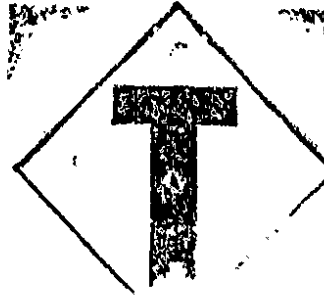


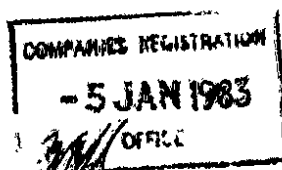
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A. & J. MACNAUGHTON LIMITED



REPORT AND FINANCIAL STATEMENTS
JANUARY 31, 1982

ARTHUR YOUNG McCLELLAND MOORES & CO.
CHARTERED ACCOUNTANTS
PERTH.



A. & J. MACNAUGHTON LIMITED

1.

DIRECTORS' REPORT

The directors submit their report and financial statements for the year ended January 31, 1982.

Results and dividends

The group net profit amounted to £78,734, after an extraordinary item of £28,026. The directors recommend that a final dividend of 1.4p per share amounting to £406 be paid on the cum. part, pref. shares, making a total of 8.4p per share and £2,436 for the year. They also recommend that a final dividend of 17p per share, amounting to £5,100 be paid on the ordinary shares making a total of 27p per share and £8,100 for the year. This leaves a profit of £68,198 to be retained.

Activities

The main operations of A. & J. Macnaughton Limited and its subsidiaries embrace the manufacture of woollen tweeds and worsteds and the retailing of woollen products.

Directors

The following constitute the present Board of Directors:

R. W. Young

B. C. Macnaughton

J. C. Gilchrist

B. W. M. Johnston

Mrs. E. R. Macnaughton

D. P. McDonald

Mrs. E. R. Macnaughton retires by rotation and is eligible for re-election.

DIRECTORS' REPORT
(continued)Directors' interest

Directors' interests in the share capital of the parent company at January 31, 1982, and February 1, 1981, were as follows:

	January 31, 1982 Ordinary shares	February 1, 1981 Ordinary Shares	January 31, 1982 and February 1, 1981 7% Cum. Part. Pref. Shares
R. W. Young	* 30,000	* 30,000	
D. F. McDonald	* 30,000	* 30,000	
B. W. M. Johnston	* 30,000	* 30,000	
B. C. Macnaughton	x 30,000	x 30,000	4,000

NOTE: Joint interests as trustees marked *

Partial interest as liferenter marked x

The directors have no direct interest in the shares of either of the company's subsidiaries.

Auditors

A resolution to re-appoint as auditors Thomson McLintock & Co. will be put to the members at the Annual General Meeting.

BY ORDER OF THE BOARD

after your meeting mins 9.

Secretaries

PERTH, July 1, 1982

A. & J. MACNAUGHTON LIMITED AND SUBSIDIARIES

3.

GROUP PROFIT AND LOSS ACCOUNT
FOR YEAR TO JANUARY 31, 1982

	<u>Notes</u>		<u>1982</u>	<u>1981</u>
		£	£	£
Turnover	2		<u>924,515</u>	<u>952,740</u>
Profit before taxation			44,224	<u>45,959</u>
After charging:				
Depreciation		19,146		15,981
Directors' remuneration	3	48,265		44,045
Interest (gross)	4	21,567		24,637
Auditors' remuneration		3,230		2,050
				<u> </u>
Taxation	5		<u>(6,484)</u>	<u>(150,397)</u>
Profit after taxation			50,708	196,356
Extraordinary item	6		<u>28,026</u>	<u>-</u>
Profit after taxation and extraordinary item	7		78,734	196,356
Dividends	8		<u>10,536</u>	<u>10,536</u>
Retained profit for year	15		<u>£ 68,198</u>	<u>£185,820</u>

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

A. & J. MACNAUGHTON LIMITED AND SUBSIDIARIES

4.

GROUP BALANCE SHEET AT JANUARY 31, 1982

	Notes	£	1982 £	1981 £
Fixed assets	9		343,475	359,893
Current assets:				
Stock	10	575,041		569,220
Debtors		61,379		55,251
Bank balances and cash		3,774		4,931
		640,194		629,402
Current liabilities:				
Creditors		75,504		93,180
Bank overdraft (secured)		119,079		169,141
Loans at call		7,438		7,438
Corporation tax due 1/ 1/83		1,526		505
Advance corporation tax		4,080		4,030
Current taxation		93		200
Proposed final dividends		8,506		8,506
		216,226		283,050
Net current assets			423,968	346,352
			767,443	706,245
Loans (secured)	11	8,034		8,997
Deferred taxation	12	40,474		45,894
Deferred Government grants	13	3,493	52,001	4,110
			£715,442	£647,244
Representing:				
Share capital	14		59,000	59,000
Reserves	15		656,442	588,244

Rings Director)
(*John* Director)

July 1, 1982

£715,442 £647,244

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

A. & J. MACNAUGHTON LIMITED

5.

BALANCE SHEET AS AT JANUARY 31, 1982

	Notes	£	1982 £	1981 £
Fixed assets	9		318,879	330,896
Subsidiaries	16		31,293	35,342
Current assets:				
Stock	10	445,138		434,050
Debtors		32,106		23,021
Bank balances and cash		3,740		4,878
		480,984		461,949
Current liabilities:				
Creditors		50,274		57,257
Bank overdraft (secured)		131,178		177,972
Loans at call		7,438		7,438
Corporation tax due 1/ 1/83		-		505
Advance corporation tax		4,080		4,080
Current taxation		93		200
Proposed final dividends		8,506		8,506
		201,569		255,958
Net current assets			279,415	205,991
			629,587	572,229
Loans (secured)	11	8,034		8,997
Deferred taxation	12	35,511		38,344
Deferred Government grants	13	2,015	45,560	2,371
			£584,027	£522,517
Representing:				
Share capital	14		59,000	59,000
Reserves	15		525,027	463,517
			£584,027	£522,517

R. J. MacNaughton Director)
G. J. MacNaughton Director)

July 1, 1982

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

GROUP STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED JANUARY 31, 1982

	£	<u>1982</u> £	<u>1981</u> £
Source of funds:			
Profit after taxation and extraordinary item		78,734	196,356
Adjustments for items not involving the movement of working capital:			
(Gains) on disposals of fixed assets		(35,132)	
Depreciation (less grant written back)		18,529	15,244
(Decrease) in deferred taxation		(5,420)	(153,307)
Total generated from operations		56,711	58,293
Funds from other sources:			
Government grants received		-	410
Proceeds on sales of fixed assets		36,858	4,016
		93,569	62,719
Application of funds:			
Dividends paid	10,536		11,436
Purchase of fixed assets	4,454		75,769
Loan instalments paid	963		907
		15,953	88,112
Increase/(Decrease) in working capital		£ 77,616	£ (25,393)
Components of increase/(decrease) in working capital:			
Stocks		5,821	20,119
Debtors		6,128	9,958
Creditors		17,676	(3,746)
Taxation		(914)	8,405
		28,711	34,736
Movement in net liquid funds:			
Bank and cash		48,905	(60,129)
		£ 77,616	£ (25,393)

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JANUARY 31, 1982

These financial statements have been prepared in compliance with Section 152A of and Schedule 8A to the Companies Act, 1948.

1. Accounting policies

Depreciation

The group policy is to provide depreciation as follows:

Land and buildings	- Freehold	- by the straight-line method over their estimated useful life at rates of 1% and 2%
	Long leasehold	- by the straight-line method over the remaining portion of the lease
Plant and machinery, fixtures and fittings etc.		- by the reducing balance method over their useful life at rates between 4% and 15%
Motor vehicles		- by the reducing balance method over their estimated useful life at a rate of 25%

Depreciation is provided on land as it is not practicable to separate the land from the buildings. The directors consider that the effect on the depreciation charge is not material.

Stocks

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

Cost comprises (a) cost of direct materials and (b) factory wages.

Factory overheads are included in the valuation of finished goods. Net realisable value is defined as the estimated selling price less further costs expected to be incurred to disposal.

Deferred taxation

Deferred taxation is provided on the liability method on all short term timing differences. Provision is also made for long term timing differences except for those which are not expected to reverse in the future.

Advance corporation tax recoverable against corporation tax payable in future years is deducted from this liability.

Government grants

Grants received are credited to reserves and written off against depreciation over the useful life of the asset.

2. Turnover

Turnover represents invoiced sales of goods and services sold to third parties excluding value added tax.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JANUARY 31, 1982
(continued)

3. Directors' remuneration

	<u>1982</u>	<u>1981</u>
	£	£
Directors' fees	2,860	2,600
Other emoluments, including pension contributions	<u>45,405</u>	<u>41,445</u>
	<u>£48,265</u>	<u>£44,045</u>

Included in the above are the emoluments of the chairman £1,760 (1981 - £1,600) and the emoluments of the highest paid director £18,604 (1981 - £16,534). (These figures exclude pension contributions).

The number of other directors whose emoluments (excluding pension contributions) paid by the group fall within the following ranges were:

	<u>1982</u>	<u>1981</u>
N I L - £ 5,000	2	3
£ 5,001 - £10,000	1	1
£10,001 - £15,000	1	1

4. Interest

The charge for interest is made up as follows:

	<u>1982</u>	<u>1981</u>
	£	£
Interest on bank overdraft	20,397	23,409
Interest on loans at call	595	595
Interest on loans repayable within five years	211	-
Interest on loans repayable beyond five years	<u>364</u>	<u>633</u>
	<u>£21,567</u>	<u>£24,637</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JANUARY 31, 1982
(continued)

5. Taxation

	<u>1982</u> £	<u>1981</u> £
Based on the profits of the year:		
Corporation tax at an effective rate of 40% (1981 - 40%)	(1,002)	2,017
Deferred tax @ 40% (1981 - 52%) :-		
(Credit)/charge for year	(5,482)	2,389
Effect of changes to stock relief rules	-	(152,694)
	(5,484)	(148,288)
Overprovision in previous year	-	(2,109)
	<u>£(6,484)</u>	<u>(150,397)</u>

The corporation tax credit for the current year is after taking credit for £20,743 (company £15,942) (1981 - £15,216 and £11,294) in respect of stock relief.

6. Extraordinary item

	<u>1982</u> £	<u>1981</u> £
Gain on sale of property	35,132	-
Taxation	7,106	-
	<u>£28,026</u>	<u>£ -</u>

7. Profit attributable to members of the holding company

The profit attributable to members of the holding company has been dealt with to the extent of £72,047 (1981 - £160,144) in that company's financial statements.

8. Dividends

	<u>1982</u> £	<u>1981</u> £
Paid - Cum. part. pref. at 7.0p (1981 - 7.0p)	2,030	2,030
Proposed - Cum. part. pref. at 1.4p (1981 - 1.4p)	406	406
Proposed - Ordinary interim at 10.0p (1981 - 10.0p)	3,000	3,000
Proposed - Ordinary final at 17.0p (1981 - 17.0p)	5,100	5,100
	<u>£10,536</u>	<u>£10,536</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JANUARY 31, 1982
(continued)

9. Fixed assets

Group

	<u>Land and buildings</u>		<u>Plant and machinery</u>	<u>Furniture and fittings</u>	<u>Motor cars</u>	<u>Total</u>
	<u>Freehold</u>	<u>Long leasehold</u>				
	£	£	£	£	£	£
Cost:						
At February 1, 1981	225,613	16,842	96,269	86,978	14,382	440,084
Additions	682	-	1,033	2,739	-	4,454
Disposals	(1,687)	-	(504)	(795)	-	(2,986)
At January 31, 1982	<u>224,608</u>	<u>16,842</u>	<u>96,798</u>	<u>88,922</u>	<u>14,382</u>	<u>441,552</u>
Depreciation:						
At February 1, 1981	6,876	588	49,835	20,788	2,104	80,191
Provided during the year	3,277	196	7,135	5,468	3,070	19,146
Eliminated in respect of disposals	(161)	-	(504)	(595)	-	(1,260)
At January 31, 1982	<u>9,992</u>	<u>784</u>	<u>56,466</u>	<u>25,661</u>	<u>5,174</u>	<u>98,077</u>
Net book amounts:						
At January 31, 1982	<u>£214,616</u>	<u>£16,058</u>	<u>£40,332</u>	<u>£63,261</u>	<u>£ 9,208</u>	<u>£343,475</u>
At February 1, 1981	<u>£218,737</u>	<u>£16,254</u>	<u>£46,434</u>	<u>£66,190</u>	<u>£12,278</u>	<u>£359,893</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JANUARY 31, 1982
(continued)9. Fixed assetsCompany

	<u>Land and buildings</u>		<u>Plant and machinery</u>	<u>Furniture and fittings</u>	<u>Motor cars</u>	<u>Total</u>
	<u>Freehold</u>	<u>Long leasehold</u>				
	£	£	£	£	£	£
Cost:						
At February 1, 1981	225,613	16,842	51,370	85,119	11,279	391,033
Additions	682	-	1,033	2,739	-	4,454
Disposals	(1,687)	-	(504)	(795)	-	(2,986)
At January 31, 1982	<u>224,608</u>	<u>16,842</u>	<u>51,899</u>	<u>87,873</u>	<u>11,279</u>	<u>392,501</u>
Depreciation:						
At February 1, 1981	6,876	588	31,667	20,427	579	60,137
Provided during the year	3,277	196	3,129	5,468	2,675	14,745
Eliminated in respect of disposals	(161)	-	(504)	(595)	-	(1,260)
At January 31, 1982	<u>9,992</u>	<u>784</u>	<u>34,292</u>	<u>25,300</u>	<u>3,254</u>	<u>73,622</u>
Net book amounts:						
At						
January 31, 1982	<u>£214,616</u>	<u>£16,058</u>	<u>£17,607</u>	<u>£62,573</u>	<u>£ 8,025</u>	<u>£318,879</u>
At						
February 1, 1981	<u>£218,737</u>	<u>£16,254</u>	<u>£19,703</u>	<u>£65,502</u>	<u>£10,700</u>	<u>£330,896</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JANUARY 31, 1982
(continued)10. Stocks

	<u>Group</u> <u>1982</u>	<u>1981</u>	<u>Company</u> <u>1982</u>	<u>1981</u>
	£	£	£	£
Raw materials and work-in-progress	154,097	155,124	104,845	100,228
Finished goods	<u>420,944</u>	<u>414,096</u>	<u>340,293</u>	<u>333,822</u>
	<u>£575,041</u>	<u>£569,220</u>	<u>£445,138</u>	<u>£434,050</u>

11. Loans

	<u>Principal</u> £	<u>Repayment terms and date</u>	<u>Interest rate</u>
Corporation of the City of Aberdeen	3,047	Half-yearly instalments until Martinmas, 1986	5.65%
Corporation of the City of Aberdeen	4,987	Half-yearly instalments until Whitsunday, 1990	7%
	<u>£8,034</u>		

These loans are secured over factory premises in Aberdeen.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JANUARY 31, 1982
(continued)12. Deferred taxation

Deferred taxation provided in the financial statements and the potential amounts, including the amounts for which provision has been made, are as follows:

	<u>Provision</u>		<u>Potential</u>	
	<u>1982</u>	<u>1981</u>	<u>1982</u>	<u>1981</u>
	£	£	£	£
Group:				
Capital allowances in advance of depreciation	49,573	55,693	49,573	55,693
Chargeable gains rolled over	-	-	729	729
Losses for tax purposes carried forward	(2,129)	(2,767)	(2,129)	(2,767)
	47,444	52,926	48,173	53,655
Less Advance corporation tax	6,970	7,032	6,970	7,032
	<u>£40,474</u>	<u>£45,894</u>	<u>£41,203</u>	<u>£46,623</u>
Company:				
Capital allowances in advance of depreciation	42,481	45,376	42,481	45,376
Capital gains rolled over	-	-	729	729
	42,481	45,376	43,210	46,105
Less Advance corporation tax	6,970	7,032	6,970	7,032
	<u>£35,511</u>	<u>£38,344</u>	<u>£36,240</u>	<u>£39,073</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JANUARY 31, 1982
(continued)

13. Deferred Government grants

	<u>Group</u> £	<u>Company</u> £
At February 1, 1981	4,110	2,371
Written off to depreciation	<u>617</u>	<u>356</u>
At January 31, 1982	<u>£3,493</u>	<u>£2,015</u>

14. Share capital

Authorised - 30,000 7% (10%) Cum. Part. Pref. shares of £1 each
30,000 Ordinary Shares of £1 each

Issued and
fully paid - 29,000 7% (10%) Cum. Part. Pref. shares of £1 each
30,000 Ordinary Shares of £1 each

There has been no change in the share capital during the year.

15. Reserves

	<u>Group</u>			<u>Company</u>		
	<u>Capital reserve</u> £	<u>Retained profit</u> £	<u>Total</u> £	<u>Capital reserve</u> £	<u>Retained profit</u> £	<u>Total</u> £
At February 1, 1981	2,797	585,447	588,244	794	462,723	463,517
Retained profit for year	<u>-</u>	<u>68,198</u>	<u>68,198</u>	<u>-</u>	<u>61,510</u>	<u>61,510</u>
At January 31, 1982	<u>£2,797</u>	<u>£553,645</u>	<u>£656,442</u>	<u>£794</u>	<u>£524,233</u>	<u>£525,027</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JANUARY 31, 1982
(continued)16. Subsidiaries

	<u>1982</u>	<u>1981</u>
	<u>£</u>	<u>£</u>
Shares at cost	6,466	6,466
Amounts receivable from subsidiaries	<u>24,827</u>	<u>28,876</u>
	<u>£31,293</u>	<u>£35,342</u>

<u>Name of subsidiary company</u>	<u>Country of registration</u>	<u>Class of shares held</u>	<u>Proportion held</u>	<u>Nature of business</u>
The House of Edgar (Woollens) Limited	Scotland	Ordinary Preference	100% 100%	Woollen worsted merchants
The Isle Mill Limited	Scotland	Ordinary	100%	Tweed manufacturers and retailers

17. Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £NIL for the group and £NIL for the company (1981 - £NIL and £NIL). -

Amounts authorised by the directors but not contracted for were £NIL for the group and £NIL for the company (1981 - £NIL and £NIL).

18. Contingent liabilities

The bank holds guarantees and letters of offset granted by the company and both its subsidiaries. The total overdraft of the group at January 31, 1982, was £119,079.

AUDITORS' REPORT TO THE MEMBERS OF
A. & J. MACNAUGHTON LIMITED

We have audited the financial statements on pages 3 to 15 in accordance with approved auditing standards.

In our opinion the financial statements, which have been prepared under the historical cost convention, give a true and fair view of the state of affairs of the company and the group at January 31, 1982 and of the profit and source and application of funds of the group for the year then ended and comply with the Companies Acts, 1948 to 1981.

Thomson & McIntosh & Co.

Chartered Accountants

DUNDEE,

July 1, 1982