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THE SOLARTRON ELECTRONIC GROUP LIMITED

31 December 1981

REGISTRATION
7 JUL 1982
ST
OFFICE

THE SOLARTRON ELECTRONIC GROUP LIMITED

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 1981

The directors have pleasure in submitting their report together with the accounts of the company for the year ended 31 December 1981.

RESULTS AND DIVIDENDS

The profit for the year was £268,537 (1980 - £1,904,908) after a tax credit of £137,240 (1980 - £993,744). The directors do not recommend the payment of a dividend (1980 - £Nil). The balance of retained earnings at the end of the year was £7,331,247 (1980 - £7,062,710).

PRINCIPAL ACTIVITIES

The principal activity of the company during the year has been the manufacture and sale of electronic equipment. The company has also carried out research and development in the field of electronics.

DIRECTORS

The following were directors of the company during the year:

GB Thomas (Appointed 20 July 1981)
C Matton (Resigned 20 July 1981)
SE Cole

EMPLOYMENT POLICY ON DISABLED PERSONS

The company endeavours to employ disabled persons where the requirements of the job are such that the duties can be effectively covered by a handicapped or disabled person.

AUDITORS

Price Waterhouse have expressed their willingness to continue in office in accordance with the provisions of Section 13 of the Companies Act 1976.

By Order of the Board

SE Cole
Secretary

21 May 1982

Price Waterhouse

SOUTHWARK TOWERS,
32 LONDON BRIDGE STREET,
LONDON SE1 9SY

AUDITORS' REPORT TO THE MEMBERS OF
THE SOLARTRON ELECTRONIC GROUP LIMITED

We have audited the financial statements on pages 3 to 10 in accordance with approved Auditing Standards.

In our opinion the financial statements, which have been prepared under the historical cost convention, give under that convention a true and fair view of the state of the company's affairs at 31 December 1981 and of its profit and source and application of funds for the year then ended and comply with the Companies Acts 1948 to 1981.

Price Waterhouse

Chartered Accountants

21 May 1982

THE SOLARTRON ELECTRONIC GROUP LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1981

	1981	1980
TURNOVER	£16,806,811	£21,623,265
OPERATING PROFIT (Note 2)	124,212	897,733
Interest receivable	7,085	13,431
PROFIT BEFORE TAXATION	131,297	911,164
TAXATION (Note 4)	137,240	993,744
PROFIT AFTER TAXATION	268,537	1,904,908
RETAINED PROFIT BROUGHT FORWARD	7,062,710	5,157,802
RETAINED PROFIT CARRIED FORWARD	£7,331,247	£7,062,710

THE SOLARTRON ELECTRONIC GROUP LIMITED

BALANCE SHEET AT 31 DECEMBER 1981

		1981		1980
FIXED ASSETS (Note 6)		1,973,806		1,872,533
INVESTMENT IN SUBSIDIARY COMPANIES (Note 7)		77,199		77,199
CURRENT ASSETS				
Stocks and work in progress (Note 8)	5,807,209		5,879,871	
Debtors and prepayments	2,817,326		3,606,078	
Amounts due from fellow subsidiaries	249,857		2,032,129	
Amount due from fellow subsidiaries in respect of group relief receivable (Note 4)	177,640		-	
Amounts due from holding company	2,608,589		639,976	
Short term deposit	58,223		42,380	
Bank and cash	115,858		71,498	
	11,834,702		12,271,932	
LESS CURRENT LIABILITIES				
Amounts due to fellow subsidiaries	127,209		6,054	
Receipts in advance	593,086		956,414	
Creditors and accrued expenses	2,951,113		2,657,466	
Taxation (Note 4)	-		655,970	
	3,671,410		4,275,904	
NET CURRENT ASSETS		8,163,292		7,996,028
		£10,214,297		£9,945,760
REPRESENTING:				
SHARE CAPITAL (Note 9)		2,718,254		2,718,254
CAPITAL RESERVES (Note 10)		124,296		124,296
RESERVES		7,331,247		7,062,710
		10,173,797		9,905,260
DEFERRED TAXATION (Note 5)		40,500		40,500
DIRECTORS				
		£10,214,297		£9,945,760

21 May 1982

THE SOLARTRON ELECTRONIC GROUP LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 31 DECEMBER 1981

		1981		1980
SOURCE OF FUNDS				
Profit before taxation		131,297		911,164
Depreciation		664,737		578,516
Profit on disposal of fixed assets		(8,729)		(11,943)
TOTAL GENERATED FROM OPERATIONS		783,305		1,477,737
FUNDS FROM OTHER SOURCES:				
Proceeds from transfer of Simfire business to fellow subsidiary		-		1,522,198
Proceeds from sale of fixed assets		20,596		48,467
		807,901		3,048,402
APPLICATION OF FUNDS				
Purchase of fixed assets	(777,823)		815,090	
Tax paid	(696,424)		1,714,286	
		(1,474,247)		(2,529,376)
		(666,346)		519,026
(INCREASE)/DECREASE IN WORKING CAPITAL				
Stocks	72,662		1,178,235	
Debtors, including fellow subsidiaries and holding company	602,411		727,681	
Creditors, including fellow subsidiaries	414,802		(1,768,773)	
Receipts in advance on contracts	(363,326)		(716,618)	
		726,549		(579,475)
		£60,203		£(60,449)
INCREASE/(DECREASE) IN NET LIQUID FUNDS				
Bank overdraft	-		85,641	
Bank balances and deposits	60,203		(146,090)	
		£60,203		£(60,449)

THE SOLARTRON ELECTRONIC GROUP LIMITED

NOTES TO THE ACCOUNTS AT 31 DECEMBER 1981

1 ACCOUNTING POLICIES

(1) Stocks and work in progress

Stocks and work in progress are valued at the lower of cost or net realisable value. Cost includes all direct costs incurred in bringing inventories to their existing state including, where appropriate, a proportion of manufacturing overheads.

Receipts-in-advance are deducted from the value of long term work-in-progress, or, to the extent that they exceed costs incurred, are included in receipts-in-advance on contracts.

(2) Profits on long term contracts

Profits on long term contracts, where not specifically governed by the terms of the contract, are recognised on a percentage of completion basis, full provision being made for all excess costs and known losses.

(3) Fixed assets

Fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on a straight line basis over the estimated useful lives of the assets as follows:

	Estimated useful lives
Leasehold improvements	Over the period of the lease
Engineering and test equipment	3-5 years
Manufacturing machinery and equipment	3-5 years
Motor vehicles	4 years
Tooling	3 years
Fixtures, fittings and office equipment	10 years

(4) Research and development

Research and development expenditure, not chargeable to customers, is written off in the year in which it is incurred.

(5) Provision for repairs

Provision is made when goods are sold for the estimated future cost of repairs under guarantee.

(6) Deferred taxation

Provision is made for deferred taxation arising on all material timing differences except that provision is not made where, in the opinion of the directors, the deferral is likely to continue for the foreseeable future.

Deferred taxation is calculated at current rates of tax.

THE SOLARTRON ELECTRONIC GROUP LIMITED

NOTES TO THE ACCOUNTS AT 31 DECEMBER 1981 (CONTINUED)

1 ACCOUNTING POLICIES (CONTINUED)

(7) Foreign currencies

Assets and liabilities in foreign currencies are expressed in sterling at rates of exchange ruling at the year end.

(8) Turnover

Turnover represents the invoiced value of sales, including progress billings on long term contracts, before value added tax.

2 OPERATING PROFIT

The operating profit is stated after taking into account the following items:

	1981 £	1980 £
Government grants receivable	42,314	166,000
Development expenditure written off	1,564,269	2,047,000
Depreciation	664,737	578,516
Auditors' remuneration	24,000	24,900
Hire of plant and machinery	130,001	204,424
Interest payable	26,801	-

3 EMOLUMENTS OF DIRECTORS AND HIGHER PAID EMPLOYEES

No emoluments were paid to directors during the year ended 31 December 1981 (1980 - Nil).

Emoluments to employees other than directors fell between:

	1981	1980
£20,000 - £25,000	2	2

4 TAXATION

The taxation (credit) for the year may be analysed as follows:-

United Kingdom corporation tax at 52%	1981	1980
Current tax	(117,779)	98,970
Deferred tax	-	(1,235,000)
Adjustments relating to prior years	(19,461)	142,286
	£(137,240)	£(993,744)

THE SOLARTRON ELECTRONIC GROUP LIMITED

NOTES TO THE ACCOUNTS AT 31 DECEMBER 1981 (CONTINUED)

4 TAXATION (CONTINUED)

The credit for taxation has been reduced by £19,000 in respect of capital allowances and other timing differences for which no deferred taxation has been provided.

The provision for corporation tax at the year-end is represented by:-

	1981	1980
Group relief receivable	(177,640)	-
Corporation tax payable 1 January 1982	-	98,970
Corporation tax payable 1 January 1981	-	73,000
Advance corporation tax	-	-
Other	-	484,000
	£(177,640)	£655,970

5 DEFERRED TAXATION

The provision for deferred taxation of £40,500 at 31 December 1981 and 31 December 1980 is in respect of capital gains tax "rolled-over" into depreciating assets.

Provision has not been made at 31 December 1981 for deferred taxation arising from accelerated capital allowances and other timing differences amounting to £721,000 (1980 - £740,000).

6 FIXED ASSETS

	Leasehold improvements	Plant, machinery and motor vehicles	Total
Cost			
1 January 1981	224,472	4,602,799	4,827,271
Additions	10,713	767,110	777,823
Disposals	-	(81,720)	(81,720)
Inter-company transfers	-	(2,677)	(2,677)
31 December 1981	235,185	5,285,512	5,520,697
Depreciation			
1 January 1981	56,257	2,898,481	2,954,738
Charge	6,902	657,835	664,737
Disposals	-	(69,907)	(69,907)
Inter-company transfers	-	(2,677)	(2,677)
31 December 1981	63,159	3,483,732	3,546,891
Net book value at 31 December 1981	£172,026	£1,801,780	£1,973,806
Net book value at 31 December 1980	£168,215	£1,704,318	£1,872,533

THE SOLARTRON ELECTRONIC GROUP LIMITED

NOTES TO THE ACCOUNTS AT 31 DECEMBER 1980 (CONTINUED)

7 INVESTMENT IN SUBSIDIARY COMPANIES

The investment in subsidiary companies at the year-end comprises:

	1980 and 1981	Percentage holding
£1 ordinary shares in Schlumberger (Gloucester) Limited	77,099	100%
£1 ordinary shares in Daystrom Limited	100	100%
	£77,199	

Both companies are incorporated in England.

Group accounts are not submitted because at 31 December 1981 The Solartron Electronic Group Limited was a wholly owned subsidiary of a company incorporated in England. The profits of the subsidiaries for the year and the retained earnings attributable to the company, insofar as they have not been dealt with in the accounts of The Solartron Electronic Group Limited, may be summarised as follows:

	Schlumberger (Gloucester) Limited	Daystrom Limited
Profit/(loss) for the year	(6,772)	140,125
Retained profits, less losses, since acquisition brought forward at 1 January 1981	(330,145)	333,900
Retained profits, less losses, since acquisition carried forward at 31 December 1981	£(336,917)	£474,025

8 STOCKS AND WORK IN PROGRESS

Stocks and work in progress at the end of the year may be analysed thus:

				1980
Raw materials		1,163,905		1,504,034
Work-in-progress		2,111,500		1,594,565
Long term contract work-in-progress	2,819,648		2,302,000	
less: Receipts in advance	(1,830,908)		(1,443,000)	
		988,740		859,000
Finished goods		1,543,064		1,922,272
		£5,807,209		£5,879,871

THE SOLARTRON ELECTRONIC GROUP LIMITED

NOTES TO THE ACCOUNTS AT 31 DECEMBER 1981 (CONTINUED)

9 SHARE CAPITAL

	1980 and 1981	
	Authorised	Issued and fully paid
Ordinary shares of 50p each	£3,000,000	£2,718,254

10 CAPITAL RESERVES

	1981 and 1980
Share premium account	35,839
Other	88,457
	£124,296

11 CAPITAL COMMITMENTS

Capital expenditure entered into by the company and not provided for in these accounts amounted to £172,947 (1980 - £99,408). Expenditure authorised, but not contracted for, amounted to £NIL (1980 - £143,354).

12 CONTINGENT LIABILITIES

The contingent liabilities of the company not provided for in these accounts relate to guarantees and performance bonds and at the end of the year amounted to £4,572,535 (1980 - £3,252,600).

13 ULTIMATE HOLDING COMPANY

The ultimate holding company of The Solartron Electronic Group Limited, is Schlumberger Limited, a company incorporated in the Netherland Antilles.