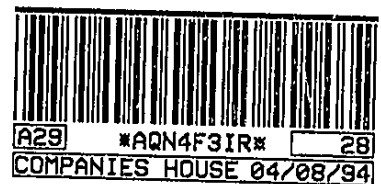


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Annual Report 1994

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Contents

Financial Highlights and Shareholder Information	2
Five Year Record	3
Chairman's Statement	4
Directors' Report	6
Directors and Advisers	10
Divisional Operations and Management	11
Directors' Responsibilities	12
Auditors' Report	12
Group Profit and Loss Account	13
Balance Sheets	14
Group Cash Flow Statement	15
Statement of Total Recognised Gains and Losses	16
Note of Historical Cost Profits and Losses	16
Movement in Shareholders' Funds	16
Accounting Policies	17
Notes to the Accounts	19
Notice of Meeting	33
Form of Proxy	35



Financial Highlights and Shareholder Information

Financial Highlights

Profit before tax – £3.44 million	up 21%
Earnings per share – 15.3p	up 18%
Dividends per share – 4.6p	up 15%

Shareholder Information

Payment of interim dividend	January
Full year results preliminary announcement	June
Report and accounts published	July
Annual general meeting	August
Payment of second interim or final dividend	August
Publication of interim report	December

Shareholder Enquiries

Shareholders who have questions relating to the group's business should contact the company at 16 Lambourne Crescent, Cardiff CF4 5GG.

Telephone: 0222 766744

Facsimile: 0222 747766

Registrar

Administrative enquiries concerning shareholdings in Hicking Pentecost PLC such as the loss of a share certificate, dividend payments, or a change of address should be directed, in the first instance, to the registrar whose address is:

Exchange Registrars Limited
18 Park Place
Cardiff CF1 3PD

Telephone: 0222 371210

Facsimile: 0222 388455

Correspondence with the registrar should refer to Hicking Pentecost PLC and state clearly the registered name and address of the shareholders.

Five Year Record

	1990 £'000	1991 £'000	1992 £'000	1993 £'000	1994 £'000
Turnover					
Continuing operations	17,783	21,079	24,598	29,506	35,438
Discontinued operation	1,171	—	—	—	—
	<u>18,954</u>	<u>21,079</u>	<u>24,598</u>	<u>29,506</u>	<u>35,438</u>
Operating (loss)/profit					
Continuing operations	75	1,589	2,389	2,963	3,527
Discontinued operation	(121)	—	—	—	—
	<u>(46)</u>	<u>1,589</u>	<u>2,389</u>	<u>2,963</u>	<u>3,527</u>
Net exceptional costs	(2,942)	—	—	—	—
(Loss)/profit before interest	(2,988)	1,589	2,389	2,963	3,527
Interest payable	579	807	219	110	84
(Loss)/profit before taxation	<u>(3,567)</u>	<u>782</u>	<u>2,170</u>	<u>2,853</u>	<u>3,443</u>
Taxation	43	92	547	718	912
(Loss)/profit after taxation	<u>(3,610)</u>	<u>690</u>	<u>1,623</u>	<u>2,135</u>	<u>2,531</u>
 Operating margin-continuing operations	 0.4%	 7.5%	 9.7%	 10.0%	 10.0%
 Earnings per share	 (56.6p)	 7.8p	 11.2p	 13.0p	 15.3p
 Dividends per share	 2.0p	 2.25p	 3.4p	 4.0p	 4.6p
 Employment of capital					
Fixed assets	4,273	7,408	7,561	8,190	8,979
Working capital	3,789	2,901	1,766	3,729	5,073
	<u>8,062</u>	<u>10,309</u>	<u>9,327</u>	<u>11,919</u>	<u>14,052</u>
 Capital employed					
Capital, reserves and minority	4,232	6,380	10,906	11,913	13,651
Net debt/(cash)	3,830	3,929	(1,579)	6	401
	<u>8,062</u>	<u>10,309</u>	<u>9,327</u>	<u>11,919</u>	<u>14,052</u>
 Return on average capital employed					
Continuing operations	1.0%	17.3%	24.3%	27.9%	27.2%
Capital expenditure	542	599	707	1,487	1,320
Depreciation	576	493	760	834	845



Chairman's Statement

I am delighted to report further substantial progress in the development of the group since my statement last year.

The financial result for the year ended 31 March 1994 and the acquisition of Barbour Campbell since the year end represent significant increases in the scale and geographic spread of our operations.

Results

In the year to 31 March 1994 group profit before taxation increased by 21 per cent to £3.44 million on turnover up 20 per cent to £35.4 million. After a tax charge of 26 per cent earnings per share grew by 18 per cent to 15.3p.

Dividend

Reflecting the continuing excellent results, the Board has declared first and second interim dividends of 1.55p and 3.05p respectively making a total of 4.6p per share for the year as a whole. This represents an increase of 15 per cent over last year's equivalent total of 4p.

The second interim dividend of 3.05p per share was declared on 28 April 1994 and replaces the final dividend. It will be paid on 4 August 1994 to shareholders on the register on 19 May 1994. The increased dividend is covered 3.3 times.

Operating Performance

The Textiles division made further excellent progress with sales up 13 per cent to £23.1 million and operating profit up 24 per cent to £2.88 million. Operating margin improved from 11.3 per cent to 12.5 per cent. These figures include Alan Paine, a knitwear business, which was acquired on 13 January 1994. Alan Paine's turnover from the date of acquisition to 31 March 1994 was £350,000 on which an operating loss of £136,000 was incurred, reflecting the seasonality of the business and reorganisation costs.

The Industrial Products division produced a slightly improved operating profit of £0.65 million, just ahead of last year on turnover of £12.3 million.

People

The Board fully appreciates the dedication and commitment of the group's management and staff, without whom the group's progress and results would not have been achieved. On behalf of the Board and shareholders, I thank them all.

Acquisitions

Alan Paine Knitwear Limited

On 13 January 1994 the group acquired, via a new subsidiary Alan Paine Knitwear Limited, a 75 per cent interest in the trading assets of Alan Paine Limited, a company that had been in administrative receivership since early December 1993. Alan Paine is a long established and highly regarded name in the manufacture of quality knitwear (principally gentlemen's knitwear) and is an excellent fit with the group's other knitwear businesses. Since its acquisition, the business has been concentrated at one location and its Autumn season order book is promising. The Board is therefore looking forward to a useful contribution to group turnover and profits.

Barbour Campbell Group Limited

On 25 May 1994 shareholders approved the acquisition of the entire issued share capital of Barbour Campbell Group Limited which is a well established manufacturer of a wide range of industrial threads sold to markets throughout the world. Full details of the transaction were sent to shareholders recently.

Chairman's Statement

The consideration for the acquisition is a maximum of £8.93 million, including deferred consideration of up to £3.6 million which is dependent on operating profit before interest and taxation of the businesses being acquired exceeding £2 million for the year ended 1 April 1994. Apart from £58,000 already paid in cash, the whole of the consideration is to be satisfied by the issue of new Hicking Pentecost PLC ordinary shares at 220p per share.

In acquiring the share capital of Barbour Campbell, the enlarged group assumed the net indebtedness of Barbour Campbell which, as at 31 March 1994, amounted to £11.2 million. The Board decided that it would be both sensible and prudent to reduce this level of indebtedness and accordingly a Placing and Open Offer of 4,128,081 Ordinary Shares at 210p each was completed following approval at the Extraordinary General Meeting held on 25 May 1994. The Placing has raised approximately £7.9 million (net of expenses) which has been utilised to repay a substantial part of Barbour Campbell's indebtedness.

The acquisition of Barbour Campbell represents a significant increase in the scale of Hicking Pentecost's business as the continuing industrial thread businesses of Barbour Campbell have annual turnover in the region of £31 million of which 70 per cent is exported to more than 50 countries. We believe that through the application of Hicking Pentecost's successful management techniques operating margins can be significantly improved and that the business, which has been constrained by high levels of indebtedness, can be developed further.

Current Trading and Outlook

It has been for some time a major strategic objective of the Board to make a large acquisition and this has now been achieved. Shareholders have also now seen four consecutive years of steady progress and rising profits. Our financial record coupled with the benefits expected from recent acquisitions, places the group in a position to continue to move strongly ahead.

As we enter the current year, order books are once again strong. We expect improvement this year in both textiles and industrial products with important contributions from Alan Paine Knitwear and Barbour Campbell.

The Board remains confident that the group will continue to generate good returns for shareholders.

Board Changes

When I became Chairman in December 1989, the group was loss-making. Since that time, the group has been restored to profitability and substantially expanded. It now has a strong balance sheet and a committed and proven management team. All the objectives which I set on my appointment have now been successfully met and I have therefore decided that it is time for me to retire from the Board and spend more time on the other interests with which I am involved. Accordingly, I will retire from the board at the conclusion of this year's Annual General Meeting.

Hamish Grossart, who has been a non-executive director since October 1991, will succeed me as Chairman.

John Lister
Chairman

15 June 1994



Directors' Report

The directors submit their annual report and audited accounts for the year ended 31 March 1994.

Principal Activities

The principal activities of the group are carried out by its Textiles and Industrial Products divisions.

Textiles comprises the manufacture of fully-fashioned knitwear and the dyeing and finishing of this and other products.

The Industrial Products division comprises the manufacture of glass reinforced polyester and steel water storage systems and forged components, and the manufacture and supply of ductile iron pipeline, valves and tools for cutting, drilling and testing equipment principally for the gas, water and waste treatment industries.

Business Review

The development of the group's business during the financial year and its position at 31 March 1994 are dealt with in the Chairman's statement.

Results and Dividends

The profit after tax for the year was £2,531,000. The board has declared a second interim dividend of 3.05p to bring the total for the year to 4.6p (1993: 4.0p). The second interim dividend will be paid on 4 August 1994 to shareholders on the register on 19 May 1994. The total dividend for the year will cost £760,000 leaving a transfer to reserves of £1,771,000.

Acquisitions

Details of the acquisition of Alan Paine are given in the Chairman's statement and note 11 to the accounts.

Directors

The directors during the year and their beneficial interest in the shares of the company were:

	Shares		Share Options	
	1994	1993	1994	1993
J T Lister	750,854	750,854	80,000	80,000
J E M Carlsen	750,854	750,854	130,000	130,000
T G Davies	615,433	615,433	202,000	202,000
C M Jones	61,000	61,000	147,000	147,000
H M Grossart	200	200	—	—

Mr H M Grossart, through family interests, increased his total shareholding to 75,250 shares with effect from 27 May 1994.

There were no other changes in directors' shareholdings or options between 31 March 1994 and 15 June 1994. Mr J T Lister and Mr J E M Carlsen are directors and significant shareholders of Euro Investments Limited which through its subsidiary Legibus Ten Limited held a further 712,704 shares at 31 March 1994 (unchanged since 31 March 1993).

Directors' Report

No director exercised nor was granted any share options during the year. Options granted to employees during the year were all priced at 186p per share. Further details of directors' options are set out in note 5 to the accounts. Save as disclosed above, no director had an interest during the year in any significant contract of the company or its subsidiaries. During the year the group maintained insurance providing liability cover for its directors and officers.

Re-Election

In accordance with the Articles of Association Mr H M Grossart retires by rotation and, being eligible, offers himself for re-election. Mr Grossart does not have a service contract.

Major Shareholdings

Other than the directors' shareholdings shown above, the company is aware of the following holdings of 3 per cent or more in the issued capital of the company at 15 June 1994.

	%
Scottish Amicable Nominees Limited	6.6
TR Smaller Companies Investment Trust PLC	6.5
Industrial Development Board for Northern Ireland	4.7
Mercury Asset Management Limited	4.6
Kleinwort Benson Investment Management Limited	4.1
Robert Fleming Nominees Limited	3.8
Abtrust Management Limited	3.6
Carrow Investments Limited	3.3
Pearl Assurance PLC	3.2
John Govett & Co. Limited	3.1

Annual General Meeting Resolutions

The company's Articles of Association provide for the shareholders giving the directors annually renewable authority to allot unissued shares, and in certain circumstances and subject to certain limits to disapply statutory pre-emption rights.


The current authority, which expires at this year's Annual General Meeting, gives the directors power to allot unissued shares amounting to approximately 10 per cent, and to disapply pre-emption rights in relation to approximately 5 per cent, of the issued share capital as at the date of the 1993 Annual General Meeting.

The directors seek renewal of such authority until the 1995 Annual General Meeting and the Ordinary and Special Resolutions in the Notice of Annual General Meeting deal with such renewal. The amounts stated in the Resolutions equal approximately 10 per cent and 5 per cent of the current issued share capital.

Corporate Governance

The Committee on The Financial Aspects of Corporate Governance has published a Code of Best Practice. The company complies with certain of the provisions of the committee's code of practice; it does not yet comply in respect of having an audit committee comprising three non-executive directors. However, the company has an audit committee comprising two non-executive directors and intends to add to this number in the future.

The company will consider its compliance with items 4.5 (effectiveness of the company's system of internal control) and 4.6 (directors to report that the business is a going concern) when the guidelines for those two areas have been finalised.



Directors' Report

The auditors, Price Waterhouse, have reviewed the group's compliance with the specified matters in the Code which the Cadbury Committee recommended that the auditors should review. They have reported to the board that they are of the opinion that it is appropriate for the directors to make the above statement.

The directors believe that the group has adequate internal controls and procedures. The directors also believe that it is entirely valid to consider the group as a going concern based on internal forecasts and available borrowing facilities.

Board of Directors

The Board of Directors comprises five directors, three executive and two non-executive. The board is responsible for the proper management of the group and has reserved certain items for its review. These include the approval of annual and interim results, business acquisitions and disposals as well as material agreements, major capital expenditures, budgets, bank facilities and senior executive appointments.

Board Committees

Certain matters are delegated by the Board of Directors to board committees. These committees include the Audit Committee and the Remuneration Committee whose members are the non-executive directors. John Lister is the Chairman of both committees.

Audit Committee

The Audit Committee deals with accounting, financial reporting and internal control matters. It reviews the annual and interim financial statements and also monitors proposed changes in accounting policy.

Remuneration Committee

The Remuneration Committee reviews and approves the annual salary, bonus arrangements and service agreements for the executive directors, taking into account the performance of the group and the individual. It is also responsible for the administration of the share option schemes of the group. Details of bonus arrangements are set out in note 5 to the accounts. The Remuneration Committee also approves options granted to executive directors.

Fixed Assets

The movement in fixed assets during the year is shown in note 9 to the accounts. The directors are of the opinion that the market value of the group's properties is not significantly different from the carrying value included within these accounts.

Group Structure

On 1 April 1993 the trading assets and liabilities of certain businesses of the Textiles division of Hicking Pentecost PLC were transferred to a new subsidiary, Hicking Pentecost Textiles Limited, with operations commencing on that day. During the year the Roban and Periquip businesses were merged under Roban's management. These changes, together with the transfer of certain investments within the group, have completed the simplification of the group structure.

Employee Involvement

Each business unit in the group is encouraged to make its employees aware of the financial and economic factors affecting its performance. Business units develop their own consultative policies such as regular management briefings.

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

Directors' Report

Charitable and Political Donations

Charitable donations during the year amounted to £1,250 and there were no political contributions.

Taxation Status

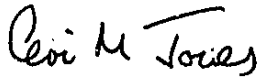
The company is not a close company within the meaning of the Income and Corporation Taxes Act 1988 and the position has not changed between 31 March 1994 and the date of this report.

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.

By Order of the Board

C M Jones
Secretary



15 June 1994



Directors and Advisers

John Thomas Lister
Non Executive Chairman

John Lister, aged 52, is a Chartered Accountant who with John Carlsen has successfully founded and built up two businesses subsequently sold to public companies. He is currently the Honorary Treasurer of the British Athletic Federation and joined the board of Hicking Pentecost in September 1989.

John Erik Marius Carlsen
Joint Chief Executive and Deputy Chairman

John Carlsen, aged 59, is an engineer who has designed, developed and marketed worldwide an aluminium low pressure diecasting process. Following the sale of this business he developed an alloy wheel casting process and was a major supplier to the UK and European automotive industry. John Carlsen joined the Hicking Pentecost board in September 1989.

Tudor Griffith Davies
Joint Chief Executive and Managing Director

Tudor Davies, aged 42, is a Chartered Accountant and former partner in corporate recovery of Arthur Young. He built up and subsequently sold an architectural ironmongery business to a public company. He has been closely involved with Hicking Pentecost since 1989 and joined the board in June 1990.

Ceri Marc Jones
Finance Director and Company Secretary

Ceri Jones, aged 34, is a Chartered Accountant. Following public practice experience with Peat Marwick and Arthur Young he has worked in industry since 1986. He was appointed Finance Director in 1990.

Hamish McLeod Grossart
Non Executive Director

Hamish Grossart, aged 37, is Chairman of EFT Group PLC, Ashley Group PLC and Scottish Highland Hotels Group Limited. He is also a non-executive director of Quality Care Homes PLC, British Thornton Holdings PLC and Scottish Radio Holdings PLC. He was previously a director of Noble Grossart and joined the board of Hicking Pentecost in 1991.

Auditors

Price Waterhouse

Solicitors

McGrigor Donald

Stockbrokers

Credit Lyonnais Laing
Allied Provincial Securities

Bankers

National Westminster Bank PLC
Lloyds Bank PLC

Actuaries

William M. Mercer Limited

Company Registration Number

406925

Registered Office

16 Lambourne Crescent
Cardiff Business Park
Llanishen
Cardiff CF4 5GG

Divisional Operations and Management

TEXTILES

Straven Ltd
Ball Hill
South Normanton
Derbyshire

Head of Operation
Keith White

Activity
Manufacturer of fully fashioned knitwear

The British Textile Manufacturing Co. Ltd
Ballymena Road
Ballymoney

Robert Francey

Manufacturer of fully fashioned knitwear

Alan Paine Knitwear Limited
New Road Industrial Estate
Ammanford

Leslie White

Manufacturer of fully fashioned knitwear

Hicking Pentecost (Dyers) Ltd
Queens Road
Nottingham

John Folman

Commission dyer and finisher of fabric, net curtain and lace

Hicking Pentecost (Dyers) Ltd
Bobbers Mill
Nottingham

Peter Crews

Garment dyer and finisher

Hicking Pentecost & Co. (NI) Ltd
Leighinmohr Works
Leighinmohr Avenue
Ballymena

Robert Francey

Commission dyer and finisher of garments and fabric

INDUSTRIAL PRODUCTS

Nicholson Plastics Ltd
Riverside Road
Kirkfieldbank
Lanark

Gordon Duff

Manufacturer of GRP (Glass reinforced polyester) water storage systems

HB Tanks Ltd
27/29 Thornleigh Trading Estate
Blowers Green
Dudley

Colin Shaw

Distributor of GRP and steel water storage systems

Forgemasters PLC
Garth Works
Taffs Well
Cardiff

Roger Meacham

Manufacturer of forged components and pressed steel tanks

Roban Ductile Welding Ltd
Faircharm Industrial Estate
Evelyn Drive
Leicester

John Bartram

Manufacture and supply of ductile iron pipelines, valves and associated fittings, and tools for cutting, testing and drilling equipment



Directors' Responsibilities

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

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

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

Auditors' Report

AUDITORS' REPORT TO THE SHAREHOLDERS OF HICKING PENTECOST PLC

We have audited the accounts on pages 13 to 32 which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and the accounting policies set out on pages 17 and 18.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

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

BASIS OF OPINION

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

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

OPINION

In our opinion the accounts give a true and fair view of the state of the company's and group's affairs as at 31 March 1994 and of the profit and cash flows 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
and Registered Auditors

Nottingham

15 June 1994

Group Profit and Loss Account

for the year ended 31 March 1994

	Notes	1994 £'000	1993 £'000
Turnover	1	35,438	29,506
Cost of sales		<u>24,959</u>	<u>21,184</u>
Gross profit		10,479	8,322
Distribution costs		2,655	2,085
Administrative expenses		<u>4,297</u>	<u>3,274</u>
Operating profit		3,527	2,963
Interest	2	<u>84</u>	<u>110</u>
Profit on ordinary activities before taxation	3	3,443	2,853
Taxation on profit on ordinary activities	6	<u>912</u>	<u>718</u>
Profit attributable to shareholders		2,531	2,135
Dividends	7	<u>760</u>	<u>660</u>
Retained profit	19	<u><u>1,771</u></u>	<u><u>1,475</u></u>
Earnings per share (actual tax)	8	<u>15.3p</u>	<u>13.0p</u>
Earnings per share (33% tax)	8	<u>14.0p</u>	<u>11.6p</u>

The notes on pages 19 to 32 form part of these accounts.



Balance Sheets

31 March 1994

	Notes	Group 1994 £'000	Group 1993 £'000	Company 1994 £'000	Company 1993 £'000
Fixed assets					
Tangible assets	9	8,979	8,190	2,862	4,599
Investments	10	—	—	15,913	8,852
		<u>8,979</u>	<u>8,190</u>	<u>18,775</u>	<u>13,451</u>
Current assets					
Stock	12	5,907	4,077	—	2,584
Debtors due within one year	13	7,179	6,611	384	3,856
Debtors due after one year	13	788	912	—	912
Cash at bank and in hand		3,362	4,123	408	2,442
		<u>17,236</u>	<u>15,723</u>	<u>792</u>	<u>9,794</u>
Creditors: amounts falling due within one year					
Borrowings	14	985	856	97	316
Other	14	8,753	7,502	874	4,429
		<u>9,738</u>	<u>8,358</u>	<u>971</u>	<u>4,745</u>
Net current assets/(liabilities)		<u>7,498</u>	<u>7,365</u>	<u>(179)</u>	<u>5,049</u>
Total assets less current liabilities		<u>16,477</u>	<u>15,555</u>	<u>18,596</u>	<u>18,500</u>
Creditors: amounts falling due after more than one year					
Borrowings	15	2,778	3,273	448	783
Other	15	—	—	6,054	4,412
		<u>2,778</u>	<u>3,273</u>	<u>6,502</u>	<u>5,195</u>
Provisions for liabilities and charges					
Deferred taxation	16	48	213	29	202
Other provisions	17	—	156	—	23
		<u>13,651</u>	<u>11,913</u>	<u>12,065</u>	<u>13,080</u>
Capital and reserves					
Called up share capital	18	8,256	8,220	8,256	8,220
Share premium account	18	1,820	1,818	1,820	1,818
Revaluation reserve	19	1,180	1,208	—	—
Profit and loss account	19	2,345	667	1,989	3,042
		<u>13,601</u>	<u>11,913</u>	<u>12,065</u>	<u>13,080</u>
Shareholders' funds		<u>13,601</u>	<u>11,913</u>	<u>12,065</u>	<u>13,080</u>
Minority interest		50	—	—	—
		<u>13,651</u>	<u>11,913</u>	<u>12,065</u>	<u>13,080</u>

Approved by the board of directors on 15 June 1994

On behalf of the board

C M Jones

C M Jones
Director

The notes on pages 19 to 32 form part of these accounts.

Group Cash Flow Statement

for the year ended 31 March 1994

	Notes	1994 £'000	1993 £'000
Net cash inflow from operating activities	22	2,573	3,532
Servicing of finance			
Net interest paid		(60)	(104)
Dividends paid		(692)	(583)
Net cash outflow from servicing of finance		(752)	(687)
Taxation paid		(385)	(197)
Net cash inflow before investing and finance		1,436	2,648
Investing activities			
Capital expenditure		(1,320)	(1,487)
Grants received		252	128
Purchase of businesses	22	(995)	(3,141)
Sale of plant		194	213
Net cash outflow from investing activities		(1,869)	(4,287)
Net cash outflow before financing		(433)	(1,639)
Financing			
Shares issued		38	54
Bank loans		678	2,193
Net hire purchase and finance lease facilities		(298)	180
Repayment of loans		(746)	(251)
Net cash (outflow)/inflow from financing		(328)	2,176
(Decrease)/increase in cash and cash equivalents	22	(761)	537

The notes on pages 19 to 32 form part of these accounts.



Statement of Total Recognised Gains and Losses

for the year ended 31 March 1994

	Group 1994 £'000	Group 1993 £'000	Company 1994 £'000	Company 1993 £'000
Profit/(loss) attributable to shareholders and total recognised gains and losses for the financial year	<u>2,531</u>	<u>2,135</u>	<u>(293)</u>	<u>2,150</u>

Note of Historical Cost Profits and Losses

for the year ended 31 March 1994

	Group 1994 £'000	Group 1993 £'000	Company 1994 £'000	Company 1993 £'000
Profit/(loss) before taxation	3,443	2,853	(15)	2,617
Difference between historical cost depreciation and actual depreciation charge calculated on the revalued amount	<u>28</u>	<u>13</u>	<u>—</u>	<u>—</u>
Historical cost profit/(loss) before tax	<u>3,471</u>	<u>2,866</u>	<u>(15)</u>	<u>2,617</u>
Historical cost retained profit/(loss)	<u>1,799</u>	<u>1,488</u>	<u>(1,053)</u>	<u>1,490</u>

Movement in Shareholders' Funds

for the year ended 31 March 1994

	Group 1994 £'000	Group 1993 £'000	Company 1994 £'000	Company 1993 £'000
Profit/(loss) for the financial year	2,531	2,135	(293)	2,150
Dividends	(760)	(660)	(760)	(660)
Goodwill on acquisitions	66	(610)	—	—
Goodwill adjustments	(201)	88	—	—
Currency movement	14	—	—	—
Shares issued (net of expenses)	<u>38</u>	<u>54</u>	<u>38</u>	<u>54</u>
Opening shareholders' funds	<u>1,688</u>	<u>1,007</u>	<u>(1,015)</u>	<u>1,544</u>
	<u>11,913</u>	<u>10,906</u>	<u>13,080</u>	<u>11,536</u>
Closing shareholders' funds	<u>13,601</u>	<u>11,913</u>	<u>12,065</u>	<u>13,080</u>

Accounting Policies

Basis of Accounting

The accounts are prepared under the historical cost convention as modified by the revaluation of land and buildings and in accordance with applicable accounting standards.

Basis of Consolidation

The consolidated accounts comprise 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.

Accounting for Acquisitions

The results of acquisitions are incorporated in the consolidated accounts from the date of acquisition. On acquisition, the purchase consideration is allocated over assessed fair values of net assets acquired and goodwill. Adjustments are also made to bring the accounting policies of businesses acquired into alignment with those of the group. The amounts attributed to goodwill are written off against revenue 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.

Fixed Assets and Depreciation

The cost or valuation of fixed assets, including those held under finance leases and hire purchase agreements, is written off over the estimated useful life of the asset by providing depreciation on a straight line basis at the following annual rates:

Freehold buildings	2% to 7%
Leasehold buildings	Over the period of the lease
Plant and equipment	6.25% to 33%

Leased Assets

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. Rentals under operating leases are charged against income as incurred.

Grants

Grants on capital expenditure are treated as deferred income and released to profit and loss account over the life of the asset to which they relate. Revenue grants are credited to operating profit in the same period in which the expenditure to which they relate is charged.

Stock

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

Research and Development

Research and development expenditure is written off as incurred.

Investments

Investments held as fixed assets are stated at cost less provision for permanent diminution in value.

Foreign Currencies

Foreign currency assets and liabilities are expressed in sterling at exchange rates ruling at the year end. Transactions in the normal course of business are expressed at the rates ruling at the dates of the transactions.



Accounting Policies

Pensions

The group operates a defined benefit pension scheme for certain of its employees. The scheme is funded by contributions partly from the employees and partly from the group at rates in accordance with the advice of independent actuaries following regular valuations.

Pension costs are charged to the profit and loss account over the anticipated working lives of the pension scheme members currently in service.

Deferred Taxation

Deferred taxation is provided on timing differences only to the extent to which it is considered likely to fall due for payment in the foreseeable future. Full deferred tax provision is made for timing differences arising on pensions. No provision is made for any potential liability which might arise on disposal of properties at their revalued amounts.

Notes to the Accounts

1 ANALYSIS OF TURNOVER, PROFIT AND NET ASSETS

Turnover and operating profit

	Textiles		Industrial Products		Total	
	1994 £'000	1993 £'000	1994 £'000	1993 £'000	1994 £'000	1993 £'000
Turnover	23,089	20,510	12,349	8,996	35,438	29,506
Operating profit	2,875	2,319	652	644	3,527	2,963
Interest payable					(84)	(110)
Profit before taxation					3,443	2,853

Net assets

	Textiles		Industrial Products		Total	
	1994 £'000	1993 £'000	1994 £'000	1993 £'000	1994 £'000	1993 £'000
Net assets	10,953	8,201	5,592	5,116	16,545	13,317
Financing and head office					(2,894)	(1,404)
					13,651	11,913

Financing and head office comprises group, financing assets and liabilities and minority interest.

Turnover by destination

	1994 £'000	1993 £'000
United Kingdom	28,222	23,538
Other EC countries	4,240	3,373
Other European countries	2,278	2,227
Rest of the world	698	368
	35,438	29,506

Geographical location

With the exception of amounts attributable to Alan Paine GmbH, which are considered immaterial in this context, all the group's turnover and profit arise from and all assets and liabilities are located in the United Kingdom.

2 INTEREST

	1994 £'000	1993 £'000
Bank and other borrowings wholly repayable within 5 years	171	36
Finance leases and hire purchase agreements	41	71
Loans not wholly repayable within 5 years	53	76
Interest receivable	(181)	(73)
	84	110



Notes to the Accounts

3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

These figures are stated after charging/(crediting):

	1994 £'000	1993 £'000
Depreciation	845	834
Profit on disposal of fixed assets	(2)	(26)
Hire of plant and equipment	32	36
Other operating leases	200	178
Audit fees	51	47
Income from grants	(222)	(215)

Non audit fees paid to Price Waterhouse during the year amounted to £16,500 (1993: £9,000).

4 EMPLOYEES

Average number of persons employed:	1994	1993
Textiles	778	726
Industrial Products	153	155
	<u>931</u>	<u>881</u>

Staff costs during the year:	1994 £'000	1993 £'000
Wages and salaries	10,632	9,262
Social security costs	920	772
Other pension costs	148	112
	<u>11,700</u>	<u>10,146</u>

5 DIRECTORS' EMOLUMENTS

Total Remuneration	1994 £'000	1993 £'000
Fees as directors	7	—
Salaries and other benefits	279	270
Performance related pay	91	56
	<u>377</u>	<u>326</u>
Pension contributions	24	25
	<u>401</u>	<u>351</u>

	1994 £'000	1993 £'000
Chairman—salary	<u>52</u>	<u>51</u>
Highest paid director		
Salary and other benefits	85	82
Performance related pay	<u>35</u>	<u>19</u>

Notes to the Accounts

5 DIRECTORS' EMOLUMENTS continued

Other directors:

	Number	Number
£10,001 — £15,000	—	1
£15,001 — £20,000	1	—
£70,001 — £75,000	—	1
£85,001 — £90,000	1	1
£95,001 — £100,000	1	—

The company provided no pension contributions on behalf of the Chairman and £14,000 on behalf of the highest paid director. Executive directors' performance related pay was determined by growth in earnings per share above a base threshold.

Full details of share options held by the directors are set out below:

Director	Number of options	Exercise price	Date first exercisable	Expiry date
J T Lister	30,000	72p	1 August 1993	1 August 2000
	50,000	75p	29 July 1994	29 July 2001
J E M Carlsen	30,000	72p	1 August 1993	1 August 2000
	50,000	75p	29 July 1994	29 July 2001
	50,000	142p	14 July 1995	14 July 2002
T G Davies	30,000	72p	1 August 1993	1 August 2000
	72,000	74p	8 July 1994	8 July 2001
	50,000	75p	29 July 1994	29 July 2001
	50,000	142p	14 July 1995	14 July 2002
C M Jones	72,000	74p	8 July 1994	8 July 2001
	50,000	75p	29 July 1994	29 July 2001
	25,000	142p	14 July 1995	14 July 2002
Total	559,000			

Options by exercise price:

72p	90,000
74p	144,000
75p	200,000
142p	125,000
Total	559,000

The market price of Hicking Pentecost PLC ordinary shares at 31 March 1994 was 245p (31 March 1993: 165p).



Notes to the Accounts

6 TAXATION

	1994 £'000	1993 £'000
UK corporation tax at 33%	1,180	943
Overprovision in prior years	(53)	(69)
Surplus advance corporation tax reinstated	(217)	(400)
Deferred tax	2	244
	<u>912</u>	<u>718</u>

The tax charge for the year has been reduced by the reinstatement of advance corporation tax previously written off. There remains recoverable advance corporation tax of £19,000 not yet reinstated.

7 DIVIDENDS

	1994 £'000	1993 £'000
First interim paid 1.55p per share (1993: 1.35p)	256	224
Second interim declared 3.05p per share (1993: nil)	504	—
Final proposed nil per share (1993: 2.65p)	—	436
	<u>760</u>	<u>660</u>

8 EARNINGS PER SHARE

The calculation of earnings per share is based on:

	1994 £'000	1993 £'000
Profit after taxation	<u>2,531</u>	<u>2,135</u>
Weighted average number of shares in issue during the year	<u>16,498,995</u>	<u>16,415,326</u>

There is no material difference between fully diluted and undiluted earnings per share. At 31 March 1994 there were 16,512,325 ordinary shares in issue (1993: 16,440,359).

ADJUSTED EARNINGS PER SHARE

Earnings per share have been adjusted to show the group's earnings after a 33% corporation tax charge:

	1994 £'000	1993 £'000
Profit on ordinary activities before tax	3,443	2,853
Taxation at 33%	<u>1,136</u>	<u>942</u>
Adjusted profit attributable to shareholders	<u>2,307</u>	<u>1,911</u>
Adjusted earnings per share	<u>14.0p</u>	<u>11.6p</u>

Notes to the Accounts

9 TANGIBLE FIXED ASSETS GROUP

	Land and buildings		Plant and equipment	Total
	Freehold	Short leasehold		
Cost or valuation	£'000	£'000	£'000	£'000
At 1 April 1993	5,507	52	9,223	14,782
On acquisition	—	—	511	511
Additions	164	—	1,156	1,320
Disposals	(165)	—	(135)	(300)
At 31 March 1994	5,506	52	10,755	16,313
1989 valuation	2,759	52	—	2,811
Cost	2,747	—	10,755	13,502
Depreciation				
At 1 April 1993	289	4	6,299	6,592
On acquisition	—	—	5	5
Charge for the year	66	1	778	845
Released on disposal	(7)	—	(101)	(108)
At 31 March 1994	348	5	6,981	7,334
Net book amount				
At 31 March 1994	5,158	47	3,774	8,979
At 1 April 1993	5,218	48	2,924	8,190

On a historical cost basis, freehold land and buildings would be included at a net book amount of £3,992,000 (1993: £4,011,000). Assets held on hire purchase agreements and finance leases are included in plant and equipment at a cost of £1,409,000 (1993: £1,501,000) and accumulated depreciation of £833,000 (1993: £702,000). Depreciation charged on these assets during the year amounted to £171,000 (1993: £177,000).

COMPANY

	Land and buildings		Plant and equipment	Total
	Freehold	Short leasehold		
Cost	£'000	£'000	£'000	£'000
At 1 April 1993	2,948	52	7,069	10,069
Additions	164	—	31	195
Transfer to group company	(45)	—	(6,976)	(7,021)
Disposals	—	—	(24)	(24)
At 31 March 1994	3,067	52	100	3,219
Depreciation				
At 1 April 1993	260	4	5,206	5,470
Charge for the year	51	1	23	75
Transfer to group company	(2)	—	(5,174)	(5,176)
Released on disposal	—	—	(12)	(12)
At 31 March 1994	309	5	43	357
Net book amount				
At 31 March 1994	2,758	47	57	2,862
At 1 April 1993	2,688	48	1,863	4,599

The company holds no assets under hire purchase or finance lease agreements.



Notes to the Accounts

10 INVESTMENT IN GROUP COMPANIES

	Shares £'000	Loans £'000	Total £'000
At 1 April 1993	7,830	1,022	8,852
Additions	2,294	6,017	8,311
Repayments	—	(396)	(396)
Disposals	(2)	—	(2)
Provisions	(852)	—	(852)
At 31 March 1994	<u>9,270</u>	<u>6,643</u>	<u>15,913</u>

The cumulative amount provided against the cost of shares is £852,000 (1993: £nil). The cumulative amount provided against loans is £1,969,000 (1993: £1,969,000).

The main subsidiary companies are listed below.

	Country of operation	Effective % of issued share capital held
Textiles		
Hicking Pentecost Textiles Limited	England	100%
Hicking Pentecost (Dyers) Limited	England	100%
Hicking Pentecost & Co (NI) Limited	Northern Ireland	100%
The British Textile Manufacturing Company Limited	England	100%
Straven Limited	England	100%
Alan Paine Knitwear Limited	Wales	75%
Alan Paine GmbH*	Germany	75%
Industrial Products		
Nicholson Plastics Limited	Scotland	100%
HB Tanks Limited	England	100%
Forgemasters PLC	Wales	100%
Garth Estates Limited	Wales	100%
Roban Ductile Welding Limited	England	100%

For all companies the country of incorporation or registration is the same as the country of operation.

The effective percentage of share capital held by the group relates to all classes of shares and is equivalent to the voting rights.

To avoid a list of excessive length, particulars of certain subsidiaries, none of which is material in relation to the group profit and loss account and balance sheet, are omitted but will be included in the 1994 Annual Return.

*held by a subsidiary undertaking.

Notes to the Accounts

11 ACQUISITIONS

On 13 January 1994 the group acquired, through its 75 per cent owned subsidiary Alan Paine Knitwear Limited, the trading assets and business of Alan Paine Limited from the receiver of that company. The total consideration was £1,158,000 which has been settled in cash. The principal fair value adjustments are the application of group accounting policies to fixed assets, stock, debtors and trade and sundry creditors.

	Book Value £'000	Adjustments £'000	Fair Value £'000
Tangible fixed assets	511	(5)	506
Stock	628	(80)	548
Debtors	186	(58)	128
Deferred taxation	—	68	68
Cash	113	—	113
Trade and sundry creditors	(139)	—	(139)
Net assets acquired	<u>1,299</u>	<u>(75)</u>	<u>1,224</u>
Goodwill (note 19)			(66)
Consideration			<u>1,158</u>
Net cash consideration paid (note 22)			<u>995</u>

In the period 13 January 1994 to 31 March 1994 Alan Paine Knitwear Limited incurred an operating loss of £136,000 reflecting the seasonal nature of the business and start up costs. Unaudited accounts of Alan Paine Limited for the year ended 30 June 1993 show sales of £7.99 million and operating profits of £367,000 before interest of £424,000 and exceptional costs of £778,000 relating to a factory closure.

ALAN PAINE KNITWEAR LIMITED - OPTION ARRANGEMENTS

Hicking Pentecost PLC owns 75 per cent of the issued share capital of Alan Paine Knitwear Limited, the remaining 25 per cent being held by three directors of that company (none of whom is a director of Hicking Pentecost PLC).

Hicking Pentecost PLC and the minority shareholders in Alan Paine Knitwear Limited have entered into option arrangements whereby Hicking Pentecost PLC will acquire no later than 1997 the minority shareholders' 25 per cent holding for a maximum cash consideration of £1 million.

Consideration is dependent on the profits of Alan Paine Knitwear Limited and its subsidiary Alan Paine GmbH for the period 13 January 1994 to 31 March 1997.

DEFERRED CONSIDERATION

Save as referred to above no consideration remains payable in respect of any acquisitions made in the year to 31 March 1994 or earlier years. A maximum further all share consideration of £3.6 million is payable to the vendors of Barbour Campbell Group Limited acquired on 27 May 1994. Further details are contained in note 24 to the accounts.



Notes to the Accounts

12 STOCK

	1994 Group £'000	1993 Group £'000	1994 Company £'000	1993 Company £'000
Raw materials	1,226	802	—	442
Work in progress	1,761	1,342	—	1,227
Finished stock	2,920	1,933	—	915
	<u>5,907</u>	<u>4,077</u>	<u>—</u>	<u>2,584</u>

13 DEBTORS

	1994 Group £'000	1993 Group £'000	1994 Company £'000	1993 Company £'000
Due within one year				
Trade debtors	6,585	6,178	—	3,474
Other debtors	429	149	147	63
Prepayments	144	284	7	216
Recoverable ACT	21	—	—	—
Due from group companies	—	—	230	103
	<u>7,179</u>	<u>6,611</u>	<u>384</u>	<u>3,856</u>
Due after one year				
Pension fund prepayment	<u>788</u>	<u>912</u>	<u>—</u>	<u>912</u>

14 CREDITORS: amounts falling due within one year

	1994 Group £'000	1993 Group £'000	1994 Company £'000	1993 Company £'000
Bank and other loans (note 15)	722	520	53	80
Loan notes (note 15)	44	44	44	44
Hire purchase and leasing	219	292	—	192
Trade creditors	3,959	3,463	50	1,716
Other taxation and social security	859	918	13	618
Other creditors	824	262	3	179
Accruals and deferred income	1,488	1,810	304	1,258
Corporation tax	1,119	612	—	221
Proposed dividend	504	437	504	437
	<u>9,738</u>	<u>8,358</u>	<u>971</u>	<u>4,745</u>

Notes to the Accounts

15 CREDITORS: amounts falling due after more than one year

	1994 Group £'000	1993 Group £'000	1994 Company £'000	1993 Company £'000
Bank loans	2,035	2,182	102	123
Other loans	285	391	—	106
Hire purchase and leasing	112	337	—	191
Loan notes	346	363	346	363
Due to group companies	—	—	6,054	4,412
	<u>2,778</u>	<u>3,273</u>	<u>6,502</u>	<u>5,195</u>
Due between 1 and 2 years	926	774	97	263
Due between 2 and 5 years	1,389	1,722	351	277
Due beyond 5 years	463	777	6,054	4,655
	<u>2,778</u>	<u>3,273</u>	<u>6,502</u>	<u>5,195</u>

BANK FACILITIES

Bank facilities are secured by fixed and floating charges on the group's assets and by legal mortgages on certain of the group's properties. Bank loans include £1.4 million repayable in monthly instalments by October 1997 with interest linked to National Westminster Bank PLC's base rate.

The group also has a bank loan of £626,000 with interest linked to Lloyds Bank PLC's base rate. Monthly capital repayments commenced in July 1993 and full repayment is to be made over 20 years from that date.

OTHER LOANS

Other loans amounting to £285,000 (1993: £423,000) have interest fixed at 11 per cent with capital repayments commencing in October 1995 and full repayment by October 1998. The remaining loan is secured by a charge on certain group assets.

LOAN NOTES

Loan notes carry interest at 1 per cent under National Westminster Bank base rate and are repayable in annual instalments of up to £44,000.

HIRE PURCHASE AND FINANCE LEASES

There are no finance lease or hire purchase agreements which expire after more than 5 years.

BORROWING POWERS

The borrowing powers of the directors are limited to twice the group's Adjusted Capital and Reserves, as defined in the Articles of Association. At 31 March 1994 the limit was £27.2 million (1993: £23.8 million).



Notes to the Accounts

16 DEFERRED TAXATION

The movement on the deferred taxation provision is as follows:

	Group £'000	Company £'000
At 1 April 1993	213	202
On acquisition	(68)	—
Arising on goodwill adjustments	(99)	—
Transfer to group company	—	(306)
Charge for the year	2	133
At 31 March 1994	48	29

The deferred taxation provision comprises:

Group	Amount provided		Total potential liability	
	1994 £'000	1993 £'000	1994 £'000	1993 £'000
Accelerated capital allowances	245	250	397	250
Timing difference on pension fund	306	338	306	338
Short term timing differences	(358)	(173)	(358)	(173)
Surplus ACT available for offset	(19)	(76)	(19)	(76)
Less: Current ACT recoverable	(126)	(126)	(126)	(126)
	48	213	200	213

Company	Amount provided and total potential liability	
	1994 £'000	1993 £'000
Accelerated capital allowances	175	171
Timing difference on pension fund	—	338
Short term timing differences	(4)	(105)
Surplus ACT available for offset	(16)	(76)
Less: Current ACT recoverable	(126)	(126)
	29	202

Properties are not held for the purpose of resale. The potential deferred tax effect of disposal at their revalued amounts has not been quantified.

Notes to the Accounts

17 OTHER PROVISIONS

	Acquisition provisions £'000	Other provisions £'000	Group £'000	Company £'000
At 1 April 1993	133	23	156	23
Utilised	(133)	(23)	(156)	—
Transfer to group company	—	—	—	(23)
At 31 March 1994	—	—	—	—

No acquisition provisions have been released or applied for any purpose other than that for which they were established.

18 CALLED UP SHARE CAPITAL

	1994		1993	
	Authorised £'000	Allotted and fully paid £'000	Authorised £'000	Allotted and fully paid £'000
Ordinary shares of 50p each	11,000	8,256	11,000	8,220

Options were exercised over 71,966 shares at prices ranging between 50p and 70p during the year. Further options were granted over 46,000 shares at 186p and these may be exercised between 1996 and 2003. At 31 March 1994 options outstanding under the Senior Executive Share Option Scheme were as follows:

Year of Grant	Latest date for exercise	Option Price	No. of Shares
1987	2 July 1997	52p	15,000
1988	13 June 1998	70p	20,000
1990	1 August 2000	72p	90,000
1991	8 July 2001	74p	144,000
1991	29 July 2001	75p	237,000
1991	30 July 2001	75p	15,000
1992	14 July 2002	142p	190,000
1993	19 July 2003	186p	46,000
			<u>757,000</u>

SHARE PREMIUM ACCOUNT

	£'000
At 1 April 1993	1,818
Premium on shares issued this year	2
At 31 March 1994	<u>1,820</u>



Notes to the Accounts

19 RESERVES

	Group	Company
	Revaluation Reserve £'000	Profit and Loss Account £'000
At 1 April 1993	1,208	3,042
Profit/(loss) for the year	—	(1,053)
Revaluation transfer	(28)	—
Goodwill on acquisition (note 11)	—	—
Additional goodwill	—	—
Currency movement	—	14
At 31 March 1994	<u>1,180</u>	<u>2,345</u>

Under the provisions of section 230 of the Companies Act 1985 no profit and loss account has been presented for the holding company. The loss dealt with in the accounts of the holding company is £293,000 (1993: Profit £2,150,000).

The additional goodwill arises following a reassessment of the fair values arising from the acquisition of Roban Ductile Welding and Periquip Services in the year ended 31 March 1993.

The cumulative amount of goodwill written off in respect of acquisitions at 31 March 1994 was £2,303,000 (1993: £2,168,000).

20 COMMITMENTS

Capital commitments

	Group		Company	
	1994 £'000	1993 £'000	1994 £'000	1993 £'000
Contracted for but not provided	144	—	3	—
Authorised but not yet contracted	<u>—</u>	<u>125</u>	<u>—</u>	<u>101</u>

Commitments under operating leases

Annual commitments payable under non-cancellable operating leases expiring:

	Land and Buildings		Plant and Equipment		Plant and Equipment	
	Group 1994 £'000	Group 1993 £'000	Group 1994 £'000	Group 1993 £'000	Company 1994 £'000	Company 1993 £'000
Within 1 year	—	22	—	38	—	19
Between 1 and 5 years	130	80	143	112	—	74
In over 5 years	55	55	—	—	—	—
	<u>185</u>	<u>157</u>	<u>143</u>	<u>150</u>	<u>—</u>	<u>93</u>

Notes to the Accounts

21 PENSIONS

The group operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the group in a trustee administered fund. Contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method and are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the group.

The most recent actuarial valuation was prepared at 6 April 1991 and showed that the market value of the scheme's assets was £5.8 million and that the actuarial value of those assets represented 124 per cent of the benefit that had accrued to members after allowing for expected future increases in earnings. The principal actuarial assumptions used were that investment returns would be 9 per cent per annum and dividend growth 4.5 per cent, that salary increases would average 7.5 per cent per annum and that present and future pensions would increase at the rate of 3 per cent per annum.

In view of the surplus disclosed by the valuation, the actuaries recommended that no contributions be paid by the group into the scheme from 6 April 1991 until the next actuarial valuation which is currently being prepared.

SSAP 24 requires the fund to be valued on a reasonable best estimate basis rather than using the overall more prudent assumptions used by the trustees in funding the scheme. In accounting for pension costs the principal assumptions used were investment returns would be 10 per cent per annum and dividend growth 5.5 per cent, that salary increases would average 7.5 per cent per annum and pensions in payment would increase by 4.5 per cent per annum.

The regular pension cost for 1994 of £262,000 has been reduced by interest of £102,000 accrued on the pension prepayment and a credit of £63,000 in respect of the spreading of the additional surplus identified in the 1991 actuarial valuation resulting in a net charge of £97,000 (1993: £70,000) which has been deducted from the balance sheet prepayment.

The regular cost to the company in the year to 31 March 1994 amounted to 10.3 per cent of pensionable salaries for staff members and 6.1 per cent of pensionable salaries for non-staff members with employee contributions of 5 per cent and 3.25 per cent respectively.

In addition, the group made payments of £50,000 (1993: £42,000) to defined contribution schemes.

22 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	1994 £'000	1993 £'000
Operating profit	3,527	2,963
Depreciation less profit on disposal of fixed assets	843	808
Income from grants	(222)	(215)
Stock increase	(1,282)	(353)
Debtors increase	(319)	(558)
Creditors increase	26	887
Net cash inflow from operating activities	<u>2,573</u>	<u>3,532</u>

ANALYSIS OF CHANGE IN CASH DURING THE YEAR

	Cash in Hand £'000	Cash at Bank £'000	Total £'000
At 1 April 1993	5	4,118	4,123
Net cash inflow/(outflow)	<u>3</u>	<u>(764)</u>	<u>(761)</u>
At 31 March 1994	<u>8</u>	<u>3,354</u>	<u>3,362</u>



Notes to the Accounts

22 ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Share Capital (including share premium) £'000	Loans and Finance Leases £'000
At 1 April 1993	10,038	4,129
Cash inflow/(outflow) from financing	38	(366)
At 31 March 1994	<u>10,076</u>	<u>3,763</u>

PURCHASE OF BUSINESSES

The net outflow of cash and cash equivalents in respect of the purchase of businesses is analysed as follows:

	1994 £'000	1993 £'000
Cash consideration (note 11)	1,158	3,144
Amount contributed by minority	(50)	—
Cash acquired	<u>(113)</u>	<u>(3)</u>
	<u>995</u>	<u>3,141</u>

The business acquired during the year utilised £388,000 of the group's net operating cashflow, paid £6,000 in respect of servicing of finance, made no payments in respect of taxation and utilised £155,000 acquiring fixed assets.

23 CONTINGENT LIABILITIES

The company has a contingent liability of £1.4 million at 31 March 1994 (1993: £1.9 million) in respect of guarantees given to support borrowings of certain subsidiary companies.

24 POST BALANCE SHEET EVENTS

Acquisition of Barbour Campbell Group Limited

On 25 May 1994 shareholders approved the acquisition of the entire issued share capital of Barbour Campbell Group Limited for a maximum consideration of £8.93 million.

Initial consideration of £5.33 million has been settled by a cash payment of £58,000 and by the issue of 2,396,192 ordinary shares in Hicking Pentecost PLC. Further consideration of up to £3.6 million is payable dependent on the trading results of Barbour Campbell Group Limited and its subsidiaries for the year ended 1 April 1994. Such further consideration will be settled by the issue of up to 1,636,363 ordinary shares of Hicking Pentecost PLC at a price of 220p per share.

Full details of this acquisition and the placing and open offer referred to below were sent to shareholders in a circular on 28 April 1994.

Placing and Open Offer

On 25 May 1994 shareholders also approved a placing and open offer which involved the issue of 4,128,081 ordinary shares at 210p per share, raising approximately £7.9 million net of expenses.

Barbour Campbell Group Limited is the holding company for a group of industrial thread businesses. Its principal manufacturing locations are Lisburn (Northern Ireland), Italy and the Republic of Ireland and over 70 per cent of its sales are to customers in over 50 countries outside the United Kingdom. Sales for the 18 months to 26 March 1993 were £44.2 million.

Notice of Meeting

Notice is hereby given that the forty-seventh Annual General Meeting of Hicking Pentecost PLC will be held at 11.30 am on Wednesday 3 August 1994, at The Arden Hotel, Coventry Road, Bickenhill, Solihull, B92 0EH, at which the following ordinary and special business will be transacted:

ORDINARY BUSINESS

- 1 to receive and adopt the report of the directors and the accounts for the year ended 31 March 1994 and the auditors' report thereon.
- 2 to re-elect as a director Mr H M Grossart who retires by rotation.
- 3 to re-appoint the auditors and authorise the directors to fix their remuneration.

SPECIAL BUSINESS

To consider and, if thought fit, pass the following resolutions:

Ordinary Resolution

- 4 That in terms of Article 5 of the company's Articles of Association the authority of the directors to allot relevant securities shall be renewed for the period ending on the date of the Annual General Meeting in 1995 or on 3 November 1995, whichever is the earlier, in respect of relevant securities having an aggregate nominal value of £3,481,700.

Special Resolution

- 5 That in terms of Article 5 of the company's Articles of Association, the power of the directors to allot equity securities wholly for cash pursuant to and within the terms of the authority renewed by Resolution numbered 4 above, shall be renewed for the period ending on the date of the Annual General Meeting in 1995 or on 3 November 1995, whichever is the earlier, and the aggregate nominal amount of equity securities which may be so allotted otherwise than in connection with a Rights Issue (as defined in the Articles of Association) shall be £575,915.

Ordinary Resolution

- 6 That the authority and power conferred respectively by Resolutions numbered 4 and 5 above shall be in addition to and without prejudice to any unexpired portion of the authorities and powers conferred on the Directors by paragraph (c) of Resolution numbered 1 passed at the Extraordinary General Meeting of the Company held on 25 May 1994 and the same shall remain in full force and effect notwithstanding the passing of Resolutions numbered 4 and 5 above.

By order of the board

C M Jones
Secretary

16 Lambourne Crescent
Cardiff CF4 5GG

11 July 1994

Notes:

A member of the company is entitled to appoint a proxy or proxies to attend and vote in his stead and the proxy need not be a member of the company. A form of proxy is enclosed at page 35. To be effective the form of proxy must be deposited, duly completed and signed, at the company's registrars, Exchange Registrars Limited, 18 Park Place, Cardiff CF1 1YU, not later than 48 hours before the annual general meeting. Completion of the form of proxy will not preclude a member from attending and voting in person.

Copies of all service agreements between directors and the company other than those expiring or determinable by the company without compensation within one year 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.

Form of Proxy

I, the undersigned, being a Member of Hicking Pentecost PLC, hereby appoint the Chairman of the Meeting (see note 1) or

as my proxy to vote for me and on my behalf at the Annual General Meeting of the company to be held at 11.30 am on 3 August 1994 at The Arden Hotel, Coventry Road, Bickenhill, Solihull, B92 0EH and at any adjournment thereof.

I wish my proxy to vote as shown below in respect of the Resolutions set out in the Notice of the Meeting:

Ordinary Business

Resolution No. 1

For Against

☐ ☐

Resolution No. 2

☐ ☐

Resolution No. 3

☐ ☐

Special Business

Resolution No. 4

☐ ☐

Resolution No. 5

☐ ☐

Resolution No. 6

☐ ☐

Please indicate how you wish your proxy to vote by placing a tick in the appropriate box opposite each Resolution. If no indication is given your proxy will be determined to have the authority to vote or abstain at his or her discretion.

Signed

Dated this

day of

1994

Name

Address

Notes:

1. If any other proxy is preferred strike out the reference to the Chairman of the Meeting stated above, add the name of the proxy you wish to appoint and initial the alteration. A member may appoint more than one proxy to attend on the same occasion.
2. If the appointor is a Corporation this form must be executed either under its common seal or under the hand of a duly authorised officer.
3. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders, and for this purpose, seniority shall be determined by the order in which the names stand in the Register of Members. The signature of one holder will suffice, but the names of all the joint holders should be stated.
4. If you do not indicate how the person appointed proxy shall vote, the proxy may vote or abstain from voting at his/her discretion.
5. To be valid, this form must be completed and deposited at the company's registrars, at the address shown overleaf, not later than 48 hours before the Annual General Meeting. Deposit of the form of proxy will not preclude a member from attending and voting at the meeting or at any adjournment of it.