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WAREHOUSE SYSTEMS LIMITED

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 30 SEPTEMBER 1995

M R Bentley & Co
Chartered Accountants
Registered Auditors
390 Oxford Road
Gomersal
BD19 4JZ



WAREHOUSE SYSTEMS LIMITED

DIRECTORS: Mr N A Proctor
Mrs S J B Proctor

SECRETARY: Mrs S J B Proctor

REGISTERED OFFICE: Unit 3
Norquest Industrial Park
Gelderd Road
Birstall
WF17 9NF

AUDITORS: M R Bentley & Co
Chartered Accountants
Registered Auditors
390 Oxford Road
Gomersal
BD19 4JZ

ANNUAL REPORT AND ACCOUNTS - 30 SEPTEMBER 1995

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Trading Account

WAREHOUSE SYSTEMS LIMITED

REPORT OF THE DIRECTORS

The Directors present their report with the accounts of the Company for the year ended 30 September 1995.

PRINCIPAL ACTIVITIES

The principal activities of the Company during the year was the supply and installation of all types of warehouse and commercial storage systems, and the sale of catalogue industrial products.

REVIEW OF THE BUSINESS

The results for the year are shown on page 4 of the accounts. The Directors consider that the trading operations and financial position of the Company are satisfactory. The current sales order situation is strong and the continued expansion and profitability of the Company is anticipated.

PROFITS & DIVIDENDS

The profit for the year after tax amounts to £151,989 and it is recommended that after the dividends of £60,000 the profit of £91,989 is transferred to revenue reserves.

DIRECTORS

The Directors who held office at 30 September 1995 and their beneficial interest in the issued ordinary share capital were as follows:-

Mr N A Proctor	1
Mrs S J B Proctor	1
	-
	2
	-

In accordance with the Articles of Association Mrs S J B Proctor will retire by rotation and will offer herself for re-election at the Annual General Meeting.

WAREHOUSE SYSTEMS LIMITED

REPORT OF THE DIRECTORS

CONTINUED

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 of the company 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;

Follow applicable accounting standards, subject to any material departures disclosed and explained in the accounts;

The directors are responsible for keeping 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.

FIXED ASSETS

Movement of fixed assets are as set out in note 7 to the accounts.

AUDITORS

The Auditors, Messrs M R Bentley & Co have expressed their willingness to remain in office and offer themselves for re-appointment in accordance with Section 385 Companies Act 1985.

By Order of the Board


.....
Secretary

7 February 1996

AUDITORS REPORT TO THE SHAREHOLDERS OF

WAREHOUSE SYSTEMS LIMITED

We have audited the accounts on pages 4 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 2 the company's directors are responsible for the preparation of 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

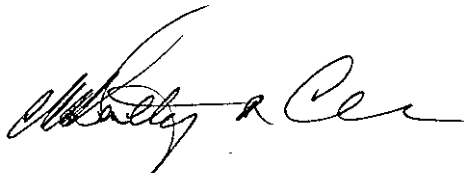
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements by the directors 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 30 September 1995 and of its profit for the year then ended and have been properly prepared in accordance with the provision of the Companies Act 1985 applicable to small companies.

M R Bentley & Co
Chartered Accountants
Registered Auditors
390 Oxford Road
Gomersal
BD19 4JZ



7 February 1996

WAREHOUSE SYSTEMS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 1995

<u>Note</u>		<u>1995</u>	<u>1994</u>
2	<u>TURNOVER</u>	2, 811, 773	1, 132, 011
	Work in Progress - variation	(980)	1, 180
		2, 810, 793	1, 133, 191
	Cost of sales	2, 243, 381	825, 377
		567, 412	307, 814
	Other operating income	10, 569	569
	<u>GROSS PROFIT</u>	577, 981	308, 383
	Administrative expenses	260, 037	109, 496
	Other operating charges	113, 098	124, 239
		373, 135	233, 735
	<u>OPERATING PROFIT</u>	204, 846	74, 648
4	Interest payable	---	994
	Profit on ordinary activities before taxation	204, 846	73, 654
6	<u>TAXATION</u>	52, 857	20, 390
	Profit on ordinary activities after taxation	151, 989	53, 264
13	Dividends	60, 000	32, 625
		91, 989	20, 639
	Retained Surplus as at 30 Sept 1994	100, 037	79, 398
	Retained Surplus as at 30 Sept 1995	£192, 026	£100, 037

The notes on pages 6 to 10 form part of these accounts.

WAREHOUSE SYSTEMS LIMITED

BALANCE SHEET AS AT 30 SEPTEMBER 1995

<u>Notes</u>	<u>FIXED ASSETS</u>	<u>1995</u>	<u>1994</u>
7	Tangible assets	204,964	197,209
	<u>INVESTMENT IN SUBSIDIARY</u>	75	---
	<u>CURRENT ASSETS</u>		
8	Work in Progress	200	1,180
8	Stock	63,762	37,926
9	Debtors	309,250	184,573
	Due from subsidiary	8,575	---
	Bank Balance	2,873	4,468
		<u>£384,660</u>	<u>£228,147</u>
10	<u>CREDITORS:</u> Amounts falling due within one year	347,167	257,815
	Due to subsidiary	1,410	---
		<u>£348,577</u>	<u>£257,815</u>
	<u>NET CURRENT ASSETS</u>	36,083	(29,668)
		241,122	167,541
11	<u>CREDITORS</u> Amounts falling due after more than one year	49,094	67,502
	<u>NET ASSETS</u>	<u>£192,028</u>	<u>£100,039</u>
	<u>CAPITAL AND RESERVES</u>		
12	Called up share capital	2	2
	Profit and Loss Account	192,026	100,037
		<u>£192,028</u>	<u>£100,039</u>

APPROVED BY THE BOARD OF DIRECTORS
ON 7 February 1996

.....)
.....)
.....) Directors
.....)

The notes on pages 6 to 10 form part of these accounts.

WAREHOUSE SYSTEMS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 1995

1. ACCOUNTING POLICIES

a) Basis of Accounting

The accounts have been prepared under the historical cost convention.

b) Cashflow

The accounts do not include a cashflow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under Financial Report Standard 1 'cash flow statements'.

c) Turnover

Turnover represents net invoiced sales and work done, excluding Value Added Tax.

d) Tangible Fixed Assets

Assets are shown at cost

Depreciation is calculated to write off assets

Freehold buildings	2% on cost
Computer equipment	25% reducing balance basis
Plant and Machinery	20% reducing balance basis
Office Fixtures & Equipment	15% reducing balance basis
Motor vehicles	25% reducing balance basis

No depreciation is provided on freehold land

e) Stock

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

f) Work in Progress

Work in progress is valued at the current cost of labour and materials plus appropriate overheads.

g) Deferred Taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors there is reasonable probability that the liability will not arise in the foreseeable future.

WAREHOUSE SYSTEMS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 1995

CONTINUED

2. TURNOVER

The turnover and profit before taxation are attributable to the principal activities of the Company. The turnover arises wholly within the United Kingdom.

3. OPERATING PROFIT

The operating profit is
stated after charging: -

	<u>1995</u>	<u>1994</u>
Directors pension scheme	16,800	3,251
Directors emoluments	72,000	50,097
Staff costs (excluding directors)	225,969	148,389
Depreciation of tangible fixed assets	27,752	25,270
Auditors remuneration	2,450	1,950
Bank interest	---	994
Loss/(Profit) on disposal of fixed assets	4,545	(5,681)
Bank loan interest	5,299	5,155

4. INTEREST PAYABLE

	<u>1995</u>	<u>1994</u>
Interest on bank loans and overdrafts	£5,299	£6,149

5. DIRECTORS & EMPLOYEES

Staff costs

Wages and salaries (including casual labour)	267,606	191,152
Social security costs	30,363	7,334
	<u>£297,969</u>	<u>£198,486</u>

The average number of employees

during the year was as follows: -

(excludes casuals)		
Office and management	8	5
Production	12	15
	---	---
	20	20
	---	---

Staff costs includes remuneration of directors	£72,000	£50,097
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WAREHOUSE SYSTEMS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 1995

CONTINUED

6.	<u>TAXATION</u>	<u>1995</u>	<u>1994</u>
	Corporation Tax on assessable profit for the year	£52,857	£20,390

7.	<u>TANGIBLE FIXED ASSETS</u>	<u>Buildings</u>	<u>Motor Vehicles</u>	<u>Office Computer Equipment</u>	<u>Fixtures & Equipment</u>	<u>Plant & Machinery</u>	<u>Total</u>
	At 30 September 1994	124,873	72,229	16,567	19,013	13,669	246,351
	Additions	---	23,773	11,969	9,510	300	45,552
	Disposals	---	(22,598)	---	---	---	(22,598)
	At 30 September 1995	£124,873	£73,404	£28,536	£28,523	£13,969	£269,305

Depreciation

At 30 September 1994	4,485	24,961	6,930	5,723	7,043	49,142
For year	2,297	15,249	5,401	3,420	1,385	27,752
On disposals	---	(12,553)	---	---	---	(22,553)
At 30 September 1995	£6,782	£27,657	£12,331	£9,143	£8,428	£64,341

Net Book Value

At 30 September 1995	£118,091	£45,747	£16,205	£19,380	£5,541	£204,964
At 30 September 1994	£120,388	£47,268	£9,637	£13,290	£6,626	£197,209

	<u>1995</u>	<u>1994</u>
Motor vehicles held on lease/hire purchase contracts		
cost	43,732	56,262
net book value	24,899	38,085

WAREHOUSE SYSTEMS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 1995

CONTINUED

8. a) <u>STOCK</u>	<u>1995</u>	<u>1994</u>
Storage systems	63,762	37,716
Water filters	—	210
	<u>£63,762</u>	<u>£37,926</u>

b) WORK IN PROGRESS

Storage systems	<u>£200</u>	<u>£1,180</u>
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9. <u>DEBTORS</u>	<u>1995</u>	<u>1994</u>
Trade Debtors	307,833	174,720
Prepayments	1,017	3,425
Other debtors	400	6,428
	<u>309,250</u>	<u>184,573</u>
Taxation recoverable	—	—
	<u>£309,250</u>	<u>£184,573</u>

AMOUNT DUE FROM SUBSIDIARY

Warehouse Systems and Distribution Limited	<u>£8,575</u>	<u>£---</u>
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10. <u>CREDITORS</u>	<u>1995</u>	<u>1994</u>
<u>Amounts falling due within one year</u>		
Trade creditors	241,145	173,840
Social Security and other taxation	20,268	43,915
Other creditors	23,567	24,998
Accruals	19,330	3,499
	<u>304,310</u>	<u>246,252</u>
Corporation Tax	42,857	11,563
	<u>£347,167</u>	<u>£257,815</u>

AMOUNT DUE TO SUBSIDIARY

Warehouse Systems and Distribution Limited	<u>£1,410</u>	<u>£---</u>
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WAREHOUSE SYSTEMS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 1995

CONTINUED

11.	<u>CREDITORS</u>	<u>1995</u>	<u>1994</u>
	<u>Amounts falling due after more than one year</u>		
	Lease/ hire purchase creditors	4,931	18,405
	Bank mortgage loan		
	(of which £3,795 is repayable after five years)	44,163	49,097
		<u>£49,094</u>	<u>£67,502</u>

There is a debenture in favour of Yorkshire Bank PLC giving a fixed and floating charge over the company's assets. The bank mortgage loan with Yorkshire Bank PLC is in respect of the purchase of Unit 3, Norquest Industrial Park, Geldard Road, Birstall. The deeds are held by Yorkshire Bank PLC together with a term assurance policy as security.

12.	<u>CALLED UP SHARE CAPITAL</u>	<u>1995</u>	<u>1994</u>
	Authorised		
	100 Ordinary shares of £1 each	£100	£100
	Allotted, issued and fully paid		
	2 Ordinary shares of £1 each	£2	£2

13.	<u>DIVIDENDS</u>	<u>1995</u>	<u>1994</u>
	Approved and paid during the year		
	28.11.1994	10,000	11,625
	17. 1.1995	20,000	5,000
	30. 5.1995	10,000	16,000
	10. 7.1995	20,000	—
		<u>£60,000</u>	<u>£32,625</u>

14. INVESTMENT IN SUBSIDIARY

The Company purchased 75 Ordinary Shares of £1 each representing 75% of the issued share capital of Warehouse Systems and Distribution Limited. This Company was incorporated in England and Wales on 10 May 1995.

15. CLOSE COMPANY STATUS

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