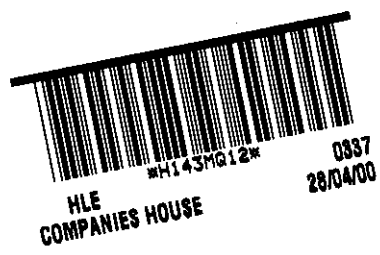


Illingworth, Morris Limited

Directors' report and financial statements

31 March 1999

Registered number 164195



Illingworth, Morris Limited

Notice of Meeting

Notice is given that the 79th Annual General Meeting of the company will be held at the company's Registered Office, Fairweather Green, Thornton Road, Bradford, West Yorkshire BD8 0HZ on 15 May 2000 at 9.30 am for the following purposes:

- 1 To receive the directors' report and financial statements for the year ended 31 March 1999.
- 2 To declare and approve dividends on the ordinary shares and preference stock.
- 3 To re-elect the following director, Mr A J Lewis, who retires by rotation in accordance with the articles of association.
- 4 To re-appoint the auditors.
- 5 To authorise the directors to fix the remuneration of the auditors.
- 6 To transact such other business as may properly be transacted at an Annual General Meeting.

By order of the Board

A. M. Murray
A M MURRAY
Secretary

25 April 2000

Registered Office:

P O Box 122
Fairweather Green
Thornton Road
Bradford
West Yorkshire
BD8 0HZ

- 1 Any member of the company entitled to attend and vote at the meeting may appoint one or more persons (whether members or not) as proxy to attend and vote in his or her stead. The instrument appointing a proxy must be lodged at the registered office of the company not later than 48 hours before the meeting.
- 2 There will be available at the registered office of the company on any weekday (except Saturday) during normal business hours and for fifteen minutes prior to and during the Annual General Meeting:
 - (a) a statement of the directors' transactions (including, so far as is known, those of their family interests) in the share and loan capital of the company and any of its subsidiary undertakings; and
 - (b) copies of all contracts of service relating to the employment of directors of the company by the company or any of its subsidiary undertakings.

Illingworth, Morris Limited

Company Information

Chairman and Chief Executive

A J Lewis CBE

Director

A M Murray

Secretary

A M Murray

Registered Number

164195

Registered Office

P O Box 122, Fairweather Green, Thornton Road, Bradford, West Yorkshire BD8 0HZ

Principal Bankers

National Westminster Bank Plc, Lloyds Bank Plc

Auditors

KPMG Audit Plc, Chartered Accountants, Leeds.

Illingworth, Morris Limited

Chairman's Statement

The year ended March 1999 and the period since that date has been a time of consolidation in certain areas of our business and change in others. The policy of consolidation has taken the form of merging our primary spinning business together with the combing and topmaking businesses of other Hartley Investment Trust group companies to combine our primary processing sector with that of W & J Whiteheads Limited. Hartley Investment Trust group is now the largest shareholder of Whiteheads. The decision was taken because we believe that to protect the British textile industry, consolidation in primary processing had to take place.

Further consolidation took place by investment in our high quality spinning and weaving division, to ensure that Globe and Huddersfield Fine Worsteds retain their position as leaders in the high quality spinning and weaving sector in the UK.

The strategy involving change relates to the group, in association with other Hartley Investment Trust Limited group companies, investing in e-commerce and enterprise resource planning (ERS) systems. The Hartley group is developing proprietary software in this particular sector.

The group continues with its policy of deleveraging with further significant reductions in its secured bank borrowing this year as shown in the following table:

	1999 £'000	1998 £'000	1997 £'000
Bank borrowing:			
Secured	700	4,918	5,686
Unsecured	<u>2,914</u>	<u>2,677</u>	<u>2,899</u>
Total	<u>3,614</u>	<u>7,595</u>	<u>8,585</u>

I would like to thank all our employees for their hard work and their continuing support during the difficult trading conditions experienced over the past year.



A J LEWIS
Chairman & Chief Executive

25 April 2000

Illingworth, Morris Limited

Directors' report

The directors present their report and the audited financial statements for the year ended 31 March 1999.

Directors and secretary

The names of the present directors and secretary are shown on page 1.

Mr P Hardy resigned as a non executive director on 31 January 1999.

The director retiring by rotation is Mr A J Lewis who, being eligible, offers himself for re-election.

No contracts between the company and any of its directors (other than service contracts) existed at any time during the year under review.

Directors' interests

The following describes the interests of Mr A J Lewis in the company. Hartley Investment Trust Limited, which is one hundred per cent beneficially owned by Mr A J Lewis and is the company's ultimate parent undertaking, together with the Alan Lewis Settlement, of which Mr A J Lewis is sole life tenant, control 39,986,666 (100%) of ordinary stock units, 1,217 units (1998 : 750 units) of the 6.5% (formerly 4.55% (net)) cumulative preference stock and 3,835 units (1998 : 3,831 units) of the 6.5% (formerly 4.55% (net)) cumulative second preference stock in the company. These represent the interests as at 31 March 1999 and 1 April 1998. No other director had any beneficial interests in the shares of the company, its parent undertaking or subsidiary undertakings as at 31 March 1999. There have been no changes in the period to 18 April 2000.

Activities and results

The principal activities of the group are the processing of wool and fibres, including the production of woollen and worsted spun yarns and cloth. A list of the trading subsidiary undertakings and branches forming the group is given on pages 29 and 30.

The company has a 49% investment in Bolshevichka, a high quality suit manufacturer based in Russia. Full details of the investment are set out in note 14 to the financial statements. The investment agreement is currently the subject of litigation in London, but following legal advice the company is confident that it will receive complete restitution of their investment plus damages.

The results for the year are shown in the consolidated profit and loss account on page 8.

Operating losses for the year ended 31 March 1999 were £2,983,000 (1998 : operating profits of £2,558,000). *Market conditions remain highly competitive and it is anticipated that this will continue for the foreseeable future.*

During the year the lanolin processing business of a fellow subsidiary undertaking was acquired by the company. This was subsequently sold.

On 31 March 1999 the company sold Woolcombers Limited (and its subsidiary and associated undertaking) to a fellow subsidiary undertaking.

On 11 November 1999 the business of Daniel Illingworth & Sons was sold to W & J Whitehead Limited in exchange for 17½% of the ordinary share capital of W & J Whitehead Limited.

Illingworth, Morris Limited

Directors' report (*continued*)

Dividends

The Board recommends that a final dividend of 1.9p per ordinary stock unit be paid on 31 March 1999 (1998 : £nil). An interim dividend of 2.5p (1998 : £nil) per ordinary stock unit was paid during the year.

Dividends on the cumulative preference stock units in respect of the year amounted to £91,000 (1998 : £91,000).

Research and development

The effort to develop new products and markets continues.

Tangible fixed assets

Movements in tangible fixed assets are shown in note 13 to the financial statements on pages 16 to 18.

Personnel

The group and company are active in several different aspects of the textile trade. The degree of unionisation varies considerably throughout the group, but where appropriate, management and trade unions are in regular communication on all operational matters.

Disabled persons

It is group and company policy to give fair consideration to the employment needs of, and to comply with any current legislation with regard to, disabled persons, or employees who become disabled.

Political and charitable contributions

The company made political contributions of £6,000 to the Conservative Party during the year (1998 : £nil).

Charitable contributions during the year amounted to £699 (1998 : £681).

Corporate Governance

As the company is privately owned (with only its preference shares listed) the Board of Directors does not consider it appropriate to include a corporate governance statement.

Year 2000

The group has not experienced any Year 2000 problems, either internally or externally. The Year 2000 compliance project was managed by the group's IT subsidiary and formed part of a rolling programme of development and enhancement of the group's IT systems which has not been separately costed.

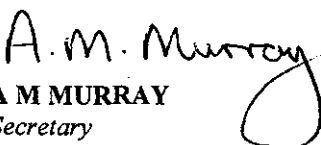
Illingworth, Morris Limited

Directors' report (*continued*)

Auditors

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

By Order of the Board


A M MURRAY
Secretary

P O Box 122
Fairweather Green
Thornton Road
Bradford
West Yorkshire BD8 0HZ

25 April 2000

Illingworth, Morris Limited

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 the group and of its 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 group 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 the group 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 group and to prevent and detect fraud and other irregularities.

Report of the Auditors, KPMG Audit Plc, to the members of Illingworth, Morris Limited

We have audited the financial statements on pages 8 to 30 in accordance with auditing standards.

Respective responsibilities of directors and auditors

As described on page 6, 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 group'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 affairs of the company and the group as at 31 March 1999 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

25 April 2000

KPMG Audit Plc
Chartered Accountants
Registered Auditor
Bradford

Illingworth, Morris Limited

Consolidated profit & loss account for the year ended 31 March 1999

	Note	1999 Continuing Operations £'000	Discontinued Operations £'000	Total £'000	1998 Continuing Operations £'000	Discontinued Operations £'000	Total £'000
Turnover	2	20,798	10,198	30,996	26,860	15,913	42,773
Cost of sales		<u>(17,230)</u>	<u>(11,486)</u>	<u>(28,716)</u>	<u>(21,446)</u>	<u>(13,552)</u>	<u>(34,998)</u>
Gross profit/(loss)		3,568	(1,288)	2,280	5,414	2,361	7,775
Distribution costs		<u>(2,155)</u>	<u>(53)</u>	<u>(2,208)</u>	<u>(2,244)</u>	<u>(45)</u>	<u>(2,289)</u>
Admin expenses		<u>(3,052)</u>	<u>(1,200)</u>	<u>(4,252)</u>	<u>(3,064)</u>	<u>(1,324)</u>	<u>(4,388)</u>
Other income		168	29	197	157	78	235
Exceptional income	6	<u>1,000</u>	-	<u>1,000</u>	<u>1,225</u>	-	<u>1,225</u>
Operating (loss)/profit	7	<u>(471)</u>	<u>(2,512)</u>	<u>(2,983)</u>	<u>1,488</u>	<u>1,070</u>	<u>2,558</u>
Exceptional costs	6	-	<u>(2,522)</u>	<u>(2,522)</u>	-	-	-
(Loss)/profit on ordinary activities before interest		<u>(471)</u>	<u>(5,034)</u>	<u>(5,505)</u>	<u>1,488</u>	<u>1,070</u>	<u>2,558</u>
Net interest payable	Note 8			<u>(777)</u>			<u>(945)</u>
(Loss)/profit on ordinary activities before taxation				<u>(6,282)</u>			<u>1,613</u>
Taxation on (loss)/profit on ordinary activities	9			<u>344</u>			<u>(353)</u>
(Loss)/profit on ordinary activities after taxation				<u>(5,938)</u>			<u>1,260</u>
Minority interests - non equity				<u>(35)</u>			<u>(35)</u>
(Loss)/profit for the financial year	10			<u>(5,973)</u>			<u>1,225</u>
Dividends paid and proposed							
Preference - non equity	11			<u>(91)</u>			<u>(91)</u>
Ordinary - equity	11			<u>(1,747)</u>			<u>-</u>
Transfer (from)/to reserves	20			<u>(7,811)</u>			<u>1,134</u>
Basic and diluted(loss)/earnings per ordinary stock unit	12			<u>(15.16) p</u>			<u>2.84</u>
Note of historical cost (losses)/profits							
(Loss)/profit on ordinary activities before taxation				<u>(6,282)</u>			<u>1,613</u>
Realisation of property revaluation gains of previous years				<u>5,779</u>			<u>187</u>
Difference between historical cost depreciation charge and actual depreciation charge for the year calculated on the revalued amount				<u>22</u>			<u>22</u>
Historical cost profit on ordinary activities before taxation				<u>(481)</u>			<u>1,822</u>

There were no recognised gains or losses other than those reflected above (1998 : £nil).
Movements in shareholders' funds are set out in note 20.

Illingworth, Morris Limited

Consolidated balance sheet

31 March 1999

	Note	1999 £'000	1998 £'000
Fixed assets			
Tangible fixed assets	13	2,140	13,462
Investments	14	<u>1,733</u>	<u>4,285</u>
		3,873	17,747
Current assets			
Stocks	15	6,061	8,870
Debtors: amounts falling due within one year	16	8,416	9,657
Debtors: amounts falling due after more than one year	16	32,059	25,342
Cash at bank and in hand		<u>205</u>	<u>47</u>
		46,741	43,916
Creditors: amounts falling due within one year	17	<u>(9,996)</u>	<u>(18,350)</u>
Net current assets		36,745	25,566
Total assets less current liabilities		40,618	43,313
Creditors: amounts falling due after more than one year	17	(20,560)	(14,550)
Provisions for liabilities and charges	18	<u>(100)</u>	<u>(994)</u>
Net assets		19,958	27,769
Capital and reserves			
Called up share capital	19	9,997	9,997
Capital redemption reserve	20	191	191
Revaluation reserve	20	11	5,790
Other reserves	20	2,286	2,286
Profit and loss account	20	<u>6,579</u>	<u>8,611</u>
Shareholders' funds		19,064	26,875
Minority interests - non equity	21	<u>894</u>	<u>894</u>
		19,958	27,769
Analysis of shareholders' funds			
Equity		17,958	25,769
Non-equity		<u>2,000</u>	<u>2,000</u>
		19,958	27,769

These financial statements were approved by the Board of Directors on 25 April 2000 and signed on its behalf by:


A J Lewis
Chairman and Chief Executive


A M Murray
Group Finance Director

Illingworth, Morris Limited

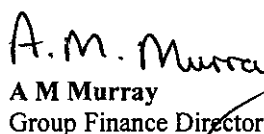
Balance Sheet

31 March 1999

	Note	1999 £'000	1998 £'000
Fixed assets			
Tangible fixed assets	13	2,120	5,684
Investments	14	<u>24,460</u>	<u>32,879</u>
		26,580	38,563
Current assets			
Stocks	15	6,061	7,224
Debtors: amounts falling due within one year	16	8,457	5,751
Debtors: amounts falling due after more than one year	16	33,481	29,803
Cash at bank and in hand		<u>173</u>	<u>43</u>
		48,172	42,821
Creditors: amounts falling due within one year	17	<u>(9,930)</u>	<u>(10,306)</u>
Net current assets		38,242	32,515
Total assets less current liabilities		64,822	71,078
Creditors: amounts falling due after more than one year	17	(47,984)	(48,692)
Provisions for liabilities and charges	18	-	(218)
Net assets		16,838	22,168
Capital and reserves			
Called up share capital	19	9,997	9,997
Capital redemption reserve	20	191	191
Revaluation reserve	20	11	3,563
Profit and loss account	20	<u>6,639</u>	<u>8,417</u>
Shareholders' funds		16,838	22,168
Analysis of shareholders' funds			
Equity		14,838	20,168
Non-equity		<u>2,000</u>	<u>2,000</u>
		16,838	22,168

These financial statements were approved by the Board of Directors on 25 April 2000 and signed on its behalf by:


A J Lewis
Chairman and Chief Executive


A M Murray
Group Finance Director

Illingworth, Morris Limited

Notes

(forming part of the financial statements)

1 Accounting policies

Accounting convention

These financial statements have been prepared under the historical cost accounting rules, supplemented by the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

Consolidation

The financial statements of all subsidiary undertakings are consolidated and are made up to the end of the financial year. The difference between the price paid for new interests and the fair value of the assets acquired is capitalised as an asset and written off over a period not exceeding 20 years. Goodwill previously eliminated against reserves has not been re-instated. A separate profit and loss account dealing with the results of the company only has not been presented, in accordance with Section 230 of the Companies Act 1985.

Associated undertakings

Where the group holds not less than 20% of the equity share capital in companies other than subsidiary undertakings it is the policy of the group to treat such companies as associated undertakings.

The investments in associated undertakings are shown in the balance sheet at cost together with the group's share of post-acquisition reserves.

Turnover

Turnover represents amounts invoiced by the group in respect of goods sold during the year, excluding value added tax, commissions and trade discounts.

Tangible fixed assets

Tangible fixed assets are stated at cost or at valuation. Depreciation is calculated to write off the cost or valuation, less any residual value, of all assets except land on a straight line basis over their estimated useful lives, which are as follows:

Freehold buildings	25 years	Plant and equipment	4 to 10 years
Leasehold buildings	Over the period of the lease	Motor vehicles	4 years

Leased assets

Major items of plant subject to finance leases are shown as fixed assets and depreciated in accordance with the accounting policy shown above. The corresponding liability for the capital element is included in the balance sheet as a finance lease creditor and the interest element which is calculated on the basis of the amount outstanding, is charged against profits over the primary lease period. The rental cost of all other leased assets is charged against profits as incurred.

Stocks

Stocks are stated at the lower of cost, which includes an appropriate proportion of production overhead expenditure, and net realisable value.

Provision for losses on forward contracts

It is group practice to provide for losses on forward contracts.

Deferred 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 is probable that an actual liability will crystallise.

Advance corporation tax

Advance corporation tax is carried forward only to the extent that is recoverable in the foreseeable future.

Illingworth, Morris Limited

Notes (continued)

1 Accounting policies (continued)

Foreign exchange

Assets, liabilities, profits and losses in foreign currencies, are translated into sterling at the rate of exchange ruling at the end of the financial year. Differences on exchange arising from the re-translation of the opening net investment are recorded as a movement on reserves. Other exchange differences are included in the profit and loss account.

Pension costs

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in independently administered funds. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

Cash flow statement

Under Financial Reporting Standard 1 (revised 1996) the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

2 Turnover	1999	1998
The analysis of turnover by geographical area is as follows:	£'000	£'000
United Kingdom		
Home	14,977	23,285
Indirect exports	<u>8,681</u>	<u>10,498</u>
	23,658	33,783
France	505	2,020
Italy	1,351	1,112
Rest of Europe	1,816	1,655
Asia	2,090	2,439
Australasia	132	270
North America	676	662
Middle East	582	532
Other countries	<u>186</u>	<u>300</u>
	<u>30,996</u>	<u>42,773</u>

3 Staff numbers and costs

The average number of persons employed (including directors) during the year was as follows:

	1999	1998
	No	No
Production	759	911
Administration	102	110
Distribution	<u>44</u>	<u>48</u>
	<u>905</u>	<u>1,069</u>

The aggregate payroll costs of these persons were as follows:

	£'000	£'000
Wages and salaries	11,567	14,232
Social security costs	1,047	1,307
Other pension costs (note 24)	414	364
Redundancy and compensation payments	<u>433</u>	<u>141</u>
	<u>13,461</u>	<u>16,044</u>

Illingworth, Morris Limited

Notes (continued)

3 Staff Numbers and costs (continued)

Directors' remuneration

The employee costs shown above include the following remuneration in respect of directors of Illingworth, Morris Limited:

	1999 £'000	1998 £'000
Salary and other emoluments	264	272
Pension contributions to personal pension schemes in respect of 2 directors (1998 : 2)	145	145
Performance related bonus	<u>-</u>	<u>5</u>
	<u>409</u>	<u>422</u>
The directors' remuneration shown above includes:		
Chairman and highest paid director		
Salary and other emoluments	174	174
Pension contributions to personal pension scheme	140	140
Performance related bonus	<u>-</u>	<u>-</u>
	<u>314</u>	<u>314</u>

4 Net operating expenses

Distribution costs (including selling expenses)	2,208	2,289
Administrative expenses	4,252	4,388
Other income (see note 5)	<u>(197)</u>	<u>(235)</u>
	<u>6,263</u>	<u>6,442</u>

5 Other income

Share of net losses of associated undertakings and ordinary dividends received	(615)	(99)
Preference dividends received from associated undertakings	44	44
(Loss)/profit on foreign exchange	(13)	1
Rents receivable	218	181
Sundry income	<u>563</u>	<u>108</u>
	<u>197</u>	<u>235</u>

Illingworth, Morris Limited

Notes (continued)

	1999 £'000	1998 £'000
6 Exceptional items		
Exceptional income:		
Loans waived by parent undertaking - LOG Trust Limited (attributable tax : £nil)	<u>1,000</u>	<u>1,225</u>
Exceptional costs:		
Loss on disposal of discontinued operations:		
Loss on sale of lanolin processing business	1,217	-
Loss on sale of Woolcombers Limited	<u>1,305</u>	<u>-</u>
	<u>2,522</u>	<u>-</u>

The company sold Woolcombers Limited (and its subsidiary and associated undertaking) to a fellow subsidiary undertaking on 31 March 1999 (attributable tax : £nil). The operating loss for the year ended 31 March 1999 of Woolcombers Limited (and its subsidiary and associated undertaking) was £2,770,000.

During the year the lanolin processing business of a fellow subsidiary undertaking was transferred to Illingworth, Morris Limited at its net book value. This was subsequently sold (attributable tax charge : £1,062,000). The operating profit of the lanolin processing business up to the date of disposal was £258,000.

7 Operating (loss)/profit	1999 £'000	1998 £'000
Operating (loss)/profit is stated after charging/(crediting):		
Depreciation of tangible fixed assets - owned assets	1,512	1,351
- leased assets	8	13
Hire of plant and machinery	80	110
Operating lease payments:		
Plant and machinery	216	197
Auditors' remuneration - audit	78	63
- other services	48	48
Profit on sale of tangible fixed assets	(563)	(108)
Disputed Yorkshire Water charges	<u>99</u>	<u>144</u>

Illingworth, Morris Limited

Notes (continued)

8 Net interest payable	1999	1998
	£'000	£'000
Bank loan and overdraft interest payable	(591)	(768)
Other interest payable	(13)	(39)
Group interest receivable	55	93
Interest payable to related parties (note 17):		
Kingsbridge Directors' Pension Scheme	(10)	(10)
Lion InvestBanc Corporation	(175)	(178)
Illingworth Morris Group Pension Scheme	<u>(43)</u>	<u>(43)</u>
	<u>(777)</u>	<u>(945)</u>
9 Taxation on (loss)/profit on ordinary activities		
Corporation tax at 31%	-	18
Group relief payable	(442)	-
Deferred taxation (note 18)	648	(153)
Associated undertakings	192	4
Advance corporation tax	<u>(28)</u>	<u>-</u>
	370	(131)
Adjustments in respect of previous years		
Corporation tax	195	(6)
Deferred taxation (note 18)	245	(173)
Group relief	(361)	50
Advance corporation tax	<u>(105)</u>	<u>(93)</u>
	<u>344</u>	<u>(353)</u>

The tax credit for the year has been reduced by £1,440,000 in respect of corporation tax on the capital gain arising from the disposal of goodwill and increased by £310,000 relating to the tax value of non taxable income of £1,000,000 (1998 : £1,225,000).

10 (Loss)/profit for the financial year	1999	1998
	£'000	£'000
Dealt with in the financial statements of the company	(3,492)	802
Dealt with by subsidiary undertakings	(2,058)	518
Dealt with by associated undertaking (note 14)	<u>(423)</u>	<u>(95)</u>
	<u>(5,973)</u>	<u>1,225</u>

The loss dealt with by subsidiary undertakings shown above is after payment of the dividends to the parent undertaking of £53,000 (1998 : £53,000). The loss dealt with by associated undertaking is after payment of dividends to a subsidiary undertaking of £44,000 (1998 : £44,000).

Illingworth, Morris Limited

Notes (continued)

11

Dividends	1999	1998
Cumulative preference stocks:	£'000	£'000
Dividends of 4.55p per stock unit	<u>91</u>	<u>91</u>
Ordinary stocks:		
Interim dividend paid of 2.5p (1998 : £nil) per ordinary stock unit	1,000	-
Final dividend paid of 1.9p (1998 : £nil) per ordinary stock unit	747	-
	<u>1,747</u>	<u>-</u>

12

Basic and diluted (loss)/earnings per ordinary stock unit		
Earnings per ordinary stock unit are calculated on 39,986,666 ordinary stock units currently in issue and on the following earnings		
	1999	1998
	£'000	£'000
(Loss)/profit for the financial year	(5,973)	1,225
Preference dividends	<u>(91)</u>	<u>(91)</u>
Basic and diluted (loss)/earnings	<u>(6,064)</u>	<u>1,134</u>

13

Tangible fixed assets				
	Freehold land and buildings £'000	Plant and machinery £'000	Fixtures fittings tools and equipment £'000	Total £'000
Group				
Cost or valuation				
At 1 April 1998	6,990	23,486	1,411	31,887
Additions	177	1,685	57	1,919
Disposals	(60)	(2,723)	(159)	(2,942)
Group transfers	<u>(7,089)</u>	<u>(11,521)</u>	<u>(383)</u>	<u>(18,993)</u>
At 31 March 1999	<u>18</u>	<u>10,927</u>	<u>926</u>	<u>11,871</u>
Cost	-	10,927	926	11,853
Directors' valuation 1992	<u>18</u>	<u>-</u>	<u>-</u>	<u>18</u>
	<u>18</u>	<u>10,927</u>	<u>926</u>	<u>11,871</u>
Depreciation				
At 1 April 1998	557	16,594	1,274	18,425
Disposals	-	(1,827)	(158)	(1,985)
Group transfers	(651)	(7,220)	(358)	(8,229)
Charge for the year	<u>94</u>	<u>1,363</u>	<u>63</u>	<u>1,520</u>
At 31 March 1999	<u>-</u>	<u>8,910</u>	<u>821</u>	<u>9,731</u>
Net book value				
At 31 March 1999	<u>18</u>	<u>2,017</u>	<u>105</u>	<u>2,140</u>
At 31 March 1998	<u>6,433</u>	<u>6,892</u>	<u>137</u>	<u>13,462</u>

The directors are satisfied that the current market value of freehold land and buildings is not materially different from the amounts shown above.

Illingworth, Morris Limited

Notes (continued)

13 Tangible fixed assets (continued)

The aggregate amounts at which the above would have been shown in these financial statements had certain fixed assets not been revalued are as follows:

	Freehold land and buildings £'000	Plant and machinery £'000	Fixtures fittings tools and equipment £'000	Total £'000
At 31 March 1999				
Cost	7	10,927	926	11,860
Aggregate depreciation	—	(8,910)	(821)	(9,731)
Net book value	7	2,017	105	2,129
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 1998				
Cost	2,772	23,486	1,411	27,669
Aggregate depreciation	(1,863)	(16,594)	(1,274)	(19,731)
Net book value	909	6,892	137	7,938
	<hr/>	<hr/>	<hr/>	<hr/>

Freehold land and buildings at cost or valuation include depreciable assets of £nil (1998 : £2,929,000). Included in plant and machinery are leased assets with a net book value at 31 March 1999 of £23,000 (1998 : £52,000). Depreciation on leased assets was £8,000 (1998 : £13,000).

	Freehold land and buildings £'000	Plant and machinery £'000	Fixtures fittings tools and equipment £'000	Total £'000
Company				
Cost or valuation				
At 1 April 1998	3,693	10,663	915	15,271
Additions	-	377	53	430
Disposals	(60)	(2,683)	(159)	(2,902)
Group transfers	(3,615)	2,438	104	(1,073)
At 31 March 1999	<u>18</u>	<u>10,795</u>	<u>913</u>	<u>11,726</u>
Cost	-	10,795	913	11,708
Directors' valuation 1992	<u>18</u>	<u>-</u>	<u>-</u>	<u>18</u>
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>18</u>	<u>10,795</u>	<u>913</u>	<u>15,726</u>
Depreciation				
At 1 April 1998	337	8,431	819	9,587
Disposals	-	(1,795)	(158)	(1,953)
Group transfers	(394)	1,573	102	1,281
Charge for the year	<u>57</u>	<u>589</u>	<u>45</u>	<u>691</u>
At 31 March 1999	<u>-</u>	<u>8,798</u>	<u>808</u>	<u>9,606</u>
Net book value				
At 31 March 1999	<u>18</u>	<u>1,997</u>	<u>105</u>	<u>2,120</u>
At 31 March 1998	<u>3,356</u>	<u>2,232</u>	<u>96</u>	<u>5,684</u>

Illingworth, Morris Limited

Notes (continued)

13 Tangible fixed assets (continued)

The aggregate amounts at which the above would have been shown in these financial statements had certain fixed assets not been revalued are as follows:

	Freehold land and buildings £'000	Plant and machinery £'000	Fixtures fittings tools and equipment £'000	Total £'000
At 31 March 1999				
Cost	7	10,795	913	11,715
Aggregate depreciation	<u>-</u>	<u>(8,798)</u>	<u>(808)</u>	<u>(9,606)</u>
Net book value	<u><u>7</u></u>	<u><u>1,997</u></u>	<u><u>105</u></u>	<u><u>2,109</u></u>
At 31 March 1998				
Cost	1,071	10,663	915	12,649
Aggregate depreciation	<u>(302)</u>	<u>(8,431)</u>	<u>(819)</u>	<u>(9,552)</u>
Net book value	<u><u>769</u></u>	<u><u>2,232</u></u>	<u><u>96</u></u>	<u><u>3,097</u></u>

Freehold land and buildings at cost or valuation include depreciable assets of £nil (1998 : £1,432,000). Included in plant and machinery are leased assets with a net book value at 31 March 1999 of £23,000 (1998 : £32,000). Depreciation on leased assets was £8,000 (1998 : £9,000).

14 Fixed assets - investments

	Group		Company	
	1999 £'000	1998 £'000	1999 £'000	1998 £'000
Group undertakings				
Shares at cost less provisions	-	-	22,730	30,512
Associated undertakings (see below)				
Equity share capital at cost	-	50	-	-
Preference share capital at cost	-	1,000	-	-
Post-acquisition reserves	-	865	-	-
Other investments				
Listed equity share capital at cost less provisions	70	70	70	70
Unlisted equity share capital at cost less provisions	<u>1,663</u>	<u>2,300</u>	<u>1,660</u>	<u>2,297</u>
	<u><u>1,733</u></u>	<u><u>4,285</u></u>	<u><u>24,460</u></u>	<u><u>32,879</u></u>
Other investments				
Listed on the Calcutta Stock Exchange, India, equity share capital at market value	<u><u>39</u></u>	<u><u>39</u></u>	<u><u>39</u></u>	<u><u>39</u></u>

Illingworth, Morris Limited

Notes (continued)

14 Fixed assets - investments (continued)

Movements during the year were:

	Associated undertakings		Other investments	
	Cost	Provisions	Cost	Provisions
	£'000	£'000	£'000	£'000
Group				
At 1 April 1998	50	-	2,486	(116)
Group transfers	(50)	-	-	-
Transfer from other creditors (note 17)	-	-	(637)	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 1999	-	-	1,849	(116)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	Group undertakings		Other investments	
	Cost	Provisions	Cost	Provisions
	£'000	£'000	£'000	£'000
Company				
At 1 April 1998	35,656	(5,144)	2,487	(120)
Group transfers	(7,796)	14	-	-
Transfer from other creditors	-	-	(637)	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 1999	27,860	(5,130)	1,850	(120)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The company paid US\$100,000 (£68,000) to the Moscow Government and on 14 February 1994 it entered into an investment agreement with Bolshevichka. By these transactions it acquired 49% of the authorised shares of Bolshevichka. As part of the investment agreement, 5 year licences were granted for the use of trademarks valued at US\$2,500,000 (£1,592,000) of which £395,000 are owned directly by Illingworth, Morris Limited and £1,197,000 by fellow subsidiary undertakings. The company also provided US\$1,000,000 (£637,000) for the purchase of plant, machinery and materials and agreed to provide US\$1,000,000 (£637,000) for sales and marketing assistance and US\$1,000,000 (£637,000) for technology assistance within 5 years of the agreement date.

The investment agreement is subject to litigation in London, in which the company is claiming damages for professional negligence from the legal advisers involved in both the negotiation of the original investment agreement and the subsequent litigation arising in Moscow following the investment. The original investment agreement also covered the use of group trade marks and the funding of purchases of plant, machinery and materials for five years from 14 February 1994. As the five years have passed, the directors consider, on the basis of the ongoing litigation, that it is still appropriate to include trade marks as an asset (as set out above) with the related deferred income and amounts owed to group undertakings being included in Creditors: amounts falling due after more than one year (see note 17). As the funding of purchases of plant, machinery and materials has not taken place, the following asset and related liability have been eliminated from the financial statements for the year ended 31 March 1999:

	Asset	Liability
	£'000	£'000
Funding for plant, machinery and materials (see above)	637	
Other creditors		637
	<u> </u>	<u> </u>

Illingworth, Morris Limited

Notes (continued)

14 Fixed assets - investments (continued)

The group's share of losses of associated undertakings amounting to £423,000 (1998 : £95,000) includes a loss of £423,000 (1998 : profit of £2,000) in respect of Woolcombers (Topmakers) Limited. The loss before tax of Woolcombers (Topmakers) Limited, in respect of which the group has reflected its share, amounts to £1,038,000 (1998 : profit of £72,000). Included in the (loss)/profit before tax are turnover and depreciation of £16,048,000 and £1,000 respectively (1998 : £29,527,000 and £16,000 respectively).

Listed investments include a holding in the following undertaking in which the group and company hold more than 10% of the issued share capital.

	Issued share capital £'000	Total reserves £'000	Country of incorporation	Proportion held 31 March 1999	31 March 1998
				%	%
Woolcombers of India					
Equity shares	726	(904)	India	19.90	19.90

The total reserves are based on the latest information published by the undertaking concerned.

15 Stocks

	Group		Company	
	1999 £'000	1998 £'000	1999 £'000	1998 £'000
Raw materials and consumables	2,121	3,997	2,121	2,508
Work in progress	674	1,096	674	1,012
Finished goods and goods for resale	<u>3,266</u>	<u>3,777</u>	<u>3,266</u>	<u>3,704</u>
	<u>6,061</u>	<u>8,870</u>	<u>6,061</u>	<u>7,224</u>

Illingworth, Morris Limited

Notes (continued)

16 Debtors

Amounts falling due within one year

	Group		Company	
	1999	1998	1999	1998
	£'000	£'000	£'000	£'000
Trade debtors	3,564	5,490	3,552	4,350
Amounts owed by parent and fellow subsidiary undertakings	4,599	853	4,541	807
Amounts owed by subsidiary undertakings	-	-	41	31
Amounts owed by associated undertakings	-	1,710	-	120
Other debtors	-	-	17	8
Prepayments and accrued income	253	1,604	233	307
Corporation tax recoverable	-	-	73	128
	<u>8,416</u>	<u>9,657</u>	<u>8,457</u>	<u>5,751</u>

Amounts falling due after more than one year

Amounts owed by parent and fellow subsidiary undertakings	30,164	23,650	30,434	23,650
Amounts owed by subsidiary undertakings	-	-	1,152	4,461
Other debtors (see below)	1,895	1,692	1,895	1,692
	<u>32,059</u>	<u>25,342</u>	<u>33,481</u>	<u>29,803</u>
Total debtors	<u>40,475</u>	<u>34,999</u>	<u>41,938</u>	<u>35,554</u>

Other debtors falling due after more than one year represent £477,000 (1998 : £477,000) owed by Bolshevichka (see note 14) and £1,418,000 (1998 : £1,215,000) owed by Rockbridge Limited, a company under the common control of Mr A J Lewis. The increase from the prior year represents the additional amounts advanced in the year. No interest is charged on these amounts. The amounts owed by Rockbridge Limited are ultimately receivable from companies in Russia and the successful outcome of litigation. Although there are concerns as to the economic climate in Russia and the ability to repatriate funds to the UK, the directors, having carefully considered the position, are satisfied that the debt will be repaid and that there is no requirement for a provision to be made against the debt.

The group's policy is to eliminate all foreign currency exposure on trade debtors through forward currency contracts.

Illingworth, Morris Limited

Notes (continued)

17 Creditors

Amounts falling due within one year

	Group		Company	
	1999	1998	1999	1998
	£'000	£'000	£'000	£'000
Bank loans and overdrafts (see below)	3,614	6,895	3,614	3,367
Obligations under finance leases (note 22)	12	18	12	12
Trade creditors	2,474	4,943	2,452	3,054
Amounts owed to parent and fellow subsidiary undertakings	521	831	533	-
Amounts owed to subsidiary undertakings	-	-	-	56
Amounts owed to associated undertakings	-	216	-	212
Other creditors including taxation and social security	1,224	2,490	1,195	1,559
Accruals and deferred income	2,105	2,911	2,078	2,000
Proposed dividends	46	46	46	46
	<u>9,996</u>	<u>18,350</u>	<u>9,930</u>	<u>10,306</u>
Other creditors including taxation and social security comprises:				
Corporation tax	-	318	-	-
Other taxes	327	752	300	533
Social security	204	580	204	290
Taxation and social security	531	1,650	504	823
Other creditors (see below)	693	840	691	736
	<u>1,224</u>	<u>2,490</u>	<u>1,195</u>	<u>1,559</u>

Included in other creditors due within one year is a loan of £540,000 (1998 : £540,000) due to the Illingworth Morris Group Pension Scheme and £106,000 (1998 : £63,000) interest is included in accruals. This pension scheme has been superseded (see note 24). The surplus funds of the scheme have been lent to the company pending completion of winding up the scheme. The loan bears interest at 1½% over bank base rate and is repayable on demand.

There are bank borrowings of £700,000 (1998 : £4,918,000) which are secured on certain assets of the group and include bank loans of £nil (1998 : £700,000) falling due after more than one year.

Bank loans and overdrafts are used to fund the group's operations - interest rates are based on LIBOR.

Amounts falling due after more than one year

	Group		Company	
	1999	1998	1999	1998
	£'000	£'000	£'000	£'000
Bank loans (see below)	-	700	-	700
Obligations under finance leases (note 22)	7	31	7	18
Amounts owed to parent and fellow subsidiary undertakings	18,431	9,952	18,431	8,573
Amounts owed to subsidiary undertakings	-	-	27,424	35,534
Amounts owed to associated undertakings	-	348	-	348
Other creditors (see below)	1,727	3,124	1,727	3,124
Deferred income (see note 14)	395	395	395	395
	<u>20,560</u>	<u>14,550</u>	<u>47,984</u>	<u>48,692</u>

Illingworth, Morris Limited

Notes (continued)

17 Creditors

Amounts falling due after more than one year (continued)

	Group		Company	
	1999	1998	1999	1998
	£'000	£'000	£'000	£'000
The bank loans are repayable as follows:				
Due in less than one year	700	700	700	700
Due between one and two years	-	700	-	700
	<u>700</u>	<u>1,400</u>	<u>700</u>	<u>1,400</u>

Other creditors due after more than one year includes:

- (i) £120,000 (1998 : £120,000) loan and £16,000 (1998 : £nil) property income due to the Kingsbridge Directors' Pension Scheme, of which the Chairman, Mr A J Lewis is the sole beneficiary (see note 25). Interest is charged based upon commercial market rates and the loan is repayable on 31 December 2001. Accruals due within one year also include £515,000 pension contributions (1998 : £500,000) and £19,000 interest (1998 : £nil) due to the Kingsbridge Directors' Pension Scheme.
- (ii) £1,591,000 (1998 : £2,367,000) US dollar loan due to Lion InvestBanc Corporation in which Mr A J Lewis owns a controlling interest. Interest is charged based upon commercial market rates and there are no fixed repayment terms.
- (iii) £nil (1998 : £637,000) in respect of funds made available for the purchase of plant and machinery for Bolshevichka (see note 14).

18 Provisions for liabilities and charges

	Deferred taxation £'000	Other provisions £'000	Total £'000
Group			
At 1 April 1998	894	100	994
Charge for the year	(893)	-	(893)
Advance corporation tax adjustment	62	-	62
Group transfers	(63)	-	(63)
	<u>-</u>	<u>100</u>	<u>100</u>
At 31 March 1999	-	100	100
Company			
At 1 April 1998	218	-	218
Charge for the year	(348)	-	(348)
Advance corporation tax adjustment	55	-	55
Group transfers	75	-	75
	<u>-</u>	<u>-</u>	<u>-</u>
At 31 March 1999	-	-	-

Illingworth, Morris Limited

Notes (continued)

18 Provisions for liabilities and charges (continued)

The amounts provided for deferred taxation represent the total potential liability, calculated at 31% (1998 : 31%) as follows:

	1999 £'000	1998 £'000
Group		
Excess of capital allowances over depreciation	110	1,144
Other timing differences	(110)	(195)
Advance corporation tax recoverable	-	(55)
	<hr/>	<hr/>
	-	894
	<hr/>	<hr/>
Company		
Excess of capital allowances over depreciation	110	462
Other timing differences	(110)	(189)
Advance corporation tax recoverable	-	(55)
	<hr/>	<hr/>
	-	218
	<hr/>	<hr/>

In addition to the above, certain group undertakings have other timing differences and potential advance corporation tax recoveries. These excess amounts are approximately £216,000 (1998 : £478,000) in respect of other timing differences calculated at a corporation tax rate of 31% all of which arises in the company, and £206,000 (1998 : £206,000) related to advance corporation tax recoveries, of which £46,000 (1998 : £46,000) relates to the company.

19 Share capital

	1999 £'000	1998 £'000
Authorised		
1,000,000 6.5% (formerly 4.55% (net)) cumulative preference stock units of £1 each (non-equity)	1,000	1,000
1,000,000 6.5% (formerly 4.55% (net)) cumulative second preference stock units of £1 each (non-equity)	1,000	1,000
50,000,000 ordinary stock units of 20p each (equity)	<u>10,000</u>	<u>10,000</u>
	12,000	12,000
	<hr/>	<hr/>

Illingworth, Morris Limited

Notes (continued)

19 Share capital (continued)

	1999 £'000	1998 £'000
Allotted, called up and fully paid		
1,000,000 6.5% (formerly 4.55% (net)) cumulative preference stock units of £1 each (non-equity)	1,000	1,000
1,000,000 6.5% (formerly 4.55% (net)) cumulative second preference stock units of £1 each (non-equity)	1,000	1,000
39,986,666 ordinary stock units of 20p each (equity)	<u>7,997</u>	<u>7,997</u>
	<u>9,997</u>	<u>9,997</u>

Rights of non-equity interests are as follows:

6.5% (formerly 4.55% (net)) cumulative preference stock units of £1 each

- (a) they entitle holders, in priority to holders of all other classes of share, to a fixed cumulative preferential dividend at a rate of 6.5% (formerly 4.55% (net)) per annum, payable 1 April and 1 October;
- (b) on a return of capital on a winding up they will carry the right to repayment of capital and any arrears of dividend accrued to the date of winding up. This right is in priority to the rights of all other shares in the capital of the company; and
- (c) they carry the right to attend and vote at a general meeting of the company only if, at the date of the notice convening the meeting, payment of the dividend to which they are entitled is six months in arrears, or if a resolution is to be considered at the meeting for the winding up of the company or for increasing or reducing its capital, or directly and adversely affecting special rights or privileges of preference stocks.

6.5% (formerly 4.55% (net)) cumulative second preference stock units of £1 each

- (a) they entitle holders, in priority to holders of all other classes of share, subject to prior rights of the 6.5% (formerly 4.55% (net)) cumulative preference stock units, to a fixed cumulative preferential dividend at a rate of 6.5% (formerly 4.55% (net)) per annum, payable 1 April and 1 October.
- (b) on a return of capital on a winding up they will carry the right to repayment of capital and any arrears of dividend accrued to the date of winding up. This right is in priority to the rights of all other shares in the capital of the company, except the rights of the 6.5% (formerly 4.55% (net)) cumulative preference stock units; and
- (c) they carry the right to attend and vote at a general meeting of the company only if, at the date of the notice convening the meeting, payment of the dividend to which they are entitled is six months in arrears, or if a resolution is to be considered at the meeting for the winding up of the company, or for increasing or reducing its capital, or directly and adversely affecting special rights or privileges of preference stocks.

Illingworth, Morris Limited

Notes (continued)

20 Shareholders' funds

	Non-distributable			Distributable		
	Share capital	Capital redemption reserve	Revaluation reserve	Surplus on acquisition of subsidiary undertakings	Profit and loss account	Total shareholders' funds
	£'000	£'000	£'000	£'000	£'000	£'000
Group						
At 1 April 1998	9,997	191	5,790	2,286	8,611	26,875
Loss for the financial year	-	-	-	-	(7,811)	(7,811)
Realised on sale of properties	-	-	(5,779)	-	5,779	-
	<u>9,997</u>	<u>191</u>	<u>11</u>	<u>2,286</u>	<u>6,579</u>	<u>19,064</u>
At 31 March 1999	<u>9,997</u>	<u>191</u>	<u>11</u>	<u>2,286</u>	<u>6,579</u>	<u>19,064</u>
Company						
At 1 April 1998	9,997	191	3,563	-	8,417	22,168
Loss for the financial year	-	-	-	-	(5,330)	(5,330)
Realised on sale of properties	-	-	(3,552)	-	3,552	-
	<u>9,997</u>	<u>191</u>	<u>11</u>	<u>-</u>	<u>6,639</u>	<u>16,838</u>
At 31 March 1999	<u>9,997</u>	<u>191</u>	<u>11</u>	<u>-</u>	<u>6,639</u>	<u>16,838</u>

The cumulative amount of goodwill resulting from acquisitions written off amounts to £164,000 (1998 : £164,000).

21 Minority interests

	Group	
	1999	1998
	£'000	£'000
Preference capital	<u>894</u>	<u>894</u>

In the event of the repayment of the preference shares of subsidiary undertakings on a winding up or for any other cause, fixed premiums are payable up to a maximum total of £246,000 (1998 : £246,000). In the opinion of the directors this liability is unlikely to occur in the foreseeable future.

Illingworth, Morris Limited

Notes (continued)

22 Leasing commitments

	Group		Company	
	1999 £'000	1998 £'000	1999 £'000	1998 £'000
Operating leases				
Annual commitments: plant and machinery				
Expiring within one year	6	2	6	2
Expiring between two and five years	54	199	36	47
Expiring in over five years	5	3	5	3
	<u>65</u>	<u>204</u>	<u>47</u>	<u>52</u>
Finance leases				
Repayment due: plant and machinery				
Within one year	12	18	12	12
Two to five years	7	31	7	18
Obligations under finance leases	<u>19</u>	<u>49</u>	<u>19</u>	<u>30</u>

23 Future capital expenditure

Contracted but not provided	-	54	-	54
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24 Pensions

The group's principal pension arrangement is the Illingworth Morris Group Personal Pension Scheme. This is a defined contribution scheme in which the members' benefit rights depend on the personal fund accumulated from regular members' and company contributions defined in the rules. Benefits in payment are bought out through insurance annuity contracts.

The company also operates smaller schemes of the money purchase type to which contributions have continued.

25 Related party transactions

During the year ended 31 March 1999, trading transactions, which were all on an arm's length basis subsisted between the group and certain undertakings in which the Chairman, Mr A J Lewis, holds a controlling interest (see notes 8, 16 and 17).

26 Contingent liability

At 31 March 1999 the company and certain of its subsidiary undertakings had a charge over their fixed assets and had guaranteed borrowings of a fellow group undertaking, L.O.G. Trust Limited, totalling £10,631,000 (1998 : £7,497,000). This fixed charge is held by the ultimate parent company of Illingworth, Morris Limited, Hartley Investment Trust Limited.

Illingworth, Morris Limited

Notes (continued)

27 Post balance sheet event

On 11 November 1999 the company sold the business of Daniel Illingworth & Sons to W & J Whitehead Limited in exchange for 17½% of the ordinary share capital of W & J Whitehead Limited.

28 Parent undertakings and ultimate parent company

Hartley Investment Trust Limited, which is registered in England and Wales, is the ultimate parent company of Illingworth, Morris Limited. It is also the parent undertaking of the largest group of undertakings for which group financial statements are drawn up and of which Illingworth, Morris Limited is a member. No intermediate parent undertakings of Illingworth, Morris Limited prepare group financial statements. The financial statements of Hartley Investment Trust Limited will be filed with the Registrar of Companies.

Illingworth, Morris Limited

Subsidiary undertakings and branches

The capital of all subsidiary undertakings is wholly owned with the exception of the following:

		Proportion held within the group	
		1999	1998
		%	%
Illingworth Morris (Saltaire) Limited (IM)	4.5% (formerly 3.15% (net)) cumulative first preference shares	59.35	59.32
	7% (formerly 4.9% (net)) non-cumulative preference shares	64.78	64.70
John Smith (Field Head) Limited (IM)	5.5% (formerly 3.85% (net)) non-cumulative preference shares	70.06	70.06
John Wright (Weaving) Limited (IM)	4.5% (formerly 3.15% (net)) cumulative preference stock	84.74	84.74
George Mallinson & Sons Limited (IM)	Ordinary shares	99.93	99.93
W E Yates Limited (IM)	7.5% (formerly 5.25% (net)) cumulative preference shares	11.80	11.80

The shares in subsidiary undertakings shown with the letters (IM) are owned by Illingworth, Morris Limited. The shares in subsidiary undertakings not so marked are held by subsidiary undertakings of Illingworth, Morris Limited. All subsidiary undertakings are incorporated in Great Britain and operate and are registered in England and Wales.

Illingworth, Morris Limited

Subsidiary undertakings and branches (continued)

Illingworth, Morris (Saltaire) Limited (IM)

Estates Branch

Hobson Bros. (Whitley Bridge) Limited (IM)

Property Owners

Fairweather Green Mills, Thornton Road, Bradford

IM Information Services Limited (IM)

Provision of ERP and e.commerce solutions for industry

Cumberland House, Greenside Lane, Bradford

Daniel Illingworth & Sons

Worsted Spinners

Whetley Mills, Bradford

Globe Worsted Company

Worsted Spinners

Globe Mills, Slaithwaite, Nr Huddersfield

Huddersfield Fine Worsteds

Josiah France

Learoyd Brothers & Co

Broadhead & Graves

Martin Sons & Company

W E Yates Limited (IM)

George Mallinson & Sons

Joseph Sykes

Crowther & Vickerman

R G Neill & Son

Reid & Welsh

Fine Worsted Manufacturers

Kirkheaton Mills, Kirkheaton, Huddersfield

Hunt & Winterbotham

John G Hardy

J & J Minnis

Standen & Co

S Collier & Co (Wessex)

Harold A Gray

Firth & Company (Huddersfield Textiles)

Daley Mills Co

Hare of England

George Odom

Woollen and Worsted Merchants

Bankfield Mills, Kirkheaton, Huddersfield