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MARSHALL WOELLWARTH & COMPANY LIMITED

REPORT AND ACCOUNTS

1985



MARSHALL WOELLWARTH & COMPANY LIMITED

DIRECTORS REPORT

The directors have pleasure in submitting their report and the audited financial statements for the year ended 30 April, 1985.

BUSINESS REVIEW

The company has continued to act as a broker on behalf of financial institutions trading in the foreign exchange and currency deposit markets and has maintained its position within those markets both in London and overseas. During the year the activities of the Tokyo branch ceased and the operation was transferred to a group related company. Since the year end the two London offices have relocated to a single site.

DIVIDENDS

The directors propose to pay a final dividend for the year of £2,325,000.

DIRECTORS

The directors of the company during the year, and their interests, as defined by Schedule 13 of the Companies Act, 1985 in the holding company, Mercantile House Holdings plc, were as follows:-

	Ordinary shares of 25p each	
	30 April 1985	30 April 1984
AEC Johnson	-	-
MJL Kelly	153,936	153,926
CJK Kelson	-	-
MA Knowles	10,000	90,000
S Muller	90,000	110,000
NM Stoughton	-	-
G Westbrook	16,000	16,000

INTERESTS OF DIRECTORS IN CONTRACTS WITH THE COMPANY

No director had any interest in contracts entered into by the company.

FUTURE DEVELOPMENTS

It is the directors' intention to continue present activities and to expand activities in most areas.

ULTIMATE HOLDING COMPANY

The ultimate holding company is Mercantile House Holdings plc, which is incorporated in England.

STATUTORY INFORMATION

The company gives full and fair consideration to applications for employment from disabled persons. It is the company's intention to give disabled persons opportunities for training, career development and promotion consistent with their capabilities.

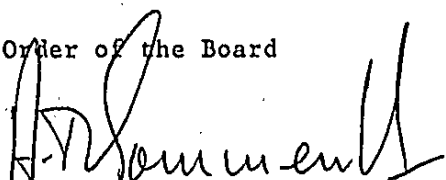
The company consults with employees by means of regular meetings at manager level although the opportunity for individuals to communicate with senior staff and directors is always available.

MARSHALL WOELLWARTH & COMPANY LIMITED

Auditors

The auditors, Price Waterhouse, have indicated their willingness to be reappointed.

By Order of the Board

A handwritten signature in dark ink, appearing to read 'A.J.C. Sommerville', written over the typed name.

AJC Sommerville
Secretary

30 July, 1985

REPORT OF THE AUDITORS TO THE MEMBERS OF
MARSHALL WOELLWARTH & COMPANY LIMITED

We have audited the financial statements on pages 4 to 11 in accordance with approved Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 30 April, 1985 and of its profit for the year then ended and comply with the Companies Act 1985.

The financial statements do not include a statement of source and application of funds as required by Statement of Standard Accounting Practice No. 10.

Price Waterhouse

Southwark Towers
32 London Bridge Street
LONDON SE1 9SY

Price Waterhouse
Chartered Accountants

30 July, 1985

MARSHALL WOELLWARTH & COMPANY LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 APRIL, 1985

	NOTES	1985 £	1984 £
TURNOVER	1,2	24,004,660	20,301,567
OPERATING EXPENSES	3	(19,141,799)	(16,833,248)
INTEREST RECEIVABLE FROM GROUP COMPANIES		54,830	-
OTHER INTEREST RECEIVABLE		16,832	13,090
OPERATING PROFIT		<u>4,934,523</u>	<u>3,481,409</u>
DIVIDEND RECEIVED FROM SUBSIDIARY		-	295,562
PROFIT BEFORE TAXATION		<u>4,934,523</u>	<u>3,776,971</u>
TAXATION	8	2,843,956	2,354,246
PROFIT FOR THE FINANCIAL YEAR		<u>2,090,567</u>	<u>1,422,725</u>
DIVIDENDS PAID AND PROPOSED	9	2,325,000	1,000,562
AMOUNT TRANSFERRED (FROM)/TO RETAINED PROFITS		<u>(234,433)</u>	<u>422,163</u>
EXCHANGE DIFFERENCE ON TRANSLATION OF OVERSEAS NET ASSETS		22,607	(77,000)
RETAINED PROFIT BROUGHT FORWARD		<u>742,317</u>	<u>397,154</u>
RETAINED PROFIT CARRIED FORWARD		<u>530,491</u>	<u>742,317</u>

MARSHALL WOELLWARTH & COMPANY LIMITED

BALANCE SHEET AS AT 30 APRIL, 1985

	NOTES	1985	1984
		£	£
FIXED ASSETS			
Intangible assets	6	-	12,833
Tangible assets	7	4,970,837	1,152,357
SUBSIDIARIES			
Shares at cost		251	471
Current accounts receivable		66,885	38,906
		<u>67,136</u>	<u>39,377</u>
		5,037,973	1,204,567
CURRENT ASSETS			
Trade debtors	3,112,506	2,345,541	
Amounts due from holding company	6,477,896	-	
Amounts due from ultimate holding company	-	4,785,681	
Amounts due from fellow subsidiaries	5,167,751	43,224	
Prepayments and accrued income	612,875	377,097	
Other debtors	101,824	1,879,840	
Cash at bank and in hand	892,973	1,930,621	
	<u>16,365,825</u>	<u>11,362,004</u>	
CREDITORS: Amounts falling due within one year			
Taxation	6,269,102	3,707,961	
Amounts due to fellow subsidiaries	1,668,289	1,660,854	
Social security	66,825	134,428	
Accruals and deferred income	5,889,526	5,005,213	
Amounts due to holding company	-	494,250	
Amounts due to ultimate holding company	1,164,120	-	
Amounts due to related companies	33,769	-	
Obligations under finance leases	1,105,432	-	
Proposed dividend	2,325,000	705,000	
	<u>18,522,063</u>	<u>11,707,706</u>	
NET CURRENT LIABILITIES		(2,156,238)	(345,702)
TOTAL ASSETS LESS CURRENT LIABILITIES		2,881,735	858,865
CREDITORS: Amounts falling due after one year			
Obligations under finance leases		(2,210,864)	(11,202)
PROVISION FOR DEFERRED TAXATION	8	(128,380)	(93,346)
		<u>542,491</u>	<u>754,317</u>
		=====	=====

MARSHALL WOELLWARTH & COMPANY LIMITED

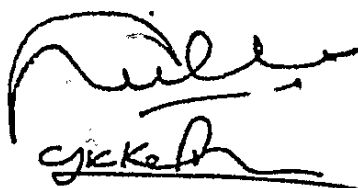
BALANCE SHEET AS AT 30 APRIL, 1985 (continued).

	1985	1984
	£	£
CAPITAL AND RESERVES		
Called up share capital		
Authorised, issued and fully paid, 200,000 deferred shares of 5p each and 200,000 ordinary shares of 1p each	12,000	12,000
Profit and loss account	530,491	742,317
	<u>542,491</u>	<u>754,317</u>

DIRECTORS

S Muller

CJK Kelson



30 July, 1985

MARSHALL WOELLWARTH & COMPANY LIMITED

NOTES TO THE ACCOUNTS AT 30 APRIL, 1985

1. ACCOUNTING POLICIES

The following are the principal accounting policies adopted by the company.

(i) Basis of accounting

The accounts have been prepared in accordance with the historical cost convention.

(ii) Rates of Exchange

Profit and loss accounts in foreign currencies are translated into sterling at the average rates of exchange ruling during the year. Assets and liabilities are translated into sterling at the rates of exchange ruling at 30 April, exchange gains or losses arising therefrom are taken to reserves. Other exchange movements are taken to profit and loss account.

(iii) Turnover (brokerage revenue)

The company follows market practice and takes credit for brokerage commission at the time a deal is negotiated.

(iv) Fixed Assets

Fixed assets are stated at cost less depreciation and are written off in equal annual instalments over their estimated useful life. The principal rates of depreciation used by the company are:

Leasehold improvements	5%
Furniture and equipment	10%
Motor vehicles	22%

(v) Deferred Taxation

No provision is made for deferred taxation in respect of timing differences except where it is expected that a tax payment will arise in the foreseeable future.

2. TURNOVER

The company carried out only one class of business, that of money broking. The geographical analysis for the company's turnover is as follows:-

	1985	1984
United Kingdom	22,867,555	19,447,931
Japan	1,137,105	853,636
	<u>24,004,660</u>	<u>20,301,567</u>
	=====	=====

MARSHALL WOELLWARTH & COMPANY LIMITED

NOTES TO THE ACCOUNTS AT 30 APRIL, 1985 (continued)

3. OPERATING EXPENSES

	1985 £	1984 £
Operating expenses comprise:		
Auditors' remuneration	51,745	31,116
Depreciation	496,139	468,643
Staff costs:		
- salaries	9,725,715	7,807,437
- social security costs	384,551	330,736
- other pension costs	408,094	334,243
- hire of plant and machinery	195,580	192,878
Other expenses	7,879,975	7,668,195
	<u>19,141,799</u>	<u>16,833,248</u>
	=====	=====

Included in the above are directors' emoluments (including pension contributions) of £594,751 (1984 £455,478).

4. DIRECTORS' EMOLUMENTS

Emoluments of the directors of the company excluding pension contributions were:

	1985 £	1984 £
Chairman	52,567	53,231
Highest paid director	93,223	75,349

The other directors received emoluments in the following ranges:

	No. of directors	
£Nil - £ 5,000	1	1
£50,001 - £55,000	-	1
£55,001 - £60,000	1	-
£60,001 - £65,000	1	2
£65,001 - £70,000	2	1

5. EMPLOYEES' REMUNERATION

The number of employees whose emoluments exceeded £30,000, fell within the following ranges:-

	No. of employees	
£30,001 - £35,000	21	29
£35,001 - £40,000	22	22
£40,001 - £45,000	15	8
£45,001 - £50,000	19	4
£50,001 - £55,000	8	7
£55,001 - £60,000	4	4
£60,001 - £65,000	2	3
£65,001 - £70,000	1	-
£70,001 - £75,000	4	1
£75,001 - £80,000	2	2
£80,001 - £85,000	1	-
£85,001 - £90,000	1	-
£100,001 - £105,000	1	-
£105,001 - £110,000	1	-

MARSHALL WOELLWARTH & COMPANY LIMITED

NOTES TO THE ACCOUNTS AT 30 APRIL, 1985 (continued)

6. INTANGIBLE FIXED ASSETS

	£
Cost at 1 May, 1984	12,833
Disposals	(12,833)

Cost at 30 April, 1985	-
	=====

7. TANGIBLE FIXED ASSETS

	Improvements to short leasehold properties	Furniture fixtures, motor vehicles and equipment	Total
	£	£	£
Cost at 1 May, 1984	79,711	2,126,743	2,206,454
Transfer from group subsidiary	-	25,537	25,537
Transfer to group companies	(43,798)	(481,888)	(525,686)
Exchange adjustment	587	6,481	7,068
Additions	1,157,806	3,586,042	4,743,848
Disposals	-	(317,848)	(317,848)
	-----	-----	-----
Cost at 30 April, 1985	1,194,306	4,945,067	6,139,373
	=====	=====	=====
Depreciation at 1 May, 1984	44,940	1,009,157	1,054,097
Transfer from group subsidiary	-	9,817	9,817
Transfer to group companies	(14,427)	(207,005)	(221,432)
Exchange adjustment	169	2,433	2,602
Charge for the year	107,864	388,275	496,139
Disposals	-	(172,667)	(172,687)
	-----	-----	-----
Depreciation at 30 April, 1985	138,546	1,029,990	1,168,536
	=====	=====	=====
Net book amount at 30 April, 1985	1,055,760	3,915,077	4,970,837
	=====	=====	=====
Net book amount at 30 April, 1984	34,771	1,117,586	1,152,357
	=====	=====	=====
Net book amount of capitalised leased assets at 30 April 1985 (1984-Nil) included above:	839,147	2,382,655	3,221,802
	=====	=====	=====

8. TAXATION

	1985 £	1984 £
(i) Based on the profit for the year at 45 per cent (1984: 50 per cent)		
Corporation tax - current year	2,808,922	2,341,203
Deferred taxation - current year	35,034	13,043
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	2,843,956	2,354,246
	=====	=====

MARSHALL WOELLWARTH & COMPANY LIMITED

NOTES TO THE ACCOUNTS AT 30 APRIL, 1985 (continued)

8. TAXATION (continued)

	1985 £	1984 £
(ii) Deferred taxation comprises:		
Accelerated capital allowances	168,380	93,346
Short term timing differences	(40,000)	-
	<u>128,380</u>	<u>93,346</u>
	=====	=====

There are no other timing differences which have not been fully provided.

9. DIVIDENCES

	1985 £	1984 £
Ordinary - interim dividend paid	-	295,562
- final dividend proposed	2,325,000	705,000
	<u>2,325,000</u>	<u>1,000,562</u>
	=====	=====
Ordinary - interim dividend received	-	295,562
	=====	=====

10. EMPLOYEES

	1985	1984
The average number of persons employed by the company during the year was:	333	315

11. SUBSIDIARIES

Shares in subsidiaries represents investments in the following companies, all of which are wholly owned and incorporated in England:

Marshall Woellwarth (Foreign Exchange) Limited
 As subsidiaries of Marshall Woellwarth (Foreign Exchange) Limited
 Marshall Woellwarth (Deposits) Limited
 Marshall Woellwarth (Financial Investments) Limited
 (formerly Woellwarth & Co. (Management) Limited)

Group accounts have not been prepared as the company is a wholly owned subsidiary of another body corporate incorporated in England. None of the subsidiaries of the company have traded during the year ended 30 April, 1985.

12. ULTIMATE HOLDING COMPANY

The ultimate holding company is Mercantile House Holdings plc, which is incorporated in England.

MARSHALL WOELLWARTH & COMPANY LIMITED

NOTES TO THE ACCOUNTS AT 30 APRIL, 1985 (continued)

13. COMMITMENTS

The company together with other fellow subsidiaries has guaranteed certain overdraft facilities of the ultimate holding company, of which £Nil was outstanding at 30 April 1985 (1984 - £1,736,231).

14. PENSION COMMITMENTS

The company operates a pension scheme covering the majority of its employees and executive directors. Contributions to this scheme, which are charged against profits, are based upon actuarial advice following the most recent valuation of the scheme. This scheme is financed through a separate trustee administered fund. There are no pension commitments to past directors.