

ELECTRICAL TESTING LIMITED

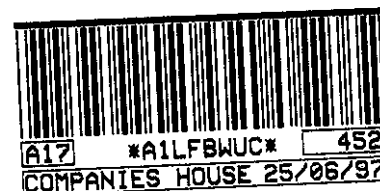
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 1997

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The following page does not form part of the statutory accounts:

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A.R. WOODS FCCA
CERTIFIED ACCOUNTANT

Company No: 02476049 (England and Wales)

ELECTRICAL TESTING LIMITEDDIRECTORS' REPORT FOR THE YEAR ENDED 31st MARCH 1997

The directors present their report and the financial statements for the year ended 31st March 1997.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the 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, 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 financial statements 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 financial statements 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.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The company's principal activity continues to be that of electrical engineering and testing.

The results for the year are set out on Page 3.

DIVIDENDS

Dividends of £22,000 were paid (£11,000 per share) and the retained profit of £142,923 will be added to reserves.

FIXED ASSETS

Details of movements in fixed assets are set out in note 7 to the financial statements.

DIRECTORS

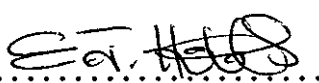
The directors who served during the year and their beneficial interests in the company's issued share capital were:

	<u>ORDINARY SHARES</u>	
	<u>1997</u>	<u>1996</u>
A.J. HOBBS	1	1
MRS E.J. HOBBS	1	1
S.A. HOBBS	-	-

AUDITOR

The auditor A.R. Woods FCCA, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

This report was approved by the board on 16/06/1997 and signed on their behalf.

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MRS E.J. HOBBS

(Secretary)

ELECTRICAL TESTING LIMITEDAUDITOR'S REPORT TO THE SHAREHOLDERS OF ELECTRICAL TESTING LIMITED

I have audited the financial statements on Pages 3 to 8 which have been prepared under the historical cost convention and the accounting policies set out on Page 5.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As described on Page 1 the company's directors are responsible for the preparation of financial statements. It is my responsibility to form an independent opinion, based on my audit, on those statements and to report my opinion to you.

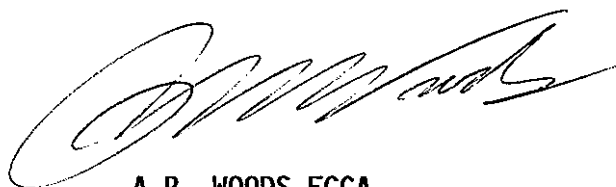
BASIS OF OPINION

I conducted my audit in accordance with the 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.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me 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 my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In my opinion, the financial statements give a true and fair view of the state of the company's affairs as at 31st March 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



A.R. WOODS FCCA
Certified Accountant and Registered Auditor
Queens Head House
The Street
Acle
Norwich
NR13 3DY

17.6. 1997

ELECTRICAL TESTING LIMITEDPROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 1997

	<u>Notes</u>	<u>1997</u>	<u>1996</u>
Turnover	1,2	1,172,288	962,672
Cost of Sales		<u>(633,970)</u>	<u>(509,644)</u>
GROSS PROFIT		538,318	453,028
Administrative Expenses		<u>328,768</u>	<u>292,583</u>
Operating Profit	3	209,550	160,445
Rent Received		913	-
Interest Received		<u>4,855</u>	<u>1,589</u>
Profit on Ordinary Activities before taxation		215,318	162,034
Dividends Paid		22,000	-
Taxation on Profit on Ordinary Activities	6	<u>50,395</u>	<u>(42,389)</u>
Retained Profit for the Year		142,923	119,645
Retained Profit Brought Forward		<u>392,312</u>	<u>272,667</u>
Retained Profit Carried Forward		<u>535,235</u>	<u>392,312</u>

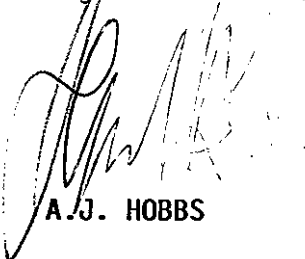
There were no recognised gains and losses for 1997 or 1996 other than those included in the Profit and Loss Account.

The notes on Pages 5 to 8 form part of these Financial Statements.

ELECTRICAL TESTING LIMITEDBALANCE SHEET AT 31st MARCH 1997

<u>FIXED ASSETS</u>	<u>Notes</u>	<u>1997</u>	<u>1996</u>
Tangible Assets	7	160,128	121,038
<u>CURRENT ASSETS</u>			
Work in Progress		24,711	18,736
Stocks	8	75,427	60,301
Debtors	9	270,851	185,910
Cash at Bank and in Hand		<u>153,221</u>	<u>123,470</u>
		524,210	388,417
Creditors: Amounts falling due within one year	10	<u>(145,160)</u>	<u>(112,552)</u>
NET CURRENT ASSETS		<u>379,050</u>	<u>275,865</u>
Total Assets less Current Liabilities		539,178	396,903
Provisions for Liabilities and Charges			
Deferred Tax	12	<u>(3,941)</u>	<u>(4,589)</u>
NET ASSETS		<u>535,237</u>	<u>392,314</u>
<u>CAPITAL AND RESERVES</u>			
Called up Share Capital	13	2	2
Profit and Loss Account		<u>535,235</u>	<u>392,312</u>
SHAREHOLDERS' FUNDS		<u>535,237</u>	<u>392,314</u>

The Financial Statements were approved by the board on 16/06/97 1997 and signed on their behalf.



A.J. HOBBS

Director

The notes on Pages 5 to 8 form part of these Financial Statements.

ELECTRICAL TESTING LIMITEDNOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 19971 ACCOUNTING POLICIES1.1 Basis of Preparation of Financial Statements

The financial statements are prepared under the historical cost convention and include the results of the company's operations which are described in the Directors' Report and all of which are continuing.

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

1.2 Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, net of Value Added Tax.

1.3 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 or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Property Extension	10% straight line basis
Motor Vehicles	25% reducing balance basis
Tools and Equipment	15% reducing balance basis
Office Equipment	25% reducing balance basis

1.4 Stocks and Work in Progress

Stocks and work in progress are value at the lower of cost and net realisable value after making due allowance for obsolete and slow moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.5 Deferred Taxation

Provision is made for taxation deferred as a result of material timing differences between the incidence of income and expenditure for taxation and accounts purposes.

2 TURNOVER

The whole of the turnover and profit before taxation is attributable to the one principal activity of the company, Electrical Engineering and Testing.

ELECTRICAL TESTING LIMITEDNOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 19973 OPERATING PROFIT

	<u>1997</u>	<u>1996</u>
The operating profit is stated after charging:		
Depreciation of tangible fixed assets		
- owned by the company	28,917	34,383
Auditor's Remuneration	1,100	1,980

4 STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

Wages and Salaries	116,921	88,798
Social Security Costs	<u>10,558</u>	<u>7,825</u>
	<u>127,479</u>	<u>96,623</u>

The average weekly number of employees, including directors, during the year was as follows:

Office Administration	12	11
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5 DIRECTORS' REMUNERATION

Emoluments for services as directors	29,730	23,971
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Included in the above are emoluments paid to:

The Chairman	3,180	3,024
Highest paid director	20,399	15,351

6 TAXATIONUK Current Year Taxation

UK Corporation Tax at 24% (1996 - 25%)	51,043	42,389
Transfer to deferred taxation	<u>(648)</u>	<u>-</u>
	<u>50,395</u>	<u>42,389</u>

ELECTRICAL TESTING LIMITEDNOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 1997

7 <u>TANGIBLE FIXED ASSETS</u>	Freehold Land and Property Extension	Motor Vehicles	Tools and Equipment	Office Equip- ment	Total
<u>Cost</u>					
At 1st April 1996	9,637	115,457	51,050	49,988	226,132
Additions	41,064	25,748	9,911	14,784	91,507
Disposals	-	(27,917)	-	-	(27,917)
As at 31st March 1997	<u>50,701</u>	<u>113,288</u>	<u>60,961</u>	<u>64,772</u>	<u>289,722</u>
<u>Depreciation</u>					
At 1st April 1996	1,928	54,520	27,422	21,224	105,094
On disposals	-	(9,431)	-	-	(9,431)
Charge for Year	<u>964</u>	<u>17,049</u>	<u>5,031</u>	<u>10,887</u>	<u>33,931</u>
As at 31st March 1997	<u>2,892</u>	<u>62,138</u>	<u>32,453</u>	<u>32,111</u>	<u>129,594</u>
<u>Net Book Values</u>					
At 31st March 1997	<u>47,809</u>	<u>51,150</u>	<u>28,508</u>	<u>32,661</u>	<u>160,128</u>
At 31st March 1996	<u>7,709</u>	<u>60,937</u>	<u>23,628</u>	<u>28,764</u>	<u>121,038</u>
8 <u>STOCKS</u>				<u>1997</u>	<u>1996</u>
Materials and Components				<u>75,427</u>	<u>60,301</u>
9 <u>DEBTORS</u>					
Due within one year:					
Directors Current Account				40,937	21,935
Trade Debtors				215,988	157,269
Other Debtors				<u>13,926</u>	<u>6,706</u>
				<u>270,851</u>	<u>185,910</u>
10 <u>CREDITORS</u>					
Amounts falling due within one year:					
Trade Creditors				27,574	28,789
Corporation Tax				51,043	42,389
Social Security and Other Taxes				64,145	39,374
Directors' Loan Accounts				398	-
Accruals				<u>2,000</u>	<u>2,000</u>
				<u>145,160</u>	<u>112,552</u>
11 <u>OBLIGATIONS UNDER FINANCE LEASES</u>					
Amounts payable:					
Within one year				<u>-</u>	<u>1,739</u>

ELECTRICAL TESTING LIMITEDNOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 199712 DEFERRED TAXATION

	<u>1997</u>	<u>1996</u>
Balance at 1st April 1996	4,589	4,589
Transfer for the Year	<u>(648)</u>	<u>-</u>
Balance at 31st March 1997	<u><u>3,941</u></u>	<u><u>4,589</u></u>

13 CALLED UP SHARE CAPITALAuthorised

Ordinary Shares of £1 each	<u><u>500,000</u></u>	<u><u>500,000</u></u>
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Issued

Ordinary Shares of £1 each	<u><u>2</u></u>	<u><u>2</u></u>
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14 MOVEMENT OF SHAREHOLDERS' FUNDS

Profit for the Year	142,923	119,645
Opening Shareholders' Funds	<u><u>392,312</u></u>	<u><u>272,667</u></u>
Closing Shareholders' Funds	<u><u>535,235</u></u>	<u><u>392,312</u></u>

ELECTRICAL TESTING LIMITEDPROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 1997

	<u>1997</u>	<u>1996</u>
Fees and Work Done	1,166,313	978,484
Work in Progress 31.03.97	24,711	18,736
Work in Progress 31.03.96	<u>(18,736)</u>	<u>(34,548)</u>
	1,172,288	962,672
Materials and Plant Hire	248,040	198,046
Subcontractors	<u>385,930</u>	<u>311,598</u>
	633,970	509,644
GROSS PROFIT	538,318	453,028
Rent Received	913	-
Interest Received	<u>4,855</u>	<u>1,589</u>
	544,086	454,617
<u>LESS EXPENSES</u>		
Motor and Travelling Expenses	<u>68,205</u>	<u>66,648</u>
Property Maintenance	3,284	1,746
Electricity, Rent and Rates	13,769	11,681
Repairs and Renewals	3,315	2,563
Protective Clothing	4,024	3,585
Insurance	<u>10,652</u>	<u>9,313</u>
	35,044	28,888
Training	2,166	3,011
Computer Supplies	670	-
Salaries	97,749	72,652
Professional Fees	15,346	10,241
Postage and Stationery	11,477	7,924
Telephone	9,901	7,113
Advertising/Promotion	14,765	14,131
Accountancy	495	530
Audit Fee	1,300	1,980
Subscriptions and Registration Fees	4,351	2,732
General Expenses	<u>4,206</u>	<u>3,285</u>
	162,426	123,599
Directors' Remuneration	<u>29,730</u>	<u>23,971</u>
Interest re Late Payment of Tax	-	737
Leasing Charges	2,002	12,878
Bank Charges and Interest	<u>2,444</u>	<u>1,479</u>
	4,446	15,094
(Profit)/Loss on Sale:		
Motor Vehicle and Boat	(5,014)	536
Depreciation: Property Extension	964	964
Motor Vehicles	17,049	19,126
Tools and Equipment	5,031	4,169
Office Equipment	<u>10,887</u>	<u>9,588</u>
	28,917	34,383
	<u>328,768</u>	<u>292,583</u>
NET PROFIT	215,318	162,034