

02844385 (England and Wales)

DYNAMICAL SYSTEMS RESEARCH LTD

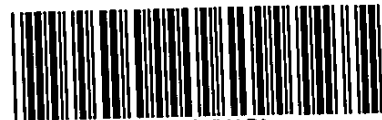
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2010

FINLAY PONTIKIS & ASSOCIATES

ACCOUNTANTS

TUESDAY



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DYNAMICAL SYSTEMS RESEARCH LTD
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FOR THE YEAR ENDED 31ST DECEMBER 2010

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DYNAMICAL SYSTEMS RESEARCH LTD

Company Information

| | |
|--------------------------|--------------------------------------------------------------------|
| Directors | Dr Janko Mrsic-Flogel Mr Lee M J McLoughlin |
| Secretary | Dr Janko Mrsic-Flogel |
| Company Number | 02844385 (England and Wales) |
| Registered Office | 325 Bowes Road London N11 1BA |
| Accountants | Finlay Pontikis & Associates 325 Bowes Road London N11 1BA |
| Business Address | 1 Battersea Bridge Road London SW11 3BZ |
| Bankers | HSBC Bank Plc 88 The Broadway Muswell Hill London N10 3RX |

DYNAMICAL SYSTEMS RESEARCH LTD

REPORT OF THE DIRECTORS

The directors present their Report and the Financial Statements for the year ended 31st December 2010

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 were:

Dr Janko Mrcic-Flogel
Mr Lee M McLoughlin

Small Company Exemptions

In preparing this report, the directors have taken advantage of the special provisions of Section 416A of the Companies Act 2006 relating to small companies

This report was approved by the Board on


Janko Mrcic-Flogel
Director

DYNAMICAL SYSTEMS RESEARCH LTD

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 2010

| | Notes | 31 st Dec 2010 £ | 31 st Dec. 2009 £ |
|---------------------------------------------------------|----------|-----------------------------------|------------------------------------|
| Turnover | | 98,935 | 37,903 |
| Cost of Sales | | (5,998) | (2,373) |
| Gross Profit | | 92,937 | 35,530 |
| Administrative Expenses | | (182,332) | (114,684) |
| Operating Profit/(Loss) | 2 | (89,395) | (79,151) |
| Other Operating Income | 3 | 85,452 | 24,264 |
| Profit (Loss) on ordinary Activities Before Taxation | | (3,943) | (54,887) |
| Taxation | | -- | -- |
| Profit on Ordinary Activities after Taxation | | (3,943) | (54,887) |
| Retained Profit/(Loss) For The Year | | (3,943) | (54,887) |

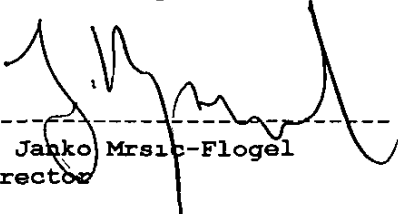
DYNAMICAL SYSTEMS RESEARCH LTD
BALANCE SHEET AS AT 31ST DECEMBER 2010

| | Notes | 31 st Dec 2010 £ | 31 st Dec 2009 £ |
|--------------------------------------------------|-------|-----------------------------------|-----------------------------------|
| Fixed Assets | | | |
| Tangible Assets | 4 | 7,532 | 8,861 |
| Fixed Asset Investment | 5 | 1 | |
| Current Assets | | | |
| Cash at bank | | 1,183 | 1,286 |
| Other Debtors | | -- | -- |
| | | <u>1,183</u> | <u>1,286</u> |
| Creditors | | | |
| Amounts falling due within one year | 6 | (114,442) | (111,931) |
| | | <u></u> | <u></u> |
| Net Current Assets/(Liabilities) | | <u>(113,260)</u> | <u>(110,645)</u> |
| Total Assets less Current Liabilities | | <u><u>£ (105,727)</u></u> | <u><u>£ (101,784)</u></u> |
| Capital and Reserves | | | |
| Called Up Share Capital | 7 | 32,220 | 32,220 |
| Profit and Loss Account | 8 | (137,947) | (134,004) |
| | | <u></u> | <u></u> |
| Shareholders Funds | | <u><u>£ (105,727)</u></u> | <u><u>£ (101,784)</u></u> |

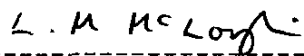
Directors have taken advantage of the exemption conferred by section 447 (2) not to have these financial statements audited and confirm that no notice has been deposited under section 476 of the Companies Act 2006. The directors acknowledge their responsibilities for ensuring that:

- (1) The Company keeps accounting records, which comply with section 386 of the Companies Act 2006.
- (11) The financial statements give a true and fair view of the state of affairs of the company as at 31st December 2010 and of its profit or loss for the period then ended in accordance with the requirements of section 393, and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company

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



Dr Janko Mursic-Flogel
Director



Mr Lee M J McLoughlin
Director

DYNAMICAL SYSTEMS RESEARCH LTD

**NOTES TO THE FINANCIAL STATEMENTS
AT 31ST DECEMBER 2010**

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 |
| Equipment - new addition | | 50% 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.

1.5 Accounting for Government Grants

The grant is recognised as income over the period necessary to match them with related costs, for which they are intended to compensate on a systematic basis

| 2 Operating Loss | 31st Dec. 2010 £ | 31st Dec 2009 £ |
|--------------------------------------|--------------------------------------------|-------------------------------------------|
| Operating loss stated after charging | | |
| Depreciation of tangible assets | 1,329 ===== | 1,564 ===== |
| 3 Other Operating Income | | |
| Government grants | 85,452 ===== | 24,263 ===== |

DYNAMICAL SYSTEMS RESEARCH LTD

NOTES TO THE FINANCIAL STATEMENTS
AT 31st DECEMBER 2010 - CONT'D

| 4. Tangible Assets | Plant and Machinery etc. |
|-----------------------------------|--------------------------|
| Cost | 36,573 |
| Additions at Cost | -- |
| | ----- |
| At 31 st December 2010 | 36,573 |
| | ===== |
| Depreciation | |
| Balance Brought Forward | 27,712 |
| Charges for the Period | 1,329 |
| | ----- |
| At 31 st December 2010 | 29,041 |
| | ===== |
| Net Book Value | |
| At 31 st December 2010 | 7,532 |
| | ===== |
| At 31 st December 2009 | 8,861 |
| | ===== |

| | |
|---------------------------|----|
| 5 Fixed Asset Investments | £ |
| Cost: | |
| At 01 January 2010 and | |
| At 31 December 2010 | 1 |
| | == |
| Net Book Value: | |
| At 31 December 2010 | 1 |
| | == |
| At 31 December 2009 | 1 |
| | == |

The company's interest at the balance sheet date in the share capital of companies include the following

Subsidiary Company

Peerouette Ltd

Nature of business: Research and deveopment of software

| | |
|-----------------|---------|
| Class of Shares | Holding |
| Ordinary | 100% |

| 6 Creditors: Amounts Falling Due Within One Year | 31 st Dec. 2010 | 31 st Dec 2009 |
|--------------------------------------------------|-------------------------------|------------------------------|
| Trade Creditor | -- | -- |
| Directors loan Account | 60,863 | 8,611 |
| Other creditors | 53,580 | 103,320 |
| | ----- | ----- |
| £ | 114,443 | £111,931 |
| | ===== | ===== |

DYNAMICAL SYSTEMS RESEARCH LTD

**NOTES TO THE FINANCIAL STATEMENTS
AT 31st DECEMBER 2010 - CONT'D**

| 7 Share Capital | 31st Dec 2010 | 31st Dec 2009 |
|------------------------------------------------------------------------------|-----------------------------------------|-----------------------------------------|
| Authorised | | |
| 3300000 Ordinary Shares of 1P Each | 3300000 | 3300000 |
| | ----- | ----- |
| | 3300000 | 3300000 |
| | ===== | ===== |
| Allotted, called up and Fully Paid | | |
| 3220000 Ordinary Shares of 1P Each | 3222000 | 3222000 |
| | ----- | ----- |
| | 3222000 | 3222000 |
| | ===== | ===== |
| 8. Profit and Loss Account | 31st Dec 2010 | 31st Dec 2009 |
| | £ | £ |
| Retained Profit/(loss) B/Fwd | (134,004) | (79,117) |
| Retained profit/(Loss) for the year | (3,943) | (54,887) |
| | ----- | ----- |
| Accumulated Profit (losses) at 31 st Dec. 2010 | (137,947) | (134,004) |
| | ===== | ===== |
| 9. Related Party Disclosure | | |
| During the period the company provided services of £81,564 to Peerouette Ltd | | |
| 10. Contingent Liabilities | | |
| As at 31 st December 2010 there were no contingent liabilities. | | |