

Company Registration No. 305912 (England and Wales)

WITTON MILL CO., LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 1999



WITTON MILL CO., LIMITED

DIRECTORS AND ADVISERS

Directors	J W Walsh E C Birtwell N J Walsh
Secretary	N J Walsh
Company number	305912
Registered office	Witton Mill Stancliffe Street Blackburn Lancashire BB2 2QU
Registered auditors	Waterworths Central Buildings Richmond Terrace Blackburn Lancashire BB1 7AP

WITTON MILL CO., LIMITED

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WITTON MILL CO., LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 1999

The directors present their report and financial statements for the year ended 31 March 1999.

Principal activities and review of the business

The principal activity of the group continued to be that of the manufacture and merchandising of textile fabrics.

In 1996 the Group restructured its weaving activities to facilitate shorter production runs involving reduced lead times, as customers switched to bulk buying from abroad. This strategy proved successful, but since the balance sheet date the much-publicised problems in fashion retailing have resulted in a falling off of orders in this sector of the Group's activities. The Directors have responded swiftly and positively with a program of cost cutting and restructuring.

The Directors believe that the Group's modern and flexible approach to manufacturing will form a vital component of retailers' recovery plans and they are confident that their decision to remain in the sector is the correct one.

Results and dividends

The consolidated profit and loss account for the year is set out on page 4.

A dividend of £20 per share has been proposed.

It is proposed that the retained profit of £141,058 is transferred to the group's reserves.

Fixed assets

The significant changes in fixed assets during the year are explained in notes 10 and 11 to the financial statements.

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.

Directors' interests

The following directors have held office since 1 April 1998:

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

The directors' beneficial interests in the shares of the company and other group companies were as stated below:

Witton Mill Co Limited

	Ordinary shares of £100 each	
	31 March 1999	1 April 1998
J W Walsh	26	26
E C Birtwell	16	16
N J Walsh	25	25
J N Ratcliffe	-	-
M H Noble	-	-

WITTON MILL CO., LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 1999

	'A' ordinary shares of £100 each	
	31 March 1999	1 April 1998
J W Walsh	-	-
E C Birtwell	34	34
N J Walsh	19	19
J N Ratcliffe	-	-
M H Noble	-	-

	Ordinary shares of £1 each	
	31 March 1999	1 April 1998
Wittrex International Limited		
J W Walsh	-	-
N J Walsh	-	-
M H Noble	-	-

The directors do not hold any shares in Norjon Fabrics Limited.

On 24 September 1999 M H Noble resigned as a director of Witton Mill Co Limited and on 29 October 1999 J N Ratcliffe resigned as a director of both Witton Mill Co Limited and Wittrex International Limited.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Waterworths be reappointed as auditors of the company will be put to the Annual General Meeting.


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 company and of the group 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 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 company and 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 company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board



N J Walsh

Director

17 December 1999

WITTON MILL CO., LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS OF WITTON MILL CO., LIMITED

We have audited the financial statements on pages 4 to 23 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 2 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 and 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.

Going Concern. In forming our opinion, we have considered the adequacy of the disclosures made in Note 29 concerning the uncertainties caused by the problems that have recently depressed high street sales of fashion goods. *In view of this uncertainty we consider it should be drawn to your attention, but our opinion is not qualified in this respect.*

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's and the group's affairs as at 31 March 1999 and of the group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Waterworths

Chartered Accountants
Registered Auditors

17 December 1999

Central Buildings
Richmond Terrace
Blackburn
Lancashire
BB1 7AP

WITTON MILL CO., LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 1999

	Notes	1999 Before exceptional items £	1999 Exceptional items (Note 3) £	1999 Total £	1998 £
Turnover	2	13,218,341	-	13,218,341	12,015,378
Change in stocks of finished goods and work in progress		588,458	-	588,458	(349,212)
		<u>13,806,799</u>	<u>-</u>	<u>13,806,799</u>	<u>11,666,166</u>
Other operating income		37,705	-	37,705	30,990
Raw materials and other consumables		(5,340,959)	(152,616)	(5,493,575)	(4,955,048)
Other external charges		(2,672,335)	(70,000)	(2,742,335)	(2,051,476)
		<u>5,831,210</u>	<u>(222,616)</u>	<u>5,608,594</u>	<u>4,690,632</u>
Staff costs	26	(2,696,531)	-	(2,696,531)	(2,599,521)
Depreciation and amortisation		(565,918)	-	(565,918)	(578,774)
Other operating charges		(1,952,507)	-	(1,952,507)	(1,500,501)
		<u>616,254</u>	<u>(222,616)</u>	<u>393,638</u>	<u>11,836</u>
Operating profit	4	616,254	(222,616)	393,638	11,836
Profit on sale of fixed assets	3	-	-	-	621,400
		<u>616,254</u>	<u>(222,616)</u>	<u>393,638</u>	<u>633,236</u>
Profit on ordinary activities before interest		616,254	(222,616)	393,638	633,236
Investment income	5	32,832	-	32,832	10,685
Other interest receivable and similar income	5	6,430	-	6,430	3,338
Interest payable and similar charges	6	(216,031)	-	(216,031)	(236,029)
		<u>439,485</u>	<u>(222,616)</u>	<u>216,869</u>	<u>411,230</u>
Profit on ordinary activities before taxation		439,485	(222,616)	216,869	411,230
Tax on profit on ordinary activities	7	(119,930)	48,119	(71,811)	(130,950)
		<u>319,555</u>	<u>(174,497)</u>	<u>145,058</u>	<u>280,280</u>
Profit on ordinary activities after taxation		319,555	(174,497)	145,058	280,280
Dividends	9	(4,000)	-	(4,000)	(4,000)
		<u>315,555</u>	<u>(174,497)</u>	<u>141,058</u>	<u>276,280</u>
Retained profit for the year	20	315,555	(174,497)	141,058	276,280

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

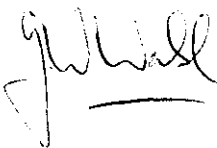
WITTON MILL CO., LIMITED

BALANCE SHEETS AS AT 31 MARCH 1999

	Notes	Group		Company	
		1999 £	1998 £	1999 £	1998 £
Fixed assets					
Tangible assets	10	4,402,815	4,202,151	4,230,341	4,104,797
Investments	11	310,834	281,015	315,834	286,015
		<u>4,713,649</u>	<u>4,483,166</u>	<u>4,546,175</u>	<u>4,390,812</u>
Current assets					
Stocks	12	3,672,429	3,611,012	2,343,972	2,345,938
Debtors	13	3,224,263	2,661,563	1,530,482	1,637,802
Cash at bank and in hand		4,020	2,775	2,560	1,653
		<u>6,900,712</u>	<u>6,275,350</u>	<u>3,877,014</u>	<u>3,985,393</u>
Creditors: amounts falling due within one year	14	<u>(4,613,104)</u>	<u>(3,106,450)</u>	<u>(2,445,398)</u>	<u>(1,891,953)</u>
Net current assets		<u>2,287,608</u>	<u>3,168,900</u>	<u>1,431,616</u>	<u>2,093,440</u>
Total assets less current liabilities		<u>7,001,257</u>	<u>7,652,066</u>	<u>5,977,791</u>	<u>6,484,252</u>
Creditors: amounts falling due after more than one year	15	(1,200,000)	(2,026,890)	(1,200,000)	(2,026,890)
Provisions for liabilities and charges	16	(198,515)	(126,952)	(198,515)	(126,952)
Accruals and deferred income	17	(344,970)	(381,510)	(344,970)	(381,510)
		<u>5,257,772</u>	<u>5,116,714</u>	<u>4,234,306</u>	<u>3,948,900</u>
Capital and reserves					
Called up share capital	19	20,000	20,000	20,000	20,000
Profit and loss account	20	5,237,772	5,096,714	4,214,306	3,928,900
Shareholders' funds - equity interests	21	<u>5,257,772</u>	<u>5,116,714</u>	<u>4,234,306</u>	<u>3,948,900</u>

The financial statements were approved by the board on 17 December 1999

J W Walsh
Director



WITTON MILL CO., LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 1999

	1999 £	1998 £
Net cash inflow from operating activities	750,332	400,129
Returns on investments and servicing of finance		
Interest received	6,430	3,338
Interest paid	(220,181)	(230,097)
Interest element of finance lease rentals	(1,190)	(5,932)
Dividends received	10,074	10,685
	<hr/>	<hr/>
Net cash outflow for returns on investments and servicing of finance	(204,867)	(222,006)
Taxation	-	2,586
Capital expenditure and financial investment		
Payments to acquire tangible assets	(837,971)	(259,616)
Payments to acquire investments	(65,321)	(33,405)
Receipts from sales of tangible assets	91,831	711,080
Receipts from sales of investments	58,260	25,634
	<hr/>	<hr/>
Net cash (outflow)/inflow for capital expenditure	(753,201)	443,693
Equity dividends paid	(4,000)	(4,000)
	<hr/>	<hr/>
Net cash (outflow)/inflow before management of liquid resources and financing	(211,736)	620,402
Financing		
Government grant received	-	130,000
Loan repayments	(400,000)	(706,920)
Capital element of hire purchase and finance lease contracts	(34,449)	(27,253)
	<hr/>	<hr/>
Net cash outflow from financing	(434,449)	(604,173)
	<hr/>	<hr/>
(Decrease)/increase in cash in the year	(646,185)	16,229
	<hr/> <hr/>	<hr/> <hr/>

WITTON MILL CO., LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 1999

1	Reconciliation of operating profit to net cash inflow from operating activities	1999	1998		
		£	£		
	Operating profit	393,638	11,836		
	Depreciation of tangible assets	565,918	578,774		
	Profit on disposal of tangible fixed assets	(20,442)	(24,380)		
	(Profit)/loss on disposal of intangible assets	-	1,681		
	(Increase)/decrease in stocks	(61,417)	32,432		
	Increase in debtors	(559,781)	(182,627)		
	Increase in creditors	468,956	13,403		
	Amortisation of grant	(36,540)	(30,990)		
	Net cash inflow from operating activities	750,332	400,129		
2	Analysis of net debt	1 April 1998	Cash flow	Other non-	31 March 1999
				cash changes	
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	2,775	1,245	-	4,020
	Bank overdrafts	(295,094)	(647,430)	-	(942,524)
		<u>(292,319)</u>	<u>(646,185)</u>		<u>(938,504)</u>
	Debt:				
	Finance leases	(39,414)	34,449	-	(4,965)
	Debts falling due within one year	(400,000)	400,000	(400,000)	(400,000)
	Debts falling due after one year	(1,600,000)	-	400,000	(1,200,000)
		<u>(2,039,414)</u>	<u>434,449</u>	<u>-</u>	<u>(1,604,965)</u>
	Net debt	(2,331,733)	(211,736)	-	(2,543,469)
3	Reconciliation of net cash flow to movement in net debt		1999	1998	
			£	£	
	(Decrease)/increase in cash in the year		(646,185)	16,229	
	Cash outflow from decrease in debt		434,449	734,173	
	Change in net debt resulting from cash flows		(211,736)	750,402	
	New finance lease		-	(66,667)	
	Movement in net debt in the year		(211,736)	683,735	
	Opening net debt		(2,331,733)	(3,015,468)	
	Closing net debt		(2,543,469)	(2,331,733)	

WITTON MILL CO., LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1999

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The accounts have been prepared in accordance with applicable accounting standards.

1.3 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 1999. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

1.4 Turnover

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

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Freehold land and buildings	5% straight line
Short-term leasehold property	over the period of the lease
Plant and equipment	10% straight line
Office furniture and equipment	10% and 33% straight line
Motor vehicles	25% straight line

1.6 Leasing

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful 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.

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

1.7 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.8 Stock

Stock is 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.

1.9 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 the profit and loss account as they are paid.

WITTON MILL CO., LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1999

1.10 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.

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.11 Foreign currency translation

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

1.12 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.

2 Turnover

The total turnover of the group for the year has been derived from its principal activity.

Segmental analysis by geographical area

The analysis by geographical area of the group's turnover is set out as below:

	1999	1998
	£	£
Geographical segment		
United Kingdom	12,484,571	11,785,114
Overseas	733,770	230,264
	<u>13,218,341</u>	<u>12,015,378</u>

WITTON MILL CO., LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1999

3 Exceptional items

The following exceptional items have been charged/(credited) in arriving at the profit for the year.

	1999	1998
	£	£
Operating		
Alignment of group stock valuation policy	152,616	-
Product development costs	70,000	-
Exceptional receipt credited to raw materials and consumables	-	(140,000)
	<u>222,616</u>	<u>(140,000)</u>
Non-operating		
Profit on sale of fixed assets	-	(621,400)
	<u>-</u>	<u>(621,400)</u>
4 Operating profit	1999	1998
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	565,918	578,774
Operating lease rentals	45,400	47,200
Auditors' remuneration (company £11,000; 1998 : £10,500)	16,800	16,100
Remuneration of auditors for non-audit work	8,800	6,800
and after crediting:		
Government grants	36,540	30,990
	<u>36,540</u>	<u>30,990</u>
5 Income from investments, other interest receivable and similar income	1999	1998
	£	£
Income from listed investments	10,074	10,685
Profit on disposal of listed investments	22,758	-
Bank interest	672	450
Other interest	5,758	2,888
	<u>39,262</u>	<u>14,023</u>

WITTON MILL CO., LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1999

6 Interest payable	1999	1998
	£	£
On bank loans and overdrafts	191,071	233,063
Lease finance charges	1,190	2,966
On advances from factors	23,770	-
	<u>216,031</u>	<u>236,029</u>
	<u><u>216,031</u></u>	<u><u>236,029</u></u>
7 Taxation	1999	1998
	£	£
U.K. current year taxation		
Tax credits on franked investment income	2,015	3,998
Deferred taxation	71,563	126,952
	<u>73,578</u>	<u>130,950</u>
Prior years		
U.K. corporation tax	(1,767)	-
	<u>71,811</u>	<u>130,950</u>
	<u><u>71,811</u></u>	<u><u>130,950</u></u>
8 Profit for the financial year		
As permitted by section 230 of the Companies Act 1985, the holding company's profit and loss account has not been included in these financial statements. The profit for the financial year is made up as follows:		
	1999	1998
	£	£
Holding company's profit for the financial year	289,406	273,816
	<u>289,406</u>	<u>273,816</u>
	<u><u>289,406</u></u>	<u><u>273,816</u></u>
9 Dividends	1999	1998
	£	£
Ordinary final proposed	4,000	4,000
	<u>4,000</u>	<u>4,000</u>
	<u><u>4,000</u></u>	<u><u>4,000</u></u>

WITTON MILL CO., LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1999

10 Tangible fixed assets

Group

	Freehold land and buildings	Short-term leasehold property	Plant and equipment	Office furniture and equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 April 1998	2,093,414	188,227	4,685,557	64,818	478,863	7,510,879
Additions	362,848	-	195,607	51,977	227,539	837,971
Disposals	-	-	-	-	(183,260)	(183,260)
At 31 March 1999	<u>2,456,262</u>	<u>188,227</u>	<u>4,881,164</u>	<u>116,795</u>	<u>523,142</u>	<u>8,165,590</u>
Depreciation						
At 1 April 1998	1,136,863	43,812	1,824,753	59,487	243,813	3,308,728
On disposals	-	-	-	-	(111,871)	(111,871)
Charge for the year	72,803	6,275	385,318	5,708	95,814	565,918
At 31 March 1999	<u>1,209,666</u>	<u>50,087</u>	<u>2,210,071</u>	<u>65,195</u>	<u>227,756</u>	<u>3,762,775</u>
Net book value						
At 31 March 1999	<u>1,246,596</u>	<u>138,140</u>	<u>2,671,093</u>	<u>51,600</u>	<u>295,386</u>	<u>4,402,815</u>
At 31 March 1998	<u>956,551</u>	<u>144,415</u>	<u>2,860,804</u>	<u>5,331</u>	<u>235,050</u>	<u>4,202,151</u>

Included above are assets held under finance leases or hire purchase contracts as follows:

	Plant and equipment	Office furniture and equipment	Motor vehicles	Total
	£	£	£	£
Net book values				
At 31 March 1999	54,450	-	-	54,450
At 31 March 1998	<u>61,112</u>	<u>-</u>	<u>-</u>	<u>61,112</u>
Depreciation charge for the year				
31 March 1999	6,667	-	-	6,667
31 March 1998	<u>5,555</u>	<u>-</u>	<u>-</u>	<u>5,555</u>

WITTON MILL CO., LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1999

10 Tangible fixed assets (continued)

Company

	Freehold land and buildings	Short-term leasehold property	Plant and equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 April 1998	2,093,414	188,227	4,685,557	285,559	7,252,757
Additions	362,848	-	195,607	121,497	679,952
Disposals	-	-	-	(80,870)	(80,870)
At 31 March 1999	<u>2,456,262</u>	<u>188,227</u>	<u>4,881,164</u>	<u>326,186</u>	<u>7,851,839</u>
Depreciation					
At 1 April 1998	1,136,863	43,812	1,824,753	142,532	3,147,960
On disposals	-	-	-	(45,984)	(45,984)
Charge for the year	72,803	6,275	385,318	55,126	519,522
At 31 March 1999	<u>1,209,666</u>	<u>50,087</u>	<u>2,210,071</u>	<u>151,674</u>	<u>3,621,498</u>
Net book value					
At 31 March 1999	<u>1,246,596</u>	<u>138,140</u>	<u>2,671,093</u>	<u>174,512</u>	<u>4,230,341</u>
At 31 March 1998	<u>956,551</u>	<u>144,415</u>	<u>2,860,804</u>	<u>143,027</u>	<u>4,104,797</u>

Included above are assets held under finance leases or hire purchase contracts as follows:

	Plant and equipment	Motor vehicles	Total
	£	£	£
Net book values			
At 31 March 1999	54,450	-	54,450
At 31 March 1998	<u>61,112</u>	<u>-</u>	<u>61,112</u>
Depreciation charge for the year			
31 March 1999	6,667	-	6,667
31 March 1998	<u>5,555</u>	<u>-</u>	<u>5,555</u>

WITTON MILL CO., LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1999

11 Fixed asset investments Group

	Listed investments	Total
	£	£
Cost		
At 1 April 1998	281,015	281,015
Additions	65,321	65,321
Disposals	(35,502)	(35,502)
	<hr/>	<hr/>
At 31 March 1999	310,834	310,834
	<hr/>	<hr/>
At 31 March 1998	281,015	281,015
	<hr/> <hr/>	<hr/> <hr/>
	Market value	Total
	£	£
At 31 March 1999	368,479	368,479
At 31 March 1998	386,516	386,516

11 Fixed asset investments Company

	Listed investments	Shares in subsidiary undertakings	Total
	£	£	£
Cost			
At 1 April 1998	281,015	10,000	291,015
Additions	65,321	-	65,321
Disposals	(35,502)	-	(35,502)
	<hr/>	<hr/>	<hr/>
At 31 March 1999	310,834	10,000	320,834
	<hr/>	<hr/>	<hr/>
Provisions for diminution in value			
At 1 April 1998 & at 31 March 1999	-	5,000	5,000
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 March 1999	310,834	5,000	315,834
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 March 1998	281,015	5,000	286,015
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

	Market value	Total
	£	£
At 31 March 1999	368,479	368,479
At 31 March 1998	386,516	386,516

WITTON MILL CO., LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1999

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held	
		Class	%
Subsidiary undertakings			
Norjon Fabrics Limited	England	ordinary	100
Wittrex International Limited	England	ordinary	100

The principal activity of these undertakings for the last relevant financial year was as follows:

	Principal activity
Norjon Fabrics Limited	Dormant
Wittrex International Limited	Textile merchants

12 Stocks and work in progress

	Group		Company	
	1999	1998	1999	1998
	£	£	£	£
Raw materials and consumables	1,200,041	1,727,082	1,035,021	1,494,218
Work in progress	1,260,826	1,055,435	961,446	566,094
Finished goods and goods for resale	1,211,562	828,495	347,505	285,626
	<u>3,672,429</u>	<u>3,611,012</u>	<u>2,343,972</u>	<u>2,345,938</u>

WITTON MILL CO., LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1999

13 Debtors

	Group		Company	
	1999	1998	1999	1998
	£	£	£	£
Trade debtors - non factored	964,342	871,263	778,154	831,615
Trade debtors - factored	2,216,625	1,728,670	-	-
Amounts owed by group undertakings	-	-	738,494	569,524
Dividends due from subsidiary undertakings	-	-	-	180,000
Corporation tax	2,919	-	2,919	-
Other debtors	18,825	-	-	-
Prepayments and accrued income	21,552	61,630	10,915	56,663
	<u>3,224,263</u>	<u>2,661,563</u>	<u>1,530,482</u>	<u>1,637,802</u>

Within prepayments and other debtors is a directors loan account of £3,954. The maximum amount outstanding during the year was £22,978. No interest is charged on the outstanding balance which was repaid after the balance sheet date.

14 Creditors : amounts falling due within one year

	Group		Company	
	1999	1998	1999	1998
	£	£	£	£
Bank loans and overdrafts	1,223,366	695,094	500,806	480,226
Advances from factors	119,158	-	-	-
Net obligations under finance lease and hire purchase contracts	4,965	33,524	4,965	33,524
Trade creditors	2,663,766	1,739,211	1,570,277	950,001
Taxes and social security costs	249,926	384,370	178,389	237,303
Other creditors	77,688	23,571	44,138	23,571
Accruals and deferred income	270,235	226,680	142,823	163,328
Proposed dividend	4,000	4,000	4,000	4,000
	<u>4,613,104</u>	<u>3,106,450</u>	<u>2,445,398</u>	<u>1,891,953</u>
Debt due within one year	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>

The bank overdraft is secured by a legal charge over all the group's assets. The advances from factors is secured on the corresponding trade debtors.

WITTON MILL CO., LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1999

15 Creditors : amounts falling due after more than one year

	Group		Company	
	1999	1998	1999	1998
	£	£	£	£
Bank loans	1,200,000	1,600,000	1,200,000	1,600,000
Trade creditors	-	421,000	-	421,000
Net obligations under finance leases and hire purchase agreements	-	5,890	-	5,890
	<u>1,200,000</u>	<u>2,026,890</u>	<u>1,200,000</u>	<u>2,026,890</u>
Analysis of loans				
Wholly repayable within five years	1,600,000	2,000,000	1,600,000	2,000,000
Included in current liabilities	(400,000)	(400,000)	(400,000)	(400,000)
	<u>1,200,000</u>	<u>1,600,000</u>	<u>1,200,000</u>	<u>1,600,000</u>
Between one and two years	400,000	400,000	400,000	400,000
Between two and five years	800,000	1,200,000	800,000	1,200,000
	<u>800,000</u>	<u>1,200,000</u>	<u>800,000</u>	<u>1,200,000</u>

The loan is secured by a fixed and floating charge over all the group's assets.

Net obligations under finance leases and hire purchase contracts

Repayable within one year	4,965	33,524	4,965	33,524
Repayable between one and five years	-	5,890	-	5,890
	<u>4,965</u>	<u>39,414</u>	<u>4,965</u>	<u>39,414</u>
Included in liabilities falling due within one year	(4,965)	(33,524)	(4,965)	(33,524)
	<u>-</u>	<u>5,890</u>	<u>-</u>	<u>5,890</u>

WITTON MILL CO., LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1999

16 Provisions for liabilities and charges

Group

	Deferred taxation £
Balance at 1 April 1998	126,952
Profit and loss account	71,563
	<hr/>
Balance at 31 March 1999	198,515
	<hr/> <hr/>

Company

Balance at 1 April 1998	126,952
Profit and loss account	71,563
	<hr/>
Balance at 31 March 1999	198,515
	<hr/> <hr/>

Deferred tax is provided at 31% (1998 - 31%) analysed over the following timing differences:

Group

	Not provided		Provided	
	1999	1998	1999	1998
	£	£	£	£
Accelerated capital allowances	(3,569)	(10,441)	198,515	165,186
Tax losses available	(5,897)	-	-	(38,234)
	<hr/>	<hr/>	<hr/>	<hr/>
	(9,466)	(10,441)	198,515	126,952
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Company

	Not provided		Provided	
	1999	1998	1999	1998
	£	£	£	£
Accelerated capital allowances	-	-	198,515	165,186
Tax losses available	-	-	-	(38,234)
	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	198,515	126,952
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

WITTON MILL CO., LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1999

17 Accruals and deferred income

Group	Government grants £
Balance at 1 April 1998	381,510
Amortisation in the year	(36,540)
Balance at 31 March 1999	<u>344,970</u>
Company	
Balance at 1 April 1998	381,510
Amortisation in the year	(36,540)
Balance at 31 March 1999	<u>344,970</u>

18 Pension costs

	1999 £	1998 £
Pension costs charged against profit:		
Group personal pension schemes	39,385	22,724
Ex Gratia pension	24,016	23,270
	<u>63,401</u>	<u>45,994</u>

19 Share capital

	1999 £	1998 £
Authorised		
100 Ordinary shares of £ 100 each	10,000	10,000
100 'A' ordinary shares of £ 100 each	10,000	10,000
	<u>20,000</u>	<u>20,000</u>
Allotted, called up and fully paid		
100 Ordinary shares of £100 each	10,000	10,000
100 'A' ordinary shares of £100 each	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 the 'A' ordinary shares have no voting rights.

WITTON MILL CO., LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1999

20 Statement of movements on profit and loss account

Group

Profit and
loss account
£

Balance at 1 April 1998	5,096,714
Retained profit for the year	141,058
Balance at 31 March 1999	5,237,772

Company

Profit and
loss account
£

Balance at 1 April 1998	3,928,900
Retained profit for the year	285,406
Balance at 31 March 1999	4,214,306

21 Reconciliation of movements in shareholders' funds

Group

1999
£

1998
£

Profit for the financial year	145,058	280,280
Dividends	(4,000)	(4,000)
Net addition to shareholders' funds	141,058	276,280
Opening shareholders' funds	5,116,714	4,840,434
Closing shareholders' funds	5,257,772	5,116,714

Company

1999
£

1998
£

Profit for the financial year	289,406	273,816
Dividends	(4,000)	(4,000)
Net addition to shareholders' funds	285,406	269,816
Opening shareholders' funds	3,948,900	3,679,084
Closing shareholders' funds	4,234,306	3,948,900

WITTON MILL CO., LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1999

22 Contingent liabilities

Company

The company has guaranteed the bank borrowings of Wittrex International Limited, which at the balance sheet date were £722,560 (1998: £235,424). These borrowings are secured by a legal charge over all the groups assets.

23 Financial commitments

At 31 March 1999 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	1999	1998
	£	£
Expiry date:		
Within one year	-	5,400
Between two and five years	40,000	-
In over five years	-	40,000
	<u>40,000</u>	<u>45,400</u>
	<u><u>40,000</u></u>	<u><u>45,400</u></u>

24 Capital commitments

	Group		Company	
	1999	1998	1999	1998
	£	£	£	£
Contracted for but not provided in the financial statements	509,935	125,000	473,500	125,000
	<u>509,935</u>	<u>125,000</u>	<u>473,500</u>	<u>125,000</u>
	<u><u>509,935</u></u>	<u><u>125,000</u></u>	<u><u>473,500</u></u>	<u><u>125,000</u></u>

WITTON MILL CO., LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1999

25 Directors' emoluments	1999	1998
	£	£
Emoluments for qualifying services	413,157	322,697
Company pension contributions to money purchase schemes	32,761	15,131
Pensions to former directors	24,016	23,270
	<u>469,934</u>	<u>361,098</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 3 (1998 - 3).

Emoluments disclosed above include the following amounts paid to the highest paid director:

Emoluments for qualifying services	128,288	125,628
Company pension contributions to money purchase schemes	16,127	8,185
	<u>144,415</u>	<u>133,813</u>

26 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	1999	1998
	Number	Number
Office and management	37	37
Manufacturing	78	81
Others	9	9
	<u>124</u>	<u>127</u>

Employment costs

	£	£
Wages and salaries	2,405,311	2,328,600
Social security costs	227,819	224,927
Other pension costs	63,401	45,994
	<u>2,696,531</u>	<u>2,599,521</u>

27 Control

The ultimate controlling parties are the directors of the company.

WITTON MILL CO., LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1999

28 Related party transactions

Group and company

The company and group have taken advantage of the exemptions conferred by Financial Reporting Standard No 8 from the requirement to make disclosures concerning related parties.

29 Going concern

Group and company

Since the balance sheet date there has been a reduction in the level of the Group's activity, which the Directors consider to be temporary. The Directors are constantly reviewing the forecasts in the light of current events and, on the basis of orders recently received, anticipate recovery will commence in the first half of the year 2000.

The financial statements have been prepared on the going concern basis, which assumes that the Company and its subsidiary will continue in operational existence for the foreseeable future. The financial statements do not include any of the adjustments that would result if fashion retailers were unable to resolve the problems that have depressed high street sales of fashion goods.