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ALEXANDER DREW & SONS LIMITED

REPORT AND ACCOUNTS

FOR THE YEAR ENDED .

31ST DECEMBER 1994

A member of the LAMONT HOLDINGS GROUP of companies



ALEXANDER DREW & SONS LIMITED

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ALEXANDER DREW & SONS LIMITED

DIRECTORS

Sir Desmond Lorimer
R.A. Milliken
S.W. Tetlow
R. Johnston
D. Robinson
D. Yorke
K.B. White

SECRETARY

M.G. Lamont

REGISTERED
OFFICE

Rainshore Mills,
Norden,
Rochdale, OL12 7TJ

Registered in England
No. 2457584

REGISTERED
AUDITORS

Coopers & Lybrand,
Erskine House,
68-73 Queen Street,
Edinburgh, EH2 4NH

ALEXANDER DREW & SONS LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited accounts for the year ended 31st December 1994.

DIRECTORS' RESPONSIBILITY STATEMENT

The directors are required by company law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss for that period. In preparing the financial statements appropriate accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made. The financial statements have been prepared on the going concern basis and in accordance with applicable Accounting Standards.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company 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 company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PRINCIPAL ACTIVITIES

The principal activity of the company was the commission printing of furnishing fabrics. On 28th August 1994 the company's business and assets were transferred to Lamont Textiles Limited and the company ceased to trade in its own right. It acts solely as an agent for Lamont Textiles Limited.

BUSINESS REVIEW

The directors consider the performance of the company during the year and its position at the end of the year to be satisfactory. On 1st January 1994 the company acquired the trade and assets of Cunningham Johnson Limited, a commission printer of furnishing fabrics and a fellow subsidiary company.

ALEXANDER DREW & SONS LIMITED

REPORT OF THE DIRECTORS (continued)

RESULTS

The profit for the financial year amounted to £3,727,656. It is recommended that this amount be dealt with as follows:

	£
Profit for the financial year	3,727,656
Transfer from reserves	4,658,246

Ordinary dividend - interim paid	<u>8,385,902</u>

TANGIBLE ASSETS

Expenditure on additions to tangible assets of the company during the year amounted to £7,289,033.

DIRECTORS

The composition of the Board of Directors at the date of this report is given on page 3.

Mr. K.B. White was appointed to be a director of the company on 25th May 1994.

DIRECTORS' INTERESTS

Sir Desmond Lorimer and Mr. R.A. Milliken are directors of Lamont Holdings PLC and their interests in the share capital of that company are disclosed in its Report of the Directors.

The interest of the other directors and their families in the ordinary share capital of Lamont Holdings PLC are shown below.

	31.12.94	31.12.93
	-----	-----
S.W. Tetlow - Share Options	102,663	50,000
R. Johnston - Share Options	30,000	-
D. Robinson - Share Options	30,000	-
D. Yorke - Share Options	30,000	-
		On Appointment

K.B. White - Share Options	31,648	-

ALEXANDER DREW & SONS LIMITED

REPORT OF THE DIRECTORS (continued)

DISABLED PERSONS

The company recognises its social and statutory duty to employ disabled persons and does all that is practicable to meet this responsibility.

AUDITORS

A resolution to reappoint Coopers & Lybrand as Auditors to the Company will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD

M.G. Lamont

M.G. LAMONT
SECRETARY

Rainshore Mills,
Norden,
Rochdale, OL12 7TJ

21st March, 1995

ALEXANDER DREW & SONS LIMITED

REPORT OF THE AUDITORS

TO THE MEMBERS OF ALEXANDER DREW & SONS LIMITED

We have audited the financial statements on pages 8 to 22.

Respective responsibilities of directors and auditors

As described on page 4 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 statements and to report our opinion to you.

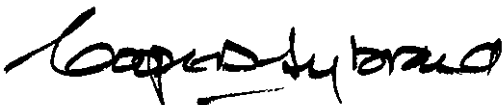
Basis of opinion

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 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 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 state of the company's affairs at 31st December 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



COOPERS & LYBRAND
Chartered Accountants and Registered Auditors

Edinburgh
21st March, 1995

ALEXANDER DREW & SONS LIMITED

STATEMENT OF ACCOUNTING POLICIES

The financial accounts have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

BASIS OF ACCOUNTING

The accounts of the company have been prepared on the historical cost basis of accounting.

CASH FLOW STATEMENT

The company is a wholly owned subsidiary of Lamont Holdings PLC and the cash flows of the company are included in the consolidated group cash flow statement. Consequently the company is exempt under the terms of Financial Reporting Standard No. 1 from publishing a cash flow statement.

TURNOVER

Turnover represents sales, excluding value added tax, by the company to third parties.

PENSION

The company operates two pension schemes under which contributions by the company and eligible employees are made for the funding of death and retirement benefits.

The regular cost, to the company, of the defined benefit scheme is charged against profit over the employees' service lives on the basis of a constant percentage of eligible earnings. Variations from regular cost, arising from periodic actuarial valuations and any cumulative adjustments are allocated to profit over the expected remaining service lives of current employees on the basis of a constant percentage of current and estimated future eligible earnings.

TAXATION

The charge for taxation is based on the results for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Provision is made for deferred taxation only to the extent that such tax is expected to crystallise.

ALEXANDER DREW & SONS LIMITED

STATEMENT OF ACCOUNTING POLICIES (continued)

FOREIGN CURRENCIES

Assets and liabilities arising in foreign currencies have been translated at the rates of exchange ruling at the balance sheet date or where appropriate at the rates of exchange of the relevant currency sale or purchase contracts. Exchange differences arising from currency conversions in the normal course of trading are dealt with in the profit and loss account.

GOODWILL

Goodwill relating to the acquisition of trading operations, being the excess of the consideration over the value attributed to the underlying net assets at the date of acquisition, is amortised to the profit and loss account over its expected useful economic life which is considered to be 20 years.

TANGIBLE ASSETS AND DEPRECIATION

Tangible assets are stated at cost less depreciation.

Depreciation is not provided on land. For other assets depreciation is calculated to write off the cost over the shorter of the anticipated useful life or lease term where appropriate, by equal annual instalments.

The principal rates of depreciation used are as follows:

Freehold buildings	:	2% per annum
Plant and machinery	:	10% per annum
Other equipment	:	10% - 33 1/3% per annum

LEASED ASSETS

The cost of assets held under finance leases is included in tangible assets. The corresponding leasing commitment is shown as obligations under finance leases and is included in creditors.

Rental payments in respect of assets held under operating leases are charged to profit as incurred. Commitments under operating leases are shown in a note to the accounts.

STOCKS

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost comprises all expenditure incurred in purchasing the stock and bringing it to its current location and condition.

ALEXANDER DREW & SONS LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31st December 1994

	Note	1994 ----- £	1993 ----- £
TURNOVER	1	18,435,559	19,150,918
Cost of sales		10,673,209	11,313,646
Gross profit		7,762,350	7,837,272
Other operating expenses	2	2,001,281	1,686,840
OPERATING PROFIT	3	5,761,069	6,150,432
Interest	4	36,893	(1,081)
PROFIT ON ORDINARY ACTIVITIES before taxation		5,724,176	6,151,513
Taxation	7	1,996,520	2,222,218
PROFIT FOR THE FINANCIAL YEAR		3,727,656	3,929,295
Transfer from/(to) reserves	18	4,658,246	(1,429,295)
DIVIDENDS	8	8,385,902	2,500,000

All amounts above relate to discontinued operations of the company.

The company has no recognised gains and losses other than those included in the results above and therefore no statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

ALEXANDER DREW & SONS LIMITED

BALANCE SHEET

At 31st December 1994

	Note	1994	1993
		-----	-----
		£	£
FIXED ASSETS			
Intangible assets	9	-	8,450,114
Tangible assets	10	-	6,811,465
		-----	-----
		-	15,261,579
		-----	-----
CURRENT ASSETS			
Stocks	12	-	296,831
Debtors	13	14,000,000	4,681,761
Cash at bank and in hand		-	8,270,701
		-----	-----
		14,000,000	13,249,293
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	14	-	8,838,229
		-----	-----
NET CURRENT ASSETS		14,000,000	4,411,064
		-----	-----
TOTAL ASSETS LESS CURRENT LIABILITIES		14,000,000	19,672,643
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	16	-	1,014,397
		-----	-----
NET ASSETS EMPLOYED		14,000,000	18,658,246
		=====	=====
CAPITAL AND RESERVES			
Called up share capital - equity	17	14,000,000	14,000,000
Profit and loss account	18	-	4,658,246
		-----	-----
SHAREHOLDERS' FUNDS	19	14,000,000	18,658,246
		=====	=====

The accounts on pages 8 to 22 were approved by the Board of Directors on 21st March 1995 and were signed on its behalf by :



S.W. TETLOW
DIRECTOR

ALEXANDER DREW & SONS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31st December 1994

1. TURNOVER

	1994	1993
	----	----
	£	£
External sales - Home	17,393,270	17,944,194
- Export	995,601	822,783
	-----	-----
	18,388,871	18,766,977
Intergroup sales	46,688	383,941
	-----	-----
Total sales	<u>18,435,559</u>	<u>19,150,918</u>

Geographical analysis of turnover:

United Kingdom	17,439,958	18,328,135
Europe	957,007	590,471
The Americas	38,594	232,312
	-----	-----
	<u>18,435,559</u>	<u>19,150,918</u>

2. OTHER OPERATING EXPENSES

	1994	1993
	----	----
	£	£
Distribution costs	1,475,168	384,853
Administrative expenses	173,598	785,566
Other expenses	352,515	516,421
	-----	-----
	<u>2,001,281</u>	<u>1,686,840</u>

ALEXANDER DREW & SONS LIMITED

NOTES TO THE ACCOUNTS (continued)

Year ended 31st December 1994

3. OPERATING PROFIT

	1994	1993
	----	----
	£	£
The operating profit for the year is stated after charging:		
Depreciation - on owned assets	715,252	831,475
- on leased assets	161,877	196,179
Amortisation of goodwill	350,256	525,385
Hire of plant & machinery		
- operating leases	34,752	18,971
Loss on disposal of tangible assets	8,258	-
Auditors' remuneration - audit	12,529	13,800
- other services	666	1,250
	<u> </u>	<u> </u>
and after crediting:		
Profit on disposal of tangible assets	-	4,014
Rental income	6,000	4,950
	<u> </u>	<u> </u>

4. INTEREST

	1994	1993
	----	----
	£	£
Interest payable		
Finance lease interest payable	35,648	222
Other interest	1,649	-
	<u> </u>	<u> </u>
Interest receivable	37,297	222
	(404)	(1,303)
	<u> </u>	<u> </u>
	36,893	(1,081)
	<u> </u>	<u> </u>

ALEXANDER DREW & SONS LIMITED

NOTES TO THE ACCOUNTS (continued)

Year ended 31st December 1994

5. EMPLOYEES

	1994	1993
	----	----
The average weekly number of persons employed by the company during the period the company traded in it's own right was:		
Monthly paid	58	26
Hourly paid	217	107
	---	---
	<u>275</u>	<u>133</u>

Employee costs during this period amounted to:

	£	£
Wages and salaries	3,575,102	3,103,656
Social security costs	347,592	299,970
Other pension costs	159,114	232,116
	-----	-----
	<u>4,081,808</u>	<u>3,635,742</u>

ALEXANDER DREW & SONS LIMITED

NOTES TO THE ACCOUNTS (continued)

Year ended 31st December 1994

6. DIRECTORS' REMUNERATION

	1994	1993
	-----	-----
	£	£
Employee costs include the following remuneration in respect of directors of the company:		
Emoluments		
(including pension contributions)	443,627	668,653
	<u> </u>	<u> </u>
The directors' remuneration disclosed above (excluding pension contributions) includes amounts paid to:		
The Chairman	-	-
The highest paid director	129,606	217,537
	<u> </u>	<u> </u>
The number of directors who received emoluments in the following ranges was:		
0 - £ 5,000	2	2
£ 15,001 - £ 20,000	1	-
£ 60,001 - £ 65,000	2	-
£ 65,001 - £ 70,000	1	-
£100,001 - £105,000	-	3
£125,001 - £130,000	1	-
£215,001 - £220,000	-	1
	<u> </u>	<u> </u>

ALEXANDER DREW & SONS LIMITED

NOTES TO THE ACCOUNTS (continued)

Year ended 31st December 1994

7. TAXATION

	1994	1993
	----	----
	£	£
The taxation charge based on the results for the year is as follows:		
UK Corporation tax		
- current year	1,349,174	2,179,646
- prior period	36,091	(416,028)
Group relief - current year	312,406	-
- prior year	10,748	425,986
Deferred tax - current year	288,101	32,614
	-----	-----
	<u>1,996,520</u>	<u>2,222,218</u>

8. DIVIDENDS

	1994	1993
	----	----
	£	£
On ordinary shares		
- Interim paid	8,385,902	1,500,000
- Final proposed	-	1,000,000
	-----	-----
	<u>8,385,902</u>	<u>2,500,000</u>

ALEXANDER DREW & SONS LIMITED

NOTES TO THE ACCOUNTS (continued)

Year ended 31st December 1994

9. INTANGIBLE ASSETS

	Goodwill ----- £
At 1st January 1994	8,450,114
Amortised during the year	(350,256)
Intercompany transfer	(8,099,858)

At 31st December 1994	-

10. TANGIBLE ASSETS

	Freehold Land and Buildings ----- £	Plant and Machinery ----- £	Other Equipment ----- £	Total ----- £
COST				
At 1st January 1994	555,917	9,202,586	310,404	10,068,907
Additions	1,397,713	5,805,105	86,215	7,289,033
Disposals	-	-	(88,366)	(88,366)
Intercompany transfers	(1,953,630)	(15,007,691)	(308,253)	(17,269,574)
	-----	-----	-----	-----
At 31st December 1994	-	-	-	-
DEPRECIATION				
At 1st January 1994	25,879	3,055,347	176,216	3,257,442
Charge for the year	12,182	801,677	63,270	877,129
Disposals	-	-	(56,633)	(56,633)
Intercompany transfers	(38,061)	(3,857,024)	(182,853)	(4,077,938)
	-----	-----	-----	-----
At 31st December 1994	-	-	-	-
NET BOOK VALUE				
At 31st December 1994	-	-	-	-
	-----	-----	-----	-----
At 31st December 1993	530,038	6,147,239	134,188	6,811,465
	-----	-----	-----	-----

The net book value of tangible assets includes fnil (1993 - £923,414) in respect of assets held under finance leases.

ALEXANDER DREW & SONS LIMITED

NOTES TO THE ACCOUNTS (continued)

Year ended 31st December 1994

11. CAPITAL COMMITMENTS

	1994	1993
	----	----
	£	£
Capital expenditure contracted for but not provided in the accounts	-	3,383,172
	<u> </u>	<u> </u>

12. STOCKS

	1994	1993
	----	----
	£	£
Stocks comprised:		
Raw materials and consumables	-	258,841
Work in progress	-	15,960
Finished goods	-	22,030
	-----	-----
	-	296,831
	<u> </u>	<u> </u>

The replacement cost of stocks is not considered to be materially different from the balance sheet value.

ALEXANDER DREW & SONS LIMITED

NOTES TO THE ACCOUNTS (continued)

Year ended 31st December 1994

13. DEBTORS

	1994	1993
	-----	-----
	£	£
Amounts falling due within one year:		
Trade debtors	-	4,147,375
Amounts owed by group companies	14,000,000	311,481
Other debtors	-	10,741
Prepayments	-	212,164
	-----	-----
	<u>14,000,000</u>	<u>4,681,761</u>

14. CREDITORS: amounts falling due within one year

	1994	1993
	-----	-----
	£	£
Trade creditors	-	1,693,210
Bills of exchange payable	-	268,901
Amounts owed to group companies	-	2,186,125
Dividends payable	-	1,000,000
Corporation tax	-	2,549,700
Other taxation and social security	-	285,974
Other creditors	-	125,821
Pension fund accrual	-	13,985
Accruals	-	714,513
	-----	-----
	-	<u>8,838,229</u>

ALEXANDER DREW & SONS LIMITED

NOTES TO THE ACCOUNTS (continued)

Year ended 31st December 1994

15. LEASE COMMITMENTS

	1994	1993
	-----	-----
	£	£
Annual charge in respect of non-cancellable operating leases terminating:		
Between two and five years	-	11,700
In five years or more	-	1,472
	-----	-----
	-	13,172
	=====	=====

16. DEFERRED TAXATION

	1994	1993
	-----	-----
	£	£
The full potential deferred tax liability at 31st December 1994 comprised:		
Fixed asset timing differences	-	722,535
Finance leases	-	304,727
Other timing differences	-	(12,865)
	-----	-----
	-	1,014,397
	=====	=====
The movements on the provision for deferred taxation during the year were as follows:		
At 1st January 1994	1,014,397	981,783
Provided in the accounts	288,101	32,614
Intercompany transfer	(1,302,498)	-
	-----	-----
At 31st December 1994	-	1,014,397
	=====	=====

ALEXANDER DREW & SONS LIMITED

NOTES TO THE ACCOUNTS (continued)

Year ended 31st December 1994

17. CALLED UP SHARE CAPITAL

	1994	1993
	-----	-----
	£	£
Authorised, allotted, called up and fully paid:		
14,000,000 Ordinary shares of f1 each	14,000,000	14,000,000
	<u>14,000,000</u>	<u>14,000,000</u>

18. PROFIT AND LOSS ACCOUNT

	£
At 1st January 1994	4,658,246
Transfer to current year	(4,658,246)

At 31st December 1994	-
	<u>-</u>

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1994	1993
	-----	-----
	£	£
Opening shareholders' funds	18,658,246	17,228,951
Profit for the financial year	3,727,656	3,929,295
Dividends	(8,385,902)	(2,500,000)
	-----	-----
Closing shareholders' funds	14,000,000	18,658,246
	<u>14,000,000</u>	<u>18,658,246</u>

Year ended 31st December 1994

20. CONTINGENT LIABILITIES

The company is joined in joint and several guarantees in relation to bank borrowing facilities granted to its Holding Company and fellow subsidiary companies.

21. PENSIONS

The company operates a money purchase scheme and also participates in group pension schemes which are designed to provide death and retirement benefits for eligible employees. The group schemes are of the defined benefit, final salary type and the assets are held in separate trustee administered funds. Contributions are based on independent triennial valuations by professionally qualified actuaries and adjusted, when necessary, on the advice of the actuaries.

The latest actuarial valuations of the group schemes were at 6th April 1992 and 6th April 1993. Based on these valuations the schemes' assets are considered sufficient to cover benefits that had accrued to members, after allowing for expected future increases in salaries.

22. HOLDING COMPANY

The company is a wholly owned subsidiary of Lamont Holdings PLC, a company incorporated in Scotland.
