



Siddall & Hilton (Springs) Limited

Directors' report and financial statements

31 December 1996

Registered number 463054



Directors' report and financial statements

Contents

Directors and company information	1
Directors' report	2
Auditors' report	5
Profit and loss account	6
Balance sheet	7
Notes	8

Directors and company information

Directors	J Laycock FCMA AJ Siddall EW Myrtle PR Siddall P Green BSc JA Firth BA FCA JWK Noble ACCA CA Taylor B Clayton BSc Hons D Nuttall	Managing Director
Secretary	V Lumb	
Registered office	Central Buildings Sowerby Bridge West Yorkshire HX6 2QE	
Auditors	KPMG Chartered Accountants Station Street Buildings Huddersfield HD1 1LZ	
Company number	463054	

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 1996.

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 maintaining 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.

Principal activity

During the year the company has continued to trade as a wire product manufacturer.

Business review

The directors feel that the company achieved satisfactory trading results given that the general economic climate was difficult and will continue with its present policies to develop the company in the current year.

On 1 January 1997 the company acquired the business, assets and liabilities of Doric Springs Limited, a fellow subsidiary undertaking, for their book value at that date.

Change of name

On 11 February 1997 the company changed its name to Siddall & Hilton Springs Limited.

Directors' report *(continued)*

Dividends and transfer to reserves

The profit for the year after taxation amounted to £203,354. The dividend amounted to £nil (1995: £nil).

Directors and directors' interests

The composition of the board of directors at the date of this report is shown on page 1.

P Green was appointed as a director of the company on 24 May 1996, J Laycock was appointed as a director on 20 June 1996 and JA Firth was appointed as a director on 27 August 1996. M Tolson retired as a director of the company on 30 September 1996 after 15 years of service.

JWK Noble was appointed as a director of the company on 17 January 1997, CA Taylor was appointed as a director on 1 February 1997 and B Clayton and D Nuttall were appointed as directors on 28 February 1997.

RL Cooper who held office at the end of the financial year had no disclosable interest in the shares of the company or other group companies. He resigned as a director of the company on 17 January 1997.

EW Myrtle who also held office at the end of the financial year had no disclosable interest in the shares of the company, but held 500 ordinary shares in the parent company at that date.

The interests of the other directors in the shares of other group companies are disclosed in the directors' report of the parent company.

Cash flow statement

Financial Reporting Standard 1 (FRS 1) has been implemented by the company's parent company Siddall & Hilton Limited. The company itself is a wholly owned subsidiary of Siddall & Hilton Limited and, as such, is an exempt entity under FRS 1.

Directors' report *(continued)*

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



V Lumb
Secretary

Central Buildings
Sowerby Bridge
West Yorkshire
HX6 2QE

7 April 1997



Station Street Buildings
Huddersfield
HD1 1LZ

Auditors' report to the members of Siddall & Hilton (Springs) Limited

We have audited the financial statements on pages 6 to 15.

Respective responsibilities of directors and auditors

As described on page 2 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 as at 31 December 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

KPMG
Chartered Accountants
Registered Auditors

7 April 1997

Profit and loss account
for the year ended 31 December 1996

	<i>Note</i>	1996 £	1995 £
Turnover	2	6,133,901	5,200,851
Cost of sales		(4,916,661)	(4,073,245)
		<hr/>	<hr/>
Gross profit		1,217,240	1,127,606
Distribution costs		(293,000)	(322,000)
Administration expenses		(618,000)	(570,000)
		<hr/>	<hr/>
Operating profit		306,240	235,606
Interest receivable	6	3,157	9,790
Interest payable	7	(10,993)	(15,519)
		<hr/>	<hr/>
Profit on ordinary activities before taxation	3	298,404	229,877
Tax on profit on ordinary activities	8	(95,050)	(79,636)
		<hr/>	<hr/>
Profit for the financial year		203,354	150,241
		<hr/>	<hr/>

A reconciliation of the movements in shareholders' funds is shown at note 16.

There have been no recognised gains or losses during the year other than the profit for the year as stated above.

Balance sheet

at 31 December 1996

	Note	1996 £	£	1995 £	£
Fixed assets					
Tangible assets	9		1,175,060		1,364,385
Current assets					
Stocks	10	375,438		341,359	
Debtors	11	1,204,087		976,519	
Cash		214,994		886	
		<u>1,794,519</u>		<u>1,318,764</u>	
Creditors: amounts falling due within one year	12	<u>(1,388,968)</u>		<u>(1,251,289)</u>	
Net current assets			<u>405,551</u>		<u>67,475</u>
Total assets less current liabilities			<u>1,580,611</u>		<u>1,431,860</u>
Creditors: amounts falling due after more than one year	13		<u>(28,125)</u>		<u>(84,375)</u>
Provisions for liabilities and charges	14		<u>(142,848)</u>		<u>(141,201)</u>
Net assets			<u>1,409,638</u>		<u>1,206,284</u>
Capital and reserves					
Called up share capital	15		2,628		2,628
Profit and loss account	16		1,407,010		1,203,656
			<u>1,409,638</u>		<u>1,206,284</u>

These financial statements were approved by the board of directors on 7 April 1997 and were signed on its behalf by:



AJ Siddall
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules. The format of the profit and loss account has been changed from format 2 to format 1 this year and the comparative figures restated accordingly. This has been done for commercial reasons.

Fixed assets and depreciation

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets as follows:

Reducing balance method

Freehold buildings	-	2½% per annum
Plant and machinery	-	15% per annum
Motor vehicles	-	25% and 33 1/3% per annum

Straight line method

Office and computer equipment	-	10% and 25% per annum
Motor vehicles	-	25% per annum

Pension costs

The group operates two defined benefit pension schemes. The assets of the scheme are held separately from those of the group in independently administered funds. The amount charged against profits represents the contributions payable to the schemes in respect of the accounting period.

Research and development expenditure

Expenditure on research and development is written off against profits in the year in which it is incurred.

Stocks

Stocks are stated at the lower of cost and net realisable value. For work in progress and finished goods manufactured by the company, cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

Notes (continued)

1 Accounting policies (continued)

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the year.

2 Analysis of turnover

	1996 £	1995 £
Home	4,723,884	4,220,014
Export	1,410,017	980,837
	<hr/> 6,133,901	<hr/> 5,200,851

3 Profit on ordinary activities before taxation

	1996 £	1995 £
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Auditors' remuneration		
- As auditors	4,632	4,230
- Other	1,095	525
Depreciation written off tangible fixed assets	189,361	169,023
	<hr/>	<hr/>

4 Remuneration of directors

	1996 £	1995 £
Directors' emoluments:		
Remuneration as executives	181,474	175,488
	<hr/>	<hr/>

The emoluments, excluding pension contributions, of the chairman were £nil (1995:£nil) and those of the highest paid director were £61,348 (1995:£60,565).

Notes (continued)

4 Remuneration of directors (continued)

The emoluments, excluding pension contributions, of the directors (including the chairman and highest paid directors) were within the following ranges:

		Number of directors	
		1996	1995
£0	- £ 5,000	4	3
£35,001	- £40,000	-	1
£40,001	- £45,000	2	1
£60,001	- £65,000	1	-
		<hr/>	<hr/>

5 Staff numbers and costs

The average number of persons employed (including directors) during the year, analysed by category, was as follows:

	1996	1995
Production	92	91
Administration	6	8
Selling and distribution	10	9
	<hr/>	<hr/>
	108	108
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	1996	1995
	£	£
Wages and salaries	1,588,050	1,401,600
Social security costs	129,529	113,988
Other pension costs (see note 19)	99,019	82,826
	<hr/>	<hr/>
	1,816,598	1,598,414
	<hr/>	<hr/>

Notes (continued)

6 Interest receivable

	1996 £	1995 £
Bank interest received	3,157	9,300
Other	-	490
	<u>3,157</u>	<u>9,790</u>

7 Interest payable

	1996 £	1995 £
On bank loan and overdraft wholly repayable within five years	10,993	15,519
	<u>10,993</u>	<u>15,519</u>

8 Taxation

	1996 £	1995 £
UK corporation tax at 33% (1995 : 33%) on the profit for the year on ordinary activities	102,000	14,000
Group relief	-	36,500
Deferred taxation	(1,403)	22,969
	<u>100,597</u>	<u>73,469</u>
Adjustment relating to earlier years		
Corporation tax	(8,597)	4,097
Deferred taxation	3,050	2,070
	<u>95,050</u>	<u>79,636</u>

Notes (continued)

9 Tangible fixed assets

	Freehold buildings	Plant, machinery and equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At beginning of year	222,682	2,128,364	146,925	2,497,971
Additions	-	10,036	-	10,036
Disposals	(10,000)	-	-	(10,000)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	212,682	2,138,400	146,925	2,498,007
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At beginning of year	-	1,083,316	50,270	1,133,586
Charge for year	-	157,114	32,247	189,361
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	-	1,240,430	82,517	1,322,947
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 December 1996	212,682	897,970	64,408	1,175,060
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1995	222,682	1,045,048	96,655	1,364,385
	<hr/>	<hr/>	<hr/>	<hr/>

10 Stocks

	1996 £	1995 £
Raw materials and consumables	127,560	162,202
Work in progress	38,697	43,520
Finished goods and goods for resale	209,181	135,637
	<hr/>	<hr/>
	375,438	341,359
	<hr/>	<hr/>

There is no material difference between the replacement cost of stocks and their balance sheet amounts.

Notes (continued)

11 Debtors

	1996 £	1995 £
Trade debtors	1,171,989	945,414
Prepayments and accrued income	32,098	31,105
	<hr/> 1,204,087	<hr/> 976,519

12 Creditors: amounts falling due within one year

	1996 £	1995 £
Bank loan and overdraft	56,250	60,577
Trade creditors	340,848	494,338
Amounts owed to parent and fellow subsidiary undertakings	556,198	431,034
Corporation tax	102,000	14,000
Other taxes and social security	242,982	192,024
Accruals and deferred income	90,690	59,316
	<hr/> 1,388,968	<hr/> 1,251,289

13 Creditors: amounts falling due after more than one year

	1996 £	1995 £
Bank loan	28,125	84,375
	<hr/>	<hr/>

The bank loan is repayable in eight half yearly instalments commencing 31 July 1994. Interest is chargeable at 10%.

Notes (continued)

14 Provisions for liabilities and charges

Deferred taxation

	1996 £	1995 £
At beginning of year	141,201	116,162
Charge/(credit) for the year in the profit and loss account		
Current year	(1,403)	22,969
Earlier years	3,050	2,070
	<hr/>	<hr/>
At end of year	142,848	141,201
	<hr/>	<hr/>

The amounts provided for deferred taxation and the amounts not provided are set out below:

	1996		1995	
	Provided £	Unprovided £	Provided £	Unprovided £
Difference between accumulated depreciation and capital allowances	142,797	-	140,175	-
Other timing differences	51	-	1,026	-
	<hr/>	<hr/>	<hr/>	<hr/>
	142,848	-	141,201	-
	<hr/>	<hr/>	<hr/>	<hr/>

15 Called up share capital

	1996 £	1995 £
<i>Authorised</i>		
Ordinary shares of £1 each	5,000	5,000
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	2,628	2,628
	<hr/>	<hr/>

Notes (continued)

16 Reconciliation of movements in shareholders' funds

	Share capital £	Profit and loss account £	Total £
At 1 January 1996	2,628	1,203,656	1,206,284
Profit for the year	-	203,354	203,354
	<hr/>	<hr/>	<hr/>
At 31 December 1996	2,628	1,407,010	1,409,638
	<hr/>	<hr/>	<hr/>

17 Contingent liabilities

The company has guaranteed payment to the Bank, on demand, of all present, future, actual or contingent liabilities of its parent company and fellow subsidiary companies; the amount outstanding at 31 December 1996 was £1,936,258.

18 Commitments

Capital commitments at the end of the financial year for which no provision has been made:

	1996 £	1995 £
Authorised but not contracted	18,353	5,247
	<hr/>	<hr/>

19 Pension schemes

As explained in the accounting policies, the Siddall & Hilton Group operates two defined benefit pension schemes providing benefits based on final pensionable pay, contributions being charged to the profit and loss account so as to spread the cost of pensions over the working lives of employees with the group. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuations were on 6 April 1993 and 16 September 1994. It was assumed that the investment returns would exceed pay awards by 1.5% - 2% per annum.

20 Ultimate parent company

The company regarded by the directors as the ultimate parent company is Siddall & Hilton Limited, a company registered in England and Wales.