

REGISTRARS

H DAWSON, SONS & CO (WOOL) LIMITED

**DIRECTORS' REPORT AND
FINANCIAL STATEMENTS**

for the year ended 31 August 1995



BINDER HAMLYN

Company number 274345

H DAWSON, SONS & CO (WOOL) LIMITED

DIRECTORS

J Dawson
FR Dawson
AG Dawson
JN Cock
AP Halliday
JG Moulson

SECRETARY

KG Gillow

REGISTERED OFFICE

Cheapside Chambers
43 Cheapside
Bradford BD1 4HP

AUDITORS

Binder Hamlyn
St Paul's House
Park Square
Leeds LS1 2PJ

H DAWSON, SONS & CO (WOOL) LIMITED

DIRECTORS' REPORT for the year ended 31 August 1995

FINANCIAL STATEMENTS

The directors present their report and financial statements for the year ended 31 August 1995.

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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 AND REVIEW OF THE BUSINESS

The principal activity of the group is that of wool merchants. Due to rising wool prices in the first part of the period covered by these accounts, sales turnover has again increased appreciably, whereas we have only maintained our volume turnover. If the present low wool prices are maintained into 1996, we expect our current year turnover to fall appreciably in monetary terms.

We consider our results to be satisfactory in a very difficult trading environment and the indications are the current year will be equally difficult.

RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £482,953. An interim dividend of 34.16p per share on the issued ordinary share capital, amounting to £100,000 has been paid and the directors do not recommend the payment of a final dividend. A profit of £382,953 will be added to reserves.

FIXED ASSETS

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

OVERSEAS BRANCHES

During the year a second representative office was opened in China.

H DAWSON, SONS & CO (WOOL) LIMITED

DIRECTORS' REPORT for the year ended 31 August 1995

DIRECTORS

The directors during the year were as follows:-

J Dawson
FR Dawson
AG Dawson
JN Cock
AP Halliday
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 1995 together with details of their, and their families, interests in the shares of the company at that date and corresponding details at 31 August 1994. The interests are beneficial unless otherwise stated.

| | £1 Ordinary Shares | |
|---------------------|--------------------|--------|
| | 1995 | 1994 |
| 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 (1994: 44,970) shares as trustee

Note 2 Includes 25,224 (1994: 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 1995, together with corresponding details at 31 August 1994, are set out below.

| | £1 Ordinary Shares | |
|-------------|--------------------|--------|
| | 1995 | 1994 |
| J Dawson* | 20,000 | 20,000 |
| FR Dawson* | 20,000 | 20,000 |
| AG Dawson* | 20,000 | 20,000 |
| JN Cock | 2,222 | 2,222 |
| AP Halliday | 2,222 | 2,222 |
| JG Moulson | 2,222 | 2,222 |

* Indicates a director of East Parade Wools Limited.

H DAWSON, SONS & CO (WOOL) LIMITED

DIRECTORS' REPORT
for the year ended 31 August 1995

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 19 January 1996.

A handwritten signature in dark ink, appearing to read 'J. Dawson', is written above the title 'Director'.

Director

BINDER HAMLYN

St Paul's House Park Square
Leeds LS1 2PJ

AUDITORS' REPORT

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

We have audited the financial statements on pages 6 to 21 which have been prepared on the basis of the accounting policies set out on pages 10 and 11.

Respective responsibilities of directors and auditors

As described on page 2, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

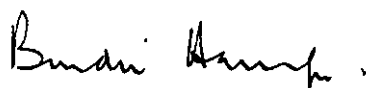
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's 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 and the group's affairs as at 31 August 1995 and of the group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants
Registered Auditors

23 February 1996

H DAWSON, SONS & CO (WOOL) LIMITED

GROUP PROFIT AND LOSS ACCOUNT for the year ended 31 August 1995

| | Notes | 1995 | 1994 |
|--|-------|-------------------|--------------|
| | | £ | £ |
| Turnover | 2 | 39,903,566 | 32,896,816 |
| Change in stocks of finished goods | | (158,315) | 4,696,344 |
| Other operating income | | 190,633 | 139,539 |
| | | 39,935,884 | 37,732,699 |
| Raw materials and consumables | | (32,634,900) | (30,573,969) |
| Other external charges | | (4,428,393) | (4,298,125) |
| Staff costs | 20 | (997,735) | (1,174,182) |
| Depreciation and amounts written off investments | | (46,081) | (94,111) |
| Other operating charges | | (925,325) | (714,645) |
| Operating profit | 4 | 903,450 | 877,667 |
| Income from property | | 35,000 | 30,000 |
| Income from listed investments | | 4,017 | 3,654 |
| Interest payable less interest receivable | 3 | (348,140) | (112,499) |
| Profit on ordinary activities before taxation | | 594,327 | 798,822 |
| Tax on profit on ordinary activities | 5 | (36,101) | (257,074) |
| Profit on ordinary activities after taxation | | 558,226 | 541,748 |
| Profit applicable to participating interests outside the group | | (75,273) | (81,443) |
| Profit applicable to the group | | 482,953 | 460,305 |
| Dividend | 7 | (100,000) | (100,000) |
| Retained profit for the year applicable to the group | 16 | 382,953 | 360,305 |

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

All of the above results derive from continuing activities and there were no acquisitions in the year.

H DAWSON, SONS & CO (WOOL) LIMITED

GROUP BALANCE SHEET as at 31 August 1995

| | Notes | 1995 | 1994 |
|---|-------|---------------------|--------------------|
| | | £ | £ |
| FIXED ASSETS | | | |
| Intangible assets | | | |
| - goodwill | | 1 | 1 |
| Tangible assets | 8 | 573,545 | 602,622 |
| Investments | 9 | 97,412 | 79,298 |
| | | 670,958 | 681,921 |
| CURRENT ASSETS | | | |
| Stocks | 10 | 9,278,472 | 9,436,787 |
| Debtors | 11 | 7,358,387 | 4,877,209 |
| Cash at bank and in hand | | 43,940 | 271,424 |
| | | 16,680,799 | 14,585,420 |
| CREDITORS: amounts falling due within one year | 12 | (10,089,383) | (8,413,193) |
| Net current assets | | 6,591,416 | 6,172,227 |
| Total assets less current liabilities | | 7,262,374 | 6,854,148 |
| PROVISIONS FOR LIABILITIES AND CHARGES | 13 | - | (50,000) |
| Net assets | | 7,262,374 | 6,804,148 |
| CAPITAL AND RESERVES | | | |
| 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 | 6,007,221 | 5,624,268 |
| Shareholders' funds (all equity) | 17 | 6,381,729 | 5,998,776 |
| Minority interest (all equity) | | 880,645 | 805,372 |
| | | 7,262,374 | 6,804,148 |

The financial statements on pages 6 to 21 were approved by the Board on 19 January 1996.

JD am

Director

H Dawson

H DAWSON, SONS & CO (WOOL) LIMITED

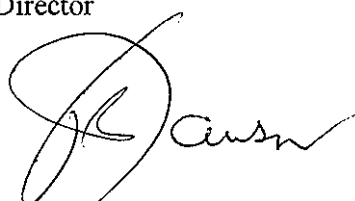
BALANCE SHEET as at 31 August 1995

| | | 1995 | 1994 |
|---|-------|--------------------|--------------------|
| | Notes | £ | £ |
| FIXED ASSETS | | | |
| Intangible assets | | | |
| - goodwill | | 1 | 1 |
| Tangible assets | 8 | 573,545 | 602,622 |
| Investments | 9 | 345,222 | 327,108 |
| | | 918,768 | 929,731 |
| CURRENT ASSETS | | | |
| Stocks | 10 | 8,779,048 | 9,141,347 |
| Debtors | 11 | 6,372,012 | 4,328,010 |
| Cash at bank and in hand | | 43,688 | 271,424 |
| | | 15,194,748 | 13,740,781 |
| CREDITORS: amounts falling due within one year | 12 | (9,924,098) | (8,776,427) |
| Net current assets | | 5,270,650 | 4,964,354 |
| Total assets less current liabilities | | 6,189,418 | 5,894,085 |
| PROVISIONS FOR LIABILITIES AND CHARGES | 13 | - | (50,000) |
| Net assets | | 6,189,418 | 5,844,085 |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 15 | 292,740 | 292,740 |
| Share premium account | 16 | 65,309 | 65,309 |
| Profit and loss account | 16 | 5,831,369 | 5,486,036 |
| Shareholders' funds (all equity) | | 6,189,418 | 5,844,085 |

The financial statements on pages 6 to 21 were approved by the Board on 19 January 1996.



Director



H DAWSON, SONS & CO (WOOL) LIMITED

CASH FLOW STATEMENT for the year ended 31 August 1995

| | Notes | 1995 | 1994 |
|--|-------|-------------|-------------|
| | | £ | £ |
| Outflow from operating activities | 21 | (1,522,497) | (2,070,762) |
| Returns on investments and servicing of finance | | | |
| Dividends received: | | | |
| Quoted equities | | 4,017 | 3,654 |
| Dividends paid | | (100,000) | (100,000) |
| Interest received | | 94,200 | 80,267 |
| Interest paid | | (379,521) | (177,576) |
| Rents received | | 35,000 | 30,000 |
| Net cash outflow from returns on investments and servicing of finance | | (346,304) | (163,655) |
| Taxation | | | |
| UK Corporation tax paid (including advance corporation tax) | | (592,829) | (235,886) |
| Tax paid | | (592,829) | (235,886) |
| Investing activities | | | |
| Receipts from disposal of investments | | 215 | 326 |
| Payments to acquire tangible fixed assets | | (66,077) | (165,984) |
| Payments to acquire investments | | (206) | (1,839) |
| Receipts from sales of tangible fixed assets | | 30,949 | 46,200 |
| Net cash outflow from investing activities | | (35,119) | (121,297) |
| Net cash outflow before financing | | (2,496,749) | (2,591,600) |
| Financing | | | |
| Repayment of amounts borrowed | | - | 1,662,686 |
| Net cash outflow from financing | | - | 1,662,686 |
| Decrease in cash and cash equivalents | 21 | (2,496,749) | (4,254,286) |
| | | (2,496,749) | (2,591,600) |

1 ACCOUNTING POLICIES

Accounting convention

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

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.

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 |

Investments

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

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.

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.

1 ACCOUNTING POLICIES *continued*

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.

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 contract 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.

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 they are due.

Leases

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

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.

H DAWSON, SONS & CO (WOOL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

| | | | |
|----------|--|----------------|----------------|
| 3 | INTEREST PAYABLE LESS INTEREST RECEIVABLE | 1995 | 1994 |
| | | £ | £ |
| | Payable on bank loans, overdrafts and other loans repayable within five years | 442,637 | 191,175 |
| | Receivable from short-term deposits | (9,123) | (48,650) |
| | Other interest receivable | (85,374) | (30,026) |
| | | 348,140 | 112,499 |
| 4 | OPERATING PROFIT is stated after charging or (crediting): | | |
| | Fees to auditors | | |
| | - audit | 22,400 | 21,650 |
| | - other | 12,150 | 14,000 |
| | Operating lease rentals | | |
| | - plant and machinery | 16,060 | 15,962 |
| | Depreciation: owned fixed assets | 88,208 | 114,290 |
| | Amounts written (back)/off listed investments | (17,908) | 228 |
| | Profit on sale of fixed assets and listed investments | (24,219) | (20,407) |
| 5 | TAXATION | | |
| | UK current year taxation | | |
| | UK Corporation tax at 25% | 38,183 | 341,127 |
| | Tax credits on franked investment income | 760 | 690 |
| | Transfer from deferred taxation | - | (85,000) |
| | | 38,943 | 256,817 |
| | Prior year adjustment: | | |
| | UK Corporation tax | (2,842) | 257 |
| | Tax on profit on ordinary activities | 36,101 | 257,074 |

The current tax charge has been affected by the movement on the potential deferred tax asset (note 14).

6 PROFIT FOR THE YEAR

The amount of profit for the year attributed to the parent company which has been dealt with in these accounts is £445,333 (1994: £417,928).

H DAWSON, SONS & CO (WOOL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

7

DIVIDEND

1995
£

1994
£

Dividend on ordinary shares

Interim paid at 34.16p (1994: 34.16p) per share

100,000

100,000

8

TANGIBLE FIXED ASSETS

- GROUP AND COMPANY

Freehold
land and
buildings
£

Plant and
machinery
£

Fixtures
and
fittings
£

Vehicles
£

Total
£

Cost

1 September 1994

495,178

71,073

165,439

431,394

1,163,084

Additions

-

2,305

7,792

55,980

66,077

Disposals

-

-

(3,662)

(82,320)

(85,982)

31 August 1995

495,178

73,378

169,569

405,054

1,143,179

Depreciation

1 September 1994

58,051

53,842

148,662

299,907

560,462

Provision for the year

8,304

2,144

7,873

69,887

88,208

Disposals

-

-

(915)

(78,121)

(79,036)

31 August 1995

66,355

55,986

155,620

291,673

569,634

Net book value

31 August 1995

428,823

17,392

13,949

113,381

573,545

31 August 1994

437,127

17,231

16,777

131,487

602,622

The cost of freehold building on which depreciation is charged amounted to £415,178 (1994: £415,178).

The net book values of land and buildings comprise:

1995
£

1994
£

Freehold land

80,000

80,000

Freehold buildings

348,823

357,127

428,823

437,127

H DAWSON, SONS & CO (WOOL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

9 FIXED ASSET INVESTMENTS - GROUP

£

Cost

1 September 1994 106,704

Additions 206

31 August 1995 106,910

Provision for permanent diminution in value

1 September 1994 27,406

Released during the year (17,908)

31 August 1995 9,498

Net book value

31 August 1995 97,412

31 August 1994 79,298

- COMPANY

| | Subsidiary undertakings £ | Other investments £ | Total £ |
|--|---------------------------------|---------------------------|------------|
|--|---------------------------------|---------------------------|------------|

Cost

| | | | |
|------------------|---------|---------|---------|
| 1 September 1994 | 247,810 | 106,704 | 354,514 |
|------------------|---------|---------|---------|

| | | | |
|-----------|---|-----|-----|
| Additions | - | 206 | 206 |
|-----------|---|-----|-----|

| | | | |
|----------------|---------|---------|---------|
| 31 August 1995 | 247,810 | 106,910 | 354,720 |
|----------------|---------|---------|---------|

Provision for permanent diminution in value

| | | | |
|------------------|---|--------|--------|
| 1 September 1994 | - | 27,406 | 27,406 |
|------------------|---|--------|--------|

| | | | |
|--------------------------|---|----------|----------|
| Released during the year | - | (17,908) | (17,908) |
|--------------------------|---|----------|----------|

| | | | |
|----------------|---|-------|-------|
| 31 August 1995 | - | 9,498 | 9,498 |
|----------------|---|-------|-------|

Net book value

| | | | |
|----------------|---------|--------|---------|
| 31 August 1995 | 247,810 | 97,412 | 345,222 |
|----------------|---------|--------|---------|

| | | | |
|----------------|---------|--------|---------|
| 31 August 1994 | 247,810 | 79,298 | 327,108 |
|----------------|---------|--------|---------|

H DAWSON, SONS & CO (WOOL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

9 FIXED ASSET INVESTMENTS *continued* - COMPANY *continued*

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

| | Group and Company | |
|--------------|-------------------|---------|
| | 1995 | 1994 |
| | £ | £ |
| Book value | 78,058 | 77,944 |
| Market value | 139,215 | 113,751 |

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

| Name | Country of incorporation or registration | Nature of business | Share held | |
|---------------------------|---|-----------------------|------------|------------|
| | | | Class | Percentage |
| Subsidiary undertaking | | | | |
| East Parade Wools Limited | England and Wales | Wool merchants | Ordinary | 33⅓ |

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.

10 STOCKS

| | Group | | Company | |
|------------------|-----------|-----------|-----------|-----------|
| | 1995 | 1994 | 1995 | 1994 |
| | £ | £ | £ | £ |
| Goods for resale | 9,278,472 | 9,436,787 | 8,779,048 | 9,141,347 |

11 DEBTORS

| | | | | |
|---------------------------------------|-----------|-----------|-----------|-----------|
| Amount owed by subsidiary undertaking | - | - | 178,923 | - |
| Trade debtors | 7,173,965 | 4,647,733 | 6,008,667 | 4,098,534 |
| Other debtors | 103,305 | 181,068 | 103,305 | 181,068 |
| Prepayments and accrued income | 57,419 | 48,408 | 57,419 | 48,408 |
| ACT recoverable | 23,698 | - | 23,698 | - |
| | 7,358,387 | 4,877,209 | 6,372,012 | 4,328,010 |

H DAWSON, SONS & CO (WOOL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

12 CREDITORS: amounts falling due within one year

| | Group | | Company | |
|---|------------|-----------|-----------|-----------|
| | 1995 | 1994 | 1995 | 1994 |
| | £ | £ | £ | £ |
| Provision against losses on forward contracts and currency contracts | 217,110 | 543,965 | 217,110 | 543,965 |
| Other loans | 1,635,979 | 1,723,114 | 1,635,979 | 1,723,114 |
| Bank loans and overdrafts | 2,379,610 | 23,210 | 2,379,610 | 11,507 |
| Trade creditors | 5,214,340 | 5,042,179 | 5,199,672 | 4,981,339 |
| Amount owed to subsidiary undertaking | - | - | - | 636,415 |
| Corporation tax payable | 47,737 | 580,769 | 140 | 521,303 |
| Other taxes and social security | 47,306 | 40,858 | 37,793 | 28,221 |
| Other accruals and deferred income | 547,301 | 459,098 | 453,794 | 330,563 |
| | 10,089,383 | 8,413,193 | 9,924,098 | 8,776,427 |

13 PROVISIONS FOR LIABILITIES AND CHARGES

| | Group and Company Provision against forward commitments £ |
|--------------------------|--|
| 1 September 1994 | 50,000 |
| Released during the year | (50,000) |
| 31 August 1995 | - |

14 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 £41,000 (1994: £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.

H DAWSON, SONS & CO (WOOL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

14 DEFERRED TAXATION *continued*

The unprovided potential deferred tax asset is made up as follows:

| | Provided | | Potential | |
|--------------------------------|----------|------|-----------|-----------|
| | 1995 | 1994 | 1995 | 1994 |
| | £ | £ | £ | £ |
| Accelerated capital allowances | - | - | (24,606) | (28,166) |
| Rolled over gains | - | - | 41,000 | 41,000 |
| Short term timing differences | - | - | (61,893) | (199,238) |
| | - | - | (45,499) | (186,404) |

The potential deferred tax asset of £45,499 (1994: £186,404) arises principally in respect of provisions for future losses on wool contracts and unrealised currency gains taxable before such gains are credited in the accounts.

15 SHARE CAPITAL

Number £

(1) Authorised

£1 Ordinary shares

1 September 1994 and 31 August 1995

1,000,000 1,000,000

(2) Allotted and fully paid

£1 Ordinary shares

1 September 1994 and 31 August 1995

292,740 292,740

16 RESERVES

- GROUP

Share premium account £ Capital reserve £ Profit and loss account £

1 September 1994

65,309 16,459 5,624,268

Profit for the year

- 382,953

31 August 1995

65,309 16,459 6,007,221

- COMPANY

Share premium account £ Profit and loss account £

1 September 1994

65,309 5,486,036

Profit for the year

- 345,333

31 August 1995

65,309 5,831,369

H DAWSON, SONS & CO (WOOL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

| 17 | RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS | 1995 £ | 1994 £ |
|----|--|-----------|-----------|
| | Profit on ordinary activities after taxation | 482,953 | 460,305 |
| | Dividends | (100,000) | (100,000) |
| | Net addition to shareholders' funds | 382,953 | 360,305 |
| | Opening shareholders' funds | 5,998,776 | 5,638,471 |
| | Closing shareholders' funds | 6,381,729 | 5,998,776 |

18 FINANCIAL COMMITMENTS

Leases

The group is committed to payments totalling £19,500 (1994: £18,900) 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 year. No contributions were owing to the fund at the year end (1994: £nil).

19 DIRECTORS

| (1) Emoluments | 1995 £ | 1994 £ |
|----------------|-----------|-----------|
|----------------|-----------|-----------|

The emoluments of directors of the group were:

| | | |
|------------------------------|---------|---------|
| Remuneration as executives | 391,259 | 461,857 |
| Pension scheme contributions | 119,510 | 200,087 |
| | 510,769 | 661,944 |

(2) Bandings

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

| | | |
|-----------------------|--------|---------|
| Highest paid director | 87,344 | 110,564 |
|-----------------------|--------|---------|

H DAWSON, SONS & CO (WOOL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

19 DIRECTORS *continued*

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

| | 1995 Number | 1994 Number |
|---------------------|----------------|----------------|
| £25,001 - £30,000 | 1 | 1 |
| £50,001 - £55,000 | 1 | 1 |
| £55,001 - £60,000 | 1 | 1 |
| £85,001 - £90,000 | 2 | - |
| £105,001 - £110,000 | - | 2 |

(3) 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:

| | £ | £ |
|-----------|-----------|-----------|
| Sales | 3,566,997 | 3,587,881 |
| Purchases | 3,407,717 | 2,367,168 |

The balances owing at the end of the year were:

| | | |
|-----------|-----------|-----------|
| Debtors | 255,022 | 190,977 |
| Creditors | 1,031,987 | 1,109,460 |

Creditors stated above includes other loans of £788,905 (1994:£788,945).

H DAWSON, SONS & CO (WOOL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

20 EMPLOYEES

(1) Number of employees

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

| | 1995 Number | 1994 Number |
|------------------------|----------------|----------------|
| Office and management | 19 | 20 |
| Sales and distribution | 20 | 22 |
| | 39 | 42 |

(2) Employment costs

| | £ | £ |
|--------------------------------|---------|-----------|
| Wages and salaries | 775,226 | 871,525 |
| Social security costs | 76,347 | 77,657 |
| Pension scheme contributions | 146,000 | 225,000 |
| Death in service benefit costs | 162 | - |
| | 997,735 | 1,174,182 |

21 CASH FLOW STATEMENT

(1) Reconciliation of operating profit

to net cash outflow from operating activities:

| | 1995 £ | 1994 £ |
|---|-------------|-------------|
| Operating profit | 903,450 | 877,667 |
| Provision against forward commitments written back | (50,000) | - |
| Depreciation less amounts written back on investments | 70,300 | 114,518 |
| Profit on sale of tangible fixed assets and investments | (24,219) | (20,407) |
| Increase in debtors and prepayments | (2,457,184) | (422,900) |
| (Increase) decrease in stocks | 158,315 | (4,696,344) |
| (Decrease) increase in creditors | (123,159) | 2,076,704 |
| Net cash outflow from operating activities | (1,522,497) | (2,070,762) |

(2) Analysis of changes in cash and cash equivalents:

| | |
|-----------------------------|-------------|
| Balance at 1 September 1994 | (1,474,900) |
| Net cash outflow | (2,496,749) |
| Balance at 31 August 1995 | (3,971,649) |

H DAWSON, SONS & CO (WOOL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

21 CASH FLOW STATEMENT *continued*

(3) Analysis of the balances of cash and cash equivalents
as shown in the balance sheet:

| | 1995 £ | 1994 £ | Change in the year £ |
|--------------------------|-------------|-------------|-------------------------------|
| Cash at bank and in hand | 43,940 | 271,424 | (227,484) |
| Bank overdrafts | (2,379,610) | (23,210) | (2,356,400) |
| Other loans | (1,635,979) | (1,723,114) | 87,135 |
| | (3,971,649) | (1,474,900) | (2,496,749) |