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**WEST'S DOWELS AND MOULDINGS LIMITED**  
**Trading as Raab Karcher Timber Salford**

**Financial Statements**

**For the year ended 31 December 1996**

Registered number 333593

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**COOPER**  
**LANCASTER**  
**BREWERS**  
Chartered Accountants  
**MANCHESTER**

**WEST'S DOWELS AND MOULDINGS LIMITED**  
**Trading as Raab Karcher Timber Salford**

Registered number 333593

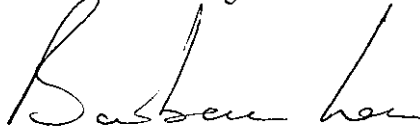
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**Notice to Shareholders in accordance with Section 253, Companies Act 1985.**

The Company has dispensed with the need to lay accounts and reports before an annual general meeting.

If any Shareholder requires that a general meeting be held for the purposes of laying the accounts and reports before the Company, they should write, within 28 days of this notice, to the directors at the Company's Registered Office, advising the directors to call such a meeting.

B Lea  
Secretary



24 January 1997

Registered Office  
South Langworthy Road  
Salford  
M5 2PX

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**Directors Report**

The Directors present their report and the audited accounts for the year ended 31 December 1996.

**Results and dividends**

A summary of the results is as follows:

	1996 £	1995 £
Turnover	7,109,118	7,173,651
Profit before taxation	112,374	2,134
Profit (loss) after taxation	80,168	(103)
Proposed dividend	(80,168)	-
Transfer reserves	-	(103)

**Review of the business**

The principal activities of the Company during the year were those of manufacturing and distribution of wooden dowels mouldings and broomhandles, timber merchanding and importing.

Despite a difficult time in its particular market sector, the branch operated well and achieved profit improvement in 1996.

**Directors and their interests**

The Directors holding office during the year were as follows :-

E Broomhead (Resigned 31 December 1996)

B Gittins (Resigned 30 September 1996)

A Adams

W H Gunn

No Director holds shares in the Company and no Director, whose holding is required to be mentioned in this report, holds shares or debentures in other companies in the Group.

**Auditors**

At a meeting of the members on 2 December 1994, a resolution was approved to "dispense with the need to appoint auditors annually", as required by Section 386 of the Companies Act 1985. Accordingly, Cooper Lancaster Brewers will remain in office until further notice.

By Order of the Board



B Lea

Secretary

24 January 1997

**Statement of Directors' Responsibilities**

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Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to :

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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**To the shareholders of West's Dowels and Mouldings Limited  
Trading as Raab Karcher Timber Salford**

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We have audited the financial statements on pages 4 to 12.

**Respective responsibilities of directors and auditors**

As described on page 2, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

**Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Cooper Lancaster Brewers*

**Manchester**

24 January 1997

**COOPER LANCASTER BREWERS**

Chartered Accountants

Registered Auditors

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**Profit and Loss Account**  
**For the year ended 31 December 1996**

	Note	1996 £	1995 £
<b>Turnover</b>	<b>1</b>	<b>7,109,118</b>	<b>7,173,651</b>
Cost of sales		(5,871,069)	(6,026,253)
<b>Gross profit</b>		<b>1,238,049</b>	<b>1,147,398</b>
Distribution costs		(909,535)	(864,068)
Administration expenses		(227,756)	(240,764)
Other operating income		56,700	54,000
<b>Operating profit</b>	<b>2</b>	<b>157,458</b>	<b>96,566</b>
Bank interest receivable		20,963	30,252
Interest payable	<b>3</b>	(66,047)	(124,684)
<b>Profit on ordinary activities, before taxation</b>		<b>112,374</b>	<b>2,134</b>
Taxation	<b>5</b>	(32,206)	(2,237)
<b>Profit (loss) on ordinary activities, after taxation</b>		<b>80,168</b>	<b>(103)</b>
Dividend	<b>6</b>	(80,168)	-
<b>Transfer reserves</b>		<b>-</b>	<b>(103)</b>

All turnover and operating profit arises from continuing operations.

**Statement of Total Recognised Gains and Losses**

The profit on ordinary activities, after taxation, as stated above recognises all gains and losses for the financial year, as defined by the Financial Reporting Standard No. 3.

**Balance Sheet**  
**As at 31 December 1996**

	Note	1996 £	1995 £
<b>ASSETS EMPLOYED</b>			
<b>Fixed assets</b>			
Tangible assets	7	728,634	826,147
<b>Current assets</b>			
Stocks	8	1,586,994	1,849,600
Debtors	9	1,350,094	1,330,970
Cash at bank and in hand		243,831	205,189
		3,180,919	3,385,759
<b>Creditors : amounts falling due within one year</b>	10	(2,382,126)	(2,690,344)
<b>Net current assets</b>		798,793	695,415
<b>Total assets less current liabilities</b>		1,527,427	1,521,562
<b>FINANCED BY</b>			
<b>Creditors : amounts falling due after more than one year</b>	10	1,500,000	1,500,000
<b>Provision for liabilities and charges</b>	11	21,343	15,478
<b>Capital and reserves</b>			
Called up share capital	12	980	980
Profit and loss account		5,104	5,104
<b>Total shareholders' funds</b>	13	6,084	6,084
		1,527,427	1,521,562

These accounts were approved by the Board of Directors on 24 January 1997 and signed on its behalf by :

A Adams *A Adams* )  
 W H Gunn *W H Gunn* ) Directors

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## **Accounting Policies**

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### **Basis of accounting**

These accounts have been prepared using the historical cost basis of accounting and in accordance with applicable accounting standards.

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### **Cash flow statement**

The Company is exempt from the requirements to prepare a statement under Financial Reporting Standard 1 "Cash Flow Statements".

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### **Turnover**

Turnover represents amounts charged to customers for goods sold, excluding value added tax, including sales to fellow subsidiaries of the Company.

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### **Depreciation**

No depreciation is provided on land.

Other fixed assets are written off in equal annual instalments over their useful lives, the principal rates applied being :-

Freehold buildings	3%
Plant and equipment	15%
Commercial vehicles	20%
Display equipment	25%
Cars and internal transport	25%

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### **Stocks**

Stock is valued at the lower of cost and net realisable value. Cost includes a proportion of overheads, where appropriate.

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### **Deferred taxation**

Deferred taxation is provided where, in the opinion of the Directors, a liability is likely to arise in the foreseeable future.

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### **Leased assets**

The rental costs arising from operating leases are charged against profit as they arise.

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### **Pensions**

The Company is a member of the Raab Karcher (UK) PLC Group Pension and Life Assurance Scheme. Contributions to the scheme are made by both employees and the Company as fixed by independent actuaries. The contributions are based on pension costs across the Group as a whole. The cost of these are charged against profits on a systematic basis over the service lives of the employees.



**Notes to the Accounts**

	1996	1995
	£	£
<b>1. Turnover</b>		
All sales were made in the United Kingdom.		
<b>2. Operating profit</b>		
<b>Operating profit is stated after including :-</b>		
Operating leases - plant and vehicles	162,996	155,207
Depreciation	137,511	132,177
Group rents received	(56,700)	(54,000)
Profit on sale of fixed assets	(1,728)	(1,625)
Auditors remuneration	10,750	10,500
<b>3. Interest payable</b>		
Group interest	65,085	81,475
Bank interest	962	43,209
	66,047	124,684
<b>4. Employees</b>		
The aggregate payroll costs during the year amounted to :-		
Wages and salaries	1,042,244	1,094,795
Social security costs	68,951	79,704
Other pension costs	68,341	67,984
Redundancy	5,954	16,581
	1,185,490	1,259,064
	Number	Number
The average monthly number of employees during the year was	73	80

**Notes to the Accounts (continued)**

	1996 £	1995 £
<b>4. Employees (continued)</b>		
The emoluments of the Directors, which are included in the aggregate payroll costs, including pension contributions, were :-	76,860	125,711
Compensation payment for loss of office, not included above, paid by Raab Karcher (UK) PLC	30,000	-
The Directors emoluments, excluding pension contributions, were as follows :-		
Chairman	Nil	Nil
Highest paid Director	23,005	33,050
Other Directors were within the following ranges :-	Number	Number
£20,001 - £25,000	2	-
£25,001 - £30,000	-	3
<b>5. Taxation on ordinary activities</b>		
	£	£
The charge (credit) for the year comprises :-		
Corporation tax at 33% (1995 33%)	33,512	(9,184)
Adjustment in respect of prior year	(7,171)	73
Transfer deferred taxation	5,865	11,348
	<u>32,206</u>	<u>2,237</u>
<b>6. Dividend</b>		
Ordinary - proposed	<u>80,168</u>	-

**Notes to the Accounts (continued)**

**7. Tangible assets**

	Freehold Land & Buildings £	Plant Equipment & Vehicles £	Total £
Cost			
At 1 January 1996	628,592	1,033,275	1,661,867
Additions	8,852	38,155	47,007
Disposals	-	(90,513)	(90,513)
Group transfers	-	614	614
At 31 December 1996	637,444	981,531	1,618,975
Depreciation			
At 1 January 1996	187,082	648,638	835,720
Charge for the year	16,249	121,262	137,511
Disposals	-	(83,504)	(83,504)
Group transfers	-	614	614
At 31 December 1996	203,331	687,010	890,341
Net book value			
31 December 1996	434,113	294,521	728,634
31 December 1995	441,510	384,637	826,147

Land included above and not depreciated amounted to £101,000 (1995 £101,000).

	1996 £	1995 £
<b>8. Stocks</b>		
Raw materials and goods for resale	959,482	1,052,362
Finished goods	627,512	797,238
	1,586,994	1,849,600

**9. Debtors**

Trade debtors	1,277,212	1,218,070
Amounts due from group undertakings	12,530	43,002
Group relief receivable	-	9,184
Prepayments and accrued income	60,352	60,714
	1,350,094	1,330,970

**Notes to the Accounts (continued)**

	1996	1995
	£	£
<b>10. Creditors</b>		
<b>Amounts falling due within one year</b>		
Trade creditors	470,677	362,733
Amounts due to group undertakings	1,499,785	2,080,793
Corporation tax	33,512	-
Other taxes and social security costs	67,244	113,771
Accruals	230,740	133,047
Proposed dividend	80,168	-
	<u>2,382,126</u>	<u>2,690,344</u>
<b>Amounts falling due after more than one year</b>		
Group finance loan	<u>1,500,000</u>	<u>1,500,000</u>

**11. Provision for liabilities and charges**

**Deferred taxation**

Balance 1 January 1996	15,478	4,130
Transfer profit and loss account	5,865	11,348
Balance 31 December 1996	<u>21,343</u>	<u>15,478</u>

The balance represents the excess of capital allowances over depreciation.

**12. Share capital**

Authorised

Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
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Allotted, issued and fully paid

Ordinary shares of £1 each	<u>980</u>	<u>980</u>
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**Notes to the Accounts (continued)**

	1996 £	1995 £
<b>13. Reconciliation of movements in shareholders' funds</b>		
Net profit (loss) for the financial year	80,168	(103)
Dividends	(80,168)	-
	-	(103)
Shareholders' funds brought forward	6,084	6,187
Shareholders' funds carried forward	6,084	6,084

**14. Contingent liabilities**

The Company has given guarantees as follows :-

In connection with the bank indebtedness of other undertakings in the group, which at 31 December 1996 amounted to £9.3m.

To certain banks in respect of guarantees by them amounting to £40,000 given to H M Customs & Excise for potential value added tax liabilities of the Company.

**15. Future financial commitments**

**Capital commitments**

Contracted but not provided in the accounts	Nil	Nil
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**Operating lease commitments**

Annual charges in respect of operating leases terminating :-

Plant

Within 1 year	80,466	1,010
Within 2 - 5 years	20,561	94,736

**16. Pensions**

The Group scheme is a funded, defined benefit pension scheme providing benefits based on final pensionable salary. The assets of the scheme are held in an independent trust. An independent actuarial valuation was carried out on 6 April 1994 which disclosed that the scheme was in excess of funding.

Particulars of the actuarial valuation of the Group scheme are disclosed in the financial statements of Raab Karcher (UK) PLC.

**Notes to the Accounts (continued)**

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**17. Related party transactions**

The Company has taken advantage of exemption 3(c) of Financial Reporting Standard 8 and has not disclosed related party transactions.

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**18. Ultimate holding company**

The ultimate holding company is Veba AG, a company registered in Germany.

The immediate holding company is Raab Karcher (Timber) Limited, a company incorporated in England and Wales.

Group accounts are drawn up for Raab Karcher (UK) PLC, a company incorporated in England and Wales, which is the United Kingdom parent company of Raab Karcher (Timber) Limited. These are available from South Langworthy Road, Salford.