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REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 1998
FOR
MICRO-FLEXITRONICS LIMITED



MICRO-FLEXITRONICS LIMITED

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For The Year Ended 31 August 1998

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MICRO-FLEXITRONICS LIMITED

COMPANY INFORMATION
For the year ended 31 August 1998

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 Year ended 31 August 1998

The directors present their report with the financial statements of the company for the year ended 31 August 1998.

PRINCIPAL ACTIVITY

The principal activity of the company which is unchanged since last year is that of designing, manufacturing and selling electronic components.

DIRECTORS

The directors during the year under review were:


S Bexx
R J C Kealy

The beneficial interest of the directors holding office on 31 August 1998 in the issued share capital of the company were as follows:-

	31.8.98	31.8.97
Ordinary £1 shares		
S Bexx	7,000	7,000
R J C Kealy	3,000	3,000

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: 25 November 1998

MICRO -FLEXITRONICS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 1998

	<u>Notes</u>	<u>1998</u>	<u>p.e. 31.8.97</u>
TURNOVER	2	4,078	-
Cost of sales		<u>2,976</u>	<u>-</u>
GROSS PROFIT		1,102	-
Administrative expenses		<u>34,440</u>	<u>2,699</u>
OPERATING LOSS	3	(33,338)	(2,699)
Interest payable and similar charges	4	<u>3,500</u>	<u>1,236</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(36,838)	(3,935)
Tax on loss on ordinary activities	5	<u>-</u>	<u>-</u>
LOSS FOR THE FINANCIAL YEAR AFTER TAXATION		(36,838)	(3,935)
DEFICIT BROUGHT FORWARD		(3,935)	-
DEFICIT CARRIED FORWARD		<u><u>£(40,773)</u></u>	<u><u>£(3,935)</u></u>

The notes form part of these financial statements

MICRO-FLEXITRONICS LIMITED
BALANCE SHEET
31 AUGUST 1998

	<u>Notes</u>	<u>1998</u>	<u>1997</u>
FIXED ASSETS			
Tangible assets	6	31,407	12,652
Intangible assets	7	<u>18,250</u>	<u>19,250</u>
		49,657	31,902
CURRENT ASSETS			
Stock		9,219	-
Debtors	8	5,136	167
Cash in Hand		<u>400</u>	<u>-</u>
		14,755	167
CREDITORS			
Amounts falling due within one year	9	<u>41,101</u>	<u>15,587</u>
NET CURRENT LIABILITIES		<u>(26,346)</u>	<u>(15,420)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		23,311	16,482
CREDITORS			
Amounts falling due after more than one year	10	54,084	10,417
		<u>£(30,773)</u>	<u>£6,065</u>
CAPITAL AND RESERVES			
Called up share capital	12	10,000	10,000
Profit and loss account		(40,773)	(3,935)
SHAREHOLDERS' FUNDS		<u>£(30,773)</u>	<u>£6,065</u>

The company is entitled to exemption from audit under Section 249A(1) of the Companies Act 1985 for the year ending 31 August 1998.

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 and the Financial Reporting Standard for Smaller Entities.

ON BEHALF OF THE BOARD:

.....
R J C Kealy - Director

Approved by the Board on 25 November 1998

The notes form part of these financial statements

MICRO-FLEXITRONICS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 1998

1. **ACCOUNTING POLICIES**

Accounting convention

The financial statements have been prepared under the historical cost convention.

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**

	<u>1998</u>	<u>pe 31.8.97</u>
The operating loss is stated after charging:		
Depreciation	7,852	-
Amortisation of intellectual property	<u>1,000</u>	<u>750</u>

MICRO-FLEXITRONICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 1998

4. INTEREST PAYABLE AND SIMILAR CHARGES

Interest payable and similar charges includes the following:

	<u>1998</u>	<u>pe 31.8.97</u>
Bank interest	<u>£3,500</u>	<u>£1,236</u>

5. TAXATION

No liability to UK Corporation tax arose on ordinary activities for the year or the preceeding period

6. TANGIBLE FIXED ASSETS

	<u>Plant & Machinery</u>
COST:	
At 1 September 1997	12,652
Additions	26,607
At 31 August 1998	<u>39,259</u>
DEPRECIATION	
At 1 September 1997	-
Charge for year	<u>7,852</u>
At 31 August 1998	<u>7,852</u>
NET BOOK VALUE	
At 31 August 1998	<u>£31,407</u>
At 31 August 1997	<u>£12,652</u>

7. INTANGIBLE FIXED ASSETS

	<u>Intellectual Property</u>
COST:	
At 31 August 1997 & 1998	<u>£20,000</u>
AMORTISATION	
At 1 September 1997	750
Charge for year	<u>1,000</u>
At 31 August 1998	<u>£1,750</u>
NET BOOK VALUE	
At 31 August 1998	<u>£18,250</u>
At 31 August 1997	<u>£19,250</u>

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

	<u>1998</u>	<u>1997</u>
Trade Debtors	3,825	-
Other Debtors	<u>1,311</u>	<u>167</u>
	<u>£5,136</u>	<u>£167</u>

MICRO-FLEXITRONICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 1998

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

	<u>1998</u>	<u>1997</u>
Bank loans and overdrafts (see note 11)	28,545	9,062
Directors' current accounts	-	5,875
Social Security	3,618	-
Accrued Expenses	8,938	650
	<u>£41,101</u>	<u>£15,587</u>

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

Directors Loan	2,000	-
Bank Loans (see note 11)	52,084	10,417
	<u>£54,084</u>	<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	20,212	729
Bank loan	8,333	8,333
	<u>£28,545</u>	<u>£9,062</u>

Amounts falling due between one and two years:

Bank loan	<u>£2,084</u>	<u>£8,333</u>
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Amounts falling due between two and five years:

Bank loan	<u>£50,000</u>	<u>£2,084</u>
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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>

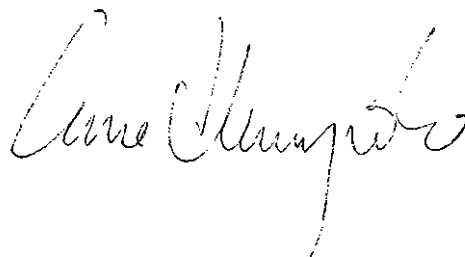
REPORT OF THE ACCOUNTANTS TO THE DIRECTORS OF

MICRO-FLEXITRONICS LIMITED

In accordance with instructions given to use we have prepared the financial statements for the year ended 31 August 1998 from the accounting records and from information and explanations supplied to us by the management of the company.

We have not audited the financial statements. Accordingly we do not express an opinion or any other form of assurance that the accounting records and the financial statements are free from material misstatement.

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



25 November 1998

This page does not form part of the statutory financial statements.