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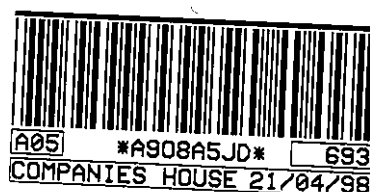
Abbreviated Accounts

for the period ended 31 October 1997

Company Number: 2765553

Composite Metal Technology Ltd
Structural Materials Centre
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Composite Metal Technology Ltd

Abbreviated Accounts

for the 18 month period ended 31st October 1997

Table of Contents

Auditors' Report	1
Balance Sheet	2
Notes to the Accounts	3

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 6 together with the financial statements of Composite Metal Technology Ltd prepared under Section 226 of the Companies Act 1985 for the period ended 31st October 1997.

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 period ended 31st October 1997, and the abbreviated accounts on pages 2 to 6 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



20th April 1998

Composite Metal Technology Ltd

Abbreviated Balance Sheet

as at 31st October 1997

		18 month period ended 31 October 1997	12 month period ended 30 April 1996
	Notes	£	£
Fixed assets			
Intangible assets	2	70,000	-
Tangible assets	3	2,142	-
		<hr/> 72,142	<hr/> -
Current assets			
Debtors		50,459	-
Cash at bank and in hand		383,344	118
		<hr/> 433,803	<hr/> 118
Creditors: amounts falling due within one year		(3,083)	(878)
Net current assets/(liabilities)		<hr/> 430,720	<hr/> (760)
Creditors: amounts falling due after more than one year		-	(3,250)
Net assets/(liabilities)		<hr/> 502,862	<hr/> (4,010)
Capital and reserves			
Called up share capital	4	3,445	2,000
Share premium account		597,739	-
Profit and loss account		(98,322)	(6,010)
		<hr/> 502,862	<hr/> (4,010)
Shareholders' funds		<hr/> 502,862	<hr/> (4,010)

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 17th April 1998, 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:

Fixtures, fittings and
office equipment

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.

Composite Metal Technology Ltd

Notes to the Abbreviated Accounts (continued)

forming part of the financial statements

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.

2. Intangible assets

	Development expenditure £
Cost	
At 1 May 1996	-
Additions	70,000
At 31 October 1997	<u>70,000</u>
Provision for diminution in value	
At 1 May 1996	-
Charge for period	-
At 31 October 1997	<u>-</u>
Net book value 1997	<u><u>70,000</u></u>

3. Tangible fixed assets

	Fixtures, fittings and office equipment £
Cost	
At 1 May 1996	-
Additions	2,602
At 31 October 1997	<u>2,602</u>
Depreciation	
At 1 May 1997	-
Charge for period	460
At 31 October 1997	<u>460</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 £1,286. Depreciation for the period on these assets was £289.

4. Called up share capital

	1997 £	1996 £
<i>Authorised</i> Ordinary shares of £1 each	4,000	2,000
<i>Allotted, called up and fully paid</i> Ordinary shares of £1 each	3,445	2,000

Following the approval of members at an Extraordinary General Meeting held on 5th July 1996, the Company increased its authorised share capital from £2,000 to £4,000 by the creation of 2,000 new ordinary shares of £1 each. Pursuant to the resolutions passed at the aforementioned Extraordinary General Meeting, the Company increased its called up share capital from £2,000 to £3,445 by the issue of 1,445 ordinary shares of £1 each, which were allotted for £450 per share in order to provide funds for the advancement of the Company's primary activities.

An option to subscribe for a total of 69 ordinary shares of £1 each was granted to Mr B J Herring on 26th February 1997 at a subscription price of £450 per share, exercisable at any time before 31st December 2000.

5. Related party transactions

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

The directors B P Collins and N P Collins temporarily provided the Company with the following interest free loans during the period:

	1997 £	1996 £
B P Collins	-	1,050
N P Collins	-	850

Composite Metal Technology Ltd

Notes to the Abbreviated Accounts (continued)

forming part of the financial statements

MFE Corporate Services Limited (a company controlled by B P Collins and N P Collins) invoiced the Company £80,000 during the 18 month period for the services of B P Collins and N P Collins. In addition MFE Corporate Services Limited invoiced the Company £2,322 for services in respect of the issue of shares during the period.

Minitiques, Corporate and Financial Consultants (a business controlled by B J Herring and another) invoiced the Company £16,250 for the services of B J Herring, and in addition invoiced the Company £3,750 for services in relation to the issue of shares during the period.

MBF Consultancy Limited (a company controlled by Dr A W Clifford) invoiced the Company £11,375 for the services of Dr A W Clifford, and £590 for expenses.