

The Test House (Cambridge) Limited

Financial Statements

for the year ended 31 December 1997



The Test House (Cambridge) Limited

Company Information

Company Number: 2513984

Directors

A B M Braithwaite
D Ellin

Secretary

R V M Dawkins

Registered Office

Abington Hall
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 1997.

Business Review

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

The Company made a loss of £9,821 in the year, before taxation. The Directors consider the position satisfactory and expect to return to profitability in 1998.

Directors and their interests

The Directors of the Company during the year were:

Mr A B M Braithwaite
Mr D Ellin (appointed 10 September 1997)
Mr P N Mottram (resigned 31 July 1997)

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

Date: 25 March 1998

The Test House (Cambridge) Limited

Auditors Report to the Members

We have audited the financial statements on pages 4 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective Responsibilities of Directors and Auditors

As described on page 2, the Company's directors are responsible for the preparation of the 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 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.

Going Concern

In forming our opinion, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the assumptions of the continuing financial support of the parent undertaking. In view of the significance of this uncertainty we consider that it should be drawn to your attention, but our opinion is not qualified in this respect.

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 1997 and of its loss 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

Date 25 March 1998

The Test House (Cambridge) Limited
Profit and Loss Account
for the year ended 31 December 1997

	Notes	1997 £	1996 £
Turnover		521,845	529,462
Cost of sales		(126,627)	(100,091)
Gross Profit		395,218	429,371
Administrative expenses		(394,459)	(368,892)
Operating profit	2	759	60,479
Interest payable	5	(10,580)	(8,929)
(Loss)/profit on ordinary activities before taxation		(9,821)	51,550
Tax on ordinary activities	6	1,000	(286)
(Loss)/profit on ordinary activities after taxation		(8,821)	51,264
Retained loss brought forward		(71,574)	(122,838)
Retained loss carried forward		(80,395)	(71,574)

There are no recognised gains or losses in the year other than the loss for the year.

All items dealt with in arriving at turnover and operating profit for the year, and the previous year, relate to continuing operations.

The attached notes form part of these financial statements.

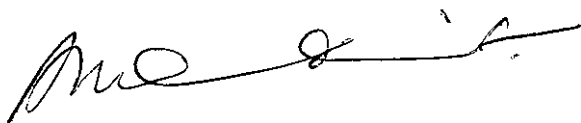
The Test House (Cambridge) Limited

Balance Sheet

as at 31 December 1997

	Notes	1997 £	1997 £	1996 £	1996 £
Fixed Assets					
Tangible assets	7		51,359		64,681
Current Assets					
Stocks and work in progress		8,834		10,294	
Debtors	8	82,535		82,451	
Cash in hand		203		5	
		<u>91,572</u>		<u>92,750</u>	
Creditors: amounts falling due within one year	9	<u>(222,326)</u>		<u>(228,005)</u>	
Net Current Liabilities			<u>(130,754)</u>		<u>(135,255)</u>
Net Liabilities			<u>(79,395)</u>		<u>(70,574)</u>
Capital and Reserves					
Called up share capital	10		1,000		1,000
Profit and loss account			(80,395)		(71,574)
Equity Shareholders' Funds			<u>(79,395)</u>		<u>(70,574)</u>

ON BEHALF OF THE BOARD



A B M BRAITHWAITE
Director

Approved by the Board on 25 March 1998

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 1997

1 Accounting Policies

Basis of Accounting

The financial statements have been prepared under the historical cost convention.

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. The assets of the scheme are held separately from those of the Group. Contributions to the Scheme are charged to the profit and loss account in the year they are incurred.

Going Concern Basis

The balance sheet on page 5 shows a deficiency of net assets of £79,395 and an adverse balance on the profit and loss account of £80,395. The parent undertaking, The Welding Institute, has agreed that its balance of £134,454 due from the Company will be subordinated to the claims of other creditors. On the basis of the continuing support of the parent undertaking, the directors consider it appropriate to prepare the financial statements on the going concern basis. The financial statements do not include any adjustments which would result from the withdrawal of this support.

2	Operating Profit	1997	1996
		£	£
	Operating profit is shown after charging:		
	Depreciation of tangible fixed assets	22,157	19,849
	Staff costs (note 3)	251,794	244,143
	Auditors' remuneration	1,030	960
		<hr/>	<hr/>
3	Staff Costs	1997	1996
		£	£
	Staff Costs, including directors' remuneration, comprise:		
	Wages and salaries	215,008	206,586
	Social security costs	16,566	16,331
	Other pension costs	20,220	21,226
		<hr/>	<hr/>
		251,794	244,143
		<hr/>	<hr/>

The Test House (Cambridge) Limited

Notes to the Financial Statements *(continued)*

for the year ended 31 December 1997

3	Staff Costs <i>(continued)</i>	1997	1996
	The average number of employees during the year was:	Number	Number
	Office and management	4	4
	Testing	7	7
		<u>11</u>	<u>11</u>
4	Directors' Emoluments	1997	1996
		£	£
	Management remuneration, including benefits in kind	23,369	34,146
	Pension obligations in respect of all the directors are covered by contributions to the TWI Group Pension Scheme, a defined benefit scheme (see note 11).		
5	Interest Payable	1997	1996
		£	£
	On bank loans and overdrafts, repayable within five years	10,580	8,929
6	Taxation	1997	1996
		£	£
	Receivable for group relief	1,000	-
	Adjustments in respect of previous years	-	(286)
		<u>1,000</u>	<u>(286)</u>

The Test House (Cambridge) Limited

Notes to the Financial Statements *(continued)*

for the year ended 31 December 1997

7	Tangible Fixed Assets	Motor	Fixtures	Total
		Vehicles & Plant £	Fittings & Office Equipment £	
	Cost at beginning of year	179,430	32,493	211,923
	Additions	11,995	-	11,995
	Disposals	(3,950)	-	(3,950)
	Cost at end of year	187,475	32,493	219,968
	Accumulated depreciation at beginning of year	123,034	24,208	147,242
	Charged in year	19,154	3,003	22,157
	Disposals	(790)	-	(790)
	Accumulated depreciation at end of year	141,398	22,211	168,609
	Net book value at end of year	46,077	5,282	51,359
	Net book value at beginning of year	56,396	8,285	64,681
8	Debtors	1997		1996
		£		£
		Due within one year:		
		Trade debtors		79,529
		Prepayments		2,922
		82,535		82,451
9	Creditors: amounts falling due within one year	1997		1996
		£		£
		Bank overdraft		63,410
		Payments received on account		10,292
		Trade creditors		13,667
		Amounts owed to parent undertaking		116,224
		Other taxes and social security costs		17,699
		Accruals		6,713
		222,326		228,005

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

The Test House (Cambridge) Limited

Notes to the Financial Statements *(continued)*

for the year ended 31 December 1997

10	Called up Share Capital	1997	1996
		£	£
	Authorised, Allotted, Called up and fully paid: 1,000 shares of £1 each	1,000	1,000
		<hr/>	<hr/>

11 Pensions

The Company's employees are members of The Welding Institute Group Pension Scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Company, being invested through an insurance company. Contributions to the Scheme are charged to the Profit and Loss 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 triannual valuations using the partial projected unit method. The most recent review was at 1 January 1997. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that the investment return would be 8.5%, that salary increases would average 6% per annum and that the rate of increase to accrued leaving service benefits in excess of the Guaranteed Minimum Pension will be 4.5% per annum.

12 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 Abington Hall, Abington, Cambridge, CB1 6AL.