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ADVANCED COMPOSITES LIMITED

ANNUAL REPORT

YEAR ENDED 31 AUGUST 1991

COMPANIES HOUSE  
- 7 MAY 1992  
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ADVANCED COMPOSITES LIMITED

ANNUAL REPORT

YEAR ENDED 31 AUGUST 1991

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ADVANCED COMPOSITES LIMITED

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DIRECTORS' REPORT

The directors submit their report and the audited financial statements for the year ended 31 August 1991 which show the state of the company's affairs.

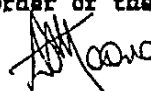
1. **Principal activity**  
The company commenced to trade on 1 September 1990, having taken over the trade and service function previously carried on within the group by Advanced Composite Components Limited.
2. **Business review**  
The loss for the year results mainly from the expenditure on research and development which the directors are confident will produce benefits for the whole group in the future.
3. **Results and dividend**  
The results for the year are shown on page 3.  
The directors do not recommend the payment of any dividend.
4. **Fixed assets**  
Changes in fixed assets are set out in note 5 to the financial statements.
5. **Directors**  
The directors during the year and their interests in the shares of the company at the end of the year were as follows :

	Ordinary shares of £1 each
R M Sloman	-
S H Datto (resigned 11.2.92)	-
A J Burrows (appointed 1.9.90 and resigned 3.3.92)	-
D Butterworth (appointed 1.9.90)	-
C L Davies (appointed 1.9.90 and resigned 3.3.92)	-
S R King (appointed 1.9.90)	-
R D Murray (appointed 1.9.90)	-
C Ridgard (appointed 1.9.90)	-
H G Rees (appointed 3.3.92)	-
M A Staton (appointed 3.3.92)	-

R M Sloman and M A Staton are also directors of the holding company. Their interests in the shares of the holding company are shown in the financial statements of that company.

6. **Status**  
The company is a close company under the provisions of the Taxes Acts.
7. **Auditors**  
Kissons Impey have agreed to offer themselves for re-appointment as auditors of the company.

By Order of the Board



A B Moore  
Secretary

Composites House  
Adams Close  
Heanor Gate Industrial Estate  
Heanor, Derbyshire  
25 March 1992

ADVANCED COMPOSITES LIMITED

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AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 3 to 10 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 August 1991 and of the result and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Kidsons Impey*

Kidsons Impey  
Registered Auditor  
Chartered Accountants

Derby  
25 March 1992

## ADVANCED COMPOSITES LIMITED

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PROFIT AND LOSS ACCOUNT  
YEAR ENDED 31 AUGUST 1991


	<u>Notes</u>	£	£
Turnover	1		2,461,055
Cost of sales			<u>-</u>
Gross profit			2,461,055
Administrative expenses		2,595,787	
Interest payable	2	<u>95,120</u>	
			<u>2,690,907</u>
Loss on ordinary activities before taxation	3		(229,852)
Taxation on ordinary activities	4		<u>(57,932)</u>
Loss on ordinary activities after taxation and balance carried forward			<u>£ (171,920)</u>

## ADVANCED COMPOSITES LIMITED

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BALANCE SHEET  
31 AUGUST 1991

	<u>Notes</u>	£	£
Fixed assets	5		102,811
Current assets			
Stock	6	322,528	
Debtors	7	904,429	
Cash in hand		11,964	
		<u>1,238,921</u>	
Creditors : amounts falling due within one year	8	<u>1,485,110</u>	
Net current liabilities			<u>(246,189)</u>
Total assets less current liabilities			(143,378)
Creditors : amounts falling due after more than one year	9		(27,080)
Provision for liabilities and charges	10		<u>(1,460)</u>
			<u>£ (171,918)</u>
Capital and reserves			
Called up share capital	11		2
Profit and loss account			<u>(171,920)</u>
			<u>£ (171,918)</u>



R M SLOMAN


 Directors

 M-A STATION  
 210 MURRAY

## ADVANCED COMPOSITES LIMITED

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STATEMENT OF SOURCE AND APPLICATION OF FUNDS  
YEAR ENDED 31 AUGUST 1991

	£	£
Use of funds		
Loss before tax		(229,852)
Adjustment for items not involving the movement of funds :		
Depreciation (less profit on sale)		28,732
Total absorbed by operations		(201,120)
Funds from other sources		
Issue of shares	2	
Hire purchase	27,080	
Sale of fixed assets	3,603	30,685
		(170,435)
Application of funds		
Purchase of fixed assets		135,146
		£ (305,581)
(Reduction) in working capital		
Increase in stock		322,528
Increase in debtors		873,347
(Increase) in creditors		(1,513,420)
		(317,545)
Movement in net liquid funds		
Increase in cash in hand		11,964
		£ (305,581)

NOTES AND ACCOUNTING POLICIES  
YEAR ENDED 31 AUGUST 1991

1. Accounting policies

a) BASIS OF ACCOUNTING

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

b) TURNOVER

Turnover is based on the value of invoices rendered and excludes value added tax.

c) FIXED ASSETS AND DEPRECIATION

Fixed assets are depreciated by equal monthly instalments over their anticipated useful lives at the following rates :

Plant and equipment	15%
Fixtures and fittings	15%
Office equipment	15%
Computer equipment	33%

d) STOCK AND WORK IN PROGRESS

Stock is stated at the lower of cost and net realisable value. Cost comprises actual purchase price.

Work in progress comprises all direct material and labour costs including a proportion of overheads appropriate to location and condition.

e) 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.

f) RESEARCH AND DEVELOPMENT

Expenditure on research and development is written off against profits as incurred.

g) LEASES AND HIRE PURCHASE CONTRACTS

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at the 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.

NOTES AND ACCOUNTING POLICIES  
YEAR ENDED 31 AUGUST 1991

## 1. Accounting policies (continued)

## h) APPROVAL OF ACCOUNTS

The accounts were approved at a meeting of the board of directors on 25 March 1992.

## 2. Interest payable

	£
Bank overdraft	92,065
Hire purchase	3,055
	<hr/>
	£ 95,120
	<hr/>

## 3. Loss on ordinary activities before taxation

After charging :

	£
Depreciation - owned assets	20,567
- assets held under hire purchase contracts	10,466
Auditors' remuneration	11,200
Operating leases and contract hire charges	201,279
Research and development costs	484,548
	<hr/>

## 4. Taxation on ordinary activities

The amount in the Profit and Loss account represents :

	£
Corporation tax at 35% payable based on the result for the year	(31,082)
Deferred taxation	(26,850)
	<hr/>
	£ (57,932)
	<hr/>

The corporation tax receipt has been generated by Group Relief.

NOTES AND ACCOUNTING POLICIES  
YEAR ENDED 31 AUGUST 1991

## 5. Fixed assets

	<u>Additions</u>	<u>Disposals</u>	<u>Intra Group Transfers</u>	<u>At 31-8-91</u>
	£	£	£	£
Cost				
Portacabins	5,188	-	14,489	19,677
Leasehold improvements	-	-	2,490	2,490
Plant and equipment	14,299	-	25,375	39,674
Fixtures and fittings	-	-	33,047	33,047
Office equipment	3,280	127	47,720	50,873
Computer equipment	8,510	-	30,427	38,937
Motor vehicles	-	8,355	54,514	46,159
	<u>£ 31,277</u>	<u>8,482</u>	<u>208,062</u>	<u>230,857</u>

	<u>Charge for year</u>	<u>Eliminated on disposals</u>	<u>Intra Group Transfers</u>	<u>At 31-8-91</u>
	£	£	£	£
Depreciation				
Portacabins	1,757	-	9,926	11,683
Leasehold improvements	100	-	725	825
Plant and equipment	4,129	-	9,313	13,442
Fixtures and fittings	4,011	-	19,097	23,108
Office equipment	6,623	-	27,114	33,737
Computer equipment	3,420	-	24,997	28,417
Motor vehicles	10,993	7,180	13,021	16,834
	<u>£ 31,033</u>	<u>7,180</u>	<u>104,193</u>	<u>128,046</u>

	<u>At 31-8-91</u>
	£
Net book amounts	
Portacabins	7,994
Leasehold improvements	1,665
Plant and equipment	26,232
Fixtures and fittings	9,939
Office equipment	17,136
Computer equipment	10,520
Motor vehicles	29,325
	<u>£ 102,811</u>

The net book amount of plant, equipment and motor vehicles includes £42,447 in respect of assets held under hire purchase contracts, the depreciation of which is shown in note 3.

NOTES AND ACCOUNTING POLICIES  
YEAR ENDED 31 AUGUST 1991

## 6. Stock

Raw materials	£ 322,528
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## 7. Debtors

	£
Amounts due from fellow subsidiaries	818,968
Other debtors	24,243
Prepayments	30,136
Corporation tax	31,082
	<u>£ 904,429</u>

8. Creditors : amounts falling due within or ~~on~~ <sup>for</sup> year

	£
Trade creditors	1,166,747
Income tax and social security	106,379
Accruals	103,115
Instalment of hire purchase (Note 9)	8,563
Other creditors	74,186
Director's current account	26,120
	<u>£ 1,485,110</u>

## 9. Creditors : amounts falling due after more than one year

	£
Hire purchase - total amount outstanding	35,643
- amount due within one year (Note 8)	8,563
	<u>£ 27,080</u>

The hire purchase agreements are wholly repayable within five years.

## 10. Provision for liabilities and charges

Deferred taxation liability in respect of :	£
Accelerated capital allowances	13,400
Tax losses carried forward	11,940
	<u>£ 1,460</u>

NOTES AND ACCOUNTING POLICIES  
YEAR ENDED 31 AUGUST 1991

## 11. Share capital

There was no change in share capital during the year.

	<u>Authorised</u>	<u>Issued and fully paid</u>
Ordinary shares of £1 each	100	2
	<u>          </u>	<u>          </u>

## 12. Contingent liabilities

There is a cross guarantee between all group companies in relation to the bank overdraft of each company.

## 13. Staff numbers and costs

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

Directors	8
Technical, administration and sales	72
	<u>80</u>

The aggregate payroll costs of these persons were :

	£
Wages and salaries	1,358,985
Social security	126,765
Pension costs	19,487
	<u>£ 1,505,237</u>

## 14. Ultimate holding company

The ultimate holding company is Advanced Composites Group Limited incorporated in England.

## 15. Leasing commitments

The minimum lease payments to which the company is committed for the year ending 31 August 1992, all of which are non-cancellable operating leases for equipment and motor vehicles, are analysed to expire as follows :

	£
Within one year	12,567
Between one and five years	82,655
	<u>£ 95,222</u>