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ASSOCIATED ENGINEERING
(EXPORT SERVICES) LIMITED

30 SEPTEMBER 1980



Associated Engineering (Export Services) Limited

Directors' report

The directors submit to the members their report and the audited statement of accounts for the year ended 30 September 1980.

Activities

The principal activities of the Company are the licensing and provision of plant and technical assistance.

Profit, dividends and reserves

The net profit for the year ended 30 September 1980 attributable to shareholders amounted to £10,279, compared with £13,525 in the previous year.

The directors do not recommend the payment of a dividend (1979 : £NIL).

Directors

Mr D G Hanton was appointed to the board of directors on 26 March 1980.

The present members of the board and their interests in the Ordinary stock units of 25p in the holding company, Associated Engineering Limited, are as follows:

	30 September 1980		30 September 1979	
	Beneficially Owned	Not Beneficially Owned	Beneficially Owned	Not Beneficially Owned
A C Barr	-	-	-	-
J B Cunningham	5,750	-	5,750	-
J B Hesketh	-	-	-	-
R A Vickery	443	-	443	-
T Vowles	-	-	-	-
D G Hanton	-	-	-	-

Associated Engineering (Export Services) Limited

No director has any interest in any other class of stock, shares or debentures of the holding company.

As at 11 December 1980 the following options were outstanding to certain directors of the Company in respect of the Ordinary shares of 25p of the holding company:

Options at	72p	55p	57p
Exercisable for a period	1 July	1 July	1 July
of ten years from:	1971	1972	1972
Number of shares:	4,332	3,000	750

None of these directors had either during the year or at the end of the year any material interest in a contract with the Company which was of significance in relation to the Company's business.

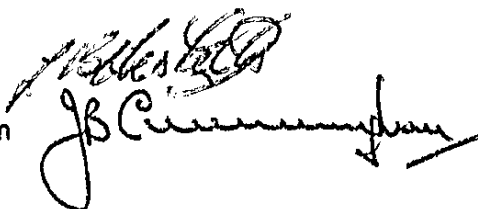
Exports

The value of goods exported by the Company from the UK during the year amounted to £89,560 (1979 : £112,898).

Auditors

In accordance with Section 14 of the Companies Act 1976 a resolution will be proposed at the annual general meeting for the re-appointment of Thomson McLintock & Co as auditors to the Company. In addition, a resolution will be proposed authorising the directors to fix the remuneration of the auditors.

J B Hesketh
J B Cunningham
Directors



11. December 1980

*Certified to be a true copy
of the report of the directors
accompanying the balance sheet
dated 30.9.80.*

D. G. Horton

Associated Engineering (Export Services) Limited
Accounts for the year to 30 September 1980

Auditors' report

To the members of Associated Engineering (Export Services) Limited

We have audited the financial statements on pages 4 to 8 in accordance with approved Auditing Standards.

In our opinion the financial statements, which have been prepared under the historical cost convention, give a true and fair view of the state of the company's affairs at 30 September 1980 and of its profit and source and use of funds for the year then ended and comply with the Companies Acts 1948 and 1967.

Thomson McLintock & Co
Chartered Accountants

London - 11 December 1980

Associated Engineering (Export Services) Limited
Source and use of funds

30 September 1980

	1980	1979
	£	£
Source of funds		
Net profit after taxation	10,279	13,525
Total funds generated from operations	<u>10,279</u>	<u>13,525</u>
(Increase)/Decrease in working capital		
Stocks	(82,640)	-
Debtors	(15,623)	(3,083)
Creditors (including current taxation)	3,476	9,432
Increase in Group balances	94,734	350
	<u>(53)</u>	<u>6,699</u>
Total source of funds	<u>10,226</u>	<u>20,224</u>
Represented by:		
Increase in cash at bank	<u>10,226</u>	<u>20,224</u>

Associated Engineering (Export Services) Limited
Profit and loss account

For the year ended 30 September 1980

	Notes	1980 £	1979 £
Sales to external customers exclusive of value added tax		89,560	112,898
		<u> </u>	<u> </u>
Profit for the year before taxation	1	10,279	18,593
(Deduct):			
Taxation based on the profit of the year	6	-	(5,068)
		<u> </u>	<u> </u>
Retained profit		<u>10,279</u>	<u>13,525</u>

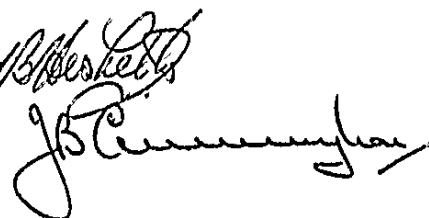
The notes on pages 7 - 8 form an integral part of these accounts

Associated Engineering (Export Services) Limited
Balance sheet

At 30 September 1980

	Notes	1980 £	1979 £
Capital employed			
Current assets less current liabilities	4	(112,493)	(122,772)
		<u>(112,493)</u>	<u>(122,772)</u>
Financed by			
Ordinary share capital of the Company	5	100	100
Deficit on profit and loss account	3	(112,593)	(122,872)

J B Hesketh
J B Cunningham
Directors



(112,493) (122,772)

The notes on pages 7 - 8 form an integral part of these accounts

Certified to be a true copy of the balance sheet laid before the Company in general meeting during the period to which this return relates (including every document required by law to be annexed to the balance sheet) and of the report of the auditors thereon.

D. G. Horton

Notes relating to the accounts

1	Net profit before taxation	1980	1979
		£	£
	is stated after charging		
	Auditors' remuneration and expenses		
	(now dealt with on a Group basis)	NIL	NIL
		<u> </u>	<u> </u>
2	No directors' remuneration was paid in the year (1979 : £NIL).		
3	Deficit on profit and loss account	1980	1979
		£	£
	Retained profit for the year	10,279	13,525
	Balance brought forward	(122,872)	(136,397)
		<u> </u>	<u> </u>
	At 30 September	(112,593)	(122,872)
		<u> </u>	<u> </u>
4	Current assets less current liabilities		
	Current assets		
	Stocks	82,640	-
	Debtors	20,821	5,198
	Cash at bank (Note 9)	121,487	111,261
		<u> </u>	<u> </u>
		224,948	116,459
		<u> </u>	<u> </u>
	(Deduct): current liabilities		
	Creditors	(74,210)	(70,734)
	Amounts due to fellow subsidiaries	(94,734)	-
	Amount due to holding company (Note 8)	(158,829)	(158,829)
	Current taxation	(9,668)	(9,668)
		<u> </u>	<u> </u>
		(337,441)	(239,231)
		<u> </u>	<u> </u>
	Net current liabilities	(112,493)	(122,772)
		<u> </u>	<u> </u>

At 30 September 1980 stocks comprised goods to be delivered to an overseas customer and are valued at purchase cost.

Associated Engineering (Export Services) Limited

5	Share capital of the Company	Authorised	Issued and fully paid
		£	£
	400 Ordinary shares of 25p each	100	100
		<hr/>	<hr/>
6	Taxation on the profits of the year	1980	1979
		£	£
	UK Corporation tax at 52%	-	(9,668)
	Overprovision for taxation in prior years written back	-	4,600
		<hr/>	<hr/>
		-	(5,068)
		<hr/>	<hr/>

Any liability to tax which might arise in 1980 will be covered by losses available elsewhere in the Group.

7 Guarantees

The Company and certain other United Kingdom subsidiary companies of the Group have guaranteed on behalf of Associated Engineering Limited the repayment of monies due under trust deeds constituting £9,950,000 6½% and £455,637 7¾% debenture stock 1980/85, of which £2,122,412 and £118,447 respectively now remain outstanding, and £4,500,000 11% debenture stock 1991/96, all of which is outstanding. These guarantees are secured by first floating charges.

8 Ultimate holding company

The Company is a wholly owned subsidiary of Associated Engineering Limited, a company incorporated in England, and this company has agreed not to claim repayment of the balance of £158,829 shown as outstanding, prior to the settlement of the claims of third party creditors.

9 Cash at bank

The Company is party to a Group banking arrangement whereby its bank balance may be utilised to reduce the overdraft of the holding company.