

NON DESTRUCTIVE INSPECTION SERVICES LIMITED

Directors:

P R G Howarth
E G Bugler

Secretary and Registered Office:

J R Cornacchia, Unit 18, Crawley Mill Industrial Estate, Witney, Oxon., OX29 9TJ

**REPORT OF THE DIRECTORS
for the year ended 31st December 2000**

Principal Activity

The principal activity of the company is that of non destructive testing.

Directors

The above named served as directors throughout the year and their shareholdings during the year have been as follows:

	Ordinary shares of £1 each	
	31st December 2000	31st December 1999
P R G Howarth	49	49
E G Bugler	49	49

Auditors

The company is totally exempt from a statutory audit following exemptions introduced for small companies.

The directors have prepared this report in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By Order of the Board



Director

Crawley, Witney

27th July 2001



NON DESTRUCTIVE INSPECTION SERVICES LIMITED

2.

PROFIT AND LOSS ACCOUNT for the year ended 31st December 2000

Notes	£	1999 £
2. TURNOVER	566,383	636,074
Cost of sales	<u>397,635</u>	<u>477,376</u>
GROSS PROFIT	168,748	158,698
Administrative expenses	<u>161,504</u>	<u>178,736</u>
3. OPERATING PROFIT/(LOSS)	7,244	(20,038)
4. Other income	14,133	4,291
Exceptional item - profit on disposal of freehold property	18,966	-
5. Interest payable	<u>(20,868)</u>	<u>(19,441)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	19,475	(35,188)
6. TAXATION	<u>6,545</u>	<u>4,932</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION	12,930	(30,256)
DIVIDENDS PAID	<u>(28,260)</u>	<u>(45,000)</u>
EXCESS DISTRIBUTION for the year	(15,330)	(75,256)
RETAINED PROFIT brought forward	<u>35,258</u>	<u>110,514</u>
RETAINED PROFIT carried forward	<u>£19,928</u>	<u>£ 35,258</u>

There were no recognised gains or losses other than those included in the profit and loss account.

The notes on pages 4 to 8 form part of these financial statements.

BALANCE SHEET

Notes

31st December 2000


1999

	£	£	£
FIXED ASSETS			
7. Tangible assets		120,512	223,818
8. Investments		<u>200,000</u>	<u>200,000</u>
		320,512	<u>423,818</u>
CURRENT ASSETS			
Bank and cash balances	3,263		2,267
9. Debtors and prepayments	<u>90,631</u>		<u>126,463</u>
	93,894		128,730
10. CREDITORS - Amounts falling due within one year	<u>355,349</u>		<u>381,178</u>
NET CURRENT LIABILITIES		(261,455)	(252,448)
TOTAL ASSETS LESS CURRENT LIABILITIES		59,057	171,370
11. CREDITORS - Amounts falling due after more than one year		(39,029)	(136,012)
		<u>£ 20,028</u>	<u>£ 35,358</u>
CAPITAL AND RESERVES			
12. Called up share capital		100	100
Profit and loss account		<u>19,928</u>	<u>35,258</u>
Shareholders' funds		<u>£20,028</u>	<u>£35,358</u>

In approving these financial statements as directors of the company, we hereby confirm:

- (a) that for the period in question, the company was entitled to the exemption conferred by section 249A(1) of the Companies Act 1985;
- (b) that the members have not required the company to obtain an audit of its accounts for the year ended 31st December 2000 under section 249B(2); and
- (c) that we acknowledge our responsibilities for:
 - (i) ensuring that the company keeps accounting records which comply with section 221, and
 - (ii) preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its result for the financial year in accordance with the requirements of Section 226 and which otherwise comply with the provisions of the Companies Act 1985 relating to accounts, so far as applicable to the company.

These accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies and with the Financial Reporting Standard for Smaller Entities (effective March 2000).


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Directors

Approved by the Board 27th July 2001

The notes on pages 5 to 9 form part of these financial statements.

NOTES TO THE ACCOUNTS
for the year ended 31st December 2000

1. **Accounting Policies**

i) **Accounting Convention -**

The accounts of the company are prepared under the historical cost convention and incorporate the results of the principal activity which is described in the directors' report and which is continuing. The accounts have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

ii) **Depreciation -**

Depreciation of tangible fixed assets is provided on a straight line basis, calculated at annual rates estimated to write off each asset over the term of its useful life. The rates in use are as follows:

Motor vehicles	- 25% per annum
Plant and equipment	- 20% per annum
Office equipment	- 33⅓% per annum

iii) **Work in Progress -**

Work in progress is valued at the lower of cost and net realisable value after making due allowance for any obsolete or slow moving items. In the case of work in progress, cost comprises direct materials, direct labour and an appropriate proportion of manufacturing fixed and variable overheads, according to the stage of completion reached.

iv) **Deferred Taxation -**

The company provides deferred taxation at the rate of 20% under the liability method on a full provision basis to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for corporation tax purposes. The major timing difference involved is the excess of capital allowances claimed over the charge for depreciation on the relevant assets.

v) **Pension Contributions -**

The company operates a defined contribution pension scheme for the directors and the pension charge represents the amounts payable by the company to the fund in respect of the year.

NOTES TO THE ACCOUNTS
for the year ended 31st December 2000 (continued)

1. **Accounting Policies** (continued)

vi) **Hire Purchase**

Assets acquired under hire purchase contracts are capitalised as fixed assets and depreciated accordingly. The related obligations are included in creditors net of finance charges. The finance charges are included in the profit and loss account on the straight line basis over the length of the agreement.

vii) **Turnover -**

The turnover represents sales and charges for work done exclusive of VAT for goods and services supplied to customers during the year.

2. **Turnover**

The turnover and profit before taxation is attributable to the one principal activity of the company. The turnover all arose from the United Kingdom.

3. Operating Profit/(Loss)	2000	1999
	£	£

The operating profit/(loss) is after charging/(crediting):

Depreciation of tangible fixed assets		
- owned	27,382	30,548
- under hire purchase agreements	-	944
Profit on disposal of tangible fixed assets	(343)	-
Directors' remuneration	45,627	83,360
Auditors' remuneration	-	2,300
Directors pension contributions	8,850	14,400
Hire purchase charges	237	593
Equipment hire	3,027	1,462

4. Other Income	2000	1999
	£	£
Management charge	4,800	-
Rental income	9,326	4,000
Interest received	7	15
Dividend received	-	276
	<u>£14,133</u>	<u>£4,291</u>

5. Interest Payable	2000	1999
	£	£
Bank overdraft	446	880
Bank loans	9,561	13,003
Other loan interest	4,103	1,818
Factoring interest	<u>6,758</u>	<u>3,740</u>
	<u>£20,868</u>	<u>£19,441</u>

NOTES TO THE ACCOUNTS
for the year ended 31st December 2000 (continued)

6. Taxation	2000 £	1999 £
a) Credit/(charge) for the year		
Corporation tax - current year	6,545	4,041
Deferred tax	-	919
Tax on dividend received	<u>-</u>	<u>(28)</u>
	<u>£6,545</u>	<u>£4,932</u>
b) Corporation tax has been provided for at a rate of 20% (1999 20% and 21%) based on the results for the year.		

7. Tangible Fixed Assets

	Freehold Property £	Improvements to Leasehold £	Motor Vehicles £	Equipment £	Office Equipment £	Total £
Cost						
At 1.1.00	145,722	22,540	22,282	142,811	21,698	355,053
Additions	-	-	-	1,636	110	1,746
Disposals	(76,513)	-	(4,625)	-	-	(81,138)
At 31.12.00	<u>69,209</u>	<u>22,540</u>	<u>17,657</u>	<u>144,447</u>	<u>21,808</u>	<u>275,661</u>
Accumulated Depreciation						
At 1.1.00	-	-	12,597	100,400	18,238	131,235
Charge for the year	-	-	5,571	18,778	3,033	27,382
Disposals	-	-	(3,468)	-	-	(3,468)
At 31.12.00	<u>-</u>	<u>-</u>	<u>14,700</u>	<u>119,178</u>	<u>21,271</u>	<u>155,149</u>
Net Book Value						
At 31.12.00	<u>£ 69,209</u>	<u>£22,540</u>	<u>£2,957</u>	<u>£25,269</u>	<u>£537</u>	<u>£120,512</u>
At 31.12.99	<u>£145,722</u>	<u>£22,540</u>	<u>£9,685</u>	<u>£42,411</u>	<u>£3,460</u>	<u>£223,818</u>

NOTES TO THE ACCOUNTS
for the year ended 31st December 2000 (continued)

8. **Investments**

The company owns 100% of the issued share capital of Quest Inspection Limited, a company registered in England. The shares held are as follows:

	Nominal £	Proportion of class %	Cost £
2125 Ordinary shares of £1 each	2,125	100	200,000

Group accounts are not required as the group qualifies for exemption under Section 248 Companies Act 1985 as a small sized group.

Quest Inspection Limited made a profit of £19,755 for the year ended 31st December 2000. At 31st December 2000 the shareholders' funds were £162,350.

9. **Debtors and Prepayments**

	2000 £	1999 £
Trade debtors	71,908	106,962
Prepayments	9,432	10,210
Corporation tax	<u>9,291</u>	<u>9,291</u>
	<u>£90,631</u>	<u>£126,463</u>

10. **Creditors:** Amounts falling due
within one year

	2000 £	1999 £
Trade creditors	32,915	69,457
Hire purchase (secured)	-	1,146
Bank overdraft (secured)	7,091	1,421
Corporation tax	6,545	-
Directors' current accounts	12,466	5,694
Social Security and other taxes	32,236	50,442
Accruals and other creditors	11,999	5,912
Bank loans (secured)	15,676	9,500
Pension fund loan (secured)	9,184	10,982
Loan from subsidiary	198,763	122,401
Other loans	12,026	20,000
Factoring account	<u>16,448</u>	<u>84,223</u>
	<u>£355,349</u>	<u>£381,178</u>

NON DESTRUCTIVE INSPECTION SERVICES LIMITED

8.

NOTES TO THE ACCOUNTS for the year ended 31st December 2000 (continued)

11.	Creditors: Amounts falling due after more than one year	2000 £	1999 £
	Repayable by instalments Bank loan (secured)	-	98,512
	Repayable other than by instalments Loan from pension fund (secured)	<u>39,029</u>	<u>37,500</u>
		<u>£39,029</u>	<u>£136,012</u>
12.	Called up Share Capital	2000 £	1999 £
	Authorised: 100 Ordinary shares of £1 each	100	100
	Allotted, Issued and Fully paid: 100 Ordinary shares of £1 each	100	100
13.	Other Commitments		
	At 31st December 2000 the company had annual commitments under non cancellable operating leases as follows:		
	Land and buildings	2000	1999
	Between two and five years	<u>£19,640</u>	<u>£19,640</u>