SLACKS (MILLOM) LIMITED

COMPANY NO. 993421

ABBREVIATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST OCTOBER 1997



REPORT OF THE AUDITORS TO THE DIRECTORS OF

SLACKS (MILLOM) LIMITED

PURSUANT TO PARAGRAPH 24 OF SCHEDULE 8 OF THE COMPANIES ACT, 1985

We have examined the abbreviated accounts on pages 3 to 5 together with the full financial statements of Slacks (Millom) Limited for the year ended 31st October 1997.

Respective responsibilities of directors and auditors

The abbreviated accounts are the responsibility of the directors. Our responsibility is to report to you as to whether the company is entitled to the exemptions claimed by the directors and whether the abbreviated accounts have been properly prepared from the full financial statements.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. The audit of abbreviated accounts consists of an assessment of whether the company satisfies the criteria necessary to take advantage of the exemptions available under the Companies Act. It also includes an assessment of whether they have been properly prepared in accordance with the relevant provisions of that Act.

Opinion

In our opinion the company is entitled under Sections 246 and 247 of the Companies Act, 1985 to the exemptions conferred by Section A of Part III of Schedule 8 to that Act in respect of the year ended 31st October 1997 and the abbreviated accounts on pages 3 to 5 have been properly prepared in accordance with that Schedule.

On 14 March, 1998 we reported, as auditors of Slacks (Millom) Limited, to the members on the full financial statements prepared under Section 226 of the Companies Act, 1985 for the year ended 31st October 1997, and our audit report was as follows:-

"We have audited the financial statements on pages 4 to 11 which have been prepared following the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 1 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.

REPORT OF THE AUDITORS TO THE DIRECTORS OF

SLACKS (MILLOM) LIMITED

PURSUANT TO PARAGRAPH 24 OF SCHEDULE 8 OF THE COMPANIES ACT, 1985

(CONT)

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 31st October 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985 applicable to small companies."

MILLOM

DATE 14 March, 1998

ARMSTRONG WATSON & CO.,
Chartered Accountants
and Registered Auditor.

SLACKS (MILLOM) LIMITED

ABBREVIATED BALANCE SHEET AS AT 31ST OCTOBER 1997

	Notes	1997 £	1996 £
FIXED ASSETS			
Tangible Assets	2	121,739	120,433
CURRENT ASSETS			
Stocks		53,180	29,713
Debtors		260,885	306,666
Cash at Bank and in Hand		333,109	268,505
		647,174	604,884
CREDITORS (Amounts falling due within one year)		(178,960)	(165,233)
NET CURRENT ASSETS		468,214	439,651
TOTAL ASSETS LESS CURRENT LIABILITIES		589,953	560,084
DEFERRED INCOME		(5,000)	(10,000)
PROVISIONS FOR LIABILITIES AND CHARGES		(1,128)	(4,269)
		£583,825	£545,815
CAPITAL AND RESERVES			
Share Capital	3	2,000	2,000
Profit and Loss Account		581,825	543,815
		£583,825	£545,815

These accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Approved by the board on 14 MARCH 98 and signed on its behalf by

Mr R E Slack }
} Directors
Mrs S M Slack }

The notes on pages 4 and 5 form part of these accounts.

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31ST OCTOBER 1997

1. ACCOUNTING POLICIES

The accounts have been prepared in accordance with applicable accounting standards.

Accounting Convention
The Accounts are prepared under the historical cost convention.

Depreciation
Depreciation is provided on all tangible fixed assets (with the exception of freehold land) at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life. The rates used are as follows:-

Freehold Property	5% straight-line basis
Furniture and Fittings	25% straight-line basis
Plant and Equipment	25% straight-line basis
Motor Vehicles	25% straight-line basis

Capital Grants
Government grants in respect of Capital Expenditure are credited to a deferral account and are released to revenue over the expected useful life of the relevant fixed asset.

Stocks
Stocks are stated at the lower of cost and net realisable value.

Work in progress is the cost of direct materials.

Deferred taxation
Deferred taxation is provided for future liabilities resulting from the difference between the treatment of items in the accounts and their treatment for taxation purposes, except to the extent that these liabilities are not regarded as likely to become payable in the foreseeable future.

The amounts provided have been calculated at the proposed corporation tax rates for the periods when the liabilities are estimated to crystallise.

Pension Costs
Contributions payable to the Company's pension scheme are charged to the Profit and Loss account in the period to which they relate.

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31ST OCTOBER 1997

2. TANGIBLE FIXED ASSETS

	Total £
Cost	
At 1st November 1996	483,111
Additions	44,545
Disposals	(15,000)
At 31/10/97	512,656
Depreciation	
At 1st November 1996	362,678
Charge for year	43,749
On Disposals	(15,000)
Government Grants Less Amounts Written Off	(510)
At 31/10/97	390,917
Net Book Value	
At 31/10/97	£121,739
At 31st October 1996	£120,433

3. SHARE CAPITAL

	Authorised		Allotted, Issued and Fully Paid	
	1997 £	1996 £	1997 £	1996 £
Ordinary Shares of £1 each	£50,000	£50,000	£2,000	£2,000

4. ULTIMATE CONTROLLING PARTY

The company was under the control of Mr R E Slack, a director, and members of his close family throughout the period. As last year and as disclosed in the Directors' Report, Mr R E Slack is personally interested in 60% of the company's issued share capital. In addition, his children, whose interests are not required to be disclosed under the Companies Act 1985, as last year control in aggregate, the remaining 40%.