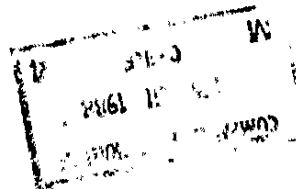


FREDERICK JONES and SON (OSWESTRY) LIMITED

DIRECTORS' REPORT AND ACCOUNTS

FOR THE YEAR ENDED 30th JUNE 1987

WHITTINGHAM, RIDDELL & CO.



FREDERICK JONES and SON (OSWESTRY) LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited accounts for the year ended 30th June 1987.

Principal activity

The principal activity of the company continues to be the manufacture of drainage covers and lintel systems.

Business review

The results of the company are shown on page 3 in the profit and loss account.

Proposed dividend

The directors propose a dividend of £44,000. (1986: £17,000)

Proposed transfer to reserves

The amount proposed to be carried to reserves this year is £58,054 (1986: £157,741).

Significant changes in fixed assets

Details of changes in fixed assets are shown in note 7 to the accounts.

Directors and directors' interests

The directors who have held office throughout the year and their shareholdings throughout the year were: -

	<u>25p ordinary shares</u>
F.R.Jones	110,000
Mrs.I.B.Jones	50,000
F.J.R.Jones	40,000
Mrs.I.E.A.Walsh	-
Mrs.C.M.Anderson	-

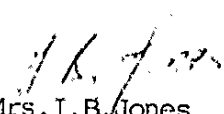
Close Company

The company is a close company within the provisions of S.282 I.C.T.A. 1970.

Auditors

Whittingham, Riddell & Co. have expressed their willingness to be reappointed as auditors of the company in accordance with Section 384 of the Companies Act 1985.

By order of the Board


Mrs. I. B. Jones

Secretary

REPORT OF THE AUDITORS TO THE MEMBERS OF
FREDERICK JONES and SON (OSWESTRY) LIMITED

We have audited the accounts on pages 3 to 9 in accordance with approved Auditing Standards.

In common with many businesses of similar size and organisation, the company's system of control is dependent upon the close involvement of the directors, who are major shareholders. Where independent confirmation of the completeness of the accounting records was therefore not available, we have accepted assurances from the directors that all the company's transactions have been reflected in the records.

As explained in note 1, stock and work in progress have been valued by the managing director, at the lower of cost and net realisable value.

Subject to the foregoing, in our opinion the accounts, which have been prepared on the basis of the accounting policies set out on page 6, give a true and fair view of the state of the company's affairs at 30th June 1987 and of its profit and source and application of funds for the year to that date and comply with the Companies Act 1985.

26th February 1988

WHITTINGHAM, RIDDELL & CO.
Chartered Accountants

FREDERICK JONES and SON (OSWESTRY) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30th JUNE 1987

	<u>Note</u>	<u>1987</u> <u>£</u>	<u>1986</u> <u>£</u>
Turnover	2	2,988,802	2,663,294
Cost of Sales		(1,268,444)	(1,226,950)
<u>Gross Profit</u>		1,720,358	1,436,344
Administrative Expenses		(1,636,480)	(1,233,717)
Interest Receivable		62,211	41,695
<u>Profit on Ordinary Activities before Taxation</u>	3	146,089	244,322
Tax on Profit on Ordinary Activities	6	(44,035)	(69,581)
<u>Profit on Ordinary Activities after Taxation</u>		102,054	174,741
Dividends		(44,000)	(17,000)
<u>Retained Profit for the financial year</u>		58,054	157,741
Retained Profit brought forward		589,744	432,003
<u>Retained Profit carried forward</u>		647,798	589,744

FREDERICK JONES and SON (OSWESTRY) LIMITED

BALANCE SHEET 30th JUNE 1987

	<u>Note</u>	<u>1987</u>	<u>1986</u>
		<u>£</u>	<u>£</u>
<u>Fixed Assets</u>			
Tangible Assets	7	743,022	676,164
Investments	8	100	100
		<u>743,122</u>	<u>676,264</u>
<u>Current Assets</u>			
Stocks	9	154,772	122,085
Debtors	10	448,846	521,283
Investments		619,641	300,000
Cash at Bank and in Hand		322,260	262,216
		<u>1,545,519</u>	<u>1,205,584</u>
<u>Creditors: Amounts falling due within one year</u>	11	(1,565,467)	(1,216,728)
<u>Net Current (Liabilities)/Assets</u>		<u>(19,948)</u>	<u>(11,144)</u>
<u>Net Assets</u>		<u>723,174</u>	<u>665,120</u>
<u>Capital and Reserves</u>			
Called up share capital	12	50,000	50,000
Share Premium account		25,376	25,376
Profit and Loss account		647,798	589,744
		<u>723,174</u>	<u>665,120</u>

These accounts were approved by the Board of Directors on 11th January 1988

.....F.R. JONES)

.....I.B. JONES)

) Directors

FREDERICK JONES and SON (OSWESTRY) LIMITED
STATEMENTS OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 30th JUNE 1987

	<u>1987</u>	<u>1986</u>
	<u>£</u>	<u>£</u>
<u>Source of Funds</u>		
Profit on ordinary activities before taxation	146,089	244,322
Adjustment for items not involving the movement of funds:		
Depreciation	116,371	89,759
Profit on disposal of Tangible Fixed Assets	(1,305)	(361)
<u>Funds generated from operations</u>	<u>261,155</u>	<u>333,720</u>
<u>Funds from other sources</u>		
Proceeds of disposal of Tangible Fixed Assets	8,265	19,709
	<u>269,420</u>	<u>353,429</u>
<u>Application of Funds</u>		
Purchase of Fixed Assets	190,189	329,562
Tax paid	40,283	(2,048)
Dividend paid	40,000	7,500
	<u>(270,472)</u>	<u>(335,014)</u>
	<u>(1,052)</u>	<u>18,415</u>
<u>(Decrease) in working capital</u>		
Stocks	32,687	15,559
Debtors	(72,140)	96,976
Creditors falling due within one year	(341,284)	(434,247)
	<u>(380,737)</u>	<u>(321,712)</u>
<u>Movement in net liquid funds:</u>		
Cash at Bank and in Hand	60,044	40,127
Investments	319,641	300,000
	<u>379,685</u>	<u>340,127</u>
	<u>(1,052)</u>	<u>18,415</u>

FREDERICK JONES and SON (OSWESTRY) LIMITED

NOTES TO THE ACCOUNTS

1. Principal accounting policies

The following accountancy policies have been applied consistently in dealing with items which are considered material in relation to the company's accounts:

[a] Basis of accounting

The accounts have been prepared under the historical cost convention. The comparative figures in these accounts relate to the year ended 30th June 1986.

[b] Depreciation

Depreciation is calculated so as to write off the cost of the relevant assets over their estimated useful lives as follows:-

Property Improvements	4%	straight line
Plant and Machinery	10%	" "
Motor Vehicles	20%	" "
Canteen and Office Equipment	25%	" "

[c] Stocks and work in progress

Stocks and work in progress are valued by the managing director at the lower of cost and net realisable value.

2. Turnover

Turnover represents the amounts derived from the provision of goods which fall within the company's ordinary activities and is stated net of Value Added Tax.

The turnover and pre-tax profit is attributable to the principal activity of the company.

FREDERICK JONES and SON (OSWESTRY) LIMITED

NOTES TO THE ACCOUNTS

3. Profit before taxation

Profit before taxation is stated after charging the following:

	<u>1987</u>	<u>1986</u>
	<u>£</u>	<u>£</u>
Depreciation of Tangible Fixed Assets	116,371	89,759
Directors' emoluments (see note 6)	686,112	400,441
Hire of plant and machinery	1,115	1,177
Auditors' remuneration and expenses	3,000	2,400

4. Emoluments of the directors and senior employees

Excluding pension contributions, the emoluments of the highest paid directors were £332,160 (1985:£156,313); the emoluments of the other directors were within the following ranges:

	<u>1987</u>	<u>1986</u>
£ 5,001 - £ 10,000	-	1
£ 25,001 - £ 30,000	1	-
£ 35,001 - £ 40,000	-	1
£ 55,001 - £ 60,000	1	1
£ 60,001 - £ 65,000	1	-
£115,001 - £120,000	-	1
£155,001 - £160,000	-	1
£205,001 - £210,000	1	-
£330,001 - £335,000	1	-

5. Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	<u>1987</u>	<u>1986</u>
Office management and design	23	23
Manufacture	81	69
Canteen	2	2
	<u>106</u>	<u>94</u>

The aggregate payroll costs of these persons were as follows:

	<u>1987</u>	<u>1986</u>
	<u>£</u>	<u>£</u>
Wages and salaries	1,396,803	1,045,096
Social Security costs	145,966	109,213
	<u>1,542,769</u>	<u>1,154,309</u>

FREDERICK JONES and SON (OSWESTRY) LIMITED

NOTES TO THE ACCOUNTS

6. Taxation

	<u>1987</u>	<u>1986</u>
	<u>£</u>	<u>£</u>
Taxation based on the profit for the year:		
Corporation Tax at 30.05% (1986:38.75%)	43,229	69,581
Under provision prior year	806	-
	<u>44,035</u>	<u>69,581</u>

7. Tangible Fixed Assets

	<u>Freehold</u>	<u>Property Impr't</u>	<u>Computer, Canteen and Office Equipment</u>	<u>Plant and Machinery</u>	<u>Motor Vehicles</u>	<u>Total</u>
<u>Cost</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
at 1st July'86	30,461	378,083	49,712	363,145	103,226	924,627
Additions	-	54,499	25,000	65,160	45,530	190,189
Disposals	-	-	(2,826)	(1,193)	(8,700)	(12,719)
At 30th June'87	30,461	432,582	71,886	427,112	140,056	1,102,092
<u>Depreciation</u>						
At 1st July'86	-	67,992	16,362	124,533	39,576	248,463
Charged in year	-	17,301	18,677	54,383	26,010	116,371
Disposals	-	-	(2,826)	(1,193)	(1,740)	(5,759)
At 30th June'87	-	85,293	32,213	177,723	63,846	359,075
<u>Net Book Value</u>						
at 30th June'86	30,461	310,091	33,350	238,612	63,650	676,164
at 30th June'87	30,461	347,289	39,673	249,389	76,210	743,022

The freehold land on which the property improvements have taken place is owned by the managing director and is not under formal lease to the company. There were no capital commitments at 30th June 1987 (1986:£nil).

FREDERICK JONES and SON (OSWESTRY) LIMITED

NOTES TO THE ACCOUNT

8.	<u>Investments</u>	<u>1987</u>	<u>1986</u>
		<u>£</u>	<u>£</u>
		100	100

The Company owns 100% of the issued share capital of Galvacover Limited, a company registered in England.

9.	<u>Stocks</u>	<u>1987</u>	<u>1986</u>
		<u>£</u>	<u>£</u>
	Stocks and work in progress	154,772	122,085

10.	<u>Debtors</u>	<u>1987</u>	<u>1986</u>
		<u>£</u>	<u>£</u>
	Trade Debtors	360,654	415,668
	Other Debtors	50,034	63,387
	Prepayments and accrued income	38,158	42,228
		<u>448,846</u>	<u>521,283</u>

Other debtors includes £16,265 of A.C.T. recoverable in more than one year.

11.	<u>Creditors: Amounts falling due within one year</u>	<u>1987</u>	<u>1986</u>
		<u>£</u>	<u>£</u>
	Trade Creditors	301,772	461,023
	Amounts owed to Group Companies	426	426
	Corporation Tax	78,259	74,506
	Other Taxation and Social Security	73,096	87,157
	Other Creditors	979,767	487,037
	Proposed Dividends	59,500	55,500
	Accruals and Deferred Income	72,647	51,079
		<u>1,565,467</u>	<u>1,216,723</u>

12.	<u>Share Capital</u>	<u>1987</u>		<u>1986</u>	
		<u>No</u>	<u>£</u>	<u>No</u>	<u>£</u>
	Authorised: ordinary shares of 25p each	200,000	50,000	200,000	50,000
		<u>200,000</u>	<u>50,000</u>	<u>200,000</u>	<u>50,000</u>
	Allotted, called up and fully paid: ordinary shares of 25p each	200,000	50,000	200,000	50,000
		<u>200,000</u>	<u>50,000</u>	<u>200,000</u>	<u>50,000</u>

FREDERICK JONES and SON (OSWESTRY) LIMITED

TRADING AND PROFIT AND LOSS ACCOUNT

YEAR ENDED 30th JUNE 1987

	<u>Not for Publication</u>			
	<u>1987</u>		<u>1986</u>	
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
<u>Sales</u>		2,988,802		2,663,294
<u>Cost of Sales</u>				
Opening Stock and Work in Progress	122,085		106,526	
Materials	587,739		626,118	
Productive Labour	695,240		599,450	
Commission	5,515		5,542	
Design Services	12,636		11,399	
Closing Stock and Work in Progress	(154,771)	(1,268,444)	(122,085)	(1,226,950)
<u>Gross Profit</u>		<u>1,720,358</u>		<u>1,436,344</u>
<u>Interest Receivable</u>				
Bank Deposit Account	13,271		12,343	
Loans to Employees	-		1,822	
Hire Purchase	126		90	
Money Market Deposits	47,356		26,981	
Other	1,458		459	
		<u>62,211</u>		<u>41,695</u>
		<u>1,782,569</u>		<u>1,478,039</u>
<u>Administrative Expenses</u>				
Office Salaries	161,417		154,413	
Directors' Salaries and Fees	686,112		400,441	
Factory Rent	30,000		9,863	
Rates	24,290		20,457	
Bad Debts written off	8,458		16,503	
Insurances	16,827		11,919	
Repairs and Renewals	169,084		136,670	
Equipment Leasing Charges	1,115		1,177	
Motor Expenses	123,021		105,199	
Printing, Stationery and Advertising	144,298		145,862	
Light, Heat and Power	64,183		70,119	
Telephone, Postage and Carriage	43,918		34,824	
Audit Fees	3,000		2,400	
Legal and Professional Fees	2,923		376	
Bank Charges and Interest	13		461	
Hire Purchase Interest	6,494		5,063	
Sundry Trade Expenses	36,261		28,567	
(Profit)/Loss on Sale of Fixed Assets	(1,305)		(361)	
Depreciation	116,371		89,759	
		<u>(1,636,480)</u>		<u>(1,233,717)</u>
<u>Profit on Ordinary Activities before Taxation</u>		<u>146,089</u>		<u>244,322</u>