

Advanced Composite Components Limited

Directors' report and financial statements

Registered number 1275395

31 August 1999



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 August 1999.

Principal activities

The company did not trade during the year.

Dividend

The directors do not recommend the payment of a dividend.

Directors

The directors who held office during the year were as follows:

RM Sloman

AB Moore (appointed 26 January 2000)

HT Tresidder (appointed 26 January 2000)

The directors are also directors of the ultimate parent company. They held no interest in the shares of the company at any time during the year and their interests in the shares of the ultimate parent company are shown in the financial statements of that company.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



HT Tresidder
Secretary

Composites House
Sinclair Close
Heanor Gate Industrial Estate
Heanor
Derbyshire

19 May 2000

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



5 Stuart Street
Derby
DE1 2EQ

Report of the auditors to the members of Advanced Composite Components Limited

We have audited the financial statements on pages 4 to 6.

Respective responsibilities of directors and auditors

As described on page 2, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 August 1999 and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in dark ink, appearing to read 'KPMG', written over a light blue horizontal line.

KPMG
Chartered Accountants
Registered Auditors

19 May 2000

Balance sheet
at 31 August 1999

	<i>Note</i>	1999 £	1998 £
Fixed assets			
Investments	2	50,949	50,949
Creditors: amounts falling due within one year	3	(740,469)	(740,469)
Net liabilities		<u>(689,520)</u>	<u>(689,520)</u>
Capital and reserves			
Called up share capital	4	100,000	100,000
Profit and loss account	5	<u>(789,520)</u>	<u>(789,520)</u>
Equity shareholders' funds		<u>(689,520)</u>	<u>(689,520)</u>

These financial statements were approved by the board of directors on 19 May 2000 and were signed on its behalf by:



AB Moore
Director

Notes

(forming part of the financial statements)

1 Accounting policies

Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention.

Going concern

The directors of the parent company have indicated that they will continue to support the company.

Consolidated financial statements

The company is exempt from the requirement to prepare group accounts in accordance with S228 Companies Act 1985. These financial statements present information about the company as an individual undertaking and not about the group.

The results of this company and those of its subsidiaries are included within the financial statements of the ultimate parent undertaking.

Investments

Fixed asset investments are shown at cost less provision for permanent diminution in value.

2 Fixed asset investments

Shares in group undertakings <i>Ordinary shares of £1 each</i>	Shareholding %	1999 £	1998 £
Advanced Composite Technology Limited	100	50,847	50,847
Advanced Composite Materials Limited	100	100	100
Advanced Composite Engineering Limited	100	2	2
		<hr/>	<hr/>
		50,949	50,949
		<hr/>	<hr/>

All subsidiaries are incorporated in Great Britain and the subsidiaries are dormant.

Full provision has been made for any loss in the value of investments in subsidiary undertakings where the diminution in value is considered to be permanent.

Notes (continued)

3 Creditors: amounts falling due within one year

	1999 £	1998 £
Amounts owed to group undertakings	740,469	740,469

4 Called up share capital

	1999 £	1998 £
<i>Authorised, allotted, called up and fully paid</i> Ordinary shares of £1 each	100,000	100,000

5 Profit and loss account

	Profit & loss account £
At the beginning and end of the year	789,520

The company has not traded in the year and has recorded neither a profit nor a loss.

6 Contingent liabilities

There is a cross guarantee between all group companies in relation to the bank borrowing of each company. At 31 August 1999, the outstanding liability under this guarantee was £3,385,657 (1998: £1,872,600).

7 Ultimate parent undertaking

The ultimate parent undertaking is Advanced Composites Group Holdings Limited, a company incorporated in Great Britain. Copies of the financial statements for that company are available from Composites House, Sinclair Close, Heanor Gate Industrial Estate, Heanor, Derbyshire.