

02844385 (England and Wales)

DYNAMICAL SYSTEMS RESEARCH LTD

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2004

FINLAY PONTIKIS & ASSOCIATES

ACCOUNTANTS

THURSDAY



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DYNAMICAL SYSTEMS RESEARCH LTD

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FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2004

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**DYNAMICAL SYSTEMS RESEARCH LTD**

**Company Information**

|                          |  |
|--------------------------|--|
| <b>Directors</b>         | Dr Janko Mrsic-Flogel<br>Mr Lee M J McLoughlin                     |
| <b>Secretary</b>         | Dr Janko Mrsic-Flogel  |
| <b>Company Number</b>    | 02844385 (England and Wales)                                       |
| <b>Registered Office</b> | 325 Bowes Road<br>London N11 1BA                                   |
| <b>Accountants</b>       | Finlay Pontikis & Associates<br>325 Bowes Road<br>London N11 1BA   |
| <b>Business Address</b>  | 121 Beaufort Mansions<br>Beaufort Street<br>London<br>SW3 5AE      |
| <b>Bankers</b>           | HSBC Bank Plc<br>88 The Broadway<br>Muswell Hill<br>London N10 3RX |

# DYNAMICAL SYSTEMS RESEARCH LTD

## REPORT OF THE DIRECTORS

The directors present their Report and the Financial Statements for the year ended 31<sup>st</sup> December 2004.

### Principal Activities

The principal activity of the company is that of Research and Development of Software and Software Consultancy and Mobile Communication Services.

### Dividends

The directors do not recommend the payment of a dividend.

### Directors and their Interests

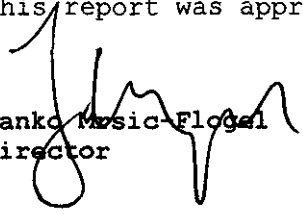
The directors who served during the period and their interests in the shares of the company were as stated below:

|                       | Class of Share             | Number of Shares |               |
|-----------------------|----------------------------|------------------|---------------|
|                       |                            | 31.12<br>2004    | 31.12<br>2003 |
| Dr Janko Mrsic-Flogel | Ordinary shares of 1p each | 3,222,000        | 3,222,000     |

### Small Company Exemptions

In preparing this report, the directors have taken advantage of the special provisions of Section 246 of the Companies Act 1985 relating to small companies.

This report was approved by the Board on.....

  
Janko Mrsic-Flogel  
Director

**DYNAMICAL SYSTEMS RESEARCH LTD**

**PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2004**

|   | Notes    | 31 <sup>st</sup> Dec.<br>2004<br>£ | 31 <sup>st</sup> Dec.<br>2003<br>£ |
|---|----------|------------------------------------|------------------------------------|
| Turnover  |          | 102,962                            | 62,776                             |
| Cost of Sales   |          | ( 3,397)                           | --                                 |
| <b>Gross Profit</b>                                     |          | <b>99,565</b>                      | <b>62,776</b>                      |
| Administrative Expenses                                 |          | (127,006)                          | ( 71,852)                          |
| <b>Operating Profit/(Loss)</b>                          | <b>2</b> | <b>( 27,441)</b>                   | <b>( 9,076)</b>                    |
| Investment Income and Interest Receivable               |          | 271                                | 73                                 |
| Profit (Loss) on ordinary Activities<br>Before Taxation |          | ( 27,170)                          | ( 9,003)                           |
| Taxation  |          | --                                 | 1,410                              |
| Profit on Ordinary Activities after Taxation            |          | ( 27,170)                          | ( 7,593)                           |
| <b>Retained Profit/(Loss) For The Year</b>              |          | <b>( 27,170)</b>                   | <b>( 7,593)</b>                    |

**Total recognised gains and losses**

The Company has no recognised gains and losses other than the Profit for the above two financial periods.

**DYNAMICAL SYSTEMS RESEARCH LTD**

**BALANCE SHEET AS AT 31<sup>ST</sup> DECEMBER 2004**

|  | Notes | 31 <sup>st</sup> Dec.<br>2004<br>£ | 31 <sup>st</sup> Dec.<br>2003<br>£ |
|--|-------|------------------------------------|------------------------------------|
| <b>Fixed Assets</b>                              |       |                                    |                                    |
| Tangible Assets                                  | 4     | 7,965                              | 9,371                              |
| <b>Current Assets</b>                            |       |                                    |                                    |
| Debtors  |       | --                                 | --                                 |
| Cash at bank                                     |       | 324                                | 8,022                              |
| Other Debtors                                    |       | --                                 | 22,036                             |
|  |       | 324                                | 30,058                             |
| <b>Creditors:</b>                                |       |                                    |                                    |
| Amounts falling due within<br>one year           | 5     | ( 23,545)                          | ( 27,515)                          |
| Net Current Assets/(Liabilities)                 |       | (23,221)                           | 2,543                              |
| <b>Total Assets less Current<br/>Liabilities</b> |       | <u>£ (15,256)</u>                  | <u>£ 11,914</u>                    |
| <b>Capital and Reserves</b>                      |       |                                    |                                    |
| Called Up Share Capital                          | 6     | 32,220                             | 32,220                             |
| Profit and Loss Account                          | 7     | (47,476)                           | (20,306)                           |
| <b>Shareholders Funds</b>                        | 8     | <u>£ (15,256)</u>                  | <u>£ 11,914</u>                    |

Directors have taken advantage of the exemption conferred by section 249A(1) not to have these financial statements audited and confirm that no notice has been deposited under section 249B(2) of the Companies Act 1985. The directors acknowledge their responsibilities for ensuring that:

- (i) The Company keeps accounting records, which comply with section 221 of the Companies Act 1985.
- (ii) The financial statements give a true and fair view of the state of affairs of the company as at 31<sup>st</sup> December 2004 and of its profit or loss for the period then ended in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements, so far as applicable to the company.

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Approved by the board of directors on ----- and signed on its behalf by:

-----  
Dr Janko Mrsic-Flogel  
Director

-----  
L. M. M. Loughlin  
Mr Lee M J McLoughlin  
Director

DYNAMICAL SYSTEMS RESEARCH LTD

NOTES TO THE FINANCIAL STATEMENTS  
AT 31<sup>ST</sup> DECEMBER 2004

1. Accounting Policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and include the results of the company's operations as indicated in the directors' report, all of which are continuing.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cashflow statement on the grounds that it is a small company.

1.2 Turnover

Turnover represents amounts receivable for goods and services provided in the UK net of trade discounts.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Fixtures, fittings  
and Equipment - 15% Straight line

1.4 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. Operating Loss

|                                       | 31 <sup>st</sup> Dec.<br>2004<br>£ | 31 <sup>st</sup> Dec.<br>2003<br>£ |
|---------------------------------------|------------------------------------|------------------------------------|
| Operating loss stated after charging: |                                    |                                    |
| Depreciation of tangible assets       | 1,406<br>=====                     | 1,654<br>=====                     |

**DYNAMICAL SYSTEMS RESEARCH LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31<sup>ST</sup> DECEMBER 2004 - CONT'D**

|  |                                  |                                  |
|--|----------------------------------|----------------------------------|
| <b>4. Tangible Assets</b>                                | <b>Plant and Machinery etc.</b>  |                                  |
| Cost   | 25,392                           |                                  |
| Additions at Cost  | --                               |                                  |
|  | -----                            |                                  |
| At 31 <sup>st</sup> December 2004                        | 25,392                           |                                  |
|  | =====                            |                                  |
| <b>Depreciation</b>                                      |                                  |                                  |
| Balance Brought Forward                                  | 16,021                           |                                  |
| Charges for the Period                                   | 1,406                            |                                  |
|  | -----                            |                                  |
| At 31 <sup>st</sup> December 2004                        | 17,427                           |                                  |
|  | =====                            |                                  |
| <b>Net Book Value</b>                                    |                                  |                                  |
| At 31 <sup>st</sup> December 2004                        | 7,965                            |                                  |
|  | =====                            |                                  |
| At 31 <sup>st</sup> December 2003                        | 9,371                            |                                  |
|  | =====                            |                                  |
| <b>5. Creditors: Amounts Falling Due Within One Year</b> | <b>31<sup>st</sup> Dec. 2004</b> | <b>31<sup>st</sup> Dec. 2003</b> |
| Trade Creditor   | --                               | 18,919                           |
| Directors loan Account                                   | 4,043                            | 3,627                            |
| Other creditors  | 19,502                           | 4,969                            |
| Corporation Tax  | --                               | --                               |
|  | -----                            | -----                            |
|  | <b>£ 23,545</b>                  | <b>£ 27,515</b>                  |
|  | =====                            | =====                            |
| <b>6. Share Capital</b>                                  | <b>31<sup>st</sup> Dec. 2004</b> | <b>31<sup>st</sup> Dec. 2003</b> |
| <b>Authorised</b>  |                                  |                                  |
| 3300000 Ordinary Shares of 1P Each                       | 3300000                          | 3300000                          |
|  | -----                            | -----                            |
|  | 3300000                          | 3300000                          |
|  | =====                            | =====                            |
| <b>Allotted, called up and Fully Paid</b>                |                                  |                                  |
| 3220000 Ordinary Shares of 1P Each                       | 3222000                          | 3222000                          |
|  | -----                            | -----                            |
|  | 3222000                          | 3222000                          |
|  | =====                            | =====                            |



DYNAMICAL SYSTEMS RESEARCH LTD  
NOTES TO THE FINANCIAL STATEMENTS  
AT 31<sup>ST</sup> DECEMBER 2004

| 7. Profit and Loss Account                                | 31 <sup>st</sup> Dec.<br>2004<br>£ | 31 <sup>st</sup> Dec.<br>2003<br>£ |
|---|------------------------------------|------------------------------------|
| Retained Profit/(loss) for the year                       | (27,170)                           | ( 7,593)                           |
| Retained profit/(Loss) B/Fwd                              | (20,306)                           | (12,713)                           |
|   | -----                              | -----                              |
| Accumulated Profit (losses) at 31 <sup>st</sup> Dec. 2004 | (47,476)                           | (20,306)                           |
|   | =====                              | =====                              |

| 8. Reconciliation of Movements in Shareholders' Funds | 31 <sup>st</sup> Dec.<br>2004<br>£ | 31 <sup>st</sup> Dec.<br>2003<br>£ |
|---|------------------------------------|------------------------------------|
| Profit (Loss) for the financial year                  | (27,170)                           | ( 7,593)                           |
|   | -----                              | -----                              |
|   | (27,170)                           | ( 7,593)                           |
| Shareholders' funds brought forward                   | 11,914                             | 19,507                             |
|   | =====                              | =====                              |
| Closing shareholders' funds/(deficiency)              | (15,256)                           | 11,914                             |
|   | =====                              | =====                              |

9. Contingent Liabilities

As at 31<sup>st</sup> December 2004 there were no contingent liabilities.