

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., OX8 5TJ

**REPORT OF THE DIRECTORS
for the year ended 31st December 1996****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 1996	31st December 1995
P R G Howarth	49	49
E G Bugler	49	49

Directors Responsibilities

Company law requires the directors to prepare accounts 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 accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- follow applicable accounting standards, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business;

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible 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 J Carter & Co, Chartered Accountants and Registered Auditors, have indicated their willingness to be reappointed under Section 384 of the Companies Act 1985.

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

Secretary

Crawley, Witney
15th October 1997



AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the financial statements on pages 3 to 9 which have been prepared under the historical cost convention and the accounting policies set out on pages 5 and 6.

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.

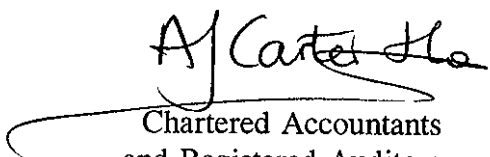
BASIS OF OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on 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.

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 1996 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.


Chartered Accountants
and Registered Auditors

A J Carter & Co
22b High Street
WITNEY
Oxon
OX8 6HB

15th October 1997

NON DESTRUCTIVE INSPECTION SERVICES LIMITED

3.

PROFIT AND LOSS ACCOUNT for the year ended 31st December 1996

Notes	£	1995 £
2. TURNOVER	529,544	348,468
Cost of sales	<u>319,832</u>	<u>209,636</u>
GROSS PROFIT	209,712	138,832
Administrative expenses	<u>129,242</u>	<u>91,376</u>
3. OPERATING PROFIT	80,470	47,456
Other income - Interest received	500	823
4. Interest payable	<u>(5,723)</u>	<u>(1,114)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	75,247	47,165
5. TAXATION	<u>18,698</u>	<u>12,009</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	56,549	35,156
DIVIDENDS PAID	<u>(19,500)</u>	<u>(20,000)</u>
PROFIT retained for the year	37,049	15,156
RETAINED PROFIT brought forward	<u>35,668</u>	<u>20,512</u>
RETAINED PROFIT carried forward	<u>£72,717</u>	<u>£35,668</u>

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



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

NON DESTRUCTIVE INSPECTION SERVICES LIMITED

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BALANCE SHEET		31st December 1996	1995
Notes		£	£
	FIXED ASSETS		
6.	Tangible assets	152,409	<u>118,031</u>
	CURRENT ASSETS		
	Bank and cash balances	10,822	13,410
7.	Debtors and prepayments	<u>67,023</u>	<u>72,282</u>
		77,845	85,692
8.	CREDITORS - Amounts falling due within one year	<u>100,931</u>	<u>99,511</u>
	NET CURRENT (LIABILITIES)	(23,086)	(13,819)
	TOTAL ASSETS LESS CURRENT LIABILITIES	129,323	104,212
9.	CREDITORS - Amounts falling due after after more than one year	(55,051)	(67,162)
	PROVISIONS FOR LIABILITIES AND CHARGES		
5.	Deferred taxation	(1,455)	(1,282)
		<u>£72,817</u>	<u>£35,768</u>
	CAPITAL AND RESERVES		
10.	Called up share capital	100	100
	Profit and loss account	<u>72,717</u>	<u>35,668</u>
11.	Shareholders' funds	<u>£72,817</u>	<u>£35,768</u>

These accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies.



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Directors

Approved by the Board

15th October 1997

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

NON DESTRUCTIVE INSPECTION SERVICES LIMITED
NOTES TO THE ACCOUNTS
for the year ended 31st December 1996

5.

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.

ii) Cash Flow Statement -

The company qualifies as a small company within the meaning of Section 247 of the Companies Act 1985 and is therefore exempted from the requirement to prepare a cash flow statement in accordance with Financial Reporting Standard 1.

iii) 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

iv) 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.

v) Deferred Taxation -

The company provides deferred taxation at the rate of 24% 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.

vi) 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 1996 (continued)

1. **Accounting Policies (continued)**

vii) **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.

viii) **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**

The operating profit is after charging:	1996	1995
	£	£
Depreciation of tangible fixed assets		
- owned	16,075	11,951
- under hire purchase agreements	5,876	3,335
Directors' remuneration	36,611	35,593
Auditors' remuneration	1,779	1,500
Directors pension contributions	15,000	15,000
Hire purchase charges	761	812
Equipment hire	13,186	3,438

4. **Interest Payable**

	1996	1995
	£	£
Bank overdraft	133	352
Bank loan	4,967	762
Other loan interest	<u>623</u>	<u>-</u>
	<u>£5,723</u>	<u>£1,114</u>

5. **Taxation**

	1996	1995
	£	£
a) Charge for the year		
Corporation tax - current year	18,525	12,359
Deferred tax	<u>173</u>	<u>(350)</u>
	<u>£18,698</u>	<u>£12,009</u>

b) Corporation tax has been provided for at the rates of 25% and 24% based on the results for the year.

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NOTES TO THE ACCOUNTS for the year ended 31st December 1996 (continued)

5.	Taxation (continued)	1996 £	1995 £
	c) Deferred tax		
	Brought forward	1,282	1,632
	Charge/Credit for the year	<u>173</u>	<u>(350)</u>
	Carried forward	<u>£1,455</u>	<u>£1,282</u>

6. Tangible Fixed Assets

	Freehold Property	Improvements to Leasehold	Motor Vehicles	Equipment	Office Equipment	Total
Cost	£	£	£	£	£	£
At 1.1.96	69,209	2,043	19,799	58,574	3,259	152,884
Additions	<u>-</u>	<u>3,201</u>	<u>15,250</u>	<u>31,569</u>	<u>6,309</u>	<u>56,329</u>
At 31.12.96	<u>69,209</u>	<u>5,244</u>	<u>35,049</u>	<u>90,143</u>	<u>9,568</u>	<u>209,213</u>

Accumulated Depreciation

At 1.1.96	-	-	10,647	23,280	926	34,853
Charge for the year	<u>-</u>	<u>-</u>	<u>6,927</u>	<u>12,752</u>	<u>2,272</u>	<u>21,951</u>
At 31.12.96	<u>-</u>	<u>-</u>	<u>17,574</u>	<u>36,032</u>	<u>3,198</u>	<u>56,804</u>

Net Book Value

At 31.12.96	<u>£69,209</u>	<u>£5,244</u>	<u>£17,475</u>	<u>£54,111</u>	<u>£6,370</u>	<u>£152,409</u>
At 31.12.95	<u>£69,209</u>	<u>£2,043</u>	<u>£9,152</u>	<u>£35,294</u>	<u>£2,333</u>	<u>£118,031</u>

Included in the above net book values are the following amounts relating to assets held under hire purchase agreements:

Motor vehicles £14,303

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NOTES TO THE ACCOUNTS for the year ended 31st December 1996 (continued)

7.	Debtors and Prepayments	1996	1995
		£	£
	Trade debtors	61,012	70,316
	Prepayments	<u>6,011</u>	<u>1,966</u>
		<u>£67,023</u>	<u>£72,282</u>
8.	Creditors: Amounts falling due within one year	1996	1995
		£	£
	Trade creditors	40,216	33,463
	Hire purchase (secured)	3,103	3,593
	Bank overdraft (secured)	2,073	6,614
	Corporation tax	16,650	7,359
	Directors' current accounts	1,352	18,185
	Social Security and other taxes	26,723	26,214
	Accruals	4,899	2,010
	Bank loan (secured)	3,415	2,073
	Pension fund loan (secured)	<u>2,500</u>	<u>-</u>
		<u>£100,931</u>	<u>£99,511</u>
9.	Creditors: Amounts falling due after more than one year	1996	1995
		£	£
	Repayable by instalment		
	Hire purchase (secured)	6,646	-
	Bank loan - secured (2 - 5 years)	13,660	8,291
	Bank loan - secured (5+ years)	27,245	46,371
	Repayable other than by instalments		
	Loan from pension fund (secured)	<u>7,500</u>	<u>12,500</u>
		<u>£55,051</u>	<u>£67,162</u>
10.	Called up Share Capital	1996	1995
		£	£
	Authorised:		
	100 Ordinary shares of £1 each	100	100
	Allotted, Issued and Fully paid:		
	100 Ordinary shares of £1 each	100	100

NON DESTRUCTIVE INSPECTION SERVICES LIMITED

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**NOTES TO THE ACCOUNTS
for the year ended 31st December 1996 (continued)**

11.	Reconciliation of movement in shareholders' funds	1996 £	1995 £
	Profit for the year	56,549	35,156
	Dividend	<u>(19,500)</u>	<u>(20,000)</u>
	Net additions in year	37,049	15,156
	Shareholders' funds at 1st January 1996	<u>35,768</u>	<u>20,612</u>
	Shareholders' funds at 31st December 1996	<u>£72,817</u>	<u>£35,768</u>

12. **Other Commitments**

At 31st December 1996 the company had annual commitments under non cancellable operating leases as follows:

Land and buildings	1996	1995
Between two and five years	<u>£8,363</u>	<u>£5,425</u>