

Abbreviated Accounts

for the year ended 31 October 1998

Company Number: 2765553

Composite Metal Technology Ltd
Structural Materials Centre
Griffith Building
DERA Farnborough
Hampshire
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United Kingdom

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Composite Metal Technology Ltd

Abbreviated Accounts

for the year ended 31st October 1998

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Composite Metal Technology Ltd

Auditors' Report to Composite Metal Technology Ltd

Pursuant to Paragraph 24 of Schedule 8 to the Companies Act 1985

We have examined the abbreviated accounts on pages 2 to 5 together with the financial statements of Composite Metal Technology Ltd prepared under Section 226 of the Companies Act 1985 for the year ended 31st October 1998.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with Section 246 of and Schedule 8A to the Companies Act 1985. It is our responsibility to form an independent opinion as to the Company's entitlement to deliver abbreviated accounts prepared in accordance with Sections 246 (5) and (6) of the Companies Act 1985 and whether the abbreviated accounts have been properly prepared in accordance with those provisions and to report our opinion to you.

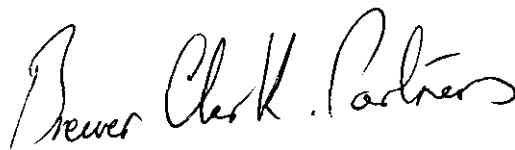
Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the audited financial statements, that the Company is entitled to the exemptions and that the abbreviated accounts have been properly prepared from those financial statements. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the company is entitled under Sections 246 and 247 of the Companies Act 1985 to the exemptions conferred by Section A of Part iii of Schedule 8 to that Act, in respect of the year ended 31st October 1998, and the abbreviated accounts on pages 2 to 5 have been properly prepared in accordance with that Schedule.

Brewer, Clark & Partners
Chartered Accountants
and Registered Auditors
Century House
19 High Street
Marlow
Buckinghamshire
SL7 1AU



13th August 1999

Composite Metal Technology Ltd

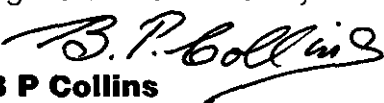
Abbreviated Balance Sheet

as at 31st October 1998

		12 month period ended 31 October 1998	18 month period ended 31 October 1997
	Notes	£	£
Fixed assets			
Intangible assets	2	70,000	70,000
Tangible assets	3	28,242	2,142
		<hr/>	<hr/>
		98,242	72,142
Current assets			
Stock		3,445	-
Debtors		170,042	50,459
Cash at bank and in hand		137,939	383,344
		<hr/>	<hr/>
		311,426	433,803
Creditors: amounts falling due within one year		(17,308)	(3,083)
		<hr/>	<hr/>
Net current assets		294,118	430,720
Creditors: amounts falling due after more than one year		(5,303)	-
		<hr/>	<hr/>
Net assets		387,057	502,862
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	4	3,445	3,445
Share premium account		599,875	597,739
Profit and loss account		(216,263)	(98,322)
		<hr/>	<hr/>
Shareholders' funds		387,057	502,862
		<hr/>	<hr/>

The abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

These financial statements were approved by the Board of Directors on 4th August 1999, and were signed on their behalf by:


B P Collins
Chairman

Composite Metal Technology Ltd

Notes to the Abbreviated Accounts

forming part of the financial statements

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

1.1 Basis of preparation

The financial statements have been prepared on a going concern basis under the historical cost convention, in accordance with applicable accounting standards.

In accordance with Financial Reporting Standard Number 1 no cashflow statement has been produced by the Company on the grounds that it is a small company.

1.2 Fixed assets and depreciation

Depreciation is provided by the Company to write off the cost of tangible fixed assets over their estimated useful economic lives, as follows:

Plant and machinery	10% straight line
Fixtures, fittings and office equipment	20% straight line
Motor vehicles	20% straight line

The charge for depreciation is allocated in the year of addition and disposal to reflect the period of time for which the asset is held.

1.3 Research and development

Research and development expenditure is written off as incurred, except that development expenditure incurred on an individual project is capitalised when its future recoverability can be foreseen with reasonable assurance. Any expenditure carried forward is amortised during the years following completion of the development in line with the sales from the related projects. The period of write off is a maximum of 5 years.

1.4 Hire purchase

Assets obtained under hire purchase contracts are capitalised in the balance sheet as fixed assets. The interest element of obligations under the contracts is charged to the profit and loss account over the period of the contracts and represents a constant proportion of the balance of capital repayments outstanding.

1.5 Government grants

Revenue grants are credited to the profit and loss account as income in the same period in which the expenditure to which they relate is incurred.

Composite Metal Technology Ltd

Notes to the Abbreviated Accounts (continued)

forming part of the financial statements

2. Intangible assets

	Development expenditure £
Cost	
Brought forward	70,000
Carried forward	<u>70,000</u>
Provision for diminution in value	
Charge for period	-
Carried forward	<u>-</u>
Net book value 1998	<u><u>70,000</u></u>
Net book value 1997	<u><u>70,000</u></u>

3. Tangible fixed assets

	Total £
Cost	
Brought forward	2,602
Additions	27,859
Carried forward	<u>30,461</u>
Depreciation	
Brought forward	460
Charge for year	1,759
Carried forward	<u>2,219</u>
Net book value 1998	<u><u>28,242</u></u>
Net book value 1997	<u><u>2,142</u></u>

Composite Metal Technology Ltd

Notes to the Abbreviated Accounts (continued)

forming part of the financial statements

The net book value of tangible assets includes assets under hire purchase contracts of £10,816 (1997: £1,286). Depreciation for the period on these assets was £373 (1997: £289).

4. Called up share capital

	1998 £	1997 £
<i>Authorised</i>		
Ordinary shares of £1 each	4,000	4,000
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	3,445	3,445
	<hr/>	<hr/>

Directors' share options

The share options in Composite Metal Technology Ltd of the Directors who held office at 31st October 1998 are as follows:

	Date granted	Number of shares	Option price	Expiry date
B J Herring	26/02/97	69	£450	31/12/02
N J Lindsay	06/10/98	69	£900	31/12/02