

**Leigh Spinners Limited**  
**Financial Statements**  
**For**  
**The Period From 29 February 2004 to 26 February 2005**

**Company Registration Number 529628**



**BEEVER AND STRUTHERS**  
Chartered Accountants & Registered Auditors  
St George's House  
215 -219 Chester Road  
Manchester  
M15 4JE

# **Leigh Spinners Limited**

## **Financial Statements**

**Period From 29 February 2004 to 26 February 2005**

<b>Contents</b>	<b>Pages</b>
The Directors' Report	<b>1 to 3</b>
Independent Auditors' Report to the Shareholders	<b>4 to 5</b>
Profit and Loss Account	<b>6</b>
Balance Sheet	<b>7</b>
Cash Flow Statement	<b>8 to 9</b>
Notes to the Financial Statements	<b>10 to 20</b>

# Leigh Spinners Limited

## The Directors' Report

Period From 29 February 2004 to 26 February 2005

The directors have pleasure in presenting their report and the financial statements of the company for the period from 29 February 2004 to 26 February 2005.

### Principal Activities and Business Review

The principal activity of the company during the year continues to be the manufacture of carpets. No significant change in the nature of these activities occurred during the year.

The net loss after providing for taxation amounted to £639,129.

The company has maintained its carpet manufacturing capabilities and production continues to be either fibre bonding or conventional tufting processes. It is the directors view that the capital expenditure undertaken in recent years will contribute significantly to future profits.

### Results and Dividends

The trading results for the period and the company's financial position at the end of the period are shown in the attached financial statements.

The directors have recommended the following dividends:

	Period from 29 February 2004 to 26 February 2005 £	Period from 24 February 2003 to 28 February 2004 £
Proposed dividends on ordinary shares	173,250	198,000
Dividends paid on ordinary shares	24,750	24,750
	<u>198,000</u>	<u>222,750</u>

The total dividend for the year is 200p per share (2004: 225p per share).

# Leigh Spinners Limited

## The Directors' Report *(continued)*

Period From 29 February 2004 to 26 February 2005

### The Directors and their Interests in the Shares of the Company

The directors who served the company during the period together with their beneficial interests in the shares of the company were as follows:

		At	At
	Class of share	26 February 2005	29 February 2004
J T Horrocks	Beneficial	10,566	10,413
	Non-beneficial	2,202	2,152
P D G Horrocks	Beneficial	10,333	10,107
	Non-beneficial	556	500
M W Horrocks	Beneficial	3,841	3,728
	Non-Beneficial	—	—
Miss P A E Horrocks	Beneficial	15,198	15,085
	Non-beneficial	8,346	8,176
P G W Smith	Beneficial	1,113	1,000
	Non-Beneficial	—	—
N J Horrocks	Beneficial	1,113	1,000
	Non-Beneficial	—	—

The director to retire by rotation is Mr P G W Smith, who is eligible and offers himself for re-election.

### Fixed Assets

With regard to fixed assets, it is not yet possible to ascertain the the book value of land and buildings but the directors are of the opinion that the following amount may be reasonably allocated:

Freehold Land and Buildings            £324,136 (2004: £378,293).

The directors are of the opinion that the market value of the freehold land and buildings exceeds these figures but that the amount of the excess is not significant as no sizeable disposals are envisaged.

### Policy on the Payment of Creditors

All suppliers are paid when the invoice becomes due for payment in accordance with the individual terms of each supplier.

# Leigh Spinners Limited

## The Directors' Report *(continued)*

Period From 29 February 2004 to 26 February 2005

### 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 at the end of the period and of the profit or loss for the period then ended. In preparing those financial statements, the directors are required to:

select suitable accounting policies, as described on pages 10 to 11, and then apply them consistently;

make judgements and estimates that are reasonable and prudent; and

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

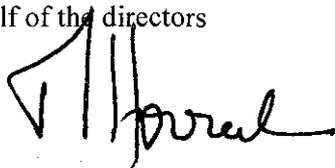
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Auditors

A resolution to re-appoint Beever and Struthers as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Signed on behalf of the directors

J T Horrocks  
Director



Approved by the directors on ..... 3.5.05

# **Leigh Spinners Limited**

## **Independent Auditors' Report to the Shareholders of Leigh Spinners Limited**

**Period From 29 February 2004 to 26 February 2005**

We have audited the financial statements of Leigh Spinners Limited for the period from 29 February 2004 to 26 February 2005 on pages 6 to 20 which have been prepared under the historical cost convention and the accounting policies set out on pages 10 to 11.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders 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 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements 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 financial statements, 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 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.

# Leigh Spinners Limited

## Independent Auditors' Report to the Shareholders of Leigh Spinners Limited *(continued)*

Period From 29 February 2004 to 26 February 2005

### Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 26 February 2005 and of its loss for the period then ended, and have been properly prepared in accordance with the Companies Act 1985.

*Beever and Struthers.*

St George's House  
215 -219 Chester Road  
Manchester  
M15 4JE

BEEVER AND STRUTHERS  
Chartered Accountants  
& Registered Auditors

03/05/05

# Leigh Spinners Limited

## Profit and Loss Account

Period From 29 February 2004 to 26 February 2005

	Note	Period from 29 Feb 04 to 26 Feb 05 £	Period from 24 Feb 03 to 28 Feb 04 £
<b>Turnover</b>	2	6,934,185	7,918,696
Cost of sales		6,600,324	7,242,513
<b>Gross profit</b>		<u>333,861</u>	<u>676,183</u>
Distribution costs		494,175	419,831
Administrative expenses		593,820	534,180
Other operating income	3	—	(1,825)
<b>Operating loss</b>	4	<u>(754,134)</u>	<u>(276,003)</u>
Interest receivable	7	70,851	65,495
<b>Loss on ordinary activities before taxation</b>		<u>(683,283)</u>	<u>(210,508)</u>
Tax on loss on ordinary activities	8	(44,154)	(105,097)
<b>Loss on ordinary activities after taxation</b>		<u>(639,129)</u>	<u>(105,411)</u>
Dividends	9	198,000	222,750
<b>Loss for the financial period</b>		<u>(837,129)</u>	<u>(328,161)</u>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the period as set out above.

The notes on pages 10 to 20 form part of these financial statements.

# Leigh Spinners Limited

## Balance Sheet

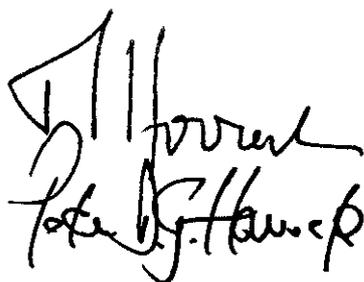
26 February 2005

	Note	26 Feb 05		28 Feb 04	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	10		997,004		1,431,213
Investments	11		9,902		15,902
			<u>1,006,906</u>		<u>1,447,115</u>
<b>Current assets</b>					
Stocks	12	1,575,628		1,489,057	
Debtors	13	1,531,696		1,133,590	
Investments	15	907,662		906,543	
Cash at bank		568,173		1,397,582	
		<u>4,583,159</u>		<u>4,926,772</u>	
<b>Creditors: Amounts Falling due Within One Year</b>	16		<u>953,996</u>		<u>900,689</u>
<b>Net current assets</b>			<u>3,629,163</u>		<u>4,026,083</u>
<b>Total assets less current liabilities</b>			<u>4,636,069</u>		<u>5,473,198</u>
<b>Capital and reserves</b>					
Called-up equity share capital	18		99,000		99,000
Share premium account			410,963		410,963
Other reserves	19		122,240		122,240
Profit and loss account	20		4,003,866		4,840,995
<b>Shareholders' funds</b>	21		<u>4,636,069</u>		<u>5,473,198</u>

These financial statements were approved by the directors on the 3.5.05 and are signed on their behalf by:

J T Horrocks

P D G Horrocks



The notes on pages 10 to 20 form part of these financial statements.

# Leigh Spinners Limited

## Cash Flow Statement

Period From 29 February 2004 to 26 February 2005

	Period from 29 Feb 04 to 26 Feb 05		Period from 24 Feb 03 to 28 Feb 04	
	£	£	£	£
<b>Net cash (outflow)/inflow from operating activities</b>		<b>(545,254)</b>		<b>461,309</b>
<b>Returns on investments and servicing of finance</b>				
Interest received	<u>70,851</u>		<u>65,495</u>	
<b>Net cash inflow from returns on investments and servicing of finance</b>		<b>70,851</b>		<b>65,495</b>
<b>Taxation</b>		<b>(55,050)</b>		<b>(10,538)</b>
<b>Capital expenditure and financial investment</b>				
Payments to acquire tangible fixed assets	<b>(87,560)</b>		<b>(96,958)</b>	
Receipts from sale of fixed assets	<b>5,473</b>		<b>625</b>	
Payment to acquire other current asset investments	<u><b>(1,119)</b></u>		<u><b>(2,103)</b></u>	
<b>Net cash outflow for capital expenditure and financial investment</b>		<b>(83,206)</b>		<b>(98,436)</b>
<b>Acquisitions and disposals</b>				
Acquisition of shares in group undertakings	<b>-</b>		<b>(15,900)</b>	
Disposal of shares in group undertakings	<u><b>6,000</b></u>		<u><b>-</b></u>	
<b>Net cash inflow/(outflow) from acquisitions and disposals</b>		<b>6,000</b>		<b>(15,900)</b>
<b>Equity dividends paid</b>		<b>(222,750)</b>		<b>(381,150)</b>
<b>(Decrease)/increase in cash</b>		<u><b>(829,409)</b></u>		<u><b>20,780</b></u>

The notes on pages 10 to 20 form part of these financial statements.

# Leigh Spinners Limited

## Cash Flow Statement *(continued)*

Period From 29 February 2004 to 26 February 2005

### Reconciliation of Operating Loss to Net Cash (Outflow)/Inflow From Operating Activities

	Period from 29 Feb 04 to 26 Feb 05 £	Period from 24 Feb 03 to 28 Feb 04 £
Operating loss	(754,134)	(276,003)
Depreciation	515,587	574,263
Loss/(Profit) on disposal of fixed assets	709	(625)
Increase in stocks	(86,571)	(45,957)
(Increase)/decrease in debtors	(347,903)	445,272
Increase/(decrease) in creditors	127,058	(235,641)
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(545,254)</b>	<b>461,309</b>

### Reconciliation of Net Cash Flow to Movement in Net Funds

	26 Feb 05 £	28 Feb 04 £
(Decrease)/Increase in cash in the period	(829,409)	20,780
Movement in net funds in the period	(829,409)	20,780
<b>Net funds at 29 February 2004</b>	<b>1,397,582</b>	<b>1,376,802</b>
<b>Net funds at 26 February 2005</b>	<b>568,173</b>	<b>1,397,582</b>

### Analysis of Changes in Net Funds

	At 29 Feb 2004 £	Cash flows £	At 26 Feb 2005 £
Net cash:			
Cash in hand and at bank	1,397,582	(829,409)	568,173
<b>Net funds</b>	<b>1,397,582</b>	<b>(829,409)</b>	<b>568,173</b>

The notes on pages 10 to 20 form part of these financial statements.

# Leigh Spinners Limited

## Notes to the Financial Statements

Period From 29 February 2004 to 26 February 2005

### 1. Accounting Policies

#### **Basis of Accounting**

The financial statements have been prepared under the historical cost convention.

#### **Consolidation**

In the opinion of the directors, the company and its subsidiary undertakings comprise a medium-sized group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

#### **Turnover**

The turnover shown in the profit and loss account represents amounts invoiced during the period, exclusive of Value Added Tax.

#### **Fixed Assets**

All fixed assets are initially recorded at cost.

#### **Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Buildings, plant and machinery etc	- 20% on cost
Motor Vehicles	- 25% on cost

#### **Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

#### **Work in Progress**

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

#### **Pension Costs**

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

# Leigh Spinners Limited

## Notes to the Financial Statements

Period From 29 February 2004 to 26 February 2005

### 1. Accounting Policies *(continued)*

#### Deferred Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### Foreign Currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

### 2. Turnover

The turnover and loss before tax are attributable to the one principal activity of the company. An analysis of turnover is given below:

	Period from 29 Feb 04 to 26 Feb 05 £	Period from 24 Feb 03 to 28 Feb 04 £
United Kingdom	<u>6,934,185</u>	<u>7,918,696</u>

# Leigh Spinners Limited

## Notes to the Financial Statements

**Period From 29 February 2004 to 26 February 2005**

### 3. Other Operating Income

	Period from 29 Feb 04 to 26 Feb 05 £	Period from 24 Feb 03 to 28 Feb 04 £
Other operating income	—	<u>1,825</u>

### 4. Operating Loss

Operating loss is stated after charging/(crediting):

	Period from 29 Feb 04 to 26 Feb 05 £	Period from 24 Feb 03 to 28 Feb 04 £
Depreciation of owned fixed assets	515,587	574,263
Loss/(Profit) on disposal of fixed assets	709	(625)
Auditors' remuneration		
- as auditors	8,000	8,000
Net profit on foreign currency translation	<u>(857)</u>	<u>(4,821)</u>

### 5. Particulars of Employees

The average number of staff employed by the company during the financial period amounted to:

	Period from 29 Feb 04 to 26 Feb 05 No	Period from 24 Feb 03 to 28 Feb 04 No
Number of administration and production staff	<u>127</u>	<u>154</u>

The aggregate payroll costs of the above were:

	Period from 29 Feb 04 to 26 Feb 05 £	Period from 24 Feb 03 to 28 Feb 04 £
Wages and salaries	2,123,329	2,469,419
Social security costs	190,535	213,282
Other pension costs	65,839	67,435
	<u>2,379,703</u>	<u>2,750,136</u>

# Leigh Spinners Limited

## Notes to the Financial Statements

Period From 29 February 2004 to 26 February 2005

### 6. Directors' Emoluments

The directors' aggregate emoluments in respect of qualifying services were:

	Period from 29 Feb 04 to 26 Feb 05 £	Period from 24 Feb 03 to 28 Feb 04 £
Emoluments receivable	123,409	135,458
Value of company pension contributions to money purchase schemes	56,923	52,549
	<u>180,332</u>	<u>188,007</u>

The number of directors who accrued benefits under company pension schemes was as follows:

	Period from 29 Feb 04 to 26 Feb 05 No	Period from 24 Feb 03 to 28 Feb 04 No
Money purchase schemes	<u>2</u>	<u>2</u>

### 7. Interest Receivable

	Period from 29 Feb 04 to 26 Feb 05 £	Period from 24 Feb 03 to 28 Feb 04 £
Bank interest receivable	36,452	31,321
Listed investment income received	6,643	7,047
Income from Government Stocks	27,756	27,127
	<u>70,851</u>	<u>65,495</u>

# Leigh Spinners Limited

## Notes to the Financial Statements

Period From 29 February 2004 to 26 February 2005

### 8. Taxation on Ordinary Activities

#### (a) Analysis of charge in the period

	Period from 29 Feb 04 to 26 Feb 05 £	Period from 24 Feb 03 to 28 Feb 04 £
Current tax:		
In respect of the period:		
UK Corporation tax based on the results for the period at 19% (2004 - 19%)	(44,154)	56,000
Over/under provision in prior year	—	903
Total current tax	<u>(44,154)</u>	<u>56,903</u>
Deferred tax:		
Origination and reversal of timing differences	—	(162,000)
Tax on loss on ordinary activities	<u>(44,154)</u>	<u>(105,097)</u>

#### (b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the period is higher than the standard rate of corporation tax in the UK of 19% (2004 - 19%).

	Period from 29 Feb 04 to 26 Feb 05 £	Period from 24 Feb 03 to 28 Feb 04 £
Loss on ordinary activities before taxation	<u>(683,283)</u>	<u>(210,508)</u>
Profit/(loss) on ordinary activities by rate of tax	(129,824)	(39,997)
Expenses not deductible for tax purposes	589	486
Profit on disposal of fixed assets	(185)	119
Depreciation for period in excess of capital allowances	87,656	96,227
Distributions received from UK companies	(1,123)	(1,339)
Adjustments to tax in respect of previous periods	—	903
Restriction on carry back of loss	2,043	—
Sundry tax adjusting items	(3,310)	504
Total current tax (note 8(a))	<u>(44,154)</u>	<u>56,903</u>

# Leigh Spinners Limited

## Notes to the Financial Statements

Period From 29 February 2004 to 26 February 2005

### 8. Taxation on Ordinary Activities *(continued)*

#### (c) Factors that may affect future tax charges

On a full provision basis, a potential deferred tax asset of £440,000 would arise on depreciation in advance of capital allowances. The deferred tax asset has actually been recorded at £307,000 as at the balance sheet date, as there is uncertainty regarding the availability of future taxable profits against which the asset could be recovered. The asset will only be recovered if the company achieves taxable surpluses in future years.

### 9. Dividends

The following dividends have been paid or proposed in respect of the period:

	Period from 29 Feb 04 to 26 Feb 05 £	Period from 24 Feb 03 to 28 Feb 04 £
Proposed dividend on ordinary shares	173,250	198,000
Dividend paid on ordinary shares	24,750	24,750
	<u>198,000</u>	<u>222,750</u>

### 10. Tangible Fixed Assets

	Freehold land and buildings, Plant and machinery £	Motor Vehicles £	Total £
<b>Cost</b>			
At 29 February 2004	8,992,749	172,440	9,165,189
Additions	66,565	20,995	87,560
Disposals	(3,551)	(19,995)	(23,546)
<b>At 26 February 2005</b>	<u>9,055,763</u>	<u>173,440</u>	<u>9,229,203</u>
<b>Depreciation</b>			
At 29 February 2004	7,592,037	141,939	7,733,976
Charge for the period	494,001	21,586	515,587
On disposals	(3,551)	(13,813)	(17,364)
<b>At 26 February 2005</b>	<u>8,082,487</u>	<u>149,712</u>	<u>8,232,199</u>
<b>Net book value</b>			
<b>At 26 February 2005</b>	<u>973,276</u>	<u>23,728</u>	<u>997,004</u>
At 28 February 2004	<u>1,400,712</u>	<u>30,501</u>	<u>1,431,213</u>

# Leigh Spinners Limited

## Notes to the Financial Statements

Period From 29 February 2004 to 26 February 2005

### 11. Investments

#### Unlisted investments:

	£
<b>Cost</b>	
At 29 February 2004	15,902
Transfer	<u>(6,000)</u>
At 26 February 2005	<u>9,902</u>
<b>Net book value</b>	
At 26 February 2005	<u>9,902</u>
At 28 February 2004	<u>15,902</u>

The investments held at the year end represent the shareholdings in Thorneycroft Estates Limited (£2), and Leigh Carpet Tiles Limited (£9,900).

Thorneycroft Estates Limited is a wholly owned subsidiary of Leigh Spinners Limited, engaged in the business of property development. The company has not traded for the past twenty-two years.

During the prior year the company invested in Leigh Carpet Tiles Limited, a company incorporated in England and Wales. The company is 50% owned by Leigh Spinners Limited. No party has overall control of Leigh Carpet Tiles Limited.

During the current and prior year the company made a loan of £12,000 to Leigh Carpet Tiles Limited in 2 installments of £6,000 each. There is no interest attached to this loan. The full amount was still outstanding at the year end and is included in other debtors.

During the year sales of £33,853 (2004: £7,153) were made to Leigh Carpet Tiles Limited. The balance due from Leigh Carpet Tiles Limited at the balance sheet date was £10,053 (2004: £8,405) and this is included in trade debtors.

#### Aggregate capital and reserves

	Period from 29 Feb 04 to 26 Feb 05 £	Period from 24 Feb 03 to 28 Feb 04 £
Leigh Carpet Tiles Limited	(43,121)	(4,222)
<b>Profit and (loss) for the year</b>		
Leigh Carpet Tiles Limited	(38,899)	(34,122)

# Leigh Spinners Limited

## Notes to the Financial Statements

**Period From 29 February 2004 to 26 February 2005**

### 12. Stocks

	26 Feb 05	28 Feb 04
	£	£
Raw materials	604,635	552,555
Work in progress	543,569	644,195
Finished goods	422,369	288,233
Fuel stock	5,055	4,074
	<u>1,575,628</u>	<u>1,489,057</u>

### 13. Debtors

	26 Feb 05	28 Feb 04
	£	£
Trade debtors	1,102,340	723,829
Amounts owed by group undertakings	20,636	20,621
Corporation tax repayable	50,203	-
Other debtors	12,865	-
Prepayments and accrued income	38,652	82,140
Deferred taxation (note 14)	307,000	307,000
	<u>1,531,696</u>	<u>1,133,590</u>

The amount owed by group undertakings is unlikely to be repaid within twelve months of the balance sheet date.

### 14. Deferred Taxation

The deferred tax included in the Balance sheet is as follows:

	Period from 29 Feb 04 to 26 Feb 05	Period from 24 Feb 03 to 28 Feb 04
	£	£
Included in debtors (note 13)	<u>307,000</u>	<u>307,000</u>

The movement in the deferred taxation account during the period was:

	Period from 29 Feb 04 to 26 Feb 05
	£
Balance brought forward	307,000
Balance carried forward	<u>307,000</u>

# Leigh Spinners Limited

## Notes to the Financial Statements

Period From 29 February 2004 to 26 February 2005

### 14. Deferred Taxation *(continued)*

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	26 Feb 05	28 Feb 04
	£	£
Excess of taxation allowances over depreciation on fixed assets	307,000	307,000
	<u>307,000</u>	<u>307,000</u>

On a full provision basis, a potential deferred tax asset of £440,000 would arise on depreciation in advance of capital allowances. The deferred tax asset has actually been recorded at £307,000 as at the balance sheet date, as there is uncertainty regarding the availability of future taxable profits against which the asset could be recovered. The asset will only be recovered if the company achieves taxable surpluses in future years.

### 15. Investments

	26 Feb 05	28 Feb 04
	£	£
Other investments	<u>907,662</u>	<u>906,543</u>

The market value of the investments at the balance sheet date was £1,725,659 (2004: £1,729,084). The investments are quoted on a recognised Stock Exchange.

### 16. Creditors: Amounts Falling due Within One Year

	26 Feb 05	28 Feb 04
	£	£
Trade creditors	358,609	183,755
Other creditors including taxation and social security:		
Corporation tax	–	49,001
PAYE and social security	41,265	61,553
VAT	128,142	159,877
Dividends payable	173,250	198,000
	<u>701,266</u>	<u>652,186</u>
Accruals and deferred income	252,730	248,503
	<u>953,996</u>	<u>900,689</u>

### 17. Related Party Transactions

The company was under the control of Mr J T Horrocks and Mr P D G Horrocks throughout the current and previous year. Mr J T Horrocks and Mr P D G Horrocks are joint managing directors of the company.

# Leigh Spinners Limited

## Notes to the Financial Statements

Period From 29 February 2004 to 26 February 2005

### 18. Share Capital

#### Authorised share capital:

	26 Feb 05	28 Feb 04
	£	£
145,612 Ordinary shares of £1 each	145,612	145,612
25,388 5% Non-cumulative redeemable first preference shares of £1 each	25,388	25,388
99,000 5% Non-cumulative redeemable second preference shares of £1 each	99,000	99,000
	<u>270,000</u>	<u>270,000</u>

#### Allotted, called up and fully paid:

	26 Feb 05		28 Feb 04	
	No	£	No	£
Ordinary shares of £1 each	<u>99,000</u>	<u>99,000</u>	<u>99,000</u>	<u>99,000</u>

### 19. Other Reserves

	Period from 29 Feb 04 to 26 Feb 05	Period from 24 Feb 03 to 28 Feb 04
	£	£
Capital redemption reserve	<u>122,240</u>	<u>122,240</u>

### 20. Profit and Loss Account

	Period from 29 Feb 04 to 26 Feb 05	Period from 24 Feb 03 to 28 Feb 04
	£	£
Balance brought forward	4,840,995	5,169,156
Accumulated loss for the financial period	(837,129)	(328,161)
Balance carried forward	<u>4,003,866</u>	<u>4,840,995</u>

# Leigh Spinners Limited

## Notes to the Financial Statements

Period From 29 February 2004 to 26 February 2005

### 21. Reconciliation of Movements in Shareholders' Funds

	26 Feb 05	28 Feb 04
	£	£
Loss for the financial period	(639,129)	(105,411)
Dividends	(198,000)	(222,750)
	<u>(837,129)</u>	<u>(328,161)</u>
Opening shareholders' equity funds	5,473,198	5,801,359
Closing shareholders' equity funds	<u>4,636,069</u>	<u>5,473,198</u>