

266909

MOSSLEY HOLDINGS LIMITED

**REPORT AND FINANCIAL
STATEMENTS**

31 DECEMBER 1995

ERNST & YOUNG



Mossley Holdings Limited

OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS

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

SECRETARY

K R Eaton A.C.A.

AUDITORS

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

BANKERS

England:-

The Royal Bank of Scotland PLC
National Westminster Bank PLC

France:-

BNP,
CIN,
Credit Lyonnais,
Worms

SOLICITORS

Grundy Kershaw & Bowdens
Manchester

REGISTERED OFFICE

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

Mossley Holdings Limited

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 1995.

1 Activities

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

2 Review of operations

Group turnover increased by 20% to £90,192,250 in 1995, mainly due to the acquisition of a French company engaged in spinning and weaving, Les Successeurs de Fritz Koechlin ("SFK"). During the year, the spinning activity of this company was separated to form a new company, Ramonchamp SARL.

The result for the year is in sharp decline for three primary reasons:

- i) Major restructuring and redundancy costs totalled £2 million, whereas in 1994 this was negligible.
- ii) Raw material prices in the spinning division increased by 30% which drastically cut margins.
- iii) The continued devaluation of European currencies against the French franc reduced the profitability of exports out of France.

Net interest paid increased to 1.4% of turnover, due to the acquisition of SFK for £3.3 million and higher working capital. Maintaining its policy of efficient production with the most modern technology, the group invested £5.3 million during the year in new plant and machinery. The depreciation charge increased by £1.4 million to £3.7 million.

Despite the loss for the year, capital and reserves increased slightly to £12.1 million due to the gain on acquisition of SFK, and to the exchange gain on translating the French assets into sterling at the year end rate.

3 Dividends

The directors do not recommend payment of a dividend.

4 Research and development

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

5 Future prospects

Whilst consumption in Europe, and France in particular, is weak, volume and margins will remain under pressure. Despite these conditions, the directors are confident that the group will continue to restructure and adapt itself to the needs of the rapidly changing market.

6 Fixed assets

The changes in fixed asset categories are summarised in note 9 to the financial statements.

Mossley Holdings Limited

DIRECTORS' REPORT (CONTINUED)

7 Directors

The members of the Board who served as directors of the company throughout 1995 are Messrs D Meillassoux, S J Garner and K R Eaton.

The directors have no direct beneficial interests, as defined by the Companies Act 1985, in the shares of the company at 1 January 1995 and 31 December 1995.

8 Holding company

The company is a wholly owned subsidiary of Omnium Textile S.A., a company incorporated in Luxembourg. The only director who has an interest in the holding company is D Meillassoux who, at 31 December 1995, held 6,484 shares through a company in which he has a controlling interest (1994 - 6,484 shares).

9 Health and safety

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

10 Employee involvement

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

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

11 Disabled employees

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

12 Close company status

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

13 Auditors

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

By Order of the Board

K R Eaton
Secretary



29 January 1997

Mossley Holdings Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the group will continue in business.

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

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

AUDITORS' REPORT TO THE MEMBERS

of

MOSSLEY HOLDINGS LIMITED

We have audited the accounts on pages 7 to 25 which have been prepared under the historical cost convention as modified by the revaluation of certain land and buildings and on the basis of the accounting policies set out on pages 12 and 13.

Respective responsibilities of directors and auditors

As described on page 5 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

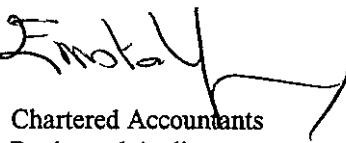
Basis of opinion

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

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

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group as at 31 December 1995 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants
Registered Auditor
Manchester

29 January 1997

Mossley Holdings Limited

CONSOLIDATED PROFIT AND LOSS ACCOUNT

Year ended 31 December 1995

	Notes	<u>1995</u> £	<u>1995</u> £	<u>1994</u> £
TURNOVER				
Continuing operations:				
ongoing		69,838,250		75,022,517
acquisition - SFK SA		20,354,000		-
Cost of sales	2 3		90,192,250 (79,510,446)	75,022,517 (61,372,415)
Gross profit			10,681,804	13,650,102
Distribution costs	3	(4,532,112)		(4,286,663)
Administrative expenses	3	(6,339,497)		(5,663,880)
			(10,871,609)	(9,950,543)
			(189,805)	3,699,559
Group reorganisation costs	5(a)		(1,695,000)	-
Other operating income			-	413,991
OPERATING (LOSS)/PROFIT				
Continuing operations:				
ongoing		(1,371,805)		4,113,550
acquisition - SFK SA		(513,000)		-
			(1,884,805)	4,113,550
Exceptional items:				
Profit on sale of fixed assets		149,500		-
Loss on disposal of fixed asset investment in Remy SA	10	(172,402)		-
			(22,902)	-
Interest payable (net)	6		(1,907,707) (1,322,388)	4,113,550 (543,265)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION				
	7		(3,230,095)	3,570,285
Tax on profit on ordinary activities	8		116,609	(292,829)
(LOSS)/PROFIT AFTER TAXATION				
Minority interests			(3,113,486) 1,635,310	3,277,456 (1,293,985)
(LOSS)/PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY				
			(1,478,176)	1,983,471

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

Mossley Holdings Limited

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Year ended 31 December 1995

	Note	<u>1995</u> £	<u>1994</u> £
(Loss)/profit attributable to members of parent company		(1,478,176)	1,983,471
Exchange difference on retranslation of net assets of subsidiary undertakings		1,134,727	505,085
Arising on merger		-	(513,612)
Goodwill credited/(written off)	10	608,500	(31,136)
Total recognised gains related to the year		<u>265,051</u>	<u>1,943,808</u>

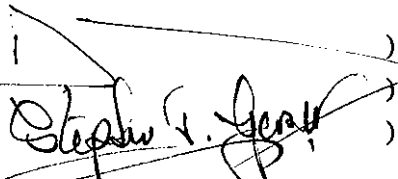
Mossley Holdings Limited

CONSOLIDATED BALANCE SHEET

31 December 1995

	<u>Note</u>	£	<u>1995</u> £	£	<u>1994</u> £
FIXED ASSETS					
Tangible assets	9		16,917,896		10,396,104
Investments	10		263,091		172,402
			17,180,987		10,568,506
CURRENT ASSETS					
Stocks	11	20,418,183		11,726,382	
Debtors	12	23,541,550		21,321,075	
Cash at bank and in hand		1,846,262		2,803,491	
		45,805,995		35,850,948	
CREDITORS - Amounts falling due within one year					
Bank loans and overdrafts	15	9,655,420		3,515,806	
Trade creditors		15,496,827		10,690,796	
Other creditors	13	7,551,996		4,868,456	
Accruals and deferred income		626,153		550,531	
		33,330,396		19,625,589	
NET CURRENT ASSETS			12,475,599		16,225,359
TOTAL ASSETS LESS CURRENT LIABILITIES			29,656,586		26,793,865
CREDITORS - Amounts falling due after more than one year					
	14,15		6,287,166		3,695,402
MINORITY INTERESTS			11,277,407		11,271,501
			12,092,013		11,826,962
CAPITAL AND RESERVES					
Called up share capital	17,18		105,000		105,000
Translation and other reserves	18		2,567,478		824,251
Profit and loss account	18		9,419,535		10,897,711
Shareholders' funds			12,092,013		11,826,962

These financial statements were approved by the Board of Directors on the 29 January 1997


) Directors

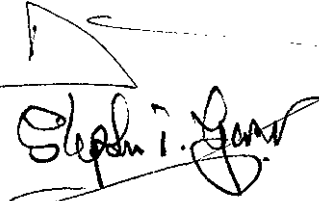
Mossley Holdings Limited

BALANCE SHEET

31 December 1995

	Note	<u>1995</u> £	<u>1994</u> £
FIXED ASSETS			
Investments	10	5,944,974	5,872,015
CURRENT ASSETS			
Debtors	12	125,563	-
Cash at bank		3,638	2,882
		<u>129,201</u>	<u>2,882</u>
CREDITORS - Amounts falling due within one year	13	2,758,399	2,510,901
NET CURRENT LIABILITIES		<u>(2,629,198)</u>	<u>(2,508,019)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,315,776</u>	<u>3,363,996</u>
CREDITORS - Amounts falling due after more than one year	14,15	594,205	577,300
		<u>2,721,571</u>	<u>2,786,696</u>
CAPITAL AND RESERVES			
Called up share capital	17	105,000	105,000
Profit and loss account	18	2,616,571	2,681,696
Shareholders' funds		<u>2,721,571</u>	<u>2,786,696</u>

These financial statements were approved by the Board of Directors on the 29 January 1997


Directors

Mossley Holdings Limited

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December 1995

	Note	<u>1995</u> £	<u>1994</u> £
NET CASH INFLOW FROM OPERATING ACTIVITIES	5(b)	420,281	6,867,064
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest paid (net)		(1,322,388)	(543,265)
		-----	-----
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(1,322,388)	(543,265)
		-----	-----
TAXATION			
Corporation tax (paid)/repaid		-	(329,764)
		-----	-----
TAX (PAID)/REPAID		-	(329,764)
		-----	-----
INVESTING ACTIVITIES			
Payments to acquire investments - SFK SA	10	(2,696,000)	-
- others	10	(263,091)	(152,333)
Payments to acquire tangible fixed assets		(5,269,630)	(3,733,601)
Receipts from sales of tangible fixed assets		154,709	86,747
		-----	-----
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(8,074,012)	(3,799,187)
		-----	-----
NET CASH (OUTFLOW)/INFLOW BEFORE FINANCING		(8,976,119)	2,194,848
		=====	=====
FINANCING			
(Increase) in long-term loans		(1,947,910)	(786,676)
Reduction of hire purchase liabilities (net)		68,634	106,980
		-----	-----
NET CASH OUTFLOW FROM FINANCING (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(1,879,276)	(679,696)
		-----	-----
	5(c)	(7,096,843)	2,874,544
		-----	-----
		(8,976,119)	2,194,848
		=====	=====

Mossley Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 December 1995

1 ACCOUNTING POLICIES (CONTINUED)

(h) Pension costs

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

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

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

(i) Foreign exchange

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

(j) Leases

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

(k) Goodwill

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

2 TURNOVER

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties and arises from one continuing activity, the manufacture and supply of yarns, fabrics and finished garments for the clothing industry. All activities are carried out in one geographical segment, the European Community. The turnover and results of Les Successeurs de Fritz Koechlin ("SFK") are consolidated from the date of acquisition, 1 January 1995.

A geographical analysis of turnover is as follows:

	<u>1995</u>	<u>1994</u>
	£	£
EC countries	83,930,955	69,408,209
Non-EC countries	6,261,295	5,614,308
	<u>90,192,250</u>	<u>75,022,517</u>

Mossley Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 December 1995

3 COST OF SALES AND OPERATING EXPENSES

	<u>Ongoing</u> <u>operations</u>	<u>Acquisition</u> <u>("SFK")</u>	<u>1995</u> <u>Total</u>
	£	£	£
Cost of sales	60,667,446	18,843,000	79,510,446
Distribution costs	3,886,112	646,000	4,532,112
Administrative expenses	5,894,497	445,000	6,339,497
Group reorganisation costs	1,078,000	617,000	1,695,000
	60,667,446	18,843,000	79,510,446

4 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	<u>1995</u> £	<u>1994</u> £
Directors' emoluments, including pension contributions	394,570	311,689
Remuneration of the highest paid director	203,566	193,673

	<u>1995</u> No.	<u>1994</u> No.
Scale of directors' emoluments, excluding pension contributions:		
£35,001 - £40,000	-	1
£60,001 - £65,000	-	1
£75,001 - £80,000	2	-
£190,001 - £195,000	-	1
£200,001 - £205,000	1	-

Directors' emoluments include £179,321 paid to a third party for making available the services of a director.

	<u>1995</u> £	<u>1994</u> £
Employee costs during the year:		
Wages and salaries	16,323,216	12,131,165
Social security costs	5,671,441	4,040,818
Other pension costs	46,842	46,135
	22,041,499	16,218,118

	<u>1995</u> No.	<u>1994</u> No.
Averaged number of persons employed:		
Production	968	837
Administration	115	88
	1,083	925

Mossley Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 December 1995

5 OPERATING (LOSS)/PROFIT

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

	<u>1995</u>	<u>1994</u>
	£	£
Hire of plant and machinery	115,919	77,135
Operating leases	326,613	182,327
Depreciation	3,737,429	2,296,917
Auditors' remuneration - audit services - UK	15,000	14,000
- audit services - overseas	163,752	79,019
Group reorganisation costs, being cost of redundancies and restructuring in the French subsidiary undertakings	1,695,000	-
Foreign exchange losses	176,907	-
	1,900,618	2,578,408

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

	<u>1995</u>	<u>1994</u>
	£	£
Operating (loss)/profit	(1,884,805)	4,113,550
Profit on sale of fixed assets	149,500	-
Depreciation	3,737,429	2,296,917
Movement in - stock	(5,597,000)	1,483,536
- debtors	1,139,000	(3,917,074)
- creditors	2,876,157	2,890,135
Net cash inflow from operating activities	420,281	6,867,064

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

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

	<u>1994</u>	<u>1993</u>	<u>Change</u>
	£	£	<u>in Year</u>
			£
Cash at bank	2,803,491	2,163,083	640,408
Short term borrowings	(3,515,806)	(5,749,942)	2,234,136
	(712,315)	(3,586,859)	2,874,544

Mossley Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 December 1995

6 INTEREST PAYABLE (net)

	<u>1995</u> £	<u>1994</u> £
Interest payable:		
Bank loans, overdrafts and other loans repayable within five years	773,977	306,484
Finance charges - hire purchase obligations	34,432	38,067
Finance charges - discounting	513,979	198,714
	<u>1,322,388</u>	<u>543,265</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 loss on ordinary activities before taxation of £65,125 (1994 profit - £1,196,213) which is dealt with in the financial statements of the parent company.

8 TAX ON PROFIT ON ORDINARY ACTIVITIES

	<u>1995</u> £	<u>1994</u> £
United Kingdom corporation tax at 33% (1994 - 33%) based on the profit for the year	128,558	318,321
Overseas taxation credit	(245,167)	(25,492)
	<u>116,609</u>	<u>292,829</u>

Mossley Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 December 1995

9 TANGIBLE FIXED ASSETS

GROUP	Total £	Freehold land and buildings £	Plant and equipment £	Motor vehicles £
Cost:				
At 1 January 1995	40,190,473	5,392,266	34,581,448	216,759
Acquisition	16,419,000	2,248,000	14,118,000	53,000
Additions	5,269,630	641,112	4,588,873	39,645
Disposals	(728,332)	(24,000)	(660,583)	(43,749)
Foreign exchange translation	3,320,702	474,080	2,847,484	(862)
At 31 December 1995	<u>64,471,473</u>	<u>8,731,458</u>	<u>55,475,222</u>	<u>264,793</u>
Accumulated depreciation				
At 1 January 1995	29,794,369	3,303,808	26,313,188	177,373
Acquisition	12,292,000	1,623,000	10,624,000	45,000
Charge for the year	3,737,429	276,346	3,428,982	32,101
Disposals	(707,332)	(18,000)	(645,583)	(43,749)
Foreign exchange translation	2,437,111	313,647	2,118,633	4,831
At 31 December 1995	<u>47,553,577</u>	<u>5,498,801</u>	<u>41,839,220</u>	<u>215,556</u>
Net book value:				
At 31 December 1995	<u>16,917,896</u>	<u>3,232,657</u>	<u>13,636,002</u>	<u>49,237</u>
At 1 January 1995	<u>10,396,104</u>	<u>2,088,458</u>	<u>8,268,260</u>	<u>39,386</u>

Included in the amounts for fixed assets at 31 December 1995 are the following amounts relating to assets acquired by finance lease:

	£
Cost	1,454,776
Accumulated depreciation	1,312,336
Net book value	<u>142,440</u>

Mossley Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 December 1995

10 INVESTMENTS HELD AS FIXED ASSETS

	GROUP		COMPANY	
	<u>1995</u>	<u>1994</u>	<u>1995</u>	<u>1994</u>
	£	£	£	£
Shares in subsidiary undertakings (net of provisions)	-	-	5,681,883	5,699,613
Other investments	263,091	172,402	263,091	172,402
	<u>263,091</u>	<u>172,402</u>	<u>5,944,974</u>	<u>5,872,015</u>

	GROUP		COMPANY	
	<u>1995</u>	<u>1994</u>	<u>1995</u>	<u>1994</u>
	£	£	£	£
Listed investment (Paris stock exchange) Mossley Badin S.A.	-	-	2,642,921	2,642,921

All other investments are unlisted:

Shares in subsidiary undertakings				
Mossley Holdings Inc (net of provisions)	-	-	-	-
Mossley Spinning Limited	-	-	2,999,488	2,999,488
Premier Wool Company Limited	-	-	-	17,730
Roville SA	-	-	39,474	39,474
Other non-consolidated investments	263,091	172,402	263,091	172,402
	<u>263,091</u>	<u>172,402</u>	<u>3,302,053</u>	<u>3,229,094</u>

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

Purchase of SFK SA

With effect from 1 January 1995 Roville SA, a 50% owned subsidiary undertaking of Mossley Holdings Limited, acquired 100% of the issued share capital of Les Successeurs de Fritz Koechlin SA ("SFK"), a textile company incorporated in France. The purchase consideration was £3,284,000 satisfied by cash. Negative goodwill arising on this acquisition has been credited to other reserves.

Mossley Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 December 1995

10 INVESTMENTS HELD AS FIXED ASSETS (CONTINUED)

Purchase of SFK SA (continued)

Net assets at date of acquisition, stated at book value and fair value to the group:

	£000
Tangible fixed assets	4,127
Stocks	3,095
Debtors	3,655
Cash	588
Creditors due within one year	(4,577)
Bank loans	(1,636)
Provisions	(750)
	<hr/> 4,501
Purchase considerations satisfied by cash	3,284
	<hr/> 1,217
Group share thereof (50%)	<hr/> <hr/> 608
 Cash flows relating to the acquisition:	
	£000
Cash and cash equivalents in SFK at the date of acquisition	588
Purchase consideration satisfied by cash	(3,284)
	<hr/> (2,696)
	<hr/> <hr/>

SFK's contribution to turnover and operating profit in 1995 is shown in the consolidated profit and loss account. The company normally prepares its accounts to 31 December each year. In the year ended 31 December 1994 SFK's accounts show a profit after tax of £741,000.

Purchase of KNP Limited

On 1 July 1995 Mossley Holdings Limited acquired the whole of the issued share capital of KNP Limited, a computer services company incorporated in England and Wales. The purchase consideration was £71,783 satisfied by cash. KNP Limited has not been consolidated in those accounts on the grounds of immateriality to the group.

Purchase of Meirger SA

During the year Mossley Holdings Limited acquired 25% of the issued share capital of Meirger SA, a holding company that purchased the group's shareholding in Remy SA (see below). The purchase consideration was £191,308 satisfied by cash. Meirger SA is now an associated undertaking of Mossley Holdings Limited but the group's share of its 1995 results and reserves are not included in the accounts because of their immateriality to the group.

Mossley Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 December 1995

10 INVESTMENTS HELD AS FIXED ASSETS (CONTINUED)

Disposal of Remy SA

On 4 May 1995 the investment in Remy SA was sold to Meirger SA a non-group company, for a nominal consideration. The loss on disposal of £172,402 is shown separately in the consolidated profit and loss account as an exceptional item. Remy SA has not previously been consolidated in the group's accounts.

11 STOCKS

	GROUP		COMPANY	
	<u>1995</u>	<u>1994</u>	<u>1995</u>	<u>1994</u>
	£	£	£	£
Raw materials and consumables	4,692,206	3,663,065	-	-
Work in progress	2,409,482	1,970,702	-	-
Finished goods and goods for resale	13,316,495	6,092,615	-	-
	<u>20,418,183</u>	<u>11,726,382</u>	<u>-</u>	<u>-</u>

12 DEBTORS

	GROUP		COMPANY	
	<u>1995</u>	<u>1994</u>	<u>1995</u>	<u>1994</u>
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	17,704,952	17,576,282	-	-
Other debtors	5,366,780	3,054,389	125,563	-
Prepayments and accrued income	469,819	690,401	-	-
	<u>23,541,550</u>	<u>21,321,072</u>	<u>125,563</u>	<u>-</u>

13 OTHER CREDITORS

	GROUP		COMPANY	
	<u>1995</u>	<u>1994</u>	<u>1995</u>	<u>1994</u>
	£	£	£	£
Amounts owed to subsidiary undertakings	-	-	2,748,599	2,510,901
Obligations under hire purchase contracts payable within one year	68,634	75,134	-	-
Taxation and social security	4,336,653	2,149,730	-	-
Other creditors	2,647,035	2,278,405	9,800	-
Corporation tax	499,674	365,187	-	-
	<u>7,551,996</u>	<u>4,868,456</u>	<u>2,758,399</u>	<u>2,510,901</u>

Mossley Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 December 1995

14 CREDITORS - Amounts falling due after more than one year

	GROUP		COMPANY	
	<u>1995</u>	<u>1994</u>	<u>1995</u>	<u>1994</u>
	£	£	£	£
Bank loans	5,487,411	2,951,592	-	-
Amounts owed to parent undertaking	594,205	577,300	594,205	577,300
Obligations under hire purchase contracts	41,550	110,184	-	-
Other creditors	164,000	56,326	-	-
	<u>6,287,166</u>	<u>3,695,402</u>	<u>594,205</u>	<u>577,300</u>

15 BORROWINGS

	GROUP		COMPANY	
	<u>1995</u>	<u>1994</u>	<u>1995</u>	<u>1994</u>
	£	£	£	£
Bank loans and overdrafts				
Secured	-	-	-	-
Unsecured	15,142,831	6,467,398	-	-
	<u>15,142,831</u>	<u>6,467,398</u>	-	-
Obligations under hire purchase contracts	110,184	185,318	-	-
Other creditors	758,205	633,626	594,205	577,300
	<u>16,011,220</u>	<u>7,286,342</u>	<u>594,205</u>	<u>577,300</u>
Less amounts falling due within one year				
Bank loans and overdrafts	9,655,420	3,515,806	-	-
Obligations under hire purchase contracts	68,634	75,134	-	-
	<u>6,287,166</u>	<u>3,695,402</u>	<u>594,205</u>	<u>577,300</u>

Mossley Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 December 1995

15 BORROWINGS (CONTINUED)

	GROUP		COMPANY	
	<u>1995</u>	<u>1994</u>	<u>1995</u>	<u>1994</u>
	£	£	£	£
Analysis of loan repayments:				
Bank loans and overdrafts				
Within 1 year	9,655,420	3,515,806	-	-
Between 2 and 5 years	5,487,411	2,951,592	-	-
After 5 years	-	-	-	-
Finance lease obligations				
Within one year	68,634	75,134	-	-
Between 2 - 5 years	41,550	110,184	-	-
	<u>15,253,015</u>	<u>6,652,716</u>	<u>-</u>	<u>-</u>

Security:

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

16 DEFERRED TAXATION

Group	<u>1995</u>		<u>1994</u>	
	<u>Provided</u>	<u>Unprovided</u>	<u>Provided</u>	<u>Unprovided</u>
	£	£	£	£
Accelerated capital allowances	-	241,853	-	209,000
Other timing differences	-	220,929	-	184,000
	<u>-</u>	<u>462,782</u>	<u>-</u>	<u>393,000</u>

17 CALLED UP SHARE CAPITAL

	<u>1995</u>	<u>1994</u>
	£	£
Authorised, allotted and fully paid Ordinary shares of £1 each	<u>105,000</u>	<u>105,000</u>

Mossley Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 December 1995

18 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

Group	<u>Share capital</u> £	Translation and other <u>reserves</u> £	<u>Profit and loss account</u> £	<u>Total</u> £
At 31 December 1993	105,000	832,778	8,945,376	9,883,154
Profit attributable to members of the parent undertaking	-	-	1,983,471	1,983,471
Translation difference on investments in subsidiary undertakings	-	505,085	-	505,085
Goodwill write-off	-	-	(31,136)	(31,136)
Arising on merger	-	(513,612)	-	(513,612)
	<u>105,000</u>	<u>824,251</u>	<u>10,897,711</u>	<u>11,826,962</u>
At 31 December 1994	105,000	824,251	10,897,711	11,826,962
Loss attributable to members of the parent undertaking	-	-	(1,478,176)	(1,478,176)
Translation difference on investments in subsidiary undertakings	-	1,134,727	-	1,134,727
Goodwill credited in respect of acquisition of SFK (note 10)	-	608,500	-	608,500
	<u>105,000</u>	<u>2,567,478</u>	<u>9,419,535</u>	<u>12,092,013</u>
At 31 December 1995	<u>105,000</u>	<u>2,567,478</u>	<u>9,419,535</u>	<u>12,092,013</u>
Company	<u>Share capital</u> £	<u>Profit and loss account</u> £	<u>Total</u> £	
At 31 December 1993		105,000	1,485,483	1,590,483
Profit attributable to members of the parent undertaking		-	1,196,213	1,196,213
At 31 December 1994		105,000	2,681,696	2,786,696
Profit attributable to members of the parent undertaking		-	(65,125)	(65,125)
At 31 December 1995		<u>105,000</u>	<u>2,616,571</u>	<u>2,721,571</u>

Mossley Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 December 1995

19 CAPITAL COMMITMENTS

	GROUP		COMPANY	
	<u>1995</u>	<u>1994</u>	<u>1995</u>	<u>1994</u>
	£	£	£	£
Authorised but not contracted for	2,428,000	-	-	-

20 CONTINGENT LIABILITIES

	GROUP		COMPANY	
	<u>1995</u>	<u>1994</u>	<u>1995</u>	<u>1994</u>
	£	£	£	£
Discounted bills of exchange	3,520,000	1,044,433	-	-
Potential liability for future retirement payments in respect of employees of French subsidiary undertakings who reach retirement age	981,000	-	-	-

21 OPERATING LEASE COMMITMENTS

At 31 December 1995 the group was committed to making the following payments during the next year:

	GROUP		COMPANY	
	Land and buildings	Other	Land and buildings	Other
	£	£	£	£
Leases which expire:				
Within one year	-	2,307	-	-
Within two to five years	-	261,000	-	-
After five years	33,000	-	-	-
	<u>33,000</u>	<u>263,307</u>	<u>-</u>	<u>-</u>

22 PENSION SCHEME

The total pension fund cost in 1995 was £46,842, which relates to the UK scheme and is assessed in accordance with the advice of qualified actuaries. The last valuation carried out was at 31 December 1995, and the market value of the scheme's assets at that date was £1,113,725.

Mossley Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 December 1995

23 ADDITIONAL INFORMATION ON SUBSIDIARY AND ASSOCIATED UNDERTAKINGS

<u>Subsidiary undertakings</u>	<u>Country of Incorporation and Operation</u>	<u>Mossley Holdings Limited Ordinary shares</u>	<u>Activity</u>
Mossley Spinning Limited	Mossley, England	100%	Textiles
Roville SA	France	50%	Textiles
SFK SA	France	50% (3)	Textiles
Ramonchamp S.A.R.L.	France	50% (4)	Textiles
Meillassoux Et Mulaton	France	27.5% (2)	Textiles
Mossley Badin SA	France	52%	Textiles
Barentin S.A.R.L.	France	52% (1)	Textiles
Laveline S.A.R.L.	France	52% (1)	Textiles
Mossley Holding Inc*	Delaware, USA	100%	Non-trading holding company
Mossley Inc*	Greenville, USA	99%	Textiles (non-trading)
K N P Limited*	Mossley, England	100%	Computer services

(1) 100% subsidiary undertaking of Mossley Badin SA

(2) 55% subsidiary undertaking of Roville SA

(3) 100% subsidiary undertaking of Roville SA

(4) 100% subsidiary undertaking of SFK SA

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

<u>Associated undertaking</u>	<u>Country of Incorporation and Operation</u>	<u>Mossley Holdings Limited Ordinary shares</u>	<u>Activity</u>
Meirger SA	France	25%	Holding company

The associated undertaking is not material to the group and the share of its results and net assets have not been reflected in the group accounts.

24 ULTIMATE HOLDING COMPANY

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