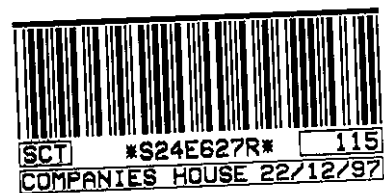


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Report of the Directors and  
Financial Statements for the Year Ended 31 March 1997  
for  
Future Alignments Ltd.

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Index to the Financial Statements  
for the Year Ended 31 March 1997

	Page
Company Information	1
Report of the Directors	2
Profit and Loss Account	3
Balance Sheet	4
Notes to the Financial Statements	6
Report of the Accountants	10
Profit and Loss Account	11

Future Alignments Ltd.

Company Information  
for the Year Ended 31 March 1997

<b>DIRECTORS:</b>	G Stephen R Stephen I D McCormick
<b>SECRETARY:</b>	Brown & McRae
<b>REGISTERED OFFICE:</b>	Anderson House 9-45 Frithside Street Fraserburgh ABERDEENSHIRE AB43 5AB
<b>REGISTERED NUMBER:</b>	SC149451 (Scotland)
<b>ACCOUNTANTS:</b>	J M Taylor Accountants & Business Consultants Neil Ross Square 39 Bridge Street Ellon Aberdeenshire AB41 9AA
<b>BANKERS:</b>	Bank of Scotland Broad Street Peterhead
<b>SOLICITORS:</b>	Brown & McRae Anderson House 9 - 15 Firthside Street Fraserburgh Aberdeenshire AB43 5AB

Future Alignments Ltd.

Report of the Directors  
for the Year Ended 31 March 1997

The directors present their report with the financial statements of the company for the year ended 31 March 1997.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of the design and marketing of an alignment tool.

**DIRECTORS**

The directors during the year under review were:

G Stephen  
R Stephen  
I D McCormick

The beneficial interests of the directors holding office on 31 March 1997 in the issued share capital of the company were as follows:

	31.3.97	1.4.96
<b>Ordinary £1 shares</b>		
G Stephen	75	75
R Stephen	75	75
I D McCormick	75	50

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 Stephen - DIRECTOR

Dated: 18/12/97.

Future Alignments Ltd.

Profit and Loss Account  
for the Year Ended 31 March 1997

		31.3.97	31.3.96
	Notes	£	£
<b>TURNOVER</b>	2	39,826	-
<b>GROSS PROFIT</b>		<u>39,826</u>	<u>-</u>
Administrative expenses		111,965	41,661
		<u>(72,139)</u>	<u>(41,661)</u>
Other operating income		7,604	14,455
<b>OPERATING LOSS</b>	3	<u>(64,535)</u>	<u>(27,206)</u>
Interest payable and similar charges		3,742	745
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>(68,277)</u>	<u>(27,951)</u>
Tax on loss on ordinary activities	4	-	-
<b>LOSS FOR THE FINANCIAL YEAR AFTER TAXATION</b>		<u>(68,277)</u>	<u>(27,951)</u>
Deficit brought forward		<u>(30,271)</u>	<u>(2,320)</u>
<b>DEFICIT CARRIED FORWARD</b>		<u><u>£(98,548)</u></u>	<u><u>£(30,271)</u></u>

**CONTINUING OPERATIONS**

None of the company's activities were acquired or discontinued during the current and previous years.

**TOTAL RECOGNISED GAINS AND LOSSES**

The company has no recognised gains or losses other than the losses for the current and previous years.

The notes form part of these financial statements

Future Alignments Ltd.

Balance Sheet  
31 March 1997

		31.3.97		31.3.96	
	Notes	£	£	£	£
<b>FIXED ASSETS:</b>					
Intangible assets	5		34,035		4,525
Tangible assets	6		464		490
			<u>34,499</u>		<u>5,015</u>
<b>CURRENT ASSETS:</b>					
Stocks	7	10,000		-	
Debtors	8	16,675		626	
		<u>26,675</u>		<u>626</u>	
<b>CREDITORS:</b> Amounts falling due within one year	9	<u>76,072</u>		<u>23,262</u>	
<b>NET CURRENT LIABILITIES:</b>			<u>(49,397)</u>		<u>(22,636)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES:</b>			(14,898)		(17,621)
<b>CREDITORS:</b> Amounts falling due after more than one year	10		21,000		-
			<u>£(35,898)</u>		<u>£(17,621)</u>
<b>CAPITAL AND RESERVES:</b>					
Called up share capital	13		300		200
Share premium	14		62,350		12,450
Profit and loss account			<u>(98,548)</u>		<u>(30,271)</u>
Shareholders' funds	15		<u>£(35,898)</u>		<u>£(17,621)</u>

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

The notes form part of these financial statements

Balance Sheet  
31 March 1997

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 Stéphen - DIRECTOR

Approved by the Board on .....18/12/97.....

The notes form part of these financial statements

Notes to the Financial Statements  
for the Year Ended 31 March 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 services, excluding value added tax.

**Tangible fixed assets**

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

Plant and machinery	- 15% on cost
Fixtures and fittings	- 25% on cost

**Stocks**

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

**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.

**Research and development**

Expenditure on research and development is written off in the year in which it is incurred.

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:

	31.3.97	31.3.96
	£	£
Depreciation - owned assets	107	89
	<u>      </u>	<u>      </u>
Directors' emoluments and other benefits etc	36,000	18,800
	<u>      </u>	<u>      </u>

4. **TAXATION**

No liability to UK Corporation tax arose on ordinary activities for the year ended 31 March 1997 nor for the year ended 31 March 1996.



Notes to the Financial Statements  
for the Year Ended 31 March 1997

5. **INTANGIBLE FIXED ASSETS**

	Patents and licences
	£
<b>COST:</b>	
At 1 April 1996	4,525
Additions	29,510
	<hr/>
At 31 March 1997	34,035
	<hr/>
<b>NET BOOK VALUE:</b>	
At 31 March 1997	34,035
	<hr/>
At 31 March 1996	4,525
	<hr/>

6. **TANGIBLE FIXED ASSETS**

	Plant and machinery	Fixtures and fittings	Totals
	£	£	£
<b>COST:</b>			
At 1 April 1996	579	-	579
Additions	-	81	81
	<hr/>	<hr/>	<hr/>
At 31 March 1997	579	81	660
	<hr/>	<hr/>	<hr/>
<b>DEPRECIATION:</b>			
At 1 April 1996	89	-	89
Charge for year	87	20	107
	<hr/>	<hr/>	<hr/>
At 31 March 1997	176	20	196
	<hr/>	<hr/>	<hr/>
<b>NET BOOK VALUE:</b>			
At 31 March 1997	403	61	464
	<hr/>	<hr/>	<hr/>
At 31 March 1996	490	-	490
	<hr/>	<hr/>	<hr/>

7. **STOCKS**

	31.3.97	31.3.96
	£	£
Stock	10,000	-
	<hr/>	<hr/>

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

	31.3.97	31.3.96
	£	£
Trade debtors	11,561	-
V.A.T.	5,114	626
	<hr/>	<hr/>
	16,675	626
	<hr/>	<hr/>

Notes to the Financial Statements  
for the Year Ended 31 March 1997

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

	31.3.97	31.3.96
	£	£
Bank loans and overdrafts (see note 11)	58,668	19,908
Trade creditors	11,944	-
Directors current accounts	2,138	2,138
Social security & other taxes	2,722	-
Accrued expenses	600	1,216
	<u>76,072</u>	<u>23,262</u>

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

	31.3.97	31.3.96
	£	£
Bank loans (see note 11)	21,000	-
	<u>21,000</u>	<u>-</u>

11. **LOANS AND OVERDRAFTS**

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

	31.3.97	31.3.96
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	52,668	19,908
Bank loans	6,000	-
	<u>58,668</u>	<u>19,908</u>
Amounts falling due between one and two years:		
Bank loans	21,000	-
	<u>21,000</u>	<u>-</u>

12. **SECURED DEBTS**

The following secured debts are included within creditors:

	31.3.97	31.3.96
	£	£
Bank overdrafts	52,668	19,908
	<u>52,668</u>	<u>19,908</u>

The bank overdraft is secured by means of a bond and floating charge over all the assets of the company.

Notes to the Financial Statements  
for the Year Ended 31 March 1997

**13. CALLED UP SHARE CAPITAL**

Authorised:				
Number:	Class:	Nominal	31.3.97	31.3.96
		value:	£	£
75,000	Ordinary	£1	75,000	75,000

Allotted, issued and fully paid:				
Number:	Class:	Nominal	31.3.97	31.3.96
		value:	£	£
300	Ordinary	£1	300	200

An additional 100 shares were issued on 31 May 1996 at a premium of £499 per share.

**14. SHARE PREMIUM**

	31.3.97	31.3.96
	£	£
Cash share issue	62,350	12,450

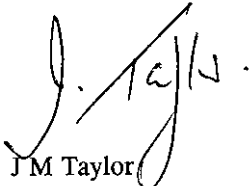
**15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	31.3.97	31.3.96
	£	£
Loss for the financial year	(68,277)	(27,951)
Issued share capital	100	100
Share premium	49,900	12,450
<b>NET REDUCTION OF SHAREHOLDERS' FUNDS</b>	<b>(18,277)</b>	<b>(15,401)</b>
Opening shareholders' funds	(17,621)	(2,220)
<b>CLOSING SHAREHOLDERS' FUNDS</b>	<b>(35,898)</b>	<b>(17,621)</b>
Equity interests	(35,898)	(17,621)

Future Alignments Ltd.

Report of the Accountants to the Directors of  
Future Alignments Ltd.

As described on the balance sheet you are responsible for the preparation of the financial statements for the year ended 31 March 1997 set out on pages three to nine and you consider that the company is exempt from an audit and a report under section 249A(2) of the Companies Act 1985. In accordance with your instructions, we have compiled these unaudited financial statements in order to assist you to fulfil your statutory responsibilities, from the accounting records and information and explanations supplied to us.



J M Taylor  
Accountants & Business Consultants  
Neil Ross Square  
39 Bridge Street  
Ellon  
Aberdeenshire  
AB41 9AA

Dated:

18/12/97

Future Alignments Ltd.

Profit and Loss Account  
for the Year Ended 31 March 1997

	31.3.97		31.3.96	
	£	£	£	£
<b>Income</b>		39,826		-
<b>Other income:</b>				
Grants Received		7,604		14,455
		<u>47,430</u>		<u>14,455</u>
<b>Expenditure:</b>				
Directors' remuneration	36,000		18,800	
Social security	3,671		1,920	
Telephone	1,979		703	
Post stationery & advertising	12,140		1,482	
Motor & travel expenses	9,348		1,090	
Sundry Expenses	786		579	
Licences & insurance	932		-	
Entertaining	647		-	
Research & Development Costs	3,517		5,390	
Materials & Subcontract Costs	40,587		8,638	
Accountancy	1,550		550	
Legal & Professional	161		2,000	
Rent	450		350	
Heat & Light	90		70	
		<u>111,858</u>		<u>41,572</u>
		(64,428)		(27,117)
<b>Finance costs:</b>				
Bank interest	3,027		745	
Loan Interest	715		-	
		<u>3,742</u>		<u>745</u>
		(68,170)		(27,862)
<b>Depreciation:</b>				
Plant & machinery	87		89	
Fixtures & fittings	20		-	
		<u>107</u>		<u>89</u>
<b>NET LOSS</b>		<u><u>£(68,277)</u></u>		<u><u>£(27,951)</u></u>

This page does not form part of the statutory financial statements