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ALPHA CALLIGRAPHIC RESEARCH CAMBRIDGE LIMITED

**REPORT AND
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
30 SEPTEMBER 1998**



ALPHA CALLIGRAPHIC RESEARCH CAMBRIDGE LIMITED

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 1998**

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ALPHA CALLIGRAPHIC RESEARCH CAMBRIDGE LIMITED

**COMPANY INFORMATION
AS AT 30 SEPTEMBER 1998**

DIRECTOR

Ms I E Weiss

SECRETARY

P C Fletcher

REGISTERED NUMBER

02197452

REGISTERED OFFICE

Intercell House
1 Coldhams Lane
Cambridge
CB1 3EP

AUDITORS

Chater Allan
Beech House
4a Newmarket Road
Cambridge
CB5 8DT

ALPHA CALLIGRAPHIC RESEARCH CAMBRIDGE LIMITED

DIRECTOR'S REPORT

The director presents her annual report with the financial statements of the company for the year ended 30 September 1998.

PRINCIPAL ACTIVITIES

The principal activities of the company in the year under review was the provision of technical translation services.

REVIEW OF THE BUSINESS

The net loss after providing for taxation amounted to £124,639. The director is disappointed to report a loss for the year and hopes this trend will reverse in the future.

DIVIDENDS

The director has recommended and paid a dividend during the year amounting to £10,000, leaving £134,639 to be transferred from reserves.

FIXED ASSETS

Full details of all movements in fixed assets during the year are set out in the notes to the financial statements.

DIRECTOR AND HER INTERESTS

The director in office in the year and her beneficial interest in the company at the balance sheet date and the beginning of the year (or on appointment if later) were as follows:

	Number of Shares	
	1998	1997
Ms I E Weiss	550	550

DIRECTOR'S RESPONSIBILITIES

Company law requires the director to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- comply with applicable Accounting Standards, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable her to ensure that the financial statements comply with the Companies Act 1985. She is 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.

YEAR 2000

The director does not consider that potential computer problems generally referred to as "Year 2000" will have a material adverse effect on the company.

ALPHA CALLIGRAPHIC RESEARCH CAMBRIDGE LIMITED

DIRECTOR'S REPORT

AUDITORS

The auditors, Chater Allan, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

Signed by:



Ms I E Weiss
Director

Approved by the board: 31/1/00

ALPHA CALLIGRAPHIC RESEARCH CAMBRIDGE LIMITED

AUDITORS' REPORT

We have audited the financial statements on pages 5 to 13 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and on the basis of accounting policies set out on pages 7 and 8.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTOR AND AUDITORS

As described in the director's report, the company's director is responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

BASIS OF 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 director 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 as to whether 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 30 September 1998 and of its loss for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.



.....
Chater Allan
Registered Auditors
Beech House
4a Newmarket Road
Cambridge
CB5 8DT

31 January 2000

ALPHA CALLIGRAPHIC RESEARCH CAMBRIDGE LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 1998**

	Notes	1998 £	1997 £
TURNOVER		1,882,190	2,007,987
Cost of sales		1,456,498	1,446,946
GROSS PROFIT		425,692	561,041
Administrative expenses		574,627	493,643
		(148,935)	67,398
Other operating income		21,311	16,800
OPERATING (LOSS)/PROFIT	2	(127,624)	84,198
Investment income and interest receivable		918	196
Interest payable and similar charges	3	(19,811)	(4,391)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(146,517)	80,003
Tax on (loss)/profit on ordinary activities	5	21,878	(22,406)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(124,639)	57,597
Dividends	6	(10,000)	-
RETAINED (LOSS)/PROFIT FOR THE FINANCIAL YEAR	14	(134,639)	57,597

Continuing operations

None of the company's activities were acquired or discontinued during the above two financial years.

Total recognised gains and losses

The company has no recognised gains or losses other than the profit or loss for the above two financial years.

ALPHA CALLIGRAPHIC RESEARCH CAMBRIDGE LIMITED

BALANCE SHEET AT 30 SEPTEMBER 1998

	Notes	£	1998 £	£	1997 £
FIXED ASSETS					
Intangible assets	7		1,875		3,750
Tangible assets	8		108,561		138,034
Investment property	9		101,170		-
			<u>211,606</u>		<u>141,784</u>
CURRENT ASSETS					
Stocks	10	6,895		30,622	
Debtors	11	454,635		508,734	
Cash at bank and in hand		31,826		17,341	
		<u>493,356</u>		<u>556,697</u>	
CREDITORS: amounts falling due within one year	12	(689,156)		(548,036)	
NET CURRENT (LIABILITIES)/ASSETS			<u>(195,800)</u>		<u>8,661</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>15,806</u>		<u>150,445</u>
CAPITAL AND RESERVES					
Called up share capital	13		1,000		1,000
Profit and loss account	14		14,806		149,445
EQUITY SHAREHOLDERS' FUNDS	15		<u>15,806</u>		<u>150,445</u>

The financial statements were approved on 31/1/00
and signed by

i. Weiss

Ms I E Weiss
Director

ALPHA CALLIGRAPHIC RESEARCH CAMBRIDGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1998

1. STATEMENT OF ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The following is a summary of the significant accounting policies adopted by the company in the preparation of the financial statements.

(a) Turnover

Turnover represents the total invoice value, excluding value added tax, of goods sold and services rendered during the year.

Turnover is generated from the principal activities of the company carried on in the United Kingdom.

(b) Depreciation of tangible fixed assets

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

Computer equipment	33% on cost
Lease premium and improvements	Over the term of the lease
Motor vehicles	25% on cost
Office furniture, fittings and equipment	10% on cost

(c) Amortisation of intangible fixed assets

Copyright costs are capitalised in the balance sheet and amortised over the expected useful life of the asset of four years.

(d) Stock and work in progress

Stock and work in progress is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost is calculated as the direct cost of services provided by both internal and external translators plus attributable overheads.

(e) Investment properties

Investment properties are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve. No amortisation or depreciation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to expiry.

(f) Deferred taxation

Deferred taxation is provided using the liability method on all timing differences to the extent that they are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

(g) Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken to the profit and loss account.

(h) Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their estimated useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease.

ALPHA CALLIGRAPHIC RESEARCH CAMBRIDGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 1998**

1. STATEMENT OF ACCOUNTING POLICIES - (continued)

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

2. OPERATING (LOSS)/PROFIT

Operating (loss)/profit is stated:	1998 £	1997 £
After charging:		
Depreciation of fixed assets	55,799	75,035
Amortisation	2,189	2,189
(Profit)/loss on disposal of fixed assets	9,083	1,341
Auditors' remuneration	5,043	6,000
Loss on foreign currencies	39,512	-
	<u> </u>	<u> </u>
After crediting:		
Rent received	(21,311)	(16,800)
Profit on foreign currencies	-	(10,173)
	<u> </u>	<u> </u>

3. INTEREST PAYABLE AND SIMILAR CHARGES

	1998 £	1997 £
On bank loans and overdrafts	19,790	4,125
Lease finance charges and hire purchase interest	21	266
	<u>19,811</u>	<u>4,391</u>

ALPHA CALLIGRAPHIC RESEARCH CAMBRIDGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 1998**

4. INFORMATION ON DIRECTORS AND EMPLOYEES

	1998	1997
	£	£
Staff costs		
Wages and salaries	1,118,273	1,056,543
Social security costs	109,205	103,173
	<u>1,227,478</u>	<u>1,159,716</u>

	1998	1997
	No.	No.
The average number of employees during the year was made up as follows:		
Number of employees	<u>74</u>	<u>73</u>

	1998	1997
	£	£
Directors' emoluments		
Remuneration for management services	<u>27,348</u>	<u>27,348</u>

5. TAX ON LOSS ON ORDINARY ACTIVITIES

	1998	1997
	£	£
The taxation (credit)/charge comprises:		
UK Corporation tax at 21% (1997 - 21/24%)	(21,878)	21,878
Adjustment in respect of prior years	-	528
	<u>(21,878)</u>	<u>22,406</u>

The company has circa £38,000 tax losses to carry forward against future trading profits.

6. DIVIDENDS PAID OR PROPOSED

	1998	1997
	£	£
On ordinary shares:		
Dividend paid in the year	<u>10,000</u>	<u>-</u>

ALPHA CALLIGRAPHIC RESEARCH CAMBRIDGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 1998

7. INTANGIBLE FIXED ASSETS

	Copyright costs £
Cost:	
1 October 1997 and at 30 September 1998	7,500
Amortisation:	
At 1 October 1997	3,750
Charge for year	1,875
At 30 September 1998	5,625
Net book value:	
At 30 September 1998	1,875
At 30 September 1997	3,750

8. TANGIBLE FIXED ASSETS

	Short leasehold £	Fixtures, fittings and equipment £	Computer equipment £	Motor vehicle £	Total £
Cost:					
At 1 October 97	4,000	121,197	215,484	10,064	350,745
Additions	-	-	35,723	-	35,723
Disposals	-	-	(92,837)	-	(92,837)
At 30 September 98	4,000	121,197	158,370	10,064	293,631
Depreciation:					
At 1 October 97	2,180	39,131	162,215	9,185	212,711
Charge for year	314	13,508	41,412	879	56,113
On disposals	-	-	(83,754)	-	(83,754)
At 30 September 98	2,494	52,639	119,873	10,064	185,070
Net book value:					
At 30 September 98	1,506	68,558	38,497	-	108,561
At 30 September 97	1,820	82,066	53,269	879	138,034

ALPHA CALLIGRAPHIC RESEARCH CAMBRIDGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 1998**

9. INVESTMENT PROPERTY

	Investment property £
Cost or revaluation	
Additions	101,170
At 30 September 1998	<u>101,170</u>

The investment property has been revalued by the director on the basis of its open market value.

10. STOCK AND WORK IN PROGRESS

	1998 £	1997 £
Short term work in progress	4,895	26,872
Finished goods and goods for resale	2,000	3,750
	<u>6,895</u>	<u>30,622</u>

11. DEBTORS

	1998 £	1997 £
Trade debtors	379,576	438,602
Other debtors	28,428	28,732
Prepayments and accrued income	46,631	41,400
	<u>454,635</u>	<u>508,734</u>

ALPHA CALLIGRAPHIC RESEARCH CAMBRIDGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 1998**

12. CREDITORS: amounts falling due within one year

	1998	1997
	£	£
Bank loans and overdrafts	230,480	198,327
Receipts in advance	104,911	57,839
Trade creditors	185,534	155,143
Net obligations under finance leases and hire purchase contracts	-	1,198
Corporation tax	27,983	27,983
Other taxes and social security costs	32,321	41,466
Other creditors	24,488	-
Accruals and deferred income	83,439	66,080
	<u>689,156</u>	<u>548,036</u>

The bank loans and overdraft are secured by a fixed and floating charge over the assets of the company.

13. SHARE CAPITAL

	1998	1997
	£	£
Authorised:		
Equity interests:		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid:		
Equity interests:		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

14. PROFIT AND LOSS ACCOUNT

	1998	1997
	£	£
Retained profit at 1 October 1997	149,445	91,848
(Loss)/profit for the year	<u>(134,639)</u>	<u>57,597</u>
Retained profit at 30 September 1998	<u>14,806</u>	<u>149,445</u>

ALPHA CALLIGRAPHIC RESEARCH CAMBRIDGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1998

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1998 £	1997 £
(Loss)/profit for the financial year	(124,639)	57,597
Dividends	(10,000)	-
New share capital subscribed	-	900
Net (reduction)/addition to shareholders' funds	(134,639)	58,497
Opening shareholders' funds	150,445	91,948
Closing shareholders' funds	15,806	150,445
Represented by:-		
Equity interests	15,806	150,445

16. FINANCIAL COMMITMENTS

At the year end the company was committed to making the following payments during the next year in respect of non-cancellable operating leases with expiry dates as follows:

	Land and buildings	
	1998 £	1997 £
Between two and five years	94,000	94,000
After five years	8,500	8,500
	102,500	8,500

17. RELATED PARTY TRANSACTIONS

During the year the company had the following related party transactions with Data Factory for which P Nash, a shareholder in this company is the sole trader:

- Sales of £7,088
- Consultancy charges of £117,000

At the 30 September 1998 the company was owed £4,677 by Data Factory, net of accrued invoices.