

REGISTRARS COPY

COMPANY NUMBER 1699180

CYGNUS INSTRUMENTS LIMITED

REPORT AND FINANCIAL STATEMENTS

31ST DECEMBER 1992



KENNEDY LEGG

Chartered Accountants

DORCHESTER

CYGNUS INSTRUMENTS LIMITED

FINANCIAL ACCOUNTS

for the year ended

31ST DECEMBER 1992

INDEX

Page	1-2	Report of the Directors
	3	Report of the Auditors
	4	Profit and Loss Account
	5	Balance Sheet
	6-11	Notes to the Accounts

CYGNUS INSTRUMENTS LIMITED

COMPANY INFORMATION

DIRECTORS

D.L. Cartwright
P. Meech
P. Fagg (appointed 16.3.92)

SECRETARY

D.L. Cartwright

REGISTERED OFFICE

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

REGISTERED NUMBER

1699180

AUDITORS

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

BANKERS

Lloyds Bank PLC,
38 Blue Bank Row,
Salisbury,
Wilts SP1 1DB.

CYGNUS INSTRUMENTS LIMITEDREPORT OF THE DIRECTORS

The Directors present their report and Audited Accounts for the year ended 31st December 1992.

PRINCIPAL ACTIVITY

The principal activity of the company throughout the year was that of the manufacture and sale of ultrasonic thickness gauges and other instruments.

REVIEW OF THE BUSINESS

A summary of the results of the trading for the year is given on page 4 of the Accounts.

The directors consider the state of affairs to be satisfactory.

RESULTS AND DIVIDENDS

The retained profit of the company for the year was £93786 (1991 - £87432 profit).

The directors recommend that this be added to the retained earnings at the beginning of the year and that the balance of £307613 be carried forward.

The directors do not recommend the payment of a dividend.

EVENTS SINCE THE END OF THE YEAR

Details of post balance sheet events are given in note 18 on page 11.

FIXED ASSETS

Changes in fixed assets during the year are set out in note 10 on page 9.

FUTURE DEVELOPMENTS

Work is continuing on the development and modification of existing products to meet customers' requirements and to take advantage of new technology as it becomes available.

DIRECTORS

The directors who served during the year and their beneficial interests in the company's issued ordinary share capital were as follows:

	<u>31st December 1992</u>	<u>31st December 1991</u>
D.L. Cartwright	12000	12000
P. Meech	nil	nil
P. Fagg (appointed 16.3.92)	nil	nil

CYGNUS INSTRUMENTS LIMITED

REPORT OF THE DIRECTORS

POLITICAL AND CHARITABLE CONTRIBUTIONS

No political or charitable contributions were made during the year.

HOLDING COMPANY

The company is a subsidiary of Surtest Marine Limited, a company registered in England.

CLOSE COMPANY

In the opinion of the directors the company is a close company within the provisions of the Income and Corporation Taxes Act 1988.

AUDITORS

The auditors, Messrs. Kennedy Legg, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

Signed on behalf of the Board of Directors:



D.L. CARTWRIGHT
Secretary

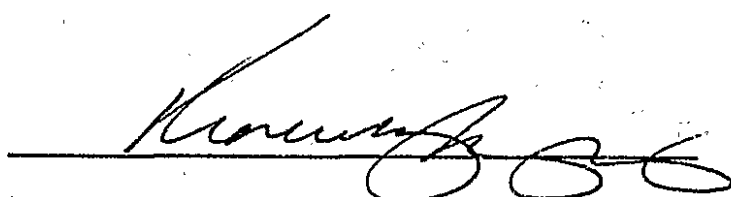
Cygnus House,
30 Prince of Wales Road,
Dorchester,
Dorset DT1 1PW.

20th August 1993

REPORT OF THE AUDITORS TO THE MEMBERS OF
CYGNUS INSTRUMENTS LIMITED

We have audited the Accounts on pages 4 to 11 in accordance with Auditing Standards.

In our opinion the Accounts give a true and fair view of the state of the company's affairs at 31st December 1992 and of the profit for the year ended on that date and have been properly prepared in accordance with the Companies Act 1985.



KENNEDY LEGG
Registered Auditor and
Chartered Accountants

Stafford House,
10 Prince of Wales Road,
Dorchester,
Dorset DT1 1PW.

20th August 1993

CYGNUS INSTRUMENTS LIMITEDPROFIT AND LOSS ACCOUNTFOR THE YEAR ENDED 31ST DECEMBER 1992

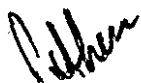
	<u>Note</u>	<u>1992</u>	<u>1991</u>
		£	£
<u>TURNOVER</u>	2	802622	719957
Cost of sales		<u>267191</u>	<u>207866</u>
<u>GROSS PROFIT</u>		535431	512091
Distribution costs		133513	132509
Administrative expenses		<u>373068</u>	<u>336750</u>
		<u>506581</u>	<u>469259</u>
Other operating income	6	28850	42832
		<u>27555</u>	<u>11329</u>
<u>OPERATING PROFIT</u>	3	56405	54161
Interest payable	7	<u>593</u>	<u>784</u>
<u>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</u>		55812	53377
Tax on profit on ordinary activities	8	<u>16026</u>	<u>14060</u>
<u>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION BEFORE EXTRAORDINARY ITEMS</u>		39786	39317
Extraordinary items	9	<u>54000</u>	<u>48115</u>
<u>RETAINED PROFIT FOR THE YEAR</u>		93786	87432
Retained profit brought forward		<u>213827</u>	<u>126395</u>
<u>RETAINED PROFIT CARRIED FORWARD</u>		<u>307613</u>	<u>213827</u>

The Notes on pages 6 to 11 form part of these Accounts.

CYGNUS INSTRUMENTS LIMITEDBALANCE SHEETAS AT 31ST DECEMBER 1992

	<u>Note</u>	<u>1992</u>	<u>1991</u>
		£	£
<u>FIXED ASSETS</u>			
Tangible assets	10	103057	50428
<u>CURRENT ASSETS</u>			
Stock	11	63438	70531
Debtors	12	261071	307834
Cash at bank and in hand		<u>365478</u>	<u>220740</u>
		689987	599105
<u>CREDITORS</u> - Amounts falling due within one year	13	<u>405431</u>	<u>355706</u>
<u>NET CURRENT ASSETS</u>		<u>284556</u>	<u>243399</u>
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		<u>387613</u>	<u>293827</u>
<u>CAPITAL AND RESERVES</u>			
Called up share capital	15	80000	80000
Profit and Loss Account	16	<u>307613</u>	<u>213827</u>
		<u>387613</u>	<u>293827</u>

Signed on behalf of the
Board of Directors



P. MEECH
Director

Approved by the Board: 20th August 1993

The Notes on pages 6 to 11 form part of these Accounts.

CYGNUS INSTRUMENTS LIMITEDNOTES TO THE ACCOUNTSFOR THE YEAR ENDED 31ST DECEMBER 19921. ACCOUNTING POLICIESa. Basis of Accounting:

These financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention modified to incorporate the revaluation of certain assets.

b. Turnover

Turnover is the amount derived from the provision of goods and services falling within the company's ordinary activities after deduction of trade discounts and value added tax.

c. Tangible Fixed Assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:-

Laboratory equipment	- 20% on cost
Fixtures and fittings	- 20% on cost
Motor vehicles	- 25% on cost

d. Stocks and Work in Progress

Stocks and work in progress are valued at the lower of cost and net realisable value, after making allowance for obsolete and slow moving items. Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

e. Deferred Taxation

Provision is made at appropriate rates for taxation deferred in respect of all material timing differences only to the extent that, in the opinion of the directors, there is reasonable probability that a liability or asset will crystallise in the foreseeable future.

f. Research and Development

Research and development expenditure is written off in the year in which it is incurred.

g. Foreign Currencies

Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the Balance Sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

h. Cash Flow Statement

The company has taken advantage of the exemption provided by Financial Reporting Standard 1 and has not prepared a Cash Flow Statement for the year.

CYGNUS INSTRUMENTS LIMITEDNOTES TO THE ACCOUNTSFOR THE YEAR ENDED 31ST DECEMBER 19922. ANALYSIS OF TURNOVER AND PROFIT

The turnover attributable to different geographical areas are:-

	<u>Turnover</u>	
	<u>1992</u>	<u>1991</u>
	£	£
United Kingdom	402299	327933
Rest of Europe	80291	95033
United States of America	152685	141806
Rest of the World	<u>167347</u>	<u>155186</u>
	<u>802622</u>	<u>719958</u>

3. OPERATING PROFIT

Operating profit is stated after charging:-

	<u>1992</u>	<u>1991</u>
	£	£
Amounts written off tangible assets	28470	14487
Operating lease charges	534	456
Staff costs - note 4	300515	272773
Auditors' fees	2500	3000
Accountancy fees	2500	3000
	<u>300515</u>	<u>272773</u>

4. STAFF COSTS

The average number employed by the company, including directors, within each category of persons was:-

	<u>1992</u>	<u>1991</u>
Production and selling staff	6	6
Administration staff	6	6
Research and development staff	4	4
Surveying staff	<u>4</u>	<u>4</u>
	<u>20</u>	<u>20</u>

The costs incurred, including directors remuneration (note 5) in respect of these employees were:-

	<u>1992</u>	<u>1991</u>
	£	£
Wages and salaries	269440	266395
Pension costs	<u>31075</u>	<u>6378</u>
	<u>300515</u>	<u>272773</u>

CYGNUS INSTRUMENTS LIMITEDNOTES TO THE ACCOUNTSFOR THE YEAR ENDED 31ST DECEMBER 19925. DIRECTORS REMUNERATION

	<u>1992</u> £	<u>1991</u> £
Emoluments of directors of the company were as follows:-		
Management remuneration	<u>122108</u>	<u>116724</u>
The fees and management remuneration of directors, excluding pension contributions, (other than those whose duties were wholly or mainly discharged outside the UK) were as follows:-		
Highest paid director	<u>34233</u>	<u>46375</u>
Number of other directors whose total emoluments, excluding pension contributions, were within the ranges:-		
£20001 - £25000	1	1
£34001 - £40000	1	1

6. OTHER OPERATING INCOME

	<u>1992</u> £	<u>1991</u> £
Bank deposit interest	<u>27555</u>	<u>11329</u>

7. INTEREST PAYABLE

	<u>1992</u> £	<u>1991</u> £
Bank interest	<u>593</u>	<u>784</u>

8. TAXATION

	<u>1992</u> £	<u>1991</u> £
Taxation is based on the profit for the year and comprises:-		
UK Corporation taxation at 25% (1991 25%)	<u>16026</u>	<u>14060</u>

9. EXTRAORDINARY ITEMS

	<u>1992</u> £	<u>1991</u> £
H.A.M.W. Edwards - Keyman insurance proceeds	72000	64153
Corporation tax @ 25%	<u>(18000)</u>	<u>(16038)</u>
	<u>54000</u>	<u>48115</u>

CYGNUS INSTRUMENTS LIMITEDNOTES TO THE ACCOUNTSFOR THE YEAR ENDED 31ST DECEMBER 199210. TANGIBLE FIXED ASSETS

	<u>Motor Vehicles</u> £	<u>Fixtures and Fittings</u> £	<u>Laboratory Equipment</u> £	<u>Total</u> £
<u>COST OR VALUATION</u>				
At 1st January 1992	32890	31515	42536	106941
Additions	32474	34012	18863	85349
Disposals	(5200)	-	-	(5200)
<u>At 31st December 1992</u>	<u>60164</u>	<u>65527</u>	<u>61399</u>	<u>187090</u>
<u>DEPRECIATION</u>				
At 1st January 1992	12575	22694	21244	56513
Charge for year	12222	8567	8031	28820
Withdrawn on disposals	(1300)	-	-	(1300)
<u>At 31st December 1992</u>	<u>23497</u>	<u>31261</u>	<u>29275</u>	<u>84033</u>
<u>NET BOOK VALUE</u>				
<u>31st December 1992</u>	<u>36667</u>	<u>34266</u>	<u>32124</u>	<u>103057</u>
<u>31st December 1991</u>	<u>20315</u>	<u>8821</u>	<u>21292</u>	<u>50428</u>

11. STOCKS

	<u>1992</u> £	<u>1991</u> £
Raw materials and consumables	35877	49934
Work in progress	24781	17817
Finished goods and goods for resale	<u>2780</u>	<u>2780</u>
	<u>63438</u>	<u>70531</u>

12. DEBTORS

	<u>1992</u> £	<u>1991</u> £
Trade debtors	257863	300389
Other debtors	-	2064
Prepayments and accrued income	<u>3208</u>	<u>5381</u>
	<u>261071</u>	<u>307834</u>

CYGNUS INSTRUMENTS LIMITEDNOTES TO THE ACCOUNTSFOR THE YEAR ENDED 31ST DECEMBER 199213. CREDITORS - Amounts falling due within one year

	<u>1992</u> £	<u>1991</u> £
Loans and overdrafts (see below)	4227	-
Trade creditors	67108	87092
Related company	135259	50396
Other creditors -		
Corporation tax	40842	25809
Other tax and Social Security	22491	15132
Other creditors	111388	109323
Accruals and deferred income	<u>24116</u>	<u>67954</u>
	<u>405431</u>	<u>355706</u>
Loans and overdrafts comprises:-		
Overdrafts	<u>4227</u>	<u>-</u>

A debenture dated 13th December 1985 is held by the company's bankers. It is unlikely that this will crystallise unless the company should, in the future, require loan or overdraft facilities from the bank.

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.

14. PROVISIONS FOR LIABILITIES AND CHARGES

Provision is made for taxation liabilities arising from the allocation of items to different periods for taxation and for accounting purposes, except where it is probable that a liability will not crystallise. The source of the balance on the deferred tax account and the amounts for which provision has not been made are as follows:-

	<u>Provided</u>		<u>Unprovided</u>	
	<u>1992</u>	<u>1991</u>	<u>1992</u>	<u>1991</u>
	£	£	£	£
Taxation deferred by capital allowances	<u>-</u>	<u>-</u>	<u>1764</u>	<u>1445</u>

15. SHARE CAPITAL

	<u>1992</u> £	<u>1991</u> £
<u>Authorised</u>		
Ordinary £1 shares	<u>250000</u>	<u>250000</u>
<u>Allotted</u>		
Ordinary £1 shares	<u>80000</u>	<u>80000</u>

CYGNUS INSTRUMENTS LIMITEDNOTES TO THE ACCOUNTSFOR THE YEAR ENDED 31ST DECEMBER 199216. RESERVESProfit and
Loss Account
£

Balance at 1st January 1992	213827
Retained profit for the year	<u>93786</u>
Balance at 31st December 1992	<u>307613</u>

17. CONTINGENT LIABILITIES

There were no contingent liabilities at 31st December 1992.

18. POST BALANCE SHEET EVENTS

There were no material post balance sheet events.

19. FINANCIAL COMMITMENTSPension 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.

Capital Commitments

There were no capital commitments at 31st December 1992.