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JOHN EDWARD CROWTHER LIMITED

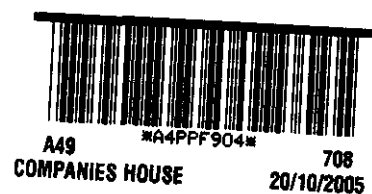
REPORT AND ACCOUNTS

31 MARCH 2005

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Company registration number 298851



JOHN EDWARD CROWTHER LIMITED**COMPANY INFORMATION****Directors**

D P Crowther (Chairman)
P R Crowther
E R Lee

Secretary and Registered office

E R Lee
Bank Bottom Mills
Marsden
Huddersfield
HD7 6HR

Auditors

Wheawill & Sudworth
Chartered Accountants
35 Westgate
Huddersfield
HD1 1PA

JOHN EDWARD CROWTHER LIMITED

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 March 2005.

Directors

The names of the present directors who served during the year are:

D P Crowther	Chairman
P R Crowther	
E R Lee	

The director retiring by rotation is E R Lee who, being eligible offers himself for re-election.

Directors' responsibilities for preparing the accounts

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

- ~ select suitable accounting policies and then apply them consistently;
- ~ make judgments 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 accounts
- ~ prepare the accounts 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 accounts 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.

Directors' interests

The interests of the directors in the shares of group companies are disclosed in the directors' report of John Edward Crowther (Holdings) plc.

Principal activity

The company's principal activity was that of yarn spinners. In March 2003 it was announced that the company was to enter a period of consultation which ultimately led to the company disengaging from manufacturing. During the year, the company has been involved in disposing of the plant and machinery, and in completing contracts for the sale of yarn.

JOHN EDWARD CROWTHER LIMITED**DIRECTORS' REPORT** (continued)**Business review and results**

The loss for the year after taxation amounted to £26,052 (2004: profit of £502,034). The directors do not recommend the payment of a dividend. The results for the year are dealt with fully in the annexed accounts.

As referred to in the Principal Activity note, the Group disengaged from manufacturing during 2004 and all the workforce were made redundant. Deliveries continued throughout the year to customers in respect of sales contracts negotiated prior to the cessation of manufacturing. At 31 March 2005, there were modest levels of stock still held for delivery during the course of the current accounting period.

During the course of the year, various items of plant and machinery have been disposed of, resulting in a surplus over book value of £34,191. Further sales have been and will continue to be made during the course of the current accounting period.

The company continues to own property, on which it intends to concentrate its resources in the future.

Auditors

A resolution to re-appoint Wheawill & Sudworth as auditors will be put to the shareholders at the Annual General Meeting.

On behalf of the board



D P CROWTHER
Chairman
20 September 2005

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF JOHN EDWARD CROWTHER LIMITED

We have audited the accounts of John Edward Crowther Limited for the year ended 31 March 2005 which are set out on pages 5 to 11. These accounts have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities on page 2, the company's directors are responsible for preparing the accounts in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the accounts in accordance with relevant legal requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the accounts, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the accounts 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 consider necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 March 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Wheawill & Sudworth

WHEAWILL & SUDWORTH

Registered Auditors
Chartered Accountants

35 Westgate
Huddersfield
HD1 1PA
20 September 2005

JOHN EDWARD CROWTHER LIMITED

PROFIT AND LOSS ACCOUNT

for the year ended

31 MARCH 2005

Note		Continuing Activities £	Discontinued Activities £	Total 2005 £	Continuing Activities	Discontinued Activities	Total 2004 £
2	Turnover	16,560	72,918	89,478	11,756	2,434,102	2,445,858
	Cost of sales	(170,846)	(47,179)	(218,025)	-	(2,198,298)	(2,198,298)
		(154,286)	25,739	(128,547)	11,756	235,804	247,560
	Distribution costs	-	(1,519)	(1,519)	-	(2,871)	(2,871)
	Administrative expenses	(17,995)	-	(17,995)	(107,422)	(37,546)	(144,968)
	Other operating income	-	34,191	34,191	-	364,500	364,500
3	(Loss)/profit on ordinary activities before interest	(172,281)	58,411	(113,870)	(95,666)	559,887	464,221
	Interest payable			-			(4,665)
	Interest received from Hemplow Limited			86,907			61,478
	(Loss)/profit on ordinary activities before taxation			(26,963)			521,034
4	Taxation on (loss)/profit on ordinary activities			911			(19,000)
	(Loss)/profit for the financial year			(26,052)			502,034
	Retained profit brought forward			2,891,739			2,389,705
	Retained profit carried forward			2,865,687			2,891,739

Total recognised gains and losses

The (loss) profit for the financial year is the total of all recognised gains and losses for the year.

The notes on pages 7 to 11 form part of these accounts.

JOHN EDWARD CROWTHER LIMITED

BALANCE SHEET

31 MARCH 2005

Note		2005 £	2004 £
	Fixed assets		
5	Tangible assets	552,301	622,047
	Current assets		
6	Stocks	2,466	122,455
7	Debtors	15,473	108,166
	Amount owing by Hemplow Limited falling due after more than one year	2,599,317	2,638,115
	Cash at bank and in hand	117,843	541,115
		<u>2,735,099</u>	<u>3,409,851</u>
8	Creditors: amounts becoming due and payable within one year	(134,311)	(852,757)
	Net current assets	<u>2,600,788</u>	<u>2,557,094</u>
	Net assets	<u>3,153,089</u>	<u>3,179,141</u>
	Capital and reserves		
10	Called up share capital	287,402	287,402
	Profit and loss account	2,865,687	2,891,739
11	Shareholders' funds	<u>3,153,089</u>	<u>3,179,141</u>

The accounts on pages 5 to 11 were approved by the board of directors on 20 September 2005 and signed on its behalf by

D P CROWTHER

Director



The notes on pages 7 to 11 form part of these accounts.

JOHN EDWARD CROWTHER LIMITED**NOTES TO THE ACCOUNTS****31 MARCH 2005****1 Accounting policies**

The following accounting policies have been applied consistently in dealing with items that are judged material in relation to the company's accounts.

Basis of preparation

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation of tangible fixed assets is based on cost, less the estimated residual value and is applied on a straight line basis using the following asset lives:

Land and buildings	- 25 years
Plant and equipment	- 10 years
Motor vehicles	- 4 years

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost of manufactured products consists of materials and appropriate conversion costs.

Turnover

Turnover represents the value of goods sold and services provided net of value added tax.

Group taxation relief

The company is party to an agreement between group companies whereby claimant companies pay surrendering companies for the benefit of trading losses surrendered.

Deferred taxation

Provision is made on the liability method based on current tax rates for deferred tax assets and liabilities arising from all timing differences that have originated but not reversed at the balance sheet date. Deferred tax assets are recognised only to the extent that it is more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted.

Pension costs

The company makes contributions to a defined contribution pension scheme operated by the group. The contributions are charged to the profit and loss account on an accruals basis as they become payable.

JOHN EDWARD CROWTHER LIMITED

NOTES TO THE ACCOUNTS (continued)

31 MARCH 2005

2 Turnover

	2005 £	2004 £
Property	16,560	11,756
Yarn spinning	72,918	2,434,102
	<u>89,478</u>	<u>2,445,858</u>

The geographical analysis of turnover is as follows:

Europe	4,093	20,531
UK	85,385	2,425,327
	<u>89,478</u>	<u>2,445,858</u>

3 (Loss)/profit on ordinary activities before interest

(a) This is stated after charging and (crediting):

Depreciation	68,246	125,742
Profit on sale of tangible fixed assets	(34,191)	(359,625)
Directors' emoluments	116,926	136,713
Auditors' remuneration in respect of:		
Audit services	4,550	4,500
Other services	-	5,990
	<u>148,521</u>	<u>(18,370)</u>

(b) Staff numbers and costs

The average monthly number of persons employed including directors during the year was made up as follows:

	Number of employees	
	2005	2004
Maintenance	6	10
Manufacturing	-	56
Administrative	3	3
	<u>9</u>	<u>69</u>

	£	£
Staff costs:		
Wages and salaries	180,785	886,136
Social Security costs	22,950	86,800
Other pension costs	13,647	30,309
	<u>217,382</u>	<u>1,003,245</u>

Retirement benefits are accruing to 2 (2004: 2) directors under pension schemes.

JOHN EDWARD CROWTHER LIMITED

NOTES TO THE ACCOUNTS (continued)

31 MARCH 2005

4	Taxation on (loss) profit on ordinary activities	2005 £	2004 £
a)	UK Corporation tax on profits of the year	-	19,000
	Prior year over reserve	(911)	-
		<u>(911)</u>	<u>19,000</u>
b)	Factors affecting tax charge for the year		
	The tax assessed for the period is lower than the standard rate of corporation tax in the UK 30% (2004: 30%). The differences are explained as follows:		
	(Loss) profit on ordinary activities before tax	<u>(26,963)</u>	<u>521,034</u>
	(Loss) profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2004: 30%).	(8,089)	156,310
	Capital allowances in the year different from depreciation	7,251	(83,393)
	Utilisation of tax losses	-	(50,947)
	Effects of marginal relief	-	(3,879)
	Rounding difference	<u>(73)</u>	<u>909</u>
	Current tax charge for the year (note (a))	<u>(911)</u>	<u>19,000</u>

At 31 March 2005 the company has unrelieved trading losses of £323,000 (2004: £323,000).

5	Tangible fixed assets	Freehold land and buildings £	Plant and equipment £	Motor vehicles £	Total £
	Cost:				
	At 1 April 2004	1,697,547	151,159	76,943	1,925,649
	Disposals	-	(40,750)	-	(40,750)
		<u>1,697,547</u>	<u>110,409</u>	<u>76,943</u>	<u>1,884,899</u>
	At 31 March 2005				
	Depreciation:				
	At 1 April 2004	1,094,861	143,555	65,186	1,303,602
	Charge for the year	59,831	-	8,415	68,246
	Disposals	-	(39,250)	-	(39,250)
		<u>1,154,692</u>	<u>104,305</u>	<u>73,601</u>	<u>1,332,598</u>
	At 31 March 2005				
	Net book amount at:				
	31 March 2005	<u>542,855</u>	<u>6,104</u>	<u>3,342</u>	<u>552,301</u>
	31 March 2004	<u>602,686</u>	<u>7,604</u>	<u>11,757</u>	<u>622,047</u>

JOHN EDWARD CROWTHER LIMITED

NOTES TO THE ACCOUNTS (continued)

31 MARCH 2005

6	Stocks	2005	2004
		£	£
	Raw materials and consumables	1,250	31,956
	Finished goods	1,216	90,499
		<u>2,466</u>	<u>122,455</u>
7	Debtors		
	Trade debtors	14,457	24,304
	Amounts owing by group undertakings	-	80,670
	Prepayments and accrued income	1,016	3,192
		<u>15,473</u>	<u>108,166</u>
8	Creditors: amounts becoming due and payable within one year		
	Trade creditors	8,809	711
	Amounts owed to group undertakings	-	704,175
	Corporation tax	-	19,000
	Other taxes and social security	14,080	32,879
	Accruals and deferred income	111,422	95,992
		<u>134,311</u>	<u>852,757</u>
9	Provision for liabilities and charges		
	At 1 April 2004		
	Costs arising on the termination of operations	-	1,360,439
	Charge to profit and loss account	-	(1,360,439)
		<u>-</u>	<u>-</u>
	As at 31 March 2005	-	-
		<u>-</u>	<u>-</u>
10	Share capital		
		Authorised	Allotted, called up and fully paid
		2005	2004
		Number	Number
		£	£
	Ordinary shares of £1 each	350,000	350,000
		287,402	287,402

JOHN EDWARD CROWTHER LIMITED**NOTES TO THE ACCOUNTS (continued)****31 MARCH 2005**

11 Reconciliation of movements in shareholders' funds	2005	2004
	£	£
At 1 April 2004	3,179,141	2,677,107
(Loss) profit for the financial year	(26,052)	502,034
At 31 March 2005	<u>3,153,089</u>	<u>3,179,141</u>

12 Capital commitments

Capital expenditure contracted but not provided for in the accounts	<u>Nil</u>	<u>Nil</u>
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13 Contingent liabilities

The company is a party to cross-guarantees given by J.E.C. Investment Company Limited and all its subsidiary undertakings as security for overdraft facilities from time to time. At 31 March 2005 group bank accounts taken together were in credit (2004 - in credit).

The company is a member of a VAT group of which John Edward Crowther (Holdings) plc is the representative member and is jointly and severally liable with that company for VAT due by the representative member. The total VAT liability of the group at 31 March 2005 was £5,759 and this amount was paid to Customs & Excise on 6 May 2005.

14 Pension commitments

The company was a participating member of a defined benefit scheme operated by its parent company John Edward Crowther (Holdings) plc. The scheme was closed with effect from 31 March 2002 and was formally wound up during the year.

From 1 April 2002 all members of the defined benefit scheme became members of a Group Personal Pension Plan of the money purchase type to which the company continues to make contributions based on 5% of pensionable pay. The cost for the year was £13,335 and there were no outstanding or prepaid contributions at 31 March 2005.

The company has also made contributions in the year totalling £312 (2004 £312) to the individual pension arrangements of certain directors and employees.

15 Related party disclosures

The company's ultimate holding company is J.E.C. Investment Company Limited and the company's accounts are included in the consolidated accounts of that company which are available from the Registrar of Companies. Advantage has been taken of the exemption to disclose transactions with other group companies.

Included in current assets are amounts falling due after more than one year of £2,599,317 (2004: £2,638,115) from Hemplow Limited, a company controlled by the shareholders of JEC Investment Company Limited. Interest amounting to £86,907 (2004 - £61,478) has been paid to the company by Hemplow Limited based upon commercial interest rates.