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**J.E.C. Investment Company Limited**

**Directors' report and consolidated  
financial statements**

31 March 1999

Registered number 580578



## **Directors' report and consolidated financial statements**

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## **Directors' report**

The directors present their annual report and the audited financial statements for the year ended 31 March 1999.

### **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 and group and of the profit or loss 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and group 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

### **Principal activities**

The company has continued to act as an investment holding company and its major operating subsidiary undertakings as yarn spinners.

### **Business review**

The result for the year is shown below.

|   | £           |
|---|-------------|
| The group loss on ordinary activities before taxation amounted to   | (841,103)   |
| Tax on loss on ordinary activities  | 249,369     |
|   | <hr/>       |
| Loss on ordinary activities after taxation  | (591,734)   |
| Minority interest, being dividends to external preference shareholders of John Edward Crowther (Holdings) plc | (1,653)     |
|   | <hr/>       |
| Loss attributable to the group  | (593,387)   |
| The directors recommend the following ordinary dividend:<br>Annual ordinary at £1.764 per share               | (44,100)    |
|   | <hr/>       |
| Deficit for year to deduct from retained profits  | (637,487)   |
|   | <hr/> <hr/> |

## **Directors' report** *(continued)*

### **Directors and directors' interests**

The directors who held office during the year were as follows:

David Philip Crowther  
Patricia Mary Nimmo  
Elizabeth Jane Peacock  
James Barry Smith  
Gillian Rose Crowther

### **Interests**

The interests in the shares of the company of directors holding office at the end of the year were as follows:-

|                        | Ordinary shares |              |
|------------------------|-----------------|--------------|
|                        | 31 March 1999   | 1 April 1998 |
| David Philip Crowther  | 7,541           | 7,541        |
|                        | *9,000          | * 9,000      |
| Patricia Mary Nimmo    | 2,250           | 2,250        |
| Elizabeth Jane Peacock | 2,250           | 2,250        |
| James Barry Smith      | *1              | *1           |
| Gillian Rose Crowther  | *9,000          | * 9,000      |

\* Denotes non-beneficial interest

### **Retirement**

Mrs EJ Peacock retires by rotation and, being eligible, offers herself for re-election.

### **Charitable contributions**

Donations to UK charities amounted to £3,005 (1998: £3,155).

### **Employees**

It is the practice of management to preserve close contact with employees and keep them informed at all levels of matters which affect them.

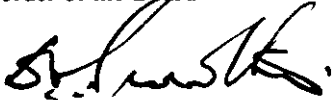
Applications for employment by disabled persons are always fully considered bearing in mind the respective aptitudes and abilities of the applicant concerned. They are eligible for promotion and, within the limits of their disabilities, are given equal consideration with other applicants.

**Directors' report** *(continued)*

**Auditors**

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board



**DP Crowther**  
*Director*

Bank Bottom Mills  
Marsden  
Huddersfield  
HD7 6HR

19 January 2000



1 The Embankment  
Neville Street  
Leeds  
LS1 4DW

## **Report of the auditors to the members of J.E.C. Investment Company Limited**

We have audited the financial statements on pages 5 to 19.

### *Respective responsibilities of directors and auditors*

As described on page 1 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 group'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 affairs of the company and of the group as at 31 March 1999 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature of the KPMG firm, written in a cursive style.

**KPMG**  
Chartered Accountants  
Registered Auditors

19 January 2000

**Consolidated profit and loss account**  
*for the year ended 31 March 1999*

|   | <i>Note</i> | 1999<br>£   | 1998<br>£   |
|---|-------------|-------------|-------------|
| <b>Turnover</b>   | 2           | 10,942,124  | 14,163,676  |
| Cost of sales   |             | 11,008,215  | 13,369,132  |
|   |             | <hr/>       | <hr/>       |
| <b>Gross (loss)/profit</b>                                  |             | (66,091)    | 794,544     |
| Distribution costs  |             | 57,479      | 85,067      |
| Administrative expenses                                     |             | 942,688     | 1,016,680   |
|   |             | <hr/>       | <hr/>       |
| Other operating income                                      |             | (1,066,258) | (307,203)   |
|   |             | 200,539     | 175,501     |
|   |             | <hr/>       | <hr/>       |
| <b>Operating loss</b>                                       |             | (865,719)   | (131,702)   |
| Profit on sale of surplus property                          | 4           | -           | 2,973,000   |
| Income from fixed asset investments                         | 6           | 1,686       | 2,175       |
| Interest receivable and similar income                      | 7           | 23,974      | 6,530       |
| Interest payable and similar charges                        | 8           | (1,044)     | (19,810)    |
|   |             | <hr/>       | <hr/>       |
| <b>(Loss)/profit on ordinary activities before taxation</b> | 3           | (841,103)   | 2,830,193   |
| Tax on (loss)/profit on ordinary activities                 | 9           | 249,369     | (486,685)   |
|   |             | <hr/>       | <hr/>       |
| <b>(Loss)/profit on ordinary activities after taxation</b>  |             | (591,734)   | 2,343,508   |
| Minority interests  |             | (1,653)     | (1,449)     |
|   |             | <hr/>       | <hr/>       |
| <b>(Loss)/profit for the financial year</b>                 |             | (593,387)   | 2,342,059   |
| Ordinary dividends  | 10          | (44,100)    | (1,613,100) |
|   |             | <hr/>       | <hr/>       |
| <b>(Deficit)/retained profit for the financial year</b>     |             | (637,487)   | 728,959     |
| Retained profit brought forward                             |             | 6,419,330   | 6,553,298   |
| Buy back of preference shares                               | 18          | -           | (862,927)   |
|   |             | <hr/>       | <hr/>       |
| <b>Retained profit carried forward</b>                      | 18          | 5,781,843   | 6,419,330   |
|   |             | <hr/>       | <hr/>       |
| <b>Retained profit carried forward</b>                      |             |             |             |
| The company   |             | 236,521     | 243,604     |
| Subsidiaries  |             | 5,545,322   | 6,175,726   |
|   |             | <hr/>       | <hr/>       |
|   |             | 5,781,843   | 6,419,330   |
|   |             | <hr/>       | <hr/>       |

A statement of movements in shareholders' funds is detailed in note 18. There are no recognised gains or losses other than those stated above, and all the amounts are stated under the historical cost accounting rules.

**Consolidated balance sheet**  
*at 31 March 1999*

|  | <i>Note</i> | 1999               | 1998               |
|--|-------------|--------------------|--------------------|
|  |             | £                  | £                  |
| <b>Fixed assets</b>  |             |                    |                    |
| Tangible assets  | 11          | 2,885,199          | 3,402,045          |
| <b>Current assets</b>                                      |             |                    |                    |
| Stocks   | 13          | 2,334,716          | 3,202,786          |
| Debtors  | 14          | 2,383,295          | 2,931,812          |
| Cash at bank and in hand                                   |             | 777,365            | 79,108             |
|  |             | <u>5,495,376</u>   | <u>6,213,706</u>   |
| <b>Creditors: amounts falling due within one year</b>      | 15          | <u>(1,098,720)</u> | <u>(1,580,231)</u> |
| <b>Net current assets</b>                                  |             | 4,396,656          | 4,633,475          |
| <b>Total assets less current liabilities</b>               |             | 7,281,855          | 8,035,520          |
| <b>Provisions for liabilities and charges</b>              | 16          | (55,000)           | (170,000)          |
| <b>Net assets</b>  |             | <u>7,226,855</u>   | <u>7,865,520</u>   |
| <b>Capital and reserves</b>                                |             |                    |                    |
| Called up share capital                                    | 17          | 25,002             | 25,002             |
| Share premium account                                      | 18          | 224,411            | 224,411            |
| Capital redemption reserve fund                            | 18          | 249,410            | 249,410            |
| Other reserves - arising on acquisition of subsidiaries    | 18          | 911,100            | 910,478            |
| Profit and loss account                                    | 18          | 5,781,843          | 6,419,330          |
| <b>Shareholders' funds (includes non-equity interests)</b> |             | 7,191,766          | 7,828,631          |
| <b>Minority interests - preference</b>                     | 19          | 35,089             | 36,889             |
|  |             | <u>7,226,855</u>   | <u>7,865,520</u>   |



**Company balance sheet**  
*at 31 March 1999*

|  | <i>Note</i> | <b>1999</b>      | <b>1998</b> |
|--|-------------|------------------|-------------|
|  |             | £                | £           |
| <b>Fixed assets</b>  |             |                  |             |
| Tangible   | <i>11</i>   | <b>151,125</b>   | 71,910      |
| Investments  | <i>12</i>   | <b>807,532</b>   | 806,354     |
|  |             | <hr/>            | <hr/>       |
|  |             | <b>958,657</b>   | 878,264     |
| <b>Current assets</b>                                      |             |                  |             |
| Debtors  | <i>14</i>   | <b>286,261</b>   | 256,866     |
| <b>Creditors:</b> amounts falling<br>due within one year   | <i>15</i>   | <b>(509,574)</b> | (392,703)   |
|  |             | <hr/>            | <hr/>       |
| <b>Net current liabilities</b>                             |             | <b>(223,313)</b> | (135,837)   |
|  |             | <hr/>            | <hr/>       |
| <b>Net assets</b>  |             | <b>735,344</b>   | 742,427     |
|  |             | <hr/>            | <hr/>       |
| <b>Capital and reserves</b>                                |             |                  |             |
| Called up share capital                                    | <i>17</i>   | <b>25,002</b>    | 25,002      |
| Share premium account                                      | <i>18</i>   | <b>224,411</b>   | 224,411     |
| Capital redemption reserve fund                            | <i>18</i>   | <b>249,410</b>   | 249,410     |
| Profit and loss account                                    | <i>18</i>   | <b>236,521</b>   | 243,604     |
|  |             | <hr/>            | <hr/>       |
| <b>Shareholders' funds</b> (includes non-equity interests) | <i>18</i>   | <b>735,344</b>   | 742,427     |
|  |             | <hr/>            | <hr/>       |

These financial statements were approved by the board of directors on 19 January 2000 and were signed on its behalf by:



**DP Crowther**  
*Director*

**Consolidated cash flow statement**  
*for the year ended 31 March 1999*

|   | <i>Note</i> | <b>1999</b><br>£ | <b>1998</b><br>£ |
|---|-------------|------------------|------------------|
| Cash inflow from operating activities                                       | <i>1</i>    | 948,609          | 406,615          |
| Returns on investments and servicing of finance                             | <i>2</i>    | 23,218           | (875,551)        |
| Taxation  |             | (122,353)        | (246,779)        |
| Capital expenditure and financial investment                                | <i>3</i>    | (107,117)        | 2,841,045        |
| Equity dividends paid   |             | (44,100)         | (1,569,000)      |
| <b>Increase in cash in the year</b>   |             | <u>698,257</u>   | <u>556,330</u>   |
| <b>Reconciliation of net cash flow to movement in net funds in the year</b> |             |                  |                  |
| Change in net funds resulting from cash flows                               |             | 698,257          | 556,330          |
| <b>Opening net funds</b>  |             | <u>79,108</u>    | <u>(477,222)</u> |
| <b>Closing net funds</b>  |             | <u>777,365</u>   | <u>79,108</u>    |

## Notes to the consolidated cash flow statement

### 1 Cash inflow from operating activities

|   | 1999<br>£   | 1998<br>£   |
|---|-------------|-------------|
| Operating loss                            | (865,719)   | (131,702)   |
| Depreciation charge                       | 622,785     | 640,549     |
| Decrease/(increase) in stocks             | 868,070     | (10,372)    |
| Decrease/(increase) in debtors            | 644,522     | (39,959)    |
| Decrease in creditors                     | (321,049)   | (51,901)    |
|   | <hr/>       | <hr/>       |
| Net cash inflow from operating activities | 948,609     | 406,615     |
|   | <hr/> <hr/> | <hr/> <hr/> |

### 2 Net cash inflow/(outflow) from returns on investments and servicing and finance

|                                      | 1999<br>£   | 1998<br>£   |
|--------------------------------------|-------------|-------------|
| Income from fixed asset investments  | 1,686       | 2,175       |
| Interest received                    | 23,974      | 6,530       |
| Interest paid                        | (1,044)     | (19,810)    |
| Dividends paid to minority interests | (1,398)     | (1,519)     |
| Buy back of preference shares        | -           | (862,927)   |
|                                      | <hr/>       | <hr/>       |
|                                      | 23,218      | (875,551)   |
|                                      | <hr/> <hr/> | <hr/> <hr/> |

### 3 Capital expenditure and financial investment

|                                   | 1999<br>£   | 1998<br>£   |
|-----------------------------------|-------------|-------------|
| Purchase of tangible fixed assets | (105,939)   | (129,505)   |
| Purchase of minority shareholding | (1,178)     | (2,450)     |
| Sale of tangible fixed assets     | -           | 2,973,000   |
|                                   | <hr/>       | <hr/>       |
|                                   | (107,117)   | 2,841,045   |
|                                   | <hr/> <hr/> | <hr/> <hr/> |

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the group's financial statements.

#### ***Basis of preparation***

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

#### ***Basis of consolidation***

The group financial statements consolidate the financial statements of J.E.C. Investment Company Limited and all its subsidiary undertakings ("subsidiaries") all of which are made up to 31 March 1999. Uniform accounting policies are followed throughout the group and all unrealised profits arising from inter-group trading are eliminated.

In the company's financial statements, investments in subsidiary undertakings are stated at cost.

In accordance with Section 230(4) of the Companies Act 1985 J.E.C. Investment Company Limited is exempt from the requirement to present its own profit and loss account.

The amount of the profit for the financial year dealt with in the financial statements of J.E.C. Investment Company Limited is disclosed in note 18 to these financial statements.

#### ***Fixed assets and depreciation***

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

|                     |   |                       |
|---------------------|---|-----------------------|
| Land and buildings  | - | 4% per annum on cost  |
| Plant and machinery | - | 10% per annum on cost |
| Motor vehicles      | - | 25% per annum on cost |

#### ***Stocks***

Stocks are stated at the lower of cost and net realisable value. Cost of manufactured products consists of materials and appropriate conversion costs.

#### ***Taxation***

The charge or credit for taxation is based on the profit or loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

#### ***Turnover***

Turnover represents amounts receivable (excluding value added tax) for goods sold and services supplied to customers during the year.

## Notes (continued)

### 2 Analysis of turnover by geographical market

|        | 1999<br>£  | 1998<br>£  |
|--------|------------|------------|
| UK     | 10,527,956 | 13,687,574 |
| Export | 414,168    | 476,102    |
|        | <hr/>      | <hr/>      |
|        | 10,942,124 | 14,163,676 |
|        | <hr/>      | <hr/>      |

### 3 (Loss)/profit on ordinary activities before taxation

|  | 1999<br>£ | 1998<br>£ |
|--|-----------|-----------|
| <i>is stated after charging</i>          |           |           |
| Auditors' remuneration                   |           |           |
| - audit                                  | 19,950    | 20,550    |
| - other                                  | 17,713    | 13,800    |
| Depreciation (note 11)                   | 622,785   | 640,549   |
| Directors' emoluments                    |           |           |
| - fees                                   | 10,600    | 10,784    |
| - other emoluments                       | 89,099    | 103,038   |
| - group contributions to pension schemes | 3,360     | 5,000     |
|  | <hr/>     | <hr/>     |

The group contributes to defined benefit and defined contribution pension schemes.

Retirement benefits are accruing to 1 (1998: 1) director under pension schemes.

In the year the building activities of the group had no significant effect on group operating results.

### 4 Profit on sale of surplus property

On 30 May 1997, a subsidiary company completed the disposal of certain surplus property for a consideration of £2,973,000. The property was fully depreciated in the group accounts.

## Notes (continued)

### 5 Staff numbers and costs

The average number of persons employed by the group (including directors) during the year, analysed by category, was as follows:

|                | Number of employees |       |
|----------------|---------------------|-------|
|                | 1999                | 1998  |
| Manufacturing  | 340                 | 378   |
| Administrative | 34                  | 37    |
|                | <hr/>               | <hr/> |
|                | 374                 | 415   |
|                | <hr/>               | <hr/> |

The aggregate payroll costs of these persons were as follows:

|                       | 1999      | 1998      |
|-----------------------|-----------|-----------|
|                       | £         | £         |
| Wages and salaries    | 4,067,948 | 4,616,714 |
| Social security costs | 355,902   | 410,336   |
| Other pension costs   | 113,093   | 118,694   |
|                       | <hr/>     | <hr/>     |
|                       | 4,536,943 | 5,145,744 |
|                       | <hr/>     | <hr/>     |

The group operates a defined benefit pension scheme, contributions to which have been recognised in the financial statements on a paid basis which currently equates to the accruals basis.

The last actuarial valuation as at 31 March 1997 showed a small deficit of assets over accrued liabilities. The main assumption used in the actuarial valuation of the scheme was a total investment return of 8%. The market value of the scheme's assets at the valuation date was £2,246,372.

### 6 Income from fixed asset investments

|          | 1999  | 1998  |
|----------|-------|-------|
|          | £     | £     |
| Unlisted | 1,686 | 2,175 |
|          | <hr/> | <hr/> |

### 7 Interest receivable and similar income

|                                   | 1999   | 1998  |
|-----------------------------------|--------|-------|
|                                   | £      | £     |
| Bank interest received            | 23,974 | 1,877 |
| Interest arising on property sale | -      | 4,653 |
|                                   | <hr/>  | <hr/> |
|                                   | 23,974 | 6,530 |
|                                   | <hr/>  | <hr/> |

## Notes (continued)

### 8 Interest payable and similar charges

|   | 1999<br>£    | 1998<br>£     |
|---|--------------|---------------|
| On bank overdrafts wholly repayable within five years | 1,044        | 19,810        |
|   | <u>1,044</u> | <u>19,810</u> |

### 9 Taxation

|  | 1999<br>£      | 1998<br>£        |
|--|----------------|------------------|
| UK corporation tax at 21% and 31% on the (loss)/profit for the year on ordinary activities | 190,238        | (411,250)        |
| Irrecoverable ACT  | (93,613)       |                  |
| Deferred taxation (note 16)  | 15,000         | (75,000)         |
| Tax attributable to franked investment income  | (337)          | (435)            |
| Adjustment relating to an earlier year   | 138,081        | -                |
|  | <u>249,369</u> | <u>(486,685)</u> |

### 10 Dividends

|                             | 1999<br>£     | 1998<br>£        |
|-----------------------------|---------------|------------------|
| Ordinary                    |               |                  |
| Special at £62.76 per share | -             | 1,569,000        |
| Annual at £1.764 per share  | 44,100        | 44,100           |
|                             | <u>44,100</u> | <u>1,613,100</u> |

## Notes (continued)

### 11 Tangible fixed assets

| Group                 | Land and<br>buildings<br>£ | Plant and<br>machinery etc<br>£ | Total<br>£ |
|-----------------------|----------------------------|---------------------------------|------------|
| <b>Cost</b>           |                            |                                 |            |
| At 1 April 1998       | 2,003,478                  | 10,899,599                      | 12,903,077 |
| Additions             | 85,511                     | 20,428                          | 105,939    |
|                       | <hr/>                      | <hr/>                           | <hr/>      |
| At 31 March 1999      | 2,088,989                  | 10,920,027                      | 13,009,016 |
|                       | <hr/>                      | <hr/>                           | <hr/>      |
| <b>Depreciation</b>   |                            |                                 |            |
| At 1 April 1998       | 899,100                    | 8,601,932                       | 9,501,032  |
| Charge for year       | 76,083                     | 546,702                         | 622,785    |
|                       | <hr/>                      | <hr/>                           | <hr/>      |
| At 31 March 1999      | 975,183                    | 9,148,634                       | 10,123,817 |
|                       | <hr/>                      | <hr/>                           | <hr/>      |
| <b>Net book value</b> |                            |                                 |            |
| At 31 March 1999      | 1,113,806                  | 1,771,393                       | 2,885,199  |
|                       | <hr/>                      | <hr/>                           | <hr/>      |
| At 31 March 1998      | 1,104,378                  | 2,297,667                       | 3,402,045  |
|                       | <hr/>                      | <hr/>                           | <hr/>      |

Land and buildings are primarily freehold. The cost of long leasehold property is £42,336 (1998: £42,336) and the net book value is £37,257 (1998: £38,950).

| Company               | Freehold land and<br>buildings<br>£ |
|-----------------------|-------------------------------------|
| <b>Cost</b>           |                                     |
| At 1 April 1998       | 71,910                              |
| Additions             | 85,511                              |
|                       | <hr/>                               |
| At 31 March 1999      | 157,421                             |
|                       | <hr/>                               |
| <b>Depreciation</b>   |                                     |
| At 1 April 1998       | -                                   |
| Charge for year       | 6,296                               |
|                       | <hr/>                               |
| At 31 March 1999      | 6,296                               |
|                       | <hr/>                               |
| <b>Net book value</b> |                                     |
| At 31 March 1999      | 151,125                             |
|                       | <hr/>                               |
| At 31 March 1998      | 71,910                              |
|                       | <hr/>                               |



## Notes (continued)

### 12 Fixed asset investments

| Company          | Shares in subsidiary undertakings |           |
|------------------|-----------------------------------|-----------|
|                  | 1999<br>£                         | 1998<br>£ |
| <i>Cost</i>      |                                   |           |
| At 1 April 1998  | 806,354                           | 803,904   |
| Additions        | 1,178                             | 2,450     |
|                  | <hr/>                             | <hr/>     |
| At 31 March 1999 | 807,532                           | 806,354   |
|                  | <hr/>                             | <hr/>     |

The investment in subsidiary undertakings is made up as follows:

|   | 1999<br>£ | 1998<br>£ |
|---|-----------|-----------|
| John Edward Crowther (Holdings) plc<br>3,500,000 (1998: 3,500,000) ordinary shares of<br>£1 each fully paid at cost | 500,000   | 500,000   |
| 464,911 (1998: 463,111) 5½% cumulative preference shares of<br>£1 each fully paid at cost                           | 307,532   | 306,354   |
|   | <hr/>     | <hr/>     |
|   | 807,532   | 806,354   |
|   | <hr/>     | <hr/>     |

The company owns the whole of the allotted ordinary share capital and 93.0% (1998: 92.6%) of the allotted preference share capital of John Edward Crowther (Holdings) plc, which is registered in England and Wales.

John Edward Crowther (Holdings) plc owns the whole of the allotted share capital of the following companies, all of which are registered in England and Wales and trade principally in England.

| Company                               | Class of shares       | Principal activity |
|---------------------------------------|-----------------------|--------------------|
| John Edward Crowther Limited          | Ordinary              | Yarn spinners      |
| Colne Valley Spinning Company Limited | Ordinary              | Yarn spinners      |
| Crowther, Bruce & Co Limited          | Ordinary              | Property owners    |
|                                       | Cumulative preference |                    |
| Deer Hill Estates Limited             | Ordinary              | Builders           |

## Notes (continued)

### 13 Stocks

|                               | Group            |                  |
|-------------------------------|------------------|------------------|
|                               | 1999             | 1998             |
|                               | £                | £                |
| Raw materials and consumables | 633,928          | 995,326          |
| Work in progress              | 984,887          | 1,063,099        |
| Finished goods                | 715,901          | 1,144,361        |
|                               | <u>2,334,716</u> | <u>3,202,786</u> |

### 14 Debtors

|  | Group            |                  | Company        |                |
|--|------------------|------------------|----------------|----------------|
|  | 1999             | 1998             | 1999           | 1998           |
|  | £                | £                | £              | £              |
| Trade debtors                          | 2,278,459        | 2,908,901        | -              | -              |
| Amounts owed by subsidiary undertaking | -                | -                | 153,894        | 5,000          |
| Other debtors                          | -                | -                | 111,923        | 8,915          |
| Prepayments and accrued income         | 8,831            | 22,911           | -              | -              |
| Corporation tax recoverable            | 96,005           | -                | 20,444         | 242,951        |
|  | <u>2,383,295</u> | <u>2,931,812</u> | <u>286,261</u> | <u>256,866</u> |

### 15 Creditors: amounts falling due within one year

|   | Group            |                  | Company        |                |
|---|------------------|------------------|----------------|----------------|
|   | 1999             | 1998             | 1999           | 1998           |
|   | £                | £                | £              | £              |
| Bank overdrafts (see below)                   | -                | -                | 465,474        | 348,603        |
| Trade creditors                               | 574,921          | 898,486          | -              | -              |
| Corporation tax                               | -                | 160,717          | -              | -              |
| Other taxes and social security               | 296,499          | 291,490          | -              | -              |
| Accruals and deferred income                  | 182,235          | 184,728          | -              | -              |
| Dividends since paid to minority shareholders | 965              | 710              | -              | -              |
| Proposed dividend (since paid)                | 44,100           | 44,100           | 44,100         | 44,100         |
|   | <u>1,098,720</u> | <u>1,580,231</u> | <u>509,574</u> | <u>392,703</u> |

The company and all its subsidiaries have given cross-guarantees as security for overdraft facilities from time to time.

## Notes (continued)

### 16 Provisions for liabilities and charges

| Deferred taxation        | Excess of tax allowances over depreciation<br>£ | Tax losses<br>£ | Advance corporation tax<br>£ | Total 1999<br>£ | Total 1998<br>£ |
|--------------------------|---|-----------------|------------------------------|-----------------|-----------------|
| <b>Group</b>             |   |                 |                              |                 |                 |
| At 1 April 1998          | 220,000   | (50,000)        | -                            | 170,000         | 95,000          |
| Profit and loss account  | (10,000)  | (5,000)         | -                            | (15,000)        | 75,000          |
| ACT recoverable          | -   | -               | (100,000)                    | (100,000)       | -               |
|                          | <hr/>   | <hr/>           | <hr/>                        | <hr/>           | <hr/>           |
| At 31 March 1999         | 210,000   | (55,000)        | (100,000)                    | 55,000          | 170,000         |
|                          | <hr/>   | <hr/>           | <hr/>                        | <hr/>           | <hr/>           |
| Full potential liability | 265,000   | (55,000)        | (100,000)                    | 110,000         | 285,000         |
|                          | <hr/>   | <hr/>           | <hr/>                        | <hr/>           | <hr/>           |

### 17 Called up share capital

|   | 1999<br>£ | 1998<br>£ |
|---|-----------|-----------|
| <i>Authorised, allotted, called up and fully paid</i> |           |           |
| 25,000 ordinary shares of £1 each                     | 25,000    | 25,000    |
| 2 subscriber shares of £1 each                        | 2         | 2         |
|   | <hr/>     | <hr/>     |
|   | 25,002    | 25,002    |
|   | <hr/>     | <hr/>     |

## Notes (continued)

### 18 Reconciliation of movements in shareholders' funds

| Group                                | Share capital | Share premium account | Capital redemption reserve fund | Other reserves arising on acquisition of subsidiaries | Profit and loss account | Total 1999 | Total 1998  |
|--------------------------------------|---------------|-----------------------|---------------------------------|---|-------------------------|------------|-------------|
|                                      | £             | £                     | £                               | £   | £                       | £          | £           |
| At 1 April 1998                      | 25,002        | 224,411               | 249,410                         | 910,478   | 6,419,330               | 7,828,631  | 7,961,399   |
| (Loss)/profit for the financial year | -             | -                     | -                               | -   | (593,387)               | (593,387)  | 2,342,059   |
| Dividends                            | -             | -                     | -                               | -   | (44,100)                | (44,100)   | (1,613,100) |
| Purchase of minority interest        | -             | -                     | -                               | 622   | -                       | 622        | 1,200       |
| On buy back of preference shares     | -             | -                     | -                               | -   | -                       | -          | (862,927)   |
|                                      |               |                       |                                 |   |                         |            |             |
| At 31 March 1999                     | 25,002        | 224,411               | 249,410                         | 911,100   | 5,781,843               | 7,191,766  | 7,828,631   |
|                                      |               |                       |                                 |   |                         |            |             |
| Company                              |               | Share capital         | Share premium account           | Capital redemption reserve fund                       | Profit and loss account | Total 1999 | Total 1998  |
|                                      |               | £                     | £                               | £   | £                       | £          | £           |
| At 1 April 1998                      |               | 25,002                | 224,411                         | 249,410   | 243,604                 | 742,427    | 1,656,515   |
| Profit for the financial year        |               | -                     | -                               | -   | 37,017                  | 37,017     | 1,561,939   |
| Dividends                            |               | -                     | -                               | -   | (44,100)                | (44,100)   | (1,613,100) |
| On buy back of preference shares     |               | -                     | -                               | -   | -                       | -          | (862,927)   |
|                                      |               |                       |                                 |   |                         |            |             |
| At 31 March 1999                     |               | 25,002                | 224,411                         | 249,410   | 236,521                 | 735,344    | 742,427     |

The profit for the financial year of £37,017 (1998: £1,561,939) includes £nil (1998: £1,450,000) being special ordinary dividends from the company's subsidiary company.

**Notes** *(continued)*

**19 Minority interests**

| <b>Group</b>             | <b>1999</b>    | <b>1998</b> |
|--------------------------|----------------|-------------|
|                          | <b>£</b>       | <b>£</b>    |
| At 1 April 1998          | <b>36,889</b>  | 40,539      |
| Acquired during the year | <b>(1,800)</b> | (3,650)     |
|                          | <hr/>          | <hr/>       |
| At 31 March 1999         | <b>35,089</b>  | 36,889      |
|                          | <hr/>          | <hr/>       |

Minority interests comprise 35,089 (1998: 36,889) 5½% cumulative preference shares of £1 each in the company's subsidiary, John Edward Crowther (Holdings) plc.

**20 Capital commitments**

Capital commitments at the end of the financial year for which no provision has been made.

| <b>Group</b> | <b>1999</b>    | <b>1998</b> |
|--------------|----------------|-------------|
|              | <b>£</b>       | <b>£</b>    |
| Authorised   | <b>105,000</b> | -           |
| Contracted   | -              | 90,000      |
|              | <hr/>          | <hr/>       |