

CUSTOM INTERCONNECT LIMITED

Company No: 2026753

FINANCIAL STATEMENTS

- for the year ended -

31ST DECEMBER 1994

HARRIS WALTERS

Chartered Accountants

Hartland House

26 Winchester Street, Basingstoke



CUSTOM INTERCONNECT LIMITED

DIRECTORS

D.R. Stokes
N.J. Edwards
Dr.P.G. Barnwell
C. Gambles
J. Boston

SECRETARY

C. Gambles

REGISTERED OFFICE

Ardglen Road
Evingar Industrial Estate
Whitchurch
Hampshire

AUDITORS

Harris Walters
Chartered Accountants
Hartland House
26 Winchester Street
Basingstoke

PRINCIPAL BANKERS

Lloyds Bank plc
22 High Street
Andover
Hampshire

CUSTOM INTERCONNECT LIMITED

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CUSTOM INTERCONNECT LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31st December 1994.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company's principal activity during the year was that of electronic design and manufacture. There were no significant changes in the company's business in the year.

For the future it is anticipated that trade will continue the same manner as previously and we do not expect any material changes.

The company continues to trade profitably. Demand for its specialist micro-electronic services increased substantially during the second half of the year and the company invested in equipment and human resources to meet expected higher levels of customer requirements.

Whilst this depressed profits somewhat in 1994 it is anticipated that the benefits will be felt in future years.

DIVIDEND AND TRANSFER TO RESERVES

The directors do not recommend payment of a dividend.

It is proposed that the retained profit of £23,815 is transferred to reserves.

FIXED ASSETS

Full disclosure of all matters relating to fixed assets is set out in the notes to the financial statements.

DIRECTORS AND THEIR INTERESTS

The directors at the balance sheet date and their interests in the company at that date and at the beginning of the year (or on appointment if later), were as follows:

	<u>Class of share</u>	<u>Number of shares</u>	
		<u>1994</u>	<u>1993</u>
Dr.P.G.Barnwell	Ordinary shares class 'A'	25,398	25,398
N.J. Edwards	Ordinary shares class 'A'	17,926	17,926
	Ordinary shares class 'B'	11,648	11,648
D.R.Stokes	Ordinary shares class 'A'	25,397	25,397
	Ordinary shares class 'B'	4,176	4,176
D. Hindley	Ordinary shares class 'A'	-	4,000
	(Resigned 31/12/94)		
C. Gambles	Ordinary shares class 'A'	2,000	-
	(Appointed 1/7/94)		
J. Boston	Ordinary shares class 'A'	2,000	-
	(Appointed 1/7/94)		

CUSTOM INTERCONNECT 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 the affairs of the company and of the profit or loss of the company 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;
- prepare the financial statements on the 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 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.

CLOSE COMPANY

The company is a close company as defined by the Income and Corporation Taxes Act 1988.

AUDITORS

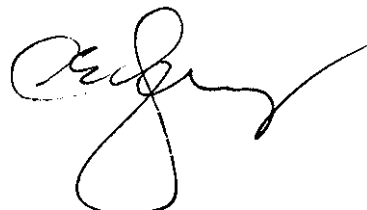
Harris Walters were appointed auditors to the company and in accordance with section 385 of the Companies Act 1985 are willing to be reappointed.

By Order of the Board

Date:

15 March 1995

**Ms.C. Gambles
Secretary**



CUSTOM INTERCONNECT LIMITED

AUDITORS' REPORT

AUDITORS' REPORT TO THE SHAREHOLDERS OF CUSTOM INTERCONNECT LIMITED

We have audited the financial statements on pages 4 to 13 which have been prepared under the historical cost convention and the accounting policies set out in note 1 to the financial statements.

Respective responsibilities of the directors and auditors

As described in the Directors' Report 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.

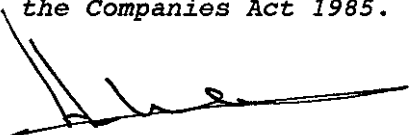
Basis of opinion

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 31st December 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



HARRIS WALTERS
Registered Auditors
Chartered Accountants

Date: 16/3/95

Hartland House
26 Winchester Street
Basingstoke

CUSTOM INTERCONNECT LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 1994

	Notes	1994 £	1993 £
TURNOVER		663,153	579,434
Cost of sales		(368,726)	(309,380)
GROSS PROFIT		294,427	270,054
Administrative expenses		(257,327)	(227,621)
OPERATING PROFIT	2	37,100	42,433
Interest receivable	3	260	-
Interest payable	4	(13,591)	(13,169)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		23,769	29,264
Tax on profit on ordinary activities	7	46	-
PROFIT FOR THE FINANCIAL YEAR	16	23,815	29,264

None of the company's activities were acquired or discontinued during the above two financial years.

The company has no recognised gains or losses other than those dealt with in the profit and loss account.

The notes on pages 6 to 13 form part of these financial statements.

CUSTOM INTERCONNECT LIMITED**BALANCE SHEET AT 31ST DECEMBER 1994**

	Notes	£	1994 £	1993 £	£
FIXED ASSETS					
Intangible assets	8		6,775		7,847
Tangible assets	9		98,539		76,206
			<u>105,314</u>		<u>84,053</u>
CURRENT ASSETS					
Stocks	10	101,220		90,510	
Debtors	11	152,331		110,503	
Cash at bank and in hand		27,328		14	
		<u>280,879</u>		<u>201,027</u>	
CREDITORS: Amounts falling due within one year	12	(266,366)		(196,630)	
NET CURRENT ASSETS			<u>14,513</u>		<u>4,397</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			119,827		88,450
CREDITORS: Amounts falling due after more than one year	13		(26,450)		(18,888)
			<u>93,377</u>		<u>69,562</u>
CAPITAL AND RESERVES					
Called up share capital	14		107,612		107,612
Share premium account	15		58,632		58,632
Profit and loss account	16		(72,867)		(96,682)
			<u>93,377</u>		<u>69,562</u>

The financial statements were approved
by the board on and
signed on its behalf by

D.R. Stokes

N.J. Edwards

)
) Directors

The notes on pages 6 to 13 form part of these financial statements.

CUSTOM INTERCONNECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1994

1. ACCOUNTING POLICIES

1.1 BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention.

1.2 TURNOVER

Turnover represents the total invoice value, excluding value added tax, of goods sold and services rendered during the year.

1.3 DEPRECIATION

Depreciation is provided using the following rates and bases to reduce by annual instalments the cost, less estimated residual value, of the tangible assets over their estimated useful lives:-

Leasehold properties	Straight line over the life of the lease
Plant and machinery	20% Straight line
Fixtures and fittings	15% Straight line
Motor vehicles	35% Reducing balance

1.4 STOCKS

Stocks are valued at the lower of cost and net realisable value. Cost is calculated as follows:

Raw materials	- cost of purchase on first in, first out basis
Work in progress	- cost of raw materials and labour together with attributable overheads.

Net realisable value is based on estimated selling price less further costs to completion and disposal.

1.5 DEFERRED TAXATION

Deferred taxation is provided where there is a reasonable probability of the amount becoming payable in the foreseeable future.

1.6 LEASING AND HIRE PURCHASE

Assets acquired under finance leases or hire purchase contracts are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Finance charges and interest are taken to the profit and loss account in constant proportion to the remaining balance of capital repayments or net obligations outstanding.

Rentals payable under operating leases are taken to the profit and loss account on a straight line basis over the lease term.

1.7 PENSIONS

Pension contributions are charged to the profit and loss account so as to spread the cost of the pensions over the employees' working lives with the company. These contributions are invested separately from the company's assets.

CUSTOM INTERCONNECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1994

2. OPERATING PROFIT	1994	1993
	£	£
The operating profit is stated after charging:-		
Depreciation	28,199	24,424
Auditors' remuneration	2,960	1,800
Hire of equipment	1,994	2,415
Operating lease rentals:-		
Land and buildings	21,000	19,875
	<u>21,000</u>	<u>19,875</u>
 3. INTEREST RECEIVABLE	 1994	 1993
	£	£
Bank and other interest receivable	260	-
	<u>260</u>	<u>-</u>
 4. INTEREST PAYABLE	 1994	 1993
	£	£
On bank loans and overdrafts and on loans repayable in full within five years	8,477	9,176
Hire purchase interest	5,114	3,993
	<u>13,591</u>	<u>13,169</u>

CUSTOM INTERCONNECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1994

5. DIRECTORS AND EMPLOYEES

	1994	1993
	£	£
Staff costs:-		
Wages and salaries	266,380	228,510
Social security costs	23,002	20,503
Other pension costs	1,200	1,200
	<u>290,582</u>	<u>250,213</u>

The average weekly number of employees during the year was made up as follows:

	Number	Number
Directors	6	4
Production	17	18
Administration	2	3
	<u>25</u>	<u>25</u>

Directors' emoluments:-

	£	£
Remuneration for management services (including pension contributions)	86,703	65,470
Fees	4,500	4,500
	<u>91,203</u>	<u>69,970</u>

Highest paid director

<u>31,625</u>	<u>29,389</u>
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Other directors' remuneration fell within the following ranges:

	Number	Number
£Nil - £5,000	2	2
£5,001 - £10,000	1	-
£10,001 - £15,000	1	-
£25,001 - £30,000	1	1

6. PENSION COSTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions payable by the company amounted to £1,200 (1993: £1,200). All contributions were paid in the year.

CUSTOM INTERCONNECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1994

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1994 £	1993 £
Adjustment in respect of prior years	(46)	-
	<u>(46)</u>	<u>-</u>

8. INTANGIBLE ASSETS

	Development costs £
<u>Cost</u>	
At 1st January 1994	16,268
Additions	1,658
	<u>17,926</u>
At 31st December 1994	
<u>Amortisation</u>	
At 1st January 1994	8,421
Charge for year	2,730
	<u>11,151</u>
At 31st December 1994	
<u>Net book value at 31st December 1994</u>	<u>6,775</u>
<u>Net book value at 31st December 1993</u>	<u>7,847</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1994

9. TANGIBLE ASSETS

	Land & buildings £	Plant & machinery £	Fixtures & fittings £	Motor vehicles £	Total £
<u>Cost</u>					
At 1st January 1994	4,685	176,820	29,849	24,095	235,449
Additions	-	48,417	4,604	-	53,021
Disposals	-	-	-	(12,350)	(12,350)
At 31st December 1994	4,685	225,237	34,453	11,745	276,120
<u>Depreciation</u>					
At 1st January 1994	1,359	120,625	25,104	12,156	159,244
Charge for year	225	17,648	3,417	4,179	25,469
On disposals	-	-	-	(7,132)	(7,132)
At 31st December 1994	1,584	138,273	28,521	9,203	177,581
<u>Net book value at 31st December 1994</u>	3,101	86,964	5,932	2,542	98,539
<u>Net book value at 31st December 1993</u>	3,326	56,195	4,745	11,939	76,205

	1994 £	1993 £
Analysis of net book value of land and buildings:		
Short leasehold	3,101	3,326

Included above are assets held under finance leases or hire purchase contracts as follows:-

	1994 £	1993 £
Net book values:		
Plant and machinery	46,333	35,687
Fixtures and fittings	2,684	-
Motor vehicles	-	11,939
	49,017	47,626
Depreciation charge for the year:		
Plant and machinery	6,874	6,817
Fixtures and fittings	706	-
Motor vehicles	-	6,449
	7,580	13,266

Net obligations under finance leases and hire purchase contracts are secured on the assets acquired.

CUSTOM INTERCONNECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1994

10. STOCKS	1994	1993
	£	£
Raw materials and consumables	54,598	40,979
Work in progress	46,622	49,531
	<u>101,220</u>	<u>90,510</u>

There is no material difference between the above values of stocks and their replacement cost.

11. DEBTORS	1994	1993
	£	£
Trade debtors	147,724	108,709
Other debtors	4,000	-
Prepayments and accrued income	607	1,794
	<u>152,331</u>	<u>110,503</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	1994	1993
	£	£
Bank loans and overdrafts	105,151	83,194
Trade creditors	95,676	55,609
Taxes and social security costs	30,896	27,338
Net obligations under finance lease and hire purchase contracts	20,184	18,080
Accruals and deferred income	14,459	12,409
	<u>266,366</u>	<u>196,630</u>

The bank overdraft is secured by way of a fixed and floating charge over the company's assets.

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	1994	1993
	£	£
Net obligations under finance leases and hire purchase contracts	26,450	18,888
	<u>26,450</u>	<u>18,888</u>

The finance lease and hire purchase liabilities are secured on the assets concerned.

CUSTOM INTERCONNECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1994

14. SHARE CAPITAL

1994	1993
£	£

Authorised

Equity interests:

100,000 Ordinary shares class 'A' of £1 each	100,000	100,000
24,176 Ordinary shares class 'B' of 60p each	14,506	14,506
	<u>114,506</u>	<u>114,506</u>

Allotted, called up and fully paid

Equity interests:

98,118 Ordinary shares class 'A' of £1 each	98,118	98,118
15,823 Ordinary shares class 'B' of 60p each	9,494	9,494
	<u>107,612</u>	<u>107,612</u>

15. SHARE PREMIUM ACCOUNT

1994	1993
£	£

Equity interests:

Balance brought forward at 1st January 1994	58,632	58,632
Balance carried forward at 31st December 1994	<u>58,632</u>	<u>58,632</u>

16. PROFIT AND LOSS ACCOUNT

1994	1993
£	£

Accumulated losses at 1st January 1994	(96,682)	(125,946)
Profit for the financial year	23,815	29,264
Accumulated losses at 31st December 1994	<u>(72,867)</u>	<u>(96,682)</u>

CUSTOM INTERCONNECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1994

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1994 £	1993 £
Profit for the financial year	23,815	29,264
New share capital subscribed	-	9,494
Net addition to shareholders' funds	23,815	38,758
Shareholders' funds at 1st January 1994	69,562	30,804
Shareholders' funds at 31st December 1994	93,377	69,562
Represented by:-		
Equity interests	93,377	69,562
	93,377	69,562

18. REVENUE COMMITMENTS

The amounts payable in the next year in respect of operating leases are shown below, analysed according to the expiry date of the leases.

<u>Land and buildings</u>	1994 £	1993 £
Expiry date:		
Between one and five years	2,838	2,838
After five years	21,000	19,875
	23,838	22,713

19. CONTINGENT LIABILITIES

There were no contingent liabilities at the year end.

CUSTOM INTERCONNECT LIMITED

MANAGEMENT INFORMATION

FOR THE YEAR ENDED 31ST DECEMBER 1994

CUSTOM INTERCONNECT LIMITED**DETAILED TRADING AND PROFIT AND LOSS ACCOUNT**
FOR THE YEAR ENDED 31ST DECEMBER 1994

	1994		1993	
	£	£	£	£
SALES		663,153		579,434
COST OF SALES				
Stocks at 1st January 1994	40,979		38,524	
Purchases	218,612		173,829	
Wages and salaries	161,489		136,816	
Subcontract labour	2,244		1,190	
	<u>423,324</u>		<u>350,359</u>	
Stocks at 31st December 1994	(54,598)		(40,979)	
		<u>(368,726)</u>		<u>(309,380)</u>
GROSS PROFIT	44.4%	294,427	46.6%	270,054
ADMINISTRATIVE EXPENSES		<u>(257,327)</u>		<u>(227,621)</u>
OPERATING PROFIT	5.6%	37,100	7.3%	42,433
OTHER INCOME AND EXPENSES				
Interest receivable:				
Bank deposit interest	<u>260</u>		<u>-</u>	
		260		-
Interest payable:				
Bank interest	8,477		9,176	
Hire purchase interest	<u>5,114</u>		<u>3,993</u>	
		<u>(13,591)</u>		<u>(13,169)</u>
NET PROFIT FOR THE YEAR		<u><u>23,769</u></u>		<u><u>29,264</u></u>

CUSTOM INTERCONNECT LIMITED

ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED 31ST DECEMBER 1994

	1994 £	1993 £
ADMINISTRATIVE EXPENSES		
Wages and salaries	33,677	41,244
Directors' remuneration	85,503	64,270
Fees	4,500	4,500
Directors' pension scheme	1,200	1,200
Directors' N.I contributions	8,713	6,683
Health Insurance	826	792
Rent and rates	30,195	28,818
Insurance	6,840	9,252
Light and heat	7,034	6,549
Cleaning	2,908	2,176
Repairs and maintenance	12,799	9,140
Printing, postage and stationery	3,934	3,680
Advertising	2,780	3,438
Telephone	3,732	3,815
Hire of equipment	1,994	2,415
Motor expenses	7,524	7,887
Travelling and entertaining	3,233	2,282
Legal and professional	77	30
Audit and accountancy	2,960	2,727
Bank charges	2,143	1,375
Bad debts	-	1,375
Staff welfare	4,630	3,209
Sundry expenses	625	865
Depreciation	28,199	24,424
Loss on disposal of fixed assets	1,301	(4,525)
	<u>257,327</u>	<u>227,621</u>