

HOPKINSONS LIMITED

BRITANNIA WORKS

HUDDERSFIELD

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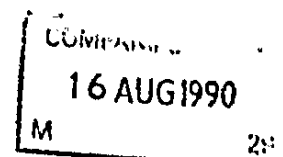
ANNUAL

REPORT AND ACCOUNTS

PERIOD ENDED 29TH DECEMBER 1989

To be presented at the Twenty-fifth Annual General Meeting
of the Company to be held on 18th April 1990

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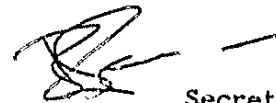
HOPKINSONS LIMITED

NOTICE IS HEREBY GIVEN

that the Twenty-fifth Annual General Meeting of the Company will be held at the Registered Office of the Company, Britannia Works, Huddersfield on 18th April 1990.

1. To receive and adopt the Directors' Report and Accounts for the 11 months ended 29th December 1989, and the Auditors' report thereon.
2. To re-elect Directors.
3. To confirm that no Dividend will be paid for the year
4. To authorise the Directors to fix the remuneration of the Auditors.
5. To re-appoint the Auditors.

By Order of the Board



Secretary.

Britannia Works
Huddersfield.
28th March 1990

In accordance with Section 372 of the Companies Act 1985, notice is hereby given that a member entitled to attend and vote at this meeting is entitled to appoint another person, whether a member or not, as his proxy to attend and on a poll to vote in his stead. (The instrument appointing a proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time appointed for holding the meeting).

HOPKINSONS LIMITED

DIRECTORS

R. GARRICK

I. M. BOYD

W. A. MCLEAN

R. WATSON

D. PERKIN

J. H. LIVINGSTONE

B. SPENCER

SECRETARY AND REGISTERED OFFICE

B. SPENCER

BRITANNIA WORKS, HUDDERSFIELD.

AUDITORS

ERNST & YOUNG

HOPKINSONS LIMITED

DIRECTORS' REPORT

The Directors have pleasure in submitting their Annual Report, together with the audited Accounts of the Company for the 11 months ended 30th December 1989.

Results and Dividends

The loss for the period after taxation was £932,000 which has been deducted from reserves. (Year to January 1989 - £4,260,000 loss).

The Directors recommend that no final dividend is paid. (January 1989 - £3,031,600)

Review of the Business

On the 19th June 1989 the shares in the Company were bought by The Weir Group plc. The Company's principal activities are the manufacture of high and low pressure valves, sootblowers, actuators, boiler mountings and high integrity steel castings.

Product improvement and development is an important on-going process. Research and development costs are written off in the year in which they are incurred.

Employee Involvement

The Company continues its policy of keeping all its employees informed on matters affecting them. This is carried out through meetings and briefing sessions with both management and trade union or employee representatives and these, together with newsletters, give information on orders, sales, cash, profits, pensions and capital expenditure. The interval between communications varies but is not longer than half-yearly depending on the media.

Full and fair consideration is given to applications for employment from disabled persons, having regard to their particular aptitudes, abilities and suitability for employment in our industry. No special provision is made for the training or career development, but general facilities are adapted or arranged to meet the needs of the disabled, or employees who become disabled, to allow them to be employed or continue employment in their present or more suitable employment with regard to their disablement. Promotion opportunities are open to all employees irrespective of their disablement.

Tangible Fixed Assets

Movements in the Fixed Assets are shown in note 6 to the Accounts on page 13.

The company's freehold land and buildings has been revalued on an open market value with vacant possession by Eddisons, Chartered Surveyors at 21st February 1989 at £2m and has been included in the accounts at this amount.

HOPKINSONS LIMITED

DIRECTORS' REPORT

Directors and their Interests

The Directors during the period were :-

R. Garrick	(appointed 20th June 1989)
I. M. Boyd	(appointed 20th June 1989)
W. A. McLean	(appointed 20th June 1989)
R. Watson	
D. Perkin	
B. Spencer	
J. H. Livingstone	(appointed 9th November 1989)
D. Croft	(resigned 31st August 1989)
B. L. Fuller	(resigned 19th June 1989)
A. S. Thompson	(resigned 19th June 1989)
C. E. Pilkington	(resigned 24th February 1989)

Mr. R. Garrick, Mr. I. M. Boyd, Mr. W. A. McLean were appointed on the 20th June 1989 and are all Directors of The Weir Group plc.

No Director other than those who are Directors of The Weir Group plc had any interest in the share capital of The Weir Group plc at anytime during the period. Shareholdings in The Weir Group plc are noted in that company's accounts. No Director has any interest in the shares of Hopkinsons Limited.

In accordance with the Articles of Association, Mr. R. Garrick, Mr. I. M. Boyd, Mr. W. A. McLean and Mr. J. H. Livingstone retire as Directors, and, being eligible, offer themselves for re-election.

Auditors

Price Waterhouse resigned on 23rd December 1989. The Directors appointed Ernst & Young as auditors to fill the casual vacancy arising on the resignation of Price Waterhouse.

A resolution to re-appoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

By Order of the Board


Secretary.

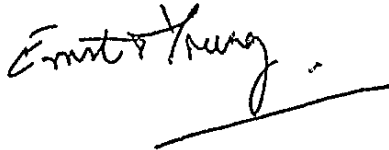
Britannia Works
Huddersfield.
28th March 1990

HOPKINSONS LIMITED
REPORT OF THE AUDITORS

To the members of Hopkinsons Limited

We have audited the accounts on pages 6 to 16 in accordance with approved Auditing Standards.

In our opinion the accounts, which have been prepared under the historical cost convention modified to include the revaluation of freehold land and buildings, give a true and fair view of the state of the company's affairs at 29th December 1989 and of its loss and source and application of funds for the period then ended and comply with the Companies Act 1985.

A handwritten signature in cursive script, appearing to read 'Ernst & Young', with a horizontal line drawn underneath it.

Chartered Accountants
28th March 1990

Leeds

HOPKINSONS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE 11 MONTHS ENDED 29TH DECEMBER 1989

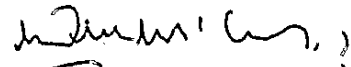
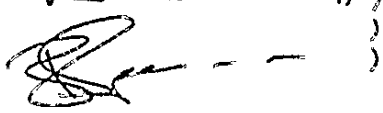
	notes	11 Mths to Dec 1989 £000	12 Mths to Jan 1989 £000
TURNOVER	2	20,991	21,306
Costs and overheads	3	21,294	22,748
Exceptional items	3	1,124	3,124
OPERATING LOSS		(1,427)	(4,566)
Interest (paid)/received	4	(367)	53
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,794)	(4,513)
Taxation credit	5	862	253
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		(932)	(4,260)
Dividend		0	3,032
LOSS CHARGED TO RESERVES	12	(932)	(7,292)
		=====	=====

Notes on pages 9 to 16 are to be read as part of the Accounts
Movements on reserves are shown in note 12.

HOPKINSONS LIMITED
BALANCE SHEET AT 29TH DECEMBER 1989

	notes	Dec 1989 £000	Jan 1989 £000
FIXED ASSETS			
Tangible assets	6	3,658	2,531
Investments	7	-	-
		<u>3,658</u>	<u>2,531</u>
CURRENT ASSETS			
Stocks	8	7,498	6,395
Debtors	8	8,070	6,550
Cash at bank and in hand		9	9
		<u>15,575</u>	<u>12,954</u>
CREDITORS (due within one year)	9	11,097	8,692
NET CURRENT ASSETS		<u>4,478</u>	<u>4,262</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		8,136	6,793
CREDITORS (due after more than one year)			
Group loan	10	3,254	2,658
		<u>4,882</u>	<u>4,135</u>
		=====	=====
CAPITAL AND RESERVES			
Called up share capital	11	2,000	2,000
Profit and loss account	12	1,203	2,135
Revaluation reserve	13	1,679	0
		<u>4,882</u>	<u>4,135</u>
		=====	=====

Approved by the Board on the 28th March 1990


 - Directors

Notes on pages 9 to 16 are to be read as part of the Accounts

HOPKINSONS LIMITED

SOURCE AND APPLICATION OF FUNDS FOR THE PERIOD ENDED 29TH DECEMBER 1989

	Period to Dec. 1989 £000	Year to Jan. 1989 £000
SOURCE OF FUNDS		
Funds from other sources		
Proceeds of disposal of tangible fixed assets	55	62
Loan from Hopkinsons Holdings plc	0	2,658
Loan from the Weir Group plc	3,254	0
ACT and corporation tax	672	(1,609)
Group relief received	829	0
	<u>4,810</u>	<u>1,111</u>
APPLICATION OF FUNDS		
Payment of dividend	(1,022)	(3,003)
Repayment of Loan to Hopkinsons Holdings plc	(2,658)	0
Purchase of tangible fixed assets	(64)	(1,067)
Funds absorbed by operations (see below)	(1,233)	(3,844)
	<u>(4,977)</u>	<u>(7,914)</u>
Working capital increase/(decrease)	<u>(167)</u>	<u>(6,803)</u>
Stocks	1,101	(1,822)
Debtors	2,159	(894)
Creditors	(3,610)	(872)
	<u>(350)</u>	<u>(3,588)</u>
Movement in net liquid funds	<u>183</u>	<u>(3,215)</u>
	<u>(167)</u>	<u>(6,803)</u>
Funds absorbed by operations includes:-		
Loss on ordinary activities before tax	(1,794)	(4,513)
Depreciation	588	706
Surplus on disposal of fixed assets	(27)	(37)
	<u>(1,233)</u>	<u>(3,844)</u>

HOPKINSONS LIMITED

NOTES ON ACCOUNTS

1. ACCOUNTING POLICIES

The principal accounting policies adopted by the Company are set out below.

Accounting Period

The accounting period to 29th December 1989 includes forty-eight weeks. (Period to 27th January 1989 includes fifty-two weeks).

Accounting Convention

The accounts have been prepared under the historical cost convention modified to include the revaluation of freehold land and buildings.

Government Grants

Government grants are credited to fixed assets or trading profit depending upon the treatment of the expenditure in respect of which they arise.

Turnover

Turnover represents the value of goods sold and services supplied, excluding value added tax.

Depreciation

Depreciation is calculated to write off the cost of assets, after deducting Government grants, from the date of purchase by equal annual instalments over their estimated useful lives, which are principally as follows:

Freehold and Leasehold buildings - 50 years or life of lease if less
Plant and machinery - 5% to 25%

The surplus arising on revaluation of buildings included in the revaluation reserve is amortised over the estimated useful lives of these buildings by transfer to the profit and loss account reserve in annual instalments.

Intangible Assets

Expenditure, except capital expenditure on buildings and plant, on research and development, patents, and trade marks is written off in the year in which it is incurred.

Stocks

Stocks are valued at the lower of cost including appropriate production overheads and estimated net realisable value.

Cost comprises direct materials on a first-in, first-out basis and direct labour plus attributable production overheads based on a normal level of activity. Net realisable value is based on estimated selling price less anticipated costs to disposal. Provision is made for all foreseeable losses and, in the case of stocks, due allowance is made for obsolete and slow moving items.

HOPKINSONS LIMITED

NOTES ON ACCOUNTS

Foreign currencies

Monetary assets and liabilities stated in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date.

Transactions in foreign currencies are converted at the rate ruling at the date of the transaction. Exchange differences are dealt with through the profit and loss account as they arise.

Deferred taxation

Provision is made for deferred taxation on the liability method, unless there is a reasonable probability that no payment will be made in the foreseeable future.

Leasing and hire purchase commitments

Significant assets obtained under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The interest element of the rental obligation is charged to profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under other leases are charged to income on a straight line basis over the lease term.

Pension commitments

The UK Statement of Standard Accounting Practice No. 24 was adopted from 28th January 1989. The cost of providing pensions and related benefits is charged to the profit and loss account so as to spread the cost over the average service lives of employees.

HOPKINSONS LIMITED

NOTES ON ACCOUNTS

	11 Mths to Dec 1989, £000	12 Mths to Jan 1989 £000
2. TURNOVER		
Geographical analysis of turnover		
United Kingdom	14,529	14,517
Europe	728	877
North America	441	1,186
South America	90	114
Africa	1,010	1,123
Asia	3,503	2,852
Australasia	690	637
	<u>20,991</u>	<u>21,306</u>
3. COSTS AND OVERHEADS		
Changes in stocks of finished goods and in work in progress	(397)	(1,018)
Raw materials and consumables	7,592	7,394
Own work capitalised	(14)	(6)
Other external charges	4,080	4,249
Staff costs (see below)	9,469	11,369
Depreciation	588	706
Other operating charges	(24)	54
	<u>21,294</u>	<u>22,748</u>
Other external charges include:-		
Hire and lease of plant and equipment	217	151
Audit fees	18	16
Staff costs		
Wages and salaries	8,321	9,978
Social security costs	652	758
Other pension costs	496	633
	<u>9,469</u>	<u>11,369</u>
EXCEPTIONAL ITEMS		
Rationalisation costs	1,621	0
Obsolescent stock provision (release)/charge	(497)	3,124
	<u>1,124</u>	<u>3,124</u>

HOPKINSONS LIMITED

NOTES ON ACCOUNTS

	11 Mths to Dec 1989, £000	12 Mths to Jan 1989 £000
The following remuneration was paid to Directors		
Fees	0	0
Management remuneration	117	178
Compensation for loss of office	30	0
	<hr/> 147	<hr/> 178

Directors' emoluments excluding pension contributions.

Chairman	0	0
Highest paid Director	<hr/> 28	<hr/> 29

Directors' emoluments fall in the following ranges:

	Number	Number
Up to £ 5,000	5	4
£10,001 to £15,000	1	0
£15,001 to £20,000	1	1
£20,001 to £25,000	2	0
£25,001 to £30,000	0	5

Three directors of the company including the Chairman, are employed and remunerated by The Weir Group plc.

The average number of employees during the period was 865 (Year to January 1989 - 1,007), and they were all based in the United Kingdom.

4. INTEREST

Bank interest - paid	(392)	(40)
- received	<hr/> 25	<hr/> 93
	<hr/> (367)	<hr/> 53

5. TAXATION

Based on loss on ordinary activities for year

Group relief surrendered at 35%	829	0
Deferred taxation	0	250
Prior year adjustments	<hr/> 33	<hr/> 3
	<hr/> 862	<hr/> 253

The tax credit amounting to £829,000 represents the tax value of losses available for surrender to group companies for which payment will be received. Due to the availability of tax losses carried forward at the balance sheet date amounting to £3.0m which are available for set off against future profits, no actual or potential deferred taxation liability arises.

HOPKINSONS LIMITED

NOTES ON ACCOUNTS

6. TANGIBLE FIXED ASSETS

	Land and Buildings Freehold £000	Plant & Equipment £000	Total £000
COST			
At 27.1.89	817	8,378	9,195
Additions	-	64	64
Disposals	-	(196)	(196)
Surplus on revaluation	1,183	-	1,183
At 29.12.89	<u>2,000</u>	<u>8,246</u>	<u>10,246</u>
DEPRECIATION			
At 27.1.89	496	6,168	6,664
Charge	19	569	588
Disposals	-	(168)	(168)
Released on revaluation	(496)	-	(496)
At 29.12.89	<u>19</u>	<u>6,569</u>	<u>6,588</u>
Net book amount			
At 29.12.89	<u>1,981</u> =====	<u>1,677</u> =====	<u>3,658</u> =====
At 27.1.89	<u>321</u> =====	<u>2,210</u> =====	<u>2,531</u> =====

The company's freehold factory has been revalued on an open market value with vacant possession by Eddisons, Chartered Surveyors at 21st February 1989 at £2m and has been included in the accounts at this amount. No provision has been made for capital gains tax on the surplus arising on the revaluation of the freehold land and buildings which may become payable in the future.

December 1989 £000	January 1989 £000
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Future capital expenditure not provided in the accounts

Expenditure contracted	17	16
Expenditure authorised but not contracted	179	49
	=====	=====

NOTES ON ACCOUNTS

Shares in subsidiaries at cost	£	400	£	400
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The entire issued share capital of the subsidiaries is in the form of equity shares all of which is owned by Hopkinsons Limited. All companies are incorporated in Great Britain, registered in England and dormant. The subsidiaries are:-

8. CURRENT ASSETS

	£000	£000
Stocks		
Raw materials	2,078	1,374
Work in progress	4,320	3,373
Finished goods	1,098	1,643
	<hr/> 7,496 <hr/>	<hr/> 6,395 <hr/>
Debtors		
Trade debtors -due within one year	6,835	4,879
due after one year	0	525
Amount owed by group companies	1,001	228
Prepayments and other debtors	234	279
Taxation	0	639
	<hr/> 8,070 <hr/>	<hr/> 6,550 <hr/>

Trade creditors	3,255	2,775
Taxation and social security	402	334
Accruals and other creditors	2,551	1,086
Amounts owed to Weir group companies	2,349	0
Amounts owed to Hopkins Holdings	0	742
Amounts owed to subsidiaries	1,094	1,094
Proposed dividend	0	1,022
Advances from customers	119	129
Bank overdraft	1,327	1,510
	<hr/>	<hr/>
	11,097	8,692

HOPKINSONS LIMITED

NOTES ON ACCOUNTS

10. GROUP LONG TERM LOAN

This loan is payable to the ultimate holding company which has confirmed that its present intention is not to require repayment within the current year.

11. CALLED UP SHARE CAPITAL	£000	£000
Ordinary Shares of £1 each		
Authorised, allotted and fully paid.	<u>2,000</u>	<u>2,000</u>

12. PROFIT AND LOSS ACCOUNT

At 27th January 1989	2,135	9,427
Loss charged in period	(932)	(7,292)
	<u>1,203</u>	<u>2,135</u>
At 29th December 1989	<u>1,203</u>	<u>2,135</u>

13. REVALUATION RESERVE

At 27th January 1989	0
Arising on revaluation during the year (note 6)	<u>1,679</u>
Balance 29th December 1989	<u>1,679</u>

14. OBLIGATIONS UNDER LEASES AND HIRE PURCHASE CONTRACTS

The commitments under non-cancellable operating leases are as follows:-

	Dec. 1989		Jan. 1989	
	Land & Buildings	Other	Land & Buildings	Other
	£000	£000	£000	£000
Operating leases which expire within one year	-	-	-	-
in the second to fifth year	-	151	-	151
over five years	-	5	-	5
	<u>-</u>	<u>156</u>	<u>-</u>	<u>156</u>

HOPKINSONS LIMITED

NOTES ON ACCOUNTS

15. PENSION COMMITMENTS

The company operates a defined benefit pension scheme covering the majority of employees. Contributions are paid to the scheme at rates recommended by the actuaries, based on regular reviews of the scheme's financial position. The scheme's assets are held by trustees separately from the assets of the company.

The latest formal actuarial review of the scheme was carried out as at 5th April 1987. The market value of the scheme's assets at that date was £24.3m and the scheme was fully funded. The main actuarial assumptions used were investment growth of 9% per annum, pay growth of 8% per annum and pension increases of 3% per annum.

The total pension cost charge of £496,000 coincides with the amount of contributions payable by the company for the period to 29th December 1989.

16. HOLDING COMPANY

The company is a wholly owned subsidiary of The Weir Group plc, which is incorporated in Great Britain.