

Leigh Spinners Limited

Report and Financial statements

For the year ended

23 February 2002

Registered number: 529628



Leigh Spinners Limited

Financial statements

For the year ended 23 February 2002

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Leigh Spinners Limited

Company information
As at 23 February 2002

Directors

J T Horrocks
P D G Horrocks
M W Horrocks
Miss P A E Horrocks
P G W Smith

Secretary

J H Dunbobbins

Business address

Park Lane
Leigh
Lancashire
WN7 2LB

Auditors

Beever and Struthers
Chartered Accountants
St. George's House
215/219 Chester Road
Manchester
M15 4JE

Principal bankers

National Westminster Bank plc
Leigh
Lancashire

Leigh Spinners Limited

Directors' report

The directors present their 47th annual report with the financial statements of the company for the year ended 23 February 2002.

Principal activities

The principal activity of the company in the year under review continues to be the manufacture of carpets.

No significant change in the nature of these activities occurred during the year.

Review of the business

The net profit after providing for taxation amounted to £253,974.

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

Dividends and transfers to reserves

The directors having paid an interim dividend of £69,300 , recommend a final dividend for the year ended 23 February 2002 of £376,200 (2001: £376,200). The total dividend for the year is 450p per share (2001: 450p per share).

It is proposed that the retained loss for the year of £191,526 be transferred to reserves.

Policy on payment of creditors

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

Fixed assets

Full details of all movements in fixed assets during the year are set out in the notes to the financial statements.

Book value of interests in Land and Buildings

With regard to fixed assets, it is not yet possible to ascertain 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 £482,407 (2001: £605,634).

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.

Leigh Spinners Limited

Directors' report

Directors and their interests

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

The directors of the company at 23 February 2002 were:

J T Horrocks	Joint Managing Director
P D G Horrocks	Joint Managing Director
M W Horrocks	
Miss P A E Horrocks	
P G W Smith	

The directors' interests in the shares of the company at the balance sheet date and the beginning of the year (or on appointment if later) were as follows:

		Number of Shares	
		2002	2001
J T Horrocks	Beneficial	10,413	10,413
	Non-beneficial	3,228	3,228
P D G Horrocks	Beneficial	10,107	10,107
	Non-beneficial	1,500	1,500
M W Horrocks		3,728	3,728
Miss P A E Horrocks	Beneficial	15,085	15,085
	Non-beneficial	9,176	9,176
P G W Smith		1,000	1,000

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, subject to any material departures disclosed and explained in the financial statements; 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 maintaining 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.

Exports

The value of goods exported from the United Kingdom during the year amounted to £43,264 (2001 : £37,327)

Leigh Spinners Limited

Directors' report

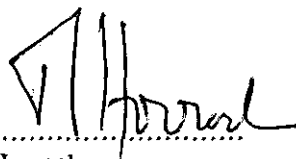
Political and charitable contributions

During the year the company made charitable contributions of £594.

Auditors

The auditors, Beever and Struthers, will be proposed for re-appointment in accordance with section 385 of the Companies Act 1985.

On behalf of the board:



J T Horrocks
Director

Approved by the board:

10 May 2002

Leigh Spinners Limited

Independent Auditors' report to the shareholders

We have audited the financial statements of Leigh Spinners Limited for the year ended 23 February 2002 on pages 6 to 21 which have been prepared under the historical cost convention and on the basis of accounting policies set out on pages 10 and 11.

Respective responsibilities of the directors and auditors

As described in the Statement of Directors' Responsibilities, the company's directors are responsible for the preparation of 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 as to whether 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 affairs of the company as at 23 February 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

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

Beever and Struthers
Beever and Struthers
Chartered Accountants
Registered Auditors

Date: *10 May 2002*

Leigh Spinners Limited

Profit and loss account

For the year ended 23 February 2002

	Notes	2002 £	Restated 2001 £
Turnover	2	9,817,790	10,514,667
Cost of sales		8,546,769	8,826,294
Gross profit		1,271,021	1,688,373
Distribution costs		469,703	452,142
Administrative expenses		544,399	551,005
Operating profit	3	256,919	685,226
Investment income and interest receivable	4	111,788	180,066
Profit on ordinary activities before taxation		368,707	865,292
Tax on profit on ordinary activities	7	(114,733)	(228,734)
Profit on ordinary activities after taxation		253,974	636,558
Dividends	8	(445,500)	(445,500)
(Accumulated loss) / Retained profit for the financial year	20	(191,526)	191,058

The profit and loss account for the year ended 24 February 2001 has been restated for the adoption of FRS 19 (see note 15).

Continuing operations

None of the company's activities were acquired or discontinued during the above two financial years.

Leigh Spinners Limited

Statement of total recognised gains and losses
For the year ended 23 February 2002

	2002 £	Restated (see note 15) 2001 £
(Deficit)/Surplus for the financial year	(191,526)	191,058
Total recognised (losses) / gains relating to the year	(191,526)	191,058
Prior year adjustment (as explained in note 15)	253,829	-
Total net gains since the last report	<u>62,303</u>	<u>191,058</u>

Historical cost

The results on a historical cost basis do not differ from the results as shown in the profit and loss account.

The notes on pages 10 to 21 form part of these financial statements.

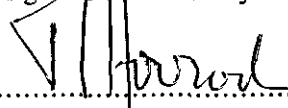
Leigh Spinners Limited

Balance sheet
At 23 February 2002

	Notes	£	2002 £	£	Restated 2001 £
Fixed assets					
Tangible assets	9		1,971,503		1,429,816
Investments	10		14,745		2
			<u>1,986,248</u>		<u>1,429,818</u>
Current assets					
Stocks	11	1,442,503		1,443,035	
Debtors	12	1,635,222		1,779,637	
Investments	13	915,774		914,539	
Cash at bank and in hand		1,725,965		2,506,135	
		<u>5,719,464</u>		<u>6,643,346</u>	
Creditors: amounts falling due within one year	14	(1,502,578)		(1,678,504)	
Net current assets			<u>4,216,886</u>		<u>4,964,842</u>
Total assets less current liabilities			<u>6,203,134</u>		<u>6,394,660</u>
Capital and reserves					
Called up share capital	17		99,000		99,000
Share premium account	18		410,963		410,963
Other reserves	19		122,240		122,240
Profit and loss account	20		5,570,931		5,762,457
Total shareholders' funds	21		<u>6,203,134</u>		<u>6,394,660</u>

The financial statements were approved by the board of directors on:
and signed on its behalf by:

10 May 2002


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J T Horrocks
Director


.....

P D G Horrocks
Director

The notes on pages 10 to 21 form part of these financial statements.

Leigh Spinners Limited

Cash flow statement

For the year ended 23 February 2002

	Notes	2002 £	2001 £
Net cash inflow from operating activities	3	946,660	1,059,466
Returns on investments and servicing of finance	22	111,788	177,385
Taxation	22	(173,897)	(392,421)
Capital expenditure and financial investment	22	(1,159,725)	(737,165)
Equity dividends paid		(445,500)	(356,400)
Cash outflow before use of liquid resources and financing		(720,674)	(249,135)
Management of liquid resources	22	(1,235)	(598)
Decrease in cash in the year		<u>(721,909)</u>	<u>(249,733)</u>

Reconciliation of net cash flow to movement in net funds

23

Decrease in cash in the year	(721,909)	(249,733)
Cash outflow from movement in liquid resources	(1,235)	598
Change in net funds resulting from cash flows	<u>(720,674)</u>	<u>(249,135)</u>
Movement in funds in the year	(720,674)	(249,135)
Net funds at 24 February 2001	3,189,025	3,438,160
Net funds at 23 February 2002	<u>2,468,351</u>	<u>3,189,025</u>

The notes on pages 10 to 21 form part of these financial statements.

Leigh Spinners Limited

Notes to the financial statements
For the year ended 23 February 2002

1. Statement of accounting policies

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

Consolidation

The subsidiary company has not been consolidated as it has not traded during the year.

Turnover

Turnover represents the total invoice value, excluding value added tax, of goods sold and services rendered during the year.

Depreciation of tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its useful life:

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

Stocks

Stocks are stated at the lower of cost and net realisable value.

Net realisable value is based on estimated selling price less further costs to completion and disposal.

Investments

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

Dividends are brought to account in the profit and loss account when received.

Deferred taxation

Deferred taxation is accounted for at expected tax rates on differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised in debtors to the extent that they are regarded as recoverable.

This represents a change in accounting policy due to the adoption of Financial Reporting Standard 19 "Deferred Tax".

Leigh Spinners Limited

Notes to the financial statements
For the year ended 23 February 2002

1. Statement of accounting policies - (continued)

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 the profit and loss account for the year.

Pension costs

The company operates a defined contribution pension scheme. Contributions payable to this scheme are charged to the profit and loss account in the period to which they relate. These contributions are invested separately from the company's assets.

2. Turnover

Turnover is attributable to the one principal activity of the company. Of the company's turnover 0.4% (2001: 0.4%) is in respect of markets supplied outside the United Kingdom.

3. Operating profit

Operating profit is stated:	2002 £	2001 £
(a) After charging:		
Depreciation of fixed assets	603,424	327,787
Auditors' remuneration	7,700	7,700
Loss on foreign currencies	-	12,219
(b) After crediting:		
Profit on disposal of tangible assets	128	4,076
Profit on foreign currencies	31,128	-
(c) Reconciliation of operating profit to net cash inflow from operating activities		
	2002 £	2001 £
Operating profit	256,919	685,226
Depreciation	603,424	327,787
Profit on disposal of fixed assets	(128)	(4,076)
Decrease in stocks	532	(26,290)
Decrease/(increase) in debtors	73,745	123,214
(Decrease)/increase in creditors	12,168	(46,395)
Net cash inflow from operating activities	946,660	1,059,466

Leigh Spinners Limited

Notes to the financial statements
For the year ended 23 February 2002

4. Investment income and interest receivable

	2002 £	2001 £
Interest received and receivable		
Bank interest	77,736	142,206
Other interest	35	5,502
	<u>77,771</u>	<u>147,708</u>
Investment income		
Income from listed investments	<u>34,017</u>	<u>32,358</u>
 Total investment income	 <u>111,788</u>	 <u>180,066</u>

5. Information on directors and employees

	2002 £	2001 £
Staff costs		
Wages and salaries	2,865,588	2,995,885
Social security costs	233,830	255,961
Other pension costs	77,230	78,540
	<u>3,176,648</u>	<u>3,330,386</u>

	2002 No.	2001 No.
The average number of employees during the year was made up as follows:		
Administration and production	<u>209</u>	<u>221</u>

	2002 £	2001 £
Directors' emoluments		
Emoluments	167,623	167,264
Pension contributions to money purchase (defined contribution) schemes	55,121	50,728
	<u>222,744</u>	<u>217,992</u>

Leigh Spinners Limited

Notes to the financial statements
For the year ended 23 February 2002

5. Information on directors and employees - (continued)

	2002 No.	2001 No.
During the year the following number of directors:		
Accrued benefits under money purchase (defined contribution) pension schemes	<u>2</u>	<u>2</u>
	2002 £	2001 £
Details of highest paid director's emoluments		
Emoluments	68,459	65,622
Company contributions to money purchase (defined contribution) pension schemes	<u>7,064</u>	<u>7,064</u>
	<u>75,523</u>	<u>72,686</u>

6. Pension costs

Defined contribution scheme

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £77,230 (2001 £78,540).

7. Tax on profit on ordinary activities

(a) Analysis of charge in period

	2002 £	Restated 2001 £
The taxation charge comprises:		
Current tax on income for the year	42,000	178,000
Adjustment in respect of prior years	<u>2,063</u>	<u>(2,511)</u>
	44,063	175,489
Transfer to deferred tax	<u>70,670</u>	<u>53,245</u>
	<u>114,733</u>	<u>228,734</u>

Leigh Spinners Limited

Notes to the financial statements
For the year ended 23 February 2002

7. Tax on profit on ordinary activities - (continued)

(b) Factors affecting tax charge for period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	2002 £	2001 £
Profit on ordinary activities before taxation	368,707	865,293
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2001: 30%)	73,741	259,588
<i>Effects of:</i>		
Expenses not deductible for tax purposes	781	-
Profit on disposal of fixed assets	(26)	(1,223)
Capital allowances for period in excess of depreciation	(30,912)	(58,682)
Distributions received from UK companies	(1,584)	(2,090)
Interest received on overpayment of corporation tax	-	(19)
Marginal tax relief	-	(19,574)
Adjustments to tax in respect of previous periods	2,063	(2,511)
Current tax charge for period (note 7(a))	44,063	175,489

8. Dividends paid or proposed

	2002 £	2001 £
On ordinary shares:		
Interim at 70p (2001 70p) per share	69,300	69,300
Proposed final at 380p (2001 380p) per share	376,200	376,200
	445,500	445,500

Leigh Spinners Limited

Notes to the financial statements
For the year ended 23 February 2002

9. Tangible fixed assets

	Freehold land and buildings, Plant and machinery £	Motor vehicles £	Total £
Cost:			
At 24 February 2001	8,361,458	181,637	8,543,095
Additions	1,131,064	19,995	1,151,059
Disposals	(117,525)	(9,699)	(127,224)
At 23 February 2002	9,374,997	191,933	9,566,930
Depreciation:			
At 24 February 2001	7,058,862	54,416	7,113,278
Charge for year	560,000	43,424	603,424
On disposals	(117,525)	(3,750)	(121,275)
At 23 February 2002	7,501,337	94,090	7,595,427
Net book value:			
At 23 February 2002	1,873,660	97,843	1,971,503
At 23 February 2001	1,302,595	127,221	1,429,816

10. Unlisted Investments

Cost:	Beginning of year £	Additions £	End of year £
Other investments other than loans	-	14,743	14,743
Shares in subsidiary	2	-	2
Book value	2	14,743	14,745

The directors consider the value of the company's investment in its subsidiary undertaking is not less than the amounts stated in the company's balance sheet

Thornecroft 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 last twenty years.

Leigh Spinners Limited

Notes to the financial statements
For the year ended 23 February 2002

11. Stocks

	2002	2001
	£	£
Raw materials and consumables	615,806	655,870
Short term work in progress	400,550	487,380
Finished goods and goods for resale	409,307	293,441
Fuel	16,840	6,344
	<u>1,442,503</u>	<u>1,443,035</u>

In the directors' opinion, there is no material difference between the replacement cost of stocks and their balance sheet amounts.

12. Debtors

	2002	Restated 2001
	£	£
Trade debtors	1,388,283	1,420,029
Amounts owed by subsidiary undertakings	20,591	20,576
Deferred tax asset	183,159	253,829
Prepayments and accrued income	43,189	85,203
	<u>1,635,222</u>	<u>1,779,637</u>

13. Current assets investments

	2002	2001
	£	£
UK listed shares at cost	118,222	116,987
UK Government securities at cost	797,552	797,552
	<u>915,774</u>	<u>914,539</u>
Market value of investments at balance sheet date	<u>1,601,237</u>	<u>1,682,694</u>

Leigh Spinners Limited

Notes to the financial statements
For the year ended 23 February 2002

14. Creditors: amounts falling due within one year

	2002 £	2001 £
Bank loans and overdrafts	173,388	231,649
Trade creditors	430,451	492,571
Corporation tax	42,000	171,834
Other taxes and social security costs	43,063	43,505
Other creditors	148,788	137,042
Accruals and deferred income	288,688	225,703
Proposed dividend	376,200	376,200
	<u>1,502,578</u>	<u>1,678,504</u>

15. Retained profits at the beginning of the financial year

	2002 £	2001 £
Retained profits at the beginning of the financial year	5,762,457	5,264,325
Prior year adjustment	-	307,074
	<u>5,762,457</u>	<u>5,571,399</u>

The change in accounting policy due to the adoption of Financial Reporting Standard 19 "Deferred Tax" has resulted in the following adjustments in the above two financial years:

In 2002, a deferred tax charge of £70,670 (2001: £53,254) has reduced restated retained profit for the period. A deferred tax asset at the balance sheet date of £183,159 (2001: £253,829) has been included in debtors and has resulted in an increase in net assets.

Leigh Spinners Limited

Notes to the financial statements
For the year ended 23 February 2002

16. Deferred taxation

	2002 £	2001 £
Deferred tax asset at 24 February 2001	-	-
Prior year adjustment	253,829	307,074
Deferred tax asset at 24 February 2001 as restated	253,829	307,074
Transfer to profit and loss account	(70,670)	(53,245)
Deferred tax asset at 23 February 2002	183,159	253,829

Deferred tax is calculated at 30% (2001: 30%) and is due to depreciation in excess of capital allowances.

In the directors' opinion, there will be sufficient taxable profits from which the future reversal of underlying timing differences can be deducted.

17. Share capital

	2002 £	2001 £
Authorised:		
Equity interests:		
145,612 Ordinary shares of £1 each	145,612	145,612
Non-equity interests:		
25,388 5% Non cumulative redeemable first preference shares	25,388	25,388
99,000 5% Non cumulative redeemable second preference shares	99,000	99,000
	270,000	270,000
Allotted, called up and fully paid:		
Equity interests:		
99,000 Ordinary shares of £1 each	99,000	99,000

Leigh Spinners Limited

Notes to the financial statements
For the year ended 23 February 2002

18. Share premium account

	2002 £	2001 £
Equity interests:		
Balance at beginning of year	410,963	410,963
Movements during the year	-	-
Balance at year end	<u>410,963</u>	<u>410,963</u>

19. Other reserves

Capital redemption reserve

	2002 £	2001 £
Balance at beginning of year	122,240	122,240
Movements during the year	-	-
Balance at year end	<u>122,240</u>	<u>122,240</u>

20. Profit and loss account

	2002 £	Restated 2001 £
Retained profit as at 24 February 2001	5,762,457	5,264,325
Prior year adjustments	-	307,074
Retained profit for the year as restated	<u>5,762,457</u>	<u>5,571,399</u>
(Loss) / profit for the year	<u>(191,526)</u>	<u>191,058</u>
Retained profit as at 23 February 2002	<u>5,570,931</u>	<u>5,762,457</u>

Leigh Spinners Limited

Notes to the financial statements
For the year ended 23 February 2002

21. Reconciliation of movements in shareholders' funds

	2002 £	Restated 2001 £
Profit for the year	253,974	636,558
Dividends	(445,500)	(445,500)
Net (reduction) / addition to shareholders' funds	(191,526)	191,058
Opening shareholders' funds	6,394,660	5,896,528
Prior year adjustment	-	307,074
Closing shareholders' funds	6,203,134	6,394,660
Represented by:-		
Equity interests	6,203,134	6,394,660

22. Analysis of cash flows for headings netted in the cash flow statement

	2002 £	2001 £
Returns on investments and servicing of finance		
Interest received	77,771	145,027
Dividends received	34,017	32,358
Net cash inflow from returns on investments and servicing of finance	111,788	177,385
Taxation		
Corporation tax paid	(173,897)	(392,421)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(1,151,059)	(741,241)
Purchase of other investments	(14,743)	-
Receipts from sale of tangible fixed assets	6,077	4,076
Net cash outflow from capital expenditure and financial investment	(1,159,725)	(737,165)
Management of liquid resources		
Current asset investments	(1,235)	(598)
Net cash outflow from management of liquid resources	(1,235)	(598)

Leigh Spinners Limited

Notes to the financial statements
For the year ended 23 February 2002

23. Analysis of net funds

	2001 £	Cash flow £	2002 £
Cash at bank and in hand	2,506,135	(780,170)	1,725,965
Bank overdraft	(231,649)	58,261	(173,388)
Current asset investments	914,539	1,235	915,774
	<u>3,189,025</u>	<u>(720,674)</u>	<u>2,468,351</u>
	2000 £	Cash flow £	2001 £
Cash at bank and in hand	2,644,922	(138,787)	2,506,135
Bank overdraft	(120,703)	(110,946)	(231,649)
Current asset investments	913,941	598	914,539
	<u>3,438,160</u>	<u>(249,135)</u>	<u>3,189,025</u>

24. Capital commitments

	2002 £	2001 £
Details of capital commitments at the accounting date are as follows:		
Contracted but not provided for in the financial statements	-	302,351
Authorised but not yet contracted for	-	1,200,000