

CYGNUS INSTRUMENTS LIMITED

FINANCIAL STATEMENTS

31ST DECEMBER 1994



KENNEDY LEGG

ACCOUNTANTS AND REGISTERED AUDITORS

DORCHESTER

CYGNUS INSTRUMENTS LIMITED

FINANCIAL STATEMENTS

for the year ended 31st December 1994

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## CYGNUS INSTRUMENTS LIMITED

## COMPANY INFORMATION

31st December 1994

## 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

## AUDITORS

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

## CYGNUS INSTRUMENTS LIMITED

## DIRECTORS' REPORT

31st December 1994

The directors present their report and the audited financial statements for the year ended 31st December 1994.

**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 1994	1st January 1994
	Ordinary shares	Ordinary shares
D L Cartwright	12,000	12,000
P J Meech	-	-
Mrs P Fagg	-	-

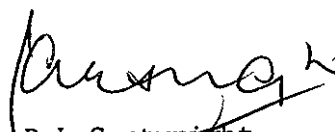
**Auditors**

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

30th June 1995

## 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:

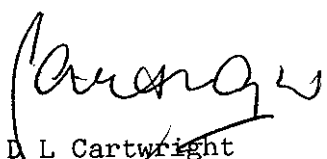
- select suitable accounting policies and apply them consistently;
- make reasonable and prudent judgements and estimates;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

We are also responsible for:

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

30th June 1995

On behalf of the board

  
D. L. Cartwright  
Secretary

**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.

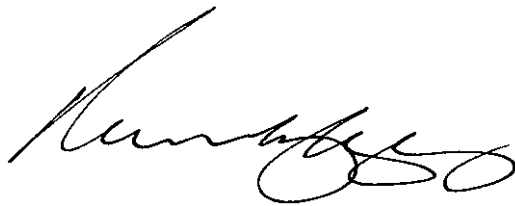
**Basis of opinion**

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 1994 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  
30th June 1995

## CYGNUS INSTRUMENTS LIMITED

## PROFIT AND LOSS ACCOUNT

for the year ended 31st December 1994

	Note	1994 £	1993 £
Turnover	2	848,260	685,885
Cost of sales		(255,772)	(230,895)
Gross profit		592,488	454,990
Net operating expenses			
Distribution costs		(159,870)	(149,014)
Administrative expenses		(437,958)	(348,495)
Other operating income		11,360	16,353
Operating profit/(loss)	3	6,020	(26,166)
Other interest receivable and similar income		623	-
Interest payable	5	(1,777)	(3,575)
Profit/(loss) on ordinary activities before taxation		4,866	(29,741)
Taxation	6	3,667	6,482
Profit/(loss) on ordinary activities after taxation		8,533	(23,259)
retained for the year	14		

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 1994 or 1993 other than the profit/(loss) for the year.

## CYGNUS INSTRUMENTS LIMITED

## BALANCE SHEET

at 31st December 1994

	Note	£	1994 £	£	1993 £
<b>Fixed assets</b>					
Tangible assets	7		99,594		98,114
<b>Current assets</b>					
Stocks	8	69,268		63,089	
Debtors	9	243,727		312,784	
Cash at bank and in hand		311,461		224,114	
			<u>624,456</u>	<u>599,987</u>	
Creditors: amounts falling due within one year	10	(351,163)		(333,747)	
<b>Net current assets</b>			<u>273,293</u>		266,240
<b>Total assets less current liabilities</b>			<u>372,887</u>		<u>364,354</u>
<b>Capital and reserves</b>					
Called up share capital	13	80,000		80,000	
Profit and loss account	14	292,887		284,354	
<b>Total shareholders' funds</b>	12		<u>372,887</u>		<u>364,354</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 30th June 1995.



P J Meech  
Director



## CYGNUS INSTRUMENTS LIMITED

## NOTES ON FINANCIAL STATEMENTS

31st December 1994

**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, 60% of the turnover of the company is attributable to geographical markets outside the UK. (1993 69%)

CYGNUS INSTRUMENTS LIMITED  
NOTES ON FINANCIAL STATEMENTS

31st December 1994

3	Operating profit/(loss)	1994 £	1993 £
	Operating profit/(loss) is stated after crediting		
	Interest receivable	11,360	16,353
	Profit on foreign exchange	-	37,134
	Profit on sale of assets	-	203
		<u>          </u>	<u>          </u>
	and after charging		
	Auditors' remuneration	7,300	8,000
	Loss on sale of assets	2,237	-
	Loss on foreign exchange	382	-
	Research and development expenditure	17,043	6,160
		<u>          </u>	<u>          </u>
	Depreciation of tangible fixed assets (note 7)		
	owned assets	26,903	27,237
		<u>          </u>	<u>          </u>
4	Directors	1994 £	1993 £
	Directors' emoluments	150,116	152,269
		<u>          </u>	<u>          </u>
5	Interest payable	1994 £	1993 £
	Interest payable	1,777	3,575
		<u>          </u>	<u>          </u>
6	Taxation	1994 £	1993 £
	Corporation tax on profit on ordinary activities at 25% (1993 25%)	1,405	(7,066)
	(Over)/under provision in earlier years	(5,072)	584
		<u>          </u>	<u>          </u>
		(3,667)	(6,482)
		<u>          </u>	<u>          </u>

## CYGNUS INSTRUMENTS LIMITED

## NOTES ON FINANCIAL STATEMENTS

31st December 1994

## 7 Tangible fixed assets

	Motor Vehicles £	Office Equipment Fixtures and Fittings £	Machinery Small Tool and Equipment £	Total £
<b>Cost or valuation</b>				
1st January 1994	61,617	65,900	76,664	204,181
Additions	10,339	-	28,807	39,146
Disposals	(19,135)	-	-	(19,135)
31st December 1994	<u>52,821</u>	<u>65,900</u>	<u>105,471</u>	<u>224,192</u>
<b>Depreciation</b>				
1st January 1994	29,125	38,189	38,753	106,067
Charge for year	8,017	5,542	13,344	26,903
Disposals	(8,372)	-	-	(8,372)
31st December 1994	<u>28,770</u>	<u>43,731</u>	<u>52,097</u>	<u>124,598</u>
<b>Net book amount</b>				
31st December 1994	<u>24,051</u>	<u>22,169</u>	<u>53,374</u>	<u>99,594</u>
1st January 1994	<u>32,492</u>	<u>27,711</u>	<u>37,911</u>	<u>98,114</u>

## 8 Stocks

	1994 £	1993 £
Stocks	<u>69,268</u>	<u>63,089</u>

## 9 Debtors

	1994 £	1993 £
<b>Amounts falling due within one year</b>		
Trade debtors	220,496	273,450
Other debtors	23,231	39,334
	<u>243,727</u>	<u>312,784</u>

## CYGNUS INSTRUMENTS LIMITED

## NOTES ON FINANCIAL STATEMENTS

31st December 1994

## 10 Creditors: amounts falling due within one year

	1994 £	1993 £
Bank overdraft	44,228	10,232
Trade creditors	88,621	66,748
Amounts owed to group undertakings and undertakings in which the company has a participating interest	91,122	88,820
Other creditors	127,192	167,947
	<u>351,163</u>	<u>333,747</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

	1994		1993	
	Potential liability £	Provision made £	Potential liability £	Provision made £
Corporation tax deferred by				
Capital allowances	<u>3,580</u>	<u>-</u>	<u>2,607</u>	<u>-</u>

The potential liability and provision are based on a corporation tax rate of 25% (1993 25%).

## 12 Reconciliation of movements in shareholders' funds

	1994 £	1993 £
Profit/(loss) for the financial year representing a	8,533	(23,259)
Net addition to/(subtraction from) shareholders' funds		
Opening shareholders' funds	<u>364,354</u>	<u>387,613</u>
Closing shareholders' funds	<u>372,887</u>	<u>364,354</u>

CYGNUS INSTRUMENTS LIMITED  
NOTES ON FINANCIAL STATEMENTS

31st December 1994

13 Called up share capital

	1994		1993	
	Number of shares	£	Number of shares	£
<b>Authorised</b>				
Ordinary £1 shares	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>
<b>Allotted called up and fully paid</b>				
Ordinary £1 shares	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>

14 Profit and loss account

	1994 £
1st January 1994	284,354
Retained profit for the year	<u>8,533</u>
31st December 1994	<u>292,887</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 1994.

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.

Capital commitments

There were no capital commitments at 31st December 1994.