

## **Objex Limited**

### **Directors' report and financial statements**

For the 9 months ended 31 December 1997

Registered number 1668782



## **Directors' report and financial statements**

### **Contents**

Directors' report	1
Statement of directors' responsibilities	3
Report of the auditors to the members of Objex Limited	4
Profit and loss account	5
Balance sheet	6
Reconciliation of movements in shareholders' funds	7
Notes	8

## Directors' report

The directors present their annual report and the audited financial statements for the period ended 31 December 1997.

### Principal activity

The company is principally engaged in the design and manufacture of brewery and soft drinks display and dispense products.

### Business review

The results set out on page 5 show a loss for the financial period of £31,000 (1997: profit £2,000). The deficit for the period of £31,000 (1997: £498,000) has been transferred from reserves.

### Research and development

During the period, the Company continued to pursue its policy of developing existing and new products.

### Changes to fixed assets

Changes to fixed assets are shown in note 8 to the financial statements.

### Dividends

The directors paid a final ordinary dividend of £Nil during the period (1997: £500,000).

### Policy on the payment of creditors

The Company policy is to make its suppliers aware of the terms of payment, to agree such terms with suppliers for each business transaction and to make payments to suppliers in accordance with these terms, provided that the supplier is also complying with all relevant terms. The number of days billings from suppliers outstanding at the end of the financial year was 61 days.

### Directors and directors' interests

The directors who held office during the period were as follows:

SA Budd	(resigned 30 September 1997)
RM Oakley	
MJ Lamb	
GA Maddox	
RJ Brassington	
PR Box	(appointed 1 April 1997)
P Evans	(appointed 1 July 1997)

The directors who held office at the end of the financial period had the following interests in the ordinary shares and debentures of the company and other group companies, according to the register of directors' interests:

	Ordinary shares of 25p each		Options granted during the period	Options exercised during the period
	As at 31 December 1997	As at 31 March 1997		
P Evans	184	Nil	621	1,408

The interests of MJ Lamb in the share capital of IMI plc are disclosed in the accounts of that company.

The interests of GA Maddox and RJ Brassington in the share capital of IMI plc are disclosed in the accounts of IMI Cornelius (UK) Limited.

## Directors report *(continued)*

### Directors and directors' interests *(continued)*

None of the other directors who held office at the end of the financial period had any disclosable interest in the shares of the company.

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the company or any other group company were granted to any of the directors or their immediate families, or exercised by them, during the financial period except as shown above and in the accounts of IMI plc in respect of MJ Lamb and in the accounts of IMI Cornelius (UK) Limited in respect of GA Maddox and RJ Brassington.

### Employment of disabled persons

Applications for employment by disabled persons are fully and fairly considered, bearing in mind the aptitudes and abilities of the person concerned. In the event of employees becoming disabled every reasonable effort is made to ensure that their employment with the Company continues and the appropriate training is arranged. It is the policy of the Company that disabled persons should, as far as possible, have identical training, career development and promotion to those who do not suffer from disabilities.

### Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



I Davis  
Secretary

Tything Road  
Alcester  
Warwickshire  
B49 6EW

29 June 1998

## **Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



2 Cornwall Street  
Birmingham  
B3 2DL  
United Kingdom

## **Report of the auditors to the members of Objex Limited**

We have audited the financial statements on pages 5 to 16.

### **Respective responsibilities of directors and auditors**

As described on page 3 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 financial statements give a true and fair view of the state of the company's affairs as at 31 December 1997 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc*

**KPMG Audit Plc**  
*Chartered Accountants*  
*Registered Auditor*

29 June 1998

## Profit and loss account

*for the period ended 31 December 1997*

	<i>Note</i>	Period ended 31 December 1997	Year ended 31 March 1997
		£000	£000
Turnover	1	8,315	12,280
Cost of sales		(7,384)	(10,953)
<b>Gross profit</b>		<b>931</b>	<b>1,327</b>
Distribution costs		(206)	-
Administrative expenses		(505)	(1,144)
<b>Operating profit</b>		<b>220</b>	<b>183</b>
Other interest receivable and similar income		-	5
Interest payable and similar charges	5	(238)	(176)
<b>(Loss)/profit on ordinary activities before taxation</b>	2	<b>(18)</b>	<b>12</b>
Tax on ordinary activities	6	(13)	(10)
<b>(Loss)/profit on ordinary activities after taxation</b>		<b>(31)</b>	<b>2</b>
Dividends paid and proposed	7	-	(500)
<b>(Loss) for the period</b>		<b>(31)</b>	<b>(498)</b>

There were no recognised gains or losses other than those shown above.

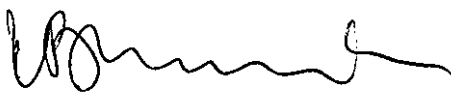
All amounts relate to continuing operations.

## Balance sheet

at 31 December 1997

	Note	31 December 1997		31 March 1997	
		£000	£000	£000	£000
<b>Fixed assets</b>					
Tangible assets	8		793		666
<b>Current assets</b>					
Stocks	9	2,254		2,323	
Debtors	10	2,426		2,149	
Cash at bank and in hand		264		7	
		<u>4,944</u>		<u>4,479</u>	
Creditors: amounts falling due within one year	11	(5,570)		(4,884)	
<b>Net current (liabilities)</b>			(626)		(405)
<b>Total assets less current liabilities</b>			<u>167</u>		<u>261</u>
<b>Creditors: amounts falling due after more than one year</b>	12		(166)		(229)
<b>Provisions for liabilities and charges</b>	13		(20)		(20)
<b>Net (liabilities)/assets</b>			<u>(19)</u>		<u>12</u>
<b>Capital and reserves</b>					
Called up share capital	14		10		10
Profit and loss account			(29)		2
<b>Equity shareholders' funds</b>			<u>(19)</u>		<u>12</u>

These financial statements were approved by the board of directors on 29 June 1998 and were signed on its behalf by:



**RJ Brassington**  
*Director*



**Reconciliation of movements in shareholders' funds**  
*for the period ended 31 December 1997*

	Period ended 31 December 1997 £000	Year ended 31 March 1997 £000
(Loss)/profit for the financial period	(31)	2
Dividends	-	(500)
	<hr/>	<hr/>
Net movement in shareholders' funds	(31)	(498)
Opening shareholders' funds	12	510
	<hr/>	<hr/>
Closing shareholders' funds	(19)	12
	<hr/> <hr/>	<hr/> <hr/>

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules.

The company is exempt from the requirement of Financial Reporting Standard No 1 to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of IMI Plc, and its cash flows are included within the consolidated cash flow statement of that company.

Transactions with other IMI plc group companies, being related parties under FRS8, have not been disclosed in these accounts as the company is itself a wholly owned subsidiary of that group.

#### *Fixed assets and depreciation*

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Plant and machinery	-	2 to 10 years
Motor vehicles	-	3 to 4 years
Fixtures and fittings	-	2 to 10 years

#### *Leases*

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

#### *Research and development expenditure*

Expenditure on research and development is written off against profits in the period in which it is incurred.

#### *Stocks*

Stocks are stated at the lower of cost and net realisable value. For work in progress and finished goods cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

#### *Taxation*

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

#### *Turnover*

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers.

## Notes (continued)

### 2 Profit on ordinary activities before taxation

	Period ended 31 December 1997 £000	Year ended 31 March 1997 £000
<i>(Loss)/profit on ordinary activities before taxation is stated</i>		
<i>after charging</i>		
Auditors' remuneration:		
Audit	10	11
Depreciation and other amounts written off tangible fixed assets:		
Owned	70	85
Leased	123	156
Hire of plant and machinery - rentals payable under operating leases	49	33
Hire of other assets - operating leases	194	319
	<u>          </u>	<u>          </u>

### 3 Remuneration of directors

	Period ended 31 December 1997 £000	Year ended 31 March 1997 £000
Directors' emoluments:	158	293
Compensation for loss of office	20	-
	<u>          </u>	<u>          </u>
	178	293
	<u>          </u>	<u>          </u>

	Number of directors
	Period ended 31 December 1997
Retirement benefits are accruing to the following number of directors under:	
Defined benefit scheme	3
	<u>          </u>
The number of directors who exercised share options was	1
	<u>          </u>

## Notes (continued)

### 4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the period, analysed by category, was as follows:

	Period ended 31 December 1997	Year ended 31 March 1997
Office & management	35	37
Sales	4	4
Production	89	119
	<hr/>	<hr/>
	128	160
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	Period ended 31 December 1997 £000	Year ended 31 March 1997 £000
Wages and salaries	1,536	2,428
Social security costs	126	225
Other pension costs	29	132
	<hr/>	<hr/>
	1,691	2,785
	<hr/>	<hr/>

### 5 Interest payable and similar charges

	Period ended 31 December 1997 £000	Year ended 31 March 1997 £000
On bank loans, overdrafts and other loans wholly repayable within five years	13	19
On other group loans	57	-
Finance charges payable in respect of finance leases and hire purchase contracts	17	31
Interest payable to parent undertaking	151	126
	<hr/>	<hr/>
	238	176
	<hr/>	<hr/>

## Notes (continued)

### 6 Taxation

	Period ended 31 December 1997 £000	Year ended 31 March 1997 £000
UK corporation tax at 31% (1997 :33 %) on the (loss)/profit for the period on ordinary activities	13	3
Deferred taxation	-	7
	<u>13</u>	<u>10</u>

### 7 Dividends and other appropriations

	Period ended 31 December 1997 £000	Year ended 31 March 1997 £000
Final dividend paid	-	500
	<u>-</u>	<u>500</u>

### 8 Tangible fixed assets

	Plant and machinery £000	Fixtures, fittings, tools and equipment £000	Motor vehicles £000	Total £000
<b>Cost</b>				
At beginning of period	799	558	170	1,527
Additions	185	83	51	319
Disposals	-	-	(59)	(59)
Transfers	9	-	-	9
	<u>993</u>	<u>641</u>	<u>162</u>	<u>1,796</u>
At end of period	993	641	162	1,796
<b>Depreciation</b>				
At beginning of period	440	336	85	861
Charge for period	85	79	29	193
On disposals	-	-	(58)	(58)
Transfers	7	-	-	7
	<u>532</u>	<u>415</u>	<u>56</u>	<u>1,003</u>
At end of period	532	415	56	1,003
<b>Net book value</b>				
At 31 December 1997	<u>461</u>	<u>226</u>	<u>106</u>	<u>793</u>
At 31 March 1997	<u>359</u>	<u>222</u>	<u>85</u>	<u>666</u>

## Notes (continued)

### Tangible fixed assets (continued)

Included in the above are the following assets held under finance leases (and similar hire purchase contracts):

	Plant and machinery	Fixtures, fittings, tools and equipment	Motor vehicles	Total
	£000	£000	£000	£000
<b>Cost</b>				
At beginning of period	248	151	127	526
Disposals	-	-	(59)	(59)
At end of period	248	151	68	467
<b>Depreciation</b>				
At beginning of period	70	62	72	204
Charge for period	65	29	29	123
On disposals	-	-	(58)	(58)
At end of period	135	91	43	269
<b>Net book value</b>				
At 31 December 1997	113	60	25	198
At 31 March 1997	178	89	55	322

### Stocks

	31 December 1997 £000	31 March 1997 £000
Raw materials and consumables	1,549	1,622
Work in progress	175	272
Finished goods and goods for resale	530	296
Tooling	-	133
	2,254	2,323

**Notes (continued)**

**10 Debtors**

	31 December 1997 £000	31 March 1997 £000
Trade debtors	1,576	1,798
Amounts owed by group undertakings	458	-
Other debtors	7	99
Prepayments and accrued income	263	127
ACT recoverable	122	125
	<hr/> 2,426 <hr/>	<hr/> 2,149 <hr/>

Debtors include ACT recoverable of £122,000 (1997 : £125,000) due after more than one year.

**11 Creditors: amounts falling due within one year**

	31 December 1997 £000	31 March 1997 £000
Bank loans and overdrafts	-	689
Obligations under finance leases and hire purchase contracts	89	121
Trade creditors	1,612	1,357
Amounts owed to parent undertakings	1,940	2,068
Amounts owed to group undertakings	1,520	-
Corporation tax	12	12
Taxation and social security	236	230
Other creditors	5	308
Accruals and deferred income	156	99
	<hr/> 5,570 <hr/>	<hr/> 4,884 <hr/>

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

	31 December 1997 £000	31 March 1997 £000
Obligations under finance leases and hire purchase contracts	24	87
Amounts owed to parent undertakings	142	142
	<hr/> 166 <hr/>	<hr/> 229 <hr/>

## Notes (continued)

### 12 Creditors: amounts falling due after more than one year (continued)

#### Analysis

	31 December 1997 £000	31 March 1997 £000
Debt can be analysed as falling due:		
in one year or less, or on demand	89	810
between one and two years	166	158
between two and five years	-	71
in five years or more	-	-
	<hr/> 255	<hr/> 1,039
	<hr/> <hr/>	<hr/> <hr/>

Hire purchase and finance leasing liabilities are secured on the assets to which they relate.

### 13 Provisions for liabilities and charges

	Taxation including deferred taxation £000
At beginning and end of period	20
	<hr/> <hr/>

The amounts provided for deferred taxation and the amounts not provided are set out below:

	31 December 1997		31 March 1997	
	Provided £000	Unprovided £000	Provided £000	Unprovided £000
Difference between accumulated depreciation and amortisation and capital allowances	4	2	6	-
Capital gains rolled over	20	-	20	4
Other timing differences	(4)	(6)	(6)	(4)
	<hr/>	<hr/>	<hr/>	<hr/>
	20	(4)	20	-



## Notes (continued)

### 14 Called up share capital

	31 December 1997 £000	31 March 1997 £000
<i>Authorised</i>		
Equity: Ordinary shares of £1 each	10	10
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
Equity: Ordinary shares of £1 each	10	10
	<hr/>	<hr/>

Details of share options are disclosed in the Directors' report on pages 1 and 2.

### 15 Contingent liabilities

The company has overdraft facilities which form part of a composite accounting arrangement with those of IMI plc and certain of its subsidiaries. Accordingly, the company in concert with those other group companies has entered into arrangements whereby each has offered a limited guarantee in respect of the others overdraft borrowings from time to time. The company's maximum liability is limited to the extent of its current account cash balances from time to time which at 31 December 1997 amounted to £264,000 (1997: £7,000).

The company has also guaranteed finance lease obligations of Electronix Limited amounting to £30,000 at 31 December 1997 (1997: £28,000).

### 16 Commitments

- (a) Capital commitments at the end of the financial period for which no provision has been made, are as follows:

	31 December 1997 £000	31 March 1997 £000
Contracted	-	80
	<hr/>	<hr/>

- (b) Annual commitments under non-cancellable operating leases are as follows:

	31 December 1997	Other	31 March 1997	Other
	Land and buildings £000	£000	Land and buildings £000	£000
Operating leases which expire:				
Within one year	66	25	-	40
In the second to fifth years inclusive	92	41	47	42
Over five years	150	-	194	-
	<hr/>	<hr/>	<hr/>	<hr/>
	308	66	241	82
	<hr/>	<hr/>	<hr/>	<hr/>

## Notes (continued)

### 17 Pension scheme

The company operated a defined contribution pension scheme to 5 April 1997 at which date it was closed. The pension cost charge for the period represents contributions payable by the company to the fund and amounted to £18,000 (1997: £132,000).

Employer's contributions amounting to £NIL were outstanding at 31 December 1997.

From 6 April 1997, eligible employees were able to transfer into the MKR Holdings Limited and Associated and Subsidiary Companies Retirement Benefits Scheme.

The MKR Holdings Limited Retirement Benefits Scheme is open to employees of the group who are eligible under the scheme's membership requirements. The scheme is of the funded defined benefit type. The assets are held separately from those of the company in a separate trustee administered fund. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the attained age method.

The latest actuarial valuation took place at 6 April 1995. As a result of this valuation the company is currently on a pension holiday. Accordingly, no contributions have been charged to the profit and loss account in the year in respect of this scheme.

The table below summarises the results of the latest actuarial valuation made in respect of the Retirement Benefits Scheme:

	Retirement Benefit Scheme
Date of last actuarial valuation	6 April 1995
Economic assumptions applied in the valuation:	
Investment return	9%
Average rate of earnings increases	7 1/2%
Rate of increase in pension costs	0.5%
Results of the valuation:	
Market value of the scheme assets	£8,674,000
Funding level	158%

### 18 Ultimate parent company and parent undertaking of larger group of which the company is a member

The company is a subsidiary undertaking of IMI Plc registered in England and Wales.

A copy of the group financial statements of that company can be obtained from:

The Company Secretary  
 PO Box 216  
 Witton  
 Birmingham  
 B6 4BA