

DELTA CABLES HOLDINGS LIMITED

DIRECTORS' REPORT

AND

ACCOUNTS

1994

*Together with the accounts of the  
Parent company, Delta plc,  
attached hereto,*



EDX \*E52X0006\* 624

COMPANIES HOUSE 18/07/95

COMPANIES HOUSE 12/07/95

DELTA CABLES HOLDINGS LIMITED

DIRECTORS' REPORT - 1994

FINANCIAL YEAR ENDED 31 DECEMBER 1994

1. DIRECTORS

(a) At date of this Report :

P.A.C. Bourne

R. Watts

(b) Changes from previous year end to the date of Report :

R. Watts - appointed 2 February 1994

R.A. Easton - resigned 3 February 1994

M. Gill - resigned 3 February 1994

(c) Retiring and seeking re-election :

None

2. RESULTS OF THE YEAR

	<u>1994</u> £	<u>1993</u> £
Profit on ordinary activities after taxation	£ _____	£ <u>5,814,754</u>
Interim dividend paid	-	1,670,074
Final dividend proposed	-	2,040,000
Transfer to profit and loss account	_____	<u>2,104,680</u>
	£ _____	£ <u>5,814,754</u>

3. ACTIVITY AND DEVELOPMENT OF THE BUSINESS

(a) Activity of the business

The Company acts as an investment holding company.

(b) Principal activities of subsidiary companies

The manufacture and distribution of electric cables together with the processing and distribution of non-ferrous metals.

4. FUTURE DEVELOPMENTS

The Company will continue to act as an investment holding company.

DELTA CABLES HOLDINGS LIMITED

DIRECTORS' REPORT - 1994

FINANCIAL YEAR ENDED 31 DECEMBER 1994

5. 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 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.

6. AUDITORS

In accordance with S.385 Companies Act 1985, a resolution proposing the re-appointment of Coopers & Lybrand as auditors to the Company will be put to the Annual General Meeting.

This report was approved by the Board of Directors on 7 March 1995, and is signed on their behalf by :



A.W.H. PALFREEMAN  
Secretary

1, Kingsway,  
London WC2B 6XF

7 March 1995

REPORT OF THE AUDITORS

TO THE MEMBERS OF DELTA CABLES HOLDINGS LIMITED

We have audited the financial statements on pages 4 to 11

**Respective responsibilities of directors and auditors**

As described on page 2, 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.

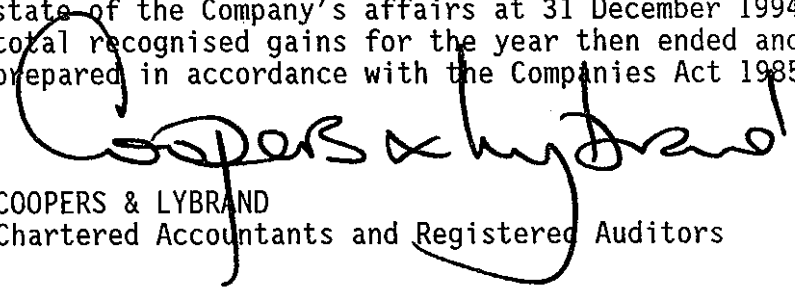
**Basis of Opinion**

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 at 31 December 1994 and of its result and total recognised gains for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
COOPERS & LYBRAND

Chartered Accountants and Registered Auditors

London

7 March 1995

DELTA CABLES HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1994

	<u>Notes</u>	<u>1994</u> <u>£</u>	<u>1993</u> <u>£</u>
TURNOVER		-	-
Cost of sales		-	-
		<hr/>	<hr/>
GROSS PROFIT		-	-
Administrative expenses		-	-
		<hr/>	<hr/>
OPERATING PROFIT		-	-
Income from shares in Group companies		-	5,814,754
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		-	5,814,754
TAXATION		-	-
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		£ <hr/>	£ <hr/>
		<hr/>	<hr/>
APPROPRIATIONS			
Interim dividend paid		-	1,670,074
Final dividend proposed		-	2,040,000
Transfer to profit & loss account		-	2,104,680
		<hr/>	<hr/>
		£ <hr/>	£ <hr/>
		<hr/>	<hr/>

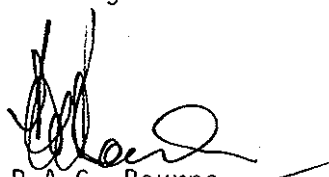
There is no material difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

DELTA CABLES HOLDINGS LIMITED

BALANCE SHEET 31 DECEMBER 1994

	<u>Notes</u>	<u>1994</u> <u>£</u>	<u>1993</u> <u>£</u>
FIXED ASSETS			
Investments - Group companies	3 & 7	<u>102,847,353</u>	<u>99,551,219</u>
CURRENT ASSETS			
Debtors		-	-
CREDITORS - amounts falling due within one year			
Other creditors		-	-
NET CURRENT ASSETS		-	-
TOTAL ASSETS LESS CURRENT LIABILITIES		102,847,353	99,551,219
CREDITORS - amounts falling due after more than one year			
Other creditors	4	41,435,142	39,395,142
PROVISION FOR LIABILITIES AND CHARGES		-	-
NET ASSETS		<u>£ 61,412,211</u>	<u>£60,156,077</u>
Represented by :			
CAPITAL AND RESERVES			
Called up share capital	5	56,309,000	56,309,000
Revaluation Reserve	6	5,103,211	3,847,077
Profit and loss account		-	-
		<u>£61,412,211</u>	<u>£60,156,077</u>

These accounts were approved by the Board of Directors on 7 March 1995 and are signed on their behalf by :

  
P.A.C. Bourne  
Director

DELTA CABLES HOLDINGS LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 DECEMBER 1994

	<u>1994</u> <u>£</u>	<u>1993</u> <u>£</u>
PROFIT FOR THE FINANCIAL YEAR	-	5,814,754
Other recognised gains and losses for the year:		
Unrealised gain/(loss) on revaluation of investments in Group companies	1,256,134	(4,540,150)
	<u>1,256,134</u>	<u>(4,540,150)</u>
TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR	<u>£1,256,134</u>	<u>£1,274,604</u>

RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

PROFIT FOR THE FINANCIAL YEAR	-	5,814,754
Dividends	-	(3,710,074)
	-	2,104,680
Other recognised gains and losses for the year	<u>1,256,134</u>	<u>(4,540,150)</u>
NET INCREASE/DECREASE IN SHAREHOLDERS' FUNDS FOR THE YEAR	1,256,134	(2,435,470)
Shareholders' funds at 1 January 1994	<u>60,156,077</u>	<u>62,591,547</u>
SHAREHOLDERS' FUNDS AT 31 DECEMBER 1994	<u>£61,412,211</u>	<u>£60,156,077</u>

DELTA CABLES HOLDINGS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1994

1. ACCOUNTING POLICIES

(i) Accounting convention

The accounts are prepared in accordance with the historical cost accounting rules modified to include the revaluation of certain assets.

(ii) Accounting Standards

The accounts have been prepared in accordance with applicable Accounting Standards in the United Kingdom.

2. DIRECTORS' EMOLUMENTS

	<u>1994</u> <u>£</u>	<u>1993</u> <u>£</u>
(a) Aggregate emoluments :		
Emoluments and pension contributions	<u>£ NIL</u>	<u>£ NIL</u>
(b) Paid by subsidiary undertakings	<u>£112,856</u>	<u>£103,141</u>
(c) Chairman's emoluments	<u>£ NIL</u>	<u>£ NIL</u>
(d) Emoluments of highest paid director	<u>£ 85,670</u>	<u>£ 87,139</u>
(e) The number of directors (including the Chairman and the highest paid director) whose emoluments are within each scale, is as follows : -		

	<u>Number</u>	
£0 to £ 5,000	2	2
£10,001 to £15,000	1	-
£85,001 to £90,000	1	1

3. INVESTMENTS

	<u>1994</u> <u>£</u>	<u>1993</u> <u>£</u>
Group companies		
Shares in subsidiary companies at valuation	96,722,432	95,466,298
Loans to subsidiary companies	<u>6,124,921</u>	<u>4,084,921</u>
	<u>£102,847,353</u>	<u>£ 99,551,219</u>



DELTA CABLES HOLDINGS LIMITED

NOTES TO THE ACCOUNTS (Continued)

3. INVESTMENTS (Continued)

	<u>1994</u> £	<u>1993</u> £
Shares at valuation at 1 January 1994	95,466,298	100,006,448
Revaluation of investment	<u>1,256,134</u>	<u>(4,540,150)</u>
At 31 December 1994	<u>£ 96,722,432</u>	<u>95,466,298</u>

The book value of shares is equivalent to the issued share capital and reserves of the subsidiary companies.

In the opinion of the directors the aggregate value of the Company's assets consisting of shares in and amounts receivable from Group companies is not less than the aggregate amount at which the investments are stated in the balance sheet. Particulars of investments in Group companies are given in note 7.

The cost of shares in Group companies is £93,588,815 (1993 £93,588,815).

The loans to the Group companies are interest free and repayable on demand.

4. OTHER CREDITORS

	<u>1994</u> £	<u>1993</u> £
Amounts due after more than one year		
Amounts owed to Group companies		
Owed to parent company	<u>£41,435,142</u>	<u>£39,395,142</u>

5. CALLED UP SHARE CAPITAL

	Ordinary shares of £1 each £
Authorised	
At 1 January 1994 and 31 December 1994	<u>£56,309,000</u>
Called up share capital - allotted, issued and fully paid	
At 1 January 1994 and 31 December 1994	<u>£56,309,000</u>

DELTA CABLES HOLDINGS LIMITED

NOTES TO THE ACCOUNTS (Continued)

6. RESERVES

	<u>Revaluation Reserves</u> £
Balance at 1 January 1994	3,847,077
Write up of investment in subsidiaries	<u>1,256,134</u>
Balance at 31 December 1994	£ <u>5,103,211</u>

7. PARTICULARS OF INVESTMENTS

In Group companies

- (i) Owned directly by the Company  
(100% unless otherwise stated)  
Registered in England and Wales.

Name of Group company

Delta Crompton Holdings Limited

- (ii) Owned indirectly by the Company.  
(100% unless otherwise stated)  
All registered in England and Wales (unless otherwise stated)

Name of Group company

Group company owning shares

Delta Crompton Cables Limited	Delta Crompton Holdings Limited
Aluminium Wire & Cable Company Limited	Delta Crompton Cables Limited
Cables and Plastics Limited	Delta Crompton Cables Limited
CP Cables Limited	Delta Crompton Cables Limited
Delta Cables Limited	Delta Crompton Cables Limited
Delta Crompton Cables Limited (incorporated in the Republic of Ireland)	Delta Crompton Cables Limited
Delta Enfield Cables Limited	Delta Crompton Cables Limited
Delta Enfield Cables (Scotland) Limited (registered in Scotland)	Delta Crompton Cables Limited
Delta Enfield Metals Limited	Delta Crompton Cables Limited
Delta Enfield Wires Limited	Delta Crompton Cables Limited
Delta Welding Equipment Limited	Delta Crompton Cables Limited
Enfield Winding Wires Limited	Delta Crompton Cables Limited
William Reay (Belfast) Limited	Delta Crompton Cables Limited

DELTA CABLES HOLDINGS LIMITED

NOTES TO THE ACCOUNTS (Continued)

8. CONTINGENT LIABILITIES

The Company is registered under the Group registration for Value Added Tax and is jointly liable for the amount of tax £2,235,000 at 31 December 1994 in respect of the ultimate parent company and certain UK Group companies.

9. DIRECTORS' SHARE AND DEBENTURE INTERESTS AT YEAR END

	<u>31.12.1994</u>	<u>2.1.1994</u> (or at date of appointment)
(a) In the Company - all directors	NIL	NIL
(b) In Delta plc.		
<u>Name</u>	<u>Class of Holding</u>	
P.A.C. Bourne	Ordinary shares	20,000
R. Watts	Ordinary shares	5,000
		7,782
		7,782

The following directors have options under the Senior Executive Share Option Schemes to purchase the following number of Ordinary shares:

P.A.C. Bourne	12,200	70,800
R. Watts	175,600	168,200

During the year, under the Senior Executive Share Option Scheme 1991, P.A.C. Bourne and R. Watts were granted options to subscribe for 6,200 Ordinary shares and 7,400 Ordinary shares respectively; P.A.C. Bourne exercised options in respect of 64,800 Ordinary shares under the Senior Executive Share Option Scheme.

The following directors have options under the Long Term Incentive Plan in respect of the following number of Ordinary shares :

P.A.C. Bourne	1,715	-
R. Watts	3,126	-

During the year, under the Long Term Incentive Plan, P.A.C. Bourne and R. Watts were granted options to subscribe for 1,715 Ordinary shares and 3,126 Ordinary shares respectively.

Under the savings related Share Option Schemes, R. Watts has options to purchase 5,228 Ordinary shares (2.2.1994 - 5,228).

DELTA CABLES HOLDINGS LIMITED

NOTES TO THE ACCOUNTS (Continued)

10. GROUP ACCOUNTS AND ULTIMATE PARENT COMPANY

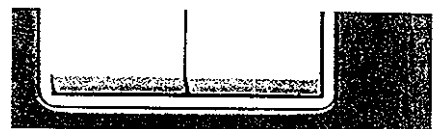
Group accounts are drawn up by the ultimate parent company, Delta plc, which is registered in England and Wales and accordingly the Company is exempt from the requirement to prepare separate group accounts.

Copies of the consolidated financial statements of Delta plc. are available to the public at the registered office, 1 Kingsway, London, WC2B 6XF and copies can be obtained from this address.

**Cables**



**Circuit protection**



**Engineering**



**Industrial services**



# Corporate statement

Delta plc is an established international industrial group with four main businesses: electric cables, circuit protection, engineering and industrial services. In each business area Delta companies have leading market positions. With a compact headquarters and tight financial controls, Delta is decentralised with strong management accountability. We employ some 13,600 people worldwide and over half our business is outside the UK with operations in Continental Europe, USA, Australia, Africa and the Pacific Rim.

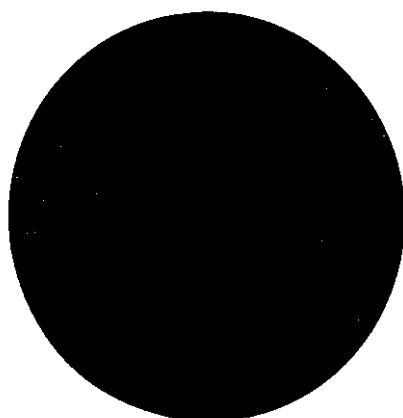
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# Financial highlights

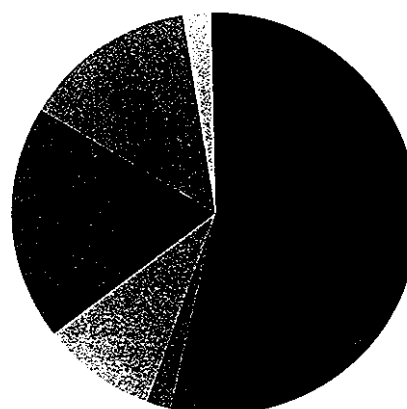
	1994	1993
Operating profit	£58.8m	£49.2m
Profit before interest	£71.3m	£60.0m
Profit before taxation	£65.1m	£53.4m
Earnings per ordinary share	27.7p	23.1p
Dividends per ordinary share	15.5p	14.5p
Shareholders' funds	£342.9 m	£328.6m
Net assets per ordinary share	229p	220p

1994 Profits by division



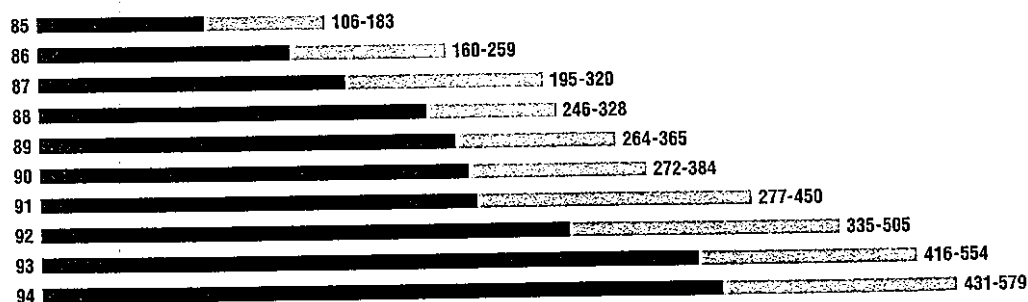
■ Cables 9%  
 ■ Circuit protection 21%  
 ■ Engineering 39%  
 ■ Industrial services 31%

1994 Sales by geographical destination



■ UK 44%  
 ■ Germany 8%  
 ■ France 2%  
 ■ Spain 2%  
 ■ Other Europe 9%  
 ■ Asia-Pacific 19%  
 ■ North America 9%  
 ■ Near and Middle East 5%  
 ■ Africa 2%

Share price annual high/low (pence)



# Operations overview

## Cables

### Power

Supertension  
Utility  
Industrial

### General

Wiring  
Appliance

### Special

Communication  
Fire hazard  
Performance

## Circuit protection

### Medium voltage

500v switchgear  
MCCBs  
Motor control

### Low voltage

250v switchgear  
Mcbbs/rcds  
Accessories

### Ancillary

Lighting/security  
Automotive  
Renewal

	1994	1993
<b>Sales</b>	<b>£317m</b>	<b>£293m</b>
<b>Profits</b>	<b>£6m</b>	<b>£6m</b>

	1994	1993
<b>Sales</b>	<b>£137m</b>	<b>£136m</b>
<b>Profits</b>	<b>£15m</b>	<b>£16m</b>



## Engineering

### Plumbing

Water supply  
Heating  
Air conditioning/refrigeration

### Flow control

Gas controls  
Regulators  
High integrity

### Extrusions/Components

Extrusions  
Components

## Industrial services

### Repair & Services

Electrical equipment  
Protective coatings

### Distribution & Consumables

Consumables  
Spare parts  
Electronic equipment

### Industrial supply

Electrolytic manganese  
 $Mn_3O_4$   
Other

	1994	1993
Sales	£331m	£307m
Profits	£28m	£20m

	1994	1993
Sales	£217m	£186m
Profits	£22m	£18m

# **Chairman's report to shareholders**

Some recovery in the volume of sales emerged during the year for many of our businesses worldwide and turnover increased by 8%. Pre-interest profits increased sharply to £71.3 million (1993 £60.0 million). As interest charges were slightly lower, pre-tax profits advanced by 22% to £65.1 million (1993 £53.4 million) and earnings per share increased by a fifth to 27.7p (1993 23.1p).

Engineering benefited from a marked improvement in Continental European markets and profits advanced strongly as operational gains were achieved from recent capital investment. Cables continued to experience price competition; but with further cost efficiencies and an improved product spread, profits improved on those of the previous year. Circuit Protection launched another impressive range of new products but profits were lower due to very weak demand from important Middle Eastern markets and the costs of some further rationalisation. Industrial Services experienced a continuing broadly based improvement in trading and its expanding base was reflected in further profits growth.

Positive cash flow was generated despite higher capital spending, a series of important investments and the cost of financing higher raw materials in working capital. The balance sheet strengthened further, with gearing reducing to 20%. Emphasis on organic growth continued to generate encouraging results with increased revenues from products newly launched and markets recently penetrated. A number of initiatives to accelerate this momentum are currently being pursued with particular emphasis on continuing to build our presence in important European, North American and South East Asian markets.

## **Dividend**

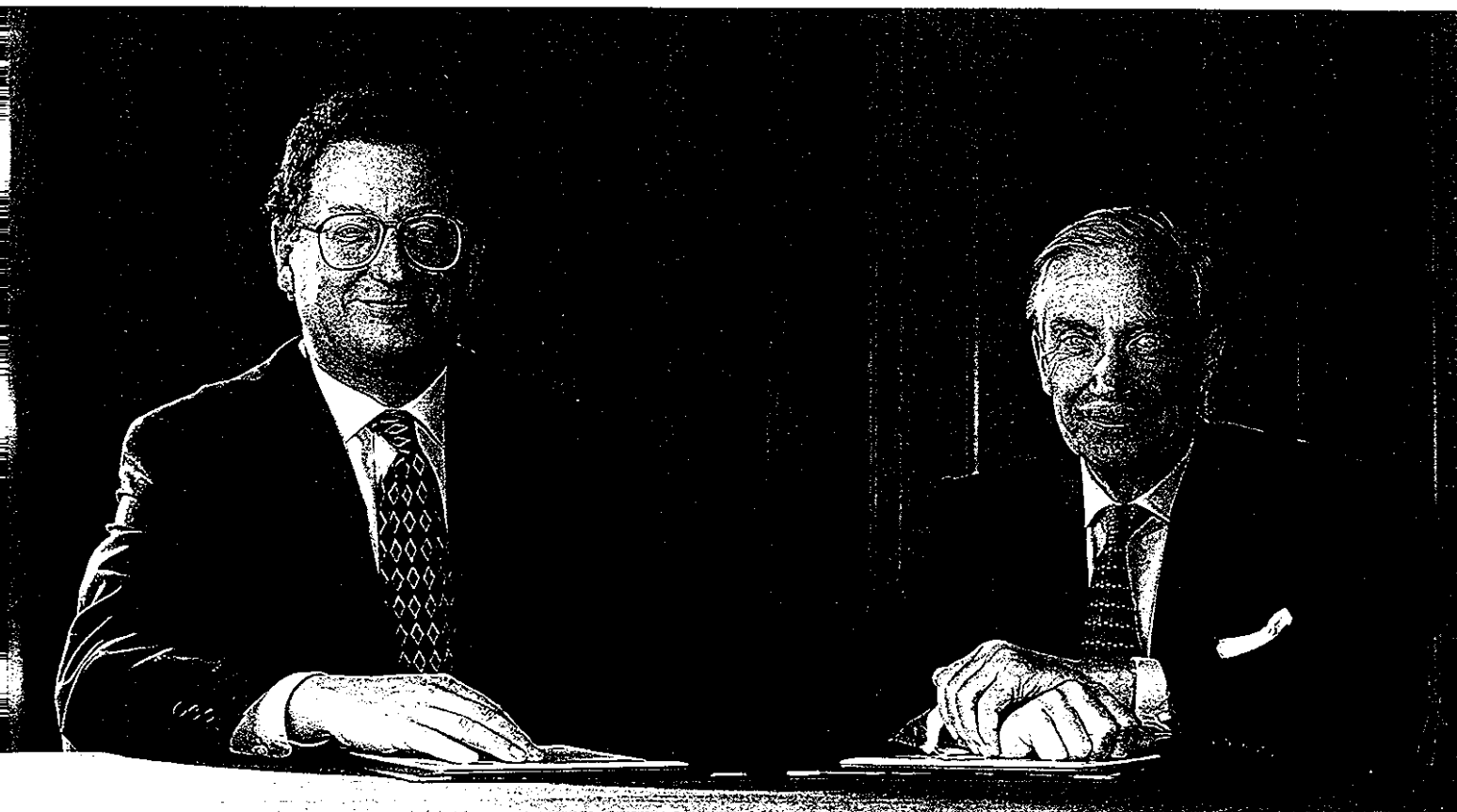
Given the sound growth in earnings and the continuing improvement in trading prospects, the directors recommend a final dividend of 11.2p (1993 10.3p), making a total of 15.5p (1993 14.5p), covered 1.8 times.

## **People**

We were delighted to welcome Sir Philip Beck and Mr Brian Moffat to our Board. Both bring great experience and wisdom and we are very fortunate to have them.

I must thank all our employees for their support and dedication during the past year and for their persistence in meeting the many challenges which still lie ahead.

Michael Walters has notified us of his intention to retire from the Board immediately after the AGM. He has served for over fourteen years and I would like to pay tribute to his contribution which has been throughout of immense value.



Robert Easton, Chief Executive and Sir Martin Jacomb, Chairman

### Outlook

Whilst markets in the UK continue a subdued recovery, Continental demand patterns appear to be stronger. Our major overseas markets are growing and demand in the Middle East is healthier. Raw material cost escalation seems now to be moderating but pricing pressures still remain in some sectors. Against this background, the year has started well.

I am confident that the Group has the capacity to grow within its chosen markets; the right blend of organic growth and acquisitions remains our preferred route. An increased emphasis on adding value through innovation is already creating gains and improving earnings quality. We look forward to another year of expansion.

Sir Martin Jacomb, Chairman

## **Chief executive's review of the year**

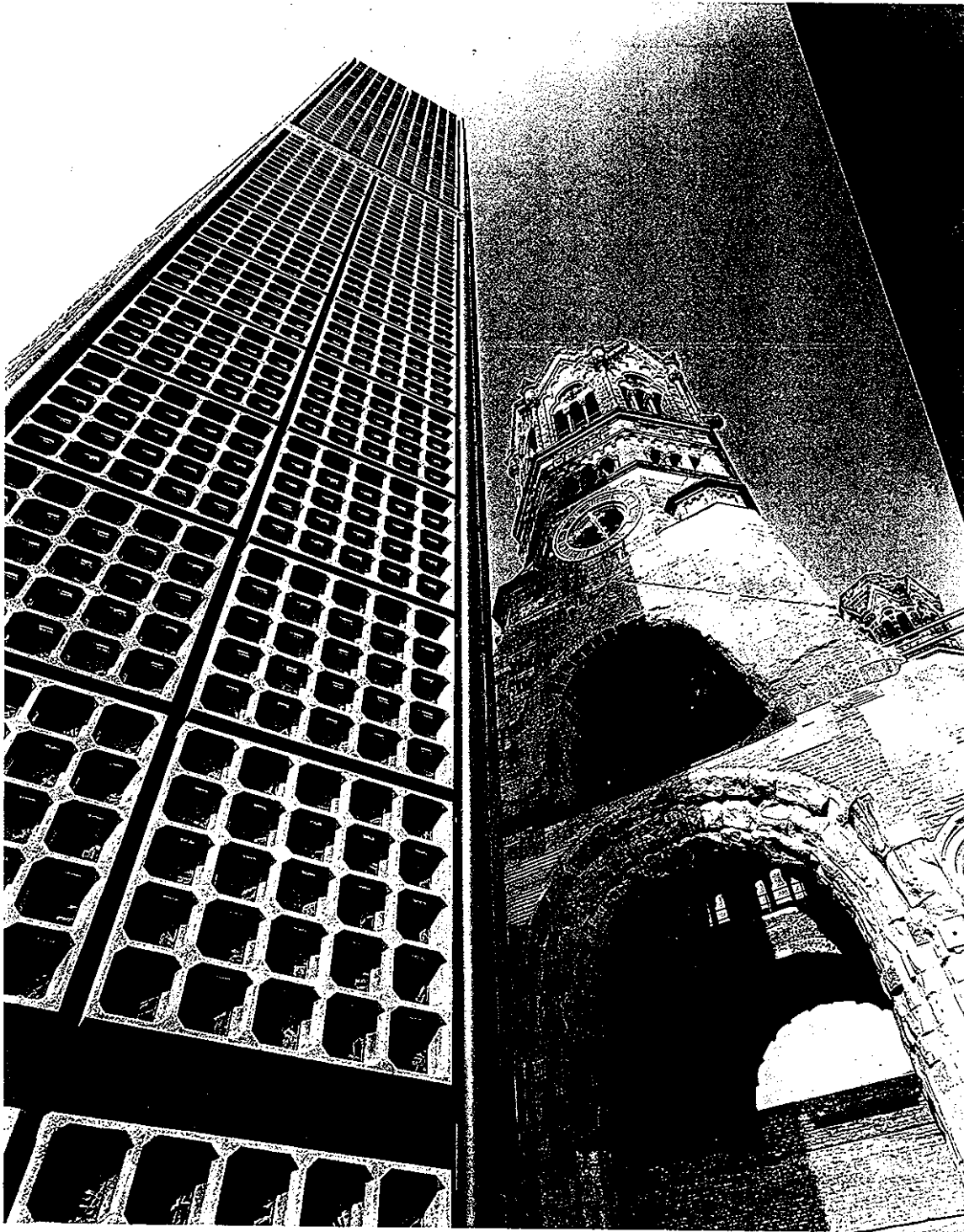
The year marked a discernible shift in the economic tide with improving demand evident in many of our markets. Whilst there was only a muted recovery in the UK, demand picked up sharply on the Continent, particularly in Germany. Trading activity remained brisk both in the USA and in South East Asia whilst a good momentum was sustained in Australia. However in South Africa, improvements were concentrated towards the end of the year. Exports were also encouraging except from the Middle East, where demand was badly affected by declining construction activity and de-stocking. Of particular note was the rapid escalation in the cost of raw materials, the impact of which was largely reflected in higher product pricing. Nonetheless, competitive pressures remained and we continued to improve our cost base both through determined cost management and the pursuit of long-term efficiency gains.

Against this backdrop of rapid changes in the trading scene, turnover rose by £65.9 million to £898.6 million and UK exports at £180.0 million again reached record levels, putting us well into the top 100 UK exporters. Pre-interest profits increased sharply to £71.3 million (1993 £60.0 million) and, with a slightly lower interest charge, pre-tax profits improved to £65.1 million (1993 £53.4 million). Earnings per share advanced 20% to 27.7p (1993 23.1p) and the dividend was increased to 15.5p (1993 14.5p) covered 1.8 times.

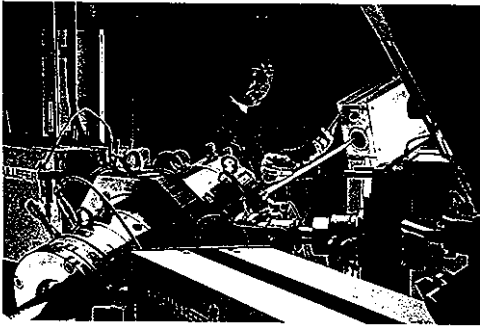
Despite higher capital spending, several important investments and the absorption of higher raw material costs in working capital, we still generated a cash inflow of £4.1 million. The balance sheet thus strengthened again with gearing reducing to only 20%.

The wide ranging business development initiatives undertaken in recent years began to generate substance. In particular, growth in high performance cables, new generations of circuit protection products, advanced gas controls and protective coatings all featured strongly in growing our overall revenue base. This encouraged our view that the right blend of internal growth and selected acquisitions provides a very cost-effective route to expanding the Group and creating shareholder value.

The performance of each division, together with comments on the territories in which they operate is reported separately on the following pages.



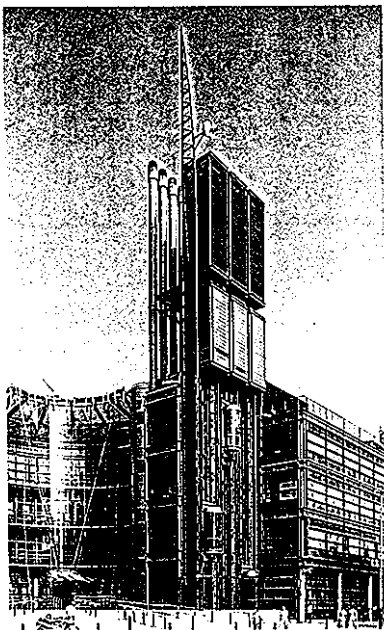
**Our European operations are benefiting from resumed Continental growth and extensive redevelopment opportunities.**



The installation of a new facility to produce higher voltage polymeric cables up to 150Kv, has given entry to new markets for the Group.



# Cables



The inherent flexibility of Firetuf OHLS® was key to its specification for the new Channel 4 Headquarters.

Despite some moderate volume improvements, competition remained fierce in most cables markets. Successive price increases had to be implemented to cover rapidly escalating raw material costs but overall margins remained tight. Turnover increased to £316.6 million, with continuing strong UK exports to Continental Europe, the Middle East and South East Asia. Further cost efficiencies were achieved, with the down-sizing of one manufacturing plant and the re-organisation of another. Profits increased slightly to £6.5 million.

## Power cables

Power distribution cables are used by regional electricity companies and large industrial users. In its range Delta Crompton is a leading UK producer and substantial exporter. The domestic market for power cables improved marginally with slightly better demand from the utility sector but more variable patterns from industrial customers. Prices were increased to reflect escalating raw material costs and we enlarged our distribution presences in specific Continental markets. The new completely dry-cure line, able to manufacture polymeric cables of voltages up to 150Kv, was successfully commissioned during the year and marks a significant broadening of our product range.

## General cables

These products include an extensive range of low-voltage cables used in a variety of industrial, commercial and residential applications. Delta Crompton is the UK's leading producer. The market for general cables remained relatively flat and intensely price competitive. Despite substantial price increases throughout the year, raw material cost escalation prevented any margin enhancement. Wholesaler inventory adjustments continued to create a marked volatility in demand but exports remained at a high level. Our relentless drive for improved cost efficiency led to further significant gains being achieved and further savings are being targeted.

## Special cables

These products are either for communication and control or are designed for hazardous or demanding applications. In the UK, the demand for communication and control cables stabilized but remained weak for elastomeric designs. Demand for fire survival cables, however, continued to grow and product development efforts yielded further advanced designs particularly for data transmission and fire detection. In the USA, Surprenant's performance was much improved, with a progressive recovery in its market place and substantially enhanced manufacturing efficiencies following the comprehensive upgrading of its production facility. New product development efforts have also been stepped up and a range of new high temperature cables is soon to be launched.

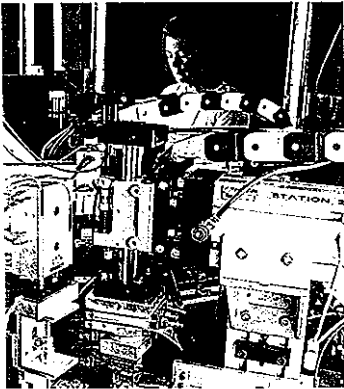
**Growth of high performance, special and new supertension cables will generate increasing added-value.**

# Circuit protection

The UK markets for circuit protection products were variable but generally subdued, whilst those on the Continent showed some recovery. Turnover increased to £137.0 million and exports were sustained at high levels, except in the Middle East which was badly impacted by a downturn in construction activity and de-stocking. With the loss of this important export volume and the costs of some further rationalisation, profits reduced to £14.8 million.

## Medium voltage circuit protection

Designed to protect 500v electrical circuits from overload, these products comprise miniature and moulded case circuit breakers, fused switches, motor starters and distribution systems generally used for industrial and commercial applications. In its range, Delta is the UK market leader. MEM 500v again performed well and increased its penetration of the UK market for circuit breaker based products. It expanded its product offering through the acquisition of a range of busbar trunking for compact power distribution and successfully implemented advanced production methods with the introduction of manufacturing cells. A new range of circuit protection systems is due to be launched soon. Bill Switchgear also performed well but both companies were affected by very poor demand from important Middle Eastern export markets. Delta Electrical Systems had a mixed year but improved its market position with its high safety range of cubicle switchboards.



## Low voltage circuit protection

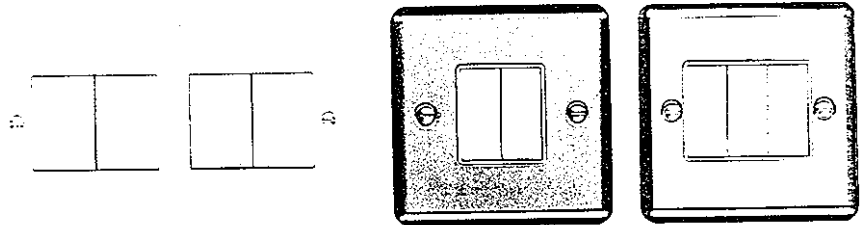
Protecting 250v circuits, these products comprise consumer units, miniature circuit breakers and RCDs as well as wiring accessories and lighting control systems. They are mostly for commercial and residential use and Delta is a leading UK supplier. Demand for low voltage products improved during the early months but flattened as the year progressed. Despite this, MEM 250v performed well with an increased market presence in both consumer units and wiring accessories. During the year a new range of wiring accessories was successfully launched with excellent market reception and a new generation of high performance MCB/RCD systems is due to be launched soon. Home Automation had a better year and launched an advanced range of programmable lighting controls using bus-signalling technology.

## Ancillary circuit protection

MEM Malaysia with its own distribution outlets in Thailand, Singapore, Hong Kong and Indonesia continued to develop strongly within its local markets, but was badly impacted by very weak export demand from the Middle East. Delta Schoeller, a manufacturer of automotive switches and power points, continued to suffer from pricing pressure in Europe and further cost reduction measures were implemented. However, the company has won substantial contracts from the USA and appropriate product development is well advanced. BERL, which repairs and renews electrical motors and transformers and provides calibration services, experienced a persistently depressed home market and further rationalisation was effected to reduce capacity.



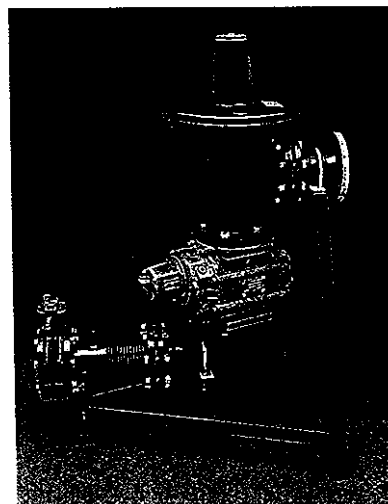
The MEMstyle range of 6 Amp switches emphasises style and value for money. Designed for manufacture, their production is fully automated, left.



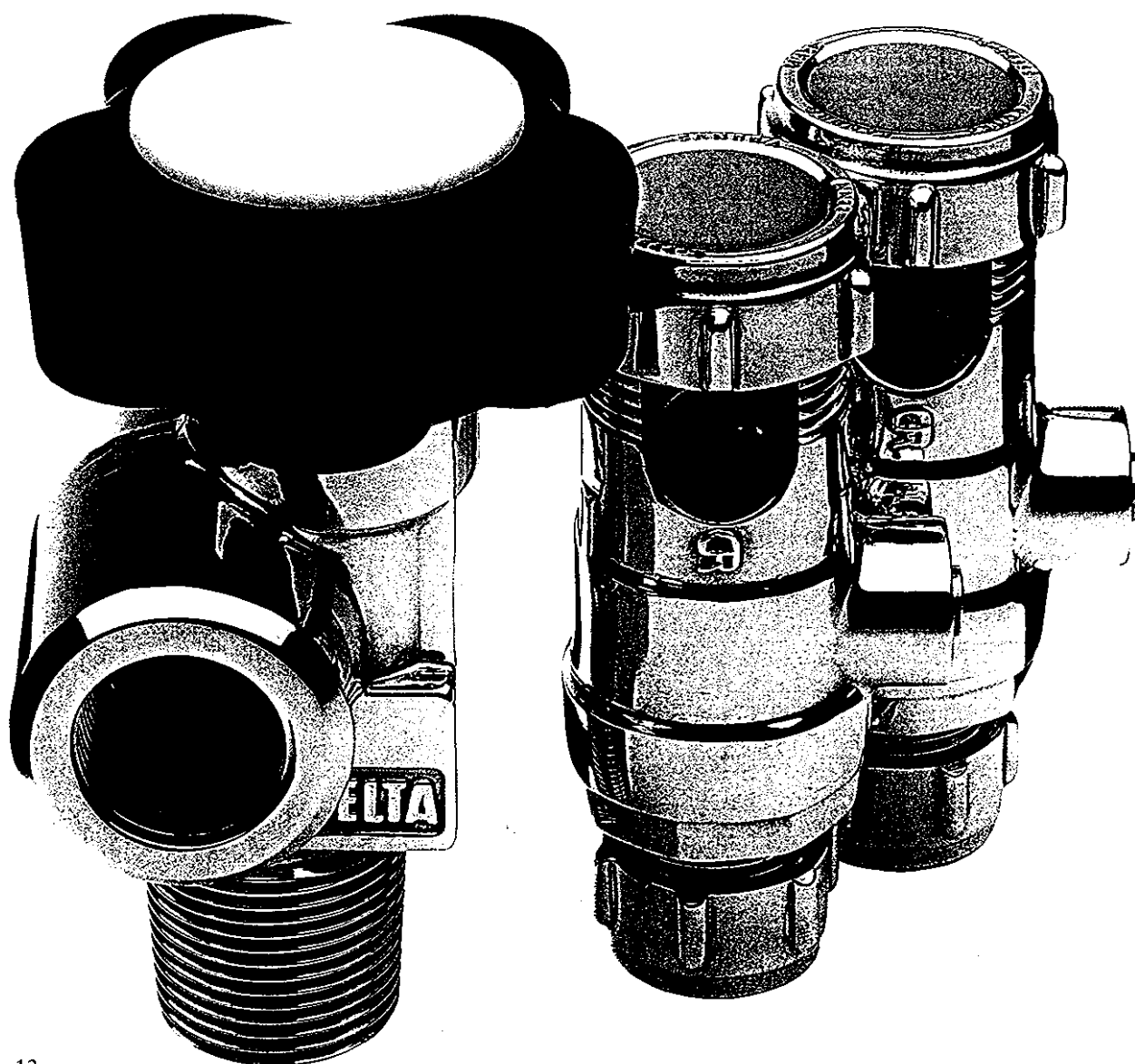
Versatility was paramount in the choice of MEM equipment at IBM UK's networking software development laboratory at Hursley House.

**Further tangible product development successes provide a springboard for expansion into European and Far East markets.**

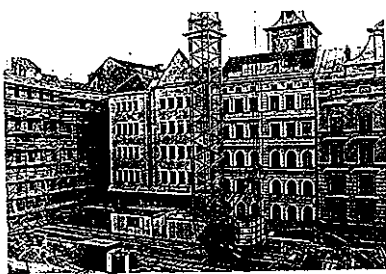
**We are targeting a more comprehensive position in flow controls whilst broadening our already strong European plumbing products base.**



The G1000M range of gas regulators was specifically designed to improve meter performance and provide a greater range of applications.



# Engineering



Our distribution operations in the Czech Republic provide access to markets with significant medium term refurbishment potential.

The UK market experienced a modest improvement but demand patterns remained inconsistent. Export volumes were particularly strong. On the Continent, demand increased markedly, particularly in Germany. Turnover grew to £331.5 million and, with the benefits of additional volume, profits improved sharply to £27.7 million.

## Plumbing products

Products include couplings, valves and mixers used in plumbing systems for water, gas supply, central heating, air-conditioning and refrigeration. The division is one of Europe's leading suppliers. Whilst the UK markets exhibited some improvement, Continental markets recovered strongly with wholesaler re-stocking evident. Price increases to recover escalating raw materials were successfully implemented. In the UK, IBP-Conex performed strongly with continuing export penetration and the benefits of automation. On the Continent, both Bänninger in Germany and ATCOSA in Spain responded well to the increases in demand, capitalising on the major investment in productive plant during recent years. ATUB in France, developed new process technologies and Instalittings, in Poland, continued to expand. Supergrif, the Spanish faucet manufacturer, successfully penetrated new markets whilst Opella, in plastic products, improved its performance both in the UK and the USA. Plans to continue to broaden the overall product range are well advanced.

## Flow controls

These products encompass products which control the pressure, flow and combustion of gases, as well as their remote measurement and monitoring. Sourdillon, the French gas controls company is a European leader and continued to perform very well. Its new USA plant is being expanded to cope with increased production. Delta Fluid Products, manufacturing gas pressure regulators and valves, also performed well and developed a new range of rapid fill cylinder valves. KWB, supplying the off-shore and process industries, experienced weak and inconsistent demand and had a more difficult year. However, a number of important export contracts were won for projects in South East Asia.

## Extrusions & components

These are extruded brass alloy products and components sold to industrial customers. Delta is a leading UK producer. Demand in the UK improved modestly but exports were strong. Smiths, a metals distributor, improved its performance and its domestic market position. DEMCo, the extrusions business, performed well as did Delta (Manganese Bronze), the special alloy producer. The UK component operations improved their performance as further efficiency gains were achieved. Accurate Forging, in the USA, again produced outstanding results in a buoyant market place. An expansion of capacity is in hand to broaden its capability.

Product development in the year created a valve which doubles the filling rate of gas cylinders and a coupling that can be installed without system drainage.

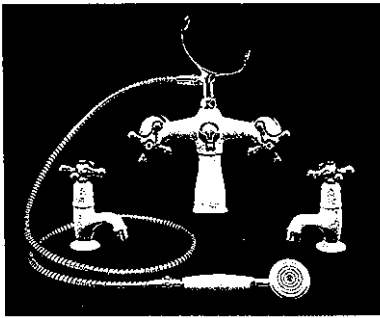
# Industrial services

Solid performance gains were achieved in most of the Australian operations as markets continued to grow. In South Africa the economy remained slow during the first half but began to exhibit some recovery towards the end of the year. Turnover increased to £217.0 million and profits improved again to £22.3 million.

## Australia

The Australian group is a leading nationwide distributor of industrial consumables, electrical and electronic products and spare parts, supported by selective manufacturing. It is also the leading supplier of corrosion protective coatings and a major producer of wear parts for the mining and construction industries. Donhad, a supplier of grinding media, had another excellent year and is currently expanding capacity to enhance its product range. Machin & Ewen and D M Hull both performed well and benefited from improved volume, but West Footscray continued to encounter margin pressure. In protective coatings, IGC performed strongly and enlarged its Australian base through acquiring a facility in Tasmania. The new advanced plant in Brisbane was commissioned during the year with substantial operating gains. The penetration of South East Asian markets is being accelerated, with a second protective coatings site acquired in Malaysia and facilities planned in both Indonesia and Vietnam. Cutting Edges, a distributor of wear parts for off-highway equipment, acquired Stiles & Hicks, a complementary distributor of

This range of high quality Cobra taps reflects the company's leading market position.



The new environmentally-friendly plant at Brisbane reflects IGC's commitment to investment in technology leadership.



replacement parts. Both companies performed well and Austcast produced an excellent result. Delta Fasteners had a better year and acquired the business of Mico Wakefield so broadening its product range. However, Bell-IRH continued to suffer from weak trading and means to improve margins are being vigorously pursued.

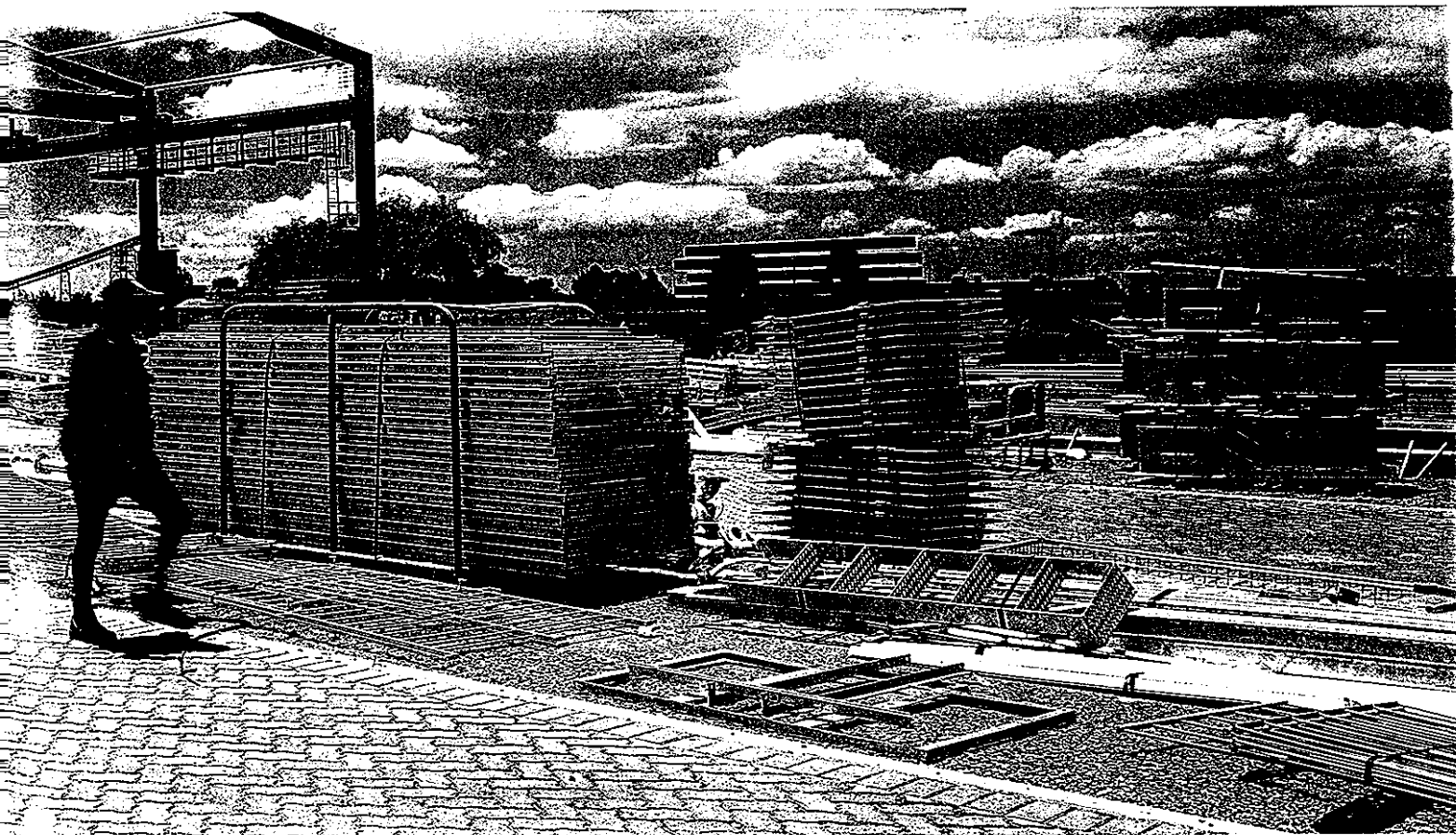
### **Africa**

Delta Electrical Industries, an associated company, is the leading repairer of electric motors and transformers as well as a distributor of associated products. In continuing difficult trading, the company performed well and experienced improved demand from its customer base towards the end of the year. The Manganese Metal Company, also an associated company and the world's biggest producer of high purity electrolytic manganese and associated chemicals, had another good year and continued to improve its worldwide market position. Cobra, the leading domestic manufacturer of plumbing products, had another good year and we doubled our shareholding to 37.6% at a cost of £11.0 million.

The first ANZAC Ship was launched in September 1994, supplied with fasteners by Delta Fasteners/F J Sweetman & Co.



**Our very successful Australian protective coatings operations are now being rapidly expanded in the Pacific Rim.**



# **Perspective**

## **Management**

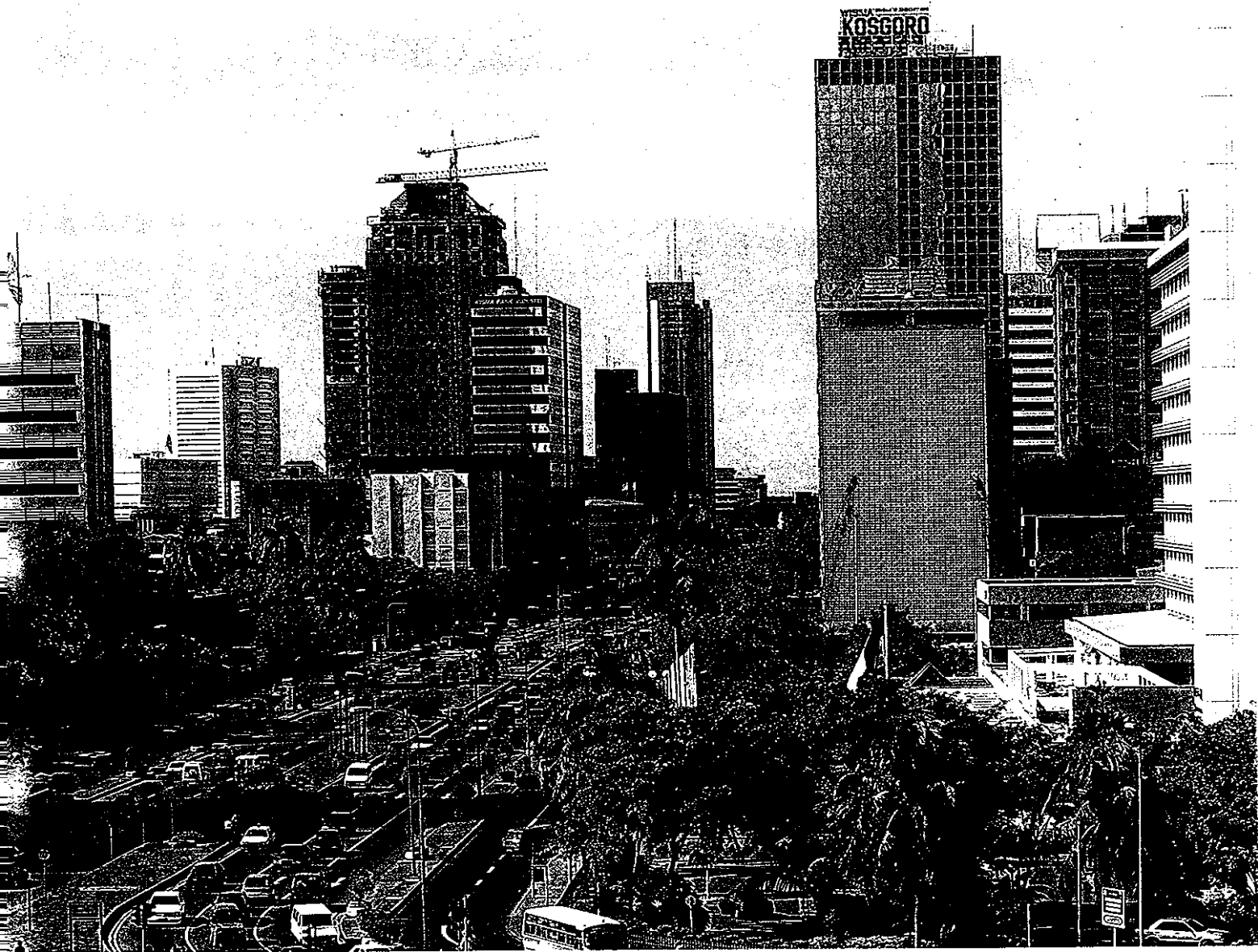
David Crook, who has been managing director of our Circuit Protection division for the past six years, retired recently, aged 60. He has made a major and fundamental contribution both in reshaping the division's future and as a member of the Group Board. Happily, he has agreed to become part-time Chairman of the division in an advisory role. Clive Robertson, recently managing director of MEM 250v, has now become the division's new managing director and has also joined the Group Board.

## **Perspective**

With the progressive and consistent reshaping of our businesses in recent years and the creation of greater efficiencies through sustained capital spending, our operational gearing is beginning to show through as higher volumes materialise. In addition, the heavy emphasis on new product and business development is now generating tangible signs of success. In the pursuit of growth and the enhancement of earnings quality, we are continuing to concentrate on a number of key priorities. In Cables, we are increasing the added value of our product mix through emphasis on the development of high performance specialty cables and establishing a presence in high voltage power cable markets. In Circuit Protection, our many successful product development initiatives have placed us in an encouraging position to continue to penetrate European and South East Asian markets. In Engineering, we are broadening the base to enhance our position in plumbing products and we are developing our flow controls activities to give us a more comprehensive presence. Within Industrial Services, we have already made considerable progress in building a cohesive network of protective coatings operations throughout the fast expanding Pacific Rim. Finally, the development of a more sizeable business in North America remains a prime objective. These achievements will be met both through strategic acquisition and organic development. The precise and consistent vision we are pursuing will enable us both to capitalise fully on improving trading conditions and to achieve underlying growth in shareholder value.



Robert Easton, Chief Executive



**Far East markets with their rapid growth and development potential offer considerable opportunity for our comprehensive product range.**

## Financial review

The Group's borrowings and gearing reduced in the year continuing the underlying trend. There was a strong positive cash flow from operations despite financing an increase of £11.3 million in working capital following raw material price escalation and some increased trading activity. We have continued to improve the structure of the Group's borrowings, in terms of both borrowing instruments and maturity profile. Other changes in the Group's financial structure have come about as we have implemented the treasury policies referred to in last year's report.

### Cash flows

Operating profit was £58.8 million, and depreciation to be added back was £29.3 million. Other cash inflows were interest received of £2.4 million, net cash receipts from associated companies of £4.9 million, the proceeds of the issue of new shares in respect of employee share schemes of £1.4 million and £3.0 million of other items. That gave a net cash flow of £99.8 million.

Of this, £33.9 million was invested in capital expenditure, £11.3 million was used to fund an increase in working capital and £7.4 million used to pay tax. Providers of capital were paid £23.2 million in dividends (of which £1.4 million was paid to minority shareholders) and £3.8 million in interest. This left a net inflow of £20.2 million, of which £16.7 million was used for acquisitions. That gave a reduction in net debt of £3.5 million.

The increase of £11.3 million in working capital comprises several elements. Very substantial increases in the cost of copper, polymers and other raw materials absorbed an estimated £35 million and increased trading activity absorbed an estimated £12 million. Our management ratios show further good progress, with improvement across all the trading items of stocks, debtors and creditors. We estimate that at year end price levels raw materials would absorb a further £11 million in 1995.

### Borrowings

Net borrowings were reduced from £72.9 million to £69.4 million. This reflected an £8.9 million reduction in

borrowings (including overdrafts and acceptances) from £104.2 million to £95.3 million which was partially offset by a £5.4 million reduction in cash balances, from £31.3 million to £25.9 million. This is the second consecutive year that the Group has seen a reduction in the net borrowings and gearing, resuming the underlying trend, which was interrupted by the increase in borrowings to fund the purchase of the Delta Crompton minority in 1992.

Since the year end the Group has given notice that it will be repaying the debentures on 5 May 1995, in advance of the mandatory repayment date of 31 December 1999. This repayment will be funded from existing borrowing facilities.

During the year we undertook a private placement of Senior Unsecured Notes in the US market. The issue size was US\$75 million and the notes are due for repayment in six annual instalments between 1999 and 2004, giving an average maturity of seven and a half years from the time of issue. The funds were used to reduce short-term borrowings. As a result of this, 60% of the Group's year end gross borrowings are now due in three years or more (1993 52%), despite the decision to repay the debentures early, representing a further strengthening of the Group's financial position.

The policy of concentrating a higher proportion of the external borrowings in the holding company, begun in 1993, has continued and 85% of the gross borrowings are now in Delta plc (1993 70%).

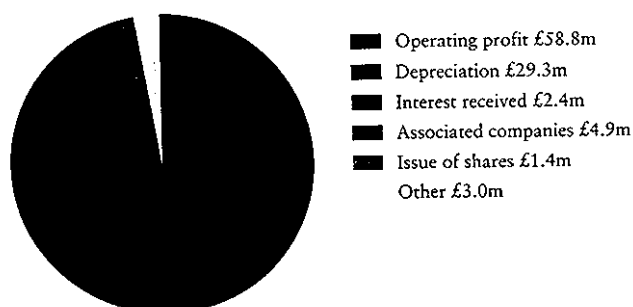
Further details of the borrowing structure are given in note 19 to the accounts.

The analysis of the Group's net borrowings and net interest by country is set out below.

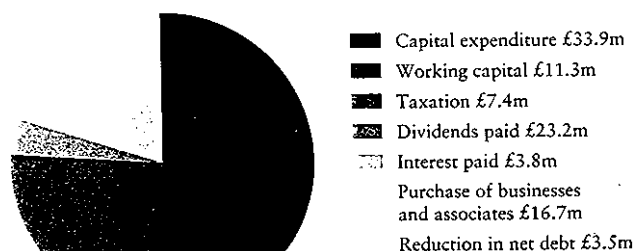
Country*	1994 Closing net borrowings £ million	1993 Closing net borrowings £ million	1994 Net interest (payable) receivable £ million	1993 Net interest (payable) receivable £ million
UK	(76.4)	(72.2)	(6.8)	(5.2)
Other European	6.8	5.4	(0.2)	(1.4)
USA	1.2	(20.4)	(0.3)	(0.9)
Other	(1.0)	14.3	1.1	0.9
Total	(69.4)	(72.9)	(6.2)	(6.6)

\*Country of borrowing or depositing entity.

Source of funds (£m)



Use of funds (£m)





## Effect of interest and exchange rates

The analysis of the Group's net assets by currency at the year end is shown in the table below.

	1994				1993	
Currency	Net borrowings £ million	Effect of hedging £ million	Net financial liabilities after hedging £ million	Net operating assets £ million	Net assets £ million	Net assets £ million
Sterling	(28.8)	62.2	33.4	267.2	300.6	226.9
Other European	6.7	(49.9)	(43.2)	45.5	2.3	25.9
US dollars	(46.4)	27.2	(19.2)	21.6	2.4	4.7
Other	(0.9)	(39.5)	(40.4)	84.5	44.1	76.3
Total	(69.4)	—	(69.4)	418.8	349.4	333.8

The marked increase in the proportion of net assets denominated in sterling during the year was due to the implementation in December of the hedging policy set out in last year's report.

The effect of the translation of unhedged net assets on reserves was a credit of £4.2 million (1993 £3.1 million debit).

Against a background of continued low gearing (20% - 1993 22%), the Group's net interest charge of £6.2 million (1993 £6.6 million) was covered eleven and a half times by the profit on ordinary activities before interest.

The analysis of the Group's interest rate fixing profile at the year end is shown in the table below.

	Currency				
	Sterling £ million	Other European £ million	US dollars £ million	Other £ million	Total £ million
Net financial liabilities after hedging	33.4	(43.2)	(19.2)	(40.4)	(69.4)
Rate reset within 6 months	60.8	(43.2)	1.3	(40.4)	(21.5)
Rate reset between 6 months and 1 year	(27.4)	—	27.1	—	(0.3)
Rate reset after one year	—	—	(47.6)	—	(47.6)

There have been three significant changes to the interest rate fixing profile during the year. Firstly, part of the US private placement was swapped into fixed rate sterling for the first year of its term, thereafter reverting to fixed rate dollars for the remainder of its term. Secondly, the

intended repayment of the debentures results in £6.5 million of sterling liabilities moving from long-term fixed to floating rate. Finally, the implementation of the balance sheet currency hedging policy has created floating rate sterling assets and floating rate liabilities in the currencies hedged.

## Treasury policies

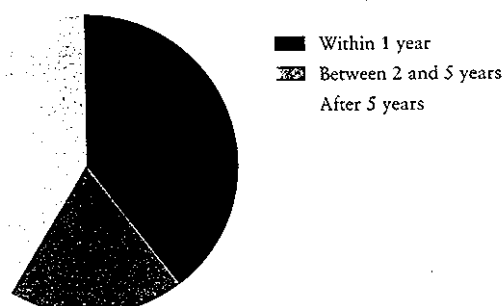
There was no change to the Group's treasury policies during the year. These policies, which were reviewed and updated by the Board in 1993, control the way in which treasury activities are conducted throughout the Group. The underlying philosophy of the policies is one of risk management and control, and no speculative transactions are undertaken.

It remains the Group's policy to maintain and develop strong relationships with a range of banks reflecting our world-wide operations, and to maintain a range of committed and uncommitted borrowing facilities to meet our financing needs. We continue to work on improving the focus and efficiency of our banking arrangements around the world. Following a tender process at the end of 1994 we are now implementing new banking arrangements in the UK, using Midland Bank for all of our money transmission and related business.

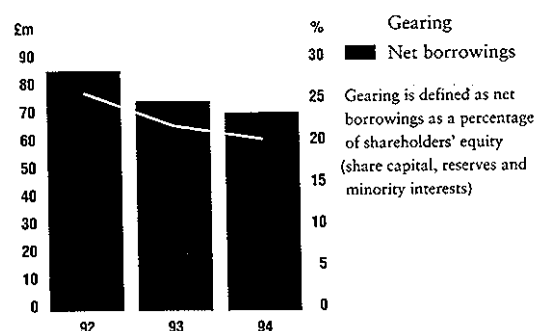


Mike Gill, Finance director

## Maturity of debt



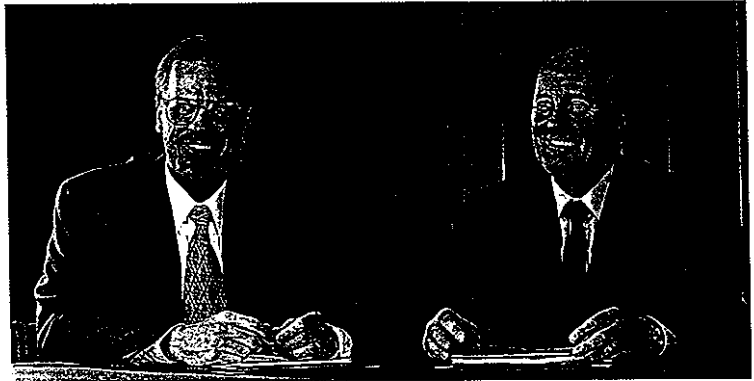
## Net borrowings and gearing



## The Group board

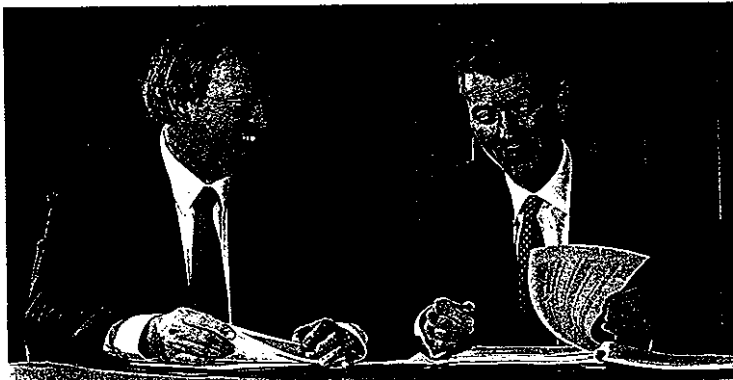


Robert Easton, chief executive. Age 46



Paul Smits, managing director – USA. Age 51

Eddie Garvey, managing director – Engineering. Age 57



Graham Salter, managing director – Australia. Age 49

Mike Gill, finance director. Age 46



Clive Robertson, managing director –  
Circuit Protection & Controls. Age 45



Richard Watts, managing director –  
Cables. Age 48

# Board structure

DELTA PLC

**Sir Martin Jacomb**

**Sir Philip Beck**

**Brian Moffat**

**John Robinson**

**Michael Walters**

**Robert Easton**

**Mike Gill**

**Eddie Garvey**

**Clive Robertson**

**Graham Salter**

**Paul Smits**

**Richard Watts**

DELTA GROUP

## Board of directors of Delta plc

The directors at the date of this report and their responsibilities and other directorships are:

	Responsibilities	Other directorships
Sir Martin Jacomb *†	Chairman (non-executive)	Marks & Spencer plc Postel Investment Management Limited Prudential Corporation plc The RTZ Corporation plc The Telegraph plc
R A Easton	Chief executive	Harrisons & Crosfield plc
M Gill	Finance director	—
Sir Philip Beck *†	Non-executive	John Mowlem & Company PLC Siebe plc
B S Moffat *†	Non-executive	British Steel plc
J H Robinson *†	Non-executive	Smith & Nephew plc
M Q Walters *†	Non-executive	Tilbury Douglas p.l.c.

\* Member of Appointments and Remuneration committee

† Member of Audit committee

Notes: 1 All directors are full-time executives, unless otherwise indicated.

2 Directorships of other Group and associated companies are excluded.

## Board changes

Geoffrey Wilson retired from the Board at the conclusion of the annual general meeting on 27 April 1994 and Sir Martin Jacomb was then appointed non-executive chairman in his place.

Brian Moffat and Sir Philip Beck were appointed to the Board on 1 July and 1 August 1994 respectively.

Michael Walters will retire from the Board at the conclusion of the forthcoming annual general meeting.

## Election of directors

The director retiring by rotation is Robert Easton, who being eligible, offers himself for re-election.

Brian Moffat and Sir Philip Beck, having been appointed since the last annual general meeting, will also retire and being eligible, offer themselves for election.

Brian Moffat and Sir Philip Beck have no service contracts. The unexpired period of the service contract of Robert Easton is two years.

## Non-executive directors

Sir Martin Jacomb. Appointed non-executive deputy chairman of Delta in 1993 and became non-executive chairman on 27 April 1994. He is chairman of Postel Investment Management Limited and the British Council and is aged 65.

Sir Philip Beck. Appointed a non-executive director on 1 August 1994. He is chairman of John Mowlem & Company PLC and is aged 60.

Brian Moffat. Appointed a non-executive director on 1 July 1994. He is chairman and chief executive of British Steel plc and is aged 56.

John Robinson. Appointed a non-executive director of Delta in 1993. He is chief executive of Smith & Nephew plc and is aged 54.

Michael Walters. Has been a non-executive director of Delta since 1980. He is deputy chairman of Tilbury Douglas p.l.c. and is aged 67.

# Directors' report

The directors of Delta plc submit their Report together with the audited financial statements for the year ended 31 December 1994.

## Business review and future developments

The Chairman's report to shareholders on pages 4 and 5, the Chief executive's review of the year on pages 6 to 17, the Financial Review on pages 18 and 19 and the Board of Directors on page 21, form part of the directors' report. Information about Group businesses, financial performance and likely future developments are to be found in these sections.

## Dividends and transfer to reserves

The directors recommend a final dividend of 11.2p per ordinary share (1993 10.3p) making a total for the year of 15.5p (1993 14.5p). Dividends paid and proposed for the year amount to £23.2 million (1993 £21.6 million) leaving £18.0 million (1993 £12.7 million) to be transferred to reserves.

## Acquisitions

During the year a further 18.8% share holding (giving a total share holding of 37.6%) in Cobra Investments (an associated South African plumbing products company) was acquired for £11.0 million. In Australia, the Group acquired Mico Wakefield Australia (a fasteners business) and Stiles & Hicks (a distribution business). The total consideration paid for businesses acquired was £3.4 million.

## Changes in tangible assets

- (i) The freehold and leasehold properties of certain companies were revalued during the year and the revised values included in the Group balance sheet.
- (ii) Details of expenditure on, and disposals of, tangible assets are given in note 11, page 35.
- (iii) In the opinion of the directors, tangible assets are realistically valued.

## Charitable donations

During the year the Group donated £80,001 to charities of which £37,465 was in the United Kingdom.

## Employment policies

### (i) Equal opportunity in employment

It is the Group's policy to treat people equally and fairly without unlawful or unfair discrimination on the grounds of colour, race, nationality, ethnic or national origin, sex, marital status or disability. Wherever possible the employment and retention of disabled people is supported, commensurate with their capabilities.

To this end, equal opportunity in employment is promoted and guidance given to companies in achieving this objective.

### (ii) Development and training

The Group recognises that the training of employees is an integral part of its business activities and is fundamental to continuing efficiency and profitability. The Delta Training Centre is equipped to cater for common requirements in the most cost-effective manner.

Delta operates successful graduate, technician and apprentice programmes and also works closely with schools and institutions of further and higher education, providing information on opportunities in our industries and offering workshop experience at Delta facilities.

### (iii) Involvement

The Group recognises the importance of two-way communication and supports the participation of employees in consultative committees, briefing groups, suggestion schemes or other suitable means.

Employee representatives are fully involved in the operation of the Delta Pension Plan and eligible employees are encouraged to participate in the Company's 'Save as you Earn' share option scheme and Personal Equity Plans.

### (iv) Health and safety at work

The Company has a comprehensive policy statement in order to safeguard the health, safety and welfare of all employees whilst at work and to provide, so far as is reasonably practicable, a working environment which is safe and with minimum risk to the health of employees and others.

### **Environmental policy**

The Group is committed to best environmental practice and has clear management responsibilities to ensure full compliance. The Group's overall policy forms the basis of further detailed policies that are appropriate to the individual operating businesses.

The management seeks to minimise the impact on the environment of all aspects of the Group's operations by means of environmentally sound practices.

Management aims to meet or exceed all applicable Government regulations, particularly with reference to Health and Safety and the treatment of waste and of emissions into the atmosphere.

By adopting best available practices and aiming continually for optimum efficiencies, we encourage the conservation of scarce natural resources and the minimisation of the production of waste and atmospheric emissions.

Noxious emissions from company vehicles will be reduced by the uniform use of lead-free petrol or diesel fuel and catalytic converters. The number and use of toxic substances will be minimised and products containing CFCs will be eliminated altogether.

We aim to minimise noise pollution, both in our working environment and in the communities in which we operate and we will apply environmental considerations when selecting outside contractors and suppliers of goods.

Wherever opportunities exist, we will place emphasis on the development of products and services designed to assist others in protecting the environment.

We consider the audit and monitoring of our impact on the environment to be part of the process of meeting our objectives.

### **Substantial shareholders**

As at 14 March 1995, the date of this report, the Company has been notified, pursuant to the Companies Act 1985, of the following interests in its issued ordinary share capital:-

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Prudential Group of companies	6.64%
Sun Life of Canada Group of companies	5.07%
British Telecom Staff Superannuation Scheme	3.13%

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### **Research and development**

Excluding significant development expenditure associated with production processes, product improvement and tooling, the Group spent £2.1 million on R & D as defined by SSAP 13.

### **Insurance of directors**

As permitted by the Companies Act 1985, the Group maintains insurance for its directors and officers, which indemnifies them against loss arising from any claims made against them by reason of any wrongful act committed or alleged to have been committed by them in their capacity as a director or officer of the Group.

### **Power to purchase own shares**

At the annual general meeting in 1994, shareholders renewed the authority conferred on the Company in 1990 to purchase its own ordinary shares. As at 14 March 1995, the date of this report, the Company has made no purchases of its own ordinary shares, but the directors believe that the ability to make such purchases remains advantageous.

Accordingly resolution 4, which will be proposed as a special resolution at the forthcoming annual general meeting, seeks renewal of this authority. The details of the minimum and maximum price at which such shares would be purchased are contained in the resolution. The directors have no present intention of utilising this authority and will only make purchases if they believe earnings per share would be improved.

**Power to allot ordinary shares and to dispense with statutory pre-emption rights**

Resolution 5, which will be proposed at the annual general meeting as a special resolution, seeks renewal of the directors' authority to allot shares and to disregard statutory pre-emption rights. This resolution will authorise the directors to allot shares with an aggregate nominal amount of up to £9,766,289 (representing approximately 26 per cent. of the existing ordinary issued share capital as at the date of this report) for a period of five years from the passing of this resolution. The directors do not have any present intention of exercising this authority. In addition, the resolution seeks to renew the directors' authority to disregard statutory pre-emption rights until whichever is the earlier of 27 July 1996 and the end of the annual general meeting in 1996 in respect of any rights issue or under an employees' share scheme and in respect of allotments of equity securities for cash, up to a nominal amount of £1,861,685.50 which represents 5 per cent. of the Company's issued ordinary share capital as at the date of this report. In exercising this additional authority the directors will comply with the guidelines of the London Stock Exchange and the Investment Committees of the Association of British Insurers and the National Association of Pension Funds on pre-emption rights.

**The Code of Best Practice**

The Group has complied with the Code of Best Practice, as recommended by the Cadbury Committee, for the year ended 31 December 1994 except for the requirement to report on internal control where the guidance for directors has only recently been issued and is not yet effective. Now that guidance is available, it is the directors' intention to comply fully with the Code of Best Practice in 1995.

**Going concern**

After making appropriate enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Group's financial statements.

**Taxation status**

The Company is not a close company within the meaning of the Income and Corporation Taxes Act 1988.

**Auditors**

A resolution to re-appoint Coopers & Lybrand as the Company's auditors will be proposed at the annual general meeting.

This report was approved by the directors on 14 March 1995 and is signed on their behalf by:

J P Narciso

Secretary

1 Kingsway, London WC2B 6XF

# **Responsibility of the directors for the preparation of the financial statements**

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

- select suitable accounting policies and 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,
- confirm that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Group 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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board

J P Narciso  
Secretary  
14 March 1995

# Auditors' report

To the Members of Delta plc

We have audited the financial statements on pages 27 to 41.

## Respective responsibilities of directors and auditors

As described on page 25 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 affairs of the Company and the Group at 31 December 1994 and of the profit, total recognised gains and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

London  
14 March 1995

Coopers & Lybrand  
Chartered Accountants and Registered Auditors

## Report by the auditors to Delta plc on corporate governance matters

In addition to our audit of the financial statements, we have reviewed the directors' statements on page 24 on the Company's compliance with the paragraphs of the Code of Best Practice specified for our review by the London Stock Exchange. The objective of our review is to draw attention to non-compliance with those paragraphs of the Code which is not disclosed.

## Basis of opinion

We carried out our review in accordance with Bulletin 1995/1 'Disclosures relating to corporate governance' issued by the Auditing Practices Board. That Bulletin does not require us to perform the additional work necessary to, and we do not, express any opinion on the effectiveness of the Group's corporate governance procedures, nor on the ability of the Group to continue in operational existence.

## Opinion

With respect to the directors' statement on going concern on page 24, in our opinion the directors have provided the disclosures required by paragraph 4.6 of the Code (as supplemented by the related guidance for directors) and their statement is not inconsistent with the information of which we are aware from our audit work on the financial statements.

Based on enquiry of certain directors and officers of the Company, and examination of the relevant documents, in our opinion the directors' statement on page 24 appropriately reflects the Company's compliance with other paragraphs of the Code specified for our review.

London  
14 March 1995

Coopers & Lybrand  
Chartered Accountants



# Accounting policies

## 1 Accounting convention and Standards

The financial statements are prepared in accordance with the historical cost accounting convention, modified to include the revaluation of certain assets, and in accordance with applicable Accounting Standards in the United Kingdom.

## 2 Change in accounting policy

The new accounting standard FRS 5 'Reporting the substance of transactions' has required the adoption of an accounting policy which differs from that previously adopted by the Group. Accordingly, the following change has been made in respect of bills discounted with recourse. In previous years these were treated as contingent liabilities in accordance with SSAP 18. Amounts received from banks in respect of discounted bills are now recognised as a liability with a corresponding debtor until the bills are settled. Comparative figures have been amended accordingly.

## 3 Holding company

As permitted by Section 230 of the Companies Act 1985, the holding company has not presented its own profit and loss account.

## 4 Group consolidation

- (i) The Group accounts comprise a consolidation of the holding company and all its subsidiaries.
- (ii) The Group share of results of associated companies is included in the Group profit and loss account and its share of post-acquisition reserves is included in the Group balance sheet. The figures for associated companies are based on their latest audited accounts ending in the financial year, updated by reference to unaudited management accounts in certain cases to coincide with the Group's financial year.
- (iii) The results of companies acquired or sold during the year are dealt with from the date of acquisition or to the date of sale.
- (iv) Acquisitions are accounted for by the acquisition method of accounting, the net goodwill being written off directly to realised reserves in the year of acquisition.
- (v) On the disposal of a business, goodwill paid on its acquisition is written off through the profit and loss account as part of the profit or loss on disposal.

## 5 Research and development, patents and trade marks

All expenses are written off as incurred.

## 6 Foreign currency

The profit and loss accounts of overseas companies are translated into sterling at average rates for the financial year. Their balance sheets and also the overseas assets and liabilities of UK companies are translated into sterling at the rates ruling

on the last day of the financial year. The difference arising from the translation of the opening net assets of overseas companies is taken directly to reserves. Similarly, the difference between the net profits of overseas companies translated at average rates and year end rates is taken directly to reserves.

## 7 Pensions

In the UK, the Group operates a funded, managed, defined benefit scheme, the costs of which are fully provided in accordance with regular actuarial recommendations. Overseas pension and post-retirement benefit schemes are operated in accordance with local legal requirements.

## 8 Stocks

Stocks are valued at the lower of cost and net realisable value of the separate items of stocks or of groups of similar items.

## 9 Tangible assets

### (i) Property

Freehold and leasehold property is mainly valued on an open-market value for the existing-use basis.

Each property is revalued regularly in the UK once in every three years, while overseas the period between valuations varies according to local conditions.

### (ii) Depreciation

This is provided on the straight-line basis mainly at the following rates:

Freehold land	Nil
Freehold buildings	2%
Leasehold property; over the term of lease, but not less than	2%
Plant and machinery	10%
Motor vehicles, trucks, etc.	25%
Fixtures, fittings, tools and equipment	20%

(iii) Finance leased assets are capitalised in accordance with SSAP 21. Operating lease rentals are charged in the profit and loss account as incurred.

## 10 Taxation

The profit and loss account charge is calculated at current rates of corporation tax and overseas tax on the profits for the year. It includes deferred tax calculated, at the appropriate rates, by the liability method on any timing differences, to the extent that it is probable that they will crystallise.

## 11 Turnover

Turnover is the amount receivable for goods sold or supplied and services provided, excluding inter-group transactions and value added tax.

# Group profit and loss account *For the year ended 31 December 1994*

	Notes	1994 £ million	1993 £ million
Turnover – continuing operations	1	898.6	832.7
Cost of sales		683.6	638.4
<b>Gross profit</b>		<b>215.0</b>	<b>194.3</b>
Distribution costs and administrative expenses	2	156.2	145.1
<b>Operating profit – continuing operations</b>	<b>5</b>	<b>58.8</b>	<b>49.2</b>
Share of profits of associated companies	6	12.5	10.8
<b>Profit on ordinary activities before interest</b>		<b>71.3</b>	<b>60.0</b>
Interest	7	(6.2)	(6.6)
<b>Profit on ordinary activities before taxation</b>	<b>1</b>	<b>65.1</b>	<b>53.4</b>
Taxation	8	22.2	17.7
<b>Profit on ordinary activities after taxation</b>		<b>42.9</b>	<b>35.7</b>
Minority interests		1.7	1.4
<b>Profit for the financial year</b>		<b>41.2</b>	<b>34.3</b>
Dividends	9	23.2	21.6
<b>Transfer to reserves</b>	<b>24</b>	<b>18.0</b>	<b>12.7</b>
<b>Earnings per 25p ordinary share</b>	<b>10</b>	<b>27.7p</b>	<b>23.1p</b>

# Balance sheets At 31 December 1994

	Notes	Group		Holding company	
		1994 £ million	1993 £ million	1994 £ million	1993 £ million
<b>Fixed assets</b>					
Tangible assets	11	228.8	222.3	—	—
Investments – associated companies and trade investments	12(a)	28.5	23.9	—	0.2
– group companies	12(b)	—	—	439.1	407.0
		257.3	246.2	439.1	407.2
<b>Current assets</b>					
Stocks	13	192.1	161.5	—	—
Debtors	14	181.7	165.3	19.6	20.0
Bank and other deposits		25.9	31.3	0.5	—
		399.7	358.1	20.1	20.0
<b>Creditors – amounts falling due within one year</b>					
Borrowings	19	(37.7)	(48.5)	(23.8)	(19.2)
Other creditors	15	(196.4)	(150.7)	(34.9)	(25.2)
<b>Net current assets</b>		165.6	158.9	(38.6)	(24.4)
<b>Total assets less current liabilities</b>		422.9	405.1	400.5	382.8
<b>Creditors – amounts falling due after more than one year</b>					
Borrowings	19	(57.6)	(55.7)	(57.6)	(54.2)
Provisions for liabilities and charges	20	(15.9)	(15.6)	—	—
<b>Net assets</b>		349.4	333.8	342.9	328.6
<b>Capital and reserves</b>					
Called up share capital	21	40.0	39.9	40.0	39.9
Share premium account	24	28.5	27.2	28.5	27.2
Revaluation reserve	24	45.8	42.7	169.0	157.2
Profit and loss account	24	228.6	218.8	105.4	104.3
Equity shareholders' funds		340.1	325.8	340.1	325.8
Non-equity shareholders' funds		2.8	2.8	2.8	2.8
<b>Total shareholders' funds</b>		342.9	328.6	342.9	328.6
Equity minority interests		6.5	5.2	—	—
		349.4	333.8	342.9	328.6

The accounts on pages 27 to 41 were approved by the directors on 14 March 1995 and are signed on their behalf by:

Sir Martin Jacomb  
Chairman

M Gill  
Finance director

# Group cash flow statement *For the year ended 31 December 1994*

	Notes	1994 £ million	1993 £ million
<b>Net cash inflow from operating activities</b>	<b>25</b>	<b>72.8</b>	<b>82.4</b>
<b>Returns on investments and servicing of finance</b>			
Interest received		2.4	3.0
Interest paid		(3.8)	(9.4)
Dividends received from associated companies		6.0	5.1
Dividends paid to shareholders		(21.8)	(20.8)
Dividends paid to minority shareholders		(1.4)	(0.3)
<b>Net cash outflow from returns on investments and servicing of finance</b>		<b>(18.6)</b>	<b>(22.4)</b>
<b>Taxation</b>			
Tax paid		(7.4)	(18.1)
<b>Investing activities</b>			
Capital expenditure		(33.9)	(32.3)
Sale of tangible fixed assets		4.1	3.3
Sale of fixed asset investments		0.5	—
Associated company loans		(1.1)	1.3
Purchase of investment in associated companies		(13.1)	—
Purchase of businesses	27	(3.4)	(1.5)
Utilisation of acquisition provisions		(0.2)	(3.1)
Decrease (increase) in cash deposits (over 3 months)		4.4	(1.5)
<b>Net cash outflow for investing activities</b>		<b>(42.7)</b>	<b>(33.8)</b>
<b>Net cash inflow before financing</b>		<b>4.1</b>	<b>8.1</b>
<b>Financing</b>			
Issue of ordinary shares		1.4	2.2
New loans		61.1	51.4
Repayment of amounts borrowed		(63.1)	(54.9)
<b>Net cash outflow from financing</b>	<b>26</b>	<b>(0.6)</b>	<b>(1.3)</b>
<b>Increase in cash and cash equivalents</b>	<b>26</b>	<b>3.5</b>	<b>6.8</b>

# Statement of total recognised gains and losses

For the year ended 31 December 1994

	1994 £ million	1993 £ million
Profit for the financial year	41.2	34.3
Other recognised gains and losses for the year:		
Unrealised surpluses (deficits) on revaluation of properties	0.8	(0.2)
Currency translation differences on foreign currency net assets	4.2	(3.1)
Total recognised gains and losses for the year	46.2	31.0

## Note of historical profits and losses

Reported profit on ordinary activities before taxation	65.1	53.4
Realisation of property revaluation surpluses of previous years	0.2	0.2
Difference between historical cost depreciation and actual depreciation charge for the period calculated on the revalued amount	0.2	0.3
Historical cost profit on ordinary activities before taxation	65.5	53.9
Historical cost profit for the period retained after taxation, minority interests and dividends	18.4	13.2

## Movement in total shareholders' funds

Profit for the financial year	41.2	34.3
Dividends	(23.2)	(21.6)
	18.0	12.7
Other recognised gains and losses for the year	5.0	(3.3)
Goodwill arising on acquisitions	(10.1)	(0.9)
Shares issued	1.4	2.2
Net increase in shareholders' funds for the year	14.3	10.7
Shareholders' funds at 1 January 1994	328.6	317.9
Shareholders' funds at 31 December 1994	342.9	328.6

# Notes on the accounts

	Continuing activities		
	Turnover £ million	Profit before taxation £ million	Net assets £ million
<b>1 Principal activities</b>			
By activity 1994:			
Cables	316.6	6.5	147.3
Circuit protection	137.0	14.8	52.4
Engineering	331.5	27.7	149.2
Industrial services	217.0	22.3	69.9
Interest/net borrowings	—	(6.2)	(69.4)
	1002.1	65.1	349.4
Less: Associated companies	103.5	—	—
	898.6	65.1	349.4
By activity 1993:			
Cables	293.2	5.9	137.6
Circuit protection	136.4	15.8	53.6
Engineering	306.5	19.9	160.9
Industrial services	185.6	18.4	54.6
Interest/net borrowings	—	(6.6)	(72.9)
	921.7	53.4	333.8
Less: Associated companies	89.0	—	—
	832.7	53.4	333.8
By area 1994:			
Europe	684.9	39.2	312.4
Asia - Pacific	164.1	14.7	54.3
North America	64.7	3.4	22.4
Africa	88.4	14.0	29.7
Interest/net borrowings	—	(6.2)	(69.4)
	1002.1	65.1	349.4
Less: Associated companies	103.5	—	—
	898.6	65.1	349.4
By area 1993:			
Europe	647.3	33.6	324.4
Asia - Pacific	146.4	14.3	41.1
North America	52.0	(0.1)	20.1
Africa	76.0	12.2	21.1
Interest/net borrowings	—	(6.6)	(72.9)
	921.7	53.4	333.8
Less: Associated companies	89.0	—	—
	832.7	53.4	333.8
By destination:		1994 Turnover £ million	1993 Turnover £ million
Europe		581.1	550.0
Asia - Pacific		174.8	150.2
North America		82.1	68.4
Near & Middle East		41.7	45.4
Africa		18.9	18.7
		898.6	832.7

Both in 1993 and 1994 the impact of acquisitions and disposals on turnover and profit before taxation was not material.

	1994 £ million	1993 £ million
<b>2 Distribution costs and administrative expenses</b>		
— Continuing operations		
Distribution costs	88.1	81.1
Administrative expenses	68.1	64.0
	156.2	145.1

## 3 Group employees

### (a) Employee costs

#### Aggregate remuneration:

United Kingdom	132.8	129.4
Overseas	68.3	62.4
	201.1	191.8
Social security contributions	20.3	19.7
Pension contributions	9.1	9.0
Other employee costs	1.6	3.4
	232.1	223.9

### (b) Number of employees

	Average weekly number		Actual number at the year end	
	1994	1993	1994	1993
United Kingdom	9,083	9,213	9,138	9,041
Overseas	4,301	4,308	4,435	4,242
	13,384	13,521	13,573	13,283

### (c) Pensions

The Group operates a number of pension schemes throughout the world. The major schemes, which cover 99% of scheme members, are of the defined benefit type. The assets are held in separate trustee administered funds, unless determined otherwise by local best practice and regulations.

Of the total pension contributions, £2.9 million (1993 £3.1 million) relates to overseas schemes. Where appropriate the pension contributions are assessed in accordance with the advice of a qualified actuary.

The main UK scheme, which covers 73% of all scheme members, was last assessed at 6 April 1994. Using the attained age method, the assumptions which have the most significant effect on the results of the valuation are those detailed below. They are fixed relative to the expected rate of inflation as follows:

- Investment returns 3½% higher
- Earnings growth 1½% higher
- Pension increases in line with inflation

At the date of the latest actuarial valuation, the market value of the assets of the main UK scheme was £401.4 million and the actuarial value of the assets was sufficient to cover 114% of the benefits that had accrued to members after allowing for expected future increases in earnings. The contribution rate has been adjusted to amortize the surplus over the expected future service lives of the members.

There is a provision of £8.0 million (1993 £7.5 million) for pensions, shown in note 20. The major part of this provision relates to the excess of the accumulated pension liability over the amount funded in overseas schemes.

There is a provision of £3.6 million (1993 £4.2 million) for post retirement benefits of US employees who have retired, or retire in the five year period to 31 December 1999. The continuing cost to the Company of £0.2 million (1993 £0.2 million) is charged to revenue. A weighted average discount rate of 7½% has been assumed. Plan amendments during the year have resulted in a credit to revenue of £0.5 million (1993 £0.4 million).

# Notes on the accounts

## 4 Directors' remuneration

### (a) Remuneration Policy

The remuneration arrangements for executive directors and senior executives are determined by the Appointments and Remuneration Committee of the Board. This Committee consists of the non-executive directors chaired by Sir Martin Jacomb. The key objectives of the Committee are to ensure that the Company's remuneration policy attracts and retains high calibre executives and that executives are appropriately rewarded and motivated to enhance the performance of the Group in the interests of shareholders. The Committee uses independent consultants to assist it in designing remuneration packages which meet these objectives.

During the year, the Committee reviewed all aspects of the executive remuneration package. In the past, the package had been structured to deliver a near term incentive through the annual bonus scheme, whilst a longer term element was provided by the Senior Executive Share Option Scheme. Following the review, the Committee decided that a single scheme embracing both these elements was more desirable. As a consequence the recently introduced Long Term Incentive Plan has been further developed. No additional options will now be granted under the Senior Executive Share Option Scheme. Options granted prior to and during 1994 will remain capable of exercise in normal circumstances and full details of such exercises will be disclosed in the relevant year's report and accounts.

The typical remuneration arrangements for executive directors and other senior executives thus consists of basic salary and benefits, pension contributions and participation in the Long Term Incentive Plan. Details of directors' emoluments in respect of the year ended 31 December 1994 are shown in the table below.

### (b) Service Contracts

All executive directors and appropriate senior executives have entered into service agreements which can be terminated by the Company or the individual on 24 months' written notice. The non-executive directors do not have service agreements.

### (c) Salaries and Benefits

Salaries and benefits are reviewed annually by the Appointments and Remuneration Committee and are adjusted by reference to scope of responsibility and market conditions.

### (d) Pensions

Executive directors and certain senior executives are entitled to a total pension of  $\frac{2}{3}$  of their final pensionable salary on normal retirement subject to statutory limits, provided they have completed 20 or more years of pensionable service. Contributions by participants and the Company are based on percentages of annual remuneration and details of the contributions in respect of the executive directors are shown in the table below.

	1994 £	1993 £		1994 £	1993 £
Directors' emoluments					
Emoluments	519,200	470,353	Highest paid director		
LTIP/SEIS cash awards (i)	30,813	16,343	Emoluments	246,723	234,737
Pension contributions	82,596	75,173	LTIP/SEIS cash award (i)	19,933	10,575
	632,609	561,869	Pension contributions	53,431	49,807
Chairman's emoluments					
to 27 April 1994 (ii)	32,596				
from 27 April 1994 (ii)	40,550				
Annualised	73,146	68,642			

(i) 'LTIP' is the Long Term Incentive Plan in operation from the start of the Group's 1994 financial year. 'SEIS' is the Senior Executive Incentive Scheme in operation until the end of the Group's 1993 financial year.

(ii) G H Wilson retired as chairman and as a director with effect from 27 April 1994. Sir Martin Jacomb was elected Chairman with effect from 27 April 1994.

The number of directors whose emoluments (annualised for directors who served part of a year) are within each scale, is as follows:

	1994	1993		1994	1993
£10,001 to £15,000	—	3	£70,001 to £75,000	1	—
£15,001 to £20,000	4	—	£135,001 to £140,000	—	1
£20,001 to £25,000	—	1	£150,001 to £155,000	1	—
£45,001 to £50,000	1	—	£245,001 to £250,000	—	1
£65,001 to £70,000	—	1	£265,001 to £270,000	1	—

### (e) Long Term Incentive Plan

The Group introduced the Long Term Incentive Plan with effect from the start of the 1994 financial year to enable executive directors and senior executives to participate in the longer term success of the Group by developing a proprietary interest through shareholding, consistent with shareholders' interests. Non-executive directors do not participate in the Plan. As mentioned above, the longer term element of the Plan has been further developed during the year to replace the Senior Executive Share Option Scheme.

Under the arrangement, annual awards are calculated by reference to achievement against two factors:— Group or divisional financial performance against profit plan and personal performance against pre-set strategic objectives. Annual awards are delivered to participants in part in the form of cash immediately and in part in the form of options to acquire ordinary shares on the payment of a nominal amount (£1 per option). The shares needed to meet those options are purchased and held in reserve by the Group's employee share ownership trust ('ESOT') for three years. In relation to future grants, the exact number of shares that will be released to each participant at the end of the three year period will depend on the Company's performance relative to the FT-SE Mid-250 index over the period in which the shares are held by the ESOT. As the Company's performance surpasses that index, so the number of shares released to each participant is increased subject to an appropriate maximum.

The first tranche of options were granted during 1994, at a total cost of £573,695. To finance this purchase, the ESOT arranged a borrowing facility with a third party bank, guaranteed by the Company. To allow repayment of the loan, the Company will contribute the full amount to the ESOT over the three year life of the options. Details of the options granted to executive directors are shown in the table overleaf.

# Notes on the accounts

## 4 Directors' remuneration (continued)

Number of shares reserved under options

Name	Option scheme	As at 1 January 1994	Granted during year	Exercised during year	As at 31 December 1994	Subscription price payable (per share)	Market value at date of exercise	Year in which options become exercisable	Year in which options lapse
R A Easton	Senior	25,000	—	—	25,000	393p	—	1994	2001
	Executive	8,400	—	—	8,400	388p or 330p*	—	1995 or 1997	2002
		5,000	—	—	5,000	455p or 387p*	—	1996 or 1998	2003
	Long Term Incentive Plan	—	9,918	—	9,918	200p#	—	1997	1997
	Total	38,400	9,918	—	48,318				
M Gill	Senior	37,500	—	—	37,500	315p	—	1992	1999
	Executive	40,800	—	—	40,800	320p	—	1993	2000
		8,000	—	—	8,000	393p	—	1994	2001
		14,000	—	—	14,000	388p or 330p*	—	1995 or 1997	2002
		2,800	—	—	2,800	455p or 387p*	—	1996 or 1998	2003
	Long Term Incentive Plan	—	5,410	—	5,410	200p#	—	1997	1997
	SAYE	6,703	—	—	6,703	317p	—	2000	2000
	Total	109,803	5,410	—	115,213				

(i) In the case of options exercisable at two different prices, marked \*, which were granted pursuant to the rules of the Senior Executive Share Option Scheme 1991, the option may only be exercised at the lower price between the 5th and 10th anniversaries of its grant date and then only if growth in the Company's earnings per share exceeds the retail price index by 2 per cent. per annum between the grant date and the proposed exercise date. When such an option is exercised the opportunity to exercise it at the other price automatically lapses.

(ii) The exercise price of options granted pursuant to the Company's Long Term Incentive Plan, marked #, is the total price payable to exercise such options (as opposed to the Senior Executive Share Option Scheme where the exercise price quoted is the price payable to acquire each share comprised in the option).

(iii) The open market value of Delta plc 25p ordinary shares was 438p per share (middle market value as quoted in the Daily Official List of The International Stock Exchange) on 31 December 1994.

(iv) Shares subject to options under the Long Term Incentive Plan were acquired by the trustees of the ESOT at a cost of 533p per share.

	1994 £ million	1993 £ million		1994 £ million	1993 £ million
<b>5 Operating profit</b>			<b>8 Taxation</b>		
The operating profit is after charging			UK corporation tax 33% (33%)	17.7	5.0
(a) Auditors' remuneration:			Double taxation relief	(10.7)	(1.0)
Coopers & Lybrand (i)	0.9	0.9	Overseas taxation	12.2	9.8
Other	0.2	0.2	Taxation of Group share of profits less		
(b) Depreciation of tangible assets	28.3	27.1	losses of associated companies (note 6)	4.8	3.9
(c) Depreciation of leased assets	1.0	1.5	Prior year adjustments	(1.8)	—
(d) Operating lease rentals - plant and equipment	2.7	3.0		22.2	17.7
(e) Property rental	4.6	4.2			
(f) Research and development	2.1	1.6			

The translation of overseas profits at the 1994 average rates of exchange, as compared with the 1993 average rates, decreased profits by £1.9 million. South African profits are translated using the commercial rand.

(i) Coopers & Lybrand also received £0.5 million (1993 £0.5 million) in respect of non-audit services in the UK during the year.

## 6 Profits of associated companies

Group share of profits less losses of associated companies, after interest	12.5	10.8
Taxation (note 8)	4.8	3.9
Profit attributable to Delta shareholders	7.7	6.9

Dividends of £6.0 million (1993 £5.1 million) were received from associated companies.

## 7 Interest

Interest payable		
On bank overdrafts and other facilities	4.1	4.0
On loans repayable within five years from 1 January 1995	3.3	4.6
On loans repayable after five years from 1 January 1995	1.9	0.7
On finance leases	0.2	0.2
	9.5	9.5
Interest receivable	3.3	2.9
	(6.2)	(6.6)

## 9 Dividends

Preference (non-equity)		
4.2% cumulative first preference shares and 3.15% cumulative second preference shares	0.1	0.1
Ordinary (equity)		
Interim 4.3p (4.2p)	6.4	6.2
Proposed final 11.2p (10.3p)	16.7	15.3
	23.1	21.5
Total dividends	23.2	21.6

1994 1993

## 10 Earnings per 25p ordinary share

Weighted average number of shares in issue during the year	148.650m	148.056m
Profit on ordinary activities for the year attributable to ordinary shareholders	£41.1m	£34.2m
Earnings per 25p ordinary share	27.7p	23.1p



# Notes on the accounts

	Cost or valuation				Accumulated depreciation				Book value £ million
	Land and buildings £ million	Plant and machinery £ million	Fixtures, fittings, tools and equipment £ million	Total £ million	Land and buildings £ million	Plant and machinery £ million	Fixtures, fittings, tools and equipment £ million	Total £ million	
<b>11 Tangible assets</b>									
At 1 January 1994	111.0	274.2	66.8	452.0	6.7	173.6	49.4	229.7	222.3
Currency translation	1.4	3.0	1.1	5.5	0.1	2.1	0.9	3.1	2.4
Property revaluation	(0.3)	—	—	(0.3)	(1.1)	—	—	(1.1)	0.8
Disposals	(1.5)	(4.0)	(5.3)	(10.8)	(0.2)	(4.0)	(4.2)	(8.4)	(2.4)
Expenditure 1994	3.0	22.6	9.4	35.0	—	—	—	—	35.0
Depreciation 1994	—	—	—	—	2.1	19.7	7.5	29.3	(29.3)
<b>At 31 December 1994</b>	<b>113.6</b>	<b>295.8</b>	<b>72.0</b>	<b>481.4</b>	<b>7.6</b>	<b>191.4</b>	<b>53.6</b>	<b>252.6</b>	<b>228.8</b>

Analysis of cost or valuation  
of land and buildings

At professional valuation in:

1992 and earlier years	35.7	Freeholds	101.5
1993	26.6	Long leaseholds (iii)	1.9
1994 (v)	30.1	Short leaseholds (iv)	2.6
At cost	21.2		

<b>At 31 December 1994</b>	<b>113.6</b>	<b>At 31 December 1994</b>	<b>106.0</b>
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(i) The net book value includes plant, machinery and equipment held under finance leases amounting to £0.2 million (1993 £1.3 million).

(ii) The net book value includes payments on account and assets in course of construction £7.5 million (1993 £5.5 million).

(iii) A long leasehold is one with more than 50 years unexpired.

(iv) A short leasehold is one with 50 years or less unexpired.

(v) The revaluations which were made in 1994 in the UK comprise £30.1 million on an open market value for existing use basis valued by Henry Butcher & Co, Surveyors and Valuers.

(vi) If the land and buildings were included at cost, the value before depreciation would be reduced by £32.0 million (1993 £31.7 million) and the accumulated depreciation increased by £13.6 million (1993 £13.2 million).

	Associated companies			Trade investments			Total £ million
	Cost £ million	Share of reserves £ million	Loans £ million	Listed UK £ million	Listed overseas £ million	Unlisted £ million	
<b>12 Investments</b>				(ii)	(v)		
<i>(a) Associated companies and trade investments</i>							
Cost and share of reserves							
At 1 January 1994	10.3	14.2	(1.0)	0.2	0.1	0.1	23.9
Currency translation	—	(0.1)	—	—	—	—	(0.1)
Acquisitions	2.2	—	—	—	—	—	2.2
Disposals and other movements	(0.7)	0.8	1.1	(0.2)	(0.1)	—	0.9
Retentions and revaluations	—	1.6	—	—	—	—	1.6
<b>Net book value at 31 December 1994</b>	<b>11.8</b>	<b>16.5</b>	<b>0.1</b>	<b>—</b>	<b>—</b>	<b>0.1</b>	<b>28.5</b>

(i) The names of associated companies are given on page 41.

(ii) Associated companies' loans include an amount of £0.7 million (1993 £1.3 million) due to an associated company at call.

(iii) The net book value of an associated company, listed overseas is £10.1 million (1993 £8.2 million), the market value being £45.8 million (1993 £34.8 million).

(iv) During the year acquisitions totalling £12.6 million were made, of which £11.0 million related to the acquisition of an additional 18.8% of Cobra Investments. The goodwill arising on acquisitions was £10.4 million.

(v) The listed UK investments with a net book value of £Nil (1993 £0.2 million) were held by the holding company.

# Notes on the accounts

	Holding company		
	Shares £ million	Loans £ million	Total £ million
<b>12 Investments (continued)</b>			
<i>(b) Group companies</i>			
Book value (i)			
At 1 January 1994	224.1	201.3	425.4
Movements during the year	13.9	18.5	32.4
At 31 December 1994	238.0	219.8	457.8
Amounts provided			
At 1 January 1994	(1.4)	(17.0)	(18.4)
Increase in year	—	(0.3)	(0.3)
At 31 December 1994	(1.4)	(17.3)	(18.7)
<b>Net book value</b>			
At 31 December 1994	236.6	202.5	439.1
At 1 January 1994	222.7	184.3	407.0
(i) The book value of shares is equivalent to the issued share capital and reserves of the subsidiary companies.			
(ii) The cost of shares in subsidiary companies is £70.3 million (1993 £70.3 million).			
(iii) The names of the principal Group companies are given on page 41.			

	1994 £ million	1993 £ million
<b>13 Stocks</b>		
Raw materials	46.8	33.1
Work-in-progress	44.4	38.5
Finished goods	100.9	89.9
	192.1	161.5
Replacement value	196.9	164.8

	Group		Holding company	
	1994 £ million	1993 £ million	1994 £ million	1993 £ million
<b>14 Debtors</b>				
Amounts falling due within one year:				
Trade debtors	159.7	138.3	—	—
Amounts owed by Group companies	—	—	11.4	12.7
Other debtors	4.1	4.8	0.8	2.7
Prepayments and accrued income	6.6	6.4	1.0	0.6
Advance corporation tax recoverable	6.4	3.9	6.4	3.9
Corporation tax recoverable	2.8	10.1	—	—
	179.6	163.5	19.6	19.9
Amounts falling due after one year:				
Other debtors	2.0	1.7	—	0.1
Prepayments and accrued income	0.1	0.1	—	—
	2.1	1.8	—	0.1
	181.7	165.3	19.6	20.0

	Group		Holding company	
	1994 £ million	1993 £ million	1994 £ million	1993 £ million
<b>15 Other creditors</b>				
Amounts falling due within one year:				
Trade creditors	93.0	66.9	—	—
Amounts owed to Group companies	—	—	3.7	3.7
Other creditors	9.0	8.7	0.4	0.3
Accruals and deferred income	43.5	30.4	7.5	1.1
Dividends	16.7	15.3	16.7	15.3
Corporate taxation	24.3	18.9	6.6	4.8
Other taxation and social security	9.9	10.5	—	—
	196.4	150.7	34.9	25.2

	1994 £ million	1993 £ million
<b>16 Capital commitments</b>		
Authorised by the directors:		
Committed at year end	13.8	8.4
Orders not placed at year end	11.6	20.2
	25.4	28.6

	Group		Holding company	
	1994 £ million	1993 £ million	1994 £ million	1993 £ million
<b>17 Contingent liabilities</b>				
Financial guarantees	4.0	10.7	2.9	25.5

(i) It is not expected that any loss will arise in respect of these contingent liabilities.  
(ii) The holding company is registered under a group registration for value added tax and is jointly liable for the amount payable of £2.1 million at 31 December 1994 (1993 £3.0 million) in respect of certain UK group companies.

	1994		1993	
	Land and buildings £ million	Plant and equipment £ million	Land and buildings £ million	Plant and equipment £ million
<b>18 Commitments under operating leases</b>				
Annual commitments under operating leases expiring:				
Within one year	0.2	0.8	0.2	0.5
Between one and five years	1.0	1.0	1.0	1.2
After five years	2.3	0.1	2.3	0.4
	3.5	1.9	3.5	2.1

# Notes on the accounts

	Group			Holding company		
	Due within one year £ million	Due after one year £ million	Total £ million	Due within one year £ million	Due after one year £ million	Total £ million
<b>19 Borrowings</b>						
Borrowings at the end of the year comprise:						
This year:						
10¼% Debenture stock 1995/99 (i)	6.5	—	6.5	6.5	—	6.5
Bank loans, overdrafts and acceptances:						
Secured bank loans (ii)	1.0	—	1.0	—	—	—
Unsecured bank loans and overdrafts	22.2	10.0	32.2	17.3	10.0	27.3
Acceptances	8.0	—	8.0	—	—	—
	31.2	10.0	41.2	17.3	10.0	27.3
Other borrowings:						
Senior unsecured loan notes due 1999/2004 (iii)	—	47.6	47.6	—	47.6	47.6
<b>At 31 December 1994</b>	<b>37.7</b>	<b>57.6</b>	<b>95.3</b>	<b>23.8</b>	<b>57.6</b>	<b>81.4</b>
Last year:						
Debenture stock	—	6.5	6.5	—	6.5	6.5
Bank loans and overdrafts	37.2	49.2	86.4	9.2	47.7	56.9
Acceptances	10.9	—	10.9	10.0	—	10.0
Finance leases	0.4	—	0.4	—	—	—
<b>At 1 January 1994</b>	<b>48.5</b>	<b>55.7</b>	<b>104.2</b>	<b>19.2</b>	<b>54.2</b>	<b>73.4</b>

	Group		Holding company	
	1994 £ million	1993 £ million	1994 £ million	1993 £ million
The Group borrowings are repayable as follows:				
Within one year	37.7	48.5	23.8	19.2
Between one and two years	—	1.5	—	—
Between two and five years	18.0	47.7	18.0	47.7
After five years	39.6	6.5	39.6	6.5
	95.3	104.2	81.4	73.4
Wholly repayable within five years	47.7	97.7	33.8	66.9
Repayable wholly or partly in more than five years by instalments:				
10¼% Debenture stock 1995/99	—	6.5	—	6.5
Senior unsecured loan notes due 1999/2004	47.6	—	47.6	—
	95.3	104.2	81.4	73.4

(i) The debenture stock is secured by a floating charge on the assets of the holding company and the majority of the UK subsidiaries. It will be redeemed in full on 5 May 1995.

(ii) Secured bank and other loans are secured on the tangible assets of certain overseas Group companies.

(iii) The senior unsecured loan notes are repayable in six annual instalments, £8.0 million is repayable in 1999, £39.6 million is repayable between 2000 and 2004. The average rate of interest on this loan in 1994 was 7.88% p.a.

	Pension provisions £ million	Post retirement benefit provisions £ million	Acquisition provisions £ million	Disposal provisions £ million	Deferred taxation (i) £ million	Total £ million
<b>20 Provisions for liabilities and charges</b>						
At 1 January 1994	7.5	4.2	0.3	2.1	1.5	15.6
Currency translation	0.4	(0.2)	0.1	0.1	—	0.4
Acquisition of subsidiaries	—	—	0.4	—	—	0.4
Profit and loss charge (credit)	0.2	(0.3)	(0.1)	—	0.2	—
Utilised	(0.1)	(0.1)	(0.2)	—	(0.1)	(0.5)
<b>At 31 December 1994</b>	<b>8.0</b>	<b>3.6</b>	<b>0.5</b>	<b>2.2</b>	<b>1.6</b>	<b>15.9</b>

# Notes on the accounts

## 20 Provisions for liabilities and charges (continued)

	1994		1993	
	Amount not provided £ million	Amount provided £ million	Amount not provided £ million	Amount provided £ million
(i) <i>Deferred taxation</i>				
United Kingdom tax on timing differences:				
Excess of tax allowances over depreciation	9.2	4.8	10.2	3.4
Other items	—	(4.8)	—	(3.4)
	9.2	—	10.2	—
Overseas tax on timing differences:				
Excess of tax allowances over depreciation	0.6	2.0	1.2	1.6
Capital gains	—	—	0.1	—
Other items	(0.1)	(0.4)	(0.7)	(0.1)
	9.7	1.6	10.8	1.5

The amount of tax relief available from tax losses carried forward amounts to £5.7 million (1993 £4.6 million) overseas and £4.1 million (1993 £3.5 million) in respect of capital gains.

No provision has been made for deferred taxation in respect of any future disposals of revalued properties, as the directors do not envisage a significant crystallisation of any such liability in the foreseeable future.

No deferred taxation has been provided on retained profits in overseas subsidiaries, as either no tax liability should arise or there is no present intention to make a significant distribution.

	4.2% Cumulative first preference shares of £1 each £ million	3.15% Cumulative second preference shares of £1 each £ million	Ordinary shares of 25p each £ million	Total share capital £ million
21 Share capital	(i)	(ii)	(iii)	
Authorised				
At 1 January 1994 and 31 December 1994	1.0	2.0	47.0	50.0
Called up share capital – allotted and fully paid				
At 1 January 1994	0.9	1.9	37.1	39.9
Issued during year under share option schemes	—	—	0.1	0.1
At 31 December 1994	0.9	1.9	37.2	40.0

(i) 1,000,000 shares authorised and 866,152 shares allotted and fully paid at 1 January and 31 December 1994.

(ii) 2,000,000 shares authorised and 1,940,000 shares allotted and fully paid at 1 January and 31 December 1994.

(iii) 188,000,000 shares authorised at 1 January and 31 December 1994, 148,933,152 shares allotted and fully paid at 31 December 1994 (1993 148,486,508).

(iv) The preference shares are not redeemable and are non-voting except in circumstances where the Company proposes to abrogate, modify or vary their rights. They have preferential rights to return of capital on a winding up.

	Save as you earn	Senior executive
22 Share options		
Invitation to subscribe	3rd	3rd
Total number of participants at end of year	1,810	30
Options granted during year:		
Date	12 May	18 April and 3 October
Number of shares	560,135	213,000
Options exercised and shares allotted during year:		
Number of shares	233,344	213,300

(i) At 31 December 1994, there were options outstanding, under the save as you earn scheme, over 2,049,556 shares at prices between 256p and 459p, and options outstanding, under the senior executive schemes over 1,894,600 shares at prices between 245p and 523p.

(ii) In normal circumstances the options can be exercised under the save as you earn share option scheme between five and seven years and for the senior executive schemes between three and ten years after the date on which options were granted.

(iii) The consideration received in respect of shares issued during the year under share options was £1,363,459.

# Notes on the accounts

Number of ordinary shares of 25p each owned

	At 31 December 1994	At 1 January 1994
<b>23 Directors' shareholdings</b>		
The holdings of the directors and their families in ordinary shares were:		
Directors at the end of the financial year		
Sir Martin Jacomb	3,800	3,800
R A Easton	110,000	110,000
M Gill	10,858	10,858
Sir Philip Beck (appointed 1 August 1994)	1,600	—*
B S Moffat (appointed 1 July 1994)	600	—*
J H Robinson	600	600
M Q Walters	600	600

\* As at date of appointment

No changes in the shareholdings shown above have taken place since 31 December 1994.

Other than the shareholdings shown in the table above and the options disclosed in note 4, none of the directors had or has any interest, or any holding without beneficial interest, in any class of any share capital or debenture stock of the Company or of any subsidiary. At no time during the year has any director had any material interest in a contract with the Company, being a contract of significance in relation to the Company's business.

	Group			Holding company		
	Share premium account £ million	Revaluation reserve £ million	Profit and loss account £ million	Share premium account £ million	Revaluation reserve £ million	Profit and loss account £ million
<b>24 Reserves</b>						
Reserves at 1 January 1994	27.2	42.7	218.8	27.2	157.2	104.3
Movements during the year:						
Share premiums	1.3	—	—	1.3	—	—
Net surplus (deficit) arising on revaluation:						
Currency translation	—	6.8	(2.6)	—	(1.2)	—
Property (iii)	—	0.8	—	—	—	—
Group companies	—	—	—	—	13.3	—
Goodwill on acquisitions (vi)	—	—	(10.1)	—	—	—
Transfer of reserves	—	(4.5)	4.5	—	(0.3)	0.3
Transfers from profit and loss account:						
Group companies	—	—	16.3	—	—	0.8
Associated companies	—	—	1.7	—	—	—
	1.3	3.1	9.8	1.3	11.8	1.1
<b>Reserves at 31 December 1994</b>	<b>28.5</b>	<b>45.8</b>	<b>228.6</b>	<b>28.5</b>	<b>169.0</b>	<b>105.4</b>

(i) The profit and loss account of the Group includes profits retained in overseas Group companies totalling £28.1 million (1993 £30.6 million) which could be subject to local exchange control regulations if distributed as dividends.

(ii) The profit and loss account of the Group includes retained profits in associated companies of £15.2 million (1993 £12.9 million) of which £13.9 million (1993 £11.3 million) is retained overseas and which could be subject to local exchange control regulations if distributed as dividends.

(iii) The surplus arising on the revaluation of properties is comprised of £0.8 million in respect of subsidiary companies.

(iv) The revaluation reserve of the Group includes £1.2 million (1993 £1.4 million) in respect of associated companies.

(v) The profit for the year dealt with in the accounts of the holding company is £24.0 million (1993 £28.4 million).

(vi) The goodwill of £10.1 million comprises an adjustment of £(2.6) million in respect of prior years and £12.7 million in respect of the acquisition of associate and subsidiary undertakings.

(vii) The cumulative goodwill written off attributable to continuing Group and associated companies held at the end of the year amounted to £93.9 million (1993 £83.8 million). It has not proved possible to identify goodwill in respect of companies acquired prior to 1970, but the amounts are not considered to be material.

# Notes on the accounts

	1994 £ million	1993 £ million
<b>25 Reconciliation of operating profit to net cash inflow from operating activities</b>		
Operating profit	58.8	49.2
Depreciation	29.3	28.6
Profit on sale of fixed assets	(2.3)	(0.6)
(Increase) decrease in stocks	(27.5)	9.8
(Increase) in debtors	(17.4)	(7.8)
Increase in creditors	33.6	2.3
Other items	(1.7)	0.9
<b>Net cash inflow from operating activities</b>	<b>72.8</b>	<b>82.4</b>

## 26 Financing, cash and cash equivalents

	1994			1993		
	Cash and cash equivalents £ million	Investments and borrowings £ million	Total £ million	Cash and cash equivalents £ million	Investments and borrowings £ million	Total £ million
(a) Analysis of cash, cash equivalents and borrowings:						
Bank and other deposits	25.3	0.6	25.9	26.2	5.1	31.3
Borrowings repayable in under one year	(15.2)	(22.5)	(37.7)	(21.7)	(26.8)	(48.5)
Borrowings repayable in over one year	—	(57.6)	(57.6)	—	(55.7)	(55.7)
	(15.2)	(80.1)	(95.3)	(21.7)	(82.5)	(104.2)
<b>Net borrowings at 31 December</b>			<b>(69.4)</b>			<b>(72.9)</b>

	1994			1993		
	Share capital and share premium £ million	Borrowings and finance leases £ million	Total £ million	Share capital and share premium £ million	Borrowings and finance leases £ million	Total £ million
(b) Movement in financing during the year:						
At 1 January	(67.1)	(82.5)	(149.6)	(64.9)	(85.7)	(150.6)
Currency translation	—	0.8	0.8	—	(0.3)	(0.3)
Cash (inflow) outflow from financing	(1.4)	2.0	0.6	(2.2)	3.5	1.3
Loans of businesses acquired	—	(0.4)	(0.4)	—	—	—
<b>At 31 December</b>	<b>(68.5)</b>	<b>(80.1)</b>	<b>(148.6)</b>	<b>(67.1)</b>	<b>(82.5)</b>	<b>(149.6)</b>

	1994 £ million	1993 £ million
(c) Movement in cash and cash equivalents in the year:		
At 1 January	4.5	(1.5)
Currency translation	2.1	(0.8)
Inflow for year	3.5	6.8
<b>At 31 December</b>	<b>10.1</b>	<b>4.5</b>

## 27 Acquisitions of companies

(a) During the year subsidiary undertakings were acquired, book value £1.1 million, for a total consideration of £3.4 million. The goodwill arising on these acquisitions was £2.3 million.

	1994 £ million	1993 £ million
(b) Analysis of net outflow of cash in respect of purchase of subsidiary undertakings:		
Cash consideration	3.4	1.5
Cash acquired with subsidiaries	(0.2)	—
Bank overdrafts acquired with subsidiaries	0.2	—
	<b>3.4</b>	<b>1.5</b>

## CABLES

### UNITED KINGDOM

Delta Cables Holdings Ltd (iii)	Holding
Delta Crompton Cables Ltd	Power wiring and communication cables
Cables and Plastics Ltd	Electric cables
Aluminium Wire & Cable Co.Ltd	Electric cables
Delta Enfield Wires Ltd	Bare copper conductor
Delta Enfield Metals Ltd	Bare copper conductor
Delta Welding Equipment Ltd	Welding cables
Enfield Winding Wires Ltd	Winding wires

### ASSOCIATED

Telephone Cables Ltd	Telecommunication cable systems
25.5% of 2,250,000 ordinary shares of £1 each	

### KENYA

East African Cables Ltd (iii) (75.6%)	Electric cables
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### HONG KONG

Delta Electrical & Engineering Services Ltd	Distribution of electrical products
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### USA

Surprenant Cable Corporation (iv)	Specialist cables
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## ENGINEERING

### UNITED KINGDOM

Delta Engineering Holdings Ltd (iii)	Holding
Delta Extruded Metals Company Ltd	Extruded products
Delta (Manganese Bronze) Ltd	Extruded products
J Smith & Sons (Clerkenwell) Ltd	Non-ferrous metal distributor
IBP-Conex	Plumbing fittings
International Building Products Ltd	Plumbing fittings
Delta Capillary Products Ltd	Plumbing fittings
Opella Ltd	Engineered plastic products
Delta Fluid Products Ltd	Gas controls and flow indicators
Delta EMS Ltd	Brass and aluminium forgings
Delta Precision Ltd	Industrial components
KWB Controls Ltd	Control valves and fittings

### FRANCE

International Building Products France SA	Plumbing fittings
Sourdillon SA	Gas controls

### GERMANY

Banninger GmbH	Plumbing fittings
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### SPAIN

Accesorios de Tuberia de Cobre SA	Plumbing fittings
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### USA

Accurate Forging Corporation (iv)	Brass forgings
New England Centerless Grinding Co (iv)	Precision engineering

## CIRCUIT PROTECTION & CONTROL

### UNITED KINGDOM

Delta Circuit Protection & Controls Ltd (iii)	Holding
MEM Limited	
500v Circuit Protection & Control	Circuit protection products
250v Circuit Protection & Control	Electrical accessories and domestic circuit protection
Bill Switchgear Ltd	Circuit protection products
Delta Electrical Systems Ltd	Power distribution equipment
Home Automation Ltd	Electronic control equipment
Johnson & Phillips (Capacitors) Ltd	Power factor correction equipment
Delta Schoeller Ltd	Automotive and micro switches
British Electrical Repairs Ltd	Electrical and mechanical repairs
Universal Calibration Laboratories Ltd	Calibration of instrumentation to national standards
Monmer Foundry Ltd	Iron castings

### MALAYSIA

Delta Switchgear Sdn Bhd (91.8%)	Circuit protection products
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### GERMANY

Schoeller & Co Elektrotechnische Fabrik GmbH & Co	Automotive electrical equipment
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## INDUSTRIAL SERVICES

### AUSTRALIA

Delta Group Australia Pty Ltd (96.5%)	Holding
West Footscray Engineering Pty Ltd	Industrial parts
Delta Fasteners Pty Ltd	Industrial distributor
Donhid Pty Ltd (60.0%)	Mining consumables
D M Hull & Co Pty Ltd	Machined parts
Machin & Ewen Pty Ltd	Fasteners
Industrial Galvanizers Corporation Pty Ltd	Protective coating service
Cutting Edges Pty Ltd	Distributor of renewal parts for construction equipment
Bell-IRH Industries Pty Ltd	Distribution of electrical and electronic products

### MALAYSIA

Puchong Hot-dip Galvanizing Sdn Bhd (90%)	Protective coating services
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### SOUTH AFRICA-ASSOCIATED

Delta Electrical Industries Ltd	Electrical motor repair, electrical insulation material and wire.
47.8% of 44,432,332 ordinary shares of 9c each	
Manganese Metal Co (Pty) Ltd	Electrolytic manganese metal
49.0% of 464,500 ordinary shares of 50c each	
Cobra Investments (Pty) Ltd	Plumbing products
37.6% of 1,000,000 ordinary shares of R1 each	

### USA

Delta America Inc	Holding
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### ZIMBABWE

Enfield Holdings Ltd (iii)	Distributor of electric cable, electrical equipment and engineering products
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## Notes

(i) The issued share capital of each of the companies, is in the form of fully paid ordinary shares. The percentage of the equity held by the Group is 100%, unless otherwise stated. Certain of the smaller group companies and non-trading companies have been omitted.

(ii) Companies, without a designation are incorporated and operate in Great Britain being registered in England and Wales. Those overseas are incorporated and operate in the country under which they are listed.

(iii) Shares held by Delta plc.

(iv) Shares held by Delta America Inc.

# Shareholders' information

## Calendar 1995

Dividends on ordinary shares	Final 1994	Announcement	14 March 1995
		Payable	1 June 1995
		to members registered on	6 April 1995
	Interim 1995	Announcement	12 September 1995
		Payable	1 December 1995
		to members registered on	5 October 1995
Distribution of documents to members	Interim report 1995 posted		15 September 1995
Annual general meeting	Proxies to reach registrars by 12 noon		25 April 1995
	Meeting to be held at 12 noon		27 April 1995
Accounting periods	First half year 1995 ends		1 July 1995
	Second half year 1995 ends		30 December 1995

## Ownership of ordinary shares *At 31 December 1994*

### By type of shareholder

Shareholders			Ordinary shares in issue	
Number	%	Description	Number in millions	%
8,027	83.7	Individual shareholders	11.7	7.9
65	0.7	Insurance companies and pension funds	28.7	19.3
1,499	15.6	Other institutions	108.5	72.8
9,591	100.0		148.9	100.0

### By size of shareholding

Shareholders			Ordinary shares in issue	
Number	%	Description	Number in millions	%
5,253	54.8	held up to 999 shares	2.2	1.5
3,890	40.6	held between 1,000 and 24,999 shares	11.7	7.8
348	3.6	held between 25,000 and 249,999 shares	26.2	17.6
100	1.0	held 250,000 shares and above	108.8	73.1
9,591	100.0		148.9	100.0

### Personal equity plans (PEPs)

The Company has both a General and a Single Company PEP with Bank of Scotland as Plan Manager. The PEPs provide UK residents with a tax efficient method in which to hold ordinary shares in Delta plc. Dividends arising on such shares are free of income tax and any gains made on the shares' stock market value whilst they are held in the PEP are free of capital gains tax. Further information is available from the Company Secretary or, alternatively, the Plan Managers at the following address:

Bank of Scotland (PEPs), PO Box 41, 101 George Street, Edinburgh EH2 3JH.

### Low cost share dealing service

A low cost share dealing facility in the Company's ordinary shares is available for all shareholders from the Company's stockbroker, Cazenove & Co., 12 Tokenhouse Yard, London EC2R 7AN. Telephone: 0171 588 2828.



# Notice of annual general meeting

Notice is hereby given that the one hundred and seventh annual general meeting of Delta plc will be held at the Adelphi Suite, The Waldorf, Aldwych, London WC2B 4DD on 27 April 1995 at 12 noon for the following purposes:

- 1 To receive and consider the directors' report and statement of accounts for the financial year ended 31 December 1994 and to declare a dividend.
- 2 (a) To re-elect R A Easton as a director of the Company;  
(b) To elect Sir Philip Beck as a director of the Company;  
(c) To elect B S Moffat as a director of the Company.
- 3 To re-appoint Coopers & Lybrand as auditors and to authorise the directors to fix the remuneration of the auditors.
- 4 As special business, to consider and, if thought fit, pass the following resolution as a special resolution:  
THAT, the authority conferred on the Company by a special resolution passed at the extraordinary general meeting of the Company held on 25 April 1990 and subsequently renewed annually to make market purchases (as defined by Section 163 (3) of the Companies Act 1985) of ordinary shares of 25p each in its capital be renewed provided that :-
  - (a) the maximum aggregate number of ordinary shares hereby authorised to be purchased is 7,400,000;
  - (b) the minimum price which may be paid for each such ordinary share is the nominal value of such share and the maximum price which may be paid for such ordinary shares is not more than 5 per cent. above the average of the middle market quotations for such shares taken from the Daily Official List of The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited for the ten business days in respect of which such Daily Official List is published immediately preceding the date of purchase (in each case excluding expenses);
  - (c) unless previously revoked or varied the authority hereby conferred is to expire on 27 July 1996 or at the conclusion of the annual general meeting in 1996, whichever is the earlier;
  - (d) the Company may make a contract to purchase ordinary shares under the authority hereby conferred prior to the expiry of such authority which may be or will be executed wholly or partly after the expiry of such authority, and may make a purchase of ordinary shares in pursuance of any such contract.
- 5 As special business, to consider and, if thought fit, pass the following resolution as a special resolution:  
THAT,
  - (a) the directors be and they are hereby generally and unconditionally authorised in accordance with Section 80 of the Companies Act 1985 ('the Act') to exercise all powers of the Company to allot shares with an aggregate nominal amount of up to £9,766,289 (representing the nominal value of the unissued ordinary share capital of the Company at the date on which this resolution is passed) to such persons, on such terms and conditions and at such times as the directors may determine for a period of five years from the date on which this resolution is passed and to make any offer or agreement which would or might require any share as aforesaid to be allotted after the expiry of the said five years and to allot any share as aforesaid in pursuance of any such offer or agreement as if the authority conferred hereby had not expired and all unexercised authorities previously granted to the directors to allot relevant securities (as defined in Section 80 (2) of the Act) be and are hereby revoked; and
  - (b) the power of the directors to allot equity securities (as defined in Section 94 (2) of the Act) for cash contained in Article 19 of the Company's Articles of Association be renewed for a period ending on 27 July 1996 or the conclusion of the annual general meeting in 1996, whichever is the earlier.

1 Kingsway, London WC2B 6XF  
30 March 1995

By order of the Board  
J P Narciso, Secretary

## Notes:

- (i) Preference shareholders have the right to attend but not to vote at this meeting.
- (ii) Any member entitled to attend and vote at this meeting may appoint one or more proxies, whether a member of the Company or not, to attend and vote on the member's behalf. A form of proxy is enclosed for the use of members who may wish to vote but who are unable to attend the meeting. This must reach the registrars not later than 12 noon on 25 April 1995 in order to be effective.
- (iii) Copies of service contracts under which the directors of the Company are employed and the register of directors' interests will be available for inspection at the Company's registered office, during normal office hours on any working day, from 30 March 1995 to the date of the meeting and at the place of the meeting for fifteen minutes prior to and during the meeting.

# Group financial information

	1985 £ million	1986 £ million	1987 £ million	1988 £ million	1989 £ million	1990 £ million	1991 £ million	1992 £ million	1993 £ million	1994 £ million
<b>Profit and loss account</b>										
Turnover	555.8	533.6	532.3	655.7	840.2	793.6	774.0	785.9	832.7	898.6
Profit before interest	53.1	57.1	61.2	72.7	96.5	90.9	68.9	60.7	60.0	71.3
Profit on ordinary activities before taxation	49.0	56.8	61.9	72.2	92.2	85.7	64.1	55.0	53.4	65.1
Profit for the year attributable to ordinary shareholders	33.1	35.3	40.5	46.1	55.4	51.8	39.8	33.9	34.2	41.1
Transfers to reserves	23.8	24.3	27.5	29.8	36.1	31.3	19.1	13.2	12.7	18.0
<b>Balance sheet</b>										
Ordinary capital issued	35.9	36.0	36.2	36.4	36.6	36.7	36.8	36.9	37.1	37.2
Reserves	156.1	170.7	193.1	205.2	243.8	252.5	268.8	278.2	288.7	302.9
Equity shareholders' funds	192.0	206.7	229.3	241.6	280.4	289.2	305.6	315.1	325.8	340.1
Capital employed	238.8	222.1	237.6	295.9	364.3	373.7	390.9	407.6	408.2	420.4
<b>Earnings and dividends</b>										
Earnings per 25p ordinary share (pence)	23.1	24.5	28.0	31.7	38.0	35.4	27.0	23.0	23.1	27.7
Underlying earnings per 25p ordinary share (pence)	24.5	24.8	28.6	32.7	36.6	35.7	28.0	24.3	23.1	27.7
Dividends on ordinary capital per 25p share (pence)	6.5	7.6	9.0	11.2	13.2	14.0	14.0	14.0	14.5	15.5
Amount (£m)	9.3	11.0	13.0	16.3	19.3	20.5	20.6	20.7	21.5	23.1
Times covered	3.8	3.3	3.2	2.9	2.8	2.6	2.0	1.6	1.6	1.8
<b>Statistics</b>										
Taxation as a percentage of profit before taxation (%)	29.5	34.7	33.8	35.3	34.9	33.4	33.5	34.5	33.1	34.1
Return on capital employed (%)	20.2	24.8	26.6	27.3	29.2	24.8	18.0	15.2	14.7	17.2
Profit as a percentage of equity shareholders' funds (%)	24.6	26.0	26.5	29.4	30.3	27.3	19.9	16.6	15.7	18.4
Net assets per 25p ordinary share (pence)	134	143	158	166	192	197	208	213	220	229
Debt/equity ratio	0.2:1	—	—	0.1:1	0.2:1	0.2:1	0.1:1	0.3:1	0.2:1	0.2:1
Ratio of current assets to current liabilities	1.9:1	2.1:1	2.0:1	1.8:1	1.9:1	1.8:1	1.7:1	1.6:1	1.8:1	1.7:1
<b>Stock market price of ordinary shares</b>										
Highest (pence)	183	259	320	328	365	384	450	505	554	579
Lowest (pence)	106½	160	195	246	264	272	277	335	416	431

## UK capital gains tax

The market value of Delta plc ordinary shares on 31 March 1982 was 42.5p per share.

## Notes:

- The profits of overseas companies, for the years 1985 to 1988 inclusive, have been translated at year end exchange rates.
- The figures for 1985 to 1992 have been restated to reflect the inclusion of acceptances in debt.
- The figures for 1985 to 1991 have been restated in accordance with FRS3 with the exception that no adjustment has been made for discontinued activities.
- In arriving at the underlying earnings per share, exceptional items have been excluded, to reflect more closely the trend in underlying earnings.

**Secretary**

J P Narciso ACIS

**Registered office**

Delta plc (registered in London No 26077)

1 Kingsway

London WC2B 6XF

**Chief accountant**

J A Ford ACMA

**Treasurer**

M D Smith ACA MCT

**Auditors**

Coopers & Lybrand

Embankment Place

London WC2N 6NN

**Solicitors**

Theodore Goddard

150 Aldersgate Street

London EC1A 4EJ

**Registrars**

The Royal Bank of Scotland plc

P O Box 435

Owen House

8 Bankhead Crossway North

Edinburgh EH11 4BR

**Stockbrokers**

Cazenove & Co

12 Tokenhouse Yard

London EC2R 7AN

de Zoete & Bevan Limited

Ebbgate House

2 Swan Lane

London EC4R 3TS

**Merchant bankers**

BZW Limited

Ebbgate House

2 Swan Lane

London EC4R 3TS

# DELTA

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