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DIRECTORS' REPORT

TO THE MEMBERS OF B.J. ASHPOLE LIMITED

The Directors have pleasure in submitting their Report, together with the Audited Accounts for the year ended 31st December 1980.

Activities of the Company

The principal activities of the Company are those of Precision and Manufacturing Engineers and Engineering Factors.

There has been no change in these activities during the year.

State of Affairs

The Company's affairs are considered to be extremely satisfactory.

Dividends and Reserves

The Directors do not recommend payment of any dividend or any transfer to reserves.

Directors

The present Directors of the Company (all of whom have been in office throughout the year) together with their respective interests in the shares of the Company at the beginning and end of the year are:-

	<u>At 1.1.80</u> <u>Ordinary Shares</u>	<u>At 31.12.80</u> <u>Ordinary Shares</u>
B.J. Ashpole Esq.	2,150	2,150
A.J. Ashpole Esq.	1,800	1,800
Mrs. B.J. Ashpole	800	800

Fixed Assets

Details of Fixed Assets are shown in Note 3 to the Accounts.

In the opinion of the Directors, the market value of the Company's Land and Buildings is in excess of the Balance Sheet value but, in view of the circumstances of the Company, the Directors consider it to be of no significance to the Members.

Auditors

In accordance with Section 14, Companies Act 1976, a resolution proposing the re-appointment of Messrs. Price, Bailey and Partners will be put to the Annual General Meeting.

BY ORDER OF THE BOARD

29th April 1982

Southmill Road
Bishop's Stortford
Herts.

A.J. Ashpole
A.J. ASHPOLE
SECRETARY



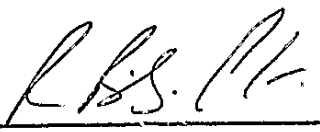
REPORT OF THE AUDITORS
TO THE MEMBERS OF E.J. ASHPOLE LIMITED

We have examined the Accounts set out on pages 3 to 8, which have been prepared under the historical cost convention.

The Company did not carry out physical counts of Stock in respect of Opening and Closing Stock figures, which are accordingly estimated, and we have been unable therefore to verify the valuation of Stock. In our opinion, proper accounting records have not been kept for Stock as required by Section 12, Companies Act 1976. S.S.A.P. 12 has not been complied with to the extent that no depreciation has been provided on Freehold Buildings.

Subject to the foregoing, in our opinion, these Accounts give under the accounting convention stated above, a true and fair view of the state of affairs of the Company at 31st December 1980 and of the profit and source and application of funds for the year ended on that date, and comply with the Companies Acts 1948 to 1980.

THE GUILD HOUSE
WATER LANE
BISHOP'S STORTFORD
HERTS.
30th APRIL 1982



CHARTERED ACCOUNTANTS

B.J. ASHPOLE LIMITED
BALANCE SHEET AS AT 31st DECEMBER 1980

	<u>Note</u>	<u>1980</u>	<u>1979</u>
<u>CAPITAL EMPLOYED:</u>			
<u>SHARE CAPITAL</u>	2	15,000	15,000
<u>UNAPPROPRIATED PROFITS</u>		<u>83,267</u>	<u>64,453</u>
		98,267	79,453
		—	<u>59,000</u>
<u>BANK LOANS - SECURED</u>		<u>£ 98,267</u>	<u>£138,453</u>
 <u>EMPLOYMENT OF CAPITAL:</u>			
<u>FIXED ASSETS</u>	3	146,124	181,909
<u>CURRENT ASSETS</u>			
<u>Stock on Hand</u>	1(b)	15,700	21,000
<u>Sundry Debtors and Prepayments</u>		58,855	71,265
<u>Cash at Bank and in Hand</u>		<u>36,978</u>	44
		111,533	92,309
 <u>LESS: CURRENT LIABILITIES</u>			
<u>Directors' Current Accounts</u>		61,417	28,505
<u>Taxation</u>	4	2,800	—
<u>Sundry Creditors and</u>		55,284	53,773
<u>Accrued Charges</u>		—	15,301
<u>Bank Overdraft (secured)</u>		<u>119,501</u>	97,579
 <u>NET CURRENT LIABILITIES</u>		<u>(7,968)</u>	<u>(5,270)</u>
		138,156	176,639
 <u>DEFERRED TAXATION</u>	5	<u>39,889</u>	<u>38,186</u>
		<u>£ 98,267</u>	<u>£138,453</u>

B.J. Ashpole
B.J. ASHPOLE

A.J. Ashpole
A.J. ASHPOLE

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DIRECTORS

B.J. ASHPOLE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 1980

	<u>Note</u>	<u>1980</u>	<u>1979</u>
<u>Profit before Taxation</u>		23,317	29,093
<u>After Charging:</u>			
Directors' Emoluments	14,743		7,092
Auditors' Remuneration	1,975		1,500
Depreciation	1(a) 34,110		35,425
Bank Interest Payable	4,009		14,980
<u>And After Crediting:</u>			
Bank Interest Receivable	639		-
Rent Receivable	6,361		-
<u>Taxation</u>	4	<u>4,503</u>	<u>10,427</u>
<u>Profit after Taxation</u>		18,814	18,666
<u>Unappropriated Profits at 1st January 1980</u>		<u>64,453</u>	<u>45,787</u>
<u>Unappropriated Profits carried forward</u>		<u>£ 83,267</u>	<u>£ 64,453</u>

E.J. ASHPOLE LIMITED
STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 31st DECEMBER 1980

	<u>1980</u>	<u>1979</u>
<u>SOURCE OF FUNDS</u>	23,317	29,093
Profit before Tax		
Adjustment for Item not involving the movement of Funds:		
Depreciation	<u>34,110</u>	<u>35,425</u>
<u>Total Generated from Operations</u>	57,427	64,518
<u>Proceeds of Disposal of Fixed Assets</u>	<u>1,675</u>	—
	59,102	64,518
<u>APPLICATION OF FUNDS</u>	<u>59,000</u>	<u>23,000</u>
Loan Repayments	102	41,518
<u>INCREASE/(DECREASE) IN WORKING CAPITAL</u>		
Stocks and Work in Progress	(5,300)	1,500
Debtors	(12,410)	15,549
Directors' Current Accounts	(32,912)	2,448
Creditors	(<u>1,511</u>)	<u>2,623</u>
	(52,133)	22,120
<u>Movement in Net Liquid Funds:</u>	<u>52,235</u>	19,398
Increase in Cash Balance	£ 102	£41,518

B.J. ASHPOLE LIMITED

NOTES ON AND FORMING PART OF THE ACCOUNTS

FOR THE YEAR ENDED 31st DECEMBER 1980

1. ACCOUNTING POLICIES

The accounting policies followed for dealing with items which are judged material or critical in determining profitability for the year and in stating the financial position in these Accounts are:-

(a) Depreciation

No depreciation has been provided on Freehold Land and Buildings or Goodwill. Depreciation has been provided on the remaining Assets with effect from the date of commissioning and has been calculated over their anticipated working life at the following rates:-

Motor Vehicles	25% p.a.	Reducing Instalment
Plant	15% p.a.	Reducing Instalment and Straight Line
Fixtures and Fittings	15% p.a.	Reducing Instalment
Heating Installations	10% p.a.	Reducing Instalment

(b) Stocks

Stocks have been valued by the Directors at their estimate of the lower of cost or net realisable value.

(c) Taxation

The Company is a Close Company within the meaning of the Income and Corporation Taxes Act 1970.

(d) Deferred Taxation

Deferred Taxation is accounted for by the liability method in respect of:-

- (A) The amount by which Capital Allowances claimed exceed depreciation provided in the Accounts.
- (B) The balancing charge which would arise if Freehold Property was sold at the value shown in the Accounts at 31st December 1980.
- (C) Corporation Tax losses carried forward.

In view of the change in legislation regarding stock relief, it is no longer considered necessary to provide for deferred tax on stock relief claimed.

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B.J. ASHPOLE LIMITED

NOTES ON AND FORMING PART OF THE ACCOUNTS

FOR THE YEAR ENDED 31st DECEMBER 1980

(CONTINUED)

2. SHARE CAPITAL

	<u>1980</u> <u>Authorised</u> <u>Issued and</u> <u>Fully Paid</u>	<u>1979</u> <u>Authorised</u> <u>Issued and</u> <u>Fully Paid</u>
Ordinary Shares of £1 each	5,000	5,000
Non Voting 'A' Ordinary Shares of £1 each	<u>10,000</u>	<u>10,000</u>
	£15,000	£15,000
	<u>=====</u>	<u>=====</u>

3. FIXED ASSETS

	<u>Goodwill</u>	<u>Freehold</u> <u>Land and</u> <u>Buildings</u>	<u>Plant</u> <u>and</u> <u>Equipment</u>	<u>Motor</u> <u>and</u> <u>Trucks</u>	<u>Total</u>
<u>Cost:</u>					
At 1st January 1980	1,000	31,686	287,516	8,169	328,371
Disposals	-	-	-	(1,976)	(1,976)
At 31st December 1980	<u>1,000</u>	<u>31,686</u>	<u>287,516</u>	<u>6,193</u>	<u>326,395</u>
<u>Depreciation:</u>					
At 1st January 1980	-	-	141,957	4,505	146,462
Provided for the year	-	-	34,036	638	34,674
On Disposals	-	-	-	(865)	(865)
At 31st December 1980	<u>-</u>	<u>-</u>	<u>175,993</u>	<u>4,278</u>	<u>180,271</u>
<u>Net Book Value:</u>					
At 31st December 1980	£1,000	£31,686	£111,523	£1,915	£146,124
At 31st December 1979	<u>£1,000</u>	<u>£31,686</u>	<u>£145,559</u>	<u>£3,664</u>	<u>£181,909</u>

P.J. ASHPOLE LIMITEDNOTES ON AND FORMING PART OF THE ACCOUNTSFOR THE YEAR ENDED 31st DECEMBER 1980(CONTINUED)4. TAXATION

The charge for taxation is made up as follows:-

	<u>1980</u>	<u>1979</u>
United Kingdom Corporation Tax at 40% on the profits for the year	2,800	-
Transfer to Deferred Taxation Account in respect of:		
Accelerated Capital Allowances (12,905)		(16,862)
Corporation Tax Losses Utilised 18,727		27,495
Stock Relief (4,119)		(206)
	<u>1,703</u>	<u>10,427</u>
	<u>£ 4,503</u>	<u>£10,427</u>

The Corporation Tax is payable 1st January 1982. There are tax losses of approximately £25,560 (1979 - £72,377) available to carry forward.

5. DEFERRED TAXATION

The balance on Deferred Taxation Account is made up of a provision at 40% on the following:-

	<u>1980</u>	<u>1979</u>
Accelerated Capital Allowances	49,379	62,284
Investment Grant Received	734	734
Stock Relief	-	4,119
Tax Losses	(10,224)	(28,951)
	<u>£39,889</u>	<u>£38,186</u>