

$A^2 + B$

GRAMPIAN TEST & CERTIFICATION LIMITED
(Company Number: 122818)

ABBREVIATED ACCOUNTS

30 NOVEMBER 1996



Anderson Anderson & Brown
Chartered Accountants



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A + B

ANDERSON
ANDERSON
& BROWN

CHARTERED
ACCOUNTANTS

REPORT OF THE AUDITORS TO THE DIRECTORS OF
GRAMPIAN TEST & CERTIFICATION LIMITED PURSUANT TO PARAGRAPH 24
OF SCHEDULE 8 TO THE COMPANIES ACT 1985, AS AMENDED

We have examined the abbreviated accounts on pages 3 to 7 together with the full accounts of Grampian Test & Certification Limited for the year ended 30 November 1996. The scope of our work for the purposes of this report was limited to confirming that the company is entitled to the exemptions claimed in the directors' statement on page 3 and that the abbreviated accounts have been properly prepared from the full accounts.

In our opinion the company is entitled under Sections 246 and 247 of the Companies Act 1985, as amended, to the exemptions conferred by Section A of Part III of Schedule 8 to that Act in respect of the year ended 30 November 1996 and the abbreviated accounts on pages 3 to 7 have been properly prepared in accordance with that Schedule.

As auditors of Grampian Test & Certification Limited, we reported to the members on ~~31 MARCH 1997~~ on the full accounts prepared under Section 226 of the Companies Act 1985, as amended, for the year ended 30 November 1996 and our audit report was as follows:

"We have audited the accounts on pages 4 to 18 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 and 8.

Respective responsibilities of directors and auditors

As described on page 7 the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether or not the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 30 November 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985."

Anderson Anderson & Brown

Registered Auditor
Aberdeen

31 MARCH 1997

GRAMPIAN TEST & CERTIFICATION LIMITED
ABBREVIATED BALANCE SHEET - 30 NOVEMBER 1996

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	Note	1996 £	1995 £
FIXED ASSETS			
Tangible assets	3	<u>992,023</u>	<u>496,785</u>
CURRENT ASSETS			
Stocks and work in progress		421,637	432,406
Debtors		1,095,537	692,543
Cash in hand		<u>-</u>	<u>1,379</u>
		1,517,174	1,126,328
CREDITORS: amounts falling due within one year	4	<u>1,723,229</u>	<u>1,140,271</u>
NET CURRENT LIABILITIES		<u>(206,055)</u>	<u>(13,943)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		785,968	482,842
CREDITORS: amounts falling due after more than one year	4	281,424	112,858
PROVISION FOR LIABILITIES AND CHARGES		<u>25,689</u>	<u>12,442</u>
		<u>£ 478,855</u>	<u>£ 357,542</u>
CAPITAL AND RESERVES			
Equity share capital		105,000	105,000
Non-equity share capital		<u>74,635</u>	<u>104,285</u>
Called up share capital	5	179,635	209,285
Capital redemption reserve		29,650	-
Profit and loss account		<u>269,570</u>	<u>148,257</u>
SHAREHOLDERS' FUNDS		<u>£ 478,855</u>	<u>£ 357,542</u>

The directors have taken advantage of the exemptions conferred by Section A of Part III of Schedule 8 of the Companies Act 1985, as amended, on the grounds that in the directors' opinion the company qualifies as a small company.

A. M. Melville.
 Director - A M Melville

[Signature]
 Director - D T Melville

31st March 1997. Date

GRAMPIAN TEST & CERTIFICATION LIMITED

NOTES ON THE ABBREVIATED ACCOUNTS - 30 NOVEMBER 1996

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1. STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 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.

2. 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
Plant and machinery	8-10 years
Furniture and fittings	5-10 years
Motor vehicles	4-6 years

No depreciation is provided on rigging lofts since they are maintained on a continual basis with the repair costs charged to the profit and loss account as incurred.

(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.

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NOTES ON THE ABBREVIATED ACCOUNTS - 30 NOVEMBER 1996

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2. ACCOUNTING POLICIES (continued)

(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 contracts*

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) *Pensions*

The company 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 schemes.

3. TANGIBLE FIXED ASSETS

	£
COST	
At 30 November 1995	687,288
Additions	596,839
Disposals	<u>(33,543)</u>
At 30 November 1996	<u>1,250,584</u>
DEPRECIATION	
At 30 November 1995	190,503
Charge for year	81,766
Relating to disposals	<u>(13,708)</u>
At 30 November 1996	<u>258,561</u>
Net book amounts at:	
30 November 1996	<u>£ 992,023</u>
30 November 1995	<u>£ 496,785</u>

The net book value of tangible fixed assets includes an amount of £155,596 (1995 - £180,233) in respect of assets held under hire purchase and lease contracts.

Included in plant and machinery costs is £272,125 (1995 - £Nil) relating to rigging lofts which are not depreciated.

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4. CREDITORS

Included within creditors falling due within one year are the following amounts:

	1996 £	1995 £
Bank overdraft	221,136	193,259
Bank loan	46,000	13,000
Other loan	<u>2,000</u>	<u>8,000</u>

Included within creditors falling due after more than one year are the following amounts:

	1996 £	1995 £
Bank loan	227,388	44,711
Other loan	<u>-</u>	<u>2,000</u>

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

The floating charge is subject to a Ranking Agreement between the Bank and Scottish Enterprise. There is also a letter of waiver releasing book debts from the amount of the bond and floating charge granted in favour of Royal Bank Invoice Finance Limited.

The other loan is secured by a second standard security over the company's property and by a second floating charge over the assets of the company.

5. CALLED UP SHARE CAPITAL

	1996 & 1995 £
Authorised:	
105,000 Ordinary shares of £1 each	105,000
44,985 Cumulative Convertible Participating Preferred Ordinary shares of £1 each	44,985
59,300 11% Cumulative Redeemable Preference shares of £1 each	<u>59,300</u>
	<u>£ 209,285</u>

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5. CALLED UP SHARE CAPITAL (continued)

	1996 £	1995 £
Allotted, called up and fully paid:		
105,000 Ordinary shares of £1 each	105,000	105,000
44,985 Cumulative Convertible Participating Preferred Ordinary shares of £1 each	44,985	44,985
29,650 11% Cumulative Redeemable Preference shares of £1 each	<u>29,650</u>	<u>59,300</u>
	<u>£ 179,635</u>	<u>£ 209,285</u>

a) Profits are applied, as available, in the following order:

Cumulative redeemable preference shares - 11 pence per share.

Cumulative convertible participating preferred ordinary shares (CCPPO) - fixed dividend of 11 pence per share followed by a participating dividend which together with the fixed dividend equals 11% of net profit divided by 44,985.

Ordinary shares - dividend per share equal to total dividend per share payable on CCPPO shares.

The balance is distributed to the holders of the CCPPO and ordinary shares according to the amounts paid up on each category.

b) On liquidation assets are applied, as available, in the following order:

Cumulative redeemable preference shares - £1.25 per share plus arrears of dividends.

CCPPO shares - an amount equal to subscription price plus arrears of dividends.

Ordinary shares - £1 per share.

The balance is payable to the holders of the CCPPO and ordinary shares according to the amounts paid up on each category.

c) Any holder of the cumulative convertible participating preferred ordinary shares can at any time or times convert all or part of the shares into the same number of ordinary shares.

The cumulative redeemable preference shares were redeemable at a price of £1.25 per share in equal tranches on 30 April 1996 and 30 November 1996. At the date of signing the accounts the redemption due to take place in November has not taken place.

d) All CCPPO and ordinary shares hold one vote.