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WILKINSON SWORD LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the financial statements of the company for the period ended 30 September 1981.

PRINCIPAL ACTIVITIES

The principal activities of the company are the manufacture and distribution of razors, razor blades, garden tools, swords and housewares.

RESULTS

The results for the period are set out in the profit and loss account on page 5. The directors do not recommend the payment of a dividend for the year.

TURNOVER

Turnover of the various activities of the company for the year ended 30 September 1981 was as follows:

	<u>For the year ended 30 September 1981</u>	<u>For the 18 months ended 30 September 1980</u>
	£'000	£'000
Shaving and personal products	17,148	25,300
Garden Tools and scissors	8,040	10,706
Swords	841	1,126
Housewares	3,255	5,886
	<u>£29,284</u>	<u>£43,018</u>

EXPORTS

The value of goods exported from the United Kingdom during the period amounted to £12,668,000 (1980 - £15,455,000).

CHANGES IN FIXED ASSETS

The movements in fixed assets during the year are set out in note 9 to the accounts.



WILKINSON SWORD LIMITED

REPORT OF THE DIRECTORS

DIRECTORS

The directors of the company at 30 September 1981 were as follows:

Mr C Lewinton           -     Chairman  
Mr J A Bloxcidge  
Mr A D Shanagher  
Mr C W K Saunders  
Mr H Osberghaus

In accordance with the Articles of Association Mr C W K Saunders and Mr H Osberghaus retire by rotation and, being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS

None of the directors has any interest in the shares of the company. Mr C Lewinton, Mr C W K Saunders, Mr J A Bloxcidge and Mr A D Shanagher are directors of the holding company, Wilkinson Sword Group Limited, and their shareholdings in that company are disclosed in the group accounts.

The interests of the other directors in the shares of Wilkinson Sword Group Limited were as follows:

<u>At 30 September 1981</u>		<u>At 30 September 1980</u>	
<u>Ordinary Shares of £1 each</u>	<u>10% Convertible Loan Stock 1984/98</u>	<u>Ordinary Shares of £1 each</u>	<u>10% Convertible Loan Stock 1984/98</u>
£	£	£	£

Beneficial interests

H Osberghaus	-	-	479	1,396
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WILKINSON SWORD LIMITED

REPORT OF THE DIRECTORS

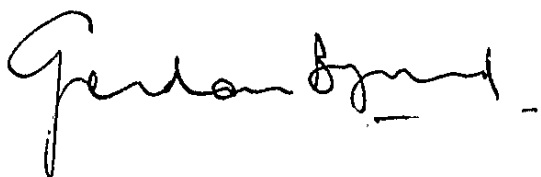
DISABLED PERSONS

The company does not discriminate against disabled persons in its employment or training practices. Its policy is to provide continued work opportunities to persons who are or become disabled whilst in its employ. Overall the group employs in excess of the legally required number of disabled persons and provides facilities and aids where required.

AUDITORS

A resolution to re-appoint Peat Marwick Mitchell & Co auditors of the company for the ensuing year will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read 'G. Byard', with a horizontal line underneath the name.

G BYARD

Secretary

Sword House  
Totteridge Road  
High Wycombe  
Bucks  
HP13 6EJ

11th December 1981

WILKINSON SWORD LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS OF WILKINSON SWORD LIMITED

We have audited the financial statements on pages five to fifteen in accordance with approved Auditing Standards.

In our opinion the financial statements, which have been prepared on the basis of the accounting policies set out on pages seven and eight, give a true and fair view of the state of the affairs of the company at 30 September 1981 and of the loss and source and application of funds for the year ended on that date and comply with the Companies Act of 1948 to 1981.

*Peat Marwick Mitchell & Co*

PEAT, MARWICK, MITCHELL & CO

Chartered Accountants

LONDON

11th December 1981

WILKINSON SWORD LIMITED

STATEMENT OF PROFIT AND LOSS  
FOR THE PERIOD ENDED 30 SEPTEMBER 1981

	<u>Notes</u>	<u>Year to</u> <u>30 September 1981</u>	<u>18 mths to</u> <u>30 September 1980</u>
		£'000	£'000
Turnover	1(d)	£29,284 <u>          </u>	£43,018 <u>          </u>
Loss before taxation	2	6,317	10,505
Taxation	5	3,180 <u>          </u>	6,842 <u>          </u>
Loss after taxation and before extraordinary items		3,137	3,663
Extraordinary items	6	718 <u>          </u>	- <u>          </u>
Loss for period		£ 3,855 <u>          </u>	£ 3,663 <u>          </u>

STATEMENT OF RETAINED PROFITS (ACCUMULATED LOSSES)

	<u>Year to</u> <u>30 September 1981</u>	<u>18 mths to</u> <u>30 September 1980</u>
	£'000	£'000
Retained profits at 30 September 1980	1,055	4,718
Loss for period	3,855 <u>          </u>	3,663 <u>          </u>
Retained profits (accumulated losses) at 30 September 1981	£(2,800) <u>          </u>	£ 1,055 <u>          </u>

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

WILKINSON SWORD LIMITED

BALANCE SHEET AT 30 SEPTEMBER 1981

	Note	1981		1980	
		£'000	£'000	£'000	£'000
<b>EMPLOYMENT OF CAPITAL</b>					
Fixed assets	9		7,399		8,300
Interest in subsidiaries	7		44		124
Current assets:					
Stock and work in progress	14	7,471		9,163	
Amounts due by group companies		7,714		10,522	
Debtors and prepayments		5,565		5,658	
Cash and bank balances		544		152	
		<u>£21,294</u>		<u>£25,495</u>	
<b>Less:</b>					
Current liabilities:					
Creditors and accrued liabilities		6,507		5,707	
Amounts due to group companies		18,306		20,248	
Bank loans and overdrafts		-		41	
		<u>£24,813</u>		<u>£25,996</u>	
<b>NET CURRENT LIABILITIES</b>			(3,519)		(501)
			<u>£ 3,924</u>		<u>£ 7,923</u>
<b>CAPITAL EMPLOYED</b>					
Share capital	8		5,246		5,246
Share premium			360		360
Non-distributable reserves			618		618
Retained profits (accumulated losses)			(2,800)		1,055
			<u>3,424</u>		<u>7,279</u>
Deferred taxation	10		-		188
Regional development grants			500		456
			<u>£ 3,924</u>		<u>£ 7,923</u>

J A Bloxcidge

C W K Saunders

Directors

*J. A. Bloxcidge*

*C. W. K. Saunders*

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

WILKINSON SWORD LIMITED

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

(a) Accounts

The accounts have been prepared under the historical cost convention, modified to include revaluation of certain fixed assets.

(b) Turnover

Turnover comprises amounts invoiced to customers less returns and excluding VAT, but includes sales to group companies.

(c) Depreciation

Depreciation is provided on all fixed assets except freehold land. The charge in the profit and loss account is calculated to write off the cost or valuation of fixed assets over the expected useful lives of the assets.

The principal rates are:

Freehold buildings	2% p.a.
Leasehold land, buildings and improvements	2% p.a. or remaining life of lease
Plant & machinery	15% p.a.
Motor vehicles	25% p.a.

Provision is not made for the possible increased replacement cost of fixed assets.

(d) Deferred Taxation

Provision is made for deferred taxation, using the deferral method, except where there is a reasonable probability that a liability will not arise in the foreseeable future.

(e) Stock and Work in Progress

Stock and work in progress has been valued at the lower of cost and net realisable value. The cost of work in progress and finished goods includes the appropriate proportion of overhead costs.

(f) Research and Development Expenditure

Revenue expenditure on research and development is written off as incurred.

(g) Foreign Currencies

Assets and liabilities in foreign currencies are converted into sterling at rates of exchange ruling at the balance sheet date.

WILKINSON SWORD LIMITED

NOTES TO THE ACCOUNTS (Continued)

1. ACCOUNTING POLICIES (Continued)

(h) Regional Development Grants

Regional development grants are credited to the profit and loss account over the expected useful lives of the assets to which they relate.

2. LOSS BEFORE TAXATION

The loss before taxation is stated after charging:

	<u>1981</u>	<u>1980</u>
	£'000	£'000
Directors emoluments	-	84
Pension and consultancy fees paid to former directors	24	27
Depreciation	1,250	1,468
Auditors' remuneration	37	40
Interest payable (all intragroup)	2,704	4,369
Hire of plant and machinery	287	82
Write down of value of stored plant and machinery	986	-
Write off of debtor balance from subsidiary company in Egypt	627	-

3. EMOLUMENTS OF SENIOR EMPLOYEES

	<u>Year to</u> <u>30 September 1981</u> <u>Number</u>	<u>18 months to</u> <u>30 September 1980</u> <u>Number</u>
£20,001 to £25,000	21	~
£25,001 to £30,000	9	-
£30,001 to £35,000	4	2
£40,001 to £45,000	2	-

4. DIRECTORS' EMOLUMENTS

All of the directors, including the chairman, are or were employed as directors of Wilkinson Sword Group Limited and were remunerated by that company in respect of their services to the group as a whole. Their emoluments are dealt with in the accounts of Wilkinson Sword Group Limited and no emoluments are received from this company.



WILKINSON SWORD LIMITED

NOTES TO THE ACCOUNTS (Continued)

5. TAXATION

The credit for taxation is made up as follows:

	<u>1981</u> £'000	<u>1980</u> £'000
Amount received from group companies in respect of group relief	3,3.1	6,571
Deferred taxation release (charge)	188	(40)
	<u>3,499</u>	<u>6,531</u>
Overseas taxation charge	(8)	(6)
	<u>3,491</u>	<u>6,525</u>
Prior year adjustments	(311)	317
	<u>£3,180</u>	<u>£6,842</u>

6. EXTRAORDINARY ITEMS

	<u>1981</u> £'000	<u>1980</u> £'000
Closure of Reading factory (after taxation credit of £286,000)	409	-
Closure of Blackpool factory (after taxation credit of £93,000)	181	-
Cessation of Housewares manufacturing at Toddington (after taxation credit of £100,000)	128	-
	<u>£ 718</u>	<u>£ -</u>

WILKINSON SWORD LIMITED

NOTES TO THE ACCOUNTS (Continued)

7. INTEREST IN SUBSIDIARIES

	<u>1981</u>	<u>1980</u>
	£'000	£'000
Shares at cost less amounts written off	10	10
Amounts owing by subsidiaries	51	130
	<u>61</u>	<u>140</u>
Amounts owing to subsidiaries	(17)	(16)
	<u>£ 44</u>	<u>£ 124</u>

In the opinion of the directors the aggregate value of the company's investment in its subsidiaries and the aggregate value of the company's indebtedness by its subsidiaries are not less than the aggregate amounts at which these items are included in the company's balance sheet.

Group accounts are not submitted as the company is a wholly owned subsidiary of another company incorporated in Great Britain.

8. SHARE CAPITAL

	<u>Authorised</u>	<u>Issued and</u>
	£'000	fully paid
		£'000
<u>At 30 September 1981 and 1980</u>		
Ordinary shares of 20p each	1,270	1,270
Non voting 'A' ordinary shares of 20p each	3,976	3,976
Unclassified shares of 20p each	754	-
	<u>£6,000</u>	<u>£5,246</u>

WILKINSON SWORD LIMITED

NOTES TO THE ACCOUNTS (Continued)

9. FIXED ASSETS

	Land & Buildings			Plant, Machinery & Vehicles	Total
	Freehold	Leasehold			
	£'000	Short £'000	Long £'000	£'000	£'000
<u>Cost or Valuation</u>					
At 1 October 1980	3,065	551	425	8,665	12,706
Reclassification	-	66	(66)	-	-
Additions	3	10	81	1,152	1,246
Group companies transfers	(749)	-	-	(23)	(772)
Disposals	(203)	-	-	(603)	(806)
At 30 September 1981	<u>£2,116</u>	<u>£ 627</u>	<u>£ 440</u>	<u>£9,191</u>	<u>£12,374</u>
<u>Depreciation</u>					
At 1 October 1980	129	125	8	4,716	4,978
Provision for period	37	68	39	1,106	1,250
Group companies transfers	(55)	-	-	(7)	(62)
Disposals	(15)	-	-	(470)	(485)
At 30 September 1981	<u>£ 96</u>	<u>£ 193</u>	<u>£ 47</u>	<u>£5,345</u>	<u>£ 5,681</u>
Net book value at 30 September 1981	<u>£2,020</u>	<u>£ 434</u>	<u>£ 393</u>	<u>£3,846</u>	<u>£ 6,693</u>
Capital work in progress					706
					<u>£ 7,399</u>
Net book value at 30 September 1980	<u>£2,936</u>	<u>£ 426</u>	<u>£ 417</u>	<u>£3,949</u>	<u>£ 7,728</u>
Capital work in progress					572
					<u>£ 8,300</u>

Cost or valuation includes freehold properties of £2,065,000 valued on 1 February 1977 by Matthews & Goodman, Chartered Surveyors, on an open market basis assuming vacant possession.

WILKINSON SWORD LIMITED

NOTES TO THE ACCOUNTS (Continued)

10. DEFERRED TAXATION

The provision made in the accounts for deferred taxation, and the full potential liability are set out below. The accounting policy for deferred taxation is explained in note 1 (c).

Analysis of Provision and Full Potential Liability

	<u>Provision made</u>		<u>Full Potential Liability</u>	
	<u>1981</u>	<u>1980</u>	<u>1981</u>	<u>1980</u>
	£'000	£'000	£'000	£'000
Accelerated allowances on plant and machinery	-	-	2,344	2,379
Stock appreciation relief	-	826	-	3,395
Corporation tax payable if properties were disposed of at their revalued amounts	-	-	293	382
Other	-	(638)	(265)	(638)
	<u>£ -</u>	<u>£ 188</u>	<u>£2,372</u>	<u>£5,518</u>

11. CAPITAL EXPENDITURE

	<u>1981</u>	<u>1980</u>
	£'000	£'000
Commitments in respect of contracts	<u>£ 1</u>	<u>£ 66</u>
Approved by the directors but not committed	<u>£ 129</u>	<u>£ 354</u>

12. CONTINGENT LIABILITIES

- (a) The company is co-guarantor of a £4,500,000 overdraft facility to another group company (1980 - £8,000,000).
- (b) The company has given a counter indemnity to Grindlays bank in respect of advance payment guarantees and performance bonds of £1,654,000 (1980 - £846,486).
- (c) Under a group registration the company is jointly and severally liable for Value Added Tax due from other group companies of £371,000 (1980 - NIL).

WILKINSON SWORD LIMITED

NOTES TO THE ACCOUNTS (Continued)

13. PRINCIPAL SUBSIDIARY COMPANIES

<u>Name of company</u>	<u>Country of Incorporation</u>	<u>Class of shares held</u>	<u>Proportion of Nominal value of issued shares held by:</u>	
			<u>Wilkinson Sword Limited</u>	<u>Wilkinson Sword Limited through subsidiaries</u>
			<u>%</u>	<u>%</u>
Wilkinson Sword (New Zealand) Limited	New Zealand	Ordinary	100	-
Wilkinson Sword A.B.	Sweden	Ordinary	100	-
Wilkinson Sword (Kenya) Limited	Kenya	Ordinary	100	-
Scripto Pens Limited	Great Britain	Ordinary	55	-
Scripto Industries (Shannon) Limited	Eire	Ordinary Preference	55 55	25 25
Scripto Industries (Ireland) Limited	Eire	Ordinary	-	80
Wilkinson Sword (Argentina) S.A.	Argentina	Ordinary	100	-

14. STOCK AND WORK IN PROGRESS

The amount shown in the balance sheet for stock and work in progress is made up as follows:

	<u>1981</u>	<u>1980</u>
	<u>£'000</u>	<u>£'000</u>
Raw materials	1,204	1,886
Work in progress	2,287	3,767
Finished goods	3,681	3,321
Other stocks	299	189
	<u>£ 7,471</u>	<u>£ 9,163</u>

WILKINSON SWORD LIMITED

NOTES TO THE ACCOUNTS (Continued)

15. The ultimate holding company is Allegheny International Inc. incorporated in Pennsylvania, United States of America.
16. The financial statements were approved by the Board of Directors on 11th December 1981.

WILKINSON SWORD LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS  
FOR THE PERIOD ENDED 30 SEPTEMBER 1981

	<u>1981</u>	<u>1980</u>
	£'000	£'000
<u>Funds Absorbed by Operations</u>		
Loss before taxation and extraordinary items	(6,317)	(10,505)
Depreciation	1,250	1,468
Regional development grants	44	62
	<u>£(5,023)</u>	<u>£(8,975)</u>
 <u>Sources</u>		
Disposal of fixed assets	1,031	535
Tax settlements: Group relief received	6,489	6,888
Corporation tax received	2	32
Overseas tax paid	(8)	(6)
Net movement in interests in subsidiaries	80	(38)
	<u>£ 7,594</u>	<u>£ 7,411</u>
 <u>Applications</u>		
Extraordinary items	(1,197)	-
Purchase of fixed assets	(1,380)	(3,450)
Net movement in working capital	439	4,508
(Increase)/Decrease in inventories	1,692	(2,594)
(Increase)/Decrease in debtors	93	2,015
Increase/(Decrease) in creditors	800	866
(Increase)/Decrease in group indebtedness	(2,146)	4,221
	<u>£(2,138)</u>	<u>£ 1,058</u>
Increase/(Decrease) in cash and bank balances	<u>£ 433</u>	<u>£(506)</u>