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A H MARKS & COMPANY LIMITED

REPORT AND ACCOUNTS

YEAR ENDED 30 JUNE 1980



PANNELL
KERR
FORSTER
CHARTERED ACCOUNTANTS

A H MARKS & COMPANY LIMITED
NOTICE OF ANNUAL GENERAL MEETING

REPORT OF THE DIRECTORS AND STATEMENT OF ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 1980

Notice is hereby given that the seventysixth Annual General Meeting of the company will be held at the Company's Registered Office, Wyke Lane, Wyke, Bradford, on Wednesday 12 November 1980, at 12 noon, for the following purposes:-

1. To receive and consider the Directors' and Auditor's Reports and Statement of Accounts for the year ended 30 June 1980.
2. To confirm the dividend. .
3. To elect directors.
4. To appoint auditors.
5. To transact any other ordinary business of the company.

Dated this 20th day of October 1980

By Order of the Board

A R MARKS

Secretary

Registered Office:
Wyke Lane
Wyke
BRADFORD

NOTE

A member entitled to attend and vote is entitled to appoint a proxy to attend and on a poll, vote instead of him and such proxy need not also be a member.

A H MARKS & COMPANY LIMITED

REPORT AND ACCOUNTS

YEAR ENDED 30 JUNE 1980

CONTENTS

Page

1/2 DIRECTORS' REPORT

3 AUDITOR'S REPORT

4 PROFIT AND LOSS ACCOUNT

5 BALANCE SHEET

6 STATEMENT OF SOURCE AND APPLICATION OF FUNDS

7/10 NOTES AND ACCOUNTING POLICIES

The directors have pleasure in submitting their annual report and the audited accounts for the year ended 30 June 1980, which show the state of the company's affairs.

1 PRINCIPAL ACTIVITY

The principal activity of the company during the year was the manufacture of Selective Herbicides.

2 YEAR'S REVIEW

The year under review, after starting well, deteriorated in the Spring due to unusual weather conditions all over the world and the year's profit was rather disappointing.

High interest rates and the strength of Sterling have also had an adverse effect on profitability.

The Company has continued its policy of investment in modern plant and the additional capacity created should result in increased profitability when the present depressed trading activity in the world recovers.

3 DIVIDENDS

The directors recommend that a dividend of 5.49p (net) per share, totalling £17,330 be paid.

4 CAPITAL EXPENDITURE

The total capital expenditure incurred during the year under review was Building, Plant, Equipment and Vehicles £1,427,673 (1979 : £857,079).

5 EXPORTS

The aggregate value of goods exported from the United Kingdom by the company was £10,587,559 (1979 : £7,998,942).

6 EMPLOYEES

The average number of employees employed each week during the year was 348. Their aggregate remuneration amounted to £1,782,423.

7 DIRECTORS

The directors at the end of the year and their interests in the shares of the company at the beginning and end of the year were as follows:-

	5p Ordinary Shares	
	1980	1979
	£	£
Mrs L M A Marks (Chairman)	183,675	183,675
J Walker (Managing)	1,975	1,975
Mrs M R Lofting	17,775	17,775
J Norris	1,975	1,975
A R Marks	3,950	3,950
H G von Loeper (Germany)	Nil	Nil

The following directors are due to retire by rotation and, being eligible, offer themselves for re-election: J Norris H G von Loeper

8 LAND AND BUILDINGS

The directors are of the opinion that the market value of the company's freehold property is substantially in excess of the book amount shown in the Balance Sheet but, in the absence of a recent valuation, they are unable to quantify this excess.

9 STATUS

The company is a close company under the provisions of the Tax Acts.

10 AUDITORS

The auditors, Pannell Fitzpatrick & Co., Chartered Accountants, changed their name to Pannell Kerr Forster on 1 September 1980. Pannell Kerr Forster have indicated their willingness to be reappointed under Section 14(1) of the Companies Act 1976.

On Behalf of the Board

MRS L M A MARKS

Chairman

20 October 1980

A H MARKS & COMPANY LIMITED

AUDITOR'S REPORT TO THE MEMBERS

3

We have audited the financial statements on Pages 4 to 10.

In our opinion the financial statements, which have been prepared under the historical cost convention, give a true and fair view of the state of the company's affairs at 30 June 1980 and of its profit and source of application of funds for the year then ended and comply with the Companies Acts 1948 and 1967.

Leeds
20 October 1980

Pannell Kerr Forster
Chartered Accountants

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 1980

4

	Note	1980 £	1979 £
TURNOVER - being the net invoiced value of goods sold ex VAT		20,379,734	12,717,228
		998,992	161,346
PROFIT BEFORE TAXATION			
after charging:			
Loss on sale of fixed assets		2,071	-
Depreciation	2	598,317	453,987
Bank interest		196,538	100,760
Loan interest		3,240	3,240
Auditor's remuneration		6,500	4,500
Directors' remuneration:			
Salaries etc.	9	80,969	55,741
Pension Scheme Contributions		10,035	10,923
and after crediting:			
Dividend received plus tax credit		9	-
Rent receivable		1,413	1,369
Bank deposit interest		3,109	3,442
Youth employment grants		1,337	638
Profit on sale of fixed assets		-	1,643
Regional development grant	7	24,658	17,017
Interest relief grant	7	3,496	-
TAXATION			
Interest on taxation (receivable)		(39,746)	47
Tax credit re dividend received		3	-
Corporation Tax (recoverable) on (Adjusted Losses) of the year @ 52%	6c	-	(396,639)
Deferred Taxation	6	-	474,038
		(39,743)	77,446
Adjustments in respect of previous years:			
Corporation Tax		(3)	28,284
Deferred Taxation	6	6,066	(28,354)
		(33,680)	77,376
Deferred Taxation re Stock Relief claimed for the year ended 30.6.1974 no longer subject to withdrawal		-	(119,180)
		(33,680)	(41,804)
		1,032,672	203,150
PROFIT AFTER TAXATION			
DIVIDENDS			
Proposed Final @ 5.49p per share (1979 : 5.49p)		17,331	17,331
		1,015,341	185,819
PROFIT RETAINED			
UNAPPROPRIATED PROFITS BROUGHT FORWARD		4,011,314	3,825,495
PRIOR YEAR ADJUSTMENT			
Deferred Taxation	6	1,789,657	5,800,971
		6,816,312	3,825,495
UNAPPROPRIATED PROFITS CARRIED FORWARD			4,011,314

A H MARKS & COMPANY LIMITED

BALANCE SHEET

AT 30 JUNE 1980

5

	Note	£	1980	£	£	1979	£
FIXED ASSETS	2			3,763,967			2,943,532
INVESTMENT	3			300			300
CURRENT ASSETS							
Stock and work in progress	4	4,246,566			2,837,070		
Debtors and prepayments		3,073,925			4,261,010		
Corporation tax recoverable		13,843			396,640		
Cash in hand		1,150			1,236		
Cash at bank		277,417			-		
				<u>7,612,901</u>		<u>7,495,956</u>	
CURRENT LIABILITIES							
Bank loan and overdraft (Secured)		1,543,941			1,717,696		
Creditors		2,624,707			2,609,241		
Advance Corporation Tax		7,427			7,430		
Current Taxation		-			12,081		
Proposed Dividend		17,331			17,331		
				<u>4,193,406</u>		<u>4,363,779</u>	
NET CURRENT ASSETS				<u>3,419,495</u>			<u>3,132,177</u>
				<u>7,183,762</u>			<u>6,076,009</u>
Financed by:							
SHARE CAPITAL	5			15,790			15,790
SHARE PREMIUM ACCOUNT				98,577			98,577
RETAINED PROFITS				6,816,312			4,011,313
				<u>6,930,679</u>			<u>4,125,680</u>
DEFERRED TAXATION	6			17,014			1,808,030
DEFERRED CREDIT	7			209,069			115,299
LOAN STOCK	8			27,000			27,000
				<u>7,183,762</u>			<u>6,076,009</u>

Mrs L M A Marks

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J Walker

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DIRECTORS

A H MARKS & COMPANY LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

YEAR ENDED 30 JUNE 1980

6

	<u>1980</u>		<u>1979</u>	
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
SOURCE OF FUNDS				
Profit before taxation		998,992		161,346
Adjustment for items not involving the movement of funds:				
Industry Act Grants	(28,154)		(17,017)	
Depreciation & loss (Surplus) on disposals	600,388	572,234	452,344	435,327
		<u>1,571,226</u>		<u>596,673</u>
TOTAL GENERATED FROM OPERATIONS				
FUNDS FROM OTHER SOURCES				
Tax recovered	422,542		120,000	
Proceeds sale of fixed assets	6,850		3,550	
Industry Act Grants	121,924	551,316	45,513	169,063
		<u>2,122,542</u>		<u>765,736</u>
APPLICATION OF FUNDS				
Dividends paid	17,331		17,331	
Tax paid	19,505		8,580	
Tax credit re. dividend received	3		-	
Purchase of fixed assets	1,427,673	1,464,512	857,079	882,990
		<u>658,030</u>		<u>(117,254)</u>
INCREASE (DECREASE) IN WORKING CAPITAL				
Increase in stock		1,409,496		582,209
(Decrease) Increase in debtors		(1,187,085)		1,315,047
(Increase) Decrease in creditors		(15,466)		(939,686)
excluding tax and dividends proposed				
Movement in net liquid funds:		451,085		(1,074,824)
Cash Balances		<u>658,030</u>		<u>(117,254)</u>

A H MARKE & COMPANY LIMITED

NOTES AND ACCOUNTING POLICIES

7

YEAR ENDED 30 JUNE 1980

1 ACCOUNTING POLICIES

The company's accounting policies are disclosed under the appropriate headings in the following notes.

2 FIXED ASSETS

<u>Cost</u>	<u>At 30.6.79</u>	<u>Additions</u>	<u>Disposals</u>	<u>At 30.6.80</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Freehold property	35,385	-	-	35,385
Buildings, plant and equipment	4,941,714	1,279,473	-	6,221,187
Fixtures, fittings and equipment	62,032	81,521	-	143,554
Motor vehicles	114,953	66,679	23,806	157,825
	<u>5,154,084</u>	<u>1,427,673</u>	<u>23,806</u>	<u>6,557,951</u>
<u>Depreciation</u>	<u>At 30.6.79</u>	<u>Charge for Year</u>	<u>Eliminated on Disposals</u>	<u>At 30.6.80</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Freehold property	-	-	-	-
Buildings, plant and equipment	2,113,712	560,446	-	2,674,158
Fixtures, fittings and equipment	30,301	11,325	-	41,626
Motor vehicles	66,539	26,546	14,885	78,200
	<u>2,210,552</u>	<u>598,317</u>	<u>14,885</u>	<u>2,793,984</u>
<u>Net Fixed Assets</u>	<u>At 30.6.79</u>			<u>At 30.6.80</u>
	<u>£</u>			<u>£</u>
Freehold property	35,385			35,385
Buildings, plant and equipment	2,828,002			3,547,029
Fixtures, fittings and equipment	31,731			101,928
Motor vehicles	48,414			79,625
	<u>2,943,532</u>			<u>3,763,967</u>

Freehold property has not been depreciated. Other fixed assets are depreciated at rates appropriate to write off the net cost of the individual assets over their estimated useful lives.

The rates used are:-

Ioynil plant and buildings	20% p.a.	straight line
New office, new laboratory and electrical installation, etc.	5% p.a.	straight line
Other plant and buildings	10% p.a.	straight line
Fixtures, fittings and equipment	10% p.a.	straight line
Motor vehicles	25% p.a.	reducing balance

3 INVESTMENT

Unquoted shares at cost
 Universal Crop Protection Ltd.
 £100 £1 Ordinary Shares

<u>1980</u>	<u>1979</u>
<u>£300</u>	<u>£300</u>

The directors estimate that the value of the unquoted shares is not materially different from their cost.

4 STOCK AND WORK IN PROGRESS

Raw materials
 Packages
 Work in progress and finished products

<u>1980</u>	<u>1979</u>
<u>£</u>	<u>£</u>
1,808,325	1,788,512
66,414	88,205
2,371,827	960,353
<u>4,246,566</u>	<u>2,837,070</u>

Stock is valued at the lower of cost and estimated net realisable value. Cost comprises the direct cost of production and the attributable proportion of production overheads appropriate to location and condition.

5 SHARE CAPITAL

There was no change in share capital during the year.

<u>Authorised</u>	<u>Issued and Fully Paid</u>
Ordinary Shares of 5p each. 400,000 = <u>£20,000</u>	315,800 = <u>£15,790</u>

6 DEFERRED TAXATION

(a) The company's accounting policy in respect of deferred tax has been changed in order to comply with Statement of Standard Accounting Practice No. 15. The Directors consider that only partial liability is likely to arise as a result of the reversal of timing differences in the next three years or thereafter so far as can reasonably be foreseen. Accordingly, the provision for deferred tax has been partially released to reserves. Previously, full provision was made for deferred tax regardless of whether the tax reduction was expected to continue.

(b) Provision is made for deferred tax, using the liability method, at the rate of corporation tax ruling at the year end except where there is a reasonable probability that such taxation will not become payable in the next three years or thereafter so far as can reasonably be foreseen.

(c) The corporation tax charge for the year has been reduced as a result of the following

	<u>1980</u>	<u>1979</u>
	<u>£</u>	<u>£</u>
Accelerated capital allowances	399,116	211,650
Stock appreciation relief	703,761	304,933
Other timing differences	(593,632)	(42,545)
	<u>509,245</u>	<u>474,038</u>

6 DEFERRED TAXATION (continued)

(d)	<u>1980</u>		<u>1979</u>	
	Full Potential Liability	Provision Made	Full Potential Liability	Provision Made
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Accelerated Capital Allowances	1,704,599	-	1,305,483	1,305,483
Stock Appreciation relief	1,327,304	733,000	617,037	617,037
Expenditure allowable in future year	(63,215)	(63,215)	(6,730)	(6,730)
Tax losses	(629,384)	(629,384)	(91,797)	(91,797)
Recoverable advance Corporation Tax	(23,388)	(23,388)	(15,963)	(15,963)
	<u>2,315,916</u>	<u>17,013</u>	<u>1,808,030</u>	<u>1,808,030</u>

Provision has not been made for the full potential deferred tax liability because in the next three years or thereafter so far as can reasonably be foreseen.

- (i) The value of trading stocks is not expected to fall below the level at 30 June 1979.
- (ii) On the basis of estimated capital expenditure, capital allowances for tax purposes are expected to exceed the corresponding charge for depreciation in the accounts.

7 DEFERRED CREDIT

This represents Regional Development Grants and Interest Relief Grant received under the Industry Act 1972, for the period 22.3.72 to 30.4.80 less amounts credited to the Profit and Loss Account.

The grants are being credited to the Profit and Loss Accounts over the useful lives of the individual assets.

	<u>1980</u>	<u>1979</u>
	<u>£</u>	<u>£</u>
Grants received	287,900	165,976
Amount credited to Profit and Loss Account	78,831	50,677
	<u>209,069</u>	<u>115,299</u>

No provision has been made in these accounts for possible claims for grants on expenditure incurred after 30.4.80.

8 LOAN STOCK

12% Unsecured Non Participating Loan Stock repayable at par 1 January 1981.

9 DIRECTORS' REMUNERATION

	<u>1980</u>	<u>1979</u>
<u>Chairman</u>	<u>£5,070</u>	<u>£3,719</u>
<u>Highest paid director</u>	<u>£30,823</u>	<u>£20,948</u>
<u>Other directors</u>	<u>Number</u>	<u>Number</u>
£ 1 to £ 5,000	2	2
£ 5,001 to £10,000	-	1
£10,000 to £15,000	1	-
£15,001 to £20,000	-	1
£30,001 to £35,000	1	-

Emoluments waived

2 Directors waived rights to receive emoluments during the year, totalling £9,500 (1979 : 2 Directors £2,772).

10 CAPITAL COMMITMENTS

	<u>1980</u>	<u>1979</u>
Contracts not provided for in the accounts	<u>£100,000</u>	<u>£561,300</u>
Expenditure authorised by the directors but not contracted for	<u>£850,000</u>	<u>£278,700</u>

11 CONTINGENT LIABILITIES

There is a contingent liability in respect of Bonds to H M Customs and Excise of £11,100 (1979 : £11,100).

There is a contingent liability in respect of indemnities re lost bills of lading, etc. of £10,762 (1979 : £10,762).

There is a contingent liability in respect of a performance Bond to the Commercial Bank of Syria of £2,130 (1979 : Nil).

There are contingent liabilities in respect of forward foreign exchange contracts of £840,148 (1979 : Nil).

12 EXCHANGE RATES

Assets in foreign currencies have been translated into Sterling at the approximate rates ruling on 30 June 1980.