

CYGNUS INSTRUMENTS LIMITED

FINANCIAL STATEMENTS

31ST DECEMBER 1995

KENNEDY LEGG

ACCOUNTANTS AND REGISTERED AUDITORS

DORCHESTER



CYGNUS INSTRUMENTS LIMITED
FINANCIAL STATEMENTS
for the year ended 31st December 1995

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CYGNUS INSTRUMENTS LIMITED

COMPANY INFORMATION

31st December 1995

DIRECTORS

D L Cartwright
P J Meech
Mrs P Fagg

SECRETARY

D L Cartwright

REGISTERED OFFICE

Cygnus House
30 Prince of Wales Road
Dorchester
Dorset DT1 1PW

BANKERS

Lloyds Bank PLC
38 Blue Boar Row
Salisbury
Wilts SP1 1DB

SOLICITORS

Richard Dukes & Co
64 High West Street
Dorchester
Dorset DT1 1XA

AUDITORS

Kennedy Legg
Stafford House
10 Prince of Wales Road
Dorchester
Dorset DT1 1PW

DIRECTORS' REPORT

31st December 1995

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

Principal activity

The principal activity of the company is the manufacture and sale of ultrasonic thickness gauges and other instruments.

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:

	31st December 1995 Ordinary shares	1st January 1995 Ordinary shares
D L Cartwright	12,000	12,000
P J Meech	-	-
Mrs P Fagg	-	-

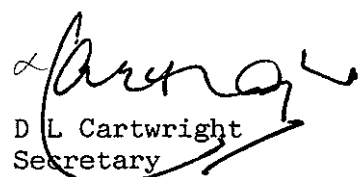

Auditors

The Company has elected to dispense with the annual appointment of auditors. In the absence of a specific resolution to the contrary Kennedy Legg will continue in office.

Small company exemptions

Advantage has been taken in the preparation of this report of special exemptions applicable to small companies.

On behalf of the board

 
D L Cartwright
Secretary

Cygnus House
30 Prince of Wales Road
Dorchester
Dorset DT1 1PW

27th September 1996

CYGNUS INSTRUMENTS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

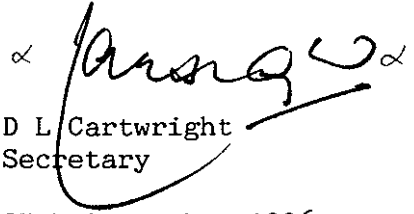
We are required under company law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements we are required to:

- select suitable accounting policies and apply them consistently;
- make reasonable and prudent judgements and estimates;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

We are also responsible for:

- keeping proper accounting records;
- safeguarding the company's assets;
- taking reasonable steps for the prevention and detection of fraud.

On behalf of the board


D L Cartwright
Secretary

27th September 1996

CYGNUS INSTRUMENTS LIMITED

AUDITORS' REPORT

Auditors' report to the members of
Cygnus Instruments Limited

We have audited the financial statements on pages 5 to 11 which have been prepared under the accounting policies set out on page 7.

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 error or other irregularity. 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 31st December 1995 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.



Kennedy Legg
Registered Auditors
Dorchester

27th September 1996

CYGNUS INSTRUMENTS LIMITED

PROFIT AND LOSS ACCOUNT

for the year ended 31st December 1995

	Note	1995 £	1994 £
Turnover	2	860,140	848,260
Cost of sales		(316,180)	(255,772)
Gross profit		543,960	592,488
Net operating expenses			
Distribution costs		(123,275)	(159,870)
Administrative expenses		(404,113)	(437,958)
Other operating income		14,557	11,360
Operating profit	3	31,129	6,020
Investment income		-	623
Interest payable	5	(2,840)	(1,777)
Profit on ordinary activities before taxation		28,289	4,866
Taxation	6	(8,828)	3,667
Profit on ordinary activities after taxation			
retained for the year	14	19,461	8,533

Movements in reserves are shown in note 14.

None of the company's activities were acquired or discontinued during the above two financial years.

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

BALANCE SHEET

at 31st December 1995

	Note	1995 £	1994 £
Fixed assets			
Tangible assets	7	104,216	99,594
Current assets			
Stocks	8	77,325	69,268
Debtors	9	268,167	243,727
Cash at bank and in hand		227,235	311,461
		<u>572,727</u>	<u>624,456</u>
Creditors: amounts falling due within one year	10	<u>(284,595)</u>	<u>(351,163)</u>
Net current assets		<u>288,132</u>	<u>273,293</u>
Total assets less current liabilities		<u><u>392,348</u></u>	<u><u>372,887</u></u>
Capital and reserves			
Called up share capital	13	80,000	80,000
Profit and loss account	14	312,348	292,887
Total shareholders' funds	12	<u><u>392,348</u></u>	<u><u>372,887</u></u>

The directors have taken advantage in the preparation of these financial statements of special exemptions provided by Part I of Schedule 8 to the Companies Act 1985 on the basis that the company qualifies as a small company.

The financial statements on pages 5 to 11 were approved by the board of directors on 27th September 1996.

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P J Meech
Director

NOTES TO THE FINANCIAL STATEMENTS

31st December 1995

1 Accounting policies**Basis of accounting**

The financial statements have been prepared under the historical cost accounting rules.

The company has taken advantage of the exemption from preparing a cash flow statement conferred by Financial Reporting Standard No. 1 on the grounds that it is entitled to the exemptions available in Section 246 to 247 of the Companies Act 1985 for small companies.

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:

Machinery small tools and equipment	20% reducing balance
Motor vehicles	25% reducing balance
Office equipment fixtures and fittings	20% reducing balance

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.

Foreign currencies

Transactions expressed in foreign currencies are translated into sterling and recorded at rates of exchange approximating to those ruling at the date of the transaction. Monetary assets and liabilities are translated at rates ruling at the balance sheet date. All differences are taken to the profit and loss account.

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.

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.

In the opinion of the directors, 69% of the turnover of the company is attributable to geographical markets outside the UK. (1994 60%)

CYGNUS INSTRUMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31st December 1995

3 Operating profit

	1995 £	1994 £
Operating profit is stated after crediting		
Interest receivable	14,557	11,360
Profit on sale of assets	1,098	-
	<u> </u>	<u> </u>
and after charging		
Auditors' remuneration	7,800	7,300
Operating leases - Rent	9,600	7,800
Loss on sale of assets	-	2,237
Loss on foreign exchange	13,072	382
Research and development expenditure	6,269	17,043
	<u> </u>	<u> </u>
Depreciation of tangible fixed assets (note 7)		
owned assets	28,662	26,903
	<u> </u>	<u> </u>

4 Directors

	1995 £	1994 £
Directors' emoluments	121,016	150,116
	<u> </u>	<u> </u>

5 Interest payable

	1995 £	1994 £
Interest payable	2,840	1,777
	<u> </u>	<u> </u>

6 Taxation

	1995 £	1994 £
Corporation tax on profit on ordinary activities at 25% (1994 25%)	8,828	1,406
Over provision in earlier years	-	(5,072)
	<u> </u>	<u> </u>
	8,828	(3,666)
	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS

31st December 1995

7 Tangible fixed assets

Cost or valuation	Motor Vehicles £	Office Equipment Fixtures and Fittings £	Machinery Small Tools and Equipment £	Total £
1st January 1995	52,821	65,900	105,471	224,192
Additions	27,564	-	15,617	43,181
Disposals	(26,834)	-	-	(26,834)
31st December 1995	53,551	65,900	121,088	240,539
Depreciation				
1st January 1995	28,770	43,731	52,097	124,598
Charge for year	10,430	4,434	13,798	28,662
Disposals	(16,937)	-	-	(16,937)
31st December 1995	22,263	48,165	65,895	136,323
Net book amount				
31st December 1995	31,288	17,735	55,193	104,216
1st January 1995	24,051	22,169	53,374	99,594

8 Stocks

	1995 £	1994 £
Stocks	77,325	69,268

9 Debtors

	1995 £	1994 £
Amounts falling due within one year		
Trade debtors	236,019	220,496
Other debtors	32,148	23,231
	268,167	243,727

CYGNUS INSTRUMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31st December 1995

10 Creditors: amounts falling due within one year

	1995 £	1994 £
Bank overdraft	37,071	44,228
Trade creditors	76,232	88,621
Amounts owed to group undertakings and undertakings in which the company has a participating interest	83,540	91,122
Other creditors	87,752	127,192
	<u>284,595</u>	<u>351,163</u>

The company is a party to an agreement with the bank which, if circumstances require, provides a reciprocal right of set off between itself, Surtest Limited and Surtest Marine Limited. In addition there are cross guarantees in force between the company, Surtest Limited and Surtest Marine Limited.

11 Deferred taxation

	1995 Potential liability £	1995 Provision made £	1994 Potential liability £	1994 Provision made £
Corporation tax deferred by Capital allowances	<u>3,745</u>	<u>-</u>	<u>3,580</u>	<u>-</u>

The potential liability and provision are based on a corporation tax rate of 25% (1994 25%).

12 Reconciliation of movements in shareholders' funds

	1995 £	1994 £
Profit for the financial year representing a Net addition to shareholders' funds	19,461	8,533
Opening shareholders' funds	<u>372,887</u>	<u>364,354</u>
Closing shareholders' funds	<u>392,348</u>	<u>372,887</u>

CYGNUS INSTRUMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31st December 1995

13 Called up share capital

	1995		1994	
	Number of shares	£	Number of shares	£
Authorised				
Ordinary £1 shares	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>
Allotted called up and fully paid				
Ordinary £1 shares	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>

14 Profit and loss account

	1995 £
1st January 1995	292,887
Retained profit for the year	<u>19,461</u>
31st December 1995	<u>312,348</u>

15 Post balance sheet events

There were no material post balance sheet events which affect these financial statements.

16 Contingent liabilities

There were no contingencies at 31st December 1995.

17 Financial commitments

Pension commitments

The company operates a contributory pension scheme covering certain employees, and a non-contributory pension scheme covering all the directors. The assets of the schemes are held in separate trustee administered funds and contributions are charged to the profit and loss account.

18 Capital commitments

There were no capital commitments at 31st December 1995.