

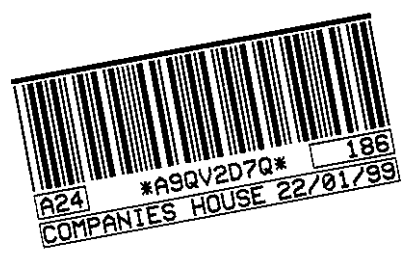
SMITH INSTITUTE (LIMITED BY GUARANTEE)

REGISTERED NUMBER : 03341743

REPORT AND FINANCIAL STATEMENTS

PERIOD ENDED 31 MARCH 1998

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SMITH INSTITUTE (LIMITED BY GUARANTEE)

DIRECTORS AND ADVISORS

DIRECTORS

Prof D.G. Crighton
Prof F.W. Taylor
Prof C.A.R. Hoare
Dr R.C. Whelan
Dr L.A. Wallen
Dr J.R. Ockendon
Dr B.G. Smith OBE

COMPANY SECRETARY

Dr B.G. Smith OBE

REGISTERED OFFICE

PO Box 183
Guildford
Surrey
GU2 5GG

AUDITORS

Menzies
Ashby House
64 High Street
Walton on Thames
Surrey
KT12 1BW

PRINCIPAL BANKER

Midland Bank plc
PO Box 160
168 High Street
Guildford
Surrey
GU1 3YU

SOLICITORS

Gouldens
22 Tudor Street
London
EC4Y 0JJ

SMITH INSTITUTE (LIMITED BY GUARANTEE)

REPORT OF THE DIRECTORS

FINANCIAL STATEMENTS

The directors submit their report and the audited financial statements for the period from incorporation, on the 24 March 1997 to 31 March 1998.

PRINCIPAL ACTIVITY

The company's principal activity during the period comprised promoting and undertaking research in the fields of industrial mathematics and systems engineering.

DIRECTORS

Dr B G Smith, Dr J.R. Ockendon, Dr L.A. Wallen, Prof C.A.R. Hoare, Prof D.G. Crighton, Prof F.W. Taylor were appointed as directors on 24 March 1997. Dr R.C. Whelan was appointed as director on 20 May 1997 and Prof F.W. Taylor resigned as a director on 9 April 1998.

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 the affairs of the company and of the profit of the company for that period. In preparing those financial statements the directors are required to:

- a) Select suitable accounting policies and then apply them consistently.
- b) Make judgements and estimates that are reasonable and prudent.
- c) Follow applicable Accounting Standards, subject to any material departures disclosed and explained in the financial statements.
- d) Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to ensure that the financial statements comply with the Companies Act 1985. The directors 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.

SMITH INSTITUTE (LIMITED BY GUARANTEE)

REPORT OF THE DIRECTORS

AUDITORS

Having been appointed during the year by the directors, a resolution proposing Menzies' formal appointment as auditors will be submitted to the Annual General Meeting.

The above report has 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.

By Order of the Board



Dr B.G. Smith OBE
Secretary

Date: 20/1/99

REPORT OF THE AUDITORS TO THE MEMBERS OF

SMITH INSTITUTE (LIMITED BY GUARANTEE)

We have audited the financial statements on pages 6 to 9 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on pages 3 to 4 the company's directors are responsible for the preparation of the company's financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial 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 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 the company's affairs as at 31 March 1998 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Ashby House
64 High Street
Walton on Thames
Surrey
KT12 1BW

**Menzies
Chartered Accountants
and Registered Auditors**

Date: 21 January 1999

SMITH INSTITUTE (LIMITED BY GUARANTEE)

PROFIT AND LOSS ACCOUNT

PERIOD ENDED 31 MARCH 1998

		1998
	Note	£
TURNOVER	2	69,250
Administrative and other operating costs		<u>68,689</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	561
Tax on profit on ordinary activities		<u>539</u>
PROFIT FOR THE FINANCIAL PERIOD	5	<u><u>22</u></u>

The notes on pages 8 to 9 form part of these financial statements.

SMITH INSTITUTE (LIMITED BY GUARANTEE)

BALANCE SHEET

31 MARCH 1998

1998

	Note	£	£
CURRENT ASSETS			
Debtors	3	35,706	
Cash at bank and in hand		6,936	
			42,642
CREDITORS: amounts falling due within one year	4	42,620	
NET CURRENT ASSETS			22
TOTAL ASSETS LESS CURRENT LIABILITIES			22
CAPITAL AND RESERVES			
Profit and loss account	5		22

The financial statements have been prepared on the basis of the special exemptions applicable to small companies, conferred by Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities.

The financial statements were approved by the Board of Directors on 20/1/99

DIRECTORS

Dr B.G. Smith OBE

B.G. Smith

~~Prof D.G. Crighton~~

Dr L.A. Waller

L.A. Waller

The notes on pages 8 to 9 form part of these financial statements.

SMITH INSTITUTE (LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED 31 MARCH 1998

1 ACCOUNTING POLICIES

The principal accounting policies of the company are set out below.

Accounting convention

The financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities and under the historical cost convention.

Turnover

Turnover is the total amount of membership fees and sponsorships receivable by the company, excluding VAT and trade discounts.

Research and development

Research and development expenditure is charged to the profit and loss account in the period in which it is incurred.

Development costs incurred are capitalised when their recoverability can be assessed with reasonable certainty. Capitalised costs are amortised over the period during which the associated income is realised. All other development costs are written off in the year of expenditure.

2 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The turnover and profit on ordinary activities before taxation is attributable to the principal activity of the company.

The profit is stated after charging:	1998
	£
Auditors' remuneration	500
Aggregate directors' emoluments	-
	<hr/>

3 DEBTORS

	1998
	£
Others	35,706
	<hr/>

All amounts included above are considered receivable within one year of the balance sheet date.

SMITH INSTITUTE (LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED 31 MARCH 1998

4 CREDITORS: amounts falling due within one year

	1998
	£
Social security and other taxes	5,047
Others	37,573
	<hr/>
	42,620
	<hr/>

5 PROFIT AND LOSS ACCOUNT

	1998
	£
At 25 March 1997	-
Profit for the financial period	22
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At 31 March 1998	22
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6 RELATED PARTY TRANSACTIONS

Included within turnover and accrued income is £34,000 of sponsorship payable by Gordon & Co., a business owned by Dr B.G. Smith who is a director of the company. Also included within other debtors at 31 March 1998 is an amount of £456 owed by Dr B.G. Smith to the company. This was the maximum amount outstanding during the period.

During the period the company was charged £9,387 by Lambda Research, a business in which Dr R.C. Whelan is a partner, and £7,750 by Dr L.A. Wallen, for consultancy work carried out. Both Dr R.C. Whelan and Dr L.A. Wallen are directors of the company.