

## THE EXPANDED METAL COMPANY LIMITED

For the year ended  
31 December 1983



# THE EXPANDED METAL COMPANY LIMITED

## DIRECTORS

SA Field (Chairman)  
JA Meredith (Managing)  
AW Bage (Secretary)  
JDK Hewitt  
C Lindsay  
NG Marsden  
W Woodward  
CJA Wright  
PW Madderson  
DJ Weygang  
PL Fuga

## REGISTERED OFFICE

Clifton House  
83/89 Uxbridge Road  
Ealing  
London  
W5 5TA

## REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 1983

### PRINCIPAL ACTIVITIES

The company continues to be principally engaged in the manufacture and sale of expanded metal products, plastering accessories for the building industry, road signs and highway furniture, stainless steel strapping, fibre glass sheet, filters, partitions, doors and cubicles.

On 1 January 1983 the company acquired the trade, assets and liabilities at net book amount (excluding inter-group balances) of The Expanded Metal Company (Export) Limited.

### REVIEW OF THE BUSINESS

The company again performed very strongly during 1983 with building products benefiting from the upturn in the new house building sector. The industrial product division made a much more modest advance reflecting the slower and more gradual upturn in general industry. During 1983, IBC was made into an autonomous division with its own management responsible for all aspects of the business and reporting direct to the ultimate holding company. Although this division incurred substantial losses during this first full year of operation, it has now developed into a modern and efficient production unit turning out a high quality range of products.

THE EXPANDED METAL COMPANY LIMITED  
REPORT OF THE DIRECTORS (continued)

FUTURE PROSPECTS

Current indicators point to a modest increase in UK housing starts together with an increase in construction output and consumer spending over the next two to three years. This trend provides a firm economic background for the company's long term growth. Overseas, the company will continue to explore new markets for its direct exports.

The expected progress of IBC has been maintained and a worthwhile profit contribution should be forthcoming from this division in 1984.

RESEARCH AND DEVELOPMENT

A continuous programme of research and development projects is undertaken to introduce new products and to improve existing products and production processes.

PROFITS AND DIVIDEND

The profit for the financial year available for distribution amounted to £1,089,052. An interim dividend of £950,000 has been paid. The directors recommend that no final dividend be paid.

REGISTERED OFFICE

On 30 January 1984 the registered office of the company was moved to the address shown on page one.

DIRECTORS

The directors of the company are listed on page one. . They are appointed by the ultimate holding company. Mr M Clarkson served for one month during the year and resigned on 1 February 1983. Mr KCM Chaplin served up to his resignation on 5 May 1983.

DIRECTORS' SHAREHOLDINGS

Mr SA Field and Mr JA Meredith are directors of the ultimate holding company and their interests in the share capital of that company are shown in its directors' report. The interests of the other directors in the ordinary share capital of the ultimate holding company were as follows:

	Number of shares	
	1983	1982
JDK Hewitt	5,771	5,771
PW Madderson	1,746	1,746
W Woodward	1,620	1,620
CJA Wright	559	559
C Lindsay	1,548	1,548

THE EXPANDED METAL COMPANY LIMITED  
REPORT OF THE DIRECTORS (continued)

EMPLOYEE INVOLVEMENT

The company is committed to the development of employee consultation and thereby to the greater involvement of employees in the company's operations. Consultation is achieved both on a formal basis in conjunction with trade unions and employee committees and through informal briefing sessions and discussions with groups of employees.

EMPLOYMENT OF DISABLED PERSONS

The company recognises its obligations towards disabled people and endeavours to provide as much employment as the demands of the company's operations and the ability of the disabled persons permit. Applications for employment from disabled persons are considered on their merits and every effort is made to find them, and any existing employees who become disabled, appropriate work and training where they are needed.

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

AW Bage

Secretary

11 April 1984

AUDITORS' REPORT TO THE MEMBERS OF  
THE EXPANDED METAL COMPANY LIMITED

We have audited the financial statements on pages 5 to 14 in accordance with approved Auditing Standards.

In our opinion the financial statements, which have been prepared under the historical cost convention, give under that convention a true and fair view of the state of the company's affairs at 31 December 1983 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*

Chartered Accountants

11 April 1984

THE EXPANDED METAL COMPANY LIMITED

PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 1983

	<u>Notes</u>	<u>1983</u>	<u>1982</u>
TURNOVER	2	22,569,753	14,151,037
Cost of sales		<u>(15,374,848)</u>	<u>(9,492,187)</u>
GROSS PROFIT		7,194,905	4,658,850
Distribution costs		<u>(4,054,066)</u>	<u>(2,917,701)</u>
Administrative expenses		<u>(1,262,156)</u>	<u>(1,004,881)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2,3	1,878,683	736,268
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	5	<u>(789,631)</u>	<u>151,547</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,089,052	887,815
Extraordinary item	4	<u>-</u>	<u>(554,661)</u>
PROFIT FOR THE FINANCIAL YEAR		1,089,052	333,154
INTERIM DIVIDEND PAID		<u>(950,000)</u>	<u>(333,154)</u>
TRANSFERRED TO RESERVES	15	<u>£139,052</u>	£ <u>-</u>

THE EXPANDED METAL COMPANY LIMITED

BALANCE SHEET  
AS AT 31 DECEMBER 1983

	Notes	1983	1982
<b>FIXED ASSETS</b>			
Tangible assets	6	6,598,086	6,946,749
Investment in related company	7	<u>-</u>	<u>-</u>
		6,598,086	6,946,749
<b>CURRENT ASSETS</b>			
Stock and work in progress	8	4,082,121	4,176,296
Debtors	9	5,257,193	2,976,387
Short-term deposits		500,000	-
Cash at bank and in hand		<u>76,727</u>	<u>259,034</u>
		9,916,041	7,411,717
CREDITORS (amounts falling due within one year)	10	(15,022,316)	(13,357,691)
NET CURRENT LIABILITIES		(5,106,275)	(5,945,974)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,491,811	1,000,775
CREDITORS (amounts falling due after more than one year)	11	(321,981)	(85,610)
PROVISIONS FOR LIABILITIES AND CHARGES	13	31,021	20,321
GOVERNMENT GRANTS		(605,114)	(478,801)
NET ASSETS		<u>£595,737</u>	<u>£456,685</u>
<b>REPRESENTED BY:</b>			
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	10,000	10,000
Profit and loss account	15	<u>585,737</u>	<u>446,685</u>
		<u>£595,737</u>	<u>£456,685</u>

The financial statements on pages 5 to 14 were approved by the directors on 11 April 1984 and are signed on their behalf by:

JA Meredith )  
AW Bage ) Directors

*AW Bage* *JA Meredith*

THE EXPANDED METAL COMPANY LIMITED

SOURCE AND APPLICATION OF FUNDS  
FOR THE YEAR ENDED 31 DECEMBER 1983

	<u>1983</u>	<u>1982</u>
<u>Source of funds</u>		
Profit on ordinary activities before taxation	1,878,683	736,268
Extraordinary item	-	(554,661)
Depreciation less government grants	<u>547,752</u>	<u>514,674</u>
Total generated from operations	2,426,435	696,281
<u>Funds from other sources</u>		
Disposal of tangible assets	388,715	26,800
Investment in related company	-	463,491
Government grants received	187,834	23,879
Tax received	<u>-</u>	<u>7,075</u>
	3,002,984	1,217,526
<u>Application of funds</u>		
Additions to tangible assets	649,325	1,199,874
Loan repayments	5,714	5,714
Dividend paid	950,000	333,154
Tax paid	<u>151,340</u>	<u>-</u>
	<u>1,756,379</u>	<u>1,538,742</u>
	1,246,605	(321,216)
<u>Movements in working capital</u>		
Decrease/(increase) in stock and work in progress	94,175	(43,256)
Increase in debtors	(2,280,806)	(341,758)
Increase in creditors	<u>1,238,777</u>	<u>962,735</u>
	<u>(947,854)</u>	<u>577,721</u>
	<u>£298,751</u>	<u>£256,505</u>
Represented by:		
<u>Movement in net liquid funds</u>	<u>£298,751</u>	<u>£256,505</u>



# THE EXPANDED METAL COMPANY LIMITED

## NOTES TO THE ACCOUNTS

### 1 ACCOUNTING POLICIES

#### Turnover

Turnover represents the amounts invoiced by the company, excluding value added tax, for goods supplied and services provided to external customers.

#### Tangible assets

The policy of the company is to write down the cost of each tangible 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.

#### 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 incompletd contracts.

#### Deferred taxation

Provision for deferred taxation is made using the liability method to the extent that a liability or recovery is expected with reasonable probability to arise in the foreseeable future.

#### Research and development

Expenditure is charged to profit in the year in which it is incurred.

# THE EXPANDED METAL COMPANY LIMITED

## NOTES TO THE ACCOUNTS (continued)

### 2 SEGMENT INFORMATION

Company turnover and profit on ordinary activities before taxation are analysed by business as follows:

	Turnover		Profit on ordinary activities before taxation	
	1983	1982	1983	1982
Building	11,357,876	5,792,015	788,867	308,967
Construction	2,033,978	1,892,005	177,970	64,236
Industrial	8,104,911	5,440,014	856,855	330,681
Security	1,072,988	1,027,003	54,991	32,384
	<u>£22,569,753</u>	<u>£14,151,037</u>	<u>£1,878,683</u>	<u>£736,268</u>

Company turnover by geographical market is analysed as follows:

	1983	1982
United Kingdom	17,198,812	14,151,037
Rest of Europe	1,510,953	-
North and South America	240,997	-
Middle East	3,108,996	-
Far East	509,995	-
	<u>£22,569,753</u>	<u>£14,151,037</u>

### 3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit on ordinary activities before taxation is stated after charging:

	1983	1982
Staff costs:		
Wages and salaries	5,554,851	4,445,646
Social security costs	523,560	477,400
Other pension costs	341,494	314,613
Depreciation	609,273	541,080
Auditor's remuneration	22,000	20,195
Hire of plant and machinery	26,607	32,153
and after crediting:		
Release of government grants	<u>61,521</u>	<u>52,396</u>

THE EXPANDED METAL COMPANY LIMITED

NOTES TO THE ACCOUNTS (continued)

4 EXTRAORDINARY ITEM

	<u>1983</u>	<u>1982</u>
Closure costs associated with Blevex Limited	£ -	£554,661

5 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	<u>1983</u>	<u>1982</u>
Corporation tax at 52%	(805,000)	(33,554)
Group relief payable	(70,000)	-
Foreign taxes payable	(47,000)	-
	<u>(922,000)</u>	<u>(33,554)</u>
Consortium relief	53,384	-
Double taxation relief	<u>47,000</u>	<u>-</u>
Current taxation	(821,616)	(33,554)
Prior year release (charge):		
Corporation tax	31,653	60
Group relief	-	24,004
Release of/(transfer to) deferred tax:		
Capital allowances	-	175,000
Short-term timing differences	<u>332</u>	<u>(13,963)</u>
Tax (charge)/credit	£(789,631)	£151,547

6 TANGIBLE ASSETS

	<u>Land and buildings</u>		<u>Plant and equipment</u>
	<u>Freehold</u>	<u>Long leasehold</u>	
Cost at 1 January 1983	3,754,307	415,000	6,247,547
Reclassification	-	-	(25,990)
Additions	11,939	-	637,386
Disposals	(5,029)	(300,000)	(272,099)
Inter-group transfers	<u>-</u>	<u>-</u>	<u>(40,690)</u>
Cost at 31 December 1983	£3,761,217	£115,000	£6,546,154
Depreciation at			
1 January 1983	358,437	37,063	3,074,605
Reclassification	-	-	(25,990)
Provided in the year	97,201	10,375	501,697
Released on disposal	(335)	(33,551)	(173,696)
Inter-group transfers	<u>-</u>	<u>-</u>	<u>(21,521)</u>
Depreciation at			
31 December 1983	<u>£455,303</u>	<u>£13,887</u>	<u>£3,355,095</u>
Net book amount at			
31 December 1983	<u>£3,305,914</u>	<u>£101,113</u>	<u>£3,191,059</u>
Capital commitments			
	<u>1983</u>	<u>1982</u>	
Contracted	103,000	26,000	
Authorised but not contracted	<u>-</u>	<u>-</u>	
	<u>£103,000</u>	<u>£26,000</u>	

# THE EXPANDED METAL COMPANY LIMITED

## NOTES TO THE ACCOUNTS (continued)

### 7 INVESTMENT IN RELATED COMPANY

The company owns 50% of the £1,000,000 issued ordinary share capital of Blevex Limited, a company incorporated in England. Blevex Limited ceased to trade during 1983 and is in the process of being liquidated. The cost of the investment together with amounts owing by Blevex Limited were written off in 1982 (note 4).

### 8 STOCK AND WORK IN PROGRESS

Stock and work in progress comprises:

	<u>1983</u>	<u>1982</u>
Raw materials and consumables	2,608,949	2,755,566
Work in progress	382,489	352,211
Finished goods	<u>1,244,708</u>	<u>1,230,457</u>
	4,236,146	4,338,234
Less: payments on account of work in progress	<u>(154,025)</u>	<u>(161,938)</u>
	<u>£4,082,121</u>	<u>£4,176,296</u>

### 9 DEBTORS

	<u>1983</u>	<u>1982</u>
Trade debtors	5,096,541	2,860,671
Amounts owed by group companies	52,219	40,392
Other debtors	25,277	1,679
Prepayments and accrued income	83,156	67,106
Loan to director (see below)	-	6,539
	<u>£5,257,193</u>	<u>£2,976,387</u>

On 30 June 1982 an interest-free bridging loan was advanced to Mr PL Fuga who is a director of the company. The amount outstanding at 31 December 1982 of £6,539 was repaid during the year.

# THE EXPANDED METAL COMPANY LIMITED

## NOTES TO THE ACCOUNTS (continued)

### 10 CREDITORS (amounts falling due within one year)

	<u>1983</u>	<u>1982</u>
Bank overdraft	18,942	-
Bank loan (note 12)	5,714	5,714
Trade creditors	2,556,967	2,312,680
Amounts owed to group companies	11,317,032	10,365,492
Other creditors	398,986	34,363
Corporation tax	34,190	(20,517)
Other taxation and social security	432,755	444,268
Accruals and deferred income	<u>257,730</u>	<u>215,691</u>
	<u>£15,022,316</u>	<u>£13,357,691</u>

### 11 CREDITORS (amounts falling due after more than one year)

	<u>1983</u>	<u>1982</u>
Bank loan (note 12)	2,381	8,095
Other creditors	12,600	65,984
Corporation tax	<u>307,000</u>	<u>11,531</u>
	<u>£321,981</u>	<u>£85,610</u>

### 12 BANK LOAN

The bank loan is secured on certain assets of the company.

### 13 PROVISIONS FOR LIABILITIES AND CHARGES

#### Deferred taxation

The provision for deferred taxation in the balance sheet comprises:

	<u>1983</u>	<u>1982</u>
Short-term timing differences recoverable	£(31,021)	£(20,321)

If full provision were made for deferred taxation the additional balance sheet provisions would be:

	<u>1983</u>	<u>1982</u>
Tax deferred by capital allowances	1,434,000	2,190,000
Potential capital gains following transfer of revalued land and buildings from ultimate holding company.	<u>590,000</u>	<u>611,000</u>
	<u>£2,024,000</u>	<u>£2,801,000</u>

Capital losses of £191,000 (1982 £507,000) are available to be utilised against future capital gains.

# THE EXPANDED METAL COMPANY LIMITED

## NOTES TO THE ACCOUNTS (continued)

The change in potential deferred taxation arises primarily from the proposed phased reduction in corporation tax rates to 35% by 1986 as announced in the 1984 Budget. No amendments have been made to current or deferred tax provided in these accounts as a result of the Budget since the effect is not considered material.

### 14 SHARE CAPITAL

	<u>1983</u>	<u>1982</u>
Authorised, allotted and fully paid: 10,000 ordinary shares of £1 each	<u>£10,000</u>	<u>£10,000</u>

### 15 PROFIT AND LOSS ACCOUNT

Revenue reserves at 1 January 1983	446,685
Retained profit for the year	<u>139,052</u>
Revenue reserves at 31 December 1983	<u>£585,737</u>

### 16 EMPLOYEES

The average number employed by the company during the year was 750 (1982 716). No employees, other than directors, received emoluments in excess of £30,000.

### 17 DIRECTORS' EMOLUMENTS

Company staff costs (note 3) include the following amounts in respect of directors' emoluments:

	<u>1983</u>	<u>1982</u>
Executive remuneration	<u>£372,947</u>	<u>£136,810</u>

Emoluments of directors resident in the UK (excluding pension contributions) were:

	<u>1983</u>	<u>1982</u>
Chairman: £Nil (1982 £Nil)	1	1
Highest paid director: £53,867 (1982 £22,077)	1	1
Other directors:		
Up to £5,000	2	6
£ 5,001 - £10,000	1	-
£15,001 - £20,000	-	4
£20,001 - £25,000	-	1
£25,001 - £30,000	3	-
£30,001 - £35,000	1	-
£35,001 - £40,000	3	-
£40,001 - £45,000	<u>1</u>	<u>-</u>
	<u>13</u>	<u>13</u>

THE EXPANDED METAL COMPANY LIMITED

NOTES TO THE ACCOUNTS (continued)

18 CONTINGENT LIABILITIES

At 31 December 1983 there were contingent liabilities in the normal course of business of £25,000 (1982 £Nil).

19 PENSION COMMITMENTS

The company's UK employees, with a small number of exceptions, are members of the Expamet International PLC Superannuation Scheme. This scheme is financed through a separate trustee-administered fund. Contributions to this fund, which are charged against profit, are based upon actuarial advice following the most recent valuation of the fund.

20 HOLDING COMPANY

The company is a wholly-owned subsidiary of Expamet International PLC, the ultimate holding company, which is incorporated in England.