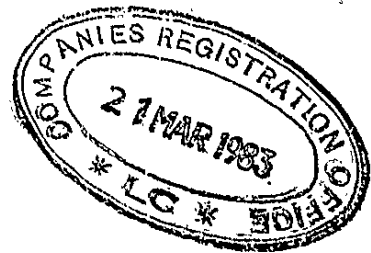


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**HOOVER**  
**plc**

Report and Accounts  
1982



# HOOVER plc

Report and Accounts  
1982



BY APPOINTMENT TO  
HER MAJESTY QUEEN ELIZABETH II  
MANUFACTURERS OF VACUUM CLEANERS  
AND LAUNDRY EQUIPMENT

## DIRECTORS

M R RAWSON	Chairman
P R GOODE	Managing Director
SIR PETER BOON	Former Chairman
J R CUTINELLA	Director The Hoover Company USA
D S PERKINS	Finance Director
A V J SIMPSON	Director of Operations – Continental Europe
F L TABACCHI	Director The Hoover Company USA
R G TATSCHNER	Commercial Director

BANKERS	National Westminster Bank plc
AUDITORS	Deloitte Haskins & Sells, Chartered Accountants
SOLICITORS	Freshfields
REGISTRARS	Hill Samuel Registrars Limited
SECRETARY	J R Turner
REGISTERED OFFICE	Perivale Greenford Middlesex
	Registered Number 325270

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**SUMMARY OF RESULTS**

	1982		1981	
	£m	£m	£m	£m
<b>TURNOVER</b> —Hoover plc and Subsidiaries:				
UK, Europe and Scandinavia	145.0		139.2	
Africa, Middle East, Australasia and Far East	45.8		61.3	
The Americas	0.4		0.6	
	<u>          </u>	191.2	<u>          </u>	201.1
Manufacturing materials, supplies and other expenses (net)	114.2		120.6	
Payroll Costs—Wages and salaries	51.1		64.1	
—Related costs	7.2		11.3	
Depreciation	5.2		5.4	
Decrease in stocks	15.9		8.8	
	<u>          </u>	193.6	<u>          </u>	210.2
<b>TRADING (LOSS) PROFIT</b>				
Hoover plc and Subsidiaries		(2.4)		(9.1)
Share of associated company profit (loss)		0.3		(1.4)
		<u>          </u>		<u>          </u>
		(2.1)		(10.5)
Interest payable (net)	3.7		3.3	
Rationalisation costs	1.0		17.2	
	<u>          </u>	4.7	<u>          </u>	20.5
<b>LOSS before taxation</b>		(6.8)		(31.0)
Taxation		0.9		0.8
		<u>          </u>		<u>          </u>
<b>LOSS after taxation</b>		(7.7)		(31.8)
<b>LOSS PER SHARE</b>		39p		160p
<b>NET ASSETS PER SHARE</b>		265p		301p

Translation gains of £575,000 (1981—£2,270,000) have been credited direct to reserves in accordance with the accounting policy for translating foreign currencies.

## CHAIRMAN'S REVIEW 1982

1982 was the year in which the re-organisation programme commenced in 1981 was consolidated. Yet more importantly, it was the year in which our product led recovery commenced.

In the United Kingdom the factory at Perivale which had been in operation for 50 years was finally closed and the production of upright cleaners consolidated at Cambuslang.

This transfer, which involved uplifting an entire plant and re-locating it in surroundings more conducive to modern flow-line production, was a major operation, requiring careful planning and diligent execution. Initially the build up of Cambuslang production was slower than forecast, due to technical, and in part, to some industrial relations problems. These were satisfactorily resolved before the year ended.

Our Headquarters remain at Perivale and will do so for the foreseeable future. We are examining alternative proposals for re-development of the site since a part is clearly surplus to our current requirements.

In Australia, poor economic conditions caused a reduction in demand. Production was cut back and the labour force reduced in the earlier part of the year, but we were able to progressively increase output since mid-year.

The new models we introduced during the year were well received by both our dealers and the public and led to an improvement in the volume of sales as the year progressed. The Electron range of washing machines sold well and enabled us to maintain our market leadership in the UK. The range of Sensotronic vacuum cleaners produced by our French associate company in Dijon and launched in the UK early in the year proved very popular both

here and on the Continent. The lower-priced Compact cleaners introduced later in the year were such a success that their introduction in other European markets had to be delayed. In fact sales of this stylish range gave us leadership of the canister sector of the UK market, helping us to consolidate our leading position in the vacuum cleaner business.

The introduction of "Thiefcheck" products has proved satisfactory and sales of both burglar alarms and security locks are increasing steadily. Further products are expected to be added to our range of Home Protection products during 1983.

Towards the end of the year a range of Commercial cleaning products was also introduced and sales are expanding steadily.

The first fruits of our investment and major re-organisation at Cambuslang are now reaching the market. Packed with innovation, the completely new range of Turbopower upright cleaners has been given an enthusiastic reception by the trade and the first indications are that this enthusiasm is shared by consumers. We are confident that this early promise will be maintained and that Turbopower will play a significant role in our product led recovery.

Among other products recently revealed to the trade is an advanced computer controlled automatic washing machine with many new features. This outstanding new product will be joining our home laundry range shortly.

Although consumer demand in many countries remained sluggish, we are able to report better results in Europe. In the UK, the removal of credit restrictions and reduced interest rates led to improved demand in the second half of the year and we benefited from increased consumer spending on domestic appliances.

## FINANCIAL RESULTS

Group turnover for the year amounted to £191 millions compared to £201 millions in 1981.

The trading loss of Hoover plc and its subsidiaries amounted to £2.4 millions compared with £9.1 millions last year.

In the European countries owned by Hoover (Holland) BV, our 50% share of the trading profit amounted to £277,000 compared with a loss of £1.4 millions in 1981.

After providing for interest payable and some re-organisation costs, the loss for the year before taxation amounted to £6.8 millions (1981 £31 millions).

Stocks have been steadily reduced with a result that there has been a reduction in net borrowings from £23.5 millions to £17.0 millions.

## UNITED KINGDOM MARKET

Consumer demand remained depressed throughout the first half of the year and competition was intense.

Following the removal of credit restrictions and the reduction in interest rates, which led to reductions in mortgage repayments, there was a noticeable improvement in demand.

The improved trading environment, combined with the benefit of new products, led to a healthy improvement in turnover in the second half year.

## OVERSEAS MARKETS

**Continental Europe** Although consumer demand for domestic appliances remains constrained in most countries, the introduction of new models enabled us to increase sales.

There has been a significant build up of output from the factory in France and the French company has returned to profitability.

Further action has been taken to reduce overheads in all countries and this has made a useful contribution to the results of the Hoover (Holland) BV Group.

The Portuguese company continues to expand and the financial results are good.

**Australia** Economic conditions were difficult in 1982. The rising level of unemployment combined with inflation and high interest rates affected consumer confidence. Domestic appliance sales were adversely affected as a result.

It was necessary to reduce production to bring stock levels under control and this has now been achieved.

In August, Mr. Brian A. Girdlestone was appointed managing director of Hoover (Australia) Pty Ltd.

**South Africa** Market conditions appear to be becoming increasingly difficult but satisfactory results were achieved in 1982.

**Other Markets** Although it was not possible to obtain further business from Libya in 1982, sales to most other areas showed an improvement on the previous year.

**1983 Outlook** The recent weakening of sterling will help to restore some of the loss in competitiveness UK industry has suffered over recent years. It will help our overseas companies to improve their margins and will raise the cost of foreign competitors' products imported into the UK market.

We welcome the progress made in reducing inflation in the United Kingdom to a level close to (and in some cases well below) those of our major competitors overseas. We have made major improvements in productivity over recent years and I am determined that we shall continue to make further substantial gains. At the national level, improved productivity has a critical role to play in the battle against inflation. At a company level, productivity

improvements are essential to prevent our competitors eroding our market share.

Now that our major manufacturing re-organisation has been completed, we face the future as a slimmer but fitter company.

Our new models programme is on stream and, as our product range is increased, so does our ability to earn profit.

To take the fullest advantage of our opportunities we all have to work together as a team. I am particularly heartened by the co-operative effort which has been clearly evidenced at our Merthyr Tydfil factory. The washing machine

market is a fiercely competitive one and no company is likely to survive in it unless it is operating at maximum efficiency.

I firmly believe that your company is in good heart, determined to seize vigorously every opportunity that presents itself. I am convinced that when I next report, there will be much better figures to show.



M. R. RAWSON

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**FINANCIAL CALENDAR 1983**

1st Quarter's results to be announced	April
Half year's results to be announced	August
3rd Quarter's results to be announced	November
Preliminary announcement of results for the year	February 1984

## DIRECTORS' REPORT

The directors submit the annual report and accounts for the year ended 31 December 1982, which will be laid before the shareholders at the forty-sixth annual general meeting.

### Directors

The persons shown below were directors of the company at the date of this report and throughout 1982.

### 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. 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.

### Principal activities

The principal activities of the group, at home and overseas, continue to be manufacturing and marketing domestic appliances.

### Results

The group loss before taxation amounted to £6,790,000 and the charge for taxation thereon amounted to £884,000.

### Dividends and reserves

No interim dividend for 1982 was paid and no final dividend for 1982 is recommended by the directors. The transfer from the reserves of Hoover plc is £6,051,000.

### Employees

The average number of persons employed by Hoover plc in the United Kingdom during the year was 6,283 and their total remuneration amounted to £40,339,000.

### 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.

### Contracts

There were no contracts in the year in which any director had a material interest.

### Interests in shares

The number of shares in which the directors of the company and their families had an interest at 31 December 1982 is shown below. Where changes have taken place during the year, the comparative figures at 1 January 1982, are shown in brackets.

	The Hoover Company		Hoover plc	
	Common Shares		Ordinary	'A'
Mr. M. R. Rawson	30,000	—	—	—
Mr. P. R. Goode	—	—	—	—
Sir Peter Boon	—	1,000	1,200	—
Mr. J. R. Cutinella	26,245 (26,265)	—	—	—
Mr. D. S. Perkins	—	2,050	—	—
Mr. A. V. J. Simpson	—	—	—	—
Mr. F. L. Tabacchi	27,258 (29,258)	—	—	—
Mr. R. G. Tatschner	—	—	—	—

The interests shown above are beneficial. In the period from 1 January 1983 to 1 February 1983 there were no changes to the directors' interests in shares in The Hoover Company or Hoover plc, except for Mr. J. R. Cutinella who disposed of 5 common shares in The Hoover Company.

### Political and charitable 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 £19,000.

### Disabled persons

It is the policy of the company to make 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

17 February 1983

**GROUP PROFIT AND LOSS ACCOUNT***For the year ended 31 December, 1982*

	Notes	1982		1981	
		£'000	£'000	£'000	£'000
Turnover	1		<u>191,234</u>		<u>201,093</u>
Trading (loss) profit before taxation:—2-3					
Hoover plc and subsidiaries		(2,355)		(9,099)	
Associated company		<u>277</u>	(2,078)	<u>(1,356)</u>	(10,455)
Interest payable (net)		3,685		3,281	
Rationalisation costs		<u>1,027</u>	<u>4,712</u>	<u>17,237</u>	<u>20,518</u>
Loss before taxation			(6,790)		(30,973)
Taxation:—	4				
Hoover plc and subsidiaries		749		742	
Associated company		<u>135</u>	<u>884</u>	<u>93</u>	<u>835</u>
Loss after taxation			(7,674)		(31,808)
(Released from) retained in reserves by:—	7				
Subsidiaries of Hoover plc		(1,765)		(1,429)	
Associated company		<u>142</u>	(1,623)	<u>(1,513)</u>	(2,942)
Transferred from reserves of Hoover plc	7		<u>(6,051)</u>		<u>(28,866)</u>
Loss per share	5		39p		160p



**BALANCE SHEETS**

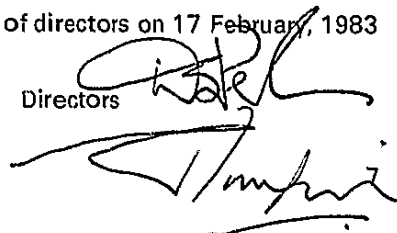
31 December, 1982

HOOVER plc			THE GROUP	
1981	1982		1982	1981
£'000	£'000		Notes	£'000
		<b>Funds employed</b>		
4,963	4,963	Ordinary capital	6	4,963
36,804	30,753	Reserves	7	47,596
<u>41,767</u>	<u>35,716</u>	Shareholders' funds		<u>52,559</u>
2,111	1,845	Capital expenditure grants		1,845
—	—	Deferred taxation	8	492
<u>43,878</u>	<u>37,561</u>			<u>54,896</u>
		<b>Employment of funds</b>		
20,726	18,290	Fixed assets	10	24,868
3,107	3,107	Investment in associated company	11	6,039
2,311	1,950	Shares in subsidiaries	12	—
398	398	Quoted Investments		398
		<i>Market value £372,000 (1981—£297,000)</i>		
		<b>Current assets:—</b>		
41,309	32,947	Stocks	13	44,197
25,953	27,046	Debtors	14	36,960
3,810	1,813	Amounts due from subsidiaries		—
—	—	Short term deposits		1,405
110	122	Bank balances and cash		598
<u>71,182</u>	<u>61,928</u>			<u>83,160</u>
		<b>Less current liabilities:—</b>		
34,188	31,906	Creditors and provisions	15	40,110
14	93	Current taxation		462
19,644	16,113	Short term bank borrowings		18,997
<u>53,846</u>	<u>48,112</u>			<u>59,569</u>
17,336	13,816	Net current assets		<u>23,591</u>
<u>43,878</u>	<u>37,561</u>			<u>54,896</u>
				<u>62,126</u>

The financial statements on pages 6 to 15 were approved by the board of directors on 17 February, 1983 and are signed on its behalf by:

D. S. PERKINS  
A. V. J. SIMPSON

} Directors



**SOURCE AND APPLICATION OF FUNDS**

	1982 £'000	1981 £'000	1980 £'000
<b>SOURCE OF FUNDS</b>			
(Loss) before taxation	(6,790)	(30,973)	(1,403)
<b>Items not involving the movement of funds</b>			
Movement in investment in the associated company	(334)	1,233	2,676
Depreciation and provision	5,208	6,366	5,047
Capital expenditure grants included in profit	(498)	(544)	(567)
Currency translation differences	385	1,338	(1,688)
<b>Total funds (applied to) generated from operations</b>	<b>(2,029)</b>	<b>(22,580)</b>	<b>4,065</b>
<b>Funds from other sources</b>			
Fixed asset disposals	240	220	592
Capital expenditure grants received	232	97	418
	<b>(1,557)</b>	<b>(22,263)</b>	<b>5,075</b>
<b>APPLICATION OF FUNDS</b>			
Purchase of fixed assets	2,293	2,271	6,371
Taxation paid	1,018	1,420	1,762
Dividends paid	—	397	2,062
	<b>3,311</b>	<b>4,088</b>	<b>10,195</b>
<b>(Decrease) increase in working capital</b>			
(Decrease) increase in stocks	(15,899)	(8,791)	19,779
Increase (decrease) in debtors	1,145	(534)	(8,398)
Decrease (increase) in creditors and provisions	3,332	(6,803)	(2,703)
	<b>(8,111)</b>	<b>(12,040)</b>	<b>18,873</b>
<b>INCREASE (DECREASE) IN NET LIQUID FUNDS</b>	<b>6,554</b>	<b>(10,223)</b>	<b>(13,798)</b>

## ACCOUNTING POLICIES

### Basis of accounting

The Company prepares its annual accounts on the historical cost basis of accounting including certain fixed assets at valuations in 1951 and 1962.

### 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.

### 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. At the date of the latest valuations all vested benefits were fully funded.

## NOTES ON ACCOUNTS

### 1 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.

	1982 £'000	1981 £'000
<b>2 Group loss</b>		
Loss before taxation of Hoover plc and its subsidiaries, is arrived at after charging:—	5,208	5,418
Depreciation	4	5
Directors' emoluments—fees	215	230
—other emoluments (including pension contributions)	140	129
Auditors' remuneration	4,023	3,675
Interest payable	2,179	2,216
Hire of plant and machinery		
and after crediting:—	312	368
Interest receivable	26	26
Income from quoted investments	498	544
Government grants		

### 3 Emoluments of Hoover plc directors and employees

The duties of the Chairman and three other directors arose mainly outside the United Kingdom. The emoluments (excluding pension contributions) of the highest paid director amounted to £51,000 (1981—£54,000). The number of other directors, and employees with emoluments in excess of £30,000, fall into the following scales:—

	Directors		Other Employees	
	1982	1981	1982	1981
£10,001—£15,000	—	1		
£20,001—£25,000	—	—		
£25,001—£30,000	—	—		
£30,001—£35,000	2	1	2	—
£35,001—£40,000	—	2	—	—
£40,001—£45,000	1	—	—	—

### 4 Taxation

The charge is arrived at as follows:—

	1982 £'000	1981 £'000
Overseas taxation including share of taxation of associated company	793	945
Transfer to deferred taxation	109	157
	<u>902</u>	<u>1,102</u>
Less: Adjustment in respect of prior years	(18)	(267)
	<u>884</u>	<u>835</u>

The charge for taxation has been calculated in accordance with SSAP 15. On a full provision basis there would have been transfers from deferred taxation of £130,000 (1981—£216,000). The total taxation charge would have been £1,088,000 (1981—£462,000).

## NOTES ON ACCOUNTS (continued)

### 5 Loss per share

The calculation of loss per share is based on a loss of £7,674,000 (1981—£31,808,000), and 7,640,000 ordinary and 12,210,800 'A' ordinary shares in issue throughout the two years ended 31 December, 1982.

### 6 Share capital of Hoover plc

	Authorised	Issued and fully paid	
	1982	1982	1981
	£'000	£'000	£'000
7,640,000 ordinary shares of 25p each issued	1,920	1,910	1,910
12,210,800 'A' 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. and at 31 December, 1982 and 1 February, 1983 it held 5,597,609 ordinary and 5,836,995 'A' ordinary shares representing approximately 73% and 48% respectively of the total issued share capital of each class.  
So far as the directors are aware Hoover plc is not a close company.

### 7 Reserves

	The Group	Hoover plc	Subsidiary Companies	Associated Company
	£'000	£'000	£'000	£'000
At 31 December, 1981	54,695	36,804	15,293	2,598
(Released from) retained during year	(7,674)	(6,051)	(1,765)	142
Currency translation differences	575	—	383	192
	<u>47,596</u>	<u>30,753</u>	<u>13,911</u>	<u>2,932</u>

Hoover plc reserves include a share premium account of £939,000 (1981—£939,000).

### 8 Deferred taxation

Deferred taxation of £492,000 has been provided by subsidiary companies in respect of short term timing differences. All other timing differences have been eliminated.

If provision had been made for all timing differences the liability at 31 December, 1982 after deducting taxation losses carried forward would have been:—

	The Group	Hoover plc
	£'000	£'000
Excess of net book value of fixed assets over their written down values for taxation purposes	3,309	3,172
Other timing differences	(1,211)	(1,579)
Taxation losses	(1,593)	(1,593)
	<u>505</u>	<u>—</u>

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

## NOTES ON ACCOUNTS (continued)

## 9 Future capital expenditure

	The Group		Hoover plc	
	1982 £'000	1981 £'000	1982 £'000	1981 £'000
The approximate amounts of future capital expenditure not dealt with in these accounts are:—				
In respect of contracts placed	800	2,100	600	2,000
Authorised by the directors but not committed	4,850	5,250	4,500	5,000

## 10 Fixed Assets

	Land and buildings			Plant, machinery, tooling and equipment			Total net book value £'000
	Cost or valuation £'000	Depreciation £'000	Net book value £'000	Cost or valuation £'000	Depreciation £'000	Net book value £'000	
<b>The Group</b>							
At 31 December, 1981	15,732	3,848	11,884	52,736	35,839	16,897	28,781
Exchange adjustments	99	26	73	353	236	117	190
Capital expenditure	82	—	82	2,211	—	2,211	2,293
Disposals	(219)	(66)	(153)	(6,870)	(5,835)	(1,035)	(1,188)
Depreciation for the year	—	1,020	(1,020)	—	4,188	(4,188)	(5,208)
At 31 December, 1982	15,694	4,828	10,866	48,430	34,428	14,002	24,858
<b>Hoover plc</b>							
At 31 December, 1981	12,218	2,987	9,231	42,094	29,651	12,443	21,674
Capital expenditure	82	—	82	1,734	—	1,734	1,816
Disposals	(152)	(44)	(108)	(6,688)	(5,666)	(1,022)	(1,130)
Depreciation for the year	—	959	(959)	—	3,111	(3,111)	(4,070)
At 31 December, 1982	12,148	3,902	8,246	37,140	27,096	10,044	18,290

The amount included in the 'cost or valuation' column above representing land and buildings held at valuation is as follows:—

	Year of valuation		£'000
	1951	1962	
Hoover plc			863
Subsidiaries			532

Land and buildings comprise:

	The Group		Hoover plc	
	1982 £'000	1981 £'000	1982 £'000	1981 £'000
Freehold land and buildings	10,972	10,945	7,435	7,440
Short term leasehold buildings	4,722	4,787	4,713	4,778
	15,694	15,732	12,148	12,218

## 11 Investment in associated company

Hoover (Holland) BV at cost	3,107	3,107	3,107	3,107
Group share of undistributed post acquisition reserves	2,932	2,598		
Group share of net assets	6,039	5,705		

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. The Hoover (Holland) BV Group operates in Continental Europe.

Dividends received from Hoover (Holland) BV were as follows:—

Preference	—	64
Ordinary	—	—
	—	64

## NOTES ON ACCOUNTS (continued)

### 12 Shares in subsidiaries

The principal operating subsidiaries of Hoover plc, all wholly owned, together with their countries of incorporation, registration and operation are:—

#### Manufacturing and marketing domestic appliances

Hoover (Australia) Pty. Ltd.  
Hoover S.A. (Proprietary) Ltd.

Australia  
South Africa

#### Marketing domestic appliances

Hoover (Zimbabwe) (Pvt.) Ltd.  
Hoover Oy.  
Hoover Norsk A/S  
Hoover El-Udstyr Aps.  
Svenska Hoover A/B  
Hoover Austria Ges.m.b.H.  
Hoover Electrica Portuguesa Lda.

Zimbabwe  
Finland  
Norway  
Denmark  
Sweden  
Austria  
Portugal

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

	The Group		Hoover plc	
	1982 £'000	1981 £'000	1982 £'000	1981 £'000
<b>13 Stocks</b> comprise				
Finished goods	23,869	36,913	17,667	25,705
Work in progress	10,871	12,675	10,172	11,576
Raw materials	6,893	8,186	2,679	1,825
Consumables	2,564	2,322	2,429	2,203
	<u>44,197</u>	<u>60,096</u>	<u>32,947</u>	<u>41,309</u>
<b>14 Debtors</b> include				
Amount due from fellow subsidiaries	1,739	1,020	1,752	1,020
<b>15 Creditors and provisions</b> include				
Amount due to holding company	1,462	2,077	1,218	1,299
Amount due to fellow subsidiaries	2,897	856	2,411	530
<b>16 Contingent liabilities</b> comprise				
Guarantees in respect of borrowings by wholly owned subsidiaries	—	—	550	575
Hire purchase debts where finance company has recourse to the Group on the failure of both the consumer and the retailer	100	200	—	—
Other trading guarantees	250	150	250	150
	<u>350</u>	<u>350</u>	<u>800</u>	<u>725</u>

### 17 The Companies Acts

All the requirements of the Companies Act 1981 have been complied with so far as they apply. These financial statements are drawn up in accordance with Sections 149A and 152A of, and Schedule 8A to, the Companies Act 1948.

## CURRENT COST ACCOUNTING

### CURRENT COST PROFIT AND LOSS ACCOUNT

For the year ended 31 December, 1982

	1982		1981	
	£'000	£'000	£'000	£'000
Turnover		191,234		201,093
Trading (loss) before interest and taxation as in historical cost accounts		(2,355)		(9,099)
Share of associated company's current cost operating loss		(62)		(1,614)
		(2,417)		(10,713)
Less current cost operating adjustments:				
Depreciation	3,122		3,759	
Cost of sales	3,600		(2,381)	
Inventory working capital	83	6,805	679	2,057
<b>Current cost operating loss</b>		<b>(9,222)</b>		<b>(12,770)</b>
Gearing adjustment	1,432		351	
Interest (net)	(3,685)		(3,281)	
Rationalisation costs	(1,027)	(3,280)	(17,237)	(20,167)
Current cost loss before taxation		(12,502)		(32,937)
Taxation		884		835
<b>Current cost loss attributable to shareholders</b>		<b>(13,386)</b>		<b>(33,772)</b>
Current cost loss per share		67p		170p

### CURRENT COST BALANCE SHEET

31 December, 1982

<b>Funds employed</b>				
Ordinary capital		4,963		4,963
Current cost reserve		65,977		66,948
Other reserves and retained profit		27,118		40,504
Shareholders' funds		98,058		112,415
Other funds employed		2,337		2,468
		100,395		114,883
<b>Employment of funds</b>				
Fixed assets		67,427		79,256
Other non-current assets		8,405		7,784
Net current assets:—				
Stocks	45,169		59,749	
Other working capital	(1,147)		(5,964)	
Total working capital	44,022		53,785	
Borrowings	(18,997)		(25,211)	
Other current liabilities	(462)	24,563	(731)	27,843
		100,395		114,883



## CURRENT COST ACCOUNTING (continued)

### NOTES TO CURRENT COST ACCOUNTS

#### 1. General

The current cost accounting statements on page 14 and these notes have been prepared in compliance with SSAP 16.

#### 2. Depreciation and fixed assets

The depreciation adjustment reflects the difference between the historical cost depreciation and that based on the gross current cost of 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 fixed assets is as follows:—

	Land and buildings	Plant machinery tooling equipment	Total
	£'000	£'000	£'000
Gross current cost		120,114	
Depreciation		98,765	
Net current cost 31 December, 1982	46,078	21,349	67,427
Net current cost 31 December, 1981	53,451	25,805	79,256

#### 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, 1982.

#### 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 shareholders 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 loss 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 fixed assets, investment in associated company and working capital, at 31 December, 1982 amounted to £119,482,000 (1981—£140,528,000).

#### 11. Current cost reserve

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

	£'000	£'000
Balance 1 January, 1982		66,948
Revaluation surpluses and deficits:—		
Fixed assets	(5,742)	
Stocks	4,919	
Investment in associated company	551	
Quoted investment	75	
Translation differences	575	
Monetary working capital adjustment	83	
Gearing adjustment	(1,432)	(971)
Balance 31 December, 1982		65,977

The total of £65,977,000 includes realised amounts of £18,589,000, 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 has been as follows:—

	£'000
Balance 1 January, 1982	40,504
Current cost loss	13,386
Balance 31 December, 1982	27,118

## AUDITORS' REPORT

### Report of the auditors to the members of Hoover plc

We have audited the financial statements on pages 6 to 13 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 page 9, give a true and fair view of the state of affairs of the company and of the group at 31 December, 1982 and of the loss 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 page 14 have been properly prepared, in accordance with the policies and methods described in the notes on page 15, to give the information required by Statement of Standard Accounting Practice No. 16.

London,  
17 February, 1983

DELOITTE HASKINS & SELLS,  
Chartered Accountants

## ANALYSIS OF SHAREHOLDERS

As at 31 December, 1982

	Ordinary Shares		'A' Ordinary Shares	
	Number	%	Number	%
The Hoover Company	5,597,609	73	5,836,995	48
Institutions—				
Banks and Nominees	559,798	7	2,739,053	22
Insurance Companies	437,988	6	682,625	6
Pension Funds	326,143	4	824,886	7
Other	132,008	2	469,994	4
Individuals	586,454	8	1,657,247	13
	<u>7,640,000</u>	<u>100</u>	<u>12,210,800</u>	<u>100</u>

## NUMBER OF EMPLOYEES

As at 31 December

	1982	1981
<b>UNITED KINGDOM</b>		
Manufacturing—		
Perivale	—	604
Cambuslang	1,771	1,806
Merthyr Tydfil	2,188	2,308
Other—marketing, distribution, engineering, administration	2,003	2,136
	<u>5,962</u>	<u>6,854</u>
<b>OVERSEAS SUBSIDIARIES</b>		
Australia	898	1,255
South Africa	342	374
Austria	29	33
Portugal	54	53
Scandinavia	74	84
	<u>1,397</u>	<u>1,799</u>
<b>OVERSEAS ASSOCIATED COMPANIES</b>		
France	1,046	767
Germany	150	169
Benelux	38	56
Italy	68	67
Switzerland	51	49
	<u>1,353</u>	<u>1,108</u>
	<u>8,712</u>	<u>9,761</u>

**TEN-YEAR SUMMARY**

(£ Millions)

Year ended 31 December	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973
<b>Turnover</b>	191.2	201.1	206.7	203.7	212.1	191.0	180.0	162.9	113.8	121.0
<b>(Loss) profit before taxation:—</b>										
Hoover plc and Subsidiaries	(7.1)	(29.6)	(0.8)	2.2	4.7	13.0	14.1	18.7	3.7	18.6
Associated company	0.3	(1.4)	(0.6)	0.7	0.7	0.7	0.5	0.5	1.2	2.7
<b>(Loss) profit before taxation</b>	<b>(6.8)</b>	<b>(31.0)</b>	<b>(1.4)</b>	<b>2.9</b>	<b>5.4</b>	<b>13.7</b>	<b>14.6</b>	<b>19.2</b>	<b>4.9</b>	<b>21.3</b>
Taxation	0.9	0.8	1.4	0.9	(0.6)	7.2	7.9	10.0	3.7	10.9
<b>(Loss) profit after taxation</b>	<b>(7.7)</b>	<b>(31.8)</b>	<b>(2.8)</b>	<b>2.0</b>	<b>6.0</b>	<b>6.5</b>	<b>6.7</b>	<b>9.2</b>	<b>1.2</b>	<b>10.4</b>
<b>Dividends</b>	—	—	1.2	2.4	2.4	2.9	2.6	2.4	2.3	2.1
<b>Profit(released)retained</b>	<b>(7.7)</b>	<b>(31.8)</b>	<b>(4.0)</b>	<b>(0.4)</b>	<b>3.6</b>	<b>3.6</b>	<b>4.1</b>	<b>6.8</b>	<b>(1.1)</b>	<b>8.3</b>
<b>Funds Employed</b>										
Shareholders Funds	52.6	59.7	89.2	93.3	95.5	80.9	79.4	72.6	64.9	67.0
Other Funds	2.3	2.4	2.7	2.9	3.4	16.7	10.9	10.9	5.0	1.7
	54.9	62.1	91.9	96.2	98.9	97.6	90.3	83.5	69.9	68.7
<b>Employment of funds</b>										
Net current assets	23.6	28.2	53.4	57.2	60.2	65.2	64.2	58.2	42.8	50.1
Fixed assets	24.9	27.8	31.2	30.5	30.2	24.9	20.7	19.7	19.2	16.3
Other assets	6.4	6.1	7.3	8.5	8.5	7.5	5.4	5.6	7.9	2.3
<b>Net assets</b>	<b>54.9</b>	<b>62.1</b>	<b>91.9</b>	<b>96.2</b>	<b>98.9</b>	<b>97.6</b>	<b>90.3</b>	<b>83.5</b>	<b>69.9</b>	<b>68.7</b>
<b>Results per share:—</b>										
(Loss) Earnings	(39p)	(160p)	(14p)	10p	30p	33p	34p	46p	6p	47p
Dividends	—	—	6p	12p	12p	15p	13p	12p	11p	11p
<b>Employees (thousands) at 31 December</b>	<b>8.7</b>	<b>9.8</b>	<b>13.0</b>	<b>13.8</b>	<b>15.7</b>	<b>16.7</b>	<b>15.9</b>	<b>17.0</b>	<b>18.9</b>	<b>19.3</b>

Note:— Figures for 1978 and later years are based on the new accounting policy for deferred taxation but prior years have not been restated.