

T SAVILLE WHITTLE LIMITED

Report and Abbreviated Financial Statements

30 November 2000

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



OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

W T Whittle
R S Whittle
A P C Whittle
D K Gregory (appointed 5 January 2001)

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 TSB 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 2000.

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 abbreviated 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

An interim dividend of £100,000 (1999 - £Nil) was paid to T Saville Whittle (Export) Limited, the holding company. A loss of £52,289 (1999 - £41,469 profit) has been transferred from reserves.

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 8 to these accounts.

DIRECTORS AND THEIR INTERESTS

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

The director retiring by rotation is W T Whittle who, being eligible, offers himself 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 2000 and 30 November 1999.

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.

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 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.



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**Deloitte
& Touche**

AUDITORS' REPORT TO T SAVILLE WHITTLE LIMITED PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated financial accounts on pages 5 to 15 together with the financial statements of T Saville Whittle Limited prepared under section 226 of the Companies Act 1985 for the year ended 30 November 2000.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with Section 246A(3) of the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to deliver abbreviated accounts prepared in accordance with that section and whether the abbreviated accounts have been properly prepared in accordance with those provisions and to report our opinion to you.

Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the audited financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts have been properly prepared from those financial statements. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the company is entitled under Sections 247 and 247A of the Companies Act 1985 to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Companies Act 1985 in respect of the year ended 30 November 2000, and the abbreviated accounts on pages 5 to 15 have been properly prepared in accordance with that provision.

Chartered Accountants and Registered Auditors

26 September 2001

ABBREVIATED PROFIT AND LOSS ACCOUNT
Year ended 30 November 2000

| | Note | 2000 £ | 1999 £ |
|--|------|----------------|----------------|
| GROSS PROFIT | | 719,230 | 691,639 |
| Distribution costs | | 12,100 | 14,388 |
| Administrative expenses | | 652,035 | 667,607 |
| Other operating expenses/(income) | | 10,286 | (21,988) |
| | | <u>674,421</u> | <u>660,007</u> |
| OPERATING PROFIT | | 44,809 | 31,632 |
| Interest receivable and similar income | 3 | 18,464 | 22,843 |
| Interest payable and similar charges | 4 | (2,295) | (3,419) |
| | | <u>16,169</u> | <u>19,424</u> |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | 5 | 60,978 | 51,056 |
| Tax on profit on ordinary activities | 6 | (13,267) | (9,587) |
| | | <u>47,711</u> | <u>41,469</u> |
| PROFIT FOR THE FINANCIAL YEAR | | 47,711 | 41,469 |
| Equity dividends paid | 7 | 100,000 | - |
| | | <u>147,711</u> | <u>41,469</u> |
| RETAINED (LOSS)/PROFIT FOR THE FINANCIAL YEAR | | (52,289) | 41,469 |
| Profit and loss account brought forward | | 464,105 | 422,636 |
| Profit and loss account carried forward | | <u>411,816</u> | <u>464,105</u> |

All activities relate to continuing operations (1999 - same).

There were no recognised gains and losses and no movements in shareholders' funds other than the retained profit for the year (1999 - same).

T SAVILLE WHITTLE LIMITED

BALANCE SHEET 30 November 2000

| | Note | £ | 2000 £ | £ | 1999 £ |
|--|------|-----------|-----------|-----------|-----------|
| FIXED ASSETS | | | | | |
| Tangible assets | 8 | 444,767 | | 466,584 | |
| Investments | 9 | 75,050 | | 75,050 | |
| | | | 519,817 | | 541,634 |
| CURRENT ASSETS | | | | | |
| Stocks | 10 | 97,173 | | 148,057 | |
| Debtors | 11 | 1,057,295 | | 1,101,490 | |
| Cash at bank and in hand | | 298,529 | | 274,629 | |
| | | 1,452,997 | | 1,524,176 | |
| CREDITORS: amounts falling due within one year | | | | | |
| Bank loans and overdrafts | | 136,361 | | 183,732 | |
| Trade creditors | | 783,757 | | 850,444 | |
| Amounts owed to parent company | | 500,165 | | 422,758 | |
| Other creditors including taxation and social security | 12 | 87,810 | | 68,131 | |
| Accruals and deferred income | | 41,076 | | 66,293 | |
| | | 1,549,169 | | 1,591,358 | |
| NET CURRENT LIABILITIES | | | (96,172) | | (67,182) |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | 423,645 | | 474,452 |
| Provisions | 13 | | 1,829 | | 347 |
| TOTAL ASSETS LESS TOTAL LIABILITIES | | | 421,816 | | 474,105 |
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | 14 | | 10,000 | | 10,000 |
| Profit and loss account | | | 411,816 | | 464,105 |
| Equity shareholders' funds | | | 421,816 | | 474,105 |

These accounts have been prepared in accordance with the special provisions relating to medium companies under section 246A of the Companies Act 1985 with regard to the delivery of individual accounts.

Signed on behalf of the Board of Directors on

17th September 2001.



Director

CASH FLOW STATEMENT
Year ended 30 November 2000

| | Note | £ | 2000 £ | £ | 1999 £ |
|--|-------|----------|-----------|----------|-----------|
| Net cash inflow from operating activities | 15 | | 213,733 | | 518 |
| Returns on investments and servicing of finance | | | | | |
| Interest received | | 18,464 | | 22,843 | |
| Interest paid | | (2,295) | | (3,419) | |
| Net cash inflow from returns on investments and servicing of finance | | | 16,169 | | 19,424 |
| Taxation | | | | | |
| UK corporation tax repaid | | 3,622 | | - | |
| Tax repaid | | | 3,622 | | - |
| Capital expenditure and financial investment | | | | | |
| Purchase of tangible fixed assets | | (62,553) | | (37,988) | |
| Sale of tangible fixed assets | | 300 | | 10,993 | |
| Net cash outflow from capital expenditure | | | (62,253) | | (26,995) |
| Equity dividends | | | (100,000) | | - |
| Net cash inflow/(outflow) before use of liquid resources and financing | | | 71,271 | | (7,053) |
| Financing | | | - | | - |
| Increase/(decrease) in cash | 16,17 | | 71,271 | | (7,053) |

NOTES TO THE ACCOUNTS
Year ended 30 November 2000

1. ACCOUNTING POLICIES

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 and machinery | 20% per annum on its written down value |
| Motor vehicles | 20% per annum on cost |
| Fixtures and Fittings | 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. Cost includes materials, direct labour and production overheads appropriate to the relevant stage of production. 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. These financial statements reflect the company's interests in a joint venture which is accounted for on a cost basis in accordance with FRS 9.

NOTES TO THE ACCOUNTS
Year ended 30 November 2000

2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

No directors received any remuneration in the current or prior year.

| | 2000 No | 1999 No |
|---|----------------|----------------|
| Average number of persons employed by - T Saville Whittle (Export) Limited and allocated to the company | | |
| 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 | 243,338 | 255,743 |
| Social security costs | 25,555 | 22,144 |
| Other pension costs | 11,083 | 9,900 |
| | <u>279,976</u> | <u>287,787</u> |

3. INTEREST RECEIVABLE AND SIMILAR INCOME

| | 2000 £ | 1999 £ |
|----------------|---------------|---------------|
| Bank interest | 14,742 | 16,060 |
| Other interest | 3,722 | 6,783 |
| | <u>18,464</u> | <u>22,843</u> |

NOTES TO THE ABBREVIATED ACCOUNTS
Year ended 30 November 2000

4. INTEREST PAYABLE AND SIMILAR CHARGES

| | 2000 | 1999 |
|-----------------------------|-------|-------|
| | £ | £ |
| Interest on bank overdrafts | 2,295 | 3,419 |

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

| | 2000 | 1999 |
|--|---------|---------|
| | £ | £ |
| Profit on ordinary activities before taxation is stated after charging/(crediting): | | |
| Depreciation | 61,869 | 64,891 |
| Auditors' remuneration - audit fees | 8,200 | 7,800 |
| - other services | 9,335 | 9,435 |
| Management charges | 120,000 | 120,000 |
| Profit on sale of fixed assets | (299) | (3,147) |

NOTES TO THE ABBREVIATED ACCOUNTS
Year ended 30 November 2000

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

| | 2000 £ | 1999 £ |
|--|---------------|--------------|
| United Kingdom corporation tax at 20% (1999 – 20%) | | |
| Based on the profit for the year | 11,785 | 11,048 |
| Deferred taxation | 859 | 347 |
| Adjustments in respect of prior years: | | |
| Corporation tax | - | (1,808) |
| Deferred taxation | 623 | - |
| | <u>13,267</u> | <u>9,587</u> |

7. EQUITY DIVIDENDS

| | 2000 £ | 1999 £ |
|--|----------------|-----------|
| Equity dividends paid at £10 per share (1999 - £Nil) | <u>100,000</u> | <u>-</u> |

8. TANGIBLE FIXED ASSETS

| | Freehold land and buildings £ | Plant and machinery £ | Fixtures And Fittings £ | Total £ |
|--------------------------|--|-----------------------------|----------------------------------|----------------|
| Cost | | | | |
| At 1 December 1999 | 317,883 | 309,291 | 111,519 | 738,693 |
| Additions | - | 38,438 | 1,615 | 40,053 |
| Disposals | - | (14,690) | - | (14,690) |
| At 30 November 2000 | <u>317,883</u> | <u>333,039</u> | <u>113,134</u> | <u>764,056</u> |
| Accumulated depreciation | | | | |
| At 1 December 1999 | 12,040 | 177,662 | 82,407 | 272,109 |
| Charge for the year | 4,367 | 51,352 | 6,150 | 61,869 |
| Disposals | - | (14,689) | - | (14,689) |
| At 30 November 2000 | <u>16,407</u> | <u>214,325</u> | <u>88,557</u> | <u>319,289</u> |
| Net book value | | | | |
| At 30 November 2000 | <u>301,476</u> | <u>118,714</u> | <u>24,577</u> | <u>444,767</u> |
| At 30 November 1999 | <u>305,843</u> | <u>131,629</u> | <u>29,112</u> | <u>466,584</u> |

NOTES TO THE ABBREVIATED ACCOUNTS

Year ended 30 November 2000

9. INVESTMENTS HELD AS FIXED ASSETS

| | Shares in associated company £ | Interest free redeemable unsecured loan stock issued by associated company £ | Total £ |
|--|---|---|------------|
| Cost at 1 December 1999 and 30 November 2000 | 50 | 75,000 | 75,050 |

| Investments in associated company | Class of capital | Total issued capital at 30 November 2000 and 1999 £ | Portion Held % |
|-----------------------------------|---------------------|---|----------------------|
| 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 | | | |

At 31 December 1999, the associated company's capital and reserves were £45,822 (1998 - £44,867) and its profit for the year ended 31 December 1999 was £955 (1998 - £45,567 loss).

10. STOCKS

| | 2000 £ | 1999 £ |
|-------------------------------------|-----------|-----------|
| Finished goods and goods for resale | 97,173 | 148,057 |

11. DEBTORS

| | 2000 £ | 1999 £ |
|--------------------------------|-----------|-----------|
| Trade debtors | 1,019,104 | 1,038,717 |
| Prepayments and accrued income | 38,191 | 9,151 |
| Other debtors | - | 50,000 |
| Corporation tax recoverable | - | 3,622 |
| | 1,057,295 | 1,101,490 |

Other debtors include an amount of £Nil (1999 - £50,000) due from Lund Precision Reeds Limited, a company in which T Saville Whittle Limited has a 50% share. Interest on this balance was charged at 9% p.a.

NOTES TO THE ABBREVIATED ACCOUNTS
Year ended 30 November 2000

12. OTHER CREDITORS INCLUDING TAXATION AND SOCIAL SECURITY

| | 2000 | 1999 |
|------------------------------|---------------|---------------|
| | £ | £ |
| This heading includes: | | |
| Taxation and social security | 80,907 | 54,325 |
| | <u>80,907</u> | <u>54,325</u> |

13. PROVISIONS FOR LIABILITIES AND CHARGES

Movement in deferred tax provision for the year

| | 2000 | 1999 |
|--------------------------------------|--------------|-------------|
| | £ | £ |
| Opening balance | 347 | - |
| Current year charge | 859 | 347 |
| Adjustment in respect of prior years | 623 | - |
| | <u>1,829</u> | <u>347</u> |
| Closing balance | <u>1,829</u> | <u>347</u> |

The amount of deferred tax provided in the financial statements and the potential amounts not provided are:

| | Provided | Provided | Not | Not |
|---|-----------------|-----------------|-----------------|-----------------|
| | 2000 | 1999 | Provided | Provided |
| | £ | £ | 2000 | 1999 |
| | | | £ | £ |
| Capital allowances in advance of depreciation | 1,829 | 347 | 25,240 | 23,421 |
| Other timing differences | - | - | 32,768 | 35,444 |
| | <u>1,829</u> | <u>347</u> | <u>58,008</u> | <u>58,865</u> |

14. CALLED UP SHARE CAPITAL

| | 2000 | 1999 |
|-----------------------------------|---------------|---------------|
| | £ | £ |
| Authorised | | |
| 15,000 ordinary shares of £1 each | 15,000 | 15,000 |
| | <u>15,000</u> | <u>15,000</u> |
| Allotted and fully paid | | |
| 10,000 ordinary shares of £1 each | 10,000 | 10,000 |
| | <u>10,000</u> | <u>10,000</u> |

NOTES TO THE ABBREVIATED ACCOUNTS

Year ended 30 November 2000

15. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

| | 2000 £ | 1999 £ |
|---|----------------|------------|
| Operating profit | 44,809 | 31,632 |
| Depreciation | 61,869 | 64,891 |
| Profit on sale of tangible fixed assets | (299) | (3,147) |
| Decrease/(increase) in stocks | 50,884 | (21,721) |
| Decrease in debtors | 40,573 | 11,109 |
| Decrease in creditors | (61,510) | (260,047) |
| Movement in group balances | 77,407 | 177,801 |
| Net cash inflow from operating activities | <u>213,733</u> | <u>518</u> |

16. ANALYSIS OF CHANGES IN NET FUNDS

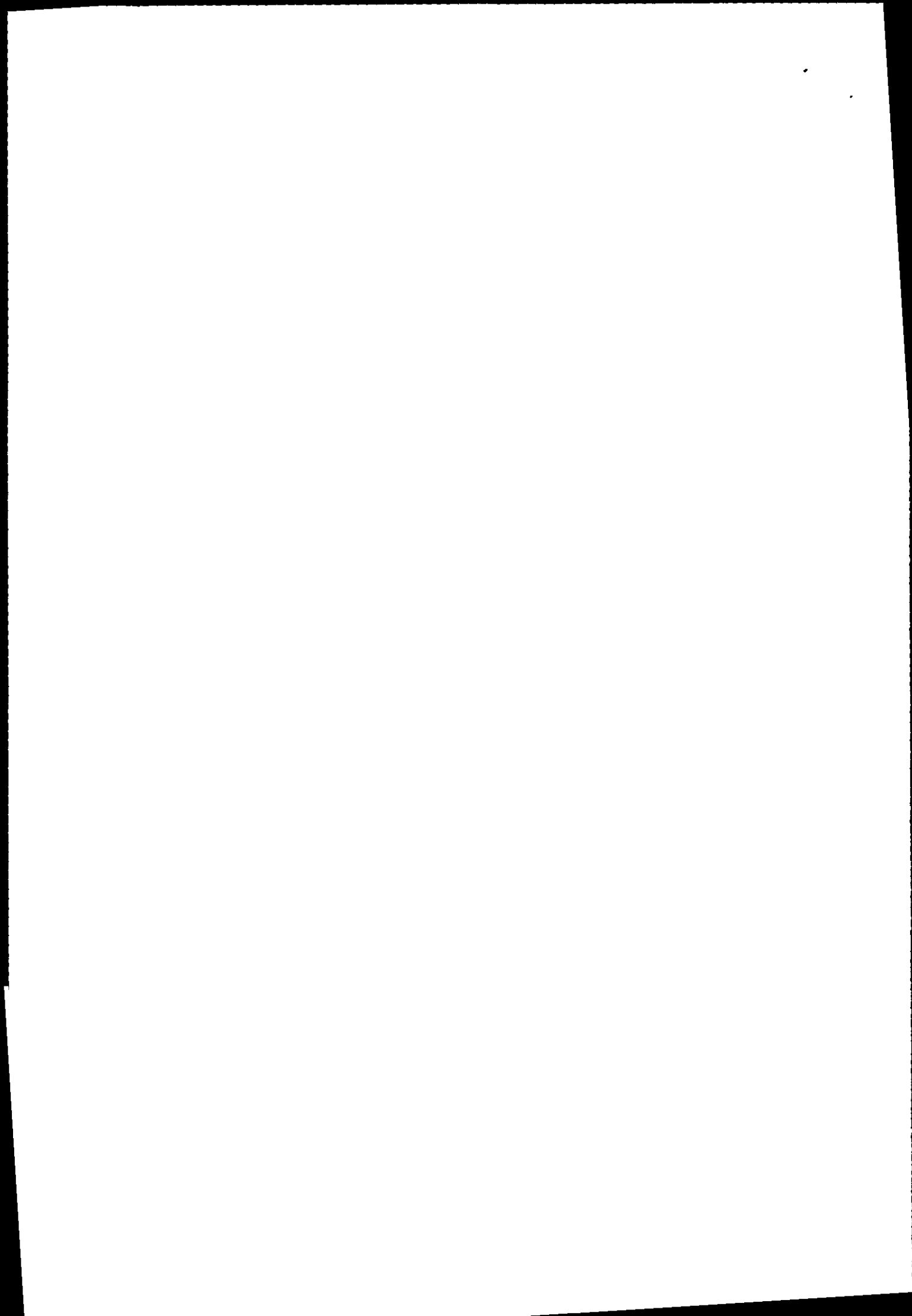
| | At 1 December 1999 £ | Cash flow £ | At 30 November 2000 £ |
|--------------------------|-------------------------------|----------------|--------------------------------|
| Cash at bank and in hand | 274,629 | 23,900 | 298,529 |
| Bank overdraft | (183,732) | 47,371 | (136,361) |
| | <u>90,897</u> | <u>71,271</u> | <u>162,168</u> |

17. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

| | 2000 £ | 1999 £ |
|---|----------------|----------------|
| Increase/(decrease) in cash in the year | <u>71,271</u> | <u>(7,053)</u> |
| Change in net funds resulting from cash flows | <u>71,271</u> | <u>(7,053)</u> |
| Net funds at 1 December | <u>90,897</u> | <u>97,950</u> |
| Net funds at 30 November | <u>162,168</u> | <u>90,897</u> |

18. 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.



NOTES TO THE ABBREVIATED ACCOUNTS

Year ended 30 November 2000

19. RELATED PARTY TRANSACTIONS

Included within administrative expenses are £120,000 (1999 - £120,000) management charges from T Saville Whittle (Export) Limited. T Saville Whittle (Export) Limited guarantees bank loans and overdrafts included within creditors falling due within one year. The balance due to the parent company is disclosed on the balance sheet on page 6 of these accounts.

20. POST BALANCE SHEET EVENT

On 21 December 2000 the company disposed of its investment in the associated company, Lund Precision Reeds Limited (see note 9) by disposing the 50 ordinary shares.