

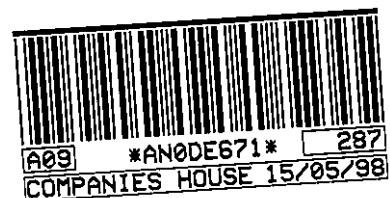
Company number: 02199121
Registered in England and Wales

SAFTRONICS 2S LIMITED

ABBREVIATED ACCOUNTS

For the year ended 31st December 1997

**Leslie Bray & Co
Chartered Accountants and Registered Auditor
Building Society Chambers
Wesley Street
OTLEY
West Yorkshire
LS21 1AZ**



SAFTRONICS 2S LIMITED

ABBREVIATED ACCOUNTS

For the year ended 31st December 1997

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**AUDITORS' REPORT TO SAFTRONICS 2S LIMITED
UNDER SECTION 247B OF THE COMPANIES ACT 1985.**

We have examined the abbreviated accounts set out on pages 3 to 5 together with the financial statements of the company for the year ended 31st December 1997 prepared under section 226 of the Companies Act 1985.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

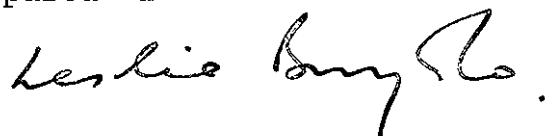
The directors are responsible for preparing the abbreviated accounts in accordance with section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

BASIS OF OPINION

We have carried out the procedures we consider necessary to confirm, by reference to the audited financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

OPINION

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Companies Act 1985 and the abbreviated accounts on pages to are properly prepared in accordance with those provisions.



LESLIE BRAY & CO
Chartered Accountants and Registered Auditor

Building Society Chambers
Wesley Street
OTLEY
West Yorkshire
LS21 1AZ

Date: 8th May 1998

SAFTRONICS 2S LIMITED

ABBREVIATED BALANCE SHEET As at 31st December 1997

	Notes	£	1997	£	1996	£
FIXED ASSETS						
Tangible assets	2		22,744		5,274	
Investments			530,000		530,000	
			<u>552,744</u>		<u>535,274</u>	
CURRENT ASSETS						
Stocks		178,774		45,549		
Debtors		451,695		344,302		
Cash at bank and in hand		137,154		232,055		
		<u>767,623</u>		<u>621,906</u>		
CREDITORS - amounts falling due within one year		<u>(589,233)</u>		<u>(506,146)</u>		
NET CURRENT ASSETS			<u>178,390</u>		<u>115,760</u>	
TOTAL ASSETS LESS CURRENT LIABILITIES			731,134		651,034	
CREDITORS - amounts falling due after more than one year			<u>(2,216)</u>		<u>-</u>	
NET ASSETS			<u>£ 728,918</u>		<u>£ 651,034</u>	
CAPITAL AND RESERVES						
Called up share capital	3		6,000		6,000	
Profit and loss account			722,918		645,034	
			<u>£ 728,918</u>		<u>£ 651,034</u>	

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Signed on behalf of
the board of directors


M A Williams
Director

Approved by the board on:

7th May 1998
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SAFTRONICS 2S LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

For the year ended 31st December 1997

1. ACCOUNTING POLICIES

1.1 Accounting convention:

The financial statements are prepared under the historical cost convention.

1.2 Consolidation:

The company and its subsidiary undertaking comprise a small group. The company has therefore taken advantage of the exemptions provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

1.3 Cash flow statements:

The company is defined as a small company under Section 247 of the Companies Act 1985 and consequently, under the terms of paragraph 8 of Financial Reporting Standard No 1, is exempt from the requirement to prepare a cashflow statement.

1.4 Turnover:

This represents the invoiced amounts of goods sold and services provided, net of value added tax.

1.5 Depreciation of tangible fixed assets:

Provision is made for depreciation on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation less estimated residual value, of each asset over its expected useful life, as follows:

Fixtures and fittings: 20% per annum on cost

Motor vehicles: 25% per annum on cost

1.6 Investments:

Investments are stated at cost, less any provisions for a permanent diminution of value.

1.7 Stocks:

Stocks and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

1.8 Finance leasing and hire purchase:

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets and depreciated over the shorter of the lease term and their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.9 Operating leases:

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to profit and loss account as incurred.

1.10 Research and development:

Expenditure on research and development is written off as incurred.

continued

SAFTRONICS 2S LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (continued) For the year ended 31st December 1997

1. ACCOUNTING POLICIES continued

1.11 Deferred taxation:

Deferred taxation is provided at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

1.12 Pension costs

The company operates a defined contribution pension scheme and the pension cost charged to the profit and loss account represents the amount payable by the company to the fund in respect of the year.

2. FIXED ASSETS

	Total £
Cost:	
At 1st January 1997	32,831
Additions	24,435
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At 31st December 1997	57,266
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Depreciation:	
At 1st January 1997	27,557
Charge for year	6,965
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At 31st December 1997	34,522
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Net book value at 31st December 1997	£ 22,744
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Net book value at 31st December 1996	£ 5,274
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Investments

At 31st December 1997 investments comprise an investment in a subsidiary undertaking. The company's investment in its subsidiary company of £180,000 represents the cost of acquisition of the whole of the ordinary share capital of Elpro Limited, a company registered in England, which provides electronic equipment and accessories.

At 31st December 1997, the aggregate amount of the share capital and reserves of Elpro Limited amounted to £485,007 and the profit for the year to that date was £59,289. The further £350,000 is a loan to 2S Holdings Limited.

SAFTRONICS 2S LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (continued)
For the year ended 31st December 1997

3. CALLED UP SHARE CAPITAL	Authorised	Allotted, issued and fully paid	
		1997	1996
	£	£	£
Ordinary shares of £1 each	£ 6,000	£ 6,000	£ 6,000

5. TRANSACTIONS WITH DIRECTORS

5.1 Material interests of directors

During the year Saftronics 2S Ltd purchased £832,292 (1996: £873,869) of materials from Saftronics Ltd who made no mark up on these goods. The Directors of Saftronics 2S Ltd, Messrs Wainman, Tremlin and Williams, are the Directors of Saftronics Ltd.