

325270

1/19/85

HOOVER PLC

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 DECEMBER 1984



HOOVER PLC

Company Number 325270

DIRECTORS' REPORT

The directors present their report and the financial statements for the year ended 31 December 1984.

Principal Activities and Business Review

The principal activities of the Group, in the United Kingdom and Overseas, are the manufacturing and marketing of domestic appliances. Further progress in improving the profitability of the Group was achieved during the year, particularly in the United Kingdom and in Australia. The success of the new range of Turbopower upright cleaners was a significant factor in our achieving an increased share of the United Kingdom vacuum cleaner market. The washing machine market throughout Europe remained fiercely competitive.

The directors intend to continue modernising production facilities and seeking new product and business opportunities while striving for further improvements in productivity and keeping a tight control of costs throughout the Group.

Results

The Group profit before taxation amounted to £11,961,000 and the charge for taxation thereon amounted to £943,000.

Dividends and Reserves

No interim dividend for 1984 was paid and no final dividend for 1984 is recommended by the directors.

The transfer to the reserves of Hoover plc is £5,799,000.

Research and Development

The Group continues to maintain an extensive research and development programme directed towards the improvement in the design and features of existing domestic appliances and the introduction of new products.

Fixed Assets

In the opinion of the directors the market value of the Group's land and buildings is in excess of the net book value.

Charitable and Political Contributions

No money was contributed for political purposes in the United Kingdom during the year and the total amount of charitable donations in the United Kingdom was £4,000.

Directors

The following were directors of the Company throughout 1984 and at the date of this report, other than Mr.A.E.Williamson and Mr.H.Hill who were appointed on 12 June and 12 December 1984 respectively:-

Mr.M.R.Rawson
Mr.P.R.Goode
Mr.H.Hill
Sir Peter Boon
Mr.J.R.Cutinella
Mr.D.A.Lefort
Mr.D.S.Perkins
Mr.A.V.J.Simpson
Mr.F.L.Tabacchi
Mr.R.G.Tatschner
Mr.A.E.Williamson

Election of Directors

In accordance with the articles of association of the Company, Mr.M.R.Rawson, Mr.P.R.Goode, Sir Peter Boon, Mr.J.R.Cutinella, Mr.D.A.Lefort, Mr.D.S.Perkins, Mr.A.V.J.Simpson, Mr.F.L.Tabacchi, Mr.R.G.Tatschner and Mr.A.E.Williamson retire from the board, and being eligible, offer themselves for re-election.

Employment Policies

It is the policy of the Company to keep its employees informed on matters concerning the progress and financial position of the Company. There continues to be close consultation between management and other employees on matters of mutual concern. The Company makes every effort to continue the employment of any employee who becomes disabled, and to give sympathetic consideration to applications for employment made by disabled persons.

By order of the board

J.R.TURNER, Secretary

11 February 1985

HOOVER PLC AND SUBSIDIARIES

AUDITORS' REPORT

Report of the auditors to the members

We have examined the financial statements of Hoover plc set out on pages 5 to 19. These have been prepared under the historical cost convention. Our audit was carried out in accordance with approved auditing standards. In our opinion the financial statements give a true and fair view of the state of affairs of the company and of the group at 31 December 1984 and of the profit and source and application of funds of the group for the year then ended and comply with the Companies Acts 1948 to 1981.



ERNST AND WHINNEY
Chartered Accountants
London

11 February 1985

HOOVER PLC AND SUBSIDIARIES
GROUP PROFIT AND LOSS ACCOUNT
For the year ended 31 December 1984

	Notes	1984 £'000	1983 £'000
Turnover	2	232,994	209,016
Cost of sales		(170,125)	(155,223)
Gross profit		<u>62,869</u>	<u>53,793</u>
Distribution costs		(38,462)	(34,275)
Administrative expenses		(11,645)	(10,589)
Operating profit - Hoover plc and subsidiaries	3	<u>12,762</u>	<u>8,929</u>
Share of associated company operating profit		459	949
Operating profit		<u>13,221</u>	<u>9,878</u>
Interest (net)	4	(1,260)	(1,777)
Rationalisation costs		-	(1,620)
Profit on ordinary activities before taxation		<u>11,961</u>	<u>6,481</u>
Taxation:-	5		
Hoover plc and subsidiaries		(818)	(824)
Associated company		(125)	(76)
Profit on ordinary activities after taxation transferred to reserves		<u>11,018</u>	<u>5,581</u>
Earnings per share	6	56p	29p

HOOVER PLC AND SUBSIDIARIES

GROUP BALANCE SHEET
31 December 1984

	Notes	1984 £'000	1983 £'000
Fixed assets			
Tangible assets	8	24,293	22,921
Investments	9/11	7,716	6,846
		<u>32,009</u>	<u>29,767</u>
Current assets			
Stocks	12	50,177	48,185
Debtors	13	43,460	35,233
Short term deposits		10,545	2,880
Cash at bank and in hand		684	355
		<u>104,866</u>	<u>86,656</u>
Creditors: Amounts falling due within one year			
Bank borrowing		(11,923)	(10,055)
Other	14	(49,321)	(43,393)
		<u>(61,244)</u>	<u>(53,448)</u>
Net current assets			
		<u>43,622</u>	<u>33,208</u>
Total assets less current liabilities			
		75,631	62,975
Creditors: Amounts falling due after more than one year			
	15	(4,649)	(4,696)
Provisions for liabilities and charges			
	16	(278)	(449)
		<u>70,704</u>	<u>57,830</u>
Capital and reserves			
Called up share capital	17	4,963	4,963
Share premium account		939	939
Revaluation reserve		1,901	1,901
Other reserves	18	2,503	2,503
Profit and loss account	18	60,398	47,524
		<u>70,704</u>	<u>57,830</u>

HOOVER PLC

BALANCE SHEET
31 December 1984

	Notes	1984 £'000	1983 £'000
Fixed assets			
Tangible assets	8	16,587	16,611
Investments	9/11	5,522	5,538
		<u>22,109</u>	<u>22,149</u>
Current assets			
Stocks	12	37,546	33,867
Debtors	13	29,564	25,427
Cash at bank and in hand		129	68
		<u>67,239</u>	<u>59,362</u>
Creditors: Amounts falling due within one year			
Bank borrowing		(9,646)	(9,089)
Other	14	(34,175)	(32,381)
		<u>23,418</u>	<u>17,892</u>
Net current assets			
		<u>45,527</u>	<u>40,041</u>
Total assets less current liabilities			
Creditors: Amounts falling due after more than one year			
	15	(2,654)	(2,967)
		<u>42,873</u>	<u>37,074</u>
Capital and reserves			
Called up share capital	17	4,963	4,963
Share premium account		939	939
Revaluation reserve		1,489	1,489
Other reserves	18	2,203	2,203
Profit and loss account	18	33,279	27,480
		<u>42,873</u>	<u>37,074</u>

Approved by the board of directors on 11 February 1985 and signed on its behalf by:

)
) Directors

HOOVER PLC AND SUBSIDIARIES
SOURCE AND APPLICATION OF FUNDS

	1984 £'000	1983 £'000
SOURCE OF FUNDS		
Profit before taxation	11,961	6,481
Items not involving the movement of funds		
Movement in investment in the associated company	(870)	(409)
Depreciation and provision	4,401	5,633
Currency translation differences	1,181	(390)
Total funds generated from operations	<u>16,673</u>	<u>11,315</u>
Funds from other sources		
Fixed asset disposals	282	122
	<u>16,955</u>	<u>11,437</u>
APPLICATION OF FUNDS		
Purchase of fixed assets	5,385	3,728
Corporate taxes paid	584	843
	<u>5,964</u>	<u>4,571</u>
Increase (decrease) in working capital		
Increase (decrease) in stocks	1,992	3,988
Increase (decrease) in debtors	6,004	(1,724)
(Increase) decrease in creditors	(3,131)	(5,231)
	<u>10,829</u>	<u>1,604</u>
INCREASE IN NET LIQUID FUNDS	<u>6,126</u>	<u>9,833</u>

HOOVER PLC AND SUBSIDIARIES

STATEMENT OF ACCOUNTING POLICIES

Basis of accounting

The Company prepares its annual accounts on the historical cost basis of accounting.

Basis of consolidation

The group profit and loss account and balance sheet include the accounts of Hoover plc and subsidiaries made up to 31 December.

Hoover plc's share of the consolidated profit for the year of the associated company is shown in the group profit and loss account and the share of the consolidated undistributed profits since acquisition is included in the group balance sheet. The amounts included are based on audited accounts for the year ended 31 December.

Foreign currencies

Assets and liabilities denominated in foreign currency are translated to sterling at rates ruling at 31 December and profit and loss accounts at the average rates for the year. Translation differences arising on consolidation are taken to reserves and other exchange differences are taken to the profit and loss account.

Stocks

Stocks include work in progress and are valued throughout the group at the lower of cost (which includes an addition for manufacturing overhead expenses) and net realisable value.

Turnover

Turnover represents sales less returns and discounts to customers and associated companies but excludes sales to subsidiaries, and is arrived at after deducting sales taxes.

Deferred taxation

Deferred taxation is provided, using the liability method only on timing differences where, in the opinion of the directors, there is reasonable probability that such taxation will become payable in the foreseeable future.

Government grants

Government grants are transferred to profit and loss account in proportion to the charge for depreciation or other writing off of items on which grants have been claimed.

Depreciation

No depreciation is provided on freehold land. Other fixed assets are depreciated on the straight line method during their expected useful lives as follows:-

Freehold buildings	50 years
Leasehold buildings	Over the life of the lease
Plant, machinery, equipment and tooling	3 to 10 years

Warranty liability

Provision is made for the group's estimated liability on all products still under warranty.

Research and development

All research and development costs are written off as incurred.

Pensions

The company and its major subsidiaries operate retirement benefit schemes. The various schemes and funds are set up under separate trusts or through insurance companies and their assets are completely separate from the assets of the companies.

It is the general policy to fund pension liabilities by the payment of contributions at rates determined on the advice of independent actuaries or, where appropriate, insurance companies.

HOOVER PLC AND SUBSIDIARIES

NOTES ON ACCOUNTS

1 Profit for the financial year

In accordance with the exemption allowed by Section 149 (5) of the Companies Act 1948 the company has not presented its own profit and loss account. Note 18 shows the retained profit for the year of the company.

2 Analysis of group turnover	1984 £'000	1983 £'000
Europe	164,090	153,586
Australasia, Africa, and Asia	68,487	55,255
The Americas	417	175
	<u>232,994</u>	<u>209,016</u>

3 Operating profit

Operating profit of Hoover plc and its subsidiaries, is arrived at after charging:-		
Depreciation and amounts written off fixed assets	4,401	5,633
Auditors' remuneration	133	142
Hire of plant and machinery	2,714	2,214
and after crediting:-		
Government grants	647	559

4 Interest

Interest payable on overdrafts and loans	2,000	2,163
Interest receivable	(714)	(360)
Income from listed fixed asset investments	(26)	(26)
	<u>1,260</u>	<u>1,777</u>

5 Taxation	1984 £'000	1983 £'000
The charge is arrived at as follows:-		
Overseas taxation including share of taxation of associated company	3,241	971
Transfer from deferred taxation	(2,340)	(61)
	-----	-----
Adjustment in respect of prior years	901	910
	42	(10)
	-----	-----
	943	900
	=====	=====

The UK corporation taxation charge has been eliminated by stock relief, trading losses brought forward and £368,000 of double taxation relief.

6 Earnings per share

The calculations of earnings per share are based on earnings of £11,018,000 (1982-£5,581,000), and 7,640,000 ordinary and 12,210,800 'A' non-voting ordinary shares in issue throughout the two years ended 31 December 1984.

7 Emoluments of directors and employees

The fees of Hoover plc directors amounted to £5,000 (1983-£4,000) and other emoluments, including pension contributions, to £367,000 (1983-£261,000). The duties of the Chairman and four other directors arose mainly outside the United Kingdom.

The emoluments (excluding pension contributions) of the highest paid director amounted to £96,000 (1983-£75,000).

The number of other directors and employees with emoluments in excess of £30,000, fall into the following scales:-

	Directors		Other employees	
	1984	1983	1984	1983
£1- £5,000	1	-		
£25,001-£30,000	1	-		
£30,001-£35,000	-	-	3	3
£35,001-£40,000	-	-	4	2
£40,001-£45,000	1	2	2	1
£45,001-£50,000	-	1	1	-
£55,001-£60,000	1	-	-	-
£65,001-£70,000	1	-	-	-

	1984	1983
	£'000	£'000
7 Emoluments of directors and employees (cont)		
Employment costs include the following amounts:-		
Wages and salaries	58,599	53,551
Social security costs	5,858	4,873
Pension costs	2,130	1,863
	1984	1983
The average number of employees during the year was:-		
United Kingdom	5,851	5,873
Overseas	1,530	1,495
	<u>7,381</u>	<u>7,368</u>

8 Tangible fixed assets	Land and buildings £'000	Plant, machinery, tooling, equipment £'000	Total £'000
The Group			
Cost at 31 December 1983	16,371	48,788	65,159
Exchange adjustments	334	1,356	1,690
Capital expenditure	35	5,345	5,380
Disposals	(170)	(3,400)	(3,570)
Cost at 31 December 1984	<u>16,570</u>	<u>52,089</u>	<u>68,659</u>
Depreciation at 31 December 1983	6,488	35,750	42,238
Exchange adjustments	100	915	1,015
Charge for the year	470	3,931	4,401
Disposals	(22)	(3,266)	(3,288)
Depreciation at 31 December 1984	<u>7,036</u>	<u>37,330</u>	<u>44,366</u>
Net book value at 31 December 1984	<u>9,534</u>	<u>14,759</u>	<u>24,293</u>

8 Tangible fixed assets (cont)	Land and buildings £'000	Plant, machinery, tooling, equipment £'000	Total £'000
Hoover plc			
Cost at 31 December 1983	12,768	36,796	49,564
Capital expenditure	34	3,224	3,258
Disposals	(170)	(3,173)	(3,343)
	<u>12,632</u>	<u>36,847</u>	<u>49,479</u>
Cost at 31 December 1984	<u>12,632</u>	<u>36,847</u>	<u>49,479</u>
Depreciation at 31 December 1983	5,486	27,467	32,953
Charge for the year	406	2,605	3,011
Disposals	(22)	(3,050)	(3,072)
	<u>5,870</u>	<u>27,022</u>	<u>32,892</u>
Depreciation at 31 December 1984	<u>5,870</u>	<u>27,022</u>	<u>32,892</u>
Net book value at 31 December 1984	<u>6,762</u>	<u>9,825</u>	<u>16,587</u>

	The Group		Hoover plc	
	1984 £'000	1983 £'000	1984 £'000	1983 £'000
Land and buildings comprise:-				
Freehold land and buildings	11,194	11,029	7,266	7,435
Short term leasehold buildings	5,376	5,342	5,366	5,333
	<u>16,570</u>	<u>16,371</u>	<u>12,632</u>	<u>12,768</u>

The approximate amounts of future capital expenditure not dealt with in these accounts are:-				
In respect of contracts placed	3,300	2,200	2,000	2,000
Authorised by the directors but not yet committed	17,500	10,100	15,500	10,000

9 Fixed asset investments.

	Associated company £'000	Other investments £'000	Total £'000
The Group			
Cost			
At 31 December 1983			
and at 31 December 1984	3,107	398	3,505
Share of post acquisition reserves			
At 31 December 1983	3,341		3,341
Profit for year	334		334
Currency translation differences	536		536
At 31 December 1984	4,211		4,211
Net book value at 31 December 1984	7,318	398	7,716

	Subsidiaries £'000	Associated company £'000	Other investments £'000	Total £'000
Hoover plc				
Cost				
At 31 December 1983	2,475	3,107	398	5,980
Additions	266	-	-	266
At 31 December 1984	2,741	3,107	398	6,246
Amounts written off				
At 31 December 1983	442	-	-	442
Amounts written off	282	-	-	282
At 31 December 1984	724	-	-	724
Net book value at 31 December 1984	2,017	3,107	398	5,522

Other investments of £398,000 comprise investments listed on a recognised stock exchange. Their market value at 31 December 1984, was £366,000 (1983-£367,000).

10 Shares in subsidiaries

The principal operating subsidiaries of Hoover plc, together with their countries of incorporation and registration, are:-

Manufacturing and marketing domestic appliances

Hoover (Australia) Pty. Ltd.	Australia
Hoover S.A. (Proprietary) Ltd.	South Africa
Hoover Electrica Portuguesa Lda.	Portugal

Marketing domestic appliances

Hoover (Zimbabwe)(Pvt.) Ltd.	Zimbabwe
Hoover Oy.	Finland
Hoover El-Udstyr Aps.	Denmark
Svenska Hoover A/B.	Sweden
Hoover Austria Ges.m.b.H.	Austria

All shares are ordinary shares and are held by Hoover plc or its nominees.

11 Investment in associated company

The share capital of Hoover (Holland) BV which comprises 35,064 ordinary and 21,720 preference shares is owned equally by Hoover plc and The Hoover Company.

12 Stocks comprise

	The Group		Hoover plc	
	1984	1983	1984	1983
	£'000	£'000	£'000	£'000
Raw materials and consumables	7,426	8,304	3,966	4,335
Work in progress	12,558	10,858	12,068	10,292
Finished goods	30,193	29,023	21,512	19,240
	<u>50,177</u>	<u>48,185</u>	<u>37,546</u>	<u>33,867</u>

13 Debtors comprise

Trade debtors	35,510	31,339	23,627	20,938
Amounts owed by subsidiaries	-	-	897	1,121
Amounts owed by fellow subsidiaries	53	81	53	72
Amounts owed by associated companies	2,339	1,687	2,384	1,805
Other debtors	2,142	688	1,512	194
Prepayments and accrued income	1,196	1,441	1,091	1,297
Deferred taxation (note 16)	2,220	-	-	-
	<u>43,460</u>	<u>35,236</u>	<u>29,564</u>	<u>25,427</u>

	The Group		Hoover plc	
	1984 £'000	1983 £'000	1984 £'000	1983 £'000
14 Creditors: Amounts falling due within one year comprise				
Trade creditors	20,002	19,800	15,191	14,845
Bills of exchange payable	29	22	-	-
Amounts owed to fellow subsidiaries and holding company	2,038	827	1,771	872
Amounts owed to associated companies	2,965	2,776	2,175	2,002
Taxation and social security	8,784	6,175	4,919	5,140
Other creditors	260	327	168	184
Accruals and deferred income	15,243	13,466	9,951	9,338
	<u>49,321</u>	<u>43,393</u>	<u>34,175</u>	<u>32,381</u>

15 Creditors: Amounts falling due after more than one year comprise

Other creditors	2,085	2,100	1,577	1,577
Accruals and deferred income	2,564	2,596	1,077	1,390
	<u>4,649</u>	<u>4,696</u>	<u>2,654</u>	<u>2,967</u>

16 Provisions for liabilities and charges comprise

	The Group	Hoover plc
Deferred taxation		
At 31 December 1983	449	-
Credited to profit and loss	(2,340)	-
Exchange adjustments	(51)	-
Transferred to debtors	2,220	-
At 31 December 1984	<u>278</u>	<u>-</u>

Debtors include deferred taxation of £2,220,000. The net amount of £1,942,000 comprises:

The taxation provision on the difference between the net book value of fixed assets and their written down values for taxation purposes	(770)	-
Other timing differences	(1,172)	-
	<u>(1,942)</u>	<u>-</u>

16 Provision for liabilities and charges (cont)

If provision had been made for all timing differences the liability at 31 December 1984 after deducting taxation losses carried forward would have been:

	The Group	Hoover plc
The taxation provision on the difference between the net book value of fixed assets over their written down values for taxation purposes	551	1,321
Other timing differences	(2,493)	(1,321)
	<u>(1,942)</u>	<u>-</u>
	=====	=====

There are substantial tax losses available to be carried forward against future profits

17 Share capital of Hoover plc

	Authorised 1984 & 1983 £'000	Issued and fully paid	
		1984 £'000	1983 £'000
7,640,000 ordinary shares of 25p each issued	1,920	1,910	1,910
12,210,800 'A' non-voting ordinary shares of 25p each issued	3,090	3,053	3,053
	<u>5,010</u>	<u>4,963</u>	<u>4,963</u>
	=====	=====	=====

The ultimate holding company is The Hoover Company, incorporated in the U.S.A., who together with its nominees hold all the issued share capital.

	The Group		Hoover plc	
	1984 £'000	1983 £'000	1984 £'000	1983 £'000
18 Reserves				
Other reserves				
At 31 December 1983				
and at 31 December 1984	2,503	2,503	2,203	2,203
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>
Profit and loss account				
At 31 December 1983	47,524	42,253	27,480	26,122
Retained during year	11,018	5,581	5,799	1,358
Currency translation differences	1,856	(310)	-	-
	<u>60,398</u>	<u>47,524</u>	<u>33,279</u>	<u>27,480</u>
At 31 December 1984	=====	=====	=====	=====

	The Group		Hoover plc	
	1984	1983	1984	1983
	£'000	£'000	£'000	£'000
19 Contingent liabilities comprise				
Guarantees in respect of borrowings by wholly owned subsidiaries	-	-	600	450
Customs and Excise guarantees	1,100	100	1,100	100
Other trading guarantees	250	250	50	150
	---	---	---	---
	1,350	350	1,750	700
	===	===	===	===

20 Pension commitments

The Group has a number of pension schemes for its employees. The latest actuarial valuations of the major schemes indicated that there were sufficient assets in each of the funds to secure the benefits of existing pensioners and to provide paid up pensions to present employees on the basis of present salaries and credited periods of service.

21 Current cost accounting

Hoover plc is a wholly owned subsidiary of The Hoover Company and therefore is not required to provide current cost information under the terms of the current exposure draft on accounting for the effects of changing prices.