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M.K. ELECTRIC LIMITED

ACCOUNTS
2 APRIL 1977

Certified True Copy

..... *[Signature]* Director

..... *[Signature]* Secretary

ROWLAND, NEVILL & CO.,
Chartered Accountants,
53, New Broad Street,
London, EC2M 1PQ.

COOPERS & LYBRAND,
Chartered Accountants,
Abacus House,
Gutter Lane,
Cheapside, London, EC2V 8AH.



M.K. ELECTRIC LIMITED

REPORT OF THE DIRECTORS

The directors submit their report and accounts for the 53 weeks ended 2 April 1977.

ACTIVITIES

The principal activity of the Company is the manufacture of electric wiring accessories.

RESULTS

	1977	1976
Profit before taxation	£5,883,000	£2,079,000
Profit after taxation	£2,824,000	£1,008,000

EXPORTS

Exports amounted to £5,806,000 (1976 £3,111,000).

DIVIDENDS

The directors recommend an ordinary dividend of £2,824,000.

DIRECTORS

The directors of the Company during the period and their beneficial interests including family, interests in the ordinary shares of the ultimate holding company, including those held under the terms of the share incentive scheme, are detailed below:

	Ordinary shares		Share incentive scheme	
	2 April 1977	28 March 1976	2 April 1977	28 March 1976
D.L.M. Robertson	3,000	3,000	-	-
D.E.F. Canney	2,500	2,500	-	-
M.J. Dowsett	16,600	16,600	14,000	14,000
J.J. Fallon	1,000	1,000	9,500	9,500
L.G. Hazzard	1,500	1,500	-	-
P. Joyce	-	-	-	-
E. Race	-	-	-	-
D.G. Rance	-	-	-	-

Mr. M.G. Phillips was appointed a director by the board on 1 December 1976 and had no interests in the share capital of the ultimate Holding Company at the date of his appointment or at 2 April 1977.

Mr. R.F. Sumner was a director until his death on 11 March 1977.

There have been no changes in the above shareholdings since the year end.

No director had any material interest during the period in any contract significant in relation to the Company's business.

M.K. ELECTRIC LIMITED

REPORT OF THE DIRECTORS
continued

FIXED ASSETS

The Company spent £1,579,000 on plant and other fixed assets during the period.

The policy of the Company is to revalue property every five years, the last valuation having been undertaken in 1976. The directors are of the opinion that there has been no material change in the value of freehold and leasehold properties since 27 March 1976.

AUDITORS

A resolution to re-appoint the joint auditors Coopers & Lybrand and Rowland, Nevill & Co. will be proposed at the Annual General Meeting.

By order of the board

G.A. FRY

Secretary
22 June 1977

REPORT OF THE AUDITORS

to the members of

M.K. ELECTRIC LIMITED

We report on the accounts set out on pages 4 to 10

These have been prepared under the historical cost convention as explained in the statement of accounting policies set out on page 7.

In our opinion the accounts give a true and fair view of the state of affairs at 2 April 1977 and of the profit and source and application of funds for the fifty-three weeks ended on that date, according to the historical cost convention, and comply with the Companies Acts 1948 and 1967.

COOPERS & LYBRAND

Chartered Accountants

Abacus House, Gutter Lane,
Cheapside, London, EC2V 8AH

22 June 1977

ROWLAND, NEVILL & CO.

Chartered Accountants

53, New Broad Street,
London, EC2M 1PQ

22 June 1977

M.K. ELECTRIC LIMITED

PROFIT AND LOSS ACCOUNT

for the 53 weeks ended 2 April 1977

	Notes	1977 £000	1976 £000
TURNOVER	2	29,230	21,605
TRADING PROFIT	3	5,870	2,382
Interest received less (paid)	5	13	(303)
PROFIT BEFORE TAXATION		5,883	2,079
Taxation	6	3,059	1,071
PROFIT AFTER TAXATION		2,824	1,008
Dividend proposed		2,824	1,008
RETAINED PROFIT		-	-

MOVEMENT ON RESERVES

	£000
At 28 March 1976	9,076
Retained profit for the period	-
At 2 April 1977	9,076

The notes and information on pages 6 to 10 form part of these accounts.
The comparative figures are for the 52 weeks ended 27 March 1976.

M.K. ELECTRIC LIMITED

BALANCE SHEET

at 2 April 1977

	Notes	1977 £000	1976 £000
Assets employed:			
FIXED ASSETS	7	9,461	8,969
CURRENT ASSETS			
Stocks	8	7,879	5,005
Debtors		4,644	3,789
Cash		16	10
		<u>12,539</u>	<u>8,804</u>
CURRENT LIABILITIES			
Creditors		3,924	2,851
Dividend		2,824	1,008
Taxation	6	1,309	658
		<u>8,057</u>	<u>4,517</u>
NET CURRENT ASSETS		<u>4,482</u>	<u>4,287</u>
		<u>13,943</u>	<u>13,256</u>
Financed by:			
ORDINARY SHARE CAPITAL	9	901	901
RESERVES	10	9,076	9,076
		9,977	9,977
DEFERRED TAXATION	11	4,082	2,684
AMOUNTS OWING (FROM)/TO OTHER GROUP COMPANIES	12	(116)	595
		<u>13,943</u>	<u>13,256</u>

D.L.M. ROBERTSON

Director

L.G. HAZZARD

Director

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

M.K. ELECTRIC LIMITED

SOURCE AND APPLICATION OF FUNDS

for the 53 weeks ended 2 April 1977

	1977 £000	1976 £000
SOURCE		
Profit before taxation	5,883	2,079
Depreciation	946	732
Fixed assets - disposals	141	10
	<u>6,970</u>	<u>2,821</u>
APPLICATION		
Dividends	(1,008)	(530)
Taxation	(1,010)	(524)
Fixed assets - additions	(1,579)	(285)
	<u>(3,597)</u>	<u>(939)</u>
WORKING CAPITAL (INCREASE)/DECREASE		
Stocks	(2,874)	2,193
Debtors	(855)	(212)
Creditors	1,073	1,228
Cash	(6)	51
	<u>(2,662)</u>	<u>3,260</u>
NET DECREASE IN AMOUNTS OWING TO OTHER GROUP COMPANIES	<u>711</u>	<u>5,142</u>

M.K. ELECTRIC LIMITED

NOTES ON THE ACCOUNTS

1. ACCOUNTING POLICIES

Historical cost convention

These accounts are prepared under the historical cost convention, with the exception that properties are included at a valuation.

Fixed assets and depreciation

Freehold property and property held on long lease are revalued professionally on the existing use basis at five yearly intervals, the last valuation having taken place as at 27 March 1976. The surplus on revaluation, net of provision for deferred taxation, is credited to reserves.

Plant and other fixed assets are shown at cost.

Depreciation is provided on all fixed assets except freehold land on straight line or reducing balance methods at rates appropriate to the category of asset. The bases of depreciation for the main asset headings are set out below:

Freehold buildings	2% straight line
Property held on long lease	2% straight line
Plant and machinery	20% reducing balance
Moulds and press tools	33 $\frac{1}{3}$ % straight line

A full year's depreciation is charged on assets acquired during the period.

Research and development

Expenditure on research and development is charged to revenue as incurred.

Stocks

The basis of stock valuation is the lower of cost, computed on the 'first in first out' basis, and net realisable value. In the case of finished stocks and work-in-progress, cost comprises materials and labour with an addition for manufacturing overheads.

Deferred taxation

Deferred taxation is calculated by the liability method at current rates of taxation and comprises:

- tax on the difference between depreciation and taxation allowances in respect of fixed assets;
- stock appreciation relief;
- the taxation liability which would arise if the freehold property and property held on long lease were disposed of at their revalued amounts;
- advance corporation tax on the dividends of M.K. Electric Holdings Limited is deducted, being available for relief against future corporation tax liabilities under a grouping arrangement.

2. TURNOVER

Turnover represents sales to external customers, excluding Value Added Tax.

M.K. ELECTRIC LIMITED

NOTES ON THE ACCOUNTS (continued)

3. TRADING PROFIT

The following amounts have been charged/(credited) in arriving at the trading profit:

	1977 £000	1976 £000
Depreciation of fixed assets	946	732
Profit on disposal of fixed assets	(11)	(3)
Hire of equipment	92	45
Auditors' remuneration	24	12
Directors' remuneration	74	92
Management charge	159	53

4. DIRECTORS' REMUNERATION

	£000	£000
Fees	-	6
Other emoluments including pension contributions	74	70
Compensation for termination of contract	-	16
	<u>74</u>	<u>92</u>

Chairman	Nil	4
Highest paid director	17	15

Directors including chairman and highest paid director:

Nil - £2,500	Four	Three
£2,501 - £5,000	Nil	Three
£5,001 - £7,500	Nil	Nil
£7,501 - £10,000	Two	Three
£10,001 - £12,500	Three	One
£12,501 - £15,000	Nil	Nil
£15,001 - £17,500	One	One

5. INTEREST (RECEIVED) LESS PAID

	£000	£000
Paid to holding company	(91)	(303)
Received from holding company	104	-
	<u>13</u>	<u>(303)</u>

6. TAXATION

	£000	£000
Based on the profit for the period:		
U.K. corporation tax 52% (1976 52%)	1,336	1,395
Deferred taxation	1,654	(324)
Group relief	69	-
	<u>3,059</u>	<u>1,071</u>

The provision for taxation comprises:

	£000	£000
Corporation tax due 1 January 1978	1,293	658
Current taxation	16	-
	<u>1,309</u>	<u>658</u>

M.K. ELECTRIC LIMITED

NOTES ON THE ACCOUNTS (continued)

7. FIXED ASSETS

	Freehold Property	Property on long lease	Plant and Machinery	1977 Total	1976 Total
	£000	£000	£000	£000	£000
Cost/Valuation:					
At 28 March 1976	6,606	147	7,655	14,408	11,891
Additions	1	-	1,578	1,579	285
Disposals	(73)	(23)	(268)	(364)	(109)
Surplus on revaluation	-	-	-	-	2,341
	<u>6,534</u>	<u>124</u>	<u>8,965</u>	<u>15,623</u>	<u>14,408</u>
At 2 April 1977	<u>6,534</u>	<u>124</u>	<u>8,965</u>	<u>15,623</u>	<u>14,408</u>
Comprising:					
Cost	1	-	8,965	8,966	7,655
Valuation	6,533	124	-	6,657	6,753
	<u>6,534</u>	<u>124</u>	<u>8,965</u>	<u>15,623</u>	<u>14,408</u>
Depreciation:					
At 28 March 1976	-	-	5,439	5,439	5,103
Charge for period	97	3	846	946	732
On disposals	(1)	-	(222)	(223)	(99)
Written back on revaluation	-	-	-	-	(297)
	<u>96</u>	<u>3</u>	<u>6,063</u>	<u>6,162</u>	<u>5,439</u>
At 2 April 1977	<u>96</u>	<u>3</u>	<u>6,063</u>	<u>6,162</u>	<u>5,439</u>
Net Book Value at 2 April 1977	<u>6,438</u>	<u>121</u>	<u>2,902</u>	<u>9,461</u>	<u>8,969</u>

8. STOCKS

Stocks comprise:
Raw materials
Work in progress
Finished goods

	1977 £000	1976 £000
Raw materials	1,744	964
Work in progress	3,506	2,406
Finished goods	2,629	1,635
	<u>7,879</u>	<u>5,005</u>

9. ORDINARY SHARE CAPITAL

Shares of £1 each
Authorised: 1,500,000 shares

	£000	£000
Authorised: 1,500,000 shares	1,500	1,500

Issued and fully paid: 900,605 shares

	£000	£000
Issued and fully paid: 900,605 shares	901	901

M.K. ELECTRIC LIMITED

NOTES ON THE ACCOUNTS (continued)

	1977 £000	1976 £000
10. RESERVES		
Surplus on revaluation of properties	3,127	3,179
Retained profits	5,949	5,897
	<u>9,076</u>	<u>9,076</u>

An amount of £52,000 included in 'surplus on revaluation of properties' last year, has been realised as a result of property sales during the period and transferred to 'retained profits'.

	£000	£000
11. DEFERRED TAXATION		
Deferred taxation comprises:		
Tax on the difference between depreciation and tax allowances	1,206	930
Stock appreciation relief	1,655	549
The liability which would arise on disposal of the properties at their revalued amounts	1,396	1,414
Advance corporation tax recoverable	(175)	(209)
	<u>4,082</u>	<u>2,684</u>

	£000	£000
12. AMOUNTS OWING (FROM)/TO OTHER GROUP COMPANIES		
Due (from)/to holding company	(135)	523
Due from fellow subsidiary	(163)	-
	<u>(298)</u>	<u>523</u>
Due to fellow subsidiary	182	72
	<u>(116)</u>	<u>595</u>

The Company is a wholly owned subsidiary of M.K. Electric Holdings Limited, a company incorporated and registered in England.

	£000	£000
13. FUTURE GROUP CAPITAL EXPENDITURE		
Contracted but not provided	471	186
Authorised but not yet contracted	10	20
Approved in principle but subject to specific authorisation	4,342	1,668
	<u>4,823</u>	<u>1,874</u>