

351652

**LANGLEY ALLOYS LIMITED**  
**FINANCIAL STATEMENTS**  
**31 DECEMBER 1995**

**RUTHERFORD MANSON DOWDS**  
**Chartered Accountants**  
**17 Blythswood Square**  
**Glasgow**  
**G2 4AD**



**LANGLEY ALLOYS LIMITED**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 1995**

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LANGLEY ALLOYS LIMITED  
COMPANY INFORMATION

DIRECTORS	C Cooper C Tuck
SECRETARY	C Cooper
REGISTERED OFFICE	Alloys House Cordwallis Park Maidenhead Berkshire SL6 7BU
BANKERS	Bank of Scotland P O Box 152 110 St Vincent Street Glasgow G2 5EJ
SOLICITORS	Barrett & Thomson 2 The Quadrangle 10 Church Street Slough SL1 1TQ
AUDITORS	Rutherford Manson Dowds Chartered Accountants 17 Blythwood Square Glasgow G2 4AD
REGISTERED NUMBER	351652

# LANGLEY ALLOYS LIMITED

## DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 December 1995.

### Principal activity

The principal activities of the company continued to be in the field of metallurgical engineering and were concentrated on the production of a range of specialised alloys in cast and wrought form for applications in the aerospace, marine, off-shore oil and petro-chemical industries.

The significant research and development effort continues to be directed towards the introduction of new and improved alloys and to the improvement of manufacturing processes.

### Business review

The company's balance sheet as detailed on page 7 shows a satisfactory position, shareholders' funds amounting to £1,627,180.

### Profit, dividends and appropriations

The results for the year are shown in the profit and loss account on page 5.

The directors do not propose payment of an ordinary dividend, the profit for the year is to be transferred to reserves.

### Fixed assets

Changes in fixed assets during the year are set out in notes 8 and 9 to the financial statements.

### Directors

The directors of the company during the year and their interests in the shares of the company as recorded in the register of directors' interests were as follows:

	31 December 1995	31 December 1994
	Ordinary shares	Ordinary shares
C Cooper	-	-
C Tuck	-	-

The interest of the directors, who are also directors of the ultimate parent company, are disclosed in that company's financial statements.

Continued .....

**LANGLEY ALLOYS LIMITED****DIRECTORS' REPORT**  
(continued)**Future developments**

Work is continuing on the development and modification of existing products to meet customers requirements and, through a continuing programme of research and development, to take advantage of new technology as it becomes available.

**Auditors**

On 8 December 1995 BDO Stoy Hayward resigned as auditors and Rutherford Manson Dowds were appointed in their place.

A resolution to re-appoint Rutherford Manson Dowds as auditors will be proposed at the Annual General Meeting.

By order of the Board

A handwritten signature in black ink, appearing to be 'C Cooper', written over a faint circular stamp or seal.

**C Cooper**  
**Secretary**

**24 April 1996**


**LANGLEY ALLOYS LIMITED**  
**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

We are required under company law 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 we are required to:

- select suitable accounting policies and then apply them consistently;
- make reasonable and prudent judgements and estimates;
- 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.

We are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable us to ensure that the financial statements comply with the Companies Act 1985. We are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the board



**C Cooper**  
**Director**

**24 April 1996**

**AUDITORS' REPORT TO THE SHAREHOLDERS OF  
LANGLEY ALLOYS LIMITED**



**Rutherford  
Manson  
Dowds**

We have audited the financial statements on pages 5 to 18 which have been prepared under the accounting policies set out on pages 8 and 9.

**Chartered Accountants**

17 Blythswood Square  
Glasgow G2 4AD  
Telephone 0141 248 5532  
Facsimile 0141 248 6001

**Respective responsibilities of directors and auditors**

As described on page 3, 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 as at 31 December 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Rutherford Manson Dowds*

**Rutherford Manson Dowds  
Registered Auditors  
Chartered Accountants**

**24 April 1996**

25 Melville Street  
Edinburgh EH3 7PE  
Telephone 0131 225 4727  
Facsimile 0131 220 1663

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Aberdeen AB10 1XL  
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Represented throughout Europe,  
North and South America, Asia,  
Pacific and all major commercial  
centres worldwide through  
**I A International**

**LANGLEY ALLOYS LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31 DECEMBER 1995**

		1995	1994	
	Note	Continuing £	Continuing £	Discontinued £
<b>Turnover</b>	2	2,913,223	2,593,972	229,019
<b>Cost of sales</b>		(1,592,381)	(1,305,255)	(91,402)
<b>Gross profit</b>		1,320,842	1,288,717	137,617
<b>Net operating expenses</b>				
Distribution costs		(95,042)	(118,774)	(2,000)
Administrative expenses		(914,863)	(1,044,425)	(137,103)
Other operating income		45,420	55,500	-
<b>Operating profit</b>	4	356,357	181,018	(1,486)
Re-organisation costs of continuing operation	6	-		
<b>Profit on ordinary activities before interest</b>		356,357		
Investment income		-		
Other interest receivable		-		
Interest payable	5	(132,478)		
<b>Profit on ordinary activities before taxation</b>		223,879		
Taxation	7	97,201		
<b>Retained profit for the year</b>	18	321,080		

Movements in reserves are shown in the notes to the financial statements.

There are no recognised gains and losses in 1995 or 1994 other than the profit for the year.



**LANGLEY ALLOYS LIMITED**  
**NOTE OF HISTORICAL COST PROFITS AND LOSSES**  
**YEAR ENDED 31 DECEMBER 1995**

	<b>1995</b> £	<b>1994</b> £
<b>Reported profit on ordinary activities before taxation</b>	223,879	748,655
Realisation of fixed asset revaluation gains of previous years	-	272,463
Difference between a historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	-	-
<b>Historical cost profit on ordinary activities before taxation</b>	<u>223,879</u>	<u>1,021,118</u>
<b>Historical cost profit for the year retained after taxation, extraordinary items and dividends</b>	<u>321,080</u>	<u>1,092,644</u>

# LANGLEY ALLOYS LIMITED

## BALANCE SHEET

AT 31 DECEMBER 1995

	Note	1995 £	1994 £
<b>Fixed assets</b>			
Tangible assets	8	621,709	458,943
<b>Current assets</b>			
Stocks	10	741,286	646,519
Debtors	11	837,513	841,120
Cash at bank and in hand		441,578	436,810
		<u>2,020,377</u>	<u>1,924,449</u>
<b>Creditors:</b> amounts falling due within one year	12	(940,447)	(999,565)
<b>Net current assets</b>		<u>1,079,930</u>	<u>924,884</u>
<b>Total assets less current liabilities</b>		<u>1,701,639</u>	<u>1,383,827</u>
<b>Creditors:</b> amounts falling due after more than one year	13	(74,459)	(77,727)
		<u>1,627,180</u>	<u>1,306,100</u>
<b>Capital and reserves</b>			
Called up share capital	15	1,250,000	1,250,000
Other reserves	17	573,457	573,457
Profit and loss account	18	(196,277)	(517,357)
Equity shareholders' funds	16	<u>1,627,180</u>	<u>1,306,100</u>

The financial statements on pages 5 to 18 were approved by the board of directors on 24 April 1996



C Cooper  
Director

**LANGLEY ALLOYS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 1995**

**1 Accounting policies**

**Basis of accounting**

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

**Depreciation**

Depreciation of fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives as follows:

Plant and machinery	between 3 and 25 years
---------------------	------------------------

**Leases and hire purchase contracts**

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at the estimated fair value at the date of inception of each lease or contract. The total finance charges are allocated over the period of the lease in such a way as to give a reasonably constant charge on the outstanding liability.

Rentals paid under operating leases are charged to income as incurred.

**Stocks and work in progress**

Stocks are valued at the lower of cost and net realisable value. Cost is computed on a first in first out basis. The cost of work in progress and finished goods includes all production overheads and depreciation and the attributable proportion of indirect overheads based on the normal level of activity. Net realisable value is based on estimated selling price less the estimated cost of disposal.

**Research and development**

Research and development expenditure is written off in the year in which it is incurred.

**Deferred taxation**

Deferred taxation is provided on the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

**Group accounts**

Group accounts have not been prepared for the year to 31 December 1995 as the company is entitled to take advantage of the exemption conferred by Section 228 of the Companies Act 1985.

**LANGLEY ALLOYS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 1995**

**1 Accounting policies (Continued)**

**Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transactions. All differences are taken to the profit and loss account.

**Pensions**

The group operates two defined benefit pension schemes. Contributions to these schemes are charged to the profit and loss account so as to spread the cost of pensions over the employees' working lives within the group. Variations in pension costs, which are identified as a result of actuarial valuations, are amortised over the average expected working lives of employees in proportion to their expected payroll costs. Differences between the amounts funded and the amount charged to the profit and loss account are treated as either provisions or prepayments in the balance sheet.

**2 Turnover**

Turnover represents the amount derived from the provision of goods and services which fall within the company's ordinary activities stated net of value added tax.

**Geographical analysis**

	<b>1995</b>	<b>1994</b>
	£	£
United Kingdom	1,941,486	2,491,933
Overseas	971,737	331,058
	<hr/> 2,913,223 <hr/>	<hr/> 2,822,991 <hr/>

**LANGLEY ALLOYS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 1995**

**3 Directors and employees**

	<b>1995</b>	<b>1994</b>
	<b>£</b>	<b>£</b>
<b>Staff costs including directors' emoluments</b>		
Wages and salaries	421,982	627,212
Social security costs	49,873	70,958
Pension costs	(2,816)	9,194
	<u>469,039</u>	<u>707,364</u>
	<b>Number</b>	<b>Number</b>
Average number employed including executive directors		
Manufacturing	4	12
Office and management	22	26
	<u>26</u>	<u>38</u>
<b>Directors</b>	<b>£</b>	<b>£</b>
Directors' fees	28,000	13,007
	<u>28,000</u>	<u>13,007</u>
<b>Emoluments excluding pension scheme contributions</b>		
Chairman	14,000	5,753
Highest paid director	14,000	6,208
	<u></u>	<u></u>
<b>Other directors</b>	<b>Number</b>	<b>Number</b>
£nil - £5,000	-	3
	<u></u>	<u></u>

The company paid fees amounting to £28,000 to CCT Services Limited, a company in which C Cooper and, C Tuck are directors and shareholders, for the services of C Cooper and C Tuck as directors of Langley Alloys Limited. Directors remuneration for the year was paid by Langley Group plc.

**LANGLEY ALLOYS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 1995**

**4 Operating profit**

	<b>1995</b>	<b>1994</b>
	£	£
Operating profit is stated after crediting		
Profit on sale of assets	-	3,354
and after charging		
Staff costs (note 3)	469,039	707,364
Auditors' remuneration	16,000	19,000
Operating leases		
Hire of plant and machinery	13,738	30,615
Land and buildings	55,480	134,250
Depreciation of tangible fixed assets (note 8)		
Owned assets	41,401	42,672
Assets under finance leases and and hire purchase contracts	47,544	45,400
	<u>88,945</u>	<u>88,072</u>

**5 Interest payable**

	<b>1995</b>	<b>1994</b>
	£	£
Bank interest	65,600	32,879
Bank loan interest	26,958	4,493
Hire purchase interest	39,920	33,139
	<u>132,478</u>	<u>70,511</u>

**6 Exceptional items**

	<b>1995</b>	<b>1994</b>
	£	£
<b>Included in re-organisation costs of continuing organisation:</b>		
Re-organisation provision release - continuing	-	(207,891)

**LANGLEY ALLOYS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 1995**

**7 Taxation**

	<b>1995</b>	<b>1994</b>
	<b>£</b>	<b>£</b>
Corporation tax on profit on ordinary activities at 33% (1994 33%)	-	-
Adjustment to previous years	(97,201)	(71,526)
	<u>(97,201)</u>	<u>(71,526)</u>

No current year tax charge arises because of the availability of losses forward.

**8 Tangible fixed assets**

<b>Cost</b>	<b>Plant and machinery £</b>	<b>Land and Buildings £</b>	<b>Total £</b>
1 January 1995	637,171	500	637,671
Additions	258,211	-	258,211
Disposals	(51,079)	-	(51,079)
	<u>844,303</u>	<u>500</u>	<u>844,803</u>
31 December 1995	<u>844,303</u>	<u>500</u>	<u>844,803</u>
<b>Depreciation</b>			
1 January 1995	178,728	-	178,728
Charge for year	88,945	-	88,945
Disposals	(44,579)	-	(44,579)
	<u>223,094</u>	<u>-</u>	<u>223,094</u>
31 December 1995	<u>223,094</u>	<u>-</u>	<u>223,094</u>
<b>Net book amount</b>			
31 December 1995	<u>621,209</u>	<u>500</u>	<u>621,709</u>
31 December 1994	<u>458,443</u>	<u>500</u>	<u>458,943</u>

The net book amount of fixed assets includes £344,301 (1994 £177,822) in respect of assets held under finance leases and hire purchase contracts, the depreciation of which is shown in note 4.

**LANGLEY ALLOYS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 1995**

**9 Fixed asset investments**

Details of subsidiary undertakings at the balance sheet date are as follows:

<b>Name of company</b>	<b>Business</b>	<b>Class of Shares</b>	<b>Holding</b>	<b>Country of Registration</b>
Langley Alloy Services Limited	Non trading	Ordinary	100%	England

**10 Stocks**

	<b>1995</b> £	<b>1994</b> £
Work in progress	249,153	305,397
Raw materials	14,570	18,720
Finished goods	477,563	322,402
	<u>741,286</u>	<u>646,519</u>

**11 Debtors**

	<b>1995</b> £	<b>1994</b> £
Trade debtors	565,688	421,384
Amounts owed by group undertakings	8,956	-
Other debtors	212,000	346,477
Prepayments and accrued income	50,869	73,259
	<u>837,513</u>	<u>841,120</u>

Other debtors includes £188,000 (1994 - £96,000) which falls due after more than one year.



**LANGLEY ALLOYS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 1995**

**12 Creditors:** amounts falling due within one year

	<b>1995</b>	<b>1994</b>
	£	£
Trade creditors	628,789	627,259
Amounts owed to group undertakings	97,086	36,416
Other taxation and social security	50,689	5,197
Other creditors	54,282	238,605
Obligations under finance leases and hire purchase contracts - note 13	109,601	92,088
	<u>940,447</u>	<u>999,565</u>

Obligations under finance leases and hire purchase contracts are secured by the related assets.

**13 Creditors:** amounts falling due after more than one year

	<b>1995</b>	<b>1994</b>
	£	£
Obligations under finance leases and hire purchase contracts	74,459	77,727
	<u>74,459</u>	<u>77,727</u>

**Obligations under finance leases  
and hire purchase contracts**

These are repayable over varying periods by monthly instalments as follows:

In the next year - see note 12	109,601	92,088
In the second to fifth years	74,459	77,727
	<u>184,060</u>	<u>169,815</u>

**LANGLEY ALLOYS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 1995**

**14 Deferred taxation**

	<b>1995</b>		<b>1994</b>	
	<b>Potential liability</b>	<b>Provision made</b>	<b>Potential liability</b>	<b>Provision made</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Corporation tax deferred by				
Accelerated capital allowances	70,000	70,000	42,249	42,249
Tax losses available	(70,000)	(70,000)	(42,249)	(42,249)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The potential liability and provision are based on a corporation tax rate of 33% (1994 33%).

**15 Called up share capital**

	<b>1995</b>		<b>1994</b>	
	<b>Number of shares</b>	<b>£</b>	<b>Number of shares</b>	<b>£</b>
<b>Authorised</b>				
Ordinary shares of £1 each	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>
<b>Allotted called up and fully paid</b>				
Ordinary shares of £1 each	<u>1,250,000</u>	<u>1,250,000</u>	<u>1,250,000</u>	<u>1,250,000</u>

**LANGLEY ALLOYS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 1995**

**16 Reconciliation of movements in shareholders' funds**

	<b>1995</b>	<b>1994</b>
	£	£
<b>Profit for the financial year</b>	321,080	820,181
representing a		
<b>Net addition to</b>		
<b>shareholders' funds</b>		
Opening shareholders' funds	1,306,100	485,919
<b>Closing shareholders' funds</b>	<u>1,627,180</u>	<u>1,306,100</u>

**17 Other reserves**

	<b>1995</b>
	£
Capital redemption reserve	323,457
Other reserve	250,000
	<u>573,457</u>

**18 Profit and loss account**

	<b>1995</b>
	£
1 January 1995	(517,357)
Retained profit for the year	321,080
31 December 1995	<u>(196,277)</u>

**LANGLEY ALLOYS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 1995**

**19 Guarantees and other financial commitments**

Financial commitments under non-cancellable operating leases will result in the following payments falling due in the year to 31 December 1995

	<b>1995</b>	<b>1995</b>	<b>1994</b>	<b>1994</b>
	<b>Land and</b>	<b>Plant &amp;</b>	<b>Land and</b>	<b>Plant &amp;</b>
	<b>Buildings</b>	<b>Other</b>	<b>Buildings</b>	<b>Other</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Expiring				
Within one year	-	13,704	-	13,860
Within two to five years	70,000	2,284	70,000	2,284
	<u>70,000</u>	<u>15,988</u>	<u>70,000</u>	<u>16,144</u>

**20 Capital commitments**

	<b>1995</b>	<b>1994</b>
	<b>£</b>	<b>£</b>
Authorised but not committed	-	81,992
	<u>-</u>	<u>81,992</u>

**21 Contingent liabilities**

Guarantees and indemnities totalling £20,000 had been granted at 31 December 1995.

Cross guarantees exist without limit between Langley Holdings Limited and Langley Group Plc and are secured by fixed and floating charges on the land and buildings and assets. The total balance outstanding under the guarantees at 31 December 1995 was £845,182.

**LANGLEY ALLOYS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 1995**

**22 Pension commitments**

The group operates two defined benefit pension schemes.

The total pension cost for the company was £Nil. The pension cost is assessed in accordance with the advice of a qualified actuary using the projected unit method. The latest actuarial assessment of these schemes was at 1 April 1992. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries would average 8% per annum and that present and future pensions would increase at the rate of 9% per annum.

At the date of the latest actuarial valuation, the market value of the assets of the UK scheme was £1,300,000 and the actuarial value of the assets was sufficient to cover 140% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

**23 Ultimate parent undertaking**

The directors regard Langley Group Plc, a company registered in Scotland, as the company's ultimate parent company.

Langley Group Plc is the parent undertaking of the largest group of which the company is a member, and for which group accounts are drawn up. The smallest such group is Langley Holdings Limited, registered in England and Wales. Copies of their accounts may be obtained from the Registrar of Companies.