

Annual Report 1989/90



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Notice of Meeting

Notice is hereby given that the forty fourth annual general meeting of Hicking Pentecost PLC will be held at 12 noon on Monday, 23rd July 1990 at the offices of Robert Fleming & Co. Limited, 25 Cophall Avenue, London EC2R 7DR. at which the following resolutions will be proposed:

ORDINARY BUSINESS

- 1 to receive and adopt the report of the directors and the accounts for the year ended 31st March 1990 and the auditors' report thereon;
- 2 to declare a final dividend;
- 3 to re-elect the following director retiring by rotation;
Mr J B Hamilton;
- 4 to re-elect the following director appointed on 7th September 1989;
Mr J T Lister;
- 5 to re-elect the following director appointed on 7th September 1989;
Mr J E M Carlsen;
- 6 to re-elect the following director appointed on 18th June 1990;
Mr T G Davies;
- 7 to re-appoint the auditors, Price Waterhouse, and to authorise the directors to fix their remuneration.

S M Gravett
Secretary
27th June 1990

Queens Road
Nottingham

Notes:

A member of the company is entitled to appoint a proxy to vote in his stead and that proxy need not be a member of the company. A form of proxy is enclosed with the report. To be effective the form of proxy must be deposited, duly completed and signed at the company's registered office not later than 11.45 a.m. on 20th July 1990.

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

Directors and Advisers

Directors

John Thomas Lister, *Chairman*

John Erik Marius Carlsen, *Chief Executive and Deputy Chairman*

John Brian Hamilton, *Non-Executive Director*

Tudor Griffith Davies

Simon Morford Gravett

Biographical Details of Non-Executive Director

Mr Hamilton has spent all his working life in the textile and clothing industry and has been a member of the boards of Carrington Vivella, Whitecroft Industrial Holdings and Sketchley Plc.

He was appointed a Non-Executive Director in 1986. He currently runs his own business consultancy operation.

Secretary

Simon Morford Gravett

Registered Office

Queen's Road, Nottingham

Bankers

National Westminster Bank PLC, Nottingham

Merchant Bankers

Robert Heming & Co. Ltd.

Auditors

Pricewaterhouse, Nottingham

Brokers

Lang & Cruckshank, London William Chapman, Trease & Co, Nottingham

Solicitors

Rotheras, Nottingham Shoosmiths & Harrison, Nottingham

Registrars

Exchange Registrars Limited, Cardiff



Chairman's Statement

Introduction

On 7th December 1989 the Board of Directors asked me to become Chairman in succession to Mr S J Hyde who had resigned. This, therefore, is my first report to you as Chairman.

Board Changes

On 7th September 1989 Mr J E M Carlsen and I were appointed to the Board. Mr Carlsen and I have been in business together for twenty years and had acquired approximately 26 per cent of the issued capital of Hicking Pentecost PLC as an investment. We felt that the company was not exploiting its full potential and hoped to be able to make a contribution to its future development. Mr S J Hyde and Mr T M Harris have both resigned, as has Mr J Tattersall. Mr T G Davies was appointed as a director on 18th June 1990 and further reference to this is made in the circular being sent to stockholders regarding the proposed acquisition of Forgemasters Holdings Limited.

Trading

As you will see from the Statement of Accounts, the Board has to announce a loss for the year, after exceptional losses and extraordinary items, of £1,995,000. Exceptional losses and extraordinary items contributed £1,517,000 to this figure and these are (with the exception of £68,000) wholly attributable to the knitwear and Realmtree businesses.

The adverse trading result arose principally from trading losses, reorganisation and other costs in the knitwear division and at Realmtree. The Realmtree business, acquired in April 1988, proved to be unsuccessful and was sold to its management during the year. Losses during the year in connection with Realmtree, including the final loss on disposal and attributable interest costs of £112,000, amounted to £500,000.

Substantial Board and management time has been devoted to the knitwear businesses that are centred at Ballymoney in Northern Ireland and South Normanton in England. Action has been taken to improve and maintain production and quality control and to eliminate low margin business. The

substantial cost burden of an ill-judged attempt to develop a UK brand presence has also been removed.

An early decision to separate the management of the two knitwear centres has proved successful and Ballymoney, under the new direction of Mr Robert Francey, has shown an immediate improvement in efficiency and profitability.

At South Normanton considerable re-organisation, cost reductions and management changes were required, as well as significant redundancies, which we regret. The business has reduced its exposure to the difficult UK market and concentrated on the core Straven export business where order books are full for the current year.

The company's dyeing and finishing operations were profitable and continue to expand and make progress.

Future Prospects

The textile industry generally, and knitting in particular, continues to be difficult and has seen many established companies fail. As a result of the re-organisation and cost reductions that have been implemented, your company is advantageously placed to benefit from the contraction of available manufacturing and processing capacity in the country. The Board views the current year with optimism and the early trading results bear this out.

The Board has, however, come to the conclusion that the group has been vulnerable to its exclusive dependence on the textile industry and should reduce this exposure by diversification into other business areas. A first step in this direction has been taken with the proposed acquisition of Forgemasters (Holdings) Ltd which is an engineering based business located in South Wales. With this acquisition comes a substantial property which has been converted into a trading Estate with scope for further development. This move into engineering is in line with my, and Mr Carlsen's, business experiences. The Forgemasters acquisition is dealt with in greater detail in the circular referred to above. The Board is also considering additional acquisition opportunities.

People

The past 12 months have been very difficult for everyone associated with the company and I should like to thank all our employees for their efforts on behalf of the company. Much has been asked of many, at all levels within the group, and I am sure that all these efforts will prove to be worthwhile.

Quality, efficiency and customer service must continue to be the highest priorities and I am sure that we all recognise this.

Dividend

Despite the adverse trading results, the Board is proposing to maintain the dividend policy with a final dividend of 1.5p, to retain the total for the year at 2.0p. We are recommending this as a demonstration of confidence in the future.

J T Lister

Chairman

27th June 1990



Directors' Report

The directors submit their annual report together with the audited accounts for the year ended 31st March 1990.

Principal Activities

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

Review of Business

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

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

	1990 £'000	1989 £'000
Dyeing	779	633
Knitwear	(2,231)	90
Realmtree (discontinued)	(234)	—
(Loss)/Profit before taxation	(1,686)	723
Taxation	(43)	(43)
(Loss)/Profit after taxation	(1,729)	680
Extraordinary losses (Realmtree disposal)	(266)	—
	(1,995)	680
Dividends	(128)	(128)
(Deficit)/Retained profit for the year	(2,123)	552
Exceptional losses taken into account in the calculation of (loss)/profit before taxation:		
Knitwear reorganisation (redundancies stock write downs etc)	(1,061)	—
Realmtree	(122)	—
Other	(68)	—

Fixed Assets

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

Employees

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

Charitable and Political Donations

Charitable donations during the year amounted to £548 and there were no political contributions.

Close Company Provisions

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

Directors Report

The interests of the directors (all beneficial) in the issued ordinary stock units of the company at 31st March 1990 and 31st March 1989 according to the register kept by the company for the purpose of Section 325 of the Companies Act 1985 are shown below:

	Ordinary stock units	
	31st March 1990	31st March 1989
J T Lister	546,250	546,250*
J E M Carlsen	546,250	546,250*
J B Hamilton	2,500	2,500
T M Harris	200	200
S M Gravett	2,000	—*

*or at date of appointment

There were no changes in directors' stockholdings or options between 31st March 1990 and 27th June 1990. Mr J T Lister and Mr J E M Carlsen are directors and significant shareholders in Euro Investments Limited which indirectly held a further 580,000 stock units at 31st March 1990.

Transactions involving Directors' Interests

With the exception of service contracts and other than as disclosed in the circular to stockholders dated 27th June, none of the directors had an interest at any time during the year in any significant contract of the company.

Substantial Interests

The directors are aware of the following holdings of more than 3 per cent in the issued capital of the company at 27th June 1990.

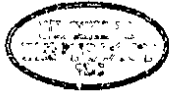
	%
Euro Investments Limited	9.1
J T Lister	8.5
J E M Carlsen	8.5
Touche Remnant & Co.	7.4
Manchester and London Investment Trust PLC	6.4
Pearl Assurance PLC	5.3
Bank of Scotland Nominees (Save & Prosper) Ltd	4.9
Phillips & Drew Fund Management Ltd	4.6
M & G Investment Management Ltd	4.3
JRSST (Investment) Ltd	3.6

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.

Directors

The present directors are listed on page four. They were directors for the whole year apart from Mr S M Gravett who was appointed on 8th June 1989 and Mr J T Lister and Mr J E M Carlsen who were both appointed on 7th September 1989 and Mr T G Davies who was appointed on 18th June 1990. In addition, Mr A Evans was a director until his resignation on 9th June 1989. Mr J R Tattersall was a director until his resignation on 7th December 1989, Mr S J Hyde was a director until his resignation on 7th December 1989 and Mr T M Harris was a director until his resignation on 13th June 1990.



Directors Report

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

Mr J T Lister, Mr J E M Carlsen and Mr T G Davies having been appointed since the last annual general meeting retire and being eligible offer themselves for re-election.

Mr J T Lister and Mr J E M Carlsen have service contracts with the company dated 25th June 1990 for a period of one year and thereafter until terminated by one year's notice. Mr T G Davies has a service contract with the company dated 18th June 1990.

Dividends

It is proposed to pay a 1.5p final dividend (payable 2nd October 1990 to stockholders on the register on 7th September 1990) to bring the total for the year to 2.0p (1989 2.0p).

J T Lister

Chairman

27th June 1990

Auditors' Report

To the Members of Hicking Pentecost PLC

We have audited the accounts on pages 10 to 23 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 1990 and of the loss and source and application of funds of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

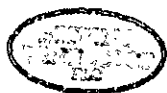
Price Waterhouse
Chartered Accountants

Nottingham

27th June 1990

Financial Calendar

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



Accounting Policies

The group's accounting policies are as follows:

Basis of Accounting

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

Basis of Consolidation

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

Turnover

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

Government Grants

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

Fixed Assets and Depreciation

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

Buildings	2% to 5%
Plant and equipment	6.25%, 10% and 20%

Leases

Assets held under finance leases are capitalised as fixed assets. Interest is charged to the profit and loss account over the primary period of the lease. Rentals under operating leases are charged against income when paid.

Stock

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

Deferred Taxation

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

Research and Development

Research and development expenditure is written off as incurred.

Pensions

The group operates a pension scheme for its employees. The scheme is funded by contributions partly from the employees and partly from the group in accordance with the advice of independent actuaries and the rules of the scheme.

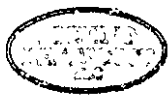
This is the first year in which Statement of Standard Accounting Practice No. 24, Accounting for Pension Costs, has been implemented and under the transitional provisions the pension fund surplus at 1st April 1989 has been credited to reserves and carried forward in the balance sheet in debtors.

The charge to the profit and loss account reflects the regular service costs of the scheme net of the interest credit arising on the pension fund surplus.

Group Profit and Loss Account

for the year ended 31st March 1990

	Note	1990 £'000	1989 £,000
Turnover	1	18,954	19,160
Cost of sales		<u>(15,482)</u>	<u>(15,160)</u>
Gross profit		3,472	4,000
Distribution costs		(1,697)	(1,497)
Administrative expenses		<u>(1,631)</u>	<u>(1,397)</u>
Operating profit		144	1,106
Exceptional losses	2	(1,251)	—
Interest payable	3	<u>(579)</u>	<u>(383)</u>
(Loss)/profit on ordinary activities before taxation	4	(1,686)	723
Taxation on (loss)/profit on ordinary activities	7	<u>(43)</u>	<u>(43)</u>
(Loss)/profit after taxation before extraordinary items		(1,729)	680
Extraordinary Loss	8	<u>(266)</u>	<u>—</u>
(Loss)/profit for the financial year		(1,995)	680
Dividends	9	<u>(128)</u>	<u>(128)</u>
Reserve movement	18	<u>(2,123)</u>	<u>552</u>
(Loss)/earnings per stock unit:	19		
—on ordinary activities		(27.09p)	10.66p
—excluding exceptional losses		<u>(7.49p)</u>	<u>10.66p</u>



Group Balance Sheet

31st March 1990

	Note	1990 £'000	1989 £'000
Fixed Assets			
Tangible assets	10	4,240	4,318
Investments:			
Share in related companies	11	—	10
		<u>4,240</u>	<u>4,328</u>
Current assets			
Stock	12	2,402	3,550
Debtors	13	4,661	3,456
Cash		4	4
		<u>7,067</u>	<u>7,010</u>
Creditors: amounts falling due within one year	14	<u>6,505</u>	<u>5,711</u>
Net current assets		<u>562</u>	<u>1,299</u>
Total assets less current liabilities		4,802	5,627
Creditors: amounts falling due after more than one year	15	(288)	(354)
Provisions for liabilities and charges	16	<u>(282)</u>	<u>(100)</u>
		<u>4,232</u>	<u>5,173</u>
Capital and reserves			
Called up share capital	17	3,207	3,189
Reserves	18	<u>1,025</u>	<u>1,984</u>
		<u>4,232</u>	<u>5,173</u>

J T Lister
S M Gravett

Directors

Approved by the Board on 27th June 1990

Company Balance Sheet

31st March 1990

	Note	1990 £'000	1989 £'000
Fixed Assets			
Tangible assets	10	1,328	4,297
Investments:			
Shares in group companies	11	73	73
Shares in related companies	11	—	10
Loans to group companies	11	3,569	718
		<u>4,970</u>	<u>5,098</u>
Current assets			
Stock	12	2,402	3,226
Debtors	13	3,896	2,456
Cash		4	4
		<u>6,302</u>	<u>5,686</u>
Creditors: amounts falling due within one year	14	6,396	4,100
Net current (liabilities)/assets		<u>(94)</u>	<u>1,586</u>
Total assets less current liabilities		4,876	6,684
Creditors: amounts falling due after more than one year	15	(1,215)	(1,281)
Provisions for liabilities and charges	16	(282)	(10)
		<u>3,379</u>	<u>5,393</u>
Capital and reserves			
Called up share capital	17	3,207	3,189
Reserves	18	172	2,204
		<u>3,379</u>	<u>5,393</u>

J T Lister
S M Gravett

Directors

Approved by the Board on 27th June 1990



Source and Application of Funds

for the year ended 31st March 1990

	1990	1989
	£'000	£'000
Source of funds		
(Loss)/profit on ordinary activities before taxation	(1,686)	723
Extraordinary charges	(266)	—
Provision against investment	10	—
Depreciation less adjustments on disposal	414	243
	<u>(1,528)</u>	<u>966</u>
Generated from operations		
Funds from other sources	18	—
Issue of shares	127	60
Loans received	206	280
Disposal of fixed assets*	<u>(1,177)</u>	<u>1,306</u>
Application of funds		
Goodwill on acquisition of subsidiary	—	1,615
Purchase of fixed assets	542	856
Dividends	128	32
Purchase of shares in related company	—	10
Loan repayments	76	13
Tax paid	22	—
Movement in working capital:		
Stock*	(1,148)	285
Debtors*	41	358
Creditors*	1,072	(718)
Provisions	<u>(182)</u>	<u>(28)</u>
	<u>(217)</u>	<u>(103)</u>
	<u>551</u>	<u>2,423</u>
	<u>(1,728)</u>	<u>(1,117)</u>
(Increase) in net bank borrowings*		
*Summary of the effects of the disposal of the Realmtree business included above:		
	£'000	
Fixed Assets	(15)	
Stock	(318)	
Debtors	(159)	
Creditors	165	
Loss on Sale	266	
Cash received	<u>61</u>	

Notes to the Accounts

	1990 £'000	1989 £'000
1 TURNOVER		
Dyeing division	6,768	6,425
Knitwear division	11,015	10,932
Discontinued operation	1,171	1,803
	<u>18,954</u>	<u>19,160</u>
Overseas turnover included above:		
EEC	3,188	3,450
Scandinavia	857	1,186
North America	78	119
Other	136	125
	<u>4,259</u>	<u>4,880</u>
2 EXCEPTIONAL LOSSES		
Realmtree operating loss (discontinued)	122	—
Re-organisation costs:		
Knitwear division	1,061	—
Corporate centre	68	—
	<u>1,251</u>	<u>—</u>
Knitwear division re-organisation costs comprise accelerated depreciation and stock write-downs of £580,000 and costs arising on the reduction of production capacity amounting to £481,000.		
3 INTEREST PAYABLE		
Bank and other interest	534	347
Debenture	8	10
Finance leases	20	9
On loans falling due beyond five years	17	17
	<u>579</u>	<u>383</u>
4 (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		
These figures are stated after charging/(crediting):		
Depreciation—ordinary activities	458	416
—exceptional	120	—
Profits on disposal of fixed assets	(164)	(173)
Hire of plant and other equipment	302	233
Directors' remuneration—fees	2	3
—other emoluments	137	149
Compensation to former director	58	—
Audit fees	30	31
	<u>—</u>	<u>—</u>
5 EMPLOYEES		
Average number of persons employed:		
Dyeing division	393	403
Knitwear division	518	520
Discontinued operations	8	16
	<u>919</u>	<u>939</u>



Notes to the Accounts

Staff costs during the year:	1990 £'000	1989 £'000
Wages and salaries	6,824	6,272
Social security costs	526	501
Other pension costs	70	166
	<u>7,420</u>	<u>6,939</u>

6 DIRECTORS' EMOLUMENTS

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

	1990 £'000	1989 £'000
Chairman, until 7th December 1989	37	58
Chairman, from 7th December 1989	—	—
Highest paid director	41	—
Other directors:	Number	Number
Nil — £5,000	2	—
£5,001 — £10,000	2	2
£30,001 — £35,000	—	1
£35,001 — £40,000	1	—
£40,001 — £45,000	—	1

7 TAXATION

(a) The charge for the year comprises advance corporation tax written off (1989 £43,000).

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

	1990		1989	
	Group £'000	Company £'000	Group £'000	Company £'000
Accelerated capital allowances	49	(141)	261	269
Timing difference on Pension fund surplus	407	407	—	—
Short term timing difference	(228)	(228)	(19)	(18)
Losses available for offset	(313)	(313)	(66)	(66)
	<u>(85)</u>	<u>(275)</u>	<u>176</u>	<u>185</u>
ACT recoverable	—	—	(132)	(132)
	<u>(85)</u>	<u>(275)</u>	<u>44</u>	<u>53</u>

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

Gross losses carried forward by the holding company amount to £868,000 (1989 £190,000). Losses carried forward by subsidiaries amount to £nil (1989 £800,000). There is recoverable advance corporation tax of £634,000 (1989 £600,000).

Notes to the Accounts

8 EXTRAORDINARY LOSS

	1990 £'000	1989 £'000
Loss on disposal of Realmtree	<u>266</u>	<u>—</u>

On 31st October 1989 the loss making Realmtree business was sold to the management for £61,000. The loss on disposal has been provided as an extraordinary item.

9 DIVIDENDS

	1990 £'000	1989 £'000
Interim declared 0.5p per stock unit (1989 0.5p)	32	32
Final proposed 1.5p per stock unit (1989 1.5p)	<u>96</u>	<u>96</u>
	<u>128</u>	<u>128</u>

10 TANGIBLE FIXED ASSETS

	Land and buildings		Plant and equipment	Total
(a) Group	Freehold	Long leasehold		
COST OF VALUATION	£'000	£'000	£'000	£'000
At 1st April 1989	2,828	52	5,656	8,536
Additions	96	—	446	542
Disposals	<u>(9)</u>	<u>—</u>	<u>(239)</u>	<u>(248)</u>
At 31st March 1990	<u>2,915</u>	<u>52</u>	<u>5,863</u>	<u>8,830</u>
1989 valuation	2,819	52	—	2,871
Cost	<u>96</u>	<u>—</u>	<u>5,863</u>	<u>5,959</u>
DEPRECIATION:				
At 1st April 1989	—	—	4,218	4,218
Charge for year	54	1	523	578
Disposals	<u>—</u>	<u>—</u>	<u>(206)</u>	<u>(206)</u>
At 31st March 1990	<u>54</u>	<u>1</u>	<u>4,535</u>	<u>4,590</u>
NET BOOK AMOUNT				
At 31st March 1990	<u>2,861</u>	<u>51</u>	<u>1,328</u>	<u>4,240</u>
At 31st March 1989	<u>2,828</u>	<u>52</u>	<u>1,438</u>	<u>4,318</u>

On a historical cost basis land and buildings would be included at a net book amount of £1,482,000 (1989 £1,417,000).



Notes to the Accounts

10 TANGIBLE FIXED ASSETS continued

(b) Company	Land and buildings		Plant and equipment	Total
	Freehold	Long leasehold		
COST OR VALUATION	£'000	£'000	£'000	£'000
At 1st April 1989	2,528	352	5,593	8,473
Additions	96	—	446	542
Disposals	(2,624)	(352)	(176)	(3,152)
At 31st March 1990	—	—	5,863	5,863
Cost	—	—	5,863	5,863
DEPRECIATION				
At 1st April 1989	—	—	4,176	4,176
Charge for year	49	10	517	576
Disposals	(49)	(10)	(158)	(217)
At 31st March 1990	—	—	4,535	4,535
NET BOOK AMOUNT				
At 31st March 1990	—	—	1,328	1,328
At 31st March 1989	2,528	352	1,417	4,297

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

	Group and Company Plant and Equipment	
	1990	1989
	£'000	£'000
Cost	567	471
Depreciation brought forward	(384)	(347)
Depreciation charge for the year	(34)	(37)
	<u>149</u>	<u>87</u>

Capital expenditure authorised and committed by the directors but not provided for in these accounts was £73,000 (1989 £226,000) and authorised by the directors, but not committed totalled £29,000 (1989 £66,000).

11 INVESTMENTS

	Group & Company Shares in related companies	Company Shares in group companies	Company Loans to group companies
	£'000	£'000	£'000
At 1st April 1989	10	73	718
Additions	—	—	4,448
Disposals	(10)	—	(1,597)
At 31st March 1990	<u>—</u>	<u>73</u>	<u>3,569</u>

Notes to the Accounts

11 INVESTMENTS continued

The group acquired a 40% share in Maxilusta Limited in November 1988. Maxilusta Limited, which operates in the United Kingdom, is a processor of yarn whose allotted and fully paid share capital is £25,000. The directors regard the results of Maxilusta Limited for the two years to 31st March 1990 as unsatisfactory and full provision has been made against the cost of the investment.

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

- Hicking Pentecost (Dyers) Limited
- Hicking Pentecost & Co (NI) Limited
- The British Textile Manufacturing Company Limited
- Straven Exports Limited
- Hicking Pentecost (R.T.) Limited
- Glenarm Knitwear Limited (now operating as group property company)

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

12 STOCK	1990		1989	
	Group £'000	Company £'000	Group £'000	Company £'000
Raw materials	387	387	564	532
Work in progress	1,053	1,053	1,460	1,460
Finished stock	962	962	1,526	1,234
	<u>2,402</u>	<u>2,402</u>	<u>3,550</u>	<u>3,226</u>

13 DEBTORS

Trade debtors	3,085	2,390	3,133	2,194
Other debtors	239	212	152	133
Prepayments	1,337	1,294	171	129
	<u>4,661</u>	<u>3,896</u>	<u>3,456</u>	<u>2,456</u>

Prepayments include £1,159,000 (1989 £nil) in respect of employer's pension contributions (see note 21).

14 CREDITORS: amounts falling due within one year

8.5% Debenture Stock 1986/91	90	90	10	10
Bank overdraft	3,374	3,374	1,646	886
Trade creditors	1,371	1,346	2,207	1,625
Amounts owed to group companies	—	—	—	30
Corporation tax	75	75	54	54
Other taxation and social security	597	597	570	495
Other creditors	64	54	38	34
Accruals	724	650	1,013	832
Loans	82	82	45	6
Proposed dividend	128	128	128	128
	<u>6,505</u>	<u>6,396</u>	<u>5,711</u>	<u>4,100</u>

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

The 8.5% Debenture Stock 1986/91 is repayable at par on 31st March 1991 or earlier at the option of the company.



Notes to the Accounts

15 CREDITORS: amounts falling due after more than one year

	1990		1989	
	Group £'000	Company £'000	Group £'000	Company £'000
8.5% Debenture Stock 1986/91	—	—	99	99
10.5% Mortgage loan	127	127	149	149
Secured loans	43	43	50	50
Finance lease creditors	118	118	56	56
Amounts owed to group companies	—	927	—	927
	<u>288</u>	<u>1,215</u>	<u>354</u>	<u>1,281</u>
Due between 1 and 2 years	81	81	150	150
Due between 2 and 5 years	113	113	89	89
Due beyond 5 years	<u>94</u>	<u>1,021</u>	<u>115</u>	<u>1,042</u>
	<u>288</u>	<u>1,215</u>	<u>354</u>	<u>1,281</u>

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

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

16 PROVISIONS FOR LIABILITIES AND CHARGES

	Group £'000	Company £'000
At 1st April 1989	100	10
Established during the year	481	481
Utilised during the year	(294)	(204)
Released during the year	<u>(5)</u>	<u>(5)</u>
At 31st March 1990	<u>282</u>	<u>282</u>

Provisions established during the year related to the costs of reorganisation of the knitwear division. Provisions utilised relate to both the knitwear division and Realmtree.

Notes to the Accounts

17 CALLED UP SHARE CAPITAL

	1990		1989	
	Authorised £'000	Allotted and fully paid £'000	Authorised £'000	Allotted and fully paid £'000
Ordinary shares of 50p each	793	—	811	—
Ordinary stock units of 50p each	<u>3,207</u>	<u>3,207</u>	<u>3,189</u>	<u>3,189</u>
	<u>4,000</u>	<u>3,207</u>	<u>4,000</u>	<u>3,189</u>

Options were exercised over 35,000 stock units at 50p during the year and over 15,000 stock units at 52p subsequent to the year end. Further options were granted over 22,000 stock units at 119p and 10,000 at 75p, these may be exercised between 1992 and 1999 and 1993 and 2000 respectively. In addition options lapsed over 28,966 stock units.

At 31st March 1990, options under the Senior Executive Stock Option Scheme were outstanding in respect of 279,966 stock units as follows:

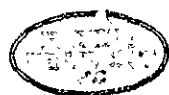
Year of Grant	Latest date for exercise	Option Price	No. of Stock Units
1985	13 December 1995	50p	55,000
1987	2 July 1997	52p	140,000
1988	7 January 1998	50p	27,000
1988	13 June 1998	70p	25,966
1989	17 July 1990	119p	22,000
1990	11 January 2000	75p	10,000

Outstanding stock options in respect of directors:

	31st March 1990			31st March 1989	
	at 50p & 52p	at 70p & 75p	at 119p	at 50p & 52p	at 70p
T M Harris	30,000	5,966	—	30,000	5,966
J B Hamilton	—	—	—	—	—
S M Gravett	—	10,000	15,000	—*	—*
J E M Carlsen	—	—	—	—*	—*
J T Lister	—	—	—	—*	—*
T G Davies	—*	—*	—*	—*	—*

*or at date of appointment

There were no changes in directors' options between 31st March 1990 and 27th June 1990.



Notes to the Accounts

18 RESERVES

	GROUP		COMPANY	
	Revaluation Reserve £'000	Profit & Loss Account £'000	Revaluation Reserve £'000	Profit & Loss Account £'000
At 1st April 1989	1,501	483	1,506	698
Pension fund surplus	—	1,164	—	1,164
Revised balance at 1st April 1989	1,501	1,647	1,506	1,862
Deficit for the year	—	(2,123)	—	(3,196)
Realised on property disposals	(90)	90	(1,506)	1,506
Revaluation transfer	(32)	32	—	—
At 31st March 1990	1,379	(354)	—	172
Total		1,025		172

The pension fund surplus arises on the adoption at 1st April 1989 of the Statement of Standard Accounting Practice No. 24 'Accounting for Pension Costs' (See note 21).

The revaluation reserve represents the unrealised surplus on revaluation of properties. The company's revaluation reserve has been realised following the disposal of its interests in the properties to the group property company.

Under the provisions of section 228 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 £1,562,000.

19 EARNINGS PER STOCK UNIT

The calculation of earnings per 50p Stock Unit is based on:

(Loss)/Profit after taxation before extraordinary items

Weighted average number of Ordinary Stock Units in issue during the year

1990 £'000	1989 £'000
(1,729)	680
6,383,491	6,378,619

20 LEASE COMMITMENTS

Operating lease rentals —included in hire of plant (note 4)

Commitments under operating leases to be paid next year where the commitments expire:

Within that year

Within 2 to 5 years

295	217
Plant & equipment	Plant & equipment
56	38
150	164
206	202

Net commitments under finance leases:

Payable within

1 year

2 to 5 years

46	31
118	56
164	87

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 and are financed through a separate trustee administered fund. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent update of the valuation was as at 1st April 1989. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that the investment returns would be 10% per annum and dividend growth 5.5%, that salary increases would average 7.5% per annum and that present and future pensions would increase at the rate of 3% per annum.

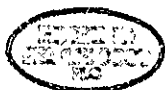
The past service surplus at 1st April 1989 of £1,164,000 has been credited to reserves and £1,159,000 has been carried forward in debtors at 31st March 1990.

The pension charge for the period was £70,000 (1989 £166,000) which is net of £116,000 interest accrued on the past service pension surplus.

The most recent actuarial valuation showed that the market value of the scheme's assets was £5.4 million and that the actuarial value of those assets represented 130% of the benefit that had accrued to members after allowing for expected future increases in earnings. The regular cost to the company amounts to 8% of pensionable salaries for staff members and 5.4% of pensionable salaries for non-staff members with employee contributions of 5% and 3.25% respectively.

22 CONTINGENT LIABILITIES

In relation to the disposal of Realmtree there is a contingent liability of a guarantee of £100,000 to the bankers of Starbuff Limited, the management buy-out company which acquired the trade, trading assets and goodwill of the business. The guarantee is for a period of four years from 30th November 1989. In exchange for the guarantee there is a deferred consideration being percentages of after tax profits of Starbuff during the four years ending 30th November 1993. No credit has been taken for this deferred consideration in these accounts.



Five year record

	1990	1989	1988	1987	1986
	£'000	£,000	£,000	£,000	£,000
Turnover	18,954	19,160	16,505	14,586	13,912
Operating profit	144	1,106	547	365	263
Exceptional losses	(1,251)	—	—	—	—
Interest payable	579	383	178	212	247
(Loss)/Profit on ordinary activities before taxation	(1,686)	723	369	153	16
Net assets					
Fixed assets	4,240	4,328	2,802	2,470	2,490
Net current assets	280	1,199	2,631	2,609	2,350
Long term finance	(288)	(354)	(380)	(352)	(266)
	<u>4,232</u>	<u>5,173</u>	<u>5,053</u>	<u>4,727</u>	<u>4,574</u>
Capital and reserves					
Called up share capital	3,207	3,189	3,189	3,189	3,189
Reserves	1,025	1,984	1,864	1,538	1,385
Stockholders' funds	<u>4,232</u>	<u>5,173</u>	<u>5,053</u>	<u>4,727</u>	<u>4,574</u>
Net earnings/(loss)					
Per stock unit	(27.09p)	10.66p	5.61p	2.40p	0.30p
Dividend					
Net payment per stock unit	2.0p	2.0p	0.5p	—	—
Net assets					
Per stock unit	66p	81p	79p	74p	72p