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**Robert Laidlaw & Sons Limited**

**Annual Report and Financial Statements 1997**

ROBERT LAIDLAW & SONS LIMITED

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**DIRECTORS, OFFICERS AND ADVISERS**

**DIRECTORS**

Adrian Berry  
Peter C. Law  
Raymond O'Hara  
Edward S.M. Stanners  
Ronald Taylor  
Bryan E. Lodder  
Trevor F. Wiseman  
D. Chris Hanson (Appointed 31st January, 1997)  
Richard Lumsden (Resigned 31st January, 1997)

**SECRETARY**

Ronald Taylor

**ADVISERS**

**Bankers**

Midland Bank PLC  
47 Market Street,  
BRADFORD, BD1 1LW

**Solicitors**

Gordons, Wright & Wright  
14 Piccadilly,  
BRADFORD, BD1 3LX

Hammond Suddards  
2 Park Lane,  
LEEDS, LS3 1ES

**Auditors**

KPMG Audit Plc  
Chartered Accountants,  
1 The Embankment,  
Neville Street,  
LEEDS, LS1 4DW

**Registered Office**

8 Newton Terrace,  
GLASGOW, G3 7PJ

Reg. No. 26087

## DIRECTORS' REPORT

Your Directors have pleasure in presenting their report and the audited financial statements of the Company for the year ended 2nd May, 1997.

### Activities

The principal activity of the Company is the manufacture and sale of woollen and worsted fabrics for the menswear apparel industry.

### Business review and future developments

The results for the year are set out in the profit and loss account on page 4.

The Directors do not recommend the payment of a dividend.

### Directors

The Directors during the year are detailed on page 1.

### Directors' interests

The beneficial and non-beneficial interests of those Directors who are also Directors of the immediate parent company, Clissold Holdings Limited and the ultimate parent company, Parkland Group PLC are disclosed in those companies' financial statements.

The beneficial interests of other Directors and their families in the ordinary shares of Parkland Group PLC, as recorded in the register of Directors' interests are as follows:-

	2nd May, 1997	3rd May, 1996
Beneficial and family interests		
E.S.M. Stanners	187	125

### Creditor payment policy

The Company's policy is to pay all its creditors in accordance with its contractual and legal obligations and on the basis of the payment terms agreed.

### Auditors

A resolution is to be proposed at the Annual General Meeting for the reappointment of KPMG Audit Plc as auditors of the Company.

On behalf of the Board,



R. Taylor  
Secretary,  
8th July, 1997.

## 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 of the profit or loss for that period. In preparing those financial statements, the Directors are required to:-

- \* select suitable accounting policies and then apply them consistently;
- \* make judgements and estimates that are reasonable and prudent;
- \* state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- \* prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company 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 Company and to prevent and detect fraud and other irregularities.

## REPORT OF THE AUDITORS TO THE MEMBERS OF ROBERT LAIDLAW & SONS LIMITED

We have audited the financial statements on pages 4 to 13.

### Respective responsibilities of directors and auditors

As described above the Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

### Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company as at 2nd May, 1997 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc*

KPMG Audit Plc  
Chartered Accountants  
Registered Auditors  
Leeds

8th July, 1997

ROBERT LAIDLAW & SONS LIMITED

**PROFIT AND LOSS ACCOUNT**

for the year ended 2nd May, 1997

	Note	1997 £	1996 £
<b>Turnover</b>	2	2,093,462	1,928,265
<b>Cost of sales</b>		(1,771,647)	(1,717,620)
		<u>321,815</u>	<u>210,645</u>
<b>Gross Profit</b>			
Distribution costs		(20,660)	(35,221)
Administrative expenses		(142,846)	(123,036)
		<u>158,309</u>	<u>52,388</u>
<b>Operating profit</b>			
Interest payable (net)	3	(59,259)	(46,380)
		<u>99,050</u>	<u>6,008</u>
<b>Profit on ordinary activities before taxation</b>	4		
Taxation on profit on ordinary activities	7	-	-
		<u>99,050</u>	<u>6,008</u>
<b>Profit for the financial year</b>			
Dividends		-	-
		<u>99,050</u>	<u>6,008</u>
<b>Transfer to reserves</b>	16		

The above results are derived wholly from continuing operations.

There were no recognised gains or losses in either year other than the profits shown above.

The notes on pages 7 to 13 form part of these financial statements.  
A statement of movements on reserves is shown in note 16.


ROBERT LAIDLAW & SONS LIMITED

**BALANCE SHEET**  
as at 2nd May, 1997

	Note	1997 £	1996 £
<b>Fixed assets:</b>			
Tangible assets	8	10,042	12,994
Investments	9	4	4
		<u>10,046</u>	<u>12,998</u>
<b>Current assets:</b>			
Stocks	10	364,168	435,513
Debtors	11	327,534	298,207
		<u>691,702</u>	<u>733,720</u>
<b>Creditors: amounts falling due within one year:</b>			
Borrowings	12	(684,544)	(487,149)
Other Creditors	13	(155,516)	(442,457)
		<u>(840,060)</u>	<u>(929,606)</u>
<b>Net current liabilities</b>		<u>(148,358)</u>	<u>(195,886)</u>
<b>Total assets less current liabilities</b>		<u>(138,312)</u>	<u>(182,888)</u>
<b>Creditors: amounts falling due after more than one year:</b>			
Borrowings	12	-	(54,474)
<b>Net liabilities</b>		<u>(138,312)</u>	<u>(237,362)</u>
<b>Capital and reserves:</b>			
Called up share capital	15	817,000	817,000
Share premium account	16	3,865,000	3,865,000
Profit and loss account	16	(4,820,312)	(4,919,362)
<b>Deficit of equity shareholders' funds</b>		<u>(138,312)</u>	<u>(237,362)</u>

The financial statements were approved by the Board of Directors on 8th July, 1997 and were signed on its behalf by:

R. Taylor           )  
                              )     Directors  
D. C. Hanson       )



The notes on pages 7 to 13 form part of these financial statements.

# ROBERT LAIDLAW & SONS LIMITED

## RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS for the year ended 2nd May, 1997

	1997 £	1996 £
<b>Profit for the financial year</b>	<b>99,050</b>	<b>6,008</b>
Dividends	-	-
<b>Net addition to shareholders' funds</b>	<b>99,050</b>	<b>6,008</b>
Deficit of opening shareholders' funds	(237,362)	(243,370)
<b>Deficit of closing shareholders' funds</b>	<b>(138,312)</b>	<b>(237,362)</b>



**NOTES ON THE FINANCIAL STATEMENTS**  
(forming part of the financial statements)

## 1. Accounting Policies

**Accounting Policies**  
The principal accounting policies used in the preparation of these financial statements are set out below.

(a) **Accounting Convention**

**Accounting Convention**  
The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

The financial statements have been prepared using the going concern basis which assumes that the Company will continue to trade. The validity of this assumption is dependent upon the continuing support of the ultimate parent undertaking, which has indicated that it will give such support.

If the Company were unable to continue to trade, adjustments would have to be made to reduce the value of assets to their recoverable amount, to provide for any further liabilities that might arise, and to reclassify fixed assets as current assets.

(b) **Cash Flow Statement**

**Cash Flow Statement**  
Under Financial Reporting Standard No. 1(Revised) the Company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking.

**(c) Turnover**

**Turnover**  
Turnover is shown at invoiced prices excluding value added tax.

**(d) Stocks**

**Stocks**  
Stocks are valued at the lower of cost and net realisable value. The cost of work in progress and finished goods stocks includes a due proportion of labour and overhead expenses.

(e) **Deferred taxation**

**Deferred taxation**  
Deferred taxation is provided using the liability method in respect of the taxation effect on all timing differences to the extent that it is probable that liabilities will crystallise in the foreseeable future.

**(f) Depreciation**

**Depreciation**  
Depreciation has been calculated at rates appropriate to write off the net cost, less the residual value, of the individual assets over their estimated useful life. The main lives adopted are:

Plant, machinery and equipment	- 4-15 years straight line.
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**(g) Leases**

**Leases**  
Cost of plant and machinery includes in respect of assets held under finance leases an amount representing the original outright purchase price. The capital element of future rentals is treated as a liability and the interest element is charged to the profit and loss account over the period of the lease in proportion to the balances outstanding.

Operating lease rentals are charged to the profit and loss account in the year in which they are incurred.

### (h) Foreign Exchange

**Foreign Exchange**  
Assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Transactions denominated in foreign currencies are translated at the rates ruling at the transaction date.

## NOTES ON THE FINANCIAL STATEMENTS (continued)

## 1. Accounting Policies (cont.)

## (i) Pensions

The amounts charged in the profit and loss account in respect of pension provisions are based upon contributions paid in respect of defined contribution money purchase pension schemes.

## (j) Research and Development

The Company does not undertake fundamental research projects although it subscribes to organisations which do carry out such work. Development of markets, products, processes, systems, technology and people is undertaken. All expenditure is charged to the profit and loss account in the year in which it arises.

## 2. Turnover

	1997 £	1996 £
The analysis by geographical area is as follows:		
United Kingdom	1,020,377	1,132,979
Rest of Europe	136,983	293,857
Asia	883,250	77,953
America	52,852	408,143
Australasia	-	15,333
	<u>2,093,462</u>	<u>1,928,265</u>

The Directors consider that the Company operates in only one business segment.

## 3. Interest payable (net)

	1997 £	1996 £
Interest on bank loans and bank overdrafts wholly repayable within 5 years	58,857	25,407
Finance charges on hire purchase and finance lease agreements	-	735
Interest payable on other loans	402	20,265
Interest receivable	-	(27)
	<u>59,259</u>	<u>46,380</u>

## 4. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is arrived at after charging the following:

	1997 £	1996 £
Depreciation - owned assets	1,036	912
Depreciation - assets held under hire purchase and finance lease agreements	2,056	2,742
Auditors' remuneration	6,100	5,550
	<u>9,192</u>	<u>9,204</u>

**NOTES ON THE FINANCIAL STATEMENTS (continued)****5. Remuneration of Directors**

No remuneration was paid to the Directors (1996: £nil).

During the year one Director (1996: none) exercised share options in Parkland Group PLC, the ultimate parent undertaking.

**6. Staff numbers and costs**

The average number of persons employed by the Company during the year was as follows:

	1997 No.	1996 No.
Management	1	1
Administration and sales	2	2
	<u>3</u>	<u>3</u>
	—	—

The aggregate payroll costs of these persons were as follows:-

	1997 £	1996 £
Wages and salaries	59,109	65,754
Social Security costs	7,695	6,610
	<u>66,804</u>	<u>72,364</u>

**7. Taxation on profit on ordinary activities**

Corporation tax losses brought forward from previous periods are available for carry forward to off-set against future trading income (see note 14).

**8. Tangible fixed assets**

	Plant, machinery & equipment £
Cost at 3rd May, 1996	30,782
Additions	140
	<u>30,922</u>
<b>Cost at 2nd May, 1997</b>	
Depreciation at 3rd May, 1996	17,788
Provision for the year	3,092
	<u>20,880</u>
<b>Depreciation at 2nd May, 1997</b>	
<b>Net book amount at 2nd May, 1997</b>	<u>10,042</u>
Net book amount at 3rd May, 1996	12,994

The net book amount of fixed assets includes an amount of £6,170 in respect of assets held under hire purchase and finance lease agreements (1996: £8,226).

NOTES ON THE FINANCIAL STATEMENTS (continued)

9. Investments

	1997 £	1996 £
Shares in subsidiary undertakings at cost less provisions	4	4
	—	—

There were no movements in investments during the year.

Shares in subsidiary undertakings comprise the following:-

	Country of incorporation or registration	Interest in issued share capital Ordinary shares	Principal Activity
Beamont Carr & Co. Limited	England and Wales	100%	Cloth manufacturer
Scottish Crofter-Weavers Limited	Scotland	100%	Dormant
McIntyre of Sorn Limited	Scotland	100%	Dormant

10. Stocks

	1997 £	1996 £
Raw materials	238,792	284,481
Work in progress and finished goods	125,376	151,032
	<u>364,168</u>	<u>435,513</u>

11. Debtors

	1997 £	1996 £
Trade debtors	150,904	137,546
Amounts owed by group undertakings (see below)	169,322	160,552
Prepayments and accrued income	7,240	109
Other debtors	68	-
	<u>327,534</u>	<u>298,207</u>

The amounts owed by group undertakings comprise:

Parent and fellow subsidiary undertakings	51,483	12,000
Subsidiary undertakings	117,839	148,552
	<u>169,322</u>	<u>160,552</u>

## NOTES ON THE FINANCIAL STATEMENTS (continued)

## 12. Borrowings

	1997 £	1996 £
Due within one year:		
Bank overdraft	677,545	478,744
Hire purchase and finance lease agreements	2,411	3,340
Other loans	4,588	5,065
	<u>684,544</u>	<u>487,149</u>
Due after more than one year:		
Hire purchase and finance lease agreements	-	2,411
Amount owed to Group undertaking	-	30,000
Other loans	-	22,063
	<u>-</u>	<u>54,474</u>
Total	<u>684,544</u>	<u>541,623</u>

## 13. Creditors: amounts falling due within one year

	1997 £	1996 £
Trade creditors	154,030	257,424
Amounts owed to group undertakings (see below)	834	175,491
Other creditors	20	1,822
Accruals	228	7,339
Social Security and other taxation	404	381
	<u>155,516</u>	<u>442,457</u>

The amounts owed to group undertakings comprise:

Parent and fellow subsidiary undertakings	<u>834</u>	<u>175,491</u>
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**NOTES ON THE FINANCIAL STATEMENTS (continued)****14. Provisions for liabilities and charges**

The Company has a potential deferred tax asset which, calculated at a tax rate of 31% (1996: 33%) is set out below:

	1997 £	1996 £
Accelerated depreciation	61,250	87,020
Corporation tax losses	1,323,347	1,422,280
	<u>1,384,597</u>	<u>1,509,300</u>

This asset has not been included in the financial statements.

**15. Share capital**

	1997 £	1996 £
Authorised		
150,000 "A" ordinary shares of 50p each	75,000	75,000
925,000 ordinary shares of £1 each	925,000	925,000
	<u>1,000,000</u>	<u>1,000,000</u>
Alotted, issued and fully paid:		
150,000 "A" ordinary shares of 50p each	75,000	75,000
742,000 ordinary shares of £1 each	742,000	742,000
	<u>817,000</u>	<u>817,000</u>

The "A" ordinary shares and the ordinary shares rank pari passu with each other. Dividends declared and assets on liquidation are distributed pro rata to the respective nominal values of the shares or, in the case of any share not fully paid, pro rata to the amount paid up on such shares.

**16. Reserves**

	Share premium account £	Profit and loss account £
At 3rd May, 1996	3,865,000	(4,919,362)
Profit for the financial year	-	99,050
At 2nd May, 1997	<u>3,865,000</u>	<u>(4,820,312)</u>

**17. Contingent liabilities**

The Company had contingent liabilities at 2nd May, 1997 relating to guarantees given to third parties on behalf of other Group undertakings amounting to £8,182,066 (1996: £3,108,297).

**NOTES ON THE FINANCIAL STATEMENTS (continued)**

**18. Related party transactions**

Under Financial Reporting Standard No. 8 the Company is exempt from the requirement to disclose details of transactions with other group companies on the grounds that it is a wholly owned subsidiary undertaking of Parkland Group PLC whose accounts are publicly available as detailed in note 19.

**19. Ultimate parent undertaking**

The Company's ultimate parent undertaking is Parkland Group PLC, which is a company incorporated in Great Britain and registered in England and Wales. The results of the Company are included in the accounts of Parkland Group PLC.

Copies of the published accounts of the ultimate parent undertaking may be obtained by contacting:

The Company Secretary  
Parkland Group PLC,  
Albion Mills,  
Greengates,  
Bradford,  
BD10 9TQ.