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ANNUAL REPORT & ACCOUNTS

Bowthorpe

50 YEARS

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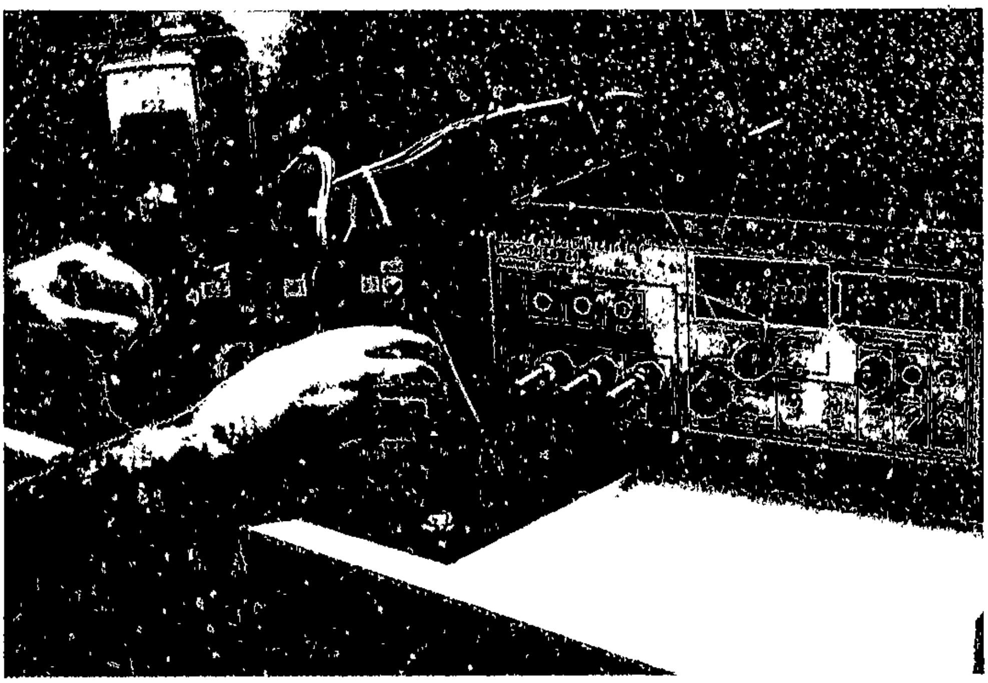
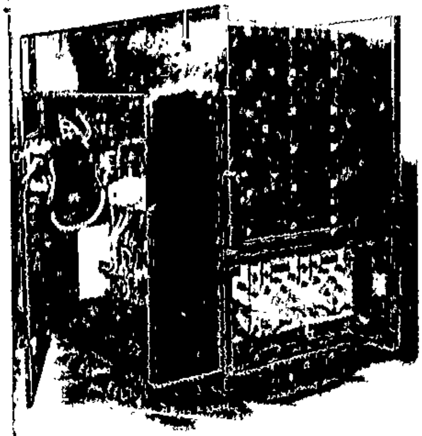
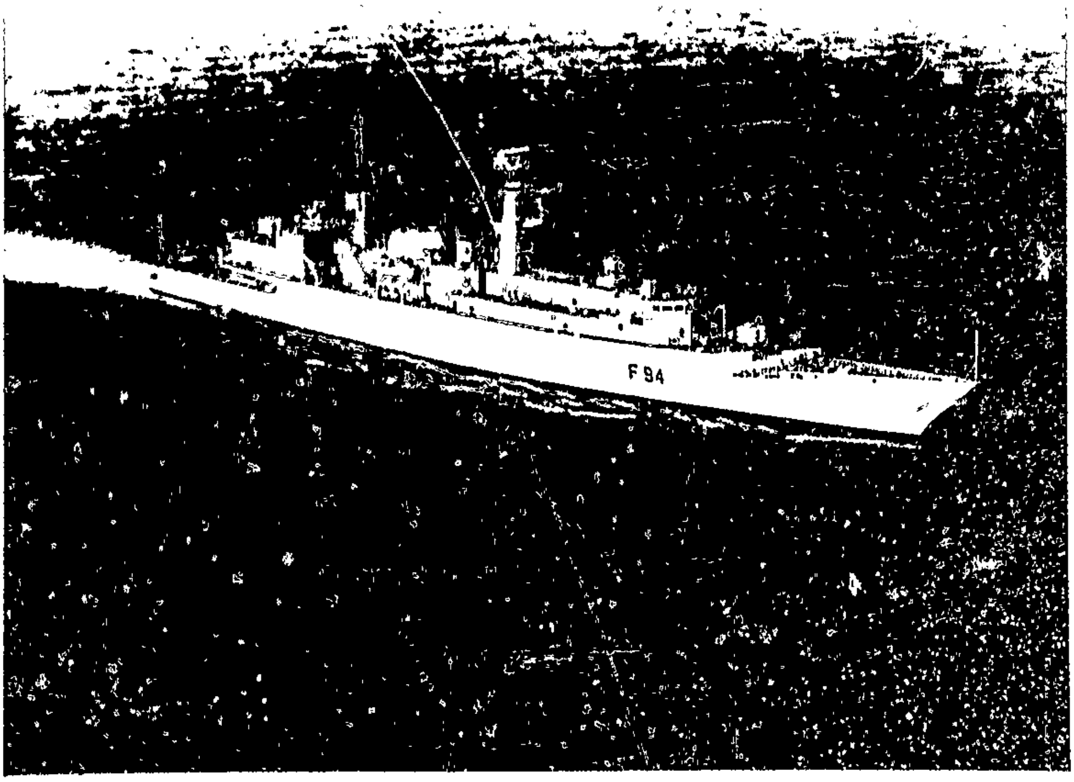


Test set used to calibrate the several models of smoke detector manufactured by Autronics Corporation for installation in the cargo and avionics bays of Boeing commercial aircraft.

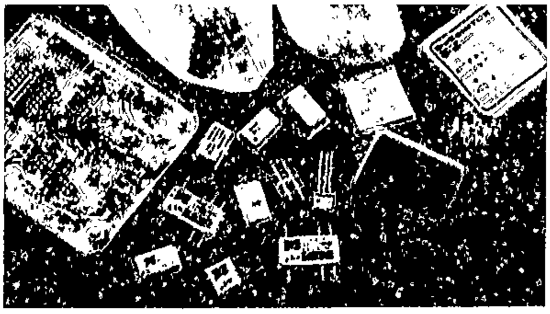


Power Development has expanded its capability in the high voltage power resistor market with the new POW-R OHM GRIDEX range. This type of equipment is now supplied to major electrical manufacturers, including Mitsubishi and Brush Switchgear.

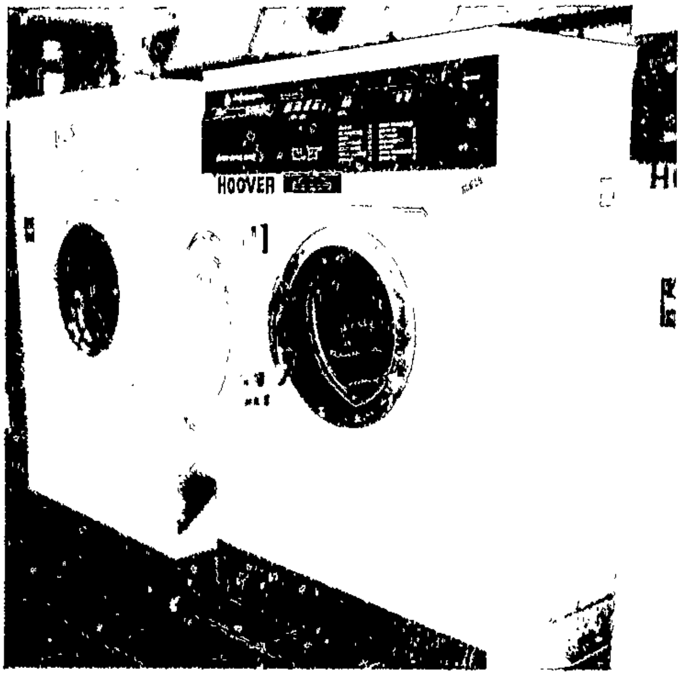


William McGeoch manufactures and supplies specialist equipment for all Royal Navy Type 22 frigates. Products include switchgear, helicopter flood-lighting, emergency lighting and emergency electrical connection systems.

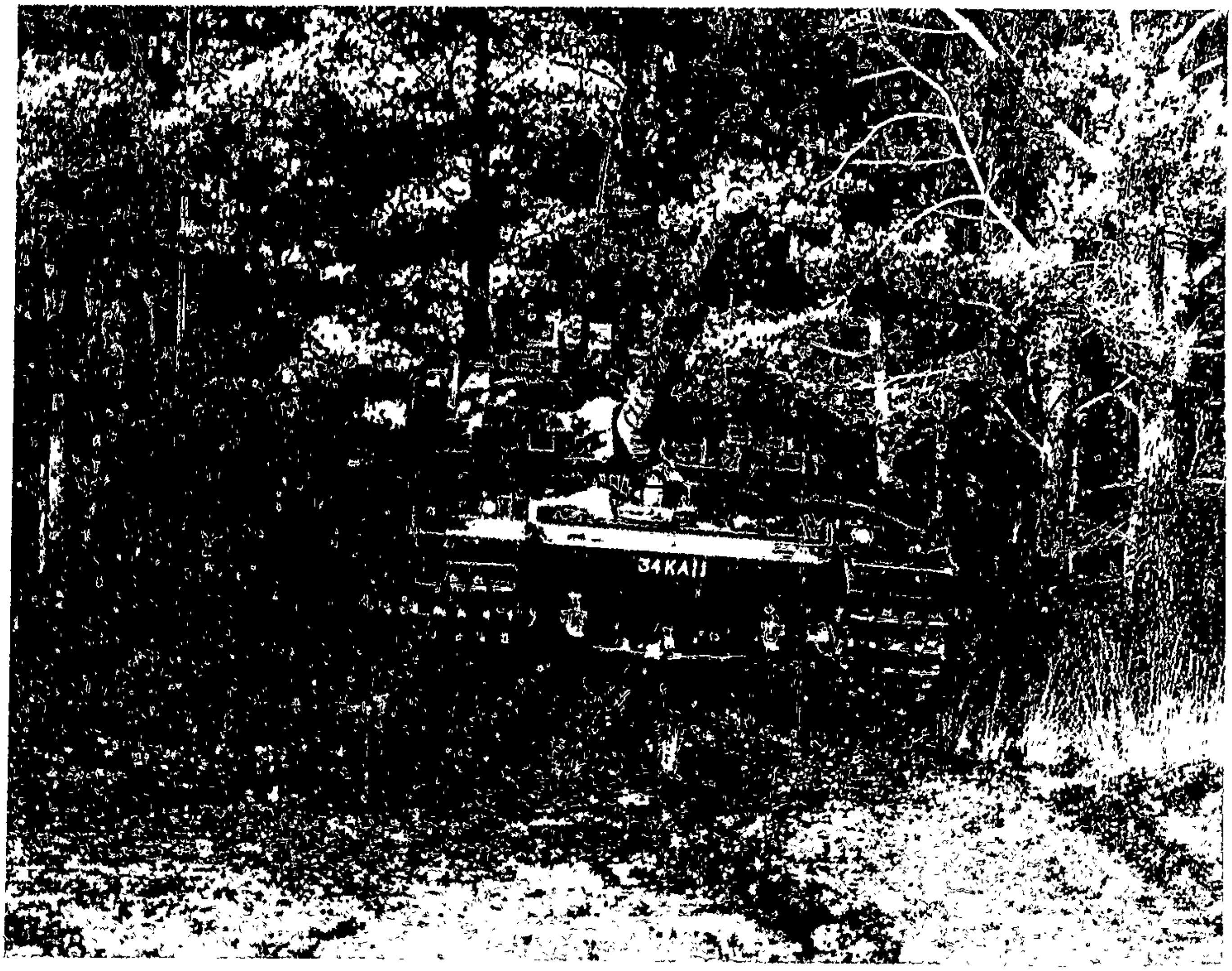
Surface mount and high reliability oscillators, quartz crystals and other types of frequency control devices manufactured by Monitor Products Company, Inc. Based in Oceanside, California, the company was acquired by the Group in June, 1985.



Hellermann Insuloid has a number of nylon fixing devices designed into the latest range of Hoover washing machines. Insuloid currently supplies components to all the major UK manufacturers of similar domestic appliances.



Hellermann Deutsch components employed in 'Challenger,' the new UK main battle tank, include high density connectors, relays and cable harness



Bowthorpe Holdings PLC
Annual Report

Contents

The year in brief

	1985 £000	1984 £000
Turnover	125,948	108,921
Profit before taxation	23,238	20,122
Profit after taxation	13,809	10,698
Profit for the year attributable to shareholders	12,939	9,974
Earnings per 10p share	29.1p	22·5p
Dividends per 10p share	7.0p	5·5p

Bowthorpe Holdings PLC
The Chairman's Review

It is always pleasing to be able to report higher profits and sales and it is particularly so at this time as the Group is celebrating its Golden Jubilee – our fiftieth year of successful business and with a record profit for the tenth successive year.

The Group's pre-tax profit for the year, which includes our share of related companies' profits, was £23,238,000, compared with £20,122,000 for 1984, an increase of 15.5 per cent. Group sales in 1985 (excluding intra-group and related companies) were £125,948,000, an increase of 15.6 per cent over 1984.

The 1985 interim dividend was increased to 2.33 pence per share, and your Board recommends an increased final dividend of 4.67 pence per share making a total dividend of 7.00 pence per ordinary share for the year. This will absorb £3,112,000. The total dividend on the ordinary shares in respect of the year ended 31st December, 1984 amounted to 5.48 pence per share which absorbed £2,432,000.

Group Trading Performance
Our UK subsidiaries achieved record sales for the year of £59,045,000, an increase of 11 per cent over the previous year and accounted for 43 per cent of total Group sales. The pressure on margins, to which I referred in my 1985 interim report, persisted throughout the second half of the year, and whilst there was a small improvement in pre-tax profit for the last six months, the overall contribution for the whole of the year was only slightly better than that achieved in 1984. The UK pre-tax profit contribution was 40 per cent of total Group profits, compared with 45 per cent in 1984.

Sales by our overseas subsidiaries continued on an upward trend, reaching a record level of £78,041,000, an increase of 18 per cent over that achieved in 1984. The total pre-tax contribution reached an all-time high, 21 per cent greater than that recorded for 1984. Overseas subsidiaries' pre-tax profits accounted for 54 per cent of the Group total (1984 51 per cent). Profit contribution by our subsidiaries in the United States of America was 24 per cent of total Group profit (1984 24 per cent).

Profit contribution by our related companies improved substantially and we consolidated in the Group accounts £1,528,000, compared with £799,000 in 1984.

In my half year review I referred to the decision to change the method by which overseas profits are translated into sterling, from the closing rate to the average rate method. The 1984 figures have been restated using the average rate method. If the average rate of exchange for 1984 had prevailed during 1985, our reported pre-tax profits would be £62,000 higher.

Our cash position remains extremely strong and net liquid funds increased by £3,330,000 during the year to £26,101,000.

Exports
It was pleasing to note that exports by our UK subsidiary companies increased by 17 per cent over those for the previous year, the total being £10,735,000 (1984 £9,187,000).

Capital Investment
Total Group investment amounted to £7,323,000 (1984 £7,397,000); 89 per cent of this related to new plant and equipment. Capital expenditure in the UK was £3,381,000 (1984 £2,922,000). We continued our policy of installing the most modern and efficient equipment and emphasis was given to computer control systems for machines.

United Kingdom Subsidiaries
For the greater part of the year, the electrical and electronic sectors of industry encountered difficult trading conditions and, as component suppliers, our UK group of companies was faced with severe pressure on prices. The defence industry, to which we are sub-contractors, experienced depressed trading conditions and there was keen competition for a reduced volume of orders.

Although the overall increase in sales did not yield a corresponding increase in profits, there was an encouraging sign of margin improvement in the latter half of the year and this is being maintained at the time of writing this review in April.

Hellermann Deutsch Ltd again produced a major contribution to Group profits, only slightly below that for 1984. The 1985 results however do not include any contribution from the consequential loss claim (1984 £1,130,000).

Hellermann Insuloid Division benefited from the marketing of new products during the year and profit contribution exceeded that of 1984. Our distributor division, Bowthorpe-Hellermann Distributors, also extended its range of factored goods with rewarding results. Changes carried out in the early part of the year at Devlin Electronics Ltd proved successful and there was a profit increase. In the latter half of the year Bowthorpe EMP Ltd experienced a strengthening of demand for its products and it is pleasing to record that this company's latest and novel developments of electrical surge protector devices have been well received in the industrial and domestic markets.

Redpoint Ltd, whose main products are cooling devices for use in computers and other types of electronic equipment, improved on profit contribution over the previous year and has established a niche market with additional specialised components.

Operating profits reached an all-time high at William McGeoch & Co (Birmingham) Ltd and its fellow subsidiary company, McGeoch & Macphail Ltd. Both companies are to be congratulated on this achievement in difficult market conditions.

Power Development Ltd, which recovered in 1984, maintained the improved level of operating profit.

It was disappointing to note the fall in profit of the Hellermann Electric Division. Remedial action has been taken and it is anticipated that the current year will restore profits to an acceptable level.

Overseas Subsidiaries
The profit contribution by Tyton Corporation of the USA and its subsidiary, Tyton Canada Inc, was a shade higher than 1984. Trading conditions were difficult and although both companies had record sales, keen competition forced a slight reduction in profit margins. Reduced manning levels and further economies have been made.

Tempo Instrument Inc and its subsidiary, Autronics Corporation, continued their successful progress, sales and profits reaching an all-time high. I congratulate the management on the achievement in the face of stringent trading conditions.

SBD Electronic Systems Inc experienced problems which adversely affected production in the latter half of the year and profit contribution for the year fell short of that projected. The difficulties have now been overcome and the current year should see a satisfactory return on the Group's investment.

In my 1985 half year review to shareholders, I reported the acquisition at the end of June of Monitor Products Company Inc of California, USA. This company came through the dramatic fall in demand in the US computer industry extremely well and produced satisfactory profits.

The severe action taken during 1984 in our South African subsidiary, Bowthorpe-Hellermann-Deutsch (Pty) Ltd, restored the company to a satisfactory profit contribution. This has continued for the first quarter of the current year.

Paul Hellermann GmbH of West Germany had a further successful year with increased profits. This was particularly pleasing as in 1985 that company celebrated its Golden Jubilee.

Bowthorpe Australia Pty Ltd maintained the momentum which was achieved in the last six months of 1984 and profit contribution was in line with that anticipated.

Hellermann France SA had a difficult year yet succeeded in increasing sales, and profit was maintained at the 1984 level.

Hellermann do Brasil Industria e Comercio Ltda maintained its upward trend in sales, and a satisfactory profit was recorded.

The WAGO group consolidated its position as market leader for screwless terminal blocks, and although profits were slightly below those for 1984, the current order intake trend is extremely healthy.

Related Companies
To meet growing demand, Tyton Company of Japan Ltd is in the course of moving to a new purpose-built factory and whilst this is causing some dislocation, the profit contribution for the year was satisfactory.

The progress which Compagnie Deutsch SA achieved in 1984 continued with considerable momentum last year, particularly in the second six months, producing a much improved profit contribution. The future appears to be one of substantial growth and profit.

Acquisitions and New Ventures
In January 1986 we acquired the share capital of Starpoint Electrics Ltd for an initial consideration of £2,320,500 with further payments to be made according to an agreed performance factor.

Starpoint designs and manufactures illuminated push-button switches, moulded plastic lampholders, coin level detecting mechanisms and microprocessor controlled reel units for amusement and gaming machines. Currently the major market is in the UK but substantial business has been developed in West Germany and there is a large and, as yet, untapped potential in the USA.

On 14th April, 1986 we announced the acquisition of 85 per cent of the share capital of Wessex Advanced Switching Products Ltd (WASP) for an aggregate

The Chairman's Review (continued)

consideration of £1,912,500. WASP specialises in the design and manufacture of low current switches for the military, communications, instrument and professional electronics markets.

For one reason or another – but mainly price – none of the recent USA acquisition prospects has matured but further acquisitions will be made shortly in the UK and possibly one in Belgium.

The painstaking care and investigation which is characteristic of our approach to growth through acquisition is of itself a bar to speedy takeovers and many of our prospects founder when the final analysis of worth is made; however, our intention to make a major acquisition remains unchanged.

South Africa – EEC Code of Conduct
The Company has complied with the reporting requirements of the EEC Code of Conduct as to pay structures, working conditions and social amenities relating to the coloured employees of our South African subsidiary, Bowthorpe-Hellermann-Deutsch (Pty) Ltd and a statement in the required form has been submitted to the Secretary of State for Trade and Industry. A copy of the report is available for inspection to bona fide enquirers.

The Current Year
The trading results for the first quarter of the year are higher than for the similar period of 1985. I am optimistic that the Group will continue its progressive path and that this year's profits will reach yet another all-time high. At our Annual General Meeting in June I will be able to indicate to shareholders the first five months' performance of the Group and give a clearer picture for the remainder of the year.

Management and People
It is with the deepest sorrow that I record the death in April last year of Norman Keen. He joined Hellermann Electric Ltd in 1940 as sales representative and his business flair was quickly recognised. His progress in the Group was rapid. He became the first Managing Director of Hellermann Deutsch Ltd and succeeded in establishing that company in the forefront of its field of activity. Norman served as director of the Holdings Board until he retired in 1970 but continued as a consultant until his death. He was a valuable and conscientious member of the Bowthorpe Group for 45 years and his contribution to our activities was an inspiration to us all.

At the end of December, Douglas Clegg, Managing Director of our subsidiary, William McGeoch & Co (Birmingham) Ltd. retired at his own request having reached retiring age. My colleagues and I wish Douglas a long and happy retirement and he leaves us with our grateful thanks for having guided and managed that company so successfully.

I am delighted to be able to report that over 400 UK employees, almost 40 per cent of those eligible, are now saving to become shareholders under the Savings Related Share Option Scheme approved at our last Annual General Meeting.

It has been our practice for many years to post to the homes of all of our UK employees half year and full year reports on the Group's results, together with a letter of commentary by the appropriate managing director. Enclosed with this Annual Report and Accounts is a copy of the 1985 Report to Employees which I have no doubt will be of interest to our shareholders.

On behalf of the shareholders and the Holdings Board, I extend sincere thanks to our people worldwide for their continued loyalty and enthusiastic support. Business last year required exceptional dedication and effort and the challenge was met in a most admirable manner.

Ray Parsons

Executive Chairman

Bowthorpe Holdings PLC
Directors, officers and advisers

Board of directors	R. A. Parsons *Executive Chairman*
	E. B. M. Grubb *Deputy Executive Chairman*
	J. M. Westhead *Managing Director*
	W. Bourne *International Director*
	*A. S. Deutsch (USA)
	C. M. McCarthy *Financial Director*
	*H. A. Vice
	*J. A. D. Wyness
Secretary	E. B. Cox FCIS
Registered office	Gatwick Road, Crawley, West Sussex Telephone: Crawley (0293) 28888
Auditors	Arthur Young, London
Bankers	Midland Bank plc, Crawley, West Sussex
Financial advisers	N. M. Rothschild & Sons Limited, London
Solicitors	Linklaters & Paines, London
Registrars	Lloyds Bank Plc, Goring-by-Sea, Worthing, West Sussex Telephone: Worthing (0903) 502541

*Non-executive directors

Bowthorpe Holdings PLC
Notice of Annual General Meeting

Notice is hereby given that the 37th Annual General Meeting of the Company will be held at the registered office of the Company, Gatwick Road, Crawley, West Sussex, on Tuesday 3rd June, 1986 at 3 pm when the following ordinary and special business will be transacted:

Ordinary business

1 To receive the directors' report and the statement of accounts for the year ended 31st December, 1985.

2 To declare a final dividend.

3 To re-elect Mr. R. A. Parsons a director.

Special notice has been given of the intention to move the following resolution:

That Mr. R. A. Parsons (a director retiring by rotation) be and is hereby re-elected a director of the Company notwithstanding that he has attained 74 years of age.

4 To re-elect Mr. W. Bourne a director.

5 To reappoint the auditors and to authorise the directors to fix their remuneration.

Special business

As special business to consider and, if thought fit, to pass the following resolution as a special resolution:

6 That the directors be and are hereby generally authorised pursuant to and in accordance with section 80 of the Companies Act 1985 to exercise all the powers of the Company to allot relevant securities (within the meaning of section 80 of the said Act) up to an aggregate nominal amount of £1,051,216 provided:

(i) that the aggregate nominal amount of equity securities (within the meaning of section 94 of the said Act) allotted wholly for cash otherwise than in compliance with section 89 of the said Act or in connection with a rights issue shall not exceed £275,000; and

(ii) that this authority shall expire on the date of the next Annual General Meeting or on 3rd September, 1987 whichever is the earlier save that the Company may before such expiry make offers or agreements which would or might require relevant securities to be allotted after such expiry provided that such allotments would fall within the limitations aforesaid if made before such expiry and the directors may allot relevant securities in pursuance of such offers or agreements as if the authority conferred hereby had not expired;

and sub-section 1 of section 89 of the said Act shall not apply to any allotment made pursuant to the said authority.

Special Business (continued)

In this resolution the expression "rights issue" means an offer of securities open for a period fixed by the directors, by way of rights to holders of ordinary shares on the Register on a fixed record date in proportion to their then holdings of such shares (but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory).

Gatwick Road
Crawley, West Sussex
Dated 9th May, 1986

By order of the Board
E. B. Cox
Secretary

Notes

A member entitled to attend and vote at the meeting may appoint some other person as his proxy to attend and, on a poll, to vote instead of him. The proxy need not be a member of the Company. A form of proxy is enclosed.

A statement of notifiable transactions of each director's interests in the share capital of the Company and its subsidiaries and copies of relevant contracts of service of directors are available for inspection at the registered office until the close of the meeting.

Bowthorpe Holdings PLC
Report of the Directors

The directors have pleasure in presenting their report and the statement of accounts for the year ended 31st December, 1985.

Results and dividends

The profit of the Group and its appropriation is set out in the consolidated profit and loss account on page 12. An interim dividend of 2·33p per share was paid on 19th December, 1985 which, together with the final dividend of 4.67p per share now recommended, amounts to 7.00p per share for the year.

The Chairman's review on pages 2 to 4 contains a résumé of the position of the Group at the year end, the development of its business during the year and anticipated future developments.

Subject to confirmation at the Annual General Meeting the recommended final ordinary dividend of 4.67p per share will be paid on 1st July, 1986 to shareholders registered at the close of business on 30th May, 1986.

Principal activity

The principal activity of the Group is the design, manufacture and sale of accessories and components for use mainly in the electronics, telecommunications, aerospace and electric supply industries.

Investment in subsidiaries

The purchase of the assets and business of Monitor Products Company, Inc., USA, was completed on 28th June, 1985 for a total cash consideration of US$6,750,000.

The Company acquired 22 shares (being 22% of the issued share capital) of Bowthorpe Microsystems Limited, thereby making it a wholly-owned subsidiary.

Thirty-five shares of WAGO Corporation have been subscribed for by Mr. M. A. Lane, President of that Corporation, for a cash consideration of US$200 per share. There is an obligation on Mr. Lane to sell the shares back to WAGO Corporation in certain circumstances. Mr. Lane now holds a total of fifty shares (being 3% of the issued share capital) of the Corporation.

The following significant changes in investments in subsidiaries have taken place since the year end:

On 9th January, 1986 the Company purchased the whole of the issued share capital of Starpoint Electrics Limited, Surrey, for an initial consideration of £2,320,500, satisfied as to £1,929,304 in cash and the balance by the issue of 99,999 ordinary shares of the Company. Further cash payments will be made based upon profits made by Starpoint Electrics Limited for the six years to 1990.

On 11th April, 1986 the Company acquired 85% of the issued share capital of Wessex Advanced Switching Products Limited for an aggregate consideration of £1,912,500, satisfied as to £1,572,500 in cash and as to £340,000 by the issue of unsecured loan notes 1991. The Company has an option to acquire the outstanding 15% of the issued share capital at the end of seven years or earlier in certain circumstances.

Substantial shareholdings

As at 10th April, 1986 the following substantial shareholdings have been notified to the Company:

Deutsch Company Electronic Components Division 4,450,001 ordinary shares (10·00%).
Prudential Corporation PLC group of companies 3,042,812 ordinary shares (6·84%).

As far as the directors are aware there were no other notifiable holdings.

Charitable and political contributions

During the year the Group contributed £9,144 to various charities and £5,000 to the Conservative Party.

Employees

In the majority of the Company's UK subsidiaries consultative committees, elected by employees, meet regularly and are provided with information on market conditions, business performance and future plans. All employees in the UK receive information concerning the Company's yearly and half-yearly results. The Company endeavours to integrate disabled persons with other employees, taking into account their particular aptitudes and abilities.

Employees are encouraged to become involved in the Company's performance through their participation in the Executive Share Option Scheme and the Savings Related Share Option Scheme which were introduced after approval by the shareholders at the 1985 Annual General Meeting.

Directors

The present directors of the Company are shown on page 5 and all held office throughout the year.

Mr. R. A. Parsons and Mr. W. Bourne are the directors retiring by rotation in accordance with Article 88 and, being eligible, will be proposed for re-election at the forthcoming Annual General Meeting. Mr. Parsons and Mr. Bourne have service contracts with the Company, both of which expire on 3rd March, 1991.

Special Notice has been received by the Company that a resolution will be put to the Meeting to re-elect Mr. Parsons as a director notwithstanding that he has attained 74 years of age.

Directors' Interests

The interests of the directors in the securities of the Company are shown below:

	31st December, 1985			1st January, 1985		
	Executive Share Option Scheme	Savings Related Share Option Scheme	Ordinary Shares	Executive Share Option Scheme	Savings Related Share Option Scheme	Ordinary Shares
R. A. Parsons	73,700	2,569	381,000	–	–	381,000
E. B. M. Grubb	47,400	2,569	2,000	–	–	2,000
J. M. Westhead	47,400	2,569	350	–	–	350
W. Bourne	42,150	3,055	550	–	–	550
C. M. McCarthy	36,850	3,055	–	–	–	–

Mr. A. S. Deutsch had an interest on 31st December, 1985 in 4,450,001 (1984 4,450,001) ordinary shares representing 10.03% (1984 10.03%) of the issued share capital, held by the Deutsch Company Electronic Components Division which supplies components to Hellermann Deutsch Limited, a wholly-owned subsidiary of the Company.

As at 31st December, 1985 Mr. J. A. D. Wyness had a non-beneficial interest in 40,250 (1984 40,250) ordinary shares.

As at 31st December, 1985 Mr. C. M. McCarthy held a joint non-beneficial interest in 177 (1984 156) units of 7% unsecured loan stock 1990/95.

Except as stated no other director held any interest in the Company's shares, loan or debenture stock during the year.

There has been no change in the directors' interests between 1st January, 1986 and 10th April, 1986.

There were no contracts of any significance subsisting during, or at the end of, the financial year in which a director of the Company was materially interested.

Report of the Directors (continued)

Income and Corporation Taxes Act 1970

So far as the directors are aware the Company is not a close company for taxation purposes and there has been no change in this respect since 31st December, 1985.

Capital Gains Tax

The market value of the Company's shares and loan stock at 6th April, 1965 for the purposes of UK Capital Gains Tax was:

10p ordinary shares (as adjusted for subsequent scrip and rights issues where taken up)	41·55p
7% unsecured loan stock 1990/95	£97·50

Auditors

In accordance with section 384 of the Companies Act 1985 a resolution proposing the reappointment of Messrs. Arthur Young as auditors to the Company will be put to the Annual General Meeting.

Gatwick Road
Crawley, West Sussex
15th April, 1986

By order of the Board
E. B. Cox
Secretary

Principal subsidiary and related companies

As at 31st December, 1985

United Kingdom

Bowthorpe EMP Ltd
Brighton, East Sussex
Surge arresters and power line fittings
Executive responsible: T. Starr

Bowthorpe-Hellermann Ltd
trading as:

Bowthorpe-Hellermann Distributors
Aldridge, West Midlands
Electrical wholesale suppliers
Executive responsible: D. M. La Trobe

Hellermann Electric
Plymouth, Devon
Heatshrink and cable accessories
Executive responsible: T. R. Burton

Hellermann Insuloid
Wythenshawe, Manchester
Cable fixing and protection
Executive responsible: D. H. Latham

Devlin Electronics Ltd (85%)
Basingstoke, Hampshire
Keyboards, keypads and components
Executive responsible: E. B. M. Grubb

Hellermann Deutsch Ltd
East Grinstead, West Sussex
Connectors and relays
Executives responsible: D. J. Burt and G. H. Stone

William McGeoch & Co (Birmingham) Ltd*
Witton, Birmingham
Defence and harsh environment components and instrumentation
Executive responsible: K. H. Homans

McGeoch & Macphail Ltd*
Hillington, Glasgow
Marine and industrial lighting and wiring products
Executive responsible: J. S. Macphail

Power Development Ltd (75%)
Cheshunt, Hertfordshire
Transient voltage protection
Executive responsible: R. A. Bevan

Redpoint Ltd
Swindon, Wiltshire
Cooling devices
Executive responsible: W. H. Wilkes

Overseas

Autronics Corporation*
California, USA
Electronic controls and power supplies
Executive responsible: J. Page

Bowthorpe Australia Pty Ltd
Sydney, Australia
Power line fittings and cable accessories
Executive responsible: K. V. Ticehurst

Bowthorpe-Hellermann-Deutsch (Pty) Ltd (90%)
Johannesburg, South Africa
Cable accessories and heatshrink
Executive responsible: C. T. Rosenberg

Bowthorpe International Inc*
Delaware, USA
US Holding Company
Executive responsible: E. B. M. Grubb

Paul Hellermann GmbH (98%)*
Pinneberg, W. Germany
Cable accessories and heatshrink
Executive responsible: U. Hegeler

Hellermann do Brasil Industria e Comercio Ltda (51%)
São Paulo, Brazil
Cable accessories and heatshrink
Executive responsible: G. Rodosli

Hellermann France SA
Paris, France
Cable accessories and heatshrink
Executive responsible: D. Mauger

Monitor Products Company Inc*
California, USA
Frequency control devices
Executive responsible: J. Blasier

SBD Electronic Systems Inc*
New York, USA
Electronic power supplies
Executive responsible: A. Schneider

Tempo Instrument Inc*
New York, USA
Electronic controls and power supplies
Executive responsible: G. J. Sbordone

Tyton Corporation (97%)*
Wisconsin, USA
Cable fixing and protection
Executive responsible: D. A. Pleshe

WAGO Contact SA (51%)*
Domdidier, Switzerland
Screwless wiring connectors
Executive responsible: W. Hohorst

WAGO-Kontakttechnik GmbH (51%)*
Minden, W. Germany
Screwless wiring connectors
Executive responsible: W. Hohorst

Related companies

Compagnie Deutsch SA (23%)
Paris, France
Connectors and relays
Issued share capital Fr. 39,600,000

Tyton Company of Japan Ltd (49%)
Tokyo, Japan
Cable fixing and wiring accessories
Issued share capital Yen 40,000,000

Notes
Wholly-owned unless otherwise indicated, operating and incorporated in the countries listed. All shareholdings in the above companies are directly held by Bowthorpe Holdings PLC, except where indicated by an asterisk (*).
The product groups mentioned are indicative and not comprehensive.

Bowthorpe Holdings PLC
Consolidated profit and loss account

Year ended 31st December, 1985	*Note*		1985 £000		1984 £000
Turnover	2		125,948		108,921
Cost of sales			75,336		65,477
Manufacturing profit			50,612		43,444
Selling and distribution		19,100		17,123	
Administration		11,334		10,882	
Other operating income		(191)		(115)	
			30,243		27,890
Trading profit	3		20,369		15,554
Consequential loss insurance claim			-		1,130
Share of profits of related companies			1,528		799
Operating profit			21,897		17,483
Interest receivable and similar income			2,620		3,811
Interest payable	4		(1,279)		(1,172)
Profit before taxation			23,238		20,122
Taxation	7		9,429		9,424
Profit after taxation			13,809		10,698
Minority shareholders' interest			870		724
Profit attributable to shareholders			12,939		9,974
Dividends:					
Interim 2·33p (1984 2·07p)		1,034		919	
Final 4·67p (1984 3·41p)		2,078		1,513	
			3,112		2,432
Profit retained	27		9,827		7,542
Earnings per share	8		29·1p		22·5p

The notes on pages 11 and 16 to 27 form part of these accounts

Bowthorpe Holdings PLC
Consolidated balance sheet

As at 31st December, 1985	*Note*	1985 £000		1984 £000	
Fixed assets					
Tangible assets	9		24,213		23,913
Related companies	12		5,324		4,498
			29,537		28,411
Current assets					
Stocks	13	19,810		19,655	
Debtors	14	23,459		24,241	
Investments	15	16,550		12,920	
Cash at bank and in hand		11,382		12,742	
		71,201		69,558	
Current liabilities					
Creditors due within one year	16	24,800		25,949	
Loans and overdrafts	17	1,831		2,873	
		26,631		28,822	
Net current assets			44,570		40,736
Assets less current liabilities			74,107		69,147
Financed by:					
Long term liabilities					
Creditors due after one year	18		11,176		7,472
Provision for deferred taxation	19		1,591		2,006
Deferred income	20		154		336
Minority shareholders' interest			2,608		2,270
Capital and reserves					
Called up share capital	25	4,439		4,439	
Share premium account		9,266		9,266	
Revaluation reserve	26	103		135	
Profit and loss account	27	44,770		43,223	
			58,578		57,063
Capital employed			74,107		69,147

Signed on behalf of the Board
R. A. PARSONS, C. M. McCARTHY, Directors 15th April, 1986

The notes on pages 11 and 16 to 27 form part of these accounts.

Bowthorpe Holdings PLC
Consolidated source and application of funds

Year ended 31st December, 1985	*Note*	1985 £000		1984 £000	
Source of funds					
Trading:					
Profit before taxation			23,238		20,122
Depreciation			5,129		4,454
Profits retained in related companies			(686)		(327)
Loss/(profit) on disposal of tangible assets			17		(44)
			27,698		24,205
Other:					
Loans and finance leases			5,275		1,957
Proceeds from disposal of tangible assets			239		335
Exchange adjustments on foreign subsidiaries' net current assets			(4,278)		3,204
			28,934		29,701
Application of funds					
Dividends paid to shareholders		2,547		2,180	
Loans becoming due within one year		449		761	
Taxation paid		9,683		7,471	
Capital expenditure		7,323		7,397	
Acquisitions and disposals of subsidiaries	28	5,337		5,266	
Miscellaneous		444		545	
		25,783		23,620	
Increases (decreases) in working capital:					
Stocks		(286)		3,340	
Debtors		(1,691)		4,822	
Creditors (excluding loans)		1,798		(2,732)	
			25,604		29,050
Net liquid funds					
Increase in the year			3,330		651
At 1st January			22,789		20,765
Net liquid funds of subsidiaries acquired			(18)		1,373
			26,101		22,789
At 31st December:					
Short term securities			16,550		12,920
Cash and deposits			11,382		12,742
Loans and overdrafts			(1,831)		(2,873)
			26,101		22,789

The notes on pages 11 and 16 to 27 form part of these accounts.

Bowthorpe Holdings PLC
Balance sheet of the Company

As at 31st December, 1985	*Note*	1985 £000		1984 £000	
Fixed assets					
Tangible assets	9		2,367		2,376
Shares in subsidiaries	10		9,951		14,943
Loans to subsidiaries	11		14,358		9,260
Related companies	12		134		134
			26,810		26,713
Current assets					
Debtors	14	4,474		3,964	
Investments	15	10,898		5,774	
Cash at bank and in hand		3,785		7,399	
		19,157		17,137	
Current liabilities					
Creditors due within one year	16	4,805		5,502	
Net current assets			14,352		11,635
Assets less current liabilities			41,162		38,348
Financed by:					
Long term liabilities					
Creditors due after one year	18		6,890		6,576
Provision for deferred taxation	19		48		50
Deferred income	20		21		41
Capital and reserves					
Called up share capital	25	4,439		4,439	
Share premium account		9,266		9,266	
Revaluation reserve	26	22		22	
Profit and loss account	27	20,476		17,954	
			34,203		31,681
Capital employed			41,162		38,348

Signed on behalf of the Board
R. A. PARSONS, C. M. McCARTHY, Directors 15th April, 1986

The notes on pages 11 and 16 to 27 form part of these accounts.

Bowthorpe Holdings PLC
Notes to the accounts

1 Accounting policies

Basis of consolidation
The consolidated profit and loss account and balance sheet incorporate the audited accounts of the Company and all its subsidiaries made up to 31st December. The Company is not required to present a separate profit and loss account as provided by s.228 (7) of the Companies Act 1985.
Goodwill, arising on acquisitions and representing the excess of cost over the fair value of the attributable assets and liabilities acquired, is written off against reserves.
The consolidated accounts include the Group's share of profits of related companies. Related companies are those in which the Group owns not less than 20% of the equity capital and has significant management participation. Results are based on management accounts to 31st December.

Foreign currencies
The Company has changed its accounting policy in respect of foreign currencies. The results of overseas subsidiaries and related companies have been translated into sterling using average instead of closing rates. Comparatives have been restated, the effects are detailed in note 27 on page 26.
Assets and liabilities denominated in foreign currencies are translated at the rates ruling at 31st December, except for long term intra-group loans which are translated at historic rates. Profits and losses arising from the retranslation of opening net assets of overseas subsidiaries, treating long term intra-group loans as part of equity investment, and exchange adjustments arising from the translation of the results of overseas subsidiaries and related companies are dealt with through reserves. All other exchange profits and losses are dealt with through the profit and loss account.

Turnover
Represents the amounts charged to customers for goods and services during the year excluding tax and intra-group transactions other than those with related companies.

Product development
Expenditure is charged to profit and loss account in the year in which it is incurred.

Pension contributions
In the UK the Staff Pension and Retirement Cash and Life Assurance Plans are funded by annual contributions to Clerical Medical Managed Funds Limited and the Clerical Medical and General Life Assurance Society respectively, based on triennial actuarial valuations, the last of which was on 1st July, 1984.

Deferred taxation
Provision is made calculated on the liability method for deferred taxation on short term timing differences and on long term timing differences except where the liability is not expected to arise in the foreseeable future.

Stocks
Stocks are valued at the lower of cost or estimated net realisable value. Cost represents the full manufacturing cost on a FIFO basis, which includes all attributable overheads. Net realisable value represents selling price less further costs to be incurred to completion and on sale.

1 Accounting policies (continued)

Tangible assets

Depreciation is not provided on freehold land where the value is separately identifiable. Depreciation is provided to write off all other assets over their estimated useful lives at rates which take into account commercial conditions at their location. Usual asset lives are as follows:

Freehold buildings	50 years
Leasehold properties	50 years or remainder of lease period
Plant and machinery	3-8 years
Fixtures, fittings and equipment:	
Building installations	20 years
Fittings and equipment	5-8 years
Motor vehicles	5 years

Capital grants are treated as deferred income and are released to profit and loss account over the estimated useful lives of the assets to which they relate up to a maximum of ten years.

Assets obtained under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their estimated useful lives. The interest element of the rentals is charged to profit and loss account in equal instalments over the period of the lease.

Operating lease rentals are charged to profit and loss account over the period of the lease.

		1985 £000	1984 £000
2 Turnover	The turnover and profit before taxation were attributable to the Group's principal activity.		
	The geographical analysis of turnover was:		
	Europe – United Kingdom	45,200	41,296
	– other	33,036	28,196
	Americas	37,473	28,132
	Africa	3,923	5,114
	Australasia	3,621	3,849
	Asia	2,695	2,334
		125,948	108,921
3 Trading profit	Trading profit is arrived at after charging:		
	Depreciation *note 9* – owned assets	4,802	4,238
	– leased assets	327	216
	Operating lease costs – hire of plant and equipment	250	199
	– land and buildings	1,301	1,357
	Auditors' remuneration	447	416
	Directors' remuneration *note 6*	384	359
4 Interest payable	Loans not repayable within 5 years:		
	8% debenture stock 1988/93	42	44
	7% unsecured loan stock 1990/95	35	35
	Other loans	217	296
		294	375
	Loans and overdrafts repayable within 5 years	902	720
	Interest on finance leases	83	77
		1,279	1,172

Notes to the accounts (continued)

5 Employees

	1985 Number	1984 Number
The average number of employees of the Group during the year was:		
Manufacturing	2,237	1,976
Selling and distribution	596	550
Administration	379	379
	3,212	2,905

	£000	£000
Their payroll costs were:		
Remuneration	31,644	26,472
Social security costs	3,956	3,367
Other pension costs	1,332	1,058
	36,932	30,897

	Number	Number
UK employees whose remuneration exceeded £30,000:		
£30,001 – £35,000	3	–
£35,001 – £40,000	3	4
£40,001 – £45,000	–	1
£45,001 – £50,000	1	–
£50,001 – £55,000	–	1

6 Directors' remuneration

	£000	£000
Fees	17	15
Pension scheme contributions	45	48
Other emoluments	322	296
	384	359

	£	£
Fees and emoluments of the Chairman	80,500	69,575
Fees and emoluments of the highest paid director	91,000	90,925

	Number	Number
Other directors:		
Nil – £5,000	3	3
£10,001 – £15,000	–	1
£35,001 – £40,000	–	1
£40,001 – £45,000	–	2
£45,001 – £50,000	1	–
£50,001 – £55,000	2	–

7 Taxation

	1985 £000	1984 £000
Based on the profits for the year:		
Corporation tax at 45% for 3 months, 40% for 9 months (1984 50% and 45% respectively)	5,267	5,440
Overseas taxation	5,220	5,015
Double taxation relief	(1,556)	(1,194)
Deferred taxation	(207)	(145)
Over provisions in prior years	(94)	(139)
	8,630	8,977
Share of related companies' taxation	799	447
	9,429	9,424
Full provision for deferred taxation would increase/(decrease) the charge for the year by	1	139

8 Earnings per share

Earnings per share are calculated by reference to the earnings for the year and the number of ordinary shares in issue during the year as follows:

	1985 £000	1984 £000
Earnings	12,939	9,974
	Number	Number
Number of shares in issue	44,387,841	44,387,841

9 Tangible assets

	Land and Buildings Freehold £000	Long lease £000	Short lease £000	Plant and machinery £000	Fixtures fittings and equipment £000	Total £000
Group						
Cost or valuation:						
At 1st January, 1985	9,595	332	479	27,487	9,559	47,452
Exchange adjustment	(862)	—	(15)	(1,541)	(664)	(3,082)
Additions by acquisition	—	—	—	83	45	128
Other additions	807	—	16	4,574	1,926	7,323
Transfers	—	—	—	(13)	13	—
Disposals	—	—	(19)	(273)	(690)	(982)
At 31st December, 1985	9,540	332	461	30,317	10,189	50,839
At cost	9,157	269	461	30,317	10,189	50,393
At 1971 valuation	228	63	—	—	—	291
At 1973 valuation	155	—	—	—	—	155
Depreciation:						
At 1st January, 1985	1,181	77	188	17,597	4,496	23,539
Exchange adjustment	(149)	—	(7)	(894)	(266)	(1,316)
Provided during the year	261	7	25	3,436	1,400	5,129
Disposals	—	—	(15)	(229)	(482)	(726)
At 31st December, 1985	1,293	84	191	19,910	5,148	26,626
Net book value at 31st December, 1985	8,247	248	270	10,407	5,041	24,213

Notes to the accounts (continued)

9 Tangible assets (continued)

	Land and Buildings Freehold £000	Land and Buildings Long lease £000	Plant and machinery £000	Fixtures fittings and equipment £000	Total £000
Company					
Cost or valuation:					
At 1st January, 1985	2,071	245	4	387	2,707
Additions	–	–	–	113	113
Disposals	–	–	–	(21)	(21)
At 31st December, 1985	2,071	245	4	479	2,799
At cost	1,943	182	4	479	2,608
At 1971 valuation	128	63	–	–	191
Depreciation:					
At 1st January, 1985	158	35	3	135	331
Provided during the year	32	4	–	76	112
Disposals	–	–	–	(11)	(11)
At 31st December, 1985	190	39	3	200	432
Net book value at 31st December, 1985	1,881	206	1	279	2,367

Tangible assets include the following:

	Freehold	Long lease	Plant and machinery	Fixtures fittings and equipment	Total
Leased assets					
Group					
Net book value at 1st January, 1985	–	–	38	539	577
Depreciation provided during the year	–	–	36	291	327
Net book value at 31st December, 1985	–	–	111	566	677

	£000 Group	£000 Company
Land and buildings included at valuation		
Historical cost:		
At 1st January, 1985	384	169
Exchange adjustment	(47)	-
At 31st December, 1985	337	169
Depreciation based on cost:		
At 1st January, 1985	96	24
Exchange adjustment	(17)	–
Provided during the year	8	4
At 31st December, 1985	87	28
Net historical cost value at 31st December, 1985	250	141

If the land and buildings were sold at their valuations a tax liability of £43,000 (Company £7,000) would arise.

9 Tangible assets (continued)

	1985 £000 Group	1985 £000 Company	1984 £000 Group	1984 £000 Company
Capital expenditure commitments:				
Contracted but not provided	871	–	1,677	–
Authorised by the directors but not contracted	8,408	152	8,616	149

10 Shares in subsidiaries

	1985 £000 Group	1985 £000 Company
Cost:		
At 1st January, 1985		17,982
Transferred to subsidiary		(5,398)
Additions		406
At 31st December, 1985		12,990
Provisions:		
At 1st January, 1985 and at 31st December, 1985		3,039
Net book value at 31st December, 1985		9,951

11 Loans to subsidiaries

	Group	Company
At 1st January, 1985		9,260
Advances		6,386
Repayments		(1,288)
At 31st December, 1985		14,358

12 Related companies

	Group	Company
Cost at 1st January, 1985 and at 31st December, 1985	134	134
Share of retained profits and reserves at 1st January, 1985	4,364	
Exchange adjustment	140	
Share of retained profits for the year	686	
At 31st December, 1985	5,190	
Net book value at 31st December, 1985	5,324	

Income received in the year was £43,000 (1984 £27,000)

13 Stocks

	1985 £000 Group	1984 £000 Group
Balance sheet value:		
Raw materials	4,830	4,160
Work in progress	5,659	6,307
Finished goods	9,321	9,188
	19,810	19,655
Replacement cost:		
Raw materials	4,879	4,208
Work in progress	5,715	6,587
Finished goods	9,704	9,781
	20,298	20,576

Notes to the accounts (continued)

14 Debtors

	1985 £000 Group	1985 £000 Company	1984 £000 Group	1984 £000 Company
Due within one year:				
Trade debtors	21,036	–	21,966	–
Owed by group companies	–	3,515	–	3,246
Owed by related companies	152	–	118	–
Other debtors	987	123	925	64
Prepayments and accrued income	1,010	266	1,037	252
	23,185	3,904	24,046	3,562
Due after one year:				
Other debtors	274	–	195	–
Advance corporation tax	857	849	649	649
Deferred taxation offset *note 19*	(857)	(279)	(649)	(247)
	274	570	195	402
Total debtors	23,459	4,474	24,241	3,964

15 Investments

	1985 £000 Group	1985 £000 Company	1984 £000 Group	1984 £000 Company
Short term securities:				
Listed	8,328	3,447	9,485	3,912
Unlisted	8,222	7,451	3,435	1,862
	16,550	10,898	12,920	5,774
Market value of listed investments	8,476	3,589	9,680	4,006
Market value of unlisted investments	8,480	7,709	3,513	1,940

£7,709,000 (Company £7,709,000) of the market value of unlisted investments relates to readily marketable securities.
Income from listed investments was £664,000 (1984 £675,000).

16 Creditors due within one year

	1985 £000 Group	1985 £000 Company	1984 £000 Group	1984 £000 Company
Payments received on account	490	–	1,029	–
Trade creditors	7,711	–	7,610	–
Bills of exchange payable	349	–	372	–
Owed to group companies	–	33	–	69
Owed to related companies	234	–	231	–
Other creditors	895	183	1,800	214
Accruals and deferred income	5,796	1,286	5,973	1,508
Proposed dividend	2,078	2,078	1,513	1,513
Corporation tax – UK and overseas	4,712	987	5,010	1,995
Other taxes and social security costs	2,535	238	2,411	203
	24,800	4,805	25,949	5,502

17 Loans and overdrafts

	1985 £000 Group	1984 £000 Group
Bank overdrafts:		
Secured	189	313
Unsecured	531	375
Loans and finance lease obligations due within one year *note 22*	1,111	2,185
	1,831	2,873

Overdrafts are secured either by mortgages on the freehold properties or by floating charges on the assets of the borrowing subsidiaries.

18 Creditors due after one year

	1985 £000 Group	1985 £000 Company	1984 £000 Group	1984 £000 Company
Debenture and loan stocks *note 24*	1,030	1,030	1,035	1,035
Loans and finance lease obligations *note 22*	8,312	–	4,612	–
Owed to group companies	–	5,860	–	5,491
Other creditors	142	–	213	50
Corporation tax – UK	1,692	–	1,612	–
	11,176	6,890	7,472	6,576

19 Deferred taxation

Deferred taxation provided in the accounts and the amounts not provided are as follows:

	1985 £000 Group	1985 £000 Company	1984 £000 Group	1984 £000 Company
Provided:				
Capital allowances in advance of the corresponding charges for depreciation	2,448	327	2,655	297
Less: advance corporation tax *note 14*	857	279	649	247
	1,591	48	2,006	50
Not provided:				
Capital gains on properties	577	542	591	541

The provision for deferred taxation has been computed at the rates which will apply when the deferred tax liabilities are expected to crystallise.

20 Deferred income

	1985 £000 Group	1985 £000 Company	1984 £000 Group	1984 £000 Company
Capital grants	154	21	206	41
Material damage insurance	–	–	130	–
	154	21	336	41

Notes to the accounts (continued)

21 Contingent liabilities

	1985 £000 Group	1985 £000 Company	1984 £000 Group	1984 £000 Company
In respect of bills discounted	1,082	–	507	–
In respect of bank guarantees	–	890	–	1,035

22 Loans and finance lease obligations

	1985 Group	1984 Group
Secured:		
Bank loans	1,669	1,671
Other loans	2,527	3,819
Finance lease obligations	707	564
	4,903	6,054
Unsecured:		
Bank loans	4,347	221
Other loans	173	522
	4,520	743
	9,423	6,797
Due within one year *note 17*	1,111	2,185
Due after one year *note 18*	8,312	4,612
Repayment schedule:		
Between one and two years	786	489
Between two and five years	5,692	1,673
In five years or more	1,834	2,450
	8,312	4,612

Loans are secured either by mortgages on the freehold properties or by floating charges on the assets of the borrowing subsidiaries. The long term secured loans are repayable in annual amounts ranging between £28,000 and £689,000 until the year 2032 and bear interest at an average rate of 7%.

23 Operating lease commitments

At 31st December, 1985 annual commitments under operating leases were as follows:

	1985 £000 Group Land and buildings	1985 £000 Group Plant and equipment	1984 £000 Group Land and buildings	1984 £000 Group Plant and equipment
Operating leases which expire:				
Within one year	174	52	90	22
In the second to fifth years	359	200	437	82
Over five years	647	14	708	30
	1,180	266	1,235	134

The majority of leases for land and buildings are subject to rent reviews.

24 Debenture and loan stocks

	1985 £000 Group	1985 £000 Company	1984 £000 Group	1984 £000 Company
8% debenture stock 1988/93 (secured)	530	530	535	535
7% unsecured loan stock 1990/95	500	500	500	500
	1,030	1,030	1,035	1,035

The 8% debenture stock 1988/93 is repayable:

a. At par by drawings out of a sinking fund established at the rate of £25,000 per annum.
b. By purchase on a recognised stock exchange or by tender at any price or by private treaty at a price not exceeding £105 per cent.
c. At par at any time after 30th September, 1988.
d. The outstanding balance on 30th September, 1993 at par.

During the year £5,350 (1984 £69,461) of the debenture stock was purchased for the sum of £4,260 (1984 £57,841) leaving a balance outstanding of £529,513. No sinking fund has been established as purchases to 30th September, 1985 exceed the sinking fund requirements.

The debenture stock is secured by a floating charge on the assets of the Company and certain charging subsidiaries.

The 7% loan stock 1990/95 is repayable:

a. At par at any time after 30th June, 1990.
b. The outstanding balance on 31st December, 1995 at par.

25 Share capital

	1985 £000	1984 £000
10p ordinary shares:		
Authorised	5,500	5,500
Called up and fully paid	4,439	4,439

As at 31st December, 1985 options over 559,450 ordinary shares remained outstanding under the Executive Share Option Scheme. These options were granted on 3rd July, 1985 at an option price of £3.15 per share and are normally exercisable during the period of 3 to 10 years following the date of grant.

As at 31st December, 1985 options over 299,169 ordinary shares remained outstanding under the Savings Related Share Option Scheme. These options were granted on 10th July, 1985 at an option price of £2.88 per share and are normally exercisable after either 5 or 7 years.

26 Revaluation reserve

	1985 £000 Group	1985 £000 Company
At 1st January, 1985	135	22
Exchange adjustment	(32)	—
At 31st December, 1985	103	22

Notes to the accounts (continued)

27 Profit and loss account

		1985 £000 Group	1985 £000 Company
At 1st January, 1985		43,223	17,954
Exchange adjustments on subsidiary and related companies		(4,123)	–
Goodwill arising on investments in subsidiaries		(4,157)	–
Profit retained		9,827	2,522
At 31st December, 1985			
Group (including £5,028,000 non-distributable)	39,580		
Related companies	5,190		
		44,770	20,476

The accounting policy in respect of foreign currencies has been changed during the year since the directors consider that the new policy will give a fairer presentation of the results of the Group.

The results for 1984 have been restated in respect of foreign currency translation, resulting in a reduction of the profit before taxation of £825,000. The total of reserves at 31st December, 1984 is unchanged, but profit retained for that year has been reduced by £484,000 and goodwill arising on investments in subsidiaries by £230,000, these adjustments are matched by equal and opposite exchange adjustments.

28 Acquisitions and disposals of subsidiaries

	1985 £000 Acquisitions	1984 £000 Acquisitions	1984 £000 Disposals	1984 £000 Net
Tangible assets	128	529	(2)	527
Stocks	441	215	(200)	15
Debtors	909	1,004	(67)	937
Creditors	(311)	(372)	28	(344)
Taxation payable	–	(343)	(5)	(348)
Cash, loans and overdrafts	(18)	1,231	142	1,373
Minority interest	31	–	(7)	(7)
	1,180	2,264	(111)	2,153
Goodwill	4,098	3,161	–	3,161
Profit on disposals	–	–	(70)	(70)
	5,278	5,425	(181)	5,244
Additional investments in existing subsidiaries	59	22	–	22
	5,337	5,447	(181)	5,266
Consideration:				
Cash (including expenses £160,000)	5,337	5,447	(181)	5,266

28 **Acquisitions and disposals of subsidiaries (continued)**

Since the year end the following acquisitions have taken place:

On 9th January, 1986 the entire issued share capital of Starpoint Electrics Limited was purchased for an initial consideration of £2,320,500. Further payments will be made based upon profits made by Starpoint Electrics Limited for the six years to 1990, the first of which will be £2,237,997 to be paid on 30th April, 1986.

On 11th April, 1986, 85% of the issued share capital of Wessex Advanced Switching Products Limited was purchased for a total consideration of £1,912,500. The company has an option to acquire the outstanding 15% of the issued share capital at the end of seven years or earlier in certain circumstances.

Auditors' report

To the members of Bowthorpe Holdings PLC

We have audited the accounts on pages 11 to 27 in accordance with approved auditing standards. These accounts have been prepared under the historical cost convention, modified by the inclusion of certain fixed assets at a valuation, as disclosed in note 9.

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, 1985 and of the profit and source and application of funds of the Group for the year to that date and comply with the Companies Act 1985.

Arthur Young *Chartered Accountants* Arthur Young.

Rolls House, 7 Rolls Buildings, Fetter Lane, London EC4A 1NH. 15th April, 1986

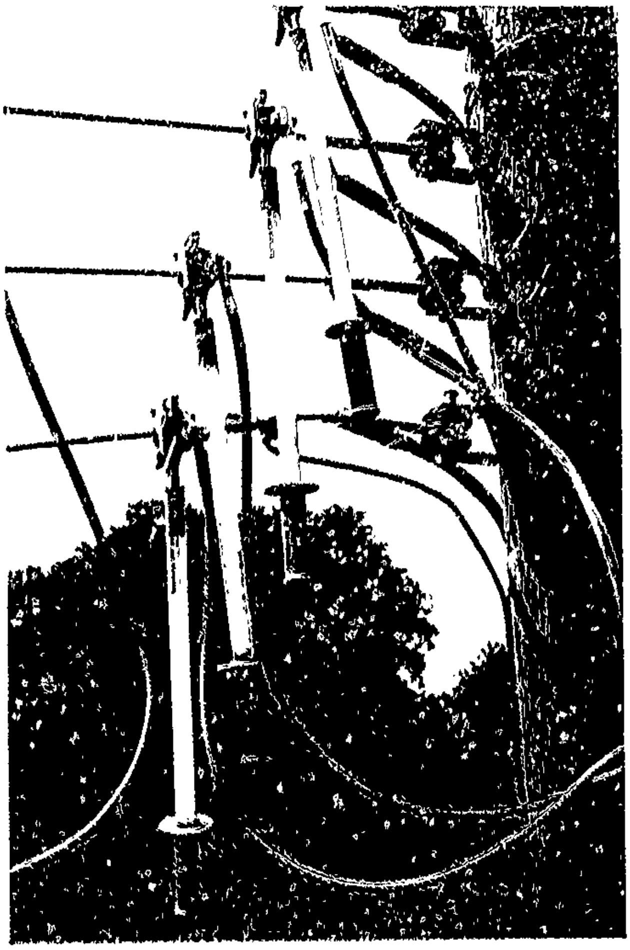
Five year comparative summary

		1985 £000	1984 £000	1983 £000	1982 £000	1981 £000
Consolidated profit and loss account	**Turnover**	125,948	108,921	87,212	72,789	63,944
	Trading profit	20,369	15,554	11,634	10,237	9,712
	Consequential loss insurance claim	–	1,130	1,405	650	–
	Related companies' profits	1,528	799	462	1,082	1,795
	Operating profit	21,897	17,483	13,501	11,969	11,507
	Interest	1,341	2,639	1,741	446	(105)
	Profit before taxation	23,238	20,122	15,242	12,415	11,402
	Taxation	9,429	9,424	6,789	5,637	5,653
	Minority interest	870	724	299	234	119
	Profit attributable to shareholders*	12,939	9,974	8,154	6,544	5,630
	Dividends (excluding tax credit)	3,112	2,432	2,078	1,726	1,372
Consolidated balance sheet	Tangible assets‡	24,213	23,913	19,059	14,747	12,235
	Related companies	5,324	4,498	3,763	3,715	3,198
	Working capital excluding cash and overdrafts	16,635	16,122	12,857	11,534	11,111
	Operating assets	46,172	44,533	35,679	29,996	26,544
	Shareholders' funds	58,578	57,063	48,021	45,187	30,905
	Minority interest	2,608	2,270	1,660	1,662	1,332
	Deferred income	154	336	472	202	190
	Deferred taxation net of ACT	1,591	2,006	2,256	(454)	(328)
	Loans and overdrafts	11,173	8,520	6,724	5,494	5,260
	Cash and short term securities	(27,932)	(25,662)	(23,454)	(22,095)	(10,815)
	Net corporate finance	46,172	44,533	35,679	29,996	26,544
Investment	Capital expenditure	7,323	7,397	5,778	5,098	2,983
	Return on operating assets – per cent: Average	48·3	43·6	41·1	42·3	43·4
	Closing	47·4	39·3	37·8	39·9	43·4
	Earnings per share – pence*	29·1	22·5	18·4	15·8	13·9
	Net dividend per share – pence	7·0	5·5	4·7	4·0	3·4
	Fully paid ordinary shares in issue at year end – millions	44·4	44·4	44·4	44·4	40·4

Notes

* 1983 excluding extraordinary deferred taxation.

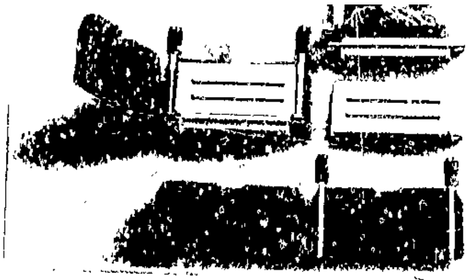
‡ For 1981 and 1982 payments in respect of financed leased assets were charged to profit and loss account.



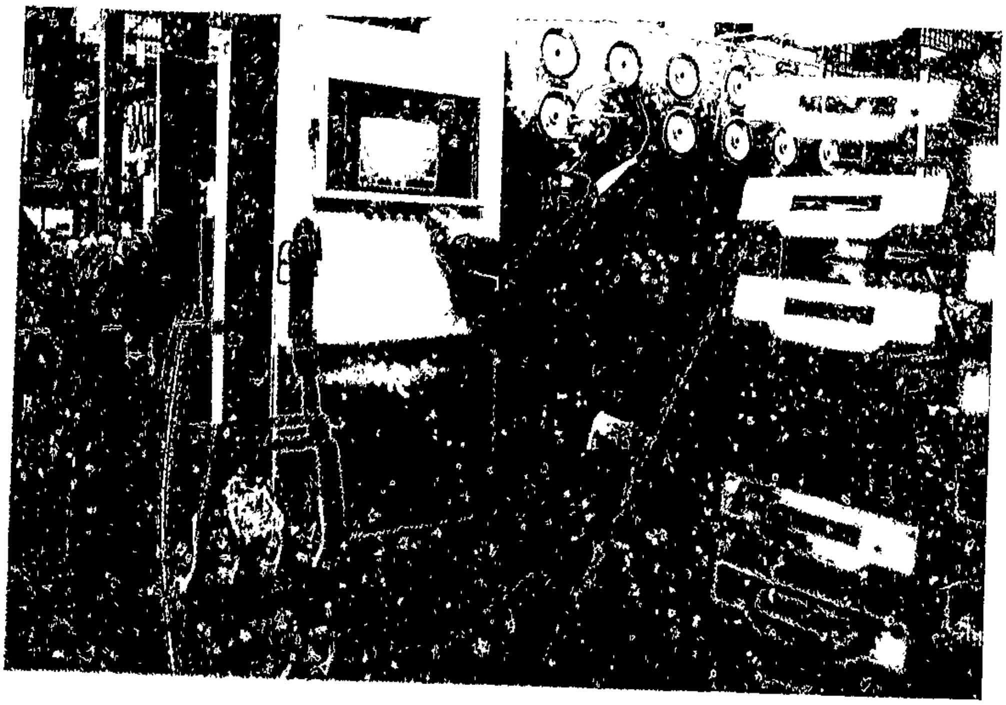
Bowthorpe EMP has introduced an extended range of portable earthing kits, providing a new level of safety for engineers working on overhead power lines

Marconi Command and Control Systems DN181 Blindfire radar is fitted with Hellermann Deutsch terminal junctions, bayonet lock connectors and relays. Blindfire is used with the British Aerospace Rapier surface-to air missile system.

Connector shielding products have been introduced by Bowman Electronics. The shielding is designed to give complete integrity when used in conjunction with screened cable against external interference.



A second Bowthorpe Microsystems plating plant control system has been installed at Yale Security Products, Willenhall. The first achieved major improvements in throughput, plating consistency and plant flexibility.



WAGO cage-clamp terminal blocks are used in railway locomotives, carriages and track point heaters. A recent example is the German Railways Inter City Experimental Train, seen alongside 'Adler,' the first German steam train