

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 1995****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 1995	31st December 1994
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:

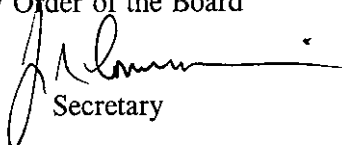
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- follow applicable accounting standards, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts on the going concern basis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

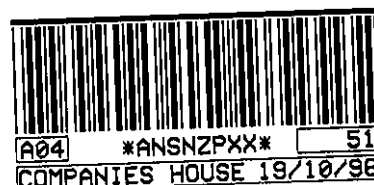
The company is no longer exempt from audit due to the gross income of the company exceeding the threshold for exemption. Accordingly A J Carter & Co, Chartered Accountants and Registered Auditors, have been appointed as auditors of the company and have indicated their willingness to be reappointed under Section 384 of the Companies Act 1985.

By Order of the Board


Secretary

Crawley, Witney

22nd October 1996



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 1995 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.



Chartered Accountants
and Registered Auditors

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

22nd October 1996

NON DESTRUCTIVE INSPECTION SERVICES LIMITED

3.

PROFIT AND LOSS ACCOUNT for the year ended 31st December 1995

Notes	£	1994 £
2. TURNOVER	348,468	212,080
Cost of sales	<u>209,636</u>	<u>132,785</u>
GROSS PROFIT	138,832	79,295
Administrative expenses	<u>91,376</u>	<u>92,371</u>
3. OPERATING PROFIT/(LOSS)	47,456	(13,076)
Other income - Grants received	-	3,000
- Interest received	823	273
4. Interest payable	<u>(1,114)</u>	<u>(176)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	47,165	(9,979)
5. TAXATION	<u>12,009</u>	<u>2,479</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION	35,156	(7,500)
DIVIDENDS PAID	<u>(20,000)</u>	-
PROFIT/(LOSS) retained for the year	15,156	(7,500)
RETAINED PROFIT brought forward	<u>20,512</u>	<u>28,012</u>
RETAINED PROFIT carried forward	<u>£35,668</u>	<u>£20,512</u>

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

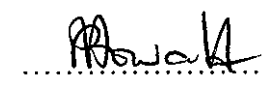

The notes on pages 5 to 9 form part of these financial statements.

NON DESTRUCTIVE INSPECTION SERVICES LIMITED

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BALANCE SHEET		31st December 1995	1994
Notes		£	£
	FIXED ASSETS		
6.	Tangible assets	118,031	<u>46,263</u>
	CURRENT ASSETS		
	Bank and cash balances	13,410	-
7.	Debtors and prepayments	<u>72,282</u>	<u>65,474</u>
		85,692	65,474
8.	CREDITORS - Amounts falling due within one year	<u>99,511</u>	<u>86,053</u>
	NET CURRENT (LIABILITIES)	(13,819)	(20,579)
	TOTAL ASSETS LESS CURRENT LIABILITIES	104,212	25,684
9.	CREDITORS - Amounts falling due after after more than one year	(67,162)	(3,440)
	PROVISIONS FOR LIABILITIES AND CHARGES		
5.	Deferred taxation	(1,282)	(1,632)
		<u>£35,768</u>	<u>£20,612</u>
	CAPITAL AND RESERVES		
10.	Called up share capital	100	100
	Profit and loss account	<u>35,668</u>	<u>20,512</u>
11.	Shareholders' funds	<u>£35,768</u>	<u>£20,612</u>

In preparing these accounts, the directors have taken advantage of the special exemptions applicable to small companies conferred by Part I of Schedule 8 to the Companies Act 1985 on the grounds that, in their opinion, the company qualifies as a small company.

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 } Directors

Approved by the Board 22nd October 1996

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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 1995

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

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 25% 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.

NOTES TO THE ACCOUNTS
for the year ended 31st December 1995 (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**

The operating profit/loss is after charging:	1995	1994
	£	£
Depreciation of tangible fixed assets		
- owned	11,951	8,981
- under hire purchase agreements	3,335	3,016
Profit on disposal of motor vehicle	-	(69)
Directors' remuneration	35,593	33,169
Auditors' remuneration	1,500	-
Directors pension contributions	15,000	15,000
Hire purchase charges	812	762
Equipment hire	3,438	-

4. **Interest Payable**

	1995	1994
	£	£
Bank overdraft	352	176
Bank loan	<u>762</u>	<u>-</u>
	<u>£1,114</u>	<u>£176</u>

5. **Taxation**

	1995	1994
	£	£
a) Charge for the year		
Corporation tax - current year	12,359	(2,638)
Deferred tax	<u>(350)</u>	<u>159</u>
	<u>£12,009</u>	<u>£2,479</u>

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

NOTES TO THE ACCOUNTS
for the year ended 31st December 1995 (continued)

5.	Taxation (continued)	1995	1994
		£	£
c)	Deferred tax		
	Brought forward	1,632	1,473
	Credit/Charge for the year	<u>(350)</u>	<u>159</u>
	Carried forward	<u>£1,282</u>	<u>£1,632</u>

6. **Tangible Fixed Assets**

	Freehold Property	Improvements to Leashold	Motor Vehicles	Equipment	Office Equipment	Total
Cost	£	£	£	£	£	£
At 1.1.95	-	2,043	17,715	44,872	1,200	65,830
Additions	<u>69,209</u>	<u>-</u>	<u>2,084</u>	<u>13,702</u>	<u>2,059</u>	<u>87,054</u>
At 31.12.95	<u>69,209</u>	<u>2,043</u>	<u>19,799</u>	<u>58,574</u>	<u>3,259</u>	<u>152,884</u>

Accumulated Depreciation

At 1.1.95	-	-	6,108	13,168	291	19,567
Charge for the year	<u>-</u>	<u>-</u>	<u>4,539</u>	<u>10,112</u>	<u>635</u>	<u>15,286</u>
At 31.12.95	<u>-</u>	<u>-</u>	<u>10,647</u>	<u>23,280</u>	<u>926</u>	<u>34,853</u>

Net Book Value

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>
At 31.12.94	<u>£ -</u>	<u>£2,043</u>	<u>£11,607</u>	<u>£31,704</u>	<u>£909</u>	<u>£46,263</u>

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

Motor vehicles £6,474

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NOTES TO THE ACCOUNTS for the year ended 31st December 1995 (continued)

7.	Debtors and Prepayments	1995	1994
		£	£
	Trade debtors	70,316	62,836
	Prepayments	1,966	-
	Corporation tax	-	<u>2,638</u>
		<u>£72,282</u>	<u>£65,474</u>
8.	Creditors: Amounts falling due within one year	1995	1994
		£	£
	Trade creditors	33,463	27,738
	Hire purchase (secured)	3,593	3,680
	Bank overdraft (secured)	6,614	18,151
	Corporation tax	7,359	-
	Directors' current accounts	18,185	20,535
	Social Security and other taxes	26,214	13,934
	Accruals	2,010	2,015
	Bank loan (secured)	<u>2,073</u>	<u>-</u>
		<u>£99,511</u>	<u>£86,053</u>
9.	Creditors: Amounts falling due after more than one year	1996	1995
		£	£
	Repayable by instalment		
	Hire purchase (secured)	-	3,440
	Bank loan - secured (2 - 5 years)	8,291	-
	Bank loan - secured (5+ years)	46,371	-
	Repayable other than by instalments		
	Loan from pension fund (secured)	<u>12,500</u>	<u>-</u>
		<u>£67,162</u>	<u>£3,440</u>
10.	Called up Share Capital	1995	1994
		£	£
	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 1995 (continued)

11.	Reconciliation of movement in shareholders' funds	1995 £	1994 £
	Profit/(loss) for the year	35,156	(7,500)
	Dividend	<u>(20,000)</u>	<u>-</u>
	Net reduction/additions in year	15,156	(7,500)
	Shareholders' funds at 1st January 1995	<u>20,612</u>	<u>28,112</u>
	Shareholders' funds at 31st December 1995	<u>£35,768</u>	<u>£20,612</u>

12. Other Commitments

At 31st December 1995 the company had annual commitments under non cancellable operating leases as follows:

Land and buildings	1995	1994
Between two and five years	<u>£5,425</u>	<u>£5,425</u>