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OXLEY DEVELOPMENTS COMPANY
LIMITED

30 SEPTEMBER 1979



ONLEY DEVELOPMENTS COMPANY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 1979

The directors present their report for the year ended 30 September 1979.

Trading Results

The consolidated profit of the company and its subsidiaries before taxation amounted to 600,362

From which must be deducted:

Corporation tax	292,880	
Deferred taxation	<u>29,909</u>	
		322,789

Add: Losses retained in subsidiaries	277,573	
	<u>8,566</u>	
		286,139

Less: Dividends paid in respect of the year ended 30 September 1979		399,060
		<u>(112,921)</u>

To which must be added the balance brought forward of		<u>592,878</u>
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Less: Bonus issue of ordinary shares	479,957	
	<u>19,060</u>	

Leaving a balance carried forward of		<u><u>£460,897</u></u>
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Directors and Directors' Interests

The persons listed below have been directors of the company throughout the year ended 30 September 1979 apart from J Rawicz-Szczerbo who was appointed on 18 May 1979 and LW Placzek who resigned on 14 September 1979. The interests of the directors of the company were as stated below including the interests of their families in the shares of the group.

OXLEY DEVELOPMENTS COMPANY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 1979 (Continued)

	30 September 1979 Not beneficially owned	30 September 1978 Not beneficially owned
RF Oxley	1	1
SLE Hastings	1	1
JP Aeschmann	1	1
LS Thibaut	1	1
RS Tebble	1	1
GS Edwards	1	1
J Atkinson	1	1
ED Maguire	1	1
MN Atkinson	1	1
J Rawicz-Szczerbo	1	-

Mr RF Oxley and his wife, Mrs AS Oxley, are the registered holders of the whole of the share capital of Anstalt fur Wissenschaftliche Forschung Und Handel (Liechtenstein), the company's holding company which was at 30 September 1979 the beneficial owner of 200,548 ordinary shares (1978 - 161,988 'A' shares) in the company.

In addition, Mrs AS Oxley was at 30 September 1979 the beneficial owner of 13,512 ordinary shares (1978 - 13,512 'A' shares and 9,750 'B' shares) in Oxley Developments Company Limited.

Activities

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

Fixed Assets

Movements on fixed assets are set out in Note 8 to the accounts.

Employees

During the year the company had an average of 268 (1978 - 260) employees in the UK to whom aggregate remuneration of £770,730 (1978 - £677,531), was paid.

Charitable and political contributions

The group made charitable donations during the year of £184 and the following donations to bodies which may be deemed to be of a political nature.

Aims of Industry	500
National Association for Freedom	308

Exports

The company's direct exports amounted to £376,827 (1978 - £336,688).

The directors estimate that a further 70% of components manufactured by the company and sold to other manufacturers in the United Kingdom is exported as part of those manufacturers' completed products.

Share Capital

As explained in note 5 to the accounts a bonus issue of 19,060 £1 ordinary shares was made during the year by transfer from profit and loss account as part of a reorganisation of share capital.

By Order of the Board

Secretary



SILKHOUSE COURT,
TITHEBARN STREET,
LIVERPOOL L2 2LJ
TELEPHONE: 051-236 7862
CABLES: PRICEWATER LIVERPOOL

AUDITORS' REPORT TO THE MEMBERS OF
OXLEY DEVELOPMENTS COMPANY LIMITED

We have examined the annexed accounts and notes. These have been prepared under the historical cost convention as modified by a revaluation of fixed assets other than motor vehicles.

In our opinion, the accounts give, under the accounting convention stated above, a true and fair view of the state of affairs of the group at 30 September 1979 and of the profit and of the source and application of funds for the year then ended and comply with the Companies Acts 1948 and 1967.

PRICE WATERHOUSE & CO.

Chartered Accountants

27 June 1980

OXLEY DEVELOPMENTS COMPANY LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR
THE YEAR ENDED 30 SEPTEMBER 1979

1978			
<u>£1,886,253</u>	SALES OUTSIDE THE GROUP		<u>£2,193,982</u>
452,894	TRADING PROFIT FOR THE YEAR AFTER CREDITING OR CHARGING THE FOLLOWING:		603,131
	<u>Credit</u>		
	13,167 Interest on bank and other deposits	<u>34,258</u>	
	<u>Charges</u>		
	4,350 Auditors' remuneration	5,150	
	51,813 Depreciation (note 8)	59,427	
	Directors' emoluments (Note 2)		
	- Fees	-	
	65,368 Remuneration as executives	68,903	
	<u>5,000 Ex-gratia payment</u>	<u>435</u>	
16,817	Unrealised (loss)/profit on revaluation of currency		<u>(2,769)</u>
<u>469,711</u>	PROFIT FOR THE YEAR BEFORE TAXATION		600,362
	TAXATION		
	242,000 Corporation tax based on the profit for the year (Note 3)	2,880	
	11,428 Foreign taxation	-	
	2,096 Deferred taxation	<u>29,909</u>	
	255,524	322,789	
	<u>559 Under provision in prior years</u>	<u>-</u>	
<u>256,083</u>			<u>322,789</u>
213,628	PROFIT FOR THE YEAR AFTER TAXATION OF WHICH £286,139 (1978 - £212,402) IS DEALT WITH IN THE ACCOUNTS OF THE HOLDING COMPANY		277,573
	Deduct:		
	Interim dividend (paid)		
	45,000 A Shares	-	
	5,000 B Shares	-	
	- Ordinary shares	<u>399,060</u>	
	50,000 Proposed dividend:	399,060	
	58,500 A Shares (since paid)	-	
	6,500 E Shares (since paid)	-	
<u>115,000</u>			<u>399,060</u>
98,628	PROFIT (WITHDRAWN) RETAINED		(121,487)
<u>536,433</u>	ADD: RETAINED PROFIT BROUGHT FORWARD		<u>635,061</u>
635,061			513,574
-	BONUS ISSUE OF ORDINARY SHARES (Note 5)		<u>(19,060)</u>
	UNAPPROPRIATED PROFIT RETAINED IN THE GROUP		
	592,878 Holding company	460,897	
<u>£635,061</u>	<u>42,183</u> Subsidiary companies	<u>33,617</u>	<u>£494,514</u>

OXLEY DEVELOPMENTS COMPANY LIMITED

CONSOLIDATED BALANCE SHEET AT
30 SEPTEMBER 1979

1978

CAPITAL EMPLOYED

SHARE CAPITAL (Note 5)

Issued and fully paid

175,500	175,500 A shares of £1 each	-
19,500	19,500 B shares of £1 each	-
-	214,060 Ordinary shares of £1 each	<u>214,060</u>

195,000

214,060

433,917

433,917

CAPITAL RESERVE

PROFIT AND LOSS ACCOUNT - BEING
PROFITS RETAINED AND INVESTED IN THE
BUSINESS

494,514

635,061

SHAREHOLDERS' FUNDS

1,142,491

1,263,978

DEFERRED TAXATION (Note 6)

127,803

65,879

£1,329,857

£1,270,294

REPRESENTED BY

639,221

FIXED ASSETS (Note 8)

685,084

32,090

INVESTMENT IN SUBSIDIARY IN COURSE
OF LIQUIDATION (Note 11)

23,524

CURRENT ASSETS

373,033	Stock (Note 12)	476,460
534,302	Debtors	676,657
<u>348,810</u>	Net bank and cash balances	<u>114,613</u>
1,256,145		<u>1,267,730</u>

CURRENT LIABILITIES

199,953	Creditors	271,963
332,646	Taxation	434,081
<u>65,000</u>	Dividends	-
597,599		<u>706,044</u>

658,546

NET CURRENT ASSETS

561,686

£1,329,857

C. A. Aquino } Directors
P. J. Davis

£1,270,294

*This is the copy referred to in the
annexed Certificate "B"*

OXLEY DEVELOPMENTS COMPANY LIMITED

BALANCE SHEET AT 30 SEPTEMBER 1979

<u>1978</u>		CAPITAL EMPLOYED	
		SHARE CAPITAL (Note 5)	
		Issued and fully paid	
	175,500	175,500 A shares of £1 each	-
	19,500	19,500 B shares of £1 each	-
	-	214,060 Ordinary shares of £1 each	<u>214,060</u>
195,000			214,060
457,645		CAPITAL RESERVE	457,645
		PROFIT AND LOSS ACCOUNT - BEING	
		PROFITS RETAINED AND INVESTED IN THE	
		BUSINESS	<u>460,897</u>
<u>592,878</u>		SHAREHOLDERS' FUNDS	1,132,602
1,245,523		DEFERRED TAXATION (Note 6)	<u>127,803</u>
<u>65,879</u>			<u>£1,260,405</u>
<u>£1,311,402</u>			
		REPRESENTED BY:	
		FIXED ASSETS (Note 8)	685,084
639,221		INVESTMENT IN SUBSIDIARY COMPANIES	
		(Note 11)	
	34,034	Shares at Cost	34,034
	(194)	Less: Amount due to subsidiaries	(194)
	<u>340</u>	Amount due from subsidiaries	<u>340</u>
34,180			34,180
		CURRENT ASSETS	
	373,033	Stock (Note 12)	476,460
	534,302	Debtors	676,657
	<u>328,265</u>	Net bank and cash balances	<u>94,068</u>
<u>1,235,600</u>			<u>1,247,185</u>
		CURRENT LIABILITIES	
	199,953	Creditors	271,963
	332,646	Taxation	434,081
	<u>65,000</u>	Dividends	-
<u>597,599</u>			<u>706,044</u>
638,001		NET CURRENT ASSETS	541,141
		Directors	
<u>£1,311,402</u>			<u>£1,260,405</u>

*This is the copy referred to in the
annexed Certificate "B"*

OXLEY DEVELOPMENTS COMPANY LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 30 SEPTEMBER 1979

1978

SOURCE OF FUNDS

Profit before tax	600,362	469,711
Proceeds of sale of fixed assets	2,984	1,425
Adjustment for items not involving the movement of funds		
Depreciation less profit on sale of fixed assets	<u>59,427</u>	<u>51,813</u>

TOTAL GENERATED FROM OPERATIONS	661,773	522,949
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APPLICATION OF FUNDS

Dividends paid	464,060	50,000
Tax paid	159,430	224,849
Purchases of fixed assets	<u>107,274</u>	<u>47,429</u>
	<u>730,764</u>	<u>322,278</u>

INCREASE IN WORKING CAPITAL

Investment in subsidiary in course of liquidation	(8,566)	32,090
Increase in stock	103,427	31,562
Increase in debtors	142,355	89,178
(Increase) in creditors	<u>(72,010)</u>	<u>(28,557)</u>
	<u>165,206</u>	<u>124,273</u>

MOVEMENT IN NET LIQUID FUNDS

	<u>£(234,197)</u>	<u>£76,398</u>
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OXLEY DEVELOPMENTS COMPANY LIMITED

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1979

1 ACCOUNTING POLICIES

(1) Deferred taxation

Deferred taxation represents the effect of the allocation for taxation purposes of income and expenditure including depreciation and relief for stock appreciation to periods different from those used for accounting purposes under the liability method.

No deferred taxation provision has been made on the surplus arising on the revaluation of fixed assets. The Directors expect that there will be no corporation tax for the foreseeable future on this surplus.

(2) Fixed Assets

Fixed assets with the exception of 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 its estimated useful life.

(3) 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.

(4) Sales

Sales represent the total amount receivable for goods supplied to customers in the ordinary course of business.

(5) Interest receivable

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

(6) Research and development expenditure

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

(7) 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.

OXLEY DEVELOPMENTS COMPANY LIMITED

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1979 (Continued)

(8) 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.

2 DIRECTORS' EMOLUMENTS

The emoluments of the directors excluding pension contributions and amounts received in discharge of duties outside the United Kingdom fell into the following brackets :-

	<u>Number of directors</u>	
	<u>1979</u>	<u>1978</u>
£0 - £5,000	5	4
£5,001 - £10,000	1	2
£10,001 - £15,000	2	2
£20,001 - £25,000	1	1

The emoluments of the chairman during the year were £13,621 (1978 - £13,476) and of the highest paid director £23,491 (1978 - £22,391).

3 CORPORATION TAX

Corporation tax has been provided at the rate of 52% (1978 - 52%).

4 APPORTIONMENT OF UNDISTRIBUTED INCOME

The company is a close company and is therefore potentially liable to tax on any shortfall of distributions below the required standard which might be apportioned to the shareholders. It has been established that the dividends paid in respect of accounting years up to 30 September 1978 satisfy these standards and on the basis of the dividends paid and proposed in respect of the year ended 30 September 1979 no liability is anticipated.

5 SHARE CAPITAL

By an ordinary resolution of the members on 14 December 1978 the authorised share capital of the company was increased to £250,000 (comprising ordinary shares of £1 each). A subsequent special resolution converted 19,500 'B' ordinary shares into 1% preference shares and 175,500 'A' ordinary shares consequently ceased to be designated as 'A' shares. The issued capital was then increased by the transfer from profit and loss account of a bonus issue of 19,060 ordinary £1 shares fully paid which were allotted to the shareholders of the former 'B' ordinary shares on the basis of 9,530 ordinary shares for every 9,750 'B' ordinary shares.

On 15 December 1978 the 19,500 1% preference shares were converted into ordinary shares of £1 each.

OXLEY DEVELOPMENTS COMPANY LIMITED

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1979

6 DEFERRED TAXATION

	<u>1979</u>	<u>1978</u>
Deferred taxation comprises :		
Excess of capital allowances over depreciation	88,748	68,938
Stock appreciation relief	42,499	31,648
Sundry small timing differences	<u>(3,444)</u>	<u>(2,692)</u>
	127,803	97,894
Deduct : Advance corporation tax	<u>-</u>	<u>32,015</u>
	<u>£127,803</u>	<u>£65,879</u>

7 CORPORATION TAX NOT PROVIDED

The aggregate potential future corporation tax liability at the current rate of corporation tax in respect of the surplus on the revaluation of fixed assets for which no provision has been made in the accounts amounted at 30 September 1979 to £240,000 (1978 - £215,000).

8 FIXED ASSETS

	<u>Freehold Property</u>	<u>Plant and Machinery</u>	<u>Fixtures and Fittings</u>	<u>Motor Vehicles</u>	<u>Total</u>
At cost or revalued amount at 30 September					
1978	559,226	502,755	101,641	43,021	1,206,643
Additions	25,089	48,016	6,235	27,934	107,274
Disposals	-	-	-	(4,755)	(4,755)
As at 30 September 1979	584,315	550,771	107,876	66,200	1,309,162
<u>Depreciation</u>					
As at 30 September 1978	175,476	292,172	75,578	24,196	567,422
Provided	12,893	30,638	5,679	11,517	60,727
Disposals	-	-	-	(4,071)	(4,071)
As at 30 September 1979	188,369	322,810	81,257	31,642	624,078
Net book amount at 30 September 1979	<u>£395,946</u>	<u>£227,961</u>	<u>£26,619</u>	<u>£34,558</u>	<u>£685,084</u>
Net book amount at 30 September 1978	<u>£383,750</u>	<u>£210,583</u>	<u>£26,063</u>	<u>£18,825</u>	<u>£639,221</u>

As stated in Accounting Policies Note 1(2), fixed assets with the exception of motor vehicles which are stated at cost were revalued at 30 September 1976.

OXLEY DEVELOPMENTS COMPANY LIMITED

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1979 (Continued)

9 CAPITAL COMMITMENTS

At the balance sheet date capital commitments amounted to Nil (1978 - £15,000).. There was no expenditure authorised by the board for which contracts had not been placed (1978 - Nil).

10 HOLDING COMPANY

At 30 September 1979 the directors regarded Anstalt fur Wissenschaftliche Forschung Und Handel, a company incorporated in Liechtenstein, as the company's ultimate holding company.

11 SUBSIDIARY COMPANIES

The company's wholly owned subsidiary companies are :-

Oxley Electronics Limited - incorporated in England

Valaduel Limited - incorporated in England

Oxley AG Zug - incorporated in Switzerland and is a wholly owned subsidiary of Valaduel Limited and was placed in liquidation on 9 January 1978.

12 STOCK

Stock comprises:-

	<u>1979</u>	<u>1978</u>
Raw materials and bought out parts	129,302	98,624
Components of own manufacture	249,174	217,308
Finished goods	<u>97,984</u>	<u>61,101</u>
	<u>£476,460</u>	<u>£377,033</u>