

REGISTRARS COPY

COMPANY NUMBER 1699180

CYGNUS INSTRUMENTS LIMITED

REPORT AND FINANCIAL STATEMENTS

31ST DECEMBER 1990

KENNEDY LEGG

Chartered Accountants

DORCHESTER



CYGNUS INSTRUMENTS LIMITED

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CYGNUS INSTRUMENTS LIMITED

COMPANY INFORMATION

DIRECTORS

D.L. Cartwright  
H.A.M.W. Edwards  
P. Meech

SECRETARY

D.L. Cartwright

REGISTERED OFFICE

Princes Street,  
Dorchester,  
Dorset.

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      for the year ended      31ST DECEMBER 1990

The Directors present their annual report and the audited financial statements for the year ended 31st December 1990.

PRINCIPAL ACTIVITY

The company is engaged in the manufacture and sale of ultrasonic thickness gauges and other instruments. There were no significant developments in the company's business during the year.

REVIEW OF THE YEAR

The results for the year, financial position of the company and recommended transfer to reserves are shown in the annexed Accounts.

	<u>1990</u>	<u>1989</u>
	<u>£</u>	<u>£</u>
The profit on ordinary activities after taxation amounted to	<u>32602</u>	<u>49450</u>

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.

DIVIDENDS AND APPROPRIATIONS

The Directors do not recommend the payment of a dividend.

POLITICAL AND CHARITABLE CONTRIBUTIONS

No political or charitable contributions were made during the year.

FIXED ASSETS

Changes in the fixed assets of the company during the year are shown in note 7 to the Accounts.

DIRECTORS

The Directors of the Company during the year and their interests in the Company's share capital, as recorded in the Register of Directors' Interests, are as follows:-

Ordinary Shares of £1 each  
At the Beginning and  
End of Year

D.L. Cartwright	12000
H.A.M.W. Edwards	-
P. Meech	-

The interests of D.L. Cartwright include 6000 shares held by his wife.

CYGNUS INSTRUMENTS LIMITED

REPORT OF THE DIRECTORS  
(continued)

for the year ended

31ST DECEMBER 1990

DIRECTORS

It is with much regret that the directors report the death of H.A.M.W. Edwards on 1st October 1991.

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

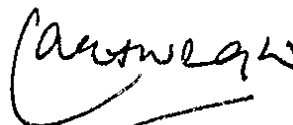
CLOSE COMPANY

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

AUDITORS

Messrs. Kennedy Legg have agreed to offer themselves for re-election as auditors of the Company. A resolution proposing their re-appointment will be placed before the Annual General Meeting.

BY ORDER OF THE BOARD



D.L. CARTWRIGHT  
Secretary

Princes Street,  
Dorchester,  
Dorset.  
30th January 1992

CYGNUS INSTRUMENTS LIMITEDPROFIT AND LOSS ACCOUNT      for the year ended      31ST DECEMBER 1990

	<u>Notes</u>	<u>1990</u> <u>£</u>	<u>1989</u> <u>£</u>
Turnover	4	575260	559805
Cost of sales		( <u>164260</u> )	( <u>159200</u> )
<u>GROSS PROFIT</u>		411000	400605
Distribution costs		(107697)	(113081)
Administrative expenses		( <u>250999</u> )	( <u>245292</u> )
<u>OPERATING PROFIT</u>	2	52304	42232
Investment income		<u>23143</u>	<u>30302</u>
		75447	72534
Interest payable and similar charges	5	( <u>30884</u> )	( <u>6678</u> )
<u>PROFIT ON ORDINARY ACTIVITIES</u> <u>BEFORE TAXATION</u>		44563	65856
Tax on profit on ordinary activities	6	( <u>11961</u> )	( <u>16406</u> )
<u>PROFIT ON ORDINARY ACTIVITIES</u> <u>AFTER TAXATION</u>		32602	49450
Extraordinary item (after taxation)	6	( <u>-</u> )	( <u>22500</u> )
<u>PROFIT FOR THE FINANCIAL YEAR</u>		32602	26950
Dividends paid and proposed		( <u>-</u> )	( <u>-</u> )
<u>RETAINED PROFIT</u>	12	<u>32602</u>	<u>26950</u>

The Notes on pages 7 to 12 form an integral part of these financial statements.

CYGNUS INSTRUMENTS LIMITEDBALANCE SHEET

as at

31ST DECEMBER 1990Notes19901989

£

£

£

£

FIXED ASSETS

Tangible assets	7	61211	46672
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CURRENT ASSETS

Stocks	8	51337	45461
Debtors	9	517401	427751
Cash at bank and in hand		<u>211799</u>	<u>214905</u>
		780537	688117

LESS CURRENT LIABILITIES

Creditors - Amounts falling due within one year	10	( <u>635353</u> )	( <u>560996</u> )
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<u>NET CURRENT ASSETS</u>		<u>145184</u>	<u>127121</u>
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TOTAL ASSETS LESS CURRENT LIABILITIES

	206395	173793
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Less Creditors - Amounts falling due after more than one year	10	( - )	( - )
Provision for liabilities and charges		( - ) ( - )	( - ) ( - )

<u>NET ASSETS</u>		<u>206395</u>	<u>173793</u>
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CAPITAL AND RESERVES

Called up share capital	11	80000	80000
Profit and Loss Account	12	<u>126395</u>	<u>93793</u>
		<u>206395</u>	<u>173793</u>

The Notes on pages 7 to 12 form an integral part of these financial statements.

Approved by the Board of Directors on 30th January 1992.

) D.L. CARTWRIGHT  
 )  
 DIRECTORS )  
 )  
 ) P. MEECH

*Cartwright*  
*Meech*

CYGNUS INSTRUMENTS LIMITEDSTATEMENT OF SOURCE AND APPLICATION OF FUNDSfor the year ended31ST DECEMBER 1990

	<u>1990</u>		<u>1989</u>	
	£	£	£	£
<u>SOURCE OF FUNDS</u>				
Profit on ordinary activities before taxation	44563		65856	
Adjustment for depreciation which does not involve the movement of funds	17589		12918	
Profit on sale of fixed assets	<u>(419)</u>		<u>(1436)</u>	
<u>Total generated from ordinary activities</u>		61733		77338
Disposal of tangible fixed assets		<u>1825</u>		<u>5710</u>
<u>TOTAL SOURCES</u>		63558		83048
<u>APPLICATION OF FUNDS</u>				
Taxation paid	(28816)		( - )	
Extraordinary payment - death-in-service benefit	( - )		(30000)	
Purchase of tangible fixed assets	<u>(33534)</u>		<u>(25377)</u>	
<u>TOTAL APPLICATIONS</u>		(62350)		(55377)
<u>NET SOURCES OF FUNDS</u>		<u>1208</u>		<u>27671</u>
<u>REPRESENTED BY:-</u>				
<u>INCREASE IN WORKING CAPITAL</u>				
Increase/(Decrease) in stocks	5876		(5243)	
Increase in debtors	89650		154833	
(Increase) in creditors	<u>(91212)</u>		<u>(149073)</u>	
		4314		517
<u>INCREASE IN NET LIQUID FUNDS/(SHORT TERM FINANCE)</u>				
(Decrease)/Increase in bank and cash in hand		<u>(3106)</u>		<u>27154</u>
		<u>1208</u>		<u>27671</u>



CYGNUS INSTRUMENTS LIMITEDNOTES TO THE FINANCIAL STATEMENTS for the year ended 31ST DECEMBER 19901. ACCOUNTING POLICIES

1.1. Basis of Accounting: The financial statements have been prepared in accordance with the statutory alternative accounting rules and accounting principles introduced by the Companies Act 1981. All items are stated in accordance with the historical cost accounting rules. The financial statements comply with Statements of Standard Accounting Practice.

1.2. Tangible Fixed Assets and Depreciation: Cost has been determined after deducting Government grants receivable. Depreciation is being charged on the reducing balance method commencing with the year in which the asset is first available for use. The following rates of depreciation have been used:-

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

Tools and equipment costing individually less than £50 are written off on acquisition since their overall value is immaterial and their quantity and composition does not fluctuate significantly from year to year.

1.3. Stock and Work-in-Progress: Stock and work-in-progress have been valued at the lower of cost and net realisable value. Cost has been determined by the FIFO method and is based on purchase price or production cost including related fixed and variable production overheads and depreciation. Net realisable value is based on estimated selling price less the costs of disposal.

1.4. Deferred Taxation: Deferred taxation takes account of timing differences between the treatment of certain items for taxation purposes and their treatment in the financial statements. Provision, calculated on the liability method, is made for all timing differences other than those where there is a reasonable probability that they will continue for the foreseeable future.

1.5. Foreign Currencies: Transactions expressed in foreign currencies have been translated into sterling at the rates of exchange approximating to those ruling at the date of the transaction. Monetary assets and liabilities have been translated at rates ruling at the Balance Sheet date. Exchange differences have been included in operating profit.

1.6. Research and Development: Research and development expenditure is being charged against operating profit as it is incurred.

CYGNUS INSTRUMENTS LIMITEDNOTES TO THE FINANCIAL STATEMENTS for the year ended 31ST DECEMBER 1990  
(continued)2. OPERATING PROFIT

	<u>1990</u>	<u>1989</u>
	£	£
Costs and expenses include:-		
Depreciation less profit on sale	17170	11482
Staff costs (Note 3)	228703	140988
Auditors' remuneration	6500	6000

3. STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

	<u>1990</u>	<u>1989</u>
	<u>Total</u>	<u>Total</u>
	£	£
Wages and salaries	201806	124232
Social Security costs	17237	10819
Other pension costs	9660	5937

<u>228703</u>	<u>140988</u>
---------------	---------------

<u>Number</u>	<u>Number</u>
---------------	---------------

Average number  
employed including directors:-

Administration	6	6
Production and selling	6	6
Surveying	4	4
Development	<u>4</u>	<u>3</u>

<u>20</u>	<u>19</u>
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<u>1990</u>	<u>1989</u>
£	£

Directors: Fees	-	-
Other emoluments	70500	52310

Emoluments (excluding pension contributions):-

Chairman	-	-
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Highest paid Director	26250	21000
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Other Directors:-	<u>Number</u>	<u>Number</u>
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Up to £5,000	-	-
£5,001-£10,000	-	-
£10,001-£15,000	-	-
£15,001-£20,000	1	2
£20,001-£25,000	-	-
£25,001-£30,000	1	-

CYGNUS INSTRUMENTS LIMITEDNOTES TO THE FINANCIAL STATEMENTS for the year ended  
(continued)31ST DECEMBER 19904. ANALYSIS OF TURNOVER

<u>1990</u>	<u>1989</u>
<u>Turnover</u>	<u>Turnover</u>
<u>£</u>	<u>£</u>
Geographically:-	
UK	305011
Rest of Europe	282888
USA	70211
Rest of the World	87514
	99457
	76930
	<u>100581</u>
	<u>112473</u>
	<u>575260</u>
	<u>559805</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

<u>1990</u>	<u>1989</u>
<u>£</u>	<u>£</u>
Bank loans, overdrafts and loans repayable within five years	2811
Other loans	4018
	<u>28073</u>
	<u>2660</u>
	<u>30884</u>
	<u>6077</u>

6. TAXATION ON PROFITS(a) Profit on Ordinary Activities

Corporation tax @ 25%:-

Payable	11961	16406
Provision for deferred tax	<u>-</u>	<u>-</u>
	<u>11961</u>	<u>16406</u>

<u>1990</u>	<u>1989</u>
<u>£</u>	<u>£</u>

(b) Extraordinary Expenditure

G. Edes - death-in-service benefit	-	30000
Corporation tax relief @ 25%	(-)	(7500)
	<u>-</u>	<u>22500</u>

CYGNUS INSTRUMENTS LIMITEDNOTES TO THE FINANCIAL STATEMENTS for the year ended 31ST DECEMBER 1990  
(continued)7. TANGIBLE FIXED ASSETS

	<u>Motor Vehicles</u> £	<u>Fixtures and Fittings</u> £	<u>Laboratory Equipment</u> £	<u>Total</u> £
<u>At Cost or Valuation</u>				
At 31st December 1989	30118	30548	29090	89756
Additions	22995	626	9913	33534
Disposals	(2500)	( - )	( - )	(2500)
<u>At 31st December 1990</u>	<u>50613</u>	<u>31174</u>	<u>39003</u>	<u>120790</u>
<u>Depreciation</u>				
At 31st December 1989	(15115)	(17818)	(10151)	(43084)
Charge for year	(9148)	(2671)	(5770)	(17589)
Adjustments - on disposals	1094	-	-	1094
<u>At 31st December 1990</u>	<u>(23169)</u>	<u>(20489)</u>	<u>(15921)</u>	<u>(59579)</u>
<u>Net Book Amount</u>				
<u>31st December 1990</u>	<u>27444</u>	<u>10685</u>	<u>23082</u>	<u>61211</u>
<u>31st December 1989</u>	<u>15003</u>	<u>12730</u>	<u>18939</u>	<u>46672</u>

8. STOCKS

	<u>Historical Cost</u>	
	<u>1990</u> £	<u>1989</u> £
Raw materials and consumables	34599	25094
Work-in-progress	13958	17587
Finished goods and goods for resale	<u>2780</u>	<u>2780</u>
	<u>51337</u>	<u>45461</u>

The Directors do not consider that replacement cost is materially different from historical cost.

9. DEBTORS

	<u>Amounts Falling Due Within One Year</u>		<u>Amounts Falling Due After More Than One Year</u>	
	<u>1990</u> £	<u>1989</u> £	<u>1990</u> £	<u>1989</u> £
Trade debtors	199687	214751	-	-
Other debtors	5544	62204	-	-
Related company	309298	148866	-	-
Prepayments and accrued income	<u>2872</u>	<u>1930</u>	<u>-</u>	<u>-</u>
	<u>517401</u>	<u>427751</u>	<u>-</u>	<u>-</u>

CYGNUS INSTRUMENTS LIMITEDNOTES TO THE FINANCIAL STATEMENTS for the year ended 31ST DECEMBER 1990  
(continued)10. CREDITORS

	<u>Amounts Falling Due</u>		<u>Amounts Falling Due After</u>	
	<u>Within One Year</u>		<u>More Than One Year</u>	
	<u>1990</u>	<u>1989</u>	<u>1990</u>	<u>1989</u>
	£	£	£	£
Trade creditors	39596	70696	-	-
Corporation tax	20867	37722	-	-
Other taxation and				
Social Security	9072	12396	-	-
Related company	388162	218852	-	-
Other creditors	149988	207063	-	-
Accruals and				
deferred income	27668	14267	-	-
	<u>635353</u>	<u>560996</u>	<u>-</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.

11. SHARE CAPITAL

	<u>Authorised</u>		<u>Allotted, Called Up</u>	
			<u>and Fully Paid</u>	
	<u>No. of</u>	£	<u>No. of</u>	£
	<u>Shares</u>		<u>Shares</u>	
<u>1990 and 1989</u>				
Ordinary Shares of £1	250000	<u>250000</u>	80000	<u>80000</u>

12. RESERVES

	<u>At</u>	<u>Transfers to/</u>	<u>Other</u>	<u>At End</u>
	<u>Beginning</u>	<u>(from) Profit</u>	<u>Movements</u>	<u>of Year</u>
	<u>of Year</u>	<u>&amp; Loss Account</u>		
	£	£	£	£
Profit and				
Loss Account	<u>93793</u>	<u>32602</u>	<u>-</u>	<u>126395</u>

CYGNUS INSTRUMENTS LIMITEDNOTES TO THE FINANCIAL STATEMENTS for the year ended 31ST DECEMBER 1990  
(continued)13. PROVISION FOR LIABILITIES AND CHARGESDEFERRED TAXATION

	<u>1990</u>		<u>1989</u>	
	<u>Potential</u>	<u>Amount</u>	<u>Potential</u>	<u>Amount</u>
	<u>Liability</u>	<u>Provided</u>	<u>Liability</u>	<u>Provided</u>
	£	£	£	£
Taxation deferred by capital allowances	<u>1430</u>	<u>-</u>	<u>1681</u>	<u>-</u>

The potential liability and provision were based on a Corporation Tax rate of 25%.

The deferred taxation liability has been calculated for 1990. However, due to the total utilisation of brought forward losses in the year and the timing differences between capital allowances and depreciation being immaterial, it is not proposed to provide for potential liabilities.

14. PENSION COMMITMENTS

The company operates a contributory pension scheme covering certain directors and employees. The assets of the schemes are held in separate trustee administered funds, and contributions are charged to the Profit and Loss Account.

15. CAPITAL COMMITMENTS

There were no capital commitments at 31st December 1990.

16. CONTINGENT LIABILITIES

There were no contingencies at 31st December 1990.

17. POST BALANCE SHEET EVENTS

There were no post balance sheet events.

CYGNUS INSTRUMENTS LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS OF

CYGNUS INSTRUMENTS LIMITED

We have audited the financial statements on pages 4 to 12 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the Company at 31st December 1990 and of its profit and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Kennedy Legg*

DORCHESTER.  
31st January 1992

KENNEDY LEGG  
Chartered Accountants and  
Registered Auditor