

ARCHIBALD KENRICK & SONS LIMITED

FINANCIAL STATEMENTS

YEAR ENDED
30 DECEMBER 1992



COMPANY NO:
18712

ARCHIBALD KENRICK & SONS LIMITED

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ARCHIBALD KENRICK & SONS LIMITED

COMPANY INFORMATION

Directors	G L Brown R A Bridge T J Wood
Secretary	R A Bridge
Registered office	Union Street Kenrick Way West Bromwich West Midlands B70 6DB
Registered number	18712
Auditors	Robson Rhodes Chartered Accountants Centre City Tower 7 Hill Street Birmingham B5 4UU
Bankers	Barclays Bank PLC 351-359 Soho Road Handsworth Birmingham B21 9SE

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 30 December 1992.

PRINCIPAL ACTIVITIES

The principal activities of the company are the manufacture and sale of castors, hardware and zinc alloy and aluminium components.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The directors are pleased with the performance of the company during the year, which has seen an increase in turnover, margin and profits.

On 31 December 1992 the trade and all trading assets of the company were transferred, at a consideration equal to the value of net assets transferred, to a fellow subsidiary company - EMB Company Limited. The company now acts as an unremunerated agent for certain of the trading activities of EMB Company Limited.

RESULTS AND DIVIDENDS

The profit for the year before tax amounted to £746,289 (1991 - £326,537). It is recommended that retained profits be transferred to reserves.

FIXED ASSETS

The movement in fixed assets are set out in Note 10 to the financial statements.

During the year the directors have increased the rates of depreciation applied to fixed assets. In order to effect the increase in rates the directors have recalculated the net book value of relevant assets as at 30 December 1992 as if the new rates had been used throughout the period of asset ownership. This re-appraisal has resulted in an increase in the depreciation charge for the year of £268,525; which is recorded as an exceptional item.

DONATIONS

Charitable donations made by the company during the year amounted to £470 (1991 - £438). No political donations were made during the year (1991 - £Nil).

ARCHIBALD KENRICK & SONS LIMITED

REPORT OF THE DIRECTORS (Continued)

DIRECTORS

The directors of the company are set out on page 1. All of the directors served throughout the year with the exception of Mr T J Wood who was appointed a director on 22 June 1992.

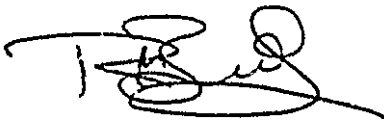
The interests of Mr G L Brown in the shares of Spire Group Limited are disclosed in the financial statements of that company.

The other directors held no beneficial interest in the shares of Spire Group Limited at 30 December 1992.

AUDITORS

Robson Rhodes have expressed their willingness to continue in office as auditors and a resolution for their reappointment will be proposed at the forthcoming Annual General Meeting.

The report of the directors was approved by the Board on ^{30 APRIL} 1993 and signed on its behalf by:



R A BRIDGE
Secretary

REPORT OF THE AUDITORS

TO THE MEMBERS OF ARCHIBALD KENRICK & SONS LIMITED

We have audited the financial statements on pages 5 to 17 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the affairs of the company at 30 December 1992 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Robson Rhodes
Registered Auditor
Chartered Accountants

Birmingham
30 April 1993

ARCHIBALD KENRICK & SONS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 DECEMBER 1992

	Note	1992 £	1991 £
Turnover	2	4,628,549	4,360,972
Cost of sales		(3,224,064)	(3,239,814)
Gross profit		1,404,485	1,121,158
Distribution costs		(57,210)	(74,276)
Administrative expenses		(314,902)	(391,180)
Other operating (costs)/income		(12,089)	58,618
Operating profit	5	1,020,284	714,320
Interest	6	1,943	(80,908)
Profit before exceptional items		1,022,227	633,412
Exceptional items	7	(275,938)	(306,875)
Profit on ordinary activities before taxation		746,289	326,537
Tax on profit on ordinary activities	8	(224,000)	(80,000)
Profit on ordinary activities after taxation		522,289	246,537
Extraordinary items	9	-	180,000
Profit for the financial year		522,289	426,537

Movements in reserves are shown in Note 18 on page 16.

ARCHIBALD KENRICK & SONS LIMITED

BALANCE SHEET - 30 DECEMBER 1992

	Note	1992 £	1991 £
Fixed assets			
Tangible assets	10	1,251,951	1,424,117
Investments in subsidiary undertakings	11	157,166	157,166
		<u>1,409,117</u>	<u>1,581,283</u>
Current assets			
Stock and work in progress	12	643,504	605,857
Debtors	13	1,566,305	1,366,929
Cash at bank and in hand		80,478	1,701
		<u>2,290,287</u>	<u>1,974,487</u>
Creditors:			
Amounts falling due within one year	14	(1,434,118)	(1,171,878)
Net current assets		<u>886,169</u>	<u>802,609</u>
Total assets less current liabilities		<u>2,265,286</u>	<u>2,383,892</u>
Creditors:			
Amounts falling due after more than one year	15	(40,053)	(610,948)
Provisions for liabilities and charges	17	(280,000)	(350,000)
		<u>1,945,233</u>	<u>1,422,944</u>
Capital and reserves			
Called up share capital	18	326,800	326,800
Profit and loss account	19	783,342	261,053
Revaluation reserve	19	835,091	835,091
Shareholders' funds		<u>1,945,233</u>	<u>1,422,944</u>

The financial statements were approved by the Board on ^{30 APRIL} 1993 and signed on its behalf by:

G L BROWN
Director

R A BRIDGE
Director

These accounts are signed solely to comply with the Companies Acts without personal verification by G L Brown.

ARCHIBALD KENRICK & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS 30 DECEMBER 1992

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards under the historical cost convention as modified by the revaluation of freehold property.

The financial statements only present information about the company and do not contain information relating to the group as a whole. The company is not required to prepare group accounts because it is itself a wholly owned subsidiary of a company registered in England and Wales which prepares group accounts.

Turnover

Turnover consists of the invoiced value (excluding VAT) for goods and services supplied to third parties.

Pensions

The company operates a defined contribution pension scheme. The pension cost for that scheme represents contributions payable by the company in the year.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes.

Provision for deferred taxation is made under the liability method only to the extent that it is probable that the liability will become payable in the foreseeable future.

ARCHIBALD KENRICK & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS 30 DECEMBER 1992

1. ACCOUNTING POLICIES (Continued)

Tangible fixed assets and depreciation

Depreciation is provided evenly on the cost (or valuation where appropriate) of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on freehold land.

During the year the directors have revised the depreciation rates applied to fixed assets as follows:

	Current	Previous
Freehold buildings	4%	2½%
Plant and machinery	20%	10% - 33⅓%
Motor vehicles	33⅓%	33⅓%

In order to effect these changes in depreciation rates the directors have recalculated the net book value of relevant assets as at 30 December 1992 as if those rates had been used throughout the period of asset ownership. The change in depreciation rates increases the depreciation charge for the year by £268,525 and this is recorded as an exceptional item.

Leased assets

Where assets are financed by leasing agreements or hire purchase contracts ('finance leases') the assets are included in the balance sheet at cost less depreciation in accordance with the company's normal accounting policies. The present value of future rentals is shown as a liability. The interest elements of rental obligations is charged to the profit and loss account over the period of the lease in proportion to the balance of capital repayments outstanding.

Rentals payable under operating leases are charged to the profit and loss account as incurred.

Stocks

Stocks and work in progress are valued at the lower of cost and estimated net realisable value. Cost is determined on a first-in first-out basis. The cost of work in progress and finished goods comprises materials, direct labour and attributable production overheads. Net realisable value is based on the estimated sales price after allowing for all further costs of completion and disposal.

Other matters

Research and development expenditure, and expenditure on patents and trade marks is written off as incurred.

ARCHIBALD KENRICK & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS 30 DECEMBER 1992

2. TURNOVER BY GEOGRAPHICAL MARKET

The geographical analysis of the group's turnover is as follows:

	1992 £	1991 £
United Kingdom	4,397,740	4,048,271
North America	20,178	36,408
Rest of the World	210,631	276,293
	<u>4,628,549</u>	<u>4,360,972</u>

The directors consider that the company is engaged in a single class of business.

3. EMPLOYEES AND PENSIONS

Average number of people (including directors) employed by the group during the year:

	1992 No	1991 No
Production	120	122
Administration (including selling)	15	15
	<u>135</u>	<u>137</u>

	1992 £	1991 £
Staff costs, including directors:		
Wages and salaries	1,283,880	1,258,689
Social security costs	122,149	112,471
Ex-gratia pensions, pension and employee assurance costs	36,191	35,194
	<u>1,442,220</u>	<u>1,406,354</u>

ARCHIBALD KENRICK & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS 30 DECEMBER 1992

4. DIRECTORS

Remuneration

	1992 £	1991 £
Management services	61,847	56,855
Pension and employment assurance costs	2,255	2,065
Ex-gratia pensions to former directors	-	16,197
	<u>64,102</u>	<u>75,117</u>

Emoluments exclusive of pension contributions

The emoluments of the chairman were £Nil (1991 - £Nil). The emoluments of the highest paid director were £37,574 (1991 - £39,275). The emoluments of the other directors, also exclusive of pension contributions, were in the following ranges:

	1992 No	1991 No
£15,001 - £20,000	-	1
£20,001 - £25,000	1	-

5. OPERATING PROFIT

Operating profit for the year is arrived at after charging/(crediting):

	1992 £	1991 £
Depreciation of tangible fixed assets	134,220	132,311
Profit on sale of tangible fixed assets	(10,695)	(21,053)
Hire of plant and machinery	8,206	11,744
Auditors' remuneration	8,500	8,500

ARCHIBALD KENRICK & SONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
30 DECEMBER 1992**

6. INTEREST

	1992 £	1991 £
Bank interest received	23,434	-
Hire purchase and finance leases	(21,491)	(22,681)
Bank overdraft	-	(58,227)
	<u>1,943</u>	<u>(80,908)</u>

7. EXCEPTIONAL ITEMS

	1992 £	1991 £
Additional depreciation	268,525	-
Dilapidation provision	120,000	120,000
Reorganisation provision release	(112,587)	186,875
	<u>275,938</u>	<u>306,875</u>

8. TAXATION

	1992 £	1991 £
Corporation tax at 33%	295,000	-
Deferred taxation	(84,000)	80,000
	<u>211,000</u>	<u>80,000</u>
Adjustment in respect of prior years	13,000	-
	<u>224,000</u>	<u>80,000</u>

9. EXTRAORDINARY ITEMS

	1992 £	1991 £
Surplus refunded to group on dissolution of defined benefit pension scheme	-	300,000
Taxation thereon at 40%	-	(120,000)
	<u>NIL</u>	<u>180,000</u>

ARCHIBALD KENRICK & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS 30 DECEMBER 1992

10. TANGIBLE ASSETS

	Freehold land and buildings £	Plant and machinery £	Motor vehicles £	Total £
Cost or valuation				
At 1 January 1992	1,000,000	1,798,670	103,572	2,902,242
Capital expenditure	-	194,550	49,329	243,879
Disposals	-	(13,520)	(45,990)	(59,510)
At 30 December 1992	1,000,000	1,979,700	106,911	3,086,611
Depreciation				
At 1 January 1992	21,404	1,387,242	69,479	1,478,125
Disposals	-	(220)	(45,990)	(46,210)
Charged in year	22,596	342,842	37,307	402,745
At 30 December 1992	44,000	1,729,864	60,796	1,834,660
Net book value				
At 30 December 1992	956,000	249,836	46,115	1,251,951
At 31 December 1991	978,596	411,428	34,093	1,424,117

The net book value of the tangible fixed assets includes £129,249 (1991 - £248,548) in respect of assets held under finance leases and hire purchase contracts. Depreciation charged on those assets amounted to £195,733 (1991 - £50,570).

The freehold land and buildings were revalued on a current open market vacant possession basis during January 1990 by members of the Royal Institution of Chartered Surveyors.

If the freehold land and building had not been revalued they would have been included in the balance sheet at the following amounts:

	Total £
Cost	348,654
Depreciation	213,981
At 30 December 1992	134,673
At 31 December 1991	143,235

ARCHIBALD KENRICK & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS 30 DECEMBER 1992

11. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

	1992 £	1991 £
Investment in shares		
Cost at 30 December 1992 and 31 December 1991	362,989	362,989
Long term loan	132,700	132,700
	<hr/>	<hr/>
Provision for diminution in value	495,689	495,689
	(338,523)	(338,523)
Net amount at 30 December 1992 and 31 December 1991	<hr/> 157,166 <hr/>	<hr/> 157,166 <hr/>

The company owns the whole of the issued share capital of the following companies, all of which are registered in England and Wales:

Kenrick Hardware Limited
 Kenrick Marine Limited
 The New Anderson Navigation Company Limited
 Kenrick Castors Limited
 Kenrick Engineering Limited
 Kenrick Tooling Limited (100% owned by Kenrick Engineering Limited)
 The Ironite Company Limited
 Sambourne Patterns Limited
 Kenrick Investments Limited

None of the subsidiary companies traded during the year.

12. STOCKS

	1992 £	1991 £
Raw materials	158,755	148,039
Work in progress	309,526	309,287
Finished goods	175,223	148,531
	<hr/>	<hr/>
	643,504	605,857
	<hr/>	<hr/>

The replacement cost of the above stocks would not be significantly different from the values stated.

ARCHIBALD KENRICK & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS 30 DECEMBER 1992

13. DEBTORS

	1992	1991
	£	£
Due within one year		
Trade debtors	1,209,149	1,050,397
Amount due from parent company	77,140	-
Amounts owed by group undertakings	238,495	274,464
Other debtors	2,270	3,073
Prepayments and accrued income	39,251	38,995
	<u>1,566,305</u>	<u>1,366,929</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1992	1991
	£	£
Borrowings (note 16)	124,060	104,338
Trade creditors	575,089	587,243
Amounts owed to group undertakings	203,539	189,024
Corporation tax	264,000	-
Other taxation and social security	152,235	145,590
Accruals and deferred income	42,563	88,441
Other creditors	72,632	57,242
	<u>1,434,118</u>	<u>1,171,878</u>

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1992	1991
	£	£
Borrowings (note 16)	40,053	610,948

16. BORROWINGS ANALYSIS

	1992	1991
	£	£
Due within one year		
Bank overdrafts	-	7,758
Obligations under finance leases and hire purchase contracts	124,060	96,580
	<u>124,060</u>	<u>104,338</u>

ARCHIBALD KENRICK & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS 30 DECEMBER 1992

16. BORROWINGS ANALYSIS (Continued)

	1992 £	1991 £
Due after more than one year		
Loan from parent company	-	500,000
Obligations under finance leases and hire purchase contracts - due within two to five years	40,053	110,948
	<u>40,053</u>	<u>610,948</u>

Included in obligations under finance leases and hire purchase contracts are £36,978 due within one year and £23,384 due after more than one year in respect of hire purchase obligations due to the parent company.

17. PROVISIONS FOR LIABILITIES AND CHARGES

	1992 £	1991 £
Dilapidation provision	240,000	120,000
Reorganisation provision	-	150,000
Deferred taxation	40,000	80,000
	<u>280,000</u>	<u>350,000</u>
Deferred taxation comprises:		
Capital allowances	50,000	132,000
Other timing differences	(10,000)	4,000
Advance corporation tax	-	(56,000)
	<u>40,000</u>	<u>80,000</u>

No provision has been made for any taxation payable if the property was disposed of at its revalued amount as the directors do not intend to sell the property in the foreseeable future.

ARCHIBALD KENRICK & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS 30 DECEMBER 1992

18. SHARE CAPITAL

	1992 £	1991 £
Authorised 600,000 ordinary shares of £1 each	600,000	600,000
Allotted and fully paid 326,800 ordinary shares of £1 each	326,800	326,800

19. RESERVES

	Revaluation reserve £	Profit and loss account £
At 1 January 1992	835,091	261,053
Retained profit	-	522,289
At 30 December 1992	835,091	783,342

20. FINANCIAL COMMITMENTS

Operating lease commitments

The annual commitments under operating leases are analysed according to the period in which the period in which each lease expires, as follows:

	1992 £	1991 £
(i) Plant and machinery, leases expiring within one year	-	-
one to five years	-	-
	NIL	NIL

ARCHIBALD KENRICK & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS 30 DECEMBER 1992

20. FINANCIAL COMMITMENTS (Continued)

	1992 £	1991 £
(ii) Property leases expiring within one year one to five years	70,000	70,000

- (iii) The company has entered into an irrevocable contract to purchase raw materials amounting to £37,500 per month. This contract runs from January 1993 to December 1993.

21. PARENT COMPANY

The ultimate parent company is Spire Group Limited, which is registered in England and Wales.

Its group accounts are available to the public on payment of the appropriate fee, from Companies Registration Office, Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.

ARCHIBALD KENRICK & SONS LIMITED

**The following pages do not form part of the
audited statutory financial statements and are for
management purposes only**

ARCHIBALD KENRICK & SONS LIMITED

For directors' use only

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 DECEMBER 1992

	1992 £	1991 £
Sales	4,628,549	4,360,972
Cost of sales	(3,224,064)	(3,239,814)
	<hr/>	<hr/>
Gross profit 30.3% (1991 - 25.7%)	1,404,485	1,121,158
Overheads		
Administrative expenses	314,902	391,180
Distribution costs	57,210	74,276
Other operating costs (income)	12,089	(58,618)
	<hr/>	<hr/>
	384,201	406,838
	<hr/>	<hr/>
Operating profit for the year	1,020,254	714,320
	<hr/>	<hr/>

ARCHIBALD KENRICK & SONS LIMITED

For directors' use only

SUMMARY OF OVERHEADS FOR THE YEAR ENDED 30 DECEMBER 1992

	1992 £	1991 £
Administrative costs		
Samples	4,230	4,364
Bloxwich factory costs	10,000	-
Salaries	148,009	175,875
National insurance	15,822	16,784
Travel	11,435	5,850
Motor vehicle costs	16,762	15,568
Postage and telephone	20,453	21,499
Printing and stationery	10,617	14,805
Depreciation	20,114	30,135
Subscriptions and donations	4,578	4,000
Legal and professional	20,900	52,077
Office repairs	18,861	15,276
Equipment rental	3,350	3,114
Miscellaneous	1,886	9,582
Product development	1,356	-
Public relations and advertising	6,529	4,251
VAT assessment	-	13,000
Tribunal award	-	5,000
	314,902	391,180
Distribution costs		
Carriage - Home	28,178	38,321
- Overseas	8,016	10,786
Commission - Agents	16,189	17,860
Rebates	3,361	5,484
Cash discounts	1,466	1,825
	57,210	74,276
Other operating costs (income)		
Group charges - Income	(79,345)	(79,345)
- Expenditure	55,200	-
Pensions	36,191	35,194
Private health	7,082	7,268
Profit on sale of assets	(10,695)	(21,053)
Royalties	16,617	14,589
Rent received	(91,360)	(92,259)
Wednesbury factory costs	62,770	82,357
Profit on exchange	(11,422)	(17,739)
Bad debts	21,942	12,370
Bank charges	5,109	-
	12,089	(58,618)