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SIMON-BARRON LIMITED
ACCOUNTS
YEAR ENDED 31 DECEMBER 1988



SIMON-BARRON LIMITED

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SIMON-BARRON LIMITED

COMPANY INFORMATION

Directors

C.F.J.Graham (Chairman)
J.S.Binmore
P.C.W.Hopkins
J.Lodge

Secretary

J.S.Binmore

Registered Office

Sheridan House
11 Vernon Street
Derby DE1 1FR

Auditors

Robson Rhodes
Chartered Accountants
10 Queen Square
Bristol BS1 4NT

Bankers

Lloyds Bank Plc
PO Box 33
High Street
Leicester

SIMON-BARRON LIMITED
REPORT OF THE DIRECTORS

The directors present their report and audited accounts of the company for the year ended 31 December 1988.

Principal activities and review of the business

The principal activity of the company throughout the year continued to be the manufacture and sale of animal feed milling and processing equipment. On 5 October 1988 the entire issued share capital of the company was acquired by Thomas Robinson Group PLC.

Results and dividend

The results for the year are shown on page 5. The directors do not recommend the payment of a dividend.

Share capital

By a special resolution dated 5 October 1988 the authorised capital of the company was increased by £210,214 to £560,214 by the creation of 210,214 preference shares of £1 each.

Fixed assets

Tangible fixed assets movements are shown in note 9 to the accounts.

Directors

The present directors of the company and the changes in directors during the year were:

D.Bates	(former chairman resigned 30 June 1988)
C.J.Batty	(resigned 27 February 1989)
J.S.Binmore	(appointed 4 October 1988)
C.F.J.Graham	
P.C.W.Hopkins	(appointed 4 October 1988)
J.Lodge	

The directors' interests in the shares of the ultimate holding company at 5 October 1988 and in the ultimate holding company Thomas Robinson Group PLC at 31 December 1988 were:

	31 December 1988 Thomas Robinson Group PLC		5 October 1988 Simon Engineering PLC		
	Ordinary	Options	Ordinary	Preference	Options
		Ordinary			Ordinary
C.F.Batty	-	-	-	-	33839
C.F.J.Graham	-	-	-	-	22611
J.Lodge	-	-	-	-	-


The interests of Messrs.J.S.Binmore and P.C.W.Hopkins in the shares of the ultimate holding company are shown in that company's financial statements.

SIMON-BARRON LIMITED
REPORT OF THE DIRECTORS

Auditors

The company's auditors, Deloitte Haskins and Sells, resigned as auditors on 4 October 1988 and Robson Rhodes were appointed to fill a casual vacancy. Robson Rhodes have expressed their willingness to continue in office, and a resolution for their re-appointment will be proposed at the Annual General Meeting.

By order of the Board


J.S. Binmore
Secretary

15 March 1989

SIMON-BARRON LIMITED

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

We have audited the accounts set out on pages 5 to 16 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 at 31 December 1988 and of the loss and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Bristol
15 March 1989



Robson Rhodes
Chartered Accountants

SIMON-BARRON LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1988

	Note	1988 £	1987 £
Turnover	2	8,829,370	7,585,464
Cost of sales		<u>(6,967,023)</u>	<u>(5,721,556)</u>
Gross profit		1,862,347	1,863,908
Administrative expenses		<u>(2,093,772)</u>	<u>(1,438,887)</u>
Operating (loss)/profit	3	(231,425)	425,021
Interest receivable and similar income	6	47,012	-
Interest payable	7	<u>(1,087)</u>	<u>(113,009)</u>
(Loss)/profit on ordinary activities before taxation		(185,500)	312,012
Tax on (loss)/profit on ordinary activities	8	<u>(26,054)</u>	<u>(7,773)</u>
(Loss)/profit on ordinary activities after taxation retained for the financial year	17	<u><u>(211,554)</u></u>	<u><u>304,239</u></u>

SIMON-BARRON LIMITED

BALANCE SHEET
AT 31 DECEMBER 1988

	Note	1988 £	1987 £
Fixed assets			
Tangible assets	9	1,954,182	855,425
Investment in subsidiary company	10	<u>100</u>	<u>100</u>
		<u>1,954,282</u>	<u>855,525</u>
Current assets			
Stocks	11	850,731	1,242,774
Debtors	12	2,115,982	1,801,144
Cash at bank and in hand		<u>492,076</u>	<u>37,877</u>
		3,458,789	3,081,795
Creditors: amounts falling due within one year	13	<u>(3,753,653)</u>	<u>(2,844,245)</u>
Net current (liabilities)/assets		<u>(294,864)</u>	<u>237,550</u>
Total assets less current liabilities		1,659,418	1,093,075
Creditors: amounts falling due after more than one year	14	-	(210,214)
Provisions for liabilities and charges	15	<u>(208,413)</u>	<u>(442,186)</u>
		<u>1,451,005</u>	<u>440,675</u>
Capital and reserves			
Called up share capital	16	382,714	172,500
Share premium account	17	500	500
Revaluation reserve	17	1,427,273	411,965
Other reserves	17	298,026	301,664
Profit and loss account	17	<u>(657,508)</u>	<u>(445,954)</u>
		<u>1,451,005</u>	<u>440,675</u>

Approved by the Board on 15 March 1989

T. J. B. Simon
.....

P. Chapman
.....

Directors

SIMON-BARRON LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 31 DECEMBER 1988

	1988	1987
	£	£
Source of funds		
(Loss)/profit on ordinary activities before taxation	(185,500)	312,012
Adjustments for items not involving the movement of funds		
Depreciation	43,925	64,799
Provisions and exchange adjustments	<u>(133,862)</u>	<u>(297,059)</u>
Funds absorbed by/generated from operations	(275,437)	79,752
Other sources		
Proceeds from share capital issues	210,214	-
Sale of tangible fixed assets	3,900	372,022
Taxation received	<u>-</u>	<u>115,661</u>
Total sources	<u>(61,323)</u>	<u>567,435</u>
Application of funds		
Purchase of tangible fixed assets	(131,274)	(63,093)
Taxation paid	<u>(31,012)</u>	<u>-</u>
	<u>(162,286)</u>	<u>(63,093)</u>
(Increase)/decrease in working capital		
Stocks	392,043	304,019
Debtors	(314,838)	474,332
Creditors	<u>600,603</u>	<u>(1,259,382)</u>
	<u>677,808</u>	<u>(481,031)</u>
Net movement of funds	<u>454,199</u>	<u>23,311</u>
Comprising:		
Increase in cash at bank and in hand	<u>454,199</u>	<u>23,311</u>

SIMON-BARRON LIMITED

NOTES TO THE ACCOUNTS 31 DECEMBER 1988

1 ACCOUNTING POLICIES

Accounting convention

The accounts have been prepared under the historical cost convention adjusted for the revaluation of certain freehold land and buildings and the translation of foreign currencies to sterling.

The accounts have not been consolidated with those of the subsidiary Simon-Barron Ireland Limited as the company is itself a wholly owned subsidiary.

Turnover

Turnover represents the invoiced value of goods supplied by the company excluding sales taxes.

In respect of long term contracts turnover is recognised as contracts progress and comprises the sales value of work performed in the year.

Depreciation of tangible fixed assets

Tangible fixed assets, with the exception of freehold land, are depreciated over their estimated useful lives. The annual depreciation rates applied to original cost or subsequent valuation are as follows:

Buildings	2 - 5%
Plant and machinery	10 - 25%

Leased assets

All leases are "operating leases" and the annual rentals are charged wholly to the profit and loss account.

Government grants

Grants received of a capital nature are deducted from the cost of the assets for which they are received. Other grants are treated as income when received.

Stocks

Stocks are valued at the lower of cost or net realisable value. Cost comprises the actual cost of raw materials and an appropriate proportion of labour and overheads, but excludes selling expenses and any element of profit.

Provision is made for any obsolete or slow moving items.

Long term contracts

Long term contracts are those extending in excess of 12 months and any of a shorter duration which are material to the activity of the year.

Once the outcome of a long term contract can be assessed with reasonable certainty attributable profit is recognised. Attributable profit is recognised on the cost/sales percentage complete method.

Immediate provision is made for all the foreseeable loss if a contract is assessed as unprofitable.

SIMON-BARRON LIMITED

NOTES TO THE ACCOUNTS 31 DECEMBER 1988

ACCOUNTING POLICIES (continued)

Research and development

Research and development expenditure is written off as incurred.

Deferred taxation

Deferred taxation is provided in respect of liabilities expected to arise in the foreseeable future.

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Exchange differences arising from the restatement of the net investment in the overseas subsidiary and related foreign currency loans are taken directly to reserves. All other currency differences are taken to the profit and loss account.

Pension scheme

Reviews of the company's contributory pension scheme are made by actuaries on a regular basis and contributions paid into the schemes are made in accordance with their recommendations and charged to the profit and loss account.

2 ANALYSIS OF TURNOVER

The turnover and profit before taxation are attributable to the principal activity of the company.

The analysis of turnover by geographical market is as follows:

	1988	1987
	£	£
United Kingdom	6,331,110	5,728,718
Europe	891,476	903,774
Americas	148,550	517,233
Africa	340,762	124,114
Asia	1,035,368	141,364
Australasia	82,104	170,261
	<u>8,829,370</u>	<u>7,585,464</u>

3 OPERATING (LOSS)/PROFIT

Operating (loss)/profit is arrived at after charging:

	1988	1987
	£	£
Auditors' remuneration	13,000	12,633
Depreciation of tangible fixed assets	43,925	64,799
Operating lease rentals - plant, machinery and vehicles	68,740	18,168

SIMON-BARRON LIMITED

NOTES TO THE ACCOUNTS

31 DECEMBER 1988

4 EMPLOYEES

Average number of employees, including directors:

	1988	1987
Production	22	29
Other	<u>85</u>	<u>85</u>
	<u>107</u>	<u>114</u>

Staff costs, including directors:

	1988 £	1987 £
Wages and salaries	1,185,571	1,176,293
Social security costs	86,776	83,561
Other pension costs	<u>80,981</u>	<u>19,432</u>
	<u>1,353,328</u>	<u>1,279,286</u>

5 DIRECTORS

	1988 £	1987 £
Remuneration as executives including pension contributions	<u>126,992</u>	<u>50,350</u>

The emoluments of the former chairman were nil (1987 nil).
The highest paid director, who became chairman on 1 July 1988,
received emoluments of £76,079 (1987 £28,000) exclusive of
pension contributions. The emoluments of the other directors,
also exclusive of pension contributions, were in the
following ranges:

	1988 Number	1987 Number
Not more than £5,000	3	1
£20,001 - £25,000	-	1
£50,001 - £55,000	1	-

6 INTEREST RECEIVABLE AND SIMILAR INCOME

	1988 £	1987 £
Interest receivable	<u>47,012</u>	<u>-</u>

SIMON-BARRON LIMITED

**NOTES TO THE ACCOUNTS
31 DECEMBER 1988**

7 INTEREST PAYABLE

	1988	1987
	£	£
On bank overdraft wholly repayable within 5 years	1,087	200
On loan due to former holding company	-	102,000
Other	-	10,809
	<u>1,087</u>	<u>113,009</u>

8 TAXATION

	1988	1987
	£	£
Taxation charge for the year		
Corporation tax at 35% (1987 35%)	200,000	109,876
Deferred taxation	(103,549)	13,558
Prior year adjustments	(70,397)	(115,661)
	<u>26,054</u>	<u>7,773</u>

9 TANGIBLE FIXED ASSETS

	Freehold land and buildings	Plant and machinery	Total
	£	£	£
Cost			
At 1 January 1988	830,087	340,742	1,170,829
Capital expenditure	42,667	88,607	131,274
Disposals	-	(10,204)	(10,204)
Revaluation	<u>927,246</u>	<u>-</u>	<u>927,246</u>
At 31 December 1988	<u>1,800,000</u>	<u>419,145</u>	<u>2,219,145</u>
Depreciation			
At 1 January 1988	81,234	234,170	315,404
Charged in year	13,328	30,597	43,925
Disposals	-	(6,304)	(6,304)
Revaluation	<u>(88,062)</u>	<u>-</u>	<u>(88,062)</u>
At 31 December 1988	<u>6,500</u>	<u>258,463</u>	<u>264,963</u>
Net book value			
At 31 December 1988	<u>1,793,500</u>	<u>160,682</u>	<u>1,954,182</u>
At 1 January 1988	<u>748,853</u>	<u>106,572</u>	<u>855,425</u>

SIMON-BARRON LIMITED

NOTES TO THE ACCOUNTS 31 DECEMBER 1988

9 TANGIBLE FIXED ASSETS (continued)

The company's properties were revalued in 1971 at £600,000 and in August 1988 at £1.8 million on the basis of their open market value. Valuations were carried out by members of the Royal Institution of Chartered Surveyors. If the properties had not been revalued they would have been included in the accounts at the following amounts:

	Freehold land and buildings £
Cost	495,284
Depreciation	<u>86,223</u>
At 31 December 1988	<u>409,061</u>
At 31 December 1987	<u>373,261</u>

10 INVESTMENT IN SUBSIDIARY COMPANY

The company owns the whole of the issued share capital of Simon-Barron Ireland Limited, a company incorporated in the Republic of Ireland. The principal activity of the subsidiary company is that of suppliers of animal feed milling machines and associated spares and pellet dies.

11 STOCKS

	1988 £	1987 £
Raw materials and consumables	276,361	306,944
Work in progress	287,511	701,763
Finished goods and goods for re-sale	<u>286,892</u>	<u>404,061</u>
	850,764	1,412,768
Less progress payments	<u>(33)</u>	<u>(169,994)</u>
	<u>850,731</u>	<u>1,242,774</u>

The replacement cost of the above stocks would not be significantly different from the values stated.

SIMON-BARRON LIMITED

NOTES TO THE ACCOUNTS
31. DECEMBER 1988

12 DEBTORS

	1988 £	1987 £
Trade debtors	2,219,190	1,572,759
Amounts owed by group companies	912,663	250,247
Other debtors	118,590	127,542
Prepayments and accrued income	<u>19,916</u>	<u>19,677</u>
	<u>3,753,653</u>	<u>2,844,245</u>

Amounts owed by group companies include £192,114 (1987 £185,965) due from Simon-Barron Ireland Limited the wholly owned subsidiary. At 31 December 1988 Simon-Barron Ireland Limited had net liabilities of IR£106,935 (1987 IR£99,058). Full provision has been made for these losses (see Note 15).

13 CREDITORS: AMOUNTS FALLING DUE
WITHIN ONE YEAR

	1988 £	1987 £
Trade creditors	2,219,190	1,572,759
Amounts owed to group companies	474,862	401,922
Payments received on account	528,513	413,801
Corporation tax	208,467	109,876
Other taxation and social security	33,310	31,340
Other creditors	178,414	125,909
Accruals and deferred income	<u>110,897</u>	<u>188,638</u>
	<u>3,753,653</u>	<u>2,844,245</u>

14 CREDITORS: AMOUNTS FALLING DUE
AFTER MORE THAN ONE YEAR

	1988 £	1987 £
Amounts due to former holding company	<u>-</u>	<u>210,214</u>

SIMON-BARRON LIMITED

NOTES TO THE ACCOUNTS 31 DECEMBER 1988

15 PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation	Contract contin- gencies	Reorgani- sation provision	Provision for losses in subsidiary	Total
	£	£	£	£	£
At 1 January 1988	103,549	239,500	10,604	88,533	442,186
Transferred from profit and loss account	(103,549)	(120,200)	-	580	(223,169)
Utilised in the year	-	-	(10,604)	-	(10,604)
At 31 December 1988	-	119,300	-	89,113	208,413

Deferred taxation comprises:

	Amounts provided 1988	Amounts provided 1987	Amounts not provided 1988	Amounts not provided 1987
	£	£	£	£
Capital allowances	109,350	107,260	-	-
Other timing differences	(109,350)	(3,711)	-	-
	<u>Nil</u>	<u>103,549</u>	<u>Nil</u>	<u>Nil</u>

No provision for taxation relating to the revaluation surplus on freehold land and buildings has been made. It is anticipated that if they were disposed of at their revalued amount, a tax liability would not arise due to the relief expected to be available as a result of investing in replacement assets.

SIMON-BARRON LIMITED

NOTES TO THE ACCOUNTS
31 DECEMBER 1988

16 SHARE CAPITAL

	1988	1987
	£	£
Authorised		
350,000 ordinary share of £1 each	350,000	350,000
210,214 preference shares of £1 each	<u>210,214</u>	<u>-</u>
	<u>560,214</u>	<u>350,000</u>
Allotted and fully paid		
172,500 ordinary shares of £1 each	172,500	172,500
210,214 preference shares of £1 each	<u>210,214</u>	<u>-</u>
	<u>382,714</u>	<u>172,500</u>

During the year the company issued 210,214 preference shares of £1 each at par.

17 RESERVES

	Share premium £	Revaluation reserve £	Profit and loss account £	Other reserves £
At 1 January 1988	500	411,965	(445,954)	301,664
Exchange movements	-	-	-	(3,638)
Property revaluation	-	1,015,308	-	-
Loss for the year	<u>-</u>	<u>-</u>	<u>(211,554)</u>	<u>-</u>
At 31 December 1988	<u>500</u>	<u>1,427,273</u>	<u>(657,508)</u>	<u>298,026</u>

18 CONTINGENT LIABILITIES

At 31 December 1988 there were contingent liabilities in respect of:

- (a) a guarantee given by the company together with the ultimate holding company and certain other fellow subsidiaries in support of the group overdraft facility. This guarantee is secured by a debenture over the assets of the company.
- (b) indemnities and guarantees given on behalf of the company by the company's bankers amounting to £220,192 (1987 - £214,957).
- (c) a substantial claim which has been made against the company and two other sub-contractors. These three companies have been joined as third parties to an action against the main contractor arising out of a contract commenced in earlier years. The company's legal advice is that the claims advanced against it are not well founded, and accordingly, the company has been and will continue vigorously defending the claim. It is not practicable to quantify the financial effect on the company if the case were found against it.

SIMON-BARRON LIMITED

NOTES TO THE ACCOUNTS
31 DECEMBER 1988

19 FINANCIAL COMMITMENTS

	1988	1987
	£	£
Contracted for but not provided in the accounts	3,488	Nil
Authorised by the directors but not contracted	<u>Nil</u>	<u>Nil</u>
	<u>3,488</u>	<u>Nil</u>
Leasing commitments		

The annual commitments under operating leases are analysed according to the period in which the lease expires as follows:

Plant and machinery, leases expiring		
within one year	6,849	2,786
between two and five years	<u>49,150</u>	<u>66,408</u>
	<u>55,999</u>	<u>69,194</u>

20 ULTIMATE HOLDING COMPANY

The ultimate holding company is Thomas Robinson Group PLC, a company incorporated in the United Kingdom.