196249

CORPORATE OBJECTIVE

Carclo's key objective is to maximise shareholder value by owning profitable niche engineering businesses which exert a major influence in their market so as to generate above average growth in earnings per share and maintain a progressive dividend policy.

CARCLO

CONTENTS

DIRECTORS AND ADVISERS

Directors

J. W. D. Ewart — chairman
P. W. Lee — deputy chairman
G. R. Logan Brown — managing director
D. W. Adam
*†Sir Robin Duthie, C.B.E.
J. V. Henderson
C. G. Holland
*†G. M. Kennedy
*†H. G. Mutkin
B. Mycock
*†M. H. W. Wells

*non executive †audit and remuneration committees

Registered office

177 Kirkstall Road
Leeds LS4 2AQ
West Yorkshire

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

Secretary

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

Registrars

Lloyds Bank Registrars
The Causeway
Worthing
West Sussex
BN99 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
Société Générale
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

CARCLO

TEN YEARS SUMMARY

	1993	1992	1991
	£000	£000	£000
Turnover	84,397	78,763	84,980
Operating profit	7,852	4,968	7,322
Profit on ordinary activities before taxation	8,752	5,628	8,044
Profit on ordinary activities after taxation	6,321	4,058	5,782
Profit attributable to ordinary shareholders	6,257	2,707	4,934
Return on total shareholders' funds			
before taxation	19·4%	13·5%	19·3%
after taxation	14·0%	9·7%	13·9%
Return on sales	10·4%	7·1%	9·5%
Per ordinary share of 5p			
Earnings	14·9p	9·6p	13·7p
Dividend – net	8·60p	7·81p	7·81p
equivalent with tax credit	11·18p	10·41p	10·41p
Dividend cover (times)	1·7	1·2	1·8
Ordinary shareholders' funds	105·9p	98·6p	98·5p
Increase (decrease) over previous year			
Earnings per share	55·2%	(29·9%)	(8·7%)
Dividends per share	10·1%	—	10·0%
Ordinary shareholders' funds	7·4%	0·2%	9·4%
(Net bank borrowings) net cash	(587)	3,959	3,306
(Net borrowings) net cash as a percentage of total shareholders' funds	(1·3%)	9·5%	7·9%
Net interest cover (times)	—	—	—
Total shareholders' funds	45,044	41,807	41,741
Capital expenditure	4,468	3,764	3,998
Depreciation	2,808	2,910	2,576
Depreciation cover (times)	1·6	1·3	1·6
Tax rate	27·8%	27·9%	28·1%
	Number	Number	Number
Ordinary shareholders – 31 March	1,509	1,574	1,646
Employees – 31 March			
United Kingdom	1,633	1,698	1,923
Continental Europe	173	143	141
Total	1,806	1,841	2,064

1990	1989	1988	1987	1986	1985	1984
£000	£000	£000	£000	£000	£000	£000
111,610	108,780	101,919	66,540	36,610	37,332	34,314
10,548	10,666	9,688	6,177	4,162	4,084	3,389
8,829	9,037	8,119	5,080	3,850	3,592	2,895
6,311	6,457	5,715	3,297	2,333	2,148	1,596
6,247	6,392	6,412	2,869	2,212	1,802	1,242
23·1%	31·6%	32·6%	24·7%	29·0%	30·4%	31·1%
16·5%	22·6%	23·0%	16·0%	17·6%	18·2%	17·2%
7·9%	8·3%	8·0%	7·6%	10·5%	9·6%	8·4%
15·0p	15·3p	13·5p	9·8p	7·8p	6·9p	4·9p
7·10p	5·90p	4·70p	3·75p	3·00p	2·40p	1·72p
9·47p	7·87p	6·31p	5·17p	4·24p	3·43p	2·46p
2·1	2·6	2·9	2·6	2·6	2·9	2·8
90·0p	67·1p	58·1p	47·8p	43·2p	38·2p	33·6p
(2·0%)	13·3%	37·8%	25·6%	13·0%	40·8%	104·2%
20·3%	25·5%	25·3%	25·0%	25·0%	39·5%	89·0%
34·1%	15·5%	21·5%	10·6%	13·1%	13·7%	11·3%
(12,839)	(13,003)	(12,928)	(15,435)	(1,228)	(2,593)	(3,266)
(33·6%)	(45·5%)	(52·0%)	(75·0%)	(9·3%)	(22·0%)	(35·1%)
6·0	6·4	5·8	5·1	4·8	5·6	4·8
38,170	28,605	24,873	20,567	13,270	11,811	9,295
6,531	5,671	4,865	2,365	1,472	2,079	1,279
3,041	2,631	2,348	1,440	930	961	935
2·1	2·2	2·1	1·6	1·6	2·2	1·4
28·5%	28·6%	29·6%	35·1%	39·4%	40·2%	44·9%
Number	Number	Number	Number	Number	Number	Number
1,715	1,805	1,844	1,659	971	857	841
2,574	2,596	2,689	2,719	1,051	1,026	976
159	155	321	329	155	240	244
2,733	2,751	3,010	3,048	1,206	1,266	1,220

CARCLO

STATEMENT BY THE CHAIRMAN Mr. JOHN EWART

Financial results

Against the background of a difficult year for the United Kingdom economy, 1992/93 was a good year for Carclo. On turnover 7% up at £84·4m, profits before tax and earnings per ordinary share rose by 55% to £8·8m and 14·9p respectively. The tax charge was similar to last year at 28%.

Merger with Arthur Lee & Sons plc

Since our year end and in accordance with our policy of seeking to acquire complementary niche engineering businesses, we announced on 11 May that agreement had been reached on the terms of a merger with Arthur Lee and on 25 May I wrote to you accordingly. I am pleased to report that at the extraordinary general meeting held on 10 June shareholders approved the acquisition and that on 16 June our offer was declared unconditional. At the time of writing, we own a total of 94% of the Arthur Lee ordinary shares and, in due course, we shall take steps to acquire the balance under Section 429(4) of the Companies Act 1985. We believe that this merger will strengthen the group substantially.

Proposed dividend

As previously forecast, your directors now recommend a final dividend of 3·4p net per ordinary share which, together with the interim of 1·8p net and the second interim of 3·4p net, makes a total dividend for the year of 8·6p net (11·18p gross). This represents an increase of 10% over the net dividend paid last year, is covered 1·7 times by earnings and leaves retained profit for the year at £2·6m. Subject to shareholders' approval, dividend warrants will be posted on 9 September 1993 to ordinary shareholders on the register at the close of business on 2 August 1993. As shareholders are aware, ordinary shares issued in connection with the merger with Arthur Lee do not rank for this final dividend.

Capital expenditure

During the year, we spent £4·5m on our important capital investment programme being 1·6 times the annual charge for depreciation. This compares with last year's £3·8m and 1·3 times respectively.

Employees

The total number employed at 31 March 1993 amounted to 1,806 which is a fall of 2% during the year.

Trade investments

At 31 March 1993 we held as one of our trade investments (in addition to the 29·9% stake in Arthur Lee) a 9·9% stake in Wellman plc which cost £0·9m and which had a market value on 31 March 1993 of £0·7m.

Financial position

Carclo's financial position remains strong with total shareholders' funds at 31 March 1993 8% higher than last year at £45m or 106p per ordinary share. Net borrowings amounted to £0·6m or 1·3% of total shareholders' funds. Cash balances and unutilised medium term borrowing facilities together amounted to £29m as compared with £33m last year as during the year we spent £6m increasing our investment in Arthur Lee to 29·9%. After our year end, our offer for the balance of the Arthur Lee shares was made on a fully underwritten all-share basis. We estimate that, as at 30 June 1993, the cash balances and unutilised medium term borrowing facilities of the enlarged group amount to some £35m.

Card clothing division

On turnover 27% up at £20·5m, operating profit rose by 56% to £3·2m. This good result was due to improved worldwide demand for the specialised products made by our companies in the United Kingdom, France, Belgium and Holland.

General engineering division
Operating profit increased by 32% to £2·6m on turnover 3% up on last year at £24m. Both Gills, our control cables business, and Francis W. Birkett, which manufactures bronze and aluminium components, reported improved results. The remainder of the division experienced difficult trading conditions but prompt management action controlled costs.

Wire division (including Bruntons)
On a similar turnover to last year of £22·3m operating profit increased by 41% to £1·9m. Both Joseph Sykes Brothers and Critchley Sharp & Tetlow improved their profits, whilst Bruntons reduced its loss by £0·2m to £0·4m. We anticipate that the merger of our wire division with Arthur Lee's wire and rope companies will produce, in due course, significant benefits.

R.S.R. division
On turnover 6% up at £17·6m, an operating profit of £0·7m was earned, as compared with £0·8m last year. We are continuing with our programme of reorganisation in order to earn improved profits in due course.

The board
Graham Logan Brown, who joined the board in 1974, has been appointed managing director.

Following the merger with Arthur Lee, Peter Lee, Jim Henderson and Grahame Holland joined the board as executive directors, George Kennedy and Henry Mutkin joined as non executives and Peter Lee has been appointed deputy chairman.

People
Once again, on behalf of the board and shareholders, I would like to thank all those who work in the group for their dedication and hard work throughout the year.

Outlook for 1993/94
I am pleased to report that the enlarged group's order intake in the three months ending 30 June 1993 is higher than in the corresponding period last year. We have started the important process of integrating the Arthur Lee businesses into the group and I look forward to reporting to you in January 1994 on the progress that we have made. We shall, of course, continue to maintain our twin objectives of increasing our earnings per share while improving the quality of those earnings.

John Ewart
Chairman

5 July 1993

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 a large number of textile mills throughout the world. The division is a leading producer of both flexible and metallic card clothing in the United Kingdom, France, Holland and Belgium.

DIVISION COMPANIES

THE ENGLISH CARD CLOTHING COMPANY LIMITED HUDDERSFIELD, WEST YORKSHIRE	Card clothing manufacturers
HORSFALL & BICKHAM LIMITED *HALIFAX, WEST YORKSHIRE*	Card cloth manufacturers
N. V. KAARDENFABRIEK "NEDERLAND" TILBURG, HOLLAND	Card clothing manufacturers
ETABLS. PLATT FRERES S.A. ROUBAIX, FRANCE	Card clothing manufacturers
PRAYON DE PAUW N.V. GENT, BELGIUM	Card clothing manufacturers

	31.3.93	31.3.92
TURNOVER	£20·452m	£16·080m
OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS	£3·213m	£2·062m
NUMBER OF EMPLOYEES	360	349

High quality Ballantine cashmere knitwear produced from yarns spun at Dawson International PLC to whom card clothing is supplied by The English Card Clothing Company Limited

GENERAL ENGINEERING DIVISION

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

DIVISION COMPANIES

GILL'S CABLES LIMITED
LICHFIELD, STAFFORDSHIRE

Control cable manufacturers for automotive, domestic appliance and cycle industries

FRANCIS W. BIRKETT & SONS LIMITED
CLECKHEATON, WEST YORKSHIRE

Manufacturers of copper and aluminium alloy sand and die castings and machined components supplied for a wide range of engineering products

Branch: **Hills Diecasting**

BIRKETT CUTMASTER LIMITED
CLECKHEATON, WEST YORKSHIRE

Manufacturers and merchants of metal cutting-off and finishing machines, baling presses and heavy duty shredders, supplied to industrial customers

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

JONAS WOODHEAD LIMITED
LEEDS, WEST YORKSHIRE

Branches: **Fairbank Brearley**
Keighley, West Yorkshire
Manufacturers of spring making machinery and rapid heat gas fired furnaces

Marshall Repetition
Mytholmroyd, West Yorkshire
Manufacturers of repetition machined parts and precision components

	31.3.93	31.3.92
TURNOVER	£24·003m	£23·818m
OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS	£2·618m	£1·980m
NUMBER OF EMPLOYEES	604	645

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
HUDDERSFIELD, WEST YORKSHIRE

Speciality carbon and mild steel wire manufacturers

CRITCHLEY SHARP & TETLOW LIMITED
CLECKHEATON, WEST YORKSHIRE

Speciality stainless steel and stitching wire manufacturers

Branches: Taylor Sharp Wire
Gilby

BRUNTONS (MUSSELBURGH) LIMITED
MUSSELBURGH, SCOTLAND

Manufacturers of steel wire, wire rope, aircraft wires and cables, cold rolled steel strip

	31.3.93	31.3.92
TURNOVER	£22.335m	£22.802m
OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS	£1.900m	£1.350m
NUMBER OF EMPLOYEES	492	510

The new British Aerospace Regional Jetliners are fitted with control cable systems, supplied by Bruntons (Musselburgh) Limited

DIRECTORS' REPORT

The directors submit their seventieth annual report together with the accounts for the year ended 31 March 1993.

Principal activities

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

Composition of the group

The principal group undertakings at 31 March 1993, are set out on page 35.

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

On 11 November 1992 the group completed the purchase from G M Firth (Holdings) PLC of 22·7% of the issued ordinary share capital of Arthur Lee & Sons plc. This additional investment cost £6·0 million and took the group's total shareholding to 29·9%. Subsequent to 31 March 1993 the group announced an agreed bid for the remainder of the issued share capital of Arthur Lee & Sons plc, further details of which are shown in note 28 on the accounts.

Other 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 £120,000 (1992 – £382,000) amounted to £8,752,000 compared with £5,628,000 for the previous year. After taxation the profit earned per ordinary 5p share was 14·9p compared with 9·6p for the previous year.

Dividends

The directors recommend that a final dividend of 3·4p be paid which, together with the interim dividend of 1·8p and the second interim dividend of 3·4p, makes a total dividend for the year of 8·6p (equivalent with tax credit to 11·18p) as compared with a total of 7·81p (equivalent with tax credit to 10·41p) for last year.

Insurance in respect of directors and officers

The company has in force a liability insurance policy in respect of directors and officers of the Carclo 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 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 £1,470 for United Kingdom charitable purposes and made no political donations.

Shareholders

At 31 March 1993 the company had 1,509 ordinary shareholders. Their holdings are analysed as follows:

Number of shares	Number of share-holders	% of share-holders	% of shares in issue	Category of shareholders	% of shares in issue
1 – 25,000	1,388	92	9	Institutions	74
25,001 – 100,000	72	5	9	Directors	11
Over 100,000	49	3	82	Others	15
	1,509	100%	100%		100%

Substantial holdings

The directors have been informed of the following holdings of the company's issued ordinary share capital as at 12 June 1993·

M. & G. Investment Management Limited (funds managed or advised by)	4,493,710	(10·71%)
Prolific Asset Management Limited	4,196,810	(10·00%)
Britannic Assurance Public Limited Company	3,436,610	(8·19%)
Barclays Bank PLC (non beneficial)	2,027,400	(4·83%)
Prudential Portfolio Managers Limited	1,966,295	(4·69%)
Postel Investment Management Limited	1,899,515	(4·53%)
TSB Group PLC	1,679,000	(4·00%)
AMP Asset Management PLC	1,307,885	(3·12%)
The Scottish American Investment Company PLC	1,260,000	(3·00%)

Directors

The directors at the date of this report are listed on page 3. The director retiring by rotation is D. W. Adam who, being eligible, offers himself for re-election. On 24 June 1993 J. V. Henderson, C. G. Holland, G. M. Kennedy, P. W. Lee and H. G. Mutkin were appointed directors. They now retire and being eligible offer themselves for re-election.

Biographies of executive directors eligible for re-election

D. W. Adam, M.A., F.C.A. Age: 45.

Joined the group in 1990 and has been group finance director since 14 February 1990.

J. V. Henderson, A.C.M.A. Age: 52.

A director since 24 June 1993, he is managing director of Arthur Lee & Sons plc, the board of which he joined in 1986. He is a member of the executive committee of the British Iron & Steel Producers Association.

C. G. Holland, F.C.A. Age: 55.

A director since 24 June 1993, he is finance director of Arthur Lee & Sons plc, the board of which he joined in 1974.

P. W. Lee, M.A., D.L. Age: 58.

A director since 24 June 1993, he is chairman of Arthur Lee & Sons plc, the board of which he joined in 1968. He is chairman of the Yorkshire and Humberside Regional Council of the C.B.I., deputy president of the Engineering Employers' Sheffield Association, and a director of Edward Pryor and Son Ltd. He is also a pro-chancellor of the University of Sheffield.

DIRECTORS' REPORT – Continued

Biographies of non-executive directors

Sir Robin Duthie, CBE, C.A. Age: 64.

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.

G. M. Kennedy, Age: 52.

A director since 24 June 1993, he has been a director of Arthur Lee & Sons plc since 1988 and managing director of the medical systems companies of Smiths Industries PLC since August 1980.

H. G. Mutkin, F.C.A. Age: 57.

A director since 24 June 1993, he has been a director of Arthur Lee & Sons plc since 1979 and is a director of The Royal Automobile Club Ltd. He was formerly a director of Orion Royal Bank Limited.

M. H. W. Wells, F.C.A. Age: 66.

A director since 3 February 1982, he is chairman of B.W.D. Securities PLC and was formerly chairman of Charterhouse Japhet plc.

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 1993		31 March 1992	
	Shares	***Options***	*Shares*	*Options*
J. W. D. Ewart	**4,160,000**	**—**	4,110,000	—
G. R. Logan Brown	**200,000**	**103,001**	200,000	103,001
D. W. Adam	**15,000**	**63,000**	15,000	63,000
Sir Robin Duthie, C.B.E.	**4,000**	**—**	4,000	—
B. Mycock	**1,000**	**84,000**	1,000	84,000
M. H. W. Wells	**80,000**	**—**	80,000	—

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, 6 August 1990 and 9 August 1991. No director had a beneficial interest in any contract to which the company or any subsidiary was a party during the year.

Close company status

So far as the directors are aware, the close company provisions of the Income and Corporation Taxes Act 1988 do not apply to the company and there has been no change in this respect since the end of the financial year.

Special business

Carclo's current Articles of Association were adopted in 1982. Your directors now consider it desirable to adopt new Articles which will be in a more up-to-date form and will reflect developments since then in corporate law and practice as well as the conversion into ordinary shares of the convertible preference shares in issue in 1982. Resolutions to adopt new Articles, and to make a consequential amendment to the Memorandum of Association, will be proposed at the annual general meeting. The changes proposed are explained in the enclosed letter to shareholders.

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
[illegible] Cuerden
Secretary

5 July 1993

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

We have audited the accounts on pages 18 to 35 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 1993 and of the profit and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young   Ernst & Young
Chartered Accountants
Registered Auditor
Leeds

5 July 1993

CARCLO
and its subsidiaries

CONSOLIDATED PROFIT & LOSS ACCOUNT
Year ended 31 March

	Notes	1993 £000	1992 £000
Turnover	2	**84,397**	78,763
Operating profit before exceptional items	3	**7,852**	6,136
Exceptional items		**—**	(1,168)
Operating profit	4	**7,852**	4,968
Income from interest in associated undertaking	5	**509**	—
Other income	6	**271**	278
Net interest receivable	7	**120**	382
Profit on ordinary activities before taxation		**8,752**	5,628
Taxation	10	**2,431**	1,570
Profit on ordinary activities after taxation		**6,321**	4,058
Extraordinary items		**—**	(1,287)
		6,321	2,771
Preference dividends	11	**64**	64
Profit attributable to ordinary shareholders		**6,257**	2,707
Ordinary dividends	12	**3,608**	3,263
Retained profit/(deficit) for the year		**2,649**	(556)
Earnings per ordinary share	13	**14·9p**	9·6p

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

CARCLO
and its subsidiaries

CONSOLIDATED BALANCE SHEET

31 March

	Notes	1993 £000	1993 £000	1992 £000	1992 £000
Fixed assets					
Tangible assets	14		**24,113**		22,907
Investments	15		**11,700**		5,595
Current assets					
Stocks	17	**14,271**		13,821	
Debtors	18	**22,562**		21,677	
Cash at bank and in hand		**13,176**		17,126	
		50,009		52,624	
Creditors – amounts falling due within one year					
Bank loans and overdrafts	22	**6,463**		6,975	
Trade and other creditors	19	**14,624**		14,519	
Taxation		**3,759**		3,651	
Dividends		**2,885**		2,581	
		27,731		27,726	
Net current assets			**22,278**		24,898
Total assets less current liabilities			**58,091**		53,400
Creditors – amounts falling due after more than one year	20 & 22		**7,300**		6,192
Provisions for liabilities and charges	21		**5,747**		5,401
Total net assets			**45,044**		41,807
Capital and reserves					
Called up share capital	23		**2,706**		2,698
Reserves	24		**42,338**		39,109
Capital employed			**45,044**		41,807

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

5 July 1993

BALANCE SHEET

31 March

	Notes	1993 £000	1993 £000	1992 £000	1992 £000
Fixed assets					
Tangible assets	14	634		222	
Investments	15	10,054		79	
Investment in subsidiary undertakings	16	32,697		31,697	
			43,385		31,998
Current assets					
Debtors	18	10,277		21,451	
Cash at bank and in hand		12,742		6,017	
		23,019		27,468	
Creditors – amounts falling due within one year					
Bank loans and overdrafts		900		700	
Trade and other creditors	19	1,722		6,135	
Taxation		1,062		1,770	
Dividends		2,885		2,581	
		6,569		11,186	
Net current assets			16,450		16,282
Total assets less current liabilities			59,835		48,280
Creditors – amounts falling due after more than one year	20		27,727		17,855
Provision for liabilities and charges	21		312		173
Total net assets			31,796		30,252
Capital and reserves					
Called up share capital	23		2,706		2,698
Reserves	24		29,090		27,554
Capital employed			31,796		30,252

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

5 July 1993

CASH FLOW STATEMENT

Year ended 31 March

	Notes	1993 £000	1993 £000	1992 £000	1992 £000
Net cash inflow from operating activities	(a)		9,765		9,983
Returns on investments and servicing of finance					
Interest received		1,609		2,006	
Interest paid		(1,576)		(1,554)	
Dividends received from associated undertaking		382		—	
Other dividends received		213		219	
Dividends paid		(3,368)		(3,327)	
Net cash outflow from returns on investments and servicing of finance			(2,740)		(2,656)
Taxation					
UK corporation tax paid		(1,759)		(1,348)	
Overseas tax paid		(33)		(105)	
Tax paid			(1,792)		(1,453)
Investing activities					
Payments to acquire tangible fixed assets		(4,613)		(3,822)	
Purchase of investments in listed companies		(6,105)		(1,159)	
Receipts from sale of tangible fixed assets		906		285	
Sale of businesses		—		778	
Acquisition of subsidiary undertakings		—		(659)	
Costs of closure		—		(674)	
Net cash outflow from investing activities			(9,812)		(5,251)
Net cash (outflow)/inflow before financing			(4,579)		623
Financing					
Issue of share capital		(179)		(62)	
Acquisition of medium term loans		(1,108)		(4,240)	
Net cash inflow from financing activities			(1,287)		(4,302)
(Decrease)/increase in cash and cash equivalents	(b)		(3,292)		4,925
			(4,579)		623

NOTES ON THE CASH FLOW STATEMENT

	1993	1992
	£000	£000
(a) Reconciliation of operating profit to net cash inflow from operating activities		
Operating profit before exceptional items	**7,852**	6,136
Exceptional items	**—**	(1,168)
Depreciation	**2,808**	2,910
(Profit)/loss on sale of fixed assets	**(42)**	32
(Increase)/decrease in stock	**(113)**	1,374
(Increase)/decrease in debtors	**(588)**	671
(Decrease)/increase in creditors	**(10)**	120
Release of revaluation surplus on sale of property	**(142)**	(92)
	9,765	9,983

	1993	1992
(b) Analysis of changes in cash and cash equivalents during the year		
Balance at 1 April 1992	**10,151**	5,258
Net cash (outflow)/inflow before adjustments for the effect of foreign exchange rates	**(3,292)**	4,925
Effect of foreign exchange rate changes	**(146)**	(32)
Balance at 31 March 1993	**6,713**	10,151

	1993	1992	Change in year	1992	1991	Change in year
	£000	£000	£000	£000	£000	£000
Analysis of the balances of cash and cash equivalents as shown in the balance sheet						
Cash at bank and in hand	**13,176**	**17,126**	**(3,950)**	17,126	14,731	2,395
Bank loans and overdrafts	**(6,463)**	**(6,975)**	**512**	(6,975)	(9,473)	2,498
	6,713	**10,151**	**(3,438)**	10,151	5,258	4,893

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 European subsidiary undertakings	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. The group accounts also incorporate the group's share of the post-acquisition profit of the associated undertaking as described in note 5 on these accounts.

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.

NOTES ON THE ACCOUNTS – Continued

1 **Accounting policies** – continued

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

Employers' contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit cost method or the attained age 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 before exceptional items**

	1993 £000	1992 £000
Operating profit is arrived at as follows:		
Turnover	84,397	78,763
Increase/(decrease) in stocks of finished goods and work in progress	528	(274)
	84,925	78,489
Raw materials and consumables	35,136	33,071
Employee costs (note 8)	27,001	26,292
Depreciation	2,808	2,910
Auditors' remuneration		
Audit fees	180	177
Other	124	104
Operating lease rentals		
Properties	288	266
Plant and other	403	422
Other operating charges	11,133	9,111
	77,073	72,353
Operating profit before exceptional items	7,852	6,136

4 Turnover, profit and capital employed

	1993			1992		
	Turnover £000	Profit £000	Net assets £000	Turnover £000	Profit £000	Net assets £000
Class of business						
Card clothing division	20,452	3,213	8,657	16,080	2,062	7,607
General engineering division	24,003	2,618	10,278	23,318	1,980	10,212
Wire division	22,335	1,900	15,819	22,802	1,350	14,877
RSR division	17,607	651	8,387	16,563	761	7,951
Unallocated	—	—	1,903	—	—	1,160
	84,397	8,382	45,044	78,763	6,153	41,807
Exceptional items		—			(1,168)	
Divisional operating profit		8,382			4,985	
Central administration costs		(1,265)			(1,058)	
Pension credit						
Regular cost	(1,509)			(1,570)		
Credit in respect of surplus	1,936	427		2,242	672	
Profit on property sales		308			369	
Operating profit		7,852			4,968	
Geographical segment— by origin						
United Kingdom	71,821	6,967	41,651	70,009	4,638	37,845
France	7,443	588	1,320	4,671	190	1,863
Rest of Europe	5,133	297	2,073	4,083	140	2,099
	84,397	7,852	45,044	78,763	4,968	41,807
Geographical segment— by destination						
United Kingdom	50,062			48,958		
France	4,257			3,230		
Rest of Europe	14,728			13,857		
Rest of World	15,350			12,718		
	84,397			78,763		

Unallocated net assets include head office net assets, interest bearing assets and liabilities, investments, provisions and taxation balances.

5 Income from interest in associated undertaking – Arthur Lee & Sons plc

Details of the associated undertaking are shown on page 35. The group's share of the profit disclosed by the unaudited accounts for the 6 months ended 31 March 1993 for the period from 11 November 1992, when the group's shareholding reached 29.9%, has been included in these accounts.

6 Other income

	1993 £000	1992 £000
Dividends from listed investments	231	236
Dividends from unlisted overseas investment	40	42
	271	278

NOTES ON THE ACCOUNTS – Continued

7 Net interest receivable

		1993		1992
	£000	£000	£000	£000
Receivable		1,602		1,956
Less payable				
On overdrafts				
repayable within five years	698		1,045	
On medium term loans				
repayable within five years	441		246	
repayable after five years	343	1,482	283	1,574
		120		382

8 Employee costs

Employee costs during the year amounted to:

	1993	1992
Wages and salaries	24,453	24,212
Social security costs	2,975	2,752
Other pension credits	(427)	(672)
	27,001	26,292

The average weekly number of persons employed by the group during the year was as follows:

	Number of employees	
Card clothing division	350	340
General engineering division	617	670
Wire division	502	590
RSR division	326	326
Head office	22	21
	1,817	1,947

The employee costs shown above include the following remuneration in respect of the directors:

	£000	£000	£000	£000
Remuneration excluding bonus	458		502	
Profit related bonus	69	527	--	502
Pensions to former directors		4		4
		531		506

The emoluments of the directors, excluding pension scheme contributions were:

Chairman	107	103
The highest paid director	117	91

Directors' emoluments, excluding pension scheme contributions, fell within the following ranges:

	Number of directors	
£10,001 – £15,000	2	2
£45,001 – £50,000	—	1
£75,001 – £80,000	—	1
£80,001 – £85,000	—	[illegible]
£90,001 – £95,000	—	1
£100,001 – £105,000	2	1
£105,001 – £110,000	1	—
£115,001 – £120,000	1	-

9 Pension costs

The group operates four defined benefit final salary schemes in the UK. Actuarial valuations using the projected unit cost method or the attained age method were carried out at 1 April 1991 and 1 April 1992 by qualified actuaries specifically for the purposes of calculating the pension cost in the company's accounts. The assumptions used were 9·5% and 10% per annum return on investments, 7·5%/8·5% increase in earnings, pension increases varying from Nil to 5%, 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 dates of the latest formal actuarial valuations, which were undertaken in 1991 and 1992, was £42·0m. The aggregate past service funding level, which is the actuarial value of the assets expressed as a percentage of past service liabilities including provisions for projected salary increases, was 150% at the respective valuation dates.

In view of the significant overall surplus in three 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 to the scheme which was not in surplus.

The total net pension credit for the group was £427,000 (1992 – £672,000). This reduction from 1992 was primarily due to the effect on the actuarial value of the assets of the decrease in the rate of advance corporation tax on company dividends from 25% to 20% as announced in the March 1993 Budget.

10 Taxation

	1993	1992
The charge based on the profit for the year comprises:	£000	£000
United Kingdom		
Corporation tax at 33% (1992 – 33%)	1,818	1,297
Double taxation relief	(162)	(174)
Deferred taxation	575	234
Advance corporation tax written off in earlier years	(232)	—
Tax credit on franked investment income	58	59
Associated undertaking	158	—
Prior years	(135)	30
	2,080	1,446
Overseas		
Foreign tax	363	107
Deferred taxation	(18)	28
Prior years	6	(11)
	351	124
	2,431	1,570

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

11 Preference dividends

10% cumulative redeemable	64	64

12 Ordinary dividends

Per 5p share		
Interim paid 11 March 1993 – 1·80p (1992 – 1·71p)	756	714
Second interim payable 5 April 1993 – 3·40p (1992 – nil)	1,426	—
Final proposed – 3·40p (1992 – 6·[illegible]p)	1,426	2,740
	3,508	[illegible]

NOTES ON THE ACCOUNTS – Continued

13 Earnings and funds per ordinary share

(a) Earnings per ordinary share

	1993 £000	1992 £000
Earnings per ordinary share are calculated as follows:		
Profit on ordinary activities after taxation	6,321	4,058
Preference dividends	(64)	(64)
Earnings	6,257	3,994
Number of issued ordinary shares of 5p	41,950,840	41,801,840
Earnings per ordinary share	14.9p	9.6p

(b) Funds per ordinary share

	1993	1992
Ordinary shareholders' funds	44,486	41,199
Funds per ordinary share	105.9p	98.6p

The ordinary shares under option of 1,053,000 (1992 – 1,299,000) are not included in the above calculations.

14 Tangible assets

	Group Freehold land and *buildings* £000	Group Leasehold land and *buildings* £000	Group Plant and *equipment* £000	Group Total £000	Company Plant *and* equipment £000
Cost or valuation					
1 April 1992	12,444	280	32,133	44,857	581
Additions	1,174	—	3,294	4,468	551
Disposals	(328)	—	(1,343)	(1,671)	(80)
Exchange adjustments	144	—	535	679	—
31 March 1993	13,434	280	34,619	48,333	1,052
Of which at valuation 1989	8,702	280			
Depreciation					
1 April 1992	1,014	13	20,923	21,950	359
Provided this year	204	4	2,600	2,808	121
On disposals	(16)	—	(989)	(1,005)	(62)
Exchange adjustments	67	—	400	467	—
31 March 1993	1,269	17	22,934	24,220	418
Book value 31 March 1993	12,165	263	11,685	24,113	634
Book value 31 March 1992	11,430	267	11,210	22,907	222

The book value of leasehold land and buildings at 31 March 1993 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:

	1993 £000	1992 £000
Cost	9,854	8,708
Accumulated depreciation	1,801	1,602
	8,053	7,106

15 Investments

	Listed		Unlisted	Total
	Associated undertaking	Other		
Group	£000	£000	£000	£000
1 April 1992	—	4,995	600	5,595
Reallocation	3,967	(3,967)	—	—
Additions	6,008	97	—	6,105
31 March 1993	9,975	1,125	600	11,700
Market value at 31 March 1993	13,566	882		
Company				
1 April 1992	—	—	79	79
Transfer from a subsidiary undertaking	3,967	—	—	3,967
Additions	6,008	—	—	6,008
31 March 1993	9,975	—	79	10,054

The investment in the associated undertaking, Arthur Lee & Sons plc, is valued at cost plus the group share of retained profits since acquisition.

Details of the net assets of the associated undertaking, as shown by the unaudited balance sheet at 31 March 1993 are set out in Note 28. Other listed investments are stated at cost.

The unlisted investment represents 16·65% of the ordinary share capital of The Indian Card Clothing Company Limited which is incorporated in India and is included in the group accounts at directors' valuation at 31 March 1985. In the opinion of the directors the value of the investment continues to be not less than £600,000.

16 Investment in subsidiary undertakings

	1993	1992
	£000	£000
1 April 1992 at cost	31,697	26,597
Additional share capital purchased at par	1,000	5,100
31 March 1993 at cost	32,697	31,697

A list of the main subsidiary undertakings is given on page 35.

NOTES ON THE ACCOUNTS – Continued

17 Stocks

	1993 £000	1992 £000
Raw materials	3,365	3,443
Work in progress	2,541	2,680
Finished goods	8,365	7,698
	14,271	13,821

18 *Debtors*

	Group 1993 £000	Group 1992 £000	Company 1993 £000	Company 1992 £000
Trade debtors	18,382	17,942	—	—
Amount owed by subsidiary undertakings	—	—	6,941	18,784
Other debtors	613	886	419	382
Prepayments	707	663	57	99
Pensions prepayment	2,860	2,186	2,860	2,186
	22,562	21,677	10,277	21,451
Included above are the following amounts falling due after more than one year:				
Owed by subsidiary undertakings	—	—	4,720	2,763
Pensions prepayment	2,860	2,186	2,860	2,186

19 Trade and other creditors

	Group 1993 £000	Group 1992 £000	Company 1993 £000	Company 1992 £000
Trade creditors	8,653	8,268	305	16
Amount owed to subsidiary undertakings	—	—	1,135	5,933
Other taxes and social security costs	1,395	1,280	25	25
Other creditors	1,657	1,497	—	31
Accruals	2,919	3,474	257	130
	14,624	14,519	1,722	6,135

20 Creditors – amounts falling due after more than one year

	Group 1993 £000	Group 1992 £000	Company 1993 £000	Company 1992 £000
Medium term loans	7,300	6,102	7,200	6,100
Owed to subsidiary undertakings	—	—	20,527	11,755
	7,300	6,102	27,727	17,855

21 Provisions for liabilities and charges

	Provisions Note (a)	Deferred taxation Note (b)	Total
Group	£000	£000	£000
1 April 1992	5,200	201	5,401
Increase in advance corporation tax set off	—	(211)	(211)
Transfer from profit and loss account	—	557	557
31 March 1993	5,200	547	5,747
Company			
1 April 1992		173	173
Increase in advance corporation tax set off		(128)	(128)
Transfer from profit and loss account		267	267
31 March 1993		312	312

Notes

(a) Provisions relate to permanent diminutions in value of certain assets

(b) Deferred taxation is as follows:

	Group		Company	
	1993	1992	1993	1992
United Kingdom	£000	£000	£000	£000
Accelerated capital allowances	1,408	1,385	34	(15)
Short term timing differences	77	(475)	946	728
Advance corporation tax	(900)	(689)	(668)	(540)
	585	221	312	173
Overseas	(38)	(20)	—	—
	547	201	312	173

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 £2·5m (1992 – £2·1m). 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 1993 are repayable as follows:

	Bank loans and overdrafts		Medium term loans	
	1993	1992	1993	1992
	£000	£000	£000	£000
On demand	5,475	6,199	—	—
Within one year	988	776	—	—
Between one and two years	—	—	942	766
Between two and five years	—	—	2,758	2,126
In five years or more	—	—	3,600	3,300
	6,463	6,975	7,300	6,192

Included above are loans amounting to £8,100,000 (1992 – £6,800,000), which:

(i) are repayable by equal instalments over a period exceeding five years

(ii) terminate between 2001 and 2003, bearing interest at LIBOR plus 0·5% or 0·875%.

NOTES ON THE ACCOUNTS – Continued

23 Called up share capital

	Authorised 1993	Authorised 1992	Allotted called up and fully paid 1993	Allotted called up and fully paid 1992
	£000	£000	£000	£000
10½% cumulative redeemable preference shares 1999 of £1 each	**608**	608	**608**	608
Ordinary shares of 5p each	**3,183**	3,183	**2,098**	2,090
	3,791	3,791	**2,706**	2,698

The increase in the issued ordinary share capital of £7,450 is a result of the exercise of 149,000 share options with a cash consideration of £178,204.

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	328,710	119·6p	to 5 June 1997
12 August 1988	97,290	162·0p	to 12 August 1998
6 August 1990	561,570	124·8p	7 August 1993 to 6 August 2000
9 August 1991	65,430	129·6p	10 August 1994 to 9 August 2001

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

24 Reserves

Group	Revaluation reserve £000	Share premium £000	Merger reserve £000	Other reserves £000	Profit & loss account £000	Total £000
1 April 1992	4,591	1,382	7,417	1,803	23,916	39,109
Exchange profits on the translation of overseas assets	—	—	—	—	551	551
Premium on share issue	—	171	—	—	—	171
Retained profit for the year	—	—	—	—	2,649	2,649
Transfer in respect of depreciation	(74)	—	—	—	74	—
Release of revaluation reserve	(142)	—	—	—	—	(142)
31 March 1993	**4,375**	**1,553**	**7,417**	**1,803**	**27,190**	**42,338**

Company	Revaluation reserve £000	Share premium £000	Merger reserve £000	Other reserves £000	Profit & loss account £000	Total £000
1 April 1992	—	1,382	8,785	168	17,219	27,554
Premium on share issue	—	171	—	—	—	171
Retained profit for the year	—	—	—	—	1,365	1,365
31 March 1993	—	**1,553**	**8,785**	**168**	**18,584**	**29,090**

Other reserves at 31 March 1993 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 £7·4m.

25 Profit and loss account

The profit for the year dealt with in the accounts of the company amounts to £5,037,000 (1992 – £4,860,000).

26 Financial commitments

Group

	1993	1992
	£000	£000
(a) The directors have authorised future capital expenditure as follows:		
Contracted	**995**	261
Not contracted	**2,681**	1,908

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

	Land & buildings		Other	
	1993	1992	**1993**	1992
	£000	£000	**£000**	£000
Leases expiring				
within one year	**38**	45	**45**	43
within two to five years	**29**	78	**168**	71
more than five years	**208**	245	**—**	—
	275	368	**213**	114

27 Rates of exchange

The rates of exchange used in these accounts were those subsisting at 31 March, as follows:

	1993	1992
	To the £	To the £
Belgian franc	**50·10**	58·85
Dutch guilder	**2·73**	3·22
French franc	**8·24**	9·70
German mark	**2·43**	2·86
Irish punt	**1·00**	1·07
Italian lira	**2,397·50**	2,159·30

28 Post balance sheet event

On 11 May 1993 the group announced an agreed bid for the shares in Arthur Lee and Sons plc, which it did not already own. The terms of the offer were set out in a circular to shareholders dated 25 May 1993. The offer was pronounced unconditional on 16 June 1993.

The following pro forma statement of the combined net assets of the enlarged group is provided for illustrative purposes only and should be read in conjunction with the notes below. It is based on the audited consolidated balance sheet of the Carclo group as at 31 March 1993 and the unaudited statement of net assets of the Arthur Lee group as at 31 March 1993:

	31 March 1993			Pro forma
	Audited	*Unaudited*		*enlarged*
	Carclo	Arthur Lee	Adjustments	group
Fixed assets	£000	£000	£000	£000
Tangible assets	24,113	15,874	—	39,987
Investments	11,700	—	(9,975)	1,725
	35,813	15,874	(9,975)	41,712
Current assets				
Stocks	14,271	12,296	—	26,567
Debtors	22,562	23,102	—	45,664
Cash at bank and in hand	13,176	2,019	—	15,195
	50,009	37,417	—	87,426
Creditors: amounts falling due within one year				
Bank loans and overdrafts	6,463	—	—	6,463
Trade and other creditors	14,624	16,842	—	31,466
Taxation	3,759	549	—	4,308
Proposed dividends	2,885	1,351	(402)	3,834
	27,731	18,742	(402)	46,071
Net current assets	22,278	18,675	402	41,355
Total assets less current liabilities	58,091	34,549	(9,573)	83,067
Creditors: amounts falling due after more than one year				
Bank and other loans	7,300	310	—	7,610
Other creditors	—	1,940	—	1,940
	7,300	2,250	—	9,550
Provisions for liabilities and charges	5,747	2,109	—	7,856
Net assets	45,044	30,190	(9,573)	65,661

Notes:

(a) The adjustments relate to the elimination of the group's 29.9% shareholding in Arthur Lee at 31 March 1993 and the provision of their final dividend of 4p per share relating thereto.

(b) Save as disclosed above, no adjustments have been made to reflect:

(i) trading or other transactions entered into since the balance sheet dates shown above,

(ii) any restatement of the net assets of the Arthur Lee group to reflect their fair value including any adjustment to the book value of the Arthur Lee group's properties. The directors of Arthur Lee estimated in their report for the year ended 30 September 1992 that the properties were worth approximately £11m in excess of their book value (on an open market existing use basis); and

(iii) the expenses of the merger and the costs of fulfilling the preference offers estimated to total £3m

29 Group undertakings

Subsidiary undertakings
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

Prayon de Pauw N.V.
Gent, Belgium

WIRE DIVISION

Joseph Sykes Brothers Limited
Huddersfield, West Yorkshire

Critchley Sharp & Tetlow Limited
Cleckheaton, West Yorkshire

Branches
Taylor Sharp Wire
Gilby

Bruntons (Musselburgh) Limited
Musselburgh, Scotland

RSR DIVISION

Jonas Woodhead Limited
RSR
Manchester and thirty 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
Keighley, 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, Gill's Cables Limited and Prayon de Pauw N.V., which are wholly owned by subsidiary undertakings.

Associated undertaking	Percentage holding of ordinary share capital	Accounting date
Arthur Lee & Sons plc		
(Steel and plastic based engineers)	29·9%	30 September 1992

STATEMENT OF ADDED VALUE

The statement of added value below shows the added value of £39m in 1993 which is the amount of wealth created by the group from its trading activities, and how it was shared out.

	1993 £000		1992 £000	
Group sales	**84,397**		78,763	
Cost of materials, supplies, energy, services and rates	**46,736**		44,593	
Added value	**37,661**		34,170	
Income from interest in associated undertaking	**509**		—	
Other income	**271**		278	
Net interest receivable	**120**		382	
Total added value	**38,561**		34,830	
This sum was applied as follows		%		%
To employees as wages and salaries including payroll costs	**27,001**	**70·0**	26,292	75·5
To governments as tax on profits	**2,431**	**6·3**	1,570	4·5
To shareholders as dividends	**3,672**	**9·5**	3,327	9·6
Retained in the group for future growth				
Depreciation	**2,808**	**7·3**	2,910	8·3
Profit	**2,649**	**6·9**	731	2·1
	38,561	**100·0**	34,830	100·0

FINANCIAL CALENDAR 1993/94

Annual general meeting 1993	2 September 1993
Final ordinary dividend for 1993 payable to members on the register – 2 August 1993 (see note)	9 September 1993
Interim report for the half year ending 30 September 1993	17 January 1994
Interim ordinary dividend for 1994 payable	10 March 1994
Preliminary announcement of the results for the year ending 31 March 1994	4 July 1994
Report and accounts 1994 posted	11 July 1994
Annual general meeting 1994	1 September 1994
Preference dividends paid on	1 October 1993 and 1 April 1994

Note
The ordinary shares issued in connection with the merger with Arthur Lee & Sons plc do not rank for the final ordinary dividend for 1993.

CARCLO

NOTICE OF MEETING

Notice is hereby given that the seventieth annual general meeting of the company will be held at the Post House, Nr. Wakefield (M1 Exit 40), on Thursday 2 September 1993 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 1993.

2 To declare a final dividend of 3·4p per ordinary share of 5p.

3 To re-elect as directors:
D. W. Adam
J. V. Henderson
C. G. Holland
G. M. Kennedy
P. W. Lee
H. G. Mutkin

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:

the provisions of the Memorandum of Association with respect to the Company's objects be altered by inserting, after paragraph (J) of Clause 4, the following new paragraph:

(JJ) (i) To purchase and maintain insurance for or for the benefit of any persons who are or were at any time directors, officers or employees or auditors of the Company, or of any other company which is its holding company or in which the Company or such holding company or any of the predecessors of the Company or of such holding company has any interest whether direct or indirect or which is in any way allied to or associated with the Company, or of any subsidiary undertaking of the Company or of any such other company, or who are or were at any time trustees of any pension fund in which any employees of the Company or of any such other company or subsidiary undertaking are interested, including (without prejudice to the generality of the foregoing) insurance against any liability incurred by such persons in respect of any act or omission in the actual or purported execution and/or discharge of their duties and/or in the exercise or purported exercise of their powers and/or otherwise in relation to the Company or any such other company, subsidiary undertaking or pension fund and

(ii) To such extent as may be permitted by law otherwise to indemnify or to exempt any such person against or from any such liability; for the purposes of this paragraph "holding company" and "subsidiary undertaking" shall have the same meanings as in the Companies Act 1985 as amended by the Companies Act 1989.

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 Regulations contained in the document produced to the Meeting and signed for the purpose of identification by the Chairman be and are hereby approved and adopted as the Articles of Association of the Company in substitution for and to the exclusion of the existing Articles of Association.

177 Kirkstall Road
Leeds
12 July 1993

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.