

451454

**Armitage & Rhodes plc**  
**Directors' Report and Accounts**  
**for the year ended 31st March 1995**



Armitage & Rhodes plc

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Armitage & Rhodes plc

Directors, Officers, Bankers and Advisers

Directors: Michael J Burrows (Non-Executive Chairman)  
Graham H Burrows CTEXT ATI (Managing Director)  
Michael A Graham FCCA

Secretary: Michael A Graham FCCA

Registered Office: Calder Vale Mills  
Ravensthorpe  
Dewsbury  
WF13 3JL

Auditors: John Gordon Walton & Co  
Chartered Accountants  
Yorkshire House  
Greek Street  
LEEDS  
LS1 5ST

Solicitors: Whitfield Hallam Goodall  
7 King Street  
Mirfield  
West Yorkshire  
WF14 8AP

Bankers: Midland Bank Plc  
100 King Street  
MANCHESTER  
M60 2HD

Registered Number: 451454

Armitage & Rhodes plc

Chairman's Statement

The group has suffered a very difficult year and this has brought about a considerable down sizing in activity, and concentration on the core business - the manufacture of furnishing fabrics.

In the opening months of the financial year orders for flocked furnishing fabrics literally "dried up" and Peak Industries faced a situation where literally no contributions could be made for its fixed overheads. Falling demand also meant that the group's requirement upon the Fabric Treatment subsidiary was similarly adversely affected. Faced with a consequent and critical shortage of cash the director's were forced to sell of both the goodwill and fixed assets of Peak Industries and Fabric Treatment Ltd.

Continuing depression in the economy, and in particular the housing and home furnishings market meant that the demand was also depressed in our other markets. Consequently the group has suffered cash shortages and as a result the directors advanced monies totalling £476,000 in 1995, and a further £100,000 has been introduced since the year end.

Subsequent to the year it was agreed to dispense of Sinclair Fabrics wholesale business for a cash consideration of £225,000 to myself. I have since changed my role with the group and I am now the non-executive Chairman.

During 1995/96 there has been a promising increase in demand for fabric products and the results for the first eight months of the current financial year show encouraging signs that the loss making trends of the previous year are being arrested. The board is optimistic about the prospects of its core business and continues to encourage the development of the product range in both the home and overseas markets.

I wish to convey my thanks and gratitude to all our employees for their great efforts and dedication in the face of such adversity. My belief is that their hard work and loyalty will be rewarded as the Group finally gets back into profitability in 1996 and 1997.

MICHAEL J BURROWS  
Chairman

1st February 1996

Armitage & Rhodes plc

Directors' Report

The directors submit their report and group accounts of Armitage & Rhodes plc for the year ended 31 March 1995.

Principal Activities

The group's principal activities were the manufacture, finishing and sale of furnishing fabrics. During the year the finishing operation was discontinued together with one of the manufacturing operations. Since the end of the financial year the contract wholesale operation has also been discontinued.

Results for the year and review of business

	1995 £	1994 £
Operating (Loss)/Profit		
Continuing	(963,305)	(14,812)
Discontinued operations	<u>(123,619)</u>	<u>543,539</u>
	(1,086,924)	528,727
(Loss)/Profit on disposal of fixed assets	(490,829)	11,904
Exceptional charges	<u>(104,732)</u>	<u>-</u>
(Loss)/Profit before interest	(1,682,485)	540,631
Interest payable	<u>(293,723)</u>	<u>(432,804)</u>
Retained (Loss)/Profit	<u>(1,976,208)</u>	<u>107,827</u>

The company experienced a very disappointing year reporting an operating loss in excess of £1 million, which after exceptional items and interest charges meant an overall loss in excess of £1.97 million.

The Group is now engaged in its core business of furnishing fabric manufacturing. The flocked furnishing fabric operation, the treatment operation, as well as the contract wholesaling operation have now all been sold generating significant cash for the group.

The directors are optimistic that by concentrating on the core business the group will return to profitability.

Dividend

The directors do not recommend payment of a dividend (1994 - £ nil) and the loss for the year has been transferred to reserves.

Armitage & Rhodes plc

Directors' Report - continued

Group Structure

During the year two divisions of the original Armitage & Rhodes Fabrics Ltd operation were passed to two separate subsidiary companies. The Fabric Contract Wholesale and Fabric Treatment divisions were transferred to Sinclair Fabrics Ltd and Fabric Treatment Ltd respectively.

In August 1994 certain assets and the trades of Fabric Treatment Ltd and Peak Industries Ltd were sold, and these subsidiary companies are now dormant.

In June 1995 the trade, trading name, assets and liabilities (excluding certain group balances) of Sinclair Fabrics Ltd were also sold and the company changed its name to Armitage & Rhodes Services Ltd. This company is now dormant.

Fixed Assets

Details of movement in fixed assets during the year are set out in note 9 to the accounts.

Research and Development

The group continues to expand and diversify its manufactured product range, incurring research and development costs as detailed in note 3 to the accounts.

Directors' interests

The beneficial interest of the directors in the share capital of the company were:

	31st March 1995	31st March 1994
	10p ordinary	10p ordinary
	<u>Beneficial</u>	<u>Beneficial</u>
M J Burrows	3,255,344	3,255,344
G H Burrows	3,255,344	3,255,344
M A Graham	12,000	12,000
P G Roebuck (resigned 21st October 1994)	-	-

M A Graham retired by rotation and being eligible, offers himself for re-election.

None of the directors had any other interests in the share capital of the company or its subsidiaries.

Share options have been granted to the following director:

	No of 10p Ordinary Shares over which options granted	Option Price per share
M A Graham	125,000	12½p

The options are exercisable at various times until December 2003.

Armitage & Rhodes plc

Directors' Report - continued

Substantial shareholdings

The following had substantial interests in the ordinary share capital of the company as at 31st March 1995.

	Shares held	
	Holding	Percentage
3i plc	1,500,000	16.1%
Beegas Nominees	496,000	5.3%

No changes have taken place in these interests since the end of the financial year up to 1 February 1996.

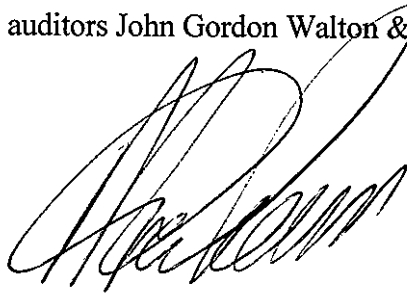
Directors' and Officers' Liability Insurance

During the year the Company maintained insurance under which, subject to the terms of the policy, cover is provided for directors and certain senior officers of the company and its subsidiaries against liabilities which they might incur personally.

Auditors

A resolution to re-appoint as auditors John Gordon Walton & Co will be put to the members at the Annual General Meeting.

1st February 1996



By Order of the Board  
M A Graham  
Secretary

Armitage & Rhodes plc

Statement of Directors' Responsibilities

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 group and of the profit or loss of the company 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts.
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group 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 Shareholders of Armitage & Rhodes plc

We have audited the accounts on pages 8 to 25 which have been prepared under the historical cost convention, as modified to include the revaluation of some freehold land and buildings, and the accounting policies set out on page 13 and 14.

#### **Respective responsibilities of directors and auditors**

As described on page 6 the company's directors are responsible for the preparation of 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 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 as at 31st March 1995 and of the group's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*John Gordon, Walton & Co*

John Gordon Walton & Co  
Chartered Accountants and Registered Auditors  
Yorkshire House  
Greek Street  
LEEDS  
LS1 5ST

1st February 1996

Armitage & Rhodes Plc

Group Profit and Loss Account

for the year ended 31st March 1995

	Note	1995			1994 (re-stated)		
		Continuing Operations	Discontinued Operations	Total	Continuing Operations	Discontinued Operations	Total
Turnover	2	3,742,977	3,137,237	6,880,214	5,999,431	7,815,812	13,815,243
Decrease/(increase) in finished goods and work in progress		343,111	267,872	610,983	(198,080)	(230,420)	(428,500)
Raw materials and consumables		1,123,459	1,581,929	2,705,388	2,471,956	4,440,358	6,912,314
Other external charges		<u>360,925</u>	<u>92,155</u>	<u>453,080</u>	<u>507,946</u>	<u>353,739</u>	<u>861,685</u>
Gross Profit		1,915,482	1,195,281	3,110,763	3,217,609	3,252,135	6,469,744
Staff Costs	7	1,578,820	570,055	2,148,875	1,739,323	1,304,729	3,044,052
Depreciation	9	362,321	124,186	486,507	305,091	202,268	507,359
Other operating income		62,688	990	63,678	-	-	-
Other operating charges		<u>1,000,334</u>	<u>625,649</u>	<u>1,625,983</u>	<u>1,188,007</u>	<u>1,201,599</u>	<u>2,389,606</u>
Operating (Loss)/Profit	3	(963,305)	(123,619)	(1,086,924)	(14,812)	543,539	528,727
Profit/(Loss) on disposal of fixed assets		53,323	(544,152)	(490,829)	9,665	2,239	11,904
Exceptional charges	4	<u>35,000</u>	<u>69,732</u>	<u>104,732</u>	-	-	-
(Loss) on ordinary activities before interest	5	(944,982)	(737,503)	(1,682,485)	(5,147)	545,778	540,631
Interest payable	6			<u>293,723</u>			<u>432,804</u>
(Loss)/Profit on ordinary activities before tax				(1,976,208)			107,827
Tax on profit on ordinary activities	8			-			-
(Loss)/Profit retained for year	19			(1,976,208)			<u>107,827</u>

The notes on pages 13 to 25 form part of the accounts

Armitage & Rhodes plc

Group Balance Sheet

at 31st March 1995

	Notes	£	1995 £	£	1994 £
<u>Fixed Assets</u>					
Tangible assets	9		3,134,828		4,649,598
<u>Current Assets</u>					
Stocks	11	1,026,320		1,621,257	
Debtors	12	867,679		1,546,875	
Bank and Cash		<u>17,065</u>		<u>1,815,991</u>	
		1,911,064		4,984,123	
<u>Creditors: amounts falling due within one year</u>	13	<u>2,428,383</u>		<u>5,096,006</u>	
<u>Net current liabilities</u>			<u>(517,319)</u>		<u>(111,883)</u>
<u>Total assets less current liabilities</u>			2,617,509		4,537,715
<u>Creditors: amounts falling due after more than one year</u>	14		1,375,373		1,310,148
<u>Accruals and deferred income</u>					
Deferred government grants			<u>17,018</u>		<u>26,241</u>
Net assets			<u>1,225,118</u>		<u>3,201,326</u>
<u>Capital and reserves</u>					
Called up share capital	17		930,497		930,497
Share premium account			11,250		11,250
Capital redemption reserve fund			10,000		10,000
Revaluation reserve	18		611,389		624,126
Profit and loss account	19		<u>(338,018)</u>		<u>1,625,453</u>
Shareholders' Funds			<u>1,225,118</u>		<u>3,201,326</u>

Michael J Burrows  
M J Burrows Director

M A Graham Director

1st February 1996

The notes on pages 13 to 25 form part of the accounts

Armitage & Rhodes plc

Holding Group Balance Sheet

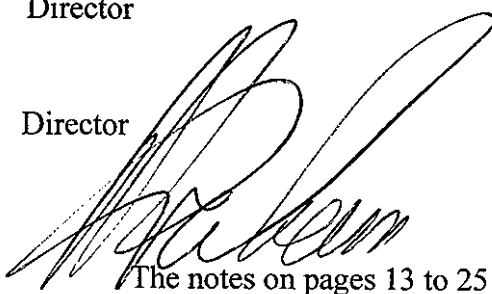
at 31st March 1995

	Notes	£	1995 £	£	1994 £
<u>Fixed Assets</u>					
Tangible assets	9		1,342,418		1,581,168
Investment in subsidiary companies	10		<u>100,000</u>		<u>200,402</u>
			1,442,418		1,718,570
<u>Current Assets</u>					
Debtors	12	967,092		4,247,127	
<u>Creditors: amounts falling due within one year</u>	13	<u>412,056</u>		<u>2,176,023</u>	
<u>Net current assets</u>			<u>555,036</u>		<u>2,071,104</u>
<u>Total assets less current liabilities</u>			1,997,454		3,852,674
<u>Creditors: amounts falling due after more than one year</u>	14		<u>1,772,322</u>		<u>1,502,154</u>
Net assets			<u>225,132</u>		<u>2,350,520</u>
<u>Capital and reserves</u>					
Called up share capital	17		930,497		930,497
Share premium account			11,250		11,250
Capital redemption reserve fund			10,000		10,000
Revaluation reserve	18		611,389		624,126
Profit and loss account	19		<u>(1,338,004)</u>		<u>774,647</u>
Shareholders' Funds			<u>225,132</u>		<u>2,350,520</u>

  
M J Burrows Director

M A Graham Director

1st February 1996

  
The notes on pages 13 to 25 form part of the accounts

Armitage & Rhodes plc

Group Cash Flow Statement

for the year ended 31st March 1995

	Notes	£	1995 £	£	1994 £
Net cash (outflow)/inflow from operating activities	5		(183,467)		349,487
<u>Servicing of finance</u>					
Interest paid			(293,723)		(432,804)
<u>Investing activities</u>					
Purchase of tangible fixed assets		(447,293)		(700,875)	
Proceeds from disposal of fixed assets		<u>984,727</u>		<u>48,036</u>	
Net cash inflow/(outflow) from investing activities			<u>537,434</u>		<u>(625,839)</u>
Net cash inflow/(outflow) before financing			60,244		(736,156)
<u>Financing</u>					
Proceeds from rights issue		-		680,497	
Loans from Directors		476,000		-	
Loan repayments		(152,500)		(30,000)	
New finance leases		-		416,623	
Repayment of finance leases		(177,643)		(215,313)	
New hire purchase agreements		159,970		86,526	
Repayment of hire purchase creditors		<u>(370,279)</u>		<u>(266,348)</u>	
<u>Net cash (outflow)/inflow from financing</u>			<u>(64,452)</u>		<u>671,985</u>
<u>Decrease in cash equivalents (see below)</u>			<u>(4,208)</u>		<u>(64,171)</u>

Analysis of the balances of cash and cash equivalents as shown  
in the balance sheet

	1995 £	1994 £	Change in year £
Cash at bank and in hand	17,065	1,815,991	(1,798,926)
Bank overdrafts	<u>(544,719)</u>	<u>(2,339,437)</u>	<u>1,794,718</u>
	<u>(527,654)</u>	<u>(523,446)</u>	<u>(4,208)</u>

The notes on pages 13 to 25 form part of the accounts

Armitage & Rhodes plc

Group Statement of Total Recognised Gains and Losses

for the year ended 31st March 1995

	1995	1994
	£	£
(Loss)/Profit on ordinary activities after taxation	<u>(1,976,208)</u>	<u>107,827</u>

Group Historical Cost Losses and Profits

	£	£
(Loss)/Profit on Ordinary Activities before taxation	(1,976,208)	107,827
Loss on disposal of asset	(25,760)	-
Difference between historical cost depreciation and depreciation	<u>12,737</u>	<u>12,737</u>
Historical cost (loss)/profit on Ordinary Activities before taxation	<u>(1,989,231)</u>	<u>120,564</u>
Historical cost (loss)/profit on Ordinary Activities after taxation	<u>(1,989,231)</u>	<u>120,564</u>

Reconciliation of Shareholders' Funds

	£	£
(Loss)/Profit on Ordinary Activities after taxation	(1,976,208)	107,827
Proceeds from Rights Issue	<u>-</u>	<u>680,497</u>
Net (decrease in)/additions to shareholders' funds	(1,976,208)	788,324
Shareholders' funds at 1st April 1994	<u>3,201,326</u>	<u>2,413,002</u>
Shareholders's funds at 31st March 1995	<u>1,225,118</u>	<u>3,201,326</u>

The notes on pages 13 to 25 form part of the accounts

## Armitage & Rhodes plc

### Notes of the Accounts

#### 1 Accounting Policies

##### Basis of consolidation

The group accounts include the accounts for the company and its subsidiaries made up to 31st March each year and comply with all applicable UK accounting standards.

Internal turnover and profits are eliminated on consolidation and all turnover and profit and loss figures relate to external transactions only. No profit and loss account is presented for Armitage & Rhodes plc as provided by S230 of the Companies Act 1985.

##### Government grants

Regional Development grants are treated as deferred credits and transferred to the profit and loss account over the estimated useful lives of the assets concerned.

##### Deferred taxation

Provision for deferred taxation is made under the liability method in respect of timing differences where it is probable that a tax liability will become payable within the foreseeable future.

##### Fixed assets

Freehold land and buildings are stated at a professional valuation at 31st March 1993 based on a current open market value with existing use with subsequent additions at cost. All other fixed assets are stated at cost.

##### Depreciation

Buildings are depreciated at 2% or 5% per annum based on cost or valuation. Depreciation is provided on all other fixed assets calculated at fixed rates between 10% and 33% per annum on a straight line basis so as to write off the cost of those assets over their estimated useful lives.

##### Research and development expenditure

Research and development expenditure is charged to the profit and loss account in the period in which it is incurred.

##### Goodwill

Goodwill arising on acquisitions is written off against reserves in the year of acquisition.

##### Stocks

Stocks and work in progress are valued at the lower of cost and estimated net realisable value on bases which have been consistently applied. In the case of finished goods and work in progress, cost includes all direct expenditure together with overheads attributable to production based on the normal level of activity.

### Leasing and hire purchase contracts

Assets obtained under finance leases and hire purchase contracts are capitalised as tangible assets and depreciated over their useful economic lives.

Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

The cost of operating leases is charged to the profit and loss account as incurred.

### Foreign currency

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date and any differences are taken to the profit and loss account.

### Pension costs

The charge in the accounts represents the contributions payable by the company during the year in accordance with Statement of Standard Accounting Practice 24 - Accounting for Pension Costs.

## 2 Turnover and Segmental Analysis

Turnover represents the invoiced amount of goods sold and services provided during the year, stated net of valued added tax, and trade discounts.

The operating profit and net assets attributable to each division and geographical market is not disclosed as in the opinion of the directors, the publication of such information could be prejudicial to the interests of the group.

The geographical area analysis of turnover is as follows:

	1995		1994	
	£	%	£	%
United Kingdom	4,604,265	66.9	10,576,104	76.6
Europe	1,329,019	19.3	2,268,284	16.4
Far East	544,535	7.9	548,360	4.0
Middle East	161,597	2.4	226,724	1.6
North America	188,681	2.7	134,897	1.0
Rest of World	<u>52,117</u>	<u>0.8</u>	<u>60,874</u>	<u>0.4</u>
	<u>6,880,214</u>	<u>100.0</u>	<u>13,815,243</u>	<u>100.0</u>



3 The operating (loss)/profit is stated after charging:

	1995	1994
	£	£
Directors' Remuneration (see note 7)	354,169	312,177
Auditors' Remuneration		
- for audit services	39,282	21,000
- for other professional work	25,000	25,000
Operating lease rentals - plant & machinery	124,455	116,279
Research and Development Costs	34,933	26,013
Debt Insurance and factoring charges	<u>96,145</u>	<u>143,554</u>

4 Exceptional Charges

	<u>Continuing Operations</u>	
	1995	1994
	£	£
Provisions for legal claims arising against a subsidiary	20,000	-
Legal and professional fees arising from the disposal of certain assets	<u>15,000</u>	<u>-</u>
	<u>35,000</u>	<u>-</u>

	<u>Discontinued Operations</u>	
	1995	1994
	£	£
Redundancy costs	49,602	-
Hire purchase and finance lease settlement charges	<u>20,130</u>	<u>-</u>
	<u>69,732</u>	<u>-</u>

5 Reconciliation of operating (loss)/profits to net cash (outflow)/inflow from operating activities:

	1995	1994
	£	£
(Loss)/Profit on Ordinary Activities before interest charges	(1,682,485)	549,631
Depreciation	486,507	507,359
Loss/(Profit) on disposal of tangible fixed assets	490,829	(11,904)
Deferred grants released	(9,223)	(3,794)
Decrease/(Increase) in stocks	594,937	(229,635)
Decrease in debtors	679,196	59,419
Decrease in creditors	<u>(743,228)</u>	<u>(512,589)</u>
Net cash (outflow)/inflow from operating activities	<u>(183,467)</u>	<u>349,487</u>

6 Interest Payable

	£	£
On bank loans, overdrafts and other loans repayable within five years	157,983	289,866
On bank and other loans wholly or partly repayable in more than five years	30,365	17,109
Finance charges in respect of finance leases and hire purchase agreements repayable wholly within five years	<u>105,375</u>	<u>125,829</u>
	<u>293,723</u>	<u>432,804</u>

7 Employees

	1995	1994
The average weekly number of employees during the year were made up as follows:		
Office and Management	26	27
Selling	34	21
Manufacturing	<u>55</u>	<u>128</u>
	<u>115</u>	<u>176</u>

Staff costs during the year amounted to:	£	£
Wages and Salaries	1,882,105	2,679,691
Social Security costs	169,332	269,406
Other pensions costs	<u>97,438</u>	<u>94,955</u>
	<u>2,148,875</u>	<u>3,044,052</u>

Directors' remuneration: (including pension contributions)	£	£
Fees	-	-
Other emoluments	<u>354,169</u>	<u>312,177</u>
	<u>354,169</u>	<u>312,177</u>

Emoluments (excluding pension contributions) of the chairman and highest paid director	<u>83,634</u>	<u>68,039</u>
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The number of directors whose emoluments fell within the following ranges was:

£45,001 - £50,000	1	1
£60,001 - £65,000	-	1
£65,001 - £70,000	-	2
£75,001 - £80,000	1	-
£80,001 - £85,000	<u>2</u>	<u>-</u>
	<u>4</u>	<u>4</u>

8 Taxation

No charge in respect of taxation has arisen during the year.

At 31st March 1996 the group had unrealised trading losses available to carry forward to relieve against future taxable profits totalling £350,000. These losses reduce the contingent liability in respect of deferred taxation as disclosed in note 21.

9 Tangible Fixed Assets

	<u>Freehold Property</u> £	<u>Plant and Equipment</u> £	<u>Motor Vehicles</u> £	<u>Total</u> £
<u>Group</u>				
Cost/Valuation at 1st April 1994	1,477,367	6,818,390	77,475	8,373,232
Additions	6,030	441,263	-	447,293
Disposals	<u>(140,000)</u>	<u>(2,861,755)</u>	<u>(10,777)</u>	<u>(3,012,532)</u>
At 31st March 1995	<u>1,343,397</u>	<u>4,397,898</u>	<u>66,698</u>	<u>5,807,993</u>
Depreciation: At 1st April 1994	31,496	3,630,375	61,763	3,723,634
Provided during the year	32,233	450,485	3,789	486,507
Disposals	<u>(5,697)</u>	<u>(1,524,631)</u>	<u>(6,648)</u>	<u>(1,536,976)</u>
At 31st March 1995	<u>58,032</u>	<u>2,556,229</u>	<u>58,904</u>	<u>2,673,165</u>
Net book amounts at 31st March 1995	<u>1,285,365</u>	<u>1,841,669</u>	<u>7,794</u>	<u>3,134,828</u>
At 1st April 1994	<u>1,445,871</u>	<u>3,188,015</u>	<u>15,712</u>	<u>4,649,598</u>
	<u>Freehold Property</u> £	<u>Plant and Equipment</u> £	<u>Motor Vehicles</u> £	<u>Total</u> £
<u>Company</u>				
Cost/Valuation at 1st April 1994	1,477,367	690,403	10,777	2,178,547
Additions	6,030	17,089	-	23,119
Disposals	<u>(140,000)</u>	<u>(125,157)</u>	<u>(10,777)</u>	<u>(275,934)</u>
At 31st March 1995	<u>1,343,397</u>	<u>582,335</u>	<u>-</u>	<u>1,925,732</u>
Depreciation: At 1st April 1994	31,496	560,302	5,581	597,379
Provided during the year	32,233	90,137	1,067	123,437
Disposals	<u>(5,697)</u>	<u>(125,157)</u>	<u>(6,648)</u>	<u>(137,502)</u>
At 31st March 1995	<u>58,032</u>	<u>525,282</u>	<u>-</u>	<u>583,314</u>
Net book amounts at 31st March 1995	<u>1,285,365</u>	<u>57,053</u>	<u>-</u>	<u>1,342,418</u>
At 1st April 1994	<u>1,445,871</u>	<u>130,101</u>	<u>5,196</u>	<u>1,581,168</u>

9 Tangible Assets

The freehold land and buildings were revalued at 31st March 1993 at £1,325,000 by Eddisons Commercial based on a current open market value with existing use. If these assets had not been revalued, the historical cost amounts for land and buildings would have been:

	Group		Holding Company	
	1995	1994	1995	1994
	£	£	£	£
Cost	918,033	1,089,604	918,033	1,089,604
Depreciation	<u>242,248</u>	<u>234,592</u>	<u>242,248</u>	<u>234,592</u>
Net book amounts	<u>675,785</u>	<u>855,012</u>	<u>675,785</u>	<u>855,012</u>

Fixed assets include the following in respect of Plant and Motor Vehicles secured under finance leases and hire purchase contracts:

	Group		Holding Company	
	1995	1994	1995	1994
	£	£	£	£
Net book amounts at 31st March 1995	975,823	2,015,491	21,245	38,019
Depreciation charge for the year	<u>128,611</u>	<u>232,385</u>	<u>11,578</u>	<u>10,216</u>

10 Investment in subsidiary companies

	1995	1994
	£	£
Shares at cost	200,402	200,402
Provision for diminution in value of investment	<u>100,402</u>	<u>-</u>
	<u>100,000</u>	<u>200,402</u>

The details of subsidiary companies are as follows:

<u>Trading</u>	<u>Activity</u>	<u>Ordinary Shares</u>	<u>Ordinary Shares</u>
Armitage & Rhodes Fabrics Ltd	Jacquard furnishing fabric manufacturers	100%	100%
<u>Ceased trading during the year or since year end</u>			
Peak Industries Ltd	Flocked furnishing fabric manufactures	100%	100%
Armitage & Rhodes (1994) Ltd (formerly Fabric Treatment Ltd)	Treatment of furnishing fabrics	100%	100%
Armitage & Rhodes Services Ltd (formerly Sinclaire Fabrics Ltd) (see note 24)	Fabric Contract Wholesalers	100%	100%
<u>Dormant during the year</u>			
European Fabrics Ltd		100%	100%
Tanhouse Ltd		100%	100%
CVM Ltd		100%	100%

All subsidiaries are registered in England and operated principally within the United Kingdom.

No subsidiary has been excluded from the consolidation.

11	<u>Stocks</u>				
			Group		Holding Company
		1995	1994	1995	1994
		£	£	£	£
	Raw materials	258,293	516,433	-	-
	Work-in-progress	279,145	417,383	-	-
	Finished goods	<u>488,882</u>	<u>687,441</u>	<u>-</u>	<u>-</u>
		<u>1,026,320</u>	<u>1,621,257</u>	<u>-</u>	<u>-</u>
12	<u>Debtors</u>				
	<u>Amounts falling due within one year</u>	£	£	£	£
	Trade Debtors	1,213,205	2,327,386	1,380	53
	Less: Debt factoring advance	<u>(701,220)</u>	<u>(1,097,662)</u>	<u>-</u>	<u>-</u>
		511,985	1,229,724	1,380	53
	Other debtors	51,702	9,384	18,957	9,031
	Prepayments	<u>158,760</u>	<u>179,789</u>	<u>124,473</u>	<u>93,243</u>
		<u>722,447</u>	<u>1,418,897</u>	<u>144,810</u>	<u>102,327</u>
	<u>Amounts falling due after more than one year</u>	£	£	£	£
	Amounts due from subsidiary companies	-	-	2,677,050	4,016,822
	Less: Provision for irrecoverable balances	<u>-</u>	<u>-</u>	<u>(2,000,000)</u>	<u>-</u>
		-	-	677,050	4,016,822
	Other debtors	<u>145,232</u>	<u>127,978</u>	<u>145,232</u>	<u>127,978</u>
		<u>145,232</u>	<u>127,978</u>	<u>822,282</u>	<u>4,144,800</u>
	<u>Total Debtors</u>	<u>867,679</u>	<u>1,546,875</u>	<u>967,092</u>	<u>4,247,127</u>

The group's trade debtors have been factored without recourse on the basis that they have been insured against the risk of debtors being irrecoverable. Until the appropriate debtors are received the factoring advance is secured by a fixed charge on the group's trade debtors.

Amounts due from subsidiary companies are due for repayment within five years.

Other debtors falling due after more than one year represents the accumulated premiums paid on the various endowment policies taken out to provide for the repayment of certain loans in 1996 and 1997.

13 Creditors

	<u>Amounts falling due within one year</u>		Group		Holding Company	
	1995	1994	1995	1994	1995	1994
	£	£	£	£	£	£
Bank overdrafts	544,719	2,339,437	19,877	1,813,584		
Bank and loan capital (see note 15)	60,000	30,000	60,000	30,000		
Trade creditors	1,249,186	1,780,550	197,107	134,183		
Other taxes and social security costs	129,846	225,763	58,243	87,114		
Obligations under hire purchase and finance lease contracts	233,541	393,218	4,778	18,031		
Other creditors	25,030	119,928	15,392	86,132		
Accruals	<u>186,061</u>	<u>207,110</u>	<u>56,659</u>	<u>6,979</u>		
	<u>2,428,383</u>	<u>5,096,006</u>	<u>412,056</u>	<u>2,176,023</u>		

The bank loans and overdrafts are secured a fixed and floating charge on the assets of the group after the securities referred to in note 15.

14 Creditors

	<u>Amounts falling due after more than one year</u>			
	£	£	£	£
Commercial loans (see note 15)	490,000	672,500	490,000	672,500
Directors loans	476,000	-	476,000	-
Obligations under hire purchase and finance lease contracts	409,373	637,648	-	4,778
Amounts due to subsidiary companies	<u>-</u>	<u>-</u>	<u>806,322</u>	<u>824,876</u>
	<u>1,375,373</u>	<u>1,310,148</u>	<u>1,772,322</u>	<u>1,502,154</u>

The Directors loans are payable within five years.

All obligations under hire purchase and finance lease contracts fall due within five years.

All amounts due to subsidiaries are payable within five years.

15 <u>Commercial Loans</u>	Group		Holding Company	
	1995 £	1994 £	1995 £	1994 £
Not wholly repayable within five years	297,500	450,000	297,500	450,000
Wholly repayable within five years	<u>252,500</u>	<u>252,500</u>	<u>252,500</u>	<u>252,500</u>
	550,000	702,500	550,000	702,500
Less amounts due within one year	<u>60,000</u>	<u>30,000</u>	<u>60,000</u>	<u>30,000</u>
Amounts due after more than one year	<u>490,000</u>	<u>672,500</u>	<u>490,000</u>	<u>672,500</u>
Instalments not due within five years	<u>128,833</u>	<u>274,723</u>	<u>128,833</u>	<u>274,723</u>
Details of loans not wholly repayable within five years are as follows:				
	£	£	£	£
13.5% loan repayable in instalments between 1997 and 2012 secured on certain of the holding company freehold land and buildings (Repaid during the year)	-	122,500	-	122,500
Variable interest loan repayable in instalments of £30,000 per annum repayable by August 2001 secured by a fixed and floating charge on certain holding company freehold land and buildings	192,500	222,500	192,500	222,500
13% loan repayable in instalments between 1997 and 2012 secured on certain holding company freehold land and buildings	<u>105,000</u>	<u>105,000</u>	<u>105,000</u>	<u>105,000</u>
	<u>297,500</u>	<u>450,000</u>	<u>297,500</u>	<u>450,000</u>



16 Obligations under finance leases and hire purchase contracts

	Group		Holding Company	
	1995	1994	1995	1994
	£	£	£	£
Repayable within one year	298,437	525,311	6,515	24,483
Repayable between one and five years	<u>514,390</u>	<u>789,716</u>	<u>-</u>	<u>6,505</u>
	812,827	1,315,027	6,515	30,988
Finance charges and interest allocated to future accounting periods	(169,913)	(284,161)	(1,737)	(8,179)
	642,914	1,030,866	4,778	22,809
Included in current liabilities	(233,541)	(393,218)	(4,778)	(18,031)
Included in amounts falling due after more than one year	<u>409,373</u>	<u>637,648</u>	<u>-</u>	<u>4,778</u>

17 Share Capital

	1995	1994
	£	£
Authorised:		
10,000,000 Ordinary Shares of 10p (1994 - 10,000,000)	<u>1,000,000</u>	<u>1,000,000</u>
Issued and fully paid:		
9,304,975 Ordinary Shares of 10p (1994 - 9,304,975)	<u>930,497</u>	<u>930,497</u>

One of the directors holds options over 125,000 10p ordinary shares exercisable until December 2003 at 12½p per share.

18 Revaluation reserve

Group and Holding Company	
1995	1994
£	£
Balance at 1st April 1994	636,863
Transfer of additional depreciation to the profit and loss account	(12,737)
Balance at 31st March 1995	<u>624,126</u>

19 Profit and Loss Account

	Group		Holding Company	
	1995	1994	1995	1994
	£	£	£	£
Balance at 1st April 1994	1,625,453	1,504,889	774,647	695,368
(Loss)/Profit for the year	(1,976,208)	107,827	(2,125,388)	66,542
Transfer from revaluation reserve	<u>12,737</u>	<u>12,737</u>	<u>12,737</u>	<u>12,737</u>
	<u>(338,018)</u>	<u>1,625,453</u>	<u>(1,338,004)</u>	<u>774,647</u>

20 Capital Commitments

	1995	1994	1995	1994
	£	£	£	£
Contracted	-	-	-	-
Authorised	<u>-</u>	<u>6,000</u>	<u>-</u>	<u>6,000</u>
	<u>-</u>	<u>6,000</u>	<u>-</u>	<u>6,000</u>

21 Contingent Liabilities

At 31st March 1995 there was a contingent liability of £4,000 (1994 - £55,000) in respect of indemnities given to third parties. The company is party to an unlimited multilateral guarantee to secure the bank borrowings of all companies within the group. At 31st March 1995 this amounted to £528,653 (1994 - £523,946).

No provision has been made in either the group or the holding company's accounts in respect of deferred taxation, at 1995 or 1994 as in the opinion of the directors any potential liabilities are unlikely to crystallise in the foreseeable future.

Unprovided deferred taxation therefore represents a contingent liability at the balance sheet date and has been calculated using a rate of 33% (1994 - 33%).

	Group		Holding Company	
	1995	1994	1995	1994
	£	£	£	£
Accelerated capital allowances	253,000	295,000	82,000	79,000
Short term timing difference	(9,000)	(5,000)	(9,000)	(5,000)
Less: applicable tax losses (see note8)	<u>(115,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>129,000</u>	<u>290,000</u>	<u>73,000</u>	<u>74,000</u>

22 Operating leases

At 31st March 1995 the group had annual commitments under non-cancellable operating leases as follows:

	Group		Holding Company	
	1995	1994	1995	1994
	£	£	£	£
Under the commitments expiring between				
1st April 1995 and 31st March 1996	-	23,833	-	14,046
1st April 1996 and 31st March 2000	134,035	233,329	49,524	43,859
After 1st April 2000	<u>-</u>	<u>300</u>	<u>-</u>	<u>-</u>
	<u>134,035</u>	<u>257,462</u>	<u>49,524</u>	<u>57,905</u>

Annual commitments of £39,981 were transferred on the sale of the trade, assets and certain liabilities of a subsidiary company in June 1995, (see note 24)

23 Pensions

The group operates three defined contribution schemes, one for staff, one for senior executives and the other for certain directors. The assets of these schemes are held separately from those of the group in independently administered funds.

The pension cost represents contributions payable by the group to the schemes amounting to £97,437 (1994 - £94,955). At 31st March 1995 a total of £15,320 was owed by the group and company to these schemes (1994 - £9,871).

24 Post Balance Sheet Event

On 17th June 1995 the whole trade and its assets of Sinclair Fabrics Limited's trading name and its liabilities (excluding certain group balances) were transferred to Progresslist Limited, a company controlled by the group chairman Mr M J Burrows. The assets and liabilities were transferred from Armitage & Rhodes Services Limited for a cash consideration of £225,000 being equivalent to the book value at the date of sale.