

**HOPYARD FOUNDRIES LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

**REGISTERED NUMBER 993427**

**FOR THE YEAR ENDED 31ST DECEMBER 1994**



**HOPYARD FOUNDRIES LIMITED**

**REPORT**  
**FOR THE YEAR ENDED 31ST DECEMBER 1994**

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## **HOPYARD FOUNDRIES LIMITED**

### **REPORT OF THE DIRECTORS**

The Directors present their report and the financial statements for the year ended 31st December 1994.

### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

On 1st January 1995, the business and assets of the company were transferred to Allied Insulators Limited, a fellow subsidiary undertaking of Fairey Group plc. Thereafter the company continued in the manufacture of malleable iron castings for the electrical industry as agent for Allied Insulators Limited which has the beneficial interest in the trade.

### **RESULTS**

The loss for the year after taxation amounted to £170,000 and this has been set against reserves.

### **FIXED ASSETS**

Movements in fixed assets are detailed in note 7 to the accounts.

The freehold property was revalued by Erdman Lewis in September 1993 at £250,000 and this value has been adopted in the attached balance sheet.

### **DIRECTORS**

Directors during the year are listed below:-

J.W. Poulter  
M.B. Page (Chairman)  
R. Jones  
M.T. Hughes  
C.E. Ricketts

**HOPYARD FOUNDRIES LIMITED**

**REPORT OF THE DIRECTORS (continued)**

**EMPLOYEE INVOLVEMENT**

The company has continued its policy of encouraging employee involvement with the provision of information on a regular basis relating to performance, markets and the economic outlook of the business, and by holding monthly meetings with employee representatives to discuss matters such as safety, quality and technical development.

In addition, the group magazine "Fairey in Focus" is made available to all employees.

**EMPLOYMENT OF DISABLED PERSONS**

It is the company's policy to recruit, train and promote disabled persons on the basis of their aptitudes and abilities. If employees become disabled every effort is made to retain them and where necessary retrain them for appropriate posts.

HOPYARD FOUNDRIES LIMITED

REPORT OF THE DIRECTORS (continued)

**DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

select suitable accounting policies and then apply them consistently;

make judgements and estimates that are reasonable and prudent;

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

prepare the financial statements 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 financial statements 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**

In accordance with Section 384 of the Companies Act 1985 a resolution proposing the re-appointment of Coopers & Lybrand as auditors will be put to the Annual General Meeting.

BY ORDER OF THE BOARD



M.T. Hughes,

Secretary

Siddons Road,  
Coseley,  
West Midlands.  
WV14 8SW.

2nd March 1995

**HOPYARD FOUNDRIES LIMITED**

**REPORT OF THE AUDITORS TO THE MEMBERS**  
**HOPYARD FOUNDRIES LIMITED**

We have audited the accounts on pages 6 to 18.

**Respective Responsibilities of Directors and Auditors**

As described in the directors' report, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

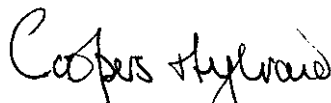
**Basis of opinion**

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 financial statements, 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 financial statements 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 at 31st December 1994 and of its loss and total recognised losses for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
COOPERS & LYBRAND

Chartered Accountants and Registered Auditors.

Birmingham

3rd March 1995

HOPYARD FOUNDRIES LIMITED

PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31ST DECEMBER 1994

	Notes	1994 £'000	1993 £'000
TURNOVER	1	2,452	3,478
Cost of sales		1,973	2,577
		<hr/>	<hr/>
Gross profit		479	901
Net operating expenses	2	458	591
		<hr/>	<hr/>
OPERATING PROFIT		21	310
Exceptional Item	3	(298)	-
		<hr/>	<hr/>
(LOSS)/PROFIT		(277)	310
Interest (payable)/receivable	4	(7)	7
		<hr/>	<hr/>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(284)	317
Taxation on (loss)/profit on ordinary activities	5	114	(155)
		<hr/>	<hr/>
(LOSS)/ PROFIT AFTER TAXATION		(170)	162
Dividends		-	158
		<hr/>	<hr/>
(LOSS)/PROFIT RETAINED	15	(170)	4
		<hr/>	<hr/>

All of the operations are continuing.

There is no difference between the loss on ordinary activities before taxation and the loss for the year stated above, and their historical cost equivalents.

HOPYARD FOUNDRIES LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	1994 £'000	1993 £'000
(Loss)/Profit for the financial year	(170)	162
Unrealised surplus on revaluation of properties	-	14
Total gains and losses recognised since last annual report	<u>(170)</u>	<u>176</u>

**HOPYARD FOUNDRIES LIMITED**

### BALANCE SHEET AT 31ST DECEMBER 1994

BALANCE SHEET AT 31ST DECEMBER 1994			
	Notes	1994 £'000	1993 £'000
FIXED ASSETS			
Tangible assets	7	698	413
CURRENT ASSETS			
Stocks and work in progress	8	233	318
Debtors	9	180	737
Cash at bank and in hand		107	58
		<hr/>	<hr/>
		520	1,113
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	10	<hr/> 661	<hr/> 794
NET CURRENT ASSETS/(LIABILITIES)		<hr/> (141)	<hr/> 319
TOTAL ASSETS LESS CURRENT LIABILITIES		557	732
CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	10	-	39
PROVISIONS FOR LIABILITIES AND CHARGES	11	202	168
		<hr/> 355	<hr/> 525
CAPITAL AND RESERVES			
Called up share capital	13	1	1
Share premium account	15	154	154
Revaluation reserve account	15	215	215
Profit and loss account	15	(15)	155
EQUITY SHAREHOLDERS' FUNDS	16	<hr/> 355	<hr/> 525

The financial statements on pages 6 to 17 were approved by the Board of Directors on 2nd March 1995 and were signed on its behalf by

M.T. HUGHES )  
)  
)  
)  
)  
)  
)  
)  
M.B. PAGE )

## Directors

*[Handwritten signature]*

## **HOPYARD FOUNDRIES LIMITED**

### **STATEMENT OF ACCOUNTING POLICIES**

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

#### **BASIS OF ACCOUNTING**

The financial statements are prepared on the historical cost convention as modified by the revaluation of certain fixed assets and in accordance with applicable accounting standards in the United Kingdom.

#### **TURNOVER**

Turnover comprises sales invoiced at fixed prices (excluding valued added tax).

#### **DEPRECIATION**

Depreciation is calculated to write off the cost or valuation of fixed assets over their estimated useful lives on a straight line basis at the following rates per annum:

Freehold buildings	-	over the estimated residual life of the buildings.
Plant, machinery and other equipment	-	6.66% - 25%
Motor vehicles	-	25%
Tooling & computer software	-	33.3%

#### **STOCKS AND WORK IN PROGRESS**

Stocks and work in progress are valued at the lower of cost and estimated net realisable value. Cost represents direct cost incurred and, where applicable, a proportion of attributable overheads.

#### **DEFERRED TAXATION**

Provision is made, by the liability method, at the expected applicable rates for taxation deferred in respect of all timing differences between accounting and taxation treatment except when it is thought reasonably probable that the tax effects of such deferrals will continue for the foreseeable future.

## **HOPYARD FOUNDRIES LIMITED**

### **STATEMENT OF ACCOUNTING POLICIES (continued)**

#### **CONTRIBUTIONS TO PENSION FUNDS**

The company participates in a defined contribution scheme organised by Fairey Group plc, the assets of which are held separately from those of the Group in a separately administered fund. Pension fund contributions are based on percentages of employees' wages and salaries in accordance with the recommendations of the funds' actuaries and are charged to the profit and loss account.

#### **LEASED ASSETS**

Finance leases are capitalised at the total amount of rentals payable under the leasing agreement (excluding finance charges) and depreciated in accordance with group policy above. Finance charges are written off over the period of the lease in reducing amounts in relation to the written down carrying cost. Operating lease rentals are written off as incurred.

#### **FOREIGN CURRENCY**

Trading transactions denominated in foreign currency are translated into sterling at the exchange rate ruling when the transaction was entered into. Assets and liabilities in overseas currencies are translated into sterling at the rate ruling at 31st December. All exchange differences are taken to the profit and loss account.

#### **CASH FLOW**

The company is a wholly owned subsidiary of Fairey Group plc and its cash flows are included in the consolidated Group cash flow statement of Fairey Group plc. Consequently the company is exempt under the Terms of Financial Reporting Standard No. 1 from publishing a cash flow statement.

**HOPYARD FOUNDRIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31st DECEMBER 1994**

**1 TURNOVER AND PROFIT BEFORE TAXATION**

The company carried out one class of business being the manufacture of malleable iron castings for the electrical insulation industry.

1994	1993
£'000	£'000

Turnover in the following geographical markets:-

United Kingdom	2,073	2,891
Europe (excluding the United Kingdom)	379	587

Total turnover	2,452	3,478
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Loss on ordinary activities before taxation is stated after charging:

Depreciation of tangible fixed assets	71	86
Hire of plant and machinery	15	12
Auditors' remuneration: Audit Fee	8	8
Non-Audit work	3	2
Profit/(Loss) on disposal of tangible fixed assets	2	4

**2 NET OPERATING EXPENSES**

Distribution costs	50	58
Administrative expenses	408	533
	458	591

**3 EXCEPTIONAL ITEM**

Reorganisation costs incurred due to the restructuring of the business following a downturn in traditional markets

298	-
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**HOPYARD FOUNDRIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER 1994 (continued)**

**4 INTEREST PAYABLE**

	1994 £'000	1993 £'000
Intra-group interest (payable) receivable	(9)	5
Bank interest receivable	2	2
	<u>(7)</u>	<u>7</u>

**5 TAXATION**

Based on results for the year:		
Corporation tax payable at 33% (1993 33%)	(114)	88
Deferred Tax	-	67
	<u>(114)</u>	<u>155</u>

**6 DIRECTORS AND EMPLOYEES**

(a) The average weekly number of persons, including directors, employed by the company during the year was:

	1994 Number	1993 Number
Production and distribution	91	111
Administration	9	11
	<u>100</u>	<u>122</u>

(b) Staff cost for the above persons:

	1994 £'000	1993 £'000
Wages and salaries	988	1,222
Social security costs	76	102
Other pension costs	53	57
	<u>1,117</u>	<u>1,381</u>

**HOPYARD FOUNDRIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER 1994 (continued)**

**6 DIRECTORS AND EMPLOYEES (continued)**

	1994 £'000	1993 £'000
(c) Directors' remuneration: Emoluments (including pension contributions and benefits in kind)	72	85

The emoluments disclosed above  
(excluding pension contributions)  
include amounts payable to:

The Chairman

£	£
NIL	NIL

The highest paid director

38,955	45,785
--------	--------

The number of directors, including the Chairman  
and highest paid director, whose emoluments  
(excluding pension contributions) were in the  
following range was:

	1994 Number	1993 Number
£ 0 - £ 5,000	3	3
£30,001 - £35,000	1	-
£35,001 - £40,000	1	1
£45,001 - £50,000	-	1

No director had, either directly or indirectly, any material interest in contracts  
(other than contracts of service) with the company during the year.

**HOPYARD FOUNDRIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER 1994 (continued)**

**7 TANGIBLE FIXED ASSETS**

	Freehold land buildings £'000	Plant and machinery £'000	Fixtures fittings tools & equipment £'000	Total £'000
<b>COST</b>				
At 1st January 1994	250	1,169	18	1,437
Additions	30	326	-	356
Disposals	-	(52)	(4)	(56)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31st December 1994	280	1,443	14	1,737
	<hr/>	<hr/>	<hr/>	<hr/>
<b>DEPRECIATION</b>				
At 1st January 1994	-	1,007	17	1,024
Charge for the year	3	67	1	71
Eliminated in respect of disposals	-	(52)	(4)	(56)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31st December 1994	3	1,022	14	1,039
	<hr/>	<hr/>	<hr/>	<hr/>
<b>NET BOOK VALUES</b>				
At 31st December 1994	277	421	-	698
	<hr/>	<hr/>	<hr/>	<hr/>
At 31st December 1993	250	162	1	413
	<hr/>	<hr/>	<hr/>	<hr/>

The value of land not depreciated amounted to £225,000.

The revaluation of freehold land and buildings was based on a professional valuation by Messrs. Erdman Lewis in September 1993 on the basis of its open market value.

If there had been no revaluation:

Cost would have been: £109,000

Depreciation would have been: £ 47,000

**HOPYARD FOUNDRIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER 1994 (continued)**

<b>8 STOCKS AND WORK IN PROGRESS</b>	<b>1994</b>	<b>1993</b>
	<b>£'000</b>	<b>£'000</b>
Raw materials and consumables	28	63
Work in progress	186	237
Finished goods	19	18
	<hr/>	<hr/>
	233	318
	<hr/>	<hr/>
<b>9 DEBTORS</b>		
Amounts falling due within one year:		
Trade debtors	128	143
Amounts owed by parent and fellow subsidiary undertakings	-	576
Other debtors	23	1
Prepayments and accrued income	29	17
	<hr/>	<hr/>
	180	737
	<hr/>	<hr/>
<b>10 CREDITORS</b>		
Amounts falling due within one year:		
Trade creditors	266	279
Amounts owed to parent and fellow subsidiary undertakings	379	77
Corporation tax	(113)	242
Other taxation and social security payable	22	40
Other creditors	54	39
Accruals and deferred income	53	39
Dividends	-	78
	<hr/>	<hr/>
	661	794
	<hr/>	<hr/>

# HOPYARD FOUNDRIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1994 (continued)

### 10 CREDITORS (continued)

Amounts falling due after more than one year:	1994 £'000	1993 £'000
Amounts owed to parents and fellow subsidiary undertakings	-	39

### 11 PROVISIONS FOR LIABILITIES AND CHARGES

	Trade Dispute £'000	Site Maintenance £'000	Reorgan- isation & Redundancy £'000	Total £'000
Balance at 1st January 1994	19	149	-	168
Utilised in the year	(19)	(69)	(195)	(283)
Provided in the year	-	20	297	317
Balance at 31st December 1994	-	100	102	202

### 12 CONTINGENT LIABILITIES

With other members of the Group, the company has guaranteed facilities made available to Fairey Group plc by the following banks in respect of which the following amounts were outstanding at 31 December 1994:

Lloyds Bank plc	\$15,000,000
National Westminster Bank plc	£ 1,335,000

### 13 CALLED UP SHARE CAPITAL

	1994 £	1993 £
Authorised, allotted, called-up and fully paid:-		
100 Ordinary Shares of £1 each	100	100
100 Deferred shares of £1 each	100	100
	<u>200</u>	<u>200</u>

# HOPYARD FOUNDRIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1994 (continued)

### 14 DIRECTORS INTERESTS

Except as shown below no directors, who were not also directors of the parent undertaking, had any interest, directly or indirectly, in the shares of the Group companies. The following are in respect of ordinary shares of 5p each in Fairey Group plc. They relate respectively to shareholdings and options under the Fairey Group 1988 Executive Share Option Scheme and under the Fairey Group Savings Related Share Option Scheme.

	Shareholding			Options			
	1994 31 Dec	1994 1 Jan	1994 31 Dec	Exercised	Granted	Bonus Issue	1994 1 Jan
M.B. Page	-	-	20,000	-	-	10,000	10,000
R. Jones	54,116	17,058	7,174	14,645	-	3,587	18,232
M.T. Hughes	39,348	11,029	5,174	9,645	-	2,587	12,232
C.E. Ricketts	2,000	1,000	-	-	-	-	-

Fairey Group plc made a capitalisation issue of one ordinary share for each ordinary share held on 6th June 1994.

Share options were adjusted accordingly.

### 15 RESERVES

	Revaluation Reserve Account £'000	Share Premium Account £'000	Profit and Loss Account £'000
As at 1st January 1994	215	154	155
Loss for the year	-	-	(170)
As at 31st December 1994	215	154	(15)

**HOPYARD FOUNDRIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER 1994 (continued)**

**16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	1994 £'000	1993 £'000
(Loss)/Profit for the financial year	(170)	162
Dividends	-	(158)
Increase in revaluation reserve	-	14
Opening shareholders' funds	525	507
	<hr/>	<hr/>
Closing shareholders' funds	355	525
	<hr/>	<hr/>

**17 PENSION COMMITMENTS**

Fairey Group plc operates a defined benefits pension plan in which the company participates. Pension contributions are invested through an independent trust administered fund. The plan is reviewed regularly by actuaries independent of the company and group and is funded in accordance with their advice.

When last valued on the 1st January 1994 the fund showed a valuation surplus. The valuation was based on estimates of expenditure on benefits in future years and the funding rate necessary to meet that expenditure. Details of the last actuarial valuation are disclosed in the accounts of Fairey Group plc.

**18 ULTIMATE PARENT UNDERTAKING**

The ultimate parent undertaking is Fairey Group plc which is incorporated in Great Britain and registered in England and Wales. Copies of the accounts are available from Fairey Group plc, Station Road, Egham, Surrey TW20 9NP.