Company number 196249

# CARCLO ENGINEERING GROUP *PLC*

ANNUAL REPORT

1991

CARCLO

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## DIRECTORS & ADVISERS

Directors

| | |
|---|---|
| †J. W. D. Ewart | chairman and chief executive |
| *† M. H. W. Wells | deputy chairman |
| G. R. Logan Brown | deputy chief executive |
| †D. W. Adam | |
| *† Sir Robin Duthie, C.B.E. | |
| B. Mycock | |
| J. S. Smith | |

* non executive †audit committee

Secretary
A. Cuerden, F.C.A., A.C.M.A.

Registered office
177 Kirkstall Road
Leeds LS4 2AQ

Telephone No. (0532) 422880
Facsimile No. (0532) 422232

Registrars
Lloyds Bank Plc
Registrar's Department
The Causeway
Goring-by-Sea
Worthing
West Sussex
BN12 6DA
*Telephone No. (0903) 502541*

Group bankers
Barclays Bank PLC
Lloyds Bank Plc
Midland Bank plc
National Westminster Bank PLC
Royal Bank of Scotland plc
Yorkshire Bank PLC

Stockbrokers
Kleinwort Benson Securities Limited
PO Box 560
20 Fenchurch Street
London EC3P 3DB

Robert Fleming Securities Limited
25 Copthall Avenue
London EC2R 7DR

Solicitors
Linklaters & Paines
Barrington House
59–67 Gresham Street
London EC2V 7JA

Booth & Co.
South Parade
Leeds LS1 1HQ

Auditors
Ernst & Young
Cloth Hall Court
14 King Street
Leeds LS1 2HL

Merchant bankers
Robert Fleming & Co. Limited
25 Copthall Avenue
London EC2R 7DR

# GROUP COMPANIES

The main trading subsidiary undertakings in the group, with the countries in which they are incorporated and principally operate are shown below.

CARD CLOTHING DIVISION

The English Card Clothing Company Limited
Huddersfield, West Yorkshire

Horsfall & Bickham Limited
Halifax, West Yorkshire

N.V. Kaardenfabriek "Nederland"
Tilburg, Holland

Etabls. Platt Frères S.A.
Roubaix, France

WIRE DIVISION

Joseph Sykes Brothers Limited
Huddersfield, West Yorkshire

Critchley, Sharp & Tetlow Limited
Cleckheaton, West Yorkshire

Branches
Taylor Sharp Wire
Gilby Bruntons

Bruntons (Musselburgh) Limited
Musselburgh, Scotland

RSR DIVISION

Jonas Woodhead Limited

RSR
Manchester and twenty-eight depots

GENERAL ENGINEERING DIVISION

Gill's Cables Limited
Lichfield, Staffordshire

Francis W. Birkett & Sons Limited
Cleckheaton, West Yorkshire

Branch
Hills Diecasting

Birkett Cutmaster Limited
Cleckheaton, West Yorkshire

Branches
Dell Baler
Ellesco Machine Tool Co.
Qualters & Smith
Thomas White & Sons

Jonas Woodhead Limited

Fairbank Brearley
Bingley, West Yorkshire

Marshall Repetition
Mytholmroyd, West Yorkshire

OTHER

Rumbold Securities Limited

Shepley Investments Limited
West Yorkshire
Investment companies

All the above undertakings are wholly owned by the company with the exception of Jonas Woodhead Limited and Gill's Cables Limited, which are wholly owned by a subsidiary undertaking.

This list of subsidiary undertakings at 31 March 1991 forms part of the accounts.

# FIVE YEARS AT A GLANCE

| | 1991 | 1990 | 1989 | 1988 | 1987 |
|---|---|---|---|---|---|
| | £000 | £000 | £000 | £000 | £000 |
| Turnover | 84,980 | 111,610 | 108,780 | 101,919 | 66,540 |
| Operating profit | 7,322 | 10,548 | 10,666 | 9,688 | 6,177 |
| Profit on ordinary activities before taxation | 8,044 | 8,829 | 9,037 | 8,119 | 5,080 |
| Profit on ordinary activities after taxation | 5,782 | 6,311 | 6,457 | 5,715 | 3,297 |
| Profit attributable to ordinary shareholders | 9,080 | 6,247 | 6,392 | 6,412 | 2,869 |
| Return on total shareholders' funds | | | | | |
| before taxation | 19·3% | 23·1% | 31·6% | 32·6% | 24·7% |
| after taxation | 13·9% | 16·5% | 22·6% | 23·0% | 16·0% |
| Return on sales | 9·5% | 7·9% | 8·3% | 8·0% | 7·6% |
| Per ordinary share of 5p | | | | | |
| Earnings | 13·7p | 15·0p | 15·3p | 13·5p | 9·8p |
| Dividend – net | 7·81p | 7·10p | 5·90p | 4·70p | 3·75p |
| equivalent with tax credit | 10·41p | 9·47p | 7·87p | 6·31p | 5·17p |
| Dividend cover (times) | 1·8 | 2·1 | 2·6 | 2·9 | 2·6 |
| Ordinary shareholders' funds | 98·5p | 90·0p | 67·1p | 58·1p | 47·8p |
| (Decrease) increase on previous year | | | | | |
| Earnings per share | (8·7%) | (2·0%) | 13·3% | 37·8% | 25·6% |
| Dividends per share | 10·0% | 20·3% | 25·5% | 25·3% | 25·0% |
| Ordinary shareholders' funds | 9·4% | 34·1% | 15·5% | 21·5% | 10·6% |
| Net cash (net bank borrowings) as a percentage of total shareholders' funds | 7·9% | (33·6%) | (45·5%) | (52·0%) | (75·0%) |
| Net interest cover (times) | — | 6·0 | 6·4 | 5·8 | 5·1 |
| Total shareholders' funds | 41,741 | 38,170 | 28,605 | 24,873 | 20,567 |
| Capital expenditure | 3,998 | 6,531 | 5,671 | 4,865 | 2,365 |
| Depreciation | 2,576 | 3,041 | 2,631 | 2,348 | 1,440 |
| Depreciation cover (times) | 1·6 | 2·1 | 2·2 | 2·1 | 1·6 |
| Tax rate | 28·1% | 28·5% | 28·6% | 29·6% | 35·1% |
| | Number | Number | Number | Number | Number |
| Ordinary shareholders – 31 March | 1,646 | 1,715 | 1,805 | 1,844 | 1,659 |
| Employees – 31 March | | | | | |
| United Kingdom | 1,923 | 2,574 | 2,596 | 2,689 | 2,719 |
| Rest of Europe | 141 | 159 | 155 | 321 | 329 |
| Total | 2,064 | 2,733 | 2,751 | 3,010 | 3,048 |

## STATEMENT OF ADDED VALUE

The statement of added value below shows the added value of £38 million in 1991 which is the amount of wealth created by the group from its trading activities excluding any extraordinary profit and how the total value of £38 million, including investment income and net interest received, was shared out.

| | 1991 £000 | | 1990 £000 | |
|---|---|---|---|---|
| Group sales | 84,980 | | 111,610 | |
| Cost of materials, supplies, energy, services and rates | 47,363 | | 64,229 | |
| Added value | 37,617 | | 47,381 | |
| Investment income | 196 | | 46 | |
| Interest received (net) | 526 | | — | |
| Total added value | 38,339 | | 47,427 | |
| This sum was applied as follows | | % | | % |
| To employees as wages and salaries including payroll costs | 27,719 | 72·3 | 33,792 | 71·3 |
| To banks and other lenders as interest (net) | — | — | 1,765 | 3·7 |
| To governments as tax on profits | 2,262 | 5·9 | 2,518 | 5·3 |
| To shareholders as dividends | 3,327 | 8·7 | 3,028 | 6·4 |
| Retained in the group for future growth | | | | |
| Depreciation | 2,576 | 6·7 | 3,041 | 6·4 |
| Profit | 2,455 | 6·4 | 3,283 | 6·9 |
| | 38,339 | 100·0 | 47,427 | 100·0 |

# STATEMENT BY THE CHAIRMAN Mr. JOHN EWART

## Financial results

At the time of the announcement of our interim results in January, I indicated that a further deterioration in trading conditions had occurred since 30 September and that there were few signs of recovery. I now have to report that during the year to 31 March 1991 profits before tax and earnings per ordinary share fell by 9% from £8·8m to £8·0m and from 15·0p to 13·7p respectively. The latter is after a tax charge similar to last year of 28%.

In addition, an extraordinary profit after tax of £3·4m was realised. This arose from the sale in April 1990 of Woodhead's springs and forgings business and is after making provision for a reduction in the value of certain remaining Woodhead assets.

## Proposed dividend

Your directors now recommend an increased final dividend of 6·10p net per ordinary share which, together with the interim of 1·71p net, makes a total dividend for the year of 7·81p net (10·41p gross). This represents an increase of 10% in the net dividend over the equivalent 7·10p net (9·47p gross) paid last year. The total dividend is covered 1·8 times by earnings and leaves retained profit for the year at £5·8m. Subject to shareholders' approval, dividend warrants will be posted on 12 September 1991 to ordinary shareholders on the register at the close of business on 2 August 1991.

## Capital expenditure

During the year, total capital expenditure amounted to £4·0m representing 1·6 times the annual charge for depreciation.

## Trade investment

During the year, we built up, as a trade investment, a 7½% stake in Arthur Lee and Sons plc for a total consideration of some £3·8m. As previously reported, Arthur Lee is both a regular supplier to and a regular customer of various companies in our group.

## Financial position

Carclo's financial position remains strong with total shareholders' funds at 31 March 1991 at £41·7m or 98·5p per share being 9% higher than last year. Net cash amounted to £3·3m this year as compared with net bank borrowings of £12·8m last year. The effect of this change has been to earn interest of £0·5m this year as compared with paying interest of some £1·8m last year.

## Card clothing division

On turnover 10% lower than last year at £16·8m, operating profit was 30% down at £2·9m, due to the world recession in the industry. We have, however, maintained our market share under these difficult conditions.

## Wire division

Operating profits fell by 17% to £2·6m on turnover which was similar to last year at £26·5m. All companies in this division suffered a reduction in their profit margins due to the downturn and, in the circumstances, the results are satisfactory.

### General engineering division

On turnover increased by 15% to £25·8m, operating profits were 9% lower at £2·5m. In this division also, lower profits were earned by most of the businesses except for our control cables business which, following reorganisation and capital expenditure, did well to increase both turnover and operating profit.

### *R.S.R. division*

On turnover 15% lower at £15·9m, this division made an operating profit of £0·2m as compared with the operating loss of £0·1m last year. In my statement last year, I informed you that we had decided that the business should be sold. Since then, discussions have taken place with several interested parties but we have not yet negotiated a sale on terms which we consider satisfactory. In the meantime, we are continuing to improve the business to ensure its profitability in the medium term.

### People

Employees throughout the group had to work extremely hard to achieve the 1990/91 results and they are now being called on to deal with the even more difficult circumstances of 1991/92. To them all, the board extends their sincere thanks and appreciation.

### Outlook for 1991/92

Since the year end trading conditions have been difficult with major economic uncertainties in many areas where we trade and accordingly we are continuing our rigorous review of all costs. By comparison with 1990, first half profits will be disappointing. However, demand levels now appear to be stabilising and we remain very confident of the longer term prosperity of the group. The quality of our niche engineering business portfolio is high, we have a good product mix and geographical spread, and a competent management determined to increase both our earnings and dividends per share while improving the quality of those earnings.

We anticipate that during the current recession there will be opportunities to acquire good businesses at reasonable prices. As we are in a stronger position financially than we have ever been we are ready to take advantage of favourable buying opportunities as and when they arise.

*8 July 1991*

*John Ewart*
Chairman

## CARD CLOTHING DIVISION

Card clothing is a specialised engineering consumable product used in the textile industry in the process known as carding whereby fibres of cotton, wool or synthetics are combed in preparation for spinning. The rollers of the carding machines are "clothed" with a covering of teeth which wear in use and have to be replaced every two to five years. Card clothing and ancillary products are sold to textile machinery manufacturers and large numbers of mills throughout the world. The division is a leading producer of both flexible and metallic card clothing in the United Kingdom, France and Holland.

### DIVISION COMPANIES

| | |
|---|---|
| The English Card Clothing Company Limited<br>Huddersfield, West Yorkshire | Card clothing manufacturers |
| Horsfall & Bickham Limited<br>Halifax, West Yorkshire | Card cloth manufacturers |
| N. V. Kaardenfabriek "Nederland"<br>Tilburg, Holland | Card clothing manufacturers |
| Etabls. Platt Frères S.A.<br>Roubaix, France | Card clothing manufacturers |

| | 31.3.91 | 31.3.90 |
|---|---|---|
| Turnover | £16·849m | £18·636m |
| Operating profit | £2·897m | £4·110m |
| Number of employees | 348 | 394 |

*High quality Ballantyne cashmere knitwear produced from yarns spun by Dawson International PLC to whom card clothing is supplied.*

# WIRE DIVISION

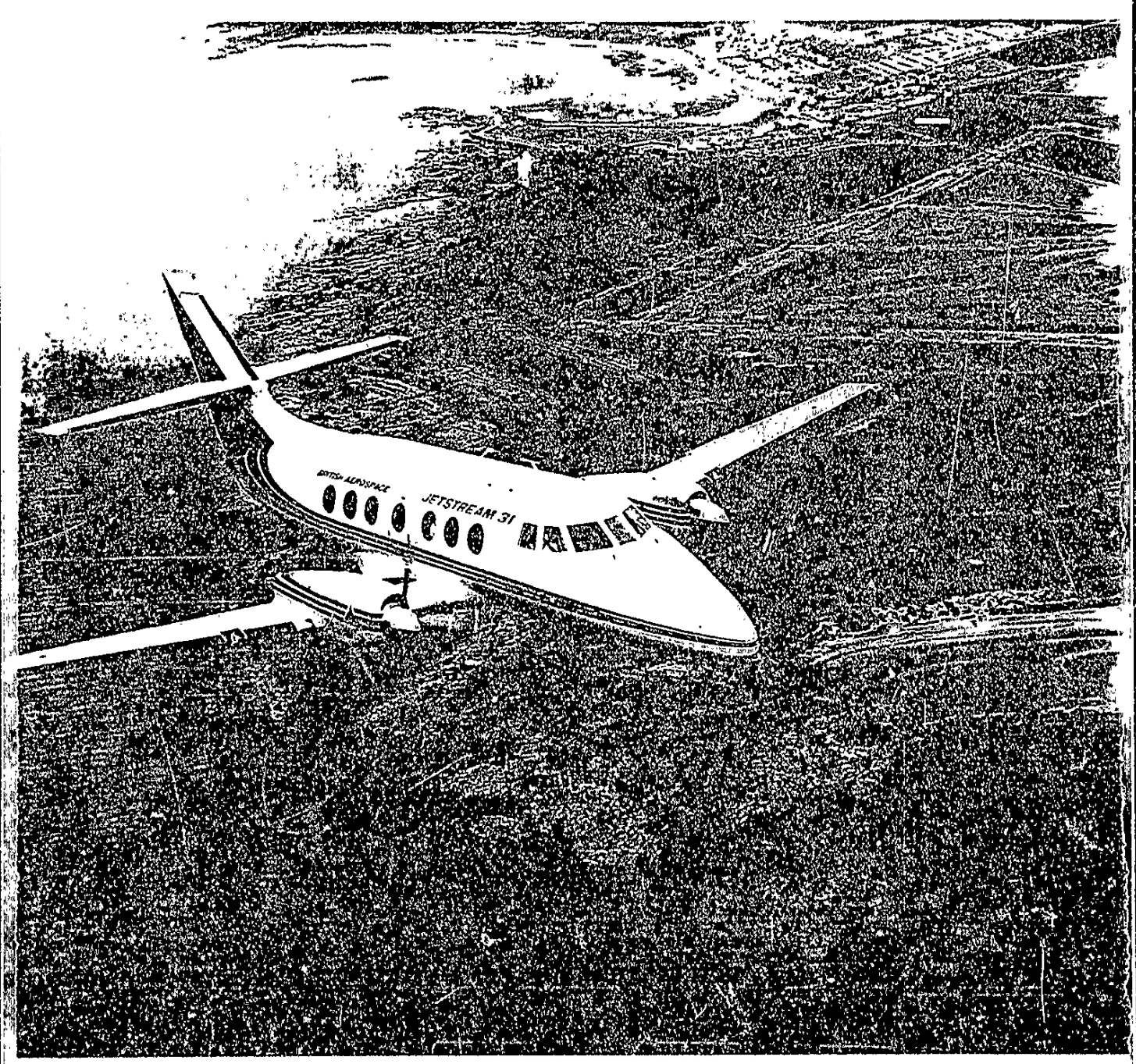
The division's range of wire products is aimed at specialised markets and is used extensively in the civil and mechanical engineering, aviation, automotive, haberdashery and stationery industries.

## DIVISION COMPANIES

| | |
|---|---|
| Joseph Sykes Brothers Limited<br>Huddersfield, West Yorkshire | Speciality carbon and mild steel wire manufacturers |
| Critchley, Sharp & Tetlow Limited<br>Cleckheaton, West Yorkshire | Speciality stainless steel and stitching wire manufacturers |
| Branches:<br>Taylor Sharp Wire<br>Gilby Bruntons | |
| Bruntons (Musselburgh) Limited<br>Musselburgh, Scotland | Steel wire, wire rope, aircraft wires and cables, cold rolled steel strip, bright drawn alloy steel sections |

| | 31.3.91 | 31.3.90 |
|---|---|---|
| Turnover | £26·450m | £27·031m |
| Operating profit | £2·634m | £3·156m |
| Number of employees | 656 | 697 |

*British Aerospace "Jetstream 31" aircraft fitted exclusively with Bruntons' mechanical control cables. Bruntons also have the contract for the stretched version, the "Jetstream 41", which was rolled out on 27 March 1991.*


BRITISH AEROSPACE
JETSTREAM 31

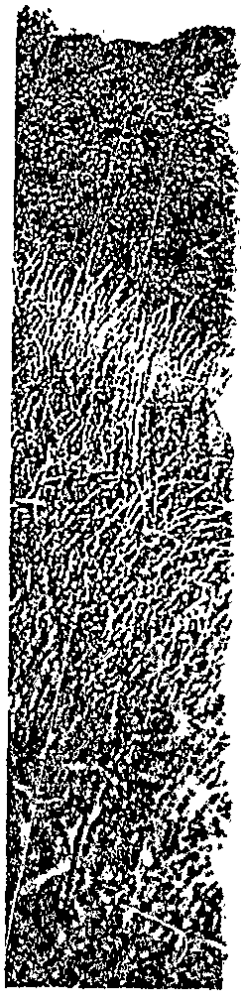
# GENERAL ENGINEERING DIVISION

The general engineering division is made up of a number of companies engaged in varied engineering activities.

Control cables are manufactured for the automotive, domestic appliance and cycle industries.

Copper and aluminium alloy sand and die castings and machined components are supplied across a wide range of manufacturing industries from heavy to light domestic engineering products.

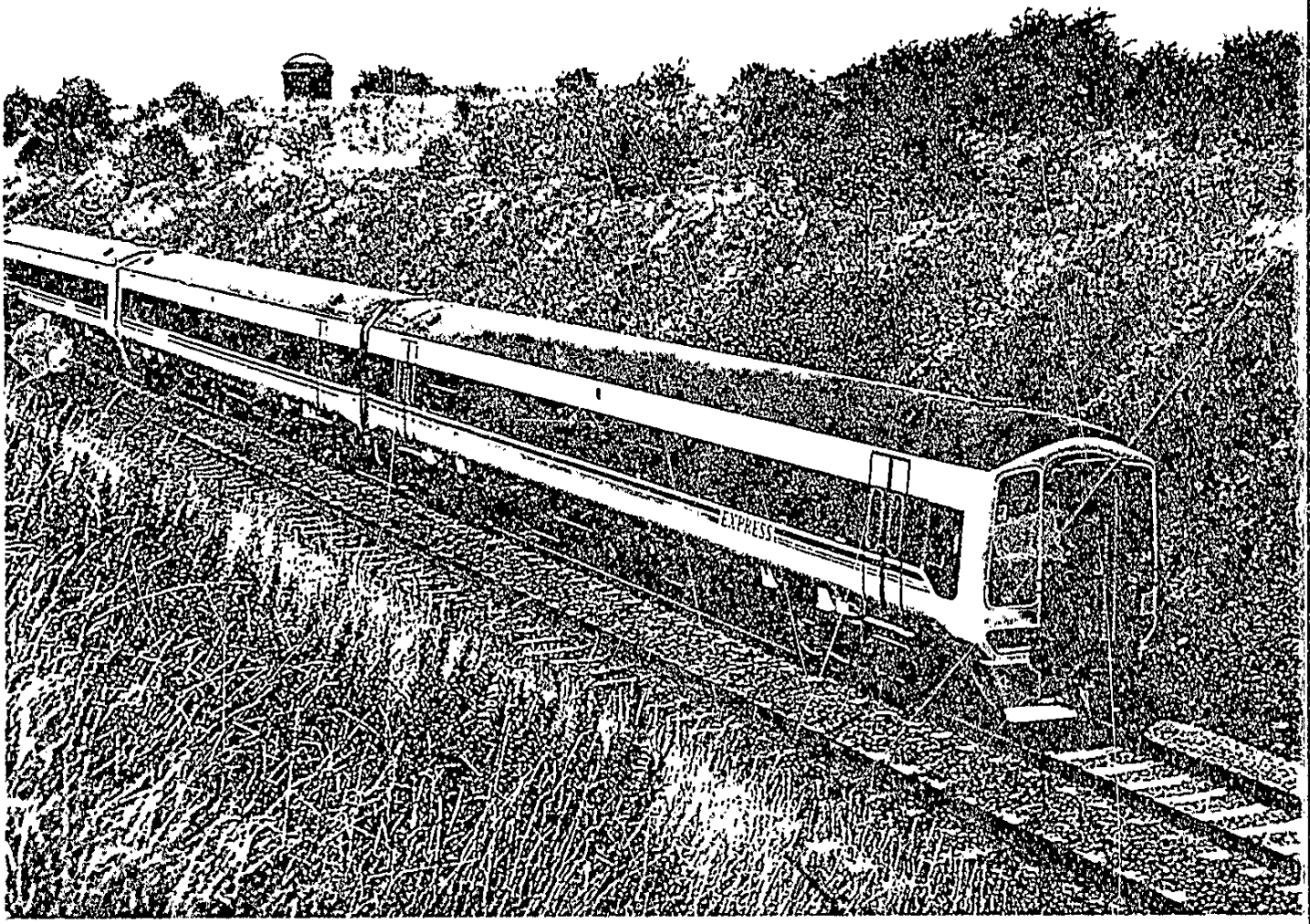
Metal cutting-off and finishing machines are supplied to engineering workshops, baling presses and industrial shredders to the reclamation industry, and rapid heat gas fired furnaces for all metal reheating applications.



*DIVISION COMPANIES*

| | |
|---|---|
| Gill's Cables Limited<br>Lichfield, Staffordshire | Control cable manufacturers |
| Francis W. Birkett & Sons Limited<br>Cleckheaton, West Yorkshire | Manufacturers of non-ferrous components and castings |
| Branch:<br>Hills Diecasting | |
| Birkett Cutmaster Limited<br>Cleckheaton, West Yorkshire | Manufacturers and merchants of cutting-off and finishing machines, baling presses and industrial shredders |
| Branches:<br>Dell Baler<br>Ellesco Machine Tool Co.<br>Qualters & Smith<br>Thomas White & Sons | |
| Jonas Woodhead Limited<br>Leeds, West Yorkshire | |
| Branches:<br>Fairbank Brearley<br>Bingley, West Yorkshire | Manufacturers of spring making machinery and rapid heat furnaces |
| Marshall Repetition<br>Mytholmroyd, West Yorkshire | Manufacturers of repetition machined parts, precision tools and components |

| | 31.3.91 | 31.3.90 |
|---|---|---|
| Turnover | £25·777m | £22·366m |
| *Operating profit* | £2·519m | £2·763m |
| Number of employees | 702 | 692 |




*A B.R.E.L. class 158 "Express" diesel multiple unit fitted with components manufactured by Marshall Repetition for the Thorn automatic fire extinguisher system.*

# DIRECTORS' REPORT

The directors submit their sixty-eighth annual report together with the accounts for the year ended 31 March 1991.

## Principal activities

The group's continuing activities are shown on pages 8–13.

## Composition of the group

The principal subsidiary undertakings at 31 March 1991, are set out on page 3.

## Review of the business, events since the year end, and future developments

The statutory information required concerning the review of the business, events since the year end and future developments is contained in the chairman's statement.

## Profits and earnings

The profit of the group before taxation after crediting net interest of £526,000 (1990 – charge of £1,765,000) amounted to £8,044,000 compared with £8,829,000 for the previous year. After taxation the profit earned per ordinary 5p share was 13·7p compared with 15·0p for the previous year.

## Dividends

The directors recommend that the final dividend be increased from 5·55p to 6·10p which, together with the interim of 1·71p, makes a total for the year of 7·81p (equivalent with tax credit to 10·41p) as compared with a total of 7·10p (equivalent with tax credit to 9·47p) for last year.

## Insurance in respect of directors and officers

The company has in force an officers' liability insurance policy in respect of officers of the Carclo Engineering group of companies.

## Employment of disabled persons

Applications for employment by disabled persons are always fully considered bearing in mind the respective aptitudes and abilities of the applicant concerned. If an employee becomes disabled he or she continues to be employed, wherever possible in the same job. If the degree of disablement makes this impracticable, every effort is made to find suitable alternative employment and to give appropriate training. The company's policy on training and career progression applies equally to everyone within the group, whether or not he or she is disabled.

## Employee consultation

The group places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed of matters affecting them as employees and on the various factors affecting the performance of the group. This is achieved through formal and informal meetings and a special edition of the annual accounts for employees. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interest.

## Donations

During the financial year the group gave £1,304 for United Kingdom charitable purposes and made no political donations.

## Shareholders

At 31 March 1991 the company had 1,646 shareholders. Their holdings are analysed as follows:

| Number of shares | Number of shareholders | % of shareholders | % of shares in issue |
|---|---|---|---|
| 1 – 25,000 | 1,519 | 92 | 10 |
| 25,001 – 100,000 | 77 | 5 | 9 |
| Over 100,000 | 50 | 3 | 81 |
| | 1,646 | 100% | 100% |

| Category of shareholders | % of shares in issue |
|---|---|
| Institutions | 72 |
| Directors | 11 |
| Others | 17 |
| | 100% |

## Substantial holdings

The directors have been informed of the following holdings of the company's issued ordinary share capital:

| | | |
|---|---|---|
| M. & G. Investment Management Limited (funds managed or advised by) | 4,263,710 | (10·20%) |
| Prolific Asset Management Limited | 4,196,810 | (10·04%) |
| Britannic Assurance Public Limited Company | 3,436,610 | (8·22%) |
| Prudential Portfolio Managers Limited | 1,966,295 | (4·70%) |
| Postel Investment Management Limited | 1,720,315 | (4·11%) |
| Barclays Bank PLC (non beneficial) | 1,352,100 | (3·23%) |
| Pearl Group | 1,307,885 | (3·13%) |
| The Scottish American Investment Company PLC | 1,260,000 | (3·01%) |

## Directors

The directors at the date of this report are listed on page 2. The directors retiring by rotation are Mr. G. R. Logan Brown and Mr. B. Mycock who have service agreements that expire on 30 June 1994. Both being eligible offer themselves for re-election.

## Biographies of directors eligible for re-election and non executive directors

*Directors eligible for re-election*

G. R. Logan Brown, F.C.A. Age: 55. Joined the group in 1974 and was appointed a director in that year.

B. Mycock. Age: 53. Joined the group in 1975 and has been a director since 1 November 1985.

Non executive directors

M. H. W. Wells, F.C.A. Age: 64. A director since 3 February 1982, he is chairman of B.W.D. Securities PLC and formerly chairman of Charterhouse Japhet plc.

Sir Robin Duthie, C.B.E., C.A. Age: 62. A director since 4 September 1986, he is a non executive director of the Royal Bank of Scotland Group plc and holds a number of other public company directorships. He was formerly chairman of Britoil plc and the Scottish Development Agency.

## Interests of directors

According to the register maintained as required by the Companies Act 1985 the interests of the directors in the ordinary share capital of the company, all of which were beneficial, were:

| | 31 March 1991 | | 31 March 1990 | |
|---|---|---|---|---|
| | Shares | Options | Shares | Options |
| J. W. D. Ewart | 4,030,000 | — | 4,000,000 | — |
| M. H. W. Wells | 75,000 | — | 75,000 | — |
| G. R. Logan Brown | 200,000 | 102,118 | 180,000 | 75,000 |
| D. W. Adam | 15,000 | 63,000 | 10,000 | — |
| Sir Robin Duthie, C.B.E. | 4,000 | — | 4,000 | — |
| B. Mycock | 1,000 | 84,000 | 1,000 | 63,000 |
| J. S. Smith | 310,739 | 84,000 | 320,389 | 63,000 |

No changes in the above interests have been notified since the end of the financial year. The directors' share options were granted on 5 June 1987, 12 August 1988 and 6 August 1990.

No director had a beneficial interest in any contract to which the company or any subsidiary undertaking was a party during the year.

## Special business

(a) As in past years, your directors consider it advisable to have authority to allot shares to provide maximum flexibility. A resolution will be proposed at the annual general meeting authorising the directors to allot ordinary shares of up to £696,697 nominal amount (equivalent to one-third of the present issued ordinary share capital), of which a total of £104,505 in nominal amount (equal to 5% of the present issued ordinary share capital) could be issued for cash rather than to shareholders on a rights issue (Resolution 5).

(b) Under the provisions of Article 10 of the company's Articles of Association the company may, with the authority of an appropriate shareholders' resolution, purchase its own shares. Your directors are seeking authority from shareholders for the company to effect such purchases (Resolution 6).

Any such purchase would be made "on-market" (i.e. on The Stock Exchange in the normal way) and would be at a maximum price related to recent quotations on The Stock Exchange. The authority being sought would be limited to a maximum of 2,090,092 ordinary shares (5% of the present issued ordinary share capital) and would last until the annual general meeting in 1992. It is envisaged that resolutions to renew such authority would be proposed at that and subsequent annual general meetings.

Shareholders should be assured that your directors will only exercise the power of purchase after careful consideration and if satisfied that, after taking account of other investment opportunities, such purchase would be in the interests of shareholders by increasing future earnings per share.

Shares purchased will, as required by the Companies Act 1985, be cancelled and will not be available for reissue or resale. Details of any purchases will be notified to The Stock Exchange and will appear in the next annual report of the company.

No shares have been purchased since a similar resolution was approved at last year's annual general meeting.

## Auditors

In accordance with Section 384 of the Companies Act 1985 a resolution proposing the reappointment of Ernst & Young as auditors of the company will be put to the members at the forthcoming annual general meeting.

By order of the board
Alan Cuerden
Secretary

8 July 1991

# CONSOLIDATED PROFIT & LOSS ACCOUNT

| Year ended 31 March | Notes | 1991 £000 | 1990 £000 |
|---|---|---|---|
| Turnover | 2 | 84,980 | 111,610 |
| Operating profit | 3 | 7,322 | 10,548 |
| Other income | 5 | 196 | 46 |
| Net interest receivable | 6 | 526 | — |
| Net interest payable | 6 | — | (1,765) |
| Profit on ordinary activities before taxation | | 8,044 | 8,829 |
| Taxation | 9 | 2,262 | 2,518 |
| Profit on ordinary activities after taxation | | 5,782 | 6,311 |
| Extraordinary item | 10 | 3,362 | — |
| | | 9,144 | 6,311 |
| Preference dividends | 11 | 64 | 64 |
| Profit attributable to ordinary shareholders | | 9,080 | 6,247 |
| Ordinary dividends | 12 | 3,263 | 2,964 |
| Retained profit for the year | | 5,817 | 3,283 |
| Earnings per ordinary share | 13 | 13·7p | 15·0p |

A statement of the movement on reserves can be found in note 24.

# CONSOLIDATED BALANCE SHEET

| 31 March | Notes | 1991 £000 | 1991 £000 | 1990 £000 | 1990 £000 |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Tangible assets | 14 | | 22,315 | | 29,646 |
| Investments | 15 | | 4,436 | | 604 |
| **Current assets** | | | | | |
| Stocks | 17 | 14,461 | | 18,337 | |
| Debtors | 18 | 21,475 | | 27,193 | |
| Cash at bank and in hand | | 14,731 | | 10,303 | |
| | | 50,667 | | 55,833 | |
| **Creditors – amounts falling due within one year** | | | | | |
| Bank loans and overdrafts | 22 | 9,473 | | 14,661 | |
| Trade and other creditors | 19 | 13,229 | | 18,875 | |
| Taxation | | 4,216 | | 3,232 | |
| Proposed dividends | | 2,581 | | 2,349 | |
| | | 29,499 | | 39,117 | |
| **Net current assets** | | | 21,168 | | 16,716 |
| **Total assets less current liabilities** | | | 47,919 | | 46,966 |
| **Creditors – amounts falling due after more than one year** | 20 | | 1,952 | | 8,481 |
| **Provision for liabilities and charges** | 21 | | 4,226 | | 315 |
| **Total net assets** | | | 41,741 | | 38,170 |
| **Capital and reserves** | | | | | |
| Called up share capital | 23 | | 2,695 | | 2,695 |
| Reserves | 24 | | 39,046 | | 35,475 |
| **Capital employed** | | | 41,741 | | 38,170 |

J.W.D. Ewart
D.W. Adam } directors

8 July 1991

# BALANCE SHEET

| 31 March | Notes | 1991 £000 | 1991 £000 | 1990 £000 | 1990 £000 |
|---|---|---|---|---|---|
| Fixed assets | | | | | |
| Tangible assets | 14 | 270 | | 198 | |
| Investments | 15 | 79 | | 79 | |
| Investment in subsidiary undertakings | 16 | 26,597 | | 27,218 | |
| | | | 26,946 | | 27,495 |
| Current assets | | | | | |
| Debtors | 18 | 12,093 | | 5,284 | |
| Cash at bank and in hand | | 14,058 | | 9,828 | |
| | | 26,151 | | 15,112 | |
| Creditors – amounts falling due within one year | | | | | |
| Bank loans and overdrafts | | 200 | | 3,400 | |
| Trade and other creditors | 19 | 19,018 | | 3,298 | |
| Taxation | | 559 | | 956 | |
| Proposed dividends | | 2,581 | | 2,349 | |
| | | 22,358 | | 10,003 | |
| Net current assets | | | 3,793 | | 5,109 |
| Total assets less current liabilities | | | 30,739 | | 32,604 |
| Creditors – amounts falling due after more than one year | 20 | | 2,069 | | 8,469 |
| Provision for liabilities and charges | 21 | | 13 | | 72 |
| Total net assets | | | 28,657 | | 24,063 |
| Capital and reserves | | | | | |
| Called up share capital | 23 | | 2,695 | | 2,695 |
| Reserves | 24 | | 25,962 | | 21,368 |
| Capital employed | | | 28,657 | | 24,063 |

J. W. D. Ewart
D. W. Adam } directors

8 July 1991

# STATEMENT OF SOURCE AND APPLICATION OF FUNDS

| Year ended 31 March | £000 | 1991 £000 | 1990 £000 |
|---|---|---|---|
| **Source of funds** | | | |
| Profit on ordinary activities before taxation | | 8,044 | 8,829 |
| Extraordinary profit before taxation (a) | | 4,262 | — |
| Items not involving the movement of funds | | | |
| Extraordinary item (a) | | 2,487 | — |
| Depreciation | | 2,576 | 3,041 |
| Total generated from operations | | 17,369 | 11,870 |
| Funds from other sources | | | |
| Medium term loan | | 1,800 | 33 |
| Written down value of assets sold | | 8,668 | 592 |
| | | 27,837 | 12,495 |
| **Application of funds** | | | |
| Dividends paid to shareholders | | 3,095 | 2,611 |
| Tax paid | | 2,417 | 2,124 |
| Repayment of medium term loans | | 8,329 | 1,400 |
| Purchase of fixed assets | | 3,998 | 6,531 |
| Purchase of investments | | 3,832 | — |
| Purchase of goodwill | | 432 | 532 |
| (Decrease) increase in working capital (b) | | (?, ·82) | 500 |
| | | 18,221 | 13,698 |
| Net increase (decrease) in liquid funds | | 9,616 | (1,203) |
| Increase (decrease) in bank balances | | 4,428 | (110) |
| Decrease (increase) in bank borrowings | | 5,188 | (1,093) |
| | | 9,616 | (1,203) |
| **Notes** | | | |
| (a) Net assets disposed of | | | |
| Tangible assets | | 8,007 | — |
| Stocks | | 3,698 | — |
| Debtors | | 4,540 | — |
| Cash | | 101 | — |
| Creditors | | (3,685) | — |
| | | 12,661 | — |
| Sales proceeds net of disposal and other costs | | 19,410 | — |
| Extraordinary profit before taxation | 4,262 | | |
| Extraordinary item not involving the movement of funds | 2,487 | 6,749 | — |
| (b) Working capital | | | |
| Stocks – decrease | | (3,876) | (395) |
| Debtors – decrease | | (5,718) | (58) |
| Creditors – decrease | | 5,646 | 1,050 |
| Exchange loss (profit) | | 66 | (97) |
| | | (3,882) | 500 |

## NOTES ON THE ACCOUNTS

1 Accounting policies

(a) Accounting convention

The accounts are prepared:

(i) under the historical cost convention modified to include the revaluation of certain land and buildings, the translation of foreign currencies and the valuation of the unlisted investment in the group accounts, and

(ii) in accordance with applicable accounting standards.

(b) Basis of consolidation

The consolidated accounts include the accounts of the company and its subsidiary undertakings made up as follows:

| | |
|---|---|
| United Kingdom subsidiary undertakings | The last Saturday in March |
| Parent company and rest of Europe | 31 March |

The results of subsidiary undertakings acquired or disposed of are included in the consolidated profit and loss account from or up to the effective date of acquisition or disposal.

No profit and loss account is presented for the parent company as permitted by Section 230(3) of the Companies Act 1985.

(c) Leased assets

Rentals in respect of assets leased under operating leases are charged to the profit and loss account as incurred.

(d) Depreciation

Land and buildings are shown at cost or valuation. Other fixed assets are shown at cost, any related government grants being deducted from the cost.

Freehold land is not depreciated. Depreciation is provided at annual rates calculated to write off the gross amount after deducting government grants, on all other fixed assets on a straight line basis over their expected useful lives as follows:

| | United Kingdom | Overseas |
|---|---|---|
| Freehold buildings | 2% | 2½% – 5% |
| Plant, machinery and equipment | 10% | 10% – 20% |
| Motor vehicles | 25% | 20% – 30% |

(e) Stocks

Stocks are stated at the lower of cost and net realisable value, with due allowance for any obsolete or slow moving items. In the case of finished goods and work in progress cost comprises direct materials, direct labour and an appropriate proportion of manufacturing overhead expenses.

(f) Research and development

Expenditure on research and development is written off in the year in which it is incurred.

(g) Deferred taxation

Provision is made for deferred taxation using the liability method where it is considered that such a liability may become payable in the future.

(h) Pension benefits

The group operates funded pension schemes in respect of final pay defined pension benefits for those employees who apply for membership. Contributions to the schemes are charged to profit and loss account so as to spread the cost of pensions over the employees' working lives with the group.

Contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit cost method.

(i) Foreign currency

Normal trading activities of UK companies denominated in foreign currencies are recorded in sterling at actual exchange rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are translated at the rates of exchange prevailing at the year end. All exchange differences arising on consolidation are dealt with in the reserves.

(j) Goodwill

Goodwill including goodwill arising on consolidation is written off to reserves in the year of acquisition.

2 Turnover

Turnover is the net invoiced value of goods and services provided by the group to external customers exclusive of value added tax.

3 Operating profit

| | 1991 £000 | 1990 £000 |
|---|---|---|
| Operating profit is arrived at as follows: | | |
| Turnover | 84,980 | 111,610 |
| Decrease in stocks of finished goods and work in progress | (27) | (514) |
| | 84,953 | 111,096 |
| Raw materials and consumables | 35,668 | 50,146 |
| Employee costs (note 7) | 27,719 | 33,792 |
| Depreciation | 2,576 | 3,041 |
| Auditors' remuneration | 188 | 173 |
| Operating lease rentals | | |
| Properties | 350 | 467 |
| Plant and other | 469 | 593 |
| Other operating charges | 10,661 | 12,336 |
| | 77,631 | 100,548 |
| Operating profit | 7,322 | 10,548 |

4 Group turnover and profit on ordinary activities before taxation by activity and market

Contribution to group turnover and to profit on ordinary activities before taxation was as follows:

| | 1991 | | 1990 | |
|---|---|---|---|---|
| | Turnover £000 | Profit £000 | Turnover £000 | Profit £000 |
| (a) By activity: | | | | |
| Card clothing division | 16,849 | 2,897 | 18,636 | 4,110 |
| Wire division | 26,450 | 2,634 | 27,031 | 3,156 |
| General engineering division | 25,777 | 2,519 | 22,366 | 2,763 |
| Core activities | 69,076 | 8,050 | 68,033 | 10,029 |
| Other activities | | | | |
| R.S.R. division | 15,904 | 234 | 18,667 | (83) |
| Discontinued | — | — | 24,910 | 1,248 |
| | 84,980 | | 111,610 | |
| Divisional operating profit | | 8,284 | | 11,194 |
| Central administration costs | | (1,071) | | (869) |
| Pension credit (charge) | | | | |
| Regular cost | (1,550) | | (1,914) | |
| Credit in respect of surplus | 1,659 | 109 | 1,755 | (159) |
| Surplus arising from fire | | — | | 382 |
| Operating profit | | 7,322 | | 10,548 |
| Dividends from investments | | 196 | | 46 |
| Net interest receivable | | 526 | | — |
| Net interest payable | | — | | (1,765) |
| Profit on ordinary activities before taxation | | 8,044 | | 8,829 |
| (b) By market: | | % | | % |
| United Kingdom | 55,096 | 65 | 75,740 | 68 |
| Rest of Europe | 17,517 | 21 | 22,605 | 20 |
| Rest of World | 12,367 | 14 | 13,265 | 12 |
| | 84,980 | 100 | 111,610 | 100 |

## NOTES ON THE ACCOUNTS – Continued

| | | | | |
|---|---|---|---|---|
| 5 Other income | | 1991 £000 | | 1990 £000 |
| Dividends from listed investments | | 151 | | — |
| Dividends from unlisted overseas investment | | 45 | | 46 |
| | | 196 | | 46 |
| 6 Net interest receivable/payable | | | | |
| Receivable | | 2,725 | | 1,650 |
| Less payable | | | | |
| On overdrafts | | | | |
| repayable within five years | 1,402 | | 1,466 | |
| On medium term loans | | | | |
| repayable within five years | 772 | | 1,411 | |
| repayable after five years | 25 | 2,199 | 538 | 3,415 |
| | | 526 | | (1,765) |
| 7 Employee costs | | | | |
| Employee costs during the year amounted to: | | | | |
| Wages and salaries | | 24,975 | | 30,546 |
| Social security costs | | 2,853 | | 3,087 |
| Other pension (credits)/costs | | (109) | | 159 |
| | | 27,719 | | 33,792 |
| The average weekly number of persons employed by the group during the year was as follows: | | Number of employees | | |
| Card clothing division | | 371 | | 387 |
| Wire division | | 688 | | 694 |
| General engineering division | | 720 | | 624 |
| R.S.R. division | | 364 | | 424 |
| Head office | | 21 | | 17 |
| Discontinued activities | | — | | 559 |
| | | 2,164 | | 2,705 |
| The employee costs shown above include the following remuneration in respect of the directors: | | £000 | | £000 |
| Remuneration | | 509 | | 451 |
| Compensation for loss of office | | — | | 154 |
| Pensions to former directors | | 8 | | 8 |
| | | 517 | | 613 |
| The emoluments of the directors excluding pension scheme contributions were: | | | | |
| Chairman | | 99 | | 91 |
| The highest paid director | | 87 | | 79 |
| Other directors | | Number of directors | | |
| £5,001 – £10,000 | | – | | 4 |
| £10,001 – £15,000 | | 2 | | – |
| £15,001 – £20,000 | | – | | 1 |
| £35,001 – £40,000 | | – | | 1 |
| £60,001 – £65,000 | | – | | 1 |
| £70,001 – £75,000 | | – | | 1 |
| £75,001 – £80,000 | | 1 | | – |
| £80,001 – £85,000 | | 2 | | – |

8 Pension costs

The group operates four defined benefit final salary schemes in the UK. Actuarial valuations using the projected unit cost method were carried out at 31 March 1989 by qualified actuaries specifically for the purposes of calculating the pension cost in the company's accounts. The assumptions used were 10% per annum return on investments, 8% increase in earnings, pension increases varying from Nil to 4%, published mortality rates and withdrawals and early retirements appropriate to each scheme.

The total market value of the assets of the UK schemes at the date of the latest formal actuarial valuations, which were undertaken in 1988 and 1989, was £38·5m. This reduced, along with the attendant actuarial liability, upon the transfer of membership on the sale of Woodhead's springs and forgings business with effect from 30 April 1990. The past service funding level, which is the value of the assets expressed as a percentage of past service liabilities including provisions for projected salary increases was 155% at the respective valuation dates. In view of the existence of the significant overall surplus in two of the group's pension schemes, no contributions were made to them by employers during the current financial year. Contributions were made by the employers where the respective funds were not in surplus.

The total net pension credit for the group was £109,000 (1990 cost – £159,000). This change was due to the reduction in the group's regular cost following the sale of Woodhead's springs and forgings business and the consequent reduction in the active membership. For accounting purposes the overall actuarial surplus is being spread over the average remaining service lives of current employees on a straight line basis.

9 Taxation

| The charge based on the profit for the year comprises: | 1991 £000 | 1990 £000 |
|---|---|---|
| United Kingdom | | |
| Corporation tax at 34% (1990 – 35%) | 1,459 | 1,864 |
| Double taxation relief | (90) | (97) |
| Deferred taxation | 535 | 252 |
| Tax credit on franked investment income | 38 | — |
| Prior years | (54) | (86) |
| | 1,888 | 1,933 |
| Overseas | | |
| Foreign tax | 382 | 605 |
| Deferred taxation | 15 | (17) |
| Prior years | (23) | (3) |
| | 374 | 585 |
| | 2,262 | 2,518 |

The charge for corporation tax has been reduced by the utilisation of tax losses brought forward.

10 Extraordinary item

| | | | |
|---|---|---|---|
| Profit on sale of springs and forgings business after writing down the value of certain remaining Woodhead assets | | 4,262 | — |
| Deduct related taxation | | | |
| Corporation tax | 1,660 | | |
| Deferred tax | (760) | 900 | — |
| | | 3,362 | — |

11 Preference dividends

| | | |
|---|---|---|
| 10½% cumulative redeemable | 64 | 64 |

12 Ordinary dividends

| Per 5p share | | |
|---|---|---|
| Interim paid – 1·71p (1990 – 1·55p) | 714 | 647 |
| Final proposed – 6·10p (1990 – 5·55p) | 2,549 | 2,317 |
| | 3,263 | 2,964 |

## NOTES ON THE ACCOUNTS – Continued

13 Earnings and funds per ordinary share

| | 1991 £000 | 1990 £000 |
|---|---|---|
| (a) Earnings per ordinary share | | |
| Earnings per ordinary share are calculated as follows: | | |
| *Profit on ordinary activites after taxation* | 5,782 | 6,311 |
| Preference dividends | (64) | (64) |
| Earnings | 5,718 | 6,247 |
| Number of issued ordinary shares of 5p | 41,750,840 | 41,750,840 |
| Earnings per ordinary share | 13·7p | 15·0p |
| (b) Funds per ordinary share | | |
| Ordinary shareholders' funds | 41,133 | 37,562 |
| *Funds per ordinary share* | 98·5p | 90·0p |

The ordinary shares under option of 1,317,570 (1990 – 765,000) are not included in the above calculations.

14 Tangible fixed assets

| | Group | | | | Company |
|---|---|---|---|---|---|
| | Freehold land and buildings £000 | Leasehold land and buildings £000 | Plant and equipment £000 | Total £000 | Plant and equipment £000 |
| Cost or revaluation | | | | | |
| 1 April 1990 | 14,195 | 308 | 39,859 | 54,362 | 314 |
| Additions | 122 | — | 3,876 | 3,998 | 306 |
| Disposals | | | | | |
| Springs and forgings | (1,318) | (28) | (11,754) | (13,100) | — |
| Other | (1,900) | — | (1,404) | (3,304) | (30) |
| Exchange adjustments | (31) | — | (172) | (203) | — |
| 31 March 1991 | 11,068 | 280 | 30,405 | 41,753 | 590 |
| *Of which at valuation 1989* | *9,001* | *280* | | | |
| Depreciation | | | | | |
| 1 April 1990 | 290 | 30 | 24,396 | 24,716 | 116 |
| Provided this year | 171 | 4 | 2,401 | 2,576 | 227 |
| On disposals | | | | | |
| Springs and forgings | (15) | (25) | (6,716) | (6,756) | — |
| Other | (13) | — | (967) | (980) | (23) |
| Exchange adjustments | (8) | — | (110) | (118) | — |
| 31 March 1991 | 425 | 9 | 19,004 | 19,438 | 320 |
| Book value 31 March 1991 | 10,643 | 271 | 11,401 | 22,315 | 270 |
| Book value 31 March 1990 | 13,905 | 278 | 15,463 | 29,646 | 198 |

The book value of leasehold land and buildings at 31 March 1991 is in respect of leases with 50 years or more unexpired.

If land and buildings had not been revalued they would have been carried in the balance sheet as follows:

| | 1991 £000 | 1990 £000 |
|---|---|---|
| Cost | 7,182 | 8,507 |
| Accumulated depreciation | 984 | 834 |
| | 6,198 | 7,673 |

| 15 Investments | Group 1991 £000 | Group 1990 £000 | Company 1991 £000 | Company 1990 £000 |
|---|---|---|---|---|
| Listed in the United Kingdom: | | | | |
| At cost (market value at 31 March 1991 – £2,893,000) | 3,836 | 4 | — | — |
| Unlisted: | | | | |
| At cost | — | — | 79 | 79 |
| At directors' valuation at 31 March 1985 | 600 | 600 | — | — |
| | 4,436 | 604 | 79 | 79 |

The unlisted investment represents 16·65% of the ordinary share capital of The Indian Card Clothing Company Limited which is incorporated in India. In the opinion of the directors the value of the investment continues to be not less than £600,000.

| 16 Investment in subsidiary undertakings | 1991 £000 | 1990 £000 |
|---|---|---|
| Shares at cost | 26,597 | 27,218 |

A list of the main trading subsidiary undertakings is given on page 3.

| 17 Stocks | | |
|---|---|---|
| Raw materials | 3,809 | 5,010 |
| Work in progress | 2,833 | 4,357 |
| Finished goods | 7,819 | 8,970 |
| | 14,461 | 18,337 |

| 18 Debtors | Group 1991 £000 | Group 1990 £000 | Company 1991 £000 | Company 1990 £000 |
|---|---|---|---|---|
| Trade debtors | 19,013 | 25,027 | — | — |
| Amount owed by subsidiary undertakings | — | — | 10,411 | 4,301 |
| Other debtors | 541 | 768 | 1,607 | 872 |
| Prepayments | 722 | 971 | 75 | 111 |
| Pensions prepayment | 1,199 | 427 | — | — |
| | 21,475 | 27,193 | 12,093 | 5,284 |
| Included above are the following amounts falling due after more than one year: | | | | |
| Owed by subsidiary undertakings | | | 1,976 | 541 |

| 19 Trade and other creditors | | | | |
|---|---|---|---|---|
| Trade creditors | 7,503 | 12,657 | 13 | 84 |
| Amount owed to subsidiary undertakings | — | — | 18,845 | 2,976 |
| Other taxes and social security costs | 1,187 | 1,793 | 27 | 20 |
| Other creditors | 1,201 | 1,049 | 61 | 16 |
| Accruals | 3,338 | 3,376 | 72 | 202 |
| | 13,229 | 18,875 | 19,018 | 3,298 |

## NOTES ON THE ACCOUNTS – Continued

| 20 Creditors – amounts falling due after more than one year | Group 1991 £000 | Group 1990 £000 | Company 1991 £000 | Company 1990 £000 |
|---|---|---|---|---|
| Medium term loans | 1,952 | 8,481 | 1,800 | 8,200 |
| Owed to subsidiary undertakings | — | — | 269 | 269 |
| | 1,952 | 8,481 | 2,069 | 8,469 |

| 21 Provision for liabilities and charges | Provision against Woodhead assets Note (a) £000 | Deferred taxation Note (b) £000 | Total £000 |
|---|---|---|---|
| Group | | | |
| At 1 April 1990 | — | 315 | 315 |
| Transfer profit and loss account | 4,150 | (239) | 3,911 |
| At 31 March 1991 | 4,150 | 76 | 4,226 |
| Company | | | |
| At 1 April 1990 | | 72 | 72 |
| Transfer profit and loss account | | (59) | (59) |
| At 31 March 1991 | | 13 | 13 |

Notes

(a) Provision has been made for the writing down of the value of certain remaining Woodhead assets.

(b) Deferred taxation is as follows:

| | Group 1991 £000 | Group 1990 £000 | Company 1991 £000 | Company 1990 £000 |
|---|---|---|---|---|
| United Kingdom | | | | |
| Accelerated capital allowances | 1,561 | 1,120 | — | — |
| Short term timing differences | (1,102) | 163 | 13 | 250 |
| Advance corporation tax | (337) | (902) | — | (178) |
| | 122 | 381 | 13 | 72 |
| Overseas | (46) | (66) | — | — |
| | 76 | 315 | 13 | 72 |

There is a potential liability in respect of the tax which would arise if the group's revalued properties were sold for their revalued amounts. This liability is estimated at £1·6m (1990 – £2·2m). Full provision has been made for all other aspects of deferred taxation.

22 Total borrowings

The total borrowings of the group including overdrafts at 31 March 1991 are repayable as follows:

| | Bank loans and overdrafts 1991 £000 | Bank loans and overdrafts 1990 £000 | Medium term loans 1991 £000 | Medium term loans 1990 £000 |
|---|---|---|---|---|
| On demand | 9,165 | 11,122 | — | — |
| Within one year | 308 | 3,539 | — | — |
| Between one and two years | — | — | 273 | 1,517 |
| Between two and five years | — | — | 679 | 4,164 |
| In five years or more | — | — | 1,000 | 2,800 |
| | 9,473 | 14,661 | 1,952 | 8,481 |

Included above is a loan which is repayable by instalments over a period exceeding five years, amounting to £2,000,000 (1990 – £8,800,000), which is repayable by equal instalments, terminates in 2001 and bears interest at LIBOR plus 0·5%.

23 Called up share capital

At 31 March 1991 and 31 March 1990 the share capital was:

| | Authorised £000 | Allotted called up and fully paid £000 |
|---|---|---|
| 10½% cumulative redeemable preference shares 1999 of £1 each | 608 | 608 |
| Ordinary shares of 5p each | 3,183 | 2,087 |
| | 3,791 | 2,695 |

Options have been granted to certain directors and other group executives to subscribe for the company's ordinary shares as follows:

| Date granted | Number outstanding | Option price | Date exercisable |
|---|---|---|---|
| 5 June 1987 | 571,710 | 119·6p | to 5 June 1997 |
| 12 August 1988 | 130,290 | 162·0p | 13 August 1991 to 12 August 1998 |
| 6 August 1990 | 615,570 | 124·8p | 7 August 1993 to 6 August 2000 |

The 10½% cumulative redeemable preference shares 1999 will be redeemed on 1 October 1999 at par.

24 Reserves

| | Revaluation reserve | Share premium | Merger reserve | Other reserves | Profit & loss account | Total |
|---|---|---|---|---|---|---|
| Group | £000 | £000 | £000 | £000 | £000 | £000 |
| 1 April 1990 | 6,456 | 1,323 | 5,958 | 205 | 21,533 | 35,475 |
| Transfer to extraordinary item | (1,663) | — | — | — | — | (1,663) |
| Exchange losses on the translation of overseas assets | — | — | — | — | (151) | (151) |
| Goodwill written off | — | — | (432) | — | — | (432) |
| Retained profit for the year | — | — | — | — | 5,817 | 5,817 |
| Transfer in respect of depreciation | (77) | — | — | — | 77 | — |
| 31 March 1991 | 4,716 | 1,323 | 5,526 | 205 | 27,276 | 39,046 |
| Company | | | | | | |
| 1 April 1990 | — | 1,323 | 10,988 | 168 | 8,889 | 21,368 |
| Retained profit for the year | — | — | — | — | 4,594 | 4,594 |
| 31 March 1991 | — | 1,323 | 10,988 | 168 | 13,483 | 25,962 |

Other reserves at 31 March 1991 represent the capital redemption reserve arising on the repurchase of the company's 5·95% cumulative preference shares of £1 each, and the capital reserve on consolidation.

The total amount of goodwill written off in the group accounts since the acquisition of The English Card Clothing Company Limited in 1979 is £7·1m.

25 Profit and loss account

The profit for the year dealt with in the accounts of the company amounts to £7,921,000 (1990 – £5,395,000).

## NOTES ON THE ACCOUNTS – Continued

| | | 1991 | 1990 |
|---|---|---|---|
| | | £000 | £000 |
| 26 | **Financial commitments** | | |
| | Group | | |
| | (a) The directors have authorised future capital expenditure as follows: | | |
| | Contracted | 702 | 916 |
| | Not contracted | 833 | 582 |

(b) The annual commitment under non-cancellable operating leases was as follows:

| | Land & buildings | | Other | |
|---|---|---|---|---|
| | 1991 | 1990 | 1991 | 1990 |
| | £000 | £000 | £000 | £000 |
| Leases expiring | | | | |
| within one year | 13 | — | 5 | 38 |
| within two to five years | 93 | 238 | 113 | 85 |
| more than five years | 245 | — | 3 | 1 |
| | 351 | 238 | 121 | 124 |

| | | 1991 | 1990 |
|---|---|---|---|
| | | To the £ | To the £ |
| 27 | **Rates of exchange** | | |
| | The rates of exchange used in these accounts were those subsisting at 31 March, as follows: | | |
| | Belgian franc | 61·20 | 57·50 |
| | Dutch guilder | 3·34 | 3·13 |
| | French franc | 10·06 | 9·34 |
| | German mark | 2·96 | 2·78 |
| | Irish punt | 1·11 | 1·04 |
| | Italian lira | 2,207·30 | 2,045·30 |

## REPORT OF THE AUDITORS TO THE MEMBERS OF CARCLO ENGINEERING GROUP PLC

We have audited the accounts on pages 3 and 16 to 28 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group at 31 March 1991 and of the profit and source and application of funds of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young

Ernst & Young
Chartered Accountants
Leeds

8 July 1991

# FINANCIAL CALENDAR 1991/92

| | |
|---|---|
| Annual general meeting 1991 | 5 September 1991 |
| Final ordinary dividend for 1991 payable (to members on the register 2 August 1991) | 12 September 1991 |
| Interim report for the half year ending 30 September 1991 | 6 January 1992 |
| Interim ordinary dividend for 1992 payable | 12 March 1992 |
| Preliminary announcement of the results for the year ending 31 March 1992 | 29 June 1992 |
| Report and accounts 1992 posted | 6 July 1992 |
| Annual general meeting 1992 | 3 September 1992 |
| Preference dividends paid | 1 October 1991 and 1 April 1992 |

# NOTICE OF MEETING

Notice is hereby given that the sixty-eighth annual general meeting of the company will be held at the Queens Hotel, Leeds on Thursday 5 September 1991 at 4.00 p.m. to consider and, if thought fit, resolve

1 To adopt the directors' report and accounts for the year ended 31 March 1991.

2 To declare a final dividend of 6·1p per ordinary share of 5p.

3 To re-elect as directors:

(a) Mr. G. R. Logan Brown
(b) Mr. B. Mycock

4 To reappoint the auditors and to authorise the directors to fix their remuneration.

5 As special business to consider and, if thought fit, pass the following resolution which will be proposed as a special resolution:

*Special Resolution*

THAT:

(A) the directors be generally and unconditionally authorised pursuant to and in accordance with Section 80 of the Companies Act 1985 to exercise for the period ending on the date of the next annual general meeting or one year from the date of passing this resolution, whichever is earlier, all the powers of the company to allot relevant securities up to an aggregate nominal amount of £696,697, being an amount equivalent to one-third of the present issued ordinary share capital;

(B) pursuant to and during the period of the said authority the directors be empowered to allot equity securities wholly for cash:—

(i) in connection with a rights issue;

(ii) otherwise than in connection with a rights issue up to an aggregate nominal amount of £104,505, being an amount equivalent to five per cent of the present issued ordinary share capital

as if Section 89(1) of the said Act did not apply to any such allotment;

(C) by such authority and power the directors may during such period make offers or agreements which would or might require the making of allotments after the expiry of such period; and

(D) for the purposes of this resolution:—

(i) "rights issue" means an offer of equity securities open for acceptance for a period fixed by the directors to holders of equity securities on the register on a fixed record date in proportion to their respective holdings of such securities or in accordance with the rights attached thereto, (but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory);

(ii) the nominal amount of any securities shall be taken to be, in the case of rights to subscribe for or convert any securities into shares of the company, the nominal amount of such shares which may be allotted pursuant to such rights; and

(iii) words and expressions defined in for the purposes of Part IV of the said Act shall bear the same meanings herein.

## NOTICE OF MEETING – Continued

6 As special business to consider and, if thought fit, pass the following resolution which will be proposed as a special resolution:

Special Resolution

THAT the company be generally and unconditionally authorised, pursuant to Section 166 of the *Companies Act 1985 and Article 10 of the Articles of Association, to make market purchases* (as defined in that Section) of ordinary shares of 5p each in the capital of the company ("ordinary shares") provided that:—

(a) the maximum number of ordinary shares which may be purchased is 2,090,092;

(b) the maximum price which may be paid for each ordinary share is 5 per cent above the average of the middle market quotations for an ordinary share as taken from The Stock Exchange Daily Official List for the ten business days preceding the date of the contract to purchase such share, and the minimum price is 5p per ordinary share, in each case exclusive of expenses; and

(c) this authority shall expire at the conclusion of the annual general meeting of the company to be held in 1992, except in relation to the purchase of shares the contract for which was concluded before the expiry of such authority and which might be executed wholly or partly after such expiry.

177 Kirkstall Road
Leeds
15 July 1991

By order of the board
Alan Cuerden
Secretary

*Notes*

1 The register of directors' interests and copies of directors' service agreements and the Articles of Association of the company will be available for inspection at the registered office and at Linklaters & Paines, Barrington House, 59–67 Gresham Street, London EC2V 7JA during normal business hours on any weekday except Saturday, from the date of the notice until the date of the annual general meeting. They will also be available for inspection at the place of the meeting *from 15 minutes prior to and during the meeting.*

2 An ordinary shareholder entitled to attend and vote at a meeting of the company, is entitled to appoint one or more proxies to attend and, on a poll, to vote instead of him. A proxy need not be a member. Forms of proxy must be lodged at the registered office of the company not less than 48 hours before the time of the meeting.

A form of proxy is enclosed.