

61880/210

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold all your Ordinary shares in C. & W. Walker Holdings p.l.c. you should hand this document together with the enclosed form of proxy to the bank, stockbroker or other agent through whom the sale was effected, for transmission to the purchaser.

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# **C. & W. WALKER HOLDINGS p.l.c.** ✓

## **Proposed Acquisition**

of

## **Multiple Industries Group Limited**

### **Rights Issue**

**of 7,016,394 New Ordinary shares of 15p each at  
35p per share**

and

### **Profit Forecast**

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A copy of this document which comprises Listing Particulars relating to C. & W. Walker Holdings p.l.c. in accordance with The Stock Exchange (Listing) Regulations 1964, has been delivered for registration to the Registrar of Companies as required by those Regulations. ✓

Application will be made to the Council of The Stock Exchange for the New Ordinary shares to be admitted to the Official List.

Notice of an Extraordinary General Meeting of C. & W. Walker Holdings p.l.c. to be held on Saturday, 1st February 1986 appears on page 29.

The latest time for acceptance of rights and payment in full is 3.00 p.m. on Monday, 24th February 1986.



## DEFINITIONS

"the Company" or "C. & W. Walker"	C. & W. Walker Holdings p.l.c.
"the Group" or "the C. & W. Walker Group"	the Company and its present subsidiaries
"Multiple"	Multiple Industries Group Limited
"the Multiple Group"	Multiple and its subsidiaries
"Ordinary shares"	Ordinary shares of 15p each of the Company, fully paid, presently in issue
"New Ordinary shares"	Ordinary shares of 15p each of the Company now proposed to be issued
"the Agreement"	the sale and purchase agreement between the shareholders of Multiple and the Company, details of which are set out in paragraph 8 of Section V
"the Vendors"	the shareholders of Multiple, all of whom are parties to the Agreement, including Sir Anthony Jolliffe and Mr. John Pither.

## TIMETABLE OF EVENTS

	1986
Record date for Rights Issue	21st January
Latest time for lodging forms of proxy	9.00 a.m. 30th January
Extraordinary General Meeting	9.00 a.m. 1st February
Completion of the Agreement	1st February
Despatch of Provisional Allotment Letters	1st February
Dealings commence in New Ordinary shares (nil paid)	3rd February
Latest time for splitting Provisional Allotment Letters (nil paid)	3 p.m. 20th February
Latest time for acceptance of rights and payment in full	3 p.m. 24th February
Latest time for splitting Provisional Allotment Letters (fully paid)	3 p.m. 6th March
Latest time for registration of renunciation	3 p.m. 10th March
Certificates for New Ordinary shares despatched	7th April

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# C. & W. Walker Holdings p.l.c.

(Registered in England No. 61880)

## *Directors:*

T B Madden (Chairman)  
G W S Miskin J.P., D.L.  
D J L Fitzwilliams, M.A. (Oxon)  
K C Norton, F.C.C.A.  
M N Hayes, B.Sc., C.Eng., F.I.Chem.E.  
J D Landells

## *Registered Office:*

Walker House  
Malinslee  
Telford  
Shropshire  
TF3 4HA

16th January 1986

To the Ordinary Shareholders of C. & W. Walker Holdings p.l.c.

Dear Shareholder,

## PROPOSED ACQUISITION OF MULTIPLE AND PROPOSED RIGHTS ISSUE

Your Board announced earlier today that C. & W. Walker had agreed, subject inter alia to shareholders' consent, to acquire the whole of the issued share capital of Multiple. At the same time they announced that C. & W. Walker proposed to raise, by way of a rights issue of 7,016,394 New Ordinary shares, approximately £2.3m net of the expenses of the proposed Acquisition and of the Rights Issue.

The purpose of this letter is to give shareholders information on Multiple, to explain the reasons for the acquisition and for the proposed Rights Issue and to give notice of an Extraordinary General Meeting to seek shareholders' approval for both transactions.

### **The Business of Multiple**

Multiple is a holding company which has concentrated on developing companies whose products are leaders in niche markets. It has five principal subsidiaries all involved in the design, manufacture, and distribution of mechanical engineering products.

**Altair Filters International Limited** designs and manufactures specialised, patented, low pressure, high volume, air filtration systems for use in hostile environments. It has established an international reputation as a technical leader, particularly in offshore and shipboard gas turbine installations and tropical air conditioning systems for major offices and buildings that are subjected to storms.

**Gantry Railing Limited** designs, installs, and maintains a comprehensive range of ground and overhead rail mounting systems. It supplies to container terminals, harbour installations, power stations and many other large industrial undertakings on an international basis.

**The UK Lift Company Limited** is a market leader in the design, manufacture, installation, and maintenance of hydraulic lifting platforms and dock levellers used extensively by supermarket chains and major distribution companies throughout the U.K.

**Watford Engineering Limited** is a specialist fabricator and supplier of fabricated products in corrosion resistant materials to parts of the Multiple Group and other customers including, as subcontractor, the Ministry of Defence. It also manufactures a range of cable handling equipment in its own right.

**Welding Machines (Automated) Limited** designs, manufactures and markets a range of standard and special purpose dedicated welding machines providing a highly effective semi-automated facility for manufacturing industry both at home and overseas.

Each business is operated autonomously under its own management. Transactions between subsidiary companies are carried out on an arm's length basis.

As you will see from the Accountants' Report set out in Section III below, the Multiple Group grew steadily from a pre-tax loss of £67,000 in the year ended 30th June, 1981 to a pre-tax profit of £508,000 in the year ended 30th June, 1984. In the following year ended 30th June, 1985, pre-tax profits were reduced to £321,000 partly due to a programme of relocations. The current year is expected to show a significant recovery, and the Directors of C. & W. Walker and Multiple believe that the prospects for Multiple's long term growth are exciting.

### **Principal terms of the Agreement**

The consideration payable under the agreement is to be satisfied initially by the allotment to the Vendors of 5,000,000 New Ordinary shares which will be allotted on completion of the Agreement. A further allotment of up to 2,142,857 New Ordinary shares may be made on completion of audited accounts of the Multiple Group for the year ending 30th June, 1986. These would be allotted at the rate of 66,965 shares for every £10,000 of net pre-tax profit before group charges and interest achieved in excess of £770,000. Multiple's group budget for the year ending 30th June, 1986, which was prepared on the basis that the Multiple Group would remain independent throughout the period, indicated group charges and interest of £400,000 for the year.

The New Ordinary shares to be issued pursuant to the agreement will rank *pari passu* in all respects with the existing Ordinary shares of C. & W. Walker except that they will not rank for the dividend in respect of the 52 weeks ending 1st February, 1986 which it is anticipated will be paid in July 1986 and which your Directors forecast to be 0.75p per share. The 5,000,000 New Ordinary shares referred to above will qualify for the Rights Issue now being proposed.

The Agreement is conditional on an increase in the authorised share capital, on the granting of authority for the Board to allot the unissued share capital of the Company, and, in view of the size of Multiple, on the approval of the shareholders. A Resolution in relation to these matters will be proposed at the Extraordinary General Meeting, details of which are given below. The Agreement is also conditional upon the admission to the Official List of the New Ordinary shares to be allotted on completion of the Agreement and under the Rights Issue.

### **Reasons for the Proposed Acquisition**

Although the Group has a diversified industrial base your Board believes that too large a proportion of its present business is in heavy fabrication and construction. The Group's ability to expand the business profitably is therefore affected by the cycle of capital expenditure, and profits are dependent on the incidence of completion of a relatively small number of large contracts.

Since the Company was recapitalised at this time last year your Board has looked for ways in which C. & W. Walker can alleviate its vulnerability to this cyclical market. Multiple is involved in businesses of a similar nature but at the lighter end of the engineering industry, making lower unit cost specialist products not affected by the same business cycle. Your Board believes that the acquisition of Multiple represents an ideal opportunity to broaden the spectrum of C. & W. Walker's activities in types of business which are familiar to the Company's management.

### **Management**

As well as broadening the Company's business resources the acquisition of Multiple will add significantly to the management resources of the Group. Mr. John Pither will join the Board as joint Managing Director, devoting a substantial majority of his time to the business of the Group, and has agreed to enter into a 3 year service agreement with C. & W. Walker. Mr. Pither has worked in the engineering business since 1955 and was responsible for the development of The U.K. Lift Company Limited and Watford Engineering Limited. He was co-founder with Sir Anthony Jolliffe of the Multiple Group. Sir Anthony Jolliffe will also join the Board, in a part time executive capacity, and has agreed to enter into a service contract. Sir Anthony, a partner of Grant Thornton, has pursued a successful career in the City, being a director of a number of companies including Fogarty plc and Marlborough Property Holdings plc. In addition he has been Lord Mayor of London. Further terms of the proposed service contracts are set out in paragraph 6 of Section V.

### **Current Trading and Prospects of C. & W. Walker**

C. & W. Walker has continued to consolidate the return to profitability which was achieved last year. The second half of last year benefited from the timing of completion of certain large contracts. The pattern of contract completions this year is such that a smaller proportion than last year will fall within the current period. The two largest contracts during the current year will be included in work in progress at the year end. Nevertheless, your Directors expect to report an increase in profits before taxation for the year as a whole and are forecasting that, subject to unforeseen circumstances, profits before taxation for the 52 weeks ending 1st February, 1986 will be not less than £175,000. Your Directors have already forecast a dividend for the period of 0.75p net per share.

### **Proposed Rights Issue**

Your Board expects the Acquisition to enhance the earnings of the Group significantly. Multiple has traditionally operated using a high proportion of debt and the proposed Acquisition includes a large element of goodwill. Your Directors consider it prudent to raise money to reduce combined debt and to finance the organic expansion of the enlarged Group. Combined debt includes £426,000 of deferred consideration owing to companies controlled by Mr. John Pither in respect of the acquisition by Multiple of Watford Engineering Limited, The UK Lift Company Limited and certain business assets which are now part of Watford Engineering Limited. They therefore propose to raise approximately £2.3 million net of expenses by the issue of 7,016,394 New Ordinary shares to be offered by way of rights to the Company's shareholders, including the Vendors.

### **Terms of the Rights Issue**

The Rights Issue is conditional on the passing of the Resolution set out in the Notice of the Extraordinary General Meeting and on the Council of The Stock Exchange admitting the New Ordinary shares to the Official List. Subject to the fulfilment of these conditions, your Board has decided to offer 7,016,394 New Ordinary shares for subscription at 35p per share (representing a premium of 20p over the nominal value) to shareholders on the register of members at the close of business on 21st January, 1986 and to the Vendors in respect of the 5,000,000 New Ordinary shares to be allotted to them on completion of the Agreement on the following basis:

1 New Ordinary share  
for every  
2 Ordinary shares held

Fractions of New Ordinary shares will not be allotted and entitlements will be rounded down to the nearest share. Shares representing the aggregate of fractional entitlements will be sold in the market for the benefit of the Company.

The New Ordinary shares will, when fully paid, rank *pari passu* in all respects with the existing Ordinary shares except that they will not rank for any dividend in respect of the 52 weeks ending 1st February, 1986.

It is expected that the Council of The Stock Exchange will admit the New Ordinary shares to the Official List on 29th January 1986, and that dealings in the New Ordinary shares, nil paid, will commence on Monday, 3rd February 1986.

The Rights Issue has been underwritten by Hambros Bank Limited. Stockbrokers to the issue are Capel-Cure Myers. The Vendors have agreed not to take up their entitlements to the New Ordinary shares which will be provisionally allotted under the Rights Issue. Capel-Cure Myers have conditionally placed the 2,500,000 shares thus allotted.

### **Procedure for Acceptance and Payment**

Subject to fulfilment of the conditions stated above, if you are a registered shareholder at the close of business on 21st January 1986, you will be sent at your own risk a Renounceable Provisional Allotment Letter on 1st February 1986 for the number of New Ordinary shares for which you are entitled to subscribe.

Full instructions regarding payment, splitting and renunciation will be contained in the Provisional Allotment Letter. It should be particularly noted that unless payment in full is made to Lloyds Bank Plc, Registrar's Department, Goring-by-Sea, Worthing, West Sussex BN12 6DA or lodged by hand at Lloyds Bank Plc, Registrar's Department, Issue Section, P.O. Box 1000, 61, Moorgate, London EC2 by 3 p.m. on Monday, 24th February 1986 (whether by the allottees or by persons to whom they have renounced their rights) the provisional allotment will be deemed to have been declined and will lapse.

Any of the New Ordinary shares provisionally allotted and not taken up by 3 p.m. on 24th February 1986 which can be sold at a net price (after deducting expenses of sale) in excess of the subscription price, will be sold in the market on or before 26th February 1986, and the excess will be distributed *pro rata* to the original allottees save that any individual entitlements in respect of amounts of less than £2 will be retained by C. & W. Walker for its own benefit. Cheques for the amounts due will be sent at the risk of such persons to their registered addresses.

Pending receipt of a Provisional Allotment Letter shareholders should retain this circular.

### **Capital Gains Tax**

The disposal of all or some of the New Ordinary shares allotted to you or your rights thereto may, depending on your individual circumstances, give rise to a charge to capital gains tax.

**If you are in any doubt as to your position, you should consult your professional adviser.**

### **Extraordinary General Meeting**

The Company has at present insufficient unissued share capital to implement the proposed Acquisition and Rights Issue. Accordingly you will find on page 29 a notice convening an Extraordinary General Meeting of the Company for Saturday, 1st February 1986 at which a Resolution will be proposed to approve the proposed Acquisition, to increase the authorised share capital of the Company from £1,500,000 to £4,500,000 by the creation of an additional 20,000,000 Ordinary shares of 15p each, and to empower the Directors to allot the whole of the authorised but unissued share capital, as increased, pursuant to section 80 of the Companies Act 1985.

Following the proposed Acquisition and Rights Issue, 5,904,683 Ordinary shares (representing 19.7 per cent. of the increased authorised capital) will remain unissued and unreserved assuming the issue of the maximum number of shares to the Vendors under the Agreement. Your Board believes that there should be a margin of shares available for issue by the Board to provide the necessary flexibility for the future, and part (c) of the Resolution gives the Directors authority to allot such Ordinary shares pursuant to section 80 of the Companies Act 1985 within a period of five years from the date of the meeting. Save for issues under the C. & W. Walker Holdings p.l.c. Executive Share Option Scheme and as set out in this document, there is no present intention to issue any further shares and, without the prior approval of shareholders in general meeting, no material issue will be made within one year other than to shareholders pro-rata to existing holdings, without the prior approval of the shareholders in general meeting.

### **Action to be Taken**

You will find enclosed a reply-paid proxy card for use at the Extraordinary General Meeting. Whether or not you intend to be present at the Meeting, you are particularly requested to complete and return the proxy card as soon as possible and, in any event, so as to arrive not later than 9.00 a.m. on Thursday, 30th January 1986. The completion and return of a proxy card will not preclude you from attending the meeting and voting in person if you so wish.

### **Recommendation**

Your Directors, who have been advised by Hambros Bank Limited, believe that the proposed Acquisition and Rights Issue are in the best interests of the Company and its shareholders. Accordingly, your Directors recommend shareholders to vote in favour of the Resolution set out on page 29. I have undertaken to vote in favour of the Resolution as have my fellow Directors, in respect of our own shareholdings amounting to 831,198 Ordinary shares, representing 9.2 per cent. of the Ordinary share capital currently in issue.

Your attention is drawn to the Notice of Extraordinary General Meeting set out on page 29 and to the following Sections:

- Section I: Information Relating to the Profit Forecast of the Group
- Section II: Financial Information Regarding the Group
- Section III: Financial Information Regarding the Multiple Group
- Section IV: Proforma Statement of Net Assets
- Section V: General Information

Yours faithfully  
T B MADDEN  
Chairman

## SECTION I

### INFORMATION RELATING TO THE PROFIT FORECAST OF THE GROUP

#### 1. Bases and Assumptions

The forecast of profit before taxation of C. & W. Walker and its present subsidiaries for the 52 weeks ending 1st February 1986, included in this document, is based upon unaudited consolidated results of the Group for the 26 weeks ended 3rd August 1985, upon unaudited management accounts of the Group for the 17 weeks ended 30th November 1985, on the basis of the accounting policies set out below and upon the following principal assumptions:

- (a) that there will be sufficient supplies of raw materials available, and that their unit cost will not materially increase
- (b) that the Group will not suffer from industrial unrest,
- (c) that the planned progress of long term and short term contracts in hand will not be disrupted by third parties or by unusually bad weather conditions.

#### 2. Letters

The following are copies of letters relating to the forecast of profit before taxation for the 52 weeks ending 1st February 1986:

- (a) Letter from Arthur Young:

P.O. Box 1,  
3, Colmore Row,  
Birmingham B3 2DB.  
15th January 1986

The Directors,  
C. & W. Walker Holdings p.l.c.,  
Hambros Bank Limited,  
Gentlemen,

We have examined the accounting policies and calculations for the profit forecast of C. & W. Walker Holdings p.l.c. and its subsidiaries ('the Group') for the 52 weeks ending 1st February 1986, for which the Directors of C. & W. Walker Holdings p.l.c. are solely responsible, referred to on page 4 of the circular to be dated 16th January 1986 addressed to shareholders of C. & W. Walker Holdings p.l.c.

The forecast, which has been prepared under the historical cost convention modified to reflect the revaluation of freehold properties, includes the results of the Group for the 43 weeks ended 30th November 1985 based on unaudited management accounts.

In our opinion, the profit forecast, so far as the accounting policies and calculations are concerned, has been properly compiled on the basis of the assumptions made by the Directors set out on page 7 of the circular and on policies consistent with the accounting policies normally adopted by the Group.

Yours faithfully,  
ARTHUR YOUNG,  
Chartered Accountants.

- (b) Letter from Hambros Bank Limited:

41 Bishopsgate,  
London EC2P 2AA.  
15th January 1986

The Directors,  
C. & W. Walker Holdings p.l.c.  
Gentlemen,

We have discussed with you and with Arthur Young the forecast of profit before taxation (for which you as Directors are solely responsible) of C. & W. Walker Holdings p.l.c. and its subsidiaries for the 52 weeks ending 1st February 1986, contained in the paragraph headed 'Current Trading and Prospects of C. & W. Walker' in the Acquisition and Rights Issue document to be dated 16th January 1986 together with the assumptions on which it is based.

We consider that this forecast of profit before taxation has been made after due and careful enquiry.

Yours faithfully,  
for and on behalf of  
HAMBROS BANK LIMITED  
A. R. Beevor  
Director

**SECTION II**  
**FINANCIAL INFORMATION REGARDING THE GROUP**

**1. Unaudited interim statement for the 26 weeks ended 3rd August 1985**

The following statement of unaudited consolidated results for the Group for the 26 weeks ended 3rd August 1985 was issued on 8th October 1985:

	<i>26 weeks to 3rd August 1985</i>	<i>27 weeks to 4th August 1984</i>	<i>53 weeks to 2nd February 1985</i>
Turnover	<u>£3,840,000</u>	<u>£3,355,000</u>	<u>£7,411,205</u>
Operating Profit before interest charges	<u>182,000</u>	<u>76,000</u>	<u>346,703</u>
Interest	<u>90,000</u>	<u>91,000</u>	<u>190,208</u>
Profit/(Loss) on ordinary activities before taxation	<u>92,000</u>	<u>(15,000)</u>	<u>156,405</u>
Taxation	<u>—</u>	<u>—</u>	<u>23,500</u>
Profit/(Loss) Retained	<u>£92,000</u>	<u>£(15,000)</u>	<u>£132,905</u>
Dividends	<u>—</u>	<u>—</u>	<u>—</u>
Earnings/(Loss) per share	1.02p	(0.37)p	3.31p

Group turnover for the first half of 1985/86 at £3,840,000 was 14.5% higher than for the comparable period of 1984/85.

Operating profit before interest charges was £182,000 compared with £76,000 in the first half of 1984/85.

All three operating subsidiaries have traded at a level of profitability ahead of budget and this should continue throughout the second half of the year. Notwithstanding the fact that it is still difficult to increase profit margins on the work we do, our Group order intake for the 26 weeks to 3rd August 1985 was nearly 40% ahead of budget which means further increases in production loading for the rest of the year.

On behalf of the Board

K. C. NORTON

Director & Secretary

Walker House,  
Malinslee,  
Telford,  
Shropshire,

8th October 1985



2. Extracts from the Audited Accounts of the Group for the five financial periods ended 2nd February 1985:

	Note	1985	1984	1983	1982	1981
<b>(a) Group Profit and Loss Accounts</b>						
Turnover	1	7,411,205	7,269,226	9,262,958	9,789,011	9,239,324
Operating costs (see below)		7,064,502	7,148,664	9,011,161	9,781,108	9,195,200
Trading Profit		346,703	120,562	251,797	7,903	44,124
Exceptional Items		—	181,404	(97,473)	(958,289)	(675,918)
Interest Payable	5	(190,298)	(220,652)	(273,385)	(267,223)	(333,997)
Profit/(Loss) on Ordinary Activities before Taxation	1	156,405	81,314	(119,061)	(1,217,609)	(965,791)
Tax on Profit on Ordinary Activities	6	(23,500)	—	—	—	560,324
Profit/(Loss) on Ordinary Activities after Taxation		132,905	81,314	(119,061)	(1,217,609)	(405,467)
Extraordinary Items		—	(154,491)	(79,339)	(83,701)	(196,357)
Profit/(Loss) attributable to C. & W. Walker Holdings p.l.c.		<u>£132,905</u>	<u>£(73,177)</u>	<u>£(198,400)</u>	<u>£(1,301,310)</u>	<u>£(601,824)</u>
Consolidated Earnings/(Loss) per share before extraordinary items	7	3.31p	2.02p	(2.96)p	(30.32)p	(10.09)p
Dividends per share		Nil	Nil	Nil	Nil	Nil
Operating costs:						
Cost of sales		5,336,829	5,556,644	7,251,353		
Other operating charges		810,720	800,124	941,699		
Administrative expenses		916,953	791,896	818,109		
		<u>£7,064,502</u>	<u>£7,148,664</u>	<u>£9,011,161</u>		
No analysis of operating costs was published in 1982 or 1981.						
<b>(b) Group Balance Sheets</b>						
<b>Fixed Assets</b>						
Tangible assets	8	1,653,650	1,720,218	1,927,288	2,261,162	2,206,988
<b>Current Assets</b>						
Stocks	9	738,104	704,537	789,661	1,170,498	1,372,628
Debtors	10	2,229,857	1,895,405	2,323,336	2,250,573	2,164,455
Cash in hand		2,140	2,614	3,481	5,340	3,250
		<u>2,970,101</u>	<u>2,602,556</u>	<u>3,116,478</u>	<u>3,426,411</u>	<u>3,540,333</u>
Creditors: amounts falling due within one year	11	2,697,405	2,966,291	3,491,776	3,794,293	3,400,861
Net current assets/(liabilities)		<u>272,696</u>	<u>(363,735)</u>	<u>(375,298)</u>	<u>(367,882)</u>	<u>139,472</u>
Total assets less current liabilities		<u>1,926,346</u>	<u>1,356,483</u>	<u>1,551,990</u>	<u>1,893,280</u>	<u>2,346,460</u>
<b>Creditors: amounts falling due after more than one year</b>						
Loans	12	210,000	563,616	658,436	801,326	105,191
Provisions for liabilities and charges						
Deferred taxation	17	23,500	—	—	—	—
		<u>£1,692,846</u>	<u>£792,867</u>	<u>£893,554</u>	<u>£1,091,954</u>	<u>£2,241,269</u>
<b>Capital and reserves</b>						
Called up share capital	13	1,354,918	1,004,098	1,004,098	1,004,098	1,004,098
Share premium account	14	14,615	—	—	—	—
Revaluation reserves	14	199,536	203,023	230,533	230,533	78,538
Profit and loss account	14	123,777	(414,254)	(341,077)	(142,677)	1,158,633
		<u>£1,692,846</u>	<u>£792,867</u>	<u>£893,554</u>	<u>£1,091,954</u>	<u>£2,241,269</u>

(c) Group Source and Application of Funds

	1985	1984	1983
<b>Source</b>			
Profit/(loss) before taxation	156,405	81,214	119,061
Extraordinary items	—	154,491	(79,339)
	<u>156,405</u>	<u>(73,177)</u>	<u>(198,400)</u>
<i>Adjustment for items not involving use of funds</i>			
Depreciation	166,307	179,725	218,198
Losses/(profits) on disposal of fixed assets	(3,973)	5,658	(18,118)
<i>Funds generated from operations</i>	<u>318,739</u>	<u>112,206</u>	<u>1,680</u>
Proceeds of disposal of fixed assets	4,050	32,076	178,984
Loan received	—	49,383	—
Proceeds of share issue	767,074	—	—
	<u>1,089,863</u>	<u>193,665</u>	<u>127,664</u>
<b>Application</b>			
Purchase of fixed assets	99,816	37,899	45,190
Taxation recovered	—	—	(4,633)
Repayment of loans	353,616	144,203	142,830
	<u>453,432</u>	<u>182,102</u>	<u>183,447</u>
	<u>£636,431</u>	<u>£11,563</u>	<u>£(2,783)</u>
<b>Increase/(decrease) in working capital</b>			
Stocks and work in progress	33,567	(85,124)	(380,837)
Debtors	334,452	(427,931)	77,396
Creditors	(314,381)	491,644	421,607
	<u>53,638</u>	<u>(21,411)</u>	<u>118,166</u>
<b>Increase/(decrease) in net liquid funds</b>			
Cash balances	(474)	(867)	(1,859)
Bank overdraft	718,089	34,109	20,292
Loans—current instalments	(134,822)	(268)	(139,382)
	<u>582,793</u>	<u>32,974</u>	<u>(120,949)</u>
	<u>£636,431</u>	<u>£11,563</u>	<u>£(2,783)</u>

(d) Accounting Policies

Accounting Convention

The accounts are prepared under the historical cost convention modified for the revaluation of freehold properties.

Basis of Consolidation

The Group accounts consolidate the financial statements of the parent company and its subsidiaries made up to the Saturday nearest to 31st January. This results in a financial year of 53 weeks periodically. The profit and loss account of the holding company is not presented, as provided by Section 149 (5) of the Companies Act 1948.

Acquisition of Subsidiaries

Results of subsidiary companies acquired during a financial year are included in Group profit from their effective dates of acquisition. For this purpose the net assets of newly acquired subsidiaries are incorporated into the accounts on the basis of the fair value to the Group as at the effective date of acquisition.

Turnover

The Group turnover represents the invoiced value, excluding VAT, of sales to outside customers adjusted for contracts in progress, to reflect the value of work done.

Stocks and Work in Progress

Stocks and work in progress are stated at the lower of cost and net realisable value. Long-term contract work in progress is stated at cost together with a proportion of profit appropriate to the stage of completion of each contract. Provision is made for all foreseeable losses. Claims for progress payments are deducted from the value of work in progress, or, to the extent that they exceed cost incurred, are included in creditors.

Cost comprises direct materials, on a first-in, first-out basis, and direct labour plus attributable production overheads based on a normal level of activity. Net realisable value is based on estimated selling prices less anticipated costs to disposal. A long-term contract is defined as the supply of a single substantial entity where the supply will extend for a period exceeding one year.

## Fixed Assets

Depreciation is charged on a straight-line basis on the original cost or subsequent valuation of assets (excluding freehold land) after deduction of investment and development grants, and any estimated residual value. The principal rates are:

Buildings	2%
Plant and Machinery	5%-10%
Site Tools and Tackle	10%-25%
Fixtures and Fittings	10%
Vehicles	20%-25%

## Leasing and hire purchase commitments

Assets obtained under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives.

The interest element of the rental obligations is charged to profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income as incurred.

## Deferred Taxation

Provision is made for deferred taxation on the liability method except in respect of any tax reduction which can reasonably be expected to continue for the future. The full potential liability is set out in Note 17.

## (e) Notes Extracted from the Audited Accounts for the 53 weeks ended 2nd February 1985

### 1. Turnover and Trading Profit

#### (a) Analysis of trading

	External Sales			Profit on ordinary activities before taxation		
	1985	1984	1983	1985	1984	1983
Engineering contracts	5,271,754	4,736,362	4,798,290	355,324	232,646	177,074
Fabricated metalwork	1,564,805	2,071,081	4,034,916	79,633	97,456	142,697
Engineering plastics	574,646	461,783	429,752	61,916	63,743	23,267
	<u>7,411,205</u>	<u>7,269,226</u>	<u>9,262,958</u>	<u>496,873</u>	<u>393,845</u>	<u>343,038</u>
Group management and interest charges	—	—	—	(340,468)	(312,531)	(462,099)
	<u>£7,411,205</u>	<u>£7,269,226</u>	<u>£9,262,958</u>	<u>£156,405</u>	<u>£81,314</u>	<u>£(119,061)</u>

#### (b) Geographical analysis of turnover

	1985	1984
United Kingdom	6,451,190	6,824,057
Europe	626,888	381,193
Rest of the World	333,127	63,976
	<u>£7,411,205</u>	<u>£7,269,226</u>

No breakdown was published in 1983 on the grounds that turnover arose mainly in the United Kingdom.

### 2. Profit on ordinary activities before taxation

	1985	1984
The profit is arrived at after charging:		
Emoluments of Directors of the parent company (Note 3)	£139,210	£66,753
Auditors' remuneration	£26,550	£24,000
Depreciation of fixed assets	£166,307	£179,725
Hire of motor vehicles and site plant and machinery	£121,008	£225,064

### 3. Emoluments of Directors

	1985	1984
As directors	13,000	9,000
As executives (including pension contributions)	126,210	57,753
	<u>£139,210</u>	<u>£66,753</u>

Emoluments excluding pension contributions  
Chairman and highest paid director

	1985	1984
	<u>£38,042</u>	<u>£33,300</u>

Number of other directors whose emoluments were within the scales:

	1985	1984
Up to £5,000	2	2
£20,001-£25,000	—	1
£25,001-£30,000	2	—
£30,001-£35,000	1	—
	<u>1985</u>	<u>1984</u>
4. Staff costs	2,443,671	3,066,522
Wages and salaries	213,238	290,855
Social security costs	13,587	8,003
Other pension costs	<u>£2,670,496</u>	<u>£3,365,380</u>

The average weekly number of employees during the year was made up as follows:

	1985	1984
	No.	No.
Office and management	71	80
Manufacturing	190	267
	<u>261</u>	<u>347</u>

#### 5. Interest

	1985	1984
Bank and other short term interest	177,638	207,600
Other loans not wholly repayable within 5 years	12,660	13,052
	<u>£190,298</u>	<u>£220,652</u>

#### 6. Taxation

	1985	1984
Corporation tax at 45.83% (1984 50.33%)	—	—
Deferred taxation	23,500	—
	<u>£23,500</u>	<u>£Nil</u>

No provision is required for corporation tax due to losses brought forward.

Unrelieved losses carried forward for taxation purposes amount to approximately £3,300,000 (1984—£3,800,000).

#### 7. Earnings per share

The earnings per share is based on the profit after taxation amounting to £132,905 (1984 profit before extraordinary items £81,314) and the 4,016,394 shares in issue. No recognition has been taken of the placing issue on 17th January 1985 or the Rights Issue on 1st February 1985.

#### 8. Tangible fixed assets

	Freehold Land and Buildings	Plant Equipment and Vehicles
Cost or valuation		
28th January, 1984	1,152,514	1,660,876
Additions at cost	1,323	98,493
Disposals	—	(16,703)
2nd February 1985	<u>£1,153,837</u>	<u>£1,742,666</u>
Depreciation		
28th January 1984	32,905	1,060,267
Revenue charge	16,056	150,251
Disposals	—	(16,626)
2nd February 1985	<u>£48,961</u>	<u>£1,193,892</u>
Net book value		
28th January 1984	<u>£1,119,609</u>	<u>£600,609</u>
2nd February 1985	<u>£1,104,876</u>	<u>£548,774</u>
Cost	3,837	1,742,666
Valuation 1982	1,035,000	—
1983	115,000	—
	<u>£1,153,837</u>	<u>£1,742,666</u>
Including land on which no depreciation is charged	<u>£234,000</u>	
Historical cost of revalued land and buildings	781,305	
Depreciation to 28th January 1984	(81,995)	
Revenue charge	(10,946)	
Net book value	<u>£688,364</u>	

In compiling the historical cost of land and buildings use has been made of valuations made in 1965 to avoid unreasonable expense and delay.

9 Stocks	1985	1984
Raw materials	313,382	295,133
Long term contracts	—	3,201,735
Other work in progress	678,012	385,284
	<u>991,394</u>	<u>3,882,152</u>
<i>Less progress claims</i>		
Long term contracts	—	(2,961,545)
Other work in progress	(253,290)	(216,070)
	<u>(253,290)</u>	<u>(216,070)</u>
Total stocks and work in progress	<u>£738,104</u>	<u>£704,537</u>

10. Debtors	1985	1984
Trade debtors	2,035,249	1,759,501
Prepayments	62,906	109,149
Other debtors	131,702	26,755
	<u>£2,229,857</u>	<u>£1,895,405</u>

11. Creditors: amounts falling due within one year	1985	1984
Current instalments due on loans (see note 12)	278,339	144,017
Bank overdraft (secured)	356,157	1,074,246
Trade creditors	1,326,112	822,707
Other taxes and social security	375,510	611,989
Other creditors	214,104	8,000
Accruals	146,683	205,332
	<u>£2,697,405</u>	<u>£2,966,291</u>

12. Loans	1985	1984
<i>Secured</i>		
Bank loan repayable within 5 years	350,000	560,000
Mortgage loan 9½% repayable 1984/1992	34,866	37,281
Mortgage loan 15¼% repayable 1984/1995	58,973	60,989
	<u>443,839</u>	<u>658,250</u>
Unsecured loan in respect of redundancy payments	45,000	49,383
	<u>£488,839</u>	<u>£707,633</u>

The bank loan is secured by a fixed and floating charge on the Group's assets with interlocking guarantees from subsidiaries to parent. The mortgage loans are secured by a fixed charge on a Group property.

	1985	1984
<i>Repayable as follows:</i>		
Within one year (note 1)	<u>278,339</u>	<u>144,017</u>
Between 1 and 2 years	140,000	196,210
Between 2 and 5 years	70,000	304,471
After 5 years	—	62,935
	<u>210,000</u>	<u>563,616</u>
	<u>£488,839</u>	<u>£707,633</u>

### 13. Share capital

	Authorised		Issued and Fully Paid	
	No.	£	No.	£
28th January 1984				
Ordinary shares of 25p each	6,000,000	£1,500,000	4,016,394	£1,004,098
5th November 1984				
Ordinary shares of 25p each	1,983,606	495,902	—	—
Ordinary shares of 15p each	4,016,394	602,459	4,016,394	602,459
	6,000,000	£1,098,361	4,016,394	£602,459
11th January 1985				
Ordinary shares of 15p each	10,000,000	£1,500,000	4,016,394	£602,459
1st February 1985				
Ordinary shares of 15p each	10,000,000	£1,500,000	9,032,788	£1,354,913

The capital of the company was, by virtue of a Special Resolution of the company and with the sanction of an Order of the High Court of Justice dated 5th November 1984, reduced from £1,500,000 divided into 6,000,000 Ordinary shares of 25p each to £1,098,360.60 divided into 1,983,606 Ordinary shares of 25p each and 4,016,394 Ordinary shares of 15p each. Such reduction was effected by cancelling capital paid up or credited as paid up to the extent of 10p per share upon each of the 4,016,394 Ordinary shares of 25p each which had then been issued and were fully paid up and reducing the nominal amount of each such share from 25p to 15p.

On 11th January 1985 the 1,983,606 Ordinary shares at 25p of the company were by virtue of an Ordinary Resolution of the company, converted into 3,306,010 Ordinary shares of 15p each and the authorised capital of the company was increased from £1,098,360.60 to £1,500,000 by the creation of 2,677,596 new Ordinary shares of 15p each.

The issued capital of the company was increased on 17th January 1985 by the placing of 1,000,000 Ordinary shares of 15p each at 19p per share and on 1st February 1985 by a rights issue of 4,016,394 Ordinary shares of 15p each at 17p per share, all fully paid for cash, giving rise to net proceeds of £767,074 after costs.

### 14. Reserves

Share premium account:	
28th January 1984	—
Arising on issue of new shares	14,615
2nd February 1985	£14,615
Revaluation reserve:	
28th January 1984	203,023
Amortisation during the period	(3,487)
2nd February 1985	£199,536
Profit and loss account:	
28th January 1984	(414,254)
Reduction of Share Capital (Note 13)	401,639
Profit in period	132,905
Amortisation of valuation surplus	3,487
2nd February 1985	£123,777

### 15. Capital expenditure

	1985	1984
Authorised and contracted	£13,000	£39,828

### 16. Contingent liabilities

No provision is made in the accounts in respect of penalties which could arise in the event that contracts in hand run overtime. Contingencies in respect of contracts which are already in arrear, bank guarantees etc. amount to £193,671 (1984 £129,334). No claims or losses are anticipated in respect of these contingencies.

The Group is involved in litigation relating to a product liability claim in respect of a discontinued trade, the outcome of which is uncertain. The directors are unable to determine the financial effect of this action and accordingly no provision is made in the accounts.

## 17. Deferred taxation

	1985	1984
<i>Deferred taxation provided in the accounts is as follows:</i>		
Capital allowances in excess of depreciation	246,900	415,600
Taxation on valuation surplus	19,200	14,700
	<u>266,100</u>	<u>430,300</u>
<i>Less:</i>		
Taxation losses	(219,100)	(430,300)
Advance corporation tax	(23,500)	—
	<u>£23,500</u>	<u>£Nil</u>
<i>Full provision on the liability method would be as follows:</i>		
Capital allowances in excess of depreciation	295,100	415,600
Taxation on valuation surplus	73,600	78,400
	<u>368,700</u>	<u>494,000</u>
<i>Less:</i>		
Taxation losses	(219,100)	(494,000)
Advance corporation tax	(64,800)	—
	<u>£84,800</u>	<u>£Nil</u>

## 3. Abridged Accounts and Auditors' Reports

For the purposes of Section 254 of the Companies Act 1985:

- the summaries set out above are not full accounts,
- full accounts for the four 52 week periods to 28 January 1984 and the 53 week period to 2 February 1985 have been delivered to the Registrar of Companies,
- the auditors have reported on the full accounts for each of the four 52 week periods to 28 January 1984, and for the 53 week period to 2 February 1985,
- the auditors of the C. & W. Walker Group for the preceding three financial years were Arthur Young, Chartered Accountants, P.O. Box 1, 3, Colmore Row, Birmingham B3 2DB, and
- the auditors' report for the 53 week period to 2 February 1985 was unqualified within the meaning of Section 273 of the Companies Act 1985, but the reports for earlier periods were qualified in relation to any adjustments which may have been necessary for the matters noted in the reproductions from the auditors' reports of the relevant periods set out below:

1981:

As explained in note 3, there is uncertainty as to the final costs to complete a long term contract and accordingly we are unable to form an opinion on whether the provisions made including the special provision of £100,000 are adequate or otherwise.

Note 3. Exceptional item, was as follows:

	£
Cost and provision relating to a long term contract:	
Cost to complete	575,918
Contingency provision	100,000
	<u>£675,918</u>

The Group has a substantial long term contract to erect a special dry-seal gasholder on The British Steel Corporation site at Port Talbot. The site has been the scene of intensive industrial disruption and the contract's completion has not only over-run by some 24 months to date, but its costs, of which a large proportion are irrecoverable, have likewise substantially exceeded estimates.

The contract is now in its final phase and previously unprovided completion costs of £575,918 are shown above as an exceptional item.

In addition, and by reason of the past history of site labour problems, the directors consider it advisable to make a provision of £100,000 against the recurrence of such contingencies.

The costs to complete other non-profitable long-term contracts which have been fully provided in accordance with group accounting policies are not material to group figures.

1982, 1983 and 1984:

The accounts have been prepared on the normal going concern basis on the assumption that adequate financial support will continue to be available. The bank facilities available to the company are subject to periodic review during the next twelve months and we are therefore unable to form an opinion as to the validity of the use of the going concern basis.

### SECTION III

#### FINANCIAL INFORMATION REGARDING THE MULTIPLE GROUP

The following is a copy of a report received by the Directors of C. & W. Walker from Arthur Young, Chartered Accountants, relating to the Multiple Group.

The Directors  
C. & W. Walker Holdings plc  
Walker House  
Malinslee  
Telford  
Shropshire

P.O. Box 1  
3 Colmore Row  
Birmingham  
B3 2DB

15th January, 1986

Gentlemen,

#### 1. Introduction

Multiple was incorporated on 28th January, 1983 under the name Acelink Finance Limited. The company changed its name to Multiple Industries Limited on 22nd April, 1983 and to Multiple Industries Group Limited on 25th January, 1984. Between 9th August, 1983 and 7th February, 1985 Multiple acquired the companies listed in section 6 of this report (the "current subsidiaries") mainly for cash consideration and principally from persons who are now directors of Multiple or companies controlled by them. Multiple and the current subsidiaries are collectively referred to as the Multiple Group. Spicer and Pegler, Chartered Accountants, have acted as auditors to Multiple since its incorporation, and to the current subsidiaries with the exception of Altair Australian Filters Pty Limited since their acquisition by Multiple. Prior to their acquisition the current subsidiaries were audited by various firms other than ourselves.

Since the consideration for the acquisitions of the current subsidiaries was mainly in cash, it is not appropriate under Statement of Standard Accounting Practice No. 23 to include in the consolidated accounts of Multiple their results prior to acquisition. However, because the acquisitions were principally from persons who are directors of Multiple or companies controlled by them, we consider that it is appropriate for the purpose of this report to present the financial information for the five years ended 30th June 1985 as if the current group structure had been in existence throughout that period. Accordingly the financial information in this report is presented on that basis.

The summarised profit and loss accounts, balance sheets, statements of net assets and statements of source and application of funds set out below are therefore based on:

- (a) audited consolidated accounts of Multiple, adjusted where applicable to include the preacquisition profits and net assets of the current subsidiaries for the two years ended 30th June, 1985; and
- (b) audited accounts of the current subsidiaries for the three periods ended 30th June, 1983 as explained below.

In presenting this information we have combined the accounts of subsidiaries at 30th June, or at the nearest accounting date when they did not make up accounts to 30th June. All subsidiaries have adopted a 30th June accounting date with effect from the period to 30th June, 1983 (with the exception of three immaterial subsidiaries that adopted this date later). Prior to that they had various accounting dates between 31st March and 30th June (again except for the three immaterial subsidiaries). This treatment means that in the year ended 30th June, 1983 certain subsidiary results are for a period in excess of a year.

We have also made provision for notional interest charges on the cash consideration for periods prior to the date of the relevant acquisitions except where consideration has been deferred beyond 30th June, 1985 and interest thereon has been waived.

In addition to the adjustments referred to above, we have made such other adjustments to the audited accounts of Multiple and of the current subsidiaries as we consider necessary for the purpose of this report.

In our opinion the financial information set out below gives a true and fair view of the combined profits and losses and sources and applications of funds of the companies now constituting the Multiple Group for the five years ended 30th June, 1985, and of their combined state of affairs at the end of each of these periods.

The financial information contained in this report does not amount to full accounts within the meaning of section 254 of the Companies Act 1985. Full accounts for Multiple have received unqualified audit reports for the periods ended 30th June, 1984 and 1985. The accounts for the period ended 30th June, 1984, the first accounting reference period, have been filed with the Registrar of Companies. No audited accounts have been made up since 30th June, 1985.

#### 2. Accounting policies

The significant accounting policies which have been adopted in arriving at the financial information set out below are:

##### (a) Convention

The financial information has been prepared under the historical cost convention, as modified by the revaluation of freehold properties as explained in (d) below.



**(b) Consolidation**

Profits arising on trading between the current subsidiaries are excluded.

**(c) Goodwill arising on consolidation**

Goodwill arising on consolidation is the amount by which the purchase consideration of the individual subsidiaries acquired during the period exceeded the fair value of the net assets of the relevant subsidiary at the date of acquisition and is carried at cost. The directors propose that, following the implementation of Statement of Standard Accounting Practice No. 22, goodwill on consolidation will be written off to reserves. Other purchased goodwill is written off to reserves on its acquisition.

**(d) Fixed assets**

For the periods ended up to 30th June 1983 fixed assets were carried at cost except for a freehold property in Altair Filters International Limited which was carried at a revalued amount based on a valuation in 1983. On acquisition by Multiple, this carrying value was adopted as the fair value. Therefore, for the two years ended 30th June 1985 and 1984 fixed assets are carried at cost to Multiple.

**(e) Foreign currency**

Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

**(f) Turnover**

Turnover is the amount derived from the provision of goods and services falling within the group's ordinary activities after deduction of trade discounts and value added tax.

**(g) Deferred taxation**

Provision is made for taxation liabilities arising from the allocation of items to different periods for taxation and for accounting purposes, except where these are not expected to reverse in the future. The provision is established at the corporation tax rates anticipated to be in force at the time each deferred liability will ultimately crystallise.

**(h) Depreciation**

For all tangible fixed assets, except freehold properties, depreciation is calculated to write down their cost or valuation to their estimated residual values over the period of their estimated economic lives, which are considered to be:

Plant and machinery, fixtures and fittings — between 4 and 5 years

Short leasehold properties — the life of the lease

Freehold land and buildings are not depreciated; any such adjustment would not have been material.

**(i) Stock and work in progress**

Stock and work in progress is valued at the lower of cost and net realisable value.

Cost comprises materials and labour together with an appropriate proportion of manufacturing overheads.

**(j) Pensions**

The group operates pension schemes covering certain of its employees. Contributions are normally charged against profits as they are made.

**3. Profit and loss accounts**

	Notes	Consolidated		Combined	
		1985	1984	1983	1982
		£'000	£'000	£'000	£'000
Turnover	(a)	5,057	4,443	4,303	3,333
Cost of sales		(3,148)	(2,553)	(2,675)	(2,177)
Gross profit		1,909	1,890	1,628	1,156
Administrative expenses		(1,308)	(1,147)	(1,398)	(986)
Other operating income	(b)	38	25	24	23
Operating profit		639	768	254	193
Other income	(c)	—	—	104	84
Interest payable	(d)	(318)	(260)	(303)	(343)
Profit/(loss) on ordinary activities before taxation		321	508	55	(66)
Tax on profit on ordinary activities	(e)	(114)	(130)	(14)	—
Profit/(loss) attributable to shareholders before extraordinary items		207	278	41	(66)
Extraordinary items	(f)	(133)	8	48	(7)
Profit/(loss) attributable to shareholders		74	286	89	(73)
Pre-acquisition element		—	(141)	—	—
Retained profit brought forward		145	—	—	—
Purchased goodwill written off		(66)	—	—	—
Retained profit carried forward		153	145	—	—

# Notes

## (a) Turnover and profit

The turnover and profit of the group is derived substantially from one class of business. Turnover is mainly attributable to the United Kingdom.

## (b) Other operating income

	1985 £'000	1984 £'000	1983 £'000	1982 £'000	1981 £'000
Net rental income	24	12	3	—	—
Licence and service fees receivable	13	12	20	23	14
Other	1	1	1	—	—
	<u>38</u>	<u>25</u>	<u>24</u>	<u>23</u>	<u>14</u>

## (c) Operating profit

	1985 £'000	1984 £'000	1983 £'000	1982 £'000	1981 £'000
Operating profit is arrived at after charging:					
Depreciation of tangible fixed assets	93	73	107	77	60
Amortisation of intangible fixed assets	1	1	—	—	—
Auditors' remuneration	30	29	22	14	11
Directors' remuneration	183	70	*	*	*
	<u>183</u>	<u>70</u>	<u>*</u>	<u>*</u>	<u>*</u>

It is not practicable to arrive at a comparable figure for directors' remuneration for periods prior to the incorporation of Multiplé.

## (d) Interest payable

	1985 £'000	1984 £'000	1983 £'000	1982 £'000	1981 £'000
Bank loans and overdrafts	71	49	43	39	45
Loans repayable wholly or in part after 5 years	247	175	—	—	—
Notional interest on cash consideration payable in respect of subsidiaries acquired	—	36	260	304	328
	<u>318</u>	<u>260</u>	<u>303</u>	<u>343</u>	<u>373</u>

## (e) Tax on profit on ordinary activities

Taxation is based on the profits as adjusted for the period and comprises:

	1985 £'000	1984 £'000	1983 £'000	1982 £'000	1981 £'000
Corporation tax	81	214	19	—	2
Deferred taxation	33	16	(5)	—	—
	<u>114</u>	<u>230</u>	<u>14</u>	<u>—</u>	<u>2</u>
Underlying rate of corporation tax	43.75%	48.75%	52%	52%	52%

## (f) Extraordinary items

	1985 £'000	1984 £'000	1983 £'000	1982 £'000	1981 £'000
Charges:					
Abortive costs of marketing the group	56	—	—	—	—
Provision for loss on investments	77	—	3	7	—
Loss on disposal of property	—	—	20	—	—
	<u>133</u>	<u>—</u>	<u>23</u>	<u>7</u>	<u>—</u>
Income:					
Gain on disposal of property	—	8	71	—	—
Gain on disposal of investments	—	—	—	—	19
	<u>(133)</u>	<u>8</u>	<u>48</u>	<u>(7)</u>	<u>19</u>

#### 4. Balance sheets

		Consolidated			Combined	
	Notes	1985	1984	1983	1982	1981
		£'000	£'000	£'000	£'000	£'000
<b>Fixed assets</b>						
Intangible assets	(a)	1,444	1,491	86	86	86
Tangible assets	(b)	893	733	830	937	819
Investments	(c)	—	77	—	16	16
		<u>2,337</u>	<u>2,301</u>	<u>916</u>	<u>1,039</u>	<u>921</u>
<b>Current assets</b>						
Stocks	(d)	586	590	330	308	234
Debtors	(e)	1,601	1,348	1,425	747	691
Cash at bank and in hand		198	334	249	384	293
		<u>2,385</u>	<u>2,272</u>	<u>2,004</u>	<u>1,439</u>	<u>1,223</u>
<b>Creditors: amounts falling due within one year</b>	(f)	<u>(2,674)</u>	<u>(2,504)</u>	<u>(1,284)</u>	<u>(1,348)</u>	<u>(1,199)</u>
<b>Net current liabilities/assets</b>		<u>(289)</u>	<u>(232)</u>	<u>720</u>	<u>91</u>	<u>24</u>
<b>Total assets less current liabilities</b>		<u>2,048</u>	<u>2,069</u>	<u>1,636</u>	<u>1,130</u>	<u>945</u>
<b>Creditors: amounts falling due after more than one year</b>	(g)	<u>(1,767)</u>	<u>(1,829)</u>	<u>(819)</u>	<u>(578)</u>	<u>(336)</u>
<b>Deferred taxation</b>	(h)	<u>(127)</u>	<u>(94)</u>	<u>(79)</u>	<u>(84)</u>	<u>(68)</u>
		<u>154</u>	<u>146</u>	<u>738</u>	<u>468</u>	<u>541</u>
<b>Capital and reserves</b>						
Called up share capital	(i)	1	1	—	—	—
Profit and loss account		<u>153</u>	<u>145</u>	<u>—</u>	<u>—</u>	<u>—</u>
		<u>154</u>	<u>146</u>	<u>—</u>	<u>—</u>	<u>—</u>

For the 3 years to 30th June, 1983 only the net assets of the current subsidiaries are presented as, during this time they were not part of a legal group.

#### Notes

##### (a) Intangible fixed assets

	Patents and licences £'000	Purchased goodwill £'000	Goodwill arising on consolidation £'000	Total £'000
<b>Cost</b>				
At 30th June 1984	<u>2</u>	<u>56</u>	<u>1,434</u>	<u>1,492</u>
At 30th June 1985	<u>2</u>	<u>66</u>	<u>1,444</u>	<u>1,512</u>
<b>Amortisation</b>				
At 30th June 1984	<u>1</u>	<u>—</u>	<u>—</u>	<u>1</u>
At 30th June 1985	<u>2</u>	<u>66</u>	<u>—</u>	<u>68</u>
<b>Net book value</b>				
At 30th June 1984	<u>1</u>	<u>56</u>	<u>1,434</u>	<u>1,491</u>
At 30th June 1985	<u>—</u>	<u>—</u>	<u>1,444</u>	<u>1,444</u>

##### (b) Tangible fixed assets

	Land and buildings £'000	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
<b>Cost</b>				
At 30th June 1984	<u>437</u>	<u>461</u>	<u>54</u>	<u>952</u>
At 30th June 1985	<u>481</u>	<u>577</u>	<u>100</u>	<u>1,158</u>
<b>Depreciation</b>				
At 30th June 1984	<u>3</u>	<u>198</u>	<u>18</u>	<u>219</u>
At 30th June 1985	<u>7</u>	<u>231</u>	<u>27</u>	<u>265</u>
<b>Net book value</b>				
At 30th June 1984	<u>434</u>	<u>263</u>	<u>36</u>	<u>733</u>
At 30th June 1985	<u>474</u>	<u>346</u>	<u>73</u>	<u>893</u>
<b>Land and buildings comprise</b>				
Freehold			1985	1984
Short leasehold			£'000	£'000
			400	400
			74	34
			<u>474</u>	<u>434</u>

(c) **Investments**

Investments comprise the cost, less provision, of the Multiple group's 75 per cent. interest in Acoustics & Environmetrics Limited and Design and Application Contractors (H&V) Limited which were disposed of in October 1985 for a total consideration of £2.

An extraordinary provision was made against these investments in 1985.

(d) **Stocks**

	1985 £'000	1984 £'000
Raw materials and consumables	343	360
Work in progress	243	195
Finished goods and goods for resale	—	35
	<u>586</u>	<u>590</u>

(e) **Debtors**

	1985 £'000	1984 £'000
Trade debtors	1,175	1,240
Other debtors	48	108
Prepayments and accrued income	107	—
Loans	271	—
	<u>1,601</u>	<u>1,348</u>

(f) **Creditors: amount falling due within one year**

	1985 £'000	1984 £'000
Bank loans and overdrafts	677	391
Trade creditors	678	854
Amounts due in respect of businesses acquired	426	430
Corporation tax	350	301
Sundry creditors and accruals	543	528
	<u>2,674</u>	<u>2,504</u>

The group's bank loans and overdraft are secured on the assets of the various group companies.

(g) **Creditors — amounts falling due after more than one year**

	1985 £'000	1984 £'000
Bank loan	1,705	1,817
Corporation tax	—	12
Hire purchase	62	—
	<u>1,767</u>	<u>1,829</u>

The bank loan is repayable by instalments over ten year terms. Instalments falling due after more than five years total £804,000. The rate of interest charged is variable.

The bank loan is secured on the assets of the various group companies.

(h) **Deferred taxation**

	1985 £'000	1984 £'000
Movement in year		
At 1st July	94	78
Charge for the period	33	16
At 30th June	<u>127</u>	<u>94</u>

As explained above, provision is made for deferred taxation where, in the opinion of the directors, a liability is likely to arise in the foreseeable future as a result of the reversal of timing differences. The source of the balance on deferred tax account and the amounts involved if deferred taxation had been provided in full, are as follows:

	1985		1984	
	Full potential liability £'000	Amount provided £'000	Full potential liability £'000	Amount provided £'000
Capital allowances in excess of depreciation	129	129	90	90
Short term timing differences	4	4	4	4
Surplus on inclusion of property in subsidiary at fair value on acquisition	49	—	49	—
Trading losses	(6)	(6)	—	—
	<u>176</u>	<u>127</u>	<u>143</u>	<u>94</u>

(i) Share capital

	1985 £'000	1984 £'000
Authorised 24,000 ordinary shares of 5p each (1984 — 1,000 ordinary shares of £1 each)		
Issued and fully paid 23,980 ordinary shares of 5p each (1984 — 1,000 ordinary shares of £1 each)	1	1
On 1st December, 1984 the 1,000 ordinary shares of £1 each were subdivided into 10 ordinary shares of 10p each.	1	1
On 18th December, 1984 the authorised share capital was increased to £1,200 of which 1,940 ordinary shares of 10p each were allotted and issued credited as fully paid as consideration for the acquisition of shares in various subsidiaries.		
On 6th February, 1985 the ordinary shares of 10p each were each further subdivided into 2 ordinary shares of 5p each.		
On 30th June, 1985 a further 100 ordinary shares of 5p each were allotted and issued credited as fully paid as further consideration for the acquisition of one of the subsidiaries acquired.		

5. Statements of source and application of funds

	1985 £'000	1984 £'000	1983 £'000	1982 £'000	1981 £'000
<b>Source of funds:</b>					
Profit/(loss) on ordinary activities before taxation	321	508	55	(66)	(67)
Extraordinary items before taxation:	(133)	8	48	(7)	19
Adjustment for items not involving the movement of funds					
— Depreciation and amortisation	94	74	107	77	60
— Extraordinary items	77	(8)	(48)	7	(19)
Total generated from operations	359	582	162	11	(7)
Funds from other sources					
Creditors falling due after more than 1 year	(50)	1,010	245	242	270
Disposal of tangible fixed assets	53	83	367	45	78
Disposal of investments	—	—	35	—	15
	362	1,675	809	298	356
<b>Application of funds:</b>					
Purchase of tangible fixed assets	307	52	177	247	184
Purchase of investments	—	—	30	—	—
Taxation paid	44	—	52	113	69
Adjustment arising on the acquisition of the current subsidiaries	19	2,361	—	—	—
(Decrease)/increase in working capital	(8)	(738)	550	(62)	103
<b>Components of (decrease)/increase in working capital</b>					
Stocks	(4)	260	22	74	(98)
Debtors	253	(77)	678	56	121
Creditors	165	(857)	100	(274)	(84)
	414	(674)	800	(141)	(61)
<b>Movement in liquid funds</b>					
Cash at bank and in hand	(136)	85	(135)	86	99
Bank overdraft	(286)	(149)	(115)	(4)	65
	(8)	(738)	550	(62)	103

## 6. The current subsidiaries

The current subsidiaries were acquired by Multiple mainly from the present directors of Multiple or from companies controlled by them.

Name	Date acquired	Consideration	
		Cash £	Multiple shares £ Nominal Value
Altair Filters International Limited and its subsidiaries, Zellinger & Zollenberg Limited and Altair Australian Filters Pty Limited	100% on 9th August 1983	1,213,692	—
Altair Ventilation Products Limited	100% on 9th August 1983	845,937	—
Gantry Railing Holdings Limited and its subsidiaries, Gantry Railing Limited and Specialweld Limited	100% on 28th June 1984	—	128
Watford Engineering Limited	80% on 28th June 1984	65,760	—
	20% on 29th June 1984	—	6
Trueman Engineering Limited	100% on 7th February, 1985	20,325	—
The UK Lift Company Limited	90% on 28th June 1984	342,000	—
	10% on 29th June 1984	—	13
Welding Machines (Automated) Limited	75% on 29th September 1983	71,250	—
	12½% on 28th June 1984	—	26
	12½% on 28th June 1984	—	26
which acquired			
Hulley & Reeder (Engineers) Limited	100% on 18th June 1984	34,812	—
		2,593,776	199
Related costs of acquisition		40,210	—
		<u>£2,633,986</u>	<u>£199</u>

### Notes

- (i) The consideration payable on the acquisition of Watford Engineering Limited remained unpaid at 30th June 1985. It was subject to interest at bank base rate from 31st August 1984 but this has been waived.
- (ii) £292,000 of the consideration payable on the acquisition of The UK Lift Company Limited remained unpaid at 30th June 1985. It was subject to interest at bank base rate from 31st August 1984 but this has been waived.
- (iii) In addition to the above acquisitions, Watford Engineering Limited acquired on 29th June 1984 the business and certain assets of SSF Limited for £105,000 of which £68,550 remained unpaid at 30th June 1985. It was subject to interest at bank base rate from 31st August 1984 but this has been waived.

Yours faithfully,

ARTHUR YOUNG

Chartered Accountants

## SECTION IV

### PROFORMA STATEMENT OF COMBINED NET ASSETS

The following is a proforma statement of combined net assets of the enlarged Group based on the last published audited consolidated balance sheet of C. & W. Walker and on the consolidated balance sheet of Multiple as set out in the Accountants' Report in Section III, taking account of the net proceeds of the proposed Rights Issue.

	Proforma	C & W. Walker 2nd February 1985 £'000	Multiple 30th June 1985 £'000
Fixed assets	£'000		
Tangible assets	2,547	1,654	893
Intangible assets	—	—	1,444
	<u>2,547</u>	<u>1,654</u>	<u>2,337</u>
Current assets			
Stocks	1,324	738	586
Debtors	3,831	2,230	1,601
Cash in hand	2,500	2	198
	<u>7,655</u>	<u>2,970</u>	<u>2,385</u>
Creditors falling due within one year	(5,371)	(2,697)	(2,674)
Net current assets/(liabilities)	<u>2,284</u>	<u>273</u>	<u>(289)</u>
Total assets less current liabilities	4,831	1,927	2,048
Creditors falling due after one year	(1,977)	(210)	(1,767)
Deferred taxation	(151)	(24)	(127)
	<u>2,703</u>	<u>1,693</u>	<u>154</u>

#### Notes

1. The net proceeds of the proposed Rights Issue are expected to amount to approximately £2.3 million.
2. It is intended to adopt merger accounting principles for the Acquisition. Intangible assets in Multiple represent goodwill arising on consolidation, which, in accordance with the directors' intention to implement Statement of Standard Accounting Practice No. 22, has been written off to reserves in the proforma statement.

## SECTION V

### GENERAL INFORMATION

#### 1. Responsibility Statement

The Directors of C. & W. Walker, whose names appear in paragraph 3 below, are the persons responsible for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

#### 2. Share Capital

The following tables show the authorised and issued share capital of the Company at the date of this document and as it will be after the implementation of the proposals contained in this document, assuming the issue of the maximum number of shares to the Vendors under the Agreement:

	No. of Shares	Authorised £	Issued and fully paid No of Shares	£
At present:				
Ordinary shares of 15p	10,000,000	1,500,000	9,032,788	1,354,918
After the proposed issues:				
Ordinary shares of 15p	30,000,000	4,500,000	23,192,039	3,478,806

The capital of the Company was, by virtue of a Special Resolution of the Company and with the sanction of an Order of the High Court of Justice dated 5th November, 1984, reduced from £1,500,000 divided into 6,000,000 Ordinary shares of 25p each to £1,098,360.60 divided into 1,983,606 Ordinary shares of 25p each and 4,016,394 Ordinary shares of 15p each. Such reduction was effected by cancelling capital paid up or credited as paid up to the extent of 10p per share upon each of the 4,016,394 Ordinary shares of 25p each which had then been issued and were fully paid up and reducing the nominal amount of each such share from 25p to 15p.

On 11th January, 1985 the 1,983,606 Ordinary shares of 25p in the Company were by virtue of an Ordinary Resolution of the Company, converted into 3,306,010 Ordinary shares of 15p each and the authorised capital of the Company was increased from £1,098,360.60 to £1,500,000 by the creation of 2,677,596 new Ordinary shares of 15p each.

The issued capital of the Company was increased on 17th January, 1985 by the placing of 1,000,000 Ordinary shares of 15p each at 19p per share and on 1st February, 1985 by a rights issue of 4,016,394 Ordinary shares of 15p each at 17p per share, all fully paid for cash, giving rise to net proceeds of £767,074 after costs.

Save as aforesaid there have been no changes in the issued capital of the Company or any of its subsidiaries during the three years preceding the date of this document.

Options have been granted under the C. & W. Walker Holdings p.l.c. Executive Share Option Scheme over a total of 332,000 shares. These are exercisable between 14th October, 1988 and 13th October, 1995 at a price of 28p per share.

#### 3. Directors' and Other Interests

The following are the interests (as required to be disclosed by the Companies Act 1985) of the Directors in the Ordinary shares of the Company, all of which are beneficially held:

	Ordinary shares
T B Madden (Chairman)	56,000
G W S Miskin (Non-Executive)	657,500
D J L Fitzwilliams (Non-Executive Deputy Chairman)	103,500
K C Norton (Finance Director and Secretary)	4,000
M N Hayes (Managing Director)	2,000
J D Landells (Executive Director)	98

Certain directors hold options under the C. & W. Walker Holdings p.l.c. Executive Share Option Scheme as follows:

	Number of Options
M N Hayes	100,000
J D Landells	80,000
K C Norton	40,000

The options were granted on 14th October, 1985 and are exercisable at 28p per share between 14th October, 1988 and 13th October, 1995.

In addition to the holding of Mr G W S Miskin listed above, the Company has been notified of the following holdings of five per cent. or more of the Company's Ordinary shares:

The Foreign and Colonial Investment Trust Company P.L.C.	861,994	(9.5%)
J F Nash Holdings Limited	600,000	(6.6%)
Alliance Investment Company P.L.C.	472,500	(5.2%)

#### 4. Working Capital

The Directors consider that, taking into account bank and other facilities available to the Group and the net proceeds of the proposed Rights Issue of New Ordinary shares, the C. & W. Walker Group including Multiple will have sufficient working capital for its present requirements.



## 5. Indebtedness

At the close of business on 20th December, 1985 the C. & W. Walker Group and the Multiple Group had outstanding the following:

(a) The C. & W. Walker Group	£'000
Hire purchase commitments (of which £41,000 is payable within 12 months)	56
Secured overdraft	328
Other secured borrowings (of which £145,000 is repayable within 12 months)	371
	<u>755</u>
Guarantees and contingent liabilities	<u>87</u>
(b) The Multiple Group	
Hire purchase commitments (of which £83,000 is payable within 12 months)	140
Secured overdraft	409
Other secured borrowings (of which £224,000 is repayable within 12 months)	1,761
	<u>2,310</u>
Guarantees and contingent liabilities	<u>112</u>

On 20th December, 1985 Multiple had outstanding guarantees in respect of indebtedness of companies controlled by the Vendors up to a maximum of £7.02 million. These guarantees are to be released on completion of the Agreement and will therefore have no effect on the C. & W. Walker Group.

Save as aforesaid and apart from intra-group liabilities, neither C. & W. Walker nor Multiple had outstanding at 20th December, 1985 any loan capital created but unissued, term loans, or any borrowings or indebtedness in the nature of borrowings, including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits, hire purchase commitments, mortgages, charges, guarantees or material contingent liabilities.

## 6. Service Contracts

K. C. Norton has a service agreement with the Company dated 8th November, 1983 which is terminable by either party giving six months' notice to expire on or after 9th December, 1987. Mr. Norton's current salary is £22,500 per annum, and he is entitled to receive a commission of 1 per cent. of the net trading profit of the Group.

In addition to the above Mr. T. B. Madden is entitled to receive a commission of 1 per cent. of the net trading profit of the Group. It is therefore expected that the total remuneration payable to Messrs T. B. Madden and K. C. Norton will be increased as a result of the proposed Acquisition. Save as aforesaid no director will receive any variation in his remuneration as a consequence of the transaction.

Mr. John Pither has agreed to enter into a service agreement with the Company as joint Managing Director at a salary of £35,000 per annum, subject to review as the Company may decide. The agreement is terminable by either party giving six months' notice to expire on or after 31st January, 1989, Mr. Pither being required to devote not less than 180 working days in every calendar year to such duties.

Sir Anthony Jolliffe has agreed to enter into a service agreement with the Company as a part-time Executive Director on the basis of not less than 45 days in every calendar year at a salary of £5,000 per annum subject to review as the Company may decide. In addition a management services company controlled by Sir Anthony has agreed to provide his services to the Company as consultant in relation to the businesses of the Group and the expansion of the Group for a minimum period of three years commencing 31st January, 1986 at an annual fee of £10,000 subject to review as the Company may decide. Both arrangements are terminable by either party giving six months' notice, to expire on or after 31st January, 1989.

Save as disclosed above no Director of the Company has any service contract with any company within the Group (other than contracts expiring or determinable by the employing company without payment of compensation, other than statutory compensation, within 12 months), nor have any such service agreements been entered into or varied since 2nd February, 1985.

## 7. Summary of Articles of Association regarding changes in capital or variation of class rights

The Articles of Association of the Company provide

- that the Company may by Ordinary Resolution increase its capital by such sum to be divided into shares of such amount as the Resolution shall prescribe, consolidate all or any of its share capital into shares of a larger amount than its existing shares, cancel any shares which have not been taken or agreed to be taken by any person and diminish the amount of its capital by the amount of the shares so cancelled or sub-divide its shares or any of them, and so that as between the holders of shares resulting from such sub-division one or more of the shares may have such preferred or other special rights or be subject to such deferred rights or restrictions compared with the others as the Company have power to attach to unissued or new shares.
- that the Company may by Special Resolution reduce its capital or any share premium account in any manner authorised by law.
- that the rights or restrictions attached to any class of shares may (unless otherwise provided by the terms of issue of the shares of that class) be varied or abrogated either with the consent in writing of the holders of three-fourths of the issued shares of that class or with the sanction of an Extraordinary Resolution, passed at a separate meeting of the holders of shares of that class.

## 8. Material contracts

### (a) C & W. Walker

- (i) Agreement dated 19th December 1984 between the Company and Hambros Bank Limited under which Hambros Bank Limited agreed to underwrite a rights issue of 4,016,394 Ordinary shares of 15p each of the Company at a price of 17p per Ordinary share. Hambros Bank Limited further agreed to place 1,000,000 Ordinary shares of 15p each of the Company with institutional and other investors at the price of 19p per Ordinary share. For its services under this agreement, Hambros Bank Limited received a fee and commissions totalling £47,716, out of which it paid sub-underwriting commissions of one and five eighths per cent. and commissions to the brokers, Capel-Cure Myers of one quarter of one per cent.
- (ii) Agreement dated 16th January 1986 between the Company (1) Hambros Bank Limited (2) the Directors of the Company (3) and the Vendors (4) under which Hambros Bank Limited agreed to underwrite the subscription of the Rights Issue and to purchase or procure purchasers for the shares to be offered for subscription by way of rights to the Vendors. For its services under the agreement Hambros Bank Limited is to be paid a fee of £25,000, an underwriting commission of 2¼ per cent. in respect of the Rights Issue shares other than those being allotted to the Vendors, and a commission of ½ per cent. in respect of the placing of the rights sold on behalf of the Vendors.
- (iii) Agreement dated 15th January 1986 between Sir Anthony Jolliffe and others (1) C. & W. Walker (2) and Multiple (3) providing for the purchase by C. & W. Walker of the whole of the issued share capital of Multiple in consideration of the allotment to the Vendors of up to 7,142,857 New Ordinary shares of 15p each credited as fully paid up.

### (b) Multiple

- (i) Agreement dated 28th June 1984 for the sale and purchase of 98.36 per cent. of the capital of Gantry Railing Holdings Limited and made between Sir A. S. Jolliffe, GBE and J. Pither (1) and Multiple (2) for a consideration consisting of the allotment, credited as fully paid, of such number of ordinary shares in the capital of Multiple as (after the allotment of the shares in Multiple required to be allotted as consideration for the acquisition of its group companies) represented the following percentage of its total issued or allotted share capital:

$$\frac{\text{Profit of the company}}{\text{Total Profit}} \times \frac{98.36}{100} \%$$

which was calculated to amount to 1,280 ordinary shares of 10p each in Multiple.

- (ii) Deed of Indemnity in relation to Agreement (i) above, dated 28th June 1984 and made between Sir A. S. Jolliffe, GBE., and J. Pither (1) Multiple (2) and Gantry Railing Holdings Limited and others (3).
- (iii) Agreement dated 28th June 1984 for the sale and purchase of 80 per cent. of the capital of Watford Engineering Limited and made between Watford Metal Industry Group Limited (1) and Multiple (2) for a consideration of four times 80 per cent. of the profit of Watford Engineering Limited (before taxation and extraordinary items) for the year ending 30th June 1984 payable in cash on or before 31st October 1984. The consideration was calculated to amount to £65,760.
- (iv) Deed of Indemnity in relation to agreement (iii) above, dated 28th June 1984 and made between Watford Metal Industry Group Limited (1) Multiple (2) and Watford Engineering Limited (3).
- (v) Agreement dated 28th June 1984 for the sale and purchase of 90 per cent. of the capital of Power Lift Engineering Limited (subsequently re-registered as "The U.K. Lift Company Limited") and made between Power Lifts Limited (1) Multiple (2) and Watford Metal Industry Group Limited (3) for a consideration of £342,000 payable in cash on or before 31st October 1984.
- (vi) Deed of Indemnity in relation to agreement (v) above, dated 28th June 1984 and made between Power Lifts Limited (1) Watford Metal Industry Group Limited (2) Multiple (3) and Power Lift Engineering Limited (4).
- (vii) Option Agreement in respect of the sale and purchase by Multiple at fair value, to be determined by an independent firm of accountants, of 76.8 per cent. of the capital of Power Lifts Limited, dated 28th June 1984 and made between Watford Metal Industry Group Limited (1) and Multiple (2), for the sum of £1. The agreement will expire on 30th June 1989.
- (viii) Option Agreement in respect of the sale and purchase by Multiple at fair value, to be determined by an independent firm of accountants, of the whole of the capital of Power Loading Limited, dated 28th June 1984 and made between Power Lifts Limited (1) and Multiple (2) for the sum of £1. The agreement will expire on 30th June 1989.
- (ix) Agreement for lease dated 28th June 1984 in respect of premises known as Greenhill Works, Greenhill Crescent, Holywell Industrial Estate, Watford, Hertfordshire and made between SSF Limited (1) and Watford Engineering Limited (2), the lease thereby agreed to be taken to be at the initial yearly rent of £53,190.

- (x) Agreement dated 29th June, 1984 for the sale and purchase of a business and made between SSF Limited (1) and Watford Engineering Limited (2) in consideration of a sum equal to 2½ times the profit of SSF Limited (before taxation and extraordinary items) for the year ending 30th June, 1984. This consideration was calculated to amount to £105,000.
- (xi) Agreement dated 18th June, 1984 for the sale and purchase of the whole of the capital of Hulley & Reeder (Engineers) Limited for a cash consideration of £34,812 and made between Mr. & Mrs. T. B. Edwards (1) and Welding Machines (Automated) Limited (2).

Save as disclosed above, neither the Company nor any of its subsidiaries nor Multiple nor any of its subsidiaries has entered into any contracts (other than in the ordinary course of business) within the two years prior to the date of this document which are or may be material.

## 9. General Information

- (a) The Company was incorporated in England on 3rd May 1899 under the Companies Acts 1862 to 1898 and is incorporated in English law as a public limited company under the Companies Act 1985.
- (b) The principal objects of the Company as set forth in Clause 3(1) of its Memorandum of Association are the holding and managing of investments and property and managing and co-ordinating the affairs of the various companies and other bodies in which the Company is interested.
- (c) The Company is the holding company of a group of which the following are the principal subsidiaries. Their respective activities are as follows:

Directors		Issued share capital	
T. B. Madden, <i>Chairman</i> M. N. Hayes, J. D. Landells, K. C. Norton, T. Tuffnell	Walker Engineering Limited	Registered Office: Walker House, Malinslee, Telford, Shropshire	£150,000
	C. & W. Walker Limited		£100
	Samuel Cutler & Sons Limited		£70,000
	Submerged Combustion (Engineering) Limited		£15,000
Design, procurement, management, supply, erection and repair of storage tanks, gas holders, silos and related products for the gas, oil, steel, petrochemical and sugar industries, and of process engineering plant incorporating the submerged combustion and other specialised combustion processes.			
T. B. Madden, <i>Chairman</i> R. A. Kemp, K. C. Norton, H. Ross	F. Atkinson (Nottingham) Limited—Registered Office: Daleside Road, Nottingham		£99,000
	Fabrications in nickel alloys, stainless steel and other sophisticated metals required by the heat treatment and the chemical process industries.		
T. B. Madden, <i>Chairman</i> R. F. Stimson, K. C. Norton	Varicol Limited—Registered Office: Bayton Road, Exhall, Coventry		£22,500
	Fabrications in engineering plastics, including specialist applications for the metal plating and food industries.		

All the subsidiaries above are registered in England and are wholly owned. All of the share capital of the subsidiary companies is fully paid.

- (d) The principal place of business of the Group is the registered office of the Company, Walker House, Malinslee, Telford, Shropshire TF3 4HA, which is also deemed to be the business address of the Directors.
- (e) Average numbers employed by the Group in the last three financial periods were as follows: 1985—261, 1984—347, 1983—416.
- (f) The Directors are not aware of any significant change in the financial or trading position of the Group since 8th October 1985 (the date on which the latest interim statement of the Group was published).
- (g) The registrars of the Company are Lloyds Bank Plc, Registrar's Department, Goring-by-Sea, Worthing, West Sussex BN12 6DA.
- (h) The underwriters of the Rights Issue are Hambros Bank Limited, Bishopsgate, London EC2P 2AA

(i) The Group's principal establishments are as follows:

- (i) Walker Engineering Limited  
Freehold Factory and Offices, Station Road, Donnington, Telford, Shropshire  
Total Site Area: 26,900 Sq. m.  
Covered Area: 10,102 Sq. m.
- (ii) F. Atkinson (Nottingham) Limited  
Freehold Factory and Offices, Daleside Road, Nottingham  
Total Site Area: 6,022 Sq. m.  
Covered Area: 3,162 Sq. m.
- (iii) Varicol Limited  
Freehold Factory and Offices, Bayton Road, Exhall, Coventry  
Total Site Area: 2,760 Sq. m.  
Covered Area: 1,496 Sq. m.

- (j) No Director of the Company, nor of Multiple save as disclosed in paragraph 8 of this Section, has any interest, direct or indirect, in any assets which since 2nd February 1985 (the date to which the latest audited accounts of the Group were made up) have been or are proposed to be acquired by, disposed of by, or leased to the Company or any of its subsidiaries including Multiple.
- (k) Save for the shares to be issued in relation to the proposed Acquisition and Rights Issue, since 2nd February 1985 no share or loan capital of the Company or any of its subsidiaries has been issued or agreed to be issued.
- (l) Save as set out in paragraph 2 above no share capital of the Company or its subsidiaries is under option or has been conditionally or unconditionally agreed to be put under option.
- (m) Mr. J. Pither and Sir Anthony Jolliffe are shareholders in Watford Metal Industries Group Limited, which is a party to certain contracts disclosed in paragraph 8(b) above. Save as disclosed herein and in paragraphs 3 and 8 of this Section, no Director of the Company or of Multiple has any interest in any transaction entered into by the Company or any of its subsidiaries or Multiple during the current or immediately preceding financial year, or any earlier financial year which remains in any respect outstanding or unperformed which was or is unusual or significant in relation to the business of the Group including Multiple.
- (n) In September 1985 British Steel Corporation notified the Company and Samuel Cutler & Sons Limited ("Cutler"), a wholly owned subsidiary of the Company, that a writ had been issued against Cutler claiming damages for alleged negligence and breach of contract arising out of the collapse of a piston in a gas holder. The Company believes that the collapse was due to action by an independent third party directly under the control of British Steel Corporation and that no liability attaches to Cutler or to the Company. The writ has not yet been served and the Company cannot at present assess the amount of the claim nor the extent to which it may be covered by insurance. Save as aforesaid and save as disclosed in the paragraph Contingent Liabilities, Note 17 to the Annual Report and Accounts for the 53 weeks ended 2nd February 1985, reproduced as note 16 to paragraph 2 of Section II of this document, the Directors are not aware of any legal or arbitration proceedings pending or threatened against any member of the Group including Multiple which may have or have had during the 12 months prior to the date of this document a significant effect on the Group's financial position.
- (o) The existing Ordinary shares of C. & W. Walker are listed on The Stock Exchange, London.
- (p) The expenses of the proposed Acquisition and Rights Issue, which will be borne by the Company, are estimated to amount to £165,000 (including capital duty of £25,000), exclusive of VAT.

10. Written Consents

- (a) Hambros Bank Limited has given and has not withdrawn its written consent to the issue of this document with the inclusion of its letter and the references to its name in the form and context in which they respectively appear.
- (b) Arthur Young have given and have not withdrawn their written consent to the issue of this document with the inclusion therein of their letter and their report and the references to their name in the form and context in which they respectively appear.

11. Documents Available for Inspection

Copies of the following documents will be available for inspection at the offices of Hambros Bank Limited, 41 Bishopsgate, London, EC2P 2AA, of Pinsent & Co, Post & Mail House, 26 Colmore Circus, Birmingham, B4 6BH, and at the registered offices of the Company, during normal business hours up to 31st January 1986 and at the Extraordinary General Meeting:

- (a) the Memorandum and Articles of Association of the Company and of Multiple;
- (b) the audited consolidated accounts of the Company for the two financial periods ended 2nd February 1985 and 28th January 1984 and of Multiple for the two financial periods ended 30th June 1985;
- (c) the unaudited interim statement of the Company for the 26 weeks ended 3rd August 1985;
- (d) the service agreement referred to above;
- (e) the letters and consents of Hambros Bank Limited and Arthur Young and the report of Arthur Young on the Multiple Group referred to above, together with their statement of adjustments; and
- (f) the material contracts referred to in paragraph 8 of this Section.
- (g) a copy of the C. & W. Walker Holdings p.l.c. Executive Share Option Scheme.

16th January 1986

**C. & W. WALKER HOLDINGS p.l.c.**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that an EXTRAORDINARY GENERAL MEETING of the Company will be held at Hambros Bank Limited, 51, Bishopsgate, London, EC2P 2AA on Saturday 1st February 1986 at 9 a.m. for the purpose of considering and, if thought fit, passing the following Ordinary Resolution:

- (a) That the purchase by the Company of the whole of the issued share capital of Multiple Industries Group Limited upon the terms set out in the letter from the Chairman of the Company to the Ordinary Shareholders dated 16th January 1986 be approved;
- (b) that the capital of the Company be increased from £1,500,000 to £4,500,000 by the creation of 20,000,000 new Ordinary Shares of 15p each; and
- (c) that for the purposes of Section 80 of the Companies Act, 1985 the Directors be unconditionally and generally authorised during the period expiring at the end of five years from the date of passing of this Resolution (and at any time thereafter pursuant to any offer or agreement made by the Company before the expiration of the authority hereby conferred) to allot relevant securities up to a maximum nominal amount of £3,145,082.

By Order of the Board

K. C. NORTON  
*Secretary.*

Dated 16th January 1986

Registered Office:

Walker House,  
Malinslee,  
Telford,  
Shropshire,  
TF3 4HA

**Note:** A member entitled to attend and vote at the above meeting may appoint one or more proxies to attend and, on a poll, vote in his stead. A proxy need not also be a member.

To be valid, forms of proxy must be duly completed and returned in accordance with the instructions thereon to the Company at its registered office not later than 48 hours before the time appoint for the Meeting.