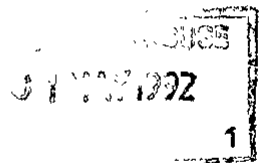


1608562



ARCOM CONTROL SYSTEMS LIMITED

Year ended

31st December 1991

ARCON CONTROL SYSTEMS LIMITED

Annual report and financial statements for the year ended 31st December 1991

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Contents

Directors

Page:

1. Report of the directors
  2. Profit and loss account
  3. Balance sheet
  4. Statement of source and application of funds
  5. Notes forming part of the financial statements
  12. Report of the auditors
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Directors

J.W. Poulter  
P. Cuthbert  
J.J.S. Bain  
D.J. Kingsbury C.B.E.  
A.T. Nicol  
P.F. Scott

Secretary and registered office

J.J.S. Bain, Unit 8, Clifton Road, Cambridge CB1 4WH.

Company number

1608562

Auditors

Stoy Hayward, 8 Baker Street, London, W1M 1DA.

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ARCON CONTROL SYSTEMS LIMITED

Report of the directors for the year ended 31st December 1991

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The directors present their report together with the audited financial statements for the year ended 31st December 1991.

Results and dividends

The profit and loss account is set out on page 2 and shows the profit for the year.

The directors do not recommend the payment of a dividend.

Principal activities, trading review and future developments

The company develops, manufactures and markets computer control systems. The performance of the company during the year was good.

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.

Share capital

On 26th April 1991 the company purchased 2013 of its own ordinary £1 shares for £110,650, and issued 2013 ordinary shares of £1 each at a premium of £98,637.

Directors

The directors of the company during the year and their interests in the ordinary share capital of the company were:

	<u>1991</u>	<u>1990</u>
J.W. Poulter	-	-
P. Cuthbert	2,625	4,104
J.J.S. Bain	2,960	4,104
D.J. Kingsbury C.B.E.	296	296
A.T. Nicol	2,625	4,104
P.F. Scott	2,960	4,104

Auditors

Stoy Hayward have indicated their intention not to seek re-appointment as auditors of the company at the forthcoming annual general meeting. A resolution to appoint Coopers & Lybrand Deloitte as auditors will be put to the members.

By order of the board

J.J.S. Bain 

Secretary

20th February 1992

ARCOM CONTROL SYSTEMS LIMITED

Profit and loss account for the year ended 31st December 1991

	<u>Note</u>	<u>1991</u> £	<u>1990</u> £
Turnover	2	3,570,014	3,231,577
Cost of sales		1,849,810	1,693,690
Gross profit		1,720,204	1,537,887
Distribution costs		86,818	79,613
Administrative expenses		1,377,096	1,223,122
Profit from operations	3	256,290	235,152
Interest receivable	6	2	136
		256,292	235,288
Interest payable and similar charges	7	26,790	46,730
Profit on ordinary activities before taxation		229,502	188,558
Taxation on profit on ordinary activities	8	87,703	61,620
Profit on ordinary activities after taxation	15	141,799	126,938

The notes on pages 5 to 11 form part of these financial statements

# ARCON CONTROL SYSTEMS LIMITED

Balance sheet at 31st December 1991

	<u>Note</u>	<u>1991</u>	<u>1990</u>
		£	£
Fixed assets			
Tangible assets	9	90,947	112,119
Current assets			
Stocks	10	464,746	264,351
Debtors	11	895,479	703,465
Cash at bank and in hand		<u>1,192</u>	<u>291</u>
		1,361,417	968,107
Creditors			
Amounts falling due within one year	12	<u>783,485</u>	<u>557,646</u>
Net current assets		577,932	410,461
Total assets less current liabilities		668,879	522,580
Creditors			
Amounts falling due after more than one year	13	-	137,500
		668,879	385,080
Capital and reserves			
Called up share capital	14	33,333	29,583
Share premium account	15	304,874	67,987
Profit and loss account	15	330,672	287,510
		668,879	385,080

These financial statements were approved by the Board on 20th February 1992

J.J.S. Bain

Director

The notes on pages 5 to 11 form part of these financial statements

# ARCON CONTROL SYSTEMS LIMITED

## Statement of source and application of funds for the year ended 31st December 1991

	<u>1991</u>		<u>1990</u>	
		£		£
Source of funds				
Funds from operations				
Profit before taxation		229,502		188,558
Adjustment for items not involving the movement of funds:				
Depreciation	67,091		90,581	
Profit on sale of fixed assets	<u>(2,300)</u>		<u>(2,600)</u>	
		64,791		87,981
Total generated from operations		294,293		276,539
Funds from other sources				
Sale of fixed assets	2,300		2,600	
Proceeds on issue of shares less expenses	<u>242,650</u>		<u>-</u>	
		244,950		2,600
		539,243		279,139
Application of funds				
Repayment of debenture loan	150,000		-	
Taxation paid	86,449		21,153	
Purchase of fixed assets	45,919		46,482	
Purchase of own shares	<u>100,650</u>		<u>-</u>	
		383,018		67,635
		156,225		211,504
Change in working capital				
Stocks	200,395		41,825	
Debtors	192,014		234,611	
Creditors	<u>(154,729)</u>		<u>(66,150)</u>	
		237,680		210,286
Net liquid funds:				
Cash at bank and in hand	901		(209)	
Bank overdraft	<u>(82,356)</u>		<u>1,427</u>	
		(81,455)		1,218
		156,225		211,504

The notes on pages 5 to 11 form part of these financial statements

# ARCOM CONTROL SYSTEMS LIMITED

Notes forming part of the financial statements for the year ended 31st December 1991

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## 1. Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

### Turnover

Turnover represents sales to outside customers at invoiced amounts less value added tax.

### Depreciation

Depreciation is provided to write off the cost or valuation, less estimated residual values, of all tangible fixed assets over their expected useful lives. It is calculated on the original cost of the assets at the following rates:

Short leasehold properties	- Over length of lease
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 and 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 liability or asset will crystallise.

### Research and development

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

### Leased assets

All leases are treated as 'operating leases'. Their annual rentals are charged to the profit and loss account on a straight line basis over the terms of the lease.

# ARCOM CONTROL SYSTEMS LIMITED

Notes forming part of the financial statements for the year ended 31st December 1991  
(Continued)

## 2. Turnover and profits

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

	<u>1991</u> £	<u>1990</u> £
United Kingdom	3,040,984	2,893,662
Europe	230,761	255,400
Australia	234,561	73,890
U.S.A. and the rest of the world	<u>63,708</u>	<u>8,625</u>
	<u>3,570,014</u>	<u>3,231,577</u>

## 3. Profit from operations

This is arrived at after charging/(crediting):

Depreciation on owned assets	67,091	66,524
Depreciation on assets held under finance leases	-	24,057
Hire of plant and machinery	4,092	-
Hire of other assets - operating leases	75,135	42,506
Auditors' remuneration - audit services	14,092	14,027
Profit on sale of fixed assets	(2,300)	(2,600)
Expenditure on research and development	486,758	438,519
Income from research and development	<u>(186,666)</u>	<u>(71,000)</u>

## 4. Employees

The average weekly number of employees, including directors, during the year was 77 (1990 - 70).

Staff costs (including directors) consist of:

	<u>1991</u> £	<u>1990</u> £
Wages and salaries	1,057,675	904,251
Social security	116,713	88,305
Other pension costs	37,105	29,319
Compensation for loss of office	<u>-</u>	<u>30,000</u>
	<u>1,211,493</u>	<u>1,051,875</u>



# ARCON CONTROL SYSTEMS LIMITED

Notes forming part of the financial statements for the year ended 31st December 1991  
(Continued)

## 5. Directors

	<u>1991</u> £	<u>1990</u> £
Emoluments consist of:		
Remuneration for management services	112,159	120,215
Compensation for loss of office	-	30,000
Pension costs	<u>23,911</u>	<u>21,920</u>
	<u>136,070</u>	<u>172,135</u>

Emoluments (excluding pension contributions) of:

Chairman	-	-
Highest paid director	<u>39,367</u>	<u>39,958</u>

Other directors' emoluments fell within the ranges:

	Number	Number
£ 0 - £ 5,000	2	2
£35,001 - £40,000	<u>2</u>	<u>2</u>

## 6. Interest receivable

	£	£
Bank deposits	<u>2</u>	<u>136</u>

## 7. Interest payable and similar charges

Bank overdraft	22,930	16,162
Interest on loan repayable in less than five years	2,745	26,390
Hire purchase interest	200	3,884
Other interest	<u>915</u>	<u>294</u>
	<u>26,790</u>	<u>46,730</u>

## 8. Taxation

Based on profits for the year		
U.K. corporation tax at 33.25% (1990 - 28%)	<u>87,703</u>	<u>61,620</u>

## ARCOM CONTROL SYSTEMS LIMITED

Notes forming part of the financial statements for the year ended 31st December 1991 (Continued)

## 9. Tangible assets

	Short leasehold properties £	Fixtures and fittings £	Machinery plant and equipment £	Motor vehicles £	Software £	Total £
Cost or valuation						
At 1st January 1991	15,000	95,126	364,105	18,991	-	493,222
Additions	-	-	40,235	-	5,684	45,919
Transfer	-	-	(7,490)	-	7,490	-
Disposals	-	-	-	(12,986)	-	(12,986)
At 31st December 1991	15,000	95,126	396,850	6,005	13,174	526,155
Depreciation						
At 1st January 1991	2,538	75,732	283,842	18,991	-	381,103
Provided for the year	750	14,867	46,094	-	5,380	67,091
Transfer	-	-	(2,965)	-	2,965	-
Disposals	-	-	-	(12,986)	-	(12,986)
At 31st December 1991	3,288	90,599	326,971	6,005	8,345	435,208
Net book value						
At 31st December 1991	11,712	4,527	69,879	-	4,829	90,947
At 31st December 1990	12,462	19,394	80,263	-	-	112,119

The net book value of assets held under hire purchase contracts and finance leases is £11 (1990 - £13,421).

# ARCOM CONTROL SYSTEMS LIMITED

Notes forming part of the financial statements for the year ended 31st December 1991  
(Continued)

## 10. Stocks

	<u>1991</u> £	<u>1990</u> £
Raw materials	204,469	154,334
Work in progress	128,161	27,687
Finished goods	<u>132,116</u>	<u>82,330</u>
	<u>464,746</u>	<u>264,351</u>

## 11. Debtors

Trade debtors	785,922	662,876
Amounts owed by group undertakings	54,466	-
Other debtors	462	-
Prepayments and accrued income	<u>54,629</u>	<u>40,589</u>
	<u>895,479</u>	<u>703,465</u>

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

## 12. Creditors: Amounts falling due within one year

	<u>1991</u> £	<u>1990</u> £
Debenture loan	-	12,500
Bank overdraft	143,689	61,333
Trade creditors	435,129	292,085
Amounts owed to group undertakings	2,337	-
Other creditors	33,550	-
Taxation and social security	68,116	71,067
Corporation tax	65,602	64,348
Accruals and deferred income	<u>35,062</u>	<u>56,313</u>
	<u>783,485</u>	<u>557,646</u>

The bank overdraft is secured by a fixed and floating charge over the assets of the company.

## 13. Creditors: Amounts falling due after more than one year

	<u>1991</u> £	<u>1990</u> £
Debenture loan	-	137,500

# ARCON CONTROL SYSTEMS LIMITED

Notes forming part of the financial statements for the year ended 31st December 1991  
(Continued)

## 14. Share capital

	<u>1991</u> £	<u>1990</u> £
Authorised Ordinary shares of £1 each	65,000	65,000
	<hr/>	<hr/>
Allotted, called up and fully paid Ordinary shares of £1 each	33,333	29,583
	<hr/>	<hr/>

On 22nd February 1991 the company issued 3,750 ordinary shares of £1 each at a premium of £146,250.

On 26th April 1991 the company purchased 2,013 of its own shares for £110,650 and issued 2,013 ordinary shares of £1 each at a premium of £98,637.

## 15. Reserves

	Share premium account £	Profit and loss £
At 1st January 1991	67,987	287,510
Issue of shares	244,887	-
Cost of issue	(8,000)	-
Premium on purchase of own shares	-	(98,637)
Profit for year	-	141,799
	<hr/>	<hr/>
At 31st December 1991	304,874	330,672
	<hr/>	<hr/>

## 16. Commitments under operating leases

As at 31st December 1991, the company had annual commitments under non-cancellable operating leases as set out below:

	<u>1991</u>		<u>1990</u>	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire:				
Within one year	-	18,979	-	18,259
In two to five years	-	43,896	-	34,959
After five years	64,809	-	64,809	-
	<hr/>	<hr/>	<hr/>	<hr/>
	64,809	62,875	64,809	53,218
	<hr/>	<hr/>	<hr/>	<hr/>

ARCOM CONTROL SYSTEMS LIMITED

Notes forming part of the financial statements for the year ended 31st December 1991  
(Continued)

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17. Related party transaction

During the year consultancy fees amounting to £2,512 (1990 - £3,405) were paid to an individual with whom J.J.S. Bain is connected.

18. Ultimate parent company

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

19. Deferred taxation

There is no unprovided deferred tax liability. At 31st December 1991 there was an unprovided deferred tax asset of £22,943 (1990 - £20,066).

ARCOM CONTROL SYSTEMS LIMITED

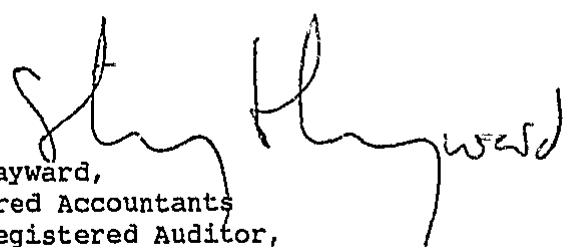
Report of the auditors

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To the members of Arcom Control Systems Limited

We have audited the financial statements on pages 2 to 11 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 31st December 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.



Stoy Hayward,  
Chartered Accountants  
and Registered Auditor,  
8 Baker Street,  
London, W1M 1DA.

20th February 1992