

Lister Yarns Limited

Directors' report and financial statements

1 April 1994

Registered number 166300



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 1 April 1994.

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, despite competition within all the company's market areas remaining strong, performance gains have been established through several market led initiatives.

Particular attention has been paid to closer liaison with a targeted customer base. Increased emphasis on design product development and a market orientated product range have resulted in substantial gains in profitability and turnover.

It is the intention of the directorate to vigorously continue with this philosophy during the coming year. This, together with a major capital investment programme on our Heywood site, will result in benefits which allow the directors to view the coming year with renewed confidence.

During the year Lister & Co plc took the decision to merge all of the group's textile activities into one company.

At the year end, Lister Yarns Limited entered into an agreement with its parent undertaking Lister & Co plc for the sale and purchase of its assets and liabilities. Turnover includes £2,114,685 in respect of the sale of stock.

The activities of the company together with the assets and liabilities were transferred into a division of Lister & Co plc at the year end.

Proposed dividend and transfer to reserves

The directors do not recommend the payment of a dividend (1993: £Nil).

The directors propose that the year retained profit for the year of £499,913 be transferred to reserves (1993: £154,655).

Lister Yarns Limited

Directors' report *(continued)*

Directors and directors' interests

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

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

Mr M R Parker who is the Chief Executive of Lister & Co plc, acts as Chairman of the company although he does not hold a formal board appointment.

Mr J Turner retires by rotation and, being eligible, offers himself for re-election.

The directors who held office at the end of the financial year had the following interests in the ordinary shares of Lister & Co plc, the company's ultimate holding company as recorded in the register of directors' share and debenture interests:

	Number of shares	
	Interest at end of year	Interest at beginning of year
J B H Dracup	150	150
M Jones	500	500
J Turner	17,000	-

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

Tangible fixed assets

Movements in tangible fixed assets are shown in note 8 to the financial statements.

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 Yarns Limited

Directors' report *(continued)*

Statement of 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 of the profit or loss 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 company will continue in business.

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent fraud and other irregularities.

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

25 July 1994

Report of the auditors to the members of Lister Yarns Limited

We have audited the financial statements on pages 5 to 15.

Respective responsibilities of directors and auditors

As described on page 3 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 the company's affairs as at 1 April 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG Peat Marwick
Chartered Accountants
Registered Auditors

25 July 1994

Lister Yarns Limited

Profit and loss account for the year ended 1 April 1994

	Note	1994 £	1993 £
Turnover	2	17,234,002	13,825,638
Cost of sales		(15,155,103)	(12,441,822)
Gross profit		2,078,899	1,383,816
Distribution costs		(985,041)	(784,676)
Administrative expenses		(467,793)	(378,807)
Operating profit		626,065	220,333
Interest payable and similar charges	6	(76,075)	(163,763)
Profit on ordinary activities before taxation	2-5	549,990	56,570
Tax on profit on ordinary activities	7	(50,077)	98,085
Retained profit for the financial year		499,913	154,655

Turnover and profit on ordinary activities before taxation are derived wholly from continuing operations in the United Kingdom.

The company has no recognised gains and losses other than the retained profit for the financial year. Accordingly a statement of total recognised gains and losses is not presented as part of these financial statements.

Note of historical cost profits and losses for the year ended 1 April 1994

	Note	1994 £	1993 £
Reported profit on ordinary activities before taxation		549,990	56,570
Realisation of property revaluation gains of previous years		228,751	-
Difference between historic cost depreciation charge and the actual depreciation charge based on revalued amount		8,172	8,172
		786,913	64,742
Historical cost profit for the year retained after taxation		736,836	162,827

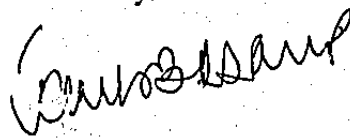
A statement of movements in shareholders funds is shown at note 16.

Lister Yarns Limited

Balance sheet at 1 April 1994

	Note	1994		1993	
		£	£	£	£
Fixed assets					
Tangible assets	8	-	-	4,080,015	
Investments	9	-	-	45,987	
Current assets					
Stocks	10	-	2,058,566	4,126,002	
Debtors	11	-	2,630,917		
Cash at bank and in hand		-	1,695		
		-	4,691,178		
Creditors: amounts falling due within one year	12	(1,925,307)	(11,242,400)		
Net current liabilities		(1,925,307)		(6,551,222)	
Total net liabilities		(1,925,307)		(2,425,220)	
Capital and reserves					
Called up share capital	14	450,000		450,000	
Revaluation reserve	15	-		236,923	
Profit and loss account	15	(2,375,307)		(3,112,143)	
		(1,925,307)		(2,425,220)	

These financial statements were approved by the board of directors on 25 July 1994 and were signed on its behalf by:



J E H Dracup
Director

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 plc. 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 1993. 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 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking of an EC parent company.

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.

The analysis of turnover by geographical area is:

	1994 £	1993 £
United Kingdom	16,085,002	13,183,582
Europe	630,000	484,536
Far East	108,000	83,087
Others	411,000	74,433
	17,234,002	13,825,638

Lister Yarns Limited

Notes (continued)

3 Profit on ordinary activities before taxation

	1994 £	1993 £
<i>Profit on ordinary activities before taxation is stated</i>		
<i>after charging</i>		
Auditors' remuneration:		
Audit	12,250	14,000
Other services	2,345	3,000
Depreciation and other amounts written off tangible fixed assets:		
Owned	556,775	534,180
Leased	-	59,023
Hire of plant and machinery	95,153	75,215
Finance charges payable on finance leases and hire purchase contracts	-	14,604
Directors emoluments (see note 4): remuneration as executives	282,410	219,331
<i>after crediting</i>		
Profit on disposal of tangible fixed assets	<u>22,235</u>	<u>-</u>

4 Remuneration of directors

The emoluments of the Chairman, excluding pension contributions, were £Nil (1993: £Nil). The emoluments, excluding pension contributions, of the highest paid director were £55,691 (1993: £43,400).

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

	1994 Number of directors	1993 Number of directors
£0 - £ 5,000	-	1
£30,001 - £35,000	-	3
£35,001 - £40,000	-	1
£40,001 - £45,000	2	1
£45,001 - £50,000	2	-
£55,001 - £60,000	<u>1</u>	<u>-</u>

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:

	1994	1993
	Number of employees	
Production	323	352
Distribution	15	16
Administration	13	9
	<u>351</u>	<u>377</u>

The aggregate payroll costs of these persons were as follows:

	1994	1993
	£	£
Wages and salaries	3,738,067	3,689,182
Social security costs	340,746	322,889
Other pension costs	103,860	91,160
	<u>4,182,673</u>	<u>4,103,231</u>

6 Interest payable and similar charges

	1994	1993
	£	£
Bank and loan interest	76,075	149,159
On finance leases	-	14,604
	<u>76,075</u>	<u>163,763</u>

Lister Yarns Limited

Notes (continued)

7 Tax on profit on ordinary activities

	1994 £	1993 £
UK corporation tax at 33% (1993: 33%) on the profit for the year on ordinary activities	-	-
Group relief at 33% (1993: 33%)	50,077	-
Adjustment relating to an earlier year	-	(98,085)
	<u>50,077</u>	<u>(98,085)</u>

At 1 April 1994, the company had no trading losses (1993: £2,800,000) available for offset against future taxable profits.

8 Tangible fixed assets

	Freehold land and buildings £	Plant and machinery £	Fixtures fittings tools and equipment £	Total £
<i>Cost or valuation</i>				
At 1 April 1993	1,313,920	7,402,186	974,461	9,690,567
Additions	-	50,570	21,240	71,810
Disposals	-	(79,737)	(28,570)	(108,307)
Revaluation surplus	(268,870)	-	-	(268,870)
Transfers within group	(1,045,050)	(7,373,019)	(967,131)	(9,385,200)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 1 April 1994	-	-	-	-
<i>Depreciation</i>				
At 1 April 1993	242,977	4,772,899	594,676	5,610,522
Charge for year	25,893	501,782	29,100	556,775
Disposals	-	(78,628)	(26,614)	(105,242)
Revaluation surplus	(268,870)	-	-	(268,870)
Transfers within group	-	(5,196,053)	(597,162)	(5,793,215)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 1 April 1994	-	-	-	-
<i>Net book value</i>				
At 1 April 1994	-	-	-	-
At 1 April 1993	<u>1,070,943</u>	<u>2,629,287</u>	<u>379,785</u>	<u>4,080,015</u>

Lister Yarns Limited

Notes (continued)

8 Tangible fixed assets (continued)

The net book value of leased assets at 1 April 1994 was £Nil (1993: £98,034).

The amount of land and buildings determined according to the historical cost accounting rules is as follows:

	1994 £	1993 £
Cost	-	1,040,276
Depreciation	-	(191,233)
	-	849,043

Freehold industrial land included above at cost or valuation, not being subject to depreciation, amounts to £Nil (1993: £113,250).

Contracts for capital expenditure at 1 April 1994 not provided for in the financial statements totalled £Nil (1993: £Nil).

9 Fixed asset investments

	Subsidiary undertakings £	Other unlisted investments £
Cost		
At 1 April 1993	15,987	30,000
Transfers to parent undertaking	(15,987)	(30,000)
At 1 April 1994	-	-

Subsidiary undertakings, all of which were wholly owned subsidiaries registered in England and Wales, were as follows:

Subsidiary undertaking	Principal activities
Adelaide Engineering Co Limited	Precision engineering
The English Knitting Co Limited	Dormant

Under the provisions of the Companies Act 1985, Section 228 the directors have not produced group financial statements incorporating the results of the subsidiaries.

Other unlisted investments comprised 24.7% of the equity share capital of E Walters (Ludlow) Limited, an unquoted company registered in England and Wales. E Walters (Ludlow) Limited was 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 financial statements.

Lister Yarns Limited

Notes (continued)

10 Stocks

	1994 £	1993 £
Raw materials and consumables	-	394,690
Work in progress	-	645,341
Finished goods and goods for resale	-	1,018,535
	<u>-</u>	<u>2,058,566</u>

11 Debtors

	1994 £	1993 £
Trade debtors	-	1,987,597
Amounts owed by group undertakings	-	554,741
Other debtors and prepayments	-	88,579
	<u>-</u>	<u>2,630,917</u>

12 Creditors: amounts falling due within one year

	1994 £	1993 £
Bank loans and overdrafts	-	796,337
Obligations under finance leases	-	24,600
Trade creditors	-	1,861,310
Bills of exchange payable	-	45,000
Amounts owed to group undertakings	1,925,307	8,028,418
Other creditors including taxation and social security	-	323,129
Accruals and deferred income	-	163,606
	<u>1,925,307</u>	<u>11,242,400</u>

Lister Yarns Limited

Notes (continued)

13 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 at a corporation tax rate of 33% (1993: 33%), is as follows:

	1994 £	1993 £
Difference between accumulated depreciation and capital allowances	-	26,701
Losses carried forward (see note 7)	-	(26,701)
	<u>-</u>	<u>-</u>

14 Called up share capital

	1994 £	1993 £
<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)

15 Reserves

	Revaluation reserve £	Profit and loss account £
At 1 April 1993	236,923	(3,112,143)
Transfer to profit and loss account	(8,172)	8,172
Release on disposal of property	(228,751)	228,751
Retained profit for the financial year	-	499,913
At 1 April 1994	-	(2,375,307)

16 Reconciliation of movements in shareholders' funds

	1994 £	1993 £
Profit for the financial year	499,913	154,655
Opening shareholders' funds	(2,425,220)	(2,579,875)
Closing shareholders' funds	(1,925,307)	(2,425,220)

17 Operating lease commitments

At the end of the financial year the company had annual commitments under non-cancellable operating leases as follows:

	Other 1994 £	1993 £
Operating leases which expire:		
Within one year	-	7,242
Within two to five years	-	62,517

18 Contingent liability

The company has entered into an agreement to cross guarantee bank overdrafts of fellow group companies amounting to £3,911,622 (1993: £4,623,597).

19 Ultimate parent company

The ultimate parent company is Lister & Co plc incorporated in Great Britain and registered in England and Wales. Financial statements for Lister & Co plc can be obtained from Prospect Mills, Huddersfield HD3 4UT.