REGISTRAR

Company Registration No. 3314862 (England and Wales)

DYNATECH ENGINEERING LIMITED

DIRECTOR'S REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 1999

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DYNATECH ENGINEERING LIMITED

COMPANY INFORMATION

Director	A. Lane
Secretary	I. S. Matharu
Company number	3314862
Registered office	6, Tettenhall Road Wolverhampton West Midlands WV1 4SA
Auditors	*BKR Haines Watts* Registered Auditors and Chartered Accountants 6, Tettenhall Road Wolverhampton West Midlands WV1 4SA
Bankers	*Lloyds TSB Bank Plc* Queen Square Wolverhampton West Midlands WV1 1TF

DYNATECH ENGINEERING LIMITED

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DYNATECH ENGINEERING LIMITED

DIRECTOR'S REPORT
FOR THE YEAR ENDED 28 FEBRUARY 1999

The director presents his report and financial statements for the year ended 28 February 1999.

Principal activities

The company acquired a subsidiary undertaking, Tonor Engineering Limited, on 25th September 1998 and on that date it also acquired the trade and net assets of that company. The trade acquired was that of general precision and mechanical engineering and this has comprised the principal activity of the company from the acquisition date.

Year 2000

The director has considered whether the company's operations could be adversely affected by malfunctions in computer or other equipment arising from errors in processing dates in the year 2000 and beyond.

No part of the company's current operations are critically dependent on computer or other equipment which could be affected by year 2000 problems.

Director

The following director has held office since 1 March 1998:

A. Lane

Director's interests

The director's beneficial interest in the shares of the company was as stated below:

	Ordinary shares of £ 1 each	
	28 February 1999	**1 March 1998**
A. Lane	32,550	40

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that BKR Haines Watts be reappointed as auditors of the company will be put to the Annual General Meeting.

DYNATECH ENGINEERING LIMITED

DIRECTOR'S REPORT (CONTINUED)
FOR THE YEAR ENDED 28 FEBRUARY 1999

Director's responsibilities

Company law requires the director 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 director is required to:

- select suitable accounting policies and then apply them consistently;

- make judgements and estimates that are reasonable and prudent;

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

The director is responsible for ensuring that the business will not be adversely affected by any failure of computer or other systems to cope with the Year 2000. This involves :

- analysing the impact of the Year 2000 issue on the business;

- developing plans to mitigate the effects identified by the analysis;

- assessing the appropriateness of adopting the going concern basis in preparing the financial statements (and of disclosures needed to give a true and fair view); and

- considering any need for disclosures in the annual report as a result of the requirements of UITF Abstract 20, issued by the Accounting Standards Board.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the board

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A. Lane
Director
Date: 28/2/2000

DYNATECH ENGINEERING LIMITED

AUDITORS' REPORT
TO THE SHAREHOLDERS OF DYNATECH ENGINEERING 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 the director and auditors

As described on page 2 the company's director is 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 director 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 28 February 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BKR Haines Watts

BKR Haines Watts

Date: 28th February 2000

Registered Auditors and Chartered Accountants
6, Tettenhall Road
Wolverhampton
West Midlands
WV1 4SA

DYNATECH ENGINEERING LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 28 FEBRUARY 1999

	Notes	1999 £	1998 £
Turnover		253,236	-
Cost of sales		(192,673)	-
Gross profit		60,563	-
Administrative expenses		(58,552)	(440)
Operating profit/(loss)	2	2,011	(440)
Other interest receivable and similar income	3	-	140
Profit/(loss) on ordinary activities before taxation		2,011	(300)
Tax on profit/(loss) on ordinary activities	4	(566)	-
Profit/(loss) on ordinary activities after taxation	13	1,445	(300)

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.

DYNATECH ENGINEERING LIMITED

BALANCE SHEET
AS AT 28 FEBRUARY 1999

	Notes	1999 £	1999 £	1998 £	1998 £
Fixed assets					
Intangible assets	5		1		-
Tangible assets	6		27,000		-
Investments	7		71,908		6,908
			98,909		6,908
Current assets					
Stocks		50,352		-	
Debtors	8	145,867		100	
Cash at bank and in hand		-		140	
		196,219		240	
Creditors: amounts falling due within one year	9	(226,424)		(7,348)	
Net current liabilities			(30,205)		(7,108)
Total assets less current liabilities			68,704		(200)
Creditors: amounts falling due after more than one year	10		(1,963)		-
Provisions for liabilities and charges	11		(496)		-
			66,245		(200)
Capital and reserves					
Called up share capital	12		65,100		100
Profit and loss account	13		1,145		(300)
Shareholders' funds - equity interests	14		66,245		(200)

These financial statements have been 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 on 28/2/2000

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A. Lane
Director

DYNATECH ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 1999

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cashflow statement on the grounds that it is a small company.

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.3 Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life.

1.4 Tangible fixed assets and depreciation

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

Plant and machinery	20% per annum on written down values.
Fixtures, fittings & equipment	20% per annum on written dowm values.
Motor vehicles	20% per annum on written down values.

1.5 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.6 Stock

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

1.7 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the director, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.8 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertaking comprise a small-sized group. The company has therefore taken advantage of the exemptions provided by section 248 of the Companies Act 1985 not to prepare group accounts.

2 Operating profit/(loss)

	1999	1998
	£	£
Operating profit/(loss) is stated after charging:		
Depreciation of tangible assets	2,523	-

3 Other interest receivable and similar income

	1999	1998
	£	£
Bank interest	-	140

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 28 FEBRUARY 1999

4 Taxation

	1999 £	1998 £
U.K. current year taxation		
U.K. corporation tax at 21% (1998 - 21%)	566	-

5 Intangible fixed assets

	Goodwill £
Cost	
At 1 March 1998	-
Additions	1
At 28 February 1999	1

6 Tangible fixed assets

	Plant and machinery etc £
Cost	
At 1 March 1998	-
Additions	30,023
Disposals	(500)
At 28 February 1999	29,523
Depreciation	
At 1 March 1998	-
Charge for the year	2,523
At 28 February 1999	2,523
Net book value	
At 28 February 1999	27,000

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

	Motor vehicles £
Net book values	
At 28 February 1999	4,248
Depreciation charge for the year	
28 February 1999	397

7 *Fixed asset investments*

	Shares in group undertakings and participating interests £
Cost	
At 1 March 1998	6,908
Additions	65,000
At 28 February 1999	71,908

The cost brought forward at 1st March 1998 represents the initial costs of acquiring the entire share capital of Tonor Engineering Limited. The acquisition was completed during the year.

Details of the subsidiary are as follows:

Company	Country of registration or incorporation	Shares held Class	%
Tonor Engineering Limited	*England*	*Ordinary*	*100*

8 Debtors

	1999 £	1998 £
Trade debtors	130,279	-
Other debtors	15,588	100
	145,867	100

9 Creditors: amounts falling due within one year

	1999 £	1998 £
Bank loans and overdrafts	6,972	-
Net obligations under finance leases	1,812	-
Trade creditors	78,929	-
Amounts owed to group undertakings and undertakings in which the company has a participating interest	43,718	-
Taxation and social security	26,131	-
Other creditors	68,862	7,348
	226,424	7,348

10 Creditors: amounts falling due after more than one year	1999 £	1998 £
Net obligations under finance leases and hire purchase agreements	1,963	-
Net obligations under finance leases and hire purchase contracts		
Repayable within one year	1,812	-
Repayable between one and five years	1,963	-
	3,775	-
Included in liabilities falling due within one year	(1,812)	-
	1,963	-

11 Provisions for liabilities and charges

	Deferred taxation £
Profit and loss account	496

Deferred tax is provided at 20% (1998 - 21%) analysed over the following timing differences:

	Fully provided 1999 £	1998 £
Accelerated capital allowances	*496*	-

12 Share capital	1999 £	1998 £
Authorised		
250,000 Ordinary shares of £ 1 each	250,000	1,000
Allotted, called up and fully paid		
65,100 Ordinary shares of £ 1 each	65,100	100

On 24th September 1998 the increased share capital was increased to 250,000 £1 ordinary shares. On 25th September 1998 the company allotted a further 65,000 £1 ordinary shares at par in order to provide additional working capital.

13 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 March 1998	(300)
Retained profit for the year	1,445
Balance at 28 February 1999	1,145

14 Reconciliation of movements in shareholders' funds

	1999 £	1998 £
Profit/(loss) for the financial year	1,445	(300)
Proceeds from issue of shares	65,000	-
Net addition to/(depletion in) shareholders' funds	66,445	(300)
Opening shareholders' funds	(200)	100
Closing shareholders' funds	66,245	(200)

15 Contingent liabilities

There were no contingent liabilities at 28th February 1999 (1998 - nil).