JAMES HUGH GROUP LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MAY 2001



Company No. 679021

JAMES HUGH GROUP LIMITED

COMPANY INFORMATION

Directors	Mr B. J. Smith Mrs A. C. Smith
Secretary	Mrs A. C. Smith
Company number	679021
Registered office	5 Hampstead West 224 Iverson Road London NW6 2HG
Accountants	Mehta & Tengra Chartered Accountants 24 Bedford Row London WC1R 4EB
Bankers	National Westminster Bank Plc Investec Bank (UK) Limited Union Bank Suisse

JAMES HUGH GROUP LIMITED

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JAMES HUGH GROUP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST MAY 2001

The directors present their report and the financial statements for the company for the year ended 31st May 2001.

Principal activities and review of business

The company's principal activity during the year was that of selling scientific and industrial measuring instruments.

Results and dividends

The results for the year are set out in the profit and loss account on page 3.

The directors consider the state of the company's affairs to be satisfactory.

The directors recommend dividends amounting to £35,000 (2000: £13,000).

Directors and their interests

The directors who held office during the year and their beneficial interests in the company's issued share capital are given below:

Name of director	Share type	At 31st May 2001	At 1st June 2000
Mr B. J. Smith	Ordinary Shares	500	500
Mrs A. C. Smith	Ordinary Shares	500	500

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 for that year. 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 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.

By order of the Board

Mrs A. C. Smith, Secretary
25th March 2002

ACCOUNTANTS' REPORT TO THE DIRECTORS

ON THE UNAUDITED FINANCIAL STATEMENTS OF

JAMES HUGH GROUP LIMITED

As described on the balance sheet you are responsible for the preparation of the financial statements for the year ended 31st May 2001, set out on pages 3 to 9, and you consider that the company is exempt from an audit and a report under Section 249A(1) of the Companies Act 1985. In accordance with your instructions, we have compiled these unaudited financial statements in order to assist you to fulfil your statutory responsibilities, from the accounting records and information and explanations supplied to us.

Mehta & Tengra

Mehta & Tengra
Chartered Accountants
24 Bedford Row
London WC1R 4EB

Date: 25th March 2002

JAMES HUGH GROUP LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MAY 2001

	Notes	2001 £	2000 £
Turnover	2	**35,911**	*71,016*
Cost of sales		**(25,079)**	*(32,692)*
Gross profit		**10,832**	*38,324*
Distribution costs		**(26,665)**	*(31,355)*
Administrative expenses		**(128,047)**	*(170,278)*
		(143,880)	*(163,309)*
Other operating income		**140,000**	*228,500*
Operating loss/profit	3	**(3,880)**	*65,191*
Interest receivable	4	**1,432**	*1,580*
Interest payable and similar charges	5	**(9)**	*(44)*
Loss/Profit on ordinary activities before taxation		**(2,457)**	*66,727*
Tax on loss/profit on ordinary activities	7	**2,733**	*(13,732)*
Profit for the financial year		**276**	*52,995*
Dividends		**(35,000)**	*(13,000)*
Retained loss/profit for the year		**(34,724)**	*39,995*
Retained profit brought forward		**95,991**	*55,996*
Retained profit carried forward		**61,267**	*95,991*

All amounts relate to continuing activities.

There were no recognised gains or losses for 2001 or 2000 other than those included in the profit and loss account.

JAMES HUGH GROUP LIMITED

BALANCE SHEET

AS AT 31ST MAY 2001

	Notes	2001 £	2000 £
Fixed assets			
Tangible assets	8	**19,000**	*19,616*
Investments	9	**10,100**	*10,100*
		29,100	*29,716*
Current assets			
Stocks	11	**10,601**	*18,770*
Debtors	12	**58,964**	*68,280*
Cash at bank and in hand		**36,388**	*49,895*
		105,953	*136,945*
Creditors: amounts falling due within one year	13	**(72,786)**	*(69,670)*
Net current assets		**33,167**	*67,275*
Total assets less current liabilities		**62,267**	*96,991*
Capital and reserves			
Share capital	14	**1,000**	*1,000*
Profit and loss account		**61,267**	*95,991*
Shareholders' funds	15	**62,267**	*96,991*

The directors are of the opinion that the company is entitled to exemption from audit conferred by Subsection 1 of Section 249A of the Companies Act 1985 for the year ended 31st May 2001.

The directors confirm that no member or members have requested an audit pursuant to Subsection 2 of Section 249B of the Companies Act 1985.

The directors confirm that they are responsible for:

ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985,

and preparing financial statements which give a true and fair view of the state of the affairs of the company as at the end of the financial year and of its results for the financial year in accordance with the requirements of Section 226 of the Companies Act 1985, and which otherwise comply with the requirements of this Act relating to financial statements, so far as applicable to the company.

These financial statements were approved by the board on 25th March 2002 and signed on its behalf by:

Mr B. J. Smith
Director

The notes on pages 5 to 9 form part of these financial statements.

1 Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Consolidation

The financial statements contain information about James Hugh Group Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 248 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as the group it heads qualifies as a small group.

Turnover

Turnover comprises the value of sales excluding value added tax and trade discounts.

Tangible fixed assets and depreciation

Depreciation has been provided at the following rates in order to write down the cost or valuation, less estimated residual value, of all tangible fixed assets, over their expected useful lives:

Motor vehicles	20% Straight line
Furniture and equipment	25% Reducing Balance

Investments

Investments are included at cost less amounts written off. Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to crystallise.

2 Turnover

The turnover was derived from the company's principal activity which was carried out wholly in the UK.

3 Operating loss

The operating loss is stated after charging or crediting:	**2001**	*2000*
	£	*£*
Depreciation of tangible fixed assets:		
-owned assets	**9,914**	*8,925*
Auditors' remuneration - Audit fee	**-**	*2,500*

4 Interest receivable

	2001	*2000*
	£	*£*
Bank interest receivable	**1,432**	*1,529*
Other interest receivable	**-**	*51*
	1,432	*1,580*

5 Interest payable and similar charges

	2001	*2000*
	£	*£*
Interest payable on bank loans and overdrafts	**9**	*44*

6 Directors and employees

Staff costs, including directors' remuneration, were as follows:

	2001	*2000*
	£	*£*
Wages and salaries	**57,995**	*60,320*
Social security costs	**4,520**	*4,913*
	62,515	*65,233*

Directors' emoluments		
Aggregate emoluments	**19,500**	*19,500*

7 Taxation

	2001	*2000*
	£	*£*
Based on the loss/profit for the year:		
UK corporation tax at 20% (2000: 20%)	**-**	*13,807*
	-	*13,807*
(Over)provision for prior years	**(2,733)**	*(75)*
	(2,733)	*13,732*

8 Tangible fixed assets

	Motor vehicles	Furniture and equipment	Total
Cost	**£**	**£**	**£**
At 1st June 2000	17,900	72,521	90,421
Additions	-	9,298	9,298
At 31st May 2001	**17,900**	**81,819**	**99,719**
Depreciation			
At 1st June 2000	14,320	56,485	70,805
Charge for the year	3,580	6,334	9,914
At 31st May 2001	**17,900**	**62,819**	**80,719**
Net book value			
At 31st May 2001	**-**	**19,000**	**19,000**
At 31st May 2000	*3,580*	*16,036*	*19,616*

9 Fixed asset investments

	Shares in group undertakings	Total
Cost	**£**	**£**
At 1st June 2000	10,100	10,100
At 31st May 2001	**10,100**	**10,100**
Net book value		
At 31st May 2001	**10,100**	**10,100**
At 31st May 2000	*10,100*	*10,100*

10 Shares in group undertakings

Name of company	Country of incorporation	Details of investments	Proportion held by company	Proportion held by subsidiary	Nature of business
Quality Monitoring Instruments Limited	England	Ordinary shares	100%	0%	Industrial & marine safety equipment

The capital and reserves and profit or loss for the subsidiary as at its financial year ending with, or last before, the financial year of the holding company were as follows :

	Profit/(loss) for the year	Capital and reserves
	£	£
Quality Monitoring Instruments Limited	54,029	261,922

11 Stocks

	2001	*2000*
	£	*£*
Finished goods	**10,601**	*18,770*

12 Debtors

	2001	*2000*
	£	*£*
Trade debtors	**11,737**	*11,744*
Amounts owed by subsidiary undertakings	**39,281**	*37,709*
Corporation tax recoverable	**-**	*228*
Other debtors	**-**	*6,322*
Prepayments and accrued income	**7,946**	*12,277*
	58,964	*68,280*

13 Creditors: amounts falling due within one year

	2001	*2000*
	£	*£*
Trade creditors	**35,116**	*39,270*
Corporation tax	**11,073**	*13,806*
Other taxes and social security	**17,997**	*-*
Accruals and deferred income	**6,187**	*7,062*
Directors' loans	**2,413**	*9,532*
	72,786	*69,670*

14 Share capital

	2001	2000
	£	£
Authorised		
Equity shares		
1,000 Ordinary shares of £1each	**1,000**	*1,000*
	1,000	*1,000*
Allotted		
Equity shares		
1,000 Allotted, called up and fully paid ordinary shares of £1each	**1,000**	*1,000*
	1,000	*1,000*

15 Reconciliation of movement in shareholders' funds

	2001	2000
	£	£
Profit for the financial year	**276**	*52,995*
Dividends	**(35,000)**	*(13,000)*
Decrease in the shareholders' funds	**(34,724)**	*39,995*
Opening shareholders' funds	**96,991**	*56,996*
Closing shareholders' funds	**62,267**	*96,991*

16 Related parties

The company rents its premises at an annual rental of £22,500. This property is jointly owned by the directors Mr & Mrs Smith and their son Mr J. Smith.