

4109440

RTS Innovation Limited

Report and Financial Statements

Period Ended

31 December 2001



BDO Stoy Hayward
Chartered Accountants

RTS Innovation Limited

Report and financial statements for the period ended 31 December 2001

Contents

Page:

1	Report of the directors
3	Report of the independent auditors
5	Profit and loss account
6	Balance sheet
7	Notes forming part of the financial statements

Directors

P B Johnson
G J Mellor
A Moore
S J McGowan
D P Timmins

Secretary and registered office

D J Webb, Gilchrist Road, Northbank Industrial Park, Irlam, Manchester, M44 5AY

Company number

4109440

Auditors

BDO Stoy Hayward, Commercial Buildings, 11-15 Cross Street, Manchester, M2 1WE

RTS Innovation Limited

Report of the directors for the period ended 31 December 2001

The directors present their report together with the audited financial statements for the period ended 31 December 2001.

Results and dividends

The profit and loss account is set out on page 5 and shows the profit for the period.

The directors do not recommend the payment of a dividend.

Principal activities, review of business and future developments

The company was incorporated on 16 November 2000 as Inhoco 2182 Limited and commenced trading with effect from 1 January 2001. The nuclear business of RTS Thurnall (Holdings) plc was transferred into the company.

The company changed its name from Inhoco 2182 Limited to RTS Nuclear Solutions Limited on 8 December 2000 and then to RTS Innovation Limited on 11 January 2001.

The company's principal activity is nuclear engineering with particular emphasis on decontamination techniques.

The directors are satisfied with the results achieved during the first period, and believe further progress can be achieved during the current period.

Charitable and political contributions

During the year the company made charitable contributions of £300. There were no political contributions.

Directors

The directors of the company during the period were:

P B Johnson	(appointed 27 November 2000)
G J Mellor	(appointed 27 November 2000)
A Moore	(appointed 27 November 2000)
S J McGowan	(appointed 27 November 2000)
D P Timmins	(appointed 27 November 2000)

No director had any beneficial interest in the share capital of the company.

The interests of Mr D P Timmins and Mr P B Johnson, who are also directors of the ultimate parent company, Robotic Technology Systems PLC, are shown in the annual report of that company.

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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

BDO Stoy Hayward were appointed as auditors during the period and have expressed their willingness to continue in office. A resolution to re-appoint them will be proposed at the annual general meeting.

On behalf of the board


G J Mellor
Director

10 April 2002

RTS Innovation Limited

Report of the independent auditors

To the shareholders of RTS Innovation Limited

We have audited the financial statements of RTS Innovation Limited for the period ended 31 December 2001 on pages 5 to 14 which have been prepared under the accounting policies set out on pages 7 to 8.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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.

RTS Innovation Limited

Report of the independent auditors (Continued)

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 2001 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Bdo Stoy Hayward

BDO STOY HAYWARD
*Chartered Accountants
and Registered Auditors*
Manchester

10 April 2002

RTS Innovation Limited**Profit and loss account for the period ended 31 December 2001**

	Note	Period ended 31 December 2001 £
Turnover	2	7,828,816
Cost of sales		5,523,074
		<hr/>
Gross profit		2,305,742
Administrative expenses		1,591,166
		<hr/>
Operating profit	3	714,576
Interest payable and similar charges	6	(786)
		<hr/>
Profit on ordinary activities before taxation		713,790
Taxation on profit on ordinary activities	7	157,895
		<hr/>
Profit on ordinary activities after taxation for the period		<u>555,895</u>

All amounts relate to continuing activities.

All recognised gains and losses in the current period are included in the profit and loss account.

The notes on pages 7 to 14 form part of these financial statements.

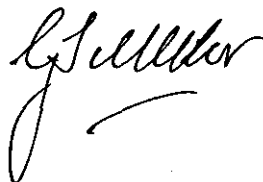
RTS Innovation Limited

Balance sheet at 31 December 2001

	Note	31 December 2001 £	31 December 2001 £
Fixed assets			
Tangible assets	8		282,129
Current assets			
Stocks	9	554,291	
Debtors	10	1,675,976	
Cash at bank and in hand		666,076	
		<u>2,896,343</u>	
Creditors: amounts falling due within one year	11	<u>1,540,674</u>	
Net current assets			<u>1,355,669</u>
Total assets less current liabilities			<u>1,637,798</u>
Creditors: amounts falling due after more than one year	12		<u>1,081,902</u>
			<u>555,896</u>
Capital and reserves			
Called up share capital	14		1
Profit and loss account	15		555,895
Equity shareholders' funds	15		<u>555,896</u>

The financial statements were approved by the Board on 10 April 2002.

G J Mellor
Director



The notes on pages 7 to 14 form part of these financial statements.

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Cash flow statement

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that at least 90% of the voting rights in the company are controlled within the group headed by Robotic Technology Systems PLC and the company is included in consolidated financial statements.

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, evenly over their expected useful lives. It is calculated at the following annual rates:

Plant & machinery	- 20%
Motor vehicles	- 25%
Office Equipment	- 20%

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is calculated as the cost of materials, direct labour and appropriate production overheads. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

Profits on long term contracts are recognised as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit recognised is calculated on a basis to reflect the proportion of the work carried out as at the period end by recording turnover and related costs. Provision for losses is made on all contracts in the period they are first foreseen.

Advance and progress payments are included in creditors as payments on account to the extent that they exceed work in progress.

Foreign currency

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

1 Accounting policies (continued)

Deferred taxation

Deferred taxation is recognised on all timing differences on a full provision basis where the transactions or events that give the company an obligation to pay more tax in the future, or rights to pay less tax in the future, have occurred by the balance sheet date.

In considering whether deferred tax assets should be recognised, the Directors form a judgement as to recoverability.

Deferred tax is calculated using the rates of tax that have been enacted by the balance sheet date and balances are not discounted.

Pensions

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the period in which they become payable.

Warranty provisions

Provisions are made for warranty costs based on estimates of liabilities expected to arise.

2 Turnover

	Period ended 31 December 2001 £
Analysis by geographical market:	
United Kingdom	6,516,388
Rest of the World	1,312,428
	<hr/>
	7,828,816
	<hr/> <hr/>

Turnover is wholly attributable to the principal activity of the company.

RTS Innovation Limited

Notes forming part of the financial statements for the period ended 31 December 2001 (Continued)

3 Operating profit

	Period ended 31 December 2001 £
This is arrived at after charging:	
Depreciation of tangible fixed assets	115,500
	<hr/> <hr/>

Auditors' remuneration is dealt with in the financial statements of the ultimate parent undertaking.

4 Employees

Staff costs (including directors) consist of:

	Period ended 31 December 2001 £
Wages and salaries	1,547,885
Social security costs	163,782
Other pension costs	17,866
	<hr/>
	1,729,533
	<hr/> <hr/>

The average number of employees (including directors) during the period was 48.

RTS Innovation Limited

Notes forming part of the financial statements for the period ended 31 December 2001 (Continued)

5 Directors' remuneration

	Period ended 31 December 2001 £
Directors' emoluments	175,482
Company contributions to money purchase pension schemes	1,700
	<u> </u>

There were 2 directors in the company's defined contribution pension scheme during the period.

6 Interest payable and similar charges

	Period ended 31 December 2001 £
Bank loans and overdrafts	5
Finance leases and hire purchase contracts	781
	<u> </u>
	786
	<u> </u>

7 Taxation on profit on ordinary activities

	Period ended 31 December 2001 £
<i>Current tax</i>	
UK corporation tax on profits of the period	157,895
	<u> </u>

8 Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Office equipment £	Total £
<i>Cost</i>				
Additions	79,585	-	9,290	88,875
Transfers from group undertakings	612,005	18,642	52,913	683,560
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2001	691,590	18,642	62,203	772,435
<i>Depreciation</i>				
Provided for the period	104,776	-	10,724	115,500
Transfers from group undertakings	334,412	18,642	21,752	374,806
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2001	439,188	18,642	32,476	490,306
<i>Net book value</i>				
At 31 December 2001	252,402	-	29,727	282,129
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

RTS Innovation Limited

Notes forming part of the financial statements for the period ended 31 December 2001 (Continued)

9 Stocks

	31 December 2001 £
Work in progress	554,291

There is no material difference between the replacement cost of stock and that stated above.

10 Debtors

	31 December 2001 £
Trade debtors	1,470,965
Amounts owed by group undertakings	193,784
Prepayments and accrued income	11,227
	<hr/>
	1,675,976
	<hr/> <hr/>

All amounts shown under debtors fall due for payment within one year.

11 Creditors: amounts falling due within one year

	31 December 2001 £
Trade creditors	650,432
Amounts owed to group undertakings	283,099
Taxation and social security	208,206
Corporation tax	157,895
Accruals and deferred income	241,042
	<hr/>
	1,540,674
	<hr/> <hr/>

RTS Innovation Limited

Notes forming part of the financial statements for the period ended 31 December 2001 (*Continued*)

12 Creditors: amounts falling due after more than one year

	31 December 2001 £
Amounts owed to group undertakings	1,081,902

13 Provision for liabilities and charges

There is no provided or unprovided deferred tax.

14 Share capital

	Authorised 31 December 2001 £	Allotted, called up and fully paid 31 December 2001 £
<i>Equity share capital</i>		
Ordinary shares of £1 each	1,000	1

15 Reconciliation of movements in shareholders' funds

	Period ended 31 December 2001 £
Profit for the period	555,895
New share capital subscribed	1
Net additions to, and closing shareholders' funds	555,896

16 Contingent liabilities

The company is party to composite guarantees in relation to the banking facilities of Robotic Technology Systems PLC and its subsidiary undertakings. At the period end there were no liabilities covered by these guarantees.

The company has provided a guarantee for liabilities arising under a United Kingdom VAT grouping with other fellow subsidiaries. At the period end the liabilities covered by this guarantee totalled £197,793.

17 Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge represents contributions payable by the company to the fund and amounted to £17,866. There were no outstanding or prepaid contributions at either the beginning or end of the financial period.

18 Related party disclosures

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 "Related party disclosures" not to disclose transactions with members of the group headed by Robotic Technology Systems PLC on the grounds that at least 90% of the voting rights in the company are controlled within that group and the company is included in consolidated financial statements.

19 Ultimate parent company and parent undertaking of larger group

The ultimate parent undertaking and controlling party is Robotic Technology Systems PLC and the immediate parent undertaking is RTS Thurnall (Holdings) PLC.

Copies of the consolidated financial statements of Robotic Technology Systems PLC are available from Companies House.