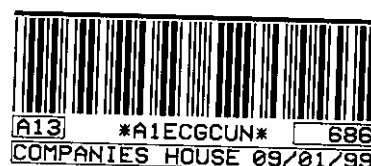


Thomas Ramsden (Holdings) Limited

Report and Accounts

30 April 1998

Registered No. 1632091



Thomas Ramsden (Holdings) Limited

Registered No. 1632091

DIRECTORS

T B Ramsden (Chairman & Managing Director)
J A Archer
B Collins
L A Sheasby (Resigned 20 April 1998)
Col. R A B Ramsden

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

Thomas Ramsden (Holdings) Limited

DIRECTORS' REPORT

The directors present their report and group accounts for the year ended 30 April 1998.

RESULTS AND DIVIDENDS

The group operating profit before exceptional items for the year amounted to £580,588 (1997 - £871,930).

There is a profit available for appropriation of £187,531 (1997 - £316,607) and as the directors do not recommend the payment of a dividend this is to be carried to reserves.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

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, aggravated by the strength of Sterling.

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

Despite these obstacles and the currency losses incurred during the year the group is 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% (1997 - 95%) of the share capital of the company. Col R A B Ramsden owns 94.9% (1997 - nil) 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.

B Collins and Col. R A B Ramsden retire by rotation at the Annual General Meeting and, being eligible, offer themselves for re-election.

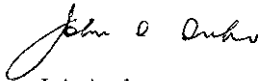
Thomas Ramsden (Holdings) Limited

DIRECTORS' REPORT (CONTINUED)

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

7. 7. 1998

Thomas Ramsden (Holdings) Limited

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; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- 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 position 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. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 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 1998 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young

Ernst & Young
Registered Auditor
Leeds

7 July 1998

Thomas Ramsden (Holdings) Limited

GROUP PROFIT AND LOSS ACCOUNT

for the year ended 30 April 1998

	Notes	1998 £	1997 £
TURNOVER	2	15,903,583	18,706,911
Cost of sales		11,638,134	13,572,428
Gross profit		4,265,449	5,134,483
Distribution costs		1,013,153	1,346,248
Administrative expenses		2,673,496	2,918,902
Other operating income		(1,788)	(2,597)
		3,684,861	4,262,553
OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS		580,588	871,930
Exceptional item - reorganisation costs		-	82,851
Exceptional item - insurance excess		-	250,000
Exceptional item - foreign exchange losses		85,993	15,559
OPERATING PROFIT	3	494,595	523,520
Exceptional item	5	-	209,091
		494,595	732,611
Interest receivable	6	8,682	680
Interest payable	7	(279,061)	(308,966)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		224,216	424,325
Taxation	8	36,685	107,718
PROFIT FOR THE FINANCIAL YEAR	18	187,531	316,607

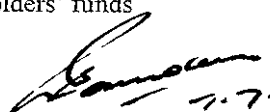
The group has no recognised gains or losses for 1998 or 1997 other than the profit for the year. Accordingly a statement of recognised gains and losses has not been presented.

Thomas Ramsden (Holdings) Limited

GROUP BALANCE SHEET

at 30 April 1998

	Notes	1998 £	1997 £
FIXED ASSETS			
Tangible assets	10	3,834,054	3,947,486
CURRENT ASSETS			
Stocks	12	7,615,014	6,825,076
Debtors	13	4,473,110	4,758,576
Cash at bank and in hand		735,351	43,408
		12,823,475	11,627,060
CREDITORS: amounts falling due within one year	14	6,184,859	5,289,407
NET CURRENT ASSETS		6,638,616	6,337,653
TOTAL ASSETS LESS CURRENT LIABILITIES		10,472,670	10,285,139
PROVISION FOR LIABILITIES AND CHARGES	16	-	-
		10,472,670	10,285,139
CAPITAL AND RESERVES			
Called up share capital	17	100,000	100,000
Capital reserve	18	3,734,768	3,734,768
Revaluation reserve	18	493,507	493,507
Profit and loss account	18	6,144,395	5,956,864
Shareholders' funds		10,472,670	10,285,139


7.7.98

T B Ramsden - Director

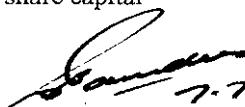
1998

Thomas Ramsden (Holdings) Limited

BALANCE SHEET

at 30 April 1998

	Notes	1998 £	1997 £
FIXED ASSETS			
Investments in subsidiary undertakings	11	242,117	242,117
CREDITORS: amounts falling due within one year			
	14	142,117	142,117
		<u>100,000</u>	<u>100,000</u>
CAPITAL AND RESERVES			
Called up share capital	17	<u>100,000</u>	<u>100,000</u>


7.7.98

T B Ramsden - Director

1998

Thomas Ramsden (Holdings) Limited

STATEMENT OF CASH FLOWS
for the year ended 30 April 1998

	Notes	1998 £	1997 £
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	3(c)	(25,764)	1,199,720
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		8,682	680
Interest paid		(279,061)	(308,966)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENT AND SERVICING OF FINANCE		(270,379)	(308,286)
CORPORATION TAX PAID		(100,145)	(275,146)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Payments to acquire tangible fixed assets		(90,561)	(188,016)
Receipts from sales of tangible fixed assets		53,550	245,138
		(37,011)	57,122
FINANCING			
Increase in director's loan		100,000	-
Repayment of loan		-	(1,000,000)
NET CASH OUTFLOW FROM FINANCING		100,000	(1,000,000)
DECREASE IN CASH		(333,299)	(326,590)
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT			
Decrease in cash in the period		(333,299)	(326,590)
(Increase) / decrease in loans		(100,000)	1,000,000
Change in net debt		(433,299)	673,410
Net debt at 30 April 1997		(2,446,927)	(3,120,337)
Net debt at 30 April 1998	15	(2,880,226)	(2,446,927)

Thomas Ramsden (Holdings) Limited

NOTES TO THE ACCOUNTS

at 30 April 1998

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 materials - purchase cost on a first-in, first-out basis

Work-in-progress and finished - cost of direct materials and labour plus attributable overheads and certain administrative costs based on the normal level of activity.

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.

Thomas Ramsden (Holdings) Limited

STATEMENT OF CASH FLOWS

for the year ended 30 April 1998

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 date.

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 account 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:

	1998	1997
	£	£
United Kingdom	12,620,212	14,986,728
Overseas markets	3,283,371	3,720,183
	<u>15,903,583</u>	<u>18,706,911</u>

Thomas Ramsden (Holdings) Limited

NOTES TO THE ACCOUNTS

at 30 April 1998

3. OPERATING PROFIT

(a) This is stated after charging:

	1998 £	1997 £
Auditors' remuneration - as auditors	30,000	31,000
- in other capacities	16,890	1,438
Depreciation	262,744	329,552
Operating lease rentals	2,090	6,036

(b) Directors' remuneration

	1998 £	1997 £
Emoluments	683,141	666,834

Included in the above emoluments are contributions to money purchase pension schemes amounting to £120,000 (1997 - £120,000).

Retirement benefits are accruing for 4 directors under defined benefit schemes. Group contributions to the schemes in respect of those directors amounted to £48,907 (1997 - £48,959). Retirement benefits are accruing for one director under money purchase schemes.

Highest paid director	1998 £	1997 £
Emoluments	386,682	376,551
Money purchase pension scheme contributions	120,000	120,000
	506,682	496,551

The amount of the pension accrued under the defined benefit scheme for the highest paid director on his obtaining normal pension age was £40,437 per annum at 30 April 1998 (£33,601 at 30 April 1997). No separate lump sum is accrued.

Thomas Ramsden (Holdings) Limited

NOTES TO THE ACCOUNTS

at 30 April 1998

3. OPERATING PROFIT (continued)

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

	1998	1997
	£	£
Operating profit	494,595	523,520
Depreciation of tangible fixed assets	262,744	329,552
Decrease/(increase) in debtors	285,466	214,411
(Increase)/decrease in stocks	(902,239)	1,254
(Decrease)/increase in creditors	(166,330)	130,983
Net cash (outflow)/ inflow from operating activities	(25,764)	1,199,720

4. STAFF COSTS

	1998	1997
	£	£
Wages and salaries	4,700,049	5,307,842
Social security costs	406,136	464,805
Other pension costs	380,527	365,225
	5,486,712	6,137,872

The average weekly number of employees (excluding directors) during the year was made up as follows:

	1998	1997
	No.	No.
Office and management	71	82
Manufacturing	361	377
	432	459

5. EXCEPTIONAL ITEMS

	1998	1997
	£	£
Profit on disposal of tangible fixed assets	-	209,091

6. INTEREST RECEIVABLE

	1998	1997
	£	£
Other interest	8,682	680

Thomas Ramsden (Holdings) Limited

NOTES TO THE ACCOUNTS

at 30 April 1998

7. INTEREST PAYABLE

	1998 £	1997 £
Bank loan and overdraft	197,900	239,588
Director's loan	81,161	69,378
	<u>279,061</u>	<u>308,966</u>

8. TAXATION

	1998 £	1997 £
Based on the profit for the year:		
Corporation tax at 31% (1997 - 33%)	52,216	115,677
Deferred taxation	-	(15,000)
Corporation tax (over) / underprovided in previous year	(15,531)	7,041
	<u>36,685</u>	<u>107,718</u>

9. INTANGIBLE FIXED ASSETS

	Patents £
Cost:	
At 30 April 1997 and 30 April 1998	<u>14,750</u>
Amortisation:	
At 30 April 1997 and 30 April 1998	<u>14,750</u>
Net book value:	
At 30 April 1997 and 30 April 1998	<u>-</u>

Thomas Ramsden (Holdings) Limited

NOTES TO THE ACCOUNTS

at 30 April 1998

10. 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 1997	2,575,000	7,486,534	10,061,534
Transfer from current assets	-	112,301	112,301
Additions	-	90,561	90,561
Disposals	-	(170,332)	(170,332)
At 30 April 1998	2,575,000	7,519,064	10,094,064
At valuation	2,575,000	-	2,575,000
At cost	-	7,519,064	7,519,064
Depreciation:			
At 30 April 1997	-	6,114,048	6,114,048
Provided during the year	-	262,744	262,744
Disposals	-	(116,782)	(116,782)
At 30 April 1998	-	6,260,010	6,260,010
Net book value:			
At 30 April 1998	2,575,000	1,259,054	3,834,054
At 30 April 1997	2,575,000	1,372,486	3,947,486

The freehold properties of Alfred Haley & Co Limited were revalued on 30 April 1992 on an open market value with vacant possession basis at £850,000 by D Margerison & Partners, Chartered Surveyors. The historical cost of these properties was £375,521.

11. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

	<i>Total £</i>
Cost at 30 April 1997 and 30 April 1998	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.

Thomas Ramsden (Holdings) Limited

NOTES TO THE ACCOUNTS

at 30 April 1998

11. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS (continued)

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	Sale of hand knitting and industrial yarns, manufacture and sale of craft products
Alfred Haley & Co Limited	Spinner and baller of hand knitting and industrial yarns
Carter & Parker Limited*	Manufacture of hand knitting yarns.
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 1998

12. STOCKS

	1998 £	1997 £
Raw materials and consumables	1,385,603	1,216,591
Work-in-progress	1,318,939	970,438
Finished goods and goods for resale	4,910,472	4,638,047
	<u>7,615,014</u>	<u>6,825,076</u>

13. DEBTORS

	1998 £	1997 £
Trade debtors	4,076,449	4,370,370
Prepayments	356,661	345,384
Other debtors	40,000	42,822
	<u>4,473,110</u>	<u>4,758,576</u>

14. CREDITORS: amounts falling due within one year

Group	1998 £	1997 £
Bank overdrafts (see below)	2,915,577	1,890,335
Trade creditors	1,884,670	2,051,048
Current corporation tax	52,216	115,676
Taxes and social security costs	159,100	202,954
Accruals	473,296	429,394
Director's loan	700,000	600,000
	<u>6,184,859</u>	<u>5,289,407</u>
Company	1998 £	1997 £
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 1998

15. ANALYSIS OF CHANGES IN NET DEBT

	<i>At 30 April 1998 £</i>	<i>Cash flows £</i>	<i>At 30 April 1997 £</i>
Cash at bank and in hand	735,351	691,943	43,408
Overdrafts	(2,915,577)	(1,025,242)	(1,890,335)
		(333,299)	
Debt due within 1 year	(700,000)	(100,000)	(600,000)
Net debt	<u>(2,880,226)</u>	<u>(443,299)</u>	<u>(2,446,927)</u>

16. PROVISION FOR LIABILITIES AND CHARGES

Deferred taxation provided in the accounts, and the amounts not provided, are as follows:

<i>Group</i>	<i>1998 £</i>	<i>Provided 1997 £</i>	<i>1998 £</i>	<i>Not provided 1997 £</i>
Capital allowances in advance of depreciation	-	-	115,554	190,981
Rollover of capital gains arising on realisation of assets	-	-	64,600	68,000
Taxation on valuation surplus	-	-	84,350	50,100
Other timing differences	-	-	4,795	-
	<u>-</u>	<u>-</u>	<u>269,299</u>	<u>309,081</u>

17. SHARE CAPITAL

	<i>1998 No.</i>	<i>Authorised 1997 No.</i>	<i>Allotted, called up and fully paid 1998 £</i>	<i>1997 £</i>
Ordinary shares of £1 each	<u>250,000</u>	<u>250,000</u>	<u>100,000</u>	<u>100,000</u>

Thomas Ramsden (Holdings) Limited

NOTES TO THE ACCOUNTS

at 30 April 1998

18. 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 1996	100,000	3,734,768	493,507	5,640,257	9,968,532
Retained profit for the year	-	-	-	316,607	316,607
At 30 April 1997	100,000	3,734,768	493,507	5,956,864	10,285,139
Retained profit for the year	-	-	-	187,531	187,531
At 30 April 1998	100,000	3,734,768	493,507	6,114,395	10,472,670

19. 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
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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%
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Thomas Ramsden (Holdings) Limited

NOTES TO THE ACCOUNTS

at 30 April 1998

19. 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.

20. OTHER FINANCIAL COMMITMENTS

At 30 April 1998, the group had annual commitments under non-cancellable operating leases as set out below:

	<i>Plant, machinery and equipment</i>	
	<i>1998</i>	<i>1997</i>
	£	£
Operating leases which expire:		
within one year	-	533
within two to five years	2,855	1,632
	<u>2,855</u>	<u>2,165</u>