

SPRINGPART MANUFACTURING LIMITED

ACCOUNTS

FOR THE YEAR ENDED

31ST AUGUST, 1986

I N D E X

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- (2) Profit and Loss Account
- (3) Balance Sheet
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For Directors Only

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SPRINGPART MANUFACTURING LIMITEDREPORT OF THE DIRECTORS

The Directors submit their report and accounts of Springpart Manufacturing Limited for the year ended 31st August, 1986.

RESULTS AND DIVIDENDS

The trading loss for the year, after taxation, amounted to £30,920.

The Directors do not recommend the payment of a dividend.

REVIEW OF THE BUSINESS

The company continues to manufacture metal springs.

The level of business for the year and the financial position at the end of the year were both satisfactory and the directors expect that the level of activity will increase in future years.

FIXED ASSETS

The changes in fixed assets during the year are summarised in note (7) to the accounts.

DIRECTORS AND THEIR INTERESTS

The Directors at 31st August, 1986 and their interests in the share capital of the company were as follows:-

	<u>At 31st August, 1986</u>		<u>At 31st August, 1985</u>	
	<u>Ordinary Shares</u>		<u>Ordinary Shares</u>	
	<u>Own</u>	<u>Family</u>	<u>Own</u>	<u>Family</u>
	<u>Interest</u>	<u>Interest</u>	<u>Interest</u>	<u>Interest</u>
H.A. Cann (Chairman)	2,550	-	2,550	-
A. Hutchinson	380	1,090	380	1,090
R.C. Watts	256	724	256	724
W.F. Balson (Managing)	-	-	-	-
	-----	-----	-----	-----
	3,186	1,814	3,186	1,814
	=====	=====	=====	=====

Mr. W.F. Balson retired by rotation and, being eligible, offers himself for re-election.

AUDITORS

A resolution to re-appoint Messrs. Carter, Chaloner & Kearns as auditors will be put to the members at the Annual General Meeting.

BY ORDER OF THE BOARD

D.L. Walmsley

SECRETARY

SPRINGPART MANUFACTURING LIMITEDPROFIT AND LOSS ACCOUNTFOR THE YEAR ENDED 31ST AUGUST, 1986

	<u>Notes</u>	<u>1986</u> <u>£</u>	<u>1985</u> <u>£</u>
<u>TURNOVER</u>	(2)	1,013,290	854,059
Cost of sales		(798,325)	(706,336)
<u>GROSS PROFIT</u>		214,965	147,723
Net operating expenses	(3)	(244,581)	(139,881)
<u>OPERATING PROFIT/(LOSS)</u>	(4)	(29,616)	7,842
Interest payable	(5)	(1,304)	(102)
<u>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</u>		(30,920)	7,740
Tax on profit on ordinary activities	(6)	-	-
<u>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</u>		(30,920)	7,740
Retained profit brought forward		130,780	123,040
<u>RETAINED PROFIT CARRIED FORWARD</u>		99,860	130,780
		=====	=====

The notes on pages (5) to (10) form part of these accounts

SPRINGPART MANUFACTURING LIMITEDBALANCE SHEET AT 31ST AUGUST, 1986

	<u>Notes</u>	<u>1986</u>	<u>1985</u>
		£	£
<u>FIXED ASSETS</u>			
Tangible assets	(7)	90,406	56,043
<u>CURRENT ASSETS</u>			
Stocks	(8)	65,867	47,377
Debtors	(9)	232,361	269,549
Cash at bank and in hand		50,161	533
		348,389	317,459
<u>CREDITORS: Amounts falling due within one year</u>	(10)	333,935	236,639
<u>NET CURRENT ASSETS</u>		14,454	80,820
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		104,860	136,863
<u>CREDITORS: Amounts falling due after more than one year</u>	(11)	-	1,083
<u>PROVISIONS FOR LIABILITIES AND CHARGES</u>			
Deferred taxation	(13)	-	1,083
		104,860	135,780
<u>CAPITAL AND RESERVES</u>			
Called up share capital	(14)	5,000	5,000
Profit and loss account		99,860	130,780
		104,860	135,780

H.A. Cann

W.F. Balson

Directors

The notes on pages (5) to (10) form part of these accounts

SPRINGPART MANUFACTURING LIMITED  
STATEMENT OF SOURCE AND APPLICATION OF FUNDS  
FOR THE YEAR ENDED 31ST AUGUST, 1986

	<u>1986</u>		<u>1985</u>
	£	£	£
<u>SOURCE OF FUNDS</u>			
Profit/(Loss) on ordinary activities before taxation		(30,920)	7,740
Adjustment for items not involving the movement of funds:-			
Depreciation		21,917	15,440
<u>TOTAL GENERATED FROM OPERATIONS</u>		(9,003)	23,180
<u>APPLICATION OF FUNDS</u>			
Purchase of tangible fixed assets		(56,280)	(38,430)
<u>INCREASE IN WORKING CAPITAL</u>		(65,283)	(15,250)
<u>COMPONENTS OF INCREASE IN WORKING CAPITAL</u>			
Stocks	18,490		24,345
Trade debtors	(61,988)		67,906
Other debtors	24,800		10,205
Trade creditors	(11,952)		(134,565)
Other creditors	(87,336)		(1,496)
		(117,986)	(33,605)
<u>MOVEMENT IN NET LIQUID FUNDS</u>			
Cash	16		278
Bank	52,687		18,077
		52,703	18,355
		(65,283)	(15,250)

The notes on pages (5) to (10) form part of these accounts

SPRINGPART MANUFACTURING LIMITEDNOTES TO THE ACCOUNTSFOR THE YEAR ENDED 31ST AUGUST, 1986(1) ACCOUNTING POLICIESAccounting Convention

The accounts are prepared under the historical cost convention.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life, as follows:-

Plant and machinery	-	over 4 years
Fixtures and fittings	-	over 10 years
Motor vehicles	-	over 4 years

Stocks

Stocks are stated at the lower of cost and net realisable value as follows:-

Cost incurred in bringing each product to its present location and condition:-

Raw materials	-	purchase cost on a first-in, first-out basis
Work-in-progress and finished goods	-	cost of direct materials and labour plus attributable overheads based on normal level of activity.

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

Deferred taxation

Deferred taxation is provided on the liability method on all short-term timing differences. Provision is also made for long-term timing differences, except for those which are not expected to reverse in the future.

Hire purchase commitments

Assets obtained under hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives.

The interest element of the rental obligations is charged to profit and loss account over the period of the lease.

Rentals paid under operating leases are charged to income as incurred.

Pension scheme arrangements

The pension scheme of the company is externally funded. Payments made to the funds are charged annually in these accounts and comprise of current service contributions and back service contributions which are estimates based on actuarial service.

SPRINGPART MANUFACTURING LIMITEDNOTES TO THE ACCOUNTSFOR THE YEAR ENDED 31ST AUGUST, 1986  
(Continued)(1) ACCOUNTING POLICIES (Continued)Foreign currency translation

All transactions denominated in foreign currencies are translated into pounds sterling at the exchange rate in force as at the date of the transaction.

All trade and bank balances held in foreign currencies at the year end are translated for the accounts as at the rate in force at the Balance Sheet date.

All exchange differences are transferred to the Profit and Loss Account at the year end and shown before taxation.

(2) TURNOVER

Turnover represents the invoiced amount of goods sold and services provided during the year, stated net of value added tax.

	<u>1986</u>	<u>1985</u>
	<u>£</u>	<u>£</u>
Turnover comprises:-		
Home sales	536,643	466,154
Export sales	476,647	387,905
	-----	-----
	1,013,290	854,059
	=====	=====

(3) NET OPERATING EXPENSES

Net operating expenses comprise:-

Distribution costs	124,404	71,802
Administrative costs	123,471	68,079
	-----	-----
Less: Other operating income	247,875	139,881
	(3,294)	-
Net operating expenses	244,581	139,881
	=====	=====

(4) OPERATING PROFIT

(a) This is stated after charging/(crediting)

Directors' remuneration (see below)	182,181	133,026
Staff costs (see below)	304,770	241,282
Depreciation	21,917	15,440
Equipment Hire	288	-
Auditors' remuneration	1,850	1,850
	=====	=====

SPRINGPART MANUFACTURING LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST, 1986  
(Continued)

(4) OPERATING PROFIT (Continued)

(b) Directors' remuneration:-

Other emoluments (including pension contributions)

<u>1986</u>	<u>1985</u>
£	£
182,181	133,026
=====	=====

Emoluments (excluding pension contributions) of the Chairman

18,000	13,500
=====	=====

Emoluments (excluding pension contributions) of the highest paid Director

25,403	24,660
=====	=====

The emoluments (excluding pension contributions) of the other Directors fell within the following ranges:-

£0 - £5,000  
£5,001 - £10,000

<u>No.</u>	<u>No.</u>
-	-
2	2
===	===

(c) Staff costs (including Directors)

Wages and salaries  
Social security costs  
Other pension costs

162,856	141,898
18,512	12,480
123,402	86,904
=====	=====
304,770	241,282
=====	=====

The average weekly number of employees during the year was made up as follows:-

Production  
Selling, distribution and administration

<u>No.</u>	<u>No.</u>
15	14
4	4
--	--
19	18
==	==

(5) INTEREST PAYABLE

Bank loans and overdraft

<u>£</u>	<u>£</u>
1,304	102
=====	=====

(6) TAX ON PROFIT ON ORDINARY ACTIVITIES

There is no charge to corporation tax on the profit for the year due to losses brought forward from prior years (1985 - Nil).



SPRINGPART MANUFACTURING LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST, 1986  
(Continued)

(7) TANGIBLE FIXED ASSETS

<u>Cost</u>	<u>Plant and Machinery</u> £	<u>Motor Vehicles</u> £	<u>Fixtures and Fittings</u> £	<u>Total</u> £
At 1st September, 1985	131,040	9,718	10,098	150,856
Additions	43,571	-	12,709	56,280
At 31st August, 1986	174,611	9,718	22,807	207,136
<u>Depreciation</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>
At 1st September, 1985	85,053	6,959	2,801	94,813
Provided during the year	19,107	1,380	1,430	21,917
At 31st August, 1986	104,160	8,339	4,231	116,730
<u>Net Book Value</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>
At 31st August, 1985	45,987	2,759	7,297	56,043
At 31st August, 1986	70,451	1,379	18,576	90,406
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

Included in the amounts for motor vehicles above, are the following amounts relating to assets acquired under hire purchase contracts.

<u>Cost</u>	£
At 1st September, 1985	5,518
At 31st August, 1986	5,518
<u>Accumulated depreciation</u>	<u>=====</u>
At 1st September, 1985	2,758
At 31st August, 1986	4,138
Depreciation provided during the year	1,380
	<u>=====</u>

(8) STOCKS

	<u>1986</u> £	<u>1985</u> £
Raw materials and consumables	19,337	23,121
Finished goods and goods for resale	46,530	24,256
	<u>=====</u>	<u>=====</u>
	65,867	47,377
	<u>=====</u>	<u>=====</u>

SPRINGPART MANUFACTURING LIMITEDNOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST, 1986  
(Continued)

(9) DEBTORS

	<u>1986</u>	<u>1985</u>
	<u>£</u>	<u>£</u>
Trade debtors	193,762	255,750
Other debtors	7,903	3,712
Amounts owed by connected companies	11,855	5,927
Prepayments and accrued income	18,841	4,160
	<u>232,361</u>	<u>269,549</u>
	=====	=====

(10) CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Bank overdraft (see below)	-	3,075
Trade creditors	225,011	213,059
Amount owed to connected companies	92,550	3,393
Other creditors including taxation and social security costs	8,273	5,782
Obligations under hire purchase contracts	1,259	2,143
Accruals	6,842	9,187
	<u>333,935</u>	<u>236,639</u>
	=====	=====

The bank overdraft is secured on the assets of the company by an unlimited debenture containing a floating charge on all the assets of the company.

(11) CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	<u>1986</u>	<u>1985</u>
	<u>£</u>	<u>£</u>
Obligations under hire purchase contracts	-	1,083
	=====	=====

(12) OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS

	<u>Hire purchase contracts</u>
	<u>£</u>
Year ending :-	
31st August, 1987	1,302
<u>Less:</u> Finance charges allocated to future periods	43
	<u>1,259</u>
	=====
Hire purchase contracts shown as:-	
Current obligations	1,259
Non-current obligations	-
	<u>1,259</u>
	=====

SPRINGPART MANUFACTURING LIMITEDNOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST, 1986  
(Continued)

(13) DEFERRED TAXATION

Deferred taxation provided in the accounts and the potential amounts, including the amounts for which provision has been made, are as follows:-

	<u>Provision</u>		<u>Potential</u>	
	<u>1986</u>	<u>1985</u>	<u>1986</u>	<u>1985</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Capital allowances in advance of depreciation	45,191	41,848	45,191	41,848
<u>Less: taxation losses</u>	<u>45,191</u>	<u>41,848</u>	<u>45,191</u>	<u>41,848</u>
	-	-	-	-
	=====	=====	=====	=====

(14) SHARE CAPITAL

	<u>Authorised</u>		<u>Allotted, called up and fully paid</u>	
	<u>1986</u>	<u>1985</u>	<u>1986</u>	<u>1985</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
5,000 Ordinary shares of £1 each	5,000	5,000	5,000	5,000
	=====	=====	=====	=====

(15) CAPITAL COMMITMENTS

Amounts contracted for but not provided in the accounts amounted to £18,540 (1985 - Nil). Amounts authorised by the directors but not contracted for were Nil (1985 - Nil).

(16) CONTINGENT LIABILITIES AND FINANCIAL COMMITMENTS

- (a) There is a general right of set-off by the company's bankers involving eight connected companies. The net liabilities of these companies at 31st August, 1986 was £4,226,300.
- (b) The company has given an unlimited guarantee in favour of the overdraft facilities of two connected companies. At the 31st August, 1986, these overdrafts amounted to £ 108,087.

(17) COMPANIES ACT 1985

These accounts have been drawn up in accordance with Sections 228 and 237 of, and Schedule 4 to, the Companies Act 1985.

REPORT OF THE AUDITORS TO THE MEMBERS OF

SPRINGPART MANUFACTURING LIMITED

We have audited the accounts on pages (1) to (10) in accordance with approved auditing standards.

In our opinion the accounts, which have been prepared under the historical cost convention, give a true and fair view of the state of affairs of the company at 31st August, 1986 and of the loss and source and application of funds for the year then ended and comply with the Companies Act 1985.

Carter, Chaloner & Kearns,  
Chartered Accountants,  
Manchester.