



Accountants and business advisors

**Look CCTV Limited**  
(formerly Synectics Corporation Limited)  
(Registered number 2126939)  
Annual Report  
Year ended 31 May 2004



LOOK CCTV LIMITED  
ANNUAL REPORT  
YEAR ENDED 31 MAY 2004

CONTENTS

DIRECTORS' REPORT	1
STATEMENT OF DIRECTORS' RESPONSIBILITIES	3
INDEPENDENT AUDITORS' REPORT	4
PROFIT AND LOSS ACCOUNT	5
BALANCE SHEET	6
NOTES TO THE FINANCIAL STATEMENTS	7

## **LOOK CCTV LIMITED DIRECTORS' REPORT**

The Directors submit their annual report together with the financial statements for the year ended 31 May 2004.

### **REVIEW OF THE BUSINESS**

On 6 February 2004, the Company changed its name from Synectics Corporation Limited to Look CCTV Limited. The Company had previously been dormant but on 31 March 2004 the trade and net assets of a fellow subsidiary undertaking, Look Closed Circuit TV Limited, were transferred to it for a consideration of £6,800,000. Since that date the Company's principal activity has been the development and supply of CCTV equipment primarily for bus manufacturers and operators.

### **RESULTS AND DIVIDENDS**

The profit for the year after taxation was £246,452 which has been transferred to reserves. The Directors do not recommend the payment of a dividend.

### **FUTURE DEVELOPMENTS**

The Directors plan to develop the activities of the Company, taking into account the general economic conditions which are likely to exist during the year ending 31 May 2005.

### **DIRECTORS**

The Directors who served during the year were:

D Cummings (appointed 1 April 2004)  
Fotovalue Limited  
A Myers (appointed 1 April 2004)  
N C Poultney (appointed 11 February 2004)  
A Prince (appointed 1 April 2004)  
R C Singleton (appointed 11 February 2004)

### **DIRECTORS' INTERESTS**

None of the Directors had any interest in the share capital of the Company.

At his date of appointment and at the end of the year, A Myers had an interest in 400,000 ordinary shares of 20p each of the ultimate parent undertaking, Quadnetics Group plc, and in £349,650 unsecured loan notes of that company. At their date of appointment and at the year end, D Cummings and A Prince each had an interest in 50,000 share options over the ordinary shares of 20p each in Quadnetics Group plc.

The interests of R C Singleton and N C Poultney in share options over and in the ordinary shares of Quadnetics Group plc are shown in the accounts of that company. None of the other Directors had any interest in the share capital of any other companies within the Group.

### **RESEARCH AND DEVELOPMENT**

The Company continues to invest in research and development of both software and hardware products for CCTV applications incurring costs of £1,860 (2003: £Nil) in the year which have been written off to the profit and loss account.

**LOOK CCTV LIMITED**  
**DIRECTORS' REPORT (continued)**

**POST BALANCE SHEET EVENT**

On 31 March 2005 the entire trade and net assets of the company were transferred to the parent undertaking, Quadnetics Group plc, for a consideration equal to book value, which the directors consider also represents market value, at that date. Accordingly, with effect from 31 March 2005, the company has become dormant with its former business being carried out as a division of Quadnetics Group plc.

**AUDITORS**

A resolution to reappoint the auditors PKF, will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD



.....  
**N C Poultney**  
Secretary

28 March ..... 2005

**LOOK CCTV LIMITED**  
**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for ensuring that the Directors' Report is prepared in accordance with company law in the United Kingdom.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
LOOK CCTV LIMITED**

We have audited the financial statements of Look CCTV Limited for the year ended 31 May 2004 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of Directors and auditors**

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of audit opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the Company as at 31 May 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*PKF*

**PKF**  
Registered Auditors

London, UK

*31 March* 2005

**LOOK CCTV LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31 MAY 2004**

	<u>Notes</u>	<u>2004</u>	<u>2003</u>
		£	£
Turnover	3	1,530,074	-
Cost of sales		(932,731)	-
<b>Gross profit</b>		<b>597,343</b>	<b>-</b>
Administrative expenses:			
Amortisation of goodwill		46,889	-
Other		168,593	-
		(215,482)	-
<b>Operating profit</b>	6	<b>381,861</b>	<b>-</b>
Interest receivable and similar income		905	-
<b>Profit on ordinary activities before taxation</b>		<b>382,766</b>	<b>-</b>
Tax on profit on ordinary activities	7	(136,314)	-
<b>Profit for the year transferred to reserves</b>	15	<b>246,452</b>	<b>-</b>

There are no recognised gains or losses other than those included above.

All amounts relate to the acquisition of continuing activities following the transfer into the company of the trade and net assets of a fellow subsidiary undertaking.

Movements on reserves are shown in note 15 to the financial statements.

**LOOK CCTV LIMITED**  
**BALANCE SHEET**  
**31 MAY 2004**

	<u>Notes</u>	<u>£</u>	<u>2004</u>	<u>£</u>	<u>2003</u>	<u>£</u>
<b>FIXED ASSETS</b>						
Intangible assets	8		5,579,830			
Tangible assets	9		166,533			-
			5,746,363			-
<b>CURRENT ASSETS</b>						
Stocks	10	396,646		-		
Debtors	11	1,965,638		2		
Cash at bank and in hand		388,256		-		
			2,750,540		2	
<b>CREDITORS</b>						
Amounts falling due within one year	12	(8,163,863)		-		
<b>NET CURRENT LIABILITIES</b>			(5,413,323)			2
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			333,040			2
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>						
	13		(86,586)			-
<b>NET ASSETS</b>			246,454			2
<b>CAPITAL AND RESERVES</b>						
Called up share capital	14		2			2
Profit and loss account	15		246,452			-
<b>SHAREHOLDERS' FUNDS</b>	16		246,454			2

Approved by the board on 28 March 2005

.....  
**A Myers**  
 Director



**LOOK CCTV LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MAY 2004**

**1 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS**

The balance sheet shows that, at 31 May 2004, current liabilities exceed current assets by £5,413,323 due entirely to a liability owing to a fellow subsidiary undertaking of £6,800,000. That fellow subsidiary undertaking had confirmed to the company that it would not require payment of the amount owed until such time as the company had sufficient funds to repay it. However, on 31 March 2005 the entire trade and net assets of the company, including the amount owed to the fellow subsidiary undertaking, were transferred to the parent undertaking, Quadnetics Group plc, for a consideration equal to book value, which the directors consider also represents market value, at that date. Accordingly, with effect from 31 March 2005, the company had become dormant with its former business being carried out as a division of Quadnetics Group plc.

**2 ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom.

The principal accounting policies used in the preparation of the financial statements of the Company are described below.

**(a) Accounting convention**

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

**(b) Turnover**

Turnover, which excludes value added tax and trade discounts, represents the invoiced value of goods and services supplied during the year.

**(c) Fixed assets**

Fixed assets are stated at cost less accumulated depreciation.

Depreciation is calculated so as to write off the cost of fixed assets, less their estimated residual values, over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:-

Plant and equipment, and motor vehicles	25% reducing balance basis
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**(d) Stocks**

Stocks of raw materials and consumables are stated at the lower of cost and net realisable value. Where necessary provision is made for obsolete, slow moving and defective stock.

**(e) Deferred taxation**

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is more likely than not they will be recovered. Deferred tax balances are not discounted.

**(f) Operating leases**

Payments under operating leases are charged to the profit and loss account in the year in which they are incurred.

**LOOK CCTV LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MAY 2004**

**2 ACCOUNTING POLICIES (continued)**

**(g) Goodwill**

Goodwill arising on the acquisition of businesses represents the excess of the purchase price over the fair value of the identifiable net assets acquired. Goodwill is capitalised and amortised on a straight line basis over its expected useful life of up to 20 years.

**(h) Research and development expenditure**

Research and development expenditure is written off to the profit and loss account as incurred.

**3 TURNOVER**

	<u>2004</u> £	<u>2003</u> £
Geographical market:		
United Kingdom	1,530,074	-
	<hr/>	<hr/>

**4 STAFF COSTS**

	<u>2004</u> £	<u>2003</u> £
Wages and salaries	114,720	-
Social security costs	12,140	-
	<hr/>	<hr/>
	126,860	-
	<hr/>	<hr/>

The average number employed by the Company each month since the Company became active was as follows:

	Number	Number
Management and administration	4	-
Production and sales	16	-
	<hr/>	<hr/>
	20	-
	<hr/>	<hr/>

**5 DIRECTORS' REMUNERATION**

	<u>2004</u> £	<u>2003</u> £
The remuneration of the Directors of the Company comprise:		
Emoluments	44,171	-
	<hr/>	<hr/>

Two of the Directors of the Company exercised share options over the ordinary shares of Quadnetics Group plc, the Company's parent undertaking, during the year.

**LOOK CCTV LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MAY 2004**

**6 OPERATING PROFIT**

The operating profit is stated after charging the following:

	<u>2004</u> £	<u>2003</u> £
Auditors' remuneration for audit services	1,500	-
Depreciation of tangible fixed assets	7,418	-
Amortisation of goodwill	46,889	-
Intra-group management charge	73,499	-
Rental payments under operating leases:		
- other	1,400	-
Research and development expenditure	1,860	-
	<u>          </u>	<u>          </u>

**7 TAX ON PROFIT ON ORDINARY ACTIVITIES**

	<u>2004</u> £	<u>2003</u> £
<b>a) Analysis of charge for the year:</b>		
<b>Current tax:</b>		
UK corporation tax on profit for the year	129,478	-
<b>Deferred tax:</b>		
Origination of timing differences	6,836	-
	<u>          </u>	<u>          </u>
Total tax charge for the year	136,314	-
	<u>          </u>	<u>          </u>

**b) Factors affecting the tax charge for the year**

The tax assessed for the year is higher than that based upon the standard rate of corporation tax in the UK of 30%. The differences are explained below:

	<u>2004</u> £	<u>2003</u> £
Profit on ordinary activities before tax	382,766	-
	<u>          </u>	<u>          </u>
Profit on ordinary activities multiplied by the standard rate of corporation tax of 30%	114,830	-
<i>Effects of:</i>		
Depreciation in excess of capital allowances	581	-
Goodwill amortisation not qualifying for tax relief	14,067	-
	<u>          </u>	<u>          </u>
Current taxation for the year	129,478	-
	<u>          </u>	<u>          </u>

**c) Factors affecting the future tax charge**

The tax charge in the next period may continue to be greater than the standard rate of corporation tax in the UK of 30% due to the goodwill amortisation not being deductible for tax purposes.

**LOOK CCTV LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MAY 2004**

**8 INTANGIBLE FIXED ASSETS**

	<u>Goodwill</u> £
<b>Cost</b>	
At 1 June 2003	-
Additions	5,626,719
	<hr/>
At 31 May 2004	5,626,719
	<hr/>
<b>Amortisation</b>	
At 1 June 2003	-
Charge for the year	46,889
	<hr/>
At 31 May 2004	46,889
	<hr/>
<b>Net book value</b>	
At 31 May 2004	5,579,830
	<hr/>
At 31 May 2003	-
	<hr/>

The above goodwill is being amortised over its estimated useful life of 20 years. The goodwill arose on the transfer to the Company of the net assets and trade of Look Closed Circuit TV Limited, a fellow subsidiary undertaking, on 31 March 2004. The net assets acquired, at book value and fair value, and the consideration paid were as follows:

	£
Fixed assets	171,323
Stocks	427,687
Debtors	1,537,478
Cash	116,731
Creditors and provisions	(1,079,938)
	<hr/>
Fair value of assets acquired	1,173,281
Goodwill	5,626,719
	<hr/>
Consideration received	6,800,000
	<hr/>

**LOOK CCTV LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MAY 2004**

**9 TANGIBLE FIXED ASSETS**

	<u>Plant and equipment</u> £	<u>Motor vehicles</u> £	<u>Total</u> £
<b>Cost</b>			
At 1 June 2003	-	-	-
Additions	2,628	-	2,628
Intra-group transfers	62,517	179,945	242,462
	<hr/>	<hr/>	<hr/>
At 31 May 2004	65,145	179,945	245,090
	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>			
At 1 June 2003	-	-	-
Charge for year	1,840	5,578	7,418
Intra-group transfers	20,224	50,915	71,139
	<hr/>	<hr/>	<hr/>
At 31 May 2004	22,064	56,493	78,557
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 31 May 2004	43,081	123,452	166,533
	<hr/>	<hr/>	<hr/>
At 31 May 2003	-	-	-
	<hr/>	<hr/>	<hr/>

**10 STOCKS**

	<u>2004</u> £	<u>2003</u> £
Raw materials and consumables	383,191	-
Finished goods and goods for resale	13,455	-
	<hr/>	<hr/>
	396,646	-
	<hr/>	<hr/>

**11 DEBTORS**

	<u>2004</u> £	<u>2003</u> £
Trade debtors	1,947,777	-
Amounts owed by group undertakings	-	2
Prepayments and accrued income	17,861	-
	<hr/>	<hr/>
	1,965,638	2
	<hr/>	<hr/>

**LOOK CCTV LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MAY 2004**

**12 CREDITORS**

	<u>2004</u> £	<u>2003</u> £
<b>Amounts falling due within one year:</b>		
Trade creditors	484,527	-
Amounts owed to group undertakings	6,873,497	-
Corporation tax	639,465	-
Other taxation and social security	24,301	-
Other creditors	107,754	-
Accruals and deferred income	34,319	-
	<hr/>	<hr/>
	<b>8,163,863</b>	<b>-</b>
	<hr/>	<hr/>

**13 PROVISIONS FOR LIABILITIES AND CHARGES**

	<u>Warranty</u> £	<u>Deferred Tax</u> £	<u>Total</u> £
At 1 June 2003	-	-	-
Intra-group transfer	100,280	-	100,280
(Credited)/charged to the profit and loss account	(20,530)	6,836	(13,694)
	<hr/>	<hr/>	<hr/>
At 31 May 2004	79,750	6,836	86,586
	<hr/>	<hr/>	<hr/>

It is anticipated that the provision for cost of warranties will be utilised within three years.

The deferred tax provision comprises:

	£
Capital allowances	7,736
Other timing differences	(900)
	<hr/>
	<b>6,836</b>
	<hr/>

**14 CALLED UP SHARE CAPITAL**

	<u>2004</u> £	<u>2003</u> £
<b>Authorised</b>		
Ordinary Shares of £1 each	2	2
	<hr/>	<hr/>
<b>Allotted, called up and fully paid</b>		
Ordinary Shares of £1 each	2	2
	<hr/>	<hr/>

**LOOK CCTV LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MAY 2004**

**15 PROFIT AND LOSS ACCOUNT**

	£
At 1 June 2003	-
Profit for the year	246,452
	<hr/>
At 31 May 2004	246,452
	<hr/>

**16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2004 £	2003 £
Profit for the year	246,452	-
Shareholders' funds brought forward	2	2
	<hr/>	<hr/>
Shareholders' funds carried forward	246,454	2
	<hr/>	<hr/>

**17 OPERATING LEASE COMMITMENTS**

	2004 Land and buildings £	2003 Land and buildings £
Operating leases which expire:-		
Over five years	8,400	-
	<hr/>	<hr/>

**18 RELATED PARTY TRANSACTIONS**

The company has taken advantage of the exemption available to subsidiary undertakings from the requirement to disclose transactions with group undertakings where 90% of the voting rights of those undertakings are controlled within the group.

**19 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The ultimate parent and controlling undertaking of the largest and smallest group for which consolidated accounts are prepared is Quadnetics Group plc, a company incorporated in Great Britain. Copies of the parent undertaking's consolidated accounts may be obtained from Quadnetics Group plc, North Court House, Morton Bagot, Studley, Warwickshire B80 7EL.