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D W GENERAL WOOD MACHINISTS LIMITED

REPORT OF THE DIRECTORS

CHAIRMAN E E Dossett

DIRECTORS A E Woolley
B Dossett
Mrs I J Dossett
A Howard

SECRETARY B Dossett

REGISTERED OFFICE 855/857 High Road
Tottenham
London N17

REGISTERED NUMBER 607717

FINANCIAL STATEMENTS

The directors submit their report and the audited financial statements of the group for the year ended 31 August 1989.

DIVIDEND

The directors do not recommend the payment of a dividend and the profit for the year has therefore been retained.

REVIEW OF THE BUSINESS

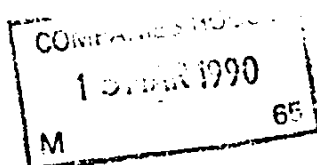
The group's principal activities during the year were those of wood machinists and wood moulders.

Despite an improvement in the level of business undertaken by the holding company, the group's turnover and operating results have been significantly affected by the reduction in business associated with its subsidiary, D W Mouldings Limited. Unable to maintain optimum production runs, the subsidiary company has incurred a greater level of direct production costs, and although certain savings have been made, the company incurred a loss of £72,339 after taxation for the year, compared with a profit after taxation of £77,404 for the previous year. Improvements in the level of turnover and operating margins of the holding company have been sufficient to mitigate the effects of increases in its own operating costs which would otherwise have adversely affected the overall results.

In summary, turnover of the group amounted to £1,693,396 (1988 - £2,089,807) and as a direct result of the loss in business of the group's subsidiary company and increased operating costs, the group reports a profit before taxation of £17,927 (1988 - £201,069).

FUTURE DEVELOPMENTS

The directors are aware that both companies within the group face a difficult current year of trading but remain confident that the group will continue to operate profitably.



D W GENERAL WOOD MACHINISTS LIMITED

REPORT OF THE DIRECTORS (continued)

FUTURE DEVELOPMENTS (continued)

As an immediate priority, the directors shall continue their efforts to expand the level of business undertaken by the group's subsidiary, and whilst they anticipate a continued decline in the level of demand for moulded timber products, intend to promote timber supplies which currently only account for a small proportion of that company's business.

FIXED ASSETS

Capital expenditure amounted to £33,816 during the year, details of which are shown under note 8 of the financial statements, which reflects the continued investment by the group to provide for future expansion and growth.

DIRECTORS

The directors in office at the end of the year are as listed on page one, all of whom served on the board throughout the year.

B Dossett retires by rotation, and being eligible, offers himself for re-election at the forthcoming annual general meeting.

DIRECTORS' INTERESTS

The directors' interests in the share capital of the company at 31 August 1988 and 31 August 1989 as recorded in the register maintained by the company in accordance with the provisions of the Companies Act 1985, were as follows

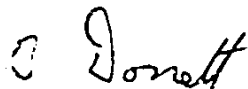
	£1 Ordinary Shares	
	31.8.89	31.8.88
E E Dossett	20,250	20,250
E E Dossett (Joint Trustee - Grandchildren's Settlement)	5,976	5,976
A E Woodley	90	90
I J Dossett	1,666	1,666
B Dossett	11,459	11,459
A Howard	8,059	8,059
	<u>47,500</u>	<u>47,500</u>

A Partner of Menzies, the company's auditors, is a Joint Trustee with Mr E E Dossett of the Grandchildren's Settlement which holds 5,976 £1 ordinary shares in the company.

AUDITORS

Menzies have expressed their willingness to continue in office as auditors and in accordance with Section 384(1) of the Companies Act 1985 a resolution proposing their re-appointment will be submitted to the annual general meeting.

By order of the Board



Secretary

20 February 1990

REPORT OF THE AUDITORS

TO THE MEMBERS OF D W GENERAL WOOD MACHINISTS LIMITED

We have audited the financial statements set out on pages four to seventeen in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the company and of the group at 31 August 1989 and of the profit and source and application of funds of the group for the year ended on that date, and have been properly prepared in accordance with the Companies Act 1985.

20 February 1990

The Chestnuts
18 East Street
Farnham
Surrey
GU9 7SD

Menzie

MENZIES
Chartered Accountants

D W GENERAL WOOD MACHINISTS LIMITED AND ITS SUBSIDIARY COMPANY
 GROUP PROFIT AND LOSS ACCOUNT
 YEAR ENDED 31 AUGUST 1989

	Note	1989 £	1988 £
TURNOVER	2	1,693,396	2,089,807
COST OF SALES		1,327,445	1,581,447
GROSS PROFIT		365,951	508,360
Distribution costs and administrative expenses	2	366,504	325,378
OPERATING (LOSS)PROFIT	2	(553)	182,982
Interest receivable		21,091	21,034
		20,538	204,016
Interest payable	3	2,611	2,947
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	17,927	201,069
Tax on profit on ordinary activities	4	2,114	67,814
RETAINED PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL YEAR	5/16	15,813	133,255

D W GENERAL WOOD MACHINISTS LIMITED AND ITS SUBSIDIARY COMPANY

GROUP BALANCE SHEET

31 AUGUST 1989

	Note	£	1989 £	£	1988 £
FIXED ASSETS					
Tangible assets	8		1,033,294		1,099,067
CURRENT ASSETS					
Stock and work in progress	10	147,102		119,873	
Debtors	11	435,481		514,315	
Cash at bank and in hand		143,541		188,271	
			<u>726,124</u>	<u>822,459</u>	
CREDITORS: amounts falling due within one year	12	444,736		593,156	
NET CURRENT ASSETS			281,388		229,303
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,314,682</u>		<u>1,328,370</u>
CREDITORS: amounts falling due after more than one year	13		20,440		44,361
			<u>1,294,242</u>		<u>1,284,009</u>
PROVISION FOR LIABILITIES AND CHARGES					
Deferred taxation	14		129,859		135,439
			<u>1,164,383</u>		<u>1,148,570</u>
CAPITAL AND RESERVES					
Called up share capital	15		50,000		50,000
Profit and loss account	16		1,114,383		1,098,570
			<u>1,164,383</u>		<u>1,148,570</u>

The financial statements were approved by the Board of Directors on 20 February 1990.

DIRECTORS E E Dossett

E E Dossett

A E Woodley

A Woodley

D W GENERAL WOOD MACHINISTS LIMITED AND ITS SUBSIDIARY COMPANY

GROUP STATEMENT OF SOURCE AND APPLICATION OF FUNDS

YEAR ENDED 31 AUGUST 1989

	1989		1988	
	£	£	£	£
SOURCE OF FUNDS				
Group profit on ordinary activities before taxation		17,927		201,069
Items not involving the movement of funds				
Depreciation and amounts written off tangible fixed assets		97,089		88,466
TOTAL GENERATED FROM OPERATIONS		115,016		289,535
FUNDS FROM OTHER SOURCES				
Proceeds from sale of tangible fixed assets		2,500		8,300
		117,516		297,835
APPLICATION OF FUNDS				
Purchase of tangible fixed assets	33,816		500,601	
Taxation paid	82,852		134,338	
		116,668		634,939
NET INFLOW(OUTFLOW) OF FUNDS		848		(337,104)
INCREASE (DECREASE) IN WORKING CAPITAL				
Stock and work in progress	27,229		12,508	
Debtors	(82,429)		71,126	
Creditors: amounts falling due within one year	97,719		(85,921)	
Creditors: amounts falling due after more than one year	3,059		3,385	
		45,578		1,098
MOVEMENT IN NET LIQUID FUNDS				
Cash at bank and in hand		(44,730)		(338,202)
		848		(337,104)

D W GENERAL WOOD MACHINISTS LIMITED

BALANCE SHEET

31 AUGUST 1989

	Note	£	1989	£	1988	£
FIXED ASSETS						
Tangible assets	8		915,629		943,059	
Investment	9		7,657		7,657	
CURRENT ASSETS						
Stock and work in progress	10	94,557		91,883		
Debtors	11	263,290		228,213		
Cash at bank and in hand		92,321		31,108		
			450,168		351,204	
CREDITORS: amounts falling due within one year	12	529,615		522,539		
NET CURRENT LIABILITIES			(79,447)		(171,335)	
TOTAL ASSETS LESS CURRENT LIABILITIES			843,839		779,381	
CREDITORS: amounts falling due after more than one year	13		20,440		44,361	
			823,399		735,020	
PROVISION FOR LIABILITIES AND CHARGES						
Deferred taxation	14		119,549		119,322	
			703,850		615,698	
CAPITAL AND RESERVES						
Called up share capital	15	50,000		50,000		
Profit and loss account	16	653,850		565,698		
			703,850		615,698	

The financial statements were approved by the Board of Directors on 20 February 1990.

DIRECTORS E E Dossett

E Dossett

A E Woodley

A Woodley

D W GENERAL WOOD MACHINISTS LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

YEAR ENDED 31 AUGUST 1989

	1989	1988
	£	£
SOURCE OF FUNDS		
Profit on ordinary activities before taxation	132,968	83,143
Items not involving the movement of funds		
Depreciation and amounts written off tangible fixed assets	51,572	45,506
TOTAL GENERATED FROM OPERATIONS	184,540	128,649
FUNDS FROM OTHER SOURCES		
Proceeds on disposal of tangible fixed assets	-	8,300
	184,540	136,949
APPLICATION OF FUNDS		
Payment in respect of group relief surrendered	33,300	-
Purchase of tangible fixed assets	24,142	432,330
Taxation paid	39,113	24,070
	96,555	456,400
NET INFLOW(OUTFLOW) OF FUNDS	87,985	(319,451)
INCREASE (DECREASE) IN WORKING CAPITAL		
Stock and work in progress	2,674	15,751
Debtors	35,077	53,490
Creditors: amounts falling due within one year	(513)	(25,500)
Creditors: amounts falling due after more than one year	3,059	3,385
	40,297	47,126
INCREASE IN AMOUNT DUE TO GROUP COMPANY	(13,525)	(280,681)
MOVEMENT IN NET LIQUID FUNDS		
Cash at bank and in hand	61,213	(85,896)
	87,985	(319,451)

D W GENERAL WOOD MACHINISTS LIMITED AND ITS SUBSIDIARY COMPANY

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 1989

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention.

The principal accounting policies of the group have remained unchanged from the previous year and are set out below.

Basis of consolidation

The group financial statements consolidate the financial statements of D W General Wood Machinists Limited and its subsidiary company, D W Mouldings Limited, made up to 31 August each year. No profit and loss account is presented for D W General Wood Machinists Limited as provided by Section 228(7) of the Companies Act 1985.

Goodwill arising on consolidation

Goodwill arising on consolidation, representing the excess of the purchase price over the fair value of the net assets acquired, has been written off in full against the group's profit and loss account reserve.

Deferred taxation

Provision is made for deferred taxation on the liability method for all short-term timing differences. Provision is also made for long-term timing differences, except to the extent that there is a reasonable probability of the tax not falling due for payment in the foreseeable future. Such tax not provided for is disclosed as a contingent liability.

Depreciation

Depreciation is charged on the cost of the group's tangible fixed assets at the following rates which are expected to reduce the assets to their net realisable values over their estimated useful lives.

Freehold land	Nil
Freehold premises	Over 100 years
Leasehold property and factory improvements	Over the life of the lease
Plant and machinery	Over 6 years
Fixtures and fittings	10% per annum on net book values
Motor vehicles	25% per annum on net book values

Profits and losses arising on the disposal of tangible fixed assets are included in the depreciation charge for the year.

D W GENERAL WOOD MACHINISTS LIMITED AND ITS SUBSIDIARY COMPANY

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31 AUGUST 1989

1. ACCOUNTING POLICIES (continued)

Stock and work in progress

Stock and work in progress is valued at the lower of cost and net realisable value.

In the case of raw materials and consumable stores, cost means purchase price calculated on a first in, first out basis. In the case of work in progress and finished goods, cost consists of direct materials, direct labour and attributable production and other overheads. Where relevant, the amount of work in progress has been reduced by progress payments.

Net realisable value means estimated selling price less all further costs to completion and all costs to be incurred in marketing, selling and distribution.

Turnover

Turnover is the total amount receivable by the group in respect of work carried out during the year, excluding value added tax, trade discounts and intra group turnover.

2. TURNOVER AND GROUP PROFIT

- a) The turnover and group profit on ordinary activities before taxation may be attributed to the joint activities of wood machining and moulding.

Group profit on ordinary activities is stated after charging

	1989 £	1988 £
Auditors' remuneration	6,800	6,200
Depreciation and amounts written off tangible fixed assets	97,089	88,466
Directors' emoluments (note 6)	124,626	126,744
Interest payable (note 3)	2,611	2,947
	<u>220,536</u>	<u>224,357</u>

- b) Distribution costs and administrative expenses

	1989 £	1988 £
Distribution costs	35,996	22,304
Administrative expenses	189,546	184,803
Other operating costs	140,962	118,271
	<u>366,504</u>	<u>325,378</u>

D W GENERAL WOOD MACHINISTS LIMITED AND ITS SUBSIDIARY COMPANY

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31 AUGUST 1989

3. INTEREST PAYABLE

	1989 £	1988 £
In respect of loans repayable by instalments		
- repayable within 5 years	339	562
- repayable wholly or partly in more than 5 years	2,272	2,385
	<u>2,611</u>	<u>2,947</u>

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

The taxation charge is based on the profit for the year as follows

	Group		Compar	
	1989 £	1988 £	1989 £	1988 £
United Kingdom corporation tax at between 25% and 35%	10,069	63,979	10,000	20,862
Deferred tax	(5,580)	3,369	227	6,430
	<u>4,489</u>	<u>67,348</u>	<u>10,296</u>	<u>27,292</u>
Adjustment in respect of prior year	(2,375)	466	1,220	-
Payment in respect of group relief surrendered	-	-	33,300	-
	<u>2,114</u>	<u>67,814</u>	<u>44,816</u>	<u>27,292</u>

5. PROFIT ATTRIBUTABLE TO MEMBERS OF THE HOLDING COMPANY

	1989 £	1988 £
Dealt with in the accounts of the holding company	88,152	55,851
Retained by subsidiary company	(72,339)	77,404
	<u>15,813</u>	<u>133,255</u>

D W GENERAL WOOD MACHINISTS LIMITED AND ITS SUBSIDIARY COMPANY

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31 AUGUST 1989

6. DIRECTORS AND EMPLOYEES	1989	1988
Staff costs during the year comprise	£	£
Wages and salaries	831,221	896,566
Social security costs	75,800	89,773
Other pension costs	8,432	7,669
Redundancy payments	1,728	-
	<u>917,181</u>	<u>994,008</u>

The average number of employees during the year was as follows

	1989 No	1988 No
Factory and shop	69	88
Administration	12	12
	<u>81</u>	<u>100</u>

The emoluments of the directors, excluding pension contributions, were as follows

	1989 £	1988 £
The chairman, who was also the highest paid director	<u>38,099</u>	<u>38,700</u>

Emoluments of the other directors fell within the following ranges

	1989 £	1988 £
£0 - £ 5,000	-	1
£ 5,001 - £10,000	1	1
£10,001 - £15,000	-	-
£15,001 - £20,000	1	1
£20,001 - £25,000	-	-
£25,001 - £30,000	2	2
	<u>2</u>	<u>2</u>

Emoluments also include pensions paid to a former director amounting to £3,000 (1988 - £1,500).

7. INTANGIBLE ASSETS	1989	1988
Goodwill arising on consolidation	£	£
1 September 1988	2,657	2,657
Written off to reserves	<u>(2,657)</u>	<u>(2,657)</u>
31 August 1989	<u>-</u>	<u>-</u>

Goodwill represents the excess of cost over the fair value of the net assets acquired on the acquisition of D W Mouldings Limited, the company's wholly owned subsidiary.

D W GENERAL WOOD MACHINISTS LIMITED AND ITS SUBSIDIARY COMPANY

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31 AUGUST 1989

8. TANGIBLE ASSETS

Movements during the year are summarised as follows

GROUP	Plant and Equipment £	Motor Vehicles £	Fixtures and Fittings £	Leasehold Property Over 50 Years £	Freehold Properties £	Total £
COST						
1 September 1988	723,249	56,764	49,293	315,424	487,089	1,631,819
Additions	22,538	8,118	860	2,300	-	33,816
Disposals	(6,500)	-	-	-	-	(6,500)
31 August 1989	739,287	64,882	50,153	317,724	487,089	1,659,135
DEPRECIATION						
1 September 1988	441,610	30,275	21,097	26,792	12,978	532,752
Charged	79,860	8,650	2,906	3,303	4,870	99,589
Released	(6,500)	-	-	-	-	(6,500)
31 August 1989	514,970	38,925	24,003	30,095	17,848	625,841
NET BOOK VALUE						
1 September 1988	281,639	26,489	28,196	288,632	474,111	1,099,067
31 August 1989	224,317	25,957	26,150	287,629	469,241	1,033,294
COMPANY						
COST						
1 September 1988	224,389	31,534	49,293	315,424	487,089	1,107,729
Additions	20,982	-	860	2,300	-	24,142
31 August 1989	245,371	31,534	50,153	317,724	487,089	1,131,871
DEPRECIATION						
1 September 1988	86,971	16,832	21,097	26,792	12,978	164,670
Charged	36,818	3,675	2,906	3,303	4,870	51,572
31 August 1989	123,789	20,507	24,003	30,095	17,848	216,242
NET BOOK VALUE						
1 September 1988	137,418	14,702	28,196	288,632	474,111	943,059
31 August 1989	121,582	11,027	26,150	287,629	469,241	915,629

D W GENERAL WOOD MACHINISTS LIMITED AND ITS SUBSIDIARY COMPANY

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31 AUGUST 1989

9. FIXED ASSET INVESTMENT

At 31 August 1989 D W General Wood Machinists Limited held 100% of the issued share capital of D W Mouldings Limited, a company incorporated in the United Kingdom, whose principal activities are those of wood moulders.

	1989 £	1988 £
Investment in subsidiary company (unquoted)		
At cost	<u>7,657</u>	<u>7,657</u>

The directors are of the opinion that the market value of the investment is not less than cost.

10. STOCK AND WORK IN PROGRESS

	Group		Company	
	1989 £	1988 £	1989 £	1988 £
Raw materials and consumable stores	60,371	34,290	33,219	29,615
Work in progress	31,202	36,752	30,698	36,752
Finished goods and goods for resale	55,529	48,831	30,640	25,516
	<u>147,102</u>	<u>119,873</u>	<u>94,557</u>	<u>91,883</u>

There were no significant differences between the replacement cost and the values disclosed for all categories of stock.

11. DEBTORS

	Group		Company	
	1989 £	1988 £	1989 £	1988 £
Trade debtors	340,650	461,273	218,195	205,999
Other debtors	452	452	452	452
Prepayments and accrued income	90,784	52,590	44,643	21,762
Corporation tax	3,595	-	-	-
	<u>435,481</u>	<u>514,315</u>	<u>263,290</u>	<u>228,213</u>

All amounts included above are considered receivable within one year of the balance sheet date.

D W GENERAL WOOD MACHINISTS LIMITED AND ITS SUBSIDIARY COMPANY

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31 AUGUST 1989

12. CREDITORS: amounts falling due within one year

	Group		Company	
	1989 £	1988 £	1989 £	1988 £
Amounts due to group company (12a)	-	-	185,346	171,821
Trade creditors	134,670	212,012	78,502	85,237
Current corporation tax	32,268	82,969	32,151	39,113
Other taxes and Social Security costs	51,843	57,878	25,700	10,028
Directors' loans (12b)	161,760	157,689	161,760	157,689
Mortgage (secured) (note 13)	1,351	1,225	1,351	1,225
Other loans (note 13)	1,706	2,160	1,706	2,160
Other creditors	12,300	12,772	12,300	12,772
Accruals	48,838	66,451	30,799	42,494
	<u>444,736</u>	<u>593,156</u>	<u>529,615</u>	<u>522,539</u>

a) Group company

Amounts due to group company include trade creditors of £118,372 (1988 - £82,357).

b) Directors' loans

At present there are no specific provisions for the repayment of the directors' loans, which represent a medium term, interest free, source of finance for the company.

13. CREDITORS: amounts falling due after more than one year

	Group and Holding Company	
	1989 £	1988 £
Mortgage (secured) (13a)	21,791	23,017
Loans (unsecured) (13b)	1,706	3,867
	<u>23,497</u>	<u>26,884</u>
Amounts due for repayment within one year as shown under note 12	3,057	3,385
	<u>20,440</u>	<u>23,499</u>
Corporation tax	-	20,862
	<u>20,440</u>	<u>44,361</u>

a) Mortgage

The mortgage is secured on the leasehold property at Sandy in Bedfordshire, and is repayable by half yearly instalments of £1,748, including interest charged at 10% per annum on the outstanding reducing balance.

D W GENERAL WOOD MACHINISTS LIMITED AND ITS SUBSIDIARY COMPANY

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31 AUGUST 1989

13. CREDITORS: amounts falling due after more than one year (continued)

b) Loans (unsecured)

The unsecured loan is repayable by quarterly instalments of £625, including interest at 11% charged on the outstanding reducing balance.

The mortgage and loans are repayable as follows

	1989 Group and Holding Company £	1988 Group and Holding Company £
Within 1 year	3,057	3,385
Between 1 and 5 years	6,937	8,000
After 5 years	13,503	15,499
	<u>23,497</u>	<u>26,884</u>

14. DEFERRED TAXATION

	Group		Company	
	1989 £	1988 £	1989 £	1988 £
1 September 1988	135,439	132,070	119,322	112,892
Transfer for the year	(5,580)	3,369	227	6,430
31 August 1989	<u>129,859</u>	<u>135,439</u>	<u>119,549</u>	<u>119,322</u>

The balance at 31 August 1989 represents the full potential liability and is entirely in respect of accelerated capital allowances.

15. CALLED UP SHARE CAPITAL

The authorised and issued share capital consists of 50,000 ordinary shares of £1 each fully paid.

D W GENERAL WOOD MACHINISTS LIMITED AND ITS SUBSIDIARY COMPANY

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31 AUGUST 1989

16. PROFIT AND LOSS ACCOUNT

	Company		Group	
	1989 £	1988 £	1989 £	1988 £
1 September 1988	565,698	509,847	1,101,227	967,972
Retained profit for the year	88,152	55,851	15,813	133,255
31 August 1989	<u>653,850</u>	<u>565,698</u>	<u>1,117,040</u>	<u>1,101,227</u>
Goodwill written off			2,657	2,657
			<u>1,114,383</u>	<u>1,098,570</u>
Holding company			653,850	565,698
Subsidiary company			163,190	535,529
			<u>1,117,040</u>	<u>1,101,227</u>
Goodwill written off to reserves			2,657	2,657
			<u>1,114,383</u>	<u>1,098,570</u>

17. CONTINGENT LIABILITIES

The company has entered into cross guarantees in respect of bank borrowings of its subsidiary, the maximum liability under which amounted to £nil (1988 - £nil) at the balance sheet date.

18. PENSION COMMITMENTS

The group operates a pension plan for certain of its senior employees, the costs of which are calculated annually and charged in the profit and loss account when they arise. Costs for 1989 amounted to £5,432. (1988 - £6,169).

19. CHARGED ASSETS

In addition to the second mortgage in respect of the company's leasehold property at Sandy, the company's bank, Midland Bank plc, hold a fixed charge on the group companies book debts in relation to any bank borrowings. Borrowings at 31 August 1989 amounted to £nil (1988 - £nil).