
CML Group Limited

Report and Financial Statements

◆ *Year ended 31 March 2000* ◆



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CML GROUP LIMITED

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CML GROUP LIMITED

COMPANY INFORMATION

Directors	I D Brodie - Chairman D J Brannock K N Edwards J S Ellison D N Haden D J Ison D G Scott G D Stewart
Secretary	J S Ellison
Registered office	PO Box 25 South Marston Park Swindon Wiltshire SN3 4TR
Registered number	1564040
Auditors	RSM Robson Rhodes Chartered Accountants Centre City Tower 7 Hill Street Birmingham B5 4UU
Bankers	Barclays Bank PLC 10-14 High Street Swindon Wiltshire SN1 1ED

CML GROUP LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31 March 2000.

Principal activities

The principal activities of the company in the year were precision engineering and manufacture of sub assemblies and components for the aerospace and transportation industries.

Business review and future developments

The results for the year reflect a steady demand for the principal products and services of the business.

The business has successfully repositioned itself by broadening its product manufacturing base, enhancing its product offering and increasing capacity.

Whilst it is anticipated that our markets will remain competitive, continued attention to operating efficiencies, cost reduction and working capital management, will enable the business to maintain profitable trading.

Dividends

A dividend was paid in the year of £120,000 (1999 : £130,000). The directors do not proposed a final dividend (1999 : £NIL).

Directors

The directors of the company are set out on page 1. J P Davis resigned as a director of the company on 13 June 1999. D J Brannock was appointed as a director on 4 May 1999. N A Perry was appointed as a Director on 23 August 1999 and resigned on 26 November 1999. All other directors served throughout the year. Since the year end K N Edwards was appointed to the Board on 19 May 2000.

The interests of the directors, who are all main board directors of Intelek plc, are disclosed in the financial statements of that company.

The beneficial interests of the directors and their families at 31 March 2000 and the beginning of the year in the ordinary share capital of Intelek plc, other than for main board directors are detailed below:

	Beneficial		Ordinary shares of 5p each		Options under the	
	2000	1999	Options under Executive Scheme		Savings Related Scheme	
	2000	1999	2000	1999	2000	1999
D N Haden	-	-	20,000	20,000	-	-
G D Stewart	-	-	40,000	20,000	-	-
D J Ison	-	-	20,000	15,000	-	-
DJ Brannock	-	-	100,000	100,000	-	-

There are no non-beneficial interests. There have been no changes in the above since the year end.

The options granted under the terms of the Executive Scheme are exercisable between 1998 and 2005 at prices of between 21p and 25p per share.

CML GROUP LIMITED

REPORT OF THE DIRECTORS **(Continued)**

Year 2000

The directors can confirm that there has been no material disruption to the running of the business caused by the year 2000 date change.

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 of the company for that year. In preparing these financial statements, the directors have:


- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable accounting standards; and
- prepared the financial statements on the going concern basis.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

The auditors changed their name to RSM Robson Rhodes on 18 October 1999 and accordingly have signed the audit report using their new name. They are willing to continue in office and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

The report of the directors was approved by the Board on 3 July 2000 and signed on its behalf by:


J S ELLISON
Secretary

AUDITORS' REPORT TO THE SHAREHOLDERS OF CML GROUP LIMITED

We have audited the financial statements on pages 5 to 15 which have been prepared on the basis of the accounting policies set out on pages 7 and 8.

Respective responsibilities of directors and auditors

As described on page 3 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 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 affairs of the company as at 31 March 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



RSM Robson Rhodes
Chartered Accountants and Registered Auditor

Birmingham
3 July 2000

CML GROUP LIMITED

PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2000


	Note	2000 £	1999 £
Turnover	2	10,512,722	10,131,862
Cost of sales		(9,175,023)	(8,480,291)
		<hr/>	<hr/>
Gross profit		1,337,699	1,651,571
Administrative expenses		(626,813)	(640,618)
Other operating income/(expenses)		6,860	(5,115)
		<hr/>	<hr/>
Operating profit before management charges	3	717,746	1,077,838
		<hr/>	<hr/>
Group management charges		(163,000)	(72,000)
		<hr/>	<hr/>
Operating profit after management charges	3	554,746	1,005,838
Interest	4	(51,387)	(89,661)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		503,359	916,177
Taxation	7	(101,535)	(507,152)
		<hr/>	<hr/>
Profit on ordinary activities after taxation		401,824	409,025
Dividends	8	(120,000)	(130,000)
		<hr/>	<hr/>
Retained profit for the year	16	281,824	279,025
		<hr/>	<hr/>

The company has no recognised gains or losses other than those reported above.

CML GROUP LIMITED**BALANCE SHEET**
at 31 March 2000

	Note	2000 £	1999 £
Fixed assets			
Tangible assets	9	2,145,575	2,307,960
		<hr/>	<hr/>
Current assets			
Stocks	10	1,488,573	1,979,469
Debtors	11	2,399,758	1,672,812
Cash at bank and in hand		129,050	1,995
		<hr/>	<hr/>
Creditors: Amounts falling due within one year	12	4,017,381 (2,316,524)	3,654,276 (2,261,354)
		<hr/>	<hr/>
Net current assets		1,700,857	1,392,922
		<hr/>	<hr/>
Total assets less current liabilities		3,846,432	3,700,882
		<hr/>	<hr/>
Creditors: Amounts falling due after more than one year	13		
Interest free loan from parent company		2,788,000	2,788,000
Other creditors		80,302	140,876
Provisions for liabilities and charges	14	80,300	156,000
		<hr/>	<hr/>
Net assets		2,948,602	3,084,876
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	15	100,000	100,000
Profit and loss account	16	797,830	516,006
		<hr/>	<hr/>
Equity shareholders' funds	17	897,830	616,006
		<hr/>	<hr/>
Source of capital		3,846,432	3,700,882
		<hr/>	<hr/>

The financial statements were approved by the Board on 3 July 2000 and signed on its behalf by:


G D STEWART
Director


D N HADEN
Director

NOTES TO THE FINANCIAL STATEMENTS

31 March 2000

1. ACCOUNTING POLICIES

Basis of accounting

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

Turnover

Turnover is the amount receivable for goods and services supplied, excluding value added tax. Turnover is recognised on long term contracts as these progress and comprises the sales value of work performed in the year.

Depreciation

Depreciation is provided to write down the cost of tangible fixed assets over their estimated useful lives. No depreciation is provided on freehold land or assets in the course of construction. The principal annual rates used are:

Leasehold improvements	10%	straight line
Plant and fixtures	8% to 33%	straight line (see below)
Motor vehicles	25%	straight line

In certain cases plant and machinery is depreciated to residual value over 12½ years and then to £Nil value over a further five years. Previously all plant was depreciated to £Nil value.

Foreign currencies

Where practicable, transactions involving foreign currencies are protected by equivalent currency borrowings or currency contracts, and recorded at the value of the sterling proceeds of such borrowings or contracts. Otherwise, assets and liabilities denominated in foreign currency are translated into sterling at the rates of exchange ruling at the balance sheet date. Exchange differences are recognised in the profit and loss account.

Pensions

In accordance with SSAP 24, contributions to the group defined benefit pension scheme are charged to profit on the recommendation of a qualified actuary using the defined accrued benefit method so as to spread the cost of pensions over the anticipated service lives of scheme members.

Deferred tax is fully accounted for on any difference between accumulated pension costs charged against profit and accumulated contributions paid.

Stock and work in progress

Stock and work in progress are stated at the lower of cost and net realisable value. Cost comprises direct material and labour and, where appropriate, includes attributable overheads. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

NOTES TO THE FINANCIAL STATEMENTS**31 March 2000****1. ACCOUNTING POLICIES (continued)****Deferred taxation**

Deferred taxation is provided under the liability method to take account of timing differences arising because of the different treatment of certain items for accounts and tax purposes where there is reasonable probability that such taxation will become payable in the foreseeable future.

Leased assets

Fixed assets subject to finance leases are capitalised and depreciated in accordance with the depreciation policy stated above. The corresponding liability for the capital element is included in creditors, and the interest, calculated on the basis of the amount outstanding, is charged against profits over the year of the lease. The rental and operating lease costs of all other assets are charged against profit before interest, as incurred.

2. TURNOVER

	2000	1999
	£	£
United Kingdom	9,315,568	9,396,932
North America	1,197,154	734,930
	<hr/>	<hr/>
	10,512,722	10,131,862
	<hr/>	<hr/>

An element of the sales made to United Kingdom customers is in respect of end customers based in overseas markets, particularly in the United States.

3. OPERATING PROFIT

Operating profit is arrived at after charging/(crediting):

	2000	1999
	£	£
Rental income	-	(6,730)
Depreciation	437,261	440,754
Amortisation of government grants	-	(8,706)
Loss/(profit) on sale of fixed assets	(6,624)	12,691
Operating lease rentals		
plant and machinery	207,433	156,709
land and buildings	229,640	150,750
Auditors' remuneration	12,000	11,000
Fees paid to Robson Rhodes for other services	6,950	6,000
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS**31 March 2000****4. INTEREST**

	2000	1999
	£	£
Bank loan and overdrafts repayable:		
within five years	33,049	64,746
Finance leases and hire purchase	15,489	22,187
Other loans	2,849	2,806
	<hr/>	<hr/>
	51,387	89,739
Interest receivable	-	(78)
	<hr/>	<hr/>
	51,387	89,661
	<hr/>	<hr/>

5. EMPLOYEES

Average monthly number of employees, including directors:

	2000	1999
	No	No
Production	173	164
Administration	18	16
	<hr/>	<hr/>
	191	180
	<hr/>	<hr/>

Staff costs, including directors:

	2000	1999
	£	£
Wages and salaries	4,162,900	4,123,375
Social security costs	337,284	356,377
Other pension costs	203,583	188,165
	<hr/>	<hr/>
	4,703,767	4,667,917
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS**31 March 2000****6. DIRECTORS**

Emoluments of the company's directors:

	2000	1999
	£	£
Emoluments	181,415	161,765
Pension contributions	17,451	16,241
	<hr/>	<hr/>
	198,866	178,006

Emoluments excluding pension contributions:

	2000	1999
	£	£
Chairman	-	-
Highest paid director	69,109	57,382
	<hr/>	<hr/>
	69,109	57,382

All other directors accrue retirement benefits within the parent company.

7. TAXATION

	2000	1999
	£	£
UK corporation tax at 30%	45,000	-
Group relief at 30% (1999 - 31%)	140,199	333,770
Group relief additional payment	-	159,395
Current year deferred taxation	(75,700)	13,000
	<hr/>	<hr/>
	109,499	506,165
Amendment of previous year's UK corporation tax estimate	(7,964)	987
	<hr/>	<hr/>
	101,535	507,152

NOTES TO THE FINANCIAL STATEMENTS

31 March 2000

8. DIVIDENDS

	2000 £	1999 £
Interim dividend paid at £1.20 per share (1999: £1.30)	120,000	130,000

9. TANGIBLE ASSETS

	Leasehold improve- ments £	Assets in course of construction £	Plant and fixtures £	Motor vehicles £	Total £
Cost					
At 1 April 1999	475,862	177,530	6,317,702	96,593	7,067,687
Additions	100,795	-	423,813	-	524,608
Group transfers	-	-	-	-	-
Disposals	(81,667)	-	(607,247)	(56,373)	(745,287)
Recategorisation	86,456	(177,530)	91,074	-	-
At 31 March 2000	581,446	-	6,225,342	40,220	6,847,008
Depreciation					
At 1 April 1999	297,443	-	4,380,648	81,636	4,759,727
Charged in year	48,850	-	383,038	5,373	437,261
Group transfers	-	-	-	-	-
Disposals	-	-	(448,452)	(47,103)	(495,555)
At 31 March 2000	346,293	-	4,315,234	39,906	4,701,433
Net book value					
At 31 March 2000	235,153	-	1,910,108	314	2,145,575
At 31 March 1999	178,419	177,530	1,937,054	14,957	2,307,960

The net book value of the tangible fixed assets includes £436,198 (1999 - £432,409) in respect of assets held under finance leases and hire purchase. Depreciation charged in the year on those assets amounted to £53,167 (1999 - £47,799).

NOTES TO THE FINANCIAL STATEMENTS**31 March 2000****10. STOCKS**

	2000	1999
	£	£
Raw materials and consumables	473,417	506,375
Work in progress	871,358	1,268,564
Finished goods and goods for resale	143,798	204,530
	<hr/>	<hr/>
	1,488,573	1,979,469
	<hr/>	<hr/>

The replacement cost of the above would not be significantly different from the values stated.

11. DEBTORS

	2000	1999
	£	£
Trade debtors	1,842,268	1,575,310
Amounts owed by group undertakings	396,304	-
Other debtors	1,303	10,341
Prepayments and accrued income	121,331	87,161
Taxation recoverable	38,552	-
	<hr/>	<hr/>
	2,399,758	1,672,812
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12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000	1999
	£	£
Bank overdraft	-	184,137
Obligations under finance leases	108,362	103,495
Trade creditors	963,294	1,029,956
Amounts due to group undertakings	580,803	167,711
Corporation tax	-	272,397
Other taxation and social security	232,996	207,529
Other creditors	129,133	128,645
Accruals	301,936	167,484
	<hr/>	<hr/>
	2,316,524	2,261,654
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NOTES TO THE FINANCIAL STATEMENTS

31 March 2000

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2000	1999
	£	£
Interest free loan from parent	2,788,000	2,788,000
Other creditors:		
Obligations under finance leases		
- due between one and two years	48,922	100,609
- due between two and five years	31,380	40,267
	80,302	140,876

The interest free loan from parent of £2,788,000 (1999 - £2,788,000) is unsecured and has no fixed term of repayment. The parent company has confirmed that no substantial repayment will be requested within 12 months of the balance sheet date.

14. PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation £
At 1 April 1999	156,000
Profit and loss account	(75,700)
At 31 March 2000	80,300

Deferred taxation comprises:

	Amounts provided		Amounts not provided	
	2000	1999	2000	1999
	£	£	£	£
Capital allowances	82,000	172,000	195,300	156,800
Other timing differences	(1,700)	(16,000)	-	(400)
	80,300	156,000	195,300	156,400

NOTES TO THE FINANCIAL STATEMENTS
31 March 2000**15. SHARE CAPITAL**

	2000	1999
	£	£
Authorised		
100,000 ordinary shares of £1 each	100,000	100,000
Allotted and fully paid		
100,000 ordinary shares of £1 each	100,000	100,000

16. RESERVES

	Profit and loss account £
At 1 April 1999	516,006
Profit for the year	281,824
At 31 March 2000	797,830

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000	1999
	£	£
Profit after taxation	401,824	409,025
Dividends	(120,000)	(130,000)
Opening shareholders' funds	281,824	279,025
	616,006	336,981
Closing shareholders' funds	897,830	616,006

18. CONTINGENT LIABILITY

The company has given an unlimited cross company guarantee in favour of Barclays Bank PLC and Fortis Bank PLC as security for its borrowings and those of certain group undertakings.

NOTES TO THE FINANCIAL STATEMENTS**31 March 2000****19. FINANCIAL COMMITMENTS****Operating lease commitments**

The annual commitments under operating leases are analysed to the year in which each lease expires, as follows:

	2000	1999
	£	£
Land and buildings, leases expiring		
within one year	208,000	200,000
between one and five years	9,000	9,000
beyond five years	82,565	-
	<hr/>	<hr/>
	299,565	209,000
	<hr/>	<hr/>
Plant and machinery, leases expiring		
within one year	11,450	9,368
between one and five years	199,784	150,716
	<hr/>	<hr/>
	211,234	160,084
	<hr/>	<hr/>

20. PENSION SCHEME

The company is a member of a defined benefit pension scheme operated by the parent company for the benefit of employees with assets held in separately invested funds, administered by trustees.

The latest actuarial valuation of the pension scheme was prepared as at 30 September 1996. A summary of the results of this valuation is contained within the financial statements of the parent company.

21. RELATED PARTY DISCLOSURES

Advantage has been taken of the special exemption for group companies regarding related party disclosures.

22. PARENT UNDERTAKING

The ultimate parent company is Intelek plc, which is registered in England and Wales.

Its group accounts are available to the public on payment of the appropriate fee, from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.