

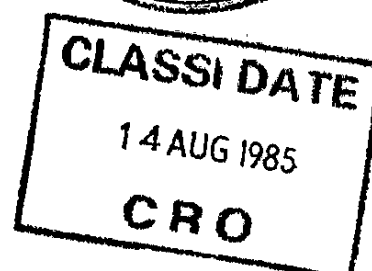
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WILKINSON SWORD LIMITED

REPORT OF THE DIRECTORS

ACCOUNTS FOR THE PERIOD ENDED 30 NOVEMBER 1984



WILKINSON SWORD LIMITED

REPORT OF THE DIRECTORS

YEAR ENDED 30TH NOVEMBER 1984

Principal Activities and Business Review

The principal activities of the Company are the manufacture and distribution of razors, razor blades, garden tools, swords and houseware products. There has been no significant change in these activities during the year.

Results and Dividends

The loss for the year attributable to shareholders was £2,987,000. (1983: £5,163,000) before extraordinary income of £NIL (1983: £2,980,000).

Dividends: The directors do not recommend the payment of a dividend for the year.

Board of Directors

The directors who served during the year were:

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

Mr. C.W.K. Saunders retires by rotation and, being eligible, offers himself for re-election.

Directors' Interests

None of the directors or their families have any interests in the shares of the Company, or in the share capital or loan stocks of any other United Kingdom subsidiary of Allegheny International Inc.

None of the directors had a material interest at any time during the year in any contract of significance to the Company's business.

There are no schemes to benefit directors by enabling them to buy shares or stocks in the Company or in any other Company in the Group.

Donations

Donations to United Kingdom charitable organisations amounted to £1,180

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WILKINSON SWORD LIMITED

REPORT OF THE DIRECTORS (Continued)

Employees

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

The Company recognises the benefits of keeping its employees informed of the progress of the business and information regarding financial and economic factors affecting the performance of the Company and other matters of concern to them as employees were provided through the medium of Company Reports.

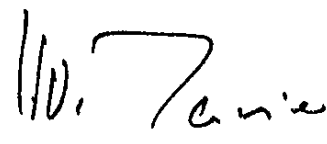
Changes in Fixed Assets

The movements in fixed assets during the year are set out in note 7 to the accounts.

Auditors

A resolution regarding the reappointment of Peat, Marwick, Mitchell & Co. as auditors of the Company will be proposed at the Annual General Meeting in accordance with section 14 (1) of the Companies Act 1976.

By Order of the Board

  
Secretary

WILKINSON SWORD LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS OF WILKINSON SWORD LIMITED

We have audited the accounts set out on pages 5 to 16 in accordance with approved Auditing Standards.

In our opinion, the accounts, which have been prepared in accordance with the accounting policies set out on page 5, give a true and fair view of the state of affairs of the Company at 30 November 1984 and of the loss and source and application of funds of the Company for the year then ended and comply with the Companies Acts 1948 to 1981.

*Peat, Marwick, Mitchell & Co.*

Peat, Marwick, Mitchell & Co.  
Chartered Accountants

London  
1985

12th JUNE

WILKINSON SWORD LIMITED

ACCOUNTING POLICIES

- a) Basis of accounting: The accounts have been prepared under the historical cost convention on a going concern basis modified to include the revaluation of certain assets. The Company does not prepare consolidated accounts as it is the wholly owned subsidiary of Wilkinson Sword Group Limited, a company incorporated in Great Britain.
- b) Turnover comprises amounts invoiced to customers and fellow subsidiaries less returns, excluding value added tax and trade discounts.
- c) Foreign currencies: Assets and liabilities denominated in foreign currencies are converted into sterling at rates of exchange ruling at the balance sheet date. Exchange differences arising in the course of trading are converted at the rate of exchange ruling on that date and are included in operating profit.
- d) Depreciation is provided on a straight line basis 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 lives assumed for the principal categories are generally:

Freehold Buildings	20 - 50 years
Leasehold Buildings	Life of lease
Plant and Machinery	3 - 20 years
Motor Vehicles	3 - 5 years

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

- e) 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. Debit balances arising on deferred taxation are only recognised to the extent that provision is made for liabilities against which they may be offset.
- f) Stocks and work in progress are valued at the lower of cost and net realisable value. Cost is determined on a first in first out basis and, in respect of work in progress and finished stocks, includes an appropriate proportion of overhead costs.
- g) Research and development expenditure of a revenue nature is written off as incurred.
- h) Patent and trade mark expenditure is written off in the year in which it is incurred.
- i) Regional development grants are credited to the profit and loss account over the expected useful lives of the assets to which they relate. The amounts not so credited are carried forward in the balance sheet in deferred income.

WILKINSON SWORD LIMITED  
PROFIT AND LOSS ACCOUNT  
YEAR ENDED 30TH NOVEMBER 1984

	<u>Note</u>	<u>1984</u> <u>£'000</u>	<u>1983</u> <u>£'000</u>
Turnover	1	39,597	32,716
Cost of Sales		26,246	23,408
Gross Profit		<u>13,351</u>	<u>9,308</u>
Distribution and administration expenses	3	14,199	12,552
Operating Loss		(848)	(3,244)
Interest	4	2,124	1,895
Loss on ordinary activities before taxation	1	(2,972)	(5,139)
Taxation on Loss on ordinary activities	5	15	24
Loss on ordinary activities after taxation		(2,987)	(5,163)
Extraordinary items	6	-	(2,980)
Retained Loss for the Financial Year		<u>(2,987)</u>	<u>(2,183)</u>

The notes on pages 8 to 15 form part of these accounts.

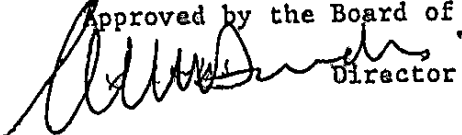
WILKINSON SWORD LIMITED

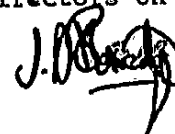
BALANCE SHEET

AT 30TH NOVEMBER 1984

	<u>Note</u>	<u>1984</u> £'000	<u>1983</u> £'000
Fixed Assets			
Tangible assets	7	6,984	6,018
Investments	8	<u>4</u>	<u>11</u>
		<u>6,988</u>	<u>6,029</u>
Current Assets			
Stocks	9	5,917	5,353
Debtors	10	9,562	9,464
Cash at bank and in hand		<u>-</u>	<u>424</u>
		15,479	15,241
Creditors: amounts falling due within one year	11	<u>29,696</u>	<u>25,355</u>
Net current liabilities		<u>14,217</u>	<u>10,114</u>
Total assets less current liabilities		7,229	4,085
Creditors: amounts falling due after more than one year	12	2,015	1,957
Deferred Income: grants		110	163
Provision for liabilities and charges	13	<u>966</u>	<u>1,128</u>
		<u>(10,320)</u>	<u>(7,333)</u>
Capital and reserves			
Called up share capital	15	5,246	5,246
Share premium account	16	360	360
Profit and loss account	16	<u>(15,926)</u>	<u>(12,939)</u>
		<u>(10,320)</u>	<u>(7,333)</u>

Approved by the Board of Directors on 24 June 1985

  
Director

  
Director

The notes on pages 8 to 15 form part of these accounts.

WILKINSON SWORD LIMITED

NOTES TO THE ACCOUNTS

1. Turnover and profit on ordinary activities before taxation

Class of Business	Turnover		Profit Before Taxation	
	1984 £'000	1983 £'000	1984 £'000	1983 £'000
Shaving & Personal Products	26,875	21,322	(1,565)	(3,619)
Garden Tools & Scissors	8,716	7,556	(975)	(792)
Housewares	3,163	3,131	(257)	(449)
Swords	843	707	(175)	(279)
	<u>39,597</u>	<u>32,716</u>	<u>(2,972)</u>	<u>(5,139)</u>
<u>Geographical Markets</u>				
United Kingdom	19,480	18,441		
Americas	1,219	1,056		
Europe	11,353	8,655		
Africa and Middle East	6,219	3,267		
Pacific	1,326	1,297		
	<u>39,597</u>	<u>32,716</u>		
Loss on ordinary activities before taxation is stated after charging:				
Depreciation charge for year		1,405		1,569
Auditors' remuneration		32		40
Hire of plant and machinery		55		116

2. Directors and Employees

The average number of Employees during the period was:

	1984	1983
Hourly paid	538	537
Salaried	482	576
	<u>1,020</u>	<u>1,113</u>



WILKINSON SWORD LIMITED

NOTES TO THE ACCOUNTS (Continued)

2. Directors and Employees (Continued)

Staff costs during the period were:

	<u>1984</u> £'000	<u>1983</u> £'000
Wages and Salaries	9,678	9,655
Social Security costs	725	756
Other pension costs	763	806
	<hr/>	<hr/>
	11,166	11,217
	<hr/> <hr/>	<hr/> <hr/>

Emoluments of Directors

All of the directors, except Mr. Osberghaus, are 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. Mr. Osberghaus receives no emoluments from the company.

The number of UK employees of the Company who received emoluments (excluding pension contributions) in the following range were:

	<u>1984</u>	<u>1983</u>
£30,000 - £35,000	3	4
£35,001 - £40,000	1	1
£40,001 - £45,000	-	3
£45,001 - £50,000	1	-
£50,001 - £55,000	2	-
£55,001 - £60,000	-	1

3. Distribution and Administration Expenses

	<u>1984</u> £'000	<u>1983</u> £'000
Distribution costs	9,152	7,413
Administration costs	2,382	2,269
Research and Development Costs	2,665	2,870
	<hr/>	<hr/>
	14,199	12,552
	<hr/> <hr/>	<hr/> <hr/>

WILKINSON SWORD LIMITED

NOTES TO THE ACCOUNTS (Continued)

	<u>1984</u> <u>£'000</u>	<u>1983</u> <u>£'000</u>
4. <u>Interest</u>		
Interest receivable	(13)	(13)
Payable		
Interest payable to fellow subsidiaries	2,135	1,901
Other	<u>2</u>	<u>7</u>
	<u>2,124</u>	<u>1,895</u>
5. <u>Taxation</u>		
Overseas Tax	15	7
Adjustment in respect of previous years	<u>-</u>	<u>17</u>
	<u>15</u>	<u>24</u>

No relief appears in the profit and loss account in respect of taxation losses amounting to £1,066,000 (1983: £3,102,000) surrendered to fellow subsidiaries as no consideration will be received by the Company for the surrender of these losses.

The tax charge on a full deferred basis would be decreased by £454,000 (1983: £717,000), of which £692,000 decrease (1983: £450,000) is in respect of accelerated capital allowances and £238,000 increase (1983: £267,000) is in respect of other timing differences, including adjustments in respect of prior years.

	<u>1984</u> <u>£'000</u>	<u>1983</u> <u>£'000</u>
6. <u>Extraordinary Items</u>		
Extraordinary (Profit) arising on disposal of business premises	<u>NIL</u>	<u>(2,980)</u>

No charge to taxation arises on the disposal of the business premises as this was disposed of to a fellow subsidiary.

WILKINSON SWORD LIMITED

NOTES TO THE ACCOUNTS (Continued)

7. Tangible Fixed Assets

	Payments on Account & Assets in the course of <u>Construction</u> £'000	Land & <u>Buildings</u> £'000	Plant & <u>Machinery</u> £'000	<u>Total</u> £'000
a) Cost or Valuation				
At 1st December 1983	1,139	1,890	9,044	12,073
Additions - 3rd Party	2,030	23	1,537	3,590
- Group Companies			50	50
Disposals - 3rd Party		(10)	(919)	(929)
- Group Companies		(450)	(1,340)	(1,790)
	<u>3,169</u>	<u>1,453</u>	<u>8,372</u>	<u>12,994</u>
Depreciation				
At 1st December 1983		564	5,491	6,055
Additions - Group Companies		-	25	25
Charge for the year		93	1,312	1,405
Disposals - 3rd Party		(5)	(712)	(717)
- Group Companies		(238)	(520)	(758)
	<u>-</u>	<u>414</u>	<u>5,596</u>	<u>6,010</u>
Net Book Value				
At 30th November 1984	3,169	1,039	2,776	6,984
	<u>3,169</u>	<u>1,039</u>	<u>2,776</u>	<u>6,984</u>
At 30th November 1983	1,139	1,326	3,553	6,018
	<u>1,139</u>	<u>1,326</u>	<u>3,553</u>	<u>6,018</u>
b) Analysis of cost or valuation at 30 November 1984				
Cost	3,169	655	8,372	12,196
Open market valuation in 1977	<u>-</u>	<u>798</u>	<u>-</u>	<u>798</u>
	<u>3,169</u>	<u>1,453</u>	<u>8,372</u>	<u>12,994</u>
c) If the assets had not been revalued the balances at 30th November 1984 would have been				
Cost	3,169	1,525	8,372	13,066
	<u>3,169</u>	<u>1,525</u>	<u>8,372</u>	<u>13,066</u>
Accumulated depreciation	<u>-</u>	<u>473</u>	<u>5,596</u>	<u>6,069</u>

WILKINSON SWORD LIMITED

NOTES TO THE ACCOUNTS (Continued)

	<u>1984</u> £'000	<u>1983</u> £'000
d) Land and buildings at net book value, comprises:		
Freehold	738	747
Long Leasehold	201	256
Short Leasehold	<u>100</u>	<u>323</u>
	<u>1039</u>	<u>1,326</u>
	<u>1984</u> £'000	<u>1983</u> £'000
e) Capital expenditure		
Contracted for but no provision made in the accounts	<u>468</u>	<u>1,162</u>
Authorised by the directors but not contracted for	<u>1,326</u>	<u>1,041</u>

8. Investments

The Company's investments comprise shares in subsidiary companies which cost £230,000 and are stated net of £226,000 written off in previous years. The net movement of £7,000 during 1984 comprised the dissolution of Wilkinson Sword A.B. and Wilkinson Sword (Kenya) Limited.

The principal subsidiaries are as follows:

<u>Company</u>	<u>Country of Incorporation</u>	<u>Percentage of Issued Shares</u>		<u>Principal Activity</u>
		<u>WS Ltd</u>	<u>WS Ltd through Subsidiaries</u>	
Wilkinson Sword (New Zealand) Ltd.	New Zealand	Ord 100	-	Sale of WS products in New Zealand
Scripto Pens Ltd.	Gt. Britain	Ord 100	-	Dormant
Scripto Industries (Shannon) Ltd	Eire	100	25	Dormant
Scripto Industries (Ireland) Ltd	Eire	100	80	Dormant
Wilkinson Sword (Argentina) Ltd	Argentina	Ord 100	-	Dormant

WILKINSON SWORD LIMITED

NOTES TO THE ACCOUNTS (Continued)

9. Stocks

	<u>1984</u> £'000	<u>1983</u> £'000
Raw Materials and Consumables	688	1,129
Work in progress		
- less progress payments.	1,238	1,567
Finished goods and goods for sale	3,991	2,657
	5,917	5,353

10. Debtors : amounts falling due within one year

Trade Debtors	7,600	5,989
Amounts owed by subsidiaries	71	9
Amounts owed by other Group Companies	1,252	2,759
Other Debtors	189	298
Prepayments and accrued income	450	409
	9,562	9,464

11. Creditors: amounts falling due within one year

Bank loans and overdrafts	1,640	-
Payments received on account	-	211
Trade Creditors	5,398	3,837
Amounts owed to Group Companies		
- Interest accrued	3,037	1,901
- Other	17,225	17,022
Taxation - PAYE	254	211
Social Security	157	124
Other Creditors	1,985	2,049
	29,696	25,355

12. Creditors: amounts falling due after more than one year

Amounts due to Group Companies	<u>2,015</u>	<u>1,957</u>
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WILKINSON SWORD LIMITED

NOTES TO THE ACCOUNTS (Continued)

13. Provision for Liabilities and Charges

A business re-organisation provision of £1,128,000 was brought forward at 1st December 1983, after applying £162,000 during the course of the year, a provision of £966,000 remains at 30 November 1984.

14. Deferred Taxation

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

	<u>1984</u> £'000	<u>1983</u> £'000
Accelerated capital allowances on plant & machinery	233	971
Other timing differences	<u>(233)</u>	<u>(651)</u>
	<u>—</u>	<u>320</u>

15. Share Capital

	<u>Authorised</u>		<u>Allotted Called up and Fully paid</u>	
	<u>1984</u> £'000	<u>1983</u> £'000	<u>1984</u> £'000	<u>1983</u> £'000
6,350,000 Ord shares of 20p each	1,270	1,270	1,270	1,270
19,882,283 Non-Voting "A" Ord shares of 20p each	3,976	3,976	3,976	3,976
3,767,717 Unclassified shares of 20p each	754	754	—	—
	<u>6,000</u>	<u>6,000</u>	<u>5,246</u>	<u>5,246</u>

WILKINSON SWORD LIMITED

NOTES TO THE ACCOUNTS (Continued)

16. Reserves

	Share Premium Account £'000	Profit & Loss Account £'000
At 1st December 1983	360	(12,939)
Retained Loss	<u>-</u>	<u>(2,987)</u>
At 30th November 1984	<u>360</u>	<u>(15,926)</u>

17. Contingent Liabilities

The Company is a co-guarantor of £13,000,000 overdraft facilities of other Group Companies (1983: £14,000,000). Of the total facility the sum of £798,000 (1983: £NIL) has been utilised.

The Company has given counter indemnities to the National Westminster Bank in respect of advance payment guarantees and performance bonds for a total of £151,000 (1983: £740,000).

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.

Under a Group Registration, the Company is jointly and severally liable for Value Added Tax due from other Group Companies amounting to £1,163,000 (1983: £1,332,000).

18. Post Balance Sheet Event

Included in fixed assets in the course of construction, shown in note 7, are some £904,000 of assets which were subject to a sale and lease back arrangement shortly after the year end.

19. Net Asset Deficiency

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.

20. Ultimate Holding Company

The Company's ultimate holding company is Allegheny International Inc. a company incorporated in Pennsylvania, United States of America.

WILKINSON SWORD LIMITED  
SOURCE AND APPLICATION OF FUNDS  
YEAR ENDED 30TH NOVEMBER 1984

	<u>1984</u> £'000	<u>1983</u> £'000
<b>Sources</b>		
Loss on ordinary activities before taxation	(2,972)	(5,139)
Extraordinary items before taxation	-	2,980
Items not involving the movement of funds		
Depreciation	1,405	1,569
Net deferred income realised	<u>(53)</u>	<u>(188)</u>
	1,352	1,381
	-----	-----
Funds absorbed by operations	(1,620)	(778)
Funds from other sources		
Disposal of fixed assets	<u>1,244</u>	<u>1,624</u>
	1,244	1,624
	-----	-----
	(376)	846
<b>Applications</b>		
Acquisition of fixed assets	(3,615)	(2,546)
Rationalisation Provision applied	<u>(162)</u>	<u>(519)</u>
	(3,777)	(3,065)
	-----	-----
(Increase)/Decrease in stocks	(564)	2,312
(Increase)/Decrease in Debtors	(1,543)	(2,318)
Increase in Creditors: amounts due within one year	<u>1,347</u>	<u>1,400</u>
	(760)	1,394
	-----	-----
Net flow of funds	(4,913)	(825)
Increase in Net Indebtedness of Affiliated Companies	2,849	1,412
	-----	-----
Increase/(Decrease) in Cash Balances	<u>(2,064)</u>	<u>587</u>
	=====	=====