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Company Registration No. 0507451 (England and Wales)

ANDERS ELECTRONICS PLC
DIRECTORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2002



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ANDERS ELECTRONICS PLC

COMPANY INFORMATION

Directors

P. L. Anders
P Anders
N. H. Anders
J. M. Anders
H Coghill-Smith

Secretary

P Anders

Company number

0507451

Registered office

Acre House
11-15 William Road
London
NW1 3ER

Business address

48 - 56 Bayham Place
London
NW1 OEU

Auditors

H W Fisher & Company
Acre House
11-15 William Road
London
NW1 3ER

Bankers

Barclays Bank Plc
8-9 Hanover Square
London
W1A 4ZW

Solicitors

Memery Crystal
31 Southhampton Row
London
WC1B 5HT

ANDERS ELECTRONICS PLC

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ANDERS ELECTRONICS PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2002

The directors present their report and accounts for the year ended 31 December 2002.

Principal activities

The principal activity of the company continues to be that of the design, manufacture and distribution of electronic displays and electrical measuring instruments.

Results and dividends

The loss for the year after taxation amounted to £100,318.

Directors and their interests

The directors at 31 December 2002 and their beneficial interests in the shares of the company were:

	Ordinary shares of £1 each	
	31 December 2002	1 January 2002
P. L. Anders	13,335	13,335
P Anders	5	5
N. H. Anders	13,335	13,335
J. M. Anders	16,665	16,665
H Coghill-Smith	-	-

P. Anders, P.L. Anders and N.H. Anders also have an interest of 6660 shares as Trustees.

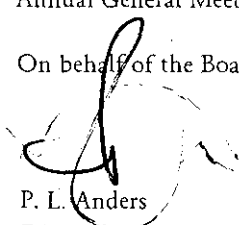
Charitable contributions

During the year the company made charitable donations of £1,128 (2001 : £1,020).

Auditors

A resolution proposing the reappointment of H W Fisher & Company as auditors will be put to the members at the next Annual General Meeting.

On behalf of the Board



P. L. Anders

Director

Dated: 23.7.03

ANDERS ELECTRONICS PLC

STATEMENT OF 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;
- 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.

ANDERS ELECTRONICS PLC

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the accounts of Anders Electronics Plc for the year ended 31 December 2002 set out on pages 4 to 14. These accounts have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on page 7 and 8.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the accounts, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

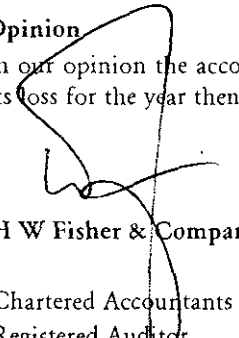
Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 December 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



H W Fisher & Company

Chartered Accountants
Registered Auditor
Acre House
11-15 William Road
London
NW1 3ER
United Kingdom

Dated: 3/7/03

ANDERS ELECTRONICS PLC

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2002

	Notes	2002 £	2001 £
Turnover	2	7,605,044	6,734,068
Cost of sales		(5,683,188)	(4,692,829)
Gross profit		1,921,856	2,041,239
Distribution costs		(98,777)	(88,102)
Administrative expenses		(1,926,063)	(1,894,405)
Operating (loss)/profit	3	(102,984)	58,732
Other income	6	21,096	200,357
Interest payable and similar charges	7	(17,954)	(14,447)
(Loss)/profit on ordinary activities before taxation		(99,842)	244,642
Tax on (loss)/profit on ordinary activities	8	(476)	(20,618)
(Loss)/profit on ordinary activities after taxation		(100,318)	224,024
Retained profit brought forward		1,872,307	1,648,283
Retained profit carried forward		1,771,989	1,872,307

The profit and loss account has been prepared on the basis that all operations are continuing operations.

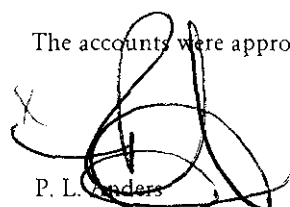
There are no recognised gains and losses other than those passing through the profit and loss account.

ANDERS ELECTRONICS PLC

BALANCE SHEET AS AT 31 DECEMBER 2002

	Notes	2002 £	£	2001 £	£
Fixed assets					
Tangible assets	9		437,302		426,716
Current assets					
Stocks	10	658,097		701,547	
Debtors	11	1,384,272		1,487,925	
Cash at bank and in hand		1,175,157		816,693	
		<u>3,217,526</u>		<u>3,006,165</u>	
Creditors: amounts falling due within one year	12	<u>(1,706,962)</u>		<u>(1,388,898)</u>	
Net current assets			<u>1,510,564</u>		<u>1,617,267</u>
Total assets less current liabilities			<u>1,947,866</u>		<u>2,043,983</u>
Creditors: amounts falling due after more than one year	13		<u>(21,518)</u>		<u>(17,317)</u>
			<u>1,926,348</u>		<u>2,026,666</u>
Capital and reserves					
Called up share capital	14		50,000		50,000
Revaluation reserve	15		104,359		104,359
Profit and loss account			<u>1,771,989</u>		<u>1,872,307</u>
Shareholders' funds - all equity interests	16		<u>1,926,348</u>		<u>2,026,666</u>

The accounts were approved by the Board on 23.7.03


P. L. Anders
Director

ANDERS ELECTRONICS PLC

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2002

	Notes	2002 £	2001 £
Net cash inflow from operating activities	17	454,489	150,587
Returns on investments and servicing of finance			
Interest received	21,096	24,656	
Interest paid	(12,863)	(11,702)	
Interest element of hire purchase and finance lease rentals	(5,091)	(5,947)	
Dividends received	-	175,701	
Net cash inflow from returns on investments and servicing of finance		3,142	182,708
Corporation tax		(18,496)	6,553
Capital expenditure			
Payments to acquire tangible fixed assets	(49,478)	(24,712)	
Receipts from sales of tangible fixed assets	11,140	3,000	
Net cash outflow from capital expenditure		(38,338)	(21,712)
Net cash inflow before financing		400,797	318,136
Financing			
Capital element of hire purchase and finance lease rentals	(42,333)	(62,352)	
Net cash outflow from financing		(42,333)	(62,352)
Increase in cash	18	358,464	255,784

ANDERS ELECTRONICS PLC

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2002

1 Accounting policies

1.1 Basis of preparation

The accounts have been prepared under the historical cost convention as modified to include the revaluation of freehold land and buildings.

Consolidated accounts have not been prepared as in the opinion of the directors the inclusion of the subsidiaries in consolidated accounts would not be material for the purpose of giving a true and fair view.

1.2 Turnover

Turnover represents the invoiced value of goods sold and services provided net of VAT.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Freehold land & buildings	nil
Freehold property improvements	12.5% per annum on a reducing balance basis
Computer equipment	25% per annum on a reducing balance basis
Plant, machinery & equipment	15% per annum on a reducing balance basis
Motor vehicles	25% per annum on a reducing balance basis

Freehold buildings are not depreciated as they are maintained to a high standard and therefore a depreciation charge is considered to be inappropriate.

1.4 Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are treated as if they had been purchased outright at the present value of the rentals payable, less finance charges, over the primary period of the agreements. The corresponding obligations under these agreements are included in creditors. The finance element of the rentals payable is charged to the profit and loss account so as to produce a constant rate of charge on the outstanding balance in each period.

Rental payments under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

1.5 Stock

Stock is stated at the lower of cost and net realisable value. Cost includes all direct costs incurred in bringing the stocks to their present location and condition.

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

1.6 Pensions

The company operates a defined contributions pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

ANDERS ELECTRONICS PLC

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2002

1.7 Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the accounts. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the assets. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

1.8 Foreign currency translation

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. All differences are taken to profit and loss account.

2 Turnover

Geographical market

	Turnover 2002 £	2001 £
United Kingdom	4,102,483	5,567,309
Rest of the World	3,502,561	1,166,759
	<u>7,605,044</u>	<u>6,734,068</u>

3 Operating (loss)/profit

	2002 £	2001 £
Operating (loss)/profit is stated after charging:		
Depreciation of owned tangible fixed assets	29,412	28,696
Depreciation of tangible fixed assets held under finance leases and hire purchase contracts	27,450	30,268
Operating lease rentals		
- Land and buildings	5,000	5,000
Auditors' remuneration	13,500	13,500
Remuneration of auditors for non-audit work	8,768	5,892

ANDERS ELECTRONICS PLC

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2002

4	Directors' emoluments	2002 £	2001 £
	Aggregate emoluments	<u>353,094</u>	<u>504,615</u>

Retirement benefits are accruing to 3 (2001 - 3) directors under defined benefit schemes.

Emoluments disclosed above include the following amounts paid to the highest paid director:

Aggregate emoluments	<u>100,029</u>	<u>151,754</u>
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5 Employees

Number of employees

The average monthly number of employees during the year was:

	2002 Number	2001 Number
Office and management	17	19
Selling and distribution	27	24
	<u>44</u>	<u>43</u>

Employment costs

	£	£
Wages and salaries	1,217,782	1,309,692
Social security costs	<u>107,521</u>	<u>123,290</u>
	<u>1,325,303</u>	<u>1,432,982</u>

6	Other income	2002 £	2001 £
	Income from shares in subsidiary undertakings	-	175,701
	Interest receivable and similar income	<u>21,096</u>	<u>24,656</u>
		<u>21,096</u>	<u>200,357</u>

ANDERS ELECTRONICS PLC

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2002

7	Interest payable and similar charges	2002	2001
		£	£
	Interest payable on:		
	Other loans	12,863	8,500
	Finance lease and hire purchase contracts	5,091	5,947
		<u>17,954</u>	<u>14,447</u>
8	Tax on (loss)/profit on ordinary activities	2002	2001
	Analysis of charge in period	£	£
	Current taxation		
	U.K. Corporation tax at 16.7% (2001 - 25%)	2,598	20,618
	Prior years		
	U.K. Corporation tax	(2,122)	-
		<u>476</u>	<u>20,618</u>
	Tax on (loss)/profit on ordinary activities		

Factors affecting tax charge for the period

The tax assessed for the period is higher/lower than the standard rate of corporation tax in the UK of 17% (2001 - 25%). The differences are explained below:

	2002	2001
	£	£
(Loss)/profit on ordinary activities before taxation	<u>(99,842)</u>	<u>244,642</u>
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 16.7% (2001 - 25%)	(16,674)	62,377
Effects of:		
Franked Investment Income	-	(44,798)
Expenses not deductible for tax purposes	18,422	523
Capital allowances for period in excess of depreciation	850	394
Other adjustments	-	2,122
	<u>2,598</u>	<u>20,618</u>
Current tax charge for the period		

ANDERS ELECTRONICS PLC

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2002

9 Tangible fixed assets

	Land and buildings Freehold	Plant and machinery	Motor vehicles	Total
	£	£	£	£
Cost or valuation				
At 1 January 2002	250,000	368,347	228,225	846,572
Additions	21,460	19,684	47,449	88,593
Disposals	-	-	(71,796)	(71,796)
At 31 December 2002	271,460	388,031	203,878	863,369
Depreciation				
At 1 January 2002	10,248	283,062	126,546	419,856
On disposals	-	-	(50,651)	(50,651)
Charge for the year	456	22,516	33,890	56,862
At 31 December 2002	10,704	305,578	109,785	426,067
Net book value				
At 31 December 2002	260,756	82,453	94,093	437,302
At 31 December 2001	239,752	85,285	101,679	426,716

Comparable historical cost for the land and buildings included at valuation:

	£
Cost	
Historical cost at 1 January 2002 and at 31 December 2002	145,641
Depreciation based on cost	
At 1 January 2002	10,248
Charge for the year	456
At 31 December 2002	10,704
Net book values	
At 31 December 2002	134,937
At 31 December 2001	135,393

All other tangible fixed assets are stated at historical cost.

Finance leases and hire purchase contracts

The net book value of tangible fixed assets includes an amount of £105,832 (2001 - £93,685) in respect of assets held under finance leases or hire purchase contracts.

ANDERS ELECTRONICS PLC

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2002

10	Stocks	2002	2001
		£	£
	Finished goods and goods for resale	<u>658,097</u>	<u>701,547</u>
11	Debtors	2002	2001
		£	£
	Trade debtors	1,295,694	1,306,424
	Other debtors	14,137	45,614
	Prepayments and accrued income	<u>74,441</u>	<u>135,887</u>
		<u>1,384,272</u>	<u>1,487,925</u>
12	Creditors: amounts falling due within one year	2002	2001
		£	£
	Net obligations under finance lease and hire purchase contracts	27,634	35,053
	Trade creditors	1,333,636	856,786
	Corporation tax	2,598	20,618
	Other taxes and social security costs	95,878	37,437
	Directors current accounts	160,205	105,494
	Accruals and deferred income	<u>87,011</u>	<u>333,510</u>
		<u>1,706,962</u>	<u>1,388,898</u>
13	Creditors: amounts falling due after more than one year	2002	2001
		£	£
	Net obligations under finance leases and hire purchase contracts	<u>21,518</u>	<u>17,317</u>
	Net obligations under finance leases and hire purchase contracts		
	Repayable within one year	27,634	35,052
	Repayable between one and five years	<u>21,518</u>	<u>17,317</u>
		<u>49,152</u>	<u>52,369</u>
	Included in liabilities falling due within one year	<u>(27,634)</u>	<u>(35,053)</u>
		<u>21,518</u>	<u>17,316</u>

ANDERS ELECTRONICS PLC

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2002

14	Share capital	2002	2001
		£	£
	Authorised		
	100,000 Ordinary shares of £1 each	100,000	100,000
		<u> </u>	<u> </u>
	Allotted, called up and fully paid		
	50,000 Ordinary shares of £1 each	50,000	50,000
		<u> </u>	<u> </u>
15	Statement of movements on reserves		
			Revaluation reserve
			£
	Balance at 1 January 2002 and at 31 December 2002		104,359
			<u> </u>
	The revaluation reserve arose on the revaluation of the freehold property owned by the company.		
16	Reconciliation of movements in shareholders' funds	2002	2001
		£	£
	(Loss)/profit for the financial year	(100,318)	224,024
	Opening shareholders' funds	2,026,666	1,802,642
		<u> </u>	<u> </u>
	Closing shareholders' funds	1,926,348	2,026,666
		<u> </u>	<u> </u>
17	Net cash inflow from operating activities	2002	2001
		£	£
	Reconciliation to operating (loss)/profit:		
	Operating (loss)/profit	(102,984)	58,732
	Depreciation of tangible fixed assets	56,862	58,964
	Profit on disposal of tangible fixed assets	10,005	1,816
	Decrease/(increase) in stocks	43,450	(144,669)
	Decrease/(increase) in debtors	103,653	(150,095)
	Increase in creditors	343,503	325,839
		<u> </u>	<u> </u>
		454,489	150,587
		<u> </u>	<u> </u>

ANDERS ELECTRONICS PLC

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2002

18 Reconciliation of net cash flow to movement in net debt	2002 £	2001 £
Increase in cash	358,464	255,784
Capital element of hire purchase and finance lease rentals	42,333	62,352
Change in net debt resulting from cash flows	400,797	318,136
New finance leases	(39,115)	(17,500)
Movement in net debt	361,682	300,636
Net debt at 1 January 2002	764,323	463,687
Net debt at 31 December 2002	<u>1,126,005</u>	<u>764,323</u>

19 Analysis of net debt	At 1 January 2002 £	Cash flow £	Non-cash changes £	At 31 December 2002 £
Cash at bank and in hand	816,693	358,464	-	1,175,157
Hire purchase and finance leases	(52,370)	42,333	(39,115)	(49,152)
	<u>764,323</u>	<u>400,797</u>	<u>(39,115)</u>	<u>1,126,005</u>

20 Major non-cash transactions

During the year the company entered into finance lease and hire purchase arrangements in respect of assets with a total capital value at the inception of the arrangements of £39,115.

21 Commitments under operating leases

At 31 December 2002 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2002 £	2001 £
Expiry date:		
Between two and five years	<u>5,000</u>	<u>5,000</u>

22 Related party transactions

Directors' current accounts at 31 December 2002 amounted to £160,205. Interest at the rate of 8% per annum is due on these balances. Interest due but not yet paid amounts to £12,863.