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**EEV LIMITED**

**REPORT OF THE DIRECTORS**

**AND**

**FINANCIAL STATEMENTS**

**for the year ended 31st March 1995**



EEV LIMITED

Annual Report of the Directors for the Year ended 31st March 1995

Principal Activities

The Company designs, manufactures and sells electronic valves, tubes and other electronic devices.

Results

The Profit after taxation for the year was £2,954,472 (1994: £3,356,509). The Directors do not recommend the payment of a dividend and the retained profit of £2,954,472 (1994: £3,356,509) is therefore transferred to reserves.

Review of Business

The year to 31st March 1995 was profitable despite the adverse economic conditions which prevailed throughout the year in most of the Company's markets.

Directors

The Directors of the Company during the year ended 31st March 1995 were:

Mr D R Boylan  
Mr J A Higgins  
Mr M P Mandl  
Mr J C Spinks

Directors' Interests

None of the Directors had any beneficial interest, other than in the ordinary course of business, in any contract to which the Company was a party during the year.

According to the Register kept by the Company under the Companies Act 1985 Section 325, the interests of persons who were directors at the end of the year in the shares of the Company, the Company's ultimate holding Company, The General Electric Company, p.l.c. or its subsidiaries were as follows:

a) The General Electric Company, p.l.c			
<u>Ordinary 5p Shares</u>		<u>1st April 1994</u>	<u>31st March 1995</u>
Mr D R Boylan		-	7,675
Mr M P Mandl		10,043	6,311
Mr J C Spinks		9,562	12,130

## EEV LIMITED

### Directors' Interests continued

b) The General Electric Company, p.l.c  
Options in respect of Ordinary 5p Shares

1. The GEC Managers' 1984 Share Option Scheme

Options to subscribe for the following numbers of shares:

	<u>1st April</u> <u>1994</u>	<u>Options</u> <u>granted</u> <u>during</u> <u>the year</u>	<u>Options</u> <u>exercised</u> <u>during</u> <u>the year</u>	<u>31st March</u> <u>1995</u>
Mr D R Boylan	45,800	-	19,800	26,000
Mr J A Higgins	20,000	-	-	20,000
Mr M P Mandl	30,000	-	-	30,000
Mr J C Spinks	76,000	-	-	76,000

The options are exercisable normally during the years 1995 to 2004 at subscription prices between 182p and 328p per share. No options were granted to the Directors during the year.

2. The GEC Employee Savings-Related Share Option Schemes

Options to subscribe for the following numbers of shares:

	<u>1st April</u> <u>1994</u>	<u>Options</u> <u>granted</u> <u>during</u> <u>the year</u>	<u>Options</u> <u>exercised</u> <u>during</u> <u>the year</u>	<u>31st March</u> <u>1995</u>
Mr M P Mandl	3,501	8,955	-	12,456
Mr J C Spinks	11,152	1,554	-	12,706

The options are exercisable normally within six months of the 1st April in the years 1995, 1996, 1997 and 2000 at subscription prices between 152p and 222p per share. No options granted under the scheme were exercised by the Directors during the year.

### Fixed Assets

The movements in fixed assets are detailed in note 7 to the accounts.

### Research & Development

In the year to 31st March 1995 the Company continued, as in past years, to conduct research and development programmes both on existing and new products.

### Employee Involvement

The Company's ultimate parent company, The General Electric Company, p.l.c. ("GEC"), reports twice yearly on the overall performance of the GEC Group, and the GEC Report and Accounts, incorporating a review of operations, is made available to employees on request.

## EEV LIMITED

### Employee Involvement continued

Employees of the Company with more than two year's service may participate in The GEC Employee Savings-Related Share Option Schemes, and certain managers are included in the GEC Managers' 1984 Share Option Scheme.

GEC publishes a regular newspaper called "Topic" informing employees of matters affecting the GEC Group.

Employees are consulted regularly through their representatives on important matters affecting their working lives.

### Employment of Disabled People

It is the Company's policy and practice to encourage and assist the employment of disabled people.

### Statement of Directors' Responsibilities

It is the responsibility of the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for that period.

The Directors consider that, in preparing the financial statements on pages 4 to 12, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates. All accounting standards which they consider to be applicable have been followed and they consider that it is appropriate to use a going concern basis.

The Directors have responsibility for ensuring that the Company keeps accounting records which disclose, with reasonable accuracy, the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

BY ORDER OF THE BOARD

  
J A HIGGINS  
COMPANY SECRETARY

Registered Office:  
106 Waterhouse Lane,  
Chelmsford, Essex. CM1 2QU.

June 1995

# EEV LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 1995

		CONTINUING OPERATIONS	
		1995	1994
	Note	£000	£000
Turnover	2	68,724	63,649
Profit on ordinary activities before interest	3	4,173	4,709
Interest Receivable		182	7
Profit on ordinary activities before taxation		4,355	4,716
Tax on profit on ordinary activities	4	(1,401)	(1,359)
Profit for the financial year		2,954	3,357
Balance brought forward		32,537	9,180
Dividend proposed not paid	5	-	20,000
Balance carried forward		35,491	32,537

The notes to the accounts form an integral part of this profit and loss account.

### STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

The Company has no recognised gains and losses other than those included in the above results and therefore no separate statement of total recognised gains and losses has been provided.

### NOTE OF HISTORICAL COST PROFIT AND LOSSES

The reported profit for 1994 and 1995 is stated under the historical cost convention and therefore represents the true historical cost profit without the need for any adjustment.

**EEV LIMITED**

**BALANCE SHEET AS AT 31st MARCH 1995**

		1995	1994
	Note	£000	£000
<b>Fixed assets</b>			
Tangible assets	7	13,829	12,495
Investments	8	7	7
		<u>13,836</u>	<u>12,502</u>
<b>Current assets</b>			
Stocks	9	14,789	14,967
Debtors	10	13,122	14,042
Cash at bank and in hand		21,115	12,831
		<u>49,026</u>	<u>41,840</u>
<b>Creditors: amounts falling due within one year</b>	11	22,454	17,092
<b>Net current assets</b>		<u>26,572</u>	<u>24,748</u>
<b>Total assets less current liabilities</b>		40,408	37,250
<b>Provisions for liabilities and charges</b>	12	1,917	1,713
		<u>38,491</u>	<u>35,537</u>
<b>Capital and reserves</b>			
Called up share capital	13	3,000	3,000
Profit and loss account		35,491	32,537
		<u>38,491</u>	<u>35,537</u>

The notes to the accounts form an integral part of this balance sheet.



J C Spinks

Director

Approved by the Directors on 23rd June 1995

## **EEV LIMITED**

### **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH 1995**

#### **1. ACCOUNTING POLICIES**

##### **Basis of accounting**

The accounts have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

##### **Turnover**

Turnover is the net sum of invoices rendered for sales of goods and services in the year, excluding value added tax.

##### **Research and development expenditure**

Research and development costs are written off in the year of expenditure except where recoverable from current contracts in progress.

##### **Foreign currencies**

Assets and liabilities in foreign currencies have been translated into sterling at the rates ruling at the balance sheet date. Realised exchange gains and losses have been included in the profit for the year.

##### **Fixed assets and depreciation**

Freehold land and capital work in progress are not depreciated. Other fixed assets are depreciated on the straight line method over their estimated useful lives. The annual rates of depreciation used vary according to the type of asset and are as follows:

Freehold and leasehold buildings 2% to 4%; plant, machinery and equipment 10% to 100%.

##### **Government Grants**

Government grants on capital assets are reported separately as deferred income and amortised in line with the related assets.

##### **Stocks**

Stocks are stated at the lower of cost and estimated net realisable value.

##### **Work in Progress**

Work in progress for contracts consists of materials, direct wages and other charges, net of amounts transferred to cost of sales, after deducting foreseeable losses and applicable payments on account.

##### **Long-term Contracts**

Turnover includes the proportion of the contract performed during the year. Profit attributable to work completed during the year is reflected if ultimate profitability of the contract is reasonably certain. Losses are provided for in full as soon as they are anticipated.

##### **Deferred taxation**

Deferred taxation, which relates mainly to the excess of capital allowances over related depreciation, has been computed under the liability method and is provided for on timing differences to the extent that it is probable that a liability will actually arise.

##### **Provision for estimated warranty liabilities**

Estimated warranty liabilities arising from all sales to 31st March 1995 have been provided for in line with the average recent experience of sales warranty costs.

# EEV LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH 1995 continued

### Pensions

The cost of providing for pensions is calculated periodically by independent actuaries and is charged to the profit and loss account in the year in which it is incurred. The Company is a member of the group Pension Scheme, which is of the deferred benefit type, and in the group accounts the expected cost of providing pensions is charged to the profit and loss account so as to spread the cost over the average remaining service life of current employees.

### 2. GEOGRAPHICAL ANALYSIS OF TURNOVER

	1995 £000	1994 £000
United Kingdom	32,201	31,016
Europe	16,513	13,182
The Americas	13,628	13,869
Australasia	540	534
Asia	5,347	4,459
Africa	495	589
	<hr/> 68,724	<hr/> 63,649

### 3. PROFIT ON ORDINARY ACTIVITIES

The profit on ordinary activities includes:

	Note	1995 £000	1994 £000
(Increase)/decrease in stocks of finished goods and work in progress		2,239	(1)
Own work capitalised		(374)	(333)
Raw materials and consumables		18,739	16,923
Other external and operating charges		10,322	10,631
Increase/(Decrease) in provision for liabilities		292	(21)
Audit fees and expenses		38	37
Hire of plant and machinery		-	1
Depreciation		3,927	4,465
Profit on Sale of fixed assets		(39)	(396)
Wages and salaries		26,944	26,578
Social Security costs		2,623	2,658
Uniform business rates rebate		(160)	(1,100)
Income from shares in group undertakings	8	-	(502)

The average number of employees was 1,854 (1994: 1,887).



**EEV LIMITED**

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH 1995 continued**

**4. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	1995 £000	1994 £000
UK corporation tax at 33% (1994 - 33%)	1,480	1,800
Less: Double Taxation Relief	-	(294)
Overseas Withholding Tax	-	50
Transfer from deferred taxation	(88)	(197)
Prior years adjustments	9	-
	<u>1,401</u>	<u>1,359</u>

**5. DIVIDENDS**

	1995 £000	1994 £000
Final proposed not paid	-	20,000
	<u>-</u>	<u>20,000</u>

**6. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS**

	1995 £000	1994 £000
Balance at 1 April	35,537	12,180
Profit for the year before distribution	2,954	3,357
Dividend proposed not paid	-	20,000
Balance 31 March	<u>38,491</u>	<u>35,537</u>

**EEV LIMITED**

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH 1995 continued**

**7. FIXED ASSETS - TANGIBLE ASSETS**

	Freehold land and buildings	Long leasehold	Plant, machinery and equipment	Capital work in progress	Total
	£000	£000	£000	£000	£000
<b>Cost:</b>					
At 1st April 1994	4,051	940	52,907	745	58,643
Additions	-	-	2,717	2,557	5,274
Completed construction	-	-	715	(715)	-
Disposals	(3)	-	(4,344)	-	(4,347)
<b>At 31st March 1995</b>	<b>4,048</b>	<b>940</b>	<b>51,995</b>	<b>2,587</b>	<b>59,570</b>
<b>Depreciation:</b>					
At 1st April 1994	2,323	301	43,524	-	46,148
Charge for the year	136	19	3,773	-	3,928
Disposals	(3)	-	(4,332)	-	(4,335)
<b>At 31st March 1995</b>	<b>2,456</b>	<b>320</b>	<b>42,965</b>	<b>-</b>	<b>45,741</b>
<b>Net book value 1995</b>	<b>1,592</b>	<b>620</b>	<b>9,030</b>	<b>2,587</b>	<b>13,829</b>
<b>Net book value 1994</b>	<b>1,728</b>	<b>639</b>	<b>9,383</b>	<b>745</b>	<b>12,495</b>

Future capital expenditure approved by the Board amounted to £2,277K of which orders placed amounted to £868K.

**8. FIXED ASSETS - INVESTMENTS**

	1995 £000	1994 £000
Shares in subsidiary undertakings at cost	7	7

EEV Limited directly owns 100% of the share capital and voting rights of the following subsidiary undertaking.

Name of subsidiary Undertaking	Country of registration and operation	Nature of business
EEV Canada Limited	Canada	Sale of electronic valves

The Company has taken advantage of the exemption granted by Section 228 CA 85 not to prepare group accounts and has therefore prepared accounts for the Company as an individual undertaking only.

It is the opinion of the Directors that the value of the subsidiary investment is not less than the aggregate amount at which it is shown in the balance sheet of EEV Limited.

**EEV LIMITED**

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH 1995 continued**

**9. STOCKS**

	<b>1995 £000</b>	<b>1994 £000</b>
Raw materials and components	6,191	4,991
Work in progress	6,193	7,933
Finished goods	2,405	2,043
	<u>14,789</u>	<u>14,967</u>

**10. DEBTORS**

	<b>1995 £000</b>	<b>1994 £000</b>
Trade debtors	8,028	7,455
Amounts owed by group undertakings	4,028	4,729
Amounts owed by undertakings in which the Group Company has a participating interest	309	124
Other debtors	264	21
Prepayments and accrued income	493	1,713
	<u>13,122</u>	<u>14,042</u>

**11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>1995 £000</b>	<b>1994 £000</b>
Payments received on account	1,742	687
Trade creditors	7,038	4,844
Amounts owed to group undertakings	7,574	5,934
Amounts owed to undertakings in which the Group Company has a participating interest	4	10
Other creditors	114	89
Taxation and social security	2,244	2,399
Accruals and deferred income	3,738	3,129
	<u>22,454</u>	<u>17,092</u>

# EEV LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH 1995 continued

### 12. PROVISIONS FOR LIABILITIES AND CHARGES

	1995 £000	1994 £000
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Deferred taxation has been provided in full in the accounts, as follows:

Accelerated Capital Allowances	446	535
Other timing differences	(180)	(181)
	<hr/> 266	<hr/> 354

Provision for warranty and other liabilities	<hr/> 1,651	<hr/> 1,359
	<hr/> 1,917	<hr/> 1,713

### 13. CALLED UP SHARE CAPITAL

	1995 £000	1994 £000
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Authorised, allotted and fully paid:  
Ordinary shares of £1 each

	<hr/> 3,000	<hr/> 3,000
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### 14. CASH FLOW

The Company has not prepared a cash flow statement under the exemption contained in FRS1-"Cash Flow Statements" applicable to a wholly owned subsidiary undertaking. A consolidated cash flow statement is included in the consolidated accounts of the ultimate parent undertaking The General Electric Company, p.l.c.

### 15. ULTIMATE PARENT UNDERTAKING

The Company's ultimate parent company is The General Electric Company, p.l.c., ("GEC") which is registered in England and Wales. The GEC Group is the only group of which the Company is a member for which group accounts are prepared. Copies of the accounts of GEC are available from the Secretary, 1 Stanhope Gate, London W1A 1EH.

### 16. PENSIONS

The Company is a subsidiary of The General Electric Company, p.l.c. ("GEC") and all its employees who are members of a pension plan are members of The GEC Plan ("the Plan"), the principal pension plan of the GEC Group. The plan is funded and is of the "defined benefit" type. Particulars of the most recent actuarial valuation will be disclosed in the report and accounts of GEC for the year ended 31 March, 1995.

The pensions cost charge of the Company in respect of members who are members of the Plan consists of employers' contributions payable which are similar across the Group as a whole as a percentage of pensionable earnings. Based on the advice of a qualified actuary, there was no Company contribution to the Plan in the year under review (1994 £Nil). The current valuation exercise as at 5 April, 1994 was completed in June, 1995. A charge for the year ended 31 March, 1995 has been made in the accounts of the parent company and will not be recharged to the Company. Accordingly there is no pension cost charge in the current year. Contributions at 6 per cent of members' pensionable pay commenced with effect from 1 April, 1995.

# EEV LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH 1995 continued

### 17. DIRECTORS' EMOLUMENTS

Included in the amounts shown in note 3 on page 6 are the following amounts paid to the directors:

	1995 £000	1994 £000
Directors remuneration including pension contributions	114	111
Emoluments of highest paid Director	60	56
Emoluments of other Directors:		
Nil - £ 5,000	2	2
£15,001 - £20,000	-	1
£40,001 - £45,000	-	1
£50,001 - £55,000	1	-

A number of the Directors of the Company are employees of the ultimate holding company and a management charge is levied in respect of their executive service. In 1994/95 this amounted to £161,500 (1993/94 - £152,000).

*Price Waterhouse*



## **AUDITORS' REPORT TO THE MEMBERS OF EEV LIMITED**

We have audited the financial statements on pages 4 to 12 which have been prepared under the historical cost convention and the accounting policies set out on pages 6 and 7.

### **Respective responsibilities of directors and auditors**

As described on page 3, the directors are required by the Companies Act 1985 for the preparation of the financial statements. It is our responsibility as auditors to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you.

### **Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In opinion the accounts give a true and fair view of the state of the company's affairs as at 31 March 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**PRICE WATERHOUSE**  
**Chartered Accountants**  
**and Registered Auditors**

*4 July* 1995

Offices at Aberdeen, Birmingham, Bristol, Cardiff, Edinburgh, Glasgow, Hull, Leeds, Leicester, Liverpool, London, Manchester, Middlesbrough, Newcastle, Nottingham, Redhill, St. Albans, Southampton and Windsor.

The partnership's principal place of business is at Southwark Towers, 32 London Bridge Street, London SE1 9SY where a list of the partners' names is available for inspection.

The firm is authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.