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OXLEY DEVELOPMENTS COMPANY LIMITED

ACCOUNTS FOR THE YEAR ENDED
30 SEPTEMBER 1978

5 DEC 1978
1978

OXLEY DEVELOPMENTS COMPANY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 1978

The directors present their report for the year ended 30 September 1978.

Trading Results

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

469,711

From which must be deducted:

Corporation tax
Foreign taxation
Deferred taxation

242,000
11,428
2,096

255,524
559

Under provision in prior years

256,083

213,628

1,226

Less: Profits retained in subsidiaries

212,402

Leaving unappropriated profit for the year

Less: Dividends in respect of the year ended 30 September 1978.

Paid 'A' shares
'B' shares

45,000
5,000

50,000

Proposed 'A' shares (Since paid)
'B' shares (Since paid)

58,500
6,500

115,000

97,402

To which must be added the balance brought
forward of

495,476

Leaving a balance carried forward of

£592,878

Directors and Directors' Interests

The persons listed below have been directors of the company throughout the year ended 30 September 1978. Sir Francis McLean resigned on 6 January 1978.

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 1978 (Continued)

	30 September 1978	30 September 1977
	Not beneficially owned	Not beneficially owned
	'A' shares	'A' shares
RF Oxley	1	1
SLE Hastings	1	1
J-P Aeschmann	1	1
LS Thibaut	1	1
RS Tebble	1	1
GS Edwards	1	1
LW Placzek	1	1
J Atkinson	1	1
ED Maguire	1	1
MN Atkinson		

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 1978 the beneficial owner of 161,988 (1977 - 161,988) 'A' shares in the company.

In addition, Mrs AS Oxley was at 30 September 1978 the beneficial owner of 13,512 'A' shares (1977 - 13,512) and 9,750 'B' shares (1977 - 9,750) in Oxley Developments Company Limited.

Activities

The company's activities consist of the manufacture of the components for the telecommunication 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 260 (1977 - 275) employees in the UK to whom aggregate remuneration of £677,531 (1977 - £574,325) was paid.

Charitable and political contributions

The group made charitable donations during the year of £323 and the following donations to bodies which may be deemed to be of a political nature.

Aims of Industry	50
Aims for Freedom and Enterprise	225
National Association for Freedom	83

OXLEY DEVELOPMENTS COMPANY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED
30 SEPTEMBER 1978 (Continued)

Exports

The company's direct exports amounted to £336,688 (1977 - £313,322).

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.

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 1978 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

17 April 1979

OXLEY DEVELOPMENTS COMPANY LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR
THE YEAR ENDED 30 SEPTEMBER 1978

1977

<u>£1,571,309</u>	SALES OUTSIDE THE GROUP	<u>£1,886,253</u>
408,991	TRADING PROFIT FOR THE YEAR AFTER CREDITING OR CHARGING THE FOLLOWING:	452,894
	<u>Credit</u>	
21,582	Interest on bank and other deposits	<u>13,167</u>
	<u>Charges</u>	
4,405	Auditors' remuneration	4,350
48,433	Depreciation (Note 8)	51,813
-	Directors' emoluments (Note 2)	-
-	Fees	-
67,225	Remuneration as executives	65,368
-	Ex-gratia payment	<u>5,000</u>
	Unrealised profit (loss) on revaluation of currency	16,817
(507)	PROFIT FOR THE YEAR BEFORE TAXATION	<u>469,711</u>
408,484	TAXATION	
	Corporation tax based on the profit for the year (Note 3)	242,000
190,915	Foreign taxation	11,428
(806)	Deferred taxation	<u>2,096</u>
27,746		
217,855	Under provision in prior years	255,524
2,267		<u>559</u>
220,122		<u>256,083</u>
	PROFIT FOR THE YEAR AFTER TAXATION OF WHICH £212,402 (1977 - £192,866) IS DEALT WITH IN THE ACCOUNTS OF THE HOLDING COMPANY	213,628
188,362	Deduct:	
	Interim dividend (paid)	
90,000	A shares	45,000
10,000	B shares	<u>5,000</u>
100,000		50,000
	Proposed dividend:	
	A shares (since paid)	38,500
	B shares (since paid)	<u>6,500</u>
100,000		<u>115,000</u>
88,362	RETAINED PROFIT FOR THE YEAR	98,628
448,071	ADD: RETAINED PROFIT BROUGHT FORWARD	536,433
	UNAPPROPRIATED PROFIT RETAINED IN THE GROUP	
495,476	Holding company	592,878
40,957	Subsidiary companies	<u>42,183</u>
£536,433		<u>£635,061</u>

OXLEY DEVELOPMENTS COMPANY LIMITED

CONSOLIDATED BALANCE SHEET AT
30 SEPTEMBER 1978

1977

CAPITAL EMPLOYED

SHARE CAPITAL (Note 5)

Authorised, issued and fully paid
175,500 A shares of £1 each
19,500 B shares of £1 each

175,500
19,500

175,500
19,500

195,000
433,917

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

635,061

SHAREHOLDERS' FUNDS

1,263,978

DEFERRED TAXATION (Note 6)

65,879

£1,329,857

REPRESENTED BY

FIXED ASSETS (Note 8)

639,221

INVESTMENT IN SUBSIDIARY IN COURSE
OF LIQUIDATION (Note 11)

32,090

CURRENT ASSETS

341,471
445,124
224,496
47,916

Stock
Debtors
Short term deposits
Balance at bank and cash in hand

373,033
534,302
312,726
36,084

1,059,007

1,256,145

CURRENT LIABILITIES

171,396
272,052
-
443,448

Creditors
Taxation
Dividends

199,953
332,646
65,000
597,599

615,559

NET CURRENT ASSETS

658,546

£1,260,589

£1,329,857

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

*np/Ankur
C. Elward*

)
) Directors
)

OXLEY DEVELOPMENTS COMPANY LIMITED

BALANCE SHEET AT 30 SEPTEMBER 1978

1977

CAPITAL EMPLOYED

SHARE CAPITAL (Note 5)

Authorised, issued and fully paid
175,500 A shares of £1 each
19,500 B shares of £1 each

175,500
19,500

175,500
19,500

195,000
457,645

195,000
457,645

495,476

CAPITAL RESERVE

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

592,878

1,148,121

SHAREHOLDERS' FUNDS

1,245,523

95,239

DEFERRED TAXATION (Note 6)

65,879

£1,243,360

£1,311,402

REPRESENTED BY

645,030

FIXED ASSETS (Note 8)

639,221

INVESTMENT IN SUBSIDIARY COMPANIES
(Note 11)

34,034
(194)

Shares at Cost
Less: Amount due to subsidiaries
Amount due from subsidiaries

34,034
(194)
340

33,840

34,180

CURRENT ASSETS

338,604
431,548
224,496
9,830

Stock
Debtors
Short term deposits
Balance at bank and cash in hand

373,033
534,302
312,726
15,539

1,004,478

1,235,600

CURRENT LIABILITIES

168,180
271,808

Creditors
Taxation
Dividends

199,953
332,646
65,000

439,988

597,599

564,490

NET CURRENT ASSETS

638,001

£1,243,360

£1,311,402

) Directors

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

M. A. Ambrose
W. F. Lewis

OXLEY DEVELOPMENTS COMPANY LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 30 SEPTEMBER 1978

1977

SOURCE OF FUNDS

Profit before tax	469,711	408,484
Proceeds of sale of fixed assets	1,425	92
Adjustment for items not involving the movement of funds:-		
Depreciation less profits on sale of fixed assets	<u>51,813</u>	<u>48,433</u>
TOTAL GENERATED FROM OPERATIONS	522,949	457,009

APPLICATION OF FUNDS

Dividends paid	50,000	200,000
Tax paid	224,849	176,864
Purchases of fixed assets	<u>47,429</u>	<u>86,626</u>
	322,278	463,490
	<u>200,671</u>	<u>(6,481)</u>

INCREASE IN WORKING CAPITAL

Investment in subsidiary in course of liquidation	32,090	-
Increase in stocks	31,562	36,826
Increase in debtors	89,178	68,486
(Increase) in creditors	<u>(28,557)</u>	<u>(44,406)</u>
	<u>124,273</u>	<u>(60,906)</u>

MOVEMENT IN NET LIQUID FUNDS

REPRESENTED BY:

Increase (Decrease) in short term deposits	88,230	(64,346)
(Decrease) in bank and cash balances	<u>(11,832)</u>	<u>(3,041)</u>
	<u>£76,398</u>	<u>£(67,387)</u>

OXLEY DEVELOPMENTS COMPANY LIMITED

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1978

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 stocks 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 1978 (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>1978</u>	<u>1977</u>
£0 - £2,500	3	2
£2,501 - £5,000	1	2
£5,001 - £7,500	2	1
£7,501 - £10,000	-	2
£10,001 - £12,500	1	1
£12,501 - £15,000	1	-
£20,001 - £22,500	1	1

The emoluments of the chairman during the year were £13,476 (1977 - £5,150) and of the highest paid director £22,391 (1977 - £22,150).

3. CORPORATION TAX

Corporation tax has been provided at the rate of 52% (1977 - 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 1977 satisfy these standards and on the basis of the dividends paid and proposed in respect of the year ended 30 September 1978 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 1978

6. DEFERRED TAXATION

	<u>1978</u>	<u>1977</u>
Deferred taxation comprises:		
Excess of capital allowances over depreciation	68,938	65,757
Stock appreciation relief	31,648	31,648
Sundry small timing differences	<u>(2,692)</u>	<u>(2,166)</u>
	97,894	95,239
Deduct: Advance corporation tax	<u>32,015</u>	<u>-</u>
	<u>£65,879</u>	<u>£95,239</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 1978 to £215,000 (1977 - £194,600).

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 1977	548,872	488,346	92,284	32,072	1,161,574
Additions	10,354	14,409	9,357	13,309	47,429
Disposals	-	-	-	(2,360)	(2,360)
As at 30 September 1978	<u>559,226</u>	<u>502,755</u>	<u>101,641</u>	<u>43,021</u>	<u>1,206,643</u>
<u>Depreciation</u>					
As at 30 September 1977	163,085	264,135	70,271	19,053	516,544
Provided	12,391	28,037	5,307	6,273	52,008
Disposals	-	-	-	(1,130)	(1,130)
As at 30 September 1978	<u>175,476</u>	<u>292,172</u>	<u>75,578</u>	<u>24,196</u>	<u>567,422</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>
Net book amount at 30 September 1977	<u>£385,787</u>	<u>£224,211</u>	<u>£22,013</u>	<u>£13,019</u>	<u>£645,030</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 1978 (Continued)

9. CAPITAL COMMITMENTS

At the balance sheet date capital commitments amounted to £15,000 (1977 - £6,000). There was no expenditure authorised by the board for which contracts had not been placed (1977 - NIL).

10. HOLDING COMPANY

At 30 September 1978 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 is a wholly owned subsidiary of Valaduel Limited and was placed in liquidation on 9 January 1978.