

**Clyde Valley Control Systems Limited**  
**Company No: SCO 69561**

**Accounts**

**For the year ended 31 May 1999**

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**Hardie Caldwell**

**CHARTERED ACCOUNTANTS**

**Glasgow**

# **Clyde Valley Control Systems Limited**

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## **DIRECTORS REPORT**

**FOR THE YEAR ENDED 31 MAY 1999**

The directors have pleasure in presenting their report, together with the audited accounts for the year ended 31 May 1999

### **Results and dividends**

The profit for the year after taxation was £107,254 (1998 - £97,941). The directors propose a final dividend of £28,221 (1998 - £28,221) leaving £79,033 (1998 - £69,720) to be transferred to reserves.

### **Principal activities and review of business**

The principal activities of the company continue to be the design and manufacture of electronic control and monitoring equipment and computer flash drives, together with associated services related to electronic personnel hire, training and recruitment, and client product rework and repair activities.

Due to the company's ongoing product design activities and the increase in our cold store and vehicle recorders and other related products our product sales volumes is expected to produce increased revenues particularly in the UK market.

Our recently created training and recruitment facility will provide a firm foundation for future growth in the Personnel Hire sector along with revenue in its own right for in house training of client personnel.

The subsidiary did not trade in the year and group accounts have not been prepared in view of the insignificant amounts involved.

### **Future developments**

The company continues to devote considerable amounts to the research and development of new and improved products in order to fuel our future growth.

The vehicle and cold store recorder range has been considerably broadened over the past period and sales of this product will continue to expand as our client base increases. Our new in-house automated assembly is now fully operational and is expected to continue to provide cost savings into the foreseeable future.

A new version of the data logger range is about to be introduced within the next few months which will strengthen growth potential using automated assemblies.

Our new EMTA approved training facility is expected to provide growth opportunities in the electronic training sphere whilst also providing support for our present hire business.

# Clyde Valley Control Systems Limited

## DIRECTORS REPORT

FOR THE YEAR ENDED 31 MAY 1999 (CONT'D)

### Directors and their interests

The directors at any time during the year and their interests in the issued ordinary share capital of the company were as follows:

	31/5/99	31/5/98
T S M Palmer	7,540	7,540
J W Graham	7,540	7,540
J A Whittle	1,290	1,290
L Graham	540	540
S Middleton (resigned 1/4/99)	-	-
I J Graham	-	-
A I Horne (resigned 30/7/98)	-	-

J Whittle retires by rotation and being eligible offers himself for re-election .

### Year 2000

The directors have undertaken an assessment of the risk that the business and operations will be adversely affected by what is known as the Year 2000 problem and they are of the opinion that the company will have no problem in relation to this.

### Auditors

A resolution to re-appoint Hardie Caldwell, Chartered Accountants, as auditors will be put to the members at the Annual General Meeting.

*Approved by the Board on 28 October 1999 and signed on its behalf*

A S Robertson



Secretary

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the company's state of affairs at the end of the year and of its results for that period. In preparing those accounts 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 accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to assume 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 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 or other irregularities.

# Clyde Valley Control Systems Limited

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## AUDITORS' REPORT TO THE SHAREHOLDERS OF CLYDE VALLEY CONTROL SYSTEMS LIMITED

We have audited the accounts on pages 5 to 15 which have been prepared under the accounting policies set out on page 8.

### **Respective responsibilities of directors and auditors**

As described on page 3 the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of accounts, 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 accounts 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 the information in the accounts.

### **Opinion**

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 May 1999 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

*Hardie Caldwell*

**Hardie Caldwell**  
*Chartered Accountants*  
*and Registered Auditor*

Savoy Tower  
77 Renfrew Street  
Glasgow  
G2 3BY

*1/11/99.*

# Clyde Valley Control Systems Limited

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31 MAY 1999

	Note	£	1998 £
Turnover	2	3,891,807	3,684,232
Cost of sales		3,120,326	2,919,840
<b>Gross profit</b>		<u>771,481</u>	<u>764,392</u>
Distribution costs		17,365	12,122
Administrative expenses		646,048	634,909
		<u>663,413</u>	<u>647,031</u>
		108,068	117,361
Other operating income		34,416	1,780
<b>Operating profit</b>		<u>142,484</u>	<u>119,141</u>
Interest receivable		1,045	337
		<u>143,529</u>	<u>119,478</u>
Interest payable	3	11,170	9,380
<b>Profit on ordinary activities before taxation</b>	4	<u>132,359</u>	<u>110,098</u>
Taxation on profit on ordinary activities	6	25,105	12,157
<b>Profit on ordinary activities after taxation</b>		<u>107,254</u>	<u>97,941</u>
Proposed dividend	7	28,221	28,221
<b>Profit for year</b>		<u><u>79,033</u></u>	<u><u>69,720</u></u>
<b>Statement of accumulated profit:</b>			
Balance brought forward		425,205	355,485
Retained profit		79,033	69,720
Balance to reserves		<u><u>504,238</u></u>	<u><u>425,205</u></u>

The profit and loss account contains all the gains and losses recognised in the current and preceding year.

*The notes on pages 8 to 15 form part of these accounts*

# Clyde Valley Control Systems Limited

## BALANCE SHEET AS AT 31 MAY 1999

	Note	£	1998 £
<b>Fixed assets</b>			
Intangible assets	8	2	2
Tangible assets	9	355,810	272,599
Investment	10	1	1
		<u>355,813</u>	<u>272,602</u>
<b>Current assets</b>			
Stocks	11	154,424	140,603
Debtors	12	758,784	547,527
Cash at bank and in hand		1,104	42,074
		<u>914,312</u>	<u>730,204</u>
<b>Creditors: Amounts falling due within one year</b>			
Trade creditors		192,665	267,654
Bank overdraft	13	176,271	59,832
Corporation tax payable		9,576	7,126
Other taxes and social security costs		71,218	47,919
Other creditors	13	129,882	55,497
Amount due to subsidiary		1,748	1,748
Proposed dividend		28,221	28,221
		<u>609,581</u>	<u>467,997</u>
<b>Net current assets</b>		<u>304,731</u>	<u>262,207</u>
<b>Total assets less current liabilities</b>		<u>660,544</u>	<u>534,809</u>
<b>Creditors: Amounts falling due after more than one year</b>	14	45,547	5,623
		<u>614,997</u>	<u>529,186</u>
Deferred taxation	15	18,864	12,086
<b>Net assets</b>		<u>596,133</u>	<u>517,100</u>
<b>Capital and reserves</b>			
Called up share capital	16	28,221	28,221
Reserves	17	567,912	488,879
<b>Shareholders' Funds</b>	21	<u>596,133</u>	<u>517,100</u>

Approved by the Board on 28 October 1999 and signed on its behalf

J W Graham  Director

L Graham  Director

The notes on pages 8 to 15 form part of these accounts

# Clyde Valley Control Systems Limited

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MAY 1999

	Note	£	1998 £
Net cash outflow from operating activities	22	(32,135)	177,711
Returns on Investment and Servicing of Finance	23	(10,125)	(9,043)
Taxation		(7,061)	(1,957)
Capital expenditure and financial investment	24	26,825	(108,609)
Equity dividends paid		(28,221)	(7,055)
Financing	25	(106,692)	(34,849)
(Decrease) / increase in cash	26	<u>(157,409)</u>	<u>16,198</u>

## RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	Note	£	1998 £
(Decrease) / increase in cash		(157,409)	16,198
Cash outflow from decrease in HP financing		106,692	34,849
Change in net debt resulting from cash flows		<u>(50,717)</u>	<u>51,047</u>
New HP agreements		(179,880)	(26,213)
Movement in net debt		<u>(230,597)</u>	<u>24,834</u>
Net debt as at 1 June 1998		<u>(50,702)</u>	<u>(75,536)</u>
Net debt as at 31 May 1999	26	<u>(281,299)</u>	<u>(50,702)</u>

*The notes on pages 8 to 15 form part of these accounts.*



## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MAY 1999

### 1) Accounting policies

#### *Accounting convention*

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards except that the directors have taken advantage of certain exemptions available to medium-sized companies under the Companies Act 1985. The directors have also taken advantage of the exemption available under Section 248 of the Act not to prepare group accounts as the group which it heads qualifies as a medium sized group. The accounts therefore contain information about the company as an individual company and do not contain consolidated accounting information as the parent of a group.

#### *Fixed assets*

Fixed assets are stated at cost less accumulated depreciation. Depreciation is provided at the following rates which are calculated to write down the assets to their estimated value at the end of their useful working lives:-

Plant & equipment	-	10% - 33.33% straight line
Office fittings & equipment	-	10% - 33.33% straight line
Motor vehicles	-	20% - 25% straight line
Plant & equipment	-	Additions in first 6 months receive a full year's charge. Additions in second 6 months receive no charge.
Office fittings & equipment	-	As above
Motor vehicles	-	Depreciated from month of purchase to month of sale.

#### *Leasing and hire purchase commitments*

Assets obtained under hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives.

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

#### *Intangible assets - Patents application*

Expenditure on the registration of patents has been written off to revenue leaving a nominal value on the balance sheet.

#### *Stocks and work in progress*

Stocks are valued at the lower of cost and net realisable value. Work in progress is valued at material cost, direct labour and attributable overheads.

#### *Deferred taxation*

Deferred taxation is provided using the liability method on all timing differences to the extent that they are expected to reverse in the foreseeable future and calculated at present taxation rates.

#### *Pensions*

##### *Defined contribution scheme*

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

#### *Foreign currencies*

Transactions in foreign currencies are recorded at the rate ruling at the date of transaction. All differences are taken to the profit and loss account.

# Clyde Valley Control Systems Limited

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MAY 1999 (CONT'D)

### 2) Turnover

Turnover represents the total amount receivable for goods sold and services provided excluding value added tax.

An analysis of turnover by geographical market is given below.

	£	1998 £
United Kingdom	1,637,236	1,920,544
Rest of Europe	2,035,259	1,600,544
USA	219,312	163,144
	<u>3,891,807</u>	<u>3,684,232</u>

### 3) Interest payable

Bank overdraft	2,577	4,669
Hire purchase	8,593	4,711
	<u>11,170</u>	<u>9,380</u>

### 4) Profit on ordinary activities before taxation

This is stated after charging/(crediting) :

Depreciation of owned fixed assets	46,878	42,959
Depreciation of hire purchase assets	32,625	20,456
Research and development expenditure	198,068	155,002
Profit on sale of fixed assets	(9,659)	(1,550)
Hire of equipment	254	1,162
Operating lease rentals	16,040	14,193
Grant income	(34,416)	(1,780)
Auditors remuneration	<u>4,230</u>	<u>4,130</u>

# Clyde Valley Control Systems Limited

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MAY 1999 (CONT'D)

### 5) Staff costs

	£	1998 £
Directors remuneration - emoluments	159,614	130,947
Salaries	1,744,833	1,764,043
Social security costs	179,075	179,196
Pension contributions (Note 20)	13,923	12,452
	<u>2,097,445</u>	<u>2,086,638</u>

Average monthly number employed including executive directors are divided into the following categories:

	No.	No.
Production and related services	97	98
Managerial and clerical	19	18
	<u>116</u>	<u>116</u>

### Directors emoluments

Fees	3,500	7,175
Other emoluments	156,114	123,772
Benefits in kind	20,715	16,018
Pension contributions	5,400	5,400
	<u>185,729</u>	<u>152,365</u>

### 6) Taxation on profit on ordinary activities

Tax charge for year - 21/20% (1998 - 21%)	18,327	71
Deferred taxation	6,778	12,086
	<u>25,105</u>	<u>12,157</u>

### 7) Dividends

Payable		
Ordinary dividend of £1 per share (1998 - £1 per share)	<u>28,221</u>	<u>28,221</u>

### 8) Intangible assets

Patents at written down value	<u>2</u>	<u>2</u>
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# Clyde Valley Control Systems Limited

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MAY 1999 (CONT'D)

### 9) Tangible assets

	Plant & Equipment £	Office Fittings & Equipment £	Motor Vehicles £	Total £
Cost				
As at 1 June 1998	260,976	302,903	118,512	682,391
Additions	75,346	24,682	100,480	200,508
Disposals	-	-	(93,642)	(93,642)
As at 31 May 1999	<u>336,322</u>	<u>327,585</u>	<u>125,350</u>	<u>789,257</u>
Depreciation				
As at 1 June 1998	140,459	206,379	62,954	409,792
Charge for year	30,625	23,774	25,104	79,503
Disposals	-	-	(55,848)	(55,848)
As at 31 May 1999	<u>171,084</u>	<u>230,153</u>	<u>32,210</u>	<u>433,447</u>
Net book value				
31 May 1999	<u>165,238</u>	<u>97,432</u>	<u>93,140</u>	<u>355,810</u>
31 May 1998	<u>120,517</u>	<u>96,524</u>	<u>55,558</u>	<u>272,599</u>

At 31 May 1999 the net book value of assets held under hire purchase contracts was £175,970 (1998 - £69,569).

### 10) Investment

This amount represents the investment by Clyde Valley Control Systems Limited in the ordinary share capital of its wholly owned subsidiary CVCS Distribution Limited, a company incorporated in Great Britain and registered in Scotland. The subsidiary did not trade in the year and group accounts have not been prepared for the reasons stated in both the Directors Report and the accounting policies. The capital and reserves of the subsidiary at 31 May 1998 amounted to £1,749 (1998: £1,749). This included a balance owed by the holding company which amounted to £1,748.

### 11) Stocks

	£	1998 £
Stocks comprise the following:		
Stock of raw materials	121,887	117,686
Work in progress	26,867	12,917
Finished goods	5,670	10,000
	<u>154,424</u>	<u>140,603</u>

# Clyde Valley Control Systems Limited

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MAY 1999 (CONT'D)

### 12) Debtors

	£	1998 £
Trade debtors	744,970	523,690
Other debtors	-	8,819
Prepayments and accrued income	13,814	15,018
	<u>758,784</u>	<u>547,527</u>

### 13) Other Creditors

Hire purchase creditors	60,585	27,321
Accrued charges	69,297	28,176
	<u>129,882</u>	<u>55,497</u>

### Bank Overdraft

The bank overdraft is repayable on demand and is secured by a bond and floating charge on the assets of the company.

### 14) Obligations under hire purchase contracts

The maturity of these contracts and amounts payable are as follows:

Within one year (see note 13)	60,585	27,321
In the second to fifth years inclusive	45,547	5,623
	<u>106,132</u>	<u>32,944</u>

### 15) Deferred taxation

The provision of £18,864 (1998 - £12,086) is in respect of capital allowances in advance of depreciation.

	1999 £	1998 £
At 1/6/98	12,086	-
Movement in year	6,778	12,086
At 31/5/99	<u>18,864</u>	<u>12,086</u>

# Clyde Valley Control Systems Limited

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MAY 1999 (CONT'D)

### 16) Share capital

	Ordinary Shares		10½% Cumulative Convertible Participating Redeemable Preference Shares	
	1999	1998	1999	1998
	£	£	£	£
Authorised share capital				
Shares of £1 each	<u>30,000</u>	<u>30,000</u>	<u>70,000</u>	<u>70,000</u>
Issued and fully paid				
Shares of £1 each	<u>28,221</u>	<u>28,221</u>	<u>-</u>	<u>-</u>

### 17) Reserves

	1998
	£
Share premium	61,534
Capital Redemption Reserve	2,140
Profit and loss account	504,238
	<u>567,912</u>
	<u>488,879</u>

### 18) Capital commitments

Future capital expenditure not otherwise included in these accounts:

Contracted for	<u>-</u>	<u>47,640</u>
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### 19) Commitments under operating leases

The company is committed to make the following payments under operating leases during the next 12 months:

	1999 Buildings	1999 Plant & Other	1998 Buildings	1998 Plant & Other
Expiring within one year	-	3,315	-	-
Expiring in the second to fifth years inclusive	30,000	3,024	30,000	9,204
Expiring over five years	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

### 20) Pension contributions

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. The pension cost charge represents contributions paid by the company to the fund and amounted to £13,923 (1998 - £12,452).

# Clyde Valley Control Systems Limited

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MAY 1999 (CONT'D)

### 21) Reconciliation of movement in shareholders funds

	Share Capital	Share Premium	Capital Redemption Reserve	Profit & Loss Account	Total
	£	£	£	£	£
At 1 June 1997	28,221	61,534	2,140	355,485	447,380
Profit for year	-	-	-	97,941	97,941
Dividends	-	-	-	28,221	28,221
At 31 May 1998	28,221	61,534	2,140	425,205	517,100
Profit for year	-	-	-	107,254	107,254
Dividends	-	-	-	28,221	28,221
At 31 May 1999	28,221	61,534	2,140	504,238	596,133

### 22) Reconciliation of operating profit to net cash flow from operating activities

	£	1998 £
Operating profit from continuing operations	142,484	119,141
Depreciation	79,503	63,415
Profit on sale of tangible assets	(9,659)	(1,550)
(Increase) / decrease in stocks	(13,821)	15,935
(Increase) in debtors	(220,073)	(99,602)
(Decrease) / increase in creditors	(10,569)	79,936
Increase in amounts owed to subsidiary company	-	436
Net cash (outflow) / inflow from continuing operating activities	(32,135)	177,711

### 23) Returns on investment and servicing of finance

	£	1998 £
Interest received	1,045	337
Interest paid	(11,170)	(9,380)
	(10,125)	(9,043)

### 24) Capital expenditure and financial investment

Capital expenditure	(20,628)	(113,226)
Proceeds from disposal of fixed assets	47,453	4,617
	26,825	(108,609)

# Clyde Valley Control Systems Limited

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MAY 1999 (CONT'D)

### 25) Financing

Capital element of hire purchase payments	106,692	34,849
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### 26) Analysis of movements in net debt

	At 31.5.98 £	Cash Flow £	Other non cash changes £	At 31.5.99 £
Cash at bank and in hand	(17,758)	(157,409)	-	(175,167)
Hire purchase	(32,944)	106,692	(179,880)	(106,132)
	<u>(50,702)</u>	<u>(50,717)</u>	<u>(179,880)</u>	<u>(281,299)</u>