

869208

HOPKINSONS LIMITED

BRITANNIA WORKS

HUDDERSFIELD

ANNUAL

REPORT AND ACCOUNTS

52 WEEKS ENDED 29TH DECEMBER 1995

To be presented at the Thirty-first Annual General Meeting
of the Company to be held on 8th March 1996



HOPKINSONS LIMITED

NOTICE IS HEREBY GIVEN

that the Thirty-first Annual General Meeting of the Company will be held at the Registered Office of the Company, Britannia Works, Huddersfield on 8th March 1996.

1. To receive and adopt the Directors' Report and Accounts for the 52 weeks ended 29th December 1995, and the Auditors' report thereon.
2. To re-elect a Director.
3. To confirm the Dividend 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.

13th February 1996
Britannia Works
Huddersfield.

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

SIR R. GARRICK

I. M. BOYD

J. STEELE

M. MONKS

D. PERKIN

J. H. LIVINGSTONE

W. PENTLAND

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 52 weeks ended 29th December 1995.

Results and Dividends

The profit for the year after taxation was £2,506,000. (1994 - £925,000).

The Directors confirm a final dividend of £5,400,000 (1994 - £736,000) leaving an adverse balance of £2,894,000 to be taken to Reserves.

Review of the Business

The Company's principal activities are the manufacture of high and low pressure valves, sootblowers, actuators, boiler mountings and high integrity steel castings.

There was an increase in turnover during the year and the Directors believe the Company is in a good position to take advantage of any opportunities which may arise in the future.

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.

Future Developments

The directors aim to maintain management policies which have resulted in the company's growth in the last five years.

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 their 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 14.

HOPKINSONS LIMITED

DIRECTORS' REPORT

Directors and their Interests

The Directors during the year were :-

Sir R. Garrick
I. M. Boyd
W. A. McLean (Resigned 20th May 1995)
W. B. Campbell (Resigned 18th January 1995)
J. Steele (Appointed 3rd April 1995)
R. Watson (Resigned 12th June 1995)
M. Monks (Appointed 20th November 1995)
D. Perkin
J. H. Livingstone
W. Pentland
B. Spencer

Sir R. Garrick and Mr. I. M. Boyd are Directors of The Weir Group PLC, and Mr. W. A. McLean was a Director until his resignation on the 20th May 1995.

Except as noted below 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 year. Mr. B. Spencer held 5,212 ordinary shares at the end of the year. Shareholdings of directors who are directors of 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. I. M. Boyd retires as a Director, and, being eligible, offers himself for re-election.

Auditors

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.

8th March 1996
Britannia Works
Huddersfield.

HOPKINSONS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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;

state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;

make judgements and estimates that are reasonably and prudent; and

prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that the accounts comply with the above requirements.

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.

REPORT OF THE AUDITORS
to the members of Hopkins Limited

We have audited the accounts on pages 7 to 18 which have been prepared under the historical cost convention as modified by the revaluation of freehold land and buildings and on the basis of the accounting policies set out on pages 10 and 11.

Respective responsibilities of directors and auditors

As described on page 5 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 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the Company at 29 December 1995 and of the result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young
Ernst & Young
Chartered Accountants
Registered Auditor
Leeds

13 March 1996

HOPKINSONS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE 52 WEEKS ENDED 29TH DECEMBER 1995

		CONTINUING ACTIVITIES	
		1995	1994
	notes	£000	£000
TURNOVER		36,650	33,115
Costs and overheads	2	33,895	31,190
OPERATING PROFIT	3	2,755	1,925
Interest and other income	4	470	(507)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		3,225	1,418
Taxation charge	5	719	493
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		2,506	925
Dividend paid		5,400	736
(LOSS)/PROFIT TRANSFERRED TO RESERVES	13	(2,894)	189

Notes on pages 10 to 18 are to be read as part of the Accounts
Movements on reserves are shown in note 13.

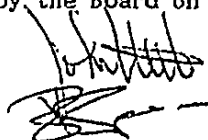
A statement of total recognised gains and losses is not presented since there are no recognised gains or losses in the period other than the profit on ordinary activities after taxation amounting to £2,506,000 (1994 £925,000).

HOPKINSONS LIMITED

BALANCE SHEET AT 29TH DECEMBER 1995

	notes	1995 £000	1994 £000
FIXED ASSETS			
Tangible assets	6	6,441	6,735
Investments	7	-	-
		<u>6,441</u>	<u>6,735</u>
CURRENT ASSETS			
Stocks	8	6,350	5,924
Debtors	8	12,404	9,269
Cash at bank and in hand		64	139
		<u>18,818</u>	<u>15,332</u>
CREDITORS (due within one year)	9	9,229	7,300
NET CURRENT ASSETS		<u>9,589</u>	<u>8,032</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		16,030	14,767
CREDITORS (due after more than one year)	10	6,276	6,290
		<u>9,754</u>	<u>8,477</u>
PROVISION FOR LIABILITIES AND CHARGES			
Deferred tax	5	704	553
Pension costs	11	219	463
		<u>8,831</u>	<u>7,461</u>
		=====	=====
CAPITAL AND RESERVES			
Called up share capital	12	6,264	2,000
Profit and loss account	13	1,016	3,892
Revaluation reserve	14	1,551	1,569
EQUITY SHAREHOLDERS' FUNDS		<u>8,831</u>	<u>7,461</u>
		=====	=====

Approved by the Board on the

 } - Directors

8th March 1996

Notes on pages 10 to 18 are to be read as part of the Accounts

HOPKINSONS LIMITED
CASH FLOW STATEMENT
FOR THE 52 WEEKS ENDED 29TH DECEMBER 1995

	1995 £000	1994 £000
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES (See below)	2,372	3,079
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest paid	(580)	(668)
Dividends paid	(6,136)	(813)
Dividends received	1,094	-
	(5,622)	(1,481)
TAXATION - CORPORATION TAX PAID	(308)	(488)
INVESTING ACTIVITIES		
Sale of tangible assets	26	4
Purchase of tangible assets	(709)	(1,294)
Acquisition of businesses	-	(696)
	(683)	(1,986)
NET CASH (OUTFLOW)/INFLOW BEFORE FINANCING	(4,241)	(876)
FINANCING		
Lease obligations repaid	(117)	(155)
Loan from Group company	-	3,000
Issue of shares	4,264	-
	4,147	2,845
NET CASH INFLOW/(OUTFLOW)	(94)	1,969
STATEMENT OF NET (BORROWINGS)/CASH		
At 30th December 1994	(143)	(2,112)
Inflow/(Outflow)	(94)	1,969
At 29th December 1995	(237)	(143)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES		
Profit before interest and tax	2,755	1,925
Depreciation	978	925
Loss/(gain) on disposal of fixed assets	(1)	2
Provision for pensions and contracts	(288)	(395)
Increase in stocks	(426)	(117)
(Increase)/decrease in debtors	(1,844)	1,044
(Decrease)/increase in creditors	871	(149)
Amount owed to/by group companies	327	(156)
	2,372	3,079

Notes on pages 10 to 18 are to be read as part of the accounts.

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 1995 includes fifty-two weeks.
(Period to 30th December 1994 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. The accounts are prepared in accordance with applicable accounting standards.

Government Grants

Grants related to expenditure on tangible assets are credited to profit at the same rate as the depreciation on the assets to which the grants relate.

Turnover

Turnover represents the value of goods sold and services supplied, excluding value added tax. An analysis of turnover by geographical market has not been disclosed. The Directors are of the opinion that to disclose such information could be seriously prejudicial to the interests of the Company.

Depreciation

Depreciation is calculated to write off the cost of all assets, except freehold land, from the date of purchase by equal annual instalments over their estimated useful lives, which are principally as follows:

Freehold and Leasehold buildings	- 2.5% 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.

Research and Development

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

Assets held 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

On the advice of an independent qualified actuary, contribution payments are made to the schemes to ensure that the schemes' assets are sufficient to cover future liabilities. Pension costs are charged to profit and loss accounts over the service lives of employees in the scheme and are assessed in accordance with the advice of the actuary. The excess of accumulated pension costs over the contributions paid is shown as a pension provision in the balance sheet. In each year interest is added to the provision and charged through the profit and loss account.

Goodwill

Goodwill is the difference between the amount paid on the acquisition of a business and the aggregate fair value of its separable net assets. Depending on the circumstances of each acquisition, purchased goodwill is either set off directly against reserves, or amortised through the profit and loss account over the directors' estimate of its useful life.

HOPKINSONS LIMITED

NOTES ON ACCOUNTS

	1995 £000	1994 £000
2. COSTS AND OVERHEADS		
Cost of sales	28,713	26,185
Distribution costs	3,409	2,979
Administration costs	1,804	2,026
Other operating income	(31)	0
	<u>33,895</u>	<u>31,190</u>

Redundancy costs are included within the above headings as follows:

Cost of sales	213	0
Distribution costs	51	0
Administration costs	71	0
	<u>335</u>	<u>0</u>

3. OPERATING PROFIT IS STATED AFTER CHARGING:-

Hire and lease of plant and equipment	313	290
Auditors' remuneration - audit services	23	22
- non audit services	3	5
Depreciation - purchased assets	882	829
- leased assets	96	96
Research and development costs	372	447
Staff costs		
Wages and salaries	13,794	12,601
Social security costs	1,148	1,045
Other pension costs	273	366
	<u>15,215</u>	<u>14,012</u>

The following remuneration was paid to Directors
Management remuneration
Compensation for loss of office

Management remuneration	348	433
Compensation for loss of office	63	4
	<u>411</u>	<u>437</u>

HOPKINSONS LIMITED

NOTES ON ACCOUNTS

	1995 £000	1994 £000
Directors' emoluments excluding pension contributions.		
Chairman	-	-
Highest paid Director	63	80

	Number	Number
Directors' emoluments fall in the following ranges:		
Up to £ 5,000	3	3
£ 5,000 to £10,000	2	-
£20,000 to £25,000	1	-
£35,001 to £40,000	-	1
£45,001 to £50,000	2	3
£60,001 to £65,000	2	1
£80,001 to £85,000	-	1

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

The average number of employees during the year was 822 (1994 - 789), and they were all based in the United Kingdom.

	£000	£000
4. INTEREST AND OTHER INCOME		
Group interest paid	(550)	(334)
Bank interest paid	(26)	(98)
Interest on finance leases	(4)	(17)
Interest on pension cost provision	(44)	(58)
	(624)	(507)
Dividends from subsidiary companies	1,094	0
	470	(507)
5. TAXATION		
Profit and loss account		
Based on profit on ordinary activities for year at 33% (1994 33%)	586	279
Overseas withholding tax	0	0
Prior year adjustments	0	2
Deferred tax	133	212
	719	493

Deferred Tax

The potential and actual liability for deferred taxation is as follows;

	£000	£000
Capital allowances in advance of depreciation	676	636
Other timing differences	28	(83)
	704	553

HOPKINSONS LIMITED

NOTES ON ACCOUNTS

G. TANGIBLE FIXED ASSETS

	Land and Buildings Freehold	Plant & Equipment	Total
	£000	£000	£000
COST/VALUATION			
At 30.12.94	2,000	13,221	15,221
Additions	-	654	654
Disposals	-	(123)	(123)
Group transfers	-	409	409
At 29.12.95	2,000	14,161	14,161
DEPRECIATION			
At 30.12.94	110	8,376	8,486
Charge	18	960	978
Disposals	-	(98)	(98)
Group transfers	-	354	354
At 29.12.95	128	9,592	9,720
Net book amount			
At 29.12.95	1,872	4,569	6,441
At 30.12.94	1,890	4,845	6,735

The Company's freehold factory was revalued on an open market value with vacant possession on 21st February 1989 at £2m and has been included in the accounts at this amount. Included within this amount is land valued at £1,275K which is not depreciated. 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. For freehold land and buildings included at valuation:

	1995 £000	1994 £000
Historical cost	817	817
Cumulative depreciation based on cost	(549)	(542)
	268	275

Included in the net book value of fixed assets of £6,441,000 shown above is an amount of £171,000 relating to assets acquired under finance leases.

	£000	£000
Future capital expenditure not provided in the accounts		
Expenditure contracted	33	122
Expenditure authorised but not contracted	132	0

HOPKINSONS LIMITED

NOTES ON ACCOUNTS

1995

1994

7. INVESTMENTS

Shares in subsidiaries at cost	£	400	£	400
--------------------------------	---	-----	---	-----

Consolidated accounts are not presented, because the company is a wholly owned subsidiary of another company incorporated in Great Britain.

In the opinion of the Directors, the value of the company's investment in its subsidiaries is not less than the amount at which it is stated in the balance sheet.

The entire issued share capital of the subsidiaries is in the form of £1 nominal value shares all of which is owned by Hopkinsons Limited. All companies are incorporated in Great Britain, registered in England and dormant. The subsidiaries are:-

Hopkinsons Spares and Service Limited
Hopkinsons Sales and Service (South West) Limited
Hopkinsons Sales and Service (South East) Limited
Autotork Controls Limited

8. CURRENT ASSETS

1995

1994

£000

£000

Stocks		
Raw materials	1,516	1,135
Work in progress	3,851	3,664
Finished goods	983	1,125
	<u>6,350</u>	<u>5,924</u>

Debtors

Amounts recoverable within one year		
Trade debtors	9,858	8,157
Amount owed by group companies	1,130	834
Prepayments and other debtors	110	58
Advance corporation tax	995	0

Amounts recoverable after one year

Trade debtors	311	220
	<u>12,404</u>	<u>9,269</u>

9. CREDITORS - (due within one year)

Obligations under finance leases	14	117
Trade creditors	4,453	3,386
Current corporation tax	1,547	292
Other taxes and social security costs	608	723
Accruals and other creditors	562	643
Amounts owed to Weir group companies	1,744	27
Amounts owed to subsidiaries	0	1,094
Proposed dividend	0	736
Bank overdraft	301	282
	<u>9,229</u>	<u>7,300</u>

HOPKINSONS LIMITED

NOTES ON ACCOUNTS

	1995 £000	1994 £000
10. CREDITORS - (due after more than one year)		
Group loan	6,254	6,254
Lease obligations (payable 1997-8)	22	36
	<u>6,276</u>	<u>6,290</u>
	=====	=====

The group loan is with Weir Finance Limited and is repayable on the 24th May 1999. Interest is payable at 8.8% per annum on the outstanding amount.

	1995 Pensions £000	1994 Pensions Contracts £000 £000
11. PROVISION FOR PENSIONS AND CONTRACTS		
At 30th December 1994	463	615 185
Charge for the year	(244)	(152) (185)
	<u>---</u>	<u>---</u> <u>---</u>
At 29th December 1995	219	463 0
	<u>===</u>	<u>===</u> <u>===</u>

	£000	£000
12. CALLED UP SHARE CAPITAL		
Ordinary Shares of £1 each Authorised	<u>12,000</u>	<u>2,000</u>
Allotted and fully paid.	<u>6,264</u>	<u>2,000</u>

During the year the authorised share capital was increased by £10,000,000 with the creation of 10,000,000 ordinary shares of £1 each. On 29th December 1995 £4,264,000 ordinary shares were issued at £1 per share and paid for by The Weir Group plc.

	£000
13. PROFIT AND LOSS ACCOUNT	
At 30th December 1994	3,892
Loss for the year	(2,894)
Transfer from revaluation reserve	18
	<u>-----</u>
At 29th December 1995	<u>1,016</u>
	=====

HOPKINSONS LIMITED

NOTES ON ACCOUNTS

14. REVALUATION RESERVE	£000
At 30th December 1994	1,569
Amortisation of property revaluation	(18)
	<u>1,551</u>
At 29th December 1995	<u>=====</u>

15. RECONCILIATION OF SHAREHOLDERS FUNDS	1995 £000	1994 £000
At 30th December 1994	7,461	7,404
Profit on ordinary activities after taxation	2,506	925
Dividend	(5,400)	(736)
Goodwill on acquisition	0	(132)
Issue of shares	4,264	0
	<u>8,831</u>	<u>7,461</u>
At 29th December 1995	<u>=====</u>	<u>=====</u>

16. OBLIGATIONS UNDER LEASES AND HIRE PURCHASE CONTRACTS

Finance leases are analysed as follows:-

Current obligations	14	117
Non current obligations	22	36
	<u>36</u>	<u>153</u>
	<u>=====</u>	<u>=====</u>

Analysis of changes in finance leases during year:

At 30th December 1994	153	242
Inception of finance lease contracts	0	66
Capital element of finance lease rental payments	(117)	(155)
	<u>36</u>	<u>153</u>
At 29th December 1995	<u>=====</u>	<u>=====</u>

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

	1995 Land & Buildings £000	Other £000	1994 Land & Buildings £000	Other £000
Operating leases which expire within one year	-	43	-	45
in the second to fifth year	-	227	-	234
	<u>-</u>	<u>270</u>	<u>-</u>	<u>279</u>
	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>

HOPKINSONS LIMITED

NOTES ON ACCOUNTS

17. CONTINGENT LIABILITIES

The Company has given a guarantee in relation to the overdraft facilities extended to The Weir Group PLC and certain subsidiary companies. The net funds on hand of the other companies party to these facilities at 29th December 1995 amounted to £6,454,000
The Company has also given guarantees/indemnities to customers amounting to £2,049,346 (1994 £1,602,520)

18. PENSION COMMITMENTS

The Company together with other companies in the Weir Group operate a group scheme which is a defined benefit pension scheme, under which a common group rate is applied in respect of contributions payable by all sponsoring employers. Details of the actuarial valuation of the Group Scheme are contained in the accounts of The Weir Group PLC.

19. ULTIMATE PARENT COMPANY

The directors report that The Weir Group PLC (registered in Scotland) is the Company's ultimate Parent Company. This is the only parent undertaking for which group accounts are drawn up and of which the Company is a member. The address from which copies of these group accounts are available to the public is: The Weir Group PLC, 149 Newlands Road, Cathcart, Glasgow, G44 4EX.