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Annual Report 1992

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Financial Highlights

Profit before tax £2,170,000	up 177%
Cash inflow from operations £3,656,000	up 45%
Earnings per share (fully taxed)	up 72%
Earnings per share (actual tax)	up 44%
Dividends per share	up 51%

Shareholder Information

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





Directors and Advisers

John Thomas Lister
Chairman

John Lister, aged 50, 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
Chief Executive and Deputy Chairman

John Carlsen, aged 57, 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
Managing Director

Tudor Davies, aged 40, is a Chartered Accountant and former partner in corporate recovery with 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 Secretary

Ceri Jones, aged 32, is a Chartered Accountant. Following public practice experience with Peat Marwick and Arthur Young he has worked in industry since 1986. He has been involved with Hicking Pentecost since May 1990 and was appointed Finance Director in November 1990.

Hamish McLeod Grossart
Non Executive Director

Hamish Grossart, aged 35, is Chairman of E-F Group PLC and a non executive director of British Thornton Holdings PLC and a number of other companies. He was previously a director of Noble Grossart.

The board has a remuneration committee comprising Hamish Grossart and John Lister.

Auditors

Price Waterhouse

Solicitors

McGrigor Donald

Brokers

Credit Lyonnais Laing
Allied Provincial Securities

Bankers

National Westminster Bank PLC
Lloyds Bank PLC

Registrars

Exchange Registrars Limited
18 Park Place
Cardiff CF1 3PD
TEL: 0222-371210
FAX: 0222-388455

Company Registration Number

406925

Registered Office

16 Lambourne Crescent
Cardiff CF4 5GG
TEL: 0222-766744
FAX: 0222-747766

Financial Summary

	1992 £'000	1991 £'000	1990 £'000	1989 £'000	1988 £'000
Turnover	24,598	21,079	18,954	19,160	16,505
Operating profit	2,389	1,760	144	1,106	547
Exceptional costs	-	171	1,251	-	-
Interest payable	219	807	579	383	178
Profit/(loss) before taxation	2,170	782	(1,686)	723	369
Taxation	547	92	43	43	11
Profit/(loss) after taxation	1,623	690	(1,729)	680	358
Operating Margin	9.7%	8.3%	0.8%	5.8%	3.3%
Earnings/(loss) per share					
Actual tax	11.25p	7.82p	(26.11p)	10.28p	5.40p
Fully taxed	10.07p	5.85p	(16.55p)	7.10p	3.62p
Dividends per share	3.4p	2.25p	2.0p	2.0p	0.5p
Net Assets					
Fixed assets	7,561	7,408	4,273	4,328	2,802
Current assets	11,639	7,798	7,067	7,010	6,366
	19,200	15,206	11,340	11,338	9,168
Current liabilities	(6,191)	(6,402)	(6,538)	(5,711)	(3,663)
	13,009	8,804	4,802	5,627	5,505
Creditors due after one year	(1,765)	(2,049)	(288)	(354)	(380)
Deferred tax and other provisions	(338)	(375)	(282)	(100)	(72)
	10,906	6,380	4,232	5,173	5,053
Financed by					
Called up share capital	8,181	4,751	3,207	3,189	3,189
Reserves	2,725	1,629	1,025	1,984	1,864
	10,906	6,380	4,232	5,173	5,053



Chairman's Statement

Review

For the second successive year the company has produced record results with pre-tax profit showing a near threefold increase from £782,000 to £2,170,000. Turnover, profits, operating margins and return on capital have all improved and gearing has been eliminated to produce net cash balances at the year end in excess of £1.5m. Fully taxed earnings per share increased by 72 per cent from 5.85p to 10.07p and, reflecting an increase in the tax charge, actual earnings per share rose by 44 per cent from 7.82p to 11.25p.

The Board is proposing a final dividend of 2.2p per share which, when taken with the interim of 1.2p, will represent a 51 per cent increase for the year as a whole.

This progress has been achieved in a year that many economic commentators have described as the most depressed since the last war and your Board is extremely pleased with the results.

Trading

The acquisition of Nicholson Plastics Ltd., based in Lanark, Scotland, was completed on 19th July 1991 and the company has made a better than expected contribution to group profits for the year. The Nicholson business has been fully integrated into the Hickling Pentecost management structure and the sales network expanded with an additional branch in the West Midlands. Nicholson Plastics Ltd. is a leading manufacturer of glass reinforced plastic (GRP) water storage tanks and has provided the group with an entry point into the water related industry in general. The acquisition of Thompson Horseley Bridge, which is described in more detail later, represents a further step in this direction.

Forgemasters again produced a satisfactory result in extremely difficult trading conditions and will also benefit from the Thompson Horseley Bridge acquisition.

The Textiles division has consolidated the benefits of the extensive reorganisation in 1989 and 1990 and produced record results that are well ahead of last year.

Particularly pleasing are the results from the knitwear businesses where operating profits have continued to improve. It was these businesses that underwent the most extensive re-organisations in 1989/90 and the benefits now being realised are a credit to the managements concerned. The dyeing operations produced steady growth from a stronger base.

Acquisitions

The acquisition of Nicholson Plastics Ltd. was reported in the Interim Statement and full details were provided to shareholders in the circular that was distributed with the Notice of the EGM held on 15th July, 1991. At that time we stated our intention to develop the distribution network and pursue export business. Progress on this was made with our most recent acquisition.

On 18th May, 1992 the company completed the acquisition of certain of the assets and goodwill of Thompson Horseley Bridge from Northern Engineering Industries, a subsidiary of Rolls-Royce PLC. Thompson Horseley Bridge is based in the Midlands and designs, manufactures and installs a range of steel and GRP tanks for water, effluent and sewage storage. It fits extremely well with Nicholson Plastics and effectively provides nationwide coverage, a comprehensive product range and, through its expertise with larger tanks, the opportunity to expand into major export projects and Water Authority contracts.

The cost of Thompson Horseley Bridge is dependent on stock valuations and will not exceed £0.5m. The consideration is payable wholly in cash.

The Board is continuing to look for suitable acquisition opportunities and hopes to make further progress during the course of the year.

Financing

During the year under review a placing and open offer to raise £4.9m was made and the net proceeds, after meeting the costs of the Nicholson acquisition, were utilised to reduce borrowings. These, together with £3.7m cash generated from trading, have completely eliminated gearing and placed the company in a healthy position, with positive net cash balances at the year end in excess of £1.5m.

Chairman's Statement

The Future

Substantial progress has been made in line with the Board's objective of reducing the company's dependence on its textile businesses. Both the Textiles and Industrial Products divisions continue to trade profitably and have entered the current financial year with satisfactory order books and good prospects. The company is extremely well placed to benefit from the general upturn in the economy that, despite several false starts, now appears to be materialising.

Board Appointment

As announced in the Interim Statement, the Board of Directors has been enlarged and strengthened by the appointment of Mr. Hamish Grossart as a non-executive director. Mr. Grossart is Chairman of BFT Group PLC and a non executive director of a number of other companies.

People

The Board appreciates the dedication and commitment of the company's management and staff at all levels. Without them the success reflected in this Report would not have been achieved and I should like to thank all employees for their efforts.

Dividend

The Board is pleased to propose a final dividend of 2.2p per share which, taken together with the interim dividend of 1.2p, makes a total for the year of 3.4p. This represents an increase of 51 per cent over 1991 (2.25p) and reflects our progressive dividend policy and the company's healthy cash generation. The final dividend will be paid on 4th August, 1992 which is approximately 2 months earlier than in previous years.

Proposed Amendments to Memorandum of Association and Adoption of New Articles of Association

The Board is proposing amendments to the Memorandum of Association ("Memorandum") and the adoption of new Articles of Association ("Articles"), both of which require the prior approval of Shareholders in General Meeting. The relevant resolutions will be proposed as Special Resolutions at the Annual General Meeting convened for 11.00 a.m. on 16th July, 1992.

The Memorandum and Articles were adopted when the company was incorporated in 1946 and have not been altered substantially since then. They now require updating to reflect changes in the Companies Acts and the Regulations of the London Stock Exchange and to conform with current practice for listed companies and with the changes that have taken place in the business of the company.

The principal objects clause of the Memorandum, which lists activities which the company can undertake, should reflect the principal activities of the company as a holding and trading company. The technical wording of the clause is out of date, and accordingly, it is proposed to adopt a new clause 4 of the Memorandum, details of which are set out on page 31 of this report.

Similarly, a number of existing Articles which contain provisions regulating the company require change which is largely of a technical and administrative nature. Accordingly, it is proposed to adopt a completely new set of Articles. Details of these changes and of the new Articles are set out on pages 31 to 38 of this report.

Copies of the amended Memorandum and new Articles will be available for inspection at the registered office of the company during normal business hours on any week day until the date of the meeting, and will be available for 15 minutes before and during the meeting.

John Lister
1st June, 1992



Directors' Report

The directors submit their annual report and audited accounts for the year ended 31st March 1992.

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 manufactures glass reinforced polyester water storage systems and forged components.

Review of Business

A review of activities and prospects for the group is given in the Chairman's Statement.

Results and Dividends

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

	1992 £'000	1991 £'000
Textiles	1,788	1,560
Industrial Products	601	200
Operating profit	2,389	1,760
Exceptional costs	—	171
Interest payable	219	807
Profit before taxation	2,170	782
Taxation	547	92
Profit after taxation	1,623	690
Dividends	556	214
Retained profit	1,067	476

The directors recommend the payment of a 2.2p final dividend to bring the total for the year to 3.4p (1991 2.25p). If approved, the final dividend will be paid on the 4th August, 1992 to shareholders on the register on 25th June, 1992.

Acquisitions

Details of the acquisition of Nicholson Plastics Limited are shown in the Chairman's Statement and note 12 to the accounts.

Directors

The directors serving at 31st March 1992 and their interests (all beneficial) in the shares of the company were:

	Shares		Share Options	
	1992	1991	1992	1991
J T Lister	750,854	750,854	80,000	30,000
J E M Carlsen	750,854	750,854	80,000	30,000
T G Davies	615,433	615,433	152,000	30,000
C M Jones	61,000	32,863	122,000	—
H M Grossart	200	—	—	—

There were no changes in directors' shareholdings or options between 31st March, 1992 and 1st June, 1992. Mr J T Lister and Mr J E M Carlsen are directors and significant shareholders in Euro Investments Limited which through its subsidiary Legibus Ten Limited held a further 712,704 shares at 31st March, 1992 (unchanged since 31st March, 1991).

Details of options granted to directors and other employees during the year are contained in note 19 to the accounts.

Directors' Report

No director had an interest during the year in any significant contract of the company or its subsidiaries.

During the year the group maintained liability insurance for its directors and officers.

Re-Election

Mr H M Grossart was appointed a non executive director on 18th October, 1991 and having been appointed since the last annual general meeting, retires and being eligible offers himself for re-election.

In accordance with the Articles of Association Mr J F M Carlsen retires and, being eligible, offers himself for re-election.

Mr Carlsen has a service contract with the company dated 25th June, 1990 for a period of one year and thereafter until terminated by one year's notice. Mr Grossart has no service contract with the company.

Major Shareholdings

Other than the directors' shareholdings shown above, the company is aware of the following interests of 3% or more in the issued capital of the company at 1st June, 1992:

	%
TR Smaller Companies Investment Trust PLC	10.1
Scottish Amicable Nominees Limited	6.2
Bank of Scotland Nominees (Save and Prosper) Limited	5.8
Kleinwort Benson Investment Management Limited	5.7
M&G Investment Management Limited	3.6
Pearl Assurance PLC	3.6
Mrs M Molyneux	3.4
Manchester and London Investment Trust PLC	3.1

Fixed Assets

The movement in fixed assets during the year is shown in note 10 to the accounts.

Share Capital

Details of the increase in the issued share capital of the company during the year are given in note 19 to the accounts.

Employee Involvement

Each company in the group is encouraged to make its employees aware of the financial and economic factors affecting its performance. Companies 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.

Charitable Donations and Political Contributions

Charitable donations during the year amounted to £350 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 31st March, 1992 and the date of this report.

Auditors

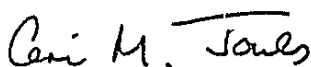
The auditors, Price Waterhouse, are willing to continue in office, and a resolution proposing their re-election will be put to the Annual General Meeting.

By Order of the Board

C M Jones

Secretary

1st June, 1992





Divisional Operations and Management

TEXTILES

Hicking Pentecost (Dyers) Ltd
Queens Road
Nottingham
NG2 3AT

Head of Operation

John Folman

Activity

Commission dyer and finisher of fabric, curtain net and lace

Straven Ltd
Ball Hill
South Normanton
Derbyshire
DE5 2ED

Keith White

Manufacture of fully fashioned knitwear

The British Textile Manufacturing Co Ltd
Ballymena Road
Ballymoney
Co Antrim
BT53 7EX

Robert Francey

Manufacture of fully fashioned knitwear

Hicking Pentecost (Dyers) Ltd
Bobbers Mill
Nottingham
NG8 5AA

Peter Crews

Garment dyer and finisher

Hicking Pentecost & Co (NI) Ltd
Leighinmohr Works
Leighinmohr Avenue
Ballymena
Co Antrim
BT42 2AN

Robert Francey

Commission dyer and finisher of garments and fabric

INDUSTRIAL PRODUCTS

Nicholson Plastics Ltd
Riverside Road
Kirkfieldbank
Lanark
ML11 9JS

Gordon Duff

Manufacture of GRP (Glass reinforced polyester) water storage systems

HB Tanks Ltd
27/29 Thornleigh Trading Estate
Blowers Green
Dudley
West Midlands
DY2 8UB

Simon Little

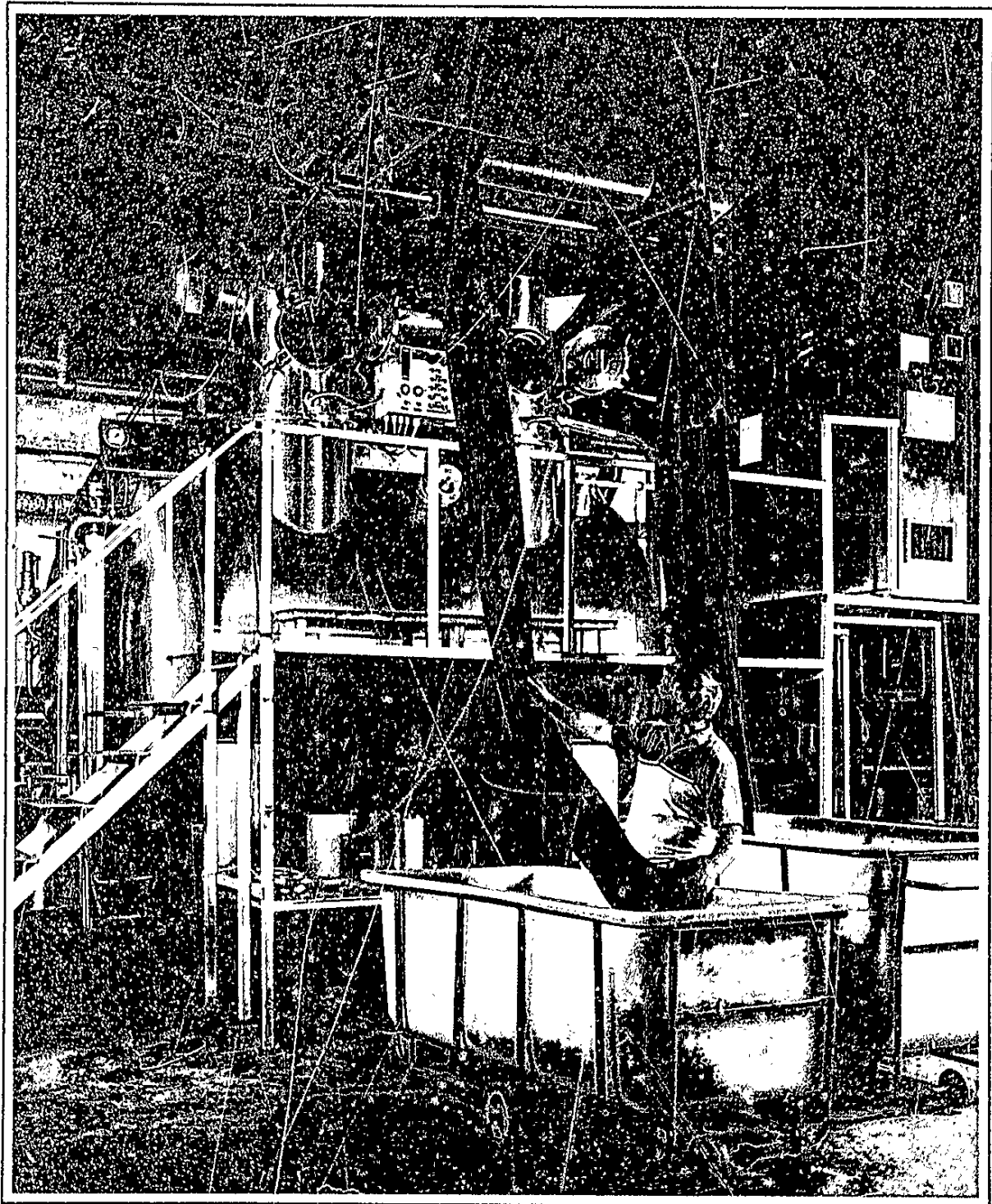
Distributor of GRP and steel water storage systems

Forgemasters PLC
Garth Works
Taffs Well
Cardiff
CF4 7SA

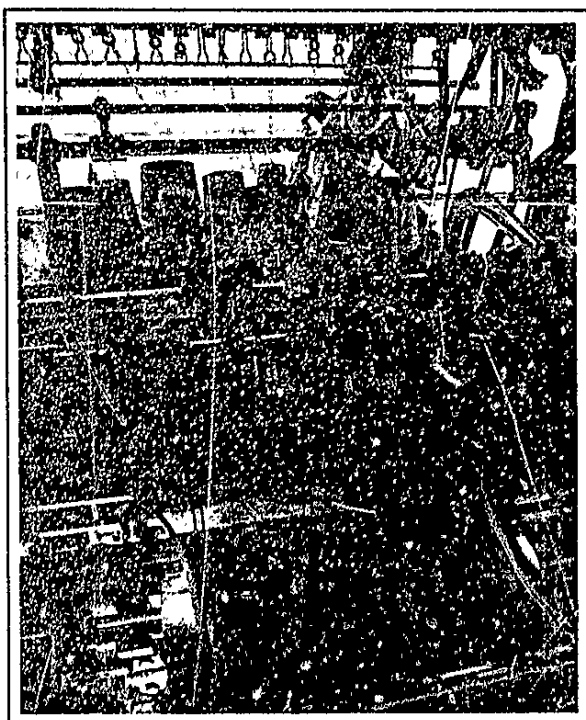
Roger Meacham

Manufacture of forged components and pressed steel tanks

Commission Dyeing and Finishing



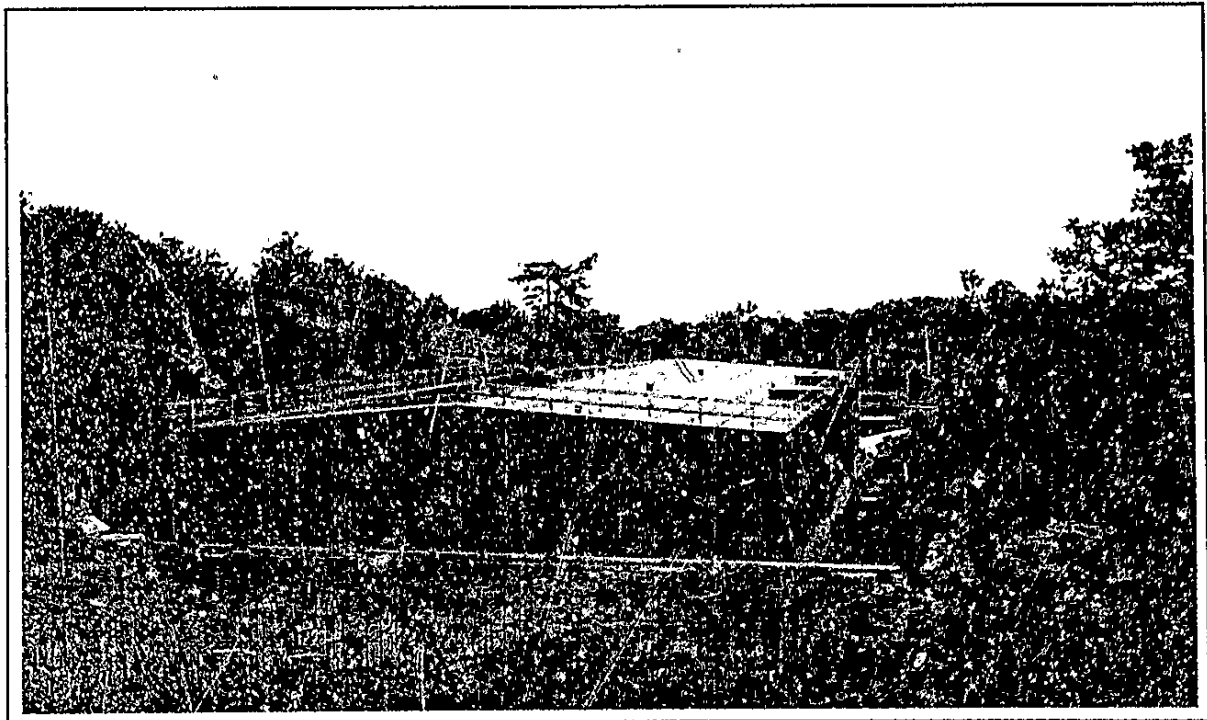
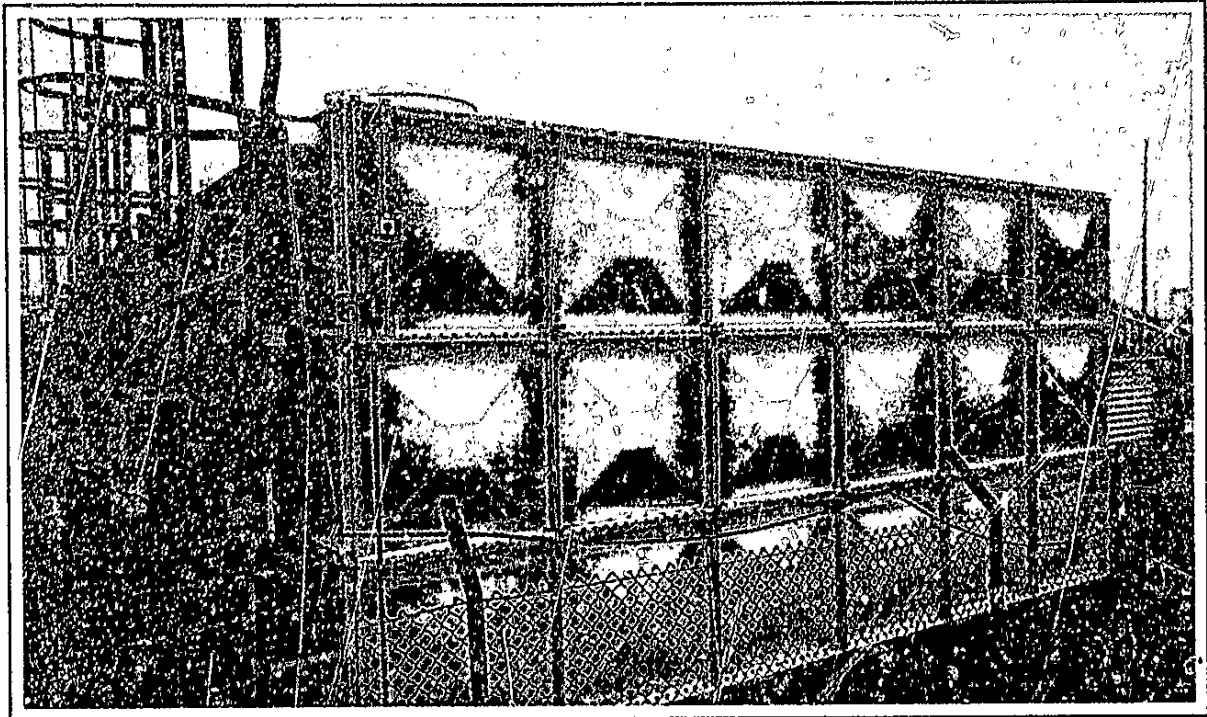
Knitwear Manufacturing



Knitwear Products



Water Storage Systems



Group Profit and Loss Account

for the year ended 31st March 1992

	Notes	1992 £'000	1991 £'000
Turnover	1	24,598	21,079
Cost of sales		<u>18,034</u>	<u>16,110</u>
Gross profit		6,564	4,969
Distribution costs		1,546	1,331
Administration expenses		2,629	1,878
Operating profit	1	2,389	1,760
Exceptional costs	2	—	171
Interest payable	3	219	807
Profit on ordinary activities before taxation	4	2,170	782
Taxation on profit on ordinary activities	7	517	92
Profit attributable to shareholders		1,623	690
Dividends	8	<u>556</u>	<u>214</u>
Retained profit	20	<u>1,067</u>	<u>476</u>
Earnings per share (actual tax):	9	<u>11.25p</u>	<u>7.82p</u>
Earnings per share (33%/34% tax):		<u>10.07p</u>	<u>5.85p</u>

The notes on pages 18 to 28 form part of these accounts.



Group Balance Sheet

31st March 1992

	Notes	1992 £'000	1991 £'000
Fixed assets			
Tangible assets	10	<u>7,561</u>	<u>7,408</u>
Current assets			
Stock	13	2,419	2,163
Debtors	14	5,634	5,632
Cash at bank and in hand		<u>3,586</u>	<u>3</u>
		11,639	7,798
Creditors: amounts falling due within one year	15	<u>6,191</u>	<u>6,402</u>
Net current assets		5,448	1,396
Total assets less current liabilities		13,009	8,804
Creditors: amounts falling due after more than one year	16	1,765	2,049
Provisions for liabilities and charges			
Deferred taxation	17	85	-
Other provisions	18	<u>253</u>	<u>375</u>
		<u>10,906</u>	<u>6,380</u>
Capital and reserves			
Called up share capital	19	8,181	4,751
Share premium account	19	1,803	520
Revaluation reserve	20	1,221	1,300
Profit and loss account	20	<u>(299)</u>	<u>(191)</u>
		<u>10,906</u>	<u>6,380</u>

Approved by the Board of Directors on 1st June 1992

On behalf of the Board

C M Jones

C M Jones
Director

The notes on pages 18 to 28 form part of these accounts.

Group Cash Flow Statement

for the year ended 31st March 1992

	Notes	1992 £'000	1991 £'000
Net cash inflow from operating activities	23	3,656	2,514
Servicing of finance			
Interest paid		(296)	(796)
Dividends paid		(410)	(128)
Net cash outflow from servicing of finance		(706)	(924)
Taxation			
Corporation tax paid		(357)	(75)
Net cash inflow before investing and finance		2,593	1,515
Investing activities			
Purchase of tangible fixed assets		(707)	(599)
Grants received		157	187
Purchase of subsidiary		(1,319)	(625)
Sale of plant		71	100
Net cash outflow from investing		(1,798)	(937)
Financing			
Issue of ordinary share capital		4,924	1,011
Expenses of share issue		(211)	(96)
New secured loan		—	285
Net new hire purchase and finance lease facilities		87	79
Repayment of loans		(356)	(140)
		4,444	1,139
Net cash inflow from financing and after investing		2,646	202
Increase in cash and cash equivalents		<u>5,239</u>	<u>1,717</u>

The notes on pages 18 to 28 form part of these accounts.



Company Balance Sheet

31st March 1992

	Notes	1992 £'000	1991 £'000
Fixed assets			
Tangible assets	10	4,158	1,367
Investments:			
Shares in group companies	11	7,080	1,954
Loans to group companies	11	930	2,836
		<u>12,168</u>	<u>6,157</u>
Current assets			
Stock	13	2,024	1,902
Debtors	14	4,337	5,162
Cash at bank and in hand		1,943	3
		<u>8,304</u>	<u>7,067</u>
Creditors: amounts falling due within one year	15	4,314	5,610
Net current assets		<u>3,990</u>	<u>1,457</u>
Total assets less current liabilities		<u>16,158</u>	<u>7,614</u>
Creditors: amounts falling due after more than one year	16	4,572	1,627
Provisions for liabilities and charges			
Other provisions	18	50	144
		<u>11,536</u>	<u>5,843</u>
Capital and reserves			
Called up share capital	19	8,181	4,751
Share premium account	19	1,803	520
Profit and loss account	20	1,552	572
		<u>11,536</u>	<u>5,843</u>

Approved by the Board of Directors on 1st June 1992

On behalf of the Board

C M Jones

C M Jones
Director

The notes on pages 18 to 28 form part of these accounts.

Accounting Policies

The group's accounting policies are as follows:

Basis of Accounting

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

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.

Accounting for Acquisitions

The results of acquisitions are incorporated in the consolidated accounts from the date of acquisition. On acquisition, the purchase consideration and the estimated costs of integrating the businesses are 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 reserves.

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.

Government Grants

Government 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 factory overheads, and net realisable value.

Deferred Taxation

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

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.

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.

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.



Notes to the Accounts

1 ANALYSIS OF TURNOVER, PROFIT AND NET ASSETS

(a) Turnover and operating profit

	Textiles		Industrial Products		Total	
	1992	1991	1992	1991	1992	1991
	£'000	£'000	£'000	£'000	£'000	£'000
Turnover	18,805	18,153	5,793	2,926	24,598	21,079
Operating profit	1,788	1,560	601	200	2,389	1,760
Exceptional costs					-	171
Interest payable					219	807
Profit before taxation					2,170	782

(b) Net assets

	Textiles		Industrial Products		Total	
	1992	1991	1992	1991	1992	1991
	£'000	£'000	£'000	£'000	£'000	£'000
Net assets	7,291	7,630	3,447	3,131	10,738	10,761
Financing and head office					168	(4,381)
					10,906	6,380

Financing and head office principally comprises net cash or borrowings, proposed dividends, tax liabilities and deferred consideration.

(c) Turnover by destination

	1992	1991
	£'000	£'000
United Kingdom	20,734	16,443
Rest of Europe	3,864	4,636
	24,598	21,079

(d) Geographical location

All the Group's turnover and profit arises from, and all assets and liabilities are located in, the United Kingdom.

2 EXCEPTIONAL COSTS

	1992	1991
	£'000	£'000
Head office reorganisation	-	171

Notes to the Accounts

3 INTEREST PAYABLE

	1992 £'000	1991 £'000
Bank and other interest	22	616
Debenture	-	8
Finance leases and hire purchase agreements	55	38
On loans falling due beyond five years	142	145
	<u>219</u>	<u>807</u>

4 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

These figures are stated after charging/(crediting):

Depreciation	760	493
Profit on disposal of fixed assets	(8)	(23)
Hire of plant and other equipment	266	316
Directors' remuneration - fees	7	10
- other emoluments	266	209
Compensation to former directors	-	58
Ex gratia payment to former director	-	3
Audit fees	41	33
Amortisation of government grants	<u>(110)</u>	<u>(37)</u>

5 EMPLOYEES

Average number of persons employed:

Textiles	720	733
Industrial Products	119	52
	<u>839</u>	<u>785</u>

Staff costs during the year:

Wages and salaries	8,359	7,098
Social security costs	678	574
Other pension costs	67	67
	<u>9,104</u>	<u>7,739</u>

6 DIRECTORS' EMOLUMENTS

Emoluments (excluding pension contributions and compensation for loss of office) of directors were as follows:

	1992 £'000	1991 £'000
Chairman	51	50
Highest paid director	76	50
Other directors:	Number	Number
£ 5,001 - £10,000	1	1
£10,001 - £15,000	-	1
£25,001 - £30,000	-	2
£35,001 - £40,000	-	1
£45,001 - £50,000	-	1
£50,001 - £55,000	1	-
£60,001 - £65,000	1	-

Notes to the Accounts

7 TAXATION

	1992 £'000	1991 £'000
UK corporation tax at 33% (1991: 34%)	545	21
Advance corporation tax written off	-	71
Surplus advance corporation tax reinstated	(157)	-
Deferred tax	159	-
	<u>547</u>	<u>92</u>

The tax charge for the year has been reduced by prior years' trading losses and advance corporation tax previously written off. All parent company trading losses have now been utilised although there is recoverable advance corporation tax of £400,000 not yet reinstated.

8 DIVIDENDS

Interim declared 1.2p per share (1991: 0.6p)	196	57
Final proposed 2.2p per share (1991: 1.65p)	360	157
	<u>556</u>	<u>214</u>

9 EARNINGS PER SHARE

The calculation of earnings per share is based on:

Profit after taxation	<u>1,623</u>	<u>690</u>
Weighted average number of shares in issue during the year	<u>14,427,206</u>	<u>8,820,121</u>

There is no material difference between fully diluted and undiluted earnings per share.

At 31st March, 1992 there were 16,361,359 ordinary shares in issue.

10 TANGIBLE FIXED ASSETS

	Land and buildings		Plant and Equipment	Total
(a) Group	Freehold	Short Leasehold		
COST OR VALUATION	£'000	£'000	£'000	£'000
At 1st April 1991	5,277	52	7,155	12,484
On acquisition of subsidiary	140	-	432	572
Additions	63	-	644	707
Disposals	-	-	(406)	(406)
At 31st March 1992	<u>5,480</u>	<u>52</u>	<u>7,825</u>	<u>13,357</u>
1989 valuation	2,759	52	-	2,811
Cost	<u>2,721</u>	<u>-</u>	<u>7,825</u>	<u>10,546</u>
DEPRECIATION				
At 1st April 1991	102	2	4,972	5,076
On acquisition of subsidiary	-	-	303	303
Charge for the year	136	1	623	760
Released on disposal	-	-	(343)	(343)
At 31st March 1992	<u>238</u>	<u>3</u>	<u>5,555</u>	<u>5,796</u>
NET BOOK AMOUNT				
At 31st March 1992	<u>5,242</u>	<u>49</u>	<u>2,270</u>	<u>7,561</u>
At 31st March 1991	<u>5,175</u>	<u>50</u>	<u>2,183</u>	<u>7,408</u>

On a historical cost basis, freehold land and buildings would be included at a net book amount of £4,022,000 (1991 £3,876,000).

Notes to the Accounts

10 TANGIBLE FIXED ASSETS (continued)

(b) Company	Land and buildings		Plant and Equipment	Total
	Freehold	Short Leasehold		
COST	£'000	£'000	£'000	£'000
At 1st April 1991	—	—	6,060	6,060
Additions	63	—	461	524
Disposals	—	—	(266)	(266)
Group transfers	2,858	52	—	2,910
At 31st March 1992	2,921	52	6,255	9,228
DEPRECIATION				
At 1st April 1991	—	—	4,693	4,693
Charge for the year	155	2	407	564
Released on disposal	—	—	(242)	(242)
Group transfers	54	1	—	55
At 31st March 1992	209	3	4,858	5,070
NET BOOK AMOUNT				
At 31st March 1992	2,712	49	1,397	4,158
At 31st March 1991	—	—	1,367	1,367

The following amounts are included in respect of assets held under hire purchase agreements and finance leases:

	Group Plant & Equipment		Company Plant & Equipment	
	1992 £'000	1991 £'000	1992 £'000	1991 £'000
Cost	1,099	878	801	675
Depreciation	(529)	(431)	(478)	(390)
	<u>570</u>	<u>447</u>	<u>323</u>	<u>285</u>

Capital expenditure authorised and committed by the directors but not provided for in these accounts was £98,000 (1991 £Nil) and authorised by the directors, but not committed totalled £46,000 (1991 £55,000).

11 INVESTMENTS

	Shares in group companies	Loans to group companies
	£'000	£'000
At 1st April 1991	1,954	2,836
Additions	5,125	930
Repayments	—	(2,836)
Provision released	1	—
At 31st March 1992	<u>7,080</u>	<u>930</u>



Notes to the Accounts

11 INVESTMENTS (continued)

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

Textiles

- Hicking Pentecost (Dyers) Limited
- Hicking Pentecost & Co (NI) Limited
- The British Textile Manufacturing Company Limited
- Straven Limited

Industrial Products

- Nicholson Plastics Limited
- HB Tanks Limited (since May 1992)
- Forgemasters PLC
- Garth Estates Limited

12 NICHOLSON PLASTICS LIMITED

On 19th July, 1991 the Group acquired the entire issued share capital of Nicholson Plastics Limited. The consideration of £2,245,000 including expenses comprises:

	£'000
Cash paid on 19th July 1991	1,945
Deferred consideration payable in cash in July 1992	300
	<u>2,245</u>
Net assets acquired (see below)	991
Goodwill (note 20)	<u>1,254</u>

	Book Value £'000	Adjustments £'000	Fair Value to the Group £'000
FIXED ASSETS			
Tangible assets	369	(100)	269
CURRENT ASSETS			
Stock	197	-	197
Debtors	533	30	563
Cash at bank	626	-	626
ACT recoverable	233	-	233
TOTAL ASSETS	<u>1,958</u>	<u>(70)</u>	<u>1,888</u>
LIABILITIES			
Trade and other creditors	266	-	266
Deferred grant income	12	-	12
Taxation	497	(10)	487
Provisions (note 18)	-	132	132
TOTAL LIABILITIES	<u>775</u>	<u>122</u>	<u>897</u>
NET ASSETS	<u>1,183</u>	<u>(192)</u>	<u>991</u>

The principal fair value accounting adjustments are:

- (i) Adjustments to fixed assets in applying the group's depreciation policies.
- (ii) Provision for reorganisation costs and other adjustments to debtors and taxation.

The results of Nicholson Plastics Limited have been included in the consolidated accounts since the date of acquisition. The profit after tax of Nicholson Plastics Limited for the period 1st April, 1991 to the date of acquisition was £130,000 and for the year to 31st March, 1991 was £427,000.

Notes to the Accounts

13 STOCK	1992 Group £'000	1992 Company £'000	1991 Group £'000	1991 Company £'000
Raw materials	551	420	593	418
Work in progress	905	835	1,148	1,062
Finished stock	963	769	422	422
	<u>2,419</u>	<u>2,024</u>	<u>2,163</u>	<u>1,902</u>

14 DEBTORS	1992 Group £'000	1992 Company £'000	1991 Group £'000	1991 Company £'000
Trade debtors	4,227	2,999	4,342	3,294
Other debtors	93	58	68	46
Prepayments	1,231	1,191	1,222	1,208
Recoverable ACT	83	46	-	-
Due from group companies	-	43	-	614
	<u>5,634</u>	<u>4,337</u>	<u>5,632</u>	<u>5,162</u>

Prepayments include £1,095,000 (1991 £1,119,000) in respect of employer's pension contributions (note 22).

15 CREDITORS: amounts falling due within one year

	1992 Group £'000	1992 Company £'000	1991 Group £'000	1991 Company £'000
Bank overdrafts	-	-	1,656	1,543
Loans	59	31	77	31
Loan notes (note 16)	44	44	44	44
Hire purchase and leasing	139	87	106	80
Trade creditors	2,509	1,462	2,171	1,328
Amounts owed to group companies	-	-	-	643
Other taxation and social security	808	624	625	503
Other creditors	277	192	423	250
Accruals	930	817	799	810
Corporation tax	520	221	101	72
Proposed dividend	360	360	214	214
Deferred grant income	245	176	186	92
Deferred consideration (note 12)	300	300	-	-
	<u>6,191</u>	<u>4,314</u>	<u>6,402</u>	<u>5,610</u>

Borrowing powers

Under the Articles of Association the directors have the power to borrow up to twice the sum of paid up share capital and consolidated capital and revenue reserves of Hicking Pentecost PLC.

Notes to the Accounts

16 CREDITORS: amounts falling due after more than one year

	1992 Group £'000	1992 Company £'000	1991 Group £'000	1991 Company £'000
Bank loans	650	—	915	—
Other secured loans	423	123	482	154
Hire purchase and leasing	310	151	256	148
Amounts owed to group companies	—	3,916	—	929
Loan notes	382	382	396	396
	<u>1,765</u>	<u>4,572</u>	<u>2,049</u>	<u>1,627</u>
Due between 1 and 2 years	228	156	216	147
Due between 2 and 5 years	532	267	528	247
Due beyond 5 years	<u>1,005</u>	<u>4,149</u>	<u>1,305</u>	<u>1,233</u>
	<u>1,765</u>	<u>4,572</u>	<u>2,049</u>	<u>1,627</u>

BANK FACILITIES

The group's 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.

The bank loan of £650,000 has interest fixed at 11% until July 1993 with capital repayments commencing in 1993 and full repayment to be made over 25 years.

OTHER SECURED LOANS

Other secured loans have varying terms as follows:

Interest Payable – Nil to 13%
Repayment – 2 to 9 years
Security – Charges on certain group assets

LOAN NOTES

Loan notes carry interest at 1% 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.

17 DEFERRED TAXATION

The movement on the deferred taxation provision is as follows:

	Group £'000	Company £'000
At 1st April 1991	—	—
Charge for the year	159	74
Less: ACT recoverable	(74)	(74)
At 31st March 1992	<u>85</u>	<u>—</u>

Notes to the Accounts

17 DEFERRED TAXATION (continued)

The deferred tax provision comprises:

GROUP	1992 £'000	1991 £'000
Accelerated capital allowances	251	124
Timing difference on pension fund	361	369
Short term timing differences	(192)	76
Losses available for offset	(31)	(456)
Surplus ACT available for offset	(230)	(113)
Less: Current ACT recoverable	(74)	—
	<u>85</u>	<u>—</u>
COMPANY		
Accelerated capital allowances	122	(64)
Timing difference on pension fund	361	369
Short term timing differences	(179)	(62)
Losses available for offset	—	(243)
Surplus ACT available for offset	(230)	—
Less: Current ACT recoverable	(74)	—
	<u>—</u>	<u>—</u>

There is no material difference between the deferred tax provided for above and the total potential liability. Properties are not held for the purpose of resale and the potential deferred tax effect of disposal at their revalued amounts has not been quantified.

18 OTHER PROVISIONS

	Acquisition Provisions £'000	Other Provisions £'000	Group £'000	Company £'000
At 1st April 1991	231	144	375	144
Established during the year (note 12)	132	—	132	—
Utilised during the year	(160)	(94)	(254)	(94)
At 31st March 1992	<u>203</u>	<u>50</u>	<u>253</u>	<u>50</u>

Acquisition provisions utilised are in respect of Forgemasters PLC and Nicholson Plastics Limited. No acquisition provisions have been released or applied for any purpose other than that for which they were established.

19 CALLED UP SHARE CAPITAL

	1992		1991	
	Authorised £'000	Allotted and fully paid £'000	Authorised £'000	Allotted and fully paid £'000
Ordinary shares of 50p each	11,000	8,181	7,000	4,751

PLACING AND OPEN OFFER

On 16th July 1991 the company:

- Increased the authorised share capital to £11,000,000 by the creation of 8,000,000 new ordinary shares.
- Issued 6,787,650 ordinary shares at 72p by way of a Placing and Open Offer to shareholders to finance the purchase of Nicholson Plastics Limited and reduce group borrowings.

Notes to the Accounts

19 CALLED UP SHARE CAPITAL (continued)

SHARE OPTIONS

Options were exercised over 31,000 shares at 52p and 40,000 shares at 50p during the year. Further options were granted over 144,000 shares at 74p and 252,000 shares at 75p and these may be exercised between 1994 and 2001.

At 31st March 1992, options under the Senior Executive Share Option Scheme were outstanding in respect of 671,966 shares as follows:

Year of Grant	Latest date for exercise	Option Price	No. of shares
1985	13 December 1995	50p	15,000
1987	1 July 1992	52p	15,000
1987	2 July 1997	52p	73,000
1988	7 January 1998	50p	27,000
1988	3 July 1993	70p	25,966
1989	31 July 1992	119p	15,000
1990	31 July 1992	75p	10,000
1990	31 July 1992	72p	5,000
1990	1 August 2000	72p	90,000
1991	7 July 2001	74p	144,000
1991	29 July 2001	75p	237,000
1991	30 July 2001	75p	15,000

SHARE PREMIUM

Movements on the share premium account resulting from the share issues are:

	Group and Company £'000
At 1st April 1991	520
Premium on shares issued this year	1,494
Less: issue expenses	(211)
At 31st March 1992	1,803

DEFERRED CONSIDERATION

A maximum of £400,000 additional consideration is payable in respect of the acquisition of Forgemasters (Holdings) Limited. This is dependent on the profit before tax for the year ended 31st March 1993 and is to be settled by the issue of additional ordinary shares.

20 RESERVES

	Group Revaluation Reserve £'000	Profit & Loss Account £'000	Company Profit & Loss Account £'000
At 1st April 1991	1,300	(191)	572
Profit for the year	-	1,067	980
Revaluation transfer	(74)	79	-
Goodwill (note 12)	-	(1,254)	-
At 31st March 1992	<u>1,221</u>	<u>(299)</u>	<u>1,552</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 profit dealt with in the accounts of the holding company is £1,536,000.

The cumulative amount of goodwill written off in respect of acquisitions at 31st March 1992 was £1,646,000 (1991 £392,000).

Notes to the Accounts

21 OPERATING LEASE COMMITMENTS

	1992 £'000	1991 £'000
Operating lease rentals – included in hire of plant (note 4)	196	209
Commitments under operating leases to be paid next year where the commitments expire:	Plant and equipment	Plant and equipment
Within that year	25	38
Within 2 to 5 years	79	129
	<u>104</u>	<u>167</u>

22 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 as at 6th 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% of the benefit that has accrued to members after allowing for expected future increases in earnings. The principal actuarial assumptions used were that investment return, would be 9% per annum and dividend growth 4.5%, that salary increases would average 7.5% per annum and that present and future pensions would increase at the rate of 3% per annum.

In view of the surplus disclosed by the valuation, the actuaries have recommended that no contributions be paid by the group into the scheme from 6th April, 1991 until the next actuarial valuation.

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 that investment returns would be 10% per annum and dividend growth 5.5%, that salary increases would average 7.5% per annum and, allowing for the limited price indexation proposed by the Social Security Act 1990, pensions in payment would increase by 4.5% per annum.

The original actuarially calculated surplus of £1,164,000 was included in the balance sheet with effect from 1st April, 1989 under the transitional provisions of SSAP 24. The additional actuarially calculated surplus revealed at 6th April, 1991 is being credited to profit and loss account over 15 years, being the estimated remaining working lives of the current scheme members. The regular pension cost for 1992 of £179,000 has been reduced by interest of £112,000 accrued on the pension prepayment and a credit of £43,000 in respect of the spreading of the additional surplus resulting in a net charge to profit of £24,000 (1991 £40,000) which has been deducted from the balance sheet prepayment.

The regular cost to the company in the year to 31st March 1992 amounted to 10.3% of pensionable salaries for staff members and 6.1% of pensionable salaries for non-staff members with employee contributions of 5% and 3.25% respectively.

In addition the Group made payments of £43,000 (1991 £27,000) to defined contribution schemes.

Notes to the Accounts

23 (a) RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	1992 £'000	1991 £'000
Operating profit	2,389	1,760
Depreciation less profit on fixed asset sales	752	470
Grant amortisation	(110)	(37)
Stock (increase)/decrease	(59)	583
Debtors decrease/(increase)	671	(191)
Creditors increase	13	100
Reorganisation costs	-	(171)
Net cash inflow from operating activities	<u>3,656</u>	<u>2,514</u>

(b) ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR

	Cash in Hand £'000	Cash at Bank/ (Overdraft) £'000	Total £'000
Balance at 1st April 1991	3	(1,656)	(1,653)
Net cash inflow	1	5,238	5,239
Balance at 31st March 1992	<u>4</u>	<u>3,582</u>	<u>3,586</u>

(c) ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Share Capital (including Premium) £'000	Loans and Finance Leases £'000
Balance at 1st April 1991	5,271	2,276
Cash inflow from financing	4,713	(269)
Balance at 31st March 1992	<u>9,984</u>	<u>2,007</u>

(d) PURCHASE OF SUBSIDIARY UNDERTAKINGS

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

	1992 £'000	1991 £'000
Cash consideration (see note 12)	1,945	293
(Cash)/overdraft acquired	(626)	332
	<u>1,319</u>	<u>625</u>

The subsidiary undertaking acquired during the year contributed £540,000 to the group's net operating cash flows, received £22,000 in respect of net returns on investments and servicing of finance, paid £286,000 in respect of taxation and received £1,000 from investing activities.

Auditors' Report

Report of the Auditors to the Members of Hicking Pentecost PLC

We have audited the accounts on pages 13 to 28 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 1992 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 Auditor

Nottingham

1st June 1992



Notice of Meeting

Notice is hereby given that the forty-sixth Annual General Meeting of Hicking Pentecost PLC will be held at 11.00 a.m. on Thursday, 16th July 1992, at the offices of Credit Lyonnais Laing, Broadwalk House, 5 Appold Street, London EC2A 2DA, 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 31st March 1992 and the auditors' report thereon.
- 2 to declare a final dividend.
- 3 to re-elect Mr J E M Carlsen a director of the company.
- 4 to re-elect Mr H M Crossart a director of the company.
- 5 to re-appoint Price Waterhouse as auditors and to authorise the directors to fix their remuneration.

SPECIAL BUSINESS

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

- 6 that Clause 4 of the Memorandum of Association of the Company be and is hereby deleted and the Clause 4 contained in the document produced at the meeting and marked "No 1" and signed by the Chairman for identification purposes be substituted therefor;
- 7 that the regulations in the document produced at the meeting and marked "No 2" and signed by the Chairman for identification purposes be approved and adopted as the Articles of Association of the Company in substitution for and to the exclusion of the existing Articles of Association.

By Order of the Board

C M Jones
Secretary
1st June 1992

16, Lambourne Crescent
Cardiff
CF4 5GG

Notes:

A member of the company is entitled to appoint a proxy or proxies to attend and vote in his stead and that proxy need not be a member of the company. A form of proxy is included at page 39 of this report. 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 24 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, a statement of transactions of directors (and their family interests) in the share capital of the company and copies of the amended Memorandum and new Articles of Association referred to in resolutions 6 and 7 above 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.

Summary of Amended Memorandum of Association

It is considered that the principal objects of the Company, as stated in Clause 4 of the existing Memorandum, no longer reflect the activities of the Company and its subsidiaries. The more technical provisions of Clause 4 of the Memorandum are out dated because of changes in Company Law and commercial practice which have occurred since the Memorandum was first drafted in 1946.

The provisions of the proposed new Clause 4 of the Memorandum are summarised below:

- (a) Clause 4.1(a) states that the Company is to act as a holding company.
- (b) Clause 4.1(b) contains a statement that the Company is to carry on the business of a general commercial company. In terms of the Companies Act 1989 this would enable the Company to carry on any trade, business or profession whatsoever. This provision provides companies with technical benefits in relation to their dealings with third parties.
- (c) Although, on the face of it, Clause 4.1(f) is all that is required by way of an objects clause the practice is also to make specific reference to the main activities of a company. Clause 4.1(c) therefore makes specific provision for the current trading activities of the Company and its subsidiaries.
- (d) Clause 4.1(d) provides the Company with a list of specific powers in relation to subsidiaries, including the giving of indemnities and guarantees.
- (e) The remaining Clauses 4.2 to 4.23 contain more technical provisions. These provide for the particular activities and transactions covered by the Company's existing Memorandum but in an up to date form.

Summary of New Articles of Association

PRINCIPAL CHANGES

The principal changes to the existing Articles of Association are as follows:

- A. Since the existing Articles were adopted legislation has been introduced requiring the directors of a company to have specific authority to allot unissued shares. In addition, the legislation introduced statutory pre-emption rights which must be followed unless the directors are empowered to the contrary. The new Articles provide for the shareholders giving annually renewable authority to the directors to allot unissued shares and in certain circumstances and subject to certain limits, to disapply the statutory pre-emption rights. Further details on this are set out in paragraph 1(c) below. In addition the new Articles provide that the renewal of such authority to disapply the statutory pre-emption rights will constitute routine business at Annual General Meetings. These are technical provisions which do not affect the control exercisable by shareholders over these matters.
- B. The existing Articles restrict the powers of the directors to borrow money so that the aggregate amount of borrowings of the group is not to exceed twice the aggregate of the amount of the paid up capital of the Company plus the amount standing to the credit of capital and revenue reserves of the Company and its subsidiaries. The proposed new borrowing limit will restrict the power of the directors to borrow money so that the amount of group borrowings outstanding at any time is not to exceed twice the Adjusted Capital and Reserves as defined in the new Articles of Association. This will amount to approximately £21.8 million at the date hereof.
- C. The existing Articles do not give the Company power to purchase its own shares. Such a power is included in the new Articles. The directors have no present intention of exercising such power.
- D. The provisions relating to untraced shareholders are being updated and a provision is being introduced whereby, subject to various notice requirements, the company may sell shares belonging to an untraced shareholder, provided that for a period of twelve years, no cheque or dividend warrant has been cashed, at least three dividends (whether interim or final) on those shares have become payable and the Company has received no communication from the shareholder after advertisement in the press.

Summary of New Articles of Association

- E. The restrictions on the ability of directors to vote in respect of contracts in which they have an interest have been updated to bring them into line with current legislation and practice. They restate that a director is not entitled to vote in respect of any contract in which he has a material interest although they now provide for limited exceptions.
- F. The new Articles contain a provision whereby the company has the right to disenfranchise a shareholder from voting, suspend payment of any dividend on his/her shares and refuse to register a transfer of such shares where that shareholder is in default of an enquiry made of him/her under Section 212 of the Companies Act 1985 ("the Act") to ascertain the true beneficial ownership of the shares held by him/her.
- G. The quorum for a meeting of the Company is reduced from three members to two.
- H. The Company is given power, where the price payable for any shares under an employees share scheme (as adjusted and properly payable in terms of such scheme), has fallen below the nominal value of the shares in question, to pay the balance of the price out of reserves or available profits.

Summary of Principal Provisions of New Articles

The following is a summary of the principal provisions of the proposed new Articles of Association of the Company:

1. Share Capital (Articles 3-9, 11 and 14)

- (a) (i) Without prejudice to any special rights previously conferred on any shares in issue, shares in the Company may be issued with such preferred, deferred or other special rights or subject to such restrictions, as regards dividend, capital, voting or otherwise, as the Company may determine by ordinary resolution, which failing as the Directors may determine;
- (ii) Subject to the Statutes, the Company may issue shares redeemable at the option of the Company or the holder thereof on such terms and conditions as may be provided by the Articles of Association save that the date on or the dates between which the shares are or may be redeemed may be fixed by the Directors, and if so fixed, must be fixed before the shares are issued.
- (b) The Company may by ordinary resolution:
 - (i) increase its share capital by new shares of such amount as the resolution prescribes;
 - (ii) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
 - (iii) sub-divide its shares, or any of them, into shares of smaller amount than is fixed by the Memorandum of Association;
 - (iv) determine that, as between the shares resulting from such a sub-division, any of them may have any preference or advantage as compared with the others;
 - (v) cancel shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares cancelled;

The Company may also by special resolution:

- (vi) subject to the provisions of the Companies Acts, reduce its share capital, or any capital redemption reserve, share premium account or other undistributable reserve in any way; and
- (vii) subject to the provisions of the Companies Acts, purchase its own shares, including redeemable shares, but not unless the purchase has been sanctioned by an extraordinary resolution passed at a separate class meeting of the holders of any class of convertible shares into ordinary shares.

Summary of Principal Provisions of New Articles

(c) The Directors are authorised:

- (i) Until the date of the 1993 AGM or 15th October 1993 (whichever is earlier), and thereafter for subsequent periods (not exceeding 5 years on any occasion) authorised by ordinary resolution ("Section 80 Periods") to exercise the Company's power to allot, pursuant to Section 80 of the Companies Act 1985, relevant securities up to an aggregate nominal amount of £818,068 for the said period to the date of the 1993 AGM or 15th October 1993 (whichever is earlier) and for subsequent Section 80 Periods, up to the amount ("the Section 80 Amount") stated in the relevant ordinary resolution which authorises each Section 80 Period; and
- (ii) Until the date of the 1993 AGM or 15th October 1993 (whichever is earlier) and thereafter for subsequent periods (not exceeding 15 months on any occasion) authorised by special resolution ("Section 89 Periods"), to allot equity securities for cash as if Section 89(1) of the Companies Act 1985 did not apply to such allotment:
 - (a) in connection with a rights issue as defined in the Articles of Association – without limit.
 - (b) otherwise than in connection with a Rights Issue – up to an aggregate nominal amount of £409,034 for the said period to the date of the 1993 AGM or 15th October 1993 (whichever is earlier) and for such subsequent Section 89 Periods up to the amount ("the Section 89 Amount") stated in the special resolution which authorises each Section 89 Period.

2. Variation of Rights (Articles 9 and 10)

Subject to the provisions of the Companies Acts if at any time the capital of the Company is divided into different classes of shares the rights attaching to any class may be varied or abrogated (whether or not the company is being wound up) in such manner (if any) as may be provided by those rights or with the consent in writing of the holders of not less than three-quarters in nominal value of the issued shares of that class, or with the sanction of an extraordinary resolution passed at a separate meeting of the holders of the shares of that class at which a quorum of two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class are present. Unless otherwise expressly provided by the rights attached to any shares, those rights shall be deemed to be varied by the reduction of the capital paid up on those shares and the creation or issue of further shares ranking in priority to them for dividend or capital or conferring more favourable voting rights, but shall not be deemed to be varied by the creation or issue of further shares ranking *pari passu* with or subsequent to them.

3. Share transfers and certificates (Articles 15, 31-39 and 41)

- (a) The Directors are empowered to implement regulations relating to the transfer of title to shares otherwise than by means of a written instrument of transfer so long as they comply with any legislation and Stock Exchange regulations promulgated in that respect. Subject thereto, all transfers of shares shall be effected by a transfer in writing in any usual form or in any other form acceptable to the Directors.
- (b) The Directors may in their absolute discretion and without giving any reason, refuse to register any transfer of a share which is not fully paid or on which the Company has a lien. The Directors may also refuse to register a transfer of a share, whether or not fully paid, unless, the instrument of transfer:
 - (i) is lodged duly stamped with the Company accompanied by the certificate for the share to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;
 - (ii) is in respect of only one class of share; and
 - (iii) is in favour of not more than four transferees jointly.

Summary of Principal Provisions of New Articles

- (c) The transfer form and any other documents relating to or affecting the title to any shares will be registered without payment of any fee. Registration of transfers of shares may be suspended at the discretion of the Directors but not for more than 30 days in aggregate in any year.
 - (d) The Directors have power to sell fractions of shares arising from consolidation of shares and (subject to the Company's right to retain amounts not exceeding £3 the cost of distribution of which would be disproportionate to the amounts involved) to distribute the proceeds proportionately among the shareholders entitled.
 - (e) The Company shall issue the relevant share certificates to members within one month after allotment of the relevant shares.
 - (f) Cancelled share certificates, registered transfers, dividend mandates and other documents, particulars of which are recorded in the Register of Members may be destroyed after various periods of time. Where they are destroyed in good faith and without notice of any relevant claim it will be conclusively presumed in favour of the Company that the documents were valid and effective and that any particulars of the documents in the Company's records were correctly recorded.
4. Disclosure of interests in shares and disenfranchisement (Article 45)
- (a) The Directors are authorised to serve notice under Section 212 of the Act on any shareholder, or other person appearing to be interested in shares in the Company, requiring them to give information as to who is interested (within the meaning of Section 212) in shares in the Company within 14 days, where the shares in question represent 0.25% or more in nominal value of the issued shares of their class, or otherwise within 28 days.
 - (b) If such notice is not complied with, the Directors may in their absolute discretion give notice to the shareholder disenfranchising him/her from voting in respect of the shares in question and (only where the shares in question represent 0.25% or more in nominal value of the issued shares of their class) (i) withholding payment of dividends or other distributions on such shares and (ii) refusing registration of any transfer of such shares, other than an approved transfer (being a transfer pursuant to a take-over offer for the Company, or in consequence of a sale of the shares through a recognised investment exchange or clearing house or stock exchange outside the UK on which the Company's shares are normally traded, or which the Directors are satisfied is in consequence of a *bona fide* sale to an unconnected third party).
 - (c) The sanctions summarised in paragraph (b) above shall continue so long as the notice under Section 212 is not complied with and shall cease to have effect (i) if the shares in question are transferred under an approved transfer or (ii) when the Directors are satisfied that the information required by such notice has been provided to the Company.
 - (d) The Directors can cancel such notice at any time.
5. Meetings (Articles 46-75)
- (a) If a quorum is not present for a general meeting within half an hour after the time appointed for holding the meeting or if a quorum ceases to be present during a meeting, the meeting shall stand adjourned to the same day place and time in the following week or to such time and place as the Directors may determine. If a quorum is not present at the adjourned meeting within 15 minutes of the appointed time, or if a quorum ceases to be present during the meeting, the meeting shall be dissolved.
 - (b) No amendments to special or extraordinary resolutions (other than to correct a patent or clerical error) may be considered or voted upon. If the Chairman rules any amendment of a resolution out of order the proceedings in the resolution shall not be invalidated by any error in his ruling.

Summary of Principal Provisions of New Articles

- (c) A poll may be demanded by the Chairman or not less than five shareholders having the right to vote at the meeting or a shareholder or shareholders representing not less than one tenth of the total voting rights of all the shareholders having the right to vote at the meeting or by a shareholder or shareholders holding shares giving the right to vote on the resolution, on which an aggregate amount has been paid up equal to not less than one tenth of the total amount paid up on all the shares giving such right to vote. Unless a poll is demanded a declaration by the Chairman that a resolution has been carried or carried unanimously or by a particular majority, or lost, or not carried by a particular majority, and an entry to that effect in the Minutes of the meeting, is conclusive evidence without proof of the number of proportionate votes recorded.
 - (d) In the case of an equality of votes whether on a show of hands or in a poll the Chairman is entitled to a casting vote in addition to any other vote he may have.
 - (e) Proxies, together with any authority under which they are executed or a material copy of same, must be deposited at the registered office or such other place in the United Kingdom as is specified in the notice convening the meeting, or in any form of proxy sent out by the Company in relation to the meeting, not less than forty eight hours before the time for the meeting, or in the case of a poll taken more than forty eight hours after it was demanded, be deposited as aforesaid after the poll has been demanded and not less than twenty four hours before the time appointed for taking the poll or where the poll is not taken forthwith but is taken not more than forty eight hours after it was demanded, be delivered at the meeting to the Chairman or the Secretary or any Director.
 - (f) Notices of meetings sent by post are deemed to have been given on the day following the day on which the same were posted. Proof that the envelope containing the notice was properly addressed, pre-paid and posted is conclusive evidence that notice was given. Notice given by advertisement is deemed to have been given on the day on which the advertisement appeared.
 - (g) If at any time there is a suspension or curtailment of postal services within the UK, and the Company is unable effectively to convene a general meeting by notices sent by post, a meeting may be convened by notice advertised in a national daily newspaper. The Company shall also send confirmatory copies of the notice by post if the postal service becomes operative at least seven days prior to the date of the meeting.
6. Voting (Articles 66-69)
- (a) At general meetings of the Company, subject to sub-paragraph (b) below and to any special rights or restrictions attached to any shares, on a show of hands every member present in person shall have one vote, and on a poll every member present in person or by proxy, shall have one vote for each Ordinary Share.
 - (b) Voting rights may not be exercised by a member in respect of any shares held if:-
 - (i) any amounts presently payable in respect of those shares remain unpaid; or
 - (ii) such member or any person appearing to be interested in such shares has been served with a notice under Section 212 of the Companies Act 1985 and is in default in supplying the Company with the information required.
7. Directors (Articles 77-112)
- (a) No shareholding qualification for Directors is required.
 - (b) The Directors are entitled to such fees for their services as Directors as the Company may determine by ordinary resolution. The Directors are also entitled to be paid all reasonable travelling, hotel and other expenses incurred by them in connection with their attendance at meetings of the Directors or committees of the Directors, or general or class meetings of shareholders, or otherwise in connection with the discharge of their duties.
- Any Director holding executive office or performing duties outside the scope of the ordinary duties of a Director may be paid such extra remuneration by way of salary, commission or otherwise as the Directors may determine



Summary of Principal Provisions of New Articles

- (c) Provided the nature and extent of any material interest has been disclosed, a director may be a party to or otherwise interested in any transaction or arrangement to which the Company is a party or in which the Company is in any way interested, may be a director of or employed by or a party to any transaction or arrangement with or otherwise interested in any other company in which the Company is interested, and may retain any benefit deriving therefrom.
- (d) Save as specified below a director may not vote on any resolution concerning a matter in which he has a material interest (other than an interest in shares or debentures or other securities of, or otherwise in or through, the Company). A director shall not be counted in the quorum at a meeting in relation to a resolution on which he is not entitled to vote. Subject to the provisions of the Companies Acts a director is (in the absence of some other material interest than is indicated below) entitled to vote (and will be counted in the quorum) in respect of any resolution concerning any of the following matters:
 - (i) the giving of any guarantee, security or indemnity to him in respect of money lent to, or obligations incurred by him at the request or for the benefit of, the Company or any of its subsidiaries or subsidiary undertakings;
 - (ii) the giving of any guarantee, security or indemnity to any third party in respect of an obligation of the Company or any of its subsidiaries or subsidiary undertakings for which the director has assumed responsibility in whole or part under a guarantee or indemnity or by the giving of security;
 - (iii) any proposal concerning the subscription or purchase by him of shares, debentures or other securities of the Company or any of its subsidiaries or subsidiary undertakings pursuant to an offer or invitation to members or debenture holders of the Company or any of its subsidiaries or subsidiary undertakings or to the public;
 - (iv) any proposal concerning an offer of shares or debentures or other securities of the Company or any of its subsidiaries or subsidiary undertakings for subscription or purchase where his interest arises by virtue of his being, or intending to become, a participant in the underwriting or sub-underwriting of such shares;
 - (v) any proposal concerning any other company in which he is interested provided that he is not the holder of or beneficially interested in one per cent or more of the issued share capital of that company (or of any other company through which his interest is derived) and is not entitled to exercise one per cent or more of the voting rights available to members of the relevant company;
 - (vi) any proposal concerning any retirement benefits scheme or employee share scheme under which he may benefit and which has been approved by or is subject to or conditional upon approval by the Board of Inland Revenue for taxation purposes or by the Company in general meeting;
 - (vii) any resolution relating to an arrangement for the benefit of the employees of the Company or any of its subsidiaries or subsidiary undertakings which does not accord to any Director as such any privilege or advantage not generally accorded to the employees to whom the arrangement relates;
 - (viii) any proposal concerning insurance (as defined in the Articles of Association) which the Company is empowered under the Articles to purchase or maintain for the benefit of any Director or for persons including Directors of the Company.
- (e) Where proposals are under consideration concerning the appointment of two or more directors to office or employments with the Company or any company in which the Company is interested, such proposals may be divided and considered in relation to each director separately. In such case each of the directors concerned (if not otherwise debarred from voting) is entitled to vote (and will be counted in the quorum) in respect of each resolution except that concerning his own appointment.
- (f) The Company may by ordinary resolution suspend or relax the provisions of the Articles of Association prohibiting Directors from voting at meetings of the Directors to any extent.

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- (g) The Directors have the power to provide benefits by the payment of gratuities, pensions, by insurance or otherwise to any Director who holds or formerly held executive office or employment with the Company or any subsidiary or subsidiary undertaking of the Company, and for members of his family and dependants, and to contribute to any scheme or fund or to pay premiums for the purpose of providing any such benefits,
 - (h) The Directors are authorised to purchase and maintain insurance for or for the benefit of current or former Directors, officers or employees of the Company or its holding company, subsidiaries, subsidiary undertakings or associated companies, or trustees of any retirement benefits scheme or employees' share scheme for employees of the Company or any such other company or undertaking, including insurance against liability incurred in the performance of their duties or exercise of their powers in relation to the Company or such other companies or undertakings or retirement benefits or employees share scheme.
 - (i) Provision is made for delegation of the powers of the Directors to committees which may consist of members who are not Directors as long as a majority of the members are Directors.
 - (j) Provision is made to enable the Directors to participate in meetings by means of conference telephone or similar communication facilities.
 - (k) The requirement for special notice of any resolution to remove a Director has been deleted.
8. **Borrowing Powers (Article 86)**
- (a) The Directors may exercise all the powers of the Company to borrow money, pledge or grant security over its property and uncalled capital and issue debentures and other securities.
 - (b) The Directors shall restrict the borrowings of the Company and exercise all powers of control exercisable by the Company in relation to its subsidiaries and subsidiary undertakings so as to secure (as regards subsidiaries and subsidiary undertakings so far as by such exercise they can secure) that the aggregate principal amount from time to time outstanding of all borrowings by the Company and its subsidiaries and subsidiary undertakings ("the group") (exclusive of borrowings by one group member from another group member) shall not at any time without the previous sanction of the company in general meeting exceed a sum equivalent to two times the Adjusted Capital and Reserves (as defined in the Articles of Association).
9. **Dividends (Articles 118-125)**
- (a) Subject to the Statutes the Company may by ordinary resolution declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the Directors.
 - (b) The Directors may pay interim dividends if it appears to them that they are justified by the profits available for distribution. They may also pay interim dividends on shares which confer deferred or non-preferred dividend rights, but not if any preferential dividend is in arrears, and may further pay at intervals settled by them any dividends payable at fixed rates if they consider it justified by the profits available for distribution. If the Directors are in good faith, they shall not incur any liability to holders of shares with preferential rights for any loss suffered by the lawful payment of an interim dividend on shares with deferred or non-preferred rights.
 - (c) Except as otherwise provided by the rights attached to shares, all dividends shall be declared and paid according to the amounts paid up on the shares on which the dividend is paid. If any shares are issued on terms that they rank for dividend from a particular date, they shall rank for dividend accordingly, otherwise dividends shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion(s) of the period in respect of which the dividend is paid. Amounts paid up in advance of calls shall not be regarded as paid up for these purposes.



Summary of Principal Provisions of New Articles

- (d) A general meeting declaring a dividend may, on the recommendation of the Directors, direct that it be satisfied wholly or partly by the distribution of assets.
 - (e) Subject to approval by the Company at any annual general meeting the Directors may determine (provided sufficient unissued shares authorised for issue are available) that shareholders will be entitled to elect to receive an allotment of additional shares credited as fully paid in lieu of dividend. The Directors are entitled at any time prior to this being effected, if it appears to them desirable to do so because of a change of circumstances, to determine that the dividend be paid in cash after all. The Directors may determine that such election shall not be made available to shareholders in territories where the making of the offer of such election would or might be unlawful.
 - (f) Any dividend unclaimed after a period of 12 years from the date such dividend is payable shall if the Directors so resolve, be forfeited and cease to remain owing by the Company.
10. **Record Dates (Article 128)**
Without prejudice to any rights attached to any existing shares, and notwithstanding any other provision of the Articles of Association, the Company or the Directors may fix a date as the record date by reference to which dividends will be declared or paid or distributions, allotments or issues made, and such date may be before, on or after the date on which such dividend, distribution, allotment or issue is declared paid or made.
11. **Distribution of Assets on Liquidation (Article 142)**
On a winding-up the liquidator may with the sanction of an extraordinary resolution divide amongst the members *in specie* the whole or any part of the assets of the Company and may for that purpose, value any assets of the Company and determine how the division shall be carried out as between the members or different classes of members. The liquidator may, with the like sanction, vest the whole or any part of the assets in trustees, upon such trusts for the benefit of the members as he may with the like sanction determine, but no member shall be compelled to accept any assets upon which there is a liability.
12. **Indemnity (Article 144)**
Without prejudice to the power of the Company to effect insurance for such liabilities, as referred to above, and subject to the terms of the Companies Acts, every Director, Secretary, other officer or employee of the Company is entitled to be indemnified out of the assets of the Company against all costs and liabilities incurred by him in the actual or purported execution or discharge of his duties or powers in connection with the Company, including liability incurred in defending any civil or criminal proceeding relating thereto in which judgement or decree is given in his favour, or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part or in which he is acquitted, or in connection with any application under any statute for relief from liability in respect of any such act or omission, in which relief is granted by the Court

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 11.00 a.m. on the 16th day of July 1992 at the offices of Credit Lyonnais Laing, Broadwalk House, 5 Appold Street, London EC2A 2DA 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 Resolutions	For	Against
Resolution No. 1	<input type="checkbox"/>	<input type="checkbox"/>
Resolution No. 2	<input type="checkbox"/>	<input type="checkbox"/>
Resolution No. 3	<input type="checkbox"/>	<input type="checkbox"/>
Resolution No. 4	<input type="checkbox"/>	<input type="checkbox"/>
Resolution No. 5	<input type="checkbox"/>	<input type="checkbox"/>
Special Resolutions		
Resolution No. 6	<input type="checkbox"/>	<input type="checkbox"/>
Resolution No. 7	<input type="checkbox"/>	<input type="checkbox"/>

Please indicate how you wish your proxy to vote with 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 _____ 1992

Name _____

Address _____

Notes:

- 1 If any other proxy is preferred strike out the reference to the Chairman of the Meeting stated above and add the name of the proxy you wish to appoint, and initial the alteration.
- 2 If the appointor is a Corporation this form must be either under its common seal or under the hand of an officer or attorney duly authorised in that behalf.
- 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 twenty-four hours before the annual general meeting. Completion of the form of proxy will not preclude a member from attending and voting in person.