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A & P APPLEDORE LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH SEPTEMBER, 1981





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A & P APPLIEDORE LIMITED

DIRECTORS' REPORT

The directors submit their annual report and the audited financial statements of the company for the year ended 30th September, 1981.

TRADING RESULTS

The pre-tax profit for the year amounts to £270,020 from which is deducted exceptional items of £120,717 as set out in Note 5 to the financial statements.

PRINCIPAL ACTIVITIES

The company provides specialised services to the shipping, shipbuilding, 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 £1,880,633.



A & P APPLEDORE LIMITED

DIRECTORS' REPORT

DIRECTORS

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

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

With the exception of Messrs. G. Huthart and R. G. Woodhead who were appointed on 9th January, 1981, and R. Vaughan and P. A. C. Slee who resigned from office on 9th January, 1981 and 9th April, 1981 respectively, there has been no change in directors during the year.

In addition, Messrs. B. Abbott and T. Devenport were appointed on 6th October, 1981 and 26th March, 1982 respectively.

The directors retiring by rotation are Messrs. J. D. Caulfield, S. Forbes and S. J. May who, being eligible, offer themselves for re-election. In addition, Messrs. R. G. Woodhead, G. Huthart, B. Abbott and T. Devenport retire and being eligible offer themselves for re-election.

A & P APPLIEDORE LIMITEDDIRECTORS' REPORTDIRECTORS' SHAREHOLDING

Directors' interests in the shares of the Ultimate Holding Company, A & P Appledore Holdings Limited, at 30th September, 1981 were as follows:-

Number of Ordinary Shares of 10p each

	<u>30th September,</u> <u>1981</u>	<u>30th September,</u> <u>1980</u>
P. R. H. Nash	1000	1000
M. R. Hargroves	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	-
R. G. Woodhead	400	400*
G. Huthart	200	200*

\* or date of appointment where later.

Directors' interests in the Secured Loan Stock of the ultimate holding company at 30th September, 1981 were as follows:-

Number of Loan Notes Held

	<u>30th September,</u> <u>1981</u>	<u>30th September,</u> <u>1980</u>
P. R. H. Nash	1704	2556
M. R. Hargroves	1420	2130
J. A. Teasdale	1420	2130



A & P APPLEDORE LIMITED

DIRECTORS' REPORT

**FIXED ASSETS**

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

**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 Thurlow Place,  
London.  
SW7 2SP

*1/6 June 1982*

By Order of the Board

I. E. Bilsland  
Secretary



A & P APPLEDORE LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the financial statements on pages 6 to 20 in accordance with approved auditing standards.

As explained in Note 15 on page 20, provision has not been made for additional corporation tax and interest accrued thereon amounting in aggregate to some £167,500 which would become chargeable if claims for tax relief in respect of payments made by the Company to the Trustee of an Employees' Trust are not successful.

Subject to this reservation, 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, 1981 and of its results and source and application of funds for the year ended on that date and comply with the Companies Acts 1948 - 1981 insofar as the provisions of those Acts apply to these financial statements.

London, 16<sup>th</sup> Jan 1982

KIDSONS  
Chartered Accountants

A & P APPLIEDORE LIMITEDPROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30TH SEPTEMBER, 1981

	<u>Note</u>	<u>1981</u> <u>£</u>	<u>1980</u> <u>£</u>
TURNOVER	1	£2,281,558 =====	£1,990,898 =====
TRADING PROFIT FOR THE YEAR	2	270,020	81,099
EXCEPTIONAL ITEMS	5	120,717 _____	84,477 _____
PROFIT/(LOSS) FOR THE YEAR BEFORE TAXATION		149,303	(3,378)
TAXATION	4	94,581 _____	(2,000) _____
PROFIT/(LOSS) FOR THE YEAR ATTRIBUTABLE TO SHAREHOLDERS		54,722	(1,378)
(DEFICIT) BROUGHT FORWARD AT 1ST OCTOBER, 1980		(77,969)	(76,591)
(DEFICIT) CARRIED FORWARD AT 30TH SEPTEMBER, 1981	10	£ (23,247) =====	£ (77,969) =====


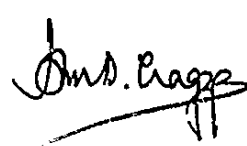


A & P APPLIEDORE LIMITEDBALANCE SHEET AS AT 30TH SEPTEMBER, 1981

	Note	£	1981 £	1980 £
CAPITAL EMPLOYED				
SHARE CAPITAL	9		10,000	10,000
RESERVES	10		48,436	(6,286)
SHAREHOLDERS' FUNDS			58,436	3,714
LOANS	11		28,571	42,857
DEFERRED TAXATION	12		6,027	-
			<u>£ 93,034</u>	<u>£ 46,571</u>
			=====	=====
REPRESENTED BY				
FIXED ASSETS	6		367,602	290,118
INVESTMENT IN				
SUBSIDIARY COMPANIES	7		198	198
			<u>367,800</u>	<u>290,316</u>
CURRENT ASSETS				
Work in Progress	1	211,052		137,881
Debtors		527,884		565,936
Amount due from Ultimate				
Holding Company	8	10,307		5,176
Amount due from Fellow				
Subsidiary Companies		558,111		162,554
Amount due from				
Associated Company		250		250
Short term deposits		566,726		142,971
Cash held at Bank and				
in Hand		24,534		55,665
		<u>1,898,864</u>		<u>1,070,433</u>
CURRENT LIABILITIES				
Creditors and Accrued				
Charges		872,325		593,334
Amount due to Holding				
Company		428,768		400,010
Amount due to Fellow				
Subsidiary Companies		760,016		122,903
Taxation		(7,860)		(1,061)
Loans	11	7,143		-
Bank Overdraft (Secured)		-		143,509
		<u>2,060,392</u>		<u>1,258,695</u>
NET CURRENT LIABILITIES			(161,528)	(188,262)
			<u>206,272</u>	<u>102,054</u>
Deferred Creditor	13	155,032		69,905
Less: Deferred Debtor	13	41,794		14,422
			<u>(113,238)</u>	<u>(55,483)</u>
			<u>£ 93,034</u>	<u>£ 46,571</u>
			=====	=====

These financial statements were approved by the Board of Directors  
on ... 26th March ..... 1982.

J. D. F. CRAGGS } DIRECTORS  
I. E. BILSLAND }

A & P APPLIEDORE LIMITEDSTATEMENT OF SOURCE AND APPLICATION OF FUNDS

	<u>£</u>	<u>1981</u> <u>£</u>	<u>1980</u> <u>£</u>
SOURCE OF FUNDS			
Profit before taxation		270,020	81,099
Exceptional items		<u>120,717</u>	<u>84,477</u>
		149,303	(3,378)
Adjustment for items not involving the movement of funds:-			
Depreciation	100,644		81,617
Tax deducted from loan interest	<u>-</u>		<u>463</u>
		100,644	82,080
TOTAL GENERATED FROM OPERATIONS		<u>249,947</u>	<u>78,702</u>
Funds from other sources:-			
Net book amount of disposals of fixed assets		20,786	2,186
Increase (Decrease) in leasing commitment (net of interest due)		<u>75,349</u>	<u>(39,606)</u>
		346,082	41,282
APPLICATIONS			
Purchase of fixed assets	198,914		35,415
Repayment of loans	7,143		7,143
Tax paid	<u>95,353</u>		<u>-</u>
		301,410	42,558
INCREASE (DECREASE) IN WORKING CAPITAL		<u>£ 44,672</u>	<u>£(1,276)</u>
REPRESENTED BY		=====	=====
Increase in work in progress	73,171		22,236
(Decrease) Increase in Debtors	(49,497)		47,551
Increase (Decrease) in amount due from Ultimate Holding Company	5,131		(15,961)
(Decrease) in amount due from Fellow Subsidiary Companies	(241,556)		(37,025)
(Increase) Decrease in creditors	(249,952)		48,459
(Increase) in amount due to Holding Company	<u>(28,758)</u>		<u>(27,397)</u>
		(491,461)	37,863
Add: Increase (Decrease) in net liquid funds		<u>536,133</u>	<u>(39,139)</u>
		<u>£ 44,672</u>	<u>£(1,276)</u>
		=====	=====



A & P APPLIEDORE LIMITED

NOTES ON FINANCIAL STATEMENTS - 30TH SEPTEMBER, 1981

1: ACCOUNTING POLICIES

a) Historical Cost Convention

These financial statements 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.

Management Contracts

Where management contracts are being undertaken whereby the company becomes entitled to be remunerated by way of participation in the client's profits rather than by way of a management fee, such income is brought into account in these financial statements on the basis of the results, determined by the relevant audited financial statements of the client company. Where these financial statements are not available, the results are determined by reference to the appropriate management accounts of the client company and are brought into account to the extent that such profit shares have been remitted or otherwise determined and appropriated to the company.

A & P APPLIEDORE LIMITEDNOTES ON FINANCIAL STATEMENTS - 30TH SEPTEMBER, 1981

## 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.

Office fixtures and equipment	20% on cost
Motor vehicles	25% 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) Any taxation losses not yet utilised.

No account has been taken for taxation on stock relief as it is unlikely that a clawback will arise under the provisions of the 1981 Finance Act.

## 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 LIMITED

NOTES ON FINANCIAL STATEMENTS - 30TH SEPTEMBER, 1981

f) Work in Progress

Work in progress represents the estimated net realisable value of work carried out on contracts not yet invoiced.

g) Leases

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

h) Companies Act 1981

The company is not yet required to comply with the accounting and disclosure requirements contained in Part 1 of the Companies Act 1981.

A & P APPLIEDORE LIMITEDNOTES ON FINANCIAL STATEMENTS - 30TH SEPTEMBER, 1981

## 2: TRADING PROFIT FOR THE YEAR

Trading profit for the year is as shown after charging the following:-

	<u>1981</u> <u>£</u>	<u>1980</u> <u>£</u>
Directors' remuneration (for management) paid by the Company	206,076	159,809
Depreciation	100,644	81,617
Auditors' Remuneration	7,000	6,250
Interest payable (gross)		
Loan interest	26,408	29,445
Bank interest	5,958	2,972
Loss on exchange	- =====	37,499 =====
And after crediting interest received	16,327	3,258
Profit on exchange	203,731 =====	- =====

A & P LEDORE LIMITEDNOTES ON FINANCIAL STATEMENTS - 30TH SEPTEMBER, 1981

3: DIRECTORS' AND CERTAIN EMPLOYEES' EMOLUMENTS  
(excluding pension contributions)

	<u>1981</u> <u>£</u>	<u>1980</u> <u>£</u>
Chairman's emoluments	-	5,721
Emoluments of highest paid director	24,384	18,741
Number of other directors whose emoluments fell within the ranges:-		
£ 0-£ 5,000	2	3
£ 5,001-£10,000	2	-
£10,001-£15,000	1	7
£15,001-£20,000	6	1
£20,001-£25,000	1	-
Number of employees whose emoluments fell within the ranges:-		
£20,001-£25,000	3	-

4: TAXATION

The charge in the profit and loss account  
comprises:-

UK Corporation Tax based on the profits for the year	56,795	-
Overseas Taxation	1,982	-
Transfer to (from) deferred tax account	6,027	(2,000)
Adjustments in respect of prior years	29,777	-
	<u>£94,581</u> =====	<u>£(2,000)</u> =====

A & P APPLIEDORE LIMITEDNOTES ON FINANCIAL STATEMENTS - 30TH SEPTEMBER, 1981

## 5: EXCEPTIONAL ITEMS

	<u>1981</u> <u>£</u>	<u>1980</u> <u>£</u>
Payment to Employee Trust	75,000	75,000
Employee Trust Formation and Administration Costs	150	720
Provision for losses incurred by subsidiary and fellow subsidiary companies	45,567	8,757
	<u>£120,717</u> =====	<u>£84,477</u> =====



# A & P APPLIEDORE LIMITED

## NOTES ON FINANCIAL STATEMENTS - 30TH SEPTEMBER, 1981

### 6: FIXED ASSETS

#### COST OR REVALUATION

	Leasehold Premises Long	Short	Office Fixtures	Motor Vehicles	Plant Out on Hire	Computer	Word Processor	Total
Balance at 1st October, 1980	170,000	21,795	100,442	126,466	123,903	114,826	1,950	659,382
Additions during year	-	33,111	13,543	144,315	-	3,410	4,535	198,914
Disposals during year	-	(21,795)	(6,965)	(80,912)	(123,903)	-	-	(233,575)
Balance at 30th September, 1981	170,000	33,111	107,020	189,869	-	118,236	6,485	624,721

#### DEPRECIATION

Balance at 1st October, 1980	2,328	21,795	71,927	69,911	123,903	79,400	-	369,264
Charge for the year	2,328	12,559	21,257	40,132	-	23,306	1,062	100,644
Disposals during the year	-	(21,795)	(3,926)	(63,165)	(123,903)	-	-	(212,789)
Balance at 30th September, 1981	4,656	12,559	89,258	46,878	-	102,706	1,062	257,119

#### NET BOOK VALUE

30th September, 1981	£165,344	£20,552	£ 17,762	£142,991	£ -	£ 15,530	£5,423	£367,602
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#### NET BOOK VALUE

30th September, 1980	£167,672	£ -	£ 28,515	£ 56,555	£ -	£ 35,426	£1,950	£290,118
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Long leasehold premises were revalued in 1979.



A & P APPLIEDORE LIMITED

NOTES ON FINANCIAL STATEMENTS - 30TH SEPTEMBER, 1981

7: PRINCIPAL SUBSIDIARIES	1981	1980
	<u>£</u>	<u>£</u>
Shares at Cost	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	£1 Ordinary	99%	-	100%	England
A & P Appledore Asia Limited	HK\$10	-	100%	100%	Hong Kong

A & P APPLIEDORE LIMITEDNOTES ON FINANCIAL STATEMENTS - 30TH SEPTEMBER, 1981

## 7: PRINCIPAL SUBSIDIARIES

Group financial statements 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 is set out below:-

	<u>30th September, 1981</u>		
	<u>1981</u>	<u>Prior</u>	<u>Total</u>
	<u>£</u>	<u>Years</u>	<u>£</u>
Profits/(Losses) after taxation of subsidiary companies	(45,567)	(72,862)	(118,429)
Less: amount dealt with in this company's accounts by provision against the losses	(45,567)	(72,402)	(117,969)
	_____	_____	_____
The aggregate amount of subsidiaries profits less losses not dealt with in this company's accounts	£ -	£ (460)	£ (460)
	=====	=====	=====

## 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

	<u>1981</u>	<u>1980</u>
	<u>£</u>	<u>£</u>
Authorised, issued and fully paid 10,000 ordinary shares of £1 each	£10,000	£10,000
	=====	=====

A & P APPLIEDORE LIMITEDNOTES ON FINANCIAL STATEMENTS - 30TH SEPTEMBER, 1981

## 10: RESERVES

	<u>1981</u> <u>£</u>	<u>1980</u> <u>£</u>
Reserves at 1st October, 1980	(6,286)	(4,908)
Profit/(Loss) for the year	54,722	(1,378)
Reserves at 30th September, 1981	<u>£ 48,436</u> =====	<u>£(6,286)</u> =====
Reserves include:-		
Accumulated profits (losses)	(23,247)	(77,969)
Non distributable profits: surplus on revaluation of leasehold premises	71,683	71,683
	<u>£ 48,436</u> =====	<u>£(6,286)</u> =====

## 11: LOANS

	<u>1981</u> <u>£</u>	<u>1980</u> <u>£</u>
Secured medium term loan:-		
Loan repayable over 7 years from 1st May, 1979 with interest at 2½% over Barclays Base Rate	35,714	42,857
Less repayable 1st May 1982	7,143	-
	<u>£28,571</u> =====	<u>£42,857</u> =====

A & P APPLIEDORE LIMITEDNOTES ON FINANCIAL STATEMENTS - 30TH SEPTEMBER, 1981

## 12: DEFERRED TAXATION

	<u>1981</u> <u>£</u>	<u>1980</u> <u>£</u>
Balance 1st October, 1980	-	-
Transfer from profit and loss account	6,027	-
Balance at 30th September, 1981	<u>£ 6,027</u> =====	<u>£ -</u> =====
Deferred Taxation includes:-		
a) Tax on the excess of capital allowances claimed over book depreciation	<u>£</u> 6,027	<u>£</u> 25,163
b) Taxation losses not yet utilised	-	(59,777)
	<u>£6,027</u> =====	<u>£(34,614)</u> =====

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 to arise.

A & P APPELDORE LIMITEDNOTES ON FINANCIAL STATEMENTS - 30TH SEPTEMBER, 1981

## 13: DEFERRED CREDITOR/DEBTOR

The deferred creditor represents the balance due on the computer installations, motor cars and office machinery repayable after 30th September, 1982.

Similarly, a deferred debtor has been created for the interest accruing after 30th September, 1982.

## 14: CAPITAL COMMITMENTS

	<u>1981</u>	<u>1980</u>
Authorised but not contracted for	£ - =====	£ - =====
Contracted for but not provided for	£ - =====	£ - =====

## 15: CONTINGENT LIABILITIES

A charge to United Kingdom Corporation Tax of £20,000 will, under existing legislation, arise were the long leasehold premises to be sold at their revalued amount.

The Inland Revenue has challenged the Company's claim for tax relief in respect of the payments made to an Employees' Trust during the 3 years ended 30th September, 1981 aggregating, together with expenses, £309,455 as at that date. Counsel has advised that the Company's claims are valid and therefore provision has not been made in these financial statements for the additional Corporation Tax together with interest thereon of some £167,500 which would become chargeable if these claims are not successful.