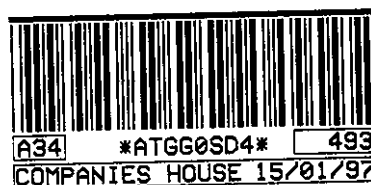


TEXTILE SHAPES AND ASSEMBLIES LIMITED
REGISTERED NUMBER 1298378 (ENGLAND AND WALES)
REPORT AND FINANCIAL STATEMENTS
30 SEPTEMBER 1996

J Gareth Morgan & Co
100a Commercial Street
TREDEGAR Gwent



TEXTILE SHAPES AND ASSEMBLIES LIMITED

STATEMENT OF DIRECTORS RESPONSIBILITY FOR PREPARING THE FINANCIAL STATEMENTS

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 of the company 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;
- 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE AUDITORS TO THE MEMBERS OF TEXTILE SHAPES AND ASSEMBLIES LIMITED

We have examined the abbreviated Accounts on pages 3 to 7 together with the full financial statements of Textile Shapes and Assemblies Limited for the year ended 30 September 1996. The scope of our work for the purposes of this report was limited to confirming that the company is entitled to the exemptions claimed in the Directors statements on page 3 and that the abbreviated accounts have been properly prepared from the full financial statements.

In our opinion the company is entitled under Sections 247 and 248 of the Companies Act 1985 to the exemptions conferred by Part I of Schedule 8 to that Act in respect of the year ended 30 September 1996 and the abbreviated accounts on pages 3 to 7 have been properly prepared in accordance with that schedule.

On 10 December 1996 we reported to the members on the full statutory accounts of the company prepared under Section 226 of the Companies Act 1985 for the year ended 30 September 1996. Our report under Section 235 of the Companies Act 1985 was as follows:

TEXTILE SHAPES AND ASSEMBLIES - LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS OF
TEXTILE SHAPES AND ASSEMBLIES LIMITED

We have audited the financial statements on pages 3 to 11 which have been prepared under the Historical Cost Convention and the accounting policies set out on pages 5 to 6.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS
AND AUDITORS

As described on page 1 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 these statements and to report our opinion to you.

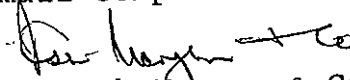
Basis of opinion

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 the company's affairs as at 30 September 1996 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.


J Gareth Morgan & Co
Chartered Accountants and Registered Auditors
100a Commercial Street
Tredegar Gwent

10 December 1996

TEXTILE SHAPES AND ASSEMBLIES LIMITED

**BALANCE SHEET
AS AT 30 SEPTEMBER 1996**

	Notes	1996	1995
Fixed Assets			
Tangible Assets	2	995543	956103
Loan		51126	51126
Current Assets			
Stocks		346934	283959
Debtors		8596564	515771
Cash at bank and in hand		<u>71365</u>	<u>65855</u>
		1014863	865585
Creditors: amounts falling due within one year		<u>626081</u>	<u>580558</u>
Net current assets		<u>388782</u>	<u>285027</u>
Total assets less current liabilities		1435451	1292256
Creditors: amounts falling due after more than one year			
Bank Loans and Overdrafts		69096	91980
Hire Purchase Liabilities		<u>27504</u>	<u>57337</u>
		<u>96600</u>	<u>149317</u>
		<u>£1338851</u>	<u>£1142939</u>
Capital and reserves			
Called up share capital 3		13020	13020
Share Premium Account		3780	3780
Revaluation Reserve		282578	282578
Profit and Loss Account		<u>1039473</u>	<u>843561</u>
		<u>£ 1338851</u>	<u>£ 1142939</u>

The Directors have taken advantage of Part I of Schedule 8 of the Companies Act 1985 to prepare abbreviated accounts as, in the opinion of the Directors, the company is a small company entitled to those exemptions.

Approved by the Directors

X.....X.C Bowden

TEXTILE SHAPES AND ASSEMBLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1996

1 Accounting Policies

1.1 Basis of preparation of accounts

The financial statements are prepared under the Historical cost convention as modified by the revaluation of certain fixed assets and incorporate the results of the principal activity which is described in the Directors Report and which is continuing.

The company has taken advantage of the exemption in FRS1 from the requirement to prepare a cash flow statement on the grounds that it is a small company.

1.2 Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, net of Value Added Tax and trade discounts.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation.

Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following basis:

Freehold Buildings	2% straight line basis of the cost or valuation
Plant and Machinery	15% reducing balance basis
Fixtures and Fittings	15% reducing balance basis
Vehicles	25% reducing balance basis

1.4 Leasing and hire purchase

Assets obtained under finance leases are capitalised as tangible fixed assets and depreciated over the shorter of the lease term and their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future period. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.5 Operating leases

Rentals applicable to leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to profit and loss account as incurred.

TEXTILE SHAPES AND ASSEMBLIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 1996**

1.6 Stocks and work in progress

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.7 Research and development

Expenditure on research and development is written off in the year that it is incurred.

1.8 Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

1.9 Deferred taxation

Provision is made for taxation deferred as a result of material timing differences between the incidence of income and expenditure for taxation and accounts purposes, using the liability method, only to the extent that, in the opinion of the director, there is a reasonable probability that a liability or asset will crystallise in the near future.

TEXTILE SHAPES AND ASSEMBLIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 1996**

2 Tangible Fixed Assets

	Land and Buildings £	Plant & Machinery £	Fixtures & Fittings £	Vehicles £	Total £
Cost or valuation at 1 October 1995	715700	346966	59410	107185	1229261
Additions	37578	41845	7049	23912	110384
Disposals	<u>-</u>	<u>-</u>	<u>-</u>	(9921)	(9921)
At 30 September 1996	<u>753278</u>	<u>388811</u>	<u>66459</u>	<u>121176</u>	<u>1329724</u>
Depreciation at 1 October 1995	41064	156495	24555	51044	273158
Relating to disposals	<u>-</u>	<u>-</u>	<u>-</u>	(6628)	(6628)
Charge for the year	<u>12322</u>	<u>32437</u>	<u>6056</u>	<u>16836</u>	<u>67651</u>
At 30 September 1996	<u>53386</u>	<u>188932</u>	<u>30611</u>	<u>61252</u>	<u>334181</u>
Net book values At 30 September 1996	<u>699892</u>	<u>199879</u>	<u>35848</u>	<u>59924</u>	<u>995543</u>
At 30 September 1995	<u>674636</u>	<u>190471</u>	<u>34855</u>	<u>56141</u>	<u>956103</u>
Division of cost or Valuation					
Valuation	475000				475000
Cost	<u>278278</u>	<u>388811</u>	<u>66459</u>	<u>121176</u>	<u>854724</u>
	<u>753278</u>	<u>388811</u>	<u>66459</u>	<u>121176</u>	<u>1329724</u>

The net book value of plant and machinery includes assets held under hire purchase contracts amounting to £162426 (1995 £168061).

The freehold land and buildings were revalued in September 1991 by Digby Turner & Co, Chartered Surveyors on an existing use open market value basis.

The historical cost of the freehold land and buildings included at valuation is as follows:

	1996 £	1995 £
Cost	211974	211974
Accumulated depreciation	<u>38631</u>	<u>33957</u>
Net book value	<u>173343</u>	<u>178017</u>

TEXTILE SHAPES AND ASSEMBLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 1996

	1996	1995
3 Called up share capital		
Authorised		
B Ordinary Shares of £1 each	500	500
Ordinary Shares of £1 each	<u>15000</u>	<u>15000</u>
	£ <u>15500</u>	£ <u>15500</u>
Alloted		
B Ordinary Shares of £1 each	420	420
Ordinary Shares of £1 each	<u>12600</u>	<u>12600</u>
	£ <u>13020</u>	£ <u>13020</u>
4 Auditors remuneration		
The auditors remuneration charged for the year		
was £7310 (1995 £8797)		
5 Bank Borrowing		
The bank borrowing is secured by a charge on part of the		
freehold land and buildings.		
The loan is repayable at £2508 per month and interest		
is charged at 2¼% above bank basic rate.		