

2000

 ERNST & YOUNG

Mossley Holdings Limited

Report and Accounts

31 December 1999



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COMPANIES HOUSE 09/11/00
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Mossley Holdings Limited

Registered No. 266909

DIRECTORS

D Meillassoux (Managing Director - French)
S J Garner
K R Eaton
J C Mazingue (French) (appointed 20 May 1999)

SECRETARY

K R Eaton A.C.A.

AUDITORS

Ernst & Young
100 Barbirolli Square
Manchester
M2 3EY

BANKERS

England:-

National Westminster Bank PLC
HSBC

France:-

Banque Nationale de Paris (BNP)
CIN, (Group CIC)
Credit du Nord
Credit Lyonnais
Odier Bungener Courvoisier
Kolb

SOLICITORS

Mace and Jones
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 1999

ACTIVITIES

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

REVIEW OF OPERATIONS

Turnover expressed in sterling decreased by 21% compared to 1998, mainly due to the increased value of the pound against the euro currencies, rising by 12.7% during the year. The majority of the group sales are expressed in French francs, and this obviously has an adverse effect when consolidated at the year end exchange rate. The remaining decrease in turnover was due to a restructuring of the fabrics division after the loss of a major customer.

After group restructuring costs of £1,081,000 and a depreciation charge of £2,384,975, the operating loss was £1,634,084.

This restructuring has enabled the fabrics division to return to profitability in 2000.

Net interest charges showed a market decrease due to a tight control over working capital and a reduction in interest rates in Europe.

DIVIDENDS

The directors do not recommend payment of a dividend.

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.

FUTURE PROSPECTS

The directors are confident that, with a policy of growth by external acquisition, attention to cutting costs and an ability to react to market conditions, the group is capable of strengthening its position in the textile market.

FIXED ASSETS

Fixed asset movements are summarised in note 9 to the financial statements.

DIRECTORS

The members of the Board who served as directors of the company during 1999 are Messrs D Meillassoux, S J Garner, K R Eaton and Mr J C Mazingue who was appointed to the board on 20 May 1999.

The directors have no direct beneficial interests, as defined by the Companies Act 1985, in the shares of the company at 1 January 1999 and 31 December 1999.

Mossley Holdings Limited

DIRECTORS' REPORT

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 1999, held 8,534 shares through a company in which he has a controlling interest (1998 - 8,534 shares).

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.

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.

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. Where existing employees become disabled our policy is, wherever practical, to provide continuing employment and to provide training and career development and promotion wherever appropriate.

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

24 October 2000

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.

REPORT OF THE AUDITORS
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 and on the basis of the accounting policies set out on pages 13 and 14.

Respective responsibilities of directors and auditors

As described on page 5, the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by Statute, the Auditing Practices Board and by our profession's ethical guidance.

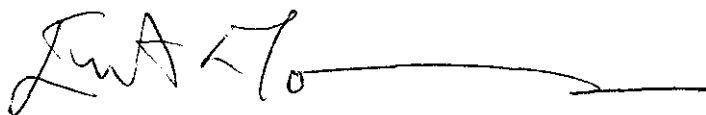
Basis of opinion

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

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

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group as at 31 December 1999 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Registered Auditor
Manchester

31 October 2000

Mossley Holdings Limited

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31 December 1999

	Note	1999 £	1998 £
TURNOVER			
Continuing operations:			
ongoing	2	52,041,235	65,963,253
Discontinued operations		-	411,465
GROUP TURNOVER	2	52,041,235	66,374,718
Cost of sales		(42,847,034)	(55,534,336)
Gross profit		9,194,201	10,840,382
Distribution costs	3	(2,903,947)	(3,712,849)
Administrative expenses	3	(6,843,338)	(5,806,312)
		(9,747,285)	(9,519,161)
		(553,084)	1,321,221
Group rationalisation and reorganisation costs	3/5(a)	(1,081,000)	(1,686,504)
OPERATING LOSS/(PROFIT)			
Continuing operations:			
ongoing		(1,634,084)	1,008,651
Discontinued operations		-	(1,373,934)
GROUP OPERATING LOSS	5	(1,634,084)	(365,283)
Share of operating profit in associate		364,674	217,836
Amortisation of goodwill arising on acquisition of associate	10	(14,720)	(8,297)
TOTAL OPERATING LOSS - GROUP AND ASSOCIATE		(1,284,130)	(155,744)
Profit on sale of fixed assets	5(a)/9	545,805	396,079
		(738,325)	240,335
Interest payable (net)	6	(726,339)	(1,143,329)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION			
	7	(1,464,664)	(902,994)
Tax on loss on ordinary activities	8	(87,611)	22,551
LOSS AFTER TAXATION		(1,552,275)	(880,443)
Minority interests		567,165	616,008
LOSS ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY		(985,110)	(264,435)

Mossley Holdings Limited

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31 December 1999

	<i>Note</i>	<i>1999</i> £	<i>1998</i> £
Loss attributable to members of the parent company		(985,110)	(264,435)
Exchange difference on retranslation of net assets of subsidiary undertakings		(788,433)	356,645
Total recognised losses related to the year		<u>(1,773,543)</u>	<u>92,210</u>

Mossley Holdings Limited

CONSOLIDATED BALANCE SHEET

at 31 December 1999

	Note	1999 £	1998 £
FIXED ASSETS			
Tangible assets	9	9,184,854	10,936,225
Investment in associate	10	710,444	717,172
		<u>9,895,298</u>	<u>11,653,397</u>
CURRENT ASSETS			
Stocks	11	14,686,683	17,991,414
Debtors	12	14,323,430	15,084,721
Cash at bank and in hand		693,280	1,307,891
		<u>29,703,393</u>	<u>34,384,026</u>
CREDITORS: amounts falling due within one year			
Bank loans and overdrafts	15	9,829,641	10,674,512
Trade and other creditors	13	14,285,076	16,410,899
		<u>24,114,717</u>	<u>27,085,411</u>
NET CURRENT ASSETS			
		<u>5,588,676</u>	<u>7,298,615</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>15,483,974</u>	<u>18,952,012</u>
CREDITORS: amounts falling due after more than one year			
	14,15	2,145,863	2,305,146
PROVISION FOR LIABILITIES AND CHARGES			
Deferred taxation	16	-	90,000
MINORITY INTERESTS			
		<u>6,337,613</u>	<u>7,782,825</u>
		<u>7,000,498</u>	<u>8,774,041</u>
CAPITAL AND RESERVES			
Called up share capital	17,18	105,000	105,000
Translation and other reserves	18	(234,041)	554,392
Profit and loss account	18	7,129,539	8,114,649
		<u>7,000,498</u>	<u>8,774,041</u>
Shareholders' funds		<u>7,000,498</u>	<u>8,774,041</u>

These financial statements were approved by the Board of Directors on

24th October 2000

K R Eaton

D Meillassoux

Mossley Holdings Limited

BALANCE SHEET at 31 December 1999

	Note	1999 £	1998 £
FIXED ASSETS			
Investments	10	5,813,666	5,813,666
CURRENT ASSETS			
Debtors	12	19,502	19,502
Cash at bank		8,909	7,473
		<u>28,411</u>	<u>26,975</u>
CREDITORS: amounts falling due within one year	13	2,216,472	2,487,085
NET CURRENT LIABILITIES		<u>(2,188,061)</u>	<u>(2,460,110)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,625,605	3,353,556
CREDITORS: amounts falling due after more than one year	14,15	284,360	-
		<u>3,341,245</u>	<u>3,353,556</u>
CAPITAL AND RESERVES			
Called up share capital	17	105,000	105,000
Profit and loss account	18	3,236,245	3,248,556
Shareholders' funds		<u>3,341,245</u>	<u>3,353,556</u>

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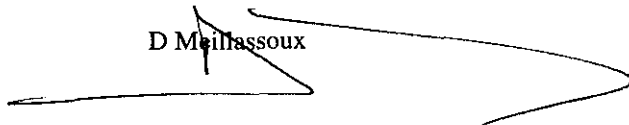
These financial statements were approved by the Board of Directors on:

24th October 2000

K R Eaton



D Meillassoux



Mossley Holdings Limited

CONSOLIDATED CASH FLOW STATEMENT for the year ended 31 December 1999

	<i>Note</i>	<i>1999</i> £	<i>1998</i> £
NET CASH INFLOW FROM OPERATING ACTIVITIES	5(b)	857,480	2,155,904
DIVIDENDS FROM ASSOCIATE		99,435	-
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest paid (net)		(538,170)	(1,100,095)
TAXATION			
Corporation tax repaid/(paid)		16,157	2,114
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Purchase of tangible fixed assets		(1,884,858)	(2,173,159)
Sale of tangible fixed assets		695,373	736,711
NET CASH OUTFLOW FOR CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		(1,189,485)	(1,436,448)
ACQUISITIONS AND DISPOSALS			
Purchase of interest in associate		-	(560,449)
CASH OUTFLOW BEFORE USE OF LIQUID RESOURCES AND FINANCING		(754,583)	(938,974)
MANAGEMENT OF LIQUID RESOURCES		-	-
FINANCING			
Reduction in long-term loans (new advances £1,232,227 less repayments £1,145,034)		87,193	(12,522)
Capital element of hire purchase liabilities repaid		-	(45,668)
NET CASH INFLOW/(OUTFLOW) FROM FINANCING		87,193	(58,190)
DECREASE IN CASH IN THE PERIOD		(667,390)	(997,164)

Mossley Holdings Limited

CONSOLIDATED CASH FLOW STATEMENT for the year ended 31 December 1999 (continued)

	1999 £	1998 £
Decrease in cash in the period	(667,390)	(997,164)
Cash (inflow)/outflow from (increase)/decrease in long-term loans and hire purchase liabilities	(87,193)	58,190
Change in net debt resulting from cash flows	(754,583)	(938,974)
Exchange and other non-cash movements	1,144,126	(54,839)
Net debt at 1 January 1999	(11,671,767)	(10,677,954)
Net debt at 31 December 1999	(11,282,224)	(11,671,767)

ANALYSIS OF NET DEBT

	At 1 January 1999 £	Cash flow £	Exchange movement £	Other non-cash movements £	At 31 December 1999 £
Cash at bank and in hand	1,307,891	(469,423)	(145,188)	-	693,280
Bank overdrafts and loans falling due within one year	(10,674,512)	(197,967)	1,042,838	-	(9,829,641)
Bank loans falling due after more than one year	(2,305,146)	(87,193)	246,476	-	(2,145,863)
	(11,671,767)	(754,583)	1,144,126	-	(11,282,224)

Mossley Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 1999

1 ACCOUNTING POLICIES

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.

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 1999. In the circumstances where the group's shareholding is equal to or less than 50% of the share capital of the 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 as subsidiary undertakings.

Associates

Entities other than subsidiary undertakings, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence are treated as associates. In the group financial statements, associates are accounted for using the equity method.

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

Investments

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

Stocks

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

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

at 31 December 1999

1. ACCOUNTING POLICIES (continued)

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.

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.

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.

Goodwill

With effect from 1 January 1998, purchased and consolidation goodwill is capitalised, classified as an asset in the balance sheet and amortised on a straight line basis over its useful economic life, subject to annual impairment reviews. Previously, goodwill was 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 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 the destination of turnover is as follows:

	1999	1998
	£	£
EC countries	47,587,963	55,902,046
Non-EC countries	4,453,272	10,472,672
	<u>52,041,235</u>	<u>66,374,718</u>

Mossley Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS at 31 December 1999

3 COST OF SALES AND OPERATING EXPENSES

	1999			1998		
	<i>Continuing</i> £'000	<i>Dis-continued</i> £'000	<i>Total</i> £'000	<i>Continuing</i> £'000	<i>Dis-continued</i> £'000	<i>Total</i> £'000
Cost of sales	42,847	-	42,847	54,547	987	55,534
Distribution costs	2,904	-	2,904	3,708	5	3,713
Administrative expenses	6,843	-	6,843	5,723	83	5,806
Group reorganisation costs	1,081	-	1,081	976	710	1,686
	<u>42,847</u>	<u>-</u>	<u>42,847</u>	<u>54,547</u>	<u>987</u>	<u>55,534</u>

4 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	1999 £	1998 £
Directors' emoluments	216,767	228,597
Company contributions paid to money purchase pension schemes (or equivalent overseas)	21,105	22,505
Emoluments of highest paid director	158,530	168,865
Company contributions paid for highest paid director to money purchase pension schemes (or equivalent overseas)	15,142	16,551
	1999 No.	1998 No.
Directors who are members of money purchase pension schemes or equivalent overseas)	2	2
Directors who are members of defined benefit pension schemes	0	0
	1999 £	1998 £
Employee costs during the year:		
Wages and salaries	8,191,476	10,038,082
Social security costs	2,559,583	3,267,509
Other pension costs	44,094	46,405
	<u>10,795,153</u>	<u>13,351,996</u>

Mossley Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS at 31 December 1999

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

	1999 No.	1998 No.
Average number of persons employed:		
Production	577	679
Administration	92	94
	669	773
	669	773

5 OPERATING LOSS

(a) Operating loss is stated after charging/(crediting):

	1999 £	1998 £
Hire of plant and machinery	4,427	1,863
Operating leases	269,932	335,705
Depreciation	2,384,975	2,769,208
Auditors' remuneration - audit services - UK (Ernst & Young)	14,600	14,600
- audit services - overseas (other firms)	95,734	97,008
Group rationalisation and reorganisation costs, being cost of redundancies and restructuring in the subsidiary undertakings	1,081,000	1,686,504
Exceptional credit arising from successful litigation outcome in French subsidiary undertaking	-	(815,000)
Loan waived by ultimate holding company	-	(470,138)
	-	-
	-	-

The group rationalisation and reorganisation costs are stated before related profits on sales of fixed assets, which in aggregate amounted to £545,805 (1998 £396,079)

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

	1999 £	1998 £
Group operating loss	(1,634,475)	(365,283)
Loan waived by ultimate holding company, including associated exchange gain	-	(440,045)
Exchange gain on inter-company loans	(121,861)	-
Amortisation of goodwill	-	8,297
Depreciation	2,384,975	2,769,208
Movement in - stocks	1,444,089	1,129,077
- debtors	(848,534)	2,690,126
- creditors	(366,714)	(3,635,476)
	857,480	2,155,904
Net cash inflow from operating activities	857,480	2,155,904

Mossley Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS at 31 December 1999

6 INTEREST PAYABLE (NET)

	1999 £	1998 £
Interest payable:		
Bank loans, overdrafts and other loans repayable within five years	370,633	536,126
Finance charges - hire purchase obligations	-	7,381
Finance charges - discounting	296,943	568,469
Other	6,481	-
	<u>674,057</u>	<u>1,111,976</u>
Interest receivable:		
Bank interest	17,297	11,881
	<u>656,760</u>	<u>1,100,095</u>
Group interest payable less receivable	69,579	43,234
Share of associate's interest payable (net)	<u>726,339</u>	<u>1,143,329</u>

7 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 £130,721 (1998 profit - £372,504) which is dealt with in the financial statements of the parent company.

8 TAX ON PROFIT ON ORDINARY ACTIVITIES

	1999 £	1998 £
Overseas taxation charge/(credit)	59,869	(77,172)
United Kingdom deferred tax	(90,000)	45,000
Adjustments relating to earlier periods	-	39
	<u>(30,131)</u>	<u>(32,133)</u>
Share of associates's tax	117,742	9,582
	<u>87,611</u>	<u>(22,551)</u>

If full provision had been made for deferred taxation for the year, the taxation charge would have been reduced by £14,285 (1998 - £76,338), as follows:

	1999 £	1998 £
Accelerated capital allowances	5,963	(82,951)
Other timing differences	(8,820)	6,613
Trading losses	(11,428)	-
	<u>(14,285)</u>	<u>(76,338)</u>

Mossley Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS at 31 December 1999

9 TANGIBLE FIXED ASSETS

GROUP	<i>Freehold land and buildings</i> £	<i>Plant, equipment and vehicles</i> £	<i>Total</i> £
Cost or valuation:			
At 1 January 1999	5,969,533	23,404,340	29,373,873
Additions	12,302	1,872,556	1,884,858
Disposals	(16,398)	(661,121)	(677,519)
Foreign exchange translation	(595,896)	(1,859,203)	(2,455,099)
At 31 December 1999	<u>5,369,541</u>	<u>22,756,572</u>	<u>28,126,113</u>
Accumulated depreciation			
At 1 January 1999	2,673,179	15,764,469	18,437,648
Charge for the year	235,705	2,419,270	2,384,975
Disposals	(14,882)	(509,763)	(524,645)
Foreign exchange translation	(283,969)	(1,072,750)	(1,356,719)
At 31 December 1999	<u>2,610,033</u>	<u>16,331,226</u>	<u>18,941,259</u>
Net book value:			
At 31 December 1999	<u>2,759,508</u>	<u>6,425,346</u>	<u>9,184,854</u>
At 1 January 1999	<u>3,296,354</u>	<u>7,639,871</u>	<u>10,936,225</u>

Included in the amounts for fixed assets at 31 December 1999 are the following amounts relating to assets acquired by finance lease:

	£
Cost	1,492,039
Accumulated depreciation	(1,492,039)
Net book value	<u> -</u>

The profit on sale of fixed assets of £545,805 (1998: £396,079) includes £270,049 (1998: £179,226) in respect of minority interests, £3,306 in respect of the associate and £nil (1998: £nil) in respect of discontinued operations.

Mossley Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS at 31 December 1999

10 INVESTMENTS HELD AS FIXED ASSETS

	1999 £	Group 1998 £	1999 £	Company 1998 £
Shares in subsidiary undertakings (net of provisions) (a)	-	-	5,813,666	5,813,666
Associate (b)	710,444	717,172	-	-
	<u>710,444</u>	<u>717,172</u>	<u>5,813,666</u>	<u>5,813,666</u>
 (a) Subsidiary undertakings				
	1999 £	Group 1998 £	1999 £	Company 1998 £
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 SFK SA	-	-	39,474	39,474
KNP Limited	-	-	131,783	131,783
	<u>-</u>	<u>-</u>	<u>3,170,745</u>	<u>3,170,745</u>
Total investments	<u>710,444</u>	<u>717,172</u>	<u>5,813,666</u>	<u>5,813,666</u>
 (b) Associate				
		Share of net tangible assets £	Goodwill £	Total £
At 1 January 1999		559,551	157,621	717,172
Exchange difference and other opening adjustments		(63,131)	(10,101)	(73,232)
Share of distributable profit of associate		180,659	-	180,659
Dividend received from associate		(99,435)	-	(99,435)
Amortisation of goodwill		-	(14,720)	(14,720)
At 31 December 1999		<u>577,644</u>	<u>132,800</u>	<u>710,444</u>

Goodwill is being amortised over the directors' estimate of its useful economic life of 10 years.

Additional information on subsidiary undertakings and associates is given in note 23.

Mossley Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 1999

11 STOCKS

	1999 £	Group 1998 £	1999 £	Company 1998 £
Raw materials and consumables	2,790,345	3,142,957	-	-
Work in progress	1,268,735	1,650,359	-	-
Finished goods and goods for resale	10,627,603	13,198,098	-	-
	<u>14,686,683</u>	<u>17,991,414</u>	<u>-</u>	<u>-</u>

12 DEBTORS

	1999 £	Group 1998 £	1999 £	Company 1998 £
Amounts falling due within one year:				
Trade debtors	10,615,745	11,856,206	-	-
Other debtors	3,080,166	2,484,622	19,502	19,502
Prepayments and accrued income	444,865	329,066	-	-
Amounts owed by associate	182,654	286,037	-	-
Corporation tax recoverable	-	128,850	-	-
	<u>14,323,430</u>	<u>15,084,721</u>	<u>19,502</u>	<u>19,502</u>

13 TRADE AND OTHER CREDITORS

	1999 £	Group 1998 £	1999 £	Company 1998 £
Trade creditors	9,928,396	11,867,596	-	-
Amounts owed to subsidiary undertakings	-	-	2,211,472	2,482,085
Amounts owed to associate (trading balances)	649,194	49,995	-	-
Taxation and social security	1,760,827	2,054,238	-	-
Other creditors and accruals	1,946,659	2,386,246	5,000	5,000
Corporation tax	-	52,824	-	-
	<u>14,285,076</u>	<u>16,410,899</u>	<u>2,216,472</u>	<u>2,487,085</u>

Mossley Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS at 31 December 1999

14 CREDITORS - amounts falling due after more than one year

	1999 £	Group 1998 £	1999 £	Company 1998 £
Bank loans	1,861,503	2,305,146	-	-
Amounts owed to parent undertaking	284,360	-	-	-
	<u>2,145,863</u>	<u>2,305,146</u>	<u>-</u>	<u>-</u>

15 BORROWINGS

	1999 £	Group 1998 £	1999 £	Company 1998 £
Bank loans and overdrafts				
Secured	-	-	-	-
Unsecured	11,975,504	12,979,658	-	-
	<u>11,975,504</u>	<u>12,979,658</u>	<u>-</u>	<u>-</u>
Less amounts falling due within one year:				
Bank loans and overdrafts	9,829,641	10,674,512	-	-
	<u>9,829,641</u>	<u>10,674,512</u>	<u>-</u>	<u>-</u>
Amounts falling due after more than one year	2,145,863	2,305,146	-	-
	<u>2,145,863</u>	<u>2,305,146</u>	<u>-</u>	<u>-</u>

	1999 £	Group 1998 £	1999 £	Company 1998 £
Analysis of loan repayments:				
Bank loans and overdrafts				
Within 1 year	9,829,641	10,674,512	-	-
Between 2 and 5 years	2,145,863	2,305,146	-	-
After 5 years	-	-	-	-
	<u>11,975,504</u>	<u>12,979,658</u>	<u>-</u>	<u>-</u>

Mossley Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 1999

16 DEFERRED TAXATION

<i>Group</i>	1999		1998	
	<i>Provided</i>	<i>Unprovided</i>	<i>Provided</i>	<i>Unprovided</i>
	£	£	£	£
Accelerated capital allowances	-	10,098	90,000	10,815
Other timing differences	-	(93,933)	-	(2,535)
Trading losses	-	(11,428)	-	-
	-	(95,263)	90,000	8,280

The UK group has £776,000 of tax losses not recognised above because there are no deferred tax liabilities against which they may currently be set.

17 CALLED UP SHARE CAPITAL

	1999	1998
	£	£
Authorised, allotted and fully paid Ordinary shares of £1 each	105,000	105,000

18 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

<i>Group</i>	<i>Share capital</i>	<i>Translation and other reserves</i>	<i>Profit and loss account</i>	<i>Total</i>
	£	£	£	£
At 1 January 1998	105,000	197,747	8,379,084	8,681,831
Loss attributable to members of the parent undertaking	-	-	(264,435)	(264,435)
Translation difference on investments in subsidiary undertakings	-	356,645	-	356,645
At 31 December 1998	105,000	554,392	8,114,649	8,774,041
Loss attributable to members of the parent undertaking	-	-	(985,110)	(985,110)
Translation difference on investments in subsidiary undertakings	-	(788,433)	-	(788,433)
At 31 December 1999	105,000	(234,041)	7,129,539	7,000,498

Mossley Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS at 31 December 1999

18 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES (continued)

<i>Company</i>	<i>Share capital</i> £	<i>Profit and loss account</i> £	<i>Total</i> £
At 1 January 1998 undertaking	105,000	2,971,198	3,076,198
	-	277,358	277,358
At 31 December 1998	105,000	3,248,556	3,353,556
Loss attributable to members of the parent undertaking	-	(12,311)	(12,311)
At 31 December 1999	105,000	3,236,245	3,341,245

19 CAPITAL COMMITMENTS

	<i>1999</i> £	<i>Group 1998</i> £	<i>1999</i> £	<i>Company 1998</i> £
Authorised but not contracted for	-	-	-	-

20 CONTINGENT LIABILITIES

	<i>1999</i> £	<i>Group 1998</i> £	<i>1999</i> £	<i>Company 1998</i> £
Discounted bills of exchange	1,925,972	3,671,092	-	-
Potential liability for future retirement payments in respect of employees of French subsidiary undertakings who reach retirement age	511,645	644,466	-	-

21 OPERATING LEASE COMMITMENTS

At 31 December 1999 the group was committed to making the following payments during the next year:

	<i>Group</i>		<i>Company</i>	
	<i>Land and buildings</i> £	<i>Other</i> £	<i>Land and buildings</i> £	<i>Other</i> £
Leases which expire:				
Within one year	1,100	-	-	-
Within two to five years	-	276,402	-	-
After five years	-	-	-	-
	1,100	276,402	-	-

Mossley Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 1999

22 PENSION SCHEME

The total pension fund cost in 1999 was £44,094 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 1998, and the market value of the scheme's assets at that date was £1,942,000.

Details of the UK scheme are contained in the accounts of Mossley Spinning Limited. Steps are being taken in 2000 to wind up the present scheme.

23 ADDITIONAL INFORMATION ON SUBSIDIARY UNDERTAKINGS AND ASSOCIATE

<i>Subsidiary undertakings</i>	<i>Country of incorporation and operation</i>	<i>Mossley Holdings Limited</i>		<i>Notes</i>	<i>Activity</i>
		<i>Ordinary shares</i>			
Mossley Badin SA	France	52%			Textiles
Barentin SARL	France	52%		1	Textiles
Hellemmes SARL	France	52%		1	Textiles
Laveline SARL	France	52%		1	Textiles
Le Thillot SARL	France	52%		1	Textiles
SFK SA	France	50%			Textiles
Romann Fashion SARL	France	50%		2 and 3	Textiles
Tissage de Sion SARL	France	50%		2	Textiles
Tissage de L'Est SARL	France	50%		2	Textiles
Roville SARL	France	50%		2 and 3	Textiles
Mossley Spinning Limited	Mossley, England	100%			Textiles
KNP Limited	Mossley, England	100%			Computer services
Mossley Holdings Inc	Delaware, USA	100%		4	Non-trading holding
Mossley Inc	Greenville, USA	99%		4	Non-trading textiles
<i>Associate</i>					
Mossley Sartel SA	France	13%		5	Textiles

Notes:

- 1 100% subsidiaries of Mossley Badin SA
- 2 100% subsidiaries of SFK SA (previously Roville SFK SA)
- 3 During the year, Nino Rovil SARL changed its name to Romann Fashion, and TMM SARL changed its name to Roville SARL
- 4 These subsidiaries are not consolidated into these accounts because the amounts concerned are not material to the group.
- 5 In June 1998 Mossley Badin SA acquired 24.98% of the issued share capital of Mossley Sartel SA. The group's share of profit has been included in the result for the year

24 ULTIMATE HOLDING COMPANY

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