

Company Number 1579286

ACS INDUSTRIES LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 1996



ACS INDUSTRIES LIMITED

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1996**

Company Registration Number : 1579286

Registered Office: Huffwood Trading Estate
Brookers Road
Billingshurst
West Sussex

Directors: Mr M G Hebden
Mr J C Hay
Mr G Barclay

Secretary: Mr M G Hebden

Bankers: Barclays Bank Plc
Deutsche Bank
Barclays Bank Paris

Solicitors: Burstows

Auditors: Grant Thornton
Chartered Accountants

ACS INDUSTRIES LIMITED

30 JUNE 1996

INDEX	PAGE
Report of the Directors	1-2
Report of the Auditors	3
Accounting policies	4- 5
Profit and loss account	6
Balance sheet	7
Cash flow statement	8
Notes to the financial statements	9-16
Trading and profit and loss account	17-18

ACS INDUSTRIES LIMITED

REPORT OF THE DIRECTORS

The Directors present their report together with financial statements for the year ended 30 June 1996.

Principal Activity

The company is principally involved in supplying subcontract 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.

Business Review

Turnover had continued to increase this year although profits fell due to a fluctuating demand for the company's services.

The profit for the year after taxation amounted to £29,675. (1995: £381,197).
The directors recommend dividends absorbing £12,639 (1995: £106,796)
leaving £17,036 retained (1995: £274,401 retained).

Directors

The Directors in the office at the end of the year are listed below. All served on the Board throughout the year.

G Barclay retires by rotation and, being eligible, offers himself for re-election.

The interests of the directors in the shares of the company at 1 July 1995 and at 30th June 1996, as recorded in the register maintained by the company in accordance with the provisions of the Companies Act 1985, were as follows:-

	1996 and 1995 Ordinary Shares
M G Hebden	5,000
J C Hay	5,000
G Barclay	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.

ACS INDUSTRIES LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

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;
- state whether applicable 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 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.

Fixed assets

The major items of capital expenditure during the year related to plant and equipment (see note 5).

Auditors

Grant Thornton offer themselves for re-appointment as auditors on accordance with Section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD

M G Hebdan

SECRETARY

Date: 8TH APRIL 1997.

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

We have audited the financial statements on pages 6 to 16 which have been prepared under the accounting policies set out on pages 4 and 5.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. 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 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 at 30 June 1996 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
HAMPSHIRE

Date: 8 April 1997

ACS INDUSTRIES LIMITED

ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 1996

The financial statements have been prepared under the historical cost convention.

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

Turnover

Turnover is the total amount receivable by the company in the ordinary course of business with outside customers for goods supplied as a principal and for services provided, excluding VAT and trade discounts.

Depreciation

Depreciation is calculated on the reducing balance method and aims to write down the cost of tangible fixed assets over their expected useful lives.

The rates generally applicable are:-

Plant and equipment	15%/25% per annum
Office equipment	25% per annum
Motor vehicles	25% per annum

Stock and work in progress

Stock and work in progress is stated at the lower of cost and net realisable value.

Deferred taxation

Deferred tax is the tax attributable to timing differences between profits or losses as computed for tax purposes and results as stated in the financial statements.

Deferred tax is provided to the extent that it is probable that a liability or asset will crystallise and not provided to the extent that it is probable that a liability or asset will not crystallise. Unprovided deferred tax is disclosed as a contingent liability.

Deferred tax is calculated at the rate at which it is estimated that the tax will be paid when the timing differences reverse.

ACS INDUSTRIES LIMITED

ACCOUNTING POLICIES (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 1996

Contributions to pension funds

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

Leasing and hire purchase

The cost of assets held under finance leases and hire purchase agreements is included under tangible assets, and depreciation is provided in accordance with the company's accounting policy for the class of assets concerned. Interest calculated on the straight line basis is charged as interest payable over the period of the lease or hire purchase agreement, and the capital element of future lease and hire purchase payments is included in creditors.

The costs of operating leases are charged as incurred.

Foreign currencies

Assets and liabilities expressed in foreign currencies are translated into Sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into Sterling at the date of the transaction. Exchange differences are dealt with through the profit and loss account.

ACS INDUSTRIES LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 1996**

	Note	1996		1995	
		£	£	£	£
Turnover	1	6,112,357		5,543,114	
Cost of sales		(5,009,027)		(4,013,113)	
Gross profit		1,103,330		1,530,001	
Administrative expenses		1,052,965	997,440		
		(1,052,965)		(997,440)	
Operating profit		50,365		532,561	
Interest receivable and similar income		4,377		6,625	
Interest payable and similar charges	2	(49,459)		(24,578)	
Profit on ordinary activities before taxation	1	5,283		514,608	
Tax on profit on ordinary activities	4	24,392		(133,411)	
Profit on ordinary activities after taxation		29,675		381,197	
Dividends paid		(12,639)		(106,796)	
Profit transferred to reserves	14	17,036		274,401	

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

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

ACS INDUSTRIES LIMITED

BALANCE SHEET
AT 30 JUNE 1996

	Note	1996 £	1995 £
Fixed assets			
Tangible assets	5	1,634,282	1,562,543
Current assets			
Stocks	6	299,627	287,424
Debtors	7	1,151,963	1,354,220
Cash at bank and in hand		130,498	247,555
		<u>1,582,088</u>	<u>1,889,199</u>
Creditors: amounts falling due within one year	8	<u>(1,236,677)</u>	<u>(1,546,258)</u>
Net current assets		<u>345,411</u>	<u>342,941</u>
Total assets less current liabilities		<u>1,979,693</u>	<u>1,905,484</u>
Creditors: amounts falling due after more than one year	9	529,407	454,234
Provisions for liabilities and charges			
Deferred taxation	11	118,000	136,000
		<u>(647,407)</u>	<u>(590,234)</u>
		<u>1,332,286</u>	<u>1,315,250</u>
Capital and reserves			
Called up share capital	13	15,000	15,000
Profit and loss account	14	1,237,196	1,206,027
Revaluation reserve	14	80,090	94,223
Shareholders' funds		<u>1,332,286</u>	<u>1,315,250</u>

The financial statements were approved by the Board of Directors on

 Director

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

ACS INDUSTRIES LIMITED**CASH FLOW STATEMENT
FOR YEAR ENDED 30 JUNE 1996**

	Note	1996 £	1995 £
Net cash inflow from operating activities	16	267,987	784,977
Returns on investments and servicing of finance			
Interest received		4,377	6,625
Interest paid		(49,208)	(22,883)
Dividends paid		(12,639)	(106,796)
Net cash outflow from returns on investments and servicing of finance		(57,470)	(123,054)
Taxation			
UK corporation tax paid		(90,010)	(59,698)
Investing activities			
Purchase of tangible fixed assets		(154,523)	(306,707)
Sale of tangible fixed assets		4,900	22,171
Net cash (outflow) from investing activities		(149,623)	(284,536)
Net cash (outflow) / inflow before financing		(29,116)	317,689
Financing			
Capital element of hire purchase repayments		(87,941)	(231,470)
Net cash outflow from financing	17	(87,941)	(231,470)
(Decrease) / increase in cash and cash equivalents	18	(117,057)	86,219

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

ACS INDUSTRIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 1996****1 Turnover and profit on ordinary activities before taxation**

Profit on ordinary activities is stated after:-

	1996	1995
	£	£
Auditors' remuneration	6,000	6,000
Hire of plant and machinery	6,218	14,173
Depreciation	289,188	245,704
Exchange differences on foreign currency profit (1995:profit)	(54,219)	(43,533)
Operating lease rental	115,465	94,318
	<u> </u>	<u> </u>

2 Interest payable and similar charges

	1996	1995
	£	£
On bank loans, overdrafts and other loans - repayable within 5 years, otherwise than by instalments	4,270	3,640
- hire purchase and lease obligations	45,189	20,938
	<u> </u>	<u> </u>
	49,459	24,578
	<u> </u>	<u> </u>

3 Directors and employees

Staff costs during the year:-

	1996	1995
	£	£
Wages and salaries	2,105,524	1,697,364
Social security costs	187,842	151,112
Other pension costs	0	30,000
	<u> </u>	<u> </u>
	2,293,366	1,878,476
	<u> </u>	<u> </u>

The average number of employees of the company during the year was 168 (1995: 147).

ACS INDUSTRIES LIMITEDNOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR YEAR ENDED 30 JUNE 1996**3 Directors and employees (continued)**

Staff costs include remuneration in respect of directors, as follows:-

	1996 £	1995 £
Management remuneration	136,577	146,007

The emoluments of the directors, excluding pension contributions were as follows:-

	1996 £	1995 £
The Chairman	44,595	39,097
Other directors	Number	Number
£35,001 - £40,000	0	2
£40,001 - £45,000	1	0
£45,001 - £50,000	1	0

4 Tax on profit on ordinary activities

The taxation charge based on the profit for the year is made up as follows:-

	1996 £	1995 £
Corporation tax @ 33% (33% 1995)	(6,403)	94,411
Deferred taxation	(18,000)	39,000
Adjustment in respect of previous year	11	0
	(24,392)	133,411

ACS INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR YEAR ENDED 30 JUNE 1996

5 Tangible fixed assets

	Total £	Plant and equipment £	Motor vehicles £	Office equipment £
Cost or valuation				
At 1 July 1995	2,754,316	2,472,428	213,724	68,164
Additions	365,927	300,024	57,349	8,554
Disposals	(32,127)	(17,480)	(14,647)	0
At 30 June 1996	3,088,116	2,754,972	256,426	76,718
Depreciation				
At 1 July 1995	1,191,773	1,062,802	97,667	31,304
Provided in the year	289,188	241,990	36,515	10,683
Disposals	(27,127)	(15,480)	(11,647)	0
At 30 June 1996	1,453,834	1,289,312	122,535	41,987
Net book amount At 30 June 1996	1,634,282	1,465,660	133,891	34,731
At 30 June 1995	1,562,543	1,409,626	116,057	36,860

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

	Office equipment £	Plant and equipment £	Motor vehicles £
Net book amount at 30 June 1996	597	945,230	55,010
Depreciation in year	105	132,649	11,550

Included in plant and equipment are items which were revalued during the year ended 30 June 1994. The figures stated above for cost or valuation include a valuation as follows:

	1996 £	1995 £
At cost less amounts written off	298,260	298,260
At Valuation 1994	130,414	130,414
	<u>428,674</u>	<u>428,674</u>

ACS INDUSTRIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR YEAR ENDED 30 JUNE 1996**

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

	Plant and equipment £
Cost	829,786
Accumulated depreciation	(703,958)
Net book amount at 30th June 1996	<u>125,828</u>
Net book amount at 30th June 1995	<u>167,771</u>

6 Stocks

	1996 £	1995 £
Goods for resale	185,547	179,812
Raw materials	56,864	83,894
Work in progress	57,216	23,718
	<u>299,627</u>	<u>287,424</u>

There were no significant differences between the replacement cost and the values disclosed.

7 Debtors

	1996 £	1995 £
Trade debtors	1,084,467	1,262,221
Other debtors	9,562	26,699
Prepayments and accrued income	57,934	65,300
	<u>1,151,963</u>	<u>1,354,220</u>

8 Creditors - amounts falling due within one year

	1996 £	1995 £
Trade creditors	854,485	960,106
Other creditors	58,263	184,286
Current taxation	0	94,411
Social security and other taxes	86,432	86,652
Hire purchase creditors	213,830	165,540
Advance corporation tax payable	0	19,128
Accruals and deferred income	23,667	36,135
	<u>1,236,677</u>	<u>1,546,258</u>

The bank overdraft is secured by a fixed and floating charge over all the assets of the company.

ACS INDUSTRIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR YEAR ENDED 30 JUNE 1996**

9 Creditors - amounts falling due after more than one year

	1996	1995
	£	£
Hire purchase creditors	529,407	454,234
	<hr/>	<hr/>
	529,407	454,234
	<hr/> <hr/>	<hr/> <hr/>

10 Borrowings

	1996	1995
	£	£
Borrowings are repayable as follows:		
Within one year		
Hire purchase	213,830	165,540
After one and within two years		
Hire purchase	208,528	149,949
After two and within five years		
Hire purchase	320,879	304,285
	<hr/>	<hr/>
	743,237	619,774
	<hr/> <hr/>	<hr/> <hr/>

11 Provision for liabilities and charges

	Deferred taxation Note 12 £
At 1 July 1995	136,000
Released during the year	(18,000)
	<hr/>
At 30 June 1996	118,000
	<hr/> <hr/>

ACS INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR YEAR ENDED 30 JUNE 1996

12 Deferred taxation

Deferred taxation provided in the financial statements and the total potential liability using a tax rate of 24% (1995: 33%), are set out below.

Unprovided deferred tax of £20,000 (1995: £31,000) represents a contingent liability at the balance sheet date (see note 21).

	Amount provided		Amount unprovided	
	1996	1995	1996	1995
	£	£	£	£
Accelerated capital allowances	118,000	136,000	0	0
Unrealised capital gains	0	0	20,000	31,000
	<u>118,000</u>	<u>136,000</u>	<u>20,000</u>	<u>31,000</u>

13 Called up share capital

	1996	1995
	£	£
Authorised, allotted, called up and fully paid 15,000 ordinary shares of £1 each	15,000	15,000

14 Reserves

	Profit and loss account	Revaluation reserve
	£	£
At 1 July 1995	1,206,027	94,223
Retained profit	17,036	0
Transfer from revaluation reserve	14,133	0
Transfer to profit and loss account	0	(14,133)
	<u>1,237,196</u>	<u>80,090</u>
At 30 June 1996	1,237,196	80,090

15 Reconciliation of movements in shareholders' funds

	1996	1995
	£	£
Profit for the financial year	29,675	381,197
Dividends	(12,639)	(106,796)
	<u>17,036</u>	<u>274,401</u>
Net increase in shareholders' funds	17,036	274,401
Shareholders' funds at 1 July 1995	1,315,250	1,040,849
	<u>1,332,286</u>	<u>1,315,250</u>
Shareholders' funds at 30 June 1996	1,332,286	1,315,250

ACS INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR YEAR ENDED 30 JUNE 1996

16 Net cash inflow from operating activities

	1996 £	1995 £
Operating profit	50,365	532,561
Depreciation	289,188	245,704
Loss/(profit) on sale of tangible fixed assets	100	(4,512)
Increase in stocks	(12,203)	(76,282)
Decrease / (increase) in debtors	185,120	(218,295)
(Decrease) / increase in creditors	(244,583)	305,801
Net cash inflow from operating activities	267,987	784,977

17 Analysis of changes in financing

	Loans and amounts due under finance leases	
	1996 £	1995 £
Balance at 1 July 1995	659,774	480,562
Net cash outflow from financing	(87,941)	(231,470)
Inception of hire purchase agreements	211,404	410,682
Balance at 30 June 1996	783,237	659,774

18 Analysis of changes in cash and cash equivalents

	1996 £	1995 £
At 1 July 1996	247,555	161,336
Net cash (outflow)/inflow	(117,057)	86,219
At 30 June 1995	130,498	247,555

19 Analysis of cash and cash equivalents

Cash and cash equivalents comprise:

	1996 £	1995 £	1994 £	Change in 1996 £	Change in 1995 £
Cash at bank and in hand	130,498	247,555	174,347	(117,057)	73,208
Bank overdrafts	0	0	(13,011)	0	13,011
	130,498	247,555	161,336	(117,057)	86,219

ACS INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR YEAR ENDED 30 JUNE 1996

20 Capital commitments

Annual commitments under non-cancellable operating leases at 30th June 1996 were as follows:

	1996 £	1995 £
Land and Buildings:		
Leases expiring within one year	0	6,667
Leases expiring between two and five years	47,527	45,600
Leases expiring after more than five years	57,000	58,926
	<u>104,527</u>	<u>111,193</u>
Other capital commitments are as follows:		
	1996 £	1995 £
Contracted for but not provided in these financial statements	<u>295,791</u>	<u>29,750</u>

The company had no other capital commitments at 30 June 1996 or at 30th June 1995.

21 Contingent liabilities

	1996 £	1995 £
Deferred taxation	20,000	31,000

There were no other contingent liabilities at 30 June 1996 or at 30 June 1995.

22 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.