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ADVANCED COMPOSITE COMPONENTS LIMITED
AND SUBSIDIARY COMPANIES

ANNUAL REPORT

YEAR ENDED 31 AUGUST 1991



ADVANCED COMPOSITE COMPONENTS LIMITED
AND SUBSIDIARY COMPANIES

ANNUAL REPORT
YEAR ENDED 31 AUGUST 1991

Contents

Page

1	Directors' report
3	Auditors' report
4	Consolidated profit and loss account
5	Consolidated balance sheet
6	Balance sheet of the company
7	Consolidated statement of source and application of funds
8	Notes and accounting policies

ADVANCED COMPOSITE COMPONENTS LIMITED
AND SUBSIDIARY COMPANIES

1

DIRECTORS' REPORT

The directors submit their report and the audited consolidated financial statements of the company and its subsidiaries for the year ended 31 August 1991 which show the state of the affairs of the company and the group.

1. Principal activities

The principal activities of the group trading companies during the year were as follows :

- | | |
|---------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|
| Advanced Composite Components Limited | - Specialisation in tooling, press mouldings, tube manufacturing and prototype development. Manufacture of motor racing components. |
| Advanced Composite Materials Limited | - Manufacture of impregnated materials used for the manufacture of composite tooling and components. Supply of tooling block and ancillary materials. |

2. Business review

The directors are satisfied with the state of affairs of the group and the result for the year ended 31 August 1991. The group continues to expand its product range and develop new markets.

3. Results and dividend

The results for the year are shown in the profit and loss account on page 4. The directors do not recommend the payment of any dividend.

4. Fixed assets

Changes in fixed assets are set out in note 6 to the financial statements.

DIRECTORS' REPORT

5. Directors

The directors during the year and their interests in the shares of the company were as follows :

	<u>Ordinary shares of £1 each</u>	
	<u>1991</u>	<u>1990</u>
R M Sloman	-	-
Mrs B D Sloman (resigned 13.2.92)	-	-
S H Datto (removed 11.2.92)	-	-
D Butterworth (appointed 3.3.92)	-	-
R D Murray (appointed 3.3.92)	-	-
H G Rees (appointed 3.3.92)	-	-
M A Staton (appointed 3.3.92)	-	-

R M Sloman and M A Staton are also directors of the holding company. Their interests in the shares of the holding company are shown in the financial statements of that company.

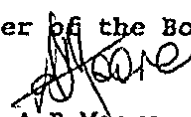
6. Status

The company is a close company under the provisions of the Taxes Acts.

7. Auditors

Kidsons Impey have agreed to offer themselves for re-appointment as auditors of the company.

By Order of the Board


A B Moore
Secretary

Composites House
Adams Close
Heanor Gate Industrial Estate
Heanor
Derbyshire

25 March 1992

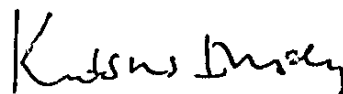
ADVANCED COMPOSITE COMPONENTS LIMITED
AND SUBSIDIARY COMPANIES

3

AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 4 to 19 in accordance with Auditing Standards.

In our opinion, the financial statements give a true and fair view of the state of affairs of the company and the group at 31 August 1991 and of the result and source and application of funds of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Kidsons Impey
Registered Auditor
Chartered Accountants

Derby
25 March 1992

ADVANCED COMPOSITE COMPONENTS LIMITED
AND SUBSIDIARY COMPANIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 AUGUST 1991

	<u>Notes</u>	<u>1991</u>	<u>1990</u>
		£	£
Turnover	1	7,970,403	5,999,031
Cost of sales		4,674,528	3,525,995
Gross profit		3,295,875	2,473,036
Expenses			
Administrative expenses		3,116,219	2,243,034
Interest payable	2	128,556	157,528
		3,244,775	2,400,562
Profit on ordinary activities before taxation	3	51,100	72,474
Taxation on ordinary activities	4	(60,042)	(36,346)
Profit on ordinary activities after taxation		111,142	108,820
Minority interests	15	-	(9,540)
Profit attributable to members of the company		111,142	99,280
Dividend paid		-	80,000
Retained profit for the year		111,142	19,280
Transfer from revaluation reserve	14	39,136	-
Retained profit brought forward		408,950	389,670
Retained profit	5	£ 559,228	£ 400,950

ADVANCED COMPOSITE COMPONENTS LIMITED
AND SUBSIDIARY COMPANIES

5

CONSOLIDATED BALANCE SHEET
31 AUGUST 1991

	Notes	£	1991	£	1990	£
Fixed assets	6		776,724		1,089,463	
Current assets						
Stock	7	442,588		636,045		
Debtors	8	1,569,964		1,233,937		
Cash in hand				28,865		
			2,012,552		1,898,847	
Creditors : amounts falling due within one year	9	1,806,557		1,987,559		
Net current assets/ (liabilities)			205,095		(88,712)	
Total assets less current liabilities			982,719		1,007,753	
Creditors : amounts falling due after more than one year	10		(169,335)		(231,446)	
Provision for liabilities and charges	11		(18,710)		(91,435)	
			£ 794,674		£ 677,872	
Capital and reserves						
Called up share capital	12		100,000		100,000	
Profit and loss account	5		559,228		408,950	
Revaluation reserve	14		81,046		114,522	
Shareholders' funds			740,274		623,472	
Minority interests	15		54,400		54,400	
			£ 794,674		£ 677,872	

R M SLOMAN

R M SLOMAN

D. Patterson Directors
B. MOORE
20.3.92 20.3.92

ADVANCED COMPOSITE COMPONENTS LIMITED

6

BALANCE SHEET
31 AUGUST 1991

	<u>Notes</u>	<u>1991</u>	<u>1990</u>
		£	£
Fixed assets			
Tangible assets	6	591,309	498,458
Investments	17	51,035	51,035
		<u>642,344</u>	<u>549,493</u>
Current assets			
Stock	7	268,851	275,349
Debtors	8	947,234	804,192
Cash in hand		-	16,813
		<u>1,216,085</u>	<u>1,096,354</u>
Creditors : amounts falling due within one year	9	1,718,991	1,253,685
Net current liabilities		<u>(502,906)</u>	<u>(157,331)</u>
Total assets less current liabilities		139,438	392,162
Creditors : amounts falling due after more than one year	10	(142,729)	(145,759)
Provision for liabilities and charges	11	(2,840)	(31,150)
		<u>£ (6,131)</u>	<u>£ 215,253</u>
Capital and reserves			
Called up share capital	12	100,000	100,000
Profit and loss account	13	(187,177)	731
Revaluation reserve	14	81,046	114,522
		<u>£ (6,131)</u>	<u>£ 215,253</u>

R. M. Ploman

R M SLCMAN

D. Butterworth Directors
 A-B-MOORE
 DIRECTOR

ADVANCED COMPOSITE COMPONENTS LIMITED
AND SUBSIDIARY COMPANIES

7

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS
YEAR ENDED 31 AUGUST 1991

	£	<u>1991</u>	£	£	<u>1990</u>	£
Source of funds						
Profit before tax			51,100			72,474
Adjustment for items not involving the movement of funds :						
Depreciation			156,696			177,175
Profit on sale of fixed assets			(43,078)			(269)
			<hr/>			<hr/>
Total generated from operations			164,718			248,780
Funds from other sources						
Sale of fixed assets	124,278				15,326	
Taxation repaid	-				75,368	
Hire purchase	-				70,228	
Bank loan	-				96,422	
	<hr/>		124,278		<hr/>	257,344
			<hr/>			<hr/>
			288,996			506,124
Application of funds						
Purchase of fixed assets	29,024				401,921	
Taxation paid	33,197				116,632	
Reduction in creditors falling due after more than one year	62,111				17,817	
Dividend paid	-				130,000	
	<hr/>		124,332		<hr/>	666,370
			<hr/>			<hr/>
		£	164,664		£	(160,246)
			<hr/>			<hr/>
(Reduction)/Increase in working capital						
(Reduction)/Increase in stock			(193,457)			215,048
Increase/(Reduction) in debtors			313,562			(241,023)
(Increase)/Reduction in creditors			(801,024)			194,446
			<hr/>			<hr/>
			(680,919)			168,471
Movement in net liquid funds						
Reduction/(Increase) in bank overdraft	874,448				(348,676)	
(Reduction)/Increase in cash at bank and in hand	(28,865)				19,559	
	<hr/>		845,583		<hr/>	(328,717)
			<hr/>			<hr/>
		£	164,664		£	(160,246)
			<hr/>			<hr/>

NOTES AND ACCOUNTING POLICIES
YEAR ENDED 31 AUGUST 1991

1. Accounting policies

a) BASIS OF ACCOUNTING

The accounts have been prepared in accordance with applicable accounting standards and the historical cost accounting rules except for freehold property which is stated at valuation.

b) BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of Advanced Composite Components Limited and its subsidiaries to 31 August 1991. A separate profit and loss account dealing with the results of the holding company only has not been prepared.

c) GROUP TURNOVER

Group turnover represents sales, excluding value added tax, by group companies to outside customers excluding inter-company transactions.

d) FIXED ASSETS AND DEPRECIATION

Fixed assets other than freehold land are depreciated by equal monthly instalments over their anticipated useful lives at the following rates:

Freehold buildings	2%
Portacabins	10%
Improvements to leasehold property	Over the period of the lease
Plant and equipment	Varying between 6.6% and 15%
Fixtures and fittings	15%
Office equipment	15%
Motor vehicles	25%
Computer equipment	33%

Government grants in respect of capital expenditure are deducted from the cost of the relevant asset and depreciation is calculated on the net cost.

e) STOCK AND WORK IN PROGRESS

Stock is stated at the lower of cost and net realisable value. Cost comprises actual purchase price.

Work in progress comprises all direct materials and labour costs including a proportion of overheads appropriate to location and condition.

ADVANCED COMPOSITE COMPONENTS LIMITED
AND SUBSIDIARY COMPANIES

9

NOTES AND ACCOUNTING POLICIES
YEAR ENDED 31 AUGUST 1991

1. Accounting policies (continued)

f) DEFERRED TAXATION

Provision is made for deferred taxation using the liability method and the current rate of corporation tax except where there is a reasonable probability that such tax will not become payable in the foreseeable future.

g) RESEARCH AND DEVELOPMENT

Expenditure on research and development is written off against profits as incurred.

h) PATENTS AND TRADE MARKS

Registration and agent's fees in respect of Patents and Trade Marks are written off as incurred.

i) LEASES AND HIRE PURCHASE CONTRACTS

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at the estimated fair value at the date of inception of each lease or contract. The total finance charges are allocated over the period of the lease in such a way as to give a reasonably constant charge on the outstanding liability. Rentals paid under operating leases are charged to income as incurred.

j) PENSION SCHEME

Contributions are charged to profit and loss account as they become payable in accordance with the rules of the scheme.

k) APPROVAL OF ACCOUNTS

The accounts were approved at a meeting of the Board of Directors on 25 March 1992.

2. Interest payable

	<u>1991</u> £	<u>1990</u> £
Bank overdraft and loans -		
Wholly repayable within 5 years	94,746	126,555
Repayable after more than 5 years	15,412	11,801
Other loans - wholly repayable within 5 years	5,717	6,705
Hire purchase	12,681	12,467
	<u>£ 128,556</u>	<u>£ 157,528</u>

NOTES AND ACCOUNTING POLICIES
YEAR ENDED 31 AUGUST 1991

3. Profit on ordinary activities before taxation

	<u>1991</u> £	<u>1990</u> £
After charging :		
Depreciation - owned assets	133,177	155,886
- assets held under hire purchase contracts	23,519	21,289
Directors' remuneration (Note 17)	213,335	111,440
Auditors' remuneration	4,800	9,500
Operating lease and contract hire charges	38,675	96,862
Bad debts	-	151,880
Research and development costs	432,123	404,848
	<u> </u>	<u> </u>

4. Taxation on ordinary activities

	<u>1991</u> £	<u>1990</u> £
The amount in the Profit and Loss Account represents :		
Corporation tax repayable based on the result for the year	(22,465)	(22,848)
Adjustment in respect of previous year	1,178	1,762
Deferred taxation	(38,755)	(15,260)
	<u>£ (60,042)</u>	<u>£ (36,346)</u>

The corporation tax charge for the year has been eliminated by Group Relief.

5. Retained profit

	<u>1991</u> £	<u>1990</u> £
Retained by the company	(187,177)	731
Retained by the subsidiaries	746,405	408,219
	<u>£ 559,228</u>	<u>£ 408,950</u>

ADVANCED COMPOSITE COMPONENTS LIMITED
AND SUBSIDIARY COMPANIES

21

NOTES AND ACCOUNTING POLICIES
YEAR ENDED 31 AUGUST 1991

6. Fixed assets

(a) The Group

Cost/Valuation	At 31-8-90 £	Additions £	Disposals £	Intra Group transfers £	At 31-8-91 £
Freehold property	409,432	-	85,000	-	324,432
Portacabins	41,697	-	-	(14,489)	27,208
Leasehold improvements	2,490	-	-	(2,490)	-
Plant and equipment	946,832	23,140	2,000	(25,375)	942,597
Fixtures and fittings	243,887	2,569	-	(33,047)	213,409
Office equipment	116,006	895	-	(47,720)	69,181
Motor vehicles	68,931	1,920	-	(54,514)	16,337
Computer equipment	80,030	500	-	(30,427)	50,103
	<u>£ 1,909,305</u>	<u>29,024</u>	<u>87,000</u>	<u>(208,062)</u>	<u>1,643,267</u>

Depreciation	At 31-8-90 £	Charge for year £	Eliminated on disposals £	Intra Group transfers £	At 31-8-91 £
Freehold property	14,842	7,968	4,800	-	18,010
Portacabins	22,272	2,721	-	(9,926)	15,067
Leasehold improvements	725	-	-	(725)	-
Plant and equipment	457,275	104,689	1,000	(9,313)	551,651
Fixtures and fittings	166,900	26,245	-	(19,097)	174,048
Office equipment	68,660	7,726	-	(27,114)	49,272
Motor vehicles	26,568	1,150	-	(13,021)	14,697
Computer equipment	62,598	6,197	-	(24,997)	43,798
	<u>£ 819,840</u>	<u>156,696</u>	<u>5,800</u>	<u>(104,193)</u>	<u>866,543</u>

Net book amounts	At 31-8-90 £	At 31-8-91 £
Freehold property	394,590	306,422
Portacabins	19,425	12,141
Leasehold improvements	1,765	-
Plant and equipment	489,557	390,946
Fixtures and fittings	76,987	39,361
Office equipment	47,346	19,909
Motor vehicles	42,363	1,640
Computer equipment	17,432	6,305
	<u>£ 1,089,465</u>	<u>£ 776,724</u>

NOTES AND ACCOUNTING POLICIES
YEAR ENDED 31 AUGUST 1991

6. Fixed assets (continued)

(b) The Company

Cost/Valuation	At 31-8-90 £	Additions £	Disposals £	Intra Group transfers £	At 31-8-91 £
Freehold property	409,432	-	85,000	-	324,432
Portacabins	14,489	-	-	12,719	27,208
Leasehold improvements	2,490	-	-	(2,490)	-
Plant and equipment	25,375	18,218	2,000	594,910	636,503
Fixtures and fittings	33,047	2,150	-	111,443	146,640
Office equipment	47,721	814	-	10,191	58,726
Motor vehicles	54,514	1,920	-	(40,097)	16,337
Computer equipment	30,427	-	-	15,505	45,932
	<u>£ 617,495</u>	<u>23,102</u>	<u>87,000</u>	<u>702,181</u>	<u>1,255,778</u>

Depreciation	At 31-8-90 £	Charge for year £	Eliminated on disposals £	Intra Group transfers £	At 31-8-91 £
Freehold property	14,842	7,968	4,800	-	18,010
Portacabins	9,926	2,721	-	2,420	15,067
Leasehold improvements	725	-	-	(725)	-
Plant and equipment	9,313	63,165	1,000	330,184	401,662
Fixtures and fittings	19,097	17,455	-	92,484	129,036
Office equipment	27,115	6,306	-	11,589	45,010
Motor vehicles	13,022	1,151	-	524	14,697
Computer equipment	24,997	5,505	-	10,485	40,987
	<u>£ 119,037</u>	<u>104,271</u>	<u>5,800</u>	<u>446,961</u>	<u>664,469</u>

Net book amounts	At 31-8-90 £	At 31-8-91 £
Freehold property	394,590	306,422
Portacabins	4,563	12,141
Leasehold improvements	1,765	-
Plant and equipment	16,062	234,841
Fixtures and fittings	13,950	17,604
Office equipment	20,606	13,716
Motor vehicles	41,492	1,640
Computer equipment	5,430	4,945
	<u>£ 498,458</u>	<u>£ 591,309</u>

NOTES AND ACCOUNTING POLICIES
YEAR ENDED 31 AUGUST 1991

6. Fixed assets (continued)

The cost/valuation amount for freehold property comprises :

	£
Original cost of property	252,527
Surplus on revaluation (October 1988)	71,905
	<u>£ 324,432</u>

If depreciation had been calculated on the freehold property by reference to original cost, the charge for the year would have been £6,650. The net book amount at 31 August would have been £238,831 if the historical cost basis had been used.

The net book amount of assets held under hire purchase contracts are as follows :

	The Group		The Company	
	<u>1991</u>	<u>1990</u>	<u>1991</u>	<u>1990</u>
	£	£	£	£
Plant and equipment	112,093	135,612	61,776	-
Motor vehicles	-	2,049	-	2,049
	<u>£ 112,093</u>	<u>£ 137,661</u>	<u>£ 61,776</u>	<u>£ 2,049</u>

7. Stock

	The Group		The Company	
	<u>1991</u>	<u>1990</u>	<u>1991</u>	<u>1990</u>
	£	£	£	£
Raw materials	302,846	500,562	129,109	275,349
Work in progress	139,742	135,483	139,742	-
	<u>£ 442,588</u>	<u>£ 636,045</u>	<u>£ 268,851</u>	<u>£ 275,349</u>

ADVANCED COMPOSITE COMPONENTS LIMITED
AND SUBSIDIARY COMPANIES

14

NOTES AND ACCOUNTING POLICIES
YEAR ENDED 31 AUGUST 1991

8. Debtors

	<u>The Group</u>		<u>The Company</u>	
	<u>1991</u>	<u>1990</u>	<u>1991</u>	<u>1990</u>
	£	£	£	£
Trade debtors	1,508,799	1,164,397	892,866	-
Amounts owed by subsidiary companies	-	-	-	776,964
Other debtors	6,002	150	1,000	-
Prepayments	9,849	41,278	8,054	15,402
Corporation tax repayable	45,314	22,849	45,314	6,563
Director's current account	-	5,263	-	5,263
	<u>£ 1,569,964</u>	<u>1,233,937</u>	<u>947,234</u>	<u>804,192</u>

The overdrawn director's current account outstanding at 31 August 1990 reached a maximum of £15,880 during the year. No interest is charged to the director. The account has now been repaid in full.

9. Creditors : amounts falling due within one year

	<u>The Group</u>		<u>The Company</u>	
	<u>1991</u>	<u>1990</u>	<u>1991</u>	<u>1990</u>
	£	£	£	£
Bank overdraft	161,371	1,035,819	214,972	434,580
Trade creditors	-	357,477	-	357,477
Other creditors	-	105,794	-	87,110
Taxation and social security	-	54,005	-	54,005
Hire purchase and other loans (Note 10)	41,806	48,171	29,269	18,215
Accruals	39,469	91,771	20,289	39,794
Current taxation	-	32,019	-	-
Amount due to group companies	1,563,911	262,503	1,454,461	262,503
	<u>£ 1,806,557</u>	<u>1,987,559</u>	<u>1,718,991</u>	<u>1,253,685</u>

The bank overdraft is secured by a second mortgage over the group's fixed assets and a fixed and floating charge on the assets of the group with certain priorities given to 3i plc.

The company overdraft is also the subject of a cross guarantee between all the companies in the group.

NOTES AND ACCOUNTING POLICIES
YEAR ENDED 31 AUGUST 1991

10. Creditors : amounts falling due after more than one year

	<u>The Group</u>		<u>The Company</u>	
	<u>1991</u>	<u>1990</u>	<u>1991</u>	<u>1990</u>
	£	£	£	£
Bank loan	93,594	96,422	93,594	96,422
3i plc	31,859	38,553	31,859	38,553
Hire purchase	85,688	144,642	46,545	29,000
	<u>211,141</u>	<u>279,617</u>	<u>171,998</u>	<u>163,975</u>
Less : amounts repayable within one year (Note 9)	41,806	48,171	29,269	18,216
	<u>£ 169,335</u>	<u>£ 231,446</u>	<u>£ 142,729</u>	<u>£ 145,759</u>

Obligations under hire purchase agreements are repayable over varying periods by monthly instalments as follows :

	<u>The Group</u>		<u>The Company</u>	
	<u>1991</u>	<u>1990</u>	<u>1991</u>	<u>1990</u>
	£	£	£	£
Within one year	29,955	35,735	17,418	5,800
Between 1 and 5 years	55,733	108,887	29,127	23,200
	<u>£ 85,688</u>	<u>£ 144,642</u>	<u>£ 46,545</u>	<u>£ 29,000</u>

3i plc: - the loans are repayable in fixed instalments as follows :

		<u>Annual rate of interest</u>	<u>1991</u>	<u>1990</u>
			£	£
Loan No. 1	15 years	16%	27,182	32,901
Loan No. 2	15 years	16.5%	4,677	5,652
			<u>£ 31,859</u>	<u>£ 38,553</u>

The loans are wholly repayable within five years.

The loans are secured by a first charge over the group's fixed assets and a fixed and floating charge on the assets of the group.

Bank loan: - the loan is repayable in fixed instalments over a 15 year period. The amount repayable after more than five years is estimated at £60,000.

ADVANCED COMPOSITE COMPONENTS LIMITED
AND SUBSIDIARY COMPANIES

16

NOTES AND ACCOUNTING POLICIES
YEAR ENDED 31 AUGUST 1991

11. Provision for liabilities and charges

Deferred taxation liability in respect of :

	<u>The Group</u>		<u>The Company</u>	
	<u>1991</u>	<u>1990</u>	<u>1991</u>	<u>1990</u>
	£	£	£	£
Accelerated capital allowances	64,320	92,395	48,450	32,110
Maximum potential capital gains tax liability (Note 14)	2,840	8,500	2,840	8,500
Tax losses carried forward	(48,450)	(9,460)	(48,450)	(9,460)
	<u>£ 18,710</u>	<u>£ 91,435</u>	<u>£ 2,840</u>	<u>£ 31,150</u>

12. Share capital

There was no change in share capital during the year.

	<u>Authorised</u>	<u>Issued and fully paid</u>
Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

The company has granted an option in respect of the following shares :

	<u>Options granted</u>	<u>Number of shares</u>	<u>Period of options</u>	<u>Price per share</u>
Employee share option scheme	1986	5,263	Dec 1991 to Dec 1995	£ 7.28

The option may be exercised after December 1991, following the earlier of the following events :

a) 4 December 1995.

b) The Board's resolution to apply for a listing of the Company's shares on the Stock Exchange or a quotation on the Unlisted Securities Market.
The scheme lapsed on 25 September 1991.

NOTES AND ACCOUNTING POLICIES
YEAR ENDED 31 AUGUST 1991

13. Profit and loss account

	The Company £
Balance at 1 September 1990	731
Loss for the year	(285,674)
Taxation	58,630
Realised surplus transferred from revaluation reserve (Note 14)	39,136
Balance at 31 August 1991	£ (187,177)

14. Revaluation reserve

	£
Original surplus arising on revaluation of freehold properties	123,022
Surplus realised during year (Note 13)	(39,236)
	83,886
Maximum capital gains tax payable (Note 11)	(2,840)
	£ 81,046

15. Minority interests

Minority interests in shares of Advanced Composite Developments Limited.

	<u>1991</u> £	<u>1990</u> £
Balance brought forward	54,400	44,860
Interest in profit for the year	-	9,540
	£ 54,400	£ 54,400

The subsidiary company did not trade during the year.

16. Directors' remuneration

	<u>1991</u>	<u>1990</u>
Chairman and highest paid director	£ 169,335	£ 57,334
Range of other directors' emoluments		
NIL - £ 5,000	1	-
£10,001 - £15,000	-	1
£35,001 - £40,000	1	-
£40,001 - £45,000	-	1

NOTES AND ACCOUNTING POLICIES
YEAR ENDED 31 AUGUST 1991

17. Investments

Shares in group companies :

Ordinary shares of £1 each	£ Shareholding	1991 £	1990 £
Advanced Composite Panels Limited	100.0	60	60
Advanced Composite Technology Limited	100.0	115,076	115,076
Advanced Composite Developments Limited	88.0	88	88
Advanced Composite Materials Limited	100.0	100	100
Advanced Composite Engineering Limited	100.0	2	2
		<hr/>	<hr/>
		115,326	115,326
Provision for diminution of value of investments		64,291	64,291
		<hr/>	<hr/>
		£ 51,035	£ 51,035
		<hr/>	<hr/>

All subsidiaries are incorporated in England.

Full provision has been made for loss in value of investments in subsidiary companies where capital deficits are disclosed in the balance sheets of such companies.

18. Contingent liabilities

There is a cross guarantee between all group companies in relation to the bank borrowing of each company.

19. Staff numbers and costs

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

	The Group		The Company	
	1991 £	1990 £	1991 £	1990 £
Directors	3	3	3	3
Production	70	79	64	-
Non-production	17	57	13	11
Administration	-	22	-	12
	<hr/>	<hr/>	<hr/>	<hr/>
	90	161	80	26
	<hr/>	<hr/>	<hr/>	<hr/>

NOTES AND ACCOUNTING POLICIES
YEAR ENDED 31 AUGUST 1991

19. Staff numbers and costs (continued)

The aggregate payroll costs of these persons were :

	<u>The Group</u>		<u>The Company</u>	
	<u>1991</u>	<u>1990</u>	<u>1991</u>	<u>1990</u>
	£	£	£	£
Wages and salaries	1,381,475	2,313,265	1,201,501	385,217
Social security	136,037	222,119	118,801	35,402
Other pension costs	8,429	27,716	5,823	6,715
	<u>£ 1,525,941</u>	<u>2,563,100</u>	<u>1,326,125</u>	<u>427,334</u>

20. Leasing commitments

The minimum lease payments to which the Group is committed for the year ending 31 August 1992, all of which are non-cancellable operating leases, are analysed to expire as follows :

	<u>Land and buildings</u>	<u>Other</u>	<u>Total</u>
	£	£	£
Within one year	-	8,925	8,925
Between one and five years	-	28,622	28,622
After five years	158,850	-	158,850
	<u>£ 158,850</u>	<u>37,547</u>	<u>196,397</u>

21. Ultimate holding company

The company's ultimate holding company is Advanced Composites Group Limited, incorporated in England.