

T SAVILLE WHITTLE LIMITED

Report and Abbreviated Financial Statements

30 November 1996

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



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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

W T Whittle
R S Whittle
A P C Whittle

SECRETARY

C B H Gill

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 1996.

ACTIVITIES

The principal activities of the company are the manufacture and distribution of dyestuffs, chemicals and finishes for the textile and other trades, the merchanting and export of goods of all kinds and acting as freight forwarding agents.

REVIEW OF DEVELOPMENTS

The company has achieved a satisfactory result given the general economic climate. Further details of the company's performance are given in the profit and loss account on page 7. The position of the company at the end of the year is set out in the balance sheet on page 8.

DIVIDENDS AND TRANSFERS TO RESERVES

A final dividend of £150,000 was paid to T Saville Whittle (Export) Limited, the holding company (1995 - £45,255). A retained loss of £121,441 (1995 - £47,155) has been transferred from reserves.

FUTURE PROSPECTS

The directors consider that the company is well placed to perform satisfactorily given an improved trading climate.

FIXED ASSETS

The movements in tangible fixed assets are set out in note 7 on page 13.

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 Mr 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 1996 and 30 November 1995.

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.

DONATIONS

During the year the company made the following donations:

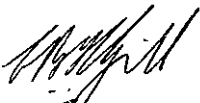
Political purposes	£nil
Charitable purposes	£65

DIRECTORS' REPORT (continued)

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.



Chartered Accountants

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201 Deansgate
Manchester M60 2AT

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AUDITORS' REPORT TO T SAVILLE WHITTLE LIMITED IN ACCORDANCE WITH PARAGRAPH 24 OF SCHEDULE 8 TO THE COMPANIES ACT 1985

We have examined the abbreviated financial statements on pages 7 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 1996.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with Schedule 8 to the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to the exemptions claimed in the directors' statement on page 4 and whether the abbreviated accounts have been properly prepared in accordance with that Schedule.

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 the exemptions 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 246 and 247 of the Companies Act 1985 to the exemptions conferred by Section B of Part III of Schedule 8 to that Act, in respect of the year ended 30 November 1996, and the abbreviated accounts on pages 7 to 15 have been properly prepared in accordance with that Schedule.

Other information

On ~~29 September~~ we reported, as auditors to T Saville Whittle Limited, to the members on the financial statements prepared under Section 226 of the Companies Act 1985 for the year ended 30 November 1996 and our audit report was as follows:

"We have audited the financial statements on pages 6 to 15 which have been prepared under the accounting policies set out on page 9.



**AUDITORS' REPORT TO T SAVILLE WHITTLE LIMITED IN ACCORDANCE
WITH PARAGRAPH 24 OF SCHEDULE 8 TO THE COMPANIES ACT 1985
(continued)**

Respective responsibilities of directors and auditors

As described on page 4 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 1996 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985."

Chartered Accountants and Registered Auditors

29 September 1997

ABBREVIATED PROFIT AND LOSS ACCOUNT
Year ended 30 November 1996

	Note	1996 £	1995 £
GROSS PROFIT		651,511	536,106
Distribution costs		31,168	29,231
Administrative expenses		585,858	522,768
Other operating expenses/(income)		11,997	(12,941)
		<u>629,023</u>	<u>539,058</u>
OPERATING PROFIT/(LOSS)		22,488	(2,952)
Interest receivable and similar income	3	26,944	19,946
Interest payable and similar charges	4	(13,563)	(16,473)
		<u>13,381</u>	<u>3,473</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	35,869	521
Tax on profit on ordinary activities	6	7,310	2,381
		<u>28,559</u>	<u>(1,860)</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		28,559	(1,860)
Equity dividends paid		(150,000)	(45,255)
		<u>(121,441)</u>	<u>(47,155)</u>
RETAINED LOSS FOR THE FINANCIAL YEAR		(121,441)	(47,155)
Profit and loss account brought forward		629,316	676,431
Profit and loss account carried forward		<u>507,875</u>	<u>629,316</u>

All activities relate to continuing operations (1995 - same).

There were no recognised gains and losses and no movements in shareholders' funds other than the retained loss for the year (1995 - same).

T SAVILLE WHITTLE LIMITED

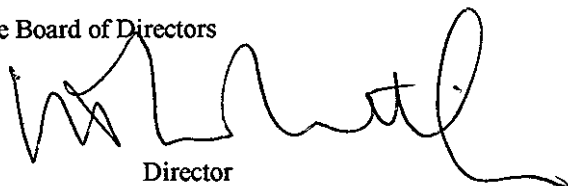
BALANCE SHEET
30 November 1996

	Note	1996	1995
		£	£
FIXED ASSETS			
Tangible assets	7	108,932	83,735
CURRENT ASSETS			
Stocks		243,197	430,810
Debtors	9	1,197,121	1,415,036
Investments	10	-	231
Cash at bank and in hand		530,700	460,469
		<u>1,971,018</u>	<u>2,306,546</u>
CREDITORS: amounts falling due within one year			
Bank loans and overdrafts		300,997	397,413
Trade creditors		1,082,727	1,183,890
Amount owed to parent company		19,423	-
Other creditors including taxation and social security	11	105,839	110,462
Accruals and deferred income		53,089	59,200
		<u>1,562,075</u>	<u>1,750,965</u>
NET CURRENT ASSETS		<u>408,943</u>	<u>555,581</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>517,875</u>	<u>639,316</u>
CAPITAL AND RESERVES			
Called up share capital	13	10,000	10,000
Profit and loss account		507,875	629,316
Equity shareholders' funds		<u>517,875</u>	<u>639,316</u>

Advantage is taken of the exemptions conferred by Section B of Part III of Schedule 8 of the Companies Act 1985 with respect to the delivery of individual accounts. In the opinion of the directors, the company is entitled to those exemptions on the grounds that it has met the qualifications for a medium-sized company specified in Sections 246 and 249.

These financial statements were approved by the Board of Directors on *29 September 1997*

Signed on behalf of the Board of Directors


Director

CASH FLOW STATEMENT
Year ended 30 November 1996

	Note	1996 £	1995 £
Net cash inflow from operating activities	15	363,834	45,646
Returns on investments and servicing of finance			
Interest received		26,944	19,946
Interest paid		(13,563)	(16,473)
Dividends paid		(150,000)	(45,255)
		<u> </u>	<u> </u>
Net cash (outflow)/inflow from returns on investments and servicing of finance		(136,619)	(41,782)
Taxation			
UK corporation tax paid		(11,490)	1,106
Investing activities			
Purchase of tangible fixed assets		(59,676)	(44,523)
Disposal of tangible fixed assets		9,996	4,042
Sale of investments		602	-
		<u> </u>	<u> </u>
Net cash outflow from investing activities		(49,078)	(40,481)
Net cash outflow before financing		166,647	(35,511)
Financing			
Net cash inflow from financing		-	-
		<u> </u>	<u> </u>
Decrease in cash and cash equivalents	16	166,647	(35,511)

NOTES TO THE ABBREVIATED ACCOUNTS
Year ended 30 November 1996

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:

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

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.

NOTES TO THE ABBREVIATED ACCOUNTS

Year ended 30 November 1996

2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	1996 £	1995 £
Directors' emoluments		
Management remuneration	-	1,912
Remuneration of the chairman	-	777
Remuneration of the highest paid director	-	889
	No	No
Scale of directors' remuneration		
£ Nil	3	3
Average number of persons employed		
Sales and distribution	6	6
Administration	9	9
	15	15
	£	£
Employee costs during the year - employed by T Saville Whittle (Export) Limited and allocated to the company		
Wages and salaries	178,864	159,184
Social security costs	16,198	14,888
Other pension costs	-	1,912
	195,062	175,984

NOTES TO THE ABBREVIATED ACCOUNTS
Year ended 30 November 1996

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	1996 £	1995 £
Bank interest	26,944	18,831
Other interest	-	1,115
	<u>26,944</u>	<u>19,946</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	1996 £	1995 £
Interest on bank overdrafts	<u>13,563</u>	<u>16,473</u>

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1996 £	1995 £
Profit on ordinary activities before taxation is stated after charging:		
Depreciation	33,701	23,447
Auditors' remuneration - audit fees	7,000	7,000
- other services	4,350	8,050
Management charges	179,000	161,000
(Profit)/loss on sale of fixed assets	(9,217)	(4,040)
(Profit)/loss on sale of investments	(371)	502
	<u></u>	<u></u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1996 £	1995 £
United Kingdom corporation tax at 24% (1995 - 25%) based on the profit for the year	8,809	2,381
Adjustment in respect of prior years	(1,499)	-
	<u>7,310</u>	<u>2,381</u>

NOTES TO THE ABBREVIATED ACCOUNTS
Year ended 30 November 1996

7. TANGIBLE FIXED ASSETS

	Plant and machinery £	Fixtures and fittings £	Total £
Cost			
At 30 November 1995	211,176	82,999	294,175
Additions	54,982	4,694	59,676
Disposals	(54,011)	(2,594)	(56,605)
At 30 November 1996	<u>212,147</u>	<u>85,099</u>	<u>297,246</u>
Accumulated depreciation			
At 30 November 1995	145,595	64,845	210,440
Charge for the year	29,250	4,451	33,701
Disposals	(54,007)	(1,820)	(55,827)
At 30 November 1996	<u>120,838</u>	<u>67,476</u>	<u>188,314</u>
Net book value			
At 30 November 1996	<u>91,309</u>	<u>17,623</u>	<u>108,932</u>
At 30 November 1995	<u>65,581</u>	<u>18,154</u>	<u>83,735</u>

8. STOCKS

	1996 £	1995 £
Finished goods and goods for resale	<u>243,197</u>	<u>430,810</u>

9. DEBTORS

	1996 £	1995 £
Trade debtors	1,083,982	1,246,390
Amounts owed by parent company	-	87,160
Prepayments and accrued income	72,271	72,096
ACT recoverable	40,868	9,390
	<u>1,197,121</u>	<u>1,415,036</u>

NOTES TO THE ABBREVIATED ACCOUNTS
Year ended 30 November 1996

10. INVESTMENTS HELD AS CURRENT ASSETS

	1996 £	1995 £
Other investments - shares in listed companies		
At 30 November 1996	-	231

The market value of listed investments held was £nil (1996 - £378).

11. OTHER CREDITORS INCLUDING TAXATION AND SOCIAL SECURITY

	1996 £	1995 £
This heading includes:		
Taxation and social security	105,839	110,462

12. PROVISIONS FOR LIABILITIES AND CHARGES

There is no provision for deferred taxation in the accounts.

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

	Provided 1996 £	Provided 1995 £	Not Provided 1996 £	Not Provided 1994 £
Capital allowances in advance of depreciation	-	(68)	(148)	(2,565)
Other timing differences	-	68	-	-
	-	-	(148)	(2,565)

13. CALLED UP SHARE CAPITAL

	1996 £	1995 £
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

NOTES TO THE ABBREVIATED ACCOUNTS

Year ended 30 November 1996

14. RECONCILIATION OF OPERATING LOSS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	1996 £	1995 £
Operating profit/(loss)	22,488	(2,952)
Depreciation	33,701	23,447
Profit on sale of fixed assets	(9,217)	(4,040)
(Profit)/loss on investments	(371)	502
Decrease in stock	187,613	20,974
Decrease/(increase) in debtors	162,233	(250,100)
(Decrease)/increase in creditors	(139,196)	205,486
Movement in group balances	106,583	52,329
	<u>363,834</u>	<u>45,646</u>
Net cash inflow from operating activities		

15. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET

	1996 £	1995 £	Change in the year 1996 £	Change in the year 1995 £
Cash at bank and in hand	530,700	460,469	70,231	(169,785)
Bank overdraft	(300,997)	(397,413)	96,416	134,274
	<u>229,703</u>	<u>63,056</u>	<u>166,647</u>	<u>(35,511)</u>

16. CAPITAL COMMITMENTS

	1996 £	1995 £
Contracted for but not provided in the financial statements	Nil	Nil
Authorised but not yet contracted for	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 1996 (1995 - £14,279).

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.