

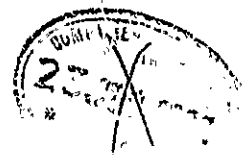
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SINCLAIR RESEARCH LIMITED

DIRECTORS' REPORT AND ACCOUNTS

For the year ended 31 March 1981



SINCLAIR RESEARCH LIMITED

Formerly Science of Cambridge.

REPORT TO THE DIRECTORS

1. CHANGE OF NAME

During the year the company's name was changed from Science of Cambridge Limited to Sinclair Research Limited.

2 The directors submit their report together with the audited accounts for the year ended 31 March 1981.

3 PRINCIPAL ACTIVITIES

The principal activities of the company were the designing and marketing of electronic equipment.

4 RESULTS AND DIVIDENDS

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

5 FIXED ASSETS

Fixed Assets as shown on page 6.

6 EXPORTS

The aggregate value of direct exports during the year amounted to £2,015,350 (1980 £34,781)

7 DIRECTORS

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

10p Ordinary Shares  
Fully Paid

	<u>31 March 1981</u>	<u>31 March 1980</u>
C M Sinclair	937	937
Mrs A Sinclair	NIL	NIL

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

8 AUDITORS

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

17 July 1981

BY ORDER OF THE BOARD  
C M Sinclair  
Secretary

AUDITORS REPORT TO THE MEMBERS OF  
SINCLAIR RESEARCH LIMITED (FORMERLY SCIENCE OF CAMBRIDGE LIMITED)

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WE HAVE AUDITED the financial statements on pages 3 to 8 in accordance with approved Auditing Standards. In our opinion the financial statements, which have been prepared under the historical cost convention give a true and fair view of the state of the company's affairs at 31 March, 1981 and of its profit and source and application of funds for the year then ended and comply with the Companies Acts 1948 to 1980.

*Milant Boddy*

Vlieland-Boddy & Co.,  
Chartered Accountants,  
27/28 Bridge Street,  
CAMBRIDGE,  
CB2 1UJ.

17th July 1981

SINCLAIR RESEARCH LIMITED (FORMERLY SCIENCE OF CAMBRIDGE LIMITED)

PROFIT AND LOSS ACCOUNT  
YEAR ENDED 31 MARCH 1981

1980			1981	
£	£		£	£
<u>266,670</u>		<u>TURNOVER</u> (Note 2)		<u>5,321,926</u>
		Profit for year before accounting for the following items:		1,107,234
		<u>DEDUCT</u>		
	6,494	Depreciation	29,171	
	28,400	Directors Remuneration (Note 3)	266,500	
	405	Hire of Plant & Equipment	218	
36,299	<u>1,000</u>	Auditors Remuneration	<u>2,500</u>	298,389
<u>2,085</u>		<u>Add: Investment Income</u>		<u>62,997</u>
130,858		<u>Profit before taxation</u>		871,842
		<u>Deduct - Taxation</u> (Note 6)		
	62,900	Corporation Tax on profits for the year	150,000	
	<u>225</u>	Under/over provision in previous year	<u>(54)</u>	<u>149,946</u>
<u>63,125</u>		<u>PROFIT AFTER TAXATION</u>		721,896
67,733		<u>BALANCE BROUGHT FORWARD</u>		104,431
36,698				
<u>£104,431</u>		<u>BALANCE CARRIED FORWARD</u>		<u>£826,327</u>



SINCLAIR RESEARCH LIMITED (FORMERLY SCIENCE OF CAMBRIDGE LIMITED)

STATEMENT OF SOURCE & APPLICATION OF  
FUNDS FOR THE YEAR ENDED 31 MARCH 1981

1980

£		£	£
	<u>SOURCES</u>		
	<u>FUNDS GENERATED FROM OPERATIONS</u>		
130,858	Profit for the year before taxation		871,842
<u>6,476</u>	Add: Depreciation and loss on sale of Fixed assets		<u>30,997</u>
137,334			902,839
	<u>OTHER SOURCES</u>		
<u>1,259</u>	Sale of Motor Vehicle		<u>-</u>
138,593			902,839
	<u>APPLICATION OF FUNDS</u>		
11,641	Tax paid	62,846	
<u>23,040</u>	Purchase of Fixed Assets	<u>112,546</u>	
<u>34,681</u>			<u>175,392</u>
<u>£103,912</u>			<u>£727,447</u>
	<u>MOVEMENTS IN WORKING CAPITAL AND LIQUID ASSETS</u>		
3,998	Increase in Debtors		627,228
31,921	Increase in Stock		869,842
( 5,801)	Decrease/Increase in Building Society Deposits		68
-	Balances with branches		543,725
-	Balance with Sinclair Research UK Limited		(367,124)
( 302,911)	Increase in Creditors		(1,111,553)
239	Increase in Cash in Hand		44,749
<u>376,466</u>	Increase in Cash at Bank		<u>120,512</u>
<u>£ 103,912</u>			<u>£ 727,447</u>

SINCLAIR RESEARCH LIMITED. (FORMERLY SCIENCE OF CAMBRIDGE LIMITED)  
 NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1981

1. FIXED ASSETS

	<u>Plant &amp; Equipment</u>	<u>Motor Vehicles</u>	<u>Fixtures &amp; Fittings</u>	<u>Office Equipment</u>	<u>Total</u>
<u>COST</u>					
Balance as at 1 April 1980	121	26,242	270	1,545	28,178
Additions	64,707	45,868	109	1,862	112,546
Disposals	-	4,328	-	-	4,328
Balance as at 31 March 1981	<u>£64,828</u>	<u>£67,782</u>	<u>£379</u>	<u>£3,407</u>	<u>£136,396</u>
<u>DEPRECIATION</u>					
Balance as at 1 April 1980	24	7,365	80	360	8,129
On Disposals	-	2,502	-	-	2,502
Charge for Year	12,847	15,655	60	609	29,171
Balance as at 31 March 1981	<u>£12,871</u>	<u>£20,818</u>	<u>£140</u>	<u>£969</u>	<u>£34,798</u>
NET BOOK VALUE at 31 March 1981	<u>£51,957</u>	<u>£46,964</u>	<u>£239</u>	<u>£2,438</u>	<u>£101,598</u>

SINCLAIR RESEARCH LIMITED (FORMERLY SCIENCE OF CAMBRIDGE LIMITED)

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1981

2. 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 and net realisable value on a basis consistent with that used in the previous year.

c. Turnover

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

d. Repairs & 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 translated at the rate ruling when the transaction occurred; Balance Sheet items at the rate ruling on 31 March 1981.

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. A large proportion of the stocks 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 31 March 1981 a considerable amount of sales of the ZX81 had been created but had not by that date been despatched. Provisions has thereof been made for anticipated cancellations based on the ratio of refunds to 31 March 1981 and on examination of the events occurring after that date.



SINCLAIR RESEARCH LIMITED (FORMERLY SCIENCE OF CAMBRIDGE LIMITED)

NOTES TO THE ACCOUNTS CONTINUED FOR THE YEAR END 31 MARCH 1981

3. DIRECTORS EMOLUMENTS

The highest paid director was paid £242,875

<u>Other directors</u>	£20,000 - £25,000	Number 1
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4. CONTINGENT LIABILITIES

At the balance date sheet the company had authorised but not contracted for future development expenditure amounting to £1.8 m. Government grants of 50% will be attracted by this expenditure thus reducing this sum.

The company had also entered into counter indemnities with Williams & Glyn's Bank Limited in the sum of £20,000. These were cleared subsequent to 31 March 1981

5. SHARE CAPITAL

Authorised, issued and fully paid 1000 10p ordinary shares

6. TAXATION

The provision for taxation in the accounts has been based on the proposed changes in the 1981 Finance Bill. Stock relief has been based upon the transitional position covered in that bill.