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SCIENCE OF CAMBRIDGE LIMITED

REPORT OF THE DIRECTORS

1. The directors submit their report together with the audited accounts for the year ended 31 March 1980.

2. PRINCIPAL ACTIVITIES

The principal activities of the company was the production and marketing of electronic equipment.

3. RESULTS & DIVIDENDS

The results of the company for the year are as shown on page 3. The directors recommend that no dividend be paid.

4. FIXED ASSETS

Movements in fixed assets are as shown on page 6.

5. EXPORTS

The aggregate value of direct exports during the year amounted to £34,731 (1979 £39,221).

6. DIRECTORS

The directors who served during the year and their interests were as follows:-

	10p Ordinary Shares Fully Paid	
	<u>1 April 1979</u>	<u>31 March 1980</u>
C M Sinclair	837	937
C J Curry	100	Nil
Mrs A Sinclair	Nil	

C M Sinclair retires by rotation and offers himself for re-election.

7. AUDITORS

A resolution to re-appoint the auditors Vlieland-Boddy & Company will be proposed at the general meeting.

12 June 1980

BY ORDER OF THE BOARD

*C Wadie*  
Secretary  
C Wadie

3 OCT 1980

SCIENCE OF CAMBRIDGE LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS  
FOR THE YEAR ENDED 31 MARCH 1980

WE HAVE EXAMINED the accounts as set out on pages 3 to 7 which have been prepared under the Historical Cost Convention.

IN OUR OPINION the accounts give, under the above Accounting Convention, a true and fair view of the state of affairs of the Company as at the 31 March 1980 and of its profits and source and application of funds for the year ending on that date and comply with the Companies Acts 1948 and 1967.

Vlieland-Boddy & Co  
Chartered Accountants  
7 The Waits  
St Ives  
Cambs

12 June 1980

SCIENCE OF CAMBRIDGE LTD

PROFIT & LOSS ACCOUNT FOR THE  
YEAR ENDED 31 MARCH 1980

<u>1979</u>				
£	£		£	£
<u>266,670</u>		<u>Turnover</u>		<u>639,500</u>
34,601		Net profit for the year before Taxation		130,858
		<u>After Crediting</u>		
	806	Investment Income	2,085	
	<u>576</u>	Rents Received	-	
		<u>After Charging</u>		
	1,422	Depreciation	6,494	
	18,000	Directors Emoluments	28,400	
	-	Hire of Plant & Equipment	405	
	<u>450</u>	Auditors Remuneration	<u>1,000</u>	
		<u>Deduct: Taxation</u>		
	5,841	Corporation Tax on profits for the year	62,900	
<u>5,841</u>	-	Under provision in previous year	<u>225</u>	<u>63,125</u>
28,760		Net profit after Taxation		67,733
<u>7,938</u>		Amount Brought Forward from last year		<u>36,698</u>
<u>£36,698</u>		BALANCE CARRIED FORWARD		<u>£104,431</u>

SCIENCE OF CAMBRIDGE LTD

BALANCE SHEET AS AT  
31 MARCH 1980

1979

£	£		£	£
4,744		<u>FIXED ASSETS</u> (Note 1).		20,049
		<u>CURRENT ASSETS</u>		
	25,149	Sundry Debtors & Prepayments	29,147	
	21,856	Cash at Bank	387,111	
	114	Cash in Hand	353	
	35,448	Stock & Work in Progress (Note 2)	67,369	
	6,601	Building Society Deposits	800	
	<u>£89,168</u>		<u>£484,780</u>	
		<u>LESS: CURRENT LIABILITIES</u>		
	34,487	Sundry Creditors & Accruals	337,398	
	11,211	Bank Overdraft	-	
	5,841	Corporation Tax	62,900	
	5,575	Current Taxation	-	
	<u>£57,114</u>		<u>£400,298</u>	
		<u>NET CURRENT ASSETS</u>		84,482
<u>32,054</u>				<u>£104,531</u>
<u>£36,798</u>				<u>£104,531</u>

FINANCED BY:

SHARE CAPITAL

100		1000 Authorised, Issued & Fully Paid 10p Ordinary Shares		100
<u>36,698</u>		<u>RESERVES:</u> Retained Profit		<u>104,431</u>
<u>£36,798</u>				<u>£104,531</u>

*X* *Smith* ..... S M Sinclair.. }  
*X* *Anderson* ..... A Sinclair.. } Directors

SCIENCE OF CAMBRIDGE LTD

STATEMENT OF SOURCE & APPLICATION OF FUNDS  
FOR THE YEAR ENDED 31 MARCH 1980

1979		£	£
	<u>SOURCES</u>		
	<u>FUNDS GENERATED FROM OPERATIONS</u>		
34,601	Profit for the year before tax		130,858
<u>1,422</u>	Add: Depreciation/Less: Profit on sale of fixed assets		<u>6,476</u>
36,023			137,334
	<u>OTHER SOURCES</u>		
<u>-</u>	Sale of Motor Vehicle		<u>1,259</u>
36,023			138,593
	<u>APPLICATION OF FUNDS</u>		
<u>-</u>	Tax Paid	11,641	
640	Purchase of Fixed Assets	<u>23,040</u>	<u>34,681</u>
35,383			£103,912
	<u>MOVEMENT IN WORKING CAPITAL</u>		
	<u>AND LIQUID ASSETS</u>		
19,898	Increase in Debtors		3,998
25,753	Increase in Stock		31,921
426	Decrease in Building Society Deposits		(5,801)
(19,859)	Increase in Creditors		(302,911)
93	Increase in Cash in Hand		239
<u>9,072</u>	Increase in Cash at bank		<u>376,466</u>
£35,383			£103,912

SCIENCE OF CAMBRIDGE LTD

NOTES TO THE ACCOUNTS FOR THE  
YEAR ENDED 31 MARCH 1980

1. FIXED ASSETS

<u>COST</u>	<u>Plant &amp; Equipment</u>	<u>Motor Vehicles</u>	<u>Fixtures &amp; Fittings</u>	<u>Office Equipment</u>	<u>Total</u>
	£	£	£	£	£
Balance as at 31 March 1979	-	7,164	170	640	7,974
Additions	121	21,914	100	905	23,040
Disposals at cost	-	2,836	-	-	2,836
Balance as at 31 March 1980	<u>£121</u>	<u>£26,242</u>	<u>£270</u>	<u>£1,545</u>	<u>£28,178</u>
 <u>DEPRECIATION</u>					
Balance as at 31 March 1979	-	3,134	32	64	3,230
On disposals	-	1,595	-	-	1,595
Charge for year	24	6,126	48	296	6,494
Balance as at 31 March 1980	<u>£24</u>	<u>£7,665</u>	<u>£80</u>	<u>£360</u>	<u>£8,129</u>
 NET BOOK VALUE at 31 March 1980	 <u>£97</u>	 <u>£18,577</u>	 <u>£190</u>	 <u>£1,185</u>	 <u>£20,049</u>

2. DIRECTORS REMUNERATION

Highest paid Director £26,150

Other Directors  
2,501-5,000

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3. ACCOUNTING POLICIES

a) Amortisation and Depreciation

The annual charge is provided on the aggregate of the written down value of the assets brought forward and current year additions at cost, at rates determined to reduce their cost to scrap value over their estimated useful lives.

The principal rates and methods of depreciating fixed assets are:-

	<u>Percentage</u>	<u>Method</u>
Office Equipment	10%	Reducing Balance
Fixtures & Fittings	10%	Reducing Balance
Motor Vehicles	25%	Reducing Balance
Plant & Equipment	20%	Reducing Balance

b) Stock

Stock is valued at the lower of cost or net realisable value on a basis consistent with that used in the previous periods.

c) Turnover

Turnover represents the invoiced value of goods sold/services rendered, net of Value Added Tax.

d) Repairs and Renewals

All expenditure on repairs and renewals is written off in the year in which it is incurred.

e) Foreign Currencies

Revenue and expenditure items have been converted at the rate ruling when the transaction occurred. Balance Sheet items at the rate ruling on the 31 March 1980.

f) Goods Sold with Reservation of Title

It should be noted that it is common practice in the electronics industry to sell goods subject to reservation of title. Much of the stock and creditors represent such transactions. However, the Company has adopted the substance over form accounting concept and therefore has not made provision for this contingency.

g) Refunds to Customers

At the 31 March 1980 a considerable amount of sales of the ZX80 had been created but had not by that date been dispatched. Provision has therefore been made for anticipated cancellations based on the ratio of refunds up to 31 March 1980 and on examination of the events occurring after the year end.