
Chairman	177	73
Highest paid director (1990 chairman)	—	115
Number of other directors whose emoluments were within the scales:	No.	No.
Up to £5,000	—	1
£ 5,001 - £ 10,000	1	2
£ 15,001 - £ 20,000	—	2
£ 20,001 - £ 25,000	1	—
£ 25,001 - £ 30,000	1	—
£ 45,001 - £ 50,000	—	2
£ 60,001 - £ 65,000	1	1
£ 70,001 - £ 75,000	—	1
£110,001 - £115,000	1	—
£160,001 - £165,000	1	—
<b>5. Staff costs</b>	<b>£000</b>	<b>£000</b>
Wages and salaries	26,291	26,957
Social security costs	2,456	2,405
Other pension costs	1,054	1,001
	<u>29,801</u>	<u>30,363</u>
The average weekly number of employees during the year:	No.	No.
Office and management	1,089	1,135
Manufacturing	1,151	1,317
	<u>2,240</u>	<u>2,452</u>
	No.	No.
The number of employees of the holding company whose emoluments were in excess of £30,000 is as follows:		
£30,001 - £35,000	—	1
£40,001 - £45,000	1	2
£45,001 - £50,000	1	—
£50,001 - £55,000	—	1
£55,001 - £60,000	1	—
£60,001 - £65,000	1	—
£85,001 - £90,000	1	—
<b>6. Income from investments</b>	<b>£000</b>	<b>£000</b>
Dividends from related companies	5	6
Dividends from unlisted investments	3	18
	<u>8</u>	<u>24</u>
<b>7. Interest payable</b>	<b>£000</b>	<b>£000</b>
Bank and other short term interest	2,436	1,819
Other loans not wholly repayable within 5 years	—	10
Finance charges payable under finance leases and hire purchase contracts	315	198
	<u>2,751</u>	<u>2,027</u>

# Notes to the Accounts

8. Taxation	1989	1989
	£000	£000
Corporation tax at 35% (1989 35%)	2,390	975
Deferred taxation release	(76)	(236)
Overseas taxation charge	—	20
	<u>2,414</u>	<u>769</u>
Taxation overprovided in previous years	(109)	(12)
	<u>2,305</u>	<u>757</u>

9. Extraordinary items	£000	£000
Profit/(Loss) on disposal of subsidiaries	8,734	(89)
Provisions in respect of businesses to be sold	(6,272)	—
Closure and reorganisation costs	(1,946)	(3,968)
Abortive disposal costs	(201)	—
Merger and acquisition costs	(17)	(303)
Fire insurance claim proceeds	—	246
	<u>298</u>	<u>(4,114)</u>
Tax relief	—	320
	<u>298</u>	<u>(3,794)</u>

## 10. Earnings per share

Earnings per share is based on the profit on ordinary activities after taxation, minority interests and preference dividends, amounting to £4,646,000 (1989 £2,187,000) and 91,080,989 shares (1989 90,597,584).

## 11. Intangible fixed assets

	Research and Development	Pattern Books, Patents and Design	Total
Group	£000	£000	£000
Cost			
28th January 1989	165	161	326
Transfer from debtors	—	566	566
Expenditure incurred	—	1,776	1,776
Elimination on disposal of subsidiaries	(124)	(10)	(134)
3rd February 1990	<u>41</u>	<u>2,493</u>	<u>2,534</u>
Amortisation			
28th January 1989	106	91	197
Revenue charge	39	647	686
Elimination on disposal of subsidiaries	(119)	(8)	(127)
3rd February 1990	<u>26</u>	<u>730</u>	<u>756</u>
Net book value			
28th January 1989	59	70	129
3rd February 1990	<u>15</u>	<u>1,763</u>	<u>1,778</u>

## 12. Tangible fixed assets

	Group	Plant	Company
	Land and	Equipment	Equipment
	Buildings	& Vehicles	& Vehicles
	£000	£000	£000
Cost or valuation			
28th January 1989	16,625	16,085	274
Additions	734	3,195	1
Disposals	(412)	(1,829)	(43)
Elimination on disposal of subsidiaries	(3,121)	(4,768)	—
Transfers to investments	(2,292)	—	—
Exchange adjustment	14	12	—
3rd February 1990	<u>11,548</u>	<u>12,695</u>	<u>232</u>
Depreciation			
28th January 1989	272	7,474	47
Revenue charge	337	2,047	66
Disposals	(103)	(1,197)	(20)
Elimination on disposal of subsidiaries	(54)	(1,924)	—
Exchange adjustment	4	5	—
3rd February 1990	<u>456</u>	<u>6,405</u>	<u>93</u>
Net book value			
28th January 1989	16,353	8,611	227
3rd February 1990	<u>11,092</u>	<u>6,290</u>	<u>139</u>
Analysis of cost at 3rd February 1990			
At Cost	2,728	12,695	232
At Valuation 1989	8,820	—	—
	<u>11,548</u>	<u>12,695</u>	<u>232</u>

	Group
	Land and
	Buildings
	£000
The net book value of land and buildings comprises:	
Freehold land	2,982
Freehold buildings	5,840
Long leaseholds	1,853
Short leaseholds	417
	<u>11,092</u>
Historical cost of revalued land and buildings	7,608
Depreciation to 28th January 1989	(460)
Revenue charge	(179)
Net book value, 3rd February 1990	<u>6,969</u>

# Notes to the Accounts

## 12. Tangible fixed assets - continued

Included in the amounts for plant, equipment and vehicles above are the following amounts relating to leased assets and assets acquired under hire purchase contracts.

	Group		Company	
	Finance leases £000	Hire purchase £000	Finance leases £000	Hire purchase £000
Net book value				
28th January 1989	1,515	649	—	33
3rd February 1990	1,823	363	—	24

## 13. Investments

	Loans to Group Companies £000	Shares in Related Companies £000	Loans to Related Companies £000	Investment Property £000	Other Investments £000
Group					
28th January 1989	233	28	64	3,605	2
Additions	—	—	—	—	2
Disposal of:					
Greenbank Terotech Pty Ltd	—	(6)	(59)	—	—
Engineering Power Asia Ltd	—	(2)	—	—	—
Transfer of properties from tangible fixed assets	—	—	—	2,292	—
Repayment of loans	(5)	—	—	—	—
Disposals	—	—	—	(600)	—
3rd February 1990	228	20	5	5,297	4

Loans to Group companies comprises £228,000 which is subject to South African remittance controls.

Related companies comprise:—	Percentage shareholding	Country of incorporation	Total issued share capital
The Neon Workshop Ltd	50%	Scotland	£1,000
<i>Illuminated Sign Manufacturers</i>			
Vidyut Greenbank Castbasalt P Ltd	28%	India	Rupees 500,000
<i>Abrasive Resistant Lining Engineers</i>			

Investment properties represent properties awaiting disposal, substantially all of which were revalued in 1989.

Company	£000	£000
Shares in subsidiaries at cost less provisions:		
Historical cost	19,632	
Provision against carrying value	(3,473)	
28th January 1989		16,159
Additional provision against carrying value		(2,576)
Movements in consideration:		
Montan Companies	50	
Gorseline Daisy Limited	(12)	
Harold Bloom Signs Limited	233	
		271
Carried forward		13,854

### 13. Investments - continued

	£000	£000
Brought forward		13,854
Disposal of:		
Greenbank Group PLC	(3,931)	
Multiple Industries Group Limited	(1,021)	
Van-Line Limited	(2,000)	
Wilcomatic Limited	(1,031)	
		(7,983)
Intra group transfer of ownership:		
Ababase Limited	10	
Didsbury Engineering Limited	1,858	
Greenbank Terotech Limited	3	
The U.K. Lift Company Limited	342	
		2,213
		8,084
Investment properties:		
28th January 1989	395	
Intra group transfer of ownership	5,828	
		6,223
3rd February 1990		14,307

Group operating companies are listed on page 8.

Alkar International Limited — Additional consideration may have been payable dependent upon Alkar's results for the periods ending January 1989 and January 1990. The directors consider that following the major accounting irregularities discovered at Alkar in November 1988 no further consideration will be payable (see note 23).

Gemmoco Limited — The Company has the option to acquire the 49% minority shareholding, the consideration payable being calculated by reference to Gemmoco's profits for the year to January 1990.

Multiple Industries Group Limited — Additional consideration may be payable by the purchaser dependent upon Altair's net profits for the years to January 1990 and January 1991.

Since the balance sheet date, Didsbury Engineering Limited, Greenbank Gorseline Limited, Gorseline Daisy Limited and M. Peart (Special Services) Limited have also been disposed of. These companies were all directly owned by Walker Greenbank PLC, and their disposal raised £2,700,000.

### 14. Stocks

	1990 £000	Group 1989 £000
Raw materials	3,591	5,100
Long term contracts	—	1,739
Work in progress	2,978	2,691
Finished goods	8,708	9,295
	15,277	18,825
Less payments on account:		
Long term contracts	—	(1,306)
Work in progress	(689)	(267)
Total stocks and work in progress	14,588	17,252

The comparative figures for long term contract work in progress have not been restated to comply with SSAP9 (revised) as the group had no long term contract work in progress at 3rd February 1990, and is in the process of disposing of its remaining contracting businesses. Attributable profit included in long term contract work in progress amounts to £NIL (1989 £87,000).

# Notes to the Accounts

15. Debtors	Group		Company	
	1990 £000	1989 £000	1990 £000	1989 £000
Trade debtors	18,055	27,546	81	45
Amounts owed by subsidiaries	—	—	12,257	14,196
Prepayments	1,344	1,329	126	18
Other debtors	4,221	3,407	3,246	15,933
	<u>23,620</u>	<u>32,282</u>	<u>15,710</u>	<u>30,212</u>

16. Creditors: amounts falling due within one year	£000	£000	£000	£000
Current instalments due on loans (Note 18)	646	10,978	4	10,004
Obligations under finance leases and hire purchase contracts (Note 17)	790	1,051	8	8
Bank overdraft	—	7,745	3,412	11,048
Payments received on account	110	1,290	—	—
Trade creditors	11,943	15,338	390	156
Amounts owed to subsidiaries	—	—	181	1,079
Corporation Tax	2,769	510	617	558
Other taxes and social security	428	253	29	6
Proposed dividends (Note 20)	1,651	1,199	1,651	1,199
Other creditors	4,848	5,953	1,241	86
Accruals	3,390	5,897	784	1,215
	<u>26,575</u>	<u>50,214</u>	<u>8,317</u>	<u>25,359</u>

The overdrafts of the company and certain subsidiaries are subject to multilateral guarantees given by the company and those subsidiaries.

17. Creditors: amounts falling due after more than one year	Group		Company	
	1990 £000	1989 £000	1990 £000	1989 £000
Loans (Note 18)	335	422	15	19
Obligations under finance leases and hire purchase contracts	1,312	1,946	16	23
Corporation tax	55	—	—	—
	<u>1,702</u>	<u>2,368</u>	<u>31</u>	<u>42</u>
Obligations under finance leases and hire purchase contracts:				
	£000	£000	£000	£000
Amounts payable within one year	978	1,246	11	11
Between one and five years	1,528	2,311	19	30
Over five years	—	—	—	—
	<u>2,506</u>	<u>3,557</u>	<u>30</u>	<u>41</u>
Less finance charges allocated to future periods	(404)	(560)	(6)	(10)
	<u>2,102</u>	<u>2,997</u>	<u>24</u>	<u>31</u>
Current obligations (Note 16)	790	1,051	8	8
Non-current obligations	1,312	1,946	16	23
	<u>2,102</u>	<u>2,997</u>	<u>24</u>	<u>31</u>



17. Creditors: amounts falling due after more than one year - *continued*

The commitments under non-cancellable operating leases are as follows:

	Group		Company	
	Land & Buildings £000	Other £000	Land & Buildings £000	Other £000
Operating leases which expire:				
Within one year	11	362	—	—
Between one and five years	88	557	—	—
Over five years	541	—	—	—
	<u>640</u>	<u>919</u>	<u>—</u>	<u>—</u>

18. Loans

	Group		Company	
	1990 £000	1989 £000	1990 £000	1989 £000
Details of loans are as follows:				
Secured loans:				
Bank loan repayable by instalments over more than five years, at 70% of prime rate of USA lender	347	360	—	—
Local authority loan repayable by instalments over more than five years at 7¼% per annum	—	60	—	—
Mortgage loan, 9½% repayable 1984/1992	19	23	19	23
Bank loans repayable within five years; otherwise than by instalments	—	100	—	—
Other loans repayable within five years; otherwise than by instalments	—	436	—	—
	<u>366</u>	<u>979</u>	<u>19</u>	<u>23</u>
Unsecured loans:				
Bank loans repayable within five years	615	10,421	—	10,000
Total loans	<u>981</u>	<u>11,400</u>	<u>19</u>	<u>10,023</u>

Amounts due at 3rd February 1990 are repayable as follows:

Over five years	215	269	—	5
Between two and five years	89	115	10	10
Between one and two years	31	38	5	4
After more than one year (Note 17)	335	422	15	19
Within one year (Note 16)	646	10,978	4	10,004
	<u>981</u>	<u>11,400</u>	<u>19</u>	<u>10,023</u>

All secured loans are secured against the applicable group property.

# Notes to the Accounts

## 19. Share capital

	Number of Shares	£
Ordinary shares of 15p each:		
Authorised: 28th January 1989 and 3rd February 1990	110,000,000	16,500,000
Allotted, called up and fully paid:		
28th January 1989	90,699,033	13,604,855
Share options exercised	73,000	10,950
Conversion of preference shares	308,956	46,343
3rd February 1990	91,080,989	13,662,148
Cumulative convertible redeemable preference shares of 25p each:		
Authorised: 28th January 1989 and 3rd February 1990	6,000,000	1,500,000
Allotted, called up and fully paid:		
28th January 1989	1,994,780	498,695
Conversion to Ordinary shares	(220,683)	(55,171)
3rd February 1990	1,774,097	443,524

The preference shares bear a fixed cumulative preferential dividend of 6.5p per share per annum, and are convertible into ordinary shares in August in any of the years 1988 to 2005 at the rate of 7 ordinary shares for every 5 convertible preference shares. Any preference shares which remain unconverted after August 2005 may be redeemed by the company at 100p per share.

## 20. Dividends

	1990
	£000
Ordinary — paid	911
— proposed	1,594
	2,505
Preference — paid	65
— proposed	57
	122
Total dividends	2,627

The directors propose a final ordinary dividend in respect of the 53 weeks ended 3rd February 1990 of 1.75p per ordinary share (1989 1.25p) payable on 2nd July 1990 to shareholders registered at close of business on 15th June 1990. This makes a total dividend for the year of 2.75p per ordinary share (1989 2.25p).

The total preference share dividend represents the annual fixed dividend of 6.5p per share for the 53 weeks ended 3rd February 1990.

## 21. Reserves

	Share Premium £000	Revaluation Reserves £000	Profit & Loss £000	Other Reserves £000	Merger Reserves £000	Goodwill Reserves £000
<b>Group</b>						
28th January 1989	5,878	9,235	8,756	1,613	(8,178)	(6,484)
Movements in consideration paid:						
Montan Companies	—	—	—	—	(50)	—
Gorseline Daisy	—	—	—	—	—	12
Harold Bloom Signs	—	—	—	—	—	(233)
Arising on issue of share options	10	—	—	—	—	—
Arising on conversion of preference shares	295	—	(286)	—	—	—
Elimination on disposals:						
Altair/M. I. G.	—	(285)	—	—	1,020	780
Greenbank Group	—	(322)	—	(13)	1,411	417
McKendrick & Wane	—	(240)	—	—	—	—
Van-Line/Reel Cable	—	(129)	—	—	—	1,180
Wilcomatic	—	(148)	—	—	931	—
Property disposals	—	(479)	—	—	—	—
Retained earnings for the period	—	—	2,439	—	—	—
Amortisation of goodwill	—	—	(785)	—	—	785
Currency and other movements	—	—	3	—	—	—
3rd February 1990	<u>6,183</u>	<u>7,632</u>	<u>10,127</u>	<u>1,600</u>	<u>(4,866)</u>	<u>(3,543)</u>
<b>Company</b>						
28th January 1989	5,878	33	1,508	—	—	—
Arising on issue of share options	10	—	—	—	—	—
Arising on conversion of preference shares	295	—	(286)	—	—	—
Retained earnings for the period	—	—	333	—	—	—
3rd February 1990	<u>6,183</u>	<u>33</u>	<u>1,555</u>	<u>—</u>	<u>—</u>	<u>—</u>

Other Reserves represents:	£000
Share premium of companies acquired and accounted for under merger accounting principles	1,307
Capital reserve arising on consolidation	293
	<u>1,600</u>

## 22. Capital expenditure

	Group		Company	
	1990 £000	1989 £000	1990 £000	1989 £000
Authorised and contracted	1	723	—	—
Authorised but not yet contracted	42	—	—	—

# Notes to the Accounts

## 23. Contingent liabilities

No provision is made in the accounts in respect of penalties which could arise in the event that contracts in hand run overtime. Contingencies in respect of bank trading guarantees etc. amount to £2,164,000 group (1989 £1,567,000) £Nil company (1989 £Nil). No claims or losses are anticipated in respect of these contingencies.

The company and its subsidiary Alkar International Limited have commenced proceedings against Alan Carr and William Carr for loss and damages arising from breach of the agreement for the acquisition by the company of Alkar International Limited dated 14th January 1987, fraudulent misrepresentation and/or deceit, negligence and/or negligent misrepresentation and/or negligent mis-statement, breach by Alan Carr of his employment agreement and breach of duties owed to both companies as fiduciary and/or director and/or trust and/or pursuant to the provisions of the Companies Act 1985. The sum of the claims pleaded against the Carrs amounts to £9,197,667 in addition to a general as yet unquantified claim for damages plus interest. These claims are subject to further review by the company's advisors. The company is also seeking cancellation of the shares held in the company by the Carrs.

The defendants have counterclaimed against the company for damages for breach of the agreement for the acquisition of Alkar International Limited and for unpaid dividends on shares held by them in the company and against Alkar International Limited for repayment of loans made by them to Alkar International Limited, damages for breach of his employment agreement (in the case of Alan Carr) and for non-payment of a pension (in the case of William Carr). Insofar as the defendants' counterclaims have been quantified, the amount claimed totals approximately £7,228,326 but is subject to a general as yet unquantified further claim for damages plus interest. The company has denied any liability to the defendants.

Proceedings have also been commenced against Arthur Young for negligence/breach of duty in respect of the above matter, and an as yet unquantified counterclaim has been submitted by Arthur Young. The company has again denied any liability to the defendants. The sum of the claims pleaded against Arthur Young amount to £10,445,741 in addition to a general as yet unquantified claim for damages plus interest. These claims are subject to further review by the company's advisors.

## 24. Provisions for liabilities and charges

	Group		Company	
	1990	1989	1990	1989
	£000	£000	£000	£000
<b>Deferred taxation:</b>				
Deferred taxation provided in the accounts is as follows:				
Capital allowances in excess of depreciation	368	492	47	47
Taxation on valuation surplus	22	22	22	22
	<u>390</u>	<u>514</u>	<u>69</u>	<u>69</u>
Less:				
Taxation losses	—	(5)	—	—
Other timing differences	(87)	(61)	—	—
	<u>303</u>	<u>448</u>	<u>69</u>	<u>69</u>
Advance corporation tax	(216)	—	—	—
	<u>87</u>	<u>448</u>	<u>69</u>	<u>69</u>
Deferred taxation not provided in the accounts is as follows:				
Taxation on valuation surplus	13	—	—	—
Capital gains rolled over	245	245	—	—
	<u>258</u>	<u>245</u>	<u>—</u>	<u>—</u>
Deferred taxation movement for the period:				
28th January 1989	448			
Elimination on disposal of subsidiaries	(69)			
Release for the period	(76)			
	<u>303</u>			
3rd February 1990				
<b>Government grants provision:</b>				
28th January 1989	1,220			
Received during the period	12			
Utilised during the period	(450)			
	<u>782</u>			
3rd February 1990				
<b>Other provisions:</b>				
Closure and reorganisation costs	—	99	—	—
Provisions in respect of businesses sold or to be sold	6,272	—	190	—
	<u>6,272</u>	<u>99</u>	<u>190</u>	<u>—</u>

# Notes to the Accounts

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## 25. Pensions

The group operates a number of defined benefit and defined contribution pension schemes in the UK for all qualifying employees. The major schemes are of the defined benefit type and the assets of the schemes are held in separate trustee administered funds.

The pension cost relating to the defined benefit schemes is assessed in accordance with the advice of an independent qualified actuary using the projected unit method. These schemes are subjected to triennial actuarial reviews with the latest ones being at 5th April 1988 or 5th April 1989. The principal actuarial assumptions applied were as follows:

Investment returns	9.0% per annum
Salary growth	7.0% - 8.0% per annum
Pension increases	3.0% per annum

Assets have been valued using the discounted income method assuming a dividend growth rate of 4.5% per annum.

At the latest actuarial valuations, the aggregate market value of the assets of the major schemes was £6,914,000 and the actuarial value of the assets was sufficient to cover 114% of the liability for benefits which have accrued to members on an ongoing basis. The employer's contribution rate takes account of the surplus disclosed by the valuation over the average remaining service lives of the current employees who are in the schemes.

The total pension cost for the group was £1,054,000 (1989: £1,001,000).

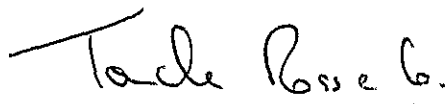
# Auditors' Report

**To the members of Walker Greenbank PLC**

We have audited the financial statements on pages 12 to 30 in accordance with auditing standards.

The disposals of Wilcomatic Limited, McKendrick & Wane Limited, Altair Norge A/S, Multiple Industries Group Limited and Greenbank Group plc and their subsidiaries were carried out without the performance of a completion audit at the effective dates of disposal. As detailed in Note 2, the results of these companies and their subsidiaries to the effective dates of disposal have been consolidated on the basis of unaudited management accounts.

In our opinion, the financial statements give a true and fair view of the state of affairs of the company and the group as at 3rd February 1990 and subject to any adjustments which may have been required had audits been performed at the effective dates of disposal of the above companies, give a true and fair view of the profit and source and application of funds of the group for the 53 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.



**Touche Ross & Co**  
Chartered Accountants  
Leeds

14th May 1990

# Five Year Record

	1986 £000	1987 £000	1988 £000	1989 £000	1990 £000
Turnover	32,919	80,017	99,734	118,635	127,270
Trading Profit before depreciation	3,629	9,037	9,603	7,667	12,018
Depreciation	684	1,211	1,901	2,747	2,384
Operating profit	2,945	7,826	7,702	4,920	9,634
Net interest charge	515	322	576	1,835	2,516
Profit before taxation	2,430	7,504	7,126	3,085	7,118
Taxation charge	789	2,477	2,815	757	2,305
Profit after taxation	1,641	5,027	4,311	2,328	4,813
Extraordinary items	(143)	(989)	(2,093)	(3,794)	298
Minority interest	—	12	8	(6)	(45)
	1,498	4,050	2,226	(1,472)	5,066
Dividends	(673)	(1,872)	(2,289)	(2,175)	(2,627)
Retained profit/(loss)	825	2,178	(63)	(3,647)	2,439
Capital employed					
Share capital	7,649	12,459	14,022	14,104	14,106
Reserves	789	8,756	14,164	10,820	17,133
Equity	8,438	21,215	28,186	24,924	31,239
Deferred taxation	346	537	674	448	87
Loans	1,987	2,210	2,731	11,400	981
Minority interest	—	(2)	(9)	35	69
	10,771	23,960	31,582	36,807	32,376
Earnings per share	3.31p	6.54p	4.77p	2.41p	5.10p

Acquisitions accounted for under merger accounting principles have their results included for the whole of the year in which the acquisition occurred, and the immediately preceding year.



# Notice of Meeting

The ninety-second Annual General Meeting of the members of Walker Greenbank PLC will be held on board H.Q.S. Wellington, Temple Stairs, Victoria Embankment, London WC2R 2PN on Wednesday 20th June 1990 at 12.30 p.m., for the transaction of the following business:

1. To receive the reports of the directors and of the auditors, together with the statement of accounts for the 53 weeks ended 3rd February 1990.
2. To declare a final dividend on the ordinary share capital of the company for the 53 weeks ended 3rd February 1990 at the rate of 1.75p per share.
3. To re-elect the director retiring by rotation, Mr. N. W. Brown.
4. To elect Mr. A. C. Wightman, appointed since the last annual general meeting, as a director of the company.
5. To re-appoint Touche Ross & Co. as auditors, and to authorise the directors to fix their remuneration for the year.

6. As special business to consider and, if thought fit, to pass the following resolution as a special resolution:

That the directors be unconditionally and generally empowered pursuant to s.95 of the Companies Act 1985 ("the Act") during the period expiring at the conclusion of the annual general meeting of the company in 1991, to allot equity securities (as defined in s.94 of the Act) pursuant to the authority conferred by an ordinary resolution of the company passed on 3rd September 1987 and to make any offer or agreement which might or would require such securities to be allotted after that date as if s.89(1) of the Act did not apply thereto, provided that this power shall be limited to:-

- (a) the allotment of equity securities in connection with a rights issue to ordinary shareholders in proportion (or as nearly as may be) to the respective numbers of ordinary shares held by them (but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements; record dates; or other legal or practical problems under the laws of or the requirements of any recognised regulatory body or any stock exchange in any territory or otherwise howsoever);
- (b) the allotment of equity securities in connection with the conversion of cumulative convertible redeemable preference shares in the capital of the company in any manner permitted by the articles of association of the company; and
- (c) the allotment of equity securities (otherwise than pursuant to sub-paragraphs (a) and (b) above) up to an aggregate nominal amount of £680,000.

7. As special business to consider and, if thought fit, to pass the following resolution as a special resolution:

That the company 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 15p each in the capital of the company ("ordinary shares") in such terms and in such manner as the directors may from time to time determine, provided that:

- (a) the maximum number of ordinary shares hereby authorised to be purchased is 9,076,000.
- (b) the maximum price which may be paid for each ordinary share is an amount equal to 105 per cent of the average of the middle market quotations for an ordinary share as derived from The Stock Exchange Daily Official List for the ten business days immediately preceding the day on which the ordinary share is purchased;
- (c) the minimum price which may be paid for each ordinary share is 15p (being the nominal value of an ordinary share);
- (d) the authority hereby conferred shall expire at the conclusion of the next annual general meeting of the company or 31st August 1991, whichever is earlier (except in relation to the purchase of ordinary shares the contract for which was concluded before such date and which is executed wholly or in part after such date), unless the authority is renewed prior to such time.

# Notice of Meeting


A member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him and a proxy need not be a member of the company. Forms of proxy, of which one is enclosed herewith, must be lodged at Stentiford Close Registrars Limited, Broseley House, Newlands Drive, Witham, Essex, CM8 2UL, not less than 48 hours before the meeting.

In accordance with the requirements of the stock exchange there will be available for inspection during normal business hours at the registered office of the company from the date of this notice until the date of the annual general meeting:

- a) The register of directors' interests in accordance with section 325 of the Companies Act 1985.
- b) Copies of the directors' contracts of service with the company.

The documents will also be available on the day and at the place of the meeting from 12.15 p.m. until the conclusion of the meeting.

Zoffany House,  
74-78 Wood Lane End,  
Hemel Hempstead,  
Hertfordshire HP2 4RF.

  
By order of the board,  
**K. H. J. CONEY**  
Secretary.  
25th May 1990

# Form of Proxy

## ANNUAL GENERAL MEETING

I, .....  
of .....  
being a Member of Walker Greenbank PLC, hereby appoint The Chairman of the Meeting\*  
or .....  
of .....

as my proxy to vote for me and on my behalf at the Annual General Meeting of the Company to be held on the 20th day of June 1990 and at any adjournment thereof.

Signature .....

DATED this ..... day of ..... 1990

\* If any other proxy be desired, insert name or names preferred. A proxy need not be a Member of the Company.

### ORDINARY RESOLUTIONS:

1. Report and Accounts .....
2. Approve ordinary dividend .....
3. To re-elect Mr. N. W. Brown .....
4. To elect Mr. A. C. Wightman .....
5. Re-appoint Auditors .....

FOR	AGAINST

### SPECIAL RESOLUTIONS:

6. Board allotment of shares .....
7. Purchase of own shares .....


- (i) Please indicate with an X in one of the spaces how you wish your votes to be cast. If the form is duly signed but with no direction as to the manner in which the proxy is to vote, he will vote or abstain at his discretion.
- (ii) Where this proxy is executed by a corporation, it must be either under seal or under the hand of an officer duly authorised.
- (iii) This document is required to be signed and should be returned so as to reach the Company's registrar's office not less than 48 hours before the time appointed for the Meeting.
- (iv) In the case of joint holders, the first named should sign.
- (v) In relation to any matter arising at the meeting to be put to a vote by way of a poll, other than those referred to above, the proxy will vote or abstain at his discretion.

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STENTIFORD CLOSE REGISTRARS LIMITED,  
BROSELEY HOUSE,  
NEWLANDS DRIVE,  
WITHAM,  
ESSEX CM8 2UL.

First fold

Third fold  
and tuck in flap opposite