Company Number 3086619

LAMBDA LOGIC LIMITED

Financial Statements

For the year ended 31 August 1998



LAMBDA LOGIC LIMITED

Company Information

Company No: 3086619

Registered Office

Salisbury House
Station Road
Cambridge
CB1 2LA

Director

G M Clemow

Secretary

Mrs H L Clemow

Accountants

Peters Elworthy & Moore
Salisbury House
Station Road
Cambridge
CB1 2LA

Bankers

Investec Bank (UK) Ltd
Cannon Bridge
25 Dowgate Hill
London
EC4R 2AT

LAMBDA LOGIC LIMITED

Director's Report

For the year ended 31 August 1998

The Director submits his report together with the unaudited financial statements for the year ended 31 August 1998.

Director's Statement

Company Law requires the Director 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 Director is 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 Director has complied with the above requirements.

The Director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enable him to ensure that the financial statements comply with the Companies Act 1985. The Director is 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.

Results and Dividends

The profit on the ordinary activities of the Company before taxation amounted to £15,057. After deducting taxation and dividends, £682 has been transferred to reserves.

The Director recommends dividends amounting to £11,040.

Principal Activity and Business Review

The principal activity of the Company continues to be electronic hardware and computer software development. The Director intends to continue to develop such activities and the Director considers the state of the Company's affairs to be satisfactory.

Director's Interest

The Director who served during the year and his beneficial interest in the share capital of the Company were as follows:

	Ordinary £1 shares 1998 Number	Ordinary £1 shares 1997 Number
G M Clemow	100	100

Year 2000

With regard to the approaching millennium and the potential problems with date sensitive computer hardware and software, the Director has determined that all systems are either already Year 2000 compliant or scheduled for replacement as part of the normal process of upgrading computer hardware and software. The Director considers that no provision is necessary for the costs associated with the Year 2000 issue.

Cashflow Statement

In the opinion of the Director the Company qualifies as a small company and as such no cashflow statement has been prepared.

Accountants

The Accountants, Peters Elworthy & Moore, Chartered Accountants, have indicated that they are willing to be re-appointed at the forthcoming Annual General Meeting.

By Order of the Board

Helen Clemow

H L Clemow

SECRETARY

27 October 1998

LAMBDA LOGIC LIMITED

Profit and Loss Account

For the year ended 31 August 1998

	Notes	1998	1997
		£	£
Turnover	2	27,108	23,544
Administrative expenses		(12,154)	(12,642)
Operating profit	3	14,954	10,902
Interest receivable	5	103	–
Profit on ordinary activities before taxation		15,057	10,902
Tax on profit on ordinary activities	6	(3,335)	(2,485)
Profit on ordinary activities after taxation		11,722	8,417
Dividends		(11,040)	(7,800)
Retained profit for year		682	617
Retained profit brought forward		1,182	565
Retained profit carried forward		1,864	1,182

All amounts relate to continuing activities.

There are no recognised gains and losses other than the results for the financial year and all profits or losses have been accounted for on a historical cost basis.

LAMBDA LOGIC LIMITED

Balance Sheet

As at 31 August 1998

	Notes	1998	1998	1997	1997
Fixed Assets		£	£	£	£
Tangible Assets	7		1,486		2,573
Current Assets					
Debtors: amounts falling due within one year	8	5,750		255	
Cash at bank		4,071		3,539	
		9,821		3,794	
Current Liabilities					
Creditors: amounts falling due within one year	9	(9,343)		(5,085)	
Net Current Assets less Current Liabilities			478		(1,291)
Total Assets less Current Liabilities			1,964		1,282
Capital and Reserves					
Called up share capital	11		100		100
Profit and loss account			1,864		1,182
Equity Shareholder's Funds	12		1,964		1,282

In the opinion of the Director the Company was entitled under Section 249A(1) of the Companies Act 1985 to exemption from the audit of its financial statements for the year ended 31 August 1998. No notice from members requiring an audit has been deposited under Section 249B(2) of the Companies Act 1985 in relation to its financial statements for the financial year.

The Director acknowledges his responsibilities for ensuring that the Company keeps accounting records which comply with section 221 of the Companies Act 1985. The Director acknowledges his responsibilities for preparing financial statements which give a true and fair view of the state of affairs of the Company as at 31 August 1998 and of its profit for the year then ended in accordance with the requirements of section 226 of the Companies Act 1985, and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements, so far as applicable to the Company.

On Behalf of the Board



G M Clemow

Director

Approved by the board on 27 October 1998

Note 1: Principal accounting policies

Accounting Convention

The financial statements have been prepared in accordance with applicable Accounting Standards under the historical cost convention.

Cashflow Statement

In the opinion of the Director the Company qualifies as a small company and accordingly a cashflow statement is not required.

Turnover

Turnover is the total amount receivable by the Company for goods supplied and services provided, excluding VAT and trade discounts.

Depreciation

Depreciation is calculated to write down the cost of all tangible fixed assets over their expected useful lives. The rates generally applicable are:

Computer equipment	25% straight line
Furniture	25% reducing balance
Office equipment	25% reducing balance

Note 2: Turnover

The turnover and operating profit for the year were derived from the Company's principal activity.

Note 3: Operating profit

Operating profit is stated after charging or crediting:	**1998**	1997
	£	£
Depreciation of tangible fixed assets	1,224	1,230
Loss on sale of capital equipment	100	–
Staff costs (Note 4)	5,302	5,302

Note 4: Directors and employees

Staff costs, including director's remuneration comprise:	**1998**	1997
	£	£
Wages and salaries	5,148	5,148
Social security costs	154	154
	5,302	5,302

The average number of employees during the year was:	**1998**	1997
	Number	Number
Management	1	1

Note 4: Directors and employees (continued)

Directors remuneration	1998	1997
	£	£
Aggregate remuneration	5,302	5,302

Note 5: Interest receivable

	1998	1997
	£	£
Bank deposit interest	103	–

Note 6: Tax on profit on ordinary activities

Based on the profit/(loss) for the year:	1998	1997
	£	£
UK corporation tax on the taxable profit at 21% (1997: 24% and 21%)	3,268	2,480
Adjustments for prior years	67	5
	3,335	2,485

The Company is a close company within the meaning of Section 414 of the Taxes Act 1988.

Note 7: Tangible fixed assets

	Computer equipment	Furniture	Office equipment	Total
Cost	£	£	£	£
At 1 September 1997	4,682	89	210	4,981
Additions	237	–	–	237
Disposals	(200)	–	–	(200)
At 31 August 1998	4,719	89	210	5,018
Depreciation				
At 1 September 1997	2,286	30	92	2,408
Charged for the year	1,180	15	29	1,224
Eliminated on disposal	(100)	–	–	(100)
At 31 August 1998	3,366	45	121	3,532
Net Book Value				
At 31 August 1998	1,353	44	89	1,486
At 31 August 1997	2,396	59	118	2,573

Note 8: Debtors: amounts falling due within one year

	1998	1997
	£	£
Trade debtors	1,095	–
Work in progress	3,820	
Prepayments and accrued income	835	255
	5,750	255

Note 9: Creditors: amounts falling due within one year

	1998	1997
	£	£
Trade creditors	755	–
Corporation tax	508	530
Other taxes and social security costs	50	12
Director's loan (Note 10)	7,500	4,000
Accruals and deferred income	530	543
	9,343	5,085

Note 10: Director's loan

The Director's loan is free of interest and is repayable on demand.

Note 11: Called up share capital

	1998	1997
Authorised	£	£
1000 Ordinary shares of £1 each	1000	1000

	1998	1997
Allotted, issued and fully paid	£	£
100 Ordinary shares of £1 each	100	100

Note 12: Reconciliation of the movement of shareholder funds

	1998	1997
	£	£
Profit for the financial year	11,722	8,417
Dividends	11,040	7,800
Increase in shareholder funds	682	617
Opening shareholder funds	1,282	665
Closing shareholder funds	1,964	1,282