

847277

EGA LIMITED

REPORT OF THE DIRECTORS FOR THE 52 WEEKS ENDED

30TH MARCH, 1985

1. The directors present herewith the audited accounts for the 52 weeks ended 30th March, 1985.

2. Principal Activities

The principal activity of the company is the production of plastic conduit and trunking.

3. Review of Business and Future Development

The Company had another satisfactory year with a profit before tax of £1,923,000. The directors anticipate the growth of the company continuing aided by the completion of the major investment programme and the drive for new products.

4. Dividends and Reserves

The accounts show a profit after tax of £2,171,000. The directors do not recommend the payment of a dividend and recommend that the profit for the period be transferred to reserves.

5. Fixed Assets

Movements in fixed assets are detailed in note 8 to the accounts.

6. Directors

The directors of the company during the 52 weeks ending 30th March, 1985 were:-

R. F. Leverton	(Chairman) (appointed 25th September, 1984)
M. G. Phillips	(resigned 31st December, 1984)
D. A. Ball	(Managing)
C. P. Baring	(resigned 7th March, 1985)
W. A. Fatcher	
D. Heeley	
E. Race	
C.A.M. Robertson	



EGA LIMITED

REPORT OF THE DIRECTORS (continued)

7. Directors' Interests in Shares

According to the register maintained in accordance with section 29 of the Companies Act 1967, the only interests, including family interests, in the shares of any group company held by directors (not being directors of the ultimate holding company) were:-

M.K. Electric Group plc.,
Ordinary shares of 25p each

	<u>Fully Paid</u>		<u>Issued and held in trust under the MK Electric Group Employee Share Ownership Scheme</u>	
	<u>30.3.85</u>	<u>31.3.84</u>	<u>30.3.85</u>	<u>31.3.84</u>
W. A. Futchner	200	200	379	141
D. Heeley	NIL	NIL	333	119

No director had any material interest during the period in any contract significant in relation to the company's business.

8. Research and Development

The company places great emphasis on research and development activities in order to continue its growth and maintain its position as market leader in the sectors of the electrical industry in which it operates.

9. Close Company Provisions

The directors do not consider that the company is a close company under the terms of the Income and Corporation Taxes Act 1970.

10. Employment of Disabled Persons

The Company's policy and practise is to encourage and assist the employment of disabled people, their recruitment, training, career development and promotion, and the retention of employees who become disabled. The operation of this policy is reviewed regularly.

EGA LIMITED

REPORT OF THE DIRECTORS (continued)

11. Employee Involvement

The Company's policy recognises the importance of employee communications including briefings and in-house newspapers. Employees are sent a copy of the interim statement at the half year, and a special report containing a message from the Managing Director with extracts of group results at the year end.

12. Auditors

A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the Annual General Meeting.

By Order of the Board


Secretary

St. Asaph

27th June, 1985

EGA LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS OF EGA LIMITED

We have audited the accounts set out on pages 5 to 17 in accordance with approved Auditing Standards. The accounts have been prepared under the historical cost convention as modified by the revaluation of land and buildings.

In our opinion the accounts give a true and fair view of the state of affairs of the company at 30th March, 1985 and of its profit and source and application of funds for the 52 weeks then ended and comply with the Companies Acts 1948 to 1981.



Chartered Accountants

Liverpool 27th June 1985

EGA LIMITED

PROFIT AND LOSS ACCOUNT FOR THE 52 WEEKS ENDED 30TH MARCH, 1985

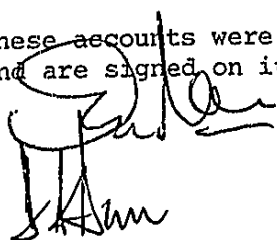
	<u>NOTES</u>	<u>1985</u>	<u>1984</u>
		<u>£000</u>	<u>£000</u>
Turnover	1	14351	13960
Net operating costs	2	(11852)	(10998)
		<hr/>	<hr/>
Trading Profit	3	2499	2962
Interest Payable	4	(576)	(566)
		<hr/>	<hr/>
Profit Before Taxation		1923	2396
Tax on profit on ordinary activities	7	248	(598)
		<hr/>	<hr/>
Profit on ordinary activities after taxation		2171	1798
Dividend		-	-
		<hr/>	<hr/>
Profit for the financial period		£ 2171	£ 1798
		<hr/>	<hr/>
STATEMENT OF RETAINED PROFITS			
Retained profits at 31st March, 1984		3096	1298
Profit for the financial period		2171	1798
		<hr/>	<hr/>
Retained profits at 30th March, 1985		£ 5267	£ 3096
		<hr/>	<hr/>

The notes on pages 8 to 17 form part of these accounts.
Auditors' report page 4.

EGA LIMITED
BALANCE SHEET AT 30TH MARCH, 1985

	<u>NOTES</u>	<u>1985</u>	<u>1984</u>
		<u>£000</u>	<u>£000</u>
FIXED ASSETS			
Tangible assets	8	5268	3305
CURRENT ASSETS			
Stocks	9	3327	3516
Debtors	10	3732	3342
Cash at bank and in hand		10	13
		<u>7069</u>	<u>6871</u>
CREDITORS: amounts falling due within one year	11	(5686)	(6866)
NET CURRENT ASSETS		<u>1383</u>	<u>5</u>
Total assets less current liabilities		6651	3310
CREDITORS: amounts falling due after more than one year	12	(1170)	-
		<u>£ 5481</u>	<u>£ 3310</u>
		=====	=====
CAPITAL AND RESERVES			
Called up share capital	14	50	50
Revaluation reserve		164	164
Profit and loss account		5267	3096
		<u>£ 5481</u>	<u>£ 3310</u>
		=====	=====

These accounts were approved by the Board of Directors on 27th June, 1985 and are signed on its behalf by:-



) Directors

The notes on pages 8 to 17 form part of these accounts.
Auditors' report page 4.

EGA LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE 52 WEEKS ENDED 30TH MARCH, 1985

	<u>1985</u>	<u>1984</u>
	<u>£000</u>	<u>£000</u>
SOURCE OF FUNDS		
Profits on ordinary activities before taxation	1923	2396
Adjustments for items not involving movement of funds:		
Depreciation	650	465
Total from operations	2573	2861
Funds from other sources:		
Regional Development Grants	440	171
Tangible fixed asset disposals	28	61
	<u>468</u>	<u>232</u>
TOTAL SOURCE OF FUNDS	3041	3093
APPLICATION OF FUNDS		
Tax Paid	(546)	(400)
Purchase of Tangible fixed assets	(3081)	(1845)
Dividends paid	-	(1043)
	<u>(3627)</u>	<u>(3288)</u>
TOTAL APPLICATION OF FUNDS	£ (586)	£ (195)
	===	===
INCREASE IN WORKING CAPITAL		
Increase/(Decrease) in stocks	(189)	1544
Increase/(Decrease) in debtors (excluding taxation)	269	(699)
Decrease/(Increase) in creditors falling due within one year (excluding taxation and dividends)	507	(1049)
	587	(204)
(Increase) in creditors falling due after more than one year	(1170)	-
Movement in net liquid funds:		
Cash at bank and in hand	(3)	9
	<u>£ (586)</u>	<u>£ (195)</u>
	===	===

The notes on pages 8 to 17 form part of these accounts.
Auditors' report page 4.

EGA LIMITED

ACCOUNTING POLICIES

A summary of the more important accounting policies of the company, which have been applied consistently, is set out below.

(a) Historical Cost Convention

The accounts have been prepared under the historical cost convention with the exception that properties are stated at a valuation.

(b) Tangible fixed assets

Land and buildings are stated at valuation on the basis described in note 8. Other tangible fixed assets are stated at their purchase price, together with any incidental expenses of acquisition. Regional development grants receivable on capital expenditure are credited to fixed assets. Provision for depreciation is made so as to write off the cost or valuation of tangible fixed assets on a straight line basis over the expected useful economic life of the assets concerned. The principal annual rates used for this purpose are:-

	<u>%</u>
Freehold buildings	2
Plant and Machinery	10
Motor vehicles	25
Fixtures and fittings	10

Leasehold land and buildings are amortised over 50 years or the period of the lease, whichever is the less. Freehold land is not depreciated.

(c) Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. In general cost is determined on a first in first out basis and includes transport and handling costs; in the case of manufactured products cost includes all direct expenditure and production overheads based on the normal level of activity. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of the realisation and, where appropriate, the cost of conversion from their existing state to a finished condition. Provision is made where necessary for obsolete, slow moving and defective stocks.

EGA LIMITED

ACCOUNTING POLICIES (continued)

(d) Deferred tax

Provision is made for deferred taxation at the expected rate of corporation tax in the years in which the tax liability is expected to arise. No provision is made for any tax reduction which is expected to continue for the foreseeable future.

(e) Foreign currencies

Trading transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling when the transaction was entered into. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates ruling at the balance sheet date. Exchange gains or losses are included in operating profit.

(f) Pension arrangements

The company funds pension liabilities, on the advice of external actuaries, by payments to the company pension fund. Payments made to the fund and charged in the accounts comprise current and past service liabilities. The schemes are reviewed regularly by actuaries and the rates of contribution are adjusted in accordance with their advice.

EGA LIMITED

NOTES TO THE ACCOUNTS - 30TH MARCH, 1985

1. The geographical analysis of turnover is as follows:-

	<u>1985</u>		<u>1984</u>	
	Third Party	Group	Third Party	Group
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
United Kingdom	10573	287	9953	16
Other	3104	387	3059	932
	<hr/>	<hr/>	<hr/>	<hr/>
	£ 13677	£ 674	£ 13012	£ 948
	<hr/>	<hr/>	<hr/>	<hr/>
	£ 14351		£ 13960	
	=====		=====	

2. Net operating costs

	<u>1985</u>	<u>1984</u>
	<u>£000</u>	<u>£000</u>
Change in stocks of finished goods and in work in progress	(134)	(1032)
Raw Materials and consumables	5392	5984
Other external charges	3195	2752
Staff costs(including executive directors)	2591	2452
Wages and salaries	227	248
Social Security costs	181	129
Other pension costs		
Depreciation and other amounts written off tangible and nontangible fixed assets	650	465
Selective financial assistance	(250)	-
	<hr/>	<hr/>
	£ 11852	£ 10998
	=====	=====

3. Trading profit

Trading profit is stated after charging:-

	<u>1985</u>	<u>1984</u>
	<u>£000</u>	<u>£000</u>
Auditors' remuneration	14	13
Hire of plant and machinery	15	28
Depreciation of tangible fixed assets	650	465
Directors' emoluments (see note 5)	182	133
Employees share scheme	50	48
	=====	=====

EGA LIMITED

NOTES TO THE ACCOUNTS - 30TH MARCH, 1985 (continued)

	<u>1985</u>	<u>1984</u>
	<u>£000</u>	<u>£000</u>
4. <u>Interest Payable</u>		
Interest payable to group companies on sums wholly repayable within 5 years	545	566
Interest payable on sums repayable after more than 5 years	31	-
	<u>576</u>	<u>566</u>

5. Directors' emoluments

(a) Directors' emoluments comprise emoluments (including pension contributions) for management services.

(b) Particulars of directors' emoluments (excluding pension contributions), disclosed in accordance with sections 6 and 7 of the Companies Act 1967, are as follows:-

	<u>1985</u>	<u>1984</u>
Emoluments of the chairman	£ -	£ -
Emoluments of the highest paid director	£ 36338	£ 30346
Compensation paid to a former director for loss of office	£ 23000	£ -

Number of directors (excluding those above)
whose emoluments were within the ranges:-

Nil to £ 5000	2	1
£ 5001 to £10000	-	1
£10001 to £15000	-	1
£15001 to £20000	-	2
£20001 to £25000	4	1

EGA LIMITED

NOTES TO THE ACCOUNTS - 30TH MARCH, 1985 (continued)

6. Employee Information

The average number of persons employed by the company (including executive directors) during the period is analysed below:-

	<u>1985</u>	<u>1984</u>
Production	203	206
Selling and distribution	89	80
Administration	38	38
	<hr/>	<hr/>
	330	324
	<hr/>	<hr/>

7. Tax on profit on ordinary activities

The tax charge is based on the profit on ordinary activities for the year and comprises:-

	<u>1985</u>	<u>1984</u>
	<u>£000</u>	<u>£000</u>
United Kingdom corporation tax at 50% (1984 50%)	(195)	595
Adjustment in respect of prior year	(53)	3
	<hr/>	<hr/>
	£ (248)	£ 598
	<hr/>	<hr/>

The charge for the year has been reduced in respect of taxation deferred by accelerated capital allowances which are not expected to become payable in the foreseeable future amounting to £1,174,000 (1984 £575,000) and in respect of stock relief amounting to £ NIL (1984 £49,000).

EGA LIMITED

NOTES TO THE ACCOUNTS - 30TH MARCH, 1985 (continued)

8. Tangible fixed assets

	Freehold land and Buildings	Leasehold Land and Buildings Long Leases	Plant and Equip.	Motor Vehicles	Fixtures and Fittings	Total
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Cost or valuation (see below) at 1st April, 1984	34	426	4024	371	382	5237
Expenditure	373	(52)	2134	114	72	2641
Disposals	-	-	(260)	(49)	-	(309)
At 30th March, 1985	<u>407</u>	<u>374</u>	<u>5898</u>	<u>436</u>	<u>454</u>	<u>7569</u>
Depreciation at 1st April, 1984	-	16	1639	121	156	1932
Charge for year	2	8	519	89	32	650
Disposals	-	-	(253)	(28)	-	(281)
At 30th March, 1985	<u>2</u>	<u>24</u>	<u>1905</u>	<u>182</u>	<u>188</u>	<u>2301</u>
Net Book value at 30th March, 1985	<u>£ 405</u>	<u>£ 350</u>	<u>£ 3993</u>	<u>£ 254</u>	<u>£ 266</u>	<u>£ 5268</u>
Net book value at 31st March, 1984	<u>£ 34</u>	<u>£ 410</u>	<u>£ 2385</u>	<u>£ 250</u>	<u>£ 226</u>	<u>£ 3305</u>

Land and buildings are included at a valuation as follows:-

	<u>£000</u>
Valuation in 1981 - Leasehold property	240
	<u>240</u>

The valuation in 1981 was carried out by Henry Butcher & Co., members of the Institute of Valuers, on an existing use basis.

EGA LIMITED

NOTES TO THE ACCOUNTS - 30TH MARCH, 1985 (continued)

8. (Continued...)

The original cost and depreciation based on cost of land buildings included at a valuation is :-

	<u>Long Leasehold land and buildings</u>	
	<u>1985</u>	<u>1984</u>
	<u>£000</u>	<u>£000</u>
Historical cost	76	76
Depreciation based on cost	7	5
	—	—
Historical cost	£ 69	£ 71
net book value	===	===

9. Stocks

	<u>1985</u>	<u>1984</u>
	<u>£000</u>	<u>£000</u>
Raw materials and consumables	648	971
Work in Progress	263	244
Finished goods and goods for resale	2416	2301
	—	—
	£ 3327	£ 3516
	===	===

EGA LIMITED

NOTES TO THE ACCOUNTS - 30TH MARCH, 1985 (continued)

10. Debtors

	<u>1985</u>	<u>1984</u>
	<u>£000</u>	<u>£000</u>
Trade debtors	1494	1554
Amounts owed by group companies	1452	1321
Amounts owed by related companies	16	21
Other debtors including taxation	770	446
	<u>£ 3732</u>	<u>£ 3342</u>
	=====	=====

All the above amounts are due within one year of the balance sheet date.
Other debtors includes £120,000 (1984 £ NIL) in respect of corporation tax repayable.

11. Creditors: amounts falling due within one year

	<u>1985</u>	<u>1984</u>
	<u>£000</u>	<u>£000</u>
Trade creditors	1908	2400
Amounts owed to group companies	3451	3163
Other creditors including taxation and social security	186	1012
Accruals and deferred income	141	291
	<u>£ 5686</u>	<u>£ 6866</u>
	=====	=====

The creditor for taxation and social security includes UK corporation tax payable amounting to £ NIL (1984 £674,000)

12. Creditors: amounts falling due after more than one year

	<u>1985</u>	<u>1984</u>
	<u>£000</u>	<u>£000</u>
E.C.S.C. Loan arranged through Barclays Bank plc. Repayable by instalments after more than 5 years. Applicable rate of interest 5.74%.	1170	-
	=====	=====

The loan is secured by a guarantee from
M.K. Electric Group plc

EGA LIMITED

NOTES TO THE ACCOUNTS - 30TH MARCH, 1985 (continued)

13. Potential liability for deferred taxation

	<u>1985</u>	<u>1984</u>
	<u>£000</u>	<u>£000</u>
No provision for deferred taxation is required. The full potential liability is as follows:		
Tax on the excess of capital allowances over depreciation	1894	1082
Tax that would arise on disposal of properties at their revalued amounts	49	49
	<u>£ 1943</u>	<u>£ 1131</u>
	<u>=====</u>	<u>=====</u>

The rate of taxation used is 35% (1984 35%)

14. Called up share capital

	<u>1985 and 1984</u>
	<u>£000</u>
Authorised, allotted, called up and fully paid 50,000 ordinary shares of £1 each	£ 50
	<u>=====</u>

EGA LIMITED

NOTES TO THE ACCOUNTS - 30TH MARCH, 1985 (continued)

15. Commitments and contingent liabilities

(a) <u>Capital expenditure</u>	<u>1985</u>	<u>1984</u>
	<u>£000</u>	<u>£000</u>
Expenditure contracted for	447	38
Expenditure authorised by directors but not yet contracted for	73	503
	<u>£ 520</u>	<u>£ 541</u>

(b) Contingent liabilities

The company has given an unlimited guarantee in respect of certain banking facilities of the MK Electric Group. There were no amounts outstanding on these facilities at 30th March, 1985.

16. Ultimate holding company

The ultimate holding company is MK Electric Group plc incorporated in Great Britain.

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