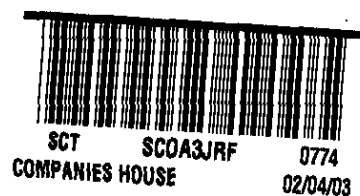


²
A+B

GRAMPIAN TEST & CERTIFICATION LIMITED
(Company Number: 122818)

**DIRECTORS' REPORT AND
ABBREVIATED ACCOUNTS**

30 NOVEMBER 2002



Anderson Anderson & Brown
Chartered Accountants

GRAMPIAN TEST & CERTIFICATION LIMITED
DIRECTORS' REPORT

A²+B

Directors: A Gowing
C G Melville
S M Melville
G Middleton
P Dear – Non Executive (Appointed 1 February 2002)

Secretaries: Iain Smith and Company

Registered office: 20 Queens Road, Aberdeen

The directors submit their report and the audited accounts of the company for the year ended 30 November 2002.

RESULTS AND DIVIDENDS

The profit for the year, amounting to £348,728 (2001 - £515,969), has been dealt with as shown in the profit and loss account. No dividends have been paid or proposed in the year (2001 - £nil).

PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS DEVELOPMENTS

The principal activity of the company is the testing, repair and maintenance of containers, lifting equipment, etc, and the manufacture of ancillary equipment.

The directors are pleased with the results for the year and are confident that the level of activity will continue to increase.

DIRECTORS AND DIRECTORS' INTERESTS

The directors of the company during the year ended 30 November 2002 were as noted above.

At 30 November 2002 the directors in office did not hold any beneficial interest in the share capital of the company, as defined by the Companies Act 1985.

The above directors are directors of the holding company, GTC Holdings Limited, and their interests in the share capital of that company are disclosed in its accounts.

AUDITORS

Anderson Anderson & Brown have expressed their willingness to continue in office and a resolution proposing their re-appointment will be submitted at the annual general meeting.

By order of the board

Gordon Middleton

Director

GRAMPIAN TEST & CERTIFICATION LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES

²
A + B

Company law requires the directors to prepare accounts 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 accounts, the directors are required to:

- (a) select suitable accounting policies and then apply them consistently;
- (b) make judgements and estimates that are reasonable and prudent;
- (c) state whether or not applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and,
- (d) prepare the accounts 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 which enable them to ensure that the accounts 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.

**INDEPENDENT AUDITORS' REPORT TO
GRAMPLAN TEST & CERTIFICATION LIMITED
UNDER SECTION 247B OF THE COMPANIES ACT 1985**

We have examined the abbreviated accounts on pages 4 to 15 together with the full accounts of the company prepared under Section 226 of the Companies Act 1985 for the year ended 30 November 2002.

Respective responsibilities of the directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with Section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to deliver abbreviated accounts and whether or not the abbreviated accounts have been properly prepared in accordance with those provisions.

Basis of opinion

We have carried out the procedures we considered necessary to discharge our responsibilities set out above. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full accounts.

Opinion on the abbreviated accounts

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Companies Act 1985 in respect of the year ended 30 November 2002 and the abbreviated accounts on pages 4 to 15 have been properly prepared in accordance therewith.

Anderson Anderson & Brown

Anderson Anderson & Brown
Chartered Accountants
Registered Auditors
Aberdeen

28 MARCH 2003

GRAMPIAN TEST & CERTIFICATION LIMITED
ABBREVIATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 NOVEMBER 2002

²
A + B

	Note	2002 £	2001 £
GROSS PROFIT		4,729,874	3,776,926
Operating costs	2	<u>4,173,887</u>	<u>2,850,564</u>
OPERATING PROFIT	3	555,987	926,362
Interest payable	6	<u>20,151</u>	<u>166,815</u>
PROFIT BEFORE TAXATION		535,836	759,547
Taxation	7	<u>187,108</u>	<u>243,578</u>
PROFIT FOR FINANCIAL YEAR		<u>£ 348,728</u>	<u>£ 515,969</u>

The company has made no gains or losses other than as reported above.

Movements on reserves are as set out in Note 16.

GRAMPIAN TEST & CERTIFICATION LIMITED
ABBREVIATED BALANCE SHEET – 30 NOVEMBER 2002

²
A + B

	Note	2002 £	2001 £
FIXED ASSETS			
Tangible assets	8	<u>2,458,877</u>	<u>2,467,993</u>
CURRENT ASSETS			
Stocks and work in progress	9	1,439,364	1,440,096
Debtors	10	3,770,389	3,356,382
Cash at bank and in hand		<u>1,327</u>	<u>2,623</u>
		5,211,080	4,799,101
CREDITORS: amounts falling due within one year	11	<u>2,317,982</u>	<u>2,771,097</u>
NET CURRENT ASSETS		<u>2,893,098</u>	<u>2,028,004</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		5,351,975	4,495,997
CREDITORS: amounts falling due after more than one year	12	3,069,886	2,551,131
PROVISION FOR LIABILITIES AND CHARGES	14	<u>217,837</u>	<u>229,342</u>
		<u>£ 2,064,252</u>	<u>£ 1,715,524</u>
CAPITAL AND RESERVES			
Called up share capital	15	105,000	105,000
Capital redemption reserve	16	104,285	104,285
Profit and loss account	16	<u>1,854,967</u>	<u>1,506,239</u>
SHAREHOLDERS' FUNDS	16	<u>£ 2,064,252</u>	<u>£ 1,715,524</u>

The accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to medium sized companies.

Signed on behalf of the board of directors

Gordon Middleton

Director – G Middleton

28 MARCH 2003 Date

GRAMPIAN TEST & CERTIFICATION LIMITED
ABBREVIATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 NOVEMBER 2002

²
A + B

	Note	2002 £	2001 £
Cash from operating activities	19	1,308,197	1,545,865
Returns on investments and servicing of finance	20	(20,151)	(166,815)
Taxation		(356,473)	(34,563)
Capital expenditure	20	(413,072)	(161,369)
		<hr/>	<hr/>
		518,501	1,183,118
Financing – decrease in debt	20	(130,714)	(720,553)
		<hr/>	<hr/>
Increase in cash in the year		£ 387,787	£ 462,565
		<hr/>	<hr/>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	Note	2002 £	2001 £
Increase in cash in the year		387,787	462,565
Cash outflow from decrease in debt		-	600,392
Cash outflow from decrease in lease financing		130,714	120,161
		<hr/>	<hr/>
Change in net debt resulting from cash flows		518,501	1,183,118
New finance leases		(121,481)	(166,771)
		<hr/>	<hr/>
Movement in net debt in year		397,020	1,016,347
Net debt at 30 November 2001		(629,584)	(1,645,931)
		<hr/>	<hr/>
Net debt at 30 November 2002	21	£ (232,564)	£ (629,584)
		<hr/>	<hr/>

1. ACCOUNTING POLICIES

(a) *Basis of accounts preparation*

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

(b) *Depreciation*

The cost of fixed assets is written off by equal monthly instalments over their expected useful lives as follows:

Freehold buildings	5-20 years
Leasehold land and buildings	20 years
Plant and machinery	5-10 years
Computers, furniture and fittings	5-10 years
Motor vehicles	4-6 years

(c) *Stocks and work in progress*

Stocks are valued at the lower of cost and net realisable value with due allowance for any obsolete or slow-moving items. In the case of work in progress, cost comprises direct materials and labour.

(d) *Deferred taxation*

Provision is made for deferred taxation, using the liability method, on all timing differences to the extent that it is probable that the liability will crystallise.

(e) *Hire purchase and lease commitments*

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease on a straight line basis.

Rentals paid under operating leases are charged to income over the term of the lease.

(f) *Finance lease receivables*

Amounts receivable under finance leases are included under debtors and represent the total amount outstanding under lease agreements less unearned income. Finance lease income, having been allocated to accounting periods to give a constant periodic rate of return on the net cash investment, is included in turnover.

1. ACCOUNTING POLICIES (continued)

(g) *Pensions*

The company operates and contributes towards defined contribution pension schemes. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

2. OPERATING COSTS

	2002 £	2001 £
Staff costs - salaries	800,771	884,415
- social security costs	76,129	91,686
- other pension costs	45,413	68,189
Depreciation - owned assets	491,607	409,970
- assets held under hire purchase and finance leases	66,071	74,092
Other operating charges	2,693,896	1,322,212
	<u>£ 4,173,887</u>	<u>£ 2,850,564</u>

3. OPERATING PROFIT *is stated after charging:*

	2002 £	2001 £
Auditors' remuneration	12,500	10,000
Operating lease - equipment	48,016	54,867
- land and buildings	175,392	180,228
	<u>235,908</u>	<u>245,105</u>

GRAMPIAN TEST & CERTIFICATION LIMITED
NOTES ON THE ABBREVIATED ACCOUNTS – 30 NOVEMBER 2002

A²+B

4. STAFF NUMBERS

The average number of persons employed by the company during the year, including the directors, was as follows:

	2002 No	2001 No
Management, administration and sales	28	30
Workshop	112	112
	<u>140</u>	<u>142</u>

5. DIRECTORS' REMUNERATION

The remuneration paid to the directors of the company was:

	2002	2001
Emoluments (including pension contributions and benefits in kind)	<u>£ -</u>	<u>£ 175,566</u>
Company contributions paid to defined contribution pension schemes	<u>£ -</u>	<u>£ 7,500</u>
	No	No
Members of defined contribution pension schemes	<u>-</u>	<u>2</u>

Directors remuneration was paid by the holding company. The directors do not believe it is practicable to apportion these amounts between their services as directors of the company and their services as directors of the holding company.

6. INTEREST PAYABLE

	2002 £	2001 £
Bank overdraft and factoring	1,053	108,283
Bank loan	-	35,757
Hire purchase and finance leases	15,946	18,177
Late payment of tax	3,152	4,598
	<u>£ 20,151</u>	<u>£ 166,815</u>

GRAMPIAN TEST & CERTIFICATION LIMITED
NOTES ON THE ABBREVIATED ACCOUNTS – 30 NOVEMBER 2002

A² + B

7. TAXATION *charge for the year comprises:*

	2002 £	2001 £
UK corporation tax	198,613	265,429
Transfer from deferred tax	(11,505)	(21,851)
	<u>£ 187,108</u>	<u>£ 243,578</u>

The tax charge for the year exceeds the amount which would be anticipated by applying the company's tax rate of 30% to its pre-tax profits because of costs of £81,000 not allowable for tax purposes.

8. TANGIBLE FIXED ASSETS

	Freehold buildings £	Leasehold land & buildings £	Plant & machinery £	Computers, furniture & fittings £	Motor vehicles £	Total £
COST						
At 30 November 2001	499,931	129,810	2,723,180	314,550	367,098	4,034,569
Additions	88,779	-	432,282	32,238	45,845	599,144
Disposals	(2,594)	-	(94,102)	(124,139)	(229,156)	(449,991)
At 30 November 2002	<u>586,116</u>	<u>129,810</u>	<u>3,061,360</u>	<u>222,649</u>	<u>183,787</u>	<u>4,183,722</u>
DEPRECIATION						
At 30 November 2001	127,674	8,115	1,022,103	157,564	251,120	1,566,576
Charge for year	29,149	6,491	392,230	64,201	65,607	557,678
Relating to disposals	(2,594)	-	(78,836)	(122,182)	(195,797)	(399,409)
At 30 November 2002	<u>154,229</u>	<u>14,606</u>	<u>1,335,497</u>	<u>99,583</u>	<u>120,930</u>	<u>1,724,845</u>
Net book amounts at:						
30 November 2002	<u>£ 431,887</u>	<u>£ 115,204</u>	<u>£ 1,725,863</u>	<u>£ 123,066</u>	<u>£ 62,857</u>	<u>£ 2,458,877</u>
30 November 2001	<u>£ 372,257</u>	<u>£ 121,695</u>	<u>£ 1,701,077</u>	<u>£ 156,986</u>	<u>£ 115,978</u>	<u>£ 2,467,993</u>

The net book value of tangible fixed assets includes an amount of £341,949 (2001 - £413,657) in respect of assets held under hire purchase and finance lease contracts.

GRAMPIAN TEST & CERTIFICATION LIMITED
NOTES ON THE ABBREVIATED ACCOUNTS – 30 NOVEMBER 2002

A²+B

9. STOCKS AND WORK IN PROGRESS

	2002 £	2001 £
Raw materials and consumables	1,053,213	1,134,213
Work in progress	386,151	305,883
	<u>£ 1,439,364</u>	<u>£ 1,440,096</u>

10. DEBTORS

	2002 £	2001 £
Trade debtors	2,995,696	2,811,736
Prepayments and accrued income	615,448	409,734
Other debtors	10,965	56,878
Factoring debtor	-	78,034
Finance lease debtor	148,280	-
	<u>£ 3,770,389</u>	<u>£ 3,356,382</u>

11. CREDITORS: *amounts falling due within one year*

	2002 £	2001 £
Bank overdraft	39,067	428,150
Trade creditors	1,453,037	1,312,702
Hire purchase and finance lease creditor (Note 13)	104,990	101,916
Corporation tax	192,340	350,200
Other taxes and social security	230,240	363,208
Accruals and deferred income	298,308	212,010
Other creditors	-	2,911
	<u>£ 2,317,982</u>	<u>£ 2,771,097</u>

The bank borrowings are secured by a standard security over the company's property and by a bond and floating charge over the assets of the company.

GRAMPIAN TEST & CERTIFICATION LIMITED
NOTES ON THE ABBREVIATED ACCOUNTS – 30 NOVEMBER 2002

²
A + B

12. CREDITORS: *amounts falling due after more than one year*

	2002 £	2001 £
Hire purchase and finance lease creditor (Note 13)	89,834	102,141
Amounts due to parent company	2,980,052	2,448,990
	<u>£ 3,069,886</u>	<u>£ 2,551,131</u>

13. OBLIGATIONS UNDER HIRE PURCHASE AND FINANCE LEASE CONTRACTS

	2002 £	2001 £
<i>Amounts repayable:</i>		
Within one year (Note 11)	104,990	101,916
Between two and five years (Note 12)	89,834	102,141
	<u>£ 194,824</u>	<u>£ 204,057</u>

14. PROVISION FOR LIABILITIES AND CHARGES
comprises deferred taxation as follows:

	2002	2001
Accelerated capital allowances	<u>£ 217,837</u>	<u>£ 229,342</u>

Deferred taxation has been provided in full.

GRAMPIAN TEST & CERTIFICATION LIMITED

NOTES ON THE ABBREVIATED ACCOUNTS – 30 NOVEMBER 2002

²
A + B

15. CALLED UP SHARE CAPITAL

2002 & 2001

Authorised:

105,000 Ordinary shares of £1 each

£ 105,000
Allotted, called up and fully paid:

105,000 Ordinary shares of £1 each

£ 105,000

 16. RECONCILIATION OF SHAREHOLDERS' FUNDS
 AND MOVEMENTS ON RESERVES

	Share capital £	Capital redemption reserve £	Profit and loss account £	Total £
At 30 November 2000	105,000	104,285	990,270	1,199,555
Profit for year	-	-	515,969	515,969
At 30 November 2001	105,000	104,285	1,506,239	1,715,524
Profit for year	-	-	348,728	348,728
At 30 November 2002	<u>£ 105,000</u>	<u>£ 104,285</u>	<u>£ 1,854,967</u>	<u>£ 2,064,252</u>

17. OTHER FINANCIAL COMMITMENTS

At 30 November 2002 the company had annual commitments under non-cancellable operating leases as follows:

	Equipment		Land & buildings	
	2002	2001	2002	2001
	£	£	£	£
<i>Operating leases which expire:</i>				
In less than one year	7,917	3,181	8,000	7,000
Within two to five years	48,024	37,043	79,000	79,000
After five years	-	-	85,150	85,150
	<u>£ 55,941</u>	<u>£ 40,224</u>	<u>£ 172,150</u>	<u>£ 171,150</u>

GRAMPIAN TEST & CERTIFICATION LIMITED
NOTES ON THE ABBREVIATED ACCOUNTS – 30 NOVEMBER 2002

A² + B

18. CAPITAL COMMITMENTS

	2002	2001
Commitments under finance leases commencing after the year end	£ -	£ 22,250

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

	2002 £	2001 £
Operating profit	555,987	926,362
Depreciation charge	557,678	484,062
(Gain)/loss on sale of tangible fixed assets	(14,009)	10,007
Increase in debtors	(414,007)	(1,032,153)
Increase in creditors	621,816	1,613,047
Decrease/(increase) in stock and work in progress	732	(455,460)
Net cash inflow	£ 1,308,197	£ 1,545,865

20. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2002 £	2001 £
Returns on investments and servicing of finance		
Interest paid	(20,151)	(166,815)
Net cash outflow from returns on investments and servicing of finance	£ (20,151)	£ (166,815)
Capital expenditure		
Purchase of tangible fixed assets	(477,664)	(164,017)
Sale of tangible fixed assets	64,592	2,648
Net cash outflow from capital expenditure	£ (413,072)	£ (161,369)
Financing		
New finance leases	121,481	-
Repayment of loan	-	(600,392)
Capital element of finance lease rental payments	(252,195)	(120,161)
Net cash outflow from financing	£ (130,714)	£ (720,553)

GRAMPIAN TEST & CERTIFICATION LIMITED
NOTES ON THE ABBREVIATED ACCOUNTS – 30 NOVEMBER 2002

²
A + B

21. ANALYSIS OF NET DEBT

	At 30 November 2001 £	Cash flow £	Other non-cash charges £	At 30 November 2002 £
Cash at bank and in hand	(425,527)	387,787	-	(37,740)
Finance leases	(204,057)	130,714	(121,481)	(194,824)
Total	<u>£ (629,584)</u>	<u>£ 518,501</u>	<u>£ (121,481)</u>	<u>£ (232,564)</u>

	At 30 November 2000 £	Cash flow £	Other non-cash charges £	At 30 November 2001 £
Cash at bank and in hand	(888,092)	462,565	-	(425,527)
Loan	(600,392)	600,392	-	-
Finance leases	(157,447)	120,161	(166,771)	(204,057)
Total	<u>£ (1,645,931)</u>	<u>£ 1,183,118</u>	<u>£ (166,771)</u>	<u>£ (629,584)</u>

22. ULTIMATE PARENT COMPANY

The ultimate parent company is GTC Holdings Limited, a company registered in Scotland.

23. CONTINGENT LIABILITY

The company has given a guarantee in respect of the bank borrowings of GTC Holdings Limited. At 30 November 2002, bank borrowings amounted to £5,816,875.