

*Handwritten signatures at the top of the page.*  
Two copies of this document, having attached thereto the documents referred to in paragraph 16 of Part IV below, have been delivered to the Registrar of Companies for registration.

This document includes particulars given in compliance with the Regulations of the Council of The Stock Exchange for the purpose of giving information with regard to Debfor Holdings plc ("Holdings"). The Directors have taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no other material facts the omission of which would make misleading any statement herein whether of fact or of opinion. All the Directors accept responsibility accordingly.

Application has been made to the Council of The Stock Exchange for the grant of permission to deal in the Ordinary shares in Holdings on the Unlisted Securities Market. It is emphasised that no application has been made for these securities to be admitted to listing.

*Handwritten: 1998779/12*  
*Handwritten signature: R. G. G. G. G.*  
**DEBFOR  
HOLDINGS plc**

(Incorporated in England under the Companies Act 1985 No. 1998779)

**Placing by  
Capel-Cure Myers**  
of

**1,537,500 Ordinary shares of 10p each at 130p per share**

**SHARE CAPITAL**

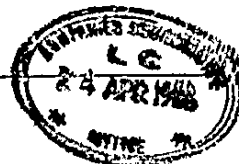
		Issued and to be issued fully paid	
Authorised	in Ordinary shares of 10p each	£1,100,000	£828,750

The Ordinary shares now being placed rank *pari passu* in all respects with the existing Ordinary shares, including the right to all dividends and other distributions declared, paid or made on the Ordinary shares of Holdings after the date hereof.

**INDEBTEDNESS**

At the close of business on 27 March 1986 Holdings and its subsidiary Debfor Limited ("Debfor" or "the Company") (together "the Group") had outstanding secured bank loans and overdrafts of £1,123,680 and secured acceptance credits of £264,950.

Save as aforesaid and apart from intra-group liabilities, neither Holdings nor Debfor had at that date any loan capital (including term loans) outstanding or created but unissued, or any borrowings or indebtedness in the nature of borrowing, including bank overdrafts, liabilities under acceptances (other than normal trade bills) or acceptance credits, mortgages, charges, hire purchase commitments or (save in the ordinary course of business) guarantees or other material contingent liabilities.



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## Directors and Advisers

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**DIRECTORS**

✓ David Charles Parker  
✓ Michael John Basford  
✓ Susan Joyce Willis  
✓ Henry Prevezer, F.C.A.

Chairman and Managing Director  
Deputy Managing Director  
Production Director  
Non-Executive

all of Nottingham Road, Long Eaton, Nottingham NG10 2BQ.

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**SECRETARY and  
REGISTERED OFFICE**

Peter Newbold, A.C.A.  
Nottingham Road  
Long Eaton  
Nottingham NG10 2BQ.

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**STOCKBROKERS**

Capel-Cure Myers  
65 Holborn Viaduct  
London EC1A 2EU

and at

The Stock Exchange.

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**AUDITORS AND  
JOINT REPORTING  
ACCOUNTANTS**

Stoy Hayward  
Chartered Accountants  
Foxhall Lodge  
Gregory Boulevard  
Nottingham NG7 6LH.

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**JOINT REPORTING  
ACCOUNTANTS**

Stoy Hayward  
Chartered Accountants  
8 Baker Street  
London W1M 1DA.

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**SOLICITORS TO  
THE COMPANY**

Wells & Hind  
14 Fletcher Gate  
Nottingham NG1 2FX.

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**SOLICITORS TO  
THE PLACING**

Macfarlanes  
10 Norwich Street  
London EC4A 1BD.

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**BANKERS**

National Westminster Bank PLC  
51 Market Place  
Long Eaton  
Nottingham NG10 1JP.

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**REGISTRARS AND  
TRANSFER OFFICE**

National Westminster Bank PLC  
P.O. Box 82  
37 Broad Street  
Bristol BS99 7NH.

## Summary of Information

*The following summary of information should be read in conjunction with the full text of this document from which it is derived.*

### BUSINESS

*The Company is one of the largest U.K. manufacturers of bras and ranges of co-ordinated lingerie garments. It has an average output of some 26,000 garments per day. The Company makes unbranded and "own-label" products for retailers, mail order houses and wholesale cash and carry outlets throughout the British Isles. The Company's own products are marketed together with a complementary range of bras and corsetry manufactured to its own design in the Far East.*

### TRADING RECORD

*The following is a summary of the trading record of the Company for the five year period ended 31 December 1985, based on the Accountants' Report set out in Part II.*

<i>Years ended 31 December</i>	<i>Turnover</i>	<i>Profit before taxation and extraordinary items*</i>
	<i>£'000</i>	<i>£'000</i>
1981	4,203	580
1982	5,323	725
1983	5,970	882
1984	7,520	1,196
1985	8,819	1,379

*\*On 1 July 1983, the Company purchased 50 per cent. of its issued share capital for £1.65 million which was financed by a bank loan. The profit before taxation has been adjusted to reflect the interest charge at 12 per cent. per annum that the Company would have borne if this loan had been in existence prior to July 1983. Details of the extraordinary items are given in the Accountants' Report.*

### FINANCIAL INFORMATION

#### Placing Statistics

<i>Placing price per Ordinary share</i>	<i>130p</i>
<i>Number of Ordinary shares now being placed</i>	<i>1,537,500</i>
<i>Number of Ordinary shares in issue following the placing</i>	<i>8,287,500</i>
<i>Market capitalisation following the placing (at the placing price)</i>	<i>£10,773,750</i>

#### Earnings and Dividend

*(based on results for the year ended 31 December 1985)*

*Notional Tax\**  
*@ 35%*

<i>Earnings per share</i>	<i>11.7p</i>
<i>Price/earnings multiple</i>	<i>11.1</i>
<i>Anticipated gross yield (for a full year)</i>	<i>4.3 per cent.</i>
<i>Dividend cover</i>	<i>2.7 times</i>

*\*Actual Tax Charge was 36.2%*

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## Part I

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### **INTRODUCTION**

*The following is a copy of a letter to Capel-Cure Myers from Mr. David Parker, the Chairman and Managing Director of the Group, on behalf of the Board.*

*Debfor Holdings plc  
Nottingham Road  
Long Eaton  
Nottingham NG10 2BQ.*

*Capel-Cure Myers  
65 Holborn Viaduct  
London EC1A 2EU.*

*24 April 1986* ✓

*Gentlemen,*

*In connection with the placing of 1,537,500 Ordinary shares of 10p each of Debfor Holdings plc, this letter is written to provide you with information regarding the background, development and present activities of the Group. Debfor Holdings plc was formed in March 1986, and became the holding company of Debfor on 21 April 1986.*

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### **HISTORY AND DEVELOPMENT**

*The Company was incorporated in 1947 and began to trade as a manufacturer of brassieres ("bras") and other clothing. It moved to factory premises in Long Eaton in 1951. In August 1968 the Company was acquired from the original proprietors by Mr. David Parker and a business friend. At this time, Mr. Parker assumed the management of the business, while his co-shareholder provided financial support, but took no part in the running of the business. Mr Dennis Newbold assisted in the development of the Company during these formative years and was appointed Production Director in 1970 in which post he remained until his death in September 1984.*

*At the outset Mr. Parker concentrated Debfor's production on bras and gradually extended the Company's range of styles. Initially the main customers were mail order companies and wholesale cash and carry outlets. In the early 1970's the Company also began to supply direct to retail chains. By the late 1970's the business was firmly established within the industry and turnover had grown from £32,000 in 1968 to £3.2 million in 1980. At this time the Company further extended its range of products into co-ordinated lingerie garments to meet the developing market. It also began to import a range of bras and corsetry from the Far East in order to complement, at competitive prices, its home produced items.*

*The success of these policies is reflected in total sales which reached £8.8 million in 1985. Between 1969 and 1980 profits before taxation increased annually and grew more rapidly thereafter as the product range expanded. This growth in profits has enabled the Company to invest over £3 million in land, new factory buildings and modern plant and equipment during the last five years. Three new factory units have been opened in the last twelve months.*

*In 1983 Mr. Parker's co-shareholder wished to realise his investment, and his 50 per cent. shareholding was purchased by the Company for £1.65 million. The purchase consideration was financed by a bank loan repayable over five years. However, repayments were accelerated at an early stage and it is now expected that the loan will have been fully repaid in early 1987. Since 1983 Debfor has been wholly owned by Mr. Parker and his family interests.*



# DEBFOR

## BUSINESS

The Company is one of the largest U.K. manufacturers of bras and ranges of co-ordinated garments such as basques, briefs, camiknickers, cami-suspenders, camisoles, french knickers, suspender belts and waist slips. The Company has expanded through concentrating on design and development, establishing efficient manufacturing methods and maintaining a high quality service to its customers. It presently produces an average of some 26,000 garments per day.

The Company makes unbranded and "own label" products for retailers, mail order houses and wholesale cash and carry outlets throughout the British Isles; it does not have its own brand label. In recent years the Directors have seen a move in the U.K. bra market from branded to "own label" products and over the same period the Company's sales have steadily expanded.

## PRODUCTS

Sales are categorised into two main product groups: bras and other co-ordinated garments. The Company designs all its own products of which some 85 per cent. are manufactured at its four factories in the Long Eaton area, the balance being bras and corsetry imported from the Far East. While bras are still the Company's major product, in recent years co-ordinates have come to represent an increasing proportion of total sales reflecting the High Street's growing demand for co-ordinated ranges of clothing. Although the Company's sales of bras have continued to grow over the five year period from 1981 to 1985, from some 3.1 million to 4.4 million units per annum, sales of co-ordinates have grown even faster, as shown by the following table:-

	Company Sales				
	Years to 31 December				
	1981	1982	1983	1984	1985
	%	%	%	%	%
Bras	88.6	80.4	75.5	73.0	69.8
Other co-ordinated garments	11.4	19.6	24.5	27.0	30.2

Because of the precise and accurate fit required, the manufacture of bras is a specialised and intricate process involving many varied components and manufacturing operations. Accordingly, great emphasis is placed on quality control at all stages of production. The bra is the central item in any range of co-ordinates and therefore Debfor's specialist skills as a maker of bras have given it an advantage over other lingerie producers in increasing its share of the developing co-ordinates market.

## THE U.K. BRA MARKET

The table below compiled by the British Clothing Industry Association shows the estimated U.K. bra production and consumption for the five calendar years from 1981 to 1985.

	1981	1982	1983	1984	1985
Units	000's	000's	000's	000's	000's
U.K. production	37,357	34,273	35,801	38,333	38,822
Imports	13,047	15,729	16,851	17,060	15,828
(Exports)	(5,925)	(6,345)	(5,799)	(5,217)	(5,102)
Apparent consumption	44,479	43,657	46,853	50,176	49,548

The above table shows an increase of over 11 per cent. in U.K. domestic sales over the period.

Debfor's share of the U.K. bra market:-

	1981	1982	1983	1984	1985
	000's	000's	000's	000's	000's
Debfor's U.K. unit sales	3,165	3,669	3,829	4,457	4,409
As percentage of total U.K. sales	7.1%	8.4%	8.2%	8.9%	8.9%

It can be seen that Debfor's unit bra sales have increased by some 39 per cent. and its market share has grown by some 25 per cent. over this five year period.

**CUSTOMERS AND  
MARKETING**

*Debfor's customers are all based in the British Isles and may be divided into three broad categories: retailers, mail order houses and wholesale cash and carry outlets.*

*Over the past four years, sales in each of the above categories have been as follows:—*

	1982	1983	1984	1985
	%	%	%	%
Retailers	51.3	49.7	51.8	55.4
Mail order	19.4	15.5	12.9	11.5
Wholesale	29.3	34.8	35.3	33.1

*The Company has developed a broad base of some 90 customers.*

*In 1985:—*

*— Among major retailers, Littlewoods chain stores and Dorothy Perkins were the two largest customers representing between them 34 per cent. of total sales. Other significant retail customers in the High Street included Ethel Austin (with over 80 outlets), Primark, Mackays and Top Shop.*

*— Littlewoods mail order division was the largest customer in that field, representing some 7 per cent. of total sales. Other mail order customers included Grattan, J.D. Williams and Empire Stores.*

*— Stuart Cox & Son, based in Oldham, Lancashire, was the Company's largest wholesale customer, representing some 5 per cent. of total sales.*

*Customers acquired in the past 18 months include Asda, British Home Stores, C&A, Chelsea Girl, the Co-operative Wholesale Society and House of Fraser.*

*A major strength of the Company is that it is one of the few organisations in the U.K. producing unbranded bras and co-ordinated garments in the variety of styles, colours and sizes and in the large volumes often required by its customers. A further strength of the Company is its ability to respond quickly to changes in market trends and to individual customer's needs.*

*The marketing policy of the Company is to maintain a close liaison with its customers and to discuss and jointly develop future product ranges and requirements.*

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**SUPPLIERS**

*The Company uses large quantities of fabrics and accessories the majority of which are manufactured in the U.K. In the year ended 31 December 1985, purchases of raw materials totalled some £2.8 million, of which the major items were wide fabrics, lace, narrow elastics, threads and fasteners. In the interests of continuity of supply and purchasing power, the Company may purchase in any one year over half of its raw material requirements in a particular category from a single supplier. Alternative sources of supply are readily available for all the Company's raw materials and it is therefore not the normal policy to enter into long term contracts with suppliers.*

*The majority of the Company's imported finished goods are purchased from two private companies in Hong Kong which have been chosen out of the many available suppliers in the Far East.*

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# DEBFOR

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## **PREMISES**

*The Company currently operates from four principal locations in residential areas close to local shopping and other amenities. It has been the policy of the management to invest in new purpose-built premises for all the Company's manufacturing operations and to equip these factories with modern and efficient machinery. This has enabled the Company to supply products of a high standard to its customers with the minimum of wastage and to offer employees a clean and pleasant working environment and assists the Company in attracting and retaining a capable workforce.*

*These factories, in the opinion of the Valuers, have been built to a much higher specification and standard of finish than that normally demanded by the local property market. The Directors consider that the high quality and convenient location of its premises plays an important part in the Company's continuing success and that the value of the premises to the Company is not fully reflected in the open market valuation set out in Part III.*

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## **DIRECTORS, COMPANY SECRETARY, SENIOR MANAGEMENT AND EMPLOYEES**

### **DIRECTORS**

*The Executive Directors work as a team and are all actively involved in sales, design and production activities. All the Executive Directors have service contracts, details of which are set out in paragraph 8 of Part IV.*

***David Charles Parker**, age 47, is Chairman and Managing Director. After leaving school in 1955 he joined Boots as a management trainee. Between 1959 and 1968, the year in which he took over the management of the Company, he held three managerial positions in the lingerie and bra manufacturing industries. Mr. Parker has overall responsibility for the running of the business and concentrates in particular on marketing and design, together with the sourcing of imported finished goods.*

***Michael John Basford**, age 40, is Deputy Managing Director. From 1968 he worked for Wrightwear Fabrics, a subsidiary of Nottingham Manufacturing, where he gained experience in the fabrics manufacturing industry, latterly as Sales Director. He joined Debfor in 1978 with responsibility for purchasing fabrics and other raw materials, and was appointed a Director in January 1985.*

***Susan Joyce Willis**, age 39, is Production Director. She joined the Company as a machinist in 1971 and progressed through a variety of production, quality control and design posts. For several years she was deputy to Mr. Dennis Newbold, the Production Director, and became Production Manager on his death in 1984. In December 1985 she was appointed to the Board.*

***Henry Prevezer**, age 60, was appointed a non-executive Director in December 1985, with particular responsibility for the financial planning of the Group. Initially he intends to spend one day a week with the Group and such other time as may be necessary. He is a chartered accountant and has been a director of a number of public companies over the last 20 years. He is also at present non-executive Chairman of Forward Technology Industries plc.*

### **COMPANY SECRETARY**

***Peter Newbold**, age 26, is Company Secretary and Financial Controller. He is a chartered accountant and joined the Company in 1985. He is responsible for financial controls and all accounting procedures within the Company. He reports on a weekly basis directly to Mr. Prevezer.*



# SENIOR MANAGEMENT

	Age	Responsibility
Trevor Almey	42	Chief Maintenance Engineer
Valerie Bradley	30	Factory Manageress
Thomas Gurling	41	Cutting Room Manager
Rita Hickling	48	Office Manageress
Julie Holbrook	24	Chief Designer
Joyce Hopewell	57	Accessories Manageress
Patricia Lane	43	Factory Manageress
Eric Lee	53	Raw Materials Warehouse Manager
Stephen Lee	30	Distribution Manager and Customer Liaison
Barbara Marriott	46	Factory Manageress
Arthur Noble	63	Chief Development Engineer
Patricia Wright	45	Factory Manageress

# EMPLOYEES

The growth of the Company's business is reflected by the average total employee numbers which have increased from 339 in 1981 to 480 in 1985. The total number of employees had reached 530 on 1 April 1986 (excluding the Directors and the Company Secretary), and is divided into Senior Management 12; Administrative 11; Design 4; Quality Control and Training 16; Factory Supervisory Staff 16; Machine Maintenance 8; Warehouse Staff 15; Machinists, Packers, Examiners and Cutting Room 448.

Debfor recognises the National Union of Tailors and Garment Workers and enjoys good relations with its employees. The Company employs a full-time Training Officer who conducts the internal training and retraining programmes which are required to maintain the high level of skill on which the Company's manufacturing processes depend. It has been the Company's policy to promote staff internally wherever possible and the majority of production managers have been promoted from the factory floor.

The Company operates a non-contributory pension plan for Mrs. Willis and senior employees. Mr. Parker and Mr. Basford have separate pension arrangements which are funded by the Company.

The Board intends to introduce a share option scheme for Executive Directors (excluding Mr. Parker) and senior employees and proposals to this effect will be put before shareholders for their approval in due course.

# TRADING RECORD

The following is a summary of the trading record of the Company for the five year period ended 31 December 1985, based on the Accountants' Report:—

	Years ended 31 December				
	1981	1982	1983	1984	1985
	£'000	£'000	£'000	£'000	£'000
Turnover	4,203	5,323	5,970	7,520	8,819
Profit before interest payable	780	928	1,065	1,323	1,565
Interest payable	(2)	(5)	(84)	(127)	(186)
Profit before taxation and extraordinary items	778	923	981	1,196	1,379
Interest adjustment*	(198)	(198)	(99)	—	—
Adjusted profit before taxation	580	725	882	1,196	1,379

\* On 1 July 1983, the Company purchased 50 per cent. of its issued share capital for £1.65 million which was financed by a bank loan. The profit before taxation has been adjusted to reflect the interest charge at 12 per cent. per annum that the Company would have borne if this loan had been in existence prior to July 1983. Details of the extraordinary items are given in the Accountants' Report.

## PLACING STATISTICS

On the basis of the number of shares that will be in issue following the placing, other than the new shares being issued for cash, and the profit after taxation (based on a notional tax charge of 35 per cent.) of £896,360 for the year ended 31 December 1985, the price/earnings multiple is 11.1 at the placing price.

## DIVIDENDS

In the absence of unforeseen circumstances the Directors intend to pay an interim dividend of 0.6p net per share (which together with the related tax credit at 29 per cent. is equivalent to 0.845p per share) in respect of the six months ending 30 June 1986, which will be payable in October 1986.

In respect of a full year in which a similar level of profit to that in 1985 is earned, the Directors would expect to recommend dividends totalling 4.0p net per share (5.63p with the related tax credit). It is intended that in future years this dividend would be payable as to approximately one third by way of an interim dividend in October and the balance by way of a final dividend in May.

On the basis of the expected full year's dividend, the gross yield would be 4.3 per cent. at the placing price. The dividend payable on the shares that will be in issue following the placing would have been covered 2.7 times by the profit after taxation for the year ended 31 December 1985.

## REASONS FOR THE PLACING

The Directors consider that the Group has reached the stage at which a flotation on the Unlisted Securities Market will assist its future development and enhance its standing with customers and suppliers. The existence of a market in the Group's shares will give the Board greater flexibility to take advantage of opportunities of making acquisitions as they arise, although none are at present in contemplation, and to provide further options when raising additional capital for expansion.

The establishment of a market in Debfor's shares will encourage employees to take a further interest in the future of the Group through the purchase of shares and when the proposed share option scheme is introduced this will provide an additional incentive to participants.

The Ordinary shares now being placed total 1,537,500 representing approximately 18.6 per cent. of the issued share capital following the placing. Of this amount, 900,000 shares are being sold by Mr. Parker and his family interests and 637,500 new shares are being issued. The net proceeds of the placing receivable by the Group will be approximately £614,000 which will be used to supplement working capital and augment the capital base to provide a platform for further expansion.

## PROSPECTS

The Directors believe that considerable opportunities for growth exist through increased penetration of markets currently served and by further expanding the customer base.

During the last twelve months the Company has increased its production capacity to meet growing demands and is therefore well placed to take advantage of these opportunities.

In the medium term the Board also intends to broaden the Company's trading base and to investigate complementary products such as nightwear and swimwear as it is felt that these are areas where existing relationships with customers can be developed.

The Directors are confident that Debfor can look forward to continuing success in the coming years.

Yours faithfully,

David Parker

for and on behalf  
of the Board

## Part II

### ACCOUNTANTS' REPORT

The following is a copy of a report from Stoy Hayward (Nottingham), the auditors and joint reporting accountants, and Stoy Hayward (Lol.don), the joint reporting accountants:—

The Directors  
Debfor Holdings plc  
Nottingham Road  
Long Eaton  
Nottingham NG10 2BQ.

Capel-Cure Myers  
65 Holborn Viaduct  
London EC1A 2EU.

24 April 1986

Gentlemen,

Debfor Holdings plc ("Holdings") was incorporated on 12 March 1986 under the name of Excraft Limited as a private limited company. On 21 April 1986 it acquired the entire issued share capital of Debfor Limited ("the Company") for a consideration consisting of the issue of 51,000 Ordinary shares of £1 each. Holdings changed to its present name and was re-registered as a public limited company on 22 April 1986. Except as indicated above, Holdings has not traded since its incorporation and has not incurred any liabilities other than in connection with this placing.

The Company was incorporated on 1 December 1947 under the name of J Ebbford Limited as a private limited company and changed to its present name on 15 June 1966.

We have examined the audited financial statements of the Company for the five years ended 31 December 1985.

D W H Phipp & Co., a firm associated with Stoy Hayward and based in Nottingham, acted as auditors of the Company for the four years ended 31 December 1984. Stoy Hayward (Nottingham) acted as auditors of the Company in the year ended 31 December 1985.

No financial statements have been prepared for Holdings since its incorporation and for the Company in respect of any period subsequent to 31 December 1985.

The financial information set out in paragraphs 1 to 4 below is based on the audited financial statements of the Company after making such adjustments as we consider necessary.

Our work has been carried out in accordance with the Auditing Guideline: Prospectuses and the reporting accountant.

In our opinion, the financial information, which has been prepared in accordance with the historical cost convention, as modified by the revaluation of certain land and buildings, gives a true and fair view of the profits, and source and application of funds of the Company for each of the five years ended 31 December 1985, and of the state of affairs of the Company at the end of each of those years.

### 1. ACCOUNTING POLICIES

The significant accounting policies that have been adopted in arriving at the financial information set out in this report are as follows:—

#### (a) Basis of preparation

The financial information has been prepared under the historical cost convention as modified by the revaluation of investment properties.

#### (b) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost except investment properties which are stated at open market value. Depreciation is provided on all tangible fixed assets except freehold land and investment properties. The rates of depreciation, calculated to write off the assets by equal half yearly instalments over their expected useful lives, are:

Freehold buildings	2 per cent. per annum
Plant and machinery	10 per cent. per annum
Fixtures and fittings	10 per cent., 20 per cent. and 33.33 per cent. per annum
Motor vehicles	20 per cent. and 25 per cent. per annum.

**(c) Stock and work in progress**

Stock and work in progress has been valued at the lower of cost and net realisable value. Cost is calculated as follows:

Raw materials and imported finished goods	Cost of purchase on first in, first out basis.
Work in progress and own finished goods	Cost of raw materials and labour, together with attributable overheads.

Net realisable value is based on estimated selling price less further costs to completion and disposal.

**(d) Turnover**

Turnover represents sales at invoiced amount excluding value added tax.

**(e) Deferred taxation**

Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes to the extent that it is probable that a liability or asset will crystallise.

## 2. PROFIT AND LOSS ACCOUNTS

The profit and loss accounts of the Company for the five years ended 31 December 1985 are set out below:

	Note	Year ended 31 December				
		1981 £'000	1982 £'000	1983 £'000	1984 £'000	1985 £'000
Turnover	(a)	4,203	5,323	5,970	7,520	8,819
Increase/(decrease) in stocks of finished goods and work in progress		(104)	224	178	87	223
		4,099	5,547	6,148	7,607	9,042
Other operating income	(b)	—	12	14	21	24
		4,099	5,559	6,162	7,628	9,066
Raw materials		(1,703)	(2,505)	(2,757)	(3,637)	(4,301)
Staff costs	(c)	(1,226)	(1,633)	(1,700)	(1,910)	(2,295)
Depreciation	(d)	(68)	(93)	(117)	(120)	(144)
Other operating charges	(e)	(366)	(455)	(528)	(645)	(762)
Operating profit		736	873	1,060	1,316	1,564
Interest receivable	(f)	44	55	5	7	1
Interest payable	(g)	(2)	(5)	(84)	(127)	(186)
Profit on ordinary activities before taxation		778	923	981	1,196	1,379
Taxation on profit on ordinary activities	(h)	(183)	(55)	(320)	(373)	(499)
Profit on ordinary activities after taxation		595	868	661	823	880
Extraordinary items	(i)	(3)	(43)	(121)	(180)	(208)
Retained profit for the year		592	825	540	643	672
Earnings per share	(j)	3.9p	5.7p	5.8p	10.8p	11.5p

### Notes to the profit and loss accounts

**(a) Turnover**

Turnover is analysed as follows:

**(i) By activity**

Turnover is attributable to the manufacture and sale of brassieres and co-ordinated garments.

**(ii) By geographical market**

	Year ended 31 December				
	1981 £'000	1982 £'000	1983 £'000	1984 £'000	1985 £'000
United Kingdom	4,203	5,323	5,970	7,520	8,667
Eire	—	—	—	—	152
	4,203	5,323	5,970	7,520	8,819

**(b) Other operating income**

	Year ended 31 December				
	1981 £'000	1982 £'000	1983 £'000	1984 £'000	1985 £'000
Net rents receivable	—	12	14	21	24

(c) Staff costs

Directors' emoluments  
Directors' pension schemes  
Wages and salaries  
Social security costs  
Other pension costs

Year ended 31 December				
1981	1982	1983	1984	1985
£'000	£'000	£'000	£'000	£'000
70	77	82	75	74
19	19	19	10	11
994	1,356	1,433	1,635	2,002
132	170	154	177	199
11	11	12	13	9
<u>1,226</u>	<u>1,633</u>	<u>1,700</u>	<u>1,910</u>	<u>2,295</u>

(d) Depreciation

Freehold property  
Leasehold property  
Plant and machinery  
Fixtures and fittings  
Motor vehicles

Year ended 31 December				
1981	1982	1983	1984	1985
£'000	£'000	£'000	£'000	£'000
4	7	18	27	35
1	3	3	3	—
33	45	55	60	77
8	13	14	15	23
22	25	27	15	9
<u>68</u>	<u>93</u>	<u>117</u>	<u>120</u>	<u>144</u>

(e) Other operating charges

Other operating charges include:  
Auditors' remuneration

Year ended 31 December				
1981	1982	1983	1984	1985
£'000	£'000	£'000	£'000	£'000
3	3	4	4	5
<u>3</u>	<u>3</u>	<u>4</u>	<u>4</u>	<u>5</u>

(f) Interest receivable

Short term bank deposit interest

Year ended 31 December				
1981	1982	1983	1984	1985
£'000	£'000	£'000	£'000	£'000
44	55	5	7	1
<u>44</u>	<u>55</u>	<u>5</u>	<u>7</u>	<u>1</u>

(g) Interest payable

Bank overdraft  
Loans repayable wholly within five years

Year ended 31 December				
1981	1982	1983	1984	1985
£'000	£'000	£'000	£'000	£'000
2	5	8	5	68
—	—	76	122	118
<u>2</u>	<u>5</u>	<u>84</u>	<u>127</u>	<u>186</u>

(h) Taxation on profits on ordinary activities

Corporation tax

(ii) Extraordinary items

Extraordinary items:  
Profit on disposal of freehold land and buildings  
Profit on sale of investment  
Deficit on revaluation of investment properties  
Demolition of freehold building  
Excess Directors' emoluments  
Directors' pension schemes  
Accountancy  
Repairs and renewals

Less: attributable taxation

Year ended 31 December				
1981	1982	1983	1984	1985
£'000	£'000	£'000	£'000	£'000
183	55	320	373	499
<u>183</u>	<u>55</u>	<u>320</u>	<u>373</u>	<u>499</u>

Year ended 31 December				
1981	1982	1983	1984	1985
£'000	£'000	£'000	£'000	£'000
—	—	19	—	—
—	—	—	35	—
—	—	—	—	(112)
—	(58)	—	—	—
—	(6)	(164)	(142)	(100)
6	6	(135)	(213)	(18)
—	—	(8)	—	(15)
(13)	(21)	(—)	(30)	(30)
(7)	(79)	(288)	(350)	(275)
4	36	167	170	67
<u>(3)</u>	<u>(43)</u>	<u>(121)</u>	<u>(180)</u>	<u>(208)</u>

(i) The earnings per share is based on the profit on ordinary activities after taxation of the Company and on the issued share capital of Holdings before the placing as adjusted for the purchase of share capital in 1983.

**3. BALANCE SHEETS**

The balance sheets at 31 December, 1981 to 1985 inclusive, are set out below:

	Note	31 December				
		1981 £'000	1982 £'000	1983 £'000	1984 £'000	1985 £'000
<b>Fixed assets</b>						
Tangible assets	(a)	1,119	2,244	2,529	3,100	3,475
Investment assets		12	12	12	—	—
		<u>1,131</u>	<u>2,256</u>	<u>2,541</u>	<u>3,100</u>	<u>3,475</u>
<b>Current assets</b>						
Stock	(b)	459	633	780	866	1,145
Debtors	(c)	293	332	425	576	816
Cash at bank and in hand		492	—	208	1	—
		<u>1,244</u>	<u>965</u>	<u>1,413</u>	<u>1,443</u>	<u>1,961</u>
<b>Creditors: amounts falling due within one year</b>	(d)	585	744	1,511	1,890	2,220
<b>Net current assets/(liabilities)</b>		<u>659</u>	<u>221</u>	<u>(98)</u>	<u>(447)</u>	<u>(259)</u>
<b>Total assets less current liabilities</b>		<u>1,790</u>	<u>2,477</u>	<u>2,443</u>	<u>2,653</u>	<u>3,216</u>
<b>Creditors: amounts falling due after one year</b>	(e)	(183)	(45)	(1,121)	(688)	(579)
		<u>1,607</u>	<u>2,432</u>	<u>1,322</u>	<u>1,965</u>	<u>2,637</u>
<b>Capital and reserves</b>						
Called up share capital	(i)	3	3	1.5	1.5	1.5
Capital redemption reserve	(ii)	—	—	1.5	1.5	1.5
Profit and loss account	(j)	1,604	2,429	1,319	1,962	2,634
		<u>1,607</u>	<u>2,432</u>	<u>1,322</u>	<u>1,965</u>	<u>2,637</u>

**Notes to the balance sheets**

The notes refer to the balance sheet at 31st December 1985

(a) Tangible fixed assets are stated at cost or valuation less accumulated depreciation as follows:

	Cost or valuation £'000	Accumulated depreciation £'000	Net book value £'000
Freehold land and buildings	2,691	(94)	2,597
Plant and machinery	776	(324)	452
Fixtures and fittings	212	(83)	129
Motor vehicles	76	(28)	48
Investment properties:			
Freehold	39	(—)	39
Long leasehold	210	(—)	210
	<u>4,004</u>	<u>(529)</u>	<u>3,475</u>

The freehold land and buildings and the investment properties were valued on 17 April 1986 by King & Co., Chartered Surveyors, and Neales, Chartered Surveyors. The freehold land and buildings were valued at £610,000 less than their net book value. This deficit has not been recognised in the financial statements as the Directors are of the opinion that the value of the properties to the business is at least equal to the amount at which they are stated in the financial statements. The valuation of the investment properties has been reflected in the financial statements.

(b) Stock comprises:	£'000
Raw materials	159
Work in progress	330
Finished goods	656
	<u>1,145</u>
(c) Debtors comprise:	£'000
Trade debtors	788
Prepayments and accrued income	28
	<u>816</u>
(d) Creditors: amounts falling due within one year comprise:	£'000
Trade creditors	585
Other creditors	35
Taxes and social security	283
Accruals and deferred income	164
Bank loan and overdraft (secured)	954
Corporation tax:	199
	<u>2,220</u>

(e) Creditors: amounts falling due after one year comprise:		£'000
Bank loan (secured)		19
Corporation tax		560
		<u>579</u>
(f) Deferred taxation		
The total potential liability to deferred taxation, for which no provision has been made in the financial statements, is as follows:		£'000
Accelerated capital allowances		<u>781</u>
(g) Contingent liabilities		
There were no contingent liabilities at 31 December 1985.		
(h) Financial commitments		
(i) Capital		
At 31 December 1985 the Company had proposed capital expenditure that comprised the following:		£'000
Contracted for, but not provided for		97
Authorised, but not contracted for		83
(ii) Revenue		
At 31 December 1985 the Company had commitments of £264,000 to its bankers in respect of documentary credits issued for future purchases.		
(i) The share capital of the Company was as follows:		
	Authorised £	Allotted, called up and fully paid £
Ordinary shares of £1 each	<u>5,200</u>	<u>1,500</u>
The capital redemption reserve arose on the Company's purchase of its own shares in July 1983.		
(j) The profit and loss account comprised:		£'000
At 1 January 1981		1,012
Retained profit for period 1 January 1981 to 31 December 1985		3,272
Purchase of own shares in July 1983		<u>(1,650)</u>
At 31 December 1985		<u>2,634</u>

#### 4. STATEMENTS OF SOURCE AND APPLICATION OF FUNDS

The source and application of funds of the Company for the five years ended 31 December 1985 are set out below:

	Year ended 31 December				
	1981 £'000	1982 £'000	1983 £'000	1984 £'000	1985 £'000
<b>SOURCE OF FUNDS</b>					
Profit before tax	778	923	981	1,196	1,379
Adjustment for items not involving the movement of funds:					
Depreciation	68	93	117	120	144
Total generated from operations	846	1,016	1,098	1,316	1,523
<b>FUNDS FROM OTHER SOURCES</b>					
Sale of fixed assets	—	—	142	42	22
Sale of investment	—	—	—	47	—
Tax repayment	—	—	22	—	—
Loan from Director's pension scheme	—	—	—	75	115
Bank loan	—	—	1,650	—	—
Total source of funds	846	1,016	2,912	1,480	1,660

	Year ended 31 December				
	1981 £'000	1982 £'000	1983 £'000	1984 £'000	1985 £'000
<b>APPLICATION OF FUNDS</b>					
Purchase of Company's own shares	—	—	1,650	—	—
Purchase of fixed assets	505	1,217	525	732	652
Extraordinary items	7	79	307	385	163
Tax paid	65	175	—	97	—
Director's pension scheme loan repaid	—	—	—	—	190
Bank loan repaid	—	—	324	467	393
	<u>577</u>	<u>1,471</u>	<u>2,806</u>	<u>1,681</u>	<u>1,398</u>
<i>Increase/(decrease) in working capital</i>					
Stock	(102)	174	146	89	278
Debtors	88	19	113	152	239
Creditors	(248)	(12)	(505)	(71)	88
	<u>(262)</u>	<u>181</u>	<u>(246)</u>	<u>170</u>	<u>605</u>
<b>Total application of funds</b>	<u>315</u>	<u>1,652</u>	<u>2,560</u>	<u>1,851</u>	<u>2,003</u>
<b>MOVEMENT IN NET LIQUID FUNDS</b>					
<i>Increase/(decrease) in bank balances and cash</i>	<u>531</u>	<u>(636)</u>	<u>352</u>	<u>(371)</u>	<u>(343)</u>

## 5. AUDITED FINANCIAL STATEMENTS

The financial information concerning the Company contained in this report does not amount to full individual accounts within the meaning of section 254 of the Companies Act 1985. Full individual accounts relating to each audited financial period have been (or will be) delivered to the Registrar of Companies together with the auditors' report under section 236 of the Companies Act 1985 in respect of such accounts and each such report was an unqualified report within the meaning of section 271 of the Companies Act 1985.

Yours faithfully,

STOY HAYWARD  
Chartered Accountants  
Foxhall Lodge  
Gregory Boulevard  
Nottingham NG7 6LH

STOY HAYWARD  
Chartered Accountants  
8 Baker Street  
London W1M 1DA



## Part III

**VALUERS' CERTIFICATE**

The following is a copy of a certificate from King & Co., Chartered Surveyors and Neales, Chartered Surveyors.

The Directors  
Debfor Holdings plc  
Nottingham Road  
Long Eaton  
Nottingham NG10 2BQ.

Capel-Cure Myers  
65 Holborn Viaduct  
London EC1A 2EU.

King & Co  
Chartered Surveyors  
1 Stratford Place  
London W1N 9AE.

Neales  
Chartered Surveyors  
190 Mansfield Road  
Nottingham NG1 3HX.

17 April 1986

Gentlemen,

**DEBFOR LIMITED  
VALUATION OF FREEHOLD AND LEASEHOLD ASSETS**

In accordance with your instructions we have jointly inspected and valued for the purpose of the Share Placing as at 17 April 1986, those properties short particulars of which are set out below.

1. (a) Third parties have provided us with such information as details of tenure, boundaries, use, town planning consents and the like, and our valuations are therefore subject to the assumption that no onerous restrictions, or obligations are attached to the several freehold and leasehold titles and that the current uses are in accordance with current planning permissions, or established use rights.  
(b) Our valuations exclude any expenses which would be incurred on a realisation and also any liabilities to tax.
2. The owner occupied properties have been valued on the basis of open market value for the existing use and the investment properties and those held for future occupation on the basis of open market value, in accordance with the Guidance Notes on the Valuation of Assets (2nd Edition) published by the Royal Institution of Chartered Surveyors.
3. We were not instructed to carry out a structural survey, or soil tests, and we have not done so, although we have had regard to the general condition of the buildings. We have assumed that no deleterious materials have been used in the construction of any of the buildings. No specialist tests have been carried out on any of the services systems and we have assumed they are all in reasonable working order and comply with any relevant statutory or bye-law regulations.
4. Our valuation does not include figures for items which might more appropriately be considered plant and machinery. Where buildings have central heating this has been taken into account, but only in so far as the installation is not connected with any manufacturing process.
5. The value of each property, together with brief details of tenure is set out in the appendix to this certificate and summarised below:

Summary	Freehold £	Long Leasehold £
Open market value		
A. Owner occupied Ref. Nos. 1-4	1,775,000	—
B. Held for future occupation Ref. Nos. 5-6	390,000	—
C. Held as investments Ref. Nos. 7-9	38,500	210,000
Total value	<u>2,203,500</u>	<u>210,000</u>

6. In accordance with the facts and assumptions set out above, we hereby certify that we are of the opinion that the value of the real property assets of Debfor Limited, more particularly referred to and described in this certificate, is fairly represented in the sums shown above, as at 17 April 1986.
7. This certificate and valuation is for the use only of the parties to whom it is addressed and no responsibility is accepted to any third party for the whole or any part of its contents.
8. Neither the whole, nor any part of this certificate and valuation, nor any reference thereto may be included in any published document, circular or statement, nor published in any way without our written approval of the form and context in which it is to appear.

We are, Gentlemen,  
Yours faithfully,

King & Co.  
Chartered Surveyors

Neales  
Chartered Surveyors

<b>A. PROPERTIES CURRENTLY OCCUPIED BY THE COMPANY</b>				<b>Capital Value For Existing Use</b>	
		<b>Property</b>	<b>Description and age</b>		<b>£</b>
		<b>Freehold</b>			
		1. 50/56 Nottingham Road Long Eaton Nottingham	Two-storey manufacturing unit, warehouse and administrative offices, built between 1955 and 1986. Gross internal floor area about 55,110 sq.ft., of which about 34,000 sq.ft. were built since 1981.		675,000
		2. Main Street Long Eaton Nottingham	Single storey manufacturing and warehouse unit, built between 1982 and 1984. Gross internal floor area about 46,937 sq.ft.		770,000
		3. Nottingham Road Ilkeston Derbyshire	Single storey factory built 1984. Gross internal floor area about 11,542 sq.ft.		170,000
		4. Derby Road Industrial Estate Heanor Derbyshire	Single storey factory built 1985. Gross internal floor area about 11,447 sq.ft.		160,000
					<u>£1,775,000</u>
<b>B. PROPERTIES HELD FOR FUTURE OCCUPATION</b>				<b>Estimated Current Net Annual Rent Receivable</b>	<b>Capital Value In Existing State</b>
		<b>Property</b>	<b>Description and age</b>	<b>Terms of existing tenancies</b>	<b>£</b>
		<b>Freehold</b>			
		5. Fields Farm Road Long Eaton Nottingham	Freehold industrial development site with service road. Net site area about 7.3 acres.	—	340,000
		6. Abbott Street Heanor Derbyshire	Single storey factory built between 1930 and 1978. Gross internal floor area about 5,124 sq.ft. Currently not in use.	—	50,000
					<u>£390,000</u>
<b>C. PROPERTIES HELD AS INVESTMENTS</b>				<b>Estimated Current Net Annual Rent Receivable</b>	<b>Capital Value In Existing State</b>
		<b>Property</b>	<b>Description and age</b>	<b>Terms of existing tenancies</b>	<b>£</b>
		<b>Long Leasehold</b>			
		7. Units 1, 2 and 3 Humberstone Road Kent Street Leicester	3 factory units totalling about 6,560 sq.ft. Built 1982. Leasehold having about 92 years unexpired at a peppercorn without reviews.	All let on full repairing and insuring leases. Units 1 and 3 expiring in 1988. Unit 2 expiring in 1995 with rent reviews in 1989 and 1992.	18,200
		8. Units 3, 4 and 5 Redwood Court Faraday Road Lenton Nottingham	3 factory units totalling about 6,300 sq.ft. Built 1982. Leasehold having about 94 years unexpired at an annual aggregate ground rent of £2,700 reviewed to 19% of rack rental value every 5 years.	All let on full repairing and insuring leases expiring in 1988. Units 3 and 5 let on concessionary rentals until 1987.	10,225 rising to 11,475 by Sept. 1987
					<u>£210,000</u>
		<b>Freehold</b>			
		9. 21 St. Peters Street Radford Nottingham	End terraced factory unit built 1982. About 2,286 sq.ft.	Let on full repairing and insuring lease for 14 years expiring in 1996, with rent reviews in 1989, and 1992.	5,400
					<u>£38,500</u>

## Part IV

### STATUTORY AND GENERAL INFORMATION

#### 1. SHARE CAPITAL

(a) Holdings was registered in England and Wales on 12 March 1986 under the name Excraft Limited with number 1998779 as a private company with limited liability under the Companies Act 1985. Holdings changed its name and was re-registered as a public limited company under the name of Debfor Holdings plc on 22 April 1986.

(b) On incorporation Holdings had an authorised share capital of £100 divided into 100 Ordinary shares of £1 each, of which two were issued to the subscribers.

(c) Since 12 March 1986 there have been the following changes in the authorised and issued share capital of Holdings:-

On 21 April 1986:-

(i) the authorised share capital was increased to £51,000 by the creation of 50,900 Ordinary shares of £1 each;

(ii) 51,000 Ordinary shares of £1 each in the capital of Holdings (such figure includes the two subscriber shares) were issued and credited as fully paid by way of consideration for the acquisition of the entire issued share capital of the Company.

At an Extraordinary General Meeting held on 24 April 1986 resolutions were passed (conditionally upon the Council of The Stock Exchange granting permission to deal in the Ordinary shares of Holdings on the Unlisted Securities Market on or before 7 May 1986) inter alia:-

(i) sub-dividing each of the existing Ordinary shares of £1 each into 10 Ordinary shares of 10p each;

(ii) increasing the authorised share capital from £51,000 to £1,100,000 by the creation of an additional 10,490,000 Ordinary shares of 10p each;

(iii) generally and unconditionally authorising the Directors pursuant to Section 80 of the Companies Act 1985 to allot relevant securities (as defined in that Section) up to a maximum nominal amount of £1,049,000 during the period ending on 23 April 1991 and pursuant to that authority giving them power to allot equity securities (as defined by Section 94 of the Companies Act 1985) as if Section 89 of that Act did not apply to that allotment. This power expires at the conclusion of the next Annual General Meeting of Holdings and is limited to the allotment of 637,500 Ordinary shares of 10p each to such subscribers as may be procured by Capel-Cure Myers, to allotments in connection with issues pro rata to Ordinary shareholders (subject only to such exclusions as the Directors may feel necessary or expedient to deal with fractional entitlements or legal or practical problems under the law or requirements of any recognised regulatory body in any territory) and otherwise to the allotment for cash of a maximum of £55,000 nominal of share capital;

(iv) capitalising £714,000 (being part of the amount standing to the credit of share premium account) and applying such sum in paying up in full 7,140,000 Ordinary shares of 10p each. Such shares were allotted to the shareholders pro rata to their existing shareholdings to the nearest whole share.

On 24 April 1986 637,500 new Ordinary shares of 10p each were allotted nil paid to Linton Nominees Limited pursuant to the Placing Agreement described in paragraph 6 below.

(d) Following completion of the placing the issued share capital of Holdings will be £828,750 comprising 8,287,500 Ordinary shares of 10p each all of which will be fully paid or credited as fully paid.

(e) 2,712,500 Ordinary shares (representing 24.66% of the authorised share capital) will remain authorised but unissued following the placing. No material issue of Ordinary shares of Holdings (other than to shareholders pro rata to existing holdings) will be made within one year of the date of this document without the prior approval of Holdings in General Meeting. No issue of Ordinary shares will be made which would effectively alter the control of Holdings or the nature of its business without the prior approval of Holdings in General Meeting.

(f) Holdings' only subsidiary is the Company.

(g) Save as mentioned in paragraphs (b) and (c) above, no share or loan capital of Holdings or of the Company has been issued or is proposed to be issued for cash or otherwise within the two years immediately preceding the date of this document.

(h) Save as disclosed in paragraph 6 below, no commissions, discounts, brokerages or other special terms have been granted by Holdings or the Company within such two year period in connection with the sale or issue of any share or loan capital.

(i) No share or loan capital of Holdings or the Company is the subject of any option or is agreed conditionally or unconditionally to be put under option.

## 2. SUBSIDIARY COMPANY

The Company was registered in England as a private company with limited liability on 1 December 1947 under the Companies Acts, 1929 and 1947, and has an issued and fully paid up share capital of 1,500 Ordinary shares of £1 each, each of which is beneficially owned by Holdings.

## 3. ARTICLES OF ASSOCIATION

The Articles of Association of Holdings (in this paragraph 3 of Part IV "the Company") contain provisions *inter alia* to the following effect:

### Voting rights

At any general meeting every Member present in person shall have one vote on a show of hands and on a poll every Member present in person or by proxy shall have one vote for every share of which he is the holder. The duly authorised representative of a corporate Member may exercise the same powers on behalf of that corporation as it could exercise if it were an individual Member. A Member is not entitled to vote unless all calls due from him have been paid, or in respect of any shares held by him in relation to which he or any other person appearing to be interested in such shares has been duly served with a notice under Section 212 of the Companies Act 1985 and fails to supply the Company with the information thereby required within the period of 28 days from the date of service of such notice.

### Variation of Rights

The rights attached to any class of shares may be varied with the consent in writing of the holders of 75 per cent of the issued shares of that class or with the sanction of an Extraordinary Resolution passed at a separate general meeting of the holders of the class.

### Directors

(a) Subject to any Ordinary Resolution of the Company, the Directors shall not be less than two in number.

(b) Save as mentioned below, a Director shall not vote in respect of any contract or arrangement or any other proposal whatsoever in which he has any material interest otherwise than by virtue of his 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 any resolution on which he is debarred from voting.

(c) A Director shall (in the absence of some material interest other than those indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution concerning any of the following matters, namely:—

- (i) the giving of any security or indemnity to him in respect of money lent or obligations incurred by him at the request of or for the benefit of the Company or any of its subsidiaries;
- (ii) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
- (iii) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiaries for subscription or purchase in which offer he is or is to be interested as a participant in the underwriting or sub-underwriting thereof;
- (iv) any proposal concerning any other company in which he is interested, directly or indirectly, and whether as an officer or shareholder or otherwise howsoever provided that his interest does not comprise a beneficial interest in one per cent or more of the issued shares of any class of such company (or of any third company through which his interest is derived) or of the voting rights available to members of the relevant company (any such interest being deemed to be a material interest in all circumstances); and

- (v) any proposal concerning the adoption, modification or operation of a superannuation fund or retirement benefits scheme under which he may benefit and which has been approved by or is subject to and conditional upon approval by the Board of Inland Revenue for taxation purposes or by the Company in general meeting.
- (d) Where proposals are under consideration concerning the appointment of two or more Directors to offices 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 and in such case each of the Directors concerned (if not debarred from voting under the proviso to paragraph (c) (iv) above) shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.
- (e) If any question shall arise at any meeting as to the materiality of a Director's interest or as to the entitlement of any Director to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall be referred to the chairman of the meeting and his ruling in relation to any other Director shall be final and conclusive except in a case where the nature or extent of the interest of the Director concerned has not been fairly disclosed.
- (f) The Company may by Ordinary Resolution suspend or relax the above provisions to any extent or ratify any transaction not duly authorised by reason of a contravention of such provisions.
- (g) A Director shall not be required to hold any shares of the Company by way of qualification. A Director who is not a Member of the Company shall nevertheless be entitled to receive notice of and to attend and speak at general meetings.
- (h) The ordinary remuneration of the Directors shall from time to time be determined by an Ordinary Resolution of the Company in general meeting and shall (unless each resolution otherwise provides) be divided among them in such proportions as the Directors may determine or failing agreement equally. Any Director who holds an executive office with the Company or who serves on any committee, or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration as the Directors may determine. The Directors shall also be entitled to be repaid all such expenses as they may properly incur in attending and returning from meetings of the Board or of any committees of the Board or general meetings or otherwise in or about the business of the Company.
- (ij) The Directors shall have power to pay and agree to pay pensions or other retirement, superannuation, death or disability benefits to (or to pay any person in respect of) a Director or ex-Director and for the purpose of providing any such pensions or other benefits to contribute to any scheme or fund or to pay premiums.
- (j) The statutory provisions as to an age limit for Directors do not apply.

#### **Borrowing Powers**

The Directors shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiaries so as to secure (as regards such subsidiaries so far as by such exercise it can secure) that the aggregate amount for the time being undischarged of all money borrowed or secured by the Company and its subsidiaries and owing to persons other than the Company and its subsidiaries shall not without the previous sanction of an Ordinary Resolution of the Company exceed twice the aggregate of the amount paid up or credited as paid-up on the share capital of the Company and the total amount of the capital and revenue reserves of the Company and its subsidiaries as shown in the latest audited consolidated balance sheet of the Company and its subsidiaries but after making certain adjustments specified in the Articles.

#### **4. DIRECTORS AND OTHER INTERESTS**

(a) The register of the interests of the Directors and their families in the Ordinary shares of Holdings required to be maintained under the provisions of Section 325 of the Companies Act 1985 now shows Mr. D. C. Parker as beneficially interested in 100 per cent. of such shares. None of the other Directors now has any holding of shares in Holdings. Following the placing, the register of such interests will appear as follows:

Director	No. of Shares	Interests %
D.C. Parker	6,750,000	81.4
M. J. Basford	10,500	0.1
S. J. Wilks	10,500	0.1
H. Prevezer	10,500	0.1

Mr. Parker's interests include those of his wife and the trustees of a settlement for the benefit of his children. The interests of the other Directors include the interests of their respective spouses.

(b) Save as aforesaid, the Directors are not aware of any other person who is now or following the placing, will be interested (within the meaning of Part VI of the Companies Act 1985), directly or indirectly in five per cent. or more of the issued Ordinary share capital of Holdings.

(c) It is the intention of each of the Directors, other than Mr. D. C. Parker, to apply for 10,000 of the shares the subject of this placing. Mr. D. C. Parker, his wife and the trustees of the settlement for the benefit of his children, will make disposals of 900,000 shares, in total, as part of the placing.

(d) By an agreement dated 21 April 1986 between Holdings (1), Mr. D. C. Parker (2) Mrs V. M. Parker (3) and the Trustees of the Settlement (4) ("the Exchange Agreement") Holdings acquired from Mr. D.C. Parker, his wife and the trustees of a settlement for the benefit of his children, one hundred per cent. of the issued share capital of the Company for a consideration consisting of the issue of 51,000 Ordinary shares of £1 each, in Holdings which were issued as follows:-

	Number of shares
Mr. D. C. Parker	41,820
Mrs. V. M. Parker	2,312
Trustees of D. C. Parker's Childrens' Settlement	6,868

(e) In 1985 Mr. D. C. Parker and Mr. M. J. Basford each purchased a motor car from the Company at their market values of £2,570 and £2,275 respectively. In 1984 Mr. D. C. Parker purchased a motor car from the Company at its market value of £695. Save as aforesaid and as mentioned in paragraph (d) above and in paragraph 14(d) below, no Director has or has had any interest, direct or indirect, in the promotion of or in any assets which have been, within the two years immediately preceding the date of this document acquired, disposed of by or leased to Holdings or the Company or are proposed to be acquired disposed of by or leased to Holdings or the Company.

(f) Save as mentioned in this paragraph 4, neither Holdings nor the Company has subsisting at the date hereof any contract or arrangement in which a Director of Holdings or of the Company is materially interested, directly or indirectly, and which is significant in relation to the business of the Group taken as a whole.

(g) Mr Prevezer has agreed to serve the Company as a non-executive Director for a period of two years commencing on 9 December 1985 at an initial annual fee of £11,000. Save as aforesaid and as mentioned in paragraph 8 below, no Director has a service contract with Holdings or the Company which will not expire or is not terminable by the employing company without payment of compensation (other than statutory compensation) within one year.

(h) The aggregate emoluments of the Directors from the Company for the financial year ended 31 December 1985 amounted to £203,833, including pension contributions. It is estimated that for the twelve months ending 31 December 1986 the aggregate emoluments of the Directors from the Group will be approximately £150,000, including pension contributions.

## 5. MATERIAL CONTRACTS

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by Holdings and/or the Company during the two years immediately preceding the date of this document and are, or may be, material:-

(a) An agreement dated 2 August 1984 between the Company (1) and C. R. Crane & Son Limited (2) whereunder C. R. Crane & Son Limited agreed to construct a new sewing unit at the Company's premises at Nottingham Road, Ilkeston for a consideration of £266,436.

(b) An agreement dated 2 August 1984 between the Company (1) and C. R. Crane & Son Limited (2) whereunder C. R. Crane & Son Limited agreed to construct a new sewing unit at the Company's premises at Derby Road Industrial Estate, Heanor for a consideration of £243,048.

(c) An agreement dated 25 March 1985 between the Company (1) and Kennings Estates p.l.c. (2) whereunder the Company agreed to purchase freehold land adjacent to its premises at Nottingham Road, Long Eaton for a consideration of £40,000.

(d) An agreement evidenced in correspondence made in 1985 between the Company (1) and C. R. Crane & Son Limited (2) whereunder C. R. Crane & Son Limited agreed to erect new buildings on the Company's premises at Nottingham Road, Long Eaton for a consideration of £319,217.

(e) The Exchange Agreement referred to in paragraph 4(d) above.

(f) The Placing Agreement referred to in paragraph 6 below.

## 6. PLACING AGREEMENT

(a) On 24 April 1986 an agreement ("the Placing Agreement") was entered into between the Directors (1) the present shareholders of Holdings ("the Vendors") (2) Mr D. C. Parker and Mrs V. M. Parker (3) Holdings (4) and Capel-Cure Myers ("Capel-Cure") (5) whereunder Capel-Cure agreed, subject to the Council of The Stock Exchange permitting (not later than 7 May 1986) dealings in Holdings' issued share capital to take place in the Unlisted Securities Market, to (i) subscribe or procure subscribers at a price of 130p per share for 637,500 new Ordinary shares of 10p each in Holdings and (ii) purchase or procure purchasers at a price of 129¼p per share from the Vendors a total of 900,000 Ordinary shares of 10p each with a view to placing all such shares with their clients at a price of 130p per share.

(b) Under the Placing Agreement Holdings has agreed to pay the costs of and incidental to the placing and the application to The Stock Exchange for the admission of its issued Ordinary share capital to the Unlisted Securities Market, including capital duty, all accountancy and legal fees, printing and advertising charges, the fees and expenses of the Registrars, the fees payable to The Stock Exchange and a fee to Capel-Cure. The aggregate costs and expenses payable by Holdings are estimated to amount to £215,000 exclusive of value added tax which includes an estimated liability to stamp duty of £49,725 in connection with the Exchange Agreement.

(c) Under the Placing Agreement:-

- (i) the Directors have given certain warranties to Capel-Cure as to the accuracy of the information in this document;
- (ii) Mr. D. C. Parker and Mrs. V. M. Parker have given a taxation indemnity to Holdings and Capel-Cure; and
- (iii) the Executive Directors have given certain warranties in relation to the Group and its business.

In addition, the Vendors and the Directors have entered into certain undertakings with Capel-Cure concerning the disposal of their shares in Holdings for a period extending until the Annual General Meeting of Holdings during 1988 and 1987 respectively and the Executive Directors have given to Capel-Cure certain undertakings, in the event of their ceasing to be employees of the Group, not to compete with the Group or solicit its customers or employ its employees for a period of 3 years from the date of the Placing Agreement.

(d) For the purposes of paragraph 3, Schedule 3, Companies Act 1985, the subscription list for the Ordinary shares included in the placing will open at 10.00 a.m. on 29 April 1986 and may be closed at any time thereafter.

## 7. PROPERTIES

Details of the principal properties from which the Group operates are contained in the Valuers' Certificate set out in Part III.

## 8. SERVICE CONTRACTS

Each of the Executive Directors has entered into a service contract with Holdings. Each contract is dated 24 April 1986 and is for a period of three years from that date, and may be determined by either party giving to the other not less than six months notice expiring on or after 24 April 1989. Under the said contracts, the Executive Directors are presently entitled to the following annual salaries (which are inclusive of all Directors' fees):-

D. C. Parker	£55,000
M. J. Basford	£35,000
S. J. Willis	£20,000

## 9. LITIGATION

Neither Holdings nor the Company is engaged in any litigation or arbitration proceedings and no litigation or arbitration proceedings are known to the Directors to be pending or threatened against either Holdings or the Company which, in either case, may have or has had during the twelve months prior to the date hereof, a significant effect on the financial position of the Group.

## 10. TAXATION

The Directors have been advised that, immediately following the placing, Holdings will be a close company within the meaning of the Income and Corporation Taxes Act 1970. In respect of the Company, shortfall and apportionment clearances have been obtained for all relevant periods up to 31 December 1985. The Company has been advised by Stoy Hayward (Nottingham) that, in their opinion, there will be no apportionment of income amongst the participants in respect of the three month period ended 31 March 1986. Clearances have been obtained under Section 464, Income and Corporation Taxes Act 1970, in respect of the placing and the capital reorganisations carried out prior to the placing and under Section 88, Capital Gains Tax Act 1979 in respect of the acquisition by Holdings of the entire issued share capital of the Company.

## 11. WORKING CAPITAL

The Directors consider that taking into account bank and other facilities available and the proceeds of the placing receivable by the Group, it has sufficient working capital for its present requirements.

## 12. MINIMUM SUBSCRIPTION

The minimum amount which in the opinion of the Directors must be raised by the issue of 637,500 new Ordinary shares of 10p each for the purpose specified in paragraph 2 Schedule 3 Companies Act 1985 is nil.

## 13. MATERIAL CHANGES

Save as disclosed herein, there have been no material adverse changes in the trading or financial position of the Group since 31 December 1985.

## 14. GENERAL

(a) The Directors consider that the Group carries reasonable insurance cover for all major risks facing it which would be expected to be the subject of insurance cover.

(b) Holdings is the beneficiary under a covenant entitling it to receive the sum of £300,000 in the event of Mr. D. C. Parker's death or permanent incapacity on or before 23 April 1990.

(c) The financial information contained in this document does not amount to full accounts within the meaning of Section 254 Companies Act 1985. Full accounts relating to the periods during which the Company has carried on the business and to which the information in the Accountants' Report relates have been (or will be) delivered to the Registrar of Companies. The auditors have made a report under Section 236 Companies Act 1985 in respect of each such set of accounts and each such report was an unqualified report within the meaning of Section 271 Companies Act 1985.

(d) Mr. D. C. Parker is the promoter of the Group.

## 15. CONSENTS

(a) Stoy Hayward (Nottingham) and Stoy Hayward (London) have given and have not withdrawn their respective written consents to the issue of this document with the inclusion therein of their Accountants' Report, and the references to their names in the forms and context in which they are respectively included.

(b) Messrs. Neales and Messrs. King & Co have given and have not withdrawn their respective written consents to the issue of this document with the inclusion therein of their Valuers' Certificate, and with the references to their names in the forms and context in which they are respectively included.

## 16. REGISTRATION

Copies of this document have been delivered to the Registrar of Companies for registration, each copy having attached to it copies of Capel-Cure's placing letter and application form, each of the consents mentioned in paragraph 15 above, the statement of adjustments made by the Reporting Accountants, the Valuers' Certificate of Messrs. Neales and Messrs. King & Co and each of the material contracts specified in paragraph 5 above.

## 17. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Capel-Cure Myers, 65 Holborn Viaduct, London EC1A 2EU during normal business hours on any weekday (Saturdays and Public Holidays excepted) for the period of fourteen days from the date of this document:-

(a) The Memorandum and Articles of Association of Holdings.

(b) The Audited Accounts of the Company for the five financial periods ended 31 December 1985.

(c) The Report of Stoy Hayward (Nottingham) and Stoy Hayward (London) and the statement of adjustments relating thereto.

(d) The Directors' service contracts referred to in paragraph 6 above and the agreement referred to in paragraph 4(g) above.

(e) The material contracts referred to in paragraph 5 above.

(f) The letters of consent referred to in paragraph 15 above.

(g) The Valuers' Certificate of Messrs. Neales and Messrs. King & Co dated 17 April 1986.

Dated 24 April 1986



**CAPEL-CURE MYERS**  
**CORPORATE DIVISION**

65 Holborn Viaduct, London EC1A 2EU  
and The Stock Exchange.

Telephone 01-236 5080 · Fax 2 & 3 248 1103 · Telex 886653

Member of the **AAZ** Group. Registered in England No: 1885922

Copies of this Letter and Form of Acceptance, each having attached thereto a copy of the Placing Document mentioned below together with copies of the documents specified therein, have been delivered to the Registrar of Companies for registration.

24th April, 1986

Dear Sir/Madam,

**DEBFOR HOLDINGS plc (the "Company")**  
**Placing of 1,537,500 Ordinary shares of 10p each**  
**at 130p per share payable in full on acceptance**

We enclose a Placing Document dated 24th April, 1986, giving information about the above Company and its subsidiary and of the placing by Capel-Cure Myers of 1,537,500 Ordinary shares of 10p each in the Company (the "Ordinary shares").

Application has been made to the Council of The Stock Exchange for the grant of permission to deal in the whole of the issued Ordinary share capital of the Company in the Unlisted Securities Market ("Permission to Deal"). It is anticipated that Permission to Deal will be granted on 30th April, 1986 and that dealings will commence on 1st May, 1986. It is emphasised that no application has been made for these securities to be admitted to Listing.

The Ordinary shares which are the subject of the placing rank *pari passu* in all respects with the existing issued and allotted Ordinary shares and in particular, rank in full for all dividends or other distributions hereafter declared, paid or made on the Ordinary share capital of the Company.

Capel-Cure Myers have agreed to purchase or procure purchasers for 900,000 Ordinary shares and to subscribe or procure subscribers for 637,500 Ordinary shares subject to Permission to Deal being granted by the Council of The Stock Exchange and becoming effective upon the posting of a Rule 525 Notice by not later than 7th May, 1986.

Accordingly, we have pleasure in offering you, upon the terms of this Letter and of the Placing Document, and subject to the Memorandum and Articles of Association of the Company, a placing participation of:

Ordinary shares of 10p each at 130p per share, free of commission and stamp duty payable in full on 30th April, 1986.

If you wish to accept this offer, please inform us\* by telephone or telex by 3.00 p.m. on 28th April, 1986 and confirm your acceptance by completing the enclosed Form of Acceptance and returning it to us by 10.00 a.m. on 30th April, 1986 together with a cheque for the full amount payable on acceptance. Cheques, which should be crossed and drawn on a City Office of a London Clearing Bank should be made payable to "Capel-Cure Myers". These cheques will be presented on receipt and the proceeds held in a separate account pending allotment.

Alternatively, the amounts due may be remitted by telegraphic transfer, for value on 30th April, 1986 to:

The Royal Bank of Scotland plc, 67 Lombard Street, London EC3, Account Capel-Cure Myers Placing Account, Account No.: 11503910 Re: Debfor Holdings plc.

This offer is conditional upon Permission to Deal being granted by the Council of The Stock Exchange and becoming effective as aforesaid by not later than 7th May, 1986. Monies paid in respect of applications will be returned if this condition is not satisfied by that date.

Under the rules of The Stock Exchange, up to 25 per cent. of the shares being placed have to be made available to the public through the market. Accordingly, we reserve the right to recall up to 25 per cent. of the shares being placed (other than the 128,125 shares that have been reserved for employees of the Company), should we be given notice that they are required by the market by 5 p.m. on Monday, 28th April, 1986.

\*Please ask for J. C. Draper, R. M. W. Bewick, D. G. Smith

Divisional Directors  
J E Gordon FCA  
R Anstey  
P R Ansell  
B E Dickinson

The Hon M S R Greenway FCA  
J F Gregory  
D M de Groot C Eng  
A C Hazeb Smith  
R M S Kaulen

R A M Liederman  
J V J Moxon  
T R Paterson  
The Lord C Pock  
J C D Talbot



Asistant Director  
C A Callaway

\*Members of the Board or Executive of Capel-Cure Myers, of whom four are non-executives of The Stock Exchange.

Edinburgh Office: 9 Hope Street, Edinburgh EH2 4EL. Telephone 031-225 2171

*[Handwritten signatures: Harker, [unclear], [unclear], Henry [unclear], R. Keston]*

**DEBFOR HOLDINGS plc**

**Placing of 1,537,500 Ordinary shares of 10p each  
at 130p per share, payable in full on application**

This form, when completed should be returned to **Corporate Finance Division, Capel-Cure Myers, 65 Holborn Viaduct, London EC1A 2EU**, so as to reach us by not later than 10.00 a.m. 30th April, 1986.

*[Handwritten signature: M. R. [unclear]]*

**FORM OF ACCEPTANCE**

**To: Corporate Finance Division  
Capel-Cure Myers  
65 Holborn Viaduct  
London EC1A 2EU**

**For the attention of: R.M.W. Bewick**

Dear Sirs,

With reference to the Letter from Capel-Cure Myers dated 24th April, 1986 I/we have pleasure in accepting your offer of a participation in the placing of Ordinary shares offered to me/us in Debfor Holdings plc (the "Company") on the basis set out in that Letter and the accompanying Placing Document and subject to the Memorandum and Articles of Association of the Company.

\* (i) I/We enclose my/our cheque drawn on a City office of a London Clearing Bank in favour of Capel-Cure Myers for £   being the full amount payable on application at 130p per Ordinary share. I/We warrant that my/our cheque will be met on first presentation.

\* (ii) I/We confirm that the amount due will be remitted by telegraphic transfer to The Royal Bank of Scotland PLC, 67 Lombard Street, London EC3 Account, Capel-Myers Placing Account, a/c No. 11503910 Re: Debfor Holdings plc for value on 30th April, 1986.

I/We hereby request you to procure the issue to me/us in accordance with the instructions set out below a Renounceable Letter of Acceptance in respect of the Ordinary shares which I/we have agreed to purchase.

Dated: 1986

Signature(s) of acceptor(s) .....

**\*\*Full registration details**

Name .....

Address .....

Delivery instructions .....



\* Please delete whichever is not applicable  
\*\*Must include first and any other name in FULL and address in FULL

# DEBFOR HOLDINGS plc

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*Placing by*  
CAPEL·CURE MYERS