

Illingworth, Morris Limited

Directors' report and revised financial statements

31 March 1998

Registered number 164195



Illingworth, Morris Limited

Notice of Meeting

Notice is given that the 78th 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 26 November 1998 at 9.30 am for the following purposes:

- 1 To receive the directors' report and revised financial statements for the year ended 31 March 1998.
- 2 To re-elect the following director, Mr A M Murray, who retires by rotation in accordance with the articles of association.
- 3 To re-appoint the auditors.
- 4 To authorise the directors to fix the remuneration of the auditors.
- 5 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

30 September 1998

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

Directors

A M Murray

P Hardy BA, FCIS (Non-Executive)

After graduation at Nottingham University, became a Fellow of the Institute of Chartered Secretaries in 1963; joined Winterbotham, Strachan & Playne in 1957 and was appointed to the Board of Illingworth, Morris Limited in 1974. Appointed a non-executive director following the sale of the Winterbotham, Strachan & Playne business in 1990.

Secretary

A M Murray

Registered Number

164195

Registered Office

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

Principal Bankers

Lloyds Bank Plc, National Westminster Bank Plc

Auditors

KPMG Audit Plc, Chartered Accountants, Leeds


Illingworth, Morris Limited

Chairman's Statement

The spinning and weaving sectors of the business have continued to perform well in a year which has been adversely affected by the strength of sterling and the lack of buoyancy in the High Street.

All the primary processing activities of the holding company are being integrated into Woolcombers (Processors) Limited. This site is currently being equipped with the second phase of a state of the art effluent processing plant. The advantages of modern technology and the efficient use of labour will ensure we are in a strong position to combat the continued difficult trading conditions being experienced by the industry.

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



A J LEWIS
Chairman & Chief Executive

30 September 1998

Illingworth, Morris Limited

Directors' Report

The directors present their report and the audited financial statements for the year ended 31 March 1998.

The annexed financial statements have been revised as fully explained in note 1, as a result of which it has been necessary to amend some cross references from the directors' report to the financial statements. In all other respects the directors' report remains unchanged and consequently bears the same date as when originally approved by the board of directors.

Directors and secretary

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

Sir Marcus Fox resigned as a non executive director on 1 April 1998.

The director retiring by rotation is Mr A M Murray 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, 750 units (1997 : 750 units) of the 4.55% (net) cumulative preference stock and 3,831 units (1997 : 2,731 units) of the 4.55% (net) cumulative second preference stock in the company. These represent the interests as at 31 March 1998 and 1 April 1997. No other director had any beneficial interests in the shares of the company, its parent undertaking or subsidiary undertakings as at 31 March 1998. There have been no changes in the period to 23 September 1998.

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 15 to the revised financial statements. The investment agreement is currently the subject of litigation in Russia, 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 profits for the year ended 31 March 1998 were £2,558,000 (1997 : £1,825,000). Market conditions remain highly competitive and it is anticipated that this will continue for the foreseeable future.

Illingworth, Morris Limited

Directors' Report *(continued)*

Dividends

The Board recommends that no dividends be paid on the ordinary stock in respect of the year ended 31 March 1998 (1997 : £nil).

Dividends on the cumulative preference stock units in respect of the year amounted to £91,000 (1997 : £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 14 to the revised 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 no political contributions during the year (1997 : £nil).

Charitable contributions during the year amounted to £681 (1997 : £277).

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 is well advanced with a detailed programme designed to upgrade hardware and software to ensure Year 2000 compliance. The project is being managed by the group's IT subsidiary and is on target for completion in the current financial year. This project forms part of a rolling programme of development and enhancement of the group's IT systems and 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
A M MURRAY
Secretary



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

30 September 1998

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. Under section 245 of the Companies Act 1985 the directors have the authority to revise financial statements if they do not comply with the Act. The revised financial statements must be amended in accordance with the Companies (Revision of Defective Accounts and Reports) Regulations 1990 and in accordance therewith do not take account of events which have taken place after the date on which the original financial statements were approved. The regulations require that the revised financial statements show a true and fair view as if they were prepared and approved by the directors as at the date of the original financial statements. 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 revised financial statements on pages 8 to 30. The revised financial statements replace the original financial statements approved by the directors on 30 September 1998. They have been prepared under the Companies (Revision of Defective Accounts and Report) Regulations 1990 and accordingly do not take account of events which have taken place after the date on which the original financial statements were approved.

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. We are also required to report whether in our opinion the original financial statements failed to comply with the requirements of the Companies Act 1985 in the respects identified by the directors.

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. The audit of revised financial statements includes the performance of additional procedures to assess whether the revisions made by the directors are appropriate and have been properly made.

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 revised 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 revised financial statements.

Opinions

In our opinion the revised financial statements give a true and fair view, seen as at the date the original financial statements were approved, of the state of affairs of the company and the group as at 31 March 1998 and of the profit of the group for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 as they have effect under the Companies (Revision of Defective Accounts and Report) Regulations 1990.

In our opinion the original financial statements for the year ended 31 March 1998 failed to comply with the requirements of the Companies Act 1985 in the respects identified by the directors in the statement contained in note 1 to these financial statements.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
Leeds

23 March 1999

Illingworth, Morris Limited

Consolidated profit & loss account for the year ended 31 March 1998

	Note	1998 £'000	1997 £'000
Turnover	3	42,773	45,243
Cost of sales		<u>(34,998)</u>	<u>(36,991)</u>
Gross profit		7,775	8,252
Net operating expenses	5	<u>(6,442)</u>	<u>(6,427)</u>
Operating profit before exceptional income		1,333	1,825
Exceptional income	7	1,225	-
Operating profit	8	2,558	1,825
Net interest payable	9	<u>(945)</u>	<u>(662)</u>
Profit on ordinary activities before taxation		1,613	1,163
Taxation on profit on ordinary activities	10	<u>(353)</u>	<u>(210)</u>
Profit on ordinary activities after taxation		1,260	953
Minority interests - non equity		<u>(35)</u>	<u>(35)</u>
Profit for the financial year	11	1,225	918
Dividends paid and proposed			
Preference - non equity	12	(91)	(91)
Transfer to reserves	21	<u>1,134</u>	<u>827</u>
Earnings per ordinary stock unit	13	<u>2.84p</u>	<u>2.07p</u>
Note of historical cost profits			
Profit on ordinary activities before taxation		1,613	1,163
Realisation of property revaluation gains of previous years		187	-
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>1,822</u>	<u>1,185</u>

There were no recognised gains or losses other than those reflected above (1997 : £nil).

Movements in shareholders' funds are set out in note 21.

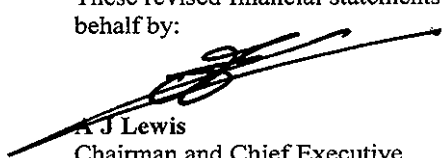
Illingworth, Morris Limited

Revised consolidated balance sheet

31 March 1998

	Note	1998 £'000	1997 £'000
Fixed assets			
Tangible fixed assets	14	13,462	13,963
Investments	15	<u>4,285</u>	<u>4,830</u>
		<u>17,747</u>	<u>18,793</u>
Current assets			
Stocks	16	8,870	9,482
Debtors: amounts falling due within one year	17	9,657	11,111
Debtors: amounts falling due after more than one year	17	25,342	24,250
Cash at bank and in hand		<u>47</u>	<u>15</u>
		<u>43,916</u>	<u>44,858</u>
Creditors: amounts falling due within one year	18	<u>(18,350)</u>	<u>(20,574)</u>
Net current assets		<u>25,566</u>	<u>24,284</u>
Total assets less current liabilities		<u>43,313</u>	<u>43,077</u>
Creditors: amounts falling due after more than one year	18	<u>(14,550)</u>	<u>(15,751)</u>
Provisions for liabilities and charges	19	<u>(994)</u>	<u>(691)</u>
Net assets		<u>27,769</u>	<u>26,635</u>
Capital and reserves			
Called up share capital	20	9,997	9,997
Capital redemption reserve	21	191	191
Revaluation reserve	21	5,790	5,977
Other reserves	21	2,286	2,286
Profit and loss account	21	<u>8,611</u>	<u>7,290</u>
Shareholders' funds		<u>26,875</u>	<u>25,741</u>
Minority interests - non equity	22	<u>894</u>	<u>894</u>
		<u>27,769</u>	<u>26,635</u>
Analysis of shareholders' funds			
Equity		25,769	24,635
Non-equity		<u>2,000</u>	<u>2,000</u>
		<u>27,769</u>	<u>26,635</u>

These revised financial statements were approved by the Board of Directors on 23 March 1999 and signed on its behalf by:


A J Lewis
Chairman and Chief Executive


A M Murray
Group Finance Director

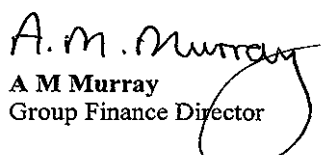
Illingworth, Morris Limited

Revised balance sheet
31 March 1998

	Note	1998 £'000	1997 £'000
Fixed Assets			
Tangible fixed assets	14	5,684	6,236
Investments	15	<u>32,879</u>	<u>33,719</u>
		38,563	39,955
Current Assets			
Stocks	16	7,224	7,896
Debtors: amounts falling due within one year	17	5,751	7,924
Debtors: amounts falling due after more than one year	17	29,803	28,364
Cash at bank and in hand		<u>43</u>	<u>5</u>
		42,821	44,189
Creditors: amounts falling due within one year	18	(10,306)	(12,737)
Net current assets		32,515	31,452
Total assets less current liabilities		71,078	71,407
Creditors: amounts falling due after more than one year	18	(48,692)	(49,818)
Provisions for liabilities and charges	19	(218)	(132)
Net assets		22,168	21,457
Capital and reserves			
Called up share capital	20	9,997	9,997
Capital redemption reserve	21	191	191
Revaluation reserve	21	3,563	3,750
Profit and loss account	21	<u>8,417</u>	<u>7,519</u>
Shareholders' funds		22,168	21,457
Analysis of shareholders' funds			
Equity		20,168	19,457
Non-equity		<u>2,000</u>	<u>2,000</u>
		22,168	21,457

These revised financial statements were approved by the Board of Directors on 23 March 1999 and signed on its behalf by:


A. J. Lewis
Chairman and Chief Executive


A. M. Murray
Group Finance Director

Illingworth, Morris Limited

Notes to the financial statements *for the year ended 31 March 1998*

1 Revision of financial statements

These revised financial statements replace the original financial statements for the year ended 31 March 1998, and are therefore now the statutory financial statements for that year.

The revised financial statements have been prepared as at 30 September 1998 the date on which the original financial statements were approved by the board of directors, and not as at the date of revision. Accordingly the revised financial statements do not deal with events between these dates.

The original financial statements recorded incorrectly the amounts due to and from other group and associated companies; the revised financial statements have been amended accordingly.

The effect of this revision on the consolidated balance sheet is to increase debtors falling due within one year by £442,000, reduce debtors falling due after more than one year by £9,830,000, increase creditors falling due within one year by £794,000 and reduce creditors falling due after more than one year by £10,182,000.

The effect of the revision on the individual debtor and creditor items is shown in notes 17 and 18.

The revision of group balances has no effect on the profit and loss accounts of the group or company for the year ended 31 March 1998, nor the net assets in the consolidated or company balance sheets as at that date.

2 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 taken to reserves. 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.

Illingworth, Morris Limited

Notes to the financial statements for the year ended 31 March 1998

2 Accounting policies (continued)

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.

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.

Illingworth, Morris Limited

Notes to the financial statements (continued) for the year ended 31 March 1998

2 Accounting policies (continued)

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 revised financial statements.

3 Turnover

	1998 £'000	1997 £'000
The analysis of turnover by geographical area is as follows:		
United Kingdom		
Home	23,285	24,280
Indirect exports	<u>10,498</u>	<u>11,714</u>
	33,783	35,994
France	2,020	1,894
Italy	1,112	1,140
Rest of Europe	1,655	1,516
Asia	2,439	2,674
Australasia	270	245
North America	662	604
Middle East	532	751
Other countries	<u>300</u>	<u>425</u>
	<u>42,773</u>	<u>45,243</u>

4 Staff numbers and costs

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

	1998 No	1997 No
Production	911	942
Administration	110	118
Distribution	<u>48</u>	<u>50</u>
	<u>1,069</u>	<u>1,110</u>

The aggregate payroll costs of these persons were as follows:

	£'000	£'000
Wages and salaries	14,232	13,838
Social security costs	1,307	1,231
Other pension costs (note 25)	364	392
Redundancy and compensation payments	<u>141</u>	<u>2</u>
	<u>16,044</u>	<u>15,463</u>

Illingworth, Morris Limited

Notes to the financial statements (continued) for the year ended 31 March 1998

4 Staff Numbers and costs (continued)

Directors' remuneration

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

	1998 £'000	1997 £'000
Salary and other emoluments	272	266
Pension contributions to personal pension schemes in respect of 2 directors (1997 : 2)	145	145
Performance related bonus	<u>5</u>	<u>5</u>
	<u>422</u>	<u>416</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>

5 Net operating expenses

Distribution costs (including selling expenses)	2,289	2,300
Administrative expenses	4,388	4,466
Other income (see note 6)	<u>(235)</u>	<u>(339)</u>
	<u>6,442</u>	<u>6,427</u>

6 Other income

Share of net losses of associated undertakings and ordinary dividends received	(99)	(202)
Preference dividends received from associated undertakings	44	44
Profit on foreign exchange	1	56
Rents receivable	181	192
Sundry income	<u>108</u>	<u>249</u>
	<u>235</u>	<u>339</u>

7 Exceptional Income

Loans waived by parent undertaking - LOG Trust Limited	1,225	-
	<u>-</u>	<u>-</u>

8 Operating profit

Operating profit is stated after charging/(crediting):

Depreciation of tangible fixed assets - owned assets	1,351	1,240
- leased assets	13	55
Hire of plant and machinery	110	233
Operating lease payments:		
Plant and machinery	197	60
Auditors' remuneration - audit	63	64
- other services	48	10
Profit on sale of tangible fixed assets	(108)	(249)

Exceptional charges:

Disputed Yorkshire Water charges	<u>144</u>	<u>227</u>
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Illingworth, Morris Limited

Notes to the financial statements (continued) for the year ended 31 March 1998

9 Net interest payable	1998	1997
	£'000	£'000
Bank loan and overdraft interest payable	(768)	(580)
Finance lease interest payable	-	(2)
Other interest payable	(39)	(10)
Group interest receivable	93	30
Interest payable to related parties (note 18):		
Kingsbridge Directors' Pension Scheme	(10)	(10)
Lion InvestBanc Corporation	(178)	(70)
Illingworth Morris Group Pension Scheme	(43)	(20)
	<u>(945)</u>	<u>(662)</u>
10 Taxation on profit on ordinary activities		
Corporation tax at 31% (1997 : 33%)	18	(211)
Group relief payable	-	1
Deferred taxation (note 19)	(153)	(187)
Associated undertakings	4	57
Advance corporation tax reinstated	-	92
Deferred taxation re change in corporation tax rate	-	38
	<u>(131)</u>	<u>(210)</u>
Adjustments in respect of previous years		
Corporation tax	(6)	95
Deferred taxation (note 19)	(173)	147
Group relief	50	(244)
Advance corporation tax	(93)	2
	<u>(353)</u>	<u>(210)</u>

The tax charge for the year has been reduced primarily by non taxable income of £1,225,000 at a tax rate of 31% (1997 : by the utilisation of losses and other timing differences not previously recognised in deferred tax of £58,000 at a tax rate of 33%).

11 Profit for the financial year	1998	1997
	£'000	£'000
Dealt with in the revised financial statements of the company	802	110
Dealt with by subsidiary undertakings	518	953
Dealt with by associated undertakings (note 15)	(95)	(145)
	<u>1,225</u>	<u>918</u>

The profit dealt with by subsidiary undertakings shown above is after payment of the dividends to the parent undertaking of £53,000 (1997 : £53,000). The loss dealt with by associated undertakings is after payment of dividends to subsidiary undertakings of £44,000 (1997 : £44,000).

Illingworth, Morris Limited

Notes to the financial statements (continued) for the year ended 31 March 1998

12 Dividends on cumulative preference stocks	1998	1997
	£'000	£'000

Dividends of 4.55p per stock unit	<u>91</u>	<u>91</u>
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13 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

	1998	1997
	£'000	£'000
Profit for the financial year	1,225	918
Preference dividends	<u>(91)</u>	<u>(91)</u>
Basic earnings	<u>1,134</u>	<u>827</u>

14 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 1997	7,251	22,684	1,340	31,275
Additions	32	1,029	84	1,145
Disposals	(293)	(192)	(12)	(497)
Group transfers	-	(35)	(1)	(36)
At 31 March 1998	<u>6,990</u>	<u>23,486</u>	<u>1,411</u>	<u>31,887</u>
Cost	108	23,486	1,411	25,005
Directors' valuation 1992	1,187	-	-	1,187
Independent valuation 1992	<u>5,695</u>	<u>-</u>	<u>-</u>	<u>5,695</u>
	<u>6,990</u>	<u>23,486</u>	<u>1,411</u>	<u>31,887</u>
Depreciation				
At 1 April 1997	489	15,602	1,221	17,312
Disposals	(30)	(183)	(12)	(225)
Group transfers	-	(26)	-	(26)
Charge for the year	<u>98</u>	<u>1,201</u>	<u>65</u>	<u>1,364</u>
At 31 March 1998	<u>557</u>	<u>16,594</u>	<u>1,274</u>	<u>18,425</u>
Net book value				
At 31 March 1998	<u>6,433</u>	<u>6,892</u>	<u>137</u>	<u>13,462</u>
At 31 March 1997	<u>6,762</u>	<u>7,082</u>	<u>119</u>	<u>13,963</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 to the financial statements (continued) for the year ended 31 March 1998

14 Tangible fixed assets (continued)

The aggregate amounts at which the above would have been shown in these revised 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 1998				
Cost	2,772	23,486	1,411	27,669
Aggregate depreciation	<u>1,863</u>	<u>16,594</u>	<u>1,274</u>	<u>19,731</u>
Net book value	<u>909</u>	<u>6,892</u>	<u>137</u>	<u>7,938</u>
At 31 March 1997				
Cost	2,888	22,684	1,340	26,912
Aggregate depreciation	<u>1,865</u>	<u>15,602</u>	<u>1,221</u>	<u>18,688</u>
Net book value	<u>1,023</u>	<u>7,082</u>	<u>119</u>	<u>8,244</u>
Freehold land and buildings at cost or valuation include depreciable assets of £2,929,000 (1997 : £3,054,000). Included in plant and machinery are leased assets with a net book value at 31 March 1998 of £52,000 (1997 : £5,000).				
Company				
Cost or valuation				
At 1 April 1997	3,986	10,391	861	15,238
Additions	-	425	67	492
Disposals	(293)	(121)	(12)	(426)
Group transfers	-	(32)	(1)	(33)
At 31 March 1998	<u>3,693</u>	<u>10,663</u>	<u>915</u>	<u>15,271</u>
Cost	62	10,663	915	11,640
Directors' valuation 1992	1,136	-	-	1,136
Independent valuation 1992	<u>2,495</u>	<u>-</u>	<u>-</u>	<u>2,495</u>
	<u>3,693</u>	<u>10,663</u>	<u>915</u>	<u>15,271</u>
Depreciation				
At 1 April 1997	306	7,916	780	9,002
Disposals	(30)	(117)	(12)	(159)
Group transfers	-	(23)	-	(23)
Charge for the year	<u>61</u>	<u>655</u>	<u>51</u>	<u>767</u>
At 31 March 1998	<u>337</u>	<u>8,431</u>	<u>819</u>	<u>9,587</u>
Net book value				
At 31 March 1998	<u>3,356</u>	<u>2,232</u>	<u>96</u>	<u>5,684</u>
At 31 March 1997	<u>3,680</u>	<u>2,475</u>	<u>81</u>	<u>6,236</u>

Illingworth, Morris Limited

Notes to the financial statements (continued) for the year ended 31 March 1998

14 Tangible fixed assets (continued)

The aggregate amounts at which the above would have been shown in these revised 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 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>769</u>	<u>2,232</u>	<u>96</u>	<u>3,097</u>
At 31 March 1997				
Cost	1,219	10,391	861	12,471
Aggregate depreciation	<u>349</u>	<u>7,916</u>	<u>780</u>	<u>9,045</u>
Net book value	<u>870</u>	<u>2,475</u>	<u>81</u>	<u>3,426</u>

Freehold land and buildings at cost or valuation include depreciable assets of £1,432,000 (1997 : £1,557,000). Included in plant and machinery are leased assets with a net book value at 31 March 1998 of £32,000 (1997 : £5,000).

15 Fixed assets - investments

	Group		Company	
	1998 £'000	1997 £'000	1998 £'000	1997 £'000
Group undertakings				
Shares at cost less provisions	-	-	30,512	30,902
Associated undertakings (see below)				
Equity share capital at cost	50	50	-	-
Preference share capital at cost	1,000	1,000	-	-
Post-acquisition reserves (note 21)	865	960	-	-
Loans	-	450	-	450
Other investments				
Listed equity share capital at cost less provisions	70	70	70	70
Unlisted equity share capital at cost less provisions	<u>2,300</u>	<u>2,300</u>	<u>2,297</u>	<u>2,297</u>
	<u>4,285</u>	<u>4,830</u>	<u>32,879</u>	<u>33,719</u>
Other investments				
Listed on the Calcutta Stock Exchange, India, equity share capital at market value	<u>39</u>	<u>39</u>	<u>39</u>	<u>39</u>

Illingworth, Morris Limited

Notes to the financial statements (continued) for the year ended 31 March 1998

15 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 1997 and 31 March 1998	50	-	2,486	(116)
	<u>50</u>	<u>-</u>	<u>2,486</u>	<u>(116)</u>
	Group undertakings		Other investments	
	Cost	Provisions	Cost	Provisions
	£'000	£'000	£'000	£'000
Company				
At 1 April 1997	36,104	(5,202)	2,487	(120)
Dormant subsidiaries struck off	<u>(448)</u>	<u>58</u>	<u>-</u>	<u>-</u>
At 31 March 1998	<u>35,656</u>	<u>(5,144)</u>	<u>2,487</u>	<u>(120)</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 currently the subject of litigation in Russia, but following legal advice, the company is confident that it will receive complete restitution of their investment plus damages. Pending resolution of the case, other investments include the cost of these shares, the value of the trademarks and the amount available for the purchase of plant, machinery and materials. The value of the trademarks has also been included in creditors falling due after more than one year, £395,000 as deferred income and £1,197,000 as amounts owed to fellow subsidiary undertakings for the trademarks owned by those fellow subsidiary undertakings. Other creditors falling due after more than one year include £637,000 in respect of the agreement to purchase plant, machinery and materials (see also note 18).

Illingworth, Morris Limited

Notes to the financial statements (continued)
for the year ended 31 March 1998

15 Fixed assets - investments (continued)

The holdings in associated undertakings are:

	Issued share capital £'000	Total reserves £'000	Country of incorporation	Proportion held 31 March 1998 %	31 March 1997 %
Woolcombers (Topmakers) Limited*					
<i>Supplier of wool tops and scoureds</i>					
Preference capital	1,000		Great Britain	100	100
Ordinary capital	1	2,186		40	40
I.M. (Synthetics) Limited					
<i>(formerly Asahi-Illingworth Morris Limited)</i>					
<i>Dyer and converter of acrylic fibre</i>					
Ordinary capital	100	(17)	Great Britain	50	50

Both associated undertakings are registered in England and Wales.

The remaining 60% of the shares of Woolcombers (Topmakers) Limited and 50% of the shares of I.M. (Synthetics) Limited are owned by fellow subsidiaries of Hartley Investment Trust Limited. Both the above companies are fully consolidated in the Hartley Investment Trust Limited group accounts.

* Investment held by an intermediate subsidiary undertaking of the company.

The group's share of losses of associated undertakings amounting to £95,000 (1997 : £145,000) includes a profit of £2,000 (1997 : loss of £126,000) in respect of Woolcombers (Topmakers) Limited. The profit before tax of Woolcombers (Topmakers) Limited, in respect of which the group has reflected its share, amounts to £72,000 (1997 : loss of £400,000). Included in the profit/(loss) before tax are turnover and depreciation of £29,527,000 and £16,000 respectively (1997 : £32,828,000 and £52,000 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 1998 %	31 March 1997 %
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.

Illingworth, Morris Limited

Notes to the financial statements (continued)

for the year ended 31 March 1998

16 Stocks

	Group		Company	
	1998	1997	1998	1997
	£'000	£'000	£'000	£'000
Raw materials and consumables	3,997	4,232	2,508	2,878
Work in progress	1,096	1,344	1,012	1,215
Finished goods and goods for resale	3,777	3,906	3,704	3,803
	<u>8,870</u>	<u>9,482</u>	<u>7,224</u>	<u>7,896</u>

17 Debtors (revised)

Amounts falling due within one year

	Group			Company		
	Revised	As originally reported		Revised	As originally reported	
	1998	1998	1997	1998	1998	1997
	£'000	£'000	£'000	£'000	£'000	£'000
Trade debtors	5,490	5,490	6,745	4,350	4,350	4,713
Amounts owed by parent and fellow subsidiary undertakings	853	911	1,545	807	839	1,988
Amounts owed by subsidiary undertakings	-	-	-	31	1,550	862
Amounts owed by associated undertakings	1,710	1,210	1,374	120	120	-
Other debtors	-	-	857	8	8	75
Prepayments and accrued income	1,604	1,604	496	307	307	192
Corporation tax recoverable	-	-	94	128	128	94
	<u>9,657</u>	<u>9,215</u>	<u>11,111</u>	<u>5,751</u>	<u>7,302</u>	<u>7,924</u>

Amounts falling due after more than one year

Amounts owed by parent and fellow subsidiary undertakings	23,650	33,480	23,070	23,650	2,354	23,070
Amounts owed by subsidiary undertakings	-	-	-	4,461	-	4,114
Other debtors (see below)	1,692	1,692	1,180	1,692	1,692	1,180
	<u>34,999</u>	<u>44,387</u>	<u>35,361</u>	<u>35,554</u>	<u>11,348</u>	<u>36,288</u>

Other debtors falling due after more than one year represent £477,000 (1997: £292,000) owed by Bolshevichka (see note 15) and £1,215,000 (1997: £888,000) 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. Although there are concerns as to the economic climate in Russia, 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.

Illingworth, Morris Limited

Notes to the financial statements (continued)

for the year ended 31 March 1998

18

Creditors (revised)

Amounts falling due within one year

	Revised 1998 £'000	Group As originally reported 1998 £'000	1997 £'000	Revised 1998 £'000	Company As originally reported 1998 £'000	1997 £'000
Bank loans and overdrafts (see below)	6,895	6,895	7,185	3,367	3,367	3,599
Obligations under finance leases (note 23)	18	18	13	12	12	7
Trade creditors	4,943	4,943	6,405	3,054	3,054	3,962
Amounts owed to parent and fellow subsidiary undertakings	831	37	370	-	-	343
Amounts owed to subsidiary undertakings	-	-	-	56	219	44
Amounts owed to associated undertakings	216	216	175	212	212	175
Other creditors including taxation and social security	2,490	2,490	3,774	1,559	1,559	2,590
Accruals and deferred income	2,911	2,911	2,652	2,000	2,000	2,017
Proposed dividends	46	46	-	46	46	-
	18,350	17,556	20,574	10,306	10,469	12,737
Other creditors including taxation and security comprises:						
Corporation tax	318	318	515	-	-	88
Other taxes	752	752	965	533	533	591
Social security	580	580	665	290	290	329
Taxation and social security	1,650	1,650	2,145	823	823	1,008
Other creditors (see below)	840	840	1,629	736	736	1,582
	2,490	2,490	3,774	1,559	1,559	2,590

Included in other creditors due within one year is a loan of £540,000 (1997: £540,000) due to the Illingworth Morris Group Pension Scheme and £63,000 (1997: £20,000) interest is included in accruals. This pension scheme has been superseded (see note 25). The surplus funds of the scheme have been lent to the company pending completion of winding up the scheme. The loan bears interest at 1.5% over bank base rate and is repayable on demand.

There are bank borrowings of £4,918,000 (1997: £5,686,000) which are secured on certain assets of the group and include the bank loans of £700,000 (1997: £1,400,000) falling due after more than one year.

Amounts falling due after more than one year

	Revised 1998 £'000	Group As originally reported 1998 £'000	1997 £'000	Revised 1998 £'000	Company As originally reported 1998 £'000	1997 £'000
Bank loans (see below)	700	700	1,400	700	700	1,400
Obligations under finance leases (note 23)	31	31	17	18	18	-
Amounts owed to parent and fellow subsidiary undertakings	9,952	20,482	11,835	8,573	20,086	10,705
Amounts owed to subsidiary undertakings	-	-	-	35,534	-	35,214
Amounts owed to associated undertakings	348	-	328	348	-	328
Other creditors (see below)	3,124	3,124	1,776	3,124	3,124	1,776
Deferred income (see note 15)	395	395	395	395	395	395
	14,550	24,732	15,751	48,692	24,323	49,818

Illingworth, Morris Limited

Notes to the financial statements (continued) for the year ended 31 March 1998

18 Creditors (revised)

Amounts falling due after more than one year (continued)

	1998 £'000	Group 1997 £'000	Company 1998 £'000	1997 £'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	700	700
Due between two and five years	-	700	-	700
	<u>1,400</u>	<u>2,100</u>	<u>1,400</u>	<u>2,100</u>

Other creditors due after more than one year includes:

- (i) £120,000 (1997 : £120,000) loan due to the Kingsbridge Directors' Pension Scheme, of which the Chairman, Mr A J Lewis is the sole beneficiary (see note 26). Interest is charged based upon commercial market rates and there are no fixed repayment terms. Accruals due within one year also include £500,000 pension contributions (1997 : £560,000) and £nil interest and property income (1997 : £33,000) due to the Kingsbridge Directors' Pension Scheme.
- (ii) £2,367,000 (1997 : £1,019,000) 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) £637,000 (1997 : £637,000) in respect of funds made available for the purchase of plant and machinery for Bolshevichka (see note 15).

19 Provisions for liabilities and charges

	Deferred taxation £'000	Other provisions £'000	Total £'000
Group			
At 1 April 1997	591	100	691
Charge for the year	326	-	326
Advance corporation tax adjustment	(23)	-	(23)
	<u>894</u>	<u>100</u>	<u>994</u>
At 31 March 1998			
Company			
At 1 April 1997	132	-	132
Charge for the year	109	-	109
Advance corporation tax adjustment	(23)	-	(23)
	<u>218</u>	<u>-</u>	<u>218</u>
At 31 March 1998			

Illingworth, Morris Limited

Notes to the financial statements (continued) *for the year ended 31 March 1998*

19 Provisions for liabilities and charges (continued)

The amounts provided for deferred taxation represent the total potential liability, calculated at 31% (1997 : 31%) as follows:

	1998 £'000	1997 £'000
Group		
Excess of capital allowances over depreciation	1,144	903
Other timing differences	(195)	(252)
Advance corporation tax recoverable	(55)	(60)
	<hr/> 894 <hr/>	<hr/> 591 <hr/>
Company		
Excess of capital allowances over depreciation	462	444
Other timing differences	(189)	(252)
Advance corporation tax recoverable	(55)	(60)
	<hr/> 218 <hr/>	<hr/> 132 <hr/>

In addition to the above, certain group undertakings have tax losses carried forward and potential advance corporation tax recoveries which exceed any taxation which could become payable if all the existing timing differences obtained by those undertakings were reversed. These excess amounts are approximately £478,000 (1997 : £495,000) in respect of tax losses calculated at a corporation tax rate of 31% all of which arises in the company, and £206,000 (1997 : £54,000) related to advance corporation tax recoveries, £46,000 of which (1997 : £nil) relates to the company.

It is considered that as realised capital gains will be rolled over they do not constitute timing differences and therefore the potential deferred taxation liability has not been quantified.

No provision for deferred taxation is considered necessary on the surplus arising from the revaluation of land and buildings because if any revalued land and buildings are disposed of, it is considered that the tax on any capital gain would be deferred indefinitely by means of "rollover relief".

20 Share capital

	1998 £'000	1997 £'000
Authorised		
1,000,000 4.55% (net) cumulative preference stock units of £1 each (non-equity)	1,000	1,000
1,000,000 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>
	<u>12,000</u>	<u>12,000</u>

Illingworth, Morris Limited

Notes to the financial statements (continued) for the year ended 31 March 1998

20 Share capital (continued)

	1998 £'000	1997 £'000
Allotted, called up and fully paid		
1,000,000 4.55% (net) cumulative preference stock units of £1 each (non-equity)	1,000	1,000
1,000,000 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:

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 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.

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 4.55% (net) cumulative preference stock units, to a fixed cumulative preferential dividend at a rate of 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 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 to the financial statements (continued) for the year ended 31 March 1998

21 Shareholders' funds

	Non-distributable			Distributable		
	Share capital £'000	Capital redemption reserve £'000	Revaluation reserve £'000	Surplus on acquisition of subsidiary undertakings £'000	Profit and loss account £'000	Total shareholders' funds £'000
Group						
At 1 April 1997	9,997	191	5,977	2,286	7,290	25,741
Profit for the financial year	-	-	-	-	1,134	1,134
Realised on sale of properties	-	-	(187)	-	187	-
	<u>9,997</u>	<u>191</u>	<u>5,790</u>	<u>2,286</u>	<u>8,611</u>	<u>26,875</u>
At 31 March 1998	<u>9,997</u>	<u>191</u>	<u>5,790</u>	<u>2,286</u>	<u>8,611</u>	<u>26,875</u>
Parent undertaking and subsidiary undertakings					7,746	
Associated undertakings (note 15)					<u>865</u>	
					<u>8,611</u>	
Company						
At 1 April 1997	9,997	191	3,750	-	7,519	21,457
Profit for the financial year	-	-	-	-	711	711
Realised on sale of properties	-	-	(187)	-	187	-
	<u>9,997</u>	<u>191</u>	<u>3,563</u>	<u>-</u>	<u>8,417</u>	<u>22,168</u>
At 31 March 1998	<u>9,997</u>	<u>191</u>	<u>3,563</u>	<u>-</u>	<u>8,417</u>	<u>22,168</u>

The cumulative amount of goodwill resulting from acquisitions written off amounts to £164,000 (1997 : £164,000).

22 Minority interests

	1998 £'000	Group 1997 £'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 (1997 : £246,000). In the opinion of the directors this liability is unlikely to occur in the foreseeable future.

Illingworth, Morris Limited

Notes to the financial statements (continued) for the year ended 31 March 1998

23 Leasing commitments

	Group		Company	
	1998 £'000	1997 £'000	1998 £'000	1997 £'000
Operating leases				
Annual commitments: plant and machinery				
Expiring within one year	2	14	2	14
Expiring between two and five years	199	97	47	56
Expiring in over five years	3	-	3	-
	<u>204</u>	<u>111</u>	<u>52</u>	<u>70</u>
Finance leases				
Repayment due: plant and machinery				
Within one year	18	13	12	7
Two to five years	31	17	18	-
	<u>49</u>	<u>30</u>	<u>30</u>	<u>7</u>
Obligations under finance leases				

24 Future capital expenditure

Contracted but not provided	54	247	54	247
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25 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.

26 Related party transactions

During the year ended 31 March 1998, 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 9, 17 and 18).

27 Contingent liability

At 31 March 1998 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 £7,497,000 (1997 : £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 to the financial statements (continued)
for the year ended 31 March 1998

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 revised financial statements are drawn up and of which Illingworth, Morris Limited is a member. No intermediate parent undertakings of Illingworth, Morris Limited prepare group revised financial statements. The revised 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	
		1998	1997
		%	%
Illingworth Morris (Saltaire) Limited (IM)	3.15% (net) cumulative first preference shares	59.32	59.32
	4.9% (net) non-cumulative preference shares	64.70	64.56
John Smith (Field Head) Limited (IM)	3.85% (net) non-cumulative preference shares	70.06	70.06
John Wright (Weaving) Limited (IM)	3.15% (net) cumulative preference stock	84.74	84.63
George Mallinson & Sons Limited (IM)	Ordinary shares	99.93	99.93
W E Yates Limited (IM)	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)

Woolcombers Limited (IM)

Fairweather Green Mills, Thornton Road, Bradford

Woolcombers (Processors) Limited

Commission Wool & Synthetic Processors

Fairweather Green Mills, Thornton Road, Bradford

Greenside Woolcombing Company

Isaac Holden (Synthetics) Company

Superwash

J & C Crabtree

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)

Turnkey Computer Systems for the Textile 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)

Sykes & Hebblethwaite

George Mallinson & Sons

Joseph Sykes

Crowther & Vickerman

Fine Worsted Manufacturers

Kirkheaton Mills, Kirkheaton, Huddersfield

R G Neill & Son

Reid & Welsh

Scottish Woollen and Worsted Manufacturers

Glenesk Mills, Langholm

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