

# PAUL MURRAY PLC

## Report and Accounts

31 December 1997



## **PAUL MURRAY PLC**

### **Directors' Report**

The directors present their report and accounts for the year ended 31 December 1997.

#### **Principal activities**

The company's principal activity during the year continued to be those of manufacturing, wholesaling and packing non-pharmaceutical products and surgical goods.

#### **Results and dividends**

The profit for the year, after taxation, amounted to £371,697. Ordinary dividends of £96,600 were paid in the year which leaves a profit of £275,097 to be retained.

#### **Business review**

As promised in last year's review, a significant uplift in turnover has provided the basis for margins to be increased to reasonable levels. A successful year's trading reflects a business infrastructure that is capable of taking advantage of the business opportunities available in the current market.

#### **Future developments**

The coming year will also see the company concentrate on its strengths, whilst continuing to build as it accommodates the changes necessary in a buoyant but changing business arena.

#### **Directors and directors' interests**

The directors at the balance sheet date and their interests in the share capital of the company were as follows:

	£1 Ordinary shares	
	1997	1996
P T Murray	69,000	69,000
Mrs K J Murray	1,000	1,000
Mrs D A Murray	-	-
P Vanstone	-	-
A Allen	-	-
L Davies	-	-

The remaining 30,000 shares are held by a trust, the Paul Travis Murray Settlement, the trustees of which are P T Murray and J A Poulter. Mr Poulter is a partner in Rothman Pantall & Co, the company's auditors.

#### **Political and charitable donations**

During the year, the company made a political contribution of £500 to the Referendum Party and various charitable contributions totalling £2,618.

#### **Creditor payment policy**

It is the company's policy to pay suppliers at the end of the month following the invoice date, except in the case of some overseas suppliers where the company may pay in advance. At 31 December 1997 the company's creditor days stood at 27 (1996 29 days).

**PAUL MURRAY PLC**  
**Directors' Report**

**Auditors**

A resolution to reappoint Rothman Pantall & Co as auditors will be put to the members at the Annual General Meeting.

This report was approved by the board on 11 May 1998.

A handwritten signature in black ink, consisting of a large, stylized 'P' and 'M' followed by a long, sweeping horizontal line.

P T Murray  
Director

## **PAUL MURRAY PLC**

### **Statement of Directors' Responsibilities**

Company law requires the directors to prepare accounts 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 accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts 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 accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**PAUL MURRAY PLC**  
**Auditors' Report**

**Report of the auditors  
to the shareholders of PAUL MURRAY PLC**

We have audited the accounts on pages 5 to 16 which have been prepared under the historical cost convention and the accounting policies set out on page 9.

**Respective responsibilities of directors and auditors**

As described on page 3, the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

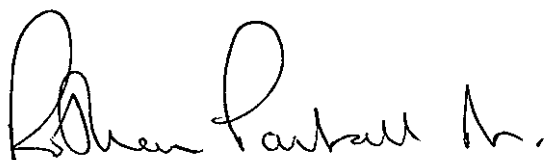
**Basis of opinion**

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts 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 accounts 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 accounts.

**Opinion**

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 December 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Rothman Pantall & Co  
Chartered Accountants  
Registered Auditors

Southampton

11 May 1998

**PAUL MURRAY PLC**  
**Profit and Loss Account**  
**for the year ended 31 December 1997**

	Notes	1997 £	1996 £
<b>Turnover</b>	2	7,853,569	7,004,112
Cost of sales		(5,154,333)	(4,869,890)
<b>Gross profit</b>		2,699,236	2,134,222
Distribution costs		(1,052,280)	(1,005,823)
Administrative expenses		(977,576)	(801,407)
<b>Operating profit</b>	3	669,380	326,992
Interest payable	6	(138,207)	(141,674)
<b>Profit on ordinary activities before taxation</b>		531,173	185,318
Taxation on profit on ordinary activities	7	(159,476)	(45,577)
<b>Profit on ordinary activities after taxation</b>		371,697	139,741
Dividends:			
ordinary dividend on equity shares	8	(96,600)	(96,600)
<b>Retained profit for the year</b>	18	<u>275,097</u>	<u>43,141</u>

**Continuing operations**

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

PAUL MURRAY PLC  
Statement of total recognised gains and losses  
for the year ended 31 December 1997

	Notes	1997 £	1996 £
Profit on ordinary activities after taxation		371,697	139,741
Unrealised surplus on revaluation of properties	9	-	720,000
Total recognised gains and losses related to the year		<u>371,697</u>	<u>859,741</u>

**PAUL MURRAY PLC**  
**Balance Sheet**  
**as at 31 December 1997**

	Notes	1997 £	1996 £
<b>Fixed assets</b>			
Tangible assets	9	1,778,256	1,942,609
<b>Current assets</b>			
Stocks	10	2,200,398	2,180,275
Debtors	11	1,216,154	1,053,061
Cash at bank and in hand		641	623
		<u>3,417,193</u>	<u>3,233,959</u>
<b>Creditors: amounts falling due within one year</b>	12	(1,613,200)	(1,742,803)
<b>Net current assets</b>		<u>1,803,993</u>	<u>1,491,156</u>
<b>Total assets less current liabilities</b>		<u>3,582,249</u>	<u>3,433,765</u>
<b>Creditors: amounts falling due after more than one year</b>	13	(565,297)	(691,910)
		<u>3,016,952</u>	<u>2,741,855</u>
<b>Capital and reserves</b>			
Called up share capital	16	100,000	100,000
Revaluation reserve	17	919,529	919,529
Profit and loss account	18	1,997,423	1,722,326
<b>Shareholders' funds</b>	19	<u>3,016,952</u>	<u>2,741,855</u>

P T Murray  
Director

Approved by the board on 11 May 1998



**PAUL MURRAY PLC**  
**Cash Flow Statement**  
**for the year ended 31 December 1997**

	Notes	1997 £	1996 £
<b>Reconciliation of operating profit to net cash inflow from operating activities</b>			
Operating profit		669,380	326,992
Depreciation and loss/(profit) on disposal of fixed assets		146,504	148,268
Increase in stocks		(20,123)	(264,391)
Increase in debtors		(163,093)	(58,087)
Increase in creditors		18,705	22,647
<b>Net cash inflow from operating activities</b>		<u>651,373</u>	<u>175,429</u>

**CASH FLOW STATEMENT**

Net cash inflow from operating activities		651,373	175,429
Returns on investments and servicing of finance	20	(138,207)	(141,674)
Taxation		(46,196)	(88,235)
Capital expenditure	20	<u>17,849</u>	<u>(9,855)</u>
		484,819	(64,335)
Equity dividends paid		<u>(96,600)</u>	<u>(96,600)</u>
		388,219	(160,935)
Financing	20	(174,943)	(158,717)
<b>Increase/(decrease) in cash</b>		<u>213,276</u>	<u>(319,652)</u>

**Reconciliation of net cash flow to movement in net debt**

Increase/(decrease) in cash in the period		213,276	(319,652)
Decrease in debt and lease financing		174,943	158,717
New finance leases		-	(157,443)
<b>Change in net debt</b>	21	<u>388,219</u>	<u>(318,378)</u>
<b>Net debt at 1 January 1997</b>		<u>(1,725,824)</u>	<u>(1,407,446)</u>
<b>Net debt at 31 December 1997</b>		<u>(1,337,605)</u>	<u>(1,725,824)</u>

## **Notes to the Accounts at 31 December 1997**

### **1 Accounting policies**

#### **Accounting convention**

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

#### **Depreciation**

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Freehold buildings	over 50 years
Sales force motor vehicles	25% straight line
Other motor vehicles	25% reducing balance
Computers	25% straight line
Other fixtures and fittings	25% reducing balance

#### **Stocks**

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

#### **Deferred taxation**

No deferred taxation has been provided because the directors have concluded, on the basis of reasonable assumptions and the intentions of management, that it is improbable that any such liability will crystallise.

#### **Foreign currencies**

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

#### **Leasing and hire purchase commitments**

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and depreciated over their useful lives.

The interest element of the rental obligations is charged to the 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 on a straight line basis over the lease term.

#### **Pensions**

The company operates two defined contribution pension schemes. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

**Notes to the Accounts  
at 31 December 1997**

**2 Turnover**

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties.

	1997	1996
Turnover attributable to geographical markets outside the UK	2.0%	1.9%

**3 Operating profit**

1997  
£

1996  
£

This is stated after charging:

Depreciation of owned fixed assets	82,508	64,524
Depreciation of assets held under finance leases and hire purchase contracts	57,876	95,290
Finance charges on hire purchase contracts	21,746	23,016
Operating lease rentals - land and buildings	26,325	26,235
Auditors' remuneration	10,500	10,000

**4 Directors' emoluments**

1997  
£

1996  
£

Emoluments	465,148	344,943
Company contributions to money purchase pension schemes	38,029	21,780
	<u>503,177</u>	<u>366,723</u>

Highest paid director:

Emoluments	194,995	110,887
Company contributions to money purchase pension schemes	34,000	18,398
	<u>228,995</u>	<u>129,285</u>

**Number of directors in company pension schemes:**

1997  
Number

1996  
Number

Money purchase schemes	<u>6</u>	<u>6</u>
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**Notes to the Accounts  
at 31 December 1997**

<b>5 Staff costs</b>	<b>1997 £</b>	<b>1996 £</b>
Wages and salaries	1,295,587	1,159,794
Social security costs	123,065	109,867
Other pension costs	38,834	22,565
	<u>1,457,486</u>	<u>1,292,226</u>

**Average number of employees during the year**

Administration	34	34
Manufacturing	41	46
	<u>75</u>	<u>80</u>

<b>6 Interest payable</b>	<b>1997 £</b>	<b>1996 £</b>
Bank loans and overdrafts	135,195	139,044
Other loans	3,012	2,630
	<u>138,207</u>	<u>141,674</u>

<b>7 Tax on profit on ordinary activities</b>	<b>1997 £</b>	<b>1996 £</b>
UK corporation tax at 28%	<u>159,476</u>	<u>45,577</u>

<b>8 Equity dividends</b>	<b>1997 £</b>	<b>1996 £</b>
Equity dividends on ordinary shares - final paid	<u>96,600</u>	<u>96,600</u>

**Notes to the Accounts  
at 31 December 1997**

**9 Tangible fixed assets**

	Freehold land and buildings £	Plant and machinery £	Total £
<b>Cost</b>			
At 1 January 1997	1,587,658	911,682	2,499,340
Additions	-	27,958	27,958
Disposals	-	(120,762)	(120,762)
At 31 December 1997	<u>1,587,658</u>	<u>818,878</u>	<u>2,406,536</u>
<b>Depreciation</b>			
At 1 January 1997	18,588	538,143	556,731
Charge for the year	30,753	109,631	140,384
On disposals	-	(68,835)	(68,835)
At 31 December 1997	<u>49,341</u>	<u>578,939</u>	<u>628,280</u>
<b>Net book value</b>			
At 31 December 1997	<u>1,538,317</u>	<u>239,939</u>	<u>1,778,256</u>
At 31 December 1996	<u>1,569,070</u>	<u>373,539</u>	<u>1,942,609</u>

Freehold land at valuation included above not depreciated		<u>100,000</u>
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Freehold land and buildings:	<b>1997</b>	<b>1996</b>
	£	£
Historical cost	<u>840,685</u>	<u>840,685</u>
Cumulative depreciation based on historical cost	<u>186,923</u>	<u>171,109</u>

	<b>1997</b>	<b>1996</b>
	£	£
Net book value of plant and machinery included above held under finance leases and hire purchase contracts	<u>94,038</u>	<u>230,404</u>

**10 Stocks**

	<b>1997</b>	<b>1996</b>
	£	£
Finished goods and goods for resale	<u>2,200,398</u>	<u>2,180,275</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

**Notes to the Accounts  
at 31 December 1997**

<b>11 Debtors</b>	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
Trade debtors	1,168,519	1,000,210
Other debtors	3,853	-
Prepayments and accrued income	43,782	52,851
	<u>1,216,154</u>	<u>1,053,061</u>

<b>12 Creditors: amounts falling due within one year</b>	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
Bank loans and overdrafts	729,661	942,919
Obligations under finance lease and hire purchase contracts	43,288	91,618
Trade creditors	377,624	406,600
Corporation tax	147,043	33,763
Other taxes and social security costs	185,352	151,691
Other creditors	77,076	61,604
Accruals and deferred income	53,156	54,608
	<u>1,613,200</u>	<u>1,742,803</u>

Bank loans and overdrafts are secured on the company's freehold land and buildings. Obligations under hire purchase contracts are secured on the individual assets to which they relate.

<b>13 Creditors: amounts falling due after one year</b>	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
Bank loans and overdrafts	518,860	566,660
Obligations under finance lease and hire purchase contracts	46,437	125,250
	<u>565,297</u>	<u>691,910</u>

Bank loans and overdrafts are secured on the company's freehold land and buildings. Obligations under hire purchase contracts are secured on the individual assets to which they relate.

<b>14 Borrowings</b>	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
Analysis of maturity of debt:		
Within one year or on demand	47,800	47,800
Between one and two years	47,800	47,800
Between two and five years	143,400	143,400
After five years	327,660	375,460
	<u>566,660</u>	<u>614,460</u>

Amounts repayable by instalments any of which fall for payment after five years

<u>566,660</u>	<u>614,460</u>
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**Notes to the Accounts  
at 31 December 1997**

<b>15 Obligations under finance leases and hire purchase contracts</b>			<b>1997</b>	<b>1996</b>
			£	£
Amounts payable:				
Within one year			43,288	91,618
Within two to five years			46,437	125,250
			<u>89,725</u>	<u>216,868</u>
<b>16 Share capital</b>			<b>1997</b>	<b>1996</b>
			£	£
Authorised:				
Ordinary shares of £1 each			<u>100,000</u>	<u>100,000</u>
	<b>1997</b>	<b>1996</b>	<b>1997</b>	<b>1996</b>
	No	No	£	£
Allotted, called up and fully paid:				
Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
<b>17 Revaluation reserve</b>			<b>1997</b>	<b>1996</b>
			£	£
At 1 January 1997			919,529	199,529
Arising on revaluation during the year			-	720,000
At 31 December 1997			<u>919,529</u>	<u>919,529</u>
<b>18 Profit and loss account</b>			<b>1997</b>	<b>1996</b>
			£	£
At 1 January 1997			1,722,326	1,679,185
Retained profit			275,097	43,141
At 31 December 1997			<u>1,997,423</u>	<u>1,722,326</u>

**Notes to the Accounts  
at 31 December 1997**

**19 Reconciliation of movements in shareholders' funds**

	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
At 1 January 1997	2,741,855	1,978,714
Profit for the financial year	371,697	139,741
Dividends	(96,600)	(96,600)
Other recognised gains and losses	-	720,000
At 31 December 1997	<u>3,016,952</u>	<u>2,741,855</u>

**20 Gross cash flows**

	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
<b>Returns on investments and servicing of finance</b>		
Interest paid	<u>(138,207)</u>	<u>(141,674)</u>
<b>Capital expenditure</b>		
Payments to acquire tangible fixed assets	(27,958)	(69,780)
Receipts from sales of tangible fixed assets	<u>45,807</u>	<u>59,925</u>
	<u>17,849</u>	<u>(9,855)</u>
<b>Financing</b>		
Loan repayments	(47,800)	(47,800)
Capital element of finance lease rental payments	<u>(127,143)</u>	<u>(110,917)</u>
	<u>(174,943)</u>	<u>(158,717)</u>

**21 Analysis of changes in net debt**

	<b>At 1 Jan 1997 £</b>	<b>Cash flows £</b>	<b>Non-cash changes £</b>	<b>At 31 Dec 1997 £</b>
Cash at bank and in hand	623	18		641
Overdrafts	(895,119)	213,258		(681,861)
		<u>213,276</u>		
Debt due within 1 year	(47,800)	47,800	(47,800)	(47,800)
Debt due after 1 year	(566,660)	-	47,800	(518,860)
Finance leases	(216,868)	127,143		(89,725)
		<u>174,943</u>		
Total	<u>(1,725,824)</u>	<u>388,219</u>	<u>-</u>	<u>(1,337,605)</u>



**Notes to the Accounts  
at 31 December 1997**

**22 Other financial commitments**

At the year end the company had annual commitments under non-cancellable operating leases as set out below:

	<b>Land and buildings 1997 £</b>	<b>Land and buildings 1996 £</b>	<b>Other 1997 £</b>	<b>Other 1996 £</b>
Operating leases which expire:				
within two to five years	-	-	44,010	-
in over five years	26,325	26,325	-	-
	<u>26,325</u>	<u>26,325</u>	<u>44,010</u>	<u>-</u>

**23 Contingent liabilities**

The company had outstanding liabilities under documentary credits of £218,068 at 31 December 1997 (1996 £141,554).

**24 Related parties**

The company is controlled by P T Murray, a major shareholder and the managing director of the company.

<b>Amounts due to related parties</b>	<b>1997 £</b>	<b>1996 £</b>
The Murray Pension Scheme	20,000	20,000
Directors' current account	31,747	16,073
	<u>51,747</u>	<u>36,073</u>