

FYLDE MICRO LIMITED

DIRECTOR'S REPORT AND FINANCIAL STATEMENTS

For the period ended 31st December 2006

Company No. 04782865 (England and Wales)

M BARNFATHER & Co

Chartered Accountants

16 Birley Street
Blackpool



FYLDE MICRO LIMITED

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FYLDE MICRO LIMITED

Company Information

Director	B C Seedle N K Burrows T M Johnson P Taylor
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Secretary	B C Seedle
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Company Number	4782865 (England & Wales)
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Registered Office

16 Birley Street
BLACKPOOL
FY1 1DU

Accountants

M Bamfather & Co
Chartered Accountants
16 Birley Street
BLACKPOOL
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FYLDE MICRO LIMITED

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Directors Report For the year ended 31ST DECEMBER 2006

The directors present their report and the financial statement for the year ended 31st December 2006

Statement of director's responsibilities

Company law requires the directors to prepare accounts 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 accounts, the directors are required to

Select suitable accounting policies and then apply them consistently

Make judgments and estimates that are reasonable and prudent

Prepare accounts on the 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 to 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.

Principal Activities

The company was incorporated on 1st June 2003. The company's principal activity has throughout the year been the design and manufacturer of electronic components.

Directors

The directors who served during the year and their beneficial interests in the company issued ordinary share capital were

Share holdings	At 1 Jan 2006	At 31 Dec 2006
Mr B Seedle	500	500
Mr N K Burrows	500	500
Mr T M Johnson	264	264
Mr P Taylor	66	66

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies, and was approved by the board on 10/10/07 2007 and signed on its behalf

Director 

FYLDE MICRO LIMITED

Accountants' Report to the shareholders of Fylde Micro Limited

We report on the accounts for the year ended 31st December 2006 set out on pages 3 to 7

Respective responsibilities of directors and reporting accountants

As described on page 4 the company's directors are responsible for the preparation of the accounts, and they consider that the company is exempt from an audit. It is our responsibility to carry out procedures designed to enable us to report our opinion.

Basis of opinion

Our work was conducted in accordance with the Statement of Standards for Reporting Accountants, and so our procedures consisted of comparing the accounts with the accounting records kept by the company, and making such limited enquiries of the officers of the company, as we considered necessary for the purposes of this report. These procedures provide only the assurance expressed in our opinion.

Opinion

In our opinion

- a) the accounts are in agreement with the accounting records kept by the company under section 221 of the Companies Act 1985,
- b) having regard only to, and on the basis of, the information contained in those accounting records
 - i) the accounts have been drawn up in a manner consistent with the accounting requirements specified in section 249C(6) of the Act, and
 - ii) the company satisfied the conditions for exemption from an audit of the accounts for the year specified in section 249A(4) of the Act and did not, at any time within that period, fall within any of the categories of companies not entitled to the exemption specified in section 249B(1)



M Barnfather & Co
Chartered Accountants
16 Birley Street
BLACKPOOL

FYLDE MICRO LIMITED

Profit & Loss account for the period ended 31st December 2006

	NOTE	2006	2005
Turnover	1 2,2	1256045	2065204
Cost of sales		(343415)	(716059)
Gross profit		912630	1349145
Administrative expenses		(903487)	(1000492)
Operating Profit	3	9143	348653
Profit on ordinary activities before taxation		9143	348653
Taxation on profit on ordinary activities overprovided	4	20892	(40000)
Profit on ordinary activities after taxation		30035	308653
Dividends		-	-
Retained Profit for the year		30035	308653
Retained Profit (loss) brought forward		157102	(151551)
Retained Profit carried forward		187137	157102

The notes on pages 5 – 7 form part of these financial statements

FYLDE MICRO LIMITED

BALANCE SHEET AS AT 31ST DECEMBER 2006

FIXED ASSETS	Notes	<u>2006</u>	<u>2005</u>
Tangible assets	1,3 5	26815	19108
CURRENT ASSETS			
Stocks		68470	180000
Debtors	6	515804	612942
Cash at bank and in hand		339525	185634
		-----	-----
		923799	978576
CREDITORS amounts falling due within one year	7	751115	(840449)
		-----	-----
Net current assets		172684	138127
		-----	-----
		199499	157235
Creditors falling due over one year	8	(12229)	-
		-----	-----
Net business assets		187270	157235
		=====	=====
CAPITAL & RESERVES			
Called up Share Capital	9	133	133
Profit and loss account		187137	157102
		-----	-----
Shareholders funds	10	187270	158235
		=====	=====

For the period ended 31st December 2006 the company was entitled to exemption under section 249A (1) of the Companies Act 1985


No members have required the company to obtain an audit of its accounts for the period in question in accordance with section 249B (2)

The directors acknowledge their responsibility for

- i) Ensuring the company keeps accounting records which comply with Section 221, and
- ii) Preparing accounts which give a true and fair view of the state of affairs of the company as at the end of its financial year, and of its profit and loss for the financial period in accordance with section 226, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the company

The financial statements which have been prepared in accordance with the special provisions of part VII of the Companies Act 1985 applicable to small companies were approved by the board on

10/10/07 and signed on its behalf

 Director

The notes on pages 5-7 form part of these accounts

FYLDE MICRO LIMITED

Notes to the accounts for the period ended 31st December 2006

1 Accounting Policies

1.1 Basis of preparation of accounts

The accounts are prepared under the historical cost convention, and in accordance with the financial reporting standards for smaller entities (effective January 2005)

1.2 Turnover

Turnover comprises the invoiced value of goods and services supplied by the company made during the period, net of Value Added Tax and trade discounts

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation

Depreciation is provided at rates calculated to write off the cost of valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Motor vehicles	25% of cost
Fixtures & Fittings	25% of cost

1.4 Research and development

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

1.5 Stocks and work in progress

Stock and work in progress are valued at lower of cost and net realisable value

1.6 The company has taken advantage of the exemptions conferred by FRS1 and has not prepared a cash flow statement because it qualifies as a small company

1.7 Foreign Currency Transactions

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the accounting date. Transactions in foreign currencies are recorded at rate ruling at the date of the transaction

All differences are taken to the profit and loss account

1.8 Leased Assets

Assets held under finance leases and hire purchase contracts capitalized at the estimated fair value at the date of inception of each lease or contract. The assets are depreciated over their expected useful lives. The finance charges are allocated over the primary period of the lease in proportion to the capital element outstanding. Rentals payable under operating leases are charged to the profit and loss account as incurred

continued

2 Turnover

In the year ended 31st December 2006 the whole of the turnover and profit before taxation is attributable to the one principal activity of the company. Export sales account for 95% of total sales of the Company in the year.

3 Operating Profit

The operating profit is after charging -	2006	2005
Depreciation of tangible fixed assets owned by the company	11169	14131
Pension costs	28107	44603
Director's emoluments & benefits	263200	158915
Lease payments in respect of property rental	65000	65000

4 Taxation	2006	2005
UK current year taxation		40000
UK corporation tax overprovided in previous year	20892	
	<u>20892</u>	<u>40000</u>

5 Tangible fixed assets

	Motor vehicles	Plant, Equipment and Fixtures	Total
Costs	-	44763	44763
Additions	18939	-	18939
at 31st Dec 2006	<u>18939</u>	<u>44763</u>	<u>63702</u>
Depreciation	-	25655	25655
Charge for the year	4734	6498	11232
at 31st Dec 2006	<u>4734</u>	<u>32153</u>	<u>36887</u>
Net book values at 31st Dec 2006	<u>14205</u>	<u>12610</u>	<u>26815</u>

6 Debtors

	2006	2005
Due within one year		
Trade debtors	394363	557982
Other debtors	121441	54960
	<u>515804</u>	<u>612942</u>

7 Creditors

	<u>2006</u>	<u>2005</u>
Amounts falling due within 1 year		
Trade creditors	31243	74483
Other taxation and social security payments	14840	18284
Accruals and deferred income	6382	39125
Amounts due to related Company	694583	621506
Deposits held on behalf of customers	-	47051
Corporation tax due	-	40000
Rental payments made under lease agreement Which expire in 1 year	4067	-
	<u>751115</u>	<u>840449</u>

8. Lease Commitments

	<u>2006</u>	<u>2005</u>
Rental payments made under lease agreement		
Annual payments which expire		
In greater than 1 year	12229	-

9 Share capital

	<u>2006</u>	<u>2005</u>
Authorised – 10 000 'A' ordinary shares of £1 each	1000	1000
'B' ordinary shares of 10p each	1000	1000
	<u> </u>	<u> </u>
Allotted, called up and fully paid		
1000 'A' ordinary shares of 10p each	100	100
333 'B' ordinary shares of 10p each	333	333
	<u> </u>	<u> </u>

10 Movements on shareholders funds

	<u>2006</u>	<u>2005</u>
Profit (Loss) for the year	30035	308653
Opening shareholders funds	157235	(151451)
Shares issued in the year	-	33
	<u> </u>	<u> </u>
Closing shareholders funds	<u>187270</u>	<u>157235</u>

11 Related party transactions

The Company occupies premises owned by Fylde Microsystems Limited, an associated Company. A normal market rental of £65,000 was payable during the year (2005 £65,000). This has been included in the balance due to Fylde Microsystems Limited at the balance sheet date.

A licence was also payable in respect of sales £80,000 (2005 £30,000).