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Co No 3235478

REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE PERIOD 8 AUGUST 1996 TO 31 AUGUST 1997
FOR
MICRO-FLEXITRONICS LIMITED



MICRO-FLEXITRONICS LIMITED

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For The Period 8 August 1996 to 31 August 1997

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MICRO-FLEXITRONICS LIMITED

COMPANY INFORMATION

For the period 8 August 1996 to 31 August 1997

DIRECTORS:

S. Bexx
R.J.C. Kealy

SECRETARY:

Isis Registrars Limited

REGISTERED OFFICE:

73A Bell Street
Henley on Thames
Oxon
RG9 2BD

REGISTERED NUMBER:

3235478 (England and Wales)

ACCOUNTANTS:

Cave Harper & Co
North Lea House
66 Northfield End
Henley-on-Thames
Oxon
RG9 2BE

MICRO-FLEXITRONICS LIMITED

REPORT OF THE DIRECTORS
For the Period 8 August 1996 to 31 August 1997

The directors present their report with the financial statements of the company for the period 8 August 1996 to 31 August 1997.

INCORPORATION

The company was incorporated on 8 August 1996 and commenced trading immediately.

PRINCIPAL ACTIVITY

The principal activity of the company in the period under review was that of designing, manufacturing and selling electronic components.

DIRECTORS

The directors during the period under review were:

| | |
|-------------|------------------|
| S Bexx | appointed 8.8.96 |
| R J C Kealy | appointed 8.8.96 |


The beneficial interest of the directors holding office on 31 August 1997 in the issued share capital of the company were as follows:-

| | 31.8.97 | at date of appointment |
|--------------------|---------|---------------------------|
| Ordinary £1 shares | | |
| S Bexx | 7,000 | 1 |
| R J C Kealy | 3,000 | 1 |

Both the directors, being eligible, offer themselves for election at the forthcoming first Annual General Meeting.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

ON BEHALF OF THE BOARD


.....
R J C KEALY - DIRECTOR

Dated: 24 January 1998.

MICRO -FLEXITRONICS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE PERIOD 8 AUGUST 1996 TO 31 AUGUST 1997

| | <u>Notes</u> | <u>£</u> |
|---|--------------|------------------------|
| TURNOVER | 2 | - |
| Cost of sales | | <u>-</u> |
| GROSS PROFIT | | - |
| Administrative expenses | | <u>2,699</u> |
| OPERATING LOSS | 3 | 2,699 |
| Interest payable and similar charges | 4 | <u>1,236</u> |
| LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION | | (3,935) |
| Tax on loss on ordinary activities | 5 | <u>-</u> |
| LOSS FOR THE FINANCIAL PERIOD AFTER TAXATION | | <u>(3,935)</u> |
| DEFICIT CARRIED FORWARD | | <u><u>£(3,935)</u></u> |

CONTINUING OPERATION

All of the company's activities were commenced during the current period

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the loss for the current period.

The notes form part of these financial statements

MICRO-FLEXITRONICS LIMITED
BALANCE SHEET
31 AUGUST 1997

| | <u>Notes</u> | <u>£</u> | <u>£</u> |
|--|--------------|---------------|-----------------|
| FIXED ASSETS | | | |
| Tangible assets | 6 | | 12,652 |
| Intangible assets | 7 | | 19,250 |
| | | | <u>31,902</u> |
| CURRENT ASSETS | | | |
| Debtors | 8 | 167 | |
| CREDITORS | | | |
| Amounts falling due within one year | 9 | <u>15,587</u> | |
| NET CURRENT LIABILITIES | | | <u>(15,420)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | 16,482 |
| CREDITORS | | | |
| Amounts falling due after more than one year | 10 | | 10,417 |
| | | | <u>£6,065</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 12 | | 10,000 |
| Profit and loss account | | | <u>(3,935)</u> |
| Shareholders' funds | 13 | | <u>£6,065</u> |

The company is entitled to exemption from audit under Section 249A(1) of the Companies Act 1985 for the period ending 31 August 1997.

No notice has been deposited under Section 249B(2) of the Companies Act 1985 in relation to its financial statements for the financial year.

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year 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.

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

ON BEHALF OF THE BOARD:

.....
R J C Kealy

Approved by the Board on 24 January 1998

The notes form part of these financial statements

MICRO-FLEXITRONICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 8 AUGUST 1996 TO 31 AUGUST 1997

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention

Financial Reporting Standard Number 1

Exemption has been taken from preparing a cash flow statement on the grounds that the company qualifies as a small company.

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Tangible Fixed Assets

Depreciation is provided at the following annual rate in order to write off each asset over its estimated useful life.

| | |
|---------------------|--------------------------|
| Plant and machinery | -25% on reducing balance |
|---------------------|--------------------------|

Intangible Fixed Assets

Amortisation is provided at the following annual rate in order to write off each asset over its estimated useful life.

Intellectual Property - 20 year straight line

Stocks

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Pensions

The company does not have a pension scheme.

Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

2. TURNOVER

The turnover and loss before taxation are attributable to the one principal activity of the company.

3. OPERATING LOSS

The operating loss is stated after charging:

| | |
|---------------------------------------|--------------------|
| Amortisation of intellectual property | <u><u>£750</u></u> |
|---------------------------------------|--------------------|

MICRO-FLEXITRONICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 8 AUGUST 1996 TO 31 AUGUST 1997

4. INTEREST PAYABLE AND SIMILAR CHARGES

Interest payable and similar charges includes the following:

| | |
|---------------|---------------|
| Bank interest | <u>£1,236</u> |
|---------------|---------------|

5. TAXATION

No liability to UK Corporation tax arose on ordinary activities for the period.

6. TANGIBLE FIXED ASSETS

| | |
|-------------------|----------------------------------|
| | <u>Plant & Machinery</u> |
| COST: | |
| Additions | <u>12,652</u> |
| At 31 August 1997 | <u>£12,652</u> |

DEPRECIATION

| | |
|-------------------|----------|
| Charge for period | <u>-</u> |
| At 31 August 1997 | <u>-</u> |

NET BOOK VALUE

| | |
|-------------------|----------------|
| At 31 August 1997 | <u>£12,652</u> |
|-------------------|----------------|

7. INTANGIBLE FIXED ASSETS

| | |
|-------------------|----------------------------------|
| | <u>Intellectual Property</u> |
| COST: | |
| Additions | <u>20,000</u> |
| At 31 August 1997 | <u>£20,000</u> |

AMORTISATION

| | |
|-------------------|-------------|
| Charge for period | <u>750</u> |
| At 31 August 1997 | <u>£750</u> |

NET BOOK VALUE

| | |
|-------------------|----------------|
| At 31 August 1997 | <u>£19,250</u> |
|-------------------|----------------|

**8. DEBTORS: AMOUNTS FALLING DUE
WITHIN ONE YEAR**

| | |
|-------------------|-------------|
| Non-trade Debtors | <u>£167</u> |
|-------------------|-------------|

MICRO-FLEXITRONICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 8 AUGUST 1996 TO 31 AUGUST 1997

**9. CREDITORS: AMOUNTS FALLING DUE
WITHIN ONE YEAR**

| | |
|---|----------------|
| Bank loans and overdrafts (see note 11) | 9,062 |
| Directors' current accounts | 5,875 |
| Accrued Expenses | 650 |
| | <u>£15,587</u> |

**10. CREDITORS: AMOUNTS FALLING DUE
AFTER MORE THAN ONE YEAR**

| | |
|--------------------------|----------------|
| Bank Loans (see note 11) | <u>£10,417</u> |
|--------------------------|----------------|

11. LOANS AND OVERDRAFTS

An analysis of the maturity of loans and overdrafts is given below:

Amounts falling due within one year:

| | |
|-----------------|---------------|
| Bank overdrafts | 729 |
| Bank loan | 8,333 |
| | <u>£9,062</u> |

Amounts falling due between one and two years:

| | |
|-----------|---------------|
| Bank loan | <u>£8,333</u> |
|-----------|---------------|

Amounts falling due between two and five years:

| | |
|-----------|---------------|
| Bank loan | <u>£2,084</u> |
|-----------|---------------|

The bank borrowings are secured by a fixed and floating charge on the company's assets.

12. CALLED UP SHARE CAPITAL

Authorised

| <u>Number</u> | <u>Class</u> | <u>Nominal Value</u> | |
|---------------|--------------|--------------------------|-----------------|
| 100,000 | Ordinary | £1 | <u>£100,000</u> |

Allotted, issued and fully paid

| <u>Number</u> | <u>Class</u> | <u>Nominal Value</u> | |
|---------------|--------------|--------------------------|----------------|
| 10,000 | Ordinary | £1 | <u>£10,000</u> |

MICRO-FLEXITRONICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 8 AUGUST 1996 TO 31 AUGUST 1997

13. **RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

| | |
|--|----------------------|
| Loss for the financial period | (3,935) |
| Share Capital | <u>10,000</u> |
| NET ADDITION TO SHAREHOLDERS' FUNDS | <u>£6,065</u> |
| CLOSING SHAREHOLDERS' FUNDS | <u>£6,065</u> |
| Equity interests | <u>£6,065</u> |