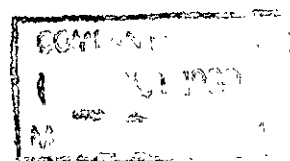




Annual Report 1988/89





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Front cover shows Hickling Pentecost PLC  
Queens Road, Nottingham  
Reproduced by kind permission of the artist  
Josephine Cullis

COMPANIES HOUSE  
- 6 OCT 1989

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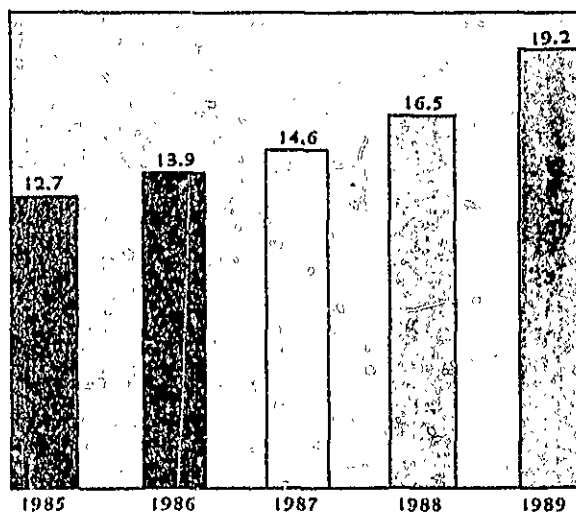
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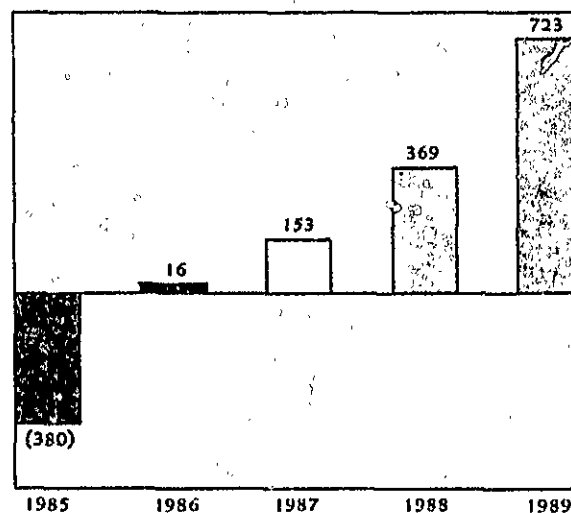
# Financial Summary

	1988	1989
	£'000	£'000
Turnover	16,505	19,160
Profit before taxation	369	723
Profit attributable to stockholders	358	680
Stockholders' funds	5,053	5,173
Earnings per stock unit	5.61p	10.66p
Dividend per stock unit	0.5p	2.0p

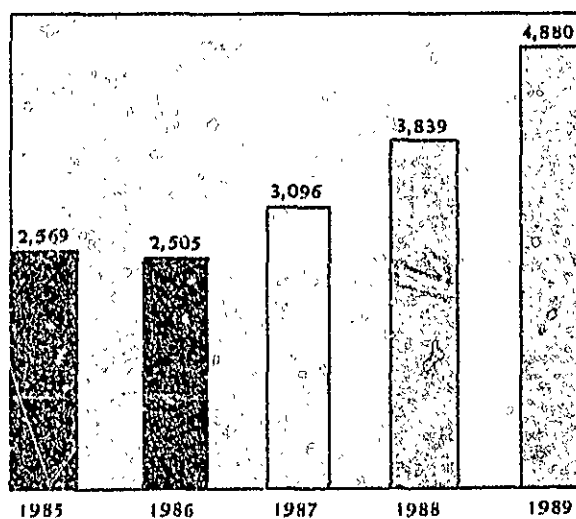
TURNOVER £m



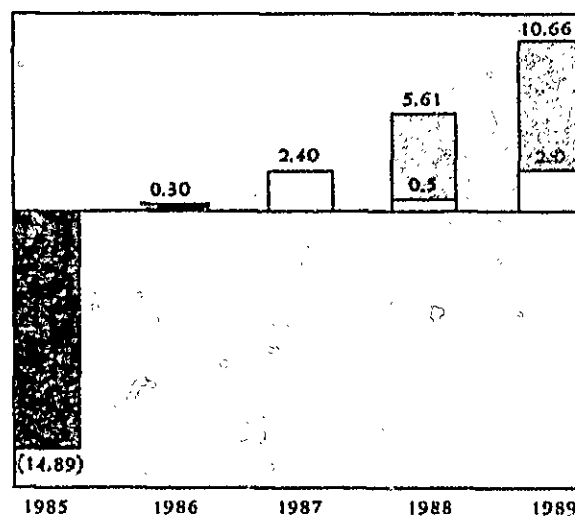
PROFIT BEFORE TAXATION £000s



EXPORTS £000s



EARNINGS PER STOCK UNIT (p)  
DIVIDEND PER STOCK UNIT (p)



## Directors and Advisers

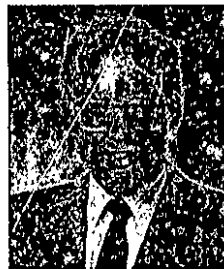
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*S. J. Hyde*



*J. R. Tattersall*



*S. M. Gravett*



*T. M. Harris*



*J. B. Hamilton*

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### Biographical Details of Non-Executive Directors

Mr Tattersall was appointed as a Non-Executive Director in 1983. He is a Chartered Accountant and had been a senior financial manager for 15 years with Unilever. He is a Non-Executive Director of several companies.

Mr Hamilton has spent all his working life in the textile and clothing industry and has been a member of the boards of Carrington Viyella, Whitcroft Industrial Holdings and Sketchley Plc. He was appointed a Non-Executive Director in 1986. He currently runs his own business consultancy operation.

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### Secretary

Simon Morford Gravett

### Registered Office

Queen's Road, Nottingham

### Bankers

National Westminster Bank PLC, Nottingham

### Merchant Bankers

Robert Heming & Co Ltd

### Auditors

Price Waterhouse, Nottingham

### Brokers

Laing & Cruickshank, London      William Chapman, Trease & Co, Nottingham

### Solicitors

Rotheras, Nottingham      Shoosmiths & Harrison, Nottingham

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## Chairman's Statement

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### I ntroduction

It is with particular pleasure that I announce significantly improved results and the proposal for a substantially increased dividend. This is against the background of the blustery trading conditions which I predicted last year.

Sales were £19,160,000, a 16% increase on the previous year. Profits before tax during the same period were £723,000, compared to £369,000 last year. This was 96% greater than the previous year's level and continued the underlying and improved trend indicated at the interim stage. The earnings per share for the year increased by 90% to 10.66p.

#### Knitwear

Knitwear moved back into profit for the first time in six years vindicating the confidence I expressed in our Knitwear operation last year. The performance in the second half, which is traditionally the more difficult period, was significantly better than the comparable period last year.

This improvement has been achieved through the implementation of our established strategies for this Division of:

*Increasing Sales*  
12% growth

*Concentration on more profitable market sectors*  
20% increase in our Straven brand and export sales

*Reducing manufacturing costs*  
Fewer operating sites, increased productivity, improved garment engineering, and more effective planning and control

*Improving management information and control systems*  
More efficient customer service plus tighter stock control resulting in reduced write downs.

Our business in knitwear is predominantly in the middle to upper segment of the ladieswear market. This sector has been buoyant relative to menswear both in the UK and in Western Europe.

Whilst trading conditions remain difficult, our foundations are stronger and the business is clearly focused into the areas of greatest opportunity.

#### Dyeing and Finishing

In line with UK industry trends, the sales of this division have been slow. However, increased operating efficiency has led to better margins and profits were close to those of the previous year. As a result of generally reduced demand for knitted fabric processing, the profitability of Queens Road fell back during the year. On the other hand there have been improvements in profit from our garment dyeing businesses at Bobbers Mill and Ballymena.

We have continued to target investment to achieve our objectives of lower labour and energy costs, improved product quality, greater operator flexibility, faster turnaround and better management information. We have made significant improvements in all these areas.

We now have the expertise and knowledge to offer highly effective and competitive dyeing and finishing services to our customers.

#### Realmtree

On 5th April 1988 we acquired 100% of the share capital of Realmtree Limited based in Northamptonshire. This company designs, sources and markets casual wear to leading clothing retailers in the United Kingdom.

As indicated to you in December, conditions at Realmtree have necessitated the devotion of significant management and financial resources to the re-organisation of the company. The costs during this re-organisation period have been in line with management estimates at the time of our interim announcement. These costs have been included as part of the cost of acquisition and have not affected reported earnings.

At the time of the acquisition the deficiency on net assets was warranted at no greater than £143,000. In the event this was £572,000, the principal reason being an understatement of creditors. This deficiency on net assets is being dealt with under the purchase agreement, and litigation against the vendors has been instigated.

The reorganisation costs and goodwill arising on acquisition including the deficiency on net assets, have resulted in a reduction in reserves of £1,615,000.

The management has been restructured and strengthened and new operating systems and controls installed.

As well as its own trading contribution Realmtree brings added benefits to the Group's dyeing operations in terms of garment dyeing potential and to our Knitwear in terms of its overseas sourcing experience.

We remain confident of the prospects for the future.

### Group Development

We have made considerable progress in improving the existing businesses through the creation of sustainable competitive edge. Our quality and service programmes have advanced further and are an ongoing feature of all our businesses. They benefit our customers in terms of improved service and ourselves through lower costs. Two of our dyeing and finishing companies are in the process of applying for British Standard 5750 on quality.

We can see the route forward to profitable expansion of our existing knitwear and the associated dyeing and finishing operations. In addition we expect Realmtree to prosper under the new management team and make an important contribution to the business in the future.

We are actively laying our plans to take advantage of the additional opportunities in the European Community resulting from 1992 and 'single market'.

The remaining part of our strategy is for the Group to grow by acquisitions. We have looked at several opportunities but unfortunately none has met our stringent criteria. Nevertheless, we shall continue to pursue appropriate acquisitions as a means of growing the Company, broadening its base and improving the quality of earnings.

### Stockholdings

During the last twelve months a significant proportion of our stock has passed successively between four stockholders. The resulting uncertainty has had a negative effect on the business causing concern to customers, suppliers and employees and deflecting management time from the recovery and development of the business.

### Current Trading

There can be little doubt that the UK Government's current economic policies are creating an even more challenging environment in which to operate. We face a reduction in UK consumer expenditure on clothing and knitwear which is likely to reduce UK retailers' autumn sales and result in a further slow down in their call-off pattern. However, the future level of sterling is important to us and the downward trend against the dollar and the major European currencies, if sustained, would be beneficial to us from the first half of 1990 onwards.

We are aware of and prepared for this situation and believe our programme for internal change and our greater penetration into overseas markets will enable us to continue our progress even in these more challenging conditions.

The business has made an encouraging start to the current financial year.

### People

I wish to thank all our employees for their dedication and efforts over the last 12 months. Forging a new culture is a major task and we have made important progress in this area. Progress has to be continuous and much remains to be done to achieve and sustain the level of performance we are seeking on behalf of our shareholders.

Our commitment to on-going management development and training for all employees is firm and has an important contribution to make towards the Company's future success. We attach great importance to employee motivation and as part of our continuous review of employee benefits we plan to up grade the life cover in the pension scheme and improve our long service awards scheme.

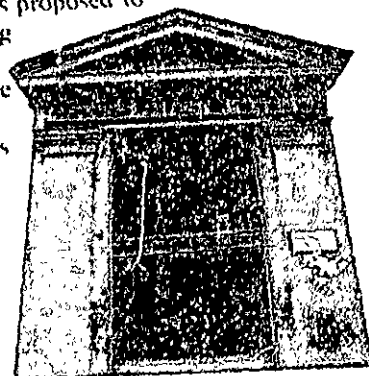
### Dividend

Now that we have made sufficient progress in revitalising the Hicking Pentecost Group and laying solid foundations for the future, I believe it is appropriate to review our dividend policy. Accordingly it is proposed to pay a 1 5p final dividend to bring the total for the year to 2 0p. This will then form the new base from which dividends can move forward in line with the progress of the business.

S J Hyde

Chairman

9th June 1989





## Dyeing and Finishing

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**H**icking Pentecost's dyeing and finishing business takes place on three UK sites — two in Nottingham and one in Northern Ireland

### **Queens Road, Nottingham**

At the main Nottingham operation, at Queens Road, the company processes knitted fabrics and laces ranging from the traditional Nottingham curtain and Leavers lace through to the most modern computerised jacquard lace and curtain machines. The company also dyes and finishes a wide variety of warp and weft knit fabric for leisure and dress wear and home furnishings

Over the last 12 months considerable emphasis has been placed on achieving increased flexibility from buildings, plant and people to make significant improvement, in both capacity and response times. This enables us to meet short term demands and opportunities and give our customers a competitive advantage over the longer import pipeline and the vertical operations.

Product development has been centred on achieving surface effects that give a higher value added

The Queens Road business is the largest wholly commission dyer and finisher of knitted fabric and laces in the United Kingdom and amongst the leading in the EEC

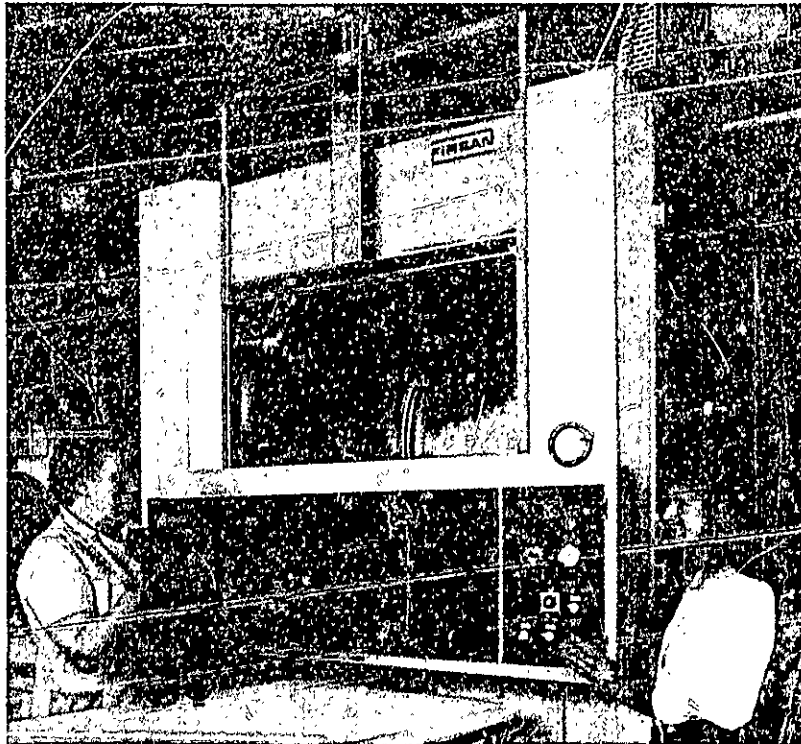
### **Bobbers Mill, Nottingham**

At Bobbers Mill in North Nottingham the company processes knitwear and footwear, principally made from wool.

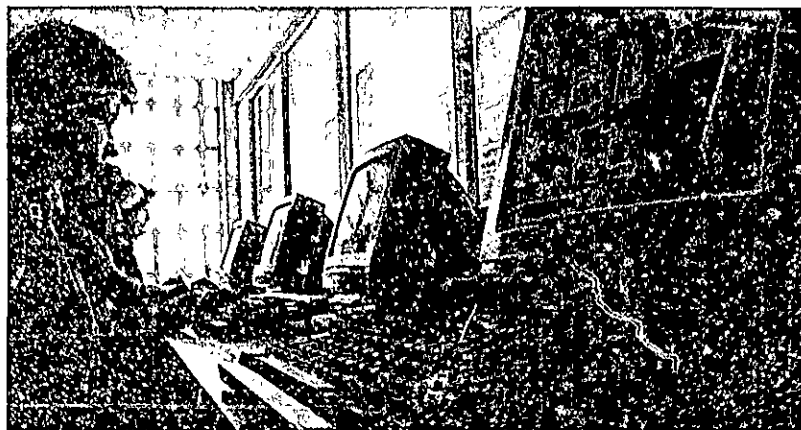
A large part of the work is from the Group's Knitwear division, but external customers are an important part of the business. The main focus is on improving quality and faster turnaround times with a considerable amount of progress having been made over the last twelve months

### **Ballymena, County Antrim**

In Northern Ireland, at Ballymena, the company dyes and finishes knitwear for the Group's Knitwear manufacturing operation at Ballymoney, and elastomeric fabrics for Elastic Knitting. The latter is a highly specialised area and the close working between the companies has helped this customer become a leader in this growth sector supplying stretch fabrics for the lingerie, swimwear and sportswear markets



*New Tumble Dryer at Ballymont*



*Queens Road Production Control*





## Knitwear

**T**

he Group's Knitwear Division operates under the

name of The British Textile Manufacturing Company Limited. It markets both internationally and in the UK a wide range of quality wool, cotton and synthetic fibre garments. In addition to our own highly-respected STRAVEN brand, major customers include some prestigious labels.

The division has production units at South Normanton in Derbyshire, Warsop, Nottinghamshire, Alford in Lincolnshire and Ballymoney in Northern Ireland.

Considerable emphasis has been placed on styling/design, to create more fashionable merchandise



which will appeal to the discerning consumer.

During the year, the basis has been laid for further growth and profit improvement. Development plans include greater volume sales both from existing and new market sectors; improved production efficiencies; greater style flexibility and improved delivery performance.

BTM has launched a comprehensive Total Quality Management programme, whose key objective is to ensure complete customer confidence through 'getting it right first time — every time'. This programme has already clearly identified major opportunities for improved customer service and cost savings.



Autumn 1989: MarshallHolly



Spring & Summer 1990. Stravenna/Mansana

STRAVEN  
ENGLAND



Francesco Pagura

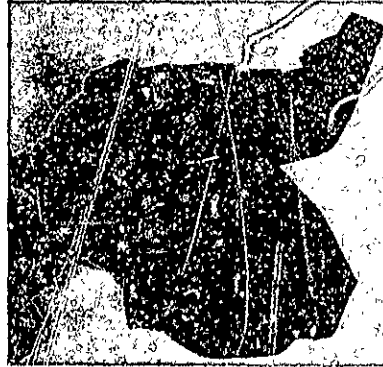


## Casual Wear

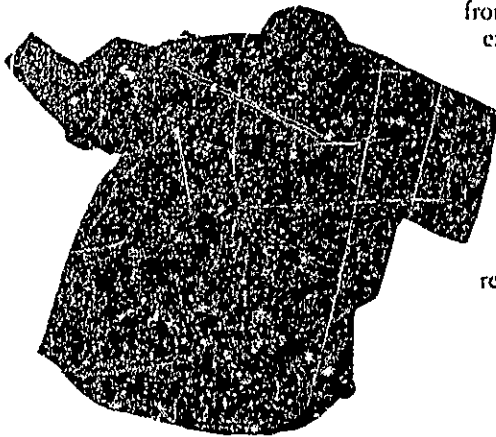
**T**he Group's recently acquired casual wear company — Realmtree Ltd — designs, sources and markets mens and ladies casual shirts and tops under its established brand NSC (National Shirt Company) and under the newly launched *Banana* label.

The company, based in Northamptonshire, has built a reputation for quality and style in the young fashion market and has become a recognised supplier to many of the leading high street retail chains.

The company's future success will come from its design expertise and sourcing through which it responds quickly to fashion trends and retail requirements.



Men's Denim shirt



Ladies Chambray shirt



Men's print shirt

## Directors' Report

The directors submit their annual report together with the audited accounts for the year ended 31st March 1989. These were approved by the board of directors on 9th June 1989.

### Principal Activities

The principal products and activities of the group during the year were the manufacture of knitted outerwear, the dyeing and finishing of these and other products and the design and merchandising of casual outerwear.

### Review of Business

A review of the business and likely future developments of the group is given in the chairman's statement.

The group results for the year, analysed by division, are as follows:

	1989 £'000	1988 £'000
Dyeing	633	661
Knitwear	90	(292)
Profit before taxation	723	369
Taxation	43	11
Profit after taxation	680	358
Dividends	128	32
Retained profit for the year	552	326

### Fixed Assets

The movement in fixed assets during the year is shown in note 8 to the accounts. The freehold and long leasehold properties of the group were professionally revalued during the year and the revaluation has been adopted in the accounts.

### Employees

The company pursues a policy of providing, wherever practicable, the same employment opportunities to disabled persons as to others.

### Charitable and Political Donations

Charitable donations during the year amounted to £580 and there were no political contributions.

### Close Company Provisions

The company is not a close company within the meaning of the Income and Corporation Taxes Act 1988.

### Directors

The present directors are shown on page three. In addition Mr A Evans who was a director throughout the year resigned on 9th June 1989. Mr S M Cravett was appointed a director on 8th June 1989.

Mr J R Tattersall retires by rotation and, being eligible, offers himself for re-election.



## Directors' Report

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Mr S M Gravett who was appointed as a director since the last annual general meeting retires and, being eligible offers himself for re-election. The unexpired portion of his service agreement at 9th June 1989 was two years.

The interests of the directors (all beneficial) in the issued ordinary stock units of the company at 31st March 1989 and 31st March 1988 according to the register kept by the company for the purposes of Section 325 of the Companies Act 1985 are shown below.

	Ordinary stock units	
	31st March 1989	31st March 1988
S J Hyde	55,000	50,000
J R Tattersall	8,000	5,000
J B Hamilton	2,500	2,500
A Evans	750	750
T M Harris	200	200

There were no changes in directors' stockholdings or options between 31st March 1989 and 9th June 1989. Changes subsequent to 9th June 1989 are shown on page 27.

### Transactions involving Directors' Interests

With the exception of service contracts none of the directors had a material interest at any time during the year in any significant contract of the company.

### Substantial Interests

The directors are aware of the following holdings of more than 5% in the issued capital of the company at 9th June 1989. Changes subsequent to 9th June 1989 are shown on page 27.

	%
Robertshaw Holdings	17.1
Touche Remnant & Co	7.2
Pearl Assurance PLC	5.3

### Auditors

The Auditors, Price Waterhouse, are willing to continue in office and a resolution proposing their re-election will be put to the annual general meeting.

### Special Business

The company will again request stockholders to authorise the directors to allot up to 5% of the nominal issued ordinary share capital of the company without previously offering any such stock to existing stockholders.

### Dividend

It is proposed to pay a 1.5p final dividend (payable 3rd October 1989 to stockholders on the register on 8th September 1989) to bring the total for the year to 2.0p (1988 0.5p).

S J Hyde

Chairman

9th June 1989

# Accounting Policies

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The group's accounting policies are as follows

## Basis of Accounting

The accounts have been prepared under the historical cost convention as modified by the revaluation of properties

## Basis of Consolidation

The consolidated accounts incorporate the accounts of the company and all its subsidiaries. The accounts of all subsidiaries are made up to the same date as those of the company and are prepared in accordance with group accounting policies. Goodwill arising on consolidation is written off against reserves in the year of acquisition.

## Turnover

Turnover represents net amounts receivable for goods sold and services rendered to external customers in the ordinary course of business.

## Government Grants

Government grants on capital expenditure are deducted from the cost of the relevant assets. Revenue grants are credited to operating profit in the same period in which the expenditure to which they relate is charged.

## Fixed Assets and Depreciation

The net cost or valuation including that for each asset held under finance leases is written off over the estimated life by providing depreciation on a straight line basis at the following annual rates:

Buildings	7% to 5%
Plant and equipment	6.25%, 10% and 20%

## Leases

Assets held under finance leases are capitalised as fixed assets. Interest is charged to the profit and loss account over the primary period of the lease. This policy has been adopted for the first time this year and the comparatives in the accounts have been altered to reflect the change in policy. Rentals under operating leases are charged against income when paid.

## Stock

Stock and work in progress are stated at the lower of cost, including a proportion of factory overheads, and net realisable value.

## Deferred Taxation

Deferred taxation is provided only to the extent to which it is considered to fall due for payment in the foreseeable future. No provision is made for any potential liability which might arise on disposals of properties at their revalued amounts.

## Research and Development

Research and development expenditure is written off as incurred.



## Group Profit and Loss Account

for the year ended 31st March 1989

	Note	1989 £'000	1988 £'000
Turnover			
UK		14,280	12,666
Overseas		<u>4,880</u>	<u>3,839</u>
	1	19,160	16,505
Cost of sales		<u>14,725</u>	<u>13,221</u>
Gross profit		4,435	3,284
Distribution costs		1,497	1,448
Administrative expenses		<u>1,832</u>	<u>1,289</u>
Operating profit		1,106	547
Interest payable	2	<u>383</u>	<u>178</u>
Profit on ordinary activities before taxation	3	723	369
Taxation on profit on ordinary activities	6	<u>43</u>	<u>11</u>
Profit for the financial year		680	358
Dividend	7	<u>128</u>	<u>32</u>
Retained profit for the year	16	<u><u>552</u></u>	<u><u>326</u></u>
Earnings per stock unit		<u><u>10.66p</u></u>	<u><u>5.61p</u></u>

# Group Balance Sheet

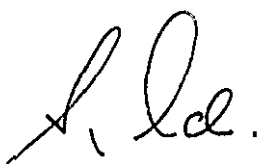
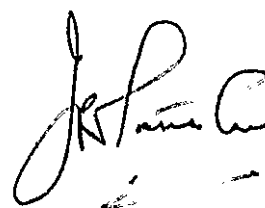
31st March 1989

	Note	1989 £'000	1988 £'000
Fixed assets			
Tangible assets	8	4,318	2,802
Investments			
Share in related companies	9	10	—
		<u>4,328</u>	<u>2,802</u>
Current assets			
Stock	10	3,550	3,265
Debtors	11	3,456	3,098
Cash		4	3
		<u>7,010</u>	<u>6,366</u>
Creditors: amounts falling due within one year	12	<u>5,711</u>	<u>3,663</u>
Net current assets		<u>1,299</u>	<u>2,703</u>
Total assets less current liabilities		<u>5,627</u>	<u>5,505</u>
Creditors: amounts falling due after more than one year	13	(354)	(380)
Provisions for liabilities and charges	14	<u>(100)</u>	<u>(72)</u>
		<u>5,173</u>	<u>5,053</u>
Capital and reserves			
Called up share capital	15	3,189	3,189
Reserves	16	<u>1,984</u>	<u>1,864</u>
		<u>5,173</u>	<u>5,053</u>

S J Hyde

J R Tattersall

} Directors





# Balance Sheet

31st March 1989

	Note	1989 £'000	1988 £'000
Fixed assets			
Tangible assets	8	4,297	2,802
Investments			
Shares in group companies	9	73	73
Shares in related companies	9	10	—
Loans to group companies	9	718	713
		<u>5,098</u>	<u>3,588</u>
Current assets			
Stock	10	3,226	3,265
Debtors	11	2,456	2,250
Cash		4	3
		<u>5,686</u>	<u>5,518</u>
Creditors: amounts falling due within one year	12	<u>5,027</u>	<u>4,496</u>
Net current assets		<u>659</u>	<u>1,022</u>
Total assets less current liabilities		5,757	4,610
Creditors: amounts falling due after more than one year	13	(354)	(380)
Provisions for liabilities and charges	14	<u>(10)</u>	<u>(72)</u>
		<u>5,393</u>	<u>4,158</u>
Capital and reserves			
Called up share capital	15	3,189	3,189
Reserves	16	<u>2,204</u>	<u>969</u>
		<u>5,393</u>	<u>4,158</u>

S J Hyde  
J R Tattersall

} Directors

# Source and Application of Funds

for the year ended 31st March 1989

	1989		1988	
	£'000	£'000	£'000	£'000
Source of funds				
Profit on ordinary activities before taxation		723		369
Depreciation less adjustments on disposal		243		297
Generated from operations		<u>966</u>		<u>666</u>
Funds from other sources				
Loans received		60		29
Disposal of fixed assets		280		131
		<u>1,306</u>		<u>826</u>
Application of funds				
Goodwill on acquisition of subsidiary		*1,615		—
Purchase of fixed assets		*856		598
Dividends		32		—
Purchase of shares in related company		10		—
Loan repayments		13		88
Movement in working capital				
Stock	*285		71	
Debtors	*358		366	
Creditors	*(718)		(214)	
Provisions	(28)		131	
		<u>(103)</u>		<u>354</u>
		<u>2,423</u>		<u>1,040</u>
(Increase) in net bank borrowings		<u>*(1,117)</u>		<u>(214)</u>

\*Summary of the effects on acquisition of Realmtree Ltd included above

	£'000
Fixed assets	55
Stocks	191
Debtors	271
Creditors	(823)
Overdraft	(268)
Fair value adjustment	(904)
Goodwill acquired	1,615
Cash paid	<u>137</u>

# Notes to the Accounts

<b>1 TURNOVER</b>	1989	1988
	£'000	£'000
Dyeing division	6,425	6,733
Knitwear division	10,932	9,772
Casual Wear division	1,803	—
	<u>19,160</u>	<u>16,505</u>
Overseas		
EEC	3,450	2,253
Scandinavia	1,186	1,116
North America	119	386
Other	125	84
	<u>4,880</u>	<u>3,839</u>
<b>2 INTEREST PAYABLE</b>		
Bank and other interest	347	142
Debenture	10	10
Finance leases	9	9
On loans falling due beyond five years	17	17
	<u>383</u>	<u>178</u>
<b>3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		
These figures are stated after charging/crediting		
Depreciation	416	379
Profits on disposal of fixed assets	173	96
Hire of plant and other equipment	233	190
Directors' remuneration — fees	3	3
— other emoluments	149	124
Audit fees	31	22
	<u>902</u>	<u>714</u>
<b>4 EMPLOYEES</b>		
Average number of persons employed		
Dyeing division	403	414
Knitwear division	520	515
Casual Wear division	16	—
	<u>939</u>	<u>929</u>
Staff costs during the year		
	£'000	£'000
Wages and salaries	6,272	6,048
Social security costs	501	441
Other pension costs	166	132
	<u>6,939</u>	<u>6,621</u>

# Notes to the Accounts

## 5 DIRECTORS' EMOLUMENTS

Emoluments (excluding pension contributions) of directors were as follows

	1989 £'000	1988 £'000
Chairman (and highest paid director)	58	51
Other directors:	Number	Number
£5,001 — £10,000	2	2
£25,001 — £30,000	—	1
£30,001 — £35,000	1	—
£35,001 — £40,000	—	1
£40,001 — £45,000	1	—

## 6 TAXATION

(a) The charge for the year comprises advance corporation tax written off (1988: £11,000).

(b) No provision has been made for deferred tax. The potential liability in terms of tax at 35% is as follows.

	1989		1988
	Group £'000	Company £'000	Group and Company £'000
Accelerated capital allowances	261	269	303
Short term timing differences	(19)	(18)	(89)
Losses available for offset	(66)	(66)	(197)
	<u>176</u>	<u>185</u>	<u>17</u>
ACT recoverable	(132)	(132)	(13)
	<u>44</u>	<u>53</u>	<u>4</u>

As properties are not held for the purposes of resale the potential deferred tax effect of disposing of properties at their revalued amounts has not been quantified.

Gross losses carried forward by the holding company amount to £190,000 (1988: £560,000). Losses carried forward by subsidiaries amount to £800,000 (1988: £Nil). There is recoverable advance corporation tax of £600,000 (1988: £560,000) available.

## 7 DIVIDENDS

	1989 £'000	1988 £'000
Interim declared 0.5p per stock unit (1988: nil)	32	—
Final proposed 1.5p per stock unit (1988: 0.5p)	96	32
	<u>128</u>	<u>32</u>

# Notes to the Accounts

## 8 TANGIBLE FIXED ASSETS

	Land and buildings		Plant and equipment	Total
(a) Group	Freehold	Long leasehold	£'000	£'000
COST OR VALUATION	£'000	£'000	£'000	£'000
At 1st April 1988 as previously reported:	1,748	50	4,836	6,634
Finance lease capitalisation	—	—	471	471
At 1st April 1988 re-stated	1,748	50	5,307	7,105
Additions	226	—	630	856
Disposals	(40)	—	(281)	(321)
Revaluation	894	2	—	896
At 31st March 1989	2,828	52	5,656	8,536
1989 valuation	2,828	52	—	2,880
Cost	—	—	5,656	5,656
DEPRECIATION				
At 1st April 1988 as previously reported	225	2	3,729	3,956
Finance lease capitalisation	—	—	347	347
At 1st April 1988 re-stated	225	2	4,076	4,303
Charge for year	59	1	356	416
Disposals	—	—	(214)	(214)
Revaluation	(284)	(3)	—	(287)
At 31st March 1989	—	—	4,218	4,218
NET BOOK AMOUNT				
At 31st March 1989	2,828	52	1,438	4,318
At 31st March 1988	1,523	48	1,231	2,802
(b) Company				
COST OR VALUATION				
At 1st April 1988 as previously reported	1,617	278	4,836	6,731
Finance lease capitalisation	—	—	471	471
At 1st April 1988 re-stated	1,617	278	5,307	7,202
Additions	226	—	523	749
Disposals	(39)	—	(237)	(276)
Revaluation	724	74	—	798
At 31st March 1989	2,528	352	5,593	8,473
1989 valuation	2,528	352	—	2,880
Cost	—	—	5,593	5,593

## Notes to the Accounts

### 8 TANGIBLE FIXED ASSETS *continued*

(b) Company	Land and buildings		Plant and equipment £'000	Total £'000
	Freehold £'000	Long leasehold £'000		
DEPRECIATION				
At 1st April 1988 as previously reported:	277	47	3,729	4,053
Finance lease capitalisation	—	—	347	347
At 1st April 1988 re-stated	277	47	4,076	4,400
Charge for year	49	10	335	394
Disposals	—	—	(235)	(235)
Revaluation	(326)	(57)	—	(383)
At 31st March 1989	<u>—</u>	<u>—</u>	<u>4,176</u>	<u>4,176</u>
NET BOOK AMOUNT				
At 31st March 1989	<u>2,528</u>	<u>352</u>	<u>1,417</u>	<u>4,297</u>
At 31st March 1988	<u>1,340</u>	<u>231</u>	<u>1,231</u>	<u>2,802</u>

All freehold and long leasehold land and buildings have been valued at 31st March 1989 by Chartered Surveyors on the basis of open market value for existing use and these valuations have been incorporated into the accounts.

The following amounts are included in respect of assets held under finance leases

	Group and Company Plant and Equipment	
	1989 £'000	1988 £'000
Cost	471	471
Depreciation brought forward	(347)	(309)
Charge for year	<u>(37)</u>	<u>(38)</u>
Net book amount	<u>87</u>	<u>124</u>

Capital expenditure authorised and committed by the directors but not provided for in these accounts was £226,000 (1988: £148,000) and authorised by the directors, but not committed totalled to £66,000 (1988: £8,000).

### 9 INVESTMENTS

	Group & Company Shares in related companies £'000	Company Shares in group companies £'000	Company Loans to group companies £'000
At 1 April 1988	—	73	713
Additions	10	137	368
Provisions	<u>—</u>	<u>(137)</u>	<u>(363)</u>
At 31st March 1989	10	73	718

# Notes to the Accounts

## 9 INVESTMENTS *continued*

The group acquired a 40% share in Maxilusta Limited in November 1988. Maxilusta Limited, which operates in the United Kingdom, is a processor of yarn whose allotted and fully paid share capital is £25,000. The directors regard the results of Maxilusta Limited for the period to 31st March 1989 as insignificant and the group's share of those results has not been included in the group accounts.

All subsidiary companies are wholly owned and are incorporated and operate in the United Kingdom.

- Hicking Pentecost (Dyers) Limited
- Hicking Pentecost & Co (NI) Limited
- The British Textile Manufacturing Company Limited
- Straven Exports Limited
- Realmtree Limited (acquired 5th April 1988)

Details of the non-trading subsidiaries will be included in the next annual return of the company.

## 10 STOCK

	1989		1988	
	Group £'000	Company £'000	Group £'000	Company £'000
Raw materials	564	532	497	497
Work in progress	1,460	1,460	1,492	1,492
Finished stock	<u>1,526</u>	<u>1,234</u>	<u>1,276</u>	<u>1,276</u>
	<u>3,550</u>	<u>3,226</u>	<u>3,265</u>	<u>3,265</u>

## 11 DEBTORS

	1989		1988	
Trade debtors	3,133	2,194	2,789	2,008
Other debtors	152	133	111	46
Prepayments	<u>171</u>	<u>129</u>	<u>198</u>	<u>196</u>
	<u>3,456</u>	<u>2,456</u>	<u>3,098</u>	<u>2,250</u>

## 12 CREDITORS: amounts falling due within one year

	1989		1988	
Bank overdraft	1,646	886	528	528
Trade creditors	2,207	1,625	1,871	1,843
Amounts owed to group companies	—	957	—	947
Corporation tax	54	54	11	11
Other taxation and social security	570	495	521	521
Other creditors	38	34	97	97
Accruals	1,013	832	590	504
Loans	55	16	13	13
Proposed dividend	<u>128</u>	<u>128</u>	<u>32</u>	<u>32</u>
	<u>5,711</u>	<u>5,027</u>	<u>3,663</u>	<u>4,496</u>

- The bank overdraft is secured by a fixed charge on the group's debtors, and on certain of the group's freehold properties and by a floating charge on the assets of the group.

## Notes to the Accounts

13 CREDITORS: amounts falling due after more than one year	Group and Company	
	1989 £'000	1988 £'000
8.5% Debenture Stock 1986/91	99	109
10.5% Mortgage loan	149	155
Secured loans	50	29
Finance lease creditors	56	87
	<u>354</u>	<u>380</u>
Due between 1 and 2 years	150	45
Due between 2 and 5 years	89	183
Due beyond 5 years	115	152
	<u>354</u>	<u>380</u>

The 8.5% Debenture Stock 1986/91 is repayable at par on 31st March 1991 or at the option of the company after 31st March 1986. Certain redemptions are required on an annual basis before the final redemption date under the provisions of the trust deed.

The secured interest free loans are repayable by twelve equal quarterly repayments commencing June 1990. They are secured by a fixed charge on the group's debtors and on certain of the group's freehold properties and a floating charge on the assets of the group.

The mortgage loan, secured on certain freehold property, is repayable by 30 half yearly payments which commenced August 1986.

14 PROVISIONS FOR LIABILITIES AND CHARGES	Group	Company
	£'000	£'000
At 1st April 1988	72	72
Established during the year	904	—
Utilised during the year	(876)	(62)
At 31st March 1989	<u>100</u>	<u>10</u>

Provisions established during the year related to the costs of reorganisation of Realmtree Limited, following its acquisition on 5th April 1988. The provisions were principally utilised to meet those costs, together with the trading losses of Realmtree Limited during the reorganisation period.

15 CALLED UP SHARE CAPITAL	1989		1988	
	Authorised £'000	Allotted and fully paid £'000	Authorised £'000	Allotted and fully paid £'000
Ordinary shares of 50p each	811	—	811	—
Ordinary stock units of 50p each	3,189	3,189	3,189	3,189
	<u>4,000</u>	<u>3,189</u>	<u>4,000</u>	<u>3,189</u>

During the year options were granted over 31,932 stock units at 70p. The options may be exercised between 1991 and 1998.



# Notes to the Accounts

## 15 CALLED UP SHARE CAPITAL *continued*

At 31st March 1989, options under the Senior Executive Stock Option Scheme were outstanding in respect of 311,932 stock units as follows.

Year of Grant	Latest date for exercise	Option price	Number of Stock Units
1985	13th December 1995	50p	80,000
1987	8th January 1997	50p	15,000
1987	2nd July 1997	52p	158,000
1988	7th January 1998	50p	27,000
1988	13th June 1998	70p	31,932

Outstanding stock options in respect of directors —

	31st March 1989		31st March 1988	
	at 50p and 52p	at 70p	at 50p and 52p	at 70p
S I Hyde	100,000	20,000	100,000	—
T M Harris	30,000	5,966	30,000	—
A Evans	30,000	5,966	30,000	—
J R Tattersall	—	—	—	—
J B Hamilton	—	—	—	—

There were no changes in directors' options between 31st March 1989 and 9th June 1989. Changes subsequent to 9th June 1989 are shown on page 27.

## 16 RESERVES

	Group		Company	
	Revaluation Reserve	Profit & Loss Account	Revaluation Reserve	Profit & Loss Account
At 1st April 1988	328	1,536	333	636
Retained profit for the year	—	552	—	52
Goodwill arising on consolidation	—	(1,615)	—	—
Revaluation	1,183	—	1,183	—
Realised on property disposals	(110)	10	(110)	10
At 31st March 1989	<u>1,501</u>	<u>483</u>	<u>1,506</u>	<u>698</u>
Total	<u>1,984</u>		<u>2,204</u>	

The revaluation reserve represents the unrealised surplus on revaluation of properties.

Under the provisions of Section 228 of the Companies Act 1985 no profit and loss account has been presented for the holding company.

## 17 EARNINGS PER STOCK UNIT

	1989 £'000	1988 £'000
The calculations of earnings per 50p Stock Unit are based on		
Profit after taxation	<u>680</u>	<u>358</u>
Weighted average number of Ordinary Stock Units in issue during the year	<u>6,378,619</u>	<u>6,378,619</u>

## Notes to the Accounts

### 18 LEASE COMMITMENTS


	Group and Company	
	1989	1988
	£'000	£'000
Operating lease rentals — included in hire of plant (note 3)	<u>217</u>	<u>158</u>
Commitments under operating leases to be paid next year where the commitments expire:		
Within that year	38	15
Within 2 to 5 years	<u>164</u>	<u>154</u>
	<u>202</u>	<u>169</u>
Net commitments under finance leases		
Payable within		
1 year	31	37
2 to 5 years	<u>56</u>	<u>87</u>
	<u>87</u>	<u>124</u>

### 19 PENSIONS

The group operates pension schemes covering full time permanent staff including executive directors. These schemes are financed through separate trustee administered funds. Contributions to these funds, which are charged to the profit and loss account, are based upon actuarial advice following the most recent valuation and overall are sufficient to provide for the benefits under the schemes as they become payable.

### 20 CONTINGENT LIABILITIES

In relation to the acquisition of Realmtree Limited there is a contingent liability which is dependent on the level of earnings during the period up to 31st March 1991. The maximum liability could be £689,000 in the event of the average net profit before tax of Realmtree for the best of two of the three accounting years ending 31st March 1991 equalling or exceeding £416,667. Any liability arising will be accounted for as part of the acquisition costs of Realmtree Limited.



## Auditors' Report

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To the Members of Hicking Pentecost PLC

We have audited the accounts on pages 13 to 25 in accordance with Auditing Standards

In our opinion the accounts give a true and fair view of the state of affairs of the company and the group at 31st March 1989 and of the profit and source and application of funds of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985

*Price Waterhouse*

Price Waterhouse  
Chartered Accountants

Nottingham

9th June 1989



## Financial Calendar

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Payment of interim dividend	April
Full year results preliminary announcement	June
Report and accounts published	August
Annual general meeting	September
Payment of final dividend	October
Publication of interim report	December

## Five year record

	1989	1988	1987	1986	1985
	£'000	£'000	£'000	£'000	£'000
Turnover	19,160	16,505	14,586	13,912	12,685
Operating profit/(loss)	1,106	547	365	263	164
Interest payable	383	178	212	247	316
Profit/(loss) on ordinary activities before taxation	723	369	153	16	(380)
Net assets					
Fixed assets	4,328	2,802	2,470	2,490	2,765
Net current assets	1,199	2,631	2,609	2,350	486
Long term finance	(354)	(380)	(352)	(266)	(116)
	<u>5,173</u>	<u>5,053</u>	<u>4,727</u>	<u>4,574</u>	<u>3,135</u>
Capital and reserves					
Called up share capital	3,189	3,189	3,189	3,189	1,276
Reserves	1,984	1,864	1,538	1,385	1,859
Stockholders' funds	<u>5,173</u>	<u>5,053</u>	<u>4,727</u>	<u>4,574</u>	<u>3,135</u>
Net earnings					
Per stock unit	10.66p	5.61p	2.40p	0.30p	(14.89p)
Dividend					
Net payment per stock unit	2.0p	0.5p	—	—	—
Net assets					
Per Stock Unit	81p	79p	74p	72p	123p

## Other Information

### Change in Directors' interests

Subsequent to 9th June 1989, Mr S M Gravett acquired 2,000 stock units on 14th June 1989 and was granted options in respect of 15,000 stock units on 17th July 1989 at a price of 119p per unit which may be exercised between 1992 and 1999. As a consequence of his resignation on 9th June 1989, the options of Mr A Evans lapsed except for 10,000 units at an option price of 50p.

### Changes in Substantial interests

Since 9th June 1989 there have been changes in the substantial interests. The directors are aware of the following holdings of more than 5% in the issued capital of the company at 17th July 1989

	%
J Lister & J Carlsen	17.1
Euro Investments Ltd	8.0
Pearl Assurance PLC	5.3
London and Manchester Investment Trust PLC	5.1
Touche Renmant & Co.	5.1

Mr Lister and Mr Carlsen are directors and significant shareholders in Euro Investments Ltd



## Notice of Meeting

Notice is hereby given that the forty-third annual general meeting of Licking Pentecost PLC will be held at the Charles Suite, Royal Hotel, Wollaton Street, Nottingham on Wednesday 6th September 1989 at 12 noon at which the following resolutions will be proposed

### Ordinary Business

- 1 to receive and adopt the report of the directors and the accounts for the year ended 31st March 1989 and the auditors' report thereon,
- 2 to declare a final dividend,
- 3 to re-elect the following director retiring by rotation,  
Mr J R Tattersall,
- 4 to re-elect the following director appointed on 8th June 1989,  
Mr S M Gravett,
- 5 to re-appoint the auditors, Price Waterhouse, and to authorise the directors to fix their remuneration

### Special Business

- 6 to consider and, if thought fit, to pass the following resolution as a special resolution
  - (a) Pursuant to the authority given to the directors at the annual general meeting of the company held on 10th September 1987 under Section 80 of the Companies Act 1985 the directors be empowered during the period ending on the date of the next annual general meeting or on 6th December 1990, whichever is the earlier, to allot equity securities wholly for cash
    - (i) in connection with a rights issue, and
    - (ii) otherwise than in connection with a rights issue, up to an aggregate nominal amount of £159,465.00
  - as if Section 89(1) of the said Act did not apply to any such allotment,
  - (b) by such power the directors may during such period make offers or agreements which would or might require the making of allotments after the expiry of such period, and
  - (c) for the purposes of this Resolution
    - (i) "rights issue" means an offer of equity securities open for acceptance for a period fixed by the directors to holders of equity securities on the register on a fixed record date in proportion to their respective holdings of such securities or in accordance with the rights attached thereto (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),
    - (ii) the nominal amount of any securities shall be taken to be, in the case of rights to subscribe for or convert any securities into shares of the company, the nominal amount of such shares which may be allotted pursuant to such rights, and
    - (iii) words and expressions defined in or for the purposes of Part IV of the said Act shall bear the same meanings herein

S M Gravett

Secretary

10th August 1989

Queen's Road,  
Nottingham NG2 3AT

### Notes.

A member of the company is entitled to appoint a proxy to vote in his stead and that proxy need not be a member of the company. A form of proxy is enclosed with the report. To be effective the form of proxy must be deposited, duly completed and signed, at the company's registered office not later than 11.45 a.m. on 5th September 1989.

Copies of all service agreements between directors and the company and a statement of transactions of directors (and their family interests) in the share capital of the company will be available for inspection at the registered office of the company during normal business hours on any weekday until the date of the meeting and will be available for 15 minutes before and during the meeting.