

SIMON-BARRON LIMITED
AND ITS SUBSIDIARY COMPANY

178

REPORTS AND ACCOUNTS 1982

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SIMON-BARRON LIMITED

AND ITS SUBSIDIARY COMPANY

REPORTS AND ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1982

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SIMON-BARRON LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with the accounts for the year ended 31st December 1982.

1. PRINCIPAL ACTIVITIES

Designers, manufacturers and suppliers of animal feed milling machines, pelleting dies, and spare parts. Plant contractors providing design, construction and commissioning service to the animal feed industry.

2. STATE OF AFFAIRS

The financial results are set out in the attached accounts. In the opinion of the directors the state of affairs of the company is satisfactory and there has been no material change since the date of the balance sheet.

3. RESULTS

The loss for the year after interest, taxation and extraordinary item was £1,137,866. No dividend is recommended by the directors, the deficit being deducted from reserves.

4. FIXED ASSETS

(i) Changes in fixed assets during the year ended 31st December 1982 are set out in note 6 to the accounts.

(ii) In the opinion of the directors, the market value of land and buildings is £1,190,000.

5. DIRECTORS

The directors of the company during the year were:-

S.R. Horner
H.C. Harrison
G.W. Bryden
S. Trickett
R.T. Harmer

6. DIRECTORS' INTERESTS IN GROUP COMPANIES

Simon Engineering P.L.C.

None of the directors had any interest in Simon Engineering P.L.C. 9 1/4% Debenture Stock 1992/97.

Mr. S.R. Horner and Mr. H.C. Harrison are directors of Simon Engineering P.L.C. and are consequently not required to notify this company of their interests in the shares and debentures of companies in the Simon Engineering Group. No other director had any interest in the Ordinary or Preference Shares of Simon Engineering P.L.C.

Subsidiaries of Simon Engineering P.L.C.

None of the directors had any interest in the shares or debentures of any subsidiary of Simon Engineering P.L.C.

SIMON-BARRON LIMITED

REPORT OF THE AUDITORS (continued)

7. EMPLOYMENT OF DISABLED PERSONS

The following established policies were applied during the past year and are a continuing commitment to the employment of the disabled:-

- (i) Applications for employment from disabled persons are given full and fair consideration with regard paid only to the ability of the candidate to carry out satisfactorily the duties of the job.
- (ii) Should an existing employee become disabled, whether from illness or accident, every effort is made to ensure continuing employment in the same or an alternative job with re-training arranged where necessary.
- (iii) Disabled persons share in the opportunities for career development and promotion available to all employees, while as far as training is concerned account is taken of any special needs.

8. AUDITORS

In accordance with Section 14 of the Companies Act 1976 a resolution proposing the re-appointment of Deloitte Haskins & Sells as auditors to the company will be put to the Annual General Meeting.

BY ORDER OF THE BOARD

P. PARRY

Company Secretary

25th March 1983

REPORT OF THE AUDITORS TO THE MEMBERS OF
SIMON-BARRON LIMITED

We have audited the accounts on pages 5 to 15 in accordance with approved Auditing Standards.

In our opinion, the accounts give a true and fair view of the state of affairs of the company and the group at 31st December 1982 and of the loss and source and application of funds for the year then ended, and comply with the Companies Acts 1948 to 1981.

DELOITTE HASKINS & SELLS
Chartered Accountants

Gloucester.

29th March 1983

SIMON-BARRON LIMITED AND ITS SUBSIDIARY COMPANY

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 1982

<u>Notes</u>	<u>1982</u> <u>£</u>	<u>1981</u> <u>£</u>
1 TURNOVER	<u>8,640,387</u>	<u>7,796,278</u>
2 TRADING (LOSS)/PROFIT	(492,545)	183,832
Intra-group interest payable	482,584	533,148
Bank interest payable	<u>2,050</u>	<u>7,810</u>
	<u>484,634</u>	<u>540,958</u>
LOSS BEFORE TAXATION AND EXTRAORDINARY ITEM	(977,179)	(357,126)
4 TAXATION	<u>4,978</u>	<u>5,030</u>
LOSS AFTER TAXATION AND BEFORE EXTRAORDINARY ITEM	(982,157)	(362,156)
5 EXTRAORDINARY ITEM	<u>155,709</u>	<u>-</u>
LOSS AFTER TAXATION AND EXTRAORDINARY ITEM	(1,137,866)	(362,156)
DIVIDEND Final proposed	<u>-</u>	<u>-</u>
11 TRANSFER FROM RESERVES	(1,137,866)	(362,156)
	<u>-</u>	<u>-</u>
Parent company	(1,099,026)	(359,476)
Subsidiary	<u>(38,840)</u>	<u>(2,680)</u>
	<u>(1,137,866)</u>	<u>(362,156)</u>

SIMON-BARRON LIMITED AND ITS SUBSIDIARY COMPANY

CONSOLIDATED BALANCE SHEET

31ST DECEMBER 1982

<u>Notes</u>		<u>1982</u>	<u>1981</u>
		<u>£</u>	<u>£</u>
6	FIXED ASSETS	1,514,051	1,462,258
	CURRENT ASSETS		
8	Stocks and work in progress, less progress claims and amounts received in advance	2,266,704	1,708,829
9	Holding and fellow subsidiary companies Debtors	- 1,847,172	73,968 1,472,440
	Cash and bank balances	52,964	110,750
		<u>4,166,840</u>	<u>3,365,987</u>
	CURRENT LIABILITIES		
	Creditors	1,698,522	1,148,924
	Provision for contract contingencies	103,000	169,000
9	Holding and fellow subsidiary companies Bank overdraft	319,060 2,800	- -
		<u>2,123,382</u>	<u>1,317,924</u>
	NET CURRENT ASSETS	<u>2,043,458</u>	<u>2,048,063</u>
		<u>3,557,509</u>	<u>3,510,321</u>
	Financed by:		
10	SHARE CAPITAL	172,500	172,500
11	RESERVES	(698,704)	432,071
	SHAREHOLDERS' FUNDS	(526,204)	604,571
	LOAN FROM SIMON ENGINEERING P.L.C.	4,076,294	2,893,735
12	PROVISION FOR PENSIONS	7,419	12,015
		<u>3,557,509</u>	<u>3,510,321</u>

G.W. BRYDEN)

) Directors

S. TRICKETT)

25th March 1983

SIMON-BARRON LIMITEDBALANCE SHEET31ST DECEMBER 1982

<u>Notes</u>		<u>1982</u> <u>£</u>	<u>1981</u> <u>£</u>
6	FIXED ASSETS	1,419,170	1,371,754
7	INTEREST IN SUBSIDIARY	182,239	242,688
	CURRENT ASSETS		
8	Stocks and work in progress, less progress claims and amounts received in advance	2,264,493	1,687,643
9	Holding and fellow subsidiary companies	-	71,779
	Debtors	1,762,339	1,380,462
	Cash and bank balances	30,619	51,214
		<u>4,057,451</u>	<u>3,191,098</u>
	CURRENT LIABILITIES		
	Creditors	1,680,229	1,126,219
	Provision for contract contingencies	103,000	169,000
9	Holding and fellow subsidiary companies	315,307	-
	Bank overdraft	2,800	-
	Proposed dividend	-	-
		<u>2,101,336</u>	<u>1,295,219</u>
	NET CURRENT ASSETS	<u>1,956,115</u>	<u>1,895,879</u>
		<u>3,557,524</u>	<u>3,510,321</u>
	Financed by:		
10	SHARE CAPITAL	172,500	172,500
11	RESERVES	(698,689)	432,071
	SHAREHOLDERS' FUNDS	(526,189)	604,571
	LOAN FROM SIMON ENGINEERING P.L.C.	4,076,294	2,893,735
12	PROVISION FOR PENSIONS	7,419	12,015
		<u>3,557,524</u>	<u>3,510,321</u>

G.W. BRYDEN)
S. TRICKETT) Directors
25th March 1983

G.W. Bryden
S. Trickett

SIMON-BARRON LIMITED AND ITS SUBSIDIARY COMPANYSTATEMENT OF SOURCE AND APPLICATION OF FUNDSYEAR ENDED 31ST DECEMBER 1982

	<u>1982</u>	<u>1981</u>
	<u>£</u>	<u>£</u>
APPLICATION OF FUNDS		
Loss before taxation	977,179	357,126
Extraordinary item	155,709	-
Adjustment for items not involving the movement of funds:		
Depreciation	(121,150)	(127,986)
Profit on disposal of fixed assets	<u>1,940</u>	<u>-</u>
	1,013,678	229,140
OTHER APPLICATIONS		
Fixed assets acquired	180,702	93,001
Pension provision payment	9,574	9,674
Dividend paid	-	990,340
Movement in working capital:		
Stocks and work in progress	557,875	1,764,439
Group indebtedness	(393,028)	497,979
Debtors	374,732	(119,665)
Creditors and contract contingencies	<u>(483,598)</u>	<u>(1,319,826)</u>
	55,981	(822,927)
NET DEGENERATION OF FUNDS	<u>1,259,935</u>	<u>499,228</u>
SOURCE OF FUNDS		
Fixed assets disposals	13,524	2,314
Exchange differences	3,266	10,274
Loan from Simon Engineering P.L.C.	<u>1,182,559</u>	<u>810,460</u>
	1,199,349	823,048
Movement in net liquid funds	<u>60,586</u>	<u>(323,820)</u>
	<u>1,259,935</u>	<u>499,228</u>

SIMON-BARRON LIMITED AND ITS SUBSIDIARY COMPANY

ACCOUNTING POLICIES

YEAR ENDED 31ST DECEMBER 1982

(i) ACCOUNTING CONVENTION

The accounts are prepared under the historical cost convention, as modified by the revaluation of certain assets.

(ii) BASIS OF CONSOLIDATION

The consolidated accounts include the accounts of Simon-Barron Limited and its subsidiary Simon-Barron Ireland Limited. The accounting year of each company ends on 31st December. Internal sales and profits are eliminated on consolidation.

(iii) TURNOVER

Turnover represents the invoiced value of deliveries made, services rendered and erection work carried out during the year, plus miscellaneous trading income.

(iv) DEPRECIATION

No depreciation is provided on freehold land. Depreciation of other fixed assets is calculated on the straight line basis by reference to original cost (or subsequent revaluation) and the estimated lives of the assets; the details for each major class of depreciable asset are as follows:-

Freehold buildings-

- owned at 31st December 1977 - over the balance of an estimated life of 100 years

- acquired on or after 1st January 1978 - 1%

Leasehold land and buildings - as for freeholds, or over the unexpired terms of the leases if shorter

Plant, vehicles and equipment - rates varying from 4% to 25%

(v) STOCKS AND WORK IN PROGRESS

(a) Stocks and factory work in progress are valued at the lower of cost and estimated net realisable value. Cost includes direct labour and appropriate production overheads.

(b) Long-term contract work in progress is valued at cost, including appropriate overheads, plus a proportion, based on progress to date, of the estimated profits which can reasonably be foreseen as arising on completion, after providing for contingencies. Where appropriate, provision is made to reduce the valuation to net realisable value, which is defined as contract selling price less estimated further costs to completion.

SIMON-BARRON LIMITED AND ITS SUBSIDIARY COMPANY

ACCOUNTING POLICIES (continued)

(vi) DEFERRED TAXATION

Provision has been made by the liability method for taxation deferred in respect of the following items:-

- (a) Income and expenditure which are dealt with for taxation purposes in a different period from that in which they are recorded in the accounts.
- (b) The excess of capital allowances given for tax purposes over the depreciation charged in the accounts in the case of plant, vehicles and equipment, except to the extent that it is considered that the tax reduction arising from this source will continue for the foreseeable future.

(vii) FOREIGN CURRENCIES

Trading results, assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date and the resulting differences are taken to reserves.

(viii) COMPANIES ACT 1981

The company is not yet required to comply with the accounting and disclosure provisions of Part 1 of the Companies Act 1981. These accounts have been prepared in compliance with Section 152A of, and Schedule 8A to, the Companies Act 1948.

SIMON-BARRON LIMITED AND ITS SUBSIDIARY COMPANY

NOTES TO ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 1982

1. **TURNOVER**

Turnover includes intra-group sales amounting to £654,000 (1981 - £810,000).

2. **TRADING PROFIT**

	<u>1982</u>	<u>1981</u>
	<u>£</u>	<u>£</u>
The following have been taken into account in arriving at trading loss:		
Depreciation	121,150	127,986
Directors' emoluments:		
Fees	NIL	NIL
Other emoluments	55,458	57,629
Audit fee	11,279	9,990
Intra-group debt written off	176,765	-
	<u> </u>	<u> </u>

3. **EMOLUMENTS OF DIRECTORS**

	<u>1982</u>	<u>1981</u>
	<u>£</u>	<u>£</u>
Chairman	NIL	NIL
Highest paid director	21,421	18,421
	<u> </u>	<u> </u>
The other directors received:		
Not exceeding £5,000	1	1
£ 5,001 - £10,000	-	1
£10,001 - £15,000	1	2
£15,001 - £20,000	1	-

4. **TAXATION**

	<u>1982</u>	<u>1981</u>
	<u>£</u>	<u>£</u>
Corporation tax based on the result for the year:		
Current at 52%	4,978	5,030
Deferred	-	-
	<u>4,978</u>	<u>5,030</u>

5. **EXTRAORDINARY ITEM**

	<u>1982</u>	<u>1981</u>
	<u>£</u>	<u>£</u>
Relocation costs arising from the transfer of the company's die plant	155,709	-
	<u> </u>	<u> </u>

SIMON-BARRON LIMITED AND ITS SUBSIDIARY COMPANY

NOTES TO ACCOUNTS (continued)

6. FIXED ASSETS - GROUP

	Cost or valuation	Depreciation	Net book value
(i) 31st December 1982:	£	£	£
Freehold land and buildings	796,376	37,715	758,661
Long leasehold land and buildings	89,935	3,593	86,342
Plant, vehicles and equipment	<u>1,351,973</u>	<u>682,925</u>	<u>669,048</u>
	<u>2,238,284</u>	<u>724,233</u>	<u>1,514,051</u>
(ii) Movements during 1982:			
1st January	2,114,030	651,772	1,462,258
Additions less grants	180,702	-	180,702
Sales	(60,954)	(49,369)	(11,585)
Exchange differences	4,506	680	3,826
Depreciation for the year	-	<u>121,150</u>	<u>(121,150)</u>
31st December	<u>2,238,284</u>	<u>724,233</u>	<u>1,514,051</u>

ANALYSIS OF COST OR VALUATION 31ST DECEMBER

	1982	1981
	£	£
Cost		
Valuation 1971	1,638,284	1,514,030
	<u>600,000</u>	<u>600,000</u>
	<u>2,238,284</u>	<u>2,114,030</u>

FIXED ASSETS - COMPANY

	Cost or valuation	Depreciation	Net book value
(i) 31st December 1982:	£	£	£
Freehold land and buildings	796,376	37,715	758,661
Plant, vehicles and equipment	<u>1,338,054</u>	<u>677,545</u>	<u>660,509</u>
	<u>2,134,430</u>	<u>715,260</u>	<u>1,419,170</u>
(ii) Movement during 1982:			
1st January	2,007,443	635,689	1,371,754
Additions less grants	175,741	-	175,741
Sales	(48,754)	(42,202)	(6,552)
Depreciation for the year	-	<u>121,773</u>	<u>(121,773)</u>
31st December	<u>2,134,430</u>	<u>715,260</u>	<u>1,419,170</u>

ANALYSIS OF COST OR VALUATION 31ST DECEMBER

	1982	1981
	£	£
Cost		
Valuation 1971	1,534,430	1,407,443
	<u>600,000</u>	<u>600,000</u>
	<u>2,134,430</u>	<u>2,007,443</u>

SIMON-BARRON LIMITED AND ITS SUBSIDIARY COMPANY

NOTES TO ACCOUNTS (continued)

FUTURE CAPITAL EXPENDITURE

	<u>Group</u>		<u>Company</u>	
	<u>1982</u>	<u>1981</u>	<u>1982</u>	<u>1981</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Contracted for but not provided in the accounts	6,200	10,087	6,200	10,087
Authorised but not contracted for	-	-	-	-

INTEREST IN SUBSIDIARY

	<u>1982</u>	<u>1981</u>
	<u>£</u>	<u>£</u>
Shares at cost	100	100
Current and loan accounts	240,860	261,680
Provision for losses	(58,721)	(19,092)
	<u>182,239</u>	<u>242,688</u>

The wholly owned subsidiary is Simon-Barron Ireland Limited which is incorporated in the Republic of Ireland.

8. STOCKS AND WORK IN PROGRESS

	<u>Group</u>		<u>Company</u>	
	<u>1982</u>	<u>1981</u>	<u>1982</u>	<u>1981</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Stocks	2,005,364	1,848,742	2,003,153	1,827,556
Work in progress	1,167,688	1,452,250	1,167,688	1,452,250
	3,173,052	3,300,992	3,170,841	3,279,806
Progress claims and amounts received in advance	906,348	1,592,163	906,348	1,592,163
	<u>2,266,704</u>	<u>1,708,829</u>	<u>2,264,493</u>	<u>1,687,643</u>

9. HOLDING AND FELLOW SUBSIDIARY COMPANIES

	<u>Group</u>		<u>Company</u>	
	<u>1982</u>	<u>1981</u>	<u>1982</u>	<u>1981</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Amount receivable	274,608	360,692	274,608	358,503
Amount payable	(593,668)	(286,724)	(589,915)	(286,724)
	<u>(319,060)</u>	<u>73,968</u>	<u>(315,307)</u>	<u>71,779</u>

SIMON-BARRON LIMITED AND ITS SUBSIDIARY COMPANY

NOTES TO ACCOUNTS (continued)

10. SHARE CAPITAL

	<u>Authorised</u>		<u>Issued and fully paid</u>	
	<u>1982</u>	<u>1981</u>	<u>1982</u>	<u>1981</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Ordinary shares of £1 each	350,000	350,000	172,500	172,500

11. RESERVES

	<u>Group</u>				<u>Company</u>			
	<u>Share premium</u>	<u>Revaluation surplus</u>	<u>Other</u>	<u>Total</u>	<u>Share premium</u>	<u>Revaluation surplus</u>	<u>Other</u>	<u>Total</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Balance 1.1.82	500	411,965	19,606	432,071	500	411,965	19,606	432,071
Loss for year	-	-	(1,137,866)	(1,137,866)	-	-(1,099,026)	-(1,099,026)	-(1,099,026)
Provision for subsidiary's loss	-	-	-	-	-	-	(39,629)	(39,629)
Exchange differences	-	-	7,091	7,091	-	-	7,895	7,895
Balance 31.12.82	500	411,965	(1,137,169)	(698,704)	500	411,965	(1,111,154)	(698,689)

12. PROVISION FOR PENSIONS

Provision has been made to cover the estimated cost, after taxation relief, of the effect of inflation to date on staff retirement benefit funding arrangements.

13. DEFERRED TAXATION

The potential amounts of deferred taxation for all timing differences together with the amounts provided in the accounts are as follows:-

	<u>1982</u>		<u>1981</u>	
	<u>Potential liability</u>	<u>Provision</u>	<u>Potential liability</u>	<u>Provision</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Group and company:				
Excess of capital allowances on plant etc. over related depreciation	432,631	-	385,841	-
Stock appreciation relief	-	-	-	-
Revaluation of fixed assets	100,000	-	99,000	-
	<u>532,631</u>	<u>-</u>	<u>484,841</u>	<u>-</u>

SIMON-BARRON LIMITED AND ITS SUBSIDIARY COMPANY

NOTES TO ACCOUNTS (continued)

14. CONTINGENT LIABILITIES

At 31st December 1982 there were contingent liabilities in respect of:-

- (a) A secured guarantee given in favour of The Prudential Assurance Co. Limited, in connection with the £4.5 million 9 1/4% Debenture Stock 1992/97 issued by Simon Engineering P.L.C., the guarantee being secured by a first floating charge on the undertaking, property and assets, present and future, of the company.
- (b) Bills of exchange discounted £29,308 (1981 - £30,860).
- (c) Guarantees given on behalf of group companies in respect of bank facilities.
- (d) Indemnities given to company's bankers in relation to guarantees given by the bank on behalf of the company £196,377 (1981 - £351,744).

15. HOLDING COMPANY

The ultimate holding company is Simon Engineering P.L.C., a company incorporated in England.