

KPMG Peat Marwick

Lister Yarns Limited
(formerly Lister Mutual Yarns Limited)

Directors' report and financial statements

28 March 1992
Registered number 166300

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Lister Yarns Limited

Directors' report and financial statements

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Lister Yarns Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 28 March 1992.

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

On the 3 April 1992 the company changed its name from Lister Mutual Yarns Limited to Lister Yarns Limited.

During the past year, whilst the market place for the company's products continued to be highly competitive, the reduction in costs implemented during the previous financial year resulted in a substantially improved performance.

The directors of the company are of the opinion that there will be no substantial improvement in the market place for the medium term and are therefore totally committed to driving costs down and improving performance to achieve a satisfactory level of profitability in the business.

Proposed dividend and transfer to reserves

The retained loss for the year of £237,976 (1991: loss of £2,407,843) will be transferred from reserves. The directors do not recommend the payment of a dividend, for the year ended 28 March 1992 (1991: £Nil).

Directors and directors' interests

The directors who held office during the year were as follows:

D Babbs (resigned 26 July 1991)
H F Openshaw (Secretary)
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 interest in the shares of that company.

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Lister Yarns Limited

Directors' report (continued)

The following directors held shares in the parent company:

	1992	1991
M Jones	500	500
J B H Dracup	150	150

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

Mr H F 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.

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.

20-10-92

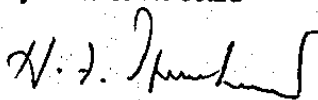
Lister Yarns Limited

Directors' report (continued)

Auditors

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

By order of the board


H F Openshaw
Secretary

Aspinall Street
Heywood
Lancashire
OL10 4HP

9 July 1992

KPMG Peat Marwick

1 The Embankment
Neville Street
Leeds
LS1 4DW

Report of the auditors to the members of Lister Yarn Limited

We have audited the financial statements on pages 4 to 17 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 28 March 1992 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Peat Marwick

KPMG Peat Marwick
Chartered Accountants
Registered Auditor

9 July 1992

Lister Yarns Limited

Profit and loss account for the year ended 28 March 1992

	Note	1992 £	1991 £
Turnover	2	13,142,461	14,412,476
Cost of sales		(11,883,232)	(13,865,779)
Gross profit		1,259,229	546,697
Distribution costs		(853,988)	(956,783)
Administrative expenses		(351,264)	(425,203)
Trading profit/(loss)		53,977	(835,289)
Interest payable and similar charges	6	(296,480)	(221,934)
Loss on ordinary activities before taxation	2-5	(242,503)	(1,057,223)
Tax on loss on ordinary activities	7	4,527	170,298
Loss on ordinary activities after taxation		(237,976)	(886,925)
Extraordinary costs	8	-	(1,520,918)
Retained loss for the financial year		(237,976)	(2,407,843)

A statement of movements on reserves is given in note 18.

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Lister Yarns Limited

Balance sheet
at 28 March 1992

	Note	1992		1991	
		£	£	£	£
Fixed assets					
Tangible assets	9		4,589,145		4,532,580
Investments	10		45,987		34,080
			<u>4,635,132</u>		<u>4,566,660</u>
Current assets					
Stocks	11	1,966,579		2,259,551	
Debtors	12	2,877,914		3,734,742	
Cash at bank and in hand		2,181		3,374	
			<u>4,846,974</u>		<u>5,997,667</u>
Creditors: amounts falling due within one year	13	(12,029,195)		(12,713,647)	
Net current liabilities			<u>(7,182,221)</u>		<u>(6,715,980)</u>
Total assets less current liabilities			<u>(2,547,089)</u>		<u>(2,149,320)</u>
Creditors: amounts falling due after more than one year	14		(32,786)		(192,579)
			<u>(2,579,875)</u>		<u>(2,341,899)</u>
Capital and reserves					
Called up share capital	16		450,000		450,000
Revaluation reserve	17		245,095		253,267
Profit and loss account	17		(3,274,970)		(3,045,166)
			<u>(2,579,875)</u>		<u>(2,341,899)</u>

These financial statements were approved by the board of directors on 9 July 1992 and were signed on its behalf by:

J B H Dracup

H F Openshaw
Directors

KPMG Peat Marwick

Lister Yarns Limited

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 company'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, modified to include the revaluation of freehold land and buildings.

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.

Fixed assets and depreciation

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

Freehold buildings	-	2½ % per annum
Plant and machinery		
fixtures, fittings,		
tools, and equipment	-	5 % - 20 % per annum

No depreciation is provided on freehold land.

Government grants

Capital based government grants are included within accruals and deferred income in the balance sheet and credited to trading profit over the estimated useful economic lives of the assets to which they relate.

Leases

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

Lister Yarns Limited

Notes (continued)

1 Accounting policies (continued)

Pension costs

The company is a member of a group operated defined benefit pension scheme. The assets of the scheme which is fully funded 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.

The latest formal actuarial valuation was at 1 April 1990. Particulars of the actuarial valuation of the group scheme are contained in the accounts of Lister & Co plc.

Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used. For work in progress and finished goods manufactured by the company, 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.

Cash flow statement

Under Financial Reporting Standard I, the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking.

2 Turnover

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

Lister Yarns Limited

Notes (continued)

3 Loss on ordinary activities before taxation

	1992 £	1991 £
<i>Loss on ordinary activities before taxation is stated</i>		
<i>after charging</i>		
Auditors' remuneration	19,642	16,000
Depreciation and other amounts written off tangible fixed assets:		
Owned	562,320	486,842
Leased	54,545	49,974
Hire of plant and machinery	60,874	32,497
Finance charges payable on finance leases and hire purchase contracts	56,556	33,078
Directors emoluments (see note 4): remuneration as executives	<u>217,330</u>	<u>232,320</u>

4 Remuneration of directors

The emoluments, excluding pension contributions, of the highest paid director were £36,625 (1991:£42,075).

The emoluments, excluding pension contributions, of the directors (including the chairman and highest paid directors) were within the following ranges:

		Number of directors	
		1992	1991
£0	- £ 5,000	1	2
£10,001	- £15,000	1	-
£25,001	- £30,000	1	3
£30,001	- £35,000	3	2
£35,001	- £40,000	1	-

Lister Yarns Limited

Notes (continued)

5 Staff numbers and costs

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

	Number of employees	
	1992	1991
Production	354	466
Distribution	22	35
Administration	9	25
	<u>385</u>	<u>526</u>

The aggregate payroll costs of these persons were as follows:

	1992 £	1991 £
Wages and salaries	3,415,011	4,203,773
Social security costs	292,049	357,853
Other pension costs	111,074	107,749
	<u>3,818,134</u>	<u>4,669,375</u>

6 Interest payable and similar charges

	1992 £	1991 £
Bank and loan interest	294,888	221,934
On finance leases	1,592	-
	<u>296,480</u>	<u>221,934</u>

Lister Yarns Limited

Notes (continued)

7 Tax on loss on ordinary activities

	1992 £	1991 £
Current year		
Group relief at 33% (1991: 34%)	-	(170,298)
Prior year	(4,527)	-
	<u>(4,527)</u>	<u>(170,298)</u>

At 28 March 1991, the company had losses of approximately £4,900,000 available for offset against future taxable profits.

8 Extraordinary costs

	1992 £	1991 £
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)
	<u>-</u>	<u>1,520,918</u>

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 Yarns Limited

Notes (continued)

9 Tangible fixed assets

	Freehold land and buildings	Plant and machinery	Fixtures fittings tools and equipment	Total
	£	£	£	£
<i>Cost</i>				
At 1 April 1991	1,292,431	7,499,996	800,701	9,593,128
Additions	21,489	461,839	213,910	697,238
Disposals	-	(571,861)	(73,515)	(645,376)
At 28 March 1992	1,313,920	7,389,974	941,096	9,644,990
<i>Depreciation</i>				
At 1 April 1991	191,198	4,305,048	564,302	5,060,548
Charge for year	25,963	573,550	17,352	616,865
Disposals	-	(580,020)	(41,548)	(621,568)
At 28 March 1992	217,161	4,298,578	540,106	5,055,845
<i>Net book value</i>				
At 28 March 1992	1,096,759	3,091,396	400,990	4,589,145
At 1 April 1991	1,101,233	3,194,948	236,399	4,532,580

Lister Yarns Limited

Notes (continued)

9 Tangible fixed assets (continued)

	Freehold land and buildings £
<i>Cost comprises:</i>	
Cost	897,696
Professional valuation at 31 March 1979	416,224
	<u>1,313,920</u>

The net book value of leased assets at 28 March 1992 was £509,874 (1991: £730,026).

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

	1992 £	1991 £
Cost	234,371	212,882
Depreciation	(73,718)	(70,690)
	<u>160,653</u>	<u>142,192</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 1992 not provided for in the accounts totalled £Nil (1991: £10,000).

Lister Yarns Limited

Notes (continued)

10 Fixed asset 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.

	1992 £	1991 £
Ordinary shares in subsidiaries at cost, less amounts written off	15,987	15,988
Less: loan and current accounts of dormant company	-	11,908
	<u>15,987</u>	<u>4,080</u>
Unquoted shares in E Walters (Ludlow) Limited	30,000	30,000
	<u>45,987</u>	<u>34,080</u>

11 Stocks

	1992 £	1991 £
Raw materials and consumables	321,708	463,944
Work in progress	513,982	346,981
Finished goods and goods for resale	1,131,189	1,448,626
	<u>1,966,879</u>	<u>2,259,551</u>

Lister Yarns Limited

Notes (continued)

12 Debtors

	1992 £	1991 £
Trade debtors	2,200,530	2,629,107
Amounts owed by group undertakings	516,971	629,176
Other debtors and prepayments	160,413	476,459
	<u>2,877,914</u>	<u>3,734,742</u>

13 Creditors: amounts falling due within one year

	1992 £	1991 £
Bank loans and overdrafts	1,076,947	904,881
Obligations under finance leases	250,553	246,172
Trade creditors	1,842,983	1,728,182
Bills of exchange payable	170,808	-
Amounts owed to group undertakings	8,037,090	9,266,915
Other creditors including taxation and social security	460,371	229,217
Accruals and deferred income	190,443	338,280
	<u>12,029,195</u>	<u>12,713,647</u>

Lister Yarns Limited

Notes (continued)

14 Creditors: amounts falling due after more than one year

	1992 £	1991 £
Obligations under finance leases	<u>32,786</u>	<u>192,579</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 33% (1991: 33%), is as follows:

	1992 £	1991 £
Difference between accumulated depreciation and capital allowances	93,927	330,594
Losses carried forward (see note 7)	<u>(93,927)</u>	<u>(330,594)</u>
	<u>-</u>	<u>-</u>

16 Called up share capital

	1992 £	1991 £
<i>Authorised</i>		
Ordinary shares of £1 each	<u>750,000</u>	<u>750,000</u>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	<u>450,000</u>	<u>450,000</u>

Lister Yarns Limited

Notes (continued)

17 Reserves

	Revaluation reserve £	Profit and loss account £
At 1 April 1991	253,267	(3,045,166)
Transfer to profit and loss account	(8,172)	8,172
Retained loss for the financial year	-	(237,976)
At 28 March 1992	245,095	(3,274,970)

18 Operating lease commitments

Annual commitment for leases which terminate:

	Plant and machinery 1992 £	1991 £
Within one year	27,168	29,934
Within two to five years	8,082	23,711
After more than five years	-	11,072

19 Contingent liability

The company has entered into an agreement to cross guarantee bank overdrafts of fellow group companies amounting to £3,846,730 (1991: £2,348,933).

20 Ultimate parent company

The company is a wholly owned subsidiary undertaking of Lister & Co plc, a company registered in England and Wales. The ultimate parent company is Lister & Co plc incorporated in Great Britain and registered in England and Wales. Accounts for Lister & Co plc can be obtained from Prospect Mills, Huddersfield HD3 4UT.