

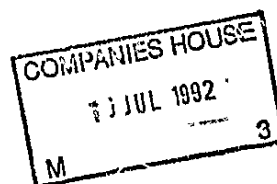
22-07-92

OXLEY DEVELOPMENTS COMPANY LIMITED

DIRECTORS' REPORT AND ACCOUNTS

30 SEPTEMBER 1991

REGISTERED NUMBER : 376071



OXLEY DEVELOPMENTS COMPANY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 1991

The directors present their report and accounts for the year ended 30 September 1991.

DIRECTORS AND THEIR INTERESTS

The directors during the year were:

Mrs AS Oxley
J Chambers
GS Edwards
KH Godding - resigned 31 August 1991
ED Maguire
Sir Francis McLean
MN Atkinson
JE Herrin - resigned 8 July 1991
T Armistead

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

RESULTS AND DIVIDENDS

The profit of the company after taxation amounted to	127,253
To which must be added retained profit brought forward of	<u>732,521</u>
Leaving retained profit carried forward of	<u>£859,774</u>

The directors do not recommend the payment of a dividend for the year.

REVIEW OF THE BUSINESS

The company's activities consist of the design, development and manufacture of components, systems and technology for the electronics industry.

FUTURE DEVELOPMENTS

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

OXLEY DEVELOPMENTS COMPANY LIMITED

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 Notes 6 and 7 to the accounts.

CHARITABLE AND POLITICAL DONATIONS

The company made charitable donations during the year amounting to £6,423. (1990 £5,225).

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



MN Atkinson
Secretary

24 March 1992

Silkhouse Court
Tithebarn Street
Liverpool L2 2LJ

Telephone: 051-236 7852
Telex: 834657/8
Telecopier: 051-236 3203

Price Waterhouse



**AUDITORS' REPORT TO THE MEMBERS OF
OXLEY DEVELOPMENTS COMPANY LIMITED**

We have audited the accounts on pages 4 to 14 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of the company's affairs at 30 September 1991 and of its profit and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants and
Registered Auditor

24 March 1992

OXLEY DEVELOPMENTS COMPANY LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 1991

	<u>Notes</u>	<u>1991</u>	<u>1990</u>
TURNOVER	2	7,183,374	7,043,086
Cost of sales		<u>(3,401,422)</u>	<u>(3,010,487)</u>
GROSS PROFIT		3,778,952	4,032,599
Distribution costs		<u>(751,985)</u>	<u>(716,457)</u>
Administrative expenses		<u>(2,775,080)</u>	<u>(2,531,862)</u>
OPERATING PROFIT	3	251,887	784,280
Interest payable on loans wholly repayable within 5 years		<u>(181,750)</u>	<u>(218,444)</u>
Other operating income	4	<u>106,805</u>	<u>4,293</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		176,942	570,129
Tax on profit on ordinary activities	5	<u>(49,689)</u>	<u>(214,824)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		127,253	355,305
RETAINED PROFITS BROUGHT FORWARD		<u>732,521</u>	<u>377,216</u>
RETAINED PROFITS CARRIED FORWARD		<u>£859,774</u>	<u>£732,521</u>

OXLEY DEVELOPMENTS COMPANY LIMITED

BALANCE SHEET AT 30 SEPTEMBER 1991

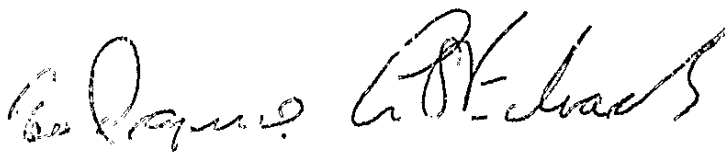
	Notes	1991	1990
FIXED ASSETS			
Intangible assets	6	23,994	31,998
Tangible assets	7	1,471,094	1,396,981
Investment in subsidiary company	8	<u>34,032</u>	<u>34,032</u>
		<u>1,529,120</u>	<u>1,463,011</u>
CURRENT ASSETS			
Stocks	9	1,244,451	1,443,200
Debtors	10	1,679,416	2,275,156
Bank and cash balances		<u>100,296</u>	<u>23,227</u>
		3,024,163	3,741,583
CREDITORS (amounts falling due within one year)	11	<u>(1,866,960)</u>	<u>(3,689,490)</u>
NET CURRENT ASSETS		<u>1,157,203</u>	<u>52,093</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,686,323	1,515,104
CREDITORS (amounts falling due after more than one year)	12	(1,043,229)	(73,856)
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	13	<u>(135,343)</u>	<u>(60,750)</u>
		<u>£1,507,751</u>	<u>£1,380,498</u>
CAPITAL AND RESERVES			
Called up share capital	14	235,466	235,466
Revaluation reserve		412,511	412,511
Profit and loss account		<u>859,774</u>	<u>732,521</u>
		<u>£1,507,751</u>	<u>£1,380,498</u>

Approved by the Board on 24 March 1992

GS Edwards

ED Maguire

) Directors



OXLEY DEVELOPMENTS COMPANY LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED 30 SEPTEMBER 1991

	<u>1991</u>	<u>1990</u>
SOURCE OF FUNDS		
Profit before tax	176,942	570,129
Proceeds of sale of fixed assets	7,338	62,289
Adjustments for items not involving the movements of funds:		
Depreciation and amortisation	292,125	263,738
Loss/(profit) on sale of fixed assets	<u>521</u>	<u>(4,139)</u>
TOTAL GENERATED FROM OPERATIONS	476,926	892,017
 APPLICATION OF FUNDS		
Tax paid	315,000	655,693
Additions to fixed assets		
- Tangible	366,093	487,576
- Intangible	<u> </u>	<u>40,000</u>
	(681,093)	(1,183,269)
	(204,167)	(291,252)
 INCREASE/(DECREASE) IN WORKING CAPITAL		
Decrease/(increase) in stocks	198,749	(106,425)
Decrease/(increase) in debtors	606,740	(540,230)
(Decrease)/increase in creditors	<u>(80,708)</u>	<u>431,825</u>
	<u>724,781</u>	<u>(214,830)</u>
 INCREASE/(DECREASE) IN NET LIQUID FUNDS	£520,614	£(506,082)
	<u> </u>	<u> </u>

OXLEY DEVELOPMENTS COMPANY LIMITED

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1991

1 ACCOUNTING POLICIES

(1) Accounting convention

The accounts are prepared under the historical cost convention, as modified by a revaluation of certain fixed assets, and in accordance with applicable accounting standards.

(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 and is calculated 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) Intangible assets

Purchased know-how is being amortised in equal instalments over five years.

(4) Tangible assets

Tangible 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:-

Freehold property	- 50 years
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 7 year life of the lease.

(5) 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 1991 (continued)

(6) Turnover

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

(7) Interest receivable

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

(8) Research and development expenditure

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

(9) 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.

(10) 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.

(11) 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.

(12) Pensions

Pension benefits are funded over the employees' periods of service under an insured scheme. The company's contributions are based on an annual recosting by the insurance company's actuary.

OXLEY DEVELOPMENTS COMPANY LIMITED

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1991 (continued)

2 TURNOVER

An analysis of turnover by geographical market is as follows:

	<u>1991</u>	<u>1990</u>
United Kingdom	5,657,478	5,742,849
United States of America and Canada	600,259	552,435
Africa	17,457	17,432
Europe	828,312	646,965
Australia	9,846	18,053
Asia	<u>70,022</u>	<u>65,352</u>
	<u>£7,183,374</u>	<u>£7,043,086</u>

3 OPERATING PROFIT

	<u>1991</u>	<u>1990</u>
a This is stated after charging/(crediting):	£	£
Directors' emoluments	319,851	277,105
Auditors' remuneration	13,200	13,200
Depreciation and amortisation	292,125	263,738
Hire of plant and machinery	17,935	6,815
(Profit)/loss on exchange	<u>(15,640)</u>	<u>17,206</u>
b Directors' emoluments		
Fees	-	-
Other emoluments (including pension contributions)	<u>319,851</u>	<u>277,105</u>
	<u>£319,851</u>	<u>£277,105</u>

The emoluments (excluding pension contributions) of the chairman were £35,053 (1990 - £30,000) and those of the highest paid director were £105,087 (1990 - £71,813). The emoluments of the other directors (excluding pension contributions and amounts received for duties outside the United Kingdom) fell into the following bands:

	<u>1991</u>	<u>1990</u>
Nil	1	1
£1 - £5,000	2	1
£5,001 - £10,000	-	1
£10,001 - £15,000	-	-
£30,001 - £35,000	1	1
£35,001 - £40,000	1	2
£40,001 - £45,000	2	1

OXLEY DEVELOPMENTS COMPANY LIMITED

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1991 (continued)

c	Staff costs	<u>1991</u>	<u>1990</u>
	Wages and salaries	3,074,758	2,906,386
	Social security costs	254,389	232,303
	Other pension costs	<u>100,210</u>	<u>100,193</u>
		£3,429,357	£3,238,882
		<hr/>	<hr/>
	Average weekly number of employees:		
	Office and management	67	64
	Manufacturing	<u>294</u>	<u>302</u>
		361	366
		<hr/>	<hr/>
4	OTHER OPERATING INCOME	<u>1991</u>	<u>1990</u>
	Insurance claim	5,248	(165)
	Bank and deposit interest	1,820	1,930
	Rents receivable	248	90
	Dividends receivable	429	323
	Grants receivable	97,097	-
	Sundry income	<u>1,963</u>	<u>2,115</u>
		£106,805	£4,293
		<hr/>	<hr/>
5	TAX ON PROFIT ON ORDINARY ACTIVITIES	<u>1991</u>	<u>1990</u>
	On the profit for the year:		
	Group relief receivable	(22,200)	-
	UK corporation tax at 33.5% (1990-35%)	-	287,000
	Deferred taxation (Note 13)	<u>80,212</u>	<u>(68,295)</u>
		58,012	218,705
	In respect of prior years:		
	UK corporation tax	(2,704)	13,386
	Deferred taxation (Note 13)	<u>(5,619)</u>	<u>(17,267)</u>
		249,689	£214,824
		<hr/>	<hr/>
6	INTANGIBLE ASSETS	<u>1991</u>	<u>1990</u>
	Know-how at cost	40,000	40,000
	Less amortisation to date (Note 1(3))	<u>(16,006)</u>	<u>(8,002)</u>
		£23,994	£31,998
		<hr/>	<hr/>

OXLEY DEVELOPMENTS COMPANY LIMITED

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1991 (continued)

7 TANGIBLE ASSETS

	Freehold Property	Short Leaschold Property	Plant and Machinery	Fixtures and Fittings	Motor Vehicles	Total
<u>Cost or valuation</u>						
At 30 September 1990	15,103	44,020	2,082,533	1,114,945	126,112	3,382,713
Additions	-	-	223,848	142,245	-	366,093
Disposals	-	-	-	-	(18,954)	(18,954)
At 30 September 1991	15,103	44,020	2,306,381	1,257,190	107,158	3,729,852
Includes assets valued in 1976	-	-	422,968	83,640	-	506,608
<u>Depreciation</u>						
At 30 September 1990	15,102	37,346	1,310,900	527,952	94,432	1,985,732
Provision for the year	-	1,322	167,487	109,347	5,955	284,121
Disposals	-	-	-	-	(11,095)	(11,095)
At 30 September 1991	15,102	38,678	1,478,387	637,299	89,292	2,258,758
<u>Net book amount</u>						
At 30 September 1991	1	5,342	827,994	619,891	17,866	£1,471,094
At 30 September 1990	1	6,674	771,633	585,093	31,680	£1,396,981

Cost or valuation of fixed assets of £3,729,852 includes an amount of £67,067 in respect of assets held under finance leases.

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

	Plant and Machinery £	Fixtures and Fittings £
<u>Cost</u>		
At 30 September 1991	177,552	40,453
At 30 September 1990	177,552	40,453
<u>Aggregate depreciation</u>		
At 30 September 1991	177,552	40,453
At 30 September 1990	177,552	40,453

OXLEY DEVELOPMENTS COMPANY LIMITED

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1991 (continued)

8 INVESTMENT IN SUBSIDIARY COMPANY

The company owns the whole of the issued ordinary share capital of Oxley Electronics Limited, a dormant company, 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.

9 STOCKS

	<u>1991</u>	<u>1990</u>
Raw materials and consumables	305,682	396,740
Work in progress	777,196	912,746
Finished goods	<u>161,573</u>	<u>133,714</u>
	<u>£1,244,451</u>	<u>£1,443,200</u>

The replacement cost of stocks did not materially differ from the book amounts at 30 September 1991 or 1990.

10 DEBTORS

	<u>1991</u>	<u>1990</u>
Trade debtors	1,410,694	1,797,159
Amounts owed by parent undertaking	-	65,175
Amount owed by fellow subsidiary undertakings	89,934	224,563
Other debtors	27,441	56,404
Prepayments and accrued income	140,347	131,855
Taxation recoverable	<u>11,000</u>	<u>-</u>
	<u>£1,679,416</u>	<u>£2,275,156</u>

11 CREDITORS (amounts falling due within one year)

	<u>1991</u>	<u>1990</u>
10% redeemable unsecured loan stock	-	1,000,000
Bank loans and overdrafts (secured)	657,032	1,100,577
Trade creditors	235,674	308,113
Amounts owed to parent undertaking	10,359	-
Amounts owed to subsidiary undertakings	32,072	32,072
Amounts owed to group undertakings	15,893	6,835
Other creditors	609,460	220,287
Accruals and deferred income	119,432	632,462
Taxation and social security	157,094	359,035
HP creditor	24,336	23,654
Obligations under finance leases	<u>5,608</u>	<u>6,455</u>
	<u>£1,866,960</u>	<u>£3,689,490</u>

OXLEY DEVELOPMENTS COMPANY LIMITED

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1991 (continued)

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

	<u>1991</u>	<u>1990</u>
10% redeemable unsecured loan stock	1,000,000	-
HP creditor	42,972	67,991
Obligations under finance leases	<u>257</u>	<u>5,865</u>
	<u>£1,043,229</u>	<u>£73,856</u>

The 10% redeemable unsecured loan stock is not repayable until after 1 April 1993.

13 PROVISIONS FOR LIABILITIES AND CHARGES

Deferred taxation (Note 1(2))

	<u>1991</u>	<u>1990</u>
Balance at 30 September 1990	60,750	146,312
Charge/(release) for year (Note 5)	<u>74,593</u>	<u>(85,562)</u>
Balance at 30 September 1991	<u>£135,343</u>	<u>£60,750</u>

The full potential liability has been provided for and comprises:

Accelerated capital allowances	185,297	202,351
Other timing differences	<u>(49,954)</u>	<u>(141,601)</u>
	<u>£135,343</u>	<u>£60,750</u>

14 SHARE CAPITAL

	<u>1991</u>	<u>1990</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 RELATED PARTY TRANSACTIONS

During the year, the company, in the ordinary course of business, made payments of £59,766 for sub-assembly work and sold goods at a value of £27,171 to companies under the control of Mrs AS Oxley.

16 ULTIMATE PARENT UNDERTAKING

The directors regard Oxley International Inc, a company incorporated in Panama, as the company's ultimate parent undertaking.

OXLEY DEVELOPMENTS COMPANY LIMITED

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1991 (continued)

17 PENSION COMMITMENTS

The company operates a fully insured defined benefit pension scheme for its present executive directors and certain employees. The pension cost relating to the scheme is assessed on an annual basis by actuaries of the insurance company. Details of premiums paid appear in Note 3.

18 CAPITAL COMMITMENTS

	<u>1991</u>	<u>1990</u>
Orders authorised by the Board and placed with suppliers	£49,800	£16,800
Expenditure authorised by the Board for which no contracts have been placed	£ -	£300,000