

Financial Statements
for the Year Ended 31 March 1998
for
Witton Mill Co Limited



Witton Mill Co Limited

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for the Year Ended 31 March 1998

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Witton Mill Co Limited

Company Information

DIRECTORS:

J W Walsh
E C Birtwell
N J Walsh
J N Ratcliffe
M H Noble

SECRETARY:

J N Ratcliffe

REGISTERED OFFICE:

Witton Mill
Stancliffe Street
Blackburn
Lancashire
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
for the Year Ended 31 March 1998

The directors present their report and the audited financial statements for the year ended 31 March 1998.

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.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £280,280. A dividend of £20 per share has been proposed.

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 1998		At 1 April 1997	
	<u>Ordinary</u>	<u>'A' Ordinary</u>	<u>Ordinary</u>	<u>'A' Ordinary</u>
J W Walsh	26	-	26	-
E C Birtwell	16	34	16	34
N J Walsh	25	19	15	16
J N Ratchiffe	-	-	-	-
M H Noble (Appointed 1 October 1997)	-	-	-	-

YEAR 2000

The impact of the year 2000 has been identified throughout the group in relation to computer systems and a programme is underway to address the issues arising.

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 group and company and of the profit or loss of the group 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 company and 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 group 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

(Continued)

AUDITORS

The auditors, Waterworths, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:



.....
J N Ratcliffe - SECRETARY

Dated: 27.10.1998

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 eighteen 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 financial 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 affairs of the company and the group as at 31 March 1998 and of the profit 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: 27/10/98

Witton Mill Co Limited

Consolidated Profit and Loss Account for the Year Ended 31 March 1998

	Note	1998		1997	
		£	£	£	£
TURNOVER	2		12,015,378		13,163,878
Change in Stocks of Finished Goods and Work-in-Progress			(349,212)		298,418
			<u>11,666,166</u>		<u>13,462,296</u>
Other Operating Income			30,990		17,500
			<u>11,697,156</u>		<u>13,479,796</u>
Raw Materials and Consumables	4	4,955,048		6,319,819	
Other External Charges		<u>2,051,476</u>		<u>2,273,116</u>	
			<u>7,006,524</u>		<u>8,592,935</u>
			4,690,632		4,886,861
Staff Costs	3	2,599,521		2,690,249	
Depreciation		554,394		401,702	
Other Operating Charges		<u>1,524,881</u>		<u>1,654,849</u>	
			<u>4,678,796</u>		<u>4,746,800</u>
OPERATING PROFIT	4		11,836		140,061
Profit on Sale of Fixed Assets	6		621,400		715,743
Income from Fixed Asset Investments			10,685		10,376
Interest Receivable	7		3,338		1,295
Interest Payable	8		<u>(236,029)</u>		<u>(219,032)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			411,230		648,443
Taxation Charge on Profit on Ordinary Activities	9		<u>130,950</u>		<u>1,830</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION			280,280		646,613
Proposed Dividends: Equity Shares			<u>4,000</u>		<u>4,000</u>
RETAINED PROFIT FOR FINANCIAL YEAR			276,280		642,613
Retained Profit Brought Forward			<u>4,820,434</u>		<u>4,177,821</u>
RETAINED PROFIT CARRIED FORWARD			<u><u>5,096,714</u></u>		<u><u>4,820,434</u></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 or losses other than the profit for the current and previous year.

The notes form part of these financial statements

Witton Mill Co Limited

Consolidated Balance Sheet as at 31 March 1998

	Note	1998		1997	
		£	£	£	£
FIXED ASSETS					
Tangible Assets	11		4,202,151		4,519,942
Investments	12		281,015		274,923
			<u>4,483,166</u>		<u>4,794,865</u>
CURRENT ASSETS					
Stocks	13	3,611,012		3,643,444	
Debtors	14	2,661,563		2,485,519	
Cash at Bank and in Hand		2,775		90,618	
		<u>6,275,350</u>		<u>6,219,581</u>	
CREDITORS					
Amounts Falling Due Within One Year	15	3,106,450		3,570,512	
NET CURRENT ASSETS			<u>3,168,900</u>		<u>2,649,069</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			7,652,066		7,443,934
CREDITORS					
Amounts Falling Due After More Than One Year	16		(2,026,890)		(2,321,000)
PROVISIONS FOR LIABILITIES AND CHARGES	17		(126,952)		-
DEFERRED INCOME	18		(381,510)		(282,500)
			<u>5,116,714</u>		<u>4,840,434</u>
CAPITAL AND RESERVES					
Called Up Share Capital	19		20,000		20,000
Profit and Loss Account			5,096,714		4,820,434
Shareholders' Funds	24		<u>5,116,714</u>		<u>4,840,434</u>


 J W Walsh - DIRECTOR

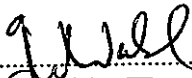
Approved by the Board on 27.10.98

The notes form part of these financial statements

Witton Mill Co Limited

Balance Sheet as at 31 March 1998

	Note	1998		1997	
		£	£	£	£
FIXED ASSETS					
Tangible Assets	11		4,104,797		4,393,377
Investments	12		286,015		279,923
			<u>4,390,812</u>		<u>4,673,300</u>
CURRENT ASSETS					
Stocks	13	2,345,938		2,776,222	
Debtors	14	1,637,802		1,486,660	
Cash at Bank and in Hand		1,653		1,563	
		<u>3,985,393</u>		<u>4,264,445</u>	
CREDITORS					
Amounts Falling Due Within One Year	15	1,891,953		2,655,161	
			<u>2,093,440</u>		<u>1,609,284</u>
NET CURRENT ASSETS					
			<u>6,484,252</u>		<u>6,282,584</u>
TOTAL ASSET LESS CURRENT LIABILITIES					
CREDITORS					
Amounts Falling Due After More Than One Year	16		(2,026,890)		(2,321,000)
PROVISIONS FOR LIABILITIES AND CHARGES					
	17		(126,952)		-
DEFERRED INCOME					
	18		(381,510)		(282,500)
			<u>3,948,900</u>		<u>3,679,084</u>
CAPITAL AND RESERVES:					
Called Up Share Capital	19		20,000		20,000
Profit and Loss Account			3,928,900		3,659,084
			<u>3,948,900</u>		<u>3,679,084</u>
Shareholders' Funds			<u>3,948,900</u>		<u>3,679,084</u>


 J W Walsh
 DIRECTOR

Approved by the Board on 27.10.98

The notes form part of these financial statements

Witton Mill Co Limited

Consolidated Cash Flow Statement for the Year Ended 31 March 1998

	Note	1998		1997	
		£	£	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	21		400,129		533,047
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Interest Received		3,338		1,295	
Income from Fixed Asset Investments		10,685		9,151	
Interest Paid		(236,029)		(212,572)	
NET CASH OUTFLOW FOR RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			(222,006)		(202,126)
TAX RECOVERED			2,586		5,532
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT					
Purchase of Investments		(33,405)		(25,578)	
Purchase of Fixed Assets		(259,616)		(3,288,453)	
Sale of Investments		25,634		19,575	
Sale of Fixed Assets		711,080		832,318	
Grant Receipts		130,000		300,000	
NET CASH INFLOW FROM/(OUTFLOW FOR) CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			573,693		(2,162,138)
EQUITY DIVIDENDS PAID			(4,000)		(4,000)
NET CASH INFLOW/(OUTFLOW) BEFORE USE OF LIQUID RESOURCES AND FINANCING			750,402		(1,829,685)
FINANCING					
Loan Advance		-		1,250,000	
Loan Repayments		(706,920)		(43,080)	
Capital Element of Hire Purchase Contracts		(27,253)		-	
NET CASH (OUTFLOW FOR)/INFLOW FROM FINANCING	23		(734,173)		1,206,920
INCREASE/(DECREASE) IN CASH	23		16,229		(622,765)

The notes form part of these financial statements

Witton Mill Co Limited

**Notes to the Financial Statements
for the Year Ended 31 March 1998**

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable UK accounting standards.

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the group'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 1998 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 of the tangible fixed assets over their estimated useful lives. The rates used on the straight line method are:-

Freehold Land and Buildings	:	5% per annum
Leasehold Property	:	over the period of the lease
Plant and Machinery	:	10% per annum
Motor Vehicles	:	25% per annum
Office Furniture and Equipment	:	10% and 33%

Government Grants

Government grants received after 31 March 1991 are included within deferred income and released to the profit and loss account over the estimated economic lives of the corresponding fixed assets.

Government grants 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.

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.

Assets Acquired Under Hire Purchase Agreements

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.

Rentals payable under operating leases are charged on a straight line basis over the term of the lease.

Witton Mill Co Limited

**Notes to the Financial Statements
for the Year Ended 31 March 1998**

1. ACCOUNTING POLICIES (CONTINUED)

Turnover

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

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 contributed to a number of group personal pension schemes, under which amounts are paid by group companies and employees. Contributions are charged to profit and loss account as they are paid.

2. TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

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

An analysis of turnover by geographical market is given below:

	1998	1997
	£	£
United Kingdom	11,785,114	12,831,582
Overseas	230,264	332,296
	12,015,378	13,163,878
	12,015,378	13,163,878

3. STAFF COSTS

Staff costs comprise:

	1998	1997
	£	£
Wages and Salaries	2,325,006	2,306,588
Social Security Costs	224,927	220,096
Other Pension Costs	22,724	26,328
Pension to Widow of Former Director	23,270	23,270
Redundancy and Ex Gratia payments	3,594	113,967
	2,599,521	2,690,249
	2,599,521	2,690,249

The average number of persons employed by the group (including directors) during the year was as follows:

Office and Management	37	37
Manufacturing	81	87
Others	9	8
	127	132
	127	132

Witton Mill Co Limited

**Notes to the Financial Statements
for the Year Ended 31 March 1998**

4. OPERATING PROFIT

Operating profit is stated after charging/(crediting) the following:

	1998	1997
	£	£
Depreciation - Assets Under Hire Purchase Agreements	5,555	-
Depreciation - Owned Assets	573,219	449,149
Profit on Disposal of Fixed Assets	(24,380)	(47,447)
Raw Materials and Consumables		
- includes an exceptional, taxable receipt	(140,000)	-
Operating Lease - Land and Buildings	47,200	47,200
Auditors' Remuneration - Audit (Group)	16,100	16,000
- Non Audit Services (Group)	6,800	8,600
	<u> </u>	<u> </u>

The remuneration paid to the auditors in respect of services provided to the company was £10,500 (1997: £10,000) for audit services and £6,800 (1997: £8,600) for non audit services.

5. DIRECTORS' REMUNERATION

	1998	1997
	£	£
Aggregate Emoluments	322,697	215,928
Company Pension Contributions to Money Purchase Schemes	15,131	15,262
	<u> </u>	<u> </u>
	337,828	231,190
	<u> </u>	<u> </u>
Highest Paid Director		
Aggregate Emoluments	125,628	98,300
Company Pension Contributions to Money Purchase Schemes	8,185	6,892
	<u> </u>	<u> </u>
	133,813	105,192
	<u> </u>	<u> </u>
Number of directors to whom benefits are accruing under Money Purchase Schemes	3	2
	<u> </u>	<u> </u>

6. PROFIT ON SALE OF FIXED ASSETS

Comprises the profit on sale of machinery in connection with the company's project to replace the previous equipment.

This exceptional items is subject to corporation tax.

7. INTEREST RECEIVABLE

	1998	1997
	£	£
Interest on Deposits	3,338	1,295
	<u> </u>	<u> </u>

8. INTEREST PAYABLE

	1998	1997
	£	£
Interest on Bank Overdraft and Loan	233,063	219,032
Interest on Hire Purchase Agreements	2,966	-
	<u> </u>	<u> </u>
	236,029	219,032
	<u> </u>	<u> </u>

Witton Mill Co Limited

Notes to the Financial Statements
for the Year Ended 31 March 1998

9. TAXATION

The tax charge on the profit on ordinary activities for the year is as follows:

	1998	1997
	£	£
Tax on Franked Investment Income	3,998	1,830
Deferred Tax	126,952	-
	<u>130,950</u>	<u>1,830</u>

10. PROFIT FOR THE YEAR

	1998	1997
	£	£
Dealt with in the Financial Statements of the Company	273,816	642,324
	<u>273,816</u>	<u>642,324</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 1998

11. TANGIBLE FIXED ASSETS

GROUP:	Freehold Land and Buildings £	Short-Term Leasehold Property £	Motor Vehicles £	Plant and Equipment £	Total £
COST:					
At 1 April 1997	2,007,392	188,227	475,390	6,757,657	9,428,666
Additions	86,022	-	150,405	89,856	326,283
Disposals	-	-	(146,932)	(2,097,138)	(2,244,070)
At 31 March 1998	2,093,414	188,227	478,863	4,750,375	7,510,879
DEPRECIATION:					
At 1 April 1997	1,048,313	37,537	222,434	3,600,440	4,908,724
Charge for the year	88,550	6,275	103,011	380,938	578,774
Eliminated on Disposals	-	-	(81,632)	(2,097,138)	(2,178,770)
At 31 March 1998	1,136,863	43,812	243,813	1,884,240	3,308,728
NET BOOK VALUE:					
As at 31 March 1998	956,551	144,415	235,050	2,866,135	4,202,151
As at 31 March 1997	959,079	150,690	252,956	3,157,217	4,519,942
COMPANY:					
COST:					
At 1 April 1997	2,007,392	188,227	283,603	6,694,179	9,173,401
Additions	86,022	-	124,155	88,516	298,693
Disposals	-	-	(122,200)	(2,097,138)	(2,219,338)
At 31 March 1998	2,093,414	188,227	285,558	4,685,557	7,252,756
DEPRECIATION:					
At 1 April 1997	1,048,313	37,537	149,794	3,544,380	4,780,024
Charge for the year	88,550	6,275	57,966	377,511	530,302
Eliminated on Disposal	-	-	(65,229)	(2,097,138)	(2,162,367)
At 31 March 1998	1,136,863	43,812	142,531	1,824,753	3,147,959
NET BOOK VALUE:					
As at 31 March 1998	956,551	144,415	143,027	2,860,804	4,104,797
As at 31 March 1997	959,079	150,690	133,809	3,149,799	4,393,377

The company and group hold assets under hire purchase agreements with a net book value of £61,112 (1997: £Nil). Depreciation of £5,555 (1997: £Nil) was charged during the year in respect of these assets.

Witton Mill Co Limited

Notes to the Financial Statements
for the Year Ended 31 March 1998

12. INVESTMENTS

	COMPANY			GROUP Listed Investments and Total
	Shares in Subsidiaries	Listed Investments	Total	
COST:	£	£	£	£
Balance 1 April 1997	10,000	274,923	284,923	274,923
Additions	-	33,405	33,405	33,405
Disposals	-	(27,313)	(27,313)	(27,313)
Balance 31 March 1998	10,000	281,015	291,015	281,015
PROVISION FOR DIMINUTION IN VALUE At 1 April 1997 and 31 March 1998	(5,000)	-	(5,000)	-
NET BOOK VALUE				
As at 31 March 1998	5,000	281,015	286,015	281,015
As at 31 March 1997	5,000	274,923	279,923	274,923
Market value of listed investments		386,516		386,516

Details of the investments in subsidiaries, both of which are incorporated in England, are as follows:

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

13. STOCKS

	COMPANY		GROUP	
	1998 £	1997 £	1998 £	1997 £
Raw Materials	1,494,218	1,244,579	1,727,082	1,410,302
Work-in-Progress	566,094	792,719	1,055,435	1,036,732
Finished Goods	285,626	738,924	828,495	1,196,410
	2,345,938	2,776,222	3,611,012	3,643,444

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	COMPANY		GROUP	
	1998 £	1997 £	1998 £	1997 £
Trade Debtors	831,615	797,173	871,263	828,813
Factored Trade Debtors	-	-	1,728,670	1,581,895
Amounts Owed by Group Undertaking	569,524	271,172	-	-
Dividend Receivable from Group Undertaking	180,000	350,000	-	-
Prepayments and Other Debtors	56,663	65,729	61,630	72,225
Corporation Tax Recoverable	-	2,586	-	2,586
	1,637,802	1,486,660	2,661,563	2,485,519

Within prepayments and other debtors is a directors loan account of £3,128. The maximum amount outstanding during the year was £27,443. No interest is charged on the outstanding balance and the loan was repaid after the balance sheet date.

Witton Mill Co Limited

**Notes to the Financial Statements
for the Year Ended 31 March 1998**

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	COMPANY		GROUP	
	1998 £	1997 £	1998 £	1997 £
Bank Loan and Overdraft	480,226	1,206,086	695,094	1,206,086
Trade Creditors	950,001	1,093,391	1,739,211	1,700,987
Other Taxes and Social Security	237,303	155,433	384,370	358,803
Other Creditors	23,571	24,576	23,571	24,576
Accruals	163,328	171,205	226,680	275,590
Directors' Loan Accounts	-	470	-	470
Proposed Dividend	4,000	4,000	4,000	4,000
HP Creditor	33,524	-	33,524	-
	<u>1,891,953</u>	<u>2,655,161</u>	<u>3,106,450</u>	<u>3,570,512</u>

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

	COMPANY		GROUP	
	1998 £	1997 £	1998 £	1997 £
Trade Creditors	421,000	421,000	421,000	421,000
Bank Loan - repayable between one and two years	400,000	400,000	400,000	400,000
Bank Loan - repayable in two to five years	1,200,000	1,200,000	1,200,000	1,200,000
Bank Loan - repayable over five years	-	300,000	-	300,000
HP Creditor - repayable within five years	5,890	-	5,890	-
	<u>2,026,890</u>	<u>2,321,000</u>	<u>2,026,890</u>	<u>2,321,000</u>

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

17. DEFERRED TAX (GROUP AND COMPANY)

	£
Balance as at 1 April 1997	-
Charge for year	126,952
Balance as at 31 March 1998	<u>126,952</u>

The deferred tax provision is analysed as follows:

	1998 Provided £	1997 Provided £
Excess of Capital Allowances over Depreciation	165,186	73,404
Short Term Timing Differences	-	(32,703)
	<u>165,186</u>	<u>40,701</u>
Losses	(38,234)	(40,701)
	<u>126,952</u>	<u>-</u>

There is no unprovided deferred tax.

Witton Mill Co Limited

**Notes to the Financial Statements
for the Year Ended 31 March 1998**

18. DEFERRED INCOME (GROUP AND COMPANY)		1998 £	1997 £
Regional Selective Assistance Grant			
Balance as at 1 April 1997		282,500	-
Grant received in year		130,000	300,000
Released to profit and loss account		(30,990)	(17,500)
Balance as at 31 March 1998		<u>381,510</u>	<u>282,500</u>

19. CALLED UP SHARE CAPITAL		1998 £	1997 £
Authorised, Allotted, issued and fully paid:	Nominal		
Number: Class:	Value		
100 Ordinary Shares	£100	10,000	10,000
100 'A' Ordinary Shares	£100	10,000	10,000
		<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 have no voting rights.

20. OPERATING LEASES		Land and Buildings	
		1998	1997
		£	£
One Year		5,400	-
Two to Five Years		-	7,200
Over Five Years		40,000	40,000
		<u>45,400</u>	<u>47,200</u>

21. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES		1998 £	1997 £
Operating Profit		11,836	140,061
Depreciation		578,774	449,149
Profit on Sale of Fixed Assets		(24,380)	(47,447)
Loss on Disposal of Fixed Asset Investment		1,681	-
Amortisation of Grant		(30,990)	(17,500)
Decrease in Stocks		32,432	294,998
(Increase)/Decrease in Debtors		(182,627)	948,610
Increase/(Decrease) in Creditors		13,403	(1,234,824)
		<u>400,129</u>	<u>533,047</u>

Witton Mill Co Limited

Notes to the Financial Statements
for the Year Ended 31 March 1998

22. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	1998 £	1997 £
Increase/(Decrease) in Cash in Year	16,229	(622,765)
Cash Outflow for /(Inflow from) Decrease/(Increase) in Debt	734,173	(1,206,920)
Change in Debt Resulting from Cash Flows	750,402	(1,829,685)
Hire Purchase Agreement	(66,667)	-
	683,735	(1,829,685)
Net Debt at 1 April 1997	(3,015,468)	(1,185,783)
Net Debt at 31 March 1998	(2,331,733)	(3,015,468)

23. ANALYSIS OF NET DEBT

	1 April 1997 £	Cash Flow £	Non Cash Flow £	31 March 1998 £
Cash at Bank and in Hand	90,618	(87,843)		2,775
Overdraft	(399,166)	104,072		(295,094)
		16,229		
Debt Due Within One Year	(806,920)	406,920		(400,000)
Debt Due After One Year	(1,900,000)	300,000		(1,600,000)
Finance Lease and Hire Purchase Creditor	-	27,253	(66,667)	(39,414)
		734,173		
	(3,015,468)	750,402	(66,667)	(2,331,733)

24. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1998 £	1997 £
Profit for the Financial Year	280,280	646,613
Dividends	(4,000)	(4,000)
NET ADDITION TO SHAREHOLDERS' FUNDS	276,280	642,613
Opening Shareholders' Funds	4,840,434	4,197,821
Closing Shareholders' Funds	5,116,714	4,840,434
Equity Interests	5,116,714	4,840,434

25. PENSION COSTS

	1998 £	1997 £
Pension costs charged against profit:		
Group Personal Pension Schemes	22,724	26,328
Ex Gratia Pension	23,270	23,270
	45,994	49,598

Witton Mill Co Limited

**Notes to the Financial Statements
for the Year Ended 31 March 1998**

26. CONTINGENT LIABILITIES

The company has guaranteed the bank borrowings of the subsidiary trading company, which at the balance sheet date were £235,424 (1997: £ Nil). These borrowings are secured by a legal charge over all the groups assets.

27. CAPITAL COMMITMENTS

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

	1998	1997
	£	£
Authorised and contracted for	125,000	-

28. ULTIMATE CONTROLLING PARTIES

The ultimate controlling parties are the directors of the company.