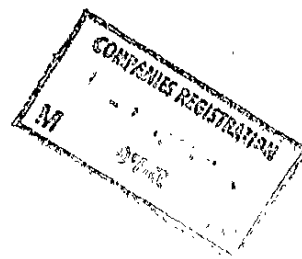


OXLEY DEVELOPMENTS COMPANY LIMITED

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DIRECTORS' REPORT AND ACCOUNTS

30 SEPTEMBER 1987



OXLEY DEVELOPMENTS COMPANY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 1987

The directors present their report and accounts for the year ended 30 September 1987.

Directors and their Interests

The directors during the year were:

RF Oxley
Mrs AS Oxley
Mrs J Atkinson
J Chambers
PA Downward
GS Edwards
KH Gooding
RL Lamming
ED Maguire
Sir Francis McLean
RS Tebble

None of the directors had a beneficial interest in the shares of any company in the group during the year.

Results and Dividends

The profit of the company after taxation amounted to	493,542
Less: dividends paid and proposed in respect of the year ended 30 September 1987	-
	<hr/> 493,542
To which must be added retained profit brought forward of	528,758
	<hr/>
Leaving retained profit carried forward of	1,022,300
	<hr/>

Review of the Business

The company's activities consist of the manufacture of components for the telecommunications industry and automation equipment.

Future Developments

The company will continue to manufacture at both its locations in order to satisfy customers' current demands.

Research and Development

The company continues to undertake research and development related to the company's existing product range.

Fixed Assets

Details of significant changes in fixed assets appear in Note 6 to the accounts.

Charitable and Political Donations

The company made charitable donations during the year amounting to £

Employment of disabled persons

It is the company's policy to offer equal opportunity to disabled persons applying for vacancies having regard to the aptitudes and abilities in relation to the jobs for which they apply.

As far as possible arrangements are made to continue the employment of those employees who have become disabled persons during the course of their employment with the company. In all instances consideration will be given to arranging appropriate training facilities or providing special aids where necessary. It is the company's policy to provide disabled persons with the same opportunities for training, career development and promotion that are available to all employees within the limitation of their aptitude and abilities.

Employee involvement

The importance of employee communication and participation is recognised by the company, subject to the constraints of commercial confidentiality. Because the premises occupied by the company are in close proximity and of modest size, this policy is achieved by the frequent presence of members of senior management in the company's offices and production areas which provides a direct contact with all employees.

Auditors

Price Waterhouse have indicated their willingness to continue as auditors and a resolution to re-appoint them will be proposed at the Annual General Meeting.

By Order of the Board

A handwritten signature in dark ink, appearing to read 'MN Atkinson', written in a cursive style.

MN Atkinson
Secretary

21 December 1987

Price Waterhouse



AUDITORS' REPORT TO THE MEMBERS OF OXLEY DEVELOPMENTS COMPANY LIMITED

We have audited the accounts on pages 5 to 15 in accordance with approved Auditing Standards.

In our opinion the accounts give a true and fair view of the state of the company's affairs at 30 September 1987 and of its result and source and application of funds for the year then ended and comply with the Companies Act 1985.

Price Waterhouse

Chartered Accountants

21 December 1987

OXLEY DEVELOPMENTS COMPANY LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 1987

	<u>Notes</u>	<u>1987</u> £	<u>1986</u> £
Turnover	2	5,929,891	5,209,646
Cost of sales		<u>2,767,748</u>	<u>2,626,105</u>
Gross profit		3,162,143	2,583,541
Administrative expenses		<u>2,197,002</u>	<u>1,966,195</u>
Operating profit	3	965,141	617,346
Interest payable		(70,192)	-
Income from other sources	4	<u>442</u>	<u>79,258</u>
Profit on ordinary activities before taxation		895,391	696,604
Tax on profit on ordinary activities	5	<u>401,849</u>	<u>284,089</u>
Profit on ordinary activities after taxation		493,542	412,515
Dividends		-	<u>1,000,000</u>
		493,542	(587,485)
Retained profit brought forward		<u>528,758</u>	<u>1,116,243</u>
Retained profit carried forward		<u>1,022,300</u> =====	<u>528,758</u> =====

OXLEY DEVELOPMENTS COMPANY LIMITED

BALANCE SHEET AT 30 SEPTEMBER 1987

	<u>Notes</u>	<u>1987</u> £	<u>1986</u> £
FIXED ASSETS			
Tangible assets	6	1,102,758	939,804
Investment in subsidiary company	7	34,032	34,032
Other investments	8	<u>25,800</u>	<u>-</u>
		1,162,590	973,836
CURRENT ASSETS			
Stocks	9	1,217,349	1,238,187
Debtors	10	1,665,436	1,431,193
Bank and cash balances		<u>16,789</u>	<u>12,756</u>
		2,899,574	2,682,136
CREDITORS (amounts falling due within one year)	11	<u>1,764,520</u>	<u>1,936,291</u>
NET CURRENT ASSETS		1,135,054	745,845
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,297,644</u>	<u>1,719,681</u>
CREDITORS (amounts falling due after more than one year)	12	395,272	333,700
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	13	<u>232,095</u>	<u>209,246</u>
		<u>1,670,277</u>	<u>1,176,735</u>
CAPITAL AND RESERVES			
Called up share capital	14	235,466	235,466
Capital revaluation reserve		412,511	412,511
Profit and loss account		<u>1,022,300</u>	<u>528,758</u>
		<u>1,670,277</u>	<u>1,176,735</u>
<div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="text-align: left;"> <p>GS Edwards)</p> <p>ED Maguire)</p> </div> <div style="text-align: right;"> <p>Approved by the Board on 21 December 1987</p> </div> </div>			

OXLEY DEVELOPMENTS COMPANY LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 30 SEPTEMBER 1987

	1987		1986	
	£	£	£	£
SOURCE OF FUNDS				
Profit before tax		895,391		696,604
Proceeds of sale of fixed assets		5		2,665
Adjustments for items not involving the movements of funds:				
Depreciation		196,262		169,907
(Profit)/loss on sale of fixed assets		(5)		470
TOTAL GENERATED FROM OPERATIONS		1,091,653		869,646
APPLICATION OF FUNDS				
Purchase of investment	25,800		-	
Dividends paid	-		1,000,000	
Tax paid	1,130,285		1,250,000	
Additions to fixed assets	359,216		168,345	
		1,515,301		2,418,345
		(423,648)		(1,548,699)
DECREASE/INCREASE IN WORKING CAPITAL				
Decrease in stocks	(20,838)		(24,008)	
Increase/(decrease) in debtors	234,243		(585,994)	
Increase in creditors	(136,991)		(42,849)	
		76,414		(652,851)
(DECREASE)/INCREASE IN NET LIQUID FUNDS		(500,062)		(895,848)

OXLEY DEVELOPMENTS COMPANY LIMITED

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1987

1 ACCOUNTING POLICIES

(1) Accounting convention

The accounts are prepared under the historical cost convention, as modified by a revaluation of certain fixed assets.

(2) Deferred taxation

Deferred taxation represents the effect of the allocation for taxation purposes of income and expenditure including depreciation to periods different from those used for accounting purposes under the liability method. Full provision has been made because there is insufficient evidence available to assume that these timing differences will not reverse in the foreseeable future.

(3) Fixed Assets

Fixed assets with the exception of leasehold properties and motor vehicles were revalued by the directors at 30 September 1976 at their gross replacement cost by the use of price indices published by the Government Statistical Service. Additions since 30 September 1976 are stated at cost less regional development grants receivable.

Depreciation, which is provided on a straight line basis, except on motor vehicles, is calculated to write off the gross replacement cost or, in the case of additions since 30 September 1976, the cost less regional development grants receivable, of each class of asset over their estimated useful lives which are:-

Plant and machinery	- 10 years
Fixtures and fittings	- 10 years

Motor vehicles are depreciated on a reducing balance basis at a rate of 25% per annum.

Short leasehold property is depreciated over the 6 year life of the lease.

(4) Stock

The basis of valuation of stock is the lower of cost and estimated net realisable value. Cost includes direct materials, direct labour and applicable overheads.

OXLEY DEVELOPMENTS COMPANY LIMITED

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1987 (continued)

(5) Turnover

Turnover represents the total amount receivable (excluding value added tax) for goods supplied to customers in the ordinary course of business.

(6) Interest receivable

Interest receivable is not accrued; it is credited to profit and loss account when received.

(7) Research and development expenditure

Expenditure on research and development is written off in the year in which it is incurred.

(8) Repairs and renewals

Repairs and renewals are charged to revenue in the year when the expenditure is incurred. There is no provision for spreading this expenditure.

(9) Overseas currencies

Assets and liabilities in foreign currencies are expressed in sterling at the rate of exchange ruling at the end of the financial year.

(10) Leased assets

Fixed assets acquired under finance leasing contracts are recorded in the balance sheet as tangible assets at their equivalent capital value and are depreciated over the useful life of the asset. The corresponding liability is recorded as a creditor and the interest element of the finance charge is charged to the profit and loss account over the primary lease period.

OXLEY DEVELOPMENTS COMPANY LIMITED

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1987 (continued)

2 TURNOVER

An analysis of turnover by geographical market is as follows:

	<u>1987</u> £	<u>1986</u> £
United Kingdom	5,217,408	4,501,576
United States of America and Canada	219,033	306,411
Africa	40,897	69,574
Europe	371,922	279,346
Australia	14,642	10,087
Asia	<u>65,989</u>	<u>42,652</u>
	<u>5,929,891</u>	<u>5,209,646</u>

3 OPERATING PROFIT

a) This is stated after charging:

Directors' emoluments	197,993	282,798
Auditors' remuneration	10,000	9,000
Depreciation	196,262	169,907
Hire of plant and machinery	<u>4,720</u>	<u>1,993</u>

b) Directors' emoluments

Fees	-	-
Other emoluments (including pension contributions)	<u>197,993</u>	<u>282,798</u>
	<u>197,993</u>	<u>282,798</u>

The emoluments of the chairman (excluding pension contributions) were £81,109 (1986 - £123,111). The emoluments of the other directors (excluding pension contributions and amounts received for duties outside the United Kingdom) fell into the following bands:

	<u>1987</u>	<u>1986</u>
£0 - £5,000	3	-
£5,001 - £10,000	1	3
£10,001 - £15,000	1	2
£15,001 - £20,000	1	-
£20,001 - £25,000	1	-
£25,001 - £30,000	-	1
£30,001 - £35,000	-	1

OXLEY DEVELOPMENTS COMPANY LIMITED

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1987 (continued)

3 OPERATING PROFIT (CONTINUED)

	<u>1987</u> £	<u>1986</u> £
c) Staff costs		
Wages and salaries	2,186,824	2,035,452
Social security costs	156,893	145,442
Other pension costs	<u>56,716</u>	<u>47,323</u>
	<u>£2,400,433</u>	<u>2,228,217</u>

The average weekly number of employees during the year was:

	<u>1987</u>	<u>1986</u>
Office and management	53	54
Manufacturing	<u>286</u>	<u>295</u>
	<u>339</u>	<u>349</u>

4 INCOME FROM OTHER SOURCES

	<u>1987</u> £	<u>1986</u> £
Income from other sources includes:		
Bank and deposit interest	166	79,492
Profit (loss) on sale of fixed assets	5	(470)
Rents receivable	90	-
Dividends receivable	<u>181</u>	<u>-</u>

5 TAX ON PROFIT ON ORDINARY ACTIVITIES

	<u>1987</u> £	<u>1986</u> £
On the profit for the year:		
UK corporation tax at 35% (1986-37.5%)	379,000	333,700
Deferred taxation	<u>31,843</u>	<u>(38,780)</u>
	410,843	294,920
In respect of prior years:		
UK corporation tax	-	1,170
Deferred taxation	<u>(8,994)</u>	<u>(12,001)</u>
	<u>£401,849</u>	<u>£284,089</u>

OXLEY DEVELOPMENTS COMPANY LIMITED

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1987 (continued)

6 TANGIBLE ASSETS

	<u>Freehold Property</u> £	<u>Short Leasehold Property</u> £	<u>Plant and Machinery</u> £	<u>Fixtures and Fittings</u> £	<u>Motor Vehicles</u> £	<u>Total</u> £
<u>Cost or valuation</u>						
At 30 September 1986	15,103	36,012	1,398,163	510,341	191,476	2,151,095
Additions	-	-	143,143	191,544	24,529	359,216
Disposals	-	-	-	(4,790)	-	(4,790)
At 30 September 1987	15,103	36,012	1,541,306	697,095	216,005	2,505,521

Includes assets
valued in 1976

At 30 September 1987	-	-	429,872	83,640	-	513,512
At 30 September 1986	-	-	429,872	83,640	-	513,512

Depreciation

At 30 September 1986	15,102	18,006	811,108	238,555	128,520	1,211,291
Provision for the year	-	6,002	107,181	61,208	21,871	196,262
Disposals	-	-	-	(4,790)	-	(4,790)
At 30 September 1987	15,102	24,008	918,289	294,973	150,391	1,402,763

Net book amount

At 30 September 1987	1	12,004	623,017	402,122	65,614	1,102,758
At 30 September 1986	1	18,006	587,055	271,786	62,956	939,804

Cost of fixed assets of £2,505,521 includes an amount of £23,610 in respect of assets held under finance leases.

Assets included at a valuation would have been included on a historical cost basis at:

	<u>Plant and Machinery</u> £	<u>Fixtures and Fittings</u> £
<u>Cost</u>		
At 30 September 1987	177,552	40,453
At 30 September 1986	177,552	40,453
<u>Aggregate Depreciation</u>		
At 30 September 1987	177,552	40,453
At 30 September 1986	175,552	40,453

OXLEY DEVELOPMENTS COMPANY LIMITED

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1987 (continued)

7 INVESTMENT IN SUBSIDIARY COMPANY

The company owns the whole of the issued ordinary share capital of Oxley Electronics Limited which is incorporated in England. The investment is stated at cost.

Consolidated accounts have not been prepared because the company is a subsidiary of another body corporate, which is incorporated in England. In the opinion of the directors, the value of the investment is not less than the book amount.

8 OTHER INVESTMENTS

	<u>1987</u>	<u>1986</u>
Unlisted investment at cost	25,800	-
	=====	=====

9 STOCKS

	<u>1987</u> £	<u>1986</u> £
Raw materials and consumables	388,466	420,471
Work in progress	672,751	603,951
Finished goods	<u>156,132</u>	<u>213,765</u>
	1,217,349	1,238,187
	=====	=====

The replacement cost of stocks did not materially differ from the book amounts at 30 September 1987 or 1986.

10 DEBTORS

	<u>1987</u> £	<u>1986</u> £
Trade debtors	1,461,403	1,280,146
Amounts owed by holding company	126,632	78,101
Other debtors	8,581	8,684
Prepayments and accrued income	<u>68,820</u>	<u>64,262</u>
	1,665,436	1,431,193
	=====	=====

OXLEY DEVELOPMENTS COMPANY LIMITED

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1987 (continued)

11 CREDITORS (amounts falling due within one year)

	<u>1987</u> £	<u>1986</u> £
Bank loans and overdrafts (secured)	655,323	151,228
Trade creditors	174,574	163,613
Amounts owed to subsidiary company	32,072	32,072
Other creditors	388,908	333,775
Accruals and deferred income	92,002	73,065
Taxation and social security	417,535	1,182,538
Obligations under finance leases	<u>4,106</u>	<u>-</u>
	<u>1,764,520</u>	<u>1,936,291</u>
	=====	=====

12 CREDITORS (amounts falling due after more than one year)

	<u>1987</u> £	<u>1986</u> £
Taxation	379,000	333,700
HP creditor	3,270	-
Obligations under finance leases	<u>13,002</u>	<u>-</u>
	<u>395,272</u>	<u>333,700</u>
	=====	=====

13 PROVISIONS FOR LIABILITIES AND CHARGES

	<u>1987</u> £	<u>1986</u> £
Deferred taxation comprising:		
Accelerated capital allowances	237,262	213,772
Other timing differences	<u>(5,167)</u>	<u>(4,526)</u>
	<u>232,095</u>	<u>209,246</u>
	=====	=====

14 SHARE CAPITAL

	<u>1987</u> £	<u>1986</u> £
Allotted, called up and fully paid		
2,354,660 Ordinary shares of 10p each	<u>235,466</u>	<u>235,466</u>
	=====	=====
Authorised		
2,500,000 Ordinary shares of 10p each	<u>250,000</u>	<u>250,000</u>
	=====	=====

- 15 During the year, the company, in the ordinary course of business, made payments of £116,409 for sub-assembly work and of £4,147 in respect of sales commission and sold goods at a value of £210,895 to companies under the control of RF and AS Oxley.

OXLEY DEVELOPMENTS COMPANY LIMITED

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1987 (continued)

16 ULTIMATE HOLDING COMPANY

The directors regard Anstalt fur Wissenschaftliche Forschung und Handel, a company incorporated in Liechtenstein, as the company's ultimate holding company.

17 PENSION COMMITMENTS

The company operates a fully insured pension scheme for its present executive directors and certain employees. Details of premiums paid appear in Note 3.

18 CAPITAL COMMITMENTS

	<u>1987</u> £	<u>1986</u> £
Orders authorised by the Board and placed with suppliers	47,147 =====	158,621 =====
Expenditure authorised by the Board for which no contracts have been placed	10,000 =====	15,000 =====