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RENISHAW ELECTRICAL LIMITED

DIRECTORS' REPORT AND ACCOUNTS

For the year to 30th June 1978



RENISHAW ELECTRICAL LIMITED

Directors' Report

For the year ended 30th June 1978

The Directors submit their fifth Annual Report, together with the Audited Accounts for the year to 30th June 1978.

1. DIRECTORS AND THEIR INTERESTS

The Directors who served during the year were:-

D.R. McMurtry (Chairman)
D.J. Deer

The interest of your Directors in the Shares of the Company at the beginning and end of the year was as follows:-

£1 Ordinary Shares

D.R. McMurtry	4,667
D.J. Deer	2,333
	<u>7,000</u>

2. PRINCIPAL ACTIVITY

The principal activity of the Company has been and remains the manufacture and sale of advanced technological equipment.

3. TRADING AND DIVIDEND

	<u>1978</u>	<u>1977</u>
	£	£
Profit for the year	178,727	13,826
Taxation	<u>93,000</u>	<u>7,000</u>
	<u>£85,727</u>	<u>£6,826</u>

The Directors do not recommend payment of a Dividend.

4. EXPORTS

During the year the Company exported goods to the value of £431,592 (1977 £147,278).

5. TAXATION

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

6. FIXED ASSETS

Significant changes are shown in the Notes to the Accounts.

7. 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
A.C.G. Roberts F.C.A.
Secretary

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

Registered in England : Number 1106260

REPORT OF THE AUDITORS

TO THE MEMBERS OF RENISHAW ELECTRICAL LIMITED

We have examined the Accounts set out on Pages 3 to 7 which have been prepared under the historical cost convention. In our opinion they give under that convention a true and fair view of the state of the Company's affairs at 30th June 1978 and of the Profit and Source and Application of Funds for the year to that date and comply with the Companies Acts 1948 and 1967.

Peat, Marwick, Mitchell & Co.

Chartered Accountants.

11th March 1980

Welsh Street Chambers,
CHEPSTOW,
Gwent.
NP6 5LN.

RENISHAW ELECTRICAL LIMITED

Profit and Loss Account

For the year to 30th June 1978

	<u>NOTES</u>	£	<u>1977</u> £
<u>TO INVOER</u>	1(a)	<u>513,068</u>	<u>169,656</u>
<u>TRADING PROFIT</u>	2	202,511	22,799
After Charging:			
Directors' Salaries		18,552	12,981
Depreciation		10,320	11,832
Audit Fee		1,000	750
Hire Purchase Interest		<u>73</u>	<u>1,573</u>
Royalties Receivable		7,500	.
Interest (Payable)/Receivable	3	(284)	1,027
		<u>209,727</u>	<u>23,826</u>
Directors' Fees		31,000	10,000
<u>PROFIT BEFORE TAXATION</u>		178,727	13,826
<u>Taxation @ 52%</u>			
Corporation Tax		28,000	3,700
Deferred Tax		<u>65,000</u>	<u>3,300</u>
		93,000	7,000
<u>PROFIT AFTER TAXATION</u>		85,727	6,826
Balance brought forward		22,865	16,039
<u>REVENUE RESERVES</u> carried forward		<u>£108,592</u>	<u>£22,865</u>

The attached Notes form part of these Accounts

PENISHAW ELECTRICAL LIMITED
(Authorised Share Capital £7,000)
Balance sheet at 30th June 1978

30/6/77

	<u>NOTES</u>	£	£
<u>ASSETS EMPLOYED:</u>			
<u>FIXED ASSETS</u>	4	193,206	72,297
Hire Purchase Outstanding	5	59,850	2,042
		<u>133,356</u>	<u>70,255</u>
<u>CURRENT ASSETS</u>			
Debtors and Prepayments		178,334	46,537
Cash at Bank		87,977	25,348
Stock		29,292	4,935
Taxation Recoverable		.	1,339
		<u>295,603</u>	<u>78,159</u>
<u>Less CURRENT LIABILITIES</u>			
Creditors and Accruals		98,370	58,919
Bank Overdraft		42,797	10,680
Taxation	6	31,700	3,700
		<u>172,867</u>	<u>73,299</u>
		122,736	4,860
<u>NET CURRENT ASSETS</u>		<u>256,092</u>	<u>75,115</u>
<u>DIRECTORS' CURRENT ACCOUNTS</u>	7	41,000	10,000
		<u>£215,092</u>	<u>£65,115</u>

FINANCED BY:

SHARE CAPITAL

Issued - £1 Ordinary Shares		7,000	7,000
<u>REVENUE RESERVES</u>		108,592	22,865
		<u>115,592</u>	<u>29,865</u>
<u>SHAREHOLDERS' FUNDS</u>			
<u>DEFERRED TAXATION</u>	8	86,000	21,000
<u>COSIRA LOAN</u>	9	13,500	14,250
		<u>£215,092</u>	<u>£65,115</u>

[Handwritten signatures]

) Directors

The attached Notes form part of these Accounts :

RENISHAW ELECTRICAL LIMITED

SOURCE AND APPLICATION OF FUNDS STATEMENT

For the year to 30th June 1978

	£	1977 £
<u>SOURCE OF FUNDS</u>		
Profit before Tax	178,727	13,826
Adjustment for items not involving the movement of funds:		
Depreciation	10,320	11,832
Formation Expenses Written Off	.	40
<u>TOTAL GENERATED FROM OPERATIONS</u>	<u>189,047</u>	<u>25,698</u>
<u>FUNDS FROM OTHER SOURCES</u>		
Hire Purchase Facility	57,808	
Taxation Recovered	<u>1,339</u>	
	59,147	.
	<u>248,194</u>	<u>25,698</u>
<u>APPLICATION OF FUNDS</u>		
Purchase of Fixed Assets	131,229	22,807
Hire Purchase Repaid	.	22,480
Loan Repaid	<u>750</u>	<u>750</u>
	131,979	46,037
	<u>£116,215</u>	<u>£(20,339)</u>
<u>INCREASE/(DECREASE) IN WORKING CAPITAL</u>		
Stock	24,357	3,705
Debtors and Prepayments	131,797	8,970
Creditors and Accruals	(39,451)	(38,954)
Directors' Current Accounts	<u>(31,000)</u>	<u>2,000</u>
	85,703	(24,279)
<u>Movement in Nett-Liquid Funds:</u>		
Cash at Bank	<u>30,512</u>	<u>3,940</u>
	<u>£116,215</u>	<u>£(20,339)</u>

RENISHAW ELECTRICAL LIMITED

Notes to the Accounts

For the year to 30th June 1978

1. ACCOUNTING POLICIES

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

a) Turnover

Turnover represents sales to third parties, less returns, allowances, and Value Added Tax.

b) Fixed Assets

The cost of Fixed Assets is written off on a straight line basis over the estimated useful lives as follows:-

Freehold Land & Buildings	- Nil
Plant and Machinery	- 10 years
Office Equipment	- 5 years
Motor Vehicles	- 3 years

c) Deferred Taxation

Deferred Taxation is provided on all timing differences.

d) Stock

Stock has been valued at the lower of cost or net realisable value.

e) Research and Development

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

2. TRADING PROFIT

Directors' Emoluments, excluding Pension Contributions of the Company, were as follows:-

	<u>1978</u>	<u>1977</u>
Chairman	<u>£24,750</u>	<u>£9,833</u>
Highest Paid Director	<u>£24,802</u>	<u>£11,908</u>

3. INTEREST (PAYABLE)/RECEIVABLE

	<u>1978</u>	<u>1977</u>
	<u>£</u>	<u>£</u>
Bank Interest Receivable	<u>1,693</u>	<u>3,087</u>
Mortgage Interest Payable	<u>1,977</u>	<u>2,060</u>
	<u>£(284)</u>	<u>£1,027</u>

PENISHAW ELECTRICAL LIMITED

Notes to the 1978 Accounts (Contd.)

4. FIXED ASSETS

	<u>Freehold Land and Buildings</u>	<u>Plant and Machinery</u>	<u>Office Equipment</u>	<u>Motor Vehicles</u>	<u>Total</u>
	£	£	£	£	£
<u>Cost</u>					
At 1st July 1977	29,519	41,139	6,043	10,734	87,435
Additions	19,931	100,871	10,427	.	131,229
At 30th June 1978	49,450	142,010	16,470	10,734	218,664
<u>Depreciation</u>					
At 1st July 1977	.	9,358	466	5,314	15,138
Charge	.	5,774	1,317	3,229	10,320
At 30th June 1978	.	15,132	1,783	8,543	25,458
<u>Net Book Value</u>					
1978	49,450	126,878	14,687	2,191	193,206
1977	29,519	31,781	5,577	5,420	72,297

Outstanding Capital Expenditure not provided for in these Accounts:

	<u>1978</u>	<u>1977</u>
Authorised and Committed	£9,000	£7,500
Authorised but not Committed	£149,500	NIL

5. HIRE PURCHASE

Represents capital amount outstanding repayable within three years.

6. TAXATION

	<u>1978</u>	<u>1977</u>
	£	£
Payable at April 1979	28,000	3,700
Current	3,700	.
	£31,700	£3,700

7. DIRECTORS' CURRENT ACCOUNTS

Unsecured. Interest free. Repayable on demand.

8. DEFERRED TAXATION

	<u>1978</u>	<u>1977</u>
	£	£
Allowances for Fixed Assets exceeding Depreciation	77,500	22,000
Stock Appreciation Relief	4,500	.
Other Timing Differences	4,000	(1,000)
	£86,000	£21,000

9. COSIRA LOAN

Secured by a First Mortgage on the Freehold property.

Repayable by annual instalments of £750 and bearing interest at 13% per annum.