

# RENISHAW ELECTRICAL LIMITED

## AND SUBSIDIARY COMPANY

### Directors' Report

for the year to 30th June 1980

The Directors submit their seventh Annual Report together with the Audited Accounts for the year to 30th June 1980.

#### 1. DIRECTORS AND THEIR INTERESTS

The Directors who served during the year were:-

D.R. McMurtry (Chairman and Chief Executive)  
D.J. Deer (Managing)

The interests of your Directors in the Shares of the Company were as follows:-

	<u>30/6/80</u>	<u>30/6/79</u>
	<u>£1 Shares</u>	<u>£1 Ordinary Shares</u>
D.R. McMurtry - A Shares	7,467	4,667
D.J. Deer - B Shares	3,733	2,333

#### 2. ACQUISITION OF SUBSIDIARY

In June 1980 the Company acquired the issued Share Capital of Renishaw Research Limited, a company registered in England. In view of the short period of trading subsequent to acquisition, and the small amounts involved, the Directors have only submitted a Consolidated Balance Sheet at 30th June 1980. The proportion of after tax profit attributable to this Company subsequent to acquisition, and not dealt with in these Accounts, would have been approximately £215.

#### 3. TRADING AND DIVIDEND

	<u>1980</u>	<u>1979</u>
	<u>£</u>	<u>£</u>
<u>Turnover</u>		
Manufacturing	2,000,036	1,101,935
Leasing	86,990	14,273
	<u>£2,087,026</u>	<u>£1,116,208</u>
<u>Profit before Taxation</u>		
Manufacturing	719,486	508,559
Leasing	12,741	.
	<u>732,227</u>	<u>508,559</u>
Taxation	383,000	265,000
	<u>349,227</u>	<u>243,559</u>
Proposed Dividend	69,845	.
<u>Retained Profit</u>	<u>£279,382</u>	<u>£243,559</u>

The Directors propose a Dividend of £69,845 on the £1 C Shares.

RENISHAW ELECTRICAL LIMITED

AND SUBSIDIARY COMPANY

Directors' Report 1980 (Contd.)

4. PRINCIPAL ACTIVITY

The principal activity of the Company during the year was the manufacture and sale of advanced technological equipment. In addition the Company carried on the trade of leasing equipment to third parties.

The principal activity of the new subsidiary company, Renishaw Research Limited, is that of metrological research.

5. SHARE CAPITAL

During the year the Authorised and Issued Share Capital of the Company was increased from £7,000 to £14,000 by appropriate resolution and a scrip issue of £7,000 from Revenue Reserves.

6. EXPORTS

During the year the Company exported goods to the value of £1,577,804 (1979 £932,111).

7. TAXATION

The Company is a Close Company as defined by the Income and Corporation Taxes Act 1970.

8. FIXED ASSETS

Significant changes are shown in the Notes to the Accounts.

9. AUDITORS

A Resolution for the re-appointment of Messrs. Peat, Marwick, Mitchell & Co., as Auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By Order of the Board



A.C.G. Roberts F.C.A.  
Secretary.

20th October 1980

Registered Office : Gloucester Street,  
Wotton-Under-Edge,  
Gloucestershire.

Registered in England : Number 1106260

REPORT OF THE AUDITORS

TO THE MEMBERS OF RENISHAW ELECTRICAL LIMITED

We have audited the Accounts set out on Pages 4 to 10 in accordance with approved Auditing Standards.

In our opinion the Accounts, which have been prepared on the basis of the accounting policies set out on page 7, give a true and fair view of the state of affairs of the Company and of the Group at 30th June 1980 and of the Profit and Loss and Application of Funds of the Company for the year to that date and comply with the Companies Acts 1948 to 1967.

Peat, Marwick, Mitchell & Co.,  
Chartered Accountants.

20th October 1980

Welsh Street Chambers,  
Chepstow,  
Gwent.  
NP6 5LN

RENISHAW ELECTRICAL LIMITED

Profit and Loss Account

for the year to 30th June 1980

	<u>NOTES</u>	<u>1980</u> £	<u>1979</u> £
<u>TURNOVER</u>	1.	2,087,026	1,116,208
<u>TRADING PROFIT</u>	2.	756,506	486,158
Royalties Receivable		9,192	17,234
Interest	3.	(33,471)	5,167
<u>PROFIT BEFORE TAXATION</u>		732,227	508,559
<u>Taxation @ 52%</u>			
Deferred Taxation		383,000	265,000
<u>PROFIT AFTER TAXATION</u>		349,227	243,559
Proposed Dividend - C Shares		69,845	.
		279,382	243,559
Balance brought forward		352,151	108,592
Capitalised by Scrip Issue	4.	7,000	.
		345,151	108,592
<u>REVENUE RESERVES - carried forward</u>		£624,533	£352,151

The attached Notes form part of these Accounts.

Balance Sheets at 30th June 1980

The attached Notes form part of these Accounts.

# RENISHAW ELECTRICAL LIMITED

## Statement of Source and Application of Funds

for the year to 30th June 1980

	<u>1980</u>		<u>1979</u>
	£		£
<u>SOURCE OF FUNDS</u>			
Profit before Tax	732,227		508,559
Adjustment for items not involving the movement of funds:			
Depreciation	125,069		30,399
<u>TOTAL GENERATED FROM OPERATIONS</u>	<u>857,296</u>		<u>538,958</u>
<u>FUNDS FROM OTHER SOURCES</u>			
Hire Purchase	243,621		234,112
Sale of Fixed Assets	.		<u>1,000</u>
	243,621		235,112
	<u>1,100,917</u>		<u>774,070</u>
<u>APPLICATION OF FUNDS</u>			
Purchase of Fixed Assets	845,087		560,307
Hire Purchase Repaid	97,076		19,060
Taxation Paid	24,483		840
Loan Repaid	750		750
Acquisition of Subsidiary	14,505		.
	981,901		580,957
	<u>£119,016</u>		<u>£193,113</u>
<u>INCREASE/(DECREASE) IN WORKING CAPITAL</u>			
Stock	195,565		134,722
Debtors and Prepayments	247,926		306,004
Creditors and Accruals	(269,087)		(80,136)
Directors' Current Accounts	71,000		(50,000)
	<u>245,404</u>		<u>310,590</u>
<u>Movement in Net Liquid Funds:</u>			
Cash and Bank Overdrafts	(126,388)		(117,477)
	<u>£119,016</u>		<u>£193,113</u>

RENISHAW ELECTRICAL LIMITED

AND SUBSIDIARY COMPANY

Notes to the Accounts

for the year to 30th June 1980

1. ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the Accounts of the Group are described below. The Accounts have been prepared under the historical cost convention.

a) Basis of Consolidation

The Balance Sheets of both Companies have been consolidated, but as explained in the Directors' Report, the Directors have not submitted either a consolidated Profit and Loss account or consolidated Statement of Source and Application of Funds.

b) Turnover

Turnover represents the value of sales invoiced during the year, less returns and allowances and excluding value added tax.

c) Fixed Assets and Depreciation

- (i) Fixed Assets are stated at cost after deducting accumulated depreciation. The basis of depreciation is to write off the cost of the assets on a straight line basis over their estimated useful lives as follows:-

Plant and Machinery	-	10 years
Office Equipment	-	5 years
Motor Vehicles	-	3 years

- (ii) Depreciation on Freehold Property is not considered necessary as it is the Company's policy to maintain its properties in good condition which prolongs their useful life, and any depreciation involved would not be material.

d) Leased Equipment and Depreciation

- (i) Leasing income has been credited to Profit and Loss Account monthly in proportion to the capital balances outstanding.
- (ii) Leased equipment is depreciated in accordance with a formula designed to spread the leasing income as described above.

e) Hire Purchase

Repayment is based on a fixed monthly capital sum, plus interest in arrear, computed at varying rates based on the capital sum outstanding.

f) Stocks

Stocks have been valued at the lower of cost and net realisable value.

g) Research and Development

Research and Development expenditure is written off as and when incurred.

h) Deferred Taxation

Deferred Taxation is provided at 52% on all timing differences.

RENISHAW ELECTRICAL LIMITED

AND SUBSIDIARY COMPANY

Notes to the 1980 Accounts (Continued)

2. TRADING PROFIT

Trading Profit is stated after charging:-

	<u>1980</u> £	<u>1979</u> £
Depreciation	125,069	30,399
Auditors' Remuneration	2,400	2,000
Directors' Emoluments	112,011	83,591
Representing, other than Pension Contributions:-		
Chairman and Highest Paid Director	£53,026	£46,740
Other Director	£29,222	£25,651

3. INTEREST

<u>Payable</u>	<u>1980</u> £	<u>1979</u> £
Mortgage	1,751	1,875
Hire Purchase	29,914	7,730
Bank	2,484	.
	(34,149)	(9,605)
<u>Receivable</u>		
Bank	678	14,772
	£(33,471)	£ 5,167

4. SCRIP ISSUE

During the year the Authorised and Issued Share Capital of the Company was increased from £7,000 to £14,000 by appropriate resolution and a scrip issue of £7,000 from Revenue Reserves.

5. FIXED ASSETS

a) The Company

<u>Cost</u>	<u>At</u> <u>1/7/79</u> £	<u>Additions</u> £	<u>Disposals</u> £	<u>At</u> <u>30/6/80</u> £
Freehold Property	71,733	160,616	.	232,349
Plant & Machinery	440,331	184,986	.	625,317
Leased Equipment	206,794	488,434	.	695,228
Motor Vehicles	55,330	11,051	1,200	65,181
	£774,188	£845,087	£1,200	£1,618,075

<u>Depreciation</u>	<u>At</u> <u>1/7/79</u> £	<u>Charge for</u> <u>the Year</u> £	<u>Released on</u> <u>Disposal</u> £	<u>At</u> <u>30/6/80</u> £
Freehold Property	.	.	.	.
Plant & Machinery	33,477	37,216	.	70,693
Leased Equipment	10,300	59,610	.	79,910
Motor Vehicles	8,297	18,243	1,200	25,340
	£52,074	£125,069	£1,200	£175,943

<u>Net Book Value</u>	<u>£722,114</u>	<u>£1,442,132</u>
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# RENISHAW ELECTRICAL LIMITED

## AND SUBSIDIARY COMPANY

### Notes to the 1980 Accounts (Continued)

#### 5. FIXED ASSETS (Contd.)

<u>b) The Group</u>	<u>Cost</u>	<u>Depreciation</u>	<u>Net Book Value</u>
	£	£	£
The Company	1,618,075	175,943	1,442,132
Subsidiary Company	589	88	501
	<u>£1,618,664</u>	<u>£176,031</u>	<u>£1,442,633</u>

#### c) Outstanding Capital Expenditure not provided for in the Accounts

	<u>1980</u>	<u>1979</u>
Authorised but not Committed	Nil	£35,000
Authorised and Committed	£35,000	£145,500

#### 6. INVESTMENT

Representing the cost of acquiring the issued Share Capital of Renishaw Research Limited.

#### 7. STOCK

	<u>1980</u>	<u>1979</u>
	£	£
Raw Materials	296,410	105,779
Work in Progress	46,944	51,652
Finished Goods	16,225	6,583
	<u>£359,579</u>	<u>£164,014</u>

#### 8. BANK OVERDRAFT

Unsecured.

#### 9. TAXATION

	<u>The Group</u>	<u>The Company</u>	
	<u>1980</u>	<u>1980</u>	<u>1979</u>
	£	£	£
Current	14,789	6,377	30,860
Advance Corporation Tax on proposed dividend	30,000	30,000	.
	<u>£44,789</u>	<u>£36,377</u>	<u>£30,860</u>

#### 10. DIRECTORS' CURRENT ACCOUNTS

Unsecured. Interest free. Repayable on demand.

# RENISHAW ELECTRICAL LIMITED

## AND SUBSIDIARY COMPANY

### Notes to the 1980 Accounts (Continued)

#### 11. SHARE CAPITAL

	<u>1980</u>	<u>1979</u>
Authorised Issued and Fully Paid	£	£
£1 Ordinary Shares	.	7,000
£1 A Shares	7,467	.
£1 B Shares	3,733	.
£1 C Shares	2,800	.
	<u>£14,000</u>	<u>£7,000</u>

#### 12. REVENUE RESERVES

	<u>The Group</u>
	£
The Company	624,533
Surplus on Consolidation	
representing pre-acquisition profits	1,954
	<u>£626,487</u>

#### 13. DEFERRED TAXATION

Represented by:-

	<u>1980</u>	<u>1979</u>
	£	£
Allowances for Fixed Assets		
exceeding Depreciation	634,000	327,000
Stock Appreciation Relief	105,500	54,000
Other Timing Differences	4,700	4,000
	<u>744,200</u>	<u>385,000</u>
Surplus Allowances	10,200	34,000
Advance Corporation Tax recoverable	30,000	.
	<u>40,200</u>	<u>34,000</u>
	<u>£704,000</u>	<u>£351,000</u>

#### 14. COSIRA LOAN

Secured by a First Mortgage on the Freehold Property. Repayable by Annual instalments of £750 and bearing interest at 13<sup>7</sup>/<sub>8</sub>% per annum.