

APPENDIX 2

(referred to in paragraphs 3.2 and 3.47)

**Illingworth, Morris PLC: preliminary announcement of results for the year ended 31 March 1983**

The following is the text of the preliminary announcement of results of Illingworth, Morris PLC for the year ended 31 March 1983, which was released on 24 June 1983.

**Group profit and loss accounts**  
**Historic cost information**

	1983	£'000 1982
External sales		
Continuing operations	69,674	73,485
Operations sold	5,816	23,322
Operations closed	2,324	4,616
	<hr/> 77,814	<hr/> 101,423
Trading profit	2,186	4,351
Investment income	37	72
	<hr/> 2,223	<hr/> 4,423
Bank interest	(2,123)	(3,011)
	<hr/> 100	<hr/> 1,412
Related companies	75	42
Reorganisation expenses	(154)	(168)
	<hr/> 21	<hr/> 1,286
Taxation	(71)	(262)
(Loss)/profit after taxation	(50)	1,024
Minority interests	(67)	(123)
	<hr/> (117)	<hr/> 901
(Loss)/profit before extraordinary items	(117)	901
Extraordinary items	(1,008)	(485)
	<hr/> (1,125)	<hr/> 416
Dividends	(91)	(383)
	<hr/> (1,216)	<hr/> 33
Transfer (from)/to reserves	(1,216)	33
Earnings per Ordinary and 'A' Ordinary stock unit	(0.5p)	2.0p

## Current cost information

	<i>1983</i>		<i>£'000</i> <i>1982</i>
Trading profit, including investment income	2,223		4,423
Additional depreciation	(1,063)	(1,271)	
Loss on sale of fixed assets	(114)	(538)	
Working capital adjustment	(352)	(3,280)	(5,089)
	694		(666)
Finance charges	(2,123)	(3,011)	
Gearing adjustment	415	1,771	(1,240)
	(1,014)		(1,906)
Related companies	75		42
Reorganisation expenses	(154)		(168)
Current cost loss before taxation	(1,093)		(2,032)
Taxation	(71)		(262)
	(1,164)		(2,294)
Minority interests	(62)		(70)
	(1,226)		(2,364)
Extraordinary items	(1,008)		(485)
Current cost loss attributable to Illingworth, Morris PLC	(2,234)		(2,849)
Dividends	(91)		(383)
Transfer from reserves	(2,325)		(3,232)
Current cost loss per share	(3.3p)		(6.1p)

The above profit and loss accounts for the year ended 31 March 1983 comprise abridged versions of the company's consolidated accounts which have not yet been filed with the Registrar of Companies but have been approved by the Directors and on which the auditors have given an unqualified opinion.

### Notes:

1. The analysis of turnover, excluding intra-group trading, is as follows:

	<i>£'000</i>	
	<i>Year ended 31 March</i> <i>1983</i>	<i>1982</i>
Home	39,857	49,748
Direct export	26,751	40,879
Indirect export	10,693	9,752
Overseas subsidiaries	513	1,044
	77,814	101,423

2. As announced last year, the company disposed of the majority of its equity interest in its Topmaking company on 1 July 1982. Thus, only the first quarter sales appear in this year's figures. For continuing business the reduction in turnover was due partly to problems on contract business in

a Middle Eastern market referred to in last year's accounts and partly due to a lack of sales into export markets due to the relatively high value of sterling during the autumn and winter of 1982.

3. Trading profits declined from £4.351 million to £2.186 million and profits before taxation from £1.286 million to £21,000. At the half year ended 30 September 1982, a marked reduction in new orders, coupled with a renewed squeeze on profit margins and bank base rates at 13 per cent per annum during seasonally high borrowings, resulted in a loss before taxation of £73,000. The second half year saw base rates decline initially to 9 per cent per annum but move higher in the final quarter. However, the sharp reduction in borrowings both seasonally and from the £5.92 million consideration received for 60 per cent of the interest in Woolcombers (Topmakers) Limited, helped to offset the worst effects of the difficult trading conditions which persisted until January. Results for the second half year show trading profits of £761,000 and profits before taxation of £94,000.

Sterling exchange rates influenced export performance adversely for most of the year and the return of business confidence which resulted from the re-adjustment of currency rates during February and March indicate the importance attached to this factor. Renewed export enquiries have been more encouraging and, if the present signs of recovery continue, will aid profitability as the financial year progresses. The group will also benefit from the reorganisation which took place last year. The need to appraise critically individual unit performance is of continuing concern, as is the need to recognise and take full advantage of modern technology and, therefore, make efficient use of labour and factory space.

Recovery of the economy is subject to many factors but the improvement currently evident in our trading performance should be maintained unless sterling strengthens to the point where it is again over-valued against other leading currencies.

When considering your company's dividend policy, the Directors' views for some years have been constrained by the adverse trading conditions, the need to conserve cash and the need to reduce dependency on borrowed funds. Progress has been made in reducing gearing, and trading prospects, due to the factors mentioned above, have improved. It is too early to forecast the outcome for 1983/84 but your Directors will review the position later in the year.

4. The group sustained extraordinary costs in the year of £1.008 million, which comprise:

Closure costs	£'000 777
Legal and professional charges, including those related to the response to the offer by Abele Limited, the libel action brought by Mrs Mason and the Monopolies and Mergers Commission reference	231
	<hr/> 1,008

5. On 8 June 1983 a subsidiary of the company entered into an agreement to sell approximately 127.5 acres of surplus land, cottages and vacant industrial property for a gross consideration of £4 million. This agreement is subject, under Rule 38 of the City Code on Take-overs and Mergers, to approval by the major stockholder. The effect on the group will be dealt with in a letter to stockholders which will be despatched next week.

6. The Directors will recommend at the Annual General Meeting that no dividend be paid in respect of Ordinary and 'A' Ordinary stocks for the year to March 1983. In respect of the year to March 1982 a final dividend of 0.75p per unit was paid on these stocks.

Amounts absorbed by dividends paid are as follows:

	<i>£'000</i>	
	<i>Year ended 31</i>	<i>March</i>
	<i>1983</i>	<i>1982</i>
(i) By Preference Dividends paid (net)	91	91
(ii) By Ordinary and 'A' Ordinary Dividends paid (net)	Nil	292
	<u>91</u>	<u>383</u>

7. The Annual General Meeting will be held at noon on 29 September 1983 at Victoria Road, Saltaire, Shipley, West Yorkshire.

24 June 1983

APPENDIX 3

(referred to in paragraph 3.7)

**Principal acquisitions by Illingworth, Morris & Company  
Limited in the period 1963 to 1975**

*1963*

Huddersfield Fine Worsteds Limited (including Learoyds)	Worsted weaving
Joshua Hoyle & Sons Limited	Cotton

*1964*

Reid & Welsh Limited	Worsted weaving
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*1965*

R G Neill & Son Limited	Worsted weaving
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*1966*

The Hawick Hosiery Company Limited	Knitwear manufacturing
Weensland Spinning Co Limited	Woollen yarn spinning

*1967*

S Schneiders & Sons Limited	Clothing manufacturing
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*1968*

Winterbotham, Strachan & Playne Limited	Woollen spinning and manufactur- ing
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*1971*

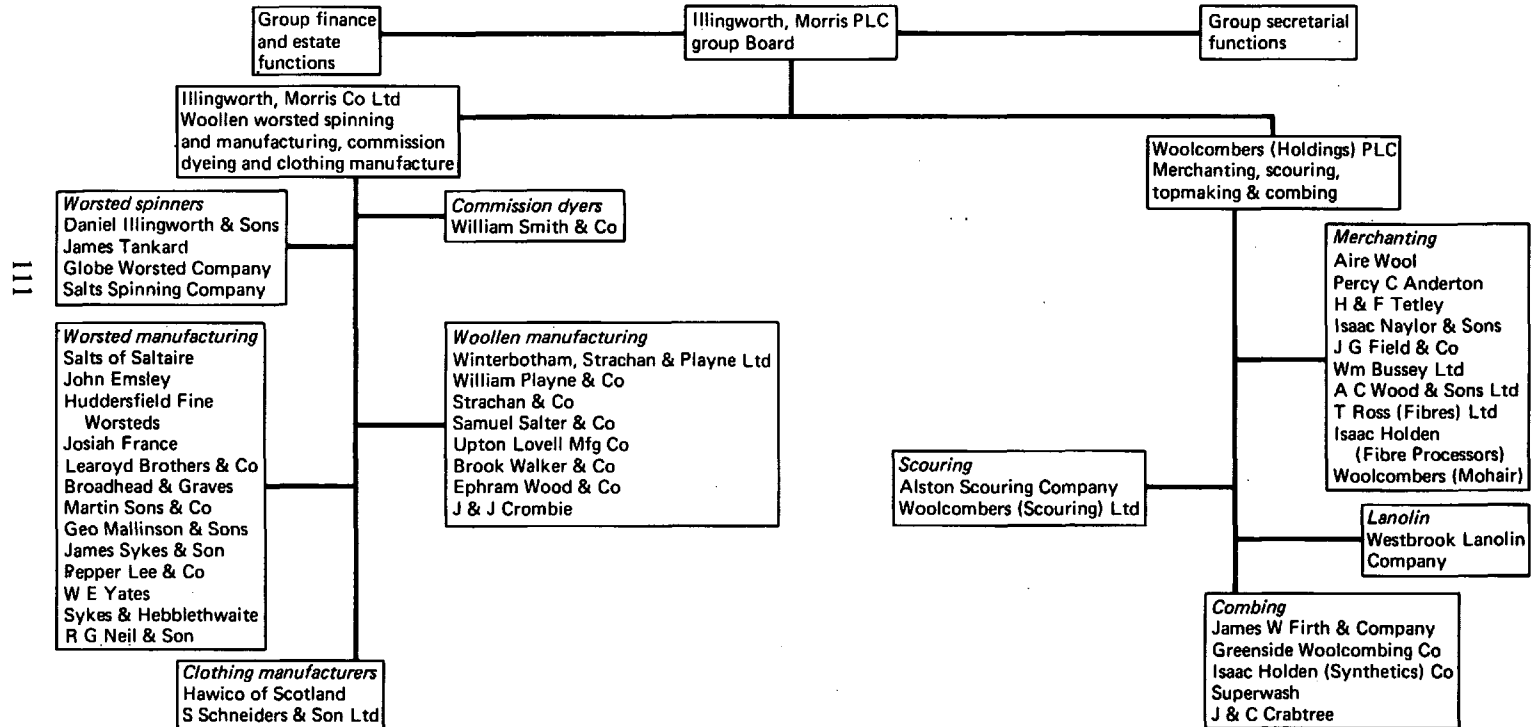
Martin Sons & Co Limited	Worsted weaving
John Emsley Limited	Worsted spinning and weaving
Woolcombers (Holdings) Limited	(see paragraph 3.8 and Appendix 4 for details)

*1975*

George Mallinson & Sons Limited	Worsted spinning and weaving
Troydale Industries Limited	Woollen and worsted spinning and weaving

APPENDIX 4  
(referred to in paragraph 3.17)

**Illingworth, Morris PLC: organisation chart**



APPENDIX 5

(referred to in paragraph 3.47)

Illingworth, Morris PLC: group trading results for five and a half years ended 30 September 1982

	£'000											
	Year to 31 March 1980						6 months to 30 September 1982					
	1978	%	1979	%	1980	%	1981	%	1982	%	1982	%
Turnover to external customers	119,710	100.0	120,797	100.0	109,721	100.0	97,515	100.0	101,423	100.0	42,168	100.0
Cost of sales	102,802	85.9	103,054	85.3	96,021	87.5	84,430	86.6	85,125	83.9	35,732	84.7
Gross profit	16,907	14.1	17,743	14.7	13,700	12.5	13,085	13.4	16,298	16.1	6,436	15.3
Selling and distribution Administration costs	4,343	3.6	4,435	3.7	4,586	4.2	4,167	4.3	4,567	4.5	1,753	4.2
(1) TES credit	6,281	5.3	7,612	6.3	7,808	7.1	7,718	7.9	7,614	7.5	3,287	7.8
	(935)	(.8)	(759)	(.6)	(200)	(.2)	(186)	(.2)	(6)	—	—	—
Total selling and administration	9,689	8.1	11,288	9.4	12,194	11.1	11,699	12.0	12,175	12.0	5,040	12.0
Trading profit	7,218	6.0	6,455	5.3	1,506	1.4	1,386	1.4	4,123	4.1	1,396	3.3
(6) Sundry income/(charges)	98		(242)		(65)		199		144		(69)	
Profit before interest charges etc	7,316		6,213		1,441		1,585		4,267		1,327	
Deduct												
Interest charges	2,634		2,850		3,904		3,990		3,011		1,386	
Minorities	134		134		53		119		123		45	
Taxation charge/(credit)	1,296		405		(1,009)		(639)		244		65	
Extraordinary items	—		—		1,992		1,526		485		731	
	4,064		3,389		4,940		4,996		3,863		2,227	
Net profit/(loss) attributable to Illingworth, Morris	3,252		2,824		(3,499)		(3,411)		404		(900)	
Dividends	669		753		305		91		383		46	
Transfer to/(from) reserves	2,583		2,071		(3,804)		(3,502)		21		(946)	
Annual depreciation charge	1,382		1,431		1,603		1,554		1,493		747	
Capital expenditure	2,495		2,673		2,427		1,865		1,513		793	
(3) Average capital employed	57,274		56,038		53,845		47,796		45,547		41,896	
(5) % export sales	39.5%		41.6%		39.1%		37.9%		40.3%		37.0%	
Operating ratios												
% to turnover												
Trading profit	6.0		5.3		1.4		1.4		4.1		3.3	
Profit after interest charges	3.9		2.8		(2.2)		(2.5)		1.2		(0.1)	
Trading profit to average capital employed	12.6		11.5		2.8		2.9		9.1		6.7	(4)

Source: Illingworth, Morris.

Notes:

- (1) Temporary employment subsidy.
- (2) Includes in 6 months to 30 September 1982 the share of loss attributable to an associated company.
- (3) Taken before bank borrowings.
- (4) Annualised.
- (5) Direct exports from UK.
- (6) Items included as trading items now shown separately as follows:

APPENDIX 5—continued

	1978	1979	1980	1981	1982	Sept 1982
Reorganisation costs	(573)	(569)	(467)	(154)	(168)	(120)
Surplus on asset sales	390	79	198	231	96	29
Investment income	281	248	204	122	84	22
Surplus on disposal of overseas subsidiaries	—	—	—	—	132	—
	<u>98</u>	<u>(242)</u>	<u>(65)</u>	<u>199</u>	<u>144</u>	<u>(69)</u>

APPENDIX 6

(referred to in paragraph 3.54)

**Illingworth, Morris PLC: consolidated balance sheets  
on an historical cost basis**

	31 March					£'000
	1978	1979	1980	1981	1982	30 Sept 1982
Issued capital stock	9,794	9,794	9,794	9,794	9,794	9,794
Reserves	17,757	19,891	16,127	12,673	12,752	12,054
<b>Stockholders' funds</b>	<b>27,551</b>	<b>29,685</b>	<b>25,921</b>	<b>22,467</b>	<b>22,546</b>	<b>21,848</b>
Minority interests	2,396	2,335	2,237	2,172	2,130	1,954
Deferred tax	3,070	3,070	770	—	—	—
	<b>33,017</b>	<b>35,090</b>	<b>28,928</b>	<b>24,639</b>	<b>24,676</b>	<b>23,802</b>
<b>Fixed assets</b>	<b>17,856</b>	<b>18,299</b>	<b>17,810</b>	<b>16,356</b>	<b>15,647</b>	<b>15,422</b>
Investments	3,085	2,125	1,318	655	333	308
Associated companies	—	—	—	—	—	1,104
<b>Current assets:</b>						
Stocks	37,383	39,032	34,143	25,736	28,506	17,819
Debtors	16,674	17,745	16,589	14,890	18,318	12,230
Bank balances and cash	92	128	128	214	183	220
	<b>54,149</b>	<b>56,905</b>	<b>50,860</b>	<b>40,840</b>	<b>47,007</b>	<b>30,269</b>
<b>Current liabilities:</b>						
Overdrafts etc*	25,882	24,836	24,836	19,689	22,090	13,224
Creditors	14,848	16,231	15,781	13,244	15,544	9,473
Provision for losses on forward contracts	353	261	201	99	94	33
Taxation	561	417	196	134	245	233
Dividends	429	494	46	46	338	338
	<b>42,073</b>	<b>42,239</b>	<b>41,060</b>	<b>33,212</b>	<b>38,311</b>	<b>23,301</b>
<b>Net current assets</b>	<b>12,076</b>	<b>14,666</b>	<b>9,800</b>	<b>7,628</b>	<b>8,696</b>	<b>6,968</b>
<b>Total net assets</b>	<b>33,017</b>	<b>35,090</b>	<b>28,928</b>	<b>24,639</b>	<b>24,676</b>	<b>23,802</b>
<b>Borrowings as a percentage of stockholders' funds (%)</b>	<b>93.9</b>	<b>83.7</b>	<b>95.8</b>	<b>87.6</b>	<b>98.0</b>	<b>60.5</b>

Source: Illingworth, Morris.

\* Overdraft etc includes short-term acceptance credits. Bank borrowings are secured by a fixed and floating charge over the group's assets.

**APPENDIX 7**  
(referred to in paragraph 3.61)

**Illingworth, Morris PLC: consolidated balance sheets  
on a current cost basis**

	<i>£'000</i>	
<i>Year ended 31 March</i>	<i>1981</i>	<i>1982</i>
Capital stock	9,794	9,794
Reserves	26,862	26,441
	36,656	36,235
Minority interests	2,338	2,240
Bank borrowings	19,689	22,090
	58,683	60,565
<b>Current assets:</b>		
Stocks	26,124	29,270
Debtors	14,890	18,313
Bank balance and cash	214	183
	41,228	47,766
<b>Current liabilities:</b>		
Creditors	13,244	15,544
Provision for losses on forward contracts	99	94
Taxation	134	245
Dividends	46	338
	13,523	16,221
<b>Net current assets</b>	27,705	31,545
<b>Fixed assets</b>	29,967	28,524
<b>Investments:</b>		
Listed	603	387
Unlisted	408	109
	1,011	496
	58,683	60,565

*Source:* Illingworth, Morris.

APPENDIX 8  
(referred to in paragraph 3.63)

**Illingworth, Morris PLC: source and application of funds**

<i>Year ended 31 March</i>						<i>£'000</i>		
<i>Source of funds</i>	<i>1978</i>	<i>1979</i>	<i>1980</i>	<i>1981</i>	<i>1982</i>	<i>5 years total</i>	<i>Half year to 30.9.82</i>	<i>5½ years' total</i>
Profits/(losses) before tax	4,682	3,363	(2,463)	(2,405)	1,256	4,433	(73)	4,360
Depreciation	1,382	1,431	1,603	1,554	1,493	7,463	747	8,210
Extraordinary items	—	—	(2,284)	(1,551)	(485)	(4,320)	(731)	(5,051)
Other	—	—	(238)	(124)	(327)	(689)	(201)	(890)
<b>Total funds generated/(absorbed) by operations</b>	<b>6,064</b>	<b>4,794</b>	<b>(3,382)</b>	<b>(2,526)</b>	<b>1,937</b>	<b>6,887</b>	<b>(258)</b>	<b>6,629</b>
<b>Funds from other sources:</b>								
Sales of fixed assets								
Sales of investments	1,121	799	1,581	1,792	1,068	6,361	359	6,720
	(60)	960	8	760	310	1,978	25	2,003
<b>Total funds generated/(absorbed)</b>	<b>7,125</b>	<b>6,553</b>	<b>(1,793)</b>	<b>26</b>	<b>3,315</b>	<b>15,226</b>	<b>126</b>	<b>15,352</b>
<b>Application of funds</b>								
Capital expenditure	2,495	2,673	2,427	1,865	1,513	10,973	680	11,653
Purchase of minority interests	15	42	24	28	29	138	61	199
Investment in associated companies	—	—	—	—	—	—	1,022	1,002
Taxation paid	277	549	451	193	133	1,603	77	1,680
Dividend paid	690	778	840	174	169	2,651	46	2,697
	<b>3,477</b>	<b>4,042</b>	<b>3,742</b>	<b>2,260</b>	<b>1,844</b>	<b>15,365</b>	<b>1,866</b>	<b>17,231</b>
<b>Increase/(decrease) in working capital</b>								
Stocks	2,006	1,649	(4,889)	(8,407)	2,770	(6,871)	(10,687)	(17,558)
Debtors	(2,096)	1,071	(1,156)	(1,699)	3,428	(452)	(6,088)	(6,540)
Creditors	1,295	(1,291)	510	2,639	(2,295)	858	6,071	6,929
Provision for loss on forward contracts	—	—	—	—	—	—	61	61
	<b>1,205</b>	<b>1,429</b>	<b>(5,535)</b>	<b>(7,467)</b>	<b>3,903</b>	<b>(6,465)</b>	<b>(10,643)</b>	<b>(17,108)</b>
<b>Total funds applied</b>	<b>4,682</b>	<b>5,471</b>	<b>(1,793)</b>	<b>(5,207)</b>	<b>5,747</b>	<b>8,900</b>	<b>(8,777)</b>	<b>123</b>
<b>Net inflow/(outflow) of funds</b>	<b>2,443</b>	<b>1,082</b>	<b>—</b>	<b>5,233</b>	<b>(2,432)</b>	<b>6,326</b>	<b>8,903</b>	<b>15,229</b>
<b>Represented by:</b>								
(Increase)/decrease in net overdrafts and acceptances, less bank balances and cash	2,443	1,082	—	5,233	(2,432)	6,326	8,903	15,229

Source: Illingworth, Morris.

APPENDIX 9  
(referred to in paragraph 4.2)

**Enterprises controlled by Mr A J Lewis as at 31 March 1982 and subsequently**

<i>Name</i>	<i>Date of incorporation</i>	<i>Date of acquisition if acquired subsequent to incorporation</i>	<i>Type of business</i>	<i>Premises utilised</i>	<i>No of employees</i>
Alcrafield Ltd	1.5.1968	—	Holding company	17/19 Savile Row, London	5
A G Goldsworthy & Co Ltd*	23.2.1915	16.8.1973	Property dealing	"	—
Schoilia Properties Ltd*	2.7.1975	—	Property dealing	"	—
Ridgeford Investments Ltd*	2.11.1971	16.8.1973	Property dealing	"	—
Trebovir Properties Ltd*	2.7.1975	—	Property dealing	"	—
Honeytree Trading Co Ltd	22.6.1972	—	Holding company	"	—
Hartley Industrial Trust PLC	13.10.1947	15.8.1969	Holding company & property investment	"	4
Bayward Properties Ltd	16.2.1971	—	Property investment & development	"	—
Beamington Trading Co Ltd*	15.12.1972	—	Holding company	"	—
Calellon Ltd	29.11.1974	—	Property investment & development	"	—
Hartley Bros (Preston) Ltd	14.7.1945	15.8.1969	Property investment	"	—
Housing & Commercial Developments Ltd	27.6.1962	1.12.1970	Property investment & development	"	4
Latplan Properties Ltd	18.8.1977	—	Property investment	"	—
Lily Hill Dyeing Co Ltd	16.4.1926	4.2.1972	Property investment	"	—
Robert Leach (Darwen) Ltd	13.6.1945	15.8.1969	Property investment	"	—
Eagley Construction Co (Northern) Ltd	14.3.1978	—	Property repairs and service company	Eagley, Bolton	See Housing & Commercial
Commercial Credit & Discount Co Ltd	31.12.1957	16.5.1975	Hire purchase & instalment credit	Theatre Sq, Nottingham	4
Candian Ltd	23.4.1971	16.5.1975	"	"	—
Alnor Funds Ltd	5.1.1955	20.8.1976	"	"	—
Alnor Finance Ltd	21.1.1965	20.8.1976	"	"	—
Alnor Supply Co Ltd	1.2.1968	20.8.1976	"	"	—
Embruvile Properties Ltd	20.4.1972	20.8.1976	Property development	17/19 Savile Row, London	—
Patchpalm Ltd	7.7.1976	16.9.1977	Hire purchase & instalment credit	Theatre Sq, Nottingham	—
Glaxocaria Ltd	5.10.1976	16.9.1977	Hire purchase instalment credit	Theatre Sq, Nottingham	—
Hagley Road Mutual Trading Co Ltd*	28.8.1970	9.12.1977	"	"	—
Hendmandra Ltd	27.5.1976	16.9.1977	"	"	—
Norton Colour TV Rentals Ltd	25.6.1973	9.12.1977	"	"	—
Renaglow Ltd*	14.10.1976	16.9.1977	"	"	—
Scotts (Vehicles Provision) Ltd*	19.6.1962	9.12.1977	"	"	—
Finemill Ltd	5.12.1972	—	Investment company	17/19 Savile Row, London	—
Monkgrove Ltd	29.8.1975	—	Property investment	"	—
Haldafield Ltd	29.7.1975	—	Investment company. Licensed dealer in securities	"	—

Name	Date of incorporation	Date of acquisition if acquired subsequent to incorporation	Type of business	Premises utilised	No of employees
Amplebest Ltd*	6.12.1972	—	Investment company	17/19 Savile Row, London	—
Attenbrook Ltd*	27.6.1928	28.3.1969	Holding company	"	—
Ashforsham Trading Co Ltd*	27.11.1972	—	Holding company	"	—
Belware Ltd (formerly Udercrest Ltd)*	18.9.1972	—	Property investment	"	—
Baswig Ltd	21.5.1981	—	Retail menswear	Various retail shops	—
Cadugan Investments Ltd*	16.8.1978	—	Investment company	17/19 Savile Row, London	—
Dolose Ltd*	1.9.1980	—	Retail menswear	Various retail shops	—
Fabricwood Ltd t/a Tommy Nutter	23.6.1982	—	Retail menswear	17/19 Savile Row, London	9
Go Travel Ltd	12.2.1982	—	Retail travel agent and tour operators	87 Edgware Road, London	7
Graphcrown Ltd	4.3.1982	—	Bureau de change	47 Cranbourn Street, London 87 Edgware Road, London 117 Regent Street, London	12
Hidacole Ltd*	20.10.1971	—	Investment company		
Janswas Ltd*	16.10.1972	—	Holding company		
Model Sanitary Laundry (Southport) Ltd*	5.10.1934	28.3.1969	Property investment		
Palatine Cleaners Ltd*	—	28.3.1969	Non-trading		
Riofield Ltd	4.6.1979	—	Export sales	17/19 Savile Row, London	4
Sunlight Investments Ltd*	7.3.1978	—	Investment company		
Tameage Ltd*	8.10.1981	—	Retail menswear	17/19 Savile Row, London	
G T Whyte & Co (IOM) Ltd	9.8.1972	13.12.1974	Holding company	Athol Street, Douglas, IOM	
Anglo Manx Bank Ltd	24.1.1967	5.4.1973	Bankers	Athol Street, Douglas, IOM	
AMTB Nominees Ltd	10.7.1973	8.8.1973	Nominee company	"	
AMTB Trustee Co Ltd	7.3.1974	21.1.1975	Trustee company	"	
Tramman Ltd*	11.1.1972	14.7.1976	Bankers	"	
Grosvenor Trust Co Ltd	9.3.1976	14.7.1976	Trustee & industrial services	"	
Grosvenor Nominees Ltd	16.6.1966	14.7.1976	Nominee company	"	
Grosvenor Securities Ltd*	9.3.1976	14.7.1976	Secretarial services	"	
Fuinaghy Ltd*	1.3.1973	14.7.1976	Non-trading	"	
Argid Securities Ltd*	18.10.1972	14.7.1976	Non-trading	"	
Auldyn Egret Ltd*	9.5.1973	14.7.1976	Non-trading	"	
Auldyn Finch Ltd*	9.5.1973	14.7.1976	Non-trading	"	
Anglo Manx Finance Ltd	22.10.1980	—	Consumer credit	Theatre Sq, Nottingham	See Commercial Credit & Discount Co Ltd
Triumph Insurance (Bermuda) Ltd	—	1.4.1976			
Abele Ltd	1.6.1981	—	Investment company		
The Lothbury Investment Corporation Ltd	28.8.1919	29.9.1982	Investment company		
LOG Trust Ltd	9.12.1925	29.9.1982	Investment company		
Kingsbridge Advances Ltd.	27.7.1967	—	Service company		
ACC Collection Consultants Ltd*	8.5.1967	—	Debt collection		
Ameto Trading Company Ltd*	23.6.1971	—	Holding company		
Heatherton Properties Ltd	28.8.1974	—	Property investment		
Grangehaven Ltd	7.1.1975	—	Property dealing		
Island Export Financing Ltd*	5.3.1973	—	Export sales		
Ravomill Ltd	4.5.1979	—	Did not commence to trade		

Source: Mr Lewis.

\* Company no longer trades.

(referred to in paragraph 4.2)

## Enterprises controlled by Mr A J Lewis which left his control in the period 1968 to 1982

Name	Date of incorporation	Date of acquisition if acquired subsequent to incorporation	Date of leaving control	Reason for leaving*	Type of business	Premises utilised	No of Employees†
Aries Holdings Ltd		23.8.1974	27.9.1980	D	Holding company		
Coralcrest Ltd	1.10.1968	—	8.8.1980	D	Holding company		
Casinorama Ltd	31.12.1968	—	30.6.1970	S	Casino operators	Brazennose St, Manchester	15E
Kingsbridge Advances (Northern) Ltd	31.10.1967	—	8.8.1980	D	Property dealing		
Kingsbridge Estates Ltd				D	Estate agents from 1.1.68 to 31.8.70	36 Peter St, Manchester	2
Pakadene Ltd	17.6.1966	—	7.10.1977	D	Car park operators		20E
Pakadene (1969) Ltd	24.10.1969	—	5.3.1973	S	"		
Lenemery (1970) Ltd	17.6.1966	—	21.10.1977	D	"		
Gomilla Grill	N/A	—	—	S	Restaurant	Palma de Mallorca	5
Dollifayre Ltd	9.11.1971	—	26.2.1982	D	Holding company		
Limafield (Textiles) Ltd	16.3.1970	12.8.1971	3.4.1972	W	Retail ladies wear		
Kinglypoint Ltd	6.10.1971	—	28.10.1980	D	Property investment		
Juliway Ltd t/a Pygmalia	N/K	—	21.5.1972	S	Retail store		
Baccatilt Ltd	27.4.1972	—	31.10.1973	S	Property investment		
Manningway Ltd	30.5.1973	—	25.5.1982	D	Holding company		
Candivare Ltd	N/K	—	30.5.1974	D	Retail clothier	Deansgate, Manchester	
Paddymast Ltd	7.1.1974	—	18.7.1980	D	Restaurant		
Abbeidore Ltd	5.12.1972	—	18.7.1980	D	Never traded		
Apexidron Ltd	25.7.1975	—	2.9.1980	D	Never traded		
Levenhull Registrars (Manchester) Ltd	20.5.1974	—	23.7.1980	D	Coin dealer/company registration agents	Lloyds House, Manchester	1
Broughton Model Laundry Ltd	30.1.1929	28.3.1969	23.7.1980	D	Property investment		
The Clifton Investments Ltd	—	15.9.1975	24.1.1978	S	Investment trust		
Clivest Ltd	—	15.9.1975	24.1.1978	S			
Dawshire Ltd	—	15.9.1975	24.1.1978	S			
Neale & West Ltd	—	15.9.1975	24.1.1978	S			
The Oxford Transport Trust Ltd	—	15.9.1975	24.1.1978	S			
Sageforth Ltd	—	15.9.1978	24.1.1978	S			
Bridgewater Investment Trust Ltd	—	15.9.1975	24.1.1978	S	Investment trust		
Waterbridge Securities Ltd	—	15.9.1975	24.1.1978	S	Share dealing		
Pelang Jawa Rubber Estates Ltd	—	15.9.1975	24.1.1978	S	Investment trust		
Sharvale Ltd	—	15.9.1975	24.1.1978	S	Share dealing		
F W Havelock Ltd	—	15.8.1969	10.9.1974	L	Dormant		
H R Bennett & Co Ltd	—	15.8.1969	10.9.1974	L	Dormant		
Isthmus Investments Ltd	19.8.1981	—	19.10.1982	S	Predecessor to Abele Ltd		
Bury Ring Holdings Ltd (previously Bury Ring Mill Ltd)	23.4.1926	4.1971 to 7.1971	1.5.1973	S	Cotton spinners/acrylic spinners	York St, Bury	170
Bury Ring Mill Ltd (formerly Belware Ltd)	13.8.1974	—	28.9.1980	W	Acrylic spinners	York St, Bury	
The Swan Lane Spinning Co (1920) Ltd	N/K	10.3.1972	22.2.1974	S	Cotton spinners	Swan Lane, Bolton	450
Peter Crook Ltd	N/K	8.6.1972	22.2.1974	S	Cotton spinners	Drake Mill, Farnworth, Bolton	300
Moorland Yarns Ltd	N/K	8.6.1972	22.2.1974		Dormant		

Source: Alcraftfield.

\* Reasons for leaving:

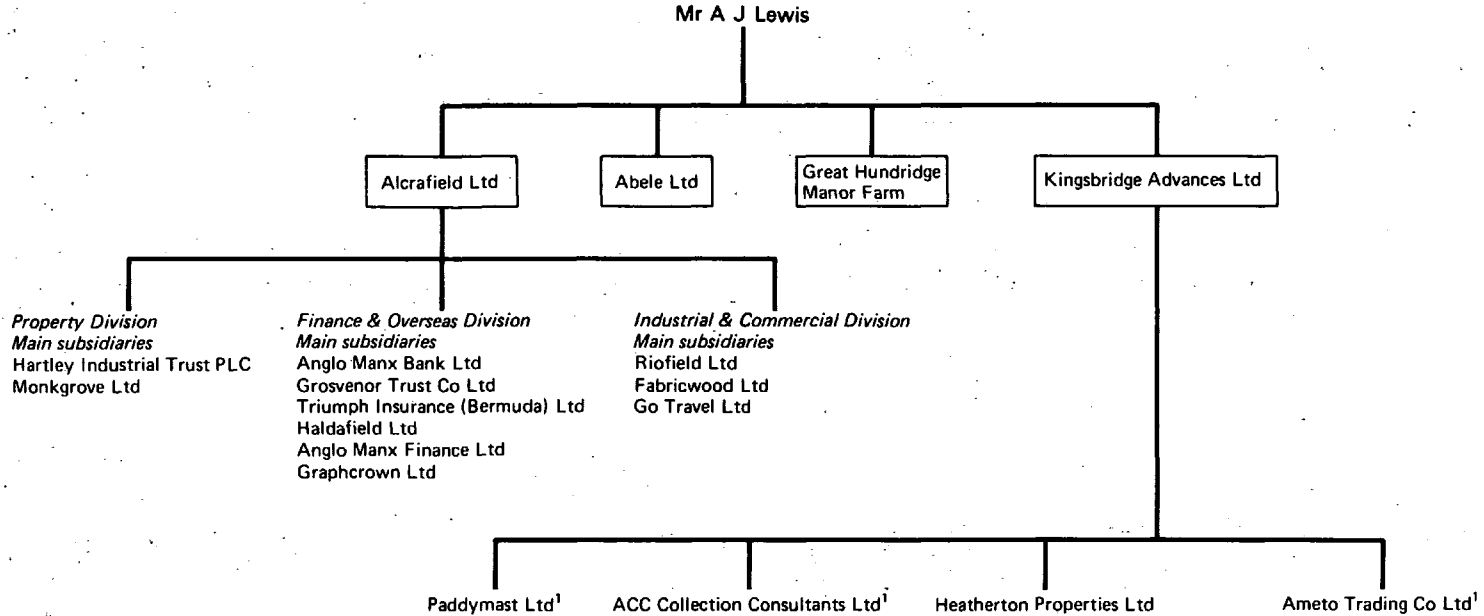
- S — Sale  
 L — Members voluntary liquidation for re-organisation  
 D — Struck off because neither assets nor liabilities  
 W — Wound up in creditors voluntary liquidation  
 †E — Estimated

N/K — Not known  
 N/A — Not applicable

**APPENDIX 11**  
*(referred to in paragraph 4.5)*

**Enterprises controlled by Mr A J Lewis: organisation chart**

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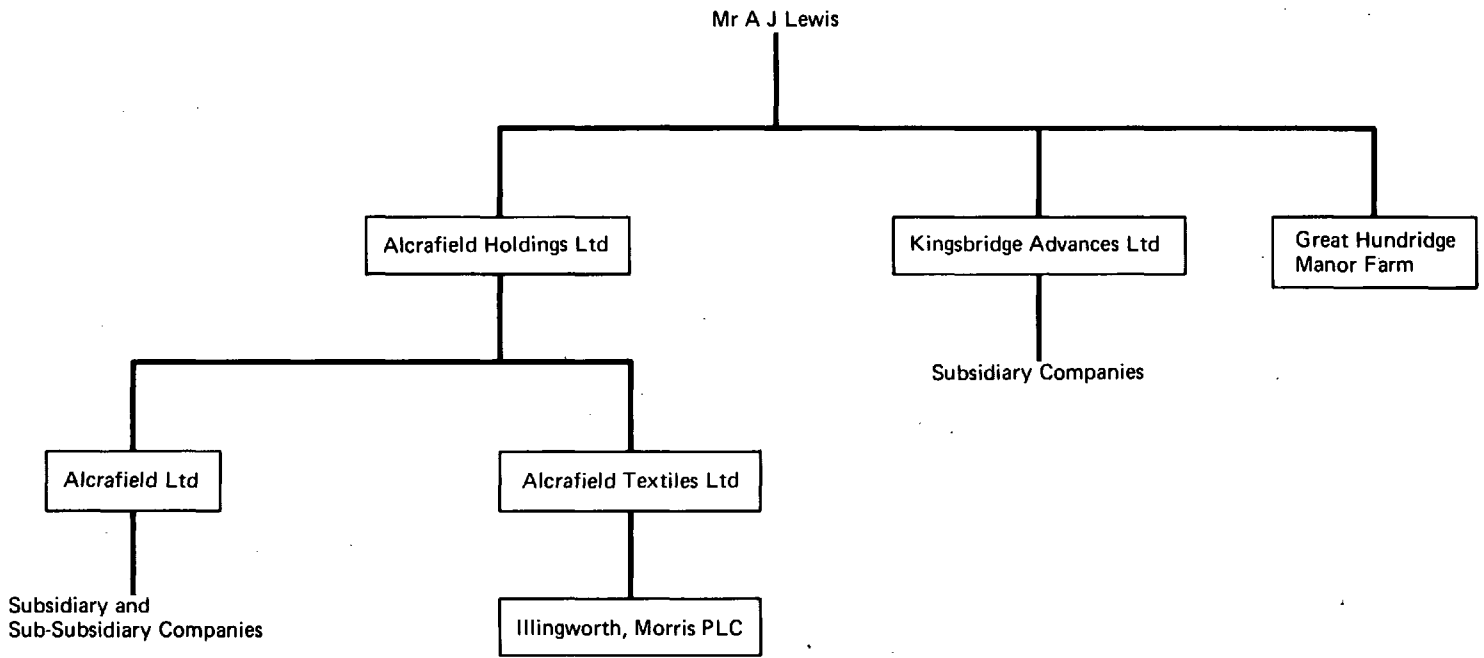


<sup>1</sup> We have been told by Mr Lewis that these subsidiaries are no longer active, although they were shown as having a trading activity in the Kingsbridge group's consolidated accounts for the year ended 31 March 1982.

APPENDIX 12  
(referred to in paragraph 4.6)

**Proposed group structure of Mr A J Lewis' enterprises**

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## APPENDIX 13

(referred to in paragraph 4.14)

**The Alcraftfield group: restatement of results for the five years ended  
31 March 1982**

	1978	1979	1980	1981	1982	£'000 Total
Hartley Industrial Trust*	226	119	275	264	237	1,121
Alnor Funds/Commercial Credit	250	263	427	(146)	32	826
Anglo Manx Bank/G T Whyte	70	164	68	61	38	401
Riofield	—	—	(38)	46	(130)	(122)
Alcraftfield†	32	(58)	(195)	(119)	456	116
Sunlight/Cadugan	—	(40)	(53)	(18)	—	(111)
Others	16	16	39	14	(57)	28
Trading profit	594	464	523	102	576	2,259
<i>Extraordinary items</i>						
Surplus/(deficit) on disposal of fixed assets	(22)	4	121	13	514	630
Profits (losses) on disposal of subsidiaries	76	56	—	—	63	195
Extraordinary deficit of a retailing subsidiary‡	—	—	—	—	(232)	(232)
Sundry extraordinary items	(10)	22	—	1	—	13
Pre-acquisition provision against debts due by company subsequently acquired	(167)	—	—	—	—	(167)
	471	546	644	116	921	2,698
Interest paid	(324)	(444)	(410)	(441)	(433)	(2,052)
Net realised profits	147	102	234	(325)	488	646
Taxation	25	(1)	18	(10)	(21)	11
Minority interests	(7)	14	(5)	(3)	(2)	(3)
Retained profit	165	115	247	(338)	465	654

Source: Alcraftfield.

\* Before charging interest paid, and before crediting interest received.

† Before charging interest paid.

‡ This deficit includes provisions for certain liabilities of a subsidiary (Dolose Ltd) which Alcraftfield does not regard itself as under any obligation to meet (see paragraph 4.55).

APPENDIX 14  
(referred to in paragraph 4.67)

**The Alcraftfield group: summary of reserve movements  
1968 to 31 March 1977**

	<i>£'000</i>
<i>(a) 1968 to 1 March 1973</i>	
1972—placing of shares in Hartley Industrial Trust PLC (Hartley) on re quotation	123
1974—disposal by Hartley of Pakadene (1969) Ltd to National Car Parks	113
1972—on sale of shares in Bury Ring Mill Holdings Ltd	119
1974—on sale of The Swan Lane Spinning Co (1920) Ltd to Courtaulds Ltd	332
Unrealised surplus on revaluation of property in Alcraftfield Ltd	16
	703
Less: Consolidated revenue deficit of Alcraftfield Ltd	(266)
Reserves at 1 March 1973	437
 <i>(b) 1 March 1973 to 31 March 1977</i>	
Reserves at 1 March 1973	437
Retained profits	371
Surplus on revaluation of properties	225
On acquisition and disposal of subsidiaries	227
Surplus on valuation of investments less profits on disposal	16
Transfer to deferred taxation	(57)
Prior year adjustments	(25)
	757
Increase in reserves	757
Reserves at 31 March 1977	1,194

Source: Alcraftfield.

APPENDIX 15

(referred to in paragraph 4.68)

**The Alcraftfield group: consolidated balance sheets at 31 March  
1978 to 1982**

	1978†	1979*	1980*	1981*	£'000 1982*
<i>Funds</i>					
Share capital	1	1	1	1	1
Reserves	1,552	1,711	1,936	2,197	2,531
	<u>1,553</u>	<u>1,712</u>	<u>1,937</u>	<u>2,198</u>	<u>2,532</u>
Deferred taxation	88	80	81	86	86
Long-term loans‡	373	359	345	331	427
Minority interests	276	192	201	157	283
	<u>2,290</u>	<u>2,343</u>	<u>2,564</u>	<u>2,772</u>	<u>3,328</u>
<i>Employment of funds</i>					
<i>Current assets</i>					
Stock	192	57	19	2	176
Debtors	2,051	842	1,026	797	1,121
Loans and advances	322	227	522	354	508
Taxation recoverable	1	—	—	—	—
Directors loan account	171	179	181	171	171
Bills of exchange	—	—	98	—	—
Cash at bank and in hand	807	755	1,231	900	1,436
	<u>3,544</u>	<u>2,060</u>	<u>3,077</u>	<u>2,224</u>	<u>3,412</u>
<i>Less:</i>					
<i>Current liabilities</i>					
Creditors	756	400	472	593	893
Bank overdrafts‡	2,155	1,137	891	945	1,072
Block discounted agreements and acceptance credits‡	40	—	—	—	—
Taxation	35	16	19	10	21
Deposit and current accounts	986	907	1,601	1,568	1,610
Mortgage‡	—	244	237	231	224
	<u>3,972</u>	<u>2,704</u>	<u>3,220</u>	<u>3,347</u>	<u>3,820</u>
Net current assets	(428)	(644)	(143)	(1,123)	(408)
Investments	45	10	10	11	1
Deferred assets	11	11	11	11	—
Fixed assets	3,017	3,132	2,664	3,953	3,737
Subsidiary companies not consolidated	(8)	250	204	54	30
	<u>2,637</u>	<u>2,759</u>	<u>2,746</u>	<u>2,906</u>	<u>3,360</u>
<i>Less:</i>					
Short & medium-term loans‡	347	416	182	134	32
	<u>2,290</u>	<u>2,343</u>	<u>2,564</u>	<u>2,772</u>	<u>3,328</u>

\* Source: Audited Annual Accounts.

† Source: Audited Annual Accounts as restated for change of accounting policy adopted in year ended 31 March 1979.

‡ Borrowings (including long, short and medium-term loans, bank overdrafts, acceptance credits etc and mortgage) as a percentage of share capital and reserves were:

188%      126%      85%      75%      69%

APPENDIX 16

(referred to in paragraph 4.71)

**The Alcraftfield group: consolidated source and application of funds for the year ended 31 March 1972 to 1982**

	1978*	1979*	1980*	1981*	1982*	£ '000 5 year total
<i>Source of funds</i>						
<i>Funds generated on trading</i>						
Profit/(loss) before taxation and extraordinary items after minority interest	263	33	109	(342)	141	204
Adjustment for items not involving the movement of funds						
Deferred taxation in subsidiaries acquired and written off	(50)		13	16	27	(50)
Depreciation	35	14	(9)	3	2	105
Minority interest in retained profits for the year	7	(13)	2			(10)
Provisions no longer required	(274)		(9)	1		(271)
	(19)	34	115	(322)	170	(22)
<i>Funds from other sources</i>						
Acquisition of shares in subsidiaries at a discount	256	9	—	—	77	342
Sale of investments	145	29	—	—	19	193
Arising from non-consolidation of subsidiary	—	187	45	150	68	450
Short and medium-term loans	—	70	—	—	—	70
Sale of fixed assets	263	73	609	46	790	1,781
Long-term loans	142	—	—	—	97	239
Disposals of investments in subsidiaries	291	58	—	—	100	449
Taxation repaid	17	—	—	—	—	17
Mortgage	—	244	—	—	—	244
	1,114	670	654	196	1,151	3,785
	1,095	704	769	(126)	1,321	3,763
<i>Application of funds</i>						
Taxation paid	—	1	2	14	—	17
Net loans to non-consolidated subsidiaries	33	—	—	—	—	33
Purchase of shares in non-consolidated subsidiaries	—	—	—	—	30	30
Long-term loans repaid	—	14	14	14	—	42
Purchase of goodwill on acquisition of subsidiary	—	—	—	117	—	117
Minority interest on disposal of subsidiary	282	—	—	—	—	282
Purchase of fixed assets	860	56	15	669	231	1,831
Short and medium-term loans repaid	221	—	234	48	101	604
Mortgage repayment	—	—	7	6	7	20
Extraordinary deficits in respect of subsidiaries	175	—	—	—	232	407
Purchase of investments	—	—	—	1	1	2
	1,571	71	272	869	602	3,385
	(476)	633	497	(995)	719	378
carried forward						

	1978*	1979*	1980*	1981*	1982*	£'000 5 year total
brought forward	(476)	633	497	(995)	719	378
<i>Changes in working capital</i>						
(Increase)/decrease in bills of exchange	—	—	(98)	98	—	—
(Increase)/decrease in stock	218	3	37	17	(173)	102
Decrease in customer balances	328	—	—	—	—	328
(Increase)/decrease in debtors	179	(370)	(184)	229	(324)	(470)
(Increase)/decrease in loans and advances	46	95	(294)	167	(154)	(140)
(Increase)/decrease in director's loan account	(19)	(9)	(1)	10	—	(19)
Increase/(decrease) in creditors	67	(37)	71	121	300	522
Increase/(decrease) in deposit and current accounts	(476)	(79)	694	(33)	42	148
	343	(397)	225	609	(309)	471
Increase/(decrease) in liquidity	(133)	236	722	(386)	410	849
<i>Represented by:</i>						
Increase/(decrease) in cash at bank and in hand	(349)	(16)	476	(332)	536	315
(Increase)/decrease in bank overdrafts	95	252	246	(54)	(126)	413
Net local authority deposit, block discount agreements and acceptance credits	121	—	—	—	—	121
	(133)	236	722	(386)	410	849

\* Source: Alcraftfield.

APPENDIX 17  
(referred to in paragraph 5.40)

**Details of the acquisitions by Abele Ltd of Illingworth, Morris stock**

Source	Date	Type of stock		Percentage of total voting stock	Price per stock unit	Consideration £
		Ordinary	'A' Ordinary			
Mrs Mason's holdings in IM as executrix of the Isidore Ostrer estate.	25 November 1981	1,922,550		19.2	14.75p	707,718
			4,137,974		10.25p	
Indirectly acquired on purchase of the whole of the issued share capital of Lothbury.	29 September 1982 & 13 October 1982	2,463,735	7,239,157	24.6		677,357
	13 October 1982 & 20 October 1982	237,452	920,518	2.4		<u>101,237</u>
Indirectly acquired on purchase of the whole of the issued share capital of LOG.						<u>1,486,312</u>
Acquired from the executors of the Maurice Ostrer estate.	12 January 1983	200,000		2.0	14.75p	232,830
			1,983,712		10.25p	
				<u>48.2</u>		<u>1,719,142</u>

## **The views of the Take-overs and Mergers Panel on the application of the City Code to the proposed merger**

1. The Panel explained the relevance in the context of Abele's bid for IM of Rule 34 of the Take-over Code which requires a cash offer to be made to shareholders of a public company when control of that company passes. As Rule 34 makes clear, a person who comes to control 30 per cent or more of the voting rights of a public company through the acquisition of shares is obliged to extend an offer to the holders of any class of share capital which carries votes and in which he holds shares. As far as option agreements are concerned, the position of option holders under Rule 34 (until the introduction of Rule 40 in April 1982) was set out in section 8 of Practice Note 15: the taking of, for example, a six month option over 30 per cent of a company would not normally have triggered a Rule 34 bid, although the exercise of that option would have done so.

2. The Panel explained that an offeror who triggers a Rule 34 bid must, in addition to any offers he may make for the voting shares, also make a 'comparable' offer to the holders of any class of equity, even if that equity carries no votes.

3. The Panel executive explained that, because of the potential delays, it was asked on 16 October 1981 to approve an amendment to extend the original option agreement.

4. The Panel explained that because of the protracted legal proceedings and the appointment of a Judicial Trustee to replace Mrs Mason, the executive was in fact asked to approve the extension of the option period, which it did twice following discussions with Mr Lewis, the Judicial Trustee, and Hill Samuel. In April 1982 the Panel agreed that the option period should run until the determination of the rights of the parties under the option agreement, but said that the position should be reviewed at the end of July 1982. At that time the Panel considered the facts again and took the view that a further extension was appropriate with a second review fixed for February 1983. On 30 September 1982 Abele and the Judicial Trustee announced that Abele had acquired the estate's holding in Lothbury, and that Abele had entered into put and call options with the Judicial Trustee concerning the estate's shareholding in LOG. The Panel explained, however, that at that time Abele's position as far as the triggering of its Rule 34 bid was still unclear, as the petition to wind up Lothbury was still outstanding.

5. The Panel explained that Abele's position became clearer on 13 October 1982 when Abele announced that it had acquired the minority stake in Lothbury (from those who had previously called for the company's liquidation), and that it had exercised its option over some of the share capital in LOG, and had acquired all the remaining share capital in LOG.

6. In the Panel's view, after the acquisitions made on 13 October Abele had clearly acquired control of IM, but it took the view that no offer announcement should be made until the questions of comparability and the 'see through' price had finally been settled between the two sides; Abele on one side and Hill Samuel and IM on the other. Once these matters had been settled a full offer announcement was made on 26 October 1982.

APPENDIX 19

(referred to in paragraphs 7.17 and 8.50)

**Undertakings received by three trade unions  
from Mr A J Lewis**

6 April 1983

You have asked me to give certain undertakings in relation to Illingworth, Morris.

I am happy to give you various undertakings. I do not think it is appropriate that these undertakings should have any specific limitation as to time attached to them.

I am, therefore, happy to give the following assurances:

1. The Registered Office of Illingworth, Morris will remain in England.

2. It is Alcraft's intention to retain the Listing of Illingworth, Morris stock on the London Stock Exchange. You will appreciate that the Council of the Stock Exchange itself regulates which shares are listed and which are not. It may be that if a very substantial proportion of Illingworth, Morris shareholders accept the Alcraft offer that in the view of the Stock Exchange there will be insufficient outside shareholders to maintain a market and for this reason and other reasons the Stock Exchange may rule that the Illingworth, Morris stock should not be listed. It is my intention to maintain the Listing where possible and commercially prudent.

3. It is Alcraft's intention to do everything possible to strengthen Illingworth, Morris' financial position and certainly to reduce its borrowings. Any revenue created from the sale of properties owned by Illingworth, Morris would be used for the benefit of Illingworth, Morris and particularly for the purposes I have referred to.

4. It is Alcraft's intention to retain existing management. This undertaking obviously relates to Management with the ability and loyalty to ensure that Illingworth, Morris is brought back to a successful position.

5. Our objective, as I have said, is to achieve a profitable and efficient Illingworth, Morris and a policy of containment, and indeed a reversal of the present contraction of the Company is a first priority for us.

6. We undertake that procedures will be set up for the Trade Unions and Management to consult at regular intervals and that there will be no action to remove or undermine the present negotiating rights and Trade Union Organisation.

7. That the existing Illingworth, Morris Pension Scheme will be retained, where practical, and that Trade Union appointed Trustees will be part of that preservation and also the total benefits of the scheme will be safeguarded.

Yours sincerely,

*Alan J Lewis*