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TWIL LIMITED

REPORT AND ACCOUNTS

31st JULY 1985



TWIL LIMITED
REPORT AND ACCOUNTS
31st JULY 1985

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TWIL LIMITED

REPORT OF THE DIRECTORS

The directors present herewith the accounts for the year ended 31st July 1985 and report as follows:

Business review

The company is a holding company; the principal activity of the group is the manufacture of wire and wire products. During the year, with the benefit of favourable exchange rates, the group has been able to expand in export fields and it has maintained its position as a large competitive producer in the U.K. wire industry.

Results

	£000
Profit of the group after taxation	5,292
Dividends	
Preference	2
Ordinary (payable December 1985)	<u>2,376</u>
Retained profit for the year	<u>2,914</u>

Directors

Set out below are the names of the directors who held office throughout the year:

D. M. Bell	(Chairman)
D. W. Ford	
V. Gaeremynck	
D. Houghton	
J. Laird	(retired 30th August 1985)
G. D. Saul	
R. Scholey	
J. C. Velge	
R. A. M. L. Velge	

Sir Christophor Laidlaw was appointed 30th August 1985.

No director had any interest in the shares or debentures of the company or any other group company.

Research and development

During the year the group's main activities in this field were concerned with the development of new wire products and applications, together with improvements of manufacturing processes.

TWIL LIMITED

REPORT OF THE DIRECTORS
(continued)

Employee involvement

The group's policy is to encourage and extend the involvement of employees in the current and future trading of the business. Discussion meetings are organised and information is distributed annually and periodically. During the year discussions have regularly taken place specifically aimed at obtaining the co-operation of, and suggestions from, employees for improvements in efficiency and performance of the group.

Employment of disabled persons

The policy is, and has been, to encourage the employment, training and promotion of disabled persons wherever practicable. Should an employee become disabled during the course of employment suitable re-training would, if possible, be made available.

Charitable and political donations

Contributions made by the group during the year were as follows:

	£
Charitable purposes	4,600
	=====
Political purposes	
Conservative Party local associations	500
	====

Auditors

A resolution for the reappointment of Peat, Marwick, Mitchell & Co. as auditors of the company is to be proposed at the forthcoming annual general meeting.

By order of the board

R. E. FARRIS

Secretary

5th November 1985

AUDITORS' REPORT TO THE MEMBERS OF

TWIL LIMITED

We have audited the accounts on pages 5 to 20 in accordance with approved Auditing Standards.

In our opinion the accounts, which have been prepared on the basis of the accounting policies set out on page 9, give a true and fair view of the state of affairs of the company and of the group at 31st July 1985 and of the profit and source and application of funds of the group for the year to that date and comply with the Companies Act 1985.

Leat, Marwick, Mitchell & Co.

Chartered Accountants

Sheffield
5th November 1985

TWIL LIMITED AND SUBSIDIARY COMPANIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDING 31st JULY 1985

	<u>Note</u>	<u>1985</u>		<u>1984</u>	
		£000	£000	£000	£000
Group turnover	1	144,590		131,838	
Cost of sales		(123,838)		(112,215)	
Gross profit		20,752		19,623	
Distribution costs		(5,096)		(4,786)	
Administrative expenses		(5,537)		(5,282)	
Trading profit	2	10,119		9,555	
Share of results of related company		(106)		(14)	
Interest	3	(1,411)		(1,255)	
Profit on ordinary activities before taxation		8,602		8,286	
Tax on profit on ordinary activities	4	(3,310)		(2,268)	
Profit on ordinary activities after taxation		5,292		6,018	
Extraordinary profits and losses after taxation	5	-		(95)	
Profit for the financial year		5,292		6,123	
Dividends					
On preference shares		2		2	
On ordinary shares					
- interim 34.43p per share					
(1984 - 31.30p per share)		2,376		2,160	
		2,378		2,162	
Retained profit/(deficit) for the year					
TWIL Limited		2,867		3,969	
Subsidiary companies		141		-	
Related company		(94)		(8)	
		2,914		3,961	
		=====		=====	

The notes on pages 9 to 20 form part
of these accounts

TWIL LIMITED AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEET AT 31st JULY 1985

	Note	1985 £000	1984 £000
<u>FIXED ASSETS</u>			
Tangible assets	6	23,237	20,570
Investment in related company	7	462	556
		23,699	21,126
<u>CURRENT ASSETS</u>			
Stocks	8	17,455	18,501
Debtors	9	32,349	31,040
Advance corporation tax recoverable after more than one year		408	1,635
Cash at bank and in hand		7,323	5,288
		57,535	56,514
<u>CREDITORS</u>			
Amounts falling due within one year			
Debenture loan (secured)	10	100	100
Bank loans and overdrafts		170	592
Trade and other creditors	11	21,543	21,485
Corporation tax		1,814	1,267
Dividend		2,376	2,160
		26,003	25,604
<u>NET CURRENT ASSETS</u>		31,532	30,910
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		55,231	52,036
<u>CREDITORS</u>			
Amounts falling due after more than one year			
Debenture and bank loans	12	12,796	12,919
Corporation tax due after 31st July 1986		903	667
		13,699	13,586
		41,532	38,450
<u>PROVISIONS FOR LIABILITIES AND CHARGES</u>			
Deferred taxation	13	1,000	1,000
		40,532	37,450
<u>CAPITAL AND RESERVES</u>			
Called up share capital	14	6,937	6,937
Other reserves	15	668	554
Profit and loss account	16	32,927	29,959
		40,532	37,450

Approved by the board on 5th November 1985

D. M. BELL

D. W. FORD

Directors

The notes on pages 9 to 20 form part of these accounts

TWIL LIMITED
BALANCE SHEET AT 31st JULY 1985

	Note	1985 £000	1984 £000
<u>FIXED ASSETS</u>			
Tangible assets	6	176	174
Investments	17	<u>38,636</u>	<u>34,729</u>
		38,812	34,903
<u>CURRENT ASSETS</u>			
Debtors	9	6,826	6,665
Advance corporation tax recoverable after more than one year		408	1,685
Cash at bank and in hand		<u>1,444</u>	<u>977</u>
		8,678	9,327
<u>CREDITORS</u>			
Amounts falling due within one year			1
Bank loans and overdrafts		14	1,524
Trade and other creditors	11	1,793	1,111
Corporation tax		1,029	2,160
Dividend		<u>2,376</u>	
		5,212	4,796
		<u>3,466</u>	<u>4,531</u>
<u>NET CURRENT ASSETS</u>		42,278	39,434
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>			
<u>CREDITORS</u>			
Amounts falling due after more than one year			
Debenture and bank loans	12	12,796	12,819
Amounts owed to group companies		<u>328</u>	<u>328</u>
		13,124	13,147
		29,154	26,287
<u>CAPITAL AND RESERVES</u>			
Called up share capital	14	6,937	6,937
Profit and loss account		<u>22,217</u>	<u>19,350</u>
		29,154	26,287

Approved by the board on 5th November 1985

D. M. BELL

D. W. FORD

Directors

The notes on pages 9 to 20 form part of these accounts

TWIL LIMITED AND SUBSIDIARY COMPANIES

SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED 31st JULY 1985

	1985	1984
	£000	£000
<u>SOURCE OF FUNDS</u>		
Funds generated from operations		
Profit on ordinary activities before taxation	8,602	8,286
Depreciation and profit/loss on sale of fixed assets	2,850	3,206
	106	14
Share of results of related company	11,558	11,506
Funds from other sources		
Proceeds on sale of fixed assets	376	166
	11,934	11,672
Funds derived from/(applied in) trading operations		
Decrease/(increase) in working capital:		
Stocks	1,421	(2,102)
Debtors	(448)	(1,241)
Creditors	(668)	1,829
	305	(1,514)
Working capital of subsidiary acquired	(510)	(412)
	(205)	(1,926)
Excess of net assets over cost of subsidiary acquired	168	-
	11,897	9,746
<u>APPLICATION OF FUNDS</u>		
Extraordinary items	-	96
Capital expenditure (including £426,000 for subsidiary acquired)	5,893	4,407
Taxation paid	1,262	962
Dividends paid	2,162	1,802
	9,317	7,267
Debentures and bank loans repaid	123	117
	9,440	7,384
<u>INCREASE IN RESOURCES</u>	2,457	2,362
<u>CASH AND BANK BALANCES</u>		
At 31st July 1984	4,696	2,334
At 31st July 1985	7,153	4,696
	2,457	2,362

TWIL LIMITED AND SUBSIDIARY COMPANIES

ACCOUNTING POLICIES

- (1) The GROUP ACCOUNTS have been prepared under the historical cost convention adjusted by the revaluation of certain properties. The accounts consolidate the accounts of the holding company and all its subsidiaries and related companies for the year.

The results of new subsidiaries are included from the date of acquisition, and those sold excluded from the date of disposal.
- (2) TURNOVER represents the value of sales outside the group excluding value added tax.
- (3) STOCK is valued at the lower of cost and net realisable value. Cost includes both variable and fixed overheads appropriate to the stage of production reached.
- (4) DEPRECIATION is provided mainly on the reducing instalment basis to write off the net cost or valuation of fixed assets over the estimated remaining lives of the different classes of assets.

The rates of depreciation charged are as follows:

Buildings	5% p.a.
Plant and machinery	10% to 25% p.a.

Land is not depreciated.
- (5) GOVERNMENT GRANTS received in respect of expenditure on fixed assets have been deducted from the cost of the assets to which they relate.
- (6) DEFERRED TAXATION: provision is made for liabilities to tax deferred by timing differences except where there is a reasonable probability that such liabilities will not arise in the foreseeable future.
- (7) RATES OF EXCHANGE used in the translation of assets and liabilities and trading results expressed in overseas currencies, unless determined by forward exchange contracts, are those ruling at the year end.
- (8) SUBSIDIARY COMPANIES: shares in subsidiaries are stated at the value attributed to their net tangible assets at the date of their acquisition by TWIL LIMITED, less provisions for permanent diminution in those values. Provision is made for subsequent losses.
- (9) RELATED COMPANIES: those companies in whose commercial and financial policy decisions the company participates and in which the company holds at least 20% of the equity, though not a controlling interest, are treated as related companies.
- (10) GOODWILL purchased, and the difference between the purchase price of subsidiaries acquired and the current value to the group of their net assets other than goodwill, are written off in the year of acquisition.

TWIL LIMITED AND SUBSIDIARY COMPANIES

NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31st JULY 1985

1. <u>Turnover</u>	<u>1985</u> <u>£000</u>	<u>1984</u> <u>£000</u>
Wire and wire products		
United Kingdom	118,817	111,386
Europe and Scandinavia	6,909	5,268
Middle East and Africa	6,699	5,993
America and Caribbean	8,551	6,633
Rest of the world	<u>3,614</u>	<u>2,558</u>
	<u>144,590</u>	<u>131,838</u>

All the above turnover is derived from the one class of business and the profits attributable are shown in the profit and loss account.

2. Trading profit

The trading profit is stated after taking into account the following:

	<u>1985</u> <u>£000</u>	<u>1984</u> <u>£000</u>
Depreciation	2,855	2,894
(Profit)/loss on sale of fixed assets	(5)	312
Audit fees and expenses	117	108
Profit on redemption of debenture stock	(3)	(3)
Hire of plant	<u>648</u>	<u>512</u>
Emoluments of directors of the holding company		
Fees	55	34
Other emoluments	<u>77</u>	<u>68</u>
	<u>132</u>	<u>102</u>

One director (1984 - one) waived fees totalling £5,000 (1984 - £2,500).

The directors' emoluments, excluding pension contributions, were:

	<u>1985</u> <u>£000</u>	<u>1984</u> <u>£000</u>
Chairman	20	16
Highest paid director	62	54
Other directors:		
Up to £5,000	<u>Number</u> <u>7</u>	<u>Number</u> <u>8</u>

TWIL LIMITED AND SUBSIDIARY COMPANIES

NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31st JULY 1985
(continued)

2.	<u>Trading profit (continued)</u>	<u>1985</u> <u>Number</u>	<u>1984</u> <u>Number</u>
	Emoluments of employees of the holding company exceeding £30,000 excluding pension contributions:		
	£30,001 - £35,000	-	2
	£35,001 - £40,000	1	1
	£40,001 - £45,000	1	-
	<u>Staff numbers and costs</u>	<u>1985</u> <u>Number</u>	<u>1984</u> <u>Number</u>
	Management, administration and sales	842	817
	Production	<u>2,290</u>	<u>2,200</u>
		3,132	3,017
		=====	=====
		£000	£000
	Wages and salaries	26,775	25,330
	Social security costs	2,052	2,157
	Other pension costs	<u>2,312</u>	<u>2,054</u>
		31,139	29,541
		=====	=====
3.	<u>Interest</u>	<u>1985</u> <u>£000</u>	<u>1984</u> <u>£000</u>
	Debenture stocks	57	59
	Investors in Industry loan	655	550
	I.C.F.C. loan	17	26
	Bank and other interest	582	488
	Loan stock	<u>360</u>	<u>360</u>
		1,671	1,483
	Interest receivable	<u>260</u>	<u>228</u>
		1,411	1,255
		=====	=====

TWIL LIMITED AND SUBSIDIARY COMPANIES

NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31st JULY 1985
(continued)

4. <u>Taxation</u>	<u>1985</u> <u>£000</u>	<u>1984</u> <u>£000</u>
Taxation on profit of the financial year	3,350	2,360
Corporation tax at 43.33%	—	(286)
Overprovision in prior years	<u>3,350</u>	<u>2,074</u>
A.C.T. recoverable	<u>(28)</u>	<u>—</u>
Related company taxation	<u>3,322</u>	<u>2,074</u>
	<u>(12)</u>	<u>(6)</u>
Tax on profit on ordinary activities	<u>3,310</u>	<u>2,068</u>
	=====	=====
The charge for corporation tax on the profit of the year has been reduced by the benefit of:		
	<u>£000</u>	<u>£000</u>
Losses utilised	6	884
Stock relief	—	324
Capital allowances	369	532
Other timing differences	<u>24</u>	<u>334</u>
	<u>399</u>	<u>2,074</u>
	=====	=====
5. <u>Extraordinary profits and losses after taxation</u>	<u>1985</u> <u>£000</u>	<u>1984</u> <u>£000</u>
Relating to Wire Industry rationalisation scheme	—	928
Provision for deferred taxation	—	(1,000)
Goodwill on acquisition written off	<u>—</u>	<u>(23)</u>
	<u>—</u>	<u>(95)</u>
	=====	=====

TWIL LIMITED AND SUBSIDIARY COMPANIES

NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31st JULY 1985
(continued)

6. Tangible assets

	<u>TWIL Limited</u>		<u>The group</u>	
	<u>Plant and machinery at cost £000</u>	<u>Land and buildings at cost or valuation £000</u>	<u>Plant and machinery at cost £000</u>	<u>Total £000</u>
Cost or valuation				
At 31st July 1984	317	9,835	32,813	42,648
Additions	144	738	4,729	5,467
Disposals	(123)	(229)	(996)	(1,225)
Assets of subsidiary acquired	-	475	763	1,238
	338	10,819	37,309	48,128
Depreciation				
At 31st July 1984	143	2,445	19,633	22,078
Provided for year	74	294	2,561	2,855
On disposals	(55)	(69)	(785)	(854)
On assets of subsidiary acquired	-	167	645	812
	162	2,837	22,054	24,891
Net balance sheet amount at 31st July 1985	176	7,982	15,255	23,237
Net balance sheet amount at 31st July 1984	174	7,390	13,180	20,570

The net balance sheet amount of land and buildings comprises:

	<u>At valuation at 31st July 1975</u>		<u>At cost</u>	
	<u>Land</u>	<u>Buildings</u>		<u>Total</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
<u>Freehold</u>				
At 31st July 1985				
At cost or valuation	1,660	4,322	4,375	10,357
Depreciation	-	1,735	952	2,687
Net balance sheet amount	1,660	2,587	3,423	7,670
At 31st July 1984				
At cost or valuation	1,700	4,510	3,163	9,373
Depreciation	-	1,668	642	2,310
Net balance sheet amount	1,700	2,842	2,521	7,063

Land and buildings at cost includes land of £357,000 (1984 - £59,000).

TWIL LIMITED AND SUBSIDIARY COMPANIES
NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31st JULY 1985
(continued)

6. Tangible assets (continued)

	<u>At valuation at</u> <u>31st July 1975</u>		<u>At cost</u>	
	<u>Land</u> <u>£000</u>	<u>Buildings</u> <u>£000</u>	<u>Buildings</u> <u>£000</u>	<u>Total</u> <u>£000</u>
<u>Long leasehold</u>				
<u>At 31st July 1985</u>	7	165	290	462
<u>At cost or valuation</u>	-	66	84	150
<u>Depreciation</u>	-	-	-	-
<u>Net balance sheet amount</u>	7	99	206	312
	==	==	==	==
<u>At 31st July 1984</u>	7	165	290	462
<u>At cost or valuation</u>	-	61	74	135
<u>Depreciation</u>	-	-	-	-
<u>Net balance sheet amount</u>	7	104	216	327
	==	==	==	==

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

	<u>1985</u> <u>£000</u>	<u>1984</u> <u>£000</u>
Cost	5,411	5,514
Depreciation	<u>2,945</u>	<u>2,878</u>
	2,466	2,636
	==	==

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

7. Related company

	<u>1985</u> <u>£000</u>	<u>1984</u> <u>£000</u>
Shares at cost to group	125	125
Retained profits	220	220
Prior to acquisition by TWIL Limited	<u>117</u>	<u>211</u>
Subsequently	337	431
	462	556
	==	==

<u>Company</u>	<u>Percentage held</u>	<u>Country of incorporation</u>
Tinsley Wire (Ireland) Limited	49.8%	Republic of Ireland
- ordinary shares of £1 each		

TWIL LIMITED AND SUBSIDIARY COMPANIES
NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31st JULY 1985
(continued)

8. <u>Stocks</u>	<u>1985</u> <u>£000</u>	<u>1984</u> <u>£000</u>
Raw materials and consumables	7,747	8,240
Work in progress and finished goods	<u>9,708</u>	<u>10,261</u>
	<u>17,455</u>	<u>18,501</u>

Due to the nature of the products and the manufacturing processes, it is not practicable to distinguish between stocks of work in progress and finished goods.

9. <u>Debtors</u>	<u>1985</u> <u>£000</u>	<u>1984</u> <u>£000</u>
<u>The group</u>		
Trade debtors	30,166	29,020
Amounts owed by related company	76	95
Other debtors (including £96,000 (1984 - £73,000) due after more than one year)	568	389
Prepayments and accrued income	<u>1,539</u>	<u>1,536</u>
	<u>32,349</u>	<u>31,040</u>
<u>TWIL Limited</u>		
Amounts owed by group companies (including proposed dividends £7,278,000 (1984 - £6,334,000))	6,558	6,334
Amounts owed by related company	24	22
Other debtors (including £81,000 (1984 - £71,000) due after more than one year)	139	214
Prepayments and accrued income	<u>67</u>	<u>95</u>
	<u>6,826</u>	<u>6,665</u>

Other debtors include £30,000 (1984 - £27,167) in respect of a loan, for house purchase, to a director, Mr. D. W. Ford. The terms of the director's loan have been agreed by the shareholders. Repayment of the loan has been deferred until the date of the director's retirement.

10. Debenture loan (secured)
- The loan from Industrial and Commercial Finance Corporation is guaranteed by the holding company and secured by fixed and floating charges on the assets of a subsidiary. The annual rate of interest is 9½% and repayment is by equal annual instalments.

TWIL LIMITED AND SUBSIDIARY COMPANIES

NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31st JULY 1985
(continued)

11. Trade and other creditors

	<u>1985</u> <u>£000</u>	<u>1984</u> <u>£000</u>
<u>The group</u>		
Trade creditors	17,713	16,983
Other creditors (including taxation and social security £1,710,000 (1984 - £1,945,000))	<u>3,830</u>	<u>4,502</u>
	<u>21,543</u>	<u>21,485</u>

TWIL Limited

Trade creditors	786	620
Amounts owed to group companies	-	10
Other creditors (including taxation and social security £214,000 (1984 - £202,000))	<u>1,007</u>	<u>894</u>
	<u>1,793</u>	<u>1,524</u>

12. Debenture and bank loans

	<u>TWIL Limited</u>		<u>The group</u>	
	<u>1985</u> <u>£000</u>	<u>1984</u> <u>£000</u>	<u>1985</u> <u>£000</u>	<u>1984</u> <u>£000</u>
<u>Secured</u>				
Debenture stocks	796	819	796	819
Industrial and Commercial Finance Corporation loan	<u>-</u>	<u>-</u>	<u>-</u>	<u>100</u>
	796	819	796	919
<u>Unsecured</u>				
Investors in Industry loan	5,000	5,000	5,000	5,000
Banker's term loan	4,000	4,000	4,000	4,000
12% subordinated convertible unsecured loan stock 1995/2000	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>
	<u>12,796</u>	<u>12,819</u>	<u>12,796</u>	<u>12,919</u>

(1) Debenture stocks

- (a) £461,500 6½% debenture stock 1984/89 and £334,200 7½% debenture stock 1988/93 are both secured by floating charges on the assets and undertakings of the company and certain subsidiary companies under a trust deed dated 31st July 1964, and supplemental trust deeds thereto, in favour of the Commercial Union Assurance Co. Limited as trustee.

TWIL LIMITED AND SUBSIDIARY COMPANIES
NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31st JULY 1988
(continued)

12. Debenture and bank loans (continued)

(i) Debenture stocks (continued)

(b) Under the terms of the trust deeds the company shall apply funds towards the redemption of the stocks at the rate of £12,500 per annum from 1st August 1968 for the 6½% stock and £8,500 per annum from 1st August 1972 for the 7½% stock. At 31st July 1985 the company had redeemed stocks in excess of the requirements of the trust deeds. Since 31st July 1983 and after 31st July 1988 respectively, the company is entitled to redeem the whole or part of the stocks on giving three months' notice.

(ii) Investors in Industry loan

Repayment is by five equal annual instalments from 31st December 1990 or on notice by the company after 30th June 1988. The rate of interest is 1½% over inter bank-rate.

(iii) Banker's term loan

Repayment is by four equal annual instalments from 31st December 1987 or on notice by the company after 31st December 1986. The rate of interest is 1% over inter-bank rate.

13. Deferred taxation

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

	<u>1985</u> <u>£000</u>	<u>1984</u> <u>£000</u>
Capital expenditure	5,398	4,822
Surplus on revaluation and rolled-over gains on land and buildings	1,077 (278)	1,048 (6)
Losses	<u>61</u>	<u>43</u>
Other timing differences	6,258	5,907
Less advance corporation tax recoverable	<u>(408)</u>	<u>(1,685)</u>
	<u>5,850</u> =====	<u>4,222</u> =====

A provision of £1,000,000 has been made in respect of accelerated capital allowances (1984 - £1,000,000).

TWIL LIMITED AND SUBSIDIARY COMPANIES

NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31st JULY 1985
(continued)

14. Share capital of TWIL LIMITED

	<u>1985 and 1984</u>	
	<u>Authorised</u>	<u>Allotted, called up and fully paid</u>
	<u>£000</u>	<u>£000</u>
Shares of £1 each		
18,000 'A' 4.2% redeemable cumulative preference	18	18
18,000 'B' 4.2% redeemable cumulative preference	18	18
'A' ordinary	1,500	1,500
'B' ordinary	1,500	1,500
'C' ordinary	<u>6,964</u>	<u>3,901</u>
	<u>10,000</u>	<u>6,937</u>

The company may redeem the whole (but not part only) of the preference shares, without premium, by giving one month's notice to the holders.

15. Other reserves

	<u>1985</u>	<u>1984</u>
	<u>£000</u>	<u>£000</u>
Share premium of subsidiary company	500	500
Surplus of net assets over acquisition cost of subsidiary in 1985	168	-
Revaluation reserve	<u>-</u>	<u>54</u>
	<u>668</u>	<u>554</u>

16. Profit and loss account

	<u>1985</u>	<u>1984</u>
	<u>£000</u>	<u>£000</u>
Balance at 31st July 1984	29,959	25,998
Transfer from revaluation reserve	54	-
Profit retained for year	<u>2,914</u>	<u>3,961</u>
	<u>32,927</u>	<u>29,959</u>

TWIL Limited has not presented its own profit and loss account as permitted by section 228(7) of the Companies Act 1985. The amount of the consolidated profit for the financial year dealt with in the accounts of the holding company is £5,245,000 (1984 - £6,131,000).

TWIL LIMITED AND SUBSIDIARY COMPANIES
NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31st JULY 1985
(continued)

17. <u>Investments of TWIL Limited</u>	<u>1985</u> <u>£000</u>	<u>1984</u> <u>£000</u>
Shares in group companies	7,428	6,828
Loans to group companies, less provision for losses	30,863	27,556
Shares in related company (note 7)	<u>345</u>	<u>345</u>
	<u>38,636</u>	<u>34,729</u>

The principal wholly owned subsidiaries are shown below; other subsidiaries are not listed and will be shown on the next annual return to the Registrar of Companies:

Barnards Limited
 Birnam Products Limited
 Chain Link Fencing Limited
 The Lace Web Spring Company Limited
 Fairmile Fencing Limited (formerly Lilleshall Engineering Limited)
 Lionweld Limited (acquired 29th July 1985)
 Rylands-Whitecross Limited
 Sentinel (Wire Products) Limited
 Tinsley Building Products Limited (registered in Scotland)
 Tinsley Wire Industries Limited
 Tinsley Wire (Scotland) Limited (registered in Scotland)
 Tinsley Wire (Sheffield) Limited
 Tomado Limited
 TWIL Group Export Limited
 TWIL Group Management Limited
 TWIL Group Marketing Limited
 TWIL Handling and Display Limited

18. Obligations under finance leases

Under the terms of finance leases entered into at 31st July 1985 the group is committed to make the following payments net of finance charges:

	£000
Within one year	453
Within two to five years	830
After five years	<u>23</u>
	<u>1,306</u>

Lease rentals are charged to profit and loss account during the period in which they arise.

TWIL LIMITED AND SUBSIDIARY COMPANIES

NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31st JULY 1985
(continued)

19. Pension commitments

The group participates in pension schemes covering the majority of its employees. These schemes are financed through separate trustee administered funds. Contributions to these funds, which are charged against profit, are based upon actuarial advice following the most recent valuation of the funds.

20. Future capital expenditure

	<u>1985</u> <u>£000</u>	<u>1984</u> <u>£000</u>
Contracts for capital expenditure not provided for in these accounts:		
The group	1,589	1,610
Capital expenditure authorised but not contracted for at 31st July 1985:		
The group	960	4,640

The above amounts are before deducting any government grants receivable. TWIL LIMITED has no planned capital expenditure.

21. Contingent liabilities

(i) Leasing transactions

TWIL Limited has guaranteed the leasing agreements of certain subsidiaries. At 31st July 1985, TWIL Limited had a contingent liability for the amounts due in respect of the unexpired terms of the leases amounting to £1,346,000 (1984 - £1,279,000).

(ii) Value added tax

Under a group registration, TWIL Limited is jointly and severally liable for value added tax due by other group companies. At 31st July 1985, this contingent liability amounted to £388,000 (1984 - £498,000).

(iii) Bills

Contingent liabilities in respect of bills discounted amounted to £500,000 (1984 - £NIL) for the group.