

Oxford Semiconductor Limited

Directors' report and financial statements

31 December 1997
Registered number 2733820



Directors' report and financial statements

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 1997.

Principal activities

The principal activities of the company are the provision of specialist design, procurement and supply services to the users of ASICS.

Business review

The directors consider the results to have been satisfactory and look forward to a greater level of activity in 1998.

Proposed dividend and transfer to reserves

The directors do not recommend the payment of a dividend. The profit for the year retained in the company is £340,875.

Significant changes in fixed assets

Details of movements in the fixed assets of the company are set out note 7.

Directors and directors' interests

The directors who held office during the year were as follows:

NJ Cross
IM Laing
Dr T Cook
Dr SJ Oraee-Mirzamani
J Lewis

The directors who held office at the end of the year had the following interests in the ordinary shares of the company recorded in the register of directors' share and debenture interests:

	Interest at end of year	Interest at beginning of year or date of appointment
NJ Cross	26,500	26,500
IM Laing	26,500	26,500
Dr T Cook	4,500	4,500
Dr SJ Oraee-Mirzamani	23,500	23,500
J Lewis	16,000	16,000

Directors' report *(continued)*

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board


NJ Cross
Director

3 Worcester Street
Oxford
OX1 2PZ

20 Jan, 1998

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 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;
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



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Theale
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Report of the auditors to the members of Oxford Semiconductor Limited

We have audited the financial statements on pages 5 to 12.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements 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 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Chartered Accountants
Registered Auditors*

20/1/1998

Profit and loss account
for the year ended 31 December 1997

	<i>Note</i>	1997 £	1996 £
Turnover		2,670,115	754,410
Cost of sales		(1,871,934)	(524,885)
Gross profit		<u>798,181</u>	<u>229,525</u>
Design overhead		(179,622)	(122,159)
Marketing costs		(162,914)	(102,550)
Administrative expenses		(46,813)	(28,741)
Other operating income		54,228	1,500
Operating profit/(loss)		<u>463,060</u>	<u>(22,425)</u>
Interest payable and similar charges	5	(7,719)	(3,096)
Profit/(loss) on ordinary activities before taxation	2-4	<u>455,341</u>	<u>(25,521)</u>
Tax on profit on ordinary activities	6	(114,466)	-
Retained profit/(loss) for the financial year		<u><u>340,875</u></u>	<u><u>(25,521)</u></u>

The company has no recognised gains or losses other than those shown above. All figures relate to continuing activities.

A statement of reconciliation of movements in shareholders' funds is shown in note 13 to the financial statements.

Balance sheet
at 31 December 1997

	<i>Note</i>	1997	1996
		£	£
Fixed assets			
Tangible assets	7	79,230	58,535
Current assets			
Stocks	8	33,949	22,132
Debtors	9	448,567	235,640
Cash at bank and in hand		183,497	-
		<u>666,013</u>	<u>257,772</u>
Creditors: amounts falling due within one year	10	<u>(364,190)</u>	<u>(276,129)</u>
Net current assets/(liabilities)		<u>301,823</u>	<u>(18,357)</u>
Net assets		<u>381,053</u>	<u>40,178</u>
Capital and reserves			
Called up share capital	11	100,000	100,000
Profit and loss account	13	281,053	(59,822)
Equity shareholders funds		<u>381,053</u>	<u>40,178</u>

These financial statements were approved by the board of directors on
on its behalf by:

20 Jan 98, and were signed



NJ Cross
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with Applicable Accounting Standards, under the historical cost accounting rules and the Companies Act 1985. As permitted by the exemptions in Financial Reporting Standard 1 (Revised) relating to small companies, as defined in Sections 246-249 of the Companies Act 1985, the company has not prepared a cash flow statement.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the period.

Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Fixed assets and depreciation

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Motor vehicle	-	25% per annum
Computers	-	33% per annum
Office furniture and equipment	-	15% per annum

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the purchase price is used. For goods manufactured by the company, cost is taken as production cost. Work in progress on long term contracts is valued at cost which includes an appropriate proportion of attributable overheads, net of amounts taken to cost of sales, after deducting foreseeable losses and progress payments not matched with turnover.

Notes (continued)

Accounting policies (continued)

Research and development and grants

Research and development expenditure, net of the relevant proportion of grants receivable, is charged to the profit and loss account in the year in which it is incurred, unless it is recoverable under a customer contract when it is carried forward as work in progress at the lower of cost and net realisable value.

Operating leases

Rental charges for "operating leases" are charged to the profit and loss account on a straight line basis over the life of the lease.

2 Profit/(loss) on ordinary activities before taxation

	1997 £	1996 £
<i>Profit/(loss) on ordinary activities before taxation is stated after charging:</i>		
Auditors' remuneration:		
Audit	3,425	2,000
Other services	1,500	1,000
Depreciation and other amounts written off tangible fixed assets	32,151	39,391
Rentals payable under operating leases other than for plant and machinery	29,600	24,746
	<u> </u>	<u> </u>

3 Remuneration of directors

	1997 £	1996 £
<i>Directors' emoluments</i>		
Remuneration as executives	87,132	82,848
	<u> </u>	<u> </u>

4 Staff numbers and costs

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

	Number of employees	
	1997	1996
Directors	5	5
Design	4	3
	<u> </u>	<u> </u>
	9	8
	<u> </u>	<u> </u>

Notes (continued)

Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows:

	1997 £	1996 £
Wages and salaries	175,144	136,518
Social security costs	17,492	13,718
	<u>192,636</u>	<u>150,236</u>

5 Interest payable and similar charges

	1997 £	1996 £
On bank loans, overdrafts and other loans wholly repayable within five years	7,719	3,096
	<u>7,719</u>	<u>3,096</u>

6 Taxation

	1997 £	1996 £
Corporation tax @ 25.14% (1996:25%)	114,466	-
	<u>114,466</u>	<u>-</u>

Notes (continued)

7 Tangible fixed assets

	Computer equipment £	Motor vehicles £	Office furniture & equipment £	Total £
<i>Cost</i>				
At beginning of year	136,205	15,805	3,495	155,505
Additions	51,948	-	898	52,846
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	188,153	15,805	4,393	208,351
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At beginning of year	89,542	6,256	1,172	96,970
Charge for year	27,546	3,951	654	32,151
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	117,088	10,207	1,826	129,121
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 31 December 1997	71,065	5,598	2,567	79,230
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1996	46,663	9,549	2,323	58,535
	<hr/>	<hr/>	<hr/>	<hr/>

8 Stocks

	1997 £	1996 £
Finished goods and goods for resale	33,949	22,132
	<hr/>	<hr/>

9 Debtors

	1997 £	1996 £
Trade debtors	398,090	233,265
Other debtors	13,476	2,375
Grant income receivable	20,337	-
Prepayments and accrued income	16,664	-
	<hr/>	<hr/>
	448,567	235,640
	<hr/>	<hr/>

Notes (continued)

10 Creditors: amounts falling due within one year

	1997 £	1996 £
Bank loans and overdrafts	-	8,287
Payments received on account	7,113	15,498
Trade creditors	204,051	143,784
Corporation tax	114,466	-
Other creditors including taxation and social security	7,212	21,121
Accruals and deferred income	31,348	87,439
	<u>364,190</u>	<u>276,129</u>

11 Called up share capital

	1997 £	1996 £
<i>Authorised</i>		
Ordinary shares of £1 each	100,000	100,000
	<u>100,000</u>	<u>100,000</u>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	100,000	100,000
	<u>100,000</u>	<u>100,000</u>

12 Commitments

(a) Capital commitments at the end of the financial year for which no provision has been made, are as follows:

	1997 £	1996 £
Authorised but not contracted for	5,000	39,500
Contracted for but not provided	19,200	-
	<u>24,200</u>	<u>39,500</u>

Notes (continued)

(b) Annual commitments under non-cancellable operating leases are as follows:

	1997 £	1996 £
<i>Operating leases which expire:</i>		
Within one year	2,500	2,100
	<u> </u>	<u> </u>

13 Reconciliation of movements in shareholders funds

	1997 £	1996 £
Opening balance	40,178	65,699
Profit/(Loss) for the year	340,875	(25,521)
	<u> </u>	<u> </u>
At end of year	381,053	40,178
	<u> </u>	<u> </u>

14 Related party transactions

In accordance with Financial Reporting Standard 8 the company pay an inclusive licence fee of £2,500 each month to Milton Park Limited. This company is related through Nicholas Cross and Ian Laing who are directors of both companies. The Licence fee is charged at open market rates and on an arms length basis.