



BDO Binder Hamlyn
Chartered Accountants

274345
REGISTRARS

H. DAWSON, SONS & CO (WOOL) LIMITED

DIRECTORS' REPORT AND
FINANCIAL STATEMENTS

for the period ended
31 August 1992



Company Number 274345



Ayr Bexley Belfast Birmingham Bristol Bury St Edmunds
Croydon Edinburgh Enniskillen Glasgow Leeds
London Manchester Newbury Newcastle Newmarket
Norwich Nottingham Poole Rochdale St Albans
Saltcoats Stoke-on-Trent Stranraer Wolverhampton

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 period ended 31 August 1992

FINANCIAL STATEMENTS

The directors present their report and financial statements for the period ended 31 August 1992.

CHANGE OF ACCOUNTING REFERENCE DATE

The company's accounting reference date was amended to 31 August during this period.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

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

Both wool markets and currencies have fluctuated drastically in the period to September 1992, and this situation continued for the remainder of 1992 following sterling's departure from the E.R.M. in September. Demand for our products has been surprisingly good during the period and this has been reflected in our increased turnover, but some of this demand may be due to customers restocking due to the general view that wool prices presently are low.

Under the present difficult circumstances we once again consider the results to be satisfactory, but expect difficult conditions and volatile markets to continue into 1993.

DIVIDENDS

The profit for the period after taxation amounted to £121,536. An interim dividend of 25p per share on the issued ordinary share capital, amounting to £73,185 has been paid and the directors do not recommend the payment of a final dividend. If this recommendation is approved, a profit of £48,351 will be added to reserves.

FIXED ASSETS

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

DIRECTORS

The directors during the period were as follows:-

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

DIRECTORS' REPORT

for the period ended 31 August 1992 (Continued)

DIRECTORS' INTERESTS IN SHARES

The table below sets out the names of the persons who were directors of the company at 31 August 1992 together with details of their and their families interests in the shares of the company at that date and corresponding details at 9 September 1991. The interests are beneficial unless otherwise stated.

	£1 Ordinary Shares	
	31 August 1992	9 September 1991
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 (1991: 44,970) shares as trustee

Note 2 Includes 25,224 (1991: 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 1992, together with corresponding details at 9 September 1991, are set out below.

	£1 Ordinary Shares	
	31 August 1992	9 September 1991
J Dawson*	20,000	20,000
F R Dawson*	20,000	20,000
A G Dawson*	20,000	20,000
J N 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 22 January 1993.



Directors

AUDITORS' REPORT

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

We have audited the financial statements on pages 6 to 21 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 31 August 1992 and of the profit and cash flows of the group for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO Binder Hamlyn.

Chartered Accountants
Registered Auditor

22 January 1993

GROUP PROFIT AND LOSS ACCOUNT
for the period ended 31 August 1992

		51 weeks ended 31 August 1992	52 Weeks ended 9 September 1991
	Notes	£	£
Turnover	2	29,162,576	25,669,151
Change in stocks of finished goods		112,450	1,735,931
Other operating income		169,466	151,990
		<u>29,444,492</u>	<u>27,557,072</u>
Raw materials and consumables		(21,190,654)	(20,519,275)
Other external charges		(5,531,819)	(3,775,005)
Staff costs	22	(1,149,405)	(1,279,529)
Depreciation and amounts written off investments		(104,490)	(122,038)
Other operating charges		(597,422)	(1,088,545)
Operating profit	4	<u>870,702</u>	<u>772,680</u>
Income from property		40,574	33,211
Income from listed investments		1,895	1,770
Interest payable less interest receivable	3	<u>(390,531)</u>	<u>(214,517)</u>
Profit on ordinary activities before taxation		522,640	593,144
Tax on profit on ordinary activities	5	<u>(332,729)</u>	<u>(165,372)</u>
Profit on ordinary activities after taxation for the period		189,911	427,772
Profit applicable to participating interests outside the group		<u>(68,375)</u>	<u>(71,525)</u>
Profit applicable to the group		121,536	356,247
Dividends	6	<u>(73,185)</u>	<u>(50,000)</u>
Retained profit for the period applicable to the group	7,18	<u><u>48,351</u></u>	<u><u>306,247</u></u>

GROUP BALANCE SHEET
as at 31 August 1992

	Notes	£	1992 £	9 September 1991 £	£
FIXED ASSETS					
Intangible assets					
- goodwill			1		1
Tangible assets	9		598,531		626,734
Investments	9		76,131		39,515
			<u>674,663</u>		<u>666,250</u>
CURRENT ASSETS					
Stocks	10	6,522,165		6,409,715	
Debtors	11	3,976,151		4,453,228	
Cash at bank and in hand		2,621,071		39,359	
		<u>13,119,387</u>		<u>10,902,302</u>	
CREDITORS: amounts falling due within one year	12	(6,334,150)		(5,947,397)	
Net Current Assets			<u>6,785,237</u>		<u>4,954,905</u>
Total Assets less Current Liabilities			7,459,900		5,621,155
CREDITORS: amounts falling due after more than one year	13		(1,662,686)		-
PROVISIONS FOR LIABILITIES AND CHARGES	15		(176,000)		(50,000)
Net Assets			<u><u>5,621,214</u></u>		<u><u>5,571,155</u></u>
CAPITAL AND RESERVES					
Called up share capital	17		292,740		292,740
Share premium account	18		65,309		65,309
Capital reserve	18		16,459		16,459
Profit and loss account	18		4,601,933		4,353,582
Shareholders' funds			<u>4,976,441</u>		<u>4,928,090</u>
Minority interest			644,773		643,065
			<u><u>5,621,214</u></u>		<u><u>5,571,155</u></u>

The financial statements on pages 6 to 21 were approved by the Board on
22 January 1993.


Directors

BALANCE SHEET
as at 31 August 1992

		1992	9 September 1991
		£	£
FIXED ASSETS			
Intangible assets			
- goodwill		1	1
Tangible assets	8	597,367	623,708
Investments	9	323,941	360,520
		<u>921,309</u>	<u>984,229</u>
CURRENT ASSETS			
Stocks	10	6,222,596	5,889,445
Debtors	11	3,575,624	3,908,376
Cash at bank and in hand		2,620,946	24,962
		<u>12,419,166</u>	<u>9,822,783</u>
CREDITORS: amounts falling due within one year	12	(6,599,848)	(6,162,930)
Net Current Assets		<u>5,819,318</u>	<u>3,659,853</u>
Total Assets less Current Liabilities		6,740,627	4,644,082
CREDITORS: amounts falling due after more than one year	13	(1,662,686)	-
PROVISIONS FOR LIABILITIES AND CHARGES	15	(176,000)	(50,000)
Net Assets		<u><u>4,901,941</u></u>	<u><u>4,594,082</u></u>
CAPITAL AND RESERVES			
Called up share capital	17	292,740	292,740
Share premium account	18	65,309	65,309
Profit and loss account	18	4,543,892	4,236,033
		<u><u>4,901,941</u></u>	<u><u>4,594,082</u></u>

The financial statements on pages 6 to 21 were approved by the Board on
22 January 1993.

[Signature]
[Signature]
Directors

GROUP CASH FLOW STATEMENT
for the period ended 31 August 1992

	Notes	51 weeks ended 31 August 1992		52 weeks ended 9 September 1991	
		£	£	£	£
Inflow/(outflow) from operating activities	23		562,903		(379,091)
Returns on investments and servicing of finance					
Dividends received:					
Quoted equities		1,895		1,770	
Dividends paid:					
Group		(123,185)		-	
Minority interests		(133,332)		-	
Interest received		248,177		504,695	
Interest paid		(666,192)		(719,212)	
Rents received		40,574		33,211	
Outflow from returns on investments and servicing of finance			(632,063)		(179,536)
Taxation					
Corporation tax paid (including advance corporation tax)		(285,180)		(170,441)	
Tax paid			(285,180)		(170,441)
Investing activities					
Payments to acquire tangible fixed assets		(77,117)		(174,069)	
Payments to acquire investments		(47,886)		-	
Receipts from sales of tangible fixed assets		12,100		57,260	
Net cash outflow from investing activities			(112,903)		(116,809)
Net cash outflow before financing			(467,243)		(845,877)
Financing					
New loans		(3,685,530)		-	
Repayment of amounts borrowed		1,150,000		-	
Net cash inflow from financing			(2,535,530)		-
Increase in cash and cash equivalents	23		2,068,287		(845,877)
			(467,243)		(845,877)

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 1992

1. ACCOUNTING POLICIES

Accounting period

These financial statements cover the period from 10 September 1991 to 31 August 1992 (1991: 11 September 1990 to 9 September 1991).

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 31 August 1992. 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. The amounts included in these financial statements are based on audited financial statements of the company made up to 31 August 1992. The goodwill arising on consolidation has been dealt with as part of the group reserves.

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	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 period ended 31 August 1992 (continued)

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 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.

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 period ended 31 August 1992 (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	51 weeks ended 31 August 1992 £	52 weeks ended 9 September 1991 £
Payable on bank loans, overdrafts and other loans repayable within five years	640,186	719,212
Receivable from short-term deposits	(135,083)	(444,108)
Other interest receivable	(114,572)	(60,587)
	<u>390,531</u>	<u>214,517</u>

Other interest receivable of £60,587 was previously included in other operating income.

4. OPERATING PROFIT is stated after charging/(crediting) £	£	£
Operating lease rentals		
-Plant and machinery	16,036	11,230
(Surplus)/loss on exchange	(39,377)	431,824
Auditors' remuneration	20,875	18,665
Depreciation: owned fixed assets	97,410	114,493
Amounts written off listed investments	11,270	4,907
(Profit)/loss on sale of fixed assets	(4,190)	2,638
	<u>161,034</u>	<u>582,757</u>

5. TAX ON PROFIT ON ORDINARY ACTIVITIES	£	£
U.K. Corporation tax at 32.83% (1991: 33.55%)	208,374	167,192
Tax credits on franked investment income	474	443
Transfer to deferred taxation	126,000	-
	<u>334,848</u>	<u>167,635</u>
Prior year adjustment:		
U.K. Corporation tax	(2,119)	(2,263)
Tax on profit on ordinary activities	<u>332,729</u>	<u>165,372</u>

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 1992 (continued)

6.

DIVIDENDS

1992

1991

£

£

Dividends on ordinary shares:

Interim paid at 25.00p per share

Final proposed at 17.08p per share

73,185

-

-

50,000

73,185

50,000

7.

PROFIT FOR THE PERIOD

£

£

Dealt with in the financial statements of the parent company

Absorbed by subsidiary companies

Retained by company in which participating interest held

307,859

(262,070)

2,562

48,351

304,668

(850)

2,429

306,247

8.

TANGIBLE FIXED ASSETS

- GROUP

Freehold land and buildings

Plant and machinery

Vehicles

Total

£

£

£

£

Cost

10 September 1991

Additions

Disposals

31 August 1992

Depreciation

10 September 1991

Provision for the period

Disposals

31 August 1992

Net book value

31 August 1992

Net book value

10 September 1991

495,178

-

-

495,178

33,409

8,034

-

41,443

453,735

461,769

204,901

2,995

(2,447)

205,449

173,157

12,454

(2,445)

183,166

22,283

31,744

374,182

74,122

(33,192)

415,112

240,961

76,922

(25,284)

292,599

122,513

133,221

1,074,261

77,117

(35,639)

1,115,739

447,527

97,410

(27,729)

517,208

598,531

626,734

The net book values of land and buildings comprise:

1992

1991

£

£

Freehold land

Freehold buildings

80,000

373,735

453,735

80,000

381,769

461,769

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 1992 (continued)

8. TANGIBLE FIXED ASSETS (continued)

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

	1992 £	1991 £
Depreciation provision for the period	97,410	114,493
(Profit)/loss on sale of fixed assets	(4,190)	2,638
	<u>93,220</u>	<u>117,131</u>

- COMPANY

	Freehold land and buildings £	Plant and machinery £	Vehicles £	Total £
Cost				
10 September 1991	495,178	192,430	366,735	1,054,343
Additions	-	2,995	74,122	77,117
Disposals	-	(2,447)	(33,192)	(35,639)
31 August 1992	<u>495,178</u>	<u>192,978</u>	<u>407,665</u>	<u>1,095,821</u>
Depreciation				
10 September 1991	33,409	160,687	236,539	430,635
Provision for the period	8,034	12,454	75,060	95,548
Disposals	-	(2,445)	(25,284)	(27,729)
31 August 1992	<u>41,443</u>	<u>170,696</u>	<u>286,315</u>	<u>498,454</u>
Net book value				
31 August 1992	<u>453,735</u>	<u>22,282</u>	<u>121,350</u>	<u>597,367</u>
10 September 1991	<u>461,769</u>	<u>31,743</u>	<u>130,196</u>	<u>623,708</u>

9. FIXED ASSET INVESTMENTS
- GROUP

	£
Cost or valuation	
10 September 1991	39,515
Acquisitions	47,886
Amounts written off	(11,270)
31 August 1992	<u>76,131</u>

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 1992 (continued)

9. FIXED ASSET INVESTMENTS (continued)
- COMPANY

	Subsidiary undertakings	Undertaking in which a participating interest is held	Other investments	Total
	£	£	£	£
Cost				
10 September 1991	73,195	247,810	39,515	360,520
Acquisitions	-	-	47,886	47,886
Disposals	(73,195)	-	-	(73,195)
Amounts written off	-	-	(11,270)	(11,270)
31 August 1992	-	247,810	76,131	323,941
			1992	1991
			£	£

Investments listed on a recognised stock
exchange (group and company)

Book value	74,778	38,162
Market value	91,956	52,443

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

Name	Nature of business	Shares held Class Percentage
Subsidiary undertaking		
Edgar H. Wilson Limited	Wool merchants	Ordinary 100% Preference 100%
Participating interest		
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 260 of the Companies Act 1985. The capital and reserves and result for the last financial year of this undertaking was:

	£
Capital and reserves	967,159
Profit retained for the period	2,562

The proportion of capital and reserves of this undertaking applicable to participating interests outside the group at 31 August 1992 amounted to £644,773 (1991: £643,065).

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 1992 (continued)

9. FIXED ASSET INVESTMENTS (continued)
- COMPANY

During the period, the company disposed of its holdings in the following non-trading subsidiary undertakings:

Cityclever Limited
Pricestock Limited

10. STOCKS	Group		Company	
	1992	1991	1992	1991
	£	£	£	£
Goods for resale	6,522,165	6,409,715	6,222,596	5,889,445
	<u>6,522,165</u>	<u>6,409,715</u>	<u>6,222,596</u>	<u>5,889,445</u>
11. DEBTORS	£	£	£	£
Trade debtors	3,875,517	4,250,609	3,258,747	3,608,866
Amounts owed by subsidiary undertakings	-	-	251,171	213,090
Other debtors	34,891	125,791	-	43,405
Prepayments and accrued income	65,743	37,939	65,706	37,902
Advanced corporation tax recoverable	-	38,889	-	5,113
	<u>3,976,151</u>	<u>4,453,228</u>	<u>3,575,624</u>	<u>3,908,376</u>

Amounts falling due after more than one year and included in the debtors above are:

	£	£	£	£
Other debtors	-	9,695	-	9,695
Advanced corporation tax recoverable	-	38,889	-	5,113
	<u>-</u>	<u>48,584</u>	<u>-</u>	<u>14,808</u>

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 1992 (continued)

12. CREDITORS: amounts falling due within one year

	Group		Company	
	1992	1991	1992	1991
	£	£	£	£
Provision against losses on forward contracts	511,806	-	511,806	-
Other loans	2,303,171	166,360	2,303,171	166,360
Bank loans and overdrafts	264,796	1,015,338	264,796	1,015,338
Trade creditors	2,643,053	3,429,101	2,428,169	3,041,005
Amounts owed to subsidiary undertakings	-	-	-	346,877
Amount owed to undertaking in which company has a participating interest	-	-	472,967	453,862
Corporation tax payable	121,911	178,318	137,014	148,205
Other taxes and social security	112,392	191,233	111,973	183,155
Advance corporation tax payable	-	38,889	-	5,113
Other accruals	377,021	811,492	369,952	753,015
Proposed dividend	-	50,000	-	50,000
Dividend to minority shareholders	-	66,666	-	-
	<u>6,334,150</u>	<u>5,947,397</u>	<u>6,599,848</u>	<u>6,162,930</u>

13. CREDITORS: amounts falling due after more than one year

	Group		Company	
	1992	1991	1992	1991
	£	£	£	£
Other loans (note 14)	<u>1,662,686</u>	<u>-</u>	<u>1,662,686</u>	<u>-</u>

14. OTHER LOANS

Under the terms of an agreement dated 6 December 1991, the company was advanced an amount of £2,462,686 by the trustees of the H. Dawson Sons & Co (Wool) Limited Executive Pension Scheme out of the assets of that scheme. This advance, which is unsecured, is repayable by five instalments of £400,000 commencing on 31 July 1992, and a final instalment of £442,686 on 31 July 1997. At 31 August 1992 the balance outstanding on this advance amounts to £2,062,686. £400,000 of this advance is included in other loans in note 12.

The trustees of the Executive Pension Scheme are also directors of H. Dawson Sons & Co (Wool) Limited.

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 1992 (continued)

15. PROVISIONS FOR LIABILITIES AND CHARGES

	Group		Company	
	1992 £	1991 £	1992 £	1991 £
Provision against forward commitments	50,000	50,000	50,000	50,000
Deferred taxation (note 16)	126,000	-	126,000	-
	<u>176,000</u>	<u>50,000</u>	<u>176,000</u>	<u>50,000</u>

16. DEFERRED TAXATION

Provision has been made for a potential liability to deferred taxation at the balance sheet date in respect of timing differences arising in the course of the company's ordinary activities amounting to £126,000 (1991: £nil). There is also a potential liability in respect of a capital gain on the disposal of a property deferred by roll-over relief of £41,000 (1991: £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.

17. SHARE CAPITAL

	Authorised		Allotted, called up and fully paid	
	1992 Number	1991 Number	1992 £	1991 £
£1 ordinary	<u>1,000,000</u>	<u>1,000,000</u>	<u>292,740</u>	<u>292,740</u>

18. RESERVES

	Group			Company	
	Share premium account £	Capital reserve £	Profit and loss account £	Share premium account £	Profit and loss account £
10 September 1991	65,309	16,459	4,553,582	65,309	4,236,033
Profit for the period	-	-	48,351	-	307,859
31 August 1992	<u>65,309</u>	<u>16,459</u>	<u>4,601,933</u>	<u>65,309</u>	<u>4,543,892</u>

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 1992 (continued)

19. FINANCIAL COMMITMENTS

Leases

The group is committed to payments totalling £17,000 (1991: £14,000) 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 22) 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 (1991: £nil).

20. CONTINGENT LIABILITIES

The company has given guarantees to German banks amounting to DM 151,483 (1991: 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.

21. DIRECTORS

a) Emoluments

	1992 £	1991 £
Directors' emoluments amounted to:		
Remuneration as executives	546,284	462,096
Pension scheme contributions	66,431	246,718
	<u>612,715</u>	<u>708,814</u>

b) Bandings

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

	1992 £	1991 £
Highest paid director	141,927	115,454

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

	Number	Number
£25,001 - £30,000	1	1
£45,001 - £50,000	1	2
£50,001 - £55,000	1	-
£110,001 - £115,000	-	2
£135,001 - £140,000	2	-

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 1992 (continued)

21. DIRECTORS (continued)

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 period were:	1992 £	1991 £
Sales	3,501,314	973,009
Purchases	2,847,461	3,405,062

The balances owing at the end of the period were:

Debtors	554,524	542,956
Creditors	1,176,025	1,189,213

Creditors stated above includes other loans of £1,025,038 (1991: £nil).

22. EMPLOYEES

a) Number of employees

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

	1992 Number	1991 Number
Office and management	16	15
Sales and distribution	18	18
	34	33

b) Employment costs

	£	£
Wages and salaries	895,525	804,859
Social security costs	96,204	74,670
Pension scheme contributions	100,000	300,000
Death in service benefit costs	57,676	100,000
	1,149,405	1,279,529

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 1992 (continued)

23. CASH FLOW STATEMENT

a) Reconciliation of operating profit

to net cash inflow/(outflow) from operating activities:

	1992 £	1991 £
Operating profit		
Depreciation and amounts written off investments	870,702	772,680
(Profit)/loss on sale of fixed assets	108,680	119,400
Decrease/(increase) in debtors and prepayments	(4,190)	2,638
Increase in stocks	485,579	(747,487)
(Decrease)/increase in creditors	(112,450)	(1,735,931)
	(785,418)	1,209,609
Net cash inflow/(outflow) from operating activities	<u>562,903</u>	<u>(379,091)</u>

b) Analysis of changes in cash
and cash equivalents:

	£	£
Balance at 10 September 1991		
Net cash inflow/(outflow)	(1,142,339)	(296,462)
	<u>2,068,287</u>	<u>(845,877)</u>
Balance at 31 August 1992	<u>925,948</u>	<u>(1,142,339)</u>

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

	1992 £	1991 £	Change in the period £	1991 £	1990 £	Change in the period £
Cash at bank and in hand	150,539	39,359	111,180	39,359	361,521	(322,162)
Short-term deposits	2,470,532	-	2,470,532	-	1,516,983	(1,516,883)
Bank overdrafts	(264,796)	(1,015,338)	750,542	(1,015,338)	(1,955,009)	939,671
Other loans	(1,430,327)	(166,360)	(1,263,967)	(166,360)	(219,857)	53,497
	<u>925,948</u>	<u>(1,142,339)</u>	<u>2,068,287</u>	<u>(1,142,339)</u>	<u>(296,462)</u>	<u>(845,877)</u>