

LISTER MUTUAL YARNS LIMITED
DIRECTORS' REPORT AND ACCOUNTS
FOR THE PERIOD ENDED
1 APRIL 1990
Registration Number: 166300

KPMG PEAT MARWICK McLINTOCK
1 The Embankment, Neville Street
LEEDS LS1 4DW

COMPANIES HOUSE
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LISTER MUTUAL YARNS LIMITED

DIRECTORS' REPORT

The directors present their sixty-ninth annual report and the audited accounts for the period ended 1 April 1990.

PRINCIPAL ACTIVITIES

The principal activity of the company has continued to be the spinning of natural and man-made fibres.

BUSINESS REVIEW

The company made neither a profit nor a loss in the period.

TAX STATUS

The directors are of the opinion that the close company provisions of the Income and Corporation Taxes Act 1988 do not apply to the company.

FORMAT OF ACCOUNTS

In accordance with section 229 Companies Act 1985, group accounts have not been prepared as the company is a wholly owned subsidiary of another body corporate incorporated in Great Britain. In the opinion of the directors the aggregate value of the assets of the company, consisting of shares in, and amounts owing from, the company's subsidiaries is not less than the aggregate of the amounts at which those assets are included in the company's balance sheet.

PROPOSED DIVIDEND

The directors do not recommend the payment of a dividend for the period ended 1 April 1990 (31 March 1990: fnil).

PROPOSED TRANSFER TO RESERVES

The company made neither a profit nor a loss for the period (31 March 1990: £(1,049,734)).

DIRECTORS' REPORT
(continued)

LAND AND BUILDINGS

The company's freehold land and buildings were revalued at 31 March 1979, on the basis of open market value for existing use which resulted in a revaluation surplus of £510,959. Subsequent additions have been included in fixed assets at cost.

The directors are of the opinion that there is no significant difference between the present market value of land and buildings and the amounts at which they are stated in the accounts.

DIRECTORS AND DIRECTORS' INTERESTS

The directors of the company during the period were:

D Babbs
H F Openshaw
M Jones
D Oxley
M H E Dracup
J B H Dracup
J Turner

Mr D Babbs was granted options of 19,600 ordinary shares in Lister & Co plc on 8 February 1988. Options may be exercised between February 1991 and 1998 at a price of £1.39.

Mr M H E Dracup is a director of the ultimate holding company, Lister & Co plc and is not required to notify this company of his interests in the shares of that company.

Mr J B H Dracup held 150 ordinary shares in Lister & Co plc on 1 April 1990 (31 March 1990: 150).

No other director had any interest in the shares of the company or the parent company at any time during the period.

Mr H O Openshaw retires by rotation and, being eligible offers himself for re-election.

EMPLOYEES

Although no formal reporting procedures have been established by the company, regular contact between senior management and union representatives is maintained in order to keep employees informed of the company's ongoing situation and future prospects.

Whilst promotion and career development opportunities are open to all employees, special attention is given to the needs of the disabled, or those employees who become disabled, to facilitate their continued employment within the company.

LISTER MUTUAL YARNS LIMITED

DIRECTORS' REPORT
(continued)

AUDITORS

A resolution to re-appoint the auditors KPMG Peat Marwick McLintock, will be proposed at the forthcoming annual general meeting.

By order of the board



H F Openshaw

Secretary

Aspinall Street
Heywood

3 July 1991

REPORT OF THE AUDITORS TO THE MEMBERS OF

LISTER MUTUAL YARNS LIMITED

We have audited the accounts on pages 5 to 15 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of the company's affairs at 1 April 1990 and of its result for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

W. P. M. Peat Marwick McLintock

Chartered Accountants

1 The Embankment
Neville Street
Leeds
LS1 4DW

3 July 1991

LISTER MUTUAL YARNS LIMITEDPROFIT AND LOSS ACCOUNTFOR THE PERIOD ENDED 1 APRIL 1990

	<u>Note</u>	One day ended 1 April <u>1990</u> £	Year ended 31 March <u>1990</u> £
TURNOVER	2	-	10,652,440
Cost of sales		-	(10,198,684)
GROSS PROFIT		-	453,756
Distribution costs		-	(664,654)
Administrative expenses		-	(319,422)
Interest payable and similar charges	4	-	(520,525)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	5	-	(1,050,845)
Tax on loss on ordinary activities	7	-	1,111
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		-	(1,049,734)
RETAINED LOSS FOR THE PERIOD	17	-	(1,049,734)

The notes on pages 8 to 15 form part of these accounts.

LISTER MUTUAL YARNS LIMITED
BALANCE SHEET AT 1 APRIL 1990

	Note	1 April 1990	31 March 1990
		£	£
FIXED ASSETS			
Tangible assets	8	4,286,390	4,286,390
Investments	9	<u>34,080</u>	<u>34,080</u>
		4,320,470	4,320,470
CURRENT ASSETS			
Stocks	10	3,717,906	3,717,906
Debtors	11	3,733,579	3,733,579
Cash and bank		<u>20,498</u>	<u>20,498</u>
		7,471,983	7,471,983
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	12	<u>(11,602,172)</u>	<u>(11,602,172)</u>
NET CURRENT LIABILITIES		<u>(4,130,189)</u>	<u>(4,130,189)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		190,281	190,281
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	13	(39,058)	(39,058)
DEFERRED INCOME	14	<u>(1,352)</u>	<u>(1,352)</u>
NET ASSETS		<u>149,871</u>	<u>149,871</u>
CAPITAL AND RESERVES			
Called up share capital	16	450,000	450,000
Revaluation reserve	17	345,366	345,366
Profit and loss account	17	<u>(645,495)</u>	<u>(645,495)</u>
		<u>149,871</u>	<u>149,871</u>

These accounts were approved by the board of directors on 3 July 1991.

James Buchanan
17 July 1991 } Directors

The notes on pages 8 to 15 form part of these accounts.

LISTER MUTUAL YARNS LIMITEDSTATEMENT OF SOURCE AND APPLICATION OF FUNDSFOR THE PERIOD ENDED 1 APRIL 1990

	One day ended 1 April 1990		Year ended 31 March 1990	
	£	£	£	£
SOURCE OF FUNDS				
Loss on ordinary activities before taxation		-		(1,050,845)
Adjustments for items not involving the movement of funds:				
Depreciation and amortisation	-		320,396	
Deficit on sale of tangible fixed assets	-		2,155	
		-		322,551
				(728,294)
FUNDS FROM OTHER SOURCES				
Proceeds of sale of tangible fixed assets	-		2,274	
Increase in creditors: amounts falling due after more than one year	-		1,081	
Group relief received	-		1,111	
		-		4,466
				(723,828)
APPLICATION OF FUNDS				
Purchase of fixed assets	-		207,756	
Transfer of fixed assets	-		2,532,078	
Dividend paid	-		70,000	
Decrease in creditors: amounts falling due after more than one year	-		139,594	
		-		(2,949,428)
DECREASE IN WORKING CAPITAL				(3,673,256)
COMPONENTS OF DECREASE IN WORKING CAPITAL				
Stocks	-		2,245,488	
Debtors	-		1,958,456	
Creditors falling due within one year	-			(7,693,364)
Movement in net liquid funds:				
Increase in overdraft	-		(204,334)	
Increase in cash	-		20,498	
		-		(183,836)
				(3,673,256)

LISTER MUTUAL YARNS LIMITEDNOTES TO THE ACCOUNTS1. PRINCIPAL ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's accounts:

(a) Basis of accounting

The accounts have been prepared under the historical cost convention as modified by the revaluation of freehold land and buildings.

(b) Depreciation and amortisation

Depreciation and amortisation is provided on the straight line basis at rates estimated to write-off the cost or value of fixed assets, other than freehold land, over their anticipated useful lives:

Plant and machinery : Varying between 5% and 20%
per annum

Freehold buildings : 2½% per annum

(c) Stocks and work in progress

Stocks and work in progress has been valued at the lower of cost and net realisable value. Cost is defined as follows:

Raw materials	- invoice price
Work in progress	- cost of raw materials plus direct
and finished goods	wages and appropriate overheads related to production.

(d) Deferred taxation

The policy followed in accounting for deferred taxation accords with Statement of Standard Accounting Practice No. 15 and provision is made for only those timing differences which may result in a taxation liability in the foreseeable future.

The full potential liability for deferred taxation is set out in Note 15.

(e) Turnover

Turnover of the company for the period is the net amount receivable by the company for goods supplied and rents, exclusive of value added tax.

(f) Group finance charge

As from 1 April 1977 the parent company, Lister & Co. plc, has undertaken to stand all interest charges on bank borrowings and to charge the company an amount equal to 1% above Barclays Bank plc base rate based on the total stocks together with trade debtors.

LISTER MUTUAL YARNS LIMITEDNOTES TO THE ACCOUNTS1. PRINCIPAL ACCOUNTING POLICIES (Continued)(g) Investment income

Investment income is shown including the tax credit applicable to United Kingdom shareholders.

(h) Accounting date

The accounts of the company are made up to 1 April 1990.

(i) Leases and hire purchase agreements

Assets held under financial agreements that give rights approximating to ownership are treated as if they had been purchased outright at the present value of the total amount payable during the primary period of the agreements. The corresponding financial commitments are shown as creditors. The interest element of payments under these agreements and depreciation on the relevant assets are charged to the profit and loss account.

The rentals arising under operating lease agreements are charged to the profit and loss account over the terms of the leases.

2. TURNOVER

The analysis of external turnover by geographical area is as follows:

	One day ended <u>1 April 1990</u> £	Year ended <u>31 March 1990</u> £
UK	-	10,515,955
Other European countries	-	<u>136,485</u>
	-	<u>10,652,440</u>

The sales to parent company and fellow subsidiaries during the period included above were £Nil (31 March 1990: £785,612).

3. STAFF NUMBERS AND COSTS

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

	One day ended 1 April <u>1990</u> Number	Year ended 31 March <u>1990</u> Number
Production	515	515
Distribution	33	33
Administration	<u>30</u>	<u>30</u>
	578	578

LISTER MUTUAL YARNS LIMITEDNOTES TO THE ACCOUNTS
(continued)3. STAFF NUMBERS AND COSTS (continued)

The aggregate payroll costs of these persons were as follows:

	One day ended 1 April 1990 £	Year ended 31 March 1990 £
Wages	-	3,198,299
Social security costs	-	196,916
Other pension costs	-	49,889
	-	3,445,104

4. INTEREST PAYABLE AND SIMILAR CHARGES

	One day ended 1 April 1990 £	Year ended 31 March 1990 £
Bank and loan interest	-	21,118
On finance from group companies	-	499,407
	-	520,525

5. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

Loss on ordinary activities before taxation is stated after charging the following:

	One day ended 1 April 1990 £	Year ended 31 March 1990 £
Depreciation of tangible fixed assets:		
Owned assets	-	312,990
Leased assets	-	7,406
Directors' emoluments (see note 6):		
Remuneration as executives	-	167,520
Hire of plant and machinery	-	25,586
Auditors' remuneration and expenses	-	14,900
Finance charges payable on finance leases and hire purchase contracts	-	50,261

LISTER MUTUAL YARNS LIMITEDNOTES TO THE ACCOUNTS
(continued)6. EMOLUMENTS OF DIRECTORS

The chairman's emoluments during the period were fnil (31 March 1990: fnil). Excluding pension contributions, the emoluments of the highest paid director were fnil (31 March 1990: £38,850); the emoluments of the other directors were within the following ranges:

	One day ended 1 April 1990 Number	Year ended 31 March 1990 Number
£ 0 - £ 5,000	5	1
£ 5,001 - £ 10,000	-	1
£ 10,001 - £ 15,000	-	1
£ 20,001 - £ 25,000	-	3

7. TAXATION

	One day ended 1 April 1990 £	Year ended 31 March 1990 £
Adjustment to previous year group relief at 35%	-	1,111

8. TANGIBLE FIXED ASSETS

	Freehold land and buildings	Plant and machinery	Fixtures, fittings and equipment	Total
COST				
At 31 March 1990 and 1 April 1990	644,266	8,812,720	924,510	10,381,496
DEPRECIATION				
At 31 March 1990 and 1 April 1990	119,530	5,322,303	653,273	6,095,106
NET BOOK VALUE				
At 31 March 1990 and 1 April 1990	524,736	3,490,417	271,237	4,286,390

LISTER MUTUAL YARNS LIMITEDNOTES TO THE ACCOUNTS
(continued)8. TANGIBLE FIXED ASSETS (continued)Freehold
land and
buildings
£

COST COMPRISES:

Cost	72,966
Professional valuation at 31 March 1979	571,300
	644,266

The net book value of leased assets at 1 April 1990 was £586,642 (31 March 1990: £586,642).

The amount of land and buildings (including those revalued at 31 March 1979) determined according to the historical cost accounting rules is as follows:

	<u>1 April 1990</u>	<u>31 March 1990</u>
	£	£
Cost	286,695	286,695
Depreciation	(107,267)	(107,267)
Net book value	179,428	179,428

Freehold industrial land included above at cost or valuation, not being subject to depreciation, amounts to £121,000.

Contracts for capital expenditure at 1 April 1990 not provided for in the accounts totalled £223,000 (31 March 1990: £223,000). Expenditure which had been authorised by the Board at 1 April 1990 for which contracts had not been placed amounted to £200,000 (31 March 1990: £200,000).

9. INVESTMENTS

The company has the following wholly owned subsidiaries incorporated in Great Britain.

Acelaide Engineering Co. Limited
The English Knitting Co. Limited (dormant company)

Under the provisions of the Companies Act 1985, Section 229(2) the directors have not produced group accounts incorporating the results of the subsidiaries.

LISTER MUTUAL YARNS LIMITEDNOTES TO THE ACCOUNTS
(continued)

In addition the company holds 24.7% of the equity share capital of E Walters (Ludlow) Limited, an unquoted company incorporated in Great Britain. E Walters (Ludlow) Limited is not regarded as being within the definition of an associated company of this company and its results have not been treated as such in these accounts.

	1 April 1990 £	31 March 1990 £
Ordinary shares in subsidiaries at cost, less amounts written off	15,988	15,988
Less: loan and current accounts of dormant company	<u>11,908</u>	<u>11,908</u>
	4,080	4,080
Unquoted shares in E Walters (Ludlow) Limited	<u>30,000</u>	<u>30,000</u>
	<u>34,080</u>	<u>34,080</u>

10. STOCKS

	1 April 1990 £	31 March 1990 £
Raw materials and consumables	738,356	738,356
Work in progress	622,901	622,901
Finished goods and goods for resale	<u>2,356,649</u>	<u>2,356,649</u>
	<u>3,717,906</u>	<u>3,717,906</u>

11. DEBTORS

	1 April 1990 £	31 March 1990 £
Trade debtors	2,914,849	2,914,849
Amounts owed by group companies	518,798	518,798
Other debtors and prepayments	<u>299,932</u>	<u>229,932</u>
	<u>3,733,579</u>	<u>3,733,579</u>

LISTER MUTUAL YARNS LIMITEDNOTES TO THE ACCOUNTS
(continued)12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1 April 1990 £	31 March 1990 £
Bank loans and overdrafts	581,698	581,698
Trade creditors	1,684,322	1,684,322
Amounts owed to group companies	8,379,536	8,379,536
Obligations under finance leases	439,679	439,679
Social security	24,540	24,540
Other taxation	83,347	83,347
Other creditors	223,755	223,755
Accruals and deferred income	185,295	185,295
	<u>11,602,172</u>	<u>11,602,172</u>

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1 April 1990 £	31 March 1990 £
Obligations under finance leases payable within 5 years	39,058	39,058

14. DEFERRED INCOME

	£
Regional Development Grants: At 1 April 1990 and 31 March 1990	<u>1,352</u>

15. PROVISIONS FOR LIABILITIES AND CHARGES

No provision for deferred tax has been made as, in the opinion of the directors, no liability is likely to arise in the foreseeable future. The potential liability for deferred taxation, calculated on the liability method at a corporation tax rate of 35% (31 March 1990: 35%), is as follows:

	1 April 1990 £	31 March 1990 £
Difference between accumulated depreciation and capital allowances	<u>441,122</u>	<u>441,122</u>

LISTER MUTUAL YARNS LIMITEDNOTES TO THE ACCOUNTS
(continued)16. SHARE CAPITAL

	<u>1 April</u> <u>1990</u> £	<u>31 March</u> <u>1990</u> £
Authorised shares of £1 each	<u>750,000</u>	<u>750,000</u>
Share capital allotted, called up and fully paid	<u>450,000</u>	<u>450,000</u>

17. RESERVES

	<u>Revaluation</u> <u>reserve</u> £	<u>Profit</u> <u>and loss</u> <u>account</u> £
At 31 March 1990 and 1 April 1990	<u>345,366</u>	<u>(645,495)</u>

18. OPERATING LEASE COMMITMENTS

The annual commitments for leases are as follows:

	<u>1 April</u> <u>1990</u> £	<u>Plant and</u> <u>machinery</u> <u>31 March</u> <u>1990</u> £
On leases expiring:		
Within one year	<u>11,003</u>	<u>11,003</u>
Second to fifth year	<u>50,806</u>	<u>50,806</u>

19. ULTIMATE PARENT COMPANY

The ultimate parent company is Lister & Co plc, which is incorporated in Great Britain, and registered in England and Wales.