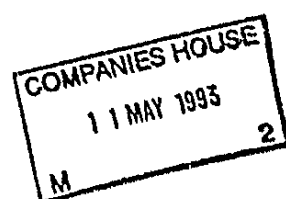


B E L L I N G   L E E   L I M I T E D

ANNUAL  
REPORT & ACCOUNTS  
1992

Registered Number 186538 England



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**DIRECTORS' REPORT**

The Directors present their report and the audited accounts of the company for the year ended 31 December 1992.

**PRINCIPAL ACTIVITIES**

The main activity of the company is the manufacture and sale of electro-mechanical, mechanical and electronic components.

**REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS**

In the second quarter of the year the filter business was sold to a fellow subsidiary. The Press Shop and Turning Shop operations were sold to a third party in the third quarter.

The remaining businesses were transferred to new premises in Enfield before the end of the year. The landlord contributed to the termination of the lease.

The Company traded at a loss for the year, aggravated by the reduction of sales volume caused by the economic recession, sale of some businesses and relocation of premises.

The Directors are confident that the lower cost base following the transfer to new premises, together with manufacturing work done for a fellow subsidiary will improve results.

**PROFIT AND LOSS ACCOUNT AND DIVIDENDS**

The profit and loss account is set out on page 6. The loss for the year after taxation amounted to £611,000 (1991 £1,670,000). No dividend is proposed leaving the loss of £611,000 to be transferred to reserves.

**FIXED ASSETS**

Details of the fixed assets of the company are set out in note 11 to the accounts.

**DIRECTORS**

The Directors of the company who have held office during the year are as follows :

Middlemiss, T.	(resigned 5 March 1992)
Ricketts, A.F.	
Ryan, J.A.	(resigned 31 January 1992)
Tee, H.L.	

**DIRECTORS' INTERESTS IN SHARES**

The interests of those persons who were directors on 31 December 1992 in the shares of The Roxboro Group Limited, being the company's holding company, were as follows :

	"A" Ordinary Shares at 31 December 1992	"A" Ordinary Shares at 1 January 1991
Ricketts, A.F.	17,685	15,000
Tee, H.L.	50,702	43,000

The "A" Ordinary Shares are one pence each fully paid in The Roxboro Group Limited

All the interests shown were beneficial and include family interests where appropriate.

The directors of the company have no interests in the shares of the company or of any other subsidiary company of the holding company.

**POLITICAL AND CHARITABLE CONTRIBUTIONS**

No contributions were made for political or charitable purposes.

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**DISABLED PERSONS AND EMPLOYEES**

Full and fair consideration is given to applications for employment by disabled persons for those vacancies that they are able to fill. All necessary assistance with appropriate training is given to enable all employees, whether disabled or not, to develop careers within the group.

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**EMPLOYEE INVOLVEMENT**

The company operates various schemes to involve the employees in, and inform them of, decisions affecting the company generally.

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**AUDITORS**

A resolution to reappoint Ernst & Young as Auditors will be proposed at the Annual General Meeting on 15 April 1993.

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By order of the Board

*J. B. Andrews*

J B Andrews  
Secretary  
Belling Lee Limited  
Exning Road  
Newmarket  
Suffolk CB8 0AX

4 March 1993

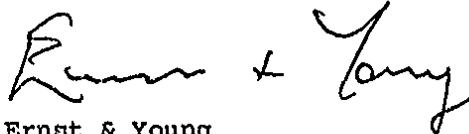
**AUDITORS' REPORT**

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To the members of Belling Lee Limited

We have audited the accounts on pages 6 to 15 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the company at 31 December 1992 and of the loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in cursive script, appearing to read 'Ernst & Young', is written above the printed name of the firm.

Ernst & Young  
Chartered Accountants  
Registered Auditor  
Cambridge

4 March 1993

**PROFIT AND LOSS ACCOUNT: For the year ended 31 December 1992**

	Note	1992 £'000	1991 £'000
TURNOVER	2	3,421	6,025
Cost of sales		(3,181)	(5,014)
GROSS PROFIT		240	1,011
Net operating expenses	3	(367)	(1,701)
OPERATING LOSS	4	(127)	(690)
Interest payable	8	(89)	(35)
Exceptional items	9	(287)	(906)
LOSS ON ORDINARY ACTIVITIES BEFORE TAX		(503)	(1,631)
Tax on loss on ordinary activities	10	(108)	(39)
LOSS ON ORDINARY ACTIVITIES AFTER TAX	21	(611)	(1,670)

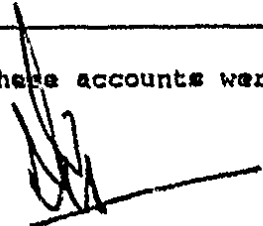
A statement of the movement on reserves can be found in note 21.

The notes on pages 8 to 15 form part of these accounts.

## BALANCE SHEET : As at 31 December 1992

	Note	1992 £'000	1992 £'000	1991 £'000	1991 £'000
<b>FIXED ASSETS</b>					
Tangible assets	11		259		838
			259		838
<b>CURRENT ASSETS</b>					
Stocks	12	531		1,069	
Debtors	13	709		1,103	
Cash at bank and in hand		17		249	
		1,257		2,421	
CREDITORS: amounts falling due within one year	14	(818)		(1,019)	
<b>NET CURRENT ASSETS</b>			439		1,402
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			698		2,240
CREDITORS: Amounts falling due after more than one year	15		(18)		(81)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	17		(100)		(811)
			580		1,348
<b>LOAN ACCOUNT</b>			2,388		2,545
<b>CAPITAL AND RESERVES</b>					
Called up share capital	20		520		520
Reserves:	21				
Other Reserves			(1,316)		(1,316)
Profit and Loss Account			(1,012)		(401)
<b>Shareholders' Funds</b>			(1,808)		(1,197)
			580		1,348

These accounts were approved by the Board on 4 March 1993

 H L Tee

 A F Ricketts

The notes on pages 8 to 15 form part of these accounts.

## NOTES TO THE ACCOUNTS

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1. STATEMENT OF ACCOUNTING POLICIES

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a. ACCOUNTING CONVENTION

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The accounts are prepared in accordance with the historical cost convention and in accordance with applicable accounting standards. A summary of the principal accounting policies is set out below:

b. FIXED ASSETS

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Fixed assets are stated at historical cost less depreciation.

c. DEPRECIATION

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Depreciation is calculated so as to write off the cost of tangible fixed assets less estimated net realisable value on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are :

Plant and machinery and fixtures and fittings	- 10%
Office equipment	- 10%
Computer equipment	- 33%
Tooling and Moulds	- 33%

d. LEASED ASSETS

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Rentals paid under operating leases are charged to the profit and loss account as incurred over the lease term.

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives.

The interest element of the rental obligations is charged to the profit and loss account over the year of the lease and represents a constant proportion of the balance of capital repayments outstanding.

e. FOREIGN CURRENCIES

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Exchange profits less losses resulting from the year's trading are accounted for in the results for the year.

Assets and liabilities expressed in foreign currencies are translated into sterling at the rates of exchange ruling at the end of the financial year, or at forward rates where covered by forward exchange contracts.

f. STOCKS AND WORK IN PROGRESS

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Stocks and work in progress are stated at the lower of cost and net realisable value. Cost includes material, direct labour and all overheads appropriate to the relevant stage of production. Net realisable value represents the estimated amount at which stocks and work in progress will be realised after taking into account all relevant marketing, selling and distribution costs.

g. DEBTORS

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Debtors are stated after making such provision as is considered necessary to cover the risk of bad debts.

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## NOTES TO THE ACCOUNTS (Continued)

## 1. STATEMENT OF ACCOUNTING POLICIES

## h. DEFERRED TAXATION

Tax deferred or accelerated is provided for under the liability method in respect of all material timing differences only to the extent that it is probable that a liability or asset may crystallise in the foreseeable future.

## i. PENSION CONTRIBUTIONS

Pension costs are accounted for on the basis of charging the consistent ongoing cost of providing pensions over the year during which the company benefits from the employees' services, adjusted for any variations in cost arising from the experience of the scheme. The effects of variations from regular cost are spread over the expected remaining working lifetime of members of the scheme.

## j. GOODWILL

Purchased goodwill, representing the difference between the purchase price and the fair value of the net assets acquired is immediately set off against other reserves in accordance with SSAP 22 (Revised).

## 2. TURNOVER

	1992 £'000	1991 £'000
Sales by destination were as follows;		
United Kingdom	2,455	4,337
Other European	625	948
United States of America	62	91
Rest of World	279	649
Total	3,421	6,025

## 3. NET OPERATING EXPENSES

	1992 £'000	1991 £'000
Net operating expenses are made up as follows :		
Distribution and selling costs	51	733
Administrative expenses	316	968
	367	1,701

Distribution and selling costs represent the expenditure incurred in distributing and making sales of goods and services to customers including all related overheads.

Administrative expenses represent the cost of general management and all other overheads not directly related to production, distribution or selling.

**4. OPERATING LOSS**

	1992 £'000	1991 £'000
Operating loss is stated after charging:		
Depreciation of tangible fixed assets	162	201
Depreciation of assets held under finance leases	29	28
Directors' emoluments	-	51
Operating lease rentals -		
- plant and machinery	16	21
- land and buildings	109	175
Auditors' remuneration - audit services	8	14
- non audit services	2	5

**5. DIRECTORS' EMOLUMENTS**

	1992 £'000	1991 £'000
Director's emoluments consist of:		
Fees	-	-
Other emoluments (including pension contributions)	-	51
Emoluments of Chairman	-	-
Emoluments of highest paid director (excluding pension contributions)	-	49
	1992 No's	1991 No's
Other directors' emoluments excluding pension contributions fall within the following ranges:		
£0 - £5,000	2	3

**6. STAFF COSTS**

	1992 £'000	1991 £'000
Staff costs during the year were :		
Wages and salaries	717	2,470
Social security costs	86	178
Pension costs	57	129
Total	860	2,777

**7. EMPLOYEE INFORMATION**

	1992 No's	1991 No's
The average number of employees during the year, is analysed as follows:		
Production	110	224
Distribution & Selling	-	18
Administration	5	21
Total	115	263

The company takes a positive view of employee communications and has established a policy of keeping employees informed of developments and a mechanism for regular consultations with staff.

**8. INTEREST PAYABLE**

In 1990 prior to the acquisition by The Roxboro Group Limited a finance charge was (receivable from)/payable to the holding company in respect of the Loan Account. Since the acquisition interest is (receivable from)/payable to the holding company based on cash (generated)/used.

	1992 £'000	1991 £'000
Interest payable:		
Finance charges payable under finance leases	17	23
Holding company loan	72	12
	89	35

**9. EXCEPTIONAL COSTS**

Exceptional costs comprise:

	1992 £'000	1991 £'000
Relocation to new premises	23	-
Disposal of operations	115	-
Exceptional site costs	149	906
	287	906

**10. TAX ON LOSS ON ORDINARY ACTIVITIES**

	1992 £'000	1991 £'000
Tax charge for the year comprises:		
United Kingdom corporation tax	(108)	-
Deferred tax	-	(39)
	(108)	(39)
Adjustments in respect of prior years:		
Corporation Tax	-	3
Deferred Tax	-	(3)
	(108)	(39)

Trading losses subject to agreement of Inland Revenue of approximately £2.0m (1991 £1.4m) are available for set off against future profits from the same trade.

## NOTES TO THE ACCOUNTS (Continued)

## 11. TANGIBLE ASSETS

	Plant and Machinery £'000	Tooling and Moulds £'000	Fixtures Fittings Equipment Computers £'000	TOTAL £'000
<b>COST:</b>				
At 1 January 1992	2,246	360	534	3,140
Additions	26	-	-	26
Disposals	(1,245)	(21)	(128)	(1,394)
Transfers to fellow subsidiaries	(234)	(101)	(121)	(456)
At 31 December 1992	793	238	285	1,316
<b>DEPRECIATION:</b>				
At 1 January 1992	(1,691)	(243)	(368)	(2,302)
Charged to profit & loss	(140)	(31)	(20)	(191)
Disposals	1,024	21	128	1,173
Transfers to fellow subsidiaries	143	46	74	263
At 31 December 1992	(664)	(207)	(186)	(1,057)
<b>NET BOOK AMOUNT</b>				
AT 31 DECEMBER 1992	129	31	99	259
<b>NET BOOK AMOUNT</b>				
AT 31 DECEMBER 1991	555	117	166	838

The net book amount of plant and machinery includes an amount of £39,000 (1991 £115,000) in respect of assets held under finance leases and hire purchase contracts.

## 12. STOCKS

	1992 £'000	1991 £'000
<b>Stocks comprise:</b>		
Raw materials and consumables	287	318
Work in progress	89	472
Finished goods and goods for resale	155	279
	531	1,069

In the opinion of the directors the replacement cost of stocks and work in progress is not materially different from that shown above.

## 13. DEBTORS

	1992 £'000	1991 £'000
<b>Debtors falling due within one year comprise:</b>		
Trade debtors	450	949
Amounts owed by fellow subsidiary undertakings	10	-
Other debtors	219	132
Prepayments	30	22
	709	1,103

## NOTES TO THE ACCOUNTS (Continued)

## 14. CREDITORS: Amounts falling due within one year

	1992 £'000	1991 £'000
Trade creditors	471	710
Accruals and deferred income	32	20
Tax and social security	31	155
Other Creditors	126	13
Bank Loans and overdrafts	137	-
Amounts owed to fellow subsidiary undertakings	-	87
Finance leases (see note 16)	21	34
	818	1,019

## 15. CREDITORS: Amounts falling due after more than one year

	1992 £'000	1991 £'000
Finance leases (see note 16)	18	81

## 16. COMMITMENTS UNDER LEASES

The company has the following commitments under finance leases:

	1992 £'000	1991 £'000
Amounts payable:		
within one year	21	34
within two to five years	26	165
	47	199
Less:		
Finance charges allocated to future years	(8)	(84)
	39	115
Finance leases are analysed as follows:		
Current obligations	21	34
Non-current obligations	18	81
	39	115

The company is committed to the following annual payments under operating leases:

	Land and Building		Other Operating Leases	
	1992 £'000	1991 £'000	1992 £'000	1991 £'000
Leases expiring:				
Within one year	-	-	4	21
Between two and five years inclusive	-	-	-	83
After five years	-	375	-	-
	-	375	4	104

## NOTES TO THE ACCOUNTS (Continued)

## 17. PROVISIONS FOR LIABILITIES AND CHARGES

	Balance 1 Jan 92	Charge/ (Credit) to Profit & Loss A/C	Cost Incurred	Balance 31 Dec 92
	£'000	£'000	£'000	£'000
Reorganisation costs	811	100	811	100

## 18. DEFERRED TAX

An analysis of the deferred tax asset is as follows:

	1992		1991	
	Asset recognised in accounts £'000	Full Potential liability/ (asset) £'000	Asset recognised in accounts £'000	Full Potential liability/ (asset) £'000
Accelerated capital allowances	-	41	-	70
Short term timing differences	-	(16)	-	(521)
Losses	-	(672)	-	-
Provision at 31 December	-	(647)	-	(451)

## 19. DISPOSAL OF OPERATIONS

The Press Shop net assets and Turning Shop net assets were disposed of in the year for values of £30,000 and £200,000 respectively.

## 20. CALLED UP SHARE CAPITAL

	1992		1991	
	Number	£'000	Number	£'000
AUTHORISED				
Ordinary Shares of £1 each	500,000	500	500,000	500
"A" Ordinary shares of £1 each	20,000	20	20,000	20
	520,000	520	520,000	520
ISSUED AND FULLY PAID				
Ordinary Shares of £1 each	500,000	500	500,000	500
"A" Ordinary shares of £1 each	20,000	20	20,000	20
	520,000	520	520,000	520

## 21. RESERVES

	Other Reserves	Profit and loss Account	Total
	£'000	£'000	£'000
At 1 January 1992	(1,316)	(401)	(1,717)
Loss for the year	-	(611)	(611)
At 31 December 1992	(1,316)	(1,012)	(2,328)

## NOTES TO THE ACCOUNTS (Continued)

**22. COMMITMENTS FOR CAPITAL EXPENDITURE**

Capital commitments for the company comprise;

	1992 £'000	1991 £'000
Expenditure contracted for Approved by the directors but not yet contracted for	3 -	- -
	3	-

**23. PENSIONS**

Company employees are eligible to participate in The Roxboro Group Limited UK Pension Fund. This Fund is a separately administered defined benefits pension scheme funded by the payment of contributions as advised by the Scheme's actuarial advisors. The most recent valuation was conducted at 6 April 1992. The pension cost for the year was £57,000 (1991 £129,000). Details of the fund are included in the parent company accounts.

**24. CONTINGENT LIABILITIES**

The company has a contingent liability under a composite banking arrangement with other companies in the Group. At the year end these overdrafts amounted to £6,602,000 (1991 £6,566,000).

The company is registered with H.M. Customs and Excise as a member of a group for VAT purposes and as a result is jointly and severally liable on a continuing basis for amounts owing by the Group for unpaid VAT.

Guarantee and performance bonds given by the bank to third parties on behalf of the company amount to £40,000 (1990 £40,000).

**25. ULTIMATE PARENT UNDERTAKING**

The parent undertaking of the group of undertakings for which group accounts are drawn up, of which the company is a member, is The Roxboro Group Limited a company registered in England and Wales.