

CHELSEA INSTRUMENTS LIMITED

FINANCIAL STATEMENTS

for the year ended

31 March, 1998



**CHELSEA INSTRUMENTS LIMITED**

Company Number: 00832429

**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

**SECRETARY**

Mr. S.A. Fletcher

**BUSINESS ADDRESS**

55 Central Avenue  
West Molesey  
SURREY KT8 2QZ  
UK

**REGISTERED OFFICE**

55 Central Avenue  
West Molesey  
SURREY KT8 2QZ  
UK

**AUDITORS**

Hazlems Fenton  
Chartered Accountants  
Palladium House  
1-4 Argyll Street  
LONDON W1V 2LD

CHELSEA INSTRUMENTS LIMITED

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31 MARCH 1998

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## **CHELSEA INSTRUMENTS LIMITED**

### **REPORT OF THE DIRECTORS**

The directors present their report and the audited financial statements for the year ended 31 March 1998.

#### **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 manufactures high-specification electronic equipment and instrumentation for use in the oceanographic, scientific and medical diagnostic fields. It also provides technical research and consultancy services in those fields.

The Far East financial crisis took its toll on the budgeted turnover and profits during the year. Under these difficult circumstances, the directors believe that the results achieved represent an acceptable outcome. The same difficulties continue in the current year, but the directors are hopeful that steps taken to rationalise costs will ensure that profit levels are maintained.

#### **PRODUCT DEVELOPMENT**

The company continues to develop and expand its own range of standard products for sale into the scientific oceanographic market. The product range is well-established and the company has a strong presence in its chosen markets.

The bases used for capitalising and amortising product development expenditure are described in Note 1.8 to the financial statements. The treatment is fully in accordance with approved accounting standards.

## CHELSEA INSTRUMENTS LIMITED

### REPORT OF THE DIRECTORS

#### **TRADING RESULTS AND DIVIDENDS**

Turnover for the year totalled £3.126M against £2.642M for the previous year.

The company achieved pre-tax profits of £85,295 for the year against £224,122. After tax, the distributable profit amounted to £83,854 (1997 - £175,785).

The directors have proposed that no dividend be paid for the year (1997 - £20,010).

The retained profit of £83,854 is transferred to reserves.

#### **FIXED ASSETS**

The movements in fixed assets during the period are set out in Notes 10 and 11 to the financial statements.

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

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

|                 | <u>Ordinary Shares of £1 each</u> |                |
|-----------------|-----------------------------------|----------------|
|                 | <u>31.3.98</u>                    | <u>31.3.97</u> |
| D.J. Chatterton | 20,385                            | 20,385         |
| D. Griffiths    | 8,810                             | 8,810          |
| M.B. Kershen    | 10,675                            | 10,675         |
| J.P. Vessey     | 4,005                             | 4,005          |
| R.J. Burt       | -                                 | -              |
| B.A. Wardhaugh  | -                                 | -              |

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

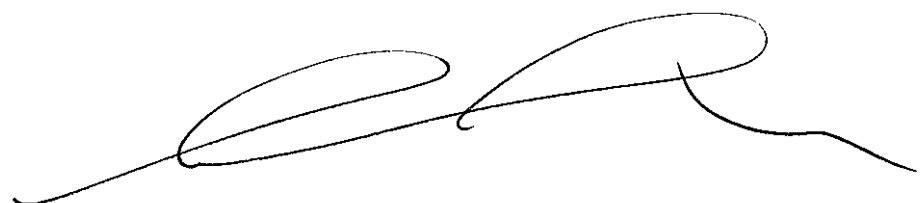
#### **AUDITORS**

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

#### Registered office:

55 Central Avenue  
West Molesey  
Surrey KT8 2QZ  
UK

Date: 21/1/99



**By order of the Board**

S.A. Fletcher  
Secretary

## CHELSEA INSTRUMENTS LIMITED

### AUDITORS' REPORT TO THE MEMBERS OF CHELSEA INSTRUMENTS LIMITED

We have audited the financial statements on pages 4 to 14 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities, 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.

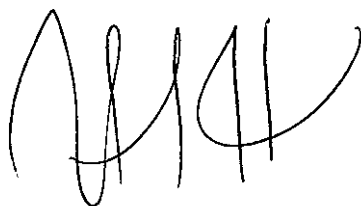
#### **Basis of opinion**

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 31<sup>st</sup> March 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



HAZLEMS FENTON

Date: 22.3.1998.

Chartered Accountants  
Registered Auditors  
Palladium House  
1-4 Argyll Street  
LONDON W1V 2LD

**CHELSEA INSTRUMENTS LIMITED****PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 1998**

|  |       | 1998        | 1997      |
|--|-------|-------------|-----------|
|  | Notes | £           | £         |
| <b>TURNOVER</b>  | 2     | 3,126,539   | 2,642,507 |
| Cost of Sales  |       | (2,378,848) | 1,922,791 |
|  |       | -----       | -----     |
| <b>GROSS PROFIT</b>                                      |       | 747,691     | 719,716   |
| Selling expenses   |       | (337,025)   | (226,072) |
| Administration expenses                                  |       | (260,602)   | (233,158) |
|  |       | -----       | -----     |
| <b>OPERATING PROFIT</b>                                  | 3     | 150,064     | 260,486   |
| Interest received  | 5     | 1,940       | 686       |
| Interest payable   | 6     | (66,709)    | (37,050)  |
|  |       | -----       | -----     |
| <b>PROFIT ON ORDINARY<br/>ACTIVITIES BEFORE TAXATION</b> |       | 85,295      | 224,122   |
| Tax on profit on ordinary activities                     | 8     | (1,441)     | (48,337)  |
|  |       | -----       | -----     |
| <b>PROFIT FOR THE FINANCIAL YEAR</b>                     |       | 83,854      | 175,785   |
| Dividend payable   | 9     | -           | (20,010)  |
|  |       | -----       | -----     |
| Retained profit for the year                             |       | 83,854      | 155,775   |
|  |       | -----       | -----     |
| <b>STATEMENT OF RETAINED PROFITS</b>                     |       |             |           |
| Retained profits at beginning of year                    |       | 1,070,592   | 914,817   |
| Retained profit for year                                 |       | 83,854      | 155,775   |
|  |       | -----       | -----     |
|  |       | 1,154,446   | 1,070,592 |
|  |       | =====       | =====     |

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

The notes on pages 6 to 14 form part of these financial statements.

**CHELSEA INSTRUMENTS LIMITED****BALANCE SHEET AT 31 MARCH 1998**

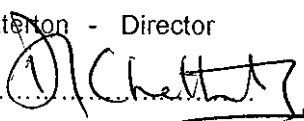
|  |       | <u>1998</u> |           | <u>1997</u> |           |
|--|-------|-------------|-----------|-------------|-----------|
|  | Notes | £           | £         | £           | £         |
| <b>FIXED ASSETS</b>  |       |             |           |             |           |
| Intangible assets  | 10    | 614,688     |           | 545,978     |           |
| Tangible assets  | 11    | 575,260     | 1,189,948 | 501,447     | 1,047,425 |
|  |       | -----       |           | -----       |           |
| <b>INVESTMENT IN SUBSIDIARY</b>                                | 12    |             | 23,373    |             | 23,373    |
|  |       |             | -----     |             | -----     |
|  |       |             | 1,213,321 |             | 1,070,798 |
| <b>CURRENT ASSETS</b>  |       |             |           |             |           |
| Stocks & work in progress                                      | 13    | 1,103,148   |           | 1,002,330   |           |
| Debtors  | 14    | 875,543     |           | 807,719     |           |
| Investments  | 15    | 1,628       |           | 1,628       |           |
| Cash at bank & in hand   |       | 2,000       |           | 2,594       |           |
|  |       | -----       |           | -----       |           |
|  |       | 1,982,319   |           | 1,814,271   |           |
| <b>CREDITORS: Amounts falling due within one year</b>          | 16    | (1,686,776) |           | (1,617,063) |           |
|  |       | -----       |           | -----       |           |
| <b>NET CURRENT ASSETS</b>                                      |       |             | 295,543   |             | 197,208   |
|  |       |             | -----     |             | -----     |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                   |       |             | 1,508,864 |             | 1,268,006 |
| <b>CREDITORS: Amounts falling due after more than one year</b> | 17    |             | (205,645) |             | (50,082)  |
|  |       |             | -----     |             | -----     |
| <b>PROVISION FOR LIABILITIES &amp; CHARGES</b>                 | 18    |             | (98,773)  |             | (97,332)  |
|  |       |             | -----     |             | -----     |
| <b>NET ASSETS</b>  |       |             | 1,204,446 |             | 1,120,592 |
|  |       |             | =====     |             | =====     |
| <b>CAPITAL AND RESERVES</b>                                    |       |             |           |             |           |
| Called up share capital  | 19    |             | 50,000    |             | 50,000    |
| Profit and loss account  |       |             | 1,154,446 |             | 1,070,592 |
|  |       |             | -----     |             | -----     |
| Shareholders' funds  | 20    |             | 1,204,446 |             | 1,120,592 |
|  |       |             | =====     |             | =====     |

The financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to Small Companies.

The financial statements were approved by the Board and signed on its behalf by

D J Chatterton - Director

Date.....



21<sup>st</sup> January, 1999.

The notes on pages 6 to 14 form part of these financial statements.



## **CHELSEA INSTRUMENTS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1998**

#### **1. ACCOUNTING POLICIES**

##### **1.1. BASIS OF ACCOUNTING**

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities.

##### **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 ON TANGIBLE FIXED ASSETS**

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, after taking into account residual values.

|                       |  |
|-----------------------|--|
| 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, production and handling 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, except that expenditure incurred on the development of an individual product is carried forward when its technological feasibility and commercial viability are established and future recoverability can be foreseen with reasonable assurance. Capitalisation of development expenditure ceases when the product concerned is fully tested and ready for commercial production. Any expenditure carried forward is amortised in line with the expected sales of the related product subject to a maximum amortisation period of four years from the completion of the development period.

**CHELSEA INSTRUMENTS LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1998****1.9 DEFERRED TAXATION**

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

**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**

Grants towards capital expenditure are credited to cost of fixed assets and released to profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

**2. TURNOVER**

| <u>Analysis by:</u> | <b>1998</b> | <b>1997</b> |
|---------------------|-------------|-------------|
|                     | <b>£</b>    | <b>£</b>    |
| Class of business   |             |             |
| Sale of goods       | 2,411,111   | 1,822,370   |
| Fees for services   | 715,428     | 820,137     |
|                     | -----       | -----       |
|                     | 3,126,539   | 2,642,507   |
|                     | =====       | =====       |

**3. OPERATING PROFIT**

|  | <b>1998</b> | <b>1997</b> |
|--|-------------|-------------|
|  | <b>£</b>    | <b>£</b>    |
| The operating profit is stated after charging: |             |             |
| Amortisation of product development costs      | 178,522     | 113,859     |
| Depreciation                                   | 107,407     | 91,274      |
| Loss on sale of fixed assets                   | 4,514       | -           |
| Auditors' remuneration                         | 12,000      | 10,000      |
| Operating lease rentals                        |             |             |
| Land and buildings                             | 54,548      | 72,730      |
|  | =====       | =====       |
| And after crediting:-                          |             |             |
| Government grants received                     | 230,145     | 147,772     |
| Profit on disposal of fixed assets             | -           | 3,753       |
|  | =====       | =====       |

**CHELSEA INSTRUMENTS LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1998****4. GOVERNMENT GRANTS**

Grants receivable for the period totalling £230,145 have been credited against cost of sales.

**5. INTEREST RECEIVED**

|  | <b>1998</b> | <b>1997</b> |
|--|-------------|-------------|
|  | <b>£</b>    | <b>£</b>    |
| Short-term interest received on trade deposits | 1,940       | 686         |
|  | =====       | =====       |

**6. INTEREST PAYABLE**

|                            | <b>1998</b> | <b>1997</b> |
|----------------------------|-------------|-------------|
|                            | <b>£</b>    | <b>£</b>    |
| On bank loans & overdrafts | 59,884      | 32,097      |
| Hire purchase interest     | 6,825       | 4,953       |
|                            | -----       | -----       |
|                            | 66,709      | £37,050     |
|                            | =====       | =====       |

**7. DIRECTORS AND EMPLOYEES**

|                       | <b>1998</b> | <b>1997</b> |
|-----------------------|-------------|-------------|
|                       | <b>£</b>    | <b>£</b>    |
| Staff costs:          |             |             |
| Wages and Salaries    | 1,208,108   | 939,580     |
| Social security costs | 119,165     | 92,067      |
| Other pension costs   | 69,307      | 54,097      |
|                       | -----       | -----       |
|                       | 1,396,580   | 1,085,744   |
|                       | =====       | =====       |

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

|                               | <b>Number</b> | <b>Number</b> |
|-------------------------------|---------------|---------------|
| Research and Production       | 36            | 29            |
| Administration and Management | 10            | 10            |
| Selling                       | 4             | 3             |
|                               | ----          | ----          |
|                               | 50            | 42            |
|                               | ==            | ==            |

|                                    | <b>£</b> | <b>£</b> |
|------------------------------------|----------|----------|
| Directors' emoluments for the year | 253,607  | 227,566  |
|                                    | =====    | =====    |

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

|                       |        |        |
|-----------------------|--------|--------|
| Chairman              | 45,831 | 42,634 |
|                       | =====  | =====  |
| Highest paid director | 49,024 | 44,708 |
|                       | =====  | =====  |

**CHELSEA INSTRUMENTS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1998**

**8. TAX ON PROFIT ON ORDINARY ACTIVITIES**

|  | 1998<br>£ | 1997<br>£ |
|--|-----------|-----------|
| The taxation charge based on the profit before tax |           |           |
| Comprises:   |           |           |
| UK corporation tax at 21% (1997 - 24%)             | -         | 23,099    |
| Deferred taxation provision                        | 1,441     | 25,238    |
|  | -----     | -----     |
| Net charge   | 1,441     | 48,337    |
|  | =====     | =====     |

**9. DIVIDEND PAYABLE**

|  | 1998<br>£ | 1997<br>£ |
|--|-----------|-----------|
| No dividend has been declared for the year (1997 - 40.02p) | -         | 20,010    |
|  | =====     | =====     |

**10. INTANGIBLE FIXED ASSETS**

|                                  | <u>Product Development</u><br><u>Expenditure</u><br>£ |
|----------------------------------|---|
| <b>Cost</b>                      |   |
| Brought forward at 1.4.97        | 698,997   |
| Additions                        | 247,232   |
| Elimination on full amortisation | -   |
|                                  | -----   |
| At 31.3.98                       | 946,229   |
|                                  | =====   |
| <b>Amortisation</b>              |   |
| Brought forward at 1.4.97        | 153,019   |
| Provision during year            | 178,522   |
| Elimination on full amortisation | -   |
|                                  | -----   |
| At 31.3.98                       | 331,541   |
|                                  | =====   |
| Net book value at 31 March 1998  | 614,688   |
|                                  | =====   |
| Net book value at 31 March 1997  | 545,978   |
|                                  | =====   |

The development expenditure additions in the year represent the following:

|  | £       |
|--|---------|
| Purchase of materials & sub-contract costs for product development projects                      | 45,351  |
| Internal company salary and attributable overhead costs incurred on product development projects | 201,881 |
|  | -----   |
|  | 247,232 |
|  | =====   |

**CHELSEA INSTRUMENTS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1998**

**11. TANGIBLE FIXED ASSETS**

|                        | <u>Leasehold<br/>(short)</u> | <u>Equipment</u> | <u>Fixtures &amp;<br/>Fittings</u> | <u>Motor<br/>Vehicles</u> | <u>Total</u> |
|------------------------|------------------------------|------------------|------------------------------------|---------------------------|--------------|
|                        | £                            | £                | £                                  | £                         | £            |
| <b>Cost</b>            |                              |                  |                                    |                           |              |
| At 1 April 1997        | 50,652                       | 814,978          | 256,922                            | 196,872                   | 1,319,424    |
| Additions              |                              | 129,881          | 51,042                             | 38,475                    | 219,398      |
| Disposals              | (50,651)                     | (136,000)        | -                                  | (65,212)                  | (251,863)    |
| At 31 March 1998       | 1                            | 808,859          | 307,964                            | 170,135                   | 1,286,959    |
| Depreciation           |                              |                  |                                    |                           |              |
| At 1 April 1997        | 43,011                       | 531,645          | 170,880                            | 72,440                    | 817,976      |
| Charge for year        | 7,640                        | 60,582           | 14,990                             | 24,195                    | 107,407      |
| On disposals           | (50,651)                     | (118,080)        | -                                  | (44,953)                  | (213,684)    |
| At 31 March 1998       | -                            | 474,147          | 185,870                            | 51,682                    | 711,699      |
| <b>Net book values</b> |                              |                  |                                    |                           |              |
| At 31 March 1998       | 1                            | 334,712          | 122,094                            | 118,453                   | 575,260      |
| At 31 March 1997       | 7,641                        | 283,333          | 86,042                             | 124,432                   | 501,448      |

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

|                                 | <u>Equipment</u> | <u>Motor Vehicles</u> |
|---------------------------------|------------------|-----------------------|
| Net book value at 31 March 1998 | 43,186           | 99,130                |
| Depreciation charge             | 10,116           | 17,917                |

**CHELSEA INSTRUMENTS LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1998****12. INVESTMENT IN SUBSIDIARY**

|                                    | 1998<br>£ | 1997<br>£ |
|------------------------------------|-----------|-----------|
| Investments in Group undertakings: |           |           |
| Cost and Net Book Values           |           |           |
| At 1 April 1997 and 31 March, 1998 | 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<br>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<br>£ | Profit/(Loss) for<br>period<br>£ |
|---------------------------------------|---------------------------|----------------------------------|
| Chelsea Environmental Instruments Ltd | 51,851                    | -                                |
|                                       | =====                     | =====                            |

**13. STOCKS AND WORK IN PROGRESS**

|  | 1998<br>£ | 1997<br>£ |
|--|-----------|-----------|
| Raw materials & consumables, less provisions       | 486,310   | 535,960   |
| Work in progress                                   | 371,080   | 154,258   |
| Finished goods & goods for resale, less provisions | 245,758   | 312,112   |
|  | -----     | -----     |
|  | 1,103,148 | 1,002,330 |
|  | =====     | =====     |

**14. DEBTORS**

|   | 1998<br>£ | 1997<br>£ |
|---|-----------|-----------|
| Trade debtors                                     | 598,113   | 570,285   |
| Amounts recoverable on long-term contracts        | 40,867    | 89,035    |
| Prepayments                                       | 60,040    | 70,499    |
| Trade deposits repayable after more than one year | -         | 34,750    |
| Other debtors                                     | 10,108    | 5,592     |
| Amounts owed by group companies                   | 59,740    | 37,558    |
| Amounts owed by associated company                | 106,675   | -         |
|   | -----     | -----     |
|   | 875,543   | 807,719   |
|   | =====     | =====     |

**15. INVESTMENTS**

|   | 1998<br>£ | 1997<br>£ |
|---|-----------|-----------|
| Stock Exchange Securities (Market Value £800) | 1,628     | 1,628     |
|   | =====     | =====     |

**CHELSEA INSTRUMENTS LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1998****16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

|  | 1998      | 1997      |
|--|-----------|-----------|
|  | £         | £         |
| Bank loans & overdrafts  | 632,458   | 436,420   |
| Trade creditors  | 527,336   | 601,182   |
| Amounts owed to group companies                                | 327,475   | 332,987   |
| Corporation tax  | 20,707    | 48,436    |
| Other taxes & social security costs                            | 113,413   | 130,905   |
| Net obligation under finance lease and hire purchase contracts | 52,086    | 34,478    |
| Dividend payable   | -         | 20,010    |
| Accruals   | 1,819     | 1,163     |
| Other creditors  | 11,482    | 11,482    |
|  | -----     | -----     |
|  | 1,686,776 | 1,617,063 |
|  | =====     | =====     |

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

|   | 1998     | 1997     |
|---|----------|----------|
|   | £        | £        |
| Net obligations under finance leases and hire purchase contracts  | 49,642   | 50,082   |
| Bank Loan   | 156,003  | -        |
|   | -----    | -----    |
|   | 205,645  | 50,082   |
|   | =====    | =====    |
| <u>Bank Loan</u>  |          |          |
| Repayable after five years  | 41,719   | -        |
| Repayable between two and five years  | 85,713   | -        |
| Repayable between one and two years   | 28,571   | -        |
|   | -----    | -----    |
|   | 156,003  | -        |
| within one year   | 28,571   | -        |
|   | -----    | -----    |
| Total   | 184,574  | -        |
|   | =====    | =====    |
| The bank loan and overdraft are secured by a mortgage debenture on the assets of the company and other group companies. |          |          |
| <u>Net obligations under finance leases and hire purchase contracts</u>   |          |          |
| Repayable within one year   | 59,726   | 38,942   |
| Repayable between one and five years  | 56,924   | 57,409   |
|   | -----    | -----    |
|   | 116,650  | 96,351   |
| Finance charges and interest allocated to future accounting periods   | (14,922) | (11,791) |
|   | -----    | -----    |
|   | 101,728  | 84,560   |
| Included in current liabilities   | (52,086) | (34,478) |
|   | -----    | -----    |
|   | 49,642   | 50,082   |
|   | =====    | =====    |

# CHELSEA INSTRUMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1998

### 18. PROVISION FOR LIABILITIES AND CHARGES

Deferred tax is calculated at 21% (1997 - 24%) analysed over the following timing differences:

|                                    | Provided |        | Not Provided |        |
|------------------------------------|----------|--------|--------------|--------|
|                                    | 1998     | 1997   | 1998         | 1997   |
|                                    | £        | £      | £            | £      |
| On Capital gain rollover           | 10,500   | 10,500 | -            | -      |
| On accelerated capital allowances  | 4,494    | 7,569  | 55,824       | 45,002 |
| On product development expenditure | 83,779   | 79,263 | 31,500       | 36,000 |
|                                    | -----    | -----  | -----        | -----  |
|                                    | 98,77    | 97,332 | 87,324       | 81,002 |
|                                    | =====    | =====  | =====        | =====  |

Deferred taxation on capitalised development expenditure and accelerated capital allowances on tangible fixed assets has only been provided where a liability is expected to crystallise in the foreseeable future.

### 19. SHARE CAPITAL

|   | 1998    | 1997    |
|---|---------|---------|
|   | £       | £       |
| <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  |
|   | =====   | =====   |

### 20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

|                                     | 1998      | 1997      |
|-------------------------------------|-----------|-----------|
|                                     | £         | £         |
| Profit for the financial year       | 83,854    | 175,785   |
| Dividends                           | -         | (20,010)  |
|                                     | -----     | -----     |
| Net addition to shareholders' funds | 83,854    | 155,775   |
| Opening shareholders' funds         | 1,120,592 | 964,817   |
|                                     | -----     | -----     |
| Closing shareholders' funds         | 1,204,446 | 1,120,592 |
|                                     | =====     | =====     |

### 21. CAPITAL COMMITMENTS

Capital commitments authorised and contracted at 31st March, 1998 totalled £20,000 (1997 - £40,000)

### 22. 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.

The Company has guaranteed equipment finance loan agreements for an associated company, the outstanding balance on which stood at £35,149 at 31 March 1998 (1997 - £81,317)



CHELSEA INSTRUMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1998

**23. FINANCIAL COMMITMENTS**

At 31 March 1998, the Company had annual commitments under non-cancellable operating leases as follows:

|  | <b>Land and Buildings</b> |             |
|--|---------------------------|-------------|
|  | <b>1998</b>               | <b>1997</b> |
|  | <b>£</b>                  | <b>£</b>    |
| Expiry date:   |                           |             |
| 25 <sup>th</sup> December, 2012 (Review at 25.12.2002) | 72,730                    | 72,730      |
|  | =====                     | =====       |

**24. ULTIMATE HOLDING COMPANY**

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

**25. RELATED PARTY TRANSACTIONS**

| <b>Related Party</b>         | <b>Relationship</b>           | <b>Transactions</b>                      | <b>Amounts<br/>in Year<br/>£</b> | <b>Amounts<br/>due at<br/>31.3.98<br/>£</b> |
|------------------------------|-------------------------------|--|----------------------------------|---|
| Chelsea<br>Environmental Ltd | Fellow<br>subsidiary<br>(85%) | Reimbursed<br>wages & service<br>charges | 191,991                          | 52,538 DR                                   |
| CE Hire Ltd                  | Associated<br>Company         | Management<br>Charges<br>Receivable      | 25,000                           | 106,675 DR                                  |