# BARBOUR CAMPBELL THREADS LIMITED

## REPORT AND ACCOUNTS

## FOR THE YEAR ENDED 31 MARCH 1997

## REGISTERED NUMBER SC. 10713



## BARBOUR CAMPBELL THREADS LIMITED

## DIRECTORS' REPORT

The directors present their annual report and audited accounts for the year ended 31 March 1997.

## PRINCIPAL ACTIVITIES

The principal activities of the company continue to be the manufacture and sale of linen and synthetic threads and braids in its own name and via fellow subsidiaries which act solely as agents and managers for the company.

## REVIEW OF BUSINESS

The profit for the year after taxation amounted to £878,000 (1996: £2,053,000). The directors do not recommend the payment of a dividend.

## DIRECTORS

The directors during the year were:

T G Davies
C M Jones
S C M Little
F G Barfoot
S Armstrong
A W Foran
W J McCullough
J J Lee (resigned 28 February 1997)

Messrs Davies, Jones and Little are also directors of the ultimate holding company, Hicking Pentecost PLC, in whose accounts their interests are disclosed. The beneficial interests of the directors who are also directors of the ultimate holding company, Hicking Pentecost PLC, in its issued share capital on 31 March 1997 and 31 March 1996 were as follows:

| | Ordinary shares of 50p each | |
|---|---|---|
| | **1997** | 1996 |
| F G Barfoot | **Nil** | 5,197 |
| S Armstrong | **10** | 10 |
| A W Foran | **Nil** | Nil |
| W J McCullough | **985** | 739 |

## DIRECTORS' REPORT (continued)

### RE-ELECTION

The directors retiring by rotation are Messrs T G Davies, C M Jones and A W Foran who, being eligible, offer themselves and are recommended for re-election.

### DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit of the company for that period. In preparing those accounts, 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 accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company 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 to enable them to ensure that the accounts 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.

### PAYMENT OF SUPPLIERS

The company's policy is to pay suppliers in accordance with the contract terms agreed with them or, in the absence of such contract terms, in accordance with the company's own standard terms of trading, provided that the supplier is also complying with all relevant terms and conditions. Average days credit taken by the company to pay suppliers is 38.

### EMPLOYMENT POLICIES

Group companies are encouraged to make all their employees aware of the financial and economic factors affecting the achievements of the companies for which they work and the way in which their personal contributions to the company are of fundamental importance to the further success of the business. Personnel policies are designed to provide equal opportunity to all, irrespective of sex, race, religion and colour. Where appropriate, employment of disabled people is encouraged on the basis of equality with others. In particular, the group fosters youth opportunity by contributions to appropriate charities and by temporary periods of employment. A number of schemes are operated within the group to stimulate employee recognition and internal promotion.

## DIRECTORS' REPORT (continued)

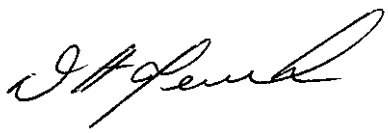
### MARKET VALUE OF LAND AND BUILDINGS

In the opinion of the directors, the market value of the company's properties was not materially different from the net book value at the balance sheet date.

### AUDITORS

Price Waterhouse have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be submitted at the annual general meeting.

By order of the board



**D H Jenkins**
Secretary

10 June 1997

## BARBOUR CAMPBELL THREADS LIMITED

## AUDITORS' REPORT TO THE SHAREHOLDERS OF BARBOUR CAMPBELL THREADS LIMITED

We have audited the accounts on pages 5 to 18 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets, and the accounting policies set out on pages 8 and 9.

### RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As referred to in the directors' report, the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

### OPINION

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 March 1997 and of the profit of the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

**Price Waterhouse**
*Chartered Accountants*
*and Registered Accountants*

Nottingham
10 June 1997

**BARBOUR CAMPBELL THREADS LIMITED**

**PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 31 MARCH 1997**

| | Notes | 1997 £'000 | 1996 £'000 |
|---|---|---|---|
| Turnover - continuing operations | 1 | **25,050** | 24,309 |
| Cost of sales | | **18,536** | 17,140 |
| **GROSS PROFIT** | | **6,514** | 7,169 |
| Distribution costs | | **2,198** | 1,958 |
| Administrative expenses | | **2,801** | 2,542 |
| **OPERATING PROFIT** - continuing operations | | **1,515** | 2,669 |
| Interest (net) | 5 | **612** | 615 |
| **PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION** | 2 | **903** | 2,054 |
| Tax on profit on ordinary activities | 6 | **25** | 1 |
| **RETAINED PROFIT FOR THE YEAR** | 14 | **878** | 2,053 |

**BARBOUR CAMPBELL THREADS LIMITED**

**BALANCE SHEET**

**31 MARCH 1997**

| | Notes | 1997 | 1996 |
|---|---|---|---|
| | | £'000 | £'000 |
| **FIXED ASSETS** | | | |
| Tangible assets | 7 | 4,557 | 5,075 |
| **CURRENT ASSETS** | | | |
| Stocks | 8 | 7,339 | 6,665 |
| Debtors | 9 | 7,272 | 6,907 |
| Cash at bank and in hand | | 291 | 608 |
| | | 14,902 | 14,180 |
| **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR** | 10 | 4,712 | 6,903 |
| **NET CURRENT ASSETS** | | 10,190 | 7,277 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | 14,747 | 12,352 |
| **CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR** | 11 | 10,086 | 8,569 |
| | | 4,661 | 3,783 |
| **CAPITAL AND RESERVES** | | | |
| Called up share capital | 13 | 8,105 | 8,105 |
| Revaluation reserve | 14 | 1,376 | 1,382 |
| Profit and loss account | 14 | (4,820) | (5,704) |
| | | 4,661 | 3,783 |

Approved by the board of directors on 10 June 1997.

On behalf of the board

Ceri M. Jones

**C M Jones**
Director

## BARBOUR CAMPBELL THREADS LIMITED

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

| FOR THE YEAR ENDED 31 MARCH 1997 | 1997<br>£'000 | 1996<br>£'000 |
|---|---|---|
| Profit attributable to shareholders | **878** | 2,053 |
| Surplus on revaluation | **-** | 15 |
| Total recognised gains and losses for the year | **878** | 2,068 |

## NOTE OF HISTORICAL COST PROFITS AND LOSSES FOR THE YEAR ENDED 31 MARCH 1997

| | 1997<br>£'000 | 1996<br>£'000 |
|---|---|---|
| Profit before taxation | **903** | 2,054 |
| Difference between historical cost depreciation and actual depreciation charge calculated on the revalued amount | **6** | 6 |
| Historical cost profit before tax | **909** | 2,060 |
| Historical cost retained profit | **884** | 2,059 |

## RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS FOR THE YEAR ENDED 31 MARCH 1997

| | 1997<br>£'000 | 1996<br>£'000 |
|---|---|---|
| Profit for the financial year | **878** | 2,053 |
| Surplus on revaluation | **-** | 15 |
| Net addition to shareholders' funds | **878** | 2,068 |
| Opening shareholders' funds | **3,783** | 1,715 |
| Closing shareholders' funds | **4,661** | 3,783 |

**BARBOUR CAMPBELL THREADS LIMITED**

**NOTES TO THE ACCOUNTS**

**31 MARCH 1997**

## ACCOUNTING POLICIES

### BASIS OF ACCOUNTING

The accounts have been prepared under the historical cost convention as modified to include the revaluation of certain tangible fixed assets and in accordance with applicable accounting standards.

### TURNOVER

Turnover represents the invoice value of goods supplied exclusive of VAT.

### DEPRECIATION

Tangible fixed assets are shown at cost or valuation.

Depreciation is provided on all tangible fixed assets, other than land, at rates calculated to write off the cost or valuation, in equal annual instalments over their expected useful lives as follows:

| | |
|---|---|
| Freehold and long leasehold buildings | - 50 years |
| Plant and machinery | - 10 years |
| Motor vehicles, fixtures, fittings and equipment | - 4 to 10 years |

### GOVERNMENT GRANTS

Government grants on capital expenditure are treated as deferred income and released to the profit and loss account over the life of the asset to which they relate.

### LEASED ASSETS

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

### STOCKS

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

**ACCOUNTING POLICIES** (continued)

**DEFERRED TAXATION**

Deferred taxation is provided on all timing differences only to the extent to which it is considered likely to fall due for payment in the foreseeable future. Full deferred tax provision is made for timing differences on pensions. No provision is made for any potential liability which might arise on disposal of properties at their revalued amount.

**FOREIGN CURRENCIES**

Foreign currency assets and liabilities are expressed in sterling at exchange rates ruling at the year end. Transactions in the normal course of business are expressed at the rates ruling at the dates of transactions.

**PENSION COSTS**

The company is a member of the Hicking Pentecost Pension Scheme and full details can be found in the accounts of the ultimate holding company Hicking Pentecost PLC.

**BARBOUR CAMPBELL THREADS LIMITED**

**NOTES TO THE ACCOUNTS**

**31 MARCH 1997**

## 1 ANALYSIS OF TURNOVER AND PROFIT BEFORE TAXATION

No analysis of turnover and profit before tax is provided as the directors consider that such disclosure would be seriously prejudicial to the interests of the company.

## 2 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

| This is stated after charging/(crediting): | **1997 £'000** | 1996 £'000 |
|---|---|---|
| Depreciation of tangible fixed assets | **832** | 706 |
| Government grant income | **(139)** | (167) |
| Auditors' remuneration | **15** | 26 |
| Profit on disposal of tangible fixed assets | **(3)** | - |
| Operating lease rentals | **298** | 306 |

## 3 STAFF COSTS

| | **1997 £'000** | 1996 £'000 |
|---|---|---|
| Wages and salaries | **6,380** | 6,494 |
| Social security costs | **492** | 497 |
| Other pension costs | **272** | 257 |
| | **7,144** | 7,248 |

| | **Number** | Number |
|---|---|---|
| The average number of persons employed during the year was: | | |
| Production | **460** | 468 |
| Administration | **62** | 68 |
| | **522** | 536 |

## NOTES TO THE ACCOUNTS

## 31 MARCH 1997

### 4 DIRECTORS' EMOLUMENTS

| | 1997 £'000 | 1996 £'000 |
|---|---|---|
| Remuneration | **143** | 159 |
| Directors to whom retirement benefits are accruing under a defined benefit scheme | **3** | 3 |

### 5 INTEREST

| | 1997 £'000 | 1996 £'000 |
|---|---|---|
| Interest on bank loans and overdrafts | **64** | 65 |
| Interest payable to group companies | **547** | 572 |
| Finance lease and hire purchase interest | **2** | 2 |
| Interest receivable | **(1)** | (24) |
| | **612** | 615 |

### 6 TAXATION

| | 1997 £'000 | 1996 £'000 |
|---|---|---|
| UK corporation tax at 33% | **25** | - |
| Withholding tax | **-** | 1 |
| | **25** | 1 |

**BARBOUR CAMPBELL THREADS LIMITED**

**NOTES TO THE ACCOUNTS**

**31 MARCH 1997**

## 7 TANGIBLE FIXED ASSETS

| | Land and buildings £'000 | Plant and equipment £'000 | Total £'000 |
|---|---|---|---|
| **COST OR VALUATION** | | | |
| At 1 April 1996 | 2,142 | 10,711 | 12,853 |
| Additions | 1 | 315 | 316 |
| Disposals | - | (19) | (19) |
| At 31 March 1997 | 2,143 | 11,007 | 13,150 |
| Comprising assets at: | | | |
| Cost | 650 | 11,007 | 11,657 |
| Valuation in 1989 | 1,493 | - | 1,493 |
| | 2,143 | 11,007 | 13,150 |
| **DEPRECIATION** | | | |
| At 1 April 1996 | 137 | 7,641 | 7,778 |
| Charge for year | 22 | 810 | 832 |
| Disposals | - | (17) | (17) |
| At 31 March 1997 | 159 | 8,434 | 8,593 |
| **NET BOOK AMOUNT** | | | |
| **At 31 March 1997** | **1,984** | **2,573** | **4,557** |
| At 1 April 1996 | 2,005 | 3,070 | 5,075 |

| | 1997 £'000 | 1996 £'000 |
|---|---|---|
| The net book value of land and buildings comprises: | | |
| Freehold | **1,970** | 1,990 |
| Long leasehold | **14** | 15 |
| | **1,984** | 2,005 |

## 7 TANGIBLE FIXED ASSETS (continued)

Included in the cost or valuation of land and buildings at 31 March 1997 is £1,043,000 attributable to land in respect of which no depreciation is provided.

The property valuation was carried out at 17 April 1989 by McConnell Martin, commercial estate agents, on the basis of open market value existing use.

| | **1997** | 1996 |
|---|---|---|
| The historical cost of assets included at a valuation is as follows: | **£'000** | £'000 |
| Cost | **211** | 211 |
| Accumulated depreciation | **(141)** | (137) |
| | **70** | 74 |
| Plant and equipment held under hire purchase and finance leases included above are as follows: | **£'000** | £'000 |
| Cost | **950** | 949 |
| Accumulated depreciation | **(718)** | (619) |
| Net book amount | **232** | 330 |
| Depreciation charge for period | **109** | 136 |

## 8 STOCKS

| | **1997** | 1996 |
|---|---|---|
| | **£'000** | £'000 |
| Raw materials and consumables | **312** | 732 |
| Work in progress | **2,423** | 2,350 |
| Finished goods | **4,604** | 3,583 |
| | **7,339** | 6,665 |

## 9 DEBTORS

| | 1997 £'000 | 1996 £'000 |
|---|---|---|
| Trade debtors | 2,959 | 3,541 |
| Due from group undertakings | 3,825 | 2,830 |
| Other debtors | 158 | 213 |
| Prepayments and accrued income | 330 | 323 |
| | 7,272 | 6,907 |

## 10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 1997 £'000 | 1996 £'000 |
|---|---|---|
| Bank overdraft | 994 | 2,001 |
| Bank loans | - | 33 |
| Hire purchase and leasing | 8 | 8 |
| Trade creditors | 1,779 | 1,855 |
| Due to group undertakings | 452 | 1,284 |
| Taxation and social security | 171 | 179 |
| Other creditors | 64 | 270 |
| Accruals and deferred income | 1,090 | 1,149 |
| Deferred grants | 129 | 124 |
| Corporation tax | 25 | - |
| | 4,712 | 6,903 |

## 11 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | 1997 £'000 | 1996 £'000 |
|---|---|---|
| Hire purchase and leasing | 8 | 2 |
| Due to group undertakings | 9,577 | 7,928 |
| Deferred grants | 501 | 639 |
| | 10,086 | 8,569 |

## 11 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (continued)

Hire purchase and leasing due after more than one year can be analysed as follows:

| | **1997** | 1996 |
|---|---|---|
| | **£'000** | £'000 |
| Due between 1 and 2 years | **4** | 2 |
| Due between 2 and 5 years | **4** | - |
| | **8** | 2 |

## 12 PROVISIONS FOR LIABILITIES AND CHARGES

No provision for deferred tax has been made in these accounts. The total potential asset is as follows:

| | **1997** | 1996 |
|---|---|---|
| | **£'000** | £'000 |
| Accelerated capital allowances | **(360)** | (118) |
| Short term timing differences | **14** | (79) |
| Losses carried forward | **-** | (416) |
| | **(346)** | (613) |

Revalued land and buildings are not held for resale and the potential deferred tax effect of disposal at its revalued amount has not been quantified.

## 13 CALLED UP SHARE CAPITAL

| | **1997** | 1996 |
|---|---|---|
| | **£'000** | £'000 |
| Authorised, allotted and fully paid<br>810,500 Ordinary shares of £10 each | **8,105** | 8,105 |

## NOTES TO THE ACCOUNTS

## 31 MARCH 1997

### 14 RESERVES

| | Revaluation reserve £'000 | Profit and loss account £'000 |
|---|---|---|
| At 1 April 1996 | 1,382 | (5,704) |
| Revaluation transfer | (6) | 6 |
| Retained profit for the year | - | 878 |
| At 31 March 1997 | **1,376** | **(4,820)** |

### 15 COMMITMENTS

#### CAPITAL COMMITMENTS

Authorised future capital expenditure, after deduction of available grants amounted to:

| | **1997 £'000** | 1996 £'000 |
|---|---|---|
| Contracted for but not provided | **36** | 102 |

#### COMMITMENTS UNDER OPERATING LEASES

Annual commitments payable under non-cancellable operating leases expiring:

| | **Land and Buildings** | | **Plant and Equipment** | |
|---|---|---|---|---|
| | **1997 £'000** | 1996 £'000 | **1997 £'000** | 1996 £'000 |
| Within one year | **14** | 40 | **17** | 45 |
| Between one and five years | **45** | 22 | **33** | 31 |
| After five years | **146** | 139 | **-** | - |
| | **205** | 201 | **50** | 76 |

## 16 CONTINGENT LIABILITIES

### CONTINGENT GRANTS

The company has a contingent liability to repay government grants if certain conditions under which grants were made are not adhered to.

### VAT

The company has indemnified Barclays Bank PLC in respect of guarantees given by the bank to HM Customs and Excise. These amounted to £60,000 at 31 March 1997 (1996: £60,000).

## 17 BANK GUARANTEE

The company, together with certain fellow subsidiaries, has given an unlimited guarantee in respect of bank facilities of the ultimate holding company and certain fellow subsidiaries.

## 18 CASH FLOW STATEMENT

A cash flow statement is not included by the company since it is exempt from doing so under the requirements of Financial Reporting Standard Number 1, on the grounds that the accounts of the ultimate parent company includes a consolidated cash flow statement showing the cash flows of the group.

## 19 ULTIMATE HOLDING COMPANY

The company's ultimate holding and immediate parent company is Hicking Pentecost PLC. A copy of the latest Hicking Pentecost PLC accounts can be obtained from its registered office at 19 Stanwell Road, Penarth, Vale of Glamorgan CF64 2EZ.

## 20 RELATED PARTY DISCLOSURES

The company has taken advantage of the exemption provided by FRS 8 (Related Party Disclosures) in not disclosing transactions with other group companies where there is a common ownership interest in excess of 90%.

## 20 RELATED PARTY DISCLOSURES (continued)

In the course of normal operations, the company has contracted on an arms length basis with associated undertakings of the group. The aggregate transactions which are considered to be material are summarised below:

| | 1997<br>£'000 |
|---|---|
| Sales of goods to | 111 |
| Purchase of goods from | 139 |
| Rendering of services to | 15 |