

H Dawson, Sons & Co (Wool) Limited

Directors' Report and Financial Statements

For the year ended 31 August 1997

Registered number: 274345



Directors' report

For the year ended 31 August 1997

Financial Statements

The directors present their report and financial statements for the year ended 31 August 1997.

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 group and the company 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company 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 group and 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 group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activities and review of the business

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

We are delighted with our results and that our sales turnover has increased, although this has been largely caused by increasing wool values in the year to August 1997. Since September to date wool prices particularly in Sterling terms, have fallen sharply, and therefore we will do very well to maintain our Sterling turnover and certainly do not expect to maintain profits at this year's level in the current year.

The retained profit for the year is £851,930 (1996: £571,553).

Post balance sheet events

The company's subsidiary, East Parade Wools Limited, went into members' voluntary liquidation on 3 November 1997.

Directors' report (continued)

For the year ended 31 August 1997

Directors

The directors during the year were as follows:

J Dawson
FR Dawson
AG Dawson
JN Cock
AP Halliday (resigned 31 December 1996)
JG Moulson

Directors' interests in shares

The table below sets out the names of the persons who were directors of the company at 31 August 1997 together with details of their, and their families, interests in the shares of the company at that date and corresponding details at 31 August 1996. The interests are beneficial unless otherwise stated.

	£1 Ordinary shares	
	1997	1996
J Dawson (note 1)	82,029	78,417
FR Dawson	54,686	52,278
AG Dawson (note 2)	82,026	78,417
JN Cock	13,479	12,886
JG Moulson	13,479	12,886

Note 1 Includes 27,343 (1996: 26,139) shares as trustee

Note 2 Includes 26,389 (1996: 25,224) shares as trustee

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 31 August 1997, together with corresponding details at 31 August 1996, are set out below.

	£1 Ordinary shares	
	1997	1996
J Dawson*	20,330	20,000
FR Dawson*	20,330	20,000
AG Dawson*	20,330	20,000
JN Cock	2,258	2,222
JG Moulson	2,258	2,222

* Indicates a director of East Parade Wools Limited

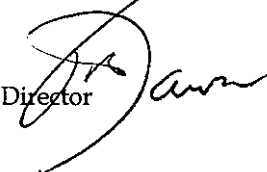
Directors' report (continued)

For the year ended 31 August 1997

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that 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 15 January 1998.


Director

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

We have audited the financial statements on pages 5 to 22 which have been prepared under the historical cost convention and the accounting policies set out on pages 9 and 10.

Respective responsibilities of directors and auditors

As described on page 1 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.

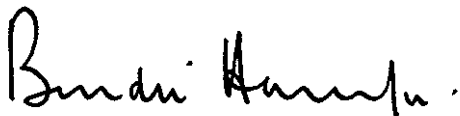
Basis of opinion

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 affairs of the company and the group's affairs as at 31 August 1997 and of the group's profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants
Registered Auditors

2 April 1998

Group profit and loss account

For the year ended 31 August 1997

	Notes	1997 £	1996 £
Turnover	2	46,641,517	40,133,723
Change in stocks of finished goods		1,073,106	(875,460)
Other operating income		233,652	235,336
		<u>47,948,275</u>	<u>39,493,599</u>
Raw materials and consumables		(38,879,888)	(32,135,354)
Other external charges		(5,223,660)	(4,419,197)
Staff costs	18	(1,376,641)	(1,085,599)
Depreciation and amounts written off investments		(81,017)	(74,701)
Other operating charges		<u>(837,711)</u>	<u>(801,889)</u>
Operating profit	4	1,549,358	976,859
Income from property		90,000	88,129
Income from listed investments		5,138	4,570
Interest payable less interest receivable	3	<u>(249,952)</u>	<u>(256,428)</u>
Profit on ordinary activities before taxation		1,394,544	813,130
Tax on profit on ordinary activities	5	<u>(497,704)</u>	<u>(178,996)</u>
Profit on ordinary activities after taxation		896,840	634,134
Profit applicable to participating interests outside the group		<u>(44,910)</u>	<u>(62,581)</u>
Retained profit for the year	14	<u>851,930</u>	<u>571,553</u>

There are no recognised gains and losses other than the profit for the year.

On 3 November 1997, the company's subsidiary undertaking went into a members' voluntary liquidation. This has had no material effect on the continuing activities of the group. There were no acquisitions in the year.

The accompanying notes are an integral part of this profit and loss account.

Group balance sheet

31 August 1997

	Notes	1997 £	1996 £
Fixed assets			
Intangible assets			
- goodwill		1	1
Tangible assets	7	577,653	566,331
Investments	8	99,164	97,763
		<u>676,818</u>	<u>664,095</u>
Current assets			
Stocks	9	9,476,118	8,403,012
Debtors	10	9,690,920	9,058,189
Cash at bank and in hand		65,029	243,942
		<u>19,232,067</u>	<u>17,705,143</u>
Creditors: amounts falling due within one year	11	<u>(11,115,537)</u>	<u>(10,472,730)</u>
Net current assets		<u>8,116,530</u>	<u>7,232,413</u>
Total assets less current liabilities		<u>8,793,348</u>	<u>7,896,508</u>
Net assets		<u>8,793,348</u>	<u>7,896,508</u>
Capital and reserves			
Called up share capital	13	292,740	292,740
Share premium account	14	65,309	65,309
Capital reserve	14	16,459	16,459
Profit and loss account	14	7,430,704	6,578,774
Shareholders' funds (all equity)	15	<u>7,805,212</u>	<u>6,953,282</u>
Minority interest (all equity)		<u>988,136</u>	<u>943,226</u>
		<u>8,793,348</u>	<u>7,896,508</u>

The accompanying notes are an integral part of this balance sheet.

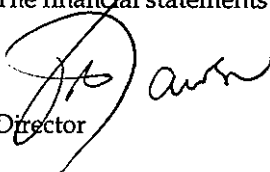
Company balance sheet

31 August 1997

	Notes	1997 £	1996 £
Fixed assets			
Intangible assets			
- goodwill		1	1
Tangible assets	7	577,653	566,331
Investments	8	349,152	345,573
		<u>926,806</u>	<u>911,905</u>
Current assets			
Stocks	9	8,907,588	7,784,756
Debtors	10	8,656,271	8,061,630
Cash at bank and in hand		65,029	243,942
		<u>17,628,888</u>	<u>16,090,328</u>
Creditors: amounts falling due within one year	11	(10,996,860)	(10,272,577)
Net current assets		<u>6,632,028</u>	<u>5,817,751</u>
Total assets less current liabilities		<u>7,758,734</u>	<u>6,729,656</u>
Net assets		<u>7,558,834</u>	<u>6,729,656</u>
Capital and reserves			
Called up share capital	13	292,740	292,740
Share premium account	14	65,309	65,309
Profit and loss account	14	7,200,785	6,371,607
		<u>7,558,834</u>	<u>6,729,656</u>

The accompanying notes are an integral part of this balance sheet.

The financial statements on pages 5 to 22 were approved by the Board on 15 January 1998.


Director

Group cash flow statement

For the year ended 31 August 1997

	Notes	1997 £	1996 £
Net cash (outflow)/inflow from operating activities	19	(615,503)	760,581
Returns on investments and servicing of finance	20	(252,038)	(194,367)
Taxation	20	(208,401)	(38,618)
Capital expenditure and financial investment	20	(93,740)	(67,838)
Cash (outflow)/inflow before management of liquid resources and financing		(1,169,682)	459,758
Financing	21	(139,181)	1,165,643
(Decrease)/increase in cash in the year	21	<u>(1,308,863)</u>	<u>1,625,401</u>

Notes 19, 20 and 21 are an integral part of this group cash flow statement.

Notes to the financial statements

1 Accounting policies

a) *Accounting convention*

The financial statements are prepared under the historical cost convention.

b) *Consolidation*

The consolidated accounts comprise the accounts of the company and its subsidiary undertaking made up to 31 August. The goodwill arising on consolidation has been dealt with as part of the group reserves.

The company has not presented its own profit and loss account as permitted by Section 230 Companies Act 1985.

c) *Tangible fixed assets and depreciation*

Tangible fixed assets are stated at cost less accumulated 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	10 years
Motor cars	4 years
Motor lorries	3 years
Office equipment	4 years
Fixtures and fittings	4 years
Computer equipment	5 years

d) *Investments*

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

e) *Stocks*

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

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

f) *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.

Notes to the financial statements (continued)

g) 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.

h) Foreign currencies

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date except where matched with forward exchange contracts. Transactions in foreign currencies are recorded at the rate of exchange 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.

i) Pension costs

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

j) Leases

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

K) 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 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.

Notes to the financial statements (continued)

3 Interest payable less interest receivable

	1997	1996
	£	£
Other interest payable	2,036	-
Payable on bank loans, overdrafts and other loans repayable within five years	358,131	348,509
Receivable from short-term deposits	(9,618)	(3,246)
Other interest receivable	(100,597)	(88,835)
	<u>249,952</u>	<u>256,428</u>

4 Operating profit

is stated after charging or (crediting):

	1997	1996
	£	£
Fees to auditors		
- audit	21,150	23,000
- other	20,500	14,150
Operating lease rentals		
- plant and machinery	19,115	19,364
Depreciation: owned fixed assets	91,138	84,912
Profit on sale of fixed asset and listed investments	<u>(10,121)</u>	<u>(15,016)</u>

5 Taxation

	1997	1996
	£	£
UK current year taxation		
UK Corporation tax	456,157	167,741
Tax credits on franked investment income	1,028	914
	<u>457,185</u>	<u>168,655</u>
Prior year adjustment		
UK Corporation tax	<u>40,519</u>	<u>10,341</u>
Tax on profit on ordinary activities	<u>497,704</u>	<u>178,996</u>

Notes to the financial statements (continued)

6 Profit for the year

The amount of profit for the year attributable to the parent company which has been dealt with in these accounts is £829,178 (1996: £540,238).

7 Tangible fixed assets

- Group and company

	Freehold land and buildings £	Plant and machinery £	Fixtures and fittings £	Vehicles £	Total £
Cost					
1 September 1996	495,178	73,378	172,647	443,274	1,184,477
Additions	-	-	81,589	35,450	117,039
Disposals	-	-	(37,354)	(58,376)	(95,730)
31 August 1997	<u>495,178</u>	<u>73,378</u>	<u>216,882</u>	<u>420,348</u>	<u>1,205,786</u>
Depreciation					
1 September 1996	74,659	58,130	161,337	324,020	618,146
Provision for the year	8,304	2,144	23,026	57,664	91,138
Disposals	-	-	(37,348)	(43,803)	(81,151)
31 August 1997	<u>82,963</u>	<u>60,274</u>	<u>147,015</u>	<u>337,881</u>	<u>628,133</u>
Net book value					
31 August 1997	<u>412,215</u>	<u>13,104</u>	<u>69,867</u>	<u>82,467</u>	<u>577,653</u>
31 August 1996	<u>420,519</u>	<u>15,248</u>	<u>11,310</u>	<u>119,254</u>	<u>566,331</u>

The cost of freehold buildings on which depreciation is charged amounted to £415,178 (1996: £415,178).

Notes to the financial statements (continued)

7 Tangible fixed assets (continued)

The net book values of land and buildings comprise:

	1997 £	1996 £
Freehold land	80,000	80,000
Freehold buildings	332,215	340,519
	<u>412,215</u>	<u>420,519</u>

8 Fixed asset investments

- Group

	£
Cost	
1 September 1996	112,066
Additions	1,401
31 August 1997	<u>113,467</u>
Provision for permanent diminution in value	
1 September 1996 and 31 August 1997	<u>14,303</u>
Net book value	
31 August 1997	<u>99,164</u>
31 August 1996	<u>97,763</u>

Notes to the financial statements (continued)

8 Fixed assets investments (continued)

- Company

	Subsidiary undertaking £	Other investments £	Total £
Cost			
1 September 1996	247,810	112,066	359,876
Additions	2,178	1,401	3,579
31 August 1997	<u>249,988</u>	<u>113,467</u>	<u>363,455</u>
Provision for permanent diminution in value			
1 September 1996 and 31 August 1997	-	14,303	14,303
Net book value			
31 August 1997	<u>249,988</u>	<u>99,164</u>	<u>349,152</u>
31 August 1996	<u>247,810</u>	<u>97,763</u>	<u>345,573</u>

The amount of UK listed investments in other investments was as follows:

	Group And Company	
	1997	1996
	£	£
Book value	<u>95,779</u>	<u>95,136</u>
Market value	<u>205,229</u>	<u>175,192</u>

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

Name	Country of incorporation or registration	Nature of business	Shares held	
			Class	Percentage
Subsidiary undertaking				
East Parade Wools Limited	England and Wales	Wool merchants	Ordinary	33.88%

The group exerts a dominant influence over East Parade Wools Limited thereby satisfying the definition of a subsidiary undertaking in section 258 Companies Act 1985.

Notes to the financial statements (continued)

9 Stocks

	Group		Company	
	1997	1996	1997	1996
	£	£	£	£
Goods for resale	<u>9,476,118</u>	<u>8,403,012</u>	<u>8,907,588</u>	<u>7,784,756</u>

10 Debtors

	Group		Company	
	1997	1996	1997	1996
	£	£	£	£
Amounts owed by subsidiary undertaking	-	-	953,735	373,804
Trade debtors	9,464,133	8,985,183	7,477,927	7,614,820
Other debtors	97,903	710	95,725	710
Prepayments and accrued income	128,884	57,000	128,884	57,000
ACT recoverable	-	15,296	-	15,296
	<u>9,690,920</u>	<u>9,058,189</u>	<u>8,656,271</u>	<u>8,061,630</u>

11 Creditors: amounts falling due within one year

	Group		Company	
	1997	1996	1997	1996
	£	£	£	£
Provision against losses on forward contracts and currency contracts	223,685	212,078	223,685	212,078
Other loans	2,586,295	1,802,722	2,537,541	1,802,722
Bank loans and overdrafts	2,160,307	1,953,111	2,160,307	1,950,856
Trade creditors	5,360,233	5,598,673	5,336,269	5,545,904
Corporation tax payable	453,720	179,713	413,296	138,484
Other taxes and social security	32,603	69,341	32,270	59,828
Other accruals and deferred income	298,694	657,092	293,492	562,705
	<u>11,115,537</u>	<u>10,472,730</u>	<u>10,996,860</u>	<u>10,272,577</u>

Notes to the financial statements (continued)

12 Deferred taxation

No potential liability to deferred taxation exists at the balance sheet date in respect of timing differences arising in the course of the company's ordinary activities.

There is a potential liability in respect of a capital gain on the disposal of a property deferred by roll-over relief of £38,515 (1996: £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.

The unprovided potential deferred tax is made up as follows:

	1997 £	1996 £
Accelerated capital allowances	(25,532)	(25,406)
Rolled over gains	38,515	41,000
	<u>12,983</u>	<u>15,594</u>

13 Share capital

	Number	£
(1) Authorised		
£1 Ordinary shares		
1 September 1996 and 31 August 1997	<u>1,000,000</u>	<u>1,000,000</u>
(2) Allotted and fully paid		
£1 Ordinary shares		
1 September 1996 and 31 August 1997	<u>292,740</u>	<u>292,740</u>

Notes to the financial statements (continued)

14 Reserves

- Group

	Share premium account £	Capital reserve £	Profit and loss account £
1 September 1996	65,309	16,459	6,578,774
Profit for the year	-	-	851,930
31 August 1997	<u>65,309</u>	<u>16,459</u>	<u>7,430,704</u>

- Company

	Share premium account £	Profit and loss account £
1 September 1996	65,309	6,371,607
Profit for the year	-	829,178
31 August 1997	<u>65,309</u>	<u>7,200,785</u>

15 Reconciliation of movements in equity shareholders' funds

	1997 £	1996 £
Profit on ordinary activities after taxation	851,930	571,553
Net addition to equity shareholders' funds	851,930	571,553
Opening equity shareholders' funds	6,953,282	6,381,729
Closing equity shareholders' funds	<u>7,805,212</u>	<u>6,953,282</u>

16 Financial commitments

Leases

The group is committed to payments totalling £28,845 (1996: 20,000) within the next twelve months under an operating lease expiring between two and five years after the balance sheet date.

Notes to the financial statements (continued)

16 Financial commitments (continued)

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 18) represents contributions payable to the scheme by the group in respect of the accounting year. No contributions were owing to the fund at the year end (1996: nil).

17 Directors

(1) Remuneration

The remuneration of the directors was as follows:

	1997	1996
	£	£
Emoluments	671,914	464,055
Amounts receivable under long-term incentive schemes	-	-
Company contributions to money purchase pension schemes	74,000	39,000
	<u>745,914</u>	<u>503,055</u>

(2) Pensions

The number of directors who were members of pension schemes was as follows:

	1997	1996
	£	£
Money purchase schemes	<u>6</u>	<u>6</u>

(3) Highest paid director

The above amounts for remuneration include the following in respect of the highest paid director:

	1997	1996
	£	£
Emoluments	<u>184,831</u>	<u>82,469</u>

Notes to the financial statements (continued)

18 Employees

(1) Number of employees

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

	1997 Number	1996 Number
Office and management	20	19
Sales and distribution	16	20
	<u>36</u>	<u>39</u>

(2) Employment costs

	1997 £	1996 £
Wages and salaries	1,144,506	928,119
Social security costs	111,973	87,318
Pension scheme contributions	120,000	70,000
Death in service benefit	162	162
	<u>1,376,641</u>	<u>1,085,599</u>

19 Reconciliation of operating profit to operating cash flows

	1997 £	1996 £
Operating profit	1,549,358	976,859
Depreciation charges	91,138	89,717
Profit on sale of tangible fixed assets	(10,121)	(15,016)
(Increase) decrease in stocks	(1,073,106)	875,460
Increase in debtors	(648,027)	(1,708,316)
(Decrease) increase in creditors	(524,745)	541,877
Net cash (outflow) inflow from operating activities	<u>(615,503)</u>	<u>760,581</u>

Net cash inflow from operating activities arises solely from continuing operating activities.

Notes to the financial statements (continued)

20 Analysis of cash flows

	1997 £	1996 £
<i>Returns on investment and servicing on finance</i>		
Interest received	10,461	92,193
Interest paid	(357,637)	(381,342)
Dividends received	5,138	4,570
Rents received	90,000	90,212
Net cash outflow	<u>(252,038)</u>	<u>(194,367)</u>
<i>Taxation</i>		
UK corporation tax paid	<u>(208,401)</u>	<u>(38,618)</u>
<i>Capital expenditure and financial investment</i>		
Purchase of tangible fixed assets	(117,039)	(99,207)
Purchase of fixed asset investments	(1,401)	(5,156)
Sale of tangible fixed assets	24,700	36,525
Net cash outflow	<u>(93,740)</u>	<u>(67,838)</u>

Notes to the financial statements (continued)

21 Analysis and reconciliation of net debt

	1 September 1996	Cash flow	31 August 1997
	£	£	£
Cash in hand, at bank	243,942	(178,913)	65,029
Overdrafts	(954,211)	(1,129,950)	(2,084,161)
	(710,269)	(1,308,863)	(2,019,132)
Debt due within 1 year	(2,801,622)	139,181	(2,662,441)
Net debt	<u>(3,511,891)</u>	<u>(1,169,682)</u>	<u>(4,681,573)</u>

	1997 £	1996 £
(Decrease) increase in cash in the year	(1,308,863)	1,625,401
Cash outflow (inflow) from decrease (increase) in debt financing	139,181	(1,165,643)
Movement in net debt in year	(1,169,682)	459,758
Net debt at 1 September 1996	(3,511,891)	(3,971,649)
Net debt 31 August 1997	<u>(4,681,573)</u>	<u>(3,511,891)</u>

22 Transactions with related parties

In the normal course of its business, H Dawson Sons & Co (Wool) Limited trades on a commercial basis with companies to which, in the opinion of the directors, it is considered to be related within the definitions laid down by the Accounting Standards Board in FRS8, by virtue of shareholders of H Dawson Sons & Co (Wool) Limited, together with their associates, owning or controlling in excess of 20 per cent of the voting rights of the issued share capital of that company and one or more of those companies to which it is considered to be related. Particulars of those companies are:

Name	Country of incorporation or registration	Nature of business
Norman Fieldhouse Limited	England and Wales	Wool merchants
William Willans Limited	England and Wales	Wool merchants
H Dawson Sons & Co (Topmakers) Limited	England and Wales	Wool merchants
Wool Warehouses Limited	England and Wales	Wool sorters, distributors, warehouses and merchants
H Dawson Sons & Co (Wool) New Zealand Limited	England and Wales	Wool merchants
H Dawson Sons & Co (South Africa) Limited	South Africa	Wool merchants

Notes to the financial statements (continued)

All transactions between these companies and H Dawson Sons & Co (Wool) Limited relate to the company's principal activity as wool merchants. The nature of these transactions, together with the volumes of trading in the year, were:

	1997 £	1996 £
Wool supplies		
Sales	3,588,913	2,822,056
Purchases	3,693,999	2,831,826
Supplies of services		
Sales	261,706	128,488
Purchases	266,859	185,436

At 31 August 1997 the balances outstanding between H Dawson Sons & Co (Wool) Limited and these companies as a result of inter-company trading were:

	1997 £	1996 £
Creditor	552,187	179,716
Debtor	903,033	469,960

During this year, H Dawson Sons & Co (Wool) Limited received advances totalling £696,655 (1996: £840,306) from Norman Fieldhouse Limited to meet part of the working capital requirements of its business as wool merchants. No security has been given for these advances, and interest has been charged by the lender at a margin of 1 per cent over the bank base rate prevailing from time to time over their duration. Interest charged for this period of accounts amounted to £43,329 (1996: £54,217). At 31 August 1997, the balance outstanding in respect of these advances, including accrued interest, was £715,999 (1996: £862,373). Within the definitions laid down by the Accounting Standards Board in FRS8, H Dawson Sons & Co (Wool) Limited is also considered to be related to the H Dawson Sons & Co (Wool) Limited Executive Pension Scheme, by virtue of the significant influence exercised over both entities by Messrs J Dawson, F R Dawson and A G Dawson in their joint capacities as directors of the company and the trustees of the Scheme. During the year, H Dawson Sons & Co (Wool) Limited received advances totalling £436,000 (1996: £365,000) for the purpose of meeting working capital requirements as a wool merchant. No security was given for these advances, and interest was charged by the scheme at a margin of 3 per cent over the bank base rate prevailing from time to time over their duration. Interest charged in this year amounted to £19,551 (1996: £31,625). These advances were repaid in full before the balance sheet date.