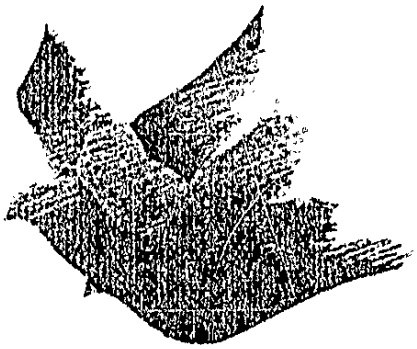
P.5226

Creative Papermaking

JAMES CROPPER PLC

Annual Report 1992



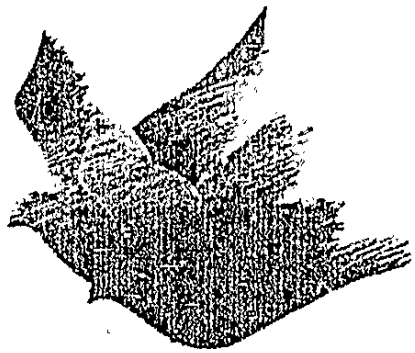
Dave Greene and Ronnie Pepper
checking the shade

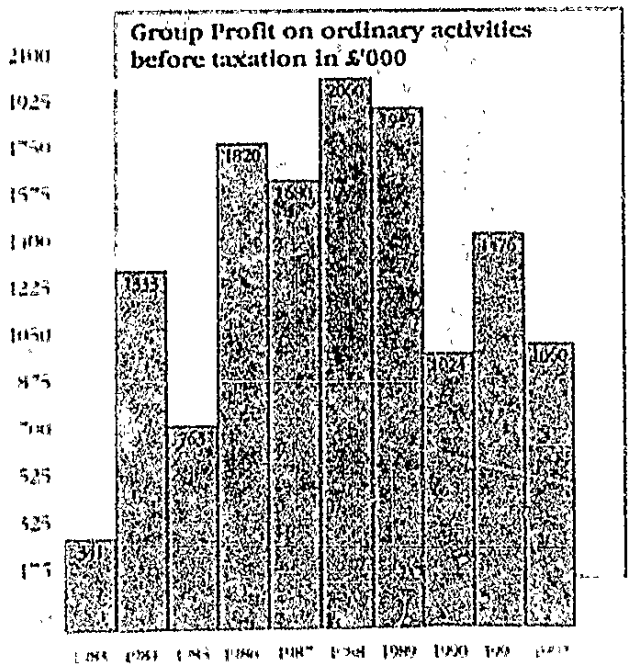
Our vision is to be
THE company which excels
in coloured and other
specialist paper
and paper-related products
for a worldwide market

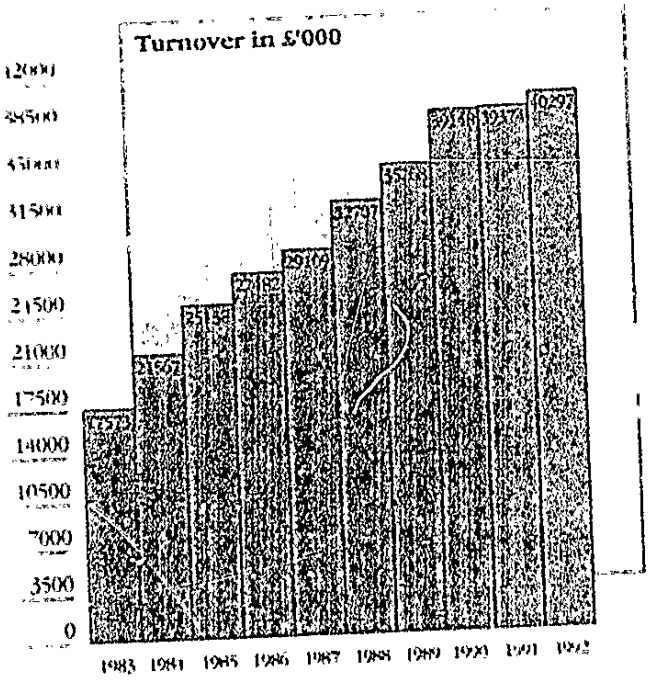
ontents

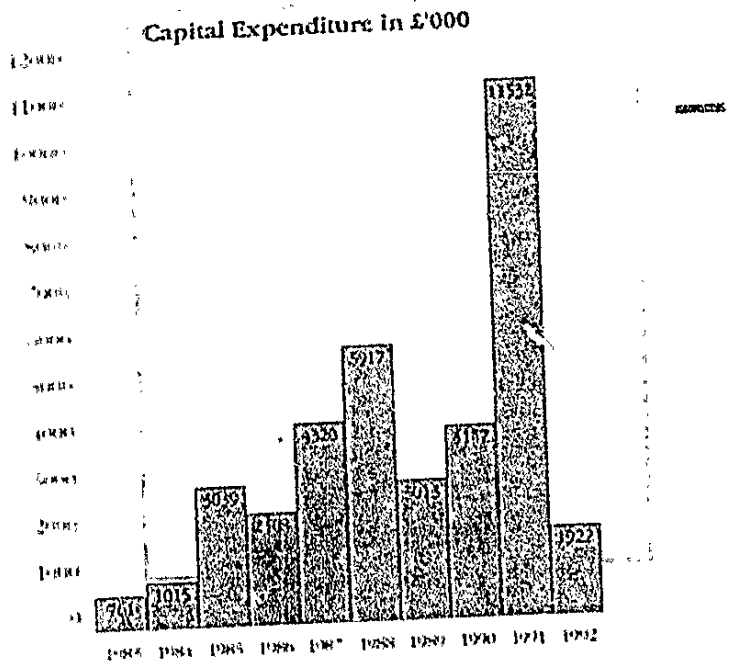
Summary of Results

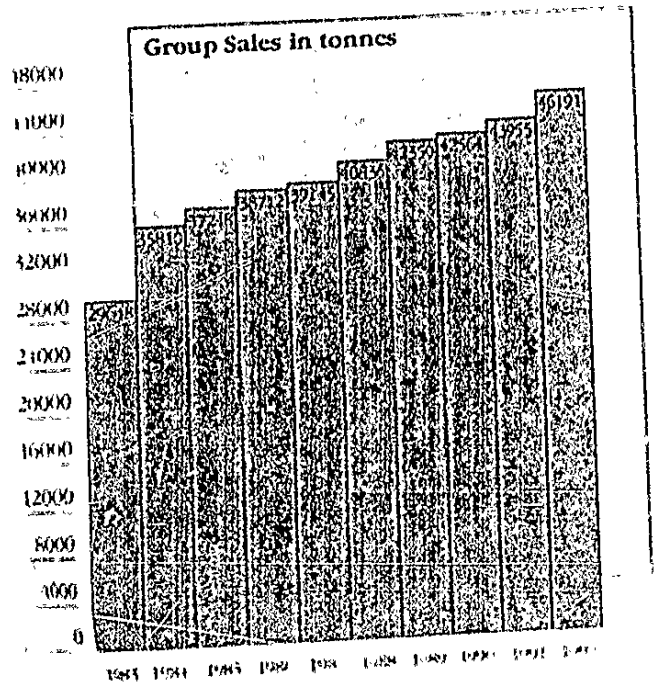
	1992	1991	Change
Group turnover	£10,297,000	£9,37[illegible],000	+2[illegible]
Group profit before tax	£1,060,000	£1,476,000	28[illegible]
Tonnes sold	16,191 tonnes	15,955 tonnes	+5[illegible]
Earnings per share	8.6p	15.0p	[illegible]
Dividends			
Interim Paid	0.975p	0.975p	
Final Proposed	2.025p	1.925p	
Total	3.0p	2.9p	
Group capital employed	£20,431,000	£18,720,000	+9[illegible]
Group capital expenditure	£1,922,000	£11,532,000	83[illegible]

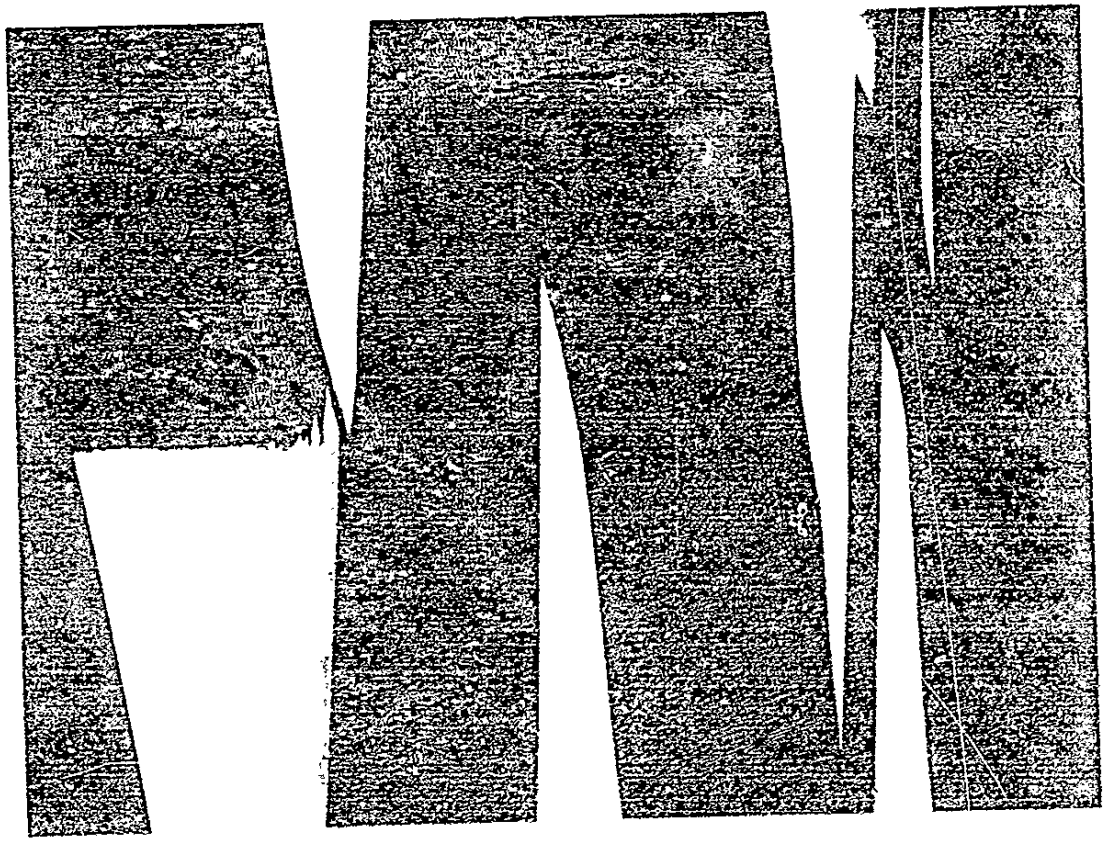





Turnover in £'000
12000
35500
31500
28000
24500
21000
17500
14000
10500
7000
3500
0
10297
1983 1984 1985 1986 1987 1988 1989 1990 1991 1992


Capital Expenditure in £'000
11532
5917
3922
1985 1986 1987 1988 1989 1990 1991 1992


Group Sales in tonnes
18000
40000
36000
32000
28000
24000
20000
16000
12000
8000
4000
0
46191



Directors, Bankers and Advisers

Executive Directors

Chairman and Finance Director
J A Cropper, DL, BA, FCA – born 1938 – is the great great grandson of the founder. He joined the Company in 1966 and the Board in 1967, on the death of his father and became Chairman in 1971. He is Vice Lord-Lieutenant of Cumbria.

Personnel Director and Company Secretary
O G D Acland, BA – born 1934 – is also a great great grandson of the founder. He joined the Company in 1958 and the Board in 1964. His father was a director of the Company until his death in 1964.

Papermaking and Converting Division
Managing Director
N W Willink, BA – born 1935 – is also related to the founder. He joined the Company in 1959 and the Board in 1965. His father retired as Chairman in 1971 after 47 years with the Company.

Technical Fibre Products Ltd and Converting Division
Managing Director
H Larking, BSc – born 1930 – joined the Board in 1971 from Wolvercote Paper Mill after previous service with the Company in the 1960's. (Retired at the end of September 1991)

Engineering Director
D Charlton, CEng, MIEE – born 1928 – joined the Company as Chief Engineer from Reed's Colthrop Mill in 1971 and joined the Board in 1977. (Retired at the end of August 1991)

Technical Fibre Products Ltd
Managing Director and Engineering Director
D Oakley BSc CEng MIMechE – born 1944 – joined the Board in June 1991.

Non-Executive Directors

J R Sclater, MA, MBA – born 1940 – joined the Board in 1972. His appointments include Chairman of the Foreign & Colonial Investment Trust PLC, Chairman of Berisford International PLC, Chairman of Hill Samuel Bank Limited, Trustee of the Grosvenor Estate and a Member of the Council of The Duchy of Lancaster.

J P Southwell, MA – born 1933 – joined the Board in 1981. Chairman of Helical Bar PLC, a consultant to Credit Lyonnais Laing Corporate Finance and a member of the Stock Exchange.

Bankers
Barclays Bank PLC, Kendal

Auditors
Price Waterhouse, Newcastle

Stockbrokers
Credit Lyonnais Laing, London

Corporate Lawyers
Dickinson Dees, Newcastle

Registrars
KPMG Peat Marwick, Stoke-on-Trent

James Cropper PLC
Burneside Mill, Kendal
Cumbria LA9 6PZ
England
Telephone 0539 722002
Telex 65226
Fax 0539 728088

Chairman's Review

The past financial year

It is pleasing to report that we have managed to trade profitably through a year affected by the longest recession for many years. However the high financing costs of the new paper machine installed last year and bad debts equivalent to what would normally be incurred over a 10 year period have led to profits before taxation not being maintained at the level of last year. We have also been affected by the exceptional costs of redundancy payments and consultancy fees incurred on restructuring and developing the business. It has been a very difficult year to find new business for the extra capacity of the new No. 3 Machine, so it is pleasing to report that the operating profits of the Papermaking Division have increased by 11% compared to the previous year.

This year has been an important one for the future of the Company. The completion of No. 3 Machine marked the end of a long period of high investment in plant and buildings and the start of a period where the principal policy is to increase profitability and reduce borrowings to a reasonable level. There has been a concentrated effort during the year to reduce costs and a start has been made on changing the culture of the company based on the concept of Total Quality Management, which will refer to later.

Dividends

We have decided to recommend a small increase in the dividend of 3.5% with a total dividend of 8.0p as against 2.9p last year. This increase is to reflect our confidence in the future and the fact that the dividend is very well covered by earnings.

Papermaking Division

This Division did well to increase its operating profit by 11% from [illegible] turnover. There was a tonnage increase of [illegible] from the extra capacity of No. 3 machine, but the [illegible] this was cancelled out by sales price reductions in No. 1 Operating conditions have been difficult throughout the year and different from quarter to quarter. In the first quarter our policy was to try to fill the new No. 3 Machine. We were successful in doing this, but mostly at low prices and low margins, with low profits resulting. In the second quarter confidence seemed to have returned to the paper market and we had a fuller order book, so we changed our policy of taking low margin tonnage on No. 3 Machine so concentrate was easily on grades with higher profitability. In the third quarter the recession really began to bite for us with orders difficult to obtain in home and export markets. All the machines experienced slack time, especially No. 3 Machine. There were large bad debts affected us and the last quarter by bad debts, primarily [illegible] this was against an annual average of less than £10,000. In the [illegible] months since the market for us started to improve from the end of January, with two good months in February and March for orders and [illegible].

The remaining problem throughout the year was that customers did not have the confidence to place orders even for a very short time ahead, which made it difficult to reduce the effect of the market [illegible]. We did see the sales growth [illegible] from the export markets where we have been able to offer many customers [illegible] our expertise in coated and specialist paper making with [illegible] to swing by 16%.

Converting Division

The operating [illegible] have declined [illegible] year. This was a [illegible] [illegible] also [illegible] the display board market [illegible] year. However we made good [illegible] develop [illegible] more profitable for higher added value display board and [illegible] laminating. The result was that although sales tonnage declined [illegible] value increased by [illegible] to quality and service [illegible] maintain and increase our market share at reasonable margins.

Technical Fibre Products Limited

This subsidiary had a difficult year with a small [illegible] operating loss for the year. The [illegible] operating sales particularly [illegible] market [illegible] specialist [illegible] packages were [illegible] expected to a very [illegible] at the start of the [illegible] these expected [illegible] did not materialise [illegible] the new [illegible] and [illegible] costs in the [illegible] higher [illegible] Management [illegible] the [illegible] work in the New [illegible] business [illegible] [illegible] [illegible] potential [illegible] market [illegible]

A Marketing and Business Plan is currently being produced to ensure that the Division is organised properly to support the need for extra sales. Since the end of March orders have been at a better level and a reasonable profit was made in the first month of the new financial year.

Overseas

Pacofa, a converting company based in Hallum near Lille, in France, in which we have a 35% shareholding, has had a reasonable year in a difficult market. The demand for packaging paper, particular for luxury goods, has been most depressed throughout the year in France. However the effect of the acquisition of the fluorescent coated poster assets of Papyrus, a subsidiary of Papeteries de Clairefontaine, more than compensated for the shortfall in Pacofa's traditional markets. Thus our share of the profits has increased by 18% to £167,000. Recently, we have put down stocks at Burneside and taken on a Sales Representative to market the Pacofa range of coated and fluorescent papers in the United Kingdom. Developments so far look promising.

Fasertec, a joint venture between Technical Fibre Products Ltd and Deutsche Basaltsteinwolle, had a good year for sales with our share of the profits increasing from £3,000 to £19,000.

Finance

The total capital expenditure in the year of £1.9 million shows a dramatic drop compared to £11.5 million last year, which included the new No. 3 Machine. The main items of expenditure in the past year were improvements to the steam raising plant to improve its reliability, and provide for the extra drying required for the increased output from the new machine. Capital expenditure is forecast to remain at a similar level in the current year to include further modifications to the power plant to produce more reliable operating conditions.

[illegible] £300,000 [illegible] from the interest element of the last year's [illegible] Machine. However [illegible] the [illegible] also [illegible] maintaining the pr[illegible] gy [illegible] and was [illegible] borrowed to finance the machine [illegible] interest element of the leasing [illegible] will decline. Interest paid on our bank borrowings has reduced by £361,000 due to lower average borrowings and interest rates.

Depreciation charges are currently £2.9 million and will run at approximately this level for the next few years. This should more than cover any planned capital expenditure and enable debt to be reduced.

Tax allowances on substantial capital expenditure in previous periods have resulted in the Company having a low effective tax rate in relation to its reported profits. The tax charge for the past year includes a deferred tax provision which reflects the anticipated reduction in future capital expenditure and brings the Company's effective tax rate in line with the standard rate of Corporation Tax.

Personnel

The past year has been an anxious time for our workforce, as trading conditions have fluctuated from good to bad, quarter to quarter, and there have been many changes to which to adapt. We much appreciate their loyalty and commitment to the company during a period when it might have been difficult to maintain morale with so little good news about. In the early summer we were recruiting on the basis of full order books in all areas and good prospects for Technical Fibre Products, so that our numbers peaked at 466. It was soon apparent that Britain was going into a deep recession and that trading conditions were taking a turn for the worse. We immediately set up an initiative called "The Burneside Challenge" to involve everybody in trying to reduce all costs and to review the numbers employed. By the end of March we had reduced our numbers by 23, so that our staff costs compared to last year have increased by only 2.8%, despite a national wage increase of 8%. Many positive contributions have been made from all areas and total savings in direct costs and overheads have been over £1 million on an annualised basis to date.

We were delighted when Patrick Willink, son of Nicholas Willink and a direct descendant of the founder, joined us as a Senior Management Trainee in October last year after obtaining an MBA at Imperial College London.

Total Quality Management

In the autumn last year we decided that we should embark on a longer term development of the company to incorporate the principles of Total Quality Management. We decided we needed to change direction to focus more on meeting customer needs, both external and internal and exploit the strong technological base that we have built up over the last few years. We have engaged consultants to help us to train all our employees and develop the processes to take us along this route. More details of what we have called our Quality* Performance Challenge are given on page 18. This is a major step change in the development of the Company and I hope to report to you next year that we have made good progress.

Directors

John Larking, Managing Director of Technical Fibre Products and the Converting Division, decided to retire in September last year after 20 years with the company. His enthusiasm and dedication have enabled the Company to grow rapidly and be transformed during his time with us.

He originally joined us as Production Director, but he quickly moved to be Sales Director to spearhead the sales growth that was needed to match the extra tonnage that came from the mill year by year as it was modernised from the 1970s onwards. He consolidated the sales at Burneside with the closure of the regional offices and started a targeted export drive particularly into Europe after we joined the EEC in 1974. Exports at that time were 6% of our turnover, and they have now reached 30%.

John was responsible for modernising and extending the capacity of our specialised converting equipment and creating in October 1987 the separate Converting Division to focus more sharply on the marketing of the Division's products and services. This Division has been most successful and has been an important contributor to our profits in recent years.

He was the inspiration behind the founding of Technical Fibre Products Ltd in September 1986, since when facilities have been provided and sales developed rapidly so that it is now poised on the threshold of a profitable and exciting future.

We owe John an immense debt of gratitude for the successful growth of the company over the past 20 years. He ensured that the Company was in advance of the field in servicing the ever increasing variety of demands of the market place. We wish him and his wife, Sheila, a long, active and happy retirement. His successor as Managing Director of Technical Fibre Products Ltd, is James Oakley.

The Outlook

1992 looks a little more promising than 1991/92. We have made a reasonable start to the year in the Papermaking Division, with the mill still running below normal capacity, but at better margins. Interest costs are declining, with interest rates moving downwards and borrowings set to reduce during the year. The Converting Division, Technical Fibre Products and Pacofa have all made better starts. We are continuing to make further savings in costs and effect efficiency improvements. We hope to be well on the way to implementing a Total Quality Management system by the end of the year to support our vision for the company.

Although the recession is still not at an end and trading conditions are still very difficult throughout the industry we are confident in the future of the Company.

'apermaking Division

	1992	1991
urnover (£'000)	133,882	133,908
'onnes Sold	40,118	37,528
onnes Exported	11,563	10,032

he Division did well to increase the onnes sold by 7% in this difficult ear In the previous year some onnage was lost while No 3 Machine as being rebuilt As reported last ear the new machine started up aking a considerable amount of ommodity tonnage at very low ices In August last year we took the all by the horns and deliberately ted a large proportion of this onnage to concentrate on coloured d other more specialised papers his was achieved with considerable ccess

he year has been marked by a ange in ordering patterns by stomers, combined with our move vay from commodity papers The erage order size has reduced stomers order in small quantities th to keep their inventories low and ecause they are affected by the cession Each machine is now aking an average of 60 different lots ch week, with our largest machine anging 80 times within each week, hich means something new every our and a half This presents a allenge because the amount of ste produced is directly oportional to the length of each run

ch of our design philosophy has en concentrated on quick changing vertheless it is essential that our formance improves even further r TQM programme described in ul elsewhere in this report is eady concentrating some of its orts in this direction The first oblem solving team set up chose to k at aspects of change times ated to colour

One consequence of rebuilding No 3 machine is that there are now more opportunities for making particular grades of paper on different machines This has increased flexibility and also made it somewhat easier to meet customers delivery requirements Nevertheless the emphasis remains on trying to bring together reasonable runs of grades and colours on the machines for which they are most suited Our major customers know the weeks we can make particular shades for them these schedules are rigidly adhered to This makes it possible for such customers to order a particular colour size and weight of paper at the last moment and have it delivered within ten days

UK Market

The Company has over 2,500 UK customers, of which some 45 (but less than 10 tonnes per year Well over half of our customers are converters and the remainder are paper merchants The main converter customers use the Company's products for making files and other stationery products, for printing and for coating The biggest product group is manilla supplied to manufacturers of files and folders

Paper merchants service the graphics industry and the Company makes a range of coloured and specialised papers for this market The ranges to merchants are largely products branded by them, made specifically to meet each of these customer's needs

Both at home and overseas we shall be increasing our emphasis on selling our own Portfolio range, on which this Annual Report is printed Merchants have an important part to play in this development

Exports

The graph of the export performance is in tonnes in order to show real changes undistorted by price movements There was a dip in the quantity exported in 1989 as we had taken on too much marginal tonnage in the previous year The annual growth in tonnage in the three years following 1989 is over 18%

The top six performers in tonnage in 1992 were France, Germany, Switzerland, Australia, Denmark and Austria. Major growth has taken place in Germany and Switzerland. Our view is that these two countries are particularly conservative and do not change suppliers lightly. We are now beginning to reap the rewards of a long term campaign to demonstrate our commitment to and understanding of their needs. The improvements in Germany, Switzerland, Denmark and Austria also arise from our agents finding new customers and from existing customers taking more paper from us. It is essential that we have good agents and also vital that their work is backed by visits from the mill export sales force. We are finding that our expertise and growing reputation are making it easier to increase our customer base. Our agents have great confidence in us as a result of the conference that we held for them at the mill last June. They learned about our capabilities not only from us but also from each other. Our Australian agent did well to maintain tonnage close to the previous level, against a very difficult economic background.

There was a reduction in France caused by a change in market requirements. By the end of the year we had recovered much of the ground lost there by increased sales in other higher added value fields. We have found new outlets and in addition our existing customers found that trade recovered after the effect of the Gulf War declined. Duty free purchases, which our products supported, made up a considerable part of the final market, and this recovered as travel returned to normal. Moreover some customers have increased the range of products that they are buying from us.

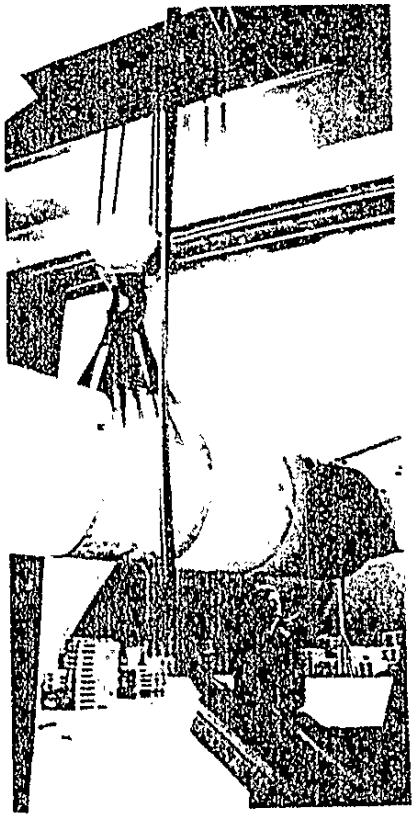
A few vignettes will show why we are successful exporters.

In 1990 we took a stand at the major paper and print exhibition DRUPA in Dusseldorf. Two representatives of an agent in Taiwan visited our stand. As a result of what they saw they started to order small quantities of our Portfolio range. We consequently appointed them as our agents and in the last year they have sold over 100 tonnes of a range of speciality products.

An Egyptian tile maker's supplier went out of business and he was recommended to turn to us as producers. We have supplied 75 tonnes this year. An Austrian mill stopped making a coloured range for an Austrian merchant, they too successfully turned to us as the solution to their problem.

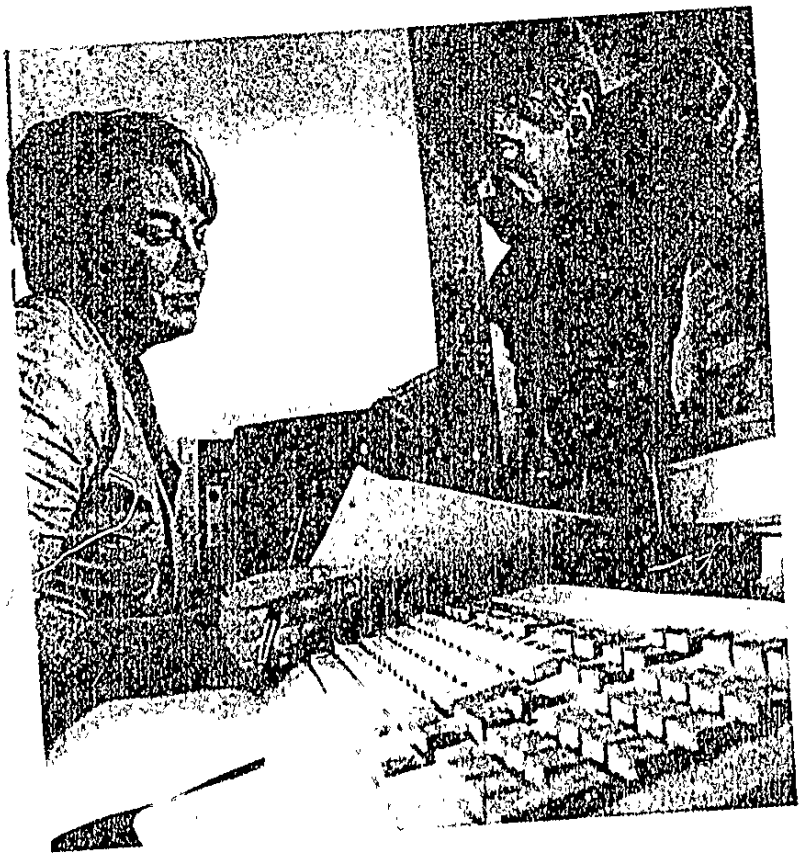
We are pleased to be able to say that we are able to send "coals to Newcastle" as we sell to Norway, Sweden and Finland. We also sent a single order of over 300 tonnes of paper to Iran. We have recently appointed a number of Middle East agents and our Sales Director and the Export Sales manager have just completed a promising trip there.

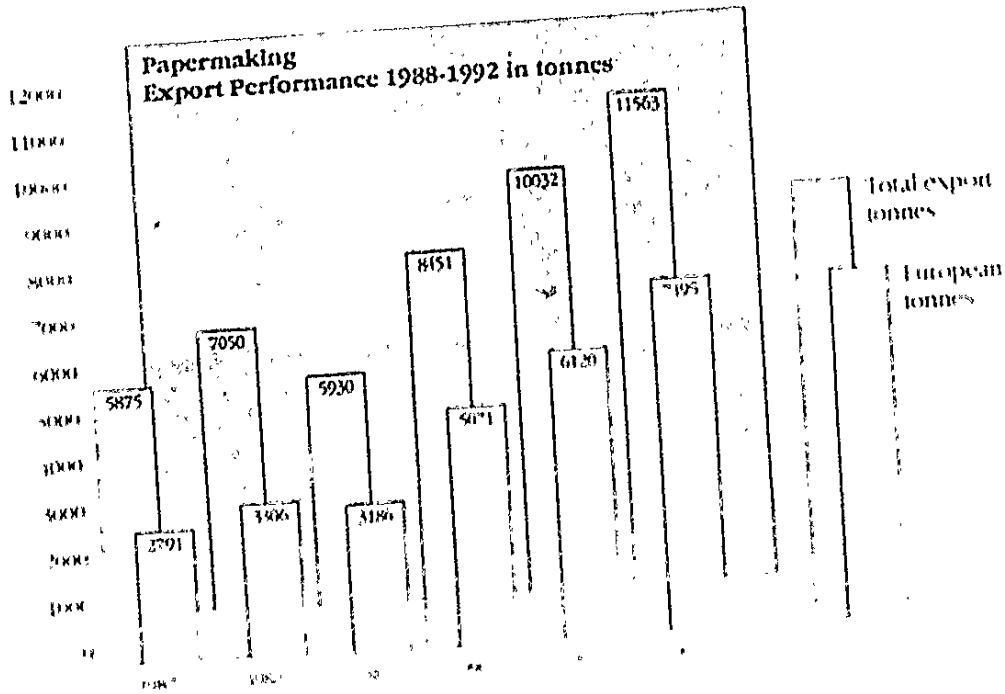
This year we have developed in-house a computerised export documentation system which produces all the paperwork required including the many forms which Iran uses. The customer gets better, more accurate documentation, the shipping is effected more quickly and there is even less danger of documentation causing hold ups at the port.



Mike Morris and Stuart Bellingham
No 3 Machine press roll

[illegible]





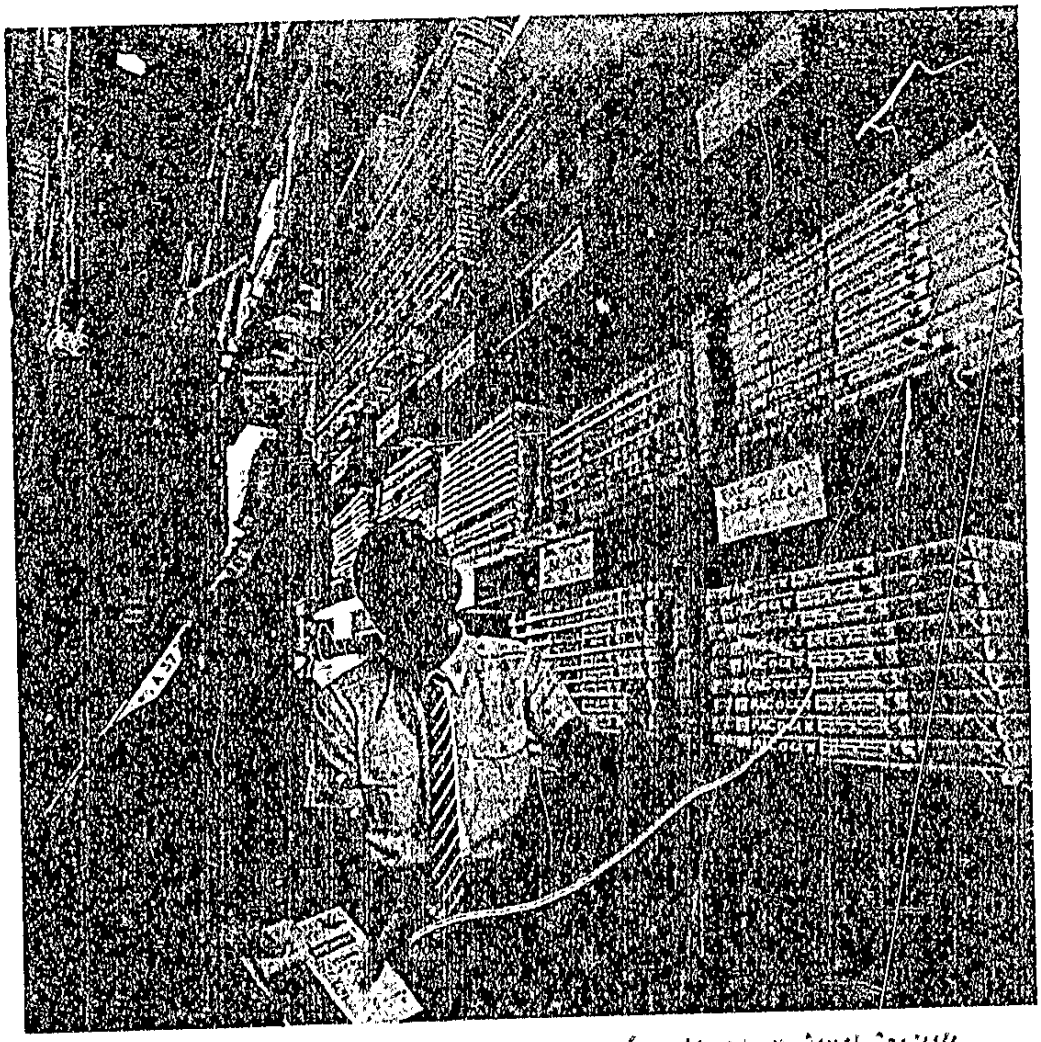
Engineering Department

[illegible] the emphasis of the Engineering Department [illegible] maintenance [illegible] is brought sound as different skills and organisation are required. We have already embarked on broadening skills to meet maintenance needs and propose to carry out more training most of it in house. The organisation of the department has been completely restructured. These changes are requiring a great deal of forbearance by all those concerned. We have set targets to improve further the up time on and equipment and to have it operating efficiently at all times.

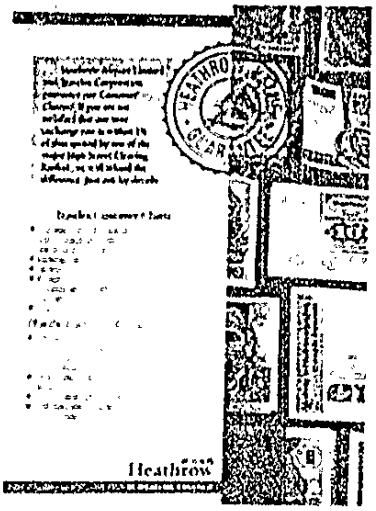
Training and Safety

A great deal of the training that is being carried out is in connection with Total Quality Management. In addition joint fault diagnosis training is designed to help process crews maintenance staff and supervision work together. We have also piloted in the finishing department competence training for a wide range of skills. This training is carried out entirely on the job and will be compatible with process National Vocational Qualifications when their development is completed by the Industry's Education and Training Council.

We have had another satisfactory year for safety. Our performance was as good as in the previous two years and our reportable accidents are well below the national average. The Paper and Board Federation have started comparative statistics again from January this year. At the time of writing the Company's performance is in the top 20% of mills. A great deal of work is done by management and supervision by the safety committees and by the many safety representatives.

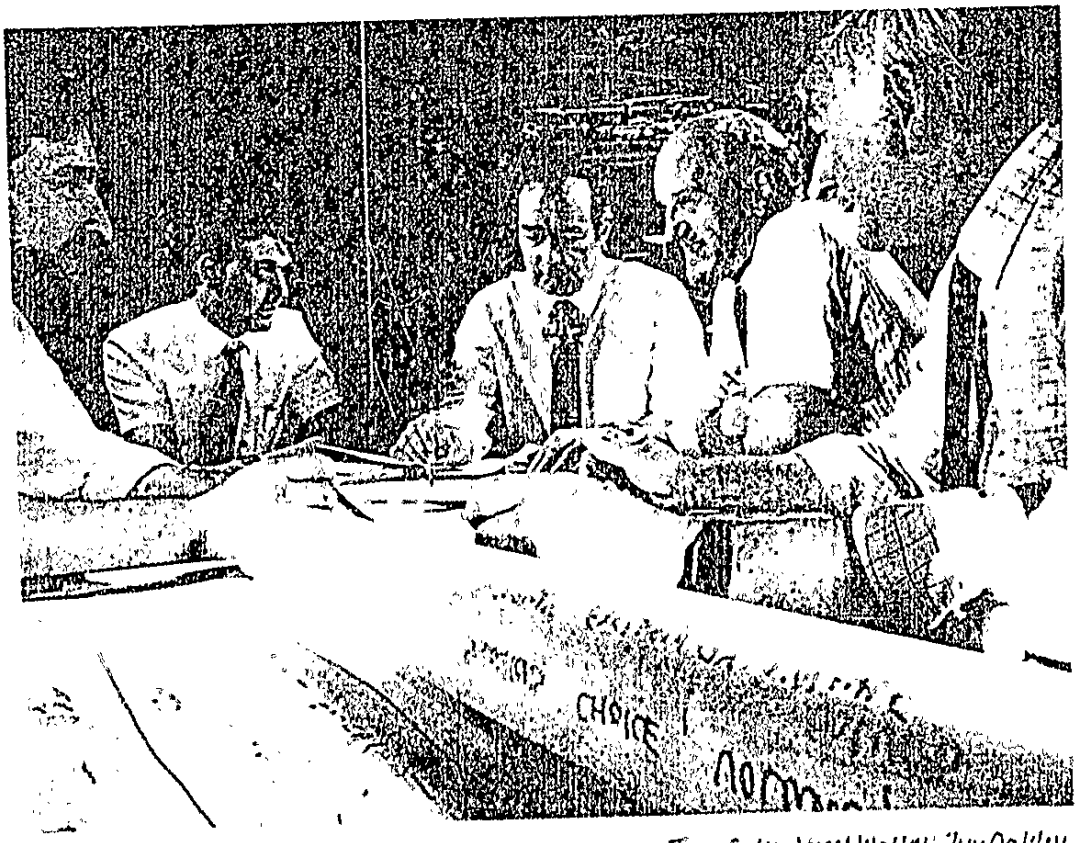


Fan Wadder Steel Facade
and Steel Saddle and Pacemaker


HEATHROW
Heathrow

Technical Fibre Products Ltd

	1992	1991
Turnover	£2,001,000	£1,786,000
Export Turnover	£919,000	£855,000



Tony Cooke, Nigel Walker, Jim Oakley, Mick Allsopp and Brian Pocklethwaite developing strategy

The year has seen many changes John Larking, who has the original insight for the creation of TFP and then determination to make it grow retired in October James Oakley, who has recently joined the Company as Group Engineering Director succeeded him as Managing Director

James Cropper PLC embarked upon Total Quality Management and this initiative was enthusiastically taken on board by TFP A new Senior Management team has been established with the objective of profitable business growth by building quality into everything we do

This management led initiative is called **Creating Partnership for Excellence:** Its purpose is to design a customer led business process to achieve the goal of our Mission Statement

Mission Statement

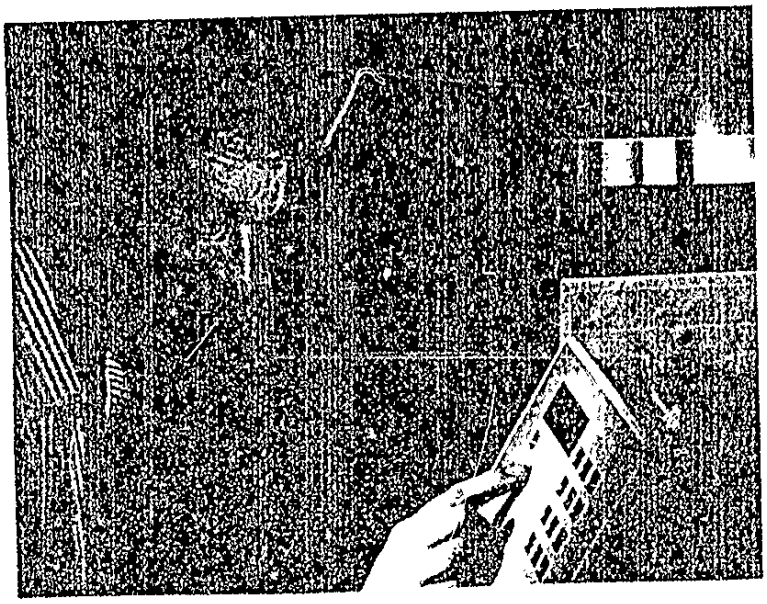
Our mission is to be recognised world wide, in the creative use of advanced fibre products, developed in strategic partnership with our customers, to provide effective solutions for tomorrow's problems today.

Our purposes are:

- To assist our customers to achieve leadership in their fields.
- To build lasting personal relationships with our customers based on mutual respect and integrity to provide total customer satisfaction.
- To maintain flexibility to continue to respond to our customers' needs rapidly and effectively.
- To continue to encourage our employees to actively contribute to our business success.
- To provide a stimulating environment in which employee contribution is recognised.
- To achieve profitable growth.

Values Statement

- To have integrity in our dealings internally and externally.
- To focus on our customer and achieve quality in all we do.
- To promote individual growth and development and collective pride in TFP.
- To maintain a working environment which is exciting and stimulating.
- To pursue technical excellence, creativity and innovation.



Total Quality Management

TQM

With the commissioning of No 3 Machine in October 1990 the Company recognised that it had reached the completion of an essential technology led phase in its development. The Board therefore decided that the Company should change direction to concentrate on Total Quality Management with the emphasis on developing people and meeting customers' needs, both internal and external. The search then began for the right philosophy to drive the Company forward by building more clearly focused management onto its strong technology base.

It was clear that some outside assistance would be required and after a comprehensive search and evaluation FR Consultants were appointed in September 1991. They are experts in organisation and change management, who have many large clients including British Rail, United Biscuits and the Post Office.

FR Consultants were asked initially to conduct an in depth survey of the Company needs, including canvassing the opinions of 15% of the workforce. They concluded that the Company had already engendered high levels of commitment to the products and to the success of the enterprise. There was also a wide desire to develop the Company and for the Company to be successful. They concluded therefore that the Company had the inherent strengths to change and develop.

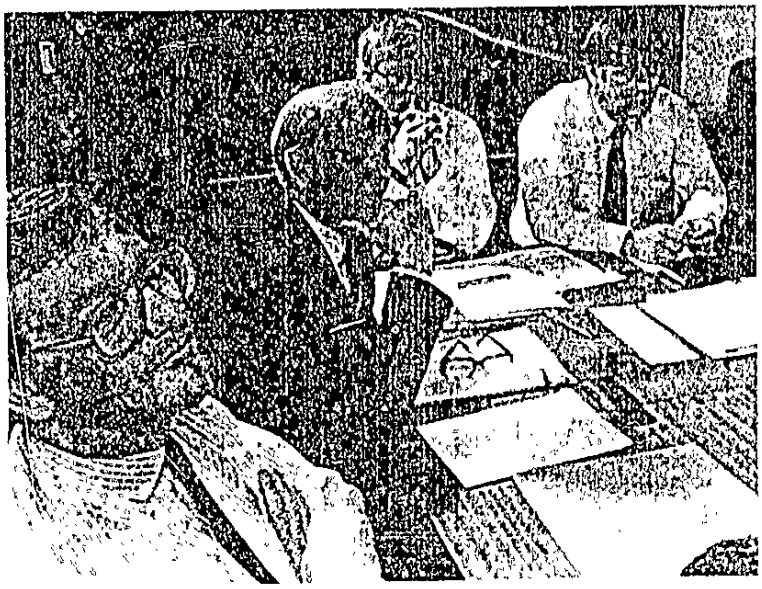
James Cropper PLC

Our vision is to be THE company which excels in coloured and other specialist papers and paper-related products for a worldwide market.

Our purposes are to:

- work in partnership with our customers
- design effective solutions for particular customer requirements
- build upon our well developed skills and capabilities
- develop our flexible, well-trained and highly motivated workforce
- continue our commitment to improving the environment and our responsibility to the local community
- improve the goodwill of shareholders through increased shareholder values
- grow and remain an independent company.

Dave Coleman, Alan Lewis
Nick Willett, Jim Lowry
and Graham Jones of FR Consultants.



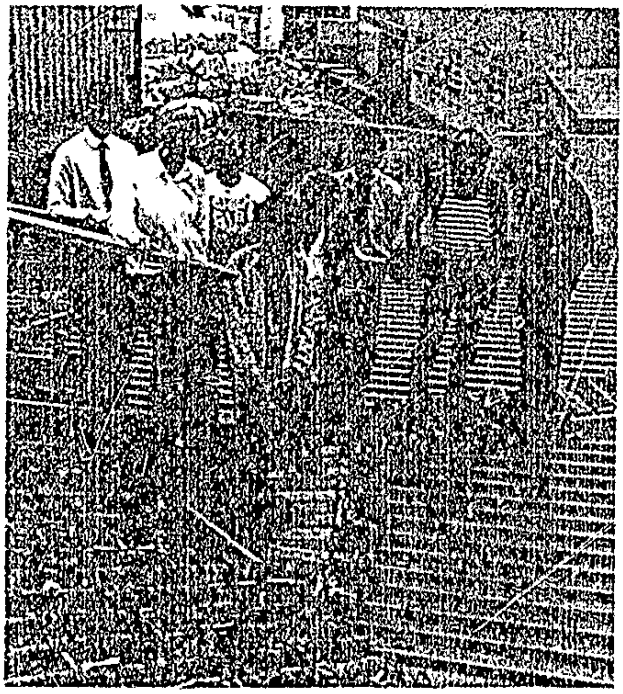
Nigel Read, Les Buckle, Roy Lambert
and Bruce Forward

With their assistance and guidance the Directors, together with the rest of the senior management team agreed to take the Company forward with FR Consultants using the following strategies

- Clearer direction for everyone on where the Company is going
- Clearer emphasis on achieving key tasks
- Greater focus on the market and on meeting customer needs, both external and internal
- The need for continuous improvement in all aspects of running the business

We decided to call our version of TQM the Quality Performance Challenge

The development work is now in full swing, involving a great deal of training and team development. At all stages FR Consultants have insisted that we take control of our own training as soon as possible. The following outline of progress to date will prove the point

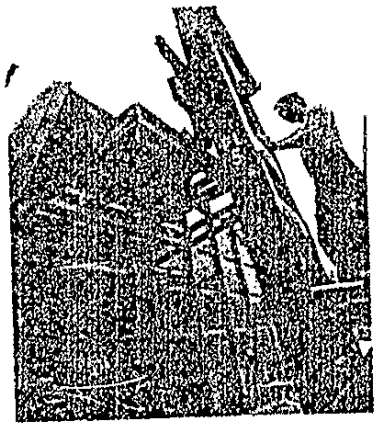


[illegible] and were [illegible] Those who attended sessions [illegible] have spread out here on the site and sowed the seeds of change. Give the chaps here a range and engage and interest in the process of change. It is important to let everyone know what is intended as early as possible rather than wait for them to get 'chinese whisper' information from the grapevine.

One major aim of TQM is to enable many more people to contribute to solving problems. The first training sessions in problem solving and team facilitating were carried out by HR Consultants. Such training is now in the hands of two members of staff. By the end of May 36 people had been trained and 9 teams have already embarked on solving problems that they have either identified themselves or have been identified for them as having immediate importance. Once training has been given in problem solving the techniques learned can be applied by all those trained to solving a whole range of problems that they encounter in their work. As an independent and subsidiary initiative three pilot courses in fault diagnosis for mixed groups of foremen machine operators and engineers have taken place. So far all this training and development has been enthusiastically received.

[illegible] processes with [illegible] them in customer satisfaction. HR Consultants have had a strong input in training these teams, which are now functioning without major consultant intervention. These two teams are looking at commercial and operations performance and will soon be joined by a third, dealing with the management issues involved.

Our Quality Performance Challenge is founded on our vision, purposes, goals and targets. We are determined that this focus will improve the profitability of the business by anticipating and developing our customers' needs in addition to simply meeting them, whether these customers be inside or outside the mill.



Environment and Community

In our industry the spotlight remains firmly fixed on environmental matters. The Company is therefore increasing both its resources and attention to all the issues involved. We are determined to be ahead of the game rather than firefighting at the last ditch.

Raw Materials

Environmental concern is being shown in two quite different ways with regard to paper specifications.

The use of chlorine and its compounds is seen as harmful, especially through the formation of a special group of compounds known as AOXs, some of which are toxic. This has led to feverish research and development at paper mills aimed at reducing or eliminating chlorine from the bleaching process. An increasing number of customers now specify the type of pulp to be used in their paper.

The other major aspect concerns recycling. Many papers and boards have been made of recycled material for a long time, mainly for economic reasons and because the requirements were not too stringent in terms of repeatability.

Currently our thrust is towards reclaiming more white waste paper, in very short supply, and re-using it in coloured papers and boards. The Company has increased the use of white waste as a replacement for pulp substantially during the year, with purchases up some 20 fold on the previous year. We expect this trend to continue and are anticipating increased waste water costs since ironically white waste paper contains a higher level of pollutants that have to be removed.

Solid Waste

In the last year the Environmental Audit Group has produced a policy statement on solid waste disposal which has recently been approved by the Board. We have developed systems to ensure that all waste going off the premises is correctly documented in accordance with the requirements of the Environmental Protection Act. We are working with our suppliers to reduce the number of products that are delivered by them in non-returnable containers. Our solid waste is now compacted on site so that it consumes less landfill volume.

Sludge Disposal

The Company's effluent plant removes suspended solids before discharge to sewer. The resultant sludge goes to a Company landfill facility close by.

Our Technical Department has recently improved the operation of our effluent plant by a combination of chemical and polymer treatment. Odour problems are now much reduced, the cost of disposal is less and the sludge, at a higher solids content, is easier to handle.

Solid Waste Policy Statement

The Company will conform fully with the requirements of the Environmental Protection Act.

The Department of the Environment Code of Practice "Waste Management – The Duty of Care" sets the minimum standard for the Company's operations.

The following targets for solid waste reduction have been set:

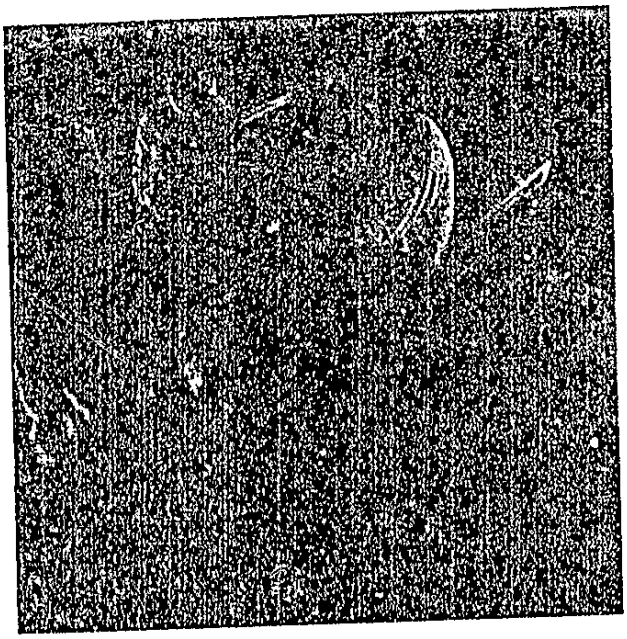
A 50% reduction in waste to landfill by April 1994. A further 50% reduction by April 1995.

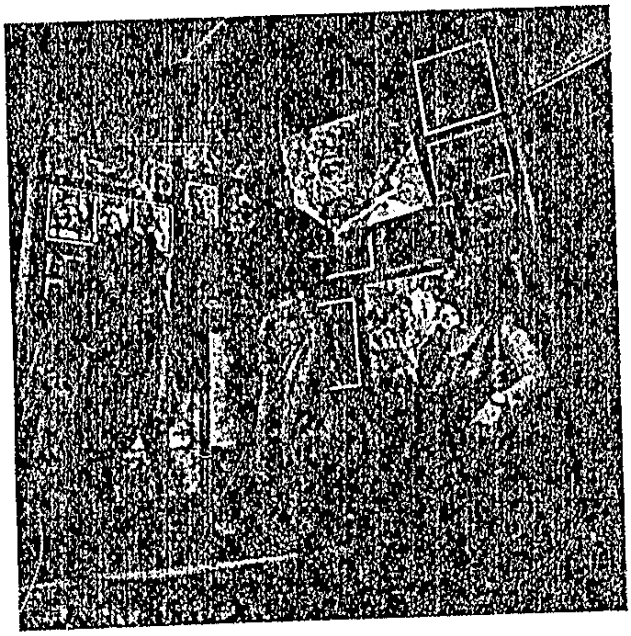
These reductions should be achieved by reduction at source and recycling.

Further progress beyond 1995 will be dependent upon the availability of incineration.

The Company will work in partnership with its suppliers and customers to reduce waste.

This policy relates to all solid waste that goes off Company premises to public licensed waste disposal facilities.





Shareholder Information

991-1992

eporting	Interim results announced and sent to ordinary shareholders	25th November 1991
	Final results announced and advertised	11th June 1992
	Annual Report issued by	8th July 1992
	Annual General Meeting – at Burneside Mills, Kendal, Thursday 30th July 1992 at 10.30 a.m	
ividends	Ordinary Shares	
	Interim dividend paid on 17th January 1992 to Ordinary Shareholders registered on 2nd January 1992	
	Final dividend to be paid on 11th August 1992 to Ordinary Shareholders registered on 24th July 1992.	
oan Stock Interest	9% Unsecured Loan Stock 1994/99	
	Payment on	30th November
	Payment on	31st May
ompany Registration Number	30226	
egistrars	KPMG Peat Marwick Festival Way Stoke on Trent Staffordshire ST7 5TA Telephone (0782) 216000 Fax (0782) 216050	

Report of the Auditors

) the members of
mes Cropper PLC

We have audited the financial statements on pages 28 to 39 in accordance with Auditing Standards

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group at 28th March 1992 and of the profit and cash flow of the Group for the 52 weeks then ended and have been properly prepared in accordance with the Companies Act 1985

Newcastle upon Tyne
12th June 1992

Price Waterhouse

PRICE WATERHOUSE
Chartered Accountants
and Registered Auditor

Report of the Directors

To be presented at the one hundred and third Annual General Meeting of the Company to be held at the registered office on Thursday 30th July 1992 at 10.30 a.m.

Review of the Business

The Chairman, in his statement on page 7, 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 10 to 24.

Results

The directors have pleasure in submitting to the members their report and the audited accounts for the Group for the 52 weeks ended 28th March 1992.

The profit for the 52 weeks ended 28th March 1992, the dividends paid and recommended and the appropriation to reserves are set out in the profit and loss account on page 28.

Fixed Assets

Expenditure during the year amounted to £1,922,000.

Research and Development

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

Employee Involvement

A monthly briefing on Company performance is carried out for all employees. Once a year meetings are arranged to enable all employees to have a presentation from the Chairman and discussions with him. 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 safety management committee and three departmental safety committees deal with all aspects of health and safety in the mill. Departmental personnel meetings allow representatives to make valuable contributions on aspects of training, manning and promotion.

The environmental audit group, whose work is described on page 22, has been operational during the year.

The Group bonus scheme, based on the profit of the Group's UK operations, is an important part of employee involvement and is complemented by the employee share scheme.

Employment of Disabled People

It is the Group's policy to give equality of opportunity when considering applications by 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 £15,257 were made for charitable purposes.

Purchase by the Company of its own Shares

At the Annual General Meeting last year a resolution was passed giving the Company general authority to repurchase 400,000 of its own shares. This resolution remains in force only to the Annual General Meeting on 30th July this year. No shares have been repurchased up to the date of this Report, and there is no present intention of making such repurchases.

A similar authority for the period to the next Annual General Meeting is sought in Resolution 4 in the Notice of the Annual General Meeting.

Authority to Allot Shares

At the 1987 Annual General Meeting an ordinary resolution was passed granting the directors authority for a period of five years to allot shares up to a maximum of £1,492,212 being the amount of the authorised but unissued share capital of the Company at the date of the passing of the resolution. This resolution preceded a 1.1 bonus issue.

A similar authority for the next five years is sought in resolution 5 in the notice of the Annual General Meeting.

Disapplication of Pre-emption Rights

At the 1991 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 £102,000 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 6 to this effect is therefore also included in the Notice of the Annual General Meeting.

Substantial Interests

Apart from those shown below, the notified shareholdings in excess of 3% of the issued capital at 12th June 1992 were as follows

Bank of Scotland (Stanlife) Nominees	799,500	9.7%
Talbot Nominees	651,000	7.9%
British Aerospace Pension Funds	355,000	4.3%
Bank of Scotland (Save & Prosper) Nominees	332,000	4.0%
Friends Provident	260,000	3.2%

Directors and their Interests

The directors of the Company are detailed on page 5 and the details of their interests in the shares and loan stock of the Company at the beginning and end of the financial year are set out below. There have been no material changes between the year end and 8th June 1992, which is one month prior to the notice of the Annual General Meeting

Apart from the above there have been no disclosable contracts or arrangements other than contracts of service for the executive directors subsisting during the financial year

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, Price Waterhouse, will be proposed at the Annual General Meeting

Burneside Mills
Kendal
12th June 1992

J A Cropper
Chairman

Details of Directors' Interests

Director	Interest	At 28th March 1992 Loan Stock	Ordinary Shares	Options on Ordinary Shares	At 30th March 1991 Loan Stock	Ordinary Shares	Options on Ordinary Shares
A Cropper	beneficial	-	406,532	40,000	-	400,113	10,000
	non-beneficial	-	658,161	-	-	655,695	-
O G D Acland	beneficial	500	43,163	30,000	500	41,601	30,000
	non-beneficial	-	119,084	-	-	119,084	-
N W Willink	beneficial	-	101,703	30,000	-	101,155	30,000
	non-beneficial	-	1,182,058	-	-	1,182,058	
. Oakley	beneficial	-	1,000	-	-	-	-
R Sclater	beneficial	-	10,000	-	-	10,000	-
P Southwell	beneficial	-	17,100	-	-	16,700	-

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

All the options on ordinary shares held by directors at the year end were granted under the James Cropper PLC Executive Share Option Scheme. Of those held by J A Cropper 20,000 are exercisable between January 1991 and January 1998 at 193p per share and 20,000 between January 1993 and January 2000 at 124p per share. O G D Acland and N W Willink each hold 20,000 exercisable between January 1991 and January 1998 at 193p per share and 10,000 exercisable between January 1993 and January 2000 at 124p per share. No options were exercised during the year

Group Profit and Loss Account

For the 52 weeks ended 28th March 1992

	1992		1991	
	£'000	£'000	£'000	£'000
Turnover (Note 2)		40,297		39,874
Change in stocks of finished goods and work in progress		395		(69)
Own work capitalised		420		308
Other operating income		199		234
		41,311		40,348
Raw materials and consumables	(22,257)		(22,285)	
Other external charges	(4,093)		(4,062)	
Staff costs (Notes 4, 5 & 6)	(8,785)		(8,511)	
Depreciation	(2,902)		(2,264)	
		(38,037)		(37,155)
Operating profit before exceptional item (Notes 3 & 7)		3,274		3,293
Exceptional item (Note 8)		(131)		–
Operating profit after exceptional item		3,143		3,293
Share of profits from related undertakings (Note 14)		186		140
Interest payable and similar charges (Note 9)		(2,269)		(1,963)
Profit on ordinary activities before taxation		1,060		1,470
Taxation (Note 10)		(350)		(250)
Profit on ordinary activities after taxation (Note 11)		710		1,226
Dividends paid and proposed				
Interim 0.975p (1991 0.975p)	(80)		(80)	
Proposed final 2.025p (1991 1.925p)	(167)		(158)	
		(247)		(238)
Amount set aside to reserves (Note 21)		463		988
Earnings per share of 25p (Note 12)		8.6p		15.0p

Balance Sheets

As at 28th March 1992

	Group 1992	Group 1991	Company 1992	Company 1991
	£'000	£'000	£'000	£'000
Fixed assets				
Tangible assets (Notes 13 & 25)	34,051	33,849	32,987	32,682
Investments (Note 14)	848	734	579	561
	34,899	31,583	33,566	33,243
Current assets				
Stocks (Note 15)	3,815	3,710	3,478	3,508
Debtors (Note 16)	9,009	8,800	9,044	8,778
	12,824	12,510	12,522	12,286
Creditors (amounts falling due within one year – Notes 17 & 23)	(17,275)	(16,844)	(15,552)	(15,295)
Net current liabilities	(4,451)	(4,334)	(3,030)	(3,009)
Total assets less current liabilities	30,448	30,249	30,516	30,234
Creditors (amounts falling due after more than one year – Notes 18 & 23)	(9,856)	(11,529)	(9,856)	(11,529)
Deferred Taxation (Note 19)	(161)	–	(161)	–
	20,431	18,720	20,499	18,705
Capital and reserves				
Called up share capital (Note 20)	2,057	2,051	2,057	2,051
Share premium account (Note 21)	248	213	248	213
Revaluation reserve (Note 21)	2,875	1,692	2,875	1,692
Profit and loss account (Note 21)	15,251	11,764	15,319	14,749
	20,431	18,720	20,499	18,705

Approved by the Directors on 12th June 1992 and signed on their behalf by:

J A Cropper

J A Cropper

Group Cash Flow Statement

For the 52 weeks ended 28th March 1992

	1992		1991	
	£'000	£'000	£'000	£'000
Net cash inflow from operating activities (Note 24)		6,035		[illegible]
Returns on investments and servicing of finance				
Interest paid	(1,228)		(1,595)	
Interest element of hire purchase and finance lease rentals	(1,003)		(850)	
Dividend received from related undertaking	23		17	
Dividends paid	(238)		(229)	
Net cash outflow from returns on investments and servicing of finance		(2,446)		(2,660)
Taxation				
UK mainstream corporation tax paid	*		(2)	
UK advanced corporation tax paid	(79)		(73)	
Taxation paid		(79)		(75)
Investing activities				
Purchase of tangible fixed assets (Note 28)	(1,834)		(3,658)	
Sale of tangible fixed assets	19		195	
Net cash outflow from investing activities		(1,815)		(3,463)
Net cash inflow before financing		1,695		371
Financing (Note 27)				
Capital element of hire purchase and finance lease rental payments	1,216		816	
Issue of Ordinary Share Capital	(41)		(55)	
Repurchase of 9% Unsecured Loan Stock 1994/99	7		1	
Long term bank borrowing becoming due	500			
Net cash outflow from financing		1,682		792
Increase/(Decrease) in cash and cash equivalents (Notes 25 & 26)		12		(422)
		1,695		371

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 subsidiary prepared for the financial year and include the Group's proportion of the retained earnings of related undertakings for the financial year

Fixed Assets

Freehold land, buildings and houses are revalued periodically with subsequent additions at cost 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 normally written off over 15 years and industrial buildings over 25 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 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 liabilities are expected to become payable 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

The profits of the related undertakings, and other assets and liabilities expressed in foreign currencies, are translated into sterling at rates ruling at the year end Exchange differences on investments net of differences on related foreign currency borrowings are shown as movements on reserves Other translation differences are dealt with in the profit and loss account

Leased Assets

Assets subject to finance leases are included in the balance sheet at cost value and depreciation is charged based on the Groups 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 division is:

	1992 £'000	1991 £'000
Papermaking division	33,882	33,908
Converting division	3,351	3,683
Technical Fibre Products division	2,064	1,783
	40,297	39,374

The geographical analysis of turnover is:

	£'000	£'000
UK	28,151	29,451
France	1,815	2,627
Rest of Europe	6,468	4,097
Asia	1,632	1,091
Australasia	1,020	949
Africa	887	888
The Americas	324	271
	40,297	39,374

3 Analysis of Results

The operating results, before exceptional costs, of the different classes of the group's businesses are as follows:

	£'000	£'000
Papermaking division	2,870	2,583
Converting division	156	756
Technical Fibre Products division	(52)	(46)
	3,274	3,293

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

4 Staff Costs

	£'000	£'000
Wages and salaries	7,479	7,383
Social security costs	581	567
Other pension costs	725	594
	8,785	8,544

The average number of employees, including directors, over the year was 151 (1991 149)

5 Directors' Emoluments

Staff costs in Note 4 above include the following remuneration in respect of the directors

	1992 £'000	1991 £'000
Fees	1	1
Executive emoluments (including pension funding)	456	401
Pensions to widows of former directors	7	12

The emoluments, excluding pension funding, of the Chairman, who is also the highest paid director of the Company were £66,000 (1991 £60,000)

The emoluments of the directors, excluding pension funding, fell into the following bands:

	Numbers	
£ 5,001 – £10,000	1	1
£10,001 – £15,000	1	1
£20,001 – £25,000	1	–
£25,001 – £30,000	1	–
£45,001 – £50,000	1	–
£50,001 – £55,000	1	1
£55,001 – £60,000	–	4
£60,001 – £65,000	1	–
£65,001 – £70,000	1	–

6 Pensions

The Group operates pension schemes providing defined benefits for the majority of its full-time employees including executive directors. The funds of two of the schemes, the James Cropper PLC Works Pension Plan and the James Cropper PLC Staff Pension Scheme are managed by insurance companies. The third, the James Cropper PLC Senior Executive Scheme is financed through an insurance policy. All the schemes are administered by trustees.

The James Cropper PLC Works Pension Plan, the James Cropper PLC Staff Pension Scheme and the James Cropper PLC Senior Executive Scheme were valued at 5th April 1990, 1st February 1991 and 28th March 1989 respectively by professionally qualified actuaries. The projected unit method was used for the first two schemes and the aggregate method for the third. In valuing the funds it has been assumed that the rate of investment income will exceed pension increases by between 6% and 6.5% and that interest rates will exceed increases in earnings by between 0.5% and 1%. At the respective dates of valuation the actuarial value of the funds represented 105%, 101% and 82% respectively of the benefits that had accrued to members after allowing for expected future increases in earnings.

The aggregate value of the funds at 28th March 1992 was £12,309,000 (1991 £11,949,000)

7 Operating Profit Before Exceptional Item

The operating profit is shown after charging:

	1992 £'000	1991 £'000
Research and Development	532	662
Operating lease rentals in respect of plant and machinery	267	238
Auditors' remuneration	28	28

8 Exceptional Item

	£'000	£'000
Costs of reorganisation of the business	131	–

9 Interest

	£'000	£'000
Interest payable on bank and other borrowings repayable within 5 years	1,266	1,627
Hire purchase and finance lease interest	1,003	859
	2,269	2,486
Less capitalised		(323)
	2,269	2,163

10 Taxation

The taxation charge comprises:

	1992 £'000	1991 £'000
Corporation tax charge at 33% – current year	123	-
at 34% – current year	-	28
at 34% – prior year	27	-
Deferred taxation	127	170
Share of related undertakings tax	73	52
	350	250

The taxation charge for the year at the effective rate of 33% has benefited by approximately £171,000 (1991 £639,000) in respect of deferred taxation not provided in accordance with the accounting policy described in Note 1

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 £799,000 (1991 £1,313,000) which is dealt with in the accounts of the Company.

12 Earnings Per Share

The calculation of earnings per share is based on profits on ordinary activities after taxation of £710,000 (1991 £1,226,000) and the weighted average of 8,217,669 (1991 8,177,392) shares in issue during the year

13 Tangible Fixed Assets

	Group				Company			
	Freehold land and buildings	Freehold houses	Plant and machinery	Total	Freehold land and buildings	Freehold houses	Plant and machinery	Total
Cost or valuation	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 31st March 1991	1,894	1,721	41,103	47,718	1,779	1,721	39,655	46,155
Additions in year	175	6	1,741	1,922	175	6	1,674	1,855
Revaluations during year	-	1,201	-	1,201	-	1,201	-	1,201
Disposals	-	-	(62)	(62)	-	-	(62)	(62)
Transfers	12	(12)	-	-	12	(12)	-	-
At 28th March 1992	5,081	2,916	42,782	50,779	1,966	2,916	41,267	49,149
Depreciation								
At 31st March 1991	626	-	13,243	13,869	611	-	12,859	13,473
Provision for year	142	-	2,760	2,902	133	-	2,619	2,752
Disposals	-	-	(13)	(13)	-	-	(13)	(13)
Transfers		-		-		-	-	-
At 28th March 1992	768	-	15,990	16,758	744		15,435	16,182
Net Book Amount								
At 28th March 1992	4,313	2,916	26,822	34,051	1,222	2,916	25,832	32,967
At 30th March 1991	1,268	1,721	27,860	33,849	1,168	1,721	26,796	32,682

Included in the above figures for plant and machinery is £9,013,000 (1991 £10,713,000) net book amount and £916,000 (1991 £516,000) depreciation provided for the year in respect of assets under hire purchase and finance lease agreements

13 Tangible Fixed Assets (continued)

Freehold houses were professionally revalued by a firm of Chartered Surveyors at sitting tenant value as at 1st October 1991 with subsequent additions at cost. Disposals in the year were revalued on a vacant possession basis.

Freehold land and buildings at Burnesde 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 28th March 1992 would be as follows:

	Freehold land and buildings	Freehold houses
	£'000	£'000
Cost	4,200	139
Aggregate depreciation	1,233	-
Net book amount	2,967	139

14 Investments

	Group	Company	
	Share of net assets of related undertakings	Shares in subsidiary undertakings	Shares in related undertakings at cost
	£'000	£'000	£'000
At 31st March 1991	734	-	561
Share of profit retained in year	90	-	-
Exchange gains	24	-	18
At 28th March 1992	848	-	579

Name of company	Country of incorporation	% holding	Nature of business
Technical Fibre Products Limited	England	100	Manufacturer of paper from manmade fibres
Pacola SA	France	35	Converter of paper products
Faserfee Technische Papiere Gmbh	Germany	50*	Manufacturer of paper from manmade fibres

*This investment is held by Technical Fibre Products Limited

15 Stocks

	Group		Company	
	1992 £'000	1991 £'000	1992 £'000	1991 £'000
Raw materials	1,291	1,581	1,013	1,118
Work in progress	112	525	139	517
Finished stocks	2,082	1,604	1,996	1,873
	3,815	3,710	3,178	3,508

16 Debtors

	Group		Company	
	1992	1991	1992	1991
	£'000	£'000	£'000	£'000
Trade debtors	8,153	7,987	7,884	7,585
Prepayments and accrued income	415	391	402	1[illegible]
Other debtors	93	248	93	238
Amounts owed by group undertakings	-	-	980	105
Amounts owed by related undertakings	68	71	62	
	9,009	8,800	9,011	8,778

Included within the above are amounts due in more than one year owed by the subsidiary undertaking of £404,000 (1991 £401,000)

17 Creditors
(amounts falling due within one year)

	Group		Company	
	£'000	£'000	£'000	£'000
Bank borrowings	8,222	8,234	6,752	6,864
Trade creditors	3,355	4,155	3,170	4,089
Bills of exchange payable	538	559	538	559
Taxation and social security	385	270	375	258
Accruals	3,172	2,093	3,117	2,000
Employee savings	71	83	71	83
Hire purchase and finance leases	1,252	1,214	1,252	1,203
Other creditors	72	78	69	75
Proposed dividend	167	158	167	158
Amounts owed to related undertakings	41	-	41	-
	17,275	16,844	15,552	15,295

Employee savings are secured on certain freehold houses. The parent undertaking has guaranteed the bank borrowings of its subsidiary undertaking.

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

	Group		Company	
	£'000	£'000	£'000	£'000
Bank borrowings				
repayable between 1 and 2 years	1,250	-	1,250	-
repayable between 2 and 5 years	1,250	3,000	1,250	3,000
9% Unsecured Loan Stock 1994/99	230	237	230	237
Hire purchase and finance leases				
payable between 1 and 2 years	811	1,223	811	1,223
payable between 2 and 5 years	1,850	1,009	1,850	1,009
payable over 5 years	4,465	6,000	4,465	6,000
	9,856	11,529	9,856	11,529

22 Commitments under Operating Leases

At 28th March 1992 there were annual commitments under operating leases for plant and machinery terminating as follows

	Group		Company	
	1992 £'000	1991 £'000	1992 £'000	1991 £'000
Within 1 year	248	148	248	145
In 2 to 5 years	-	131	-	131
Over 5 years				
	255	279	252	276

23 Capital and Other Commitments

At 28th March 1992 the Group and the Company had authorised capital expenditure of approximately £175,000 (1991 £1,687,000) of which contracts had been placed for approximately £18,000 (1991 £145,000). In 1983 the Company commenced a 20 year annuity payable to the North West Water Group PLC amounting to £1,322,000 of which £727,000 was outstanding at 28th March 1992 (1991 £793,000)

24 Reconciliation of operating profit to net cash inflow from operating activities

	1992 £'000	1991 £'000
Operating profit after exceptional item	3,143	3,293
Depreciation charges	2,902	2,261
Profit on disposal of tangible fixed assets	-	(18)
Exchange differences on short term loan hedged against reserves	(17)	35
(Increase)/Decrease in stocks	(105)	312
(Increase)/Decrease in debtors, excluding taxation and interest	(271)	1,196
Increase/(Decrease) in creditors, excluding long term borrowings, dividends, taxation, interest, hire purchase and finance leases	382	(508)
Net cash inflow from operating activities	6,031	6,571

25 Analysis of changes in cash and cash equivalents during the year

	£'000	£'000
Balance at 31st March 1991		(8,233)
Net cash inflow before adjustments for foreign exchange rate changes	533	
Exchange rate differences on short term hedged loans used to finance the purchase of a foreign associate	(17)	
Exchange rate differences on other short term borrowings and overdrafts	(1)	
Transfer of long term bank borrowings becoming due	(500)	
Net cash inflow		12
Balance at 28th March 1992		(8,222)

26 Analysis of the balances of cash and cash equivalents

	£'000	£'000
Cash in hand	4	5
Bank overdrafts	(2,261)	(2,791)
Short term acceptance credit facilities	(3,500)	(3,000)
Short term bank loans	(1,000)	(1,000)
Short term foreign currency bank loan used to finance investment in an overseas associate	(465)	(448)
	(8,222)	(8,233)

26 Analysis of the balances of cash and cash equivalents (continued)

	1992 £'000	1991 £'000
Changes in the year:		
Cash in hand	(1)	
Bank overdrafts	530	(1,457)
Short term acceptance credit facilities	(500)	
Short term bank loans	-	1,000
Short term foreign currency bank loan used to finance an investment in an overseas associate	(17)	35
	12	(422)

27 Analysis of changes in financing during the year

a) Total obligations under hire purchase and finance leases

	1992 £'000	1991 £'000
Balance brought forward	9,506	3,001
Inception of hire purchase and finance lease contracts	88	7,351
Capital repayments made during the year	(1,216)	(846)
Balance carried forward	8,378	9,506

b) Ordinary Shares

	£'000	£'000
Balance brought forward	2,264	2,209
Shares issued for cash consideration under the Employee Share Scheme	41	55
Balance carried forward	2,305	2,264

c) 9% Unsecured Loan Stock 1994/99

	£'000	£'000
Balance brought forward	(237)	(238)
Stock redeemed during the year	7	1
Balance carried forward	(230)	(237)

d) Bank borrowing

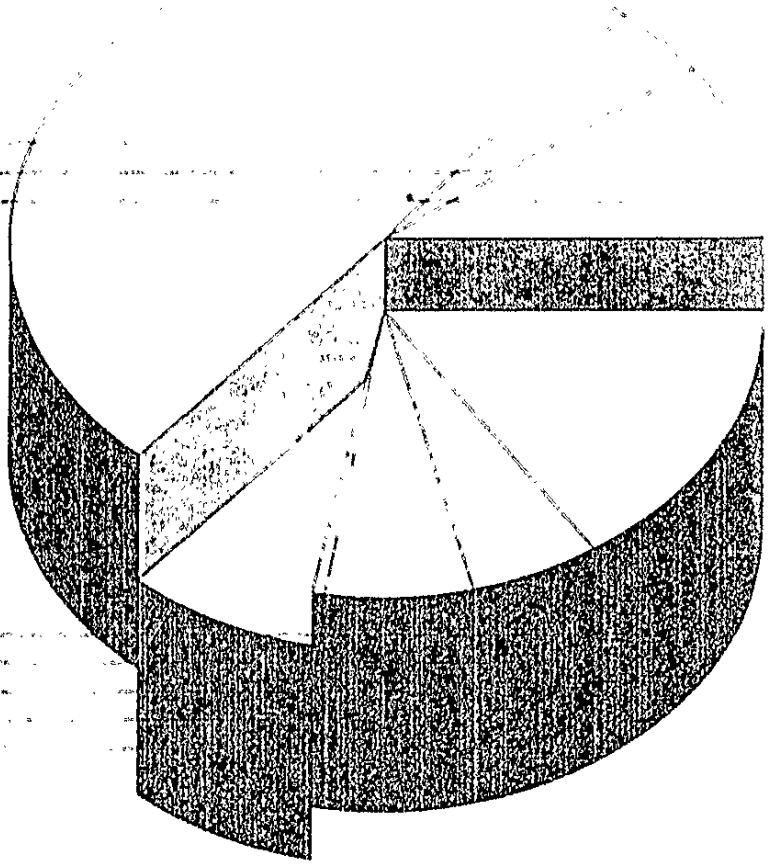
	£'000	£'000
Balance brought forward	(3,000)	(3,000)
Transfer to cash equivalent	500	-
Balance carried forward	(2,500)	(3,000)

28 Reconciliation of investing cash flows to fixed asset accounting values

	£'000	£'000
Assets acquired for cash consideration	1,831	3,658
Assets acquired under hire purchase and finance leases	88	7,351
Interest capitalised	-	523
Fixed asset additions in the year	1,922	11,532

Value Added Statement

£'000	£'000	
	41,497	Sales and other income
		Less bought in goods and services
20,624		Raw materials
1,633		Energy
4,224		Other goods and services
	26,481	
	15,016	
	6,481	To employees
	2,269	Lenders' interest
	2,654	To government
	247	Dividend
	3,365	Retained in the business
	15,016	



Notice of Annual General Meeting

Thursday 30th July 1992
at 10.30 am

Notice is hereby given that the one hundred and third Annual General Meeting of the Company will be held at the registered office, Burneside Mills, Kendal, on Thursday 30th July, 1992 at 10.30 am.

Ordinary Business

1. To receive and consider the statement of accounts for the 52 weeks ended 28th March 1992 and the directors' and auditors' reports thereon, and to declare a dividend

2. To appoint the present auditors, Price Waterhouse, 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

3. To transact any other business of an Annual General Meeting.

Special Business

To consider and if thought fit pass the following resolutions, of which those numbered 4 and 5 will be proposed as Ordinary Resolutions and that numbered 6 will be proposed as a Special Resolution of the Company

Ordinary Resolution

4. (a) That, in accordance with Article 11(B) of its Articles of Association and Chapter VII of the Companies Act 1985, the Company be and is hereby granted general and unconditional authority (pursuant to Section 166 of the said Act) to make market purchases (as defined in Section 163 of the said Act) of any of its own Ordinary Shares on such terms and in such manner as the Board of Directors of the Company may from time to time determine

(b) The general authority conferred by the Resolution shall

(i) expire on the date of the next Annual General Meeting of the Company;

(ii) be limited to 400,000 Ordinary Shares of 25p each;

(iii) not permit the payment per share of more than 5% above the average of the middle market quotations on the London Stock Exchange on the 10 previous dealing days or less than 25p exclusive of advanced corporation tax (if any) payable by the Company and

(iv) before its expiry entitle the Company to enter into any contracts for the purchase of its own shares which will or might be executed wholly or partly after its expiry

(c) This authority shall only be capable of variation, revocation or renewal by the Company in General Meeting

5. That the Directors be and they are generally and unconditionally authorised to exercise all powers of the Company to allot relevant securities (as defined in Section 80 of the Companies Act 1985) to a maximum nominal value of £442,511, being the amount of the authorised but unissued share capital of the Company at the date of the passing of this resolution, provided that this authority shall expire on the day preceding the fifth anniversary of the passing of this resolution save that this authority allows the Company to make an offer or agreement before such expiry which would or might require relevant securities to be allotted after such expiry

Special Resolution

6. That subject to the passing of resolution 5 above the Directors be and they are empowered, pursuant to Section 95 of the Companies Act 1985 to allot equity securities (as defined in Section 95 of that Act) pursuant to the authority conferred by resolution 5 above 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 issue in favour of 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), 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 £192,000 and shall expire on the date of the next Annual General Meeting of the Company (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
12th June 1992

By order
of the Board
O G D Acland
Secretary

Notes

1. 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

2. Contracts of service for the four executive directors are available for inspection at the registered office until 30th July 1992 and at the place of the meeting for at least 15 minutes prior to the meeting and at the meeting

3. Unsecured loan stock holders are not entitled to attend, or vote at, the Annual General Meeting of the Company

4. The reasons for the Special Business are explained in the Report of the Directors on pages 26 and 27 of the Annual Report

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for the record

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Companies House regrets that documents in this company's record have pages 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