

SIMON-BARRON LIMITED

AND ITS SUBSIDIARY COMPANY

REPORTS AND ACCOUNTS 1983

We certify that this is a true copy of the only Balance Sheet and Associated reports laid before the company in General Meeting during the period to which the Annual Return dated 15th May, 1984 relates.

PER PRO

~~SIMON-BARRON LTD.~~

..... DIRECTOR

..... SECRETARY



SIMON-BARRON LIMITED

AND ITS SUBSIDIARY COMPANY

REPORTS AND ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1983

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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 1983.

1. PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the group are those of 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.

There was no change in the business activities of the group during the year and the overall level of activity was similar to that in 1982. No major changes are planned for 1984. The group is continually involved in development of its product range, expenditure in this respect being written off when incurred.

2. RESULTS

The loss for the year after interest and taxation was £524,136. No dividend is recommended by the directors, the deficit being deducted from reserves.

3. FIXED ASSETS

(i) Changes in fixed assets during the year ended 31st December 1983 are set out in note 7 to the accounts.

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

4. DIRECTORS

The directors of the company during the year were:-

S.R. Horner (resigned 3rd January 1984)
G.W. Bryden (resigned 4th January 1984)
S. Trickett
R.T. Harmer (resigned 29th February 1984)

Since the year end the following directors have been appointed:-

A.J. Lomas (5th January 1984)
C.J. Batty (5th January 1984)
C.F.J. Graham (10th January 1984)
I.M. Langley (10th January 1984)

5. DIRECTORS' INTERESTS IN GROUP COMPANIES

Simon Engineering P.L.C.

None of the directors had any interest in Simon Engineering P.L.C. 9½% Debenture Stock 1992/97.

Mr. S.R. Horner was a director of Simon Engineering P.L.C. and was consequently not required to notify this company of his interest 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)

6. EMPLOYMENT OF DISABLED PERSONS

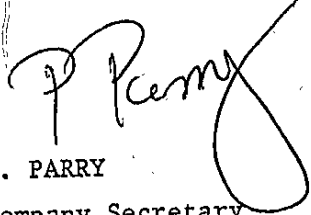
The following established policies were applied during the past year and are a continuing commitment to the employment of the disabled:-

- (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.

7. 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

2nd April 1984

REPORT OF THE AUDITORS TO THE MEMBERS OF

SIMON-BARRON LIMITED

We have audited the accounts on pages 5 to 18 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 1983 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
2nd April 1984

SIMON-BARRON LIMITED AND ITS SUBSIDIARY COMPANY

ACCOUNTING POLICIES

YEAR ENDED 31ST DECEMBER 1983

(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 amount derived from the provision of goods and services and erection work carried out during the year.

(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, machinery and motor vehicles - rates varying from 4% to 25%

Computers and office equipment - rates varying from 14% to 20%

(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)

(iv) DEFERRED TAXATION

Provision is 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.

SIMON-BARRON LIMITED AND ITS SUBSIDIARY COMPANY

CONSOLIDATED PROFIT AND LOSS ACCOUNT

YEAR ENDED 31ST DECEMBER 1983

<u>Notes</u>		<u>1983</u>	<u>1982</u>
		<u>£</u>	<u>£</u>
1	TURNOVER		
	Cost of sales	8,229,770 (6,795,413)	8,640,387 (6,988,237)
	GROSS PROFIT	1,434,357	1,652,150
	Distribution costs	-	-
	Administration expenses	(1,621,423)	(2,120,739)
	Other operating income and charges	46,535	(23,956)
2	OPERATING LOSS	(140,531)	(492,545)
4	Interest payable	(379,109)	(484,634)
	LOSS ON ORDINARY ACTIVITIES BEFORE TAX	(519,640)	(977,179)
5	TAXATION	(4,496)	(4,978)
	LOSS ON ORDINARY ACTIVITIES AFTER TAX	(524,136)	(982,157)
	Extraordinary item	-	(155,709)
15	LOSS FOR THE FINANCIAL YEAR	(524,136)	(1,137,866)

SIMON-BARRON LIMITED AND ITS SUBSIDIARY COMPANY

CONSOLIDATED BALANCE SHEET

31ST DECEMBER 1983

<u>Notes</u>			<u>1983</u>	<u>1982</u>
			<u>£</u>	<u>£</u>
	FIXED ASSETS			
7	Tangible assets		1,486,557	1,514,051
	CURRENT ASSETS			
9	Stocks	2,299,717		2,594,164
10	Debtors	1,668,114		2,027,641
	Cash at bank and in hand	50,681		52,964
		<u>4,018,512</u>		<u>4,674,769</u>
11	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	(2,011,205)		(2,528,311)
	NET CURRENT ASSETS		<u>2,007,307</u>	<u>2,146,458</u>
	TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,493,864</u>	<u>3,660,509</u>
12	CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR		(4,354,966)	(4,076,294)
13	PROVISIONS FOR LIABILITIES AND CHARGES		(199,180)	(110,419)
			<u>(1,060,282)</u>	<u>(526,204)</u>
	CAPITAL AND RESERVES			
14	Called up share capital		172,500	172,500
15	Share premium		500	500
15	Revaluation reserve		411,965	411,965
15	Other reserves		275,727	290,698
15	Profit and loss account		(1,920,974)	(1,401,867)
			<u>(1,060,282)</u>	<u>(526,204)</u>

The financial statements on pages 5 to 18 were approved by the board of directors on 2nd April 1984 and were signed on its behalf by:-

C.F.J. GRAHAM)
) Directors
 I.M. LANGLEY)

Langley

SIMON-BARRON LIMITEDBALANCE SHEET31ST DECEMBER 1983

<u>Notes</u>	<u>1983</u>		<u>1982</u>	
	<u>£</u>		<u>£</u>	
	FIXED ASSETS			
7	Tangible assets	1,403,764	1,419,170	
8	Investments	140,591	152,617	
		<u>1,544,355</u>	<u>1,571,787</u>	
	CURRENT ASSETS			
9	Stocks	2,298,487	2,591,953	
10	Debtors	1,599,035	1,972,430	
	Cash at bank and in hand	50,289	30,619	
		<u>3,947,811</u>	<u>4,595,002</u>	
11	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	(1,998,279)	(2,506,265)	
	NET CURRENT ASSETS	<u>1,949,532</u>	<u>2,088,737</u>	
	TOTAL ASSETS LESS CURRENT LIABILITIES	3,493,887	3,660,524	
12	CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	(4,354,966)	(4,076,294)	
13	PROVISION FOR LIABILITIES AND CHARGES	(199,180)	(110,419)	
		<u>(1,060,259)</u>	<u>(526,189)</u>	
	CAPITAL AND RESERVES			
14	Called up share capital	172,500	172,500	
15	Share premium account	500	500	
15	Revaluation reserve	411,965	411,965	
15	Other reserves	278,874	294,150	
15	Profit and loss account	(1,924,098)	(1,405,304)	
		<u>(1,060,259)</u>	<u>(526,189)</u>	

SIMON-BARRON LIMITED AND ITS SUBSIDIARY COMPANY

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

YEAR ENDED 31ST DECEMBER 1983

	<u>1983</u>	<u>1982</u>
	<u>£</u>	<u>£</u>
APPLICATION OF FUNDS		
Loss on ordinary activities before taxation	519,640	977,179
Extraordinary item	-	155,709
Adjustment for items not involving the movement of funds:		
Depreciation	(131,696)	(121,150)
Profit on disposal of fixed assets	<u>5,964</u>	<u>1,940</u>
TOTAL ABSORBED BY OPERATIONS	393,908	1,013,678
OTHER APPLICATIONS		
Fixed assets acquired	123,078	180,702
Pension provision payment	8,646	9,574
Exchange differences	<u>1,310</u>	-
TOTAL APPLICATION OF FUNDS	<u>526,942</u>	<u>1,203,954</u>
SOURCE OF FUNDS		
Fixed assets disposals	16,208	13,524
Exchange differences	-	3,266
Loan from Simon Engineering P.L.C.	278,672	1,182,559
Movement in working capital:		
Stocks and work in progress	294,447	(557,875)
Debtors	359,527	(288,648)
Creditors	(525,337)	724,542
Contract contingency provision	<u>92,911</u>	<u>66,000</u>
	<u>221,548</u>	<u>(55,981)</u>
	516,428	1,143,368
Movement in net liquid funds	<u>10,514</u>	<u>60,586</u>
TOTAL SOURCE OF FUNDS	<u>526,942</u>	<u>1,203,954</u>

SIMON-BARRON LIMITED AND ITS SUBSIDIARY COMPANY

NOTES ON THE ACCOUNTS

YEAR ENDED 31ST DECEMBER 1983

1. **TURNOVER**

The turnover and loss before taxation are attributable to the principal activity of the Group.

Analysis of turnover by geographical area:-

	<u>1983</u>		<u>1982</u>	
	<u>£</u>	<u>%</u>	<u>£</u>	<u>%</u>
North and South America	248,000	3.0	441,000	5.1
Australia and New Zealand	155,000	1.9	144,000	1.7
Africa	1,109,000	13.5	339,000	3.9
E.E.C.	611,000	7.4	646,000	7.5
Western Europe (other than E.E.C.)	161,000	2.0	154,000	1.8
Eastern Europe and U.S.S.R.	546,000	6.6	470,000	5.4
Middle East	30,000	0.4	37,000	0.4
Far East	<u>250,000</u>	<u>3.0</u>	<u>156,000</u>	<u>1.8</u>
	3,110,000	37.8	2,387,000	27.6
United Kingdom	<u>5,119,770</u>	<u>62.2</u>	<u>6,253,387</u>	<u>72.4</u>
	<u>8,229,770</u>	<u>100.0</u>	<u>8,640,387</u>	<u>100.0</u>

2. **OPERATING LOSS**

The following items have been taken into account in arriving at operating loss:-

	<u>1983</u>	<u>1982</u>
	<u>£</u>	<u>£</u>
Depreciation - Freehold buildings	8,060	7,885
Leasehold land and buildings	816	897
Plant, machinery and motor vehicles	112,212	106,921
Computers and office equipment	<u>4,644</u>	<u>5,448</u>
	125,732	121,151
Audit fees	11,407	11,279
Hire of plant, vehicles and equipment	19,683	2,084
Intra-group debt written off	<u>-</u>	<u>176,765</u>
	<u>156,822</u>	<u>311,279</u>

NOTES ON THE ACCOUNTS - continued

3. EMPLOYEES

(i) The average weekly number of employees during the year was as follows:-

	<u>1983</u>			<u>1982</u>		
	<u>U.K.</u>	<u>Overseas</u>	<u>Total</u>	<u>U.K.</u>	<u>Overseas</u>	<u>Total</u>
Staff	128	2	130	170	3	173
Hourly paid	97	-	97	96	-	96
	<u>225</u>	<u>2</u>	<u>227</u>	<u>266</u>	<u>3</u>	<u>269</u>

(ii) The aggregate employment costs for the year were:-

	<u>1983</u>			<u>1982</u>		
	<u>U.K.</u>	<u>Overseas</u>	<u>Total</u>	<u>U.K.</u>	<u>Overseas</u>	<u>Total</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Gross salaries and wages	1,643,378	15,192	1,658,570	1,830,006	24,963	1,854,969
Social security contributions	134,453	1,643	136,096	164,179	2,375	166,554
Pension contributions	110,262	917	111,179	115,178	1,504	116,682
	<u>1,888,093</u>	<u>17,752</u>	<u>1,905,845</u>	<u>2,109,363</u>	<u>28,842</u>	<u>2,138,205</u>

(iii) The total emoluments of directors were:-

	<u>1983</u>	<u>1982</u>
	<u>£</u>	<u>£</u>
Fees	NIL	NIL
Management remuneration	54,040	55,458
	<u>54,040</u>	<u>55,458</u>

The chairman received no emoluments (1982 ENIL).

The emoluments of the highest paid director (excluding pension contributions) were £20,793 (1982 £21,421).

The following table shows the number of directors in each range of emoluments (excluding pension contributions):-

	<u>1983</u>	<u>1982</u>
Not exceeding £5,000	2	2
£ 5,001 - £10,000	-	-
£10,001 - £15,000	1	1
£15,001 - £20,000	1	1
£20,001 - £25,000	1	1
	<u>5</u>	<u>5</u>

NOTES ON THE ACCOUNTS - continued

4. INTEREST	<u>1983</u>	<u>1982</u>
	<u>£</u>	<u>£</u>
Bank overdrafts	437	2,050
Loans wholly repayable within 5 years	<u>378,672</u>	<u>482,584</u>
	<u>379,109</u>	<u>484,634</u>

5. TAXATION	<u>1983</u>	<u>1982</u>
	<u>£</u>	<u>£</u>
U.K. taxation:		
Corporation tax (52%)	<u>4,496</u>	<u>4,978</u>

6. COMPANY PROFIT AND LOSS ACCOUNT

A separate profit and loss account dealing with the results of Simon-Barron Limited only has not been presented. The loss dealt with in the accounts of the company is £524,136 (1982 £1,138,655).

7. TANGIBLE FIXED ASSETS

	<u>GROUP</u>		
	<u>Cost or valuation</u>	<u>Depreciation</u>	<u>Net book value</u>
	<u>£</u>	<u>£</u>	<u>£</u>
31ST DECEMBER 1983			
Land and buildings - Freehold	799,106	45,775	753,331
- Long leasehold	81,753	4,082	77,671
Plant, machinery and motor vehicles	1,295,412	703,909	591,503
Computers and office equipment	62,760	49,396	13,364
Payments re assets under construction	<u>50,688</u>	<u>-</u>	<u>50,688</u>
	<u>2,289,719</u>	<u>803,162</u>	<u>1,486,557</u>
MOVEMENTS DURING 1983			
1st January	2,238,284	724,233	1,514,051
Currency translation adjustments	(9,449)	(817)	(8,632)
Additions less grants	75,781	3,391	72,390
Sales	(65,585)	(55,341)	(10,244)
Depreciation for year	-	131,696	(131,696)
Payments re assets under construction	<u>50,688</u>	<u>-</u>	<u>50,688</u>
31st December	<u>2,289,719</u>	<u>803,162</u>	<u>1,486,557</u>

NOTES ON THE ACCOUNTS - continued

7. TANGIBLE FIXED ASSETS - continued

	COMPANY		
	Cost or valuation	Depreciation	Net book value
	£	£	£
31ST DECEMBER 1983			
Land and buildings - Freehold	799,106	45,775	753,331
Plant, machinery and motor vehicles	1,289,301	701,182	588,119
Computers and office equipment	59,160	47,534	11,626
Payments re assets under construction	50,688	-	50,688
	<u>2,198,255</u>	<u>794,491</u>	<u>1,403,764</u>
MOVEMENTS DURING 1983			
1st January	2,134,430	715,260	1,419,170
Additions less grants	75,781	3,391	72,390
Sales	(62,644)	(53,130)	(9,514)
Depreciation for year	-	128,970	(128,970)
Payments re assets under construction	50,688	-	50,688
31st December	<u>2,198,255</u>	<u>794,491</u>	<u>1,403,764</u>

Included in the cost or valuation of freehold land and buildings is land to the value of £163,000 (1982 £163,000).

FUTURE CAPITAL EXPENDITURE

	1983		1982	
	Group	Company	Group	Company
	£	£	£	£
Contracted for but not provided in the accounts	<u>151,112</u>	<u>151,112</u>	<u>6,200</u>	<u>6,200</u>
Authorised but not contracted for	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

ANALYSIS OF COST OR VALUATION

	1983		1982	
	Group	Company	Group	Company
	£	£	£	£
31st December 1983:				
Cost	1,689,719	1,598,225	1,638,284	1,534,430
Valuation - 1971	<u>600,000</u>	<u>600,000</u>	<u>600,000</u>	<u>600,000</u>
	<u>2,289,719</u>	<u>2,198,255</u>	<u>2,238,284</u>	<u>2,134,430</u>

NOTES ON THE ACCOUNTS - continued

7. TANGIBLE FIXED ASSETS - continued

TANGIBLE ASSETS INCLUDED AT VALUATION

If freehold land and buildings had not been revalued they would have been included at the following amounts:-

	<u>1983</u>		<u>1982</u>	
	<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Cost	222,530	222,530	222,530	222,530
Aggregate depreciation	<u>48,007</u>	<u>48,007</u>	<u>45,755</u>	<u>45,755</u>
Net book value	<u>174,523</u>	<u>174,523</u>	<u>176,775</u>	<u>176,775</u>

8. INVESTMENTS

	<u>1983</u>	<u>1982</u>
	<u>£</u>	<u>£</u>
Investment in subsidiary company		
Shares at cost	100	100
Loan account	<u>207,009</u>	<u>211,238</u>
	207,109	211,338
Less Provision for losses	<u>66,518</u>	<u>58,721</u>
	<u>140,591</u>	<u>152,617</u>

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

9. STOCKS

	<u>1983</u>		<u>1982</u>	
	<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Raw materials and consumables	917,661	917,661	1,378,489	1,378,489
Work in progress	874,861	874,861	1,167,686	1,167,686
Finished goods for resale	<u>829,103</u>	<u>827,873</u>	<u>626,877</u>	<u>624,666</u>
	2,621,625	2,620,395	3,173,052	3,170,841
Less Progress claims	<u>(321,908)</u>	<u>(321,908)</u>	<u>(578,888)</u>	<u>(578,888)</u>
	<u>2,299,717</u>	<u>2,298,487</u>	<u>2,594,164</u>	<u>2,591,953</u>

10. DEBTORS

	<u>1983</u>		<u>1982</u>	
	<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Trade debtors	1,381,608	1,298,025	1,748,460	1,664,647
Amounts owed by group companies	<u>176,127</u>	<u>176,127</u>	<u>180,469</u>	<u>180,469</u>
Amounts owed by subsidiary companies	-	-	-	29,622
Other debtors	81,611	96,400	60,613	60,397
Prepayments	<u>28,768</u>	<u>28,483</u>	<u>38,099</u>	<u>37,295</u>
	<u>1,668,114</u>	<u>1,599,035</u>	<u>2,027,641</u>	<u>1,972,430</u>

NOTES ON THE ACCOUNTS - continued

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1983</u>		<u>1982</u>	
	<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Bank overdrafts	11,031	-	2,800	2,800
Payments received on account	323,616	323,616	375,001	375,001
Trade creditors	1,223,650	1,221,395	1,356,201	1,351,299
Amounts owed to group companies	251,443	251,718	499,529	495,775
Amount owing to subsidiary company	-	6,333	-	-
Taxation - On profits	-	-	-	-
Other	27,969	27,773	78,111	69,506
Social security	23,380	23,163	21,637	21,625
Other creditors	91,180	90,393	111,139	108,737
Accruals and deferred income	58,936	53,888	83,893	81,522
	<u>2,011,205</u>	<u>1,998,279</u>	<u>2,528,311</u>	<u>2,506,265</u>

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	<u>1983</u>		<u>1982</u>	
	<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Loan from holding company	<u>4,354,966</u>	<u>4,354,966</u>	<u>4,076,294</u>	<u>4,076,294</u>

13. PROVISIONS FOR LIABILITIES AND CHARGES

	<u>Group and company</u>		
	<u>Pensions</u>	<u>Other</u>	<u>Total</u>
	<u>£</u>	<u>£</u>	<u>£</u>
1st January 1983	7,419	103,000	110,419
Profit and loss account	-	92,911	92,911
Utilised during the year	(4,150)	-	(4,150)
31st December 1983	<u>3,269</u>	<u>195,911</u>	<u>199,180</u>

Pensions:

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

Deferred taxation:

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

	<u>Potential liability</u>		<u>Provision</u>	
	<u>1983</u>	<u>1982</u>	<u>1983</u>	<u>1982</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Group:				
Excess of capital allowances on plant etc. over related depreciation	405,845	432,631	-	-
Revaluation of fixed assets	<u>100,000</u>	<u>100,000</u>	-	-
	<u>505,845</u>	<u>532,631</u>	<u>-</u>	<u>-</u>

NOTES ON THE ACCOUNTS - continued

13. PROVISIONS FOR LIABILITIES AND CHARGES - continued

	<u>Potential liability</u>		<u>Provision</u>	
	<u>1983</u>	<u>1982</u>	<u>1983</u>	<u>1982</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Company:				
Excess of capital allowances on plant etc. over related depreciation	382,437	410,678	-	-
Revaluation of fixed assets	100,000	100,000	-	-
	<u>482,437</u>	<u>510,678</u>	<u>-</u>	<u>-</u>

Provision has not been made for taxation on chargeable gains which could arise on the disposal of those fixed assets which are included in the accounts at valuation, as such disposal is not envisaged in the foreseeable future.

14. SHARE CAPITAL

	<u>Authorised</u>		<u>Allotted, called up and fully paid</u>	
	<u>1983</u>	<u>1982</u>	<u>1983</u>	<u>1982</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>

15. RESERVES

	<u>Share premium</u>	<u>Property revaluation</u>	<u>Other reserves</u>	<u>Profit and loss</u>	<u>Total</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Group:					
1st January 1983	500	411,965	290,698	(1,401,867)	(698,704)
Exchange differences	-	-	(14,971)	5,029	(9,942)
Loss for the year	-	-	-	(524,136)	(524,136)
31st December 1983	<u>500</u>	<u>411,965</u>	<u>275,727</u>	<u>(1,920,974)</u>	<u>(1,232,782)</u>
Company					
1st January 1983	500	411,965	294,150	(1,405,304)	(698,689)
Exchange differences	-	-	(15,276)	5,342	(9,934)
Loss for the year	-	-	-	(524,136)	(524,136)
31st December 1983	<u>500</u>	<u>411,965</u>	<u>278,874</u>	<u>(1,924,098)</u>	<u>(1,232,759)</u>

NOTES ON THE ACCOUNTS - continued

16. LEASING COMMITMENTS

The future minimum leasing commitments as at 31st December 1983, under leases (all of which are non-cancellable operating leases) are:-

	<u>Group</u>		<u>Company</u>	
	<u>1983</u>	<u>1982</u>	<u>1983</u>	<u>1982</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
1984	18,535	12,802	18,535	12,802
1985	18,535	12,802	18,535	12,802
1986	18,535	12,802	18,535	12,802
1987	13,884	12,802	13,884	12,802
1988	6,752	8,151	6,752	8,151
1989 and after	<u>12,862</u>	<u>4,420</u>	<u>12,862</u>	<u>4,420</u>
	<u>89,103</u>	<u>63,779</u>	<u>89,103</u>	<u>63,779</u>

17. PENSION SCHEMES

The Simon Engineering group operates contributory pension schemes covering the majority of its permanent employees in the United Kingdom. The schemes' funds are administered by trustees and are independent of the group's finances. The schemes are fully funded and contributions are paid to the scheme in accordance with the recommendations of independent actuaries.

Overseas subsidiaries make arrangements according to local practice or fiscal requirements.

18. CONTINGENT LIABILITIES

At 31st December 1983 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 £18,228 (1982: £29,308).
- (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 £23,996 (1982: £196,377).

19. HOLDING COMPANY

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