

Company Number: 1994622

VOLTECH LIMITED

Report and Financial Statements

31 August 2000

Deloitte & Touche
Queen Anne House
69-71 Queen Square
Bristol
BS1 4JP



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VOLTECH LIMITED**REPORT AND FINANCIAL STATEMENTS 2000****CONTENTS**

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VOLTECH LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

P A Bradstock
J S Ford
P E Ford
L Ind

SECRETARY

P E Ford

REGISTERED OFFICE

65 Milton Park
Abingdon
Oxon
OX14 4RX

AUDITORS

Deloitte & Touche
Queen Anne House
69-71 Queen Square
Bristol
BS1 4JP

BANKERS

National Westminster Bank plc
121 High Street
Oxford
OX1 4DD

SOLICITORS

Lyons Davidson
Bridge House
48-52 Baldwin Street
Bristol
BS1 1QD

VOLTECH LIMITED**DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 August 2000.

ACTIVITIES

Voltech Limited is the holding company for the Voltech Group. The group's main activities are the design, development and manufacture of electronic equipment for the power conversion market.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The company did not trade during the year.

The group has moved into profitability during the year ended 31 August 2000. The directors are confident that the group's results will show continued growth in the future.

DIVIDENDS

The directors do not propose the payment of a dividend (1999 £Nil).

DIRECTORS AND THEIR INTERESTS

The directors and their interests in the company's shares at 31 August 2000 and 1 September 1999 were as follows:

	£1 Ordinary shares	
	2000	1999
P A Bradstock	100	100
J S Ford and P E Ford jointly	6,320	6,320
L Ind	780	780

The 6,320 ordinary shares above are owned by a trust in which J S Ford and P E Ford are named beneficiaries.

AUDITORS

A resolution for the reappointment of Deloitte & Touche as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



L Ind
Director

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 the group as at the end of the financial year and of the profit or loss of the group 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS' REPORT TO THE MEMBERS

OF VOLTECH LIMITED

We have audited the financial statements on pages 5 to 17 which have been prepared under the accounting policies set out on pages 10 and 11.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

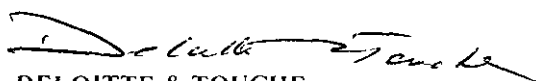
Basis of opinion

We conducted our audit in accordance with United Kingdom 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 circumstances of the company and the group, 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 affairs of the company and the group as at 31 August 2000 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



DELOITTE & TOUCHE

Chartered Accountants and

Registered Auditors

24 April 2001

VOLTECH LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT

Year ended 31 August 2000

	Note	2000 £	1999 £
TURNOVER	2	5,507,343	3,787,183
Cost of sales		(2,544,499)	(1,566,926)
GROSS PROFIT		<u>2,962,844</u>	<u>2,220,257</u>
Distribution costs		551,790	531,990
Administrative expenses		1,835,379	1,679,942
[including development costs of £538,269 (1999 - £465,501)]		<u>(2,387,169)</u>	<u>(2,211,932)</u>
OPERATING PROFIT	3	575,675	8,325
Interest receivable	4	36,726	15,880
Interest payable and similar charges	5	<u>(511)</u>	<u>(4,572)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		611,890	19,633
Tax charge on profit on ordinary activities	7	<u>(245,302)</u>	<u>(5,810)</u>
PROFIT FOR THE FINANCIAL YEAR	17	<u><u>366,588</u></u>	<u><u>13,823</u></u>

During the two years ended 31 August 2000 no activities were acquired or discontinued in the company. Consequently all figures stated above relate to continuing activities.

VOLTECH LIMITED
CONSOLIDATED BALANCE SHEET
At 31 August 2000

	Note	£	2000 £	£	1999 £
FIXED ASSETS					
Tangible assets	8		202,436		280,109
CURRENT ASSETS					
Stocks	10	799,402		588,072	
Debtors	11	1,265,678		847,657	
Short term investments		34,365		-	
Cash at bank and in hand		393,620		214,559	
		2,493,065		1,650,288	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	12	(914,121)		(538,825)	
NET CURRENT ASSETS			1,578,944		1,111,463
			1,781,380		1,391,572
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	13	(6,340)		-	
NET ASSETS			1,775,040		1,391,572
CAPITAL AND RESERVES					
Called up share capital	15		10,000		10,000
Share premium account			39,000		39,000
Profit and loss account	16		1,726,040		1,342,572
TOTAL EQUITY SHAREHOLDERS' FUNDS			1,775,040		1,391,572

These financial statements were approved by the Board of Directors on

Signed on behalf of the Board of Directors



L Ind
Director

VOLTECH LIMITED
COMPANY BALANCE SHEET
At 31 August 2000

	Note	2000 £	1999 £
FIXED ASSETS			
Investments	9	49,000	49,000
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
	12	(164)	(164)
NET ASSETS		<u>48,836</u>	<u>48,836</u>
CAPITAL AND RESERVES			
Called up share capital	15	10,000	10,000
Share premium account		39,000	39,000
Profit and loss account		(164)	(164)
TOTAL EQUITY SHAREHOLDERS' FUNDS		<u>48,836</u>	<u>48,836</u>

The financial statements were approved by the Board of Directors on

Signed on behalf of the Board of Directors



L Ind
Director

28th April 01

VOLTECH LIMITED
CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 August 2000

	Note	2000 £	1999 £
Net cash inflow from operating activities	20	401,888	122,154
Returns on investment and servicing of finance			
Finance lease interest paid		(511)	-
Other interest paid		-	(4,572)
Interest received		35,851	20,778
		<hr/>	<hr/>
Net cash inflow from returns on investment and servicing of finance		35,339	16,206
Corporation tax (paid)/received		(80,168)	168,242
Capital expenditure and financial investment			
Purchases of tangible fixed assets		(163,294)	(134,171)
Proceeds from sale of tangible fixed assets		3,803	75,322
		<hr/>	<hr/>
Net cash outflow from capital expenditure and financial investment		(159,491)	(58,849)
Net cash inflow before management of liquid resources and financing		197,568	247,753
Management of liquid resources			
Purchase of short term investments		(31,893)	-
Financing			
Repayment of finance leases		(2,510)	-
		<hr/>	<hr/>
Increase in cash and cash equivalents in the year	22	163,165	247,753

VOLTECH LIMITED**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**
Year ended 31 August 2000

	2000 £	1999 £
Profit for the financial year	366,588	13,823
Currency translation differences on foreign currency net investments	16,880	47,962
Total recognised gains and losses relating to the year	<u>383,468</u>	<u>61,785</u>

VOLTECH LIMITED**NOTES TO THE ACCOUNTS**
Year ended 31 August 2000**1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Consolidation

The consolidated financial statements incorporate the financial statements of the company and all its subsidiaries. In accordance with section 230 of the Companies Act 1985, a separate profit and loss account dealing with the results of the company is not presented.

Turnover

Turnover is the total amount receivable by the group for goods supplied and services provided in respect of the principal activity, excluding VAT and trade discounts.

Investments

Investments held as fixed assets are stated at cost less provision for permanent diminution in value.

Goodwill, all of which arose on the acquisition of businesses prior to the implementation of FRS10, was all written off to the profit and loss account as a matter of accounting policy. It remains eliminated in that reserve and will be charged to the profit and loss account as appropriate on the subsequent disposal of the business to which it relates.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and production overheads appropriate to the relevant stage of production. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs.

Depreciation

Depreciation is provided on the cost of all assets in equal annual instalments over their estimated lives, which are as follows:-

Plant and machinery	2 to 5 years
Motor vehicles	3 years
Fixtures, fittings and equipment	2 to 5 years

Deferred taxation

Deferred taxation is provided at the anticipated tax rates on differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

VOLTECH LIMITED
NOTES TO THE ACCOUNTS
Year ended 31 August 2000
1. ACCOUNTING POLICIES (continued)
Development expenditure

Development expenditure is charged to the profit and loss account in the year it is incurred. Such costs are shown separately on the face of the profit and loss account since, in the opinion of the directors, this presents a fairer presentation of the activities of the company.

Leases

Assets held under finance leases and hire purchase contracts are capitalised at their fair value on the inception of the leases and depreciated over their estimated useful lives. The finance charges are allocated over the period of the lease in proportion to the capital amount outstanding.

Rentals costs under operating leases are charged to the profit and loss account in equal annual amounts over the periods of the leases.

Pensions

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they fall due.

2. TURNOVER

The analysis of turnover by geographical location is as follows:-

	2000 £	1999 £
Europe (including UK)	1,481,088	1,372,727
America	3,360,566	1,968,235
Far East	665,689	446,221
	<u>5,507,343</u>	<u>3,787,183</u>

3. OPERATING PROFIT

	2000 £	1999 £
Operating profit is after charging:		
Depreciation - owned assets	243,967	275,906
- leased assets	1,766	-
Audit fees - group	45,193	47,895
Rentals under operating leases - other	176,477	187,375
Loss on disposal of fixed assets	46,671	3,781
	<u></u>	<u></u>

Audit fees were borne by other group companies. There is no charge in the parent company accounts.

VOLTECH LIMITED
NOTES TO THE ACCOUNTS
Year ended 31 August 2000

4.	INTEREST RECEIVABLE AND SIMILAR INCOME	2000	1999
		£	£
	Other interest receivable	36,726	15,880
		<u> </u>	<u> </u>
5.	INTEREST PAYABLE AND SIMILAR CHARGES	2000	1999
		£	£
	Bank loans and overdrafts	-	4,572
	Finance leases and hire purchase contracts	511	-
		<u> </u>	<u> </u>
		511	4,572
		<u> </u>	<u> </u>
6.	INFORMATION REGARDING DIRECTORS AND EMPLOYEES	2000	1999
		£	£
	Total emoluments (excluding pension contributions)	264,074	237,833
	Total emoluments paid in respect of a defined contribution pension scheme	1,804	3,615
		<u> </u>	<u> </u>
		No.	No.
	Number of directors who are members of a defined contribution pension scheme	1	2
		<u> </u>	<u> </u>
<p>All directors emoluments were borne by other group companies. It is not practicable to apportion their remuneration between the companies of which they are directors.</p> <p>Information concerning the highest paid director:</p>			
		2000	1999
		£	£
	Emoluments	95,677	92,128
		<u> </u>	<u> </u>
	Average number of persons employed in the year:	No.	No.
	Development	9	7
	Production	10	12
	Distribution	17	16
	Administration	5	5
		<u> </u>	<u> </u>
		41	40
		<u> </u>	<u> </u>

VOLTECH LIMITED
NOTES TO THE ACCOUNTS
Year ended 31 August 2000
6. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

	2000	1999
	£	£
Staff costs incurred during the year in respect of these employees were:		
Wages and salaries	1,180,204	1,052,921
Social security costs	107,880	94,396
Pension costs	13,268	16,830
	<u>1,301,352</u>	<u>1,164,147</u>

7. TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES

	2000	1999
	£	£
UK corporation tax at 30% (1999: 21%)	95,000	1,723
Adjustment in respect of UK tax in prior periods	(9,161)	(827)
Overseas tax on current profits	159,463	4,914
	<u>245,302</u>	<u>5,810</u>

The tax charge is high due to the non recognition of deferred tax assets in Voltech Instruments, Inc.

8. TANGIBLE FIXED ASSETS

Group	Plant and machinery £	Motor vehicles £	Fixtures, fittings and equipment £	Total £
Cost				
At 1 September 1999	623,043	20,183	614,856	1,258,082
Foreign exchange translation difference	13,333	-	28,581	41,914
Additions	134,132	-	42,488	176,620
Disposals	(140,096)	-	(67,430)	(207,526)
Transfer	5,060	-	(5,060)	-
At 31 August 2000	<u>635,472</u>	<u>20,183</u>	<u>613,435</u>	<u>1,269,090</u>
Accumulated depreciation				
At 1 September 1999	455,111	20,183	502,679	977,973
Foreign exchange translation difference	10,313	-	24,721	35,035
Charge for the year	132,923	-	77,776	210,699
Disposals	(99,426)	-	(57,626)	(157,052)
Transfer	8,815	-	(8,815)	-
At 31 August 2000	<u>507,736</u>	<u>20,183</u>	<u>538,735</u>	<u>1,066,654</u>
Net book value				
At 31 August 2000	<u>127,736</u>	<u>-</u>	<u>74,700</u>	<u>202,436</u>
At 31 August 1999	<u>167,932</u>	<u>-</u>	<u>112,177</u>	<u>280,109</u>

Included within fixtures, fittings and equipment are assets held under finance leases with a cost of £13,325 (1999: £nil) and a net book value of £11,659 (1999: £nil).

VOLTECH LIMITED
NOTES TO THE ACCOUNTS
Year ended 31 August 2000

9. INVESTMENTS HELD AS FIXED ASSETS	2000	1999
	£	£
Company		
Shares in the subsidiary company	49,000	49,000

The subsidiaries of the company and its shareholding therein at 31 August 2000 was:

	Country of registration	Class of share	% Held
Voltech Instruments Limited	England and Wales	Ordinary shares	100%
Voltech Inc	United States of America	Ordinary shares	100%

The shares in Voltech Inc are held by Voltech Instruments Limited.

The principal activities of the subsidiaries are the design, development and manufacture of electronic equipment for the power conversion market.

10. STOCKS	2000	1999
	£	£
Raw materials	442,615	466,812
Work in progress	47,954	1,927
Finished goods	308,833	119,333
	<u>799,402</u>	<u>588,072</u>

11. DEBTORS	2000	1999
	£	£
Group		
Trade debtors	1,204,909	772,912
Other debtors	60,769	74,745
	<u>1,265,678</u>	<u>847,657</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2000	1999
	£	£
Group		
Obligations under finance leases and hire purchase contracts	4,475	-
Trade creditors	501,269	349,750
Other creditors	17,600	20,446
Accruals	234,996	166,906
Corporation tax	155,781	1,723
	<u>914,121</u>	<u>538,825</u>

VOLTECH LIMITED
NOTES TO THE ACCOUNTS
Year ended 31 August 2000
12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR (continued)

Other creditors includes £21,617 (1999: £18,538) in respect of taxation and social security.

Company	2000	1999
	£	£
Other creditors	<u>164</u>	<u>164</u>

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

Group	2000	1999
	£	£
Obligations under finance leases and hire purchase contracts	<u>6,340</u>	<u>-</u>

14. BORROWINGS

Group	2000	1999
	£	£
Obligations under finance leases and hire purchase contracts are repayment:		
Within one year	4,475	-
Within one to two years	4,475	-
Within two to five years	<u>1,865</u>	<u>-</u>
	<u>10,815</u>	<u>-</u>

Obligations under finance leases and hire purchase contracts are secured on the related assets.

15. CALLED UP SHARE CAPITAL

Authorised, allotted and fully paid	2000	1999
	£	£
10,000 Ordinary shares of £1	<u>10,000</u>	<u>10,000</u>

16. PROFIT AND LOSS ACCOUNT

Group	£
1 September 1999	1,342,572
Profit retained for the year	366,588
Gain on translation	<u>16,880</u>
31 August 2000	<u>1,726,040</u>

VOLTECH LIMITED
NOTES TO THE ACCOUNTS
Year ended 31 August 2000
17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000	1999
Group	£	£
Profit for the financial year	366,588	13,823
Gain on translation	16,880	47,962
Net addition to shareholders' funds	383,468	61,785
Opening shareholders' funds	1,391,572	1,329,787
Closing shareholders' funds	1,775,040	1,391,572
Company		
Profit for the financial year	-	-
Opening shareholders' funds	48,836	48,836
Closing shareholders' funds	48,836	48,836

18. OPERATING LEASE COMMITMENTS

At 31 August 2000 the group was committed to making the following payments in respect of operating leases:

	2000	1999
Land and buildings	£	£
Leases which expire - within one year	64,785	-
- between one and two years	24,500	86,381
	89,285	86,381

19. PENSION SCHEME

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held in separate trustee administered funds. Contributions made during the year amounted to £13,268 (1999: £16,830). £nil (1999: £1,744) is included in Creditors in respect of unpaid contributions.

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

	2000	1999
	£	£
Operating profit	575,675	8,325
Depreciation charge	210,699	266,585
Losses on disposal of fixed assets	46,671	3,025
(Increase)/decrease in debtors	(361,279)	32,783
Increase in stock	(171,841)	(56,628)
Increase/(decrease) in creditors	101,963	(130,935)
Net cash inflow from operating activities	401,888	122,154

VOLTECH LIMITED
NOTES TO THE ACCOUNTS

Year ended 31 August 2000

**21. RECONCILIATION OF CASH FLOW TO MOVEMENT
IN NET FUNDS/(DEBT)**

	2000 £	1999 £
Increase in cash in the year	163,165	247,753
Finance lease repayments	2,510	-
Purchase of short term investments	31,893	-
Change in net funds resulting from cashflows	197,568	247,753
New finance leases	(13,325)	-
Translation difference	18,367	3,961
Net funds/(debt) at 1 September	202,610 214,559	251,714 (37,155)
Net funds at 31 August	417,169	214,559

22. ANALYSIS OF NET FUNDS

	1999 £	Cash flow £	Other non cash changes £	Exchange movement £	2000 £
Cash at bank and in hand	214,559	163,165	-	15,896	393,620
Finance leases	-	2,510	(13,325)	-	(10,815)
Short term investments	-	31,893	-	2,471	34,364
	214,559	197,568	(13,325)	18,367	417,169

23. ULTIMATE CONTROLLING PARTY

The directors consider J S Ford and P E Ford to be the ultimate controlling parties.