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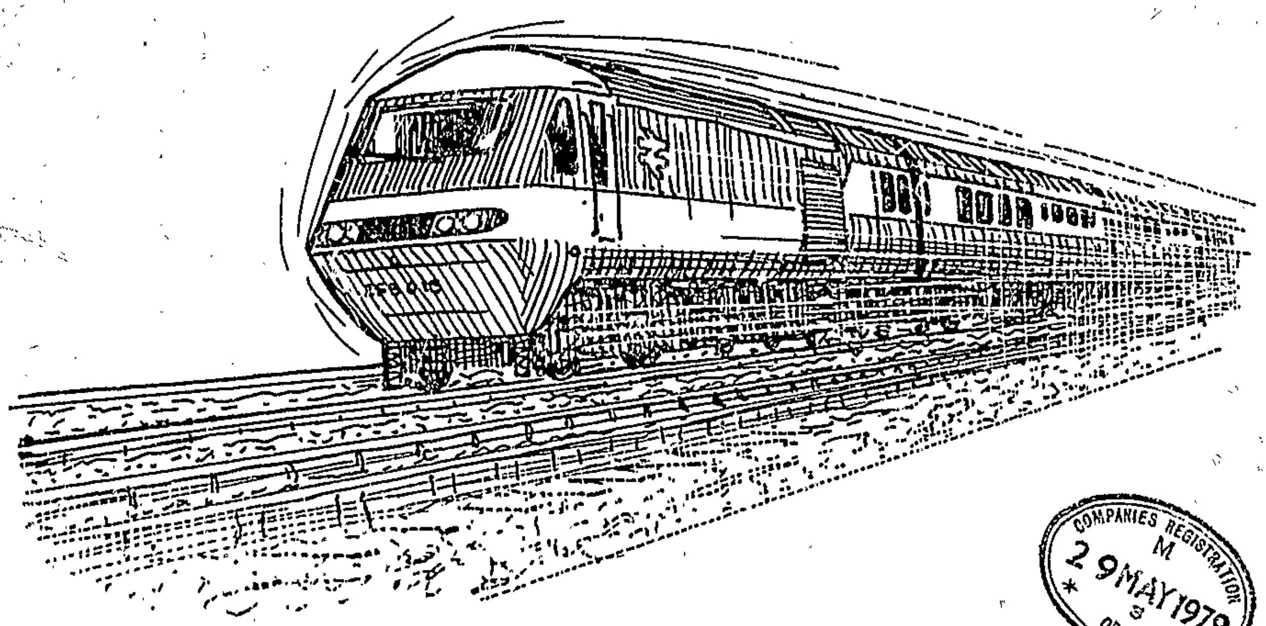
LPA-REM ELECTRICAL LTD

LPA-REM



ANNUAL ACCOUNTS 1978

LPA-REM ELECTRICAL LIMITED

ANNUAL REPORT AND ACCOUNTS

for the year ended 30th September, 1978

LPA-REM ELECTRICAL LIMITED

PRESIDENT	FREDERICK JOSEPH LOTT
CHAIRMAN	ARTHUR RUSCH
MANAGING DIRECTOR	MICHAEL RUSCH
DIRECTORS	JOHN WILLIAM EDWARDS RONALD JOHN WINGHAM SIMON HAROLD JOHN ARTHUR KNOTT, B.A. (Econ.) GORDON EDWARD ORLEY MICHAEL PETER KEMP WILLIAM ALFRED MINES
SECRETARY	JOHN WILLIAM EDWARDS
REGISTERED OFFICE	24/26 RECTORY ROAD, HADLEIGH, ESSEX
BANKERS	NATIONAL WESTMINSTER BANK LIMITED 41 High Street, Billericay, Essex
AUDITORS	PARLANE PURKIS & CO., Chartered Accountants 24/26 Rectory Road, Hadleigh, Essex
REGISTRAR	JOHN WILLIAM EDWARDS
TRANSFER OFFICE	LPA-REM ELECTRICAL LIMITED 24/26 Rectory Road, Hadleigh, Essex

TRADING SUBSIDIARIES

LIGHT & POWER ACCESSORIES CO LTD.

DIRECTORS

Arthur Rusch

Michael Rusch

Colin John Lott

John William Edwards

Gordon Edward Orley

Michael Winston Lott

Michael Peter Kemp

W. M. ENGINEERING (RAMSDEN) LTD.

DIRECTORS

Arthur Rusch

Michael Peter Kemp

Michael Rusch

Gordon Edward Orley

John William Edwards

Michael Winston Lott

Ronald John Wingham

LAZELL BROS. (ENGINEERS) LTD.

DIRECTORS

Arthur Rusch

Michael Rusch

John William Edwards

Ronald John Wingham

Michael Peter Kemp

William Alfred Mines

LPA-REM ELECTRICAL LIMITED

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Seventeenth Annual General Meeting of the Company will be held at the offices of the Company, Tudor Works, Debden Road, Saffron Walden, Essex on Wednesday the 14th March, 1979, at 11 a.m. for the following purposes:

1. To receive and adopt the Accounts for the year ended 30th September, 1978 together with the Reports of the Directors and Auditors thereon.
2. To confirm the interim ordinary dividends paid and proposed for the year ended 30th September, 1978.
3. To elect Directors.
4. To re-appoint the auditors and to authorise the Directors to fix the auditors' remuneration.

By Order of the Board

J. W. EDWARDS

Secretary

24/26 Rectory Road,
HADLEIGH, Essex
16th February, 1979

NOTES: 1. A member entitled to attend and vote at the Annual General Meeting may appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company. The instrument appointing a proxy must be deposited at the Registered Office, 24/26 Rectory Road, Hadleigh, Essex, not later than forty-eight hours before the time appointed for holding the meeting.

2. There will be available for inspection at the Registered Office of the Company, 24/26 Rectory Road, Hadleigh, Essex, during the usual hours of business from the date of the Notice until the date of the Annual General Meeting:—

(a) A Statement of all transactions of each Director and his family in the shares of the Company.

(b) Copies of all contracts of service of Directors with the Company.

These documents will also be available for inspection at the Annual General Meeting from 11 a.m. until the close of the Meeting.

LPA-REM ELECTRICAL LIMITED

CHAIRMAN'S STATEMENT

	1978	1977
	£	£
Turnover	2,348,111	2,156,510
Profit on Sales Before Tax	17.5%	17.3%
Profit on Sales After Tax	12.36%	8.3%
Earnings (After Tax) Per Share	7.99p	4.94p
Dividend Paid — Net	23.4%	23.4%
Net Dividend—Times covered by Profit after tax	6.83	4.22
Net Assets Per Share (including deferred taxation)	42.19p	35.26p

With the closure of our Ramsden Heath premises and the transfer of the plant to Saffron Walden, we have completed the physical integration of LPA and REM. After allowing for the costs involved, loss of production and redundancy payments made to those who were unable to continue in our employment, our trading results for the year, as can be seen from the above table, may still be considered very satisfactory. We therefore intend to increase our dividend to to 26.0% for the 1979 account period.

The National outlook on the industrial front continues to be rather depressing, but possibly we are fortunate in that we started the 1979 Financial Year with a forward order book of £700,000, some £300,000 higher than for 1978, our merger problems are largely behind us, and invoiced sales in the first four months of the 1979 account period are up 10% when compared with the same period of the previous account. We have considerable scope for further expansion and providing we can overcome a certain shortage of skilled personnel, continue the process of modernising our plant, and inflation does not exceed 10%, we have every reason to feel optimistic in respect of our future prospects.

I have previously expressed the view that the personnel are the strength of any Company. During the past two years our employees have, due to the merger, worked under rather trying conditions. The uncertainty regarding their future prospects and the upheaval in reorganising the factory and offices was not conducive to increased output. Nevertheless the results achieved are a credit to all involved, and our thanks are due to them for their effort and support.

A. RUSCH
Chairman

A. Rusch

LPA-REM ELECTRICAL LIMITED

REPORT OF THE DIRECTORS

The Directors present their Annual Report together with the Audited Accounts for the year ended 30th September, 1978.

ACTIVITIES

The principal activities of the Company and the Group are the design, manufacture and marketing of industrial electrical accessories.

In accordance with the Board's intention for the gradual integration of all the Group's activities under the one Company, two of the subsidiaries, W. M. Engineering (Ramsden) Limited and Lazell Bros. (Engineers) Limited ceased to trade on the 30th September and their assets were transferred to the respective holding companies.

PROFIT	1978	1977
	£	£
Group Profit for the year, before Taxation	410,390	372,467
Taxation	120,240	193,342
Group Profit for the year, before Extraordinary Item	290,150	179,125
Extraordinary Item	7,320	—
Profit for the year, after Extraordinary Item	282,830	179,125
Prior year adjustment	—	123,445
	282,830	302,570
Dividends	39,782	39,782
Retained Profit of the Group	243,048	262,788

DIVIDENDS

Details of Dividends paid and proposed are shown in Note 8 to the Accounts.

FIXED ASSETS

Details of Fixed Assets, including interests in land, are shown in Note 10 to the Accounts.

In the Directors' opinion, the market value of the Freehold Properties exceed the book values shown in the Accounts by approximately £200,000. The Group's interests in land are fully utilised for normal trading operations but were they disposed of at estimated values the tax payable on the gains would be in the region of £90,000.

LPA-REM ELECTRICAL LIMITED

REPORT OF THE DIRECTORS—Continued

TURNOVER

The Group's turnover for the year amounts to £2,348,111 (*1977: £2,156,510*) of which £220,583 (*1977: £125,515*) related to Direct Exports. A significant proportion of the goods manufactured by the Group are indirectly exported, however, because they form part of major construction contracts it is impossible to state with any degree of accuracy the level of these exports.

EMPLOYEES

The average number of employees, including Directors, throughout the year was 181 and the aggregate remuneration paid or payable to these persons was £630,046.

DIRECTORS

Directors throughout the year:

	Shareholding	
	30th September 1977	30th September 1978
A. Rusch ...	457,056	457,056
M. Rusch ...	233,250	233,250
S. H. J. A. Knott ...	75,000	75,000
G. E. Orley ...	11,400	11,400
R. J. Wingham ...	11,625	11,725
J. W. Edwards ...	43,252	38,988
M. P. Kemp ...	15,900	22,000
W. A. Mines ...	36,360	38,000

Other than the above nobody has a substantial interest in the shares of the Company.

CHARITABLE CONTRIBUTIONS

Contributions for charitable purposes during the year amounted to £125 (*1977: £75*).

CLOSE COMPANY

The company is a "close company" under the provisions of the Income and Corporation Taxes Act 1970 (as amended).

AUDITORS

A resolution for the re-appointment of Parlane Purkis & Co., as Auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By Order of the Board
J. W. EDWARDS
Secretary

24/26 Rectory Road,
HADLEIGH, Essex.
16th February, 1979

LPA-REM ELECTRICAL LIMITED AND SUBSIDIARIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30th SEPTEMBER, 1978

	Note	1978 £	1977 £
TURNOVER	2	2,348,111	2,156,510
TRADING PROFIT FOR THE YEAR	3	403,997	367,049
INVESTMENT INCOME	4	3,350	3,303
RENTAL INCOME LESS OUTGOINGS		3,043	2,115
PROFIT BEFORE TAXATION		410,390	372,467
TAXATION	5	120,240	193,342
PROFIT BEFORE EXTRAORDINARY ITEM		290,150	[illegible]
EXTRAORDINARY ITEM	6	7,320	—
PROFIT AFTER EXTRAORDINARY ITEM		282,830	179,125
PRIOR YEAR ADJUSTMENT	7	—	123,445
		282,830	302,570
DIVIDENDS	8	39,782	39,782
RETAINED PROFIT		£243,048	£262,788
IN PARENT		86,900	86,993
IN SUBSIDIARIES		156,148	175,795
		£243,048	£262,788

EARNINGS PER SHARE

	Note	1978	1977
For each 5p Ordinary Share	9	7.99p	4.94p

LPA-REM ELECTRICAL LIMITED AND SUBSIDIARIES

BALANCE SHEET, 30th SEPTEMBER, 1978

	Note	GROUP 1978 £	GROUP 1977 £	COMPANY 1978 £	COMPANY 1977 £
FIXED ASSETS	10	525,040	*581,439*	168,761	*225,341*
INTEREST IN SUBSIDIARY COMPANIES ...	11			274,104	*190,796*
INVESTMENTS	12	9,821	*9,821*	9,821	*9,821*
DEBENTURE	13	14,500	*14,500*	—	—
NET CURRENT ASSETS	14	1,041,768	*745,745*	479,493	*448,935*
		1,591,129	*1,351,505*	932,179	*874,893*
FUTURE TAXATION		60,056	*72,166*	36,356	*37,176*
TOTAL NET ASSETS		£1,531,073	*£1,279,339*	£895,339	*£837,717*

FINANCED BY

	Note	GROUP 1978 £	GROUP 1977 £	COMPANY 1978 £	COMPANY 1977 £
SHARE CAPITAL	15	181,434	*181,434*	181,434	*181,434*
RESERVES	16	1,132,714	*904,324*	648,013	*575,771*
DEFERRED TAXATION	17	216,925	*193,581*	66,376	*80,512*
		£1,531,073	*£1,279,339*	£895,823	*£837,717*

A. Rusch
M. Rusch

A. RUSCH
M. RUSCH } DIRECTORS

LPA-REM ELECTRICAL LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30th SEPTEMBER, 1978

1. ACCOUNTING POLICIES

(a) Depreciation:

Freehold Properties have not been depreciated. Leasehold Properties have been written off on a straight line basis over the period of the lease. Depreciation of all other fixed assets has been provided on a reducing balance basis.

(b) Stocks and Work in Progress:

Stocks and Work in Progress are valued at the lower of cost or net realisable value, including overheads where applicable.

(c) Deferred Taxation:

To the extent that there is a reasonable probability that a liability to tax will arise in the foreseeable future, provision has been made for taxation at current rates on:

(1) tax allowances received on the excess of book value over the tax written down value of fixed assets; and

(2) stock appreciation relief.

2. TURNOVER

Turnover represents the value of goods invoiced to customers during the year and includes:

	1978	1977
	£	£
Direct Exports	220,583	125,515

LPA-REM ELECTRICAL LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30th SEPTEMBER, 1978

	1978	1977
3. TRADING PROFIT FOR THE YEAR is stated after accounting for	£	£
(a) DIRECTORS EMOLUMENTS:		
Fees … … … … … … … …	2,104	2,000
Salaries … … … … … … …	86,413	72,652
Emoluments of other Directors of Subsidiary Companies:		
Salaries … … … … … … …	11,878	29,230
Payments to Directors on retirement … … … …	—	33,680
	100,395	137,562
Chairman's Emoluments … … … … … …	18,581	17,074
The number of other Directors of the Holding Company whose emoluments were within the ranges:		
£2,501 to £5,000 … … … … … …	1	3
£5,001 to £7,500 … … … … … …	—	1
£7,501 to £10,000 … … … … … …	1	4
£10,001 to £12,500 … … … … … …	4	—
£15,001 to £17,500 … … … … … …	1	1
(b) AUDITORS REMUNERATION … … … … …	6,250	6,250
(c) INTEREST PAYABLE		
Loans maturing within five years … … … … … …	37,810	23,700
Bank Overdrafts … … … … … … …	281	1,539
Other Loans … … … … … … …		
	38,091	25,239
(d) EQUIPMENT HIRE … … … … … … …	30,892	3,395
(e) PROFIT (LOSS) ON DISPOSAL OF FIXED ASSETS … …	832	(777)
(f) DEPRECIATION … … … … … … …	38,961	41,827
4. INVESTMENT INCOME		
From Quoted Investments … … … … … …	978	945
From Unquoted Investments … … … … … …	2,320	2,320
Bank Interest Received … … … … … …	52	38
	3,350	3,303

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30th SEPTEMBER, 1978

5. TAXATION

	1978	*1977*
	£	*£*
Corporation Tax estimated at the rate of 52%	89,840	*92,290*
Transfer to Deferred Taxation	28,828	*107,519*
Tax attributable to franked investment income	333	*330*
U.K. Taxation based on the Profits for Year	119,001	*200,139*
Adjustments in respect of previous years	1,239	*(6,797)*
	120,240	*193,342*

FUTURE TAXATION:

The provision for Corporation Tax is based on the Adjusted Profit for the year ended 30th September, 1978 and has been estimated at the rate of 52% less the set off of Advance Corporation Tax on dividends paid and becomes due and payable on 1st July, 1979 in the case of the Subsidiaries and the 1st January, 1980 in the case of the Holding Company.

6. EXTRAORDINARY ITEM

The amount of £7,320 written off as an extraordinary item represents a provision against a trading loan.

7. PRIOR YEAR ADJUSTMENT

Adjusted for Deferred Taxation no longer required.

8. DIVIDENDS

	1978	*1977*
	£	*£*
Paid — First Interim 11.7% on 3,171,615 issued shares	18,554	
1977 — 11.7% on 3,628,671 issued shares		*21,228*
Proposed — Second Interim 11.7% on 3,628,671 issued shares	21,226	
1977 — 11.7% on 3,171,615 issued shares		*18,554*
	39,782	*39,782*

DIVIDEND WAIVER (FIRST INTERIM)

Mr. and Mrs. A. RUSCH waived the Dividend on their holding of 457,056 shares.

9. EARNINGS PER SHARE

The calculation of net earnings per share is based on earnings of £290,150 (*1977: £179,125*) and 3,628,671 Ordinary Shares in issue at 30th September, 1978.

LPA-REM ELECTRICAL LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30th SEPTEMBER, 1978

10. FIXED ASSETS

(a) Group:

	Freehold Properties	Short Lease-holds	Plant & Equipment	Motor Vehicles	Total
	£	£	£	£	£
Cost or Valuation:					
30th September, 1977	321,826	12,377	285,604	54,005	673,812
Additions at Cost	31,489	5,022	46,431	3,300	86,242
Disposals	(85,168)	—	(12,691)	(21,536)	(119,395)
30th September, 1978	268,147	17,399	319,344	35,769	640,659
Depreciation:					
30th September, 1977	—	1,689	74,699	15,985	92,373
Charge for Year	—	773	30,374	7,814	38,961
On disposals	—	—	(4,247)	(11,468)	(15,715)
30th September, 1978	—	2,462	100,826	12,331	115,619
Book Value:					
30th September, 1978	268,147	14,937	218,518	23,438	525,040
30th September, 1977	321,826	10,688	210,905	38,020	581,439

(b) Company:

	Freehold Properties	Short Lease-holds	Plant & Equipment	Motor Vehicles	Total
Cost or Valuation:					
30th September, 1977	95,668	12,377	138,256	34,042	280,343
Additions at Cost	—	5,022	18,309	3,300	26,631
Transfer from Subsidiary	—	—	47,355	7,281	54,636
Disposals	(85,168)	—	(9,727)	(16,396)	(111,291)
30th September, 1978	10,500	17,399	194,193	28,227	250,319
Depreciation:					
30th September, 1977	—	1,689	37,304	16,009	55,002
Charge for Year	—	773	11,513	3,640	15,926
Transfer from Subsidiary	—	—	18,690	4,210	22,900
On disposals	—	—	(2,650)	(9,620)	(12,270)
30th September, 1978	—	2,462	64,857	14,239	81,558
Book Value:					
30th September, 1978	10,500	14,937	129,336	13,988	168,761
30th September, 1977	95,668	10,688	100,952	18,033	225,341

With the exception of Freehold Properties the Fixed Assets are shown at cost.

	COMPANY	
	1978	*1977*
11. INTEREST IN SUBSIDIARY COMPANIES:	£	*£*
Net Book Value of Assets Acquired ...	492,594	*492,594*
Capital Reserve on Consolidation ...	33,849	*33,849*
Shares at Cost ...	458,745	*458,745*
Amounts due to Subsidiary Companies ...	184,641	*267,949*
	274,104	*190,796*

Names	Country of Incorporation	Percentage of Share Capital Owned
TRADING:		
Light & Power Accessories Co. Ltd.	England	100
W. M. Engineering (Ramsden) Ltd.	England	100
Lazell Bros. Engineers Ltd.	England	100
NON-TRADING:		
Crestwalk Limited	England	100

12. INVESTMENTS:

Quoted Investments—Market Value at 30th September, 1978 £9,960 (*1977: £9,975*).

13. DEBENTURE

The Debenture carries a rate of 16% per annum and is secured by a fixed and floating charge on the assets of the borrowing Company.

	GROUP		COMPANY	
	1978	*1977*	1978	*1977*
14. NET CURRENT ASSETS:	£	*£*	£	*£*
Current Assets:				
Stocks and Work in Progress ...	1,158,887	*837,047*	364,180	*313,988*
Debtors and Prepayments ...	755,988	*658,779*	738,511	*606,461*
Cash at Bank and in Hand ...	15,054	*9,387*	14,153	*616*
	1,929,929	*1,505,213*	1,116,844	*921,065*
Current Liabilities:				
Current Taxation ...	38,714	*55,945*	37,144	*55,945*
Advance Corporation Tax on Proposed Dividends	9,989	*9,558*	9,989	*9,558*
Proposed Dividend ...	21,228	*18,554*	21,228	*18,554*
Unclaimed Dividends ...	187	*151*	187	*151*
Creditors and Accrued Charges ...	310,935	*371,780*	281,451	*222,906*
Bank Overdrafts ...	507,108	*303,480*	287,352	*165,016*
	888,161	*759,468*	637,351	*472,130*
	1,041,768	*745,745*	479,493	*448,935*

The Bank Overdrafts are secured by fixed and floating charges on the assets of the Group.

LPA-REM ELECTRICAL LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30th SEPTEMBER, 1978

	GROUP		COMPANY	
	1978	1977	1978	1977
	£	£	£	£
15. SHARE CAPITAL:				
Authorised:				
4,000,000 Ordinary Shares of 5p each			200,000	200,000
Issued and Fully Paid:				
3,628,671 Ordinary Shares of 5p each			181,434	181,434
16. RESERVES:				
(a) Share Premium Account:				
At 30th September, 1977	232,004	292,482	232,004	292,482
Capitalisation of Reserves	—	60,478	—	60,478
At 30th September, 1978	232,004	232,004	232,004	232,004
(b) Capital Reserve:				
At 30th September, 1977	62,894	62,894	29,045	29,045
Loss on Disposal of Freehold Property less overprovision for taxation	14,658	—	14,658	—
At 30th September, 1978	48,236	62,894	14,387	29,045
(c) Profit and Loss Account:				
At 30th September, 1978	609,426	346,638	314,722	227,729
Retained Profit for the Year	243,048	262,788	86,900	86,993
At 30th September, 1978	852,474	609,426	401,622	314,722
TOTAL RESERVES	1,132,714	904,324	648,013	575,771
17. DEFERRED TAXATION:				
At 30th September, 1977	203,139	219,065	90,070	86,479
Transfer from (to) Profit and Loss Account ...	28,828	107,519	(8,652)	52,555
	231,967	326,584	81,418	139,034
Prior Year Adjustment	—	123,445	—	48,964
Overprovision on Disposal (see Note 16(b)) ...	5,053	—	5,053	—
At 30th September, 1978	226,914	203,139	76,365	90,070
Advance Corporation Tax Recoverable ...	9,989	9,558	9,989	9,558
	216,925	193,581	66,376	80,512

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30th SEPTEMBER, 1978

	GROUP		COMPANY	
	1978	*1977*	1978	*1977*
DEFERRED TAXATION (Continued)	£	*£*	£	*£*
Deferred Taxation arises in respect of Excess				
Capital Allowances	126,234	*93,394*	69,123	*40,456*
Revalued Fixed Assets	7,242	*12,295*	7,242	*12,295*
Stock Relief	93,438	*97,450*	—	*37,319*
	226,914	*203,139*	76,365	*90,070*

18. CAPITAL COMMITMENTS:

Authorised by the Directors and				
Contracted for	24,650	—	24,650	—
Not contracted for	12,000	*85,000*	12,000	*65,000*

LPA-REM ELECTRICAL LIMITED AND SUBSIDIARIES

STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED 30th SEPTEMBER, 1978

	1978		1977	
	£	£	£	£
SOURCE OF FUNDS:				
Profit for the year before Taxation		410,390		372,467
Extraordinary item		(7,320)		—
Adjustments for items not involving the movement of funds:				
Amortization and Depreciation		38,961		41,827
(Profit) Loss on Sale of Fixed Assets		(832)		777
		441,199		415,071
Proceeds of Sale of Fixed Assets		84,800		12,647
TOTAL GENERATED FROM OPERATIONS		525,999		427,718
APPLICATION OF FUNDS:				
Dividends Paid	37,108		36,162	
Tax Paid	120,752		209,896	
Purchase of Fixed Assets	86,242	244,102	113,731	361,789
		281,897		65,929
INCREASE (DECREASE) IN WORKING CAPITAL EXCLUDING TAXATION:				
Increase in Stocks and Work in Progress	321,840		224,506	
Increase in Debtors	97,209		93,867	
(Increase) in Unclaimed Dividends	(36)		(29)	
	419,013		318,344	
Decrease in Amounts outstanding under Hire Purchase Agreements	777		4,668	
Decrease (Increase) in Creditors	60,068		(38,724)	
	479,858		284,288	
Movement in net liquid funds:				
Increase in Cash at Bank and in Hand	5,667		2,274	
(Increase) in Bank Overdraft	(203,628)	281,897	(220,633)	65,929

REPORT OF THE AUDITORS

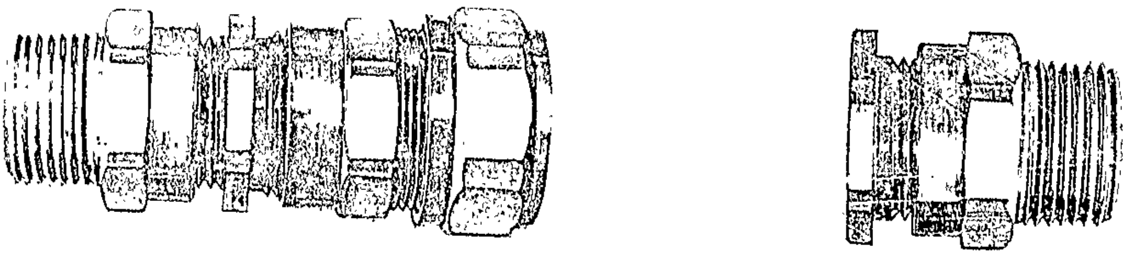
TO THE MEMBERS OF LPA-REM ELECTRICAL LIMITED

In our opinion, the accounts set out on pages 8 to 17 which have been prepared under the historical cost convention, give a true and fair view of the state of affairs of the Company and the Group at 30th September, 1978 and of the profit and source and application of funds for the year ended on that date and comply with the Companies Acts 1948 and 1967.

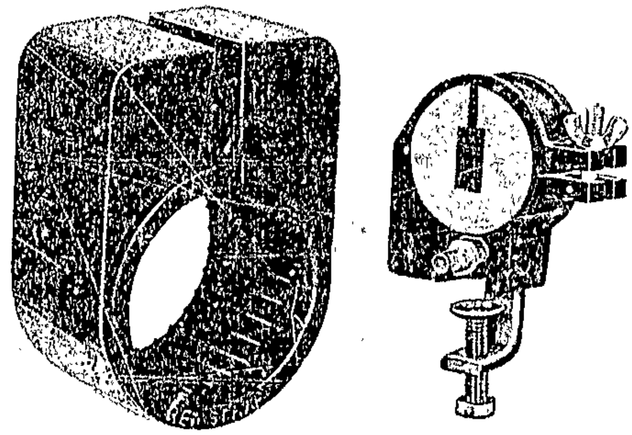
PARLANE PURKIS & CO.
Chartered Accountants

24/26 Rectory Road,
HADLEIGH, Essex.
11th December, 1978

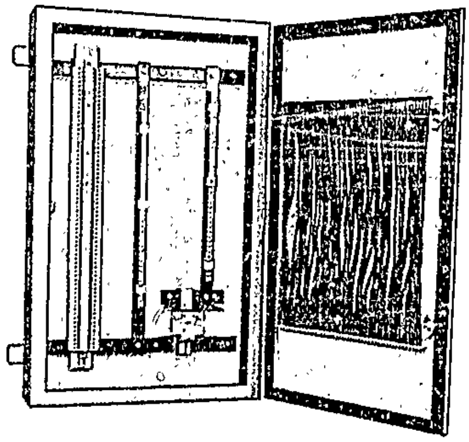
We show below a typical selection of articles produced.



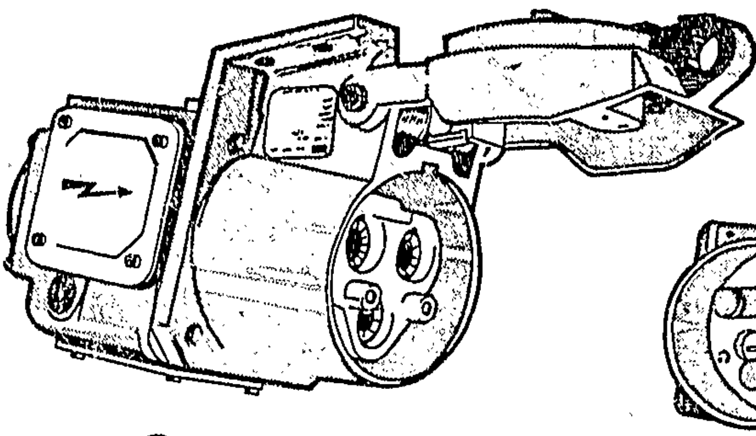
Turned Parts



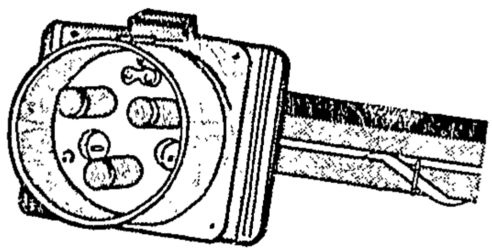
Injection Mouldings

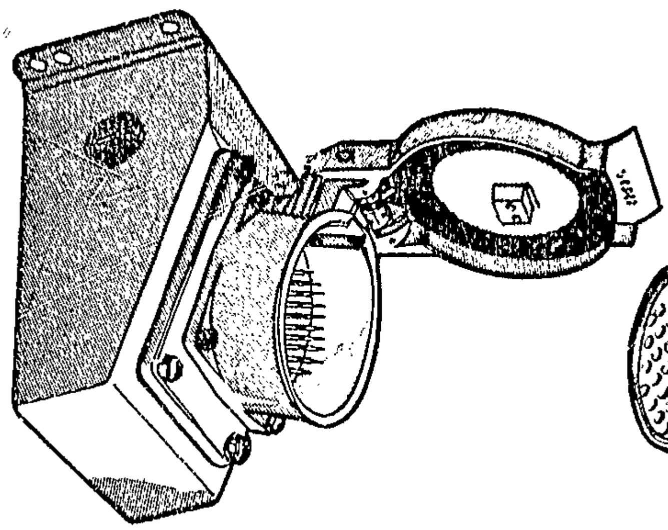


Special Fabrications
From Sheet Materials



600 AMP 415 VOLTS
THREE PHASE





36 POLE COUPLERS