

Co. No. 166300



LISTER MUTUAL YARNS LIMITED
DIRECTORS' REPORT AND ACCOUNTS
YEAR ENDED 1 APRIL 1991
Registration Number: 166300

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

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LISTER MUTUAL YARNS LIMITED

Page 1

DIRECTORS' REPORT

The directors present their report and the audited accounts for the year ended 1 April 1991.

PRINCIPAL ACTIVITIES

The principal activity of the company has continued to be the spinning of natural and man-made fibres together with the winding and dyeing of yarns.

BUSINESS REVIEW

During the past year several major changes were implemented in the company. The Barrow plant was closed, the Heywood site was reorganised and, following the withdrawal from the ring spun polyester viscose market, worsted spinning was installed with further spinning being introduced alongside the dyeing facility in Leicester. Whilst the market continues to be highly competitive, the company is now operating with lower costs and an improved product range, which will reduce its vulnerability and present a more secure base for the future.

The land and buildings, current assets and liabilities of Fielding and Johnson Limited, a fellow group company were transferred to the company during the year.

RESULTS

The results of the company are set out in the profit and loss account on page 4.

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.

PROPOSED DIVIDEND

The directors do not recommend the payment of a dividend for the year ended 1 April 1991.

PROPOSED TRANSFER FROM RESERVES

The directors propose to transfer £2,407,843 from reserves being the loss for the year after tax.

DIRECTORS AND DIRECTORS' INTERESTS

The directors of the company during the year were:

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

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

LISTER MUTUAL YARNS LIMITED

DIRECTORS' REPORT
(continued)

Mr J B H Dracup held 150 ordinary shares in Lister & Co plc on 1 April 1991 (1 April 1990: 150).

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

M Jones 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.

AUDITORS

In accordance with Section 385 of the Companies Act a resolution to re-appoint KPMG Peat Marwick McLintock as auditors of the company will be proposed at the forthcoming Annual General Meeting.

By order of the board

H F Openshaw

H F Openshaw

Secretary

Aspinall Street
Heywood
Lancashire
OL10 4HP

1 July 1991

KPMG Peat Marwick McLintock

18/2/92

REPORT OF THE AUDITORS. KPMG PEAT MARWICK McLINTOCK.

TO THE MEMBERS OF LISTER MUTUAL YARNS LIMITED

We have audited the accounts on pages 4 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 1991 and of its loss and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Peat Marwick McLintock

Chartered Accountants

1 The Embankment
Neville Street
Leeds
LS1 4DW

1 July 1991

LISTER MUTUAL YARNS LIMITEDPROFIT AND LOSS ACCOUNTYEAR ENDED 1 APRIL 1991

Memorandum
(see note 1a)
Year to 31 March
1990
£

	<u>Note</u>	<u>1991</u> £	<u>1990</u> £
TURNOVER	2	14,412,476	10,652,440
Cost of sales		<u>(13,865,779)</u>	<u>(10,198,684)</u>
GROSS PROFIT		546,697	453,756
Distribution costs		(956,783)	(664,654)
Administrative expenses		(425,203)	(319,422)
Interest payable and similar charge	4	<u>(221,934)</u>	<u>(520,525)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	5	(1,057,223)	(1,050,845)
Tax on loss on ordinary activities	7	<u>170,298</u>	<u>1,111</u>
Loss on ordinary activities after taxation		(886,925)	(1,049,734)
Extraordinary costs	8	<u>(1,520,918)</u>	<u>-</u>
RETAINED LOSS FOR THE FINANCIAL YEAR	18	<u>(2,407,843)</u>	<u>(1,049,734)</u>

The notes on pages 7 to 15 form part of these accounts.

Note

The comparative figures are nil for all profit and loss account headings for the previous one day accounting reference period to 1 April 1990.

LISTER MUTUAL YARNS LIMITED
BALANCE SHEET AT 1 APRIL 1991

	Note	£	1991	£	1990	£
FIXED ASSETS						
Tangible assets	9	4,532,580			4,286,390	
Investments	10	<u>34,080</u>			<u>34,080</u>	
			4,566,660			4,320,470
CURRENT ASSETS						
Stocks	11	2,259,551			3,717,906	
Debtors	12	3,734,742			3,733,579	
Cash and bank		<u>3,374</u>			<u>20,498</u>	
		5,997,667			7,471,983	
CREDITORS: Amounts falling due within one year	13	<u>(12,711,699)</u>			<u>(11,602,172)</u>	
NET CURRENT LIABILITIES			(6,714,032)		(4,130,189)	
TOTAL ASSETS LESS CURRENT LIABILITIES			(2,147,372)			190,281
CREDITORS: Amounts falling due after more than one year	14		(192,579)		(39,058)	
DEFERRED INCOME	15		<u>(1,948)</u>		<u>(1,352)</u>	
			(2,341,899)			149,871
CAPITAL AND RESERVES						
Called up share capital	17		450,000		450,000	
Revaluation reserve	18		253,267		345,366	
Profit and loss account	18		<u>(3,045,166)</u>		<u>(645,495)</u>	
			(2,341,899)			149,871

These accounts were approved by the board of directors on 1 July 1991.

James D. Smith
N. J. Smith
 Directors

The notes on pages 7 to 15 form part of these accounts.

LISTER MUTUAL YARNS LIMITED

Page 6

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

YEAR ENDED 1 APRIL 1991

Memorandum
(see note 1a)
Year to 31 March
1990

	£	1991	£	£	1990	£
SOURCE OF FUNDS						
Loss on ordinary activities before taxation			(1,057,223)			(1,050,845)
Extraordinary costs			(1,520,918)			-
			(2,578,141)			(1,050,845)
Adjustments for items not involving the movement of funds:						
Depreciation	629,841			320,396		
Transfer from revaluation reserve	(83,927)			-		
Loss on sale of fixed assets	667,790			2,155		
		1,213,704			322,551	
		(1,364,437)			(728,294)	
FUNDS FROM OTHER SOURCES						
Finance leases	193,358			-		
Proceeds of sale of fixed assets	99,291			2,274		
Transfer of deferred income	596			1,081		
Group relief received	170,298			1,111		
		463,543			4,466	
		(900,894)			(723,828)	
APPLICATION OF FUNDS						
Purchase of fixed assets	919,458			207,756		
Transfer of fixed assets	723,654			2,532,078		
Dividend paid	-			70,000		
Decrease in creditors falling due after more than one year	-			139,594		
Finance lease repayments	233,344			-		
		(1,876,456)			(2,949,428)	
DECREASE IN WORKING CAPITAL		(2,777,350)			(3,673,256)	

18/2/92

LISTER MUTUAL YARNS LIMITED
STATEMENT OF SOURCE AND APPLICATION OF FUNDS
YEAR ENDED 1 APRIL 1991
 (continued)

COMPONENTS OF DECREASE IN
WORKING CAPITAL

Stocks	(1,458,355)		2,245,488
Debtors	1,163		1,958,456
Creditors	(979,851)		(7,693,364)
Movement in net liquid funds:			
Increase in overdraft	(323,183)	(204,334)	
(Decrease)/increase			
in cash	<u>(17,124)</u>	<u>20,498</u>	<u>(183,836)</u>
	<u>(340,307)</u>		
	<u>(2,777,350)</u>		<u>(3,673,256)</u>

The assets and liabilities acquired from Fielding and Johnson Limited were as follows:

	£
Fixed assets	723,654
Stock	158,530
Debtors	36,633
Cash and bank	1,040
Creditors	(499,774)
Deferred income	<u>(596)</u>
	<u>419,487</u>

Note

The comparative figures are fnil for all headings for the previous one day accounting reference period to 1 April 1990.

LISTER MUTUAL YARNS LIMITED

Page 8

NOTES 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 and presentation

The accounts have been prepared under the historical cost convention as modified by the revaluation of freehold land and buildings and in accordance with applicable accounting standards.

The previous accounting reference period was for one day to 1 April 1990. In order to give meaningful comparative information, figures for the year to 31 March 1990 have been provided for memorandum purposes on the profit and loss account, the statement of source and application of funds and notes 2 to 8. The comparative figures for the one day period to 1 April 1990 are nil in respect of all these items.

(b) Going concern

These accounts have been prepared on a going concern basis since the ultimate parent company, Lister & Co plc, has indicated that it intends to provide such funds as are necessary for the company to continue to trade for the foreseeable future.

(c) 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

(d) Government grants

Grants receivable are credited to the profit and loss account over the expected useful lives of the assets to which they relate.

(e) Stocks and work in progress

Stock 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 and finished goods	- cost of raw materials plus direct wages and appropriate overheads related to production.

18/2/92

LISTER MUTUAL YARNS LIMITEDNOTES TO THE ACCOUNTS
(continued)1. PRINCIPAL ACCOUNTING POLICIES (continued)(f) Deferred taxation

Provision for deferred taxation is made, using the liability method, where the deferral is not expected to continue in the foreseeable future.

(g) Turnover

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

(h) 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.

(i) Pension scheme

Lister & Co Plc operates a defined benefit pension scheme. The assets of the scheme are invested with Guardian Royal Exchange Assurance. Contributions, which are determined after consultation with the scheme actuary, are charged to the profit and loss account so as to spread the cost of pensions over the average expected working lives of employees in the scheme.

2. TURNOVER

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

	<u>1991</u>	Memorandum (see note 1a)
	<u>£</u>	<u>£</u>
UK	13,954,202	10,515,955
Other European countries	<u>458,274</u>	<u>136,485</u>
	<u>14,412,476</u>	<u>10,652,440</u>

Sales to the parent company and fellow subsidiaries during the year included above were £427,737 (1990: £785,612)

18/2/92

LISTER MUTUAL YARNS LIMITED

Page 10

NOTES TO THE ACCOUNTS
(continued)3. STAFF NUMBERS AND COSTS

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

	Memorandum (See note 1a)	
	<u>1991</u> Number	<u>1990</u> Number
Production	466	515
Distribution	35	33
Administration	<u>25</u>	<u>30</u>
	526	578

The aggregate payroll costs of these persons were as follows:

	£	£
Wages	4,203,773	3,198,299
Social security costs	357,853	196,916
Other pension costs	<u>107,749</u>	<u>49,889</u>
	4,669,375	3,445,104

4. INTEREST PAYABLE AND SIMILAR CHARGES

	Memorandum (See note 1a)	
	<u>1991</u> £	<u>1990</u> £
Bank and loan interest	221,934	21,118
On finance from group undertakings	<u>-</u>	<u>499,407</u>
	221,934	520,525

5. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

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

	Memorandum (See note 1a)	
	<u>1991</u> £	<u>1990</u> £
Depreciation of tangible fixed assets:		
Owned assets	486,842	312,990
Leased assets	49,974	7,406
Directors' emoluments (see note 6):		
Remuneration as executives	232,320	167,530
Hire of plant and machinery	32,497	25,586
Auditors' remuneration and expenses	16,000	14,900
Finance charges payable on finance leases and hire purchase contracts	<u>33,078</u>	<u>50,261</u>

18/2/92

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

Excluding pension contributions, the emoluments of the highest paid director were £42,075 (1990: £38,850); the emoluments of the other directors were within the following ranges:

	<u>1991</u> <u>Number</u>	Memorandum (See note 1a) <u>1990</u> <u>Number</u>
£ 0 - £ 5,000	1	2
£ 5,001 - £ 10,000	-	1
£ 10,001 - £ 15,000	-	1
£ 20,001 - £ 25,000	-	3
£ 25,001 - £ 30,000	3	-
£ 30,001 - £ 35,000	2	-
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7. TAX ON LOSS ON ORDINARY ACTIVITIES

	<u>1991</u> <u>£</u>	Memorandum (See note 1a) <u>1990</u> <u>£</u>
Group relief at 34%	(170,298)	-
Adjustment to previous year's group relief at 35%	-	(1,111)
	(170,298)	(1,111)
	-----	-----

At 1 April 1991 the company had losses of approximately £2,500,000 available for offset against future taxable profits.

8. EXTRAORDINARY COSTS

	<u>1991</u> <u>£</u>	Memorandum (See note 1a) <u>1990</u> <u>£</u>
Costs of withdrawal from business segments and closures	1,856,729	-
Profit on disposal of a freehold property	(251,884)	-
Release of revaluation reserve on disposal of a freehold property	(83,927)	-
	1,520,918	-
	-----	-----

Costs of withdrawal from business segments and closures relate to withdrawal from the ring spun polyester viscose market and the closure of the worsted ring spinning facility.

LISTER MUTUAL YARNS LIMITEDNOTES TO THE ACCOUNTS
(continued)9. TANGIBLE FIXED ASSETS

	<u>Freehold land and buildings</u> £	<u>Plant and machinery</u> £	<u>Fixtures, fittings and equipment</u> £	<u>Total</u> £
COST				
At 1 April 1990	644,266	8,812,720	924,510	10,381,496
Additions	17,142	813,913	88,403	919,458
Disposals	(174,882)	(2,126,637)	(212,212)	(2,513,731)
Transfers in	805,905	-	-	805,905
At 1 April 1991	1,292,431	7,499,996	800,701	9,593,128
DEPRECIATION				
At 1 April 1990	119,530	5,322,303	653,273	6,095,106
Charge for the year	28,485	566,356	35,000	629,841
Disposals	(39,068)	(1,583,611)	(123,971)	(1,746,650)
Transfers in	82,251	-	-	82,251
At 1 April 1991	191,198	4,305,048	564,302	5,060,548
NET BOOK VALUE				
At 1 April 1991	1,101,233	3,194,948	236,399	4,532,580
At 1 April 1990	524,736	3,490,417	271,237	4,286,390

	<u>Freehold land and buildings</u> £
COST COMPRISES:	
Cost	876,207
Professional valuation at 31 March 1979	416,224
	<u>1,292,431</u>

The net book value of leased assets at 1 April 1991 was £730,026 (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>1991</u> £	<u>1990</u> £
Cost	212,882	286,695
Depreciation	<u>(70,690)</u>	<u>(107,267)</u>
Net book value	<u>142,192</u>	<u>179,428</u>

Freehold industrial land included above at cost or valuation, not being subject to depreciation, amounts to £113,250.

Contracts for capital expenditure at 1 April 1991 not provided for in the accounts totalled £10,000 (1990: £223,000). Expenditure which had been authorised by the Board at 1 April 1991 for which contracts had not been placed amounted to £nil (1990: £200,000).

LISTER MUTUAL YARNS LIMITEDNOTES TO THE ACCOUNTS
(continued)10. INVESTMENTS

The company has the following wholly owned subsidiaries registered in England and Wales.

Adelaide 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.

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

	<u>1991</u>	<u>1990</u>
	£	£
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>

11. STOCKS

	<u>1991</u>	<u>1990</u>
	£	£
Raw materials and consumables	463,944	738,356
Work in progress	346,981	622,901
Finished goods and goods for resale	<u>1,448,626</u>	<u>2,356,649</u>
	<u>2,259,551</u>	<u>3,717,906</u>

12. DEBTORS

	<u>1991</u>	<u>1990</u>
	£	£
Trade debtors	2,629,107	2,914,849
Amounts owed by group undertakings	629,176	518,798
Other debtors and prepayments	<u>476,459</u>	<u>299,932</u>
	<u>3,734,742</u>	<u>3,733,579</u>

18/2/92

LISTER MUTUAL YARNS LIMITEDNOTES TO THE ACCOUNTS
(continued)13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1991</u>	<u>1990</u>
	£	£
Bank loans and overdrafts	904,881	581,698
Trade creditors	1,728,182	1,684,322
Amounts owed to group undertakings	9,266,915	8,379,536
Obligations under finance leases	246,172	439,679
Social security and other taxation	148,215	107,887
Other creditors	81,002	223,755
Accruals and deferred income	336,332	185,295
	<u>12,711,699</u>	<u>11,602,172</u>

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

	<u>1991</u>	<u>1990</u>
	£	£
Obligations under finance leases payable within 5 years	<u>192,579</u>	<u>39,058</u>

15. DEFERRED INCOME

	£
Regional Development Grants:	
At 1 April 1990	1,352
Transferred from Fielding and Johnson Limited	<u>596</u>
At 1 April 1991	<u>1,948</u>

16. 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 33% (1990: 35%), is as follows:

	<u>1991</u>	<u>1990</u>
	£	£
Difference between accumulated depreciation and capital allowances	330,594	441,122
Losses carried forward (see note 7)	<u>(330,594)</u>	<u>(441,122)</u>
	<u>-</u>	<u>-</u>

LISTER MUTUAL YARNS LIMITEDNOTES TO THE ACCOUNTS
(continued)17. SHARE CAPITAL

	<u>1991</u> £	<u>1990</u> £
Authorised shares of £1 each	750,000	750,000
	-----	-----
Allotted, called up and fully paid	450,000	450,000
	-----	-----

18. RESERVES

	<u>Revaluation reserve</u> £	<u>Profit and loss account</u> £
At 1 April 1990	345,366	(645,495)
Release on disposal of freehold properties	(83,927)	-
Transfer to profit and loss account	(8,172)	8,172
Retained loss for the financial year	-	(2,407,843)
	-----	-----
At 1 April 1991	253,267	(3,045,166)
	-----	-----

19. OPERATING LEASE COMMITMENTS

Annual commitment for leases which terminate:

	<u>1991</u> £	<u>1990</u> £
Within one year	29,934	11,003
Within two to five years	23,711	50,806
After more than five years	1,072	-
	-----	-----

20. ULTIMATE PARENT COMPANY

The ultimate parent company is Lister & Co plc, a company registered in England and Wales.