

ACTIVE SILICON LIMITED
FINANCIAL STATEMENTS

31ST MARCH 2003

Company Registration Number 02263641

HARE WILSON ASSOCIATES

Chartered Accountants & Registered Auditors

Redmead House,

Uxbridge Road,

Hillingdon Heath,

Uxbridge

Middlesex

UB 10 0LT

ACTIVE SILICON LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2003

CONTENTS	PAGES
Officers and professional advisers	1
The directors' report	2 to 3
Independent auditors' report to the shareholders	4 to 5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8 to 12

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 Associates
Chartered Accountants
& Registered Auditors
Redmead House
Uxbridge Road
Hillingdon Heath
Uxbridge
Middlesex
UB 10 0LT

ACTIVE SILICON LIMITED
THE DIRECTORS' REPORT
YEAR ENDED 31ST MARCH 2003

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31st March 2003.

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 constantly invests into research and development of innovative ideas into 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 2003	At 1 April 2002
Mr H C Pearce	51	51
Mr C J Beynon	26	26

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 pages 8 to 9, 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 2003

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 3rd September 2003

ACTIVE SILICON LIMITED
INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS
YEAR ENDED 31ST MARCH 2003

We have audited the financial statements on pages 6 to **Error! Bookmark not defined.** which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention and the accounting policies set out on pages 8 to 9.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and 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.

ACTIVE SILICON LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS *(continued)*

YEAR ENDED 31ST MARCH 2003

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 2003 and of its profit 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
UB 10 0LT

3rd September 2003

.....
HARE WILSON ASSOCIATES
Chartered Accountants
& Registered Auditors

ACTIVE SILICON LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31ST MARCH 2003

	Note	2003 £	2002 £
TURNOVER		1,895,836	1,711,085
Cost of sales		<u>556,485</u>	<u>574,042</u>
GROSS PROFIT		1,339,351	1,137,043
Administrative expenses		<u>1,163,275</u>	<u>895,364</u>
OPERATING PROFIT	2	176,076	241,679
Income from fixed asset investments	4	84	182
Interest receivable		21,170	25,288
Amounts written off investments	5	(9,260)	(18,268)
Interest payable		(213)	–
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>187,857</u>	<u>248,881</u>
Tax on profit on ordinary activities	6	16,414	4,265
RETAINED PROFIT FOR THE FINANCIAL YEAR		<u>171,443</u>	<u>244,616</u>
Balance brought forward		980,381	735,765
Balance carried forward		<u>1,151,824</u>	<u>980,381</u>

ACTIVE SILICON LIMITED**BALANCE SHEET****31ST MARCH 2003**

	Note	2003 £	£	2002 £	£
FIXED ASSETS					
Tangible assets	7		71,887		86,363
Investments	8		118,910		128,169
			<u>190,797</u>		<u>214,532</u>
CURRENT ASSETS					
Stocks		252,669		190,980	
Debtors	9	478,483		307,247	
Cash at bank and in hand		493,544		449,414	
		<u>1,224,696</u>		<u>947,641</u>	
CREDITORS: Amounts falling due within one year					
	10	<u>263,569</u>		<u>181,692</u>	
NET CURRENT ASSETS			<u>961,127</u>		<u>765,949</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,151,924</u>		<u>980,481</u>
CAPITAL AND RESERVES					
Called-up equity share capital	12		100		100
Profit and loss account			1,151,824		980,381
SHAREHOLDERS' FUNDS			<u>1,151,924</u>		<u>980,481</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 June 2002).

These financial statements were approved by the directors on the 3rd September 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 2003

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 June 2002).

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.

Fixed assets

All fixed assets are initially recorded at cost.

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.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

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

Deferred taxation

Deferred tax is provided for on a full provision basis in accordance with Financial Reporting Standard 19, 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 2003

2. OPERATING PROFIT

Operating profit is stated after charging:

	2003	2002
	£	£
Staff pension contributions	16,997	14,016
Research and development expenditure written off	239,933	266,954
Depreciation of owned fixed assets	44,385	52,381
Loss on disposal of fixed assets	–	650
Auditors' fees	<u>2,900</u>	<u>2,900</u>

3. DIRECTORS' EMOLUMENTS

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

	2003	2002
	£	£
Aggregate emoluments	122,700	112,875
Value of company pension contributions to money purchase schemes	2,004	2,865
	<u>124,704</u>	<u>115,740</u>

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

	2003	2002
	No	No
Money purchase schemes	<u>1</u>	<u>1</u>

4. INCOME FROM FIXED ASSET INVESTMENTS

	2003	2002
	£	£
Dividend received	<u>84</u>	<u>182</u>

5. AMOUNTS WRITTEN OFF INVESTMENTS

	2003	2002
	£	£
Quoted investments written off	<u>9,260</u>	<u>18,268</u>

ACTIVE SILICON LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2003

6. TAX ON PROFIT ON ORDINARY ACTIVITIES**(a) Analysis of charge in the year**

	2003 £	2002 £
Current tax:		
UK Corporation tax based on the results for the year at 19% (2002 - 20%)	16,414	29,060
Over/under provision in prior year	–	(24,795)
Total current tax	<u>16,414</u>	<u>4,265</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 19% (2002 - 20%).

	2003 £	2002 £
Profit on ordinary activities before taxation	<u>187,857</u>	<u>248,881</u>
Profit on ord. activities by rate of tax	35,693	49,776
Depreciation in excess of capital allowances	917	2,006
Expenses not deductible for tax purposes	2,613	4,009
Income not subject to tax	(16)	(36)
Relief for R & D expenditure	(22,793)	(26,695)
Relief for R & D expenditure for prior year	–	(24,795)
Total current tax (note 6(a))	<u>16,414</u>	<u>4,265</u>

7. TANGIBLE FIXED ASSETS

	Computer Equipment £	Fixtures & Fittings £	Motor Vehicles £	Total £
COST				
At 1 st April 2002	238,355	40,026	61,951	340,332
Additions	16,593	816	12,500	29,909
At 31st March 2003	<u>254,948</u>	<u>40,842</u>	<u>74,451</u>	<u>370,241</u>
DEPRECIATION				
At 1 st April 2002	209,418	25,668	18,883	253,969
Charge for the year	24,779	5,549	14,057	44,385
At 31st March 2003	<u>234,197</u>	<u>31,217</u>	<u>32,940</u>	<u>298,354</u>
NET BOOK VALUE				
At 31st March 2003	<u>20,751</u>	<u>9,625</u>	<u>41,511</u>	<u>71,887</u>
At 31st March 2002	<u>28,937</u>	<u>14,358</u>	<u>43,068</u>	<u>86,363</u>

ACTIVE SILICON LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2003

8. INVESTMENTS

	£
COST	
At 1 st April 2002 and 31st March 2003	<u>146,437</u>
AMOUNTS WRITTEN OFF	
At 1 st April 2002	18,268
Written off in year	<u>9,259</u>
At 31 st March 2003	<u>27,527</u>
NET BOOK VALUE	
At 31st March 2003	<u>118,910</u>
At 31 st March 2002	<u>128,169</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 £44,214 (2002: £60,172). The market value as at 4th August 2003 was £39,144.

9. DEBTORS

	2003	2002
	£	£
Trade debtors	411,914	264,624
Corporation tax repayable	24,795	–
Other debtors	11,005	11,005
Prepayments and accrued income	<u>30,769</u>	<u>31,618</u>
	<u>478,483</u>	<u>307,247</u>

10. CREDITORS: Amounts falling due within one year

	2003		2002	
	£	£	£	£
Trade creditors		91,278		39,292
Other creditors including taxation and social security:				
Corporation tax	16,414		4,264	
PAYE and social security	20,410		19,734	
VAT	28,259		29,609	
Accruals and deferred income	<u>107,208</u>		<u>88,793</u>	
		<u>172,291</u>		<u>142,400</u>
		<u>263,569</u>		<u>181,692</u>

ACTIVE SILICON LIMITED
NOTES TO THE DETAILED PROFIT AND LOSS ACCOUNT
YEAR ENDED 31ST MARCH 2003

	2003		2002	
	£	£	£	£

11. 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.

12. SHARE CAPITAL

Authorised share capital:

	2003		2002	
	£		£	
1,000 Ordinary shares of £1 each	<u>1,000</u>		<u>1,000</u>	

Allotted, called up and fully paid:

	2003		2002	
	No	£	No	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>