

MVS (RESEARCH) PLC

Registered Number:1870567

Report and Accounts for the year ended 29 February 1996



MVS (Research) PLC**Registered Number: 1870567****Report of the Directors for the year ended 29 February 1996**

The Directors present their report together with the financial statements for the year ended 29 February 1996.

Activities And Results

The Company has not traded during the year and has made neither profit nor loss.

Dividends

The Directors do not recommend the payment of a dividend for the year.

Directors

The Directors of the Company during the year were as follows:

Fotovalue Limited
NC Poultney

Directors' Interests in Shares

Fotovalue Limited held one share in the Company on behalf of Quadrant Group PLC.

Statement of Directors' Responsibilities

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 29 February 1996. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the annual general meeting.

By Order of the Board



NC Poultney
Secretary

25 September 1996

MVS (Research) PLC

Report of the Auditors to the Members of MVS (Research) PLC.

We have audited the financial statements on pages 3 to 5.

Respective responsibilities of directors and auditors

As described on page 1 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 other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.


Going concern

In forming our opinion we have considered the disclosures made in note 1 to the financial statements. This note outlines the plans of Quadrant Group plc, the Company's ultimate holding company to ensure that the group has adequate funds for its future operations, and the uncertainty related thereto. It further outlines the continued support of the Company by Quadrant Group plc.

The financial statements have been prepared on a going concern basis and the validity of this depends on the successful implementation of Quadrant Group's plans to secure future funding and its continued support of the Company. The financial statements do not include any adjustments that would be necessary should the going concern basis be inappropriate. Our opinion is not qualified in this respect.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the company's affairs at 29 February 1996 and have been properly prepared in accordance with the Companies Act 1985.



Coopers & Lybrand
Chartered Accountants and Registered Auditors
London

25 September 1996

MVS (Research) PLC

Balance Sheet as at 29 February 1996

	Note	1996 £	1995 £
Current Liabilities			
Amount due to parent company		<u>(969,468)</u>	<u>(969,468)</u>
Capital And Reserves			
Called up Share Capital	4	50,000	50,000
Profit & Loss Account		(1,019,468)	(1,019,468)
Equity Shareholders' funds		<u>(969,468)</u>	<u>(969,468)</u>

Approved by the Board of Directors on 25 September 1996

For and on behalf of

Fotovalue Limited



Director

MVS (Research) PLC

Notes to the Accounts for the year ended 29 February 1996

1. Principal Accounting Policies

The financial statements have been prepared on a going concern basis which assumes that Quadrant Group plc ("the Group") will have adequate resources to continue in operational existence for the foreseeable future and hence be in a position to continue its financial support of the Company by not seeking repayment of the loan account of £969,468.

In the Group's last Interim Statement the Chairman stated that that it was the Board's intention to reduce gearing.

As part of a detailed plan to focus the Group on its precision engineering and systems activities and further reduce gearing, the Group has disposed of certain subsidiaries for a consideration of £4.775 million. After taking into account the reduction in available credit facilities and transaction costs the transaction provided an improvement in the Group's working capital position of approximately £1.5m.

To ensure that the Group has adequate resources to meet all of its obligations and support the growth potential of its key businesses, the Board will continue to implement plans to reorganise or extend current term loans, raise new equity and effect the further sale of assets.

In particular the plan calls for further generation of funds in the current year as the Group does not yet have in place facilities sufficient to repay a loan of £1.6 million at 30 March 1997.

The financial statements do not include any adjustments that might result from the Group being unable to meet its financial obligations. Such adjustments might include a reduction of the balance sheet value of assets to their recoverable amounts, provision for further liabilities that might arise or changes to the balance sheet classifications of fixed assets and long term liabilities.

Whilst there is at present uncertainty as to the outcome of the matters described above, the Directors believe that it is appropriate for the financial statements to be prepared on a going concern basis.

Accounting Convention

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom.

Basis of Accounting

The financial statements are prepared in accordance with the historical cost convention.

2. Profit and Loss Account

The company has not traded during the year and accordingly a profit and loss account has not been prepared.

3. Directors' Emoluments

No director received any emoluments during the year.

4. Share Capital

	1996		1995	
	Number	Value	Number	Value
Ordinary shares of £1 each:				
Authorised	<u>50,000</u>	<u>£50,000</u>	<u>50,000</u>	<u>£50,000</u>
Issued and fully paid	<u>50,000</u>	<u>£50,000</u>	<u>50,000</u>	<u>£50,000</u>

5. Ultimate Holding Company

The company's ultimate holding company is Quadrant Group PLC, which is incorporated in England and Wales. A copy of the holding company's consolidated financial statements may be obtained from The Secretary, Quadrant Group PLC, Priory House, Pitsford Street, Birmingham B18 6LX.