

THE EXPANDED METAL COMPANY (MFG.) LIMITED

(A wholly owned subsidiary of The Expanded Metal Company P.l.c., which is incorporated in England).

DIRECTORS

S.A. Field (Chairman)
M. Clarkson
J.A. Meredith
A.W. Bage (Secretary)
K.C.M. Chaplin
J.D.K. Hewitt
C. Lindsay
N.G. Marsden
W. Woodward
C.J.A. Wright
P.W. Madderson
D.J. Weygang

REGISTERED OFFICE

Moorgate Hall, Moorgate,
London EC1M 6XH

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31st DECEMBER 1981

PROFITS AND DIVIDEND

The profit after tax for the year amounted to £293,846. An interim dividend of £42,346 has been paid. The directors recommend that no final dividend be paid.

ACTIVITIES

The Company is engaged in the manufacture and sale of expanded metal and associated products. It has no export trade.

DIRECTORS

The Directors of the Company are listed above. They are appointed by the parent company.

On 4th February 1981 Mr. S.A. Field resigned and Mr. R. Childs was appointed. On 5th October 1981 Mr. R. Childs resigned and Mr. S.A. Field was reappointed. On 1st April 1982 Mr. D.J. Weygang and Mr. P.W. Madderson were appointed.

SECRETARY

On 13th October 1981 Mr. J.D.K. Hewitt resigned and Mr. A.W. Bage was appointed.

DIRECTORS' SHAREHOLDINGS

None of the Directors who are not also Directors of the holding company held any interests in the share capital of that company during the year ended 31st December 1981.

AUDITORS

The Auditors, Price Waterhouse, are willing to continue in office and resolutions as to their re-appointment and remuneration will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD

A.W. Bage - Secretary



Dated the 7th day of April 1982

THE EXPANDED METAL COMPANY (MFG.) LIMITED

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PROFIT AND LOSS ACCOUNT

For the year ended 31st December 1981

	<u>NOTES</u>	<u>1981</u> £	<u>1980</u> £
<u>NET SALES</u>	2	<u>£12,729,188</u>	<u>£13,004,763</u>
<u>PROFIT BEFORE INTEREST AND EXTRAORDINARY ITEM</u>		387,925	656,787
<u>INTEREST</u>	3	<u>(3,866)</u>	<u>539</u>
<u>PROFIT BEFORE TAX AND EXTRAORDINARY ITEM</u>	4	384,059	657,326
<u>TAX CREDIT/(1980 CHARGE)</u>	6	<u>47,991</u>	<u>(386,952)</u>
<u>PROFIT AFTER TAX BEFORE EXTRAORDINARY ITEM</u>		432,050	270,374
<u>EXTRAORDINARY ITEM</u> (£287,926 less tax of £149,722).	5	<u>(138,204)</u>	<u>-</u>
<u>PROFIT AFTER TAX AND EXTRAORDINARY ITEM</u>		293,846	270,374
<u>INTERIM DIVIDEND PAID</u>		<u>42,346</u>	<u>270,374</u>
<u>TRANSFERRED TO RESERVES</u>	11	<u>£ 251,500</u>	<u>£ -</u>

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BALANCE SHEET

As at 31st December 1981

	<u>NOTES</u>	<u>1981</u>	<u>1980</u>
		£	£
<u>FIXED ASSETS</u>	7 & 8	6,340,745	6,541,622
<u>ASSOCIATED COMPANY</u>		463,491	211,118
<u>CURRENT ASSETS</u>			
Stock and work in progress	9	4,133,040	4,993,969
Debtors		2,594,237	2,338,148
Cash & Bank balances		<u>2,529</u>	<u>2,544</u>
		<u>6,729,806</u>	<u>7,334,661</u>
<u>CURRENT LIABILITIES</u>			
Creditors		2,355,601	2,028,933
Bank Loan (Secured) Repayable within 1 year		5,714	5,715
Corporation Tax	(<u>28,079)</u>	<u>14,461</u>
		<u>2,333,236</u>	<u>2,049,109</u>
<u>NET CURRENT ASSETS</u>		<u>4,396,570</u>	<u>5,285,552</u>
		11,200,806	12,038,292
<u>DEFERRED LIABILITIES</u>			
Bank Loan (Secured) repayable in more than 1 year.		13,809	19,523
Corporation Tax		-	48,400
Deferred Tax	10	187,801	282,700
Amount owing to Holding Co.	15	<u>10,035,193</u>	<u>10,984,747</u>
		<u>£ 964,003</u>	<u>£ 702,922</u>
<u>FINANCED BY :-</u>			
<u>Share Capital</u>			
Authorised, issued and fully paid 10,000 Ordinary Shares of £1 each.		10,000	10,000
<u>Reserves</u>	11	446,685	195,185
<u>Government Grants</u>	12	507,318	497,737
		<u>£ 964,003</u>	<u>£ 702,922</u>

The financial statements on pages 2 to 9 were approved by the Directors on the 7th April 1982 and are signed on their behalf by :-

(Signature)

(Signature)

)
) Directors
)

THE EXPANDED METAL COMPANY (MFG.) LIMITED

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SOURCE AND APPLICATION OF FUNDS

For the year ended 31st December 1981

	£	<u>1981</u>	£	£	<u>1980</u>	£
<u>Source of Funds</u>						
Profit before tax and extraordinary item			384,059		657,326	
Extraordinary item before tax			(287,926)		-	
Depreciation less Government Grants			<u>464,189</u>		<u>453,257</u>	
Total generated from operations			560,322		1,110,583	
<u>Funds from other sources</u>						
(Decrease)/Increase in amount owing to Holding Co., excluding Group Relief.			(875,219)		4,858,213	
Government grants received			<u>61,859</u>		<u>-</u>	
			(253,038)		5,968,796	
<u>Application of Funds</u>						
Additions to fixed assets less disposals	315,591			420,052		
Loan Repayments	5,714			(19,523)		
Investment in associated company.	252,373			211,118		
Dividend Paid	42,346			270,374		
Tax Paid	<u>62,461</u>		<u>678,485</u>	<u>162</u>	<u>882,183</u>	
			(931,523)		(5,086,613)	
<u>Movements in Working Capital</u>						
Decrease/(Increase) in stock and work in progress	860,929			(4,991,142)		
Increase in Debtors	(256,089)			(2,097,833)		
Increase in Creditors	<u>326,668</u>		<u>931,508</u>	<u>1,999,191</u>	<u>(5,089,784)</u>	
			£(<u>15</u>)		£(<u>3,171</u>)	
Represented by :-						
<u>Movement in Net Liquid Funds</u>						
(Decrease)/Increase in Cash and Bank balances			(15)		2,544	
(Increase)/Decrease in Bank Overdraft					<u>(5,715)</u>	
			£(<u>15</u>)		£(<u>3,171</u>)	

THE EXPANDED METAL COMPANY (MFG.) LIMITED

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NOTES ON THE ACCOUNTS

1. ACCOUNTING POLICIES

Accounting policies are included under the appropriate headings in the notes.

2. NET SALES

Net sales are the amounts invoiced by the Company, excluding value added tax, for goods supplied and services provided to external customers.

3. INTEREST

	<u>1981</u>	<u>1980</u>
Interest (Payable)/Receivable	£(3,866)	£ 539

4. PROFIT BEFORE TAX AND EXTRAORDINARY ITEM

The profit before tax and extraordinary item for the year is stated :-

	<u>1981</u> £	<u>1980</u> £
After crediting :		
Release from Government Grants	52,278	48,399
After charging :		
Depreciation	510,467	501,715
Auditors' remuneration	23,944	25,770
Hire of Plant	46,024	37,402
Emoluments of Directors (including pension contributions).	<u>89,426</u>	<u>149,820</u>

Directors' Emoluments

Chairman	£ Nil	(1980 £ Nil)	1	1
Highest Paid Director	£15,741	(1980 £19,278)	1	1
Other Directors :	0 - £ 5,000		7	6
	£10,001 - £15,000		-	3
	£15,001 - £20,000		4	4
			<u>13</u>	<u>15</u>

5. EXTRAORDINARY ITEM

	<u>1981</u> £	<u>1980</u> £
Cost of reorganisation and rationalisation	287,926	-
Tax thereon	<u>(149,722)</u>	<u>-</u>
	<u>£ 138,204</u>	<u>£ -</u>

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NOTES ON THE ACCOUNTS (continued)

6.	<u>TAX</u>	<u>1981</u> £	<u>1980</u> £
	Corporation Tax at 52%	-	(115,948)
	Group Relief receivable	36,500	-
	Attributable to extraordinary item	(149,722)	-
	Current taxation before extraordinary item	(113,222)	(115,948)
	Prior year release (charge) :-		
	Corporation Tax	66,315	-
	Group Relief	(5,485)	-
	Release of (1980 transfer to) Deferred tax :-		
	Capital allowances	75,000	(250,000)
	Short term timing differences	25,383	(21,004)
	Tax credit (1980 charge)	£ 47,991	£(386,952)
7.	<u>FIXED ASSETS</u>	<u>Freehold Land and Buildings</u> £	<u>Plant and Equipment</u> £
	<u>Cost or Valuation</u>		
	31st December 1980	3,669,255	5,453,900
	Inter-Group transfers	-	(6,800)
	Additions	58,145	301,194
	Disposals	-	(161,207)
	31st December 1981	£ 3,727,400	£ 5,587,087
	Comprising :-		
	At cost	452,400	3,245,249
	At valuation	3,275,000	2,341,838
		£ 3,727,400	£ 5,587,087
	<u>Depreciation</u>		
	31st December 1980	173,229	2,408,304
	Inter-Group Transfers	-	(6,210)
	Provided in the year	89,911	426,556
	Released on disposals	-	(118,048)
	31st December 1981	£ 263,140	£ 2,710,602
	<u>Net Book Amount</u>		
	31st December 1981	£ 3,464,260	£ 2,876,485

The land and buildings of the Company as constituted at 31st December 1978 were revalued as at that date by Chartered Surveyors and the valuations incorporated above.

A revaluation of plant and machinery at 31st December 1974 was made by the Directors and was derived from replacement costs (calculated by reference to an official index of prices) and the remaining years of estimated useful lives of the relevant assets.

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NOTES ON THE ACCOUNTS (continued)

8. DEPRECIATION

The policy of the Company is to write down the cost or valuation of each fixed asset over its estimated life.

Depreciation is not provided on freehold land, but is provided on all other assets based on estimated lives of :-

Buildings	-	Freehold	40 years
	-	Leasehold	Over the lease life
Vehicles	-		4 years
Other Plant and Equipment			5 to 20 years

Regional development and other grants are credited to Government Grants Account and released over the lives of the assets.

9. STOCK VALUATION

Stock and work-in-progress are stated at the lower of cost and net realisable value and include an appropriate proportion of manufacturing overheads. Provision is made in full for estimated future losses on incomplete contracts; work-in-progress is stated after deducting progress payments amounting to £19,308 (1980 - £ 1,233).

	<u>1981</u> £	<u>1980</u> £
The analysis of stock and work-in-progress is :-		
Production materials	2,710,742	3,643,866
Work-in-Progress	239,174	157,524
Finished goods	1,183,124	1,192,579
	<u>£ 4,133,040</u>	<u>£ 4,993,969</u>

10. DEFERRED TAX

Provision is made for deferred tax on the liability method to the extent that a liability is expected with reasonable probability to arise in the foreseeable future.

The provision for deferred tax in the balance sheet comprises :-

	<u>1981</u> £	<u>1980</u> £
Tax deferred by capital allowances	175,000	250,000
Short term timing differences	<u>12,801</u>	<u>32,700</u>
	<u>£ 187,801</u>	<u>£ 282,700</u>

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NOTES ON THE ACCOUNTS (continued)

10. DEFERRED TAX

If full provision were made for deferred tax on the liability method, the additional balance sheet provisions would be :-

	<u>1981</u>	<u>1980</u>
	£	£
Tax deferred by capital allowances	1,690,000	1,680,000
Potential capital gains tax on revaluation of land and buildings	696,000	660,000
	<u>£ 2,386,000</u>	<u>£ 2,340,000</u>

11. RESERVES

Balance at 31st December 1980	195,185
Profit retained for the year	<u>251,500</u>
Balance at 31st December 1981	<u>£ 446,685</u>

12. GOVERNMENT GRANTS

31st December 1980	497,737
Received during the year	<u>61,859</u>
	559,596
Released during the year	<u>52,278</u>
31st December 1981	<u>£ 507,318</u>

13. ASSOCIATED COMPANY

	<u>1981</u>	<u>1980</u>
	£	£
Shares at Cost	407,500	157,500
Amounts owing by associated company	<u>55,991</u>	<u>53,618</u>
	<u>£ 463,491</u>	<u>£ 211,118</u>

The Company owns 50% of the £1,000,000 issued ordinary share capital of Bleveex Limited, a company incorporated in England. The company's share of the retained post-acquisition losses of Bleveex Limited, at 31st December 1981, amounted to £296,733. The Company has not accounted for these losses since it is itself a wholly owned subsidiary of The Expanded Metal Company P.l.c., which has dealt with the results of Bleveex Limited in its consolidated accounts.

The Directors are of the opinion that, having regard to the long-term prospects and operational capability of Bleveex Limited, there is no permanent impairment of the value at which the investment in Bleveex Limited is carried in the balance sheet.

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NOTES ON THE ACCOUNTS (continued)

14. CAPITAL COMMITMENTS

At 31st December 1981, contracts for capital expenditure, for which no provision has been made in these accounts, amounted to £Nil (1980 - £171,760). Capital expenditure approved for which orders had not been placed amounted to £32,431 (1980 - £419,550).

15. AMOUNT OWING TO HOLDING COMPANY

There are no fixed repayment terms and the Holding Company will not procure repayment within one year.

16. HOLDING COMPANY

The Company's ultimate holding company is The Expanded Metal Company P.l.c., which is incorporated in England.

AUDITORS' REPORT TO THE MEMBERS OF
THE EXPANDED METAL COMPANY (MFG.) LIMITED

We have audited the financial statements on pages 2 to 9 in accordance with approved Auditing Standards.

In our opinion the financial statements, which have been prepared under the historical cost convention as modified by the revaluation of fixed assets, give under that convention a true and fair view of the state of the Company's affairs at 31st December 1981 and of its profit and source and application of funds for the year then ended and comply with the Companies Acts 1948 to 1981.


PRICE WATERHOUSE

NEWCASTLE UPON TYNE

Chartered Accountants

Dated the 7th day of April 1982