

The General Welfare of the Blind

(A registered charity and company limited by guarantee)

Accounts 31 March 1996

together with Council's and auditors' reports

Charity number: 210794

Company number: 116713



The General Welfare of the Blind

Founded 1854

(Registered in accordance with the National Assistance Act 1948)

(Registered under the Charities Act 1960)

President

HRH The Duchess of Gloucester

Council Chairman

DF Calow

Vice Chairman and Hon. Treasurer:

AW Baldwin FCA retired 13 September 1996

TB Burton FCA appointed 13 September 1996

Council Members:

RA Barker

RS Fisher FCA

WW Pratt

BN Taylor

GH Boote

Auditors:

Binder Hamlyn Chartered Accountants

Chief Executive:

GP Robinson FCA

Bankers:

Barclays Bank plc

National Westminster Bank plc

Secretary:

J Kay

Investment Managers:

Morgan Grenfell Investment Management
Limited

Headquarters:

37/55 Ashburton Grove

London

N7 7DW

Solicitors:

Edge & Ellison

Trading Locations:

Ashburton Grove

London

Bilton Way

Dallow Road

Luton

Hanover Trading Estate

North Road

Islington

Notice of annual general meeting

Notice is hereby given that the 85th Annual General Meeting of the members of the above Company will be held at the headquarters of the Company at Ashburton Grove on 24 January 1997 at 10.30am for the following purposes:

- 1 To approve the minutes of the previous Annual General Meeting held on 29 January 1996 (Resolution No.1).
- 2 To approve and adopt the Council's report and annual accounts for the year ended 31 March 1996 and to receive the auditors' report (Resolution No.2).
- 3 To re-elect the following members of the Council who retire by rotation and, being eligible, will be proposed for re-election.

DF Calow (Resolution No.3)
GH Boote (Resolution No.4)
- 4 To re-appoint Binder Hamlyn as auditors.
- 5 To transact any other ordinary business of the Company.

By Order of the Council


J Kay
Secretary

20 December 1996

Annual report of the Council

for the year ended 31 March 1996

The Council submits its report together with the audited financial statements for the year ended 31 March 1996.

Statement of Council Members' responsibilities

Company law requires the Council Members 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 income and expenditure of the company for that period. In preparing those financial statements, Council Members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Council Members 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.

Principal Activities of the Company

The Company, which is a charity and trades under the name of GWB Products, employs blind and disabled people in supported workshops in the manufacture of aerosol and liquid products for the toiletry and household product markets, and in the manufacture of bedding products.

Results

The loss on supported workshops for the year amounted to £269,492 (1995: £760,051 after an exceptional bad debt provision of £714,572). After crediting the surplus on charitable activities, legacies and profit on sale of investments, the net surplus credited to reserves amounted to £44,939 (1995: £616,023 deficit). A review of the Company's operations during the year is contained in the Chairman's statement on page 5.

Properties

On 8 July 1996, the Company's interest in the investment properties at 1-33 Mesne Street and 38-44 Standisgate, Wigan, was valued at £1,600,000 by Richard Ellis, Chartered Surveyors.

Movement of fixed assets

The movements in fixed assets are set out in notes 8 and 9.

Annual report of the Council (continued)

for the year ended 31 March 1996

Employees

The average number of persons employed by the Company throughout the year was 183 (1995: 189) of whom 93 (1995: 98) were blind or disabled.

Council

The Council Members at the date of this report are shown on page 1.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Binder Hamlyn be re-appointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Council on 20 December 1996



J Kay
Secretary

Chairman's statement

for the year ended 31 March 1996

The toiletry and household products sector which is GWB's primary business activity continues to be extremely competitive with pressure being brought to bear on operating margins as customers and potential customers scour Europe in an attempt to obtain products at the keenest prices.

The Council is therefore again grateful to all of the management and employees for another year of dedicated service.

Costs in all areas have been kept very closely under control and at the same time production efficiencies have been implemented, thereby minimising the effect of the difficult and competitive market place.

As mentioned in the Report, the trading loss amounted to £269,492 which after taking into account a surplus on GWB's Charity Account resulted in a net surplus to be credited to reserves of £44,939.

Much of my statement last year was dedicated to an exceptional bad debt provision of £714,572. This year's results contain a further small bad debt provision of £25,000 in relation to the write off of interest due from the same customer. Whilst efforts have been made throughout the year and continue to be made to recover all or some of this bad debt, these efforts have not at this point in time borne any positive results. Personal assurances regarding payment continue to be received from a shareholder of the debtor company, which is now in liquidation.

In April 1995 we opened a new factory for our bedding department which moved from a section of the Ashburton Grove factory. The bedding activity is performing well and the new facilities provide dedicated and well organised space for its production and showroom activities. We wish all the employees in this department well in their new environment.

Since the year end our Treasurer and Vice Chairman Tony Baldwin has retired. Tony has been involved with GWB for 16 years as a council member, Treasurer and Vice Chairman. All that have been involved with GWB - employees, directors and Council Members - will miss his kindness, humour and dedication to our activities.

It is however our great pleasure to welcome to the Council and as our Treasurer Tom Burton. Tom has been a senior partner at GWB's auditors, Binder Hamlyn, until his retirement in August 1996 and he joins us at GWB with an in-depth knowledge of all of our operations.

Once again thanks to all who have contributed so much to GWB over yet another difficult trading year.



DF Calow
Chairman

20 December 1996

BINDER HAMLYN

Andersen Worldwide

20 Old Bailey
London EC4M 7BH

Auditors' report

To the members of The General Welfare of the Blind

We have audited the financial statements on pages 7 to 19 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 11 and 12.

Respective responsibilities of Council Members and auditors

As described on page 3, the Council Members are responsible for the preparation of the 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 Council Members 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 31 March 1996 and of its surplus and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Binder Hamlyn

Chartered Accountants
Registered Auditors

20 December 1996

Income and expenditure account

For the year ended 31 March 1996

	Notes	Supported workshops £	Other charitable activities £	1996 Total £	Supported workshops £	Other charitable activities £	1995 Total £
Trading and other income							
Sales		7,144,976	-	7,144,976	7,304,605	-	7,304,605
Donations and legacies	3	-	88,558	88,558	-	128,342	128,342
Rents		-	210,208	210,208	-	173,950	173,950
Investment		-	69,623	69,623	-	89,504	89,504
Profit/(loss) on sale of investments		-	200,667	200,667	-	(32,302)	(32,302)
		<u>7,144,976</u>	<u>569,056</u>	<u>7,714,032</u>	<u>7,304,605</u>	<u>359,494</u>	<u>7,664,099</u>
Trading and other expenditure							
Cost of sales	4	6,805,779	-	6,805,779	7,068,937	-	7,068,937
Less: Capitulations		<u>(1,050,930)</u>	<u>-</u>	<u>(1,050,930)</u>	<u>(1,091,076)</u>	<u>-</u>	<u>(1,091,076)</u>
		5,754,849	-	5,754,849	5,977,861	-	5,977,861
Distribution costs		1,171,693	-	1,171,693	895,576	-	895,576
Administrative and welfare costs		385,747	70,933	456,680	414,559	64,054	478,613
Exceptional bad debt provision		-	-	-	714,572	-	714,572
Fund raising expenses		<u>-</u>	<u>37,621</u>	<u>37,621</u>	<u>-</u>	<u>30,720</u>	<u>30,720</u>
		<u>7,312,289</u>	<u>108,554</u>	<u>7,420,843</u>	<u>8,002,568</u>	<u>94,774</u>	<u>8,097,342</u>
Income less expenditure		(167,313)	460,502	293,189	(697,963)	264,720	(433,243)
Interest costs	5	(102,179)	-	(102,179)	(62,088)	-	(62,088)
Benefits to the blind and disabled							
- Welfare		-	(122,138)	(122,138)	-	(102,228)	(102,228)
- Hostel		<u>-</u>	<u>(23,933)</u>	<u>(23,933)</u>	<u>-</u>	<u>(18,464)</u>	<u>(18,464)</u>
Surplus/(deficit) for the year	7	<u>(269,492)</u>	<u>314,431</u>	<u>44,939</u>	<u>(760,051)</u>	<u>144,028</u>	<u>(616,023)</u>

Statement of total recognised gains and losses

For the year ended 31 March 1996

	1996 £	1995 £
Surplus/(deficit) for the year	44,939	(616,023)
Unrealised (loss)/gain on fixed asset investments	<u>(6,351)</u>	<u>12,979</u>
Total recognised gains/(losses) relating to the year	<u>38,588</u>	<u>(603,044)</u>
 Note of historical cost profits and losses		
Reported surplus/(deficit) for the year	44,939	(616,023)
Realisation of investment revaluation gains of prior years	<u>564,226</u>	<u>139,151</u>
Historical cost profit/(loss) for the year	<u>609,165</u>	<u>(476,872)</u>

Balance sheet

as at 31 March 1996

	Notes	1996 £	1995 £
Fixed assets			
Tangible assets	8	2,042,584	2,112,370
Investments	9	<u>2,801,244</u>	<u>1,872,671</u>
		4,843,828	3,985,041
Current assets			
Stocks	10	1,301,433	1,173,683
Debtors	11	1,866,646	1,528,665
Cash		<u>12,972</u>	<u>8,673</u>
		3,181,051	2,711,021
Creditors: amounts falling due within one year	12	<u>(2,856,730)</u>	<u>(2,750,505)</u>
Net current assets/(liabilities)		<u>324,321</u>	<u>(39,484)</u>
Total assets less current liabilities		5,168,149	3,945,557
Creditors: amounts falling due after more than one year	13	(728,476)	(618,538)
Deferred income	14	<u>(254,639)</u>	<u>(270,674)</u>
Net assets		<u>4,185,034</u>	<u>3,056,345</u>
 Accumulated fund	7	3,103,974	2,494,809
Revaluation reserve	7	<u>1,081,060</u>	<u>561,536</u>
		4,185,034	3,056,345

The financial statements on pages 6 to 19 were approved by the Council on 20 December 1996

DF Calow
Chairman

TB Burton
Honorary Treasurer

Cash flow statement

31 March 1996

	Notes	1996 £	1995 £
Net cash inflow/(outflow) from operating activities	17	<u>(746,428)</u>	<u>624,075</u>
Returns on investments and servicing of finance			
Interest paid		(102,179)	(62,088)
Dividends received		69,623	89,504
Rents received		<u>210,208</u>	<u>173,950</u>
Net cash inflow from returns on investments and servicing of finance		<u>177,652</u>	<u>201,366</u>
Investing activities			
Purchase of tangible fixed assets		(210,171)	(424,299)
Purchase of fixed asset investments		(1,474,643)	(115,966)
Sale of tangible fixed assets		12,000	8,174
Sale of fixed asset investments		<u>1,830,487</u>	<u>205,007</u>
Net cash inflow/(outflow) from investing activities		<u>157,673</u>	<u>(327,084)</u>
Net cash (outflow)/inflow before financing		<u>(411,103)</u>	<u>498,357</u>
Financing			
Loan (increase)/repayment		(129,939)	50,229
Capital element of finance leases		14,879	(1,729)
Grants received		<u>(32,378)</u>	<u>(107,695)</u>
Net cash inflow from financing	18	<u>(147,438)</u>	<u>(59,195)</u>
Increase/(decrease) in cash and cash equivalents	19	<u>(263,665)</u>	<u>557,552</u>
		<u>(411,103)</u>	<u>498,357</u>

Notes to the financial statements

for the year ended 31 March 1996

1 Accounting policies

Accounting convention

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the Company's financial statements:

a) Basis of accounting

The financial statements have been prepared under the historical cost convention on a consistent basis apart from the revaluation of listed investments and revaluation of investment properties. The revised Statement of Recommended Practice 'Accounting by Charities' (SORP) was published in October 1995. These financial statements do not comply with that SORP. The Council intends to comply with the SORP's recommendations in the financial statements for the year to 31 March 1997.

b) Depreciation and amortisation

Tangible fixed assets are depreciated on a straight line basis at the following annual rates:

Freehold buildings	- at varying rates between 0.5% and 1.5%
Leasehold buildings	- life of lease
Plant and machinery	- 10%
Motor vehicles	- 25%
Computer equipment	- 20%

Listed investments and freehold investment properties are stated at market value. Investment properties are maintained at such a standard that the residual value is not impaired by the passage of time. As a consequence, any element of depreciation is considered by the Council not to be material and no provision has therefore been made.

c) Stocks

The basis of valuation of raw materials and finished goods is the lower of cost and net realisable value. Cost in relation to manufactured products is the cost of labour and materials with a proportion of overhead expenses added where appropriate.

d) Donations and Legacies

These items are credited when received.

e) Management expenses

Management expenses are apportioned between the charity and trading activities pro rata to the number of employees involved.

f) Taxation

As a registered charity, the Company's charitable activities are currently exempt from corporation tax.

g) Investment income

Investment income is credited gross when it is received.

Notes to the financial statements (continued)

h) Capitations

Capitations are received from Local Authorities in respect of blind and disabled employees and are credited in the period to which they relate.

i) Foreign currencies

Transactions in foreign currencies are converted at the exchange rate ruling at the time of the transaction.

j) Capital grants from the Employment Service

Grants are receivable from the Employment Service in respect of certain plant and machinery. They are subject to conditions laid down by the Service and are repayable within five years of receipt if the relevant plant and machinery is sold. These grants are released to the income and expenditure account in equal and annual instalments in line with the depreciation charged on the relevant plant and machinery.

k) Leased assets

Finance leases and hire purchase agreements, which give rights approximating to ownership, are capitalised at the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor and the interest element is charged to the trading account on a straight line basis.

All other leases are operating leases, and the annual rentals are written off as incurred.

l) Pensions

The costs of the Company's defined benefit pension arrangements are charged on a systematic basis allowing for the expected pension costs spread over the remaining service lives of the scheme members, as calculated by the actuary to the Company.

2 Liability of members

Liability on the winding up of the Company is limited to one pound while a person is a member and for up to one year after ceasing to be a member.

Notes to the financial statements (continued)

3 Donations and legacies

	1996 £	1995 £
Greater London Fund for the Blind	60,768	72,250
Other donations	7,242	6,199
Legacies	20,548	49,973
	<u>88,558</u>	<u>128,342</u>

4 Expenditure

includes the following:

	1996 £	1995 £
Depreciation		
- HP assets	13,687	10,601
- Other	257,116	232,131
Grants from the Employment Service released from reserves	(48,413)	(45,176)
Surplus on sale of tangible fixed assets	(2,846)	(2,158)
Auditors' remuneration - for audit services	16,000	18,000
Hire purchase interest	3,072	2,356
Operating lease rentals		
- plant and machinery	27,744	20,374
- land and buildings	242,315	242,084

5 Interest costs

	1996 £	1995 £
On bank loans falling due after more than five years	9,191	18,816
On other bank loans and overdrafts	92,988	43,272
	<u>102,179</u>	<u>62,088</u>

Notes to the financial statements (continued)

6 Emoluments

No emoluments are paid to members of the Council.

	1996 Number	1995 Number
Number of employees		
Production	166	170
Sales	6	6
Administration and welfare	11	13
	<u>183</u>	<u>189</u>
Employment costs	£	£
Wages and salaries	2,164,713	2,196,188
Social security costs	153,082	165,172
Other pension costs	88,539	85,269
	<u>2,406,334</u>	<u>2,446,629</u>

7 Reserves

	Accumulated fund £	Revaluation reserve £	Total £
At 1 April 1995	2,494,809	561,536	3,056,345
Surplus for the year	44,939	-	44,939
Realisation of investment gains of prior years	564,226	(557,875)	6,351
Revaluation in the year - investments	-	(6,351)	(6,351)
- property	-	1,083,750	1,083,750
At 31 March 1996	<u>3,103,974</u>	<u>1,081,060</u>	<u>4,185,034</u>

Notes to the financial statements (continued)

8 Tangible fixed assets

	Freehold land £	Freehold buildings £	Short leasehold £	Long leasehold £	Plant and machinery £	Total £
Cost						
1 April 1995	11,040	32,859	80,985	830,340	2,665,640	3,620,864
Additions	-	-	46,924	4,436	158,811	210,171
Disposals	-	-	-	-	(302,764)	(302,764)
31 March 1996	11,040	32,859	127,909	834,776	2,521,687	3,528,271
Depreciation						
1 April 1995	-	10,755	14,345	119,115	1,364,279	1,508,494
Charge for year	-	275	10,723	9,803	25,002	270,803
Disposals	-	-	-	-	(293,610)	(293,610)
31 March 1996	-	11,030	25,068	128,918	1,320,671	1,485,687
Net book value						
31 March 1996	11,040	21,829	102,841	705,858	1,201,016	2,042,584
31 March 1995	11,040	22,104	66,640	711,225	1,301,361	2,112,370

The net book value of plant includes £24,690 (1995: £38,377) for motor vehicles held under hire purchase agreements.

9 Fixed asset investments

	Listed investments £	Freehold property £	Bank deposits £	Total £
1 April 1995 at market value	1,237,326	516,250	119,095	1,872,671
Additions	1,474,643	-	-	1,474,643
Disposals	(1,508,722)	-	(114,747)	(1,623,469)
Increase in market value	(6,351)	1,083,750	-	1,077,399
31 March 1996	1,196,896	1,600,000	4,348	2,801,244

The cost of listed investments at 31 March 1996 was £1,199,586 (1995: £706,144).

Notes to the financial statements (continued)

10 Stocks

	1996 £	1995 £
Raw materials and consumables	874,207	809,527
Finished goods	427,226	364,156
	<u>1,301,433</u>	<u>1,173,683</u>

11 Debtors

	1996 £	1995 £
Trade debtors	1,773,375	1,462,542
Other debtors	44,682	36,893
Prepayments and accrued income	48,589	29,230
	<u>1,866,646</u>	<u>1,528,665</u>

12 Creditors: amounts falling due within one year

	1996 £	1995 £
Bank loans and overdrafts	683,165	395,201
Trade creditors	1,636,388	1,768,870
Other creditors	252,254	241,047
Other taxes and social security	180,439	251,048
Accruals	92,638	67,614
Hire purchase agreements	11,846	26,725
	<u>2,856,730</u>	<u>2,750,505</u>

Notes to the financial statements (continued)

13 Creditors: amounts falling due after more than one year

	1996 £	1995 £
Bank loan	532,226	422,288
Interest free loan from the Employment Service	196,250	196,250
	<u>728,476</u>	<u>618,538</u>
Bank loan		
The loan is repayable as follows:		
Between two and five years	404,570	298,540
More than five years	127,656	123,748
	<u>532,226</u>	<u>422,288</u>
Within one year	68,908	48,908
	<u>601,134</u>	<u>471,196</u>

The Barclays Bank loan of £422,270 is secured by way of a fixed charge over the Company's listed investments and is for a period of 10 years. It is repayable by monthly instalments of £7,159 to include capital and interest. Interest is charged at 1.5% above base rate, subject to a minimum of 5.5%.

The National Westminster Bank loan of £178,864 is unsecured and is for a period of 10 years. It is repayable by monthly instalments of £1,417 to include capital and interest. Interest is charged at 1.5% above base rate, subject to a minimum of 5.5%.

The interest free loan from the Employment Service is repayable in the event of the premises at Ashburton Grove ceasing to be utilised for supported employment.

14 Deferred income

	£
Capital grants from the Employment Service	
At 1 April 1995	270,674
Received in the year	32,378
Released to income and expenditure	<u>(48,413)</u>
At 31 March 1996	<u>254,639</u>

Notes to the financial statements (continued)

15 Financial commitments

Capital commitments

Capital expenditure of £8,000 (1995: £33,000) was authorised and contracted for at the year end.

Operating leases

Annual commitments under non cancellable operating leases are as follows:

	1996		1995	
	Land and buildings £	Plant and machinery £	Land and buildings £	Plant and machinery £
Expiring:				
Within one year	-	-	2,885	1,952
In second to fifth years inclusive	74,907	29,832	71,907	8,352
After five years	202,430	-	202,330	-
	<u>277,337</u>	<u>29,832</u>	<u>277,122</u>	<u>10,304</u>

Leases of land and buildings are subject to regular rent reviews.

16 Pension costs

The Company operates a defined benefit final salary pension scheme for all permanent employees, the assets of which are held in a separate trustee administered fund. The funding of this scheme and the Company's pension costs are both determined based on advice provided by a professionally qualified actuary.

The Company's pensions costs for the year were £88,539 (1995: £85,269) and were assessed using the Projected Unit Method together with the actuarial assumptions detailed below.

The pension scheme was formally valued at 1 April 1995 using the Projected Unit Method and assumed rates of investment return, earnings increases and pension increases in payment of 9%, 7% and 4.5% respectively. This valuation revealed that the scheme had assets with a market value of £5,253,000 and was funded to the extent of 116% of its liabilities on an on-going basis. As a result of the valuation, the Company contributes to the scheme at the recommended rate of 7.9% of pensionable salaries.

Notes to the financial statements (continued)

17 Reconciliation of operating surplus to net cash inflow from operating activities

	1996 £	1995 £
Surplus/(deficit)	44,939	(616,023)
Add: Depreciation	270,803	242,732
Interest paid	102,179	62,088
Loss/(profit) on sale of fixed asset investment	(200,667)	32,302
Less: Grants amortised	(48,413)	(45,176)
Profit on sale of tangible fixed assets	(2,846)	(2,158)
Dividend income	(69,623)	(89,504)
Rents received	(210,208)	(173,950)
	<u>(113,836)</u>	<u>(589,689)</u>
(Increase)/Decrease in stocks	(127,750)	16,313
(Increase)/Decrease in debtors	(337,981)	1,015,025
(Decrease)/Increase in creditors	<u>(166,861)</u>	<u>182,426</u>
Net cash inflow from operating activities	<u>(746,428)</u>	<u>624,075</u>

18 Analysis of changes in financing during the year

	Loans £	Hire purchase agreements £	Grants £	Total £
1 April 1995	471,196	26,725	107,695	605,616
Cash inflow/(outflow) from financing	<u>129,939</u>	<u>(14,879)</u>	<u>32,378</u>	<u>147,438</u>
31 March 1996	<u>601,135</u>	<u>11,846</u>	<u>140,073</u>	<u>753,054</u>

19 Cash and cash equivalents

	1996 £	1995 £
Cash at bank and in hand	12,972	8,673
Bank overdrafts	<u>(614,257)</u>	<u>(346,293)</u>
	<u>(601,285)</u>	<u>(337,620)</u>
Change in the balance of cash and cash equivalents		
1 April 1995	(337,620)	(895,172)
Net cash inflow/(outflow) for year	<u>(263,665)</u>	<u>557,552</u>
31 March 1996	<u>(601,285)</u>	<u>(337,620)</u>