

325270

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HOOVER PLC
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1983



HOOVER PLC

Company Number 325270

DIRECTORS' REPORT

The directors present their report and the financial statements for the year ended 31 December 1983.

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. During 1983 the Group returned to profitability, This was primarily achieved by the cost reductions effected in the United Kingdom in earlier years and the strong performance of the Australian subsidiary. Further progress can be achieved in the United Kingdom as the full benefits are realised from the rationalisation measures undertaken and from new product introductions which are assisting the company to regain market share. However significant growth in the company's principal markets in the near future is not expected and accordingly the opportunities to achieve substantial real growth in revenues are limited. Future profitability could also be affected by adverse currency movements or by a failure to sustain the rate of improvement that has been achieved in productivity.

Structure of the Group

At meetings of the holders of ordinary and 'A' non-voting ordinary shares, other than The Hoover Company held on 28 November 1983 approval was given for a Scheme of Arrangement under section 206 of the Companies Act 1948. This was sanctioned by the High Court of Justice on 19 December 1983. The effect of this was that from 22 December 1983 The Hoover Company acquired all the ordinary and 'A' non-voting ordinary shares that it did not already own and Hoover plc became a wholly owned subsidiary of The Hoover Company U.S.A.

Results

The Group profit before taxation amounted to £6,481,000 and the charge for taxation thereon amounted to £900,000.

Dividends and Reserves

No interim dividend for 1983 was paid and no final dividend for 1983 is recommended by the directors.

The transfer to the reserves of Hoover plc is £1,358,000.

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 £15,000.

Directors

The following were directors of the Company throughout 1983 and at the date of this report, other than Mr.D.A.Lefort who was appointed on 31 March 1983:-

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

Election of Directors

In accordance with the articles of association of the Company, Mr.M.R.Rawson, Sir Peter Boon, Mr.J.R.Cutinella, Mr.D.A.Lefort, Mr.D.S.Perkins, Mr.A.V.J.Simpson, Mr.F.L.Tabacchi and Mr.R.G.Tatschner 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

15 February 1984

HOOVER PLC AND SUBSIDIARIES

AUDITORS' REPORT

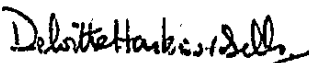
Report of the auditors to the members of Hoover plc

We have audited the financial statements on pages 5 to 19 in accordance with approved Auditing Standards.

In our opinion the financial statements, which have been prepared on the basis of accounting policies set out on pages 9 and 10, give a true and fair view of the state of affairs of the company and of the group at 31 December 1983 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.

In our opinion the abridged supplementary current cost accounts set out on pages 20 and 21 have been properly prepared, in accordance with the policies and methods described in the notes on pages 22 and 23, to give the information required by Statement of Standard Accounting Practice No. 16.

London
15 February 1984


DELOITTE HASKINS & SELLS
Chartered Accountants

HOOVER PLC AND SUBSIDIARIES
GROUP PROFIT AND LOSS ACCOUNT
For the year ended 31 December 1983

	Notes	1983 £'000	1982 £'000
Turnover	2	209,016	191,234
Cost of sales		(155,223)	(150,562)
Gross profit		<u>53,793</u>	<u>40,672</u>
Distribution costs		(34,275)	(34,729)
Administrative expenses		(10,589)	(8,298)
Operating profit (loss) - Hoover plc and subsidiaries	3	8,929	(2,355)
Share of associated company operating profit		<u>949</u>	<u>277</u>
Operating profit (loss)		9,878	(2,078)
Interest	4	(1,777)	(3,685)
Rationalisation costs		(1,620)	(1,027)
Profit (loss) on ordinary activities before taxation		6,481	(6,790)
Taxation:-	5		
Hoover plc and subsidiaries		(824)	(749)
Associated company		(76)	(135)
Profit (loss) on ordinary activities after taxation transferred to (from) reserves		<u>5,581</u>	<u>(7,674)</u>
Earnings (loss) per share	6	29p	(39)p

HOOVER PLC AND SUBSIDIARIES

GROUP BALANCE SHEET
31 December 1983

	Notes	1983 £'000	1982 £'000
Fixed assets			
Tangible assets	8	22,921	24,968
Investments	9/11	6,846	6,437
		<u>29,767</u>	<u>31,305</u>
Current assets			
Stocks	12	48,185	44,197
Debtors	13	35,236	36,960
Short term deposits		2,880	1,405
Cash at bank and in hand		355	598
		<u>86,656</u>	<u>83,160</u>
Creditors: Amounts falling due within one year			
Bank borrowing		(10,055)	(18,656)
Other	14	(43,393)	(39,576)
Net current assets		<u>33,208</u>	<u>24,928</u>
Total assets less current liabilities		62,975	56,233
Creditors: Amounts falling due after more than one year	15	(4,696)	(3,182)
Provisions for liabilities and charges	16	(449)	(492)
		<u>57,830</u>	<u>52,559</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	47,524	42,253
		<u>57,830</u>	<u>52,559</u>

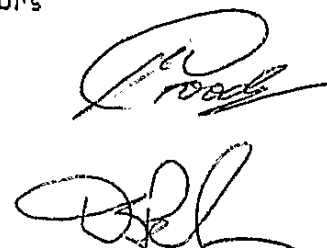
HOOVER PLC

BALANCE SHEET
31 December 1983

	Notes	1983 £'000	1982 £'000
Fixed assets			
Tangible assets	8	16,611	18,290
Investments	9/11	5,538	5,455
		<u>22,149</u>	<u>23,745</u>
Current assets			
Stocks	12	33,867	32,947
Debtors	13	25,427	28,859
Cash at bank and in hand		68	122
		<u>59,362</u>	<u>61,928</u>
Creditors: Amounts falling due within one year			
Bank borrowing		(9,089)	(16,113)
Other	14	(32,381)	(32,207)
Net current assets		<u>17,892</u>	<u>13,608</u>
Total assets less current liabilities		40,041	37,353
Creditors: Amounts falling due after more than one year			
	15	(2,967)	(1,637)
		<u>37,074</u>	<u>35,716</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	27,480	26,122
		<u>37,074</u>	<u>35,716</u>

Approved by the board of directors on 15 February 1984 and signed on its behalf by:-

P.R.GOODER)
D.S.PERKINS) Directors



HOOVER PLC AND SUBSIDIARIES
SOURCE AND APPLICATION OF FUNDS

	1983 £'000	1982 £'000
SOURCE OF FUNDS		
Profit (loss) before taxation	6,481	(6,790)
Items not involving the movement of funds		
Movement in investment in the associated company	(409)	(394)
Depreciation and provision	5,493	5,208
Currency translation differences	(390)	385
Total funds generated from (applied to) operations	<u>11,315</u>	<u>(1,571)</u>
Funds from other sources		
Fixed asset disposals	122	240
	<u>11,437</u>	<u>(1,291)</u>
APPLICATION OF FUNDS		
Purchase of fixed assets	3,728	2,293
Corporate taxes paid	843	1,018
	<u>4,571</u>	<u>3,311</u>
Increase (decrease) in working capital		
Increase (decrease) in stocks	3,988	(15,899)
(Decrease) increase in debtors	(1,724)	1,145
(Increase) decrease in creditors	(5,231)	3,486
	<u>1,604</u>	<u>(7,957)</u>
INCREASE IN NET LIQUID FUNDS	<u>9,833</u>	<u>6,666</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. No account is taken of unrelieved tax losses which are available for set off against future taxable profits.

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 Companies Act 1981

These financial statements have been drawn up in accordance with Sections 149 and 152 of, and Schedule 8 to, the Companies Act 1948 (as amended by the Companies Act 1981). Comparative amounts have been restated on a basis that is consistent with the new requirements.

The company is not required to present its own profit and loss account in addition to the group profit and loss account.

	1983	1982
	£'000	£'000
2 Analysis of group turnover		
Europe	153,586	144,968
Australasia, Africa, and Asia	55,255	45,850
The Americas	175	416
	<u>209,016</u>	<u>191,234</u>

3 Operating profit (loss)

Operating profit (loss) of Hoover plc and its subsidiaries, is arrived at after charging:-

Depreciation and amounts written off fixed assets	5,633	5,208
Auditors' remuneration	142	140
Hire of plant and machinery	2,214	2,179
and after crediting:-		
Government grants	559	498

4 Interest

Interest payable on overdrafts and loans	2,163	4,023
Interest receivable	(360)	(312)
Income from listed fixed asset investments	(26)	(26)
	<u>1,777</u>	<u>3,685</u>

5 Taxation	1983 £'000	1982 £'000
The charge is arrived at as follows:-		
Overseas taxation including share of taxation of associated company	971	793
Transfer (from) to deferred taxation	(61)	109
	-----	-----
Adjustment in respect of prior years	910	902
	(10)	(18)
	-----	-----
	900	884
	=====	=====

The charge for taxation has been calculated in accordance with SSAP 15.

6 Earnings (loss) per share

The calculations of earnings (loss) per share are based on earnings of £5,581,000 (1982-loss £7,674,000), and 7,640,000 ordinary and 12,210,800 'A' non-voting ordinary shares in issue throughout the two years ended 31 December 1983.

7 Emoluments of directors and employees

The fees of Hoover plc directors amounted to £4,000 (1982-£4,000) and other emoluments, including pension contributions, to £261,000 (1982-£215,000). The duties of the Chairman and four (1982-three) other directors arose mainly outside the United Kingdom.

The emoluments (excluding pension contributions) of the highest paid director amounted to £75,000 (1982-£51,000).

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

	Directors		Other employees	
	1983	1982	1983	1982
£30,001-£35,000	-	2	3	2
£35,001-£40,000	-	-	2	-
£40,001-£45,000	2	1	1	-
£45,001-£50,000	1	-	-	-

	1983 £'000	1982 £'000
7 Emoluments of directors and employees (cont)		
Employment costs include the following amounts:-		
Wages and salaries	53,551	51,441
Social security costs	4,873	4,830
Pension costs	1,863	2,193
	1983	1982
The average number of employees during the year was:-		
United Kingdom	5,873	6,301
Overseas	1,495	1,423
	<u>7,368</u>	<u>7,724</u>

	Land and buildings £'000	Plant, machinery, tooling, equipment £'000	Total £'000
8 Tangible fixed assets			
The Group			
Cost at 31 December 1982	15,694	48,430	64,124
Exchange adjustments	57	159	216
Capital expenditure	642	3,086	3,728
Disposals	(22)	(2,887)	(2,909)
Cost at 31 December 1983	<u>16,371</u>	<u>48,788</u>	<u>65,159</u>
Depreciation at 31 December 1982	4,829	34,428	39,257
Exchange adjustments	16	130	146
Change for the year	1,651	3,792	5,443
Disposals	(7)	(2,780)	(2,787)
Depreciation at 31 December 1983	<u>6,489</u>	<u>35,750</u>	<u>42,239</u>
Net book value at 31 December 1983	<u>9,882</u>	<u>13,038</u>	<u>22,920</u>

8 Tangible fixed assets (cont)	Land and buildings £'000	Plant, machinery, tooling, equipment £'000	Total £'000
Hoover plc			
Cost at 31 December 1982	12,148	37,140	49,288
Capital expenditure	642	2,207	2,849
Disposals	(22)	(2,551)	(2,573)
Cost at 31 December 1983	<u>12,768</u>	<u>36,796</u>	<u>49,564</u>
Depreciation at 31 December 1982	3,902	27,096	30,998
Charge for the year	1,591	2,836	4,427
Disposals	(7)	(2,465)	(2,472)
Depreciation at 31 December 1983	<u>5,486</u>	<u>27,467</u>	<u>32,953</u>
Net book value at 31 December 1983	<u>7,282</u>	<u>9,329</u>	<u>16,611</u>

	The Group		Hoover plc	
	1983 £'000	1982 £'000	1983 £'000	1982 £'000
Land and buildings comprise:-				
Freehold land and buildings	11,029	10,972	7,435	7,435
Short term leasehold buildings	5,342	4,722	5,333	4,713
	<u>16,371</u>	<u>15,694</u>	<u>12,768</u>	<u>12,148</u>

The approximate amounts of future capital expenditure not dealt with in these accounts are:-				
In respect of contracts placed	2,200	800	2,000	600
Authorised by the directors but not yet committed	10,100	4,850	10,000	4,500

9 Fixed asset investments

The Group	Associated company £'000	Other investments £'000	Total £'000
Cost			
At 31 December 1982			
and at 31 December 1983	<u>3,107</u>	<u>398</u>	<u>3,505</u>
Share of post acquisition reserves			
At 31 December 1982	2,932		2,932
Profit for year	873		873
Currency translation differences	(464)		(464)
At 31 December 1983	<u>3,341</u>		<u>3,341</u>
Net book value at 31 December 1983	<u>6,448</u>	<u>398</u>	<u>6,846</u>

Hoover plc	Subsidiaries £'000	Associated company £'000	Other investments £'000	Total £'000
Cost				
At 31 December 1982	2,311	3,107	398	5,816
Additions	164	-	-	164
At 31 December 1983	<u>2,475</u>	<u>3,107</u>	<u>398</u>	<u>5,980</u>
Amounts written off				
At 31 December 1982	361	-	-	361
Amounts written off	81	-	-	81
At 31 December 1983	<u>442</u>	<u>-</u>	<u>-</u>	<u>442</u>
Net book value at 31 December 1983	<u>2,033</u>	<u>3,107</u>	<u>398</u>	<u>5,538</u>

Other investments of £398,000 comprise investments listed on a recognised stock exchange. Their market value at 31 December 1983 was £367,000 (1982-£372,000).

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	
	1983 £'000	1982 £'000	1983 £'000	1982 £'000
Raw materials and consumables	8,304	9,457	4,335	5,108
Work in progress	10,858	10,871	10,292	10,172
Finished goods	29,023	23,869	19,240	17,667
	<u>48,185</u>	<u>44,197</u>	<u>33,867</u>	<u>32,947</u>

13 Debtors comprise

Trade debtors	31,339	32,509	20,938	23,645
Amounts owed by subsidiaries	-	-	1,121	1,814
Amounts owed by fellow subsidiaries	81	85	72	75
Amounts owed by related companies	1,687	1,654	1,805	1,675
Other debtors	688	1,515	194	583
Prepayments and accrued income	1,441	1,197	1,297	1,067
	<u>35,236</u>	<u>36,960</u>	<u>25,427</u>	<u>28,859</u>

	The Group		Hoover plc	
	1983	1982	1983	1982
	£'000	£'000	£'000	£'000
14 Creditors: Amounts falling due within one year comprise				
Trade creditors	19,800	16,058	14,845	13,377
Bills of exchange payable	22	306	-	146
Amounts owed to fellow subsidiaries and holding company	827	1,578	872	1,290
Amounts owed to related companies	2,776	2,781	2,002	2,339
Taxation and social security	6,175	6,185	5,140	5,249
Other creditors	327	200	184	176
Accruals and deferred income	13,466	12,468	9,338	9,630
	<u>43,393</u>	<u>39,576</u>	<u>32,381</u>	<u>32,207</u>

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

Other creditors	2,100	725	1,577	200
Accruals and deferred income	2,596	2,457	1,390	1,437
	<u>4,696</u>	<u>3,182</u>	<u>2,967</u>	<u>1,637</u>

16 Provisions for liabilities and charges comprise

Deferred taxation				
At 31 December 1982	492		-	
Exchange adjustments	18		-	
Credited to profit and loss	(61)		-	
	<u>449</u>		<u>-</u>	
At 31 December 1983				

If provision had been made for all timing differences the liability at 31 December 1983 after deducting taxation losses carried forward would have been:

Excess of net book value of fixed assets over their written down values for taxation purposes	2,930	2,817
Other timing differences	(2,159)	(2,495)
Taxation losses	(322)	(322)
	<u>449</u>	<u>-</u>

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

17 Share capital of Hoover plc

	Authorised	Issued and fully paid	
	1983 £'000	1983 £'000	1982 £'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. On 22 December 1983, under a scheme of arrangement sanctioned by the High Court of Justice, the share capital was reduced by 2,042,391 ordinary shares and by 6,373,805 'A' non-voting ordinary shares. On that date allotment of the same number of new shares was effected.

18 Reserves:	The Group		Hoover plc	
	1983 £'000	1982 £'000	1983 £'000	1982 £'000
Other reserves				
At 31 December 1982	2,503	2,503	2,203	2,203
Reduction in share capital	2,104	-	2,104	-
Increase in share capital	(2,104)	-	(2,104)	-
At 31 December 1983	<u>2,503</u>	<u>2,503</u>	<u>2,203</u>	<u>2,203</u>
Profit and loss account				
At 31 December 1982	42,253	49,352	26,122	32,173
Retained (released) during year	5,581	(7,674)	1,358	(6,051)
Currency translation differences	(310)	575	-	-
At 31 December 1983	<u>47,524</u>	<u>42,253</u>	<u>27,480</u>	<u>26,122</u>

19 Contingent liabilities comprise

Guarantees in respect of borrowings by wholly owned subsidiaries	-	-	450	550
Other trading guarantees	350	350	250	250
	<u>350</u>	<u>350</u>	<u>700</u>	<u>800</u>

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.

HOOVER PLC AND SUBSIDIARIES

CURRENT COST PROFIT AND LOSS ACCOUNT
For the year ended 31 December 1983

	1983 £'000	1982 £'000
Turnover	<u>209,016</u>	<u>191,234</u>
Operating profit (loss) of Hoover plc and subsidiaries as in historical cost accounts	8,929	(2,355)
Share of associated company's current cost operating profit (loss)	646	(62)
	<u>9,575</u>	<u>(2,417)</u>
Less current cost operating adjustments:-		
Depreciation	(2,119)	(3,122)
Cost of sales	(2,902)	(3,600)
Monetary working capital	1,014	(83)
	<u>3,568</u>	<u>(9,222)</u>
Current cost operating profit (loss)		
Gearino adjustment	528	1,432
Interest (net)	(1,777)	(3,685)
Rationalisation costs	(1,620)	(1,027)
	<u>2,699</u>	<u>(12,502)</u>
Current cost profit (loss) before taxation		
Taxation	(900)	(884)
Current cost profit (loss) attributable to shareholders	<u>1,799</u>	<u>(13,386)</u>
Current cost profit (loss) per share	9p	(67)p

HOOVER PLC AND SUBSIDIARIES

CURRENT COST BALANCE SHEET

31 December 1983

	1983 £'000	1982 £'000
Employment of funds		
Tangible fixed assets	66,610	67,427
Investments	8,846	8,405
	<u>75,456</u>	<u>75,832</u>
Stocks	49,049	45,169
Other working capital	(4,922)	(613)
Total working capital	<u>44,127</u>	<u>44,556</u>
Borrowings	(10,055)	(18,656)
Net current assets	<u>34,072</u>	<u>25,900</u>
Total assets less current liabilities	109,528	101,732
Non-current liabilities	(5,145)	(3,674)
	<u>104,383</u>	<u>98,058</u>
Funds employed		
Ordinary capital	4,963	4,963
Current cost reserve	70,503	65,977
Other reserves and retained profit	28,917	27,118
	<u>104,383</u>	<u>98,058</u>

HOOVER PLC AND SUBSIDIARIES
NOTES ON CURRENT COST ACCOUNTS

1 General

The current cost accounting statements on pages 20 and 21 and these notes have been prepared in compliance with SSAP 16.

2 Depreciation and tangible fixed assets.

The depreciation adjustment reflects the difference between the historical cost depreciation and that based on the gross current cost of tangible fixed assets. The gross current cost has been computed using appropriate Government indices for plant, machinery, tooling and equipment and replacement cost of specialised buildings estimated by the directors. The net current cost of land and other buildings has been estimated at market value by the directors.

An analysis of tangible fixed assets is as follows:-

	Land and buildings £'000	Plant, machinery, tooling, equipment £'000	Total £'000
Gross current cost	67,091	123,187	190,278
Depreciation	20,460	103,208	123,668
	<u>46,631</u>	<u>19,979</u>	<u>66,610</u>
Net current cost at 31 December 1983	<u>46,631</u>	<u>19,979</u>	<u>66,610</u>
Net current cost at 31 December 1982	<u>46,078</u>	<u>21,349</u>	<u>67,427</u>

3 Cost of sales adjustment and stocks

The cost of sales adjustment reflects the difference between the historical cost figures and those which would have arisen using replacement costs at the date of sale.

Stocks are valued at current replacement cost at 31 December 1983.

4 Monetary working capital adjustment

The monetary working capital adjustment reflects the effect of changing prices on the finances required to maintain the monetary working capital (debtors less creditors) used in the operations of the individual companies of the group.

5 Gearing adjustment

The gearing adjustment reflects the net benefit to the shareholder in partly financing net operating assets by short term borrowings.

6 Translation differences

Translation differences have been accounted for through the current cost reserve.

7 Associated company

Current cost operating adjustments relating to the group's 50% interest in the associated company have been deducted in arriving at the share of the current cost operating result for the associated company.

8 Other accounting policies

Except as set out above the policies used in the current cost accounts are the same as those used in the historical cost accounts.

9 Corresponding amounts

Corresponding amounts for the previous period have been shown at values relating to last year.

10 Net operating assets

The net operating assets of the group, comprising the net current cost of tangible fixed assets, investment in associated company and working capital, at 31 December 1983 amounted to £119,216,000 (1982-£120,016,000)

11 Current cost reserve

The movement in the current cost reserve has been as follows:-

	£'000	£'000
Balance at 1 January 1983		65,977
Revaluation surpluses and deficits:-		
Tangible fixed assets	3,249	
Stocks	2,794	
Investment in associated company	340	
Quoted investment	(5)	
Translation differences	(310)	
Monetary working capital adjustment	(1,014)	
Gearing adjustment	(528)	4,526
		<u>70,503</u>
Balance at 31 December 1983		<u><u>70,503</u></u>

The total of £70,503,000 includes realised amounts of £22,731,000, representing the current cost adjustments, which have been passed through the profit and loss account since current cost accounts were first produced on 1 January 1980.

12 Other reserves and retained profit

The movement in the other reserves and retained profit has been as follows:-

	£'000	£'000
Balance at 1 January 1983		27,118
Current cost profit	1,799	
Reduction in share capital	(2,104)	
Increase in share capital	2,104	1,799
		<u>28,917</u>
Balance at 31 December 1983		<u><u>28,917</u></u>