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ESDALE LIMITED

REPORT AND ACCOUNTS

YEAR ENDED 30TH SEPTEMBER 1995

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ESDALE LIMITED
COMPANY INFORMATION

DIRECTORS:

E. Brown
D. Brown
F. Eastwood
J. Clough
M. H. Ellis
H. Brown
D. R. Brown (appointed 1st April 1995)

SECRETARY:

D. R. Brown

REGISTERED OFFICE:

Thomas Street
Bradford Road
Batley

REGISTERED NUMBER:

1071506

AUDITORS:

Burlinson, Stewart & Co.
Chartered Accountants and Registered Auditors
21 Henrietta Street
Batley
West Yorkshire
WF17 5DW

ESDALE LIMITED

DIRECTORS' REPORT

The directors present their report and audited accounts of the company for the year ended 30th September 1995.

PRINCIPAL ACTIVITIES

The principal activities of the company during the financial year have continued to be as Precision Engineers and Mould Makers for the glass and plastic industries.

The principal activity of the subsidiary company, Esdale Foundry Limited continued to be as Iron and Brass Founders.

Esdale Foundry Limited ceased trading on 30th September 1995 and trading as a division of Esdale Limited commenced on 1st October 1995.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENT

The Glass division and Esdale Foundry Limited produced good figures which are an improvement on the previous year.

The Plastics and Hi-Tech divisions have had a marked improvement and gave a good performance brought about by increased demand and an improvement in general performance.

High capital investment at the Glass, Plastics and Hi-Tech divisions particularly have been a major contributory fact in the figures produced and further investment is planned for 1995/96.

The customer base of both plastic toolmaking factories has been increased with excellent multi-national companies added to our customer portfolio.

The divisionalisation of Esdale Foundry Limited has simplified accounting procedures which have been significantly enhanced during the year to enable better management information to be presented quicker.

Predictions of performance for 1995/96 are good and another sound year is expected.

RESULTS, DIVIDENDS AND MOVEMENTS IN RESERVES

The results are shown in the profit and loss account and supporting notes.

A dividend of £2.56 per share was paid on 26th September 1995.
No further dividends are recommended for payment.

Movements in reserves are shown in the notes to the accounts.

FIXED ASSETS

Changes in fixed assets are summarised in the notes to the accounts.

DIRECTORS AND THEIR INTERESTS

The directors who held office during the year and their interests in the shares of the company are as set out below:

Ordinary shares	At <u>30th September 1995</u>	At <u>1st October 1994</u>
E. Brown (including family interest)	6250	6250
D. Brown	4000	4000
F. Eastwood	2500	2500
J. Clough	1250	1250
M. H. Ellis	1250	1250
H. Brown	-	-
D. R. Brown (appointed 1st April 1995)	4875	4875

ESDALE LIMITED

DIRECTORS' REPORT CONTINUED

DIRECTORS AND THEIR INTERESTS

The following directors retire by rotation and are available for re-election at the annual general meeting:-

E. Brown, D. Brown

The directors interests in the share of Esdale Foundry Limited, the wholly owned subsidiary company of Esdale Limited are as set out below:

Ordinary shares	At <u>30th September 1995</u>	At <u>1st October 1994</u>
E. Brown	1	1
D. Brown	-	-
F. Eastwood	-	-
J. Clough	-	-
M. H. Ellis	-	-
H. Brown	-	-
D. R. Brown (appointed 1st April 1995)	-	-

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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 apply them consistently; make judgements and estimates that are reasonable and prudent and prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue to operate.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and 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.

AUDITORS

Burlinson, Stewart & Company have expressed their willingness to continue as auditors and a resolution for their re-appointment will be proposed at the forthcoming annual general meeting.

Approved by the board of directors on 14th March 1996 and signed on their behalf by:

Signature  DIRECTOR D. R. BROWN

AUDITOR'S REPORT TO THE MEMBERS OF

ESDALE LIMITED

We have audited the financial statements on pages 9 to 16 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on pages 2 & 3 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.

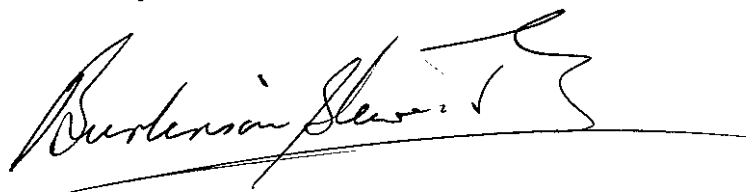
Basis of opinion

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 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 at 30th September 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985 applicable to small companies.



21 Henrietta Street
Batley

BURLINSON, STEWART & CO.
Chartered Accountants and Registered Auditors

14th March 1996

AUDITOR'S REPORT TO THE DIRECTORS OF ESDALE LIMITED
PURSUANT TO SECTION 248(3) OF THE COMPANIES ACT 1985

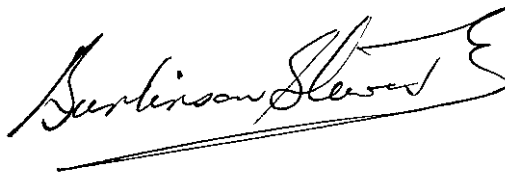
We have examined the financial statements of the company and its subsidiary for the year ended 30th September 1995.

Basis of opinion

The scope of our work for the purpose of this report was limited to confirming that the company is entitled to exemption from preparing group financial statements.

Opinion

In our opinion the company is entitled to the exemption from preparing group accounts conferred by Section 248 of the Companies Act 1985.

A handwritten signature in cursive script, reading "Burlinson Stewart", with a horizontal line underneath.

21 Henrietta Street
Batley

BURLINSON, STEWART & CO
Chartered Accountants and
Registered Auditors

14th March 1996

ESDALE LIMITEDPROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH SEPTEMBER 1995

	<u>Note</u>	<u>1995</u>	<u>1994</u>
		<u>£</u>	<u>£</u>
TURNOVER	1b	6815842	6545961
Cost of sales		5458395	5335875
GROSS PROFIT		1357447	1210086
Distribution costs		25584	22471
Administrative expenses		830798	728499
		501065	459116
Other operating income	3	48057	49666
OPERATING PROFIT		549122	508782
Interest receivable	4	5166	718
		554288	509500
Interest payable	5	36074	55252
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	6	518214	454248
Taxation	9	112245	144363
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		405969	309885
Dividend	10	64000	40000
RETAINED PROFIT TRANSFERRED TO RESERVES	19	341969	269885

In the current and preceding years, the company had no recognised gains or losses other than the profit for the year, all of the activities undertaken by the company were continuing activities, and the reported profit was found under the historical cost convention.


The notes on pages 9 to 16 form part of these accounts.

ESDALE LIMITED

BALANCE SHEET AS AT 30TH SEPTEMBER 1995

	<u>Note</u>	<u>1995</u>	<u>1994</u>
		<u>£</u>	<u>£</u>
FIXED ASSETS			
Tangible assets	11/1c	2627866	2173420
Investments	12	20302	20302
CURRENT ASSETS			
Stocks	13/1d	466432	436843
Debtors	14	1370878	1358080
Cash at bank and in hand		11022	2106
		1848332	1797029
CREDITORS (Due within one year)			
Bank overdraft	15	95778	231679
Proportion of bank loan		74528	68933
Trade creditors		662122	362977
Corporation tax		96248	121666
Advance corporation tax		16000	10000
Proportion of hire purchase debt		133520	98666
Other taxes and social security		262432	274720
Amounts owed to group undertakings		205247	83786
Other creditors and accruals		334360	304836
Directors' loan accounts		72086	150026
		1952321	1707289
NET CURRENT (LIABILITIES)/ASSETS		(103989)	89740
TOTAL ASSETS LESS CURRENT LIABILITIES		2544179	2283462
CREDITORS (DUE AFTER ONE YEAR)			
PROVISION FOR LIABILITIES AND CHARGES	15/16	193275	274527
		2350904	2008935
	17	100000	100000
NET ASSETS		2250904	1908935
CAPITAL AND RESERVES			
Called up share capital	18	25000	25000
Profit and loss account	19	2225904	1883935
SHAREHOLDERS' FUNDS	20	2250904	1908935

Approved by the board of directors on 14th March 1996 and signed on their behalf by:

 Director

The notes on pages 9 to 16 form part of these accounts.

ESDALE LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH SEPTEMBER 1995

	<u>Note</u>	<u>1995</u>		<u>1994</u>	
		<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Net cash inflow from operating activities	23(a)		1158936		184553
Returns on investments and servicing of finance					
Interest received		3442		718	
Interest paid		(36074)		(55252)	
Dividends paid		(64000)		(40000)	
Net cash outflow from returns on investments and servicing of finance			(96632)		(94534)
Taxation					
Corporation tax paid (including advance corporation tax)			(69559)		(20075)
Investing activities					
Payments to acquire tangible fixed assets		(763349)		(173900)	
Receipts from sales of tangible fixed assets		34166		8950	
Net cash outflow from investing activities			(729183)		(164950)
Net cash outflow before financing			263562		(95006)
Financing					
Net loans (repaid)/raised	23(b)	(195428)		(133584)	
Net hire purchase funds	23(b)	76685		55642	
			(118743)		(77942)
Increase/(Decrease) in cash and cash equivalents	23(c)		144819		(172948)

The notes to the cashflow statement are included at note 23.

ESDALE LIMITED

NOTES TO THE ACCOUNTS

Note

1. ACCOUNTING POLICIES

a) Convention

The accounts have been prepared in accordance with the historical cost convention.

b) Turnover

Turnover represents the full value of sales invoiced exclusive of value added tax.

c) Depreciation

Depreciation is provided by the application of the following methods and rates in order to write off each asset over its estimated useful life:-

Tools and equipment	10% on cost
Freehold buildings	2% on cost
Motor vehicles	25% on reducing balance

No depreciation is provided in respect of freehold land.

d) Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value, after making allowances for obsolete and slow moving items. Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

e) Deferred taxation

Provision is made at appropriate rates for taxation deferred in respect of all material timing differences only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

f) Leases and hire purchase contracts

Operating lease rentals are charged to the profit and loss account as incurred. Assets held under hire purchase contracts are capitalised.

g) Pension costs

The company has a defined contribution pension scheme. The charge for pension costs is the amount of contributions payable to the scheme in respect of the accounting period.

h) Research and development

Research and development expenditure is written off in the year in which it is incurred.

i) Foreign currency transactions

Transactions in foreign currencies are translated into sterling at the exchange rate ruling at the date of the transaction.

Gains and losses on foreign currency transactions are credited or charged directly to the profit and loss account as incurred.

ESDALE LIMITED

NOTES TO THE ACCOUNTS

<u>Note</u>	<u>1995</u>	<u>1994</u>
2. TURNOVER	<u>£</u>	<u>£</u>
An analysis of turnover by geographical location is as follows:-		
United Kingdom	6555229	6172597
Europe	258527	330645
Other	2086	42719
	<u>6815842</u>	<u>6545961</u>
3. OTHER OPERATING INCOME		
Rent received	48057	48109
Profit on sale of fixed assets	-	1557
	<u>48057</u>	<u>49666</u>
4. INTEREST RECEIVABLE		
Bank deposit account interest	3442	718
Interest on corporation tax refund	1724	-
	<u>5166</u>	<u>718</u>
5. INTEREST PAYABLE		
Bank overdraft	18297	30621
Hire purchase interest	13228	21256
Loan interest	4549	3375
	<u>36074</u>	<u>55252</u>
6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	<u>£</u>	<u>£</u>
The profit is arrived at after (crediting)/charging:-		
Loss on sale of fixed assets	3764	-
Differences on foreign currency transactions	112	(218)
Depreciation of owned assets	227414	239933
Depreciation of assets held under hire purchase contracts	43559	35115
Operating lease charges	-	17
Hire purchase interest	13228	21256
Auditors remuneration	5000	5000
	<u>5000</u>	<u>5000</u>

ESDALE LIMITED

NOTES TO THE ACCOUNTS

	<u>1995</u>	<u>1994</u>
	<u>£</u>	<u>£</u>
7. STAFF COSTS		
Average number of employees (including directors) during the year:		
Production	181	174
Selling and distribution	6	6
Administration	14	14
	<u>201</u>	<u>194</u>
Costs in respect of these employees:		
Wages and salaries	3252686	3207809
Social security costs	282021	284038
Other pension costs	190879	184314
	<u>3725586</u>	<u>3676161</u>
8. DIRECTORS' REMUNERATION		
Management remuneration	349108	270649
Benefits in kind	46460	39862
Pension costs	42761	39909
	<u>438329</u>	<u>350420</u>
Emoluments excluding pension contributions		
Chairman	<u>135155</u>	<u>125104</u>
Number of other directors whose emoluments fell within the bands stated:	<u>No</u>	<u>No</u>
5001 - 10000	1	1
30001 - 35000	1	1
35001 - 40000	2	1
50001 - 55000	-	1
55001 - 60000	-	1
65001 - 70000	1	-
75000 - 80000	1	-
No director had a material interest in any contract with the company.		
9. TAXATION		
Corporation tax charge is based on the taxable profit for the year at 31% (1994 : 32%)	<u>£</u>	<u>£</u>
	112248	131666
Prior year adjustment	(3)	12697
	<u>112245</u>	<u>144363</u>
10. DIVIDEND		
£2.56 per share (1994 : £1.60) paid 26th September 1995	<u>64000</u>	<u>40000</u>

ESDALE LIMITED

NOTES TO THE ACCOUNTS

<u>Note</u>	<u>Freehold property</u>	<u>Tools and equipment</u>	<u>Motor vehicles</u>	<u>Total</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
11. TANGIBLE FIXED ASSETS				
<u>Cost</u>				
At 1st October 1994	667126	3647496	256006	4570628
Additions	-	518540	244809	763349
Disposals	-	-	(125483)	(125483)
At 30th September 1995	667126	4166036	375332	5208494
<u>Depreciation</u>				
At 1st October 1994	58535	2200273	138400	2397208
Charge for year	10484	218021	42469	270974
Disposals	-	-	(87554)	(87554)
At 30th September 1995	69019	2418294	93315	2580628
<u>Net book value</u>				
At 30th September 1995	598107	1747742	282017	2627866
At 30th September 1994	608591	1447223	117606	2173420

The net book value of tangible fixed assets includes £389123 (1994 : £232904) in respect of assets held under hire purchase contracts and finance leases. The depreciation charge for the year on those assets amounts to £43559 (1994 : £35115).

ESDALE LIMITED

NOTES TO THE ACCOUNTS

<u>Note</u>	<u>1995</u>	<u>1994</u>
12. INVESTMENTS	<u>£</u>	<u>£</u>
Unlisted shares in subsidiary company at cost	20302	20302
<p>The above investment represents 100% of the ordinary share capital of Esdale Foundry Limited, a company registered in England whose principal activity is as iron and brass founders.</p> <p>The aggregate amount of the capital and reserves of Esdale Foundry Limited at 30th September 1995 were £446189 (1994 : £359282) and the profit for the year then ended was £116741 (1994 : £80510).</p>		
13. STOCKS		
Raw materials	247178	211356
Work in progress	181593	185649
Loose tools and sundries	37661	39838
	466432	436843
<p>The replacement value of stocks is not significantly different from cost.</p>		
14. DEBTORS		
Trade debtors	1361819	1288604
Corporation tax	-	62104
Other debtors	100	100
Prepayments and accrued income	8959	7272
	1370878	1358080
15. SECURITY		
<p>Security has been given by the company in respect of the bank borrowings and the hire purchase creditor.</p>		

ESDALE LIMITED

NOTES TO THE ACCOUNTS

<u>Note</u>	<u>1995</u>	<u>1994</u>
16. CREDITORS (Due after one year)	<u>£</u>	<u>£</u>
Proportion of hire purchase debt	103672	61841
Other creditors	-	50000
Proportion of bank loan	89603	162686
	<u>193275</u>	<u>274527</u>
Repayable as follows:-		
Between one and two years	154370	184476
Between two and five years	38905	90051
	<u>193275</u>	<u>274527</u>
17. PROVISION FOR LIABILITIES AND CHARGES		
Deferred taxation		
As explained in note (1e) provision is only made for deferred taxation if, in the opinion of the directors, a liability is likely to arise in the foreseeable future. The amount provided for deferred taxation and the amounts involved if deferred taxation had been provided in full, are made up as follows:-		
	<u>Full provision</u>	<u>Provided in accounts</u>
	<u>1995</u>	<u>1994</u>
Accelerated capital allowances	325693	266149
	<u>100000</u>	<u>100000</u>
18. CALLED UP SHARE CAPITAL		
Authorised		
25000 ordinary shares of £1 each	25000	25000
Allotted, called up and fully paid		
25000 ordinary shares of £1 each	25000	25000

ESDALE LIMITED

NOTES TO THE ACCOUNTS

<u>Note</u>		<u>1995</u>	<u>1994</u>
19.	PROFIT AND LOSS ACCOUNT	<u>£</u>	<u>£</u>
	At 1st October 1994	1883935	1614050
	Retained profit for year	341969	269885
	At 30th September 1995	<u>2225904</u>	<u>1883935</u>
20.	RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS		
	Profit for financial year	405969	309885
	Dividend	64000	40000
	Net addition to shareholders' funds	<u>341969</u>	<u>269885</u>
	Opening shareholders' funds	<u>1908935</u>	<u>1639050</u>
	Closing shareholders' funds	<u>2250904</u>	<u>1908935</u>

21. CONTINGENT LIABILITY

Esdale Limited has guaranteed the amounts owed to the Midland Bank PLC by Esdale Foundry Limited, its subsidiary company.

22. GROUP ACCOUNTS

These financial statements present information about Esdale Limited as an individual undertaking and not about its group. Group accounts are not to be prepared as the group is entitled to the exemption under Section 248 of the Companies Act 1985 not to prepare group accounts as the group qualifies as a medium-sized group and is entitled to make use of the exemption.

ESDALE LIMITED

NOTES TO THE ACCOUNTS

Note

23.	NOTES TO THE CASHFLOW STATEMENT	<u>1995</u>	<u>1994</u>
	a) Reconciliation of operating profit to net cash inflow from operating activities.	<u>£</u>	<u>£</u>
	Operating profit	549122	508782
	Interest on corporation tax refund	1724	-
	Depreciation	270973	275048
	(Increase) in stocks	(29588)	(15979)
	(Increase) in debtors	(74901)	(5596)
	Increase/(Decrease) in creditors	437842	(576145)
	Loss/(Profit) on sale of fixed assets	3764	(1557)
		<u>1158936</u>	<u>184553</u>
	b) Analysis of changes in financing during the year		
		<u>Bank loans and hire purchase contracts</u>	<u>Other loans</u>
		<u>1995</u>	<u>1994</u>
		<u>1995</u>	<u>1994</u>
	Balance at 1st October 1994	392126	401068
	Cash inflows/(outflows) from financing:-		
	Inception of hire purchase contracts for non cash consideration	202589	189588
	New loans raised	-	-
	Capital element of repayments - loans	(67488)	(64584)
	Capital element of repayments - hire purchase	(125904)	(127940)
		-	(69000)
		-	-
	Balance at 30th September 1995	<u>401323</u>	<u>392126</u>
		178296	306236
	c) Analysis of changes in cash and cash equivalents during the year.	<u>1995</u>	<u>1994</u>
		<u>£</u>	<u>£</u>
	Balance at 1st October 1994	(229573)	(56625)
	Net cash outflow	<u>144819</u>	<u>(172948)</u>
	Balance at 30th September 1995	<u>(84754)</u>	<u>(229573)</u>
	(d) Analysis of the balances of cash and cash equivalents as shown in the balance sheet.		
		Balance at	Balance at
		30.9.95	30.9.94
		Change in year	Change in year
		<u>1995</u>	<u>1994</u>
	Cash at bank and in hand	11023	2106
	Bank overdraft	(95777)	(231679)
		<u>(84754)</u>	<u>(229573)</u>
		135902	8917
		144819	1567
		<u>(172948)</u>	<u>(174515)</u>