

Cognitus Limited

Officers & Professional Advisers

Directors

R W Stevenson
E F Wolstenholme (resigned 7.9.03)

Secretary

R W Stevenson (resigned 7.9.03)
Mrs J Chinnery (appointed 7.9.03)

Registered Office

2 Mount Parade
Harrogate
HG1 1BX

Registration Number

2946435

Accountants

Bulmer & Co
2 Mount Parade
Harrogate
HG1 1BX

Bankers

HSBC Bank plc
7 Prospect Crescent
Harrogate
N Yorks



Cognitus Limited

Balance Sheet

30 April 2004

	Note	2004	2003
Tangible Fixed Assets	5	2,689	3,134
Current Assets			
Stock	1	-	2,700
Trade Debtors	12	19,089	89,529
Cash at Bank		17,712	10
		<u>36,801</u>	<u>92,239</u>
Less Current Liabilities	6	51,062	157,398
		<u></u>	<u></u>
Net Current Assets		(14,261)	(65,159)
		<u></u>	<u></u>
Total Assets Less Current Liabilities		(11,572)	(62,025)
Creditors Due After More Than One Year		-	-
		<u></u>	<u></u>
		(11,572)	(62,025)
		<u></u>	<u></u>
Capital & Reserves			
Share Capital Issued and Fully Paid	7	2,500	2,500
Share Premium Account	8	38,500	38,500
Profit & Loss Account	8	(52,572)	(103,025)
		<u></u>	<u></u>
		(11,572)	(62,025)
		<u></u>	<u></u>

The directors have taken advantage of special provisions conferred by Part VII of the Companies Act 1985 applicable to small companies.

The Company was entitled to exemption under S.249A(1) of the Companies Act 1985. No notice has been deposited under S.249B(2) and we acknowledge our responsibilities for ensuring that the Company keeps accounting records which comply with S.221, and preparing Accounts which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of its profit or loss for the financial year under S.226, and which otherwise comply with the requirements of the Companies Act 1985 relating to Accounts, so far as applicable to the Company.

Approved by the Board - 19 July 2004

R W Stevenson - Director

Mrs J Chinnery - Secretary

The notes on pages 8 - 11 form part of these financial statements

Notes to the Financial Statements

Year Ended 30 April 2004

1 Accounting Policies

a) Accounting Convention

The financial statements are prepared under the historical cost convention.

b) Depreciation

Depreciation of tangible fixed assets is provided on cost over their estimated useful lives. The annual rates and methods of depreciation are as follows: -

Office Equipment	25% reducing balance basis
Computers etc	50% straight line basis

c) Stock

Stock is stated at the lower of cost and net realisable value. The basis of valuation is consistent with that used in previous years.

d) Cash Flow Statement

The company qualified as a small company under the provisions of Sections 247 – 249 of the Companies Act 1985 and has therefore taken advantage of the exemption from preparing a cash flow statement.

e) Foreign currency transactions have been translated at the rate at which they were charged. There were no assets or liabilities for which a closing rate needed to be used.

f) Full provision has been made for deferred taxation. The asset at the end of the year is made up of the excess of depreciation charged over capital allowances claimed and trading losses carried forward. The tax has been calculated using the small company rate of 19%.

g) Turnover

Turnover is the value of sales made during the year excluding VAT.

h) The company makes contributions to a defined contribution pension scheme. Contributions are debited to the profit and loss account as they are paid.

2 The company is controlled by Mr R W Stevenson who holds all of the voting capital.

3 The profit/(loss) on ordinary activities is after charging :-

	2004	2003
Depreciation of Owned Assets	1,756	3,117
Accountancy Fees	1,100	1,200
Staff Costs (Note 4)	33,423	76,353

Cognitus Limited

Notes to the Financial Statements

Year Ended 30 April 2004

4	Employee Costs During the Year	2004	2003
	Wages & Salaries (including Directors)	28,066	63,167
	Executive Pension Costs	1,013	3,642
	Directors Life Insurance	750	1,637
	National Insurance Costs	3,594	6,407
	Redundancy Costs	-	1,500
		<u>33,423</u>	<u>76,353</u>
	Average Number of Directors	<u>1</u>	<u>2</u>
	Average Number of Employees (including directors)	<u>2</u>	<u>3</u>
	Directors' Emoluments		
	Salaries	22,500	35,000
	Pension Costs	500	1,200
	Life Insurance	750	1,637
	Benefits in Kind	6,647	7,421
		<u>30,397</u>	<u>45,258</u>

5	Tangible Fixed Assets	Computer Equipment	Office Equipment	Total
	Cost			
	As at 1 May 2003	24,513	11,939	36,452
	Additions During the Year net of Proceeds of Sale	788	523	1,311
	Depreciation Written Back on Disposal	(2,461)		(2,461)
		<u>22,840</u>	<u>12,462</u>	<u>35,302</u>
	Cost as at 30 April 2004	<u>22,840</u>	<u>12,462</u>	<u>35,302</u>
	Depreciation			
	As at 1 May 2003	23,249	10,069	33,318
	Provision for the Year	1,158	598	1,756
	Written Back on Disposal	(2,461)		(2,461)
		<u>21,946</u>	<u>10,667</u>	<u>32,613</u>
	As at 30 April 2004	<u>21,946</u>	<u>10,667</u>	<u>32,613</u>
	Net Book Value at 30 April 2004	<u>894</u>	<u>1,795</u>	<u>2,689</u>
	Net Book Value at 30 April 2003	<u>1,264</u>	<u>1,870</u>	<u>3,134</u>

All equipment is owned by the company and is free from any charges

Personal guarantees are no longer in place from the director after the overdraft was repaid.

7 Share Capital

The 'B' shares carry no voting rights but are equal in all other respects

8 Equity Shareholders' Funds

	Called Up Share Capital	Share Premium Account	Profit & Loss Account	2004 Total	2003 Total
Balance as at 1 May	2,500	38,500	(103,025)	(62,025)	(80,187)
Profit/(Loss) for the Year	-	-	47,114	47,114	18,162
Director's Loan Written Off	-	-	3,339	3,339	-
	<u>2,500</u>	<u>38,500</u>	<u>(52,572)</u>	<u>(11,572)</u>	<u>(62,025)</u>

9 Related Parties

Prof E F Wolstenholme's current account with the company started the year in credit by £22,339 which was also the highest balance during the year. The account was repaid in November 2003. Mr R W Stevenson's current account started the year in credit by £37,155. The account finished the year £37,910 in credit which was also the highest credit balance during the year. The loan will not be fully withdrawn until sufficient funds are available.

Although there was no trade during the year with Cognitus Systems Ltd (a company 99% owned by Mr R W Stevenson) monies were advanced to Cognitus Systems Ltd which, at the year end, owed Cognitus Ltd £14,034. The debt is not expected to be recoverable.

Cognitus Limited

Notes to the Financial Statements

Year Ended 30 April 2004

10 Continuing Obligations

The company leases some computer equipment over 36 months from March 2002. Rentals in the next 12 months will be £935. The company occupies its premises on a month to month basis with three months notice of termination required by either party. Office Equipment is also on a 60 month lease from January 2000. Payments in the next 12 months will be £1,278.

11 Tax on Profit or Loss on Ordinary Activities

2004

2003

Adjustment to Deferred Tax Provision

(12,328)

(6,051)

12 Trade Debtors

Debtors

-

63,530

Prepaid Expenses

1,510

782

Premises Bond

900

900

Deferred Tax Provision

2,645

14,973

Cognitus Systems Ltd Loan Account

14,034

9,344

19,089

89,529

The loan to Cognitus Systems Ltd is not expected to be recoverable.

13 Interest Paid

Bank Overdraft

1,269

2,560

Interest on Late Paid Tax

-

86

1,269

2,646

14 Going Concern & Post Balance Sheet Events

Although the Balance Sheet shows the company to be insolvent the directors have continued to use the going concern concept because:-

- i) the bank have agreed to continue their support;
- ii) the directors have agreed not to withdraw their loans to the company until sufficient funds are available;
- iii) the company is expected to trade profitably within the next 12 months.