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WITTON MILL CO., LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 1996



WITTON MILL CO., LIMITED

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WITTON MILL CO., LIMITED

COMPANY INFORMATION

DIRECTORS:

J. W. Walsh
N. J. Walsh
E. C. Birtwell
R. H. Emsley

SECRETARY:

J. N. Ratcliffe

REGISTERED OFFICE:

Witton Mill
Stancliffe Street
Blackburn
Lancs BB2 2QU

REGISTERED NUMBER:

305912

AUDITORS:

Waterworths
Registered Auditors
Chartered Accountants
Central Buildings
Richmond Terrace
Blackburn BB1 7AP

WITTON MILL CO., LIMITED

REPORT OF THE DIRECTORS

The Directors present their Report and the Audited Financial Statements for the year ended 31 March 1996.

PRINCIPAL ACTIVITY

The principal activity of the Group is the manufacture and merchandising of textile fabrics.

REVIEW OF BUSINESS

The results for the year and financial position of the Group are as shown in the annexed financial statements. During the year the company commenced a project to replace the existing buildings and equipment with more efficient ones.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £53,373.

FIXED ASSETS

The Directors are of the opinion that the current market value of the Freehold Land and Buildings is in excess of the book value.

DIRECTORS AND THEIR INTERESTS

The directors of the Company in office during the year and their beneficial interests in the issued share capital were as follows:

| | At 31 March 1996 | | At 31 March 1995 | |
|----------------|------------------|--------------|------------------|--------------|
| | Ordinary | 'A' Ordinary | Ordinary | 'A' Ordinary |
| J. W. Walsh | 26 | - | 26 | - |
| E. C. Birtwell | 16 | 34 | 16 | 34 |
| N. J. Walsh | 10 | 16 | 10 | 16 |
| R. H. Emsley | - | - | - | - |

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

WITTON MILL CO., LIMITED

REPORT OF THE DIRECTORS

AUDITORS

On 1 January 1996 our auditors changed the name under which they practise to Waterworths and, accordingly, have signed their report in their new name.

A resolution will be proposed that Waterworths be re-appointed as the company's auditors.

ON BEHALF OF THE BOARD:



J. N. RATCLIFFE - Secretary

Dated: 19th July 1996

WITTON MILL CO., LIMITED

REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF
WITTON MILL CO., LIMITED

We have audited the financial statements on pages five to seventeen which have been prepared under the historical cost convention and the accounting policies set out on pages nine and ten.

Respective responsibilities of directors and auditors

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

Basis of opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and of the group at 31 March 1996 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Waterworths
Registered Auditors
Chartered Accountants
Central Buildings
Richmond Terrace
Blackburn BB1 7AP

Dated: 19th July 1996

WITTON MILL CO., LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the Year Ended 31 March 1996

| | Notes | 1996 | 1995 |
|---|-------|------------------|------------------|
| | | £ | £ |
| TURNOVER | 2 | 15,448,075 | 14,275,722 |
| Change in Stocks of Finished Goods and Work-in-Progress | | <u>185,574</u> | <u>88,925</u> |
| | | 15,633,649 | 14,364,647 |
| Raw Materials and Consumables | | 8,831,021 | 8,392,887 |
| Other External Charges | | <u>2,365,127</u> | <u>1,680,896</u> |
| | | 11,196,148 | 10,073,783 |
| | | 4,437,501 | 4,290,864 |
| Other Operating Income | | <u>2,500</u> | <u>9,500</u> |
| | | 4,440,001 | 4,300,364 |
| Staff Costs | 3 | 2,902,536 | 2,825,047 |
| Depreciation | 4 | 284,541 | 338,532 |
| Other Operating Charges | | <u>1,746,723</u> | <u>1,522,204</u> |
| | | 4,933,800 | 4,685,783 |
| OPERATING LOSS | 5 | (493,799) | (385,419) |
| Profit on sale of Fixed Assets | 7 | 480,080 | - |
| Income from Fixed Asset Investments | | 17,162 | 4,700 |
| Interest Receivable | 8 | 640 | 19,596 |
| Interest Payable | 9 | <u>(61,829)</u> | <u>(5,226)</u> |
| LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION | | (57,746) | (366,349) |
| Taxation Credit on loss on Ordinary Activities | 10 | <u>8,373</u> | <u>13,374</u> |
| LOSS ON ORDINARY ACTIVITIES AFTER TAXATION | | (49,373) | (352,975) |
| Dividends: Equity Shares | | <u>4,000</u> | <u>4,000</u> |
| RETAINED LOSS FOR FINANCIAL YEAR | | (53,373) | (356,975) |
| Retained Profit brought forward | | <u>4,231,194</u> | <u>4,588,169</u> |
| RETAINED PROFIT CARRIED FORWARD | | <u>4,177,821</u> | <u>4,231,194</u> |

CONTINUING OPERATIONS

None of the group's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

The group has no recognised gains and losses other than the losses for the current year and previous year.

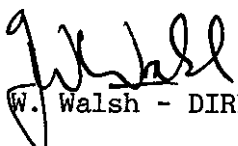
The notes form part of these financial statements

WITTON MILL CO., LIMITED

CONSOLIDATED BALANCE SHEET

As at 31 March 1996

| | Notes | 1996 | | 1995 | |
|--|-------|------------------|------------------|------------------|------------------|
| | | £ | £ | £ | £ |
| FIXED ASSETS: | | | | | |
| Tangible Assets | 12 | | 1,403,623 | | 689,268 |
| Investments | 13 | | <u>267,694</u> | | <u>258,264</u> |
| | | | 1,671,317 | | 947,532 |
| CURRENT ASSETS: | | | | | |
| Stocks | 14 | 3,938,442 | | 3,864,263 | |
| Debtors | 15 | 3,441,491 | | 3,713,730 | |
| Cash at Bank and in Hand | | <u>314,217</u> | | <u>3,374</u> | |
| | | 7,694,150 | | 7,581,367 | |
| CREDITORS: Amounts falling due within one year | 16 | <u>3,867,646</u> | | <u>4,277,705</u> | |
| NET CURRENT ASSETS: | | | <u>3,826,504</u> | | <u>3,303,662</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES: | | | 5,497,821 | | 4,251,194 |
| CREDITORS: Amounts falling due after more than one year | 17 | | <u>1,300,000</u> | | <u>-</u> |
| | | | <u>4,197,821</u> | | <u>4,251,194</u> |
| CAPITAL AND RESERVES: | | | | | |
| Called Up Share Capital | 18 | | 20,000 | | 20,000 |
| Profit and Loss Account | | | <u>4,177,821</u> | | <u>4,231,194</u> |
| Shareholders' Funds | 23 | | <u>4,197,821</u> | | <u>4,251,194</u> |

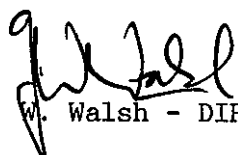

 J. W. Walsh - DIRECTOR

Approved by the Board on 19th July 1996

WITTON MILL CO., LIMITED

BALANCE SHEET
As at 31 March 1996

| | Notes | £ | 1996 | £ | 1995 | £ |
|--|-------|------------------|------------------|------------------|------------------|---|
| FIXED ASSETS: | | | | | | |
| Tangible Assets | 12 | | 1,270,493 | | 587,844 | |
| Investments | 13 | | <u>272,694</u> | | <u>263,264</u> | |
| | | | 1,543,187 | | 851,108 | |
| CURRENT ASSETS: | | | | | | |
| Stocks | 14 | 2,961,021 | | 2,940,426 | | |
| Debtors | 15 | 1,907,165 | | 2,132,154 | | |
| Cash at Bank and in Hand | | <u>117,379</u> | | <u>2,067</u> | | |
| | | 4,985,565 | | 5,074,647 | | |
| CREDITORS: Amounts falling due within one year | 16 | <u>2,187,992</u> | | <u>2,830,678</u> | | |
| NET CURRENT ASSETS: | | | <u>2,797,573</u> | | <u>2,243,969</u> | |
| TOTAL ASSETS LESS CURRENT LIABILITIES: | | | 4,340,760 | | 3,095,077 | |
| CREDITORS: Amounts falling due after more than one year | 17 | | <u>1,300,000</u> | | <u>-</u> | |
| | | | <u>3,040,760</u> | | <u>3,095,077</u> | |
| CAPITAL AND RESERVES: | | | | | | |
| Called Up Share Capital | 18 | | 20,000 | | 20,000 | |
| Profit and Loss Account | | | <u>3,020,760</u> | | <u>3,075,077</u> | |
| | | | <u>3,040,760</u> | | <u>3,095,077</u> | |


J. Walsh - DIRECTOR

Approved by the Board on 19th July 1996

WITTON MILL CO., LIMITED

CONSOLIDATED CASH FLOW STATEMENT
for the Year Ended 31 March 1996

| | Notes | 1996 | | 1995 | |
|--|-------|----------------|------------------|----------------|--------------------|
| | | £ | £ | £ | £ |
| NET CASH OUTFLOW FROM OPERATING ACTIVITIES | 20 | | (283,766) | | (987,886) |
| RETURNS ON INVESTMENTS AND SERVICING OF FINANCE | | | | | |
| Interest Received | | 640 | | 19,596 | |
| Income from Fixed Asset Investments | | 7,607 | | 5,807 | |
| Interest Paid | | (61,829) | | (4,226) | |
| Dividends paid | | <u>(4,000)</u> | | <u>(4,000)</u> | |
| NET CASH (OUTFLOW)/INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE | | | (57,582) | | 17,177 |
| TAX RECOVERED/(PAID) | | | 13,733 | | (211,394) |
| INVESTING ACTIVITIES | | | | | |
| Purchase of Investments | | (59,754) | | (19,528) | |
| Sale of Investments | | 59,879 | | 1,644 | |
| Purchase of Fixed Assets | | (859,698) | | (97,787) | |
| Sale of Fixed Assets | | <u>508,830</u> | | <u>6,800</u> | |
| NET CASH OUTFLOW FROM INVESTING ACTIVITIES | | | <u>(350,743)</u> | | <u>(108,871)</u> |
| NET CASH OUTFLOW BEFORE FINANCING | | | (678,358) | | (1,290,974) |
| FINANCING | | | | | |
| Loan advance | | 1,500,000 | | - | |
| Capital element of hire purchase contracts | | <u>(7,361)</u> | | <u>-</u> | |
| NET CASH INFLOW FROM FINANCING | 22 | | <u>1,492,639</u> | | <u>-</u> |
| INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | 21 | | <u>814,281</u> | | <u>(1,290,974)</u> |

WITTON MILL CO., LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 March 1996

1. ACCOUNTING POLICIES

These financial statements have been prepared in accordance with applicable accounting standards issued by the U.K. accountancy bodies.

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

Basis of Accounting

These financial statements have been prepared under the historical cost accounting rules.

Basis of Consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 March 1996 and accounted for by the acquisition method. The results of subsidiaries sold or acquired are included in the consolidated profit and loss account up to, or from, the date control passes. Intra-group sales are eliminated on consolidation.

A separate profit and loss account dealing with the results of the company is not presented, as permitted by Section 230 of the Companies Act 1985.

Investments

Investments held as fixed assets are stated at cost less provision for permanent diminution in value.

Fixed Assets

Depreciation is provided at rates calculated to write off the Cost or Valuation of Tangible Fixed Assets over their estimated useful lives. The rates used on the straight line method are:-

| | |
|------------------------------|--------------------------------|
| Freehold Buildings | : 10% per annum |
| Leasehold Property | : over the period of the lease |
| Plant and Machinery | : 12.5% per annum |
| Motor Vehicles | : 25% per annum |
| Office Furniture & Equipment | |
| - additions to 31 March 1995 | : 10%, 20% and 100% |
| - additions to 31 March 1996 | : 10%, 20% and 33% |

Government grants all of which were received prior to 31 March 1991 are shown as a deduction from the cost of the assets to which they relate and depreciation is provided on the net cost.

Hire Purchase

Assets obtained under hire purchase contracts are capitalised in the balance sheet and depreciated over their estimated useful lives.

Rentals payable are apportioned between the finance charge and a reduction of the outstanding obligation for future amounts payable, so that the charge for each accounting period is a constant percentage of the remaining balance of the capital sum outstanding.

WITTON MILL CO., LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 March 1996

Stocks and Work-in-Progress

Stocks and work-in-progress are valued on a 'first-in-first-out' basis at the lower of cost and net realisable value. Cost includes all direct expenditure and appropriate production overheads.

Turnover

Turnover represents amounts invoiced by the Company in respect of goods supplied during the year, excluding Value Added Tax.

Repairs and Renewals

Repairs and Renewals are written off as incurred.

Deferred Taxation

Deferred taxation arises when profits and surpluses are recognised in the financial statements in one period, but are assessed to corporation tax in another period.

Deferred taxation is provided on the liability method on all timing differences except where it is probable that the liability will not crystallise.

Foreign Exchange

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Pensions

During the accounting year the group has operated a number of defined contribution schemes, under which contributions are paid by Group Companies and employees. Contributions are charged to profit and loss account as they are paid.

Contributions to the defined benefit scheme ceased on 31 March 1992 and the scheme was wound up during the year.

2. **TURNOVER AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION**

Turnover and the loss on ordinary activities before taxation arose from the group's principal activities.

Analysis of turnover by geographical market, is as follows:

| | 1996 | 1995 |
|----------------|-------------------|-------------------|
| | £ | £ |
| United Kingdom | 14,436,048 | 14,062,551 |
| Overseas | <u>1,012,027</u> | <u>213,171</u> |
| | <u>15,448,075</u> | <u>14,275,722</u> |

WITTON MILL CO., LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 March 1996

3. STAFF COSTS

| | 1996 | 1995 |
|--|------------------|------------------|
| The average number of persons employed by the Group (including Directors) during the year was as follows: | | |
| Office and Management | 36 | 32 |
| Manufacturing | 136 | 155 |
| Others | <u>9</u> | <u>9</u> |
| | <u>181</u> | <u>196</u> |
| Staff costs comprise: | | |
| | £ | £ |
| Wages and Salaries | 2,511,579 | 2,523,969 |
| Social Security Costs | 230,805 | 231,455 |
| Other Pension Costs | 23,862 | 47,461 |
| Pension to widow of former Director | 23,270 | 22,162 |
| Redundancy and Ex Gratia payments | <u>113,020</u> | <u>-</u> |
| | <u>2,902,536</u> | <u>2,825,047</u> |

4. DEPRECIATION

| | £ | £ |
|---|----------------|----------------|
| Depreciation Charge for year - Owned Assets | 284,541 | 337,314 |
| - Assets on Hire Purchase | <u>-</u> | <u>1,218</u> |
| | <u>284,541</u> | <u>338,532</u> |

5. OPERATING LOSS

Operating loss is stated after charging the following:

| | £ | £ |
|----------------------------------|--------------|--------------|
| Directors' Remuneration (Note 6) | 279,709 | 274,513 |
| Auditors' Remuneration - audit | 15,500 | 15,000 |
| - non audit services | <u>8,700</u> | <u>9,700</u> |

6. DIRECTORS' REMUNERATION

Emoluments excluding Pension Contributions:

| | | |
|-----------------------|----------|----------|
| Chairman | £124,017 | £124,859 |
| Highest Paid Director | Chairman | Chairman |

These emoluments are included in the information which follows.

The directors' emoluments, excluding Pension Contributions, fell within the following ranges.

| | | |
|---------------------|---|---|
| £ NIL - £ 5,000 | 1 | 1 |
| £55,001 - £60,000 | 1 | 1 |
| £60,001 - £65,000 | - | - |
| £75,001 - £80,000 | - | - |
| £80,001 - £85,000 | - | 1 |
| £85,001 - £90,000 | 1 | - |
| £120,001 - £125,000 | 1 | 1 |

WITTON MILL CO., LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 March 1996

7. PROFIT ON SALE OF FIXED ASSETS

Comprises the profit on sale of machinery in connection with the company's project to replace existing buildings and equipment with more efficient ones. The profit is taxable although the liability to corporation tax has been offset by current year trading losses.

| | 1996 | 1995 |
|---|-------------------|--------------------|
| 8. INTEREST RECEIVABLE | | |
| | £ | £ |
| Interest on Bank Deposits | 640 | 16,605 |
| Interest received from Factors | <u>-</u> | <u>2,991</u> |
| | <u>640</u> | <u>19,596</u> |
| 9. INTEREST PAYABLE | | |
| | £ | £ |
| Interest on Bank Overdraft | <u>61,829</u> | <u>5,226</u> |
| 10. TAXATION | | |
| The tax credit on the loss on ordinary activities for the year is as follows: | | |
| | £ | £ |
| UK Corporation Tax | <u>8,373</u> | <u>13,374</u> |
| 11. LOSS FOR THE YEAR | | |
| | £ | £ |
| Dealt with in the financial statements of the Company | (<u>54,317</u>) | (<u>356,151</u>) |

The exemption contained in Section 230 of the Companies Act 1985 applies and a Profit and Loss Account for the Company has not been presented.

WITTON MILL CO., LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 March 1996

12. TANGIBLE FIXED ASSETS

| GROUP: | <u>Land and Buildings</u> | | Deposits and Assets under Leasehold construction | Motor Vehicles | Plant and Machinery | Total |
|----------------------------|---------------------------|----------------|---|-------------------|------------------------|------------------|
| | Freehold | Short Term | | | | |
| COST: | £ | £ | £ | £ | £ | £ |
| At 31 March 1995 | 1,390,673 | 188,227 | - | 443,853 | 6,820,115 | 8,842,868 |
| Additions | - | - | 839,696 | 104,872 | 83,078 | 1,027,646 |
| Disposals | - | - | - | (81,526) | (920,148) | (1,001,674) |
| At 31 March 1996 | <u>1,390,673</u> | <u>188,227</u> | <u>839,696</u> | <u>467,199</u> | <u>5,983,045</u> | <u>8,868,840</u> |
| DEPRECIATION: | | | | | | |
| At 31 March 1995 | 1,199,714 | 24,987 | - | 261,236 | 6,667,663 | 8,153,600 |
| Charge for the year | 108,526 | 6,275 | - | 76,295 | 93,445 | 284,541 |
| Eliminated on Disposals | - | - | - | (52,776) | (920,148) | (972,924) |
| At 31 March 1996 | <u>1,308,240</u> | <u>31,262</u> | <u>-</u> | <u>284,755</u> | <u>5,840,960</u> | <u>7,465,217</u> |
| NET BOOK VALUE: | | | | | | |
| As at 31 March 1996 | <u>82,433</u> | <u>156,965</u> | <u>839,696</u> | <u>182,444</u> | <u>142,085</u> | <u>1,403,623</u> |
| As at 31 March 1995 | <u>190,959</u> | <u>163,240</u> | <u>-</u> | <u>182,617</u> | <u>152,452</u> | <u>689,268</u> |
| COMPANY: | | | | | | |
| COST: | | | | | | |
| At 31 March 1995 | 1,390,673 | 188,227 | - | 280,464 | 6,761,380 | 8,620,744 |
| Additions | - | - | 839,696 | 7,500 | 78,067 | 925,263 |
| Disposals | - | - | - | - | (918,448) | (918,448) |
| At 31 March 1996 | <u>1,390,673</u> | <u>188,227</u> | <u>839,696</u> | <u>287,964</u> | <u>5,920,999</u> | <u>8,627,559</u> |
| DEPRECIATION: | | | | | | |
| At 31 March 1995 | 1,199,714 | 24,987 | - | 182,706 | 6,625,493 | 8,032,900 |
| Charge for the year | 108,526 | 6,275 | - | 43,382 | 84,431 | 242,614 |
| Eliminated on Disposal | - | - | - | - | (918,448) | (918,448) |
| At 31 March 1996 | <u>1,308,240</u> | <u>31,262</u> | <u>-</u> | <u>226,088</u> | <u>5,791,476</u> | <u>7,357,066</u> |
| NET BOOK VALUE: | | | | | | |
| As at 31 March 1996 | <u>82,433</u> | <u>156,965</u> | <u>839,696</u> | <u>61,876</u> | <u>129,523</u> | <u>1,270,493</u> |
| As at 31 March 1995 | <u>190,959</u> | <u>163,240</u> | <u>-</u> | <u>97,758</u> | <u>135,887</u> | <u>587,844</u> |

WITTON MILL CO., LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 March 1996

13. INVESTMENTS

| | COMPANY | | | GROUP |
|--|---|----------------------------|----------------|----------------------------|
| | Shares in Subsidiary (Note 19) £ | Listed Investments £ | Total £ | Listed Investments £ |
| COST | | | | |
| Balance 1 April 1995 | 10,000 | 258,264 | 268,264 | 258,264 |
| Additions | - | 59,754 | 59,754 | 59,754 |
| Disposals | - | (50,324) | (50,324) | (50,324) |
| Balance 31 March 1996 | <u>10,000</u> | <u>267,694</u> | <u>277,694</u> | <u>267,694</u> |
| PROVISION FOR DIMINUTION IN VALUE | | | | |
| At 1 April 1995 & 31 March 1996 | <u>(5,000)</u> | <u>-</u> | <u>(5,000)</u> | <u>-</u> |
| NET BOOK VALUE | | | | |
| As at 31 March 1996 | <u>5,000</u> | <u>267,694</u> | <u>272,694</u> | <u>267,694</u> |
| As at 31 March 1995 | <u>5,000</u> | <u>258,264</u> | <u>263,264</u> | <u>258,264</u> |
| Market value of listed investments | | <u>303,946</u> | | <u>303,946</u> |

14. STOCKS

| | COMPANY | | GROUP | |
|------------------|------------------|------------------|------------------|------------------|
| | 1996 £ | 1995 £ | 1996 £ | 1995 £ |
| Raw Materials | 1,759,630 | 1,914,293 | 2,003,718 | 2,115,112 |
| Work-in-Progress | 471,058 | 677,175 | 720,506 | 905,676 |
| Finished Goods | <u>730,333</u> | <u>348,958</u> | <u>1,214,218</u> | <u>843,475</u> |
| | <u>2,961,021</u> | <u>2,940,426</u> | <u>3,938,442</u> | <u>3,864,263</u> |

15. DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR

| | £ | £ | £ | £ |
|--|------------------|------------------|------------------|------------------|
| Trade Debtors | 1,329,951 | 1,618,330 | 1,390,694 | 1,665,635 |
| Factored Trade Debtors | - | - | 2,020,652 | 1,846,588 |
| Advance Corporation Tax recoverable after more than one year | - | 2,000 | - | 2,000 |
| Dividend Receivable from Group Company | 260,000 | 150,000 | - | - |
| Prepayments | 5,000 | 183,939 | 19,969 | 185,971 |
| Amounts owed by Group Company | 302,038 | 164,349 | - | - |
| Corporation Tax Recoverable | <u>10,176</u> | <u>13,536</u> | <u>10,176</u> | <u>13,536</u> |
| | <u>1,907,165</u> | <u>2,132,154</u> | <u>3,441,491</u> | <u>3,713,730</u> |

WITTON MILL CO., LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 March 1996

| 16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR | COMPANY | | GROUP | |
|---|------------------|------------------|------------------|------------------|
| | 1996 | 1995 | 1996 | 1995 |
| | £ | £ | £ | £ |
| Bank Loan and Overdraft | 200,000 | 727,812 | 200,000 | 503,438 |
| Trade Creditors | 1,532,899 | 1,687,860 | 2,944,868 | 2,875,909 |
| Other Taxes and Social Security | 132,406 | 287,788 | 340,595 | 436,010 |
| Hire Purchase | - | - | - | 7,361 |
| Other Creditors | 18,844 | 21,227 | 18,844 | 21,227 |
| Accruals | 273,666 | 85,026 | 333,162 | 119,897 |
| Advances from Factors | - | - | - | 292,898 |
| Directors' Loan Accounts | 26,177 | 16,965 | 26,177 | 16,965 |
| Proposed Dividend | <u>4,000</u> | <u>4,000</u> | <u>4,000</u> | <u>4,000</u> |
| | <u>2,187,992</u> | <u>2,830,678</u> | <u>3,867,646</u> | <u>4,277,705</u> |

The Bank loan and overdraft are secured by a legal charge over all the group's assets.

17. CREDITORS: AMOUNTS FALLING DUE
AFTER MORE THAN ONE YEAR

| | £ | £ | £ | £ |
|---|------------------|----------|------------------|----------|
| Bank loan - repayable in two to five years | 1,100,000 | - | 1,100,000 | - |
| Bank loan - repayable over five years | <u>200,000</u> | <u>-</u> | <u>200,000</u> | <u>-</u> |
| | <u>1,300,000</u> | <u>-</u> | <u>1,300,000</u> | <u>-</u> |

The Bank loan and overdraft are secured by a legal charge over all the group's assets.

The Bank loan is repayable in equal quarterly instalments over a five year period commencing mid 1996. Interest is charged at a commercial rate.

18. CALLED UP SHARE CAPITAL

Authorised:

| Number: | Class: | Nominal Value: | 1996 | 1995 |
|---------|---------------------|----------------|---------------|---------------|
| | | | £ | £ |
| 100 | Ordinary Shares | £100 | 10,000 | 10,000 |
| 100 | 'A' Ordinary Shares | £100 | <u>10,000</u> | <u>10,000</u> |
| | | | <u>20,000</u> | <u>20,000</u> |

Allotted, issued and fully paid:

| Number: | Class: | Nominal Value: | 1996 | 1995 |
|---------|---------------------|----------------|---------------|---------------|
| | | | £ | £ |
| 100 | Ordinary Shares | £100 | 10,000 | 10,000 |
| 100 | 'A' Ordinary Shares | £100 | <u>10,000</u> | <u>10,000</u> |
| | | | <u>20,000</u> | <u>20,000</u> |

The ordinary shares and 'A' ordinary shares rank equally in all respects other than the holders of 'A' ordinary shares and have no voting rights.

WITTON MILL CO., LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 March 1996

19. INVESTMENT IN SUBSIDIARY COMPANIES

| Name of Subsidiary | Principal Activity | Share Holding |
|-------------------------------|--------------------|---------------|
| Norjon Fabrics Ltd. | Dormant | 100% |
| Wittrex International Limited | Textile Merchants | 100% |

20. RECONCILIATION OF OPERATING PROFIT TO NET CASH
OUTFLOW FROM OPERATING ACTIVITIES

| | 1996 £ | 1995 £ |
|---------------------------------------|------------------|------------------|
| Operating Loss | (493,799) | (385,419) |
| Depreciation | 290,254 | 335,541 |
| (Profit)/Loss on Sale of Fixed Assets | (5,713) | 2,991 |
| Increase in Stocks | (74,179) | (1,422,178) |
| Decrease/(Increase) in Debtors | 266,879 | (43,554) |
| (Decrease)/Increase in Creditors | (267,208) | 524,733 |
| | <u>(283,766)</u> | <u>(987,886)</u> |

21. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS
DURING THE YEAR

| | 1996 £ | 1995 £ |
|---|----------------|--------------------|
| Cash and Bank Balances at 31 March 1995 | (500,064) | 790,910 |
| Net Cash Inflow/(Outflow) | <u>814,281</u> | <u>(1,290,974)</u> |
| Cash and bank balances at 31 March 1996 | <u>314,217</u> | <u>(500,064)</u> |

22. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

| | Loans £ |
|----------------------------------|------------------|
| Balance 1 April 1995 | 7,361 |
| Hire Purchase capital repayments | (7,361) |
| Bank loan advance | <u>1,500,000</u> |
| Balance 31 March 1996 | <u>1,500,000</u> |

WITTON MILL CO., LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 March 1996

| | | |
|--|------------------|------------------|
| 23. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS | 1996 | 1995 |
| | £ | £ |
| Loss for the Financial Year | (49,373) | (352,975) |
| Dividends | <u>(4,000)</u> | <u>(4,000)</u> |
| NET REDUCTION IN SHAREHOLDERS' FUNDS | (53,373) | (356,975) |
| Opening Shareholders' Funds | 4,251,194 | 4,608,169 |
| Closing Shareholders' Funds | <u>4,197,821</u> | <u>4,251,194</u> |
| Equity Interests | <u>4,197,821</u> | <u>4,251,194</u> |
| 24. PENSION COSTS | £ | £ |
| Pension costs charged against profit: | | |
| Defined Contribution Schemes | 23,862 | 47,461 |
| Ex Gratia Pension | <u>23,270</u> | <u>22,162</u> |
| | <u>47,132</u> | <u>69,623</u> |

The defined benefit scheme referred to last year has been wound up during the year.

25. CONTINGENT LIABILITIES

The company has guaranteed the bank borrowings of the subsidiary trading company, which at the balance sheet date were £Nil (1995: £Nil).

26. CAPITAL COMMITMENTS

The capital commitments of the group and the company at the year end were:

| | | |
|-------------------------------|------------------|----------|
| | 1996 | 1995 |
| | £ | £ |
| Authorised and contracted for | <u>2,721,000</u> | <u>-</u> |