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**Report of the Directors and
Unaudited Financial Statements
for the Year Ended 30 June 2004
for
Mobile Computing Systems Limited**



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Mobile Computing Systems Limited

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for the Year Ended 30 June 2004**

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Mobile Computing Systems Limited

**Company Information
for the Year Ended 30 June 2004**

DIRECTORS: R Scott
B Dredge

SECRETARY: R Scott

REGISTERED OFFICE: 10 Saint James Crescent
Swansea
SA1 6DZ

REGISTERED NUMBER: 4240875

ACCOUNTANTS: Broomfield & Alexander Limited
Chartered Accountants
Pendragon House
Caxton Place
Pentwyn
Cardiff
CF23 8XE

Mobile Computing Systems Limited

**Report of the Chairman
for the Year Ended 30 June 2004**

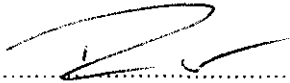
The third year trading objectives were to create profitable and sustainable growth by the sale of non R&D based products and services supported by development of the sales and marketing function.

Turnover for the year was £719,733; this was down £136,499 when compared to the previous years results. The business had forecast a reduced turnover in line with efforts to pass hardware and software licence costs directly onto supply partners, however poorer than expected product and services sales also contributed.

The cost of sales was down on the previous year by £8,980 and, business overheads fell by £25,905 during the year. A strategic cost reduction programme was introduced during the middle of the year coupled with a reorganisation of the sales and marketing function, the full benefit of this cost reduction programme will be seen in the year ahead.

The business made a loss of £48,847 for the 12 months to June 04 but this was offset by additional capital investment of £44,478 through new share issues.

Since the publication of the year 3 accounts the business has attracted further investor interest and during the first quarter of year 3 the business concluded shareholder restructuring which resulted in an additional £100,000 of capital and £50,000 of short term borrowings with further funding options being actively considered to primarily support sales and marketing activities within our chosen sectors.



.....
Richard Scott
Chairman

Date: 29/3/05.....

Mobile Computing Systems Limited

**Report of the Directors
for the Year Ended 30 June 2004**

The directors present their report with the financial statements of the company for the year ended 30 June 2004.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of computer software and hardware consultancy and supply and other related services.

DIRECTORS

The directors during the year under review were:

J R Mobbs	- resigned 27.2.04
R Scott	
N Kelly	
B Dredge	- appointed 1.3.04

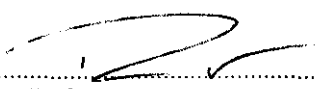
The beneficial interests of the directors holding office on 30 June 2004 in the issued share capital of the company were as follows:

	30.6.04	1.7.03 or date of appointment if later
Ordinary shares £1 shares		
R Scott	102	51
N Kelly	-	-
B Dredge	98	-

On 10 August 2004, N Kelly resigned as a director of the company.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

ON BEHALF OF THE BOARD:


.....
R Scott - Secretary

Date: 29/08/05.....

Mobile Computing Systems Limited

**Profit and Loss Account
for the Year Ended 30 June 2004**

		<u>2004</u>	<u>2003</u>
	Notes	£	£
TURNOVER		719,733	856,232
Cost of sales		<u>394,431</u>	<u>403,411</u>
GROSS PROFIT		325,302	452,821
Administrative expenses		<u>424,400</u>	<u>450,305</u>
		(99,098)	2,516
Other operating income		<u>50,251</u>	<u>3,050</u>
OPERATING (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	(48,847)	5,566
Tax on (loss)/profit on ordinary activities	3	<u>-</u>	<u>-</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		(48,847)	5,566
Deficit brought forward		<u>(90,172)</u>	<u>(95,738)</u>
DEFICIT CARRIED FORWARD		<u>£(139,019)</u>	<u>£(90,172)</u>

The notes form part of these financial statements

Mobile Computing Systems Limited

**Balance Sheet
30 June 2004**

		<u>2004</u>		<u>2003</u>	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	4		13,978		20,388
CURRENT ASSETS:					
Debtors	5	93,270		121,508	
Cash at bank and in hand		<u>9,778</u>		<u>4,469</u>	
		103,048		125,977	
CREDITORS: Amounts falling due within one year	6	<u>106,401</u>		<u>131,471</u>	
NET CURRENT LIABILITIES:			<u>(3,353)</u>		<u>(5,494)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			<u>£10,625</u>		<u>£14,894</u>
CAPITAL AND RESERVES:					
Called up share capital	7		200		100
Share premium	8		149,444		104,966
Profit and loss account			<u>(139,019)</u>		<u>(90,172)</u>
SHAREHOLDERS' FUNDS:			<u>£10,625</u>		<u>£14,894</u>

The company is entitled to exemption from audit under Section 249A(1) of the Companies Act 1985 for the year ended 30 June 2004.

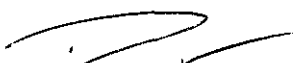
The members have not required the company to obtain an audit of its financial statements for the year ended 30 June 2004 in accordance with Section 249B(2) of the Companies Act 1985.

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Section 226 and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements, so far as applicable to the company.

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

ON BEHALF OF THE BOARD:


.....
R Scott - Director

Approved by the Board on 29/3/05

The notes form part of these financial statements

Mobile Computing Systems Limited

Notes to the Financial Statements for the Year Ended 30 June 2004

1. ACCOUNTING POLICIES

Accounting convention

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

Turnover represents net invoiced sales of goods, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery etc - 50% on cost

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Profit recognition on contracting activities

Profit on individual contracts is taken only when their outcome can be foreseen with reasonable certainty, based on the lower of the percentage margin earned to date and that prudently forecast at completion, taking account of agreed claims. Full provision is made for all known or expected losses on individual contracts, taking a prudent view of future claims income, immediately such losses are foreseen.

2. OPERATING (LOSS)/PROFIT

The operating loss (2003 - operating profit) is stated after charging:

	2004	2003
	£	£
Depreciation - owned assets	<u>11,236</u>	<u>6,336</u>
Directors' emoluments and other benefits etc	<u>93,147</u>	<u>114,600</u>

3. TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the year ended 30 June 2004 nor for the year ended 30 June 2003.

Mobile Computing Systems Limited

Notes to the Financial Statements
for the Year Ended 30 June 2004

4. TANGIBLE FIXED ASSETS

	Plant and machinery etc
	£
COST:	
At 1 July 2003	31,620
Additions	<u>4,826</u>
At 30 June 2004	<u>36,446</u>
DEPRECIATION:	
At 1 July 2003	11,232
Charge for year	<u>11,236</u>
At 30 June 2004	<u>22,468</u>
NET BOOK VALUE:	
At 30 June 2004	<u>13,978</u>
At 30 June 2003	<u>20,388</u>

5. DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR

	2004 £	2003 £
Trade debtors	64,133	71,280
Other debtors	1,243	15
Prepayments & accrued income	7,894	4,876
Directors loan account	-	3,381
Amounts recoverable on contracts	<u>20,000</u>	<u>41,956</u>
	<u>93,270</u>	<u>121,508</u>

6. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR

	2004 £	2003 £
Other loans	-	32,301
Trade creditors	54,310	38,491
Social security & other taxes	39,971	41,344
Other creditors	-	2,145
Accrued expenses	<u>12,120</u>	<u>17,190</u>
	<u>106,401</u>	<u>131,471</u>

7. CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid:

Number:	Class:	Nominal value:	2004 £	2003 £
200 (2003 - 100)	Ordinary shares	£1	<u>200</u>	<u>100</u>

The following fully paid shares were allotted during the year at a premium as shown below:

100 Ordinary shares of £1 each at an average of 445.78 per share.

Mobile Computing Systems Limited

Notes to the Financial Statements
for the Year Ended 30 June 2004

8. **SHARE PREMIUM**

	2004	2003
	£	£
Opening Balance	104,966	104,966
Movement	<u>44,478</u>	<u>-</u>
Closing Balance	<u>149,444</u>	<u>104,966</u>

9. **ULTIMATE CONTROLLING PARTY**

In the opinion of the directors, the ultimate controlling party is Mr R Scott who owns 51% of the issued share capital.

Mobile Computing Systems Limited

**Report of the Accountants to the Directors of
Mobile Computing Systems Limited**

As described on the balance sheet you are responsible for the preparation of the financial statements for the year ended 30 June 2004 set out on pages three to seven and you consider that the company is exempt from an audit.

In accordance with your instructions, we have compiled these unaudited financial statements in order to assist you to fulfil your statutory responsibilities, from the accounting records and information and explanations supplied to us.

Broomfield & Alexander Limited

Broomfield & Alexander Limited
Chartered Accountants
Pendragon House
Caxton Place
Pentwyn
Cardiff
CF23 8XE

Date: 29/3/05

Mobile Computing Systems Limited

**Trading and Profit and Loss Account
for the Year Ended 30 June 2004**

	2004		2003	
	£	£	£	£
Sales		719,733		856,232
Cost of sales:				
Purchases	153,823		150,560	
Systems development	138,307		125,223	
IT Support	57,261		39,780	
Management Expenses	7,017		22,965	
Management cars	1,618		15,120	
Project management costs	<u>36,405</u>		<u>49,763</u>	
		<u>394,431</u>		<u>403,411</u>
GROSS PROFIT		325,302		452,821
Other income:				
Sundry receipts		<u>50,251</u>		<u>3,050</u>
		375,553		455,871
Expenditure:				
Directors' remuneration	93,147		114,600	
Social security	11,666		11,844	
Wages	24,490		22,194	
Staff recruitment	-		14,300	
Telephone	10,673		9,346	
Printing and stationery	1,963		5,779	
Repairs & renewals	4,362		3,711	
Canteen & welfare	339		965	
Computer consumables	12,955		16,084	
Selling & distribution	148,483		88,019	
Sundry expenses	323		1,382	
Website development	1,980		8,808	
Legal & professional fees	27,966		82,494	
Subscriptions & donations	250		200	
Advertising & marketing	35,650		29,189	
Entertaining	270		2,961	
Rent & rates	19,913		17,181	
Insurance	10,383		10,895	
Light & heat	<u>1,446</u>		<u>2,500</u>	
		<u>406,259</u>		<u>442,452</u>
		(30,706)		13,419
Finance costs:				
Bank charges	1,303		1,517	
VAT Surcharge	<u>5,603</u>		<u>-</u>	
		<u>6,906</u>		<u>1,517</u>
		(37,612)		11,902
Depreciation:				
Fixtures & fittings	-		1,248	
Computer equipment	<u>11,235</u>		<u>5,088</u>	
		<u>11,235</u>		<u>6,336</u>
NET (LOSS)/PROFIT		<u>£(48,847)</u>		<u>£5,566</u>

This page does not form part of the statutory financial statements