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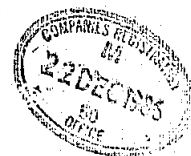
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COMMUNICATION & CONTROL ENGINEERING

CO LIMITED

CONSOLIDATED ACCOUNTS - 30 JUNE, 1986



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COMMUNICATION & CONTROL ENGINEERING
CO LIMITED

CONSOLIDATED ACCOUNTS - 30 JUNE, 1986

TOGETHER WITH DIRECTORS' AND AUDITORS' REPORTS

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COMMUNICATION & CONTROL ENGINEERING CO. LIMITED

AND SUBSIDIARY COMPANIES

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE, 1986

The Directors present their report on the affairs of the Company, and its subsidiaries (the Group), together with the accounts and auditors' report for the year ended 30 June, 1986.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the Company are the manufacture of specialist cables and electronic communications equipment for hazardous environments.

The Company recovered well from the effect of the Miners' strike in 1984/5 and achieved a year of record sales and profits.

Both activities contributed to this improvement in performance, with the markets for electrical products being expanded in both the U.K. and overseas.

During the year a major update of the cables plant was completed which has improved productivity and provided a considerable increase in capacity. Our cable products have met increasing demand and now include fire resistant and low toxicity designs.

Operating profits for the year were £876,083 (1984/5 £255,205) on turnover of £8.1m (1984/5 £6.4m)

The early months of 1986/7 indicate that the turnover and profits performance achieved in 1985/6 is continuing.

RESULTS AND DIVIDENDS

The profit on ordinary activities after taxation for the year ended 30 June, 1986 was £737,061. No dividend is proposed and the Directors recommend that this amount, together with £1,641 from capital reserves, is transferred to retained earnings and carried forward.

20/1/87

DIRECTORS

The Directors of the Company during the year and subsequently were

Sir Eric Neal (Australia)
L. Teeman O.B.E.
G. Beetles
J.G. Leverton
C. Radford
I.P. Greenaway

The interest of Sir Eric Neal in the shares of Group Companies is shown in the accounts of Boral Limited Australia, the ultimate holding Company.

Mr. G. Beetles held 3,000 shares in Boral Limited at the beginning and end of the year and at the date of this report.

None of the other Directors in office at the end of the financial year had any interest in the shares or debentures of Group Companies during the year or subsequently.

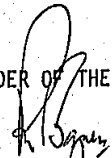
DISABLED EMPLOYEES

The Group gives every consideration to applications for employment from disabled persons, where the requirements of the job may be adequately covered by a handicapped or disabled person. Employees who become disabled during employment are given continued employment where possible, and equal opportunities for training and career development are provided for all disabled employees.

EMPLOYEE CONSULTATION

During the year the Group has continued its practice of keeping employees informed on matters affecting them and on various factors relating to the performance of the Group. This has been achieved through formal and informal meetings. Employees are consulted regularly on a wide range of matters affecting their interests.

BY ORDER OF THE BOARD,


R.H. Baguley
Secretary

30 September, 1986

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REPORT of the AUDITORS to the MEMBERS of
COMMUNICATION & CONTROL ENGINEERING CO. LIMITED

We have audited the accounts set out on pages 2 to 16 in accordance with approved Auditing Standards.

In our opinion the accounts, which have been prepared on the basis of the accounting policies set out on pages 6 and 7, give a true and fair view of the state of affairs of the company at 30 June, 1986 and of the profit and source and application of funds of the Company for the period to that date and comply with the Companies Act 1985.

Peat, Marwick Mitchell

Nottingham

30 September, 1986

PEAT, MARWICK, MITCHELL & CO.

Chartered Accountants.

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COMMUNICATION & CONTROL ENGINEERING CO LIMITED

BALANCE SHEET

AT 30 JUNE, 1986

	Notes	<u>30 June, 1986</u>		<u>30 June, 1985</u>	
		£	£	£	£
<u>FIXED ASSETS</u>					
Tangible Assets	2	2,293,774		1,060,707	
Investments	3	4		6	
		<u>2,293,778</u>		<u>1,060,713</u>	
<u>CURRENT ASSETS</u>					
Stocks	4	1,620,049		1,540,480	
Debtors	5	1,510,622		1,519,267	
Cash at bank and in hand		633		660	
		<u>3,131,304</u>		<u>3,060,407</u>	
<u>CREDITORS</u>					
Amounts falling due within one year	6	<u>(2,456,713)</u>		<u>(1,861,914)</u>	
NET CURRENT ASSETS			674,591		1,198,493
TOTAL ASSETS LESS CURRENT LIABILITIES			2,968,369		2,259,206
<u>CREDITORS</u>					
Amounts falling due after more than one year	6		<u>(43,200)</u>		<u>(71,098)</u>
NET ASSETS			<u>£ 2,925,169</u>		<u>£ 2,188,108</u>
<u>CAPITAL AND RESERVES</u>					
Called up Share Capital	8		202,000		202,000
Capital Reserve	9		200,384		202,025
Profit and Loss Account	9		2,522,785		1,784,083
TOTAL CAPITAL EMPLOYED			<u>£ 2,925,169</u>		<u>£ 2,188,108</u>

L. Teeman

G. Beetles

Directors

30 September, 1986

The accompanying notes form an integral part of this balance sheet.

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COMMUNICATION & CONTROL ENGINEERING CO LIMITED

CONSOLIDATED BALANCE SHEET

AT 30 JUNE, 1986

	<u>Notes</u>	<u>30 June, 1986</u>	<u>30 June, 1985</u>
		<u>£</u>	<u>£</u>
<u>FIXED ASSETS</u>			
Tangible Assets	2	2,293,774	1,060,707
<u>CURRENT ASSETS</u>			
Stocks	4	1,620,049	1,540,480
Debtors	5	1,510,622	1,519,267
Cash at bank and in hand		633	660
		<u>3,131,304</u>	<u>3,060,407</u>
<u>CREDITORS</u>			
Amounts falling due within one year	6	<u>(2,456,709)</u>	<u>(1,861,908)</u>
NET CURRENT ASSETS		<u>674,595</u>	<u>1,198,499</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,968,369	2,259,206
<u>CREDITORS</u>			
Amounts falling due after more than one year	6	<u>(43,200)</u>	<u>(71,098)</u>
NET ASSETS		<u>£ 2,925,169</u>	<u>£ 2,188,108</u>
<u>CAPITAL AND RESERVES</u>			
Called up Share Capital	8	202,000	202,000
Capital Reserve	9	200,384	202,025
Profit and Loss Account	9	<u>2,522,785</u>	<u>1,784,083</u>
TOTAL CAPITAL EMPLOYED		<u>£ 2,925,169</u>	<u>£ 2,188,108</u>

L. Teeman

G. Beetles

Directors

30 September, 1986

The accompanying notes form an integral part of this balance sheet.

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COMMUNICATION & CONTROL ENGINEERING CO LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE, 1986

	<u>Notes</u>	<u>Year ended 30 June 1986 £</u>	<u>Year ended 30 June 1985 £</u>
Turnover		8,098,527	6,351,423
Cost of Sales		<u>(6,125,704)</u>	<u>(5,068,561)</u>
GROSS PROFIT		1,972,823	1,282,862
Distribution Costs		(613,207)	(562,410)
Administrative Expenses		<u>(483,533)</u>	<u>(465,247)</u>
OPERATING PROFIT		876,083	255,205
Interest payable and similar charges	10	(139,022)	(60,583)
Loss on sale of land and buildings		<u>-</u>	<u>(595)</u>
Profit on ordinary activities before taxation	12	737,061	194,027
Tax on profit on ordinary activities	14	<u>-</u>	<u>-</u>
Profit on ordinary activities after taxation for the year (all dealt with in the accounts of the Company)		737,061	194,027
Transfer from capital reserves		1,641	3,281
Retained profit, beginning of the year		<u>1,784,083</u>	<u>1,586,775</u>
RETAINED PROFIT, CARRIED FORWARD		<u>£ 2,522,785</u>	<u>£ 1,784,083</u>

The accompanying notes form an integral part of this statement.

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COMMUNICATION & CONTROL ENGINEERING CO LIMITED
CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 30 JUNE, 1986

	Year ended 30 June 1986 £	Year ended 30 June 1985 £
SOURCE OF FUNDS:		
Profit on ordinary activities after taxation	737,061	194,027
Adjustment for items not involving the movement of funds:		
Depreciation	108,904	148,693
Profit on the sale of fixed assets	(8,321)	(5,357)
Total funds from operations	837,644	337,363
Funds from other sources:		
Proceeds from sale of fixed assets	11,002	13,010
	£ 848,646	£ 350,373
	=====	=====
APPLICATION OF FUNDS:		
Purchase of fixed assets	(1,344,652)	(224,352)
Reduction in creditors due after one year	(27,898)	(46,993)
	£(1,372,550)	£(271,345)
	=====	=====
Decrease/(Increase) in net current assets		
Stocks	(79,569)	(101,213)
Debtors	8,645	(327,259)
Creditors	210,977	(612,074)
	£ 140,053	£(1,040,546)
	=====	=====
MOVEMENT IN NET LIQUID FUNDS:		
Cash in hand	(27)	20
Bank overdraft	(383,824)	(961,538)
	£ (383,851)	£ (961,518)
	=====	=====

The accompanying notes form an integral part of this statement.

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COMMUNICATION & CONTROL ENGINEERING CO LTD

NOTES TO ACCOUNTS - 30 JUNE, 1986

1. ACCOUNTING POLICIES

The accounts have been prepared under the historical cost convention, except for certain land and buildings which are stated at valuation. Significant accounting policies are -

a) Basis of Consolidation -

The Group accounts consolidate the accounts of Communication & Control Engineering Co Limited and all its subsidiaries. The results of subsidiaries acquired or disposed of in the period are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

In the company's accounts investments in subsidiaries are stated at cost.

No profit and loss account is presented for Communication & Control Engineering Co Limited as provided by S228 of the Companies Act 1985.

Goodwill is eliminated from the accounts, being written off against reserves.

b) Tangible Fixed Assets -

Certain land and buildings are restated periodically to reflect professional valuations. Other fixed assets are stated at cost less accumulated depreciation.

Depreciation of fixed assets is provided to write-off the cost or valuation over the estimated useful lives of the assets at the following approximate annual rates -

Land and residential buildings	-	NIL	
Industrial buildings	-	1 %	
Plant and equipment	-	10%	20%
Motor vehicles	-	25%	

c) Stocks -

Stocks are stated at the lower of average cost and net realisable value. Cost includes all direct costs incurred in bringing stocks to their present state and location including an appropriate proportion of manufacturing overheads.

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d) Taxation -

Corporation tax is provided on the taxable profits for the year at the rate current during the year.

Deferred taxation is only provided where, in the opinion of the Directors, there is reasonable evidence that such taxation will become payable in the foreseeable future (see note 7).

e) Pension liability -

It is the general policy of the Group to fund pension liabilities, on the advice of external actuaries, by payments to insurance companies. Payments made to the funds and charged in the accounts comprise current and past service contributions. Actuarial valuations on a going concern basis are carried out every three years.

Provision has been made in prior years for estimated pension costs in respect of employees' past service as at the date of commencement of the scheme. Further past service costs arising from improvements in benefits under the scheme since inception are being funded and charged to profit through the annual funding rate.

f) Research and development costs -

Research and development costs are expensed as incurred.

g) Turnover -

Turnover represents Company invoiced sales, net of trade discounts, allowances and VAT.

h) Revaluation Reserve -

Surpluses arising on the occasional revaluation of certain land and buildings are credited to a non distributable reserve known as the capital reserve. Where depreciation charges are increased following a revaluation, an amount equal to such increase is transferred from this reserve to the profit and loss account. On the disposal of a revalued asset, any remaining revaluation surplus corresponding to the disposed item is also transferred to the profit and loss account.

i) Foreign Currency -

Normal trading activities denominated in foreign currencies are recorded in sterling at actual exchange rates as of the date of the transaction. Monetary liabilities denominated in foreign currencies at the period end are reported at the rates of exchange prevailing at the period end. Any gain or loss arising from the change in exchange rates subsequent to the date of transaction is reported as an exchange gain or loss in the profit and loss account.

j) Leases -

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

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2. TANGIBLE FIXED ASSETS:

a) The movement on these accounts during the year was -

Group and Company	Beginning of year	Additions/ Depreciation	Retirements	End of year
Cost or valuation -				
Land and buildings -				
Freehold, at cost	29,427	271,863	-	301,290
Freehold, at valuation	630,000	-	-	630,000
Plant and machinery, at cost	1,261,949	1,072,789	41,661	2,293,077
	<u>£ 1,921,376</u>	<u>1,344,652</u>	<u>41,661</u>	<u>3,224,367</u>
Depreciation -				
Land and buildings -				
Freehold	11,000	5,500	-	16,500
Plant and machinery	849,669	103,404	38,980	914,093
	<u>£ 860,669</u>	<u>108,904</u>	<u>38,980</u>	<u>930,593</u>
Net book value	<u>£ 1,060,707</u>			<u>£ 2,293,774</u>

Included in the cost/valuation total of assets at 30 June, 1986 is non depreciable land with a net book valuation of £80,000.
The Company's freehold land and buildings were revalued as at 30 June, 1984.

Details of assets included at valuation in the net book value are as follows:

	Valuation	Depreciation based on valuation	Net book value
At 30 June, 1984 freehold land and buildings	<u>£ 630,000</u>	<u>£ 16,500</u>	<u>£ 613,500</u>

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2. TANGIBLE FIXED ASSETS (Cont'd)

Original cost and depreciation based on cost of land and buildings included at valuation are as follows:-

Cost	435,227
Depreciation	81,573
	<hr/>
Net book value	£ 353,654
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Company

The Company's fixed assets are as shown for the Group.

b) Capital commitments -

At the end of the year, capital commitments were -

	<u>Group and Company</u>	
	<u>30 June 1986</u>	<u>30 June 1985</u>
Contracts for capital expenditure	422,000	1,255,000
Capital expenditure authorised by the Board of Directors but not contracted	40,000	50,000
	<hr/>	<hr/>
	£ 462,000	£ 1,305,000
	<hr/>	<hr/>

3. INVESTMENTS

The subsidiaries all wholly owned and incorporated in England are:

Bawco Limited
Calflex Cables Limited

None of these companies have traded during the year.

The movement during the year was as follows:

Beginning of year	6
Disposal of Calplas Products Limited	(2)
End of year	<u>£ 4</u>

4. STOCKS

Stocks comprise:

	<u>Group and Company</u>	
	<u>30 June 1986</u>	<u>30 June 1985</u>
Work in Progress	460,208	379,207
Finished Goods	356,671	447,235
Raw Materials and other stocks	803,170	714,038
	<u>£ 1,620,049</u>	<u>£ 1,540,480</u>

It is considered that the replacement costs of the above stocks are not materially different from their balance sheet values.

5. DEBTORS

The following are included in debtors:

	<u>Group and Company</u>	
	<u>30 June 1986</u>	<u>30 June 1985</u>
Amounts falling due within one year:		
Trade debtors	1,473,319	1,481,266
Other debtors	3,799	2,000
Prepayments	33,504	36,001
	<u>£ 1,510,622</u>	<u>£ 1,519,267</u>

6. CREDITORS

a) Amounts falling due within one year.

The following are included in creditors falling due within one year:

	<u>Group</u>		<u>Company</u>	
	30 June 1986	30 June 1985	30 June 1986	30 June 1985
Current portion of debenture loans	24,200	32,200	24,200	32,200
Current portion of hire purchase loans	3,698	14,793	3,698	14,793
Bank overdraft	802,005	418,181	802,005	418,181
Trade creditors	783,880	644,436	783,880	644,436
Due to other group companies	139,072	153,336	139,076	153,342
Other creditors -				
- VAT	102,431	110,572	102,431	110,572
- Social security and PAYE	73,562	67,858	73,562	67,858
Accruals	527,861	420,532	527,861	420,532
	<u>£ 2,456,709</u>	<u>1,861,908</u>	<u>2,456,713</u>	<u>1,861,914</u>

b) Amounts falling due after more than one year.

The following are included in creditors falling due after more than one year:

	<u>Group and Company</u>	
	30 June 1986	30 June 1985
Debenture loans	43,200	67,400
Hire purchase loans	-	3,698
	<u>£ 43,200</u>	<u>£ 71,098</u>

6) CREDITORS (Cont'd)

DEBENTURE LOANS:

There were three loans outstanding at the year end, secured by specific charges on the Company's property. Interest rates are between 13½% and 16½% per annum. All loans are repayable by equal annual instalments and will be repaid in full by September 1995.

ANALYSIS OF BORROWINGS:

	<u>Group and Company</u>	
	<u>30 June 1986</u>	<u>30 June 1985</u>
Borrowings are repayable as follows:		
Due within five years		
- within 1 year - Bank	802,005	418,181
- Others	159,877	163,367
- within 1 - 2 years - Others	20,700	27,898
- within 2 - 5 years - Others	9,600	27,100
Due wholly or in part by instalments after five years		
- Debentures	12,900	16,100
	<u>£ 1,005,082</u>	<u>£ 652,646</u>

Of this total, amounts due within one year are included in creditors due within one year.

7. PROVISIONS FOR LIABILITIES AND CHARGES

Provision is made for deferred taxation to the extent it is expected to fall due for payment in the foreseeable future. All companies within the Group are reviewed together and any provision considered necessary made in the accounts of Boral (UK) Ltd.

The potential deferred taxation liability at 35% of the Group and Company at 30 June, 1986 is £464,000 (1985 £339,221).

8. CALLED UP SHARE CAPITAL

	30 June 1986	30 June 1985
Authorised:		
200,000 Ordinary Shares of 1p each	2,000	2,000
200,000 Deferred Shares of £1 each	200,000	200,000
	<u>£ 202,000</u>	<u>£ 202,000</u>
Alotted, called up and fully paid:		
200,000 Ordinary shares of 1p each	2,000	2,000
200,000 Deferred shares of £1 each	200,000	200,000
	<u>£ 202,000</u>	<u>£ 202,000</u>

9. RESERVES

Of total reserves shown in the balance sheet, the following amounts are regarded as distributable or otherwise.

	<u>Group and Company</u>	
	30 June 1986	30 June 1985
Distributable		
- Profit and loss account	2,522,785	1,784,083
Non-distributable		
- Capital reserve	200,384	202,025
	<u>£ 2,723,169</u>	<u>£ 1,986,108</u>

Movements during the year were:

	<u>Group and Company</u> <u>Capital Reserve</u>
Beginning of year	202,025
Transfer of capital reserve to retained earnings in respect of amortisation of revalued assets	(1,641)
	<u>£ 200,384</u>
End of year	

10. INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 30 June 1986	Year ended 30 June 1985
On bank overdrafts and loans		
- repayable within five years not by instalments	102,170	33,679
On debentures		
- repayable within five years by instalments	8,931	13,265
- repayable after five years by instalments	4,041	4,465
On hire purchase loans		
- repayable within five years by instalments	8,284	8,284
On group loan		
- repayable within five years not by instalments	15,596	890
	<u>£ 139,022</u>	<u>£ 60,583</u>

11. LEASING AND HIRE PURCHASE COMMITMENTS

- a) The Group and Company have no finance lease agreements.
- b) Commitments due in 1986/7 on operating lease agreements at 30.6.86 were:

	<u>Group and Company</u>	
	<u>Land & Buildings</u>	<u>Plant & Machinery</u>
On agreements due to expire within one year	-	771
" " " " " in two to five years	-	70,498
" " " " " in over five years	9,000	-
	<u>£ 9,000</u>	<u>£ 71,269</u>

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12. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging:

	Year ended 30 June 1986	Year ended 30 June 1985
	£	£
Depreciation	108,904	148,693
Auditors remuneration	13,119	11,989
Hire costs	21,242	15,905
Operating lease rentals - Plant & Machinery	70,583	49,520
- Other	9,000	6,500
and after crediting:		
Profit on sale of fixed assets	8,321	5,357

13. STAFF COSTS

Particulars of employees (including executive directors) are as shown below. Employee costs during the year amounted to:

	Year ended 30 June 1986	Year ended 30 June 1985
Wages and salaries	1,996,292	1,660,052
Social security costs	197,012	166,873
Pension costs	47,940	51,418
	<u>£ 2,241,244</u>	<u>£ 1,878,343</u>

The average weekly number of persons employed by the group during the year was as follows:

	Year ended 30 June 1986	Year ended 30 June 1985
Hourly paid	167	156
Salaried staff	80	76
	<u>247</u>	<u>232</u>

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13. STAFF COSTS (Cont'd)

Directors Remuneration

The employee costs shown above include Directors emoluments (including pension contributions) of £117,035 (1985 £107,341).

The Directors' remuneration shown above (excluding pension contributions) includes:

	Year ended 30 June 1986	Year ended 30 June 1985
Emoluments of Chairman	£ -	£ -
Emoluments of highest-paid Director	£ 29,925	£ 27,600

The emoluments of the other Directors fell within the following brackets -

£0 - £ 5,000	1	1
£15,001 - £20,000	1	3
£20,001 - £25,000	2	-

14. TAX ON PROFIT ON ORDINARY ACTIVITIES

No provision for Corporation tax has been made for the year ended 30 June, 1986, as profits are to be offset by Group relief.

15. PENSION ARRANGEMENTS

The Company maintains a contributory pension scheme covering substantially all of its staff employees.

The scheme is a fully insured arrangement and provides defined benefits.

An actuarial valuation carried out at 1 September, 1984 revealed that the assets of the scheme as at valuation date exceeded the value of liabilities in respect of ranking service to that date calculated on the then current salaries on the assumptions made.

16. ULTIMATE HOLDING COMPANY

The Company's ultimate holding company is Boral Limited, a company incorporated in Australia.