

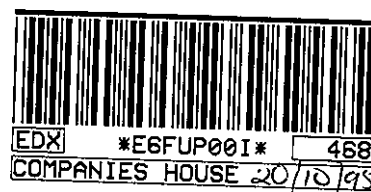
ARTHUR  
ANDERSEN

ARTHUR ANDERSEN & CO. SC

**TWIL Limited**  
and subsidiary undertakings

Accounts 31 December 1994  
together with directors' and auditors' reports

Registered number: 1261902



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## Directors' report

For the year ended 31 December 1994

The directors present their annual report on the affairs of the group, together with the accounts and auditors' report, for the year ended 31 December 1994.

### Business review and future developments

The company is a holding company; the principal activity of the TWIL Group is the manufacture of steel wire and wire products. During the year the group successfully maintained its position as a large competitive producer in the UK Wire Industry and in its particular product markets in Continental Europe.

In recognition of further investment possibilities in Continental Europe the Group rearranged its internal structure by transferring the shares held in its non-UK subsidiaries to a newly formed Dutch holding company.

In December 1994 the balance of shares in Tinsley Wire (Ireland) Limited, not already held, was acquired from the other shareholder in this company, which had been a joint venture for many years. Consequently Tinsley Wire (Ireland) Limited became wholly owned by the TWIL Group.

Also in December 1994 Mansign Engineering Limited was sold and its associated mining supplies operation was the subject of a management buyout. Neither of these businesses was relevant any longer to the group's central activity of wire and wire products.

During the year sales from the UK plants increased, particularly as a result of the continued strength of exports, and evidence was seen of an end to the recession in Continental Europe with higher volume from the Belgian plant.

Following detailed strategic reviews, a substantial capital investment programme was authorised for the Tinsley Wire (Sheffield) Limited factory which will lead to major improvements in efficiency and productivity within the next few years. A provision of £5 million was made in the 1994 accounts to cover the anticipated revenue costs associated with this project. As part of this programme a decision has been taken to close the factory at Kings Langley during 1995 and transfer its production to Sheffield.

In addition, as a result of a strategic review of the three companies making up the Handling division, a three year capital programme was authorised to improve the integration and focus of these operations.

B-Mat Limited received accreditation as an Investors in People company during the year, following the award to Tinsley Wire (Sheffield) Limited in 1993. This is an example of the continuing commitment throughout the Group to the principles of Total Quality Management, which now penetrates all areas of activity.

The Group remains committed to an active and responsible approach to the environment, which is carried out under the co-ordination of an environmental manager whose role is to minimise the impact of the Group's activities in this area.

The Group will continue to improve its performance by concentrating on leadership in selected products and also by seeking further possibilities for expansion in Europe.

## Directors' report (continued)

### Results and dividends

Group results and dividends are as follows:

	£'000
Profit for the financial year	413
Write back of goodwill on disposal of subsidiary	1,247
	<hr/> 1,660
Dividends paid	(2,000)
	<hr/> (340)
Other reserve movements	2,304
Retained profit at 1 January 1994	18,069
Retained profit at 31 December 1994	<hr/> 20,033

### Directors and their interests

The directors who served during the year or have been appointed since the year end are as follows:

D.W. Ford	(Chairman)
E.A.J.A. De Bruyne	
R. Decaluwé	(appointed 6 March 1995)
B.S.Moffat	
A.P. Pedder	(appointed 6 March 1995)
S.I. Pettifor	
J.C. Velge	
T. Verhaeghe de Naeyer	
K.C.J. Vinck	(resigned 31 December 1994)
D. Willingham	(resigned 31 October 1994)
D. Young	

All of the beneficial interests of the directors at 31 December 1994, with comparative figures at 31 December 1993, in the share capital of N V Bekaert SA, the company's ultimate parent, which had been recorded in the register kept by the company in accordance with Section 325 of the Companies Act 1985, were as follows:

	Ordinary shares of no par value	
	31 December 1994 Number	31 December 1993 Number
T. Verhaeghe de Naeyer	7,500	7,500

### Fixed assets

Information relating to changes in tangible fixed assets is given in note 11 to the accounts.

## Directors' report (continued)

### Charitable and political contributions

The group contributed £20,000 to charities during the year.

### Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

### Employee consultation

The Group places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through regular discussions and information is distributed annually and periodically. Discussions regularly take place specifically aimed at obtaining the co-operation of, and suggestions from, employees for improvements in efficiency and performance of the Group. The importance of training at all levels is recognised and appropriate facilities are provided.

### Directors' and officers' insurance

Directors' and officers' liability insurance continued in place during the year.

### Directors' responsibilities

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and of the Group and of the profit or loss of the Group for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

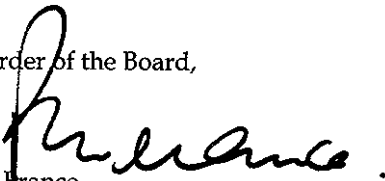
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Directors' report (continued)

### Auditors

The directors will place a resolution before the annual general meeting to reappoint Arthur Andersen as auditors for the ensuing year.

By order of the Board,

  
R.G. France

Secretary

2 June 1995

## Auditors' report

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Leeds

### To the Shareholders of TWIL Limited:

We have audited the accounts on pages 6 to 33 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and using the accounting policies set out on pages 11 to 13.

### Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts and of whether the accounting policies are appropriate to the circumstances of the company and of the group, 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 accounts are free from material misstatement, 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 accounts.

### Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group at 31 December 1994 and of the group's profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen  
Chartered Accountants and Registered Auditors

St. Paul's House  
Park Square  
Leeds LS1 2PJ

2 June 1995

# Consolidated profit and loss account

For the year ended 31 December 1994

	Notes	1994 £'000	1993 £'000
<b>Turnover</b>	2	297,217	275,843
Cost of sales		(241,266)	(222,174)
<b>Gross profit</b>		55,951	53,669
Other operating expenses	3	(46,177)	(45,631)
<b>Operating profit before exceptional item</b>		9,774	8,038
Exceptional item	4	(5,000)	-
<b>Operating profit</b>		4,774	8,038
Exceptional profit on disposal of property		1,982	-
Loss on disposal of subsidiary (including goodwill previously written off to reserves)		(1,180)	-
		5,576	8,038
Share of loss of associated undertaking		(127)	(8)
Interest payable and similar charges (net)	5	(3,319)	(3,866)
<b>Profit on ordinary activities before taxation</b>	6	2,130	4,164
Tax on profit on ordinary activities	8	(1,717)	(773)
<b>Profit for the financial year</b>		413	3,391
Write back of goodwill on disposal of subsidiary undertaking		1,247	-
		1,660	3,391
Dividends paid	9	(2,000)	(2,000)
		(340)	1,391
Other reserve movements	20	2,304	(1,657)
		1,964	(266)
<b>Retained profit, at 1 January</b>		18,069	18,335
<b>Retained profit, at 31 December</b>		20,033	18,069

The accompanying notes are an integral part of this consolidated profit and loss account.



## Statement of total recognised gains and losses

For the year ended 31 December 1994

	1994 £'000	1993 £'000
Profit for the financial year	413	3,391
Foreign currency translation		
- (loss) gain on loans financing foreign currency investments	(816)	314
- gain (loss) on overseas equity investment	2,778	(1,971)
Total recognised gains and losses for the year	<u>2,375</u>	<u>1,734</u>

## Note of historical cost profits and losses

For the year ended 31 December 1994

	1994 £'000	1993 £'000
Profit on ordinary activities before taxation	2,130	4,164
Difference between a historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	19	(52)
Historical cost profit on ordinary activities before taxation	<u>2,149</u>	<u>4,112</u>
Historical cost (loss) profit for the year retained after taxation and dividends	<u>(1,568)</u>	<u>1,339</u>

# Consolidated balance sheet

31 December 1994

	Notes	1994 £'000	1993 £'000
<b>Fixed assets</b>			
Intangible assets	10	4,954	5,494
Tangible assets	11	74,098	72,584
Investments	12	-	786
		<u>79,052</u>	<u>78,864</u>
<b>Current assets</b>			
Assets held for resale	13	-	422
Stocks	14	38,029	31,496
Debtors			
- Amounts falling due within one year	15	62,242	54,809
- Amounts falling due after more than one year	15	2,565	1,286
Cash at bank and in hand		10,688	5,079
		<u>113,524</u>	<u>93,092</u>
Creditors: Amounts falling due within one year	16	(67,533)	(65,600)
<b>Net current assets</b>		<u>45,991</u>	<u>27,492</u>
<b>Total assets less current liabilities</b>		<u>125,043</u>	<u>106,356</u>
Creditors: Amounts falling due after more than one year	17	(30,645)	(17,815)
<b>Provisions for liabilities and charges</b>	18	(12,343)	(8,450)
<b>Net assets</b>		<u>82,055</u>	<u>80,091</u>
<b>Capital and reserves</b>			
Called up share capital	19	11,901	11,901
Share premium account	20	47,325	47,325
Capital redemption reserve	20	2,796	2,796
Profit and loss account	20	20,033	18,069
<b>Total shareholders' funds</b>		<u>82,055</u>	<u>80,091</u>

Signed on behalf of the Board

D.W. Ford

Director

D. Young

Director

2 June 1995

The accompanying notes are an integral part of this consolidated balance sheet.

# Balance sheet

31 December 1994

	Notes	1994 £'000	1993 £'000
<b>Fixed assets</b>			
Tangible assets	11	98	118
Investments	12	108,033	82,382
		<u>108,131</u>	<u>82,500</u>
<b>Current assets</b>			
Debtors			
- Amounts falling due within one year	15	5,295	5,931
- Amounts falling due after more than one year	15	1,165	1,036
Cash at bank and in hand		544	-
		<u>7,004</u>	<u>6,967</u>
<b>Creditors: Amounts falling due within one year</b>	16	<u>(8,037)</u>	<u>(9,837)</u>
<b>Net current liabilities</b>		<u>(1,033)</u>	<u>(2,870)</u>
<b>Total assets less current liabilities</b>		107,098	79,630
<b>Creditors: Amounts falling due after more than one year</b>	17	<u>(30,658)</u>	<u>(9,049)</u>
<b>Net assets</b>		<u>76,440</u>	<u>70,581</u>
<b>Capital and reserves</b>			
Called up share capital	19	11,901	11,901
Share premium account	20	46,825	46,825
Capital redemption reserve	20	2,796	2,796
Other reserves	20	4,564	-
Profit and loss account	20	10,354	9,059
<b>Total shareholders' funds</b>		<u>76,440</u>	<u>70,581</u>

Signed on behalf of the Board

D.W. Ford

Director

D. Young

Director

2 June 1995

The accompanying notes are an integral part of this balance sheet.

# Consolidated cash flow statement

For the year ended 31 December 1994

	Notes	1994 £'000	1993 £'000
<b>Net cash inflow from operating activities</b>	22	19,756	19,431
<b>Returns on investments and servicing of finance</b>			
Interest received		530	43
Interest paid		(3,867)	(3,972)
Interest element of finance lease rentals		(50)	(71)
Dividends paid		(2,000)	(2,000)
<b>Net cash outflow relating to returns on investments and servicing of finance</b>		(5,387)	(6,000)
<b>Taxation</b>			
Corporation tax paid (including advance corporation tax)		(778)	(322)
Overseas tax recovered		302	579
<b>Tax (paid) recovered</b>		(476)	257
<b>Investing activities</b>			
Payments to acquire fixed assets		(10,295)	(9,817)
Payments to acquire subsidiary undertakings		(344)	(1,806)
Receipts from sales of tangible fixed assets		745	99
Receipts from disposal of property		2,500	-
Receipts from sale of subsidiary undertaking		260	-
Government grants received		-	80
<b>Net cash outflow from investing activities</b>		(7,134)	(11,444)
<b>Net cash inflow before financing</b>		6,759	2,244
<b>Financing</b>			
New long term loans		22,665	6,581
Repayment of loans		(23,116)	(7,875)
Capital element of finance lease rental payments		(365)	(358)
<b>Net cash outflow from financing</b>	25	(816)	(1,652)
<b>Increase in cash and cash equivalents</b>	23	5,943	592

The accompanying notes are an integral part of this consolidated cash flow statement.

# Notes to accounts

31 December 1994

## 1 Accounting policies

The principal accounting policies, all of which have been applied consistently throughout the year and with the preceding year, are as follows:

### *a) Basis of accounting*

The accounts are prepared under the historical cost convention (as modified for the revaluation of land and buildings) and in accordance with applicable accounting standards.

### *b) Basis of consolidation*

The group accounts consolidate the accounts of TWIL Limited and all its subsidiary undertakings made up to 31 December 1994. The acquisition method of accounting has been adopted.

No profit and loss account is presented for the company as permitted by Section 230 of the Companies Act 1985. The company's profit for the financial year, attributable to shareholders, was £1,698,000 (1993 - £1,895,000).

### *c) Turnover*

Group turnover comprises the value of sales (excluding VAT, discounts and intra-group transactions) of goods and services in the normal course of business.

### *d) Foreign currency.*

Transactions denominated in foreign currencies are recorded in sterling at actual exchange rates as of the date of the transaction or at the rate of exchange in a related forward exchange contract. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the balance sheet date or at the rate of exchange in a related forward exchange contract. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included in the profit and loss account.

For the purposes of consolidation and application of the equity method of accounting the closing rate method is used, under which translation gains or losses are shown as a movement on reserves. The profit and loss accounts of overseas subsidiary undertakings are translated at the average exchange rate for the year. Exchange differences on foreign currency loans, to the extent that they relate to investments in overseas operations, are also taken to reserves and separately reported.

### *e) Pension costs*

Pension costs, as calculated by the actuaries, are charged to the profit and loss account so as to produce a substantially level percentage of the current and future pensionable payroll. The difference between amounts charged and amounts paid are carried forward to be amortised over future periods. Further details are given in note 27 to the accounts.

## Notes to accounts (continued)

### 1 Accounting policies (continued)

#### f) *Taxation*

Corporation tax payable is provided on taxable profits at the current rate. Advanced corporation tax payable on dividends paid or provided for in the year is written off, except when recoverability against corporation tax payable is considered to be reasonably assured.

Deferred tax liabilities are provided to the extent that the directors believe they are likely to become payable in the foreseeable future. Deferred tax receivable balances are carried forward as assets to the extent that the directors expect them to be recoverable without replacement by equivalent debit balances.

#### g) *Goodwill and other intangible assets*

The former policy of writing off goodwill against reserves was changed during 1991 to correspond with that of the ultimate parent company so that goodwill is now amortised over a period of 10 years.

Development expenditure is carried forward when its recoverability can be foreseen with reasonable assurance and is amortised in relation to the life of the associated project. Purchased know-how is amortised in line with the associated goodwill.

#### h) *Tangible fixed assets*

Land and buildings are shown at original cost or subsequent valuation. Other fixed assets are shown at cost.

Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset on a straight-line basis over its estimated useful life as follows:

Buildings	5% per annum
Plant and machinery	8% per annum
Vehicles, fixtures and fittings	10%-33 1/3% per annum

Fixed assets of subsidiary undertakings acquired during the year from other group undertakings are brought in at cost and accumulated depreciation. Thereafter, depreciation is provided on original cost. Fixed assets in respect of subsidiary undertakings acquired during the year are brought in at cost to the group.

Government grants received since 1 January 1990 have been credited to a deferred revenue account and amortised to the profit and loss account over the estimated useful lives of the related fixed assets. Grants received in earlier periods were deducted from the cost of the related asset.

## Notes to accounts (continued)

### 1 Accounting policies (continued)

#### i) Leases

Assets held under finance leases are reported at the fair value of the assets, with an equivalent liability categorised as appropriate under creditors due within or after one year. The asset is depreciated over its useful economic life.

Finance charges are allocated over the period of the lease to produce a constant rate of return on the outstanding balance.

Operating lease rentals are charged to the profit and loss account during the period to which they relate.

#### j) Investments in subsidiary undertakings

Investments in subsidiary undertakings are stated at cost less amounts written off. Loans to subsidiary undertakings are stated at cost less provision and foreign currency differences arising from retranslation at rates prevailing at the balance sheet date.

#### k) Interests in associated undertakings

Associated undertakings are entities in which the group has a participating interest and over whose operating and financial policy it exercises a significant influence. These investments are dealt with by the equity method of accounting so that the consolidated profit and loss account includes the appropriate share of these companies' profits less losses (based on accounts up to 31 December 1994) and the group's share of post-acquisition retained profits and reserves is added to the cost of investment in the consolidated balance sheet. Goodwill included in the acquisition cost of associated companies up to 31 December 1990 was written off against reserves. From 1 January 1991, the policy of the ultimate parent company has been adopted so that such goodwill is amortised over a period of 10 years.

#### l) Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes materials and direct labour together with the variable and fixed overheads appropriate to the stage of production reached.

### 2 Segment information

The activity of the group is the manufacture of wire and wire products in Europe.

Contributions to turnover by geographical destination were:

	1994 £'000	1993 £'000
Europe	270,763	249,199
America and the Caribbean	13,849	13,597
Rest of the world	12,605	13,047
	<u>297,217</u>	<u>275,843</u>

## Notes to accounts (continued)

### 3 Other operating expenses

	1994 £'000	1993 £'000
Distribution costs	33,833	33,911
Administrative expenses	12,344	11,720
	<u>46,177</u>	<u>45,631</u>

The comparative amount disclosed above in respect of distribution costs has been increased by £19,406,000 and that in respect of administrative expenses has been reduced by £1,205,000 in order to accord more closely with current UK accounting practice. A compensating adjustment has been made to cost of sales.

### 4 Exceptional items

	1994 £'000	1993 £'000
Provision for rationalisation costs	<u>5,000</u>	<u>-</u>

### 5 Interest payable and similar charges (net)

	1994 £'000	1993 £'000
Debenture stock	-	12
Other loans and bank overdrafts	3,836	3,873
Finance leases	50	71
	<u>3,886</u>	<u>3,956</u>
Interest receivable	(567)	(90)
	<u>3,319</u>	<u>3,866</u>



## Notes to accounts (continued)

### 6 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	1994 £'000	1993 £'000
Redundancy and termination costs	813	618
Technical services fee payable to parent company	3,487	3,355
Depreciation and amounts written off tangible fixed assets		
- owned	10,331	9,322
- held under finance lease agreements	383	354
Amortisation of intangible fixed assets		
- goodwill	633	693
- other	120	112
Hire of plant and machinery		
- under operating leases	509	669
- other	530	219
Auditors' remuneration	144	191
Staff costs (note 7)	<u>65,876</u>	<u>64,911</u>

In 1994, other fees paid to the auditors were £125,000 (1993 - £107,000).

### 7 Staff costs

Particulars of employees (including executive directors) are as shown below:

Employee costs during the year amounted to:

	1994 £'000	1993 £'000
Wages and salaries	52,505	51,658
Social security costs	9,482	9,264
Other pension costs	3,889	3,989
	<u>65,876</u>	<u>64,911</u>

## Notes to accounts (continued)

### 7 Staff costs (continued)

The average weekly number of persons employed by the group during the year was:

	1994 Number	1993 Number
Production	2,221	2,273
Management, administration and sales	800	809
	<u>3,021</u>	<u>3,082</u>

Directors' remuneration:

Directors of the company received the following remuneration:

	1994 £'000	1993 £'000
Fees as directors	132	128
Other emoluments (including pension contributions)	334	279
	<u>466</u>	<u>407</u>

Within the directors' remuneration shown above (excluding pensions and pension contributions) were the following, which included elements in respect of performance related pay.

	1994 £'000	1993 £'000
Chairman	<u>121</u>	<u>93</u>
Highest paid director	<u>197</u>	<u>158</u>

## Notes to accounts (continued)

### 7 Staff costs (continued)

Directors received emoluments (excluding pensions and pension contributions) in the following ranges:

	1994 Number	1993 Number
£ 0 - £ 5,000	-	1
£ 5,001 - £ 10,000	5	6
£ 10,001 - £ 15,000	1	-
£ 35,001 - £ 40,000	1	-
£ 40,001 - £ 45,000	-	1
£ 90,001 - £ 95,000	-	1
£ 120,001 - £ 125,000	1	-
£ 155,001 - £ 160,000	-	1
£ 195,001 - £ 200,000	1	-
	<hr/>	<hr/>

Emoluments amounting to £18,000 (1993 - £20,000) have been waived by 2 directors (1993 - 2).

### 8 Tax on profit on ordinary activities

The tax charge is based on the profit for the year and comprises:

	1994 £'000	1993 £'000
Corporation tax at 33% (1993 - 33%)	1,172	309
Deferred taxation	(360)	261
Overseas taxation	665	(170)
Unrelieved ACT	(183)	509
Adjustments in respect of previous years	423	(136)
	<hr/>	<hr/>
	1,717	773

The tax charge is affected by amortisation of goodwill and other items which are not allowable for tax.

No tax charge or credit arises in respect of the exceptional loss or profit on disposals recorded after operating profit.

### 9 Dividends paid

	1994 £'000	1993 £'000
Ordinary interim paid of 16.81p (1993 - 16.81p) per share	2,000	2,000
	<hr/>	<hr/>

## Notes to accounts (continued)

### 10 Intangible fixed assets

The following are included in the net book value of intangible fixed assets:

	Group	
	1994 £'000	1993 £'000
Goodwill	4,281	5,007
Development and know-how costs	673	487
	<u>4,954</u>	<u>5,494</u>

The movement in the year was as follows:

	Group	
	Goodwill £'000	Development and know-how costs £'000
<b>Cost</b>		
At 1 January 1994	9,411	961
Additions	-	287
Disposals	(313)	-
Exchange differences	297	52
At 31 December 1994	<u>9,395</u>	<u>1,300</u>
<b>Amounts written off</b>		
At 1 January 1994	4,404	474
Written off	633	120
Exchange differences	77	33
At 31 December 1994	<u>5,114</u>	<u>627</u>
<b>Net book value</b>		
At 31 December 1994	<u>4,281</u>	<u>673</u>
<b>Net book value</b>		
At 1 January 1994	<u>5,007</u>	<u>487</u>

The cumulative amount of goodwill resulting from acquisitions arising since 23 December 1989 which has been written off is £5,114,000 (1993 - £4,404,000). As permitted by the Companies Act 1985 no disclosure has been given for acquisitions prior to that date because the information required to calculate the amount with material accuracy is unavailable.

## Notes to accounts (continued)

### 11 Tangible fixed assets

a) The movement in the year was as follows:

	Company	Group		
	Plant and machinery £'000	Land and buildings £'000	Plant and machinery £'000	Total £'000
<b>Cost or valuation</b>				
At 1 January 1994	389	27,342	130,680	158,022
Additions	63	212	9,965	10,177
Subsidiary acquired	-	-	4,716	4,716
Transfers	-	439	(439)	-
Disposals	(85)	(1,439)	(5,439)	(6,878)
Exchange differences	-	911	4,441	5,352
At 31 December 1994	367	27,465	143,924	171,389
<b>Depreciation</b>				
At 1 January 1994	271	13,341	72,097	85,438
Charge	51	1,077	9,637	10,714
Subsidiary acquired	-	-	4,129	4,129
Disposals	(53)	(992)	(4,676)	(5,668)
Exchange differences	-	518	2,160	2,678
At 31 December 1994	269	13,944	83,347	97,291
<b>Net book value</b>				
At 31 December 1994	98	13,521	60,577	74,098
<b>Net book value</b>				
At 1 January 1994	118	14,001	58,583	72,584

The net book value of plant and machinery shown above includes an amount of £606,000 (1993 - £800,000) in respect of assets held under finance lease agreements.

Included in the above are assets in the course of construction at cost of £4,871,000 (1993 - £2,886,000) which are not depreciated.

## Notes to accounts (continued)

### 11 Tangible fixed assets (continued)

b) The total net book value of land and buildings comprises:

	At valuation		At cost	Total £'000
	Land £'000	Buildings £'000	Land and buildings £'000	
<b>Freehold</b>				
At 31 December 1994				
At cost or valuation at 31 July 1975	1,294	3,441	22,339	27,074
Depreciation	-	2,703	10,944	13,647
Net book value	1,294	738	11,395	13,427
At 31 December 1993				
At cost or valuation at 31 July 1975	1,294	3,441	22,145	26,880
Depreciation	-	2,546	10,472	13,018
Net book value	1,294	895	11,673	13,862

Land and buildings at cost includes land of £1,161,000 (1993 - £1,216,000) which is not depreciated.

	At valuation		At cost	Total £'000
	Land £'000	Buildings £'000	Buildings £'000	
<b>Long leasehold</b>				
At 31 December 1994				
At cost or valuation at 31 July 1975	-	100	291	391
Depreciation	-	79	218	297
Net book value	-	21	73	94
At 31 December 1993				
At cost or valuation at 31 July 1975	7	165	290	462
Depreciation	-	123	200	323
Net book value	7	42	90	139

## Notes to accounts (continued)

### 11 Tangible fixed assets (continued)

The amount of freehold and leasehold land and buildings (included at valuation) determined according to historical cost accounting rules is as follows:

	1994 £'000	1993 £'000
Original cost	4,435	4,446
Depreciation based on original cost	3,539	3,487
	<u>896</u>	<u>959</u>

The surplus arising on the revaluation at 31 July 1975 was principally applied in a capitalisation issue in 1979.

### 12 Fixed asset investments

#### a) Group

The movement in the year was as follows:

	Interest in associated undertakings £'000
At 1 January 1994	
Cost	345
Share of retained profits	420
Exchange differences	21
	<u>786</u>
Movements during year:	
Share of loss of associate	(127)
Exchange differences	30
Transfer to subsidiary undertaking	(689)
At 31 December 1994	<u>-</u>

On 20 December 1994 the group acquired the 50.2% of the share capital of Tinsley Wire (Ireland) Limited not previously owned and that company has been treated as a subsidiary from that date under the acquisition method of accounting. The cash consideration was £400,000, of which £350,000 was paid before the end of the year. The fair value of the additional net assets acquired was £742,000. The resulting excess of £342,000 has been credited directly to reserves.

## Notes to accounts (continued)

### 12 Fixed asset investments (continued)

The group has an interest in the equity shares of the following associated undertaking:

	Country of incorporation or registration	Proportion of shares held
Shares held by other group undertakings:		
European Bridge Wire Limited	England	50.0%

#### b) Company

The movement in the year was as follows:

	Group subsidiary undertakings £'000	Loans to subsidiary undertakings £'000	Interest in associated undertaking £'000	Total £'000
At 1 January 1994	30,231	51,806	345	82,382
Subscription to new shares in subsidiary undertakings	18,467	-	-	18,467
Additions	-	-	400	400
Disposals	(6)	-	-	(6)
Transfers to other group undertakings	(37,832)	-	(745)	(38,577)
Increase in loans	-	47,433	-	47,433
Provisions for losses	-	(2,452)	-	(2,452)
Exchange differences	-	386	-	386
At 31 December 1994	<u>10,860</u>	<u>97,173</u>	<u>-</u>	<u>108,033</u>



## Notes to accounts (continued)

### 12 Fixed asset investments (continued)

- c) At 31 December 1994, the principal trading subsidiary undertakings, which are involved in the manufacture or sale and distribution of wire and wire products together with their countries of incorporation, registration and operation, are set out below. Details concerning investments which are not significant have been omitted in order to avoid a statement of excessive length.

#### 100% subsidiary undertakings of TWIL Limited:

Chain Link Fencing Limited	England
Rylands-Whitecross Limited	England
Tinsley Wire (Sheffield) Limited	England
TWIL Engineering Limited	England
Sentinel (Wire Products) Limited	England

#### 100% subsidiary undertakings of Sentinel (Wire Products) Limited:

Bubbs Beheer B.V.	Netherlands
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#### 100% subsidiary undertakings of Bubbs Beheer B.V.:

Bekaert - Tinsley	Belgium
TWIL Deutschland GmbH	Germany
Tinsley Wire (Ireland) Limited	Eire

#### 100% subsidiary undertakings of TWIL Engineering Limited:

B-Mat Limited	Scotland
Fairmile Fencing Limited	England
Tomado Limited	England
TWIL Handling & Display Limited	England

#### 100% subsidiary undertakings of TWIL Deutschland GmbH:

Werler Drahtwerke Verwaltungs-GmbH	Germany
Werler Drahtwerke GmbH & Co K.G.	Germany

### 13 Assets held for resale

	Group	
	1994	1993
	£'000	£'000
Land and buildings	-	422

The land and buildings above were held for resale by a subsidiary undertaking following the closure of its factory.

## Notes to accounts (continued)

### 14 Stocks

	Group	
	1994	1993
	£'000	£'000
Raw materials and consumables	16,605	12,017
Work-in-progress and finished goods	21,424	19,479
	<u>38,029</u>	<u>31,496</u>

### 15 Debtors

	Group		Company	
	1994	1993	1994	1993
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade debtors	46,331	43,670	880	600
Amounts owed by subsidiary undertakings	-	-	2,876	3,886
Amounts owed by other group undertakings	12,122	6,402	24	114
Tax recoverable	-	1,104	-	27
Other debtors	3,692	3,586	1,515	1,304
Prepayments and accrued income	97	47	-	-
	<u>62,242</u>	<u>54,809</u>	<u>5,295</u>	<u>5,931</u>

#### Amounts falling due after more than one year:

Other debtors	865	373	865	373
Deferred taxation (note 18)	1,700	550	300	300
ACT recoverable	-	363	-	363
	<u>2,565</u>	<u>1,286</u>	<u>1,165</u>	<u>1,036</u>

## Notes to accounts (continued)

### 16 Creditors: Amounts falling due within one year

	Group		Company	
	1994	1993	1994	1993
	£'000	£'000	£'000	£'000
Obligations under finance leases	322	358	-	-
Bank overdrafts	48	426	77	586
Bank loans	-	4,510	-	4,389
Payments received on account	191	363	-	-
Trade creditors	45,858	37,490	954	1,286
Amounts owed to subsidiary undertakings	-	-	2,292	-
Amounts owed to other group undertakings	7,494	10,171	637	51
Other creditors:				
- UK corporation tax payable	1,056	859	539	639
- overseas taxation payable	26	163	-	163
- social security and PAYE	3,604	4,061	43	25
- others	8,934	7,199	3,495	2,698
	<u>67,533</u>	<u>65,600</u>	<u>8,037</u>	<u>9,837</u>

### 17 Creditors: Amounts falling due after more than one year

	Group		Company	
	1994	1993	1994	1993
	£'000	£'000	£'000	£'000
Unsecured term loans	10,422	7,206	10,163	6,876
Obligations under finance leases	308	469	-	-
Loans from subsidiary undertakings	-	-	2,404	1,799
Loans from other group undertakings	19,431	9,253	18,091	-
Accruals and deferred income	484	887	-	374
	<u>30,645</u>	<u>17,815</u>	<u>30,658</u>	<u>9,049</u>

Included in loans from other group undertakings is an unsecured loan for £18,091,000 of which £12,060,000 falls due for repayment on 31 January 2002 and is subject to a fixed interest rate of 8.615%. The balance of the loan is due for repayment on the same date, or earlier at the company's option, with variable interest linked to market rates.

## Notes to accounts (continued)

### 18 Provisions for liabilities and charges

	Group	
	1994 £'000	1993 £'000
Provisions for liabilities and charges comprise:		
Repairs and maintenance	201	141
Claims	1,151	1,473
Pensions	2,868	2,906
Rationalisation of production facilities	6,956	3,607
	<u>11,176</u>	<u>8,127</u>
Deferred tax liability	1,167	323
	<u>12,343</u>	<u>8,450</u>

The movement on provisions (excluding deferred tax) comprises:

	Repairs and maintenance £'000	Claims £'000	Pensions £'000	Rationalisation of production facilities £'000	Total £'000
At 1 January 1994	141	1,473	2,906	3,607	8,127
Charge (credit) to profit and loss account	48	(407)	327	4,500	4,468
Expenditure in year	-	-	(566)	(1,151)	(1,717)
Exchange differences	12	85	201	-	298
At 31 December 1994	<u>201</u>	<u>1,151</u>	<u>2,868</u>	<u>6,956</u>	<u>11,176</u>

## Notes to accounts (continued)

### 18 Provisions for liabilities and charges (continued)

Net deferred tax has been provided in respect of the following:

	Group		Company	
	1994	1993	1994	1993
	£'000	£'000	£'000	£'000
Excess of tax allowances over book depreciation of fixed assets	1,967	887	-	-
Provision for rationalisation of production facilities	(2,200)	(1,050)	-	-
Other timing differences	(300)	(64)	(300)	(300)
	<u>(533)</u>	<u>(227)</u>	<u>(300)</u>	<u>(300)</u>
Deferred tax liability				
- Overseas	1,147	323	-	-
- UK	20	-	-	-
Deferred tax asset (note 15)	<u>(1,700)</u>	<u>(550)</u>	<u>(300)</u>	<u>(300)</u>
	<u>(533)</u>	<u>(227)</u>	<u>(300)</u>	<u>(300)</u>

The movement on deferred taxation comprises:

	Group	Company
	£'000	£'000
At 1 January 1994	(227)	(300)
(Credited) charged to profit and loss in respect of:		
Provision for rationalisation of production facilities	(1,150)	-
Capital allowances	1,026	-
Other timing differences	(236)	-
Exchange differences	54	-
At 31 December 1994	<u>(533)</u>	<u>(300)</u>

## Notes to accounts (continued)

### 18 Provisions for liabilities and charges(continued)

The full potential liability of the group to deferred taxation is as follows:

	1994 £'000	1993 £'000
Capital allowances	9,950	9,950
Surplus on revaluation of land and buildings and rolled-over gains	2,200	2,900
Rationalisation provisions	(2,200)	(1,050)
Tax effect of losses carried forward	(5,300)	(5,000)
Other timing differences	(550)	(700)
	<u>4,100</u>	<u>6,100</u>
ACT recoverable	(300)	(872)
	<u>3,800</u>	<u>5,228</u>

### 19 Called up share capital

	1994 £'000	1993 £'000
<i>Authorised</i>		
11,900,600 ordinary shares of £1 each	11,901	11,901
599,400 'C' ordinary shares of £1 each	599	599
	<u>12,500</u>	<u>12,500</u>
<i>Allotted, called up and fully paid:</i>		
11,900,600 ordinary shares of £1 each	<u>11,901</u>	<u>11,901</u>

### 20 Reserves

Of total reserves shown in the balance sheet, the following amounts are regarded as distributable or otherwise:

	Group		Company	
	1994 £'000	1993 £'000	1994 £'000	1993 £'000
Distributable profit and loss account	15,635	15,633	10,354	9,059
Non-distributable foreign exchange differences	4,398	2,436	-	-
	<u>20,033</u>	<u>18,069</u>	<u>10,354</u>	<u>9,059</u>
Non-distributable				
- share premium account	47,325	47,325	46,825	46,825
- capital redemption reserve	2,796	2,796	2,796	2,796
- other reserves	-	-	4,564	-
Total reserves	<u>70,154</u>	<u>68,190</u>	<u>64,539</u>	<u>58,680</u>

## Notes to accounts (continued)

### 20 Reserves (continued)

The movements on the group and company profit and loss account and the other reserves of the company during the year were as follows:

	Group	Company		
	Profit and loss account £'000	Profit and loss account £'000	Other reserves £'000	Total £'000
Profit for the financial year	413	1,698	-	1,698
Write back of goodwill on disposal of subsidiary	1,247	1,247	-	1,247
Dividends paid	(2,000)	(2,000)	-	(2,000)
Gain on overseas equity investment	2,778	-	-	-
Loss on loans financing foreign currency investments	(816)	-	-	-
Excess of fair value of assets over consideration on acquisition of subsidiary	342	-	-	-
Realised on distribution by dormant sub subsidiary undertakings	-	350	-	350
Arising on transfer of subsidiaries to intermediate holding company	-	-	4,564	4,564
	1,964	1,295	4,564	5,859
At 1 January 1994	18,069	9,059	-	9,059
At 31 December 1994	20,033	10,354	4,564	14,918

### 21 Movement in shareholders' funds

	Group		Company	
	1994 £'000	1993 £'000	1994 £'000	1993 £'000
Movement on profit and loss account and other reserves during the year (note 20)	1,964	(266)	5,859	(105)
Net addition to (reduction in) shareholders' funds	1,964	(266)	5,859	(105)
Opening shareholders' funds	80,091	80,357	70,581	70,686
Closing shareholders' funds	82,055	80,091	76,440	70,581

## Notes to accounts (continued)

### 22 Reconciliation of operating profit to net cash inflow from operating activities

	1994 £'000	1993 £'000
Operating profit	4,774	8,038
Depreciation and amortisation charges	11,467	10,481
Loss on sale of tangible fixed assets	121	79
Increase in stocks	(4,479)	(1,490)
Increase in debtors	(2,043)	(7,232)
Increase in creditors	7,165	9,409
Increase in provisions	2,751	146
Net cash inflow from operating activities	<u>19,756</u>	<u>19,431</u>

### 23 Analysis of changes in cash and cash equivalents during the year

	1994 £'000	1993 £'000
At 1 January	4,653	4,106
Net cash inflow before adjustments for the effect of foreign exchange rate changes	5,943	592
Effect of foreign exchange rate changes	44	(45)
At 31 December	<u>10,640</u>	<u>4,653</u>

### 24 Analysis of cash and cash equivalents as shown in the balance sheets

	1994			1993		
	Cash at bank and in hand £'000	Bank overdraft £'000	Total £'000	Cash at bank and in hand £'000	Bank overdraft £'000	Total £'000
At 1 January	5,079	(426)	4,653	5,081	(975)	4,106
At 31 December	10,688	(48)	10,640	5,079	(426)	4,653
Change in year	<u>5,609</u>	<u>378</u>	<u>5,987</u>	<u>(2)</u>	<u>549</u>	<u>547</u>



## Notes to accounts (continued)

### 25 Analysis of changes in financing during the year

	1994		1993		
	Share capital (including premium) £'000	Loans and finance leases £'000	Share capital (including premium) £'000	Debenture loan stock £'000	Loans and finance leases £'000
At 1 January	59,226	29,255	59,226	275	31,764
Cash outflows from financing	-	(816)	-	(275)	(1,377)
Inception of finance lease contracts	-	168	-	-	303
Revaluation of foreign currency loans	-	1,699	-	-	(1,435)
At 31 December	<u>59,226</u>	<u>30,306</u>	<u>59,226</u>	<u>-</u>	<u>29,255</u>

### 26 Guarantees and other financial commitments

#### a) Capital commitments

At the end of the year, capital commitments were:

	Group	
	1994 £'000	1993 £'000
Contracted but not provided for	4,390	966
Authorised but not contracted for	14,716	3,616
	<u>19,106</u>	<u>4,582</u>

At 31 December 1994 TWIL Limited had no capital commitments (1993 - £Nil).

#### b) Contingent liabilities

Under a group registration, the company is jointly and severally liable for Value Added Tax due by other group undertakings. At 31 December 1994, this contingent liability amounted to £304,000 (1993 - £516,000).

#### c) Lease commitments

The group has entered into non-cancellable operating leases in respect of motor vehicles, the payments for which extend over a period of up to 3 years. The total annual rental (including interest) for 1994 was £509,000 (1993 - £669,000), of which £36,000 (1993 - £57,000) related to the company.

## Notes to accounts (continued)

### 26 Guarantees and other financial commitments (continued)

#### c) Lease commitments (continued)

The minimum annual rentals under the foregoing leases are as follows:

	Group		Company	
	1994 £'000	1993 £'000	1994 £'000	1993 £'000
Operating leases which expire				
- within 1 year	217	339	7	13
- within 2-5 years	240	415	16	21
	<u>457</u>	<u>754</u>	<u>23</u>	<u>34</u>

### 27 Pension Arrangements

#### UK Companies

The net group pension cost for the year was £2,900,000 (1993 - £2,902,000). Contributions are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives. Outstanding contributions of £1,132,000 (1993 - £946,000) at the year end are included in the balance sheet under creditors: amounts falling due within one year.

The group operates the TWIL Group Pension Fund, a defined benefit scheme, catering for some 90% of the group's UK employees. The assets of the fund are held separately from those of the group, being invested with independent fund management companies.

Contributions are determined by an independent qualified actuary on the basis of triennial valuations using the defined accrued benefits method.

An actuarial valuation was carried out as at 6 April 1994 at which time the following significant assumptions were used:

- (i) Valuation rate of interest 9% in an ongoing scheme, 8.5% following exit
- (ii) earnings increase 6.5% plus a scale to reflect merit and promotional increases
- (iii) rate of dividend growth 4.5% per annum

At the date of the actuarial valuation the market value of the assets of the fund was £45.2 million and the actuarial value of these assets represented 102% of the accrued liabilities.

## Notes to accounts (continued)

### 27 Pension Arrangements (continued)

During 1988/89 a partial contribution holiday was taken on the recommendation of the actuary. The resulting deferred credit balance of £1.5 million, which arose from the difference between pension costs charged and amounts which were paid, was included in creditors and is being credited to the profit and loss account over the average service lives of employees. During the year, £187,000 was credited to pension costs in this respect.

#### Bekaert-Tinsley

In relation to Bekaert-Tinsley the company operates pension funds covering 90% of its employees with annual contributions in line with funding costs. The assets are held separately with company contributions invested in an independently managed fund and employee contributions in insurance contracts.

### 28 Ultimate parent company

The ultimate parent company is NV Bekaert SA, a company incorporated in Belgium, which heads the largest and smallest group in which the results of TWIL Limited are consolidated. The consolidated accounts of this group are available to the public and may be obtained from NV Bekaert SA, Corporate Communication, President Kennedy Park 18, Kortrijk, Belgium 8500.