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SLAZENGERS LIMITED

REPORT AND ACCOUNTS

for the year ended

31ST DECEMBER 1979



SLAZENGERS LIMITED

1.

DIRECTORS' REPORT

The directors submit the audited accounts for the year ended 31st December 1979.

DIRECTORS

The following are the directors who held office during the year:

J.E. Barrett
R.E. Birch
R.E. Hadingham, O.B.E., M.C. T.D. (Chairman)
R. Marsh
I.D. Peacock
F.F. Picken

The directors due to retire by rotation are Mr. R.E. Hadingham and Mr. J.E. Barrett who offer themselves for re-election.

PRINCIPAL ACTIVITY

This remains the distribution of sports goods.

FINANCIAL RESULTS

| | £'000 |
|---|-------------|
| Profit for the year after taxation and extraordinary item | 173 |
| Proposed dividend | <u>323</u> |
| | (150) |
| Revenue reserve brought forward | <u>375</u> |
| Revenue reserve carried forward | <u>£225</u> |

EXPORTS

During the year exports from the United Kingdom amounted to £6,871,000.

DIRECTORS' INTERESTS

Except as stated below, none of the directors holding office at 31st December 1979 had an interest during the year in the shares or debentures of Dunlop Holdings Limited, or any of its subsidiaries.

| | <u>At 1st January 1979</u> | <u>At 31st December 1979</u> |
|---|----------------------------|------------------------------|
| F.F. Picken | | |
| Dunlop Holdings Limited Ordinary Shares | 266 | 266 |

AUDITORS

A resolution will be submitted at the forthcoming annual general meeting that Dearden Farrow, Chartered Accountants, be reappointed as auditors.

22nd April 1980
Challenge House,
Mitchem Road,
Croydon, Surrey.

By order of the Board of
SLAZENGERS LIMITED

B. WATERS

Secretary

REPORT OF THE AUDITORS
TO THE MEMBERS OF SLAZENGERS LIMITED

We have examined the accounts set out on pages 3 to 9 which have been prepared under the historical cost convention apart from the revaluation of the freehold property.

The investment in the wholly owned subsidiary William Sykes Limited, is carried in the company's books at its cost of £129,275.

The subsidiary does not trade and has net assets which in our opinion have a realisable value of not less than their book value of £59,855 but not equal to the sum of £129,275.

With the foregoing reservation, in our opinion the said accounts give a true and fair view of the state of affairs at 31st December 1979 and of the loss and the source and application of funds for the year ended on that date, and comply with the Companies Acts 1948 and 1967.

London

DEARDEN FARROW

28th March 1980

Chartered Accountants

SLAZENGERS LIMITED

3.

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 1979


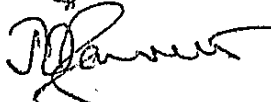
| | <u>Notes</u> | <u>1979</u> <u>£'000</u> | <u>1978</u> <u>£'000</u> |
|--|--------------|-----------------------------|-----------------------------|
| TURNOVER | 2 | <u>18,589</u> | <u>16,875</u> |
| OPERATING PROFIT | 3 | 544 | 601 |
| Add: | | | |
| Dividend receivable from subsidiary company | | <u>47</u> | <u>84</u> |
| PROFIT BEFORE TAXATION AND EXTRAORDINARY ITEM | | 591 | 685 |
| Taxation | 5 | <u>268</u> | <u>452</u> |
| PROFIT BEFORE EXTRAORDINARY ITEM | | 323 | 233 |
| Extraordinary item | 6 | <u>(150)</u> | <u>(100)</u> |
| PROFIT AFTER EXTRAORDINARY ITEM | | 173 | 133 |
| Proposed dividend | | <u>323</u> | <u>232</u> |
| (LOSS)/PROFIT RETAINED | | (150) | (99) |
| Revenue reserve brought forward | | <u>375</u> | <u>474</u> |
| REVENUE RESERVE CARRIED FORWARD | | <u>£ 225</u> | <u>£ 375</u> |

4.

SLAZENGERS LIMITED

BALANCE SHEET AS AT 31ST DECEMBER 1979

| | Notes | 1979 £'000 | 1978 £'000 |
|---|-------|---------------|---------------|
| FIXED ASSETS | 7 | 315 | 322 |
| GOODWILL | | 10 | 10 |
| INVESTMENT IN SUBSIDIARIES | 8 | 978 | 1,460 |
| CURRENT ASSETS | | | |
| Inventories | | 351 | 218 |
| Debtors | | 4,193 | 3,272 |
| Amounts owing by holding company and fellow subsidiaries | | 302 | 219 |
| Cash in hand | | 33 | 5 |
| | | <u>4,879</u> | <u>3,714</u> |
| CURRENT LIABILITIES | | | |
| Creditors and provisions | | 732 | 940 |
| Bank overdrafts | | 56 | 149 |
| Amounts owing to holding company and fellow subsidiaries | | 2,204 | 1,216 |
| Taxation (group relief payable) | | 1,162 | 1,114 |
| Proposed dividend | | 323 | 232 |
| | | <u>4,477</u> | <u>3,651</u> |
| NET CURRENT ASSETS | | 402 | 63 |
| NET ASSETS | | <u>£1,705</u> | <u>£1,855</u> |
| Financed by: | | | |
| SHARE CAPITAL | 9 | 904 | 904 |
| RESERVES | | | |
| Capital reserve | | 576 | 576 |
| Revenue reserve | | 225 | 375 |
| | | <u>801</u> | <u>951</u> |
| | | <u>£1,705</u> | <u>£1,855</u> |

 I.D. PEACOCK)
 J.E. BARRETT) DIRECTORS

Deardon Farrow
 Chartered Accountants

SLAZENGERS LIMITED

5.

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 31ST DECEMBER 1979

| | 1979 | 1978 |
|--|--------------|----------------|
| | £'000 | £'000 |
| OPERATING PROFIT | 544 | 601 |
| Items not involving the use of funds: | | |
| Reduction in valuation of investments | (150) | (100) |
| Depreciation | 47 | 44 |
| Revaluation of overseas fixed assets | 2 | (2) |
| | <u>(101)</u> | <u>(58)</u> |
| | 443 | 543 |
| OTHER SOURCES OF FUNDS | | |
| Dividends from subsidiary | 47 | 231 |
| Sale of fixed assets | 13 | 3 |
| | <u>60</u> | <u>234</u> |
| FUNDS GENERATED | 503 | 777 |
| APPLICATION OF FUNDS | | |
| Dividends paid | 232 | 422 |
| Purchase and transfer of fixed assets | 55 | 72 |
| Taxation paid | 220 | 46 |
| | <u>507</u> | <u>540</u> |
| | £ (4) | £ 237 |
| INCREASE/(DECREASE) IN WORKING CAPITAL | | |
| Increase in stock | 133 | 71 |
| Increase in debtors | 921 | 1,154 |
| Net (decrease) in subsidiary, fellow subsidiary and holding company indebtedness | (1,387) | (2,482) |
| Decrease/(increase) in creditors | 208 | (26) |
| | <u>(125)</u> | <u>(1,283)</u> |
| MOVEMENT IN LIQUID FUNDS | | |
| Increase in cash | 28 | 2 |
| Decrease in overdrafts | 93 | 1,518 |
| | <u>121</u> | <u>1,520</u> |
| | £ (4) | £ 237 |

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

The following are the more important accounting policies adopted by the company.

(a) Accounting convention

The accounts have been prepared under the historical cost convention apart from the revaluation of the freehold property.

(b) Fixed assets

Fixed assets are stated at cost or valuation. Depreciation is provided at such rates as will write off the cost less the residual value of the various assets over the period of their estimated useful lives, namely:

| | |
|---------------------|--------------|
| Freehold properties | 27 years |
| Vehicles | 4 years |
| Plant | 5 - 10 years |

(c) Inventories

Inventories, representing finished goods, have been valued at the lower of cost and net realisable value.

(d) Exchange rates

Assets and liabilities in foreign currencies are expressed in sterling at the rate of exchange ruling at the year end.

2. TURNOVER

Turnover represents sales less deductions for trade and cash discounts.

3. OPERATING PROFIT

| | <u>1979</u> £'000 | <u>1978</u> £'000 |
|--|----------------------|----------------------|
| Depreciation | 47 | 44 |
| Auditors' remuneration | 21 | 10 |
| Hire of plant | - | 8 |
| Directors' remuneration: | | |
| Management emoluments including pension contribution | 31 | 26 |
| Fees | 1 | 4 |
| Pension funding charge | - | 94 |
| Interest payable | 10 | 11 |
| and after crediting: | | |
| Interest receivable | - | 3 |

SLAZENGERS LIMITED

7.

NOTES TO THE ACCOUNTS

4. DIRECTORS' REMUNERATION excluding pension contributions

| | 1979 £'000 | 1978 £'000 |
|---|---------------|---------------|
| Chairman | | |
| Highest paid director | 3 | 4 |
| | 14 | 12 |
| The number of directors whose emoluments fell within the range: | | |
| Nil to £ 5,000 | 3 | 4 |
| £ 5,001 to £10,000 | 1 | 1 |

5. TAXATION based on the profit of the year

| | 1979 £'000 | 1978 £'000 |
|-----------------------------------|---------------|---------------|
| Corporation tax at 52% | 264 | 294 |
| Less: Relief on foreign taxation | (28) | (32) |
| Foreign tax | 31 | 32 |
| ACT written back as irrecoverable | - | 158 |
| Prior year adjustment | 1 | - |
| | <u>£268</u> | <u>£452</u> |

Losses will be surrendered within the Group under the provisions of the Income and Corporation Taxes Act 1970.

6. EXTRAORDINARY ITEM

The cost of the company's investment in its wholly owned subsidiary, Slazengers Incorporated, has been totally written off.

7. FIXED ASSETS

| | Freehold properties (valuation) £'000 | Leasehold properties (short term) (cost) £'000 | Plant machinery and equipment (cost) £'000 | Total £'000 |
|--------------------------------|--|--|---|----------------|
| Cost or valuation: | | | | |
| 1st January 1979 | 233 | 4 | 291 | 528 |
| Additions | 3 | - | 50 | 53 |
| Disposals | - | (4) | (24) | (28) |
| Transfers from group companies | - | - | 3 | 3 |
| Exchange adjustments | - | - | (4) | (4) |
| | <u>236</u> | <u>-</u> | <u>316</u> | <u>552</u> |
| Accumulated depreciation: | | | | |
| 1st January 1979 | 38 | - | 168 | 206 |
| Depreciation charge | 9 | - | 38 | 47 |
| Disposals | - | - | (15) | (15) |
| Transfers from group companies | - | - | 1 | 1 |
| Exchange adjustments | - | - | (2) | (2) |
| | <u>47</u> | <u>-</u> | <u>190</u> | <u>237</u> |

Doerden Farrow
Chartered Accountants

NOTES TO THE ACCOUNTS

7. FIXED ASSETS (Continued)

| | Freehold properties (valuation) £'000 | Leasehold properties (short term) (cost) £'000 | Plant machinery and equipment (cost) £'000 | Total £'000 |
|--------------------|--|--|---|----------------|
| Net book value: | | | | |
| 31st December 1979 | £189 | £ - | £126 | £315 |
| 31st December 1978 | £195 | £ 4 | £123 | £322 |

The freehold properties were professionally valued in 1974 at £225,000.

Other fixed assets are stated at cost.

8. INVESTMENT IN SUBSIDIARIES

| | 1979 £'000 | 1978 £'000 |
|---|---------------|---------------|
| Shares at cost | 563 | 563 |
| Less: Amount written off Slazengers Incorporated | 250 | 100 |
| | 313 | 463 |
| Current accounts including dividends since declared | 726 | 1,058 |
| Amounts owing to subsidiaries | (61) | (61) |
| | £ 978 | £1,460 |

At the 31st December 1979 Slazengers held shares in the following subsidiary companies:

| | Country of incorporation other than Great Britain | Description of shares held | Proportion of nominal value of issued shares |
|-----------------------------|--|----------------------------------|--|
| Litesome Sportswear Limited | | Ordinary | 100% |
| Gradidges Limited | | Ordinary | 100% |
| William Sykes Limited | | Ordinary | 100% |
| Ayres Sports Goods Limited | | Ordinary | 100% |
| Slazengers Incorporated | U.S.A. | Common Stock | 100% |

As this company is a wholly owned subsidiary of a company incorporated in Great Britain, no Group accounts are submitted.

In the opinion of the directors, the value of the company's investments in its subsidiaries is not less than the amount at which they are included in the Balance Sheet.

9. SHARE CAPITAL

| | 1979 | 1978 |
|---------------------------------------|----------|----------|
| Authorised: | | |
| 3,800,000 ordinary shares of 25p each | £950,000 | £950,000 |
| Issued and fully paid: | | |
| 3,616,000 ordinary shares of 25p each | £904,000 | £904,000 |

SLAZENGERS LIMITED

9.

NOTES TO THE ACCOUNTS

10. CONTINGENT LIABILITIES

There are contingent liabilities in respect of discounted bills receivable of £69,000 and bank guarantees of £53,000.

11. HOLDING COMPANY

The company's ultimate holding company is Dunlop Holdings Limited which is incorporated in Great Britain.