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MOSSLEY HOLDINGS LIMITED  
REPORT AND FINANCIAL  
STATEMENTS

31 DECEMBER 1996

 ERNST & YOUNG



Mossley Holdings Limited

OFFICERS AND PROFESSIONAL ADVISORS

**DIRECTORS**

D Meillassoux (Managing Director - French)  
S J Garner  
K R Eaton

**SECRETARY**

K R Eaton A.C.A.

**AUDITORS**

Ernst & Young  
Commercial Union House  
Albert Square  
Manchester  
M2 6LP

**BANKERS**

England:-

The Royal Bank of Scotland PLC  
National Westminster Bank PLC

France:-

BNP,  
CIN, (Group CIC)  
Credit Lyonnais,  
Odier Bungener Courvoisier  
Kolb

**SOLICITORS**

Grundy Kershaw & Bowdens  
Manchester

**REGISTERED OFFICE**

Carrhill Mill  
Mossley  
Ashton-Under-Lyne  
Lancashire  
OL5 9AU

# Mossley Holdings Limited

## DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 1996.

### 1 Activities

The principal activities of the group are the manufacture and supply of yarns, fabrics and finished garments for the clothing industry.

### 2 Review of operations

Although group turnover (expressed in sterling) decreased by 15% to £76,656,075, this is totally due to the weaker French franc against sterling at the year end conversion rate (decrease of 17%). With a constant exchange rate, the variation in turnover is negligible.

Note 22 to the accounts lists several new companies which have been created during the year. The purpose of this legal restructuring is to bring the reporting and control into line with the three divisions described in note 1 above. No additional activities have been acquired during the year.

The three main reasons for the disappointing result of 1995 given in the Directors' Report of last year continued into the first half of 1996 : high raw material prices, a strong French franc and a major restructuring program.

The second half of the year bore the fruits of the efforts of the previous 12 months, with a return to profitability which continues into 1997.

The operating loss of £1,595,464 shows a slight improvement on last year, as does the loss on ordinary activities before tax of £3,023,214.

Finance charges remained constant at 1.4% of turnover, whilst the depreciation charge at 4.5% reflects the high investments in machinery in recent years, essential to maintain efficient and economic production units.

The movement on shareholders' funds includes an exchange loss of £1,694,327 concerning the translation of French assets into sterling at the year end rate.

### 3 Dividends

The directors do not recommend payment of a dividend.

### 4 Research and development

It is the intention of the group to keep abreast of all developments relating to the technical and market prospects of yarns and fabrics and to continue to be in the forefront of any move regarding fashion related demand.

### 5 Future prospects

The directors are confident that, by its policy of growth by external acquisition coupled with its ability to react quickly to market conditions, the group will continue to expand and develop its three divisions as a major player in the European clothing industry.

### 6 Fixed assets

The changes in fixed asset categories are summarised in note 8 to the financial statements.

# Mossley Holdings Limited

## DIRECTORS' REPORT (CONTINUED)

### 7 Directors

The members of the Board who served as directors of the company throughout 1996 are Messrs D Meillassoux, S J Garner and K R Eaton.

The directors have no direct beneficial interests, as defined by the Companies Act 1985, in the shares of the company at 1 January 1996 and 31 December 1996.

### 8 Holding company

The company is a wholly owned subsidiary of Omnium Textile S.A., a company incorporated in Luxembourg. The only director who has an interest in the holding company is D Meillassoux who, at 31 December 1996, held 8,534 shares through a company in which he has a controlling interest (1995 - 6,484 shares).

### 9 Health and safety

The highest standards of health and safety are maintained in full accord with the spirit of the appropriate legislation and in consultation with employees and unions.

### 10 Employee involvement

The development of a good human relations policy and the evolution of employee communications and involvement is the constant aim of the company.

Employees are systematically provided with information on matters of interest and concern through regular meetings and committees throughout the group. Employees are encouraged to seek information of interest to them direct from the Personnel Departments, their managers and directors. It is the group's aim to provide employees with information to achieve a common awareness of the financial and economic factors affecting the performance of the group and its constituent companies.

### 11 Disabled employees

We have continued our policy of giving disabled people full and fair consideration for all job vacancies for which they offer themselves as suitable applicants having regard to their particular aptitudes and abilities.


### 12 Close company status

So far as the directors are aware, the company is a close company for taxation purposes.

### 13 Auditors

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

By Order of the Board

  
K R Eaton  
Secretary

27<sup>th</sup> October 1997

## Mossley Holdings Limited

### STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the group 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;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors confirm that the accounts comply with the above requirements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group 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 and detection of fraud and other irregularities.

AUDITORS' REPORT TO THE MEMBERS

of

MOSSLEY HOLDINGS LIMITED

We have audited the accounts on pages 7 to 24 which have been prepared under the historical cost convention as modified by the revaluation of certain land and buildings and on the basis of the accounting policies set out on pages 12 and 13.

**Respective responsibilities of directors and auditors**

As described on page 5 the company's directors are responsible for the preparation of the 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 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 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 of the group as at 31 December 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.



Ernst & Young  
Chartered Accountants  
Registered Auditor  
Manchester

27 October 1997

# Mossley Holdings Limited

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

Year ended 31 December 1996

	Note	<u>1996</u> £	<u>1995</u> £
<b>TURNOVER</b>			
Continuing operations:			
ongoing	2	76,656,075	90,192,250
Cost of sales		(66,762,529)	(79,510,446)
		<hr/>	<hr/>
Gross profit		9,893,546	10,681,804
		<hr/>	<hr/>
Distribution costs		(4,055,591)	(4,532,112)
Administrative expenses		(4,986,341)	(6,339,497)
		<hr/>	<hr/>
		(9,041,932)	(10,871,609)
		<hr/>	<hr/>
Group reorganisation costs	4	851,614 (2,447,078)	(189,805) (1,695,000)
		<hr/>	<hr/>
<b>OPERATING LOSS</b>			
Continuing operations:			
ongoing	4	(1,595,464)	(1,884,805)
Exceptional items:			
Profit on sale of fixed assets		109,080	149,500
Loss on disposal of fixed asset investment in Meirger SA (1995 Remy SA)		(191,308)	(172,402)
Write-off of loan accounts with Remy SA		(229,213)	-
		<hr/>	<hr/>
		(311,441)	(22,902)
		<hr/>	<hr/>
Interest payable (net)	5	(1,906,905) (1,116,309)	(1,907,707) (1,322,388)
		<hr/>	<hr/>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>			
	6	(3,023,214)	(3,230,095)
		<hr/>	<hr/>
Tax on profit on ordinary activities	7	(162,212)	116,609
		<hr/>	<hr/>
<b>LOSS AFTER TAXATION</b>			
Minority interests		(3,185,426)	(3,113,486)
		<hr/>	<hr/>
		1,672,000	1,635,310
		<hr/>	<hr/>
<b>LOSS ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY</b>			
		(1,513,426)	(1,478,176)
		<hr/> <hr/>	<hr/> <hr/>

The results are derived from continuing operations. Further explanation is given in note 2.

Mossley Holdings Limited

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Year ended 31 December 1996

	Note	<u>1996</u> £	<u>1995</u> £
Loss attributable to members of parent company		(1,513,426)	(1,478,176)
Exchange difference on retranslation of net assets of subsidiary undertakings		(1,624,327)	1,134,727
Asset revaluation (group share)	8	186,000	-
Goodwill credited		-	608,500
Total recognised (losses)/gains related to the year		<u>(2,951,753)</u>	<u>265,051</u>



Mossley Holdings Limited

CONSOLIDATED BALANCE SHEET

31 December 1996

	Note	£	<u>1996</u> £	£	<u>1995</u> £
<b>FIXED ASSETS</b>					
Tangible assets	8		14,061,449		16,917,896
Investments	9		131,783		263,091
			14,193,232		17,180,987
<b>CURRENT ASSETS</b>					
Stocks	10	17,582,504		20,418,183	
Debtors	11	17,758,668		23,541,550	
Cash at bank and in hand		1,648,300		1,846,262	
		36,989,472		45,805,995	
<b>CREDITORS - Amounts falling due within one year</b>					
Bank loans and overdrafts	14	9,822,608		9,655,420	
Trade creditors		13,979,794		15,496,827	
Other creditors	12	5,521,382		8,178,149	
		29,323,784		33,330,396	
<b>NET CURRENT ASSETS</b>			7,665,688		12,475,599
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			21,858,920		29,656,586
<b>CREDITORS - Amounts falling due after more than one year</b>	13,14		4,271,322		6,287,166
<b>MINORITY INTERESTS</b>			8,447,338		11,277,407
			9,140,260		12,092,013
<b>CAPITAL AND RESERVES</b>					
Called up share capital	16,17		105,000		105,000
Translation and other reserves	17		1,129,151		2,567,478
Profit and loss account	17		7,906,109		9,419,535
<b>Shareholders' funds</b>			9,140,260		12,092,013

These financial statements were approved by the Board of Directors on the 27<sup>th</sup> October 1997

K R Eaton     )  
                  ) Directors  
S J Garner     )

*K R Eaton*  
*S J Garner*

Mossley Holdings Limited

BALANCE SHEET

31 December 1996

	Note	<u>1996</u> £	<u>1995</u> £
<b>FIXED ASSETS</b>			
Investments	9	5,813,666	5,944,974
<b>CURRENT ASSETS</b>			
Debtors	11	19,502	125,563
Cash at bank		3,638	3,638
		<u>23,140</u>	<u>129,201</u>
CREDITORS - Amounts falling due within one year	12	2,450,598	2,758,399
<b>NET CURRENT LIABILITIES</b>		<u>(2,427,458)</u>	<u>(2,629,198)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>3,386,208</u>	<u>3,315,776</u>
CREDITORS - Amounts falling due after more than one year	13,14	482,757	594,205
		<u>2,903,451</u>	<u>2,721,571</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	105,00	105,000
Profit and loss account	17	2,798,451	2,616,571
Shareholders' funds		<u>2,903,451</u>	<u>2,721,571</u>

These financial statements were approved by the Board of Directors on the 27<sup>th</sup> October 1997

K R Eaton )  
 ) Directors  
 S J Garner )

*KRE*  
*S J Garner*

Mossley Holdings Limited

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December 1996

	Note	<u>1996</u> £	<u>1995</u> £
NET CASH INFLOW FROM OPERATING ACTIVITIES	4(b)	5,099,518	420,281
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest paid (net)		(1,116,309)	(1,322,388)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(1,116,309)	(1,322,388)
TAXATION			
Corporation tax (paid)/repaid		(363,342)	-
TAX (PAID)/REPAID		(363,342)	-
INVESTING ACTIVITIES			
Payments to acquire investments - SFK SA		-	(2,696,000)
- others		-	(263,091)
Payments to acquire tangible fixed assets		(2,390,448)	(5,269,630)
Receipts from sales of tangible fixed assets		446,384	154,709
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(1,944,064)	(8,074,012)
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING		1,675,803	(8,976,119)
FINANCING			
Reduction/(increase) in long-term loans		2,031,129	(1,947,910)
Reduction of hire purchase liabilities (net)		9,824	68,634
NET CASH INFLOW/(OUTFLOW) FROM FINANCING (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	4(c)	(365,150)	(7,096,843)
		1,675,803	(8,976,119)

# Mossley Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

31 December 1996

1 ACCOUNTING POLICIES

(a) Accounting convention

The financial statements are prepared under the historical cost convention, as modified by the revaluation of certain land and buildings and in accordance with applicable accounting standards.

(b) Basis of consolidation

The group financial statements consolidate the financial statements of the company and all its material subsidiary undertakings for all financial periods ended 31 December 1996. In the circumstances where the group's shareholding is less than 50% of the share capital of subsidiary undertaking, but the group has effective control and is able to exert dominant influence over that business, the results and assets and liabilities of that business are consolidated.

(c) Associated undertakings

The group's share of the results and reserves of its material associated undertakings is included in the accounts.

(d) Tangible fixed assets

Depreciation is not provided on freehold land. On other assets it is provided on cost or valuation over the estimated lives of the assets. The periods over which different categories of assets are depreciated are as follows:

Freehold buildings	50 years
Fixtures and fittings )	
Plant and equipment )	6 2/3 - 10 years
Office equipment )	
Motor vehicles )	2 - 4 years

(e) Investments

Other investments held as fixed assets are stated at cost.

(f) Stocks

Stocks are stated at the lower of cost and net realisable value. Cost represents materials, direct labour and appropriate production overheads.

(g) Deferred taxation

Deferred taxation is provided at the anticipated tax rate on differences arising from the inclusion of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

# Mossley Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

31 December 1996

### 1 ACCOUNTING POLICIES (CONTINUED)

#### (h) Pension costs

Retirement benefits to certain employees in the United Kingdom are funded by contributions from the company and employees to a funded defined benefit scheme. The annual cost charged to the profit and loss account takes account of contributions made to the scheme and any surpluses or deficits which are dealt with over the expected service lives of the employees.

Variations in pension cost, which are identified as a result of actuarial valuations, are amortised over the average expected remaining working lives of employees. Differences between the amounts funded and the amounts charged to the profit and loss account are treated as either provisions or prepayments in the balance sheet.

Such payments are charged against profit in the year in which they are payable.

#### (i) Foreign exchange

The financial statements of foreign subsidiaries are translated into sterling at the closing rate of exchange and the differences arising from the consolidation of the group net investment in the subsidiary at the closing rate is taken direct to reserves. Other translation differences are dealt with in the profit and loss account.

#### (j) Leases

Assets held under finance leases and the related lease obligations are recorded in the balance sheet at the fair value of the leased assets at the inception of the leases. The excess of the lease payments over the recorded lease obligations are treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligation. Rental costs under operating leases are charged to profit and loss account in equal annual amounts over the periods of the leases.

#### (k) Goodwill

Purchased and consolidation goodwill is set off directly against reserves in the year of acquisition.

### 2 TURNOVER

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties and arises from one continuing activity, the manufacture and supply of yarns, fabrics and finished garments for the clothing industry. All activities are carried out in one geographical segment, the European Community.

A geographical analysis of turnover is as follows:

	<u>1996</u> £	<u>1995</u> £
EC countries	71,223,961	83,930,955
Non-EC countries	5,432,114	6,261,295
	<u>76,656,075</u>	<u>90,192,250</u>

# Mossley Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

31 December 1996

### 3 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	<u>1996</u> £	<u>1995</u> £
Directors' emoluments, including pension contributions	315,273	394,570
Remuneration of the highest paid director	190,094	203,566
	<u>1996</u> No.	<u>1995</u> No.
Scale of directors' emoluments, excluding pension contributions:		
£50,001 - £55,000	1	-
£60,001 - £65,000	1	-
£75,001 - £80,000	-	2
£170,001 - £175,000	1	-
£200,001 - £205,000	-	1

Directors' emoluments include £258,664 paid to a third party for making available the services of directors.

	<u>1996</u> £	<u>1995</u> £
Employee costs during the year:		
Wages and salaries	12,375,053	16,323,216
Social security costs	3,871,854	5,671,441
Other pension costs	52,911	46,842
	<u>16,299,818</u>	<u>22,041,499</u>

	<u>1996</u> No.	<u>1995</u> No.
Averaged number of persons employed:		
Production	923	968
Administration	101	115
	<u>1,024</u>	<u>1,083</u>

# Mossley Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

31 December 1996

4 OPERATING LOSS

(a) Operating loss is stated after charging:

	<u>1996</u>	<u>1995</u>
	£	£
Hire of plant and machinery	114,303	115,919
Operating leases	293,376	326,613
Depreciation	3,446,692	3,737,429
Auditors' remuneration - audit services - UK	15,000	15,000
- audit services - overseas	117,079	163,752
Group reorganisation costs, being cost of redundancies and restructuring in the French subsidiary undertakings	2,447,078	1,695,000
	2,447,078	1,695,000

(b) Reconciliation of operating loss to net cash inflow from operating activities:

	<u>1996</u>	<u>1995</u>
	£	£
Operating loss	(1,595,464)	(1,884,805)
Profit on sale of fixed assets	109,080	149,500
Depreciation	3,446,692	3,737,429
Movement in - stock	2,835,679	(5,597,000)
- debtors	5,782,882	1,139,000
- creditors	(5,479,351)	2,876,157
Net cash inflow from operating activities	5,099,518	420,281

(c) Analysis of increase in cash and cash equivalents:

	<u>1996</u>	<u>1995</u>	<u>Change</u>
	£	£	<u>in Year</u>
			£
Cash at bank	1,648,300	1,846,262	(197,962)
Short term borrowings	(9,822,608)	(9,655,420)	(167,188)
	(8,174,308)	(7,809,158)	(365,150)

	<u>1995</u>	<u>1994</u>	<u>Change</u>
	£	£	<u>in Year</u>
			£
Cash at bank	1,846,262	2,803,491	(957,229)
Short term borrowings	(9,655,420)	(3,515,806)	(6,139,614)
	(7,809,158)	(712,315)	(7,096,843)

# Mossley Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

31 December 1996

5 INTEREST PAYABLE (net)

	<u>1996</u> £	<u>1995</u> £
Interest payable:		
Bank loans, overdrafts and other loans repayable within five years	663,635	773,977
Finance charges - hire purchase obligations	23,603	34,432
Finance charges - discounting	429,071	513,979
	<u>1,116,309</u>	<u>1,322,388</u>

6 PROFIT OF PARENT COMPANY

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these financial statements. The consolidated profit and loss account includes a profit on ordinary activities before taxation of £181,880 (1995 loss - £65,125) which is dealt with in the financial statements of the parent company.

7 TAX ON PROFIT ON ORDINARY ACTIVITIES

	<u>1996</u> £	<u>1995</u> £
United Kingdom corporation tax at 33% (1995 - 33%) based on the profit for the year	203,954	128,558
Overseas taxation credit	(41,742)	(245,167)
	<u>162,212</u>	<u>116,609</u>



# Mossley Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

31 December 1996

8 TANGIBLE FIXED ASSETS

	<u>Total</u>	<u>Freehold land and buildings</u>	<u>Plant and equipment</u>
	£	£	£
<b>GROUP</b>			
Cost or valuation:			
At 1 January 1996	64,471,473	8,731,458	55,740,015
Revaluation	591,911	591,911	-
Additions	2,390,448	311,055	2,079,394
Disposals	(25,855,757)	(2,637,515)	(23,218,242)
Foreign exchange translation	(8,300,000)	(1,170,000)	(7,130,000)
	33,298,076	5,826,909	27,471,167
Accumulated depreciation			
At 1 January 1996	47,553,577	5,498,801	42,054,776
Revaluation adjustment	(82,190)	(82,190)	-
Charge for the year	3,446,693	274,233	3,172,459
Disposals	(25,518,453)	(2,603,470)	(22,914,982)
Foreign exchange translation	(6,163,000)	(782,000)	(5,381,000)
	19,236,627	2,305,374	16,931,253
Net book value:			
At 31 December 1996	14,061,449	3,521,535	10,539,914
At 1 January 1996	16,917,896	3,232,657	13,685,239

Included in the amounts for fixed assets at 31 December 1996 are the following amounts relating to assets acquired by finance lease:

	£
Cost	1,492,039
Accumulated depreciation	1,297,898
Net book value	194,141

The freehold land and buildings of one subsidiary undertaking were revalued in the year at £674,157 giving rise to a revaluation uplift of £674,101. The property was valued by Bourdais, professional external valuers on an open market value for existing use basis.

# Mossley Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

31 December 1996

9 INVESTMENTS HELD AS FIXED ASSETS

	GROUP		COMPANY	
	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>
	£	£	£	£
Shares in subsidiary undertakings (net of provisions)	-	-	5,681,883	5,681,883
Other investments	131,783	263,091	131,783	263,091
	<u>131,783</u>	<u>263,091</u>	<u>5,813,666</u>	<u>5,944,974</u>

	GROUP		COMPANY	
	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>
	£	£	£	£
Listed investment (Paris stock exchange) Mossley Badin S.A.	-	-	2,642,921	2,642,921

All other investments are unlisted:

Shares in subsidiary undertakings				
Mossley Holdings Inc (net of provisions)	-	-	-	-
Mossley Spinning Limited	-	-	2,999,488	2,999,488
Roville SA	-	-	39,474	39,474
Other non-consolidated investments	131,783	263,091	131,783	263,091
	<u>131,783</u>	<u>263,091</u>	<u>3,170,745</u>	<u>3,302,053</u>

Additional information on subsidiary and associated undertakings is given in note 22.

# Mossley Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

31 December 1996

### 10 STOCKS

	GROUP		COMPANY	
	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>
	£	£	£	£
Raw materials and consumables	4,093,594	4,692,206	-	-
Work in progress	1,909,542	2,409,482	-	-
Finished goods and goods for resale	11,579,368	13,316,495	-	-
	<u>17,582,504</u>	<u>20,418,183</u>	<u>-</u>	<u>-</u>

### 11 DEBTORS

	GROUP		COMPANY	
	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	14,272,197	17,704,951	-	-
Other debtors	3,135,602	5,366,780	19,502	125,563
Prepayments and accrued income	350,869	469,819	-	-
	<u>17,758,668</u>	<u>23,541,550</u>	<u>19,502</u>	<u>125,563</u>

### 12 OTHER CREDITORS

	GROUP		COMPANY	
	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>
	£	£	£	£
Amounts owed to subsidiary undertakings	-	-	2,402,998	2,748,599
Obligations under hire purchase contracts payable within one year	43,525	68,634	-	-
Taxation and social security	2,901,055	4,336,653	-	-
Other creditors	2,278,258	2,647,035	47,600	9,800
Corporation tax	298,544	499,674	-	-
Accruals and deferred income	-	626,153	-	-
	<u>5,521,382</u>	<u>8,178,149</u>	<u>2,450,598</u>	<u>2,758,399</u>

# Mossley Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

31 December 1996

13 CREDITORS - Amounts falling due after more than one year

	GROUP		COMPANY	
	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>
	£	£	£	£
Bank loans	3,731,730	5,487,411	-	-
Amounts owed to parent undertaking	482,757	594,205	482,757	594,205
Obligations under hire purchase contracts	56,835	41,550	-	-
Other creditors	-	164,000	-	-
	<u>4,271,322</u>	<u>6,287,166</u>	<u>482,757</u>	<u>594,205</u>

14 BORROWINGS

	GROUP		COMPANY	
	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>
	£	£	£	£
Bank loans and overdrafts				
Secured	-	-	-	-
Unsecured	13,554,338	15,142,831	-	-
	<u>13,554,338</u>	<u>15,142,831</u>	-	-
Obligations under hire purchase contracts	100,360	110,184	-	-
Other creditors	452,757	758,205	482,757	594,205
	<u>14,137,455</u>	<u>16,011,220</u>	<u>482,757</u>	<u>594,205</u>
Less amounts falling due within one year				
Bank loans and overdrafts	9,822,608	9,655,420	-	-
Obligations under hire purchase contracts	43,525	68,634	-	-
	<u>9,866,133</u>	<u>9,724,054</u>	<u>-</u>	<u>-</u>
Amounts falling due after more than one year	<u>4,271,322</u>	<u>6,287,166</u>	<u>482,757</u>	<u>594,205</u>

# Mossley Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

31 December 1996

14 BORROWINGS (CONTINUED)

	GROUP		COMPANY	
	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>
	£	£	£	£
Analysis of loan repayments:				
Bank loans and overdrafts				
Within 1 year	9,822,608	9,655,420	-	-
Between 2 and 5 years	3,731,730	5,487,411	-	-
After 5 years	-	-	-	-
Finance lease obligations				
Within one year	43,525	68,634	-	-
Between 2 - 5 years	56,835	41,550	-	-
	<u>13,654,698</u>	<u>15,253,015</u>	<u>-</u>	<u>-</u>

Security:

Obligations under hire purchase contracts are secured by the related assets.

15 DEFERRED TAXATION

Group	1996		1995	
	<u>Provided</u>	<u>Unprovided</u>	<u>Provided</u>	<u>Unprovided</u>
	£	£	£	£
Accelerated capital allowances	-	214,505	-	241,853
Other timing differences	-	197,784	-	220,929
	<u>-</u>	<u>412,289</u>	<u>-</u>	<u>462,782</u>

16 CALLED UP SHARE CAPITAL

	<u>1996</u>	<u>1995</u>
	£	£
Authorised, allotted and fully paid Ordinary shares of £1 each	<u>105,000</u>	<u>105,000</u>

# Mossley Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

31 December 1996

### 17 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

Group	<u>Share capital</u>	<u>Translation and other reserves</u>	<u>Profit and loss account</u>	<u>Total</u>
	£	£	£	£
At 31 December 1994	105,000	824,251	10,897,711	11,826,962
Loss attributable to members of the parent undertaking	-	-	(1,478,176)	(1,478,176)
Translation difference on investments in subsidiary undertakings	-	1,134,727	-	1,134,727
Goodwill credited in respect of acquisition of SFK	-	608,500	-	608,500
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1995	105,000	2,567,478	9,419,535	12,092,013
Loss attributable to members of the parent undertaking	-	-	(1,513,426)	(1,513,426)
Translation difference on investments in subsidiary undertakings	-	(1,624,327)	-	(1,624,327)
Asset revaluation	-	186,000	-	186,000
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1996	105,000	1,129,151	7,906,109	9,140,260
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Company		<u>Share capital</u>	<u>Profit and loss account</u>	<u>Total</u>
		£	£	£
At 31 December 1994		105,000	2,681,696	2,786,696
Loss attributable to members of the parent undertaking		-	(65,125)	(65,125)
		<hr/>	<hr/>	<hr/>
At 31 December 1995		105,000	2,616,571	2,721,571
Profit attributable to members of the parent undertaking		-	181,880	181,880
		<hr/>	<hr/>	<hr/>
At 31 December 1996		105,000	2,798,451	2,903,451
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

# Mossley Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

31 December 1996

18 CAPITAL COMMITMENTS

	GROUP		COMPANY	
	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>
	£	£	£	£
Authorised but not contracted for	2,089,888	2,428,000	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>

19 CONTINGENT LIABILITIES

	GROUP		COMPANY	
	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>
	£	£	£	£
Discounted bills of exchange	3,632,247	3,520,000	-	-
Potential liability for future retirement payments in respect of employees of French subsidiary undertakings who reach retirement age	759,862	981,000	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>

20 OPERATING LEASE COMMITMENTS

At 31 December 1996 the group was committed to making the following payments during the next year:

	GROUP		COMPANY	
	Land and buildings	Other	Land and buildings	Other
	£	£	£	£
Leases which expire:				
Within one year	59,933	239,116	-	-
Within two to five years				
After five years	-	-	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>

21 PENSION SCHEME

The total pension fund cost in 1996 was £52,911, which relates to the UK scheme and is assessed in accordance with the advice of qualified actuaries. The last valuation carried out was at 31 December 1995, and the market value of the scheme's assets at that date was £1,114,000.

# Mossley Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

31 December 1996

### 22 ADDITIONAL INFORMATION ON SUBSIDIARY AND ASSOCIATED UNDERTAKINGS

<u>Subsidiary undertakings</u>	<u>Country of Incorporation and Operation</u>	<u>Mossley Holdings Limited Ordinary shares</u>	<u>Activity</u>
Mossley Spinning Limited	Mossley, England	100%	Textiles
Roville SA	France	50%	Textiles
SFK SA	France	50% (3)	Textiles
Nino Rovil S.A.R.L.	France	50% (3)	Textiles
Meillassoux Et Mulaton	France	27.5% (2)	Textiles
Mossley Badin SA	France	52%	Textiles
Barentin S.A.R.L.	France	52% (1)	Textiles
Laveline S.A.R.L.	France	52% (1)	Textiles
Ramonchamp S.A.R.L.	France	52% (1)	Textiles
Le Thillot S.A.R.L.**	France	52% (1)	Textiles
Hellemmes S.A.R.L.**	France	52% (1)	Textiles
Mossley Holding Inc*	Delaware, USA	100%	Non-trading holding company
Mossley Inc*	Greenville, USA	99%	Textiles (non-trading)
K N P Limited*	Mossley, England	100%	Computer services

(1) 100% subsidiary undertaking of Mossley Badin SA

(2) 55% subsidiary undertaking of Roville SA

(3) 100% subsidiary undertaking of Roville SA

\*These subsidiary undertakings are not consolidated into these accounts because the amounts concerned are not material to the group.

\*\*These subsidiary undertakings were created during the year as part of a legal restructuring of the Mossley Badin SA group which did not involve the acquisition of any additional activities.

### 23 ULTIMATE HOLDING COMPANY

The ultimate holding company is Omnium Textile S.A., a company incorporated in Luxembourg.