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TOTAL THREAD LIMITED

Statutory Accounts
31 January 1986



Tootal Thread Limited

Directors' report for the year ended 31 January 1986

Activities

The company is mainly an investment holding company.

Financial Results

The results for the year are set out on page 4.

Dividends

A final dividend has been paid on the ordinary shares of 21.99p per share (1984/85: 13.22p) for the year to 31 January 1986.

The balance of the profit for the year will be carried to revenue reserves.

Fixed Assets

Movements in fixed assets are set out in note 9 to the accounts.

Directors

The Directors of the company at 31 January 1986, all of whom have been Directors for the whole of the year ended on that date, were:

J A Harrison
A G Hilton
W N Hornsby
N J Kershaw
J H Lawson
G W Stow
A Tyldesley
A W Wagstaff
B W Walker
A D Webb

Mr G K Maddrell was appointed to the Board on 1 February 1986.

At no time during the year did any Director have a material interest in any contract or arrangement with the company, or any of its subsidiaries, which was significant in relation to the company's business.

Close Company

The company is not a close company within the meaning of the Income and Corporation Taxes Act 1970.

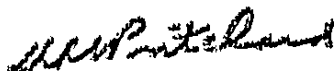
Tootal Thread Limited

Directors' report (Continued)

Auditors

A resolution to re-appoint the auditors, Coopers & Lybrand, will be proposed at the Annual General Meeting, together with a resolution concerning their remuneration.

By order of the Board



K H Pritchard
Secretary

Manchester, 24 April 1986

Tootal Thread Limited

Auditors' report

To the members of Tootal Thread Limited

We have audited the accounts on pages 4 to 14 in accordance with approved Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the company at 31 January 1986 and of its profit and source and application of funds for the year then ended and comply with the Companies Act 1985.

Coopers & Lybrand

Coopers & Lybrand
Chartered Accountants

Manchester, 24 April 1986

Tootal Thread Limited

Profit and loss account
Year ended 31 January 1986

	1985/86 £'000	1984/85 £'000	Notes
Sales	-	-	
Profit on ordinary activities before tax	9,062	6,239	2
Tax on profit on ordinary activities	108	207	6
Profit on ordinary activities after tax	8,954	6,032	
Extraordinary items	300	(1,121)	7
Profit for the financial year	9,454	4,911	
Dividends	8,314	5,000	8
Transfer to/(from) retained profits	1,140	(89)	
Movement in retained profits			
Balance at beginning of year	81	170	
Transfer from/(to) profit and loss account	1,140	(89)	
Balance at end of year	1,221	81	

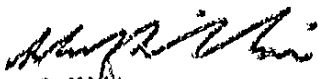
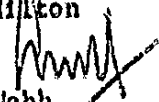
The notes on pages 7 to 14 form an integral part of these accounts

Auditors' report on page 3

Tootal Thread Limited

Balance sheet
31 January 1986

	1986 £'000	1985 £'000	Notes
Fixed assets			
Tangible assets	27	23	9
Investments	52,182	51,445	10
	<u>52,209</u>	<u>51,468</u>	
Current assets			
Debtors	3,054	6,079	11
Cash at bank and in hand	1,276	1,636	
	<u>4,330</u>	<u>7,715</u>	
Creditors: amounts falling due within one year			
Borrowings	6,225	7,469	12
Others	<u>1,073</u>	<u>1,658</u>	12
	<u>7,298</u>	<u>9,147</u>	
Net current liabilities	<u>(2,968)</u>	<u>(1,432)</u>	
Total assets less current liabilities	49,241	50,036	
Creditors: amounts falling due after more than one year			
	<u>10,205</u>	<u>12,140</u>	13
	<u>39,036</u>	<u>37,896</u>	
Capital and reserves			
Called up share capital	37,815	37,815	14
Profit and loss account	1,221	81	
	<u>39,036</u>	<u>37,896</u>	


 A G Hilton

 A D Webb

Directors

The notes on pages 7 to 14 form an integral part of these accounts
Auditors' report on page 3

Tootal Thread Limited

Source and use of funds
Year ended 31 January 1986

	1985/86	1984/85
	£'000	£'000
Source of funds		
Funds from trading operations		
Profit on ordinary activities before tax	9,062	6,239
Adjustment for items not involving the movement of funds		
Depreciation	7	3
Loss on disposal of assets	<u>7</u>	<u>7</u>
	9,069	6,246
Reduction in working capital		
Debtors	3,025	2,687
Other creditors excluding taxation	<u>(590)</u>	<u>605</u>
	11,504	9,538
Funds from other sources		
Disposal of tangible assets	<u>7</u>	<u>6</u>
	11,504	9,544
Application of funds		
Expenditure on tangible fixed assets less grants	11	23
Investment and acquisitions including related companies	237	10
Taxes paid	103	148
Dividends paid	8,314	5,000
Decrease in long term creditors	<u>1,935</u>	<u>5,590</u>
	10,600	10,771
Net inflow/outflow of funds	904	(1,227)
Applied to/Financed by:		
Short term borrowings	1,266	(2,850)
Cash at bank and in hand	<u>(360)</u>	<u>1,623</u>
	904	(1,227)

Auditors' report on page 3

Tootal Thread Limited

Notes on accounts 31 January 1986

1. Accounting Policies

These accounts are prepared on the historic cost basis.

Profit on ordinary activities includes all normal operating results. Extraordinary items derive from events outside normal trading operations, and are recognised when decisions have been taken prior to publishing the accounts.

Fixed assets are stated at cost and reduced by depreciation which is provided mainly on a straight line basis to write off assets over their expected useful lives.

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the date of the balance sheet. Exchange differences are dealt with in the profit on ordinary activities.

	1985/86 £'000	1984/85 £'000
2. Profit on ordinary activities before tax is arrived at after crediting:		
Income from shares in group companies	8,723	6,361
Other operating income	1,357	1,503
	<u>10,080</u>	<u>7,864</u>
and after charging:		
Other external charges	769	851
Auditors' remuneration	1	1
Staff costs (note 3)	41	37
Directors' emoluments including pension scheme contributions (note 4)	86	51
Depreciation of tangible fixed assets	7	3
Interest (note 5)	(167)	514
Exchange differences	(13)	168
Exceptional amounts written off current assets	294	-
	<u>1,018</u>	<u>1,625</u>
Profit on ordinary activities before tax	<u>9,062</u>	<u>6,239</u>

Tootal Thread Limited

3. Employee information and labour costs

	1985/86 Number	1984/85 Number
(a) The average number of persons employed by the company, excluding executive directors is analysed below:-		
Administration	<u>3</u>	<u>2</u>
(b) Employment costs, excluding those of executive directors, were as follows:		
	£'000	£'000
Wages and salaries	33	30
Social security costs	4	2
Other pension costs	4	5
	<u>41</u>	<u>37</u>
(c) No employees earned more than £30,000 in the year.		

Tootal Thread Limited

4. Directors' emoluments

	1985/86 £'000	1984/85 £'000
Directors' emoluments including pension scheme contributions:	86	51

Emoluments, excluding pension scheme contributions, of the directors whose duties were wholly or mainly discharged in the U.K., fell within the range indicated below:-

	Number	Number
Nil to £5,000	7	6
£10,001 to £15,000	-	1
£35,001 to £40,000	1	-

The above table includes the emoluments of the Chairman INIL (1984/85 INIL) and the highest paid director £36,668 (1984/85: £14,584)

5. Interest

	£'000	£'000
Interest payable and similar charges		
On external loans and overdrafts due for repayment within 5 years and not repayable by instalments	1,341	1,351
Group companies	146	287
	<u>1,487</u>	<u>1,638</u>
Interest receivable and similar income		
Group companies	1,263	1,101
Others	391	23
	<u>(167)</u>	<u>514</u>

Tootal Thread Limited

6. Tax on profit on ordinary activities

	1985/86 £'000	1984/85 £'000
U.K. corporation tax based on profit for the year	736	970
Double tax relief	<u>(577)</u>	<u>(639)</u>
	159	331
Overseas taxation	141	176
Advance corporation tax surrendered by group companies	<u>(159)</u>	<u>(331)</u>
	141	176
Prior year adjustments	<u>(33)</u>	<u>31</u>
	<u>108</u>	<u>207</u>

7. Extraordinary items

Reduction/(increase) in provision against investments in subsidiary and related companies	<u>500</u>	<u>(1,121)</u>
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8. Dividends

Final paid 21.99p (1984/85: 13.22p) per share	<u>8,314</u>	<u>5,000</u>
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Tootal Thread Limited

9. Tangible fixed assets

	Plant and equipment		
	Cost £'000	Depreciation £'000	Net book value £'000
At 1 February 1985	27	4	23
Additions	11	-	11
Depreciation for year	-	7	(7)
At 31 January 1986	<u>38</u>	<u>11</u>	<u>27</u>

Principal depreciation rates are based on expected useful lives of 3 to 5 years.

10. Fixed asset investments

	Subsidiaries	Unlisted Related Companies	Total
	£'000	£'000	£'000
At 1 February 1985			
Shares at cost	32,867	1,352	34,219
11% unsecured loan stock 1995	10,000	-	10,000
Loans	8,432	-	8,432
Provisions	(1,018)	(188)	(1,206)
	<u>50,281</u>	<u>1,164</u>	<u>51,445</u>
Movement during the year:			
Additions	179	67	246
Loans	(9)	-	(9)
Provisions	<u>500</u>	<u>-</u>	<u>500</u>
At 31 January 1986	<u>50,951</u>	<u>1,231</u>	<u>52,182</u>
Shares at cost	33,046	1,419	34,465
11% unsecured loan stock 1995	10,000	-	10,000
Loans	8,423	-	8,423
Provisions	(518)	(188)	(706)
	<u>50,951</u>	<u>1,231</u>	<u>52,182</u>

Group accounts have not been prepared because the company is a wholly owned subsidiary of a company incorporated in Great Britain. In the opinion of the Directors the value of the company's investments in subsidiaries and related companies is not less than the amount at which they are included in the balance sheet.

A list of principal subsidiary and related companies appears on pages 15 and 16.

Tootal Thread Limited

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Total Thread Limited

	1986 £'000	1985 £'000
11. Debtors		
Amounts falling due within one year		
Trade debtors	47	42
Amounts owed by group companies:		
Subsidiary companies	1,461	2,732
Amounts owed by related companies	116	94
Other debtors	217	94
Prepayments and accrued income	<u>432</u>	<u>111</u>
	2,273	3,073
Amounts falling due after one year		
Amounts owed by group companies:		
Holding company and fellow subsidiaries	-	231
Subsidiary companies	756	2,754
Other debtors	25	21
	<u>756</u>	<u>2,985</u>
	3,054	6,079
12. Creditors: amounts falling due within one year		
Borrowings		
Short term borrowings	<u>6,225</u>	<u>7,489</u>
Others		
Trade creditors	218	72
Amounts owed to group companies:		
Holding company and fellow subsidiaries	86	128
Subsidiary companies	110	1,133
Tax and social security		
Overseas Tax	92	87
Other creditors	90	65
Accruals and deferred income	<u>477</u>	<u>173</u>
	1,073	1,658

Tootal Thread Limited

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Trade debtors	47	42
Amounts owed by group companies:		
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Other creditors	90	65
Accruals and deferred income	477	173
	<u>1,073</u>	<u>1,658</u>

Tootal Thread Limited

	1986 £'000	1985 £'000
13. Creditors: amounts falling due after more than one year		
Amounts owed to group companies: Subsidiary companies	10,205	12,140

The loans to subsidiaries have no fixed date of repayment. A loan of £1,029,786 in 1985 bore interest at 11%. The other loans do not bear interest.

14. Called up share capital		
Authorised, issued, called up and fully paid	37,815	37,815
37,814,890 Ordinary shares of £1 each		

Tootal Thread Limited

15. Directors shareholdings

The beneficial interests of the Directors at the end of the year and their families in fully paid ordinary shares of Tootal Group plc were as follows:

	31 January 1986	1 February 1985
	Number	Number
H J Kershaw	3,412	3,412
J H Lawson	NIL	1,000
G W Stow	NIL	NIL
D W Walker	NIL	NIL
J A Harrison*		
A G Hilton*		
W N Horneby*		
A Tyldesley*		
A W Wagstaff*		
A D Webb*		

* A director of the company's immediate holding company whose shareholding is disclosed in the accounts of that company.

None of the Directors had any other interests during the year in shares or debentures of the company, or any other company in the Group.

16. Contingent liabilities and guarantees

Bills discounted amount to £NIL (1985: £3,124,000).

The company has given guarantees on behalf of subsidiary companies of £4,067,000 (1985: £567,000).

Included in cash at bank and in hand is a deposit of £774,000 (1985: £982,000) which has been assigned as security for borrowings by a third party.

There is a first floating charge on the assets of the company in favour of the trustees for the £1,944,819 6.75% debenture stock 1985/90, the £3,200,000 4.75% perpetual debenture stock and the £1,221,896 7.25% debenture stock 1985/90 of the ultimate holding company, Tootal Group plc.

17. Ultimate holding company

The ultimate holding company is Tootal Group plc which is incorporated in Great Britain.

Tootal Thread Limited**Principal subsidiary companies
31 January 1986**

Country of operation and incorporation or registration	Class of Capital	Percentage held by Company Subsidiaries	
Name of Company			
England			
English Sewing Limited	Ordinary	100	-
Lithopak Limited	Ordinary	100	-
Australia			
Australian Thread Pty Limited	Ordinary	100	-
Canada			
Bell Tootal Inc.	Preference	-	100
	Common Stock	-	100
Germany			
Zwirner und Nähfadenfabrik Rhenania AG	Bearer	99	-
Hong Kong			
Tootal Thread Hong Kong Limited	Ordinary	100	-
China Thread Development Co Limited	Ordinary	85	-
Republic of Ireland			
Irish Sewing Limited	Ordinary	100	-
Malaysia			
Tootal Thread Malacca Sdn Bhd	Ordinary	51	-
Nigeria			
West African Thread Company Limited	Ordinary	60	-
Philippines			
Allied Thread Company Inc.	Capital Stock	100	-
South Africa			
Natal Thread Company (Proprietary) Limited	Ordinary	56.6	-
Sri Lanka			
Tootal Thread Colombo (Private) Limited	Ordinary	69.4	-
United States of America			
The American Thread Company	Preferred	-	-
	Common Stock	-	100
Tootal Thread Inc.	Common Stock	-	100

All the above subsidiaries are engaged in the manufacture or marketing of sewing thread except Lithopak Limited which is a carton manufacturer.

In order to avoid giving particulars of excessive length the above list excludes companies which do not make a significant contribution to the net assets or profits of the company. A complete list of subsidiaries will be filed with the next annual return.

Tootal Thread Limited

Principal related company
31 January 1986

Country of operation and
incorporation

Issued Capital

Class	Nominal £'000	Holding %
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Name of company

Indonesia
P.T. Inbritex

Ordinary	1,422	50
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The above company is principally engaged in the manufacture and marketing of sewing thread.