

# Report and Accounts

for the year ended 30<sup>th</sup> April 2012

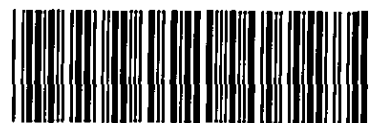
Company Number 02765553



COMPOSITE METAL TECHNOLOGY LTD

Prisma Business Park  
3 Berrington Way  
Wade Road  
Basingstoke  
Hampshire  
RG24 8PL  
United Kingdom

TUESDAY



A32 \*A1K4WRAP\* 23/10/2012 #111  
COMPANIES HOUSE

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# **Composite Metal Technology Ltd**

## **Directors' Report and Financial Statements**

*for the year ended 30<sup>th</sup> April 2012*

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# Composite Metal Technology Ltd

## Company Information

*directors, officers and advisers*

**President:** B P Collins CEng FIET CMarEng FIMarEST MIMechE

<b>Directors:</b>	M D A Bentata MA FRSA	Chairman
	N P Collins BSc MSc	Chief Executive
	R S Bushby BSc PhD CEng MIMMM	Technical Director
	C S Barton FCA	Finance Director
	D Price BSc MSc CEng CDir FIMechE	Commercial Director

**Company Secretary:** N P Collins BSc MSc

**Registered Number:** 02765553 (England and Wales)

**Registered Office  
& Trading Address:** Prisma Business Park  
3 Berrington Way  
Wade Road  
Basingstoke  
Hampshire  
RG24 8PL

**Website Address:** [www.cmt-ltd.com](http://www.cmt-ltd.com)

**E-Mail:** [sales@cmt-ltd.com](mailto:sales@cmt-ltd.com)

**Telephone:** (01256) 477741

**Fax:** (01256) 477751

**Auditors:** Rouse Audit LLP  
55 Station Road  
Beaconsfield  
Buckinghamshire  
HP9 1QL

**Bankers:** Lloyds TSB Bank Plc  
130/132 Broadway  
Bexleyheath  
Kent  
DA6 7DP

**Solicitors:** DMH Stallard LLP  
Gainsborough House  
Pegler Way  
Crawley  
West Sussex  
RH11 7FZ

# **Composite Metal Technology Ltd**

## **Directors' Report**

*for the year ended 30<sup>th</sup> April 2012*

The directors present their report and financial statements for the year ended 30<sup>th</sup> April 2012

### **Principal Activities**

The principal activity of the Company is the commercial exploitation of the Advanced Liquid Pressure Forming process technology and its application to the manufacture of Aluminium Matrix Composites (AMCs)

### **Results and Dividends**

The results for the financial period are given in the profit and loss account on page 7. The directors do not recommend the payment of a dividend for the year ended 30<sup>th</sup> April 2012

### **Directors**

The directors who served during the year were as follows

M D A Bentata  
N P Collins  
R S Bushby  
C S Barton  
D Price

### **Directors' Responsibilities**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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

# Composite Metal Technology Ltd

## Directors' Report (continued)

for the year ended 30<sup>th</sup> April 2012

### Statement of Disclosure to Auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

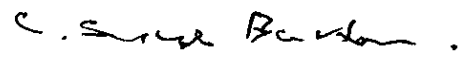
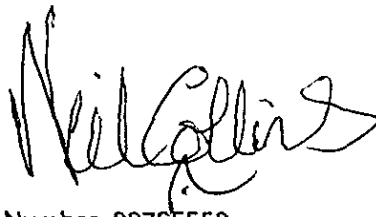
This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

By order of the board

**Neil Collins**  
Secretary

3<sup>rd</sup> October 2012

Company Registration Number 02765553



**Christopher Barton**  
Director

# **Composite Metal Technology Ltd**

## **Independent Auditors' Report**

*to the Members of Composite Metal Technology Ltd*

We have audited the financial statements of Composite Metal Technology Limited for the year ended 30<sup>th</sup> April 2012 on pages 7 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective Responsibilities of Directors and Auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the Audit and Financial Statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all of the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on Financial Statements**

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 30<sup>th</sup> April 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on Other Matter Prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

# Composite Metal Technology Ltd

## Independent Auditors' Report (continued)

*to the Members of Composite Metal Technology Ltd*

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

**Bindi Palmer (Senior Statutory Auditor)**

For and on behalf of Rouse Audit LLP



*Chartered Accountants  
Statutory Auditor*

55 Station Road  
Beaconsfield  
Buckinghamshire  
HP9 1QL

4<sup>th</sup> October 2012

# Composite Metal Technology Ltd

## Profit and Loss Account

for the year ended 30<sup>th</sup> April 2012

	Notes	2012 £	As restated 2011 £
<b>Turnover</b>	2	228,765	339,236
Cost of sales		(67,505)	(158,741)
		<hr/>	<hr/>
<b>Gross profit</b>		161,260	180,495
Administrative expenses		(652,264)	(489,316)
		<hr/>	<hr/>
<b>Operating loss</b>	3	(491,004)	(308,821)
Interest payable	6	(1)	-
		<hr/>	<hr/>
<b>Loss on ordinary activities before taxation</b>		(491,005)	(308,821)
Tax on loss on ordinary activities	7	37,639	10,215
		<hr/>	<hr/>
<b>Loss for the period</b>		(453,366)	(298,606)
		<hr/>	<hr/>

The profit and loss account has been prepared on the basis that all operations are continuing operations



# Composite Metal Technology Ltd

## Statement of Total Recognised Gains and Losses

for the year ended 30<sup>th</sup> April 2012

	Notes	2012 £	As restated 2011 £
Loss for the financial year		(453,366)	(298,606)
Prior year adjustment	17	(9,410)	-
		<u>(462,776)</u>	<u>(298,606)</u>

# Composite Metal Technology Ltd

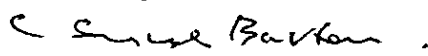
## Balance Sheet

as at 30<sup>th</sup> April 2012

	Notes	2012 £	As restated 2011 £
<b>Fixed assets</b>			
Intangible assets	8	27,912	30,176
Tangible assets	9	73,961	66,435
		<u>101,873</u>	<u>96,611</u>
<b>Current assets</b>			
Stocks	10	16,558	3,227
Debtors	11	116,753	142,067
Cash at bank and in hand		8,886	42,053
		<u>142,197</u>	<u>187,347</u>
<b>Creditors</b> amounts falling due within one year	12	(2,457,649)	(2,044,171)
<b>Net current liabilities</b>		<u>(2,315,452)</u>	<u>(1,856,824)</u>
<b>Net liabilities</b>		<u>(2,213,579)</u>	<u>(1,760,213)</u>
<b>Capital and reserves</b>			
Called up share capital	15	4,316	4,316
Share premium account	16	3,234,357	3,234,357
Profit and loss account	17	(5,452,252)	(4,998,886)
<b>Shareholders' funds</b>	18	<u>(2,213,579)</u>	<u>(1,760,213)</u>

The notes to the accounts on pages 10 to 18 form part of these financial statements

These financial statements were approved by the Board of Directors on 3<sup>rd</sup> October 2012 and were signed on their behalf by



**Christopher Barton**  
Director

# Composite Metal Technology Ltd

## Notes to the Accounts

for the year ended 30<sup>th</sup> April 2012

### 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 under the historical cost convention, in accordance with applicable accounting standards

The financial statements have been prepared on a going concern basis. The Company is dependent upon the continued support of its parent undertaking and creditors. The directors of the parent undertaking are of the opinion that sufficient funds are available to enable the company to continue its support. In addition the parent undertaking has sufficient cash reserves enabling it to support the company for at least 12 months from the date of approval of these financial statements. Therefore, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements

#### 1.2 Cash Flow Statement

The Company has taken advantage of the exemption available under FRS1 from the requirement to prepare a cash flow statement on the basis that one is included in the consolidated financial statements prepared by its parent, Composite Metal Technologies Plc

#### 1.3 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. 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

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

The carrying values of tangible fixed assets are reviewed for impairment in periods when events or changes in circumstances indicate the carrying value may not be recoverable

#### 1.4 Patents

Patents are valued at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal annual instalment over their estimated useful lives

#### 1.5 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

# Composite Metal Technology Ltd

## Notes to the Accounts (continued)

for the year ended 30<sup>th</sup> April 2012

### 1 6 Contribution to pension funds

The Company contributes to external defined contribution pension schemes. The amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

### 1 7 Operating leases

Rentals applicable to operating leases are charged to the profit and loss account on a straight line basis over the term of the lease.

### 1 8 Stocks

Stocks are valued at the lower of cost and net realisable value.

### 1 9 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

### 1 10 Financial Instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

### 1 11 Group accounts

The Company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the parent company. The largest and smallest group for which consolidated financial statements are prepared is that headed by Composite Metal Technologies Plc, the Company's immediate and ultimate parent undertaking, a company registered in England and Wales. A copy of the group accounts can be obtained from Companies House, Crown Way, Mandy, Cardiff, CF14 3UZ.

### 1 12 Prior year adjustment

The prior year adjustment relates to an over provision relating to the research and development tax credit in 2011 and the capitalisation of costs incurred in acquiring patents which had previously been expensed. The effect of the adjustment to the research and development tax credit is to increase the loss in 2011 by £39,586. The effect of the capitalisation of the patent costs is to increase the opening balance at 1<sup>st</sup> May 2010 on the profit and loss account reserves by £32,440 and increase the loss in 2011 by £2,264. The net effect is to reduce the opening balance on the profit and loss account reserves at 1<sup>st</sup> May 2011 by £9,410.

# Composite Metal Technology Ltd

## Notes to the Accounts (continued)

for the year ended 30<sup>th</sup> April 2012

### 2. Turnover

Turnover represents the amounts receivable for goods and services net of VAT and trade discounts. In respect of long-term contract work under grants for on-going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced.

All income arose within the EC. Turnover is comprised as follows:

	2012	2011
	£	£
Sales of goods	4,104	840
Contract work under grants	224,661	338,396
	<hr/>	<hr/>
	228,765	339,236
	<hr/>	<hr/>

### 3. Operating loss is stated after charging:

	2012	As restated 2011
	£	£
Auditors' remuneration for audit services	7,750	7,750
for non audit work	3,003	2,816
Depreciation of tangible fixed assets	48,119	45,918
Amortisation of intangible fixed assets	2,264	2,264
Operating lease rentals-premises	44,029	31,880
	<hr/>	<hr/>

### 4. Staff numbers and costs

The average number of persons employed by the Company (including directors) during the period was 8 (2011: 7). The aggregate payroll costs for employees, including directors, were as follows:

	2012	2011
	£	£
Wages and salaries	301,050	172,617
Social security costs	31,356	15,491
Other pension costs	14,969	7,837
	<hr/>	<hr/>
	347,375	195,945
	<hr/>	<hr/>

# Composite Metal Technology Ltd

## Notes to the Accounts (continued)

for the year ended 30<sup>th</sup> April 2012

### 5. Directors' emoluments

	2012 £	2011 £
Directors' remuneration	242,400	168,450
Directors' pension contributions	11,729	7,587
	<hr/>	<hr/>
	254,129	176,037
	<hr/>	<hr/>

The number of directors to whom retirement benefits were accruing under money purchase schemes were 3 (2011 2)

At the balance sheet date £120,708 (2011 £221,188) in respect of the Directors' emoluments and Nil (2011 £4,320) in respect of pension contributions was outstanding

Remuneration disclosed above include the following amounts paid to the highest paid director

	2012 £
Remuneration for qualifying services	85,667
Company pension contributions to defined contribution scheme	5,440
	<hr/>

The highest paid director has not exercised share options during the year

### 6. Interest payable and similar charges

	2012 £	2011 £
Interest payable	1	-
	<hr/>	<hr/>

### 7. Tax on loss on ordinary activities

	2012 £	As restated 2011 £
Current Tax		
UK corporation tax	-	-
R & D repayable tax credits		
- Current year	37,639	10,215
	<hr/>	<hr/>
Tax credit on ordinary activities	37,639	10,215
	<hr/>	<hr/>

# Composite Metal Technology Ltd

## Notes to the Accounts (continued)

for the year ended 30<sup>th</sup> April 2012

### 7. Tax on loss on ordinary activities (continued)

	2012 £	2011 £
Trading losses available for future relief	3,835,981	3,231,118
Reconciliation of the current tax (credit)/charge		
Loss on ordinary activities before tax	(491,005)	(308,821)
Loss on ordinary activities before taxation at the UK standard rate of 25.84% (2011 28%)	(126,876)	(86,470)
Effects of		
Expenses not deductible for tax purposes	2,187	12,128
Capital allowances in excess of depreciation	(4,074)	9,949
R & D expenditure enhancement	(57,443)	(69,046)
Tax losses surrendered in respect of R & D repayable tax credit claim	78,629	98,368
Tax losses carried forward	123,197	33,843
Losses surrendered in group relief claim	3,663	594
Other tax adjustments	(19,283)	634
Total current UK tax (credit)/charge	-	-

No provision has been made to reflect the deferred tax asset, which relates to these losses due to the uncertainty of the company being able to recover these losses against future profits. Had provision been made, the values included would be as follows

	2012 £	2011 £
Deferred tax asset calculated at 20% (2011 21%) relating to		
Losses available for relief against future profits	768,000	678,500
Less Accelerated capital allowances	(8,100)	(5,200)
Add Short term timing differences	24,100	47,400
Deferred tax asset not provided	784,000	720,700

# Composite Metal Technology Ltd

## Notes to the Accounts (continued)

for the year ended 30<sup>th</sup> April 2012

### 8. Intangible fixed assets

	Patents £
Cost	
Brought forward and carried forward as restated	45,275
Amortisation	
Brought forward as restated	15,099
Charge for period	2,264
Carried forward	17,363
Net book value 2012	27,912
Net book value 2011 as restated	30,176

### 9. Tangible fixed assets

	Plant and machinery £	Fixture, fittings and equipment £	Total £
Cost			
Brought forward	847,613	59,875	907,488
Additions	40,220	15,425	55,645
Carried forward	887,833	75,300	963,133
Depreciation			
Brought forward	787,358	53,695	841,053
Charge for period	45,228	2,891	48,119
Carried forward	832,586	56,586	889,172
Net book value 2012	55,247	18,714	73,961
Net book value 2011	60,255	6,180	66,435



# Composite Metal Technology Ltd

## Notes to the Accounts (continued)

for the year ended 30<sup>th</sup> April 2012

### 10. Stocks

	2012 £	2011 £
Raw materials and consumables	16,558	3,227

### 11. Debtors

	2012 £	As restated 2011 £
Trade debtors	1,500	81,475
Other debtors	9,835	7,019
Prepayments and accrued income	67,779	43,974
R&D tax credit receivable	37,639	9,599
	<u>116,753</u>	<u>142,067</u>

### 12. Creditors: amounts falling due within one year

	2012 £	2011 £
Trade creditors	9,668	51,092
Amount due to parent undertaking	2,228,384	1,600,634
Other taxes and social security costs	14,456	14,071
Other creditors	197,391	350,612
Accruals and deferred income	7,750	27,762
	<u>2,457,649</u>	<u>2,044,171</u>

### 13. Pension and other post-retirement benefit commitments Defined Contribution

	2012 £	2011 £
Contributions payable by the company for the year	14,969	7,837

### 14. Obligations under operating lease

The Company has an annual commitment under an operating lease for premises of £67,535 (2011 £31,880). The leases are due to expire within 2 to 5 years of the balance sheet date.

# Composite Metal Technology Ltd

## Notes to the Accounts (continued)

for the year ended 30<sup>th</sup> April 2012

### 15. Called up share capital

	2012 £	2011 £
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	4,316	4,316
	<hr/>	<hr/>

### 16. Share premium account

	2012 £	2011 £
Share premium account	3,234,357	3,234,357
	<hr/>	<hr/>

### 17. Statement of movement on reserves

	Profit and Loss Account
Balance at 1 <sup>st</sup> May 2011 as previously reported	(4,989,476)
Prior year adjustment	(9,410)
Balance at 1 <sup>st</sup> May 2011 as restated	<hr/> (4,998,886)
Loss for the year	(453,366)
	<hr/>
Balance at 30 <sup>th</sup> April 2012	<hr/> (5,452,252) <hr/>

#### Prior year adjustment

The prior year adjustment relates to an over provision relating to the research and development tax credit in 2011 and the capitalisation of costs incurred in acquiring patents which had previously been expensed. The effect of the adjustment to the research and development tax credit is to increase the loss in 2011 by £39,586. The effect of the capitalisation of the patent costs is to increase the opening balance at 1<sup>st</sup> May 2010 on the profit and loss account reserves by £32,440 and increase the loss in 2011 by £2,264. The net effect is to reduce the opening balance on the profit and loss account reserves at 1<sup>st</sup> May 2011 by £9,410.

### 18. Reconciliation of movements in shareholders' funds

	2012 £	As restated 2011 £
Loss for the year	(453,366)	(298,606)
Net reduction in shareholders' funds	<hr/> (453,366)	<hr/> (298,606)
Opening shareholders' funds as previously reported	(1,750,803)	(1,494,047)
Prior year adjustment	(9,410)	32,440
	<hr/>	<hr/>
Closing shareholders' funds	<hr/> (2,213,579) <hr/>	<hr/> (1,760,213) <hr/>

# Composite Metal Technology Ltd

## Notes to the Accounts (continued)

for the year ended 30<sup>th</sup> April 2012

### 19. Related party transactions

The following related parties have undertaken transactions with the Group during the period under review

- 19 1 MFE Corporate Services Limited (a company controlled by B P Collins and N P Collins) invoiced the Company £45,333 for consultancy services (2011 £36,000) At the balance sheet date £55,667 was outstanding (2011 £92,667)
- 19 2 AJC GB Limited (a company controlled by N P Collins and another) invoiced the Company £12,000 for administration services (2011 £12,000)
- 19 3 Bentata Associates (a business controlled by M D A Bentata) invoiced the Company £22,333 for the services of M D A Bentata (2011 £17,000) At the balance sheet date £41,083 was outstanding (2011 £59,500)
- 19 4 David Price (a business controlled by D Price) invoiced the Company £34,296 for the services of D Price including expenses (2011. £81,094) At the balance sheet date £35,000 was outstanding (2011 £66,875)
- 19 5 B P Collins received a salary from the Company of £4,000 (2011 nil)

### 20. Control

The Company is a wholly owned subsidiary of Composite Metal Technologies Plc which is also the Company's parent undertaking