

BENCHMARK PHYSICAL LABORATORIES LIMITED  
DIRECTORS' REPORT AND FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 22 AUGUST 1996 TO  
30 SEPTEMBER 1997

REGISTRATION NO.3243344



BENCHMARK PHYSICAL LABORATORIES LIMITED  
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FOR THE PERIOD FROM 22 AUGUST 1996 TO 30 SEPTEMBER 1997

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SECRETARY: I C Mitchell

REGISTERED OFFICE: 59 Union Street, Dunstable, Beds, LU6 1EX

The directors present their report and audited financial statements for the period ended 30 September 1997.

## RESULTS AND DIVIDENDS

The directors recommend payment of a dividend for the period ended 30 September 1997 amounting to £60000.

The directors propose that the profit, after taxation and dividends of £13218, be carried forward.

## REVIEW OF BUSINESS

The company was incorporated on 22 August 1996 and commenced trading on 26 October 1997.

The company's principal activity during the period was the production of meters.

## FUTURE DEVELOPMENTS

The company intends to continue its present management policies for the foreseeable future.

FIXED ASSETS

Details of changes in fixed assets are given in notes 8 and 9 to the financial statements.

## DIRECTORS AND THEIR INTERESTS

The directors and their respective interests (including beneficial and family interests) in the ordinary shares of the company were as follows:-

	Ordinary Shares
B E Cook	99
I C Mitchell	1

AUDITORS

A resolution to reappoint Messrs Minney & Co., Chartered Accountants, as auditors will be put to the members at the Annual General Meeting.

## BENCHMARK PHYSICAL LABORATORIES LIMITED

## DIRECTOR'S RESPONSIBILITIES IN RESPECT OF THE PREPARATION OF FINANCIAL STATEMENTS:-

Company Law requires the directors to prepare financial statements 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 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;
- \* comply with applicable accounting standards subject to any material departures disclosed and explained in the financial statements; and
- \* 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.

By Order of the Board



SECRETARY  
I C MITCHELL

## AUDITORS REPORT TO THE SHAREHOLDERS OF BENCHMARK PHYSICAL LABORATORIES LIMITED

We have audited the financial statements on pages 4 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

## RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 2 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 these statements and to report our opinion to you.

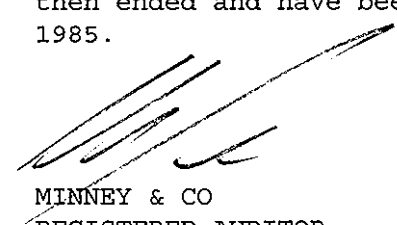
## BASIS OF OPINION

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 judgments 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 30 September 1997 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



MINNEY & CO  
REGISTERED AUDITOR  
59 UNION STREET  
DUNSTABLE  
BEDS  
LU6 1EX

DATE ..... 7.5.98 .....

BENCHMARK PHYSICAL LABORATORIES LIMITED  
 PROFIT AND LOSS ACCOUNT  
 FOR THE PERIOD FROM 22 AUGUST 1996 TO 30 SEPTEMBER 1997

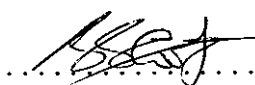
	NOTES	£
Turnover	2	649006
Cost of Sales		<u>393940</u>
GROSS PROFIT		255066
Administrative Expenses		<u>159203</u>
OPERATING PROFIT	3	95863
Other Operating Income		<u>8250</u>
		104113
Interest Received		100
Interest Payable and Similar Charges	5	<u>(8320)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		95893
Tax on profit on ordinary activities	6	<u>22675</u>
PROFIT FOR THE FINANCIAL YEAR		73218
Dividends	7	<u>60000</u>
PROFIT RETAINED FOR THE FINANCIAL YEAR		<u>13218</u>
Retained Profit Carried Forward		<u><u>£13218</u></u>

There are no recognised gains or losses other than as disclosed above and there have been no discontinued activities or acquisitions in the current or preceding period.

BENCHMARK PHYSICAL LABORATORIES LIMITED  
BALANCE SHEET  
AS AT 30 SEPTEMBER 1997

	NOTES	£	£
FIXED ASSETS			
Intangible Assets	8		3752
Tangible Assets	9		328531
			<hr/>
			332283
CURRENT ASSETS			
Stocks	10	28918	
Debtors	11	126895	
Cash at Bank and in Hand		28531	
		<hr/>	
		184344	
CREDITORS - Amounts Falling Due Within One Year	12	266608	
		<hr/>	
NET CURRENT (LIABILITIES)			(82264)
			<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES			250019
CREDITORS - Amounts Falling Due After More Than One Year	13		236701
			<hr/>
			£13318
			<hr/>
CAPITAL AND RESERVES			
Called Up Share Capital	16		100
Profit and Loss Account			13218
			<hr/>
SHAREHOLDERS' FUNDS	17		£13318
			<hr/>

Approved by the board on and signed on its behalf by

  
.....  
DIRECTOR

6-5-98  
.....  
DATE

BENCHMARK PHYSICAL LABORATORIES LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE PERIOD FROM 22 AUGUST 1996 TO  
 30 SEPTEMBER 1997

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1. ACCOUNTING POLICIES

(a) Accounting Convention

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

(b) Depreciation

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

Motor Vehicles	25% straight line
Plant	20% straight line
Goodwill	25% straight line

(c) Stock

Stock is valued at the lower of cost or net realisable value.

2. TURNOVER

Turnover represents the invoiced amount of goods and services supplied by the company, stated net of value added tax.

The turnover, which all arises within the United Kingdom, and pre-tax result is attributable to the company's principal activity, the production of meters.

3. OPERATING PROFIT

1997

£

This is stated after charging:

Depreciation of intangible fixed assets	1250
Depreciation of tangible fixed assets	3979
Depreciation of assets held under finance leases, and hire purchase contracts	6993
Auditors' remuneration	800

4. STAFF COSTS

£

Wages and Salaries	173761
Social Security Costs	13142
Other Pension Costs	4000

£190903

The average weekly number of employees during the year was as follows:

Number

Directors	2
Administration and Management	5
Production	16

23



BENCHMARK PHYSICAL LABORATORIES LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
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5.	INTEREST PAYABLE AND SIMILAR CHARGES		1997 £
	Loans not wholly repayable within five years		6510
	Hire Purchase Interest		1810
			<u>£8320</u>
6.	TAX ON PROFIT ON ORDINARY ACTIVITIES		1997 £
	Based on the profit for the period: Corporation tax at 22.38%		£22675
7.	DIVIDENDS		£
	Ordinary Paid		£60000
8.	INTANGIBLE ASSETS	INTELLECTUAL PROPERTY RIGHTS	TOTAL
		GOODWILL	
		£	£
	Cost		
	Additions	5001	1
		<u>5001</u>	<u>1</u>
	At 30 September 1997	5001	1
		<u>5001</u>	<u>1</u>
	Depreciation		
	Charge for Period	1250	-
		<u>1250</u>	<u>-</u>
	At 30 September 1997	1250	-
		<u>1250</u>	<u>-</u>
	Net Book Value		
	At 30 September 1997	£3751	£1
		<u>£3751</u>	<u>£1</u>

BENCHMARK PHYSICAL LABORATORIES LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS  
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	MOTOR VEHICLES £	PLANT £	FREEHOLD PROPERTY £	TOTAL £
9. FIXED ASSETS				
Cost				
Additions	32700	23875	282928	339503
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 1997	32700	23875	282928	339503
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
Charge for the period on disposals	6993	3979	-	10972
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 1997	6993	3979	-	10972
	<hr/>	<hr/>	<hr/>	<hr/>
Net Book Value				
At 30 September 1997	£25707	£19896	£282928	£328531
	<hr/>	<hr/>	<hr/>	<hr/>

The net book value of motor vehicles of £25707 includes an amount of £25707 in respect of assets held under hire purchase agreements and finance leases.

In the opinion of the Directors the market value of freehold property is in excess of its original cost. Accordingly no provision for depreciation has been made in the financial statements.

10. STOCKS	1997 £
Stock	5998
Work in progress	22920
	<hr/>
	£28918
	<hr/>
11. DEBTORS	£
Trade debtors	108218
Sundry debtors	198
Advance corporation tax	15000
Prepayments	3479
	<hr/>
	£126895
	<hr/>

BENCHMARK PHYSICAL LABORATORIES LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
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	1997 £
12. CREDITORS - Amounts Falling Due Within One Year	
Trade creditors	79827
Bank loan (note 13)	3163
Obligations under hire purchase and finance leases (note 14)	7386
Other taxes and social security	21224
Corporation tax	22675
Advance corporation tax	15000
Income tax	772
Directors loan account	111775
Other creditors	3986
Accruals	800
	<hr/>
	£266608
	<hr/>
	1997 £
13. CREDITORS - Amounts Falling Due After More Than One Year	
Mortgage	131411
Bank loan	92343
Obligations under hire purchase and finance leases (note 14)	12947
	<hr/>
	£236701
	<hr/>

The directors loan account is secured by a fixed charge on the book debts, postponed in favour of Barclays Bank plc and by a Chattels Mortgage.

The mortgage of £135,000 is repayable in full on 8 March 2012 from the proceeds of an Endowment on the life of a director. Endowment premiums are payable at a rate of £6152 per annum. The mortgage is secured by a fixed charge on the company's premises at Sheet Road Industrial Estate, Ludlow, Shropshire and by a personal guarantee of £25000 from the Directors. Interest is charged at 9.5% per annum until 16 June 1998, thereafter at 10.75% per annum fixed.

The bank loan is secured by a fixed charge on the company's freehold property at 25 Ennerdale Avenue, Dunstable, Beds and by a fixed charge on the book debts of the company. Annual interest is payable at Barclays Bank plc base rate plus 3.75%.

Instalments falling due after more than one year are payable as follows:

	£
Between 1 and 2 years	7345
Between 2 and 5 years	36972
After 5 years	51387
	<hr/>
	£92343
	<hr/>

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14. OBLIGATIONS UNDER HIRE PURCHASE  
AND FINANCE LEASES

	1997
	£
Amounts payable:	
Within one year	9423
In the second to fifth years inclusive	14582

	24005
Less finance charges allocated to future periods	(3672)

£20333

Analysed as follows:

	£
Current obligations	7386
Non-current obligations	12947

£20333

15. DEFERRED TAXATION

Provided

Not Provided

1997

1997

£

£

Capital Allowances in  
advance of depreciation

£ -

£1158

16. SHARE CAPITAL

Authorised

Allotted, called up  
and fully paid

1997

1997

No

£

Ordinary shares of £1 each

100

100

17. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

1997

£

Profit for the period

15320

Shares issued

100

At 30 September 1997

15420

18. RELATED PARTIES

B E Cook and I C Mitchell are directors of Leatech Properties Ltd which charged the company rent amounting to £8333 during the period. This charge was at open market value and at arm's length.

B E Cook is proprietor of FTR Investments which charged the company rent amounting to £6500 during the period. This charge was at open market value and at arm's length.