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Report of the Auditors

To the members of
James Cropper PLC

We have audited the financial statements on pages 25 to 38.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 20, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board, the Listing Rules of the Financial Services Authority and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

We review whether the statement on page 20 reflects the company's compliance with the seven provisions of the Combined Code specified for our review by the Financial Services Authority, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or to form an opinion on the effectiveness of the company's or group's corporate governance procedures or its risk and control procedures.

Basis of audit opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 1st April 2000 and of the profit and cash flows of the group for the 52 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.

Newcastle upon Tyne
19th June 2000

Price Waterhouse Coopers
PRICEWATERHOUSECOOPERS
Chartered Accountants and Registered Auditors



Report of the Directors

To be presented at the one hundred and eleventh Annual General Meeting of the Company to be held at the Bryce Institute, Burneside on Wednesday 2nd August 2000 at 10.30 a.m.

At the Annual General Meeting there are three items of special business and a separate circular giving an explanation of the special business to be proposed at the meeting accompanies this Annual Report.

Review of the Business

The Chairman, in his statement on page 3, has included a review of business activities during the year and commented on future developments and prospects. The Group makes and sells a wide range of paper and board. Details of the Group's activities are included on pages 9 to 14.

Results

The directors have pleasure in submitting to the members their report and the audited accounts for the Group for the 52 weeks ended 1st April 2000.

The profit for the 52 weeks ended 1st April 2000, the dividends paid and recommended and the appropriation to reserves are set out in the profit and loss account on page 25.

Research and Development

The Group continued to invest in research and development to ensure that the range and quality of products are continually updated.

Corporate Governance

(i) Directors' Responsibilities

The Board is accountable to the Company's shareholders for corporate governance and this section describes how the relevant principles of governance are applied to the Company. Throughout the year the Company has complied with the provisions set out in the Combined Code for Corporate Governance issued by the Financial Services Authority except where stated below and in the Report of the Remuneration Committee on page 23.

(ii) The Board

The Board comprises six executive directors and three non-executive directors. J A Cropper combines the posts of Chairman and Chief Executive. Although this does not comply with the Combined Code, it has served the Company well over many years. The Board consider that the potential dominance of J A Cropper in his capacity as Chairman and Chief Executive is mitigated by the existence of three non-executive directors. The non-executive directors represent the independent element of the Board, with John Southwell, the senior non-executive director, being Chairman of both the Remuneration Committee and the Audit Committee.

The Board meets monthly, of which eight meetings per annum are *Executive Board Meetings*, which are attended by the executive directors, and four meetings per annum are Group Board Meetings which are attended by both executive and non-

executive directors. Agendas of the meetings are sent out to the directors before each Board Meeting. There is a formal schedule of items that can be approved by the Executive Board Meetings and by the Group Board Meetings which includes Companies Act and Financial Services Authority requirements, approving major capital expenditure, budgets and business plans, significant financing matters and treasury, health and safety, and environmental policies.

(iii) Board Committees

The three non-executive directors of the Company comprise the Audit Committee and the Remuneration Committee. John Southwell is Chairman of each Committee.

The terms of reference of the Audit Committee require it to meet at least twice yearly and it also meets in private with the Company's auditors. The Audit Committee is involved in all important issues raised in the auditors' Annual Report to the Board of Directors.

The Remuneration Committee is responsible for reviewing and deciding on the executive directors' remuneration and their terms and conditions of employment. Their report can be found on page 23.

The appointment of directors is considered by all members of the Board and is ratified by the Remuneration Committee.

(iv) Re-election

The directors are subject to retirement by rotation and re-election by the shareholders in accordance with the Articles of Association whereby one third of the directors retire by rotation each year.

(v) Accountability and Audit

The directors are required by law to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial period and of the profit and loss and cash flows of the Group for that period.

The directors confirm that appropriate accounting policies and standards have been used and applied consistently, and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the 52 weeks ended 1st April 2000.

The directors are responsible for the Group's system of internal financial controls.

Whilst the Group's system of internal financial controls cannot provide absolute assurance against material misstatement, loss or fraud, they are designed to provide reasonable assurance that financial information is relevant, reliable and accurate and that the Group's assets are correctly accounted for and adequately safeguarded.

In carrying out their responsibilities the directors have put in place a framework of controls to ensure that ongoing financial performance is measured in a timely manner and risk is identified as early as practicably possible. There is a comprehensive budgeting system and monthly management accounts are prepared which compare actual results against both budget and previous year. They are reviewed and approved by the Board.

The board is committed to the principles of good internal control and supports the enhancements to the Combined Code delivered by the Turnbull Committee recommendations, discussed in more detail on page 20. The Board has now completed its final review of the Turnbull Report and is in the process of establishing a full and complete methodology to enable an ongoing process of monitoring risks and all internal controls, not just internal financial controls. This implementation will be completed during the first quarter of this year. The Company has therefore adopted the transitional approach for the internal controls aspects of the Combined Code, as set out in the letter from the Financial Services Authority (formerly the London Stock Exchange) dated 27th September 1999, and addressed internal financial controls in accordance with the Rutterman guidelines.

The directors confirm that they have reviewed the effectiveness of internal financial controls during the year.

The Company reports to shareholders twice a year. The external auditors report to the Audit Committee on aspects of the internal financial controls and remedial action, if necessary, is agreed by the full Board.

(vi) Payment of Creditors

The Company pays its suppliers in accordance with agreed terms wherever possible. The average payment period for creditors during the year was 42 days.

(vii) Going Concern

The directors have considered the current trading prospects, working capital requirements, and the availability of finance and are of the opinion that the Group and Company are going concerns. The accounts have been prepared on this basis.

Employee Involvement

A monthly briefing on Group performance is carried out for all employees. All employees are sent a copy of the Annual Report. As a matter of policy plans are formally discussed with those who will use new equipment, plant and computer systems before designs are finalised. A Health and Safety Management and seven group departmental Safety Improvement Teams deal with all aspects of health and safety in the Group. Departmental personnel meetings allow representatives to make valuable contributions on aspects of training, organisation and performance.

The Company operates an Employee Profit Sharing Scheme.

Employment of Disabled People

It is the Group's policy to give equality of opportunity when considering applications from disabled people where the job requirements are considered to be within their ability. When existing employees become disabled they are retained wherever reasonable and practicable. The Group tries to provide equal promotion opportunities wherever possible.

Donations for Political and Charitable Purposes

No donations for political purposes were made by the Group.

Donations totalling £12,000 were made for charitable purposes.

Authority to Issue Shares and Disapplication of Pre-emption Rights

At the 1999 Annual General Meeting a Special Resolution was passed granting the directors authority for the ensuing year to allot shares by way of rights to shareholders and to issue a maximum of £104,450 of the nominal share capital of the Company for cash without first offering the shares to existing shareholders pursuant to Section 95 of the Companies Act 1985.

The directors propose to renew this authority annually and Special Resolution 10 to this effect is therefore also included in the Notice of the Annual General Meeting. The amount of the general authority to the directors represents 5% of the issued ordinary share capital at 1st June 2000. The authority will terminate at the next annual general meeting or 15 months after the forthcoming Annual General Meeting, whichever comes first.

Substantial Interests

Apart from the interest of directors referred to overleaf, the notified shareholdings in excess of 3% of the issued capital at 19th June 2000 were as follows:

Mineworkers Pensions Scheme

(Chase GIS) Nominees Ltd

A/C EFM	608,572	7.3%
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British Coal Staff

Superannuation Scheme

(Chase GIS) Nominees Ltd

A/C EFM	460,429	5.5%
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RBSTB Nominees Ltd

	430,000	5.1%
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State Street Nominees Ltd

	410,000	4.9%
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James Cropper PLC Staff

Pension Scheme

	291,000	3.5%
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Stargas Nominees Ltd

	264,320	3.2%
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Close Company

The directors consider that the Company is not a close company, as defined by the Income and Corporation Taxes Act 1988.

Auditors

A resolution to re-appoint the auditors, PricewaterhouseCoopers, will be proposed at the Annual General Meeting

Details of Directors' Interests

The directors who served throughout the period are detailed on page 2 and details of their interests in shares of the Company are listed below.

There have been no material changes between the year end and 19th June 2000. There have been no disclosable contracts or arrangements, other than contracts of service for the executive directors, subsisting during the financial year.

Details of Directors' Interests

Director	Interest	At 1st April 2000		At 3rd April 1999	
		Ordinary Shares	Options on Ordinary Shares	Ordinary Shares	Options on Ordinary Shares
J A Cropper	beneficial	427,989	22,565	427,989	22,565
	non-beneficial	688,295	–	660,211	–
J M Denman	beneficial	3,808	9,200	3,808	9,200
	non-beneficial	291,000	–	291,000	–
N A Read	beneficial	2,979	14,725	2,979	10,000
	non-beneficial	291,000	–	291,000	–
P J Willink	beneficial	6,725	14,725	6,725	10,000
	non-beneficial	69,434	–	41,350	–
A I Lewis	beneficial	12,451	14,725	12,451	10,000
G T Quayle	beneficial	3,911	14,725	3,911	10,000
J R Slater	beneficial	10,000	–	10,000	–
J P Southwell	beneficial	13,200	–	13,200	–
P L Herring	beneficial	1,000	–	1,000	–

Non-beneficial interests include shares held jointly as trustee with other directors.

Burneside Mills
Kendal
19th June 2000


J A Cropper
Chairman

Report of the Remuneration Committee

Companies Act Remuneration Disclosure

This report provides details of executive remuneration. The Companies Act 1985 still requires certain information in a prescribed form and this is given below and in note 5 to the accounts.

Service Contracts

The Chairman and Finance Director are employed on rolling contracts subject to two years notice on either side. This does not strictly comply with the provisions of the Combined Code for Corporate Governance which suggests that the contract period for directors should be one year or less. The other executive directors are on rolling one year contracts, subject to one year's notice served by the company on the executive, and 6 months notice served by the executive on the company.

Salaries and Fees

The remuneration and emoluments of executive directors are determined by the Remuneration Committee. The remuneration of the non-executive directors is set by the whole board. The basic salaries of the directors are reviewed annually and take into consideration cost of living and overall accountability. Also considered is remuneration paid to senior executives in comparable public companies. This information is checked by reference to published surveys, but no formula is in place to determine any specific relationship.

Annual Bonus

The Company operates a Senior Executive Bonus Scheme which was revised in April 1998. It provides for bonuses to be paid on a sliding scale if profits, before bonus and tax, exceed 10% of the average equity in 1997 adjusted each year by RPI + 2%. The rules of the Scheme provide that no executive can be paid a bonus greater than their annual salary.

Share Option Schemes

The Company operates an Inland Revenue Approved Share Option Scheme and details of options granted during the year are shown on the next page.

In addition to the Inland Revenue Approved Share Option Scheme, the Company proposes to introduce an Unapproved Share Option Scheme for executive directors. A resolution to approve this Scheme will be proposed at the Annual General Meeting.

Pension Scheme

At 28th March 1998 J A Cropper and J M Denman were the only members of the Senior Executive Pension Scheme. This Scheme had been closed to new members two years previously. The other executive directors are members of the Staff Pension Scheme. Both schemes are defined benefit schemes. During the course of the year the assets and benefits of the Senior Executive Pension Scheme were assigned to the Staff Pension Scheme. Members of the Staff Pension Scheme contribute a percentage of their salaries to the scheme. The Senior Executive Pension Scheme was a non-contributory scheme. On their transfer to the Staff Pension Scheme the salaries of J A Cropper and J M Denman were adjusted in February 1999.

Details of Directors' Remuneration

The following table brings together the various elements of remuneration of each director for the 52 weeks to 1st April 2000.

	Salary and Fees		Benefits		Annual Bonus		Total	
	2000 £'000	1999 £'000	2000 £'000	1999 £'000	2000 £'000	1999 £'000	2000 £'000	1999 £'000
Executive								
J A Cropper – Chairman	83	78	19	13	1	–	103	91
J M Denman	74	69	7	8	1	–	82	77
N A Read	62	60	8	7	1	–	71	67
P J Willink	56	54	2	9	1	–	59	63
A I Lewis	56	54	9	7	1	–	66	61
G T Quayle	56	54	8	7	1	–	65	61
Non-executive								
J R Sclater	14	14	–	–	–	–	14	14
J P Southwell	17	17	–	–	–	–	17	17
P L Herring	15	15	–	–	–	–	15	15
	433	415	53	51	6	–	492	466

The increase in the salaries of J A Cropper and J M Denman include adjustments to reflect the change in their pension arrangements.

Highest paid Director

	2000 £'000	1999 £'000
Aggregate emoluments	103	91
Accrued pension under defined benefit pension scheme	54	51

Directors' Pensions

The executive directors who served during the year have retirement benefits accruing under the Company's Staff Pension Scheme, which is a Defined Benefit Scheme.

The executive directors are required to retire no later than their sixty third birthday, with no loss of benefit even though retirement age is sixty five.

The following table shows the amount of entitlements earned, the accrued pension liabilities and the changes therein:

	Total accrued pension as at end March 1999 adjusted for inflation £'000	Increase in accrued pension during year £'000	Total accrued pension as at end March 2000 £'000	Transfer value of the increase/(decrease) in accrued pension during the year (less members' contributions) £'000
J A Cropper	51	3	54	41
J M Denman	9	3	12	22
N A Read	17	1	18	10
P J Willink	7	1	8	3
A I Lewis	10	1	11	7
G T Quayle	5	1	6	7

Share Options

The Inland Revenue Approved Share Option Scheme introduced in 1987 expired in January 1998. The movements and outstanding options remaining to be exercised on the Scheme are:

	Number at 3rd April 1999	Number granted in year	Number exercised in year	Options lapsed in year	Exercise Price £	Exerciseable	Number at 1st April 2000
J A Cropper	20,000	—	—	—	1.24	January 1994 to January 2001	20,000
J M Denman	9,200	—	—	—	3.25	August 1999 to August 2006	9,200

At the 1998 Annual General Meeting shareholders approved the introduction of the 1998 Inland Revenue Approved Share Option Scheme. The movements on this Scheme during the year were:

	Number at 3rd April 1999	Number granted in year	Number exercised in year	Options lapsed in year	Exercise Price £	Exerciseable	Number at 1st April 2000
J A Cropper	2,565	—	—	—	2.027	August 2001 to August 2008	2,565
N A Read	10,000	—	—	—	2.027	August 2001 to August 2008	10,000
	—	4,725	—	—	2.059	December 2002 to December 2009	4,725
P J Willink	10,000	—	—	—	2.027	August 2001 to August 2008	10,000
	—	4,725	—	—	2.059	December 2002 to December 2009	4,725
A I Lewis	10,000	—	—	—	2.027	August 2001 to August 2008	10,000
	—	4,725	—	—	2.059	December 2002 to December 2009	4,725
G T Quayle	10,000	—	—	—	2.027	August 2001 to August 2008	10,000
	—	4,725	—	—	2.059	December 2002 to December 2009	4,725

The market price of the shares at the end of the year was £1.665 and the high and low for the year was £2.085 and £1.39 respectively.

Group Profit and Loss Account
for the 52 weeks ended 1st April 2000

	2000		1999	
	£'000	£'000	£'000	£'000
Turnover (Note 2)		53,365		53,078
Change in stocks of finished goods and work in progress		741		(556)
Own work capitalised		328		133
Other operating income		154		197
		54,588		52,852
Raw materials and consumables	(26,613)		(25,739)	
Other external charges	(7,652)		(7,013)	
Staff costs (Note 4)	(13,479)		(13,612)	
Depreciation	(3,204)		(3,259)	
		(50,948)		(49,623)
Operating profit (Notes 3 & 7)		3,640		3,229
Profit on sale of freehold houses (Note 8)		3		232
Income from fixed asset investments		23		17
Interest receivable and similar income		37		14
Interest payable and similar charges (Note 9)		(643)		(994)
Profit on ordinary activities before taxation		3,060		2,498
Tax on profit on ordinary activities (Note 10)		(988)		(800)
Profit on ordinary activities after taxation (Note 11)		2,072		1,698
Dividends paid and proposed:				
Interim 1.8p (1999 1.4p)	(150)		(117)	
Proposed final 4.5p (1998 4.1p)	(377)		(343)	
		(527)		(460)
Amount set aside to reserves (Note 21)		1,545		1,238
Earnings per Ordinary Share of 25p (Note 12)				
Basic		24.8p		20.3p
Diluted		24.8p		20.3p

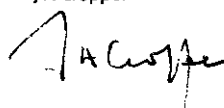
Balance Sheets

As at 1st April 2000

	Group		Company	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Fixed assets				
Tangible assets (Note 13)	27,174	28,380	24,946	25,927
Investments (Note 14)	738	738	738	738
	27,912	29,118	25,684	26,665
Current assets				
Stocks (Note 15)	5,898	5,275	5,250	4,547
Debtors (Note 16)	12,187	11,579	11,653	11,235
Cash at bank and in hand	32	641	1,010	3,126
	18,117	17,495	17,913	18,908
Creditors (amounts falling due within one year) (Note 17)	(11,563)	(10,822)	(9,713)	(10,417)
Net current assets	6,554	6,673	8,200	8,491
Total assets less current liabilities	34,466	35,791	33,884	35,156
Creditors (amounts falling due after more than one year) (Note 18)	(3,188)	(6,161)	(3,188)	(6,161)
Deferred Taxation (Note 19)	(943)	(840)	(908)	(806)
	30,335	28,790	29,788	28,189
Capital and reserves				
Called up equity share capital (Note 20)	2,090	2,090	2,090	2,090
Share premium account (Note 21)	454	454	454	454
Revaluation reserve (Note 21)	329	471	329	471
Profit and loss account (Note 21)	27,462	25,775	26,915	25,174
Equity shareholders' funds	30,335	28,790	29,788	28,189

Approved by the directors on
19th June 2000 and signed on
their behalf by:

J A Cropper



Statement of Group Total Recognised Gains and Losses

For the 52 weeks ended 1st April 2000

	2000 £'000	1999 £'000
Profit for the year	2,072	1,698
Prior year adjustment (see Note 14)	-	(298)
Total recognised gains and losses since last Annual Report	2,072	1,400

Note of Group Historical Cost Profits and Losses

For the 52 weeks ended 1st April 2000

	2000 £'000	1999 £'000
Reported profit on ordinary activities before taxation	3,060	2,498
Realisation of property revaluation gains of previous years	106	1,139
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amounts	36	30
Historical cost profit on ordinary activities before taxation	3,202	3,667
Historical cost profit for the year after taxation and dividends	1,687	2,407

Reconciliation of Movements in Group Shareholders' Funds

For the 52 weeks ended 1st April 2000

	2000 £'000	1999 £'000
Opening shareholders' fund (as previously stated)	28,790	27,850
Prior year adjustment (see Note 14)	-	(298)
Opening shareholders' funds (as restated)	28,790	27,552
Profit for the year	2,072	1,698
Dividends	(527)	(460)
Closing shareholders' funds	30,335	28,790

Group Cash Flow Statement

For the 52 weeks ended 1st April 2000

	2000		1999	
	£'000	£'000	£'000	£'000
Cash flow from operating activities				
(Cashflow Note 1)		5,184		6,367
Returns on investments and servicing of finance				
Interest received	37		14	
Interest paid	(340)		(627)	
Interest element of finance				
lease rental payments	(322)		(386)	
Dividends received	13	(612)	17	(982)
Taxation		(924)		(609)
Capital expenditure				
Purchase of tangible				
fixed assets	(2,146)		(4,631)	
Asset disposal proceeds	147	(1999)	3,047	(1,584)
Equity dividends paid		(493)		(418)
Net cash inflow/(outflow) before financing		1,156		2,774
Financing				
New debt due beyond a year	-		750	
Repayment of bank loans	(2,399)		(2,207)	
Capital element of finance				
lease payments	(790)	(3,189)	(710)	(2,167)
(Decrease)/Increase in cash in the period		(2,033)		607

Notes to Cash Flow Statement

1 Reconciliation of Operating Profit to Cash Flows from Operating Activities

	2000 £'000	1999 £'000
Operating profit	3,640	3,229
Depreciation charges	3,204	3,259
Profit on fixed asset disposals	—	(51)
(Increase)/Decrease in stocks	(623)	579
(Increase)/Decrease in debtors	(623)	60
Decrease in creditors	(414)	(709)
Net cash inflow from operating activities	5,184	6,367

2 Reconciliation of Net Cash Flow to Movement in Net Debt

	2000 £'000	1999 £'000
(Decrease)/Increase in cash for the period	(2,033)	607
Decrease in debt and lease financing	3,189	2,167
Change in net debt resulting from cash flows	1,156	2,774
Net debt at 3rd April 1999	(7,281)	(10,055)
Net debt at 1st April 2000	(6,125)	(7,281)

3 Analysis of Net Debt

	3rd April 1999 £'000	Cash flow £'000	1st April 2000 £'000
Cash in hand, at bank	641	(609)	32
Overdrafts	(76)	(1,424)	(1,500)
		(2,033)	
Debt due after more than 1 year	(3,958)	2,094	(1,864)
Debt due within 1 year	(895)	305	(590)
Finance leases	(2,993)	790	(2,203)
		3,189	
Total	(7,281)	1,156	(6,125)

Notes on the Accounts

1 Accounting Policies

The significant accounting policies which have been adopted in the preparation of these accounts are as follows:

Historical Cost Convention

The accounts have been prepared under the historical cost convention, except for certain fixed assets referred to below, and in accordance with applicable accounting standards.

Group Consolidation

The Group accounts include the accounts of the Company and its subsidiaries prepared for the financial year.

Fixed Assets

Freehold land, buildings and houses have in the past been revalued periodically, with subsequent additions at cost. However, the Group has not adopted a formal policy of revaluation going forward and has therefore taken advantage of the transitional provisions of FRS 15, "Tangible fixed assets", and not updated the most recent valuations. The dates of the most recent valuations are disclosed in Note 13.

Plant and machinery is stated at cost. Industrial buildings and plant and machinery are being written off in equal annual instalments over their estimated useful lives. Plant and machinery is written off over a period of 4 to 20 years depending on category of asset, and industrial buildings over either 15 or 40 years. Freehold land is not depreciated. It is the Group's policy to maintain freehold houses in good repair and charge the cost of maintenance to the profit and loss account. Consequently the directors consider the lives of these properties to be so long and their estimated residual values, based on cost or subsequent valuation, to be so high that there is no significant annual depreciation.

Stocks

Stocks are stated at cost or net realisable value, whichever is the lower. Cost in the case of work in progress and finished stock includes an appropriate portion of production and administrative overheads.

Deferred Taxation

Provision is made on the liability basis for taxation deferred by accelerated capital allowances and other timing differences and on potential gains on fixed asset revaluations only to the extent that these timing differences are expected to reverse in the foreseeable future.

Pensions

The Group's contributions to its pension schemes are charged to the profit and loss account with the objective of spreading the cost over the employees' working lives within the Group.

Research and Development

Research and development costs are written off against revenue in the year in which they are incurred.

Foreign Currency Translation

Assets and liabilities expressed in foreign currencies are translated into sterling at rates ruling at the year end, or if hedged forward, at the rate of exchange under the related forward contract. Other translation differences are dealt with in the Profit and Loss account.

The transactions of overseas subsidiaries operating as agents for the Group are treated as if they are foreign currency transactions of the Group.

Financial Instruments and Derivatives

The Group's accounting policy for derivatives is to defer and only recognise in the Group profit and loss account gains and losses on hedges of revenues, operating payments and capital expenditure to match the underlying transactions.

Forward foreign exchange contracts entered into as hedges of future purchases and sales denominated in foreign currencies are recorded at cost. Gains and losses are deferred and matched to the underlying transaction when it matures.

Interest rate cap agreements taken out are recorded at cost in the balance sheet and amortised over the period of the agreements. Amounts payable or receivable in respect of interest rate cap agreements are recognised in the net interest payable charge on an accruals basis.

Leased Assets

Assets subject to finance leases are included in the balance sheet at cost and depreciation is charged based on the Group's normal accounting policy. Finance charges included in the lease payments are charged against profits over the period of the lease. Operating lease rentals are charged to the profit and loss account as they fall due.

2 Turnover

Turnover represents the amount receivable from sales of paper and board, excluding VAT.

The turnover of each business is:

	2000 £'000	1999 £'000
Papermaking Division	38,272	38,580
Converting Division	10,659	10,507
Technical Fibre Products	4,434	3,991
	<u>53,365</u>	<u>53,078</u>

The geographical analysis of turnover is:

	£'000	£'000
UK	34,455	34,547
Continental Europe	10,098	11,157
The Americas	3,445	2,768
Asia	3,442	2,925
Australasia	1,317	1,047
Africa	608	634
	<u>53,365</u>	<u>53,078</u>

3 Analysis of Results

The operating profits of the Group's businesses are as follows:

	£'000	£'000
Papermaking Division	2,574	2,758
Converting Division	871	678
Technical Fibre Products	195	(207)
	<u>3,640</u>	<u>3,229</u>

Segmental disclosure has been given although all three businesses referred to above are solely involved in papermaking activities. The directors consider that further disclosure is impracticable due to their common use of assets.

4 Staff Costs

	£'000	£'000
Wages and salaries	11,495	11,469
Social security costs	914	892
Other pension costs	1,070	1,251
	<u>13,479</u>	<u>13,612</u>

The average number of employees, including directors, during the year was 478 (1999 488).

5 Directors' Emoluments

The remuneration of the directors, excluding pension contributions was £492,000 (1999 £466,000), and the details of their remuneration is shown on Page 23 in the Report of the Remuneration Committee.

Pension benefits were accrued during the period on behalf of all the executive directors under the James Cropper PLC Staff Pension Scheme.

6 Pensions

The Group operates pension schemes providing defined benefits for the majority of its full time employees including executive directors.

The James Cropper PLC Works Pension Plan and the James Cropper PLC Staff Pension Scheme were valued respectively using the projected unit method on 6th April 1998 and 1st April 1997 by professionally qualified actuaries. In valuing the funds it has been assumed that the rate of investment income will exceed pension increases by between 4% and 5% and that interest rates will exceed increase in earnings by between 1.5% and 2%.

At the respective dates of valuation the actuarial value of the funds represented 102% and 98% respectively of the benefits that had accrued to members after allowing for expected future increases in earnings.

The aggregate values of the funds as at the dates of their last actuarial valuations were £15,811,000 for the Works Scheme and £10,975,000 for the Staff Scheme.

7 Operating Profit

The operating profit is shown after charging/(crediting):

	2000	1999
	£'000	£'000
Research and development	588	548
Operating lease rentals in respect of plant and machinery	713	685
Auditors' remuneration	37	35
Non audit services supplied by the Company's auditors	23	18
Profit on disposal of tangible fixed assets	–	(51)

Auditors' remuneration in respect of the parent company for the year amounted to £32,000 (1999 £30,000)

8 Profit on Sale of Freehold Houses

The profit on sale of freehold houses relates to the disposal, in the 1999 financial year, of seventy four residential properties in Burnside. Fifty eight of the properties were sold on a freehold basis, and the remainder on a long leasehold basis. The net proceeds were £2,118,000 and the net book value was £1,886,000.

9 Interest Payable and Similar Charges

	2000	1999
	£'000	£'000
Interest on bank and other borrowings repayable within 5 years	338	468
Interest on bank borrowings repayable after more than 5 years	–	153
Interest on finance leases repayable within 5 years	305	373
	643	994

10 Tax on Profit on Ordinary Activities

The taxation charge comprises:

	2000	1999
	£'000	£'000
United Kingdom taxation		
Corporation tax at 30% (1999 31%)		
– current year	862	634
– prior years	(5)	(23)
Deferred taxation	103	189
Overseas taxation		
– current year	28	–
	988	800

**11 James Cropper PLC
Profit and Loss Account**

As permitted by Section 230(1) of the Companies Act 1985 the Company has not presented its own profit and loss account. The Group profit for the year includes £2,126,000 (1999 £2,140,000) which is dealt with in the accounts of the Company.

12 Earnings Per Share

The calculation of basic earnings per share is based on profits on ordinary activities after taxation of £2,072,000 (1999 £1,698,000) and the weighted average number of shares in issue of 8,359,114 (1999 8,359,114). The calculation of diluted earnings per share is based on the profit on ordinary activities after taxation of £2,072,000 (1999 £1,698,000) and on 8,365,592 ordinary shares, 8,359,114 being the weighted average number of shares in issue plus 6,478 being the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares (1999 8,366,023 ordinary shares, 8,359,114 being the weighted average number of shares in issue plus 6,909 being the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares).

13 Tangible Fixed Assets

	Group				Company			
Cost or valuation	Freehold land and buildings £'000	Freehold houses £'000	Plant and machinery £'000	Total £'000	Freehold land and buildings £'000	Freehold houses £'000	Plant and machinery £'000	Total £'000
At 3rd April 1999	9,351	170	51,574	61,095	9,133	170	47,379	56,682
Additions in year	48	—	2,073	2,121	48	—	1,954	2,002
Disposals	—	(144)	(13)	(157)	—	(144)	(13)	(157)
Capital work in progress	—	—	21	21	—	—	21	21
At 1st April 2000	9,399	26	53,655	63,080	9,181	26	49,341	58,548
Depreciation								
At 3rd April 1999	2,105	—	30,610	32,715	1,987	—	28,768	30,755
Provision for year	267	—	2,937	3,204	249	—	2,611	2,860
Disposals	—	—	(13)	(13)	—	—	(13)	(13)
At 1st April 2000	2,372	—	33,534	35,906	2,236	—	31,366	33,602
Net Book Amount								
At 1st April 2000	7,027	26	20,121	27,174	6,945	26	17,975	24,946
At 3rd April 1999	7,246	170	20,964	28,380	7,146	170	18,611	25,927

Included in the above figures for plant and machinery is £3,179,000 (1999 £3,630,000) net book amount, and £451,000 (1999 £451,000) depreciation provided for the year in respect of assets under hire purchase and finance lease agreements.

Freehold houses were revalued by the Directors as at 28th March 1998 at open market value on an existing use basis.

Freehold land and buildings were professionally revalued on an existing use basis as at 30th November 1985 with subsequent additions at cost.

On a historic cost basis the net book amount of freehold land and buildings and freehold houses at 1st April 2000 would be as follows:

	Freehold land and buildings £'000	Freehold houses £'000
Cost	8,424	3
Aggregate depreciation	(2,651)	—
Net book amount	5,773	3

14 Investments

	Group		Company
	Other investments	Subsidiary undertakings	Other investments
	£'000	£'000	£'000
At 1st April 2000 and 3rd April 1999	738	—	738
Name of company	Country of incorporation	% holding	Nature of business
Technical Fibre Products Limited	England	100	Manufacturer of paper from manmade fibres
Technical Fibre Products Inc	USA	100	Sales organisation for products from Technical Fibre Products Ltd
Pacofa SA	France	35	Converter of paper products

1999 Prior Year adjustment:

The Group's interest in Pacofa has been restated following the introduction of Financial Reporting Standard 9, "Associates and Joint Ventures". This represents a change in accounting policy for the interest in Pacofa, as the directors consider the Group does not exercise a significant influence over the operating and financial policies of Pacofa. The interest has therefore been reflected as a trade investment rather than as an associated undertaking. The carrying value and income received in respect of the investment have been restated in the 1998 comparative figures.

Had this change in accounting policy not been implemented, profit on ordinary activities after taxation for the 53 weeks ended 3rd April 1999 would have increased by £19,000.

15 Stocks

	Group		Company	
	2000 £'000	1999 £'000	2000 £'000	1999 £'000
Raw materials	2,093	2,211	1,713	1,773
Work in progress	1,279	1,198	1,070	949
Finished goods	2,526	1,866	2,467	1,825
	<u>5,898</u>	<u>5,275</u>	<u>5,250</u>	<u>4,547</u>

16 Debtors

	Group		Company	
	2000 £'000	1999 £'000	2000 £'000	1999 £'000
Trade debtors	11,182	10,682	10,108	9,847
Pensions prepayment	184	203	184	203
Other prepayments and accrued income	574	493	520	469
Other debtors	247	201	247	201
Amounts owed by subsidiary undertakings	—	—	594	515
	<u>12,187</u>	<u>11,579</u>	<u>11,653</u>	<u>11,235</u>

Included within the Company figures above are amounts due in more than one year owed by a subsidiary undertaking of £404,000 (1999 £404,000).

17 Creditors(amounts falling due
within one year)

	Group		Company	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Bank overdrafts	1,500	76	—	—
Bank loans	590	895	590	895
Finance leases	879	790	879	790
Trade creditors	2,124	2,878	1,974	2,705
Bills of exchange discounted	14	57	14	57
Taxation and social security	1,263	1,500	1,238	1,464
Accruals	4,623	4,089	4,457	3,977
Other creditors	193	194	184	186
Proposed dividend	377	343	377	343
	<u>11,563</u>	<u>10,822</u>	<u>9,713</u>	<u>10,417</u>

18 Creditors(amounts falling due after
more than one year)

	Group		Company	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Bank loans				
repayable between 1 and 2 years	617	2,089	617	2,089
repayable between 2 and 5 years	1,247	1,583	1,247	1,583
repayable over 5 years	—	286	—	286
	<u>1,864</u>	<u>3,958</u>	<u>1,864</u>	<u>3,958</u>
Finance leases				
payable between 1 and 2 years	625	880	625	880
payable between 2 and 5 years	699	1,323	699	1,323
	<u>1,324</u>	<u>2,203</u>	<u>1,324</u>	<u>2,203</u>
	<u>3,188</u>	<u>6,161</u>	<u>3,188</u>	<u>6,161</u>

19 Deferred TaxationDeferred taxation provided
in the accounts comprises:

	Group		Company	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Accelerated capital allowances at 30% (1999 30%)	<u>943</u>	<u>840</u>	<u>908</u>	<u>806</u>

The potential liability for
deferred taxation not
provided in the accounts
represents:

Accelerated capital allowances at 30% (1999 30%)	<u>2,849</u>	<u>2,942</u>	<u>2,697</u>	<u>2,790</u>
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20 Share Capital

	2000	1999
	£'000	£'000
Authorised:		
10,000,000 (1999 10,000,000) Ordinary Shares of 25p each	2,500	2,500
Allotted and fully paid:		
8,359,114 (1999 8,359,114) Ordinary Shares of 25p each	2,090	2,090

Under the James Cropper PLC Executive Share Option Schemes, options were outstanding at 1st April 2000 in respect of the following:

Type	Number of shares subject to option	Period of option	Price per share £
Ordinary	20,000	January 1994 to January 2001	1.240
Ordinary	9,200	August 1999 to August 2006	3.250
Ordinary	42,565	August 2001 to August 2008	2.027
Ordinary	18,900	December 2002 to December 2009	2.059

21 Reserves

	Group			Company		
	Share Premium Account	Revaluation Reserve	Profit and Loss Account	Share Premium Account	Revaluation Reserve	Profit and Loss Account
	£'000	£'000	£'000	£'000	£'000	£'000
At 3rd April 1999	454	471	25,775	454	471	25,174
Release during year	-	(142)	142	-	(142)	142
Amount set aside from profit for year	-	-	1,545	-	-	1,599
At 1st April 2000	454	329	27,462	454	329	26,915

22 Commitments under Operating Leases

At 1st April 2000 there were annual commitments under operating leases for plant and machinery terminating as follows:

	Group		Company	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Within 1 year	102	50	83	46
In 2 to 5 years	490	337	480	312
More than 5 years	132	330	132	330
	<u>724</u>	<u>717</u>	<u>695</u>	<u>688</u>

23 Capital Commitments

At 1st April 2000 the Group had placed contracts for capital expenditure of approximately £683,000 (1999 £721,000).

24 Related Party Transactions

The Company has taken advantage of the exemption available under Financial Reporting Standard 8, "Related Party Disclosures", not to disclose details of transactions with its subsidiary undertakings.

25 Derivatives and other financial instruments

Set out below are the narrative and numerical disclosures required by Financial Reporting Standard 13 "Derivatives and other financial instruments". The Group has taken advantage of the exemption available under FRS 13 not to provide numerical disclosures in relation to short-term debtors and creditors.

(i) Narrative disclosures: Financial instruments:

The Group's financial instruments, other than derivatives, comprise borrowings, some cash and liquid resources, and various items such as trade debtors, trade creditors etc, that arise directly from its operations. The main purpose of these financial instruments is to manage the finance for the Group's operations.

The Group also enters into derivative transactions (principally interest rate caps and forward foreign currency contracts). The purpose of such transactions is to manage the interest rate and currency risks arising from the Group's operations and its sources of finance.

It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk and foreign currency risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. These policies have remained unchanged throughout the year.

Interest Rate Risk:

The Group finances its operations through a mixture of retained profits and bank borrowings. The Group borrows in the desired currencies at both fixed and floating rates of interest and then uses interest rate caps to manage the Group's exposure to interest rate fluctuations. At the year end 26% (1999 27%) of the Group's borrowings were at fixed rates of interest. A further £2 million of debt was covered by interest rate caps at interest rates of 8%.

Liquidity Rate Risk:

As regards liquidity, the Group's policy has throughout the year been to maintain a mix of short, medium and long term borrowings with a number of banks and institutions. Short-term flexibility is achieved by overdraft facilities. It is, in addition, the Group's policy to maintain undrawn committed borrowing facilities in order to provide flexibility in the management of the Group's liquidity. At the year end the Group had committed facilities of £9,954,000 with three banks, 40% (1999 40%) of which was drawn down. The weighted average period until maturity of these facilities was 1.3 years (1999 1.9 years).

Currency Risk:

Although the Group is based in the UK, it has an investment in overseas operations in TFP Inc in the USA. As a result, the Group's sterling balance sheet can be affected by movements in the US dollar/sterling exchange rates. The magnitude of this exposure is currently not significant to the Group and therefore no measures are currently taken to manage this risk.

The Group also has transactional currency exposures. Such exposures arise from sales or purchases by an operating unit in currencies other than the unit's functional currency. The Group uses forward currency contracts to reduce the currency exposure as well as matching payments and receipts to minimise exposure.

(ii) Numerical disclosures: Interest rate and currency profile of financial liabilities:

After taking into account interest rate caps and forward currency contracts entered into by the Group, the interest rate and currency profile of the Group's financial liabilities at 1st April 2000 was:

Currency	Total		Floating rate financial liabilities		Fixed rate financial liabilities	
	2000	1999	2000	1999	2000	1999
	£'000	£'000	£'000	£'000	£'000	£'000
Sterling	3,954	4,853	2,929	3,548	1,025	1,305
US Dollar	-	76	-	76	-	-
	<u>3,954</u>	<u>4,929</u>	<u>2,929</u>	<u>3,624</u>	<u>1,025</u>	<u>1,305</u>

Fixed rate financial liabilities

Currency	Weighted average interest rate %		Weighted average period for which rate is fixed	
	2000	1999	2000	1999
Sterling	<u>9%</u>	<u>9%</u>	<u>3.1 years</u>	<u>4.1 years</u>

The floating rate financial liabilities comprise:

- sterling denominated bank borrowings and overdrafts that bear interest at rates between 1% and 1.125% above UK bank base rates.
- US dollar denominated overdraft that bears interest at rates based on bank 'cost of funds' plus 1%.

Maturity of financial liabilities and undrawn commitments:

The maturity profile of the Group's financial liabilities and undrawn commitments at 1st April 2000 was as follows:

	Liabilities		Undrawn	
	2000 £'000	1999 £'000	2000 £'000	1999 £'000
In 1 year or less, or on demand	2,090	971	6,000	5,424
In more than 1 year but not more than 2 years	617	2,089	-	500
In more than 2 years but not more than 5 years	1,247	1,583	-	-
In more than 5 years	-	286	-	-
	3,954	4,929	6,000	5,924

Currency exposures on monetary assets:

The Group's other currency exposures comprise only those exposures that give rise to net currency gains and losses to be recognised in the profit and loss account. Such exposures comprise the monetary assets and monetary liabilities of the Group that are not denominated in the operating (or 'functional') currency of the operating unit involved. As at 1st April 2000, after taking into account forward currency contracts and matching of payments and receipts, these other exposures are immaterial to the Group.

Fair values of financial assets and liabilities:

Set out below is a comparison by category of book values and fair values of the Group's financial assets and liabilities as at 1st April 2000:

	Book value		Fair value	
	2000 £'000	1999 £'000	2000 £'000	1999 £'000
Fixed asset investments	738	738	738	738
Cash at bank and in hand	32	641	32	641
Bank overdrafts	(1,500)	(76)	(1,500)	(76)
Bank loans repayable within one year	(590)	(895)	(606)	(923)
Bank loans repayable after more than one year	(1,864)	(3,958)	(1,877)	(3,985)
Forward foreign currency contracts	-	-	(4)	(16)
Interest rate caps	1	10	-	-

Interest rate caps and forward foreign currency contracts have been marked to market to produce fair value figures. All other fair values shown above have been calculated by discounting cash flows at prevailing interest rates. For floating rate bank loans, fair values closely approximate to book values.

Gains and losses on hedges:

The Group enters into forward foreign currency contracts to reduce the currency exposures that arise on sales and purchases denominated in foreign currencies, as well as matching foreign currency payments and receipts wherever possible. It also uses interest rate caps to manage its interest rate exposure. Changes in the fair value of instruments used as hedges are not recognised in the financial statements until the hedged position matures. An analysis of these unrecognised gains and losses is as follows:

	Gains £'000	Losses £'000	Total net gains/(losses) £'000
Unrecognised gains and losses on hedges:			
At 3rd April 1999	-	(26)	(26)
Recognised in the year	-	24	24
Not recognised in the year	-	(2)	(2)
Arising in the year not recognised	-	(3)	(3)
At 1st April 2000	-	(5)	(5)
Of which:			
Gains and losses expected to be recognised in 2001	-	(5)	(5)
Gains and losses expected to be recognised in 2002 or later	-	-	-

Shareholder Information

1999-2000

Reporting

Interim results announced and sent to Ordinary Shareholders	15th November 1999
Final results announced	19th June 2000
Annual Report issued by	7th July 2000
Annual General Meeting – at Bryce Institute, Burneside, Kendal, Wednesday 2nd August 2000 at 10.30 a.m.	

Dividends

Ordinary Shares

Interim dividend paid on 14th January 2000 to Ordinary Shareholders registered on 24th December 1999.

Final dividend to be paid on 11th August 2000 to Ordinary Shareholders registered on 28th July 2000.

Registrars

Northern Registrars Limited
Northern House
Woodsome Park
Fenay Bridge
Huddersfield
HD8 0LA
Telephone (01484) 600900
Fax (01484) 600911

Notice of Annual General Meeting

Wednesday 2nd August 2000 at 10.30 a.m.

Notice is hereby given that the one hundred and eleventh Annual General Meeting of the Company will be held at the Bryce Institute, Burneside, Kendal, on Wednesday 2nd August 2000 at 10.30 am:-

Ordinary Business

1. To receive and consider the statement of accounts for the 52 weeks ended 1st April 2000 and the directors' and auditors' reports thereon.
2. To declare a dividend.
3. To re-elect J A Cropper, who is retiring by rotation, as a Director of the Company.
4. To re-elect J M Denman, who is retiring by rotation, as a Director of the Company.
5. To re-elect A I Lewis, who is retiring by rotation, as a Director of the Company.
6. To appoint the present auditors, PricewaterhouseCoopers, as auditors to hold office from the conclusion of the meeting until the next Annual General Meeting and authorise the Directors to fix their remuneration.
7. To transact any other business of an Annual General Meeting.

Special Business

To consider and if thought fit pass the following resolutions - in the case of resolutions 8 and 9 as Ordinary Resolutions and in the case of resolution 10 as a Special Resolution of the Company.

8. (a) That the amendments to the James Cropper PLC Executive Share Option Scheme ("the Scheme"), approved by the Company on 30th July 1998, and subsequently approved by the Board of Inland Revenue, which amendments allow the granting of non-Inland Revenue approved share options in addition to Inland Revenue approved options, which have been approved by the Directors of the Company, and details of which are set out in a circular letter from the Chairman to the Shareholders enclosed with the notice convening this meeting ("the Chairman's Letter"), be approved and adopted by the Company; and
- b) That the Directors of the Company be authorised to make any amendments to

the Scheme (including the provisions referred to above) as they may think fit in order to satisfy the requirements of the Board of Inland Revenue and to obtain the best taxation treatment for the Company and its employees in relation to the Scheme.

9. (a) That the James Cropper PLC Savings-Related Share Option Scheme ("the Savings-Related Scheme"), which has been approved by the Directors of the Company, details of which are set out in the Chairman's Letter (as defined in resolution 8 set out in the notice convening this meeting), be approved and adopted by the Company; and

- (b) That the Directors of the Company be authorised to make any amendments to the Savings-Related Scheme as they may think fit in order to satisfy the requirements of the Board of Inland Revenue and to obtain the best taxation treatment for the Company and its employees in relation to the Savings-Related Scheme.

10. That, pursuant to resolution 6 passed on 25th July 1997, the Directors be and they are empowered, pursuant to Section 95 of the Companies Act 1985, to allot equity securities (as defined in Section 94 of that Act) as if subsection (1) of Section 89 of that Act did not apply to any such allotment provided always that the foregoing power shall be limited:

- (i) to the allotment of equity securities in connection with a rights or other pre-emptive issue in favour of the Ordinary Shareholders where the equity securities respectively attributable to the interests of all Ordinary Shareholders are proportionate (as nearly as may be) to the respective numbers of Ordinary Shares held by them on a fixed record date (but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws of or the requirements of any recognised regulatory body or any stock exchange in any territory or any other matter whatsoever); and

- (ii) to the allotment (otherwise than pursuant to sub-paragraph (i) of this resolution) of equity securities up to an aggregate nominal amount of £104,450;

and shall expire on the date of the next Annual General Meeting of the Company or (if earlier) fifteen months from the date of the passing of this resolution save that the Company is hereby enabled to make an offer or agreement before such expiry which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

Burneside Mills,
Kendal,
Cumbria,
7th July 2000

By order
of the Board
D R Carey
Secretary

Notes

1. To be entitled to attend and vote at the meeting (and for the purpose of determination by the Company of the number of votes they may cast), members must be entered on the Company's Register of Members by 5pm on 31st July 2000 when the register of members will be closed until after the annual general meeting.
2. A member of the Company who is entitled to attend and vote may appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company. Appointing a proxy will not preclude members from attending and voting at the meeting if they later decide to do so.
3. Copies of the contracts of service for the directors are available for inspection during normal business hours on each business day at the registered office. In addition such copies will be available at the place of the meeting for at least 15 minutes prior to the meeting and at the meeting.
4. The reasons for resolutions 8 and 9 are explained in the Chairman's Letter accompanying this document and further information in relation to resolution 10 is set out in the Report of the Directors on page 21 of this document.