

**H BRONNLEY & CO LIMITED**  
**DIRECTORS' REPORT AND ACCOUNTS**  
**YEAR ENDED 31 DECEMBER 1998**

**Company Number : 46883**




# **H BRONNLEY & CO. LIMITED**

## **NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the Annual General Meeting of the members of the Company will be held at the registered office of the Company at Radstone Road, Brackley, on 13th September 1999 at 2:30pm to transact the following business.

1. To receive and consider the Directors' Report and Audited Accounts for the year ended 31 December 1998.
2. To confirm the Dividends as set out in the Audited Accounts.
3. To re-elect Mr HG Blank as a Director.
4. To resolve that the amount of Directors' fees to be paid to each Director pursuant to Article 94 of the Articles of Association shall be £4,150 per annum as from 1 January 1999.
5. To reappoint auditors and authorise the Directors to determine their remuneration.
6. To transact any other business which may be properly transacted at an Annual General Meeting of the Company.

By Order of the Board



SJ Neate  
Secretary

A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and, on a poll, to vote on his/her behalf. A proxy need not be a member of the Company. Any instrument appointing a proxy, to be valid, must be lodged with the Company Secretary at the registered office not later than forty-eight hours before the time fixed for the meeting.

## **H BRONNLEY & CO. LIMITED**

### **DIRECTORS' REPORT**

The directors submit their report and the accounts for the year ended 31 December 1998.

### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The principal activity of the group during the year continued to be the production and wholesale distribution of quality soap and toiletries.

An increase in sales in all markets, with the exception of the Far East, has led to an improved position over 1997. The operating profit improvement is also due to the savings achieved in factory costs and the containment of administration costs.

The directors consider the result to be satisfactory.

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare accounts that 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 its financial year. In doing so, the directors are required to:

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and the group and to 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **RESULTS AND DIVIDENDS**

The profit of the group for the year after taxation amounted to £407,161 (1997 £115,153).

Dividends have been paid on the preference shares for 1998. The directors recommend that a dividend be declared on the ordinary shares of £25,028 (6%) (1997 - £12,514 (3%)). The remaining profit for the financial year of £380,227 (1997 £100,733) has been carried forward.

### **DIRECTORS AND INTERESTS IN SHARES**

The names of the present directors, all of whom served throughout the year, and the number of shares in the company in which they had an interest as defined by the Companies Act 1985 is as follows:

## H BRONNLEY & CO. LIMITED

### DIRECTORS' REPORT (continued)

At beginning and end of year:

	Beneficial Interest				Other interest			
	Ordinary		Preference		Ordinary		Preference	
	Voting	Non Voting	6%B	5%	Voting	Non Voting	6%B	5%
Miss A Rossiter * (Chairman)	17,365	141,556	15,797	125	-	-	-	-
A R Smith CA	-	-	100	-	-	-	-	-
H G Blank FCA	-	-	-	-	-	-	-	-
F J Sheppard * (Managing Director)	500	-	-	-	-	-	-	-
F J Morris	-	-	-	-	-	-	-	-
* Directors Joint Interests	-	-	-	-	4,181	15,985	4,096	4,625

### DIRECTORS' INSURANCE

An insurance policy is maintained for the directors of the company to be indemnified in respect of liabilities incurred in the execution of their duties.

### MARKET VALUE OF LAND AND BUILDINGS

The directors are of the opinion that the market value of land and buildings is in excess of the book value, but since there is no intention of selling the property, they do not consider the cost of obtaining a professional valuation is justified.

### ENVIRONMENTAL STATEMENT

The Bronnley group's environmental policy is to ensure that the company and its staff care for the environment in which they live and work. Responsibility for the implementation of this policy is vested with the Managing Director with a major contribution from the Works Director.

The company continues to ensure that the level of factory emissions into the environment is nil and that no products use harmful propellant gases. A detailed examination of all product specifications is regularly undertaken to ensure the effective use of all materials. Wastage is kept to an absolute minimum and where unavoidable all board off-cuts are used for packing material or recycled.

The company subscribes to Valpack Ltd. to discharge its obligation under The Producer Responsibility Obligations (Packaging Waste) Regulations 1997.

## **H BRONNLEY & CO. LIMITED**

### **DIRECTORS' REPORT (continued)**

#### **STAFF**

The directors thank the staff for their loyalty and co-operation during the year.

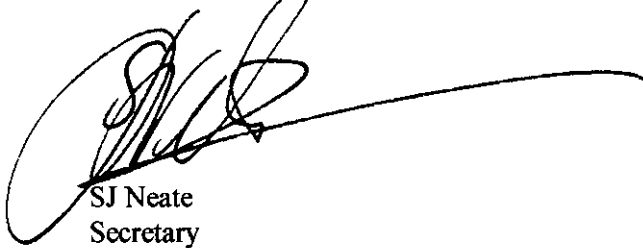
#### **YEAR 2000 COMPLIANCE**

The company has assessed the risks associated with the year 2000 problem. It has reviewed its computer software and hardware, and has liased with software suppliers, to endeavour to ensure these systems are compliant. No significant additional additional costs are anticipated.

#### **AUDITORS**

On 1st March 1999 the auditors, Moores Rowland, merged their practice with that of BDO Stoy Hayward and are now practising under that name. A resolution will be proposed at the Annual General Meeting to reappoint BDO Stoy Hayward as auditors to the company for the ensuing year.

On behalf of the Board

A large, stylized handwritten signature in black ink, appearing to be 'SJ Neate', with a long horizontal flourish extending to the right.

SJ Neate  
Secretary

Radstone Road  
Brackley  
Northamptonshire  
NN13 5AU

## **AUDITORS' REPORT TO THE MEMBERS OF**

### **H BRONNLEY & CO. LIMITED**

We have audited the accounts on pages 6 to 21.

#### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

As described in the directors' report, the company's directors are responsible for the preparation of the accounts. It is our responsibility as auditors 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 group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations that 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 the group as at 31 December 1998 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO Stoy Hayward  
Chartered Accountants  
Registered Auditors

London

30th July 1999

# H BRONNLEY & CO. LIMITED

## CONSOLIDATED PROFIT AND LOSS ACCOUNT YEAR ENDED 31 DECEMBER 1998

	Note	1998 £	1997 £
TURNOVER	2	7,092,230	6,828,006
Cost of sales		<u>(4,075,111)</u>	<u>(4,241,640)</u>
GROSS PROFIT		3,017,119	2,586,366
Selling and distribution costs		<u>(1,449,374)</u>	<u>(1,398,497)</u>
Administrative expenses		<u>(1,017,422)</u>	<u>(1,013,401)</u>
Operating profit		550,323	174,468
Other operating expenses	3	<u>18,527</u>	<u>(29,207)</u>
		568,850	145,261
Interest payable	4	<u>(34,794)</u>	<u>(32,573)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	534,056	112,688
Tax thereon	6	<u>(126,895)</u>	<u>2,465</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		407,161	115,153
(including parent company £408,253 - 1997 £132,062)			
Dividends	7	<u>(26,934)</u>	<u>(14,420)</u>
RETAINED PROFIT FOR THE FINANCIAL YEAR		380,227	100,733
Retained profits brought forward		<u>1,151,574</u>	<u>1,050,841</u>
RETAINED PROFITS CARRIED FORWARD		<u>1,531,801</u>	<u>1,151,574</u>

As there were no acquisitions or discontinued activities in the year, all disclosures relate only to continuing operations.

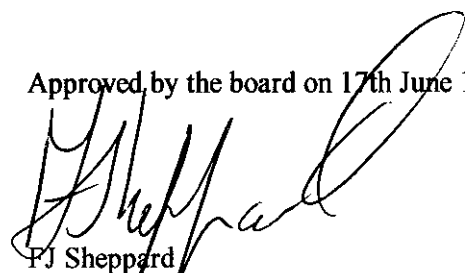
The group has no recognised gains or losses other than the profit for the year.

# H BRONNLEY & CO. LIMITED

## CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 1998

	Note	1998 £	1997 £
<b>FIXED ASSETS</b>			
Tangible assets	8	1,795,261	1,863,192
<b>CURRENT ASSETS</b>			
Stocks	10	1,722,069	1,504,787
Debtors	11	1,543,566	1,773,663
Cash at bank and in hand		<u>162,493</u>	<u>104,049</u>
		3,428,128	3,382,499
Creditors - amounts falling due within one year	12	<u>(1,244,402)</u>	<u>(1,446,597)</u>
<b>NET CURRENT ASSETS</b>		<u>2,183,726</u>	<u>1,935,902</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>3,978,987</b>	<b>3,799,094</b>
Creditors - amounts falling due after more than one year	13	--	(100,000)
Provisions for liabilities and charges	14	<u>(91,195)</u>	<u>(191,529)</u>
		<u>(91,195)</u>	<u>(291,529)</u>
<b>TOTAL NET ASSETS</b>		<u><b>3,887,792</b></u>	<u><b>3,507,565</b></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	15	450,991	450,991
Reserve		1,905,000	1,905,000
Profit and loss account		<u>1,531,801</u>	<u>1,151,574</u>
<b>SHAREHOLDERS' FUNDS (including non equity interests)</b>	16	<u><b>3,887,792</b></u>	<u><b>3,507,565</b></u>

Approved by the board on 17th June 1999.

  
PJ Sheppard  
Managing Director




# H BRONNLEY & CO. LIMITED

## COMPANY BALANCE SHEET AS AT 31 DECEMBER 1998

	Note	£	1998 £	£	1997 £
<b>FIXED ASSETS</b>					
Tangible assets	8		1,794,004		1,861,492
Investments	9		202		202
			<u>1,794,206</u>		<u>1,861,694</u>
<b>CURRENT ASSETS</b>					
Stocks	10	1,722,069		1,504,787	
Debtors	11	1,553,978		1,786,228	
Cash at bank and in hand		<u>117,435</u>		<u>65,178</u>	
		3,393,482		3,356,193	
Creditors - amounts falling due within one year	12	<u>(1,231,458)</u>		<u>(1,442,642)</u>	
NET CURRENT ASSETS			<u>2,162,024</u>		<u>1,913,551</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			3,956,230		3,775,245
Creditors - amounts falling due after more than one year	13	--		(100,000)	
Provisions for liabilities and charges	14	<u>(91,195)</u>		<u>(191,529)</u>	
			<u>(91,195)</u>		<u>(291,529)</u>
TOTAL NET ASSETS			<u>3,865,035</u>		<u>3,483,716</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	15		450,991		450,991
Reserve			1,905,000		1,905,000
Profit and loss account			<u>1,509,044</u>		<u>1,127,725</u>
SHAREHOLDERS' FUNDS (including non equity interests)	16		<u>3,865,035</u>		<u>3,483,716</u>

Approved by the board on 17th June 1999.

  
FJ Shepard  
Managing Director

**H BRONNLEY & CO. LIMITED****CONSOLIDATED CASH FLOW STATEMENT****YEAR ENDED 31 DECEMBER 1998**

	Note	1998 £	1997 £
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	17	512,979	(28,006)
Servicing of finance	18	(48,262)	(52,916)
Taxation paid		(3,790)	(6,618)
Capital expenditure and financial investment	18	<u>(60,750)</u>	<u>(53,544)</u>
Net cash inflow /(outflow) before financing		400,177	(141,084)
Financing	18	<u>(107,164)</u>	<u>(13,334)</u>
INCREASE /(DECREASE) IN CASH		<u><u>293,013</u></u>	<u><u>(154,418)</u></u>

**RECONCILIATION OF NET CASH FLOW TO  
MOVEMENT IN NET DEBT**

	Note	1998 £	1997 £
Increase/(Decrease) in cash in the year		293,013	(154,418)
Cash inflow in debt and lease financing		<u>107,164</u>	<u>13,334</u>
Change in net debt resulting from cash flows		400,177	(141,084)
Translation differences		<u>374</u>	<u>(232)</u>
Movement in net debt in the year		400,551	(141,316)
Net debt as at 1 January 1998	19	<u>(406,289)</u>	<u>(264,973)</u>
NET DEBT AS AT 31 DECEMBER 1998	19	<u><u>(5,738)</u></u>	<u><u>(406,289)</u></u>

# **H BRONNLEY & CO. LIMITED**

## **NOTES TO THE ACCOUNTS**

### **1. ACCOUNTING POLICIES**

#### **Accounting convention**

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

#### **Basis of consolidation**

The group accounts consolidate the accounts of the parent company and the accounts of its subsidiary undertakings made up to 31 December 1998. No profit and loss account is presented for the parent company as permitted by Section 230 of the Companies Act 1985.

#### **Turnover**

Group turnover comprises amounts invoiced, excluding value added tax, in respect of goods and services provided by the companies.

#### **Depreciation of tangible fixed assets**

Depreciation is provided on all tangible fixed assets other than freehold land to write them off over their anticipated useful lives at the following annual rates and methods:

Freehold buildings		2% - 5% straight line
Plant and machinery	plant and fixtures	10% straight line
	computers and vehicles	20% straight line

#### **Stocks**

Stocks are valued at the lower of cost, including appropriate overhead expenses, and estimated net realisable value.

#### **Lease and hire purchase contracts**

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

Assets being acquired under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated on the same basis as tangible fixed assets. The obligation to make future rental payments, net of future finance charges, is recognised as a liability in the balance sheet.

#### **Foreign currencies**

In the accounts of the individual companies, assets and liabilities expressed in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated at the rate ruling at the date of the transaction and ensuing differences are taken to profit and loss account.

The difference arising on restatement of the accumulated losses of foreign subsidiary undertakings is also taken to profit and loss account, because the losses have been financed by the holding company.

# H BRONNLEY & CO. LIMITED

## NOTES TO THE ACCOUNTS (continued)

### 1. ACCOUNTING POLICIES (continued)

#### Deferred taxation

Deferred taxation is calculated using the liability method and provision is made to the extent that it is likely that such tax will become payable in the foreseeable future.

#### Pension costs

Contributions to the defined benefit pension scheme are charged to the profit and loss account on a systematic and rational basis to spread the cost of providing pensions over the employees' working lives within the group.

### 2. TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1998 £	1997 £
Turnover by geographical area		
United Kingdom	4,810,680	4,416,209
Rest of Europe	1,305,923	1,138,439
North and South America	706,124	425,192
Africa, Asia and Australia	269,503	848,166
	<u>7,092,230</u>	<u>6,828,006</u>
Profit on ordinary activities before taxation is stated after charging:		
Depreciation of fixed assets	134,778	132,880
Auditors' remuneration		
Audit fee (parent company)	25,100	25,000
Non-audit services	11,675	11,000
Hire of equipment	74,631	70,694
Rent of property	10,049	8,776
Directors' emoluments	<u>238,632</u>	<u>216,842</u>

Depreciation of fixed assets includes £Nil (1997 £4,018) in respect of assets acquired under hire purchase contracts.

**H BRONNLEY & CO. LIMITED****NOTES TO THE ACCOUNTS (CONTINUED)**

<b>3. OTHER OPERATING INCOME/(EXPENSES)</b>	<b>1998</b>	<b>1997</b>
	<b>£</b>	<b>£</b>
Profit / (Loss) on exchange	11,589	(28,327)
Interest receivable	953	681
Profit / (Loss) on disposal of fixed assets	5,985	(1,561)
	<u>18,527</u>	<u>(29,207)</u>
 <b>4. INTEREST PAYABLE</b>	 <b>1998</b>	 <b>1997</b>
	<b>£</b>	<b>£</b>
On bank and other borrowings:		
Repayable within five years	33,672	30,504
On hire purchase contracts	1,122	2,069
	<u>34,794</u>	<u>32,573</u>
 <b>5. DIRECTORS AND OTHER EMPLOYEES</b>	 <b>1998</b>	 <b>1997</b>
	<b>£</b>	<b>£</b>
Staff costs include:		
Wages and salaries	2,134,983	1,988,231
Social security costs	188,611	176,985
Other pension costs	136,746	85,551
	<u>2,460,340</u>	<u>2,250,767</u>
 Average number of persons employed by the group:	 <b>1998</b>	 <b>1997</b>
	<b>Number</b>	<b>Number</b>
Production	75	74
Selling and distribution	36	33
Administration	26	26
	<u>137</u>	<u>133</u>
	<b>£</b>	<b>£</b>
Emoluments of the directors:		
For services as executives	218,632	197,717
For services as directors	20,000	19,125
	<u>238,632</u>	<u>216,842</u>
 Number of directors	 <u>5</u>	 <u>5</u>

# H BRONNLEY & CO. LIMITED

## NOTES TO THE ACCOUNTS (continued)

### 5. DIRECTORS AND OTHER EMPLOYEES (continued)

Two directors had benefits accruing under a defined benefit pension scheme.

The emoluments of the highest paid director were as follows:

	1998 £	1997 £
For services as executive	<u>72,518</u>	<u>63,115</u>

At the balance sheet, date the highest paid director had accrued pension rights amounting to £27,384 per annum (1997-£25,689).

### 6. TAXATION

	1998 £	1997 £
Based on the profit for the year:		
UK Corporation tax at 31% (1997- 21.74%)	228,301	182
Transfer of deferred taxation at 30% (1997-31%)	(100,334)	(4,905)
UK Corporation tax under provided in prior years	197	--
Irrecoverable ACT	<u>(1,269)</u>	<u>2,258</u>
	<u>126,895</u>	<u>(2,465)</u>

Following a re-assessment and in order to be consistent it has been decided to release £82,000 from deferred tax as an exceptional item.

### 7. DIVIDENDS

	1998 £	1997 £
5% Preference shares	250	250
6% 'B' Preference shares	1,656	1,656
Ordinary shares - proposed dividend of 6% (1997- 3%)	<u>25,028</u>	<u>12,514</u>
	<u>26,934</u>	<u>14,420</u>

# H BRONNLEY & CO. LIMITED

## NOTES TO THE ACCOUNTS (continued)

<b>8. TANGIBLE FIXED ASSETS</b>	<b>Freehold land and buildings £</b>	<b>Plant and machinery £</b>	<b>Total £</b>
<b>Group</b>			
Cost			
At 1 January 1998	2,042,914	978,729	3,021,643
Additions	--	66,750	66,750
Disposals	--	(19,848)	(19,848)
Exchange adjustment	--	111	111
At 31 December 1998	<u>2,042,914</u>	<u>1,025,742</u>	<u>3,068,656</u>
Depreciation			
At 1 January 1998	465,093	693,358	1,158,451
Charge for year	50,921	83,857	134,778
Disposals	--	(19,834)	(19,834)
At 31 December 1998	<u>516,014</u>	<u>757,381</u>	<u>1,273,395</u>
Net Book Value at 31 December 1998	<u>1,526,900</u>	<u>268,361</u>	<u>1,795,261</u>
Net Book Value at 31 December 1997	<u>1,577,821</u>	<u>285,371</u>	<u>1,863,192</u>
<b>Parent Company</b>			
Cost			
At 1 January 1998	2,042,914	959,222	3,002,136
Additions	--	66,750	66,750
Disposals	--	(19,848)	(19,848)
At 31 December 1998	<u>2,042,914</u>	<u>1,006,124</u>	<u>3,049,038</u>
Depreciation			
At 1 January 1998	465,093	675,551	1,140,644
Charge for year	50,921	83,303	134,224
Disposals	--	(19,834)	(19,834)
At 31 December 1998	<u>516,014</u>	<u>739,020</u>	<u>1,255,034</u>
Net Book Value at 31 December 1998	<u>1,526,900</u>	<u>267,104</u>	<u>1,794,004</u>
Net Book Value at 31 December 1997	<u>1,577,821</u>	<u>283,671</u>	<u>1,861,492</u>

# H BRONNLEY & CO. LIMITED

## NOTES TO THE ACCOUNTS (continued)

### 8. TANGIBLE FIXED ASSETS (continued)

Included in the net book values of plant and machinery are the following amounts in respect of assets being acquired under hire purchase contracts.

	Group and Parent Company £
Net book value at 31 December 1998	--
Net book value at 31 December 1997	<u>30,256</u>

### 9. FIXED ASSET INVESTMENTS

1998

£

#### SUBSIDIARY UNDERTAKINGS

##### Shares at cost:

At 1 January 1998 and 31 December 1998	6,503
Provision for diminution in value	<u>(6,301)</u>
Net book value at 31 December 1998 and 31 December 1997	<u>202</u>

The group has the following wholly owned subsidiary undertakings, who are all involved in the sale of the products of the holding company:

	Country of Incorporation
H Bronnley (Africa) (Proprietary) Limited *	South Africa
Bronnley of London Inc., USA	USA
Bronnley of France SARL	France
Bronnley of London, Inc. *	USA
Bronnley of London Limited *	Great Britain
A R Sales Limited *	Great Britain

\* These companies have not traded in the year.



# H BRONNLEY & CO. LIMITED

## NOTES TO THE ACCOUNTS (continued)

### 10. STOCKS

	Group		Parent Company	
	1998	1997	1998	1997
	£	£	£	£
Raw materials	661,382	631,446	661,382	631,446
Work in progress	360,095	448,826	360,095	448,826
Finished goods	700,592	424,515	700,592	424,515
	<u>1,722,069</u>	<u>1,504,787</u>	<u>1,722,069</u>	<u>1,504,787</u>

### 11. DEBTORS

	Group		Parent Company	
	1998	1997	1998	1997
	£	£	£	£
Trade debtors	1,437,544	1,624,742	1,372,297	1,572,292
Owed by subsidiary undertakings				
less provisions	--	--	100,935	88,308
Other debtors	22,167	56,803	10,819	46,785
Prepayments and accrued income	83,855	83,271	69,927	70,023
Taxation recoverable	--	8,847	--	8,820
	<u>1,543,566</u>	<u>1,773,663</u>	<u>1,553,978</u>	<u>1,786,228</u>

Taxation recoverable includes Advance Corporation Tax of £Nil (1997 £3,128) recoverable in more than more year.

### 12. CREDITORS- amounts falling due within one year

	Group		Parent Company	
	1998	1997	1998	1997
	£	£	£	£
Bank overdraft(secured on property)	68,231	303,174	67,905	302,899
Bank loan(secured on property)*	100,000	--	100,000	--
Pension fund loan	--	100,000	--	100,000
Trade creditors	422,929	658,225	403,108	638,066
Owed to subsidiary undertakings	--	--	55,194	55,194
Hire purchase obligations**	--	7,164	--	7,164
Taxation and social security	183,557	156,724	146,683	124,692
Other creditors	11,555	12,081	8,793	10,895
Proposed dividend	25,028	12,514	25,028	12,514
Accruals and deferred income	215,367	193,572	207,012	188,075
Corporation tax	217,735	3,143	217,735	3,143
	<u>1,244,402</u>	<u>1,446,597</u>	<u>1,231,458</u>	<u>1,442,642</u>

\* Interest is payable at 1.5% above bank base rate.

\*\* Hire purchase liabilities are secured by charges over the assets purchased.

# H BRONNLEY & CO. LIMITED

## NOTES TO THE ACCOUNTS (continued)

13. CREDITORS - amounts falling due after more than one year	Group		Parent Company	
	1998	1997	1998	1997
	£	£	£	£
Bank loan *				
(secured on property & due in 1999)	<u>--</u>	<u>100,000</u>	<u>--</u>	<u>100,000</u>

\* Interest payable at 1.5% above bank base rate.

## 14. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred taxation:	Group		Parent Company	
	1998	1997	1998	1997
	£	£	£	£
Balance at 1 January 1998	191,529	196,434	191,529	196,434
Transfer to profit and loss account	<u>(100,334)</u>	<u>(4,905)</u>	<u>(100,334)</u>	<u>(4,905)</u>
Balance at 31 December 1998	<u>91,195</u>	<u>191,529</u>	<u>91,195</u>	<u>191,529</u>

The deferred taxation provision comprises:	Group 1998		Parent Company 1997	
	Unprovided	Provided For in Accounts	Unprovided	Provided For in Accounts
Accelerated capital allowances	82,000	93,000	--	177,300
Other short term timing differences	<u>--</u>	<u>(1,805)</u>	<u>--</u>	<u>14,229</u>
	<u>82,000</u>	<u>91,195</u>	<u>--</u>	<u>191,529</u>

There is a potential deferred taxation liability, estimated at £47,107 (1997 £62,240) after rebasing at 1982 values where appropriate and indexation allowance, not provided in the accounts, in respect of the capital gain on the sale of property rolled over onto new capital expenditure.

**H BRONNLEY & CO. LIMITED****NOTES TO THE ACCOUNTS (continued)****15. CALLED UP SHARE CAPITAL**

	1998 and 1997	
	Authorised	Allotted and Fully Paid
	£	£
5% Preference shares of £1 each	5,000	5,000
6% 'B' Preference shares of £1 each	68,000	28,859
Ordinary shares of £1 each	47,000	34,761
Ordinary non voting shares of £1 each	400,000	382,371
	<u>520,000</u>	<u>450,991</u>

All the shares have voting rights except the non-voting shares. The 5% Preference shares confer a right to priority in the return of capital and dividends over all other shares. The 6% 'B' Preference shares confer a right to priority in the return of capital and dividends over voting and non-voting Ordinary shares.

**16. RECONCILIATION OF  
MOVEMENT IN  
SHAREHOLDERS'  
FUNDS**

	Group		Parent Company	
	1998 £	1997 £	1998 £	1997 £
Profit for the year	407,161	115,153	408,253	132,062
Dividends	(26,934)	(14,420)	(26,934)	(14,420)
Net addition to shareholders' funds	<u>380,227</u>	<u>100,733</u>	<u>381,319</u>	<u>117,642</u>
Opening shareholders' funds	<u>3,507,565</u>	<u>3,406,832</u>	<u>3,483,716</u>	<u>3,366,074</u>
	<u>3,887,792</u>	<u>3,507,565</u>	<u>3,865,035</u>	<u>3,483,716</u>
Comprising:				
Equity interests	3,853,933	3,473,706	3,831,176	3,449,857
Non equity interests	<u>33,859</u>	<u>33,859</u>	<u>33,859</u>	<u>33,859</u>
	<u>3,887,792</u>	<u>3,507,565</u>	<u>3,865,035</u>	<u>3,483,716</u>

**H BRONNLEY & CO. LIMITED****NOTES TO THE ACCOUNTS (continued)****17. RECONCILIATION OF OPERATING PROFIT TO  
NET CASH (OUTFLOW)/INFLOW FROM  
OPERATING ACTIVITIES**

	1998 £	1997 £
Operating profit	550,323	174,468
Depreciation charges	134,778	132,880
Exchange adjustment	14,130	(29,404)
Loss on disposal of fixed assets	(5,985)	1,561
Increase in stocks	(217,282)	(299,442)
(Increase)/Decrease in debtors	221,250	(208,608)
Increase/(Decrease) in creditors	(184,235)	200,539
Net cash (outflow)/inflow from operating activities	<u>512,979</u>	<u>(28,006)</u>

**18. ANALYSIS OF CASH FLOWS DURING THE YEAR**

	1998 £	1997 £
<b>Servicing of finance</b>		
Dividend paid	(14,420)	(22,763)
Interest received	953	681
Interest paid	(33,672)	(28,765)
Interest element of lease payments	(1,123)	(2,069)
Net cash outflow for returns on investments and financing	<u>(48,262)</u>	<u>(52,916)</u>
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(66,750)	(53,795)
Sale of fixed assets	6,000	251
Net cash outflow for capital expenditure and financial investment	<u>(60,750)</u>	<u>(53,544)</u>
<b>Financing</b>		
Capital element of lease payments	(7,164)	(13,334)
Repayment of loan	(100,000)	--
	<u>(107,164)</u>	<u>(13,334)</u>

# H BRONNLEY & CO. LIMITED

## NOTES TO THE ACCOUNTS (continued)

### 19. ANALYSIS OF CHANGE IN NET DEBT

	1 January 1998 £	Cashflow £	Exchange movements £	31 December 1998 £
Cash at bank	104,049	58,052	392	162,493
Bank overdrafts	(303,174)	234,961	(18)	(68,231)
	<u>(199,125)</u>	<u>293,013</u>	<u>374</u>	<u>94,262</u>
Due within one year:				
Pension scheme loan	(100,000)	100,000	--	--
Bank loan	--	(100,000)	--	(100,000)
Due after one year:				
Bank loan	(100,000)	100,000	--	--
Hire purchase and finance leases	(7,164)	7,164	--	--
	<u>(406,289)</u>	<u>400,177</u>	<u>374</u>	<u>(5,738)</u>

### 20. OPERATING LEASE COMMITMENTS

	Property Leases		Plant and Equipment	
	1998 £	1997 £	1998 £	1997 £
Annual amounts not provided:				
Group				
Expiring within:				
1 year	--	--	52,879	12,516
2 - 5 years	10,049	8,776	14,224	52,879
	<u>10,049</u>	<u>8,776</u>	<u>67,103</u>	<u>65,395</u>
Parent company				
Expiring within:				
1 year	--	--	52,879	5,449
2 - 5 years	--	--	6,113	52,879
	<u>--</u>	<u>--</u>	<u>58,992</u>	<u>58,328</u>

## **H BRONNLEY & CO. LIMITED**

### **NOTES TO THE ACCOUNTS (continued)**

#### **21. PENSIONS**

The company operates a defined benefit pension scheme, the assets of which are held in a separate trustee administered fund. This is a funded scheme.

The pension cost is assessed triennially by a professional qualified actuary using the "Attained Age" method of valuation. The principal assumptions used for the most recent valuation at 1 December 1997 were that the average investment return would be 9% per annum, that salary growth would average 6.5% per annum (previously 7.0% per annum). Further, pensions would increase at 3% per annum for benefits accrued up to 5th April 1997 and by 4.6% per annum for benefits accrued after 6th April 1997.

The valuation showed that the market value of the Fund's assets was £3,332,230 which represented 97.6% (deficit of £64,000) of the benefits that had accrued to members, allowing for future salary increases to retirement.

The improvement in benefits accruing after 6th April 1997, required by the Pensions Act 1995, has inevitably increased the cost of running the pension scheme. After consulting with the scheme actuary, the Directors have decided to increase the level of contributions from members and the Company from 1st January 1999 and to close the scheme to new employees from the same date. The level of contributions from members would then be 5.5% and 6.5% of pensionable salaries, previously 5%, and the balancing level of contributions from the Company would be 10.75% of pensionable salaries, previously 7.5%. The increased contribution rates will provide for the additional cost of funding the deficit over the average anticipated service lives of the members of the Fund and to provide the additional benefits required by the Pensions Act 1995.

The pension cost for the period amounted to £128,700 (1997 £78,500) after allowing for interest on the prepayment. The excess of pensions cost over contributions paid has reduced the prepayment in the accounts to £7,300 (1997 £45,900).

#### **22. CONTROLLING PARTY AND RELATED PARTIES**

Miss Ann Rossiter is the controlling party of the company.

During the year, the loan of £100,000 due to the H Bronnley & Co Limited 1976 Retirement Fund was repaid. Interest was charged at base rate plus 1.5%, payable monthly.