

A H MARKS

Annual Report

Fifty Three Weeks
Ended 2 July 1995

A H Marks and Company Limited
Wyke, Bradford, West Yorkshire BD12 9EJ

Registered No 87911





Annual Report

Fifty Three Weeks Ended 2 July 1995

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Chairman's Statement

For the Fifty Three Weeks Ended 2 July 1995

Export Led Growth

It is very pleasing to report a fourth continued year of increased sales and profitability. The sales increase of 18% resulted in a pre-tax profit increase of 40%. This is the result of a series of major capital investment programmes commissioned over the last few years increasing output, flexibility and quality. Although it is very rewarding to report these figures, continued expansion in growth at this rate is unlikely to be repeated in 1995/96 since most units operated close to their rated capacity during the year.

Export markets accounted for the sales and profit growth indicated, with the UK market showing no increase in sales value and a slight reduction in margins. The pressure on margins was not unique to the UK market and is concerning given the continued cost increases in most areas of our business. This greater activity in export markets causes a wider exposure to currency exchange fluctuations. Both the US and Canadian Dollar have weakened considerably from 1994 levels and although some offset was provided by the strengthening of currencies in other markets, the overall effect of currency movements from 1993/94 levels caused a reduction in sales and profits.

The sales growth outlined above was achieved in both agrochemical and fine chemicals product sectors supporting the investment and commitment made through our policy of continuous improvement. The Agrochemical products remain dominant and expenditure supporting plant, marketing and registration needs is fully recognised in the 1995/96 budget with the fine chemical product range benefiting from further planned expansion.

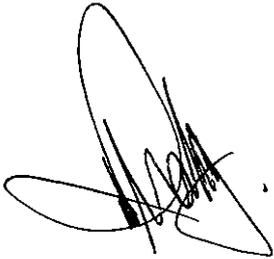
Capital investment during the year at £4.5 million, some £0.5 million below last year's level, remains significantly above our annual depreciation charge. £4 million of the total investment was spent in upgrading several of our main manufacturing plants to improve their performance and adding to storage capacity for both raw materials and finished products. This expenditure profile is forecast to continue in the 1995/96 year where over £5 million of expenditure has been budgeted to ensure our commitment to quality and service is maintained and support further improvements in our environmental performance. The installation of a biological treatment facility for our trade waste effluent will dominate our capital expenditure programme over the next two years. This multi-million pound project should secure the waste disposal requirements on site for the foreseeable future.

In my statement last year I referred to our pursuit of accreditation for Good Laboratory Practice. This was confirmed during the current year and enhances our agrochemical registration support adding to a comprehensive range of internal control disciplines and quality assurance standards which are operated across the company.

Chairman's Statement continued

The Investors In People programme continues on schedule, with benefits being gained across a wide range of activities and formal accreditation being targeted for 1995/96. The increased focus upon flexibility of skills and team working was emphasised by the creation of a dedicated engineering team within one of the production areas. Such has been the success of this initiative that the principle is to be extended from October 1995 to cover all areas of the factory.

The results achieved are a tribute to all employees and I would record my thanks to them for their demonstrated support which resulted in achieving the excellent performance in the past year. The growth in export sales has been achieved against a background of adverse currency movements and continuing raw material price increases. The outlook for 1995/96 presents a number of challenges which I know will be tackled with customary vigour. Our aim is to consolidate the sales growth and contain costs in all areas of the business.



A R Marks
Chairman and Managing Director
Wyke
24 August 1995

Directors' Report

For The Fifty Three Weeks Ended 2 July 1995

1 Results And Dividends

The results for the year are set out in the profit and loss account on page 7. The Directors consider these results to be satisfactory and that the present level of activity will be sustained for the foreseeable future. The Directors recommend payment of a dividend of 12.6p per share (1994: 12.6p). The retained profit of £3,184,000 will be transferred to reserves.

2 Review of the Business

The principal activity of the Company continues to be the production of chemicals for use in Agriculture. A review of the Company's operations is set out in the Chairman's Statement on pages 1 and 2.

3 Fixed Assets

The movements in fixed assets during the year are set out in notes 9 and 10 to the financial statements. During the year the Company incurred capital expenditure relating to tangible fixed assets of £4,498,000.

4 Directors

The Directors of the Company at 2 July 1995, who have been Directors for the whole of the year ended on that date, were:

Mrs L M A Marks
Mr A R Marks (Chairman and Managing)
Mr J Walker (Secretary)
Mr E Duke (non-exec)
Mr G A Duke

Dr I M McRobbie
Mr J S Marsden
Mr R A Opperman (non-exec)
Dr E Sharkey

5 Directors' interests in the shares of the Company

According to the register required to be kept under Section 325 of the Companies Act 1985 the interests of Directors of the Company at 2 July 1995 were as follows:

Directors' Report

For The Fifty Three Weeks Ended 2 July 1995

5 Directors' interests in the shares of the Company continued

| | | At 2 July 1995 | At 26 June 1994 |
|-----------------|----------------|-----------------|-----------------|
| | | Ordinary Shares | Ordinary Shares |
| | | of 5p each | of 5p each |
| Mrs L M A Marks | Beneficial | 171,825 | 171,825 |
| | Non beneficial | 11,850* | 11,850* |
| Mr A R Marks | Beneficial | 41,475 | 28,637 |
| | Non beneficial | 11,850* | 11,850* |
| Mr J Walker | Beneficial | 1,975 | 1,975 |

*Includes 11,850 ordinary shares in which both Mr Marks and Mrs Marks have a non beneficial interest as joint trustees.

Apart from the interests disclosed above no other Directors were interested at any time in the year in the share capital of the Company.

There has been no change in the interests set out above between 2 July 1995 and 24 August 1995.

6 Disabled Persons

The Company's policy is to give fair consideration to all applications for employment made by disabled persons, commensurate with their abilities and aptitudes and to ensure that they are trained and developed according to their needs. Employees becoming disabled during their employment will, where appropriate, receive training to enable them to continue their employment.

7 Employee Involvement

For many years the Directors have recognised the importance of good consultations and relations with employees. It is the Company's policy to ensure that effective communication takes place on a regular basis with regard to the performance and future prospects of the Company's operations.

Directors' Report

For The Fifty Three Weeks Ended 2 July 1995

8 Close Company Status

The Company is a close company under the provisions of the Income and Corporation Taxes Act 1988.

9 Insurance of Directors

The Company maintains insurance for its Directors in respect of their duties as Directors of the Company.

10 Directors' Responsibilities

The Directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit of the company for that period.

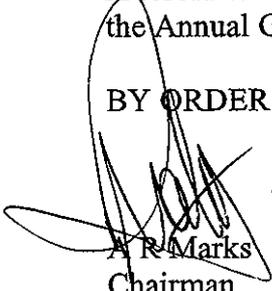
The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 2 July 1995. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis.

The directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

11 Auditors

A resolution to reappoint Coopers & Lybrand as the Company's auditors will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD



A R Marks
Chairman

Wyke: 24 August 1995

Report Of The Auditors To The Members Of A H Marks And Company Limited

We have audited the financial statements on pages 7 to 28.

Respective Responsibilities Of Directors And Auditors

As described on page 5 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 at 2 July 1995 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Coopers & Lybrand
Chartered Accountants and Registered Auditors
Leeds
24 August 1995

Profit And Loss Account

Fifty Three Weeks Ended 2 July 1995

| | Notes | 1995 £'000 | 1994 £'000 |
|--|-------|---------------|---------------|
| Turnover | 2 | 54,834 | 46,274 |
| Change in stocks of finished goods and work in progress | | (2,020) | (536) |
| Own work capitalised | | (120) | (145) |
| Other operating income | | (49) | (51) |
| Raw materials and consumables | | 25,607 | 21,056 |
| Other external charges | | 13,584 | 11,360 |
| Staff costs | 3 | 9,789 | 8,543 |
| Depreciation | | 3,090 | 2,319 |
| Operating Profit | | 4,953 | 3,728 |
| Bank Interest Receivable | | 145 | 155 |
| | | 5,098 | 3,883 |
| Interest Payable | 5 | (517) | (604) |
| Profit on Ordinary Activities before taxation | 6 | 4,581 | 3,279 |
| Tax on profit on ordinary activities | 7 | (1,367) | (613) |
| Profit for the year attributable to Equity Shareholders | | 3,214 | 2,666 |
| Dividend | 8 | (30) | (30) |
| Retained Profit for the Year | 19 | 3,184 | 2,636 |

The Company has no recognised gains and losses other than those included in the profits above, and therefore no separate statement of total recognised gains and losses has been presented.

The Company's turnover and profits are all from continuing operations.

The notes on pages 11 to 28 form part of these financial statements
Report of the Auditors - Page 6

Note Of Historical Cost Profits And Losses

Fifty Three Weeks Ended 2 July 1995

| | 1995 | 1994 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Reported profit on ordinary activities before taxation | 4,581 | 3,279 |
| Difference between historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount | 114 | 115 |
| Historical cost profit on ordinary activities before taxation | 4,695 | 3,394 |
| Historical cost profit for the year retained after taxation and dividends | 3,298 | 2,751 |

Balance Sheet

At 2 July 1995

| | Notes | 1995 £'000 | 1994 £'000 |
|---|-------|-----------------|-----------------|
| Fixed Assets | | | |
| Intangible assets | 9 | - | 114 |
| Tangible assets | 10 | 24,942 | 23,522 |
| | | <u>24,942</u> | <u>23,636</u> |
| Current Assets | | | |
| Investment | 11 | - | - |
| Stocks and work in progress | 12 | 9,122 | 6,734 |
| Debtors | 13 | 5,612 | 6,034 |
| Cash at bank and in hand | | 7,114 | 6,508 |
| | | <u>21,848</u> | <u>19,276</u> |
| Creditors - amounts falling due within one year | 14 | <u>(12,964)</u> | <u>(11,449)</u> |
| Net current assets | | <u>8,884</u> | <u>7,827</u> |
| Total assets less current liabilities | | <u>33,826</u> | <u>31,463</u> |
| Creditors - amounts falling due after more than one year | 14 | (2,719) | (3,509) |
| Provision for liabilities and charges | 15 | (1,180) | (1,180) |
| Accruals and deferred income | 16 | (70) | (101) |
| Net Assets | | <u>29,857</u> | <u>26,673</u> |
| Capital and reserves | | | |
| Called up share capital | 17 | 12 | 12 |
| Share premium account | | 98 | 98 |
| Revaluation reserve | 18 | 1,929 | 2,043 |
| Capital redemption reserve | | 4 | 4 |
| Profit and loss account | 19 | 27,814 | 24,516 |
| Equity shareholders' funds | 20 | <u>29,857</u> | <u>26,673</u> |

The financial statements were approved by the Board on 24 August 1995

Mr A R Marks
DirectorMr J S Marsden
DirectorThe notes on pages 11 to 28 form part of these financial statements
Report of the Auditors - Page 6

Cash Flow Statement

Fifty Three Weeks Ended 2 July 1995

| | Notes | 1995 £'000 | 1994 £'000 |
|--|-------|---------------|---------------|
| Net cash inflow from operating activities | 21 | 6,641 | 7,334 |
| Returns on investments and servicing of finance | | | |
| Interest received | | 131 | 170 |
| Interest paid | | (497) | (568) |
| Interest element of finance lease payments | | (57) | (33) |
| Dividend paid | | (30) | (25) |
| Net cash (outflow) from returns on investments and servicing of finance | | (453) | (456) |
| Taxation | | | |
| Tax paid | | (638) | (207) |
| Investing activities | | | |
| Purchase of tangible fixed assets | | (3,970) | (4,377) |
| Sale of tangible fixed assets | | 40 | 37 |
| Sale of current asset investment | | - | 34 |
| Net cash (outflow) from investing activities | | (3,930) | (4,306) |
| Net cash inflow before financing | | 1,620 | 2,365 |
| Financing | | | |
| Repayment of loan | 23 | (782) | (625) |
| Capital element of finance lease and hire purchase payments | 23 | (232) | (236) |
| Net cash (outflow) from financing | | (1,014) | (861) |
| Increase in cash and cash equivalents | 22 | 606 | 1,504 |

The notes on pages 11 to 28 form part of these financial statements
Report of the Auditors - Page 6

Notes And Accounting Policies

Fifty Three Weeks Ended 2 July 1995

1 Principal Accounting Policies

The financial statements have been prepared using the historical cost convention adjusted for revaluations of certain tangible fixed assets and in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below:

1.1 Depreciation and Amortisation

- Intangible fixed assets are amortised on a straight line basis over their expected useful lives;
- Depreciation on tangible fixed assets is calculated to write-off the cost or valuation of fixed assets on a straight line basis over the expected useful lives of the assets concerned. The principal annual rates used for this purpose are:

| | |
|--|------------|
| Industrial buildings | 5% to 50% |
| Plant and machinery | 5% to 50% |
| Fixtures and fittings, tools and equipment | 10% |
| Computer installation | 20% |
| Motor vehicles | 15% to 25% |

Plant and machinery additions are depreciated from the year of commissioning.

Freehold land and properties are not depreciated as the amounts in respect of the properties are not considered significant.

1.2 Government Grants

Government grants in respect of capital expenditure are treated as deferred credits, a proportion of which is transferred to revenue annually over the estimated life of the asset.

1.3 Stocks

Stocks are stated at the lower of cost and net realisable value using the first in first out method. Cost comprises the direct cost of production and the attributable proportion of production overheads appropriate to location and condition. Net realisable value is the estimated selling price reduced by all costs of completion, marketing, selling and distribution.

Notes And Accounting Policies

Fifty Three Weeks Ended 2 July 1995

1.4 Investment income

Dividends received are accounted for on the basis of cash received plus the attributable tax credit.

1.5 Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into sterling by applying, where applicable, the exchange rates obtained on forward currency contracts taken out prior to the year end. Other foreign currency assets and liabilities are translated into sterling at the exchange rates ruling at the balance sheet date. Differences arising on translation and on the conversion of ordinary foreign currency transactions during the year are dealt with as part of the profit on ordinary activities.

1.6 Turnover

Turnover represents sales at invoice value net of trade discounts allowed and excluding value added tax.

1.7 Development expenditure

Development expenditure is charged to the profit and loss account in the year in which it is incurred.

1.8 Pensions

The accounting policy in respect of pension costs is disclosed in Note 3 to these financial statements.

1.9 Taxation

The charge for taxation is based upon the result for the year as adjusted for disallowable items and other timing differences. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is probable that an asset or liability will crystallise. Timing differences arise from the inclusion of items of income and

Notes And Accounting Policies

Fifty Three Weeks Ended 2 July 1995

1.9 Taxation continued

expenditure in tax computations in periods different from those in which they are included in the financial statements. Provision is made at the corporation tax rate which is expected to be applied when the liability or asset is expected to crystallise.

1.10 Assets acquired under finance lease contracts and hire purchase arrangements

Costs in respect of operating leases are charged on a straight line basis over the lease term. Leasing agreements which transfer to the company substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit so as to give a constant periodic rate of charge on the remaining balance outstanding at each accounting period. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

2 Turnover

In the opinion of the Directors the disclosure of an analysis of turnover and profit before taxation by geographical market would be seriously prejudicial to the Company's interests.

3 Employee Information

Total employment costs including Directors are as follows:

| | 1995 | 1994 |
|-----------------------|--------------|--------------|
| | £'000 | £'000 |
| Wages and Salaries | 8,537 | 7,479 |
| Social Security Costs | 735 | 648 |
| Other pension costs | 517 | 416 |
| | 9,789 | 8,543 |

Notes and Accounting Policies

Fifty Three Weeks Ended 2 July 1995

3 Employee Information continued

The average number of persons employed by the Company during the year is analysed below:

| | 1995 | 1994 |
|--------------------------------|------------|------------|
| | Number | Number |
| Factory | 218 | 209 |
| Sales and administration staff | 57 | 57 |
| Technical and production staff | 128 | 122 |
| | 403 | 388 |

The Company operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Company and are invested in a managed fund.

Contributions are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the Company. The contributions to the final salary scheme are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuation was at 1 April 1995. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and to the rates of increase in pay and pensions. It was assumed for accounting purposes that the investment returns would be 2% per annum above pay increases and 4.25% per annum above pension increases.

The most recent actuarial valuation showed that the market value of the assets was £8,384,000. In addition, the Trustees hold insurance policies matching some of the pension liabilities. Overall the actuarial value of the assets represented 95% of the benefits that had accrued to members, after allowing for expected future increases in pay.

The pension charge for the year based on the above assumptions was £517,092 (1994 : £416,100). An amount of £134,900 (1994 : £171,996) is included within creditors as pension scheme deferred income account, this being the excess of the accumulated pension cost over the amount funded. The Company provides no other post retirement benefits to its employees.

Notes And Accounting Policies

Fifty Three Weeks Ended 2 July 1995

4 Directors' Emoluments

The remuneration paid to Directors was:

| | 1995 | 1994 |
|--|------------|------------|
| | £'000 | £'000 |
| Directors' emoluments | | |
| Fees | 32 | 31 |
| Salaries and bonuses | 471 | 457 |
| Other emoluments including pension contributions | 97 | 96 |
| | <u>600</u> | <u>584</u> |

Directors' emoluments, excluding pension contributions are as follows:

| | 1995 | 1994 |
|------------------------------------|-------|-------|
| | £'000 | £'000 |
| Chairman and highest paid Director | 129 | 120 |

Number of other Directors whose emoluments fell within the following ranges:

| | 1995 | 1994 |
|--------------------|------|------|
| £15,001 to £20,000 | 2 | 2 |
| £25,001 to £30,000 | 1 | 1 |
| £30,001 to £35,000 | 1 | 1 |
| £45,001 to £50,000 | - | 1 |
| £65,001 to £70,000 | - | 2 |
| £70,001 to £75,000 | - | 2 |
| £75,001 to £80,000 | 1 | - |
| £80,001 to £85,000 | 2 | - |
| £85,001 to £90,000 | 1 | - |

No Director waived emoluments in respect of the year ended 2 July 1995.

Notes And Accounting Policies

Fifty Three Weeks Ended 2 July 1995

5 Interest Payable

| | 1995 | 1994 |
|--|------------|------------|
| | £'000 | £'000 |
| On bank overdraft repayable within 5 years, not by instalments | 174 | 261 |
| On bank loans repayable by instalments within 5 years | 277 | - |
| On bank loans repayable by instalments after 5 years | - | 302 |
| On other amounts repayable within 5 years | 9 | 8 |
| On hire purchase agreements | 57 | 33 |
| | <u>517</u> | <u>604</u> |

6 Profit on Ordinary Activities Before Taxation

The profit on ordinary activities before taxation is after taking into account:

| | 1995 | 1994 |
|--|-------|-------|
| | £'000 | £'000 |
| Amortisation of government grants | (31) | (33) |
| (Profit)/loss on disposal of fixed assets | (29) | 2 |
| Amortisation of intangible fixed assets | 31 | 31 |
| Accelerated amortisation of intangible fixed assets | 83 | - |
| Depreciation of tangible fixed assets | 2,415 | 2,098 |
| Accelerated depreciation of tangible fixed assets | 653 | 213 |
| Auditors' remuneration for audit | 20 | 19 |
| Auditors' remuneration for other services to the Company | 7 | 20 |
| Hire of plant and machinery - operating leases | 116 | 141 |
| Hire of other assets - operating lease rentals | 36 | 36 |

Notes and Accounting Policies

Fifty Three Weeks Ended 2 July 1995

7 Tax on Profit on Ordinary Activities

The charge for taxation is made up as follows:

| | 1995 | 1994 |
|---------------------------------------|--------------|------------|
| | £'000 | £'000 |
| On the result for the year | | |
| UK corporation tax at 33% (1994: 33%) | 1,377 | 640 |
| Prior year items | | |
| Over provision of corporation tax | (10) | (27) |
| | <u>1,367</u> | <u>613</u> |

8 Dividend

| | 1995 | 1994 |
|--|-------|-------|
| | £'000 | £'000 |
| Ordinary : Proposed final of 12.6p per share (1994: 12.6p) | 30 | 30 |

Notes And Accounting Policies

Fifty Three Weeks Ended 2 July 1995

9 Intangible Fixed Assets

The intangible fixed assets comprise know-how, patent rights and trademarks. The movements are as follows:

| | £'000 |
|--------------------------------------|------------|
| Cost | |
| At 27 June 1994 | 250 |
| Additions | - |
| At 2 July 1995 | 250 |
| Amortisation | |
| At 27 June 1994 | 136 |
| Charge for the year | 114 |
| At 2 July 1995 | 250 |
| Net book value at 2 July 1995 | - |
| Net book value at 26 June 1994 | 114 |

Notes And Accounting Policies

Fifty Three Weeks Ended 2 July 1995

10 Tangible Fixed Assets

Cost or Valuation

| | At 27 June 1994 | Additions | Disposals | At 2 July 1995 |
|---|--------------------|-----------|-----------|-------------------|
| | £'000 | £'000 | £'000 | £'000 |
| Freehold land and properties | 2,087 | - | - | 2,087 |
| Industrial buildings | 2,734 | 95 | (20) | 2,809 |
| Plant, machinery, fixtures and fittings | 34,165 | 4,036 | (464) | 37,737 |
| Computer | 987 | 171 | (56) | 1,102 |
| Motor Vehicles | 670 | 196 | (151) | 715 |
| | 40,643 | 4,498 | (691) | 44,450 |

Depreciation

| | At 27 June 1994 | Provided | Eliminated on Disposals | At 2 July 1995 |
|---|--------------------|----------|----------------------------|-------------------|
| | £'000 | £'000 | £'000 | £'000 |
| Freehold land and properties | - | - | - | - |
| Industrial buildings | 1,301 | 136 | (20) | 1,417 |
| Plant, machinery, fixtures and fittings | 14,649 | 2,670 | (464) | 16,855 |
| Computer | 649 | 137 | (56) | 730 |
| Motor vehicles | 522 | 125 | (141) | 506 |
| | 17,121 | 3,068 | (681) | 19,508 |

Net Book Values

| | At 26 June 1994 | At 2 July 1995 |
|---|--------------------|-------------------|
| | £'000 | £'000 |
| Freehold land and properties | 2,087 | 2,087 |
| Industrial buildings | 1,433 | 1,392 |
| Plant, machinery, fixtures and fittings | 19,516 | 20,882 |
| Computer | 338 | 372 |
| Motor vehicles | 148 | 209 |
| | 23,522 | 24,942 |

Notes And Accounting Policies

Fifty Three Weeks Ended 2 July 1995

10 Tangible Fixed Assets continued

The Company's major fixed assets were revalued in July 1989 by Eddisons, Chartered Surveyors. The valuations of freehold land and properties, industrial buildings and plant and machinery have been included in these financial statements.

The amount of those valuations and the basis used were as follows:

| | Basis used | Valuation amount £'000 |
|------------------------------|---|------------------------------|
| Freehold land and properties | Depreciated replacement cost for existing use | 1,766 |
| Industrial buildings | Market value existing use basis | 1,460 |
| Plant and machinery | Market value existing use basis | 5,786 |
| | | 9,012 |

On an historical cost basis freehold land and properties, industrial buildings and plant, machinery, fixtures and fittings would have been included at the following amounts:

| | Cost £'000 | Accumulated Depreciation £'000 |
|---|---------------|--------------------------------------|
| Freehold land and properties | 700 | - |
| Industrial buildings | 2,800 | 1,700 |
| Plant, machinery, fixtures and fittings | 37,700 | 17,900 |
| | 41,200 | 19,600 |

The net book value of assets acquired under finance lease contracts and hire purchase arrangements was £ 807,000 at 2 July 1995 (1994: £911,000). The depreciation charge for the year on those assets was £128,000 (1994: £161,000)

11 Investment

The Company holds an unlisted investment which has a cost of £300.

Notes And Accounting Policies

Fifty Three Weeks Ended 2 July 1995

12 Stocks and Work in Progress

| | 1995 | 1994 |
|-------------------------------------|--------------|--------------|
| | £'000 | £'000 |
| Raw materials and consumables | 1,833 | 1,465 |
| Work in progress and finished goods | 7,289 | 5,269 |
| | <u>9,122</u> | <u>6,734</u> |

13 Debtors

| | 1995 | 1994 |
|--|--------------|--------------|
| | £'000 | £'000 |
| Amounts falling due within one year | | |
| Trade debtors | 5,078 | 5,785 |
| Other debtors | 284 | 38 |
| Prepayments and accrued income | 250 | 211 |
| | <u>5,612</u> | <u>6,034</u> |

Notes and Accounting Policies

Fifty Three Weeks Ended 2 July 1995

14 Creditors

| | 1995 | 1994 |
|--|---------------|---------------|
| | £'000 | £'000 |
| Amounts falling due within one year | | |
| Bank loans | 625 | 625 |
| Trade creditors | 8,002 | 7,768 |
| Corporation tax payable | 1,369 | 640 |
| Advance corporation tax payable | 7 | 7 |
| Other taxation and social security | 237 | 191 |
| Dividend proposed | 30 | 30 |
| Other creditors | 237 | 245 |
| Accruals | 2,298 | 1,756 |
| Hire purchase and leasing liabilities | 159 | 187 |
| | <u>12,964</u> | <u>11,449</u> |

The bank loans are secured by a fixed charge over the Company's land and properties, industrial buildings, fixed plant and machinery and book debts and by a floating charge over all other assets.

| | 1995 | 1994 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Amounts falling due after more than one year | | |
| Bank loans repayable within five years | 2,187 | 2,500 |
| Bank loans repayable after more than five years | - | 469 |
| Hire purchase and leasing liabilities due within five years | 457 | 371 |
| Leasing beyond five years | 75 | 169 |
| | <u>2,719</u> | <u>3,509</u> |

The bank loans bear variable rates of interest and are repayable in quarterly instalments.

The total value of leases repayable by instalments, any part of which falls due after more than five years, is £482,000 (1994: £545,000).

Notes And Accounting Policies

Fifty Three Weeks Ended 2 July 1995

15 Provision for Liabilities and Charges

The provision made for deferred taxation and amount unprovided is as follows:

| | 1995 Amount Provided £'000 | 1994 Amount Provided £'000 | 1995 Amount Unprovided £'000 | 1994 Amount Unprovided £'000 |
|---|-------------------------------------|-------------------------------------|---------------------------------------|---------------------------------------|
| Accelerated capital allowances | 1,254 | 1,281 | 2,420 | 2,248 |
| Other timing differences | (67) | (94) | - | - |
| Advance corporation tax | (7) | (7) | - | - |
| Potential taxation on revaluation of freehold land and properties | - | - | 220 | 220 |
| | 1,180 | 1,180 | 2,640 | 2,468 |

The potential capital gain of £220,000 on the revaluation of the Company's freehold land and properties has not been provided as it is not the Company's intention to sell the properties concerned.

16 Accruals and Deferred Income

This consists of government grants:

| | 1995 £'000 | 1994 £'000 |
|---|---------------|---------------|
| At 27 June 1994 | 101 | 134 |
| Proportion transferred to profit and loss account in the year | (31) | (33) |
| At 2 July 1995 | 70 | 101 |

Notes And Accounting Policies

Fifty Three Weeks Ended 2 July 1995

17 Share Capital

There has been no change in share capital during the year.

| | Authorised 1995 and 1994 | | Allotted, called up and fully paid 1995 and 1994 | |
|----------------------------|-----------------------------|-------|---|-------|
| | Number | £'000 | Number | £'000 |
| Ordinary shares of 5p each | 400,000 | 20 | 237,000 | 12 |

18 Revaluation Reserve

The movement on the reserve is as follows:

| | £'000 |
|-------------------------------------|-------|
| At 27 June 1994 | 2,043 |
| Transfer to profit and loss account | (114) |
| At 2 July 1995 | 1,929 |

19 Profit and Loss Account

| | £'000 |
|-----------------------------------|--------|
| At 27 June 1994 | 24,516 |
| Retained profit for the year | 3,184 |
| Transfer from revaluation reserve | 114 |
| At 2 July 1995 | 27,814 |

Notes And Accounting Policies

Fifty Three Weeks Ended 2 July 1995

20 Reconciliation of Movements in Shareholders' Funds

| | 1995 | 1994 |
|-----------------------------|--------|--------|
| | £'000 | £'000 |
| Opening Shareholders' funds | 26,673 | 24,037 |
| Profit for the year | 3,214 | 2,666 |
| Dividends | (30) | (30) |
| Closing Shareholders' funds | 29,857 | 26,673 |

21 Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities

| | 1995 | 1994 |
|--|---------|-------|
| | £'000 | £'000 |
| Operating profit | 4,953 | 3,728 |
| Depreciation of tangible fixed assets | 3,068 | 2,311 |
| Amortisation of intangible fixed assets | 114 | 31 |
| (Profit)/Loss on sale of tangible fixed assets | (29) | 2 |
| Government grants credited | (31) | (33) |
| Transfer to engineering stocks from fixed assets | - | 41 |
| Increase in stocks | (2,388) | (561) |
| Decrease/(increase) in debtors | 436 | (291) |
| Increase in creditors | 518 | 2,106 |
| Net cash inflow from operating activities | 6,641 | 7,334 |

Notes And Accounting Policies

Fifty Three Weeks Ended 2 July 1995

22 Cash and Cash Equivalents

Changes during the year

| | 1995 | 1994 |
|--------------------------|-------|-------|
| | £'000 | £'000 |
| Balance at start of year | 6,508 | 5,004 |
| Net cash inflow | 606 | 1,504 |
| Balance at end of year | 7,114 | 6,508 |

Analysis of balances for the year ended 2 July 1995

| | 1995 | 1994 | Change |
|--------------------------|-------|-------|--------|
| | £'000 | £'000 | £'000 |
| Cash at bank and in hand | 7,114 | 6,508 | 606 |

Analysis of balances for the year ended 26 June 1994

| | 1994 | 1993 | Change |
|--------------------------|-------|-------|--------|
| | £'000 | £'000 | £'000 |
| Cash at bank and in hand | 6,508 | 5,004 | 1,504 |

23 Analysis of Changes in Financing During the Year

| | 1995 | 1994 |
|---|-------|-------|
| | £'000 | £'000 |
| Loans, hire purchase and leasing liabilities | | |
| Balance at start of the year | 4,321 | 4,508 |
| Loan repayments | (782) | (625) |
| Inception of finance lease contracts and hire purchase arrangements | 196 | 674 |
| Capital element of finance lease and hire purchase payments | (232) | (236) |
| Balance at end of the year | 3,503 | 4,321 |

Notes And Accounting Policies

Fifty Three Weeks Ended 2 July 1995

24 Contingent Liabilities

There are contingent liabilities in respect of the following:

| | 1995 | 1994 |
|--------------------------------------|-------|-------|
| | £'000 | £'000 |
| Indemnities to HM Customs and Excise | 254 | 233 |

At 2 July 1995 there are outstanding forward currency contracts entered into in the normal course of trade of approximately £21,938,000. The Directors do not expect any loss to arise as a result of these arrangements.

25 Capital Commitments

| | 1995 | 1994 |
|--|--------------|--------------|
| | £'000 | £'000 |
| Contracted for but not provided | 645 | 750 |
| Authorised by the Directors but not yet contracted for | 922 | 1,769 |
| | <u>1,567</u> | <u>2,519</u> |

26 Financial Commitments

At 2 July 1995 the Company had annual commitments under non cancellable operating leases in respect of plant and machinery as follows:

| | 1995 | 1994 |
|-------------------------------------|-----------|-----------|
| | £'000 | £'000 |
| Expiring within one year | 4 | 9 |
| Expiring between two and five years | 66 | 77 |
| | <u>70</u> | <u>86</u> |

Notes and Accounting Policies

Fifty Three Weeks Ended 2 July 1995

26 Financial Commitments continued

In respect of land and buildings as follows:

| | 1995 | 1994 |
|-------------------------------------|-------|-------|
| | £'000 | £'000 |
| Expiring between two and five years | 36 | 36 |

27 Subsidiary Undertaking

The financial statements of A H Marks Australia Pty Limited, the Company's wholly owned subsidiary in Australia have not been consolidated as the undertaking is not considered material to the Company's financial statements.

A H Marks Australia Pty Limited was formed in February 1995 with an issued share capital of A\$100 and is not intended to enter into trading activities.