

# **Sykes Machine Tool Company Limited**

**Directors' report and financial statements**

**31 March 1995**

Registered number 545120



# Sykes Machine Tool Company Limited

## Directors' report and financial statements

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# Sykes Machine Tool Company Limited

## Directors' report

The directors present their report and financial statements of the company for the year ended 31 March 1995.

### Principal activity and business review

On 1 April 1994 the trade (the distribution of high technology machine tools and equipment) and assets of the company were transferred to Selson Machine Tool Company Limited, which subsequently changed its name to 600 Centre Limited. The transfer of assets occurred at net book value. Since 1 April 1994 the company has ceased to trade.

### Results and proposed dividend

The results for the year are shown in the profit and loss account on page 5.

The directors do not propose a dividend for the year (1994: £nil).

### Fixed assets

Details of changes in fixed assets during the year are shown in the notes to the financial statements.

### Directors and their interests

The following directors held office during the year.

AR Sweeten  
LJ Croyston

The Articles of Association of the company do not require the directors to retire by rotation.

At 31 March 1995 Messrs Sweeten and Croyston had a beneficial interest in the issued ordinary share capital of The 600 Group plc of 1,000 and 10,000 shares respectively (1 April 1994: nil).

During the year, Mr AR Sweeten was granted options on 25,000 shares of The 600 Group plc at a subscription price of 58p under the terms of the Executive Share Option Scheme of The 600 Group plc. At 1 April 1994 he had been granted options on 165,000 shares exercisable at prices ranging between 44p and 102p. At 31 March 1995 and 1 April 1994 he also had options to subscribe for 4,054 shares at the option price of 29.6p in accordance with the provisions of The 600 Group plc Savings Related Share Option Scheme.

# Sykes Machine Tool Company Limited

## Directors' report (*continued*)

### Auditors

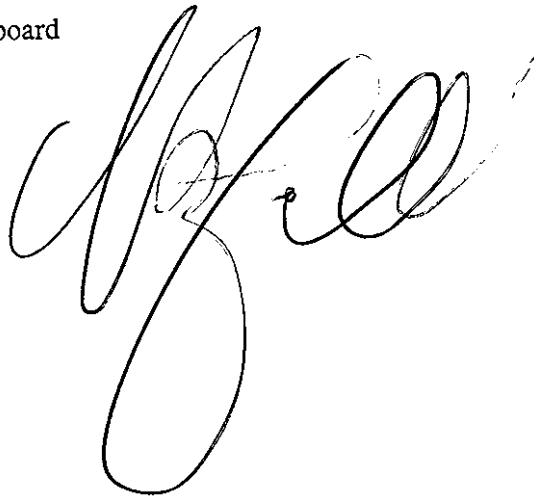
In accordance with Section 386 of the Companies Act 1985, a resolution for the reappointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

On 6 February 1995 our auditors changed the name under which they practise to KPMG and, accordingly, have signed their report in their new name.

By order of the board

AR Fernbank  
Secretary

12<sup>th</sup> July 1995

A large, stylized handwritten signature in black ink, likely belonging to AR Fernbank, the Secretary.

Witan Court  
284 Witan Gate  
Milton Keynes  
MK9 1EJ

# Sykes Machine Tool Company Limited

## Statement of directors' responsibilities

Company law requires the directors to prepare financial statements 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 for that period. In preparing those financial statements, 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 financial statements; and
- prepare the financial statements 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 the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



Spencer House  
Cliftonville Road  
Northampton  
NN1 5BU

## Report of the auditors to the members of Sykes Machine Tool Company Limited

We have audited the financial statements on pages 5 to 13.

### *Respective responsibilities of directors and auditors*

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, 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 financial statements 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 financial statements.

### *Opinion*

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 1995 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KM L

Chartered Accountants  
Registered Auditors

12<sup>th</sup> July 1995

# Sykes Machine Tool Company Limited

Profit and loss account  
for the year ended 31 March 1995

	Note	1995 £	1994 £
Turnover	2	-	3,550,770
Cost of sales		-	(2,691,766)
		<hr/>	<hr/>
Gross profit		-	859,004
Administrative expenses		-	(1,238,565)
		<hr/>	<hr/>
Operating loss		-	(379,561)
Interest receivable and similar income	3	-	10,738
Interest payable and similar charges	4	-	(2,887)
		<hr/>	<hr/>
Loss on ordinary activities before taxation	6	-	(371,710)
Tax on loss on ordinary activities	8	-	-
		<hr/>	<hr/>
Loss on ordinary activities after taxation		-	(371,710)
Retained (loss)/profit brought forward		(65,057)	306,653
		<hr/>	<hr/>
Retained loss carried forward		(65,057)	(65,057)
		<hr/>	<hr/>

There is no difference between the loss on ordinary activities before taxation and the retained loss for the year stated above, and their historical cost equivalents.

There are no recognised gains and losses other than the loss on ordinary activities for the year.

The notes on pages 7 to 13 form part of these financial statements.

# Sykes Machine Tool Company Limited

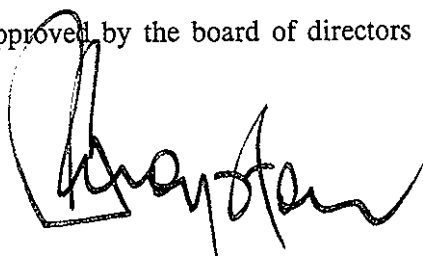
Balance sheet  
at 31 March 1995

	Note	1995		1994	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	9		-		15,100
<b>Current assets</b>					
Stocks	10	-		828,944	
Debtors:					
- amounts falling due within one year	11	952,635		577,061	
- amounts falling due after more than one year		-		68,000	
Cash at bank and in hand		-		140,780	
		<u>952,635</u>	<u>1,614,785</u>		
<b>Creditors: amounts falling due within one year</b>	12	<u>(967,692)</u>	<u>(1,644,942)</u>		
<b>Net current liabilities</b>			<u>(15,057)</u>		<u>(30,157)</u>
<b>Total assets less current liabilities</b>			<u>(15,057)</u>		<u>(15,057)</u>
<b>Capital and reserves</b>					
Called up share capital	13	50,000		50,000	
Profit and loss account		<u>(65,057)</u>		<u>(65,057)</u>	
			<u>(15,057)</u>		<u>(15,057)</u>

These financial statements were approved by the board of directors on 12<sup>th</sup> July 1995 and were signed on its behalf by:



AR Sweeten  
Director



LJ Croyston  
Director



# Sykes Machine Tool Company Limited

## Notes

*(forming part of the financial statements)*

### 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 financial statements.

#### *Basis of accounting*

The financial statements have been prepared under the historical cost accounting rules and in accordance with the Companies Act 1985.

#### *Stock*

Stock is valued at the lower of cost and net realisable value after making allowance for obsolete and slow moving items. Where appropriate cost includes amounts in respect of freight inwards and duty.

#### *Fixed assets and depreciation*

Depreciation is provided on tangible fixed assets at the following annual rates expected to write off each asset over its estimated useful life:

Plant and machinery, fixtures and fittings	10% on cost
Motor vehicles	20% on cost

#### *Taxation*

Provision for corporation tax on the results of the company is made in the accounts of the ultimate holding company.

The ultimate holding company also makes provision under the liability method for deferred taxation relating to the company arising from accelerated capital allowances on capital expenditure and other timing differences to the extent that it is probable that a liability will crystallise in the foreseeable future.

#### *Leased assets*

Expenditure on operating leases is charged to the profit and loss account on a basis representative of the benefit derived from the asset, normally corresponding to the basis on which rentals accrue.

#### *Foreign currency*

Transactions denominated in foreign currencies are translated into sterling and recorded at the rate of exchange ruling on the date of the transaction. Balances denominated in foreign currencies have been translated into sterling at the rates of exchange on the balance sheet date. Gains or losses arising on exchange are taken to the profit and loss account.

# Sykes Machine Tool Company Limited

## Notes (continued)

### 1. Principal accounting policies (continued)

#### *Pensions*

Pension costs in respect of the company's employees are generally charged against profits on a systematic basis, based where appropriate on actuarial calculations, over the service lives of the employees who are pension scheme members. Actuarial valuations are carried out periodically and surpluses and deficiencies are allocated over the expected remaining service lives of current employees in the pension scheme.

#### *Cash flow statement*

The company is exempt from the requirement to prepare a cash flow statement as it is a wholly-owned subsidiary undertaking of The 600 Group plc.

### 2. Turnover

Turnover represents the total amounts invoiced to the customers for goods supplied, including sales of equipment available for despatch at the suppliers' work, and services rendered excluding value added tax, and after deducting discounts allowed and credit notes issued. The analysis of turnover by geographical area is as follows:

	1995	1994
	£	£
<i>By geographical market:</i>		
United Kingdom	-	3,376,097
Europe	-	173,963
Africa	-	710
	<hr/>	<hr/>
	-	3,550,770
	<hr/>	<hr/>

### 3. Interest receivable and similar income

	1995	1994
	£	£
Receivable from bank	-	3,501
Receivable from group undertakings	-	7,237
	<hr/>	<hr/>
	-	10,738
	<hr/>	<hr/>

# Sykes Machine Tool Company Limited

## Notes (continued)

### 4. Interest payable and similar charges

	1995 £	1994 £
Amounts payable to group undertakings	-	2,887
	<u>-</u>	<u>2,887</u>

### 5. Staff numbers and costs

The average number of persons employed by the company during the year, analysed by category, was as follows:

	1995 Number	1994 Number
Management and administration	-	6
Selling and distribution	-	15
	<u>-</u>	<u>21</u>

The aggregate payroll costs of employees were:

	1995 £	1994 £
Wages and salaries	-	393,272
Social security costs	-	40,573
Other pension costs	-	(2,000)
	<u>-</u>	<u>431,845</u>

### 6. Loss on ordinary activities before taxation

	1995 £	1994 £
<i>The loss on ordinary activities before taxation is stated after charging the following:</i>		
Depreciation	-	20,778
Directors' emoluments (see note 7)	-	110,763
Auditors' remuneration:		
Audit services	-	8,300
Hire of plant and machinery:		
Rentals payable under operating leases	-	2,122
	<u>-</u>	<u>2,122</u>

# Sykes Machine Tool Company Limited

## Notes (continued)

### 7. Directors' emoluments

Excluding pension contributions, the remuneration of the directors was as follows:

	1995 £	1994 £
<i>Directors' emoluments:</i>		
Remuneration as executives	-	100,416
Benefits in kind	-	10,347
	<hr/>	<hr/>
	-	110,763
	<hr/>	<hr/>
Compensation for loss of office of directors	-	£63,699
	<hr/>	<hr/>

The emoluments, excluding pension contributions, of the chairman were £nil (1994:£nil) and those of the highest paid director were £nil (1994:£36,993).

The number of directors whose emoluments, excluding pension contributions, fell in each £5,000 bracket was as follows:

	1995 Number	1994 Number
£0 - £5,000	2	2
£5,001 - £10,000	-	1
£10,001 - £15,000	-	2
£15,001 - £20,000	-	-
£20,001 - £25,000	-	-
£25,001 - £30,000	-	-
£30,001 - £35,000	-	-
£35,001 - £40,000	-	-
£40,001 - £45,000	-	-
£45,001 - £50,000	-	-
£50,001 - £55,000	-	-
£55,001 - £60,000	-	-
£60,001 - £65,000	-	-
£65,001 - £70,000	-	-
£70,001 - £75,000	-	-
£75,001 - £80,000	-	-
£80,001 - £85,000	-	-
£85,001 - £90,000	-	-
£90,001 - £95,000	-	-
£95,001 - £100,000	-	-
£100,001 - £105,000	-	-
£105,001 - £110,000	-	-
£110,001 - £115,000	-	-
£115,001 - £120,000	-	-
£120,001 - £125,000	-	-
£125,001 - £130,000	-	-
£130,001 - £135,000	-	-
£135,001 - £140,000	-	-
£140,001 - £145,000	-	-
£145,001 - £150,000	-	-
£150,001 - £155,000	-	-
£155,001 - £160,000	-	-
£160,001 - £165,000	-	-
£165,001 - £170,000	-	-
£170,001 - £175,000	-	-
£175,001 - £180,000	-	-
£180,001 - £185,000	-	-
£185,001 - £190,000	-	-
£190,001 - £195,000	-	-
£195,001 - £200,000	-	-
£200,001 - £205,000	-	-
£205,001 - £210,000	-	-
£210,001 - £215,000	-	-
£215,001 - £220,000	-	-
£220,001 - £225,000	-	-
£225,001 - £230,000	-	-
£230,001 - £235,000	-	-
£235,001 - £240,000	-	-
£240,001 - £245,000	-	-
£245,001 - £250,000	-	-
£250,001 - £255,000	-	-
£255,001 - £260,000	-	-
£260,001 - £265,000	-	-
£265,001 - £270,000	-	-
£270,001 - £275,000	-	-
£275,001 - £280,000	-	-
£280,001 - £285,000	-	-
£285,001 - £290,000	-	-
£290,001 - £295,000	-	-
£295,001 - £300,000	-	-
£300,001 - £305,000	-	-
£305,001 - £310,000	-	-
£310,001 - £315,000	-	-
£315,001 - £320,000	-	-
£320,001 - £325,000	-	-
£325,001 - £330,000	-	-
£330,001 - £335,000	-	-
£335,001 - £340,000	-	-
£340,001 - £345,000	-	-
£345,001 - £350,000	-	-
£350,001 - £355,000	-	-
£355,001 - £360,000	-	-
£360,001 - £365,000	-	-
£365,001 - £370,000	-	-
£370,001 - £375,000	-	-
£375,001 - £380,000	-	-
£380,001 - £385,000	-	-
£385,001 - £390,000	-	-
£390,001 - £395,000	-	-
£395,001 - £400,000	-	-
£400,001 - £405,000	-	-
£405,001 - £410,000	-	-
£410,001 - £415,000	-	-
£415,001 - £420,000	-	-
£420,001 - £425,000	-	-
£425,001 - £430,000	-	-
£430,001 - £435,000	-	-
£435,001 - £440,000	-	-
£440,001 - £445,000	-	-
£445,001 - £450,000	-	-
£450,001 - £455,000	-	-
£455,001 - £460,000	-	-
£460,001 - £465,000	-	-
£465,001 - £470,000	-	-
£470,001 - £475,000	-	-
£475,001 - £480,000	-	-
£480,001 - £485,000	-	-
£485,001 - £490,000	-	-
£490,001 - £495,000	-	-
£495,001 - £500,000	-	-
£500,001 - £505,000	-	-
£505,001 - £510,000	-	-
£510,001 - £515,000	-	-
£515,001 - £520,000	-	-
£520,001 - £525,000	-	-
£525,001 - £530,000	-	-
£530,001 - £535,000	-	-
£535,001 - £540,000	-	-
£540,001 - £545,000	-	-
£545,001 - £550,000	-	-
£550,001 - £555,000	-	-
£555,001 - £560,000	-	-
£560,001 - £565,000	-	-
£565,001 - £570,000	-	-
£570,001 - £575,000	-	-
£575,001 - £580,000	-	-
£580,001 - £585,000	-	-
£585,001 - £590,000	-	-
£590,001 - £595,000	-	-
£595,001 - £600,000	-	-
£600,001 - £605,000	-	-
£605,001 - £610,000	-	-
£610,001 - £615,000	-	-
£615,001 - £620,000	-	-
£620,001 - £625,000	-	-
£625,001 - £630,000	-	-
£630,001 - £635,000	-	-
£635,001 - £640,000	-	-
£640,001 - £645,000	-	-
£645,001 - £650,000	-	-
£650,001 - £655,000	-	-
£655,001 - £660,000	-	-
£660,001 - £665,000	-	-
£665,001 - £670,000	-	-
£670,001 - £675,000	-	-
£675,001 - £680,000	-	-
£680,001 - £685,000	-	-
£685,001 - £690,000	-	-
£690,001 - £695,000	-	-
£695,001 - £700,000	-	-
£700,001 - £705,000	-	-
£705,001 - £710,000	-	-
£710,001 - £715,000	-	-
£715,001 - £720,000	-	-
£720,001 - £725,000	-	-
£725,001 - £730,000	-	-
£730,001 - £735,000	-	-
£735,001 - £740,000	-	-
£740,001 - £745,000	-	-
£745,001 - £750,000	-	-
£750,001 - £755,000	-	-
£755,001 - £760,000	-	-
£760,001 - £765,000	-	-
£765,001 - £770,000	-	-
£770,001 - £775,000	-	-
£775,001 - £780,000	-	-
£780,001 - £785,000	-	-
£785,001 - £790,000	-	-
£790,001 - £795,000	-	-
£795,001 - £800,000	-	-
£800,001 - £805,000	-	-
£805,001 - £810,000	-	-
£810,001 - £815,000	-	-
£815,001 - £820,000	-	-
£820,001 - £825,000	-	-
£825,001 - £830,000	-	-
£830,001 - £835,000	-	-
£835,001 - £840,000	-	-
£840,001 - £845,000	-	-
£845,001 - £850,000	-	-
£850,001 - £855,000	-	-
£855,001 - £860,000	-	-
£860,001 - £865,000	-	-
£865,001 - £870,000	-	-
£870,001 - £875,000	-	-
£875,001 - £880,000	-	-
£880,001 - £885,000	-	-
£885,001 - £890,000	-	-
£890,001 - £895,000	-	-
£895,001 - £900,000	-	-
£900,001 - £905,000	-	-
£905,001 - £910,000	-	-
£910,001 - £915,000	-	-
£915,001 - £920,000	-	-
£920,001 - £925,000	-	-
£925,001 - £930,000	-	-
£930,001 - £935,000	-	-
£935,001 - £940,000	-	-
£940,001 - £945,000	-	-
£945,001 - £950,000	-	-
£950,001 - £955,000	-	-
£955,001 - £960,000	-	-
£960,001 - £965,000	-	-
£965,001 - £970,000	-	-
£970,001 - £975,000	-	-
£975,001 - £980,000	-	-
£980,001 - £985,000	-	-
£985,001 - £990,000	-	-
£990,001 - £995,000	-	-
£995,001 - £1,000,000	-	-

### 8. Taxation

Under the terms of an agreement dated 31 March 1993 all current and deferred tax assets and liabilities, will be borne by the ultimate holding company. The amounts dealt with under this arrangement are as follows:

	1995 £	1994 £
Corporation tax charge/(credit) for the year at 33% (1994:33%)		
Prior year	(44,000)	(78,000)
	<hr/>	<hr/>

# Sykes Machine Tool Company Limited

Notes (continued)

## 9. Tangible fixed assets

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
<i>Cost</i>				
At 31 March 1994	50,301	21,987	6,045	78,333
Sales - Group undertakings	(50,301)	(21,987)	(6,045)	(78,333)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 1995	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At 31 March 1994	41,574	15,721	5,938	63,233
Sales - Group undertakings	(41,574)	(15,721)	(5,938)	(62,233)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 1995	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 31 March 1995	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 1994	8,727	6,266	107	15,100
	<hr/>	<hr/>	<hr/>	<hr/>

## 10. Stocks

	1995 £	1994 £
Finished goods and goods for resale	-	692,400
Stores and equipment	-	136,544
	<hr/>	<hr/>
	-	828,944
	<hr/>	<hr/>

# Sykes Machine Tool Company Limited

## Notes (continued)

### 11. Debtors

	1995 £	1994 £
Trade debtors	-	573,314
Amounts owed by parent and fellow subsidiary undertakings	952,635	710
Other debtors	-	72,376
Prepayments and accrued income	-	(1,339)
	<u>952,635</u>	<u>645,061</u>

Included in other debtors is £nil (1994:£68,000) due after more than one year.

### 12. Creditors: amounts falling due within one year

	1995 £	1994 £
Trade creditors	-	192,265
Amounts owed to parent and fellow subsidiary undertakings	967,692	1,136,362
Accruals and deferred income	-	316,315
	<u>967,692</u>	<u>1,644,942</u>

### 13. Share capital

	1995 £	1994 £
<i>Authorised, issued and fully paid</i>		
Ordinary Shares of £1 each	<u>50,000</u>	<u>50,000</u>

# Sykes Machine Tool Company Limited

## Notes (continued)

### 14. Reconciliation of movement in shareholders' funds

	1995 £	1994 £
Loss for the financial year	-	(371,710)
Net reductions in shareholders' funds	-	(371,710)
Opening shareholders' funds	(15,057)	356,653
Closing shareholders' funds	(15,057)	(15,057)

### 15. Pension commitments

The 600 Group plc operates pension schemes in the United Kingdom generally providing benefits based on an employee's years of service and final pensionable salary. The assets of these schemes are held in separate trustee administered funds.

The pension cost credited to the profit and loss account in respect of the schemes is £nil (1994:£2,000 credit) and is assessed in accordance with the advice of a professionally qualified actuary using the attained age method.

The major UK schemes were last valued as at 31 March 1994 and the particulars of the actuarial valuation are contained in the financial statements of The 600 Group plc.

### 16. Contingent liabilities

Under a collective group banking facility, the company has given an unlimited cross guarantee in respect of bank overdrafts of other UK group undertakings. The contingent liability was £nil at 31 March 1995 (1994:£9,405,438).

### 17. Ultimate holding company

The ultimate holding company is The 600 Group plc, which also heads the largest group in which the results of the company are consolidated and is incorporated in Great Britain and registered in England and Wales.

Copies of the group financial statements can be obtained from Witan Court, 284 Witan Gate, Milton Keynes MK9 1EJ.