
CML Group Limited

Annual Report

◆ *Year ended 31 March 2001* ◆



CML GROUP LIMITED

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CML GROUP LIMITED

COMPANY INFORMATION

Directors
I D Brodie - Chairman
K N Edwards - Appointed 19 May 2000
J S Ellison
D N Haden
D J Ison
G D Stewart
D J Brannock - Resigned 2 March 2001
D G Scott - Resigned 31 March 2001

Secretary
J S Ellison

Registered office
PO Box 25
South Marston Park
Swindon
Wiltshire
SN3 4TR

Registered number
1564040

Auditors
RSM Robson Rhodes
Chartered Accountants
Centre City Tower
7 Hill Street
Birmingham
B5 4UU

Bankers
Barclays Bank PLC
10-14 High Street
Swindon
Wiltshire
SN1 3ED

CML GROUP LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31 March 2001.

Principal activities

The principal activities of the company in the year were precision engineering and manufacture of sub assemblies and components for the aerospace and transportation industries.

Business review and future developments

The results for the year reflect a steady demand for the principle products and services of the business.

The business has continued to broaden its product manufacturing base with the ongoing development of the principle products of Precision Machining, Sheet Detail Fabrications, Composite Materials and Finish Treatments.

Whilst it is anticipated that our markets will remain competitive, ongoing attention to operating efficiencies, cost reduction and working capital management, will enable the business to maintain profitable trading.

The business continues to work closely with its customers to achieve ongoing and sustainable cost reductions.

Dividends

A dividend was paid in the year of £Nil (2000 : £120,000). The directors propose a final dividend for the year of £164,000 (2000 : £NIL).

Directors

The directors of the company who served during the year are set out on page 1.

The interests of the directors, who are all main board directors of Intelek plc except for those directors noted below, are disclosed in the financial statements of that company.

The beneficial interests of the directors and their families at 31 March 2001 and the beginning of the year in the ordinary share capital of Intelek plc, other than for main board directors are detailed below:

	Ordinary shares of 5p each					
	Beneficial		Options under Executive Scheme		Options under the Savings Related Scheme	
	2001	2000	2001	2000	2001	2000
D N Haden	-	-	20,000	20,000	-	-
G D Stewart	-	-	40,000	40,000	-	-
D J Ison	-	-	12,500	20,000	-	-

There are no non-beneficial interests. There have been no changes in the above since the year end.

The options granted under the terms of the Executive Scheme are exercisable between 2001 and 2009 at prices of between 16p and 25p per share.

REPORT OF THE DIRECTORS

(Continued)

Statement of directors' responsibilities for the Annual Report

Company law in the United Kingdom requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing these financial statements, the directors have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable United Kingdom accounting standards; and
- prepared the financial statements on the going concern basis.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements 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 and other irregularities.

The directors are responsible for ensuring that the directors' report and other information included in the Annual Report is prepared in accordance with company law in the United Kingdom.

Auditors

The auditors, RSM Robson Rhodes are willing to continue in office and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

Approval

The report of the directors was approved by the Board on 18 June 2001 and signed on its behalf by:



J S ELLISON
Secretary

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CML GROUP LIMITED

We have audited the financial statements on pages 5 to 15.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the information contained in the Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any information outside the Annual Report.


Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, 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 information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements 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 information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 March 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



RSM Robson Rhodes
Chartered Accountants and Registered Auditors

Birmingham, England
18 June 2001

CML GROUP LIMITED

PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2001

	Note	2001 £	2000 £
Turnover - continuing operations	2	11,123,557	10,512,722
Cost of sales		(9,639,110)	(9,175,023)
		<hr/>	<hr/>
Gross profit		1,484,447	1,337,699
Administrative expenses		(613,853)	(626,813)
Other operating income/(expenses)		(3,323)	6,860
		<hr/>	<hr/>
Operating profit before management charges - continuing operations		867,271	717,746
		<hr/>	<hr/>
Group management charges		(309,000)	(163,000)
		<hr/>	<hr/>
Operating profit after management charges - continuing operations.	3	558,271	554,746
Interest	4	(16,240)	(51,387)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		542,031	503,359
Taxation	7	(213,538)	(101,535)
		<hr/>	<hr/>
Profit on ordinary activities after taxation		328,493	401,824
Dividends	8	(164,000)	(120,000)
		<hr/>	<hr/>
Retained profit for the year	17	164,493	281,824
		<hr/>	<hr/>

The company has no recognised gains or losses other than those reported above.

CML GROUP LIMITED**BALANCE SHEET**

at 31 March 2001

	Note	2001 £	2000 £
Fixed assets			
Tangible assets	9	1,899,304	2,145,575
		<hr/>	<hr/>
Current assets			
Stocks	10	1,405,204	1,488,573
Debtors	11	3,067,876	2,399,758
Cash at bank and in hand		789,808	129,050
		<hr/>	<hr/>
Creditors: Amounts falling due within one year	12	5,262,888 (3,085,127)	4,017,381 (2,316,524)
		<hr/>	<hr/>
Net current assets		2,177,761	1,700,857
		<hr/>	<hr/>
Total assets less current liabilities		4,077,065	3,846,432
		<hr/>	<hr/>
Creditors: Amounts falling due after more than one year			
Interest free loan from parent company	13	2,788,000	2,788,000
Other creditors	13	151,030	80,302
Provisions for liabilities and charges	14	64,200	80,300
Deferred Income	15	11,512	-
		<hr/>	<hr/>
Net assets		3,014,742	2,948,602
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	16	100,000	100,000
Profit and loss account	17	962,323	797,830
		<hr/>	<hr/>
Equity shareholders' funds	18	1,062,323	897,830
		<hr/>	<hr/>
Source of capital		4,077,065	3,846,432
		<hr/>	<hr/>

The financial statements were approved by the Board on 18 June 2001 and signed on its behalf by:

G D STEWART
Director



D N HADEN
Director



NOTES TO THE FINANCIAL STATEMENTS

31 March 2001

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards under the historical cost convention.

Turnover

Turnover is the amount receivable for goods and services supplied, excluding value added tax. Turnover is recognised on long term contracts as these progress and comprises the sales value of work performed in the year.

Depreciation

Depreciation is provided to write down the cost of tangible fixed assets over their estimated useful lives. No depreciation is provided on freehold land or assets in the course of construction. The principal annual rates used are:

Leasehold improvements	10%	straight line
Plant and fixtures	8% to 33%	straight line (see below)
Motor vehicles	25%	straight line

In certain cases plant and machinery is depreciated to residual value over 12½ years and then to £Nil value over a further five years. Previously all plant was depreciated to £Nil value.

Foreign currencies

Where practicable, transactions involving foreign currencies are protected by equivalent currency borrowings or currency contracts, and recorded at the value of the sterling proceeds of such borrowings or contracts. Otherwise, assets and liabilities denominated in foreign currency are translated into sterling at the rates of exchange ruling at the balance sheet date. Exchange differences are recognised in the profit and loss account.

Pensions

In accordance with SSAP 24, contributions to the group defined benefit pension scheme are charged to profit on the recommendation of a qualified actuary using the defined accrued benefit method so as to spread the cost of pensions over the anticipated service lives of scheme members. Contributions to defined Contribution Schemes are charged to profits as they fall due.

Deferred tax is fully accounted for on any difference between accumulated pension costs charged against profit and accumulated contributions paid.

Stock and work in progress

Stock and work in progress are stated at the lower of cost and net realisable value. Cost comprises direct material and labour and, where appropriate, includes attributable overheads. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

Government grants

Grants in respect of fixed assets are credited to the profit and loss account in equal annual instalments over the useful lives of the assets concerned.

Other grants are credited to the profit and loss account in the same year as the expenditure to which they contribute.

NOTES TO THE FINANCIAL STATEMENTS**31 March 2001****1. ACCOUNTING POLICIES (continued)****Deferred taxation**

Deferred taxation is provided under the liability method to take account of timing differences arising because of the different treatment of certain items for accounts and tax purposes where there is reasonable probability that such taxation will become payable in the foreseeable future.

Leased assets

Fixed assets subject to finance leases are capitalised and depreciated in accordance with the depreciation policy stated above. The corresponding liability for the capital element is included in creditors, and the interest, calculated on the basis of the amount outstanding, is charged against profits over the year of the lease. The rental and operating lease costs of all other assets are charged against profit before interest, as incurred.

2. TURNOVER

	2001	2000
	£	£
United Kingdom	10,634,625	9,311,956
Other EC Countries	4,972	3,612
North America	483,960	1,197,154
	<hr/>	<hr/>
	11,123,557	10,512,722
	<hr/>	<hr/>

An element of the sales made to United Kingdom customers is in respect of end customers based in overseas markets, particularly in the United States.

3. OPERATING PROFIT

Operating profit is arrived at after charging/(crediting):

	2001	2000
	£	£
Depreciation	449,822	437,261
Amortisation of government grants	(18,448)	-
Loss/(profit) on sale of fixed assets	7,505	(6,624)
Operating lease rentals		
plant and machinery	205,634	207,433
land and buildings	288,418	229,640
Auditors' remuneration	8,500	12,000
Fees paid to Robson Rhodes for other services	375	6,950
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS
31 March 2001**4. INTEREST**

	2001	2000
	£	£
Bank loan and overdrafts repayable: within five years	15,690	33,049
Finance leases and hire purchase	19,017	15,489
Other loans	4,314	2,849
	<hr/>	<hr/>
	39,021	51,387
Interest receivable	(22,781)	-
	<hr/>	<hr/>
	16,240	51,387
	<hr/>	<hr/>

5. EMPLOYEES

Average monthly number of employees, including directors:

	2001	2000
	No	No
Production	189	173
Administration	19	18
	<hr/>	<hr/>
	208	191
	<hr/>	<hr/>

Staff costs, including directors:

	2001	2000
	£	£
Wages and salaries	4,420,841	4,162,900
Social security costs	377,411	337,284
Other pension costs	317,719	203,583
	<hr/>	<hr/>
	5,115,971	4,703,767
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS
31 March 2001**6. DIRECTORS**

Emoluments of the company's directors:

	2001	2000
	£	£
Emoluments	182,528	181,415
Pension contributions	17,475	17,451
	<hr/>	<hr/>
	200,003	198,866
	<hr/>	<hr/>

Emoluments excluding pension contributions:

	2001	2000
	£	£
Highest paid director	74,793	69,109
	<hr/>	<hr/>

All other directors accrue retirement benefits within the parent company.

7. TAXATION

	2001	2000
	£	£
UK corporation tax at 30% (2000 - 30%)	6,667	45,000
Group relief at 30% (2000 - 30%)	210,854	140,199
Deferred taxation	(16,100)	(75,700)
	<hr/>	<hr/>
	201,421	109,499
Amendment of previous year's estimate:		
- Corporation tax	(37,500)	(7,964)
- Group relief	49,617	-
	<hr/>	<hr/>
	213,538	101,535
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

31 March 2001

8. DIVIDENDS

	2001 £	2000 £
Interim dividend paid at £1.64 per share (2000: £1.20)	164,000	120,000

9. TANGIBLE ASSETS

	Leasehold improve- ments £	Assets in course of construction £	Plant and fixtures £	Motor vehicles £	Total £
Cost					
At 1 April 2000	581,446	-	6,225,342	40,220	6,847,008
Additions	16,014	25,088	157,338	14,650	213,090
Disposals	-	-	(494,699)	-	(494,699)
At 31 March 2001	597,460	25,088	5,887,981	54,870	6,565,399
Depreciation					
At 1 April 2000	346,293	-	4,315,234	39,906	4,701,433
Charged in year	43,708	-	404,884	1,230	449,822
Disposals	-	-	(485,160)	-	(485,160)
At 31 March 2001	390,001	-	4,234,958	41,136	4,666,095
Net book value					
At 31 March 2001	207,459	25,088	1,653,023	13,734	1,899,304
At 31 March 2000	235,153	-	1,910,108	314	2,145,575

The net book value of the tangible fixed assets includes £383,800 (2000 - £436,198) in respect of assets held under finance leases and hire purchase. Depreciation charged in the year on those assets amounted to £52,399 (2000 - £53,167).

NOTES TO THE FINANCIAL STATEMENTS**31 March 2001****10. STOCKS**

	2001	2000
	£	£
Raw materials and consumables	414,757	473,417
Work in progress	882,002	871,358
Finished goods and goods for resale	108,445	143,798
	<hr/>	<hr/>
	1,405,204	1,488,573
	<hr/>	<hr/>

The replacement cost of the above would not be significantly different from the values stated.

11. DEBTORS

	2001	2000
	£	£
Trade debtors	2,083,749	1,842,268
Amounts owed by group undertakings	831,373	396,304
Other debtors	478	1,303
Prepayments and accrued income	121,443	121,331
Taxation recoverable	30,833	38,552
	<hr/>	<hr/>
	3,067,876	2,399,758
	<hr/>	<hr/>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2001	2000
	£	£
Obligations under finance leases	76,743	108,362
Trade creditors	1,019,074	963,294
Amounts due to group undertakings	801,803	580,803
Group relief payable	260,471	-
Other taxation and social security	376,224	232,996
Other creditors	108,525	129,133
Accruals	278,287	301,936
Proposed dividend	164,000	-
	<hr/>	<hr/>
	3,085,127	2,316,524
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS
31 March 2001

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2001 £	2000 £
Interest free loan from parent	2,788,000	2,788,000
Other creditors:		
Obligations under finance leases		
- due between one and two years	40,392	48,922
- due between two and five years	110,638	31,380
	151,030	80,302

The interest free loan from parent of £2,788,000 (2000 - £2,788,000) is unsecured and has no fixed term of repayment. The parent company has confirmed that no substantial repayment will be requested within 12 months of the balance sheet date.

14. PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation £
At 1 April 2000	80,300
Profit and loss account	(16,100)
At 31 March 2001	64,200

Deferred taxation comprises:

	Amounts provided		Amounts not provided	
	2001 £	2000 £	2001 £	2000 £
Capital allowances	70,000	82,000	180,400	195,300
Other timing differences	(5,800)	(1,700)	-	-
	64,200	80,300	180,400	195,300

NOTES TO THE FINANCIAL STATEMENTS
31 March 2001

15. DEFERRED INCOME

	Government grant £
Received in year	30,000
Transfer to profit and loss account	(18,488)
	<hr/>
At 31 March 2001	11,512
	<hr/>

16. SHARE CAPITAL

	2001 £	2000 £
Authorised		
100,000 ordinary shares of £1 each	100,000	100,000
	<hr/>	<hr/>
Allotted, called up and fully paid		
100,000 ordinary shares of £1 each	100,000	100,000
	<hr/>	<hr/>

17. RESERVES

	Profit and loss account £
At 1 April 2000	797,830
Profit for the year	164,493
	<hr/>
At 31 March 2001	962,323
	<hr/>

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2001 £	2000 £
Profit after taxation	328,493	401,824
Dividends	(164,000)	(120,000)
	<hr/>	<hr/>
Opening shareholders' funds	164,493	281,824
	897,830	616,006
	<hr/>	<hr/>
Closing shareholders' funds	1,062,323	897,830
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NOTES TO THE FINANCIAL STATEMENTS**31 March 2001****19. CONTINGENT LIABILITY**

The company has given an unlimited cross company guarantee in favour of Barclays Bank PLC as security for its borrowings and those of certain group undertakings.

20. FINANCIAL COMMITMENTS**Operating lease commitments**

The annual commitments under operating leases are analysed to the year in which each lease expires, as follows:

	2001 £	2000 £
Land and buildings, leases expiring		
within one year	-	208,000
between one and five years	9,000	9,000
beyond five years	289,500	82,565
	<hr/>	<hr/>
	298,500	299,565
	<hr/>	<hr/>
Plant and machinery, leases expiring		
within one year	19,826	11,450
between one and five years	191,666	199,784
beyond five years	420	-
	<hr/>	<hr/>
	211,912	211,234
	<hr/>	<hr/>

21. PENSION SCHEME

The company is a member of a defined benefit pension scheme operated by the parent company for the benefit of employees with assets held in separately invested funds, administered by trustees.

The latest actuarial valuation of the pension scheme was prepared as at 30 September 1999. A summary of the results of this valuation is contained within the financial statements of the parent company.

22. RELATED PARTY DISCLOSURES

Advantage has been taken of the special exemption for group companies regarding related party disclosures.

23. PARENT UNDERTAKING

The ultimate parent company is Intelek plc, which is registered in England and Wales.

Its group accounts are available to the public on payment of the appropriate fee, from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.