

**ACS INDUSTRIES LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 2000



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Company no 1579286

**ACS INDUSTRIES LIMITED**

**FINANCIAL STATEMENTS**

For the year ended 30 June 2000

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Company registration number: 1579286

Registered office: Huffwood Trading Estate  
Brookers Road  
Billingshurst  
West Sussex  
RH14 9UR

Directors: Mr M G Hebden  
Mr G Barclay

Secretary: Mr M G Hebden

Bankers: Barclays Bank plc  
Deutsche Bank  
Barclays Bank Paris

Solicitors: Argles Stoneham Burstows

Auditors: Grant Thornton  
Registered auditors  
Chartered accountants

**ACS INDUSTRIES LIMITED**

**FINANCIAL STATEMENTS**

For the year ended 30 June 2000

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# ACS INDUSTRIES LIMITED

## REPORT OF THE DIRECTORS

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The directors present their report together with financial statements for the year ended 30 June 2000.

### Principal activities

The company is principally engaged in supplying sub-contract services to the printed circuit industry. These include the drilling and profiling of printed circuit boards, laser drilling, masslamination and bonding of multilayer boards, supply of carbide drills and routers and repointing of carbide drills.

The company is also the UK and Eire sole distributor for a range of precision carbide cutting tools.

### Business review

The results for the year show a significant improvement in trading performance reflecting the more buoyant trading conditions for the company's products and services. In addition the company has benefited from the decision in 1998 to close the masslamination manufacturing facility at Chelmsford and instead source this product from a selected sub-contractor. The directors anticipate this improved performance will continue during the year ended 30 June 2001.

There was a profit for the year after taxation amounting to £113,645 (1999: loss £390,990). The directors recommend payment of dividends of £21,250 (1999: £nil).

### Directors

The present membership of the Board is set out below. Both directors served throughout the year. In accordance with the Articles of Association Mr M G Hebden retires by rotation and being eligible, offers himself for re-election.

The interests of the directors and their families in the shares of the company as at 30 June 2000 and 1 July 1999, or the date of their appointment to the Board if later, were as follows:

	Ordinary shares	
	30 June 2000	1 July 1999
Mr M G Hebden	5,000	5,000
Mr G Barclay	5,000	5,000

No director had, during or at the end of the year, any material interest in a contract which was significant in relation to the company's business.

No rights to subscribe for shares in, or debentures of, the company were granted to or exercised by the directors during the year.

# ACS INDUSTRIES LIMITED

## REPORT OF THE DIRECTORS

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### Directors' responsibilities for the financial statements

Company law 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 period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- 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 maintaining proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Year 2000 Compliance

The company suffered no impact from the Year 2000 date change nor did any of its major customers, suppliers or trading partners systems suffer any failure affecting the company.

### Auditors

Grant Thornton offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD



Director

Date

22-9-00

**REPORT OF THE AUDITORS TO THE MEMBERS OF**

**ACS INDUSTRIES LIMITED**

We have audited the financial statements on pages 4 to 16 which have been prepared under the accounting policies set out on page 4.

**Respective responsibilities of directors and auditors**

As described on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

**Basis of 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 the 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 the company's affairs as at 30 June 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**GRANT THORNTON  
REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS**

PETERSFIELD 5. October 2000

# ACS INDUSTRIES LIMITED

## PRINCIPAL ACCOUNTING POLICIES

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### **BASIS OF PREPARATION**

The financial statements have been prepared under the historical cost convention except that certain items of plant and machinery are shown under the transitional provisions of FRS 15 - Tangible Fixed Assets.

The principal accounting policies of the company have remained unchanged from the previous year and are set out below.

### **TURNOVER**

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

### **TANGIBLE FIXED ASSETS AND DEPRECIATION**

Depreciation is calculated on the reducing balance basis to write down the cost or valuation less estimated residual value of all tangible fixed assets over their expected useful lives. The rates generally applicable are:

Plant and machinery	15% - 25%
Motor vehicles	25%
Computer and office equipment	25%

### **STOCKS**

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

### **DEFERRED TAXATION**

Deferred tax is provided for using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise. Unprovided deferred tax is disclosed as a contingent liability.

### **FOREIGN CURRENCIES**

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. All exchange differences are dealt with through the profit and loss account.

### **LEASED ASSETS**

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight-line basis over the lease term.

### **CONTRIBUTIONS TO PENSION FUNDS**

#### **Defined contribution scheme**

The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

**ACS INDUSTRIES LIMITED****PROFIT AND LOSS ACCOUNT**

For the year ended 30 June 2000

	Note	2000 £	1999 £
<b>Turnover</b>	1	<b>3,043,329</b>	2,485,990
Cost of sales		<b>(2,199,059)</b>	(2,076,678)
Gross profit		<b>844,270</b>	409,312
Administrative expenses		<b>(660,400)</b>	(607,353)
<b>Operating profit</b>		<b>183,870</b>	(198,041)
<b>Exceptional items</b>			
Loss on sale of fixed assets		-	(205,978)
Net interest	2	<b>(48,858)</b>	(87,971)
<b>Profit on ordinary activities before taxation</b>	1	<b>135,012</b>	(491,990)
Tax on profit on ordinary activities	5	<b>(21,367)</b>	101,000
<b>Profit for the financial year</b>	16	<b>113,645</b>	(390,990)
Dividends	6	<b>(21,250)</b>	-
<b>Profit transferred to reserves</b>	15	<b>92,395</b>	(390,990)

**NOTE OF HISTORICAL COST PROFITS AND LOSSES**

	2000 £	1999 £
Profit on ordinary activities before taxation	<b>135,012</b>	(491,990)
Realisation of revaluation gains of previous years	-	12,487
Difference between historical cost depreciation charge and depreciation charge based on revalued amounts	<b>3,151</b>	3,707
Historical cost profit on ordinary activities before taxation	<b>138,163</b>	(475,796)
Historical cost profit transferred to reserves	<b>95,546</b>	(374,796)

There were no recognised gains or losses other than the profit for the financial year.

The accompanying accounting policies and notes form an integral part of these financial statements.



**ACS INDUSTRIES LIMITED**

**BALANCE SHEET AT 30 JUNE 2000**

	Note	2000 £	2000 £	1999 £	1999 £
<b>Fixed assets</b>					
Tangible assets	7		758,923		778,453
<b>Current assets</b>					
Stocks	8	214,123		165,875	
Debtors	9	690,242		666,769	
Cash at bank and in hand		242,670		21,762	
		<u>1,147,035</u>		<u>854,406</u>	
<b>Creditors: amounts falling due within one year</b>	10	<b>(720,505)</b>		<b>(529,739)</b>	
<b>Net current assets</b>			<b>426,530</b>		<b>324,667</b>
<b>Total assets less current liabilities</b>			<b>1,185,453</b>		<b>1,103,120</b>
<b>Creditors: amounts falling due after more than one year</b>	11		<b>(286,590)</b>		<b>(317,652)</b>
<b>Provisions for liabilities and charges</b>	12		<b>(21,000)</b>		<b>-</b>
			<u>877,863</u>		<u>785,468</u>
<b>Capital and reserves</b>					
Called up share capital	14		10,000		10,000
Revaluation reserve	15		17,855		21,006
Capital redemption reserve	15		5,000		5,000
Profit and loss account	15		845,008		749,462
<b>Shareholders' funds</b>	16		<u>877,863</u>		<u>785,468</u>

The financial statements were approved by the Board of Directors on

22/09/00.



Director

The accompanying accounting policies and notes form an integral part of these financial statements.

**ACS INDUSTRIES LIMITED****CASH FLOW STATEMENT**

For the year ended 30 June 2000

	Note	2000 £	1999 £
<b>Net cash inflow from operating activities</b>	17	<b>513,320</b>	<b>(229,037)</b>
<b>Returns on investments and servicing of finance</b>			
Interest received		2,499	2,728
Interest paid		(19,343)	(19,824)
Finance lease interest paid		(31,926)	(68,601)
<b>Net cash outflow from returns on investments and servicing of finance</b>		<b>(48,770)</b>	<b>(85,697)</b>
<b>Taxation</b>		<b>-</b>	<b>20,418</b>
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets		(91,720)	(15,931)
Sale of tangible fixed assets		3,585	370,291
<b>Net cash outflow from capital expenditure and financial investment</b>		<b>(88,135)</b>	<b>354,360</b>
<b>Equity dividends paid</b>		<b>(11,250)</b>	<b>-</b>
<b>Financing</b>			
Capital element of finance lease rentals		(119,699)	(312,592)
<b>Net cash outflow from financing</b>		<b>(119,699)</b>	<b>(312,592)</b>
<b>Increase in cash</b>	18	<b>245,466</b>	<b>(252,548)</b>

The accompanying accounting policies and notes form an integral part of these financial statements.

# ACS INDUSTRIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2000

### 1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit on ordinary activities is stated after:	2000 £	1999 £
Auditors' remuneration	6,000	6,000
Depreciation and amortisation:		
Tangible fixed assets, owned	102,376	112,906
Tangible fixed assets, held under finance leases and hire purchase contracts	40,145	75,184
Hire of plant and machinery	-	270
Other operating lease rentals	88,900	88,900

The geographical analysis of turnover and profit has not been disclosed.

### 2 NET INTEREST

	2000 £	1999 £
On bank loans and other loans	18,926	20,329
Finance charges in respect of finance leases	31,926	68,601
Other interest payable and similar charges	505	1,769
	<u>51,357</u>	<u>90,699</u>
Other interest receivable and similar income	(2,499)	(2,728)
	<u>48,858</u>	<u>87,971</u>

### 3 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:	2000 £	1999 £
Wages and salaries	922,293	886,877
Social security costs	80,158	79,429
	<u>1,002,451</u>	<u>966,306</u>

The average number of employees of the company during the year was 64 (1999: 63).

Remuneration in respect of directors was as follows:	2000 £	1999 £
Emoluments	70,686	66,850

During the year 2 directors (1999: 2) were accruing retirement benefits under money purchase pension schemes.

# ACS INDUSTRIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2000

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### 4 PENSIONS

#### Defined Contribution Scheme

The company operates a defined contribution pension scheme for the benefit of the directors. The assets of the scheme are administered by trustees in a fund independent from those of the company. The pension cost charge for the year was £nil (1999 : £nil).

### 5 TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge represents:

	2000	1999
	£	£
UK Corporation tax	367	-
Deferred taxation	21,000	(101,000)
	<u>21,367</u>	<u>(101,000)</u>

The amount of available trading losses carried forward at 30 June 2000 is £242,551 (1999 : £409,118).

The 1999 taxation credit was affected by the release of the deferred tax provision following the sale of significant fixed assets.

### 6 DIVIDENDS

	2000	1999
	£	£
Ordinary shares - dividend of 212.5p (1999 : 0p) per share	<u>21,250</u>	<u>-</u>

**ACS INDUSTRIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 June 2000

**7 TANGIBLE FIXED ASSETS**

	Plant and machinery £	Motor vehicles £	Office & computer equipment £	Total £
Cost or valuation				
At 1 July 1999	2,043,112	90,917	79,223	2,213,252
Additions	63,153	48,490	18,572	130,215
	<u>2,106,265</u>	<u>139,407</u>	<u>97,795</u>	<u>2,343,467</u>
Disposals	-	(33,745)	-	(33,745)
At 30 June 2000	<u>2,106,265</u>	<u>105,662</u>	<u>97,795</u>	<u>2,309,722</u>
Depreciation				
At 1 July 1999	1,310,434	61,757	62,608	1,434,799
Provided in the year	121,765	14,939	5,817	142,521
	<u>1,432,199</u>	<u>76,696</u>	<u>68,425</u>	<u>1,577,320</u>
Eliminated on disposals	-	(26,521)	-	(26,521)
At 30 June 2000	<u>1,432,199</u>	<u>50,175</u>	<u>68,425</u>	<u>1,550,799</u>
Net book amount at 30 June 2000	<u><u>674,066</u></u>	<u><u>55,487</u></u>	<u><u>29,370</u></u>	<u><u>758,923</u></u>
Net book amount at 30 June 1999	<u><u>732,678</u></u>	<u><u>29,160</u></u>	<u><u>16,615</u></u>	<u><u>778,453</u></u>

The figures stated above include assets held under finance leases and similar hire purchase contracts, as follows:

	Plant and machinery £	Motor vehicles £
Net book amount at 30 June 2000	<u><u>171,084</u></u>	<u><u>39,512</u></u>
Net book amount at 30 June 1999	<u><u>398,077</u></u>	<u><u>9,356</u></u>
Depreciation provided during year	<u><u>31,806</u></u>	<u><u>8,339</u></u>

# ACS INDUSTRIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2000

The figures stated above for cost or valuation include valuations as follows:

	Plant and equipment	
	2000	1999
	£	£
At cost	157,055	157,055
Valuation - 1994	55,697	55,697
	<u>212,752</u>	<u>212,752</u>

The company has adopted the transitional provisions of FRS 15 relating to tangible fixed assets, and the valuation of certain items of plant and machinery has not been updated. The date of the last valuation was 1994.

If certain items of plant and equipment had not been revalued, they would have been included on the historical cost basis at the following amount:

	Plant and equipment
	£
Cost	362,995
Accumulated depreciation	345,140
Net book amount at 30 June 2000	<u>17,855</u>
Net book amount at 30 June 1999	<u>21,006</u>

### 8 STOCKS

	2000	1999
	£	£
Raw materials	26,889	27,834
Short-term work in progress	8,803	2,909
Finished goods and goods for resale	178,431	135,132
	<u>214,123</u>	<u>165,875</u>

### 9 DEBTORS

	2000	1999
	£	£
Trade debtors	650,009	626,854
Prepayments and accrued income	40,233	39,915
	<u>690,242</u>	<u>666,769</u>

**ACS INDUSTRIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 June 2000

**10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2000 £	1999 £
Pension fund loan	40,000	40,000
Bank loans and overdrafts	-	24,558
Trade creditors	454,573	235,676
Corporation tax	367	-
Social security and other taxes	141,987	99,870
Proposed dividends	10,000	-
Other creditors	-	8,307
Accruals and deferred income	20,859	18,467
Amounts due under finance leases	52,719	102,861
	<u>720,505</u>	<u>529,739</u>

The bank overdraft facility is secured by a fixed and floating charge over all of the company's assets and on named life assurance policies.

**11 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2000 £	1999 £
Pension fund loan	180,000	180,000
Amounts due under finance leases	106,590	137,652
	<u>286,590</u>	<u>317,652</u>

Borrowings are repayable as follows:

	2000 £	1999 £
<b>Within one year</b>		
Bank and other borrowings	40,000	64,558
Finance leases	52,719	102,861
<b>After one and within two years</b>		
Bank and other borrowings	180,000	-
Finance leases	48,197	43,415
<b>After two and within five years</b>		
Bank and other borrowings	-	180,000
Finance leases	58,393	94,237
	<u>379,309</u>	<u>485,071</u>

# ACS INDUSTRIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2000

### 12 PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation £
Provided during the year	21,000
At 30 June 2000	<u>21,000</u>

### 13 DEFERRED TAXATION

Deferred taxation provided for in the financial statements is set out below.

	Amount provided	
	2000	1999
	£	£
Accelerated capital allowances	74,000	82,000
Less:		
Trading losses	(53,000)	(82,000)
	<u>21,000</u>	<u>-</u>

### 14 SHARE CAPITAL

	2000	1999
	£	£
Authorised 15,000 Ordinary £1 shares	<u>15,000</u>	<u>15,000</u>
Allotted, called up and fully paid 10,000 Ordinary £1 shares	<u>10,000</u>	<u>10,000</u>



**ACS INDUSTRIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 June 2000

**15 RESERVES**

	Revaluation reserve £	Capital redemption reserve £	Profit and loss account £
At 1 July 1999	21,006	5,000	749,462
Retained profit for the year	-	-	92,395
Transfer from revaluation reserve to profit and loss account	(3,151)	-	3,151
At 30 June 2000	<u>17,855</u>	<u>5,000</u>	<u>845,008</u>

**16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2000 £	1999 £
Profit for the financial year	113,645	(390,990)
Dividends	(21,250)	-
Net increase in shareholders' funds	<u>92,395</u>	<u>(390,990)</u>
Shareholders' funds at 1 July 1999	785,468	1,176,458
Shareholders' funds at 30 June 2000	<u>877,863</u>	<u>785,468</u>

**17 NET CASH INFLOW/OUTFLOW FROM OPERATING ACTIVITIES**

	2000 £	1999 £
Operating profit	183,870	(198,041)
Depreciation	142,521	188,090
Loss on sale of tangible fixed assets	3,639	-
Increase in stocks	(48,248)	47,190
Increase in debtors	(23,473)	(122,468)
Increase in creditors	255,011	(143,808)
Net cash inflow from operating activities	<u>513,320</u>	<u>(229,037)</u>

**ACS INDUSTRIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 June 2000

**18 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT**

	2000 £	1999 £
Increase in cash in the year	245,466	(252,548)
Cash outflow from finance leases in the year	119,699	312,592
Change in net debt resulting from cashflows	<u>365,165</u>	<u>60,044</u>
Inception of finance leases	(38,495)	-
Movement in net debt in the year	<u>326,670</u>	<u>60,044</u>
Net debt at 1 July 1999	(463,309)	(523,353)
Net debt at 30 June 2000	<u>(136,639)</u>	<u>(463,309)</u>

**19 ANALYSIS OF CHANGES IN NET DEBT**

	At 1 July 1999 £	Cash flow £	Non - cash items £	At 30 June 2000 £
Cash in hand and at bank	21,762	220,908	-	242,670
Overdrafts	(24,558)	24,558	-	-
Debt	(220,000)	-	-	(220,000)
Finance leases	(240,513)	119,699	(38,495)	(159,309)
	<u>(463,309)</u>	<u>365,165</u>	<u>(38,495)</u>	<u>(136,639)</u>

**20 CAPITAL COMMITMENTS**

	2000 £	1999 £
Contracted for but not provided in these statements	<u>198,454</u>	<u>195,000</u>

**21 CONTINGENT LIABILITIES**

The company is involved in a legal dispute with a customer claiming £35,000 compensation. The company is disputing the claim and accordingly no provision has been made in the financial statements.

There were no other contingent liabilities at 30 June 2000 or 30 June 1999 except in respect of deferred taxation.

# ACS INDUSTRIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2000

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### 22 LEASING COMMITMENTS

Operating lease payments amounting to £69,050 (1999: £68,900) are due within one year. The leases to which these amounts relate expire as follows:

	2000 Land and buildings £	1999 Land and buildings £
In one year or less	9,050	8,900
In five years or more	60,000	60,000
	<u>69,050</u>	<u>68,900</u>

### 23 TRANSACTIONS WITH RELATED PARTIES

The following amounts were payable in the year to the ACS Industries Limited Executive Pension Scheme. The directors of ACS Industries Limited are also the members and trustees of the scheme.

	2000 £	1999 £
Rent	60,000	60,000
Interest charged on loans	18,926	20,329
Loan capital outstanding (unsecured)	220,000	220,000
Interest accrued but unpaid	10,772	13,377
Rent accrued but unpaid	2,250	-