

SC1471451

Report of the Directors and
Financial Statements for the Year Ended 31 March 1998
for
Future Alignments Ltd.

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for the Year Ended 31 March 1998

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Company Information
for the Year Ended 31 March 1998

DIRECTORS:	G Stephen R Stephen I McCormick
SECRETARY:	Brown & McRae
REGISTERED OFFICE:	Anderson House 9-45 Frithside Street Fraserburgh Aberdeenshire AB43 5AB
REGISTERED NUMBER:	SC149451 (Scotland)
AUDITORS:	Alpha Business Services Chartered Accountant Inverebrie Ellon Aberdeenshire AB41 8PX
BANKERS:	Bank of Scotland Broad Street Peterhead
SOLICITORS:	Brown & McRae Anderson House 9 - 15 Firthside Street Fraserburgh Aberdeenshire AB43 5AB

Report of the Directors
for the Year Ended 31 March 1998

The directors present their report with the financial statements of the company for the year ended 31 March 1998.

PRINCIPAL ACTIVITIES

The principal activities of the company in the year under review were those of the design and marketing of alignment tools.

DIRECTORS

The directors during the year under review were:

G Stephen
R Stephen
I McCormick

The beneficial interests of the directors holding office on 31 March 1998 in the issued share capital of the company were as follows:

	31.3.98	1.4.97
Ordinary £1 shares		
G Stephen	75	75
R Stephen	75	75
I McCormick	75	75

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 then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

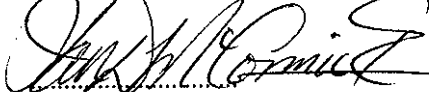
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets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

AUDITORS

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

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:



I McCormick - DIRECTOR

Dated: 29-3-99

Report of the Auditors to the Shareholders of
Future Alignments Ltd.

We have audited the financial statements on pages four to eight 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 six.

Respective responsibilities of directors and auditors

As described on page two the company's directors are 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 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 year then ended and have been properly prepared in accordance with the Companies Act 1985.



Alpha Business Services
Chartered Accountant
Inverebrie
Ellon
Aberdeenshire
AB41 8PX

Dated: 29.3.99

Profit and Loss Account
for the Year Ended 31 March 1998

		31.3.98	31.3.97
	Notes	£	£
TURNOVER	2	417,525	39,826
Cost of sales		255,930	-
GROSS PROFIT		161,595	39,826
Administrative expenses		128,364	111,965
		33,231	(72,139)
Other operating income		3,687	7,604
OPERATING PROFIT/(LOSS)	3	36,918	(64,535)
Interest payable and similar charges		6,609	3,742
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		30,309	(68,277)
Tax on profit/(loss) on ordinary activities	4	-	-
PROFIT/(LOSS) FOR THE FINANCIAL YEAR AFTER TAXATION		30,309	(68,277)
Deficit brought forward		(98,548)	(30,271)
DEFICIT CARRIED FORWARD		<u>£(68,239)</u>	<u>£(98,548)</u>

The notes form part of these financial statements

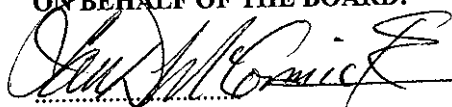
Future Alignments Ltd.

Balance Sheet
31 March 1998

		31.3.98		31.3.97	
	Notes	£	£	£	£
FIXED ASSETS:					
Intangible assets	5		48,498		34,035
Tangible assets	6		1,913		464
			<u>50,411</u>		<u>34,499</u>
CURRENT ASSETS:					
Stocks		16,597		10,000	
Debtors	7	121,480		16,675	
Cash at bank and in hand		2,560		-	
		<u>140,637</u>		<u>26,675</u>	
CREDITORS: Amounts falling due within one year	8	<u>181,637</u>		<u>76,072</u>	
NET CURRENT LIABILITIES:			<u>(41,000)</u>		<u>(49,397)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			9,411		(14,898)
CREDITORS: Amounts falling due after more than one year	9		15,000		21,000
			<u>£(5,589)</u>		<u>£(35,898)</u>
CAPITAL AND RESERVES:					
Called up share capital	11		300		300
Share premium	12		62,350		62,350
Profit and loss account			<u>(68,239)</u>		<u>(98,548)</u>
Shareholders' funds			<u>£(5,589)</u>		<u>£(35,898)</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities.

ON BEHALF OF THE BOARD:



I McCormick - DIRECTOR

Approved by the Board on 29-3-99

The notes form part of these financial statements

Notes to the Financial Statements
for the Year Ended 31 March 1998

1. **ACCOUNTING POLICIES**

Accounting convention

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

Turnover

Turnover represents net invoiced sales of goods, 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.

Pensions

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

Research and development

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

2. **TURNOVER**

The turnover and profit (1997 - loss) before taxation are attributable to the principal activities of the company.

3. **OPERATING PROFIT/(LOSS)**

The operating profit (1997 - operating loss) is stated after charging:

	31.3.98	31.3.97
	£	£
Depreciation - owned assets	370	107
Patents and licences written off	2,447	-
Pension costs	3,494	-
	<u> </u>	<u> </u>
Directors' emoluments and other benefits etc	<u>52,144</u>	<u>36,000</u>

4. **TAXATION**

No taxation liability arose for the year ended 31 March 1998 due to losses brought forward from the year ended 31 March 1997.

Notes to the Financial Statements
for the Year Ended 31 March 1998

5. **INTANGIBLE FIXED ASSETS**

	Patents and licences
	<u>£</u>
COST:	
At 1 April 1997	34,035
Additions	18,438
Disposals	<u>(1,528)</u>
At 31 March 1998	<u>50,945</u>
AMORTISATION:	
Charge for year	<u>2,447</u>
At 31 March 1998	<u>2,447</u>
NET BOOK VALUE:	
At 31 March 1998	<u>48,498</u>
At 31 March 1997	<u>34,035</u>

6. **TANGIBLE FIXED ASSETS**

	Plant and machinery	Fixtures and fittings	Totals
	<u>£</u>	<u>£</u>	<u>£</u>
COST:			
At 1 April 1997	579	81	660
Additions	<u>1,600</u>	<u>219</u>	<u>1,819</u>
At 31 March 1998	<u>2,179</u>	<u>300</u>	<u>2,479</u>
DEPRECIATION:			
At 1 April 1997	176	20	196
Charge for year	<u>300</u>	<u>70</u>	<u>370</u>
At 31 March 1998	<u>476</u>	<u>90</u>	<u>566</u>
NET BOOK VALUE:			
At 31 March 1998	<u>1,703</u>	<u>210</u>	<u>1,913</u>
At 31 March 1997	<u>403</u>	<u>61</u>	<u>464</u>

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

	31.3.98	31.3.97
	<u>£</u>	<u>£</u>
Trade Debtors	107,713	11,561
Prepayments	314	-
V.A.T.	<u>13,453</u>	<u>5,114</u>
	<u>121,480</u>	<u>16,675</u>

Notes to the Financial Statements
for the Year Ended 31 March 1998

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

	31.3.98	31.3.97
	£	£
Bank loans and overdrafts	6,000	58,668
Trade Creditors	168,937	11,944
Directors Current Accounts	(786)	2,138
Social Security & Other Taxes	5,336	2,722
Accruals	2,150	600
	<u>181,637</u>	<u>76,072</u>

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

	31.3.98	31.3.97
	£	£
Bank loans	<u>15,000</u>	<u>21,000</u>

10. **SECURED DEBTS**

The following secured debts are included within creditors:

	31.3.98	31.3.97
	£	£
Bank overdrafts	<u>-</u>	<u>52,668</u>

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

11. **CALLED UP SHARE CAPITAL**

Authorised:				
Number:	Class:	Nominal	31.3.98	31.3.97
		value:	£	£
90,000	Ordinary	£1	90,000	75,000
(31.3.97 - 75,000)			<u>90,000</u>	<u>75,000</u>

Allotted and issued:				
Number:	Class:	Nominal	31.3.98	31.3.97
		value:	£	£
300	Share Capital 1	£1	<u>300</u>	<u>300</u>

12. **SHARE PREMIUM**

	31.3.98	31.3.97
	£	£
Cash Share Issue	<u>62,350</u>	<u>62,350</u>

Trading and Profit and Loss Account
for the Year Ended 31 March 1998

	31.3.98		31.3.97	
	£	£	£	£
Income		417,525		39,826
Cost of sales:				
Purchases		255,930		-
GROSS PROFIT		161,595		39,826
Other income:				
Grants Received		3,687		7,604
		165,282		47,430
Expenditure:				
Directors' Remuneration	52,144		36,000	
Social Security	5,213		3,671	
Pension Contributions	3,494		-	
Telephone	4,418		1,979	
Post stationery & advertising	9,957		12,140	
Motor & travel expenses	23,142		9,348	
Sundry Expenses	1,221		786	
Licences & Insurance	3,637		932	
Entertaining	2,743		647	
Patent & Licences Costs	1,528		3,517	
Materials & Subcontract Costs	-		40,587	
Sundry Expenses	(1)		-	
Accountancy	4,150		1,550	
Professional Fees	7,680		-	
Legal & Professional	2,913		161	
Bad Debts	1,700		-	
Rent	1,608		450	
Heat & Light	-		90	
		125,547		111,858
		39,735		(64,428)
Finance costs:				
Bank Interest	4,985		3,027	
Loan Interest	1,429		715	
Bank Interest & Charges	195		-	
		6,609		3,742
		33,126		(68,170)
Depreciation:				
Plant & Machinery	300		87	
Fixtures & Fittings	70		20	
Patents & Licences	2,447		-	
		2,817		107
NET PROFIT/(LOSS)		£30,309		£(68,277)

This page does not form part of the statutory financial statements