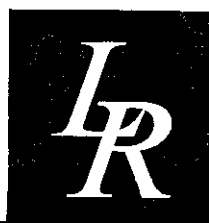

DATA CONVERSION SYSTEMS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2002



LAKIN ROSE
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT TO DATA CONVERSION SYSTEMS LIMITED
Under section 247B of the Companies Act 1985

We have examined the abbreviated accounts of Data Conversion Systems Limited for the year ended 31 March 2002 set out on pages 2 to 5, together with the financial statements of the company for the year ended 31 March 2002 prepared under section 226 of the Companies Act 1985.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for preparing the abbreviated accounts in accordance with section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246 (5) and (6) of the Act to the registrar and whether the accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

BASIS OF AUDIT OPINION

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

OPINION

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246 (5) and (6) of the Companies Act 1985, and the abbreviated accounts on pages 2 to 5 are properly prepared in accordance with those provisions.



Lakin Rose

Chartered Accountants
Registered Auditors

Enterprise House
Vision Park
Histon
Cambridge
CB4 9ZR

17 September 2002

DATA CONVERSION SYSTEMS LIMITED

ABBREVIATED BALANCE SHEET
As at 31 March 2002

	Note	2002		2001	
		£	£	£	£
FIXED ASSETS					
Intangible fixed assets	2		22,868		9,118
Tangible fixed assets	3		149,998		141,326
			<u>172,866</u>		<u>150,444</u>
CURRENT ASSETS					
Stocks		544,130		212,253	
Debtors		488,441		292,421	
Cash at bank and in hand		185		23,036	
		<u>1,032,756</u>		<u>527,710</u>	
CREDITORS: amounts falling due within one year	4	<u>(972,957)</u>		<u>(428,453)</u>	
NET CURRENT ASSETS			59,799		99,257
TOTAL ASSETS LESS CURRENT LIABILITIES			232,665		249,701
CREDITORS: amounts falling due after more than one year			<u>(52,676)</u>		<u>(37,003)</u>
NET ASSETS		<u>£ 179,989</u>		<u>£ 212,698</u>	
CAPITAL AND RESERVES					
Called up share capital	5		621,208		621,208
Share premium account			584,560		584,560
Profit and loss account			<u>(1,025,779)</u>		<u>(993,070)</u>
SHAREHOLDERS' FUNDS		<u>£ 179,989</u>		<u>£ 212,698</u>	

The abbreviated accounts, 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 17 September 2002 and signed on its behalf.



D E Fuller
Director

The notes on pages 3 to 5 form part of these financial statements.

NOTES TO THE ABBREVIATED ACCOUNTS
For the year ended 31 March 2002

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The full financial statements, from which these abbreviated accounts have been extracted, have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

1.2 Cash flow

The financial statements do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under the Financial Reporting Standard for Smaller Entities (effective June 2002).

1.3 Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, exclusive of Value Added Tax.

1.4 Intangible fixed assets and amortisation

Intangible fixed assets are stated at cost less accumulated amortisation. Amortisation is provided at rates calculated to write off the cost of intangible fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Patent costs and licences	20-25%	straight line
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1.5 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 fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant and equipment	-	20-50%	straight line
Motor vehicles	-	25%	straight line
Fixtures and fittings	-	20%	straight line

1.6 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.7 Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss account on the straight line basis over the lease term.

1.8 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

NOTES TO THE ABBREVIATED ACCOUNTS
For the year ended 31 March 2002

1.9 Deferred taxation

Provision is made in full for all taxation deferred in respect of timing differences that have originated but not reversed by the balance sheet date, except for gains on disposal of fixed assets which will be rolled over into replacement assets. No provision is made for taxation on permanent differences.

Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered.

1.10 Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange differences are taken into account in arriving at the operating loss.

1.11 Research and development

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

1.12 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

2. INTANGIBLE FIXED ASSETS

	£
Cost	
At 1 April 2001	27,990
Additions	20,010
At 31 March 2002	48,000
Amortisation	
At 1 April 2001	18,872
Charge for the year	6,260
At 31 March 2002	25,132
Net book value	
At 31 March 2002	£ 22,868
At 31 March 2001	£ 9,118

NOTES TO THE ABBREVIATED ACCOUNTS
For the year ended 31 March 2002

3. TANGIBLE FIXED ASSETS

	£
Cost	
At 1 April 2001	827,169
Additions	79,182
	<u>906,351</u>
At 31 March 2002	<u>906,351</u>
Depreciation	
At 1 April 2001	685,843
Charge for the year	70,510
	<u>756,353</u>
At 31 March 2002	<u>756,353</u>
Net book value	
At 31 March 2002	£ 149,998
At 31 March 2001	£ 141,326

4. CREDITORS

The bank overdraft of £214,266 (2001 - £153,699) is secured over the assets of the company. The bank loans of £47,646 (2001 - £19,753) are substantially guaranteed under the Small Firms Loan Guarantee Scheme.

5. SHARE CAPITAL

	2002 £	2001 £
Authorised		
2,619,716 Ordinary shares of 10p each	261,972	261,972
3,978,864 Deferred shares of 10p each	397,886	397,886
	<u>£ 659,858</u>	<u>£ 659,858</u>
Allotted, called up and fully paid		
2,343,216 Ordinary shares of 10p each	234,322	234,322
3,868,864 Deferred shares of 10p each	386,886	386,886
	<u>£ 621,208</u>	<u>£ 621,208</u>