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WEYBURN-BARTEL LIMITED
(Formerly Carborundum Engine Components Limited)

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31st DECEMBER 1980

1. The directors present herewith the audited accounts for the year ended 31st December 1980.

Group Results

2. The consolidated profit and loss account for the year and statement of consolidated retained profits are set out on page 4.

Dividends

3. The directors recommend that no dividends should be paid.

Activities

4. The group are precision engineers engaged in the manufacture of components for truck, tractor, automobile, marine and stationary engines.
5. On 11th April 1980, the assets of the Carborundum Precision Components, a division of the company, were sold.
6. On 23rd May 1980 the Bath factory was closed and the machinery and equipment transferred to the factories at Elstead and Easing.
7. On 4th June 1981 the company's former ultimate holding company, The Kennecott Corporation, was taken over by The Standard Oil Company (Ohio) which is itself a subsidiary of The British Petroleum Company Limited.

Change of Name

8. On 1st January 1981 the company changed its name to Weyburn-Bartel Limited.

Exports

9. The value of exports from the United Kingdom by the group during the year amounted to £2,326,000, (1979 - £1,574,000).

Changes in Fixed Assets

10. The changes in fixed assets during the year are set out in note 8 to the accounts.



Directors

11. The directors of the company at 31st December 1980 were:-

E.J. Finn (U.S.A.)
T.J. Campbell (U.S.A.)
D.F.L. Hope
F.M. O'Brien
H.A. Kirk

With the exception of Mr. D.F.L. Hope, who was appointed to the board as from 4th March 1980, all the above were directors of the company throughout the year.

12. Mr. J.A. Reeves resigned from the board on 30th May 1980.

Directors' Interests in Shares

13. The directors, according to the register required to be kept under Section 29 of the Companies Act 1967, did not have, at the beginning or end of the year, any interests in shares which are required by the Act to be notified to the company.

Average Number of Employees and Their Remuneration

14. The average number of persons employed by the group in the United Kingdom during the year was 508 (1979 - 806). The aggregate remuneration paid or payable in respect of that period to these employees amounted to £2,973,000, (1979 - £3,715,000).

Political and Charitable Contributions

15. During the year the group made charitable donations amounting to £285, (1979 - £146). There were no political contributions (1979 - none).

Close Company Provision

16. As far as the directors are aware, the company is not a close company within the terms of the Income and Corporation Taxes Act 1970, as amended.

Auditors

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

BY ORDER OF THE BOARD

A.W. HYAMS

Secretary

10th June 1981
Elstead,
Godalming,
Surrey.

WEYBURN-BARTEL LIMITED
(Formerly Carborundum Engine Components Limited)

REPORT OF THE AUDITORS TO THE MEMBERS

1. We have audited the accounts on pages 4 to 14, which have been prepared under the historical cost convention. Our audit was conducted in accordance with approved Auditing Standards except that the scope of our work was limited by the matter referred to below.
2. As explained in note 9 to the accounts, the consolidated accounts for the year ended 31st December 1980 include the unaudited accounts of the company's overseas subsidiaries for that period. Since audited accounts are not available for these subsidiaries, we have not obtained all the information and explanations we considered necessary. Consequently, we are unable to satisfy ourselves that the amounts included in the consolidated accounts in respect of these subsidiaries are fairly stated.
3. Because of the significance of the figures in the accounts of the overseas subsidiaries, we are unable to form an opinion as to whether the accounts give a true and fair view of the state of affairs of the group at 31st December 1980 or of the profit or source and application of funds of the group for the year then ended, or whether the accounts comply with the Companies Acts 1948 to 1980.
4. The accounts do not contain the current cost accounts required by Statement of Standard Accounting Practice No. 16.

COOPERS & LYBRAND

Chartered Accountants

LONDON, 10th June 1981

WEYBURN-BARTEL LIMITED
(Formerly Carborundum Engine Components Limited)

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 31st December 1980

	<u>Notes</u>	<u>1980</u> <u>£'000</u>	<u>1979</u> <u>£'000</u>
TURNOVER	2	9,930	13,449
PROFIT/(LOSS) BEFORE TAXATION	3	(284)	244
TAXATION	6	188	(71)
PROFIT/(LOSS) AFTER TAXATION AND BEFORE EXTRAORDINARY ITEMS		(96)	173
EXTRAORDINARY ITEMS	7	203	(123)
RETAINED PROFIT FOR YEAR		107	50
MOVEMENT IN RESERVES			
RESERVES AT BEGINNING OF YEAR		1,470	1,475
RETAINED PROFIT FOR YEAR		107	50
EFFECT OF CHANGES IN EXCHANGE RATES		(335)	(55)
RESERVES AT END OF YEAR		1,242	1,470

The notes on pages 8 to 14 form part of these accounts.

Auditors' report - page 3.

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WEYBURN-BARTEL LIMITED
(Formerly Carborundum Engine Components Limited)

CONSOLIDATED BALANCE SHEET
AS AT 31ST DECEMBER 1980

	Notes	1980		1979	
		£'000	£'000	£'000	£'000
ASSETS EMPLOYED					
FIXED ASSETS	8				
Properties		1,166		1,388	
Plant		<u>2,742</u>		<u>3,518</u>	
			3,908		4,906
AFFILIATED COMPANIES	10		(1,219)		(1,472)
CURRENT ASSETS					
Stock and work in progress	11	1,681		2,455	
Debtors and prepayments		1,772		2,680	
Cash and bank balances		<u>408</u>		<u>501</u>	
		<u>3,861</u>		<u>5,636</u>	
CURRENT LIABILITIES					
Creditors and accruals		1,835		2,225	
Provision for factory closure costs		-		256	
Taxation		51		146	
Bank overdrafts		<u>-</u>		<u>1,500</u>	
		<u>1,886</u>		<u>4,127</u>	
NET CURRENT ASSETS			1,975		1,509
			<u>4,664</u>		<u>4,943</u>
FINANCED BY					
SHARE CAPITAL	12		2,498		2,498
RESERVES			<u>1,242</u>		<u>1,470</u>
SHAREHOLDERS' FUNDS			3,740		3,968
DEFERRED TAXATION	14		<u>924</u>		<u>975</u>
			<u>4,664</u>		<u>4,943</u>

The notes on pages 8 to 14 form part of these accounts.

Auditors' report - page 3.

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WEYBURN-BARTEL LIMITED
(Formerly Carborundum Engine Components Limited)

BALANCE SHEET AS AT 31ST DECEMBER 1980

	Notes	1980		1979	
		£'000	£'000	£'000	£'000
ASSETS EMPLOYED					
FIXED ASSETS	8				
Properties		685		792	
Plant		<u>1,399</u>		<u>2,028</u>	
			2,084		2,820
SUBSIDIARY COMPANIES	9		1,543		942
AFFILIATED COMPANIES	10		(984)		(397)
CURRENT ASSETS					
Stock and work in progress	11	1,253		2,022	
Debtors and prepayments		1,249		2,164	
Cash and bank balances		<u>270</u>		<u>295</u>	
		<u>2,772</u>		<u>4,481</u>	
CURRENT LIABILITIES					
Creditors and accruals		1,434		1,848	
Provision for factory closure costs		-		256	
Bank overdrafts		<u>-</u>		<u>1,500</u>	
		<u>1,434</u>		<u>3,604</u>	
NET CURRENT ASSETS			1,338		877
			<u>3,981</u>		<u>4,242</u>
FINANCED BY					
SHARE CAPITAL	12		2,498		2,498
RESERVES	13		<u>734</u>		<u>904</u>
SHAREHOLDERS' FUNDS			3,232		3,402
DEFERRED TAXATION	14		<u>749</u>		<u>840</u>
			<u>3,981</u>		<u>4,242</u>

D.F. HOPE }
T.J. CAMPBELL } Directors

The notes on pages 8 to 14 form part of these accounts.

Auditors' report - page 3.

WFYBURN-BARTEL LIMITED
(Formerly Carborundum Engine Components Limited)

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CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 31ST DECEMBER 1980

	1980		1979	
	£'000	£'000	£'000	£'000
SOURCE OF FUNDS				
Profit/(loss) before taxation	(284)		244	
Extraordinary items before taxation*	<u>423</u>		<u>(256)</u>	
		139		(12)
ADJUSTMENTS FOR ITEMS NOT INVOLVING MOVEMENTS OF FUNDS				
Depreciation	569		546	
Effects of changes in exchange rates	<u>(45)</u>		<u>8</u>	
		524		554
FUNDS FROM OTHER SOURCES				
Disposals of fixed assets*		943		24
APPLICATION OF FUNDS				
Taxes paid/(repaid)	132		(285)	
Purchase of fixed assets	850		1,026	
Repayment of long term loans	-		218	
Affiliated and subsidiary companies	<u>253</u>		<u>395</u>	
		(1,235)		(1,354)
		<u>371</u>		<u>(788)</u>
MOVEMENT IN WORKING CAPITAL				
Decrease in stock and work in progress*	(774)		(56)	
Increase/(decrease) in debtors and prepayments*	(908)		934	
(Increase)/decrease in creditors, accruals and provisions*	<u>646</u>		<u>(805)</u>	
		(1,036)		73
MOVEMENT IN NET LIQUID FUNDS				
Increase/(decrease) in cash and bank balances	(93)		74	
(Increase)/decrease in bank overdrafts	<u>1,500</u>		<u>(935)</u>	
		1,407		(861)
		<u>371</u>		<u>(788)</u>
*SUMMARY OF EFFECTS OF DISPOSAL OF ASSETS OF CARBORUNDUM PRECISION COMPONENTS DIVISION	£'000		£'000	
Net assets disposed of:		Discharged by:		
Fixed assets	791	Cash received	2,162	
Stock and work in progress	514	Extraordinary profit	(498)	
Debtors and prepayments	797	before taxation		
Creditors and accruals	<u>(438)</u>			
	<u>1,664</u>			<u>1,664</u>

WEYBURN-BARTEL LIMITED
(Formerly Carborundum Engine Components Limited)

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1980

1. Principal Accounting Policies

(a) Basis of Consolidation

The consolidated profit and loss account and balance sheet include the accounts of the parent company and its subsidiary companies made up to the end of the financial period, including the unaudited accounts of the company's foreign subsidiaries (see note 9). Where the accounting practices of subsidiaries differ from the group's accounting policies, appropriate adjustments are made on consolidation in order to present group accounts on a uniform basis. Inter-group sales and profits are eliminated on consolidation and all sales and profit figures relate to external transactions only.

(b) Conversion of Foreign Currencies

Assets and liabilities in foreign currencies and the profits of overseas subsidiaries are translated into sterling at the rates of exchange ruling at the balance sheet date. Differences arising on the translation of the net current assets of overseas subsidiaries are included in trading profits. Differences arising on the translation of fixed assets less associated foreign currency borrowings are taken to reserves.

(c) Fixed Assets and Depreciation

Fixed assets are stated at cost less accumulated depreciation, with the exception of freehold land and buildings in the United Kingdom which are stated at a valuation as at 31st October 1973, less accumulated depreciation. Depreciation on plant, machinery and equipment is provided at rates varying between 10% per annum and 25% per annum on cost, depending on type of asset. Depreciation on buildings is provided at 2% per annum on cost, or where applicable, valuation. Leasehold properties are amortised over the length of the lease.

(d) Stock and Work in Progress

Stock and work in progress are valued at the lower of cost or net realisable value. In the case of finished goods and work in progress, cost includes all direct expenditure and production overheads, based on the normal level of activity. Net realisable value is the price at which stock can be realised in the normal course of business after allowing for the costs of realisation and, where appropriate, the cost of conversion from its existing state to a finished condition. Provision is made for obsolete, slow moving and defective stock.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1980 - Continued

(e) Deferred Taxation

Provision is made for deferred tax at the effective rate of taxation applicable in the period in which the timing differences arise (the "deferral method"), except in respect of tax deferrals which can reasonably be expected to continue for the future.

No provision is made following the revaluation of properties for the taxation which would arise on the disposal, unless a sale of the properties is foreseen.

(f) Pension Scheme

The company in the United Kingdom has contracted out of the State Pension Scheme and its pension arrangements are provided through a managed fund. Contributions are made in accordance with the rates calculated by the actuaries to the fund and charged to the profit and loss account on an accruals basis.

2. Turnover

Turnover, which excludes value added tax, represents the invoiced value of goods delivered, less returns and allowances.

3. Profit/(Loss) before Taxation

Profit/(loss) before taxation is stated after charging:-

	<u>1980</u> £'000	<u>1979</u> £'000
Depreciation	569	546
Directors' emoluments (note 4)	19	20
Hire of plant and machinery	106	194
Auditors' remuneration, including expenses	17	36
Loss on translation of net current assets denominated in foreign currencies	13	134
	<u> </u>	<u> </u>
and after crediting:-		
Interest (note 5)	313	(438)
	<u> </u>	<u> </u>

4. Directors' Emoluments

Particulars of the emoluments in accordance with Sections 6 and 7 of the Companies Act 1967 are as follows:-

	<u>1980</u> £'000	<u>1979</u> £'000
Management remuneration	17	18
Pension contributions	2	2
	<u> </u>	<u> </u>
Emoluments of the chairman, excluding pension contributions	£Nil	£Nil
	<u> </u>	<u> </u>
Emoluments of the highest paid director	£17,146	£18,050
	<u> </u>	<u> </u>

WEYBURN-BARTEL LIMITED
(Formerly Carborundum Engine Components Limited)

10.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1980 - Continued

The number of other directors whose annual emoluments (excluding pension contributions) fell into the ranges shown is as follows:-

	<u>1980</u>	<u>1979</u>
£Nil to £5,000	3	3

One former executive director received a pension from the company amounting to £1,923 (1979 - £1,803).

5. Interest

	<u>1980</u> £'000	<u>1979</u> £'000
Interest receivable		
On loans to affiliated companies	441	277
Other interest receivable	47	14
	<u>488</u>	<u>291</u>
<u>Less:</u>		
Interest payable		
On bank and other borrowings repayable within five years	(100)	(229)
On borrowings from affiliated companies	(75)	(500)
	<u>313</u>	<u>(438)</u>

6. Taxation

The charge/(credit) for taxation is made up as follows:-

	<u>1980</u> £'000	<u>1979</u> £'000
On the result for the year:		
Overseas taxation	185	294
Transfer from deferred taxation	(389)	(89)
Prior year items:		
Overseas taxation	(8)	11
United Kingdom taxation	24	(74)
Release of deferred taxation applicable to stock appreciation relief for 1973 and 1974	—	(71)
	<u>(188)</u>	<u>71</u>

No account has been taken in these accounts of the stock relief proposals contained in the 1981 Finance Bill. Had the stock appreciation relief been calculated under the proposals contained in the 1981 Finance Bill, the transfer from deferred taxation would have been increased by £233,000.

(Formerly Carborundum Engine Components Limited)

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1980 - Continued

7. Extraordinary Items

	<u>1980</u> £'000	<u>1979</u> £'000
The closure cost of the factory at Bath	(75)	(256)
Profit on sale of assets of Carborundum Precision Components division	498	-
	<u>423</u>	<u>(256)</u>
Taxation	220	(133)
	<u>203</u>	<u>(123)</u>

8. Fixed Assets

	<u>Group</u>		<u>Company</u>	
	Properties £'000	Plant £'000	Properties £'000	Plant £'000
<u>Cost or Valuation</u>				
At 1st January 1980	1,482	6,604	825	4,542
Additions	11	839	11	521
Disposals	(124)	(1,775)	(124)	(1,610)
Effects of changes in exchange rates	(111)	(331)	-	-
	<u>1,258</u>	<u>5,337</u>	<u>712</u>	<u>3,453</u>
At 31st December 1980	1,258	5,337	712	3,453
<u>Depreciation</u>				
At 1st January 1980	94	3,086	33	2,514
Charge for year	30	539	16	338
Disposals	(22)	(934)	(22)	(798)
Effects of changes in exchange rates	(10)	(96)	-	-
	<u>92</u>	<u>2,595</u>	<u>27</u>	<u>2,054</u>
At 31st December 1980	92	2,595	27	2,054
<u>Net Book Value at 1st January 1980</u>	<u>1,388</u>	<u>3,518</u>	<u>792</u>	<u>2,028</u>
<u>Net Book Value at 31st December 1980</u>	<u>1,166</u>	<u>2,742</u>	<u>685</u>	<u>1,399</u>
<u>Analysis of Cost or Valuation</u>				
At cost	558	5,337	12	3,453
Revalued (1973)	700	-	700	-
	<u>1,258</u>	<u>5,337</u>	<u>712</u>	<u>3,453</u>

ANALYSIS OF NET BOOK VALUE OF PROPERTIES

Freeholds	1,166	685
Short leaseholds	-	-
	<u>1,166</u>	<u>685</u>

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1980 - Continued

9. Subsidiary Companies

	<u>1980</u> £'000	<u>1979</u> £'000
Shares at cost, less amounts written off	2,059	2,059
Amounts receivable	523	20
	<u>2,582</u>	<u>2,079</u>
Amounts payable	(1,039)	(1,137)
	<u>1,543</u>	<u>942</u>

The principal subsidiary company is Weyburn-Bartel GmbH, incorporated in West Germany. All companies are wholly owned.

The accounts for the year ended 31st December 1980 of the company's foreign subsidiaries, Weyburn-Bartel GmbH, Engine Dynamics GmbH and Weyburn-Bartel BV, are unaudited. The combined turnover and net assets of these companies represent approximately 26% and 38% respectively of the group's turnover and net assets.

10. Affiliated Companies

Balance represents net amounts due to parent company and fellow subsidiaries.

11. Stock and Work in Progress

	<u>1980</u>		<u>1979</u>	
	<u>Group</u> £'000	<u>Company</u> £'000	<u>Group</u> £'000	<u>Company</u> £'000
Raw materials	406	269	601	498
Work in progress	647	412	1,237	1,008
Finished goods	459	442	355	302
Stores	169	130	262	214
	<u>1,681</u>	<u>1,253</u>	<u>2,455</u>	<u>2,022</u>

12. Share Capital

	<u>1980</u>		<u>1979</u>	
	<u>Authorised</u> £'000	<u>Issued</u> £'000	<u>Authorised</u> £'000	<u>Issued</u> £'000
Ordinary shares of 25p each	2,440	2,438	2,440	2,438
4.2% cumulative preference shares of 50p each	60	60	60	60
	<u>2,500</u>	<u>2,498</u>	<u>2,500</u>	<u>2,498</u>

WEYBURN-BARTEL LIMITED
(Formerly Carborundum Engine Components Limited)

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1980 - Continued

13. Reserves

The movements in the reserves of the group are set out on page 4. Movements in the reserves of the company were as follows:-

	<u>1980</u> £'000	<u>1979</u> £'000
Reserves at beginning of year	904	195
Retained profit/(loss) for year	(170)	701
Effect of changes in exchange rates	-	8
	<u> </u>	<u> </u>
Reserves at end of year	<u>734</u>	<u>904</u>

14. Deferred Taxation

	<u>1980</u>		<u>1979</u>	
	<u>Group</u> £'000	<u>Company</u> £'000	<u>Group</u> £'000	<u>Company</u> £'000
Excess of capital allowances over depreciation	893	718	1,207	1,072
Stock appreciation relief	157	157	445	445
Other timing differences	77	77	(338)	(338)
	<u>1,127</u>	<u>952</u>	<u>1,314</u>	<u>1,179</u>
Losses available for offset against future tax liabilities	(203)	(203)	(339)	(339)
	<u>924</u>	<u>749</u>	<u>975</u>	<u>840</u>

Full provision has been retained since, in the opinion of the directors, it is uncertain whether the related timing differences will continue for the foreseeable future.

As the directors have no present intention of disposing of any of the group's properties, no provision has been made following the revaluation in 1973 for taxation which would arise in the event of disposal. If however, all properties had been sold at their balance sheet value and the proceeds had not been reinvested in similar assets, the tax liability would not have exceeded £88,000.

WEYBURN-BARTEL LIMITED
 (Formerly Carborundum Engine Components Limited)

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1980 - Continued

15. Capital Commitments

	1980		1979	
	<u>Group</u> £'000	<u>Company</u> £'000	<u>Group</u> £'000	<u>Company</u> £'000
Contracted for, but not provided in these accounts	32	30	287	115
Authorised but not contracted for	-	-	63	61
	<u>32</u>	<u>30</u>	<u>350</u>	<u>176</u>

16. Ultimate Holding Company

The company's ultimate holding company at 31st December 1980 was The Kennecott Corporation, located in Stamford, Connecticut, U.S.A. On 4th June 1981 The Kennecott Corporation was taken over by The Standard Oil Company (Ohio), which is itself a subsidiary company of The British Petroleum Company Limited.

17. Reservation of Title

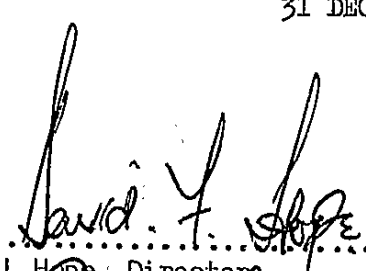
Part of the amounts owing to trade creditors may be secured by the reservation by the supplier of legal title to the goods supplied and to the proceeds of their sale. The amount secured in this way depends on the legal interpretation of individual contracts and cannot readily be determined.

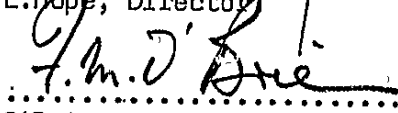
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WEYBURN-BARTEL LIMITED
(Formerly Carborundum Engine
Components Limited)

ACCOUNTS
for the year ended
31 DECEMBER 1980

CERTIFIED A TRUE COPY


D.F.L. Hope, Director


F.M. O'Brien, Director.

Coopers
& Lybrand