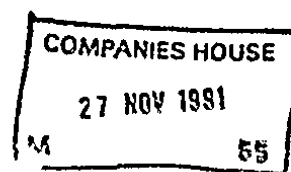


for registration
Company No.
1564040

C.M.L. GROUP LTD.
REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 30TH APRIL 1991



ROBSON RHODES
Chartered Accountants
Centre City Tower
7 Hill Street
Birmingham
B5 4UU

NOTICE OF MEETING

Notice is hereby given that the Annual General Meeting of the company will be held at its registered office on 19th September 1991 at 9.10 a.m. for the following purposes:-

1. To approve the financial statements for the year ended 30th April 1991, together with the reports of the directors and auditors thereon.
2. To approve dividends.
3. To re-elect Robson Rhodes as auditors.
4. To authorise the directors to fix the auditors' remuneration.
5. To transact any other business of an Annual General Meeting.

Any member entitled to attend and vote may appoint another person (whether a member or not) as his proxy to attend and vote instead of him.

By Order of the Board



J.S. ELLISON

Secretary

23rd August 1991

C.M.L. GROUP LTD.

COMPANY INFORMATION

Directors

J.P. Davis - Chairman
J.G. Holgate
J.S. Ellison
P.N. Aplin
E. Lewis
P. Frawley

Secretary

J.S. Ellison

Registered office

South Marston Industrial Estate
Swindon
Wiltshire
SN3 4TR

Registered number

1564040

Auditors

Robson Rhodes
Chartered Accountants
Centre City Tower
7 Hill Street
Birmingham
B5 4UU

Bankers

Midland Bank plc
47 Eastgate Street
Chester
CH1 1XW

REPORT OF THE DIRECTORS

The directors present their annual report and the audited financial statements of the company for the year ended 30th April 1991.

Principal activities

The principal activities of the company are those of precision engineers and the leasing of assets to other group undertakings.

Review of the business

Following an encouraging start to the financial year of the company, the final results reflected a rapid reduction in sales as a direct result of the Gulf crisis in the Middle East and the general recession in the United Kingdom. In readiness for the improvement in our traditional Aerospace markets, investment has continued in multispindle long bed CNC plant to enable the company to offer a wider and more competitive service.

Despite the International and National problems which have impacted on aircraft manufacturers, the Precision Machining Division has continued to operate in a market where orders have remained firm. In addition, there are an increasing number of military programmes offering additional scope for the future. Efforts to penetrate particularly the European markets are now meeting with success and look encouraging for the future.

The Fabrication Division has experienced similar operating conditions during the year. However, the introduction of a design capability has broadened the scope of work available to them and this, together with the prospect of major long term contracts within the Nuclear Industry, offers a stable workload in the future.

The newly formed Composites Division, after a slow start, is now performing beyond expectations. It now has a healthy order book and is poised to make a significant contribution to the profitability of the Group.

Results and dividends

The result for the year is disclosed in the accompanying profit and loss account on page 7.

An interim dividend of £315,000 (1990 - £Nil) was paid during the year. The directors recommend the payment of a final dividend of £61,817 (1990 - £538,244).

C.M.L. GROUP LTD.

REPORT OF THE DIRECTORS
(Continued)

Directors

The directors of the company at the date of this report are set out on page 2.

R. Lucock resigned as a director on 31st December 1990.

Directors' shareholdings

The beneficial interests of the directors and their families at the beginning of the year and at 30th April 1991 in the shares of Aerospace Engineering p.l.c., other than for main board directors are detailed below:-

The interests of main board directors in the shares of Aerospace Engineering p.l.c. are disclosed in the financial statements of that company.

	<u>Ordinary shares of 25p each</u>					
	<u>Beneficial</u>		<u>Options under the executive scheme</u>		<u>Options under the savings related scheme</u>	
	<u>1991</u>	<u>1990</u>	<u>1991</u>	<u>1990</u>	<u>1991</u>	<u>1990</u>
E. Lewis	475	475	15,557	15,557	25,091	25,091
W.P. Frawley	-	-	45,488	25,488	8,765	8,765
P.N. Aplin	-	-	60,000	30,000	7,356	7,356

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 1991 and 2001 at prices varying between 48p and 100p per share.

The options under the Savings Related Scheme are exercisable between 1991 and 1997 at prices between 35p and 46p.

Tangible fixed assets

The movements in tangible fixed assets during the year are set out in note 10 to the financial statements on page 14.

Employee involvement

During the year the company continued its policy of full involvement of employees wherever possible. This has taken place through the provision of information, consultation on policy issues where appropriate, and the mutual setting of objectives against which performance is measured. The company takes the approach of maximising performance through the heightening of awareness of corporate objectives and policies.

C.M.L. GROUP LTD.

REPORT OF THE DIRECTORS
(Continued)

Disabled persons

It is the company's policy to offer equal opportunities to disabled persons applying for vacancies, having regard to their abilities in relation to the job for which they apply. It is also company practice, wherever possible, to continue the employment of those employees who become disabled during the course of their employment.

Auditors

Robson Rhodes have expressed their willingness to continue in office as auditors and a resolution for their reappointment will be proposed at the forthcoming Annual General Meeting.

The report of the directors was approved by the Board on 23rd August 1991 and signed on its behalf by:



J.S. ELLISON

Secretary


REPORT OF THE AUDITORS

TO THE MEMBERS OF

C.M.L. GROUP LTD.

We have audited the financial statements on pages 7 to 18 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 30th April 1991 and of its profit and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



ROBSON RHODES

Chartered Accountants

Birmingham

23rd August 1991

C.M.L. GROUP LTD.


PROFIT AND LOSS ACCOUNT
YEAR ENDED 30TH APRIL 1991

	<u>Note</u>	<u>1991</u> £	<u>1990</u> £
Turnover	2	5,913,188	6,196,980
Cost of sales		(3,261,108)	(3,458,450)
Gross profit		2,652,080	2,738,530
Administrative expenses		(1,778,323)	(1,351,627)
Operating profit	3	873,757	1,386,903
Interest receivable and similar income	4	122,831	174,944
Interest payable	5	(242,954)	(126,527)
Profit on ordinary activities before taxation		753,634	1,435,320
Taxation	8	(87,925)	(420,459)
Profit on ordinary activities after taxation		665,709	1,014,861
Dividends	9	(376,817)	(538,244)
Retained profit	18	<u>£288,892</u>	<u>£476,617</u>

BALANCE SHEET - 30TH APRIL 1991

	<u>Note</u>	<u>1991</u> £	<u>1990</u> £
Fixed assets			
Tangible assets	10	<u>3,539,030</u>	<u>2,224,644</u>
Current assets			
Stock and work in progress	11	763,873	565,727
Debtors	12	2,309,678	1,786,309
Cash at bank and in hand		<u>182,200</u>	<u>1,751,018</u>
		3,255,751	4,103,054
Creditors: amounts falling due within one year	13	<u>(3,348,260)</u>	<u>(3,834,716)</u>
Net current (liabilities)/assets		<u>(92,509)</u>	<u>268,338</u>
Total assets less current liabilities		3,446,521	2,492,982
Creditors: amounts falling due after more than one year	14	(1,556,269)	(856,014)
Provisions for liabilities and charges	15	(70,000)	(70,000)
Deferred income - Government grants	16	<u>(82,105)</u>	<u>(117,713)</u>
		<u>£1,738,147</u>	<u>£1,449,255</u>
Capital and reserves			
Called up share capital	17	100,000	100,000
Profit and loss account	18	<u>1,638,147</u>	<u>1,349,255</u>
		<u>£1,738,147</u>	<u>£1,449,255</u>

The financial statements were approved by the Board on 23rd August 1991 and signed on its behalf by:



P.N. APLIN

Director



P. FRAWLEY

Director

C.M.L. GROUP LTD.

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
YEAR ENDED 30TH APRIL 1991

	<u>1991</u>	<u>1990</u>
	£	£
Source of funds		
Profit on ordinary activities before taxation	753,634	1,435,320
Adjustment for items not involving the movement of funds:		
Depreciation	385,431	352,548
Amortisation of government grants	(35,608)	(42,931)
(Profit)/loss on sale of tangible fixed assets	<u>(50,376)</u>	<u>2,830</u>
Funds generated from operations	1,053,081	1,747,767
Other sources		
Proceeds from sale of tangible fixed assets	54,800	116,102
Government grants received	-	6,000
Increase in long term creditors	<u>700,255</u>	<u>274,051</u>
Total funds generated	<u>1,808,136</u>	<u>2,143,920</u>
Application of funds		
Purchase of tangible fixed assets	1,704,241	993,125
Corporation tax paid	431,125	487,584
Dividends paid	<u>853,244</u>	<u>224,028</u>
	<u>2,988,610</u>	<u>1,704,737</u>
(Decrease)/increase in working capital	£(1,180,474)	£439,183
Comprising increases/(decreases) in working capital		
Stock and work in progress	198,146	(340,569)
Debtors	523,369	345,864
Creditors	(333,171)	(6,085)
Net liquid funds	<u>(1,568,818)</u>	<u>439,973</u>
	<u>£(1,180,474)</u>	<u>£439,183</u>

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30th APRIL 1991

1. Accounting policies

Convention

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

(a) Turnover

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

(b) Depreciation

Depreciation is provided to write down the cost of tangible fixed assets over their expected useful lives as follows:

Plant and fixtures	- at appropriate rates varying from 10% to 33% p.a. on cost
Motor vehicles	- 25% p.a. on written down value

(c) Leased assets

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

(d) 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 production overheads. Net realisable value is based on the estimated selling price less further costs expected to be incurred to completion and disposal

(e) Long term contracts

Long term contracts are those existing for more than twelve months and any of a shorter duration which are material to the activity of the period.

Once the outcome of a long term contract can be assessed with reasonable certainty attributable profit is recognised by the sales percentage complete method. Provision is made for all foreseeable losses if a contract is assessed as unprofitable.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30TH APRIL 1991
(Continued)

1. Accounting policies (continued)

(f) 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 a reasonable probability that such taxation will become payable in the foreseeable future.

(g) Government grants

Government capital grants are credited to a deferred income account and are transferred to the profit and loss account over the estimated life of the related assets.

(h) Pensions

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

(i) Foreign currencies

Where practicable, transactions involving foreign currencies are protected by equivalent currency borrowings and recorded at the value of the sterling proceeds of such borrowings. 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.

2. Turnover

	<u>1991</u>	<u>1990</u>
	<u>£</u>	<u>£</u>
European Community (excluding UK)	-	12,248
North and South America	24,955	10,558
United Kingdom	<u>5,888,233</u>	<u>6,174,174</u>
	<u>£5,913,188</u>	<u>£6,196,980</u>

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30TH APRIL 1991
(Continued)

3. <u>Operating profit</u>	<u>1991</u> £	<u>1990</u> £
Operating profit is arrived at after charging/(crediting):-		
Depreciation	385,431	352,548
Amortisation of government grants	(35,608)	(42,931)
(Profit)/loss on sale of fixed assets	(50,376)	2,830
Auditors' remuneration	11,250	11,250
Operating lease charges:		
Plant and machinery	237,189	126,527
Property	128,000	128,000
Group leasing income for plant and machinery	(25,483)	(60,261)
Exceptional reorganisation costs	<u>8,321</u>	<u>-</u>
4. <u>Interest receivable and similar income</u>		
Bank deposit interest	<u>£122,831</u>	<u>£174,944</u>
5. <u>Interest payable</u>		
Bank loans and overdraft	5,765	-
Lease purchase	<u>237,189</u>	<u>126,527</u>
	<u>£242,954</u>	<u>£126,527</u>
6. <u>Employees</u>	<u>1991</u>	<u>1990</u>
	<u>No. of employees</u>	
Average number of people (including directors) employed by the company during the year:-		
Production	77	75
Administration	<u>74</u>	<u>61</u>
	<u>151</u>	<u>136</u>
Costs in respect of these employees:-	£	£
Wages and salaries	2,606,453	2,082,041
Social security costs	201,631	170,447
Pension costs	<u>80,794</u>	<u>52,539</u>
	<u>£2,888,878</u>	<u>£2,305,027</u>

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30TH APRIL 1991
(Continued)

7. <u>Directors' emoluments</u>	<u>1991</u> £	<u>1990</u> £
Directors' remuneration	<u>£198,083</u>	<u>£193,052</u>
Emoluments excluding pension contributions:-		
Chairman	<u>£NIL</u>	<u>£NIL</u>
Highest paid director	<u>£58,561</u>	<u>£46,552</u>
Number of other directors whose emoluments fell within the following bands:-		

	<u>No. of directors</u>	
£0 - £5,000	1	1
£30,001 - £35,000	1	3
£35,001 - £40,000	-	1
£40,001 - £45,000	2	-

No contract existed during the year in which a director was materially interested and was significant in relation to the company's business.

8. Taxation

Corporation tax at 34% (1990 - 35%)	116,000	469,500
Overprovision for earlier years:		
Corporation tax	(28,075)	(9,041)
Deferred taxation	<u>-</u>	<u>(40,000)</u>
	<u>£87,925</u>	<u>£420,459</u>

The tax charge for the year reflects the company's continued investment in plant and machinery.

9. Dividends

Interim dividend paid	315,000	-
Final dividend proposed	<u>61,817</u>	<u>538,244</u>
	<u>£376,817</u>	<u>£538,244</u>

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30TH APRIL 1991
(Continued)

10. Tangible assets

	<u>Plant and fixtures</u> £	<u>Motor vehicles</u> £	<u>Total</u> £
Cost			
At 1st May 1990	5,174,642	123,724	5,298,366
Additions	1,704,241	-	1,704,241
Disposals	<u>(210,246)</u>	<u>(11,236)</u>	<u>(221,482)</u>
At 30th April 1991	<u>6,668,637</u>	<u>112,488</u>	<u>6,781,125</u>
Depreciation			
At 1st May 1990	3,031,260	42,462	3,073,722
Charge	361,846	23,585	385,431
Disposals	<u>(210,113)</u>	<u>(6,945)</u>	<u>(217,058)</u>
At 30th April 1991	<u>3,182,993</u>	<u>59,102</u>	<u>3,242,095</u>
Net book value			
At 30th April 1991	<u>£3,485,644</u>	<u>£53,386</u>	<u>£3,539,030</u>
At 30th April 1990	<u>£2,143,382</u>	<u>£81,262</u>	<u>£2,224,644</u>

The net book value of fixed assets at 30th April 1991 includes £2,389,531 (1990 - £1,339,275) in respect of leased assets. The depreciation charge for the year on those assets amounted to £161,831 (1990 - £103,044).

11. Stock and work in progress

	<u>1991</u> £	<u>1990</u> £
Raw materials and factored goods	53,404	34,000
Work in progress	<u>710,469</u>	<u>531,727</u>
	<u>£763,873</u>	<u>£565,727</u>

In the opinion of the directors the replacement cost of stock and work in progress does not differ materially from the amount stated.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30TH APRIL 1991
 (Continued)

12. <u>Debtors</u>	<u>1991</u> £	<u>1990</u> £
Trade debtors	2,137,636	1,540,586
Amounts owed by group undertakings	25,843	121,226
Other debtors	2,382	5,185
Prepayments	<u>143,817</u>	<u>119,312</u>
	<u>£2,309,678</u>	<u>£1,786,309</u>
13. <u>Creditors: amounts falling due within one year</u>		
Lease purchase	578,462	361,042
Trade creditors	518,620	449,062
Amounts due to group undertakings	1,689,855	1,679,077
Corporation tax	110,034	453,234
Other taxes and social security	157,398	218,265
Other creditors	3,360	3,258
Accruals	228,714	132,534
Dividends proposed	<u>61,817</u>	<u>538,244</u>
	<u>£3,348,260</u>	<u>£3,834,716</u>
14. <u>Creditors: amounts falling due after more than one year</u>		
Lease purchase, repayable:		
In second year	481,274	354,903
In third to fifth years	828,086	501,111
After five years	<u>246,909</u>	<u>-</u>
	<u>£1,556,269</u>	<u>£856,014</u>

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30TH APRIL 1991
(Continued)

15. Provisions for liabilities and charges

Deferred taxation:			<u>1991</u>	<u>1990</u>
			£	£
Provisions at 1st May 1990			70,000	110,000
Profit and loss account			-	(40,000)
Provisions at 30th April 1991			<u>£70,000</u>	<u>£70,000</u>
Comprising:				
		<u>1991</u>	<u>1990</u>	
	Full		Full	
	potential		potential	
	liability	Provision	liability	Provision
	£	£	£	£
Capital allowances	422,000	73,000	285,000	75,000
Other timing differences	<u>(3,000)</u>	<u>(3,000)</u>	<u>(5,000)</u>	<u>(5,000)</u>
	<u>£419,000</u>	<u>£70,000</u>	<u>£280,000</u>	<u>£70,000</u>

16. Deferred income - Government grants

	<u>1991</u>	<u>1990</u>
	£	£
At 1st May 1990	117,713	154,644
Receipts	.	6,000
Profit and loss account	<u>(35,608)</u>	<u>(42,931)</u>
Balance at 30th April 1991	<u>£82,105</u>	<u>£117,713</u>

17. Called up share capital

Authorised:-

Ordinary shares of £1 each	<u>£100,000</u>	<u>£100,000</u>
Allotted and fully paid:-		
Ordinary shares of £1 each	<u>£100,000</u>	<u>£100,000</u>

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30TH APRIL 1991
(Continued)

18. <u>Profit and loss account</u>	<u>1991</u>	<u>1990</u>
	£	£
At 1st May 1990	1,349,255	872,638
Retained profit for the year	<u>288,892</u>	<u>476,617</u>
At 30th April 1991	<u>£1,638,147</u>	<u>£1,349,255</u>

19. Capital commitments

Contracted for but not provided in the financial statements	<u>£NIL</u>	<u>£390,000</u>
Authorised by the directors, but not contracted	<u>£NIL</u>	<u>£NIL</u>

20. Lease commitments

	<u>Property</u>	<u>Plant and</u>	<u>Total</u>	<u>Total</u>
	£	machinery	1991	1990
		£	£	£
Expiring:				
Between two and five years	-	43,969	43,969	25,420
After five years	<u>128,000</u>	<u>-</u>	<u>128,000</u>	<u>128,560</u>
	<u>£128,000</u>	<u>£43,969</u>	<u>£171,969</u>	<u>£153,980</u>

21. Contingent liabilities

The company has given an unlimited cross guarantee in favour of the Midland Bank plc as security for borrowing facilities of certain group companies.

22. 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 30th September 1990. A summary of the results of this valuation is contained within the financial statements of the parent company.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30TH APRIL 1991
(Continued)

23. Parent undertaking

The ultimate parent company is Aerospace Engineering p.l.c., which is registered in England and Wales.

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