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A & P APPLIEDORE LIMITED

DIRECTORS' REPORT AND ACCOUNTS

FOR THE YEAR ENDED 30TH SEPTEMBER, 1980





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A & P APPLIEDORE LIMITED

DIRECTORS' REPORT

The directors submit their annual report and the audited accounts of the company for the year ended 30th September, 1980.

TRADING RESULTS

The pre-tax profit for the year amounts to £81,099 from which is deducted exceptional items of £84,477 as set out in Note 5 to the accounts.

PRINCIPAL ACTIVITIES

The company provides specialised services to the shipping, ship-building, shiprepair and engineering industries. In addition, the company supplies computer hardware and software for general business and production applications.

EXPORTS

The company's exports from the United Kingdom during the year amounted to £1,529,395.

INVESTMENT

On 23rd November, 1979, a subsidiary, A & P Appledore Operations Limited (formerly A & P Appledore (Equipment) Limited) purchased 2 Ordinary Shares of HK\$10 at par in A & P Appledore Asia Limited, a company incorporated in Hong Kong. The holding represents the whole of the company's issued share capital. By agreement dated 6th December, 1979, A & P Appledore Asia Limited acquired a 20% shareholding in Euroasia Shipyard Company Limited, located in Hong Kong. The investment is represented by 2,000 'D' Ordinary Shares of HK\$1,000 and is financed by a HK\$4,000,000 term loan facility from Trident International Finance Limited of Hong Kong of which HK\$2,000,000 has been drawn at 30th September, 1980.



A & P APPLIEDORE LIMITED

DIRECTORS' REPORT

DIRECTORS

The directors who served during the year were as follows:-

P. R. H. Nash	J. D. Caulfield
M. R. Hargroves	S. Forbes
J. A. Teasdale	S. J. May
J. D. F. Craggs	J. S. MacDougall
A. W. Allan	P. A. C. Slee
I. E. Bilsland	R. Vaughan

In addition, on 9th January, 1981, R. Vaughan resigned office and Messrs. R. G. Woodhead and G. Huthart were appointed.

The directors retiring by rotation are Messrs. M. R. Hargroves, J. A. Teasdale, A. W. Allan and I. E. Bilsland who, being eligible, offer themselves for re-election.

A & P APPLIEDORE LIMITEDDIRECTORS' REPORT

DIRECTORS' SHAREHOLDING

Directors' interests in the shares of the ultimate Holding Company, A & P Appledore Holdings Limited, at 30th September, 1980, were as follows:-

	Number of Ordinary Shares of 10p each	
	<u>30th September,</u> <u>1980</u>	<u>30th September,</u> <u>1979</u>
P. R. H. Nash	1000	1000
M. R. Hargroves	900	900
R. Vaughan	900	900
J. D. F. Craggs	600	600
J. A. Teasdale	100	100
A. W. Allan	200	200
I. E. Bilsland	200	200
J. D. Caulfield	200	200
S. Forbes	200	200
S. J. May	200	200
J. S. MacDougall	200	-
P. A. C. Slee	200	200

Directors' interests in the Secured Loan Stock of the ultimate holding company at 30th September, 1980 were as follows:-

	Number of Loan Notes Held	
	<u>30th September,</u> <u>1980</u>	<u>30th September,</u> <u>1979</u>
P. R. H. Nash	2556	3408
M. R. Hargroves	2130	2840
R. Vaughan	2130	2840
J. A. Teasdale	2130	2840



A & P APPLIEDORE LIMITED

DIRECTORS' REPORT

FIXED ASSETS

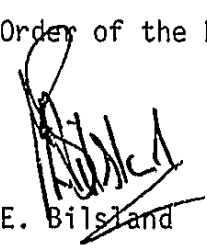
The movements in fixed assets during the year are shown in Note 6 to the accounts.

AUDITORS

In accordance with section 14 of the 1976 Companies Act, Messrs. Kidsons have intimated their willingness to be re-appointed to office for the ensuing year, subject to the approval of the members in general meeting.

18 Thurloe Place,
London.
SW7 2SP

By Order of the Board


I. E. Bilsland
Secretary



A & P APPLIEDURE LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the financial statements on pages 6 to 19 in accordance with approved auditing standards.

In our opinion the financial statements which have been prepared under the historical cost convention, including subsequent revaluation of certain fixed assets, give a true and fair view of the state of the Company's affairs at 30th September, 1980 and of its results and source and application of funds for the year ended on that date and comply with the Companies Acts 1948 to 1980, in so far as the provisions of those Acts apply to these financial statements.

London,
24th February, 1981

KIDSONS,
Chartered Accountants

A & P APPLIEDORE LIMITEDPROFIT AND LOSS ACCOUNTFOR THE YEAR ENDED 30TH SEPTEMBER, 1980

	<u>Note</u>	<u>1980</u> <u>£</u>	<u>1979</u> <u>£</u>
TURNOVER	1	<u>£1,990,898</u>	<u>£1,654,103</u>
TRADING PROFIT (LOSS) FOR THE YEAR	2	81,099	(79,350)
EXCEPTIONAL ITEMS	5	<u>(84,477)</u>	<u>(83,368)</u>
(LOSS) FOR THE YEAR BEFORE TAXATION		(3,378)	(162,718)
TAXATION	4	<u>(2,000)</u>	<u>(77,966)</u>
(LOSS) FOR THE YEAR ATTRIBUTABLE TO SHAREHOLDERS		(1,378)	(84,752)
(DEFICIT) SURPLUS BROUGHT FORWARD AT 1ST OCTOBER, 1979		(76,591)	8,161
(DEFICIT) CARRIED FORWARD AT 30TH SEPTEMBER, 1980	10	<u>£ (77,969)</u>	<u>£ (76,591)</u>

A & P APPLIEDORE LIMITEDBALANCE SHEET AS AT 30TH SEPTEMBER, 1980

	Note	£	1980 £	1979 £
CAPITAL EMPLOYED				
SHARE CAPITAL	9		10,000	10,000
RESERVES	10		(6,286)	(4,908)
SHAREHOLDERS FUNDS			<u>3,714</u>	<u>5,092</u>
LOANS	11		42,857	50,000
DEFERRED TAXATION	12		-	2,000
			<u>£ 46,571</u>	<u>£ 57,092</u>
REPRESENTED BY				
FIXED ASSETS	6		290,118	338,506
INVESTMENT IN				
SUBSIDIARY COMPANIES	7		<u>198</u>	<u>198</u>
			<u>290,316</u>	<u>338,704</u>
CURRENT ASSETS				
Work in Progress	1	137,881		115,645
Debtors		565,936		524,322
Amount due from Ultimate				
Holding Company	8	5,176		21,137
Amount due from Fellow				
Subsidiary Companies		162,554		76,775
Amount due from Associated				
Company		250		250
Cash held on Deposit		142,971		71,449
Cash held at Bank and				
in Hand		55,665		22,817
		<u>1,070,433</u>		<u>832,395</u>
CURRENT LIABILITIES				
Creditors and Accrued				
Charges		593,334		661,111
Amount due to Holding				
Company		400,010		372,613
Amount due to Fellow				
Subsidiary Companies		122,903		99
Taxation		(1,061)		(1,524)
Bank Overdraft (Secured)		143,509		-
		<u>1,258,695</u>		<u>1,032,299</u>
NET CURRENT LIABILITIES			(188,262)	(199,904)
Deferred Creditor	13	69,905	<u>102,054</u>	<u>138,800</u>
Less: Deferred Debtor	13	<u>14,422</u>		<u>100,421</u>
			55,483	18,713
			<u>£ 46,571</u>	<u>£ 57,092</u>

J. D. F. Craggs
J. D. F. CRAGGS) DIRECTORS
I. E. BILSLAND)
I. E. Bilsland

A & P APPLIEDORE LIMITEDSTATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 30TH SEPTEMBER, 1980

	<u>£</u>	<u>1980</u> <u>£</u>	<u>1979</u> <u>£</u>
SOURCE OF FUNDS			
Profit (Loss) before taxation		81,099	(79,350)
Exceptional Items		84,477	(83,368)
		<u>(3,378)</u>	<u>(162,718)</u>
Adjustment for items not involving the movement of funds:-			
Depreciation	81,617		80,731
Tax deducted from loan interest	<u>463</u>		-
		82,080	<u>80,731</u>
TOTAL GENERATED FROM OPERATIONS		<u>78,702</u>	<u>(81,987)</u>
Funds from other sources:-			
Net book amount of disposals of fixed assets		2,186	2,880
Loan received		-	50,000
Tax repaid		-	11,700
		<u>80,888</u>	<u>(17,407)</u>
APPLICATIONS			
Purchase of fixed assets	35,415		106,142
Repayment of loans	7,143		66,474
Decrease (increase) in leasing commitment (net of interest due)	<u>39,606</u>		<u>(53,221)</u>
		82,164	<u>119,395</u>
(DECREASE) IN WORKING CAPITAL		<u>(1,276)</u>	<u>(136,802)</u>
REPRESENTED BY			
Increase in work in progress	22,236		961
Increase in Debtors	47,551		128,751
(Decrease) increase in amount due from Ultimate Holding Company	(15,961)		11,962
(Decrease) in amount due from Fellow Subsidiary Companies	(37,025)		(74,855)
Decrease (increase) in creditors	48,459		(33,907)
(Increase) in amount due to Holding Company	(27,397)		(60,195)
Decrease in amount due to Associated Company	-		5,601
		37,863	<u>(21,682)</u>
Less: (Decrease) in net liquid funds		<u>(39,139)</u>	<u>(115,120)</u>
		<u>£(1,276)</u>	<u>£(136,802)</u>

A & P APPLIEDORE LIMITEDSTATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 30TH SEPTEMBER, 1980

	<u>£</u>	<u>1980</u> <u>£</u>	<u>1979</u> <u>£</u>
SOURCE OF FUNDS			
Profit (Loss) before taxation		81,099	(79,350)
Exceptional Items		84,477	(83,368)
		(3,378)	(162,718)
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		37,863	(21,682)
Less: (Decrease) in net liquid funds		(39,139)	(115,120)
		<u>£(1,276)</u>	<u>£(136,802)</u>



A & P APPLIEDORE LIMITED

NOTES ON ACCOUNTS - 30TH SEPTEMBER, 1980

1. ACCOUNTING POLICIES

a) Historical Cost Convention

These accounts have been prepared under the historical cost convention including subsequent revaluation of certain fixed assets.

b) Turnover

Turnover represents the value of gross fees receivable. In the case of certain contracts substantial payments are required to be made to subcontractors out of the gross fees receivable and, as a result, the turnover figures do not form a basis for comparison of one year with another, nor is there a consistent relationship between turnover and operating profit.

Commissions

These are credited to turnover gross and are taken to profit and loss account on the date they become receivable.

A & P APPLIEDORE LIMITEDNOTES ON ACCOUNTS - 30TH SEPTEMBER, 1980

c) Depreciation

Depreciation is provided on the cost or valuation of all fixed assets in order to reduce their cost to nil over their anticipated useful working lives. In general, the rates of depreciation are as follows:-

Leasehold premises - Long leases over the term of the lease

- Short lease over the period to the next rent review. (Totally written off at 30th September, 1978).

Office fixtures and equipment	20% on cost
Motor vehicles	25% on cost
Plant out on hire	15% on cost
Computers	20% on cost.

d) Deferred Taxation

Provision is made for deferred taxation under the liability method to take account of:-

- i) The differing treatment of depreciation for accounting and tax purposes.
- ii) Taxation losses not yet utilised.

No account has been taken for taxation on stock relief as the directors are of the opinion that work in progress is unlikely to decrease in the foreseeable future.

e) Exchange Rates

All foreign currency balances have been converted to sterling at the rates of exchange ruling at the financial year end.

A & P APPLIEDORE LIMITEDNOTES ON ACCOUNTS - 30TH SEPTEMBER, 1980

f) Work in Progress

Work in progress represents the estimated cost of work carried out on contracts not yet invoiced and is valued at the lower of cost and net realisable value.

g) Leases

Assets acquired under lease contracts are capitalised in the company's accounts and are depreciated according to the policy set out in c) above.

2. TRADING PROFIT (1979 LOSS) FOR THE YEAR

Trading profit (1979 Loss) for the year is as shown after charging the following:-

	<u>1980</u> <u>£</u>	<u>1979</u> <u>£</u>
Directors' remuneration (for management) paid by the Company	159,809	126,510
Depreciation	81,617	80,731
Auditors' remuneration	6,250	6,045
Interest payable (gross)		
Loan interest	29,445	28,726
Bank interest	2,972	692
Difference in exchange	<u>37,499</u>	<u>50,040</u>
And after crediting interest received	<u>3,258</u>	<u>8,077</u>

A & P APPLIEDORE LIMITEDNOTES ON ACCOUNTS - 30TH SEPTEMBER, 19803. DIRECTORS' EMOLUMENTS
(excluding pension contributions)

	<u>1980</u>	<u>1979</u>
	<u>£</u>	<u>£</u>
Chairman's emoluments	5,721	4,902
Emoluments of highest paid director	18,741	16,251
Number of other directors whose emoluments fell within the ranges:-		
£ 0 - £ 5,000	3	4
£ 5,001 - £10,000	-	12
£10,001 - £15,000	7	1
£15,001 - £20,000	1	-

4. TAXATION

The (release) in the profit and loss account comprises:-

UK Corporation Tax based on the profits for the year	-	-
Transfer (from) deferred tax account	(2,000)	(79,681)
Adjustments in respect of prior years	-	1,715
	<u>£(2,000)</u>	<u>£(77,966)</u>

A & P APPLIEDORE LIMITEDNOTES ON ACCOUNTS - 30TH SEPTEMBER, 1980

5. EXCEPTIONAL ITEMS

	<u>1980</u> <u>£</u>	<u>1979</u> <u>£</u>
Payment to Employee Trust	75,000	75,000
Employee Trust Formation and Administration Costs	720	962
Provision for losses incurred by subsidiary and fellow subsidiary companies	<u>8,757</u>	<u>7,406</u>
	<u>£84,477</u>	<u>£83,368</u>

A & P APPLIEDORE LIMITED

NOTES ON ACCOUNTS - 30TH SEPTEMBER, 1980

6. FIXED ASSETS	Leasehold Premises Long	Leasehold Premises Short	Office Fixtures	Motor Vehicles	Plant Out on Hire	Computer Processor	Word Processor	Total
COST OR REVALUATION								
Balance at 1st October, 1979	170,000	21,795	94,744	106,218	123,903	114,826	-	631,486
Additions during year	-	-	5,698	27,767 (7,519)	-	-	1,950	35,415 (7,519)
Disposals during year	-	-	-	-	-	-	-	-
	<u>170,000</u>	<u>21,795</u>	<u>100,442</u>	<u>126,466</u>	<u>123,903</u>	<u>114,826</u>	<u>1,950</u>	<u>659,382</u>
Balance at 30th September, 1980								
	-	21,795	53,558	44,085	117,106	56,436	-	292,980
DEPRECIATION								
Balance at 1st October, 1979	-	-	18,369	31,159 (5,333)	6,797	22,964	-	81,617 (5,333)
Charge for the year	2,328	-	-	-	-	-	-	-
Disposals during the year	-	-	-	-	-	-	-	-
	<u>2,328</u>	<u>21,795</u>	<u>71,927</u>	<u>69,911</u>	<u>123,903</u>	<u>79,400</u>	<u>-</u>	<u>369,264</u>
Balance at 30th September, 1980								
	£167,672	£ -	£ 28,515	£ 56,555	£ -	£ 35,426	£1,950	£290,118
NET BOOK VALUE								
30th September, 1980								
	£170,000	£ -	£ 41,186	£ 62,133	£ 6,797	£ 58,390	£ -	£338,506
NET BOOK VALUE								
30th September, 1979								

A & P APPLIEDORE LIMITED

NOTES ON ACCOUNTS - 30TH SEPTEMBER, 1980

7. SUBSIDIARIES

Shares at cost

1980	1979
<u>£</u>	<u>£</u>
198	198

Particulars of subsidiaries are as follows:-

Name	Class of share held	Proportion of the nominal value of issued shares of each class held		Percentage of equity capital held in the group	Country of Incorporation
		By the Company	By a Subsidiary		
A & P Appledore Operations Limited (formerly A & P Appledore (Equipment) Limited)	£1 Ordinary	99%	-	100%	England
APA Development Services Limited	£1 Ordinary	99%	-	100%	England
APA Foam Products Limited (in Liquidation)	£1 'A' Ordinary	-	100%	90%	England
	£1 'B' Ordinary	-	Nil		
APA Food Services Limited	£1 Ordinary	-	100%	100%	England
APADS Overseas Limited	Sw.Fr. 500 Ordinary	-	100%	100%	Liechtenstein
Finska Establishment	Sw.Fr. 500 Ordinary	-	100%	100%	Liechtenstein
A & P Appledore Asia Limited	HK\$1 Ordinary	-	100%	100%	Hong Kong

APA Foam Products Limited was placed in liquidation on 10th June, 1977 and the investment in that company has been written off. Full provision against amounts due by APA Foam Products Limited has been made in this company's accounts in earlier years.

A & P APPLIEDORE LIMITEDNOTES ON ACCOUNTS - 30TH SEPTEMBER, 1980

7. SUBSIDIARIES

Group accounts have not been prepared as the company is a wholly owned subsidiary of another company incorporated in Great Britain. Information on the company's share of the post acquisition results of its subsidiaries excluding APA Foam Products Limited (in Liquidation) is set out below:-

	30th September, 1980		
	1980	Prior Years	Total
	£	£	£
Profits/(Losses) after taxation of subsidiary companies	846	(73,708)	(72,862)
Less: amount dealt with in this company's accounts by provision against the losses	-	(72,402)	(72,402)
The aggregate amount of subsidiaries profits less losses not dealt with in this company's accounts	<u>£846</u>	<u>£(1,306)</u>	<u>£(460)</u>

8. HOLDING COMPANY

The ultimate holding company of A & P Appledore Limited is A & P Appledore Holdings Limited, a company incorporated in England.

9. SHARE CAPITAL

	1980	1979
	£	£
Authorised, issued and fully paid 10,000 ordinary shares of £1 each	<u>£10,000</u>	<u>£10,000</u>

A & P APPLIEDORE LIMITEDNOTES ON ACCOUNTS - 30TH SEPTEMBER, 1980

10. RESERVES

	<u>1980</u> <u>£</u>	<u>1979</u> <u>£</u>
Reserves at 1st October, 1979	(4,908)	8,161
Surplus on revaluation of leasehold premises	<u>-</u>	<u>71,683</u>
	(4,908)	79,844
(Loss) for the year	<u>(1,378)</u>	<u>(84,752)</u>
Reserves at 30th September, 1980	<u>£(6,286)</u>	<u>£(4,908)</u>
Reserves include:-		
Accumulated profits (losses)	(77,969)	(76,591)
Non distributable profits: surplus on revaluation of leasehold premises	<u>71,683</u>	<u>71,683</u>
	<u>£(6,286)</u>	<u>£(4,908)</u>

11. LOANS

	<u>1980</u> <u>£</u>	<u>1979</u> <u>£</u>
Secured medium term loan:-		
Loan repayable over 7 years from 1st May, 1979 with interest at 2½% over Barclays Base Rate	<u>42,857</u>	<u>50,000</u>

A & P APPLIEDORE LIMITEDNOTES ON ACCOUNTS - 30TH SEPTEMBER, 1980

12. DEFERRED TAXATION

	<u>1980</u> <u>£</u>	<u>1979</u> <u>£</u>
Balance 1st October, 1979	2,000	81,681
Transfer (to) profit and loss account	(2,000)	(79,681)
Balance at 30th September, 1980	<u>£ -</u>	<u>£ 2,000</u>

Deferred taxation includes:-

	<u>£</u>
a) Tax on the excess of capital allowances claimed over book depreciation	25,163
b) Taxation losses not yet utilised	(59,777)
	<u>£(34,614)</u>

No provision has been made in the
accounts for recovery of this
balance.

There is a contingent liability for taxation on the possible
clawback of stock relief amounting to £44,966. It is however
considered that such a clawback is unlikely.

A & P APPLIEDORE LIMITEDNOTES ON ACCOUNTS - 30TH SEPTEMBER, 1980

13. DEFERRED CREDITOR/DEBTOR

The deferred creditor represents the balance due on the computer installations, motor cars and office machinery repayable after 30th September, 1981.

Similarly, a deferred debtor has been created for the interest accruing after 30th September, 1981.

14. CAPITAL COMMITMENTS

	<u>1980</u>	<u>1979</u>
Authorised but not contracted for	£ -	£8,000
Contracted for but not provided for	£ -	£ -

15. CONTINGENT LIABILITY

A charge to United Kingdom Corporation Tax of £19,500 will, under existing legislation, arise were the long leasehold premises to be sold at their revalued amount.