

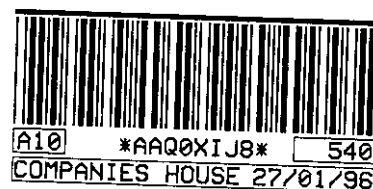
Company number 00832429

CHELSEA INSTRUMENTS LIMITED

FINANCIAL STATEMENTS

- for the period of 1 year and 3 months

ended 31 MARCH, 1995



**CHELSEA INSTRUMENTS LIMITED**

**DIRECTORS**

Mr. D.J. Chatterton (Managing Director)  
Dr.D. Griffiths ARCS PhD  
Mr. M.B. Kershen FCA  
Dr. J.P. Vessey ARCS PhD  
Mr. R.J. Burt  
Mr. B. A. Wardhaugh

**SECRETARY**

Mr. S.A. Fletcher

**BUSINESS ADDRESS**

2/3 Central Avenue  
West Molesey  
SURREY KT8 2QZ  
UK

**REGISTERED OFFICE**

2/3 Central Avenue  
West Molesey  
SURREY KT8 2QZ  
UK

**AUDITORS**

Hazlems Fenton  
Chartered Accountants  
Palladium House  
1-4 Argyll Street  
LONDON W1V 1AD

CHELSEA INSTRUMENTS LIMITED

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31 MARCH 1995

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## **CHELSEA INSTRUMENTS LIMITED**

### **REPORT OF THE DIRECTORS**

The directors present their report and the audited financial statements for the period of 1 year and 3 months ended 31 March 1995.

#### **DIRECTORS' RESPONSIBILITIES**

Company law requires 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, Company 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.

Company 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. Company directors 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.

#### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The Company develops and supplies high-specification electronic equipment for use in the environmental, oceanographic and medical fields. It also provides technical research and consultancy services in those fields.

The generally difficult conditions in UK and world trading markets restricted the Company's turnover, resulting in lower profits. These conditions continue in the current year and results are expected to remain at these levels accordingly.

#### **DIVIDEND AND TRANSFER TO RESERVES**

The directors have proposed that no dividend be paid for 1994/95 (1993 - £15,008).

It is proposed that the retained profit of £68,622 is transferred to reserves.

#### **FIXED ASSETS**

The movements in fixed assets during the period are set out in Note 9. to the financial statements.

#### **DIRECTORS AND THEIR INTERESTS**

The directors who served during the period and their beneficial interests in the company were as stated below:

	<b>Ordinary Shares of £1 each</b>	
	<b><u>31.3.95</u></b>	<b><u>31.12.93</u></b>
D.J. Chatterton	20,385	20,385
D. Griffiths	8,810	8,810
M.B. Kershen	10,675	10,675
R.C.M. Learner (resigned 12.10.94)	3,500	3,500
J.P. Vessey	4,005	4,005
R.J. Burt	-	-
B.M. Swale (resigned 11.8.95)	-	-
B.A. Wardhaugh (appointed 12.10.94)	-	-

The above beneficial interests are reflected through the directors' share holdings in the ultimate holding company, Chelsea Technologies Limited.

CHELSEA INSTRUMENTS LIMITED

AUDITORS

The auditors, Hazlems Fenton, are willing to be re-appointed in accordance with section 385 of the Companies Act 1985.

Registered office:

2/3 Central Avenue  
West Molesey  
Surrey KT8 2QZ  
UK

Date: 19<sup>th</sup> January, 1986

A handwritten signature in black ink, appearing to be 'S.A. Fletcher', written over a horizontal line.

By order of the Board

S.A. Fletcher  
Secretary

AUDITORS' REPORT TO THE MEMBERS OF CHELSEA INSTRUMENTS LIMITED

We have audited the financial statements on pages 4 to 12 which have been prepared under the historical cost convention and the accounting policies set out on pages 6 and 7.

**Respective responsibilities of the directors and auditors**

As described in 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 the company's affairs as at 31st March 1995 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



HAZLEMS FENTON

Date: **23. 1. 1996**

Chartered Accountants  
Registered Auditors  
Palladium House  
1-4 Argyll Street  
LONDON W1V 1AD

**CHELSEA INSTRUMENTS LIMITED**

**PROFIT AND LOSS ACCOUNT FOR THE PERIOD OF 1 YEAR AND 3 MONTHS ENDED  
31 MARCH 1995**

	Notes	1994/95 (15 mths) £	1993 £
<b>TURNOVER</b>	2	3,244,527	2,980,818
Cost of Sales		2,329,373	2,215,510
		-----	-----
<b>GROSS PROFIT</b>		915,154	765,308
Selling expenses		(425,544)	(317,340)
Administration expenses		(347,959)	(258,659)
Other Operating Income		500	25,000
		-----	-----
<b>OPERATING PROFIT</b>	3	142,151	214,309
Interest payable	5	(55,221)	(40,846)
		-----	-----
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		86,930	173,463
Tax on profit on ordinary activities	7	(18,308)	(108)
		-----	-----
<b>PROFIT FOR THE FINANCIAL YEAR</b>		68,622	173,355
Dividend paid	8	-	(15,008)
		-----	-----
Retained profits for the year		68,622	158,347
Retained profits brought forward		656,437	498,090
		-----	-----
<b>RETAINED PROFITS CARRIED FORWARD</b>		£ 725,059	£656,437
		=====	=====

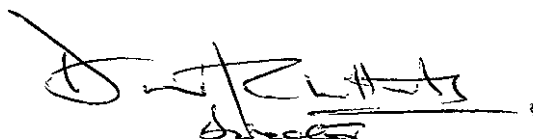
There are no recognised gains and losses other than those passing through the profit and loss account.

The notes on pages 6 to 12 form part of these financial statements.

**CHELSEA INSTRUMENTS LIMITED****BALANCE SHEET AT 31 MARCH 1995**

		<u>1995</u>	<u>1993</u>
	Notes	£	£
<b>FIXED ASSETS</b>			
Tangible assets	9	594,707	581,029
<b>INVESTMENT IN SUBSIDIARY</b>	10	23,373	23,373
		-----	-----
		618,080	604,402
<b>CURRENT ASSETS</b>			
Stocks & work in progress	11	866,835	884,743
Debtors	12	535,988	809,588
Cash at bank & in hand		1,637	1,750
		-----	-----
		1,404,460	1,696,081
<b>CREDITORS: Amounts falling due within one year</b>	13	(1,208,107)	(1,572,904)
		-----	-----
<b>NET CURRENT ASSETS</b>		196,353	123,177
		-----	-----
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		814,433	727,579
<b>CREDITORS: Amounts falling due after more than one year</b>	14	(28,874)	(10,642)
<b>PROVISION FOR LIABILITIES &amp; CHARGES</b>	15	(10,500)	(10,500)
		-----	-----
		£775,059	£706,437
		=====	=====
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	50,000	50,000
Profit and loss account		725,059	656,437
		-----	-----
Shareholders' funds	17	£775,059	£706,437
		=====	=====

The financial statements were approved by the Board on 19<sup>th</sup> January, 1996 and signed on its behalf by



(D. J. CHATTERTON)

The notes on pages 6 to 12 form part of these financial statements.



**1. ACCOUNTING POLICIES**

**1.1. BASIS OF ACCOUNTING**

The financial statements are prepared under the historical cost convention.

**1.2 GROUP ACCOUNTS**

The Company is entitled to the exemption under Section 228 of the Companies Act 1985 from the requirement for group accounts to be prepared as the Company is an intermediary holding company whose results are consolidated in the accounts of the ultimate parent undertaking.

**1.3 CASH FLOW STATEMENT**

As a wholly-owned subsidiary of a parent company established in the UK, the Company is not required to prepare a cash flow statement in accordance with Financial Reporting Statement No.1.

**1.4 TURNOVER**

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

**1.5 DEPRECIATION**

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

Leasehold properties	Straight line over the life of the lease
Equipment	10-20% p.a. Straight line
Fixtures and fittings	10% p.a. Straight line
Motor vehicles	20% p.a. Straight line

**1.6 STOCK**

Stock and work in progress are valued at the lower of cost and net realisable value. Cost includes direct materials, labour and production overheads incurred in bringing each product to its present location and condition. Net realisable value is based on estimated selling price less further costs to completion and selling costs.

**1.7 LONG-TERM CONTRACTS**

Turnover on long-term contracts represents the sales value of work carried out during the period which would include amounts invoiced and yet to be invoiced at the year-end. The sales value of work carried out is determined on the basis of the applied cost of materials and the proportion of total contract labour hours expended in the period and after allowing for contingencies and provision for anticipated losses where relevant.

Operating profit includes attributable profits on long-term contracts completed and amounts recoverable on contracts uncompleted, the latter also being included under debtors due within one year where relevant.

Long-term contract work in progress is shown at net cost after deducting foreseeable losses and payments on account.

**1.8 RESEARCH AND DEVELOPMENT**

Expenditure on research and development is written off to the profit & loss account as incurred

**1.9 DEFERRED TAXATION**

Deferred taxation is provided where there is a reasonable probability of the amount becoming payable in the foreseeable future.

**CHELSEA INSTRUMENTS LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 1995****1.10 LEASING AND HIRE PURCHASE**

Assets acquired under finance leases or hire purchase contracts are capitalised as tangible assets and depreciated over their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account in constant proportion to the net obligations outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease terms.

**1.11 PENSIONS**

The group operates a defined contribution pension scheme. Pension contributions are charged to the profit and loss account as paid. These contributions are invested separately from the Company's assets.

**1.12 GOVERNMENT GRANTS**

The Company receives Government grants of a revenue nature which are credited to Profit and Loss Accounts in the period to which they relate.

**2. TURNOVER**

Analysis by:	1995 £	1993 £
Class of business		
Sale of goods	2,558,359	2,349,322
Fees for services	686,168	631,496
	-----	-----
	£3,244,527	£2,980,818
	=====	=====

**3. OPERATING PROFIT**

	1995 £	1993 £
The operating profit is stated after charging:		
Depreciation	170,761	128,640
Auditors' remuneration	7,500	7,000
Operating lease rentals		
Land and buildings	90,912	71,672
	=====	=====
And after crediting:-		
Government grants received	£287,679	£ 232,000
	=====	=====

**4. GOVERNMENT GRANTS**

Grants receivable for the period totalling £287,679 have been credited against cost of sales.

**5. INTEREST PAYABLE**

	1995 £	1993 £
On bank loans & overdrafts & on loans repayable in full within five years	50,697	36,311
Hire purchase interest	4,343	4,535
Other interest	181	-
	-----	-----
	£ 55,221	£ 40,846
	=====	=====

**GHELSEA INSTRUMENTS LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 1995****6 DIRECTORS AND EMPLOYEES**

	1995 £	1993 £
Staff costs:		
Wages and Salaries	1,229,891	1,039,992
Social security costs	129,263	96,933
Other pension costs	80,831	59,963
	-----	-----
	£ 1,439,985	£1,196,888
	=====	=====

The average weekly number of employees during the period was made up as follows:

	Number	Number
Research and Development	20	24
Production	5	6
Administration & Management	13	13
Selling	3	4
	----	----
	41	47
	==	==

	£	£
Directors' emoluments for the period	311,195	245,895
	=====	=====

The division of directors' emoluments, excluding pension contributions, is as follows:

Chairman	64,005	49,991
	=====	=====
Highest paid director	64,005	49,991
	=====	=====

	1995 Number	1993 Number
Other directors' remuneration fell within the following ranges on an annualised basis		
£ 0 - £ 5,000 per annum	-	2
£ 5,001 - £10,000 " "	1	1
£15,001 - £20,000 " "	-	2
£20,001 - £25,000 " "	-	-
£25,001 - £30,000 " "	1	1
£30,001 - £35,000 " "	2	1
£35,001 - £40,000 " "	2	1
£40,001 - £45,000 " "	1	1

**7. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	1995 £	1993 £
The taxation charge based on the profit before tax comprises:		
UK corporation tax at 25% (1993 - 25%)	18,308	13,000
Recoverable for prior year	-	12,892
	-----	-----
Net charge	£ 18,308	£ 108
	=====	=====

**8. DIVIDEND PAID**

There is no dividend declared for the period (1993 - 30.02p).

**CHELSEA INSTRUMENTS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 1995**

**9. FIXED ASSETS**

<b>Tangible</b>	<b><u>Leasehold</u> <u>(short)</u></b>	<b><u>Equipment</u></b>	<b><u>Fixtures &amp; Fittings</u></b>	<b><u>Motor Vehicles</u></b>	<b><u>Total</u></b>
<b>Cost</b>					
At 1 Jan 1994	50,652	685,045	233,596	185,114	1,154,407
Additions	-	130,970	13,928	47,080	191,978
Disposals	-	-	-	(67,768)	(67,768)
	-----	-----	-----	-----	-----
At 31 March 1995	50,652	816,015	247,524	164,426	1,278,617
	=====	=====	=====	=====	=====
<b>Depreciation</b>					
At 1 Jan 1994	18,183	300,258	114,870	140,067	573,378
On disposals	-	-	-	(60,229)	(60,229)
Charge for year	9,550	100,518	30,762	29,931	170,761
	-----	-----	-----	-----	-----
At 31 March 1995	27,733	400,776	145,632	109,769	683,910
	=====	=====	=====	=====	=====
<b>Net book values</b>					
At 31 March 1995	22,919	415,239	101,892	54,657	594,707
	=====	=====	=====	=====	=====
At 31 Dec 1993	32,469	384,787	118,726	45,047	581,029
	=====	=====	=====	=====	=====

Included above are assets held under finance leases or hire purchase contracts as follows:

	<b>Equipment</b>	<b>Motor Vehicles</b>
Net book value at 31 March 1995	44,152	51,056
	=====	=====
Depreciation charge	11,566	10,958
	=====	=====

**CHELSEA INSTRUMENTS LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 1995****10 INVESTMENTS**

	1995 £	1993 £
Investments in Group undertakings:		
Cost and Net Book Values		
At 1 January 1994 and 31 March, 1995	23,373 =====	23,373 =====

In the opinion of the directors, the aggregate value of the Company's investment in group undertakings is not less than the amount included in the Balance Sheet.

**Holdings of more than 10%**

The Company holds more than 10% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares Held	
		Class	%
Chelsea Environmental Instruments Ltd	England and Wales	Ordinary	100%

The aggregate amount of capital and reserves and the results of this undertaking for the last financial period were as follows:

	Capital and reserves £	Profit/(Loss) for period £
Chelsea Environmental Instruments Ltd	51,851 =====	- =====

**11. STOCKS AND WORK IN PROGRESS**

	1995 £	1993 £
Raw materials & consumables, less provisions	323,423	328,795
Work in progress	231,576	230,665
Finished goods & goods for resale, less provisions	311,836	325,283
	----- 866,835 =====	----- 884,743 =====

**12. DEBTORS**

	1995 £	1993 £
Trade debtors	347,295	619,515
Amounts recoverable on long-term contracts	68,665	33,500
Prepayments	45,702	71,742
Trade deposits repayable after more than one year	65,250	65,250
Other debtors	181	4,357
Amounts owed by group companies	8,895	15,224
	----- £535,988 =====	----- £ 809,588 =====

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 1995**

**13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	1995	1993
	£	£
Bank loans & overdrafts	546,603	518,090
Trade creditors	237,271	646,534
Amounts owed to group companies	301,748	299,817
Corporation Tax	20,108	25,611
Other taxes & social security costs	69,090	68,445
Net obligations under finance lease and hire purchase contracts	32,250	12,327
Accruals	1,037	2,080
	-----	-----
	£ 1,208,107	£ 1,572,904
	=====	=====

**14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	1995	1993
	£	£
Net obligations under finance leases and hire purchase contracts	£ 28,874	£ 10,642
	=====	=====
<u>Net obligations under finance leases and hire purchase contracts</u>		
Repayable within one year	35,615	14,673
Repayable between one and five years	34,911	12,463
	-----	-----
	70,526	27,136
Finance charges and interest allocated to future accounting periods	(9,402)	(4,167)
	-----	-----
	61,124	22,969
Included in current liabilities	(32,250)	(12,327)
	-----	-----
	£ 28,874	£ 10,642
	=====	=====

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 1995**

**15. PROVISION FOR LIABILITIES AND CHARGES**

Deferred tax is calculated at 25% (1993 - 25%) analysed over the following timing differences:

	<b>Fully Provided</b>	
	<b>1995</b>	<b>1993</b>
	<b>£</b>	<b>£</b>
On Capital gain rollover	10,500	10,500
On excess of capital allowances	-	-
	=====	=====

**16. SHARE CAPITAL**

	<b>1995</b>	<b>1993</b>
	<b>£</b>	<b>£</b>
<u>Authorised</u>		
100,000 Ordinary Shares of £1 each	100,000	100,000
	=====	=====
<u>Allotted, called up and fully paid</u>		
50,000 Ordinary Shares of £1 each	50,000	50,000
	=====	=====

**17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<b>1995</b>	<b>1993</b>
	<b>£</b>	<b>£</b>
Profit for the financial period	68,622	173,355
Dividends	-	(15,008)
	-----	-----
Net addition to shareholders' funds	68,622	158,347
Opening shareholders' funds	706,437	548,090
	-----	-----
Closing shareholders' funds	775,059	706,437
	=====	=====

**18. CAPITAL COMMITMENTS**

Capital commitments at 31st March, 1995 totalled £20,000 (1993 - £35,000)

**19. GUARANTEES**

The Company has guaranteed bank borrowings of its subsidiary company and a fellow subsidiary under cross-guarantee arrangements. The guarantees are secured by fixed and floating charges on the Group's assets and a legal mortgage over the company's leasehold property.

**20. FINANCIAL COMMITMENTS**

At 31 March 1995, the Company had annual commitments under non-cancellable operating leases as follows:

	<b>Land and Buildings</b>	
	<b>1995</b>	<b>1993</b>
	<b>£</b>	<b>£</b>
Expiry date:		
25th March, 1998	72,730	72,730
	=====	=====

**21. ULTIMATE HOLDING COMPANY**

The ultimate holding company is Chelsea Technologies Limited, a company incorporated in England and Wales.