

The Test House (Cambridge) Limited

Financial Statements

for the year ended 31 December 2002



The Test House (Cambridge) Limited

Company Information

Company Number: 2513984

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

The directors present their report and financial statements for the year ended 31 December 2002.

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
28 April 2003

The Test House (Cambridge) Limited

Independent Auditors' Report to the Shareholders

for the year ended 31 December 2002

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 2002 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
29 April 2003

The Test House (Cambridge) Limited

Profit and Loss Account

for the year ended 31 December 2002

	Notes	2002 £	2001 £
Turnover		580,964	513,427
Cost of sales		(98,085)	(77,574)
Gross profit		482,879	435,853
Administrative expenses		(402,694)	(413,300)
Operating profit	2	80,185	22,553
Interest payable	5	(805)	(363)
Profit on ordinary activities before taxation		79,380	22,190
Gift aid		(15,000)	-
Tax on ordinary activities	6	(12,000)	(2,000)
Profit on ordinary activities after taxation		52,380	20,190
Retained profit brought forward		44,087	23,897
Retained profit carried forward		96,467	44,087

The attached notes form part of these financial statements.

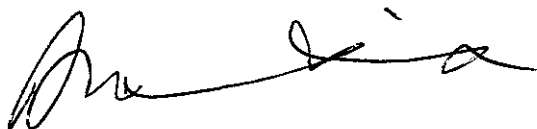
The Test House (Cambridge) Limited

Balance Sheet

as at 31 December 2002

	Notes	2002 £	2002 £	2001 £	2001 £
Fixed assets					
Tangible assets	7		11,734		19,573
Current assets					
Stocks and work in progress	8	7,795		8,032	
Debtors	9	138,584		141,484	
Cash at bank and in hand		300		300	
		146,679		149,816	
Creditors: amounts falling due within one year	10	(60,946)		(124,302)	
Net current assets			85,733		25,514
Net assets			97,467		45,087
Capital and reserves					
Called up share capital	11		1,000		1,000
Profit and loss account			96,467		44,087
Equity shareholders' funds			97,467		45,087

ON BEHALF OF THE BOARD



A B M BRAITHWAITE
Director

Approved by the Board on 28 April 2003

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 2002

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	Operating profit	2002 £	2001 £
	Operating profit is shown after charging:		
	Depreciation of tangible fixed assets	7,839	7,649
	Staff costs (note 3)	293,247	287,874
	Auditors' remuneration	1,560	1,440
		<hr/>	<hr/>
3	Staff costs	2002 £	2001 £
	Staff costs, including directors' remuneration, comprise:		
	Wages and salaries	253,501	248,698
	Social security costs	17,617	18,899
	Other pension costs	22,129	20,277
		<hr/>	<hr/>
		293,247	287,874
		<hr/>	<hr/>

The Test House (Cambridge) Limited

Notes to the Financial Statements (*continued*)

for the year ended 31 December 2002

3	Staff costs (<i>continued</i>)	2002	2001
	The average number of employees during the year was:	Number	Number
	Office and management	3	3
	Testing	8	8
		<hr/> 11	<hr/> 11
		<hr/> <hr/>	<hr/> <hr/>
4	Directors' emoluments	2002	2001
		£	£
	Management remuneration, including benefits in kind	54,167	49,104
		<hr/> <hr/>	<hr/> <hr/>
5	Interest payable	2002	2001
		£	£
	On bank loans and overdrafts, repayable within five years	805	363
		<hr/> <hr/>	<hr/> <hr/>
6	Taxation	2002	2001
		£	£
	Payable for group and consortium relief	12,000	2,000
		<hr/> <hr/>	<hr/> <hr/>

The Test House (Cambridge) Limited

Notes to the Financial Statements *(continued)*

for the year ended 31 December 2002

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	155,600	32,493	188,093
	Charged in year	7,839	-	7,839
	Accumulated depreciation at end of year	163,439	32,493	195,932
	Net book value at end of year	11,734	-	11,734
	Net book value at beginning of year	19,573	-	19,573
8	Stocks and work in progress		2002 £	2001 £
	Raw material stocks		7,795	8,032
9	Debtors		2002 £	2001 £
	Due within one year:			
	Trade debtors		40,692	73,590
	Amounts owed by group undertaking		97,892	63,931
	Prepayments		-	3,963
			138,584	141,484

The Test House (Cambridge) Limited

Notes to the Financial Statements (*continued*)

for the year ended 31 December 2002

10	Creditors: amounts falling due within one year	2002	2001
		£	£
	Bank overdraft	17,760	69,986
	Trade creditors	3,721	9,181
	Other taxes and social security costs	24,228	24,511
	Accruals	15,237	20,624
		<hr/>	<hr/>
		60,946	124,302
		<hr/>	<hr/>

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

11	Called up share capital	2002	2001
		£	£
	Authorised, allotted, called up and fully paid: 1,000 ordinary shares of £1 each	1,000	1,000
		<hr/>	<hr/>

The Test House (Cambridge) Limited

Notes to the Financial Statements (*continued*)

for the year ended 31 December 2002

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 Group's contributions to the scheme during the year ended 31 December 2002, at a rate of 7% of pensionable salaries, totalled £997,000 (2001: £825,000).

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 recommended 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 2002 was £24,929,000 (2001: £30,767,000). The distribution of assets was as follows:

	£'000	%
Equities	20,345	78.0
Index linked funds	499	2.0
Property funds	813	3.3
Fixed interest securities	3,265	13.1
Cash	7	3.6
	<hr/>	<hr/>
	24,929	100.0
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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