

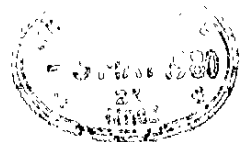
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Directors' Report and Accounts

BREDON HYDRAULICS LIMITED
(A WHOLLY OWNED SUBSIDIARY OF
BULLOUGH LIMITED)

31 October 1979

Price
Waterhouse & Co.



BREDON HYDRAULICS LIMITED
(A WHOLLY OWNED SUBSIDIARY OF
BULLOUGH LIMITED)

31 October 1979

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 OCTOBER 1979

The directors submit herewith their report and the audited accounts of the company for the year ended 31 October 1979.

1 ACCOUNTS

The loss for the period is set out in the attached profit and loss account. No dividend is recommended.

2 PRINCIPAL ACTIVITIES OF THE COMPANY

The company's principal activity is the manufacture and supply of hydraulic chain saws and power packs.

3 FIXED ASSETS

Details of fixed assets are set out in Note 5 of the accounts.

4 DIRECTORS OF THE COMPANY

The following have been directors of the company during the year:

GD White
GC Elkins
DB Battle
GA Lowden

5 DIRECTORS' INTEREST IN SHARES OF THE COMPANY

In accordance with the register kept by the company the directors have no interest in the shares of the company. DB Battle is also a director of Bullough Limited and his interest in the shares of that company is shown in that company's directors' report. GD White, GC Elkins and GA Lowden had no interests in the shares of Bullough Limited or any of its subsidiaries throughout the year.

6 EXPORTS

The value of goods exported by the company during the year was £50,187 (1978 Nil).

7 AUDITORS

The company's auditors, Price Waterhouse & Co, have expressed their willingness to continue in office and the resolution for their re-appointment, at a rate of remuneration to be agreed by the directors, will be proposed at the Annual General Meeting.

Signed on behalf of the Board

TB BROOKS
Secretary

Green Lane
Tewkesbury
Gloucestershire

2 January 1980



LIVERY HOUSE,
169 EDMUND STREET, (PO BOX 120)
BIRMINGHAM B3 2JB

AUDITORS' REPORT TO THE MEMBERS OF
BREDON HYDRAULICS LIMITED

In our opinion the accounts on pages 4 to 9, 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 October 1979 and of its loss and source and application of funds for the year then ended and comply with the Companies Acts 1948 and 1967.

PRICE WATERHOUSE & CO

A handwritten signature in cursive script that reads "Price Waterhouse & Co." followed by a flourish.

Chartered Accountants

2 January 1980

BREDON HYDRAULICS LIMITED
(A WHOLLY OWNED SUBSIDIARY OF
BULLOUGH LIMITED)

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PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 OCTOBER 1979

<u>1978</u>		
<u>£83,701</u>	TURNOVER (Note 2)	<u>£365,414</u>
(67,456)	TRADING LOSS FOR THE YEAR	(79,393)
	After charging:	
1,647	Depreciation (Note 5(2))	4,283
1,060	Auditor's remuneration	1,150
	Directors' emoluments (Note 3):	
-	Fees	-
<u>8,583</u>	Other emoluments	<u>8,467</u>
-	TAXATION (Note 4)	-
(67,456)	LOSS FOR THE YEAR AFTER TAXATION	(79,393)
<u>(55,024)</u>	LOSSES BROUGHT FORWARD	<u>(122,480)</u>
<u>(£122,480)</u>	LOSSES CARRIED FORWARD	<u>(£201,873)</u>

The annexed notes form part of these accounts

BREDON HYDRAULICS LIMITED
(A WHOLLY OWNED SUBSIDIARY OF
BULLOUGH LIMITED)

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BALANCE SHEET - 31 OCTOBER 1979

<u>1978</u>			
		FIXED ASSETS (Note 5)	
3,708		Plant and equipment	3,316
2,785		Motor vehicles	12,080
1,337		Office furniture and equipment	2,828
<u>906</u>		Leasehold improvements	<u>1,011</u>
	8,736		19,235
		CURRENT ASSETS	
		Stock and work in progress	
76,506		(Note 6)	194,614
79,563		Debtors	128,990
		Amounts due from fellow subsidiaries	9,226
3,036		Cash in hand	<u>398</u>
<u>-</u>			333,228
159,105			
		LESS:	
		CURRENT LIABILITIES	
		Creditors	140,534
55,738		Amounts due to fellow subsidiaries	650
3,024		Bank overdraft	<u>80,858</u>
<u>2,555</u>			222,042
61,317			
	<u>97,788</u>		<u>111,186</u>
	<u>£106,524</u>		<u>£130,421</u>
		REPRESENTING	
	1,000	SHARE CAPITAL (Note 7)	1,000
(122,480)		ACCUMULATED LOSSES	(201,873)
(121,480)			(200,873)
<u>228,004</u>		LOAN FROM HOLDING COMPANY	<u>331,294</u>
<u>£106,524</u>			<u>£130,421</u>

The annexed notes form part of these accounts

V.L.H. K.T. Agers

BREDON HYDRAULICS LIMITED
(A WHOLLY OWNED SUBSIDIARY OF BULLOUGH LIMITED)

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STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 31 OCTOBER 1979

SOURCE OF FUNDS		
(67,456)	Loss before taxation	(79,393)
	Adjustments for items not involving the movement of funds:	
<u>1,647</u>	Depreciation	<u>4,283</u>
(65,809)	TOTAL GENERATED FROM OPERATIONS	(75,110)
FUNDS FROM OTHER SOURCES		
100	Proceeds of sales of fixed assets	700
<u>154,733</u>	Loan from holding company	<u>103,290</u>
89,024		28,880
APPLICATION OF FUNDS		
<u>3,991</u>	Additions to fixed assets	<u>15,482</u>
£85,033	Increase in working capital	£13,398
INCREASE/(DECREASE) IN WORKING CAPITAL		
55,933	Stocks	118,108
65,620	Debtors	49,427
2,637	Amount due from fellow subsidiaries	6,190
(31,293)	Creditors	(84,796)
(3,024)	Amounts due to fellow subsidiaries	2,374
	Movement in net liquid funds:	
-	Increase in cash in hand	398
<u>(4,840)</u>	Increase in bank borrowings	<u>(78,303)</u>
£85,033		£13,398

NOTES ON THE ACCOUNTS - 31 OCTOBER 1979

1 ACCOUNTING POLICIES

(1) Depreciation

Depreciation of fixed assets is calculated at annual rates estimated to write-off each asset over the term of its estimated useful life.

The rates in use during the year calculated on a straight line basis are as follows:

Plant and equipment	10% or 15%
Vehicles	25%
Office furniture and equipment	10% or 15%

(2) Stocks and work in progress

These have been consistently valued at the lower of cost and estimated net realisable value. Cost includes attributable overheads in accordance with Statement of Standard Accounting Practice 9.

2 TURNOVER

Turnover represents the net amount receivable from customers for work done in the ordinary course of business.

3 DIRECTORS' EMOLUMENTS

Particulars of directors' emoluments in accordance with Section 6 of the Companies Act 1967 are as follows:

	<u>1979</u>	<u>1978</u>
Chairman	Nil	Nil
Highest paid director	<u>£7,643</u>	<u>£7,575</u>

Other directors:

	<u>Number of directors</u>	
	<u>1979</u>	<u>1978</u>
£0 - £2,500	2	2

4 TAXATION

- (1) Tax losses carried forward at 31 October 1979 are estimated to amount to £259,000.

NOTES ON THE ACCOUNTS - 31 OCTOBER 1979 (CONTINUED)

4 TAXATION (continued)

- (2) Available tax losses will be surrendered to other group companies and, therefore, had provision for deferred taxation been made, there would have been a charge in the profit and loss account of £62,000 (1978 £8,000).
- (3) Taking into account the surrender of available tax losses, the potential amount of deferred taxation, calculated at 52% on the liability method is:

	<u>1979</u>	<u>1978</u>
Stock appreciation relief	97,000	38,000
Accelerated capital allowances and other timing differences	<u>(27,000)</u>	<u>(30,000)</u>
	<u>£70,000</u>	<u>£8,000</u>

5 FIXED ASSETS

	<u>Leasehold improvements</u>	<u>Plant and equipment</u>	<u>Motor vehicles</u>	<u>Office equipment and furniture</u>	<u>Total</u>
(1) <u>Cost</u>					
Balance at 31 October 1978	914	4,147	5,099	1,852	12,012
Additions	<u>202</u>	<u>90</u>	<u>13,357</u>	<u>1,833</u>	<u>15,482</u>
	1,116	4,237	18,456	3,685	27,494
Less:					
Disposals	<u>-</u>	<u>-</u>	<u>(1,799)</u>	<u>-</u>	<u>(1,799)</u>
31 October 1979	<u>1,116</u>	<u>4,237</u>	<u>16,657</u>	<u>3,685</u>	<u>25,695</u>
<u>Depreciation</u>					
Balance at 31 October 1978	8	439	2,314	515	3,276
Charge for the year	<u>97</u>	<u>482</u>	<u>3,833</u>	<u>342</u>	<u>4,754</u>
	105	921	6,147	857	8,030
Less:					
Disposals	<u>-</u>	<u>-</u>	<u>(1,570)</u>	<u>-</u>	<u>(1,570)</u>
31 October 1979	<u>105</u>	<u>921</u>	<u>4,577</u>	<u>857</u>	<u>6,460</u>
<u>Net book amount</u>					
31 October 1979	<u>£1,011</u>	<u>£3,316</u>	<u>£12,080</u>	<u>£2,828</u>	<u>£19,235</u>
31 October 1978	<u>£906</u>	<u>£3,708</u>	<u>£2,785</u>	<u>£1,337</u>	<u>£8,736</u>

NOTES ON THE ACCOUNTS - 31 OCTOBER 1979 (CONTINUED)

5	FIXED ASSETS (continued)	<u>1979</u>	<u>1978</u>
(2)	<u>Depreciation</u>		
	Charge for the year	4,754	1,688
	Less:		
	Net surplus on disposals	<u>471</u>	<u>41</u>
		<u>£4,283</u>	<u>£1,647</u>
6	STOCK AND WORK IN PROGRESS	<u>1979</u>	<u>1978</u>
	These comprise:		
	Raw materials	117,748	58,630
	Work in progress	9,858	9,077
	Finished goods	<u>67,008</u>	<u>8,799</u>
		<u>£194,614</u>	<u>£76,506</u>
7	SHARE CAPITAL	<u>1979</u>	<u>1978</u>
	Authorised, issued and fully paid ordinary shares of £1 each	<u>£1,000</u>	<u>£1,000</u>
8	CAPITAL EXPENDITURE SANCTIONED AND COMMITTED		
	There were no outstanding sanctions for capital expenditure at 31 October 1979 (1978 £5,500 sanctioned and ordered).		
9	ULTIMATE HOLDING COMPANY		
	The company's ultimate holding company is Bullough Limited, a company incorporated in England.		