

432014

EEV LIMITED

REPORT OF THE DIRECTORS

AND

FINANCIAL STATEMENTS

for the year ended 31st March 1994



EEV LIMITEDAnnual Report of the Directors for the Year ended 31st March 1994Principal Activities

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

Results

The Profit after taxation for the year was £3,356,509. This includes a net dividend from EEV Canada Limited, a wholly owned subsidiary of £452,300. The Directors do not recommend the payment of a dividend and the retained profit of £3,356,509 is therefore transferred to reserves.

Review of Business

The year to 31st March 1994 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, 1994, were:

Mr D R Boylan		
Mr K N Edwards	-	Resigned 07.07.1993
Mr J A Higgins	-	Appointed 19.07.1993
Mr M P Mandl		
Mr J C Spinks		

Directors' Interests

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 were as follows:

a) The General Electric Company, p.l.c		
<u>Ordinary 5p Shares</u>	<u>1st April 1993</u>	<u>31st March 1994</u>
Mr M P Mandl	24,548	10,043
Mr J C Spinks	7,081	9,562

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>1993</u>	<u>Options</u> <u>granted</u> <u>during</u> <u>the year</u>	<u>31st March</u> <u>1994</u>
Mr D R Boylan	21,800	24,000	45,800
Mr K N Edwards	5,000	-	5,000
Mr J A Higgins	-	20,000	20,000
Mr M P Mandl	30,000	-	30,000
Mr J C Spinks	32,000	44,000	76,000

The options are exercisable normally during the years 1994 to 2004 at subscription prices between 158p and 328p per share. No options granted under the scheme were exercised by the Directors during the year.

## EEV LIMITED

### Directors' Interests continued

#### 2. The GEC Employee Savings-Related Share Option Schemes

Options to subscribe for the following numbers of shares:

	<u>1st April</u> <u>1993</u>	<u>Options</u> <u>granted</u> <u>during</u> <u>the year</u>	<u>Options</u> <u>exercised/</u> <u>lapsed during</u> <u>the year</u>	<u>31st March</u> <u>1994</u>
Mr M P Mandl	5,901	-	2,400	3,501
Mr J C Spinks	13,552	-	2,400	11,152

The options are exercisable normally within six months of the 1st April in the years 1995, 1996, 1997 and 1998 at subscription prices between 152p and 219p per share.

### Fixed Assets

The movements in fixed assets are detailed in note 8 to the accounts.

### Research & Development

In the year to 31st March 1994 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.

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.

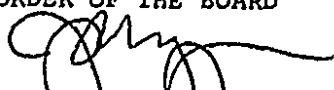
GEC publishes a regular newspaper called "Topic" informing employees of matters affecting the GEC Group.

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.

BY ORDER OF THE BOARD

  
J A HIGGINS  
COMPANY SECRETARY

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

22 June 1994

# EEV LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 1994

		CONTINUING OPERATIONS	
		1994	1993
	Note	£000	£000
Turnover	2	63,649	68,040
Profit on ordinary activities	3	4,214	3,033
Profit on disposal of subsidiary undertaking	4	-	11,680
Income from shares in group undertakings	9	502	-
Profit on ordinary activities before taxation		4,716	14,713
Tax on profit on ordinary activities	5	(1,359)	(1,046)
Profit for the financial year		3,357	13,667
Balance brought forward		9,180	15,513
Dividend proposed	6	-	(20,000)
Dividend proposed not paid	6	20,000	-
Balance carried forward		32,537	9,180

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

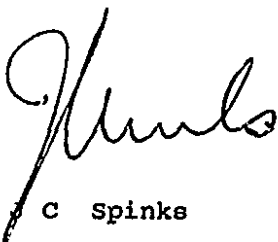
The reported profit for 1993 and 1994 is stated under the historical cost convention and therefore represents the true historical cost profit without the need for any adjustment.

# EEV LIMITED

## BALANCE SHEET AS AT 31st MARCH 1994

		1994	1993
	Note	£000	£000
<b>Fixed assets</b>			
Tangible assets	8	12,495	11,266
Investments	9	7	7
		<u>12,502</u>	<u>14,273</u>
<b>Current assets</b>			
Stocks	10	14,967	16,255
Debtors	11	14,042	29,322
Cash at bank and in hand		12,831	704
		<u>41,840</u>	<u>46,281</u>
<b>Creditors: amounts falling due within one year</b>	12	17,092	45,923
<b>Net current assets</b>		<u>24,748</u>	<u>358</u>
<b>Total assets less current liabilities</b>		37,250	14,631
<b>Provisions for liabilities and charges</b>	13	1,713	2,451
		<u>35,537</u>	<u>12,180</u>
<b>Capital and reserves</b>			
Called up share capital	14	3,000	3,000
Profit and loss account		32,537	9,180
		<u>35,537</u>	<u>12,180</u>

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



C Spinks

Director

Approved by the Directors on 22 June 1994

## **EEV LIMITED**

### **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH 1994**

#### **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.

##### **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 1994 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 1994 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

	1994 £000	1993 £000
United Kingdom	31,016	39,942
Europe	13,182	12,948
The Americas	13,869	10,724
Australasia	534	378
Asia	4,459	3,999
Africa	589	499
	<u>63,649</u>	<u>68,040</u>

### 3. PROFIT ON ORDINARY ACTIVITIES

The profit on ordinary activities includes:

	1994 £000	1993 £000
(Increase)/decrease in stocks of finished goods and work in progress	(1)	(405)
Own work capitalised	(333)	(334)
Raw materials and consumables	16,923	20,680
Other external and operating charges	10,631	10,062
Increase/(Decrease) in provision for liabilities	(21)	634
Audit fees and expenses	37	38
Hire of plant and machinery	1	4
Depreciation	4,465	5,227
Profit on Sale of fixed assets	(396)	(78)
Wages and salaries	26,578	27,398
Social Security costs	2,658	2,707
Release of holiday pay accrual	-	(939)
Uniform business rates rebate	(1,100)	-
Interest receivable on bank deposit and debts	7	9
Interest payable on taxation payments	-	(22)

The average number of employees was 1,887 (1993: 2,059).

# EEV LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH 1994 continued

### 4. PROFIT ON DISPOSAL OF SUBSIDIARY UNDERTAKING

1994	1993
£000	£000

Profit on Sale of EEV Inc.

-	11,680
---	--------

During the year ended 31st March 1993 the investment in EEV Inc., a wholly owned subsidiary undertaking was sold to a GEC Group Company.

### 5. TAX ON PROFIT ON ORDINARY ACTIVITIES

1994	1993
£000	£000

UK corporation tax at 33% (1993 - 33%)

1,800	1,468
-------	-------

Less: Double Taxation Relief

(294)	-
-------	---

Overseas Withholding Tax

50	-
----	---

Transfer from deferred taxation

(197)	(368)
-------	-------

Prior years adjustments

-	(54)
---	------

<u>1,359</u>	<u>1,046</u>
--------------	--------------

### 6. DIVIDENDS

1994	1993
£000	£000

Final proposed

-	(20,000)
---	----------

Final proposed not paid

20,000	-
--------	---

<u>20,000</u>	<u>(20,000)</u>
---------------	-----------------

The dividend shown as proposed in 1993 was not ratified by the Directors and was therefore reversed in the 1994 accounts.

### 7. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS

1994	1993
£000	£000

Balance at 1 April

12,180	18,513
--------	--------

Profit for the year before distribution

3,357	13,667
-------	--------

Dividend proposed

-	(20,000)
---	----------

Dividend proposed not paid

20,000	-
--------	---

Balance 31 March

<u>35,537</u>	<u>12,180</u>
---------------	---------------



# EEV LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH 1994 continued

### 8. 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 1993	4,199	940	50,975	388	56,502
Additions	-	-	2,062	689	2,751
Completed construction	-	-	332	(332)	-
Disposals	(148)	-	(462)	-	(610)
At 31st March 1994	4,051	940	52,907	745	58,643
<b>Depreciation:</b>					
At 1st April 1993	2,297	282	39,657	-	42,236
Charge for the year	137	19	4,309	-	4,465
Disposals	(111)	-	(442)	-	(553)
At 31st March 1994	2,323	301	43,524	-	46,148
Net book value 1994	1,728	639	9,383	745	12,495
Net book value 1993	1,902	658	11,318	388	14,266

Future capital expenditure approved by the Board amounted to £1402K of which orders placed amounted to £662K.

### 9. FIXED ASSETS - INVESTMENTS

	1994 £000	1993 £000
Shares in subsidiary undertakings at cost	7	7

During the year a dividend of C\$1,021,796.74 (£502,556) was received from EEV Canada Limited, less 10% withholding tax.

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 1994 continued

### 10. STOCKS

	1994 £000	1993 £000
Raw materials and components	4,991	5,817
Work in progress	7,933	8,655
Finished goods	2,043	1,783
	<u>14,967</u>	<u>16,255</u>

### 11. DEBTORS

	1994 £000	1993 £000
Trade debtors	7,455	11,443
Amounts owed by group undertakings	4,729	16,454
Amounts owed by undertakings in which the Company has a participating interest	124	23
Other debtors	21	28
Prepayments and accrued income	1,713	1,374
	<u>14,042</u>	<u>29,322</u>

### 12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1994 £000	1993 £000
Bank Overdraft	-	7,227
Payments received on account	687	296
Trade creditors	4,844	7,242
Amounts owed to group undertakings	5,934	4,504
Amounts owed to undertakings in which the Company has a participating interest	10	26
Other creditors	89	77
Taxation and social security	2,399	2,661
Accruals and deferred income	3,129	3,890
Proposed dividend	-	20,000
	<u>17,092</u>	<u>45,923</u>

# EEV LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH 1994 continued

### 13. PROVISIONS FOR LIABILITIES AND CHARGES

	1994 £000	1993 £000
Deferred taxation has been provided in full in the accounts, as follows:		
Accelerated Capital Allowances	535	801
Other timing differences	(181)	(250)
	<u>354</u>	<u>551</u>
Provision for warranty and other liabilities	1,359	1,900
	<u>1,713</u>	<u>2,451</u>

In 1993 other liabilities included a provision for rationalisation.

### 14. CALLED UP SHARE CAPITAL

	1994 £000	1993 £000
Authorised, allotted and fully paid: Ordinary shares of £1 each	<u>3,000</u>	<u>3,000</u>

### 15. 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.

### 16. 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.

### 17. PENSIONS

The Company is a subsidiary of The General Electric Company, p.l.c. (GEC) and all employees who are members of a pension plan are members of "The GEC Plan", the principal pension plan of the GEC Group. This plan is funded and is of the 'defined benefit' type; particulars of its most recent actuarial valuation will be disclosed in the report and accounts of GEC for the year to 31st March 1994.

The pensions cost charge of the Company in respect of employees who are members of The GEC Plan consists of employers' contributions payable, which are similar across the Group as a whole as a percentage of pensionable earnings. Based on advice from a qualified actuary, there was no employer contribution to The GEC Plan in the year or in the previous year and none is expected prior to 31 March 1995.

# EEV LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH 1994 continued

### 18. DIRECTORS' EMOLUMENTS

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

	1994 £000	1993 £000
Directors remuneration including pension contributions	111	102
Emoluments of highest paid Director	56	55
Emoluments of other Directors:		
Nil - £ 5,000		
£15,001 - £20,000	2	2
£40,001 - £45,000	1	-
£45,001 - £50,000	1	-
	-	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 1993/94 this amounted to £152,000 (1992/93 - £147,280).

*Price Waterhouse*



## AUDITORS' REPORT TO THE MEMBERS OF EEV LIMITED

We have audited the financial statements on pages 3 to 11 which have been prepared under the historical cost convention and the accounting policies set out on pages 5 and 6.

### Respective responsibilities of directors and auditors

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss for the financial year and to state whether the accounts have been prepared in accordance with applicable accounting standards.

The directors are responsible 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.

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 our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 March 1994 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

22 June 1994

Offices at Aberdeen, Birmingham, Bristol, Cardiff, Edinburgh, Glasgow, Harrogate, Leeds, Liverpool, London, Manchester, Middlesbrough, Newcastle, Nottingham, Reading, St Albans, Southampton and Worcester

The partnership principal place of business is at Southwark, London SE1 9QL where a list of the partners named is available for inspection

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