

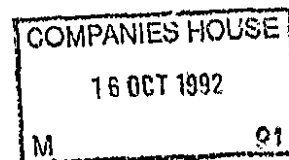
COMPUTING DEVICES COMPANY LIMITED

AND ITS SUBSIDIARY UNDERTAKINGS

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31ST DECEMBER 1991

Registered Number : 1911653



COMPUTING DEVICES COMPANY LIMITEDAND ITS SUBSIDIARY UNDERTAKINGSREPORT OF THE DIRECTORS

The directors have pleasure in presenting their report together with the audited financial statements of the company and its subsidiary undertakings for the period ended 31st December 1991.

Business Review

The principal activities of the Group are those of designing, manufacturing, marketing and supporting digital electronic equipment for use both on aircraft and in ground applications.

During the current period the Group has gone through a period of consolidation. The Group has invested significantly into key projects to ensure growth in future years and remains well positioned to take new opportunities which will materially broaden both its technology base and product range.

Research and Development

The Group has continued to invest significant resources into the design and development of new technologies and products. This approach has contributed to the award of several contracts to translate concepts into fully developed products.

Results for the Period

The Group's results for the thirteen month period ended 31st December 1991 were as follows:

	£'000
Loss after taxation	(1,373)
Proposed dividend	(79)
Loss after taxation, transferred to reserves	<u>(1,452)</u>

The directors recommend the payment of a dividend of £79,000 (1990: NIL).

Land and Buildings

The directors are of the opinion that the market value of leased land and buildings is approximately in line with the book value of £1.8 million.

The directors are of the opinion that the market value of freehold land and buildings is the same as the book value of £3.6 million.

Directors

The directors who served during the period were:

W. J. Uttley-Moore	(Chairman and CEO)
M. A. Rowland	(Resigned 29/5/91)
A. C. Turnbull	(Appointed 29/5/91)
D. J. Dolan	
R. E. Handberg	
R. G. Hooker	
E. A. Barton	
C. W. Humphris	(Managing Director)(Appointed 15/10/91)

Beneficial shareholdings of directors in the Company were as follows:

	<u>31st December 1991</u> <u>Ordinary Shares</u> <u>of 50p each</u>	<u>30th November 1990</u> <u>Ordinary Shares</u> <u>of 50p each</u>
W. J. Uttley-Moore	102,000	102,000
M. A. Rowland	-	40,000

Other than as listed above no directors had any interest in the share capital of any group undertaking.

During the year the Company purchased M. A. Rowlands 40,000 shares at £3.00 each which the directors believe to be on an arms length basis.

Employees

The training and management of a highly skilled workforce is key to the future business growth. The directors ensure that health and safety are given special attention within the group. The group has a general policy to encourage employment of disabled people and would if at all possible, encourage the retention of any employee who became disabled during their employment. The Chairman and CEO is a founding director of the Sussex Training and Enterprise Council (TEC).

Bank Facility

During April 1992 the Group restructured its Banking facilities by converting £5Million of the existing overdraft drawdown into a 5 year term loan.

Employment Involvement

It is the Group's policy to inform the staff as fully as possible through regular communication meetings. The subjects that are covered include market status, product developments and financial position.

Taxation

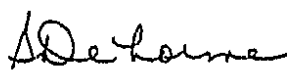
The directors are advised that the Company is not one to which the close company provisions of the Income and Corporation Taxes Act 1988 apply.

Auditors

In accordance with Section 385 Companies Act 1985 a resolution for the re-appointment of KPMG Peat Marwick as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

21 Holborn Viaduct
London. EC1A 2DY

By Order of the Board
SISEC LIMITED


Company Secretary

REPORT OF THE AUDITORS.
KPMG PEAT MARWICK.
TO THE MEMBERS OF
COMPUTING DEVICES COMPANY LIMITED

We have audited the financial statements on pages 5 to 22 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 and of the group at 31st December 1991 and of the loss and source and application of funds of the group for the thirteen month period then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Peat Marwick

KPMG PEAT MARWICK

LONDON

CBG August 1992

Chartered Accountants
Registered Auditor

COMPUTING DEVICES COMPANY LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE 13 MONTH PERIOD ENDED 31ST DECEMBER 1991

	Notes	Period Ended <u>31.12.91</u> £'000	Year Ended <u>30.11.90</u> £'000
TURNOVER	2	25,182	32,867
COST OF SALES		(23,113)	(29,873)
GROSS PROFIT		2,069	2,994
ADMINISTRATIVE EXPENSES		(2,792)	(1,174)
OPERATING PROFIT		(723)	1,820
INTEREST RECEIVABLE		24	338
INTEREST PAYABLE & SIMILAR CHARGES	5	(1,288)	(1,740)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	6	(1,987)	418
TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES	8	614	(89)
(LOSS)/PROFIT FOR THE FINANCIAL PERIOD		(1,373)	329
DIVIDENDS	9	(79)	-
RETAINED (LOSS)/PROFIT FOR THE FINANCIAL PERIOD/YEAR		(1,452)	329

Details of movements in reserves are shown in note 21 on page 19.

The notes on pages 7 to 22 form an integral part of the financial statements.

COMPUTING DEVICES COMPANY LIMITEDAND ITS SUBSIDIARIESBALANCE SHEETS AS AT 31ST DECEMBER 1991

	Note	<u>As at 31.12.91</u>		<u>As at 30.11.90</u>	
		<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
		<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Fixed Assets					
Tangible assets	10	7,052	-	7,412	-
Interest in subsidiary undertakings	11	-	1,155	-	3,455
Interest in associated undertakings	12	96	-	96	-
		<u>7,148</u>	<u>1,155</u>	<u>7,508</u>	<u>3,455</u>
Current Assets					
Stock	13	838	-	715	-
Debtors	14	10,340	4,328	15,261	2,211
Cash at bank and in hand		-	-	-	-
		<u>11,178</u>	<u>4,328</u>	<u>15,976</u>	<u>2,211</u>
Current Liabilities					
Creditors - amounts falling due within one year	15	(10,950)	(693)	(13,196)	(471)
Net Current Assets		<u>228</u>	<u>3,635</u>	<u>2,780</u>	<u>1,740</u>
Total Assets less Current Liabilities		<u>7,376</u>	<u>4,790</u>	<u>10,288</u>	<u>5,195</u>
Creditors - amounts falling due after more than one year	16	(156)	(1,500)	(582)	(1,500)
Provisions for liabilities and charges	18	(1,488)	-	(2,402)	-
Net Assets		<u>5,732</u>	<u>3,290</u>	<u>7,304</u>	<u>3,695</u>
Capital and Reserves					
Called-up Share Capital	20	1,980	1,980	2,000	2,000
Profit and Loss Account	21	3,752	1,310	5,304	1,695
		<u>5,732</u>	<u>3,290</u>	<u>7,304</u>	<u>3,695</u>

..... *W. J. [Signature]*) The Accounts were approved
) by the Board of Directors
) on 13th August 1992
 *A. C. Turnbull*)
 A.C. TURNBULL)

The notes on pages 7 to 22 form an integral part of these financial statements.

COMPUTING DEVICES COMPANY LIMITED

NOTES ON THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

- (i) The following accounting policies have been applied consistently in dealing with items which are material in relation to the financial statements.
- (ii) Basis of Preparation and Consolidation
- a) The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.
 - b) The consolidated accounts include the accounts of Computing Devices Company Limited and its subsidiary undertakings.
 - c) The assets, liabilities and results of the related company, Mass Data Systems Limited, have been included in the accounts under the equity accounting method.
 - d) Goodwill arising on consolidation is written off against accumulated reserves.
 - e) The Company has not presented its own Profit and Loss Account in accordance with Section 228(7) Companies Act 1985.
- (iii) Investments
Interests in subsidiary undertakings are shown in the company's balance sheet at cost less provisions for any permanent diminution in value.
- (iv) Depreciation
Depreciation on plant, machinery, and motor vehicles is provided on a straight line basis at 25% per annum. The cost of the leasehold premises is being written off on a straight line basis over a realistic life span (50 years). Depreciation has been provided on freehold buildings, excluding the value of the land, at 2% per annum on a straight line basis.
- (v) Long Term Contracts
Profit on long term contracts is recognised as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit is calculated on a basis to reflect the proportion of work carried out at the year end. Full provision is made for losses on all contracts in the year in which they are first foreseen.
- Amounts included in cost of sales for long term contracts represent all costs incurred in the year, comprising direct materials and labour plus attributable overheads based on normal level of activity.
- Amounts included in turnover for long term contracts represent the sales value of work carried out, calculated as costs incurred plus attributable profit or loss.

COMPUTING DEVICES COMPANY LIMITED

NOTES ON THE FINANCIAL STATEMENTS (CONT)

(vi) Deferred Taxation

Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the foreseeable future. Appropriate deductions are made for Advance Corporation Tax payable in respect of proposed dividends.

(vii) Stock

Stock is valued at the lower of cost and net realisable value.

(viii) Foreign Currency

Transactions denominated in foreign currencies are translated at the rate of exchange on the day the transaction occurs or the contract rate if the transaction is covered by a forward exchange contract.

Assets and liabilities denominated in a foreign currency are translated at the balance sheet date at the exchange rate ruling on that day or if appropriate at the forward contract rate.

(ix) Warranty

Provision is made for the estimated cost of work to be performed under manufactured product warranties. Also the Group has continuing unlimited design warranty on all products sold, but provision is only made for any known liability arising under this warranty.

(x) Research and Development

Expenditure on research and development is written off against profits in the accounting period in which it is incurred.

(xi) Leasing Commitments

Assets obtained under finance leases are capitalised in the balance sheet and are depreciated over their useful lives.

The interest element of the rental obligations is charged to profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight line basis over the term of the lease.

COMPUTING DEVICES COMPANY LIMITEDNOTES ON THE FINANCIAL STATEMENTS (CONT)2. **TURNOVER**

On short term contracts turnover represents amounts invoiced and authorised during the accounting period net of VAT. On long term contracts turnover is derived from the stage of completion of the contract. Turnover has been wholly derived from the design, production and support of electronic equipment. The analysis of turnover by geographical area is as follows:

	Period Ended <u>31.12.91</u> £'000	Period Ended <u>30.11.90</u> £'000
United Kingdom	17,016	27,147
Europe	5,567	565
North America	2,398	5,021
Far East	201	134
	<u>25,182</u>	<u>32,867</u>

3. **STAFF NUMBERS AND COSTS**

The average number of the group's employees (including directors) during the period are as follows:

	Period Ended <u>31.12.91</u> £'000	Year Ended <u>30.11.90</u> £'000
Administration	129	120
Production	<u>457</u>	<u>539</u>

The aggregate payroll costs of these employees were as follows :

	Period Ended <u>31.12.91</u> £'000	Year Ended <u>30.11.90</u> £'000
Wages and salaries	10,460	10,258
Social security costs	855	784
Other pension costs	<u>449</u>	<u>424</u>

COMPUTING DEVICES COMPANY LIMITEDNOTES ON THE FINANCIAL STATEMENTS(Continued)

4. INTEREST RECEIVABLE AND SIMILAR CHARGES

	Period Ended <u>31.12.91</u>	Year Ended <u>30.11.90</u>
	£'000	£'000
Amounts receivable	24	188
	<u> </u>	<u> </u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	Period Ended <u>31.12.91</u>	Year Ended <u>30.11.90</u>
	£'000	£'000
Bank loans and overdrafts and other loans wholly repayable within five years	1,160	1,594
Finance charges payable under finance leases	127	146
Corporation Tax	1	-
	<u>1,288</u>	<u>1,740</u>

6. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

This has been wholly derived from the design, production and support of avionic electronic equipment.

Loss before taxation is stated after charging the following :

	Period Ended <u>31.12.91</u>	Year Ended <u>30.11.90</u>
	£'000	£'000
Research & development	203	456
Equipment rental	12	19
Depreciation of owned fixed assets	886	950
Depreciation of assets held under finance leases	429	405
Auditors' remuneration	63	48
	<u> </u>	<u> </u>

COMPUTING DEVICES COMPANY LIMITED

NOTES ON THE FINANCIAL STATEMENTS(Continued)

7.

DIRECTORS EMOLUMENTS

	Period Ended <u>31.12.91</u> £'000	Year Ended <u>30.11.90</u> £'000
Directors' emoluments		
As Directors	16	24
As Executives	187	156
	<hr/>	<hr/>
Compensation for loss of office	203	180
M. A. Rowland	28	-
	<hr/>	<hr/>
	231	180
	<hr/>	<hr/>

Excluding pension contributions, the emoluments of the chairman, who was also the highest paid director, were £98,568 (1990 : £83,816).

The directors' emoluments were within the following ranges:

	Period Ended <u>31.12.91</u> £'000	Year Ended <u>30.11.90</u> £'000
£ 0 - £ 5,000	4	4
£15,001 - £20,000	1	1
£40,001 - £45,000	2	1
£45,001 - £50,000	-	1
£80,001 - £85,000	-	1
£95,001 - £100,000	1	-

8.

TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

	Period Ended <u>31.12.91</u> £'000	Year Ended <u>30.11.90</u> £'000
The charge to taxation comprises:		
Corporation tax on profits for year at 33.3% (1990: 34.3%)	-	522
Adjustment for prior years	10	(589)
	<hr/>	<hr/>
Deferred tax (note 19)	10	(67)
	(624)	156
	<hr/>	<hr/>
	(614)	89
	<hr/>	<hr/>

9.

DIVIDENDS

	Period Ended <u>31.12.91</u> £'000	Year Ended <u>30.11.90</u> £'000
Interim paid	79	-
	<hr/>	<hr/>

COMPUTING DEVICES COMPANY LIMITEDNOTES ON THE FINANCIAL STATEMENTS
(continued)

10 TANGIBLE ASSETS

Group

	<u>Freehold</u> <u>Land and</u> <u>Building</u>	<u>Long</u> <u>Leasehold</u> <u>Land and</u> <u>Buildings</u>	<u>Short</u> <u>Leasehold</u> <u>Land and</u> <u>Buildings</u>	<u>Plant</u> <u>Machinery and</u> <u>Motor Vehicles</u>	<u>Totals</u>
	£'000	£'000	£'000	£'000	£'000
Cost :					
As at 1st December 1990	3,711	2,228	23	6,410	12,372
Adjustments	-	-	-	34	34
Additions	52	-	-	977	1,029
Disposals	-	-	-	(201)	(201)
At 31st December 1991	<u>3,763</u>	<u>2,228</u>	<u>23</u>	<u>7,220</u>	<u>13,234</u>
Depreciation :					
As at 1st December 1990	111	382	3	4,464	4,960
Charged in year	76	46	2	1,191	1,315
Adjustments	-	-	-	90	90
Depreciation on disposals	-	-	-	(183)	(183)
At 31st December 1991	<u>187</u>	<u>428</u>	<u>5</u>	<u>5,562</u>	<u>6,182</u>
Net Book Value :					
At 31st December 1991	<u>3,576</u>	<u>1,800</u>	<u>18</u>	<u>1,658</u>	<u>7,052</u>
At 30th November 1990	<u>3,600</u>	<u>1,847</u>	<u>20</u>	<u>1,945</u>	<u>7,412</u>

The net book value of plant and machinery and motor vehicles above of £1,658,000 (1990: £1,945,000) includes a Net book value of £668,000 (1990: £969,000) together with an associated depreciation charge of £429,000 (1990: £405,000) in respect of assets held under finance leases. Land with a book value of £890,000 (1990: £890,000) has not been depreciated.

COMPUTING DEVICES COMPANY LIMITED
NOTES ON THE FINANCIAL STATEMENTS (continued)

11. INTEREST IN SUBSIDIARY UNDERTAKINGS

	<u>Shares</u> £'000	<u>Loans</u> £'000	<u>Total</u> £'000
At 1st December 1990	955	2,500	3,455
Provisions made in period	-	(2,300)	(2,300)
At 31st December 1991	<u>955</u>	<u>200</u>	<u>1,155</u>

The subsidiary undertakings, Computing Devices Hastings Limited and Computing Devices Eastbourne Limited, are wholly owned and incorporated in Great Britain and registered in England and Wales. The principal activity of both subsidiary undertakings is the design, production and support of electronic equipment.

12. INTEREST IN ASSOCIATED UNDERTAKING

	£'000
As at 1st December 1990 and 31st December 1991	96

The Company owns 25% of the Ordinary Share Capital and 100% of the Preference Share Capital of Mass Data Systems Limited which is incorporated in Great Britain and registered in England and Wales. The Company's principal activity is the sale of goods and services for oil exploration. The last accounting period for which accounts are available is the year ended to 31st October 1991.

COMPUTING DEVICES COMPANY LIMITEDNOTES ON THE FINANCIAL STATEMENTS(continued)

13. STOCK

	As at <u>31.12.91</u> £'000	As at <u>30.11.90</u> £'000
Raw material and consumables	245	-
Short term contracts work in progress	593	715
	<u>838</u>	<u>715</u>

14. DEBTORS

<u>Group</u>	As at <u>31.12.91</u> £'000	As at <u>30.11.90</u> £'000
Amount recoverable on contracts	7,461	7,722
Trade debtors	2,345	7,239
Other debtors	162	13
Prepayments	347	262
Corporation tax receivable	25	25
	<u>10,340</u>	<u>15,261</u>

<u>Company</u>	As at <u>31.12.91</u> £'000	As at <u>30.11.90</u> £'000
Amount owed by subsidiary undertaking	4,173	2,138
Prepayments	1	73
Advanced Corporation Tax receivable	25	-
Deferred Tax (See Note 19)	129	-
	<u>4,328</u>	<u>2,211</u>

COMPUTING DEVICES COMPANY LIMITEDNOTES ON THE FINANCIAL STATEMENTS(contined)

15. CREDITORS : Amounts falling due within one year

Group	As at <u>31.12.91</u> £'000	As at <u>30.11.90</u> £'000
Payments on Account on Long Term		
Contracts	750	2,082
Trade creditors	1,408	2,707
Obligations under Finance Leases (Note 17)	412	475
Bank Overdraft	7,446	6,175
Other creditors including taxation and social security	363	900
Accruals	571	857
	<u>10,950</u>	<u>13,196</u>

Other creditors including taxation
and social security comprises :

Corporation tax	-	115
Other taxes	250	502
Social security	110	175
	<u>360</u>	<u>792</u>
Taxation and social security		
Other creditors	3	108
	<u>363</u>	<u>900</u>

<u>Company</u>	As at <u>31.12.91</u> £'000	As at <u>30.11.90</u> £'000
Bank overdraft	693	250
Amounts due to subsidiary undertakings	-	121
Other creditors including taxation and social security	-	57
Accruals	-	43
	<u>693</u>	<u>471</u>

Other creditors including taxation and social security:

Corporation tax	-	57
	<u>-</u>	<u>57</u>

COMPUTING DEVICES COMPANY LIMITED

NOTES ON THE FINANCIAL STATEMENTS(continued)

16. CREDITORS : Amounts falling due after more than one year.

<u>Group</u>	As at <u>31.12.91</u> £'000	As at <u>30.11.90</u> £'000
Obligations under Finance Leases (Note 17)	156	582
	<u> </u>	<u> </u>
<u>Company</u>	As at <u>31.12.91</u> £'000	As at <u>30.11.90</u> £'000
Amount due to subsidiary undertaking	1,500	1,500
	<u> </u>	<u> </u>

17. OBLIGATIONS UNDER FINANCE LEASES

Maturity of these amounts is as follows:

	As at <u>31.12.91</u> £'000	As at <u>30.11.90</u> £'000
Amounts payable		
Within one year	463	648
In the second to fifth years inclusive	165	561
	<u> </u>	<u> </u>
	628	1,209
Less: Finance charges allocated to future periods	(60)	(152)
	<u> </u>	<u> </u>
	568	1,057
	<u> </u>	<u> </u>

COMPUTING DEVICES COMPANY LIMITED

NOTES ON THE FINANCIAL STATEMENTS(continued)

18. PROVISION FOR LIABILITIES AND CHARGES

	As at <u>31.12.91</u> £'000	As at <u>30.11.90</u> £'000
Warranty	104	190
Provision for future losses on long term contracts	656	1,235
Deferred taxation (note 19)	328	977
Other provisions	400	-
	<u>1,488</u>	<u>2,402</u>

Due to the nature of provisions for future losses on long term contracts and their method of calculation it is not possible to split the movement on provisions between the utilisation of past provisions and the creation of new provisions. Accordingly the analysis of the movement as required by schedule 4 of the Companies Act 1985 is not given.

19. DEFERRED TAXATION

The balance sheet amount for deferred taxation represents the full provision for any future liability:

<u>Group</u>	As at <u>31.12.91</u> £'000	As at <u>30.11.90</u> £'000
Excess of tax allowances over depreciation	760	916
Other timing differences	(344)	124
	<u>416</u>	<u>1,040</u>
Advance corporation tax	(88)	(63)
	<u>328</u>	<u>977</u>
Balance at 1st December 1990	1,040	884
Charge for the period/year in the profit & loss account	(624)	156
Balance at 31st December 1991	<u>416</u>	<u>1,040</u>
<u>Company</u>		
Unrelieved Losses	(129)	-
	<u>(129)</u>	<u>-</u>
Balance at 1st December 1990	-	-
(Credit) For the Period/Year in Profit and Loss account.	(129)	-
	<u>(129)</u>	<u>-</u>

COMPUTING DEVICES COMPANY LIMITED
NOTES ON THE FINANCIAL STATEMENTS
(continued)

20. SHARE CAPITAL

The Share Capital of the company is organised in two classes, Ordinary Shares of 50p each and 'A' Ordinary Shares of 50p each. 'A' Ordinary Shares are convertible into Deferred Shares of 50p each.

At 31st December 1991

	<u>Authorised</u>	<u>Issued as at</u> <u>31 Dec 1990</u>		<u>Issued as at</u> <u>31 Dec 1991</u>	
	Number	Number	£	Number	£
Ordinary Shares	710,256	500,000	250,000	460,000	230,000
'A' Ordinary Shares	928,571	928,571	464,286	928,571	464,286
Deferred Shares	2,571,429	2,571,429	1,285,714	2,571,429	1,285,714
	<u>4,210,256</u>	<u>4,000,000</u>	<u>2,000,000</u>	<u>3,960,000</u>	<u>1,980,000</u>

During the period 40,000 ordinary shares were repurchased from M. A. Rowland.

The Company has an approved share option scheme for group employees. The status at 31st December 1991 is:

<u>Number of Ordinary Shares</u> <u>over which options are</u> <u>outstanding</u>	<u>Price Per</u> <u>Ordinary Share</u>	<u>Exercise Dates</u> <u>From</u>	<u>To</u>
10,065	£ 7.40	1990	1995
7,865	£12.00	1991	1996
8,185	£18.50	1992	1997
7,325	£28.20	1993	1998

COMPUTING DEVICES COMPANY LIMITED
NOTES ON THE FINANCIAL STATEMENTS (continued)

21. PROFIT AND LOSS ACCOUNT

	<u>Group</u> £'000	<u>Company</u> £'000
At 1st December 1990	5,304	1,695
Loss for the financial period	(1,452)	(285)
Premium on redemption of shares	(100)	(100)
	<hr/>	<hr/>
At 31st December 1991	3,752	1,310
	<hr/>	<hr/>
	As at	As at
	<u>31.12.91</u>	<u>30.11.90</u>
	£'000	£'000
The Loss dealt with in the accounts of the company was	 (285)	 (785)
	<hr/>	<hr/>

22. CAPITAL COMMITMENTS

<u>Group</u>	As at <u>31.12.91</u> £'000	As at <u>30.11.90</u> £'000
Capital expenditure authorised and contracted	 193	 137
	<hr/>	<hr/>
Capital expenditure authorised but not contracted	 45	 129
	<hr/>	<hr/>

COMPUTING DEVICES COMPANY LIMITEDNOTES ON THE FINANCIAL STATEMENTS(continued)

23. CONTINGENT LIABILITIES

	As at <u>31.12.91</u> £'000	As at <u>30.11.90</u> £'000
<u>Company</u>		
Group VAT registration	250	704
Guarantee of group company overdraft	<u>6,753</u>	<u>6,535</u>

COMPUTING DEVICES COMPANY LIMITEDNOTES ON THE FINANCIAL STATEMENTS(continued)

24. PENSION

The group operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Group, being invested with insurance companies. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the Company. The contributions are determined by a qualified actuary on the basis of financial valuations using the Attained Age Funding Method. Valuations are prepared every three years, the most recent valuation was at the 1st June 1990. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions.

It was assumed that the investment returns would be 9% per annum and that salary increases would average 8% per annum. It was further assumed that the amount of pension which would be received on retirement would be the same in each year of retirement, except for that element of pension which relates to the Guaranteed Minimum Pension earned after 6th April 1988 which will increase at 3% per annum or at the rate of increase of the retail price index, whichever is the lower.

The most recent actuarial valuation showed that the market value of the scheme's assets was £3,225,245 and that the actuarial value of those assets represented 116% of the benefits that have accrued to members, after allowing for expected future increases in pensionable earnings. The contributions of the Company and employees will remain at 8.8% and 5% respectively.

25. POST BALANCE SHEET EVENTS

During April 1992 the Group restructured its Banking facilities by converting £5 Million of the existing overdraft drawdown into a 5 year term loan.

COMPUTING DEVICES COMPANY LIMITEDAND ITS SUBSIDIARY UNDERTAKINGSCONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDSFOR THE 13 MONTH PERIOD ENDED 31ST DECEMBER 1991

	<u>Period ended</u>		<u>Year Ended</u>	
	<u>31.12.91</u>		<u>30.11.90</u>	
	£'000	£'000	£'000	£'000
SOURCE OF FUNDS				
Profit ordinary activities before taxation		(1,987)		418
Adjustment for items not involving the movement of funds:				
Depreciation		1,405		1,355
Finance charge for finance leases		122		146
Surplus on sale of tangible fixed assets		(48)		(48)
Increase in provisions for future losses on contracts and warranty costs		(264)		898
Related Company earnings		-		9
		<hr/>		<hr/>
Funds generated from operations		(772)		2,778
FUNDS FROM OTHER SOURCES				
Proceeds on sale of tangible fixed assets		66		70
Obligations under leased assets capitalised		568		745
		<hr/>		<hr/>
		(138)		3,593
APPLICATION OF FUNDS				
Payments of taxation	(34)		(1,029)	
Purchase of tangible fixed assets	(1,063)		(1,042)	
Dividends paid	(79)		-	
Investment in related Company	-		-	
Current instalments due on finance leases	(621)		(541)	
Share capital	(120)		-	
		<hr/>		<hr/>
		(1,917)		(2,612)
		<hr/>		<hr/>
		(2,055)		981
		<hr/>		<hr/>
INCREASE IN WORKING CAPITAL				
Increase in debtors excluding taxation		(4,919)		1,970
Increase/(decrease) in work in progress		123		303
(Increase)/decrease in creditors excluding corporation tax, dividends and finance leases		4,012		(1,082)
		<hr/>		<hr/>
		(784)		1,191
MOVEMENT IN NET LIQUID FUNDS				
Cash at bank and in hand		-		-
Overdraft		(1,271)		(210)
		<hr/>		<hr/>
		(1,271)		(210)
		<hr/>		<hr/>
		(2,055)		981
		<hr/>		<hr/>