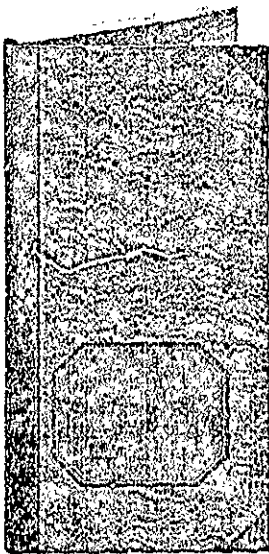


30226.

JAMES CROPPER PLC

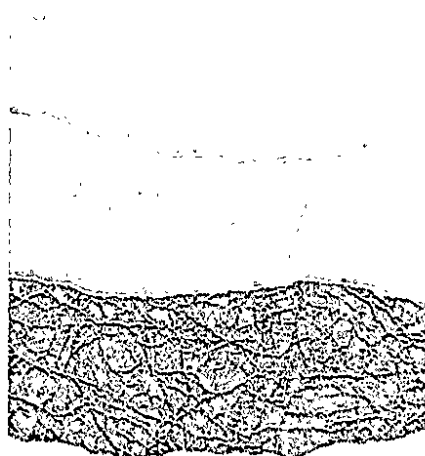
Annual Report 1990



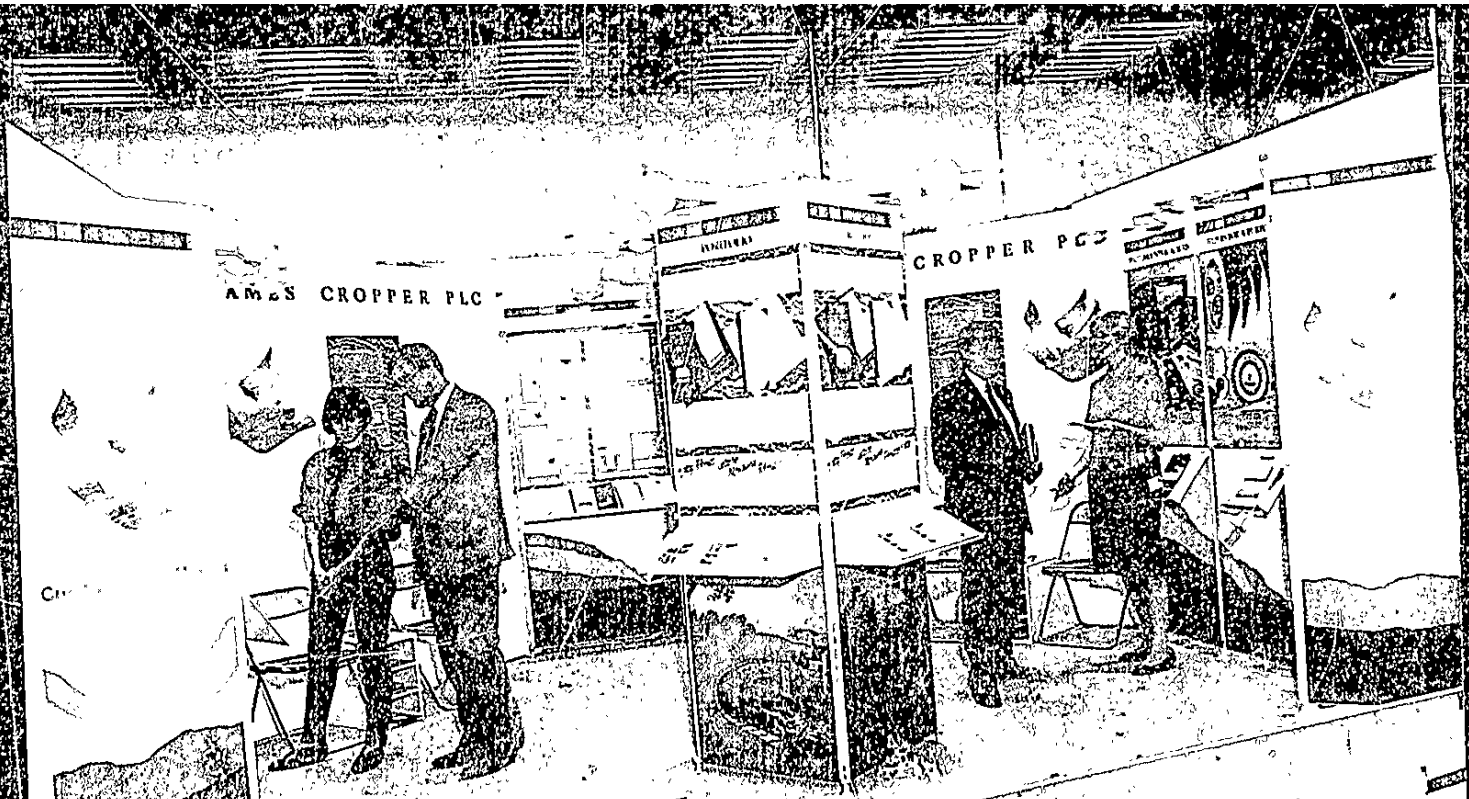
Portfolio

The Company has introduced a range of papers specifically designed for the European market. This report's cover, financial text and envelope illustrate examples of this range in use.

Contents



Summary of Results	3
Directors, Bankers and Advisers	4
Chairman's Review	7
Environmental Issues	14
BS 5750	16
Papermaking and Converting	
Divisions' Products	19
Technical Fibre Products Ltd	22
Shades of April	24
Shareholder Information	25
Report of the Auditors	25
Report of the Directors	26
Group Profit and Loss Account	28
Balance Sheets	29
Group Source and Application of Funds	30
Notes on the Accounts	31
Notice of Meeting	39
Value Added Statement	40

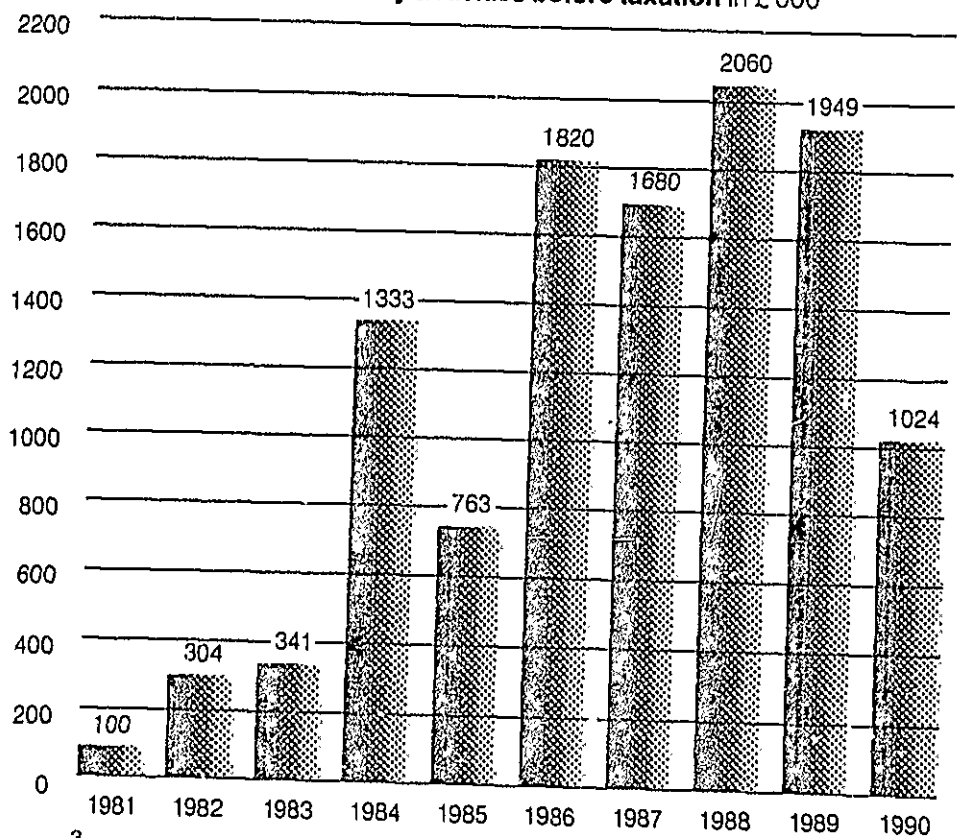


JAMES CROPPER PLC

Summary of Results

	1990	1989	Change
Group turnover	£39,148,000	£35,268,000	+11%
Group profit before tax	£1,024,000	£1,949,000	-47%
Tonnes sold	42,564 tonnes	42,350 tonnes	+1%
Earnings per share	12.0p	22.4p	-46%
Dividends			
Interim Paid	0.875p	0.875p	
Final Proposed	1.825p	1.625p	
Total	2.7p	2.5p	+8%
Group capital employed	£17,673,000	£16,770,000	+5%
Group capital expenditure	£4,147,000	£3,013,000	+38%

Group Profit on ordinary activities before taxation in £'000



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 the Immediate Past President of the British Paper and Board Federation and a non-executive director of the North West Water Group PLC.

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.

Production Director

N W Willink, BA – born 1935 – is also related to the founder. He joined the Company in 1959 and the Board in 1964. His father retired as Chairman in 1971 after 47 years with the Company.

Sales Director

J H Larking, BSc – born in 1930 – joined the Board in 1971 from Wolvercote Paper Mill after previous service with the Company in the 1960's.

Engineering Director

P Charlton, CEng, MIEE – born 1928 – joined the Company as Chief Engineer from Reed's Colthrop Mill in 1974 and joined the Board in 1977.

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 F & C Enterprise Trust PLC, Deputy Chairman of The Union Discount Company of London PLC and Deputy Chairman of Yamaichi International (Europe) Limited.

J P Southwell, MA – born 1933 – joined the Board in 1984. A director of Laing & Cruickshank Corporate Finance. He is Chairman of Helical Bar plc.

Bankers

Barclays Bank PLC, Kendal

Auditors

Price Waterhouse, Newcastle

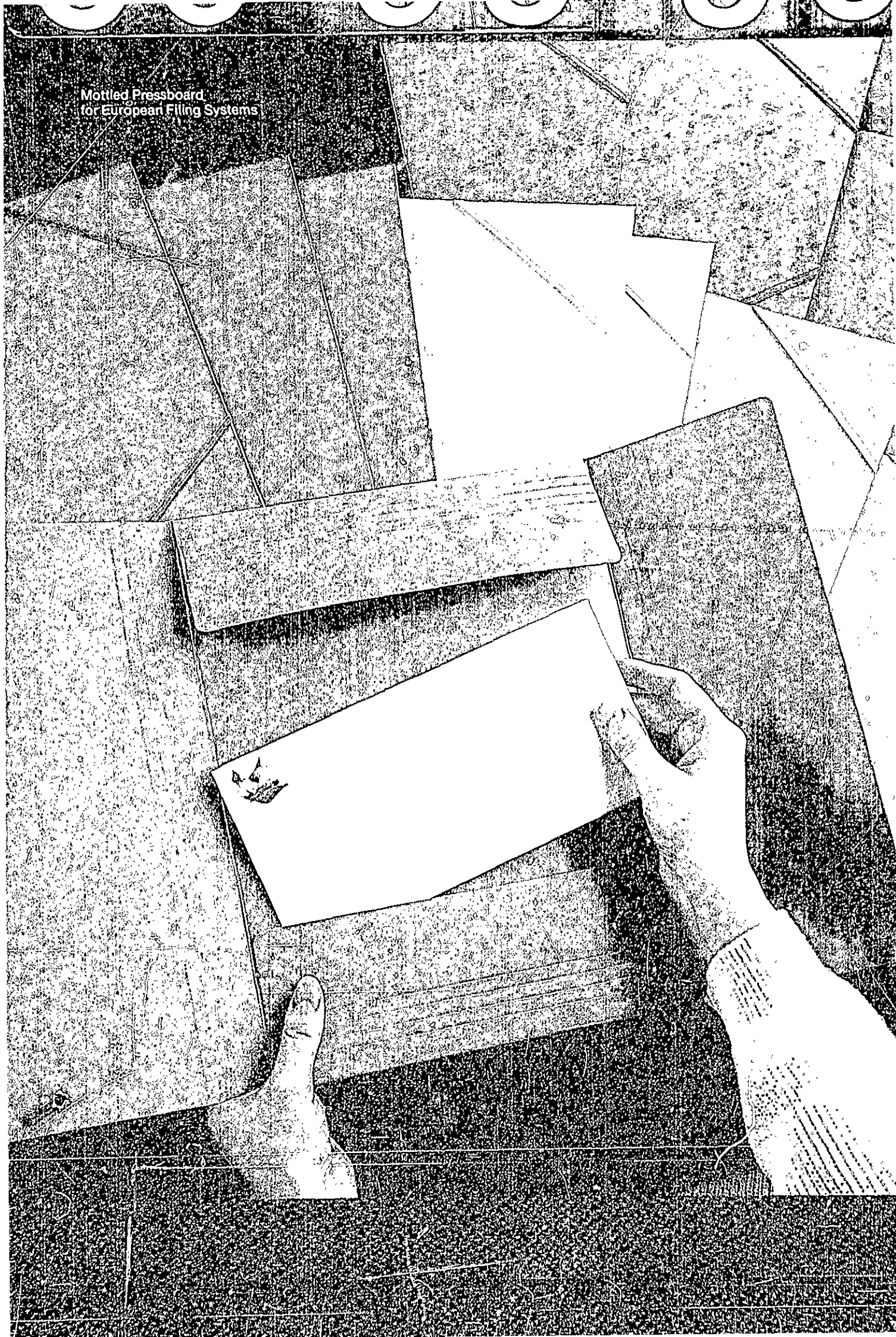
Stockbrokers

Laing & Cruickshank, London

Corporate Lawyers

Dickinson Dees, Newcastle

Mottled Pressboard
for European Filing Systems



JAMES CROPPER PLC



Chairman's Review

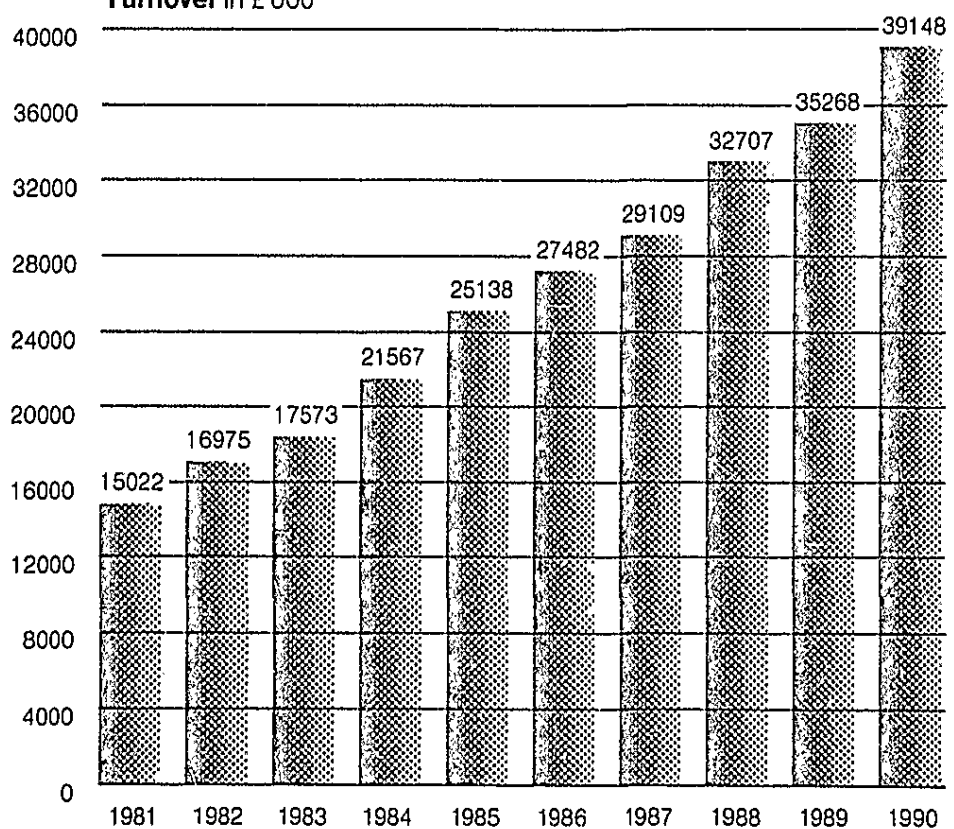


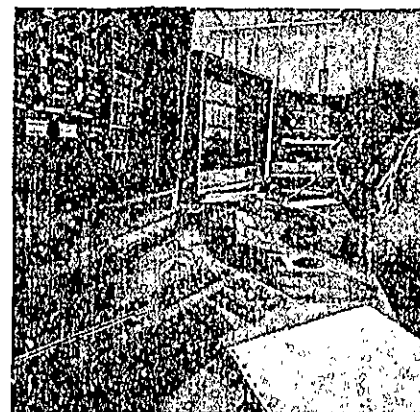
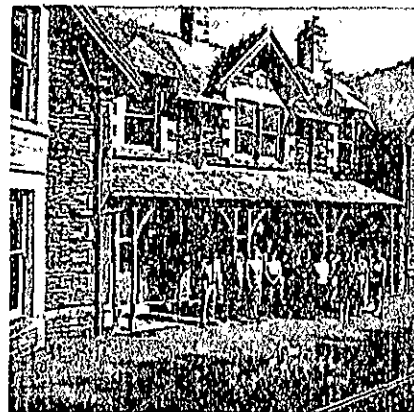
In a difficult year we have maintained volume despite a slack home market and rising costs. Group profits have declined to £1,024,000 from £1,949,000 last year, mainly due to a decline in profitability of the Papermaking Division.

The result is that our group operating profit has declined by 17%, despite a substantial increase in the operating profits of our Converting Division and Technical Fibre Products Ltd.

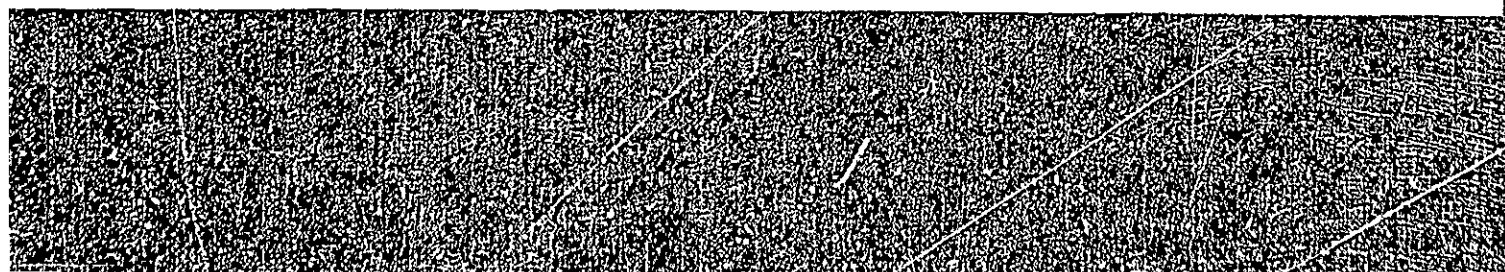
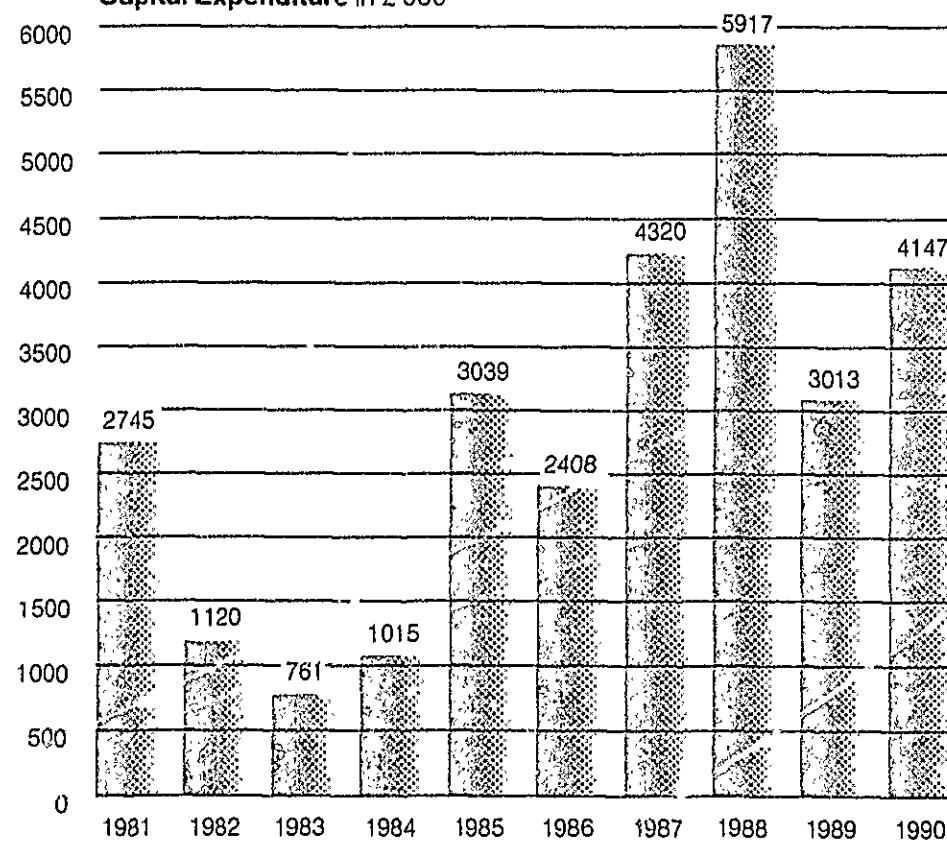
Then, our profits after interest have been badly affected by high interest rates persisting throughout the year and more borrowings being needed to cover our investment programme and working capital requirements. Our group interest costs have thus risen by 37%, which mainly contributes to the 47% decrease in our profit on ordinary activities before taxation.

Turnover in £'000





Capital Expenditure in £'000



Although the results are disappointing we are not disheartened because we have been moving forward on a great number of fronts during the year, which will contribute to increased profitability in the future. We have taken the bold decision to discontinue MG papermaking and invest in a larger new machine capable of making papers with a higher added value.

Dividends

Although the substantial reduction in our profitability might indicate that we should reduce our dividend, we are sufficiently confident in the future to propose a small increase in the dividend of 8%, with a total dividend of 2.7p this year as against 2.5p last year.

It is our policy to progressively increase the dividend rather than reacting from year to year to fluctuations in profits. Indeed, by many standards the dividend is still well covered at four and a half times profits after taxation.

Papermaking Division

As I said in my foreword it has been a difficult year for the division. Firstly, the average price of our main raw material, pulp, increased by 20% during the year. The price of pulp in dollar terms peaked in the second quarter of 1989 with the price more than doubling since 1985. Moreover, the weakness of the pound against the dollar further drove up our costs.

Secondly, low demand from some established customers and the introduction of short runs of new grades, many of which were for export, led to a low volume of output and a decline in efficiency for a period as we mastered the learning curve for the new grades.

The increase in turnover of 10% was the result of price increases to recover the increased cost of pulp and other raw materials.

Converting Division

This division has had an excellent result with turnover increasing by 9% and the operating profit more than doubling.

Hard work by our sales staff to promote successfully our conversion services to other companies has borne fruit this year with substantial extra volume on our embossing and laminating facilities for outside customers.

Technical Fibre Products Ltd

This subsidiary company doubled its operating profit during the year. Unfortunately this only produced after interest charges a small profit due to the high cost of finance throughout the year. The extensive research and development which has been made into new products is producing results, but is taking longer than we anticipated.

Fasertec, the joint venture in Germany, where we installed a manufacturing facility in July 1987, has had another good year. We expect next year that a larger share of the profits will be available to us. In the past three years the cost of the plant has been recovered through accelerated depreciation allowances, which absorbed most of the available profit, but helped the cash flow by being tax efficient.

Pacofa

We announced last year that we had purchased a 35% stake in this converting company based in Halluin, near Lille, in France. Pacofa has had an excellent year in the first full year that we have been shareholders. It has substantially increased its turn-over and profit has more than doubled.

Through our contacts in Europe and elsewhere we have managed to help it increase its exports. We have also increased our supply of base papers to it and jointly developed a new range of products.

Exports

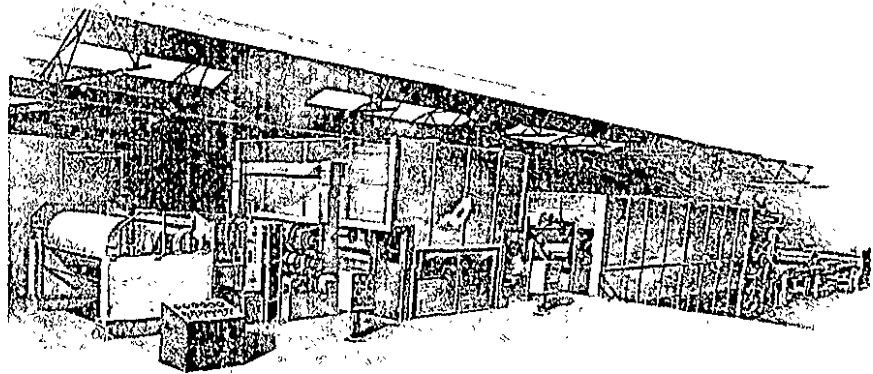
This has been the best year we have ever had for export performance in the Papermaking Division, where sales have increased by 2,500 tonnes over last year to a record total of 8,451 tonnes. There was a particularly large increase of high added value products to the European market, particularly France. The contribution to the profit from export sales has also improved recently with the decline in the value of the pound against continental currencies.

During the year we put much time and effort into developing a new range of papers, called Portfolio, to be stocked and distributed over the whole of Europe rather than just the United Kingdom. We exhibited this new range and our other products at DRUPA, the world's largest printing exhibition, held every 4 years in Dusseldorf. Great interest was shown in this new range and our other products. This increased activity in the export markets should help to fill the extra capacity from the replacement of our No. 3 Paper Machine.

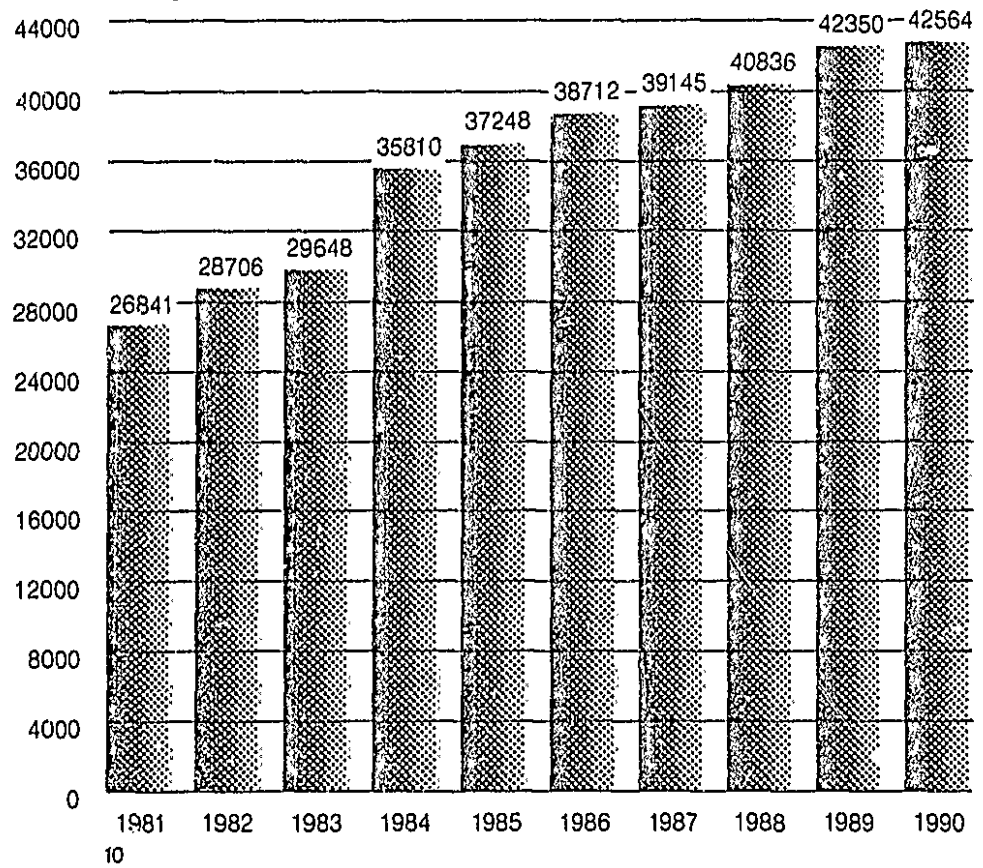
Extraordinary Profit

In June last year we sold Cowan Head Mill and all the houses there to a firm which intends to carry out a residential development on the site. This produced an extraordinary profit of £439,000.

This is the end of an industrial era for an historical site. After being a fulling mill it was turned in 1750 into a handmade paper mill for Thomas Ashburner, who produced the first newspaper in Kendal called "The Kendal Mercury". A paper machine was installed in 1833 to produce a moderate wrapper. James Cropper purchased the business in 1845 and it ran as a paper mill with an MG machine until 1977, when the machine was closed and the tonnage



Group Sales in tonnes



transferred to the rebuilt No. 3 Machine at Burnside Mill. Converting continued until 1982 when the laminator was moved to Burnside. Since then it has been used for storage while we tried to persuade the local planning authority that it was not a suitable site for modern industrial use, but would be better used for leisure and residential development. Six years later after two planning appeals our view was upheld.

An extraordinary provision of £373,000 has been made to cover the extra depreciation that we will incur when we discontinue MG papermaking at Burnside this summer.

Capital Expenditure

The main capital expenditure this year has been to increase the capacity of our Nos. 1 & 2 Machines and to improve the interchange of orders between the two machines.

Extensive building alterations were carried out to extend the No. 3 Machine House to accommodate a longer new machine.

The existing machine house will also need to be widened to accommodate this wider machine and will take in half of the existing general offices. For this reason I and those responsible for the financial administration of the Company have moved to a new office, converted from a former mill manager's house a quarter of a mile from the site.

Capital Commitment - No. 3 Machine

The decision was taken during the year to initiate a major new investment programme in 1990 to satisfy the needs of the Company's customers in the future. The investment covers the installation of a new No.3 Machine at a cost in excess of £6.5 million. It includes a new cutter at £650,000 and the extension of our warehouse and loading bays at £400,000 to deal with the extra production.

The machine will be more than 3 metres wide and will double the present capacity of 7,000 tonnes. It has been designed for the production of coloured, fine, water-marked qualities and for those specialised grades and orders for which the Company is now well known world-wide.

The new machine will not have an MG cylinder, which has traditionally been used to make white poster, pasted manilla and strong envelope grades. These grades are in competitive markets which lead to low profitability. There will be a commissioning period and then time will be needed to develop new grades for the machine. However, it is anticipated that the extra output and the move to higher added value grades will increase the profitability of the Papermaking Division substantially in the future.

Thus the decision was taken to proceed with the project despite a period of rather low profitability last year, with pulp prices not having yet reached their peak and high borrowings and interest rates. For the Company experience in the past is that the best time to invest in new capacity is towards the bottom rather than at the top of a papermaking cycle so that the capacity is there when the market moves up.

The opportunity has also been taken to spread the finance cost of the new paper machine over as long a period as possible. The major part of the machine will be leased from 10 to 12 years with the first rental payment delayed until early in 1992.

It is not anticipated that there will be any major projects on the same scale as Nos. 2 & 3 Machines and the gas turbine plant for a number of years ahead. There will be a continuing programme of smaller projects to increase efficiency. The opportunity will

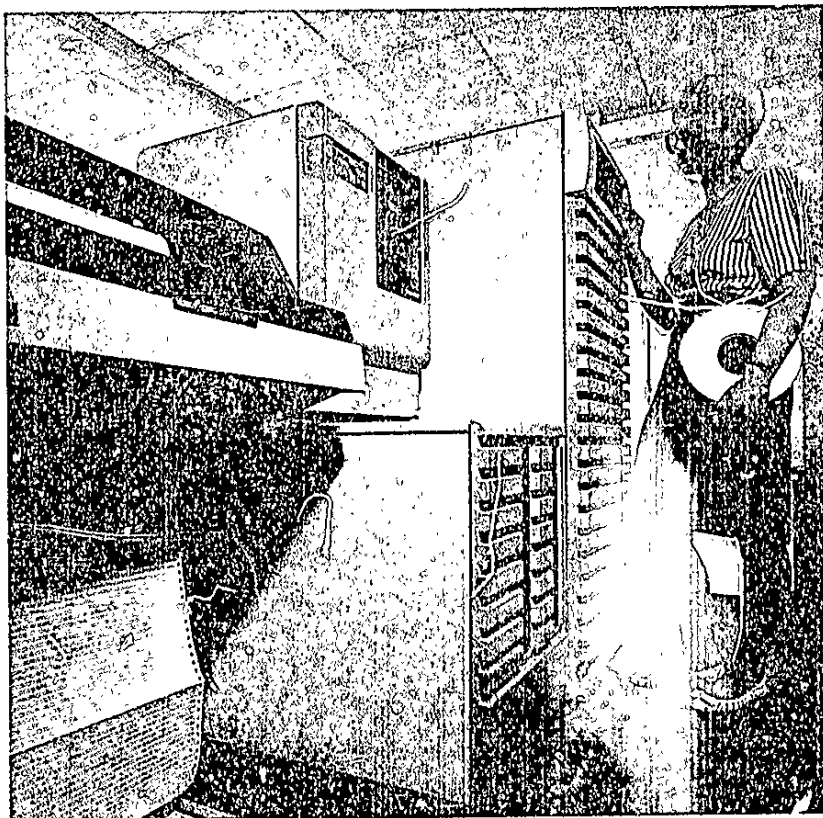
be taken to use the cash flow from profits to reduce the group borrowings, including leasing commitments, from the rather high levels existing at present

The Environment

The Company is the only manufacturing industry in Burnside and has always used its best endeavours to minimise the effect of its operations on the employees and the community in Burnside and further afield.

This year we have taken a further step to heighten our commitment to the environment by appointing an inter-departmental Environment Audit Group of senior managers to study, monitor and make recommendations on environmental issues. The purpose is to demonstrate that we are good neighbours and that we can accommodate our commitment to growth without affecting the local environment.

We are very much in favour of the increased emphasis on recycling. Considering the wide range of grades and colours we produce we do reuse nearly all the waste that is generated. We do not, however, believe in the indiscriminate use of recycling material in all grades of paper because of the detrimental effect this will have on the specifications of the high quality papers we produce.



Open Days

Last August we celebrated our 100 years as a Limited Company with a series of three open days. Shareholders, customers, suppliers and local dignitaries were invited to the mill to see an exhibition of our products, a tour of the mill and lunch. On the final day we held our 100th Annual General Meeting at which we were honoured by the presence of Viscount Whitelaw as our chief guest. He was most impressed by the very warm and friendly atmosphere within the mill and the commitment of everyone to their work. He very much commended our efforts to remain an independent company, for he personally was aware of the often adverse consequences of the control of a local company passing outside the county or even the country.

Information Technology

To improve our already impressive service record to our customers we are making a major investment in new computer systems to complement our traditional expenditure on capital equipment and our recent adoption of BS 5750. The new computer systems are being introduced on proven technology and follow an extensive review of our business and computing needs.

This ambitious computerisation exercise will cover all aspects of the business, will take two years to implement fully and will put the technology not only into offices but also into the mill where it can best ensure that customers' needs are met.

We appointed Roy Lambert as our new Information Systems Manager last September. He is very pleased with the team of five, who were all in place when he arrived.

Personnel

This has been another very active year. We had a second year of low industrial accidents, with a frequency rate less than half the average for the industry. We also started to promote the health of our workers by extensive health screening on a voluntary basis of 60% of our employees.

In the training field we took on 4 craft apprentices. We are also in the process of training shift electricians to take on simple electronic and control work. We have been actively involved in developing a new form of City & Guilds papermaking assessment and were the first company to be approved as a Company centre for the pilot stage of the new competence based assessment.

Co-operation with local schools has increased with many pupil work experience placements and also two teacher placements. Two directors are between them on the governing bodies of the Kendal College of Further Education, two secondary schools and the Burneside primary school.

As part of the major initiative taken by the industry to ensure that the Paper Science department at UMIST is a centre of excellence we have covenanted £4,500 for 4 years.

We are most grateful to all our employees for adapting so quickly to the new technology installed in many areas and for the successful development of an unprecedented number of new ranges of papers for new and existing customers. At times there was much frustration as difficulties were encountered and profits were difficult to generate. However, their patience is now being rewarded with smoother running conditions and a better market position.

Outlook

We are much more confident than at this time last year about the outlook for the Company. After a rather quiet period around Christmas we now have such a full order book that we could do with the extra capacity from the new No. 3 Machine. We are running a number of weekends on most of the machines to cope with the order position which is particularly good in export markets.

Pulp prices have peaked and in the lower grades are starting to weaken. Interest rates are still too high for comfort, but the prospects appear to be good for a reduction in the period when we start to pay for our new investment.

We have the potential to substantially increase our tonnage with the completion of the new No. 3 Machine. I think it is fair to claim that we have one of the most modern mills in the world making our sort of specialised paper with nearly all the plant and machinery dating from 1980 or later.

We have increased our profile in the market place by such steps as launching the Portfolio range of papers, taking part in the DRUPA Exhibition, re-vamping our Company logo and publicity material, and receiving BS 5750 Quality approval.

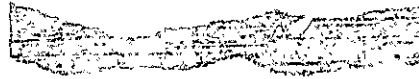
The main task for the current year is to ensure that the new No. 3 Machine starts up successfully in October and that from then onwards we make a better return on all the investment that we have put in during the last few years.

Above all it will be the commitment from our loyal and dedicated workforce that will turn this investment in modern plant and machinery and marketing into improved results in the future.

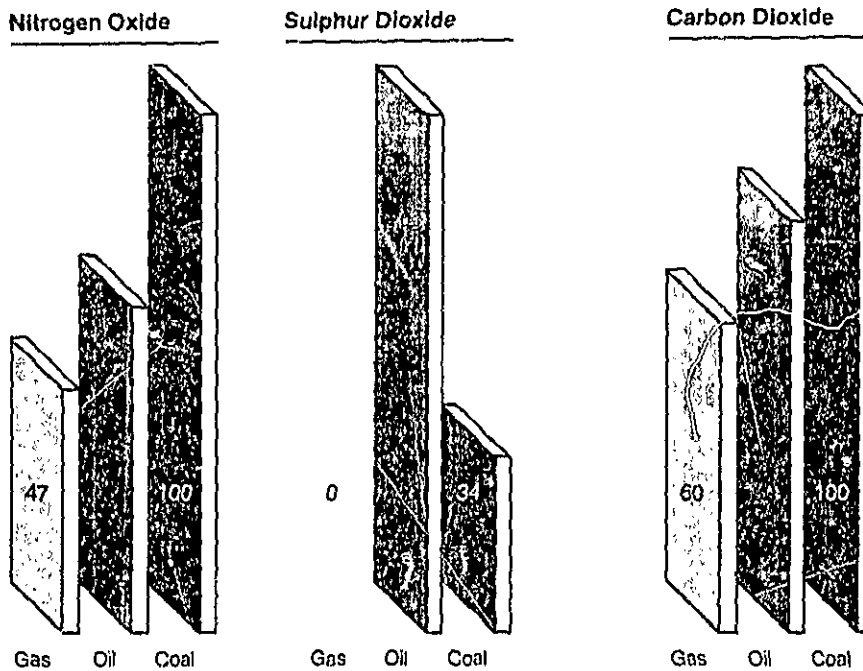


James Cropper

Environmental Issues



Relative emission levels per unit of energy input



Environmental Audit Group

The Company has recently set up an environmental audit group to monitor environmental performances, to propose and initiate action and to identify risks on the site.

Woodpulp

The Company's main raw material is a wide range of woodpulp. The common misunderstanding that the paper industry is destroying the world's forests needs to be corrected. All the Company's pulp suppliers practice silviculture which ensures that there is no decrease in the stock of woodlands. Much of the wood used for making pulp comes from thinnings, chips and sawdust which are by-products of the lumber industry.

The Company now makes a large number of grades to very exacting specifications. The uncertainties of variable quality in even high grade waste paper means that it is essential to use pulp in many products.

We nevertheless do use waste paper wherever appropriate to our customers' end use requirements for our products.

Air Pollution

In 1972 the Company moved from coal to gas as its main fuel. Natural gas is the cleanest burning fuel creating the least pollution to the atmosphere. Gas as a fuel does not contribute to the acid rain problem and has the least detrimental effect on the local environment.

The mill is very energy efficient as a result of many years of capital expenditure, culminating in the installation of the combined heat and power plant two years ago. The primary therms of energy used per tonne of paper is now only half what it was 12 years ago. The plant is one of the most efficient users of energy in the paper industry. The Company has an active energy committee, whose members have contributed to the continuous improvement in energy efficiency.

Water and Effluent

Water is a vital raw material for papermaking. The River Kent was probably the main reason for papermaking starting in Burneside in the first place.

The Company has reduced the quantities of water that it has used per tonne of paper over the last 20 years, despite the increase in the number of grades and colour changes made.

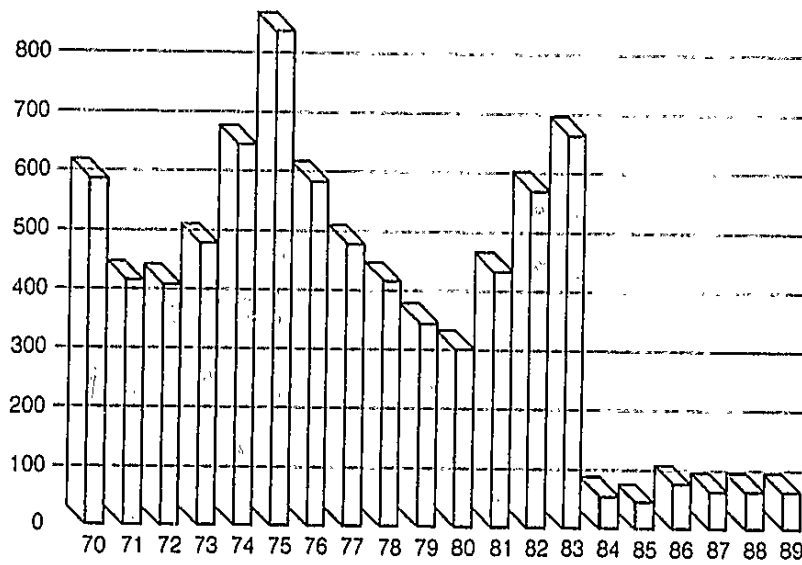
For many years the Company discharged its effluent to the River Kent and was a source of pollution.

In 1983 a permanent solution was reached by way of a major capital investment of over £600,000. This covered a significant contribution to the cost of a new sewage works at Kendal, and pipeline connection to the Kendal sewer system. We now pay North West Water Group PLC a substantial sum each year to treat effluent. This action has resulted in a reduction of 95% in the pollution load on the River Kent from our effluent, which has restored the water quality downstream of the mill.

The solids from the Company's effluent plant are tipped locally on our own licensed site. Previous tips have been recovered as farm or woodland.



Oxygen Depleting Effluent (BOD) KGS/DAY



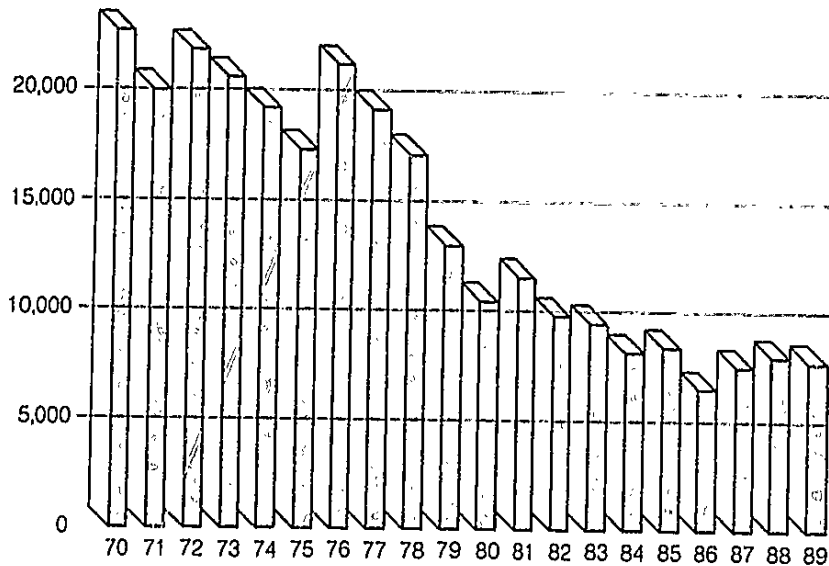
An environmental problem exists in the summer months with odour generated by this effluent sludge during its removal from the effluent plant. A Joint Working Group was set up with representatives of the local Councils in 1985, and over the past five years a working programme has been agreed to reduce local nuisance. Work continues based on research work by Liverpool University. The problem has not been solved, but considerable progress has been made.

Local Environment

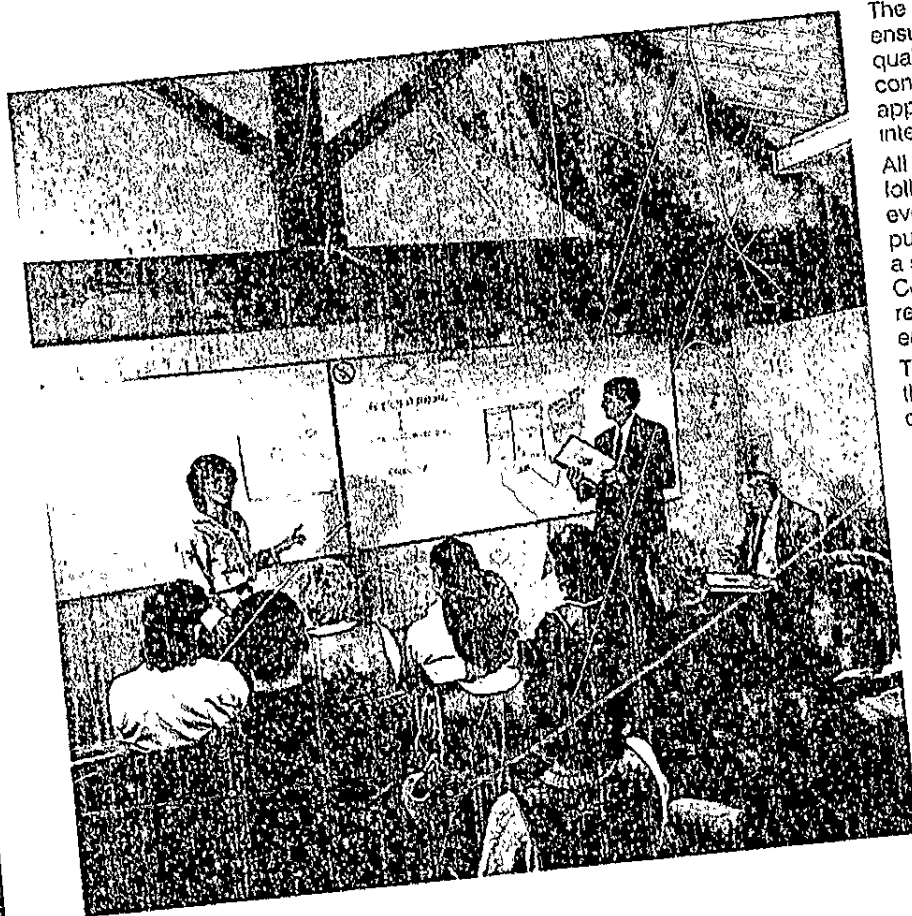
By concentrating all activities on to one site there has been a considerable reduction in the amount of traffic that the Company generates. Moreover, there is now only one vehicle entrance to the mill which stops lorries from using the village roads between unloading and loading.

The Company and its charitable trust supports many village activities as opposed to Company activities and in recent years has built a new football pitch at a cost of £80,000 and provided over £32,000 to help to extend the village institute.

Water Consumption Gallons/Tonne



BS 5750



The Company decided last year to ensure that its system for controlling quality was in good shape and consequently applied for BS 5750 approval, the British version of the international standard ISO9000

All parts of the Company are registered following an extensive audit covering every aspect of manufacture from purchase through to despatch. This is a significant milestone in the Company's development and is the result of much hard work by many employees.

The British Standards Institution says that BS 5750 will ensure that companies:

Achieve and sustain the quality of the product, so as to meet continually the purchaser's stated or implied needs.

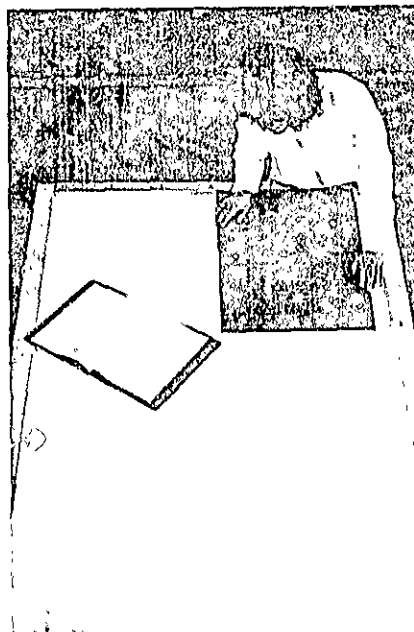
Provide confidence to its own management that the intended quality is being achieved and sustained.

This achievement therefore reinforces James Cropper PLC's and Technical Fibre Products Ltd's commitment to quality and will give all customers increased confidence in both the Companies' products.

One of the conditions of BS 5750 is that there will be periodic monitoring. The British Standards Institute expects to see evidence of continuous quality improvement. The Standard is very much not a "meet and forget" qualification.

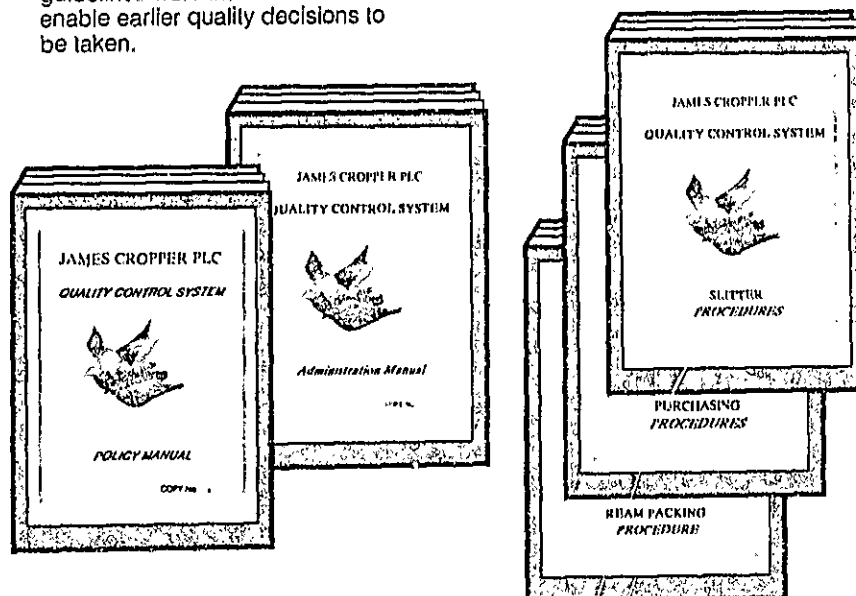
How was it achieved?

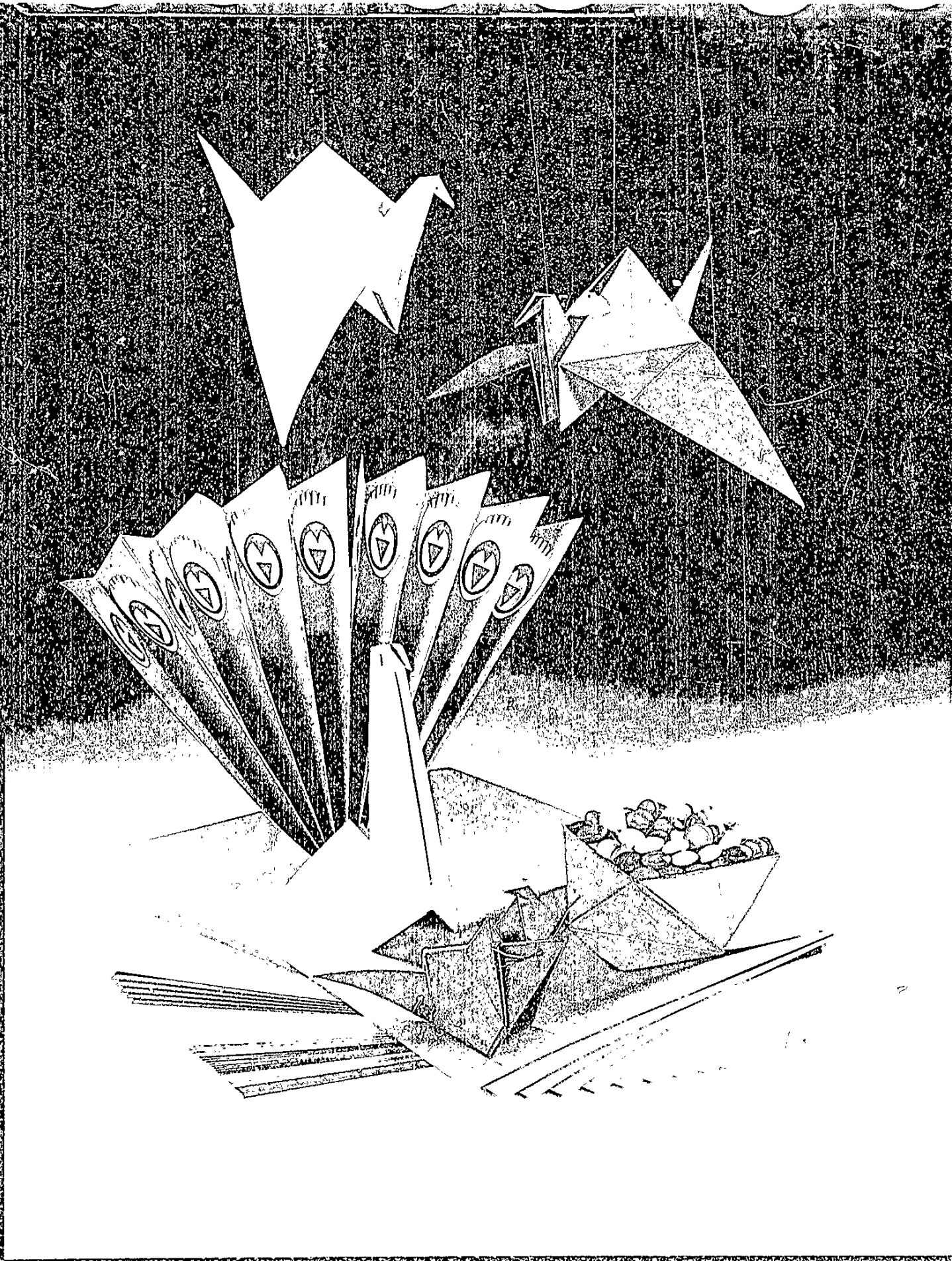
- ↗ The existing quality system was documented.
- ↗ The quality systems were reviewed in depth by directors and senior managers.
- ↗ A policy manual, a quality control administration manual and over 70 sets of quality procedures for the different stages of work were written.
- ↗ Formal assessment of suppliers was introduced.
- ↗ Complete traceability of the product from pulpers to despatch was implemented.
- ↗ A formal quality awareness programme for all Company personnel was carried out.
- ↗ Calibration of all measuring equipment and devices, down to the steel measuring tapes, was formalised.
- ↗ Clearer definitions of specification guidelines were introduced to enable earlier quality decisions to be taken.



Benefits

- ↗ All are aware of their own responsibilities for quality.
- ↗ Mistakes are prevented as a result of clear definition of what is required.
- ↗ Any mistakes that are made are caught earlier and dealt with.
- ↗ Greater existing customer confidence and satisfaction has taken place.
- ↗ The seal of approval of BS 5750 is important when approaching new customers.





Papers for creative and play purposes are increasingly in demand. These materials are ideal for drawing, lampshade making, origami and many other decorative requirements.

Papermaking and Converting Divisions' Products

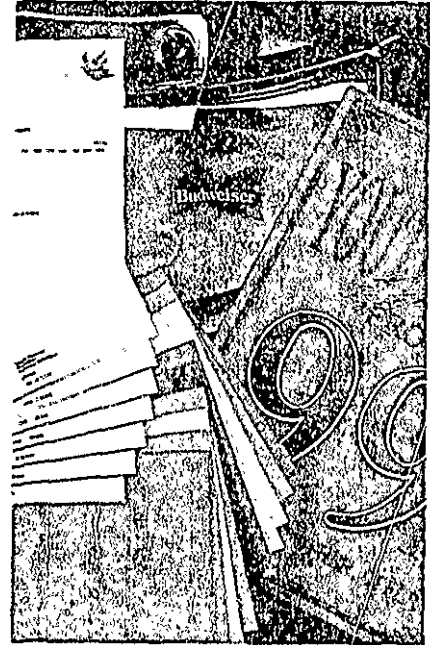
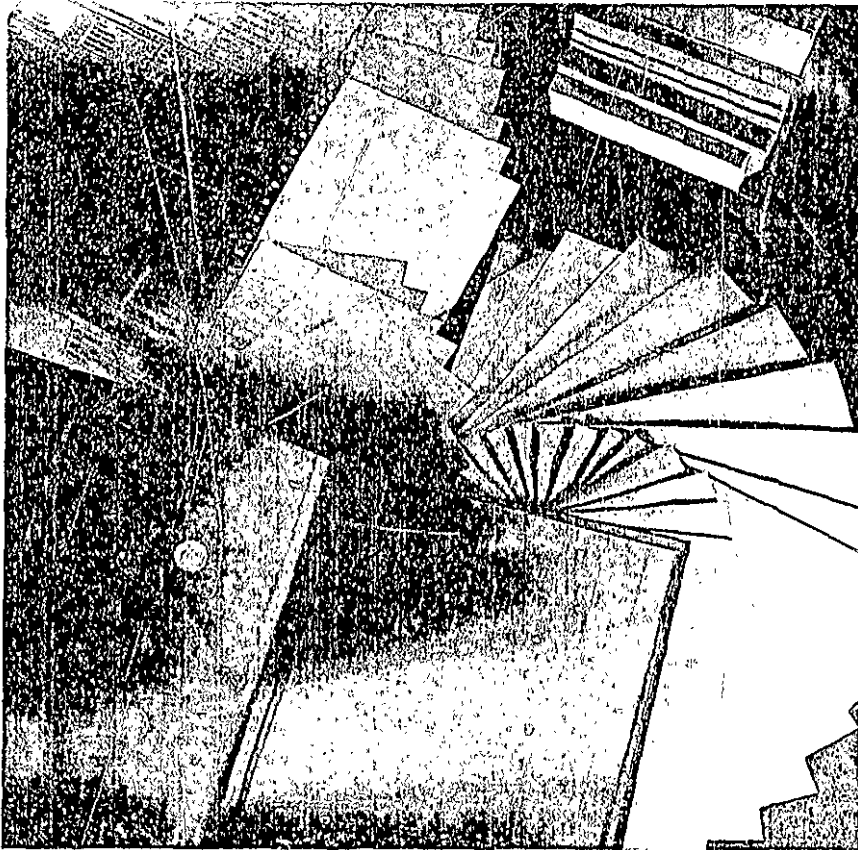


The Company is a long established supplier of strong embossed papers for binding hardback books. They are made in white and a wide variety of colours and are sold primarily by Winter & Co. Ltd. Enough material is produced to bind over 60 million novels a year.



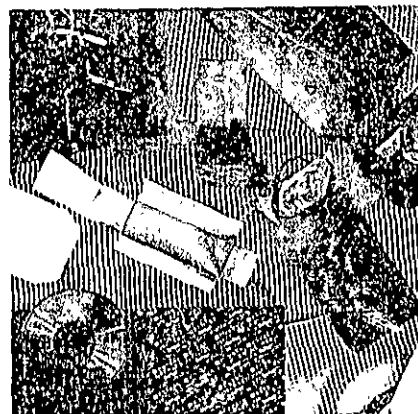
One example of packaging papers is a range made for an Australian customer for exclusive carrier bags.

Display boards are made by laminating one side coated boards made by other papermakers, often with the additional inclusion of a middle where great thickness is required. The lamination is carried out by the converting division and these boards are used for many purposes and particularly for point of sale displays.



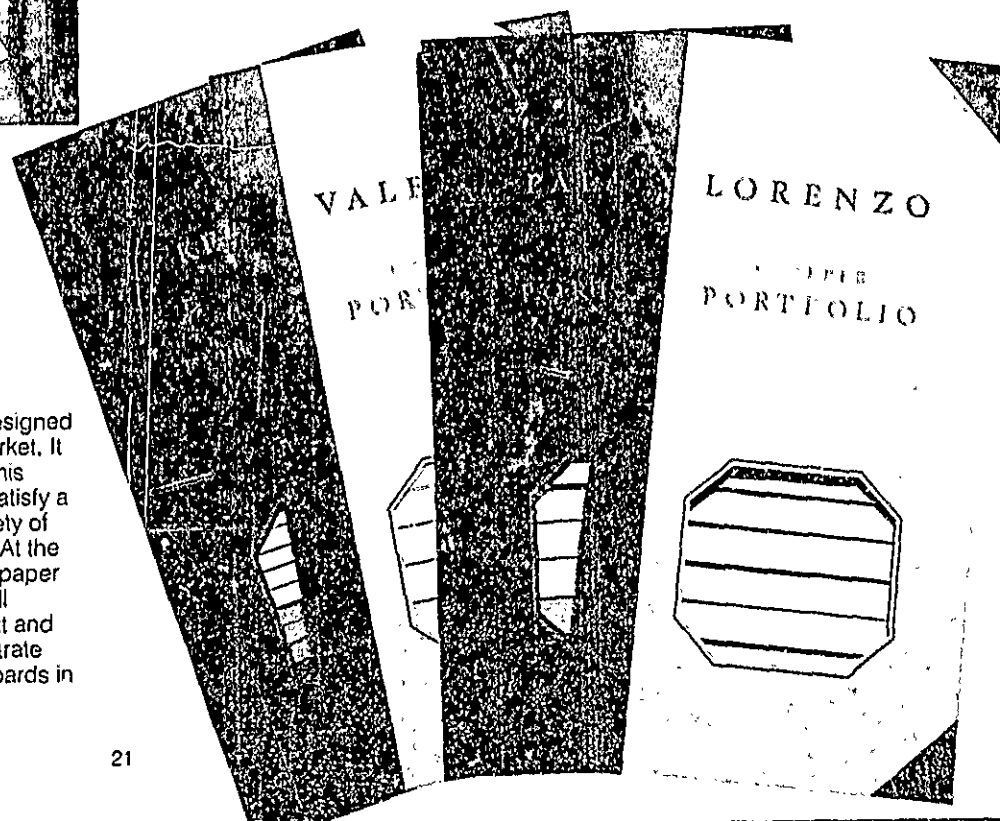
The wide range of products supplied to stationery manufacturers includes index boards, twin wire boards, high quality white and coloured papers and a range of laid and watermarked papers, all of which are suitable for letterhead and envelope applications. The Company also makes a wide variety of manilla qualities used for most filing applications

The Company's bespoke papermaking and converting capabilities enable it to make a range of products tailored for industrial applications. The uses include oil filters, absorbent papers, acid and colour free papers for explosive products, air freshener boards and sterile packaging for needles.

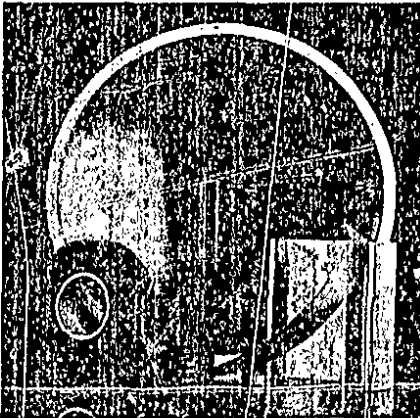
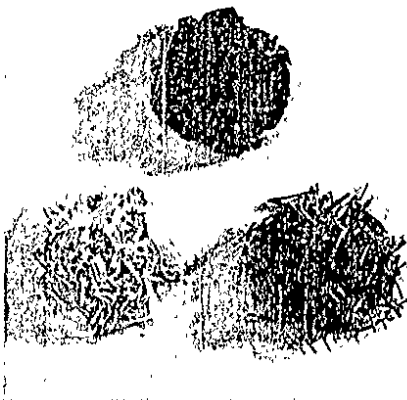


There is considerable growth in the sale of papers for packaging purposes. This range of products is complemented by products manufactured by our French associated company, Pacofa. The uses include lining paper for specialist corrugators who use it for luxury packaging and coated and embossed fancy papers for prestige boxes and high grade packaging.

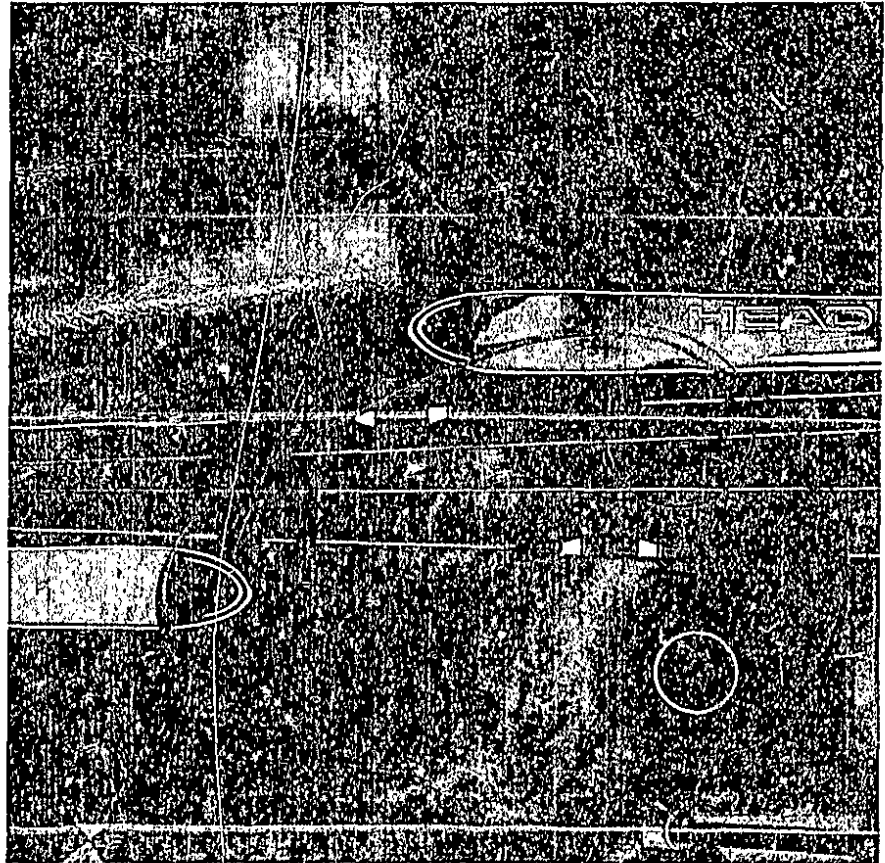
The Company has also recently introduced a range of papers designed particularly for the European market. It has been christened Portfolio. This range is very versatile and will satisfy a wide range of needs where variety of texture and colour are required. At the same time the different types of paper have been designed to work well together. The cover, financial text and envelope for this report demonstrate this new range of papers and boards in use



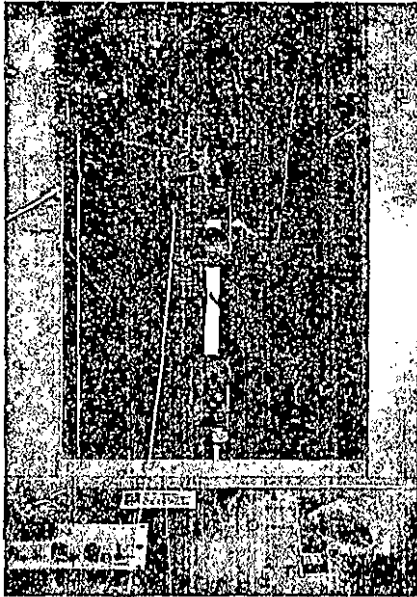
Technical Fibre Products Ltd



Technical Fibre Products Ltd.'s most advanced and expensive products are made from carbon and kevlar fibres. They are often classified as "composites" as they are generally impregnated with resin. These are used where ultimate strength/weight ratios are essential or where very stringent electrical conductivity requirements have to be met.



The products include laminates in articles such as skis for strength and in satellite dishes for conductivity.

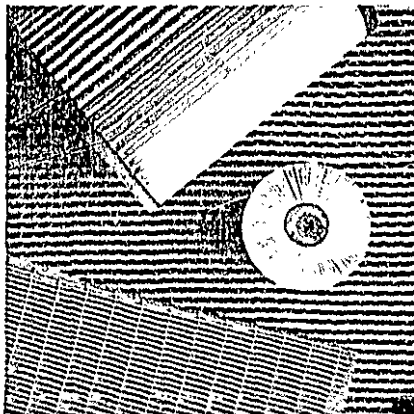
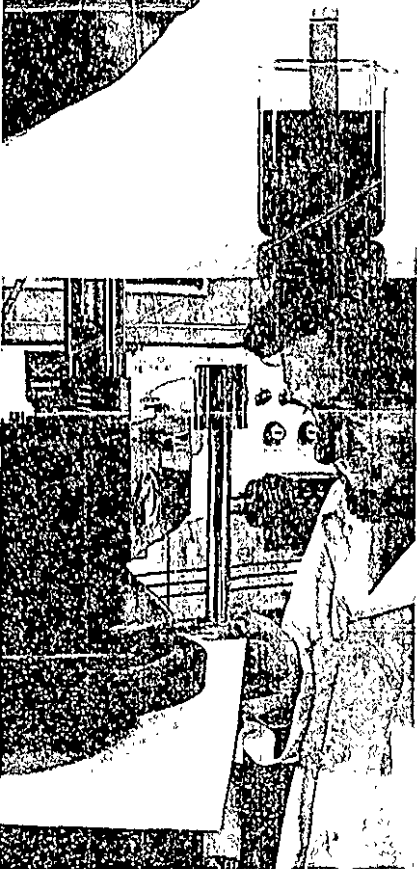
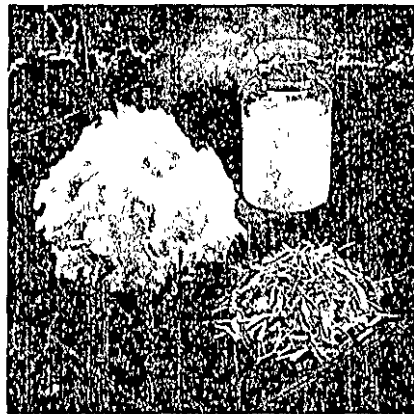
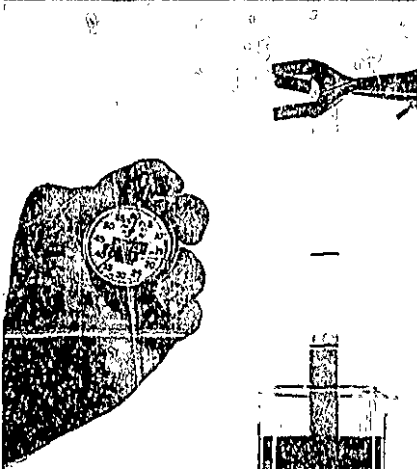


Testing

Tensile strength is important for many products

Wicking rate is vital for battery separators

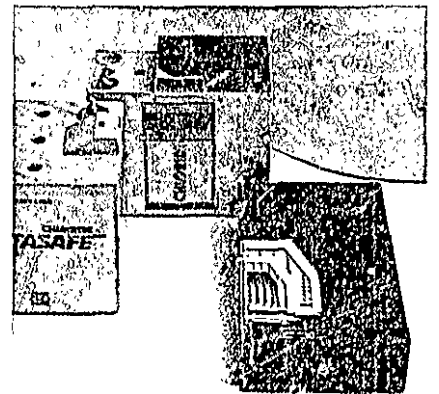
The sodium flame test measures the air filtration characteristics of the product



Glass and Ceramic

These materials are used as media where absorption and filtration are important characteristics.

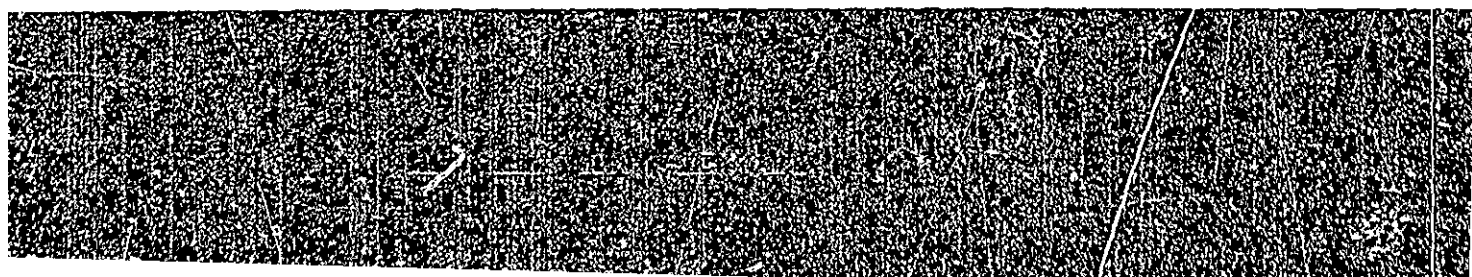
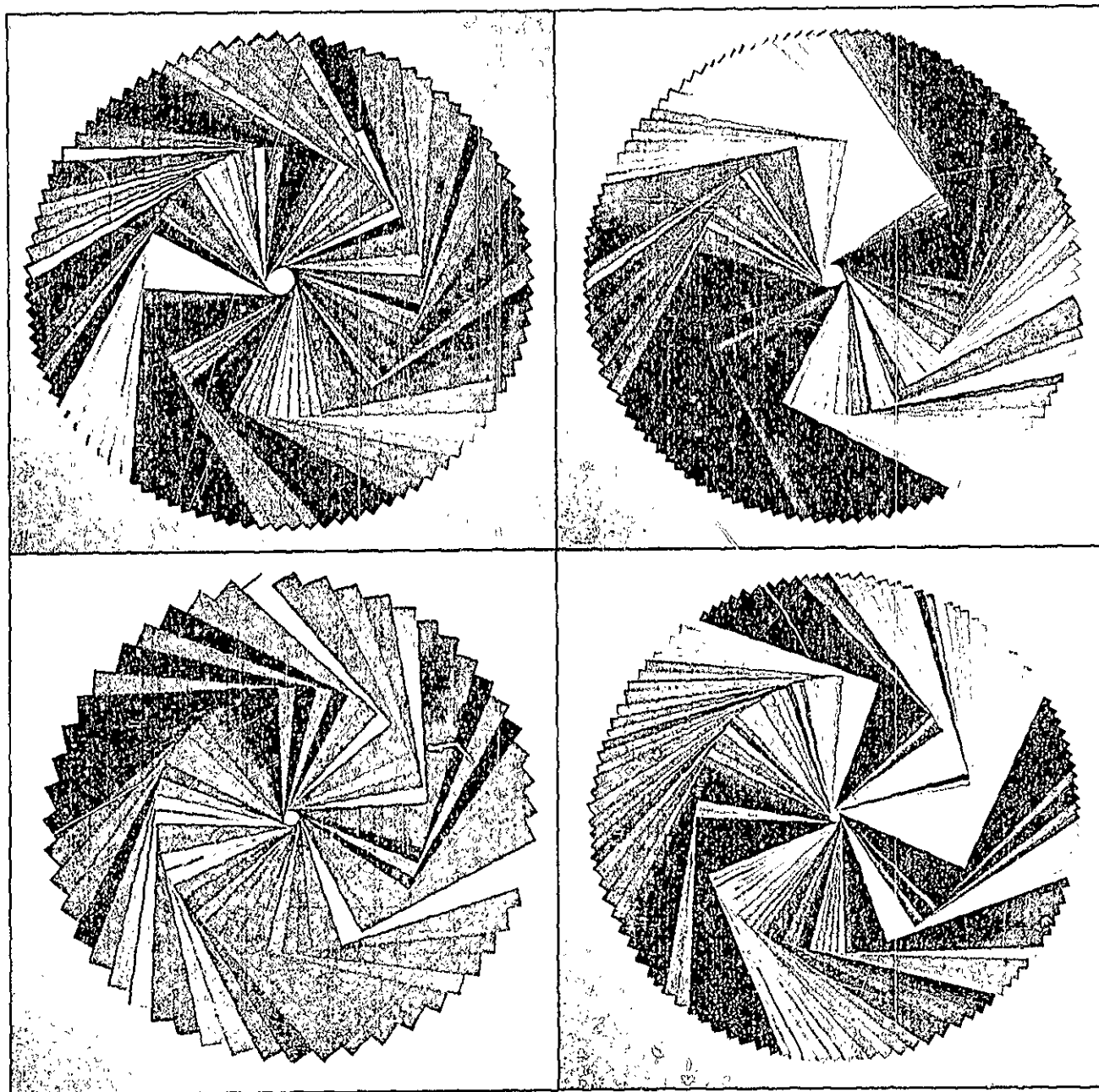
The main use of the filtration product is for cleaning air to and from buildings and plants. A wide range of papers can be made to match the exact type of filtration required.



The best example of the use of absorption properties is in battery separator papers. The material retains all the electrolyte within the separator structure, ensuring that there is no free liquid.

The Company makes a wide range of papers in many colours, weights and qualities. In one month these were the papers produced on each of the four machines in the order in which they were run

Shades of April



Shareholder Information

1989-1990

Reporting

Interim results announced and sent to ordinary shareholders	27th November 1989
Final results announced and advertised	14th June 1990
Annual Report issued by	10th July 1990
Annual General Meeting - at Burneside Mills, Kendal, Wednesday 1st August 1990 at 10.30 a.m.	

Dividends

Ordinary Shares

Interim dividend paid on 12th January 1990 to Ordinary Shareholders registered on 3rd January 1990.

Final dividend to be paid on 14th August 1990 to Ordinary Shareholders registered on 31st July 1990.

Loan Stock Interest

9% Unsecured Loan Stock 1994/99

Payment on	30th November
Payment on	31st May

Report of the Auditors

To the members of
James Cropper PLC

We have audited the financial statements on pages 28 to 38 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 31st March 1990 and of the profit and source and application of funds of the Group for the 52 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.

Newcastle upon Tyne
13th June 1990

PRICE WATERHOUSE
Chartered Accountants

Report of the Directors

To be presented at the one hundred and first Annual General Meeting of the Company to be held at the registered office on Wednesday, 1st August 1990 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 product range are included on pages 18 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 31st March 1990.

The profit for the 52 weeks ended 31st March 1990, 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 £4,147,000.

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. The Group distributes an Employee Report three days after the announcement of the results for the year. Meetings are arranged for the following fortnight to enable all employees to have a presentation from the Chairman and discussions with him. 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. An energy committee involves employees in increasing energy efficiency. Departmental personnel meetings allow representatives to make valuable contributions on aspects of training, manning and promotion.

The Company bonus scheme, based on the profit of the Company, 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 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 £14,514 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 1st August this year. No shares have been repurchased up to the date of this Report.

A similar authority for the period to the next Annual General Meeting is sought in Resolution 5 in the Notice of the Annual General Meeting.

Disapplication of pre-emption rights

At the 1989 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 11th June 1990 were as follows:

Bank of Scotland (Stanlife) Nominees	799,500
Talbot Nominees	561,000
Bank of Scotland (Save & Prosper) Nominees	432,000
British Aerospace Pension Funds	355,000
Philip A. Cropper	260,404

Directors and their Interests

The directors of the Company are detailed on page 4 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.

During the year a block of land at Cowan Head was sold for residential development. Mr J A Cropper was, as owner of a part of the land, interested in the contract of sale. The contract was entered into by Mr J A Cropper

and by the Company on an arm's length basis, having firstly obtained independent professional advice.

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

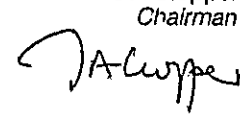
The directors consider that the Company is not a close company, as defined by the Income and Corporation Taxes Act 1988.

Auditors

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

Burnside Mills
Kendal
13th June 1990

J A Cropper
Chairman


Details of Directors' Interests

Director	Interest	Loan Stock	At 31st March 1990		Loan Stock	At 1st April 1989	
			Ordinary Shares	Options on Ordinary Shares		Ordinary Shares	Options on Ordinary Shares
J A Cropper	beneficial	-	398,413	20,000	-	393,587	20,000
	non-beneficial	-	654,895	-	-	654,895	-
O G D Acland	beneficial	500	39,675	20,000	500	37,644	20,000
	non-beneficial	-	95,584	-	-	28,084	-
N W Willink	beneficial	-	99,053	20,000	-	136,366	20,000
	non-beneficial	-	1,158,558	-	-	1,091,058	-
J H Larking	beneficial	-	42,971	40,000	-	44,807	40,000
J R Solater	beneficial	-	10,000	-	-	10,000	-
P Charlton	beneficial	-	24,869	40,000	-	25,584	40,000
	non-beneficial	-	9,000	-	-	9,000	-
J P Southwell	beneficial	-	11,400	-	-	11,400	-

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

J H Larking acquired 5,180 ordinary shares since the year end as a legatee.

JAMES CROPPER PLC

Group Profit and Loss Account

For the 52 weeks ended 31st March 1990

	1990		1989	
	£'000	£'000	£'000	£'000
Turnover (Note 2)		39,148		35,268
Change in stocks of finished goods and work in progress		559		69
Own work capitalised		737		448
Other operating income		248		216
		40,692		36,001
Raw materials and consumables	(24,912)		(20,819)	
Other external charges	(3,426)		(2,915)	
Staff costs (Notes 3, 4 & 5)	(7,509)		(7,034)	
Depreciation	(2,120)		(1,945)	
		(37,967)		(32,713)
Operating profit (Note 6)		2,725		3,288
Share of profits from related companies (Note 13)		130		
Interest payable and similar charges (Note 7)		(1,831)		(1,339)
Profit on ordinary activities before taxation		1,024		1,949
Taxation (Note 8)		(44)		(131)
Profit on ordinary activities after taxation (Note 9)		980		1,818
Extraordinary items (Note 11)		66		--
Profit for the financial year		1,046		1,818
Dividends paid and proposed				
Interim 0.875p (1989 0.875p)	(71)		(71)	
Proposed final 1.825p (1989 1.625p)	(149)		(132)	
		(220)		(203)
Amount set aside to reserves (Note 20)		826		1,615
Earnings per share of 25p. (Note 10)		12.0p		22.4p

Balance Sheets

As at 31st March 1990

	Group		Company	
	1990	1989	1990	1989
Fixed assets	£'000	£'000	£'000	£'000
Tangible assets (Notes 12 & 22)	24,746	23,682	22,908	21,820
Investments (Note 13)	700	510	514	488
	25,446	24,192	23,422	22,308
Current assets				
Stocks (Note 14)	4,022	3,332	3,803	3,227
Debtors (Note 15)	9,994	7,569	10,638	8,395
	14,016	10,901	14,441	11,622
Creditors (amounts falling due within one year – Notes 16 & 22)	(16,409)	(12,694)	(15,008)	(11,568)
Net current (liabilities)/assets	(2,393)	(1,793)	(567)	54
Total assets less current liabilities	23,053	22,399	22,855	22,362
Creditors (amounts falling due after more than one year – Notes 17 & 22)	(5,380)	(5,629)	(5,371)	(5,620)
	17,673	16,770	17,484	16,742
Capital and reserves				
Called up share capital (Note 19)	2,040	2,032	2,040	2,032
Share premium account (Note 20)	169	116	169	116
Revaluation reserve (Note 20)	1,703	2,186	1,703	2,186
Profit and loss account (Note 20)	13,761	12,436	13,572	12,408
	17,673	16,770	17,484	16,742

Approved by the Directors on 13th June 1990 and signed on their behalf by:
 J A Cropper
 O G D Acland

J A Cropper
O G D Acland

Group Source and Application of Funds

For the 52 weeks ended 31st March 1990

	1990		1989	
	£'000	£'000	£'000	£'000
Source of funds				
Profit on ordinary activities before taxation		1,024		1,949
Adjustment for items not involving the movement of funds:				
Depreciation		2,120		1,945
Profit on disposal of fixed assets		(49)		(53)
Share of retained profits of related companies for year		(130)		
Total generated from operations		2,965		3,841
Funds from other sources:				
Proceeds on disposal of fixed assets		1,070		205
Proceeds from issue of ordinary shares		61		74
		4,096		4,120
Application of funds				
Dividends paid		203		188
Tax paid		128		113
Purchase of fixed assets		4,147		3,013
Investment in related company		30		498
Purchase of loan stock		—		1
		4,508		3,803
Increase/(decrease) in working capital				
Increase in stocks	690		88	
Increase in debtors, excluding tax	2,347		692	
(Increase)/decrease in creditors, excluding loans, dividends and tax	(828)		173	
		2,209		953
		6,717		4,756
Decrease in net liquid funds		(2,621)		(636)

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.

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 companies 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 companies, and other assets and liabilities expressed in foreign currencies, are translated into sterling at rates ruling at the year end. Exchange differences on investments, to the extent they are offset by a difference 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 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 geographical analysis of turnover is:

	1990	1989
	£'000	£'000
UK	31,136	29,532
France	2,131	1,101
Rest of Europe	3,139	2,287
Asia	999	739
Australasia	897	668
Africa	630	804
The Americas	216	137
	39,148	35,268

3 Staff Costs

	£'000	£'000
Wages and salaries	6,425	6,000
Social security costs	509	459
Other pension costs	575	575
	7,509	7,034

The average number of employees, including directors, over the year was 447 (1989 445)

The emoluments of higher paid employees, other than directors, fell within the following band:

	£'000	£'000
£30,001-£35,000	3	

4 Directors' Emoluments

Staff costs in Note 3 above include the following remuneration in respect of the directors:

	£'000	£'000
Fees	1	1
Executive emoluments (including pension funding)	343	323
Pensions to widows of former directors	12	11

The emoluments, excluding pension funding, of the Chairman and highest paid director of the Company during the year were £52,000 (1989 £49,000)

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

	Numbers	
	1990	1989
0 - £5,000	2	2
£45,001 - £50,000	2	4
£50,001 - £55,000	2	

5 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 6th April 1987, 1st February 1988 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 106%, 98% 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 31st March 1990 was £10,011,000.

6 Operating Profit

The operating profit is shown after charging:

	1990	1989
	£'000	£'000
Research and Development	494	434
Operating lease rentals in respect of plant and machinery	151	113
Auditors' remuneration	25	23

7 Interest

	£'000	£'000
Interest payable on bank and other borrowing repayable within 5 years	1,485	923
Interest payable on loans of which any part is repayable after 5 years	—	21
Hire purchase and finance lease interest	346	395
	1,831	1,339

8 Taxation

The taxation charge comprises:

	£'000	£'000
Corporation tax charge at 35% – current year	—	255
– prior year	(13)	(4)
Advance corporation tax previously written off now utilised	—	(120)
Share of related companies tax	57	—
	44	131

The taxation charge for the year at the effective rate of 35% has benefited by approximately £219,000 (1989 £593,000) in respect of deferred taxation not provided in accordance with the accounting policy described in Note 1.

9 James Cropper PLC Profit and Loss Account

As permitted by Section 228(7) of the Companies Act 1985 the Company has not presented its own profit and loss account. The Group profit for the year includes £888,000 (1989 £1,830,000) which is dealt with in the accounts of the Company.

10 Earnings Per Share

The calculation of earnings per share is based on profits on ordinary activities after taxation of £980,000 (1989 £1,818,000) and the weighted average of 8,146,361 (1989 8,112,328) shares in issue during the year.

11 Extraordinary Items

	1990 £'000	1989 £'000
Extraordinary profit on sale of Cowan Head Mill	439	-
Extraordinary provision for extra depreciation on closure of No. 3 M.G. Machine	(373)	-
	66	-

12 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 2nd April 1989	4,056	1,827	28,724	34,607	3,539	1,827	27,193	32,559
Additions in year	324	195	3,628	4,147	322	195	3,504	4,021
Revaluations during the year	-	13	-	13	-	13	-	13
Disposals	(250)	(289)	(378)	(917)	(250)	(289)	(378)	(917)
Reclassifications	112	(133)	21	-	112	(133)	21	-
At 31st March 1990	4,242	1,613	31,995	37,850	3,723	1,613	30,340	35,676
Depreciation								
At 2nd April 1989	375	-	10,550	10,925	362	-	10,377	10,739
Provision for year	122	-	1,998	2,120	107	-	1,863	1,970
Extraordinary provision	-	-	373	373	-	-	373	373
Disposals	-	-	(314)	(314)	-	-	(314)	(314)
At 31st March 1990	497	-	12,607	13,104	469	-	12,299	12,768
Net Book Values								
At 31st March 1990	3,745	1,613	19,388	24,746	3,254	1,613	18,041	22,908
At 1st April 1989	3,681	1,827	18,174	23,682	3,177	1,827	16,816	21,820

12 Tangible Fixed Assets

(continued)

Included in the above figures for plant and machinery is £3,685,000 (1989 £4,198,000) net book value, and £558,000 depreciation provided for the year in respect of assets under hire purchase and finance lease agreements.

Freehold houses were professionally revalued at sitting tenant value as at 29th March 1988 with subsequent additions at cost. Disposals in the year were revalued on a vacant possession basis.

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

On an historic cost basis the net book value of freehold land and buildings and freehold houses at 31st March 1990 would be as follows:

	Freehold land and buildings	Freehold houses
	£'000	£'000
Cost	3,373	313
Aggregate depreciation	980	-
Net book value	2,393	313

13 Investments

	Group Share of net assets of related companies	Company Shares in subsidiary company	Shares in related company at cost
	£'000	£'000	£'000
At 2nd April 1989	510	-	488
Additions in year	30	-	26
Share of profit retained in year	73	-	-
Exchange gains	87	-	-
At 31st March 1990	700	-	514
Name of company	Country of incorporation	% holding	Nature of business
Technical Fibre Products Ltd.	UK	100	Manufacturer of paper from manmade fibres
Pacofa SA	France	35	Converter of paper products
Fasertec Technische Paplere GmbH	West Germany	50*	Manufacturer of paper from manmade fibres

*This investment is held by Technical Fibre Products Ltd.

14 Stocks

	Group		Company	
	1990	1989	1990	1989
	£'000	£'000	£'000	£'000
Raw materials	1,824	1,695	1,631	1,601
Work in progress	771	493	763	483
Finished stocks	1,427	1,144	1,409	1,143
	4,022	3,332	3,803	3,227

15 Debtors

	Group		Company	
	1990	1989	1990	1989
	£'000	£'000	£'000	£'000
Trade debtors	8,504	6,809	7,991	6,482
Prepayments and accrued income	508	605	506	601
Other debtors	982	155	982	146
Amounts owed by subsidiary	-	-	1,159	1,166
	9,994	7,569	10,638	8,395

Included within the above and due in more than one year are amounts owed by subsidiary of £1,159,000 (1989 £1,159,000) and taxation recoverable of £132,000 (1989 £44,000)

Included within other debtors is £824,000 in respect of capital expenditure which will be reimbursed by drawing upon finance leases, the inception of which takes place after the year end.

16 Creditors

(amounts falling due within one year)

	Group		Company	
	1990	1989	1990	1989
	£'000	£'000	£'000	£'000
Bank borrowings	7,812	5,691	6,612	4,738
Trade creditors	4,148	2,338	4,024	2,250
Bills of Exchange payable	345	313	345	313
Taxation and social security	247	299	237	292
Accruals	2,442	2,158	2,363	2,086
Employee savings	101	117	101	117
Hire Purchase and Finance Leases	859	852	850	848
Other creditors	306	794	302	792
Proposed dividend	149	132	149	132
Amounts owed to subsidiary	-	-	25	-
	16,409	12,694	15,008	11,568

Employee savings are secured on certain freehold houses to a minimum of one half of the amount due to employees. The parent company has guaranteed the bank borrowings of its subsidiary company.

JAMES CROPPER PLC

17 Creditors

(amounts falling due after more than one year)

	Group		Company	
	1990	1989	1990	1989
	£'000	£'000	£'000	£'000
Bank borrowings, repayable				
October 1991	3,000	2,500	3,000	2,500
9% Unsecured Loan Stock 1994/99	238	238	238	238
Hire Purchase and Finance Leases				
payable between 1 and 2 years	823	836	814	836
payable between 2 and 5 years	1,319	1,975	1,319	1,966
payable over 5 years	-	80	-	80
	5,380	5,629	5,371	5,620

18 Deferred taxation

In accordance with Note 1, no provision has been made for deferred taxation as no liability is expected to arise in the foreseeable future.

The potential liability for deferred taxation not provided in the accounts is calculated at 35% and is made up as follows:

	Group		Company	
	1990	1989	1990	1989
	£'000	£'000	£'000	£'000
Accelerated capital allowances	3,505	3,249	3,281	3,061
Unrelieved advance corporation tax	(44)	(7)	(44)	(7)
	3,461	3,242	3,237	3,054

19 Share Capital

	1990	1989
	£'000	£'000
Authorised:		
10,000,000 (1989 10,000,000) ordinary shares of 25p each	2,500	2,500
Alotted and fully paid:		
8,161,497 (1989 8,126,258) ordinary shares of 25p each	2,040	2,032

During the year 35,239 ordinary shares were issued to employees in accordance with the provisions of the Employee Share Scheme. Under The James Cropper PLC Executive Share Option Scheme, options were outstanding at 31st March 1990 in respect of the following:

Type	No. of shares subject to option	Period of option	Price per share
Ordinary	100,000	January 1991 to January 1998	193p
Ordinary	40,000	July 1991 to July 1998	198p

20 Reserves

At 2nd April 1989
Premium on shares issued during year
Revaluations during year
Release during year
Amount set aside from profit for year
Exchange gains

Group			Company		
Share Premium Account	Revaluation Reserve	Profit & Loss Account	Share Premium Account	Revaluation Reserve	Profit & Loss Account
£'000	£'000	£'000	£'000	£'000	£'000
116	2,186	12,436	116	2,186	12,408
53	-	-	53	-	-
-	13	-	-	13	-
-	(496)	496	-	(496)	496
-	-	326	-	-	668
-	-	3	-	-	-
169	1,703	13,761	169	1,703	13,572

The share premium arising during the year represents the difference between market price and nominal value of new shares issued in accordance with the provisions of the Employee Share Scheme.

21 Commitments under Operating Leases

At 31st March 1990 there were annual commitments under operating leases for plant and machinery terminating as follows:

	Group		Company	
	1990	1989	1990	1989
	£'000	£'000	£'000	£'000
Within 1 year	-	-	-	-
In 2 to 5 years	148	113	145	113
Over 5 years	269	-	269	-
	417	113	414	113

22 Capital and Other Commitments

At 31st March 1990 the Group and the Company had authorised capital expenditure of approximately £3,978,000 (1989 £5,517,000) of which contracts had been placed for approximately £1,272,000 (1989 £1,109,000). In 1983 the Company commenced a 20 year annuity payable to the North West Water Group PLC amounting to £1,322,000 of which £860,000 was outstanding at 31st March 1990 (1989 £926,000).

At the balance sheet date the Company had entered into a commitment of £4,300,000 in respect of a finance lease for the new No. 3 Machine, the inception of which takes place after the year end. During the year the Company incurred expenditure of £1,200,000, and these costs were reimbursed under the terms of a pre-lease agreement.

Notice of Annual General Meeting

Wednesday 1st August 1990
at 10.30 a.m.

Notice is hereby given that the one hundred and first annual general meeting of the Company will be held at the registered office, Burneside Mills, Kendal, on Wednesday 1st August 1990 at 10.30 a.m.

Ordinary Business

1 To receive and consider the statement of accounts for the 52 weeks ended 31st March 1990 and the directors' and auditors' reports thereon, and to declare a dividend.

2 To re-elect Mr J. P. Southwell, who is the director retiring by rotation.

3 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.

4 To transact any other business of an annual general meeting.

Special Business

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

Ordinary Resolution

5 (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 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.

Special Resolution

6 That the Directors be and they are hereby empowered to allot equity securities (as defined in Section 94 of the Companies Act 1985) pursuant to the authority conferred by resolution 6 passed at the annual general meeting held on 10th August 1989 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 £102,000 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
13th June 1990

By order
of the Board
O.G.D. Acland
Secretary

Notes

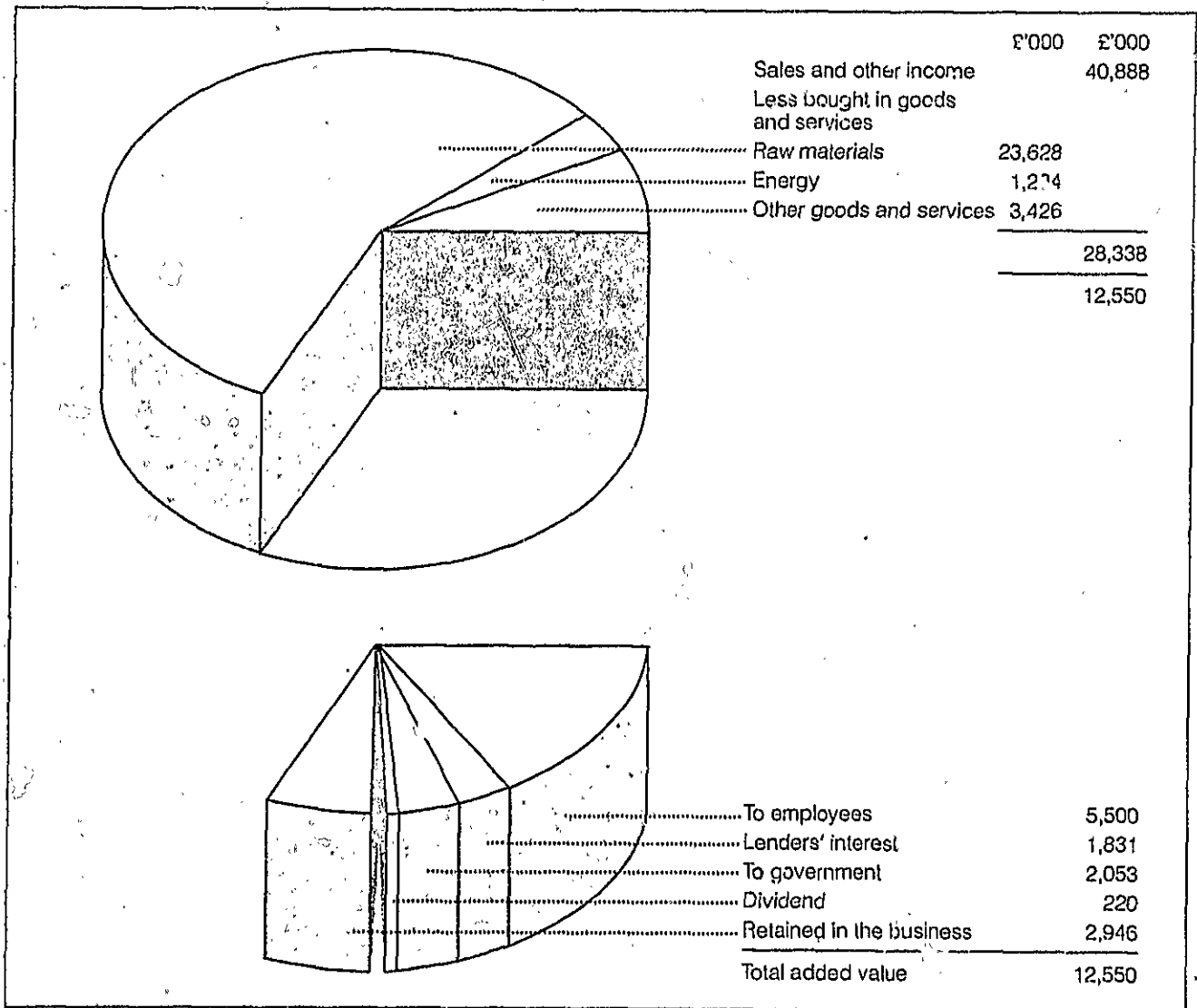
1. A member of the Company who is entitled to attend and vote may appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company.

2. Contracts of service for the five executive directors are available for inspection at the registered office until 1st August 1990 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.

Value Added Statement



Cover - Valencia Sistine Rose made by James Cropper PLC
 Text - Idéal Matt made by Arjomari
 Financial Section - Palazzo Aragon Gray made by James Cropper PLC
 Designed by Mackay Design Associates Ltd., Carlisle
 Typeset and printed by Frank Peters (Printers) Kendal
 Main photography by Colin Cuthbert, Newcastle