

Thomas Ramsden (Holdings) Limited

Report and Accounts

30 April 2000

Registered No. 1632091



Thomas Ramsden (Holdings) Limited

Registered No. 1632091

DIRECTORS

T B Ramsden (Chairman)
R A B Ramsden (Managing Director)
J A Archer
B Collins

SECRETARY

J A Archer

AUDITORS

Ernst & Young
PO Box 61
Cloth Hall Court
14 King Street
Leeds
LS1 2JN

BANKERS

Barclays Bank Plc
1 Wood Street
Wakefield
WF1 2EA

SOLICITORS

Greaves Atter & Beaumont
PO Box 32
67 Westgate
Wakefield
WF1 1BP

REGISTERED OFFICE

Netherfield Road
Guiseley
West Yorkshire
LS20 9PD

 ERNST & YOUNG

DIRECTORS' REPORT

The directors present their report and group accounts for the year ended 30 April 2000.

RESULTS AND DIVIDENDS

The group operating profit before exceptional items for the year amounted to £464,517 (1999 - loss of £471,939).

The directors do not recommend the payment of a dividend and the loss is to be carried to reserves.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activities of the group of companies are the manufacture and sale of machine and hand knitting yarns and craft products.

The operating profit has been achieved against the background of extremely difficult trading conditions, again aggravated by the continued strength of Sterling.

The strong pound has not only inhibited our anticipated export growth but also has adversely affected the demand of our home trade customers for their export sales. In conjunction with increased competition from imports the turnover of the group has suffered accordingly.

A group rationalisation scheme involving the closure of the Wakefield production unit has taken longer than forecast thus delaying the increased production at Guiseley.

Furthermore, a major fire occurred at our Guiseley premises on 30 November 1999 destroying a large quantity of yarn and severely disrupting production due to the loss of power for several weeks.

Nevertheless the economies achieved by the rationalisation scheme leave the group in a good position to take advantage of any upturn in market conditions.

DISABLED EMPLOYEES

The group gives every consideration to applications for employment from disabled persons where the requirements of the job may be adequately covered by a handicapped or disabled person.

With regard to existing disabled employees and those who have become disabled during the year, the group has continued to examine ways and means of providing continuing employment under normal terms and conditions and to provide training and career development and promotion wherever appropriate.

EMPLOYEE INVOLVEMENT

During the year the policy of providing employees with information about the group has been continued.

DIRECTORS AND THEIR INTERESTS

The present directors of the company are shown on page 2.

T B Ramsden owns 0.1% (1999 - 0.1%) of the share capital of the company. R A B Ramsden owns 94.9% (1999 - 94.9%) of the share capital of the company. No other director has an interest in the share capital of the company or its subsidiary undertakings requiring disclosure under the Companies Act 1985.

J A Archer retires by rotation at the Annual General Meeting and, being eligible, offers himself for re-election.

Thomas Ramsden (Holdings) Limited

DIRECTORS' REPORT (continued)

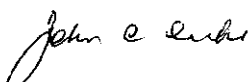
YEAR 2000 COMPLIANCE

An internal review, encompassing all management and operating systems was carried out during the course of 1999. Since 1 January 2000, there has been no evidence of any IT millenium issues impacting our business.

AUDITORS

A resolution to reappoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

By order of the board



J A Archer
Secretary

22nd June 2000

 ERNST & YOUNG

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE
ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the group and of the profit or loss for that period. In preparing those accounts, 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 accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

REPORT OF THE AUDITORS

to the members of Thomas Ramsden (Holdings) Limited

We have audited the accounts on pages 7 to 21 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and on the basis of the accounting policies set out on pages 11 and 12.

Respective responsibilities of directors and auditors

As described on page 5 the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by Statute, the Auditing Practices Board and by our profession's ethical guidance.

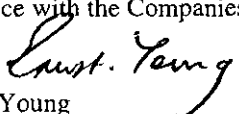
Basis of opinion

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group as at 30 April 2000 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Ernst & Young
Registered Auditor
Leeds

23 June 2000

Thomas Ramsden (Holdings) Limited

GROUP PROFIT AND LOSS ACCOUNT

for the year ended 30 April 2000

	Notes	2000 £	1999 £
TURNOVER	2	11,124,275	12,973,501
Cost of sales		8,037,617	9,748,062
Gross profit		3,086,658	3,225,439
Distribution costs		475,833	846,456
Administrative expenses		2,148,240	2,852,122
Other operating income		(1,932)	(1,200)
		2,622,141	3,697,378
OPERATING PROFIT/(LOSS) BEFORE EXCEPTIONAL ITEMS		464,517	(471,939)
Exceptional item - reorganisation costs		446,957	1,137,301
Exceptional item - foreign exchange losses		169,082	72,934
OPERATING LOSS	3	(151,522)	(1,682,174)
Interest receivable	5	31,626	30,603
Interest payable	6	(283,534)	(329,266)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(403,430)	(1,980,837)
Taxation	7	-	(52,216)
LOSS FOR THE FINANCIAL YEAR	17	(403,430)	(1,928,621)

The group has no recognised gains or losses for 2000 or 1999 other than the loss (1999 - loss) for the year. Accordingly a statement of recognised gains and losses has not been presented.

Thomas Ramsden (Holdings) Limited

GROUP BALANCE SHEET

at 30 April 2000

	Notes	2000 £	1999 £
FIXED ASSETS			
Tangible assets	9	3,356,291	4,128,653
CURRENT ASSETS			
Stocks	11	6,316,564	6,012,004
Debtors	12	4,313,035	3,171,744
Cash at bank		1,246,627	1,104,038
		11,876,226	10,287,786
CREDITORS: amounts falling due within one year	13	6,381,898	5,372,390
NET CURRENT ASSETS		5,494,328	4,915,396
TOTAL ASSETS LESS CURRENT LIABILITIES		8,850,619	9,044,049
CAPITAL AND RESERVES			
Called up share capital	16	100,000	100,000
Capital reserve	17	3,734,768	3,734,768
Revaluation reserve	17	710,000	993,507
Profit and loss account	17	4,305,851	4,215,774
Shareholders' funds		8,850,619	9,044,049

T B Ramsden
Director


22nd June 2000

Thomas Ramsden (Holdings) Limited

BALANCE SHEET

at 30 April 2000

	Notes	2000 £	1999 £
FIXED ASSETS			
Investments in subsidiary undertakings	10	242,117	242,117
CREDITORS: amounts falling due within one year			
	13	142,117	142,117
		<u>100,000</u>	<u>100,000</u>
CAPITAL AND RESERVES			
Called up share capital	16	<u>100,000</u>	<u>100,000</u>


T B Ramsden
Director

22nd June 2000

Thomas Ramsden (Holdings) Limited

STATEMENT OF CASH FLOWS for the year ended 30 April 2000

	Notes	2000 £	1999 £
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	3(c)	(1,079,415)	1,322,390
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		31,626	30,603
Interest paid		(283,534)	(329,266)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENT AND SERVICING OF FINANCE		(251,908)	(298,663)
CORPORATION TAX PAID		-	(42,275)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Payments to acquire tangible fixed assets		(204,536)	(30,141)
Receipts from sales of tangible fixed assets		159,385	6,570
		(45,151)	(23,571)
INCREASE/(DECREASE) IN CASH		(1,376,474)	957,881
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT			
Decrease in cash in the period		(1,376,474)	957,881
Change in net debt		(1,376,474)	957,881
Net debt at 30 April 1999	14	(1,922,345)	(2,880,226)
Net debt at 30 April 2000		(3,298,819)	(1,922,345)

Thomas Ramsden (Holdings) Limited

NOTES TO THE ACCOUNTS

at 30 April 2000

1. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention modified to include the revaluation of certain freehold properties. The accounts are prepared in accordance with applicable accounting standards.

Basis of consolidation

The group accounts consolidate the accounts of Thomas Ramsden (Holdings) Limited and its subsidiaries made up to a date within 7 days of 30 April each year. Results of companies acquired during the year are included from the effective date of acquisition. No profit and loss account is presented for Thomas Ramsden (Holdings) Limited as provided by S.228(7) of the Companies Act 1985.

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land and buildings, at rates calculated to write off the cost of each asset over its expected useful life, as follows:

Fixtures, plant and machinery	-	15% reducing balance
Motor vehicles	-	25% or 33% reducing balance

Freehold buildings are not depreciated as it is considered the annual charge would be immaterial.

Patents

Amortisation of patents is provided in equal instalments in order to write off the cost over their expected useful lives of 5 years.

Stocks

Stocks are stated at the lower of cost and net realisable value as follows:

Cost incurred in bringing each product to its present location and condition:

Raw material	-	purchase cost on a first-in, first-out basis
Work-in-progress and finished	-	cost of direct material and labour plus attributable overheads and certain administrative costs based

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

Deferred taxation

Deferred taxation is provided on the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is estimated that tax will be payable.

NOTES TO THE ACCOUNTS

at 30 April 2000

1. ACCOUNTING POLICIES (continued)

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet.

Transactions in foreign currencies are recorded at the rate ruling at the date of the transactions.

All differences are taken to the profit and loss account.

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives.

The interest element of the rental obligations is charged to the profit and loss accounts over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

Pensions

The group operates defined benefit pension schemes which require contributions to be made to separately administered funds. Contributions to these funds are charged to the profit and loss account so as to spread the cost of pensions over the employees' working lives within the group. The regular cost is attributed to individual years using the discontinuance target funding method. Variations in pension cost, which are identified as a result of actuarial valuations, are amortised over the average expected remaining working lives of employees in proportion to their expected payroll costs. Differences between the amounts funded and the amounts charged to the profit and loss account are treated as either provisions or prepayments in the balance sheet.

Contributions paid in respect of defined contribution schemes are charged to the profit and loss account as they become payable in accordance with the rules of the schemes.

2. TURNOVER

Turnover represents the invoiced amount of goods sold and services provided and crafts products, stated net of value added tax, during the year.

Turnover is attributable to one continuing activity, the manufacture and sale of machine and hand knitting yarns.

An analysis of turnover by geographical market is given below:

	2000 £	1999 £
United Kingdom	9,207,492	10,856,858
Overseas markets	1,916,783	2,116,643
	<u>11,124,275</u>	<u>12,973,501</u>

Thomas Ramsden (Holdings) Limited

NOTES TO THE ACCOUNTS

at 30 April 2000

3. OPERATING PROFIT

(a) This is stated after charging:

	2000 £	1999 £
Auditors' remuneration - as auditors	20,000	30,500
- in other capacities	13,275	15,700
Depreciation	143,658	228,972
Operating lease rentals	1,223	1,632
	<u>2000</u>	<u>1999</u>

(b) Directors' remuneration

	2000 £	1999 £
Emoluments	697,642	872,491
	<u>2000</u>	<u>1999</u>

Included in the above emoluments are contributions to money purchase pension schemes amounting to £12,000 (1999 - £55,000).

Retirement benefits are accruing for 3 directors under defined benefit schemes. Group contributions to the schemes in respect of those directors amounted to £45,400 (1999 - £55,054). Retirement benefits are accruing for one director under money purchase schemes.

Highest paid director

	2000 £	1999 £
Emoluments	314,348	614,118
Money purchase pension scheme contributions	-	45,000
	<u>314,348</u>	<u>659,118</u>

The highest paid director is now receiving a pension from the defined benefit scheme.

Thomas Ramsden (Holdings) Limited

NOTES TO THE ACCOUNTS

at 30 April 2000

3. OPERATING PROFIT (continued)

(c) Reconciliation of operating profit to net cash inflow/(outflow) from operating activities

	2000 £	1999 £
Operating (loss)/profit	(151,522)	(1,682,174)
Depreciation of tangible fixed assets	143,658	228,972
Decrease/(increase) in debtors	(257,436)	1,343,641
Decrease/(increase) in stocks	(304,560)	1,603,010
(Decrease) in creditors	(509,555)	(171,059)
Net cash inflow/(outflow) from operating activities	<u>(1,079,415)</u>	<u>1,322,390</u>

4. STAFF COSTS

	2000 £	1999 £
Wages and salaries	3,934,297	4,328,240
Social security costs	361,685	370,812
Other pension costs	214,391	310,607
	<u>4,510,373</u>	<u>5,009,659</u>

The average weekly number of employees during the year was made up as follows:

	2000 No.	1999 No.
Office and management	61	66
Manufacturing	254	311
	<u>315</u>	<u>377</u>

5. INTEREST RECEIVABLE

	2000 £	1999 £
Other interest	<u>31,626</u>	<u>30,603</u>

Thomas Ramsden (Holdings) Limited

NOTES TO THE ACCOUNTS

at 30 April 2000

6. INTEREST PAYABLE

	2000 £	1999 £
Bank loan and overdraft	202,814	248,987
Directors' loan	80,720	80,279
	<u>283,534</u>	<u>329,266</u>

7. TAXATION

	2000 £	1999 £
Based on the profit/(loss) for the year:		
Corporation tax at 31% (1999 - 31%)	-	(42,275)
Corporation tax (over)/underprovided in previous years	-	(9,941)
	<u>-</u>	<u>(52,216)</u>

8. INTANGIBLE FIXED ASSETS

	Patents £
Cost:	
At 30 April 1999 and 30 April 2000	<u>14,750</u>
Amortisation:	
At 30 April 1999 and 30 April 2000	<u>14,750</u>
Net book value:	
At 30 April 1999 and 30 April 2000	<u>-</u>

Thomas Ramsden (Holdings) Limited

NOTES TO THE ACCOUNTS

at 30 April 2000

9. TANGIBLE FIXED ASSETS

	<i>Freehold land and buildings £</i>	<i>Fixtures, vehicles, plant and machinery £</i>	<i>Total £</i>
Cost or valuation:			
At 30 April 1999	3,075,000	7,478,693	10,553,693
Additions	-	170,681	170,681
Revaluations	210,000	-	210,000
Disposals	-	(899,292)	(899,292)
Transfers	(850,000)	-	(850,000)
At 30 April 2000	2,435,000	6,750,082	9,185,082
At valuation	2,435,000	-	2,435,000
At cost	-	6,750,082	6,750,082
Depreciation:			
At 30 April 1999	-	6,425,040	6,425,040
Provided during the year	-	143,658	143,658
Disposals	-	(739,907)	(739,907)
At 30 April 2000	-	5,828,791	5,828,791
Net book value:			
At 30 April 2000	2,435,000	921,291	3,356,291
At 30 April 1999	3,075,000	1,053,653	4,128,653

The freehold properties were revalued on 30 April 2000 on an open market value for sale within nine months basis of £2,435,000 by D Margerison & Partners, Chartered Surveyors. The historical cost of these properties was £1,782,810.

Thomas Ramsden (Holdings) Limited

NOTES TO THE ACCOUNTS

at 30 April 2000

10. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

Total
£

Cost at 30 April 1999 and 30 April 2000

242,117

It is the opinion of the directors that the value of the investments is not less than the amount at which they are stated in the accounts.

All subsidiary undertakings are wholly owned and registered in England and Wales. Details of the investments of the group or the company are as follows:

<i>Name of company</i>	<i>Nature of business</i>
Thomas B Ramsden & Co (Bradford) Limited	Manufacture and sale of hand knitting and industrial yarns and craft products.
Alfred Haley & Co Limited	Non trading
Carter & Parker Limited*	Non trading
Waterwheel Yarns Limited	Non trading
The Wool Fashion Bureau Limited*	Non trading
Charles Fox & Co (Dyers) Limited	Non trading
Itemdawn Limited	Non trading
Richard Poppleton & Sons Limited*	Non trading
Wendy International Limited*	Non trading
Yarn Works Limited*	Non trading
Wendy Wools Limited*	Non trading
Wendy Handknits Limited*	Non trading

* Held by a subsidiary company.

Thomas Ramsden (Holdings) Limited

NOTES TO THE ACCOUNTS

at 30 April 2000

11. STOCKS

	2000 £	1999 £
Raw materials and consumables	1,555,675	1,484,811
Work-in-progress	932,350	894,645
Finished goods and goods for resale	3,828,539	3,632,548
	<u>6,316,564</u>	<u>6,012,004</u>

12. DEBTORS

	1999 £	1998 £
Trade debtors	2,793,974	2,784,951
Corporation tax	42,275	42,275
Prepayments	183,970	304,518
Other debtors	408,961	40,000
Properties awaiting disposal	883,855	-
	<u>4,313,035</u>	<u>3,171,744</u>

13. CREDITORS: amounts falling due within one year

Group	2000 £	1999 £
Bank overdrafts (see below)	3,845,446	2,326,383
Trade creditors	1,352,425	1,564,784
Taxes and social security costs	193,222	175,134
Accruals	290,805	606,089
Directors' loan	700,000	700,000
	<u>6,381,898</u>	<u>5,372,390</u>

Company	2000 £	1999 £
Amount owed to subsidiary company	<u>142,117</u>	<u>142,117</u>

Group bank overdrafts are secured by a legal charge over the freehold property of the group.

Thomas Ramsden (Holdings) Limited

NOTES TO THE ACCOUNTS at 30 April 2000

14. ANALYSIS OF CHANGES IN NET DEBT

	<i>At 30 April 2000</i>	<i>Cash flows</i>	<i>At 30 April 1999</i>
	£	£	£
Cash at bank and in hand	1,246,627	142,589	1,104,038
Overdrafts	(3,845,446)	(1,519,063)	(2,326,383)
	<u>(2,598,819)</u>	<u>(1,376,474)</u>	<u>(1,222,345)</u>
Debt due within 1 year	(700,000)	-	(700,000)
Net debt	<u>(3,298,819)</u>	<u>(1,376,474)</u>	<u>(1,922,345)</u>

15. PROVISION FOR LIABILITIES AND CHARGES

No deferred taxation is provided. The amounts not provided are as follows:

<i>Group</i>	<i>2000</i>	<i>1999</i>
	£	£
Capital allowances in advance of depreciation	756,780	857,691
Rollover of capital gains arising on realisation of assets	64,600	64,600
Taxation on valuation surplus	297,350	234,350
Unutilised losses for taxation purposes	(535,268)	(445,370)
Other timing differences	(2,259)	(1,525)
	<u>581,203</u>	<u>709,746</u>

16. SHARE CAPITAL

	<i>2000</i>	<i>Authorised 1999</i>	<i>Allotted, called up and fully paid 2000</i>	<i>1999</i>
	No.	No.	£	£
Ordinary shares of £1 each	250,000	250,000	100,000	100,000

Thomas Ramsden (Holdings) Limited

NOTES TO THE ACCOUNTS

at 30 April 2000

17. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

<i>Group</i>	<i>Called up share capital £</i>	<i>Capital reserve £</i>	<i>Revaluation reserve £</i>	<i>Profit and loss account £</i>	<i>Total £</i>
At 30 April 1998	100,000	3,734,768	493,507	6,144,395	10,472,670
Retained profit for the year				(1,928,621)	(1,928,621)
Revaluation			500,000		500,000
At 30 April 1999	100,000	3,734,768	993,507	4,215,774	9,044,049
Retained loss for the year				(403,430)	(403,430)
Revaluation			210,000	-	210,000
Utilisation of revaluation reserve			(493,507)	493,507	-
At 30 April 2000	100,000	3,734,768	710,000	4,305,851	8,850,619

18. PENSION CONTRIBUTIONS

The group operates two funded defined benefit schemes, both of which are funded by the payment of contributions to separately administered trust funds. The contributions to these schemes are determined with the advice of independent qualified actuaries on the basis of triennial valuations using the attained age or the projected unit credit method.

	<i>Carter & Parker Limited Staff Retirement Benefit Plan</i>	<i>Alfred Haley & Company Limited Pension and Life Assurance Scheme</i>
Most recent actuarial valuation	1 May 1996	1 October 1996
Main assumptions		
Rate of return on investments per annum	9%	8%
Rate of salary increases	7%	6½%
Market value of scheme's assets	£4,817,000	£1,097,900
Level of funding being the actuarial value of assets expressed as a percentage of the benefits accrued to members, after allowing for future salary increases	101%	79%

Thomas Ramsden (Holdings) Limited

NOTES TO THE ACCOUNTS

at 30 April 2000

18. PENSION CONTRIBUTIONS (continued)

Alfred Haley & Company Limited Pension and Life Assurance Scheme

Further contributions, in addition to the regular contribution of 14.2% of pensionable earnings were made from 1 October 1997 in order to eliminate the deficiency over the average remaining service lifetime of employees. The method of amortising the experience deficit has been to express it as a level percentage of projected salaries. On a current funding level basis (a discontinuance basis) there was a deficiency of £88,200.

Carter & Parker Limited Staff Retirement Benefits Plan

The contributions made by the company during the financial period were at 12% of pensionable salaries, exclusive of employee contributions.

19. OTHER FINANCIAL COMMITMENTS

At 30 April 2000, the group had annual commitments under non-cancellable operating leases as set out below:

	<i>Plant, machinery and equipment</i>	
	<i>2000</i>	<i>1999</i>
	<i>£</i>	<i>£</i>
Operating leases which expire:		
within one year	-	1,223
within two to five years	-	-
	<u>-</u>	<u>1,223</u>
	<u>-</u>	<u>1,223</u>