

REGISTRAR

491171/77

ALSTONS (COLCHESTER) LIMITED
DIRECTORS' REPORT
AND
FINANCIAL STATEMENTS
31ST MARCH 1983



KIDSONS
Chartered Accountants
IPSWICH

DIRECTORS' REPORT

The directors present their annual report and audited financial statements of the company for the year ended 31st March 1983.

PRINCIPAL ACTIVITIES

The company's principal activities continue to be the manufacture and marketing of upholstered furniture. The company's principal subsidiary, Rayleigh Cabinets Limited, continues to produce chair frames for the company.

PROFITS AND DIVIDENDS

The profit of the group for the year after taxation amounted to £63,969 (1982 : £40,133). The directors do not recommend the payment of a dividend.

FINANCIAL POSITION

The company's balance sheet as detailed on page 5 shows a position with shareholders funds amounting to £2,451,611 (1982 : £2,387,642).

SIGNIFICANT EVENTS

Significant events both during the year and since the balance sheet date are disclosed in the notes on the financial statements.

DIRECTORS

The following were directors of the company at 31st March 1983 and served throughout the year:-

A. F. P. Alston
P. R. P. Alston
R. H. P. Alston
B. A. Moss

The directors retiring at the annual general meeting are A. F. P. Alston and R. H. P. Alston who, being eligible, offer themselves for re-election.

DIRECTORS' SHAREHOLDINGS

The interests of the directors in the company's share capital are set out below:-

	<u>31st March 1983</u>		<u>31st March 1982</u>	
	<u>Ordinary</u> <u>Shares of</u> <u>£1 each</u>	<u>'A' Ordinary</u> <u>Shares of</u> <u>£1 each</u>	<u>Ordinary</u> <u>Shares of</u> <u>£1 each</u>	<u>'A' Ordinary</u> <u>Shares of</u> <u>£1 each</u>
A. F. P. Alston	1,800	-	1,600	-
P. R. P. Alston	200	200	400	400
	<u>2,000</u>	<u>200</u>	<u>2,000</u>	<u>400</u>

ALSTONS (COLCHESTER) LIMITEDDIRECTORS' REPORT
(CONTINUED)

FIXED ASSETS

Changes in fixed assets during the year are set out in note 7 to the financial statements.

The directors are of the opinion that the market value of the interest in freehold and leasehold properties is in excess of the book value shown in the financial statements.

EMPLOYMENT OF DISABLED PERSONS

The company is aware of its responsibilities for giving full and fair consideration to the applications for employment made by disabled persons and has followed such a policy during the year, having regard to the particular aptitudes and abilities of the applicants.

CLOSE COMPANY PROVISIONS

The company is a close company within the meaning of the Income and Corporation Taxes Act 1970 as amended.

AUDITORS

The auditors, Messrs. Kidsons, Chartered Accountants, have intimated their willingness to continue in office subject to the approval of the members in general meeting.

23rd November 1983

By Order of the Board

J.G. Bickers

Registered Office :

Coccanut House,
Long Melford,
Sudbury,
Suffolk.

Secretary

ALSTONS (COLCHESTER) LIMITEDREPORT OF THE AUDITORS TO THE MEMBERS

We have audited the financial statements on pages 4 to 16 in accordance with approved Auditing Standards.

In our opinion the financial statements, which have been prepared under the historical cost convention, give a true and fair view of the state of affairs of the company and of the group at 31st March 1983 and of the profit and source and application of funds of the group for the year ended on that date and comply with the Companies Acts 1948 to 1981.

The Financial statements do not contain the current cost accounts required by Statement of Standard Accounting Practice No. 16.

23rd November 1983

83, Grimwade Street,
Ipswich, Suffolk.



Chartered Accountants

ALSTONS (COLCHESTER) LIMITEDCONSOLIDATED PROFIT AND LOSS ACCOUNTFOR THE YEAR ENDED 31ST MARCH 1983

	<u>Note</u>	<u>1983</u> £	<u>1982</u> £
TURNOVER	2	9,068,040	7,899,093
Cost of sales	1	7,283,010	6,372,096
Gross profit		1,785,030	1,526,997
Distribution costs		1,108,164	879,925
Administrative expenses		730,943	740,574
		(54,077)	(93,502)
Other operating income		93,665	64,401
OPERATING PROFIT (LOSS)		39,588	(29,101)
Interest receivable		29,624	56,732
Interest payable		(17)	(38)
PROFIT BEFORE TAXATION	3	69,195	27,593
Taxation	6	(5,226)	12,540
PROFIT FOR THE FINANCIAL YEAR		63,969	40,133

STATEMENT OF RETAINED PROFITS

Balance at 1st April 1982	2,372,246	2,332,113
Retained profit for the financial year	63,969	40,133
Balance at 31st March 1983	2,436,215	2,372,246
Retained in :		
Holding company	2,267,729	2,224,467
Subsidiary companies	158,486	147,779
	2,436,215	2,372,246

The profit dealt with in the financial statements of the holding company before taxation amounted to £34,920 (1982 : £24,695).

The notes on pages 8 to 16 form part of these financial statements.

ALSTONS (COLCHESTER) LIMITEDGROUP STATEMENT OF SOURCE AND APPLICATION OF FUNDSFOR THE YEAR ENDED 31ST MARCH 1983

	£	1983 £	1982 £
SOURCE OF FUNDS			
Profit before taxation		69,195	27,593
Adjustment for items not involving the movement of funds :			
Depreciation	163,690		165,033
Loss on disposal of fixed assets	23,385		318
		187,075	165,351
TOTAL GENERATED FROM OPERATIONS		256,270	192,944
FUNDS FROM OTHER SOURCES			
Proceeds from disposal of fixed assets		2,550	12,641
		258,820	205,585
APPLICATION OF FUNDS			
Purchase of investment	-		70,089
Purchase of fixed assets	105,713		144,833
Corporation tax paid	63,644		158,598
		169,357	373,520
INCREASE (DECREASE) IN WORKING CAPITAL		89,463	(167,935)
REPRESENTED BY :			
Increase (decrease) in stocks		83,881	(276,573)
Increase (decrease) in debtors		903,363	(868,356)
(Increase) decrease in creditors		(104,332)	441,657
		882,912	(703,272)
Movement in net liquid funds :			
(Decrease) increase in cash and bank balances	(819,974)		277,658
Increase in short term investments	26,525		257,679
		(793,449)	535,337
		89,463	(167,935)

The notes on pages 8 to 16 form part of these financial statements.

ALSTONS (COLCHESTER) LIMITEDNOTES ON FINANCIAL STATEMENTS - 31ST MARCH 1983

1. ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements have been prepared under the historical cost accounting rules.

(b) Cost of sales

Cost of sales is stated as all those costs incurred by the company, including depreciation, and an appropriate proportion of overheads, in order to bring each product sold to its saleable condition and to provide the services to customers.

(c) Depreciation

Depreciation is calculated to reduce fixed assets, other than freehold land and buildings, to their estimated residual values over their expected useful lives, on the following bases:-

	<u>% p.a.</u>	
Plant, machinery and fixtures	10	equal annual instalments
Electrical installations	10	equal annual instalments
Motor vehicles	20	equal annual instalments
Long leasehold		over the period of the lease
Equipment leased out		over the period of the lease

(d) Stocks

Stocks are stated at the lower of cost, including an appropriate proportion of manufacturing overheads, and net realisable value.

(e) Deferred taxation

Provision is made for deferred taxation on the liability method to take account of the differing treatment of depreciation for accounting and taxation purposes.

(f) Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date and exchange differences arising are included in the profit for the year.

ALSTONS (COLCHESTER) LIMITEDNOTES ON FINANCIAL STATEMENTS - 31ST MARCH 1983
(CONTINUED)

2. TURNOVER

Turnover represents the invoiced value, excluding value added tax, of goods sold and services provided to customers. The analysis of turnover by activity and geographical area is as follows:-

	<u>1983</u>	<u>1982</u>
	£	£
Upholstered furniture	9,059,680	7,876,849
Sale of investments	8,360	22,244
	<u>9,068,040</u>	<u>7,899,093</u>
United Kingdom	8,972,436	7,797,698
Overseas	95,604	101,395
	<u>9,068,040</u>	<u>7,899,093</u>

3. PROFIT BEFORE TAXATION

	<u>1983</u>	<u>1982</u>
	£	£
The profit is stated after charging:-		
Depreciation	163,690	165,033
Directors' remuneration (note 4)	98,742	76,347
Auditors' remuneration	10,000	8,200
	<u>272,432</u>	<u>249,580</u>

and after crediting:-

Bank interest	24,779	56,016
Income from quoted investments	4,845	106
Income from leased equipment	81,216	80,563
	<u>110,840</u>	<u>136,685</u>

4. DIRECTORS EMOLUMENTS

	<u>1983</u>	<u>1982</u>
	£	£
Emoluments of the chairman and highest paid director	36,192	18,439

Number of directors whose emoluments were within the ranges :

£15,001 - £20,000	2	2
£20,001 - £25,000	-	1
£35,001 - £40,000	1	-

ALSTONS (COLCHESTER) LIMITEDNOTES ON FINANCIAL STATEMENTS - 31ST MARCH 1983
(CONTINUED)

5. STAFF COSTS

- (a) The average number of persons including directors employed by the company during the year was:-

	<u>1983</u>
Production and sales staff	256
Management and administration	29
	<u>285</u>

- (b) The aggregate costs of employments were as follows:-

	<u>1983</u> £	<u>1982</u> £
Wages and salaries	1,945,783	1,682,322
Social security costs	219,004	218,761
Other pension costs	7,829	8,668
	<u>2,172,616</u>	<u>1,909,751</u>

6. TAXATION

	<u>1983</u> £	<u>1982</u> £
United Kingdom corporation tax at 52%	(55,697)	(1,480)
United Kingdom corporation tax at 38%	(9,464)	-
Taxation attributable to franked investment income	(49)	(32)
Transfer from deferred taxation due to decreased provision	54,301	12,906
Transfer from deferred taxation due to reduction in rate of tax	486	-
Adjustment in respect of prior years	5,197	1,146
	<u>(5,226)</u>	<u>12,540</u>

The charge for the year has been reduced after claiming stock relief of £23,909 (1982 : £56,323) and accelerated capital allowances of £38,683 (1982 : £137,908).

NOTES ON FINANCIAL STATEMENTS - 31ST MARCH 1983
(CONTINUED)

7. TANGIBLE ASSETS

<u>Group</u>	<u>Factories</u>		<u>Plant and Equipment</u>	<u>Motor Vehicles</u>	<u>Equipment Leased</u>	<u>Total</u>
	<u>Freehold</u>	<u>Long Leasehold</u>				
<u>COST OR VALUATION</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
1st April 1982	272,604	209,786	506,248	231,997	331,523	1,552,158
Additions	-	2,501	32,523	63,242	7,447	105,713
Disposals	-	-	(6,170)	(35,345)	(15,020)	(56,535)
31st March 1983	272,604	212,287	532,601	259,894	323,950	1,601,336
<u>DEPRECIATION</u>						
1st April 1982	2,992	66,096	277,788	112,084	187,457	646,417
Charge for year	356	8,208	50,983	35,461	68,682	163,690
Disposals	-	-	(6,170)	(17,600)	(6,835)	(30,605)
31st March 1983	3,348	74,304	322,601	129,945	249,304	779,502
<u>NET BOOK AMOUNT</u>						
31st March 1983	269,256	137,983	210,000	129,949	74,646	821,834
31st March 1982	269,612	143,690	228,460	119,913	144,066	905,741
<u>Company</u>						
<u>COST</u>						
1st April 1982	272,604	209,786	387,939	220,889	331,523	1,422,741
Additions	-	2,501	24,517	59,783	7,447	94,248
Disposals	-	-	(6,170)	(33,918)	(15,020)	(55,108)
31st March 1983	272,604	212,287	406,286	246,754	323,950	1,461,881
<u>DEPRECIATION</u>						
1st April 1982	2,992	66,096	184,262	106,363	187,455	547,168
Charge for year	356	8,208	47,542	34,225	68,682	159,013
Disposals	-	-	(6,170)	(16,168)	(6,835)	(29,173)
31st March 1983	3,348	74,304	225,634	124,420	249,302	677,008
<u>NET BOOK AMOUNT</u>						
31st March 1983	269,256	137,983	180,652	122,334	74,648	784,873
31st March 1982	269,612	143,690	203,677	114,526	144,068	875,573

ALSTONS (COLCHESTER) LIMITEDNOTES ON FINANCIAL STATEMENTS - 31ST MARCH 1983
(CONTINUED)

7. TANGIBLE ASSETS continued

Freehold buildings are not depreciated. The directors are of the opinion that the estimated useful lives of the freehold buildings are in excess of 50 years. If a depreciation charge were to have been made on these assets, the provision would have amounted to approximately £3,000 (1982 : £3,000) in the year.

Equipment leased out represents assets leased to third parties for 5 years, at the end of which the third parties have the right to acquire the assets or to continue the leases at reduced rentals.

8. INVESTMENTS

Provest Corporation Limited : 130,000 ordinary shares of \$1 US:-

	<u>1983</u>	<u>1982</u>
	<u>£</u>	<u>£</u>
At cost	70,089	70,089

The company is incorporated in the Cayman Islands. The investment represents 20.3% of that company's equity capital.

The investment has not been treated as an associated company as required by Statement of Standard Accounting Practice No. 1 as the directors are of the opinion that they exercise no significant influence over the policy decisions of the company.

9. INVESTMENT IN SUBSIDIARY COMPANIES

<u>Shares at cost</u>	<u>Holding</u>	<u>1983</u> <u>£</u>	<u>1982</u> <u>£</u>	<u>Nature of</u> <u>business</u>
Alstons (Management) Limited 75 Ordinary shares of £1 each	75%	75	75	Non-trading
Rayleigh Cabinets Limited 6998 Ordinary shares of £1 each	99.9%	6,998	6,998	Manufacture of furniture frames
Petralane Limited 100 Ordinary shares of £1 each	100%	100	100	Investment
Sabianod Limited 2 Ordinary shares of £1 each (nil paid)	100%	-	-	Non-trading
		<u>7,173</u>	<u>7,173</u>	

ALSTONS (COLCHESTER) LIMITEDNOTES ON FINANCIAL STATEMENTS - 31ST MARCH 1983
(CONTINUED)

10. STOCKS

	<u>1983</u>		<u>1982</u>	
	<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Raw materials	135,085	104,050	332,626	300,997
Work in progress	101,465	100,225	42,982	39,163
Finished goods	336,319	291,978	113,380	79,824
	<u>572,869</u>	<u>496,253</u>	<u>488,988</u>	<u>419,984</u>

11. DEBTORS

All due within one year :	<u>1983</u>		<u>1982</u>	
	<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Trade debtors	2,178,259	2,174,538	1,269,163	1,268,263
Owed by group companies	-	73,275	-	73,275
Owed by related companies	1,026	1,026	1,441	1,441
Other debtors	20,380	20,357	25,450	23,720
Prepayments	27,726	24,201	27,974	26,023
	<u>2,227,391</u>	<u>2,293,397</u>	<u>1,324,028</u>	<u>1,392,722</u>

Details concerning amounts due from directors and connected persons, included in debtors are given at note 17.

12. INVESTMENTS HELD AS CURRENT ASSETS

<u>Group</u>	<u>1983</u>	<u>1982</u>
	<u>£</u>	<u>£</u>
Quoted investments in United Kingdom companies	1,320	5,059
Government securities	287,529	257,265
	<u>288,849</u>	<u>262,324</u>
Market value at 31st March 1983 £279,810 (1982 : £290,630)		
<u>Company</u>	<u>£</u>	<u>£</u>
Government securities	287,529	257,265

Market value at 31st March 1983 £278,580 (1982 : £282,750)

ALSTONS (COLCHESTER) LIMITEDNOTES ON FINANCIAL STATEMENTS - 31ST MARCH 1983
(CONTINUED)

13. CREDITORS

	<u>1983</u>		<u>1982</u>	
All falling due within one year :	<u>Group</u> £	<u>Company</u> £	<u>Group</u> £	<u>Company</u> £
Bank overdraft	404,925	404,925	976	-
Payments received on account	19,234	19,234	19,333	19,333
Trade creditors	248,869	161,188	291,835	250,967
Owed to group companies	-	108,867	-	122,002
Owed to related companies	83,793	82,184	97,010	96,884
Taxation	390,525	363,488	278,931	265,129
Others	18,677	17,545	41,220	37,256
Accruals	190,460	180,181	122,523	116,973
	<u>1,356,483</u>	<u>1,337,612</u>	<u>851,828</u>	<u>908,544</u>

14. PROVISIONS FOR LIABILITIES AND CHARGES

The provision in the balance sheet relates to deferred taxation and consists of the following:-

	<u>1983</u> £	<u>1982</u> £
Accelerated capital allowances :		
Group	<u>281,158</u>	<u>335,945</u>
Company	<u>269,714</u>	<u>326,242</u>

The potential liability is disclosed excluding stock relief which is permanent in nature and subject to "clawback" only in the event of cessation of business. The potential liability excluded is :

	<u>1983</u> £	<u>1982</u> £
Group	<u>209,339</u>	<u>237,478</u>
Company	<u>164,365</u>	<u>181,944</u>

ALSTONS (COLCHESTER) LIMITEDNOTES ON FINANCIAL STATEMENTS - 31ST MARCH 1983
(CONTINUED)

15. SHARE CAPITAL

	<u>1983 and 1982</u>	
	<u>Authorised</u>	<u>Issued and</u>
	<u>£</u>	<u>Fully Paid</u>
		<u>£</u>
Ordinary shares of £1 each	75,000	8,000
'A' ordinary shares of £1 each	25,000	400
	<u>100,000</u>	<u>8,400</u>

16. SHARE PREMIUM AND RESERVES

	<u>Share premium</u>	<u>Capital</u>	<u>Profit and</u>	<u>Total</u>
	<u>account</u>	<u>reserve</u>	<u>loss account</u>	<u>£</u>
	<u>£</u>	<u>£</u>	<u>£</u>	
<u>Group</u>				
Balance 1st April 1982	800	6,196	2,372,246	2,379,242
Retained profit for the year	-	-	63,969	63,969
Balance 31st March 1983	<u>800</u>	<u>6,196</u>	<u>2,436,215</u>	<u>2,443,211</u>
<u>Company</u>				
Balance 1st April 1982	800	3,895	2,226,795	2,231,490
Retained profit for the year	-	-	40,934	40,934
Balance 31st March 1983	<u>800</u>	<u>3,895</u>	<u>2,267,729</u>	<u>2,272,424</u>

ALSTONS (COLCHESTER) LIMITEDNOTES ON FINANCIAL STATEMENTS - 31ST MARCH 1983
(CONTINUED)

17. TRANSACTIONS INVOLVING DIRECTORS

(a) Loans to connected persons

Included in debtors is a loan to the wife of a director, B. A. Moss, made to assist with house purchase. The loan is secured by a charge upon the house involved. No interest is paid on the loan, nor are there any arrangements for the repayment of the loan. The amount outstanding at 31st March 1983 and the maximum liability during the year was £20,000 (1982 : £20,000).

(b) Directors' interest in contracts

Most of the company's carriage by outside contractors was undertaken by Alstons (Transport) Limited. A. F. P. Alston and R. H. P. Alston are both directors of Alstons (Transport) Limited and also have substantial interest in that company's share capital.