

ACS Industries Limited
Financial statements
For the year ended 30 June 2005

Grant Thornton 



Company No. 1579286

Company information

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
Solicitors	Argles Stoneham Burstows
Auditors	Grant Thornton UK LLP Chartered Accountants Registered Auditors Barnes Wallis Road SEGENSWORTH Hampshire PO15 5GT

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Report of the directors

The directors present their report and the financial statements of the company for the year ended 30 June 2005.

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, mass lamination and bonding of multilayer boards, supply of carbide drills and routers and re-pointing of carbide drills.

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

The directors and their interests in the shares of the company

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At	At
	30 June 2005	1 July 2004
Mr M G Hebden	5,000	5,000
Mr G Barclay	<u>5,000</u>	<u>5,000</u>

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.

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

Directors' responsibilities

United Kingdom 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 at the end of the year and of the profit or loss for the year then ended. 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 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.

Auditors

A resolution to re-appoint Grant Thornton UK LLP as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

ON BEHALF OF THE BOARD

M G Hebden 30/11/05

Mr M G Hebden
Director

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Report of the independent auditors to the members of ACS Industries Limited

We have audited the financial statements of ACS Industries Limited for the year ended 30 June 2005 which comprise the principal accounting policies, profit and loss account, balance sheet and notes 1 to 15. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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

The directors' responsibilities for preparing the report of the directors and the financial statements in accordance with United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the report of the directors is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the report of the directors and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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.

Report of the independent auditors to the members of ACS Industries Limited (continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 30 June 2005 and of its loss for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

SOUTHAMPTON

5 Dec 2005
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Grant Thornton UK LLP

Principal accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

Certain items of plant and machinery are shown under the transitional provisions of the Financial Reporting Standard for Smaller Entities (effective June 2002) with respect to the revaluation of fixed assets.

Turnover

The turnover shown in the profit and loss account represents the total amounts receivable for goods supplied and services provided during the year, exclusive of Value Added Tax.

Research and development

Research and development expenditure is written off in the year in which it is incurred. Development costs incurred are capitalised when recoverability can be assessed with reasonable certainty and amortised in line with the expected sales use arising from the projects. All other development costs are written off in the year of expenditure.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant & Machinery	-	15% - 25% reducing balance basis
Motor Vehicles	-	25% reducing balance basis
Equipment	-	25% reducing balance basis

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve.

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

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

Finance lease agreements

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

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.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Assets and liabilities 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 rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Government grants

Government grants in respect of capital expenditure are credited to a deferred income account and are released to the profit and loss account by equal annual instalments over the expected useful lives of the relevant assets.

Government grants of a revenue nature are credited to the profit and loss accounts in the same period as the related expenditure.

Profit and loss account

	Note	2005 £	2004 £
Turnover	1	1,159,188	1,392,866
Cost of sales		879,174	982,038
Gross profit		280,014	410,828
Other operating charges	2	330,055	350,755
Operating (loss)/profit	3	(50,041)	60,073
Interest receivable		296	111
Interest payable and similar charges		(7,834)	(15,451)
(Loss)/profit on ordinary activities before taxation		(57,579)	44,733
Tax on (loss)/profit on ordinary activities	5	—	—
(Loss)/profit on ordinary activities after taxation		(57,579)	44,733
Equity dividends paid		17,280	17,280
(Loss)/retained profit for the financial year	15	(74,859)	27,453

Balance sheet

	Note	2005 £	2004 £
Fixed assets			
Tangible assets	6	<u>342,918</u>	<u>424,226</u>
Current assets			
Stocks	7	116,610	132,562
Debtors	8	278,632	398,838
Cash at bank and in hand		55,548	20,030
		<u>450,790</u>	<u>551,430</u>
Creditors: amounts falling due within one year	9	390,237	490,036
Net current assets		<u>60,553</u>	<u>61,394</u>
Total assets less current liabilities		403,471	485,620
Creditors: amounts falling due after more than one year	10	202,562	209,852
		<u>200,909</u>	<u>275,768</u>
Capital and reserves			
Called-up equity share capital	14	10,000	10,000
Revaluation reserve	15	7,922	9,320
Other reserves	15	5,000	5,000
Profit and loss account	15	177,987	251,448
Shareholders' funds		<u>200,909</u>	<u>275,768</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

These financial statements were approved by the directors on 30-11-05 and are signed on their behalf by:



Mr G Barclay
 Director

Notes to the financial statements

1 Turnover

Turnover attributable to geographical markets outside the United Kingdom amounted to 7% (2004: 4%).

2 Other operating income and charges

	2005 £	2004 £
Administrative expenses	<u>330,055</u>	<u>350,755</u>

3 Operating (loss)/profit

Operating (loss)/profit is stated after charging/(crediting):

	2005 £	2004 £
Depreciation of owned fixed assets	70,665	71,651
Depreciation of assets held under finance leases and hire purchase agreements	3,000	14,811
Impairment of owned fixed assets	15,432	–
Loss on disposal of fixed assets	11,183	5,853
Auditors' fees	6,250	6,200
Net (profit)/loss on foreign currency translation	(172)	28
Government grant received	<u>–</u>	<u>(12,692)</u>

4 Directors

Remuneration in respect of directors was as follows:

	2005 £	2004 £
Emoluments	<u>30,241</u>	<u>28,497</u>

5 Taxation on ordinary activities

The directors estimate that the amount of available trading losses carried forward at 30 June 2005 is £700,000 (2004: £716,000).

6 Tangible fixed assets

	Plant and machinery etc.
	£
Cost or valuation	
At 1 July 2004	2,144,429
Additions	22,647
Disposals	(83,786)
At 30 June 2005	<u>2,083,290</u>
Depreciation	
At 1 July 2004	1,720,203
Charge for the year	73,665
Impairment for the year	15,432
On disposals	(68,928)
At 30 June 2005	<u>1,740,372</u>
Net book value	
At 30 June 2005	<u>342,918</u>
At 30 June 2004	<u>424,226</u>

Included within the net book value of £342,918 is £8,499 (2004 - £83,931) relating to assets held under finance leases and hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £3,000 (2004 - £14,811).

If certain fixed assets had not been revalued, they would have been included on the historical cost basis at the following amounts:

	Plant and equipment
	£
Cost	362,995
Accumulated depreciation	355,073
Net book amount at 30 June 2005	<u>7,922</u>
Net book amount at 1 July 2004	<u>9,320</u>

7 Stocks

	2005	2004
	£	£
Finished goods	<u>116,610</u>	<u>132,562</u>

8 Debtors

	2005 £	2004 £
Trade debtors	250,229	368,145
Other debtors	28,403	30,693
	<u>278,632</u>	<u>398,838</u>

9 Creditors: amounts falling due within one year

	2005 £	2004 £
Bank loans and overdrafts	40,141	48,169
Trade creditors	277,213	377,206
Other taxation and social security	36,095	37,253
Amounts due under finance leases and hire purchase agreements	3,333	—
Other creditors	33,455	27,408
	<u>390,237</u>	<u>490,036</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	2005 £	2004 £
Bank loans and overdrafts	<u>40,141</u>	<u>48,169</u>

10 Creditors: amounts falling due after more than one year

	2005 £	2004 £
Bank loans and overdrafts	63,267	87,352
Amounts due under finance leases and hire purchase agreements	4,295	—
Other creditors (see note 13)	135,000	122,500
	<u>202,562</u>	<u>209,852</u>

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	2005 £	2004 £
Bank loans and overdrafts	<u>63,267</u>	<u>87,352</u>

11 Deferred taxation

The elements of deferred taxation, which result in a nil balance at the end of the year are as follows:

	2005	2004
	£	£
Excess of taxation allowances over depreciation on fixed assets	38,000	48,000
Tax losses available	(38,000)	(48,000)
	<u> </u>	<u> </u>
	-	-

The company has unrelieved tax losses not adjusted through the deferred taxation provision of £500,000 (2004: £468,000) which are available to be set against future taxable trading profits.

12 Leasing commitments

At 30 June 2005 the company had aggregate annual commitments under non-cancellable operating leases as set out below.

	2005	2004
	£	£
Operating leases which expire:		
Within 1 year	6,084	7,668
After more than 5 years	50,000	50,000
	<u>56,084</u>	<u>57,668</u>

13 Related party transactions

The company occupies property owned by the Gavin Barclay SIPP and the MG Hebden SIPP. The members and trustees of the scheme are Mrs Barclay and Mrs Hebden, wives of the directors of the company.

Transactions and balances with the scheme were as follows:

	2005	2004
	£	£
Rent charge for the year	50,000	50,000
Rent accrued but unpaid	135,000	122,500
Interest charged for year	11,189	7,955
Interest accrued but unpaid(net)	<u>25,817</u>	<u>19,745</u>

14 Share capital

Authorised share capital:

	2005	2004
	£	£
15,000 Ordinary shares of £1 each	<u>15,000</u>	<u>15,000</u>

Allotted, called up and fully paid:

	2005		2004	
	No	£	No	£
Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>

15 Reconciliation of shareholders' funds and movement on reserves

	Share capital	Revaluation reserve	Capital redemption reserve	Profit and loss account	Total share- holders' funds
	£	£	£	£	£
At 1 July 2004	10,000	9,320	5,000	251,448	275,768
Loss for the year	-	-	-	(74,859)	(74,859)
Other movements - transfer to/from revaluation reserve	-	(1,398)	-	1,398	-
At 30 June 2005	<u>10,000</u>	<u>7,922</u>	<u>5,000</u>	<u>177,987</u>	<u>200,909</u>

Management information

The following pages do not form part of the statutory financial statements which are the subject of the independent auditors' report on pages 5 to 6.

Profit and loss account

	2005 £	2004 £
Turnover	1,159,188	1,392,866
Cost of sales		
Opening stock	132,562	113,759
Materials	436,957	565,246
Power	19,013	16,597
Direct wages	278,195	284,425
Redundancy costs	–	8,710
Sub-contract work	3,074	3,874
Discounts allowed	1,736	2,501
Freight and duty charges	18,012	24,535
Plant repairs, maintenance and hire	12,324	8,485
Depreciation of plant and machinery	82,728	80,615
Loss on disposal of fixed assets	11,183	5,853
	995,784	1,114,600
Closing stock	(116,610)	(132,562)
	879,174	982,038
Gross profit	280,014	410,828
Overheads		
Administrative expenses	330,055	350,755
Operating (loss)/profit	(50,041)	60,073
Interest received	296	111
	(49,745)	60,184
Interest payable	(7,834)	(15,451)
(Loss)/profit on ordinary activities	(57,579)	44,733

Notes to the detailed profit and loss account

	2005 £	2004 £
Administrative expenses		
Personnel costs		
Directors salaries	27,542	26,000
Wages and salaries	81,156	94,722
	<u>108,698</u>	<u>120,722</u>
Establishment expenses		
Rent and rates	77,888	78,127
Insurance	18,342	28,510
Repairs and renewals	5,827	5,188
	<u>102,057</u>	<u>111,825</u>
General expenses		
Telephone, fax and telex	10,659	10,842
Printing, stationery and postage	3,366	4,735
Staff amenities	844	896
Sundry	888	325
Transport and carriage costs	40,038	55,526
Sales exhibitions and advertising	310	290
Entertaining	10	33
Legal and professional fees	785	2,371
Auditors remuneration	7,350	7,250
Government grant received	-	(12,692)
Depreciation of motor vehicles	3,841	2,637
Depreciation of office equipment	2,528	3,210
	<u>70,619</u>	<u>75,423</u>
Financial costs		
Bad debts written off	34,001	31,690
Bank charges	3,663	3,112
Other interest paid	11,189	7,955
Foreign currency gains/losses	(172)	28
	<u>48,681</u>	<u>42,785</u>
	<u>330,055</u>	<u>350,755</u>
Interest receivable		
Interest received	296	111
Interest payable		
Bank interest payable	7,589	9,354
Hire purchase and finance lease charges	245	6,097
	<u>7,834</u>	<u>15,451</u>