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**The Test House (Cambridge) Limited**

**Financial Statements**

**for the year ended 31 December 2003**



A12	*AKSCYKLB*	0524
COMPANIES HOUSE		12/08/04
A31	*APUSEXCS*	0048
COMPANIES HOUSE		03/08/04

# **The Test House (Cambridge) Limited**

## **Company Information**

**Company Number: 2513984**

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### **Directors**

A B M Braithwaite  
D Ellin

### **Secretary**

R V M Dawkins

### **Registered office**

Granta Park  
Great Abington  
Cambridge  
CB1 6AL

### **Auditors**

Peters, Elworthy & Moore  
Salisbury House  
Station Road  
Cambridge  
CB1 2LA

### **Bankers**

Barclays Bank plc  
21 High Street  
Sawston  
Cambridge  
CB2 4BG

# **The Test House (Cambridge) Limited**

## **Directors' Report**

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The directors present their report and financial statements for the year ended 31 December 2003.

### **Business review**

The principal activity of the Company is the provision of metallurgical testing facilities to industry.

### **Directors and their interests**

The directors of the company during the year were:

Mr A B M Braithwaite  
Mr D Ellin

None of the directors held any interest in the share capital of the company during the year. The parent undertaking, The Welding Institute, is a company limited by guarantee.

### **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 :

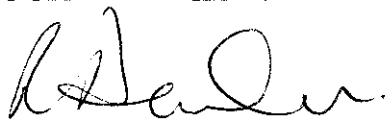
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business;

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.

### **Auditors**

A resolution for the re-appointment of Peters Elworthy & Moore as auditors will be proposed at the Annual General Meeting.

### **BY ORDER OF THE BOARD**



**R V M DAWKINS**  
Secretary  
19 April 2004

# **The Test House (Cambridge) Limited**

## **Independent Auditors' Report to the Shareholders**

**for the year ended 31 December 2003**

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We have audited the financial statements on pages 4 to 10 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention and the accounting policies set out on page 6.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As described on page 2, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

It is our responsibility to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company, and other members of the group, is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **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 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 31 December 2003 and of the profit of the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
**PETERS, ELWORTHY & MOORE**  
Chartered Accountants and Registered Auditors

**CAMBRIDGE**  
**19 April 2004**

# **The Test House (Cambridge) Limited**

## **Profit and Loss Account**

**for the year ended 31 December 2003**

	<b>Notes</b>	<b>2003 £</b>	<b>2002 £</b>
<b>Turnover</b>		645,563	580,964
Cost of sales		(86,542)	(98,085)
<b>Gross profit</b>		559,021	482,879
Administrative expenses		(431,333)	(402,694)
<b>Operating profit</b>	2	127,688	80,185
Interest payable	5	-	(805)
<b>Profit on ordinary activities before taxation</b>		127,688	79,380
Gift aid		(75,000)	(15,000)
Tax on ordinary activities	6	(9,700)	(12,000)
<b>Profit on ordinary activities after taxation</b>		42,988	52,380
Retained profit brought forward		96,467	44,087
<b>Retained profit carried forward</b>		139,455	96,467

*The attached notes form part of these financial statements.*

# The Test House (Cambridge) Limited

## Balance Sheet

as at 31 December 2003

	Notes	2003 £	2003 £	2002 £	2002 £
<b>Fixed assets</b>					
Tangible assets	7		5,830		11,734
<b>Current assets</b>					
Stocks and work in progress	8	10,140		7,795	
Debtors	9	167,129		138,584	
Cash at bank and in hand		9,646		300	
		186,915		146,679	
<b>Creditors: amounts falling due within one year</b>	10	(52,290)		(60,946)	
<b>Net current assets</b>			134,625		85,733
<b>Net assets</b>			140,455		97,467
<b>Capital and reserves</b>					
Called up share capital	11		1,000		1,000
Profit and loss account			139,455		96,467
<b>Equity shareholders' funds</b>			140,455		97,467

These financial statements have been prepared in accordance with the special provisions for smaller companies under part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective June 2002.)

ON BEHALF OF THE BOARD



A B M BRAITHWAITE  
Director

Approved by the Board on 19 April 2004

*The attached notes form part of these financial statements*

# The Test House (Cambridge) Limited

## Notes to the Financial Statements

for the year ended 31 December 2003

### 1 Accounting policies

#### *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 June 2002).

#### *Cash flow statement*

In accordance with Financial Reporting Standard Number One, no cash flow statement is included in these financial statements as the company is covered by the small company exemption.

#### *Turnover*

Turnover represents the net invoiced value of services provided, excluding value added tax.

#### *Depreciation*

Depreciation is provided to write off the cost of tangible fixed assets over their estimated useful lives by equal annual instalments over five years.

#### *Stocks and work in progress*

Stocks and work in progress are stated at the lower of cost and estimated net realisable value.

#### *Pensions*

Employees are members of the Welding Institute Group Pension Scheme, providing benefits based on final pensionable pay. Contributions to the scheme are charged to the income and expenditure account so as to spread the cost of pensions over employees' working lives, in accordance with Statement of Standard Accounting Practice 24. The notes to the financial statements include the disclosures required under the transitional provisions of Financial Reporting Standard 17.

2	<b>Operating profit</b>	<b>2003</b>	<b>2002</b>
		<b>£</b>	<b>£</b>
	Operating profit is shown after charging:		
	Depreciation of tangible fixed assets	5,904	7,839
	Staff costs (note 3)	325,502	293,247
3	Auditors' remuneration	1,600	1,560
	<b>Staff costs</b>	<b>2003</b>	<b>2002</b>
		<b>£</b>	<b>£</b>
	Staff costs, including directors' remuneration, comprise:		
	Wages and salaries	271,775	253,501
	Social security costs	20,854	17,617
	Other pension costs	32,873	22,129
		325,502	293,247

# The Test House (Cambridge) Limited

## Notes to the Financial Statements (*continued*)

for the year ended 31 December 2003

<b>3</b>	<b>Staff costs (<i>continued</i>)</b>	<b>2003</b>	<b>2002</b>
	The average number of employees during the year was:	<b>Number</b>	<b>Number</b>
	Office and management	3	3
	Testing	8	8
		<u>11</u>	<u>11</u>
<b>4</b>	<b>Directors' emoluments</b>	<b>2003</b>	<b>2002</b>
		<b>£</b>	<b>£</b>
	Management remuneration, including benefits in kind	50,516	54,167
		<u>50,516</u>	<u>54,167</u>
	Pension obligations in respect of all the directors are covered by contributions to the TWI Group Pension Scheme, a defined benefit scheme (see note 13).		
<b>5</b>	<b>Interest payable</b>	<b>2003</b>	<b>2002</b>
		<b>£</b>	<b>£</b>
	On bank loans and overdrafts, repayable within five years	-	805
		<u>-</u>	<u>805</u>
<b>6</b>	<b>Taxation</b>	<b>2003</b>	<b>2002</b>
		<b>£</b>	<b>£</b>
	Payable for group and consortium relief	9,700	12,000
		<u>9,700</u>	<u>12,000</u>



# The Test House (Cambridge) Limited

## Notes to the Financial Statements (*continued*)

for the year ended 31 December 2003

7	Tangible fixed assets	Motor	Fixtures,	Total
		vehicles & plant £	fittings & office equipment £	
	Cost at beginning and end of year	175,173	32,493	207,666
	Accumulated depreciation at beginning of year	163,439	32,493	195,932
	Charged in year	5,904	-	5,904
	Accumulated depreciation at end of year	169,343	32,493	201,83
	Net book value at end of year	5,830	-	5,830
	Net book value at beginning of year	11,734	-	11,734
8	Stocks and work in progress		2003 £	2002 £
	Raw material stocks		10,140	7,795
9	Debtors		2003 £	2002 £
	Due within one year:			
	Trade debtors		78,932	40,692
	Amounts owed by group undertaking		87,748	97,892
	Prepayments		449	-
			167,129	138,584

# **The Test House (Cambridge) Limited**

## **Notes to the Financial Statements (*continued*)**

**for the year ended 31 December 2003**

<b>10</b>	<b>Creditors: amounts falling due within one year</b>	<b>2003 £</b>	<b>2002 £</b>
	Bank overdraft	-	17,760
	Trade creditors	16,183	3,721
	Other taxes and social security costs	31,261	24,228
	Accruals	4,846	15,237
		<u>52,290</u>	<u>60,946</u>

The bank overdraft has been guaranteed by the company's parent undertaking.

<b>11</b>	<b>Called up share capital</b>	<b>2003 £</b>	<b>2002 £</b>
	Authorised, allotted, called up and fully paid: 1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

# The Test House (Cambridge) Limited

## Notes to the Financial Statements (*continued*)

### for the year ended 31 December 2003

#### 12 Pensions

The Group operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Group. Contributions to the scheme are charged to the income and expenditure account so as to spread the cost of pensions over employees' working lives. The contributions are determined by a qualified actuary on the basis of full triennial valuations using the partial projected unit method.

The most recent review was at 1 January 2002. The assumptions which have the most significant effect on the results of the valuations are those relating to inflation, the rate of return on investments and the rate of increase in salaries and pensions. It was assumed that the rate of inflation would be 2.5% per annum; that the rate of return on new investment would be 7% per annum and that investment returns after retirement would be 6% per annum; that salary increases would average 4.5% per annum and that present and that future pensions would increase at the rate of 3% or 3.25% per annum.

The actuarial valuation as at 1 January 2002 showed that the liability in respect of benefits that have accrued to members, after allowing for expected future increases in earnings, was £38,444,000. The total market value of the scheme's assets at the valuation date was £30,767,000 and the funding level of the scheme at the valuation date was 80% (compared to 111% at the previous valuation date of 1 January 2000). The actuary has approved an employer's contribution rate with effect from 1 July 2003 of 15% of pensionable salaries.

The total market value of the scheme's assets at 31 December 2003 was £30,445,000 (2002: £24,929,000). The distribution of assets was as follows:

	£'000	%
Equities	26,956	88.5
Property funds	836	2.7
Fixed interest securities	2,648	8.7
Cash	5	0.0
	<hr/>	<hr/>
	30,445	100.0

The Group's contributions to the scheme during the year ended 31 December 2003, at a rate of 7% of pensionable salaries for the first six months and 15% for the second six months (2002: 7%), totalled £1,340,000 (2002: £997,000). Employee contributions to the scheme during the year ended 31 December 2003 were paid at a rate of 5% of pensionable salaries for the first six months and 8% for the second six months.

#### 13 Ultimate holding company

The directors consider that The Welding Institute, a company incorporated in England, is the company's parent undertaking and ultimate holding company. Copies of the group financial statements of The Welding Institute may be obtained from the Institute's Registered Office at Granta Park, Great Abington, Cambridge, CB1 6AL