

**Boulton & Paul Limited**  
**Annual report and accounts**  
**29 March 1997**

Registered number 55247



# Boulton & Paul Limited

## Annual report and accounts

<i>Contents</i>	<i>Page</i>
Directors' report	1 - 2
Statement of directors' responsibilities	3
Auditors' report	4
Profit and loss account	5
Balance sheet	6
Notes	7 - 17

# Boulton & Paul Limited

## Directors' report

The directors present their annual report and the audited financial statements for the 52 weeks ended 29 March 1997.

### Principal activity and Review of Business

The principal activity of the company is the manufacture and sale of joinery and kitchen units to the building industry.

Sales for the year were 8% higher than the previous year, despite continuing fierce competition in the market place. Margins have come under pressure, leading to a focus on operating costs and procedures. In May 1996, a fire at the Company's Maldon factory destroyed the frame manufacturing capability based at this site. Subsequently, production was relocated to Lowestoft and significant payments on account against the costs of loss and relocation have been made by insurers, with full recovery expected. The operating loss reflects the trading difficulties experienced by the company.

The amount of money available for investment in plant and equipment, product development and on-going customer service improvement has obviously been restricted. These on-going improvements are essential if the company is to both compete in existing, and explore new markets. On 3 February 1997, the entire shareholding of Boulton & Paul (Holdings) Limited was acquired by John Carr Group Plc, which itself is a subsidiary of The Rugby Group Plc. This represents a good opportunity for the company to gain access to building materials and joinery markets in Europe and Australia. Following the acquisition, John Carr are undertaking a thorough review of the business activities of the combined business. As a result of this review, the decision has been taken to close the Maldon manufacturing site and the head office in Norwich. An estimate of the financial effects of these actions is given in note 24 of the financial statements.

### Results and dividends

The results for the period are set out in the profit and loss account on page 5 which shows an operating loss of £7,891,000(1996: operating loss of £5,152,000)

The directors do not propose paying any dividends.

### Fixed assets

Information relating to changes in fixed assets is given in notes 9 and 10 to the accounts.

### Directors

The directors who have held office during the period and their interests in the 'A' ordinary 1p shares of Boulton & Paul (Holdings) Limited are as follows:

	Shares held at beginning of period	Shares held at end of period	Options held at beginning of period	Options held at end of period
David Chenery (Chairman) (Resigned 3 February 1997)	68,000	-	875	-
Nick Davenport	27,000	-	348	-
Richard Lowery	41,000	-	528	-
Tony Newman	33,000	-	425	-
David Ramsay	32,000	-	412	-
Anne Tutt (Resigned 1 May 1997)	41,000	-	528	-
John Lyndon Hill (Appointed 3 February 1997)	-	-	-	-
Deryck Michael Tyrrell (Appointed 3 February 1997)	-	-	-	-

No director had any material interest in any transaction undertaken by the company.  
On 1st May 1997 John Reginald Holmes was appointed to the board of directors.

The company insures its Directors and Officers against any claim arising from wrongful acts committed in the capacity of Director or Officer.

# Boulton & Paul Limited

## Directors' report (continued)

### Disabled employees

The company has given every encouragement to the employment and development of disabled persons wherever possible within the constraints of the business requirements.

### Employee consultation and involvement

Consultation with and involvement of employees continued through the period at all locations.

### Charitable and political contributions

In the period the company made charitable donations of £2,000 (1996: £2,000) and made no political contributions (1996: £Nil).

The interests of J.L. Hill and D.M. Tyrrell in The Rugby Group PLC Ordinary Shares at the end of the period were as follows:-

<u>J.L. Hill</u>	<u>No. of shares</u>
Beneficial holding:	243,129
Options:	107,124

#### Executive Share Options

<u>Price per Share (p)</u>	<u>Option Expiry</u>	<u>No of Shares</u>
139.8	2004	34,615
102	2005	29,411
115	2006	8,695

#### Savings Related Share Option

<u>Price per Share (p)</u>	<u>Option Expiry</u>	<u>No of Shares</u>
79.84	1998	11,272
82	2003	14,268
88	2004	8,863

<u>D.M. Tyrrell</u>	<u>No. of shares</u>
Beneficial holding:	5,572
Options:	62,858

#### Executive Share Options

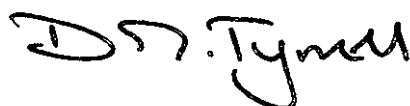
<u>Price per Share (p)</u>	<u>Option Expiry</u>	<u>No of Shares</u>
115	2006	21,739

#### Savings Related Share Option

<u>Price per Share (p)</u>	<u>Option Expiry</u>	<u>No of Shares</u>
47.52	1998	18,938
79.84	1999	2,818
66.32	2000	5,428
110	2001	1,772
112	2002	2,089
82	2003	4,756
88	2004	5,318

Approved by the board on 8th July 1997

DERYCK MICHAEL TYRRELL - Director



# Boulton & Paul Limited

## Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then 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 financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

# Boulton & Paul Limited

## Auditors' report to the members of Boulton & Paul Limited

We have audited the financial statements on pages 5 to 17.

### *Respective responsibilities of directors and auditors*

As described on page 3, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements 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 financial statements.

### *Opinion*

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 29 March 1997 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG Audit Plc

Chartered Accountants  
Registered Auditor

Norwich

Date: 31 July 1997

# Boulton & Paul Limited

## Profit and loss account for the period ended 29 March 1997

	Note	1997 £000	1996 £000
<b>Turnover</b>		88,615	81,938
<b>Cost of sales</b>		(72,026)	(65,771)
		<hr/>	<hr/>
<b>Gross profit</b>		16,589	16,167
Distribution costs		(22,999)	(19,470)
Administrative expenses		(1,481)	(1,849)
		<hr/>	<hr/>
<b>Operating loss</b>	2-4	(7,891)	(5,152)
Interest receivable	5	22	171
		<hr/>	<hr/>
		(7,869)	(4,981)
Interest payable	6	(111)	(9)
		<hr/>	<hr/>
<b>Loss on ordinary activities before taxation</b>		(7,980)	(4,990)
Taxation	7	-	-
		<hr/>	<hr/>
<b>Loss on ordinary activities after taxation</b>		(7,980)	(4,990)
Dividends	8	-	(2,770)
		<hr/>	<hr/>
<b>Loss for the year deducted from reserves</b>	20	(7,980)	(7,760)
		<hr/>	<hr/>

All amounts relate to continuing operations.

There are no recognised gains or losses other than the loss on ordinary activities after tax.

# Boulton & Paul Limited

## Balance sheet at 29 March 1997

	Note	1997		1996	
		£000	£000	£000	£000
<b>Fixed assets</b>					
Tangible assets	9		7,863		9,720
Investments	10		145,464		145,464
			<hr/>		<hr/>
			153,327		155,184
<b>Current assets</b>					
Stocks	12	11,631		13,371	
Debtors	13	13,627		11,362	
Cash at bank and in hand		4,789		3,390	
		<hr/>		<hr/>	
		30,047		28,123	
<b>Creditors: amounts falling due within one year</b>	14	(15,250)		(18,623)	
		<hr/>		<hr/>	
<b>Net current assets</b>			14,797		9,500
<b>Total assets less current liabilities</b>			<hr/>		<hr/>
			168,124		164,684
<b>Creditors: amounts falling due after more than one year</b>	15		(158,172)		(146,420)
<b>Provisions for liabilities and charges</b>	17		(191)		(523)
			<hr/>		<hr/>
			9,761		17,741
<b>Capital and reserves</b>			<hr/>		<hr/>
Called up share capital	18		14,015		14,015
Share premium account	20		70		70
Capital redemption reserve	20		500		500
Profit and loss account	20		(4,824)		3,156
			<hr/>		<hr/>
<b>Shareholders' funds</b>	19		9,761		17,741
			<hr/>		<hr/>

These financial statements were approved by the board of directors on 8th July 1997 and were signed on its behalf by:

DERYCK MICHAEL TYRRELL - Director





# Boulton & Paul Limited

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

#### ***Basis of preparation***

The financial statements have been prepared in accordance with applicable accounting standards.

The Company is exempt from the requirement to prepare group accounts as it is a wholly owned subsidiary of Boulton & Paul (Holdings) Limited (S.229 Companies Act 1985)

#### ***Stocks and work in progress***

Stocks and work in progress are valued at the lower of cost and net realisable value and include payments on account for raw materials not yet delivered. Cost represents materials, direct labour and appropriate production and distribution costs.

#### ***Fixed assets***

##### ***Depreciation***

##### ***Tangible fixed assets***

Leasehold properties are depreciated over the term of the lease. Other assets, except freehold land, are depreciated on a straight line basis at rates which are designed to write down the assets to their residual value. Principal annual rates used are:

Plant and equipment	5 - 33%
---------------------	---------

#### ***Taxation***

The charge for corporation tax is based on the result for the period and takes into account taxation deferred because of differences between the treatment of certain items for taxation and accounting purposes. Provision is made for timing differences to the extent that it is probable that a liability will crystallise.

#### ***Pension costs***

Pension costs are accounted for on the basis of charging the expected cost of providing pensions over the period during which the company benefits from the employees' services. The effects of variations from regular costs are spread over the expected remaining working lifetime of members of the scheme after making suitable allowances for future withdrawals.

#### ***Foreign currency translation***

In the balance sheet assets and liabilities have been translated at the rates ruling at the end of the period. Any differences arising on translation of foreign currencies are included in the profit and loss account.

#### ***Leased assets***

Assets held under finance leases are included as tangible fixed assets at purchase price and depreciated over the asset life. The obligations under finance leases are included as appropriate under creditors due within or after one year. As at the balance sheet date there were no such assets held.

Except as noted in the following paragraph, rental obligations under operating leases are charged to the profit and loss account as incurred.

# Boulton & Paul Limited

## Notes (continued)

### 1 Accounting policies (continued)

#### Rents on unoccupied properties

Where a decision is made to vacate properties, provision is made for the rentals and associated costs payable on the property until the earlier of the lease termination date and the anticipated date of disposal of the lease.

#### Goodwill

Purchased goodwill is written off directly to reserves in the period of acquisition.

### 2 Operating loss

Operating loss is stated after charging:

	1997 £000	1996 £000
Depreciation of fixed tangible assets	1,803	2,107
Operating lease rentals	6,190	4,622
Hire of plant and machinery	1,304	1,382
Auditors' remuneration	28	32
Exceptional costs (note 4)	-	969

Fees paid to auditors for other work amounted to £8,000 (1996: £18,000).

### 3 Staff numbers and directors' emoluments

	Number of employees	
	1997	1996
Average number of employees	23	1,345
The aggregate payroll costs of these persons were as follows:		
	1997 £000	1996 £000
Wages and salaries	265	20,151
Social security costs	21	1,603
Other pension costs	11	1,084
	297	22,838

Included in the 1996 figures were distribution staff who were not employed by the company but who worked full time on company business and whose salary costs were met by the company. This arrangement ceased in May 1995. The number of such employees was 68 and their total employee costs in the period amounted to £151,000.

A PRP scheme was operated by Boulton & Paul (Building Services) Limited, commencing 1 April 1996. The majority of company staff were re-employed by Boulton & Paul (Building Services) Limited from this date, and a charge made to the company for this service. The value of the charge was £23,044,749 in the period, and an average of 1338 employees previously employed by the company were employed by Boulton & Paul (Building Services) Limited from this date.

# Boulton & Paul Limited

## Notes (continued)

### 3 Staff numbers and directors' emoluments (continued)

	1997 £000	1996 £000
<b>Directors' emoluments</b>		
Emoluments (including pension contributions)	422	594
Compensation for loss of office	-	43
	<u>422</u>	<u>637</u>

The emoluments, excluding pension contributions, of the chairman and highest paid director amounted to £91,000 (1996: £104,000). These costs were paid by Boulton & Paul (Building Services) Limited, a subsidiary company.

The emoluments, excluding pension contributions, of the directors were within the following ranges:

		Number of directors	
		1997	1996
£0 -	£5,000	2	-
£25,001 -	£30,000	-	1
£50,001 -	£55,000	1	1
£60,001 -	£65,000	1	1
£70,001 -	£75,000	2	3
£75,001 -	£80,000	1	-
£90,001 -	£95,000	1	-
£100,001 -	£105,000	-	1

The Company operates a bonus scheme for senior executives including Directors which is linked to the financial performance of the Company. There are no bonus payments accrued or payable under the scheme in respect of the 52 weeks ended 30 March 1996 or 29 March 1997.

### 4 Exceptional costs charged in the period

	1997 £000	1996 £000
Redundancy costs	-	824
Other reorganisation costs	-	145
	<u>-</u>	<u>969</u>

# Boulton & Paul Limited

## Notes (continued)

### 5 Interest receivable

1997	1996
£000	£000

Bank interest	22	171
	<u>      </u>	<u>      </u>

### 6 Interest payable

1997	1996
£000	£000

Other interest	111	9
	<u>      </u>	<u>      </u>
	111	9
	<u>      </u>	<u>      </u>

### 7 Taxation

1997	1996
£000	£000

Corporation tax	-	-
	<u>      </u>	<u>      </u>
	-	-
	<u>      </u>	<u>      </u>

### 8 Dividends

1997	1996
£000	£000

Ordinary shares - proposed	-	2,500
Preference shares - paid	-	270
	<u>      </u>	<u>      </u>
	-	2,770
	<u>      </u>	<u>      </u>

All non-equity shares are held by equity shareholders.

# Boulton & Paul Limited

## Notes (continued)

### 9 Tangible fixed assets

	Land and buildings	Plant and equipment	Total
	£000	£000	£000
<b>Cost</b>			
At beginning of period	221	22,943	23,164
Additions	-	541	541
Disposals	-	(1,625)	(1,625)
	<hr/>	<hr/>	<hr/>
At end of period	221	21,859	22,080
	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>			
At beginning of period	15	13,429	13,444
Charge for year including write downs	7	1,796	1,803
Disposals	-	(1,030)	(1,030)
	<hr/>	<hr/>	<hr/>
At end of period	22	14,195	14,217
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 29 March 1997	199	7,664	7,863
	<hr/>	<hr/>	<hr/>
At 30 March 1996	206	9,514	9,720
	<hr/>	<hr/>	<hr/>

#### Analysis of land and buildings:

	Net book value	
	1997	1996
	£000	£000
Freehold land	43	43
Short leasehold	156	163
	<hr/>	<hr/>
	199	206
	<hr/>	<hr/>

# Boulton & Paul Limited

## Notes (continued)

### 10 Fixed asset investments

Unlisted  
subsidiary  
undertakings  
£000

#### Cost

At beginning and end of period

157,387

#### Provision for diminution in value

At beginning and end of period

11,923

#### Net book value

At 29 March 1997

145,464

At 30 March 1996

145,464

### 11 Capital commitments

1997  
£000

1996  
£000

Contracted expenditure

-

-

Expenditure authorised but not contracted for

47

510

### 12 Stocks

1997  
£000

1996  
£000

Raw materials and consumables

4,229

3,968

Work in progress

3,607

3,831

Finished goods and goods for resale

3,536

4,866

Payments on account

259

706

11,631

13,371

### 13 Debtors

1997  
£000

1996  
£000

Trade debtors

12,250

10,167

Taxation recoverable

4

4

Other debtors

458

303

Prepayments and accrued income

652

888

Amounts owed by parent undertaking

263

-

13,627

11,362

All debtors are due within one year.

# Boulton & Paul Limited

## Notes (continued)

### 14 Creditors: amounts falling due within one year

	1997 £000	1996 £000
Trade creditors	9,575	8,587
Amounts owed to parent undertakings	2,569	5,663
Other tax and social security	1,340	2,046
Other creditors and accruals	1,473	2,327
Bank overdraft	293	-
	<u>15,250</u>	<u>18,623</u>

### 15 Creditors: amounts falling due after more than one year

	1997 £000	1996 £000
Amounts owed to subsidiary undertakings	146,791	146,420
Amount owed to parent undertaking	11,381	-
	<u>158,172</u>	<u>146,420</u>

### 16 Obligations under leases

	1997		1996	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
<b>Annual commitments which expire</b>				
Within one year	736	924	45	15
In second to fifth year	268	224	331	221
In over five years	4,554	-	5,186	-
	<u>5,558</u>	<u>1,148</u>	<u>5,562</u>	<u>236</u>

# Boulton & Paul Limited

## Notes (continued)

### 17 Provisions for liabilities and charges

#### *Provisions for closed centre rents and related costs*

	£000
Provision at beginning of period	523
Expenditure in the period	(332)
Provision at end of period	<u>191</u>

#### *Deferred taxation*

The provision at 29 March 1997 comprises:

	Capital allowances £000	Short term timing differences £000	Trading losses £000	Total £000
At beginning of period	1,496	(196)	(1,300)	-
Charge/(credit) to profit and loss for period	(380)	422	(42)	-
Prior year adjustments	(1,116)	(226)	1,342	-
At end of period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

This represents the full potential liability to deferred tax.



# Boulton & Paul Limited

## Notes (continued)

### 18 Called up share capital

	1997	1996
	£000	£000
<b>Authorised</b>		
<i>Equity shares</i>		
42,061,703 ordinary shares of 25p each	10,515	10,515
<i>Non-equity shares</i>		
Redeemable preference shares of £1 each	3,500	3,500
	<hr/>	<hr/>
	14,015	14,015
15,938,297 unappropriated ordinary shares of 25p each	3,985	3,985
	<hr/>	<hr/>
	18,000	18,000
	<hr/>	<hr/>
<b>Allotted, called up and fully paid</b>		
<i>Equity shares</i>		
42,061,703 ordinary shares of 25p each	10,515	10,515
<i>Non-equity shares</i>		
Redeemable preference shares of £1 each	3,500	3,500
	<hr/>	<hr/>
	14,015	14,015
	<hr/>	<hr/>

The preference shares are redeemable at par from 1995 at the company's option and from 2000 at the option of the shareholders.

The coupon rate on the preference shares is based on interest rates in April of each financial year and the current rate of tax. No dividends were paid in the period.

The preference shares have priority in the event of a winding up. There are no rights to vote except in matters specifically concerning the preference shares.

All non-equity shares are held by equity shareholders. Therefore, shareholders' funds have not been analysed between equity and non-equity interests.

# Boulton & Paul Limited

## Notes (continued)

### 19 Reconciliation of movements in shareholders' funds

	1997	1996
	£000	£000
Loss on ordinary activities after tax	(7,980)	(4,990)
Dividends	-	(2,770)
Goodwill acquired during the period	-	(74)
Net change in shareholders' funds	(7,980)	(7,834)
Opening shareholders' funds	17,741	25,575
Closing shareholders' funds	9,761	17,741

### 20 Reserves

	Share premium £000	Capital redemption reserve £000	Profit and loss £000	Total £000
At beginning of period	70	500	3,156	3,726
Loss for period	-	-	(7,980)	(7,980)
Goodwill acquired	-	-	-	-
At end of period	70	500	(4,824)	(4,254)

At 29 March 1997 the distributable reserves of the company amounted to Nil (1996: £3,156,000).

The cumulative amount of goodwill charged to reserves is £1,491,000 (1996: £1,491,000).

### 21 Ultimate parent company

The company's ultimate parent company is The Rugby Group PLC, a company registered in England and Wales. The largest group of undertakings of which the company is a member for which group accounts are to be drawn up is the group headed by the ultimate parent company.

### 22 Financial commitments and contingent liabilities

The company had forward contracts for the purchase of foreign currency outstanding amounting to £3,027,000 at 29 March 1997 (1996: £2,570,000). Included in this figure is £2,009,000, (1996: nil) contracted by John Carr Group Plc for the hedging of Boulton & Paul Limited purchases.

There are claims arising in the normal course of trading which are in the process of settlement and, in some cases, involve or may involve litigation. Provision has been made in these accounts for all amounts which the directors consider will become payable on account of such claims.

The company had guarantees/bonds and outstanding documentary credits at the year end of £226,000 (1996: £181,000).

# Boulton & Paul Limited

## Notes (continued)

### 23 Pension scheme

The company operates pension schemes providing benefits based on final pensionable pay, contributions being charged to the profit and loss account so as to spread the costs of pensions over employees' working lives with the company. The contributions are determined by an independent qualified actuary using the projected unit method.

The main scheme operated by the company is the Boulton & Paul Pension Scheme and the most recent valuation of that scheme was at 5 April 1996. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increases in salaries and pensions. It was assumed that the investment return would be 9% per annum, that salary increases would average 7% per annum and that present and future pensions would increase at the rate of 3% per annum.

The most recent actuarial valuation for expensing purposes showed that the market value of the main scheme's assets was £48,525,543 and that the actuarial value of the scheme's assets represented 115% of the benefits that had accrued to members, after allowing for expected future increases in earnings. In view of this surplus, the trustees of the schemes agreed that the company could take a contributions holiday for a period of one year commencing from October 1996.

The total pension cost of the company charged to profits in the period was £11,000. No amount has been included in either debtors or creditors in 1997, as the majority of staff previously employed by the company were re-employed by Boulton and Paul (Building Services) Ltd from 1 April 1996. (1996: debtor of £178,000).

### 24. Reorganisation and Closure Costs

Boulton & Paul (Holdings) Limited was acquired by John Carr Group Plc on 3 February 1997. The ultimate parent undertaking of Boulton & Paul (Holdings) Limited is The Rugby Group PLC.

The Rugby Group PLC is to integrate the businesses of Boulton & Paul and John Carr and believe significant benefits will accrue from merging the two businesses. In particular opportunities for cost savings exist through the following restructuring:

- rationalising production and distribution facilities;
- eliminating duplicated administration and commercial costs.

The Rugby Group PLC expects the costs of restructuring to be of the order of £10M. These costs will be borne by John Carr Group and accordingly no provision is made within the accounts of Boulton & Paul (Holdings) Limited or its subsidiaries for any costs of the reorganisation.

The significant events, for which no provision is made in the accounts are as follows:-

- the closure of the Maldon factory, including the termination of the factory lease and the redundancy of the workforce;
- the closure of the Norwich head office and the redundancy of certain employees;
- the cancellation of the computer outsourcing contract which is subject to penalty clauses and a commitment to purchase fixed assets, previously leased under the agreement.