

COMPANIES HOUSE

S.R.A. Developments Limited

Unaudited Financial Statements

Year Ended 31 March 2006

Company Registration Number 01385171



S.R.A. Developments Limited

Financial Statements

Year Ended 31 March 2006

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S.R.A. Developments Limited

Directors' Report

Year Ended 31 March 2006

The directors present their report and the unaudited financial statements of the company for the year ended 31 March 2006.

Principal Activities

The principal activity of the company during the year continued to be that of the development and production of ultrasonic generators and cutting equipment and consultancy.

The Directors and their Interests in the Shares of the Company

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At 31 March 2006	At 1 April 2005
Dr M J R Young	14,303	14,303
Mrs H L Young	10,024	10,024
Mrs D L Young	3	3
Dr S M R Young	8	8
Mr R J R Young	8	8

20,746 shares are held by the Trustees of the Michael and Heather Young Settlement Trust, in which H L Young, S M R Young and R J R Young have a beneficial interest.

Review of Business


Our company continues to grow its year on year top line sales with special emphasis on the Lotus product range. We have returned to profitability, and continued R&D focus has allowed us to complete the exciting new range of fully engineered dissecting and welding Lotus shears.

With 50% growth in UK Lotus sales and strong orthopaedic product growth, the company is well placed to strengthen its position in the medical device market and create a platform for its planned launch into North America later this year.

Small Company Provisions

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

Signed by order of the directors



Mrs H L Young
Company Secretary

S.R.A. Developments Limited

Chartered Accountants' Report to the Board of Directors on the Unaudited Financial Statements of S.R.A. Developments Limited

Year Ended 31 March 2006

In accordance with the engagement letter dated 16 August 2004, and in order to assist you to fulfil your duties under the Companies Act 1985, we have compiled the financial statements of the company which comprise the Profit and Loss Account, Balance Sheet and the related notes from the accounting records and information and explanations you have given to us.

This report is made to the Company's Board of Directors, as a body, in accordance with the terms of our engagement. Our work has been undertaken so that we might compile the financial statements that we have been engaged to compile, report to the Company's Board of Directors that we have done so, and state those matters that we have agreed to state to them in this 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 Board of Directors, as a body, for our work or for this report.

We have carried out this engagement in accordance with technical guidance issued by the Institute of Chartered Accountants in England and Wales and have complied with the ethical guidance laid down by the Institute relating to members undertaking the compilation of financial statements.

You have acknowledged on the balance sheet as at 31 March 2006 your duty to ensure that the company has kept proper accounting records and to prepare financial statements that give a true and fair view under the Companies Act 1985. You consider that the company is exempt from the statutory requirement for an audit for the year.

We have not been instructed to carry out an audit of the financial statements. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the financial statements.

Francis Clark
Chartered Accountants
23 Devon Square
Newton Abbot
TQ12 2HU

31 July 2006

Francis Clark
Chartered Accountants

S.R.A. Developments Limited

Profit and Loss Account

Year Ended 31 March 2006

	Note	2006 £	2005 £
Turnover	2	1,801,861	1,549,965
Cost of sales		<u>(1,015,597)</u>	<u>(928,364)</u>
Gross Profit		786,264	621,601
Distribution Costs		(368,050)	(255,436)
Administrative expenses		(234,952)	(239,533)
Research and development income		33,107	43,693
Research and development expenditure		<u>(161,764)</u>	<u>(199,862)</u>
Operating Profit	3	54,605	(29,537)
Interest receivable		1	39
Interest payable and similar charges		<u>(6,972)</u>	<u>(8,195)</u>
Profit on Ordinary Activities Before Taxation		47,634	(37,693)
Tax on profit on ordinary activities	5	—	—
Profit/(Loss) for the Financial Year		<u>47,634</u>	<u>(37,693)</u>

S.R.A. Developments Limited

Balance Sheet

31 March 2006

	Note	2006 £	2005 £
Fixed Assets			
Intangible assets	6	87,075	96,559
Tangible assets	7	294,494	290,952
		<u>381,569</u>	<u>387,511</u>
Current Assets			
Stocks		404,637	227,311
Debtors	8	226,789	215,217
Cash at bank and in hand		17,226	14,934
		<u>648,652</u>	<u>457,462</u>
Creditors: Amounts falling due within one year	9	<u>(493,330)</u>	<u>(441,069)</u>
Net Current Assets		<u>155,322</u>	<u>16,393</u>
Total Assets Less Current Liabilities		<u>536,891</u>	<u>403,904</u>
Creditors: Amounts falling due after more than one year	10	<u>(607,468)</u>	<u>(522,115)</u>
		<u>(70,577)</u>	<u>(118,211)</u>
Capital and Reserves			
Called-up equity share capital	13	45,100	45,100
Profit and loss account	14	(115,677)	(163,311)
Deficit		<u>(70,577)</u>	<u>(118,211)</u>

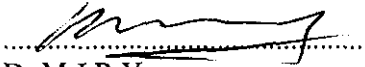
The directors are satisfied that the company is entitled to exemption from the provisions of the Companies Act 1985 (the Act) relating to the audit of the financial statements for the year by virtue of section 249A(1), and that no member or members have requested an audit pursuant to section 249B(2) of the Act.

The directors acknowledge their responsibilities for:

- (i) ensuring that the company keeps proper accounting records which comply with section 221 of the Act, and
- (ii) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Act relating to financial statements, so far as applicable to the company.

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective January 2005).

These financial statements have been approved for issue by the Board of Directors on 28th July 2006


Dr M J R Young

S.R.A. Developments Limited

Notes to the Financial Statements

Year Ended 31 March 2006

1. Accounting Policies

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).

(b) Turnover

The turnover shown in the Profit and Loss Account represents amounts invoiced and orders completed during the year, exclusive of Value Added Tax.

In respect of long-term contracts and contracts for on-going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced. Turnover in respect of long-term contracts and contracts for on-going services is recognised by reference to the stage of completion.

(c) Amortisation

Amortisation is calculated so as to write off the cost of an asset over the useful economic life of that asset as follows:

Patents	-	20% straight line
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(d) Depreciation

Depreciation is calculated so as to write off the cost of an asset over the useful economic life of that asset as follows:

Leasehold Property	-	4% straight line
Plant & equipment	-	33.3% and 15% straight line
Motor Vehicles	-	33.3% reducing balance

(e) Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. No element of profit is included in the valuation of work in progress.

(f) Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

(g) Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

S.R.A. Developments Limited

Notes to the Financial Statements

Year Ended 31 March 2006

1. Accounting Policies *(continued)*

(h) 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 the transaction. Exchange differences are taken into account in arriving at the operating profit.

(i) Research and development

Expenditure on research and development is written off in the year in which it is incurred.

2. Turnover

Overseas turnover amounted to 14.43% (To 31 March 2005 - 22.20%) of the total turnover for the year.

3. Operating Profit

Operating profit is stated after charging/(crediting):

	2006 £	2005 £
Directors' emoluments	53,063	51,247
Amortisation	33,288	33,075
Depreciation of owned fixed assets	67,430	63,918
Depreciation of assets held under hire purchase agreements	15,358	14,418
(Profit)/Loss on disposal of fixed assets	(17,528)	24
Net (profit)/loss on foreign currency translation	<u>(4,175)</u>	<u>4,464</u>

4. Directors' Emoluments

The directors' aggregate emoluments in respect of qualifying services were:

	2006 £	2005 £
Aggregate emoluments	<u>53,063</u>	<u>51,247</u>

5. Taxation on Ordinary Activities

The company has losses of £563,000 available to carry forward against future profits.

S.R.A. Developments Limited

Notes to the Financial Statements

Year Ended 31 March 2006

6. Intangible Fixed Assets

	Patents £
Cost	
At 1 April 2005	248,933
Additions	23,804
At 31 March 2006	<u>272,737</u>
Amortisation	
At 1 April 2005	152,374
Charge for the year	33,288
At 31 March 2006	<u>185,662</u>
Net Book Value	
At 31 March 2006	<u>87,075</u>
At 31 March 2005	<u>96,559</u>

7. Tangible Fixed Assets

	Leasehold Property £	Plant & Equipment £	Motor Vehicles £	Total £
Cost				
At 1 April 2005	128,622	427,967	62,148	618,737
Additions	–	65,240	24,598	89,838
Disposals	–	(7,493)	–	(7,493)
At 31 March 2006	<u>128,622</u>	<u>485,714</u>	<u>86,746</u>	<u>701,082</u>
Depreciation				
At 1 April 2005	30,958	277,725	19,102	327,785
Charge for the year	5,142	62,288	15,358	82,788
On disposals	–	(3,985)	–	(3,985)
At 31 March 2006	<u>36,100</u>	<u>336,028</u>	<u>34,460</u>	<u>406,588</u>
Net Book Value				
At 31 March 2006	<u>92,522</u>	<u>149,686</u>	<u>52,286</u>	<u>294,494</u>
At 31 March 2005	<u>97,664</u>	<u>150,242</u>	<u>43,046</u>	<u>290,952</u>

Hire purchase agreements

Included within the net book value of £294,494 is £52,286 (2005 - £43,046) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £15,358 (2005 - £14,418).

S.R.A. Developments Limited

Notes to the Financial Statements

Year Ended 31 March 2006

8. Debtors

	2006 £	2005 £
Trade debtors	87,484	107,303
Amounts due from related company	87,610	77,517
Prepayments and accrued income	51,695	30,397
	<u>226,789</u>	<u>215,217</u>

9. Creditors: Amounts falling due within one year

	2006 £	2005 £
Bank loans and overdrafts	148,460	143,032
Trade creditors	238,463	162,399
Amounts owed to related company	27,963	21,027
Payments received on account	-	135
PAYE and social security	26,760	21,849
VAT	20,130	32,401
Hire purchase agreements	18,787	16,648
Other creditors	150	-
Accruals and deferred income	12,617	43,578
	<u>493,330</u>	<u>441,069</u>

Security has been given by the company in respect of £18,787 (2005 - £16,648) of the above creditors.

10. Creditors: Amounts falling due after more than one year

	2006 £	2005 £
Hire purchase agreements	24,587	20,519
Other creditors including: Directors' current accounts	582,881	501,596
	<u>607,468</u>	<u>522,115</u>

Security has been given in respect of £24,587 (2005 - £20,519) of the above creditors.

11. Commitments under Operating Leases

At 31 March 2006 the company had aggregate annual commitments under non-cancellable operating leases as set out below.

	2006 £	2005 £
Operating leases which expire: Within 2 to 5 years	<u>1,636</u>	<u>-</u>

S.R.A. Developments Limited

Notes to the Financial Statements

Year Ended 31 March 2006

12. Related Party Transactions

- (a) The company is under the control of its directors.
- (b) The related undertakings disclosed in notes 9 and 10 are Orthosonics Limited and Sonicut Limited.
- (c) During the year the company had the following transactions with Orthosonics Limited a company in which M J R Young, a director of the company, has an interest:
- | | |
|-----------|----------|
| Sales | £977,322 |
| Purchases | £7,434 |
- (d) During the year the company had the following transactions with Sonicut Limited, a company in which M J R Young and H L Young have an interest:
- | | |
|----------------------------------|---------|
| Purchase of consultancy services | £48,274 |
|----------------------------------|---------|
- (e) At the year end date the amount due to the company by Orthosonics Limited was £87,610 (2005 - £77,517).
- (f) As at the year end date the company owed £27,400 and £564 (2005 - £20,505 and £522) to Sonicut Limited and Orthosonics Limited, respectively.
- (g) As at 31 March 2006 the company owed £582,881 (2005 - £501,596) to the directors. No interest is charged by the directors on this loan.
- (h) The company occupies premises owned by M J R Young and Mrs H L Young. No rent is paid by the company.
- (i) The bank overdraft is subject to personal guarantees given by M J R and H L Young, directors of the company.

13. Share Capital

Authorised share capital:

	2006 £	2005 £
Equity shares		
45,500 Ordinary shares of £1 each	<u>45,500</u>	<u>45,500</u>

Allotted, called up and fully paid:

	2006 No	£	2005 No	£
Equity shares				
Ordinary shares of £1 each	<u>45,100</u>	<u>45,100</u>	<u>45,100</u>	<u>45,100</u>

S.R.A. Developments Limited

Notes to the Financial Statements

Year Ended 31 March 2006

14. Profit and Loss Account

	2006	2005
	£	£
Balance brought forward	(163,311)	(125,618)
Profit/(loss) for the financial year	<u>47,634</u>	<u>(37,693)</u>
Balance carried forward	<u>(115,677)</u>	<u>(163,311)</u>

15. Going Concern Considerations

The balance sheet at 31 March 2006 shows an excess of liabilities over assets of £70,577. The continuance of the company's activities is therefore dependent on the support of its bankers and directors. These financial statements have therefore been drawn up on a going concern basis, which assumes that this support will continue to be forthcoming.