

**ABL Group Limited (formerly Ingleby (1132)
Limited)**

Directors' report and financial statements

For the period ended 31 March 1999
Registered number 3603229



Directors' report and financial statements

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Directors' report

The directors present their first report and the audited financial statements for the period ended 31 March 1999.

Principal activities

The company acted as a holding company until 31 March 1999.

The company's principal activity is the manufacture of multimetal components and assemblies for niche markets within the electronics, telecomms and leisure industries, which has been contracted via subsidiary companies

The principal activities of the company's subsidiaries are detailed in note 9 of the financial statements.

Business review

The company was incorporated on 23 July 1998. On 21 May 1999, the company changed its name from Ingleby (1132) Limited to ABL Group Limited. On 5 October 1998, the company acquired the entire issued share capital of ABL (Aluminium Components) Limited and that company's trade, assets and liabilities were subsequently hived up on 31 March 1999.

The directors are optimistic about the future prospects for the company.

Results and dividend

The company's loss for the period before taxation amounted to £1,438,802.

The directors do not recommend the payment of a dividend.

Year 2000

During 1999, the company carried out reviews to identify areas where the year 2000 could potentially have significant financial and operational consequences. Where problems were identified, rectification work was carried out. Up to now, the company has encountered no significant problems in relation to this issue. However, the company does acknowledge that it is impossible to know whether there are any problems yet to arise. The company is, therefore, continuing to monitor the situation in order that problems can be identified, investigated and rectified quickly and efficiently.

Directors and directors' interests

The directors who held office on incorporation and at the end of the period were as follows:

		Number at 31 March 1999		On incorporation or date of appointment, if later
		"A" ordinary shares	"B" ordinary shares	No of ordinary shares of £1 each
JD Hoccom	(appointed 5 October 1998)	34,720	-	-
S Richardson	(appointed 5 October 1998)	-	600	-
Ingleby Nominees Limited	(appointed 23 July 1998, resigned 5 October 1998)	-	-	1
Ingleby Holdings Limited	(appointed 23 July 1998, resigned 5 October 1998)	-	-	1
		<hr/>	<hr/>	<hr/>

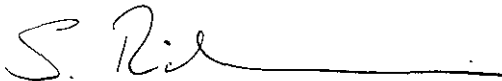
According to the register of directors' interest, no rights to subscribe for shares in, or debentures of, the company, or any other group company, were granted to any of the directors or their immediate families.

Directors' report *(continued)*

Auditors

During the period, the directors appointed KPMG as first auditors of the company.

Approved by the board of directors on 29 February 2000 and signed on its behalf by:



S Richardson
Secretary

Premier House
Valepits Road
Garretts Green
Birmingham
B33 0TD

Statement of 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 for that year. 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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.



2 Cornwall Street
Birmingham
B3 2DL

Report of the auditors to the members of ABL Group Limited

We have audited the financial statements on pages 5 to 14.

Respective responsibilities of directors and auditors

As described on page 3, 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 the company's affairs as at 31 March 1999 and of its loss for the period from incorporation on 23 July 1998 to 31 March 1999 and have been properly prepared in accordance with the Companies Act 1985.

KPMG
Chartered Accountants
Registered Auditors

29 February 2000

Profit and loss account

for the period from incorporation on 23 July 1998 to 31 March 1999

	Note	Before goodwill impairment	Goodwill impairment	Period ended 31 March 1999
		£	£	£
Administrative expenses		(17,856)	(1,370,755)	(1,388,611)
Other interest receivable and similar income		27,786	-	27,786
Interest payable and similar charges	5	(77,977)	-	(77,977)
Loss on ordinary activities before taxation	3	(68,047)	(1,370,755)	(1,438,802)
Tax on loss on ordinary activities	6	(77,500)	-	(77,500)
Loss on ordinary activities after taxation, being the amount transferred to reserves	17	(145,547)	(1,370,755)	(1,516,302)

The financial statements cover the period from incorporation on 23 July 1998 to 31 March 1999. The company commenced activity on 5 October 1998.

At 31 March 1999, the trade, certain assets and liabilities of ABL (Aluminium Components) Limited, a wholly-owned subsidiary, were transferred to the company (see note 2).

There were no recognised gains or losses in the current period other than those disclosed in the profit and loss account.

Balance sheet

at 31 March 1999

	Note	£	1999 £
Fixed assets			
Intangible assets	7		1,874,058
Tangible assets	8		2,124,278
Investments	9		499,081
			<hr/>
			4,497,417
Current assets			
Stocks	10	771,813	
Debtors	11	1,393,949	
Cash at bank		900,446	
		<hr/>	
		3,066,208	
Creditors: Amounts falling due within one year	12	(2,481,879)	
		<hr/>	
Net current assets			584,329
			<hr/>
Total assets less current liabilities			5,081,746
Creditors: Amounts falling due after more than one year	13		(2,988,547)
Provisions for liabilities and charges	15		(77,500)
			<hr/>
Net assets			2,015,699
			<hr/>
Capital and reserves			
Called up share capital	16		35,320
Share premium account	17		59,400
Other reserves	17		1,382,354
Profit and loss account	17		538,625
			<hr/>
Equity shareholders' funds	18		2,015,699
			<hr/>

These financial statements were approved by the board of directors on 29 February 2000 and were signed on its behalf by:


JD Hoccom

Director


S Richardson

Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements:

Basis of preparation

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

Group financial statements

The company is exempt by virtue of Section 248 of the Companies Act 1985 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about the group.

Cash flow statement

The company is exempt from the requirement of Financial Reporting Standard No 1 to prepare a cash flow statement as it is entitled to the filing exemptions as a small company under sections 246 to 249 of the Companies Act 1985 when filing financial statements with the Registrar of Companies.

Investments

Fixed asset investments are stated at cost less provision for impairment losses.

Goodwill

Goodwill arising on acquisitions (representing the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired) is amortised to the profit and loss account over its expected useful life of 15 years.

Fixed assets and depreciation

Depreciation is provided to write off cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Long leasehold property	-	2% per annum
Improvements to rented property	-	15% per annum
Plant and machinery	-	15% per annum
Motor vehicles	-	25% per annum
Fixtures and fittings	-	15% per annum
Computer equipment	-	15% to 33 1/3% per annum

Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and leases which result in the transfer to the company of substantially all the risks and rewards of ownership (finance leases) are capitalised as tangible fixed assets at the estimated present value of underlying lease payments and are depreciated in accordance with the above policy. Obligations under such agreements are included in creditors net of finance charges allocated to future periods. The finance element of the rental payments is charged to the profit and loss account over the period of the lease or hire purchase contract so as to produce a constant periodic rate of charge on the outstanding balance of the net obligation in each period.

Rentals paid under other leases (operating leases) are charged against income on a straight line basis over the lease term.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes direct materials, labour and an appropriate proportion of attributable overheads.

Notes (continued)

1 Accounting policies (continued)

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of transaction. Assets and liabilities in foreign currencies are re-translated into sterling at the balance sheet exchange rate and any exchange differences arising are taken to the profit and loss account.

Government grants

Grants are credited to deferred income. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

Taxation

The charge for taxation is based on the result for the period and takes into account taxation deferred because of timing differences between the treatment of a certain item for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

2 Transfer of trade

On 31 March 1999, the trade, certain assets and liabilities of ABL (Aluminium Components) Limited, a wholly-owned subsidiary were transferred to the company at their net book value with a resultant balance taken to the intercompany loan account. The assets and liabilities transferred were as follows:

	£
Tangible fixed assets	2,124,278
Stock	771,813
Debtors	1,393,949
Creditors due within one year	(2,269,933)
Creditors due in more than one year	(964,366)
	<hr/>
Net assets transferred	1,055,741
	<hr/>

3 Loss on ordinary activities before taxation

Period ended
 31 March 1999
 £

Loss on ordinary activities before taxation is stated

after charging

Auditors' remuneration	1,000
Impairment of goodwill	1,370,755
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Notes (continued)

4 Directors' remuneration

Period ended
 31 March 1999
 £

Directors' emoluments	87,958
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Directors' emoluments represent amounts paid to directors from subsidiary undertakings in the period 5 October 1998 to 31 March 1999.

5 Interest payable and similar charges

Period ended
 31 March 1999
 £

Amounts payable on bank loans and overdrafts	46,477
Amounts payable on other loans	31,500
	77,977

6 Tax on loss on ordinary activities

Period ended
 31 March 1999
 £

Deferred tax	77,500
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Unrelieved trading losses of £92,000 have been carried forward at 31 March 1999 to offset against future trading profits.

7 Intangible fixed assets

Goodwill
 £

Cost

Transfer from investment in subsidiary undertakings	3,244,813
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Amortisation

Impairment in period and at end of period	1,370,755
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Net book value

At 31 March 1999	1,874,058
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Goodwill arising on the acquisition of ABL (Aluminium Components) Limited is being amortised over 15 years, the expected useful economic life of the assets acquired.

Subsequent to its acquisition, the trading performance of ABL (Aluminium Components) Limited was severely affected by competitive conditions within the marketplace. Accordingly, the directors have reviewed the carrying value of the goodwill and have made provision for impairment losses based on projected future cash flows and a discount rate of 20%.

Notes (continued)

8 Tangible fixed assets

	Long leasehold property	Plant and machinery	Motor vehicles	Fixtures, fittings and computer equipment	Total
	£	£	£	£	£
Cost					
Transfer from subsidiary undertaking	1,444,554	1,557,383	44,272	186,003	3,232,212
At end of period	1,444,554	1,557,383	44,272	186,003	3,232,212
Accumulated depreciation					
Transfer from subsidiary undertaking	79,120	883,617	13,981	131,216	1,107,934
At end of period	79,120	883,617	13,981	131,216	1,107,934
Net book value					
At 31 March 1999	1,365,434	673,766	30,291	54,787	2,124,278

The net book values above include the following amounts in respect of assets held under hire purchase contracts, plant and machinery £451,014, motor vehicles £21,000 and fixtures, fittings and computer equipment £7,862.

9 Investments held as fixed assets

	Shares in group undertakings £
Cost	
Additions	4,770,755
Dividends paid out of pre-acquisition reserves	(1,026,861)
	3,743,894
Transferred to goodwill	(3,244,813)
At end of period	499,081

On 5 October 1998, the company acquired 100% of the ordinary share capital of ABL (Aluminium Components) Limited and its subsidiaries.

On 31 March 1999, the trade, certain assets and liabilities of ABL (Aluminium Components) Limited were transferred to the company at their book values. All distributable reserves were then paid to the company by way of a dividend and deducted from cost of investment. The resultant book value was in excess of the net asset values of ABL (Aluminium Components) Limited and thus gave rise to the need for a provision for an impairment loss.

However, the directors consider that the substance of the transfers and the dividends was to reclassify the investment in subsidiaries as goodwill paid on the acquisition of the investment in the subsidiary undertaking. Accordingly, in order to give a true and fair view, they have recognised the impairment loss as goodwill which will be amortised in accordance with Financial Reporting Standard No 10. The effect of this departure from the requirements of Schedule 4 to the Companies Act 1985 has been to recognise goodwill amounting to £3,244,813.

Notes (continued)

9 Investments held as fixed assets (continued)

The company owns directly or indirectly the whole of the issued share capital of the following subsidiary undertakings, all of which are incorporated in Great Britain:

Subsidiary undertakings	Principal activity in the period to 31 March 1999	Class and percentage of shares held %	Aggregate capital and reserves £	Loss for the year £
ABL (Aluminium Components) Limited	Manufacture of multimetal components	100	499,081	1,400,902
ABL Powersem Limited	Dormant	100	357	-
Anodisers (Birmingham) Limited	Dormant	100	100	-

10 Stocks

	1999 £
Raw materials and consumables	418,173
Work in progress and finished goods	353,640
	771,813

11 Debtors

	1999 £
Trade debtors	1,354,154
Other debtors	26,047
Prepayments	13,748
	1,393,949

12 Creditors: Amounts falling due within one year

	1999 £
Bank loan and overdraft (secured) - see note 13	70,360
Bank term loan - see note 13	200,000
Obligations under hire purchase contracts (secured - see note 13)	166,890
Obligations under invoice discounting arrangements	938,246
Trade creditors	821,903
Other creditors	7,166
Other taxes and social security	194,190
Accruals and deferred income	68,874
Government grants (see note 14)	14,250
	2,481,879

Obligations under invoice discounting arrangements are secured on the book debts of the company.

Notes (continued)

13 Creditors: Amounts falling due after more than one year

	1999 £
7% Fixed Rate Guaranteed loan notes over five years	900,000
Bank term loan (secured)	
Between one and two years	250,000
Between two and five years	375,000
Bank loan (secured):	
Between one and two years	51,429
Between two and five years	354,286
Over five years	338,570
Obligations under hire purchase contracts (secured):	
Between one and two years	130,242
Between two and five years	45,901
Amounts owed to subsidiary undertaking	499,181
Government grants (see note 14)	43,938
	<hr/>
	2,988,547
	<hr/>

The bank term loan is secured by fixed and floating charges over all the assets of the company. The loan carries interest 3.5% above LIBOR and is repayable by four quarterly instalments of £37,500 followed by 12 quarterly payments of £62,500 commencing in December 1998.

The 900,000 7% Fixed Rate Guaranteed loan notes are due for repayment on 30 September 2005. At the option of the loan note holders early repayment is available up to a maximum of £225,000 per annum commencing from 15 October 2001. Interest is charged at a fixed rate of 7% and the loan notes are guaranteed by The Royal Bank of Scotland plc and secured on the cash deposit of £900,000.

The bank loan and overdraft are secured by fixed and floating charges over all of the assets of the company. The bank loan carries interest at 2% above the base rate of Royal Bank of Scotland plc. The loan is wholly repayable by 168 monthly instalments of £4,286 commencing in November 1996.

Obligations under hire purchase contracts are secured against the related assets.

14 Government grants

	1999 £
Transfer from subsidiary and at end of period	58,188
	<hr/>
Due within one year	14,250
	<hr/>
Due after more than one year	43,938
	<hr/>

15 Provisions for liabilities and charges

	Deferred taxation £
Charge for the period and at end of period	77,500
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Notes (continued)

15 Provisions for liabilities and charges (continued)

The amounts provided for deferred taxation and the amounts not provided are set out below:

	1999 Provided £	Unprovided £
Difference between accumulated depreciation and capital allowances	123,000	-
Other timing differences	(17,500)	-
Less trading losses	(28,000)	-
	<u>77,500</u>	<u>-</u>

16 Called up share capital

Authorised:

"A" ordinary shares of £1 each

"B" ordinary shares of £1 each

1999
£

34,720

600

35,320

Called up, allotted and fully paid:

"A" ordinary shares of £1 each

"B" ordinary shares of £1 each

34,720

600

35,320

On incorporation, the company issued 2 ordinary shares of £1 each. On 5 October 1998, the authorised and issued share capital was increased and redesignated as 34,720 "A" ordinary shares of £1 each and 600 "B" ordinary shares of £1 each.

On 5 October 1998, 34,720 "A" ordinary shares of £1 each were issued at a combined value of £3,437,281 as consideration for the acquisition of 233,333 "A" ordinary shares of £1 each in ABL (Aluminium Components) Limited.

The 600 "B" ordinary shares of £1 each were issued for a value of £100 per share.

The "A" and "B" ordinary shares rank pari passu in respect of voting rights, dividends and on a winding up.

Notes (continued)

17 Reserves

	Other reserves	Share premium account	Profit and loss account
	£	£	£
On issue of share capital (see note 21)	3,437,281	59,400	-
Retained loss for the period	-	-	(1,516,302)
Transfer on goodwill impairment	(1,028,066)		1,028,066
Transfer on receipt of pre-acquisition dividend	(1,026,861)		1,026,861
Balance at end of period	1,382,354	59,400	538,625

18 Reconciliation of movements in shareholders' funds

	1999 £
Loss for the financial period	(1,516,302)
Issue of share capital	3,532,001
Net addition to, and closing, shareholders' funds	2,015,699

19 Commitments

- (a) There were no capital commitments at the end of the financial period.
- (b) Annual commitments under non-cancellable operating leases are as follows:

	Other £
Operating leases which expire:	
Within one year	42,495
In the second to fifth years inclusive	2,330

20 Contingent liabilities

The company is party to unlimited cross guarantees in respect of bank loans, overdraft and invoice discounting arrangements of its subsidiary company, ABL (Aluminium Components) Limited and its subsidiaries. At 31 March 1999, this amounted to £Nil.

21 Related party transactions

On 5 October 1998, 34,720 "A" ordinary shares were issued to JD Hoccom, a director of the company, at a combined value of £3,437,281 in consideration for his 233,333 "A" ordinary shares of £1 each in ABL (Aluminium Components) Limited.

On 31 March 1999, the trade, certain assets and liabilities were transferred to the company from ABL (Aluminium Components) Limited. Details of the transfer are included in note 2.