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DUO RUBBER AND ENGINEERING CO. LIMITED

DIRECTORS' REPORT

Activities

Manufacturers of Rubber Mouldings and Rubber Moulds, Jigs, Tools and Fixtures.

Profit for the Year ended 30th September, 1978

The Net Trading Profit for the year was £42569 (1977 £30983 Loss), all attributable to the principal activities as stated.

Directors and Directors' Interests

The Directors of the Company during the year were:-

G. H. Hayes	
K. G. Hayes	(Resigned 30th November, 1977)
A. E. Picken	
M. A. Goody	(Appointed 19th October, 1977)

The Directors of the Company have the following interests in the Shares of the Company:-

	<u>Ordinary Shares of £1 each</u>	
	<u>30.9.1978</u>	<u>30.9.1977</u>
G. H. Hayes	9000	10000
A. E. Picken	5	5
M. A. Goody	5	-

Dividend

The Directors do not recommend the payment of a dividend for the year.

Fixed Assets

Movements are set out on Page 7.

Exports

Goods to the value of £9842 (1977 £3400) were exported from the United Kingdom during the year.

Registered Office

The Company's Registered Office is situated at:-

Aldersley Road,
Tattenhall,
Wolverhampton.

Auditors

Crombie, Lacon & Stevens,
Chartered Accountants,
34 Waterloo Road,
Wolverhampton.

BY ORDER OF THE BOARD

G. H. Hayes

SECRETARY

G. H. Hayes



DUO RUBBER AND ENGINEERING CO. LIMITED

AUDITORS' REPORT

We have examined the attached Accounts on Pages 3 to 8, which have been prepared under the Historic Cost Convention, with the exception of the Freehold Land and Buildings which is shown at a professional valuation made in June, 1978.

In our opinion the Accounts give, under the Accounting Convention stated, a true and fair view of the state of the Company's affairs at 30th September, 1978 and of its Profit and of its Source and Application of Funds for the year ended on that date, and comply with the Companies Acts 1948 and 1967.

Crombie Lacon Stevens

34 Waterloo Road,
Wolverhampton.

Crombie, Lacon & Stevens,
Chartered Accountants.

13th October, 1978.

DUO RUBBER AND ENGINEERING CO., LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30TH SEPTEMBER, 1978

	<u>Note</u>	<u>1978</u>	<u>1977</u>
		£	£
<u>Turnover</u>	1	500308	307890
<u>Net Trading Profit for the Year</u>		42569	(30983)
<u>after charging:-</u>			
Directors' Remuneration (Adjusted for Benefits in Kind)	2	23975	15518
Audit Fee		1000	500
Bank Interest		7064	5516
Plant Hire		676	-
Depreciation	1	2218	8121
		<u>34933</u>	<u>29655</u>
Compensation to Director for loss of Office		11558	-
		<u>31011</u>	<u>(30983)</u>
Balance brought forward from previous years		15760	46743
<u>Undistributed Profits carried forward</u>		<u>46771</u>	<u>15760</u>

DUO RUBBER AND ENGINEERING CO. LIMITED

BALANCE SHEET

AS AT 30TH SEPTEMBER, 1978

	<u>Note</u>	<u>1978</u>		<u>1977</u>	
		£	£	£	£
<u>FIXED ASSETS</u>	3				
Goodwill		1500		1500	
Freehold Land and Buildings		110000		23604	
Plant, Machinery and Electrical Installations		41027		45958	
Tools		2742		2479	
Plant and Machinery at Aycliffe		8896		-	
Heating Installations		1787		1986	
Furniture, Fixtures and Fittings		6665		6734	
Motor Vehicles		7795	180412	3134	85395
		<u>234669</u>		<u>85147</u>	
<u>CURRENT ASSETS</u>					
Stock and Work in Progress	1	49164		16868	
Sundry Debtors		184994		67945	
Payments in Advance		304		226	
Cash in Hand		207		108	
		<u>234669</u>		<u>85147</u>	
<u>DEDUCT CURRENT LIABILITIES</u>					
Sundry Creditors		83495		35176	
Accrued Liabilities		50422		19107	
Amount due to Bank (Secured)		105763		62114	
Amount outstanding on Hire Purchase		5582		2380	
		<u>245262</u>		<u>118777</u>	
<u>NET CURRENT LIABILITIES</u>			10593		33630
			<u>169819</u>		<u>51765</u>
<u>FINANCED BY:-</u>					
<u>SHARE CAPITAL</u>	4	36010		36005	
<u>RESERVES</u>	5	133809		15760	
		<u>169819</u>		<u>51765</u>	

M. A. Goody M. A. GOODY }
G. H. Hayes G. H. HAYES } Directors

DUO RUBBER AND ENGINEERING CO. LIMITED
STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 30TH SEPTEMBER, 1978

	<u>1978</u>		<u>1977</u>	
	£	£	£	£
<u>Net Trading Profit for the Year</u>		42569		(30983)
Adjustment for items not involving the movement of Funds:-				
Depreciation	11094		10546	
Profit on Sale of Fixed Assets	(8876)	2218	(2425)	8121
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>Funds Generated from Operations</u>		44787		(22862)
<u>Other Sources</u>				
Share Capital Issued		5		5
		<u> </u>		<u> </u>
		44792		(22857)
<u>Applications</u>				
Capital Expenditure	(23749)		(6162)	
<u>Deduct</u> Proceeds from Sale of Fixed Assets	13552		8000	
	<u> </u>		<u> </u>	
	(10197)		1838	
Compensation to Director for loss of Office	(11558)	(21755)	-	1838
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
		23037		(21019)
<u>Movements in Working Capital</u>				
Stock and Work in Progress - Increase	(32296)		(4959)	
Sundry Debtors - Increase	(117049)		24951	
Payments in Advance - Increase	(78)		221	
Sundry Creditors - Increase	48319		(622)	
Accrued Liabilities - Increase	31315		(4383)	
Amount outstanding on Hire Purchase - Increase	3202	(66587)	(4940)	10268
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>Decrease in Net Liquid Funds</u>		(43550)		(10751)
		<u> </u>		<u> </u>
<u>Reflected in:-</u>				
Cash in Hand - Increase	99		79	
Amount due to Bank - Increase	(43649)		(10830)	
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
		(43550)		(10751)
		<u> </u>		<u> </u>

DUC RUBBER AND ENGINEERING CO., LIMITED

NOTES TO ACCOUNTS

1. Statement of Accounting Policies

(a) Turnover

Turnover represents the total invoice value of goods sold less returns, excluding Value added Tax.

(b) Stock and Work in Progress

Stock has been valued at the lower of cost or net realisable value.

Work in Progress has been valued at material cost plus labour plus 200% labour to cover attributable overheads and a proportion of profit.

(c) Depreciation

Depreciation of Fixed Assets is provided at rates calculated to reduce their book value to estimated realisable value at the end of their anticipated useful lives.

The rates used, applied to next book value at the beginning of the year and on additions during the year, except Freehold Land and Buildings are as follows:-

Freehold Land and Buildings	2% on cost
Plant, Machinery and Electrical Installations	15%
Tools	15%
Plant and Machinery at Aycliffe	15%
Heating Installations	10%
Furniture, Fixtures and Fittings	5%
Motor Vehicles	20%

Freehold Land and Buildings are shown at £110000 in accordance with a professional valuation made on 8th June, 1978 by Messrs. Stanbury & Brown, Chartered Surveyors.

(d) Deferred Taxation

No provision is made in respect of Deferred Taxation.

2. Directors' Remuneration

Particulars of Directors' Remuneration are as follows:-

	<u>No. of Directors</u>	
	<u>1978</u>	<u>1977</u>
£ 0 ~ £ 2500	1	2
£ 2501 ~ £ 5000	-	1
£ 5001 ~ £ 7500	2	1
£ 7501 ~ £10000	-	-
£10001 ~ £12500	1	-

Emoluments of the Chairman amounted to £10048 (1977 £1745) and those of the highest paid Director £10048 (1977 £6980).

DUO RUBBER AND ENGINEERING CO. LIMITED

NOTES TO ACCOUNTS

3. Fixed Assets

	Goodwill	Freehold Land and Buildings	Plant, Machinery and Electrical Installations	Tools
<u>Cost</u>	£	£	£	£
As at 1st October, 1977	1500	32090	140869	4597
<u>Sales</u> during Year	-	-	14328	-
	1500	32090	126541	4597
<u>Additions</u> during Year	-	-	5573	747
<u>Revaluation</u> during Year	-	87038	-	-
<u>As at 30th September, 1978</u>	1500	119128	132114	5344
<u>Depreciation</u>				
As at 1st October, 1977	-	8486	94911	2118
<u>Less</u> no longer required in respect of items sold	-	-	11065	-
	-	8486	83846	2118
<u>Depreciation</u> for the Year	-	642	7241	484
<u>As at 30th September, 1978</u>	-	9128	91087	2602
<u>Net Book Values as at 30th September, 1978</u>	1500	110000	41027	2742
	Plant and Machinery at Aycliffe	Heating Installations	Furniture, Fixtures and Fittings	Motor Vehicles
<u>Cost</u>	£	£	£	£
As at 1st October, 1977	-	3973	9169	8294
<u>Sales</u> during Year	-	-	14	4071
	-	3973	9155	4223
<u>Additions</u> during Year	9124	-	296	8009
<u>As at 30th September, 1978</u>	9124	3973	9451	12232
<u>Depreciation</u>				
As at 1st October, 1977	-	1987	2435	5160
<u>Less</u> no longer required in respect of items sold	-	-	-	2672
	-	1987	2435	2488
<u>Depreciation</u> for the Year	228	199	351	1949
<u>As at 30th September, 1978</u>	228	2186	2786	4437
<u>Net Book Values as at 30th September, 1978</u>	8896	1787	6665	7795

DUO RUBBER AND ENGINEERING CO. LIMITED

NOTES TO ACCOUNTS

3. Fixed Assets (cont.)

On the closure of the ABEX factory at Aycliffe, the Company acquired free of charge a large quantity of spares and tooling. The Directors estimate that these would have cost approximately £200000 to manufacture and that their current market value is in excess of £50000.

These items are not reflected in the Accounts.

4. Share Capital

	<u>Ordinary Shares of £1 each</u>	
	<u>1978</u>	<u>1977</u>
Authorised	40000	40000
Issued and Fully Paid	36010	36005

5. Reserves

	<u>1978</u>	<u>1977</u>
	£	£
Profit and Loss Account	46771	15760
Surplus on Revaluation of Freehold Land and Buildings	87038	-
	<u>133809</u>	<u>15760</u>

6. Capital Commitments

The Company is committed to the purchase of Plant and Machinery for the Aycliffe factory amounting to approximately £112000.

The Company has contracted for the construction of a fireproof petroleum store at the Wolverhampton factory for approximately £2000.