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DIRECTORS' REPORT

AND ACCOUNTS

SCHLUMBERGER ELECTRONICS (U K) LIMITED

(Formerly THE SOLARTRON ELECTRONIC GROUP LIMITED)

31 DECEMBER 1982



REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 1982.

The Directors have pleasure in submitting their report together with the accounts of the company for the year ended 31 December 1982.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year has been the manufacture and sale of electronic equipment including electricity meters, time switches, electrical measuring and indicating instruments, thermocouples for aero-engines and electronic simulation equipment.

RESULTS AND DIVIDENDS

The profit for the year was £4,551,000 (1981 - £269,000) after a tax charge of £2,965,000 [1981 - credit (£138,000)]. The directors do not recommend the payment of a dividend (1981 - Nil). The balance of retained earnings at the end of the year was £11,882,000 (1981 - £7,331,000).

CHANGE OF NAME

On the 29 September 1982, the company changed its name from The Solartron Electronic Group Limited to Schlumberger Electronics (U K) Limited.

REORGANISATION

On the 1 January 1982 the trading assets and liabilities of Sangamo Weston Limited, Sangamo Weston Controls Limited, Enertec Instrumentation Limited and Balteau Sonatest Limited were transferred at net book amounts to Schlumberger Electronics (U K) Limited. The transfer included fixed assets at cost of £8,823,000 together with accumulated depreciation of £4,571,000.

The comparative figures for 1981 disclosed in the financial statements are solely those of The Solartron Electronic Group Limited and do not reflect the businesses acquired at the start of the year. Of the results for the company for the year, turnover of £36,461,000 and profit before taxation of £5,764,000 arose in the businesses acquired by the company following the reorganisation.

SCHLUMBERGER ELECTRONICS (U K) LIMITED

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 1982

DIRECTORS

The following were directors of the company during the year:

G B Thomas
S E Cole (Resigned 25 October 1982)
P A Tempest (Appointed 25 October 1982)

No directors had an interest in the shares of the Company or any other group company such as requires notification to the company under Section 27 of the Companies Act 1967.

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 14 of the Companies Act 1976.

By Order of the Board

R C Bealer
Company Secretary

10 April 1983

AUDITORS' REPORT TO THE MEMBERS OF SCHLUMBERGER ELECTRONICS (U K) LIMITED

We have audited the accounts set out on pages 4 to 12 in accordance with the approved Auditing Standards.

In our opinion these accounts, which have been prepared under the historical cost convention, as modified by the revaluation of certain freehold properties, give under that convention a true and fair view of the state of the company's affairs at 31 December 1982 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

10 April 1983

SCHLUMBERGER ELECTRONICS (U K) LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1982

	1982 £'000	1981 £'000
TURNOVER (Note 1)	58,346	16,807
PROFIT BEFORE TAXATION	7,516	131
TAXATION CHARGE (1981 CREDIT) (Note 4)	(2,965)	138
PROFIT AFTER TAXATION	4,551	269
RETAINED PROFIT BROUGHT FORWARD	7,331	7,062
RETAINED PROFIT CARRIED FORWARD	11,882	7,331

SCHLUMBERGER ELECTRONICS (U K) LTD

BALANCE SHEET AT 31 DECEMBER 1982

	£'000	1982 £'000	£'000	1981 £'000
FIXED ASSETS (Note 6)		7,600		1,974
INVESTMENT IN SUBSIDIARY COMPANIES (Note 7)		(563)		77
CURRENT ASSETS				
Stocks and work in progress (Note 8)	12,304		5,807	
Debtors and prepayments	12,245		2,816	
Amounts due from holding company and fellow subsidiaries	13,387		3,035	
Short term deposit	29		58	
Bank and cash	164		116	
	38,129		11,834	
LESS CURRENT LIABILITIES				
Amounts due to fellow subsidiaries	10,853		127	
Receipts in advance	6,031		593	
Creditors and accrued expenses	10,090		2,951	
Taxation (Note 4)	3,112		-	
	30,086		3,671	
NET CURRENT ASSETS		8,043		8,163
		15,080		10,214
REPRESENTING:				
SHARE CAPITAL (Note 9)		2,718		2,718
CAPITAL RESERVES (Note 10)		439		124
DISTRIBUTABLE RESERVES		11,882		7,331
		15,039		10,173
DEFERRED TAXATION (Note 5)		41		41
		15,080		10,214

DIRECTORS

G B Thomas
P A Tempest
10 April 1983

SCHLUMBERGER ELECTRONICS (U K) LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 31 DECEMBER 1982

	1982		1981	
		£'000		£'000
SOURCE OF FUNDS:				
Profit before taxation		7,516		131
ITEMS NOT INVOLVING THE MOVEMENT OF FUNDS:-				
Depreciation	1,710		665	
Loss/(Profit) on disposal of fixed assets	55		(9)	
Loss on sale of subsidiary	3		-	
TOTAL GENERATED FROM OPERATIONS		1,768 9,284		656 787
FUNDS FROM OTHER SOURCES :				
Sale of investment in subsidiaries	74		-	
Proceeds from sale of fixed assets	50		21	
		124 9,408		21 808
APPLICATION OF FUNDS:				
Acquisition of subsidiaries (Note 7)	563		-	
Purchase of fixed assets	(2,874)		(778)	
Businesses acquired	(10,582)		-	
Taxation	(41)		(696)	
		(12,934) (3,526)		(1,474) (666)
(INCREASE)/DECREASE IN WORKING CAPITAL:				
Stocks	21		73	
Debtors & prepayments	(3,587)		602	
Amounts due to/from fellow subsidiaries	(132)		-	
Creditors and accruals	2,520		414	
Receipts in advance	4,846		(363)	
		3,668 142		726 60
INCREASE/(DECREASE) IN NET LIQUID FUNDS:				
Short term deposit	(29)		-	
Short term loans	200		-	
Bank balances and deposits	(29)		60	
		142		60

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 31 DECEMBER 1982

BUSINESSES ACQUIRED :

The businesses acquired are shown in the Report of the Directors accompanying these accounts.

The assets and liabilities acquired were as follows :

		£'000
FIXED ASSETS		4,252
CURRENT ASSETS		
Stocks	6,518	
Debtors and prepayments	5,840	
Bank balances	77	
		12,435
CURRENT LIABILITIES		
Creditors and accruals	4,619	
Receipts in advance	592	
Amounts due to fellow subsidiaries	506	
Taxation	188	
Short term loans	200	
		(6,105)
NET ASSETS ACQUIRED		10,582

SCHLUMBERGER ELECTRONICS (U K) LIMITED
NOTES TO THE ACCOUNTS AT 31 DECEMBER 1982

1. ACCOUNTING POLICIES

(1) Stocks and work in progress

Stocks and work in progress except for long term contract work in progress are valued at the lower of cost and net realisable value. Cost includes all direct costs incurred in bringing inventories to their existing state including, where appropriate, a proportion of manufacturing overheads. Long term contract work in progress includes attributable profits taken in accordance with the company's accounting policy for long term contracts.

(2) Long term contracts

Profits on long term contracts are recognised on a percentage of completion basis. Full provision is made for all foreseeable contract losses.

(3) Receipts in advance

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.

(4) Fixed assets

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

	Estimated useful lives
Freehold buildings	30 years
Leasehold premises	50 years or over the period of the lease if less
Engineering & test equipment	3-5 years
Manufacturing machinery & equipment	3-5 years
Motor vehicles	4 years
Tooling	3 years
Fixtures, fittings and office equipment	10 years

(5) Research and development

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

(6) Provision for warranty costs

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

(7) 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.

(8) Foreign currencies

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

(9) 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 :

	1982 £'000	1981 £'000
Government grants receivable	(112)	(42)
Development expenditure written off	2,808	1,564
Depreciation	1,710	665
Auditors' remuneration	75	24
Hire of plant and machinery	241	130
Interest payable	26	27

3. DIRECTORS' EMOLUMENTS

None of the directors received emoluments for their services as directors of the company. The directors are directors or employees of the company's immediate holding company and their emoluments are included in the accounts of that company.

4. TAXATION

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

	1982 £'000	1981 £'000
United Kingdom corporation tax at 52%		
Current taxation	2,979	(118)
Deferred taxation	(13)	-
Adjustments relating to prior years	(1)	(20)
	2,965	(138)

NOTES TO THE ACCOUNTS AT 31 DECEMBER 1982 (continued)

4. TAXATION (continued)

The credit for taxation has been reduced by £538,000 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:-

	1982	1981
Corporation tax payable 1 January 1984	3,459	-
Corporation tax recoverable	(347)	-
	3,112	-
Group relief receivable (included in amounts due from holding company and fellow subsidiaries)	(16)	(178)

5. DEFERRED TAXATION

The provision for deferred taxation of £40,500 at 31 December 1982 and 31 December 1981 is in respect of capital gains tax "rolled over" into depreciating assets.

Provision has not been made at 31 December 1982 for deferred taxation arising from the revaluation of freehold property, accelerated capital allowances and other timing differences amounting to £3,046,000 (1981 - £721,000).

6. FIXED ASSETS

	Land and buildings			Plant and motor	
	Freehold	Long Leasehold	Leasehold improvements	vehicles	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
Balance at 1 January 1982	-	-	235	5,286	5,521
Additions	26	-	10	2,838	2,874
Businesses acquired	1,623	251	103	6,846	8,823
Revaluations	315	-	-	-	315
Disposals	(3)	-	(2)	(635)	(640)
Balance at 31 December 1982	1,961	251	346	14,335	16,893
Depreciation					
Balance at 1 January 1982	-	-	63	3,484	3,547
Charge for the year	159	4	9	1,538	1,710
Businesses acquired	458	10	14	4,089	4,571
Disposals	(3)	-	-	(532)	(535)
Balance at 31 December 1982	614	14	86	8,579	9,293
Net book amount at 31 December 1982	1,347	237	260	5,756	7,600
Net book amount at 31 December 1981	-	-	172	1,802	1,974

NOTES TO THE ACCOUNTS AT 31 DECEMBER 1982 - (continued)

6. (continued)

The Freehold Properties were revalued by the directors to reflect the market value of these Properties on the date they were acquired by the Group in 1975.

7. INVESTMENT IN SUBSIDIARY COMPANIES

The investment in subsidiary companies at the year end comprises:

	1982 £	1981 £
£1 ordinary shares in Schlumberger (Gloucester) Limited	-	77,099
£1 ordinary shares in Daystrom Ltd	100	100
£1 ordinary shares in Sonatest Ltd	525	-
£1 ordinary shares in Sonatest Properties Limited	87,750	-
Amounts owing to subsidiaries	(651,589)	-
	£(563,214)	£77,199

The share capitals of Sonatest Limited and Sonatest Properties Limited were acquired on 1 January 1982.

Group accounts are not submitted because at 31 December 1982 Schlumberger Electronics (U K) Limited was a wholly subsidiary of a company incorporated in the United Kingdom. The directors state that in their opinion the value of the company's investments in its subsidiaries is not less than the amount at which they are stated in the balance sheet.

All the subsidiaries are wholly owned and are incorporated in the United Kingdom. None have traded during the year.

On the 1st January 1982 the company's interest in Schlumberger (Gloucester) Limited was sold to the companys' immediate holding company as follows :-

	£'000
Amount realised on sale	74
Cost of investment	77
Loss on sale	(3)

8. STOCKS AND WORK IN PROGRESS

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

	£'000	1982 £'000	£'000	1981 £'000
Raw [illegible]ials		4,104		1,504
Work[illegible]rogress		5,198		1,595
Long-term contract work-in-progress	2,214		2,302	
less: Receipts in advance	(1,311)		(1,443)	
		903		859
Finished Goods		2,099		1,922
		12,304		5,880

9. SHARE CAPITAL

	1982 and 1981 £'000 Authorised	£'000 Issued and fully paid
Ordinary shares of 50p each	£3,000	£2,718

10. CAPITAL RESERVES

	1982 £'000	1981 £'000
Share premium account	36	36
Other	403	88
	439	12[illegible]

The increase in other capital reserves arises from the revaluation of freehold properties disclosed in note 6 above.

11. CAPITAL COMMITMENTS

Commitments for capital expenditure entered into by the company and not provided for in these accounts amounted to £435,000 (1981 - £173,000). Expenditure authorised but not contracted for, amounted to £379,000 (1981 - Nil).

12. CONTINGENT LIABILITIES

The contingent liabilities of the company not provided for in these accounts relate to bank guarantees and performance bonds and at the end of the year amounted to £12,980,000 (1981 - £4,573,000).

SCHLUMBERGER ELECTRONICS (U K) LTD

NOTES TO THE ACCOUNTS AT 31 DECEMBER 1982 (continued)

13. COMPANIES ACT 1948

These accounts have been prepared in compliance with Section 149 (A) of and Schedule 8 (A) to the Companies Act 1948.

14. ULTIMATE HOLDING COMPANY.

The ultimate holding company is Schlumberger Limited, a company incorporated in the Netherlands Antilles.