

ARTHUR  
ANDERSEN

ARTHUR ANDERSEN & CO. SC

## Senior Control Engineering Limited

Accounts - 31 December 1994  
together with directors' and auditors' reports

Registered number: 440221



## Directors' report

For the year ended 31 December 1994

The directors present their annual report on the affairs of the company, together with the accounts and auditors' report, for the year ended 31 December 1994.

### Principal activity and business review

During 1993, the principal activity of the company was the manufacture of belt fastening equipment, valves, springs and specialised products for the mining and extractive industries. These activities ceased during 1993 following disposals in March 1993 and October 1993 of the two remaining manufacturing divisions.

During 1994 the company had no trading activities other than the realisation of outstanding debts and the settlement of closure costs relating to the disposal of its manufacturing divisions.

### Results and dividends

Results and transfers to reserves are as follows:

	£'000
Accumulated surplus at 1 January 1994	545
Profit for the financial year	52
Accumulated surplus at 31 December 1994	<hr/> 597 <hr/>

There were no dividends paid or proposed during the year (1993 - nil)

### Directors and their interests

The following directors held office during the year:

A.J. Bell  
T.B. Garthwaite  
F.H. Fermor

## Directors' report (continued)

### Directors and their interests (continued)

The directors who held office at 31 December 1994 had no interests in the shares of the company, other than by virtue of their interests in the shares of Senior Engineering Group plc. The beneficial interests of directors who are also directors of the ultimate parent company are disclosed in the accounts of that company (see note 14). The beneficial interests of other directors in the 10p ordinary shares of Senior Engineering Group plc are as follows:

	Shares			Options		31 December 1994
	31 December 1994	31 December 1993	31 December 1993	Granted	Exercised	
F.H. Fermor	80,000	68,000	107,544	-	62,352	45,192

At 31 December 1994 the following options to subscribe for shares were outstanding:

Date of grant	Subscription price (pence)
7 May 1992	78.366p

The subscription price and numbers of shares have been adjusted to reflect the dilution effects of rights issues subsequent to the grant dates.

### Directors' responsibilities

Company law requires the directors to prepare accounts 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 of the company for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;

## Directors' report (continued)

### Directors' responsibilities (continued)

- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

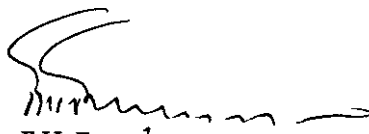
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Auditors

The directors will place a resolution before the annual general meeting to reappoint Arthur Andersen as auditors for the ensuing year.

Senior House  
59/61 High Street  
Rickmansworth  
Hertfordshire  
WD3 1RH

By order of the Board



F.H. Fermor

Secretary

29 March 1995

## Auditors' report

London

### To the Members of Senior Control Engineering Limited:

We have audited the accounts on pages 5 to 13 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 and 8.

### Respective responsibilities of directors and auditors

As described on pages 2 and 3, the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. 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 mis-statement, 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 accounts.

### Opinion

In our opinion, the accounts give a true and fair view of the company's state of affairs as at 31 December 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Arthur Andersen*

Arthur Andersen

Chartered Accountants and Registered Auditors

1 Surrey Street

London

WC2R 2PS

29 March 1995

## Profit and loss account

For the year ended 31 December 1994

	Notes	Discontinued operations 1994 £'000	Discontinued operations 1993 £'000
Turnover	2	-	4,088
Cost of sales		-	(3,076)
Gross profit		-	1,012
Other operating expenses, net	3	-	(740)
Profit (loss) on disposal of discontinued operations	4	67	(223)
Operating profit		67	49
Interest receivable (payable)		16	(70)
Profit (loss) on ordinary activities before taxation	5	83	(21)
Tax on profit (loss) on ordinary activities	7	(31)	280
Retained profit for the financial year	12	52	259

All recognised gains and losses of the company are dealt with in the profit and loss account presented above.

## Note of historical cost profits and losses

For the year ended 31 December 1994

	1994 £'000	1993 £'000
Reported profit (loss) on ordinary activities before taxation	83	(21)
Realisation of property revaluation gains of previous years	-	456
Difference between historical cost depreciation and the actual charge calculated on the revalued amount	-	-
Historical cost profit on ordinary activities before taxation	83	435
Historical cost profit retained for the year	52	715

The accompanying notes are an integral part of these accounts.

# Balance sheet

31 December 1994

	Notes	1994 £'000	1993 £'000
<b>Fixed assets</b>			
Investments	8	-	10
<b>Current assets</b>			
Debtors			
- amounts falling due outside one year	9	2,393	1,864
- amounts falling due within one year	9	6	444
Cash at bank and in hand		-	314
		2,399	2,622
<b>Creditors: Amounts falling due within one year</b>	10	(14)	(299)
<b>Net current assets</b>		2,385	2,323
<b>Net assets</b>		2,385	2,333
<b>Capital and reserves</b>			
Called-up share capital	11	1,494	1,494
Share premium account	12	294	294
Profit and loss account	12	597	545
<b>Shareholders' funds</b>	12	2,385	2,333

Signed on behalf of the Board

A.J. Bell



Director

T.B. Garthwaite



Director

29 March 1995

The accompanying notes are an integral part of these accounts.

## Notes to the accounts

31 December 1994

### 1 Statement of accounting policies

The principal accounting policies, all of which have been applied consistently throughout the year and with the preceding year, are set out below.

#### *a) Basis of accounting*

The accounts are prepared under the historical cost convention as modified to include the revaluation of land and buildings. The accounts have been prepared in accordance with applicable financial reporting and accounting standards.

No cash flow statement has been prepared as the company's ultimate parent company prepares a consolidated cash flow statement in accordance with Financial Reporting Standard No. 1.

#### *b) Taxation*

Corporation tax payable is provided on taxable profits at the current rate.

The taxation liabilities of certain group companies are reduced wholly or in part by the surrender of losses by fellow group companies. The tax benefits arising from group relief are recognised in the accounts of the surrendering and recipient companies.

Deferred taxation is provided at the rate at which the liability is estimated to crystallise to the extent that the directors are of the opinion that such taxation may become payable in the foreseeable future.

#### *c) Research and development*

Costs are charged against revenue in the year in which they are incurred.

#### *d) Turnover*

Turnover comprises the value of sales (excluding VAT and trade discounts) of goods and services in the normal course of business.

## Notes to the accounts (continued)

### 1 Statement of accounting policies (continued)

#### e) Leases

Rentals under operating leases are charged on a straight-line basis over the lease term.

#### f) Foreign currency

Transactions denominated in foreign currencies are recorded in sterling at the actual exchange rates as of the date of the transaction (or, where appropriate, at the rate of exchange in a related forward exchange contract). Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the balance sheet date (or where appropriate, at the rate of exchange in a related forward exchange contract). Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

### 2 Segment information

The company's turnover and profit (loss) on ordinary activities before taxation were derived from its principal activities which were undertaken in the UK.

### 3 Other operating expenses, net

	1994 £'000	1993 £'000
Distribution costs	-	86
Selling and marketing costs	-	195
Administrative expenses	-	361
Research and development costs	-	98
	<hr/>	<hr/>
	-	740

### 4 Profit (loss) on disposal of discontinued operations

In 1994, the profit on disposal of discontinued operations reflects the excess of closure provisions released during the year over costs incurred relating to the disposal of the company's manufacturing divisions.

In 1993, the loss on disposal of discontinued operations related to the disposal of the Conflow and Entex manufacturing divisions of the company which were disposed of during the year.

## Notes to the accounts (continued)

### 5 Profit (loss) on ordinary activities before taxation

Profit (loss) on ordinary activities before taxation is stated after charging:

	1994 £'000	1993 £'000
Depreciation of tangible fixed assets	-	177
Hire of plant and machinery under operating leases	-	18
Operating lease rentals in respect of land and buildings	-	19
Auditors' remuneration - audit fees	-	2
- other services	-	9
Profit on disposal of tangible fixed assets	-	1
Staff costs (note 6)	-	1,451
Research and development	-	98
	<hr/>	<hr/>

In 1994, the company's audit fee was borne by the ultimate parent company (see note 14).

### 6 Staff costs

Particulars of employees (including executive directors) are shown below.

Employee costs during the year amounted to:

	1994 £'000	1993 £'000
Wages and salaries	-	1,307
Social security costs	-	115
Other pension costs	-	29
	<hr/>	<hr/>
	-	1,451
	<hr/>	<hr/>

The average weekly number of persons employed by the company during the year was as follows:

	1994 Number	1993 Number
Production (including research and development)	-	76
Distribution	-	6
Sales	-	7
Administration	-	12
	<hr/>	<hr/>
	-	101
	<hr/>	<hr/>

## Notes to the accounts (continued)

### 6 Staff costs (continued)

#### Directors' remuneration:

The company paid the following remuneration (including pensions and pension contributions) to directors:

	1994 £'000	1993 £'000
Remuneration for management services	<u>-</u>	<u>85</u>

In addition, the emoluments of certain directors who are also directors of other group companies were paid wholly by one of those other companies. It is not practicable in these cases to determine the proportions of such emoluments which are attributable to services to the company. However, the total emoluments for such directors are taken account of in the disclosure of directors' emoluments in the accounts of the relevant group companies.

The directors' remuneration paid by the company for services provided to the company (excluding pensions and pension contributions) included:

	1994 £'000	1993 £'000
Highest paid director	<u>-</u>	<u>33</u>

Directors received emoluments (excluding pensions and pension contributions) in the following ranges:

	Number	Number
£ 0 - £ 5,000	3	5
£ 5,001 - £ 10,000	-	1
£ 25,001 - £ 30,000	-	1
£ 30,001 - £ 35,000	<u>-</u>	<u>1</u>

The above figures for emoluments do not include any amount for the value of share options granted to or held by directors.

## Notes to the accounts (continued)

### 7 Tax on profit (loss) on ordinary activities

The tax charge (credit) is based on the profit (loss) for the year and comprises:

	1994 £'000	1993 £'000
UK corporation tax at 33% (1993 - 33%)	5	28
Deferred tax arising from:		
- capital allowances	-	(311)
- other timing differences	-	5
	<u>5</u>	<u>(278)</u>
Adjustment to current tax in respect of prior years	26	(172)
Adjustment to deferred tax in respect of prior years	-	170
	<u>31</u>	<u>(280)</u>

### 8 Fixed asset investments

Investments in subsidiary companies comprise:

	1994 £'000	1993 £'000
Shares at cost	-	10

The above represents the entire share capital of Senior Acoustic & Air Distribution (SDF) Limited. This company went into liquidation in January 1994.

### 9 Debtors

Amounts falling due within one year:

	1994 £'000	1993 £'000
Trade debtors	-	11
Current tax recoverable	6	-
Other debtors	-	403
Prepayments and accrued income	-	30
	<u>6</u>	<u>444</u>
Amounts falling due after more than one year:		
Due from other group undertakings	2,393	1,564
Other debtors	-	300
	<u>2,393</u>	<u>1,864</u>
Total debtors	<u>2,399</u>	<u>2,308</u>

## Notes to the accounts (continued)

### 10 Creditors: Amounts falling due within one year

	1994 £'000	1993 £'000
Trade creditors	-	8
Due to other group undertakings	-	77
UK corporation tax payable	-	28
Other creditors	-	53
Accruals and deferred income	14	133
	<u>14</u>	<u>299</u>

### 11 Called-up share capital

	1994 £'000	1993 £'000
<i>Authorised</i>		
3,300,000 ordinary shares of 50p each	<u>1,650</u>	<u>1,650</u>
<i>Allotted, called-up and fully-paid</i>		
2,988,211 ordinary shares of 50p each	<u>1,494</u>	<u>1,494</u>

### 12 Reconciliation of movement in shareholders' funds

	Share capital £'000	Share premium account £'000	Profit and loss account £'000	Total shareholders' funds £'000
At 1 January 1994	1,494	294	545	2,333
Profit for the financial year	-	-	52	52
At 31 December 1994	<u>1,494</u>	<u>294</u>	<u>597</u>	<u>2,385</u>

### 13 Guarantees and other financial commitments

- i) The company's bankers have the right to set-off or combine the bank balances of any of the group companies.
- ii) The company is a guarantor, jointly and severally, with certain other group companies of all indebtedness of these other group companies to one of the group's bankers, under a guarantee agreement with the bankers.
- iii) The company is a guarantor, jointly and severally, with certain other group companies of all indebtedness of Senior Engineering Company to one of its bankers.
- iv) The company is a guarantor, jointly and severally, with certain other group companies, of US\$ 30,000,000 (1993 - US\$ 30,000,000) unsecured loan notes dated 21 August 1992 in the name of Senior Engineering Group plc from private placement investors.

## Notes to the accounts (continued)

### 14 Ultimate parent company

The company's immediate parent company is Senior Engineering Investments Limited, a company registered in England.

The company's ultimate parent company, which prepares consolidated accounts incorporating the company's results, is Senior Engineering Group plc, a company registered in England and Wales, whose registered office is at Senior House, 59/61 High Street, Rickmansworth, Hertfordshire, WD3 1RH. The consolidated accounts of the group are available to the public and may be obtained from the aforementioned address.