

HENRY HARGREAVES AND SONS LIMITED

A member of the Senior Engineering Group

DIRECTORS' REPORT AND ACCOUNTS

31ST DECEMBER, 1975

Tansley Witt & Co  
Chartered Accountants



REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their Report and Accounts for the year ended 31st December, 1975. The Notes annexed to the Accounts should be read in conjunction with this Report.

1. BUSINESS ACTIVITIES

The Company manufactures and erects light fabrications in aluminium, galvanised, mild and stainless steels and plastics.

The products are required for air-conditioning, dust collection, fume removal, ventilation and insulation cladding. The main fields of activities are found in the building, paper making, catering, chemical industries and nuclear power undertakings.

2. TRADING

The Company experienced a satisfactory level of trading during 1975 and the Directors also consider that the state of the Company's affairs is satisfactory.

3. PROFIT AND DIVIDEND

The profit of the Company for the year, after taxation is £153,531 which has been dealt with as shown in the Profit and Loss Account. An interim dividend of £153,531 has been declared.

4. DIRECTORS

The Board of the Company at present comprises:

H.G. Hargreaves  
J. Bleakley  
G.A. Higginbotham  
R.H. Newby  
F. Ratcliffe  
K. Crane  
E. Smallwood

There were no changes during the year.

The Directors, other than those who are also Directors of the Ultimate Holding Company, held the following number of 10p shares in the capital of Senior Engineering Group Limited, at 31st December, 1975.

	<u>1975</u>			<u>1974</u>		
	<u>Executive Share Purchase Scheme</u>			<u>Executive Share Purchase Scheme</u>		
	<u>Shares of 10p (fully paid)</u>	<u>Shares of 10p Restricted (fully paid)      (1p paid)</u>		<u>Shares of 10p (fully paid)</u>	<u>Shares of 10p Restricted (fully paid)      (1p paid)</u>	
<u>Name</u>						
J. Bleakley	59,500	22,500	22,500	47,500	22,500	22,500
G.A. Higginbotham	-	22,500	22,500	-	22,500	22,500
R.H. Newby	1,600	-	-	1,600	-	-
F. Ratcliffe	-	22,500	22,500	-	22,500	22,500
K. Crane	-	-	-	-	-	-
E. Smallwood	-	-	-	-	-	-

Note: The above- mentioned partly paid shares were issued under an Executive Share Purchase Scheme approved at the Parent Company Extraordinary General Meeting held on 29th May, 1970. The fully paid (restricted) shares were issued in 1974 to holders of partly paid shares as part of the capitalisation of reserves and have similar restrictions as the partly paid shares.

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HENRY HARGREAVES AND SONS LIMITED

REPORT OF THE DIRECTORS

(CONTINUED)

5. EXPORTS

	<u>1975</u>	<u>1974</u>
Value of goods exported from the United Kingdom during the year amounted to	£ Nil	£ Nil

6. LAND AND BUILDINGS

The Company's premises were revalued as at 31st December, 1973.

7. AUDITORS

Messrs. Tansley Witt & Company, Chartered Accountants, will continue in office as Auditors of the Company under the provisions of the Companies Acts.

BY ORDER OF THE BOARD

G.A. HIGGINBOTHAM

SECRETARY

# Tansley Witt & Co

In Association with Bernard Phillips & Co

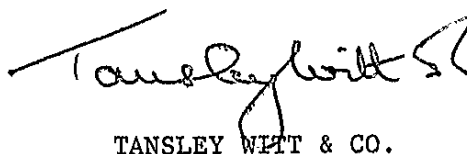
Chartered Accountants

P.O. Box No. 71, 28 Ely Place, London EC1P 1JE.

## REPORT OF THE AUDITORS

### TO THE MEMBERS OF HENRY HARGREAVES AND SONS LIMITED

In our opinion the Accounts set out on pages 4 to 10 give a true and fair view of the state of the Company's affairs at 31st December, 1975 and of the profit for the year ended on that date and comply with the Companies Acts 1948 and 1967.



TANSLEY WITT & CO.

CHARTERED ACCOUNTANTS

31st March, 1976

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HENRY HARGREAVES AND SONS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 1975

	<u>NOTES</u>	<u>1975</u> <u>£</u>	<u>1974</u> <u>£</u>
TURNOVER	1	<u>£4,857,797</u>	<u>£3,542,182</u>
PROFIT BEFORE TAXATION	2	328,836	, 154,939
TAXATION	3	<u>175,305</u>	<u>89,970</u>
PROFIT AFTER TAXATION		153,531	64,969
DIVIDENDS		<u>153,531</u>	<u>64,969</u>
RETAINED PROFITS		<u>£ Nil</u>	<u>£ Nil</u>

STATEMENT OF RETAINED PROFITS AND RESERVES

AMOUNTS BROUGHT FORWARD	192,362	192,362
INVESTMENT GRANT RECEIVED RE PRIOR YEAR	<u>6,386</u>	<u>-</u>
TOTAL AT 31ST DECEMBER, 1975	<u>£ 198,748</u>	<u>£ 192,362</u>

Of the total reserves at 31st December, 1975 the Directors consider that £126,268 (1974 £119,882) is not available for distribution by way of dividend to shareholders.

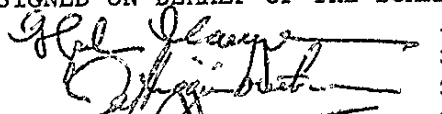
The notes on pages 7 to 10 form part of these accounts.

HENRY HARGREAVES AND SONS LIMITED

BALANCE SHEET AT 31ST DECEMBER, 1975

	NOTES	£	1975	£	1974
NET ASSETS EMPLOYED:					
FIXED ASSETS	4		531,718		526,918
CURRENT ASSETS					
Stock and work-in-progress	1	960,175		583,389	
Debtors	5	715,974		532,167	
Amounts due from group companies		33,173		51,706	
Bank balances and cash		21,780		41,953	
		<u>1,731,102</u>		<u>1,209,215</u>	
LESS: CURRENT LIABILITIES					
Creditors and provisions for uncompleted contracts		683,030		559,314	
Amounts owing to group companies		110,343		33,748	
Taxation	3	-		67,000	
		<u>793,373</u>		<u>660,062</u>	
NET CURRENT ASSETS			937,729		549,153
			<u>£1,469,447</u>		<u>£1,076,071</u>
FINANCED AS FOLLOWS:					
SHARE CAPITAL	6		31,317		31,317
SHARE PREMIUM ACCOUNT			3,159		3,159
RESERVES			198,748		192,362
SHAREHOLDERS' FUNDS			<u>233,224</u>		<u>226,838</u>
AMOUNT DUE TO ULTIMATE HOLDING COMPANY					
On Current and Loan Account		594,138		575,633	
Interim Dividend (since paid)		<u>153,531</u>		<u>64,969</u>	
			747,669		640,602
DEFERRED TAXATION	3		488,554		208,631
			<u>£1,469,447</u>		<u>£1,076,071</u>

SIGNED ON BEHALF OF THE BOARD

 )  
 ) DIRECTORS

The notes on pages 7 to 10 form part of these accounts.

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HENRY HARGREAVES AND SONS LIMITED

STATEMENT OF SOURCES AND APPLICATIONS OF FUNDS

FOR THE YEAR ENDED 31ST DECEMBER, 1975

	£	<u>1975</u>	£	£	<u>1974</u>	£
<b>SOURCES:</b>						
Profit before taxation			328,836			154,939
Depreciation			59,594			52,849
Loss/(Profit) on sale of fixed assets			258			(1,188)
			<hr/>			<hr/>
Total generated from operations			388,688			206,600
Sale proceeds of fixed assets			875			9,345
Investment Grant received			6,386			-
Stock relief surrendered to group companies			37,618			50,715
			<hr/>			<hr/>
			£433,567			£266,660
			<hr/>			<hr/>
<b>APPLICATIONS:</b>						
Dividends paid			64,969			86,980
Capital expenditure			65,527			86,706
Taxation paid			-			44,040
Working capital increase:						
Stock increase	376,786			76,005		
Debtors increase	183,807			104,815		
(Increase) in amounts owing to group companies	(113,633)			(97,704)		
(Increase) in other current liabilities	(123,716)			(69,007)		
			<hr/>			<hr/>
			323,244			14,109
			<hr/>			<hr/>
			£453,740			£231,835
			<hr/>			<hr/>
INCREASE (DECREASE) IN NET LIQUID FUNDS			£(20,173)			£ 34,825
			<hr/>			<hr/>
<b>MOVEMENT OF FUNDS BORROWINGS:-</b>						
At 31st December, 1974						
- Bank and cash balances			41,953			7,128
INCREASE (DECREASE) IN NET LIQUID FUNDS			(20,173)			34,825
			<hr/>			<hr/>
At 31st December, 1975						
- Bank and cash balances			£21,780			£41,953
			<hr/>			<hr/>

NOTES ON ACCOUNTS

## 1. STATEMENT OF ACCOUNTING POLICIES

## 1.1 Fixed Assets

Fixed assets are depreciated at rates calculated to write off the assets over their estimated useful lives. The rates in use, applied to cost, or subsequent valuation are as follows:-

Freehold Land and Buildings	at varying rates between 2% and 10%
Short Leasehold	Over period of lease.
Plant and Machinery	10%
Motor Vehicles	25%
Furniture and Fittings	20%

Loose tools have been valued by the directors by reference to their anticipated life.

## 1.2 Turnover

Comprises the total value of sales invoices rendered during the year inclusive of inter-group sales at arms length, but exclusive of Value Added Tax.

## 1.3 Stock and Work-in-Progress

Raw Materials and Stores have been valued at the lower of cost or realisable value on bases and methods consistently applied. Work-in-Progress has been valued on the basis of total cost including overheads and an element of profit where appropriate.

## 1.4 Deferred Taxation

Provision is made in the accounts for deferred taxation calculated on the liability method arising due to capital allowances exceeding the provision for depreciation. Deferred taxation also includes the benefit of tax relief on the increase in stock value, the period of deferment of which is uncertain.

## 2. PROFIT BEFORE TAXATION

	<u>1975</u> £	<u>1974</u> £
The profit for the year before taxation is stated after charging:		
Directors' emoluments		
Management remuneration and pension contributions	53,111	42,883
Auditors' fee and expenses	4,576	3,280
Depreciation	59,594	52,849
Interest payable to holding company	7,000	39,000
and after crediting:		
Net (Loss)/surplus on sale of fixed assets	(258)	1,188

Division of Directors' fees and management remuneration:

	£	£
Chairman	Nil	Nil
Highest-paid Director	9,693	9,172
Other Directors		
	Number	Number
£5,001 - £ 7,500	3	3
£7,501 - £10,000	2	2



# HENRY HARGREAVES AND SONS LIMITED

## NOTES ON ACCOUNTS (Continued)

### 3. TAXATION

	<u>1975</u> £	<u>1974</u> £
The taxation charge based on the profit before taxation comprises:		
Corporation Tax at 52% (1974 52%)	-	67,000
Transfer to deferred taxation	177,700	20,000
	<u>177,700</u>	<u>87,000</u>
Adjustments relating to prior years	(2,395)	2,970
	<u>£175,305</u>	<u>£89,970</u>

Taxation liabilities are payable as follows:

Corporation Tax payable 1st January, 1977	<u>-</u>	<u>£67,000</u>
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Deferred taxation comprises:

Arising by reason of accelerated capital allowances	96,000	79,000
Relief attributable to increase in stock and work in progress	392,554	129,631
	<u>£488,554</u>	<u>£208,631</u>

### 4. FIXED ASSETS

For details of fixed asset movements in year see annexed schedule.

### 5. DEBTORS-RETENTIONS

Approximately £278,710 (1974 £233,844) is represented by retentions on long term contracts, a material proportion of which will not be received within twelve months.

### 6. SHARE CAPITAL

	<u>Authorised</u>		<u>Issued and Fully Paid</u>	
	<u>1975</u> £	<u>1974</u> £	<u>1975</u> £	<u>1974</u> £
Ordinary Shares of £1 each	<u>50,000</u>	<u>50,000</u>	<u>31,317</u>	<u>31,317</u>

HENRY HARGREAVES AND SONS LIMITED

SCHEDULE OF MOVEMENTS OF FIXED ASSETS

YEAR ENDED 31ST DECEMBER, 1975

	Freehold Land and Buildings £	Short Lease £	Machinery & Plant £	Motor Vehicles £	Furniture & Fittings £	Total £
<u>COST OR VALUATION</u>						
At 1st January, 1975						
Cost	95,693	9,661	275,551	44,320	33,643	458,868
Valuation 31st December, 1973	300,450	-	-	-	-	300,450
Additions during year	1,036	-	36,072	15,542	13,043	65,693
Disposals	-	-	(1,616)	-	-	(1,616)
At 31st December, 1975						
Cost	96,729	9,661	310,007	59,862	46,686	522,945
Valuation 31st December, 1973	300,450	-	-	-	-	300,450
<u>DEPRECIATION</u>						
As at 1st January, 1975	53,308	97	137,824	24,564	24,980	241,647
Charge for year	14,480	966	24,032	14,077	6,039	59,594
Depreciation on disposals during year	-	-	(483)	-	-	(483)
NET BOOK VALUE 31ST DECEMBER, 1975	67,788	1,937	161,373	38,641	31,019	300,758
	£329,391	£ 7,724	£148,634	£ 21,221	£ 15,667	522,637
					Loose plant, Tools at Valuation	9,081
					TOTAL NET BOOK VALUE 31.12.75	£531,718
NET BOOK VALUE 31ST DECEMBER, 1974	£342,835	£ 8,690	£137,727	£ 19,756	£ 8,663	517,671
					Loose plant, Tools at Valuation	9,247
					TOTAL NET BOOK VALUE 31.12.74	£526,918

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HENRY HARGREAVES AND SONS LIMITED

NOTES ON ACCOUNTS (Continued)

	<u>1975</u> £	<u>1974</u> £
7. COMMITMENTS AND CONTINGENT LIABILITIES		
Future capital expenditure		
Contracted for but not provided for in the accounts	20,118	10,000
Authorised by the Directors but not contracted for	-	15,550
	<u>£20,118</u>	<u>£25,550</u>

There are contingent liabilities as follows:

If the revalued properties owned by the Company are realised at the revaluation figure there will be a liability to Corporation Tax amounting to £35,000.

Guarantees:-

The Company is a guaranteeing subsidiary for £1,439,083 of 9.6 per cent. Unsecured Loan Stock 1991/96 created under a Trust Deed dated 21st April, 1972, a First Supplemental Trust Deed dated, 16th October, 1972 and a Second Supplemental Trust Deed dated, 8th October, 1973 and made between Senior Engineering Group Limited and Alliance Assurance Company Limited.

The Company also is a guarantor for the overdraft facility which Senior Engineering Group Limited, has with the Midland Bank Limited, as at 31st December, 1974 and for the acceptance credit facility with S.G. Warburg & Co. Limited, at the same date.

8. HOLDING COMPANY

The company's ultimate holding company is Senior Engineering Group Limited, incorporated in the United Kingdom.