

Coopers
& Lybrand

Arcom Control Systems Limited
Annual report
for the year ended 31 December 1992

Registered in England no: 1608562

Arcom Control Systems Limited

Annual report for the year ended 31 December 1992

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Arcom Control Systems Limited

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Directors and advisers

Directors

JW Poulter (Chairman)
P Cuthbert (Managing Director)
JJS Bain
PF Scott

Secretary and registered office

JJS Bain
Unit 8
Clifton Road
Cambridge
CB1 4WH

Registered Auditors

Coopers & Lybrand
1 Embankment Place
London
WC2N 6NN

Bankers

National Westminster Bank PLC
Bishopsgate Business Centre
15 Bishopsgate
London
EC2P 2AP

Solicitors

Mills & Reeve
112 Hills Road
Cambridge
CB2 1PH

**Directors' report
for the year ended 31 December 1992**

The directors present their report and the audited financial statements for the year ended 31 December 1992.

Principal activities and trading review

The company develops, manufactures and markets computer control systems. The performance of the company during the year was good. It is the aim of the company to grow profitably in the future.

Results and dividends

The profit and loss account is set out on page 5 and shows the profit for the year.

The directors do not recommend the payment of a dividend.

Research and development

During the year the company has continued the expansion of its research and development programme.

Fixed assets

Movements on fixed assets are shown in note 9 to the financial statements.

Directors

The directors of the company during the year were:

JW Poulter	
P Cuthbert	
JJS Bain	
DJ Kingsbury CBE	(resigned 30 April 1992)
AT Nicol	(resigned 29 May 1992)
PF Scott	

Directors' interests

Except as shown below, no director had any interest in the shares of any group company. The following are in respect of ordinary shares of 5p each in Fairey Group plc and ordinary shares of £1.00 each in Arcom Control Systems Limited.

	Fairey Group plc		Arcom Control Systems Ltd	
	1992	1991	1992	1991
P Cuthbert	40,500	-	-	2,625
JJS Bain	59,200	-	-	2,960
PF Scott	59,200	-	-	2,960

The interests of JW Poulter in the shares of the ultimate holding company are disclosed in that company's financial statements.

Auditors

A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the annual general meeting. Until 1 June 1992 the firm practised in the name of Coopers & Lybrand Deloitte.

By order of the board


J J S Bain

Secretary

3 March 1993

Report of the auditors to the members of Arcom Control Systems Limited

We have audited the financial statements on pages 5 to 14 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 at 31 December 1992 and of the profit and cash flow for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand

Coopers & Lybrand

Chartered Accountants and Registered Auditors
London

3 March 1993

**Profit and loss account
for the year ended 31 December 1992**

	Notes	1992 £'000	1991 £'000
Turnover	2	4,805	3,570
Cost of sales		(2,246)	(1,850)
		<hr/>	<hr/>
Gross profit		2,559	1,720
Distribution costs		(93)	(87)
Administrative expenses		(2,022)	(1,377)
		<hr/>	<hr/>
Operating profit	3	444	256
Interest receivable	6	5	-
Interest payable and similar charges	7	(21)	(26)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		428	230
Taxation on profit on ordinary activities	8	(159)	(88)
		<hr/>	<hr/>
Retained profit for the year	15	269	142
		<hr/>	<hr/>

Balance sheet at 31 December 1992

	Notes	1992 £'000	1991 £'000
Fixed assets			
Tangible assets	9	213	91
Investments	10	-	-
Current assets			
Stocks	11	569	465
Debtors	12	1,142	895
Cash at bank and in hand		81	1
		<u>1,792</u>	<u>1,361</u>
Creditors: amounts falling due within one year	13	<u>1,067</u>	<u>783</u>
Net current assets		<u>725</u>	<u>578</u>
Total assets less current liabilities		<u>938</u>	<u>669</u>
		<u>938</u>	<u>669</u>
Capital and reserves			
Called up share capital	14	33	33
Share premium account	15	305	305
Profit and loss account	15	600	331
		<u>938</u>	<u>669</u>
		<u>938</u>	<u>669</u>

The financial statements on pages 5 to 14 were approved by the board of directors on 3 March 1993 and were signed on its behalf by:



J J S Bain
Director

**Cash flow statement
for the year ended 31 December 1992**

	Notes	1992 £'000	1991 £'000
Net cash inflow from operating activities	18	479	83
Returns on investments and servicing of finance			
Interest received		5	-
Interest paid		(21)	(26)
Net cash (outflow) from returns on investments and servicing of finance		(16)	(26)
Taxation			
UK corporation tax paid		(64)	(86)
Tax paid		(64)	(86)
Investing activities			
Purchase of tangible fixed assets		(175)	(46)
Sale of tangible fixed assets		-	2
Net cash (outflow) from investing activities		(175)	(44)
Net cash inflow/(outflow) before financing		224	(73)
Financing			
Proceeds on issue of shares		-	251
Repayment of debenture loan		-	(150)
Expenses paid in connection with share issue		-	(8)
Purchase of own shares		-	(101)
Net cash (outflow) from financing		-	(8)
Increase/(decrease) in cash and cash equivalents	19	224	(81)

**Notes to the financial statements
for the year ended 31 December 1992****1 Principal accounting policies**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Accounting convention

The financial statements have been prepared in accordance with the historical cost convention.

Turnover

Turnover represents sales at invoiced amounts less value added tax.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets over their expected useful economic lives. The principal annual rates used for this purpose are:

Short leasehold properties	- 10% per annum
Fixtures and fittings	- 25% per annum
Machinery, plant and equipment	- 25% per annum
Motor vehicles	- 25% per annum
Software	- 33% per annum

Stocks

Stock and work in progress are valued at the lower of cost and net realisable value. Cost includes an appropriate proportion of production overhead expenditure.

Pension costs

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

Deferred taxation

Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes, to the extent that it is probable that a net liability will crystallise.

Research and development

Research and development expenditure is written off as it is incurred.

Leased assets

Costs in respect of operating leases are charged against operating profit as they accrue. Assets held under finance leases are capitalised and depreciated in accordance with other tangible fixed assets and a corresponding liability to the finance company is set up. Finance charges are allocated over the lease period so as to represent a constant proportion of the capital element outstanding.

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. All differences arising from changes in exchange rates on revenue transactions, and realised and unrealised differences on foreign currency denominated assets and liabilities are dealt with through the profit and loss account.

2 Turnover and profits

The turnover and profit before tax is attributable to the company's principal activity. Turnover is analysed by market below:

	1992 £'000	1991 £'000
United Kingdom	4,207	3,041
Continental Europe	321	231
Australia	130	234
USA and the rest of the world	147	64
	<u>4,805</u>	<u>3,570</u>

3 Operating profit

Operating profit is stated after charging/(crediting):

	1992 £'000	1991 £'000
Depreciation	53	67
Hire of plant and machinery	2	4
Hire of other assets - operating leases	89	75
Auditors' remuneration - audit services	15	14
Auditors' remuneration - non audit services	2	
Profit on sale of fixed assets	-	(2)
Expenditure on research and development	475	487
Income from research and development	<u>(100)</u>	<u>(187)</u>

4 Employees

The average weekly number of employees, including directors, during the year was 89 (1991: 79).

Staff costs (including directors) consist of:

	1992 £'000	1991 £'000
Wages and salaries	1,270	1,058
Social security	127	117
Other pension costs	37	37
	<u>1,434</u>	<u>1,212</u>

5 Directors

	1992 £'000	1991 £'000
Emoluments consist of:		
Remuneration for management services	117	112
Pension costs	20	24
	<u>137</u>	<u>136</u>

Emoluments (excluding pension contributions) of:

Chairman	-	-
Highest paid director	51	39
	<u></u>	<u></u>

Directors' emoluments (excluding pension contributions) fell within the ranges:

	1992 Number	1991 Number
£0 - £ 5,000	3	3
£15,001 - £20,000	1	-
£35,001 - £40,000	-	3
£45,000 - £50,000	1	-
£50,001 - £55,000	1	-
	<u></u>	<u></u>

6 Interest receivable

	1992 £'000	1991 £'000
Bank deposits	5	-
	<u></u>	<u></u>

7 Interest payable and similar charges

	1992 £'000	1991 £'000
Bank overdraft	16	23
Interest on loan to Group Company repayable in less than five years	5	2
Other interest	-	1
	<u>21</u>	<u>26</u>

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8 Taxation

	1992 £'000	1991 £'000
Based on profits for the year		
UK corporation tax at 33% (1991: 33.25%)		
Adjustment in respect of prior year	161	88
	(2)	-
	<u>159</u>	<u>88</u>

There is no unprovided deferred tax liability. At 31 December 1992 there was an unrecognised deferred tax asset of £32,000 (1991: £23,000).

9 Tangible assets

	Short leasehold properties £'000	Fixtures and fittings £'000	Machinery plant and equipment £'000	Motor vehicles £'000	Software £'000	Total £'000
Cost						
At 1 January 1992	15	95	397	6	13	526
Additions	109	26	38	-	2	175
Disposals	-	-	-	-	-	-
At 31 December 1992	<u>124</u>	<u>121</u>	<u>435</u>	<u>6</u>	<u>15</u>	<u>701</u>
Depreciation						
At 1 January 1992	3	91	327	6	8	435
Provided for the year	2	4	44	-	3	53
Disposals	-	-	-	-	-	-
At 31 December 1992	<u>5</u>	<u>95</u>	<u>371</u>	<u>6</u>	<u>11</u>	<u>488</u>
Net book value						
At 31 December 1992	<u>119</u>	<u>26</u>	<u>64</u>	<u>-</u>	<u>4</u>	<u>213</u>
At 31 December 1991	<u>12</u>	<u>4</u>	<u>70</u>	<u>-</u>	<u>5</u>	<u>91</u>

10 Investments

The company holds 100% of the nominal value of the shares in Arcom Control Equipment Limited, a company registered in England with an issued share capital of 2 ordinary shares of £1 each. Arcom Control Equipment Limited is dormant and has not traded during the year.

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11 Stocks

	1992 £'000	1991 £'000
Raw materials	179	205
Work in progress	194	128
Finished goods	196	132
	<u>569</u>	<u>465</u>

12 Debtors

	1992 £'000	1991 £'000
Trade debtors	691	786
Amounts owed by group undertakings	386	54
Other debtors	1	1
Prepayments and accrued income	64	54
	<u>1,142</u>	<u>895</u>

All amounts shown under debtors fall due for payment within one year.

13 Creditors: amounts falling due within one year

	1992 £'000	1991 £'000
Bank overdraft	-	144
Trade creditors	734	435
Amounts owed to group undertakings	27	2
Other creditors	-	33
Taxation and social security	77	68
Corporation tax	161	66
Accruals and deferred income	68	35
	<u>1,067</u>	<u>783</u>

14 Share capital

	1992 £'000	1991 £'000
Authorised 65,000 Ordinary shares of £1 each	<u>65</u>	<u>65</u>
Allotted, called up and fully paid 33,333 Ordinary shares of £1 each	<u>33</u>	<u>33</u>

15 Reserves

	Profit and loss account £'000	Share premium account £'000
At 1 January 1992	331	305
Profit for year	269	-
	<u>600</u>	<u>305</u>
At 31 December 1992		

16 Commitments under operating leases

	1992		1991	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Operating leases which expire:				
Within one year	-	24	-	19
In two to five years	-	50	-	44
After five years	81	-	65	-
	<u>81</u>	<u>74</u>	<u>65</u>	<u>63</u>

17 Related party transaction

During the year consultancy fees amounting to £3,223 (1991: £3,000) were paid to an individual with whom JJS Bain is connected.

18 Reconciliation of operating profit to net cash inflow from operating activities

	1992 £'000	1991 £'000
Operating profit	444	256
Depreciation	53	67
Profit on sale of fixed assets	-	(2)
(Increase) in stocks	(104)	(200)
(Increase) in debtors	(247)	(192)
Increase in creditors	333	155
	<u>479</u>	<u>84</u>
Net cash inflow from operating activities		

19 Analysis of changes in cash and cash equivalents during the year

	£'000	£'000
At 1 January 1992	(143)	(61)
Net cash inflow/(outflow) in the year	224	(82)
	<u>81</u>	<u>(143)</u>
At 31 December 1992	<u>81</u>	<u>(143)</u>

	1992 £'000	1991 £'000	Change in year £'000
Bank and cash in hand	81	1	80
Bank overdrafts	-	(144)	144
	<u>81</u>	<u>(143)</u>	<u>224</u>

20 Ultimate parent company

The ultimate parent company is Fairey Group plc which is incorporated in Great Britain and registered in England.