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BERWIN RUBBER COMPANY LIMITED  
REGISTERED NUMBER 524814

FINANCIAL STATEMENTS

31ST JULY 1999



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**BERWIN RUBBER COMPANY LIMITED**

**DIRECTORS' REPORT**

The directors submit their report and accounts for the year ended 31st July 1999.

**Review of the business**

The principal activity of the company continued to be the compounding of rubber, PVC and other elastomeric alloys.

The profit for the year, after taxation, was £581,799 giving accumulated profits of £2,692,610. After paying an interim ordinary dividend of £75,000, and the proposed final ordinary dividend of £600,000, retained profits carried forward are £2,017,610.

As anticipated in last year's Director's Report the turnover for 1999 was down by some 12% on 1998. However, although the Operating Profit showed a similar decrease, the directors are delighted with the overall performance of the company. The current year is showing signs of improvement in activity on 1999 and the Company is looking forward to the challenges and opportunities that lie ahead of them in the new millennium.

**Year 2000**

The board have assessed the risks and uncertainties associated with the year 2000 problem, and do not consider that there are any areas in which the company is so dependent on electronic systems that a failure in the year 2000 would materially affect the company's operations. Where appropriate, action was taken or in hand to ensure the compliance of hardware and software systems before the end of 1999. The board also consider that the company's customer and supplier bases are sufficiently broad that the company will not be materially affected as a result of non-compliance problems suffered by individual customers or suppliers.

No significant additional costs have been incurred, or are anticipated, in relation to year 2000 matters.

**Directors**

The directors throughout the year were G. Williams, D. Hukin, S. Hallas and S. Lawton.

On 31st March 2000, Mr. S. Hukin was appointed a director and Mr. S. Hallas resigned.

The directors had no beneficial interest in the share capital of the company. Their interests in the share capital of the ultimate parent company, Berwin Group Limited, are shown in the parent company's own accounts.

**Auditors**

A resolution to re-appoint Nasmith Coutts & Co. will be put to the members at the Annual General Meeting.



On behalf of the Board  
**D. Hukin**  
Secretary

Broadway,  
Globe Lane Industrial Estate,  
Dukinfield,  
Cheshire SK16 4UJ.

12th April 2000

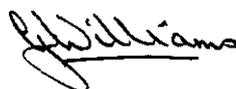
**BERWIN RUBBER COMPANY LIMITED**

**BALANCE SHEET**

**31ST JULY 1999**

	<u>Notes</u>	£	<u>1999</u> £	£	<u>1998</u> £
<b>Net assets employed -</b>					
<b>Fixed assets</b>					
Tangible assets	2	3,341,367		2,219,549	
Investments in subsidiaries	3	200	3,341,567	200	2,219,749
		-----		-----	
<b>Current assets</b>					
Stocks	4	1,124,232		1,084,285	
Debtors	5	3,881,088		4,511,951	
Bank and cash		1,033,041		738,430	
		-----		-----	
		6,038,361		6,334,666	
<b>Creditors: Amounts falling due within one year</b>	6	6,892,852		5,394,460	
		-----		-----	
<b>Net current assets (liabilities)</b>			<b>(854,491)</b>		940,206
			-----		-----
<b>Total assets less current liabilities</b>			<b>£2,487,076</b>		<b>£3,159,955</b>
			-----		-----
<b>Financed by -</b>					
<b>Creditors: Amounts falling due after more than one year</b>	6		<b>432,466</b>		1,012,144
<b>Provisions for liabilities and charges</b>	7		<b>15,000</b>		15,000
<b>Capital and reserves</b>					
Called up share capital	8	22,000		22,000	
Profit and loss account		2,017,610		2,110,811	
		-----		-----	
<b>Shareholders' funds</b>	8		<b>2,039,610</b>		2,132,811
			-----		-----
			<b>£2,487,076</b>		<b>£3,159,955</b>
			-----		-----

The financial statements on pages 2 to 10 were approved by the board of directors on 12th April 2000.



**G. Williams - Chairman**

**BERWIN RUBBER COMPANY LIMITED**

**PROFIT AND LOSS ACCOUNT**

**YEAR ENDED 31ST JULY 1999**

	<u>Notes</u>	£	<u>1999</u> £	£	<u>1998</u> £
<b>Turnover</b>			<b>17,302,127</b>		19,662,756
Change in stocks of finished goods and work in progress		24,186		63,111	
Raw materials and consumables		11,499,321		13,343,461	
Other external charges		1,769,104		1,891,226	
			<hr/>		
			<b>13,292,611</b>		15,297,798
Staff costs	9	2,636,453		2,697,271	
Depreciation		533,386	16,462,450	547,599	18,542,668
			<hr/>		
<b>Operating profit</b>	10		<b>839,677</b>		1,120,088
Bank interest receivable			19,243		47,168
Interest payable	11		(97,121)		(94,568)
			<hr/>		
<b>Profit before taxation</b>			<b>761,799</b>		1,072,688
Tax on profit on ordinary activities	12		(180,000)		(355,000)
			<hr/>		
<b>Profit after taxation</b>			<b>581,799</b>		717,688
Retained profit brought forward			2,110,811		1,543,123
			<hr/>		
Accumulated profits			2,692,610		2,260,811
Dividends	13		(675,000)		(150,000)
			<hr/>		
<b>Retained profit carried forward</b>			<b>£2,017,610</b>		£2,110,811
			<hr/>		

**Continuing operations**

None of the company's activities were acquired or discontinued during these two financial years.

**Total recognised gains and losses**

The company had no recognised gains or losses other than the above profits.

## BERWIN RUBBER COMPANY LIMITED

### NOTES TO THE ACCOUNTS

#### 1. ACCOUNTING POLICIES

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The principal accounting policies, which have been consistently applied, are set out below.

a) Basis of accounting

The company's accounts have been prepared under the historical cost convention and in accordance with applicable Accounting Standards.

b) Consolidation

Consolidated accounts have not been prepared because the subsidiary companies did not trade during the year. Consolidated accounts have been prepared by Berwin Group Limited, registered in England and Wales, which is regarded by the directors as the ultimate parent company.

c) Depreciation

Fixed assets are shown at cost less accumulated depreciation. Depreciation has been calculated to write off the cost over their estimated useful lives as follows:

Buildings	-	25 years	-	straight line
Plant and equipment	- owned	- 3 to 12 years	-	straight line
	- leased	- period of lease	-	straight line
Motor vehicles	-	25% on reducing balance		

d) Leased assets

Assets obtained under finance leases are included in the balance sheet at cost less depreciation and the obligations related to finance leases are included, as appropriate, under creditors due within or after one year. The interest element of the finance leases is charged to profit and loss account.

The cost of operating leases is charged as incurred.

e) Stocks

Stocks are valued at the lower of cost or net realisable value. Cost includes all relevant production overheads.

f) Pensions

The company operates a defined contribution scheme which is externally administered. Contributions are charged to profit and loss account as they become due.

g) Deferred tax

Provision is made on the liability method at current rates for taxation deferred in respect of all material timing differences to the extent that, in the opinion of the directors, there is reasonable probability that the liability will arise in the foreseeable future.

31ST JULY 1999

**2. TANGIBLE FIXED ASSETS**

	Land and Buildings	Plant and Vehicles		Total
	Long Leasehold	Leased	Owned	
<b>Cost -</b>	£	£	£	£
At 1st August 1998	1,688,225	617,125	3,682,046	5,987,396
Additions	<b>237,175</b>	<b>556,135</b>	<b>868,126</b>	<b>1,661,436</b>
At 31st July 1999	<b>1,925,400</b>	<b>1,173,260</b>	<b>4,550,172</b>	<b>7,648,832</b>
<b>Depreciation -</b>				
At 1st August 1998	537,127	496,099	2,734,621	3,767,847
Charge for the year	<b>71,708</b>	<b>76,668</b>	<b>391,242</b>	<b>539,618</b>
At 31st July 1999	<b>608,835</b>	<b>572,767</b>	<b>3,125,863</b>	<b>4,307,465</b>
<b>Net Book Value -</b>				
At 31st July 1999	<b>1,316,565</b>	<b>600,493</b>	<b>1,424,309</b>	<b>3,341,367</b>
Net Book Value - At 1st August 1998	1,151,098	121,026	947,425	2,219,549

**3. INVESTMENTS IN SUBSIDIARIES**

	<u>1999</u>	<u>1998</u>
	£	£
Wholly-owned subsidiaries -		
Shares at cost	<b>200</b>	200

The subsidiaries, which are incorporated in England and Wales, are:

Berwin Management Services Limited - Dormant  
 Berwin Plastics Limited - Dormant

**4. STOCKS**

	<u>1999</u>	<u>1998</u>
	£	£
The main categories are:		
Raw materials and consumables	<b>922,338</b>	858,205
Finished goods and work-in-progress	<b>201,894</b>	226,080
	<b>1,124,232</b>	1,084,285

**BERWIN RUBBER COMPANY LIMITED**

**NOTES TO THE ACCOUNTS (CONTINUED)**

**5. DEBTORS**

	<u>1999</u> £	<u>1998</u> £
Trade debtors	3,812,875	4,223,681
Other debtors	10,446	30,724
Prepayments	57,767	257,546
	<hr/>	<hr/>
	3,881,088	4,511,951
	<hr/>	<hr/>

**6. CREDITORS**

	<u>1999</u> £	<u>1998</u> £
Amounts falling due within one year:		
Lease obligations	129,188	87,265
Bank loans	48,333	73,333
Director's loan	900,000	-
Trade creditors	3,284,901	3,121,590
Amount due to parent company	1,833,023	1,187,177
Corporation tax	228,634	403,980
Social security and other taxes	317,366	372,808
Accruals and deferred income	151,407	148,307
	<hr/>	<hr/>
	6,892,852	5,394,460
	<hr/>	<hr/>
Amounts falling due after more than one year:		
Lease obligations	379,966	11,310
Bank loans	52,500	100,834
Director's loan	-	900,000
	<hr/>	<hr/>
	432,466	1,012,144
	<hr/>	<hr/>

The bank loans are due within five years and secured by charges on the company's fixed assets and by floating charges on its other assets. They are repayable in instalments up to 2002 and are at variable rates.

Lease obligations are all due within five years.

Interest on the director's loan is payable at Barclays Bank base rate and the loan has been repaid since the balance sheet date.

31ST JULY 1999

**7. PROVISIONS FOR LIABILITIES AND CHARGES**

	<u>1999</u>	<u>1998</u>
	£	£
Deferred taxation: Accelerated capital allowances: At 1st August 1998 and 31st July 1999	15,000	15,000
Deferred taxation not provided for: Accelerated capital allowances	10,000	5,000

**8. CALLED UP SHARE CAPITAL AND SHAREHOLDERS' FUNDS**

	Authorised		Issued and fully paid	
	<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>
	Number	Number	£	£
Shares of £1 each:				
Equity shares - 'A' Ordinary	100	100	100	100
- 'B' Ordinary	1,900	1,900	1,900	1,900
	2,000	2,000	2,000	2,000
Non-equity shares - Deferred	20,000	20,000	20,000	20,000
	22,000	22,000	22,000	22,000

All voting rights lie with the 'A' ordinary shares. In all other respects the ordinary shares rank equally and are entitled to all the shareholders' funds.

The deferred shares have significantly restricted rights, to dividends and capital, which would amount to nil.

**9. STAFF COSTS**

	<u>1999</u>	<u>1998</u>
	£	£
The aggregate payroll costs were:		
Wages and salaries	2,349,240	2,405,248
Social security costs	224,370	238,212
Other pension costs	62,843	53,811
	2,636,453	2,697,271

The number of people employed by the company on average each month was:

	<u>1999</u>	<u>1998</u>
Office and management	19	18
Production and sales	101	102
	120	120

**BERWIN RUBBER COMPANY LIMITED**

**NOTES TO THE ACCOUNTS (CONTINUED)**

**10. OPERATING PROFIT**

	<u>1999</u> £	<u>1998</u> £
The operating profit is stated after charging:		
Directors' emoluments - Management remuneration	244,636	241,470
- Pension contributions	20,776	19,565
Auditors' remuneration	15,500	14,500
Hire of plant and machinery	56,857	63,783

**11. INTEREST PAYABLE**

	<u>1999</u> £	<u>1998</u> £
Bank loans and overdrafts wholly repayable within five years	15,049	18,858
Director's loan	54,974	64,973
Finance leases	27,098	10,737
	<u>97,121</u>	<u>94,568</u>

**12. TAXATION**

	<u>1999</u> £	<u>1998</u> £
Based on the profit for the year:		
UK corporation tax @ 29% (1998 31%)	180,000	355,000

The charge for the year has been reduced by £50,000 (1998 - Nil) as a result of tax allowances on fixed asset additions in the year.

**13. DIVIDENDS**

An ordinary dividend of £75,000 (1998 £150,000) was paid in the year. A final dividend of £600,000 (1998 - Nil) is proposed.

**31ST JULY 1999**

**14. DIRECTORS' EMOLUMENTS**

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The directors are accruing pension benefits under a money purchase scheme.

The following amounts are included in respect of the highest paid director:

	<u>1999</u>	<u>1998</u>
	£	£
Emoluments	65,973	64,924
Pension contributions	3,638	3,533

**15. CAPITAL COMMITMENTS**

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Amounts contracted for but not provided in the accounts amounted to £Nil (1998 £630,000).

**16. OPERATING LEASES**

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	<u>1999</u>		<u>1998</u>	
Annual commitments under operating leases expiring:	<u>Land and Buildings</u>	<u>Other</u>	<u>Land and Buildings</u>	<u>Other</u>
	£	£	£	£
Between one and five years	-	47,832	-	53,034
After five years	46,252	-	46,252	-

**17. CONTINGENT LIABILITIES**

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All group companies have given cross guarantees and charged their assets to the group's bankers as security for facilities which at 31st July 1999 amounted to £450,833 (1998 £574,167).

**18. CASH FLOW STATEMENT AND PARENT COMPANY**

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A cash flow statement has not been produced because a consolidated statement has been produced in the accounts of Berwin Group Limited which is the parent company and is incorporated in England and Wales.

**BERWIN RUBBER COMPANY LIMITED**

**NOTES TO THE ACCOUNTS (CONTINUED)**

**31ST JULY 1999**

**19. STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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The purpose of this statement is to distinguish the directors' responsibilities for the financial statements from those of the auditors as stated in their report.

The directors are responsible for preparing financial statements which comply with the provisions of the Companies Act 1985 and give a true and fair view of the state of affairs of the company at the end of each financial year and of the profit or loss of the company for the period to that date.

In preparing the financial statements the directors have adopted suitable accounting policies and applied them consistently, made judgements and estimates that are reasonable and prudent, followed applicable Accounting Standards, and prepared the accounts on the going concern basis.

The directors are also responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF**

**BERWIN RUBBER COMPANY LIMITED**

We have audited the financial statements on pages 2 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 4.

**Respective responsibilities of directors and auditors**

As described on page 10 the company's directors are responsible for the preparation of the 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 and the group'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 affairs of the company at 31st July 1999 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**NASMITH COUTTS & CO.**

Chartered Accountants  
and  
Registered Auditors

Bernard House,  
Piccadilly Plaza,  
Manchester M1 4DE.

12th April 2000