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M.K. ELECTRIC LIMITED

ACCOUNTS
29 MARCH 1975

ROWLAND & CO.,
Chartered Accountants,
Cross Keys House,
56, Moorgate,
London, EC2R 6ET

M.K. ELECTRIC LIMITED

REPORT OF THE DIRECTORS

The directors submit their report and accounts for the 52 weeks ended 29 March 1975.

ACTIVITIES

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

RESULTS

	1975	1974
Profit before taxation	£448,176	£ 854,819
Profit after taxation	£222,538	£ 902,601
Profit after taxation and extraordinary items	£330,538	£ 780,501

EXPORTS

Exports amounted to £3,300,396 (1974 £2,126,634).

DIVIDENDS

The directors recommend an ordinary dividend of £330,000.

DIRECTORS

The directors of the Company during the year and their beneficial, including family, interests in the ordinary shares of M.K. Electric Holdings Limited, including those held under the terms of the share incentive scheme, are detailed below:

	Ordinary shares		Share incentive scheme	
	29 March 1975	31 March 1974	29 March 1975	31 March 1974
D.L.M. Robertson	3,000	3,000	-	-
C.F.P. Adamson (resigned 30 April 1975)	300	300	14,000	14,000
D.E.F. Canney	2,500	2,500	-	-
M.C. Clear (resigned 16 May 1975)	-	-	23,000	23,000
M.J. Dowsett	16,600	11,900	14,000	14,000
R.W. Dowsett (resigned 25 July 1974)	-	30,000	-	-
J.J. Fallon	1,000	-	9,500	9,500
L.G. Hazzard (appointed 1 June 1974)	1,500	-	-	-
F.D. O'Brien Newman (resigned 31 December 1974)	-	20,000	-	-
D.G. Rance (appointed 1 June 1974)	-	-	-	-
R.F. Sumner	2,000	2,000	-	-

The interests of Mr. L.G. Hazzard and Mr. D.G. Rance are shown at 1 June 1974 and 29 March 1975.

Mr. E. Race was appointed a director on 30 April 1975.

M.K. ELECTRIC LIMITED

REPORT OF THE DIRECTORS
continued

FIXED ASSETS

The Company spent £1,264,846 on plant and other fixed assets during the year.

The policy of the Company is to revalue property every five years, the last valuation having been undertaken in 1971. The directors are of the opinion that, at the present time, the existing use value of freehold and leasehold properties exceeds the book value by not less than £1,450,000.

AUDITORS

Rowland & Co. are willing to continue in office.

By order of the board

G.A. FRY

Secretary

25 June 1975

REPORT OF THE AUDITORS

to the members of

M.K. ELECTRIC LIMITED

In our opinion the accounts on pages 4 to 10 give a true and fair view of the state of the Company's affairs at 29 March 1975 and of the profit for the 52 weeks ended on that date and comply with the Companies Acts 1948 and 1967.

ROWLAND & CO.

Chartered Accountants
Cross Keys House, 56 Moorgate, London, EC2R 6ET

25 June 1975

M.K. ELECTRIC LIMITED

PROFIT AND LOSS ACCOUNT
for the 52 weeks ended 29 March 1975

	Notes	1975 £	1974 £
TURNOVER	2	<u>20,032,744</u>	<u>17,347,985</u>
TRADING PROFIT	3	833,560	1,853,799
Interest paid	5	<u>385,384</u>	<u>(1,020)</u>
PROFIT BEFORE TAXATION		448,176	1,854,819
Taxation	6	<u>225,638</u>	<u>952,218</u>
PROFIT AFTER TAXATION		222,538	902,601
Extraordinary items	7	<u>(108,000)</u>	<u>122,100</u>
PROFIT AFTER TAXATION AND EXTRAORDINARY ITEMS		330,538	780,501
Dividends	8	<u>330,000</u>	<u>779,950</u>
RETAINED PROFIT		<u>538</u>	<u>551</u>

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

Certified to be a true copy of the directors' report and accounts laid before the company in general meeting during the period to which this return relates and of the report of the auditors thereon.

M.K. ELECTRIC LIMITED

BALANCE SHEET
at 29 March 1975

.....*[Signature]*.....Director
.....*[Signature]*.....Secretary
1975 1974
£ £

Assets employed:

FIXED ASSETS	9	6,787,351	6,432,556
INTER GROUP INDEBTEDNESS	10	(5,736,152)	(2,370,699)
		<u>1,051,199</u>	<u>4,061,857</u>

CURRENT ASSETS

Stocks		6,839,100	4,808,824
Debtors	11	3,577,083	3,834,270
Cash		60,573	75,502
		<u>10,476,756</u>	<u>8,718,596</u>

CURRENT LIABILITIES

Creditors		1,521,634	2,762,342
Taxation		-	253,603
Dividends	8	330,000	739,000
		<u>1,851,634</u>	<u>3,754,945</u>

NET CURRENT ASSETS

8,625,122	4,963,651
<u>9,676,321</u>	<u>9,025,508</u>

Financed by:

SHARE CAPITAL	12	900,605	900,605
RESERVES	13	<u>7,542,615</u>	<u>7,542,077</u>
		8,443,220	8,442,682
DEFERRED TAXATION	14	1,233,101	582,826
		<u>9,676,321</u>	<u>9,025,508</u>

D.L.M. ROBERTSON

Director

L.G. HAZZARD

Director

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

M.K. ELECTRIC LIMITED

NOTES ON THE ACCOUNTS

1. ACCOUNTING POLICIES

Fixed assets and depreciation

Freehold property and property held on long lease are revalued professionally at five yearly intervals, the last valuation having taken place in 1971. The surplus on revaluation is credited to reserve. 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 fixed 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	
Purchased	33 $\frac{1}{3}$ % straight line
Made-in	charged to revenue as incurred

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 and net realisable value. In the case of finished stock and work in progress, cost comprises materials and labour with an addition for works overheads.

Deferred taxation

Deferred taxation, calculated at current rates of taxation, represents tax on the difference between depreciation and tax allowances on fixed assets and stock increase relief.

Advance corporation tax on the dividends of M.K. Electric Holdings Limited, available for relief against future corporation tax liabilities under a grouping arrangement, is deducted from deferred taxation.

Group accounts

Group accounts dealing with the company and its subsidiary M.K. Electric Pension Limited are not required since the Company is itself the wholly owned subsidiary of M.K. Electric Holdings Limited.

M.K. ELECTRIC LIMITED

NOTES ON THE ACCOUNTS
continued

2. TURNOVER

Turnover represents sales to external customers.

3. TRADING PROFIT

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

	1975 £	1974 £
Depreciation of fixed assets	858,783	881,287
Profit on disposal of fixed assets	(20,613)	375
Hire of equipment	38,735	-
Auditors' remuneration	11,000	5,700
Directors' remuneration (note 4)	58,270	47,626
Management charge	182,000	-

4. DIRECTORS' REMUNERATION

	£	£
Fees	5,850	6,436
Other emoluments including pension contributions	52,420	36,190
Payments to a former director	-	5,000
	<u>58,270</u>	<u>47,626</u>

Chairman
Highest paid director
Directors including chairman and highest paid director:

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

5. INTEREST PAID :

	£	£
Holding company	391,254	-
Bank	(5,870)	(1,020)
	<u>385,384</u>	<u>(1,020)</u>

M.K. ELECTRIC LIMITED

NOTES ON THE ACCOUNTS continued

6. TAXATION

	1975 £	1974 £
Based on the profit for the year:		
Group relief	(14,200)	-
Corporation tax (1974 - 52%)	-	603,000
Deferred taxation	354,000	347,000
Advance corporation tax not recoverable	-	2,218
Taxation adjustment mainly in respect of stock relief	(114,162)	-
	<u>225,638</u>	<u>952,218</u>

Provision has not been made in the accounts for taxation estimated to amount to £112,500 on the capital gains which would arise if the freehold property and property held on long lease were realised at their valuation.

7. EXTRAORDINARY ITEMS

The credit of £108,000 represents an additional sum received in accordance with an agreement in respect of land formerly owned by the Company.

The charge of £122,100 in 1974 represents the increase in the tax on the difference between depreciation and tax allowances at 31 March 1973 as a result of the increase in rate of corporation tax from 40% to 52%.

8. DIVIDENDS

	1975 £	1974 £
Paid on cumulative preference shares	-	40,950
Proposed on ordinary shares	<u>330,000</u>	<u>739,000</u>
	<u>330,000</u>	<u>779,950</u>

M.K. ELECTRIC LIMITED

NOTES ON THE ACCOUNTS continued

9. FIXED ASSETS	Freehold property £	Property on long lease £	Plant and machinery etc. £	1975 Total £	1974 £
Net book value:					
At 31 March 1974	3,976,602	79,246	2,376,708	6,432,556	5,759,181
Additions at cost	179,892	-	1,084,954	1,264,846	1,560,785
Disposals	(5,520)	-	(45,748)	(51,268)	(6,123)
Depreciation charged	(59,460)	(1,733)	(797,590)	(858,783)	(881,287)
At 29 March 1975	<u>4,091,514</u>	<u>77,513</u>	<u>2,618,324</u>	<u>6,787,351</u>	<u>6,432,556</u>
Comprising:					
Cost	372,959	19,253	7,488,169	7,880,381	6,748,273
Valuation	3,945,150	64,500	-	4,009,650	4,015,650
Accumulated depreciation	(226,595)	(6,240)	(4,869,845)	(5,102,680)	(4,331,367)
	<u>4,091,514</u>	<u>77,513</u>	<u>2,618,324</u>	<u>6,787,351</u>	<u>6,432,556</u>

10. INTER-GROUP INDEBTEDNESS	1975 £	1974 £
Shares at cost	100 ✓	100
Due to subsidiary	<u>(100)</u>	<u>(100)</u>
	-	-
Due to holding company	(5,689,596)	(2,258,341)
Due to fellow subsidiary	(46,556)	(112,358)
	<u>(5,736,152)</u>	<u>(2,370,699)</u>

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

M.K. Electric Limited holds all of the issued share capital of M.K. Electric Pension Limited a company incorporated and registered in England.

M.K. ELECTRIC LIMITED

NOTES ON THE ACCOUNTS continued

11. DEBTORS

	1975 £	1974 £
Debtors include a secured loan to a director		
At 31 March 1974	6,700	7,100
Repayments	400	400
At 29 March 1975	<u>6,300</u>	<u>6,700</u>

12. SHARE CAPITAL

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

13. RESERVES

	£	£
At 31 March 1974	7,542,077	7,541,526
Retained profit for year	538	551
At 29 March 1975	<u>7,542,615</u>	<u>7,542,077</u>

Reserves include surplus on revaluation of properties £1,995,468.

14. DEFERRED TAXATION

	£	£
Deferred taxation comprises tax on:		
Difference between depreciation and tax allowances	1,094,100	876,100
Stock increase relief	739,000	-
Advance corporation tax recoverable	(599,999)	(293,274)
	<u>1,233,101</u>	<u>582,826</u>

15. FUTURE CAPITAL EXPENDITURE

	£	£
Contracted but not provided	34,120	567,971

16. CONTINGENT LIABILITIES

Guarantee for the bank overdraft of the holding company	3,808,989	975,673

The bank overdraft of M.K. Electric Holdings Limited is secured by a charge on certain of the Company's freehold property.