

H. DAWSON, SONS & CO (WOOL) LIMITED

**DIRECTORS' REPORT AND  
FINANCIAL STATEMENTS**

for the year ended  
9 September 1991



Company Number 274345

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DIRECTORS

J Dawson  
F R Dawson  
A G Dawson  
J N Cock  
A P Halliday  
J G Moulson

SECRETARY

K G Gillow

REGISTERED OFFICE

La Plata House  
147 Sunbridge Road  
Bradford BD1 2NU

AUDITORS

BDO Binder Hamlyn  
Number Twenty-One  
Queen Street  
Leeds LS1 2TW

**DIRECTORS' REPORT**  
for the year ended 9 September 1991

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**FINANCIAL STATEMENTS**

The directors present their report and financial statements for the year ended 9 September 1991.

**PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS**

The principal activity of the group is that of wool merchants.

Once again wool markets have fallen during the year in question but have become more erratic since the Australian floor price was abandoned in February. Foreign exchange markets have also been very volatile and irrational. Under the circumstances we consider the results for the year to be satisfactory.

Since September both currencies and wool prices have remained volatile and we expect this situation to continue into 1992.

**DIVIDENDS**

The profit for the year after taxation amounted to £356,247. The directors recommend that this amount be dealt with as follows:

	£
Ordinary dividend	
- final proposed 17.08p per share	50,000
Transfer to reserves	306,247
	<hr/>
	356,247
	<hr/>

**FIXED ASSETS**

Details of movements in fixed assets during the year are set out in notes 8 and 9 to the financial statements.

**DIRECTORS**

The directors during the year were as follows:-

J Dawson	J N Cock
F R Dawson	A P Halliday
A G Dawson	J G Moulson

## DIRECTORS' REPORT

for the year ended 9 September 1991 (Continued)

## DIRECTORS' INTERESTS IN SHARES

The table below sets out the names of the persons who were directors of the company at 9 September 1991 together with details of their and their families, interests in the shares of the company at that date and corresponding details at 10 September 1990. The interests are beneficial unless otherwise stated.

	£1 Ordinary Shares	
	9 September 1991	10 September 1990
J Dawson (note 1)	97,248	97,248
F R Dawson	52,278	52,278
A G Dawson (note 2)	78,417	78,417
J N Cock	12,886	12,886
A P Halliday	12,886	12,886
J G Moulson	12,886	12,886

Note 1 Includes 44,970 (1990: 44,970) shares as trustees

Note 2 Includes 25,224 (1990: 25,224) shares as trustees

The directors are also beneficially interested in the shares of East Parade Wools Limited, an undertaking in which this company has a participating interest, and details of these interests at 9 September 1991, together with corresponding details at 10 September 1990, are set out below.

	£1 Ordinary Shares	
	9 September 1991	10 September 1990
Dawson*	20,000	20,000
R Dawson*	20,000	20,000
G Dawson*	20,000	20,000
J Cock	2,222	2,222
A P Halliday	2,222	2,222
J G Moulson	2,222	2,222

\* Indicates a director of East Parade Wools Limited.

The directors did not have any interests in the shares of subsidiary undertakings.

## AUDITORS

In accordance with Section 385(2) of the Companies Act 1985, a resolution proposing that BDO Binder Hamlyn be re-appointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Board on 10 January 1992.




Director

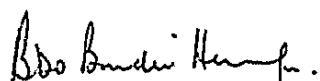
**AUDITORS' REPORT**

to the members of H. Dawson, Sons & Co (Wool) Limited

We have audited the financial statements on pages 6 to 19 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 9 September 1991 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

The financial statements do not include a statement of source and application of funds as required by Statement of Standard Accounting Practice Number 10.



Chartered Accountants  
Registered Auditor

10 January 1992

GROUP PROFIT AND LOSS ACCOUNT  
for the year ended 9 September 1991

	Notes	1991 £	1990 £
Turnover	2	25,669,151	35,943,681
Change in stocks of finished goods		1,735,931	(4,988,828)
Other operating income		212,577	908,904
		<u>27,617,659</u>	<u>31,863,757</u>
Raw materials and consumables		(20,519,275)	(25,480,529)
Other external charges		(3,775,005)	(3,207,584)
Staff costs	20	(1,279,529)	(1,177,080)
Depreciation and amounts written off investments		(122,038)	(125,915)
Other operating charges		(1,088,545)	(630,349)
		<u>833,267</u>	<u>1,242,300</u>
Operating profit	4		
Income from property		33,211	17,000
Income from listed investments		1,770	1,012
Interest payable less interest receivable	3	(275,104)	(697,253)
		<u>593,144</u>	<u>563,059</u>
Profit on ordinary activities before taxation			
Tax on profit on ordinary activities	5	(165,372)	(223,297)
		<u>427,772</u>	<u>339,762</u>
Profit on ordinary activities after taxation for the year			
Profit applicable to participating interests outside the group		(71,525)	(37,915)
		<u>356,247</u>	<u>301,847</u>
Profit applicable to the group			
Dividends	6	(50,000)	(150,000)
		<u>306,247</u>	<u>151,847</u>
Retained profit for the year applicable to the group	7,16		

GROUP BALANCE SHEET  
as at 9 September 1991

	Notes	£	1991 £	£	1990 £
<b>FIXED ASSETS</b>					
Intangible assets					
- goodwill			1		1
Tangible assets	8		626,734		627,056
Investments	9		39,515		44,422
			<u>666,250</u>		<u>671,479</u>
<b>CURRENT ASSETS</b>					
Stocks	10	6,409,715		4,673,784	
Debtors	11	4,453,228		3,666,852	
Cash at bank and in hand		39,359		1,878,404	
		<u>10,902,302</u>		<u>10,219,040</u>	
CREDITORS: amounts falling due within one year	12	(5,947,397)		(5,580,470)	
Net Current Assets			<u>4,954,905</u>		<u>4,638,570</u>
Total Assets less Current Liabilities			5,621,155		5,310,049
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>					
	13		(50,000)		(50,000)
Net Assets			<u>5,571,155</u>		<u>5,260,049</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	15		292,740		292,740
Share premium account	16		65,309		65,309
Capital reserve	16		16,459		16,459
Profit and loss account	16		4,553,582		4,247,335
Shareholders' funds			<u>4,928,090</u>		<u>4,621,843</u>
Minority interest			643,065		638,206
			<u>5,571,155</u>		<u>5,260,049</u>

The financial statements on pages 6 to 19 were approved by the Board on  
10 January 1992.

Director

*Andrew J. Jervis*

BALANCE SHEET  
as at 9 September 1991

		1991		1990
		£	£	£
<b>FIXED ASSETS</b>				
Intangible assets				
- goodwill		1		1
Tangible assets	8	623,708		614,651
Investments	9	360,520		365,427
		<u>984,229</u>		<u>980,079</u>
<b>CURRENT ASSETS</b>				
Stocks	10	5,889,445	3,678,154	
Debtors	11	3,908,376	3,546,777	
Cash at bank and in hand		24,962	1,877,377	
		<u>9,822,783</u>	<u>9,102,308</u>	
CREDITORS: amounts falling due within one year	12	(6,162,930)	(5,742,973)	
Net Current Assets		<u>3,659,853</u>	<u>3,359,335</u>	
Total Assets less Current Liabilities		4,644,082	4,339,414	
PROVISIONS FOR LIABILITIES AND CHARGES	13	(50,000)	(50,000)	
Net Assets		<u>4,594,082</u>	<u>4,289,414</u>	
<b>CAPITAL AND RESERVES</b>				
Called up share capital	15	292,740	292,740	
Share premium account	16	65,309	65,309	
Profit and loss account	16	4,236,033	3,931,365	
		<u>4,594,082</u>	<u>4,289,414</u>	

The financial statements on pages 6 to 19 were approved by the Board on  
10 January 1992.

*[Signature]*

*Andrew T. Janssen*

Director



NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 9 September 1991

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1. ACCOUNTING POLICIES

Accounting period

These financial statements cover the period from 11 September 1990 to 9 September 1991 (1990: 12 September 1989 to 10 September 1990).

Accounting convention

The financial statements have been prepared under the historical cost convention.

Consolidation

The group financial statements deal with the results and state of affairs of the company and its wholly-owned subsidiaries. All financial statements are audited and are made up to 9 September 1991. The net discount on consolidation has been dealt with as part of the group reserves.

No profit and loss account is presented for H. Dawson, Sons & Co (Wool) Limited as provided by the Companies Act 1985.

The group financial statements also deal with the state of affairs and results of a company in which it has a participating interest and over which it exerts a dominant influence, satisfying the definition of a subsidiary undertaking in the Companies Act 1989. This company was previously defined as an associated company, and as a related company within the meaning of the Companies Act 1985, and the group's share of its net assets have been dealt with on the equity basis up to 10 September 1990. The amounts included in these financial statements are based on audited financial statements of the company made up to 9 September 1991, and the comparative figures reflecting the state of affairs of the group at 10 September 1990 have been suitably restated. The goodwill arising on consolidation has been dealt with as part of the group's reserves.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation

Depreciation is provided on all tangible fixed assets other than freehold land at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life, as follows:

Freehold buildings	50 years
Plant and machinery	4 years
Motor cars	4 years
Motor lorries	3 years
Office equipment	4 years

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost represents the actual cost of purchase of stocks and includes all directly attributable costs.

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 9 September 1991 (continued)

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1. ACCOUNTING POLICIES (continued)

Stocks (continued)

Net realisable value is based on estimated selling price less all further costs expected to be incurred in selling, distributing and holding the stocks.

Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to crystallise.

Trading contracts

As part of its normal business the company enters into contracts to sell wool at an agreed price at future dates.

Provision is made for losses incurred or accrued after the balance sheet date in respect of contractual obligations existing at that date. Profits are taken only on realisation.

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated at the rate 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 the profit and loss account.

As part of its normal business the company enters into contracts to purchase and sell foreign currencies at agreed rates of exchange at future dates. All profits and losses on realisation are taken to the profit and loss account. Provision is made for losses incurred or accrued after the balance sheet date in respect of contracts entered into on or before that date. Profits are taken only on realisation.

Leases

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

Pension costs

The cost of providing pensions is recognised on a systematic and rational basis over the period in which benefit is derived from the employees. Contributions payable are charged to the profit and loss account in the year in which they are due.

Investments

Investments are stated at cost less any provision which may be required to recognise any permanent reduction in their value.

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 9 September 1991 (continued)

1. ACCOUNTING POLICIES (continued)

Compliance with accounting standards

The financial statements have been prepared in accordance with applicable accounting standards.

2. SEGMENT INFORMATION

The group has one class of business being that of wool merchants.

An analysis of turnover by geographical market is not provided as to do so would, in the opinion of the directors, be seriously prejudicial to the interests of the company.

3. INTEREST PAYABLE LESS INTEREST RECEIVABLE	1991	1990
	£	£
Payable on bank loans, overdrafts and other loans		
Repayable within five years	719,212	811,634
Receivable from short-term deposits	(444,108)	(114,381)
	<u>275,104</u>	<u>697,253</u>
4. OPERATING PROFIT is stated after charging/(crediting) £		£
Operating lease rentals		
- Plant and machinery	11,230	12,379
Loss/(surplus) on exchange	431,824	(632,973)
Auditors' remuneration	18,665	18,600
Depreciation: owned fixed assets	114,493	122,505
Amounts written off listed investments	4,907	9,019
Loss/(Profit) on sale of fixed assets	<u>2,638</u>	<u>(5,609)</u>
5. TAX ON PROFIT ON ORDINARY ACTIVITIES	£	£
U.K. Corporation tax at 33.55% (1990: 34.55%)	167,192	235,951
Tax credits on franked investment income	443	253
Prior year adjustment:		
U.K. Corporation tax	<u>(2,263)</u>	<u>(12,907)</u>
Tax on profit on ordinary activities	<u>165,372</u>	<u>223,297</u>
6. DIVIDENDS	£	£
Dividends on ordinary shares:		
Paid nil (1990: 51.24p) per share	-	150,000
Final proposed at 17.08p (1990: nil) per share	50,000	-
	<u>50,000</u>	<u>150,000</u>

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 9 September 1991 (continued)

	1991 £	1990 £
7. PROFIT FOR THE YEAR		
Dealt with in the financial statements of the parent company	304,668	586,311
Absorbed by subsidiary companies	(850)	(453,422)
Retained by company in which participating interest held	2,429	18,958
	<u>306,247</u>	<u>151,847</u>

8. TANGIBLE FIXED ASSETS  
- GROUP

	Freehold land and buildings £	Plant and machinery £	Vehicles £	Total £
Cost				
11 September 1990	495,178	185,744	369,367	1,050,289
Additions	-	38,973	135,097	174,070
Disposals	-	(19,816)	(130,282)	(150,098)
9 September 1991	<u>495,178</u>	<u>204,901</u>	<u>374,182</u>	<u>1,074,261</u>
Depreciation				
11 September 1990	25,375	149,938	247,920	423,233
Provision for the year	8,034	38,182	68,277	114,493
Disposals	-	(14,963)	(75,236)	(90,199)
9 September 1991	<u>33,409</u>	<u>173,157</u>	<u>240,961</u>	<u>447,527</u>
Net book value				
9 September 1991	<u>461,769</u>	<u>31,744</u>	<u>133,221</u>	<u>626,734</u>
Net book value				
10 September 1990	<u>469,803</u>	<u>35,806</u>	<u>121,447</u>	<u>627,056</u>

The net book values of land and buildings comprise:

	1991 £	1990 £
Freehold land	80,000	80,000
Freehold buildings	381,769	389,803
	<u>461,769</u>	<u>469,803</u>

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 9 September 1991 (continued)

8. TANGIBLE FIXED ASSETS (continued)

The depreciation charged in the profit and loss account is made up as follows:

	1991 £	1990 £
Depreciation provision for the year	114,493	122,505
Loss (profit) on sale of fixed assets	2,638	(5,609)
	<u>117,131</u>	<u>116,896</u>

- COMPANY

	Freehold land and buildings £	Plant and machinery £	Vehicles £	Total £
Cost				
11 September 1990	495,178	168,420	348,341	1,011,939
Additions	-	38,974	140,746	179,720
Disposals	-	(14,964)	(122,352)	(137,316)
9 September 1991	<u>495,178</u>	<u>192,430</u>	<u>366,735</u>	<u>1,054,343</u>
Depreciation				
11 September 1990	25,375	137,468	234,445	397,288
Provision for the year	8,034	38,182	66,357	112,573
Disposals	-	(14,963)	(64,263)	(79,226)
9 September 1991	<u>33,409</u>	<u>160,687</u>	<u>236,539</u>	<u>430,635</u>
Net book value				
9 September 1991	<u>461,769</u>	<u>31,743</u>	<u>130,196</u>	<u>623,708</u>
10 September 1990	<u>469,803</u>	<u>30,952</u>	<u>113,896</u>	<u>614,651</u>

9. FIXED ASSET INVESTMENTS

- GROUP

	£
Cost or valuation	
11 September 1990	44,422
Amounts written off	(4,907)
9 September 1991	<u>39,515</u>

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 9 September 1991 (continued)

9. FIXED ASSET INVESTMENTS (continued)  
- COMPANY

	Subsidiary undertakings £	Undertaking in which a participating interest is held £	Other investments £	Total £
Cost				
11 September 1990	73,195	247,810	44,422	365,427
Amounts written off	-	-	(4,907)	(4,907)
9 September 1991	<u>73,195</u>	<u>247,810</u>	<u>39,515</u>	<u>360,520</u>
			1991 £	1990 £
Investments listed on a recognised stock exchange (group and company)			<u>38,162</u>	<u>43,069</u>
Market value			<u>52,443</u>	<u>40,006</u>

The company owns more than 10% of the share capital of the following companies:

Name	Nature of business	Shares held Class Percentage
Subsidiary undertaking		
Cityclever Limited	Non-trading	Ordinary 100%
Pricestock Limited	Wool merchants	Ordinary 100%
Edgar H. Wilson Limited	Wool merchants	Ordinary 100%
		Preference 100%
Participating interests		
East Parade Wools Limited	Wool merchants	Ordinary 33 1/3%

All the above companies are registered in England. East Parade Wools Limited, previously an associated undertaking, has been regarded by the directors as an undertaking in which a participating interest is held, within the meaning of Section 21 of the Companies Act 1989, since 10 September 1990. The capital and reserves and result for the last financial year of this undertaking was:

	£
Capital and reserves	<u>964,597</u>
Profit retained for the year	<u>7,287</u>

The proportion of capital and reserves of this undertaking applicable to participating interests outside the group at 9 September 1991 amounted to £643,065 (1990: £638,206).

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 9 September 1991 (continued)

10. STOCKS	Group		Company	
	1991 £	1990 £	1991 £	1990 £
Goods for resale	<u>6,409,715</u>	<u>4,673,784</u>	<u>5,889,445</u>	<u>3,678,154</u>
11. DEBTORS	£	£	£	£
Trade debtors	4,250,609	3,601,364	3,608,866	2,686,619
Amounts owed by subsidiary undertakings	-	-	213,090	794,670
Other debtors	125,791	32,374	43,405	32,374
Prepayments and accrued income	37,939	33,114	37,902	33,114
Advanced corporation tax recoverable	38,889	-	5,113	-
	<u>4,453,228</u>	<u>3,666,852</u>	<u>3,908,376</u>	<u>3,546,777</u>
Amounts falling due after more than one year and included in the debtors above are:				
	£	£	£	£
Other debtors	9,695	9,695	9,695	9,695
Advanced corporation tax recoverable	38,889	-	5,113	-
	<u>48,584</u>	<u>9,695</u>	<u>14,808</u>	<u>9,695</u>
12. CREDITORS: amounts falling due within one year	Group		Company	
	1991 £	1990 £	1991 £	1990 £
Other loans	166,360	219,857	166,360	219,857
Bank loans and overdrafts	1,015,338	1,955,009	1,015,338	1,021,248
Trade creditors	3,429,101	2,406,088	3,041,005	2,215,358
Amounts owed to subsidiary undertakings	-	-	346,877	362,098
Amount owed to undertaking in which company has a participating interest	-	-	453,862	1,082,479
Corporation tax payable	178,318	183,387	148,205	121,974
Other taxes and social security	191,233	173,305	183,155	154,061
Advance corporation tax payable	38,889	-	5,113	-
Other accruals	811,492	642,824	753,015	565,898
Proposed dividend	50,000	-	50,000	-
Dividend to minority shareholders	66,666	-	-	-
	<u>5,947,397</u>	<u>5,580,470</u>	<u>6,162,930</u>	<u>5,742,973</u>

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 9 September 1991 (continued)

## 13. PROVISIONS FOR LIABILITIES AND CHARGES

	Group		Company	
	1991	1990	1991	1990
	£	£	£	£
Provision against forward commitments	50,000	50,000	50,000	50,000

## 14. DEFERRED TAXATION

There is no potential liability to deferred taxation at the balance sheet date in respect of accelerated capital allowances and other timing differences (1990 - £Nil). There is a potential liability for both the group and the company in respect of a capital gain on the disposal of a property deferred by roll over relief of £41,000 (1990 - £41,000). This has not been provided for as it is not the directors intention to dispose of the property without a replacement being purchased.

## 15. SHARE CAPITAL

Authorised and allotted share capital	Authorised		Allotted, called up and fully paid	
	1991	1990	1991	1990
	Number	Number	£	£
£1 ordinary	1,000,000	1,000,000	292,740	292,740

16. RESERVES  
- GROUP

	Share premium account £	Capital reserve £	Profit and loss account £
10 September 1990, previously reported	65,309	17,263	4,240,635
Prior year adjustments arising from a change in accounting policies relating to consolidation	-	(304)	6,700
10 September 1990, as restated	65,309	16,459	4,247,335
Profit for the year	-	-	306,247
	65,309	16,459	4,553,582



NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 9 September 1991 (continued)

16. RESERVES (continued)  
- COMPANY

	Share premium account £	Profit and loss account £
11 September 1990	65,309	3,931,365
Profit for the year	-	304,668
9 September 1991	<u>65,309</u>	<u>4,236,033</u>

17. FINANCIAL COMMITMENTS

The group is committed to payments totalling £14,000 (1990: £12,938) within the next twelve months under an operating lease expiring between two and five years after the balance sheet date.

Pension obligations:

The group operates a defined contribution scheme for the provision of retirement benefits to employees. The assets of the scheme are held separately from those of the group in an independently administered fund. Contributions to the scheme are based on independent actuarial advice. The pension cost charge (see note 20) represents contributions payable to the scheme by the group in respect of the accounting period. No contributions were owing to the fund at the year end (1990: £nil).

18. CONTINGENT LIABILITIES

The company has given guarantees to German banks amounting to DM 429,198 in respect of monies advanced on preferential terms to its customers for payment of their debts for goods supplied in the normal course of business against 90 day commercial drafts. These debts are recoverable under the firm's credit insurance policy for the original sales contracts.

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 9 September 1991 (continued)

## 19. DIRECTORS

## a) Emoluments

	1991 £	1990 £
Directors' emoluments amounted to:		
Remuneration as executives	462,096	454,748
Pension scheme contributions	246,718	230,521
	<u>708,814</u>	<u>685,269</u>

## b) Bandings

Emoluments disclosed above, excluding pension contributions, include amounts paid to:

	1991 £	1990 £
Highest paid director	115,454	116,207

Other directors' emoluments (excluding pension contributions) were in the following ranges:

	Number	Number
£20,001 - £25,000	-	1
£25,001 - £30,000	1	-
£40,001 - £45,000	-	1
£45,001 - £50,000	2	1
£110,001 - £115,000	2	1
£115,001 - £120,000	-	1

## c) Financial transactions with directors

Messrs. J Dawson, F R Dawson and A G Dawson have controlling interests in certain companies with which the group trades on a commercial basis in the normal course of business.

The volumes of trading in the year were:	1991 £	1990 £
Sales	<u>973,009</u>	<u>1,250,083</u>
Purchases	<u>3,405,062</u>	<u>6,416,366</u>
The balances owing at the end of the year were:		
Debtors	<u>542,956</u>	<u>13,807</u>
Creditors	<u>1,189,213</u>	<u>1,895,326</u>

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 9 September 1991 (continued)

## 20. EMPLOYEES

## a) Number of employees

The average weekly number of persons (including directors) employed by the company during the year was:

	1991 Number	1990 Number
Office and management	15	19
Sales and distribution	18	31
	<u>33</u>	<u>50</u>

## b) Employment costs

	£	£
Wages and salaries	804,859	817,316
Social security costs	74,670	84,764
Pension scheme contributions	300,000	275,000
Death in service benefit costs	100,000	-
	<u>1,279,529</u>	<u>1,177,080</u>