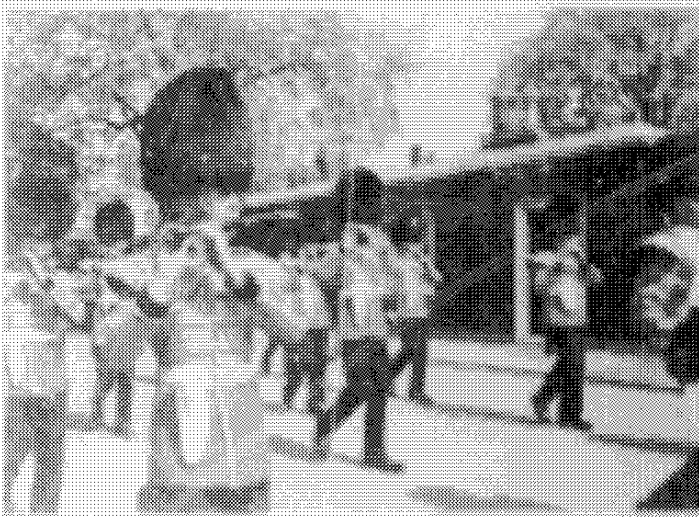
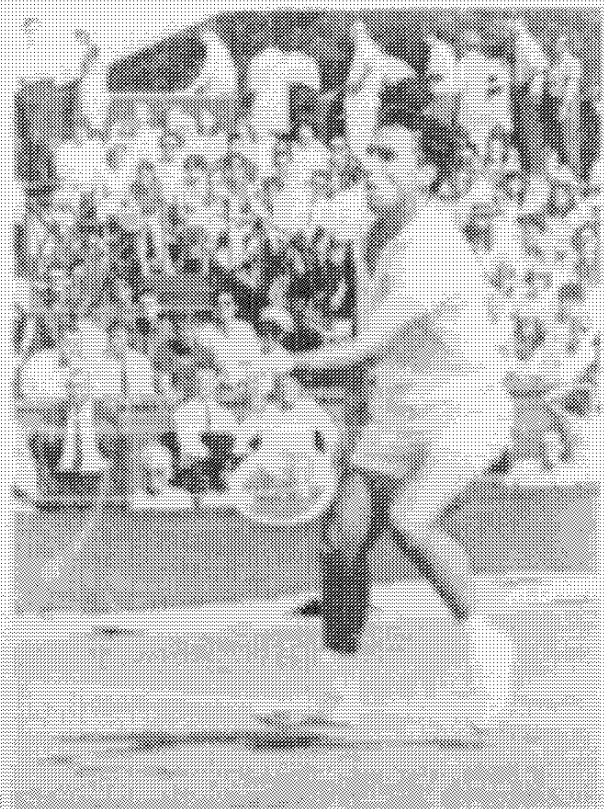
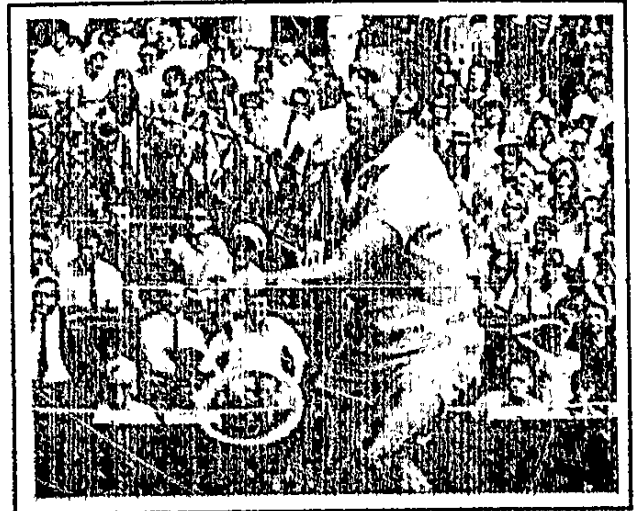




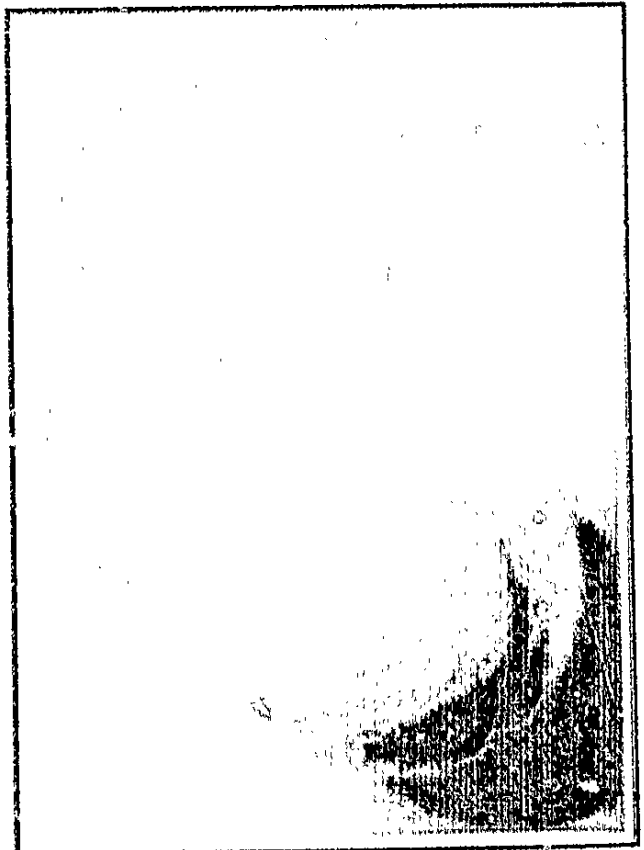
Illingworth, Morris &
Company Limited
Report & Accounts 1974





We continue the practice, established last year, of highlighting in the annual report the activities of one member of the IM Group so that readers will be better acquainted with the diversity of its product range. Stockholders may well be unaware of the Group's versatility and the important contribution each of its members makes to the Group and national effort. This year we introduce Wintertonham, Strickland & Payne, Limited of Strood, an old-established and important subsidiary noted for its distinguished range of flannels, saxony's and overcoatings. WSP's reputation is not solely based on clothing material. The company also produces specialist cloths for other than garment use where exacting standards of quality and finish are demanded. Two of these special areas concern major sports; the third is familiar in a military and ceremonial context. Our cover illustrates these end-uses.

WSP produces a very special kind of cloth known as a tennis ball cover. Virtually the entire export is for tennis world famous manufacturers of equipment. Another product is used by top sportsmen all over the world. Thus WSP cloth makes a vital contribution to the success of most international tennis tournaments.



Tillingworth, Morris & Company, Limited

Notice of Meeting

Notice is hereby given that the 54th Annual General Meeting of the Company will be held at the Company's Registered Office, Victoria Road, Saltair, Shipley, West Yorkshire, on Thursday 26th September 1974 at 12 noon for the following purposes:

Resolution No

To receive and adopt the Directors' Report and Accounts for the year ended 31st March 1974.

1

To declare a Dividend on the Ordinary Stock.

2

To declare a Dividend on the 'A' Ordinary Stock.

3

To elect Directors:

Mr M. T. R. Hall

4

Mr G. R. Mackay

5

Mr I. C. Hall

6

To fix the remuneration of the Auditors.

7

To transact such other business as may properly be transacted at any Ordinary General Meeting.

Dated this 30th August 1974

By Order of the Board

J. Sweeting

Secretary

Victoria Road
Saltair Shipley
West Yorkshire BD18 3LD

Notes:

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 his proxy to attend and vote in his 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 Subject to the proposed Final Dividends for 1973/74 being approved, warrants will be posted to Ordinary and 'A' Ordinary shareholders on the 1st October 1974.

3 There are no service contracts in respect of the Directors' employment by the Company or its subsidiaries.

20.9.74 J. Sweeting

J. Sweeting

Tillingworth, Morris & Company, Limited

31st March 1974

Directors

M. Ostrer *Chairman*

D. Hanson *Deputy Chairman and Managing*

I. C. Hill C.B.E., B.A., *Deputy Chairman*

M. T. R. Hall

G. R. Mackay F.C.A.

Sir Clement Penruddock C.B.E.

J. W. Preston

J. Sweeting F.C.A., *Secretary*

J. D. P. Tanner M.A.

Registered Office and Stock Transfer Department

Victoria Road
Sollteire
Shipley
West Yorkshire BD18 3LD

Bankers

Barclays Bank Limited
Lloyds Bank Limited
Lloyds and Bolsa International Limited
Midland Bank Limited
National Westminster Bank Limited

Auditors

Price Waterhouse & Co.
Chartered Accountants
London and Leeds

Tillingworth, Morris & Company, Limited

Chairman's Statement

Revaluation of land and buildings

In my statement last year I mentioned that your Board had decided to have our U.K. land and buildings revalued. Owing to the changed conditions since the valuers were first instructed, the final figure for valuation is substantially below what was originally anticipated. Nevertheless there is a considerable surplus to be added to the reserves and I am confident that the valuation will prove to be extremely conservative. The Group owns properties with great potential value including more than 100 acres in the Aberdeen area. It may be important to mention that various planning applications have been submitted and permission has already been received for development in respect of a number of properties.

Dividends

The total dividends recommended in respect of 1973-74 on the Ordinary Capitals of the Company give a gross equivalent to Stockholders of 9.88 per cent as compared with 9.41 per cent for the previous year. The amount of this distribution is limited by Government restrictions. One should note that 9.88 per cent is equivalent to approximately 17½ per cent before the bonus distributions in 1972 and 1973 of 1 for 2 followed by 1 for 5.

Review of the year

Stockholders will probably remember that a year ago I suggested that the 1973-74 results should show some improvement on the previous year's figures. There were many problems to be faced, but even so, at the half-way stage there was every reason to suggest that our final figures would show quite a considerable improvement. Unfortunately the second six months turned out to be a period of unprecedented frustration and difficulties, including a fantastic rise in interest rates. A frustrating item among these difficulties was the imposition of the three-day working week which created conditions beyond our control. Whilst we were able to run a reasonable proportion of our machinery in various sections of the Group on more or less a full time basis owing to having our own generators, the net result was a considerable loss in production with its consequent effect of some delay in our deliveries. In the circumstances I feel that our results indicate proof of resiliency and good management, showing as they do an improvement over the previous very good year, after allowing for more than a million pounds increase in Bank interest. During the year the value of our products exported directly and indirectly amounted to approximately 50 per cent of our U.K. turnover, a proportion which I think must be considered satisfactory. Further, this good slice of export business to some extent offset the curtailed margins which we were allowed to earn by legislation on our home trade orders. All our efforts are being directed to maintain and increase this percentage.

Interest rates

Undoubtedly we have suffered from the astronomical rise in interest rates. Between June and November last year, base interest rates rose to an all time high of 13 per cent. This rate is surely prohibitive. During the current year there is every prospect of our borrowing being substantially reduced, and at this date the total is already well reduced. I cannot underline strongly enough the fact that high interest rates and high capital investment are not

compatible. Also it should be noted that a Company like ours (even assuming that we shall increase the 1974-75 dividends by the 12½ per cent now allowed) is limited to a 3.8 per cent gross yield or 2.8 per cent net yield on the Capital Funds of the Equity Stockholders, against a 14 per cent yield on Government securities. This apparent lack of common fairness and logic is alarming.

I think that Stockholders should know that what is technically Bank overdraft is, in my opinion, in the wool textile industry in which we operate, the equivalent of a revolving credit. Bad debts averaged over a period of say 50 years prove that bad debts can be practically ignored in our industry. It is not fully appreciated that there is probably no sounder or safer industry in the world. Practically the whole of the raw material for our products, certainly more than 95 per cent, is usually sold at any one time. Few industries can be in this position. Hence our stocks are equal to realisable cash at all times.

Wool prices

We hope and believe that the Australian Wool Corporation will be successful in their efforts to stabilise wool prices. Prospects augur well for the wool textile industry which undoubtedly has a great future.

Future prospects

I am afraid it is too early to attempt any forecast of the final results for 1974-75. The impact of legislation will be a major consideration. I can say, however, that as far as can be judged the available figures to date show relatively satisfactory results.

Appointments

On the 31st March this year, Mr Ivan Hill, C.B.E., retired from his position as Chief Executive to the Group. Under his able guidance important schemes of re-organisation and streamlining have been carried out which have greatly increased the efficiency and potential profitability of the Group. Mr Hill remains a Deputy Chairman of the Group and is continuing to act as General Consultant. Mr Donald Hanson has been appointed a Deputy Chairman and Managing Director of the Group and it can be said without reserve that the profitability and efficiency of the Group have been greatly enhanced by his experience and exceptional ability. In addition Mr Jackson Sweeting, who has served as Group Secretary and Director for many years has been appointed Co-ordinating Director. Mr Sweeting's ability and value to the Group have been demonstrated on many occasions. These gentlemen have worked together very closely for a number of years and I am satisfied that the Group will be more than happy with these appointments. Also I would like to add that we have many executives of exceptional capacity and I look forward to their advancement in the course of time.

It has been a year when novel circumstances and frustrations of every kind arose almost week by week. Our organisation has shown great resilience and flexibility in dealing with these problems and I cannot pay adequate tribute to the constructive response with which our executives, staff and employees met the difficulties which the Group faced, particularly towards the year end and during the first quarter of 1974. To all I would express my sincere thanks.

30th August 1974

M. Ostrer

19 Tillingworth, Morris & Company, Limited

Directors' Report

31st March 1974

The Directors present their Report and the Audited Accounts for the year ended 31st March 1974.

Directors

The names of the Directors are shown on page 2 and a note of their interests in the share capital of the Company is shown below. The Directors have no interests in the loan capital of Tillingworth, Morris & Company, Limited, nor in the share and loan capital of any of its subsidiaries. No other person was a Director of the Company at any time during the year ended 31st March 1974. The Directors retiring by rotation are Mr M. T. R. Hall, Mr G. R. Mackay and Mr I. C. Hill, who, being eligible, offer themselves for re-election.

No contracts between the Company and any of its Directors existed at any time during the year under review.

The interests of Directors in the Share Capital of Tillingworth, Morris & Company, Limited at 31st March 1974 were as follows:

	0.5% Cumulative Preference Stock Units of £1	0.5% Cumulative 2nd Preference Stock Units of £1	Ordinary Stock Units of 20p	'A' Ordinary Stock Units of 20p
M. Ostrer	200	2,603	3,480,011 (3,454,577)	11,403,559 (10,715,745)
D. Hanson			2,000	55,600
I. C. Hill			20,000	108,000 (30,080)
M. T. R. Hall	6,000		5,000	10,900
G. R. Mackay			56,403 (52,753)	1,325,912 (117,623)
Sir Clement Pentrelock			3,000	6,000
J. W. Preston				11,340
J. Swearing	5	500		59,400
J. D. P. Tanner				45,000

The interests at 31st March 1973 are shown in brackets where these differ and the 'A' Ordinary Stockholdings at 31st March 1973 have been adjusted to include the 1973 bonus issue.

The above interests at 31st March 1974 include non-beneficial interests as follows:

	Ordinary Stock Units of 20p	'A' Ordinary Stock Units of 20p
M. Ostrer	31,400	1,086,020
G. R. Mackay	36,535	1,488,987

The non-beneficial interests of Mr M. Ostrer and Mr G. R. Mackay include the same Trustee holdings of 31,400 Ordinary Stock Units and 1,000,000 'A' Ordinary Stock Units.

Between 1st April 1974 and 30th July 1974 Mr M. Ostrer's interests have increased by 51,000 'A' Ordinary Stock Units (beneficial) and 18,100 'A' Ordinary Stock Units (non-beneficial). Mr G. R. Mackay's non-beneficial interests have increased by 18,100 'A' Ordinary Stock Units. Apart from these there have been no other changes in Directors' interests.

Other Substantial Shareholdings

The following interests in the Ordinary Stock Units, other than those of a Director, have been notified to the Company under Section 93 Companies Act 1957 as at 30th July 1974.

Mr L. Ostrer	4,634,781	46.35%
Lothbury Investment Corporation	2,433,736	24.34%

Principal Activities

The main activity of the Group is the manufacture of Wool and Cotton Textiles and a list of the Subsidiaries and Branches forming the Group, showing their individual activities, is given on pages 19 to 23.

Revaluation of Properties

At 25th February, 1974, the Group's U.K. Land and Buildings were revalued at current open market value in their existing state by Edward Erdman & Co., Surveyors, and the surplus on revaluation of £5,027,000 has been credited direct to Reserves shown on page 13.

No provision has been made for taxation which may arise if the properties were sold at the revalued amounts.

Share Capital

The sum of £1,285,000 from the Company's reserves was used in paying up a bonus issue of 8,425,000 'A' Ordinary Stock Units of 20p each on the basis of one 'A' Ordinary Stock Unit for every two Ordinary or 'A' Ordinary Stock Units held outside the Group on 28th September 1973.

Turnover and Profits

	1974	1973
	£	£
Home	41,540,000	37,149,000
Direct Exports	32,221,000	28,430,000
Indirect Exports	3,109,000	5,745,000
UK Subsidiaries and Branches	82,870,000	66,324,000
Overseas Subsidiaries		
Europe	749,000	2,213,000
South Africa	1,590,000	1,534,000
Australasia	387,000	253,000
U.S.A.	—	77,000
	£85,596,000	£70,401,000

In percentage terms Direct Exports were as follows:

Europe 44%, Asia 32%, North America 9%, Australasia 3%, South Africa 2%, Middle East 7%, other countries 3%.

The contribution to Trading Profits before Depreciation and other Charges by Overseas Subsidiaries was £510,000 (1973 £581,000).

The results of the year are shown on page 7.

21

Illingworth, Morris & Company, Limited & Subsidiaries

Directors' Report continued

Dividends

It is recommended that a Final Dividend of 0-00p per stock unit be paid on the Ordinary and 'A' Ordinary Stocks in respect of the year ended 31st March 1974, first and second Interim Dividends having been paid.

Personnel

The average number of employees per week in the Group during the year ended 31st March 1974 was 9,829 (1973 10,437). The aggregate remuneration paid or payable to Group employees for the year ended 31st March 1974 was £13,421,000 (1973 £13,912,000).

Political and Charitable Contributions

There were no political contributions during the year ended 31st March 1974 (1973 Nil). Charitable contributions during the same period amounted to £2,000 (1973 £2,000).

Income and Corporation Taxes Act 1970

So far as is known, the Close Company provisions of the Income and Corporation Taxes Act 1970 do not apply to the Company.

Capital Gains Tax

For the guidance of stockholders, the prices of the following securities on Dodge Day 1965 (after adjustment for the 1972 and 1973 Bonus Issues) were:

Ordinary Stock	27-50p
'A' Ordinary Stock	21-53p
6-5% Cumulative Preference Stock	86-00p
6-5% Cumulative Second Preference Stock	84-00p

Auditors

Pricewaterhouse & Co. have expressed their willingness to continue in office.

By Order of the Board

J. Sweeting Sec.

Victoria Road
Saltire, Shipley
West Yorkshire BD16 3LD

31st July 1974

27 **Illingworth, Morris & Company, Limited & Subsidiaries**

Consolidated Profit & Loss Account

for the year ended 31st March 1974

	Notes	1974 £	1973 £
Sales to external customers		85,596,000	70,461,000
Trading Profit before Depreciation and Other Charges		9,082,000	7,875,000
Deduct: Charges (less credits)	2	4,500,000	3,444,000
Trading Profit before Investment Income and Taxation		4,582,000	4,431,000
Investment Income—Quoted		274,000	186,000
Unquoted		54,000	26,000
Profit before Taxation		4,910,000	4,643,000
Deduct: Taxation	5	1,934,000	1,539,000
Profit after Taxation		2,976,000	3,106,000
Deduct: Minority interests (including pre acquisition profits of £9,000 (1973 £253,000))		262,000	500,000
Profit attributable to Illingworth, Morris & Company, Limited	6	2,654,000	2,526,000
Deduct: Transfer to Capital Redemption Reserve of Subsidiary		1,000	1,000
Dividends	7	441,000	474,000
		442,000	475,000
Profit Retained		£2,212,000	£2,051,000
Transfer to Reserves by:			
Illingworth, Morris & Company, Limited		936,000	1,248,000
Subsidiaries		1,277,000	833,000
		£2,212,000	£2,051,000
Earnings per Ordinary and 'A' Ordinary Stock Unit	8	5.47p	5.76p

The notes are on pages 10 to 23

Illingworth, Morris & Company, Limited & Subsidiaries

Consolidated Balance Sheet

31st March 1974

	Notes	1974 £	1973 £
Issued Capital Stock	9	9,709,000	9,425,000
Reserves	10	13,296,000	8,078,000
		<u>23,005,000</u>	<u>15,104,000</u>
Minority Interests	11	3,100,000	3,196,000
4 per cent First Mortgage Debenture Stock	12	32,000	50,000
Long Term Loans (Subsidiary)	13	434,000	498,000
		<u>£28,631,000</u>	<u>£18,768,000</u>
Fixed Assets	1 & 15	17,330,000	11,925,000
Investments			
Quoted (Market Value £2,801,000 (1973 £3,953,630))	1 & 16	3,022,000	3,244,000
Unquoted	1 & 17	369,000	349,000
		<u>4,151,000</u>	<u>3,593,000</u>
Advance Corporation Tax	19	205,000	52,000
Current Assets			
Stocks	1	29,231,000	26,059,000
Debtors	1 & 20	13,469,000	11,431,000
Government Securities at Market Value		385,000	550,000
Bank Balances and Cash		151,000	300,000
		<u>43,366,000</u>	<u>37,428,000</u>
Current Liabilities and Provisions			
Overdrafts (£2,491,000 secured by hypothecation of stock)		25,994,000	23,519,000
Acceptance Bills (secured)			579,000
Creditors		8,704,000	7,454,000
Provision for Losses on Forward Contracts		205,000	614,000
Other Provisions	1	400,000	438,000
Taxation (including Corporation Tax £590,000 (1973 £472,000) payable after 31st March 1975)		2,723,000	1,810,000
Preference Dividends (paid 2nd April 1974)		46,000	65,000
Second Interim Dividends (paid 2nd April 1974)		68,000	68,000
Proposed Final Dividends		153,000	170,000
		<u>38,457,000</u>	<u>34,178,000</u>
Net Current Assets		<u>4,899,000</u>	<u>3,240,000</u>
		<u>£26,531,000</u>	<u>£18,768,000</u>

The notes are on pages 10 to 23

24 Illingworth, Morris & Company, Limited

Holding Company Balance Sheet

31st March 1974

	Notes	1974 £	1973 £
Issued Capital Stock	9	9,926,000	8,760,000
Reserves	10	3,958,000	1,084,000
		<u>13,884,000</u>	<u>9,844,000</u>
4 per cent First Mortgage Debenture Stock	12	32,000	50,000
		<u>£13,916,000</u>	<u>£10,484,000</u>
Fixed Assets	1 & 15	4,865,000	1,734,000
Investments - <i>Quoted</i> (Market Value £2,581,000 (1973 £3,719,000))	1 & 18	3,651,000	3,874,000
Interests in Subsidiaries	18	7,320,000	8,790,000
Advance Corporation Tax	19	196,000	52,000
Current Assets			
Stocks	1	3,334,000	2,035,000
Debtors	1 & 20	1,477,000	1,110,000
Government Securities at Market Value		195,000	195,000
Bank Balances and Cash		3,000	2,000
		<u>4,949,000</u>	<u>3,342,000</u>
Current Liabilities			
Overdrafts		6,139,000	5,278,000
Creditors		874,000	679,000
Taxation		200,000	309,000
Preference Dividends (paid 2nd April 1974)		48,000	65,000
Second Interim Dividends (paid 2nd April 1974)		68,000	67,000
Proposed Final Dividends		158,000	110,000
		<u>7,665,000</u>	<u>6,508,000</u>
Net Current Liabilities		<u>(£2,716,000)</u>	<u>(£3,166,000)</u>
		<u>£13,916,000</u>	<u>£10,484,000</u>

M. Ostrer
G. R. Mackay | Directors

Willingworth, Morris & Company, Limited & Subsidiaries

Notes on the Accounts

1 Accounting Policies

The following is a summary of the accounting policies adopted for dealing with items considered material or critical in determining profit or loss and stating the financial position:

Consolidation

The consolidated profit and loss account and balance sheet include the accounts of the Holding Company and all Subsidiaries to the end of the financial year except for two overseas Subsidiaries whose accounts have been made up to the previous 31st December in order to avoid undue delay in the presentation of the consolidated accounts. The profits of subsidiaries are consolidated from the date of acquisition. Discounts on acquisition of subsidiaries are credited to Group Reserves against which premiums on acquisition are charged.

Fixed Assets

Fixed Assets are stated at cost (after deduction of capital grants) to companies forming the Group or at valuation. Depreciation is calculated to write off the cost or valuation of all assets except buildings on a straight line basis over their estimated useful lives. In the opinion of the Directors, the market value of interests in land and buildings is properly represented in the Balance Sheet and accordingly no provision for depreciation reserve has been charged in these accounts.

Investments

The Group has not adopted associated company accounting in respect of investments in companies where the holding exceeds 20% of the equity capital (notes 16 and 17) since it does not participate in the management decisions of those companies. Accordingly only dividends received are included in the consolidated profit and loss account.

Quoted Company investments are held by the Group on a long term basis and are stated at cost. The Directors consider that the shortfall of market value compared with the cost of these investments does not represent a permanent impairment of their value and consequently no provision has been made.

Stocks

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

Debtors

Known bad debts are written off and appropriate provision is made for any amounts where collection appears doubtful.

Provision for losses on forward contracts

It is Group practice to provide where forward contract prices compare adversely with year-end prices.

Deferred Taxation

No provision is made for deferred taxation and the effect of profit and the amount deferred are shown on note 5.

Foreign Exchange

Assets, liabilities, profits and losses in foreign currencies are converted into sterling at the rates of exchange ruling at the end of the financial year.

2 Trading Profit is shown before charging/(crediting)

	1974 £	1973 £
Depreciation	1,006,000	967,000
Bank Interest	2,690,000	1,465,000
Long Term Loan Interest	10,000	8,000
Debenture Interest	1,000	19,000
Provision for Losses on Forward Contracts	368,000	614,000
Emoluments of the Directors of Willingworth, Morris & Company, Limited - note 3		
Fees	1,000	1,000
Other Emoluments	77,000	167,000
Auditors' Remuneration	60,000	54,000
Reorganisation costs	122,000	402,000
Profit on disposal of Quoted Investments	—	(237,000)
Diminution in value of Government Securities	165,000	90,000
	<u>£4,500,000</u>	<u>£3,444,000</u>

3 Directors' Emoluments (excluding Pension Contributions)

	1974	1973
Chairman	£5,750	£5,750
Highest paid Director	£20,250	£20,250
Other Directors were within the following ranges:		
Below £2,500	1	1
£2,501 - £5,000	1	2
£5,001 - £7,500	2	2
£7,501 - £10,000	1	1
£10,001 - £12,500	3	1

4 Remuneration of other employees (excluding Pension Contributions)

No employee (1973 One) earned more than £10,000

5 Taxation

	1974	1973
Corporation Tax	£1,883,000	£1,380,000
Overseas Tax	90,000	150,000
Tax attributable to U.K. dividends received	50,000	—
	<u>2,023,000</u>	<u>1,544,000</u>
Adjustments for other years	(160,000)	(5,000)
	<u>£1,863,000</u>	<u>£1,539,000</u>

The taxation charge is based on the profit of the year after financial effects

Losses brought forward
Associated capital allowances
Other timing differences

	1974	1973
	£	£
	177,000	514,000
	272,000	257,000
	60,000	(237,000)
	<u>£509,000</u>	<u>£534,000</u>

At 31st March 1974 U.K. tax losses amounting to £762,500 (1973 £1,015,000) are available for set off against future profits as and when earned by the Subsidiaries concerned. As stated in note 6, no provision has been made in these accounts for deferred taxation, estimated as follows:

	1974	Group	Holding Company	1973	Group
	£	£	£	£	£
Tax deferred by Capital Allowances on plant	283,000	1,179,000	202,000	1,005,000	—
Tax on chargeable gains which would arise if properties were sold at a price equal to the valuation	200,000	600,000	—	—	—

The amount deferred at 31st March 1973 was calculated at the rate of taxation ruling at that time. Subsequent movements have been calculated at the rate for 1973/74

Illingworth, Morris & Company, Limited & Subsidiaries

Notes on the Accounts continued

6 Amount dealt with in the accounts of Illingworth, Morris & Company, Limited
The profit attributable to Illingworth, Morris & Company, Limited dealt with in the accounts of the Company was £1,391,000 (1973 £1,724,000).

7 Dividends	1974 £	1973 £
Ordinary and 'A' Ordinary Stocks		
First Interim - 0-49p (1973 0-67p gross) per Stock Unit	124,000	166,000
Second Interim - 0-27p (1973 0-37p gross) per Stock Unit	68,000	88,000
Proposed Final - 0-60p (1973 0-60p) per Stock Unit	158,000	110,000
	<u>350,000</u>	<u>364,000</u>
Cumulative Preference Stocks		
4-55p (1973 6-5p gross) per Stock Unit	91,000	180,000
	<u>£441,000</u>	<u>£474,000</u>

The Dividends per Stock Unit shown above have all been calculated by reference to the capital stock as introduced by the Bonus Issue made on 9th November 1973. The gross equivalent of the 1972/74 Dividends is in total 9.66% (1972/73 9.41%).
Dividends on Ordinary and 'A' Ordinary Stocks equivalent to the gross amount of £252,000 (1973 £324,000) have been waived by certain major Stockholders. Dividends of £15,000 attributable to Ordinary and 'A' Ordinary Stocks held by a Subsidiary have been deducted from the Dividends shown above for the purposes of these Group Accounts.

8 Earnings per Stock Unit

Earnings per Stock Unit are calculated on 33,631,750 Ordinary and 'A' Ordinary Stock Units currently in issue and on the following earnings:

	1974 £	1973 £
Profit attributable to Illingworth, Morris & Company, Limited	2,654,000	2,526,000
Deduct: Preference Dividends	91,000	120,000
	<u>£2,563,000</u>	<u>£2,396,000</u>

9 Capital Stock of Illingworth, Morris & Company, Limited

	Authorized £	Issued and Fully Paid £
6.5% Cumulative Preference Stock (in units of £1 each)	1,000,000	1,000,000
6.5% Cumulative Second Preference Stock (in units of £1 each)	1,000,000	1,000,000
Ordinary Stock (in units of 20p each)	2,000,000	2,000,000
'A' Ordinary Stock (in units of 20p each)	6,000,000	4,750,000
At 31st March 1973	10,000,000	8,750,000
Increase in Authorised Capital on 2nd October 1973 by the creation of 10,000,000 further 'A' Ordinary Stock (in units of 20p each)	2,000,000	—
Amount Capitalised and applied in the issue of 'A' Ordinary Stock Units	—	1,285,000
Bonus Shares issued in 1972/73 to Subsidiary now cancelled	—	(109,000)
At 31st March 1974	12,000,000	9,926,000
Stock held by a Subsidiary		
948,313 Ordinary Stock Units of 20p		190,000
137,000 'A' Ordinary Stock Units of 20p		27,000
		217,000
Stock held outside the Group at 31st March 1974		£9,709,000
The preference stock dividend rates were effectively reduced by the Finance Act 1972 to 4.55%		
The nominal value of the Issued Capital Stock at 31st March 1973 held by a Subsidiary was £326,000		

10 Reserves

	Holding Company £	Group £
At 31st March 1973	1,684,000	8,678,000
Net amount capitalised and applied in the issue of 'A' Ordinary Stock Units	(1,176,000)	(1,176,000)
Profit retained (see page 7)	935,000	2,212,000
Sundry movements	—	(46,000)
Surplus on revaluation of Properties (see note 5)	2,515,000	5,627,000
At 31st March 1974	£3,958,000	£13,296,000

11 Minority Interests

	1974 £	1973 £
Preference Capital (including £29,000 (1973 £54,000) dividends accrued)	1,999,000	2,152,000
Ordinary Capital and Reserves (including £8,000 (1973 nil) dividends receivable and £24,000 (1973 nil) surplus on revaluation of properties)	1,161,000	984,000
	£3,160,000	£3,136,000

In the event of the repayment of the Preference Shares of Subsidiaries on a winding up or for any other cause, fixed premiums are payable, up to a maximum total of £366,000 (1973 £438,000)

Tillingworth, Morris & Company, Limited & Subsidiaries

Notes on the Accounts continued

12 Debenture Stock

The four per cent First Mortgage Debenture Stock is redeemable by 1979 by the application of an Annual Sinking Fund of £7,500, together with a sum equivalent to gross interest on stock previously redeemed or, alternatively, at the Company's option on giving three months' notice. In this connection there is a specific first charge on certain Fixed Assets and a floating charge on the other assets of the Holding Company.

13 Long-term Loans (Subsidiary)

	1974 £	1973 £
Repayable after two years but before 1995:		
Secured by Mortgage Bonds over Land and Buildings	51,000	54,000
Unsecured	67,000	1,000
No specific date for repayment		
Secured by Mortgage Bonds and over Land and Buildings	50,000	57,000
Unsecured	200,000	240,000
	<u>£434,000</u>	<u>£347,000</u>

Of the above loans £260,000 are interest free and the remainder carry interest at rates varying between 8 per cent and 10 per cent.

14 Contingent Liabilities

Holding Company

Guarantee to the Bankers of a Subsidiary

Subsidiaries

	1974 £	1973 £
a) Bills discounted	151,000	114,000
b) Guarantees to the bankers of overseas companies	2,000	34,000
c) Export indemnities given by Banks	821,000	188,000
d) Calls on partly paid up shares in an overseas company	15,000	14,000
e) Guarantees in respect of a loan to an overseas company	27,000	22,000
f) There are legal proceedings against a Subsidiary and other parties arising out of the sale by the Subsidiary in 1960, prior to its acquisition by the Group, of the whole of the share capital of another company. The amount claimed by the plaintiff is against all parties is approximately £165,000. The Subsidiary is defending this claim and is also claiming counter indemnity from other parties. No indication can yet be given as to the outcome of these actions and consequently no provision has been made in these accounts for the costs or damages, if any, which may result.		

15 Fixed Assets

	Group			Holding Company		
	Cost or Valuation £	Depreciation £	Net £	Cost or Valuation £	Depreciation £	Net £
Land and Buildings						
At 31st March 1973	8,927,000	3,004,000	5,923,000	1,343,000	423,000	920,000
Surplus on revaluation—notes 10 and 11	2,824,000	(2,827,000)	5,651,000	2,073,000	(442,000)	2,515,000
Currency Adjustment	71,000	11,000	60,000	—	—	—
Additions at cost	232,000	—	232,000	36,000	—	36,000
Disposals	(535,000)	(24,000)	(511,000)	(10,000)	—	(10,000)
Inter-Group Transfers	—	—	—	73,000	19,000	54,000
	<u>£11,519,000</u>	<u>£164,000</u>	<u>£11,355,000</u>	<u>£3,515,000</u>	<u>—</u>	<u>£3,515,000</u>
Comprising:						
Freehold	10,055,000	164,000	9,891,000	2,820,000	—	2,820,000
Long Leasehold	1,464,000	—	1,464,000	695,000	—	695,000
	<u>£11,519,000</u>	<u>£164,000</u>	<u>£11,355,000</u>	<u>£3,515,000</u>	<u>—</u>	<u>£3,515,000</u>

15 Fixed Assets continued

Land and Buildings continued	Group			Holding Company		
	Cost or Valuation £	Depreciation £	Net £	Cost or Valuation £	Depreciation £	Net £
Revaluation at 25th February 1974 of U.K. Land and Buildings by Edward Friman & Co., Surveyors, at current open market value in their existing state	10,737,000	—	10,737,000	3,530,000	—	3,530,000
Deduct Net Book Value of Fixtures and Fittings forming part of the Properties included in the Valuation	332,000	—	332,000	15,000	—	15,000
	10,405,000	—	10,405,000	3,515,000	—	3,515,000
Add Book Value of Land and Buildings of Overseas Subsidiaries	1,052,000	164,000	888,000	—	—	—
	£11,510,000	£164,000	£11,346,000	£3,515,000	—	£3,515,000
Plant, Machinery and other Equipment						
	£	£	£	£	£	£
At 31st March 1973	10,053,000	12,031,000	6,002,000	1,812,000	998,000	814,000
Currency Adjustment	131,000	87,000	44,000	—	—	—
Additions at cost	672,000	—	672,000	295,000	—	295,000
Disposals	(529,000)	(801,000)	(272,000)	(50,000)	(45,000)	(5,000)
Inter-Group Transfers	—	—	—	875,000	494,000	381,000
Depreciation charge for year	—	1,008,000	(1,008,000)	—	135,000	(135,000)
	£10,574,000	£12,543,000	£6,901,000	£2,932,000	£1,582,000	£1,350,000
Total Fixed Assets	£30,640,000	£12,707,000	£17,933,000	£6,447,000	£1,582,000	£4,865,000
Comprising:						
Cost	18,753,000	12,272,000	6,481,000	2,374,000	1,147,000	1,227,000
Independent valuation 1939	268,000	—	268,000	—	—	—
1974	10,431,000	—	10,431,000	3,515,000	—	3,515,000
Directors' valuation 1939	558,000	455,000	103,000	558,000	435,000	123,000
	£30,043,000	£12,707,000	£17,355,000	£6,447,000	£1,582,000	£4,865,000

Ullingworth, Morris & Company, Limited & Subsidiaries

Notes on the Accounts continued

16 Investments - Quoted

Included in the Quoted Investments are investments in the following Companies, in which this Group holds more than one-tenth of the issued equity share capital:

	Issued Share and Loan Capital	Total Received	Principal Country of Operation	Proportion held 1974 %	1973 %
	£	£			
British Cotton & Wool Dyers' Association Limited					
Ordinary Stock	1,151,000	905,000	England	30.65	30.05
Loan Capital	520,000			—	—
British Mohair Spinners Limited					
Ordinary Shares	2,700,000	2,074,000	England	18.42	15.41
6% Redeemable Cumulative Preference Shares	345,000			—	—
Loan Capital	335,000			—	—
Field Brothers Limited					
Ordinary Stock	760,000	1,724,000	England	21.58	19.15
6% Cumulative Preference Stock	275,000			5.14	4.56
George Mallinson & Sons Limited					
Ordinary Shares	750,000	906,000	England	39.33	35.50
Toyoko's Industries Limited					
Ordinary Shares	623,000	837,000	England	26.02	23.04
7% Redeemable Preference Shares	30,000			—	—
Loan Capital	823,000			—	—
Yorkshire Fine Woolen Spinners Limited					
Ordinary Shares	197,000	222,000	England	23.75	16.63
5% Cumulative Preference Shares	165,000			25.94	18.18
Woolcombers of India Limited					
Equity Shares	551,000	549,000	India	21.00	20.73

As explained in note 1, no provision has been made for the shortfall of Market Value compared with cost of Quoted Company Investments amounting to £1,021,000 for the Group. The Market Value of these Investments at 31st July 1974 was £2,280,000.

17 Investments - Unquoted

Equity Share Capital at cost less amount written off
Loans less amounts written off

1974 £	1973 £
282,000	236,000
87,000	83,000
<u>£369,000</u>	<u>£319,000</u>
<u>£423,000</u>	<u>£349,000</u>

Directors' Estimate of Valuation of Equity Share Capital

Included in the above investments are investments in the following Companies in which this Group has more than one-tenth of the issued equity share capital:

	Issued Share and Loan Capital	Total Reserves	Principal Country of Operation	Proportion held 1974 %	1973 %
Alro Stucken GmbH. & Co. K.G.					
Ordinary Capital	248,000	—	West Germany	47.74	47.63
Coosinda Investments Pty. Limited					
Ordinary Capital	31,000	—	Australia	47.74	47.63
Kraglinger & Hirsch (Futures) Pty. Limited					
Ordinary Capital	12,000	(47,000)	Australia	47.74	47.63
J. L. McGregor (Proprietary) Limited					
Ordinary Capital	10,000	25,000	Australia	47.74	47.63
Loan Capital	16,000	—		—	—
Westbrook Lanolin Co. S.A., Belge					
Ordinary Capital	60,000	65,000	Belgium	47.74	47.63

18 Interests in Subsidiaries (Pages 19 to 23)

Shareholdings at Cost or Directors' Valuation
Less: Current and Loan Accounts including Dividends receivable £1,123,000 (1973 £977,000)

Payable
Less: Receivable

1974 £	1973 £
18,629,000	18,442,000
<u>11,826,000</u>	<u>10,775,000</u>
<u>1,117,000</u>	<u>1,123,000</u>
<u>10,709,000</u>	<u>9,652,000</u>
<u>£7,920,000</u>	<u>£8,790,000</u>

23 **Illingworth, Morris & Company, Limited & Subsidiaries**

Notes on the Accounts continued

19 Advance Corporation Tax

Advance Corporation Tax relates to earned and proposed dividends and is recoverable against the Corporation Tax liability payable 1st July 1976 based on the results for the year ending 31st March 1975.

20 Debtors

These include loans by the Holding Company £269,000 (1973 £222,000); Group £268,000 (1973 £223,000) to Trustees for the benefit of Directors and employees in connection with the purchase of 'A' Ordinary Stock Units.

21 Future Capital Expenditure

	1974 £	1973 £
Authorised but not contracted		
Holding Company		
Group	4,000	110,000
Contracted but not provided	88,000	130,000
Holding Company	97,000	157,000
Group	543,000	500,000

Subsidiaries & Branches

The equity and preferential capitals of the Subsidiaries are wholly owned within the Group, with the exception of the following:

			Proportion held within the Group	
			1974 %	1973 %
Salts (Saltaire) Limited	4.5% Cumulative First Preference Shares 7% Non-Cumulative Preference Shares		45.91 46.39	45.41 34.45
John Smith (Field Head) Limited	5.5% Cumulative Preference Shares		37.28	37.28
S. Schneiders & Son Limited	6% Cumulative Redeemable Preference Shares		43.20	41.12
Winterbotham, Strachan & Playne, Limited	6% Cumulative Preference Shares		27.40	28.00
John Emsley Limited	4.5% Cumulative Preference Shares		30.15	29.61
Woolcombers (Holdings) Limited	Ordinary Stock		95.48	95.27
	7.5% Cumulative Preference Stock		32.55	26.71
	6% Cumulative Second Preference Stock		25.40	19.26
Merwool (Proprietary) Limited	B Ordinary Shares		40.10	40.01
Gubb & Inggs Limited	Ordinary Shares		20.05	20.01

The Shares in Subsidiaries shown with the letters (UK) are owned by the Holding Company. The Shares in Subsidiaries not so marked are held by Subsidiaries. All Subsidiaries are registered and operate in England, with the exception of those shown with the letter (S) which are registered and operate in Scotland, and:

	Country of Registration and operation
Allied British Leams S.P.A.	Italy
Ancosa A.G.	Switzerland
Ancosa S.A.	France
William Bussey (Australia) Proprietary Limited	Australia
Fibra-Handel GmbH.	West Germany
Gubb & Inggs Limited	South Africa
Hunt & Winterbotham (Belgium) S.A.	Belgium
Hunt & Winterbotham (France) S.A.R.L.	France
Merwool (Proprietary) Limited	South Africa
W. P. Martin Pty. Limited	Australia
Sykes & Hebblethwaite (U.S.A.) Inc.	U.S.A.
Westbrook Lonolin Company Inc.	U.S.A.
Woolcombers (Australia) Limited	Australia

26 **Illingworth, Morris & Company, Limited & Subsidiaries**

Subsidiaries and Branches continued

Operating Branches and Subsidiaries (Spinners & Dyers- Wool)

W. & G. Chambers Limited (IM)

Stubbing Dyers

Knowles Street, Dudley Hill, Bradford 4

W. & G. Chambers (Gilling) Limited

Commission Re-Gillers

Knowles Street, Dudley Hill, Bradford 4

Emsley Spinning Company

Worsted Spinners

Emsley House, Preston Street, Bradford 7

Globe Worsted Company

Worsted Spinners

Globe Mills, Slatkwaite, W. Huddersfield

Greenwood Dyeing Company

Stubbing Dyers, Mangleers and Bleachers

Hind Street Dyeworks, Bradford 8

Daniel Illingworth & Sons

Worsted Spinners

Whatley Mills, Bradford 8

John Mitton & Sons

Worsted Spinners

Clarence Mills, Cleckheaton

Wm. Morris & Sons

Worsted Spinners

Corporation Mill, Sowerby Bridge

Saltaire Spinning Company

Worsted Spinners

Saltaire, Shipley

James Tankard

Worsted Spinners

Upper Croft Mills, Bradford 4

The Weensland Spinning Company, Limited (IM) (S)

Woolen Spinners

Weensland Mills, Hawick

Operating Subsidiaries and Branches (Manufacturers - Wool)

Branches of Huddersfield Fine Worsteds Limited (IM)

Broadhead & Graves

Fine Worsted Manufacturers

Knitherton Mills, Huddersfield

Josiah France

Fine Worsted Manufacturers

Horsley, Huddersfield

Leahey Brothers & Co.

Fine Worsted Manufacturers

Woolgar Mills, Leeds Road, Huddersfield

Martin Sons & Company

Fine Worsted Manufacturers

Crookfield Mills, Kirkstun, Huddersfield

James Sykes & Son

Woolen & Worsted Manufacturers

Stairford Mills, Minsterbridge, Nr. Huddersfield

Sykes & Hebblethwaite

Worsted Manufacturers

Redback Field Mills, Cretland Moor, Huddersfield

J. & J. Crombie Limited (S)

Manufacturers of Men's Overcoatings, Scottish Suitings and Sports Cloths
 Grandholm Works, Woodside, Aberdeen

John Emsley Limited (IM)

Worsted Manufacturers

Emsley House, Preston Street, Bradford 7

**Operating Subsidiaries and Branches
(Manufacturers-Wool) continued**

R. G. Neill & Son Limited (IM) (S)
Scottish Woollen & Worsted Manufacturers
Glensack Mills, Loughalm

Pepper, Lee & Co. Limited
Manufacturers of Worsted, Mohair and Highweight Suits
Victoria Road, Saltara, Shipley

Popplewell & Ingham Limited
Manufacturers of Worsted, Mohair and Highweight Suits
Victoria Road, Saltara, Shipley

Reid & Walsh Limited (IM) (S)
Scottish Woollen & Worsted Manufacturers
Loscobank Mills, Elgin

Salts (Saltara) Limited, (IM)
Worsted Manufacturers
Saltara, Shipley

Sykes & Hobblothwaite (U.S.A.) Inc.
Corperation Trust Co.
Light and Redwood Street, Baltimore, Maryland, U.S.A.

Winterbotham, Strachan & Playne, Limited (IM)
Worsted & Woollen Cloth Manufacturers and Merchants
Lodgemore Mills, Stroud, Gloucestershire
(Details of Subsidiaries of the Company are shown on this page and page 22)

Woolcombers (Holdings) Limited (IM)
Processors of Natural and Synthetic Fibres
Victoria Road, Saltara, Shipley
(Details of Subsidiaries of the Company are shown on page 23)

Operating Subsidiaries (Cotton)
Joshua Hoyle & Sons, Limited (IM)
Spinners, Manufacturers and Converters of Fabrics made from Cotton and Man-made Fibres
Ross Mill, Bacup
Brooksbottoms Mill, Summerseat, Nr Bury
Plumbe Street, Burnley

Operating Subsidiaries and Branches (Clothing and Knitwear)

The Hawick Hosiery Company, Limited
Fully Fashioned Knitwear Manufacturers
Trinity Mills, Hawick

Phoenix Textile Company (Northampton) Limited
Knitters
Lotts Road, Off Main Road, Far Cotton, Northampton

S. Schneiders & Son Limited (IM)
Clothing Manufacturers
Daneshill West, Basingstoke, Hants

Operating Subsidiaries and Branches (Properties)
John Smith (Field Head) Limited (IM)
Property Owners
Preston Street, Bradford 7

Estates Branch
Property Owners
Victoria Road, Saltara, Shipley, West Yorkshire

Subsidiaries and Branches of Winterbotham, Strachan & Playne, Limited (IM)

Hunt & Winterbotham Limited
Woollen and Worsted Manufacturers
Com Mills, Nr Dursley, Gloucestershire

Strachan & Co. Limited
Woollen Manufacturers
Lodgemore Mills, Stroud, Gloucestershire

William Playne & Co. Limited
Woollen and Worsted Manufacturers
Longfords Mills, Minchinhampton, Gloucestershire

Kemp & Hewitt Limited
Woollen Manufacturers
Minchinhampton, Gloucestershire

Tillingworth, Morris & Company, Limited & Subsidiaries

Subsidiaries and Branches continued

Subsidiaries and Branches of Winterbotham, Strachan & Playne, Limited (INC) continued

Samuel Salter & Co. Limited
Woolen Manufacturers
Hens Mills, Torkbridge, Wiltshire

John & Thomas Clark Limited
Woolen Manufacturers
Hens Mills, Torkbridge, Wiltshire

Cam Mills (West of England) Limited
Woolen and Worsted Manufacturers
Cam Mills, Nr Dorset, Dorsetshire

Hunt & Winterbotham (West of England) Limited
Cloth Merchants
12 Golden Square, London W1

Hunt & Winterbotham (Old Bond Street) Limited
Cloth and Haberdashery Merchants
4 Old Bond Street, London W1

Standen & Co. Limited
Cloth Merchants
12 Golden Square, London W1

Harold A. Gray Limited
Cloth Merchants
Asia House, 82 Princess Street, Manchester 1

Darley Mills Limited
Cloth Merchants
Darley House, Handel Street, Bradford

Hare of England
Cloth Merchants
Darley House, Handel Street, Bradford

Hunt & Winterbotham (Belgium) S.A.
Cloth Merchants
18 Rue Van der Weyer, Brussels, Belgium

Hunt & Winterbotham (France) S.A.R.L.
Cloth Merchants
25-27 Galerie Vivienne, Paris 2, France

Allied British Looms, S.P.A.
Cloth Merchants
Via Dante 24, Milan, Italy

Illingworth, Morris & Company, Limited & Subsidiaries

Auditors' Report

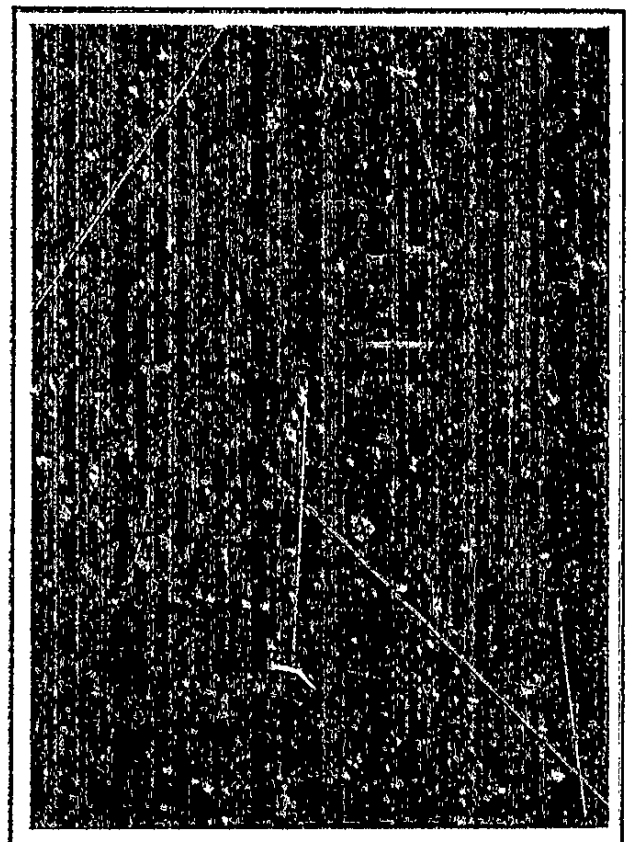
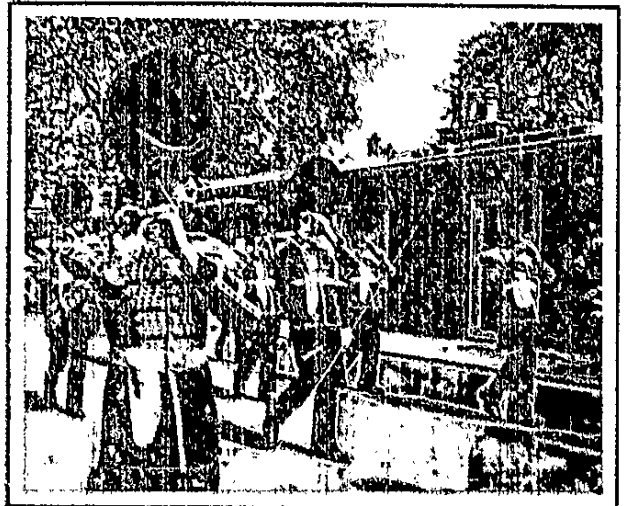
To the Members of Illingworth, Morris & Company, Limited

In our opinion, based on our examination and the reports of the auditors of certain subsidiaries, the accounts and notes on pages 7 to 23 comply with the Companies Acts, 1948 and 1987 and give a true and fair view of the state of affairs at 31st March 1974 and of the profit for the year then ended of the company and of the group after providing for a provision on the basis set out in note 5 and including quoted company investments at cost as described in notes 1 and 16.

Price Waterhouse & Co.
Chartered Accountants

3 Frederick's Place
Old Jewry
London EC2R 8BB

31st July 1974



The scarlet uniform cloth worn by HM Brigade of Guards is made by Winterbotham, Strachan & Payne, Limited. The very highest standards are demanded and a stringent specification is laid down by the Ministry of Defence. The superb finish of the scarlet depends on the degree of "cover" imparted to the cloth but to say more might betray a closely guarded trade secret.

Another specialist sporting material is billiards cloth. Like the tennis ball cover, cloth for billiards tables must match exceptionally high standards. Nothing less than perfection -- and the word is not lightly used -- in weave and finish is acceptable and a remarkable degree of quality control is applied during manufacture. Winterbathens, Strachan & Pym's billiards cloth's grace top tables everywhere, providing the perfect surface on which national and international champions can demonstrate their cue skills. Experience, knowhow, and technology combine to give WSP a unique place in the limited league of speciality cloth producers.

