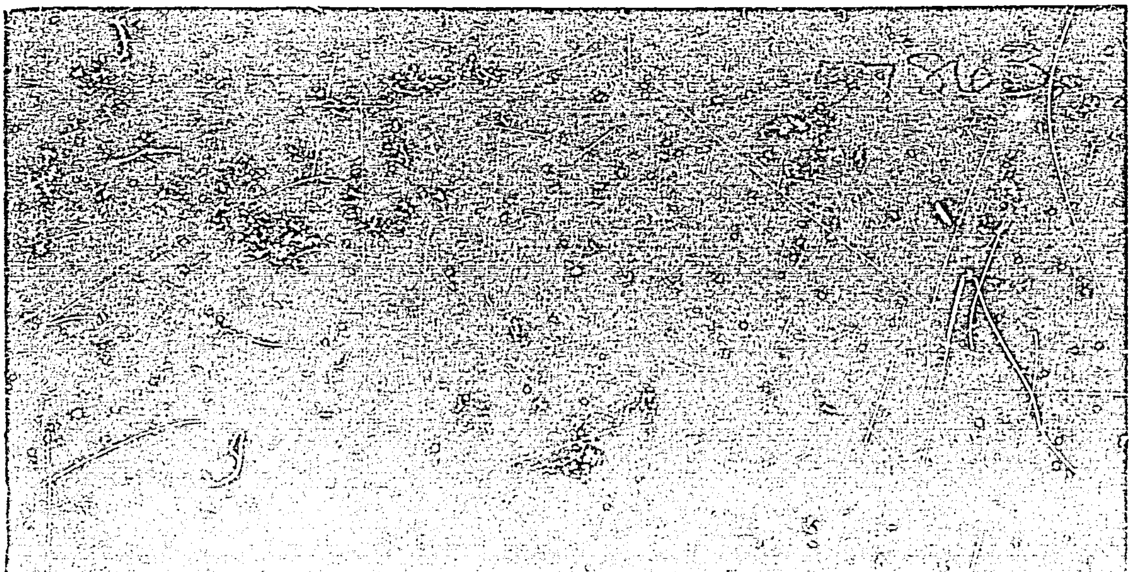

Leeds Group plc

1987

5/5/88

Leeds Group plc

Contents

Results at a Glance

Leeds Group plc
LEEDS GROUP PLC & SUBSIDIARY COMPANIES

	1987 £000	1986 £000
Turnover	22,175	14,157
Profit before tax	3,545	2,374
Profit after tax	2,279	1,472
Dividends	589	467
Capital expenditure in the year	1,184	398
Earnings per share before tax	*38·6p	25·5p
Earnings per share after tax	*24·8p	16.4p
Rate of dividend per share	6·25p	5·21p

*Based on average number of shares in issue during the year ended 30th September, 1987.

Comparative figures have been adjusted to take account of the 1 for 5 bonus issue on 5th August, 1987.

A final dividend of 4p per share is proposed, making in total 6.25p for the year when the interim dividend of 2.7p is adjusted for the bonus issue.

Notice of Annual General Meeting

Notice is hereby given that the eighty-seventh Annual General Meeting of the company will be held at the Post House, Bramhope, Leeds, LS16 9JJ on Tuesday 19th January, 1988 at 12 o'clock noon for the following purposes:

1. To receive the report of the directors, the statement of accounts for the year ended 30th September, 1987 and the report of the auditors thereon.
2. To approve a final dividend.
3. To elect directors.
4. To appoint auditors and to authorise the directors to fix their remuneration.
5. To transact any other ordinary business.

By order of the Board
John A. Schofield
Secretary.

Otley Lane,
Yeadon,
Leeds LS19 7JT

18th December, 1987

Notes

1. A member entitled to attend and vote may appoint a proxy to attend and on a poll, to vote in his stead. A proxy need not be a member of the company.
2. The following documents will be available for inspection at the Registered Office of the company, Otley Lane, Yeadon, Leeds LS19 7JT during the usual business hours on any weekday (Saturdays and Bank Holidays excluded) from the date of this Notice until the Annual General Meeting:
   (i) Statement of transactions up to 17th December, 1987 of directors (and of their family interests) in the equity share capital of the company.
   (ii) The service contracts of directors of the company
   These documents will also be available for inspection at the place of the Annual General Meeting for at least 15 minutes prior to and during the meeting.

Group information

Leeds Group plc
LEEDS GROUP PLC & SUBSIDIARY COMPANIES

Directors
Robert D. Wade,
Chairman and Managing Director
Tom W. G. Ashdown,
Deputy Managing Director
Richard C. Holroyd
John H. Bates
Wilfred H. Jones
Kenneth M. S. Todman

Secretary and Registered Office
John A. Schofield, F.C.A.,
Otley Lane,
Yeadon,
Leeds LS19 7JT

Registrars
Barclays Bank PLC,
P.O. Box 34,
Octagon House,
Gadbrook Park,
Northwich,
Cheshire CW9 7RD

Bankers
Barclays Bank PLC,
28 Park Row,
Leeds LS1 1PA

Auditors
Peat Marwick McLintock
City Square House,
7 Wellington Street,
Leeds LS1 4DW

Solicitors
Dibb Lupton Wade,
Arndale House,
Charles Street,
Bradford BD1 1UN

Brokers
County Securities Limited,
Drapers Gardens,
12, Throgmorton Avenue,
London EC2P 2ES

Trading Subsidiary Companies

Leeds Dyers Limited
Otley Lane,
Yeadon,
Leeds LS19 7JT

Directors:
Robert D. Wade
Tom W. G. Ashdown
Richard C. Holroyd
John H. Bates
Kenneth M. S. Todman
Wilfred H. Jones
John A. Schofield
Eric Atkinson
J. Keith Myers

Branches:	**Branch Directors:**
Scott & Rhodes Yeadon, Leeds LS19 7XU	
Colourflex Rawdon, Leeds LS19 6JW	J. Derek Wainfor Colin Small
Leonard Ingham & Co., Sowerby Bridge, Halifax HX6 3BP	Neville F. Mulley Tony M. Womersley
Walsden Printing, Ramsden Wood, Todmorden, Lancs OL14 7UJ	Derek Lewis Jim Kidd
Sharps Fabric Printers, Westfield Industrial Estate, Kirk Lane, Yeadon, Leeds LS19 7LX	Michael D. Ingram

Leeds Leasing Limited
Carter House,
Guiseley,
Leeds LS20 8NH

Directors:
Robert D. Wade
John A. Schofield
Adrian C. Wardner

Leeds Group plc

LEEDS GROUP PLC & SUBSIDIARY COMPANIES

Chairman's Statement

1987 proved to be a most successful year for your company; sales were up by 56%, pre-tax profits by 49% and earnings per share by 51%. The proposed final dividend of 4p per share on the capital increased by the bonus issue in August, makes a total that is 20% greater than last year. We have now maintained an average annual increase of 20% in our dividends for over ten years and I believe that this pattern of consistency is a source of comfort to our many long-term shareholders.

Each of our five trading operations achieved record sales and profits. Shift working was stretched further and at times the pace became a little hectic; our staff and workforce once again responded quickly to the increased demands made on them and I sincerely commend to you their loyalty and sheer hard work.

During the year two new companies joined our Group – both in textile printing. Walsden Printing Company, acquired in November 1986, has produced excellent results which provide much encouragement for the current year, when new plant will be commissioned to enable the company to expand its capacity. In August we acquired Sharps Fabric Printers, a smaller printing company which specialises in relatively short runs for the demanding fashion market. Sharps' capacity and market fits well with Walsden and we intend to develop their range of specialist printing with a number of new developments. The reduction in asset value in our balance sheet arises from the elimination of goodwill from the acquisition of both companies

The group made a net investment of £525,000 in Leeds Leasing. Pre-tax profit of this subsidiary has doubled to over £200,000 after a full interest charge and we have made plans for further growth in the current year.

The three dyeing branches have participated fully in a very buoyant year for wool textiles which has seen strong demand from both export and the domestic retail market. Both our dyeing and printing companies have worked increasingly closely with the major UK retailers to meet the strong demand for fashion colours and natural fibres. There has emerged a new willingness to buy in Britain in order to maintain maximum flexibility without the risk of stock obsolescence as colours and designs are changed.

In recent years the company has developed the strategy of a link – through colour and design – between commodity textile producers and the rapidly changing requirements of fashion in the market place. This is inevitably a demanding role, as lead times become shorter and specifications become tighter, but it has resulted in a greater perception of value as opposed to price and this has brought rewards to those companies who can maintain the pace.

During the year, our Board has been strengthened by the appointment of Ken Todman, the Managing Director of Walsden. More recently Mike Ingram has been appointed Branch Director of Sharps.

By good fortune, our acquisition of Sharps was financed by shares issued at the peak of the market in July. Our year end cash balance of over £2 million will stand us in good stead if a further acquisition opportunity arises in the coming months, and enables us to plan considerable expenditure on improving and extending capacity.

We enter the new financial year with strong order books and a very optimistic budget. The recent collapse in world share markets and the weakness of the US Dollar has helped to keep the increase in wool prices to manageable levels and we are not directly affected by a likely reduction in American demand. It is difficult to imagine however, that there will not be some repercussion in the international demand for our various products and we shall fight harder than ever to maintain our competitive position.

A year ago I referred to a momentum of growth and I believe that this will be well sustained in 1988.

Robert Wade
Chairman
1st December, 1987

R. Wade

Report of the Directors

The directors submit their report and accounts for the year to 30th September, 1987.

Principal Activities and Business Review
The Group's principal activities are the dyeing and printing of textiles and the sale of yarn for weaving and knitting. Leeds Leasing writes small-value finance leases.

Leeds Dyers Limited is a co-ordinated group of inter-related specialists concentrating on quick market response through colour and design. Sales of both dyeing and printing increased considerably and both divisions worked near to capacity for most of the year.

The first phase of the expansion programme at Walsden Printing will be completed in February when a new 12 colour printer is commissioned. This will enhance capacity for printing more sophisticated apparel and furnishing fabrics.

At Colourflex a major project has been completed to provide an economical supply of softened, iron-free water for optimum dyeing conditions. The first contracts have now been placed for both buildings and machinery in a two year commitment to extend and improve our yarn dyeing capacity at an ultimate cost approaching £1million.

New piece-dyeing plant has been commissioned, both at Scott & Rhodes and at Leonard Ingham, to meet the increased demands from the ladies' fashion trade. We have further developed computer-based match prediction and colour measurement in response to market requirement for better shade repetition.

Leeds Leasing wrote a total of £1.9million (1986: £1.0million) in small value finance leases, and achieved a pre-tax profit of £209,000 (1986: £110,000). During the year the company moved to larger premises and has increased the staff level in anticipation of further growth in the current year.

West Yorkshire Insurance Company Limited in which the company has a 34.4% share, made a pre-tax profit of £70,000 (1986: £60,000). Following a substantial increase in premium rates in January 1987, underwriting results improved but the final result was affected by a reserve for a potentially substantial claim. The outlook for motor insurance is now more promising and we anticipate a significantly higher profit in 1988.

Results	£000
Profit for the year after taxation	2,279
Dividends	(589)
Transfer to reserves	1,690

If approved the final dividend will be paid on 20th January, 1988

Leeds Group plc

LEEDS GROUP PLC & SUBSIDIARY COMPANIES

Report of the Directors
(continued)

Directors and Directors' interests

The directors during the year and their interests, beneficial and otherwise, in the ordinary shares of the company are detailed below:

	At 30th September 1987		At 1st October, 1986 or later date of appointment (adjusted for the 1 for 5 bonus issue on 5 8 87)	
	Beneficial	Non Beneficial	Beneficial	Non Beneficial
R.D. Wade	238,329	324,573	546,444	8,520
T.W.G. Ashdown	6,912	–	6,912	–
R.C. Holroyd	234,432	46,595	234,432	46,595
J.H. Bates	223,776	17,280	223,776	17,280
W.H. Jones	8,294	–	8,294	–
K.M.S. Todman	168,068	–	157,068	–

The directors have been granted options in the ordinary shares of the company, exercisable between 22nd January, 1988 and 8th December, 1996 as follows:

	At 30th September 1987	At 1st October, 1986 or later date of appointment (adjusted for the 1 for 5 bonus issue on 5 8 87)
R.D. Wade	64,647	64,647
T.W.G. Ashdown	53,127	53,127
R.C. Holroyd	44,487	44,487
J.H. Bates	44,487	44,487
W.H. Jones	36,321	36,321
K.M.S. Todman	5,034	–

In addition to the foregoing, options have been granted to various senior members of staff.

No changes in the above directors' share interests have taken place between the end of the financial year and 30th November, 1987.

No director had any material interest in any contract with the group during the financial year.

Mr. K.M.S. Todman was appointed a director on 25th November, 1986.

The directors retiring by rotation are Mr. T.W.G. Ashdown and Mr. W.H. Jones and being eligible, they offer themselves for re-election. Mr. T.W.G. Ashdown and Mr. W.H. Jones are employed under service contracts which may be terminated at twelve months' notice.

Market value of land and buildings

The directors are of the opinion that the group's interests in land and buildings may have a higher market value than the amounts at which they are included in the balance sheet, but that the difference is not significant in relation to the trading activities.

Political and charitable contributions

Charitable donations amounting to £491 were made during the year. No contributions were made to any political bodies.

Major Shareholdings

The company has received notification of the following shareholders having 5% or more of the issued share capital at 30th September, 1987.

	% of issued share capital
Courtaulds CIF Nominees Limited	10 3
R.D. Wade	5.9
Barclays Unicorn Unit Trust Group	5.8

No changes have taken place between the end of the financial year and 30th November, 1987.

Report of the Directors
Continued

Leeds Group plc

Share Capital
At 30th September, 1987 the company had the power to purchase not more than 380,000 Ordinary Shares of 25p each in the company at a price of between 175p and 300p.

Close Company status
The directors are advised that the company is not one to which the close company provisions of the Income and Corporation Taxes Act 1970 apply.

Employees
Regular contact between senior management and employee representatives is maintained in order to keep employees informed of the ongoing situation and future prospects. It is the group's policy to employ disabled persons if they are able to fill the relevant position satisfactorily and to continue to employ persons who become disabled while in the group's employment where possible. No discrimination is made in the training, career development and promotion of disabled people.

Auditors
At the last Annual General Meeting, Peat, Marwick, Mitchell & Co. were re-appointed as auditors of the company. They are now practising under the name of Peat Marwick McLintock and have signed the audit report in their new name. In accordance with Section 384 of the Companies Act 1985 a resolution concerning their re-appointment as auditors is to be proposed at the forthcoming Annual General Meeting.

By order of the Board
John A. Schofield
Secretary

Otley Lane,
Yeadon,
Leeds LS19 7JT

1st December, 1987.

Report of the Auditors
to the Members of Leeds Group plc

We have audited the accounts on pages 8 to 19 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 and of the group at 30th September, 1987 and of the profit and source and application of funds of the group for the year to that date and have been properly prepared in accordance with the Companies Act 1985.

Peat Marwick McLintock
Chartered Accountants

City Square House,
7, Wellington Street,
Leeds LS1 4DW

1st December, 1987

Leeds Group plc

LEEDS GROUP PLC & SUBSIDIARY COMPANIES

Consolidated Profit and Loss Account

for the year ended 30th September 1987

	Note		1987 £000		1986 £000
Turnover	1 & 4		22,175		14,157
Cost of sales			(16,467)		(10,706)
Gross Profit			5,708		3,451
Distribution costs			(138)		(87)
Administrative expenses			(2,432)		(1,481)
Other operating income			266		226
Share of profits of related company			24		22
Other interest receivable and similar income			194		257
Interest payable and similar charges			(77)		(14)
Profit on ordinary activities before taxation	2		3,545		2,374
Tax on profit on ordinary activities	6		(1,266)		(902)
Profit on ordinary activities after taxation	7		2,279		1,472
Dividends	8		(589)		(467)
Profit for the financial year			1,690		1,005
Retained profit brought forward		5,521		4,827	
Utilised for bonus issue		(383)		(311)	
Goodwill written off		(2,939)		–	
			2,199		4,516
Retained profit carried forward			3,889		5,521
Earnings per ordinary share of 25p	9		24·8p		16·4p

The notes on pages 12 to 19 form part of these accounts.

	1986 £000
Fixe	
Tanc	14,157
Inves	(10,706)
	3,451
Curr	
Stoc	(87)
Deb	(1,481)
Cas	226
	22
Cre w	257
	(14)
Net	
Tot C	
Cre	2,374
Pro a	(902)
Ac	
Ne	
	1,472
	(467)
Ca	
C. O Pr	1,005
	4,516
	5,521
R	
T	16·4p

Balance Sheets
at 30th September 1987

Leeds Group plc
LEEDS GROUP PLC & SUBSIDIARY COMPANIES

	Note	Group 1987 £000	Group 1986 £000	Company 1987 £000	Company 1986 £000
Fixed Assets					
Tangible assets	10	7,220	5,071	–	–
Investments	11	625	607	5,854	595
		7,845	5,678	5,854	595
Current Assets					
Stocks	12	1,373	816	–	–
Debtors	13	6,455	3,897	6,156	3,650
Cash at bank and in hand		2,524	3,208	2,039	3,207
		10,352	7,921	8,195	6,857
Creditors: Amounts falling due within one year	14	(7,358)	(4,120)	(2,098)	(748)
Net Current Assets		2,994	3,801	6,097	6,109
Total Assets less Current Liabilities		10,839	9,479	11,951	6,704
Creditors: Amounts falling due after more than one year	15	(2,313)	–	(2,145)	–
Provisions for liabilities and charges	16	(1,334)	(1,183)	–	–
Accruals and deferred income	17	(918)	(908)	–	–
Net Assets		6,274	7,388	9,806	6,704
Capital and Reserves					
Called up share capital	18	2,385	1,867	2,385	1,867
Other reserve	19	–	–	1,467	–
Profit and loss account		3,889	5,521	5,954	4,[illegible]7
		6,274	7,388	9,806	6,7[illegible]

These accounts were approved by the board of directors on 1st December, 1987

R. D. Wade | Directors
T. W. G. Ashdown |

The notes on pages 12 to 19 form part of these accounts.

8 APR 1988

Leeds Group plc

LEEDS GROUP PLC & SUBSIDIARY COMPANIES

Statement of Source and Application of Funds

for the year ended 30th September 1987

	1987 £000	1987 £000	1986 £000	1986 £000
Source of Funds				
Profit on ordinary activities before taxation		3,545		2,374
Adjustments for items not involving the movement of funds:				
Depreciation and amortisation net of grants	499		417	
Surplus on sale of tangible fixed assets	(6)		(3)	
Pre-tax profit retained in related company	(24)		(22)	
		469		392
Funds generated from operations		4,014		2,766
Funds from other sources				
Proceeds of sale of tangible fixed assets	38		18	
Proceeds in respect of disposal of oil and gas interests	–		65	
Grants transferred in on acquisition of subsidiary companies	57*		–	
Increase in creditors due after more than one year	2,313*		–	
Shares issued on acquisition of subsidiary companies	135*		–	
Taxation provisions transferred in on the acquisition of subsidiary companies	292*		–	
		2,835		83
		6,849		2,849
Application of funds				
Purchase of tangible fixed assets	(2,727)*		(398)	
Goodwill written off against profit and loss account	(2,939)*		–	
Tax paid	(1,073)		(588)	
Dividends paid	(506)		(417)	
		(7,245)		(1,403)
Increase in net amounts receivable under finance leases		(713)		(206)
(Decrease)/Increase in working capital		(1,109)		1,240

(continued)

d

	£000
	2,374
	392
	2,766
	83
	2,849
	(1,403)
	(206)
	1,240

ntinued)

Statement of Source and Application of Funds (continued)

for the year ended 30th September 1987

Leeds Group plc

LEEDS GROUP PLC & SUBSIDIARY COMPANIES

	1987 £000	1987 £000	1986 £000	1986 £000
Components of (Decrease)/Increase in working capital				
Stocks	557*		52	
Debtors	1 800*		106	
Creditors falling due within one year	(2,618)*		57	
		(261)		215
Movement in net liquid funds:				
(Decrease) Increase in short term investments and cash	(684)*		785	
(Increase) decrease in overdraft	(164)*		240	
		(848)		1,025
		(1,109)		1,240

*The effect of the acquisition of The Walsden Printing Company Limited and Sharps Fabric Printers (Leeds) Limited, together with their respective holding companies, is summarised below.

Net Assets Acquired	£000
Fixed assets	1,543
Stocks	502
Debtors	1,053
Cash	40
Creditors: amounts falling due within one year	(1839)
Creditors: amounts falling due after one year	(205)
Provisions for liabilities and charges	(184)
Deferred income	(57)
	853
Goodwill	4,406
	5,259

Consideration Provided	£000
Issue of ordinary shares at nominal value (note 18)	135
Premium on issue of ordinary shares (note 19)	1,467
Issue of loan notes (note 15)	430
Cash	1,012
Consideration still outstanding (note 15)	2,215
	5,259

Goodwill arising on consolidation has been written off as follows:

	£000
Against merger reserve (note 19)	1,467
Against profit and loss account	2,939
	4,406

Leeds Group plc
LEEDS GROUP PLC & SUBSIDIARY COMPANIES

Notes to the Accounts

1. Principal Accounting Policies
The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the group's accounts:-

(a) **Accounting Convention**
The accounts are prepared under the historical cost convention

(b) **Consolidation**
The consolidated accounts incorporate the accounts of Leeds Group plc and all of its subsidiaries using the acquisition method of accounting. The accounts of all group companies are made up to 30th September annually. In accordance with Section 228(7) Companies Act 1985 a separate profit and loss account dealing with the results of the company only has not been presented.

(c) **Turnover**
The amount shown in the profit and loss account is the amount receivable by the group in the ordinary course of its business for goods or services rendered and excludes value added tax.

(c) **Stock and Work-in-Progress**
Stock and work-in-progress has been valued at the lower of cost, including production overheads, and net realisable value.

(e) **Depreciation**
Depreciation has been provided at rates calculated to write off assets in use, in equal annual instalments, over their estimated useful lives. These are:

Buildings	–	Mainly 25 years or 50 years
Plant and machinery	–	Mainly between 8 years and 15 years
Motor vehicles	–	5 years

No depreciation is provided on land.

(f) **Government Grants**
Grants received under the Industry Act 1972 in respect of assistance to purchase assets are credited to the profit and loss account over the useful lives of the assets to which they relate. Other grants are credited when received.

(g) **Deferred taxation**
Deferred taxation is provided only on those timing differences expected to reverse in the foreseeable future.
Advance corporation tax is written off unless it is recoverable in the next accounting period.

(h) **Pensions**
The group operates contributory pension schemes covering some of its permanent staff employees. The schemes' funds are administered by trustees and are independent of the group's finances. The schemes are fully funded and contributions are paid to the schemes in accordance with the recommendations of independent actuaries. The group's contributions are charged against profits in the year in which contributions are made.

(i) **Leasing**
Amounts receivable under finance leases are recorded as debtors at the aggregate amount of the group's net cash investment in those leases after making appropriate provisions for bad and doubtful rentals receivable. Gross earnings under finance leases are allocated to accounting periods in order to give a constant rate of return on the group's net cash investment in those leases.
Assets held under finance leases and hire purchase agreements are treated as if they had been purchased outright at the present value of the total amount payable during the period of the agreement. The corresponding financial commitments are shown as creditors. The interest element of payments under these agreements and depreciation on the relevant assets are charged to the profit and loss account over the duration of the agreement.
Rentals payable under operating leases are charged to the profit and loss account over the terms of the leases.

(j) **Related Company**
The investment in the related company is reflected in the balance sheet at cost together with the group's share of reserves. The proportion of the results for the appropriate year is included in the profit and loss account.

(k) **Goodwill**
Goodwill arising on the acquisition of subsidiary companies is written off directly against reserves in the year of acquisition.

re considered

ties using the
th September
count dealing

n the ordinary

ads, and net

instalments,

edited to the
s are credited

able future.

nployees. The
The schemes
endations of
ear in which

of the group's
ubtful rentals
rder to give a

en purchased
cement. The
ments under
account over

terms of the

n the group's
rofit and loss

serves in the

Notes to the Accounts
(continued)

Leeds Group plc
LEEDS GROUP PLC & SUBSIDIARY COMPANIES

2. Profit on ordinary activities before taxation

	1987 £000	1986 £000
The analysis of profit before taxation by activity is as follows:		
Parent company and subsidiaries:		
Textiles	3,312	2,241
Leasing	209	111
	3,521	2,352
Related company:		
Motor insurance	24	22
	3,545	2,374
Profit before taxation is stated after charging the following:		
Depreciation	545	475
Directors' remuneration (see note 3):		
As executives (including pension contributions)	267	213
Pensions for former directors or their dependants	19	25
Auditors' remuneration	27	19
Bank interest payable	18	14
Interest payable on loan notes	34	–
Interest payable on medium term loans	9	–
Hire of plant and machinery and charges under operating leases	60	–
Charges in respect of finance leases	1	–
and after crediting:		
Amortisation of grants	47	58
Income from short term deposits and unlisted investments	170	191
Grants under Section 8 Industrial Development Act 1982	–	56
Rents receivable	1	14
Profit on disposal of tangible fixed assets	6	3

3. Emoluments of directors

Excluding pension contributions, the emoluments of the chairman and highest paid director were £59,000 (1986: £52,500); the emoluments of the other directors were within the following ranges:

	1987 Number	1986 Number
£25,001 to £30,000	2	2
£30,001 to £35,000	–	1
£35,001 to £40,000	1	1
£40,001 to £45,000	2	–

Three directors have waived remuneration totalling £22,667 (1986: Three directors waived £17,242).

The emoluments of employees earning more than £30,000 per annum were within the following ranges:

	1987	1986
£30,001 to £35,000	1	–

4 Turnover

The analysis of turnover by activity is as follows:-

	1987 £000	1986 £000
Textiles	21,597	13,779
Leasing	578	378
	22,175	14,157

Leasing rents receivable total £1,406,000 (1986: £958,000). The turnover figure stated above represents gross earnings from finance leases

Notes to the Accounts
(continued)

5. Staff numbers and costs

The average number of persons employed by the group (including directors) during the year, analysed by category, was as follows:-

	1987	1986
Textiles		
– management and administration	102	74
– production	383	256
Leasing	12	9
	497	339

The aggregate payroll costs of these persons were as follows:-	1987	1986
	£000	£000
Wages and salaries	4,178	2,524
Social security costs	439	263
Other pension costs	79	69
	4,696	2,856

6. Tax on profit on ordinary activities

	1987	1986
Taxation based on the profit for the year of the group:	£000	£000
Corporation tax at 35% (1986: 37.5%)	1,310	1,035
Group share of related company's taxation charge	6	7
Deferred taxation (note 16)	(33)	(184)
	1,283	858
Adjustment in respect of prior years' corporation tax charge	(17)	44
	1,266	902

7. Profit for the year – The Company

The profit for the year dealt with in the accounts of the company is £2,089,000 (1986: £1,232,000).

8. Dividends

	1987	1986
	£000	£000
The dividends for the year comprise:		
Interim paid: 2.7 pence per share (1986: 2.25 pence)	207	168
Final proposed: 4.0 pence per share (1986: 4.0 pence)	382	299
	589	467

The final dividend for 1987 is payable on 9,539,630 shares (1986: 7,469,540 shares). If approved the final dividend will be paid on 20th January, 1988.

9. Earnings per share

The calculation of earnings per share is based on earnings of £2,279,000 (1986: £1,472,000) and an average of 9,190,520 ordinary shares of 25p in issue during the year (1986: 8,963,448 after adjusting for the 1 for 5 bonus issue on 5th August, 1987).

Notes to the Accounts
(continued)

Leeds Group plc
LEEDS GROUP PLC & SUBSIDIARY COMPANIES

10. Tangible fixed assets

The Group

	Land and Buildings Freehold £000	Land and Buildings Long Leasehold £000	Plant and machinery £000	Total £000
Cost:				
At 1st October, 1986	2,998	–	6,028	9,026
Additions	84	–	1,100	1,184
Transfers in on acquisition of subsidiary companies	266	334	943	1,543
Disposals	–	–	(63)	(63)
At 30th September, 1987	3,348	334	8,008	11,690
Depreciation:				
At 1st October, 1986	699	–	3,256	3,955
Charged in year	77	7	462	546
Disposals	–	–	(31)	(31)
At 30th September, 1987	776	7	3,687	4,470
Net book value:				
At 30th September, 1986	2,299	–	2,772	5,071
At 30th September, 1987	2,572	327	4,321	7,220

Included in plant and machinery are items capitalised under hire purchase agreements with a net book value of £124,000 (1986: £Nil). Depreciation charged on these assets in the year amounted to £1,000 (1986: £Nil).

Freehold property with a net book value of £265,000 (1986: £Nil) is subject to a charge, dated 6th June, 1986, in favour of Lloyds Bank plc.

11. Investments (held as fixed assets)

The Group

	Shares in related company £000
At 1st October, 1986	607
Share of related company's post tax profit for the year	18
At 30th September, 1987	625

The Company

	Shares in group companies £000	Shares in related company £000	Total £000
Cost less provisions at 1st October, 1986	16	579	595
Additions	5,259	–	5,259
At 30th September, 1987	5,275	579	5,854

(continued)

Leeds Group plc

LEEDS GROUP PLC & SUBSIDIARY COMPANIES

Notes to the Accounts
(continued)

11. Investments (held as fixed assets) (continued)

The Company owns the whole of the issued share capital (comprising ordinary shares) of the following companies which are incorporated in Great Britain:-

Leeds Dyers Limited	–	engaged in the commission processing of textiles and sale of yarn in Great Britain
Leeds Leasing Limited	–	engaged in the finance leasing of assets in Great Britain
Leeds Energy Limited		
Leeds Energy (USA) Limited		Non trading
Colourflex Limited		Non trading
Eldennew Limited		Non trading
The Walsden Printing Company Limited		Non trading
L. G. (Yeadon) Limited (formerly Winston Electronics Limited)		Non trading
Cardcone Limited		Non trading
Sharps Fabric Printers (Leeds) Limited		Non trading

Eldennew Limited and The Walsden Printing Company Limited were acquired on 20th November, 1986, on which date the trade, assets and liabilities were transferred to Leeds Dyers Limited.

Winston Electronics Limited, Cardcone Limited and Sharps Fabric Printers (Leeds) Limited were acquired on 3rd September, 1987, on which date the trade, assets and liabilities were transferred to Leeds Dyers Limited.

The issued share capital of the West Yorkshire Insurance Company Limited, a company which is incorporated in Great Britain, at 30th September, 1987, was £1,765,666 (1986: £1,715,740) of which the company held 34.6% (1986: 34.6%).

12. Stocks and work in progress

	The Group	
	1987	1986
	£000	£000
Raw materials and consumables	1,058	665
Work in progress	315	151
	1,373	816

13. Debtors

	The Group		The Company	
	1987	1986	1987	1986
	£000	£000	£000	£000
Trade debtors	3,749	2,007	–	–
Amounts owed by group companies	–	–	5,815	3,329
Other debtors	49	73	–	20
Prepayments and accrued income	72	5	–	–
Taxation:				
Corporation tax recoverable	342	297	340	297
Other taxes	20	5	1	1
Net amounts receivable under finance leases	2,223	1,510	–	3
	6,455	3,897	6,156	3,650

Included in other debtors is an amount of £29,000 (1986: £34,000) which falls due after more than one year.

Included in net amounts receivable under finance leases is an amount of £1,218,000 (1986: £827,000) which falls due after more than one year.

During the year the group has acquired assets at a cost of £1,897,000 (1986: £1,005,000) for finance leasing.

Included in corporation tax recoverable is an amount of £141,000 (1986: £122,000) in respect of advance corporation tax on the proposed dividend of £382,000 (1986: £299,000).

Notes to the Accounts
(continued)

Leeds Group plc
LEEDS GROUP PLC & SUBSIDIARY COMPANIES

14. Creditors: Amounts falling due within one year

	The Group		The Company	
	1987	1986	1987	1986
	£000	£000	£000	£000
Bank loans and overdrafts	269	105	–	41
Trade creditors	2,608	1,302	–	1
Payments received on account	19	19	–	–
Bills of exchange payable	122	–	–	–
Amounts owed to group companies	–	–	863	10
Other creditors including taxation and social security:				
Corporation tax	1,731	1,358	286	377
Other taxes	576	371	–	–
Social security	78	42	–	–
Other creditors	720	118	548	–
Accruals and deferred income	793	506	19	20
Proposed dividend	382	299	382	299
	7,358	4,120	2,098	748

15. Creditors: Amounts falling due after more than one year

	The Group		The Company	
	1987	1986	1987	1986
	£000	£000	£000	£000
Loan notes	430	–	430	–
Other creditors	1,883	–	1,715	–
	2,313	–	2,145	–

The loan notes were issued as part consideration for the purchase of Eldennew Limited and its subsidiary company, The Walsden Printing Company Limited. Interest is payable at National Westminster Bank plc base rate obtaining from time to time, less one per cent, and the loan notes are repayable on or after 1st October, 1989 on one month's notice.

The maximum consideration assumed to be payable under the agreement to purchase Eldennew Limited is £3,950,000. The outstanding balance of this consideration amounting to £2,215,000 is provided in other creditors as follows:

	£000
Due within one year	500
Due after more than one year	1,715
	2,215

The consideration is payable in cash or loan notes, or shares at the option of the company.

Other creditors also include the following loans:

	1987		1986
	Payable within one year	Payable after more than one year	
	£000	£000	£000
Investors in Industry plc loan	33	99	–
Government loan	5	22	–

The Investors in Industry plc loan is repayable by four annual instalments of £33,125 commencing on 30th June, 1988. Interest is payable at a rate of 11% per annum with an anticipated rebate of 2.4% per annum in the first five years of the loan. The loan is secured through the guarantee of the company's bankers.

The government loan is interest free and is repayable at the rate of £4,800 per annum.

Leeds Group plc

LEEDS GROUP PLC & SUBSIDIARY COMPANIES

Notes to the Accounts
(continued)

16. Provisions for liabilities and charges

The amounts provided for deferred taxation and the full potential liability, calculated on the liability method at a corporation tax rate of 35% (1986: 35%), are set out below:

The Group	1987 Total potential liability £000	1987 Amount provided in the accounts £000	1986 Total potential liability £000	1986 Amount provided in the accounts £000
Accelerated capital allowances	1,364	1,364	1,183	1,183
Chargeable gains rolled over (1986: 30%)	356	–	305	–
Other timing differences	(30)	(30)	–	–
	1,690	1,334	1,488	1,183

The movement in the provision for the year comprises:

	£000
At 1st October, 1986	1,183
Provision transferred in on the acquisition of subsidiary companies	184
Released to profit and loss account in the year	(33)
At 30th September, 1987	1,334

The Company

There is a continuing potential liability in respect of chargeable gains rolled over of £342,000 at 35% (1986: £293,000 at 30%). In the opinion of the directors this amount will not crystalise in the foreseeable future.

17. Accruals and deferred income – Industry Act 1972 Grants

The Group	Buildings £000	Plant & Machinery £000	Total £000
Received			
At 1st October, 1986	972	426	1,398
Transferred in on acquisition of subsidiary companies	–	57	57
At 30th September, 1987	972	483	1,455
Amortisation:			
At 1st October, 1986	190	300	490
Credited for year	22	25	47
At 30th September, 1987	212	325	537
Net amount: At 30th September, 1986	782	126	908
Net amount: At 30th September, 1987	760	158	918

...ty method at a

...386

	Amount provided in the accounts £000
	1,183
	–
	–
	1,183

...at 35% (1986:

...e future

	Total £000
	1,398
	57
	1,455
	490
	47
	537
	908
	918

Notes to the Accounts
(continued)

Leeds Group plc

LEEDS GROUP PLC & SUBSIDIARY COMPANIES

18. Share capital

	1987 £000	1986 £000
Authorised:		
12,000,000 (1986: 10,000,000) ordinary shares of 25p each	3,000	2,500
Share capital allotted, called up and fully paid:		
9,539,630 (1986: 7,469,540) ordinary shares of 25p each	2,385	1,867

On 20th November, 1986 the company issued 198,952 ordinary shares of 25p each, as part consideration to acquire Eldennew Limited and its subsidiary company, The Walsden Printing Company Limited.

On 5th August, 1987 the company made a bonus issue of 1,533,098 ordinary shares of 25p each, out of the balance of unappropriated profits.

On 9th September, 1987 the company issued 337,440 ordinary shares of 25p each as consideration to acquire Winston Electronics Limited and its subsidiary companies, Cardcone Limited and Sharps Fabric Printers (Leeds) Limited.

In connection with the Executive and the Savings Related Share Option Schemes the company has granted options to subscribe for 523,868 Ordinary shares at prices between 92p and 158p per share. These options may be exercised between 22nd January, 1988 and 8th December, 1996

19. Other reserves

	The Group £000	The Company £000
At 1st October, 1986	–	–
Merger reserve arising on the acquisition of subsidiary companies	1,467	1,467
Goodwill written off on consolidation	(1,467)	–
At 30th September, 1987	–	1,467

20. Commitments

Capital commitments at 30th September, for which no provision has been made in these accounts, were as follows:

	The Group 1987 £000	The Group 1986 £000
Contracted	965	35
Authorised but not contracted	388	50

The holding company had no capital commitments at 30th September, 1987 or 30th September, 1986.

Leasing Commitments

Obligations provided under finance leases and hire purchase agreements in respect of plant and machinery comprise:

	1987 £000	1986 £000
Due within one year	35	–
Due in 2-5 years	47	–
	82	–

Operating lease rentals due within one year are payable as follows:

	1987 £000	1986 £000
On operating lease rentals expiring:		
Within one year		
2-5 years	49	–
	5	–

21. Contingencies

The company has guaranteed the bank overdrafts of certain subsidiary companies amounting to approximately £66,000 (1986: £50,000).

Leeds Group plc
LEEDS GROUP PLC & SUBSIDIARY COMPANIES

Ten-Year comparison of Results and Capital Employed

Years ended 30th September

	1978 £000	1979 £000	1980 £000	1981 £000	1982 £000	1983 £000	1984 £000	1985 £000	1986 £000	1987 £000
Profit before depreciation	1,322	1,379	1,132	1,073	1,497	1,715	1,873	2,493	2,849	4,091
Depreciation	(220)	(350)	(423)	(362)	(393)	(472)	(456)	(488)	(475)	(546)
Profit before tax	1,102	1,029	709	711	1,104	1,243	1,417	2,005	2,374	3,545
Taxation	580	393	13	127	149	219	545	859	902	1,266
Profit after tax	522	636	696	584	955	1,024	872	1,146	1,472	2,279
Extraordinary items	856	92	(223)	(44)	–	–	(1,993)	–	–	–
	1,378	728	473	540	955	1,024	(1,121)	1,146	1,472	2,279
Distributions:										
Ordinary dividends	85	136	148	174	227	267	307	389	467	589
Retained in the business	1,293	592	325	366	728	757	(1,428)	757	1,005	1,690
Capital employed:										
Ordinary shares	1,297	1,297	1,297	1,297	1,297	1,556	1,556	1,556	1,867	2,385
Reserves	1,769	3,581	3,906	4,272	5,000	5,498	4,070	4,827	5,521	3,889
Loan stock	108	104	104	86	84	–	–	–	–	430
Industry Act 1972 grants	747	1,238	1,246	1,228	1,138	1,082	1,023	966	908	918
	3,921	6,220	6,553	6,883	7,519	8,136	6,649	7,349	8,296	7,622
***Earnings per ordinary share (pence)**	5.8	7.1	7.8	6.5	10.7	11.4	9.8	12.8	16.4	‡24.8
***Dividend per ordinary share (pence)**	0.95	1.52	1.65	1.94	2.53	2.98	3.43	4.34	5.21	‡6.25

*Based on the number of shares in issue at 1st October, 1986 as adjusted for the bonus issue on 5th August, 1987.

‡Based on the average number of shares in issue during the year to 30th September, 1987.

Companies House

NOTICE OF ILLEGIBLE DOCUMENT

ON THE MICROFICHE RECORD

Companies House regrets that the microfiche record for this company contains some data which is illegible.

The poor quality has been noted but unfortunately the steps taken to improve the quality have been unsuccessful.

Companies House would like to apologise for any inconvenience this may cause.