

J. & F. POOL LIMITED

DIRECTORS

E. G. Hoare, Chairman      G. A. Davies, Managing Director      B. G. Pascoe  
A. F. Pool                      T. J. Newman, Secretary      P. I. Pool

REGISTERED OFFICE      North View, Hayle, Cornwall

BANKERS                      National Westminster Bank PLC, Camborne, Cornwall

NOTICE OF MEETING

NOTICE is hereby given that the eighty first annual general meeting of the company will be held at the Copthorne Hotel, Plymouth, Devon on 1st June, 1987 at 11.30 a.m. to receive the accounts for the fifty-three weeks ended 2nd January, 1987 and the report of the directors and auditors thereon and to transact any other business which may properly be transacted at the annual general meeting.

Note: A member entitled to attend and vote  
at the meeting may appoint a proxy to  
attend and vote in his stead. A proxy  
need not be a member.

BY ORDER OF THE BOARD

T. J. NEWMAN  
SECRETARY

8th May, 1987  
HAYLE, Cornwall.

REPORT OF THE DIRECTORS

1. PERIOD AND ACCOUNTING BASIS

The directors submit their report and accounts for the fifty-three weeks ended 2nd January, 1987.

2. PRINCIPAL ACTIVITY

The company, with works at Hayle, is in the business of metal perforating and general engineering and supplies a wide range of industries.

3. RESULTS AND PROSPECTS

Since 1979, the company has suffered substantial losses, mainly due to the severe recession in engineering generally. Although turnover in 1985 improved with profitable fabricating contracts, the directors indicated in their report on the 1985 accounts that the outlook for engineering generally still remained difficult, with very tight margins, so further special attention was being given to reducing the assets used in the business in an endeavour to reduce fixed costs.

Competition in mid-1986 for repeat major fabricating contracts became so fierce that the directors decided to withdraw from this type of work, which was in danger of becoming totally uneconomic. As a consequence, contingency plans for a major reconstruction were activated, resulting in a reduction of assets used in the business (forecast by the directors last year), together with a programme of sales of these assets. In addition, a major redundancy was declared, reducing the number employed to just over 100 people - an unfortunate, though imperative, decision in these times of high unemployment, particularly in West Cornwall. As a result, however, the company now has a lean organisation operating in modern premises with substantial sophisticated equipment. The first 3 months of 1987 have shown profitable trading, more than fulfilling the directors' estimates of the results of the reconstruction, although some asset sales have yet to be effected.

An operating loss for the 53 weeks to 2nd January, 1987 of £106,000 resulted (1985 - £291,000 profit), with a final loss, after interest and extraordinary items, of £415,000 (1985 - £4,000 profit).

4. DIVIDEND

No dividend is recommended.

5. FIXED ASSETS

The movements of fixed assets appear in note 10 on page 8 of the accounts.

6. EVENTS SINCE THE END OF THE YEAR

Since the end of the year some surplus plant and machinery has been sold, resulting in a profit on disposal of £40,000. There have been no other significant events since year end.

7. EMPLOYEES

The directors are grateful to employees for their loyalty and efforts during a very difficult period, including the major reconstruction.

The board is aware of its responsibilities with regard to the health, safety and welfare of employees and continues to do its utmost to discharge its obligations.

The company has had for many years a personnel policy to promote the full involvement and understanding of all employees in the success of the business. Communication and consultation with employees are part of the day to day management philosophy. This is achieved through both informal communication arrangements and more formal meetings covering the groups where discussion on business issues is actively encouraged. A performance related bonus system operates and is aimed at increasing employees' awareness of their involvement in company results.

With regard to the employment of disabled persons, internal and external applicants are selected and appointed on the basis of suitability for vacant positions. Applications from suitable disabled persons receive the same consideration as all other applications. The company endeavours to continue to employ any employee who may become disabled.

8. COMMUNITY RELATIONS

The company maintained its support of several local organisations from which its employees are expected to derive benefit. In addition, directors and employees continued to devote considerable time to the service of the local community, including schools and colleges.

9. DIRECTORS

During the year Mr. Hoare relinquished his Managing Directorship and remained as Chairman. Mr. G. A. Davies was appointed Managing Director with continuing responsibilities for works and technical matters.

Directors retiring by rotation are Messrs. E. G. Hoare, T. J. Newman and B. G. Pascoe and who, being eligible, offer themselves for re-election.

None of the directors had a beneficial interest in any contract to which the company was a party in the period under review.

10. AUDITORS

Messrs. Whitaker & Redfearn have intimated their willingness to continue in office. A resolution that they be reappointed, and the directors authorised to agree their remuneration, will be proposed at the annual general meeting.

BY ORDER OF THE BOARD

8th May, 1987

T.J. NEWMAN, SECRETARY

AUDITORS' REPORT TO THE MEMBERS OF J. & F. POOL LIMITED

We have audited the financial statements on pages 4 to 10 in accordance with approved auditing standards.

In our opinion the financial statements, which have been prepared under the historical cost convention as modified by the revaluation of fixed assets, give a true and fair view of the state of affairs of the company at 2nd January, 1987 and of the loss and source and application of funds for the 53 weeks then ended and comply with the Companies Act 1985.

8th May, 1987  
Alverton Manor  
Penzance

WHITAKER AND REDFEARN  
CHARTERED ACCOUNTANTS

J. & F. POOL LIMITED

PROFIT AND LOSS ACCOUNT FOR THE 53 WEEKS ENDED 2ND JANUARY, 1987

	Notes		£000's
	1	1986	1985
TURNOVER			
Change in stocks of finished goods and work in progress	2	5199	7022
Own work capitalised		(63)	(224)
		<u>92</u>	<u>98</u>
Raw materials and consumables		5228	6896
Other external charges		<u>433</u>	<u>1113</u>
GROSS PROFIT		<u>2706</u>	<u>3566</u>
Staff costs		2522	3328
Depreciation	3	1526	1919
Other operating charges		463	489
		<u>697</u>	<u>676</u>
Less Deferred government grants	17	<u>2686</u>	<u>3084</u>
		<u>58</u>	<u>47</u>
OPERATING PROFIT (LOSS)	4	<u>2628</u>	<u>3037</u>
Interest receivable and similar income	5	(106)	291
Interest payable	6	(4)	(4)
		<u>226</u>	<u>276</u>
PROFIT (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>222</u>	<u>272</u>
Tax on profit on ordinary activities	7	(328)	19
PROFIT (LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		<u>-</u>	<u>15</u>
Extraordinary items	8	(328)	4
PROFIT (LOSS) AFTER TAXATION AND EXTRAORDINARY ITEMS		<u>87</u>	<u>-</u>
Transferred from revaluation reserve	19	(415)	4
Dividend	9	72	48
PROFIT (LOSS) for year after transfer from revaluation reserve and dividend	20	<u>-</u>	<u>(35)</u>
		<u>(343)</u>	<u>17</u>

STATEMENT OF SOURCES AND APPLICATIONS OF FUNDS

SOURCES OF FUNDS

Profit (loss) after extraordinary items	(415)	19
Adjustment for depreciation and provisions	<u>143</u>	<u>442</u>
Funds (utilised in) generated by operations	(272)	461
Disposals of fixed assets	426	16
Government grants	<u>35</u>	<u>69</u>
TOTAL SOURCES OF FUNDS	<u>189</u>	<u>546</u>

APPLICATION OF FUNDS

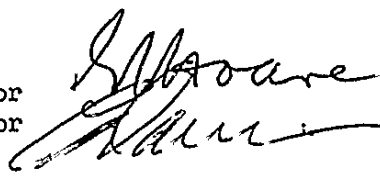
Increased (reduced) stock	(171)	(87)
Increased (reduced) debtors	(536)	150
Reduced creditors	<u>40</u>	<u>303</u>
(Reduction) increase in working capital	(667)	366
Dividend paid	-	35
ACT paid	-	15
Purchase of fixed assets	331	369
Pensions paid	-	9
(Increase) reduction in creditors due after more than twelve months	295	(303)
Movement in net liquid funds: Reduction in overdraft	<u>230</u>	<u>55</u>
TOTAL APPLICATION OF FUNDS	<u>189</u>	<u>546</u>

The notes on pages 6 to 10 form part of these accounts

J. & F. POOL LIMITED  
BALANCE SHEET AT 2ND JANUARY, 1987

	<u>Notes</u>		<u>£000's</u>	
FIXED ASSETS			<u>1986</u>	<u>1985</u>
Tangible assets	10		2828	3097
CURRENT ASSETS				
Stocks	11	1003		1174
Debtors	12	<u>830</u>		<u>1366</u>
		1833		2540
CREDITORS: amounts falling due within one year	13	<u>1817</u>		<u>2060</u>
			<u>16</u>	<u>480</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			2844	3577
CREDITORS				
Amounts falling due after more than one year				
Bank loan	14	1050		1250
Other creditors	15	<u>228</u>		<u>323</u>
			<u>1278</u>	<u>1573</u>
			1566	2004
ACCRUALS AND DEFERRED INCOME				
Deferred government grants	17		<u>297</u>	<u>320</u>
			<u>1269</u>	<u>1684</u>
CAPITAL AND RESERVES				
Called up share capital	18		66	66
Revaluation reserve	19		<u>563</u>	<u>635</u>
Profit and loss account	20		<u>640</u>	<u>983</u>
			<u>1269</u>	<u>1684</u>

E. G. HOARE - Director  
G. A. DAVIES - Director



These accounts were approved by the board on 8th May, 1987.

The notes on pages 6 to 10 form part of these accounts.

J. & F. POOL LIMITED

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

- (a) The accounts are for the 53 weeks ended 2nd January, 1987. The comparatives (1985) are for the 52 weeks ended 27th December, 1985. All amounts are in thousands of pounds.
- (b) The accounts are prepared under the historical cost convention. However, there is incorporated in the accounts a valuation of fixed assets at 30th December, 1977.
- (c) Plant and machinery includes some plant which is leased and therefore not owned by the company. A liability has been created for the leasing commitment less finance charges.
- (d) Government grants in respect of expenditure on fixed assets are credited to deferred government grants. Each year an amount based on the life of the relevant asset is transferred to profit and loss account. The balance of deferred government grants is shown in the balance sheet.
- (e) Depreciation is provided on the cost or valuation of freehold buildings, plant and machinery by equal instalments at varying rates based on the estimated working lives of the assets and beginning with a full year's depreciation in the financial year following introduction into service.
- (f) Research and development costs are written off in the year in which they are incurred.
- (g) Stocks and work-in-progress are valued on a 'first in, first out' based at the lower of stock and net realisable value. In respect of work-in-progress and finished goods, cost includes all production overheads and the attributable proportion of indirect overhead expenses.
- (h) No provision has been made for deferred taxation because tax losses exceed stock relief and the excess of capital allowances over depreciation.

No provision has been made on chargeable gains which:

- (i) arise from the sale of assets which are carried forward by deduction from the cost of replacement assets (roll over relief).
- (ii) would arise if the freehold land and buildings were sold at their valued amounts.

J. & F. POOL, LIMITED

NOTES TO THE ACCOUNTS

2. TURNOVER

Turnover represents the amount of goods sold and services provided, excluding value added tax.

3. STAFF COSTS

Staff costs (including Directors') during the year amounted to:

	<u>1986</u>	<u>1985</u>
Wages and Salaries	1376	1732
Social security costs	101	145
Other pension costs	49	42
	<u>1526</u>	<u>1919</u>

The average weekly number of employees during the year was:

Manufacturing	136	205
Office and Management	61	60
	<u>197</u>	<u>265</u>

4. OPERATING PROFIT

This is stated after charging:

Hire of plant and machinery	8	7
Directors' emoluments - management remuneration	24	22
Pensions	11	12
Funding director's widow's pension	103	-

5. INTEREST RECEIVABLE AND SIMILAR INCOME

Interest receivable	-	-
Other	(4)	(4)
	<u>(4)</u>	<u>(4)</u>

6. INTEREST PAYABLE

Overdraft	66	105
Loan	160	171
	<u>226</u>	<u>276</u>

7. TAXATION

The company is a close company and is therefore potentially liable to income tax on any shortfall of distribution below the required standard.

There is no potential liability for deferred taxation on income as accumulated losses and stock relief exceed the excess of capital allowances over depreciation.

Potential deferred taxation for which provision has not been made is:

Roll over relief	10	9
Freehold land and buildings sold at valued amounts	180	180

J. & F. POOL LIMITED

NOTES TO THE ACCOUNTS

8. EXTRAORDINARY ITEMS

These arise mainly from reconstruction as follows:

Moving plant and machinery	68
Redundancies	122
Provision against losses on properties awaiting disposal	39
Funding director's widow's pension	<u>103</u>
	332
<u>Less: profit (minus losses) on disposals of assets affected by</u> <u>discontinuation of certain activities</u>	<u>245</u> <u>87</u>

9. DIVIDEND	<u>1986</u>	<u>1985</u>
Interim paid on 5th July 1985	-	35

10. TANGIBLE FIXED ASSETS

TANGIBLE FIXED ASSETS		Freehold Land & Buildings				Plant & Machinery		
Cost/Valuation	Total	Total	Valuation	Cost	Total	Valuation	Cost	
At 27th December 1985	(a)	9358	1611	1080	531	7747	4596	3151
Additions at cost	(b)	331	134	-	134	197	-	197
Disposals		(443)	(47)	(42)	(5)	(396)	(141)	(255)
At 2nd January 1987		9246	1698	1038	660	7548	4455	3093

Depreciation

At 27th December 1985		6261	257	202	55	6004	4479	1525
Charge for year		463	36	25	11	427	62	365
Disposals		(306)	(8)	(7)	(1)	(298)	(141)	(157)
At 2nd January 1987		<u>6418</u>	<u>285</u>	<u>220</u>	<u>65</u>	<u>6133</u>	<u>4400</u>	<u>1733</u>

Written down value (c)

At 2nd January 1987		2828	1413	818	595	1415	55	1360
At 27th December 1985		3097	1354	878	476	1743	117	1626

Historical cost of revalued assets:

At 27th December 1985		2090		388			1702	
Disposals		<u>45</u>		<u>18</u>			<u>27</u>	
At 2nd January 1987		<u>2045</u>		<u>370</u>			<u>1675</u>	

Depreciation based on cost:

At 27th December 1985		1730		72			1658	
Charge for year		35		8			27	
Disposals		(29)		(2)			(27)	
At 2nd January 1987		<u>1736</u>		<u>78</u>			<u>1658</u>	

Net historical amount:

At 2nd January 1987		309		292			17	
At 27th December 1985		360		316			44	

- (a) Fixed assets were valued on 30th December 1977  
 (b) Cost is without deduction of government grants  
 (c) The written down value of plant and machinery includes leased items amounting to £534,000 (£594,000)



J. & F. POOL LIMITED

NOTES TO THE ACCOUNTS

11. STOCKS	1986	1985
Raw materials	544	652
Work-in-progress	362	304
Finished goods	97	218
	<u>1003</u>	<u>1174</u>

12. DEBTORS		
Trade debtors	740	1243
Other debtors	17	37
Prepayments	73	86
	<u>830</u>	<u>1366</u>

13. CREDITORS - amounts falling due within one year		
Bank loan (see note 14)	200	-
Bank overdraft	501	731
Trade creditors	463	680
Other taxation and social security	54	117
Accruals	359	287
Other creditors	133	140
Amounts owed to group companies	107	105
	<u>1817</u>	<u>2060</u>

14. BANK LOAN

The loan bears interest at 1.625% above base rate and is repayable in annual instalments of £200,000, commencing in June 1987.

	1986	1985
Amount repayable within one year	200	-
" " " five years	800	800
" " after " "	250	450
	<u>1250</u>	<u>1250</u>
Bank loan	501	731
Overdraft		
Total borrowings	<u>1751</u>	<u>1981</u>

The bank loan and overdraft are secured by a fixed charge on the freehold land and buildings and by a floating charge over all other assets.

15. OTHER CREDITORS: amounts falling due after more than one year	1986	1985
Leasing and hire purchase obligations	373	454
<u>Less</u> amounts due within one year included in other creditors in note 13	145	131
	<u>228</u>	<u>323</u>

Included above is £5,000 (£8,000) which is payable in instalments more than five years after the balance sheet date.

16. PENSIONS

The company operates insured pension schemes for all employees. Actuarial valuations by the insurance company in 1985 indicated that there were sufficient assets in the funds to provide paid up pensions and other benefits for present members on the basis of present salaries and periods of service.

Pension payments to former executive directors and dependants are charged to revenue.

J. & F. POOL LIMITED

NOTES TO THE ACCOUNTS

17. DEFERRED GOVERNMENT GRANTS

	<u>1986</u>	<u>1985</u>
Balance at 27th December 1985	320	300
Claimed in year	35	67
Released to profit & loss account in year	<u>(58)</u>	<u>(47)</u>
Balance at 2nd January 1987	<u>297</u>	<u>320</u>

18. SHARE CAPITAL

<u>SHARES AT £1 EACH</u>	<u>AUTHORISED</u>	<u>ISSUED</u>		
			ALLOTTED & FULLY PAID	
5% Cumulative Preference	3,000	3,000		
Ordinary	63,000	63,000	63	3
Unclassified	<u>84,000</u>	<u>-</u>	66	63
	<u>150,000</u>	<u>66,000</u>	<u>66</u>	<u>66</u>

The ultimate holding company is J. & F. Pool (Holdings) Limited a company incorporated in England.

19. REVALUATION RESERVE

Balance at 27th December 1985	635	683
Released to profit & loss account in year	<u>(72)</u>	<u>(48)</u>
Balance at 2nd January 1987	<u>563</u>	<u>635</u>

20. PROFIT AND LOSS ACCOUNT

Balance at 27th December 1985	983	966
Profit (loss) for year after transfer from revaluation reserve and dividend	<u>(343)</u>	<u>17</u>
Balance at 2nd January 1987	<u>640</u>	<u>983</u>
Distributable reserves	640	983
Undistributable reserves	<u>563</u>	<u>635</u>
Total reserves	<u>1203</u>	<u>1618</u>

21. CAPITAL COMMITMENTS

The outstanding commitments for capital expenditure for which provision has not been made in the accounts are:

Authorised and contracted	33	17
Authorised but not contracted	-	13