

AUDITORS' REPORT TO THE DIRECTORS OF SILVERTRONIC LIMITED

IN COMPLIANCE WITH SCHEDULE 8, PART 1, OF THE COMPANIES ACT 1985

FOR THE YEAR ENDED 31ST MARCH 1996

We have examined the financial statements on pages 2,3 & 4 which have been abbreviated, in the manner permitted for a small company, from the financial statements of the company prepared for its Shareholders for the year ended 31st March 1996.

In our opinion, the company satisfied the requirements for exemption applicable to a small company in respect of the period ended 31st March 1996 and the abbreviated financial statements attached have been properly prepared in the manner permitted by section 249 of the Companies Act 1985.

We reproduce below our Audit Report to the Shareholders of the Company on the full Accounts for the year ended 31st March 1996.

"We have audited the financial statements on pages 3 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 5.

Respective Responsibility of Directors and Auditors

As described on page 1 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 amount 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.

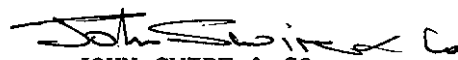
Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st March 1996 and of its Profit for the year then ended, and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies."

Dated this 15th day of July 1996



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COMPANIES HOUSE 23/12/96

  
JOHN SWIRE & CO.  
Registered Auditors  
Certified Accountants

23/12/96 - - - - -ster Road, New Barnet, Herts. EN5 5EW

SILVERTRONIC LIMITED

BALANCE SHEET

AS AT 31ST MARCH 1996

	£	£	1995	£
<u>FIXED ASSETS</u>				
Tangible Assets (Note 3)		75,056		66,027
<u>CURRENT ASSETS</u>				
Stock and Work in Progress	134,450		127,862	
Debtors	262,080		175,908	
Cash in Hand and at Bank	<u>1,295</u>		<u>1,596</u>	
	397,825		305,366	
<u>CREDITORS</u> - Amounts falling due within one year	<u>225,611</u>		<u>156,341</u>	
<u>NET CURRENT ASSETS</u>		<u>172,214</u>		<u>149,025</u>
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		247,270		215,052
<u>CREDITORS</u> - Amounts falling due after more than one year		<u>19,760</u>		<u>21,504</u>
<u>NET ASSETS</u>		<u>227,510</u> =====		<u>193,548</u> =====
<u>CAPITAL AND RESERVES</u>				
Called up Share Capital (Note 2)		20,623		20,623
Share Premium Account		169,682		169,682
Profit and Loss Account		<u>37,205</u>		<u>3,243</u>
<u>SHAREHOLDERS FUNDS</u>		<u>227,510</u> =====		<u>193,548</u> =====

The directors have taken advantage of special exemptions conferred by Schedule 8 to the Companies Act 1985 applicable to small companies in the preparation of the financial statements and have done so on the grounds that, in their opinion, the company is entitled to those exemptions.

J. DEVEREUX - Director

C. S. SPENCE - Director

The accounts were approved by the Directors on 15th July 1996

The notes on pages 5 to 9 form part of the full financial statements.

SILVERTRONIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 1996

1. ACCOUNTING POLICIES

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.

Depreciation

All tangible fixed assets are subjected to reasonable depreciation on bases which are consistent with those of the previous year as follows:-

Plant and Equipment	-	25% to 33 $\frac{1}{3}$ % straight line
Fixtures and Fittings	-	25% straight line
Patents	-	25% straight line

Research and Development

Research and Development expenditure is written off in the year in which it is incurred.

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. Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Own Work Capitalised

The expenditure incurred on the production of the Company's own machine tools and moulds is capitalised and written off over three years. The expenditure includes materials, labour and a proportion of fixed and variable overheads.

2. CALLED UP SHARE CAPITAL

	£	<u>1995</u> £
Authorised	150,000	150,000
	=====	=====
Called up, issued and fully paid	242	242
Non voting redeemable preference shares		
of £1 each	<u>20,381</u>	<u>20,381</u>
	20,623	20,623
	=====	=====

SILVERTRONIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST MARCH 1996

3. TANGIBLE ASSETS

<u>Cost</u>	<u>Plant and Equipment</u> £	<u>Fixtures &amp; Fittings</u> £	<u>Patents</u> £	<u>Total</u> £
At 1st April 1995	258,640	16,069	566	275,275
Additions during year	<u>61,022</u>	<u>1,404</u>	<u>-</u>	<u>62,426</u>
At 31st March 1996	319,662 =====	17,473 =====	566 ===	337,701 =====
<u>Depreciation</u>				
At 1st April 1995	193,200	15,483	565	209,248
Charge for the year	<u>52,598</u>	<u>799</u>	<u>-</u>	<u>53,397</u>
At 31st March 1996	245,798 =====	16,282 =====	565 ===	262,645 =====
<u>Net Book Value</u>				
At 31st March 1996	73,864 =====	1,191 =====	1 ===	75,056 =====
At 31st March 1995	65,440 =====	586 =====	1 ===	66,027 =====