

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
Société Generale

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 1994.

1 Activities

The principal activities of the group are the manufacture and supply of yarns, fabrics and finished garments to the distribution market.

2 Review of operations

1994 has been a year with low consumption at retail level throughout Europe. Despite this, the group continued successfully with its policy to develop higher value-added products. With this objective in mind, a dyehouse (Meillassoux Mulaton) was acquired in the middle of the year, to provide improved services to customers.

Badin SA merged with Mossley France SA during the year to form Mossley Badin SA, facilitating control of the French spinning operations.

Turnover increased by 9.6%, attributed to increased sales of French yarns and to the introduction of Meillassoux Mulaton in the group result.

Operating profit increased by 37% to £3,986,661 as a result of higher value-added products and lower manufacturing costs. The reduction in administrative expenses was achieved by a lower level of restructuring costs during the year.

Profit on ordinary activities before taxation increased by 248% to £3,570,285 after benefitting from lower finance charges.

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

In line with its strategy of growth by external acquisition, the group purchased in January 1995 a French company, Les Successeurs de Fritz Koechlin, engaged in spinning and weaving. The results of this company will not be consolidated in the group accounts until 1995.

By continuing its investment policy to improve quality, costs and service, the management remains confident that the group will be well placed in the future to meet the needs of the customers in the continually evolving fashion textile 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 1994 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 1994 and 31 December 1994.

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 1994, held 6,484 shares (1993 - 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

Secretary


K R Eaton

30 October 1995

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 22 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 11 and 12.

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.

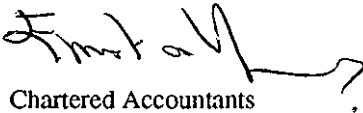
Basis of opinion

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 1994 and of the profit 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

31 OCTOBER 1995

Mossley Holdings Limited
CONSOLIDATED PROFIT AND LOSS ACCOUNT

Year ended 31 December 1994

	<u>Note</u>	<u>1994</u> £	<u>1993</u> £
Turnover	2	75,022,517	68,452,401
Cost of sales		(61,372,415)	(55,039,787)
Gross profit		13,650,102	13,412,614
Distribution costs		(4,286,663)	(3,620,113)
Administrative expenses		(5,663,880)	(7,484,693)
Other operating income		287,102	597,469
Operating profit	4	3,986,661	2,905,277
Exceptional items	5	126,889	94,000
Profit before interest		4,113,550	2,999,277
Interest payable (net)	6	(543,265)	(1,560,644)
Profit on ordinary activities before taxation	7	3,570,285	1,438,633
Tax on profit on ordinary activities	8	(292,829)	(360,195)
Profit after taxation		3,277,456	1,078,438
Minority interest		(1,293,985)	(260,275)
Profit attributable to members of the parent company		<u>1,983,471</u>	<u>818,163</u>

The results are derived from continuing operations. Further explanation is given in notes 2 and 3.

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	<u>1994</u> £	<u>1993</u> £
Profit attributable to members of parent company	1,983,471	818,163
Exchange difference on retranslation of net assets of subsidiary undertakings	505,085	(1,826,882)
Arising on merger	(513,612)	221,076
Goodwill written off	(31,136)	-
Total recognised (losses)/gains related to the year	<u>1,943,808</u>	<u>(787,643)</u>

Mossley Holdings Limited
CONSOLIDATED BALANCE SHEET

31 December 1994

	<u>Note</u>	£	<u>1994</u> £	£	<u>1993</u> £
FIXED ASSETS					
Tangible assets	9		10,396,104		8,333,959
Investments	10		172,402		164,000
			<u>10,568,506</u>		<u>8,497,959</u>
CURRENT ASSETS					
Stocks	11	11,726,382		13,209,918	
Debtors	12	21,321,075		17,404,001	
Cash at bank and in hand		2,803,491		2,163,083	
		<u>35,850,948</u>		<u>32,777,002</u>	
CREDITORS - Amounts falling due within one year					
Bank loans and overdrafts	15	3,515,806		5,749,942	
Trade creditors		10,690,796		7,976,255	
Other creditors	13	4,868,456		4,221,027	
Accruals and deferred income		550,531		695,571	
		<u>19,625,589</u>		<u>18,642,795</u>	
NET CURRENT ASSETS			<u>16,225,359</u>		<u>14,134,207</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			26,793,865		22,632,166
CREDITORS - Amounts falling due after more than one year					
	14,15		3,695,402		3,676,100
MINORITY INTERESTS					
			<u>11,271,501</u>		<u>9,072,912</u>
			<u>11,826,962</u>		<u>9,883,154</u>
CAPITAL AND RESERVES					
Called up share capital	17		105,000		105,000
Translation and other reserves			824,251		832,778
Profit and loss account			10,897,711		8,945,376
			<u>11,826,962</u>		<u>9,883,154</u>

These financial statements were approved by the Board of Directors on the 30 October 1995

D Meiliassoux

)
) Directors

S J Garner

)

Stephen S. Garner

Mossley Holdings Limited

BALANCE SHEET

31 December 1994

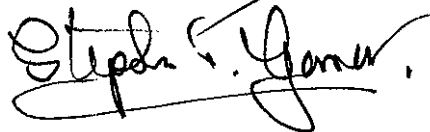
	<u>Note</u>	<u>£</u>	<u>1994</u>	<u>£</u>	<u>1993</u>	<u>£</u>
FIXED ASSETS						
Investments	10		5,872,015		5,936,457	
CREDITORS - Amounts falling due within one year						
Other creditors	13	2,510,901		3,783,272		
Accruals and deferred income		(2,882)		(2,882)		
		<u>2,508,019</u>		<u>3,780,390</u>		
NET CURRENT LIABILITIES			<u>2,508,019</u>		<u>3,780,390</u>	
TOTAL ASSETS LESS CURRENT LIABILITIES			3,363,996		2,156,067	
CREDITORS - Amounts falling due after more than one year						
	14,15		577,300		565,584	
			<u>2,786,696</u>		<u>1,590,483</u>	
CAPITAL AND RESERVES						
Called up share capital	17		105,000		105,000	
Profit and loss account			2,681,696		1,485,483	
			<u>2,786,696</u>		<u>1,590,483</u>	

These financial statements were approved by the Board of Directors on the 30 October 1995

D Meillassoux

) Directors

S J Garner

) 

Mossley Holdings Limited
CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 1994

	Note	<u>1994</u> £	<u>1993</u> £
NET CASH INFLOW FROM OPERATING ACTIVITIES	4(b)	6,867,064	1,899,811
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest paid		(543,265)	(1,560,644)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(543,265)	(1,560,644)
TAXATION			
Corporation tax (paid)/repaid		(329,764)	75,000
TAX (PAID)/REPAID		(329,764)	75,000
INVESTING ACTIVITIES			
Payments to acquire investments		(152,333)	(309,205)
Payments to acquire tangible fixed assets		(3,733,601)	(2,951,344)
Receipts from sales of tangible fixed assets		86,747	467,902
Sale of investments		-	777,519
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(3,799,187)	(2,015,128)
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING		<u>2,194,848</u>	<u>(1,600,961)</u>
FINANCING			
(Increase) of long-term loans		(786,676)	(48,071)
Reduction/(increase) of hire purchase liabilities (net)		106,980	(32,529)
NET CASH OUTFLOW FROM FINANCING		(679,696)	(80,600)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	4(c)	<u>2,874,544</u>	<u>(1,520,361)</u>
		<u>2,194,848</u>	<u>(1,600,961)</u>

The assets and liabilities acquired in the year are highlighted in note 2.

Mossley Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS

31 December 1994

1 ACCOUNTING POLICIES

(a) Accounting convention

The financial statements are prepared under the historical cost convention, and in accordance with applicable accounting standards.

(b) Basis of consolidation

The group financial statements consolidate the financial statements of the company and all subsidiaries for all financial periods ended 31 December 1994. In the circumstances where the group's shareholding is less than 50% of the share capital of subsidiary undertaking, but the group has effective control and is able to exert dominant influence over that business, the results and assets and liabilities of that business are consolidated.

(c) Associated undertakings

The group's share of the results of its associated undertaking is included in the consolidated profit and loss account on the equity basis. The investment in the balance sheet includes the group's share of post acquisition profits.

(d) Tangible fixed assets

Depreciation is not provided on freehold land. On other assets it is provided on cost over the estimated lives of the assets. The periods over which different categories of assets are depreciated are as follows:

Freehold buildings		50 years
Fixtures and fittings)	
Plant and equipment)	6 2/3 - 10 years
Office equipment)	
Motor vehicles)	3 - 4 years

(e) Investments

Other investments held as fixed assets are stated at cost.

(f) Stocks

Stocks are stated at the lower of cost and net realisable value. Cost represents materials, direct labour and appropriate production overheads.

(g) Deferred taxation

Deferred taxation is provided at the anticipated tax rate on differences arising from the inclusion of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

Mossley Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 December 1994

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

(l) Government grants

Government grants in respect of capital expenditure are credited to a deferred income account and are released to profit over the expected useful lives of the relevant assets by equal annual instalments. Revenue grants are released to profit over the life of the project to which they relate.

2 TURNOVER

Geographical analysis of turnover

	<u>1994</u>	<u>1993</u>
	£	£
EEC countries	69,408,209	62,854,375
Non-EEC countries	5,614,308	5,598,026
	<u>75,022,517</u>	<u>68,452,401</u>

Mossley Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 December 1994

3 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	<u>1994</u>	<u>1993</u>
	£	£
Directors' emoluments	182,657	262,814
Remuneration of the highest paid director	80,222	137,269

	<u>1994</u>	<u>1993</u>
	No.	No.
Scale of other directors' remuneration:		
£35,001 - £40,000	1	-
£50,001 - £55,000	-	1
£60,001 - £65,000	1	-
£70,001 - £75,000	-	1

	<u>1994</u>	<u>1993</u>
	£	£
Employee costs during the year:		
Wages and salaries	12,131,165	11,350,756
Social security costs	4,040,818	3,747,815
Other pension costs	46,135	40,854
	16,218,118	15,139,425

	<u>1994</u>	<u>1993</u>
	No.	No.
Averaged number of persons employed:		
Production	837	827
Office	88	90
	925	917

4 OPERATING PROFIT

(a) Operating profit is after charging:

	<u>1994</u>	<u>1993</u>
	£	£
Hire of plant and machinery	77,135	147,425
Operating leases	182,327	148,854
Depreciation	2,296,917	2,029,531
Auditors' remuneration - audit services	93,019	115,500
- non-audit services	-	10,000
	753,408	1,451,710

Mossley Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 December 1994

4 OPERATING PROFIT (CONTINUED)

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

	<u>1994</u>	<u>1993</u>
	£	£
Profit before interest	4,113,550	2,999,277
Exceptional items (note 5)	-	(94,000)
Depreciation	2,296,917	2,029,531
Movement in		
- stock	1,483,536	(111,118)
- debtors	(3,917,074)	(4,599,372)
- creditors	2,890,135	1,675,493
	6,867,064	1,899,811

(c) Analysis of increase in cash and cash equivalents

	<u>1994</u>	<u>1993</u>	Change in Year
	£	£	£
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

	<u>1993</u>	<u>1992</u>	Change in Year
	£	£	£
Cash at bank	2,163,083	3,436,932	(1,273,849)
Short term borrowings	(5,749,942)	(5,503,430)	(246,512)
	(3,586,859)	(2,066,498)	(1,520,361)

5 EXCEPTIONAL ITEMS

	<u>1994</u>	<u>1993</u>
	£	£
Government grant	126,889	-
Gain on disposal of investment in Jacques Dubois S.A.	-	164,000
Write down of investment	-	(234,000)
Gain on disposal of fixed assets	-	164,000
	126,889	94,000

Mossley Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 December 1994

6 INTEREST PAYABLE (Net)

	<u>1994</u>	<u>1993</u>
	£	£
Interest payable:		
Bank loans, overdrafts and other loans payable within five years	306,484	297,163
Bank loans repayable after five years	-	30,399
Finance charges - hire purchase obligations	38,067	26,699
Finance charges - factoring/discounting	198,714	1,206,383
	<u>543,265</u>	<u>1,560,644</u>

In 1994, customer discounts amounting to £499,000 were deducted directly from turnover.

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 profit on ordinary activities before taxation of £1,196,213 (1993 loss - £321,535) which is dealt with in the financial statements of the parent company.

8 TAX ON PROFIT ON ORDINARY ACTIVITIES

	<u>1994</u>	<u>1993</u>
	£	£
United Kingdom corporation tax at 33% (1993 - 33%) based on ordinary profit for the year	318,321	332,000
Overseas taxation	(25,492)	28,195
	<u>292,829</u>	<u>360,195</u>

Mossley Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 December 1994

9 TANGIBLE FIXED ASSETS

GROUP	<u>Total</u>	<u>Freehold</u> <u>land and</u> <u>buildings</u>	<u>Plant and</u> <u>equipment</u>	<u>Motor</u> <u>vehicles</u>
	£	£	£	£
Cost				
At 1 January 1994	34,926,103	4,696,925	30,040,910	188,268
Acquisition	1,575,186	185,627	1,380,476	9,083
Additions	3,733,601	336,973	3,362,134	34,494
Disposals	(1,392,771)	(14,970)	(1,359,358)	(18,443)
Foreign exchange translation	1,348,354	187,711	1,157,286	3,357
At 31 December 1994	<u>40,190,473</u>	<u>5,392,266</u>	<u>34,581,448</u>	<u>216,759</u>
Accumulated depreciation				
At 1 January 1994	26,592,144	2,840,422	23,611,147	140,575
Acquisition	1,164,566	181,974	980,652	1,940
Charge for the year	2,296,917	166,735	2,096,977	33,205
Disposals	(1,306,024)	(6,826)	(1,297,162)	(2,036)
Foreign exchange translation	1,046,766	121,503	921,574	3,689
At 31 December 1994	<u>29,794,369</u>	<u>3,303,808</u>	<u>26,313,188</u>	<u>177,373</u>
Net book value:				
At 31 December 1994	<u>10,396,104</u>	<u>2,088,458</u>	<u>8,268,260</u>	<u>39,386</u>
At 1 January 1994	<u>8,333,959</u>	<u>1,856,503</u>	<u>6,429,763</u>	<u>47,693</u>

Included in the amounts for fixed assets at 31 December 1994 are the following amounts relating to assets acquired by finance lease:

	£
Cost	1,454,776
Accumulated depreciation	1,255,833
Net book value	<u>198,943</u>

Mossley Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 December 1994

10 INVESTMENTS HELD AS FIXED ASSETS

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>1994</u>	<u>1993</u>	<u>1994</u>	<u>1993</u>
	£	£	£	£
Shares in subsidiaries (net of provisions)	-	-	5,699,613	5,936,457
Shares in associated undertakings	-	-	-	-
Other investments	172,402	164,000	172,402	-
	<u>172,402</u>	<u>164,000</u>	<u>5,872,015</u>	<u>5,936,457</u>

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>1994</u>	<u>1993</u>	<u>1994</u>	<u>1993</u>
	£	£	£	£
Listed investment (Paris stock exchange) Mossley Badin S.A.	-	-	2,642,921	2,603,447
	<u>-</u>	<u>-</u>	<u>2,642,921</u>	<u>2,603,447</u>

All other investments are unlisted:

Shares in subsidiaries				
Mossley Holdings Inc (net of provisions)	-	-	-	-
Mossley Spinning Limited	-	-	2,999,488	2,999,488
Premier Wool Company Limited	-	-	17,730	17,730
Roville SA	-	-	39,474	157,896
Mossley France SA	-	-	-	157,896
Other investments				
Sundry French companies	172,402	164,000	172,402	-
	<u>172,402</u>	<u>164,000</u>	<u>3,229,094</u>	<u>3,333,010</u>

(a) Purchase of Meillassoux Et Mulaton

On 30 June 1994 Roville SA acquired 55% of the share capital of Meillassoux Et Mulaton a textile company incorporated in France.

The purchase consideration was satisfied by cash of £143,931 and goodwill arising on the acquisition of £31,136 has been written off to reserves in the year.

Net assets at the date of acquisition were not material to the group and Meillassoux Et Mulaton had no cash and cash equivalents at the date of the purchase.

Mossley Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 December 1994

10 INVESTMENTS HELD AS FIXED ASSETS (CONTINUED)

(b) Merger of Mossley France SA and Badin SA

On 1 January 1994 the operations of Mossley France SA and Badin SA were merged to form Mossley Badin SA a company listed on the Paris Stock Exchange.

Net assets on merger were £9,731,883. The translation difference arising on merger was £513,612 and this has been taken directly to translation reserve.

Consideration for the merger was 1 share to the shareholders of Badin SA for each share previously held.

11 STOCKS

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>1994</u>	<u>1993</u>	<u>1994</u>	<u>1993</u>
	£	£	£	£
Raw materials and consumables	3,663,065	2,708,318	-	-
Work in progress	1,970,702	1,908,294	-	-
Finished goods and goods for resale	6,092,615	8,593,306	-	-
	<u>11,726,382</u>	<u>13,209,918</u>	<u>-</u>	<u>-</u>

12 DEBTORS

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>1994</u>	<u>1993</u>	<u>1994</u>	<u>1993</u>
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	17,576,282	15,231,147	-	-
Other debtors	3,054,389	1,125,235	-	-
Prepayments and accrued income	690,401	344,956	-	-
	<u>21,321,072</u>	<u>16,701,338</u>	<u>-</u>	<u>-</u>
Amounts falling due after more than one year:				
Other debtors	-	702,663	-	-
	<u>21,321,072</u>	<u>17,404,001</u>	<u>-</u>	<u>-</u>

13 OTHER CREDITORS

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>1994</u>	<u>1993</u>	<u>1994</u>	<u>1993</u>
	£	£	£	£
Amounts owed to subsidiary undertakings	-	-	2,510,901	3,783,272
Obligations under hire purchase contracts payable within one year	75,134	105,088	-	-
Taxation and social security	2,149,730	2,631,977	-	-
Other creditors	2,278,405	1,081,840	-	-
Corporation tax	365,187	402,122	-	-
	<u>4,868,456</u>	<u>4,221,027</u>	<u>2,510,901</u>	<u>3,783,272</u>

Mossley Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 December 1994

14 CREDITORS - Amounts falling due after more than one year

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>1994</u>	<u>1993</u>	<u>1994</u>	<u>1993</u>
	£	£	£	£
Bank loans	2,951,592	2,164,916	-	-
Amounts owed to parent undertaking	577,300	565,584	577,300	565,584
Obligations under hire purchase contracts	110,184	187,210	-	-
Other creditors	56,326	758,390	-	-
	<u>3,695,402</u>	<u>3,676,100</u>	<u>577,300</u>	<u>565,584</u>

15 BORROWINGS

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>1994</u>	<u>1993</u>	<u>1994</u>	<u>1993</u>
	£	£	£	£
Bank loans and overdrafts				
Secured	-	-	-	-
Unsecured	6,467,398	7,914,858	-	-
	<u>6,467,398</u>	<u>7,914,858</u>	-	-
Obligations under hire purchase contracts	185,318	292,298	-	-
Other creditors	633,626	1,323,974	577,300	565,584
	<u>7,286,342</u>	<u>9,531,130</u>	<u>577,300</u>	<u>565,584</u>
Less amounts falling due within one year				
Bank loans and overdrafts	3,515,806	5,749,942	-	-
Obligations under hire purchase contracts	75,134	105,088	-	-
	<u>3,590,940</u>	<u>5,855,030</u>	<u>0</u>	<u>0</u>
Amounts falling due after more than one year	<u>3,695,402</u>	<u>3,676,100</u>	<u>577,300</u>	<u>565,584</u>
	<u>1994</u>	<u>1993</u>	<u>1994</u>	<u>1993</u>
	£	£	£	£
Analysis of loan repayments:				
Bank loans and overdrafts				
Within 1 year	3,515,806	5,749,942	-	-
Between 2 and 5 years	2,951,592	2,164,916	-	-
After 5 years	-	-	-	-
Finance lease obligations				
Within one year	75,134	105,088	-	-
Between 2 - 5 years	110,184	187,210	-	-
	<u>6,652,716</u>	<u>8,207,156</u>	<u>0</u>	<u>0</u>

Mossley Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 December 1994

15 BORROWINGS (CONTINUED)

Security:

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

16 DEFERRED TAXATION

Group	1994		1993	
	<u>Provided</u> £	<u>Unprovided</u> £	<u>Provided</u> £	<u>Unprovided</u> £
Accelerated capital allowances	-	209,000	-	281,000
Other timing differences	-	184,000	-	136,000
	<u>-</u>	<u>393,000</u>	<u>-</u>	<u>417,000</u>

17 CALLED UP SHARE CAPITAL

	<u>1994</u> £	<u>1993</u> £
Authorised, allotted and fully paid Ordinary shares of £1 each	105,000	105,000

18 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

Group	<u>Share capital</u> £	<u>Translation and other reserves</u> £	<u>Profit and loss account</u> £	<u>Total</u> £
At 31 December 1992	105,000	2,438,584	8,217,094	10,760,678
Profit attributable to members of the parent undertaking	-	-	818,163	818,163
Translation difference on investments in subsidiary undertakings	-	(1,826,882)	-	(1,826,882)
Goodwill write-off	-	-	(89,881)	(89,881)
Gain on merger (see note 2)	-	221,076	-	221,076
At 31 December 1993	<u>105,000</u>	<u>832,778</u>	<u>8,945,376</u>	<u>9,883,154</u>
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)
At 31 December 1994	<u>105,000</u>	<u>824,251</u>	<u>10,897,711</u>	<u>11,826,962</u>

Mossley Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 December 1994

18 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES (CONTINUED)

Company	Share capital £	Profit and loss account £	Total £
At 31 December 1992	105,000	1,807,018	1,912,018
Loss attributable to members of the parent undertaking	-	(321,535)	(321,535)
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

19 POST BALANCE SHEET EVENT

On the 4 May 1995 the investment in Remy SA was sold to Meirger a non group company. The financial implication of this transaction is not significant to the financial statements and the sale will be accounted for in the 1995 financial statements.

20 CAPITAL COMMITMENTS

	GROUP		COMPANY	
	1994 £	1993 £	1994 £	1993 £
Authorised but not contracted for	-	-	-	-

21 CONTINGENT LIABILITIES

	GROUP		COMPANY	
	1994 £	1993 £	1994 £	1993 £
Discounted bills of exchange	1,044,433	1,896,419	-	-

22 OPERATING LEASE COMMITMENTS

At 31 December 1994 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	-	80,608	-	-
Within two to five years	-	33,430	-	-
After five years	-	-	-	-
	-	114,038	-	-

Mossley Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 December 1994

23 PENSION SCHEME

The total pension fund cost was £46,135 in 1994, 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 1992, and the market value of the scheme's assets at that date was £691,622.

24 ADDITIONAL INFORMATION ON SUBSIDIARIES AND ASSOCIATED COMPANY

<u>Subsidiaries</u>	<u>Country of Incorporation and Operation</u>	<u>Mossley Holdings Limited Ordinary shares</u>	
Mossley Spinning Limited	Mossley, England	100%	Textiles
Roville SA	France	50%	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
Premier Wool Company Limited	Mossley, England	100%	Non-trading
Mossley Holding Inc	Delaware, USA	100%	Non-trading holding company
Mossley Inc	Greenville, USA	99%	Textiles

(1) 100% subsidiary undertaking of Mossley Badin SA

(2) 55% subsidiary undertaking of Roville SA

25 ULTIMATE HOLDING COMPANY

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