

REGISTRAR'S COPY

Exwold Technology Limited

Abbreviated accounts
Registered number 2735432
31 March 2003



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Report of the independent auditors to Exwold Technology Limited

pursuant to Section 247B of the Companies Act 1985

We have examined the abbreviated accounts set out on pages 2 to 7, together with the financial statements of Exwold Technology Limited prepared under section 226 of the Companies Act for the year ended 31 March 2003.

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 auditor's 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 are responsible for preparing the abbreviated accounts in accordance with section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

Basis of audit opinion

We have carried out the procedures we considered necessary to confirm, by reference to the audited financial statements, that the company is entitled to the exemptions and that the abbreviated accounts have been properly prepared from those financial statements. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Companies Act 1985 and the abbreviated accounts have been properly prepared in accordance with those provisions.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

14 January 2004

Balance sheet
at 31 March 2003

| | Note | 2003 | | 2002 | |
|--|------|-------------|-----------|-------------|-----------|
| | | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Intangible assets | 2 | | 11,582 | | 11,582 |
| Tangible assets | 3 | | 1,153,540 | | 1,353,973 |
| | | | <hr/> | | <hr/> |
| | | | 1,165,122 | | 1,365,555 |
| Current assets | | | | | |
| Stocks | | 229,452 | | 212,042 | |
| Debtors | | 713,041 | | 420,768 | |
| Cash | | 151,438 | | - | |
| | | <hr/> | | <hr/> | |
| | | 1,093,931 | | 632,810 | |
| Creditors: amounts falling due within one year | 4 | (1,427,712) | | (1,218,409) | |
| | | <hr/> | | <hr/> | |
| Net current liabilities | | | (333,781) | | (585,599) |
| | | | <hr/> | | <hr/> |
| Total assets less current liabilities | | | 831,341 | | 779,956 |
| Creditors: amounts falling due after more than one year | 4 | | (142,216) | | (225,340) |
| Provisions for liabilities and charges | | | (34,486) | | (28,141) |
| | | | <hr/> | | <hr/> |
| Net assets | | | 654,639 | | 526,475 |
| | | | <hr/> | | <hr/> |
| Capital and reserves | | | | | |
| Called up share capital | 5 | | 643,865 | | 643,865 |
| Share premium account | | | 10,774 | | 10,774 |
| Profit and loss account | | | - | | (128,164) |
| | | | <hr/> | | <hr/> |
| Shareholders' funds | | | | | |
| Equity | | 71,537 | | (55,609) | |
| Non-equity | | 583,102 | | 582,084 | |
| | | <hr/> | | <hr/> | |
| | | | 654,639 | | 526,475 |
| | | | <hr/> | | <hr/> |

These accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

These accounts were approved by the board of directors on 16th January 2004 and were signed on its behalf by:


JA Robson
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements except as noted below. The company has adopted FRS 19 'Deferred tax' in these financial statements. The adoption of FRS 19 has no effect on the comparative figures and accordingly these have not been restated.

Basis of preparation

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

The company meets its day to day working capital requirements through an overdraft facility which is repayable on demand. The company expects to be able to operate within the facility currently agreed. These views are based on the company's plans.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds of its size.

Intangible fixed assets

Intangible fixed assets are capitalised at their cost. No amortisation has been provided, as the directors believe that this continues to represent the market value of the asset.

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

| | | |
|---------------------|---|--------------------|
| Leasehold property | - | life of lease |
| Motor vehicles | - | 25% per annum |
| Plant and machinery | - | 5% - 25% per annum |

Government grants

Capital based government grants are included within accruals and deferred income in the balance sheet and credited to operating profit over the estimated useful economic lives of the assets to which they relate. Grants of a revenue nature are credited to profit and loss account in the period to which they relate.

Leases

Assets acquired under finance leases and hire purchase contracts are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Post-retirement benefits

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

The company also provides payments to employees in respect of pension contributions. The amounts charged against profits represent the contributions payable in respect of the accounting period.

Research and development expenditure

Expenditure on research and development is written off to the profit and loss account in the year in which it is incurred.

Notes (continued)

1 Accounting policies (continued)

Stocks

Stocks are stated at the lower of cost and net realisable value.

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

2 Intangible fixed assets

Operating
licence
£

Cost and net book value

| | |
|------------------------------|--------|
| At beginning and end of year | 11,582 |
|------------------------------|--------|

The intangible fixed asset represents the cost of obtaining authorisation under the Environmental Protection Act (part A) for the company's processes from HM Inspectorate of Pollution.

3 Tangible fixed assets

Total
£

Cost

| | |
|----------------------|-----------|
| At beginning of year | 2,213,015 |
| Additions | 33,614 |
| Disposals | (1,700) |

| | |
|----------------|-----------|
| At end of year | 2,244,929 |
|----------------|-----------|

Depreciation

| | |
|----------------------|---------|
| At beginning of year | 859,042 |
| Charge for year | 233,197 |
| On disposals | (850) |

| | |
|----------------|-----------|
| At end of year | 1,091,389 |
|----------------|-----------|

Net book value

| | |
|------------------|-----------|
| At 31 March 2003 | 1,153,540 |
|------------------|-----------|

| | |
|------------------|-----------|
| At 31 March 2002 | 1,353,973 |
|------------------|-----------|

Notes (continued)

4 Creditors

Secured creditors comprise the following:

| | 2003 £ | 2002 £ |
|-------------------------------------|-----------|-----------|
| <i>Due within one year</i> | | |
| Bank loans and overdraft | 21,385 | 99,978 |
| Obligations under finance leases | 39,781 | 53,002 |
| | <hr/> | <hr/> |
| <i>Due after more than one year</i> | | |
| Bank loans | 14,770 | 19,000 |
| Obligations under finance leases | 28,307 | 69,017 |
| | <hr/> | <hr/> |

Amounts repayable in more than five years:

| | 2003 £ | 2002 £ |
|-----------|-----------|-----------|
| Bank loan | 2,000 | - |
| | <hr/> | <hr/> |

5 Provisions for liabilities and charges

| | Deferred tax £ | Deferred grants £ | Total £ |
|--|-------------------|----------------------|------------|
| At beginning of year | - | 28,141 | 28,141 |
| Charge/(credit) to profit and loss account | 15,720 | (9,375) | 6,345 |
| | <hr/> | <hr/> | <hr/> |
| | 15,720 | 18,766 | 34,486 |
| | <hr/> | <hr/> | <hr/> |

Deferred taxation

The elements of deferred taxation are as follows:

| | 2003 £ | 2002 £ |
|--|-----------|-----------|
| Difference between accumulated depreciation and capital allowances | 92,804 | 99,359 |
| Short term timing differences | (3,018) | (3,004) |
| Tax losses | (74,066) | (110,945) |
| | <hr/> | <hr/> |
| Provided deferred tax liability | 15,720 | - |
| Unprovided deferred tax asset | - | (14,590) |
| | <hr/> | <hr/> |

Notes (continued)

6 Called up share capital

| | | 2003 £ | 2002 £ |
|---|--|-----------|-----------|
| Authorised | | | |
| Equity: | A Ordinary shares of £1 each | 75,000 | 75,000 |
| | B Ordinary shares of £1 each | 35,000 | 35,000 |
| | C Ordinary shares of 50p each | 28,865 | 28,865 |
| | D Ordinary shares of £1 each | 10,327 | 10,327 |
| Non-equity: | B Preference shares of £1 each | 165,000 | 165,000 |
| | C Preference shares of £1 each | 250,000 | 250,000 |
| | D Preference shares of £1 each | 89,673 | 89,673 |
| | | <hr/> | <hr/> |
| | | 653,865 | 653,865 |
| | | <hr/> | <hr/> |
| | | | |
| | | 2003 £ | 2002 £ |
| Allotted, called up and fully paid | | | |
| Equity: | 65,000 A Ordinary shares of £1 each | 65,000 | 65,000 |
| | 35,000 B Ordinary shares of £1 each | 35,000 | 35,000 |
| | 57,730 C Ordinary shares of 50p each | 28,865 | 28,865 |
| | 10,327 D Ordinary shares of £1 each | 10,327 | 10,327 |
| Non-equity: | 165,000 B Preference shares of £1 each | 165,000 | 165,000 |
| | 250,000 C Preference shares of £1 each | 250,000 | 250,000 |
| | 89,673 D Preference shares of £1 each | 89,673 | 89,673 |
| | | <hr/> | <hr/> |
| | | 643,865 | 643,865 |
| | | <hr/> | <hr/> |

The rights attaching to the shares in issue are as follows:

Dividends

The 'A' Ordinary shares do not have any rights to dividends other than for dividends voted by the directors.

The 'B' Ordinary shares have cumulative rights to a dividend of 10% of post-tax profits in respect of each financial year beginning with the financial year ended 31 March 1994 (subject to there being profits available for distribution). At 31 March 2003 cumulative unpaid dividends amounted to £3,230 (2002: £nil).

The 'C' Ordinary shares have cumulative rights to dividends (subject to there being profits available for distribution) of 10% of post-tax profits from the year ended 31 March 1999 rising to 20% of post-tax profits from the year ending 31 March 2003. At 31 March 2003 cumulative unpaid dividends amounted to £27,763 (2002: £nil).

The 'D' Ordinary shares have cumulative rights to a dividend of 2.1% of post-tax profits in respect of each financial year beginning with the financial year ended 31 March 2001 (subject to there being profits available for distribution). At 31 March 2003 cumulative unpaid dividends amounted to £2,915 (2002: £nil).

The 'B' Preference shares have cumulative rights to a fixed dividend of 12% of subscription price payable in respect of each financial year commencing after 31 March 1994. At 31 March 2003 cumulative unpaid dividends amounted to £nil (2002: £nil).

The 'C' Preference shares have cumulative rights to a fixed dividend of 10% of subscription price payable in respect of each financial year commencing after 31 March 1998. At 31 March 2003 cumulative unpaid dividends amounted to £nil (2002: £nil).

The 'D' Preference shares do not have any right to dividends.

Notes (continued)

6 Called up share capital (continued)

Redemption

The 'A' Ordinary, 'C' Ordinary and 'D' Ordinary shares are not redeemable.

The 'B' Ordinary shares are to be redeemed at the time of a stock exchange listing or on the sale of the equity shares at a premium primarily based on the value of the subscription price.

The redemption dates of the 'B' Preference shares were rescheduled during 1998 so as to be redeemed at a premium of 50 pence per share in instalments commencing 31 March 1998 and ending on 31 March 2000. No shares have been redeemed to date.

The 'C' Preference shares were scheduled to be redeemed at par in two equal annual instalments from 31 March 2001 or at the time of a stock exchange listing or on the sale of the equity shares which would be sufficient to pass control of the company to the purchaser, if earlier. No shares have been redeemed to date.

The 'D' Preference shares are scheduled to be redeemed at par in equal instalments of 9,000 shares every six months commencing 31 July 2002 and ending with an instalment of 8,673 shares on 31 January 2007. No shares have been redeemed to date.

Winding up

On winding up, the assets of the company available for distribution among the members of the company shall be applied in the following order:

- 1 In paying to the holders of the 'D' Preference shares the redemption price per share.
- 2 In paying to the holders of the 'D' Ordinary shares the subscription price per share together with any arrears of dividends.
- 3 In paying to the holders of the 'C' Preference shares the redemption price per share together with any arrears or accruals of dividends thereon.
- 4 In paying to the holders of the 'B' Preference shares the redemption price per share together with any arrears or accruals of dividends thereon.
- 5 In paying to the holders of the 'C' Ordinary shares the subscription price per share together with any arrears of dividends.
- 6 In paying to the holders of the 'B' Ordinary shares the subscription price per share together with any arrears of dividends.
- 7 In paying to the holders of the 'A' Ordinary shares the amount paid up.
- 8 Any surplus assets of the company shall be distributed amongst the holders of the 'A' Ordinary shares, 'B' Ordinary shares and 'C' Ordinary shares in proportion to the number of shares held by them respectively.

Voting rights

- 1 Each holder of equity shares ('A' Ordinary, 'B' Ordinary, 'C' Ordinary and 'D' Ordinary) shall be entitled to vote at all general meetings of the company and shall have, on a poll, one vote for each equity share (of whatever class) of which he is the holder.
- 2 Each holder of the 'B' Preference, 'C' Preference and 'D' Preference shares has no right to vote unless the company has failed or been unable to redeem the relevant proportion of the 'B' Preference, 'C' Preference and 'D' Preference shares not previously redeemed on the relevant dates, and has not since such date effected such redemption, in which event each 'B' Preference shareholder, 'C' Preference shareholder and 'D' Preference shareholder shall have, on a poll, one vote for each 'B' Preference share, each 'C' Preference share and each 'D' Preference share of which he is the holder.