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1.

M.K. ELECTRIC LIMITED
REPORT OF THE DIRECTORS

1. The directors submit their report and accounts for the 52 weeks ended 29th March 1980.

Principal activity

2. The principal activity of the company is the manufacture of electric wiring accessories.

Results

3. The results for the period are set out on page 4 of the attached accounts.

Exports

4. The sales value of goods exported by the company from the United Kingdom amounted to £10,429,000 (1979 - £10,274,000).

Dividends

5. The directors recommend payment of a final dividend of £2,435,000 (1979 - £5,098,000), making a total dividend for the year of £4,626,000 (1979 - £5,098,000).

Directors

6. The directors of the company during the period and their beneficial, 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:-

	<u>Ordinary shares fully paid</u>		<u>Ordinary shares 1p paid, issued under the share incentive scheme</u>	
	<u>29th March 1980</u>	<u>31st March 1979 or later date of appointment</u>	<u>29th March 1980</u>	<u>31st March 1979 or later date of appointment</u>
J.W. Bloomfield	635	635	NIL	NIL
G.R. Carr	NIL	NIL	NIL	NIL
M.J. Dowsett	16,600	16,600	14,000	14,000
J.J. Allon	1,000	1,000	9,500	9,500
L.G. Hazzard	1,500	1,500	NIL	NIL
Lord Orr-Ewing (resigned 3/1/80)		1,500		1,500
E. Race	NIL	NIL	NIL	NIL
D.G. Rance	NIL	NIL	NIL	NIL
J. Rawicz-Szczerbo (appointed 15/1/80)	1,000	NIL	NIL	NIL

There have been no changes in the above shareholdings since 29th March 1980. Since the end of the period Mr. D.L.M. Robertson was appointed a director on 12th May 1980 and Mr. L.G. Hazzard resigned on 15th June 1980.



Directors' interests in contracts

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

Fixed assets

8. The company spent £4,893,000 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 the value of freehold and leasehold properties at 29th March 1980 was in the region of £8,500,000.

Charitable contributions

9. During the period the company made donations for charitable purposes of £8,932.

Auditors

10. A resolution to reappoint Coopers & Lybrand as auditors will be proposed at the Annual General Meeting.

Income and Corporation Taxes Act 1970

11. The company is not a "close" company under the terms of the Act.

BY ORDER OF THE BOARD


Secretary

16th June 1980
Shrubbery Road,
Edmonton,
London N9 0PB

M.K. ELECTRIC LIMITED
REPORT OF THE AUDITORS TO THE MEMBERS

We report on the accounts set out on pages 4 to 13. These have been prepared under the historical cost convention as explained in the statement of accounting policies set out on pages 7 and 8.

In our opinion the accounts give a true and fair view of the state of affairs at 29th March 1980 and of the profit and source and application of funds for the fifty-two weeks ended on that date, according to the historical cost convention, and comply with the Companies Acts 1948 and 1967.

Coopers & Lybrand

Chartered Accountants

LONDON, 16th June 1980

M. K. ELECTRIC LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE 52 WEEKS ENDED 29TH MARCH 1980

	<u>Notes</u>	<u>52 weeks 1980 £' 000</u>	<u>52 weeks 1979 £' 000</u>
TURNOVER	1	<u>48,285</u>	<u>45,151</u>
PROFIT BEFORE TAXATION	2	4,356	6,868
TAXATION	4	<u>(371)</u>	<u>(1,634)</u>
PROFIT AFTER TAXATION		3,985	5,234
DIVIDENDS		<u>(4,626)</u>	<u>(5,098)</u>
NET (REDUCTION)/INCREASE IN RESERVES		<u>(641)</u>	<u>136</u>

MOVEMENT ON RESERVES

		<u>£' 000</u>	<u>£' 000</u>
OPENING RESERVES	11	9,212	9,076
NET (REDUCTION)/INCREASE IN RESERVES		<u>(641)</u>	<u>136</u>
CLOSING RESERVES	11	<u>8,571</u>	<u>9,212</u>

The policies and notes on pages 7 to 13 form part of these accounts.

Report of the auditors - page 3.

M.K. ELECTRIC LIMITED
BALANCE SHEET - 29TH MARCH 1980

	<u>Notes</u>	<u>1980</u> <u>£'000</u>	<u>1979</u> <u>£'000</u>
ASSETS EMPLOYED			
FIXED ASSETS	8	17,652	14,504
DUE FROM ASSOCIATED COMPANY		1,136	1,114
CURRENT ASSETS			
Stocks	9	13,323	12,042
Debtors		6,836	6,345
Cash		22	22
		20,181	18,409
CURRENT LIABILITIES			
Creditors	5	8,184	6,455
Dividends		2,435	5,098
Taxation		802	542
		11,421	12,095
NET CURRENT ASSETS			
		8,760	6,314
		<u>27,548</u>	<u>21,932</u>
FINANCED BY			
ORDINARY SHARE CAPITAL	10	901	901
RESERVES	11	8,571	9,212
		9,472	10,113
GROUP INDEBTEDNESS	7	18,076	11,819
		<u>27,548</u>	<u>21,932</u>

Michael. G. Donnell.

} Directors

The policies and notes on pages 7 to 13 form part of these accounts.

Report of the auditors - page 3.

M.K. ELECTRIC LIMITED

SOURCE AND APPLICATION OF FUNDS FOR THE 52 WEEKS TO 29TH MARCH 1980

	1980 £'000	1979 £'000
SOURCE OF FUNDS		
Profit before taxation	4,356	6,868
Adjustment for item not involving the movement of funds:		
Depreciation	1,704	1,243
TOTAL GENERATED FROM OPERATIONS	<u>6,060</u>	<u>8,111</u>
OTHER SOURCES		
Fixed assets - disposals	41	81
	<u>6,101</u>	<u>8,192</u>
APPLICATION OF FUNDS		
Dividends	(7,289)	(9,327)
Taxation	(111)	(1,962)
Fixed assets - additions	(4,893)	(3,665)
Associated company indebtedness	(22)	(939)
	<u>(12,315)</u>	<u>(15,893)</u>
(INCREASE)/DECREASE IN WORKING CAPITAL		
Stocks	(1,281)	(3,213)
Debtors	(491)	(931)
Creditors	1,729	1,974
Cash	-	(3)
	<u>(43)</u>	<u>(2,173)</u>
(INCREASE) IN AMOUNTS OWING TO GROUP COMPANIES	<u>(6,257)</u>	<u>(9,874)</u>

The policies and notes on pages 7 to 13 form part of these accounts.

Report of the auditors - page 3.

M.K. ELECTRIC LIMITEDACCOUNTING POLICIESGeneral

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

Historical cost convention

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

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 27th March 1976. The surplus on revaluation is credited to reserves. Plant and other fixed assets are shown at cost.

Depreciation

Depreciation is provided on a straight line basis calculated to write off the cost 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:-

	<u>Years</u>
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 rates of corporation tax ruling at the period end, except in respect of any tax reduction which is reasonably expected to continue for the foreseeable future. The amounts provided, and the full potential liability, are set out in note 6. The tax reduction referred to above is based on the extent to which management projections give reasonable expectation that for the foreseeable future:

- (a) capital allowances on plant and other fixed assets will exceed the charge for depreciation;
- (b) stocks will not reduce in money terms below current levels and therefore stock appreciation relief already claimed will continue for the foreseeable future; and
- (c) properties that have been revalued will either not be sold or, if sold, will be replaced so that taxation on the profit on disposal will continue to be deferred.

M.K. ELECTRIC LIMITEDACCOUNTING POLICIES - ContinuedResearch 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

9.

1. Turnover

Turnover representing net sales to customers, excluding value added tax, comprises:-

	52 weeks 1980 £'000	52 weeks 1979 £'000
Third parties	44,790	42,677
Group companies	3,495	2,474
	<u>48,285</u>	<u>45,151</u>

2. Profit before Taxation

The following amounts have been charged in arriving at the trading profit:-

	1980 £'000	1979 £'000
Depreciation of fixed assets	1,704	1,243
Hire of equipment	46	67
Auditors' remuneration	35	28
Directors' remuneration (note 3)	139	113
Management charge	1,450	470
	<u>1,450</u>	<u>470</u>

3. Directors' remuneration

	1980 £'000	1979 £'000
Fees	-	-
Other emoluments including pension contributions	139	113
	<u>139</u>	<u>113</u>

Emoluments excluding company pension contributions in respect of individual directors of the company were:-

	1980 £'000	1979 £'000
Chairman	NIL	NIL
	<u>24</u>	<u>21</u>
Highest paid director	24	21

M.K. ELECTRIC LIMITED

10.

NOTES TO THE ACCOUNTS - Continued

Other directors

	<u>1980</u>	<u>1979</u>
Nil - £ 5,000		
£ 5,001 - £10,000	Two	Two
£10,001 - £15,000	Nil	Nil
£15,001 - £20,000	One	Two
£20,001 - £25,000	Three	Three
	One	Nil

No employees of M.K. Electric Limited received emoluments in excess of £20,000.

4. Taxation charge

The charge for taxation is made up as follows:-

	<u>1980</u> £'000	<u>1979</u> £'000
United Kingdom corporation tax at 52% (1979-52%):		
On the profits for the period	(550)	(1,634)
Adjustment in respect of prior years	179	-
	<u>(371)</u>	<u>(1,634)</u>

The tax charge is £1,303,000 less (1979 - £2,161,000 less) than it would have been had full provision been made for the full potential liability for deferred taxation.

5. Taxation liability

	<u>1980</u> £'000	<u>1979</u> £'000
The provision for taxation comprises:-		
Corporation tax payable by 31st March 1981	236	1,108
Advance corporation tax recoverable	-	(566)
Advance corporation tax payable	332	-
Group relief	234	-
	<u>802</u>	<u>542</u>

The advance corporation tax deducted above is the excess of the amount recoverable against future corporation tax liabilities over deferred taxation (note 6).

NOTES TO THE ACCOUNTS - Continued6. Deferred taxation

The provisions for deferred taxation made in the accounts and the full potential liability are as follows:-

	<u>1980</u>		<u>1979</u>	
	<u>Provision made £'000</u>	<u>Full potential liability £'000</u>	<u>Provision made £'000</u>	<u>Full potential liability £'000</u>
Tax on the excess of capital allowances over depreciation	-	5,285	-	3,925
Stock appreciation relief	-	3,109	-	3,166
Tax that would arise on disposal of properties at their revalued amounts	-	1,406	-	1,399
	-	9,800	-	8,490
Advance corporation tax recoverable	-	-	(566)	(566)
	-	9,800	(566)	7,924
	<u>==</u>	<u>==</u>	<u>==</u>	<u>==</u>

Advance corporation tax on the dividends of M.K. Electric Holdings Limited is available for relief against future corporation tax liabilities of the company under a group election. The excess of advance corporation tax recoverable over deferred taxation is deducted from the taxation liability (note 5).

7. Group indebtedness

	<u>1980 £'000</u>	<u>1979 £'000</u>
Amounts due to holding company	18,675	12,412
Amounts due from fellow subsidiaries	(738)	(819)
Amounts due to fellow subsidiaries	139	226
	<u>18,076</u>	<u>11,819</u>
	<u>==</u>	<u>==</u>

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

NOTES TO THE ACCOUNTS - Continued8. Fixed assets

	<u>Total</u> £'000	<u>Freehold</u> <u>property</u> £'000	<u>Property</u> <u>on long</u> <u>lease</u> £'000	<u>Plant and</u> <u>machinery</u> £'000
<u>Cost or Valuation</u>				
At 1st April 1979	21,029	6,811	128	14,090
Additions	4,893	671	250	3,972
Disposals	(188)	-	-	(188)
At 29th March 1980	<u>25,734</u>	<u>7,482</u>	<u>378</u>	<u>17,874</u>
<u>Comprising</u>				
Cost	19,269	1,141	254	17,874
Valuation	6,465	6,341	124	-
	<u>25,734</u>	<u>7,482</u>	<u>378</u>	<u>17,874</u>
<u>Depreciation</u>				
At 1st April 1979	(6,525)	(284)	(8)	(6,233)
On disposals	147	-	-	147
Charge for period	(1,704)	(105)	(2)	(1,597)
At 29th March 1980	<u>(8,082)</u>	<u>(389)</u>	<u>(10)</u>	<u>(7,683)</u>
Net book value at 29th March 1980	<u>17,652</u>	<u>7,093</u>	<u>368</u>	<u>10,191</u>

9. Stocks

	<u>1980</u> £'000	<u>1979</u> £'000
Stocks comprise:-		
Raw materials	2,452	2,343
Work in progress	6,178	6,289
Finished goods	4,693	3,410
	<u>13,323</u>	<u>12,042</u>

M.K. ELECTRIC LIMITED
NOTES TO THE ACCOUNTS - Continued

13.

10. Ordinary share capital

	<u>1980</u> £'000	<u>1979</u> £'000
Ordinary shares of £1 each		
Authorised: 1,500,000 shares	1,500	1,500
	<u> </u>	<u> </u>
Issued and fully paid: 900,605 shares	901	901
	<u> </u>	<u> </u>

11. Reserves

	<u>1980</u> £'000	<u>1979</u> £'000
Surplus on revaluation of properties	4,495	4,495
Retained profits	4,076	4,717
	<u>8,571</u>	<u>9,212</u>

12. Future capital expenditure

	<u>1980</u> £'000	<u>1979</u> £'000
Contracted but not provided	1,430	1,083
Authorised but not yet contracted	-	57
Approved in principle but subject to specific authorisations	4,946	8,278
	<u>6,376</u>	<u>9,418</u>

13. Contingent liabilities

There were no material contingent liabilities.