Registered

REPORT OF THE DIRECTORS AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 1996

FOR

MULTIPULSE ELECTRONICS LIMITED

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COMPANIES HOUSE 30/07/97

COMPANY INFORMATION
for the Year Ended 30 September 1996

DIRECTORS:	J Fitzsimons M C Wilson
SECRETARY:	P Scott
REGISTERED OFFICE:	Unit 8 Robin Hood Works Knaphill Woking Surrey GU21 2LX
REGISTERED NUMBER:	01844077
AUDITORS:	Hamlyns Registered Auditors and Chartered Accountants Sundial House High Street Horsell Woking Surrey GU21 4SU

REPORT OF THE DIRECTORS
for the Year Ended 30 September 1996

The directors present their report with the financial statements of the company for the year ended 30 September 1996.

PRINCIPAL ACTIVITY
The principal activity of the company in the year under review was that of the manufacturing, sale and distribution of electronic components.

REVIEW OF BUSINESS
The results for the year and financial position of the company are as shown in the annexed financial statements.

DIVIDENDS
No dividends will be distributed for the year ended 30 September 1996.

FIXED ASSETS
The movements in fixed assets during the year are set out in note 8 to the accounts.

DIRECTORS
The directors during the year under review were:

J Fitzsimons
M C Wilson

The beneficial interests of the directors holding office on 30 September 1996 in the issued share capital of the company were as follows:

	30.9.96	1.10.95
Ordinary £1 shares		
J Fitzsimons	35,000	35,000
M C Wilson	15,000	15,000

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.

REPORT OF THE DIRECTORS
for the Year Ended 30 September 1996

AUDITORS

The auditors, Hamlyns, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:

.....

J Fitzsimons - DIRECTOR

Dated: 08/7/97

REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF MULTIPULSE ELECTRONICS LIMITED

We have audited the financial statements on pages five to seventeen which have been prepared under the historical cost convention and the accounting policies set out on page ten.

Respective responsibilities of directors and auditors
As described on page two 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 30 September 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Hamlyns

Hamlyns
Registered Auditors and
Chartered Accountants
Sundial House High Street
Horsell Woking
Surrey GU21 4SU

Dated: 28/11/97

PROFIT AND LOSS ACCOUNT
for the Year Ended 30 September 1996

	Notes	1996 £	1996 £	1995 £	1995 £
TURNOVER	2		10,441,593		3,608,388
Cost of sales			4,442,043		2,282,673
GROSS PROFIT			5,999,550		1,325,715
Administrative expenses			5,178,133		756,960
OPERATING PROFIT	4		821,417		568,755
Income from investments		200		-	
Interest receivable and similar income	5	37,625		23,651	
			37,825		23,651
			859,242		592,406
Interest payable and similar charges	6		5,911		7,361
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			853,331		585,045
Tax on profit on ordinary activities	7		278,500		181,000
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION			574,831		404,045
Retained profit brought forward			708,796		354,551
			1,283,627		758,596
Capitalisation of reserves			-		(49,800)
RETAINED PROFIT CARRIED FORWARD			£1,283,627		£708,796

CONTINUING OPERATIONS
None of the company's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES
The company has no recognised gains or losses other than the profits for the current and previous years.

The notes form part of these financial statements

BALANCE SHEET
30 September 1996

	Notes	1996 £	1996 £	1995 £	1995 £
FIXED ASSETS:					
Tangible assets	8		394,770		281,037
Investments	9		530,001		1
			924,771		281,038
CURRENT ASSETS:					
Stocks	10	1,094,292		359,470	
Debtors	11	4,129,603		1,049,804	
Cash at bank and in hand		1,493,711		578,207	
		6,717,606		1,987,481	
CREDITORS: Amounts falling due within one year	12	6,162,737		1,348,020	
NET CURRENT ASSETS:			554,869		639,461
TOTAL ASSETS LESS CURRENT LIABILITIES:			1,479,640		920,499
CREDITORS: Amounts falling due after more than one year	13		-		(22,898)
PROVISIONS FOR LIABILITIES AND CHARGES:	17		(146,013)		(138,805)
			£1,333,627		£758,796
CAPITAL AND RESERVES:					
Called up share capital	18		50,000		50,000
Profit and loss account			1,283,627		708,796
Shareholders' funds	21		£1,333,627		£758,796

ON BEHALF OF THE BOARD:

.....
J Fitzsimons / DIRECTOR

Approved by the Board on 28/7/97

The notes form part of these financial statements

CASH FLOW STATEMENT
for the Year Ended 30 September 1996

	Notes	1996 £	1996 £	1995 £	1995 £
Net cash inflow from operating activities	1		1,735,798		556,828
Returns on investments and servicing of finance	2		31,914		16,290
Taxation			(96,750)		(198,135)
Capital expenditure	2		(730,698)		(184,830)
Financing	2		(24,760)		(4,391)
Increase in cash in the period			**£915,504**		**£185,762**

Reconciliation of net cash flow to movement in net funds					
Increase in cash in the period		**915,504**		**185,762**	
Cash outflow from decrease in debt and lease financing		24,760		4,391	
Change in net funds resulting from cash flows	3		940,264		190,153
Movement in net funds in the period			**940,264**		**190,153**
Net funds at 1 October 1995	3		**553,447**		**388,054**
Net funds at 30 September 1996	3		**£1,493,711**		**£578,207**

The notes form part of these financial statements

NOTES TO THE CASH FLOW STATEMENT
for the Year Ended 30 September 1996

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	1996 £	1995 £
Operating profit	821,417	568,755
Depreciation charges	90,244	47,419
Loss on sale of fixed assets	-	2,099
Profit on sale of fixed assets	(3,281)	-
Increase in warranty provision	7,208	138,805
Increase in debtors	(3,079,798)	(453,819)
Increase in creditors	4,634,830	485,887
Increase in stocks	(734,822)	(232,318)
Net cash inflow from operating activities	1,735,798	556,828

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	1996 £	1995 £
Returns on investments and servicing of finance		
Interest received	37,625	23,651
Interest paid	(5,911)	(6,740)
Interest element of hire purchase or finance lease rentals payments	-	(621)
Dividends received	200	-
Net cash inflow for returns on investments and servicing of finance	31,914	16,290
Capital expenditure		
Purchase of tangible fixed assets	(230,198)	(215,841)
Sale of tangible fixed assets	29,500	31,011
Purchase of investments	(530,000)	-
Net cash outflow for capital expenditure	(730,698)	(184,830)
Financing		
Bank loan repaid	(24,760)	(4,391)
Net cash outflow for financing	(24,760)	(4,391)

The notes form part of these financial statements

NOTES TO THE CASH FLOW STATEMENT
for the Year Ended 30 September 1996

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.10.95	Cash flow	At 30.9.96
	£	£	£
Net cash:			
Cash at bank and in hand	578,207	915,504	1,493,711
Debt due within one year	(1,862)	1,862	-
Debt due after one year	(22,898)	22,898	-
	553,447	940,264	1,493,711

Analysed in Balance Sheet

Cash at bank and in hand	578,207		1,493,711
	578,207		1,493,711
Bank loan	24,760		-
	24,760		-

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 30 September 1996

1. ACCOUNTING POLICIES

Accounting convention
The financial statements have been prepared under the historical cost convention.

Turnover
Turnover represents net invoiced sales of goods, excluding value added tax.

Tangible fixed assets
Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Improvements to property	- over remaining term of lease
Manufacturing tools	- 15% on reducing balance
Office equipment	- 15% on reducing balance
Fixtures and Fittings	- 15% on reducing balance
Motor vehicles	- 25% on reducing balance
Computer equipment	- 33% on cost

Stocks
Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Deferred taxation
Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

Hire Purchase and Leasing Commitments
Rentals paid under operating leases are charged to the profit and loss account as incurred.

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to income as incurred.

Pensions
The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

Foreign Currencies
Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 30 September 1996

2. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market for the year ended 30 September 1996 is given below:

	£
Sales - UK	3,919,084
Sales - Rest of Europe	3,481,191
Sales - Other	3,041,318
	10,441,593

3. STAFF COSTS

	1996	1995
	£	£
Wages and salaries	4,233,323	318,332
Social security costs	423,557	21,844
Other pension costs	37,410	31,718
	4,694,290	371,894

The average monthly number of employees during the year was as follows:

	1996	1995
Directors	2	2
Employees	56	33
	58	35

4. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	1996	1995
	£	£
Hire of plant and machinery	6,155	4,689
Rent - operating leases	63,123	49,984
Depreciation - owned assets	90,244	47,419
(Profit)/Loss on disposal of fixed assets	(3,281)	2,099
Auditors' remuneration	5,000	4,000
Directors' emoluments (see below)	4,152,879	135,164

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 30 September 1996

4. OPERATING PROFIT - continued

Details of individual emoluments, excluding pension contributions, were as follows:

	1996	1995
	£	£
Chairman	2,863,401	57,195

These emoluments are included in the information which follows.

The directors' emoluments, excluding pension contributions, fell within the following ranges:

	1996	1995
£45,001 - £50,000	-	1
£55,001 - £60,000	-	1
£2,860,001 - £2,865,000	1	-
£1,250,001 - £1,255,000	1	-

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	1996	1995
	£	£
Deposit account interest	37,625	23,651

6. INTEREST PAYABLE AND SIMILAR CHARGES

	1996	1995
	£	£
Bank interest	1,590	2,223
Interest on late paid tax	4,321	4,517
Hire purchase	-	621
	5,911	7,361

7. TAXATION

The tax charge on the profit on ordinary activities for the year was as follows:

	1996	1995
	£	£
UK Corporation Tax	278,500	181,000

UK Corporation Tax has been charged at 32% (1995 - 30%).

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 30 September 1996

8. TANGIBLE FIXED ASSETS

	Improvements to property	Manufacturing tools	Office equipment
	£	£	£
COST:			
At 1 October 1995	75,463	52,030	25,729
Additions	1,538	28,074	7,873
At 30 September 1996	77,001	80,104	33,602
DEPRECIATION:			
At 1 October 1995	3,479	13,487	5,731
Charge for year	17,996	8,368	3,210
At 30 September 1996	21,475	21,855	8,941
NET BOOK VALUE:			
At 30 September 1996	55,526	58,249	24,661
At 30 September 1995	71,984	38,543	19,998

	Fixtures and Fittings	Motor vehicles	Computer equipment	Totals
	£	£	£	£
COST:				
At 1 October 1995	27,098	114,376	106,405	401,101
Additions	62,471	95,983	34,259	230,198
Disposals	-	(49,145)	-	(49,145)
At 30 September 1996	89,569	161,214	140,664	582,154
DEPRECIATION:				
At 1 October 1995	5,617	32,102	59,650	120,066
Charge for year	12,403	22,590	25,677	90,244
Eliminated on disposals	-	(22,926)	-	(22,926)
At 30 September 1996	18,020	31,766	85,327	187,384
NET BOOK VALUE:				
At 30 September 1996	71,549	129,448	55,337	394,770
At 30 September 1995	21,482	82,274	46,756	281,037

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 30 September 1996

9. FIXED ASSET INVESTMENTS

	£
COST:	
At 1 October 1995	1
Additions	530,000
At 30 September 1996	530,001
NET BOOK VALUE:	
At 30 September 1996	£530,001
At 30 September 1995	£1

	1996 £	1995 £
Investments listed on recognised stock exchange	530,000	-
Unlisted investments	1	1
	530,001	1

Market value of listed investments at 30 September 1996 - £608,798.

10. STOCKS

	1996 £	1995 £
Stock	1,094,292	359,470

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1996 £	1995 £
V.A.T.	112,688	-
Trade debtors	3,432,794	893,070
Other debtors	541,121	133,711
Prepayments	43,000	23,023
	4,129,603	1,049,804

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 30 September 1996

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1996 £	1995 £
Bank loans and overdrafts (see note 14)	-	1,862
Trade creditors	940,699	550,812
Other creditors & accruals	2,707,743	335,432
Social security & other taxes	2,054,795	182,163
Taxation	459,500	277,751
	6,162,737	1,348,020

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1996 £	1995 £
Bank loans (see note 14)	-	22,898

14. LOANS AND OVERDRAFTS

An analysis of the maturity of loans and overdrafts is given below:

	1996 £	1995 £
Amounts falling due within one year or on demand:		
Bank loans	-	1,862
Amounts falling due between one and two years:		
Bank loans	-	2,026
Amounts falling due between two and five years:		
Bank loans	-	7,217
Amounts falling due in more than five years:		
Repayable by instalments		
Bank loans	-	13,655

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 30 September 1996

15. OBLIGATIONS UNDER LEASING AGREEMENTS

The following payments are committed to be paid within one year:

	Operating leases	
	Land and buildings	
	1996	1995
	£	£
Expiring:		
Between one and five years	44,167	40,000
In more than five years	37,500	25,000
	81,667	65,000

16. SECURED DEBTS

The following secured debts are included within creditors:

	1996	1995
	£	£
Bank loans	-	24,760

The bank overdraft is secured by a floating charge over the business. In addition the bank loan was secured on the company's investment in the Eighth Property Enterprise Trust and interest was charged at 1.5% above the Bank of Scotland's base rate. The loan was fully repaid during the year.

17. PROVISIONS FOR LIABILITIES AND CHARGES

	1996	1995
	£	£
Provision for warranty costs	146,013	138,805

The amount for which no provision has been made in respect of deferred taxation, is as follows:

	1996	1995
	£	£
Capital allowances in advance of depreciation	10,200	4,249
	10,200	4,249

18. CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid:

Number:	Class:	Nominal value:	1996	1995
			£	£
50,000	Ordinary	£1	50,000	50,000

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 30 September 1996

19. PENSION COMMITMENTS

The company operates a defined contribution pension scheme for its directors. Contributions are charged to the profit and loss account as incurred.

20. TRANSACTIONS WITH DIRECTORS

During the year, the loan accounts of Mr Fitzsimons and Mr Wilson were overdrawn. The loans are interest free and the maximum liability arising in the year occurred in September 1996 when the balances were £182,317 and £337,926 respectively. The loans were fully repaid in June 1997.

21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1996	1995
	£	£
Profit for the financial year	574,831	404,045
NET ADDITION TO SHAREHOLDERS' FUNDS	574,831	404,045
Opening shareholders' funds	758,796	354,751
CLOSING SHAREHOLDERS' FUNDS	1,333,627	758,796
Equity interests	1,333,627	758,796