

R.D.P. GROUP LIMITED
REPORT AND ACCOUNTS
30 JUNE 2000

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**R.D.P. GROUP LIMITED
REPORT AND ACCOUNTS
YEAR ENDED 30 JUNE 2000**

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**R.D.P. GROUP LIMITED
DIRECTORS' REPORT
YEAR ENDED 30 JUNE 2000**

The directors present their annual report and the accounts for the year ended 30 June 2000.

RESULTS AND DIVIDENDS

The trading profit for the year after taxation was £515,369.

A dividend of £320,000 (1999 : £320,000) was paid during the year.

REVIEW OF THE BUSINESS

The principal activity of the company continues to be the provision of management services and the principal activities of its subsidiary undertakings are set out in note 8 to the accounts.

TANGIBLE FIXED ASSETS

The directors are of the opinion that the current market value of the freehold land and buildings is in excess of cost.

DIRECTORS AND THEIR INTERESTS

The directors of the company during the year and their interests in the share capital of the company at the beginning and end of the year were as follows:

	'A' Ordinary shares of £1 each		Ordinary shares of £1 each	
	30 June 2000	1 July 1999	30 June 2000	1 July 1999
P. J. Smith	-	-	375	375
R. D. Garbett	-	-	375	375
Mrs P. A. Garbett	500	500	-	-
Mrs E. C. Smith	500	500	-	-

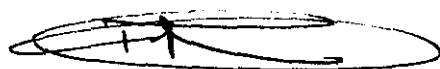
P. J. Smith and R. D. Garbett hold 5% each of the issued share capital of RDP-Electrosense of Pennsylvania, Inc., a subsidiary undertaking.

Mrs E. C. Smith retires by rotation and, being eligible, offers herself for re-election.

AUDITORS

In accordance with section 385 of the Companies Act 1985, a resolution proposing the reappointment of Horwath Clark Whitehill, as auditors of the company, will be put to the members at the Annual General Meeting.

By order of the board 19 December 2000



R. D. Garbett
Secretary

R.D.P. GROUP LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES

The purpose of this statement is to distinguish the directors' responsibilities for the accounts from those of the auditors, as stated in their report.

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the company's state of affairs at the end of the year and of its profit or loss for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to assume 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 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.

**HORWATH
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**AUDITORS' REPORT
TO THE SHAREHOLDERS OF
R.D.P. GROUP LIMITED**



We have audited the accounts on pages 4 to 13 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of the directors and auditors

As stated on page 2, 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 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 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 the information in the accounts.

Unqualified opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 30 June 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Horwath Clark Whitehill

HORWATH CLARK WHITEHILL
Chartered Accountants
and Registered Auditors

19 December 2000

**R.D.P. GROUP LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 JUNE 2000**

	Notes	2000 £	1999 £
TURNOVER	2	453,125	403,750
Administrative expenses		<u>379,008</u>	<u>326,344</u>
OPERATING PROFIT	3/4	74,117	77,406
Income from shares in group undertakings		400,000	350,000
Interest received		<u>85,280</u>	<u>98,304</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		559,397	525,710
TAXATION	5	<u>44,028</u>	<u>54,243</u>
PROFIT FOR THE FINANCIAL YEAR		515,369	471,467
DIVIDENDS	6	<u>320,000</u>	<u>320,000</u>
RETAINED PROFIT		195,369	151,467
RETAINED PROFIT BROUGHT FORWARD		<u>1,534,035</u>	<u>1,382,568</u>
RETAINED PROFIT CARRIED FORWARD		<u>1,729,404</u>	<u>1,534,035</u>

There is no material difference between the profit for the year as disclosed above and that on the historical cost basis.

The profit and loss account contains all the gains and losses recognised in the current and preceding year and profits retained in these years represent the only movement in shareholders' funds.

The notes on pages 7 to 13 form part of these accounts.

**R.D.P. GROUP LIMITED
CASH FLOW STATEMENT
YEAR ENDED 30 JUNE 2000**

	Notes	2000 £	1999 £
Net cash inflow/(outflow) from operating activities	16	370,623	(121,533)
Returns on investments and servicing of finance	17	485,280	448,304
Taxation		(24,570)	(53,173)
Capital expenditure and financial investment	17	(22,105)	(15,000)
Equity dividends paid		(320,000)	(320,000)
Cash inflow/(outflow) before use of financing		489,228	(61,402)
Financing		-	-
Increase/(decrease) in cash in the year		<u>489,228</u>	<u>(61,402)</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

Increase/(decrease) in cash in the year		<u>489,228</u>	<u>(61,402)</u>
Change in net funds resulting from cash flows		<u>489,228</u>	<u>(61,402)</u>
Movement in net funds in the year		489,228	(61,402)
Net funds at 1 July 1999	18	<u>1,499,932</u>	<u>1,561,334</u>
Net funds at 30 June 2000	18	<u>1,989,160</u>	<u>1,499,932</u>

**R.D.P. GROUP LIMITED
NOTES TO THE ACCOUNTS
YEAR ENDED 30 JUNE 2000**

1. ACCOUNTING POLICIES

1.1 Basis of accounting

The accounts are prepared under the historical cost convention, modified to include the revaluation of certain leasehold properties, and in accordance with applicable accounting standards.

The tangible fixed asset that is carried at valuation was valued in the accounting period ended 30 June 1971. The date of the revaluation is shown in note 7. The company has adopted the transitional provisions of FRS 15 in respect of this asset and will not revalue the asset in the future.

The company is exempt from the requirement to prepare group accounts by virtue of section 248 of the Companies Act 1985. Therefore, these accounts present information about the company as an individual undertaking and not about its group.

1.2 Depreciation of tangible fixed assets

Depreciation is provided on all tangible fixed assets in use, at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Freehold buildings	-	equal annual instalments writing the asset off over its expected useful life
Leasehold property	-	over 50 years
Leased assets	-	over the life of the lease
Motor vehicles	-	25% reducing balance

1.3 Investments

Investments held as fixed assets are stated at cost less provision for permanent diminution in value.

1.4 Foreign exchange

Transactions denominated in foreign currency are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences arising in the ordinary course of business are included in the operating profit.

Assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date.

1.5 Deferred taxation

Deferred taxation is accounted for on all material timing differences except where the directors consider that no tax liability is likely to arise during the foreseeable future and where there is no indication that, after this period, the situation is likely to change.

1.6 Pension costs

The company operates a defined contribution scheme. The scheme is funded by contributions from the company which are invested separately from the company's assets and are charged to the profit and loss account as payable.

2. TURNOVER

Turnover, representing the net amount invoiced, excluding both value added tax and sales of fixed assets, entirely originated in the United Kingdom. The analysis of turnover is as follows:

	2000 £	1999 £
Management activities	<u>453,125</u>	<u>403,750</u>

R.D.P. GROUP LIMITED
NOTES TO THE ACCOUNTS - continued
YEAR ENDED 30 JUNE 2000

3. STAFF COSTS (including directors)	2000	1999
	£	£
Wages and salaries	270,242	231,257
Social security costs	33,244	24,372
Other pension costs	<u>16,175</u>	<u>14,729</u>
	<u>319,661</u>	<u>270,358</u>
The average number of employees during the year was:	No.	No.
Office and management	8	7
Sales and distribution	<u>1</u>	<u>1</u>
	<u>9</u>	<u>8</u>
Directors' emoluments, including benefits in kind, excluding pension contributions	<u>180,445</u>	<u>177,896</u>
Directors' pension contributions	<u>11,383</u>	<u>6,383</u>
Number of directors accruing benefits under money purchase schemes	<u>1</u>	<u>1</u>
4. OPERATING PROFIT	2000	1999
	£	£
This is stated after charging/(crediting):		
Amortisation of tangible fixed assets	4,158	4,068
Depreciation of tangible fixed assets	16,716	15,256
Adjustment on disposal of fixed assets	1,003	744
Auditors' remuneration	3,000	2,825
Foreign exchange differences	<u>(120)</u>	<u>(214)</u>
5. TAXATION	2000	1999
	£	£
Based on the profit for the year:		
UK corporation tax at 25.3% (1999 - 27.8%)	32,839	47,728
Group relief at 32.5%	<u>11,189</u>	<u>6,515</u>
	<u>44,028</u>	<u>54,243</u>
6. DIVIDENDS	2000	1999
	£	£
Final dividend paid:		
£160 per share (1999 : £160)	<u>320,000</u>	<u>320,000</u>

R.D.P. GROUP LIMITED
NOTES TO THE ACCOUNTS - continued
YEAR ENDED 30 JUNE 2000

7. TANGIBLE FIXED ASSETS

	Freehold property £	Leasehold property £	Motor Vehicles £	Equipment Leased £	Total £
Cost or valuation:					
At 1 July 1999	189,226	37,000	105,242	5,000	336,468
Additions	-	-	32,855	-	32,855
Disposals	-	-	(27,860)	-	(27,860)
At 30 June 2000	<u>189,226</u>	<u>37,000</u>	<u>110,237</u>	<u>5,000</u>	<u>341,463</u>
Depreciation:					
At 1 July 1999	71,470	9,604	59,479	5,000	145,553
Charge for year	3,610	548	16,716	-	20,874
Disposals	-	-	(16,107)	-	(16,107)
At 30 June 2000	<u>75,080</u>	<u>10,152</u>	<u>60,088</u>	<u>5,000</u>	<u>150,320</u>
Net book value					
At 30 June 2000	<u>114,146</u>	<u>26,848</u>	<u>50,149</u>	<u>-</u>	<u>191,143</u>
At 30 June 1999	<u>117,756</u>	<u>27,396</u>	<u>45,763</u>	<u>-</u>	<u>190,915</u>

Leasehold properties are stated at a valuation at 31 December 1970 of £37,000.

The comparable amounts for these leasehold properties stated under the historical cost rules are:

	2000 £	1999 £
Cost	30,380	30,380
Cumulative depreciation	<u>(8,326)</u>	<u>(7,876)</u>
Net book value	<u>22,054</u>	<u>22,504</u>

8. INVESTMENTS - FIXED ASSETS

	2000 £	1999 £
Shares in group undertakings:		
8.1 Cost		
At 1 July 1999	26,276	26,276
Provisions:		
Shares in group undertakings	<u>(760)</u>	<u>(760)</u>
Net book value	<u>25,516</u>	<u>25,516</u>
8.2 Provisions:		
At 1 July 1999 and 30 June 2000	<u>760</u>	<u>760</u>

R.D.P. GROUP LIMITED
NOTES TO THE ACCOUNTS - continued
YEAR ENDED 30 JUNE 2000

8.3 Additional information on subsidiary undertakings:

	Subsidiaries (Principal activities)	Capital and reserves £	Profit/(loss) for the year £	Portion of ordinary shares held %
	Registered in England:			
	R.D.P. Electronics Limited (Production and development of electronic instrumentation for data handling and control)	353,058	419,328	100
	R.D.P.-Howden Limited (Manufacture and distribution of hydraulic and mechanical materials testing equipment)	167,962	(26,389)	76
	Lincoln Instruments Limited (Production, development and distribution of electronic instruments)	15,963	(4,712)	50
(*)	Croft Control Systems Limited (Dormant)	(4,858)	-	76
(*)	T.C. Howden & Company Limited (Dormant)	25,658	-	100
	Rootavon Limited (Dormant)	5,322	-	100
(*)	R.D.P. Hydraulics Limited (Dormant)	5,153	-	76
	Photolabs (Midlands) Limited (Dormant)	136	-	100
	Computer Labs Limited (Dormant)	9,026	-	100
	R.D.P. Photonics Limited (Dormant)	2	-	100
	Incorporated and operational in United States of America:			
	RDP-Electrosense of Pennsylvania Inc.	185,655	42,298	90
	With the exception of companies marked with an *, all shareholdings are in the name of R.D.P. Group Limited.			

R.D.P. GROUP LIMITED
NOTES TO THE ACCOUNTS - continued
YEAR ENDED 30 JUNE 2000

9.	DEBTORS	2000 £	1999 £
	Amounts due from group undertakings	48,311	243,350
	VAT repayment due	<u>884</u>	<u>-</u>
		<u>49,195</u>	<u>243,350</u>
10.	CREDITORS:	2000	1999
	Amounts falling due within one year	£	£
	Trade creditors	177	102
	Amounts owed to group undertakings	300,146	212,381
	Corporation tax payable	32,839	13,381
	Other taxes and social security costs	54,381	81,220
	Directors' current accounts	94,940	83,301
	Accruals	<u>40,684</u>	<u>32,850</u>
		<u>523,167</u>	<u>423,235</u>
11.	PROVISION FOR LIABILITIES AND CHARGES		
	Deferred taxation	2000	1999
		Full potential liability £	Provided in the accounts £
	Timing differences arising from:		
	Industrial buildings allowance	18,958	-
	Revaluation reserve	<u>2,318</u>	<u>-</u>
		<u>21,276</u>	<u>-</u>
12.	CALLED UP SHARE CAPITAL	2000	1999
		£	£
	Authorised		
	1,000 ordinary shares of £1 each	1,000	1,000
	1,000 'A' ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
		<u>2,000</u>	<u>2,000</u>
	Allotted, called up and fully paid		
	1,000 ordinary shares of £1 each	1,000	1,000
	1,000 'A' ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
		<u>2,000</u>	<u>2,000</u>
13.	REVALUATION RESERVE	2000	1999
		£	£
	Balance as at 1 July 1999 and at 30 June 2000	<u>443</u>	<u>443</u>
	The revaluation reserve represents the surplus which arose on the revaluation of the leasehold property.		

R.D.P. GROUP LIMITED
NOTES TO THE ACCOUNTS - continued
YEAR ENDED 30 JUNE 2000

14. CAPITAL COMMITMENTS		2000	1999
		£	£
Contracted for but not provided in these accounts		<u>Nil</u>	<u>Nil</u>
15. CONTINGENT LIABILITIES			
The company has given an unlimited guarantee to Lloyds Bank Plc in respect of any overdrafts that may arise in the group companies. At 30 June 2000 this amounted to £13,529 (1999 : Nil).			
16. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES		2000	1999
		£	£
Operating profit		74,117	77,406
Depreciation and amortisation charges		20,874	19,324
Loss on sale of tangible fixed assets		1,003	744
Decrease/(increase) in debtors		194,155	(95,975)
Increase/(decrease) in creditors		<u>80,474</u>	<u>(123,032)</u>
Net cash inflow/(outflow)		<u>370,623</u>	<u>(121,533)</u>
17. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT		2000	1999
		£	£
Returns on investments and servicing of finance			
Dividends received		400,000	350,000
Interest received		<u>85,280</u>	<u>98,304</u>
Net cash inflow from returns on investments and servicing of finance		<u>485,280</u>	<u>448,304</u>
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(32,855)	(17,500)
Sale of tangible fixed assets		<u>10,750</u>	<u>2,500</u>
Net cash (outflow) from capital expenditure and financial investment		<u>(22,105)</u>	<u>(15,000)</u>
18. ANALYSIS OF NET FUNDS	1 July 1999	Cash flow	30 June 2000
	£	£	£
Cash at bank and in hand	<u>1,499,932</u>	<u>489,228</u>	<u>1,989,160</u>
	1 July 1998	Cash flow	30 June 1999
	£	£	£
Cash at bank and in hand	<u>1,561,334</u>	<u>(61,402)</u>	<u>1,499,932</u>

R.D.P. GROUP LIMITED
NOTES TO THE ACCOUNTS - continued
YEAR ENDED 30 JUNE 2000

19. RELATED PARTY TRANSACTIONS

Throughout the year, the company was controlled by P. J. Smith, R. D. Garbett, directors, and members of their close families. Details of the directors' interests in the company's share capital are set out in the Directors' Report.

During the year, the company entered into transactions with its subsidiary companies, details of which are set out in note 8 to these accounts, as follows:

Related Party	Transaction	Balance at	
		£	Year End £
R.D.P. Electronics Limited	Management charge	415,000	(14,996)
R.D.P.-Howden Limited	Management charge	38,000	(241,000)
	Group relief	11,189	
Lincoln Instruments Limited	Management and administration charges	125	2,637