

Relectronic-Remech Ltd
Registered Number: 2585109

Abbreviated Accounts
for the year ended
30th September 1998

Wenn Townsend
Chartered Accountants
Oxford



Relectronic-Remech Ltd

Directors:

Dr H Friedrich - Chairman
R J Arneil - Managing Director
A T Musgrave
R T Walker - Finance Director
A J Wood

Secretary:

R T Walker

Registered Office:

153 Milton Park
Abingdon

Registered Number:

2585109

Auditors:

Wenn Townsend
Chartered Accountants and Registered Auditors
Oxford

Bankers:

National Westminster Bank plc
Didcot

Solicitors:

Mallam Lewis
Oxford

Relectronic-Remech Ltd

Report of the Directors

30th September 1998

The directors present their report and the abbreviated financial statements for the year ended 30th September 1998.

Principal activity

The principal activity of the company is that of restoration, cleaning and repair of electronic and mechanical equipment and structures.

Business review

The company's balance sheet as detailed on page 5 shows a satisfactory position, shareholders' funds amounting to £581,928.

Profit, dividends and appropriations

The results for the year are shown in the profit and loss account on page 4. The directors propose payment of an ordinary dividend of £115,142.

Fixed assets

The directors decided to change the vehicle fleet from lease purchase to a term rental agreement.

Directors

The directors of the company during the year and their interests in the shares of the company as recorded in the register of directors' interests were as follows:

	30th September 1998 Ordinary shares	1st October 1997 Ordinary shares
Dr H Friedrich	-	-
R J Arneil	-	-
J E Henson (resigned 23rd October 1997)	-	-
A T Musgrave	-	-
R T Walker	-	-
A J Wood	-	-

Auditors

Wenn Townsend have agreed to offer themselves for re-appointment.

On behalf of the board

Richard T. Walker.

R T Walker

Company Secretary

7th December 1998

Relectronic-Remech Ltd

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial accounts 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 those financial accounts, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make reasonable and prudent judgements and estimates;
- prepare the financial accounts 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 accounts 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.

Relectronic-Remech Limited
Auditors' report to
Relectronic-Remech Limited
under section 247B of the Companies Act 1985

We have examined the abbreviated financial statements set out on pages 4 to 14, together with the financial statements of the company for the year ended 30th September 1998 prepared under section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated financial statements in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated financial statements prepared in accordance with section 246A(3) of the Act to the registrar of companies and whether the financial statements to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated financial statements and that the abbreviated financial statements to be delivered are properly prepared. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated financial statements prepared in accordance with section 246A(3) of the Companies Act 1985, and the abbreviated financial statements on pages 4 to 14 are properly prepared in accordance with those provisions.

Wenn Townsend

Wenn Townsend

Chartered Accountants and Registered Auditors

Oxford

7th December 1998

WENN TOWNSEND

Relectronic-Remech Ltd

Abbreviated Profit and Loss Account
for the year ended 30th September 1998

	Note	<u>1997</u>
Gross profit		2,593,575
Distribution costs		(1,317,783)
Administrative expenses		(802,316)
Operating profit	3	473,476
Investment income	5	34
Interest payable	6	(60,269)
Profit on ordinary activities before tax		413,241
Taxation	7	(131,448)
Profit on ordinary activities after tax		281,793
Dividends	8	(140,896)
Retained profit		£ 140,897
		£ 115,142

Movements in reserves are shown in note 17.

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

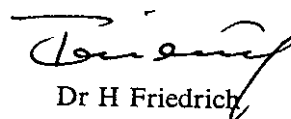
There are no recognised gains and losses in 1998 or 1997 other than the profit for the year.

Relectronic-Remech Ltd

Abbreviated Balance Sheet
30th September 1998

	Note		<u>1997</u>
Fixed assets			
Tangible assets	9	638,106	421,017
Current assets			
Stock	10	318,346	104,765
Debtors	11	2,124,669	1,969,007
Cash at bank and in hand		21,451	16,698
		<u>2,464,466</u>	<u>2,090,470</u>
Creditors: Amounts falling due within one year	12	(2,497,871)	(1,969,845)
Net current (liabilities)/assets	13	(33,405)	120,625
Total assets less current liabilities		<u>604,701</u>	<u>541,642</u>
Creditors: Amounts falling due after one year	14	22,773	74,856
Net assets		<u>£ 581,928</u>	<u>£ 466,786</u>
Capital and reserves			
Called up share capital	15	156,000	156,000
Profit and loss account	16	425,928	310,786
Shareholders' funds	17	<u>£ 581,928</u>	<u>£ 466,786</u>

These financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.



Dr H Friedrich

Director

7th December 1998

Relectronic-Remech Ltd

Abbreviated Cash Flow Statement
for the year ended 30th September 1998

	Note	1997
Net cash flow from operating activities:		
Operating profit	385,082	473,476
Depreciation	183,792	175,795
(Increase)/decrease in stocks	(213,581)	2,530
Increase in debtors	(156,309)	(641,930)
Increase in creditors	750,716	456,214
Net cash inflow from operating activities	£ 949,700	£ 466,085
Cash flow statement		
Net cash inflow from operating activities	949,700	466,085
Returns on investments and servicing of finance	19 (113,697)	(60,235)
Taxation	(166,671)	(70,298)
Net capital expenditure	19 (400,881)	(316,463)
	268,451	19,089
Equity dividends paid	(140,896)	(117,730)
	127,555	(98,641)
Financing	19 (99,575)	32,711
	£ 27,980	£ (65,930)
Reconciliation of net cash flow to movement in net debt (note 20).		
Decrease in cash in the period	27,980	(65,930)
Net debt at 01.10.97	(142,132)	(76,202)
Net debt at 30.09.98	£ (114,152)	£ (142,132)

Relectronic-Remech Ltd

Notes to the Abbreviated Accounts for the year ended 30th September 1998

1 Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost accounting rules.

Depreciation

Depreciation of fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives as follows:

Leasehold land and buildings	Equal instalments over the lease term
Plant and machinery	20% straight line
Vehicles	33% straight line

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.

Stocks and work in progress

Stocks are valued at the lower of cost and net realisable value. Cost is computed on a first in first out basis. The cost of work in progress and finished goods includes all production overheads and depreciation and the attributable proportion of indirect overheads based on the normal level of activity. Net realisable value is based on estimated selling price less the estimated cost of disposal.

Deferred taxation

Deferred taxation is provided on the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

Foreign currencies

Transactions expressed in foreign currencies are translated into sterling and recorded at rates of exchange approximating to those ruling at the date of the transaction. Monetary assets and liabilities are translated at rates ruling at the balance sheet date. All differences are taken to the profit and loss account.

Defined contribution scheme

Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

2 Turnover

Turnover represents the amount derived from the provision of goods and services falling within the company's activities after deduction of trade discounts and value added tax.

Relectronic-Remech Ltd

Notes to the Abbreviated Accounts for the year ended 30th September 1998

3 Operating profit

Operating profit is stated after crediting:		1997
Profit on sale of assets	£ 80,284	£ 15,099
and after charging		
Auditors' remuneration	£ 6,200	£ 5,200
Operating leases		
Land and buildings	£ 163,129	£ 106,005
Depreciation of tangible fixed assets (note 9)		
owned assets	161,633	105,640
leased assets	102,443	85,254
	£ 264,076	£ 190,894

4 Directors and employees

Staff costs including directors' emoluments

Wages and salaries	2,423,013	1,769,253
Social security costs	231,838	167,437
Pension costs	44,725	25,636
	£ 2,699,576	£ 1,962,326

Average number employed by the company including executive directors

Operations staff	83	66
Finance, administration and marketing	12	14
	95	80

Directors remuneration

Emoluments	159,390	171,512
Pension contributions	12,369	11,243
	£ 171,759	£ 182,755

2 directors were in a defined contribution scheme (1997: 2).

Relectronic-Remech Ltd

Notes to the Abbreviated Accounts
for the year ended 30th September 1998

5 Investment income

		<u>1997</u>
Interest receivable	£ 54	£ 34

6 Interest payable

		<u>1997</u>
Bank overdraft interest	5,033	2,936
Loan interest	85,044	40,480
Finance lease interest	23,674	16,853
	£ 113,751	£ 60,269

7 Taxation

		<u>1997</u>
Corporation tax at 21% (1997: 32%)	£ 41,101	£ 131,448

8 Dividends

		<u>1997</u>
Dividend proposed	£ 115,142	£ 140,896

Relectronic-Remech Ltd

Notes to the Abbreviated Accounts for the year ended 30th September 1998

9 Tangible fixed assets

	Motor Vehicles	Fixtures, Fittings, Tools and Equipment	Leasehold Improvements	Total
Cost or valuation				
At 1st October 1997	376,600	367,255	128,941	872,796
Additions	106,472	339,728	174,685	620,885
Disposals	(380,511)	-	-	(380,511)
At 30th September 1998	£ 102,561	706,983	303,626	1,113,170
Depreciation				
At 1st October 1997	185,702	188,151	77,926	451,779
Charge for year	107,212	114,092	42,772	264,076
Disposals	(240,791)	-	-	(240,791)
At 30th September 1998	£ 52,123	302,243	120,698	475,064
Net book value				
At 30th September 1998	£ 50,438	404,740	182,928	638,106
At 1st October 1997	£ 190,898	179,104	51,015	421,017

The net book amount of fixed assets includes £32,773 (1997: £157,916) in respect of assets held under finance leases and hire purchase contracts, the depreciation of which is shown in note 3.

10 Stocks

	1997
Work in progress	178,467
Raw materials	24,538
	139,879
	80,227
	£ 318,346
	£ 104,765

11 Debtors

Amounts falling due within one year	1997
Trade debtors	1,771,538
Other debtors	1,856,829
Prepayments and accrued income	64,010
	289,121
	47,521
	£ 2,124,669
	£ 1,969,007

Included in other debtors is an amount of £28,786 due after one year (1997: £35,224).

Reelectronic-Remech Ltd

Notes to the Abbreviated Accounts for the year ended 30th September 1998

12 Creditors: amounts falling due within one year

		<u>1997</u>
Bank overdraft (secured)	135,603	158,830
Loan	1,393,845	748,693
Trade creditors	361,458	271,307
Corporation tax	69,887	196,103
Other taxation and social security	170,687	240,830
Dividend proposed	115,142	140,896
Accruals and deferred income	232,273	146,719
Obligations under finance leases and hire purchase contracts - note 14	18,976	66,467
	<u>£ 2,497,871</u>	<u>£ 1,969,845</u>

13 Net current liabilities

The company has net current liabilities at the balance sheet date. The directors have obtained confirmation that one of the shareholders will guarantee to the lender up to £1,300,000 of the loan and that this support will extend throughout 1999.

14 Creditors: amounts falling due after one year

		<u>1997</u>
Obligations under finance leases	£ 22,773	£ 74,856
Obligations under finance leases and hire purchase contracts	<u>£ 22,773</u>	<u>£ 74,856</u>

These obligations are secured on the assets leased.

These are repayable over varying periods
by monthly instalments as follows:

In the next year - see note 12	18,976	66,467
In the second to fifth year	22,772	74,856
	<u>£ 41,748</u>	<u>£ 141,323</u>

15 Called up share capital

		<u>1997</u>
Authorised:		
180,000 ordinary shares of £1 each	£ 180,000	£ 180,000
Allotted, called up and fully paid:		
156,000 ordinary shares of £1 each	£ 156,000	£ 156,000

Relectronic-Remech Ltd

Notes to the Abbreviated Accounts for the year ended 30th September 1998

16 Profit and loss account

		<u>1997</u>
At 1st October 1997	310,786	169,889
Retained profit for the year	<u>115,142</u>	<u>140,896</u>
At 30th September 1998	<u>£ 425,928</u>	<u>£ 310,786</u>

17 Reconciliation of movements in shareholders' funds

		<u>1997</u>
At 1st October 1997	466,786	325,889
Profit for the year	230,284	281,793
Dividends	<u>(115,142)</u>	<u>(140,896)</u>
At 30th September 1998	<u>£ 581,928</u>	<u>£ 466,786</u>

18 Related party transactions

Royalties due to Relectronic-Remech GmbH (an associated company): £28,958.
Loan from Siemens AG (Parent of an associated company):

Brought forward	748,693
Additions	<u>645,152</u>
As at 30th September 1998	<u>£ 1,393,845</u>
Interest paid	<u>£ 85,044</u>

Sales and purchases from other Relectronic-Remech companies during the year were as follows:

	Invoiced	Balance at 30.09.98
Sales	£ 541,804	£ 288,917
Purchases	£ 30,402	£ -

All the above transactions were at arm's length.

Relectronic-Remech Ltd

Notes to the Abbreviated Accounts
for the year ended 30th September 1998

19 Gross cash flows

1997

Returns on investment and servicing of finance

Interest paid	(113,751)	(60,269)
Interest received	54	34
	<u>£(113,697)</u>	<u>£ (60,235)</u>

Capital expenditure

Payments to acquire tangible fixed assets	(620,885)	(362,373)
Receipts from sales of tangible fixed assets	220,004	45,910
	<u>£(400,881)</u>	<u>£(316,463)</u>

Financing

Hire purchase	<u>£ (99,575)</u>	<u>£ 32,711</u>
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20 Analysis of changes in net debt

	At 01.10.97	Cash flows	At 30.09.98
Cash in hand and at bank	16,698	4,753	21,451
Overdrafts	(158,830)	23,227	(135,603)
	<u>£ (142,132)</u>	<u>27,980</u>	<u>(114,152)</u>

21 Capital expenditure

1997

Amounts contracted, but not provided	<u>£ -</u>	<u>£ 110,000</u>
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Relectronic-Remech Ltd

Notes to the Abbreviated Accounts
for the year ended 30th September 1998

22 Operating lease commitments

At 30th September 1998 the company had annual commitments under non-cancellable operating leases expiring as set out below.

	<u>1998</u>	<u>1997</u>
Land & Buildings		
Within 1 year	£ -	£ 22,980
Within 2-5 years	£ 165,000	£ 79,609
Vehicles		
Within 1 year	£ 52,953	£ -

23 Approval of accounts

These accounts were approved by the directors at a meeting held on 7th December 1998.