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ACS INDUSTRIES LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 1999

ACS INDUSTRIES LIMITED

FINANCIAL STATEMENTS

For the year ended 30 June 1999

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: Burstows

Auditors: Grant Thornton
Registered auditors
Chartered accountants

ACS INDUSTRIES LIMITED

FINANCIAL STATEMENTS

For the year ended 30 June 1999

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ACS INDUSTRIES LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with financial statements for the year ended 30 June 1999.

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 plotting from electronic data, masslamination and bonding of multilayer boards and repointing of carbide drills.

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

A significant change in the activity of the company during the year was the closure of the Chelmsford site, and the sub-contracting out of the masslamination work previously performed there.

Business review

The results for the year reflect the difficult trading conditions arising from the Far East economic problems, changes in the UK market for PCB's and the general down turn in demand for PCB's. The trading conditions are now showing signs of improvement and the directors anticipate a better result for the year ended 30 June 2000.

There was a loss for the year after taxation amounting to £390,990 (1998: loss £177,246) largely due to the closure of the Chelmsford facility and disposal of the assets employed within this division. The directors do not recommend payment of a dividend.

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 G Barclay 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 1999 and 1 July 1998, or the date of their appointment to the Board if later, were as follows:

	Ordinary shares	
	30 June 1999	1 July 1998
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 arrangement exists to which the company is, or was party to, which enable the directors to obtain any benefits by the acquisition of shares or debentures in this company.

ACS INDUSTRIES LIMITED

REPORT OF THE DIRECTORS

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 reviewed its computer systems for the impact of the Year 2000 change, prepared an action plan to address the issue and carried out all necessary measures. All systems have continued to operate properly over the Year 2000 date change and through any roll-over procedures that occurred at a later date.

The issue is complex and no business can guarantee that there will be no Year 2000 problems. As all businesses are dependent on the compliance of their major customers, suppliers and other trading partners, any impact that has occurred on their systems will affect the company's business to a greater or lesser extent.

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 20th April 2005

**REPORT OF THE AUDITORS TO THE MEMBERS OF
ACS INDUSTRIES LIMITED**

We have audited the financial statements on pages 4 to 17 which have been prepared under the accounting policies set out on pages 4 to 5.

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 1999 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


**GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS**

PETERSFIELD

Date 27/4/2000

ACS INDUSTRIES LIMITED

PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention except that certain plant and machinery assets are shown at their revalued amounts.

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.

Debit balances arising in respect of advance corporation tax on dividends payable or proposed are carried forward to the extent that they are expected to be recoverable.

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.

ACS INDUSTRIES LIMITED

PRINCIPAL ACCOUNTING POLICIES

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 1999

	Note	1999 £	1998 £
Turnover	1	2,485,990	3,505,154
Cost of sales		(2,076,678)	(2,822,357)
Gross profit		409,312	682,797
Administrative expenses		(607,353)	(844,464)
Operating loss		(198,041)	(161,667)
Exceptional items			
Loss on sale of fixed assets		(205,978)	-
Net interest	2	(87,971)	(81,689)
Loss on ordinary activities before taxation	1	(491,990)	(243,356)
Tax on loss on ordinary activities	5	101,000	66,110
Loss for the financial year	16	(390,990)	(177,246)
Dividends	6	-	(1,619)
Loss transferred from reserves	15	(390,990)	(178,865)

NOTE OF HISTORICAL COST PROFITS AND LOSSES

	1999 £	1998 £
Loss on ordinary activities before taxation	(491,990)	(243,356)
Realisation of revaluation gains of previous years	12,487	-
Difference between historical cost depreciation charge and depreciation charge based on revalued amounts	3,707	10,293
Historical cost loss on ordinary activities before taxation	(475,796)	(233,063)
Historical cost loss transferred from reserves	(374,796)	(168,572)

There were no recognised gains or losses other than the loss 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 1999

	Note	1999 £	1999 £	1998 £	1998 £
Fixed assets					
Tangible assets	7		778,453		1,526,881
Current assets					
Stocks	8	165,875		213,065	
Debtors	9	666,769		565,124	
Cash at bank and in hand		21,762		249,752	
			854,406	1,027,941	
Creditors: amounts falling due within one year	10	(529,739)		(773,173)	
Net current assets			324,667		254,768
Total assets less current liabilities			1,103,120		1,781,649
Creditors: amounts falling due after more than one year	11		(317,652)		(504,191)
Provisions for liabilities and charges	12		-		(101,000)
			785,468		1,176,458
Capital and reserves					
Called up share capital	14		10,000		10,000
Revaluation reserve	15		21,006		37,200
Capital redemption reserve	15		5,000		5,000
Profit and loss account	15		749,462		1,124,258
Shareholders' funds	16		785,468		1,176,458

The financial statements were approved by the Board of Directors on 18th April 2000

 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 1999

	Note	1999 £	1998 £
Net cash outflow from operating activities	17	(229,037)	573,658
Returns on investments and servicing of finance			
Interest received		2,728	6,423
Interest paid		(19,824)	(21,238)
Finance lease interest paid		(68,601)	(66,874)
Net cash outflow from returns on investments and servicing of finance		(85,697)	(81,689)
Taxation		20,418	(16,587)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(15,931)	(125,365)
Sale of tangible fixed assets		370,291	10,708
Net cash inflow from capital expenditure and financial investment		354,360	(114,657)
Equity dividends paid		-	(9,619)
Financing			
Capital element of finance lease rentals		(312,592)	(254,277)
Net cash outflow from financing		(312,592)	(254,277)
Decrease in cash	18	(252,548)	96,829

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 1999

1 TURNOVER AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The loss on ordinary activities is stated after:	1999 £	1998 £
Auditors' remuneration	6,000	6,000
Depreciation and amortisation:		
Tangible fixed assets, owned	112,906	123,781
Tangible fixed assets, held under finance leases and hire purchase contracts	75,184	176,848
Hire of plant and machinery	270	40
Other operating lease rentals	88,900	115,767

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

2 NET INTEREST

	1999 £	1998 £
On bank loans and other loans	20,329	21,057
Finance charges in respect of finance leases	68,601	66,874
Other interest payable and similar charges	1,769	181
	90,699	88,112
Other interest receivable and similar income	(2,728)	(6,423)
	87,971	81,689

3 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:	1999 £	1998 £
Wages and salaries	886,877	1,421,973
Social security costs	79,429	127,874
	966,306	1,549,847

The average number of employees of the company during the year was 63 (1998: 111).

Remuneration in respect of directors was as follows:	1999 £	1998 £
Emoluments	66,850	81,002

During the year 2 directors (1998: 2) were accruing retirement benefits under money purchase pension schemes.

ACS INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 1999

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 (1998 : £nil).

5 TAX ON LOSS ON ORDINARY ACTIVITIES

The tax credit represents:

	1999 £	1998 £
UK Corporation tax at 21% (1998: 24/21%)	-	(17,647)
Deferred taxation	(101,000)	(40,000)
	<u>(101,000)</u>	<u>(57,647)</u>
Adjustments in respect of prior periods:		
Corporation tax	-	(8,463)
	<u>(101,000)</u>	<u>(66,110)</u>

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

6 DIVIDENDS

	1999 £	1998 £
Ordinary shares - dividend of 0p (1998 : 16.2p) per share	-	1,619

ACS INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 1999

7 TANGIBLE FIXED ASSETS

	Plant and machinery £	Motor vehicles £	Office & computer equipment £	Total £
Cost or valuation				
At 1 July 1998	3,034,450	155,483	79,223	3,269,156
Additions	3,794	12,137	-	15,931
	3,038,244	167,620	79,223	3,285,087
Disposals	(995,132)	(76,703)	-	(1,071,835)
At 30 June 1999	2,043,112	90,917	79,223	2,213,252
Depreciation				
At 1 July 1998	1,582,949	102,257	57,069	1,742,275
Provided in the year	172,226	10,325	5,539	188,090
	1,755,175	112,582	62,608	1,930,365
Eliminated on disposals	(444,741)	(50,825)	-	(495,566)
At 30 June 1999	1,310,434	61,757	62,608	1,434,799
Net book amount at 30 June 1999	732,678	29,160	16,615	778,453
Net book amount at 30 June 1998	1,451,501	53,226	22,154	1,526,881

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 1999	398,077	9,356
Net book amount at 30 June 1998	934,188	20,788
Depreciation provided during year	72,403	2,781

ACS INDUSTRIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 June 1999

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

	Plant and equipment	
	1999	1998
	£	£
At cost	157,055	234,862
Valuation - 1994	55,697	83,839
	212,752	318,701

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	341,989
Net book amount at 30 June 1999	21,006
Net book amount at 30 June 1998	37,200

8 STOCKS

	1999	1998
	£	£
Raw materials	27,834	48,557
Short-term work in progress	2,909	8,778
Finished goods and goods for resale	135,132	155,730
	165,875	213,065

9 DEBTORS

	1999	1998
	£	£
Trade debtors	626,854	473,441
Other debtors	-	15,754
Taxation recoverable	-	20,823
Prepayments and accrued income	39,915	55,106
	666,769	565,124

ACS INDUSTRIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 June 1999

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1999 £	1998 £
Pension fund loan	40,000	40,000
Bank loans and overdrafts	24,558	-
Trade creditors	235,676	381,550
Corporation tax	-	405
Social security and other taxes	99,870	89,646
Other creditors	8,307	10,884
Accruals and deferred income	18,467	21,774
Amounts due under finance leases	102,861	228,914
	<u>529,739</u>	<u>773,173</u>

The bank overdrafts are 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

	1999 £	1998 £
Pension fund loan	180,000	180,000
Amounts due under finance leases	137,652	324,191
	<u>317,652</u>	<u>504,191</u>

Borrowings are repayable as follows:

	1999 £	1998 £
Within one year		
Bank and other borrowings	64,558	40,000
Finance leases	102,861	228,914
After one and within two years		
Finance leases	43,415	145,646
After two and within five years		
Bank and other borrowings	180,000	180,000
Finance leases	94,237	178,545
	<u>485,071</u>	<u>773,105</u>

ACS INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 1999

12 PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation £
At 1 July 1998	101,000
Utilised during the year	(101,000)
At 30 June 1999	<u> -</u>

13 DEFERRED TAXATION

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

	Amount provided	
	1999	1998
	£	£
Accelerated capital allowances	82,000	141,000
	<u>82,000</u>	<u>141,000</u>
Less:		
Trading losses	(82,000)	(40,000)
	<u> -</u>	<u>101,000</u>

14 SHARE CAPITAL

	1999	1998
	£	£
Authorised 15,000 Ordinary £1 shares	15,000	15,000
	<u>15,000</u>	<u>15,000</u>
Allotted, called up and fully paid 10,000 Ordinary £1 shares	10,000	10,000
	<u>10,000</u>	<u>10,000</u>

ACS INDUSTRIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 June 1999

15 RESERVES

	Revaluation reserve £	Capital redemption reserve £	Profit and loss account £
At 1 July 1998	37,200	5,000	1,124,258
Retained loss for the year	-	-	(390,990)
Transfer from revaluation reserve to profit and loss account	(16,194)	-	16,194
At 30 June 1999	<u>21,006</u>	<u>5,000</u>	<u>749,462</u>

16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1999 £	1998 £
Loss for the financial year	(390,990)	(177,246)
Dividends	-	(1,619)
Net decrease in shareholders' funds	(390,990)	(178,865)
Shareholders' funds at 1 July 1998	<u>1,176,458</u>	<u>1,355,323</u>
Shareholders' funds at 30 June 1999	<u>785,468</u>	<u>1,176,458</u>

17 NET CASH INFLOW/OUTFLOW FROM OPERATING ACTIVITIES

	1999 £	1998 £
Operating loss	(198,041)	(161,667)
Depreciation	188,090	300,629
Decrease in stocks	47,190	60,702
Increase in debtors	(122,468)	856,585
Decrease in creditors	(143,808)	(482,591)
Net cash outflow from operating activities	<u>(229,037)</u>	<u>573,658</u>

ACS INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 1999

18 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	1999 £	1998 £
Decrease in cash in the year	(252,548)	96,829
Cash outflow from finance leases in the year	312,592	254,277
Change in net debt resulting from cashflows	<u>60,044</u>	<u>351,106</u>
Movement in net debt in the year	60,044	351,106
Net debt at 1 July 1998	(523,353)	(874,459)
Net debt at 30 June 1999	<u>(463,309)</u>	<u>(523,353)</u>

19 ANALYSIS OF CHANGES IN NET DEBT

	At 1 July 1998 £	Cash flow £	At 30 June 1999 £
Cash in hand and at bank	249,752	(227,990)	21,762
Overdrafts	-	(24,558)	(24,558)
Debt	(220,000)	-	(220,000)
Finance leases	(553,105)	312,592	(240,513)
	<u>(523,353)</u>	<u>60,044</u>	<u>(463,309)</u>

20 CAPITAL COMMITMENTS

	1999 £	1998 £
Contracted for but not provided in these statements	<u>195,000</u>	<u>-</u>

The company had no other capital commitments at 30 June 1999 or 30 June 1998.

21 CONTINGENT ASSETS/LIABILITIES

There were no contingent liabilities at 30 June 1999 or 30 June 1998 except in respect of deferred taxation.

ACS INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 1999

22 LEASING COMMITMENTS

Operating lease payments amounting to £68,900 (1998: £86,900) are due within one year. The leases to which these amounts relate expire as follows:

	1999 Land and buildings £	1998 Land and buildings £
In one year or less	8,900	20,000
Between one and five years	-	8,900
In five years or more	60,000	58,000
	<u>68,900</u>	<u>86,900</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.

	1999 £	1998 £
Rent	60,000	58,000
Interest charged on loans	20,329	21,057
Loan capital outstanding (unsecured)	220,000	220,000
Interest accrued but unpaid	13,377	15,651