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Walker Greenbank PLC

ANNUAL REPORT AND ACCOUNTS 1990/91

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Registered office:
4 Brunel Court,
Cornethall,
Hemel Hempstead,
Hertfordshire HP3 9XX
Registered in England No. 61880.

SUMMARY OF RESULTS

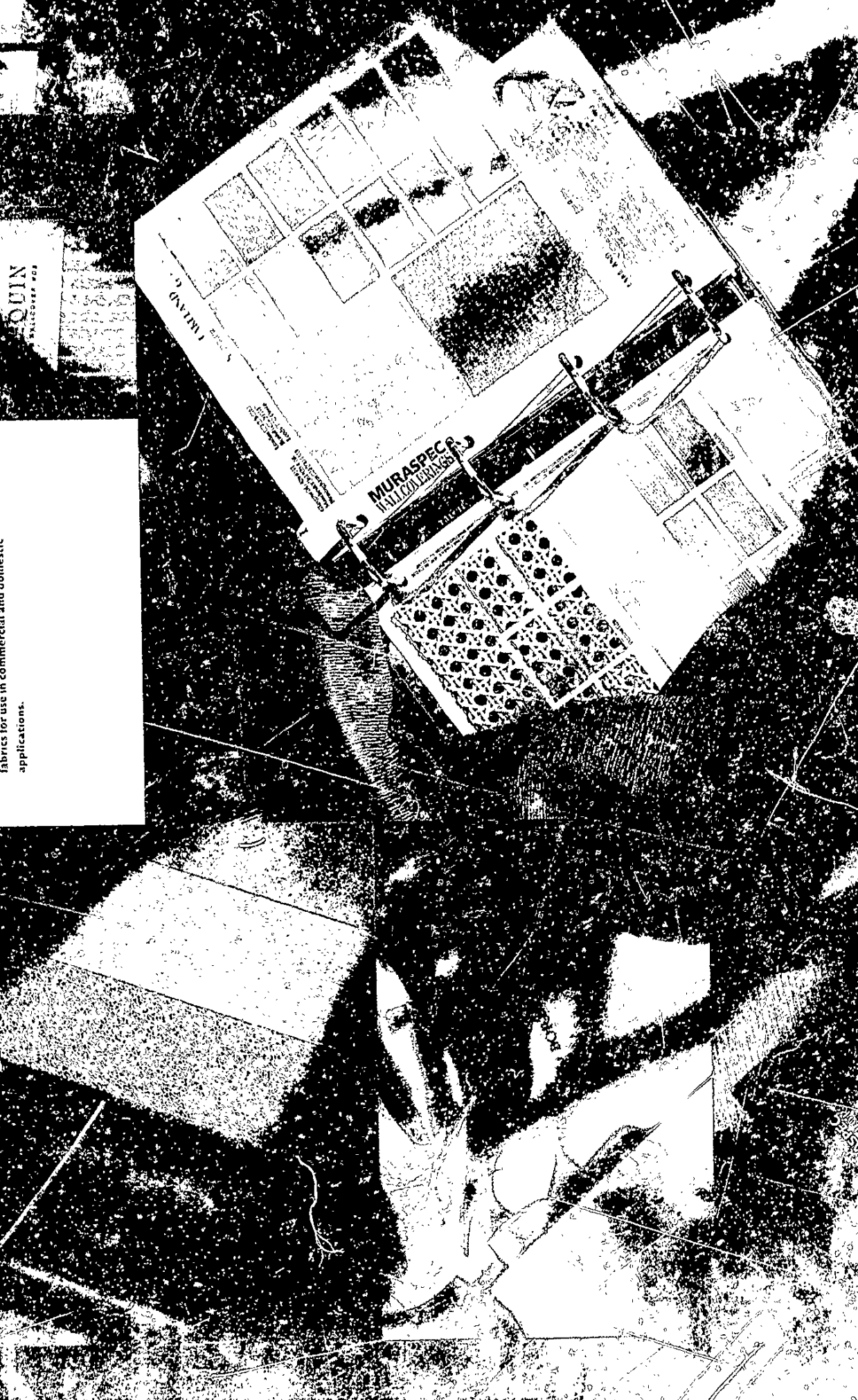
	1991	1990
	£'000	£'000
52 weeks ended 2nd February 1991		
Turnover	75,340	127,270
Profit on ordinary activities before taxation	7,963	7,118
Earnings per share	5.55p	5.10p
Ordinary dividend	3.10p	2.75p

Walker Greenbank is Europe's largest commercial

wallcoverings manufacturer and distributor, and one of the

UK's leading domestic wallpaper and fabric companies.

Walker Greenbank design, manufacture,
market and distribute wallcoverings and
fabrics for use in commercial and domestic
applications.



WALKER GREENBANK
DESIGN, MANUFACTURE,
MARKET AND DISTRIBUTE
WALLCOVERINGS AND
FABRICS FOR USE IN
COMMERCIAL AND DOMESTIC
APPLICATIONS.

GROUP STRUCTURE

Division	Subdivision	Company	Activity	Customers
Marketing and Distribution	Commercial Wallcoverings	Muraspec	Marketing and distribution of wallcoverings (wallpapers, vinyl wallpapers and textile wallcoverings) to commercial customers throughout Europe. Operates 8 sales and distribution centres. Over 15,000 customers who are supplied products on a 'just in time' basis.	Architects, quantity surveyors, interior designers, major institutions' property departments, office refurbishment companies, partitioning manufacturers, property developers.
		B Brown	Distributes unsupported fabrics and vinyl coverings to the exhibition and shop display market.	Major retail chains and exhibition stand contractors.
		Hemispherc	Design and marketing of commercial upholstery fabrics.	Interior design practices and office furniture companies.
		Zoffany	Marketing and distribution of wallpapers and fabrics for interior decorators and the top end of the retail market. Operates from a showroom in Mayfair with a product range of over 800 wallpapers and fabrics.	Interior decorators and designers, leading interior design retailers and luxury hotels.
		Harlequin	Marketing and distribution of wallpapers and fabrics for the middle and top end of the retail market.	Interior designers and decorators, independent design shops and quality smaller retail chains.
Manufacturing	Wallcoverings	Anseley Wallpaper Company	Manufacture of wallpapers principally for the domestic market.	Zoffany, Harlequin, Muraspec and several third party wallpaper companies.
		Brynmor	Manufacture of commercial wallcoverings, particularly paper and fabric backed vinyl products.	70% of products are manufactured for Muraspec with the majority of the balance being exported worldwide.
		Zoffany Screenprint	Screenprinting of wallpapers and fabrics.	Zoffany
		Boyle & Son	Manufacture of textile wallcoverings, dyeing and finishing	Muraspec, B Brown, Harlequin
	Signs	Bloom Signs	Manufacture, installation and maintenance of illuminated signs.	Major retail chains, petrol companies, banks, building societies and hotels.

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18 JUL 1991
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CHAIRMAN'S STATEMENT

I am pleased to report that profits before tax for the year ended 2nd February 1991 increased by 11.9% from £7.1m to £8.0m. As a result of the disposal of a substantial number of disparate low margin businesses over the last 18 months, turnover decreased by 40% from £127.3m to £75.3m. However, the operating margin has improved from 6.9% to 9.1% reflecting the higher quality of earnings in our core businesses.

Earnings per share have increased by 8.8% from 5.10p to 5.55p. A final dividend of 1.90p per ordinary share is proposed which, with the interim dividend of 1.20p already paid, makes a total for the year of 3.10p, an increase of 12.7% over last year.

As shareholders will be aware, these excellent results have been achieved against the background of a very difficult economic climate, particularly during the second half of the year. Despite the severity of the current recession, and in contrast to many competitors, our core

businesses have continued to increase market share in all areas of activity.

In addition, it should be noted that these results have been achieved without the benefit of profits on the sale of properties and investments which contributed tax free profits of £820,000 in 1989/90.

Group Restructuring

Since late 1989, your Board has successfully restructured the Group by consolidating its activities around the wallcoverings business. This has involved a well-judged and timely programme of selling peripheral businesses. In the last year some 14 businesses have been sold for a total cash consideration of £6.5m. Including the disposals made in late 1989, 20 businesses have now been sold for a total aggregate cash consideration of £30.6m. The sale of these largely loss making and heavily indebted non-core activities has transformed both the Group's balance sheet and trading prospects.

As a result of the disposals programme and strict cash management, the Group has moved from net borrowings in September 1989 of £10.5m to

Roger Smurthwaite
David Richards CBE FCA
Charles Wightman BSc FCA
Michael Meyer
Martin Hynes ACA

As mentioned above, the data in Table 1 were used to build the second column of the information matrix. The second column of the information matrix is the second column of the matrix of the second column of the information matrix. The second column of the information matrix is the second column of the matrix of the second column of the information matrix.

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1. The emphasis on personal narratives.
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Strategy

1. *Phragmites* (Common Reed) - A tall, grassy plant with long, narrow leaves and dense, upright flower stalks. It is often found in wetlands and along water bodies.

CHAIRMAN'S STATEMENT CONTINUED

enlarging our European distribution network and expanding our product ranges, particularly in the area of furnishing fabrics where the Group's current involvement is still relatively small.

The acquisition of Bryant Corporation Plc announced after the year end on 11th February 1991 together with the acquisition of the business and assets of Hemisphere Ltd in December 1990 represent two major steps in the implementation of this strategy. However, as can be seen from the operational review which follows, a large proportion of the Group's growth will continue to be organic.

Board Structure

Nicholas Brown, Chairman and Chief Executive of the Group until 13th June 1990 retired from his position as a non-Executive Director on 11th February 1991. I would like to thank him for his contribution to the Group and wish him a long and happy retirement.

Charles Wightman who was previously Group Managing Director was appointed Chief Executive on 13th June 1990.

Martin Hynes who was previously Group Financial Controller was appointed Finance Director on 3rd July 1990 following the resignation of Keith Waterfield.

Michael Meyer, Chairman and Chief Executive of Eimess Plc, was appointed to the Board as a non-Executive Director on 12th February 1991. We are very fortunate that Michael has agreed to join the Board and we have already benefitted from his advice.

Staff

The achievements of the past year are due entirely to the dedication, hard work and ability of all our staff. I am deeply indebted to them and I would like to take this opportunity of thanking them on your behalf for their continued commitment to our success.

Extraordinary General Meeting

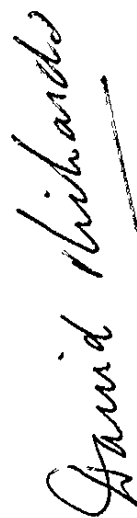
As shareholders will be aware, Aubin's attempt to appoint five of its nominees to the Board was defeated at the EGM on 26th April 1991.

I would like to take this opportunity of thanking both our private and institutional shareholders for their overwhelming support

and vote of confidence in your Board.

Future Outlook

1990 has been a year of dramatic change. Walker Greenbank has been fundamentally restructured and is now firmly established as Europe's leading commercial wallcoverings manufacturer and distributor. We are well placed to take advantage of the many opportunities which exist in the UK and in the rest of Europe particularly as and when the current recession eases. We have the management and financial resources to support our growth and notwithstanding the very difficult trading conditions currently facing us, we look forward with confidence to a further year of successful development.



David Richards
Chairman

Muraspec is the key operation within the Group and holds a dominant position in its market. Its main business is the supply of wallcovering products designed to meet the particular durability and style requirements of the commercial market. These have become a standard wall finish in buildings such as offices, hotels, hospitals, airports, retail and high street banking outlets.

Muraspec is closely associated with the refurbishment and fitting out of buildings rather than construction and this sector has always proved more resilient during recession. For example in the office market any changes within a company invariably result in changes to office space which must be tailored to meet new requirements. It is generally the case that during recession, whilst expenditure on moving to new premises may reduce, money spent on refurbishment of existing accommodation increases. In the hotel, leisure and retail markets expenditure on image, where decoration plays a leading part, is essential in order to maintain

market position.

In addition to its wallcovering business, Muraspec is involved in other important activities. B. Brown, a long established part of the Group specialising in the supply of products to the exhibition and shop display market has recently been fully integrated within Muraspec. Muraspec and Browns have very similar distribution requirements and as a result of this reorganisation the Group has been able to improve efficiency.

In December 1990 the Group acquired the business and assets of Hemisphere, a company specialising in the design and distribution of commercial upholstery fabrics. The distribution, selling and marketing of this product fits in closely with Muraspec's business into which Hemisphere has already been successfully integrated.

The Muraspec operation directly covers the UK and France. Central distribution is from Hemel Hempstead with branches in London, Glasgow, Manchester, Leeds, Birmingham, Bristol and Annens (to the north of Paris)



providing local service and support.

The operation is supported by a specialised computer system covering all aspects of the business and linking all operating units.

Muraspec has established a leading reputation for service within the industry.

A feature of the development of the business in recent years has been increased involvement in product design. Originally a distributor of manufacturers' basic ranges, Muraspec, given its close contact with the marketplace and resultant understanding of customer requirement, has moved to a position where it is now the originator of a majority of items within its product range. This has been important in establishing and maintaining a competitive advantage.

1990-91 was a year in which Muraspec maintained its core UK wallcovering business whilst laying the foundation for expansion through product and geographical diversification.

The acquisition of Hemisphere marks a move into commercial contract fabrics. The existing Hemisphere range is being enhanced

by an international designer. Catalogues and all forms of sampling are also being revised ready for a major new launch in July, at which time the product will receive a significant boost by being promoted through the full Muraspec salesforce. The Group's intention is to rapidly become a significant force in this market.

The French operation grew steadily throughout the year. In the second half of the year additional investment was made in new range catalogues and increased sales staff. This investment together with a recent strengthening of the management team will result in significant future growth in this major marketplace.

Muraspec is now looking to develop further its export activity by improving its links with distributors for its product worldwide, but more specifically, by setting up directly in other countries in Western Europe along the lines of its operation in France.

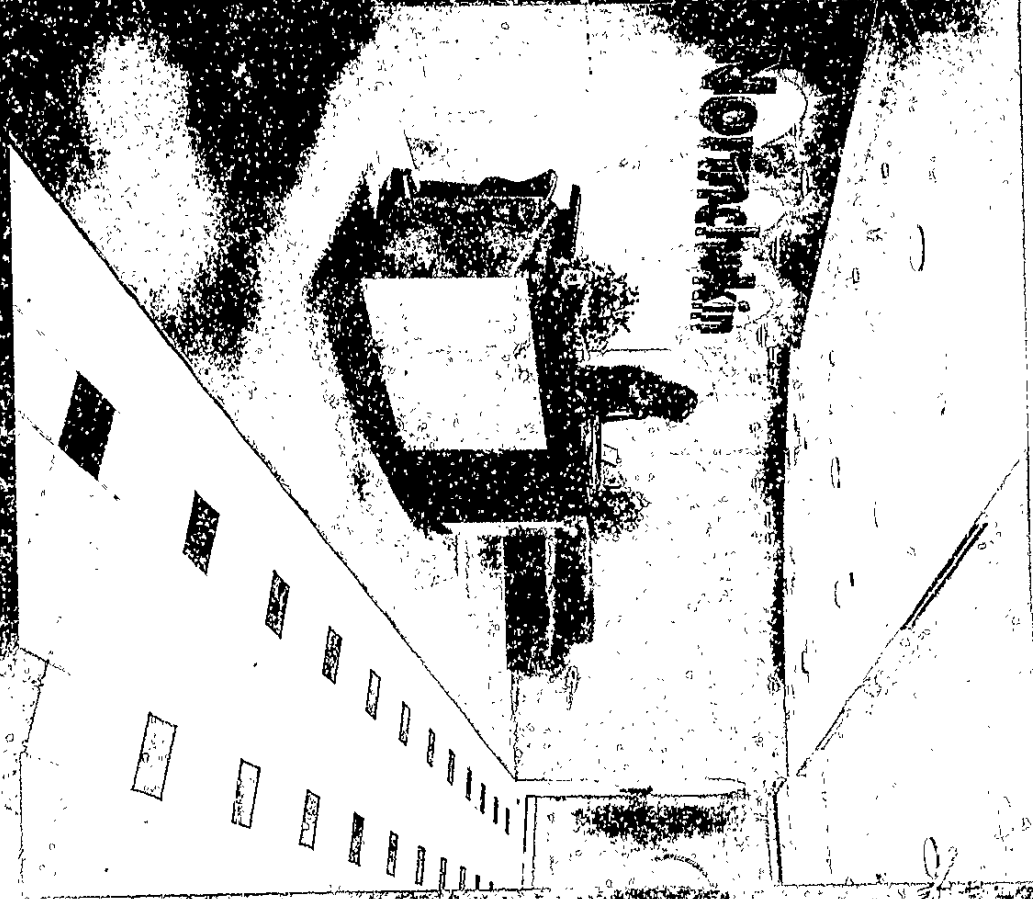
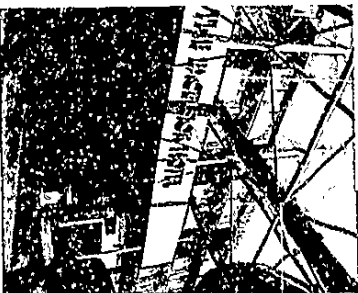
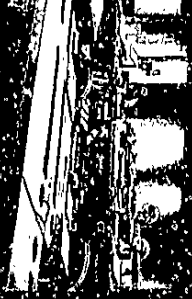
This year the core UK business will see a number of significant launches, in particular, a revision of the largest selling range which

is manufactured within the Group by Brynmor. It is expected that this will further strengthen Muraspec's position in the markets sector.

In summary, Muraspec is a well established company with a sound management team and excellent potential for expansion through further development of its core business.



Murapac products are used to decorate walls and partitions in a wide range of commercial applications.



Harlequin significantly improved its performance during the year in spite of more difficult trading conditions in the UK wallpaper and fabric market.

In the home market the company completed its strategy of concentrating on the more diverse and design conscious mid market sector. It has achieved dramatic growth in sales to a number of key retailers, as well as strengthening its position with many of the independent retailers and decorator showrooms which collectively constitute the greater part of this segment of the market.

Exports showed a 35% increase on the previous year and currently account for over a third of the company's sales. New distributors were established in several key markets and, whilst Western Europe remains by far the most important area, increased penetration was achieved in Australasia, the Far East and North America. Further major growth in exports is anticipated in the current year.

During 1990 Harlequin embarked on a major investment in new wallpaper and fabric

collections. Although the full benefit of this investment will not be felt until the current year, the collections recently launched at the London Decorex exhibition in October 1990 and at Heimtex, Frankfurt in January 1991 have been acclaimed by the trade as representing a major step forward in design, colouring and presentation. It is the company's intention to continue to build up a selection of wallpaper and fabric collections using both in-house and independent design facilities that provide the retailer and interior decorator with a broad range of styles in wallpaper, vinyl wallcoverings and furnishing fabrics. Woven upholstery fabrics and printed fabrics are being added to the product range in the current year.

Having completed a major relocation to Sileby near Leicester and widened both its customer base worldwide and its product range, Harlequin is set on a course for further growth and will play an increasingly important role in the Group's activities.





The manufacturing division contains the following main wallcoverings facilities.

Anstey Wallpaper Company

The Group's largest domestic wallcoverings plant is at Anstey, Leicestershire, employing 110 people, occupying an area of 4 acres and with over 50 years history in the wallcoverings business.

Anstey primarily manufactures 52cm wide paper and vinyl product for both domestic and commercial applications. The company's machine profile is the broadest in Europe, offering its customers a variety of print processes from handscreen printing to traditional surface and rotary printing through to sophisticated gravure and flexo with all the backing of the necessary skills and expertise.

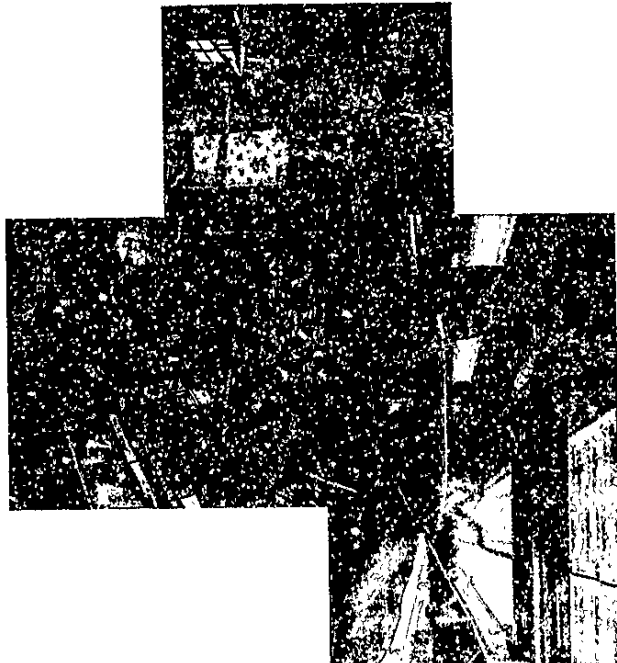
In addition to serving Group marketing companies, Anstey has built a very important and rapidly expanding third party wallcovering printing business and is viewed by its customers as a high quality printer at the top end of the market with strong production and quality controls.

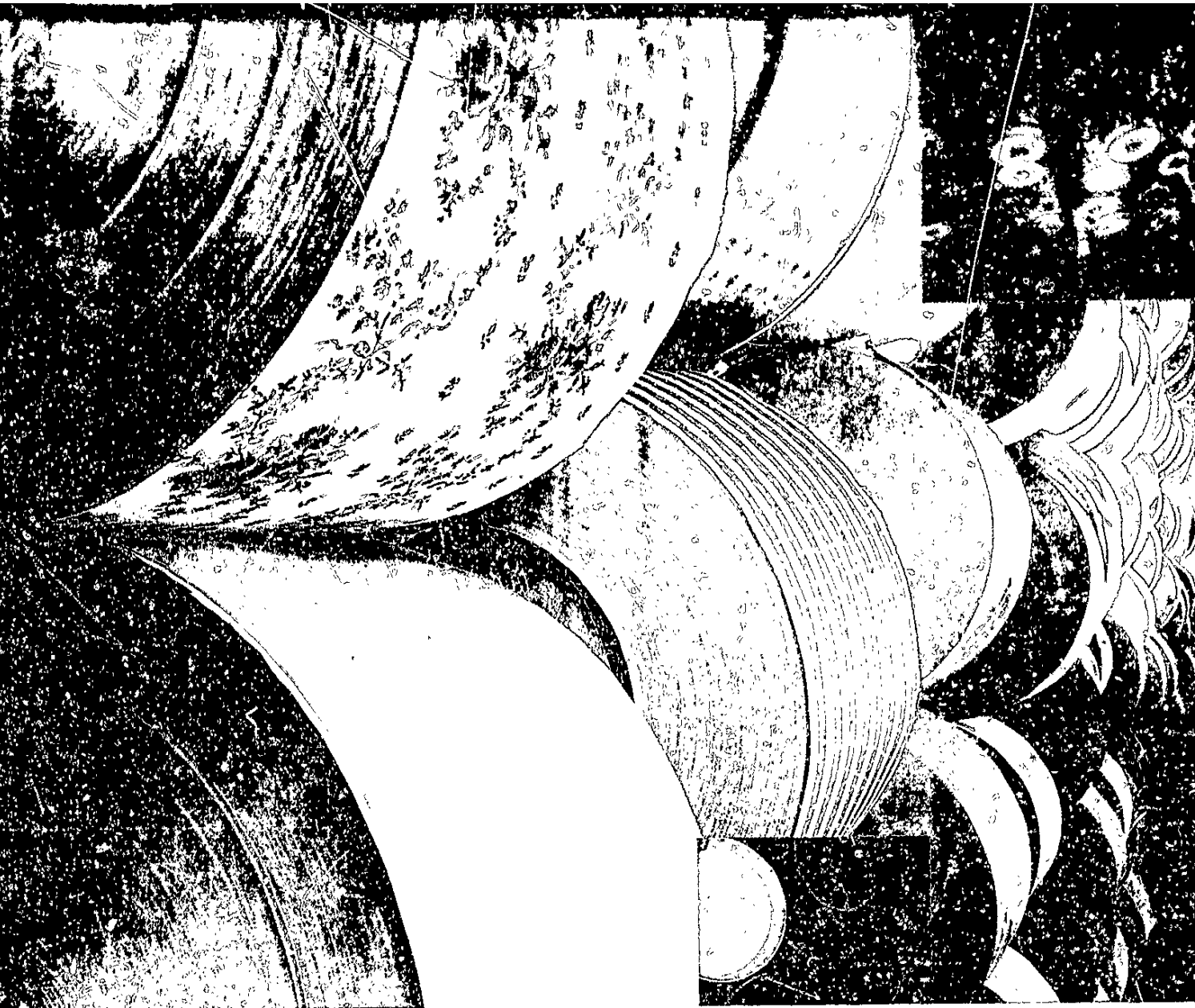
When Anstey joined the Group some eight years ago, it entered into an ongoing capital investment programme for plant and machinery, investment fundamentally led by market and customer needs. This year will see the installation of a computerised match prediction system.

Anstey is a highly profitable unit that has refocused its business in the areas of the market where design, quality and service provide added product value. During 1990/91, the company achieved all its objectives. With the commitment from Group marketing companies and its planned doubling of its external customer base, Anstey is well positioned for strong growth during the current financial year.

Brymor

In February 1991, the Manufacturing Division was significantly enlarged by the acquisition of Brymor Limited based at East Peckham in Kent. Brymor started the manufacture of wallcoverings almost 30 years ago and is now the largest European manufacturer of commercial wallcoverings. These are produced 130,000 m² a day.





The range of printing and other manufacturing processes available within the Group is now greater than that of any of our European competitors.

with paper or fabric backing. The products are used for decoration where high traffic levels require a heavy duty product.

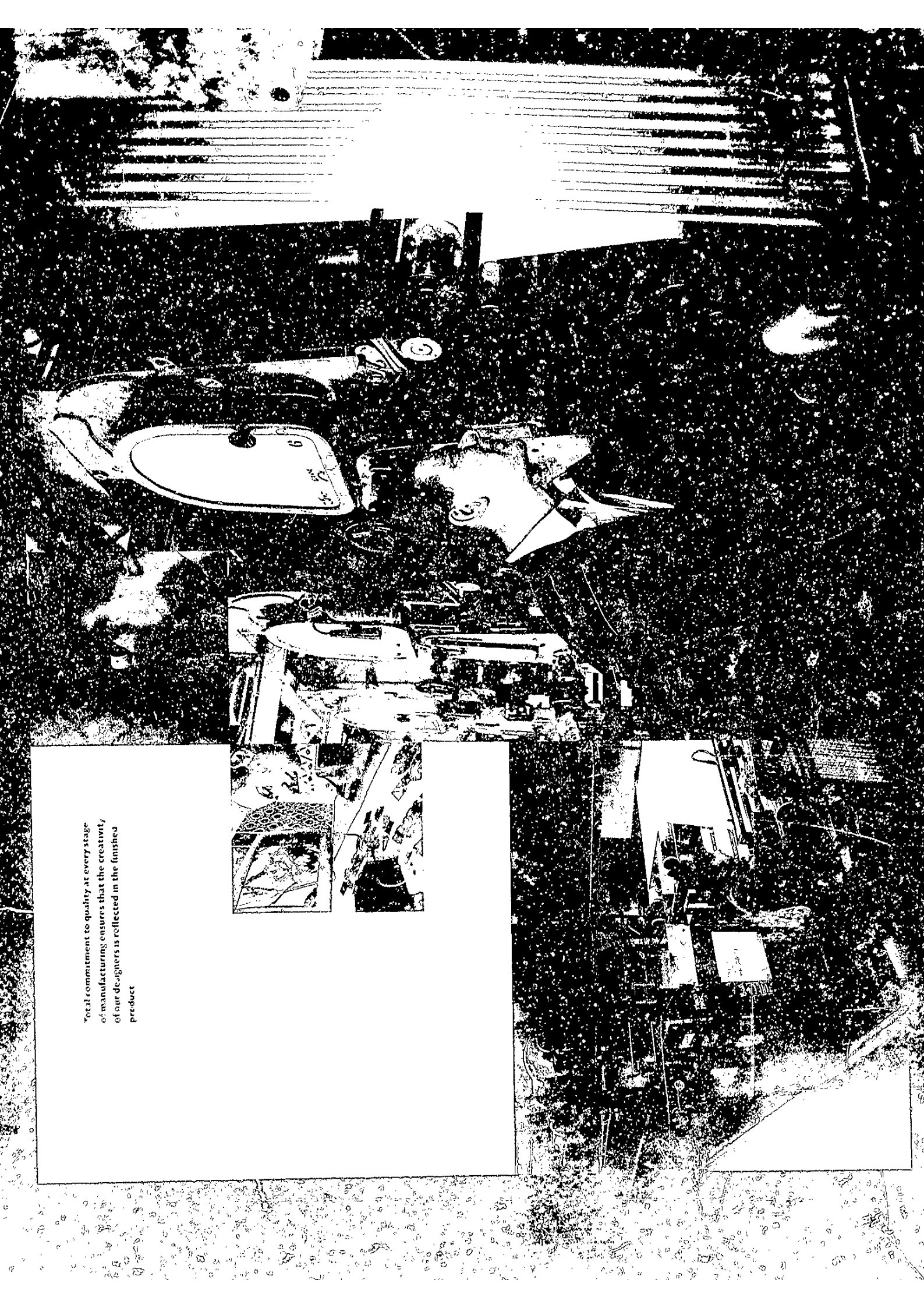
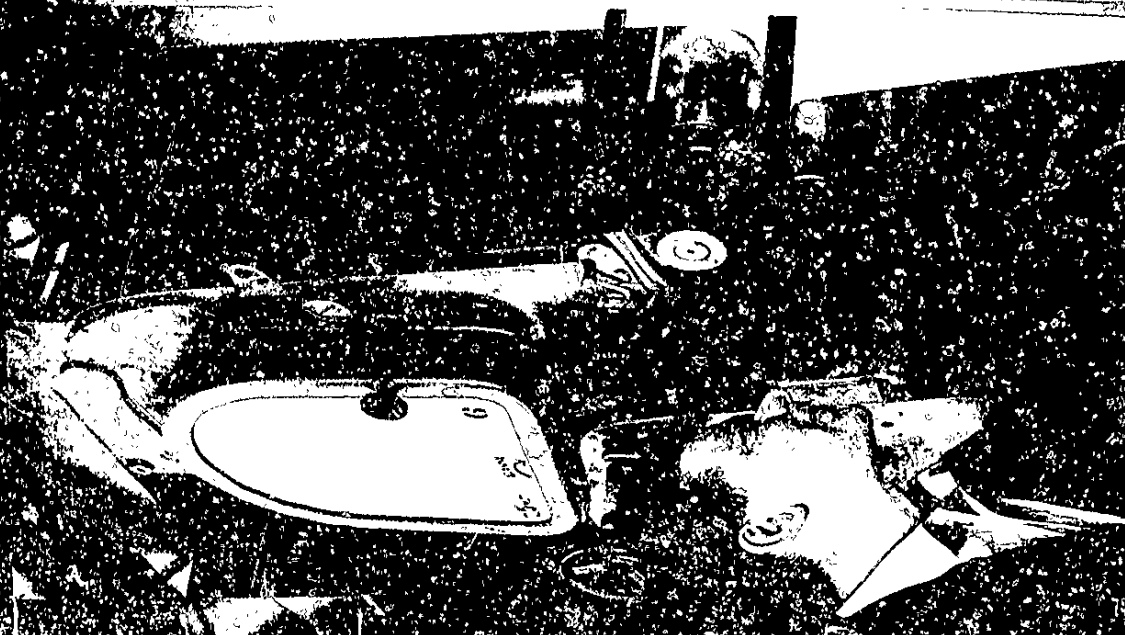
To meet the stringent technical and quality requirements of Muraspec, who take approximately 70% of Brynmor output, the company have built up a strong technical team over the past 25 years.

In 1989, Brynmor's pursuit of "total quality" resulted in them being the first UK wallcovering manufacturer to be granted certification to BS5750.

Brynmor operate processes for the manufacture of liquid PVC plastisol and PVC dry blends, PVC coating, PVC calendaring, printing, mechanical and chemical embossing, total visual inspection and warehousing.

The company which employs 150 people, occupies an eight acre site in rural Kent with plant and space to service the expansion plans of the Group. In such a setting, environmental pollution control is important and the most up-to-date European technology is employed to neutralise any emissions from the vinyl

"total commitment to quality at every stage
of manufacturing ensures that the creativity
of our designers is reflected in the finished
product"



WALLCOVERINGS

processes. After treatment, the levels of pollution are lower than the most stringent European requirements.

Zoffany Screenprint

Its specialist factory in Leeds manufactures the more exclusive products in Zoffany's wallpaper collection. As particularly those designs which are too large or contain more colours than can be produced on rotary printing machinery. In addition, they can produce short runs of special colours to individual customer requirements. During the year the factory has been completely re-equipped to a very high standard with advanced machinery.

Boyle & Son

This factory in Leeds undertakes a wide variety of dyeing, finishing and laminating processing. The majority of its output is supplied to the commercial companies.



Bloom Signs operates in the very competitive market of sign manufacture,

installation and maintenance.

The company specialises in major nationwide corporate identity changeovers and has factories in London, Manchester and Glasgow. It manufactures many different types of signs including illuminated and non illuminated fascias, projector boxes, internal signage packages, electronic moving signs, neon signs, toblerone signs and flexible skin signs.

During the financial year Blooms has fully installed a new CAD/CAM system and the latter part of 1990 saw substantial benefits accruing from this investment. In addition, management consultants have assisted in the design and implementation of new management information systems together with a programme designed to improve substantially shop floor productivity.

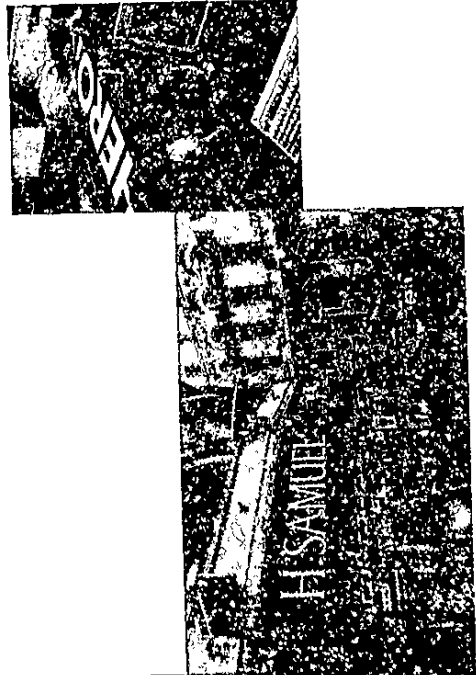
The management of Blooms is very aware of the need to ensure that all products and services meet the highest quality standards. The company

is therefore proud that in 1990 Blooms was the second general sign manufacturer in the UK to achieve BS5750 accreditation.

During the year, Blooms successfully serviced several large corporate identity programmes for companies such as Asda, Barclays Bank, Eurodollar, Fiat, Granada, Heron, Imperial Tobacco, Midland Bank, Saab, Safeway, H. Samuel, Scania and Waitrose.

In addition, Blooms continues to service the main UK design houses and is heavily involved in the development of a range of slim-line signs and lighting components. This range of signs is seen not only as aesthetically pleasing but also requires less energy and is environmentally friendly.

In order to meet the requirements of 1992 and the single European Market, Blooms has set up a network of partner sign companies throughout Europe to ensure that clients are guaranteed a high level of service for all their European signage requirements. In 1990 Blooms has provided signs in eight European countries including two Pizza Hut Restaurants and McDonalds.





Blooms services the signage requirements of a range of national and international , commercial and retail organisations 95



The directors submit their annual report, together with the audited accounts of the group for the 52 weeks ended 2nd February 1991.

GROUP RESULTS

The profit before taxation amounted to £7,963,000. The directors recommend payment of a final ordinary dividend of 1.90p per share, amounting to £1,733,000, making a total of 3.1p and £2,826,000 for the year, which with preference dividends of £115,000, leaves a surplus of £1,334,000 after tax and extraordinary items to be transferred to reserves.

REVIEW OF THE BUSINESS

During the year, the board continued 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 during the financial year. Further information on the business and future development of the group is included in the chairman's statement on pages 4 to 6, and in the review of operations on pages 7 to 19.

RESEARCH AND DEVELOPMENT

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

EXECUTIVE SHARE OPTION SCHEME

Options over 100,000 ordinary shares were exercised during the year and options over 842,500 ordinary shares lapsed during the year.

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

Date Granted	No. of Shares	Subscription Price	Exercisable
11th May 1988	175,000	114p	11.05.91 to 10.05.98
4th November 1988	512,500	117p	04.11.91 to 03.11.98
4th June 1990	1,295,000	51p	04.06.93 to 03.06.00
14th May 1991	1,400,000	65p	14.05.94 to 13.05.01
	<u>3,382,500</u>		

PENSIONS

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

BOARD OF DIRECTORS

The board of directors as at the date of this report is set out on page 50.

Mr. A. C. Wightman, was appointed on 26th February 1990.
 Mr. J. C. Loveday retired from the board on 27th April 1990.
 Mr. K. M. Waterfield resigned as a director on 30th June 1990.
 Mr. M. C. Hynes was appointed on 3rd July 1990.
 Mr. N. W. Brown retired from the board on 11th February 1991.
 Mr. M. S. Meyer was appointed on 12th February 1991.

The Director retiring by rotation is Mr. D. G. Richards who, being eligible, offers himself for re-election.

Mr. M. C. Hynes and Mr. M. S. Meyer appointed since the last annual general meeting, retire and seek re-election.

Mr. D. G. Richards and Mr. M. C. Hynes have contracts of service for an indefinite term, subject to termination by Walker Greenbank PLC by two years and three years notice respectively. Mr. M. S. Meyer does not have a contract of service.

DIRECTORS' SHAREHOLDINGS

The interests of the directors in office at 2nd February 1991 in the share capital of the company were:

	Number of Shares			
	Ordinary Shares		Convertible Preference Shares	
	Beneficial	Non-Beneficial	Beneficial	Non-Beneficial
	22.91	32.90	2.2.91	3.2.90
N. W. Brown	2,481,044	-	-	-
R. C. Smurthwaite	101,473	-	-	-

None of the directors' interests changed between 2nd February 1991 and 15th May 1991.

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

	Number of Shares			
	15.5.91	2.2.91	3.2.90	
R. C. Smurthwaite	450,000	300,000	100,000	-
A. C. Wightman	400,000	200,000	-	-
M. C. Hynes	200,000	100,000	-	-

DIRECTORS' INTERESTS

None of the directors had an interest in any material contract during the year relating to the business of the company.

DIRECTORS' & OFFICERS LIABILITY INSURANCE

During the year the company effected directors and officers liability insurance.

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 been 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.

FIXED ASSETS

Movements in fixed assets are disclosed in notes 11 and 12 to the accounts.

CHARITABLE CONTRIBUTIONS

During the year the group made donations totalling £3,576 for charitable purposes.

SUBSTANTIAL SHAREHOLDINGS

As at 30th April 1991, the company has been notified of an interest in 27.99% of the ordinary issued share capital by Aubin Limited (13.68%) and Aubin II Limited (14.31%), both companies registered in Jersey, Channel Islands. As at 30th April 1991 the following interests exceeding 3% of the issued share capital have been notified to the company: Foreign & Colonial Management Limited (3.5%); British Airways Pension Trustees Limited (3.7%); Royal Exchange Trustee Nominees Limited (3.1%); British Rail Pension Trustee Co Limited (3.7%); CIN Venture Managers Limited (4.2%); Prudential Portfolio Managers Limited (3.0%); Barclays Nominees Limited (4.5%).

SPECIAL BUSINESS

Resolutions will be proposed at the annual general meeting to grant the directors power 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 5.8% of the present issued ordinary share capital.

Section 166 of the Companies Act 1985 allows the use of a company's available resources to acquire its own shares on 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. It is noted that authority given to the company to make such purchases will remain in place until the conclusion of the next annual

general meeting of the company, or 31st August 1992, whichever is earlier unless the authority is renewed prior to such time. The maximum number of ordinary shares to be purchased pursuant to this authority would not exceed 9,118,500, and the maximum purchase price per share is an amount equal to 105 per cent of the average of the middle market quotations taken from The Stock Exchange Daily Official List for the ten business days immediately preceding the day on which the purchase is made.

In accordance with both the articles of association of the company and stock exchange regulations, approval was obtained in June 1989 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.

In order to improve the effectiveness of the existing share option scheme, your Board believes it appropriate to make the following changes to it. First, the periods during which options may be granted are to be widened. Secondly, power is to be given to grant options to replace those already exercised, provided the Board is satisfied that such re-grant is merited by the performance of the individual concerned. The amendments reflect current institutional guidelines and practice and approval for them will be sought from the Inland Revenue.

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.

4 Brunel Court,
Conehall,
Hemel Hempstead,
Hertfordshire, HP3 9XX

By order of the board

K.H. J. CONEY
Secretary
28th May 1991

GROUP PROFIT AND LOSS ACCOUNT

	1991	
52 weeks ended 2nd February 1991	£000	
TURNOVER <i>Note 2</i>	75,340	127,270
Cost of sales	46,631	84,382
GROSS PROFIT	28,709	42,888
Distribution costs	11,887	16,596
Administrative expenses	10,527	18,072
	6,295	8,220
Other operating income	584	682
OPERATING PROFIT BEFORE PROFIT ON SALE OF PROPERTY AND INVESTMENTS	6,879	8,822
Profit on sale of property and investments	16	820
OPERATING PROFIT	6,895	9,642
Interest receivable	2,778	227
Interest payable <i>Note 7</i>	(1,710)	(2,751)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION <i>Note 3</i>	7,963	7,118
Tax on profit on ordinary activities <i>Note 8</i>	2,789	2,305
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	5,174	4,813
Minority interest	—	(45)
Extraordinary items <i>Note 9</i>	(899)	298
PROFIT AFTER EXTRAORDINARY ITEMS FOR THE FINANCIAL PERIOD	4,275	5,066
Dividends <i>Note 20</i>	(2,941)	(2,627)
SURPLUS FOR THE PERIOD <i>Note 21</i>	1,334	2,439
EARNINGS PER SHARE <i>Note 10</i>	5.55p	5.90p

The Notes on pages 30-46 form part of these accounts.

BALANCE SHEETS

	Group		Company	
	1991 £000	1990 £000	1991 £000	1990 £000
2nd February 1991				
FIXED ASSETS				
Intangible assets <i>Note 11</i>	–	15	–	–
Tangible assets <i>Note 12</i>	12,952	19,145	207	139
Investments <i>Note 13</i>	6,064	5,554	11,701	14,307
	19,016	24,714	11,908	14,446
CURRENT ASSETS				
Stocks <i>Note 14</i>	10,245	14,588	–	–
Debtors <i>Note 15</i>	13,939	23,620	14,051	15,710
Cash at bank and in hand	6,162	3,804	4,835	328
	30,346	42,012	18,886	16,038
CREDITORS: amounts falling due within one year <i>Note 16</i>	14,325	26,575	6,983	8,317
Net current assets	16,021	15,437	11,903	7,721
Total assets <i>less</i> current liabilities	35,037	40,151	23,811	22,167
CREDITORS: amounts falling due after more than one year <i>Note 17</i>	1,340	1,702	11	31
	33,697	38,449	23,800	22,136
PROVISIONS FOR LIABILITIES AND CHARGES				
Deferred taxation <i>Note 24</i>	55	87	6	69
Government grants provision <i>Note 24</i>	–	782	–	–
Other provisions <i>Note 24</i>	627	6,272	240	190
	33,015	31,308	23,554	21,877
Minority interest	–	(69)	–	–
	33,015	31,239	23,554	21,877

Balance sheets continued overleaf.

BALANCE SHEETS CONTINUED

2nd February 1991

	Group		Company	
	1991	1990	1991	1990
	£000	£000	£000	£000
CAPITAL AND RESERVES				
Called up share capital <i>Note 19</i>	14,121	14,106	14,121	14,106
Share premium account <i>Note 21</i>	6,198	6,183	6,198	6,183
Revaluation reserves <i>Note 21</i>	7,349	7,632	33	33
Profit and loss account <i>Note 21</i>	6,728	10,127	3,202	1,555
Other reserves <i>Note 21</i>	1,569	1,600	—	—
	21,844	25,542	9,433	7,771
Reserve arising on merger <i>Note 21</i>	(2,950)	(4,866)	—	—
Goodwill reserves <i>Note 21</i>	—	(3,543)	—	—
Net reserves	18,894	17,133	23,554	7,771
	33,015	31,239	23,554	21,877

A. C. Wightman

M. C. Hynes

Directors



These accounts were approved by the directors on 28th May 1991.

The Notes on pages 30-46 form part of these accounts.

GROUP SOURCE AND APPLICATION OF FUNDS

	1991		1990	
	£000	£000	£000	£000
52 weeks ended 2nd February 1991				
SOURCE				
Profit before taxation		7,963		7,118
Extraordinary items before taxation		(2,493)		298
		5,470		7,416
<i>Adjustment for items not involving the use of funds:</i>				
Depreciation	2,452		3,031	
Amortisation of intangible fixed assets	—		39	
(Profit)/loss on disposal of tangible fixed assets	70		(298)	
Profit on disposal of investments	(16)		(773)	
Release from regional development grant provision	(782)		(450)	
(Profit)/loss on disposal of subsidiary companies	799		(8,734)	
Provisions in respect of businesses to be sold	(660)		6,272	
Release of reorganisation provision	—		(99)	
		1,863		(1,012)
		7,333		6,404
Funds generated from operations				
<i>Funds from other sources:</i>				
Proceeds of disposal of tangible fixed assets	1,020		1,202	
Proceeds of disposal of investments	175		939	
Receipts from investments and loans	244		62	
Grants received	—		12	
Proceeds from exercise of share options	28		21	
Refund of corporation tax	—		693	
Income from disposal of subsidiary companies*	5,041		22,982	
		6,508		25,911
Total carried forward		13,841		32,315

*See page 29

Group source and application of funds continued overleaf.

GROUP SOURCE AND APPLICATION OF FUNDS
CONTINUED

	1991		1990	
52 weeks ended 2nd February 1991	£000	£000	£000	£000
Total brought forward		13,841		32,515
APPLICATION				
Purchase of intangible assets	33		-	
Purchase of fixed assets	3,110		5,705	
Taxation paid	1,399		426	
Dividends paid	2,802		2,175	
Decrease in loans due after more than one year	68		721	
Costs of disposal of subsidiary businesses	664		-	
Acquisition of Hemisphere	200		-	
Adjustments to consideration:				
Wallcoverings International	140		-	
Bloom Signs	-		233	
Montan Companies	-		50	
Gorseline Daisy	-		(12)	
		(8,416)		(9,298)
		<u>5,425</u>		<u>23,017</u>
INCREASE/(DECREASE) IN WORKING CAPITAL:				
Stocks		(297)		4,069
Debtors		1,138		189
Creditors		2,198		(374)
Exchange adjustments		(72)		(20)
		<u>2,967</u>		<u>3,863</u>
INCREASE/(DECREASE) IN NET LIQUID FUNDS:				
Cash at bank and in hand	2,290		3,540	
Bank overdraft	(167)		5,894	
Loans - current instalments	335		9,720	
		<u>2,458</u>		<u>19,154</u>
		<u>5,425</u>		<u>23,017</u>

	1991
	£000
*Analysis of the disposal of subsidiary businesses:	
Intangible fixed assets	48
Tangible fixed assets	6,288
Stocks	4,046
Debtors	8,263
Cash at bank and in hand	1,331
Bank overdraft and short-term loans	(1,683)
Creditors	(7,805)
Finance lease and hire purchase	(483)
Current taxation	(349)
Deferred taxation	(46)
Provisions	(4,985)
Minority interest	(79)
	4,546
Goodwill reserves eliminated	981
Revaluation reserves eliminated	(351)
	5,176
	664
Costs of disposal	(795)
Loss on disposal	
Income from disposal of subsidiaries	5,041

ACCOUNTING POLICIES

Accounting convention:

The accounts are prepared under the historical cost convention modified for the revaluation of certain properties and in accordance with applicable accounting standards.

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.230 of the Companies Act 1985. £4,558,000 of the profit attributable to the group (1990: £2,960,000) has been dealt with in the accounts of the holding company.

Goodwill:

Purchased goodwill is written off against the profit and loss account reserve upon acquisition. Historically, goodwill arising on consolidation, being the difference between the consideration payable and the fair value of net assets acquired, has been written off to the goodwill reserve and eliminated by transfers from the profit and loss account reserve over its expected useful life. In future it is the intention of the Group to write off goodwill arising on consolidation upon acquisition. All remaining goodwill has been written off against the profit and loss account reserve during the year.

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.

NOTE 1 ACCOUNTING POLICIES CONTINUED

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%
Leaseholds	Over the unexpired period of lease
Plant, Equipment and Vehicles	Various rates between 5% and 25%
Pattern Books and Shade Cards	Between 33% and 50%

Depreciation of owned assets for 1990 has been restated to include depreciation on pattern books and shade cards.

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 surplus 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 the profit and loss

Note 1 Accounting policies continued overleaf.

NOTE 1 ACCOUNTING POLICIES CONTINUED

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.

2 TURNOVER AND TRADING PROFIT

	Turnover		Profit on Ordinary Activities before Taxation	
	1991 £000	1990 £000	1991 £000	1990 £000
<i>(a) Analysis of trading:</i>				
Continuing activities	47,034	45,157	7,407	7,586
Wallcoverings	8,996	8,921	338	680
Bloom Signs*	—	—	(352)	(763)
Head office expenses	56,030	54,078	7,593	7,503
	—	—	16	830**
Sale of property and investments	19,310	73,192	354	(1,203)
Businesses sold or to be sold	75,340	127,270	7,963	7,118

* A decision has recently been taken to retain the Bloom Signs business in the Group. The results of this business had previously been included in businesses sold or to be sold but are now included in continuing activities.

** Profit on sale of property and investments has been separately identified within the analysis of profit on ordinary activities before taxation resulting in a reclassification of £48,000 from Wallcoverings in the comparative figures.

(b) Geographical analysis of turnover:

	1991 £000	1990 £000
United Kingdom	69,044	112,675
North America	2,698	4,927
Europe	2,815	7,266
Rest of the World	783	2,232
	75,340	127,270

PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1991 £,000	1990 £,000
The profit is arrived at after charging/(crediting):		
Emoluments of Directors (<i>Note 4</i>)	641	646
Auditors' remuneration	118	245
Depreciation of owned assets	2,059	2,396
Depreciation of assets held under finance leases and hire purchase contracts	393	635
Hire of motor vehicles and site plant and machinery	778	1,772
Development expenditure written off	40	68
Exceptional items — profit on property disposals	—	(639)
— profit on sale of trade investment	(16)	(181)
Income from investments (<i>Note 6</i>)	(17)	(8)

EMOLUMENTS OF DIRECTORS OF THE PARENT COMPANY RELATING TO THEIR PERIODS OF OFFICE

	1991 £,000	1990 £,000
As directors	54	22
As executives (including pension contributions)	587	624
	641	646

Emoluments, excluding pension contributions:

Chairman	42	177
Highest paid director (1990 Chairman)	159	—
	1991 No.	1990 No.

Number of other directors whose emoluments were within the scales:

£ 5,001 - £ 10,000	—	1
£ 15,001 - £ 20,000	1	—
£ 20,001 - £ 25,000	—	1
£ 25,001 - £ 30,000	—	1
£ 30,001 - £ 35,000	1	—
£ 35,001 - £ 40,000	1	—
£ 40,001 - £ 45,000	—	1
£ 45,001 - £ 50,000	—	—
£ 50,001 - £ 55,000	1	—
£ 55,001 - £ 60,000	1	—
£ 60,001 - £ 65,000	—	—
£ 65,001 - £ 70,000	—	—
£ 70,001 - £ 75,000	—	—
£ 75,001 - £ 80,000	—	—
£ 80,001 - £ 85,000	—	—
£ 85,001 - £ 90,000	—	—
£ 90,001 - £ 95,000	—	—
£ 95,001 - £ 100,000	—	—
£ 100,001 - £ 105,000	—	—
£ 105,001 - £ 110,000	—	—
£ 110,001 - £ 115,000	—	—
£ 115,001 - £ 120,000	—	—
£ 120,001 - £ 125,000	—	—
£ 125,001 - £ 130,000	—	—
£ 130,001 - £ 135,000	—	—
£ 135,001 - £ 140,000	—	—
£ 140,001 - £ 145,000	—	—
£ 145,001 - £ 150,000	—	—
£ 150,001 - £ 155,000	—	—
£ 155,001 - £ 160,000	—	—
£ 160,001 - £ 165,000	—	—

NOTES TO THE ACCOUNTS CONTINUED

5	STAFF COSTS	1990	
		1991 £000	1990 £000
	Wages and salaries	12,732	26,291
	Social security costs	4,203	2,456
	Other pension costs	705	1,054
		14,640	29,801
		No.	No.
	The average weekly number of employees during the year:		
	Office and management	637	1,089
	Manufacturing	271	1,158
		908	2,240
6	INCOME FROM INVESTMENTS	1990	
		1991 £000	1990 £000
	Dividends from related companies	13	5
	Dividends from unlisted investments	4	3
		17	8
7	INTEREST PAYABLE	1990	
		1991 £000	1990 £000
	Bank and other short term interest	1,498	2,436
	Finance charges payable under finance leases and hire purchase contracts	212	305
		1,710	2,741
8	TAXATION	1990	
		1991 £000	1990 £000
	Corporation tax at 34% (1990: 35%)	2,883	2,490
	Deferred taxation charge/(release)	5	(176)
		2,888	2,314
	Adjustment with respect to prior years:		
	Corporation tax overprovided	(30)	(309)
	Deferred taxation overprovided	(69)	
		2,789	2,005

9

EXTRAORDINARY ITEMS

	1991 £000	1990 £000
Profit/(loss) on disposal of businesses	(799)	8,734
Provisions in respect of businesses sold or to be sold	(1,510)	(6,272)
Closure and reorganisation costs	70	(1,736)
Abortive disposal costs	(8)	(201)
Merger and acquisition costs	-	(17)
Alkar litigation costs	(246)	(210)
Taxation	(2,493)	298
	1,594	-
	(899)	298

10

EARNINGS PER SHARE

Earnings per share is based on the profit on ordinary activities after taxation, minority interests and preference dividends, amounting to £5,059,000 (1990: £4,646,000) and 91,185,576 ordinary shares (1990: 91,080,989).

11

INTANGIBLE FIXED ASSETS

	Research and Development £000
--	-------------------------------------

Group

Cost

3rd February 1990	41
Expenditure incurred	33
Elimination on disposal of subsidiaries	(74)
2nd February 1991	-
Amortisation	-
3rd February 1990	26
Revenue charge	-
Elimination on disposal of subsidiaries	(26)
2nd February 1991	-
Net book value	-
2nd February 1991	-
3rd February 1990	15

Patent books and shade cards have been shown within tangible fixed assets (Note 12). The comparative figures for 1990 have been re-stated.

NOTES TO THE ACCOUNTS CONTINUED

12

TANGIBLE FIXED ASSETS

	Group				Company	
	Land and Buildings	Plant Equipment & Vehicles	Pattern Books & Share Cards	Total	Plant Equipment & Vehicles	Total
	£000	£000	£000	£000	£000	£000
Cost or valuation:						
3rd February 1990	11,548	12,695	2,493	26,736		232
Additions	251	1,701	1,156	3,110		249
Disposals	(959)	(456)	-	(1,415)		(208)
Elimination on disposal of subsidiaries	(3,317)	(6,707)	(153)	(10,177)		-
Revaluations	671	-	-	671		-
Currency movements	(67)	(21)	-	(88)		-
2nd February 1991	8,127	7,212	3,498	18,837		243
Depreciation						
3rd February 1990	456	6,405	730	7,591		93
Revenue charge	217	1,202	1,033	2,452		53
Disposals	(17)	(228)	-	(245)		(110)
Elimination on disposal of subsidiaries	(233)	(3,558)	(98)	(3,889)		-
Currency movements	(10)	(14)	-	(24)		-
2nd February 1991	413	3,807	1,665	5,885		36
Net book value						
2nd February 1991	7,714	3,405	1,833	12,952		207
3rd February 1990	11,092	6,290	1,763	19,145		139
Analysis of cost and valuation						
At Cost	1,363	7,212	3,498	12,073		243
At Valuation 1990	6,764	-	-	6,764		-
	8,127	7,212	3,498	18,837		243

Group Land and Buildings 1990

The net book value of land and buildings comprises:

Freehold land
Freehold buildings
Long leaseholds
Short leaseholds

Net book value at 2nd February 1991

Historical cost of revalued land and buildings
Depreciation to 3rd February 1990
Revenue charge

Net book value at 2nd February 1991

100
5,537
1,814
266
7,714
3,162
(413)
(243)
2,694

NOTE 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				
2nd February 1991	1,535	-	-	-
3rd February 1990	1,823	363	-	24

13

	INVESTMENTS		Loans to		Shares in		Loans to		Investment		Other		Total £000
	Group Companies £000	Related Companies £000	Group Companies £000	Related Companies £000	Group Companies £000	Related Companies £000	Group Companies £000	Related Companies £000	Property £000	Investments £000	Investments £000	£000	
Group													
3rd February 1990	228	20	5	5,297	4	5,554							
Transfer	-	-	-	675	-	675							
Disposals	-	(8)	-	(157)	-	(165)							
2nd February 1991	228	12	5	5,815	4	6,064							

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

	Percentage		Country of		Total Issued Share Capital
	Shareholding	Incorporation	Shareholding	Incorporation	
Related companies comprise:-					
The Neon Workshop Ltd	50%	Scotland			£1,000
Illuminated Sign Manufacturers					

Investment properties represent properties awaiting disposal, substantially all of which were revalued in 1990.

Note 13 Investments continued overleaf.

NOTES TO THE ACCOUNTS CONTINUED

NOTE 13 INVESTMENTS CONTINUED	£000	£000
<i>Company</i>		
Shares in subsidiaries at cost less provisions:		
Historical cost	11,538	
Provision against carrying value	(3,454)	8,084
3rd February 1990		
Movements in consideration:		140
Wallcoverings International		
Disposal of:		
Didsbury Engineering Limited	(1,750)	
Greenbank Gorseline Limited	(288)	
Adrian Shilton (Cabinet Makers) Limited	(40)	
The U.K. Lift Company Limited	(342)	
		(2,420)
		5,804
Investment properties:		
3rd February 1990	6,223	
Disposals	(1,001)	
Transfer	675	
		5,897
2nd February 1991		11,701

Group operating companies are listed on page 48.

Alkar International Limited—Additional consideration may have been payable dependent upon Alkar's results for the periods ended 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 (Note 23).

NOTE 13 INVESTMENTS CONTINUED

Additional consideration may be payable by the purchaser of Multiple Industries Group Limited dependent upon Altair's net profits for the year to January 1991. Multiple Industries Group was sold during the 1989/90 financial period.

Since the balance sheet date, Walker Greenbank PLC acquired the total share capital of Bryant Corporation Plc. Brynmor Limited is the principal operating company within Bryant Corporation Plc. The consideration payable for the issued share capital of Bryant will be not more than £9.275 million. At completion Bryant had net borrowings of £3.1 million. Walker Greenbank has made an initial payment of £2.0 million and a further instalment of £3.217 million based upon the audited results of Bryant for the financial year ended 27th December, 1990. A final instalment will be made by reference to the audited results for the current financial period (13 months) which will end on 1st February, 1992. It is anticipated this payment will be made in mid 1992. In any event the aggregate of the 3 payments will not be less than £7.275 million. It is expected that the aggregate consideration of the acquisition will be financed out of Walker Greenbank's internal resources.

14

STOCKS

	Group	
	1991	1990
	£000	£000
Raw materials	2,001	3,591
Work in progress	829	2,978
Finished goods	7,415	8,708
	10,245	15,277

*Less payments on account:
Work in progress*

	—	(689)
	10,245	14,588

15

DEBTORS

	Group		Company	
	1991	1990	1991	1990
	£000	£000	£000	£000
Trade debtors	11,739	18,055	117	81
Amounts owed by subsidiaries	—	—	13,414	12,257
Prepayments	4,328	1,344	66	126
Other debtors	872	4,221	454	3,246
	13,939	23,620	14,051	15,710

16

CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	Group		Company	
	1991 £000	1990 £000	1991 £000	1990 £000
Current instalments due on loans (Note 18)	27	646	4	4
Obligations under finance leases and hire purchase contracts (Note 17)	491	790	—	8
Bank overdraft	167	—	3,844	3,412
Payments received on account	—	110	—	—
Trade creditors	7,005	11,943	223	330
Amounts owed to subsidiaries	—	—	640	381
Corporation tax	376	2,769	9	637
Other taxes and social security	86	428	—	29
Proposed dividends (Note 20)	1,790	1,651	1,790	1,651
Other creditors	2,594	4,848	99	1,241
Accruals	1,789	3,390	374	784
	14,325	26,575	6,983	8,317

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	
	1991 £000	1990 £000	1991 £000	1990 £000
Loans (Note 18)	267	335	11	15
Obligations under finance leases and hire purchase contracts	1,073	1,312	—	16
Corporation tax	—	55	—	—
	1,340	1,702	11	31
Obligations under finance leases and hire purchase contracts:				
	£000	£000	£000	£000
Amounts payable within one year	665	978	—	11
Between one and five years	1,250	1,528	—	19
Over five years	—	—	—	—
	1,915	2,506	—	30
Less finance charges allocated to future periods	(351)	(404)	—	(6)
	1,564	2,102	—	24
Current obligations (Note 16)	491	790	—	8
Non-current obligations	1,073	1,312	—	16
	1,564	2,102	—	24

**NOTE 17 CREDITORS: AMOUNTS FALLING DUE AFTER
MORE THAN ONE YEAR CONTINUED**

	Group		Company	
	Land & Buildings £000	Other £000	Land & Buildings £000	Other £000
The commitments under non-cancellable operating leases are as follows:				
Operating leases which expire:				
Within one year	68	288	—	—
Between one and five years	428	499	—	—
Over five years	496	788	—	—

LOANS

	Group		Company	
	1991 £000	1990 £000	1991 £000	1990 £000

Details of loans are as follows:

Secured loans:

Bank loan repayable by instalments over more than five years, at 85.34% of prime rate of USA lender
Mortgage loan, 9½% repayable 1984/1992

279	347	—	—
15	19	15	19
294	366	15	19

Unsecured loans:

Bank loans repayable within five years

—	615	—	—
294	981	15	19

Total loans

Amounts due at 2nd February 1991 are repayable as follows:

Over five years	164	215	—	—
Between two and five years	75	89	6	10
Between one and two years	28	31	5	5
After more than one year (Note 17)	267	335	11	15
Within one year (Note 16)	27	646	4	4
	294	981	15	19

All secured loans are secured against the applicable group property.

NOTES TO THE ACCOUNTS CONTINUED

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SHARE CAPITAL

	Number of Shares	£
Ordinary shares of 15p each: Authorised: 3rd February 1990 and 2nd February 1991	110,000,000	16,500,000
Allotted, called up and fully paid: 3rd February 1990	91,080,989	13,662,148
Issue of shares	1,050	157
Share options exercised	100,000	15,000
Conversion of preference shares	3,537	530
2nd February 1991	91,185,576	13,677,835
Cumulative convertible redeemable preference shares of 2.5p each: Authorised: 3rd February 1990 and 2nd February 1991	6,000,000	1,500,000
Allotted, called up and fully paid: 3rd February 1990	1,774,097	443,524
Conversion to ordinary shares	(2,527)	(632)
2nd February 1991	1,771,570	442,892

The preference shares bear a fixed cumulative preferential dividend at 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.

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DIVIDENDS

	1991	1990
Ordinary — paid	1,093	911
— proposed	1,733	1,594
Preference — paid	2,826	2,505
— proposed	58	65
Total dividends	57	59
	115	122
	2,941	2,627

The directors propose a final dividend in respect of the 52 weeks ended 2nd February 1991 of 1.90p per ordinary share (1990: 1.75p) payable on 11th July 1991 to shareholders registered at close of business on 13th June 1991. This makes a total dividend for the year of 3.10p per ordinary share (1990: 2.75p).

The total preference share dividend represents the annual fixed dividend of 6.5p per share for the 52 weeks ended 2nd February 1991.

RESERVES	Share	Revaluation	Profit & Loss	Other	Merger	Goodwill
	Premium £000	Reserves £000	£000	Reserves £000	Reserves £000	Reserves £000
Group						
3rd February 1990	6,183	7,632	10,127	1,600	(4,866)	(3,543)
Movements in consideration paid:						
Wallcoverings International	-	-	-	-	(140)	-
Arising on issue of share options	13	-	-	-	-	-
Arising on conversion of preference shares	2	-	-	-	-	-
Elimination on disposal:						
Cox & Wright	-	-	-	-	-	60
Welding Machines	-	-	-	-	-	16
Terotech	-	(202)	-	-	-	-
Didsbury	-	(149)	-	-	-	-
Gorseline	-	-	-	-	-	374
Daisy	-	-	-	-	-	139
M. Peart	-	-	-	-	-	131
Adrian Shilton	-	-	-	-	-	41
U. K. Lift	-	-	-	-	-	79
Gennoco	-	-	-	-	-	140
Revaluation of property	-	671	-	-	-	-
Write-off of goodwill arising on acquisition of Hemisphere	-	-	(200)	-	-	-
Transfer of amount equivalent to additional depreciation on revalued assets	-	(191)	191	-	-	-
Property disposals	-	(412)	-	-	-	-
Retained earnings for the period	-	-	1,334	-	-	-
Write off of goodwill	-	-	(2,563)	-	-	2,563
Write off of merger reserves:						
Alkar International	-	-	(930)	-	930	-
Montan Group	-	-	(1,095)	(31)	1,126	-
Currency and other movements	-	-	(136)	-	-	-
2nd February 1991	6,198	7,349	6,728	1,569	(2,950)	0
Company						
3rd February 1990	6,183	33	1,555	-	-	-
Arising on issue of share options	13	-	-	-	-	-
Arising on conversion of preference shares	2	-	1,647	-	-	-
Retained earnings for the period	-	-	-	-	-	-
2nd February 1991	6,198	33	3,202	0	0	0

Note 21 Reserves continued overleaf.

NOTE 21 RESERVES CONTINUED

	£'000
Other reserves represents:	
Share premium of companies acquired and accounted for under merger accounting principles	1,276
Capital reserve arising on consolidation	293
	<u>1,569</u>

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CAPITAL EXPENDITURE

	Group		Company	
	1991	1990	1991	1990
	£000	£000	£000	£'000
Authorised and contracted	77	1	-	-
Authorised but not yet contracted	<u>1,024</u>	<u>42</u>	-	-

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CONTINGENT LIABILITIES

The company and its subsidiary Alkar International Limited are engaged in proceedings against Alan Carr, William Carr and Arthur Young, Chartered Accountants.

The proceedings against Alan Carr and William Carr are in respect of 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 but 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 but as yet unquantified further claim for damages plus interest. The company has denied any liability to the defendants.

The proceedings against Arthur Young allege negligence/breach of duty in respect of the above matter. 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 amounts to £16,278,174 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.

PROVISIONS FOR LIABILITIES AND CHARGES

	Group		Company	
	1991 £000	1990 £000	1991 £000	1990 £000
<i>Deferred taxation:</i>				
Deferred taxation provided in the accounts is as follows:				
Capital allowances in excess of depreciation	186	368	6	47
Taxation on valuation surplus	—	22	—	22
	186	390	6	69
Other timing differences	6	(87)	—	—
Advance corporation tax	192	303	6	69
2nd February 1991	(137)	(216)	—	—
Deferred taxation not provided in the accounts is as follows:				
Taxation on valuation surplus	—	13	—	—
Capital gains rolled over	245	245	—	—
	245	258	—	—
Deferred taxation movement for the period:				
3rd February 1990	303			
Elimination on disposal of subsidiaries	(47)			
Current year charge	5			
Adjustment in respect of prior years	(69)			
2nd February 1991	192			
Government grants provision:				
3rd February 1990	782			
Release for the period	(782)			
2nd February 1991	—			
Other provisions:				
Provisions in respect of businesses sold or to be sold	627	6,272	240	190
2nd February 1991	621	6,272	240	190

PENSIONS

The group operates defined benefit and defined contribution pension schemes in the UK for all qualifying employees. The major scheme is 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 scheme 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 most recent ones being at 1st October 1990. The principal actuarial assumptions applied were as follows:

Investment returns	9.0% per annum
Salary growth	7.0% per annum
Pension increases	5.0% per annum in excess of Guaranteed Minimum Pension

Assets have been valued using the discounted income method assuming a dividend growth rate of 4.0% per annum.

At the latest actuarial valuations, the aggregate market value of the assets of the major schemes was £8,844,000 and the actuarial value of the assets was sufficient to cover 112% 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 £704,610 (1990: £1,034,000).

AUDITORS' REPORT

TO THE MEMBERS OF WALKER GREENBANK PLC

We have audited the financial statements on pages 24 to 46 in accordance with Auditing Standards.

In our opinion, the financial statements give a true and fair view of the state of affairs of the company and the group as at 2nd February 1991 and give a true and fair view of the profit and source and application of funds of the group for the 52 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.

TOUCHE ROSS & CO
Chartered Accountants
10-12 East Parade
Leeds
LS1 2AJ
28th May 1991

Touche Ross & Co.

GROUP OPERATING COMPANIES

WALLCOVERINGS INTERNATIONAL LIMITED

Zoffany House
74-78 Wood Lane End
Hemel Hempstead
Hertfordshire HP2 4RF
Tel: 0442 68890
Fax: 0442 215430

Subsidiary companies of Wallcoverings International Limited

Muraspec Limited

Zoffany Limited

Harlequin Wallcoverings Limited

B. Brown (Holborn) Limited

Boyle & Son Limited

Anstey Wallpaper Company Limited

*Textile Wallcoverings International Limited (USA)

BLOOM SIGNS LIMITED

96 De Beauvoir Road
London N1 4EN
Tel: 071-254 4433
Fax: 071-923 0853

GIMSON TENDERCARE LIMITED

62 Boston Road
Beaumont Leys
Leicester LE4 1AZ
Tel: 0533 366779
Fax: 0533 366198

HAMPSHIRE MEDICAL DEVELOPMENTS LIMITED

Apollo House
34 Church Road
Romsey
Hampshire SO51 8EY
Tel: 0794 523455
Fax: 0794 830727

BRYANT CORPORATION PLC

Ivydene
Tonbridge Road
East Peckham
Tonbridge
Kent TN12 5JX
Tel: 0622 871384
Fax: 0622 871011

All companies are wholly owned and UK registered with the exception of Textile Wallcoverings International Limited (USA)* which is registered in the USA.

FIVE YEAR RECORD

	1987	1988	1989	1990	1991
	£000	£000	£000	£000	£000
TURNOVER					
TRADING PROFIT BEFORE DEPRECIATION	80,017	99,734	118,635	127,270	75,340
Depreciation	9,037	9,603	7,667	12,665	9,347
Operating profit	1,211	1,901	2,747	3,031	2,452
Net interest charge	7,826	7,702	4,920	9,634	6,895
PROFIT BEFORE TAXATION	(322)	(576)	(1,835)	(2,516)	1,068
Taxation charge	7,504	7,126	3,085	7,118	7,963
PROFIT AFTER TAXATION	2,477	2,815	757	2,305	2,789
Extraordinary items	5,027	4,311	2,328	4,813	5,174
Minority interest	(989)	(2,093)	(3,794)	298	(899)
Dividends	12	8	(6)	(45)	—
Retained profit/(loss)	4,050	2,226	(1,472)	5,066	4,275
CAPITAL EMPLOYED	(1,872)	(2,289)	(2,175)	(2,627)	(2,941)
Share capital	2,178	(63)	(3,647)	2,439	1,334
Reserves	12,459	14,022	14,104	14,106	14,121
Equity	8,756	14,164	10,820	17,133	18,894
Deferred taxation	21,215	28,186	24,924	31,239	33,015
Loans	537	674	448	87	55
Minority interest	2,210	2,731	11,400	981	294
	(2)	(9)	35	69	—
	23,960	31,582	36,807	32,376	33,364
EARNINGS PER SHARE					
	6.54p	4.77p	2.41p	5.10p	5.55p

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.

Depreciation for 1990 has been restated to include depreciation on pattern books and shade cards.

DIRECTORS AND ADVISORS

DIRECTORS

David Richards C.B.E., F.C.A. *Non-Executive Chairman*
 Charles Wightman B.Sc., F.C.A. *Chief Executive*
 Roger Smurthwaite *Managing Director – Walkoverings*
 Martin Hynes A.C.A. *Finance Director*
 Michael Meyer *Non-Executive Director*
 Kenneth Coney F.C.I.S. *Secretary*

ADVISORS

AUDITORS Touche Ross & Co. 10 - 12 East Parade Leeds LS1 2AJ	STOCKBROKERS Rowe & Pitman 1 Finsbury Avenue London EC2M 2PA	SOLICITORS McKenna & Co. Mitre House 160 Aldersgate Street London EC1A 4DD
BANKERS Barclays Bank PLC 99 Hatton Garden London EC1N 8DN	REGISTRARS Stentiford Close Broseley House Newlands Drive Witham Essex CM8 2UL	Herbert Smith Watling House 35 Cannon Street London EC4M 5SD
FINANCIAL ADVISORS S. G. Warburg & Co. 2 Finsbury Avenue London EC2M 2PA		

The ninety-third Annual General Meeting of the members of Walker Greenbank PLC will be held at the Savoy Hotel, Aldwych, London WC2B 4DD on Monday 8th July 1991 at 10.30 a.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 52 weeks ended 2nd February 1991.
2. To declare a final dividend on the ordinary share capital of the company for the 52 weeks ended 2nd February 1991 at the rate of 1.90p per ordinary share.
3. To re-elect the director retiring by rotation, Mr D. G. Richards, whom being eligible seeks re-election.
4. To re-elect Mr M. C. Hyman, appointed since the last annual general meeting, as a director of the company.
5. To re-elect Mr M. S. Meyer, appointed since the last annual general meeting, as a director of the company.
6. To re-appoint Touche Ross & Co. as auditors, and to authorise the directors to agree their remuneration for the year.
7. As special business to consider and, if thought fit, to pass the following resolution as an ordinary resolution: That, subject to the approval of the Board of Inland Revenue, the Rules of the Walker Greenbank PLC Executive Share Option Scheme ("the Scheme") be amended as set out in the Memorandum marked "A" which has been initialed by a director for the purpose of identification and which is hereby tabled before the meeting and that the directors of the company be authorised to make such amendments to the Memorandum and to do all acts and things which they may consider to be necessary or expedient to obtain the said approval and for the purpose of implementing such amendments.
8. 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 1992, to allot equity securities (as defined in s.94 of the Act) for cash 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 and allot equity securities after that date pursuant to such offer or agreement 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 (otherwise than pursuant to sub-paragraph (a) above) up to an aggregate nominal amount of £680,000.

Notice of meeting continued overleaf.

9. 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 pursuant to s.166 of the Act to make market purchases (within the meaning of Section 163 of the Act) 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 9,118,500.
 - (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 1992, 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.

A member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him/her and a proxy need not be a member of the company. Forms of proxy, of which one is enclosed herewith, must be lodged at Steniford Close Registrars Limited, Broseley House, Newlands Drive, Witham, Essex, CM8 2BR, 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 10.00 a.m. until the conclusion of the meeting.

4 Brunel Court,
Comerhall,
Hemel Hempstead,
Hertfordshire HP3 9XX.

By order of the board,
K. H. J. CONEY
K. H. J. CONEY
Secretary
28th May 1991