

D. W. GENERAL WOOD MACHINISTS LIMITED

AND ITS SUBSIDIARY COMPANY

Company Number 607717

ANNUAL REPORT AND  
CONSOLIDATED FINANCIAL STATEMENTS

- for the year ended -

31ST AUGUST 1996



Paul Da Costa & Co.,  
13/17 High Beech Road,  
Loughton, Essex.

IG10 4BN

D. W. GENERAL WOOD MACHINISTS LIMITED

DIRECTORS

E. E. Dossett, Esq.  
A. E. Woodley, Esq.  
B. Dossett, Esq.  
A. Howard, Esq.

SECRETARY

B. Dossett, Esq.

REGISTERED OFFICE

855/857 High Road,  
Tottenham,  
London.  
N17

AUDITORS

Paul Da Costa & Co.,  
13/17 High Beech Road,  
Loughton,  
Essex.  
IG10 4BN

BANKERS

Midland Bank PLC,  
Central Hall,  
Storeys Gate,  
Westminster,  
London.  
SW1P 3AS

C O N T E N T S

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D. W. GENERAL WOOD MACHINISTS LIMITED

REPORT OF THE DIRECTORS

FINANCIAL STATEMENTS

The Directors present their report and the audited financial statements of the Group for the year ended 31st August 1996.

ACTIVITIES

The principal activity of the Company is that of wood machinists, wood moulders and general timber merchants.

REVIEW OF BUSINESS

A summary of the Company's results during the trading period is set out in the financial statements.

Group turnover has decreased during the year by 11% to £2039356. The Directors consider the profit achieved on ordinary activities before taxation to be satisfactory, particularly in the light of current trading conditions.

PROPOSED DIVIDEND

The Directors do not recommend payment of a dividend.

EVENTS SINCE THE END OF YEAR

No events have occurred since the date of the Balance Sheet that are of such significance that they require disclosure.

FUTURE DEVELOPMENTS

The Company does not envisage any future developments outside the normal course of business.

RESEARCH AND DEVELOPMENT

The Company does not carry out a research and development programme.

FIXED ASSETS

All movements in Fixed Assets are disclosed in the Notes to the Financial Statements.

DIRECTORS AND THEIR INTERESTS

The Directors who held office at the accounting date and their interests in the shares of the Company as shown in the Register of Directors' Interests were as stated below.

	Class of Share	Number Held	
		<u>1996</u>	<u>1995</u>
E. E. Dossett, Esq.	Ordinary	5416	5416
E. E. Dossett, Esq. (Joint Trustee Grandchildrens Settlement)	Ordinary	3984	3984
A. E. Woodley, Esq.	Ordinary	90	90
B. Dossett, Esq. and Family	Ordinary	16859	16859
A. Howard, Esq. and Family	Ordinary	13559	13559

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D. W. GENERAL WOOD MACHINISTS LIMITED

REPORT OF THE DIRECTORS

(Continued)

DIRECTORS RESPONSIBILITIES

Company Law requires the Directors to prepare financial statements for each year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for the period. In preparing those financial statements, the Directors are required to:

- a) Select suitable accounting policies and then apply them consistently.
- b) Make judgements and estimates that are reasonable and prudent.
- c) Follow applicable accounting standards, subject to any material departures disclosed and explained in the financial statements.
- d) Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to 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.

AUDITORS

In accordance with Section 385 of the Companies Act 1985, a resolution proposing the re-appointment of Messrs. Paul Da Costa & Co., Accountants as Auditors to the Company will be put to the Annual General Meeting.

REGISTERED OFFICE:

855/857 High Road,  
Tottenham,  
London.  
N17

BY ORDER OF THE BOARD

  
.....  
Secretary - B. Dossett, Esq.

This Report was approved by the Board on ~~.6 December~~ 1996 .....

REPORT OF THE AUDITORS TO THE MEMBERS OF

D. W. GENERAL WOOD MACHINISTS LIMITED

We have audited the financial statements annexed hereto which have been prepared under the historical cost convention and the accounting policies as set out in Note 1, in accordance with Auditing Standards.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the Report of the Directors, the Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial 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 by the Directors 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 mis-statement, 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 as at 31st August 1996 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

13/17 High Beech Road,  
Loughton, Essex.

Date

13/12/96

Paul Da Costa & Co.,  
Accountants and  
Registered Auditors.

D. W. GENERAL WOOD MACHINISTS LIMITED  
AND ITS SUBSIDIARY COMPANY  
CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31ST AUGUST 1996

		<u>1996</u>		<u>1995</u>	
	<u>NOTES</u>	£	£	£	£
TURNOVER	2		2039356		2293300
COST OF SALES			1646233		1768385
			<hr/>		<hr/>
GROSS PROFIT			393123		524915
OVERHEADS					
Administrative Expenses		205678		220005	
Other Operating Charges		232848		210590	
		<hr/>	438526	<hr/>	430595
			<hr/>		<hr/>
OPERATING LOSS	3		( 45403)		94320
OTHER INCOME					
Interest Receivable		29162		18365	
Rent Received		22946		22620	
		<hr/>	52108	<hr/>	40985
			<hr/>		<hr/>
PROFIT on Ordinary Activities before taxation			6705		135305
TAXATION	4		1866		34722
			<hr/>		<hr/>
PROFIT FOR THE YEAR			£ 4839		£100583
			=====		=====

There are no recognised gains or losses other than those passing through the Profit and Loss Account.

D. W. GENERAL WOOD MACHINISTS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST AUGUST 1996

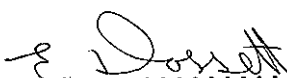
		<u>1996</u>	<u>1995</u>
	<u>NOTES</u>	£	£
TURNOVER	2	937061	1157202
COST OF SALES		718039	850139
		<hr/>	<hr/>
GROSS PROFIT		219022	307063
OVERHEADS			
Administrative Expenses		119374	106348
Other Operating Charges		151158	133313
		<hr/>	<hr/>
		270532	239661
		<hr/>	<hr/>
OPERATING LOSS	3	( 51510)	67402
OTHER INCOME			
Interest Receivable		19154	15702
Rent Received		22946	22620
Service Charge		15500	30500
		<hr/>	<hr/>
		57600	68822
		<hr/>	<hr/>
PROFIT on Ordinary Activities before taxation		6090	136224
TAXATION	4	1866	34722
		<hr/>	<hr/>
PROFIT FOR THE YEAR		£ 4224	£101502
		<hr/>	<hr/>

There are no recognised gains or losses other than those passing through the Profit and Loss Account.

D. W. GENERAL WOOD MACHINISTS LIMITED  
AND ITS SUBSIDIARY COMPANY  
CONSOLIDATED BALANCE SHEET  
AS AT 31ST AUGUST 1996

		<u>1996</u>	<u>1995</u>
	<u>NOTES</u>	£	£
FIXED ASSETS			
Tangible Assets	5a	756639	773776
CURRENT ASSETS			
Stocks	6	440903	301670
Debtors	7	448081	402934
Cash at Bank and In Hand		478393	580381
		<hr/>	<hr/>
		1367377	1284985
CREDITORS: Amounts due within one year	8	509762	450352
		<hr/>	<hr/>
NET CURRENT ASSETS		857615	834633
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		1614254	1608409
PROVISIONS FOR LIABILITIES AND CHARGES	9	105052	104046
		<hr/>	<hr/>
		£1509202	£1504363
		=====	=====
CAPITAL AND RESERVES			
Called up Share Capital	10	50000	50000
Profit and Loss Account	11a	1459202	1454363
		<hr/>	<hr/>
SHAREHOLDERS FUNDS	11c	£1509202	£1504363
		=====	=====

The Financial Statements were approved by the Board on 6 December 1996

  
.....  
Director - E. E. Dossett, Esq.

  
.....  
Director - B. Dossett, Esq.


D. W. GENERAL WOOD MACHINISTS LIMITED

BALANCE SHEET

AS AT 31ST AUGUST 1996

		<u>1996</u>	<u>1995</u>
	<u>NOTES</u>	£	£
FIXED ASSETS			
Tangible Assets	5b	727407	739484
Other Assets	5c	7657	7657
		<hr/>	<hr/>
		735064	747141
CURRENT ASSETS			
Stocks	6	102975	66688
Debtors	7	347663	347223
Cash at Bank and In Hand		332760	380597
		<hr/>	<hr/>
		783398	794508
CREDITORS: Amounts due within one year	8	304916	333333
		<hr/>	<hr/>
NET CURRENT ASSETS		478482	461175
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		1213546	1208316
PROVISIONS FOR LIABILITIES AND CHARGES	9	105052	104046
		<hr/>	<hr/>
		£1108494	£1104270
		=====	=====
CAPITAL AND RESERVES			
Called up Share Capital	10	50000	50000
Profit and Loss Account	11a	1058494	1054270
		<hr/>	<hr/>
SHAREHOLDERS FUNDS	11c	£1108494	£1104270
		=====	=====

The Financial Statements were approved by the Board on .6 December 1996...

  
.....  
Director - E. E. Dossett, Esq.

  
.....  
Director - B. Dossett, Esq.

D. W. GENERAL WOOD MACHINISTS LIMITED

AND ITS SUBSIDIARY COMPANY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST AUGUST 1996

1. ACCOUNTING POLICIES

a) Basis of Financial Statements

The financial statements are prepared under the historical cost convention and include the results of the Company's operations as indicated in the Director's Report, all of which are continuing.

The Company has taken advantage of the exemption in Financial Reporting Standard No. 1 from the requirement to produce a Cash Flow Statement on the grounds that it is a small company.

b) Turnover

Turnover represents the total invoice value, excluding Value Added Tax, of goods sold and services rendered during the year.

c) Stock

Stock is valued at the lower of cost and estimated net realisable value.

d) Deferred Taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the Directors consider that a liability to taxation is unlikely to crystallise.

e) Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:-

Freehold Properties	-	Over 100 Years
Plant and Equipment	-	Over 6 Years
Fixtures and Fittings	-	10% P. A. Reducing Balance
Motor Vehicles	-	25% P. A. Reducing Balance
Leasehold Property Over 50 Years	-	Over the Life of the Lease

f) Pensions

The pension costs charged in the Financial Statements represent the contributions payable by the Company during the year in accordance with SSAP24.

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D. W. GENERAL WOOD MACHINISTS LIMITED

AND ITS SUBSIDIARY COMPANY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST AUGUST 1996

(Continued)

2. TURNOVER

The turnover and profit before taxation is attributable to the one principal activity of the Company.

	<u>Group</u>		<u>Company</u>	
	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>
United Kingdom Sales	£2039356	£2293300	£ 937061	£1157202
	=====	=====	=====	=====

3. OPERATING LOSS

	<u>Group</u>		<u>Company</u>	
	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>
This is stated after charging:				
Depreciation of Tangible Fixed Assets	27068	27137	15527	16225
Audit	8500	9530	4250	4250
Staff Costs:				
Wages and Salaries	651440	668366	284470	299321
Social Security Costs	68206	72533	32960	34386
Other Pension Costs	9354	9207	6520	6978
	=====	=====	=====	=====

4. TAXATION

United Kingdom Corporation tax rate changed from 25% to 24% on 1st April 1996 and corporation tax has been provided at the appropriate rate.

	<u>Group</u>		<u>Company</u>	
	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>
U. K. Corporation Tax	860	32039	860	32039
Deferred Taxation	1006	2683	1006	2683
	=====	=====	=====	=====
	£ 1866	£ 34722	£ 1866	£ 34722
	=====	=====	=====	=====

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D. W. GENERAL WOOD MACHINISTS LIMITED  
AND ITS SUBSIDIARY COMPANY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST AUGUST 1996

(Continued)

5a. TANGIBLE FIXED ASSETS

TANGIBLE FIXED ASSETS						
	Plant and Motor <u>Equipment Vehicles</u>	Fixtures and <u>Fittings</u>	Leasehold Property Over 50 <u>Years</u>	Freehold <u>Properties</u>	<u>Total</u>	
<u>GROUP</u>						
<u>Cost</u>						
At 1st September 1995	783184	77377	52399	317724	487089	1717773
Additions	6431	4500	-	-	-	10931
Disposals	-	( 13320)	-	-	-	( 13320)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31st August 1996	789615	68557	52399	317724	487089	1715384
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<u>Depreciation</u>						
At 1st September 1995	755182	55361	36467	49913	47074	943997
Charge for the Year	10921	6378	1595	3303	4871	27068
Disposals	-	(12320)	-	-	-	( 12320)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31st August 1996	766103	49419	38062	53216	51945	958745
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<u>Net Book Value</u>						
At 31st August 1996	£ 23512	£ 19138	£ 14337	£264508	£435144	£756639
	=====	=====	=====	=====	=====	=====
At 31st August 1995	£ 28002	£ 22016	£ 15932	£267811	£440015	£773776
	=====	=====	=====	=====	=====	=====

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D. W. GENERAL WOOD MACHINISTS LIMITED  
AND ITS SUBSIDIARY COMPANY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST AUGUST 1996

(Continued)

5b. TANGIBLE FIXED ASSETS

<u>COMPANY</u>	<u>Plant and Equipment</u>	<u>Motor Vehicles</u>	<u>Fixtures and Fittings</u>	<u>Leasehold Property Over 50 Years</u>	<u>Freehold Properties</u>	<u>Total</u>
<u>Cost</u>						
At 1st September 1995	241544	43549	52399	317724	487089	1142305
Additions	3450	-	-	-	-	3450
At 31st August 1996	244994	43549	52399	317724	487089	1145755
<u>Depreciation</u>						
At 1st September 1995	238962	30405	36467	49913	47074	402821
Charge for the Year	2473	3285	1595	3303	4871	15527
At 31st August 1996	241435	33690	38062	53216	51945	418348
<u>Net Book Value</u>						
At 31st August 1996	£ 3559	£ 9859	£ 14337	£264508	£435144	£727407
	=====	=====	=====	=====	=====	=====
At 31st August 1995	£ 2582	£ 13144	£ 15932	£267811	£440015	£739484
	=====	=====	=====	=====	=====	=====

5c. FIXED ASSET INVESTMENTS

Investment in Group Undertaking

At 31st August 1996, D. W. General Wood Machinists Limited held 99.92% 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 and general timber merchants.

	<u>1996</u>	<u>1995</u>
Investment in Subsidiary Company (Unquoted)		
At Cost	£ 7657	£ 7657
	=====	=====

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

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D. W. GENERAL WOOD MACHINISTS LIMITED  
AND ITS SUBSIDIARY COMPANY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST AUGUST 1996

(Continued)

6. STOCK

	<u>Group</u>		<u>Company</u>	
	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>
Stock and Raw Materials	£440903	£301670	£102975	£ 66688
	=====	=====	=====	=====

7. DEBTORS

	<u>Group</u>		<u>Company</u>	
	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>
Trade Debtors	395053	348427	183710	189930
Amounts owed by Group Companies	-	-	138741	131622
Prepayments and Accrued Income	53028	54507	25212	25671
	=====	=====	=====	=====
	£448081	£402934	£347663	£347223
	=====	=====	=====	=====

8. CREDITORS: Amounts falling due within one year

	<u>Group</u>		<u>Company</u>	
	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>
Trade Creditors	306999	200177	136655	126373
Social Security and Other Taxes	48249	59564	27683	30425
Directors Loan Accounts	121169	126169	121169	126169
Corporation Tax	860	32039	860	32039
Other Creditors	1300	1300	1300	1300
Accruals and Deferred Income	31185	31103	17249	17027
	=====	=====	=====	=====
	£509762	£450352	£304916	£333333
	=====	=====	=====	=====

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D. W. GENERAL WOOD MACHINISTS LIMITED

AND ITS SUBSIDIARY COMPANY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST AUGUST 1996

(Continued)

9. PROVISIONS FOR LIABILITIES AND CHARGES

	<u>Group</u>		<u>Company</u>	
	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>
<u>Deferred Taxation</u>				
At 1st September 1995	104046	101363	104046	101363
Transfer for the Year	1006	2683	1006	2683
	<hr/>	<hr/>	<hr/>	<hr/>
	£105052	£104046	£105052	£104046
	=====	=====	=====	=====

The balance at 31st August 1996 represents the full potential liability and is entirely in respect of accelerated capital allowances.

10. CALLED UP SHARE CAPITAL

	<u>Group</u>		<u>Company</u>	
	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>
<u>Authorised</u>				
50000 Ordinary Shares of £1 each	£ 50000	£ 50000	£ 50000	£ 50000
	=====	=====	=====	=====
 <u>Issued and Fully Paid</u>				
50000 Ordinary Shares of £1 each	£ 50000	£ 50000	£ 50000	£ 50000
	=====	=====	=====	=====

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D. W. GENERAL WOOD MACHINISTS LIMITED

AND ITS SUBSIDIARY COMPANY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST AUGUST 1996

(Continued)

11a. PROFIT AND LOSS ACCOUNT

	<u>Group</u>		<u>Company</u>	
	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>
At 1st September 1995	1457020	1356437	1054270	952768
Profit for the Year	4839	100583	4224	101502
	<hr/>	<hr/>	<hr/>	<hr/>
	1461859	1457020	1058494	1054270
Goodwill Written off to Reserves	2657	2657	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	£1459202	£1454363	£1058494	£1054270
	=====	=====	=====	=====
Holding Company	1057454	1053230		
Subsidiary Company	404405	403790		
	<hr/>	<hr/>		
	1461859	1457020		
Goodwill Written Off to Reserves	2657	2657		
	<hr/>	<hr/>		
	£1459202	£1454363		
	=====	=====		

11b. PROFIT ATTRIBUTABLE TO MEMBERS OF THE HOLDING COMPANY

	<u>1996</u>	<u>1995</u>
Dealt within the Accounts of the Holding Company	4224	101502
Retained by Subsidiary Company	615	( 919)
	<hr/>	<hr/>
	£ 4839	£100583
	=====	=====

11c. RECONCILIATION OF MOVEMENTS ON SHAREHOLDERS FUNDS

	<u>Group</u>		<u>Company</u>	
	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>
Profit for the Financial Year	4839	99583	4224	101502
Opening Shareholders Funds	1504363	1404780	1104270	1002768
	<hr/>	<hr/>	<hr/>	<hr/>
Closing Shareholders Funds	£1509202	£1504363	£1108494	£1104270
	=====	=====	=====	=====

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D. W. GENERAL WOOD MACHINISTS LIMITED

AND ITS SUBSIDIARY COMPANY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST AUGUST 1996

(Continued)

12. PARTICULARS OF EMPLOYEES

	<u>Group</u>		<u>Company</u>	
	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>
The average number of persons employed during the year was:				
Office and Management	6	6	5	5
Production and Sales	55	56	20	22
	<u>61</u>	<u>62</u>	<u>25</u>	<u>27</u>
	=====	=====	=====	=====

13. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	<u>Group</u>		<u>Company</u>	
	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>
Bank Interest Received	£ 29162	£ 18365	£ 19154	£ 15702
	=====	=====	=====	=====

14. DIRECTORS REMUNERATION

Directors Remuneration for the year was as follows:

	<u>Group</u>		<u>Company</u>	
	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>
Directors Fees	£101841	£112430	£ 64178	£ 53250
	=====	=====	=====	=====

The Remuneration of the Directors fell within the following ranges:

	<u>1996</u>	<u>1995</u>
£ 10001 - £ 20000	1	-
£ 20001 - £ 30000	2	2
£ 30001 - £ 40000	-	1
	=====	=====

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D. W. GENERAL WOOD MACHINISTS LIMITED

AND ITS SUBSIDIARY COMPANY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST AUGUST 1996

(Continued)

15. 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 (1995 - nil) at the Balance Sheet date.

The Group has provided a guarantee to Midland Bank in respect of duty deferment to H. M. Customs and Excise, the maximum liability under which amounts to £20000 (1995 - £20000).

16. PENSION COMMITMENTS

The Group operates a defined contribution 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 1996 amounted to £9354 (1995 - £9207)

17. SECURITY

Midland Bank PLC, hold a fixed and floating charge over the assets of the Company to secure any borrowings.