

Z Hinchliffe & Sons Limited

Notice of meeting

Notice is hereby given that the annual general meeting of the company will be held at the registered office of the company, Hartcliffe Mills, Denby Dale, near Huddersfield on Monday 23 January 1995 at 12.00 noon for the following purposes:

- 1 to receive and adopt the report of the directors and the audited financial statements for the year ended 30 June 1994.
- 2 to declare a dividend.
- 3 to re-appoint the auditors, KPMG Peat Marwick, for the ensuing year.
- 4 to transact any other business of the company.

By order of the board of directors

GL Ross
Secretary



30 December 1994

A member entitled to attend and vote is entitled to appoint a proxy (one or more proxies) to attend and vote instead of him. A proxy need not be a member.



Z Hinchliffe & Sons Limited

Directors' report and consolidated financial statements

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Z Hinchliffe & Sons Limited

Company information

Directors

JN Hinchliffe Chairman
GP Wilby
JR Hinchliffe
JH Hinchliffe
GA Wilby

Secretary

GL Ross

Registered office

Hartcliffe Mills
Denby Dale
Huddersfield
HD8 8QL

Bankers

Midland Bank plc
Cloth Hall Street
Huddersfield
HD1 2ES

Auditors

KPMG Peat Marwick
Chartered Accountants
Station Street Buildings
Huddersfield
HD1 1LZ

Z Hinchliffe & Sons Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 June 1994.

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activities

During the year the group continued to trade as yarn spinners.

Business review

During the year covered by these accounts we have been able to increase further our turnover and productivity. This in turn has resulted in increased profitability.

Our policy of reinvestment coupled with increased raw material costs makes additional demands on our working capital. As a consequence we take a cautious view of the forthcoming year's results in that we are uncertain as to the extent to which we shall be able to pass on related additional charges.

Proposed dividend and transfer to reserves

The directors recommend the following dividends:

	£
On cumulative preference shares	1,050
On ordinary shares	19,950
	21,000

After deducting the total dividends of £21,000 the consolidated retained profit for the year is £2,260,021.

Z Hinchliffe & Sons Limited

Directors' report *(continued)*

Significant changes in fixed assets

Movements in tangible fixed assets are set out in note 9 to the financial statements.

Directors and directors' interests

The present directors are shown on page 1.

Share interests

The interest of directors holding office at 30 June 1994 in the shares of the group were as follows:

Z Hinchliffe & Sons Limited

	Ordinary shares of £1 each 1 July 1993 and 30 June 1994	Cumulative preference shares of £1 each 1 July 1993 and 30 June 1994
JN Hinchliffe	20,750	2,100 *2,100
GP Wilby	60,561	515
JR Hinchliffe	2,216	2,909
JH Hinchliffe	2,217	2,908
GA Wilby	1,417	1,389

Harold Hinchliffe Limited

	Ordinary shares of 5p each 1 July 1993 and 30 June 1994	Cumulative preference shares of 5p each 1 July 1993 and 30 June 1994
JN Hinchliffe	2,845 *1,257	22,956 *23,764
GP Wilby	-	-
JR Hinchliffe	5,258	39,921
JH Hinchliffe	5,257	39,921

* Denotes trustee holding with no beneficial interest.

Z Hinchliffe & Sons Limited

Directors' report

A consultant to KPMG Peat Marwick is a trustee, with no beneficial interest, of 2,100 preference shares in Z Hinchliffe & Sons Limited and 1,257 ordinary and 11,322 preference shares in Harold Hinchliffe Limited.

Employees

The company has continued to maintain and encourage employee involvement in those aspects of the company's affairs which are of direct concern to them using a variety of communication processes.

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. They are eligible for promotion and, within the limits of their disabilities, are given equal consideration with other applicants.

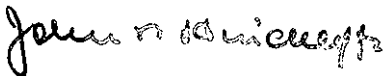
Political and charitable contributions

The company donated £500 to the Dewsbury Conservative Association during the year.

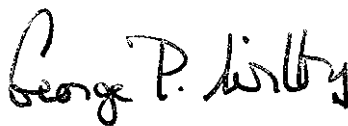
Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG Peat Marwick as auditors of the company, is to be proposed at the forthcoming Annual General Meeting.

On behalf of the board



John N Hinchliffe



George P Wilby

Directors

19 December 1994



Station Street Buildings
Huddersfield
HD1 1LZ

Auditors' report to the members of Z Hinchliffe & Sons Limited

We have audited the financial statements on pages 6 to 20

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 30 June 1994 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Peat Marwick

KPMG Peat Marwick
Chartered Accountants
Registered Auditors

19 December 1994

Z Hinchliffe & Sons Limited

Consolidated profit and loss account
for the year ended 30 June 1994

	Note	1994 £	1993 £
Turnover			
Cost of sales	2	17,277,648 <u>11,978,594</u>	14,916,102 <u>11,304,170</u>
Gross profit		5,299,054	3,611,932
Distribution costs		1,067,214	936,020
Administrative expenses		<u>954,862</u>	<u>558,270</u>
Operating profit		3,276,978	2,117,642
Other interest receivable and similar income		(406,225)	(413,955)
Interest payable and similar charges	6	<u>188,621</u>	<u>308,948</u>
Profit on ordinary activities before taxation	3	3,494,582	2,222,649
Tax on profit on ordinary activities	7	<u>1,213,561</u>	<u>564,813</u>
Profit for the financial year		2,281,021	1,657,836
Dividends proposed	8	<u>21,000</u>	<u>21,000</u>
Retained profit for the financial year		2,260,021	1,636,836
Retained profit brought forward		<u>13,557,048</u>	<u>11,920,212</u>
Retained profit carried forward		<u>15,817,069</u>	<u>13,557,048</u>
Reconciliation of movements in shareholders' funds:			
Profit for the financial year		2,281,021	1,657,836
Dividends		<u>(21,000)</u>	<u>(21,000)</u>
Retained profit		2,260,021	1,636,836
Opening shareholders' funds		<u>13,812,016</u>	<u>12,175,180</u>
Closing shareholders' funds		<u>16,072,037</u>	<u>13,812,016</u>

There are no recognised gains or losses other than the historical profit for the year stated above.

Z Hinchliffe & Sons Limited

Consolidated balance sheet
at 30 June 1994

	Note	1994		1993	
		£	£	£	£
Fixed assets					
Tangible assets	9		5,598,360		6,046,630
Current assets					
Stocks	11	6,235,133		4,840,101	
Debtors	12	4,722,004		3,859,819	
Cash and short term deposits	13	4,833,377		4,571,614	
			15,790,514		13,271,534
Creditors: amounts falling due within one year	14	4,736,487		4,802,495	
Net current assets			11,054,027		8,469,039
Total assets less current liabilities			16,652,387		14,515,669
Provisions for liabilities and charges	16		580,350		703,653
Net assets			16,072,037		13,812,016
Capital and reserves					
Called up share capital	17		254,968		254,968
Profit and loss account			15,817,069		13,557,048
			16,072,037		13,812,016

Z Hinchliffe & Sons Limited

Balance sheet
at 30 June 1994

	Note	1994		1993	
		£	£	£	£
Fixed assets					
Tangible assets	9	5,598,360		6,046,630	
Investments	10	41,367		41,367	
Current assets		5,639,727		6,087,997	
Stocks	11	6,235,133		4,840,101	
Debtors	12	5,590,569		4,823,763	
Cash at bank and in hand		2,670		1,714	
		11,828,372		9,665,578	
Creditors: amounts falling due within one year	14	4,740,619		5,058,791	
Net current assets		7,087,753		4,606,787	
Total assets less current liabilities		12,727,480		10,694,784	
Creditors: amounts falling due after more than one year	15	196,596		196,596	
Provisions for liabilities and charges	16	580,350		703,653	
Net assets		11,950,534		9,794,535	
Capital and reserves					
Called up share capital	17	254,968		254,968	
Profit and loss account		11,695,566		9,539,567	
		11,950,534		9,794,535	

These financial statements were approved by the board of directors on 19 December 1994 and were signed on its behalf by:

John N Hinchliffe

George P Wilby

Directors

John N Hinchliffe

George P Wilby

Z Hinchliffe & Sons Limited

Consolidated cash flow statement for the year ended 30 June 1994

	Note	1994		1993	
		£	£	£	£
Net cash inflow from operating activities	19	1,282,509		3,738,292	
Return on investments and servicing of finance					
Interest received		406,225		413,955	
Interest paid		(188,621)		(308,948)	
Dividends paid		(21,000)		(21,000)	
Net cash inflow from returns on investment and servicing of finance		196,604		84,007	
Taxation					
UK corporation tax (paid)/recovered		(551,547)		91,056	
Overseas tax paid		(79,813)		(61,185)	
Tax (paid)/recovered		(631,360)		29,871	
Investing activities					
Purchase of tangible fixed assets		(326,605)		(2,065,048)	
Sale of tangible fixed assets		14,909		250	
Net cash (outflow) from investing activities		(311,696)		(2,064,798)	
Net cash inflow/(outflow) before financing		536,057		1,787,372	
Increase/(decrease) in cash and cash equivalents	20	536,057		1,787,372	

Z Hinchliffe & Sons Limited

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the group's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Basis of consolidation

The group's financial statements consolidate the financial statements of Z Hinchliffe & Sons Limited and all its subsidiary undertakings. These financial statements are made up to 30 June 1994. Uniform accounting policies are adopted throughout the group. Unrealised profit arising on trading between group companies is eliminated on consolidation.

In the company's accounts, investments in subsidiary undertakings are stated at cost less amounts written off. Dividends received are credited to the company's profit and loss account to the extent that they represent a realised profit for the company.

In accordance with Section 230(4) of the Companies Act 1985 Z Hinchliffe Limited is exempt from the requirement to present its own profit and loss account.

The amount of the profit for the financial year dealt with in the financial statements of Z Hinchliffe & Sons Limited is £2,176,999 (1993:£1,316,692).

Fixed assets and depreciation

Depreciation is provided by the group to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold buildings	-	Between 2% and 4% per annum
Plant and machinery	-	10% or 20% per annum
Motor vehicles	-	20% per annum

No depreciation is provided on freehold land.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Z Hinchliffe & Sons Limited

Notes (continued)

1 Accounting policies (continued)

Pension costs

The group operates two pension schemes on behalf of employees, the 1978 Retirement and Death Benefit Scheme which is a defined benefit scheme, and the Employees' Pension Scheme which is a money purchase scheme.

The pension scheme charge for the year as disclosed in note 5 reflects payments made during the year. The defined benefit scheme's charge is calculated on the basis of triennial independent actuarial valuations. The most recent valuation of the defined benefit scheme, dated 6 April 1991 by MG Waumsley FIA of Equity & Law Life Assurance Society plc, stated that the scheme was adequately funded. The valuation assumed an aggregate method of funding, with total contributions at 21¾ % of pensionable salaries.

Stocks

Stocks are stated at the lower of cost and net realisable value. For work in progress and finished goods manufactured by the group, cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Turnover

Turnover represents the total amount receivable for goods sold to external customers, less returns and allowances and excluding value added tax.

2 Particulars of turnover

	1994 £	1993 £
<i>Market analysis</i>		
Home	13,441,541	10,856,380
Export	3,836,107	4,059,722
	17,277,648	14,916,102

Z Hinchliffe & Sons Limited

Notes (continued)

3 Profit on ordinary activities before taxation

	1994 £	1993 £
<i>Profit on ordinary activities before taxation is stated</i>		
<i>after charging</i>		
Auditors' remuneration - audit	19,550	16,800
- other services	19,450	16,725
Depreciation	770,777	731,515
Exchange losses	29,857	22,882
<i>after crediting</i>		
Rents receivable from property	27,295	24,017
Profit on disposal of fixed assets	10,811	250
	<u> </u>	<u> </u>

4 Remuneration of directors

	1994 £	1993 £
Directors' emoluments:		
Remuneration as executives	378,887	357,822
Pension to past director's widow	2,275	2,275
	<u> </u>	<u> </u>
	381,162	360,097
	<u> </u>	<u> </u>

The emoluments, excluding pension contributions, of the chairman were £99,592 (1993:£124,730) and those of the highest paid director were £108,159 (1993:£124,730).

Z Hinchliffe & Sons Limited

Notes (continued)

4 Remuneration of directors (continued)

The emoluments, excluding pension contributions, of the directors (including the chairman and highest paid director) were within the following ranges:

			Number of directors	
			1994	1993
£5,001	-	£10,000	-	1
£20,001	-	£25,000	1	-
£45,001	-	£50,000	-	2
£60,001	-	£65,000	2	-
£95,001	-	£100,000	1	-
£100,001	-	£105,000	-	1
£105,001	-	£110,000	1	-
£120,001	-	£125,000	-	1

5 Staff numbers and costs

The average number of persons employed by the group (including directors) during the year, analysed by category, was as follows:

		Number of employees	
		1994	1993
Production		262	258
Distribution and administration		30	30
		292	288

The aggregate payroll costs of these persons were as follows:

		1994	1993
		£	£
Wages and salaries		2,879,841	2,861,536
Social security costs		236,308	233,874
Other pension costs		118,965	103,379
		3,235,114	3,198,789

Z Hinchliffe & Sons Limited

Notes (continued)

6 Interest payable and similar charges

	1994 £	1993 £
On bank loans, overdrafts and other loans wholly repayable within five years	<u>188,621</u>	<u>308,948</u>

7 Taxation

	1994 £	1993 £
UK corporation tax at 33% (1993 : 33%) on the profit for the year on ordinary activities	1,224,925	479,442
Deferred taxation	(33,030)	82,750
Overseas taxation	14,650	29,711
Adjustment relating to an earlier year	<u>7,016</u>	<u>(27,389)</u>
	<u>1,213,561</u>	<u>564,514</u>

No deferred tax has been provided on earnings to be remitted to the parent company by Z Hinchliffe & Sons AG, Zug, the overseas subsidiary.

8 Dividends

	1994 £	1993 £
Preference shares:		
Final proposed	1,050	1,050
Ordinary shares:		
Final proposed	<u>19,950</u>	<u>19,950</u>
	<u>21,000</u>	<u>21,000</u>

Z Hinchliffe & Sons Limited

Notes (continued)

9 Tangible fixed assets

Group and company	Freehold land and buildings £	Plant and machinery £	Total £
<i>Cost</i>			
At beginning of year	3,699,965	9,375,013	13,074,978
Additions	78,352	248,253	326,605
Disposals	-	(56,390)	(56,390)
At end of year	3,778,317	9,566,876	13,345,193
<i>Depreciation and diminution in value</i>			
At beginning of year	934,736	6,093,612	7,028,348
Charge for year	130,050	640,727	770,777
On disposals	-	(52,292)	(52,292)
At end of year	1,064,786	6,682,047	7,746,833
<i>Net book value</i>			
At 30 June 1994	2,713,531	2,884,829	5,598,360
At 30 June 1993	2,765,229	3,281,401	6,046,630

10 Fixed asset investments

Company	Shares in group undertakings £
<i>Cost</i>	
At beginning and end of year	60,367
<i>Provisions</i>	
At beginning and end of year	19,000
<i>Net book value</i>	
At beginning and end of year	41,367

Z Hinchliffe & Sons Limited

Notes (continued)

10 Fixed asset investments (continued)

	Country of registration or incorporation	Principal activity	Class and percentage of shares held
<i>Subsidiary undertakings</i>			
Z Hinchliffe & Sons AG, Zug	Switzerland	Textiles	100% ordinary
Z Hinchliffe & Sons (Huddersfield) Limited	England	Dormant	100% ordinary
Z Hinchliffe & Sons (Birdsedge) Limited	England	Dormant	100% ordinary
Z Hinchliffe & Sons (Scotland) Limited	England	Dormant	100% ordinary

11 Stocks

	Group and Company	
	1994	1993
	£	£
Raw materials and consumables	4,445,989	2,830,017
Work in progress	342,677	363,897
Finished yarn	1,446,467	1,646,187
	6,235,133	4,840,101

Z Hinchliffe & Sons Limited

Notes (continued)

12 Debtors

	Group		Company	
	1994	1993	1994	1993
	£	£	£	£
Amounts falling due within one year				
Trade debtors	4,492,569	3,709,196	2,787,986	1,888,721
Tax recoverable	112,248	9,352	99,829	-
Amounts owed by subsidiary undertakings	-	-	2,685,512	2,886,745
Other debtors	2,552	3,506	2,552	3,506
Prepayments and accrued income	114,635	137,765	14,690	44,791
	<u>4,722,004</u>	<u>3,859,819</u>	<u>5,590,569</u>	<u>4,823,763</u>

13 Cash and short term deposits

Group cash and short term deposits at 30 June 1994 includes listed fixed interest securities at cost £2,000,000 (1993:£2,600,000) market value £2,148,776 (1993:£2,790,356).

14 Creditors: amounts falling due within one year

	Group		Company	
	1994	1993	1994	1993
	£	£	£	£
Bank overdrafts	2,116,407	2,390,701	2,067,430	2,390,701
Trade creditors	220,744	287,048	220,744	287,048
Amounts owed to subsidiary undertakings	-	-	150,453	413,651
Corporation tax	1,215,244	464,984	1,215,244	464,984
Foreign taxes	145,410	210,573	-	-
Other taxes and social security	416,274	420,342	586,786	610,562
Accruals and deferred income	572,067	403,567	476,734	266,565
Other creditors	29,341	604,280	2,228	604,280
Dividends proposed	21,000	21,000	21,000	21,000
	<u>4,736,487</u>	<u>4,802,495</u>	<u>4,740,619</u>	<u>5,058,791</u>

Z Hinchliffe & Sons Limited

Notes (continued)

15 Creditors: amounts falling due after more than one year

	Company	
	1994	1993
	£	£
Company		
Amounts owed to subsidiary undertakings	196,596	196,596

16 Provisions for liabilities and charges

	Taxation including deferred taxation £
Group and Company	
At beginning of year	703,653
Transfer to current tax re prior year	(91,120)
Charge for the year in the profit and loss account	(33,030)
Advanced corporation tax utilised	6,097
Advanced corporation tax on proposed dividend	(5,250)
At end of year	580,350

The amounts provided for deferred taxation and the amounts not provided are set out below:

	1994		1993	
	Provided £	Unprovided £	Provided £	Unprovided £
Difference between accumulated depreciation and capital allowances	585,600	-	709,750	-
Advance corporation tax recoverable	(5,250)	-	(6,097)	-
	580,350	-	703,653	-

No deferred taxation has been provided on earnings to be remitted to the parent company by Z Hinchliffe & Sons Limited AG, Zug, the overseas subsidiary.

Z Hinchliffe & Sons Limited

Notes (continued)

17 Called up share capital

	1994 £	1993 £
<i>Authorised</i>		
5% (now 3.5% plus tax credit) cumulative preference shares of £1 each	30,000	30,000
Ordinary shares of £1 each	245,000	245,000
	<u>275,000</u>	<u>275,000</u>
<i>Allotted, called up and fully paid</i>		
Cumulative preference shares of £1 each	30,000	30,000
Ordinary shares of £1 each	224,968	224,968
	<u>254,968</u>	<u>254,968</u>

18 Commitments

Capital commitments at the end of the financial year for which no provision has been made.

	Group and Company	
	1994 £	1993 £
Contracted	-	47,500
Authorised but not contracted	-	-
	<u>-</u>	<u>-</u>

Z Hinchliffe & Sons Limited

Notes (continued)

19 Reconciliation of operating profit to net cash inflow from operating activities

	1994 £	1993 £
Operating profit	3,276,978	2,117,642
Depreciation charge	770,777	731,515
Profit on sale of tangible fixed assets	(10,811)	(250)
Increase in stocks	(1,395,032)	(265,926)
(Increase)/decrease in debtors	(759,289)	348,275
(Decrease)/increase in creditors	(476,811)	716,383
(Decrease)/increase in provisions	(123,303)	90,653
Net cash inflow from operating activities	<u>1,282,509</u>	<u>3,738,292</u>

20 Analysis of changes in cash and cash equivalents

	Cash £	Overdraft £	Net £
Balance at 1 July 1993	4,571,614	(2,390,701)	2,180,913
Net cash inflow	<u>261,763</u>	<u>274,294</u>	<u>536,057</u>
Balance at 30 June 1994	<u>4,833,377</u>	<u>(2,116,407)</u>	<u>2,716,970</u>

21 Ultimate parent company and parent undertaking of larger group

The company is a subsidiary of Harold Hinchliffe Limited which is the ultimate parent company and is registered in England and Wales.