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ALEXANDER DREW & SONS LIMITED

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REPORT AND ACCOUNTS

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FOR THE YEAR ENDED

-----  
31ST DECEMBER 1995  
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A member of the LAMONT HOLDINGS GROUP of companies



ALEXANDER DREW & SONS LIMITED

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ALEXANDER DREW & SONS LIMITED

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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

Stotts Mill,  
Bridgefold Road,  
Rochdale, OL11 5BZ

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

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The directors present their report and the audited accounts for the year ended 31st December 1995.

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 company did not trade in its own right throughout the year ended 31st December 1995. It acts solely as an agent for Lamont Textiles Limited.

CHANGE OF REGISTERED OFFICE

On 14th February 1996 the situation of the registered office of the company was changed to Stotts Mill, Bridgefold Road, Rochdale, OL11 5BZ.

DIRECTORS

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

ALEXANDER DREW & SONS LIMITED

REPORT OF THE DIRECTORS (continued)

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DIRECTORS' INTERESTS

Sir Desmond Lorimer, Mr. R.A. Milliken and Mr. S.W. Tetlow 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.

		31.12.95	31.12.94
		-----	-----
R. Johnston	- Share Options	30,000	30,000
D. Robinson	- Share Options	30,000	30,000
D. Yorke	- Share Options	30,000	30,000
K.B. White	- Share Options	31,648	31,648

BY ORDER OF THE BOARD

*M.G. Lamont*

M.G. LAMONT  
SECRETARY

Stotts Mill,  
Bridgefold Road,  
Rochdale, OL11 5BZ

25th March, 1996

ALEXANDER DREW & SONS LIMITED

REPORT OF THE AUDITORS

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TO THE MEMBERS OF ALEXANDER DREW & SONS LIMITED

We have audited the financial statements on pages 7 to 16.

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.

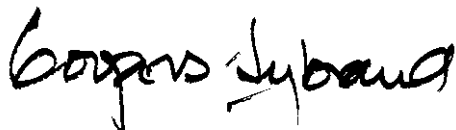
Basis of opinion

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 1995 and have been properly prepared in accordance with the Companies Act 1985.



COOPERS & LYBRAND  
Chartered Accountants and Registered Auditors

Edinburgh  
25th March, 1996

ALEXANDER DREW & SONS LIMITED

STATEMENT OF ACCOUNTING POLICIES

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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 and fellow subsidiary companies.

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)

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FOREIGN CURRENCIES

Exchange differences arising from currency conversions in the normal course of trading are dealt with in the profit and loss account.

LEASED ASSETS

Rental payments in respect of assets held under operating leases are charged to profit as incurred.



ALEXANDER DREW & SONS LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31st December 1995

	Note	1995	1994
		-----	-----
		£	£
TURNOVER	1	-	18,435,559
Cost of sales		-	10,673,209
Gross profit		-----	-----
Other operating expenses	2	-	2,001,281
OPERATING PROFIT	3	-	5,761,069
Interest	4	-	36,893
PROFIT ON ORDINARY ACTIVITIES before taxation		-----	-----
Taxation	7	-	1,996,520
PROFIT FOR THE FINANCIAL YEAR		-----	-----
Transfer from reserves		-	4,658,246
DIVIDENDS	8	-	8,385,902

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.

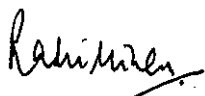
ALEXANDER DREW & SONS LIMITED

BALANCE SHEET

At 31st December 1995

	Note	1995 ----- £	1994 ----- £
<b>CURRENT ASSETS</b>			
Amounts owed by group companies		<u>14,000,000</u>	<u>14,000,000</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital - equity	9	<u>14,000,000</u>	<u>14,000,000</u>

The accounts on pages 7 to 16 were approved by the Board of Directors on 25th March 1996 and were signed on its behalf by :



R.A. Milliken  
DIRECTOR

ALEXANDER DREW & SONS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31st December 1995

1. TURNOVER

	1995	1994
	-----	-----
	£	£
External sales - Home	-	17,393,270
- Export	-	995,601
	-----	-----
	-	18,388,871
Intergroup sales	-	46,688
	-----	-----
Total sales	-	18,435,559
	=====	=====
Geographical analysis of turnover:		
United Kingdom	-	17,439,958
Europe	-	957,007
The Americas	-	38,594
	-----	-----
	-	18,435,559
	=====	=====

2. OTHER OPERATING EXPENSES

	1995	1994
	-----	-----
	£	£
Distribution costs	-	1,475,168
Administrative expenses	-	173,598
Other expenses	-	352,515
	-----	-----
	-	2,001,281
	=====	=====

ALEXANDER DREW & SONS LIMITED

NOTES TO THE ACCOUNTS (continued)

Year ended 31st December 1995

3. OPERATING PROFIT

	1995	1994
	----	----
	£	£
The operating profit for the year is stated after charging:		
Depreciation - on owned assets	-	715,252
- on leased assets	-	161,877
Amortisation of goodwill	-	350,256
Hire of plant & machinery - operating leases	-	34,752
Loss on disposal of tangible assets	-	8,258
Auditors' remuneration - audit	-	12,529
- other services	-	666
	<u>          </u>	<u>          </u>
and after crediting:		
Rental income	-	6,000
	<u>          </u>	<u>          </u>

4. INTEREST

	1995	1994
	----	----
	£	£
Interest payable		
Finance lease interest payable	-	35,648
Other interest	-	1,649
	-----	-----
	-	37,297
Interest receivable	-	(404)
	-----	-----
	-	36,893
	<u>          </u>	<u>          </u>

ALEXANDER DREW & SONS LIMITED

NOTES TO THE ACCOUNTS (continued)

Year ended 31st December 1995

5. EMPLOYEES

	1995	1994
	----	----
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
Hourly paid	-	217
	----	---
	-	275
	<u>          </u>	<u>          </u>

Employee costs during this period amounted to:

	£	£
Wages and salaries	-	3,575,102
Social security costs	-	347,592
Other pension costs	-	159,114
	-----	-----
	<u>          </u>	<u>4,081,808</u>

ALEXANDER DREW & SONS LIMITED

NOTES TO THE ACCOUNTS (continued)

Year ended 31st December 1995

6. DIRECTORS' REMUNERATION

	1995	1994
	----	----
	£	£
Employee costs include the following remuneration in respect of directors of the company:		
Emoluments		
(including pension contributions)	-	443,627
	<u>          </u>	<u>          </u>
The directors' remuneration disclosed above (excluding pension contributions) includes amounts paid to:		
The Chairman	-	-
The highest paid director	-	129,606
	<u>          </u>	<u>          </u>
The number of directors who received emoluments in the following ranges was:		
0 - £ 5,000	7	2
£ 15,001 - £ 20,000	-	1
£ 60,001 - £ 65,000	-	2
£ 65,001 - £ 70,000	-	1
£125,001 - £130,000	-	1
	<u>          </u>	<u>          </u>

ALEXANDER DREW & SONS LIMITED

NOTES TO THE ACCOUNTS (continued)

Year ended 31st December 1995

7. TAXATION

	1995	1994
	-----	-----
	£	£
The taxation charge based on the results for the year is as follows:		
UK Corporation tax		
- current year	-	1,349,174
- prior period	-	36,091
Group relief - current year	-	312,406
- prior year	-	10,748
Deferred tax - current year	-	288,101
	-----	-----
	-	1,996,520
	=====	=====

8. DIVIDENDS

	1995	1994
	-----	-----
	£	£
On ordinary shares		
- Interim paid	-	8,385,902
	-----	-----
	-	8,385,902
	=====	=====

9. CALLED UP SHARE CAPITAL

	1995	1994
	-----	-----
	£	£
Authorised, allotted, called up and fully paid:		
14,000,000 Ordinary shares of f1 each	14,000,000	14,000,000
	=====	=====

ALEXANDER DREW & SONS LIMITED

NOTES TO THE ACCOUNTS (continued)

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Year ended 31st December 1995

10. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1995	1994
	-----	-----
	£	£
Opening shareholders' funds	14,000,000	18,658,246
Profit for the financial year	-	3,727,656
Dividends	-	(8,385,902)
	-----	-----
Closing shareholders' funds	<u>14,000,000</u>	<u>14,000,000</u>

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11. 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.

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12. HOLDING COMPANY

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

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