

THOMAS RAMSDEN (HOLDINGS) LIMITED

Report and Accounts

30 April 2001



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**

Thomas Ramsden (Holdings) Limited

DIRECTORS' REPORT

The directors present their report and group accounts for the year ended 30 April 2001.

RESULTS AND DIVIDENDS

The group operating profit before exceptional items for the year amounted to £179,092 (2000 - profit of £464,517).

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 before exceptional items has been achieved against the background of extremely difficult trading conditions.

The continued strength of Sterling has again adversely affected the growth in exports and the demand of our home trade customers for their export sales. Competition from imports has continued to be strong.

The costs of closure and levelling of the Wakefield site were considerably higher than expected due to circumstances beyond our control.

Until the introduction of MFR requirements and changes in Government Tax treatment our major pension scheme was 101% funded. This new government legislation resulted in a compulsory payment of £170,000 into this scheme.

Despite these setbacks, there currently appears to be an increase in activity which together with continuing economies leave the Group in a good position to take full 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% (2000 - 0.1%) of the share capital of the company. R A B Ramsden owns 94.9% (2000 - 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.

T B Ramsden retires by rotation at the Annual General Meeting and, being eligible, offers himself for re-election.

DIRECTORS' REPORT (continued)

AUDITORS

A resolution to reappoint Ernst & Young as auditors will be put to the members at the Annual General Meeting. Ernst & Young has stated that, during 2001, it is intending to transfer its business to a limited liability partnership, incorporated under the Limited Liability Partnerships Act 2000, to be called Ernst & Young LLP. If this happens, it is the current intention of the Directors to use their statutory powers to treat the appointment of Ernst & Young as extending to Ernst & Young LLP.

By order of the board



J A Archer
Secretary

21st June 2001

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
- 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.

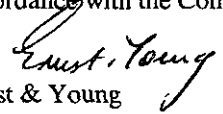
Basis of opinion

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 2001 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

22 June 2001

Thomas Ramsden (Holdings) Limited

GROUP PROFIT AND LOSS ACCOUNT

for the year ended 30 April 2001

	Notes	2001 £	2000 £
TURNOVER	2	11,776,034	11,124,275
Cost of sales		8,941,596	8,037,617
Gross profit		2,834,438	3,086,658
Distribution costs		632,723	475,833
Administrative expenses		2,024,068	2,148,240
Other operating income		(1,445)	(1,932)
		2,655,346	2,622,141
OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS			
Operating exceptional items		179,092	464,517
- Flood damage		12,139	-
- Pension and salary related costs		221,317	-
- Foreign exchange losses		(8,784)	169,082
OPERATING (LOSS)/PROFIT	3	(45,580)	295,435
Exceptional items – termination of an operation		(417,642)	(446,957)
LOSS ON ORDINARY ACTIVITIES BEFORE INTEREST		(463,222)	(151,522)
Interest receivable	5	59,438	31,626
Interest payable	6	(316,591)	(283,534)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(720,375)	(403,430)
Taxation		-	-
LOSS FOR THE FINANCIAL YEAR	16	(720,375)	(403,430)

The group has no recognised gains or losses for 2001 or 2000 other than the 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 2001

	Notes	2001 £	2000 £
FIXED ASSETS			
Tangible assets	8	3,262,135	3,356,291
CURRENT ASSETS			
Stocks	10	5,870,473	6,316,564
Debtors	11	3,248,594	4,313,035
Cash at bank		72,679	1,246,627
		9,191,746	11,876,226
CREDITORS: amounts falling due within one year	12	4,323,637	6,381,898
NET CURRENT ASSETS		4,868,109	5,494,328
TOTAL ASSETS LESS CURRENT LIABILITIES		8,130,244	8,850,619
CAPITAL AND RESERVES			
Called up share capital	15	100,000	100,000
Capital reserve	16	3,734,768	3,734,768
Revaluation reserve	16	710,000	710,000
Profit and loss account	16	3,585,476	4,305,851
Shareholders' funds		8,130,244	8,850,619

T B Ramsden
Director

21st June 2001

ERNST & YOUNG

Thomas Ramsden (Holdings) Limited

BALANCE SHEET at 30 April 2001

	Notes	2001 £	2000 £
FIXED ASSETS			
Investments in subsidiary undertakings	9	242,117	242,117
CREDITORS: amounts falling due within one year			
	12	142,117	142,117
		<u>100,000</u>	<u>100,000</u>
CAPITAL AND RESERVES			
Called up share capital	15	<u>100,000</u>	<u>100,000</u>


T B Ramsden
Director

2/2 June 2001

Thomas Ramsden (Holdings) Limited

STATEMENT OF CASH FLOWS

for the year ended 30 April 2001

	Notes	2001 £	2000 £
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	3(c)	957,255	(1,079,415)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		59,438	31,626
Interest paid		(316,591)	(283,534)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENT AND SERVICING OF FINANCE		(257,153)	(251,908)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Payments to acquire tangible fixed assets		(96,638)	(204,536)
Receipts from sales of tangible fixed assets		9,925	159,385
		(86,713)	(45,151)
INCREASE/(DECREASE) IN CASH		613,389	(1,376,474)
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT			
Increase/(Decrease) in cash in the period		613,389	(1,376,474)
Change in net debt		613,389	(1,376,474)
Net debt at 30 April 2000	14	(3,298,819)	(1,922,345)
Net debt at 30 April 2001		(2,685,430)	(3,298,819)

Thomas Ramsden (Holdings) Limited

NOTES TO THE ACCOUNTS

at 30 April 2001

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 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

NOTES TO THE ACCOUNTS

at 30 April 2001

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 and craft products.

An analysis of turnover by geographical market is given below:

	2001 £	2000 £
United Kingdom	9,539,799	9,207,492
Overseas markets	2,236,235	1,916,783
	<u>11,776,034</u>	<u>11,124,275</u>

Thomas Ramsden (Holdings) Limited

NOTES TO THE ACCOUNTS at 30 April 2001

3. OPERATING PROFIT

(a) This is stated after charging:

	2001 £	2000 £
Auditors' remuneration - as auditors	20,000	20,000
- in other capacities	5,570	13,275
Depreciation	180,869	143,658
Operating lease rentals	-	1,223
	<u> </u>	<u> </u>

(b) Directors' remuneration

	2001 £	2000 £
Emoluments	731,627	697,642
	<u> </u>	<u> </u>

Included in the above emoluments are contributions to money purchase pension schemes amounting to £12,000 (2000 - £12,000).

Retirement benefits are accruing for 3 directors under defined benefit schemes. Group contributions to the schemes in respect of those directors amounted to £32,579 (2000 - £32,579). Retirement benefits are accruing for one director under money purchase schemes.

Highest paid director

	2001 £	2000 £
Emoluments	315,267	314,348
	<u> </u>	<u> </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 2001

3. OPERATING PROFIT (continued)

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

	2001 £	2000 £
Operating (loss)/profit	(463,222)	(151,522)
Depreciation of tangible fixed assets	180,869	143,658
Decrease/(increase) in debtors	1,064,441	(257,436)
Decrease/(increase) in stocks	446,091	(304,560)
(Decrease) in creditors	(270,924)	(509,555)
Net cash inflow/(outflow) from operating activities	957,255	(1,079,415)

4. STAFF COSTS

	2001 £	2000 £
Wages and salaries	3,634,383	3,934,297
Social security costs	333,774	361,685
Other pension costs	238,164	214,391
	4,206,321	4,510,373

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

	2001 No.	2000 No.
Office and management	64	61
Manufacturing	241	254
	305	315

5. INTEREST RECEIVABLE

	2001 £	2000 £
Other interest	59,438	31,626

Thomas Ramsden (Holdings) Limited

NOTES TO THE ACCOUNTS at 30 April 2001

6. INTEREST PAYABLE

	2001 £	2000 £
Bank loan and overdraft	236,091	202,814
Directors' loan	80,500	80,720
	<u>316,591</u>	<u>283,534</u>

7. INTANGIBLE FIXED ASSETS

	Patents £
Cost:	
At 30 April 2000 and 30 April 2001	14,750
Amortisation:	
At 30 April 2000 and 30 April 2001	14,750
Net book value:	
At 30 April 2000 and 30 April 2001	-

Thomas Ramsden (Holdings) Limited

NOTES TO THE ACCOUNTS at 30 April 2001

8. 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 2000	2,435,000	6,750,082	9,185,082
Additions	-	96,638	96,638
Disposals	-	(109,399)	(109,399)
At 30 April 2001	2,435,000	6,737,321	9,172,321
At valuation	2,435,000	-	2,435,000
At cost	-	6,737,321	6,737,321
Depreciation:			
At 30 April 2000	-	5,828,791	5,828,791
Provided during the year	-	180,869	180,869
Disposals	-	(99,474)	(99,474)
At 30 April 2001	-	5,910,186	5,910,186
Net book value:			
At 30 April 2001	2,435,000	827,135	3,262,135
At 30 April 2000	2,435,000	921,291	3,356,291

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

Thomas Ramsden (Holdings) Limited

NOTES TO THE ACCOUNTS

at 30 April 2001

9. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

Total
£

Cost at 30 April 2000 and 30 April 2001

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 2001

10. STOCKS

	2001 £	2000 £
Raw materials and consumables	1,829,678	1,555,675
Work-in-progress	1,004,675	932,350
Finished goods and goods for resale	3,036,120	3,828,539
	<u>5,870,473</u>	<u>6,316,564</u>

11. DEBTORS

	2001 £	2000 £
Trade debtors	3,032,473	2,793,974
Corporation tax	-	42,275
Prepayments	192,523	183,970
Other debtors	23,598	408,961
Properties awaiting disposal	-	883,855
	<u>3,248,594</u>	<u>4,313,035</u>

12. CREDITORS: amounts falling due within one year Group

	2001 £	2000 £
Bank overdrafts (see below)	2,058,109	3,845,446
Trade creditors	1,148,717	1,352,425
Taxes and social security costs	173,827	193,222
Accruals	242,984	290,805
Directors' loan	700,000	700,000
	<u>4,323,637</u>	<u>6,381,898</u>

Company

	2001 £	2000 £
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 2001

13. ANALYSIS OF CHANGES IN NET DEBT

	<i>At 30 April 2001</i>	<i>Cash flows</i>	<i>At 30 April 2000</i>
	£	£	£
Cash at bank and in hand	72,679	(1,173,948)	1,246,627
Overdrafts	(2,058,109)	1,787,337	(3,845,446)
	<u>(1,985,430)</u>	<u>613,389</u>	<u>(2,598,819)</u>
Debt due within 1 year	(700,000)	-	(700,000)
Net debt	<u>(2,685,430)</u>	<u>613,389</u>	<u>(3,298,819)</u>

14. PROVISION FOR LIABILITIES AND CHARGES

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

<i>Group</i>	<i>2001</i>	<i>2000</i>
	£	£
Capital allowances in advance of depreciation	396,121	756,780
Rollover of capital gains arising on realisation of assets	64,600	64,600
Taxation on valuation surplus	93,000	297,350
Unutilised losses for taxation purposes	(647,259)	(535,268)
Other timing differences	-	(2,259)
	<u>(93,538)</u>	<u>581,203</u>

15. SHARE CAPITAL

	<i>2001</i>	<i>Authorised</i>	<i>Allotted, called up and fully paid</i>	
	<i>No.</i>	<i>2000</i>	<i>2001</i>	<i>2000</i>
		<i>No.</i>	£	£
Ordinary shares of £1 each	250,000	250,000	100,000	100,000

Thomas Ramsden (Holdings) Limited

NOTES TO THE ACCOUNTS

at 30 April 2001

16. 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 1999	100,000	3,734,768	993,507	4,215,774	9,044,049
Retained profit 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
Retained loss for the year				(720,375)	(720,375)
At 30 April 2001	100,000	3,734,768	710,000	3,585,476	8,130,244

17. 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>
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Most recent actuarial valuation	1 May 1999	1 October 1999
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Main assumptions

Rate of return on investments per annum	5.5%	6%
Rate of salary increases	4%	5%
Market value of scheme's assets	£6,749,203	£946,200
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	92.5%	84%

Thomas Ramsden (Holdings) Limited

NOTES TO THE ACCOUNTS at 30 April 2001

17. PENSION CONTRIBUTIONS (continued)

Alfred Haley & Company Limited Pension and Life Assurance Scheme

Further contributions, in addition to the regular contribution of 18.1% of pensionable earnings and an annual contribution of £35,000 will be made from 1 October 2000 in order to eliminate the deficiency over the average remaining service lifetime of employees.

Carter & Parker Limited Staff Retirement Benefits Plan

Contribution levels have been agreed with the actuary of the scheme to eliminate the deficit over the next 7 years.