

SIMON-BARRON LIMITED

AND ITS SUBSIDIARY COMPANY

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REPORTS AND ACCOUNTS 1981

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ANNEXED CERTIFICATE 'B'

P. Perry
S. W. B. B. B.



BRISTOL ROAD, GLOUCESTER

SIMON-BARRON LIMITED

AND ITS SUBSIDIARY COMPANY

REPORTS AND ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1981

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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 1981.

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 and taxation was £362,156. 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 1981 are set out in note 5 to the accounts.
- (ii) In the opinion of the directors, the market value of land and buildings is £1,400,000.

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
C.R. Lillington (resigned 4th April 1981)

6. DIRECTORS' INTERESTS IN GROUP COMPANIES

Simon Engineering Limited:

None of the directors had any interest in Simon Engineering Limited 9½% debenture stock 1992/97.

Mr S.R. Horner and Mr. H.C. Harrison are directors of Simon Engineering Limited 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 Limited.

SIMON-BARRON LIMITED

REPORT OF THE DIRECTORS (continued)

6. DIRECTORS' INTERESTS IN GROUP COMPANIES (continued)

Subsidiaries of Simon Engineering Limited:

None of the directors had any interest in the shares or debentures of any subsidiary of Simon Engineering Limited.

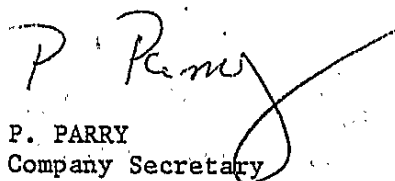
7. COMPANIES ACT 1981

The company is not yet required to comply with the disclosure and accounting requirements contained in Part 1 of the Companies Act 1981.

8. AUDITORS

In accordance with Section 14 of the Companies Acts 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, 1982.

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 1981 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

DELOITTE HASKINS & SELLS

Chartered Accountants

Gloucester

25th March, 1982.

SIMON-BARRON LIMITED AND ITS SUBSIDIARY

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 1981

Notes

	<u>1981</u>	<u>1980</u>
	<u>£</u>	<u>£</u>
1 TURNOVER	7,796,278	10,762,698
2 TRADING PROFIT	176,022	551,152
Intra-group interest payable	533,148	394,629
(LOSS)/PROFIT BEFORE TAXATION AND EXTRAORDINARY ITEM	(357,126)	156,523
4 TAXATION	5,030	16,970
(LOSS)/PROFIT AFTER TAXATION AND BEFORE EXTRAORDINARY ITEM	(362,156)	173,493
EXTRAORDINARY ITEM	-	765,388
(LOSS)/PROFIT AFTER TAXATION AND EXTRAORDINARY ITEM	(362,156)	938,881
DIVIDEND	-	990,340
Final proposed	-	-
10 TRANSFER FROM RESERVES	(362,156)	(51,459)
Parent company	(359,476)	-
Subsidiary	(2,680)	(51,459)
	(362,156)	(51,459)

SIMON-BARRON LIMITED AND ITS SUBSIDIARY

CONSOLIDATED BALANCE SHEET

31ST DECEMBER 1981

Notes

	<u>£</u>	<u>1981</u> <u>£</u>	<u>1980</u> <u>£</u>
5 FIXED ASSETS		1,462,258	1,495,510
CURRENT ASSETS			
7 Stocks and work in progress, less progress claims and amounts received in advance	1,708,829		3,473,268
8 Holding and fellow subsidiary companies - current accounts	73,968		571,947
Debtors	1,472,440		1,352,775
Cash and bank balances	110,750		12,431
	<u>3,365,987</u>		<u>5,410,421</u>
CURRENT LIABILITIES			
Creditors	1,148,924		2,024,135
Provision for contract contingencies	169,000		613,615
Bank overdraft	-		225,501
Proposed dividend	-		990,340
	<u>1,317,924</u>		<u>3,853,591</u>
NET CURRENT ASSETS		2,048,063	1,556,830
		<u>3,510,321</u>	<u>3,052,340</u>
Financed by:			
9 SHARE CAPITAL		172,500	172,500
10 RESERVES		432,071	779,906
SHAREHOLDERS' FUNDS		604,571	952,406
LOAN FROM SIMON ENGINEERING LIMITED		2,893,735	2,083,275
11 PROVISION FOR PENSIONS		12,015	16,659
		<u>3,510,321</u>	<u>3,052,340</u>

G.W. BRYDEN)

S. TRICKETT)

Directors

G.W. Bryden
S. Trickett

25th March, 1982.

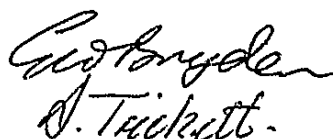
SIMON-BARRON LIMITEDBALANCE SHEET31ST DECEMBER 1981Notes

		<u>1981</u>	<u>1980</u>
	<u>£</u>	<u>£</u>	<u>£</u>
5 FIXED ASSETS		1,371,754	1,404,999
6 INTEREST IN SUBSIDIARY		242,688	277,648
CURRENT ASSETS			
7 Stocks and work in progress, less progress claims and amounts received in advance	1,687,643		3,317,435
8 Holding and fellow subsidiary companies	71,779		582,699
Debtors	1,380,462		1,187,413
Cash and bank balances	51,214		12,104
	<u>3,191,098</u>		<u>5,099,651</u>
CURRENT LIABILITIES			
Creditors	1,126,219		1,905,642
Provision for contract contingencies	169,000		613,615
Bank overdraft	-		204,647
Proposed dividend	-		990,340
	<u>1,295,219</u>		<u>3,714,244</u>
NET CURRENT ASSETS		1,895,879	1,385,407
		<u>3,510,321</u>	<u>3,068,054</u>
Financed by:			
9 SHARE CAPITAL		172,500	172,500
10 RESERVES		432,071	795,620
SHAREHOLDERS' FUNDS		<u>604,571</u>	<u>968,120</u>
LOAN FROM SIMON ENGINEERING LIMITED		2,893,735	2,083,275
11 PROVISION FOR PENSIONS		12,015	16,659
		<u>3,510,321</u>	<u>3,068,054</u>

G.W. BRYDEN)

S. TRICKETT)

Directors



25th March, 1982.

SIMON-BARRON LIMITED AND ITS SUBSIDIARY

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

YEAR ENDED 31ST DECEMBER 1981

	<u>1981</u>	<u>1980</u>
	<u>£</u>	<u>£</u>
SOURCE OF FUNDS		
(Loss)/Profit before taxation	(357,126)	156,523
Adjustment for items not involving the movement of funds:		
Depreciation	127,986	99,167
FUNDS ABSORBED BY TRADING OPERATIONS	(229,140)	-
FUNDS GENERATED FROM TRADING OPERATIONS		255,690
FUNDS FROM OTHER SOURCES		
Fixed asset disposals	2,314	1,250
Movement in working capital:		
Stocks and work in progress	1,764,439	(963,398)
Simon Engineering Group companies - indebtedness	497,979	(851,508)
Debtors	(119,665)	1,074,137
Creditors and contract contingencies provision	(1,319,826)	(1,320,680)
	825,241	(2,060,199)
	596,101	(1,804,509)
APPLICATION OF FUNDS		
Pension provision payment	9,674	9,934
Fixed assets acquired	93,001	345,293
Taxation paid	-	37,265
Dividends paid	990,340	-
Exchange losses	(10,274)	805
	1,082,741	393,297
NET CASH DEGENERATION	(486,640)	(2,197,806)
LOAN FROM SIMON ENGINEERING LIMITED	(810,460)	(2,185,369)
MOVEMENT IN NET LIQUID FUNDS		
Cash and bank balances	323,820	(12,437)
	(486,640)	(2,197,806)

SIMON-BARRON LIMITED AND ITS SUBSIDIARY

ACCOUNTING POLICIES

YEAR ENDED 31ST DECEMBER 1981

(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.

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 reserve.

SIMON-BARRON LIMITED AND ITS SUBSIDIARY

NOTES TO ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 1981

1. TURNOVER

Turnover includes intra-group sales amounting to £810,000 (1980 - £888,000).

2. TRADING PROFIT

	<u>1981</u>	<u>1980</u>
	<u>£</u>	<u>£</u>
The following have been taken into account in arriving at trading profit:		
Depreciation	127,986	99,167
Directors' emoluments:		
Fees	NIL	NIL
Other emoluments	57,629	55,326
Compensation for loss of office	3,500	-
Audit fee	9,990	10,731
Bank overdraft interest	7,810	53,843
Redundancy costs	-	95,263
Write-back of contract contingency provisions	(470,787)	(242,000)

3. EMOLUMENTS OF DIRECTORS

	<u>1981</u>	<u>1980</u>
	<u>£</u>	<u>£</u>
Chairman	NIL	NIL
Highest paid director	18,421	16,250
The other directors received:		
Not exceeding £5,000	1	1
£5,001 - £10,000	1	-
£10,001 - £15,000	2	3

4. TAXATION

	<u>1981</u>	<u>1980</u>
	<u>£</u>	<u>£</u>
Corporation tax based on the result for the year:		
Current at 52%	5,030	5,166
Deferred	-	-
Adjustments for prior years	5,030	5,166
	-	(22,136)
	<u>5,030</u>	<u>(16,970)</u>

NOTES TO ACCOUNTS (continued)

5. FIXED ASSETS - GROUP

	<u>Cost or valuation</u>	<u>Depreciation</u>	<u>Net book value</u>
(i) 31st December 1981:	<u>£</u>	<u>£</u>	<u>£</u>
Freehold land and buildings	779,159	29,830	749,329
Long leasehold land and buildings	86,287	2,586	83,701
Plant, vehicles and equipment	1,248,584	619,356	629,228
	<u>2,114,030</u>	<u>651,772</u>	<u>1,462,258</u>
(ii) Movements during 1981:			
1st January	2,039,041	543,531	1,495,510
Additions less grants	93,001	-	93,001
Sales	(22,758)	(20,444)	(2,314)
Group transfers	204	204	-
Exchange differences	4,542	495	4,047
Depreciation for the year	-	127,986	(127,986)
31st December	<u>2,114,030</u>	<u>651,772</u>	<u>1,462,258</u>

ANALYSIS OF COST OR VALUATION 31ST DECEMBER

	<u>1981</u>	<u>1980</u>
	<u>£</u>	<u>£</u>
Cost	1,514,030	1,439,041
Valuation 1971	600,000	600,000
	<u>2,114,030</u>	<u>2,039,041</u>

FIXED ASSETS - COMPANY

	<u>Cost or valuation</u>	<u>Depreciation</u>	<u>Net book value</u>
(i) 31st December 1981:	<u>£</u>	<u>£</u>	<u>£</u>
Freehold land and buildings	779,159	29,830	749,329
Plant, vehicles and equipment	1,228,284	605,859	622,425
	<u>2,007,443</u>	<u>635,689</u>	<u>1,371,754</u>
(ii) Movement during 1981:			
1st January	1,937,446	532,447	1,404,999
Additions less grants	92,551	-	92,551
Sales	(22,758)	(15,494)	(7,264)
Group transfers	204	204	-
Depreciation for the year	-	118,532	(118,532)
31st December	<u>2,007,443</u>	<u>635,689</u>	<u>1,371,754</u>

NOTES TO ACCOUNTS (continued)

5. FIXED ASSETS - COMPANY - continued

ANALYSIS OF COST OR VALUATION 31ST DECEMBER

	<u>1981</u>	<u>1980</u>
	<u>£</u>	<u>£</u>
Cost	1,407,443	1,337,446
Valuation 1971	600,000	600,000
	<u>2,007,443</u>	<u>1,937,446</u>

FUTURE CAPITAL EXPENDITURE

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>1981</u>	<u>1980</u>	<u>1981</u>	<u>1980</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Contracted for but not provided in the accounts	10,087	52,100	10,087	52,100
Authorised but not contracted for	-	-	-	-

6. INTEREST IN SUBSIDIARY

	<u>1981</u>	<u>1980</u>
	<u>£</u>	<u>£</u>
Shares at cost	100	100
Current and loan accounts	261,680	277,548
Provision for losses	(19,092)	-
	<u>242,688</u>	<u>277,648</u>

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

7. STOCKS AND WORK IN PROGRESS

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>1981</u>	<u>1980</u>	<u>1981</u>	<u>1980</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Stocks	1,848,742	2,648,304	1,827,556	2,492,471
Work in progress	1,452,250	2,669,564	1,452,250	2,669,564
	<u>3,300,992</u>	<u>5,317,868</u>	<u>3,279,806</u>	<u>5,162,035</u>
Progress claims and amounts received in advance	1,592,163	1,844,600	1,592,163	1,844,600
	<u>1,708,829</u>	<u>3,473,268</u>	<u>1,687,643</u>	<u>3,317,435</u>

8. HOLDING AND FELLOW SUBSIDIARY COMPANIES

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>1981</u>	<u>1980</u>	<u>1981</u>	<u>1980</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Amount receivable	360,692	875,225	358,503	875,225
Amount payable	(286,724)	(303,278)	(286,724)	(292,526)
	<u>73,968</u>	<u>571,947</u>	<u>71,779</u>	<u>582,699</u>

NOTES TO ACCOUNTS (continued)

9. SHARE CAPITAL

	<u>Authorised</u>		<u>Issued and fully paid</u>	
	<u>1981</u>	<u>1980</u>	<u>1981</u>	<u>1980</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Ordinary shares of £1 each	<u>350,000</u>	<u>350,000</u>	<u>172,500</u>	<u>172,500</u>

10. 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 1.1.81	500	411,965	367,441	779,906	500	411,965	383,155	795,620
Loss for year	-	-	(362,156)	(362,156)	-	-	(359,476)	(359,476)
Provision for subsidiary's loss	-	-	-	-	-	-	(19,092)	(19,092)
Exchange differences	-	-	14,321	14,321	-	-	15,019	15,019
Balance 31.12.81	<u>500</u>	<u>411,965</u>	<u>19,606</u>	<u>432,071</u>	<u>500</u>	<u>411,965</u>	<u>19,606</u>	<u>432,071</u>

11. 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.

12. DEFERRED TAXATION

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

	<u>1981</u>		<u>1980</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	385,841	-	388,876	-
Stock appreciation relief	-	-	934,949	-
Revaluation of fixed assets	99,000	-	99,000	-
	<u>484,841</u>	<u>-</u>	<u>1,422,825</u>	<u>-</u>

NOTES TO ACCOUNTS (continued)

13. CONTINGENT LIABILITIES

At 31st December 1981 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 9½% debenture stock 1992/97 issued by Simon Engineering Limited, 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 £30,860 (1980 - £57,922).
- (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 £351,744 (1980 - £653,950).

14. HOLDING COMPANY

The ultimate holding company is Simon Engineering Limited, a company incorporated in England.