Directors' Report and Accounts

THE SOLARTRON ELECTRONIC
GROUP LIMITED AND ITS
SUBSIDIARIES

28 December 1975

Price Waterhouse & Co.

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THE SOLARTRON ELECTRONIC GROUP LIMITED
AND ITS SUBSIDIARIES

REPORT OF THE DIRECTORS FOR THE FIFTY TWO WEEKS
ENDED 28 DECEMBER 1975

The Directors have pleasure in submitting their report together with the accounts of the group for the fifty two weeks ("the year") ended 28 December 1975.

STATE OF THE GROUP'S AFFAIRS

	Financial Year ended 28 December 1975	Financial Year ended 29 December 1974
Adverse Balance on Profit & Loss Account brought forward from previous year	(571,905)	(846,865)
Profit for the year	787,890	274,960
Balance on Profit & Loss Account carried forward	£215,985	(£571,905)

DIVIDEND

The directors recommend that no dividend be paid on the company's ordinary or preference shares.

DIRECTORS

As at 28 December 1975 your Directors were:

RH Nicholson	Chairman and Managing (resigned 13 January 1976)
DW Burton	Personnel
ME Kelsey	Operations
PG Varley	Instrumentation
AJ Martin	Executive (appointed Managing Director 13 January 1976)

PG Varley and AJ Martin were appointed directors on 3 January 1975. JP Seydoux was appointed a director on 3 January 1975 and resigned on 8 December 1975. DR Hall resigned on 17 October 1975. TS Roberts was appointed a director and chairman on 19 February 1976.

PRINCIPAL ACTIVITY

The principal activity of the Group during the financial year has been to carry on the business of manufacture of electronics and associated equipments, to buy, sell, exchange or otherwise deal in such equipments

and to engage in such engineering and finishing activities, research and development and inventive operations as have any relevance to this activity.

This description shall not be construed as an express or implied amendment or alteration to, or substitution for, or deletion of all or any part of Clause 3 of the Company's Memorandum of Association.

DIRECTORS' SHAREHOLDING IN THE PARENT COMPANY - SCHLUMBERGER LIMITED

Number of shares held:

Name	Class of Share	28 December 1975	29 December 1974 or at date of appointment
RH Nicholson	$ Ordinary	1,500	-
	$ Stock Option	-	750
PG Varley	$ Stock Option	150	150

TURNOVER

The Group's turnover is derived from its principal activity, as defined above and is based on invoice values, excluding sales within the Group.

EMPLOYEES

	28 December 1975	29 December 1974
Average number of employees per week	1,182	1,270
Aggregate employee remuneration for the financial year	£3,090,777	£2,565,527

EXPORTS

	28 December 1975	29 December 1974
Net export turnover for the financial year amounted to	£7,390,292	£4,353,090

THE SOLARTRON ELECTRONIC GROUP LIMITED
AND ITS SUBSIDIARIES

REPORT OF THE DIRECTORS FOR THE FIFTY TWO WEEKS
ENDED 28 DECEMBER 1975 (CONTINUED)

POLITICAL & CHARITABLE CONTRIBUTIONS

	28 December 1975	29 December 1974
Contributions during the year were as follows:		
Political	Nil	Nil
Charities	£170	£95

AUDITORS

Price Waterhouse & Co are reappointed Auditors in accordance with the provisions of Section 159 (2) of the Companies Act 1948.

By Order of the Board

DCP Howell

Price Waterhouse & Co.
SOUTHWARK TOWERS,
32 LONDON BRIDGE STREET,
LONDON SE1 9SY

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

In our opinion the annexed accounts and notes give a true and fair view of the state of affairs of the company and of the group at 28 December 1975 and of the profit and the source and application of funds of the group for the fifty two weeks then ended and comply with the Companies Acts 1948 and 1967.

PRICE WATERHOUSE & CO.

Chartered Accountants

27 February 1976

THE SOLARTRON ELECTRONIC GROUP LIMITED
AND ITS SUBSIDIARIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE 52 WEEKS ("THE YEAR") ENDED 28 DECEMBER 1975

	Note	1975		1974	
TURNOVER (Value of goods sold during the year to persons outside the group)			£12,185,930		£10,723,431
GROUP TRADING PROFIT AFTER TAKING ACCOUNT OF THE ITEMS BELOW:			995,917		748,956
Development expenditure written off		633,371		550,139	
Directors' remuneration:	9				
Emoluments as executives		61,826		34,383	
Depreciation		336,886		326,271	
Auditors' remuneration		15,237		10,908	
Hire of plant and machinery		72,487		41,120	
Loss/(gain) arising on revaluation of currency balances		131,826		(61,007)	
DEDUCT: INTEREST PAYABLE on bank loans and overdraft			227,298		461,102
			768,619		287,854
ADD: INTEREST RECEIVABLE in respect of credit facilities granted to customers			12,303		15,476
GROUP PROFIT FOR THE YEAR BEFORE TAXATION			780,922		303,330
TAXATION	10				
Based on the results of the year		(2,507)		3,726	
Deferred taxation		16,700		24,644	
Corporation tax		(21,161)		-	
Adjustment in respect of prior years			(6,968)		28,370
GROUP PROFIT FOR THE YEAR AFTER TAX forward			787,890		274,960

THE SOLARTRON ELECTRONIC GROUP LIMITED
AND ITS SUBSIDIARIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE 52 WEEKS ("THE YEAR") ENDED 28 DECEMBER 1975 (CONTINUED)

		1975		1974
forward		787,890		274,960
Adverse balance brought forward from previous year		(571,905)		(846,865)
Balance carried forward				
Parent company	67,133		(713,150)	
Retained by subsidiaries	148,852		141,245	
		£215,985		(£571,905)
Profit for the year -				
Dealt with in the accounts of the parent company		780,283		248,510
Retained by subsidiaries		7,607		26,450
		£787,890		£274,960

THE SOLARTRON ELECTRONIC GROUP LIMITED
AND ITS SUBSIDIARIES

BALANCE SHEET - 28 DECEMBER 1975

	Note	1975 Company	1975 Group	1974 Company	1974 Group
CURRENT ASSETS	3	7,125,909	7,812,166	6,751,414	7,959,782
LESS: CURRENT LIABILITIES	4	4,483,356	5,008,227	4,472,442	5,433,000
NET CURRENT ASSETS		2,642,553	2,803,939	2,278,972	2,526,782
FIXED ASSETS	5	957,208	1,190,583	740,506	991,883
PATENTS AND TRADE MARKS					
At cost less amounts written off		1	1	1	1
INVESTMENT IN SUBSIDIARY COMPANIES	6	484,921	-	484,921	-
GOODWILL ON ACQUISITION OF SUBSIDIARY		-	44,845	-	44,845
		£4,084,683	£4,039,368	£3,504,400	£3,563,511
Represented by:					
SHARE CAPITAL	7	2,718,254	2,718,254	2,718,254	2,718,254
CAPITAL RESERVES	8	124,296	124,296	124,296	124,296
PROFIT AND LOSS ACCOUNT		67,133	215,985	(713,150)	(571,905)
SHAREHOLDERS INTEREST		2,909,683	3,058,535	2,129,400	2,270,645
LOANS FROM FELLOW SUBSIDIARIES		100,000	189,233	-	83,901
LOAN FROM A SUBSIDIARY		325,000	-	250,000	-
BANK LOANS (repayable 30 June 1977)		750,000	750,000	1,125,000	1,125,000
DEFERRED TAXATION		-	41,600	-	83,965
DIRECTORS					
AJ Martin DW Burton		£4,084,683	£4,039,368	£3,504,400	£3,563,511

THE SOLARTRON ELECTRONIC GROUP LIMITED AND ITS SUBSIDIARIES

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE 52 WEEKS ("THE YEAR") ENDED 28 DECEMBER 1975

SOURCE OF FUNDS		
Group profit for the year before taxation		79,974
Depreciation		105,332
Total generated from operations		185,306
Funds from other sources:		
Issue of 10% Cumulative Redeemable Preference shares		-
Loans from fellow subsidiaries		535,586
		720,892
APPLICATION OF FUNDS		
Tax paid		79,974
Repayment of loans from fellow subsidiaries		-
Purchase of fixed assets		535,586
Repayment of bank loan		375,000
		990,560
INCREASE/(DECREASE) IN WORKING CAPITAL		
Increase in stocks		650,461
Increase/(Decrease) in debtors including fellow subsidiaries		(803,797)
Decrease/(Increase)in creditors including fellow subsidiaries		1,253,469
Increase in receipts in advance on contracts		(1,846,954)
Movement in liquid funds:		
Decrease in bank overdraft	973,681	
Increase/(Decrease) in bank and cash balances	5,720	
		979,401
		990,560

ND ITS SUBSIDIARIES

UNDS
ECEMBER 1975

		1975		1974
on		780,922		303,330
		336,886		326,271
		1,117,808		629,601
erence shares		-	1,318,254	
		105,332	-	1,318,254
		105,332		1,947,855
		1,223,140		
		79,974	5,411	
aries		-	535,418	
		535,586	389,379	
		375,000	-	930,208
		990,560		1,017,647
		232,580		
L				
		650,461	849,032	
ing fellow subsidiaries		(803,797)	634,516	
ding fellow subsidiaries		1,253,469	(776,855)	
ntracts		(1,846,954)	(237,120)	
			614,043	
	973,68		(65,969)	
balances	5,720		548,074	
		979,401		
		£232,580		£1,017,647

THE SOLARTRON ELECTRONIC GROUP LIMITED
AND ITS SUBSIDIARIES

NOTES TO THE ACCOUNTS

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

2 ACCOUNTING POLICIES

STOCKS AND WORK IN PROGRESS are valued at the lower of cost or net realisable value. Cost includes all direct costs in bringing inventories to existing state including where appropriate a proportion of manufacturing overheads.

PROFITS ON LONG-TERM CONTRACTS, where not specifically governed by the terms of the contract, are recognised on a percentage completion basis, full allowance being given for all excess costs and known losses.

FIXED ASSETS are stated at cost and are depreciated on a straight line basis over the estimated lives of the assets as follows:-

Leasehold Premises	over 50 years or the periods of the leases if less
Engineering and Test Equipment	over 2-5 years
Manufacturing Machinery and Equipment	over 8-18 years
Motor Vehicles	over 4-6 years
Tooling	over 2-3 years

RESEARCH AND DEVELOPMENT expenditure not chargeable to customers is written off in the year in which it is incurred.

DEFERRED TAXATION-provision is made for deferred taxation on the deferral method to allow for the effect of the allocation for tax purposes of income and expenditure to years different from those to which it is allocated for accounting purposes.

NOTES TO THE ACCOUNTS (CONTINUED)

3 CURRENT ASSETS

	1975		1974	
	Company	Group	Company	Group
Stocks and work in progress	4,672,822	5,048,241	3,656,266	4,397,780
Trade and sundry debtors	2,066,813	2,313,787	2,378,250	2,651,276
Amounts owing by fellow subsidiaries	311,072	356,023	696,803	812,331
Amount owing by subsidiary	21,161	-	-	-
Balances at bank and cash in hand	54,041	94,115	20,095	88,395
	£7,125,909	£7,812,166	£6,751,414	£7,959,782

4 CURRENT LIABILITIES

	1975		1974	
	Company	Group	Company	Group
Bank overdraft	7,096	7,096	980,777	980,777
Bank loan repayable 30 June 1976	375,000	375,000	375,000	375,000
Amounts owing to fellow subsidiaries	358,878	721,314	990,719	1,747,705
Receipts in advance on contracts	2,209,605	2,209,605	362,651	362,651
Trade and sundry creditors	1,531,695	1,647,563	1,682,239	1,874,641
Current Taxation	1,082	30,949	81,056	81,056
Corporation tax payable 1 January 1977	-	16,700	-	11,170
	£4,483,356	£5,008,227	£4,472,442	£5,433,000

5 FIXED ASSETS

Movements on fixed assets and depreciation for the year were as follows:

Company

Cost:

Balance 29 December 1974
Additions
Disposals

Balance 28 December 1975

Depreciation:

Balance 29 December 1974
Charged to profit and loss account
Disposals

Balance 28 December 1975

Net book amount:

Balance 28 December 1975

Balance 29 December 1974

Group

Cost:

Balance 29 December 1974
Additions
Disposals

Balance 28 December 1975

Depreciation:

Balance 29 December 1974
Charged to profit and loss account
Disposals

Balance 28 December 1975

Net book amount:

Balance 28 December 1975

Balance 29 December 1974

IARIES

ar were as follows:

Leasehold					
Long	Short	Plant	Motor vehicles	Tooling	Total
172,791	-	1,987,364	108,800	229,831	2,498,786
9,964	-	456,795	61,135	21,451	549,345
-	-	(65,467)	(39,050)	(17,830)	(122,347)
182,755	-	2,378,692	130,885	233,452	2,925,784
34,414	-	1,495,193	50,488	178,185	1,758,280
5,461	-	244,072	31,014	33,690	314,237
-	-	(60,336)	(25,775)	(17,830)	(103,941)
39,875	-	1,678,929	55,727	194,045	1,968,576
£142,880	£-	£699,763	£75,158	£39,407	£957,208
£138,377	£-	£492,171	£58,312	£51,646	£740,506
355,916	838	2,139,550	121,117	243,885	2,861,306
13,072	-	461,277	61,135	21,451	556,935
-	-	(68,294)	(44,202)	(17,830)	(130,326)
368,988	838	2,532,533	138,050	247,506	3,287,915
66,733	421	1,557,784	53,932	190,553	1,869,423
9,156	49	256,801	35,504	35,376	336,886
-	-	(60,672)	(30,475)	(17,830)	(108,977)
75,889	470	1,753,913	58,961	208,099	2,097,332
£293,099	£368	£778,620	£79,089	£39,407	£1,190,583
£289,183	£417	£581,766	£67,185	£53,332	£991,883

NOTES TO THE ACCOUNTS (CONTINUED)

6 INVESTMENT IN SUBSIDIARY COMPANIES

Dormant subsidiaries	
Shares at cost less amount written off	92,836
Current accounts	(92,836)
Heath (Gloucester) Limited - wholly owned subsidiary incorporated in England	
Shares at cost	£484,921

7 SHARE CAPITAL

	1975		1974
	Authorised	Issued and fully paid	Issued and fully paid
Ordinary shares of 50p each	1,400,000	1,400,000	1,400,000
10% Cumulative Redeemable Preference shares of £1 each	1,600,000	1,318,254	1,318,254
	£3,000,000	£2,718,254	£2,718,254

There are arrears of cumulative dividends for 1975 amounting to £131,825.

8 CAPITAL RESERVES

	1975	1974
	Group and company	Group and company
Share premium account	35,839	35,839
Other	88,457	88,457
	£124,296	£124,296

9 DIRECTORS' EMOLUMENTS

The emoluments of the Chairman amounted to £12,240 (1974 - £10,200).

The directors' emoluments, which were wholly for management services for the year ended 28 December 1975 were within the following limits:

	1975	1974
£0 - £2,500	1	3
£2,501 - £5,000	-	-
£5,001 - £7,500	-	2
£7,501 - £10,000	4	1
£10,001 - £12,500	2	1
	7	7

NOTES TO THE ACCOUNTS (CONTINUED)

10 TAXATION

The credit for taxation arises from relieving the profits of a subsidiary in a previous year against losses of the company in that year less a charge for tax on the results for the year of that subsidiary.

The estimated tax losses carried forward by the company at 28 December 1975 amount to approximately £2,000,000. The amount of capital allowances exceeds the related accumulated depreciation by approximately £500,000.

11 CAPITAL COMMITMENTS

Capital expenditure not provided for in these accounts was approximately:

	1975		1974	
	Company	Group	Company	Group
Expenditure contracted for	£82,000	£82,000	£48,000	£48,000
Expenditure authorised but not contracted for	£59,000	£59,000	£65,000	£65,000

12 FOREIGN CURRENCIES

Foreign currencies have generally been translated into sterling at the approximate parity rates ruling on 28 December 1975.