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Report of the Directors and
Financial Statements for the Year Ended 31 March 1999
for
Future Alignments Ltd.

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for the Year Ended 31 March 1999

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Future Alignments Ltd.

Company Information
for the Year Ended 31 March 1999

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)
AUDITOR:	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 1999

The directors present their report with the financial statements of the company for the year ended 31 March 1999.

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 1999 in the issued share capital of the company were as follows:

	31.3.99	1.4.98
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.

AUDITOR

The auditor, 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:


.....
R Stephen - DIRECTOR

Dated:

4/8/99

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

I have audited the financial statements on pages four to eight which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 1999), under the historical cost convention and the accounting policies set out on page six.

Respective responsibilities of directors and auditor

As described on page two the company's directors are responsible for the preparation of financial statements. It is my responsibility to form an independent opinion, based on my audit, on those statements and to report my opinion to you.

Basis of opinion

I conducted my 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.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me 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 my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In my opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 1999 and of its loss 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:

7 August 1999

Future Alignments Ltd.

Profit and Loss Account
for the Year Ended 31 March 1999

		31.3.99	31.3.98
	Notes	£	£
TURNOVER		367,450	417,525
Cost of sales		<u>244,869</u>	<u>255,930</u>
GROSS PROFIT		122,581	161,595
Administrative expenses		<u>161,713</u>	<u>128,364</u>
		(39,132)	33,231
Other operating income		<u>7,510</u>	<u>3,687</u>
OPERATING (LOSS)/PROFIT	2	(31,622)	36,918
Interest payable and similar charges		<u>4,826</u>	<u>6,609</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(36,448)	30,309
Tax on (loss)/profit on ordinary activities	3	<u>-</u>	<u>-</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		(36,448)	30,309
Deficit brought forward		<u>(68,239)</u>	<u>(98,548)</u>
DEFICIT CARRIED FORWARD		<u>£(104,687)</u>	<u>£(68,239)</u>

The notes form part of these financial statements

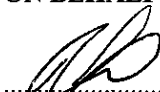
Future Alignments Ltd.

Balance Sheet
31 March 1999

		31.3.99		31.3.98	
	Notes	£	£	£	£
FIXED ASSETS:					
Intangible assets	4		64,813		48,498
Tangible assets	5		4,540		1,913
			<u>69,353</u>		<u>50,411</u>
CURRENT ASSETS:					
Stocks		18,046		16,597	
Debtors	6	86,092		121,480	
Cash at bank and in hand		1		2,560	
		<u>104,139</u>		<u>140,637</u>	
CREDITORS: Amounts falling due within one year	7	<u>206,529</u>		<u>181,637</u>	
NET CURRENT LIABILITIES:			<u>(102,390)</u>		<u>(41,000)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			<u>(33,037)</u>		9,411
CREDITORS: Amounts falling due after more than one year	8		9,000		15,000
			<u>£(42,037)</u>		<u>£(5,589)</u>
CAPITAL AND RESERVES:					
Called up share capital	10		300		300
Share premium	11		62,350		62,350
Profit and loss account			<u>(104,687)</u>		<u>(68,239)</u>
Shareholders' funds			<u>£(42,037)</u>		<u>£(5,589)</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 (effective March 1999).

ON BEHALF OF THE BOARD:


.....
R Stephen - DIRECTOR

Approved by the Board on 4/8/99

The notes form part of these financial statements

Notes to the Financial Statements
for the Year Ended 31 March 1999

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 (effective March 1999).

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Intangible fixed assets

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

Patents - 4% on cost

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. **OPERATING (LOSS)/PROFIT**

The operating loss (1998 - operating profit) is stated after charging:

	31.3.99	31.3.98
	£	£
Depreciation - owned assets	938	370
Patents and licences written off	2,802	2,447
Pension costs	6,582	3,494
	<u> </u>	<u> </u>
Directors' emoluments and other benefits etc	67,360	52,144
	<u> </u>	<u> </u>

3. **TAXATION**

No taxation liability arose for the year ended 31 March 1999 or for the year ended 31 March 1998.

Notes to the Financial Statements
for the Year Ended 31 March 1999

4. **INTANGIBLE FIXED ASSETS**

	Patents and licences
	£
COST:	
At 1 April 1998	50,945
Additions	19,117
	<u>70,062</u>
At 31 March 1999	
AMORTISATION:	
At 1 April 1998	2,447
Charge for year	2,802
	<u>5,249</u>
At 31 March 1999	
NET BOOK VALUE:	
At 31 March 1999	<u>64,813</u>
At 31 March 1998	<u>48,498</u>

5. **TANGIBLE FIXED ASSETS**

	Plant and machinery	Fixtures and fittings	Totals
	£	£	£
COST:			
At 1 April 1998	2,179	300	2,479
Additions	-	3,565	3,565
	<u>2,179</u>	<u>3,865</u>	<u>6,044</u>
At 31 March 1999			
DEPRECIATION:			
At 1 April 1998	476	90	566
Charge for year	327	611	938
	<u>803</u>	<u>701</u>	<u>1,504</u>
At 31 March 1999			
NET BOOK VALUE:			
At 31 March 1999	<u>1,376</u>	<u>3,164</u>	<u>4,540</u>
At 31 March 1998	<u>1,703</u>	<u>210</u>	<u>1,913</u>

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

	31.3.99	31.3.98
	£	£
Trade Debtors	75,944	107,713
Prepayments	1,908	314
V.A.T.	8,240	13,453
	<u>86,092</u>	<u>121,480</u>

Notes to the Financial Statements
for the Year Ended 31 March 1999

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

	31.3.99	31.3.98
	£	£
Bank loans and overdrafts	55,369	-
Loan	6,000	6,000
Trade Creditors	139,777	168,937
Directors Current Accounts	(797)	(786)
Hire Purchase	888	-
Social Security & Other Taxes	2,692	5,336
Accruals	2,600	2,150
	<u>206,529</u>	<u>181,637</u>

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

	31.3.99	31.3.98
	£	£
Loan	9,000	15,000
	<u>9,000</u>	<u>15,000</u>

9. SECURED DEBTS

The following secured debts are included within creditors:

	31.3.99	31.3.98
	£	£
Bank overdrafts	55,369	-

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

10. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal	31.3.99	31.3.98
		value:	£	£
75,000	Ordinary	£1	75,000	75,000

Allotted and issued:				
Number:	Class:	Nominal	31.3.99	31.3.98
		value:	£	£
300	Share Capital 1	£1	300	300

An additional 100 shares were issued on 31 May 1996 at a premium of £499 per share.

11. SHARE PREMIUM

	31.3.99	31.3.98
	£	£
Cash Share Issue	62,350	62,350

Future Alignments Ltd.

Trading and Profit and Loss Account
for the Year Ended 31 March 1999

	31.3.99		31.3.98	
	£	£	£	£
Income		367,450		417,525
Cost of sales:				
Purchases		244,869		255,930
GROSS PROFIT		122,581		161,595
Other income:				
Grants Received		7,510		3,687
		130,091		165,282
Expenditure:				
Directors' Remuneration	67,360		52,144	
Social Security	6,736		5,213	
Pension Contributions	6,582		3,494	
Telephone	4,126		4,418	
Post stationery & advertising	18,283		9,957	
Motor & travel expenses	26,122		23,142	
Licences & Insurance	3,999		3,637	
Entertaining	5,217		2,743	
Patent & Licences Costs	3,153		1,528	
Sundry Expenses	900		1,220	
Accountancy	3,613		4,150	
Professional Fees	8,736		7,680	
Legal & Professional	-		2,913	
Bad Debts	1,538		1,700	
Rent	1,608		1,608	
		157,973		125,547
		(27,882)		39,735
Finance costs:				
Bank Interest	3,134		4,985	
Loan Interest	1,429		1,429	
Bank Interest & Charges	263		195	
		4,826		6,609
		(32,708)		33,126
Depreciation:				
Plant & Machinery	327		300	
Fixtures & Fittings	611		70	
Patents & Licences	2,802		2,447	
		3,740		2,817
NET (LOSS)/PROFIT		£(36,448)		£30,309

This page does not form part of the statutory financial statements