

Signed Accounts. 189291
see pages 3, 4 & 6
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MK. ELECTRIC LIMITED

ACCOUNTS
for the 53 weeks ended
31 MARCH 1984

Coopers
& Lybrand



M.K. ELECTRIC LIMITED

Report of the directors
for the 53 weeks ended 31 March 1984

- 1 The directors present herewith the audited accounts for the 53 weeks ended 31 March 1984.

Principal activities

- 2 The principal activities of the company are the manufacture of electric and electronic connection, control and circuit protection equipment.

Review of business and future developments

- 3 Both the level of business and the year end financial position were satisfactory and the directors expect that the present level of activity will be sustained for the foreseeable future.

Dividends and reserves

- 4 An interim dividend of £3,318,000 has been paid during the year. It is proposed that the remaining profits of £1,903,000 be transferred to reserves.

Fixed assets

- 5 The company spent £5,587,000 on plant and other fixed assets during the period. The policy of the company is to revalue freehold and leasehold property every five years, the last valuation having been undertaken in 1981. In the opinion of the directors, the current open market value on an existing use basis of the freehold and leasehold property exceeded the amount of £8,205,000 at which they are included in the balance sheet at 31 March 1984 by approximately £800,000.

Directors

- 6 The directors of the company at 31 March 1984, were as follows:-

D.L.M. Robertson (Chairman)
M.J. Dowsett (Managing Director)
J.W. Bloomfield
G.R. Carr
P.E. Cooper
J.J. Fallon
M.J. Hussey
E. Race
D.G. Rance
R.W. Wigg

All the directors above have been directors for the whole period with the exception of Mr. P.E. Cooper who was appointed a director on 1 August 1983.

Directors' interests in shares

- 7 The interests of the directors of the company at 31 March 1984 in shares of M.K. Electric Group plc, the ultimate holding company, according to the register required to be kept by section 29 of the Companies Act 1967 were as follows:-

	Ordinary shares fully paid		Ordinary shares held by Trustees under the MK Electric Group Employee Share Ownership Scheme	
	31 March 1984	27 March 1983 or later date of appointment	31 March 1984	27 March 1983 or later date of appointment
D.L.M. Robertson	13,200	13,200	Nil	Nil
M.J. Dowsett	33,200	33,200	295	Nil
J.W. Bloomfield	1,270	1,270	231	Nil
G.R. Carr	Nil	Nil	233	Nil
P.E. Cooper	1,000	Nil	Nil	Nil
J.J. Fallon	2,400	2,400	177	Nil
M.J. Hussey	2,000	2,000	Nil	Nil
E. Race	Nil	Nil	269	Nil
D.G. Rance	Nil	Nil	231	Nil
R. Wigg	Nil	Nil	209	Nil

In addition to these holdings as at 31 March 1984, Mr M.J. Dowsett held 14,000 and Mr J.J. Fallon 9,500 ordinary shares 1p paid under the 1971 Share Incentive Scheme together with 15,514 and 10,527 unlisted fully paid shares respectively comprising bonus and rights issue shares with restricted rights issued in connection with the above mentioned 1971 Incentive Scheme shares. Furthermore, Mr E. Race and Mr J. W. Bloomfield held options on 1,131 and 2,784 shares (nil paid) under the MK Electric Group Savings Related Share Option Scheme (Established 1982).

There have been no changes in the above shareholdings since 31 March 1984.

Directors interests in contracts

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

Research and development

- 9 The company places great emphasis on research and development activities to maintain its position as market leader in the sector of the electrical industry in which it operates. In accordance with accounting policies, costs relating to these activities totalling £2,682,000 (1983- £2,259,000), have been charged against the profit for the period.

Employee communications and involvement

- 10 The company recognises the importance of employee communications including briefing meetings, house journals and employee consultative committees.

A companywide incentive scheme exists to enhance employee awareness of the importance of their contribution to the company's efficiency and to share in the benefits achieved.

In addition the company is a participant in the MK Electric Group Employee Share Ownership Scheme, established in 1982 to encourage employee identification with the performance and aspirations of the M.K. Electric Group. An allocation of shares was made during the year to the scheme trustees in respect of eligible employees of the company.

Employment of disabled persons

- 11 The company's policy and practice is to encourage and assist the employment of disabled people, their recruitment, training, career development and promotion, and the retention of employees who become disabled. The operation of this policy is reviewed regularly.

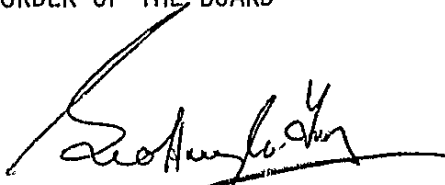
Close company provisions

- 12 As far as the directors are aware, the close company provisions of the Income and Corporation Taxes Act 1970, as amended, do not apply to the company. There has been no change in this respect since the end of the financial period.

Auditors

- 13 A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the annual general meeting.

BY ORDER OF THE BOARD



Secretary

26 June 1984

Report of the auditors to the members of
M.K. ELECTRIC LIMITED

We have audited the accounts on pages 5 to 17 in accordance with approved Auditing Standards.

In our opinion the accounts which have been prepared under the historical cost convention, as modified to allow the inclusion of certain fixed assets at a valuation, give a true and fair view of the state of affairs of the company at 31 March 1984 and of its profit and source and application of funds for the 53 weeks then ended and comply with the Companies Acts 1948 to 1981.

Coopers & Lybrand

Chartered Accountants
LONDON, 26 June 1984

M.K. ELECTRIC LIMITED

Profit and loss account
for the 53 weeks ended 31 March 1984

	<u>Notes</u>	<u>53 Weeks 1984</u>	<u>52 Weeks 1983</u>
		£'000	£'000
Turnover	1	77,414	70,674
Net operating costs	2	(65,367)	(60,059)
		<hr/>	<hr/>
Trading profit	3	12,047	10,615
Interest payable less receivable	6	(2,844)	(370)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		9,203	10,245
Tax on profit on ordinary activities	7	(2,482)	(4,401)
		<hr/>	<hr/>
Profit on ordinary activities after taxation		6,721	5,844
Extraordinary charge	8	(1,500)	-
Profit for the financial period		<hr/>	<hr/>
		5,221	5,844
Dividends		(3,318)	(5,844)
		<hr/>	<hr/>
Retained profit for the period		1,903	-
		=====	=====
STATEMENT OF RETAINED PROFITS			
Retained profits at 27 March 1983		3,929	3,929
Retained profit for the period		1,903	-
		<hr/>	<hr/>
Retained profits at 31 March 1984		5,832	3,929
		=====	=====

The notes on pages 8 17 form part of these accounts.

Auditors' report page 4.


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M.K. ELECTRIC LIMITED

Balance Sheet - as at 31 March 1984

	<u>Notes</u>	<u>1984</u> <u>£'000</u>	<u>1983</u> <u>£'000</u>
FIXED ASSETS			
Tangible assets	9	24,312	21,969
CURRENT ASSETS			
Stocks	10	14,964	14,746
Debtors	11	16,258	13,914
Investments		-	7,927
Cash at bank and in hand		555	206
		<u>31,777</u>	<u>36,793</u>
CREDITORS: amounts falling due within one year	12	<u>(15,245)</u>	<u>(16,868)</u>
NET CURRENT ASSETS		16,532	19,925
Total assets less current liabilities		<u>40,844</u>	<u>41,894</u>
CREDITORS: Amounts falling due after more than one year	13	(26,444)	(30,897)
PROVISIONS FOR LIABILITIES AND CHARGES	14	(1,500)	-
		<u>12,900</u> =====	<u>10,997</u> =====
CAPITAL AND RESERVES			
Called up share capital	15	901	901
Revaluation reserve	16	6,167	6,167
Profit and loss account		5,832	3,929
		<u>12,900</u> =====	<u>10,997</u> =====

The Accounts were approved by the Board of Directors on 26 June 1984 and are signed on its behalf by:-

 Michael J. Dunsell } DIRECTORS

The notes on pages 8 to 17 form part of these accounts.

Auditors' report page 4.

M.K. ELECTRIC LIMITED

Statement of source and application of funds
for the 53 weeks ended 31 March 1984

	1984 £'000	1983 £'000
SOURCE OF FUNDS		
Profit on ordinary activities before taxation	9,203	10,245
Adjustment for item not involving movement of funds:		
Depreciation	2,986	2,394
Total from operations	<u>12,189</u>	<u>12,639</u>
Funds from other sources:		
Sale of tangible fixed assets	258	71
Total sources of funds	<u>12,447</u>	<u>12,710</u>
APPLICATION OF FUNDS		
Tax paid	(3,223)	(3,471)
Purchase of tangible fixed assets	(5,587)	(4,109)
	<u>3,637</u>	<u>5,130</u>
(INCREASE)/DECREASE IN WORKING CAPITAL		
Stocks	(218)	(2,924)
Debtors	(3,484)	651
Trading account with related company	1,140	(1,100)
Creditors falling due within one year	(882)	2,370
	<u>(3,444)</u>	<u>(1,003)</u>
Net funds generated	<u>193</u>	<u>4,127</u>
Movement in financing arrangements		
Amount due from holding company	(4,453)	6,589
Investments	7,927	(7,927)
Cash at bank and in hand	(349)	(34)
Dividend paid	(3,318)	(2,755)
	<u>(193)</u>	<u>(4,127)</u>

The notes on pages 8 to 17 form part of these accounts.

Auditors' report page 4.

M.K. ELECTRIC LIMITED

Accounting Policies

General

All accounting policies are consistent with those applied in the previous year.

Historical cost convention

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

Foreign currencies

Assets and liabilities in foreign currencies are translated to sterling at the rates of exchange ruling at the balance sheet date. Gains and losses on exchange are included in the profit and loss account.

Turnover

Turnover represents net sales to customers excluding value added tax.

Tangible fixed assets

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 28 March 1981. The surplus on revaluation is credited to reserves. Plant and other fixed assets are shown at cost less accumulated depreciation.

Depreciation

Depreciation is provided on a straight line basis calculated to write off the gross book value of the assets over their useful lives. Depreciation is provided on all fixed assets apart from land. The average life expectancies used in computing depreciation charges for the main categories of assets are as follows:

	Years
Freehold buildings	50
Property held on long lease	50
Plant and machinery	15
Moulds	5
Press Tools	3

Deferred taxation

Provision is made for deferred taxation at the expected rate of corporation tax in the years in which the tax liability is expected to arise. No provision is made for any tax reduction which is expected to continue for the foreseeable future. The full potential liability and amounts provided are set out in note 14.

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 material and direct labour costs with an appropriate addition for manufacturing overheads.

Pension funding

Contributions to the company's pension scheme are charged against profits. The scheme is reviewed regularly by actuaries and the rates of contribution are adjusted in accordance with their advice.

M.K. ELECTRIC LIMITED

Notes to the accounts

Turnover

1. A geographical analysis of turnover is as follows:-

	1984 £'000	1983 £'000
United Kingdom	61,933	52,635
Middle East	9,480	12,642
Far East	2,434	2,222
Africa	1,227	838
Other	2,340	2,337
	<u>77,414</u>	<u>70,674</u>
	=====	=====

Net operating costs

2. Net operating costs are made up as follows:-

	1984 £'000	1983 £'000
Change in stocks of finished goods and work in progress	(707)	(2,159)
Own work capitalised	(315)	(304)
Raw materials and consumables	20,739	20,319
Other external charges	12,417	11,196
Employee costs (see note 5)	30,247	28,383
Depreciation	2,986	2,394
Share of results of related companies	-	230
	<u>65,367</u>	<u>60,059</u>
	=====	=====

Trading profit

3. Trading profit is stated after charging:-

	1984 £'000	1983 £'000
Auditors' remuneration	44	44
Hire of plant and machinery	202	197
Depreciation of tangible fixed assets	2,986	2,394
Directors' emoluments (see note 4)	191	166
Employee share scheme	571	450

M.K. ELECTRIC LIMITED

Notes to the accounts - continued

Directors' emoluments

4.(a) Directors' emoluments comprise emoluments (including pension contributions) for management services.

(b) Particulars of directors emoluments (excluding pension contributions), disclosed in accordance with sections 6 and 7 of the Companies Act 1967, are as follows:-

	<u>1984</u> £'000	<u>1983</u> £'000
Emoluments of the chairman	Nil	Nil
Emoluments of the highest paid director	34	29
Number of directors (including those above) whose emoluments were within the ranges:-		
Nil to £5,000	Four	Five
£20,001 to £25,000	Nil	One
£25,001 to £30,000	One	Four
£30,001 to £35,000	Three	Nil

Employee information

5.(a) The average number of persons employed by the company (including executive directors) during the year was 3,846 (1983 - 3,891).

All of these were based in the United Kingdom.

(b) Employment costs of all employees included above:-

	<u>1984</u> £'000	<u>1983</u> £'000
Gross wages and salaries	25,990	24,197
Employer's national insurance and state pension contributions	2,440	2,385
Employer's pension contributions under the company pension scheme	1,817	1,801
	<u>30,247</u> =====	<u>28,383</u> =====

M.K. ELECTRIC LIMITED

Notes to the accounts - continued

Interest payable less receivable

6.	1984 £'000	1983 £'000
Interest charges levied by the holding company	3,280	547
Income from current asset investments	(436)	(177)
	<u>2,844</u> =====	<u>370</u> =====

Tax on profit on ordinary activities

7. The tax charge is based on the profit on ordinary activities for the year and comprises:-

	1984 £'000	1983 £'000
United Kingdom corporation tax at 50% (1983 - 52%)	2,482 =====	4,401 =====

The charge for the year has been reduced in respect of taxation deferred by accelerated capital allowances which is not expected to become payable in the foreseeable future amounting to £1,172,000 (1983 - £851,000) and in respect of stock relief amounting to £433,000 (1983-£348,000).

Extraordinary charge

- 8 The extraordinary charge for deferred taxation of £1,500,000 arises, due to the reduced capital allowances which will be available in future years, as a consequence of the 1984 Finance Bill.

M.K. ELECTRIC LIMITED

Notes to the accounts - continued

Tangible fixed assets

9

	<u>Freehold property</u>	<u>Property on long lease</u>	<u>Plant and machinery</u>	<u>Total</u>
	£'000	£'000	£'000	£'000
Cost or valuation (see below)				
At 27 March 1983	8,403	200	26,513	35,116
Expenditure	-	-	5,587	5,587
Disposals	-	-	(843)	(843)
At 31 March 1984	<u>8,403</u>	<u>200</u>	<u>31,257</u>	<u>39,860</u>
Depreciation				
At 27 March 1983	231	8	12,908	13,147
Charge for year	155	4	2,827	2,986
Disposals	-	-	(585)	(585)
At 31 March 1984	<u>386</u>	<u>12</u>	<u>15,150</u>	<u>15,548</u>
Net book value at 31 March 1984	<u>8,017</u>	<u>188</u>	<u>16,107</u>	<u>24,312</u>
	=====	===	=====	=====
		<u>Gross</u>	<u>Depreciation</u>	<u>Net book value</u>
		£'000	£'000	£'000
<u>Revalued assets:</u>				
Revalued assets included above Original cost and depreciation which would have been calculated thereon		8,576	(397)	8,179
		3,975	(1,250)	2,725
		<u>4,601</u>	<u>853</u>	<u>5,454</u>
		=====	=====	=====
Increase due to revaluation				

M.K. ELECTRIC LIMITED

Notes to the accounts - continued

Stocks

10.	<u>1984</u>	<u>1983</u>
	<u>£'000</u>	<u>£'000</u>
Raw Materials and consumables	1,838	2,327
Work in progress	6,783	7,092
Finished goods and goods for resale	6,343	5,327
	<hr/>	<hr/>
	14,964	14,746
	=====	=====

If stocks had been determined by reference to their replacement cost rather than by reference to their historical cost the amount of the stocks shown above would be increased by £169,000 (1983 - £598,000).

Debtors

11.	<u>1984</u>	<u>1983</u>
	<u>£'000</u>	<u>£'000</u>
Trade debtors	11,925	9,770
Amounts owed by fellow subsidiaries	1,527	321
Trading account with related company	1,556	2,696
Other debtors	288	335
Prepayments and accrued income	962	792
	<hr/>	<hr/>
	16,258	13,914
	=====	=====

All the above amounts are due within one year of the balance sheet date.

Creditors: amounts falling due within one year

12.	<u>1984</u>	<u>1983</u>
	<u>£'000</u>	<u>£'000</u>
Trade creditors	6,393	7,265
Amounts owed to fellow subsidiaries	278	1,045
Taxation and social security (see below)	7,428	7,517
Accruals and deferred income	1,146	1,041
	<hr/>	<hr/>
	15,245	16,868
	=====	=====

M.K. ELECTRIC LIMITED

Notes to the accounts - continued

The creditor for taxation and social security includes UK corporation tax payable amounting to £3,741,000 (1983 - £4,482,000).

Creditors: amounts falling due after more than one year

13.	1984 £'000	1983 £'000
Amounts due to holding company	26,444 =====	30,897 =====

Provisions for deferred tax

14. The provision for deferred taxation and the full potential liability are as follows:

	1984		1983	
	Provision made £'000	Full potential liability £'000	Provision made £'000	Full potential liability £'000
Tax at 35% (1983 - 52%) on the excess of capital allowances over depreciation (Note 8)	1,500	5,450	-	6,861
Tax that would arise on the disposal of properties at their revalued amounts	-	2,038	-	1,860
	1,500 =====	7,488 =====	- =====	8,721 =====

Called up share capital

15.	1984 £'000	1983 £'000
Authorised:		
1,500,000 shares of £1 each	1,500 =====	1,500 =====
Allotted, called up and fully paid:		
900,605 shares of £1 each	901 =====	901 =====

M.K. ELECTRIC LIMITED

Notes to the accounts - continued

Revaluation reserve

16.	1984 £'000	1983 £'000
At 27 March 1983	6,167	6,167
Revaluation in the year	-	-
	<hr/>	<hr/>
At 31 March 1984	6,167 =====	6,167 =====

Commitments and contingent liabilities

17. (a) <u>Capital expenditure</u>	1984 £'000	1983 £'000
Contracted but not provided in the accounts	697	780
Authorised but not yet contracted	203	-
Approved in principle but subject to specific authorisation	5,148	6,786
	<hr/>	<hr/>
	6,048 =====	7,566 =====

(b) Pensions

Most employees of the company are covered by the M.K. Pension Scheme which is contracted out of the state scheme. Entry to the M.K. Scheme is voluntary for employees aged over 21 and with two consecutive years service. Pensions are paid on retirement based on the contributor's final salary and number of years of service.

In addition to the pensions provided under the terms of the M.K. Scheme, it has been the company's practice to provide increases in pensions each year to offset the effects of inflation. Payments have been made to fund all increases to date.

The latest actuarial valuation at 5 April 1981 indicated that the value of assets of the Pension Fund (whose assets are independent of the company's finances) was adequate to cover the benefits of current beneficiaries and deferred pensions for current contributors on a discontinuance basis.

M.K. ELECTRIC LIMITED

Notes to the accounts - continued

(c) Bank borrowing facilities

The company has given an unlimited guarantee in respect of certain of the banking facilities of the M.K. Electric Group. There were no amounts outstanding on these facilities at 31 March 1984.

Ultimate holding company

18. The ultimate holding company is M.K. Electric Group plc incorporated in Great Britain.