
Labtech Limited

Report and Financial Statements

◆ *Year ended 30 April 1995* ◆



Company No: 1709860

LABTECH LIMITED

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LABTECH LIMITED

COMPANY INFORMATION

Directors J P Davis (Chairman)
 I D Brodie
 J S Ellison
 M V Devey
 D Latham

Secretary J S Ellison

Registered office PO Box 25
 South Marston Park
 Swindon
 Wiltshire
 SN3 4TR

Registered number 1709860

Auditors Robson Rhodes
 Chartered Accountants
 Centre City Tower
 7 Hill Street
 Birmingham
 B5 4UU

Bankers Midland Bank plc
 47 Eastgate Street
 Chester
 CH1 1XW

LABTECH LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 30 April 1995.

Principal activity

The principal activity of the company is the manufacture of microwave circuit boards.

Business review and future developments

The last year, with the move to the new factory, proved to be a difficult time for the company. The expansion in overheads to accommodate future sales was very costly. An additional 35 staff have joined Labtech Limited in the last 10 months, all requiring training. The new building and all of the new equipment was installed and commissioned and, at the same time, deliveries of complex circuits had to be met. The directors are now confident that all of the problems encountered have been overcome, and the company now has a first class facility, arguably one of the best of its kind in the world.

Exports now account for 50% of turnover and plans are in place to employ agents in America. The explosive increase in telecommunications and microwave applications in commercial products will lead to continued long term growth.

Results and dividends

The profit on ordinary activities after taxation amounted to £50,785 (1994 - £181,925). It is recommended that this amount be dealt with as follows:

	£
Dividends	25,328
Transfer to reserves	25,457
	<hr/>
	50,785
	<hr/>

No interim dividend was paid during the year (1994 - £95,000).

The directors propose a final dividend of £25,328 for the year (1994 - £31,848).

Fixed assets

The movement in the tangible fixed assets account is set out in Note 11 to the financial statements.

LABTECH LIMITED

REPORT OF THE DIRECTORS **(Continued)**

Directors

The directors of the company are set out on page 1. C Lea resigned on 30 November 1994. All other directors served throughout the year.

The interests of the main board directors in the shares of Intelek plc are disclosed in the financial statements of that company.

The beneficial interests of the directors and their families at 30 April 1995 and the beginning of the year in the ordinary share capital and preference share capital of Intelek plc other than for main board directors are detailed below:

	Convertible Cumulative Redeemable Preference shares 1997 of £1 each		Ordinary shares of 25p each			
	Beneficial		Beneficial		Options under the executive scheme	
	1995	1994	1995	1994	1995	1994
D Latham	695,000	695,000	25,285	25,285	70,000	70,000

There are no non-beneficial interests.

There have been no changes in the above since the year end.

The options granted under the terms of the Executive Scheme are exercisable between 1995 and 2004 at a price of 25p per share.

LABTECH LIMITED

REPORT OF THE DIRECTORS (Continued)

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 of the company for that period. In preparing these financial statements, the directors have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable accounting standards; and
- prepared the financial statements on the going concern basis.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

The auditors, Robson Rhodes, are willing to continue in office and are expected to be deemed to be reappointed in accordance with the elective resolution currently in force.

The report of the directors was approved by the Board on 21 August 1995 and signed on its behalf by:



J S ELLISON
Secretary

AUDITORS' REPORT TO THE SHAREHOLDERS OF LABTECH LIMITED

We have audited the financial statements on pages 6 to 16 which have been prepared on the basis of the accounting policies set out on pages 8 and 9.

Respective responsibilities of directors and auditors

As described on page 4 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.

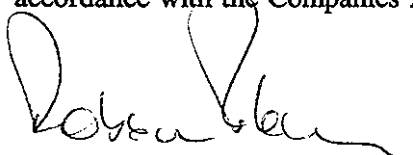
Basis of opinion

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 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 30 April 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Robson Rhodes
Chartered Accountants and Registered Auditor

Birmingham
21 August 1995

LABTECH LIMITED**PROFIT AND LOSS ACCOUNT**
for the year ended 30 April 1995

	Note	1995 £	1994 £
Turnover - continuing activities	1,2	2,387,113	1,798,578
Cost of sales		(1,211,842)	(801,794)
		<hr/>	<hr/>
Gross profit		1,175,271	996,784
Distribution costs		(228,896)	(176,679)
Administrative expenses		(768,054)	(545,573)
		<hr/>	<hr/>
Operating profit - continuing activities	3	178,321	274,532
Interest receivable and similar income	4	-	7,360
Interest payable	5	(90,976)	(28,195)
Exceptional item	6	(52,038)	-
		<hr/>	<hr/>
Profit on ordinary activities before taxation		35,307	253,697
Taxation	9	15,478	(71,772)
		<hr/>	<hr/>
Profit on ordinary activities after taxation		50,785	181,925
Dividends	10	(25,328)	(126,848)
		<hr/>	<hr/>
Retained profit for the year	19	25,457	55,077
		<hr/>	<hr/>

There have been no recognised gains or losses other than those reported above.

LABTECH LIMITED**BALANCE SHEET**
at 30 April 1995

	Note	1995 £	1994 £
Fixed assets			
Tangible assets	11	1,299,646	667,179
Current assets			
Stocks	12	476,963	202,627
Debtors	13	562,797	646,033
Cash at bank and in hand		219	528
Creditors: Amounts falling due within one year	14	1,039,979 (1,174,960)	849,188 (773,483)
Net current (liabilities)/assets		(134,981)	75,705
Total assets less current liabilities		1,164,665	742,884
Creditors: Amounts falling due after more than one year	15	(514,866)	(181,944)
Provision for liabilities and charges	16	-	(19,173)
Deferred income	17	(82,575)	-
Net assets		567,224	541,767
Capital and reserves			
Called up share capital	18	6,000	6,000
Profit and loss account	19	561,224	535,767
Equity shareholders' funds	20	567,224	541,767

The financial statements were approved by the Board on 21 August 1995 and signed on its behalf by:



D LATHAM
Director

NOTES TO THE FINANCIAL STATEMENTS

30 April 1995

1. ACCOUNTING POLICIES

Basis of accounting

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

Turnover

Turnover is the amount receivable for goods and services supplied, excluding value added tax.

Pensions

In accordance with SSAP 24, contributions to the group defined benefit pension scheme are charged to profit on the recommendation of a qualified actuary using the defined accrued benefit method so as to spread the cost of pensions over the anticipated service lives of scheme members. Contributions to defined contribution schemes are charged to profit as they fall due.

Deferred taxation

Provision for deferred taxation is made under the liability method to take account of timing differences arising because of the different treatment of certain items for accounts and tax purposes where it is probable that the liability will become payable in the foreseeable future.

Depreciation

Depreciation is provided to write down the cost of tangible fixed assets over their estimated useful lives. No depreciation is provided on freehold land. The principal annual rates used are:

Building improvements	2%	on cost
Plant and machinery	10%-33%	on cost
Motor vehicles	25%	on written down value

Leased assets

Fixed assets subject to finance leases are capitalised and depreciated in accordance with the depreciation policy stated above. The corresponding liability for the capital element is included in creditors, and the interest, calculated on the basis of the amount outstanding, is charged against profits over the period of the lease. The rental and operating lease costs of all other assets are charged against profit before interest, as incurred.

Stock and work in progress

Stock and work in progress are stated at the lower of cost and net realisable value. Cost comprises direct material and labour and, where appropriate, includes attributable overheads. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

LABTECH LIMITED

NOTES TO THE FINANCIAL STATEMENTS**30 April 1995****1. ACCOUNTING POLICIES (Continued)****Government grants**

Grants in respect of fixed assets are credited to the profit and loss account in equal annual instalments over the useful lives of the assets concerned.

Other grants are credited to the profit and loss account in the same period as the expenditure to which they contribute.

2. TURNOVER

	1995	1994
	£	£
United Kingdom	1,288,980	1,041,840
Other EC countries	641,754	96,179
Rest of Europe	433,632	627,864
Asia	22,747	28,591
Africa	-	4,104
	<hr/>	<hr/>
	2,387,113	1,798,578
	<hr/>	<hr/>

3. OPERATING PROFIT

Operating profit is arrived at after charging:

	1995	1994
	£	£
Depreciation	119,307	42,374
Operating lease rentals		
- property	82,812	18,000
(Profit)/loss on sale of fixed assets	(5,677)	170
Auditors' remuneration	3,500	3,500
Fees paid to Robson Rhodes for other services	2,000	1,525
	<hr/>	<hr/>

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	1995	1994
	£	£
Bank interest receivable	NIL	7,360
	<hr/>	<hr/>

LABTECH LIMITED

NOTES TO THE FINANCIAL STATEMENTS**30 April 1995****5. INTEREST PAYABLE**

	1995	1994
	£	£
Interest on leased assets	49,996	15,193
Interest on loans and overdrafts payable wholly within five years	40,980	13,002
	<hr/>	<hr/>
	90,976	28,195
	<hr/>	<hr/>

6. EXCEPTIONAL ITEM

	1995	1994
	£	£
Reorganisation/restructuring costs	52,038	NIL
	<hr/>	<hr/>

7. EMPLOYEES

Average weekly number of employees, including directors:

	1995	1994
	No	No
Production	40	32
Administration	12	10
	<hr/>	<hr/>
	52	42
	<hr/>	<hr/>

Staff costs, including directors:

	1995	1994
	£	£
Wages and salaries	825,954	603,234
Social security costs	67,125	50,018
Other pension costs	20,203	12,175
	<hr/>	<hr/>
	913,282	665,427
	<hr/>	<hr/>

LABTECH LIMITED

NOTES TO THE FINANCIAL STATEMENTS**30 April 1995****8. DIRECTORS**

Emoluments of the company's directors:

	1995	1994
	£	£
As directors	105,043	58,045

Emoluments exclusive of pension contributions:

The emoluments of the chairman were £Nil (1994 - £Nil). The emoluments of the highest paid director were £53,358 (1994 - £56,317). The emoluments of the directors, exclusive of pension contributions, were in the following ranges:

	1995	1994
	No	No
£0 - £5,000	3	3
£15,001 - £20,000	1	-
£25,001 - £30,000	1	-
£50,001 - £55,000	1	-
£55,001 - £60,000	-	1

9. TAXATION

	1995	1994
	£	£
Corporation tax at 33% (1994 - 33%)	12,275	51,355
Amendment of previous years' estimates	(8,580)	1,244
Deferred taxation	(19,173)	19,173
	15,478	71,772

10. DIVIDENDS

	1995	1994
	£	£
Interim dividend paid of £Nil per share (1994 - £15.833)	-	95,000
Final dividend proposed of £4.221 per share (1994 - £5.308)	25,328	31,848
	25,328	126,848

LABTECH LIMITED**NOTES TO THE FINANCIAL STATEMENTS****30 April 1995****11. TANGIBLE ASSETS**

	Building improvements £	Plant and machinery £	Fixtures, fittings and motor vehicles £	Total £
Cost				
At 1 May 1994	216,291	830,312	73,670	1,120,273
Additions	191,632	496,888	66,027	754,547
Disposals	-	-	(6,150)	(6,150)
At 30 April 1995	407,923	1,327,200	133,547	1,868,670
Depreciation				
At 1 May 1994	21,424	397,036	34,634	453,094
Charged in year	7,392	92,925	18,990	119,307
Disposals	-	-	(3,377)	(3,377)
At 30 April 1995	28,816	489,961	50,247	569,024
Net book value				
At 30 April 1995	379,107	837,239	83,300	1,299,646
At 30 April 1994	194,867	433,276	39,036	667,179

The net book value of the tangible fixed assets includes £555,979 (1994 - £344,535) in respect of assets held under finance leases. Depreciation charged in the year on those assets amounted to £43,991 (1994 - £25,236).

12. STOCKS

	1995 £	1994 £
Raw materials and consumables	253,515	147,211
Work in progress	181,433	55,416
Finished goods	42,015	-
	476,963	202,627

The replacement cost of the above would not be significantly different from the values stated.

LABTECH LIMITED**NOTES TO THE FINANCIAL STATEMENTS****30 April 1995****13. DEBTORS**

	1995	1994
	£	£
Trade debtors	378,983	334,167
Amounts owed by parent and fellow subsidiary undertaking	62,514	42,563
Other debtors and prepayments	120,282	269,303
Taxation recoverable	1,018	-
	<hr/>	<hr/>
	562,797	646,033
	<hr/>	<hr/>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1995	1994
	£	£
Bank overdraft	445,356	41,819
Obligations under finance leases	179,770	77,669
	<hr/>	<hr/>
Borrowings	625,126	119,488
Trade creditors	398,045	470,125
Corporation tax	1,680	63,522
Other taxation and social security	48,749	29,925
Amounts owed to group undertakings		
- parent	15,198	11,613
- fellow subsidiaries	5,615	3,813
Accruals and other deferred income	55,219	43,149
Proposed dividends	25,328	31,848
	<hr/>	<hr/>
	1,174,960	773,483
	<hr/>	<hr/>

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1995	1994
	£	£
Obligations under finance leases		
- due within one and two years	162,384	75,190
- due within two and five years	352,482	106,754
	<hr/>	<hr/>
	514,866	181,944
	<hr/>	<hr/>

LABTECH LIMITED**NOTES TO THE FINANCIAL STATEMENTS****30 April 1995****16. PROVISION FOR LIABILITIES AND CHARGES**

Deferred taxation comprises:

	Amounts provided		Amounts not provided	
	1995	1994	1995	1994
	£	£	£	£
Capital allowances	-	69,892	34,681	-
Other timing differences	-	(50,719)	8,304	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	NIL	19,173	42,985	NIL
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

17. DEFERRED INCOME

	Government grant £
At 1 May 1994	-
Received in the year	90,000
Transfer to profit and loss account	(7,425)
	<u> </u>
At 30 April 1995	82,575
	<u> </u>

18. SHARE CAPITAL

	1995	1994
	£	£
Authorised		
6,000 ordinary shares of £1 each	6,000	6,000
	<u> </u>	<u> </u>
Allotted and fully paid		
6,000 ordinary shares of £1 each	6,000	6,000
	<u> </u>	<u> </u>

19. RESERVES

	1995	1994
	£	£
At 1 May 1994	535,767	480,690
Retained profit for the year	25,457	55,077
	<u> </u>	<u> </u>
At 30 April 1995	561,224	535,767
	<u> </u>	<u> </u>

LABTECH LIMITED

NOTES TO THE FINANCIAL STATEMENTS**30 April 1995****20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	1995	1994
	£	£
Profit after taxation	50,785	181,925
Dividends	(25,328)	(126,848)
	<hr/>	<hr/>
Increase in shareholders' funds	25,457	55,077
Opening shareholders' funds	541,767	486,690
	<hr/>	<hr/>
Closing shareholders' funds	567,224	541,767
	<hr/>	<hr/>

21. CONTINGENT LIABILITY

The company has given an unlimited cross guarantee in favour of NBD Bank, N.A. as security for the borrowing facilities of certain group companies.

22. FINANCIAL COMMITMENTS**Capital commitments**

	1995	1994
	£	£
Contracted but not provided	228,272	210,075
	<hr/>	<hr/>

Operating lease commitments

The annual commitments under operating leases are analysed according to the period in which each lease expires, as follows:

	1995	1994
	£	£
Land and buildings, leases expiring		
within one year	4,200	-
beyond five years	78,612	18,000
	<hr/>	<hr/>
	82,812	18,000
	<hr/>	<hr/>

LABTECH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 April 1995

23. PENSION SCHEME

The company is a member of a defined benefit pension scheme operated by the parent company for the benefit of employees with assets held in separately invested funds, administered by trustees.

The latest actuarial valuation of the pension scheme was prepared as at 30 September 1993. A summary of the results of this valuation is contained within the financial statements of the parent company.

24. PARENT UNDERTAKING

The ultimate parent company is Intelek plc, which is registered in England and Wales.

Its group accounts are available to the public on payment of the appropriate fee, from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.