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WILKINSON SWORD LIMITED

REPORT OF THE DIRECTORS

ACCOUNTS FOR THE PERIOD ENDED 30 NOVEMBER 1982



# WILKINSON SWORD LIMITED

## REPORT OF THE DIRECTORS

The directors present their report and the financial statements of the company for the 14 months ended 30 November 1982.

### PRINCIPAL ACTIVITIES

The principal activities of the company are the manufacture and distribution of razors, razor blades, garden tools, swords and housewares. During the course of the year the assets and business of Kitchen Devils, an affiliate company, were acquired.

### RESULTS

The results for the period are set out in the profit and loss account on page 4. The directors do not recommend the payment of a dividend for the year.

### TURNOVER

Turnover of the various activities of the company for the period ended 30 November 1982 was as follows:

	<u>For the period ended 30 November 1982</u>	<u>For the year ended 30 September 1981</u>
	£'000	£'000
Shaving and personal products	22,249	17,148
Garden Tools and Scissors	8,406	8,040
Swords	961	841
Housewares including Kitchen Devils	4,620	3,255
	<u>£ 36,236</u>	<u>£ 29,284</u>

### EXPORTS

The value of goods exported from the United Kingdom during the period amounted to £15,242,000 (1981 - £12,668,000).

### 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 during the period 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 Lewinton and Mr J A Bloxcidge retire by rotation and, being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS

None of the directors had any notifiable interest in the shares of the company at 30 November 1982 and no director had any interest in the shares or loan stock of any other group company.


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 as auditors of the company for the ensuing year will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD

  
Secretary

Sword House  
Totteridge Road  
High Wycombe  
Bucks HP13 6EJ

WILKINSON SWORD LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS OF WILKINSON SWORD LIMITED

We have audited the financial statements on pages four to fourteen 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 six and seven, give a true and fair view of the state of the affairs of the company at 30 November 1982 and of the loss and source and application of funds for the period ended on that date and comply with the Companies Act 1948 to 1981.

*Peat, Marwick, Mitchell & Co*  
PEAT, MARWICK, MITCHELL & CO  
Chartered Accountants

LONDON

WILKINSON SWORD LIMITED

STATEMENT OF PROFIT AND LOSS  
FOR THE PERIOD ENDED 30 NOVEMBER 1982

	<u>Notes</u>	<u>Period to</u> <u>30 November 1982</u> £'000	<u>Year to</u> <u>30 September 1981</u> £'000
Turnover	1(b)	£ 36,236	£ 29,284
Loss before taxation	2	6,814	6,317
Taxation	5	(33)	3,180
Loss after taxation and before extraordinary items		6,847	3,137
Extraordinary items	6	1,727	718
Loss for period		£ 8,574	£ 3,855

STATEMENT OF RETAINED PROFITS (ACCUMULATED LOSSES)

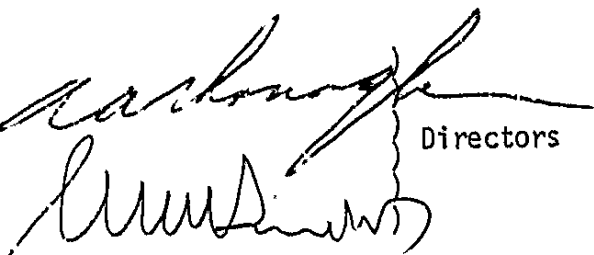
	<u>Period to</u> <u>30 November 1982</u> £'000	<u>Year to</u> <u>30 September 1981</u> £'000
Accumulated losses at 30 September 1981	(2,800)	1,055
Loss for period	(8,574)	(3,855)
Accumulated losses at 30 November 1982	£(11,374)	£ (2,800)

The notes on pages 6 to 13 form part of these accounts.

WILKINSON SWORD LIMITED

BALANCE SHEET AT 30 NOVEMBER 1982

	Note	1982		1981	
		£'000	£'000	£'000	£'000
EMPLOYMENT OF CAPITAL					
Fixed assets	9		6,665		7,399
Interest in subsidiaries	7		50		44
Current assets:					
Stock and work in progress	14	7,665		7,471	
Amounts due by group companies		1,707		7,714	
Debtors and prepayments		4,378		5,565	
Cash and bank balances				544	
		<u>£13,750</u>		<u>£21,294</u>	
<u>Less:</u>					
Current liabilities:					
Creditors and accrued liabilities		6,610		6,507	
Amounts due to group companies		18,446		18,306	
Bank loans and overdrafts		163		-	
		<u>£25,219</u>		<u>£24,813</u>	
NET CURRENT LIABILITIES			(11,469)		(3,519)
			<u>£(4,754)</u>		<u>£ 3,924</u>
CAPITAL EMPLOYED					
Share capital	8		5,246		5,246
Share premium			360		360
Non-distributable reserves			618		618
Retained profits			(11,374)		(2,800)
			(5,150)		3,424
Regional development grants			396		500
			<u>£(4,754)</u>		<u>£ 3,924</u>

  
Directors

22nd February 1983

The notes on pages 6 to 13 form part of these accounts.

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

(a) Accounts

The accounts have been prepared under the historical cost convention on the going concern basis, modified to include revaluation of certain fixed assets, and in compliance with Section 149A and Schedule 8A of the Companies Act 1948.

(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%

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

(d) Deferred Taxation

Deferred taxation is provided, under the deferral method, in respect of all timing differences except:

(a) where there is a reasonable probability that the timing difference will not reverse in the foreseeable future

or

(b) where there is a reasonable probability that group loss relief will be available at no consideration in respect of originating timing differences in other group companies to offset foreseeable reversals of timing differences in this company.

(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 an 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 translated 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>1982</u>	<u>1981</u>
	£'000	£'000
Pension and consultancy fees paid to former directors	7	6
Depreciation	1,690	1,250
Auditors' remuneration	44	37
Interest payable (net intragroup)	2,675	2,704
Hire of plant and machinery	522	287
Write down of value of stored plant and machinery	1,154	586
Write off of debtor balance from subsidiary company in Egypt	-	627

3. EMOLUMENTS OF SENIOR EMPLOYEES

	<u>Period to</u> <u>30 November 1982</u> <u>Number</u>	<u>Year to</u> <u>30 September 1981</u> <u>Number</u>
£20,001 to £25,000	14	21
£25,001 to £30,000	7	9
£30,001 to £35,000	8	4
£35,001 to £40,000	3	-
£40,001 to £45,000	3	2
£45,001 to £50,000	1	-

4. DIRECTORS' EMOLUMENTS

All of the directors, except Mr Usberghaus, are or were employed as directors of Wilkinson Sword Group Limited and are 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 (charge)/credit for taxation is made up as follows:

	<u>1982</u>	<u>1981</u>
	£'000	£'000
Amount received from group companies in respect of group relief	-	3,311
Deferred taxation release	-	188
	<u>-</u>	<u>3,499</u>
Overseas taxation charge	-	(8)
	<u>-</u>	<u>3,491</u>
Prior year adjustments	(33)	(311)
	<u>£ (33)</u>	<u>£3,180</u>

Note

No relief appears in the profit and loss account in respect of group loss relief attributable to the results for the period because no consideration will pass, or be provided for, in respect of such relief.

The taxation relief applicable to the results for the period has been reduced by the following items:

	<u>1982</u>	<u>1981</u>
	£'000	£'000
Current taxation:		
Free provision of group loss relief	3,810	-
Deferred taxation:		
Accelerated capital allowances	(244)	(246)
Other timing differences	105	2
	<u>£3,671</u>	<u>£ (344)</u>
Other movements in potential deferred taxation:		
Extraordinary item	(636)	95
Prior year adjustments	(279)	-
Stock appreciation relief	-	3,395

WILKINSON SWORD LIMITED

NOTES TO THE ACCOUNTS (Continued)

6. EXTRAORDINARY ITEMS

	<u>1982</u>	<u>1981</u>
	£'000	£'000
Reorganisation of Development facilities	1,204	-
Reorganisation of Bridgend factory	523	-
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>£1,727</u>	<u>£ 718</u>

7. INTEREST IN SUBSIDIARIES

Shares at cost less amounts written off	10	10
Amounts owing by subsidiaries	54	51
	<u>64</u>	<u>61</u>
Amounts owing to subsidiaries	(14)	(17)
	<u>£ 50</u>	<u>£ 44</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 Fully paid</u>
	£'000	£'000
<u>At 30 November 1982 and 1981</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 1981	2,116	627	440	9,191	12,374
Additions	-	-	1	1,541	1,542
Group companies transfers	94	-	-	91	185
Disposals	-	-	-	(1,761)	(1,761)
At 30 November 1982	<u>£ 2,210</u>	<u>£ 627</u>	<u>£ 441</u>	<u>£ 9,062</u>	<u>£12,340</u>
<u>Depreciation</u>					
At 1 October 1981	96	193	47	5,345	5,681
Provision for period	28	77	45	1,540	1,690
Group companies transfers	3	-	-	11	14
Disposals	-	-	-	(1,358)	(1,358)
At 30 November 1982	<u>£ 127</u>	<u>£ 270</u>	<u>£ 92</u>	<u>£ 5,538</u>	<u>£ 6,027</u>
Net book value at 30 November 1982	<u>£ 2,083</u>	<u>£ 357</u>	<u>£ 349</u>	<u>£ 3,524</u>	<u>£ 6,313</u>
Capital work in progress					<u>352</u>
					<u>£ 6,665</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					<u>706</u>
					<u>£ 7,399</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

No deferred taxation has been provided in these accounts as in the opinion of the directors timing differences are not expected to reverse in the foreseeable future. The accounting policy for deferred taxation is explained in note 1 (c).

The full potential liability for deferred taxation calculated on the deferral method is as follows:

	<u>1982</u>	<u>1981</u>
	£'000	£'000
Accelerated allowances on plant and machinery	1,713	2,344
Corporation tax payable if properties were disposed of at their revalued amounts	293	293
Other	(676)	(265)
	<u>£1,330</u>	<u>£2,372</u>

#### 11. CAPITAL EXPENDITURE

Commitments in respect of contracts	£ 231	£ 1
	<u>          </u>	<u>          </u>
Approved by the directors but not committed	£ 41	£ 129
	<u>          </u>	<u>          </u>

#### 12. CONTINGENT LIABILITIES

- (a) The company is co-guarantor of a £8,000,000 overdraft facility to another group company (1981 - £4,500,000).
- (b) The company has given counter indemnities to Grindlays Bank and National Westminster Bank in respect of advance payment guarantees and performance bonds for the total of £887,000 (1981 - £1,654,000).
- (c) Under a group registration the company is jointly and severally liable for Value Added Tax due from other group companies of £1,265,000 (1981 - £371,000).
- (d) The company has guaranteed to indemnify Kitchen Devils Limited from and against any and all costs, claims, demands, liabilities and expenses paid or incurred in acting as agents for Wilkinson Sword Limited.

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> %
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>1982</u>	<u>1981</u>
	£'000	£'000
Raw materials	627	1,204
Work in progress	3,355	3,825
Finished goods	3,770	3,681
Other stocks	405	299
	<u>£8,157</u>	<u>£9,009</u>
Less amounts received on account	492	1,538
	<u>£7,665</u>	<u>£7,471</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 accounts of the company show a deficiency in net assets. Wilkinson Sword Group Limited has undertaken to ensure that it will continue to provide sufficient funds to enable Wilkinson Sword Limited to meet its debts to other creditors as these fall due until such time as this deficiency has been eliminated.
17. The financial statements were approved by the Board of Directors on 22 February 1983.

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WILKINSON SWORD LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS  
FOR THE PERIOD ENDED 30 NOVEMBER 1982

	<u>1982</u>	<u>1981</u>
	£'000	£'000
<u>Funds Absorbed by Operations</u>		
Loss before taxation and extraordinary items	(6,899)	(6,317)
Depreciation	1,690	1,250
Regional development grants	(104)	44
	<u>£(5,313)</u>	<u>£(5,023)</u>
 <u>Sources</u>		
Disposal of fixed assets	426	1,031
Tax settlements: Group relief received	3,276	6,489
Corporation tax received	-	2
Overseas tax paid	-	(8)
Net movement in interests in subsidiaries	(6)	30
	<u>£ 3,696</u>	<u>£ 7,594</u>
 <u>Applications</u>		
Extraordinary items	(1,727)	(1,197)
Purchase of fixed assets	(1,382)	(1,380)
Net movement in working capital	4,019	439
(Increase)/Decrease in inventories	(194)	1,692
(Increase)/Decrease in debtors	1,187	93
Increase/(Decrease) in creditors	103	800
(Increase)/Decrease in group indebtedness	2,923	(2,145)
	<u>£ 910</u>	<u>£(2,138)</u>
	:	
Increase/(Decrease) in cash and bank balances	<u>£ (707)</u>	<u>£ 433</u>

Note included in above for acquisition of Kitcher Devils assets

Fixed assets	143
Current assets	559
Current liabilities	(382)
	<u>          </u>
Purchase consideration	<u>£ 320</u>