

PRIEST FURNACES LIMITED.

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DIRECTORS REPORT  
AND  
STATEMENT OF ACCOUNTS  
FOR THE YEAR ENDED  
31st DECEMBER 1975

C. PERCY BARROWCLIFF & CO.,  
CHARTERED ACCOUNTANTS.  
MIDDLESBROUGH

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PRIEST FURNACES LIMITED.

DIRECTORS REPORT

The Directors present herewith the Audited Accounts of the Company for the year ended 31st December 1975. The principle activities of the Company continue to be Designing, Building and Repairing Industrial Furnaces.

	<u>1975</u>	<u>1974</u>
The Profit before charging taxation is	599,619	94,619
From which is deducted taxation of	<u>313,400</u>	<u>51,200</u>
Leaving a profit after taxation of	286,219	43,419
To which is added the Balance brought forward from the previous year	<u>511,530</u>	<u>493,784</u>
	<u>797,749</u>	<u>537,203</u>
From which are deducted:		
Dividends paid and Proposed:		
Cumulative Preference Shares 3.5p. per Share net (formerly 5p. per share Gross)	1,988	1,988
Preferred Ordinary Shares 4.2p. per Share Net (1974 4.2p per share Net)	90	90
Ordinary Shares at 56.18p per share Net (1974 56.18p per Share Net)	<u>23,595</u>	<u>23,595</u>
	<u>25,673</u>	<u>25,673</u>
Leaving a balance to be carried forward of	<u>£ 772,076</u>	<u>£ 511,530</u>

There has been no recent valuation of the Company's freehold properties but in the opinion of the Directors the Market Value is not less than the Book value.

The Directors named below have held office during the year and the interest of the Directors and their immediate families in the Company's Shares at the beginning and at the end of the year are as follows:-

	Preferred Ordinary					
	Preference Shares		Shares		Ordinary Shares	
	<u>1.1.75</u>	<u>31.12.75</u>	<u>1.1.75</u>	<u>31.12.75</u>	<u>1.1.75</u>	<u>31.12.75</u>
F.R.Priest	8,400	8,400	576	576	12,600	12,600
G.M.Priest	8,400	8,400	576	576	12,600	12,600
A.Kilby	*	20,000	1	1	12,600	12,600
R.Francombe	-	-	1	1	-	-
F.W.Cleaver	-	-	1	1	-	-
A.Coates	-	-	-	-	-	-
G.Holliday	-	-	-	-	-	-

\* Shares registered in the name of Mrs B.Kilby, wife of A.Kilby.

Mr.G.Holliday retired from the board on 31st January 1975.

The average number of persons employed by the Company in each week of the Financial year was 136 (1974 207) and the aggregate remuneration paid or payable to them for the year was £635,485 (1974 £846,621).

The Longlands  
Middlesbrough.

By Order of the Board  
R.Francombe.  
SECRETARY.

PRIEST FURNACES LIMITED.

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED

31st DECEMBER 1975.

	<u>1975</u>	<u>1974</u>
Turnover(Note 2)	6,976,053	3,773,730
<u>Trading Profit</u> before crediting the Income or charging the expenses shown below	760,842	194,812
Bank Interest	14,926	17,949
Loan Interest	1,941	1,378
	<u>777,709</u>	<u>214,139</u>
<u>Less: Directors Emoluments</u> (Note 3)	129,311	89,010
Auditors Remuneration	3,000	2,000
Hire of Plant and Machinery	32,088	15,430
Depreciation	18,691	13,080
	<u>183,090</u>	<u>119,520</u>
<u>Profit before Taxation</u>	594,619	94,619
U.K. Corporation Tax at 52%(1974 52%) (Note 7)	313,400	51,200
<u>Profit after Taxation</u>	281,219	43,419
Unappropriated Profits brought forward	511,530	493,784
	<u>792,749</u>	<u>537,203</u>
<u>Deduct: Dividends</u> (Note 8)	25,673	25,673
Unappropriated Profits carried forward	£ 767,076	£ 511,530

PRIEST FURNACES LIMITED.

BALANCE SHEET

AS AT

31st DECEMBER 1975.

	<u>1975</u>	<u>1974</u>
<u>FIXED ASSETS</u> (Note 4)	127,276	101,955
<u>LOANS ON MORTGAGE</u> (Secured)	69,712	83,388
	<u>196,988</u>	<u>185,343</u>
<u>INVESTMENT IN ASSOCIATED COMPANY</u>	30	30
<u>CURRENT ASSETS</u>		
Stock on Hand (Note 5)	53,754	20,899
Work in progress (Note 6)	550,262	121,390
Corporation Tax Recoverable	7,254	-
Trade Debtors and Prepayments	2,369,513	1,655,977
Cash at Bank and in Hand	98,815	295
	<u>3,079,598</u>	<u>1,798,561</u>
<u>LESS: CURRENT LIABILITIES</u>		
Trade Creditors	2,052,695	1,211,192
Taxation (Note 7)	27,648	108,568
Dividends Payable & Proposed (Note 8)	49,268	48,185
Bank Overdraft	-	23,400
	<u>2,129,611</u>	<u>1,391,345</u>
<u>DEFERRED TAXATION</u>	949,987	407,216
	-	24,778
<u>NET ASSETS</u>	£ 1,147,005	£ 617,367
Financed by:		
<u>SHARE CAPITAL</u> (Note 9)	100,950	100,950
<u>RESERVES</u>		
Capital Reserve	4,887	4,887
Unappropriated Profits	767,076	511,530
	<u>771,963</u>	<u>516,417</u>
<u>DEFERRED TAXATION</u>	274,092	-
	£ 1,147,005	£ 617,367

A. KILBY )  
F.R.I. (RIEST) DIRECTORS

REPORT OF THE AUDITORS TO THE MEMBERS OF PRIEST FURNACES LIMITED.

In our opinion the above Balance Sheet and annexed Profit and Loss Account together with the notes thereon give a true and fair view of the state of the Company's affairs at 31st December 1975 and of its Profit for the year ended on that date and comply with the Companies Acts 1948 and 1967.

242 Marton Road.  
MIDDLESBROUGH.

C. PERCY BARROWCLIFF & CO.,  
Chartered Accountants.

8th October 1976.

PRIEST FURNACES LIMITED.

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 1975.

1. ACCOUNTING POLICIES - Accounting Policies are explained in notes 4, 5, 6, 7 and 10 below.
2. TURNOVER The amount stated is the total amount invoiced to customers in respect of the year. The value of the goods exported from the United Kingdom by the Company was £208,599. (1974 £255,333)

3. EMOLUMENTS OF DIRECTORS

	<u>1975</u>	<u>1974</u>
The number of Directors, in each range of Emoluments (excluding pension scheme contributions) were as follows.		
Between £2,500 - £5,000	1	-
£5,001 - £7,500	1	2
£7,501 - £10,000	1	3
£10,001 - £12,500	1	* 2
£20,001 - £25,000	3 *	-

\* Including emoluments of highest paid Director £24,453 (1974 £11,428)

4. FIXED ASSETS

	<u>Freehold Property</u>	<u>Fixtures &amp; Fittings</u>	<u>Plant &amp; Machinery</u>	<u>Motor Vehicles</u>	<u>Patents</u>	<u>TOTAL</u>
<u>Cost</u>						
At 1st January 1975	68,908	28,947	19,280	54,378	5,000	176,513
Additions in the year	4,508	773	24,061	17,564	-	46,906
Disposals in the year	-	-	-	(13,356)	-	(13,356)
At 31st December 1975	73,416	29,720	43,341	58,586	5,000	210,063
<u>Depreciation</u>						
At 1st January 1975	-	28,080	15,923	30,525	-	74,528
Charge for the period	-	125	3,797	10,169	5,000	18,691
Eliminated on Disposals	-	-	-	(10,432)	-	(10,432)
At 31st December 1975	-	28,205	19,320	30,262	5,000	82,787
<u>Net Book Value</u>						
At 31st December 1975	73,416	1,515	24,021	28,324	-	127,276
At 31st December 1974	68,908	867	3,357	23,853	5,000	101,985

No depreciation has been provided on Freehold Property. All other assets are written off over their estimated lives on a straight line basis. Patents have been written off in full as these have now lapsed.

At 31st December 1975 there were commitments for Capital expenditure amounting to Nil (1974 Nil). Expenditure authorised by Directors but not contracted for was Nil (1974 £13,000).

5. STOCKS - Stocks have been valued at the lower of cost or realisable value.
6. WORK IN PROGRESS - Work in progress has been valued at cost plus a percentage to cover overheads less amounts invoiced out at the year end.

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 1975 (Contd)

**7. TAXATION**

(a) The taxation liability of £27,648 falls due for payment as follows:-

Advance Corporation Tax Payable April 1976	13,824
Advance Corporation Tax Payable January 1977	13,824
	27,648

(b) Deferred Taxation account of £274,092 represents Corporation Tax at 52% deferred by a stock and work in progress relief claim amounting to 313,400

Less: Advance Corporation Tax recoverable against future taxable profits of	39,308
	£ 274,092

There are tax losses available to carry forward of £915,289 made up of unutilised Capital allowances of	36,390
And unutilised Stock relief claim of	878,899
	£ 915,289

Part of which may be carried back to the previous years.

(c) In the opinion of the Directors the Company is a close company as defined in the Income and Corporation Taxes Act 1970.

**8. DIVIDENDS**

	1975 Amount to Share Holders	1974 Amount to Share Holders
3.5% (Formerly 5%) Preference Shares of £1 each 3.5p. per share (1974 3.5p. per Share)	1,988	1,988
Preferred Ordinary Shares of £1 each 4.2p. per share (1974 4.2p. per share)	90	90
Ordinary Shares of £1 each 56.18p. per share (1974 56.18p. per share)	23,595	23,595
	£ 25,673	£ 25,673

The Ordinary dividend for 1974 of 56.18p. per share is payable on 1st January 1976 and the Ordinary dividend for 1975 of 56.18p. per share is payable 31st December 1976.

**9. SHARE CAPITAL**

	<u>Authorised Issued and Fully paid</u>	
	1975	1974
56,800 3.5% (formerly 5%) Cumulative Preference Shares of £1 each	56,800	56,800
2,150 Preferred Ordinary Shares of £1 each	2,150	2,150
42,000 Ordinary Shares of £1 each	42,000	42,000
	100,950	100,950

**10. INVESTMENT IN ASSOCIATED COMPANY**

The company has a 30% shareholding in Mecatherm Engineering Limited, Mr. A. Kilby and Mr. R. Francombe are Directors of that Company. Iricst Furnaces Limited have guaranteed bank borrowing facilities up to an amount of £11,000. The proportion of the results of the Associated Company have been included in this Company's accounts for the year to 31st December 1975 because they are not material; in the year to 31st May 1976, the Profit after taxation amounted to £4,204. The bank overdraft at that date was Nil.