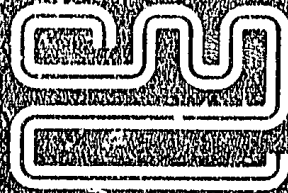


13-09-91



CML Microsystems Plc



Report and Accounts

1991

The Year at a Glance

	1991 £'000	1990 £'000
Turnover	14,320	13,671
Profit before Tax	4,854	4,203
Net Assets	12,784	9,768
Earnings per Share	17.78p	15.5p
Dividends per Share	2.9p	2.3p

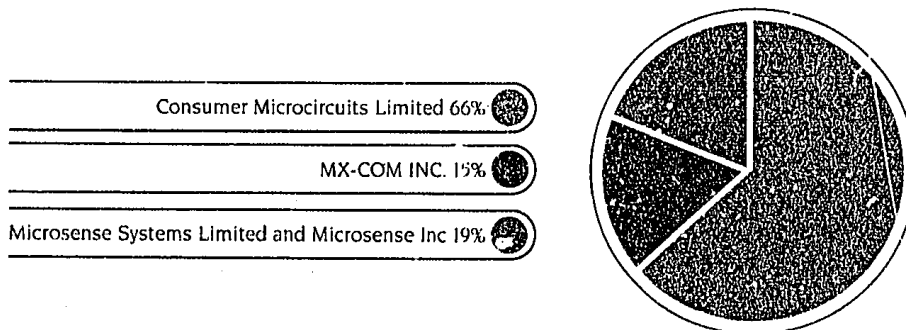
Summary of Operations

■ CML Microsystems Plc was founded in 1968 to produce and market monolithic integrated circuits, and in February 1984 was floated on the Unlisted Securities Market.

■ The Group currently consists of five trading subsidiaries, Consumer Microcircuits Limited and MX-COM INC. who design and produce hybrid, monolithic and other miniature electronic devices used in communication systems, Radio Data Technology Limited who design and produce data communication equipment, and Microsense Systems Limited and Microsense Inc. who design and produce electronic equipment for road traffic control.

■ The Group's trading operations are conducted from Witham and Fareham in the UK, and Winston-Salem, North Carolina in the USA.

Contribution to Group Turnover



73-09-91

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COMPANIES HOUSE, CARDIFF
LONDON CARDIFF

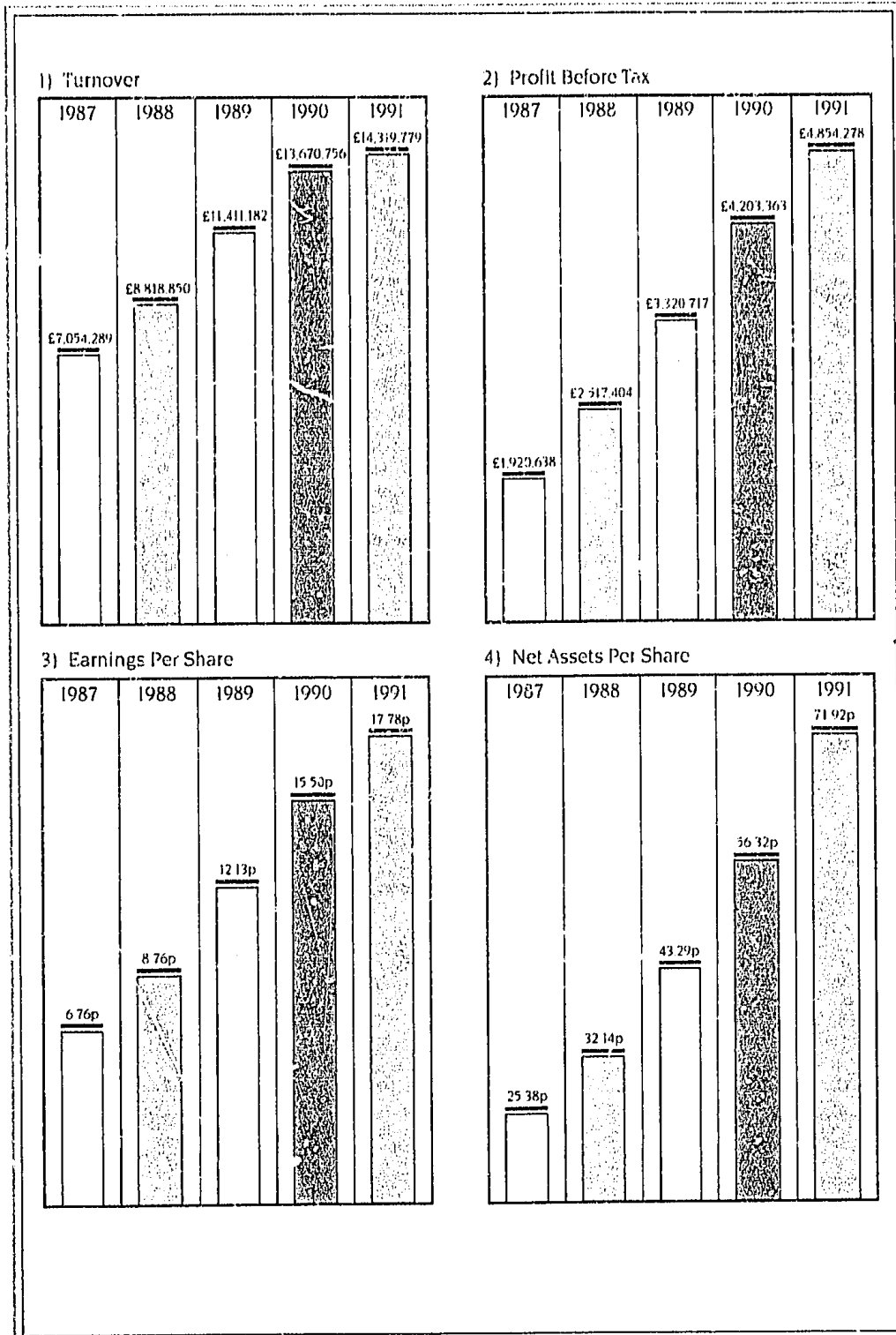
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73-09-97

Five Year Summary



Directors and Advisors

Directors and Secretary

Mr George William Gurry
Aged 59, is Group Executive Chairman. He is founder of the company and has overall responsibility for the direction and development of the Group.

Mr Brian John Hardy
Aged 53, joined the Group in June 1976 as a Sales Manager and was appointed Marketing Director in May 1980. He is responsible for the overall sales and marketing activities of the Group.

Mr Nigel Graham Clark
Aged 37, joined the Group in August 1980. He was appointed Company Secretary in December 1983 and Financial Director in December 1985 and is responsible for the financial and accounting affairs of the Group.

Mr James Christopher Hayes
Aged 56, joined the Group in April 1980, and was appointed a Director in January 1988. He is a United States citizen.

Registered Office
1 Wheaton Road,
Witham, Essex CM8 3TD

Registrars and Transfer Office
Royal Bank of Scotland Plc.,
Registrar's Department, P.O. Box 27
34 Fettes Row, Edinburgh EH3 6VT

Advisors

Stockbrokers
Panmure Gordon & Co. Ltd.,
9 Moorfields Highwalk,
London EC2Y 9DS

Bankers
Barclays Bank Plc.,
9 High Street,
Colchester,
Essex CO1 1DD

Wachovia Bank & Trust,
Winston-Salem,
North Carolina,
USA.

Financial Public Relations Advisors
City & Commercial Plc.,
Bell Court House,
11 Blomfield Street,
London EC2M 7AY.

Solicitors
Kidd Rapinet,
14 & 15 Craven Street,
London WC2N 5AD

13-09-91

Chairman's Statement

☒ The results for the full year show improvement on the growth reported at the interim stage.

☒ For the twelve month period ending 31st March 1991, pre-tax profits rose by 15% to £4.854m (1990-£4.203m) and earnings per share increased by a similar 15% to 17.78p per share (1990-15.5p).

☒ Following some improvement in the second half, full year sales show a 4.7% increase to £14.320m (1990-£13.671m).

☒ Net assets at the year end amounted to 71.92p per share (1990-56.32p) and the group's cash reserves exceeded £8m, net of borrowings (1990-£6m).

☒ Your Directors recommend payment of an annual dividend of 2.9p per share, an increase of 26% on the year previous (1990-2.3p). The dividend will be payable on the 2nd August, 1991.

☒ Sales of semiconductor products reflected the slow market conditions encountered from the opening months. This persisted in several of the Group's principal semiconductor market territories, with UK sales notably affected. Satisfying progress in developing the Far Eastern markets provided for nominally flat overall semiconductor sales growth.

☒ The Group's Traffic business benefited from a healthy increase in sales by Microsense Systems Limited, whose transfer of operations to the new Fareham plant was successfully completed during the year.

☒ Following the restructuring and relocation of Microsense Inc. the profitability and prospects for this operation show positive benefit.

☒ The minority holding in Microsense Inc. was acquired for a cash consideration during the process of reconstruction.

☒ A new Group operating company, Radio Data Technology Limited, has been formed to produce and market data communications equipment. RDT's first products were introduced around the year end, and are aimed at the growing market in the point-to-point transfer of data and instructions via radio links.

73-09-97

Chairman's Statement

☐ The year just ended saw major operational changes effected by both of the Traffic businesses, and I believe they are now poised to contribute increasingly towards the Group's future growth. I am pleased to report that the associated costs, and those of the RDT start up, have been included in the results before you.

☐ The difficulties experienced in some semiconductor market territories during the past year are expected to persist for a time, particularly for sales of products for Cellular Radio systems. Prospects for other markets, and for other products, are more encouraging.

☐ The company's financial strength and focus on operational efficiency is serving it well in the current economic climate.

☐ Though most of the present year still lies ahead, I am encouraged by the confidence with which some prospects may be viewed over the caution presently indicated for others.

☐ Subject to unforeseen circumstances, I am optimistic that a year of maintained growth will be achieved.

☐ Your Board would once again like me to express our gratitude and thanks to all of the Group's employees for their efforts in support of the Company's continuing success.


G. W. Lury
Chairman

7 3 - 0 9 - 9 1

Notice of Annual General Meeting

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of CML Microsystems Plc will be held at Pontlands Park, West Hanningfield Road, Gt. Baddow, Nr. Chelmsford, Essex CM2 8HR on Wednesday 31st July, 1991 at 12.00 noon to transact the following business:-

Ordinary Business

1. To receive and adopt the Company's financial statements and the reports of the Directors and Auditors for the year ended 31st March, 1991.
2. To declare a dividend for the year ended 31st March, 1991.
3. To re-elect B. J. Hardy who retires from the Board by rotation.
4. To re-appoint Casson Beckman as auditors and authorise the Directors to approve their remuneration.
5. To transact any other ordinary business.

Special Business

1. To consider and, if thought fit, pass the following:-

Ordinary Resolution

That the ex-gratia payment of £30,000 made during the year ended 31st March, 1991 to Mr. H. J. Gover in connection with his retirement from office as a Director of the company be hereby approved.

2. To renew the authority as given in the general meeting on 1st August, 1990 to the company to make market purchases of the ordinary shares of 5p each in the capital of the Company as follows:-

Ordinary Resolution

That the Company be and is hereby authorised to make market purchases (within the meaning of Section 163 of the Companies Act 1985) of the ordinary shares of 5p each in the capital of the Company provided that:

- (i) the maximum number of ordinary shares hereby authorised to be acquired is 2,570,000,
- (ii) the minimum price which may be paid for such shares is the nominal value, 5p per share,
- (iii) the maximum price which may be paid for such shares is, in respect of a share contracted to be purchased on any day, an amount equal to 105 per cent of the average price of business done as derived from USM appendix to The Stock Exchange Daily Official List for the ten business days immediately preceding the day on which the share is contracted to be purchased;
- (iv) the authority hereby conferred shall expire on the date of the next general meeting unless and to the extent that such authority is renewed or extended prior to or on such date and
- (v) the Company may make a contract to purchase its own shares under the authority which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of its own shares in pursuance of any such contract.

1 Wheaton Road,
Industrial Estate East,
Witham,
Essex CM8 3TD

By Order of the Board
N. G. Clark
Secretary
21st June, 1991



Notes

A member who is entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy need not also be a member of the Company. A proxy card is enclosed.

It is proposed to pay the dividend, if approved, on 2nd August, 1991 to shareholders registered on 11th July, 1991.

Copies of all contracts of service under which Directors of the Company are employed by the Company will be available for inspection during normal business hours at the Company's offices, 1 Wheaton Road, Industrial Estate East, Witham, Essex CM8 3TD from the date of this notice until the date of the Annual General Meeting and will also be available for inspection for 15 minutes prior to and during the Annual General Meeting.

13-09-91

*Report of the Auditors
to the Members of CML Microsystems Plc*

We have audited the financial statements set out on pages 10 to 20 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the Group and Company's state of affairs at 31st March, 1991 and of the profit and source and application of funds of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

21st June 1991

Casson Beckman.
Casson Beckman
Chartered Accountants
London.

7 3 - 0 9 - 9 7

Report of the Directors

Report of the Directors for the year ended 31st March, 1991.

The directors submit their report and Group financial statements for the year ended 31st March, 1991.

Principal activities

The Group designs, manufactures and markets a range of specialised electronic devices for use in the telecommunications, radio, data communications and traffic control industries.

Business review and future developments

The Group has continued to expand with both turnover and operating profits showing increases on last year and this trend is expected to continue. Further business review details and an indication of likely future developments are contained in the Chairman's Statement on page 4.

Results and Dividends

The results of the Group for the year are set out in the Profit and Loss Account on page 10.

The retained profit of the Group attributable to the ordinary shareholders amounts to £2,581,626 (1990 - £1,292,626).

The directors propose a dividend of £515,490 for the year (1990 - £376,920) payable on 2nd August, 1991. This is equivalent to 2.9p per 5p Ordinary share (1990 - 2.3p per 5p Ordinary share).

Fixed Assets

Details of changes in tangible fixed assets are as set out in note II to the financial statements.

Research and Development

The Group actively reviews technical developments in its markets with a view to taking advantage of the opportunities available to maintain and improve its competitive position.

Directors and their interests

The directors of the Company at 31st March, 1991, all of whom have served throughout the year together with their beneficial interests in shares of the Company, were:-

	Ordinary Shares of 5p each		Options Ordinary Shares of 5p each	
	1991	1990	1991	1990
G. W. Gurry	4,786,822	4,792,532	100,000	60,000
B. J. Hardy	—	—	160,000	120,000
N. G. Clark	—	—	160,000	120,000
J. C. Hayes	128,156	1156	190,000	150,000

73-09-91

Report of the Directors

Report of the Directors
for the year ended 31st March, 1991 – continued

Directors and their Interests – continued

H. J. Gover resigned as a director on 5th April, 1990.

B. J. Hardy retires from the Board by rotation and being eligible offers himself for re-election.

There have been no changes in the above interests between 1st April, 1991 and 1st June, 1991.

There are no contracts of significance in which the directors have an interest.

Substantial shareholdings

Other than the directors' interests shown on page 8 the Company has been advised of the following holdings as at 1st June, 1991:-

Scottish Amicable Investment Managers Limited	8.27%
Norwich Union Fund Managers Limited	5.04%
British Gas Pension Funds Management Limited	4.45%
Queen Anne's Gate Asset Management Limited	4.44%
Network Nominees (Four) Limited	3.94%
Michael Ian Gurry	3.41%
Tina Mary Rose Gurry	3.41%
Christopher Arthur Gurry	3.40%

Annual General Meeting

The notice of the Annual General Meeting sets forth resolutions for the customary business and two ordinary resolutions comprising Special Business relating to:-

1. The ratification of the ex-gratia payment made to Mr. Gover who resigned on the 5th April, 1990.
2. The renewal of the authority granted at the Annual General Meeting of the Company held on 1st August, 1990 for the company to purchase its own shares. No such purchases have been made during the past year.

Close Company

In the opinion of the directors the Company is a close company within the provisions of the Taxes Acts.

Auditors

A resolution to re-appoint Casson Beckman as auditors will be put to the members at the Annual General Meeting.

21st June, 1991
1 Wheaton Road,
Industrial Estate East,
Witham, Essex.
CM8 3TD

By Order of the Board



N. C. Clark
Secretary

13-09-91

Consolidated Profit and Loss Account

		1991		1990	
	Notes	£	£	£	£
Turnover	2		14,319,779		13,670,756
Cost of sales	3		<u>4,176,173</u>		<u>4,809,770</u>
Gross Profit			10,143,606		8,860,986
Distribution costs and administrative expenses	3		<u>6,472,505</u>		<u>5,415,375</u>
			3,671,101		4,445,711
Other operating income	3		<u>149,208</u>		<u>50,365</u>
Operating Profit	3		3,820,309		3,476,076
Interest receivable	6		<u>1,075,763</u>		<u>784,251</u>
			4,896,072		4,260,327
Interest payable	7		<u>41,794</u>		<u>56,964</u>
Profit on Ordinary Activities before Taxation			4,854,278		4,203,463
Taxation on profit on ordinary activities	8		<u>1,721,556</u>		<u>1,479,397</u>
Profit on ordinary activities after taxation					
Parent		971,372		597,255	
Subsidiaries		<u>2,161,350</u>		<u>4,126,901</u>	
Minority interests			3,132,722		2,724,156
			<u>35,606</u>		<u>35,492</u>
			3,097,116		2,688,554
Proposed dividend	9		<u>515,490</u>		<u>598,928</u>
Retained Profit for the Year	19		<u>2,581,626</u>		<u>2,289,626</u>
Earnings per share	10		<u>17.78p</u>		<u>15.5p</u>

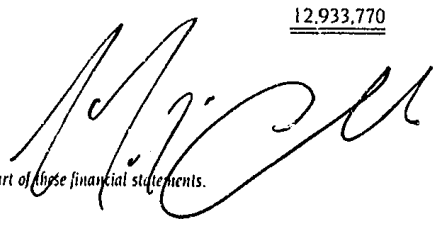
The notes on pages 14-20 form part of these financial statements.

73-09-91

Consolidated Balance Sheet

Consolidated Balance Sheet		1991		1990	
at 31st March 1991.		£	£	£	£
	Notes				
Fixed Assets					
Tangible assets	11		4,680,331		1,121,827
Investments	12		<u>2,000</u>		<u>2,000</u>
			4,682,331		1,123,827
Current Assets					
Stocks	13	1,189,841		1,292,718	
Debtors	14	3,559,057		2,532,254	
Investments	15	7,267,489		4,997,678	
Cash at bank and in hand		<u>1,502,126</u>		<u>1,590,587</u>	
		13,518,513		10,413,237	
Creditors: Amounts falling due within one year	16	<u>5,119,390</u>		<u>4,692,302</u>	
Net Current Assets			<u>8,399,123</u>		<u>5,720,935</u>
Total Assets less Current Liabilities			13,081,454		10,427,155
Creditors: Amounts falling due after more than one year	16	—		303,423	
Provisions for Liabilities and Charges					
Deferred taxation	17	<u>147,684</u>		<u>84,126</u>	
			<u>147,684</u>		<u>386,618</u>
			<u>12,933,770</u>		<u>10,040,537</u>
Capital and Reserves					
Called up share capital	18		888,685		367,235
Share premium account	19		965,342		446,525
Profit and loss account	19		<u>10,929,517</u>		<u>8,451,541</u>
			12,783,544		9,768,301
Minority Interests			<u>150,226</u>		<u>272,236</u>
			<u>12,933,770</u>		<u>10,040,537</u>

G. W. Gurry }
N. G. Clark } Directors



The notes on pages 14-20 form part of these financial statements.

13-09-91

Consolidated Statement of Source and Application of Funds

Consolidated Statement of Source and Application of Funds for the year ended 31st March 1991.		1991		1990	
	£	£	£	£	
Source of Funds					
Profit on ordinary activities before taxation less minority interests		4,818,672		4,167,761	
Adjustment for items not involving the movement of funds:					
Minority interests in the retained profits for the year	35,606		75,602		
Depreciation	725,985		650,130		
Profit on disposal of tangible fixed assets	(33,099)		(21,694)		
Net-exchange variations	(20,061)		(2,331)		
		<u>708,431</u>		<u>661,127</u>	
Total Generated from Operations		5,527,103		4,828,888	
Funds from Other Sources					
Issue of share capital	540,267				
Creditors falling due after more than one year	—		7,281		
Proceeds from sale of tangible fixed assets	<u>90,362</u>		<u>48,852</u>		
		<u>630,629</u>		<u>56,133</u>	
		6,157,732		4,885,021	
Application of Funds					
Purchase of minority interests	197,500				
Purchase of tangible fixed assets	1,388,461		1,587,610		
Creditors falling due after more than one year	303,490				
Taxation paid	1,419,704		1,166,987		
Dividend paid	<u>398,928</u>		<u>412,295</u>		
		<u>3,708,083</u>		<u>3,066,902</u>	
Working Capital – Increase		<u>2,449,649</u>		<u>1,818,221</u>	
Represented by					
Decrease in Stocks	(102,877)			(179,827)	
Increase in Debtors	1,007,552			150,089	
Increase in Investments	2,267,811			1,099,678	
Increase in Creditors falling due within one year	<u>(262,907)</u>			<u>(667,604)</u>	
		<u>2,909,579</u>		<u>1,562,346</u>	
Movement in net liquid funds:					
(Decrease)/Increase in Cash at bank and in hand	(88,461)		315,885		
Increase in bank loan and overdraft	<u>(371,469)</u>				
		<u>(459,930)</u>		<u>315,885</u>	
		<u>2,449,649</u>		<u>1,818,221</u>	

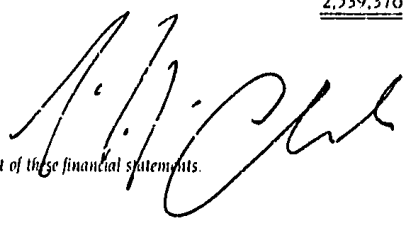
The notes on pages 14-20 form part of these financial statements.

Balance Sheet

Balance Sheet
at 31st March 1991.

	Notes	1991		1990
		£	£	
Fixed Assets				
Tangible assets	11		2,225,947	2,216,000
Investments	12		<u>1,178,518</u>	<u>1,217,000</u>
			3,404,465	3,433,000
Current Assets				
Debtors	14	591,335		161,160
Cash at bank and in hand		<u>1,000,000</u>		161,160
		1,591,335		322,320
Creditors: Amounts falling due within one year	16	<u>1,272,048</u>		1,272,048
Net Current Assets/(Liabilities)			<u>319,287</u>	(631,525)
Total Assets less Current Liabilities			<u>3,723,752</u>	2,791,475
Creditors: Amounts falling due after more than one year	16		<u>1,184,376</u>	<u>840,927</u>
			<u>2,539,376</u>	<u>1,543,227</u>
Capital and Reserves				
Called up share capital	18		888,685	867,235
Share premium account	19		965,342	416,525
Profit and loss account	19		<u>685,349</u>	<u>259,167</u>
			<u>2,539,376</u>	<u>1,543,227</u>

G. W. Gurry }
N. G. Clark } Directors



The notes on pages 14-20 form part of these financial statements.

Notes to the Financial Statements

Notes to the Financial Statements

1. ACCOUNTING POLICIES

(a) Accounting convention

The financial statements have been prepared under the historical cost convention.

(b) Turnover

Turnover represents the total amount receivable by the Group for sale of their products to third parties, excluding Value Added Tax.

(c) Basis of consolidation

These financial statements incorporate the financial statements of the Company and its subsidiaries, except for CML Svenska AB, which is not material for the purpose of giving a true and fair view. No profit and loss account is presented for CML Microsystems Plc as provided by Section 228(7) of the Companies Act 1985. Goodwill arising on acquisition of a subsidiary is written off against reserves.

(d) Depreciation

The tangible fixed assets are being written off by annual instalments over their estimated useful lives as follows:-

Freehold and long leasehold premises	- 2% straight line
Plant and equipment:	
Fixtures and fittings	- 20% reducing balance
Other equipment	- 20% & 25% straight line
Motor vehicles	- 25% straight line

(e) Stocks

Stocks are valued on a first in, first out basis and are stated at the lower of cost and net realisable value. In respect of work in progress and finished goods, cost comprises direct materials, direct labour and a proportion of overhead expenses appropriate to the business.

(f) Deferred taxation

Deferred taxation is calculated on the liability method. It is provided to the extent that it is considered, with reasonable probability, that a liability will become payable within the foreseeable future.

(g) Foreign currencies

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

The financial statements of the overseas subsidiaries are translated into sterling at the rate of exchange ruling at the balance sheet date. Translation differences are dealt with through reserves.

(h) Research and development

Research and development expenditure is charged to the profit and loss account when it is incurred.

(i) Investments

Fixed asset investments are stated at cost less any provision for diminution in value.

Investments held as current assets are stated at the lower of cost and net realisable value.

(j) Pensions

The group operate several pension schemes. The defined contribution scheme covers certain of its permanent employees and pension costs charged against profits represent the amounts payable to the scheme in respect of the year.

The expected cost of pensions in respect of the Group's defined benefit pension scheme is charged to the profit and loss account so as to spread the cost of pensions over the service lives of employees in the scheme. Variations from the regular cost are spread over the remaining service lives of current employees in the scheme. The pension cost is assessed in accordance with the advice of qualified actuaries.

Notes to the Financial Statements

Notes to the Financial Statements - continued

2. TURNOVER

The turnover and profit of the Group for the year derive from the same class of business, as noted in the report of the directors.

	1991 £	1990 £
Geographical classification of turnover:		
United Kingdom	3,750,729	3,912,847
Western Europe (principally France, Germany, Italy & Scandinavia)	6,010,180	5,971,361
Japan and Far East	2,299,025	1,350,171
North America	1,898,789	2,019,176
Others	361,056	250,662
	<u>14,319,779</u>	<u>13,670,796</u>

A further analysis of turnover and profit originating overseas has not been given since in the opinion of the directors, this might be prejudicial to the commercial interests of the Group.

3. OPERATING PROFIT

	1991		1990	
	£	£	£	£
Operating profit is stated after charging or crediting:-				
Cost of sales;				
Depreciation		<u>225,916</u>		<u>271,300</u>
Distribution costs		1,268,291		1,028,331
Administrative expenses:				
Loss on Exchange	36,707			
Depreciation	500,069		427,136	
Auditors' remuneration	45,425		91,500	
Hire of equipment	3,557		1,959	
Rentals under other operating leases	24,509		37,045	
Research & Development	996,272		1,363,098	
Patents	6,427		5,175	
Other expenses	<u>3,591,248</u>		<u>2,513,984</u>	
		<u>5,204,214</u>		<u>4,386,891</u>
		<u>6,472,505</u>		<u>5,415,275</u>
Other operating income:-				
Profit on exchange		47,829		3,129
Profit on sale of tangible fixed assets		33,099		24,694
Other income		<u>68,280</u>		<u>2,542</u>
		<u>149,208</u>		<u>30,365</u>

4. EMPLOYEES

	1991 £	1990 £
Staff costs, including directors, during the year amounted to:-		
Wages and salaries	4,081,775	4,578,447
Social security costs	369,582	296,539
Other pension and health care costs	<u>422,676</u>	<u>369,148</u>
	<u>4,874,033</u>	<u>5,244,134</u>

The average weekly number of employees, including directors, during the year was:-

	1991 No.	1990 No.
Administration	35	35
Engineering	42	49
Manufacturing	134	129
Selling	26	24
	<u>237</u>	<u>237</u>

Notes to the Financial Statements

Notes to the Financial Statements – continued

	1991	1990
5. DIRECTORS' EMOLUMENTS		
	£	£
Emoluments and pension contributions	<u>547,370</u>	<u>521,921</u>
Remuneration of directors excluding pension contributions:-		
Chairman	<u>134,593</u>	<u>119,277</u>
Highest Paid Director	<u>144,493</u>	<u>128,699</u>
	No.	No.
Other:		
£ 25,001 – £ 30,000	-	1
£ 90,001 – £ 95,000	-	1
£100,001 – £105,000	1	1
£125,001 – £130,000	-	1
£130,001 – £135,000	<u>1</u>	<u>1</u>
Mr. H. J. Gover was paid an ex-gratia payment of £30,000 following his retirement.		
6. INTEREST RECEIVABLE	1991	1990
	£	£
Bank Interest	<u>1,075,763</u>	<u>254,251</u>
7. INTEREST PAYABLE	1991	1990
	£	£
On bank overdraft and loans wholly repayable within five years	28,199	36,741
On overdue tax	<u>13,595</u>	<u>1,222</u>
	<u>41,794</u>	<u>38,963</u>
8. TAXATION	1991	1990
	£	£
UK Corporation tax:		
Based on profit for the year at 34% (1990 - 33%)	1,565,684	1,136,951
Deferred taxation	<u>64,556</u>	<u>10,176</u>
	1,630,240	1,147,127
Overseas taxation	<u>91,316</u>	<u>32,189</u>
	<u>1,721,556</u>	<u>1,179,316</u>
9. PROPOSED DIVIDEND	1991	1990
	£	£
2.9p per Ordinary share of 5p (1990 - 2.3p per Ordinary share of 5p)	<u>515,490</u>	<u>398,928</u>

10. EARNINGS PER SHARE

The calculation of earnings per share on the net basis is calculated on earnings of £3,097,116 (1990 - £2,658,534) and on a weighted average number of shares of 17,417,621 (1990 - 17,344,766)

Notes to the Financial Statements

Notes to the Financial Statements - continued

11. TANGIBLE FIXED ASSETS

	Freehold Land and Buildings £	Long Leasehold Land & Building £	Plant and Equipment £	Motor Vehicles £	TOTAL £
Group Cost					
At 1st April 1990	1,897,800	773,121	4,158,702	619,426	7,449,049
Additions	26,804	405,384	814,834	141,439	1,388,461
Disposals	—	—	(13,935)	(149,632)	(163,567)
Exchange difference	(37,721)	—	(32,505)	(2,247)	(72,473)
As 31st March 1991	<u>1,886,883</u>	<u>1,178,505</u>	<u>4,927,096</u>	<u>608,986</u>	<u>8,601,470</u>
Depreciation					
At 1st April 1990	235,663	10,412	2,785,915	295,236	3,327,226
Charge for the year	37,185	18,478	523,727	144,595	725,985
Relating to disposals	—	—	(3,887)	(102,417)	(106,304)
Exchange difference	(5,019)	—	(18,804)	(1,945)	(25,768)
At 31st March 1991	<u>269,829</u>	<u>28,890</u>	<u>3,286,951</u>	<u>335,469</u>	<u>3,921,139</u>

Net book value					
At 31st March 1991	<u>1,617,054</u>	<u>1,149,615</u>	<u>1,640,145</u>	<u>273,517</u>	<u>4,680,331</u>
At 31st March 1990	<u>1,662,137</u>	<u>762,709</u>	<u>1,372,787</u>	<u>324,190</u>	<u>4,121,823</u>

	Freehold Land and Buildings £	Long Leasehold Land and Building £	Motor Vehicles £	TOTAL £	
Company Cost					
At 1st April 1990		1,180,890	773,121	90,587	2,044,598
Additions		26,804	405,384	—	432,188
At 31st March 1991		<u>1,207,694</u>	<u>1,178,505</u>	<u>90,587</u>	<u>2,476,786</u>

Depreciation					
At 1st April 1990		140,285	10,412	45,294	195,991
Charge for the year		13,723	18,478	22,647	54,848
At 31st March 1991		<u>154,008</u>	<u>28,890</u>	<u>67,941</u>	<u>250,839</u>

Net book value					
At 31st March 1991		<u>1,053,686</u>	<u>1,149,615</u>	<u>22,646</u>	<u>2,225,947</u>
At 31st March 1990		<u>1,040,605</u>	<u>762,709</u>	<u>45,294</u>	<u>1,848,607</u>

12. FIXED ASSET INVESTMENTS

	Group		Company	
	1991 £	1990 £	1991 £	1990 £
Investment in subsidiaries:-				
Cos' of shares at 1st April 1990	2,000	2,000	219,803	219,503
Additions	—	—	197,502	—
Disposals	—	—	(197,500)	—
Cost of shares at 31st March 1991	<u>2,000</u>	<u>2,000</u>	<u>219,805</u>	<u>219,503</u>
Advances to subsidiaries	—	—	958,713	997,269
	<u>2,000</u>	<u>2,000</u>	<u>1,178,518</u>	<u>1,216,772</u>

Notes to the Financial Statements

Notes to the Financial Statements – continued

Details of the subsidiaries of the Company are as follows:-

Name	Country of incorporation	Percentage held	Holding
Consumer Microcircuits Limited	England	100% – Trading in England	Direct
Microsense Systems Limited	England	55% – Trading in England	Direct
Radio Data Technology Limited (formerly CML Traffic Systems Limited)	England	100% – Trading in England	Direct
CML Svenska AB	Sweden	100% – Non-trading	Direct
CML Microsystems Inc.	USA	100% – USA Holding Company Non-trading	Direct
Microsense Inc.	USA	100% – Trading in USA	Indirect
MX-COM INC.	USA	100% – Trading in USA	Indirect

The aggregate amount of capital and reserves at 31st December, 1990 of the non consolidated subsidiary undertaking, CML Svenska AB, amounted to £5,456 and the loss for the year was £319.

All of the above trading companies are involved in the design, manufacture and marketing of specialised electronic devices for use in the telecommunications, radio, data communications and traffic control industries.

13. STOCKS

	Group	
	1991	1990
	£	£
Raw materials	621,095	200,570
Work in progress	275,149	111,750
Finished goods	293,597	367,660
	<u>1,189,841</u>	<u>680,980</u>

14. DEBTORS

	Group		Company	
	1991	1990	1991	1990
	£	£	£	£
Trade debtors	2,377,304	2,099,974	—	—
ACT recoverable (after one year)	171,830	112,976	171,830	112,976
Other debtors	469,900	41,632	419,505	30,654
Prepayments	540,023	2,180,000	—	500
	<u>3,559,057</u>	<u>4,412,641</u>	<u>591,335</u>	<u>164,130</u>

15. CURRENT ASSET INVESTMENTS

	Group		Company	
	1991	1990	1991	1990
	£	£	£	£
Bank deposits	<u>7,267,489</u>	<u>4,999,678</u>	<u>1,000,000</u>	—

16. CREDITORS – Amounts falling due within one year

	Group		Company	
	1991	1990	1991	1990
	£	£	£	£
Trade creditors	1,235,568	1,311,827	—	—
Bank loan and overdraft	371,469	—	83,947	—
Corporation tax	1,850,608	1,574,158	488,331	244,585
Other taxation and social security costs	305,161	210,091	82,893	77,670
Other creditors	27,092	135,558	360	11,115
Accruals	814,002	459,440	101,027	63,287
Dividend payable	515,490	398,928	515,490	398,928
	<u>5,119,390</u>	<u>4,092,302</u>	<u>1,272,048</u>	<u>795,685</u>
– Amounts falling due after one year and within five years				
Bank loan falling due between one and two years	—	302,490	—	—
Amounts owed to subsidiary undertakings	—	—	1,184,376	890,927
	<u>—</u>	<u>302,490</u>	<u>1,184,376</u>	<u>890,927</u>

Notes to the Financial Statements

Notes to the Financial Statements – continued

17. DEFERRED TAXATION

The provision for deferred taxation calculated at 33% (1990 – 35%) on the liability method is:-

Group:-	Provision		Potential	
	1991 £	1990 £	1991 £	1990 £
Capital allowances in excess of related depreciation	25,849	26,779	206,209	210,675
Short term timing differences	<u>121,835</u>	<u>56,579</u>	<u>121,835</u>	<u>56,579</u>
	<u>147,684</u>	<u>83,358</u>	<u>328,044</u>	<u>267,254</u>
Company:-				
Capital allowances in excess of related depreciation	<u>—</u>		<u>180,360</u>	181,170

18. SHARE CAPITAL

Authorised –

25,000,000 Ordinary shares of 5p each
(1990 – 25,000,000 Ordinary shares of 5p each)

Allotted, issued and fully paid –

17,773,702 Ordinary shares of 5p each
(1990 – 17,147,702 Ordinary shares of 5p each)

During the year 303,996 5p Ordinary shares were issued for a consideration of £342,767 as a result of employees exercising their options and 125,000 5p Ordinary shares were issued for a consideration of £197,500 to purchase the minority interest in MX-COM Inc.

Share options

The initial CML Share Option Scheme was established by the Company on 27th January, 1984, and an additional scheme increasing the options was approved at the Extraordinary General Meeting on 3rd August, 1988. Up to 31st March, 1991 options have been granted on 1,185,590 Ordinary shares of 5p each (1990 – 1,095,402 Ordinary shares of 5p each) to certain employees, including directors. Options on a further 82,768 (1990 – 47,192) Ordinary shares are available to be issued to other employees. Existing options are exercisable as follows:-

	Ordinary Shares of 5p each	
	1991	1990
From 25th June 1987 to 25th May 1991 at £1.035	1,820	1,820
From 22nd November 1988 to 23rd October 1992 at £0.65p	19,840	21,060
From 15th January 1991 to 16th December 1994 at £1.13	109,260	210,912
From 25th November 1991 to 26th October 1995 at £1.31	440,000	170,000
From 12th January 1994 to 13th December 1997 at £1.325	614,670	—

19. RESERVES

	Group		Company	
	1991 £	1990 £	1991 £	1990 £
Share premium account:-				
At 1st April 1990	446,525	446,525	446,525	446,525
Ordinary shares at 5p each	<u>518,817</u>	—	<u>518,817</u>	—
At 31st March 1991	<u>965,342</u>	446,525	<u>965,342</u>	446,525
Profit and loss account:-				
At 1st April 1990	8,454,541	6,144,471	229,467	31,440
Write off of goodwill on consolidation	(47,900)	—	—	—
Translation exchange difference	(58,750)	29,011	—	—
	8,347,891	6,164,915	229,467	31,440
Retained profit for the year	<u>2,581,626</u>	<u>2,289,636</u>	<u>455,882</u>	<u>198,937</u>
At 31st March 1991	<u>10,929,517</u>	<u>8,454,541</u>	<u>685,349</u>	<u>229,467</u>

Notes to the Financial Statements

Notes to the Financial Statements - continued

Reserves - continued

Net effect of acquisition of subsidiary

Goodwill arising on acquisition comprises:-

Name of subsidiary	Purchase Price	Fair Value and book value to the Group	Goodwill
MX-COM INC.	<u>£197,500</u>	<u>£149,600</u>	<u>£47,900</u>

20. CAPITAL COMMITMENTS

Capital commitments for which no provision has been made in these financial statements are:-

	1991	Group	1990
	£		£
Contracted	<u>24,626</u>		<u>136,392</u>

21. PENSION COMMITMENTS/PROFIT SHARING PLAN

The group operates several pension schemes throughout the United Kingdom and overseas. The major scheme which covers 74% of scheme members is of the defined benefit type. The assets of the defined benefit scheme are held in a separate trustee administered fund. In addition, the group operates a defined contribution scheme covering certain of its permanent employees. The overseas subsidiaries operate a trustee profit sharing plan for eligible employees. The total pension cost for the group was £373,251 (1990 - £321,995) of which £122,098 (1990 - £97,712) relates to the overseas schemes. The pension cost relating to the UK defined benefit scheme is assessed in accordance with the advice of qualified actuaries using the projected unit method which assesses the pension accrued at the valuation date and the cost of pension accruing in the future.

The latest actuarial assessment of the defined benefit scheme was as at 1st September, 1988. 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 and pensions. It was assumed that the investment return would be 9% per annum, that salary increases would average 7% per annum and that present and future pensions would increase at the rate of 3% per annum.

At the date of the latest actuarial valuation, the market value of the assets of the UK scheme was £695,000 and the actuarial value of the assets was sufficient to cover 90% of the benefits that had accrued to members, after allowing for expected future increases in earnings. This deficiency amounting to £70,000 should be eliminated by 2008 at the current employer's contribution rate of 9.72% of pensionable earnings.

22. CONTINGENT LIABILITIES

The company has given guarantees to third parties amounting to £100,000 (1990 - £100,000) and has also guaranteed bank loans of its subsidiaries amounting to £287,522 (1990 - £303,690).

23. OPERATING LEASE COMMITMENTS

At 31st March 1991 the Group was committed to make the following payments during the next year in respect of operating leases.

	1991	1990
	£	£
Leases which expire:-		
within 1 year	—	7,000
after 5 years	—	17,500
	<u>—</u>	<u>24,500</u>

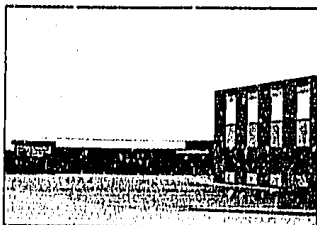
24. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were formally approved by the Board of Directors on 21st June, 1991.

The Group's facilities



The new facility of Microsense Systems Ltd., at Farcham, Hampshire.

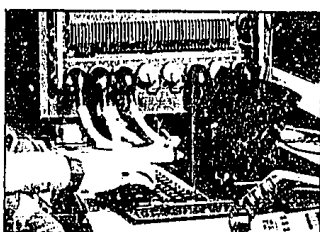
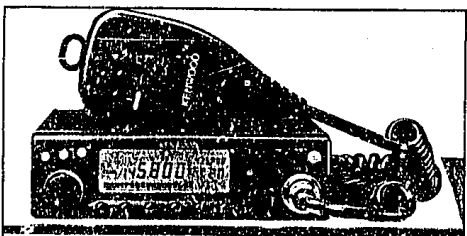
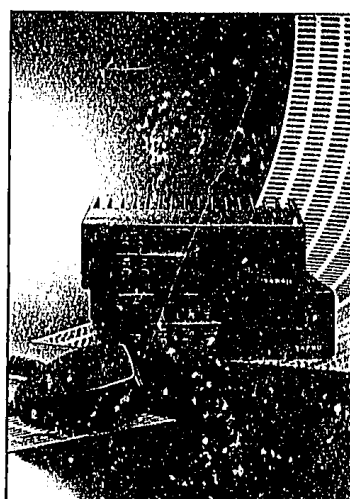


CML Microsystems Plc and Consumer Microcircuits Ltd., at Witham, Essex.



CML Microsystems Inc., MX-COM Inc., and Microsense Inc., in Winston-Salem, North Carolina.

CML Products and Applications



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