NOTICE OF ILLEGIBLE DOCUMENT

ON THE MICROFICE RECORD

Companies House regrets that the microfiche record for this company contain some documents which are illegible.

The poor quality has been noted, but unfortunately steps taken to improve them were unsuccessful.

Companies House would like to apologise for any inconvenience this may cause.

LINREAD

COMPANY NUMBER 207655

[redacted]

ANNUAL REPORT 1993

517

Corporate Statement

Linread is a leading manufacturer of high technology fasteners and components, primarily for the aerospace and automotive industries.

Linread's objectives are profitable expansion of existing businesses and development through suitable acquisitions leading to long-term growth of earnings per share.

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Financial Calendar

Interim report	September
Group financial year end	31st December
Preliminary announcement of annual results	March
Annual report and financial statements	April
Annual general meeting	May

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A07 RECEIPT DATE:29/07/94

Operating Locations

Linread Aerospace Managing Director — Edward Brooks

- **Aircraft Products Division**
PO Box 28, Crossgate Road, Park Farm Industrial Estate, Redditch, B98 7TD
Telephone: 0527-525719 Telex: 337496 LINAIR G Facsimile: 0527-526881

- **North Bridge Fasteners**
Viking Road, Aylestone Lane, Wigston, Leicester LE8 1BT.
Telephone: 0533-881192 Facsimile: 0533-812694

- **North Bridge Inc.**
163 Oak Street, Building 1, Gamer Complex, Glastonbury, Connecticut 06033, United States of America.
Telephone: 203-633 0642 Facsimile: 203-633 0345

Linread Automotive Managing Director — Jo Parmar

- **Commercial Products Division**
PO Box 21, 33 Pitsford Street, Birmingham B18 6LS.
Telephone: 021-551 5000 Facsimile: 021-523 9636
Also at North West Industrial Estate, Peterlee.

- **SNB Engineering — precision machining**
7 Abbey Lane, Leicester LE4 5QR.
Telephone: 0533-662496 Facsimile: 0533-665268

- **SNB Engineering — precision cold forming**
3 Clayfield Close, Moulton Park, Northampton NN3 1QF.
Telephone: 0604-644433 Facsimile: 0604-492644

Lintite Systems
PO Box 835, 1-11 New Summer Street, Birmingham B19 3QW.
Telephone: 021-359 8611 Facsimile: 021-359 3101

Group Office
Linread PLC, St. Paul's House, 21-23 St. Paul's Square, Birmingham B3 1RB.
Telephone 021-236 8303 Facsimile: 021-233 1435

Subsidiary Companies

	Proportion of equity capital held	Country of incorporation and operation
North Bridge Limited*	100%	United Kingdom
North Bridge Inc. (Marketing company)	100%	USA
North Bridge Hassall Inc.*	100%	USA
Linread Guernsey Limited* (Investment holding company)	100%	Guernsey

The companies asterisked did not trade during the year ended 31st December 1993.

The overseas subsidiaries are not audited by Coopers & Lybrand.

Directors & Advisers

Directors	M P. Tahany *Chairman* D. E. Rogers *Deputy chairman* P. W. Harrisson *Group managing director* P. A. Hazenberg *Group finance director* J. A. Leek *Non-executive director*
Secretary	P. A. Hazenberg
Auditors	Coopers & Lybrand
Solicitors	Pinsent & Co
Bankers	Barclays Bank Plc
Merchant Bankers	Barclays de Zoete Wedd Limited
Stockbrokers	Cazenove & Co Allied Provincial Securities Limited
Registrars	C.I. Registrars Limited PO Box 30, CSM House, Victoria Street, Luton, Bedfordshire LU1 2PZ
Registered office	St. Paul's House, 21-23 St. Paul's Square, Birmingham B3 1RB Telephone: 021-236 8303 Facsimile: 021-233 1435 Registered number: 207655

Chairman's Statement

Conditions in the markets we serve continued to be tough in the second half of 1993 with reducing volumes and correlated pressures on prices. However, we are benefiting from increased penetration in the North American aerospace market allied to a fall in the value of sterling.

We have continued our cost reduction and restructuring programmes to ensure our competitive capability in 1994 and beyond. Our borrowings remain at a low level with gearing at 28% at the year end (1992 restated: 50%). This reflects the success of our stock reduction programme. Against this background, the board is pleased to recommend an increased final dividend of 2.35p (1992: 2.25p) which will give a total of 3.92p for the year (1992: 3.75p).

Results

Over the year, trading margins before exceptional charges and interest moved ahead from 5.9% in 1992 to 6.5% in the second half of 1993. Turnover fell 4% to £36.3 million (1992: £37.8 million) reflecting a reduction in market demand in the aerospace sector.

In early December we warned that exceptional charges in the second half of the year would be double those incurred in the first half of 1993, indicating a total for the year of approximately £800,000. Subsequently we decided to bring forward the final phase of a management restructuring programme, originally planned for mid-1994 at a cost of £280,000, and have charged this cost against the 1993 accounts to give a total exceptional charge for the year of £1.1 million (1992 restated: £743,000). After these charges we report a profit before tax of £857,000 (1992 restated: £697,000).

For the second year in succession the tax charge is abnormally high due to the need to make additional provision for deferred taxation. In 1994 this charge should reduce to a more normal level

Earnings per share increased to 3.88p against a restated 2.21p in 1992

Review

Price pressures were encountered in all sectors. However, the cost reduction and restructuring programmes initiated over the last eighteen months are now substantially in place, with the number of people employed by the group falling by 17% over the year. The benefit of these measures was starting to come through to the bottom line by the year end.

Aerospace

Despite further cutbacks in the programmes of the major airframe builders, our Aircraft Products Division turned in a very creditable result, as did the ESNA nut distribution activity.

North Bridge Fasteners' performance was below expectation. However, we have completed reorganisation of the division aimed at improving operational flexibility and customer service by a substantial investment in equipment, systems and training.

Automotive

Demand from the passenger car segment dropped away towards the end of the year as the effects of the reduction in sales in continental Europe impinged on our multinational customers. Commercial Products Division suffered severe competitive pressure on prices and margins; however, the management team has tackled its "cost reduction/ return-to-profit" programme with vigour and determination.

With a large proportion of its sales going into the heavy commercial vehicle market, SNB Engineering improved its performance for the year.

- Distribution

In a reduced market, Lintite again produced a very creditable result and is making penetration into a variety of new sectors.

Employees

Over the year our total employment force has reduced by nearly one-fifth. The reorganisational and cultural changes effected have made heavy demands on all our employees. They have responded positively and the board thanks them for their continued commitment and support.

Directors

We welcome John Leek, Executive Chairman of Lilleshall plc, who was appointed to the board in January 1994. With his wide commercial and financial experience, we look forward to his contribution as a non-executive director of your company.

Coming to a personal note, against the background of recovery now evident in Linread's fortunes, I consider this an appropriate time to step down as your Chairman. Doug Rogers will be succeeding me and I shall be remaining on the board as a non-executive director.

Corporate Governance

In accordance with the report of the Cadbury Committee on the Financial Aspects of Corporate Governance, we have formalised our remuneration and audit committees and will be complying with the Code of Best Practice in a manner appropriate to our size and structure.

Outlook for 1994

The markets in which we operate will remain difficult in the near term. In certain sectors we anticipate increasing our market share, particularly in North America.

Notwithstanding the recession in our marketplace, the fruits of our cost reduction and restructuring programmes, costing £1.1 million in the year, are now coming through and we look forward to 1994 with confidence.

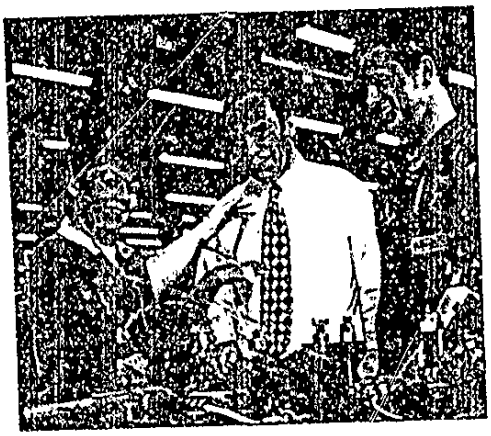
Peter Tahany

Peter Tahany
Chairman

11th April 1994

Executive Review

1993 was a year marked by further progress, with borrowings reduced by 43%, gearing down from 50% to 28%, £2.3m of cash generated and profit before tax up by 23%. All our manufacturing units improved their productivity.



Progress through people — Peter Harrisson discusses developments with Babs Lev and Jamie O'Connor

However, the green shoots of recovery proved to be more imaginary than real in the industries we serve. The aerospace sector continued to suffer from an excess of capacity at all levels in the supply chain and, although demand from the UK and US economies improved, in continental Europe the automotive market remained fragile. These weaknesses affected all our businesses. We responded by creating a leaner structure and we reshaped our factories to enhance our competitive position.

Through focused effort, we enhanced the quality of our products and services and generated greater flexibility in our people and processes. The drive for lower cost was remorseless and we forged ahead with our plans to improve our performance, targeting world's best practice in both manufacturing and service. These changes were made with some short-term sacrifice and our profit was reduced in the year by exceptional charges of £1.1m.

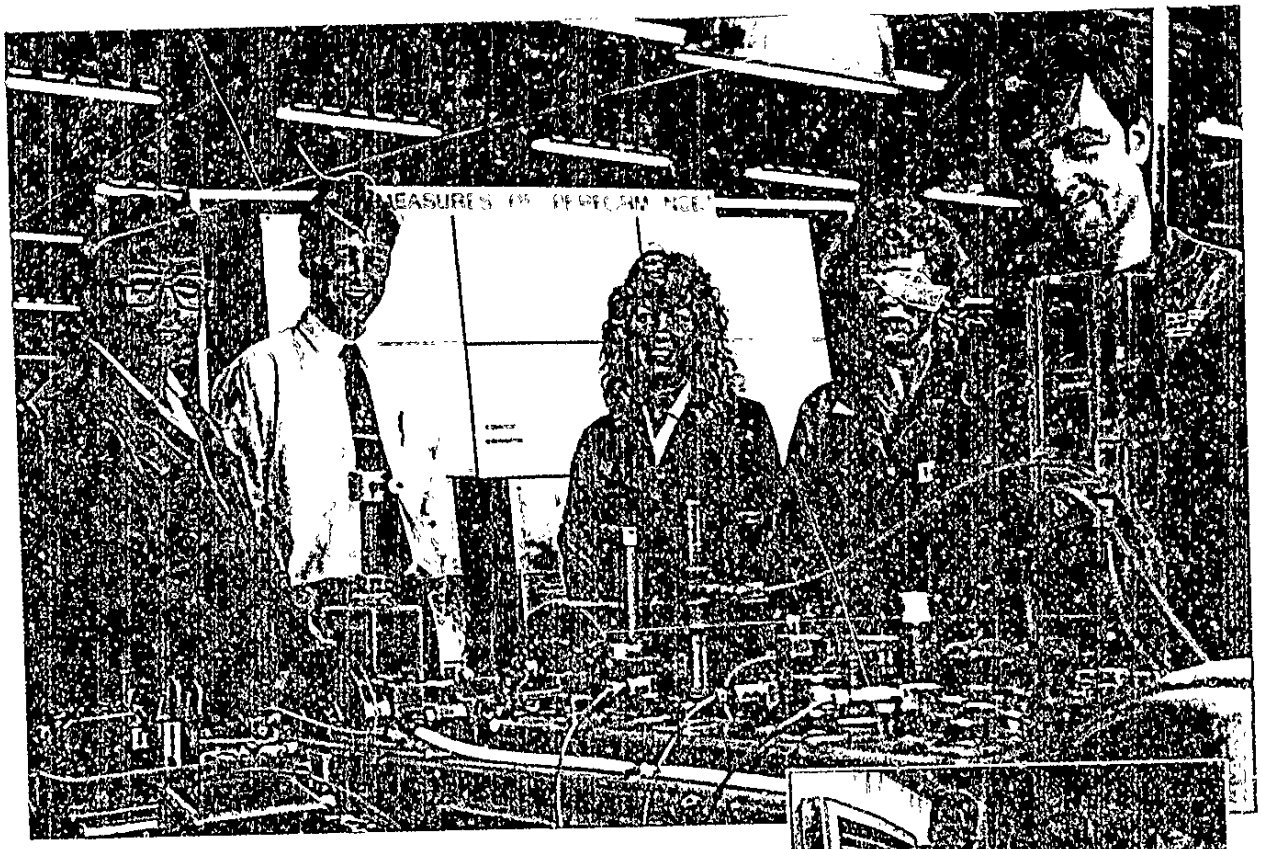
Sales turnover fell by a further 3.5% but by increasing efficiencies we maintained our operating profit and improved our trading margins from 5.7% in the first half of the year to 6.5% in the second half. Even with lower demand we increased our share of available work and it was a great achievement to win significant new orders from the USA, a highly competitive and demanding market. As we simplified our production processes so we reduced the need for high levels of stock and work in progress. The value of stock fell from £7.1m to £5.8m, cash was released and we reduced our gearing.

This was only made possible through the commitment of our people, who continued to develop themselves and their businesses. By means of recruitment we strengthened the executive management team and our organisation now reflects the focus given to our core activities in the aerospace and automotive industries.

Once more we increased our investment in training, reflecting our commitment to enhancing the skills and the flexibility of our people. During the year more of our employees undertook both in-house and external

development programmes. Our contribution to training, though, extends beyond our immediate employees, recognising our responsibility to those who will shape our industries in the years to come. The link between education and manufacturing industry has been actively encouraged and we were pleased to support the "Year in Industry" programme, enabling talented young school leavers to spend a year in industry before going on to study at university.

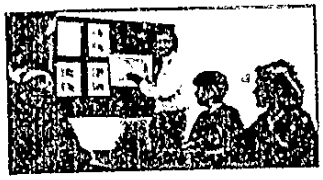
It was disappointing to have to reduce our employee numbers, which fell by a further 17% during the year. Without volume growth, a reduction was inevitable but the scale also reflected our improved productivity. Today we are competitive and confident that we can grow by winning new business from home and abroad.



Working together, the quest for world's best practice — Andy Carey, Martin Lingard, Linda May Mason Jean Lloyd and Andy Salisbury

Review of Operations

Linread is clearly focused, both in terms of products and markets. Our understanding of metal forming and fastener applications for the most demanding of environments has established the company with an internationally respected reputation. Our aerospace and automotive customers are all leaders in their own fields and we have an envied market position.

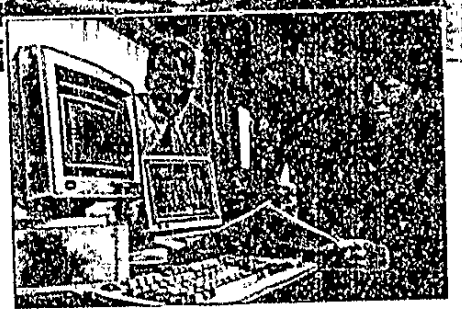


Developing people and learning together — J. Parmar discussing measures of performance at Linread Automotive

Linread Automotive

	1992	1993
Sales Turnover	£20,511,000	£20,625,000
Net Assets	£4,283,000	£4,100,000
Employees	411	391

In continental Europe the automotive market continued to decline, although there were signs of improvement in the UK, particularly in the passenger car sector. However, the recovery was more robust in the USA and our SNB plant in Leicester strengthened its position as a JIT supplier to the diesel engine market and it also increased the volume of components supplied for commercial vehicle transmissions. That we managed to maintain our overall turnover was a credit to our people who generated new business and increased our market share.

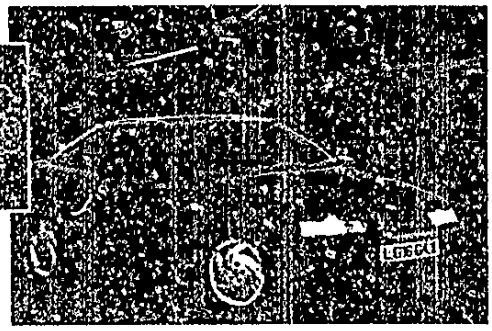


Developing processes — Lyndon Jones, Mick Cullen and Glenys Gant

Competitive pressures increased, with the established concept of "price down" intensifying. We therefore took action to accelerate the remodelling of our various business units and we established a single division with a simplified management structure. Customer focus was improved and we made better use

© Eaton Ltd

Eaton Medium Duty Gearbox — precision components for commercial vehicle transmissions



© Vauxhall Motors Ltd

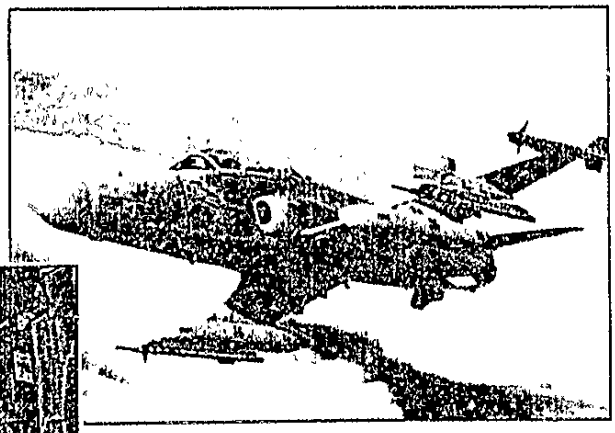
Above Right: Vauxhall Calibra Turbo 4 × 4 — high integrity fasteners for high performance cars

of our resources. Our objective was for our organisation to reflect the needs of our customers, not the functionalism of a past era.

At our Northampton plant, action taken to reduce costs at the end of 1992 provided operational gains and we reduced stock levels and increased margins in spite of lower volumes. In Birmingham and Peterlee we remodelled our factories and created a flatter structure. With a 20% reduction in the number of people employed our costs have been dramatically cut and an extensive training plan has been set up to support a culture of continuous improvement.

Our confidence comes not in anticipation of any material improvement in the automotive market, but as a result of our businesses being better placed to exploit all opportunities as they arise.

© BAe plc

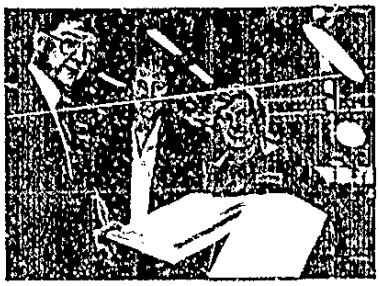


BAe Hawk Advanced Jet Trainer — high integrity fasteners for high performance aircraft

Customer partnership — Keith Latimer with Jonathan Taylor and Ian Wilson from BAe Defence reviewing process control at Linread Aerospace

Linread Aerospace

	1992	1993
Sales Turnover	£15,988,000	£14,052,000
Net Assets	£5,951,000	£6,262,000
Employees	368	314



Developing our engineers for the future — Edward Brooks with Suzie Hodgkinson, a "Year in Industry" student, and Rose McCabe

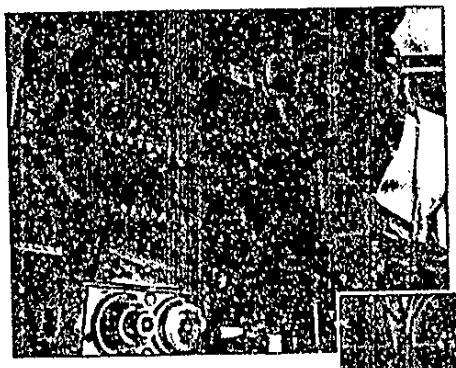
The fall in demand from the aerospace sector was even more marked than in 1992 and our airframe activity at Redditch was most affected. The over ordering of civil aircraft in previous years was corrected with cancellations and deferments affecting the component supply industry. However, the demand for military aircraft appeared to stabilise. This was supported by overseas sales of the Tornado and Hawk aircraft, although the delay to the Eurofighter 2000 programme has been a disappointment.

Although turnover fell by approximately 10%, our people worked hard to develop new markets, further reducing costs and generating improved customer focus through flexibility and service.

Our Redditch factory performed well in difficult conditions, increasing its market share and maintaining its position as one of the premier suppliers of fasteners to the European aircraft constructors. As our customers have fought to compete in the global market so they have intensified their efforts to reduce costs, inventory and lead times. Responding to these pressures we have

strengthened our partnerships with customers and suppliers alike and we are re-engineering our business to improve operating efficiencies, maintaining our quest for total quality.

At North Bridge there was further change, the factory being reconfigured to establish product-focused units and a lower cost base. Investment in equipment and employee development was substantially increased, providing greater flexibility and shorter lead times. Stock levels were further reduced, cash was generated and exports increased, especially to the USA and this trend is set to continue in 1994.



Developing products — Ian Wall and Peter Mulligan

Our ESNA nut distribution activity again performed well, maintaining its position in the European and Scandinavian markets.

Distribution

	1992	1993
Sales Turnover	£1,682,000	£1,685,000
Net Assets	£406,000	£282,000
Employees	23	22

Even with a customer base extending from aerospace to leisure, Lintite Systems was not immune from the recession. However, it successfully increased its share of the UK market, offsetting the fall in demand from continental Europe, notably from Germany. The strategy to develop new product opportunities was also a success, a distribution agreement being signed with AKH of Indianapolis. The sophisticated AKH FAS-NFR SYSTEM™ provides a unique self-piercing process for sheet metal applications, complementing Lintite's existing product range.

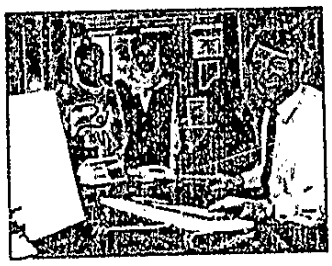
Stocking and distribution remains important for our two manufacturing divisions, with increasing demand for parts to be supplied directly to our customers' production lines.

The Future

Our progress has been encouraging and we have been pleased with the way our new management team has responded to the challenges of the last year. We will continue to develop our people, our processes and our products and through the use of better systems and focused management we will persist in our pursuit of growth and the development of our company. We have a substantially strengthened balance sheet and the further reductions in costs and working capital will create a robust platform for the future whatever the pace of economic recovery. Trust and commitment will be the basis of our long-term relationships with all our customers and we welcome change to bring about the enhancement of shareholder value. We look forward with confidence.

Peter Harrisson
Group Managing Director

Pieter Hazenberg
Group Finance Director



Customer focus — David Harrison with Lintite's customer service team, Audrie Huie, Saida Gaibee and Cynthia Stewart

Directors' Report

The directors submit their report and the audited financial statements for the year ended 31st December 1993. Following the introduction of Financial Reporting Standard 3, "Reporting Financial Performance", changes have been made to the presentation of the financial statements to conform with the new requirements. These are more fully explained in note 1 to the financial statements

Activities

Linread manufactures and markets a wide range of forged and machined special fasteners and other precision components for industrial use. Major markets are the aerospace and automotive industries in the UK, Europe and North America.

The Chairman's statement and Executive Review on pages 4 to 9 provide a report on the year and prospects for the group.

Results and dividends	£
Group profit after taxation	473,000
Dividends paid and proposed	(478,000)
Transfer from reserves	(5,000)

If the proposed final dividend of 2.35 pence per share is approved by the members at the annual general meeting, ordinary share dividend warrants will be posted on Wednesday, 18th May to shareholders registered on Friday, 6th May.

Fixed tangible assets

Information relating to changes is given in note 12 to the financial statements.

Corporate governance

The directors have considered the Report of the Cadbury Committee on the Financial Aspects of Corporate Governance. In the opinion of the directors, the company is complying with the recommendations of the Code of Best Practice in a manner appropriate to the size and structure of the organisation. In respect of those recommendations relating to internal control and going concern, the publication of further professional guidance on their application is awaited.

The board comprises five directors of whom two are non-executive. The board considers that its composition provides an appropriate blend of experience and qualification and that the ratio of non-executive to executive directors provides a strong base for ensuring appropriate corporate governance of the company. The board meets at least 12 times a year and exercises control over the company, in particular by measuring current and anticipated performance and by deciding strategic issues.

Remuneration and audit committees are well-established within the company and your board has taken the opportunity to review the terms of reference of these committees to ensure that they comply with the code. The remuneration committee comprises the Chairman and the non-executive directors.

The audit committee has written terms of reference. Meetings are held regularly and additional meetings may be requested by the auditors. In addition, the committee can meet alone, with or without the auditors present, should it wish to discuss matters without the presence of the executive directors

Executive directors

Mr. M. P. Tahany, Chairman, age 69, was appointed at the 1988 AGM having joined Linread in June 1987. He is non-executive director of LETG Limited.

Mr. P. W. Harrisson was appointed to the board on 19th February 1992 and took up his duties as Group Managing Director in April of that year. Age 48, he is a graduate engineer and was latterly Chief Executive of the Morris Division of Trafalgar House. He is a director of the Leicestershire Training and Enterprise Council.

Mr. P. A. Hazenberg, Group Finance Director, joined the board in June 1991. Age 42, he is a chartered management accountant and had previously been finance director of Peerless PLC.

Non-executive directors

Mr D E Rogers was appointed as non-executive director in April 1991, becoming Deputy Chairman in May 1993. He is Chairman of Newman Tonks Group PLC and Chairman of James Walker PLC and non-executive director of Bromsgrove Industries plc Age 58

Mr. J. A Leek was appointed as non-executive director in January 1994. He is Executive Chairman of Lilleshall plc and non-executive director of MY Holdings plc Age 52

Mr. D. G Lynall retired on 12th May 1993

Directors' interests

The interests of the directors and their families in the company's shares at 31st December 1993 and 31st December 1992 were as follows:

	Ordinary shares of 25p each		1988 Share Option Scheme	
Holdings with beneficial interest	1993	1992	1993	1992
M. P Tahany	837,080	832,080	—	—
P. W. Harrisson	19,000	16,000	100,000	100,000
P. A. Hazenberg	3,000	1,500	50,000	50,000
D. E Rogers	1,500	—	—	—
Holdings as trustees				
M. P. Tahany	196,934	196,934	—	—

None of the directors has an interest in either the share capital of the subsidiary companies or any debenture (including loan stock or mortgage securities) of any company in the group.

The 1988 share option scheme was adopted by the company in general meeting on 4th May 1988. Details of the options granted are shown in note 19. On 30th March 1994 options under the 1988 scheme were issued to Mr. P. W. Harrisson in respect of 15,000 shares and to Mr. P. A. Hazenberg in respect of 10,000 shares.

Mr. J. A. Leek purchased 4,000 shares on 5th January 1994. There were no other changes to directors' interests between 31st December 1993 and 11th April 1994.

No contract with any group company subsisted during or at the end of the financial year in which a director of the company is or was materially interested and which is or was significant to the company's business. Similarly no such contracts subsisted during or at the end of the previous financial year.

Substantial interests other than directors

On 11th April 1994 the following had interests of 3% or more in the issued ordinary shares of the company:

Funds managed or advised by:	Holding	% of Issued Capital
M & G Investment Management	1,815,507	14.89
Mr. A. H. Lynall	1,033,062	8.47
Postel Investment Management	1,030,500	8.45
Mr. D. G. Lynall	719,979	5.90
Scottish Amicable Investment Management	693,884	5.69
British Airways Pensions Investment Management	525,000	4.30
Henderson Administration Group	405,000	3.32
Guinness Flight Investment Trust Managers	390,634	3.20

So far as can be ascertained no other person or corporation (other than the directors shown above) is interested in 3% or more of the company's issued ordinary share capital.

Savings related share option scheme

Since 1984 the company has operated an Inland Revenue approved savings related share option scheme (SAYE scheme) under which approximately 635,000 shares have been issued or put under options granted to over 400 employees within the group. The existing SAYE scheme expires on 9th May 1994 and the directors seek approval of the adoption of a new SAYE scheme under which options may be offered to qualifying employees over the next ten years. A letter from the Chairman explaining the proposal is enclosed with this report, together with a notice convening an extraordinary general meeting for this purpose which will follow immediately after the annual general meeting.

Special business at the annual general meeting

Resolution 7 as in previous years, grants the directors a limited authority under section 95 of the Companies Act 1985 ("the Act") to allot shares for cash disapplying the statutory pre-emption rights imposed by section 89 of the Act. Save for the rights issues, the authority is limited to £152,455 of share capital, 5% of the present issued share capital, and any exercise of this authority by the directors would be in accordance with the current guidelines of the Stock Exchange and institutional shareholders' representatives.

Directors' liability insurance

The group maintains liability insurance for the directors in respect of their duties as directors of the group.

Health and safety at work

It is group policy to maintain healthy and safe working conditions and to operate in a responsible manner with regard to the environment. Management throughout the organisation is conscious of and committed to its responsibilities in securing the health, safety and welfare of employees and others arising from the group's activities.

Disabled employees

It is our policy to give full and fair consideration to applications for employment made by disabled persons and to continue wherever possible the employment of personnel who become disabled and to provide equal opportunities for the training and career development of these employees.

Employee involvement

The group is committed to realising the full potential of everyone employed in the organisation. We seek to maintain an open style of management which encourages teamwork and which ensures everyone is well informed of both the performance and objectives of the group. Briefing meetings are held with employees to inform them of the financial results and of the external factors affecting the business. A house journal is published regularly for employees and their families. Participation in the progress of the company is encouraged by the savings-related share option scheme.

Pensions

The last actuarial valuation of the Linread Group Pension Scheme, carried out as at 6th April 1992, disclosed that the Scheme was overfunded when valued both in accordance with the criteria laid down by the Finance Act 1986 and the assumptions used to determine current funding requirements.

In accordance with the actuaries' recommendations, contributions to the Scheme from the company have been suspended.

Charitable and political contributions

Charitable donations by the group totalled £6,955 during the year to 31st December 1993.

The group did not subscribe to any political organisation during the year to 31st December 1993.

The Income and Corporation Taxes Act 1988

At 31st December 1993 the company was not a close company within the meaning of the Income and Corporation Taxes Act 1988 and there has been no change since that date.

Auditors

A resolution to reappoint Coopers & Lybrand will be proposed at the annual general meeting.

By order of the Board,
P. A. Hazenberg, *Secretary*

St. Paul's House,
21-23 St. Paul's Square,
Birmingham B3 1RB

11th April 1994

Directors' Responsibilities

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

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

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

Auditors' Report

To the members of Linread Public Limited Company

We have audited the financial statements on pages 14 to 26.

Respective responsibilities of directors and auditors

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

Basis of opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 31st December 1993 and of the profit, total recognised losses and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand

Coopers & Lybrand
Chartered Accountants and Registered Auditors
Birmingham
11th April 1994

Consolidated Profit & Loss Account

for the year ended 31st December 1993

	Notes	Continuing Operations 1993 £000	1992 Restated £000
Turnover	2	36,362	37,802
Cost of sales		(30,201)	(31,625)
Exceptional cost of sales	3	(931)	(504)
Gross profit		5,230	5,673
Net operating expenses	3	(3,951)	(3,943)
Exceptional operating expenses	3	(197)	(239)
Operating profit		1,082	1,491
Interest payable	4	(225)	(794)
Profit on ordinary activities before taxation	5	857	697
Tax on profit on ordinary activities	8	(384)	(428)
Profit for the financial year		473	269
Dividends	10	(478)	(457)
Transfer from reserves	20	(5)	(188)
Earnings per share (pence)	11	3.88	2.21
Dividends per share (pence)			
Interim dividend paid		1.57	1.50
Proposed final dividend		2.35	2.25
Total dividends paid and proposed		3.92	3.75

Balance Sheets

as at 31st December 1993

	Notes	Group 1993 £000	Group 1992 Restated £000	Company 1993 £000	Company 1992 Restated £000
Fixed assets					
Tangible assets	12	8,087	8,874	8,083	8,865
Investments	13	—	—	714	653
		8,087	8,874	8,797	9,518
Current assets					
Stocks	14	5,800	7,071	5,800	7,071
Debtors: Amounts falling due within one year	15	7,307	7,136	7,450	7,199
Debtors: Amounts falling due after one year	15	72	130	72	130
Cash at bank and in hand		846	26	207	16
		14,025	14,363	13,529	14,416
Creditors: Amounts falling due within one year	16	(7,358)	(8,541)	(8,837)	(10,534)
Net current assets		6,667	5,822	4,692	3,882
Total assets less current liabilities		14,754	14,696	13,489	13,400
Creditors: Amounts falling due after more than one year	17	(3,638)	(3,576)	(3,638)	(3,576)
Provisions for liabilities and charges	18	(472)	(481)	(472)	(481)
		10,644	10,639	9,379	9,343
Capital and reserves					
Called up share capital	19	3,049	3,046	3,049	3,046
Share premium account	20	590	583	590	583
Revaluation reserve	20	1,697	1,717	759	762
Other reserves	20	(755)	(755)	232	232
Profit and loss account	20	6,063	6,048	4,749	4,720
Shareholders' funds		10,644	10,639	9,379	9,343
Borrowings as a percentage of shareholders' funds		28.4%	50.1%		
Net assets pence per share		87.3	87.3		

The accounts on pages 14 to 26 were approved by the Board of Directors on 11th April 1994 and were signed on its behalf by:

M. P. Tahany *Chairman*
P. W. Harrisson *Group Managing Director*

Consolidated Cash Flow Statement

for the year ended 31st December 1993

	Notes	1993	1992 Restated
		£000	£000
Net cash inflow from operating activities	21	3,765	3,923
Returns on investment and servicing of finance			
Interest paid		(174)	(600)
Interest received		36	—
Interest element of finance lease rental payments		(187)	(205)
Dividends paid		(467)	(364)
Net cash outflow from returns on investment and servicing of finance		(792)	(1,169)
Taxation			
UK corporation tax (paid)/refunded — net		(67)	427
Investing activities			
Purchase of fixed tangible assets		(385)	(408)
Sale of fixed tangible assets		90	787
Net cash (outflow)/inflow from investing activities		(295)	379
Net cash inflow before financing		2,611	3,560
Financing			
Issue of ordinary share capital		10	5
Principal repayment under finance leases		(131)	(151)
Repayment of loan		(60)	(1,273)
New loans raised		—	1,000
Net cash outflow from financing	22	(181)	(419)
Increase in cash and cash equivalents	23	2,430	3,141

Supplementary Statements

Statement of total recognised gains and losses

	Notes	1993 £000	1992 Restated £000
Profit for the financial year		473	269
Provision for deferred tax on revaluation surplus not required		—	182
Total recognised gains and losses relating to the year		473	451
Prior period adjustment	1	(750)	
Total losses recognised since last annual report		(277)	

Note of historical cost profits and losses

	1993 £000	1992 Restated £000
Reported profit on ordinary activities before taxation	857	697
Realisation of property revaluation gains of previous years	—	600
Difference between historical cost depreciation charge and the actual depreciation charge calculated on the revaluation amount	20	20
Historical cost profit on ordinary activities before taxation	877	1,317
Retained historical cost profit for the year	15	432

Reconciliation of movement in shareholders' funds

	1993 £000	1992 Restated £000
Profit for the financial year	473	269
Dividends	(478)	(457)
	(5)	(188)
Other recognised gains and losses relating to the year	—	182
New share capital subscribed	10	5
Net addition to shareholders' funds	5	(1)
Opening shareholders' funds (originally £11,390,000 at 1 January 1992 before deducting prior period adjustment of £750,000)	10,639	10,640
Closing shareholders' funds	10,644	10,639

1 Accounting policies

Basis of preparation of financial statements and of consolidation

The financial statements have been consistently prepared in accordance with applicable United Kingdom Accounting Standards. The financial statements have been prepared under the historical cost convention, modified by the revaluation of certain fixed assets. The consolidated financial statements include the results of the holding company and subsidiary companies for the year ended 31st December 1993. Goodwill arising on acquisition has been written off against reserves.

The holding company has taken advantage of the exemption from presenting its own profit and loss account, as permitted by Section 230 of the Companies Act 1985.

Fixed tangible assets

The cost or valuation of buildings is depreciated at 2½% on a straight line basis. Freehold land is not depreciated. Short leasehold property is amortised over the term of the lease.

The cost or valuation of plant and machinery is depreciated at 10% per annum on a straight line basis.

Fixtures and fittings are depreciated over 5 to 8 years. Computer equipment is depreciated over 4 years.

Where assets are provided by means of finance lease agreements, the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor. Lease payments are treated as consisting of capital and interest elements and the interest is charged to the profit and loss account using the sum of digits method.

Depreciation on the relevant assets is charged to the profit and loss account.

Grants that related to specific capital expenditure are treated as deferred income which is then credited to the profit and loss account over the related assets' useful life.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost in the case of work in progress and finished goods consists of materials, labour and appropriate manufacturing expenses.

Deferred taxation

Provisions are made only in so far as a liability is likely to arise in the foreseeable future.

Turnover

Turnover is the aggregate of the invoiced values of sales (less returns and allowances) charged to customers excluding Value Added Tax.

Research and development, patents and trade marks

Cost, including acquisition of patents, trade marks and know-how, are written off in the year in which they are incurred.

Rent payable under operating leases

Rent payable under operating leases is charged to the profit and loss account on a straight line basis over the term of the lease.

Pensions

The expected cost of pensions in respect of the group's defined benefit pension schemes is charged to the profit and loss account in accordance with SSAP 24 so as to spread the cost of pensions over the service lives of employees in the schemes. Variations from the regular cost are spread over the expected remaining service lives of current employees in the schemes. The pension cost is assessed in accordance with the advice of qualified actuaries.

Translation of foreign currencies

Assets and liabilities are translated into sterling at either exchange rates ruling on 31st December or contracted rates. The results of foreign subsidiaries are translated at the average rate of exchange for the year. Transactions during the year are translated at either the exchange rate ruling or contracted rates. All exchange differences are dealt with through the profit and loss account.

1 Accounting policies continued

Investments in subsidiaries

Investments in subsidiaries are stated at cost less provision for any permanent diminution in value.

Changes in accounting policies

The new accounting standard, FRS 3, requires the adoption of accounting policies which differ from those previously adopted by the group. Accordingly, the following changes have been made. Comparative figures have been amended where necessary for the changes.

(a) In previous years profits and losses on the sale of fixed assets carried at valuation have been included in the profit and loss account based on the difference between proceeds and depreciated historical cost. This policy has now been changed and such profits and losses are now included based on the difference between proceeds and net carrying amount, whether at valuation or at depreciated historical cost.

(b) Previous year's exceptional items have been re-analysed into the appropriate statutory format headings in the profit and loss account to which they relate.

The practice prescribed by Financial Reporting Exposure Draft 4 (FRED 4) in relation to the recognition of assets and liabilities has been adopted. This has given rise to a prior period adjustment in respect of a 25 year property lease (previously treated as an operating lease) and associated option agreement entered into in June 1989 which provide *inter alia* for the purchase of the freehold of the property by the company at stipulated dates for a predetermined price at the option of either the company or the landlord. In the opinion of the directors, based on independent advice, the value of the freehold at 31st December 1991 was £1,250,000; the purchase price at the first option date on 9th January 1995 was approximately £2,000,000. The balance sheet at 31st December 1991 has been restated to recognise the property as an asset at market value and the option price as a liability. The previously reported profit and loss account balance at 31st December 1991 has been reduced by £750,000 to a restated £5,606,000.

The effect of the changes in the accounting policies on the comparative profit and loss account figures is as follows:

		1992 £000
Profit before taxation as previously reported		1,321
FRS 3 — adjustment in respect of profit on sale of fixed asset		(600)
FRED 4 — adjustment in respect of treatment of property leases		
— rental	173	
— depreciation	(24)	
— interest	(173)	(24)
Profit before taxation as restated		697

In summary the effect of the above changes to each profit and loss account heading is as follows:

	Previously reported £000	FRS 3 changes £000	FRED 4 changes £000	Restated £000
Cost of sales	(31,774)	—	149	(31,625)
Exceptional charges	(143)	(600)	—	(743)
Interest payable	(621)	—	(173)	(794)
Profit before taxation	1,321	(600)	(24)	697
Tax on profit on ordinary activities	(436)	—	8	(428)
Profit for the financial year	885	(600)	(16)	269
Transfer to/(from) reserves	428	(600)	(16)	(188)

2 Segmental information

Analysis by: Geographical origin	1993 Turnover £000	1993 Pre-tax Profit £000	1993 Net Assets £000	Restated 1992 Turnover £000	Restated 1992 Pre-tax Profit £000	Restated 1992 Net Assets £000
United Kingdom	36,362	857	10,644	37,802	697	10,639

Geographical destination	1993 Turnover £000	1992 Turnover £000
United Kingdom	26,754	27,637
EEC	5,807	6,614
North America	3,475	3,148
Other	326	403
	36,362	37,802

Main market	1993 Turnover £000	1993 Net Assets £000	1992 Turnover £000	1992 Net Assets £000
Aerospace	14,052	6,262	15,586	5,951
Automotive	20,625	4,100	20,534	4,282
Others	1,685	282	1,682	406
	36,362	10,644	37,802	10,639

In the opinion of the directors, disclosure of profit by main market would be commercially sensitive and not in the company's best interests; therefore, such analysis has not been disclosed.

3 Operating expenses and exceptional items

	1993 £000	1992 £000
Net operating expenses:		
Distribution costs	1,072	1,109
Administrative expenses	2,879	2,834
	3,951	3,943
Exceptional items:		
Cost of sales	931	504
Operating expenses	197	239
	1,128	743
Comprising:		
Rationalisation and redundancies	1,128	651
Financial reorganisation	—	92
	1,128	743

4 Interest payable

	1993 £000	1992 Restated £000
On bank loans, overdrafts and other loans:		
Repayable within 5 years, not by instalments	68	431
Repayable wholly or partly in more than 5 years	83	158
	151	589
On finance leases	121	205
Interest receivable	(47)	—
	225	794

Interest on finance leases in 1992 has been restated for the change in treatment of a leasehold property, details of which are set out in note 1.

5 Profit on ordinary activities before taxation is stated after charging/(crediting):

	1993 £000	1992 Restated £000
Depreciation of owned assets	1,188	1,094
Depreciation of leased assets	122	150
Amortisation of capital grant	(50)	(20)
Loss on disposals of fixed tangible assets	98	32
Hire of plant and machinery — operating leases	129	124
Rent of buildings — operating leases	704	506
Auditors' remuneration including expenses	53	71

Auditors' remuneration includes amounts in respect of the parent company of £55,000 (1992: £68,000). Total fees for non-audit services provided by the auditors and excluded from the above remuneration amount to £10,000.

Results for 1992 have been restated to comply with Financial Reporting Standard 3. This restatement includes adjustment to the profit on disposal of fixed assets resulting in a reduction in profit before tax of £600,000

6 Annual commitments under operating leases which expire:

	Plant and machinery		Land and buildings	
	1993 £000	1992 £000	1993 £000	1992 £000
In one year	25	41	25	8
In the second to fifth years inclusive	75	87	165	20
Over five years	—	—	532	447
	100	128	722	475

7 Staff costs and directors' emoluments

	1993	1992
Average number of employees by activity:		
Executive	18	18
Staff	227	312
Hourly paid	484	502
	729	832
Employee costs (including directors' emoluments):	£000	£000
Wages and salaries	10,274	11,124
Social security cost	871	916
Other pension costs	269	74
	11,414	12,114
Directors' emoluments:		
Fees	24	24
Emoluments	208	186
Pension contributions	58	47
	290	257

The emoluments, excluding pension contributions, of the chairman amounted to £52,863 (1992: £58,394).

The emoluments, excluding pension contributions, of the highest paid director amounted to £84,753 (1992: £62,045).

The emoluments of the directors (including the chairman and the highest paid director), excluding pension contributions, fell into the following bands:

	1993	1992
£ 5,001 - £10,000	1	—
£10,001 - £15,000	—	3
£15,001 - £20,000	1	—
£50,001 - £55,000	1	1
£55,001 - £60,000	—	1
£60,001 - £65,000	—	1
£70,001 - £75,000	1	—
£80,001 - £85,000	1	—

8 Tax on profit on ordinary activities

	1993 £000	1992 Restated £000
UK corporation tax charge at 33%	455	111
Adjustment in respect of prior years	(64)	(145)
Deferred taxation	(9)	461
Overseas taxation	2	1
	384	428

The tax charge has increased as a result of timing differences not provided for in deferred taxation.

9 Profit attributable to holding company

The amount of the profit for the financial year dealt with in the financial statements of the holding company is £26,000 (1992: £4,044,000) including dividends received from subsidiaries.

10 Dividends

	1993 £000	1992 £000
Ordinary shares		
Interim dividend paid		
1.57p per share on 12,189,743 shares of 25p	191	
(1992: 1.5p on 12,182,618 shares)		183
Proposed final dividend		
2.35p per share on 12,196,409 shares of 25p	287	
(1992: 2.25p on 12,182,618 shares)		274
	478	457

11 Earnings per share

The number of shares in issue used in calculating earnings per share as shown on the consolidated profit and loss account is the weighted average during the year of 12,188,836 (1992: 12,175,705). Earnings used in the calculation were £473,000 (1992 restated: £269,000).

12 Fixed tangible assets

	Group			Company		
	Land and buildings £000	Plant and machinery £000	Total £000	Land and buildings £000	Plant and machinery £000	Total £000
Cost or valuation						
At 31st December 1992	2,328	14,416	16,744	2,328	14,390	16,718
Prior period adjustment	1,250	—	1,250	1,250	—	1,250
As restated	3,578	14,416	17,994	3,578	14,390	17,968
Additions	5	706	711	5	701	706
Disposals	—	(678)	(678)	—	(678)	(678)
At 31st December 1993	3,583	14,444	18,027	3,583	14,413	17,996
Depreciation						
At 31st December 1992	219	8,877	9,096	219	8,860	9,079
Prior period adjustment	24	—	24	24	—	24
As restated	243	8,877	9,120	243	8,860	9,103
Depreciation for year	77	1,233	1,310	77	1,223	1,300
Disposals	—	(490)	(490)	—	(490)	(490)
At 31st December 1993	320	9,620	9,940	320	9,593	9,913
Net book value						
At 31st December 1993	3,263	4,824	8,087	3,263	4,820	8,083
At 31st December 1992 Restated	3,335	5,539	8,874	3,335	5,530	8,865

	Group and Company 1993 £000	1992 £000
Included in the above is the net book value of assets held under finance leases	445	233

The net book value of land and buildings comprises:		Restated
Freehold	1,703	1,727
Short leasehold	359	382
Leasehold subject to freehold option	1,201	1,226
	3,263	3,335

12 Fixed tangible assets continued

	Group		Company	
	1993	1992	1993	1992
Details of revalued assets are given below:	£000	£000	£000	£000
Plant and machinery in 1975	754	754	754	754
1985	374	374	374	374
1987	439	439	439	439
Land and buildings in 1991 — freehold	1,750	1,750	777	777
— leasehold option	1,250	1,250	1,250	1,250
	4,567	4,567	3,594	3,594
Depreciation thereon	(1,481)	(1,351)	(1,446)	(1,333)
Net book value	3,086	3,216	2,148	2,261
Historical cost of revalued assets	2,334	2,334	2,334	2,334
Depreciation based on historical cost	(945)	(835)	(945)	(835)
Historical cost net book value	1,389	1,499	1,389	1,499

Freehold land and buildings includes £1,065,000 in respect of land which is not depreciated.

The valuation of land and buildings in 1991 is in accordance with an inspection of freehold properties carried out by York Montague in February 1992. The leasehold property subject to freehold option is valued by the directors, based on independent advice. All values are as on the open market for existing use basis at 31st December 1991.

Capital commitments including items to be leased	1993 £000	1992 £000
Contracted for	—	71
Authorised but not contracted for	114	105

13 Fixed asset investments

	1993 £000	1992 £000
Investment in subsidiaries (see page 2)		
At cost	1,682	1,519
Provisions	(968)	(866)
	714	653

14 Stocks

	Group and Company 1993 £000	1992 £000
Raw materials and consumables	1,042	1,190
Work in progress	2,003	2,890
Finished goods	2,755	2,991
	5,800	7,071

15 Debtors

	Group		Company	
	1993 £000	1992 £000	1993 £000	1992 £000
Amounts falling due within one year				
Trade debtors	6,348	6,515	6,348	6,515
Amounts owed by subsidiaries	—	—	150	75
Other debtors	226	97	219	90
Prepayments and accrued income	517	311	517	306
Corporation tax recoverable	216	213	216	213
	7,307	7,136	7,450	7,199
Amounts falling due after one year				
Advance corporation tax recoverable	72	91	72	91
Other	—	39	—	39
	72	130	72	130
	7,379	7,266	7,522	7,329

16 Creditors
Amounts falling due within one year

	Group 1993 £000	Group 1992 £000	Company 1993 £000	Company 1992 £000
Bank overdrafts	—	1,610	—	2,256
Bank and other loans	80	60	80	60
Trade creditors	4,018	4,001	4,018	3,999
Obligations under finance leases	142	89	142	89
Amounts owed to subsidiaries	—	—	1,472	1,460
Corporation tax	571	260	583	152
Other tax and social security	570	704	570	704
Other creditors	653	151	653	151
Proposed dividend	287	276	287	276
Accruals and deferred income	1,037	1,390	1,032	1,387
	7,358	8,541	8,837	10,534

Accruals and deferred income includes capital grants with a net book value of £57,000 Amortisation to the value of £50,000 has been credited to the profit and loss account in the year.

17 Creditors
Amounts falling due after more than one year

	Group and Company 1993 £000	Group and Company 1992 *Restated* £000
Obligations under finance leases (due in two to five years)	258	136
Leasehold property option	2,020	2,000
Bank and other loans	1,360	1,440
	3,638	3,576
Bank and other loans are:		
Medium-term (due in two to five years)		
Secured loans	820	320
Long-term (due over five years)		
Secured loan	540	1,120
	1,360	1,440

The leasehold property option liability arises as a result of adopting the practice prescribed by Financial Reporting Exposure Draft 4 in respect of the recognition of assets and liabilities. This relates to a 25 year property lease (previously treated as an operating lease) and associated option agreement entered into in June 1989 which provide *inter alia* for the purchase of the freehold of the property by the company at stipulated dates for a predetermined price at the option of either the company or the landlord. The liability represents the purchase price at the first option date on 9th January 1995.

Bank and other loans comprise:

a) A secured loan repayable in quarterly instalments of £20,000 commencing June 1993 bearing interest at variable rates based on LIBOR subject to a minimum of 8%, total outstanding at 31st December 1993 was £940,000.

b) A secured loan repayable in full in November 1998 bearing interest at variable rates based on LIBOR, total outstanding at 31st December 1993 was £500,000.

The bank loans and overdrafts and other loans are secured by fixed and floating charges over the assets of the group.

18 Provisions for liabilities and charges
Deferred taxation at 33% (1992: 33%)

	Full potential 1993 £000	Full potential 1992 *Restated* £000	Actual provision 1993 £000	Actual provision 1992 *Restated* £000
Taxation allowances in excess of depreciation	800	880	773	806
Other timing differences	(301)	(325)	(301)	(325)
	499	555	472	481

	£000
Provision brought forward as restated	481
Credited to profit and loss	(9)
Carried forward	472

In the directors' view the revaluation of properties does not constitute a timing difference as the group's policy is of continued ownership.

Further taxation of approximately £190,000 (1992: £190,000) would arise if all the distributable reserves of the overseas companies were to be remitted to the UK.

19 Share capital

Ordinary shares of 25p each	Authorised £000	Authorised Shares	Allotted and fully paid £000	Allotted and fully paid Shares
At 31st December 1992	5,000	20,000,000	3,046	12,182,618
Allotted under rules of the savings-related share option scheme at values between 66p and 109.5p per share			3	13,791
At 31st December 1993	5,000	20,000,000	3,049	12,196,409

Since 31st December 1993 no further ordinary shares have been allotted under the rules of the savings-related share option scheme.

The savings-related share option scheme was adopted by the company in general meeting on 10th May 1984. At 11th April 1994 options granted amount to 203,644 ordinary shares exercisable as follows:

Exercisable within six months of	Number of ordinary shares	Price per share
July 1994	22,761	126p
July 1995	45,833	109.5p
July 1994	22,889	135p
July 1996	6,406	135p
July 1995	105,755	98p

The 1988 share option scheme was adopted by the company in general meeting on 4th May 1988. At 11th April 1994 options granted amounted to 293,840 ordinary shares exercisable as follows.

Exercisable between	Number of ordinary shares	Price per share
June 1991 and June 1998	78,840	123p
April 1995 and April 2002	150,000	105p
September 1996 and September 2003	25,000	123p
March 1997 and March 2004	40,000	136p

At 31st March 1982 the Linread ordinary share price was quoted at 28p.

20 Reserves

	Share Premium account £000	Revaluation reserve £000	Other reserves £000	Profit and loss account £000
Group				
At 31st December 1992	583	1,717	(755)	6,814
Prior period adjustment	—	—	—	(766)
As restated	583	1,717	(755)	6,048
Transfer	—	(20)	—	20
Issue of shares	7	—	—	—
Retained loss for year	—	—	—	(5)
At 31st December 1993	590	1,697	(755)	6,063
Company				
At 31st December 1992	583	762	232	5,486
Prior period adjustment	—	—	—	(766)
As restated	583	762	232	4,720
Transfer	—	(3)	—	3
Issue of shares	7	—	—	—
Retained for year	—	—	—	26
At 31st December 1993	590	759	232	4,749

The prior period adjustment arises as a result of the change in accounting policy in respect of the treatment of leasehold property set out in note 1. The reduction in reserves represents the difference between the open market value of the property and the option price as at 31st December 1991, plus one year's depreciation on the buildings.

21 Net cash flow from operating activities

	1993 £000	1992 Restated £000
Trading profit after exceptional items	1,082	1,491
Depreciation on fixed tangible assets	1,310	1,244
Loss on sale of fixed tangible assets	98	32
Decrease in stocks	1,271	1,581
(Increase)/Decrease in debtors	(129)	92
Increase/(Decrease) in creditors	183	(497)
Amortisation of grants	(50)	(20)
Net cash flow from operating activities	3,765	3,923

22 Analysis of changes in financing during the year

	Share capital (including premium) £000	Loans and finance lease obligations £000
Balance at 1st January 1993 (as restated)	3,629	3,725
New capital leases	—	326
Cash inflow/(outflows) from financing	10	(191)
Balance at 31st December 1993	3,639	3,860

23 Analysis of changes in financing during the year

	£000
Balance at 1st January 1993	(1,584)
Net cash inflow/(outflow)	2,430
Balance at 31st December 1993	846

Analysis of the balances of cash and cash equivalents as shown in the balance sheets

	1993 £000	1992 £000	Change in year £000
Cash at bank and in hand	846	26	820
Bank overdrafts	—	(1,610)	1,610
	846	(1,584)	2,430

24 Pensions

The group operates approved defined benefit pension and life assurance Schemes for its employees, the funds of which are held separately from the company and are administered by Trustees. Actuarial valuations on an ongoing basis are prepared every three years and contributions are made in accordance with the actuaries' recommendations.

The latest actuarial assessments were as at 6th April 1992 and the main financial assumptions were:

Investment return	9.00% per annum
Salary inflation	7.00% per annum
Dividend growth	5.00% per annum
Pension increases	4.00% per annum

At 6th April 1992 the company's pension Schemes' invested assets had a market value of £19,000,000. The actuarial value of the assets represented 122% of the liabilities for benefits that had accrued to members, allowing for expected future increase in salaries.

The accounting policy is to provide for pension liabilities on a systematic basis over the period of employment of Scheme members. Pensions costs have been assessed using the projected unit actuarial costing method with surpluses being written off over the average future membership of the Scheme members which has been calculated as approximately 13 years. The funding policy is similar, although the incidence of contributions and pension costs may not be exactly the same.

The charge to the profit and loss account for pension costs for the year is £269,000 (1992: £74,000).

An amount of £250,000 (1992: £61,000) is included in accruals and deferred income which represents the excess of accumulated pension costs over the payment of contributions to the Schemes.

Group Financial Summaries

	1993 £000	1992 £000	1991 £000	1990 £000	1989 £000
Turnover	36,362	37,802	39,696	42,729	39,457
Cost of sales	(30,201)	(31,625)	(33,897)	(34,143)	(30,522)
Gross profit	6,161	6,177	5,799	8,586	8,935
Distribution costs	(1,072)	(1,109)	(1,282)	(1,340)	(1,125)
Administrative expenses	(2,879)	(2,834)	(3,154)	(4,444)	(3,779)
Trading profit	2,210	2,234	1,363	2,802	4,031
Other operating income	—	—	—	85	30
Interest payable	(225)	(794)	(706)	(808)	(738)
Profit on ordinary activities before exceptional items and taxation	1,985	1,440	657	2,079	3,323
Exceptional charges	(1,128)	(743)	(2,856)	—	—
Profit/(loss) before taxation	857	697	(2,199)	2,079	3,323
Tax on ordinary activities	(384)	(428)	524	(749)	(1,205)
Profit/(loss) on ordinary activities after taxation	473	269	(1,675)	1,330	2,118
Extraordinary items	—	—	—	1,081	—
Profit/(loss) for the financial year	473	269	(1,675)	2,411	2,118
Dividends	(478)	(457)	(426)	(688)	(682)
Transfer to/(from) reserves	(5)	(188)	(2,101)	1,723	1,436
Capital and reserves					
Share capital	3,049	3,046	3,042	3,016	2,987
Reserves	7,595	7,593	7,598	10,953	9,487
	10,644	10,639	10,640	13,969	12,474
Employment of capital					
Fixed assets	8,087	8,874	10,179	9,346	8,634
Current assets, *less* liabilities	6,017	5,265	2,961	6,426	5,723
Loans	(3,460)	(3,500)	(2,500)	(1,803)	(1,883)
	10,644	10,639	10,640	13,969	12,474
Earnings/(losses) pence per share after tax	3.88	2.21	(13.84)	11.07	17.87
Dividends pence per share	3.92	3.75	3.50	5.70	5.70
Net assets pence per share	87.3	87.3	87.4	115.8	104.4

Notice of Meeting

Notice is hereby given that the sixty-ninth annual general meeting of the company will be held at The Birmingham Chamber of Commerce and Industry, 75 Harborne Road, Birmingham on Wednesday, 11th May 1994 at 12 noon, for the following purposes:

Ordinary Business

1 To adopt the report of the directors and the audited financial statements for the year ended 31st December 1993.

2 To approve the payment of dividends in respect of the year ended 31st December 1993

3 To reappoint Coopers & Lybrand as auditors to hold office until the conclusion of the next annual general meeting and to authorise the directors to fix the remuneration of the auditors.

4 To re-elect Mr. D. E. Rogers as a director.

5 To elect Mr. J. A. Leek as a director

6 To transact any other ordinary business of the company.

Special Business

7 To consider and, if thought fit, to pass the following as a Special Resolution:

"That the directors be empowered pursuant to section 95 of the Companies Act 1985 ('the Act') to allot equity securities (within the meaning of section 94 of the Act) pursuant to the authority for the purposes of section 80 of the Act conferred on the directors by resolution 5 passed at the annual general meeting held on 7th May 1992 as if section 89(1) of the Act did not apply to any such allotment, provided that the power hereby conferred shall be limited:

(a) to the allotment of equity securities in connection with or pursuant to an offer by way of rights in favour of the holders of ordinary shares in proportion (as nearly as may be) to their respective holdings of such shares subject only to such exclusions or other arrangements as the directors may consider necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws of, or requirements of any regulatory authority in, any territory; and

(b) to the allotment (otherwise than pursuant to paragraph (a) above) of equity securities up to an aggregate nominal amount of £152,455

and shall expire at the conclusion of the next annual general meeting, save that the company may, before such expiry, make any offer or agreement which would or might require equity securities to be allotted after such expiry, and the directors may allot equity securities in pursuance of any such offer or agreement as if the power hereby conferred had not expired."

By order of the Board
P. A. Hazenberg
Secretary
Linread Public Limited Company
15th April 1994

Any member of the company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the company. To be valid at the meeting, forms of proxy (of which one is enclosed) must be lodged at St Paul's House, 21-23 St Paul's Square, Birmingham B3 1RB not later than 12 noon on Monday, 9th May 1994.

Copies of directors' service contracts of more than one year's duration with the company or any of its subsidiaries will be available for inspection at the registered office of the company during usual business hours on any weekday (Saturdays and public holidays excepted) until the date of the annual general meeting and at the venue of the meeting from 11.45 a.m. on 11th May 1994 until the conclusion of the meeting.

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