

000598

UNISTRUT (UK) HOLDING COMPANY LIMITED
(formerly Wendwalk Limited)

ACCOUNTS
for the year ended
31 DECEMBER 1986

COOPERS & LYBRAND
Oriel House, 55 Sheep Street
NORTHAMPTON



Report of the directors for the period ended 31 December 1986

1 The directors present herewith the audited accounts for the period from date of incorporation, 2 January 1986 to 31 December 1986 ("the year").

Incorporation and change of name

2 The company was incorporated on 2 January 1986 as Wendwalk Limited. On 7 April 1986 the company's name was changed to Unistrut (UK) Holding Company Limited.

Principal activities and review of business

3 On 3 February 1986 the company acquired the whole of the issued share capital of Unistrut (UK) Limited. Consequently the consolidated profit and loss account reflects only eleven months' trading of the subsidiary company. The principal activity of the group is the manufacture and distribution of metal framing systems.

4 The directors expect the general level of activity to continue to improve.

Post balance sheet event

5 Since the year end, the directors have decided to close the business of the German subsidiary of Unistrut (UK) Limited and provision has been made in these accounts for the anticipated losses arising from the closure.

Dividends

6 The directors do not recommend payment of a dividend in respect of the year.

Directors and their interests

7 The directors of the company at 31 December 1986, were:-

D J Shingler	- Chairman	(appointed 10 January 1986)
P White		(appointed 10 January 1986)
C J Malfese	(USA)	(appointed 28 February 1986)
E C Cady	(USA)	(appointed 2 July 1986)
W B Attfield	(USA)	(appointed 2 July 1986)

8 R C Keen, who was appointed sole director on incorporation of the company, resigned on 10 January 1986.

9 The directors do not have any interests required to be disclosed under Schedule 7, paragraph 2 of the Companies Act 1985.

Fixed assets

10 The movements in fixed assets during the year are set out in note 10 to the accounts.

Close company provisions

11 As far as the directors are aware, the close company provisions of the Income and Corporation Taxes Act 1970, as amended, do not apply to the company.

UNISTRUT (UK) HOLDING COMPANY LIMITED
(formerly Wendwalk Limited)

2

Report of the directors
for the year ended 31 December 1986 - continued

Auditors

12 A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the annual general meeting.

BY ORDER OF THE BOARD

J H HAIN
Secretary, 17 July 1987

Report of the auditors to the members of
UNISTRUT (UK) HOLDING COMPANY LIMITED
(formerly Wendwalk Limited)

3

We have audited the accounts on pages 4 to 17 in accordance with the approved Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the company and the group at 31 December 1986 and of the profit and source and application of funds of the group for the year then ended and comply with the Companies Act 1985.

COOPERS & LYBRAND

Chartered Accountants
NORTHAMPTON, 17 July 1987

UNISTRUT (UK) HOLDING COMPANY LIMITED
(formerly Wendwalk Limited)

4

Consolidated profit and loss account
for the year ended 31 December 1986

	<u>Notes</u>	£
TURNOVER		8,860,353
Cost of sales		(5,622,749)
GROSS PROFIT		<u>3,237,604</u>
Net operating expenses	3	(2,711,867)
OPERATING PROFIT		<u>525,737</u>
Interest payable and similar charges	4	(243,558)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	<u>282,179</u>
Tax on profit on ordinary activities	8	(121,635)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>160,544</u>
EXTRAORDINARY ITEM		
Provision for closure costs	14	(35,000)
RETAINED PROFIT FOR THE YEAR	9	<u>£125,544</u>
STATEMENT OF CONSOLIDATED RETAINED PROFITS		
Retained profit for the year		125,544
Goodwill arising on consolidation, written off		(32,071)
Exchange rate fluctuations		(17,960)
RETAINED PROFITS, 31 DECEMBER 1986		<u>£75,513</u>

The notes on pages 9 to 17 form part of these accounts.

Auditors' report page 3


Consolidated balance sheet - 31 December 1986

	<u>Notes</u>	£	£
FIXED ASSETS			
Tangible assets	10		915,411
CURRENT ASSETS			
Stocks	11	1,242,078	
Debtors	12	1,731,399	
Cash at bank and in hand		66,514	
		<u>3,039,991</u>	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	13	<u>2,785,114</u>	
NET CURRENT ASSETS			<u>254,877</u>
Total assets less current liabilities			<u>1,170,288</u>
<u>Less:</u> Non current liabilities			
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR - BANK LOAN			(780,000)
PROVISIONS FOR LIABILITIES AND CHARGES	14		(240,775)
			<u>£149,513</u>
CAPITAL AND RESERVES			
Called up share capital	15		74,000
Profit and loss account			75,513
			<u>£149,513</u>

These accounts were approved by the board on 17 July 1987.

D J SHINGLER)
)
P WHITE)

Directors



The notes on pages 9 to 17 form part of these accounts.

Auditors' report page 3

UNISTRUT (UK) HOLDING COMPANY LIMITED
(formerly Wendwalk Limited)

6

Balance sheet - 31 December 1986

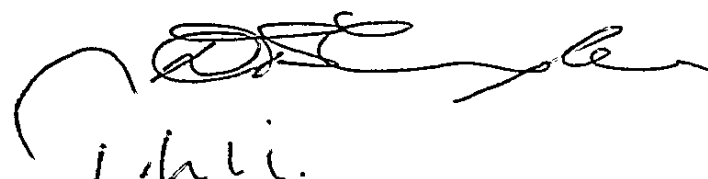
	<u>Notes</u>	<u>£</u>
FIXED ASSETS		
Investments - subsidiaries	16	2,121,469
<u>Less:</u>		
CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR		
Amount due to subsidiary company	17	2,075,931
		<u>£45,538</u>
CAPITAL AND RESERVES		
Called up share capital	18	74,000
Deficit on profit and loss account		(28,462)
		<u>£45,538</u>

These accounts were approved by the board on 17 July 1987.

D J SHINGLER)

P WHITE)

Directors



i.h.t.i.

The notes on pages 9 to 17 form part of these accounts.

Auditors' report page 3

Consolidated statement of source and application
of funds for the year ended 31 December 1986

	£	£
SOURCE OF FUNDS		
Profit on ordinary activities after taxation		160,544
Extraordinary items		(35,000)
		<hr/> 125,544
Adjustment for items not involving the movement of funds:-		
Depreciation	170,941	
Increase in provision for liabilities and charges	240,775	
Exchange fluctuations	(17,960)	
	<hr/>	393,756
Total from operations		<hr/> 519,300
Funds from other sources		
Bank loan	1,220,000	
Disposal of tangible fixed assets	6,636	
Issue of share capital	74,000	
	<hr/>	1,300,636
Total source of funds		<hr/> 1,819,936
APPLICATION OF FUNDS		
Purchase of tangible fixed assets	1,092,988	
Purchase of goodwill	32,071	
	<hr/>	1,125,059
Total application of funds		<hr/> £694,877
INCREASE IN WORKING CAPITAL		
Increase in stocks	1,242,078	
Increase in debtors	1,731,399	
Increase in creditors falling due within one year, excluding bank loans and overdrafts	(1,615,033)	
	<hr/>	1,358,444
Movement in net liquid funds:		
Cash at bank and in hand	66,514	
Bank loans and overdrafts	(730,081)	
	<hr/>	(663,567)
		<hr/> £694,877
		<hr/>

The notes on pages 9 to 17 form part of these accounts.
Auditors' report page 3

Consolidated statement of source and application of
funds for the year ended 31 December 1986 - continued

* Summary of the effects of acquisition of
Unistrut (UK) Limited

£

Net assets acquired:

Tangible fixed assets	1,014,438
Stocks	1,263,584
Debtors	1,391,161
Creditors, including deferred tax	(1,467,281)
Bank overdraft	(112,504)
	<hr/>
	2,089,398
Goodwill	32,071
	<hr/>
Cash paid	£2,121,469
	<hr/> <hr/>

The notes on pages 9 to 17 form part of these accounts.

Auditors' report page 3

Notes to the accounts - 31 December 1986

Principal accounting policies

1 The accounts are prepared under the historical cost convention. A summary of the more important accounting policies is set out below.

(a) Basis of consolidation

The consolidated accounts include the company and all its subsidiaries. The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss account from the date of their acquisition or up to the date of their disposal. Intra-group sales and profits are eliminated on consolidation and all sales and profit figures relate to external transactions only.

When subsidiary companies are acquired any excess of the consideration over the net tangible assets at the date of acquisition is written off against reserves.

(b) Turnover

Turnover comprises the value of sales stated net of all credits, allowances, discounts, value added tax and carriage.

(c) Stocks

Stocks are stated at the lower of cost and net realisable value on an item-by-item basis. Cost includes all direct costs incurred in bringing stocks to their present state and location, including an appropriate proportion of manufacturing overheads.

Net realisable value is based on estimated normal selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow moving and defective items where appropriate.

(d) Foreign currency transactions

Transactions in foreign currencies have been translated into sterling at the rate prevailing at the transaction date. Balances payable in foreign currencies are translated to sterling at the rates of exchange ruling at the balance sheet date. Resulting gains and losses are reflected in the statement of profit and loss.

Notes to the accounts - 31 December - continued

(e) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. The following annual rates are used:-

Leasehold improvements	- based upon the unexpired portion of the lease at the time the improvement was made.
Plant and machinery	- 3 to 10 years
Office fixtures and fittings	- 5 years

(f) Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Deferred taxation consists of taxation deferred as a result of

- (i) the tax allowance for property, plant and equipment exceeding the depreciation provided in the accounts and
- (ii) certain costs and expenses being deductible for tax only when the amounts are incurred or written off

(g) Leases

Operating lease payments are accounted for on the accruals basis.

Segment information

2 The analysis of turnover by geographical market has been omitted.

Net operating expenses

3	£
Technical and manufacturing costs	584,003
Selling and distribution costs	508,416
Administrative expenses	1,334,094
Royalties payable	285,354
	<hr/>
	£2,711,867
	<hr/>

Notes to the accounts - 31 December 1986 - continued

Interest payable and similar charges

4	£
On bank loans and overdrafts - repayable within 5 years by instalments	£243,558

Profit on ordinary activities before taxation

5 Profit on ordinary activities before taxation is stated after charging:

	£
(a) Depreciation of tangible fixed assets	170,941
(b) Hire of plant and machinery	178,771
(c) Rental of land and buildings	142,767
(d) Auditors remuneration	17,087
(e) Directors' emoluments including pension contributions	70,945

Directors' emoluments

6 Emoluments of the directors of Unistrut (UK) Holding Company Limited, all of which are received from a subsidiary company:-

	£
For management services	£70,945

Directors' emoluments disclosed in accordance with Part V of Schedule 5 of the Companies Act 1985, and excluding pension contributions, are as follows:-

	£
Emoluments of the chairman	£48,486

Number of directors, other than the chairman, whose emoluments were within the ranges:-

£Nil to £5,000	4
£20,001 to £25,000	1

Notes to the accounts - 31 December 1986 - continued

Employee information

7 Particulars of employee costs (including executive directors) are shown below:-

	£
Wages and salaries	1,815,625
Social security costs	143,148
Other pension costs	-
	<hr/>
	£1,958,773
	<hr/>

The average weekly number of persons employed by the group during the year (including executive directors) was as follows:-

	<u>Number</u>
Technical and manufacturing	89
Sales and distribution	43
Administration	56
	<hr/>
	188
	<hr/>

Tax on profit on ordinary activities

	£
8	
United Kingdom corporation tax on the profit for the year at 36.25%	237,010
Overseas tax	2,382
Transfer from deferred taxation	(117,757)
	<hr/>
	£121,635
	<hr/>

Results of Unistrut (UK) Holding Company Limited

9 As permitted by Section 228 (7) of the Companies Act 1985, Unistrut (UK) Holding Company Limited, the holding company, does not publish a separate profit and loss account. The consolidated profit retained for the year includes a loss of £28,462 which is dealt with in the accounts of the holding company.

Notes to the accounts - 31 December 1986 - continued

Tangible fixed assets

10 The movement in the year was as follows:-

	<u>Leasehold improvements</u> £	<u>Plant and machinery</u> £	<u>Fixtures and fittings</u> £	<u>Total</u> £
<u>Cost</u>				
Companies acquired	290,697	1,352,097	230,751	1,873,545
Additions	779	50,128	27,643	78,550
Exchange fluctuations	-	1,076	396	1,472
Disposals	(3,530)	(17,117)	(59)	(20,706)
At 31 December 1986	<u>287,946</u>	<u>1,386,184</u>	<u>258,731</u>	<u>1,932,861</u>
<u>Depreciation</u>				
Companies acquired	78,432	645,843	134,832	859,107
Charge	13,050	126,439	31,452	170,941
Exchange fluctuations	-	182	105	287
Disposals	(1,530)	(11,423)	68	(12,885)
At 31 December 1986	<u>89,952</u>	<u>761,041</u>	<u>166,457</u>	<u>1,017,450</u>
Net book value at 31 December 1986	<u>£197,994</u>	<u>£625,143</u>	<u>£92,274</u>	<u>£915,411</u>

All fixed assets are held by subsidiary companies.

Stocks

11 The following are included in the net book value of stocks:-

	£
Raw materials	207,798
Finished goods	1,034,280
	<u>£1,242,078</u>

All stocks are held by subsidiary companies. If stocks had been determined by reference to their replacement cost rather than by reference to their historical cost there would be no significant differences in the value.

Notes to the accounts - 31 December 1986 - continued

Debtors

12	£
Trade debtors	1,491,320
Amounts due by fellow subsidiaries	136,099
Prepayments and accrued income	103,980
	<hr/>
	£1,731,399
	<hr/>

All amounts are receivable within one year.

Creditors - amounts falling due within one year

13(a) The following amounts are included in creditors falling due within one year:

	£
Bank overdrafts	730,081
Bank loan - current portion	440,000
Trade creditors	1,159,455
Amounts due to fellow subsidiaries	133,378
Other creditors:-	
- UK corporation tax payable	247,879
- VAT	15,819
- social security and PAYE	58,502
	<hr/>
	£2,785,114
	<hr/>

(b) The bank loan is secured by a fixed and floating charge on the assets of a subsidiary company.

Provisions for liabilities and charges

14 The total provisions comprise:-

	£
Provision for deferred taxation	205,775
Provision for closure costs	35,000
	<hr/>
	£240,775
	<hr/>

(a) Deferred taxation

The amount provided represents the full amount required to provide for all timing differences as follows:-

	£
Excess of tax allowances over book depreciation of fixed assets	240,775
Other timing differences	(35,000)
	<hr/>
	£205,775
	<hr/>

UNISTRUT (UK) HOLDING COMPANY LIMITED
(formerly Wendwalk Limited)

15

Notes to the accounts - 31 December 1986 - continued

Provision for liabilities and charges - continued

14(a) Deferred taxation - continued

The movement on the provision for deferred taxation is as follows:-

	£
Provisions in subsidiary companies at date of acquisition	323 532
Transfer to profit and loss account	(117,757)
At 31 December 1986	<u>£205,775</u>

(b) Provision for closure costs

Following the decision to close the business of the German subsidiary of Unistrut (UK) Limited, provision has been made for the anticipated losses and costs of closure.

Called up share capital

15 Authorised:-

250,000 ordinary shares of £1 each	<u>£250,000</u>
------------------------------------	-----------------

Allotted, called up and fully paid:-

74,000 ordinary shares of £1 each	<u>£74,000</u>
-----------------------------------	----------------

Investment - subsidiaries

16 On 3 February 1986 the company acquired the whole of the issued share capital of Unistrut (UK) Limited, a company registered in England for a consideration of £2,121,469. Unistrut (UK) Limited in turn holds the whole of the issued share capital of Unistrut Deutschland GmbH, a company registered in West Germany.

Amount due to subsidiary

17 The amount due to the subsidiary represents a loan which is unsecured, interest free and payable on demand. However repayment is not anticipated within 12 months of the balance sheet date.

UNISTRUT (UK) HOLDING COMPANY LIMITED
(formerly Wendwalk Limited)

Notes to the accounts - 31 December 1986 - continued

Guarantees and other financial commitments

19(a) Capital commitments

At the end of the year, capital commitments all of which related to subsidiary companies, were:-

	£
Contracted for	9,500
Authorised but not contracted for	-
	<u>9,500</u>

(b) Lease commitments

The group has entered into non-cancellable leasing arrangements in respect of motor vehicles, the payments for which extend over a period of up to five years. In addition the company leases certain land and buildings on short and long term operating leases. The rents payable under the leases are subject to renegotiation at various intervals specified in the leases.

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

Date of expiry

	<u>Property</u>		<u>Motor vehicles and office Equipment</u>	
	<u>1986</u>	<u>1985</u>	<u>1986</u>	<u>1985</u>
	£	£	£	£
Within one year	24,000	24,000	33,557	17,202
Within two to five years	-	-	141,982	126,090
Within five years or more	197,191	183,996	-	-
	<u>£221,191</u>	<u>£207,996</u>	<u>£175,539</u>	<u>£143,292</u>

Notes to the accounts - 31 December 1986 - continued

19(c) Pension arrangements

The group maintains a self administered contributory pension scheme, which is open to all United Kingdom employees. The scheme's investments are managed by Scottish Widows Fund and Life Assurance Society. No contributions were made by the group to the scheme during the year. The scheme is considered to be adequately funded.

(d) Performance bonds and forward foreign exchange contracts.

	£
Performance bonds	9,900
Forward foreign exchange contracts	<u>31,522</u>
	<u>£41,422</u>

Ultimate holding company

20 The directors regard Unistrut International Corporation, which is incorporated in the USA, as the company's ultimate holding company.