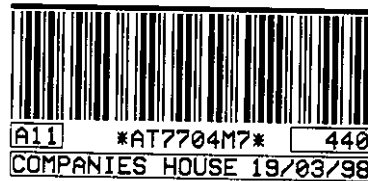


# **Advanced Composites Limited**

## **Directors' report and financial statements**

**Year ended 31 August 1996**

Registered number 1623042



# Advanced Composites Limited

## Directors' report and financial statements

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# Advanced Composites Limited

## Directors' report

The directors present their report and the audited financial statements for the year ended 31 August 1996.

### Principal activities and business review

The company provides administrative and technical support to other group companies. It is not anticipated that there will be any change of activity in the foreseeable future.

### Dividends

The directors do not recommend the payment of a dividend.

### Research and development

The directors consider that the future of the company lies in the technical superiority of its products and service and is committed to maintaining and enhancing this superiority by programmes of research and development.

During the year £111,410 (1995: £nil) was expended on research and development programmes by the company.

### Directors

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

RM Sloman  
SR King  
C Ridgard

No director had an interest in the shares of the company at any time during the year.

RM Sloman and C Ridgard are also directors of the parent company. Their interests in the shares of the ultimate parent company are shown in the financial statements of that company.

### Employees

Employee participation and involvement in matters which affect their interests continue to be developed. The company gives equal consideration to applications for employment from disabled people, having regard to their particular aptitudes and abilities.

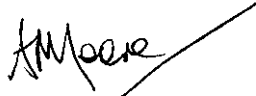
# Advanced Composites Limited

Directors' report (*continued*)

## 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



**AB Moore**  
*Secretary*

Composites House  
Adams Close  
Heanor Gate Industrial Estate  
Heanor  
Derbyshire

17 March 1998

# Advanced Composites Limited

## 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 a 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 Composites Limited

We have audited the financial statements on pages 5 to 12.

### **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 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 affairs of the company as at 31 August 1996 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in dark ink, appearing to be 'KPMG' with a stylized flourish underneath.

**KPMG**  
*Chartered Accountants*  
*Registered Auditors*

17 March 1998

# Advanced Composites Limited

## Profit and loss account for the year ended 31 August 1996

	Note	1996 £	1995 £
Administrative expenses		(2,122,792)	(1,370,863)
Other operating income	1	2,015,952	1,411,475
<b>Operating (loss)/profit</b>		<b>(106,840)</b>	<b>40,612</b>
Interest payable and similar charges	2	(14,852)	(37,880)
<b>(Loss)/profit on ordinary activities before taxation</b>	3	<b>(121,692)</b>	<b>2,732</b>
Tax on (loss)/profit on ordinary activities	6	(33,395)	-
<b>(Loss)/profit on ordinary activities after taxation and retained (deficit)/profit for the financial year</b>		<b>(155,087)</b>	<b>2,732</b>
Deficit brought forward		(2,185)	(4,917)
<b>Deficit carried forward</b>		<b>(157,272)</b>	<b>(2,185)</b>

All results are derived from continuing operations.

There were no recognised gains or losses and no movements of shareholders' funds other than those included in the profit and loss account.

There is no difference between the result as disclosed in the profit and loss account and the result on an unmodified historical cost basis.

# Advanced Composites Limited

## Balance sheet at 31 August 1996

	Note	1996	1995
		£	£
<b>Fixed assets</b>			
Tangible assets	7	657,229	739,866
<b>Current assets</b>			
Stocks	8	878,033	611,916
Debtors	9	5,289,497	4,885,329
Cash at bank and in hand		78,251	21,511
		<u>6,245,781</u>	<u>5,518,756</u>
<b>Creditors: amounts falling due within one year</b>	10	<u>(7,014,684)</u>	<u>(6,199,810)</u>
<b>Net current liabilities</b>		<u>(768,903)</u>	<u>(681,054)</u>
<b>Total assets less current liabilities</b>		<u>(111,674)</u>	<u>58,812</u>
<b>Creditors: amounts falling due after more than one year</b>	11	(12,201)	(60,995)
<b>Provision for liabilities and charges</b>	12	(33,395)	-
<b>Net liabilities</b>		<u>(157,270)</u>	<u>(2,183)</u>
<b>Capital and reserves</b>			
Called up share capital	13	2	2
Profit and loss account		(157,272)	(2,185)
<b>Equity shareholders' funds</b>	14	<u>(157,270)</u>	<u>(2,183)</u>

These financial statements were approved by the board of directors on 17 March 1998 and were signed on its behalf by:



**RM Sloman**  
Director



# Advanced Composites Limited

## 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*

These financial statements have been prepared on a going concern basis, which assumes the continued support of the parent company.

#### *Research and development*

Research and development expenditure is written off as incurred.

#### *Other operating income*

Other operating income represents the recharge of costs to other companies in the Advanced Composites Group.

#### *Fixed assets and depreciation*

Fixed assets are depreciated over their estimated anticipated useful lives at the following annual rates.

Improvements to leasehold property over the period of the lease.

Portable buildings	10%
Plant and equipment	6.6% to 15%
Fixtures and fittings	15%
Office equipment	15%
Computer equipment	33%
Motor vehicles	25%

#### *Stocks*

Stocks are valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal.

Provision is made for obsolete, slow-moving or defective items where appropriate.

# Advanced Composites Limited

## Notes (continued)

### 1 Accounting policies (continued)

#### *Deferred taxation*

Provision is made for deferred taxation using the liability method and the current rate of corporation tax except where there is a reasonable probability that such tax will not become payable in the foreseeable future.

#### *Pension scheme*

Pension contributions are charged to the profit and loss account so as to spread the cost of providing benefits over the service lives of employees.

#### *Leases and hire purchase contracts*

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at their estimated fair value at the date of inception of each lease or contract. The total finance charges are allocated over the period of the lease in such a way as to give a reasonably constant charge on the outstanding liability. Rentals paid under operating leases are charged to income as incurred.

#### *Cash flow statement*

Under FRS 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking of Advanced Composites Group Limited.

2	Interest payable and similar charges	1996 £	1995 £
	Bank interest	14,409	34,386
	Hire purchase contracts	443	3,494
		<hr/>	<hr/>
		14,852	37,880
3	(Loss)/profit on ordinary activities before taxation	<hr/>	<hr/>

(Loss)/profit on ordinary activities before taxation is stated after charging:

	1996 £	1995 £
Depreciation - owned assets	94,177	33,686
- assets held under hire purchase contracts	-	2,072
Auditors' remuneration - audit work	8,000	12,000
- non-audit work	2,500	3,000
Operating leases and contract hire charges	34,980	15,098
Research and development	111,410	-
	<hr/>	<hr/>

# Advanced Composites Limited

## Notes (continued)

### 4 Directors' remuneration

Including pension contributions and benefits in kind, the emoluments of the directors, all of whom acted as executives, were £256,908 (1995: £177,450).

Excluding pension contributions, the emoluments of the chairman and highest paid director were £167,045 (1995: £129,957).

The emoluments of directors, excluding pension contributions, fell within the following bands:

	1996	1995
£40,001 - £45,000	-	1
£45,001 - £50,000	1	-
£125,001 - £130,000	-	1
£165,001 - £170,000	1	-
	<hr/>	<hr/>

Mr Ridgard is employed wholly in the USA and is therefore excluded from the bandings.

### 5 Staff numbers and costs

The average number of persons, including directors, employed by the company during the year was as follows:

	1996 Number	1995 Number
Technical, administration and sales	41	33
	<hr/>	<hr/>

*The aggregate payroll costs of these persons were:*

	£	£
Wages and salaries	813,462	598,001
Social security costs	68,355	52,714
Pension costs	65,174	14,513
	<hr/>	<hr/>
	946,991	665,228
	<hr/>	<hr/>

### 6 Tax on (loss)/profit on ordinary activities

	1996 £	1995 £
<i>The taxation charge comprises:</i>		
Deferred taxation (note 12)	33,395	-
	<hr/>	<hr/>

# Advanced Composites Limited

## Notes (continued)

### 7 Tangible fixed assets

	Portable buildings £	Leasehold improve- ments £	Plant and equipment £	Fixtures and fittings £	Office equipment £	Computer equipment £	Motor vehicles £	Total £
<i>Cost</i>								
At beginning of year	19,677	21,061	650,957	64,680	52,610	119,620	52,059	980,664
Additions	-	-	167	-	800	10,573	-	11,540
At end of year	19,677	21,061	651,124	64,680	53,410	130,193	52,059	992,204
<i>Depreciation</i>								
At beginning of year	16,728	7,878	33,417	33,771	43,103	58,513	47,388	240,798
Charge for year	583	1,956	53,609	5,263	1,166	30,125	1,475	94,177
At end of year	17,311	9,834	87,026	39,034	44,269	88,638	48,863	334,975
<i>Net book value</i>								
At 31 August 1996	2,366	11,227	564,098	25,646	9,141	41,555	3,196	657,229
At 31 August 1995	2,949	13,183	617,540	30,909	9,507	61,107	4,671	739,866

The net book value of plant, equipment and motor vehicles includes £nil (1995: £4,835) in respect of assets held under hire purchase contracts, the depreciation of which is shown in note 3.

### 8 Stocks

	1996 £	1995 £
Raw materials	878,033	611,916

### 9 Debtors

	1996 £	1995 £
Trade debtors	37,073	34,574
Amounts owed by group undertakings	5,056,964	4,727,004
Other debtors	134,114	78,662
Prepayments	61,346	45,089
	5,289,497	4,885,329

# Advanced Composites Limited

## Notes (continued)

### 10 Creditors: amounts falling due within one year

	1996 £	1995 £
Trade creditors	1,811,011	1,485,240
Amount owed to group undertakings	4,729,147	4,326,980
Other creditors	145,739	74,832
Income tax and social security	174,430	125,801
Obligations under hire purchase agreements	-	1,391
Corporation tax	-	2,200
Accruals	154,357	183,366
	<u>7,014,684</u>	<u>6,199,810</u>

### 11 Creditors: amounts falling due after more than one year

	1996 £	1995 £
Other creditors	12,201	60,995
	<u>12,201</u>	<u>60,995</u>

### 12 Provisions for liabilities and charges

	1996 £	1995 £
<i>Amount provided and full potential liability</i>		
Accelerated capital allowances:		
Balance at 1 September	-	-
Movement in the year (note 6)	33,395	-
<b>At 31 August</b>	<u>33,395</u>	<u>-</u>

### 13 Called up share capital

	1996 £	1995 £
<i>Authorised</i>		
Ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	2	2
	<u>2</u>	<u>2</u>

# Advanced Composites Limited

## Notes (continued)

### 14 Reconciliation of movements in shareholders' funds

	1996 £	1995 £
(Loss)/profit for the financial year	(155,087)	2,732
Opening shareholders' funds	(2,183)	(4,915)
Closing shareholders' funds	(157,270)	(2,183)

### 15 Contingent liabilities

There is a cross guarantee between all group companies in relation to the bank borrowings of each company. At 31 August 1996, the outstanding liability under this guarantee was £1,934,645 (1995: £1,965,786).

### 16 Leasing commitments

The minimum lease payments to which the company was committed, all of which are non-cancellable operating leases, are analysed to expire as follows:

	1996		1995	
	Land and buildings £	Other £	Land and buildings £	Other £
Within 1 year	-	6,220	-	-
Between 1 and 5 years	208,154	45,108	148,670	21,180
	<u>208,154</u>	<u>51,328</u>	<u>148,670</u>	<u>21,180</u>

### 17 Pension scheme

The company is a member of the Advanced Composites Group pension scheme, a defined benefit pension scheme, details of which are shown in the financial statements of Advanced Composites Group Limited. During the year, the charge to the profit and loss account was £65,174.

### 18 Ultimate parent undertaking

The ultimate parent undertaking is Advanced Composites Group Limited, which is incorporated in Great Britain.

Advanced Composites Group Limited has indicated that it intends to provide such funds as are necessary for the company to continue to trade.

Copies of the financial statements of the above company are available from Composites House, Adams Close, Heanor Gate Industrial Estate, Heanor, Derbyshire.