

SPP LIMITED

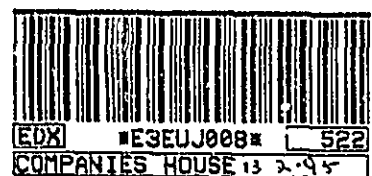
DIRECTORS' REPORT AND ACCOUNTS

30 NOVEMBER 1994

428695

248695

Registered No: 428695



## **SPP LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 30 NOVEMBER 1994**

The Directors submit their report and the accounts of the Company for the year ended 30 November 1994.

#### **PRINCIPAL ACTIVITIES**

The Company is involved in the manufacture, design and supply of pumps and fluid handling systems.

#### **TRADING REVIEW AND DIVIDENDS**

The Directors are satisfied with the results for the year and the financial position of the Company as shown in the accounts. The Directors do not recommend the payment of a dividend and it is proposed to transfer the profit after taxation of £1,149,000 (1993: £574,000) to reserves.

On 17 November 1993 SPP Group Limited, the immediate parent company, acquired the entire share capital of LaBour Pump Company Limited. On 1 December 1993 this business and the related net assets were transferred to SPP Limited at their net book amount of approximately £1.8m.

#### **FIXED ASSETS**

The movements in fixed assets are shown in Note 9 to the accounts.

#### **EMPLOYMENT OF DISABLED PERSONS**

The Company gives full and fair consideration to applications for employment from disabled persons. Within the limitation of their aptitudes and abilities, disabled persons are given the same training, career development and promotion as are available to all Company employees. If an employee becomes disabled the Company endeavours to continue his or her employment in the same or similar capacity.

#### **EMPLOYEE INVOLVEMENT**

It is the Company policy to inform and consult employees concerning the performance and future prospects of the Company by regular meetings with staff consultancy committees.

## SPP LIMITED

### DIRECTORS REPORT FOR THE YEAR ENDED 30 NOVEMBER 1994 (CONTINUED)

#### DIRECTORS AND THEIR INTERESTS

D A Carter	R Tubb (Resigned 2 October 1994)
R W Palmer	O Shevlin
C D Johnson	G G Terry
P B O'Kelly	A Lukes (Appointed 2 October 1994)
A Perren (Resigned 2 October 1994)	T Smith (Appointed 2 October 1994)

No Director had any interest in the share capital of the Company during the year ended 30 November 1994.

#### STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the Directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the company for that period. In preparing those accounts, the Directors are required to:

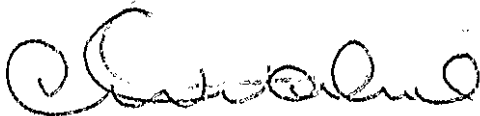
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### AUDITORS

A resolution proposing the reappointment of Price Waterhouse as auditors of the company will be put to the Annual General Meeting.

By Order of the Board



C D Johnson  
Secretary

6 February 1995

*Price Waterhouse*



## AUDITORS' REPORT TO THE SHAREHOLDERS OF SPP LIMITED

We have audited the accounts on pages 4 to 16 which have been prepared under the historical cost convention and the accounting policies set out on pages 6 and 7.

### Respective responsibilities of directors and auditors

As described on page 2 the Company's Directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

### Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

### Opinion

In our opinion the accounts give a true and fair view of the state of the Company's affairs as at 30 November 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Price Waterhouse*

PRICE WATERHOUSE  
Chartered Accountants  
and Registered Auditors

6 February 1995

**SPP LIMITED****PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30 NOVEMBER 1994**

	<u>1994</u> £'000	<u>1993</u> £'000
<b>TURNOVER</b> (Notes 1 & 2)	31,896	26,964
Cost of sales	(23,089)	(20,024)
	<hr/>	<hr/>
<b>GROSS PROFIT</b>	8,807	6,940
Distribution costs	(3,733)	(3,061)
Administrative expenses	(2,080)	(1,925)
Other operating charges	(660)	(700)
	<hr/>	<hr/>
<b>OPERATING PROFIT</b> (Note 3)	2,334	1,254
Interest receivable	7	10
Interest payable (Note 4)	(494)	(353)
	<hr/>	<hr/>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	1,847	911
Tax on profit on ordinary activities (Note 7)	(698)	(337)
	<hr/>	<hr/>
<b>RETAINED PROFIT FOR THE YEAR</b> (Note 17)	1,149	574
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The Company has recognised no gains or losses other than those shown in the above profit and loss account.

The notes on pages 6 to 16 form part of these accounts.

**SPP LIMITED****BALANCE SHEET - 30 NOVEMBER 1994**

	<u>1994</u> £'000	<u>1993</u> £'000
<b>FIXED ASSETS</b>		
Intangible assets (Note 8)	-	24
Tangible assets (Note 9)	7,608	7,196
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	7,608	7,220
	<hr/>	<hr/>
<b>CURRENT ASSETS</b>		
Stocks (Note 11)	4,093	3,304
Debtors (Note 12)	9,821	7,658
Cash at bank and in hand	3	-
	<hr/>	<hr/>
	13,917	10,962
<b>CREDITORS - Amounts falling due within one year (Note 13)</b>	(10,520)	(8,806)
	<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>	3,397	2,156
	<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	11,005	9,376
<b>CREDITORS - Amount falling due after more than one year (Note 14)</b>	(6,500)	(6,500)
<b>Provisions for liabilities and charges (Note 15)</b>	(781)	(301)
	<hr/>	<hr/>
	3,724	2,575
	<hr/>	<hr/>
<b>CAPITAL AND RESERVES</b>		
Called up share capital (Note 16)	30	30
Profit and loss account (Note 17)	3,694	2,545
	<hr/>	<hr/>
<b>SHAREHOLDERS' FUNDS (Note 17)</b>	3,724	2,575
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Approved by the Board on 6 February 1995



C D Johnson  
Director

The notes on pages 6 to 16 form part of these accounts.

## **SPP LIMITED**

### **NOTES TO THE ACCOUNTS - 30 NOVEMBER 1994**

**1**

#### **ACCOUNTING POLICIES**

##### **Basis of accounting**

The accounts are prepared under the historical cost convention and in accordance with applicable Accounting Standards. The principal accounting policies adopted by the Company are as follows:

##### **Turnover**

Turnover represents amounts invoiced to customers (excluding value added tax) for goods supplied.

##### **Fixed assets and depreciation**

Fixed assets are shown at cost less accumulated depreciation.

Depreciation is provided on all fixed assets other than freehold land in equal annual amounts calculated so as to write off the cost of each asset over its estimated useful life as follows:

Freehold buildings	-	2% to 3%
Short leasehold buildings	-	4%
Plant and machinery	-	5% to 12½%
Office and EDP equipment	-	7½ to 20%
Tooling and patterns	-	16 2/3% to 33 1/3%
Motor vehicles	-	25%

##### **Leased assets**

Assets acquired under finance leases are capitalised in the balance sheet and are depreciated over their useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Operating lease rentals are charged to the profit and loss account on a straight line basis over the lease period.

##### **Goodwill**

Goodwill on acquisition and other intangible assets are written off to the profit and loss account over five years on a straight line basis.

##### **Stocks and work in progress**

Stocks and work in progress are stated at the lower of cost, which includes factory overheads, and estimated net realisable value.

## SPP LIMITED

### NOTES TO THE ACCOUNTS - 30 NOVEMBER 1994 (CONTINUED)

#### 1 ACCOUNTING POLICIES (CONTINUED)

##### Foreign currencies

Assets and liabilities denominated in foreign currencies for which forward exchange contracts are held are translated at the rate of the forward contract.

Other assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions denominated in foreign currencies entered into during the year are translated at the rate ruling at the date of the transaction.

All differences in exchange arising from translation of foreign currencies are taken to the profit and loss account.

##### Deferred taxation

Deferred tax is provided in respect of timing differences only where, in the opinion of the Directors, such timing differences are expected to reverse in the foreseeable future.

##### Pensions

The employees of the Company are eligible to be members of the SPP Group Limited Pension Scheme. Contributions to the Scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives.

##### Cash flow statement

The Company is exempt from the requirement to prepare a cash flow statement as its immediate parent company includes such a statement in its accounts which includes the cash flows of the company.

#### 2 TURNOVER

The geographical analysis of the Company's turnover is as follows:

	<u>1994</u> £'000	<u>1993</u> £'000
United Kingdom	20,657	19,992
Other EC countries	2,253	2,129
Rest of Europe	674	292
North America	2,322	1,504
Central and South America	405	53
Middle East	2,545	1,610
Asia	2,420	1,169
Other	620	215
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	31,896	26,964
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Included in the turnover for 1994 is £3,499,000 relating to turnover generated by the trade formerly carried on by LaBour Pump Company Limited.



# SPP LIMITED

## NOTES TO THE ACCOUNTS - 30 NOVEMBER 1994 (CONTINUED)

### 3 OPERATING PROFIT

Operating profit is stated after charging:

	<u>1994</u> £'000	<u>1993</u> £'000
Depreciation - owned assets	828	654
- leased assets	73	86
Amortisation of intangible fixed assets	24	65
Operating lease rentals - plant & machinery	391	413
- other	493	527
Exceptional item - restructuring costs	300	600
Auditors' remuneration - audit	15	16
- other	10	10
	<hr/>	<hr/>

The restructuring costs of £300,000 (1993: £600,000) reflect decisions taken to reorganise the expanded trade of the Company following the transfer of the business of LaBour Pump Company Limited.

### 4 INTEREST PAYABLE

	<u>1994</u> £'000	<u>1993</u> £'000
Loan from parent company	434	324
Bank loans and overdrafts	39	7
Finance charges in respect of finance leases	21	22
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	494	353
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### 5 DIRECTORS' EMOLUMENTS

	<u>1994</u> £'000	<u>1993</u> £'000
Salaries and pension contributions	245	269
Compensation for loss of office	43	-
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	288	269
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The above includes the emoluments of two Directors who are also Directors of the immediate parent company. Their emoluments for services to all companies in the Group are paid by that company. The amount shown above includes £77,000 (1993: £95,000) based on the Directors' best estimate of the proportion of their time attributable to the Company.

# SPP LIMITED

## NOTES TO THE ACCOUNTS - 30 NOVEMBER 1994 (CONTINUED)

### 5 DIRECTORS' EMOLUMENTS (CONTINUED)

The emoluments of individual Directors, excluding pension contributions were as follows:

	<u>1994</u> £'000	<u>1993</u> £'000
Chairman	42	51
Highest paid Director	87	53
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The emoluments of the highest paid Director include £43,000 compensation for loss of office.

Emoluments of directors fell in the following bands:

	<u>Number</u>	<u>Number</u>
£0 - £5,000	4	3
£5,001 - £10,000	1	-
£10,001 - £15,000	-	1
£30,001 - £35,000	1	-
£40,001 - £45,000	1	1
£45,001 - £50,000	-	1
£50,001 - £55,000	1	3
£55,001 - £60,000	1	-
£85,001 - £90,000	1	-

### 6 EMPLOYEES

Staff costs were as follows:

	<u>1994</u> £'000	<u>1993</u> £'000
Wages and salaries	7,492	6,085
Social security costs	669	549
Other pension costs	411	371
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	8,572	7,005
	<hr/>	<hr/>

The average number of employees during the year was 443 (1993: 360)

**SPP LIMITED**

**NOTES TO THE ACCOUNTS - 30 NOVEMBER 1994 (CONTINUED)**

**7 TAX ON PROFIT ON ORDINARY ACTIVITIES**

	<u>1994</u> £'000	<u>1993</u> £'000
Taxation on profit for the year:		
UK Corporation tax @ 33%	61	257
Deferred taxation (Note 15)	480	134
Under/(Over) provision in prior year	17	(54)
Amounts payable for group relief	140	-
	<u>698</u>	<u>337</u>

**8 INTANGIBLE ASSETS**

	<u>Goodwill</u> £'000	<u>Other</u> <u>Intangibles</u> £'000	<u>Total</u> £'000
<b>Costs</b>			
At 1 December 1993 and 30 November 1994	245	82	327
<b>Amortisation</b>			
At 1 December 1993	238	65	303
Charge for the year	7	17	24
At 30 November 1994	245	82	327
<b>Net book amount</b>			
At 30 November 1994	-	-	-
At 30 November 1993	7	17	24

**SPP LIMITED**

**NOTES TO THE ACCOUNTS - 30 NOVEMBER 1994 (CONTINUED)**

**9 TANGIBLE FIXED ASSETS**

	Freehold Land and Buildings £'000	Short Leasehold £'000	Plant Machinery & Equipment £'000	Motor Vehicles £'000	Tooling & Patterns £'000	Total £'000
<b>Cost</b>						
At 1 December 1993	3,925	183	5,404	121	581	10,214
Additions	120	3	1,028	18	39	1,208
Disposals	-	-	(285)	(25)	-	(310)
Transfer from fellow subsidiary undertaking	-	-	1,157	25	471	1,653
At 30 November 1994	4,045	186	7,304	139	1,091	12,765
<b>Depreciation</b>						
At 1 December 1993	337	34	2,178	40	429	3,018
Charge for the period	77	8	729	36	51	901
Disposals	-	-	(209)	(10)	-	(219)
Transfer from fellow subsidiary undertaking	-	-	989	8	460	1,457
At 30 November 1994	414	42	3,687	74	940	5,157
<b>Net book amount</b>						
At 30 November 1994	3,631	144	3,617	65	151	7,608
At 30 November 1993	3,588	149	3,226	81	152	7,196

Included in the net book amount are assets purchased under finance leases amounting to £57,191 (1993: £129,864).

# **SPP LIMITED**

## **NOTES TO THE ACCOUNTS - 30 NOVEMBER 1994 (CONTINUED)**

### **10 CAPITAL COMMITMENTS**

At 30 November 1994 future capital expenditure not provided for in the accounts was as follows:

	<u>1994</u> £'000	<u>1993</u> £'000
Authorised and contracted for	35	54
Authorised but not contracted for	271	80
	<hr/>	<hr/>
	306	134
	<hr/>	<hr/>

### **11 STOCKS**

	<u>1994</u> £'000	<u>1993</u> £'000
Raw materials and consumables	2,328	2,207
Work in progress	1,765	1,097
	<hr/>	<hr/>
	4,093	3,304
	<hr/>	<hr/>

### **12 DEBTORS**

	<u>1994</u> £'000	<u>1993</u> £'000
Trade debtors	9,565	7,079
Amounts owed by group undertakings	56	417
Prepayments and accrued income	173	139
Other debtors	27	23
	<hr/>	<hr/>
	9,821	7,658
	<hr/>	<hr/>

# SPP LIMITED

## NOTES TO THE ACCOUNTS - 30 NOVEMBER 1994 (CONTINUED)

### 13 CREDITORS: Amounts falling due within one year

	<u>1994</u> £'000	<u>1993</u> £'000
Bank loans and overdrafts	2,949	1,086
Trade creditors	3,261	4,425
Amounts owed to group undertakings	2,307	-
Corporation tax	118	257
Other taxation and social security	699	729
Accruals and deferred income	678	1,306
Obligations under finance leases	-	79
Payments on account	321	584
Other creditors	187	340
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	10,520	8,806
	<hr/>	<hr/>

### 14 CREDITORS: Amounts falling due after more than one year

	<u>1994</u> £'000	<u>1993</u> £'000
Amounts owed to immediate parent company	6,500	6,500
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The parent company has indicated that it will not demand repayment of its long term loan in the next twelve months.

# SPP LIMITED

## NOTES TO THE ACCOUNTS - 30 NOVEMBER 1994 (CONTINUED)

### 15 PROVISIONS FOR LIABILITIES AND RESERVES

	<u>1994</u> £'000	<u>1993</u> £'000
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Deferred taxation, which is fully provided, comprises:

Accelerated capital allowances	872	510
Other	(91)	(209)

	<u>781</u>	<u>301</u>
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The movement on deferred taxation during the year was as follows:

	£'000
At 1 December 1993	301
Movement in the year (Note 7)	480
	<u>781</u>
At 30 November 1994	<u>781</u>

### 16 CALLED UP SHARE CAPITAL

	<u>1994</u> £'000	<u>1993</u> £'000
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Authorised, allotted and fully paid 30,000 ordinary shares of £1 each	30	30
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### 17 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	<u>Called up share capital</u> £'000	<u>Profit &amp; loss account</u> £'000	<u>1994 Total</u> £'000	<u>1993 Total</u> £'000
Balance brought forward	30	2,545	2,575	2,001
Profit for the financial year	-	1,149	1,149	574
	<u>30</u>	<u>3,694</u>	<u>3,724</u>	<u>2,575</u>

## SPP LIMITED

### NOTES TO THE ACCOUNTS - 30 NOVEMBER 1994 (CONTINUED)

#### 18 PENSION COMMITMENTS

The company participates in the SPP Group Limited defined benefit Pension Scheme for employees in the UK providing benefits based on final pensionable pay. The assets are held separately from those of the Group in a separate trustee administered fund. Pension costs are assessed on the advice of independent qualified actuaries. Actuarial valuations are prepared at least triennially, using the attained age method. The latest valuation was carried out at 30 November 1993. The main assumption is a rate of return on investment of 1½% greater than the rate of increase in salaries. The total pension cost for the Company during the year was £411,000 (1993: £371,000). No contributions (1993: £55,000) were due to the Scheme at the year end.

The market value of the main scheme assets at 30 November 1993 represented 103% of accrued benefits to members after allowing for expected future increases in earnings.

With effect from 1 December 1994 all pension commitments of the LaBour Pump Company Ltd Pension Fund were transferred to the SPP Pension Scheme.

#### 19 OPERATING LEASES

The annual commitment at 30 November 1994 in respect of operating leases is as follows:

	1994		1993	
	Land and Buildings	Other Operating Leases	Land and Buildings	Other Operating Leases
	£'000	£'000	£'000	£'000
Lease expiry:				
Within one year	-	49	-	75
1 - 5 years	-	155	-	129
After 5 years	449	-	448	-
	<u>449</u>	<u>204</u>	<u>448</u>	<u>204</u>

#### 20 CONTINGENT LIABILITY

In the normal course of business there exist performance bonds and guarantees outstanding at 30 November 1994 of £1,403,000 (30 November 1993:- £3,425,000).



## **SPP LIMITED**

### **NOTES TO THE ACCOUNTS - 30 NOVEMBER 1994 (CONTINUED)**

#### **21 ULTIMATE PARENT COMPANY**

The ultimate parent company is TBG Holdings NV, a company incorporated in Curaçao, Netherlands Antilles.

The parent company for which group financial statements are prepared is SPP Group Limited which is a subsidiary undertaking of TBG Holdings NV, the ultimate parent. SPP Group Limited is registered in England and Wales.