

**SIGNED
COPY**

Z Hinchliffe & Sons Limited

**Directors' report and consolidated
financial statements**

30 June 1997

Registered number 78708



Notice of meeting

Notice is hereby given that the annual general meeting of the company will be held at the registered office of the company, Hartcliffe Mills, Denby Dale, near Huddersfield on 5 December 1997 at 2.30pm for the following purposes:

- 1 to receive and adopt the report of the directors and the audited financial statements for the year ended 30 June 1997.
- 2 to declare a dividend.
- 3 to re-appoint the auditors, KPMG, for the ensuing year.
- 4 to transact any other business of the company.

By order of the board of directors



GL Ross
Secretary

6 November 1997

A member entitled to attend and vote is entitled to appoint a proxy (one or more proxies) to attend and vote instead of him. A proxy need not be a member.

Directors' report and consolidated financial statements

Contents

Company information	1
Directors' report	2
Auditors' report to the members of Z Hinchliffe & Sons Limited	4
Consolidated profit and loss account	5
Consolidated balance sheet	6
Company balance sheet	7
Consolidated cash flow statement	8
Notes	9

Company information

Directors

GP Wilby	Chairman
JR Hinchliffe	
JH Hinchliffe	
GA Wilby	

Secretary

GL Ross

Registered office

Hartcliffe Mills
Denby Dale
Huddersfield
HD8 8QL

Bankers

Midland Bank plc
Cloth Hall Street
Huddersfield
HD1 2ES

Auditors

KPMG
Chartered Accountants
Station Street Buildings
Huddersfield
HD1 1LZ

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 June 1997.

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for safeguarding the assets of the group and to prevent and detect fraud and other irregularities.

Principal activity

During the year the group continued to trade as yarn spinners.

Business review

The directors consider the results of the company to be satisfactory but are continually looking at ways to improve productivity and reduce unit costs.

Proposed dividend and transfer to reserves

The directors recommend the following dividends:

	£
On cumulative preference shares	1,050
On ordinary shares	19,950
	21,000

After deducting the total dividends of £21,000 the consolidated retained profit for the year is £1,544,097.

Directors' report (continued)

Directors and directors' interests

The directors who have held office throughout the financial year are shown on page 1. The interests of the directors holding office at 30 June 1997 in the shares of the group were as follows:

Z Hinchliffe & Sons Limited

	Ordinary shares of £1 each		Cumulative preference shares of £1 each	
	30 June 1997	30 June 1996	30 June 1997	30 June 1996
GP Wilby	60,561	60,561	515	515
JR Hinchliffe	12,591	12,591	4,778	4,778
JH Hinchliffe	12,592	12,592	4,777	4,777
GA Wilby	2,583	2,583	4,647	4,647

Harold Hinchliffe Limited

	Ordinary shares of 5p each		Cumulative preference shares of 5p each	
	30 June 1997	30 June 1996	30 June 1997	30 June 1996
GP Wilby	-	-	-	-
JR Hinchliffe	6,680	6,680	51,399	51,399
JH Hinchliffe	6,680	6,680	51,399	51,399
GA Wilby	-	-	-	-

Employees

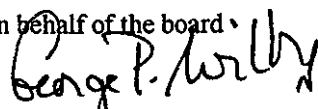
The company has continued to maintain and encourage employee involvement in those aspects of the group's affairs which are of direct concern to them using a variety of communication processes.

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

Auditors

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

On behalf of the board


GP Wilby

Director

6 November 1997



Station Street Buildings
Huddersfield
HD1 1LZ

Auditors' report to the members of Z Hinchliffe & Sons Limited

We have audited the financial statements on pages 5 to 19

Respective responsibilities of directors and auditors

As described on page 2 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 affairs of the company and the group as at 30 June 1997 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in dark ink, appearing to read 'KPMG', with a stylized flourish at the end.

KPMG
Chartered Accountants
Registered Auditors

6 November 1997

Consolidated profit and loss account

for the year ended 30 June 1997

		Continuing operations		Total	1996
	Note	1997	Acquisitions 1997	1997	
		£	£	£	£
Turnover	2	22,050,270	2,336,247	24,386,517	21,076,027
Cost of sales		(18,563,174)	(1,694,194)	(20,257,368)	(17,489,333)
Gross profit		3,487,096	642,053	4,129,149	3,586,694
Distribution costs		(820,114)	(123,373)	(943,487)	(768,082)
Administrative expenses		(1,204,093)	(279,051)	(1,483,144)	(540,170)
Other operating income		-	18,090	18,090	-
Operating profit		1,462,889	257,719	1,720,608	2,278,442
Interest receivable	6			728,220	524,721
Interest payable	6			(347,110)	(470,061)
Profit on ordinary activities before taxation	3-6			2,101,718	2,333,102
Tax on profit on ordinary activities	7			(536,621)	(631,770)
Profit for the financial year				1,565,097	1,701,332
Dividends proposed	8			(21,000)	(21,000)
Retained profit for the financial year	18			1,544,097	1,680,332

There are no recognised gains or losses other than the historical cost profit for the year stated above. A statement of the movements on shareholders' funds in reserves is set out in note 18.

Consolidated balance sheet
at 30 June 1997

	Note	1997 £	1996 £
Fixed assets			
Tangible assets	9	6,034,340	5,147,076
Investments	10	4,950,250	-
		10,984,590	5,147,076
Current assets			
Stocks	11	9,473,545	8,035,936
Debtors	12	6,884,505	5,569,573
Cash and short term deposits	13	1,431,097	6,069,497
		17,789,147	19,675,006
Creditors: amounts falling due within one year	14	(8,540,101)	(5,040,871)
Net current assets		9,249,046	14,634,135
Total assets less current liabilities		20,233,636	19,781,211
Creditors: amounts falling due after more than one year	15	(4,340)	-
Provisions for liabilities and charges	16	(484,334)	(532,515)
Net assets		19,744,962	19,248,696
Capital and reserves			
Called up share capital	17	254,968	254,968
Profit and loss account		19,489,994	18,993,728
Shareholders' Funds	18		
Equity		19,714,962	19,218,696
Non-equity		30,000	30,000
		19,744,962	19,248,696

Company balance sheet
at 30 June 1997

	Note	1997		1996	
		£	£	£	£
Fixed assets					
Tangible assets	9		5,248,492		5,147,076
Investments	10		2,787,130		41,367
Current assets			8,035,622		5,188,443
Stocks	11	8,036,625		8,035,936	
Debtors	12	6,133,970		6,193,374	
Cash at bank and in hand		3,083		2,279	
		14,173,678		14,231,589	
Creditors: amounts falling due within one year	14	(6,868,139)		(4,844,338)	
Net current assets			7,305,539		9,387,251
Total assets less current liabilities			15,341,161		14,575,694
Creditors: amounts falling due after more than one year	15		-		(196,596)
Provisions for liabilities and charges	16		(484,334)		(532,515)
Net assets			14,856,827		13,846,583
Capital and reserves					
Called up share capital	17		254,968		254,968
Profit and loss account			14,601,859		13,591,615
Shareholders Funds	18				
Equity		14,826,827		13,816,583	
Non-equity		30,000		30,000	
			14,856,827		13,846,583

These financial statements were approved by the board of directors on 6 November 1997 and were signed on its behalf by:

George P. Wilby

GP Wilby
Director

JR Hinchliffe
Director

JR Hinchliffe

Consolidated cash flow statement
for the year ended 30 June 1997

	Note	1997 £	£	1996 £	£
Net cash inflow from operating activities	20		1,344,067		5,222,439
Return on investments and servicing of finance					
Interest received		728,220		537,881	
Interest paid		(347,110)		(478,811)	
		<u>381,110</u>		<u>59,070</u>	
Taxation					
UK corporation tax paid		(612,310)		(607,202)	
Overseas tax paid		(10,791)		(42,218)	
		<u>(623,101)</u>		<u>(649,420)</u>	
Capital expenditure					
Payments to acquire tangible fixed assets		(801,577)		(715,984)	
Receipts from sale of tangible fixed assets		6,950		51,251	
		<u>(794,627)</u>		<u>(664,733)</u>	
Acquisitions	22		(3,104,924)		-
Equity dividends paid			(21,000)		(21,000)
			<u>(2,818,475)</u>		<u>3,946,356</u>
(Decrease)/increase in cash	21		<u>(2,818,475)</u>		<u>3,946,356</u>

Reconciliation of net cash flow to movement in net debt

	1997 £	1996 £
(Decrease)/increase in cash	(2,818,475)	3,946,356
Net funds/(debt) at the beginning of the year	3,465,986	(480,370)
Transfer to fixed asset investments	(4,950,250)	-
	<u>(4,302,739)</u>	<u>3,465,986</u>
Net (debt)/funds at the end of the year	<u>(4,302,739)</u>	<u>3,465,986</u>

Notes

(forming part of the financial statements)

1 Accounting policies

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

Basis of preparation

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

Changes in presentation of the cash flow statement have been made consequent upon the adoption of the revised Financial Reporting Standard Number 1 "Cash flow statements". Comparative figures have been restated in accordance with the revised presentation.

Basis of consolidation

The group's financial statements consolidate the financial statements of Z Hinchliffe & Sons Limited and all its subsidiary undertakings. These financial statements are made up to 30 June 1997. Uniform accounting policies are adopted throughout the group. Unrealised profit arising on trading between group companies is eliminated on consolidation.

In the company's accounts, investments in subsidiary undertakings are stated at cost less amounts written off. Dividends received are credited to the company's profit and loss account to the extent that they represent a realised profit for the company.

In accordance with Section 230(4) of the Companies Act 1985 Z Hinchliffe & Sons Limited is exempt from the requirement to present its own profit and loss account.

The amount of the profit for the financial year dealt with in the financial statements of Z Hinchliffe & Sons Limited is £1,031,244 (1996:£912,870).

Goodwill

Goodwill arising on the acquisition of subsidiary undertakings is eliminated by immediate write off to reserves on acquisition.

Fixed assets and depreciation

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

Freehold buildings	-	Between 2% and 4% per annum
Plant and machinery	-	10% or 20% per annum
Motor vehicles	-	20% per annum

No depreciation is provided on freehold land.

Notes (continued)

1 Accounting policies (continued)

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Pension costs

The group operates two pension schemes on behalf of employees, the 1978 Retirement and Death Benefit Scheme which is a defined benefit scheme, and the Employees' Pension Scheme which is a money purchase scheme.

The pension scheme charge for the year as disclosed in note 5 reflects payments made during the year. The defined benefit scheme's charge is calculated on the basis of triennial independent actuarial valuations. The most recent valuation of the defined benefit scheme, dated 6 April 1994 by MG Waumsley FIA of Equity & Law Life Assurance Society plc, stated that the scheme was adequately funded. The valuation assumed an aggregate method of funding, with total contributions at 21¾% of pensionable salaries.

Stocks

Stocks are stated at the lower of cost and net realisable value. For work in progress and finished goods manufactured by the group, cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

Taxation

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

Turnover

Turnover represents the total amount receivable for goods sold to external customers, less returns and allowances and excluding value added tax.

2 Particulars of turnover

	1997 £	1996 £
<i>Market analysis</i>		
Home	20,220,591	16,716,066
Export	4,165,926	4,359,961
	24,386,517	21,076,027

Notes (continued)

3 Profit on ordinary activities before taxation

	1997 £	1996 £
<i>Profit on ordinary activities before taxation is stated after charging/(crediting)</i>		
Auditors' remuneration - audit	19,775	20,718
- other services	40,225	40,297
Depreciation	762,536	693,938
Exchange gains	(203)	(97,199)
Rents receivable from property	(34,075)	(34,298)
Profit on disposal of fixed assets	(6,950)	(4,096)

4 Remuneration of directors

	1997 £	1996 £
Directors' emoluments:		
Remuneration as executives	475,498	306,640
Pension contributions	60,255	57,979
	535,753	364,619

The emoluments, excluding pension contributions, of the highest paid director were £149,515 (1996: £92,092). In addition, the highest paid director received £7,900 in respect of contributions into personal pension schemes.

5 Staff numbers and costs

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

	Number of employees	
	1997	1996
Production	364	286
Distribution and administration	50	32
	414	318

The aggregate payroll costs of these persons were as follows:

	1997 £	1996 £
Wages and salaries	4,230,394	3,290,843
Social security costs	161,319	261,336
Other pension costs	340,449	137,965
	4,732,162	3,690,144

Notes (continued)

6 Interest

	1997 £	1996 £
Interest receivable		
Bank interest	727,092	524,721
Invoice discounting arrangements	1,128	-
	728,220	524,721
Interest payable		
On bank overdraft wholly repayable within five years	347,110	470,061

7 Taxation

	1997 £	1996 £
UK corporation tax at 32.5% (1996 : 33%) on the profit for the year on ordinary activities	535,000	500,000
Deferred taxation	(48,181)	(12,408)
Overseas taxation	48,885	124,314
Adjustment relating to an earlier year	917	19,864
	536,621	631,770

8 Dividends

	1997 £	1996 £
Preference shares:		
Final proposed	1,050	1,050
Ordinary shares:		
Final proposed	19,950	19,950
	21,000	21,000

Notes (continued)

9 Tangible fixed assets

Group	Freehold land and buildings £	Plant and machinery £	Total £
Cost			
At beginning of year	3,945,789	10,158,246	14,104,035
Arising on acquisition	127,640	2,189,451	2,317,091
Additions	261,355	540,222	801,577
Disposals	-	(68,436)	(68,436)
At end of year	4,334,784	12,819,483	17,154,267
Depreciation			
At beginning of year	1,334,378	7,622,581	8,956,959
Arising on acquisition	35,709	1,433,159	1,468,868
Charge for year	141,520	621,016	762,536
On disposals	-	(68,436)	(68,436)
At end of year	1,511,607	9,608,320	11,119,927
Net book value			
At end of year	2,823,177	3,211,163	6,034,340
At beginning of year	2,611,411	2,535,665	5,147,076
Company	Freehold land and buildings £	Plant and machinery £	Total £
Cost			
At beginning of year	3,945,789	10,158,246	14,104,035
Additions	261,355	535,192	796,547
Disposals	-	(68,436)	(68,436)
At end of year	4,207,144	10,625,002	14,832,146
Depreciation			
At beginning of year	1,334,378	7,622,581	8,956,959
Charge for year	140,244	554,887	695,131
On disposals	-	(68,436)	(68,436)
At end of year	1,474,622	8,109,032	9,583,654
Net book value			
At end of year	2,732,522	2,515,970	5,248,492
At beginning of year	2,611,411	2,535,665	5,147,076

Notes (continued)

10 Fixed asset investments

Group	Fixed interest securities £
Reclassified from current assets	4,950,250

Listed fixed asset securities with a cost of £4,950,250 had a market value of £4,986,875 at 30 June 1997.

Company	Shares in group undertakings £
<i>Cost</i>	
At beginning of year	60,367
Additions	2,778,750
Disposal	(51,987)
At end of year	2,787,130
<i>Provisions</i>	
At beginning of year	19,000
Release of provision	(19,000)
At end of year	-
<i>Net book value</i>	
At end of year	2,787,130
At beginning of year	41,367

On 31 December 1996, the company acquired the whole of the issued share capital of John Woodhead (Dobroyd Mills) Limited for cash consideration of £2,778,750 (note 22).

	Country of registration or incorporation	Principal activity	Class and percentage of shares held
<i>Subsidiary undertakings</i>			
Z Hinchliffe & Sons AG, Zug	Switzerland	Textiles	100% ordinary
John Woodhead (Dobroyd Mills) Limited	England	Textiles	100% ordinary
John Woodhead (Dobroyd Mills) USA Inc	USA	Dormant	100% ordinary
Buckingham Knitwear Limited	England	Dormant	100% ordinary*
Cottage Knitwear Limited	England	Dormant	100% ordinary*
Z Hinchliffe & Sons (Huddersfield) Limited	England	Dormant	100% ordinary*
Z Hinchliffe & Sons (Birdsedge) Limited	England	Dormant	100% ordinary*
Z Hinchliffe & Sons (Scotland) Limited	England	Dormant	100% ordinary*

* subsidiaries in the progress of being struck off the register of companies.

Notes (continued)

11 Stocks

	Group		Company	
	1997	1996	1997	1996
	£	£	£	£
Raw materials and consumables	6,811,370	5,383,366	6,115,883	5,383,366
Work in progress	702,504	683,504	392,998	683,504
Finished yarn	1,959,671	1,969,066	1,527,744	1,969,066
	<u>9,473,545</u>	<u>8,035,936</u>	<u>8,036,625</u>	<u>8,035,936</u>

12 Debtors

	Group		Company	
	1997	1996	1997	1996
	£	£	£	£
Amounts falling due within one year				
Trade debtors	6,266,792	5,230,553	3,113,418	2,895,019
Tax recoverable	27,764	51,927	27,764	24,191
Amounts owed by subsidiary undertakings	-	-	2,951,231	3,244,234
Other debtors	235,258	33,768	-	504
Prepayments and accrued income	354,691	253,325	41,557	29,426
	<u>6,884,505</u>	<u>5,569,573</u>	<u>6,133,970</u>	<u>6,193,374</u>

13 Cash and short term deposits

Cash and short term deposits at 30 June 1997 include listed fixed interest securities at a cost of £nil (1996: £3,755,000) and market value of £nil (1996: £3,913,750).

14 Creditors: amounts falling due within one year

	Group		Company	
	1997	1996	1997	1996
	£	£	£	£
Bank overdrafts	5,733,836	2,603,511	5,063,254	2,603,511
Trade creditors	956,772	457,786	254,792	252,385
Amounts owed to subsidiary undertakings	-	-	84,738	292,575
Corporation tax	530,374	606,767	530,374	606,767
Foreign taxes	133,117	119,186	-	-
Other taxes and social security	473,113	792,533	391,126	792,533
Accruals and deferred income	691,889	440,088	522,855	275,567
Dividends proposed	21,000	21,000	21,000	21,000
	<u>8,540,101</u>	<u>5,040,871</u>	<u>6,868,139</u>	<u>4,844,338</u>

Notes (continued)

15 Creditors: amounts falling due after more than one year

	Group		Company	
	1997	1996	1997	1996
	£	£	£	£
Amounts owed to subsidiary undertakings	-	-	-	196,596
Accruals and deferred income	4,340	-	-	-
	<u>4,340</u>	<u>-</u>	<u>-</u>	<u>196,596</u>

16 Provisions for liabilities and charges

			Deferred taxation	
			£	£
Group and company				
At beginning of year				532,515
Profit and loss account	-	current year credit	(76,648)	
	-	prior year charge	28,467	
			<u>(48,181)</u>	
At end of year				<u>484,334</u>

The amounts provided for deferred taxation and the amounts not provided are set out below:

	1997		1996	
	Provided	Unprovided	Provided	Unprovided
	£	£	£	£
Difference between accumulated depreciation and capital allowances	489,584	-	537,765	-
Advance corporation tax recoverable	(5,250)	-	(5,250)	-
	<u>484,334</u>	<u>-</u>	<u>532,515</u>	<u>-</u>

No deferred taxation has been provided on earnings to be remitted to the parent company by Z Hinchliffe & Sons Limited AG, Zug, the overseas subsidiary.

Notes (continued)

17 Called up share capital

	1997 £	1996 £
Authorised		
5% (now 3.5% plus tax credit) cumulative preference shares of £1 each	30,000	30,000
Ordinary shares of £1 each	245,000	245,000
	275,000	275,000
Allotted, called up and fully paid		
5% (now 3.5% plus tax credit) cumulative preference shares of £1 each	30,000	30,000
Ordinary shares of £1 each	224,968	224,968
	254,968	254,968

The preference shares are entitled to a fixed cumulative dividend and, in any future winding up, a right to repayment of £1 per share. Such a repayment would be in priority to any other shares. These shares only carry voting rights at general meetings on any resolutions relating to their rights and privileges.

18 Movement in shareholders' funds

	1997 £	1996 £
Profit for the financial year	1,565,097	1,701,332
Dividends	(21,000)	(21,000)
	1,544,097	1,680,332
Goodwill written off on acquisition (note 21)	(1,047,831)	-
Opening shareholders' funds	19,248,696	17,568,364
	19,744,962	19,248,696
Closing shareholders' funds	19,744,962	19,248,696

The cumulative amount of goodwill written off is £1,047,831 (1996: £nil).

19 Commitments

Capital commitments at the end of the financial year for which no provision has been made are as follows:

	Group		Company	
	1997 £	1996 £	1997 £	1996 £
Contracted	10,219	-	-	-

Notes (continued)

20 Reconciliation of operating profit to net cash inflow from operating activities

	1997 £	1996 £
Operating profit	1,720,608	2,278,442
Depreciation charge	762,536	693,938
Profit on sale of tangible fixed assets	(6,950)	(4,096)
(Increase)/decrease in stocks	(326,474)	3,115,871
(Increase) in debtors	(518,768)	(1,108,617)
(Decrease)/increase in creditors	(286,885)	246,901
Net cash inflow from operating activities	1,344,067	5,222,439

21 Analysis of net debt

	At beginning of year £	Cash flow £	Transfer to fixed asset investments £	At end of year £
Cash at bank and in hand	6,069,497	311,850	(4,950,250)	1,431,097
Bank overdrafts	(2,603,511)	(3,130,325)	-	(5,733,836)
Net funds/(debt)	3,465,986	(2,818,475)	(4,950,250)	(4,302,739)

22 Acquisition of John Woodhead (Dobroyd Mills) Limited

The acquisition of John Woodhead (Dobroyd Mills) Limited, which has been accounted for under the rules for acquisition accounting, may be analysed as follows:

	Book value and fair value of assets at date of acquisition £
Tangible fixed assets	848,223
Investments	70
Stocks	1,111,135
Debtors	820,327
Cash	332
Creditors due within one year	(1,044,328)
Creditors due after more than one year	(4,840)
Net assets acquired	1,730,919
Goodwill arising on acquisition	1,047,831
Consideration	2,778,750
Satisfied by:	
Cash	2,778,750

Notes (continued)

22 Acquisition of John Woodhead (Dobroyd Mills) Limited (continued)

Analysis of the net cash outflow in respect of the acquisition:

	£
Cash consideration	2,778,750
Cash at bank acquired	(332)
Bank overdraft acquired	326,506
	3,104,924

John Woodhead (Dobroyd Mills) Limited utilised £319,000 of the group's net operating cash flow, paid £21,000 in respect of net returns on investments and servicing of finance and utilised £5,000 in respect of capital expenditure.

The profit before taxation of John Woodhead (Dobroyd Mills) Limited prior to acquisition, can be analysed as follows:

	£
Profit for the year ended 31 December 1995	161,523
Profit for the period from 1 January 1996 to the date of acquisition (31 December 1996)	335,907

23 Ultimate parent company and parent undertaking of larger group

The company is a subsidiary of Harold Hinchliffe Limited which is the ultimate parent company and is registered in England and Wales.

Copies of the financial statements of Harold Hinchliffe Limited may be obtained from:

Registrar of Companies
Companies House
Crown Way
Maindy
Cardiff
CF4 3UZ