

SILVERDELL MICROBIOLOGY LIMITED

Company No: 2605549

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MAY 1997



FRASER RUSSELL
Greenwood House
91/99 New London Road
Chelmsford, Essex.

SILVERDELL MICROBIOLOGY LIMITED

DIRECTORS

Mr A.D. Watts - Managing
Mr G.C. Mills A.I.B.M.S
Mrs V.A. Watts

SECRETARY

Mrs V.A. Watts

REGISTERED OFFICE

Greenwood House
91/99 New London Road
Chelmsford
Essex CM2 0PP

AUDITORS

Fraser Russell
Chartered Accountants
Greenwood House
91/99 New London Road
Chelmsford, Essex.

PRINCIPAL BANKERS

National Westminster Bank plc
100 The Crescent
Colchester Business Park
Colchester
Essex CO4 4YQ

SILVERDELL MICROBIOLOGY LIMITED

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FOR THE YEAR ENDED 31 MAY 1997

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SILVERDELL MICROBIOLOGY LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31 May 1997.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

For the fourth year running our progress has been most satisfactory in a highly competitive market as reflected by an increase in turnover of 30% to (£225,182) as opposed to the previous year (£173,298), and this has culminated in an increase of 15% in net worth to (£70,902) when compared to 1996 (£61,408) with pre tax profits up 41% to (£20,214) from (1996 £14,338).

We have also improved our infrastructure by investing in our laboratory having spent about £16,000 in this direction on both Equipment and Fixtures and Fittings. All in all we have excellent premises appreciated by both customers and staff alike.

Our client base continues to grow with a broad range of 'blue chip' clients with not one of them contributing to more than 15% of total turnover. All of our clients are very important to us to the extent we aim to give them a personalised service at a competitive rate, and hopefully this is reflected in us not losing any significant client during the year under review.

Our staff continue to give their best and this highly appreciated by the Directors. They also continue to excell in external Quality Assurance Programmes organised by both MAFF and PHLS, which is still very relevant to our NAMAS Accreditation, as well as Training Records.

For the coming year we are aiming for growth which we trust will come from both existing clients and from our Marketing and Business Development activities.

Our professional advisors are to be thanked for their assistance in the year, namely National Westminster Bank PLC Colchester Business centre, Fraser Russell (Chelmsford) Chartered Accountants and Wollastons Solicitors (Chelmsford).

SILVERDELL MICROBIOLOGY LIMITED

REPORT OF THE DIRECTORS

DIVIDEND AND TRANSFER TO RESERVES

The directors have paid an interim dividend amounting to £4,000, and they do not recommend payment of a final dividend.

It is proposed that the retained profit of £9,494 is transferred to reserves.

FIXED ASSETS

Full disclosure of all matters relating to fixed assets is set out in the notes to the financial statements.

DIRECTORS AND THEIR INTERESTS

The directors at the balance sheet date and their interests in the company at that date and at the beginning of the year (or on appointment if later), were as follows:

| | | <u>Number of shares</u> | |
|--------------------------|-------------------|-------------------------|-------------|
| | | <u>1997</u> | <u>1996</u> |
| Mr A.D. Watts - Managing | Ordinary shares | 15,999 | 15,999 |
| | Preference shares | 30,000 | 30,000 |
| Mr G.C. Mills A.I.B.M.S | Ordinary shares | 4,000 | 4,000 |
| Mrs V.A. Watts | Ordinary shares | 1 | 1 |

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements 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 financial statements 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.

CLOSE COMPANY

The company is a close company as defined by the Income and Corporation Taxes Act 1988.

SILVERDELL MICROBIOLOGY LIMITED

REPORT OF THE DIRECTORS

AUDITORS

The auditors, Fraser Russell, are willing to be reappointed in accordance with section 385 of the Companies Act 1985.

By Order of the Board

Date: 27 June 1997

V Watts
Secretary

AUDITORS' REPORT TO THE SHAREHOLDERS OF
SILVERDELL MICROBIOLOGY LIMITED

We have audited the financial statements on pages 5 to 14 which have been prepared under the historical cost convention and the accounting policies set out in note 1 to the financial statements.

Respective responsibilities of the directors and auditors

As described on the Directors' Report 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.

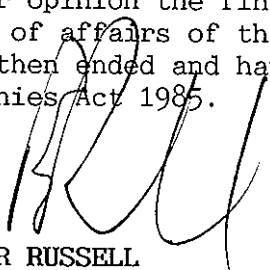
Basis of opinion

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.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 May 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



FRASER RUSSELL
Chartered Accountants
Registered Auditors

Greenwood House
91/99 New London Road
Chelmsford, Essex.

Date: 27 June 1997

SILVERDELL MICROBIOLOGY LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MAY 1997

| | Notes | 1997 £ | 1996 £ |
|--|-------|-----------|-----------|
| TURNOVER | | 225,182 | 173,298 |
| Cost of sales | | (106,569) | (74,626) |
| GROSS PROFIT | | 118,613 | 98,672 |
| Administrative expenses | | (95,128) | (84,585) |
| Other operating income | | - | 2,500 |
| OPERATING PROFIT | 2 | 23,485 | 16,587 |
| Interest payable | 3 | (3,271) | (2,249) |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 20,214 | 14,338 |
| Tax on profit on ordinary activities | 5 | (6,720) | (693) |
| PROFIT FOR THE FINANCIAL YEAR | | 13,494 | 13,645 |
| Dividends | 6 | (4,000) | - |
| RETAINED PROFIT FOR THE YEAR | 15 | 9,494 | 13,645 |

None of the company's activities were acquired or discontinued during the above two financial years.

The company has no recognised gains or losses other than those dealt with in the profit and loss account.

The notes on pages 7 to 14 form part of these financial statements.

SILVERDELL MICROBIOLOGY LIMITED

BALANCE SHEET
AT 31 MAY 1997

| | Notes | £ | 1997 £ | £ | 1996 £ |
|--|-------|----------|---------------|---------------|---------------|
| FIXED ASSETS | | | | | |
| Tangible assets | 7 | | 54,659 | | 43,845 |
| CURRENT ASSETS | | | | | |
| Stocks | 8 | 16,843 | | 20,692 | |
| Debtors | 9 | 47,971 | | 41,201 | |
| Cash at bank and in hand | | 542 | | - | |
| | | | <u>65,356</u> | <u>61,893</u> | |
| CREDITORS: Amounts falling due within one year | 10 | (30,970) | | (29,971) | |
| NET CURRENT ASSETS | | | <u>34,386</u> | | <u>31,922</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | 89,045 | | 75,767 |
| CREDITORS: Amounts falling due after more than one year | 11 | | (18,143) | | (14,359) |
| | | | <u>70,902</u> | | <u>61,408</u> |
| CAPITAL AND RESERVES INCLUDING NON-EQUITY INTERESTS | | | | | |
| Called up share capital | 14 | | 50,000 | | 50,000 |
| Profit and loss account | 15 | | 20,902 | | 11,408 |
| | | | <u>70,902</u> | | <u>61,408</u> |

The financial statements were approved
by the board on 27 June 1997 and
signed on its behalf by

A.D. Watts)
.....) Directors

The notes on pages 7 to 14 form part of these financial statements.

SILVERDELL MICROBIOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 1997

1. ACCOUNTING POLICIES

1.1 BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention.

1.2 TURNOVER

Turnover represents the total invoice value, excluding value added tax, of goods sold and services rendered during the year.

1.3 DEPRECIATION

Depreciation is provided using the following rates and bases to reduce by annual instalments the cost, less estimated residual value, of the tangible assets over their estimated useful lives:-

| | |
|-----------------------|--|
| Leasehold properties | Straight line over the life of the lease |
| Plant and machinery | 15% per annum on cost |
| Fixtures and fittings | 15% per annum on cost |
| Motor vehicles | 25% per annum on reducing balance |

1.4 STOCKS

Stocks are valued at the lower of cost and net realisable value. Cost is calculated as follows:

| | |
|------------------|--|
| Raw materials | - cost of purchase on first in, first out basis |
| Work in progress | - cost of raw materials and labour together with attributable overheads. |

Net realisable value is based on estimated selling price less further costs to completion and disposal.

1.5 DEFERRED TAXATION

Provision is made by the liability method on all net adverse timing differences which are expected to be reversed in the foreseeable future.

1.6 LEASING AND HIRE PURCHASE

Assets acquired under finance leases or hire purchase contracts are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Finance charges and interest are taken to the profit and loss account in constant proportion to the remaining balance of capital repayments or net obligations outstanding.

SILVERDELL MICROBIOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 1997

2. OPERATING PROFIT

| | 1997 £ | 1996 £ |
|---|-------------------|-------------------|
| The operating profit is stated after charging:- | | |
| Depreciation | 14,419 | 12,713 |
| Auditors' remuneration | 1,400 | 1,000 |
| | <u> </u> | <u> </u> |

3. INTEREST PAYABLE

| | 1997 £ | 1996 £ |
|---|-------------------|-------------------|
| On bank loans and overdrafts and on loans repayable in full within five years | 1,279 | 1,322 |
| Hire purchase interest | 1,992 | 927 |
| | <u> </u> | <u> </u> |
| | <u>3,271</u> | <u>2,249</u> |

4. DIRECTORS AND EMPLOYEES

| | 1997 £ | 1996 £ |
|-----------------------|-------------------|-------------------|
| Staff costs:- | | |
| Wages and salaries | 78,750 | 65,792 |
| Social security costs | 7,746 | 6,084 |
| | <u> </u> | <u> </u> |
| | <u>86,496</u> | <u>71,876</u> |

There were 5 employees during the year apart from the directors.

| | £ | £ |
|--------------------------------------|-------------------|-------------------|
| Directors' emoluments:- | | |
| Remuneration for management services | 42,060 | 36,724 |
| | <u> </u> | <u> </u> |

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

| | 1997 £ | 1996 £ |
|--|-------------------|-------------------|
| The taxation charge based on the profit before tax comprises:- | | |
| U.K. corporation tax at 24% (1996 - 25%) | 6,720 | 693 |
| | <u> </u> | <u> </u> |
| | <u>6,720</u> | <u>693</u> |

SILVERDELL MICROBIOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 1997

| 6. DIVIDENDS | 1997 £ | 1996 £ |
|-------------------------------------|-----------|-----------|
| Equity interests | | |
| Ordinary:- | | |
| Final dividend paid 31 January 1997 | 4,000 | - |
| | <hr/> | <hr/> |
| | 4,000 | - |
| | <hr/> | <hr/> |

The preference dividend of £2,250 for the current year has been permanently waived.

SILVERDELL MICROBIOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 1997

7. TANGIBLE ASSETS

| | Land & buildings £ | Plant & machinery £ | Fixtures & fittings £ | Motor vehicles £ | Total £ |
|---|--------------------------|---------------------------|-----------------------------|------------------------|------------------|
| <u>Cost</u> | | | | | |
| At 1 June 1996 | 3,857 | 35,787 | 14,933 | 22,070 | 76,647 |
| Additions | - | 7,113 | 9,614 | 21,623 | 38,350 |
| Disposals | - | - | - | (19,051) | (19,051) |
| At 31 May 1997 | <u>3,857</u> | <u>42,900</u> | <u>24,547</u> | <u>24,642</u> | <u>95,946</u> |
| <u>Depreciation</u> | | | | | |
| At 1 June 1996 | 576 | 16,788 | 8,225 | 7,213 | 32,802 |
| Charge for year | 154 | 6,140 | 2,981 | 5,144 | 14,419 |
| On disposals | - | - | - | (5,934) | (5,934) |
| At 31 May 1997 | <u>730</u> | <u>22,928</u> | <u>11,206</u> | <u>6,423</u> | <u>41,287</u> |
| <u>Net book value at 31 May 1997</u> | <u>3,127</u> | <u>19,972</u> | <u>13,341</u> | <u>18,219</u> | <u>54,659</u> |
| <u>Net book value at 31 May 1996</u> | <u>3,281</u> | <u>18,999</u> | <u>6,708</u> | <u>14,857</u> | <u>43,845</u> |
| | | | | <u>1997</u> £ | <u>1996</u> £ |
| Analysis of net book value of land and buildings: | | | | | |
| Short leasehold | | | | <u>3,127</u> | <u>3,281</u> |
| Included above are assets held under finance leases or hire purchase contracts as follows:- | | | | | |
| | | | | <u>1997</u> £ | <u>1996</u> £ |
| Net book values: | | | | | |
| Motor vehicles | | | | <u>17,568</u> | <u>13,991</u> |
| | | | | <u>17,568</u> | <u>13,991</u> |
| Depreciation charge for the year: | | | | | |
| Motor vehicles | | | | <u>4,054</u> | <u>4,663</u> |
| | | | | <u>4,054</u> | <u>4,663</u> |

Net obligations under finance leases and hire purchase contracts are secured on the assets acquired.

SILVERDELL MICROBIOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 1997

| | | | |
|-----|---|---------------|---------------|
| 8. | STOCKS | 1997 £ | 1996 £ |
| | Raw materials and consumables | 11,669 | 15,721 |
| | Work in progress | 5,174 | 4,971 |
| | | <u>16,843</u> | <u>20,692</u> |
| 9. | DEBTORS | 1997 £ | 1996 £ |
| | Trade debtors | 40,096 | 33,067 |
| | Other debtors | 5,225 | 5,225 |
| | Prepayments and accrued income | 2,650 | 2,909 |
| | | <u>47,971</u> | <u>41,201</u> |
| 10. | CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR | 1997 £ | 1996 £ |
| | Bank loans and overdrafts | 2,795 | 4,533 |
| | Trade creditors | 2,815 | 4,921 |
| | Proposed dividend | 375 | 375 |
| | Corporation tax | 5,720 | 693 |
| | Other taxes and social security costs | 7,855 | 7,942 |
| | Net obligations under finance lease and hire purchase contracts | 4,581 | 5,380 |
| | Other creditors | 5,254 | 4,462 |
| | Accruals and deferred income | 1,575 | 1,665 |
| | | <u>30,970</u> | <u>29,971</u> |
| 11. | CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR | 1997 £ | 1996 £ |
| | Loans | 7,454 | 5,001 |
| | Net obligations under finance leases and hire purchase contracts | 10,689 | 4,484 |
| | Directors loan account | - | 4,874 |
| | | <u>18,143</u> | <u>14,359</u> |

SILVERDELL MICROBIOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 1997

12. BORROWINGS

1997
£

1996
£

The company's borrowings are repayable as follows:

| | | |
|-----------------------------------|---------------|--------------|
| In one year, or less or on demand | 2,795 | 4,533 |
| Between one and two years | 2,795 | 1,270 |
| Between two and five years | 4,659 | 3,730 |
| | <u>10,249</u> | <u>9,534</u> |

Loan Details:

| | | |
|---------------------------------|---------------|--------------|
| Nat West Loan | | |
| Wholly Repayable within 5 years | 10,249 | 2,854 |
| Long Term Nat West Loan | | |
| Wholly Repayable within 5 years | - | 6,270 |
| | <u>10,249</u> | <u>9,124</u> |

| | | |
|-------------------------------|---------------|--------------|
| Amounts due within five years | <u>10,249</u> | <u>9,124</u> |
|-------------------------------|---------------|--------------|

| | | |
|---------------------------------------|----------|----------|
| Instalments not due within five years | <u>-</u> | <u>-</u> |
|---------------------------------------|----------|----------|

Details of security:

The borrowings are secured by way of a mortgage debenture dated 11.8.93 together with a director's guarantee limited to £33,440 dated 8.2.95.

13. NET OBLIGATIONS UNDER FINANCE LEASES
AND HIRE PURCHASE CONTRACTS

1997
£

1996
£

The company's net obligations under finance leases and hire purchase contracts are repayable as follows:

| | | |
|-----------------------------------|-------|-------|
| In one year, or less or on demand | 4,581 | 5,380 |
| Between one and two years | 4,581 | 4,484 |
| Between two and five years | 6,108 | - |

| | | |
|---------------------------------|---------------------------------|--------------------------------|
| Included in current liabilities | <u>15,270</u> <u>(4,581)</u> | <u>9,864</u> <u>(5,380)</u> |
| | <u>10,689</u> | <u>4,484</u> |

SILVERDELL MICROBIOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 1997

14. SHARE CAPITAL

| | 1997 £ | 1996 £ |
|---|----------------|----------------|
| <u>Authorised</u> | | |
| Equity interests: | | |
| 70,000 Ordinary shares of £1 each | 70,000 | 70,000 |
| Non-equity interests: | | |
| 30,000 7.5% Cum. Preference Shares of £1 each | 30,000 | 30,000 |
| | <u>100,000</u> | <u>100,000</u> |
| <u>Allotted, called up and fully paid</u> | | |
| Equity interests: | | |
| 20,000 Ordinary shares of £1 each | 20,000 | 20,000 |
| Non-equity interests: | | |
| 30,000 7.5% Cum. Preference Shares of £1 each | 30,000 | 30,000 |
| | <u>50,000</u> | <u>50,000</u> |

15. PROFIT AND LOSS ACCOUNT

| | 1997 £ | 1996 £ |
|---------------------------------|---------------|---------------|
| Retained profits at 1 June 1996 | 11,408 | (2,237) |
| Retained profit for the year | 9,494 | 13,645 |
| Retained profits at 31 May 1997 | <u>20,902</u> | <u>11,408</u> |

SILVERDELL MICROBIOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 1997

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | 1997 £ | 1996 £ |
|------------------------------------|-----------|-----------|
| Profit for the financial year | 13,494 | 13,645 |
| Dividends | (4,000) | - |
| | <hr/> | <hr/> |
| Shareholders' funds at 1 June 1996 | 9,494 | 13,645 |
| | 61,408 | 47,763 |
| | <hr/> | <hr/> |
| Shareholders' funds at 31 May 1997 | 70,902 | 61,408 |
| | <hr/> | <hr/> |
| Represented by:- | | |
| Equity interests | 40,902 | 31,408 |
| Non-equity interests | 30,000 | 30,000 |
| | <hr/> | <hr/> |
| | 70,902 | 61,408 |
| | <hr/> | <hr/> |