Company Registration No. 3314862 (England and Wales)

DYNATECH ENGINEERING LIMITED

DIRECTOR'S REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2000

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COMPANIES HOUSE 08/11/00

DYNATECH ENGINEERING LIMITED

COMPANY INFORMATION

Director	A.J. Lane
Secretary	I. S. Natharu
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	Yorkshire Bank PLC 66 - 67 Victoria Street Wolverhampton WV1 3PN

DYNATECH ENGINEERING LIMITED

CONTENTS

	Page
Director's report	1 - 2
Auditors' report	3
Profit and loss account	4
Balance sheet	5
Notes to the financial statements	6 - 11

DYNATECH ENGINEERING LIMITED

DIRECTOR'S REPORT
FOR THE PERIOD ENDED 31 MARCH 2000

The director presents his report and financial statements for the period ended 31 March 2000.

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.

Director

The following director has held office since 1 March 1999:

A.J. Lane

Director's interests

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

	Ordinary shares of £ 1 each	
	31 March 2000	**1 March 1999**
A.J. Lane	32,550	32,550

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 PERIOD ENDED 31 MARCH 2000

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.

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

.....

A.J. Lane

Director

Date: 1/11/00

DYNATECH ENGINEERING LIMITED

AUDITORS' REPORT
TO THE SHAREHOLDERS OF DYNATECH ENGINEERING LIMITED

We have audited the financial statements on pages 4 to 11 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 31 March 2000 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

BKR Haines Watts

BKR Haines Watts

Date: 1st November 2000

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

DYNATECH ENGINEERING LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 31 MARCH 2000

	Notes	Period ended 31 March 2000 £	Year ended 28 February 1999 £
Turnover		727,620	253,236
Cost of sales		(515,389)	(192,673)
Gross profit		212,231	60,563
Administrative expenses		(173,433)	(58,552)
Profit on ordinary activities before taxation	2	38,798	2,011
Tax on profit on ordinary activities	3	(7,800)	(566)
Profit on ordinary activities after taxation	12	30,998	1,445

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 31 MARCH 2000

	Notes	2000 £	2000 £	1999 £	1999 £
Fixed assets					
Intangible assets	4		32,742		1
Tangible assets	5		43,812		27,000
Investments	6		71,908		71,908
			148,462		98,909
Current assets					
Stocks		76,527		50,352	
Debtors	7	187,130		145,867	
Cash at bank and in hand		1,389		-	
		265,046		196,219	
Creditors: amounts falling due within one year	8	(314,769)		(226,424)	
Net current liabilities			(49,723)		(30,205)
Total assets less current liabilities			98,739		68,704
Creditors: amounts falling due after more than one year	9		-		(1,963)
Provisions for liabilities and charges	10		(1,496)		(496)
			97,243		66,245
Capital and reserves					
Called up share capital	11		65,100		65,100
Profit and loss account	12		32,143		1,145
Shareholders' funds - equity interests	13		97,243		66,245

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 ....1/11/00.....

.....
A.J. Lane
Director

DYNATECH ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2000

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 Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit.

1.5 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.

1.6 Leasing

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

1.7 Investments

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

1.8 Stock

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

1.9 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the period in accordance with SSAP 24.

1.10 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.

1.11 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2000

2 Operating profit

	2000	1999
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	10,864	2,523
Operating lease rentals	14,357	-

3 Taxation

	2000	1999
	£	£
U.K. current year taxation		
U.K. corporation tax at 20% (1999 - 21%)	6,800	566
Deferred taxation	1,000	-
	7,800	566

4 Intangible fixed assets

	Goodwill	Other intangible assets	Total
	£	£	£
Cost			
At 1 March 1999	1	-	1
Additions	-	32,741	32,741
At 31 March 2000	1	32,741	32,742

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2000

5 Tangible fixed assets

	Plant and machinery etc £
Cost	
At 1 March 1999	29,523
Additions	27,676
At 31 March 2000	57,199
Depreciation	
At 1 March 1999	2,523
Charge for the period	10,864
At 31 March 2000	13,387
Net book value	
At 31 March 2000	43,812
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 31 March 2000	-
At 28 February 1999	4,248
Depreciation charge for the period	
31 March 2000	-
28 February 1999	397

6 Fixed asset investments

	Shares in group undertakings and participating interests
	£
Cost	
At 1 March 1999 & at 31 March 2000	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

7 Debtors

	2000	1999
	£	£
Trade debtors	165,930	130,279
Other debtors	21,200	15,588
	187,130	145,867

8 Creditors: amounts falling due within one year

	2000	1999
	£	£
Bank loans and overdrafts	6,394	6,972
Net obligations under finance leases	-	1,812
Trade creditors	93,389	78,929
Amounts owed to group undertakings and undertakings in which the company has a participating interest	43,718	43,718
Taxation and social security	38,617	26,131
Other creditors	132,651	68,862
	314,769	226,424

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2000

9 Creditors: amounts falling due after more than one year	2000 £	1999 £
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

10 Provisions for liabilities and charges

	Deferred taxation £
Balance at 1 March 1999	496
Profit and loss account	1,000
Balance at 31 March 2000	1,496

Deferred tax is provided at 20% (1999 - 20%) analysed over the following timing differences:

	Fully provided 2000 £	1999 £
Accelerated capital allowances	1,496	496

11 Share capital	2000 £	1999 £
Authorised		
250,000 Ordinary shares of £ 1 each	250,000	250,000
Allotted, called up and fully paid		
65,100 Ordinary shares of £ 1 each	65,100	65,100

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2000

12 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 March 1999	1,145
Retained profit for the period	30,998
Balance at 31 March 2000	32,143

13 Reconciliation of movements in shareholders' funds

	2000 £	1999 £
Profit for the financial period	30,998	1,445
Proceeds from issue of shares	-	65,000
Net addition to shareholders' funds	30,998	66,445
Opening shareholders' funds	66,245	(200)
Closing shareholders' funds	97,243	66,245

14 Contingent liabilities

There were no contingent liabilities at 31st March 2000 (1999 - nil).