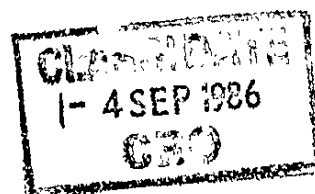


HENSHALL (BONDED ASSEMBLIES) LIMITEDREPORT AND ACCOUNTS  
FOR THE YEAR ENDED 30 APRIL 1986INDEX

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HENSHALL (BONDED ASSEMBLIES) LIMITEDREPORT OF THE DIRECTORS

The directors present their report and accounts for the year ended 30th April 1986.

**BUSINESS REVIEW**

The principal activity of the company consists of bonding laminators

There has been no significant change in this activity during the year and it is not anticipated there will be any significant change during the current financial year.

The turnover and profit before taxation for the year were as follows :-

	1986 £	1985 £
Turnover	£941,924 =====	£702,323 =====
Profit before taxation	53,458	103,911
Taxation	22,742 -----	18,410 -----
Profit for the year	£30,716 =====	£85,501 =====

**PROPOSED DIVIDEND**

The directors do not propose the payment of a dividend.

**DIRECTORS AND THEIR INTERESTS**

The directors who have served during the year were :-

R MacDonald-Hall (resigned 30th August 1985)  
J C Smith  
C MacDonald-Hall  
R A Green  
S J Smith  
W E Griffiths

The directors retiring by rotation are Mr J C Smith and Mr R A Green who, being eligible, offer themselves for re-election.

Mr J C Smith, Mr C MacDonald-Hall, Mr R A Green and Mr S J Smith are directors of the holding company AIM Group PLC. The beneficial interests of those directors in the share capital of the holding company are shown in that company's directors report.

The other director at 30th April 1986 held no shares in the company or related companies during the year.

HENSHALL (BONDED ASSEMBLIES) LIMITED

REPORT OF THE DIRECTORS  
(continued)

AUDITORS

A resolution to re-appoint the joint auditors, Binder Hamlyn and Rothman Pantall & Co., will be proposed at the forthcoming annual general meeting.

By order of the Board



N P Fenn  
Secretary

31 July 1986

REPORT OF THE AUDITORS TO THE MEMBERS OF  
HENSHALL (BONDED ASSEMBLIES) LIMITED

We have audited the financial statements on pages 5 to 15 in accordance with approved Auditing Standards.

In our opinion the financial statements which have been prepared on the basis of the accounting policies set out on pages 8 and 9 give a true and fair view of the state of affairs of the company at 30th April 1986 and of the profit and source and application of funds of the company for the year then ended and comply with the Companies Act 1985.

*Rothman Pantall & Co.*

Rothman Pantall & Co.  
Chartered Accountants

4 Prince George Street  
Havant  
Hampshire  
PO9 1EG

*Binder Hamlyn*

Binder Hamlyn  
Chartered Accountants

8 St Bride Street  
London  
EC4A 4DA

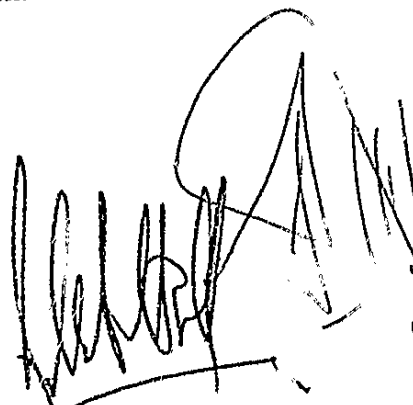
31 July 1986

HENSHALL (BONDED ASSEMBLIES) LIMITEDPROFIT AND LOSS ACCOUNT  
for the year ended 30 APRIL 1986

	Notes	1986 £	1985 £
TURNOVER	1	941,924	702,323
Cost of Sales		788,484	505,402
		<hr/>	<hr/>
Gross profit		153,440	196,921
Distribution costs		(20,705)	(16,810)
Administrative expenses		(85,077)	(80,134)
Other operating income		5,800	3,934
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	53,458	103,911
Tax on ordinary activities	5	(22,742)	(18,410)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		30,716	85,501
Accumulated loss brought forward		(190,027)	(275,528)
		<hr/>	<hr/>
Accumulated loss carried forward		£(159,311)	£(190,027)
		<hr/>	<hr/>

HENSHALL (BONDED ASSEMBLIES) LIMITEDBALANCE SHEET AT 30 APRIL 1986

	Notes	1986 £	1985 £
<b>FIXED ASSETS</b>			
Tangible assets	6	334,088	179,680
Investments	7	1	1
		<hr/>	<hr/>
		334,089	179,681
<b>CURRENT ASSETS</b>			
Stocks	8	150,045	91,393
Debtors	9	300,519	214,190
Cash at bank and in hand		234	-
		<hr/>	<hr/>
		450,798	305,583
CREDITORS (amounts falling due within one year)	10	857,038	612,313
		<hr/>	<hr/>
NET CURRENT LIABILITIES		(406,240)	(306,730)
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		(72,151)	(127,049)
PROVISIONS FOR LIABILITIES AND CHARGES	11	(81,160)	(56,978)
		<hr/>	<hr/>
NET LIABILITIES		£(153,311)	£(184,027)
		<hr/>	<hr/>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	6,000	6,000
Profit and loss account		(159,311)	(190,027)
		<hr/>	<hr/>
		£(153,311)	£(184,027)
		<hr/>	<hr/>


 J. C. Smith

C MacDonald-Hall

) Directors

These accounts were approved by the board of directors on 31 July 1986

The accompanying notes form part of these accounts

HENSHALL (BONDED ASSEMBLIES) LIMITEDSTATEMENT OF SOURCE AND APPLICATION OF FUNDS  
for the year ended 30 APRIL 1986

	1986 £	1985 £
<b>SOURCE OF FUNDS</b>		
Profit before taxation	53,458	103,911
Adjustment for items not involving the movement of funds :		
Loss on disposal of fixed assets	2,131	925
Depreciation	21,716	18,253
	<hr/> 23,847	<hr/> 19,178
Total generated by operations	<hr/> 77,305	<hr/> 123,089
Funds from other sources :		
Proceeds of sale of tangible fixed assets	1,275	1,875
Deferred taxation transferred from subsidiary	1,126	-
	<hr/> 79,706	<hr/> 124,964
<b>APPLICATION OF FUNDS</b>		
Purchase of fixed assets	(179,530)	(48,587)
Taxation paid	(13,186)	-
	<hr/> (192,716)	<hr/> (48,587)
	<hr/> (113,010)	<hr/> 76,377
<b>MOVEMENTS IN WORKING CAPITAL</b>		
Stocks	(58,652)	(27,652)
Debtors	(86,329)	(95,823)
Creditors falling due within one year	98,259	78,816
	<hr/> (46,722)	<hr/> (44,659)
	<hr/> £(159,732)	<hr/> £31,718
	<hr/> <hr/>	<hr/> <hr/>
<b>MOVEMENTS IN NET LIQUID FUNDS</b>		
Cash at bank and in hand	234	(174)
Bank overdraft	(159,966)	31,892
	<hr/> £(159,732)	<hr/> £31,718
	<hr/> <hr/>	<hr/> <hr/>

HENSALL (BONDED ASSEMBLIES) LIMITEDACCOUNTING POLICIES

## (a) Basis of Accounting

The accounts have been prepared under the historical cost convention and on a going concern basis in view of the continued financial support of the holding company.

## (b) Depreciation and Amortisation

Depreciation is calculated to write off the cost of tangible fixed assets by equal instalments over their estimated useful lives as follows :

Leasehold land and buildings	Amortised over term of lease or to next rent review
Plant and machinery	13 years
Furniture and fittings, tools and equipment	Between 4 and 10 years
Motor Vehicles	5 years

## (c) Stocks and Work In Progress

These are valued on a 'first in, first out' basis at the lower of cost and net realisable value. In respect of work in progress and finished goods cost includes all production overheads and the attributable proportion of indirect overhead expenses.

## (d) Long Term Project Costs

These costs fall into three principal categories : design and development, jigs and tools, and education.

Design and development expenditure arises mainly in the early part of the project and is written off as incurred.

Expenditure on jigs and tools is normally incurred only after the decision to manufacture has been taken.

Education costs arise early in the production cycle of new projects when skills and expertise are being acquired and unit costs are therefore relatively high. They comprise the excess of such unit production costs over the level of unit costs anticipated at a more advanced stage of the production programme.

Expenditure on jigs, tools and education is carried forward in stock for amortisation in respect of each project by reference to an appropriate assessment of sales, subject to the status of the project and the overriding concept of financial prudence. The amortisation of jigs, tools and education is charged in arriving at trading profit.



HENSHALL (BONDED ASSEMBLIES) LIMITEDACCOUNTING POLICIES  
(continued)

## (e) Deferred Taxation

Deferred taxation is provided using the liability method in respect of the taxation effect of all timing differences other than those which are expected with reasonable probability to continue in the foreseeable future.

## (f) Foreign Exchange

Transactions denominated in foreign currencies are translated into sterling and recorded at the rate of exchange ruling at the date of the transaction. Balances denominated in a foreign currency are translated into sterling at the exchange rates ruling on the balance sheet date.

Profits and losses arising on the exchange of foreign currencies are dealt with through the profit and loss account.

HENSHALL (BONDED ASSEMBLIES) LIMITEDNOTES TO THE ACCOUNTS  
for the year ended 30 APRIL 1986

## 1. TURNOVER

Turnover represents amounts invoiced by the company in respect of goods provided during the year excluding value added tax.

The analysis of turnover by activity and geographical area is as follows :

	1986 £	1985 £
Bonding laminators	£941,924 =====	£702,323 =====
United Kingdom	894,257	678,845
Rest of Europe	8,312	9,520
Other	39,355	13,958
	-----	-----
	£941,924 =====	£702,323 =====

## 2. EMPLOYEES

The average number of people employed by the company (including directors) during the year was as follows :

	1986	1985
Management and administration	8	8
Production	20	12
	—	—
Total employees	28 ==	20 ==

The aggregate payroll costs were as follows :

	1986 £	1985 £
Wages and salaries	177,391	128,386
Social security costs	16,827	9,808
Other pension costs	1,897	1,680
	-----	-----
	£196,115 =====	£139,874 =====

HENSHALL (BONDED ASSEMBLIES) LIMITEDNOTES TO THE ACCOUNTS  
for the year ended 30 APRIL 1986  
(continued)

## 3. PROFIT BEFORE TAXATION

The profit before taxation is stated after charging :

	1986 £	1985 £
Hire of plant and machinery	1,871	796
Depreciation of tangible fixed assets	21,716	18,253
Operating leases - land and buildings	24,850	17,500
Auditors' remuneration	2,980	2,150
Directors' emoluments : as executives	22,870	14,260
	<u>=====</u>	<u>=====</u>

## 4. DIRECTORS' EMOLUMENTS

Chairman - to 30 August 1985  
          - from 30 August 1985

Highest paid director

Other directors :

£0 to £5,000

	1986 £	1985 £
Chairman - to 30 August 1985	-	-
Chairman - from 30 August 1985	-	-
Highest paid director	21,073	13,994
Other directors :		
£0 to £5,000	3	5
	<u>=</u>	<u>=</u>

Number of directors

## 5. TAXATION

Taxation based on the profit for the year :

Corporation tax at 42%  
Deferred taxation

	1986 £	1985 £
Corporation tax at 42%	-	13,500
Deferred taxation	23,056	4,910
	<u>-----</u>	<u>-----</u>
	23,056	18,410

Adjustments in respect of earlier years :

Corporation tax

	1986 £	1985 £
Adjustments in respect of earlier years :	(314)	-
Corporation tax	<u>-----</u>	<u>-----</u>
	£22,742	£18,410
	<u>=====</u>	<u>=====</u>

HENSHALL (BONDED ASSEMBLIES) LIMITED

NOTES TO THE ACCOUNTS  
for the year ended 30 APRIL 1986  
(continued)

## 6. TANGIBLE FIXED ASSETS

	<u>Motor vehicles</u> £	<u>Leasehold land and buildings</u> £	<u>Plant and machinery</u> £	<u>Furniture and fittings</u> £	<u>Total</u> £
Cost					
At 1 May 1985	10,070	100	231,265	1,151	242,586
Additions	-	4,084	170,463	1,350	175,897
Inter company transfers	5,300	-	7,680	-	12,980
Disposals	(1,856)	-	(4,500)	-	(6,356)
	<u>13,514</u>	<u>4,184</u>	<u>404,908</u>	<u>2,501</u>	<u>425,107</u>
At 30 April 1986					
Depreciation					
At 1 May 1985	2,424	-	60,123	359	62,906
Charged in year	1,644	680	19,178	214	21,716
Inter company transfers	5,299	-	4,048	-	9,347
Disposals	(1,602)	-	(1,348)	-	(2,950)
	<u>7,765</u>	<u>680</u>	<u>82,001</u>	<u>573</u>	<u>91,019</u>
At 30 April 1986					
Net book amount					
30 April 1986	<u>£5,749</u>	<u>£3,504</u>	<u>£322,907</u>	<u>£1,928</u>	<u>£334,088</u>
30 April 1985	<u>£7,646</u>	<u>£100</u>	<u>£171,142</u>	<u>£792</u>	<u>£179,680</u>

## 7. FIXED ASSETS - INVESTMENTS

	<u>Unlisted</u> £1
Cost 1 May 1985 and 30 April 1986	<u>=====</u>

The investment represents the entire issued share capital of JDA Partners (Bonding Laminators) Limited.

## 8. STOCKS AND WORK IN PROGRESS

	1986 £	1985 £
Raw materials and consumables	132,302	76,393
Work in progress	17,743	15,000
	<u>=====</u>	<u>=====</u>
	<u>£150,045</u>	<u>£91,393</u>

HENSHALL (BONDED ASSEMBLIES) LIMITED

NOTES TO THE ACCOUNTS  
for the year ended 30 APRIL 1986  
(continued)

## 9. DEBTORS

	1986 £	1985 £
Trade debtors	208,249	137,888
Amounts owed by group companies	66,327	60,284
Prepayments and accrued income	20,793	16,018
Taxation	5,150	-
	<u>£300,519</u>	<u>£214,190</u>

## 10. CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	1986 £	1985 £
Bank loans and overdrafts	219,918	59,952
Trade creditors	139,387	97,495
Amounts owed to group companies	466,983	409,593
Taxation - corporation tax	-	13,500
other	8,244	24,770
social security	8,175	2,953
Accruals and deferred income	14,331	4,050
	<u>£857,038</u>	<u>£612,313</u>

The bank overdraft is secured by a fixed and floating charge over the assets of the company

## 11. PROVISIONS FOR LIABILITIES AND CHARGES

	<u>Deferred Taxation</u> £	
Balance at 1 May 1985	56,978	
Charge for the year in the profit and loss account	23,056	
Transfer from subsidiary company	1,126	
	<u>£81,160</u>	
Balance at 30 April 1986		

Details of the provision for deferred taxation and the full potential liability are as follows :

	1986		1985	
	<u>Provision</u> £	<u>Full potential liability</u> £	<u>Provision</u> £	<u>Full potential liability</u> £
Corporation tax deferred in respect of :				
Accelerated capital allowances	£81,160	£81,160	£56,978	£56,978
	<u>£81,160</u>	<u>£81,160</u>	<u>£56,978</u>	<u>£56,978</u>

HENSHALL (BONDED ASSEMBLIES) LIMITED

NOTES TO THE ACCOUNTS  
for the year ended 30 APRIL 1986  
(continued)

## 12. SHARE CAPITAL

	1986 £	1985 £
Authorised		
4,000 6% redeemable participating preference shares of £1 each	4,000	4,000
6,000 ordinary shares of £1 each	6,000	6,000
	<u>£10,000</u>	<u>£10,000</u>
	=====	=====
Allotted, called-up and fully paid		
4,000 6% redeemable participating preference shares of £1 each	4,000	4,000
2,000 ordinary shares of £1 each	2,000	2,000
	<u>£6,000</u>	<u>£6,000</u>
	=====	=====

## 13. COMMITMENTS

## (a) Capital Commitments

Capital expenditure contracted for at 30 April 1986 for which no provision has been made in these accounts was as follows :

	1986 £	1985 £
Contracted	£50,000	£ --
	<u>=====</u>	<u>=====</u>

## (b) Operating Lease Commitments

Commitments under operating leases to pay rentals during the year following the year of these accounts are given below :

	1986 £	1985 £
Land and Buildings		
Expiring after 5 years	£53,800	£17,500
	<u>=====</u>	<u>=====</u>

HENSHALL (BONDED ASSEMBLIES) LIMITED

NOTES TO THE ACCOUNTS  
for the year ended 30 APRIL, 1986  
(continued)

## 14. PENSIONS

In addition to the government pension scheme, retirement benefits for certain senior employees of the company are funded by contributions from the company and employees. Payments by the company are charged against profits in the year in which they become payable.

## 15. ULTIMATE HOLDING COMPANY

The ultimate holding company is AIM Group PLC, a company incorporated in the United Kingdom.

## 16. CONTINGENT LIABILITIES

The company has entered into a joint guarantee and debenture to secure the bank borrowings of the holding company and fellow subsidiaries. At 30 April 1986 the aggregate amount outstanding was £877,391 (1985 : £1,656,908).

HENSHALL (BONDED ASSEMBLIES) LIMITEDTRADING AND PROFIT AND LOSS ACCOUNT  
for the year ended 30 APRIL 1986

	1986 £	1985 £
SALES	941,924	702,323
Work in progress 30 April 1986	17,743	15,000
	<hr/>	<hr/>
	959,667	717,323
Work in progress - 30 April 1985	15,000	5,911
	<hr/>	<hr/>
	944,667	711,412
DEDUCT DIRECT COSTS		
Opening stock	74,704	56,141
Materials	581,611	340,988
Wages	159,143	111,248
	<hr/>	<hr/>
	815,458	508,377
Closing stock	130,613	74,704
	<hr/>	<hr/>
	684,845	433,673
	<hr/>	<hr/>
	259,822	277,739
DEDUCT INDIRECT COSTS		
Factory rent and rates	42,082	25,902
Cleaning	2,420	2,131
Power light and heat	25,922	23,790
Plant repairs, small tools and hire	15,911	12,049
Depreciation - plant	19,178	16,946
- premises	612	-
Loss on disposal of plant	2,677	-
	<hr/>	<hr/>
	108,802	80,818
	<hr/>	<hr/>
	151,020	196,921
GROSS PROFIT		
DEDUCT OVERHEAD EXPENDITURE		
Salaries	35,175	27,634
Pension Scheme	1,797	992
Office rent and rates	4,675	2,878
Office light and heat	2,846	2,643
Insurance	4,468	2,795
Motor expenses and carriage	16,311	13,017
Postage, stationery and advertising	5,615	5,883
Telephone	4,655	3,127
	<hr/>	<hr/>
carried forward	75,542	58,969
	151,020	196,921



HENSHALL (BONDED ASSEMBLIES) LIMITEDTRADING AND PROFIT AND LOSS ACCOUNT  
for the year ended 30 APRIL 1986

	1986 £	1985 £
OVERHEAD EXPENDITURE (continued)		
brought forward	75,542	151,020
Legal and professional fees	400	356
Audit fees	2,980	2,150
Bank charges and interest	15	-
Bad debts	5,293	-
General expenses	2,752	3,237
Depreciation (including loss on sale)	214	115
Fixtures and fittings	1,098	2,117
Motor vehicles	68	-
Premises	15,000	30,000
Management charge		
	<hr/> 103,362	<hr/> 96,944
Less : Rent received	5,800	3,934
	<hr/> 97,562	<hr/> 93,010
PROFIT BEFORE TAXATION	<hr/> £53,458	<hr/> £103,911