

Complas Limited

Directors' Report and Financial Statements
for the year ended 31 December 2000

Company registration number 1683851



Complas Limited

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Directors' report

The directors have pleasure in submitting their report, together with the financial statements of the company, for the year ended 31 December 2000.

Results and dividends

The company made a profit for the financial year of £449,000 (1999: £140,000). The directors recommend payment of a second interim dividend of £55,000 (1999: £80,000), which together with the first interim dividend of £25,000, makes a total paid or to be paid of £80,000.

Principal activities and business review

The company specialises in the design and manufacture of high performance radomes and composite structures for the aerospace, defence and communication markets. The principal activities are not expected to change in the foreseeable future.

Directors

The following directors held office during the year:

T Cook	(appointed 9 May 2000)
G C Cooper	
P A Hogan	(resigned 30 June 2000)
L J Marshall	
E G Masterson	

In addition, I Richardson was appointed a director on 1 January 2001.

The directors' shareholdings and interests are shown in note 6 to the financial statements.

European monetary union

Following the introduction of the Euro on 1 January 1999, the company is able to transact in Euro, as appropriate.

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Statement of directors' responsibilities

The following statement, which should be read in conjunction with the report of the auditors set out on page 3 is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the auditors in relation to the financial statements.

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss for the financial year.

The directors consider that in preparing the financial statements on pages 4 to 14, the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates and that all accounting standards which they consider to be applicable have been followed. The financial statements have been prepared on a going concern basis.

The directors have responsibility for ensuring that the company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The directors 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.

Auditors

In accordance with Section 386 of the Companies Act 1985, as a result of an elective resolution PricewaterhouseCoopers are deemed reappointed as auditors to the company for the forthcoming financial year.

By order of the board



L.J. Marshall
Director

31 May 2001

Complas Limited

Auditors' report to the members of Complas Limited

We have audited the financial statements on pages 4 to 14.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 2, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

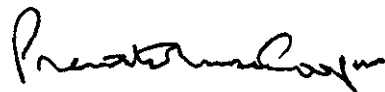
Basis of audit opinion

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 the company's affairs at 31 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Southampton
1 JUNE 2001

Complas Limited

Accounting policies

Accounting convention

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

Turnover

Turnover is based on sales value exclusive of value added tax together with the sales value of work done on long term contracts.

Deferred taxation

Provision is made for deferred taxation, using the liability method, where there is a reasonable probability that it will become payable within the foreseeable future.

Tangible fixed assets

Fixed assets are depreciated on a straight line basis over their estimated useful economic lives, as follows:

Freehold building	- 50 years
Plant, machinery, fixtures, fittings, tools and equipment	- Over 3 to 8 years

Stocks

Stock and work in progress are stated at the lower of cost, which includes an appropriate proportion of production overheads, and net realisable value.

Payments received and receivable on account of work in progress are deducted from the cost of the work carried out at the balance sheet date to the extent of the valuation of the work done.

Long term contracts

Profit on long term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of work carried out at the year end, by recording turnover and related costs (as defined in Stocks above) as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for that contract. Revenue derived from variations on contracts are recognised only when they have been accepted by the customer. Full provision is made for losses on all contracts in the year in which they are first foreseen.

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Research and development

Research and development expenditure not chargeable to customers is written off in the year in which it is incurred.

Foreign currencies

Assets and liabilities in foreign currencies are expressed in sterling at the rates of exchange ruling at the balance sheet date. Exchange differences are dealt with in the profit and loss account.

Pension costs

The Company contributes to a group pension scheme operated by Chelton (Electrostatics) Limited. Contributions and pension costs are based on pension costs across the group as a whole. Pension costs are accounted for on the basis of charging the expected cost of providing pensions over the period during which the company benefits from the employee's services. The effects of variations from regular costs are spread over the remaining working lifetime of members of the scheme after making suitable allowances for future withdrawals.

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Profit and loss account for the year ended 31 December 2000

	Notes	2000 £'000	1999 £'000
Turnover	1	2,214	1,572
Cost of sales		(1,414)	(1,280)
Gross profit		800	292
Distribution costs		(39)	(41)
Administrative expenses		(155)	(122)
Operating profit	2	606	129
Interest receivable	3	35	45
Interest payable	4	(6)	(1)
Profit on ordinary activities before taxation		635	173
Tax on profit on ordinary activities	5	(186)	(33)
Profit for the financial year	16	449	140
Dividends	8	(80)	(80)
Retained profit for the financial year	15	369	60

The company had no recognised gains or losses other than the above profit for the year and therefore no separate statement of total recognised gains and losses has been presented.

All the company's current activities are classed as continuing.

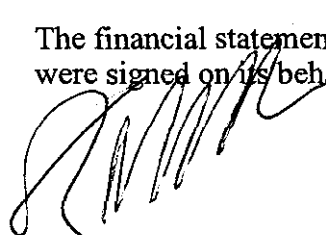
The retained profit for the financial year has been computed on the historical cost basis.

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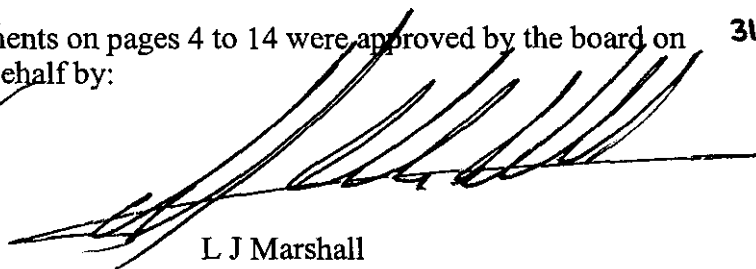
Balance sheet as at 31 December 2000

		2000 £'000	£'000	1999 £'000	£'000
Fixed assets					
Tangible assets	9		637		681
Current assets					
Stocks	10	478		61	
Debtors	11	1,098		942	
		1,576		1,003	
Creditors: amounts falling due within one year	12	(576)		(416)	
Net current assets			1,000		587
Total assets less current liabilities			1,637		1,268
Creditors: amounts falling due after one year	13		(100)		(100)
			1,537		1,168
Capital and reserves					
Called up share capital	14		10		10
Profit and loss account	15		1,527		1,158
Shareholders' funds	16		1,537		1,168

The financial statements on pages 4 to 14 were approved by the board on 31 May 2001 and were signed on its behalf by:



E G Masterson
Director



L J Marshall
Director

Complas Limited

Notes to the financial statements

1 Turnover

All sales are made in the United Kingdom and are deemed as being attributable to one class of business.

2 Operating profit

	2000 £'000	1999 £'000
Operating profit is stated after charging		
Depreciation of owned tangible fixed assets	69	44
Auditors' remuneration:		
Audit services	4	3
Non audit services	1	1

3 Interest receivable

	2000 £'000	1999 £'000
Interest receivable from group undertakings	35	45

4 Interest payable

	2000 £'000	1999 £'000
On bank loans and overdrafts	6	1

5 Tax on profit on ordinary activities

	2000 £'000	1999 £'000
Taxation on the profit for the year		
UK Corporation tax at 30% (1999: 30.25%)	186	33

No deferred taxation provision has been made as there is no foreseeable reversal of timing differences. The total amount of unprovided deferred tax on a full provision basis is:

	2000 £'000	1999 £'000
Accelerated capital allowances	55	51

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6 Directors

Directors' shareholdings and interests

None of the directors held an interest in the company's shares or rights to subscribe for such shares.

The interests of G C Cooper and his family in the shares of the ultimate parent undertaking and rights to subscribe for such shares are disclosed in the financial statements of the ultimate parent undertaking.

The interests of E G Masterson, L J Marshall and T Cook and their families in the shares of the ultimate parent undertaking and their rights to subscribe for such shares were:

	At 31 December 2000		At 31 December 1999	
	Shares	Options	Shares	Options
E G Masterson	167	3,942	389	3,692
L J Marshall	1,359	5,541	1,290	3,854
T Cook	-	324	-	-

The following options were granted during the year:

	Number	Exercise price (p)	Exercise period
L J Marshall	1,687	1,037	15/09/2003 – 15/09/2010
E G Masterson	250	836	01/02/2006 – 01/08/2006
T Cook	324	836	01/02/2004 – 01/08/2004

No options were exercised during the year.

Directors' emoluments and pensions are paid by Cobham Composites Limited, with the exception of T Cook who is paid by Chelton Radomes Limited.

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7 Employees

	2000 £'000	1999 £'000
Employment costs:		
Wages and salaries	373	271
Social security costs	28	23
Other pension costs (note 17)	27	12
	428	306

The average monthly number of employees (including directors) employed by the company during the year was:

By activity	2000	1999
Assembly and other	10	8
Production and engineering	7	6
Marketing	1	-
Management and administration	3	2
	21	16

8 Dividends

	2000 £'000	1999 £'000
Interim dividend of £25 per share (1999: £Nil)	25	-
Proposed second interim dividend of £55 per share (1999: £8.00)	55	80
	80	80

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9 Tangible fixed assets

	Land and buildings (freehold) £'000	Plant and machinery (including vehicles) £'000	Fixtures, fittings, tools and equipment £'000	Total £'000
Cost				
At 1 January 2000	395	578	99	1,072
Additions	-	11	14	25
At 31 December 2000	395	589	113	1,097
Depreciation				
At 1 January 2000	66	240	85	391
Charge for year	6	57	6	69
At 31 December 2000	72	297	91	460
Net book amount				
At 31 December 2000	323	292	22	637
At 31 December 1999	329	338	14	681

Capital commitments

At 31 December 2000 and 31 December 1999 the company had no outstanding capital commitments.

10 Stocks

	2000 £'000	1999 £'000
Raw materials and consumables	128	26
Work in progress	350	35
	478	61

There is no significant difference between the replacement cost and value of stocks shown.

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11 Debtors

	2000 £'000	1999 £'000
Trade debtors	256	100
Amounts owed by group undertakings	688	794
Prepayments and accrued income	4	3
Amounts recoverable on contracts	149	42
Tax recoverable	-	3
Other debtors	1	-
	1,098	942

12 Creditors: Amounts falling due within one year

	2000 £'000	1999 £'000
Bank loans and overdrafts	13	17
Payments received on account	114	67
Trade creditors	120	116
Amounts owed to group undertakings	44	1
Taxation and social security	89	45
Corporation tax payable	130	-
Other creditors	-	74
Accruals and deferred income	11	16
Proposed dividend	55	80
	576	416

The bank overdraft is unsecured and is repayable on demand.

13 Creditors: amounts falling due in more than one year

	2000 £'000	1999 £'000
Amounts due to group undertakings	100	100

Amounts due to group undertakings are unsecured, interest free and repayable on demand.

14 Called up share capital

The share capital of the company consists of 10,000 authorised, allotted and fully paid ordinary shares of £1 each. There have been no changes during the year.

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15 Profit and loss account

	£'000
At 1 January 2000	1,158
Retained profit for the financial year	369
At 31 December 2000	1,527

16 Reconciliation of movement in shareholders' funds

	2000 £'000	1999 £'000
Profit for the financial year	449	140
Dividends	(80)	(80)
Net addition to shareholders' funds	369	60
Opening shareholders' funds – all equity	1,168	1,108
Closing shareholders' funds – all equity	1,537	1,168

17 Pension commitments

The company participates in a group pension scheme operated by Chelton (Electrostatics) Limited. The pension scheme is of the defined benefit type and its assets are held in a separate trustee administered fund. The fund is valued every three years by a professionally qualified independent actuary, the rates of contribution payable being determined by the actuary. The latest actuarial assessment of the scheme was 6 April 1998. Particulars of the valuation are contained in the accounts of Chelton (Electrostatics) Limited. The pension cost for the company was £27,000 (1999: £12,000).

18 Contingent liabilities

The company is a participant in a Group banking arrangement under which all surplus cash balances are held as collateral for bank facilities advanced to group members. In addition, the company has issued an unlimited guarantee to the bank to support these facilities.

19 Cash flow statement and related party transactions

The company is a wholly owned subsidiary of Chelton Limited and is included in the consolidated financial statements of Cobham plc, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cashflow statement under the terms of Financial Reporting Standard 1 (revised 1996). The company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the Cobham plc group or investees of the Cobham plc group.

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20 Ultimate parent undertaking

The immediate parent undertaking is Chelton Limited.

The ultimate parent undertaking and controlling party is Cobham plc, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the Cobham plc consolidated financial statements can be obtained from the Company Secretary at Cobham plc Brook Road, Wimborne, Dorset, BH21 2BJ.