

**T SAVILLE WHITTLE LIMITED**

**Report and Financial Statements**

**30 November 1998**

**Deloitte & Touche  
PO Box 500  
201 Deansgate  
Manchester  
M60 2AT**



## **T SAVILLE WHITTLE LIMITED**

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# **T SAVILLE WHITTLE LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS**

### **DIRECTORS**

W T Whittle  
R S Whittle  
A P C Whittle

### **SECRETARY**

H E Crosby

### **REGISTERED OFFICE**

Albion Bridge Works  
Vickers Street  
Manchester  
M40 8EF

### **BANKERS**

National Westminster Bank PLC  
11 Spring Gardens  
Manchester  
M60 2DB

Lloyds Bank Plc  
53 King Street  
Manchester  
M60 2ES

Bank of Scotland  
19/21 Spring Gardens  
Manchester  
M2 1FB

### **AUDITORS**

Deloitte & Touche  
Chartered Accountants  
201 Deansgate  
Manchester  
M60 2AT

## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 30 November 1998.

### **ACTIVITIES**

The principal activities of the company are the manufacture and distribution of dyestuffs, pigments and chemicals.

### **REVIEW OF DEVELOPMENTS**

The company has achieved a satisfactory result. Further details of the company's performance are given in the profit and loss account on page 5. The position of the company at the end of the year is set out in the balance sheet on page 6.

### **DIVIDENDS AND TRANSFERS FROM RESERVES**

A final dividend of £120,000 was paid to T Saville Whittle (Export) Limited, the holding company (1997 - £100,000). A loss of £67,187 has been transferred from reserves (1997 - £18,052).

### **FUTURE PROSPECTS**

The directors consider that the company is well placed to perform satisfactorily.

### **FIXED ASSETS**

The movements in tangible fixed assets are set out in note 9 on page 11.

### **DIRECTORS AND THEIR INTERESTS**

The present membership of the board is set out on page 1. All directors served throughout the year.

The director retiring by rotation is A P C Whittle, who being eligible offers herself for re-election.

The directors do not hold a beneficial interest, as defined by the Companies Act 1985, in the shares of the company at 30 November 1998 and 30 November 1997.

The interests of W T Whittle and R S Whittle in the shares of the parent company, T Saville Whittle (Export) Limited, are disclosed in the financial statements of that company. A P C Whittle does not have any interests in the shares of the parent company.

### **YEAR 2000**

The potential risks attached to the so-called Millennium Bug may impact on the company's financial and operating results as well as those of our customers and suppliers. As a result, the company has upgraded its computer system and has also contacted suppliers and customers. The directors believe that they have taken all reasonable steps to ensure Year 2000 compliance. Expenses still to be incurred are not expected to be significant.

### **AUDITORS**

A resolution for the reappointment of Deloitte & Touche as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board



Secretary

## **STATEMENT OF 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 as at the end of the financial year and of the profit or loss of the company 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;
- 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. 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.



## T SAVILLE WHITTLE LIMITED

### AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 5 to 14 which have been prepared under the accounting policies set out on page 8.

#### Respective responsibilities of directors and auditors

As described on page 3 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's affairs as at 30 November 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants and Registered Auditors

22 September 1999

**T SAVILLE WHITTLE LIMITED**

**PROFIT AND LOSS ACCOUNT**  
**Year ended 30 November 1998**

	Note	1998 £	1997 £
<b>TURNOVER</b>	2	5,971,453	5,791,176
Cost of sales		<u>5,323,538</u>	<u>5,110,974</u>
<b>GROSS PROFIT</b>		<u>647,915</u>	<u>680,202</u>
Distribution costs		23,112	25,522
Administrative expenses		638,473	566,136
Other operating expenses/(income)		<u>2,382</u>	<u>(11,577)</u>
		<u>663,967</u>	<u>580,081</u>
<b>OPERATING (LOSS)/PROFIT</b>		<u>(16,052)</u>	<u>100,121</u>
Interest receivable and similar income	4	87,761	21,010
Interest payable and similar charges	5	<u>(6,855)</u>	<u>(4,456)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	6	64,854	116,675
Tax on profit on ordinary activities	7	<u>(12,041)</u>	<u>(34,727)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<u>52,813</u>	<u>81,948</u>
Equity dividends paid	8	<u>(120,000)</u>	<u>(100,000)</u>
<b>RETAINED LOSS FOR THE FINANCIAL YEAR</b>		<u>(67,187)</u>	<u>(18,052)</u>
Profit and loss account brought forward		<u>489,823</u>	<u>507,875</u>
Profit and loss account carried forward		<u><u>422,636</u></u>	<u><u>489,823</u></u>

All activities relate to continuing operations (1997 - same).

There were no recognised gains and losses and no movements in shareholders' funds other than the retained loss for the year (1997 - same).

# T SAVILLE WHITTLE LIMITED

## BALANCE SHEET 30 November 1998

	Note	£	1998 £	£	1997 £
<b>FIXED ASSETS</b>					
Tangible assets	9	478,832		128,399	
Investments	10	75,050		-	
			553,882		128,399
<b>CURRENT ASSETS</b>					
Stocks	11	126,336		132,825	
Debtors	12	1,121,839		1,458,128	
Cash at bank and in hand		299,227		284,673	
		1,547,402		1,875,626	
<b>CREDITORS: amounts falling due within one year</b>					
Bank loans and overdrafts		201,277		78,391	
Trade creditors		1,066,750		1,184,045	
Amounts owed to parent company		244,957		27,486	
Other creditors including taxation and social security	13	107,703		179,043	
Accruals and deferred income		47,961		35,237	
		1,668,648		1,504,202	
<b>NET CURRENT ASSETS</b>			(121,246)		371,424
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			432,636		499,823
<b>CAPITAL AND RESERVES</b>					
Called up share capital	15		10,000		10,000
Profit and loss account			422,636		489,823
Equity shareholders' funds			432,636		499,823

These financial statements were approved by the Board of Directors on

Signed on behalf of the Board of Directors



Director

16. 9. 99.



**CASH FLOW STATEMENT**  
**Year ended 30 November 1998**

	Note	£	1998 £	£	1997 £
<b>Net cash inflow from operating activities</b>	18		434,678		154,015
<b>Returns on investments and servicing of finance</b>					
Interest received		87,761		21,010	
Interest paid		(6,855)		(4,457)	
<b>Net cash inflow from returns on investments and servicing of finance</b>			80,906		16,553
<b>Taxation</b>					
UK corporation tax paid		(10,746)		(29,258)	
<b>Tax paid</b>			(10,746)		(29,258)
<b>Investing activities</b>					
Purchase of tangible fixed assets		(431,870)		(83,910)	
Sale of tangible fixed assets		13,750		19,179	
Loan to joint venture		(75,000)		-	
<b>Net cash outflow from capital expenditure</b>			(493,120)		(64,731)
<b>Acquisitions and disposals</b>					
Purchase of interest in joint venture		(50)		-	
<b>Net cash outflow for acquisitions and disposals</b>			(50)		-
<b>Equity dividends</b>			(120,000)		(100,000)
<b>Net cash outflow before use of liquid resources and financing</b>			(108,332)		(23,421)
<b>Financing</b>			-		-
<b>Decrease in cash</b>	20		(108,332)		(23,421)

**NOTES TO THE ACCOUNTS**  
**Year ended 30 November 1998**

**1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

**Accounting convention**

The financial statements are prepared under the historical cost convention.

**Tangible fixed assets**

Depreciation is provided over the estimated useful lives of the assets. The rates of depreciation are as follows:

Freehold buildings	2% per annum on cost
Plant	20% per annum on its written down value
Motor vehicles	20% per annum on cost
Equipment, fixtures and tools	20% per annum on its written down value

Freehold land is not depreciated.

**Stocks**

Stocks are stated at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs.

**Deferred taxation**

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounts and taxation purposes, which are expected to reverse in the future, calculated at rates at which it is estimated that tax will arise.

**Foreign exchange**

Balances denominated in a foreign currency are translated into sterling at the exchange rates ruling on the balance sheet date. Transactions denominated in a foreign currency are translated into sterling at the exchange rates ruling at the date of the transaction. Gains or losses arising on translation of transactions and balances are included in the operating profit.

**Investments**

Investments held as fixed assets are stated at cost less provisions for diminution in value. Those held as current assets are stated at the lower of cost and net realisable value.

**NOTES TO THE ACCOUNTS**  
**Year ended 30 November 1998**

**2. TURNOVER**

	1998 £	1997 £
Geographical analysis of turnover		
United Kingdom	5,892,907	5,714,327
Europe	47,945	2,010
South America	26,041	74,839
Africa	4,560	-
	<u>5,971,453</u>	<u>5,791,176</u>

**3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

	1998 £	1997 £
<b>Directors' emoluments</b>		
Management remuneration	-	-

**No                      No**

**Average number of persons employed**

Sales and distribution	7	7
Administration	9	9
	<u>16</u>	<u>16</u>

**£                      £**

**Employee costs during the year - employed by T Saville Whittle  
(Export) Limited and allocated to the company**

Wages and salaries	243,075	208,376
Social security costs	22,592	20,051
Other pension costs	8,348	5,250
	<u>274,015</u>	<u>233,677</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 30 November 1998**

**4. INTEREST RECEIVABLE AND SIMILAR INCOME**

	1998 £	1997 £
Bank interest	26,922	20,975
Other interest	60,839	35
	<u>87,761</u>	<u>21,010</u>

**5. INTEREST PAYABLE AND SIMILAR CHARGES**

	1998 £	1997 £
Interest on bank overdrafts	6,855	4,456
	<u>6,855</u>	<u>4,456</u>

**6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

	1998 £	1997 £
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation	59,744	44,547
Auditors' remuneration - audit fees	7,500	7,420
- other services	11,100	5,600
Management charges	120,000	120,000
Loss on sale of fixed assets	7,943	717
	<u>206,287</u>	<u>178,284</u>

**7. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	1998 £	1997 £
United Kingdom corporation tax at 31% (1997 - 31%) based on the profit for the year	25,441	33,476
Group relief	-	681
Deferred taxation	(11,493)	-
Adjustments in respect of prior years:		
Corporation tax	(1,907)	570
	<u>12,041</u>	<u>34,727</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 30 November 1998**

**8. EQUITY DIVIDENDS**

	1998 £	1997 £
Equity dividends paid at £12.00 per share (1997 - £10.00)	120,000	100,000

**9. TANGIBLE FIXED ASSETS**

	Freehold land and buildings	Plant and machinery £	Fixtures and fittings £	Total £
Cost				
At 30 November 1997	-	251,134	83,061	334,195
Additions	-	84,975	29,012	113,987
Transfer from parent company	317,883	-	-	317,883
Disposals	-	(62,100)	(900)	(63,000)
At 30 November 1998	317,883	274,009	111,173	703,065
Accumulated depreciation				
At 30 November 1997	-	139,667	66,129	205,796
Charge for the year	6,020	44,538	9,186	59,744
Disposals	-	(41,127)	(180)	(41,307)
At 30 November 1998	6,020	143,078	75,135	224,233
Net book value				
At 30 November 1998	311,863	130,931	36,038	478,832
At 30 November 1997	-	111,467	16,932	128,399

During the year land and buildings were transferred from T Saville Whittle (Export) Limited to T Saville Whittle Limited at net book value.

**NOTES TO THE ACCOUNTS**

**Year ended 30 November 1998**

**10. INVESTMENTS HELD AS FIXED ASSETS**

	Shares in associated company £	Interest free redeemable unsecured loan stock issued by associated company £	Total £
Cost			
At 1 December 1997	-	-	-
Transfer from parent company	50	75,000	75,050
	<u>50</u>	<u>75,000</u>	<u>75,050</u>
At 30 November 1998	<u>50</u>	<u>75,000</u>	<u>75,050</u>

Shares and loan stock were transferred at net book value.

	Class of capital	Total issued capital at 30 November 1997 £	Portion held %
<b>Investments in associated company</b>			
Lund Precision Reeds Limited	'A' ordinary of £1	50	-
- incorporated in Great Britain	'B' ordinary of £1	50	100%
- registered in England and Wales	'A' loan stock	150,000	50%
- manufactures weaving reeds			
In the opinion of the directors the aggregate value of the investments is not less than the value at which they are carried at in these accounts.			

**11. STOCKS**

	1998 £	1997 £
Finished goods and goods for resale	126,336	132,825
	<u>126,336</u>	<u>132,825</u>

**12. DEBTORS**

	1998 £	1997 £
Trade debtors	976,620	1,419,541
Prepayments and accrued income	32,357	10,517
Other debtors	100,000	-
ACT recoverable	8,688	28,070
Corporation tax recoverable	4,174	-
	<u>1,121,839</u>	<u>1,458,128</u>

Other debtors include an amount of £100,000 (1997 - £Nil) due from Lund Precision Reeds Limited, a company in which T Saville Whittle Limited has a 50% share. Interest on this balance is charged at 9% p.a.

**NOTES TO THE ACCOUNTS**

**Year ended 30 November 1998**

**13. OTHER CREDITORS INCLUDING TAXATION AND SOCIAL SECURITY**

	1998 £	1997 £
This heading includes:		
Taxation and social security	100,800	179,043

**14. PROVISIONS FOR LIABILITIES AND CHARGES**

There is no provision for deferred taxation in the accounts.

Movement for the year

	1998 £	1997 £
Opening balance	-	-
Current year credit	(11,493)	-
Other movements – transfer from parent company	11,493	-
Closing balance	-	-

The amounts not provided at a tax rate of 33% are as follows:

	Provided 1998 £	Provided 1997 £	Not Provided 1998 £	Not Provided 1997 £
Capital allowances in advance of depreciation	-	-	22,332	(1,729)
Other timing differences	-	-	61,646	-
	-	-	83,978	(1,729)

**15. CALLED UP SHARE CAPITAL**

	1998 £	1997 £
Authorised		
15,000 ordinary shares of £1 each	15,000	15,000
Allotted and fully paid		
10,000 ordinary shares of £1 each	10,000	10,000

**16. CAPITAL COMMITMENTS**

	1998 £	1997 £
Contracted for but not provided in the financial statements	Nil	Nil

**17. CONTINGENT LIABILITIES**

The company has guaranteed the overdrafts of its parent company, T Saville Whittle (Export) Limited, amounting to £Nil at 30 November 1998 (1997 - £Nil).

**NOTES TO THE ACCOUNTS**

**Year ended 30 November 1998**

**18. RECONCILIATION OF OPERATING (LOSS)/PROFIT TO NET CASH INFLOW/OUTFLOW FROM OPERATING ACTIVITIES**

	1998 £	1997 £
Operating (loss)/profit	(16,052)	100,121
Depreciation	59,744	44,547
Loss on sale of tangible fixed assets	7,943	717
Decrease in stocks	6,489	110,372
Decrease/(increase) in debtors	321,081	(273,805)
(Decrease)/increase in creditors	(161,998)	164,000
Movement in group balances	217,471	8,063
Net cash inflow from operating activities	<u>434,678</u>	<u>154,015</u>

**19. ANALYSIS OF CHANGES IN NET FUNDS**

	At 1 December 1997 £	Cash flow £	At 30 November 1998 £
Cash at bank and in hand	284,673	14,554	299,227
Bank overdraft	(78,391)	(122,886)	(201,277)
	<u>206,282</u>	<u>(108,332)</u>	<u>97,950</u>

**20. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**

	1998 £	1997 £
Decrease in cash in the year	(108,332)	(23,421)
Change in net funds resulting from cash flows	(108,332)	(23,421)
Net funds at 1 December 1997	206,282	229,703
Net funds at 30 November 1998	<u>97,950</u>	<u>206,282</u>

**21. ULTIMATE PARENT COMPANY**

The ultimate parent company is T Saville Whittle (Export) Limited, a company incorporated in Great Britain and registered in England and Wales. A copy of its accounts can be obtained from its registered office, Albion Bridge Works, Vickers Street, Manchester M40 8EF.

**22. RELATED PARTY TRANSACTIONS**

Included within administrative expenses are £120,000 management charges from T Saville Whittle (Export) Limited.



**ADDITIONAL INFORMATION**

The additional information on page 16 has been prepared from the accounting records of the company. While it does not form part of the statutory financial statements, it should be read in conjunction with them and the auditors' report thereon.

**T SAVILLE WHITTLE LIMITED**

**DETAILED PROFIT AND LOSS ACCOUNT**  
**Year ended 30 November 1998**

	£	1998 £	£	1997 £
<b>TURNOVER</b>		5,971,453		5,791,176
Purchases	5,317,049		5,000,602	
Opening stock 30 November 1997	132,825		243,197	
	<u>5,449,874</u>		<u>5,243,799</u>	
Closing stock 30 November 1998	126,336	5,323,538	132,825	5,110,974
		<u>647,915</u>		<u>680,202</u>
<b>GROSS PROFIT</b>				
<b>OVERHEAD EXPENSES</b>				
Provision for bad and doubtful debts	11,600		-	
Carriage and packing	23,112		25,522	
Wages and salaries	274,015		233,677	
Rates, insurance and electricity	43,602		41,201	
Travelling and motor expenses	58,425		57,950	
Printing, stationery and advertising	5,089		4,604	
General expenses	13,718		15,205	
Repairs	3,177		8,293	
Telephone, telex and postage	11,854		12,615	
Bank charges	15,593		8,683	
Legal and consultancy fees	13,068	473,253	15,680	423,430
		<u>174,662</u>		<u>256,772</u>
Directors' remuneration	-		-	
Audit and accountancy	7,500		7,420	
Depreciation	59,744	67,244	44,547	51,967
		<u>107,418</u>		<u>204,805</u>
Exchange (loss)/gain	(2,382)		11,577	
(Loss)/profit on disposal of fixed assets	(7,943)		(717)	
Income from fixed asset investments	-		-	
Interest receivable	87,761		21,010	
Management charges payable	(120,000)	(42,564)	(120,000)	(88,130)
		<u>64,854</u>		<u>116,675</u>
Profit before taxation				