

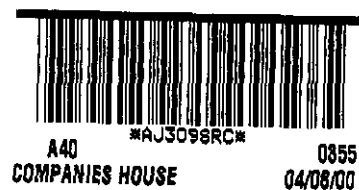
Company Registration No. 872284

**G. MODIANO LIMITED**

**Report and Financial Statements**

**31 March 2000**

Deloitte & Touche  
Stonecutter Court  
1 Stonecutter Street  
London EC4A 4TR



# **G. MODIANO LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2000**

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# **G. MODIANO LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2000**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

Giuseppe Modiano (Chairman and Managing Director)  
Mrs B Modiano  
J M Aarvold FCA  
W F Costin  
J E Dallas  
D J Gallagher  
L S Modiano

#### **SECRETARY**

J M Aarvold FCA

#### **REGISTERED OFFICE**

Rodwell House  
100 Middlesex Street  
London  
E1 7HD

#### **AUDITORS**

Deloitte & Touche  
Stonecutter Court  
1 Stonecutter Street  
London EC4A 4TR

## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 March 2000.

### **PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS DEVELOPMENTS**

The principal activities of the group are the import, export and dealing in wool. The company has continued its business in the processing and sale of wool tops, the raw material for the manufacture of worsted cloths. The group plans to develop its processing capacity and to increase volumes.

### **RESULTS AND DIVIDENDS**

The group made a profit after tax and minority interests of £1,846,000 (1999: loss after tax of £1,312,000). No dividends have been declared or proposed (1999: Nil).

### **DIRECTORS**

The current directors of the company, who are listed on page 1, served throughout the year.

### **DIRECTORS' INTERESTS**

The interests of the directors, including family interests, in the shares of the company at 31 March 2000 and 1 April 1999 were:

	31 March 2000			1 April 1999		
	Founders	Ordinary	Preference	Founders	Ordinary	Preference
Giuseppe and Mrs B Modiano*	53,460	796,912	54,087	53,460	796,912	54,087
W F Costin	-	15,000	-	-	15,000	-
D J Gallagher	-	15,000	-	-	15,000	-
L S Modiano*	8,730	118,290	-	8,730	100,000	-
J M Aarvold	-	-	-	-	-	-
J E Dallas	-	-	-	-	-	-

\* - includes shares held as trustees.

### **YEAR 2000 COMPLIANCE**

Following their initial review, the directors continue to be alert to the potential risks and uncertainties surrounding the Year 2000 issue. As at the date of this report, the directors are not aware of any significant factors which have arisen, or which may arise, which will affect the activities of the business; however, the situation is still being monitored. The costs incurred in the year in addressing the issue are not material and have been charged to the profit and loss account as incurred. Any future costs associated with this issue cannot be quantified but are not expected to be significant.

### **AUDITORS**

A resolution for the reappointment of Deloitte & Touche as auditors of the company is to be proposed at the forthcoming Annual General Meeting

Approved by the Board of Directors  
and signed on behalf of the Board



J M Aarvold FCA  
Secretary  
13 July 2000

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF 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 the group as at the end of the financial year and of the profit or loss of the group 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 within 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 keeping 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 are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board



J M Aarvold FCA

Secretary  
13 July 2000

## **G. MODIANO LIMITED**

### **AUDITORS' REPORT TO THE MEMBERS OF**

### **G MODIANO LIMITED**

We have audited the financial statements on pages 7 to 29 which have been prepared under the accounting policies set out on pages 15 and 16.

#### **Respective responsibilities of directors and auditors**

As described on page 5 the company's directors are responsible for the preparation of financial statements which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

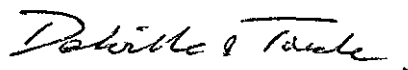
#### **Basis of opinion**

We conducted our audit in accordance with United Kingdom 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 circumstances of the company and the group, 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 and the group at 31 March 2000 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants and  
Registered Auditors

13 July 2000

# G. MODIANO LIMITED

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

Year ended 31 March 2000

	Note	2000 £000	1999 £000
<b>TURNOVER</b>	2,3	91,859	84,633
<b>COST OF SALES</b>			
Exceptional costs	4	(138)	(964)
Other cost of sales		<u>(84,579)</u>	<u>(79,721)</u>
Total cost of sales		(84,717)	(80,685)
<b>GROSS PROFIT</b>		<u>7,142</u>	<u>3,948</u>
Administrative expenses		(3,121)	(3,196)
Other operating income		<u>583</u>	<u>173</u>
Net operating expenses		<u>(2,538)</u>	<u>(3,023)</u>
<b>OPERATING PROFIT</b>	4	4,604	925
Income from interests in associated undertakings	7	130	517
Interest receivable		8	-
Interest payable and similar charges	8	<u>(2,278)</u>	<u>(3,097)</u>
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		2,464	(1,655)
Tax (charge)/credit on profit/(loss) on ordinary activities	9	<u>(580)</u>	<u>343</u>
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION</b>	10	1,884	(1,312)
Profit attributable to minority interests		<u>(38)</u>	<u>-</u>
<b>RETAINED PROFIT/(DEFICIT), TRANSFERRED TO/(FROM) RESERVES</b>	23	<u><u>1,846</u></u>	<u><u>(1,312)</u></u>

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**Year ended 31 March 2000**

	<b>2000</b> <b>£000</b>	<b>1999</b> <b>£000</b>
Profit/(loss) for the financial year	1,846	(1,312)
Currency translation differences on foreign currency net investments	<u>(374)</u>	<u>533</u>
	<u>1,472</u>	<u>(779)</u>

All activities derive from continuing operations.

The historical cost profit would not be materially different from that shown above and in note 1 to the accounts under "wool trading positions - unrealised net forward positions".



# G. MODIANO LIMITED

## CONSOLIDATED BALANCE SHEET 31 March 2000

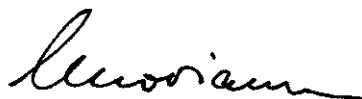
	Note	2000 £000	1999 £000
<b>FIXED ASSETS</b>			
Tangible assets	11	10,234	11,346
Intangible assets – negative goodwill		-	(434)
		<u>10,234</u>	<u>10,912</u>
Investments			
Associated undertakings	13	2,279	2,345
Other investments	14	1	1
		<u>2,280</u>	<u>2,346</u>
		<u>12,514</u>	<u>13,258</u>
<b>CURRENT ASSETS</b>			
Wool trading positions	15	47,619	47,107
Debtors	16	13,549	12,758
Cash at bank and in hand		626	410
		<u>61,794</u>	<u>60,275</u>
<b>CREDITORS - amounts falling due within one year</b>			
Bank advances and overdrafts	17	38,275	40,267
Other creditors	18	12,943	10,021
Shareholder's subordinated loan	20	250	-
		<u>51,468</u>	<u>50,288</u>
<b>NET CURRENT ASSETS</b>		<u>10,326</u>	<u>9,987</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>22,840</u>	<u>23,245</u>
<b>CREDITORS - amounts falling due after more than one year</b>			
Bank loans	19	3,696	5,175
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>			
Deferred taxation	21	1,920	2,304
		<u>5,616</u>	<u>7,479</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	22	2,036	2,000
Share premium account	23	290	-
Revaluation reserve	23	46	-
Profit and loss account	23	14,852	13,380
		<u>17,224</u>	<u>15,380</u>
<b>TOTAL SHAREHOLDERS' FUNDS</b>		<u>17,224</u>	<u>15,380</u>
		<u>22,840</u>	<u>22,859</u>
<b>MINORITY INTERESTS</b>			
Equity minority interests		-	386
		<u>22,840</u>	<u>23,245</u>

## G. MODIANO LIMITED

### SHAREHOLDERS' FUNDS ARE ATTRIBUTABLE TO:

	2000 £000	1999 £000
Equity shareholders	17,090	15,246
Non-equity shareholders	134	134
	<u>17,224</u>	<u>15,380</u>

These financial statements were approved by the Board of Directors on 13 July 2000.  
Signed on behalf of the Board of Directors



G Modiano  
Chairman

# G. MODIANO LIMITED

## BALANCE SHEET at 31 March 2000

	Note	2000 £000	1999 £000
<b>FIXED ASSETS</b>			
Tangible assets	11	2,479	229
Investments			
Shares in subsidiary undertakings	12	2,836	2,557
Associated undertakings	13	1,555	1,596
Other investments	14	1	1
		4,392	4,154
		6,871	4,383
<b>CURRENT ASSETS</b>			
Wool trading positions	15	45,393	46,400
Debtors	16	15,516	13,645
Cash at bank and in hand		95	65
		61,004	60,110
<b>CREDITORS - amounts falling due within one year</b>			
Bank advances and overdrafts	17	36,588	39,241
Other creditors	18	13,125	9,145
Shareholder's subordinated loan	20	250	-
		49,963	48,386
<b>NET CURRENT ASSETS</b>			
		11,041	11,724
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		17,912	16,107
<b>Creditors - amount falling due after more than one year</b>			
Bank loans	19	1,450	-
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>			
Deferred taxation	21	1,400	1,934
		2,850	1,934
<b>CAPITAL AND RESERVES</b>			
Called up share capital	22	2,036	2,000
Share premium Account	23	290	-
Profit and loss account	23	12,736	12,173
<b>TOTAL SHAREHOLDERS' FUNDS</b>			
		15,062	14,173
		17,912	16,107
<b>SHAREHOLDER'S FUNDS ARE ATTRIBUTABLE TO:</b>			
Equity shareholders		14,928	14,039
Non-equity shareholders		134	134
		15,062	14,173

These financial statements were approved by the Board of Directors on 13 July 2000.

Signed on behalf of the Board of Directors

G Modiano

Chairman



**G. MODIANO LIMITED**

**CONSOLIDATED CASH FLOW STATEMENT**  
**Year ended 31 March 2000**

	Note	2000 £'000	2000 £'000	1999 £'000	1999 £'000
<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>	C1		6,213		(1,170)
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>					
Interest received		74		99	
Interest paid		<u>(2,188)</u>		<u>(3,069)</u>	
<b>NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			(2,114)		(2,970)
<b>TAXATION</b>					
Corporation tax paid (including advance corporation tax)		-		(70)	
Advance corporation tax repaid		-		73	
Overseas tax		<u>(7)</u>		<u>(9)</u>	
<b>TAX PAID</b>			(7)		(6)
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>					
Decrease in loans to associated undertakings		-		395	
Payments to acquire tangible fixed assets		(1,035)		(836)	
Receipts from sales of tangible fixed assets		<u>79</u>		<u>22</u>	
<b>NET CASH OUTFLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>			(956)		(419)
<b>EQUITY DIVIDENDS PAID</b>			-		(280)
<b>ACQUISITIONS</b>					
Purchase of shares in subsidiary undertaking		-		(1,200)	
Net cash acquired with subsidiary		<u>-</u>		<u>236</u>	
<b>NET CASH OUTFLOW FROM ACQUISITIONS</b>			-		(964)
<b>NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING</b>			<u>3,136</u>		<u>(5,809)</u>

**CONSOLIDATED CASH FLOW STATEMENT**

**Year ended 31 March 2000**

	Note	2000 £'000	2000 £'000	1999 £'000	1999 £'000
<b>FINANCING</b>					
<b>Debt due within one year:</b>					
Shareholder's subordinated loan		250		-	
Repayment of shareholder's subordinated loan		-		(500)	
Bank loans		250		-	
Repaid bank term loans		(340)		(560)	
Bank loan acquired with subsidiary		-		615	
<b>Debt due beyond one year:</b>					
Bank loans		-		750	
Repaid bank term loans		(372)		-	
Bank loan acquired with subsidiary		-		2,325	
			(212)		2,630
<b>INCREASE/(DECREASE) IN CASH</b>	C3		<u>2,924</u>		<u>(3,179)</u>

**NOTES TO CASH FLOW STATEMENT**  
**Year ended 31 March 2000**

**C1. RECONCILIATION OF NET OPERATING PROFIT TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES:**

	<b>2000</b>	<b>1999</b>
	<b>£000</b>	<b>£000</b>
Operating profit	4,604	925
Depreciation	1,191	502
Release of negative goodwill	(489)	-
Impairment in value of fixed assets	197	192
Release of cessation provision	(59)	-
Profit on sale of tangible fixed assets	(64)	(20)
Increase in wool trading positions	(512)	(438)
(Increase)/decrease in debtors	(859)	5,660
Increase/(decrease) in creditors	2,204	(7,991)
	<u>6,213</u>	<u>(1,170)</u>
Net cash inflow/(outflow) from operating activities		

**C2. ANALYSIS OF NET DEBT/NET FUNDS**

	<b>At 1 April 1999 £'000</b>	<b>Cash Flow £'000</b>	<b>Exchange Movement £'000</b>	<b>At 31 March 2000 £'000</b>
Cash in hand and at bank	410	216	-	626
Overdrafts	(39,312)	2,708	-	(36,604)
Debt due after one year	(5,175)	1,178	301	(3,696)
Debt due within one year	(955)	(966)	-	(1,921)
	<u>(45,032)</u>	<u>3,136</u>	<u>301</u>	<u>(41,595)</u>

**C3. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT**

	<b>2000 £'000</b>	<b>2000 £'000</b>	<b>1999 £'000</b>	<b>1999 £'000</b>
Increase/(decrease) in cash in the period	2,924		(3,179)	
Cash inflow/(outflow) from increase in debt and lease financing	212		(2,630)	
Change in net debt resulting from cash flows		3,136		(5,809)
Translation difference		301		(1,248)
		<u>3,437</u>		<u>(7,057)</u>
Movement in net debt in the period				
Net debt at start of year		(45,032)		(37,975)
Net debt at end of year		<u>(41,595)</u>		<u>(45,032)</u>

**NOTES TO THE ACCOUNTS**

**Year ended 31 March 2000**

**1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards except as described below under "wool trading positions". The particular accounting policies are described below.

**Accounting convention**

The financial statements are prepared under the historical cost convention, modified to include the revaluation of wool trading positions.

**Basis of consolidation**

The consolidated profit and loss account, balance sheet and cash flow statement incorporate the accounts of all subsidiaries for the year ended 31 March 2000.

**Investment in subsidiaries and associated undertakings**

Investments in subsidiary and associated undertakings are stated in the accounts of the company at cost less provision for any impairment.

**Associated undertakings**

The group accounts include the appropriate share of the associated undertakings' results and net assets. The figures for all associated undertakings are taken from their latest audited accounts, which are made up to 31 March in the current year.

**Wool trading positions**

Wool trading positions are valued at:

*Stocks of raw and processed wool* - at market value at balance sheet date.

*Unrealised net forward positions* - at contracted values less estimated cost of sales or current cost of purchases at market value. Estimated cost of sales includes freight, processing charges where appropriate, future overheads and financing costs. Unrealised net forward positions are discounted to their present value at year end.

Provision is made against unrealised net forward positions where necessary to take account of completion risk.

This accounting policy, which is contrary to the valuation principles laid down in Schedule 4 of the Companies Act 1985, is in the directors' opinion necessary in order to show a true and fair view of the state of affairs of the company. Stocks of raw and processed wool are marked to market instead of being valued at the lower of cost and net realisable value, and net unrealised profits or losses on forward sales and purchases of wool are recognised in the profit and loss account. The directors are of the opinion that the effect of adopting any other basis for valuing its wool trading positions would be misleading as short and long positions of the same types of wool would not be valued on the same basis.

The effect of departing from the valuation principles laid down in Schedule 4 of the Companies Act 1985, by including unrealised net forward positions and valuing wool stocks at market value, has been to decrease the retained profit for the year ended 31 March 2000 by £1,076,000 and to decrease the retained loss for the year ended 31 March 1999 by £314,000.

**NOTES TO THE ACCOUNTS**

**Year ended 31 March 2000**

**1. ACCOUNTING POLICIES (continued)**

**Intangible fixed assets**

Negative goodwill arising on consolidation is credited in the profit and loss account over the period in which the non-monetary assets are recovered. Where non-monetary assets are being depreciated the negative goodwill will be released over the same period as that used for depreciation purposes.

**Tangible fixed assets**

The provision for depreciation is calculated on the cost of tangible fixed assets in order to write off such cost over their estimated useful lives by equal annual or reducing instalments as follows:

Freehold buildings	equal annual instalments over 45 years
Plant and machinery	equal annual instalments over 8 years
Computer hardware and software	equal annual instalments over 5 years
Furniture and equipment	equal annual instalments over 10 years
Motor vehicles	at 25% per annum on reducing values

Works of art are not depreciated as their value is considered to be immaterial.

**Deferred taxation**

Deferred taxation is provided at the anticipated tax rates on timing differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

**Foreign currencies**

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions.

Current assets and liabilities in foreign currencies are translated into sterling at the year-end rates of exchange. These translation differences are dealt with in the profit and loss account.

The accounts of the overseas subsidiaries and associated undertakings are translated into sterling at year-end rates of exchange and the differences on exchange on the opening equity investment are taken directly to reserves.

Transactions in foreign exchange instruments are valued at market value and discounted to a present value at the year end, with the resultant profits and losses being included in operating profit, except those in respect of specifically designated hedging transactions which are taken to the profit and loss account in accordance with the accounting treatment of the item being hedged.

**Pension benefits**

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

**Operating leases**

Payments made under operating leases are charged to the profit and loss account on a straight line basis over the term of the lease.



**NOTES TO THE ACCOUNTS**

**Year ended 31 March 2000**

**2. TURNOVER**

Turnover comprises the value of goods and services contracted by the group during the year, other than intra-group transactions and sales by associated undertakings, including sales where delivery and invoicing are to be effected after the year end.

	<b>2000</b>	<b>1999</b>
	<b>£000</b>	<b>£000</b>
Invoiced sales	90,245	93,065
Net forward sales at 31 March	51,727	50,113
Net forward sales at previous 1 April	(50,113)	(58,545)
	<u>91,859</u>	<u>84,633</u>

**3. ANALYSIS OF TURNOVER**

Turnover, analysed geographically between markets, was as follows:

	<b>2000</b>	<b>1999</b>
	<b>£000</b>	<b>£000</b>
Europe	59,560	62,261
Rest of the World	32,299	22,372
	<u>91,859</u>	<u>84,633</u>

**4. OPERATING PROFIT/(LOSS)**

Operating profit/(loss) is stated after crediting:

	<b>2000</b>	<b>1999</b>
	<b>£000</b>	<b>£000</b>
Negative goodwill	490	-
And after charging:		
Exceptional costs		
- Excess provision on cessation	(59)	-
- Redundancy payments	-	747
- Impairment in value of fixed assets	197	217
Total exceptional costs	138	964
Depreciation of tangible fixed assets	1,191	502
Property and operating lease rentals	165	327
Auditors' remuneration		
-audit fee	56	53
-other services	5	4
	<u></u>	<u></u>

The exceptional costs relate to costs of ceasing combining operations at Gomersal.

**NOTES TO THE ACCOUNTS**

**Year ended 31 March 2000**

**5. STAFF COSTS**

Staff costs, including directors' remuneration:

	<b>2000</b>	<b>1999</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	2,777	2,822
Social security costs	424	343
Other pension costs	135	195
	<u>      </u>	<u>      </u>

The average number of persons employed by the group was:

	<b>2000</b>	<b>1999</b>
	<b>No.</b>	<b>No.</b>
Sales and trading	31	31
Processing and administration	256	153
	<u>      </u>	<u>      </u>

**6. EMOLUMENTS OF DIRECTORS**

	<b>2000</b>	<b>1999</b>
	<b>£000</b>	<b>£000</b>
Remuneration, excluding pension contributions	682	629
Pension contributions by the company (to money purchase schemes)	45	58
	<u>      </u>	<u>      </u>
	727	687
	<u>      </u>	<u>      </u>

The number of directors with benefits accruing under money purchase schemes during 2000 was 5 (1999: 6).

	<b>2000</b>	<b>1999</b>
	<b>£000</b>	<b>£000</b>
Chairman and highest paid director		
Remuneration, excluding pension contributions	162	158
Pension contributions by company	-	-
	<u>      </u>	<u>      </u>
	162	158
	<u>      </u>	<u>      </u>

**7. INCOME FROM INTERESTS IN ASSOCIATED UNDERTAKINGS**

	<b>2000</b>	<b>1999</b>
	<b>£000</b>	<b>£000</b>
Share of profits of associated undertakings	64	418
Interest on loans to associated undertakings	66	99
	<u>      </u>	<u>      </u>
	130	517
	<u>      </u>	<u>      </u>

**NOTES TO THE ACCOUNTS**

**Year ended 31 March 2000**

**8. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>2000</b>	<b>1999</b>
	<b>£000</b>	<b>£000</b>
Interest payable on bank advances, overdrafts and other loans repayable within five years	2,278	3,097

**9. TAX CHARGE/(CREDIT) ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES**

	<b>2000</b>	<b>1999</b>
	<b>£000</b>	<b>£000</b>
The charge/(credit) comprises:		
United Kingdom corporation tax at 30% (1999 - 31%)	950	-
Deferred taxation	(602)	(589)
Tax on share of profits of associated undertakings	57	237
Overseas taxation	175	9
	<u>580</u>	<u>(343)</u>

The current year tax charge is low as profit before tax includes a release of negative goodwill which is not subject to corporation tax.

**10. PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION**

Dealt with in the accounts of:

	<b>2000</b>	<b>1999</b>
	<b>£000</b>	<b>£000</b>
The company	1,063	(704)
Subsidiary undertakings	814	(787)
Associated undertakings	7	179
	<u>1,884</u>	<u>(1,312)</u>

In accordance with the exemptions allowed by Section 230 of the Companies Act 1985 no profit and loss account is presented for the company.

**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 2000**

**11. TANGIBLE FIXED ASSETS**

<b>GROUP</b>	<b>Computer hardware And software £000</b>	<b>Furniture and equipment £000</b>	<b>Works of art £000</b>	<b>Motor vehicles £000</b>	<b>Freehold property £000</b>	<b>Plant and machinery £000</b>	<b>Total £000</b>
<b>Cost</b>							
At 1 April 1999	783	466	20	69	2,795	10,606	14,739
Additions	31	12	-	11	73	908	1,035
Disposals	(142)	(61)	-	(48)	-	-	(251)
Exchange adjustments	(20)	-	-	-	(289)	(611)	(920)
At 31 March 2000	652	417	20	32	2,579	10,903	14,603
<b>Depreciation</b>							
At 1 April 1999	646	383	-	39	191	2,134	3,393
Charge for the year	59	30	-	9	73	1,020	1,191
Disposals	(141)	(61)	-	(34)	-	-	(236)
Impairment	-	-	-	-	-	197	197
Exchange adjustments	(18)	-	-	-	(20)	(138)	(176)
At 31 March 2000	546	352	-	14	244	3,213	4,369
<b>Net book value</b>							
At 31 March 2000	106	65	20	18	2,335	7,690	10,234
At 31 March 1999	137	83	20	30	2,604	8,472	11,346

**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 2000**

**11. TANGIBLE FIXED ASSETS (continued)**

	Computer hardware and software £000	Furniture and equipment £000	Works of art £000	Motor vehicles £000	Freehold Property £000	Plant and Machinery £000	Total £000
<b>COMPANY</b>							
<b>Cost</b>							
At 1 April							
1999	588	342	20	70	-	-	1,020
Additions	31	10	-	11	-	143	195
Transfer from							
Group	-	-	-	-	21	2,332	2,353
Disposals	(142)	-	-	(48)	-	-	(190)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At 31 March							
2000	477	352	20	33	21	2,475	3,378
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Depreciation</b>							
At 1 April							
1999	472	279	-	40	-	-	791
Charge for the							
year	47	21	-	9	-	206	283
Disposals	(141)	-	-	(34)	-	-	(175)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At 31 March							
2000	378	300	-	15	-	206	899
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Net book</b>							
<b>value</b>							
At 31 March							
2000	99	52	20	18	21	2,269	2,479
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At 31 March							
1999	116	63	20	30	-	-	229
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**12. SHARES IN SUBSIDIARY UNDERTAKINGS**

	2000 £000	1999 £000
Shares at cost	2,640	272
Provision	(83)	(83)
	<u>          </u>	<u>          </u>
At 1 April	2,557	189
Additions	326	2,521
Exchange adjustments	(47)	(153)
	<u>          </u>	<u>          </u>
Net book value	2,836	2,557
	<u>          </u>	<u>          </u>

**NOTES TO THE ACCOUNTS**

**Year ended 31 March 2000**

**12. SHARES IN SUBSIDIARY UNDERTAKINGS (continued)**

The undertakings of the Company were:

	<b>Activity</b>	<b>Country of Incorporation and registration</b>
Henry Firth & Son Limited	Dormant	England and Wales
G. Modiano (Wool & Hair) Limited	Dormant	England and Wales
Wool Processors Limited	Dormant	England and Wales
Lyndale Woolls Limited	Dormant	England and Wales
G. Modiano S.R.L.	Dormant	Italy
G. Modiano Yun Ticaret Limited Sirketi	Wool trading	Turkey
Spen Valley Scouring Company Limited	Dormant	England and Wales
Modex Software Limited	Dormant	England and Wales
Nejdek Wool Combing a.s.	Wool processing	Czech Republic

The ordinary share capital of all of the above companies is 100% owned by G. Modiano Limited. During the year Anglo-Italian Wool Traders Limited changed its name to Spen Valley Scouring Company Limited. The proportion of voting rights of subsidiaries held by the group is the same as the proportion of shares held.

**13. ASSOCIATED UNDERTAKINGS**

	<b>2000 £000</b>	<b>1999 £000</b>
<b>GROUP</b>		
<b>Share of net assets:</b>		
At 1 April	1,408	2,637
Transfer to Group	-	(1,754)
Exchange adjustments	(59)	386
Share of profit for the year after taxation	7	179
Revaluation of investments	46	-
Dividends	(19)	(40)
	<hr/>	<hr/>
At 31 March	1,383	1,408
<b>Subordinated loans:</b>		
At 1 April	937	1,345
Repayments	-	(395)
Exchange adjustments	(41)	(13)
	<hr/>	<hr/>
At 31 March	896	937
	<hr/>	<hr/>
Total	2,279	2,345

**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 2000**

**13a. ASSOCIATED UNDERTAKINGS (continued)**

	<b>2000</b>	<b>1999</b>
	<b>£000</b>	<b>£000</b>
<b>COMPANY</b>		
<b>Shares at cost:</b>		
At 1 April	463	1,785
Transfer to Group	-	(1,321)
Exchange adjustments	(2)	(1)
	<u>461</u>	<u>463</u>
At 31 March		
<b>Subordinated loans:</b>		
At 1 April	1,133	1,532
Repayments	-	(395)
Exchange adjustments	(39)	(4)
	<u>1,094</u>	<u>1,133</u>
At 31 March		
Total	<u>1,555</u>	<u>1,596</u>

The company's associated undertakings at 31 March 2000 were:

	<b>Country of Incorporation</b>	<b>Nature of business</b>	<b>Proportion of ordinary shares held</b>
Modiano Australia Pty Limited	Australia	Wool trading	49.7%
G. Modiano (NZ) Limited	New Zealand	Wool trading	48%
G. Modiano S.A (Proprietary) Limited	South Africa	Wool trading	40%

## G. MODIANO LIMITED

### NOTES TO THE ACCOUNTS

Year ended 31 March 2000

#### 13b. RELATED PARTY TRANSACTIONS

The G Modiano Limited group's related parties, as defined by Financial Reporting Standard 8, the nature of the relationship and the extent of transactions with them are summarised below:

	Sub note	2000 £000
Rent, service charges and utilities from Gomersal Mills Limited to G Modiano Limited	1	437
Administration charges to Gomersal Mills Limited from G Modiano Limited	1	33
Interest charges on the subordinated loan from Mr G Modiano	2	13
Wool purchases from associated undertakings on normal trading terms	3	59,956
Interest received from associated undertakings on subordinated loans	3	66
Amounts due from associated undertakings	4	896
Amounts due to associated undertakings	4	3,379

#### Sub notes

1. Mr. G and Mrs. B Modiano have a 100% holding in Gomersal Mills Ltd, a company which owns the investment property in Gomersal, Yorkshire.
2. Details of the subordinated loan from Mr. G Modiano are set out in note 20.
3. Details of the group's associated undertakings are set out in note 13a.
4. Balances between the group and its principal related parties are set out in notes 16 and 18.

G Modiano Limited is ultimately controlled by Mr. G Modiano and Family.

#### 14. OTHER INVESTMENTS

Group and Company	2000 £000	1999 £000
Unquoted investments at cost	31	31
Provision	(30)	(30)
Net book value	<u>1</u>	<u>1</u>



**NOTES TO THE ACCOUNTS**

**Year ended 31 March 2000**

**15. WOOL TRADING POSITIONS**

	<b>Group</b>		<b>Company</b>	
	<b>2000</b>	<b>1999</b>	<b>2000</b>	<b>1999</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Stocks of raw and processed wool at market values	48,487	41,856	46,237	41,081
Unrealised net forward positions	(868)	5,251	(844)	5,319
	<u>47,619</u>	<u>47,107</u>	<u>45,393</u>	<u>46,400</u>

**16. DEBTORS**

	<b>Group</b>		<b>Company</b>	
	<b>2000</b>	<b>1999</b>	<b>2000</b>	<b>1999</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Trade debtors	12,906	12,087	12,620	11,910
Amounts owed by subsidiary undertakings	-	-	2,387	1,367
Other debtors	508	342	388	212
Taxation	-	66	58	66
Prepayments and accrued income	135	263	63	90
	<u>13,549</u>	<u>12,758</u>	<u>15,516</u>	<u>13,645</u>

**17. BANK ADVANCES AND OVERDRAFTS**

	<b>Group</b>		<b>Company</b>	
	<b>2000</b>	<b>1999</b>	<b>2000</b>	<b>1999</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Secured against assets of the company	<u>38,275</u>	<u>40,267</u>	<u>36,588</u>	<u>39,241</u>

## NOTES TO THE ACCOUNTS

Year ended 31 March 2000

## 18. OTHER CREDITORS

	Group		Company	
	2000 £000	1999 £000	2000 £000	1999 £000
Trade creditors	3,172	2,487	2,821	2,228
Amounts owed to subsidiary undertaking	-	-	1,254	452
Amounts owed to undertakings in which the company has a participating interest	3,379	3,278	3,381	3,280
Taxation and social security	966	124	938	46
Other creditors	2,431	1,960	1,985	1,246
Accruals	2,995	2,172	2,746	1,893
	<u>12,943</u>	<u>10,021</u>	<u>13,125</u>	<u>9,145</u>

## 19. BANK LOANS

	Group		Company	
	2000 £000	1999 £000	2000 £000	1999 £000
Maturity				
Between one and two years	1,331	2,160	500	-
Between two and five years	2,365	3,015	950	-
	<u>3,696</u>	<u>5,175</u>	<u>1,450</u>	<u>-</u>
Secured against group assets				

## 20. SHAREHOLDER'S SUBORDINATED LOAN

By agreements of 10 November 1999, Mr G Modiano agreed to provide or procure subordinated loans of £250,000, whose earliest date of repayment is after the full and final repayment of all outstandings under a chattel loan facility dated 18 February 1998 and made between Riggs Bank Europe Limited and Wool Processors Limited. The loan bears interest at a fixed annual rate of 8%.

## NOTES TO THE ACCOUNTS

Year ended 31 March 2000

## 21. DEFERRED TAXATION

**Group**

Deferred taxation movement for the period:

	<b>£000</b>
Balance at 1 April 1999	2,304
Current year charge	(602)
Adjustment in respect of prior year	68
Overseas	150
	<u>1,920</u>
Balance at 31 March 2000	<u>1,920</u>

The amounts of deferred taxation provided are:

	<b>Group</b>		<b>Company</b>	
	<b>2000</b>	<b>1999</b>	<b>2000</b>	<b>1999</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Capital allowances in excess of depreciation	650	369	130	(1)
Unrealised profits on net forward positions	783	1,473	783	1,473
Stock revaluation	483	947	483	947
Other	4	12	4	12
Trading losses	-	(428)	-	(428)
ACT set off	-	(69)	-	(69)
	<u>1,920</u>	<u>2,304</u>	<u>1,400</u>	<u>1,934</u>

## 22. CALLED UP SHARE CAPITAL

	<b>2000</b>	<b>1999</b>
	<b>£000</b>	<b>£000</b>
<b>Authorised, allotted and fully paid:</b>		
134,000 12% non-cumulative preference shares of £1 each	134	134
72,000 Founders' shares of £1 each	72	72
1,830,580 Ordinary shares of £1 each	1,830	1,794
	<u>2,036</u>	<u>2,000</u>

The 12% preference shares carry the right, in priority to the Founders' and Ordinary shares, to a maximum non-cumulative dividend of 12% per annum (to be declared by the company in general meeting but not to exceed the amount recommended by the directors) and also the prior right to a repayment of capital in full but not to participation in any surplus in the event of winding up.

During the year, 36,580 ordinary shares of £1 each were issued at a premium as consideration for the 10.222% minority share holding in Nejdek Wool Combing a.s. The premium arising on the issue of shares, which amounts to £290,000, has been credited to the share premium account.

## NOTES TO THE ACCOUNTS

Year ended 31 March 2000

## 23. COMBINED RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS AND STATEMENT OF MOVEMENT ON RESERVES

Group	Issued share capital £000	Share Premium Account £000	Revaluation Reserve	Profit and loss account £000	Total 2000 £000	Total 1999 £000
At 1 April	2,000	-	-	13,380	15,380	16,159
New shares issued	36	-	-	-	36	-
Premium on shares issued	-	290	-	-	290	-
Revaluation of investment in associated undertaking	-	-	46	-	46	-
Profit/(loss) attributable to the members of the group	-	-	-	1,846	1,846	(1,312)
Foreign exchange translation differences	-	-	-	(374)	(374)	533
At 31 March	<u>2,036</u>	<u>290</u>	<u>46</u>	<u>14,852</u>	<u>17,224</u>	<u>15,380</u>
<b>Company</b>						
At 1 April	2,000	-	-	12,173	14,173	15,877
New shares issued	36	-	-	-	36	-
Premium on shares issued	-	290	-	-	290	-
Profit/(loss) attributable to the members of the group	-	-	-	1,063	1,063	(704)
Provision against amount owing by subsidiary company	-	-	-	(500)	(500)	(1,000)
At 31 March	<u>2,036</u>	<u>290</u>	<u>-</u>	<u>12,736</u>	<u>15,062</u>	<u>14,173</u>