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SANDERSON KAYSER LIMITED  
DIRECTORS' REPORT AND ACCOUNTS  
FOR THE YEAR ENDED 31ST MARCH 1993  
REGISTERED COMPANY NUMBER 4606



**SANDERSON KAYSER LIMITED**  
**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 31ST MARCH 1993**

The directors present their annual report together with the audited accounts of the company for the year ended 31st March 1993.

**Activity and results**

The company is principally engaged in the development, manufacture and sale of high grade steel, wire, saws for wood and metal, machine knives and engineering specialities. The results are shown on page four of the accounts.

**Business review and prospects**

Trading conditions continue to remain difficult for the company and the steel industry. A significant improvement is not foreseeable in the immediate future.

**Research and development**

Company policy is to invest in product innovation at a level designed to enable it to retain and enhance its market position. This expenditure covers product development and investigation into the application of relevant new technologies and is written off in the year during which it is incurred.

**Employment of disabled persons**

It is the company's policy to give fair consideration to the employment needs of disabled people and to comply with any current legislation with regard to disabled persons.

**Fixed assets**

Details of the movement in fixed assets are included in note 8 to the accounts.

**Directors and directors' interests**

The directors of the company during the year were:-

T Worrall  
P R Andrews  
L A Fife  
D A A Bedford  
J D Allan  
A Price  
J H Warden

(Appointed 2nd November 1992)  
(Appointed 15th February 1993)

**SANDERSON KAYSER LIMITED**

**REPORT OF THE DIRECTORS**

**FOR THE YEAR ENDED 31ST MARCH 1993**

**Directors and directors' interests (Continued)**

None of the directors held any interest in the share capital of the company or any other group company, except as noted below.

Messrs Allan and Warden are directors of the company's holding company, GEI Special Steels Limited, and their share interests are shown in the Directors' Report of that company. The other directors' interests in the ordinary shares of the company's ultimate holding company, GEI International PLC, are as follows:

	Share Options	
	31.3.93 Number	31.3.92 Number
T Worrall	32,939	52,869
P R Andrews	30,000	-

The above options are exercisable during the years 1990 to 1998 at prices ranging from 72p to 141.5p per share.

The company maintains insurance policies on behalf of its directors and officers against liability arising from negligence, default, breach of duty and breach of trust in relation to the company.

**Post balance sheet events**

The directors are not aware of any important events affecting the company which have occurred since the end of the financial year.

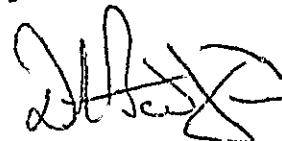
**Employee involvement**

The company has maintained its arrangements by way of discussions, meetings and the distribution of information annually and periodically, as relevant, aimed at promoting the co-operation and involvement of its employees in the future of the business.

**Auditors**

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG Peat Marwick as auditors of the company will be proposed at the forthcoming Annual General Meeting.

By Order of the Board



**D A A Bedford**  
Company Secretary

REPORT OF THE AUDITORS, KPMG PEAT MARWICK TO THE  
MEMBERS OF SANDERSON KAYE LIMITED

We have audited the accounts on pages 4 to 16 in accordance with Auditing Standards.

In our opinion, the accounts give a true and fair view of the state of the company's affairs at 31st March 1993 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Peat Marwick*

KPMG Peat Marwick  
Chartered Accountants  
Registered Auditors  
Birmingham

17th June 1993

**SANDERSON WAYSER LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31ST MARCH 1993**

	Notes	1993 £	1992 £
Turnover	2	10,334,036	7,816,545
Cost of sales		(9,002,696)	(7,404,471)
<b>Gross profit</b>		<u>1,331,340</u>	<u>412,074</u>
Net operating expenses	3	(2,516,371)	(1,644,891)
<b>Operating loss</b>	4	<u>(1,185,031)</u>	<u>(1,232,817)</u>
Income from shares in group companies		52,843	98,249
Interest receivable	6	-	330
Interest payable		(30,000)	(33,701)
<b>Loss for the financial year</b>		<u>(1,162,188)</u>	<u>(1,167,939)</u>

The movement on reserves is set out in note 15 on page 14

SANDERSON KAYSER LIMITED

BALANCE SHEET

AS AT 31ST MARCH 1993

	Notes	1993		1992	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	8		5,303,446		6,233,917
Investments	9		102		102
			<u>5,303,548</u>		<u>6,234,019</u>
<b>Current assets</b>					
Stocks	10	2,614,740		2,204,575	
Debtors	11	5,438,872		4,338,118	
Cash at bank & in hand		163,937		2,162	
		<u>8,217,549</u>		<u>6,544,855</u>	
Creditors: amounts falling due within one year	12	(2,122,751)		(1,988,447)	
<b>Net current assets</b>			<u>6,094,798</u>		<u>4,556,408</u>
<b>Total assets less current liabilities</b>			<u>11,398,346</u>		<u>10,790,427</u>
Creditors: amounts falling due after more than one year	13		(1,969,174)		(199,067)
<b>Net assets</b>			<u>9,429,172</u>		<u>10,591,360</u>
<b>Capital and reserves</b>					
Called up share capital	14		1,695,426		1,695,426
Revaluation reserve	15		2,971,417		3,711,217
Profit and loss account	15		4,762,329		5,184,717
			<u>9,429,172</u>		<u>10,591,360</u>

Approved by the Board of Directors on 17th June 1993

J D ALLAN, Director

P R ANDREWS, Director

**SANDERSON KAYSER LIMITED**

**NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31ST MARCH 1993**

**1. Principal accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's accounts.

**a) Basis of accounting**

The accounts have been prepared under the historical cost convention, as modified by the revaluation of long leasehold land and buildings.

**b) Accounting Standards**

The accounts have been prepared in accordance with applicable Accounting Standards.

**c) Research and development**

Research and development expenditure, which forms an integral part of the cost structure of the business, is written off in the year during which it is incurred. It is not always specifically identified and any form of allocation would be contrived and as such not meaningful.

**d) Turnover**

Turnover represents the total value of amounts invoiced to customers in respect of goods supplied or services rendered during the year excluding value added tax and after deducting trade discounts, rebates and other allowances.

**e) Depreciation of fixed assets**

Fixed assets, other than properties, are depreciated by equal instalments over their estimated useful lives which vary between three and fourteen years. No depreciation is provided on freehold property as it is revalued every three years. Any permanent diminution in value arising from a revaluation is reflected in the profit and loss account for the year. Costs of repair and maintenance are charged against revenue in the year in which they are incurred.

**f) Foreign currencies**

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

**SANDERSON KAYSER LIMITED**

**NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31ST MARCH 1993**

**Principal Accounting Policies (Continued)**

**g) Stocks and work in progress**

Stocks and work in progress are valued at the lower of cost and net realisable value. For raw materials and consumables cost is determined at invoice price on a first in, first out basis. For work in progress and finished goods, cost is taken as production cost, which includes an appropriate proportion of overheads.

**h) Deferred tax**

Provision is made for deferred tax where it is probable that a tax liability will become payable in the foreseeable future.

**i) Goodwill**

Goodwill arising on acquisition is written off directly against reserves in the year of acquisition.

**j) Hire purchase and leasing**

Assets under hire purchase contracts are depreciated over their useful lives. Assets leased under finance leases are capitalised and depreciated over the shorter of the lease term and their useful lives. The capital element of future obligations under these agreements is included in creditors and the interest element is charged to the profit and loss account over the life of the agreement. Operating lease rental costs are charged to the profit and loss account as they arise.

**k) Pension**

The expected pension cost of the employees who are members of the GEI International Group pension scheme is charged to the profit and loss account over the service lives of the employees. Variations from regular cost are spread over the expected remaining service lives of the relevant employees.

**l) Cash flow statement**

No cash flow statement is included in these accounts. The consolidated accounts of GEI International PLC incorporate the results of Sanderson Kayser Limited and include a consolidated cash flow statement.

**m) Government grants**

Capital based grants are released to the profit and loss account over the life of the assets concerned.



SANDERSON KAYSER LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 1993

2. Turnover

	1993 £	1992 £
United Kingdom	8,101,954	6,204,217
Rest of Europe	822,862	351,081
The Americas	681,381	362,498
Asia and Australia	386,984	413,669
Africa	340,855	485,080
	<u>10,334,036</u>	<u>7,816,545</u>

3. Net operating expenses

Distribution costs	880,170	375,434
Administrative costs	<u>1,682,228</u>	<u>1,389,014</u>
	2,562,398	1,764,448
Less: other operating income	<u>(46,027)</u>	<u>(119,557)</u>
	<u>2,516,371</u>	<u>1,644,891</u>

4 Operating loss

a) Stated after charging/(crediting):

KPMG Peat Marwick - audit	18,300	22,500
- other	<u>1,200</u>	<u>1,560</u>
Depreciation of tangible fixed assets		
- Owned	246,678	207,409
- Leased	<u>55,995</u>	<u>41,996</u>
Directors' emoluments	160,205	165,655
Currency variations	14,190	(11,156)
Amortisation of government grants	<u>(2,411)</u>	<u>(23,066)</u>
Hire of plant and machinery	10,796	7,462
Finance charges payable under finance leases and hire purchase contracts	<u>30,000</u>	<u>33,701</u>

**SANDERSON KAYSER LIMITED**

**NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31ST MARCH 1993**

**4 Operating loss (Continued)**

b) Particulars of directors' emoluments excluding pension contributions:

	1993 £	1992 £
Chairman	<u>Nil</u>	<u>Nil</u>
Highest paid director	<u>45,570</u>	<u>43,750</u>
Directors:	Number	Number
Nil to £5,000	2	4
£10,001 to £15,000	1	-
£15,001 to £20,000	1	-
£30,001 to £35,000	-	1
£35,001 to £40,000	2	1
£40,001 to £45,000	1	2

**5. Staff numbers and costs**

The average number of persons employed by the company (including directors) during the year analysed by category was as follows:

	1993 Number	1992 Number
Production and development	305	250
Distribution and selling	17	8
Administration	<u>14</u>	<u>16</u>
	<u>336</u>	<u>274</u>

The aggregate payroll costs of these persons were as follows:

	£	£
Wages and salaries	4,222,775	3,427,508
Social security costs	361,563	254,220
Other pensions costs	<u>43,966</u>	<u>(21,896)</u>
	<u>4,628,304</u>	<u>3,659,832</u>

SANDERSON KAYSER LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 1993

6. Interest receivable

	1993 £	1992 £
Interest receivable on foreign subsidiary loan	-	330

7. Taxation

Due to trading losses incurred a charge to taxation does not arise.

8. Tangible fixed assets

Cost or valuation

	Freehold property £	Plant and Machinery £	Fixtures, Fittings and tools and equipment £	Assets in course of construction £	Total £
At 1st April 1992	4,475,000	5,262,750	539,009	380,910	10,657,669
Additions	-	15,036	4,549	254,101	273,686
Disposals	-	(6,445)	-	-	(6,445)
Transfers	(915,000)	10,459	-	-	(904,541)
Reclassification	-	422,773	83,576	(506,349)	-
At 31st March 1993	3,560,000	5,704,573	627,134	128,662	10,020,369

The cost or valuation  
is made up as follows:

Valuation at 30th September 1991	3,560,000	-	-	-	3,560,000
Cost	-	5,704,573	627,134	128,662	6,460,369
	3,560,000	5,704,573	627,134	128,662	10,020,369

SANDERSON KAYSER LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 1993

8. Tangible fixed assets (Continued)

Depreciation

	Freehold property £	Plant and Machinery £	Fixtures, Fittings and tools and equipment £	Assets in course of construction £	Total £
At 1st April 1992	-	4,202,067	221,685	-	4,423,752
Charge for the year	-	216,199	86,474	-	302,673
Disposals	-	(6,445)	-	-	(6,445)
Transfers	-	(3,057)	-	-	(3,057)
At 31st March 1993	-	4,408,764	308,159	-	4,716,923

Net Book Value:

At 31st March 1993	3,560,000	1,295,809	318,975	128,662	5,303,446
At 31st March 1992	4,475,000	1,060,683	317,324	380,910	6,233,917

The net book value of assets held under finance leases included in fixtures and fittings, tools and equipment is £181,983 (1992:£237,978).

The total gross book value of freeholds includes £2,355,000 (1992:£2,875,000) in respect of depreciable assets and £1,205,000 (1992:£1,600,000) in respect of land.

If stated under the historical cost principles the cost of land and buildings would be £588,583 (1992:£763,783).

The company's property was revalued as at 30th September 1991 on the basis of open market valuation for existing use.

# SANDERSON KAYSER LIMITED

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 1993

### 9. Investments

Share in group companies at cost

2

At 31st March 1992 and 31st March 1993

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The company owns directly all the called up share capital consisting of ordinary shares of the following companies:

	Country of registration or incorporation
Sanderson Kayser Distribution Limited	England
Sanderson Brothers and Newbould Limited and its wholly owned subsidiaries	England
Sanderson Newbould (Australia) Pty Limited	Australia
Sanderson Newbould Limited	Canada
Sanderson Kayser Holdings SA (Pty) Limited	South Africa
Sanderson Newbould SA (Pty) Limited	South Africa

### 10. Stocks

	1993 £	1992 £
Raw materials and consumables	122,728	100,480
Work in progress	1,079,295	1,554,518
Finished goods	1,412,717	549,577
	<u>2,614,740</u>	<u>2,204,575</u>

SANDERSON KAYSER LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 1993

11. Debtors

	1993 £	1992 £
Amounts falling due within one year:		
Trade debtors	2,106,507	1,324,920
Amounts owed by group companies	735,328	1,829,495
Other debtors	50,942	30,002
Prepayments and accrued income	51,095	54,125
	<u>2,943,872</u>	<u>3,238,542</u>
Amounts falling due after more than one year:		
Amounts owed by group companies	2,495,000	1,099,576
	<u>5,438,872</u>	<u>4,338,118</u>

Included in amounts owed by group undertakings is a debt due from a South African subsidiary amounting to £86,555 (1992:£136,847). Repayment is subject to exchange control restrictions.

12. Creditors: amounts falling due within one year

Bank loans and overdrafts	-	20,661
Obligations under finance leases	71,830	61,900
Trade creditors	1,109,743	1,039,353
Amounts owed to group companies	90,603	92,809
Social security and other taxes	271,038	243,554
Corporation tax	712	719
Other creditors	2,541	23,344
Accruals and deferred income	576,284	506,107
	<u>2,122,751</u>	<u>1,988,447</u>

SANDERSON KAYSER LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 1993

13. Creditors: amounts falling due after more than one year

	1993 £	1992 £
Amounts owed to group companies	1,831,870	-
Obligations under finance leases:		
Due within 1 and 2 years	71,830	-
Due within 2 and 5 years	65,474	199,067
	<u>1,969,174</u>	<u>199,067</u>

14. Called up share capital

Authorised

1,810,000 (1992:1,810,000)

ordinary shares of £1 each -

1,810,000	1,810,000
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Issued

Allotted, called up and fully paid:

1,695,426 (1992:1,695,426)

ordinary shares of £1 each

1,695,426	1,695,426
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15. Reserves

	Revaluation Reserve £	Profit & Loss Account £
At 1st April 1992	3,711,217	5,184,717
Retained loss for the year	-	(1,162,188)
Transfer	(739,800)	739,800
At 31st March 1993	<u>2,971,417</u>	<u>4,762,329</u>

# SANDERSON KAYSER LIMITED

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 1993

### 16. Deferred taxation

The unprovided liability was:

	1993 £	1992 £
Accelerated capital allowances	378,210	391,930
Other timing differences	-	(12,315)
Unrealised surplus on the revaluation of properties	980,568	1,224,702
	<u>1,358,778</u>	<u>1,604,317</u>

### 17. Financial commitments

The company has no commitments for future rental payments under non-concellable operating leases.

Capital expenditure:

Contracted for but not provided	16,653	6,630
Authorised but not contracted for	31,342	6,350
	<u>47,995</u>	<u>12,980</u>

### 18. Contingent liability

Cash and bank balances include an amount of £163,937 (1992:£2,162) which under a composite accounting agreement with the company's bankers may be offset against other group companies' overdrafts at the direction of the bank.

### 19. Group accounts

As permitted by Section 228 of the Companies Act 1985, consolidated accounts dealing with the results of subsidiaries have not been prepared by the company as it is itself a wholly owned subsidiary of a UK company.



SANDERSON KAYSER LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 1993

20. Pensions

The GEI International Group operates a defined benefit scheme, the GEI International PLC Pension and Life Assurance scheme, of which the company is a member. The contributions for the year ended 31st March 1993 are based on the pension costs for the group as a whole. Full details of the actuarial valuation of the group scheme are contained in the accounts of GEI International PLC, the ultimate holding company.

As a result of the Barber Decision, a recent European Court Judgement requiring pension schemes to offer equal benefits to men and women, the group has equalised retirement ages for men and women at age 65. Furthermore, the Social Security Act 1990 will impose a minimum level of annual increases in pensions.

No account has been taken of the financial impact of either of the above as the provisions of the Social Security Act are not yet in force and the effects of the Barber Judgement are not yet known.

21. Ultimate holding company

The ultimate holding company is GEI International PLC, which is incorporated in Great Britain and registered in England and Wales.

The largest group in which the results of the company are consolidated is that headed by GEI International PLC. The consolidated accounts of GEI International PLC are available to the public and may be obtained from:

The Company Secretary  
GEI International PLC  
Aspley Hill  
Woburn Sands  
Bedfordshire  
MK17 8NW

No other group accounts include the results of the company.