

ACTIVE SILICON LIMITED
FINANCIAL STATEMENTS

31ST MARCH 2002

Company Registration Number 02263641

HARE WILSON & CO
Chartered Accountants & Registered Auditors
Redmead House, Uxbridge Road
Hillingdon Heath, Uxbridge
Middlesex, UB10 0LT

ACTIVE SILICON LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2002

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ACTIVE SILICON LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

Mr H C Pearce
Mr C J Beynon

Company secretary

Mr I R Marshall

Registered office

Redmead House
Uxbridge Road
Hillingdon Heath
Uxbridge
Middlesex
UB10 0LT

Auditors

Hare Wilson & Co
Chartered Accountants
& Registered Auditors
Redmead House, Uxbridge Road
Hillingdon Heath, Uxbridge
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ACTIVE SILICON LIMITED
THE DIRECTORS' REPORT
YEAR ENDED 31ST MARCH 2002

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31st March 2002.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the company during the year were the design, manufacture and supply of electronic and computer systems.

The company continues to invest into the research and development of innovative products targeted at niche applications using its expertise in digital video and imaging technologies.

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At 31 March 2002	At 1 April 2001
Mr H C Pearce	51	51
Mr C J Beynon	26	26
	<u> </u>	<u> </u>

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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on page 7, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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. 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.

ACTIVE SILICON LIMITED
THE DIRECTORS' REPORT *(continued)*
YEAR ENDED 31ST MARCH 2002

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Registered office:
Redmead House
Uxbridge Road
Hillingdon Heath
Uxbridge
Middlesex
UB10 0LT

Signed on behalf of the directors

.....
Mr H C PEARCE
Director

Approved by the directors on 20th January 2003.

ACTIVE SILICON LIMITED
INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS
YEAR ENDED 31ST MARCH 2002

We have audited the financial statements on pages 5 to **Error! Bookmark not defined.** which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000), under the historical cost convention and the accounting policies set out on page 7.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with United Kingdom 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 31st March 2002 and of the profit of the company for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Redmead House
Uxbridge Road
Hillingdon Heath
Uxbridge
Middlesex
UB10 0LT

HARE WILSON & CO

Chartered Accountants

& Registered Auditors

22nd January 2003

ACTIVE SILICON LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31ST MARCH 2002

	Note	2002 £	2001 £
TURNOVER		1,711,085	2,258,862
Cost of sales		<u>574,043</u>	<u>1,221,247</u>
GROSS PROFIT		1,137,042	1,037,615
Administrative expenses		<u>895,363</u>	<u>758,520</u>
OPERATING PROFIT	2	241,679	279,095
Income from fixed asset investments	4	182	397
Interest receivable		25,288	28,039
Amounts written off investments	5	(18,268)	(4,832)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>248,881</u>	<u>302,699</u>
Tax on profit on ordinary activities	6	4,265	65,275
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>244,616</u>	<u>237,424</u>
Equity dividends paid		–	55,800
RETAINED PROFIT FOR THE FINANCIAL YEAR		<u>244,616</u>	<u>181,624</u>
Balance brought forward		<u>735,765</u>	<u>554,141</u>
Balance carried forward		<u>980,381</u>	<u>735,765</u>

ACTIVE SILICON LIMITED**BALANCE SHEET****31ST MARCH 2002**

	Note	2002 £	£	2001 £	£
FIXED ASSETS					
Tangible assets	7		86,363		97,502
Investments	8		128,169		146,437
			<u>214,532</u>		<u>243,939</u>
CURRENT ASSETS					
Stocks		190,980		101,410	
Debtors	9	307,247		368,389	
Cash at bank and in hand		449,414		575,093	
		<u>947,641</u>		<u>1,044,892</u>	
CREDITORS: Amounts falling due within one year	10	181,692		552,966	
NET CURRENT ASSETS			<u>765,949</u>		<u>491,926</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>980,481</u>		<u>735,865</u>
CAPITAL AND RESERVES					
Called-up equity share capital	13		100		100
Profit and Loss Account			980,381		735,765
SHAREHOLDERS' FUNDS			<u>980,481</u>		<u>735,865</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective March 2000).

These financial statements were approved by the directors on the 20th January 2003 and are signed on their behalf by:

.....
MR H C PEARCE

.....
MR C J BEYNON

ACTIVE SILICON LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2002

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Research and development

Research and development expenditure is written off in the year in which it is incurred.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Computer Equipment	-	33.33%
Fixtures & Fittings	-	20%
Motor Vehicles	-	20%

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Pension costs

Pension contributions to personal pension schemes are charged to the profit and loss account as incurred.

Deferred taxation

The accounting policy in respect of deferred tax for the year ended 31 March 2002 differs from that used in prior years due to the adoption of Financial Reporting Standard 19 "Deferred Taxation". The effect of the change in accounting policy on the profit reported in the prior year was immaterial and accordingly no adjustment has been made to the comparative figures.

Deferred tax is provided for on a full provision basis on all timing differences, which have arisen but not reversed at the balance sheet date. No timing differences are recognised in respect of gains on sale of assets where those assets have been rolled over into replacement assets. A deferred tax asset is not recognised to the extent that the transfer of economic benefit in future is uncertain. Any assets and liabilities recognised have not been discounted.

ACTIVE SILICON LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2002

2. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2002	2001
	£	£
Staff pension contributions	14,016	21,599
Depreciation	52,381	54,951
Loss/(profit) on disposal of fixed assets	650	(6,204)
Auditors' fees	2,900	2,900
	<u>112,875</u>	<u>81,367</u>

3. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2002	2001
	£	£
Aggregate emoluments	112,875	81,367
Value of company pension contributions to money purchase schemes	2,865	9,304
	<u>115,740</u>	<u>90,671</u>

The number of directors who are accruing benefits under company pension schemes were as follows:

	2002	2001
	No.	No.
Money purchase schemes	1	1
	<u>1</u>	<u>1</u>

4. INCOME FROM FIXED ASSET INVESTMENTS

	2002	2001
	£	£
Dividends received	182	397
	<u>182</u>	<u>397</u>

5. AMOUNTS WRITTEN OFF INVESTMENTS

	2002	2001
	£	£
Quoted investments written off	18,268	4,832
	<u>18,268</u>	<u>4,832</u>

ACTIVE SILICON LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2002

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) Taxation

	2002 £	2001 £
Current tax:		
UK Corporation tax based on the results for the year at 20% (2001 - 20.64%)	29,060	65,275
(Over)/under provision in prior year	(24,795)	-
Total current tax	<u>4,265</u>	<u>65,275</u>
Tax on profit on ordinary activities	<u>4,265</u>	<u>65,275</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower (2001: higher) than the standard rate of corporation tax in the UK of 20% (2001 - 20.64%).

	2002 £	2001 £
Profit on ordinary activities before taxation	<u>248,881</u>	<u>302,699</u>
Profit/(loss) on ord actvs by rate of tax	49,776	62,477
Depreciation in excess of capital allowances	2,006	1,576
Expenses not deductible for tax purposes	4,009	1,304
Income not subject to tax	(36)	(82)
Relief for R & D expenditure	(26,695)	-
Relief for R & D expenditure for prior year	(24,795)	-
Total current tax (note 6(a))	<u>4,265</u>	<u>65,275</u>

ACTIVE SILICON LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2002

7. TANGIBLE FIXED ASSETS

	Computer Equipment £	Fixtures & Fittings £	Motor Vehicles £	Total £
COST				
At 1st April 2001	226,080	32,171	52,713	310,964
Additions	14,427	7,855	21,651	43,933
Disposals	(2,152)	–	(12,413)	(14,565)
At 31st March 2002	<u><u>238,355</u></u>	<u><u>40,026</u></u>	<u><u>61,951</u></u>	<u><u>340,332</u></u>
DEPRECIATION				
At 1st April 2001	176,950	18,602	17,910	213,462
Charge for the year	34,620	7,066	10,695	52,381
On disposals	(2,152)	–	(9,722)	(11,874)
At 31st March 2002	<u><u>209,418</u></u>	<u><u>25,668</u></u>	<u><u>18,883</u></u>	<u><u>253,969</u></u>
NET BOOK VALUE				
At 31st March 2002	<u><u>28,937</u></u>	<u><u>14,358</u></u>	<u><u>43,068</u></u>	<u><u>86,363</u></u>
At 31st March 2001	<u><u>49,130</u></u>	<u><u>13,569</u></u>	<u><u>34,803</u></u>	<u><u>97,502</u></u>

8. INVESTMENTS

	£
COST:	
At 1st April 2001 and 31st March 2002	<u><u>146,437</u></u>
AMOUNTS WRITTEN OFF:	
Written off in year	<u><u>18,268</u></u>
At 31st March 2002	<u><u>18,268</u></u>
NET BOOK VALUE:	
At 31st March 2002	<u><u>128,169</u></u>
At 31st March 2001	<u><u>146,437</u></u>

The investments comprise of stocks and shares quoted on a recognised Stock Exchange. The aggregate market value as at the balance sheet date was £60,172 (2001:£115,255). The market value as at 19th December 2002 was £48,017.

ACTIVE SILICON LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2002

9. DEBTORS

	2002	2001
	£	£
Trade debtors	264,624	332,543
Other debtors	11,005	22,355
Prepayments	31,618	13,491
	<u>307,247</u>	<u>368,389</u>

10. CREDITORS: Amounts falling due within one year

	2002	2001
	£	£
Trade creditors	39,292	311,466
Other creditors including taxation and social security:		
Corporation tax	4,264	65,275
PAYE and social security	19,734	19,353
VAT	29,609	33,523
Accruals and deferred income	88,793	123,349
	<u>142,400</u>	<u>241,500</u>
	<u>181,692</u>	<u>552,966</u>

11. DEFERRED TAXATION

No provision has been made in the accounts and the amounts unprovided at the end of the year are as follows:

	2002	2001
	£	£
Excess of taxation allowances over depreciation on fixed assets	—	3,088
	<u>—</u>	<u>3,088</u>

12. RELATED PARTY TRANSACTIONS

The company was under the control of Mr H C Pearce throughout the current and previous year. Mr Pearce is the managing director and majority shareholder.

No transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8.

ACTIVE SILICON LIMITED
NOTES TO THE DETAILED PROFIT AND LOSS ACCOUNT
YEAR ENDED 31ST MARCH 2002

	2002 £	2001 £
13. SHARE CAPITAL		
Authorised share capital:		
	2002 £	2001 £
1,000 Ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid:		
	2002 £	2001 £
Ordinary share capital	100	100