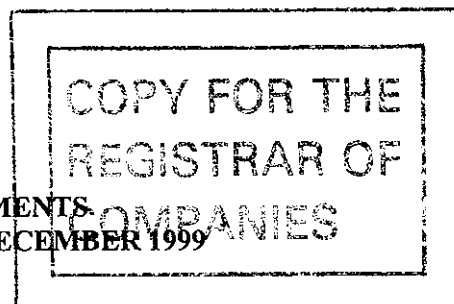


FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 1999

FOR

WILLIAM S. GRAHAM & SONS (DEWSBURY) LIMITED



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COMPANIES HOUSE

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12/05/00

REGISTERED NUMBER: 852497

**WILLIAM S. GRAHAM & SONS (DEWSBURY) LIMITED**

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**WILLIAM S. GRAHAM & SONS (DEWSBURY) LIMITED**

**COMPANY INFORMATION**

**DIRECTORS:** Mrs G. Graham (Chairman)  
J.S. Graham  
N. Graham

**SECRETARY:** Mrs P. Woodhouse

**REGISTERED OFFICE:** Ravens Ing Mills  
Ravensthorpe  
Dewsbury  
WF13 3JF

**REGISTERED NUMBER:** 852497

**BANKERS:** Midland Bank Plc  
Market Place  
Dewsbury  
WF13 3DH

**AUDITORS:** Wilson Braithwaite Scholey  
Registered Auditor  
Chartered Accountants  
21-27 St Paul's Street  
Leeds  
LS1 2ER

# **WILLIAM S. GRAHAM & SONS (DEWSBURY) LIMITED**

## **REPORT OF THE DIRECTORS**

The directors present their report and the audited financial statements of the group for the year ended 31 December 1999.

### **PRINCIPAL ACTIVITIES**

The principal activities of the group are the manufacture of carpet yarn and quilts, and the operation of a country house hotel and of a restaurant.

### **REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS**

The directors report a satisfactory year's results. Whilst trading conditions have remained difficult in the hotel and restaurant division, carpet yarns and quilts continue to produce sustained sales and margins in an increasingly competitive market. Continued investment in the latest plant and machinery together with a reorganisation of the mill and production processes should enable the group to maintain and improve its market position in the coming years.

### **DIVIDENDS**

The directors do not propose the payment of a dividend.

### **EMPLOYEES**

During the year the company continued to provide employees with relevant information and to seek their views on matters of common concern through their representatives and through line managers. Priority is given to ensuring that employees are aware of all significant matters affecting the group's trading position and of any significant organisation changes.

It is the policy of the company to support the employment of disabled persons where possible, both in recruitment and by retention of employees who become disabled whilst in the employment of the company, as well as generally through training and career development.

### **DIRECTORS**

The directors at the date of this report are set out on page 1. All held office throughout the year. In accordance with the company's articles of association Mrs G. Graham retires by rotation and, being eligible, offers herself for re-election.

### **DIRECTORS' INTERESTS IN SHARES**

The directors' interests, as defined by the Companies Act 1985, in the share capital of the company were as follows: -

	At 31 December 1999		At 31 December 1998	
	Preference Shares of £1	Ordinary Shares of £1	Preference Shares of £1	Ordinary Shares of £1
Mrs G. Graham	40,145	-	40,145	-
J.S. Graham	4,940	13,048	4,940	13,048
N. Graham	4,940	13,046	4,940	13,048

There have been no changes in the interests of the directors in the share capital of the company between 31 December 1999 and the date of this report.

# **WILLIAM S. GRAHAM & SONS (DEWSBURY) LIMITED**

## **REPORT OF THE DIRECTORS**

(continued)

### **POLITICAL AND CHARITABLE DONATIONS**

During the year the group made charitable donations of £2,506 (1998 £1,828). The group made no political donations.

### **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 of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

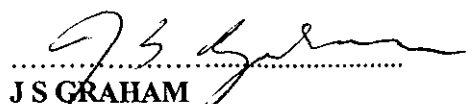
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- follow applicable accounting standards; and
- prepare the financial statements on the going concern basis.

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

### **AUDITORS**

The auditors, Wilson Braithwaite Scholey, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

### **ON BEHALF OF THE BOARD:**

  
.....  
**J S GRAHAM**  
Director

Dated: 10/5/00

**WILLIAM S. GRAHAM & SONS (DEWSBURY) LIMITED**

**REPORT OF THE AUDITORS TO THE MEMBERS OF  
WILLIAM S. GRAHAM & SONS (DEWSBURY) LIMITED**

We have audited the financial statements on pages five to twenty which have been prepared on the basis of the accounting policies set out on page nine and ten.

**Respective responsibilities of directors and auditors**

As described on page three the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

**Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the affairs of the company and of the group at 31 December 1999 and of the group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Wilson Braithwaite Scholey*

Wilson Braithwaite Scholey  
Registered Auditor  
Chartered Accountants  
21-27 St Paul's Street  
Leeds  
LS1 2ER

Dated: 11 May 2000

**WILLIAM S. GRAHAM & SONS (DEWSBURY) LIMITED**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
For the Year Ended 31 December 1999

	Notes	<u>31.12.99</u> £	<u>31.12.98</u> £
<b>TURNOVER</b>	2	21,611,395	22,019,415
Operating costs	4	(20,345,602)	(20,607,403)
<b>OPERATING PROFIT</b>	2 & 4	1,265,793	1,412,012
Interest payable	6	( 61,506)	( 78,608)
Interest receivable		<u>23,701</u>	<u>35,785</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		1,227,988	1,369,189
Tax on profit on ordinary activities	7	( <u>229,627</u> )	( <u>323,963</u> )
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		998,361	1,045,226
Dividends – non equity	8	<u>-</u>	<u>-</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		998,361	1,045,226
Retained profit brought forward		<u>10,107,203</u>	<u>9,061,977</u>
<b>RETAINED PROFIT CARRIED FORWARD</b>		<u><u>11,105,564</u></u>	<u><u>10,107,203</u></u>

**CONTINUING OPERATIONS:** None of the group's activities were acquired or discontinued during the current and previous years.

**RECOGNISED GAINS AND LOSSES:** The group has no recognised gains or losses other than the profits for the current and previous years.

The notes form part of these financial statements

**WILLIAM S. GRAHAM & SONS (DEWSBURY) LIMITED**

**CONSOLIDATED BALANCE SHEET**  
at 31 December 1999

	Notes	<u>31.12.99</u> £	<u>31.12.98</u> £
<b>FIXED ASSETS</b>			
Tangible assets	9	<u>9,932,396</u>	<u>8,772,841</u>
<b>CURRENT ASSETS</b>			
Stock and work in progress	11	1,196,783	855,277
Debtors	12	4,938,176	4,156,696
Cash at bank and in hand		<u>1,375</u>	<u>995,087</u>
		<u>6,136,334</u>	<u>6,007,060</u>
<b>CREDITORS</b> Amounts falling due within one year			
Trade creditors		(2,812,173)	(2,141,775)
Other creditors	13	<u>(2,018,077)</u>	<u>(2,198,007)</u>
		<u>(4,830,250)</u>	<u>(4,339,782)</u>
<b>NET CURRENT ASSETS</b>		<u>1,306,084</u>	<u>1,667,278</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		11,238,480	10,440,119
<b>CREDITORS</b> Amounts falling due after more than one year	14	-	( 200,000)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	16	<u>-</u>	<u>-</u>
		<u>11,238,480</u>	<u>10,240,119</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	<u>111,055</u>	<u>111,055</u>
Capital reserves	18	21,861	21,861
Profit and loss account	18	<u>11,105,564</u>	<u>10,107,203</u>
		<u>11,127,425</u>	<u>10,129,064</u>
<b>SHAREHOLDERS' FUNDS INCLUDING NON-EQUITY INTERESTS</b>	20	<u>11,238,480</u>	<u>10,240,119</u>

The notes form part of these financial statements




**WILLIAM S. GRAHAM & SONS (DEWSBURY) LIMITED**

**BALANCE SHEET  
at 31 December 1999**

	Notes	<u>31.12.99</u> £	<u>31.12.98</u> £
<b>FIXED ASSETS</b>			
Investments	10	<u>157,845</u>	<u>157,845</u>
<b>CURRENT ASSETS</b>			
Debtors	12	1,516,821	1,516,821
<b>CREDITORS</b> Amounts falling due within one year			
Other creditors	13	( <u>72,084</u> )	( <u>72,084</u> )
<b>NET CURRENT ASSETS</b>		<u>1,444,737</u>	<u>1,444,737</u>
		<u>1,602,582</u>	<u>1,602,582</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	111,055	111,055
Profit and loss account	18	1,472,541	1,472,541
Capital redemption reserve	18	<u>18,986</u>	<u>18,986</u>
<b>SHAREHOLDERS' FUNDS INCLUDING NON-EQUITY INTERESTS</b>	20	<u>1,602,582</u>	<u>1,602,582</u>

The financial statements were approved by the Board on 10/5/00 and signed on its behalf by:

  
John Stewart Graham  
Director

The notes form part of these financial statements

**WILLIAM S. GRAHAM & SONS (DEWSBURY) LIMITED**

**CONSOLIDATED CASH FLOW STATEMENT**  
For the Year Ended 31 December 1999

	Note	31.12.99 £	31.12.98 £
Net cash inflow from operating activities	23	<u>1,538,647</u>	<u>2,477,698</u>
<b>Returns on investments and servicing of finance</b>			
Interest received		23,701	35,785
Other interest paid		(104,858)	(30,630)
		<u>(81,157)</u>	<u>5,155</u>
<b>Taxation paid</b>		<u>(320,389)</u>	<u>(247,070)</u>
<b>Investing activities</b>			
Payments to acquire tangible fixed assets		(2,226,969)	(1,454,950)
Receipts from the sale of tangible fixed assets		<u>251,653</u>	<u>22,357</u>
		<u>(1,975,316)</u>	<u>(1,432,593)</u>
<b>Financing</b>			
Loan repayments		<u>(500,000)</u>	<u>-</u>
<b>(Decrease) increase in cash</b>		<u>(1,338,215)</u>	<u>803,190</u>
 <b>RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT</b>	 24		
(Decrease) increase in cash in the year		(1,338,215)	803,190
Cash outflow from decrease in debt		<u>500,000</u>	<u>-</u>
Change in net funds resulting from cash flows		(838,215)	803,190
Net funds at 1 January 1999		<u>495,087</u>	<u>(308,103)</u>
Net debt at 31 December 1999		<u>(343,128)</u>	<u>495,087</u>

The notes form part of these financial statements

# WILLIAM S. GRAHAM & SONS (DEWSBURY) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 December 1999

### 1. ACCOUNTING POLICIES

#### **Basis of consolidation**

The group's financial statements consolidate the financial statements of the company and its subsidiary undertaking for the year.

#### **Accounting convention**

The financial statements have been prepared in accordance with applicable accounting standards under the historical cost convention. The principal accounting policies which the directors have adopted within that convention are set out below.

#### **Depreciation**

Refurbishment expenditure on the hotel property, fixtures and fittings are written off to profit and loss account when incurred. The standards of the hotel are such that it will be necessary to refurbish the hotel on a regular basis.

#### **Tangible fixed assets**

The depreciation rates applied are designed to write off the cost of tangible fixed assets over their anticipated useful lives. The rates used are:

Freehold buildings	2% per annum	(straight line)
Leasehold improvements	Period of the lease	(straight line)
Plant and machinery	10% per annum	(reducing balance)
Motive plant	7½% per annum	(reducing balance)
Motor vehicles	25% per annum	(reducing balance)
Computer equipment	25% per annum	(straight line)
Restaurant fixtures	10% per annum	(straight line)

No depreciation is provided in respect of freehold land.

#### **Stock and work in progress**

Stock and work in progress are stated at the lower of cost and net realisable value. Cost comprises materials, direct labour and attributable production overheads.

Net realisable value is based on estimated selling price after taking into account all further costs expected to be incurred on completion and disposal.

#### **Taxation**

The charge for taxation is based on the profit for the year and takes into account taxation deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Provision for deferred taxation is made under the liability method only to the extent that it is probable that the liability will become payable in the foreseeable future. The provision is made at the rate at which it is estimated the tax will be paid.

#### **Foreign currencies**

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Provision is made for any exchange losses arising on conversion at the rate ruling at the balance sheet date.

**WILLIAM S. GRAHAM & SONS (DEWSBURY) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended 31 December 1999**

**1. ACCOUNTING POLICIES (continued)**

**Pensions**

- (i) The group operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the group, being invested with an insurance company. Contributions to the scheme are charged to profit and loss account so as to spread the cost of pensions over employees' working lives with the group. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuation was as at 1 August 1998. The funding level at the review date was 83%. The contributions of the group were determined at 21.9% of pensionable payroll. Members do not contribute to the scheme.
- (ii) The group operates a "money purchase" pension scheme in respect of two employees. The assets of the scheme are held separately from those of the group in a small self-administered pension fund. Contributions to the scheme are charged to profit and loss account in the year in which they are made.

**Leased assets**

Rentals payable under operating leases are charged to the profit and loss account on a straight-line basis.

**2. SEGMENTAL ANALYSIS**

**Class of business**

	<b>Carpet yarns and quilts</b>		<b>Hotel and Restaurants</b>		<b>Total</b>	
	1999	1998	1999	1998	1999	1998
	£	£	£	£	£	£
Turnover	<u>19,872,702</u>	<u>20,228,497</u>	<u>1,738,693</u>	<u>1,790,918</u>	<u>21,611,395</u>	<u>22,019,415</u>
Operating profit (loss)	<u>1,369,296</u>	<u>1,433,743</u>	<u>( 103,503)</u>	<u>( 21,731)</u>	<u>1,265,793</u>	<u>1,412,012</u>

**Turnover by geographical market**

	1999	1998
	£	£
United Kingdom	19,324,659	18,853,582
Europe	<u>2,286,736</u>	<u>3,165,833</u>
	<u>21,611,395</u>	<u>22,019,415</u>

# WILLIAM S. GRAHAM & SONS (DEWSBURY) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 December 1999

### 3. STAFF COSTS

The average weekly number of persons (including directors) employed by the group during the year was-

	1999 Number	1998 Number
Production	196	214
Sales and distribution	3	3
Administration	11	11
Hotel and restaurant	<u>64</u>	<u>70</u>
	<u>274</u>	<u>298</u>
	1999 £	1998 £
Staff costs including directors:		
Wages and salaries	5,728,808	5,612,470
Social security costs	508,193	472,504
Pension costs	<u>82,046</u>	<u>279,350</u>
	<u>6,319,047</u>	<u>6,364,324</u>
Pension costs:		
Defined benefit scheme	82,046	79,350
Money purchase scheme	<u>-</u>	<u>200,000</u>
	<u>82,046</u>	<u>279,350</u>

The last formal actuarial review of the defined benefit pension scheme was at 1 August 1998. The market value of the scheme assets at that date was £966,000 and the level of funding was 83%. The main actuarial assumptions used in the valuation were:

Investment returns	8%
Salary increases	6.25%
Future pension increases	4%

Pensioners' benefits remain a liability of the Trustees, even if they were secured by the purchase of an annuity from an insurance company by means of an extraction from the scheme. At present, future liabilities to pay benefits of pensioners are matched by annuity assets and as there is no evidence to suggest that this is likely to change, it has not been included in the overall funding position given above.

**WILLIAM S. GRAHAM & SONS (DEWSBURY) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended 31 December 1999**

**4. OPERATING PROFIT**

	1999 £	1998 £
Turnover	21,611,395	22,019,415
Change in stocks of finished goods and in work in progress	25,395	257,530
Raw materials and consumables	9,826,601	9,940,255
Other external charges	278,031	284,739
Staff costs (Note 3)	6,319,047	6,364,324
Depreciation of tangible fixed assets	920,110	896,048
Other operating charges	2,976,418	2,864,507
<b>Operating costs</b>	<b>20,345,602</b>	<b>20,607,403</b>
<b>Operating profit</b>	<b>1,265,793</b>	<b>1,412,012</b>
The operating profit is arrived at after charging (crediting):		
Auditors' remuneration for audit services	9,500	9,500
Auditors' remuneration for non-audit services	35,211	12,520
Profit on sale of tangible fixed assets	( 104,347)	( 28,516)
Rent for land and buildings	58,508	59,642

**5. DIRECTORS**

Directors' remuneration:		
Management remuneration	604,020	732,024
Directors' fees	23,468	22,961
Company contributions to a money purchase pension scheme	-	200,000
	<b>627,488</b>	<b>954,985</b>

The number of directors accruing retirement benefits under money purchase pension scheme is 2 (1998 - 2).

Directors' remuneration is as follows:

	1999 £	1998 £
Remuneration of the chairman	26,988	26,436
Remuneration of the highest paid director	304,388	364,963
Pension contributions to money purchase pension schemes	-	100,000

**WILLIAM S. GRAHAM & SONS (DEWSBURY) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended 31 December 1999

**6. INTEREST PAYABLE**

	1999 £	1998 £
Interest on pension scheme loan	26,402	47,978
Interest on directors' loans (Note 25)	13,354	12,692
Other interest	<u>21,750</u>	<u>17,938</u>
	<u>61,506</u>	<u>78,608</u>

**7. TAX ON PROFIT ON ORDINARY ACTIVITIES**

Charge for taxation based on the profit for the year:

Corporation tax at 28.3% (1998 - 30%)	236,000	321,000
Deferred taxation at 30% (1998 - 31%)	<u>-</u>	<u>-</u>
	236,000	321,000
Prior year adjustments:		
Corporation tax	<u>( 6,373)</u>	<u>2,963</u>
	<u>229,627</u>	<u>323,963</u>

**8. DIVIDENDS**

Proposed dividend on non-equity 3½% cumulative preference shares

<u>-</u>	<u>-</u>
----------	----------

The dividends on the 3½% cumulative preference shares are in arrears from 31 December 1995, amounting to £12,360.

**9. TANGIBLE FIXED ASSETS**

	Freehold land and buildings	Improvements to short lease- hold building	Plant, machinery, fixtures and motor vehicles	Total
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
<b>Cost</b>				
At 1 January 1999	1,888,928	239,530	12,283,124	14,411,582
Additions	547,392	152,915	1,563,664	2,263,971
Disposals	<u>-</u>	<u>-</u>	<u>( 496,504)</u>	<u>( 496,504)</u>
At 31 December 1999	<u>2,436,320</u>	<u>392,445</u>	<u>13,350,284</u>	<u>16,179,049</u>

**WILLIAM S. GRAHAM & SONS (DEWSBURY) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended 31 December 1999

**9. TANGIBLE FIXED ASSETS (continued)**

	Freehold land and buildings	Improvements to short lease- hold building	Plant, machinery, fixtures and motor vehicles	Total
	£	£	£	£
<b>Depreciation</b>				
At 1 January 1999	322,413	103,859	5,212,469	5,638,741
Charge for year	47,513	16,503	856,094	920,110
On disposals	—	—	( 312,198)	( 312,198)
At 31 December 1999	<u>369,926</u>	<u>120,362</u>	<u>5,756,365</u>	<u>6,246,653</u>
<b>Net book value</b>				
At 31 December 1999	<u>2,066,394</u>	<u>272,083</u>	<u>7,593,919</u>	<u>9,932,396</u>
At 31 December 1998	<u>1,566,515</u>	<u>135,671</u>	<u>7,070,655</u>	<u>8,772,841</u>

**10. FIXED ASSET INVESTMENT**

	<b>Company</b>	
	1999	1998
	£	£
Shares in subsidiary undertaking at cost	<u>157,845</u>	<u>157,845</u>

The investment in subsidiary undertakings represented 100% of the share capital of William S. Graham Limited, a company incorporated in England and Wales. The principal activity of William S. Graham Limited is the manufacture of carpet yarn and quilts, and the operation of a country house hotel and of a restaurant.

**11. STOCK AND WORK IN PROGRESS**

	<b>Group</b>	
	1999	1998
	£	£
Raw materials and consumables	616,421	249,520
Work in progress	555,456	575,023
Finished goods	<u>24,906</u>	<u>30,734</u>
	<u>1,196,783</u>	<u>855,277</u>



**WILLIAM S. GRAHAM & SONS (DEWSBURY) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended 31 December 1999

**12. DEBTORS**

	<b>Group</b>		<b>Company</b>	
	1999	1998	1999	1998
	£	£	£	£
Trade debtors	4,846,002	4,062,342	-	-
Amount due from subsidiary undertaking	-	-	1,516,821	1,489,632
Other debtors	7,087	28,498	-	-
Prepayments and accrued income	85,087	65,856	-	-
Proposed dividend receivable	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,189</u>
	<u>4,938,176</u>	<u>4,156,696</u>	<u>1,516,821</u>	<u>1,516,821</u>

It is not expected that the amount due from the subsidiary undertaking will be repaid within the next twelve months.

**13. OTHER CREDITORS**

	<b>Group</b>		<b>Company</b>	
	1999	1998	1999	1998
	£	£	£	£
Bank overdraft	344,503			
Corporation tax	230,240	321,000	-	-
Other taxes and social security	736,972	757,181	-	-
Directors' current accounts (note 25)	8,782	32,077	-	-
Other creditors	13,401	133,142	-	-
Accruals and deferred income	612,095	582,523	-	-
Proposed dividend	72,084	72,084	72,084	72,084
Pension scheme loan	<u>-</u>	<u>300,000</u>	<u>-</u>	<u>-</u>
	<u>2,018,077</u>	<u>2,198,007</u>	<u>72,084</u>	<u>72,084</u>

**14. CREDITORS - amounts falling due after one year**

	1999	1998
	£	£
Loans from the W.S. Graham & Sons Self-Administered Pension Fund due within five years	<u>-</u>	<u>200,000</u>

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**15. DEBT ANALYSIS**

The group's debt is analysed by maturity below:

	1999 £	1998 £
Repayable in 1 year or on demand	344,503	300,000
Repayable in 1-2 years	-	200,000
	<u>344,503</u>	<u>500,000</u>

**16. PROVISION FOR LIABILITIES AND CHARGES**

Deferred taxation not provided at 31 December 1999 amounted to £1,300,000 (1998 £1,187,000) and is wholly in respect of accelerated capital allowances.

**17. CALLED UP SHARE CAPITAL**

	1999 £	1998 £
<b>Authorised</b>		
Ordinary shares of £1 each	54,480	54,480
3.5% Cumulative preference shares of £1 each	<u>75,561</u>	<u>75,561</u>
	<u>130,041</u>	<u>130,041</u>
<b>Allotted and fully paid</b>		
Ordinary shares of £1 each	40,434	40,434
3.5% Cumulative preference shares	<u>70,621</u>	<u>70,621</u>
	<u>111,055</u>	<u>111,055</u>

**18. RESERVES**

	Revenue reserves £	Capital redemption £	Capital other reserve £	Total £
<b>Group</b>				
At 1 January 1999	10,107,203	18,986	2,875	10,129,064
Retained profit for the year	<u>998,361</u>	<u>-</u>	<u>-</u>	<u>998,361</u>
At 31 December 1999	<u>11,105,564</u>	<u>18,986</u>	<u>2,875</u>	<u>11,127,425</u>
		<b>Revenue reserves</b>	<b>Capital redemption reserve</b>	<b>Total</b>
<b>Company</b>		£	£	£
At 1 January 1999 and 31 December 1999		<u>1,472,541</u>	<u>18,986</u>	<u>1,491,527</u>

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**19. PROFIT AND LOSS ACCOUNT**

As permitted by Section 230 of the Companies Act 1985, the parent undertaking's profit and loss account has not been included in these financial statements.

The result for the financial year of the parent undertaking amounted to £Nil (1998 - £Nil).

**20. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	1999 £	1998 £
<b>Group</b>		
Profit for the financial year	998,361	1,045,226
Opening shareholders' funds	<u>10,240,119</u>	<u>9,194,893</u>
Closing shareholders' funds	<u><u>11,238,480</u></u>	<u><u>10,240,119</u></u>
<b>Company</b>		
Opening shareholders' funds	<u>1,602,582</u>	<u>1,602,582</u>
Closing shareholders' funds	<u><u>1,602,582</u></u>	<u><u>1,602,582</u></u>
<b>Group</b>		
Equity	11,083,415	10,087,526
Non-equity	<u>155,065</u>	<u>152,593</u>
	<u><u>11,238,480</u></u>	<u><u>10,240,119</u></u>
<b>Company</b>		
Equity	1,447,517	1,449,989
Non-equity	<u>155,065</u>	<u>152,593</u>
	<u><u>1,602,582</u></u>	<u><u>1,602,582</u></u>

The non-equity shareholders' funds represents the 3½% cumulative preference shares of £1 each, together with the arrears of dividend entitlements, accrued at the rate of 3½% per annum on a cumulative basis, but not paid. These shares have no terms for repayment and carry voting rights of one vote for each preference share held. On a winding up of the company the 3½% cumulative preference shares rank before the ordinary shares and are entitled to the amount paid together with all arrears of dividends.

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**21. COMMITMENTS**

**Group**

	1999 £	1998 £
<b>Capital commitments</b>		
Contracted for but not provided in the financial statements	2,246,090	557,336
	<u>          </u>	<u>          </u>
<b>Financial commitments</b>		
There is a commitment under an operating lease for the rental of premises. The commitment for the next year is as follows:		
Expiring after five years	40,000	40,000
	<u>          </u>	<u>          </u>

**22. GOODWILL**

The cumulative amount of goodwill, representing the excess of cost of shares in subsidiary undertakings over the fair value of the net assets acquired, written off in prior years is £81,916.

**23. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	1999 £	1998 £
Operating profit	1,265,793	1,412,012
Depreciation of tangible fixed assets	920,110	896,048
Profit on disposal of tangible fixed assets	(104,347)	(28,516)
	2,081,556	2,279,544
Working capital movements:		
Stock	(341,506)	232,550
Debtors	(781,480)	666,923
Creditors	580,077	(701,319)
	<u>          </u>	<u>          </u>
Net cash inflow from operating activities	1,538,647	2,477,698
	<u>          </u>	<u>          </u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**24. ANALYSIS OF CHANGES IN NET FUNDS (DEBT)**

	<u>At 1.1.99</u>	<u>Cash flows</u>	<u>Other</u>	<u>At 31.12.99</u>
	<u>£</u>	<u>£</u>	<u>Changes</u>	<u>£</u>
Cash at bank and in hand	995,087	( 993,712)	-	1,375
Bank overdraft	-	<u>( 344,503)</u>	-	(344,503)
		<u>(1,338,215)</u>		
Debt due in one year	(300,000)	300,000	-	-
Debt due after one year	<u>(200,000)</u>	<u>200,000</u>	-	-
Total	<u>495,087</u>	<u>(838,215)</u>	-	<u>(343,128)</u>

**25. RELATED PARTY TRANSACTIONS**

**Directors' loan accounts**

As disclosed in Note 13, the directors operate current accounts with the group. At 31 December 1999 the amount owing to the directors from the group was as follows:

	1999	1998
	£	£
G.Graham	(17,909)	-
J.S. Graham	25,003	31,258
N. Graham	<u>1,688</u>	<u>819</u>
	<u>8,782</u>	<u>32,077</u>

During the year Mr N. Graham's current account was overdrawn to a maximum of £248,711 but had been cleared by the year-end. The overdrawn current account for Mrs G.Graham represents the maximum amount outstanding during the year. This was cleared in March 2000.

The group paid interest to the directors on these current accounts. The amount paid before the deduction of income tax was as follows:

	1999	1998
	£	£
J.S. Graham	13,354	12,692
N. Graham	<u>-</u>	<u>-</u>
	<u>13,354</u>	<u>12,692</u>

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**25. RELATED PARTY TRANSACTIONS (continued)**

**Pension schemes**

Mr J.S. Graham and Mr N. Graham are trustees and members of the W.S. Graham & Sons Self-Administered Pension Fund.

The Pension Fund has made loans to the group amounting to £Nil (1998 - £500,000). See Note 14. Interest payable on these loans in the year amounted to £26,402 (1998 - £47,978). Of this amount, £4,626 (1998 - £47,978) is included in accruals and deferred income at 31 December 1999.

The group leases two properties from the W.S. Graham & Sons Self-Administered Pension Fund. The amount of rent payable in the year to the Pension Fund on the first property amounted to £18,508 (1998 - £19,642). The annual rental on the second property amounts to £40,000 (1998 - £40,000).

Contributions of £Nil (1998 - £Nil) were paid to the fund during the year.

**Control relationship**

The group is controlled by the Graham Family by virtue of their majority holding in the ordinary share capital of the company.