

19628

COSALT plc

ANNUAL REPORT
& ACCOUNTS

1994



Contents

Corporate Statement	1
Financial Highlights	2
Directors and Advisers	3
Chairman's Statement	4
Directors' Report	11
Statement of Directors' Responsibilities	15
Auditors' Report	15
Consolidated Profit and Loss Account	16
Consolidated Balance Sheet	17
Balance Sheet of Cosalt plc	18
Consolidated Cash Flow Statement	19
Statement of Accounting Policies	20
Notes to the Accounts	21
Activities	33
Notice of Meeting	34
Financial Calendar	36

Cosalt plc was originally incorporated in 1873 as the Great Grimsby Coal Salt and Tanning Company. In those days the Company's predominant activity was that of ship's chandler to the great fishing fleets of Grimsby.

During the intervening years the Cosalt Group of Companies, each with long experience and strong expertise, has broadened considerably into four principal Divisions ranging from the manufacture and supply of lifejackets and quality workwear clothing to synthetic carpet yarns and caravan holiday homes and custom made chalets, through to the provision of protective and safety clothing and the establishment of the largest network of Department of Transport approved liferaft service stations in the United Kingdom.

The management is committed to high standards of quality, careful control and the ongoing development of the Group through a policy of continued further investment in people and complementary acquisitions.

Report & Accounts 1994

Financial Highlights

Summary of Results	1994	1993
	£000s	£000s
Turnover	68,350	69,235
Profit/(Loss) on ordinary activities before taxation	2,576	(232)
Taxation	(958)	(75)
Profit/(Loss) attributable to ordinary shareholders	1,615	(310)
Net assets attributable to ordinary shareholders	13,281	13,870
Net assets per ordinary share	116p	122p
Earnings per ordinary share	14.17p	(2.72p)
Dividend paid per ordinary share	8.00p	5.375p

Five Year Summary of Results**Profit/(Loss) before tax**

	£000s
1994	2,576
1993	(232)
1992	(906)
1991	2,465
1990	3,780

Earnings per share

	pence
1994	14.17
1993	(2.72)
1992	(7.38)
1991	15.05
1990	22.71

Dividend paid per ordinary share

	pence
1994	8.00
1993	5.375
1992	10.75
1991	10.75
1990	10.75

Directors and Advisers

Chairman and Chief Executive	E. A. Brian, M.C.I.O.B., A.C.M.A.
Directors	G. H. Camamile, M.A., F.C.A. F. W. Wood, F.C.A. J. A. B. Kelly, R.D., LL.B., F.C.A. D. R. Dover, B.Sc. (Hons.), C. Eng., M.I.C.E., M.P. D. M. Bolton, B.A.
Secretary and Registered Office	F. W. Wood, F.C.A. Fish Dock Road, Grimsby.
Auditors	Kidsons Impey Chartered Accountants Dunedin House, 45 Percy Street, Hull, HU2 8HL.
Principal Bankers	National Westminster Bank plc Riby Square, Grimsby, DN31 3ER.
Other Bankers	Barclays Bank plc Clydesdale Bank plc
Merchant Bankers	Morgan Grenfell & Company Limited 23 Great Winchester Street, London, EC2P 2AX.
Registrars	The Royal Bank of Scotland plc Registrar's Department, P.O. Box No. 82, Caxton House, Redcliffe Way, Bristol, BS99 7NII.
Solicitors	Wilkin Chapman New Oxford House, Osborne Street, Grimsby, DN31 1HE. Ashurst Morris Crisp Broadwalk House, 5 Appold Street, London, EC2A 2FIA.
Brokers	Charterhouse Tilney Securities Limited 1 Paternoster Row, St Paul's, London, EC4M 7DFI.

Report & Accounts 1994

Chairman's Statement

I am pleased to announce further progress of the Company resulting in a profit before tax for the year ended 28th August 1994 of £2,576,000 compared to a loss for the previous year of £232,000.

Your Directors are proposing an increased final dividend of 5.00p per ordinary share, making a total of 8.00p for the full year (1993: 5.375p).

**Holiday Homes**

This Division is developing into three definable manufacturing businesses; caravan holiday homes, custom homes and moulded door wrapping. Separate premises have been acquired for custom homes to meet their increasing need for factory space. This relocation will vacate space required for the expansion of the caravan holiday homes and door wrapping activities. All three businesses are profitable and highly regarded in their markets.

However, demand is not strong generally and growth will have to come from increased market share. This is happening now and should continue.

Fibres

Investment during the year in new plant and equipment for carpet yarn production has improved efficiencies and enabled the company to increase share in a difficult market.

Exports have increased to 31% but this looks unlikely to improve in the coming 12 months due to depressed conditions in Europe, especially in Germany. The UK market for carpets is no better with manufacturers suffering from over capacity.

Despite this situation with a wider range of customers and a significant percentage of our volume in the non-residential sector, we are well placed to benefit from any improvement in the market.

The fish farming industry continues to encounter difficult trading conditions which impinge on our business. Costs have been further reduced which, coupled with product development, should keep this business under control. We continue to believe that fish farming has a potential for growth.

Further orders from the Ministry of Defence have been won and we are having some success with sports netting and with technical netting markets.

It is pleasing to report that the Contract Lighting business, following several difficult years, is now making a worthwhile contribution.

Safety and Protection

The progress of the Division is most encouraging. Marine safety exports are 10% up on last year's volumes. Exports should continue to increase, primarily due to the approval of Cosalt's lifejackets and lifebuoys having been won from the Japanese Ministry of Transport and from the German and Dutch authorities. Taken together these should lead to full utilisation of our manufacturing facilities.

A prestigious achievement is the approval by Cunard for our lifejackets and their first order for the QE2. We already supply P&O Cruises.

New products are being developed intensively and will play a significant part in the Division's further success. So will the continual improvement in our administration and training as evidenced by our increasing BS 5750/ISO 9000 quality accreditations.

Customer perception of us is rightly at a high level.

COSALT

Chairman's Statement

Workwear

This Division is going from strength to strength. A combination of product rationalisation, improvements in manufacturing efficiencies and continual investment into multi-skill workforce training over the past two years is now reflected in rising profits. Further investment in automatic machines and computer aided manufacturing systems will continue to reduce costs and improve service levels.

Demand has increased during the year but is well short of the industry's supply capability and, hence, subject to increasing customer expectations regarding price and delivery.

It is pleasing, therefore, to note that the Division has gained new contracts in the order of £2 million with customers including BMW, Pierre Balmain, Virgin Airlines, Spring Grove Services and Shell.

The Division's success has been achieved in about 5% of the market. A strategy to reach a wider part of that market is in place and evidenced by our recent announcement that we have entered into a three year trading agreement for the supply of workwear to the Sunlight Service Group Limited on acquiring the manufacturing business of its sister company, PUC Group Limited.

North Shields Development

The change of selling agents and other measures that we took to improve sales have been successful. Of the 51 residential units built 37 have been sold and most of the others are reserved.

Construction of the second residential phase has just started and we still have expectations of a satisfactory outcome.

Balance Sheet

During the year the Grimsby freehold estate, which was previously occupied by the Touring Caravan and Rope, Net and Twine businesses, was reclassified as an investment property and professionally valued. The diminution in value as compared with the last formal valuation which took place in 1988 was in excess of £1.1m and has been adjusted through the revaluation reserve in the Balance Sheet.

As a result shareholders' funds at August 1994 are slightly reduced at £13.33m.

Gearing has improved to 25%.

Prospects

The Company is now set fair on a course of continued development, having emerged from an historical recession that put it under severe pressure and in some danger.

That situation was met by divesting two manufacturing businesses - Touring Caravans and Rope, Net and Twine - and by developing two new Divisions - Safety and Protection and Workwear. At the same time investment was increased, notably in Fibres and Holiday Homes, and the search for better performance and lower costs continued throughout the Group.

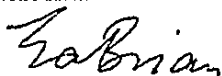
Today the Group is in excellent order. The four Divisions are well managed, profitable, with good cash control and good prospects ahead.

The North Shields Development is a self liquidating situation and from here onwards should be neutral.

Overall, therefore, despite the generally subdued demand which is depressing margins, we view the future with confidence.

E. A. Brian

Chairman and Chief Executive



COSALT

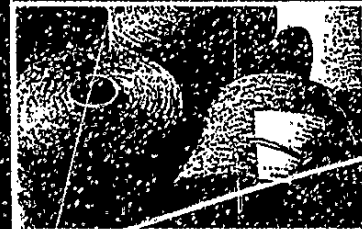
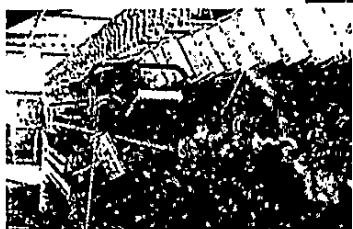
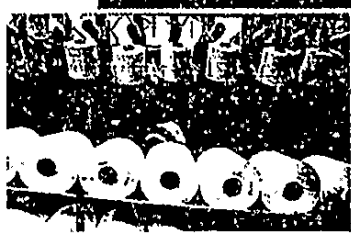
Report & Accounts 1994

Fibres

A significant capital investment programme in carpet yarn equipment undertaken this year has resulted in increased market share and a broader customer base.

New products are being developed in the netting business for a variety of markets with growth potential.

The specialist Fleetwood based Contract Lighting business continues to progress from its lower cost base.

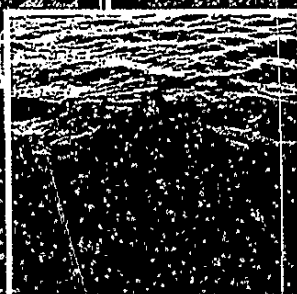
**COSALT**

Safety and Protection

The objective of the Division is "Continuous Improvement" in the service level we offer our customers through the greater involvement of all levels of the workforce.

The relocation of Aberdeen, Bristol and Southampton, further BS5750/ISO9000 accreditations and our commitment to "Investors in People" are examples of initiatives taken during the year.

Further evidence of continuous improvement next year will be another relocation, more Quality accreditations and increased market share.



Report & Accounts 1994

Workwear

A year of excellent progress from an ambitious management team supported by a multi-skilled work force.

The planned investment in automatic machines and computer aided manufacturing systems will reduce costs and improve service levels. The recent acquisition will facilitate an increase in market share.

TNT Express Worldwide

 **Sunlight**

**SPRING
GROVE
SERVICES**



CITROËN

COSALT



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Holiday Homes

Improved profitability from increased market share in a difficult and price sensitive market place has been the reward for this highly committed management team and workforce during a year which has seen the Company acquire an additional factory to facilitate the development of its three businesses – Caravan Holiday Homes, Custom Homes and Moulded Door Wrapping.



Report & Accounts 1994

Property Development

Most of the 51 residences in Phase I of the development are sold or reserved. Construction of Phase II has commenced – all accommodation has a southern aspect with riverside views.



COSALT

The Directors present their report with the accounts for the 52 weeks ended 28th August 1994.

Business activities and development

A list of businesses and principal subsidiary and associated undertakings together with an indication of their business is given on page 33.

On 28th November 1994 the Group purchased the Telford and Stockport based workwear manufacturing businesses of PUC Group Limited, entering into a three year trading agreement to supply workwear garments to Sunlight Service Group Limited. Both PUC and Sunlight are wholly owned subsidiaries of Davis Service Group plc.

The Company has continued its development and the extension of its range of manufactured products and all expenditure on this is absorbed as it is incurred.

The Group results for the year are shown on page 16 and a review of trading and prospects can be found in the Chairman's Statement on pages 4 and 5.

Profit Sharing Scheme

The Directors are pleased that it has been possible to allocate the sum of £135,000 to the Cosalt Employees' Profit Sharing Scheme.

This allocation will enable the Trustees to acquire additional ordinary shares to be appropriated for the benefit of employees. The market price of the shares on the date of acquisition will determine the number acquired.

Executive Share Option Scheme

Options on 40,000 ordinary shares in Cosalt plc have been granted since November 1993.

Dividends

The dividends paid and proposed are set out in Note 6 on page 23.

The Directors recommend a final dividend of 5.00p per ordinary share, making a total of 8.00p for the year which absorbs £912,000. If approved at the Annual General Meeting, the final dividend will be paid on 25th January 1995 to shareholders on the Register on 3rd January 1995.

Fixed assets

A summary of the changes is given in Note 8 on pages 24 and 25.

In Note 17 on page 30 additional information is also provided on assets used by the Group which are subject to lease agreements.

The last professional valuation of trading properties was carried out in August 1988.

Non-trading properties are stated at estimated open market value. Of the transfer from Revaluation Reserve, £1,187,000 represents a reduction in the book value of a property which was held on the basis of long term occupation by the Group but which is now being let and held as an investment property.

Although other property values might have fallen in the recent recessionary period, no revaluation or adjustment has been made to the valuations because any fall is not considered to be of a permanent nature and the properties are occupied on a long term basis.

Share and loan capital

Details of changes in share capital are shown in Note 14 on page 28.

Movement in reserves

A summary of the movement in reserves and a reconciliation of shareholders' funds are shown in Note 15 on page 29.

Accounting policies

These accounts have been prepared to comply with Financial Reporting Standard 4 (FRS4).

These accounts do not contain the disclosures required by SSAP25 Segmental Reporting. This is referred to in Note 1 on page 21.

Directors' Report

Tax status

In the opinion of the Directors, the Company was not a close company for taxation purposes at 28th August 1994, and so far as the Directors are aware, there has been no change in that respect since that date.

For Capital Gains Tax purposes the unadjusted market prices of the Company's ordinary shares were as follows:

6th April 1965	65p
31st March 1982	30.5p

Directors

The membership of the Board is shown on page 3. Mr D. M. Bolton was appointed to the Board on 18th July 1994, and having been appointed since the last Annual General Meeting, and being eligible, offers himself for re-election. He does not have a Service Contract with the Company. Mr D. R. Dover, who retires by rotation, being eligible, offers himself for re-election. He does not have a Service Contract with the Company but is a Director of M. P. Holdings Limited which has signed a Memorandum of Agreement with Cosalt plc to provide his services as Project Director of the North Shields Central Riverside Development. Mr D. R. Dover also has a Consultancy Agreement with the Company.

Messrs E. A. Brian and F. W. Wood have Service Contracts with Cosalt plc which are terminable upon three years' notice. Mr G. H. Camamile has a Consultancy Agreement of three years with Cosalt plc.

Mr R. C. F. Lloyd, who retired from the Board on 30th September 1992, has a Consultancy Agreement with Cosalt plc to act as a non-executive Director of Cosalt Holiday Homes Limited until 31st August 1995.

No other Director has had any interest in a contract of significance to which the Company or its subsidiary undertakings were party during the financial year.

The following are brief biographical notes on the non-executive Directors of the Company:

Mr G. H. Camamile, M.A., F.C.A., (66) joined the Board in 1969. He is a graduate of Oxford University, a Chartered Accountant by profession and is a director of a number of other companies.

Mr J. A. B. Kelly, R.D., LL.B., F.C.A., (53) joined the Board in 1986. He is a director of the merchant bankers, Close Brothers Limited. He also has experience in the food industry and stockbroking. He is a graduate of Queen's University, Belfast.

Mr D. R. Dover, B.Sc.(Hons.), C.Eng., M.I.C.E., M.P., (56) joined the Board in 1988. He has been Member of Parliament for Chorley since 1979. Prior to his parliamentary career, he held executive positions with John Laing, George Wimpey, Capital and Counties Property Company and was Chief Executive of the National Building Agency. He was Director of Housing Construction with the Greater London Council from 1977 to 1979.

Mr D. M. Bolton, B.A., (53) joined the Board on 18th July 1994. He is a graduate of Oxford University and a partner in the London based firm of solicitors, Herbert Smith. He has over 25 years experience in corporate law practice.

Directors' interests

The Directors' interests in the share capital of the Company, as defined by the Companies Act 1935, on the relevant dates were:

Ordinary Shares	29th August 1993	28th August 1994	21st November 1994
E. A. Brian	150,943*	150,943*	150,943*
G. H. Camamile	42,550	42,550	42,550
F. W. Wood	11,047*	13,547*	13,547*
J. A. B. Kelly	3,400	3,400	3,400
Non-Beneficial	2,000	2,000	2,000
D. R. Dover	4,000	4,000	4,000
D. M. Bolton	Nil	Nil	Nil

*Includes ordinary shares issued under the Employees' Profit Sharing Scheme.

All shares are beneficial unless otherwise stated.

Directors' Report

At 30th August 1993 Mr F. W. Wood held options to purchase 51,000 ordinary shares in the Company, granted between 28th November 1988 and 17th December 1992 and exercisable between 28th November 1991 and 17th December 1995 at prices between 140 pence per share and 238 pence per share. On 22nd December 1993 Mr F. W. Wood was granted an option to purchase a further 8,000 shares at 111.7 pence per share exercisable on or after 22nd December 1996.

The Company's Register of Directors' Interests, which is open to inspection, contains full details of Directors' shareholdings and options to subscribe.

Directors' and Officers' Liability Insurance

During the financial year to 28th August 1994, the Company has maintained insurance cover for the Directors and Officers of the Company as permitted by Section 310 of the Companies Act 1985.

Substantial shareholdings

At 21st November 1994, Eardley Investments N.V. held 2,110,000 (18.51%) ordinary shares, Swiss Bank Corporation (London Office Nominees) Limited held 967,500 (8.49%) and MSS Nominees Limited held 50,000 (0.44%). Mr Bruce Rappaport controls the exercise of the voting power relating to all of these interests. Gartmore Investment Management and Perpetual Unit Trust Management are interested in 800,000 (7.01% non-beneficial) and 670,000 (5.88%) ordinary shares respectively. Royal Exchange Trustee Nominees Limited hold 810,000 (7.10%) ordinary shares, General Accident Executor and Trustee Company hold 495,000 (4.34%), and Bank of Scotland London Nominees hold 499,000 (4.38% non-beneficial) ordinary shares.

Other shareholdings

Mr E. A. Brian and Mr F. W. Wood are trustees of a Trust which has powers to acquire 5.25% preference shares of the Company. These shares, of which there are 50,250 in issue, are unquoted. At 21st November 1994, the Trust has acquired a total of 20,881 and will continue to acquire these shares as and when they are offered.

Employees

Details of the number of employees by Division are shown in Note 4 on page 23.

By various means efforts are made to encourage employee involvement in the Company and to disseminate information to increase awareness of its activities and the decisions taken which affect employees' interests.

The Company has for many years employed disabled persons whenever appropriate and has made special efforts in respect of existing employees who have become disabled during their service. Full consideration is given to the career development of such individuals.

Charitable and political donations

Donations to charitable organisations during the year amounted to £6,968.

A donation of £1,500 was also made to the East Midlands Industrial Council.

Corporate Governance

The Company supports the establishment of the Cadbury Committee's Code of Best Practice and most of its recommendations have been part of the Company's normal practice for a number of years.

The Board of Cosalt plc, which comprises six Directors, meets no less frequently than monthly. The Board has a formal schedule of matters specifically presented to it for discussion and retains full control of the Group, determining strategy and monitoring performance of objectives and compliance with policies.

The Board includes four non-executive Directors, Messrs Cammille, Kelly, Dover and Bolton. Whilst these four Directors are not appointed for a specific term, their re-election is submitted to the shareholders in General Meeting on a rotational basis.

The relative roles of the members of the Board of Directors are clearly defined to ensure a balance of power and authority over the affairs of the Group. The non-executive Directors bring an independent view to bear on matters of strategy, performance and standards of conduct.

Directors' Report

Corporate Governance (continued)

Both the Audit and Remuneration Committees of the Board are chaired by Mr Camamile. These Committees are constituted by the four non-executive Directors and the Chairman *ex officio*.

Both Committees have been in existence for a number of years meeting no less frequently than annually and more regularly when necessary.

The Remuneration Committee determines the remuneration of parent Board Directors and Senior Executives and, additionally, makes recommendations to the main Board in connection with the Executive Share Option Scheme.

Whilst there are no written terms of reference, the Audit Committee would normally review the scope and findings of the Company's Auditors, commission any investigation work and ensure the adequacy of accounting controls and procedures.

The Company, as yet, does not comply with the provisions relating to the reporting by Directors on internal control and going concern. The Code notes that companies will not be able to comply with these provisions until the necessary guidance has been developed as recommended in the Cadbury Committee's Report.

This statement of compliance with the Code of Best Practice has been reviewed by the Company's Auditors to the extent recommended by the London Stock Exchange.

The Auditors have reported to the Board that, to the extent of their review, they concur with this statement of the Company's compliance with the Code of Best Practice.

Resolutions

In addition to the routine business which it is proposed to transact at the Annual General Meeting of the Company on 23rd January 1995, it is also proposed that a number of items be transacted as special business.

Resolution No. 6 is a Special Resolution to give your Directors the power to issue shares for cash otherwise than to existing shareholders *pro rata* to their holdings in certain limited circumstances. This power is limited to issues of shares up to a maximum aggregate nominal amount of £142,497 (representing approximately 5 per cent of the Company's present issued ordinary share capital). The proposed power will expire at the conclusion of the next Annual General Meeting of the Company or a period of fifteen months after the passing of the Resolution, whichever is the earlier. Resolution No. 7 is a Special Resolution to authorise the Company to buy back its own shares. No purchases will be made unless the effect is expected to increase earnings per share and the Directors consider the purchases to be in the interests of shareholders generally. The proposed Resolution will limit purchases to up to 1,139,974 ordinary shares (representing approximately 10 per cent of the issued ordinary share capital of the Company) made through the London Stock Exchange at prices not exceeding 105 per cent of the average of the middle market quotations derived from the London Stock Exchange Daily Official List for the 10 business days before each purchase. The minimum price payable is par value. The proposed power will expire at the next Annual General Meeting of the Company.

These items of Special Business are important and require shareholders' immediate attention. If shareholders are in any doubt about any action they should take they should consult their stockbroker, bank manager, solicitor, accountant or other professional adviser.

If shareholders have sold their ordinary shares in Cosalt plc please would they forward this Report and Accounts together with the Form of Proxy to the stockbroker, bank or other person through whom the sale was effected for delivery to the purchaser.

Auditors

The Auditors, Kidsons Incey, have expressed their willingness to continue in office. A resolution for their re-appointment will be proposed at the Annual General Meeting.

By order of the Board

E. W. Wood

Secretary

28th November 1994

COSALT

Statement of 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 the Group at the end of the year, and of the profit or loss of the Group 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 assume 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 Group and 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 Group and hence for taking reasonable steps for the prevention of fraud and other irregularities.

Auditors' Report

To the Members of Cosalt plc

We have audited the accounts on pages 16 to 33 which have been prepared under the accounting policies set out on page 20.

Respective responsibilities of Directors and Auditors

As described above, 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 affairs of the Company and the Group at 28th August 1994 and of the results and cash flows of the Group for the fifty-two weeks then ended and have been properly prepared in accordance with the Companies Act 1985.

Kidsons Impey
Registered Auditors
Chartered Accountants
Hull

28th November 1994

Kidsons Impey

COSALT

Consolidated Profit and Loss Account

	Notes	52 weeks ended 28th August 1994 £000s	52 weeks ended 29th August 1993 £000s
Turnover	1		
Continuing operations		67,760	60,963
Discontinued operations		590	8,272
Net operating expenses	2	68,350 (64,773)	69,235 (68,052)
Operating profit	1		
Continuing operations		3,587	1,856
Discontinued operations		(170)	(939)
Less provision		160	266
Loss on sale and revaluation of properties – continuing operations		3,577 (103)	1,183 –
Provision for loss on operations to be discontinued		–	(700)
Loss on disposal of discontinued operations		(145)	(1,441)
Less provision		211	1,784
Profit on ordinary activities before interest		3,540	826
Interest payable	3	(829)	(1,058)
Profit/(Loss) after interest		2,711	(232)
Allocation to Employees' Profit Sharing Scheme		(135)	–
Profit/(Loss) on ordinary activities before taxation	1	2,576	(232)
Taxation on ordinary activities	5	(958)	(75)
Profit/(Loss) for the financial year	15	1,618	(307)
Preference dividends (non-equity shares)	6	(3)	(3)
Profit/(Loss) attributable to ordinary shareholders		1,615	(310)
Ordinary dividends (equity shares)	6	(912)	(612)
Transferred to/(from) retained profits	15	703	(922)
Earnings per ordinary share	7	14.17p	(2.72p)
Statement of Total Recognised Gains and Losses			
Profit/(Loss) for the financial year after dividends		703	(922)
Unrealised deficit on revaluation of properties		(1,363)	–
Total recognised losses for the year		(600)	(922)

The historical cost profits and losses are not materially different from those reported.

The notes on pages 20 to 33 form part of these accounts.

Report & Accounts 1994

Consolidated Balance Sheet

	Notes	28th August 1994 £000s	29th August 1993 £000s
Fixed assets			
Tangible fixed assets	8	12,774	13,292
Investments	9	21	21
		12,795	13,313
Current assets			
Stocks	10	7,918	9,171
Debtors	11	13,083	13,238
Bank and cash balances		2,201	716
		23,202	23,125
Creditors			
Amounts falling due within one year	12	18,989	16,456
Net current assets		4,213	6,669
Total assets less current liabilities		17,008	19,982
Creditors			
Amounts falling due after more than one year	12	2,549	4,439
		14,439	15,543
Provisions for liabilities and charges	13	875	1,171
Deferred income			
Grants not yet credited to profit		253	452
		1,128	1,623
Net assets		13,331	13,920
Capital and reserves			
Called up share capital	14	2,900	2,898
Share premium account	15	1,054	1,045
Revaluation reserve	15	524	2,091
Investment property revaluation reserve	15	200	-
Other reserves	15	1,148	1,148
Profit and loss account	15	7,505	6,738
Shareholders' funds (including non-equity interests)	15	13,331	13,920

E. A. Brian }
F. W. Wood } *Directors*

Approved by the Board

21st November 1994

The notes on pages 20 to 33 form part of these accounts.

COSALT

Balance Sheet of Cosalt plc

	Notes	28th August 1994 £000s	29th August 1993 £000s
Fixed assets			
Tangible fixed assets	8	7,952	8,684
Investments	9	2,950	2,950
		10,902	11,634
Current assets			
Stocks	10	2,223	3,408
Debtors	11	11,701	11,241
Bank and cash balances		285	1,365
		14,209	16,014
Creditors			
Amounts falling due within one year	12	9,962	9,161
Net current assets		4,247	6,853
Total assets less current liabilities		15,149	18,487
Creditors			
Amounts falling due after more than one year	12	223	2,760
		14,926	15,727
Provisions for liabilities and charges	13	1,183	1,369
Deferred income			
Grants not yet credited to profit	20	1,203	21
Net assets		13,723	14,337
Capital and reserves			
Called up share capital	14	2,900	2,898
Share premium account	15	1,054	1,045
Revaluation reserve	15	693	2,104
Investment property revaluation reserve	15	44	-
Other reserves	15	814	814
Profit and loss account	15	8,218	7,476
Shareholders' funds (including non-equity interests)	15	13,723	14,337

E. A. Brian }
F. W. Wood } *Directors*

Approved by the Board

21st November 1994

COSALT

The notes on pages 20 to 33 form part of these accounts.

Consolidated Cash Flow Statement

	Notes	1994 £000s	1993 £000s
Net cash inflow from operating activities	20	5,729	2,485
Returns on investments and servicing of finance:			
Interest paid on bank and other borrowings		(750)	(905)
Interest element of finance lease rental payments		(174)	(177)
Dividends paid		(715)	(981)
Net cash outflow from returns on investments and servicing of finance		(1,639)	(2,063)
Taxation:			
Corporation tax paid		(99)	(367)
Investing activities:			
Purchase of tangible fixed assets		(944)	(976)
Disposal of tangible fixed assets		538	267
Disposal of listed investments		—	153
Net cash outflow from investing activities		(406)	(556)
Net cash inflow/(outflow) before financing		3,585	(501)
Financing:			
Issue of share capital	23	11	66
Repayment of bank and other borrowings	23	(1,532)	(84)
Capital element of finance lease rental payments	23	(419)	(509)
Net cash outflow from financing		(1,940)	(527)
Increase/(decrease) in cash and cash equivalents	21	1,645	(1,028)

Statement of Accounting Policies

Basis of accounting

The accounts are prepared in accordance with applicable accounting standards under the historical cost convention, adjusted for the revaluation of freehold and leasehold properties. As permitted by Section 230 of the Companies Act 1985 the profit and loss account of the Company is not presented.

Basis of consolidation

The consolidated accounts comprise the accounts of the Company and its subsidiary undertakings.

Goodwill, being the excess of the purchase consideration of shares in subsidiary undertakings over the fair value of net tangible assets acquired, is written off against reserves in the year of acquisition.

Stocks

Stocks are stated at the lower of cost, including an appropriate proportion of production overheads, and net realisable value. Cost includes interest on bank borrowings directly related to the building development during the period of construction.

Tangible fixed assets and depreciation

Tangible fixed assets, except freehold land and investment properties, are depreciated on a straight line basis at annual rates which vary depending on the type of asset but which are generally:

Freehold buildings	2%
Buildings on land leased from Associated British Ports on short term tenancy agreements	2%
Other leasehold land and buildings	At rates based on life of lease
Plant and machinery	5%-20%
Motor vehicles	20%-25%

Profit or loss arising on the sale of properties represents the difference between the net carrying amount and proceeds of sale.

Government grants

Capital grants received for additions to buildings after 31st August 1988, the date of the last full revaluation, and for plant are taken to deferred income and are released to profit and loss account in installments relating to the relevant asset lives.

Other grants are recognised in the profit and loss account in the same period as the related expenditure.

Leased assets

Assets which are financed by leasing agreements transferring substantially all the risks and rewards of ownership (finance leases) are capitalised and depreciated over their useful lives. The liability to the leasing company is included in creditors. Leasing payments are treated as consisting of capital and interest elements and the interest element is charged to profit and loss account. All other payments under lease agreements are charged in full to profit and loss account.

Deferred taxation

Provision is made on the liability method for deferred taxation, arising from the different treatment of certain items for taxation and accounting purposes, unless there is reasonable probability that such deferred taxation will not be payable in the foreseeable future.

Pension costs

Contributions to the Group's pension schemes are charged to the profit and loss account so as to spread the cost of pensions over employees' service lives.

Notes to the Accounts

1. Turnover and results

(a) Turnover represents the goods and services invoiced to external customers after trade discounts and excluding value added tax.

(b) Geographical analysis of turnover:

	1994 £000s	1993 £000s
United Kingdom	59,519	59,259
Overseas	8,831	9,976
	68,350	69,235

In accordance with the exemptions provided by SSAP 25 Segmental Reporting, a further analysis of turnover and information required by SSAP 25 is not disclosed as, in the opinion of the Directors, such disclosures would be seriously prejudicial to the interests of the Group.

(c) The turnover and results of the main activities were as follows:

	Turnover		Operating Profit/(Loss)	
	1994 £000s	1993 £000s	1994 £000s	1993 £000s
Fibres	9,546	8,630	845	426
Safety and Protection	19,945	21,071	769	563
Workwear	10,578	8,195	684	295
Holiday Homes	26,343	22,283	1,637	649
Property Development				
- Residential Apartments	1,348	784	(348)	(77)
Continuing operations	67,760	60,963	3,587	1,856
Discontinued operations				
- Cosalt Rope, Net & Twine	590	5,346	(10)	(689)
- Touring Caravans	-	2,926	-	16
	590	8,272	(10)	(673)
Operating profit			3,577	1,183
Loss on sale and revaluation of properties			(103)	-
Provisions/losses on disposal of discontinued operations			66	(357)
Interest payable			(829)	(1,058)
Allocation to Employees' Profit Sharing Scheme			(135)	-
Profit/(Loss) on ordinary activities before taxation			2,576	(232)

2. Operating profit

Operating profit has been arrived at after charging/(crediting):

	Continuing operations £000s	1994 Discontinued operations £000s	Total £000s
Change in stocks of finished goods and work in progress	83	513	596
Other operating income	(44)	-	(44)
Government grants	(223)	-	(223)
Raw materials and consumables	39,762	(227)	39,535
Other external charges	6,291	259	6,550
Auditors' remuneration			
- audit fees	73	2	75
- non audit services	22	19	41
Operating lease charges			
- plant	583	7	590
- other	221	-	221
Staff costs (note 4)	16,459	183	16,642
Depreciation on owned assets	629	4	633
Depreciation on assets held under finance leases	317	-	317
	64,173	760	64,933
Less: 1 ^c - - - - -	-	(160)	(160)
	64,173	600	64,773

COSALT

Notes to the Accounts

2. Operating profit (*continued*)

Operating profit has been arrived at after charging / (crediting):

	Continuing operations £000s	1993 Discontinued operations £000s	Total £000s
Change in stocks of finished goods and work in progress	3,369	1,242	4,611
Own work capitalised	(1,256)	-	(1,256)
Other operating income	(88)	(68)	(156)
Government grants	(229)	(24)	(253)
Raw materials and consumables	33,971	3,781	37,752
Other external charges	6,522	1,745	8,267
Auditors' remuneration			
- audit fees	96	11	107
- non audit services	62	10	72
Operating lease charges			
- plant	593	114	707
- other	211	-	211
Staff costs (note 4)	15,023	2,227	17,250
Depreciation on owned assets	621	86	707
Depreciation on assets held under finance leases	212	87	299
	59,107	9,211	68,318
Less: 1992 provision	-	(266)	(266)
	59,107	8,945	68,052

Government grants include £136,000 (1993: £229,000) contribution towards the costs of the Property Development.

3. Interest payable

	1994 £000s	1993 £000s
On bank borrowings	525	678
On other borrowings repayable within five years	28	32
On other borrowings not wholly repayable within five years	9	14
On finance leases	174	177
Other	93	157
	829	1,058

In addition bank interest of £20,000 (1993: £23,000) is included in development costs.

4. Directors and employees

	1994 £000s	1993 £000s
Staff costs:		
Wages and salaries	15,068	15,363
Social security costs	1,158	1,262
Other pension costs	416	625
	16,642	17,250
The emoluments of the Directors of Cosalt plc were:		
Salaries and benefits	244	254
Performance related payments	69	-
Fees	19	27
Contribution to pension scheme	5	2
	337	283

Messrs. E. A. Brian and F. W. Wood participate in long term performance related incentive plans based upon the growth of earnings per share and Group pre-tax profits respectively.

Notes to the Accounts

4. Directors and employees (continued)	1994	1993
	£000s	£000s
Emoluments of Directors (excluding pension contributions) were:		
Chairman and highest paid Director	218	170
Other Directors:	Number	Number
£0 - £5,000	3	1
£10,001 - £15,000	1	3
£70,001 - £75,000	-	1
£90,001 - £95,000	1	-
The average number of employees of the Group during the year was:	Number	Number
Head Office	16	12
Fibres	295	261
Safety and Protection	309	317
Workwear	417	395
Holiday Homes	248	237
	1,285	1,222
Cosalt Rope, Net & Twine (to 11th October 1993)	19	164
Touring Caravans	-	29
	1,304	1,415

5. Taxation	1994	1993
	£000s	£000s
Taxation charge/(credit) on ordinary activities is:		
U.K. Corporation Tax at 33% (1993: 33%)	811	97
Deferred taxation	146	(151)
	957	(54)
Prior year adjustments— corporation tax	(12)	132
— deferred taxation	13	(3)
	958	75

The prior year adjustment for 1993 arises from losses, previously anticipated, being irrecoverable.

6. Dividends	1994	1993
	£000s	£000s
Preference Shares (non-equity):		
5.25% Cumulative	3	3
Ordinary Shares (equity):		
Interim: 3.00p per share (1993: 2.125p per share)	342	242
Proposed final: 5.00p per share (1993: 3.25p per share)	570	370
	912	612

7. Earnings per share

Earnings per share is calculated on the profit attributable to ordinary shares £1,615,000 (1993: Loss £310,000).

The average number of shares in issue during the year was 11,395,121 (1993: 11,366,027).

Notes to the Accounts

8. Tangible fixed assets

The Group

	Trading Properties		Freehold Investment Properties & non-trading Properties held for future sale (see (b) below)	Plant	Total
	Freehold £000s	Short Leasehold £000s	£000s	£000s	£000s
Cost and valuation					
At 30th August 1993	8,158	1,291	-	11,401	20,850
Additions	742	99	-	2,160	3,001
Disposals	(228)	-	-	(3,312)	(3,540)
Revaluation	(1,561)	(85)	-	-	(1,646)
Reclassification	(1,310)	(175)	1,485	-	-
At 28th August 1994	5,801	1,130	1,485	10,249	18,665
Being					
Cost	3,410	422	-	10,249	14,081
Valuation - 1988	2,391	708	-	-	3,099
Valuation - '94	-	-	1,485	-	1,485
Aggregate depreciation	5,801	1,130	1,485	10,249	18,665
At 30th August 1993	494	236	-	6,828	7,558
Amount charged to profit and loss account	134	52	-	764	950
Eliminated in respect of disposals	(13)	(2)	-	(2,320)	(2,335)
Revaluation	(258)	(24)	-	-	(282)
At 28th August 1994	357	262	-	5,272	5,891
Net book values					
At 28th August 1994	5,444	868	1,485	4,977	12,774
At 29th August 1993	7,664	1,055	-	4,573	13,292

Cosalt plc

	Trading Properties		Freehold Investment Properties & non-trading Properties held for future sale (see (b) below)	Plant	Total
	Freehold £000s	Short Leasehold £000s	£000s	£000s	£000s
Cost and valuation					
At 30th August 1993	7,775	1,255	-	744	9,774
Additions	742	28	-	54	824
Transfers from group companies	287	-	-	-	287
Disposals	(228)	-	-	(3)	(231)
Revaluation	(1,561)	(85)	-	-	(1,646)
Reclassification	(1,310)	(175)	1,485	-	-
At 28th August 1994	5,705	1,023	1,485	795	9,008
Being					
Cost	3,410	315	-	795	4,520
Valuation - 1988	2,295	708	-	-	3,003
Valuation - 1994	-	-	1,485	-	1,485
Aggregate depreciation	5,705	1,023	1,485	795	9,008
At 30th August 1993	460	223	-	407	1,090
Amount charged to profit and loss account	131	42	-	62	235
Transfers from group companies	28	-	-	1	29
Eliminated in respect of disposals	(13)	(2)	-	(1)	(16)
Revaluation	(258)	(24)	-	-	(282)
At 28th August 1994	348	239	-	469	1,056
Net book values					
At 28th August 1994	5,357	784	1,485	326	7,952
At 29th August 1993	7,315	1,032	-	337	8,684

Notes to the Accounts

8. Tangible fixed assets (continued)

(a) Valuations of trading properties in 1988 were at open market value on an existing use basis.

(b) Investment properties of £1,010,000 have been valued by Chartered Surveyors at open market value.

Properties held for future sale of £475,000 are stated at estimated open market value based on professional advice. The timing of disposals is uncertain.

(c) Title to the land relating to freehold properties at North Shields will be obtained when the development is completed.

(d) Short leaseholds are those with a term of under 50 years to run. Plant includes vehicles.

(e) Group assets costing £2,539,000 (1993: £3,609,000) have been fully depreciated and are still in use.

The following tangible fixed assets held under finance leases are included in plant:

	The Group		Cosalt plc	
	1994 £000s	1993 £000s	1994 £000s	1993 £000s
Cost	5,335	4,907	236	229
Depreciation	2,013	2,112	48	32
Net book values	3,322	2,795	188	197

If land and buildings had not been revalued in 1983, 1988 and 1994, they would have been included at the following amounts:

	The Group		Cosalt plc	
	1994 £000s	1993 £000s	1994 £000s	1993 £000s
At valuation or cost at 31st December 1978	2,513	2,558	2,513	2,408
Subsequent additions at cost	7,066	6,371	6,736	5,985
At 28th August 1994	9,579	8,929	9,249	8,392
Accumulated depreciation	1,496	1,309	1,394	1,219
	8,083	7,620	7,855	7,174

The Group also valued its land and buildings in 1971, 1973 and 1978. In the opinion of the Directors unreasonable expense and delay would be incurred in obtaining the original cost of the assets valued in those years.

The depreciable amount of trading properties is:

	The Group		Cosalt plc	
	Freehold £000s	Short Leasehold £000s	Freehold £000s	Short Leasehold £000s
28th August 1994	4,804	1,130	4,748	1,023
29th August 1993	6,834	1,291	6,490	1,255

Future capital expenditure

	The Group		Cosalt plc	
	1994 £000s	1993 £000s	1994 £000s	1993 £000s
Contracted for but not provided for in the accounts	1,188	3	1,086	17
Authorised by the Directors but not contracted for	1,013	262	8	41

9. Investments

	The Group		Cosalt plc	
	1994 £000s	1993 £000s	1994 £000s	1993 £000s
Shares in Subsidiary Undertakings				
At cost	-	-	4,589	4,589
Less amounts written off	-	-	1,639	1,639
	-	-	2,950	2,950
Shares in Associated Undertakings				
At cost	21	21	-	-
	21	21	2,950	2,950

The Directors' valuation of shares in Associated Undertakings is their book value.

Details of Subsidiary and Associated Undertakings are shown in the activities section on page 33.

COSALT

Report & Accounts 1994

Notes to the Accounts

10. Stocks	The Group		Cosalt plc	
	1994 £000s	1993 £000s	1994 £000s	1993 £000s
Raw materials	1,501	2,014	223	199
Work in progress	522	785	158	162
Finished goods	4,424	3,630	371	305
Development costs	1,471	2,742	1,471	2,742
	7,918	9,171	2,223	3,408

Development costs comprising residential apartments and land under development, include interest amounting to £199,000 (1993: £343,000), and is after deducting grants received of £418,000 (1993: £777,000).

11. Debtors	The Group		Cosalt plc	
	1994 £000s	1993 £000s	1994 £000s	1993 £000s
Trade debtors	11,119	11,413	690	629
Amounts due from Subsidiary Undertakings	-	-	10,370	9,774
less provisions	-	-	454	638
Advance corporation tax recoverable	454	638	-	-
Corporation tax recoverable	-	132	-	-
Other debtors	550	60	25	38
Prepayments and accrued income	960	995	162	162
	13,083	13,238	11,701	11,241

12. Creditors	The Group		Cosalt plc	
	1994 £000s	1993 £000s	1994 £000s	1993 £000s
<i>Analysis of balance sheet figures</i>				
<i>Amounts falling due within one year:</i>				
Loans other than from banks	103	112	652	651
Bank loans and overdrafts	5,038	4,137	4,472	3,000
	5,141	4,249	5,124	3,651
Trade creditors	8,081	8,203	431	490
Amounts owed to Subsidiary Undertakings	-	-	2,498	3,075
Amounts owed to Associated Undertakings	690	708	-	-
Corporation tax	772	388	498	1,083
Other taxation	423	335	92	77
Social security	185	170	47	42
Other creditors	523	220	224	22
Accruals and deferred income	2,029	1,360	449	324
Dividends payable	571	371	571	371
Obligations under finance leases (note 17)	574	452	28	26
	18,989	16,456	9,962	9,161
<i>Amounts falling due after more than one year:</i>				
Loans other than from banks	117	140	83	97
Bank loans	184	2,745	-	2,500
	301	2,885	83	2,597
Obligations under finance leases (note 17)	2,248	1,554	140	163
	2,549	4,439	223	2,760

COSALT

Notes to the Accounts

12. Creditors (continued)

	The Group		Cosalt plc	
	1994 £000s	1993 £000s	1994 £000s	1993 £000s
<i>Analysis of gross borrowings:</i>				
<i>Loans repayable by instalments wholly or partly after 5 years:</i>				
<i>Secured loans:</i>				
1994/1999 at 8.25%	98	111	98	111
Other secured loans	—	51	—	—
	98	162	98	111
<i>Loans repayable within 5 years:</i>				
Secured loan	42	10	—	—
	42	10	—	—
<i>Unsecured loans</i>				
Undated debenture held by a Subsidiary Undertaking, interest at 12% deferred	—	—	557	557
11% loan stock	80	80	80	80
1994/1995 at 0.625% above LIBOR	1,500	3,000	1,500	3,000
1994/1998 at 11%	245	245	—	—
	1,867	3,335	2,137	3,637
Total loans	1,965	3,497	2,235	3,748
Bank overdrafts	3,477	3,637	2,972	2,500
Total gross borrowings	5,442	7,134	5,207	6,248
<i>Repayment of gross borrowings</i>				
Bank borrowings				
Between two and five years	123	184	—	—
Between one and two years	61	2,561	—	2,500
	184	2,745	—	2,500
Within one year or on demand	5,038	4,137	4,472	3,000
Gross bank borrowings	5,222	6,882	4,472	5,500
Other loans				
In five years or more	11	40	11	31
Between two and five years	81	77	56	52
Between one and two years	25	23	16	14
	117	140	83	97
Within one year or on demand	103	112	652	651
	220	252	735	748
Total gross borrowings	5,442	7,134	5,207	6,248
<i>Secured liabilities</i>				
Borrowings secured by fixed charges on assets	140	172	98	111
<i>Net borrowings</i>				
Gross borrowings	5,442	7,134	5,207	6,248
Cash at bank and in hand	(2,201)	(716)	(285)	(1,365)
	3,241	6,418	4,922	4,883

Notes to the Accounts

13. Provisions for liabilities and charges

	The Group		Cosalt plc	
	1994 £000s	1993 £000s	1994 £000s	1993 £000s
Provision for losses on discontinued businesses (1993: net of deferred tax relief £66,000)	76	381	-	-
Provision for pension costs	948	1,032	948	1,032
Provision for subsidiary's net liabilities	-	-	577	674
Deferred taxation (see note below)	(149)	(242)	(342)	(337)
	875	1,171	1,183	1,369
<i>Analysis of deferred taxation:</i>				
Accelerated capital allowances	80	2	15	3
Pension timing difference	(313)	(340)	(313)	(340)
Other timing differences	84	96	(44)	-
	(149)	(242)	(342)	(337)

No provision has been made in respect of accelerated tax allowances £347,000 (1993: £359,000).

14. Called up share capital

	Authorised		Issued and fully paid	
	1994 £000s	1993 £000s	1994 £000s	1993 £000s
5.25% Cumulative Preference Shares of £1 each	250	250	50	50
Ordinary Shares of 25p each	3,700	3,700	2,850	2,848
	3,950	3,950	2,900	2,898

During the year options in respect of 10,000 ordinary shares were exercised at a price of 108p each under the terms of the Executive Share Option Scheme.

There are options in existence under the Executive Share Option Scheme in respect of the following ordinary shares:

Option granted	Number of shares	Period of option	Price per share
November 1988	45,000	November 1991 to November 1998	193p
December 1989	18,750	December 1992 to December 1999	238p
December 1990	44,000	December 1993 to December 2000	134.67p
April 1991	8,000	April 1994 to April 2001	160p
December 1991	48,000	December 1994 to December 2001	140p
December 1992	40,000	December 1995 to December 2002	164p
December 1993	40,000	December 1996 to December 2003	111.70p

5.25% Cumulative Preference shareholders (non-equity interests) have the following rights:

(i) In priority to ordinary shareholders, to a fixed cumulative preference dividend at a rate of 5.25% per annum;

(ii) On a return of capital on a winding up, will carry the right to repayment of capital together with a sum equal to any arrears of dividend in priority to the rights of ordinary shareholders;

(iii) To attend and vote at a general meeting of the Company only in certain limited circumstances where the special rights attaching to these shares might be varied or their interests affected.

Notes to the Accounts

15. Reserves

(a) Reconciliation of movements in shareholders' funds

	The Group		Cosalt plc	
	1994 £000s	1993 £000s	1994 £000s	1993 £000s
Profit/(Loss) for the financial year	1,618	(307)	1,593	(487)
Dividends	(915)	(615)	(915)	(615)
	703	(922)	678	(1,102)
Shares issued	11	66	11	66
Revaluation	(1,303)	-	(1,303)	-
Net decrease in shareholders' funds for the year	(589)	(856)	(614)	(1,036)
Opening shareholders' funds	13,920	14,776	14,337	15,373
Closing shareholders' funds	13,331	13,920	13,723	14,337
Shareholders' funds include the following non-equity interests:				
5.25% Cumulative Preference Shares of £1 each	50	50	50	50

Details of the rights attaching to these shares are shown in note 14.

(b) Reserves

	Share Premium Account £000s	Revaluation Reserve £000s	Investment Property Revaluation Reserve £000s	Other Reserves £000s	Profit and Loss Account £000s	Total £000s
The Group						
At 30th August 1993	1,045	2,091	-	1,148	6,738	11,022
Revaluation	-	(1,303)	-	-	-	(1,303)
Reclassification	-	(200)	200	-	-	-
Realised revaluation surplus	-	(64)	-	-	64	-
Premium on shares issued	9	-	-	-	-	9
Profit for the year	-	-	-	-	703	703
At 28th August 1994	1,054	524	200	1,148	7,505	10,431
Cosalt plc						
At 30th August 1993	1,045	2,104	-	814	7,476	11,439
Revaluation	-	(1,303)	-	-	-	(1,303)
Reclassification	-	(44)	44	-	-	-
Realised revaluation surplus	-	(64)	-	-	64	-
Premium on shares issued	9	-	-	-	-	9
Profit for the year	-	-	-	-	678	678
At 28th August 1994	1,054	693	44	814	8,218	10,823

Other Reserves include Capital Redemption Reserve £813,566 (1993: £813,566) for both the Group and Cosalt plc.

Accumulated acquisition goodwill written off directly to Group reserves to 28th August 1994 amounts to £981,000 (1993: £981,000).

Notes to the Accounts

16. Contingent liabilities	The Group		Cosalt plc	
	1994 £000s	1993 £000s	1994 £000s	1993 £000s
(a) Under guarantee of overdrafts and loans of Subsidiary Undertakings	-	-	1,561	2,172
(b) Deferred interest under a debenture held by a Subsidiary Undertaking	-	-	1,331	1,264
(c) In respect of claims for which the Directors, acting under legal advice and other professional advice, believe there will be no liability	643	560	643	560
(d) Cosalt plc has also guaranteed leasing and other arrangements of Subsidiary Undertakings in the ordinary course of business.				

17. Leasing obligations

(a) Future commitments due under finance leases are:

	The Group		Cosalt plc	
	1994 £000s	1993 £000s	1994 £000s	1993 £000s
Within one year	780	614	39	38
Between two and five years	2,208	1,544	153	148
In five years or more	420	267	6	43
	3,408	2,425	198	229
Less: future finance charges	586	419	30	40
	2,822	2,006	168	189
Shown in creditors (note 12) as:				
Amounts falling due within one year	574	452	28	26
Amounts falling due after more than one year	2,248	1,554	140	163
	2,822	2,006	168	189

(b) Annual commitments due under non-cancellable operating leases are:

	The Group		Cosalt plc	
	1994 £000s	1993 £000s	1994 £000s	1993 £000s
(i) Land and buildings				
Leases which expire within one year	91	47	91	37
Between two and five years	114	15	102	15
In five years or more	146	131	102	87
	351	193	295	139
(ii) Plant				
Leases which expire within one year	75	115	13	25
Between two and five years	362	316	67	55
In five years or more	1	-	-	-
	438	431	80	80

The majority of leases of land and buildings are subject to rent reviews.

18. Transactions with Directors

Mr G. H. Camamile has received £20,029 (1993: £23,660) in his capacity as a consultant. The Company paid £33,000 (1993: £33,000) to a company in which Mr E. A. Brian has a material interest in respect of London office rental. Consultancy fees and project management fees, in respect of the Property Development, of £16,159 (1993: £22,887) were paid to a company in which Mr D. R. Dover has a material interest.

Notes to the Accounts

19. Pension commitments

The Group operates several pension schemes, the major one being of the defined benefit type. The assets of the schemes are held in separate trustee administered funds.

Contributions to the main scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the Group. Contributions are determined by a qualified Actuary on the basis of triennial valuations.

The latest actuarial valuation of the main scheme was carried out as at 1st January 1994 using the projected unit method of valuation. The main long term assumptions adopted in that valuation were that the investment return would be 10% per annum, that basic salaries would increase by 8% per annum, that the lower earnings limit offset would increase by 6.5% per annum and that dividends on equities would increase by 5.5% per annum. Present and future pensions have been assumed to increase at the rate of 5% per annum (pre April 1994 accrual) and by 4% per annum (post April 1988 accrual; non-GMP element only).

As at 1st January 1994, the market value of the assets of the main scheme was £12,909,000 and the actuarial value of the assets was sufficient to cover 100% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

In respect of the main scheme, the pension charge for the period was £279,000 (1993: £455,000). This is after a reduction of £106,000 (1993: £121,000) in respect of the amortisation of the main scheme's accounting surplus existent at the start of the accounting period which has been recognised over 13 years, the average expected remaining service lifetime of employees.

An amount of £948,000 (1993: £1,032,000) is included in provisions for liabilities and charges, this being the excess of the accumulated pension cost charged against profits over the amount paid to the fund.

20. Reconciliation of operating profit to net cash inflow from operating activities

	1994 £000s	1993 £000s
Operating profit	3,577	1,183
Depreciation	950	1,006
Capital grants income release	(14)	(56)
Profit on disposal of listed investments	—	(39)
Allocation to Employees' Profit Sharing Scheme	(135)	—
Decrease in stocks	1,273	3,254
Decrease in debtors	14	1,387
Increase/(decrease) in creditors	148	(4,554)
(Decrease)/increase in provision for pension costs	(84)	304
	5,729	2,485
Being:		
Net cash inflow from continuing operations	6,511	3,631
Net cash outflow in respect of discontinued operations	(782)	(1,146)
Net cash inflow from operating activities	5,729	2,485

21. Analysis of changes in cash and cash equivalents during the year

	1994 £000s	1993 £000s
Balance at 29th August 1993	(2,921)	(1,893)
Net cash inflow/(outflow)	1,645	(1,028)
Balance at 28th August 1994	(1,276)	(2,921)

Notes to the Accounts

22. Analysis of cash and cash equivalents as shown in the balance sheet

	1994	1993	Change in year
	£000s	£000s	£000s
Bank and cash balances	2,201	716	1,485
Bank overdrafts	(3,477)	(3,637)	160
	(1,276)	(2,921)	1,645

23. Analysis of changes in financing during the year

	Share capital (including premium)		Loans and finance lease obligations	
	1994	1993	1994	1993
	£000s	£000s	£000s	£000s
Balance at 29th August 1993	3,943	3,877	5,503	4,944
Inception of finance lease contracts	—	—	1,235	1,152
Cash inflows from financing	11	66	—	—
Cash outflows from financing	—	—	(1,951)	(593)
Balance at 28th August 1994	3,954	3,943	4,787	5,503

Activities**Safety and Protection**

Head Office and Export Sales Office,
Grimsby
Cosalt International Limited

Branches:

Aberdeen	Lowestoft
Buckie	Milford Haven
Fraserburgh	Newlyn
Granton, Edinburgh	Plymouth
Grimsby	Tilbury

Supplies and Services:

Safety at Sea
Supply and servicing of lifeboats, lifejackets, pyrotechnics and emergency survival equipment.

Marine Services
Supply of ships' stores, ropes, nets, twines, floats, bobbins, provisions, marine fuel and oil.

Rigging, Lifting and Testing
Design, manufacture, testing and inspection of rigging and lifting equipment.

Oil Industry
Fluid control equipment.

Clothing
Manufacture and supply of protective and safety workwear and safety at sea clothing.

Blinds
Design and manufacture of Sundrape® Vertical Blinds and Cosalt Roller Blinds.

Cosalt Youngs, North Shields
Manufacture and sale of lifejackets, flotation suits, tarpaulins, nets and wire products.

R. Perry and Company, Birkenhead
Marine, offshore and industrial safety specialists.

Cosalt Perrys, Bristol and Southampton
Marine, offshore and industrial safety specialists.

Fibres

W. & J. Knox, Kilbirnie
Manufacture and supply of industrial, sporting, horticultural, camouflage and safety nets, fish cages, fish farm nets and synthetic twines.

W. & J. Knox Fibres Limited, Kilbirnie
Processing of synthetic carpet yarns and fibres.

Cosalt Contract Lighting, Fleetwood
Design, manufacture and sale of commercial lighting and décor.

Abbotts of Lancaster, Lancaster
Manufacture and restoration of stained and coloured glass windows and products.

Holiday Homes

Cosalt Holiday Homes Limited, Hull
Design and manufacture of caravan holiday homes, custom homes and chalets. Design and manufacture of "Kingsform" furniture doors and panels.

Workwear

Jenbro Limited, Stockport
Raven of Barnsley Limited, Barnsley
Workwear Direct Limited, Stockport and Telford (from 28th November 1994).
Design, manufacture and distribution of workwear clothing.

Property Development

Commercial and residential waterfront development in North Shields.

Finance

***Orbit Industrials Limited**
Corporate finance.

Associated Undertaking

+* J. David Fetch Limited (30%)
Insurance broking.
Issued Ordinary Share Capital £35,000.
Reserves £17,446.

Discontinued Activities

Cosalt Rope, Net & Twine Limited
Manufacture and sale of synthetic twines, ropes and nets (to 11th October 1993).

Notes

- (1) The companies listed above, which are the principal subsidiary and associated undertakings of the Group, are incorporated and registered in England.
- (2) All subsidiary undertakings are wholly owned. All shareholdings are of ordinary shares.
- (3) Except where shown, all operate from Grimsby.
- (4) *Indicates shares held through a subsidiary undertaking.
- (5) +Indicates company not audited by Kidsons Impey.

Notice of Meeting

Notice is hereby given that the one hundred and twenty second Annual General Meeting of Cosalt Public Limited Company will be held at the offices of Charterhouse Tilney, 1 Paternoster Row, St. Paul's, London, EC4M 7DH, on the 23rd day of January 1995 at 12.00 noon to consider and, if thought fit, pass the following resolutions:

Resolution 1

THAT the Report of the Directors and the audited accounts for the year ended 28th August 1994 be received and adopted.

Resolution 2

THAT a final dividend of 5.00p per ordinary share be paid on 25th January 1995 to all Ordinary Shareholders on the Register on 3rd January 1995.

Resolution 3

THAT Mr D. R. Dover be re-elected as a Director.

Resolution 4

THAT Mr D. M. Bolton be re-elected as a Director.

Resolution 5

THAT Kidsons Impey be re-appointed as Auditors and that the Directors be authorised to fix their remuneration.

Resolution 6

As special business, to consider and, if thought fit, pass the following Special Resolution:

THAT in substitution for all previous authorities and powers granted to the Directors under Section 95 ("the Section") of the Companies Act 1985 ("the Act") the Directors be and they are hereby authorised and empowered pursuant to the Section to allot equity securities (within the meaning of Section 94(2) of the Act) of the Company pursuant to the authority conferred by Ordinary Resolution No. 5 passed at the Annual General Meeting of the Company on 20th January 1992 as if Section 89(1) of the Act did not apply to such allotment provided that the authority and power contained in this Resolution shall be limited as follows:

- (a) to the allotment of equity securities in connection with a rights issue or any other pre-emptive offer in favour of holders of equity securities where the equity securities respectively attributable to the interests of such holders are proportionate (as nearly as may be) to the respective amounts of equity securities held by them subject only to such exclusions or other arrangements as the Directors may consider appropriate to deal with fractional entitlements or legal and practical difficulties under the laws or the rules or regulations of any jurisdiction, stock exchange or other regulatory body whatsoever; and
- (b) to the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities which are or are to be wholly paid up in cash up to an aggregate nominal amount of £142,497 provided further that the authority and power hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company or a period of 15 months after the passing of this Resolution, whichever is the earlier, unless such authority is renewed or extended at or prior to such time, save that the Company may before such expiry make any offer, agreement, or other arrangement which would or might require equity securities to be allotted otherwise than in accordance with Section 89 of the Act after expiry of this authority.

Resolution 7

As special business, to consider and, if thought fit, pass the following Special Resolution:

THAT the Company be and is hereby generally and unconditionally authorised to make market purchases (within the meaning of Section 163 of the Companies Act 1985) of ordinary shares of 25p each in the capital of the Company ("ordinary shares") provided that:

- (a) the maximum number of ordinary shares hereby authorised to be purchased is 1,139,974;
- (b) the maximum price which may be paid for an ordinary share is an amount equal to 105 per cent of the average of the middle market quotations for an ordinary share as derived from the London Stock Exchange Daily Official List for the ten business days immediately preceding the day on which the ordinary share is purchased;
- (c) the minimum price which may be paid for an ordinary share is the par value of such ordinary share;
- (d) the Company may make a contract to purchase ordinary shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of ordinary shares in pursuance of any such contract; and
- (e) the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company, unless such authority is renewed prior to such time.

By order of the Board

F. W. Wood

Secretary

Fish Dock Road, Grimsby

14th December 1994

Notes

1. A member entitled to attend and vote at this meeting may appoint one or more proxies to attend and on a poll vote in his stead. The proxy need not be a Member of the Company. Proxies must be lodged at least forty-eight hours before the meeting. A form of proxy is enclosed.
2. The following documents will be available for inspection at the Registered Office during usual business hours on any week-day (except Saturdays and public holidays) from the date of this notice until the date of the meeting and will be available for inspection at the place of the meeting for fifteen minutes prior to the meeting and at the meeting:
 - (a) A statement of all transactions of each Director and of their family interests in the equity share capital of the Company since 29th August 1993.
 - (b) Copies of Service Contracts between:
 - (i) Mr E. A. Brian and Cosalt plc.
 - (ii) Mr F. W. Wood and Cosalt plc.No other Director has a Service Contract with the Company of more than one year's duration.
 - (c) Copy of the Consultancy Agreement between Mr G. H. Carnamile and Cosalt plc.
 - (d) Copy of the Consultancy Agreement between Mr R. C. F. Lloyd and Cosalt plc.
 - (e) Copy of the Consultancy Agreement with Mr D. R. Dover.
 - (f) Copy of the Memorandum of Agreement between Cosalt plc and M.P. Holdings Limited, agreeing to provide the services of Mr D. R. Dover as Project Director of the North Shields Central Riverside Development.
3. Dividend Warrants in respect of the dividend, if approved, will be posted on 23rd January 1995.

COSALT

Financial Calendar

1995	23rd January	Annual General Meeting
	25th January	Final dividend on ordinary shares for 1994
	April	Interim results for 1995 (provisional)
	1st July	Half-year's dividend on 5.25% Cumulative Preference Shares
	August	Interim dividend on ordinary shares
	27th August	End of accounting year
	November	Preliminary announcement of 1995 results
	December	Publication of Annual Report for 1995
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1996	1st January	Half-year's dividend on 5.25% Cumulative Preference Shares
	22nd January	Annual General Meeting (provisional)
	24th January	Final dividend on ordinary shares (provisional)