

# financial statements

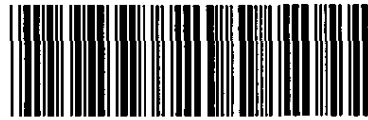
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## **Aurora Computer Services Limited**

For the year ended 31 December 2007

Company registration number 3623712

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# **Aurora Computer Services Limited**

## **Financial Statements**

**Year ended 31 December 2007**

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# **Aurora Computer Services Limited**

## **Officers and Professional Advisers**

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### **The Board of Directors**

H A Carr-Archer  
P R Usher  
D H Houghton  
R T Brown

### **Company Secretary**

H A Carr-Archer

### **Registered Office**

Aurora House  
Mere Farm Business Complex  
Redhouse Lane  
Hannington  
Northampton  
NN6 9SZ

### **Auditor**

MacIntyre Hudson LLP  
Chartered Accountants  
& Registered Auditors  
Peterbridge House  
The Lakes  
Northampton  
NN4 7HB

### **Bankers**

The Royal Bank of Scotland Plc  
280 Bishopgate  
London  
EC2M 2RB

# **Aurora Computer Services Limited**

## **The Directors' Report**

**Year ended 31 December 2007**

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The directors present their report and the financial statements of the company for the year ended 31 December 2007

### **Principal activities and business review**

The principal activity of the company during the year continued to be the development and sale of computer software programs utilising face recognition biometrics. The volume of access control related hardware for the construction industry increased significantly, though the majority of this is associated with an Integrated Biometric Turnstile (IBT).

Turnover increased by over 47% from 2006 to 2007. Profit before tax was £166k (2006 - £197k loss). Profit after tax was £165k (2006 - £175k loss). Research and development continued to further improve the camera technology that had begun during 2006.

The Directors believe that the company had maintained its UK lead in the sale of face recognition systems. We are also receiving interest from new markets.

### **Results**

The results for the year, and the company's financial position at the year end are shown in the attached financial statements.

### **Research and development**

The company carries out research and development to further the activities of the company.

### **Directors**

The directors who served the company during the year were as follows:

H A Carr-Archer  
P R Usher  
G Wainwright  
D H Houghton  
R T Brown

R T Brown is the director nominated by Noble Grossart Limited, the holders of the entire 'B' Ordinary 1p share capital.

G Wainwright resigned as a director on 17 January 2007.

J Inskip was appointed as a director on 14 December 2006 and resigned on 1 February 2007.

# Aurora Computer Services Limited

## The Directors' Report *(continued)*

Year ended 31 December 2007

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### Directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 these financial statements, the directors are 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 directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are 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.

In so far as the directors are aware

there is no relevant audit information of which the company's auditor is unaware, and

the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

### Small company provisions

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

Registered office  
Aurora House  
Mere Farm Business Complex  
Redhouse Lane  
Hannington  
Northampton  
NN6 9SZ

Signed by order of the directors



H A Carr-Archer  
Company Secretary

Approved by the directors on 20 March 2008

# **Aurora Computer Services Limited**

## **Independent Auditor's Report to the Shareholders of Aurora Computer Services Limited**

**Year ended 31 December 2007**

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We have audited the financial statements of Aurora Computer Services Limited for the year ended 31 December 2007 which comprise the Profit and Loss Account, Balance Sheet, Accounting Policies and the related notes. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007) and on the basis of the accounting policies set out therein.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

# Aurora Computer Services Limited

## Independent Auditor's Report to the Shareholders of Aurora Computer Services Limited *(continued)*

Year ended 31 December 2007

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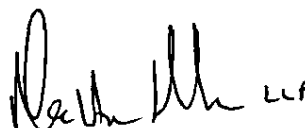
### Opinion

In our opinion

the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31 December 2007 and of its profit for the year then ended,

the financial statements have been properly prepared in accordance with the Companies Act 1985, and

the information given in the Directors' Report is consistent with the financial statements



MACINTYRE HUDSON LLP  
Chartered Accountants  
& Registered Auditors

Peterbridge House  
The Lakes  
Northampton  
NN4 7HB

16 April 2008

# Aurora Computer Services Limited

## Profit and Loss Account

Year ended 31 December 2007

	Note	2007 £	2006 £
Turnover		2,516,942	1,709,152
Cost of sales		1,236,812	724,191
Gross profit		1,280,130	984,961
Administrative expenses		1,105,617	1,169,992
Operating profit/(loss)	1	174,513	(185,031)
Interest receivable		5,925	4,831
Interest payable and similar charges		(13,942)	(17,088)
Profit/(loss) on ordinary activities before taxation		166,496	(197,288)
Tax on profit/(loss) on ordinary activities	3	1,170	(21,599)
Profit/(loss) for the financial year		<u>£165,326</u>	<u>£(175,689)</u>

The accounting policies and notes on pages 8 to 13 form part of these financial statements



# Aurora Computer Services Limited

## Balance Sheet

31 December 2007

	Note	2007 £	2006 £
<b>Fixed assets</b>			
Tangible assets	4	18,086	19,551
<b>Current assets</b>			
Stocks		43,109	31,490
Debtors	5	745,869	467,781
Cash at bank and in hand		26,013	527
		<u>814,991</u>	<u>499,798</u>
<b>Creditors amounts falling due within one year</b>	6	<u>551,689</u>	<u>353,287</u>
<b>Net current assets</b>		<b>263,302</b>	<b>146,511</b>
<b>Total assets less current liabilities</b>		<b>281,388</b>	<b>166,062</b>
<b>Creditors: amounts falling due after more than one year</b>	7	<b>62,500</b>	<b>112,500</b>
		<u><b>£218,888</b></u>	<u><b>£53,562</b></u>
<b>Capital and reserves</b>			
Called-up equity share capital	9	318	318
Share premium account	10	2,166,551	2,166,551
Profit and loss account	11	(1,947,981)	(2,113,307)
<b>Shareholders' funds</b>		<u><b>£218,888</b></u>	<u><b>£53,562</b></u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective January 2007)

These financial statements were approved by the directors and authorised for issue on 20 March 2008, and are signed on their behalf by

*H. Carr-Archer*

H A Carr-Archer  
Director

The accounting policies and notes on pages 8 to 13 form part of these financial statements

# Aurora Computer Services Limited

## Accounting Policies

Year ended 31 December 2007

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### Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007)

### Going concern

The company is reliant on its shareholders and bankers for their continued support. The directors are confident of this ongoing support to secure the financing of the company. Accordingly these accounts have been prepared on the going concern basis.

### Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax, having adjusted for annual support and maintenance contracted in advance.

### Research and development

Research and development expenditure is written off in the year in which it is incurred.

### Fixed assets

All fixed assets are initially recorded at cost.

### Depreciation

Depreciation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows:

Leasehold Property Improvements	-	Over the period of the lease
Tools & Equipment	-	3 years straight line
Office Furniture	-	5 years straight line
Computer Equipment	-	3 years straight line

### Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

### Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

### Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

# **Aurora Computer Services Limited**

## **Accounting Policies *(continued)***

**Year ended 31 December 2007**

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### **Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exception

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

### **Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit

# Aurora Computer Services Limited

## Notes to the Financial Statements

Year ended 31 December 2007

### 1. Operating profit/(loss)

Operating profit/(loss) is stated after charging/(crediting)

	2007 £	2006 £
Staff pension contributions	7,498	7,368
Depreciation of owned fixed assets	12,102	21,169
(Profit)/Loss on disposal of fixed assets	(101)	436
Auditor's fees	<u>6,500</u>	<u>6,500</u>

### 2. Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were

	2007 £	2006 £
Aggregate emoluments	151,781	202,264
Value of company pension contributions to money purchase schemes	6,343	7,244
Compensation for loss of directorship	<u>22,333</u>	<u>—</u>
	<u>£180,457</u>	<u>£209,508</u>

The number of directors who accrued benefits under company pension schemes was as follows

	2007 No	2006 No
Money purchase schemes	<u>1</u>	<u>2</u>

### 3. Taxation on ordinary activities

	2007 £	2006 £
Current tax		
UK Corporation tax based on the results for the year at 19.75% (2006 - 19%)	1,170	(21,599)
Total current tax	<u>£1,170</u>	<u>£(21,599)</u>

# Aurora Computer Services Limited

## Notes to the Financial Statements

Year ended 31 December 2007

### 4. Tangible fixed assets

	Leasehold Property Improvements £	Plant & Machinery £	Fixtures & Fittings £	Computer Equipment £	Total £
<b>Cost</b>					
At 1 January 2007	29,660	11,946	12,126	92,876	146,608
Additions	—	—	1,204	9,433	10,637
Disposals	—	—	—	(47,685)	(47,685)
<b>At 31 December 2007</b>	<b>£29,660</b>	<b>£11,946</b>	<b>£13,330</b>	<b>£54,624</b>	<b>£109,560</b>
<b>Depreciation</b>					
At 1 January 2007	29,660	10,505	10,244	76,648	127,057
Charge for the year	—	597	788	10,717	12,102
On disposals	—	—	—	(47,685)	(47,685)
<b>At 31 December 2007</b>	<b>£29,660</b>	<b>£11,102</b>	<b>£11,032</b>	<b>£39,680</b>	<b>£91,474</b>
<b>Net book value</b>					
<b>At 31 December 2007</b>	<b>—</b>	<b>£844</b>	<b>£2,298</b>	<b>£14,944</b>	<b>£18,086</b>
At 31 December 2006	—	£1,441	£1,882	£16,228	£19,551

### 5. Debtors

	2007 £	2006 £
Trade debtors	720,519	411,140
Corporation tax repayable	—	22,345
Other debtors	25,350	34,296
	<b>£745,869</b>	<b>£467,781</b>

### 6. Creditors: amounts falling due within one year

	2007 £	2006 £
Bank loans	50,000	52,070
Trade creditors	309,124	158,539
Corporation tax	424	—
Other taxation and social security	47,708	63,441
Other creditors	144,433	79,237
	<b>£551,689</b>	<b>£353,287</b>

The company has a mortgage debenture in favour of the bank, incorporating a fixed and floating charge over all of the assets of the company

# Aurora Computer Services Limited

## Notes to the Financial Statements

Year ended 31 December 2007

### 7. Creditors: amounts falling due after more than one year

	2007 £	2006 £
Bank loans and overdrafts	<u>62,500</u>	<u>112,500</u>

Included in creditors due within one year of £50,000 and creditors due after more than one year of £62,500 is a bank loan guaranteed under The Department of Trade and Industry (DTI) Loan Guarantee Scheme for small businesses. The government guarantees 75% of the loan conditional on the payment of a premium charged at a rate of 2% per annum.

### 8. Commitments under operating leases

At 31 December 2007 the company had aggregate annual commitments under non-cancellable operating leases as set out below

	2007 £	2006 £
Operating leases which expire Within 2 to 5 years	<u>72,572</u>	<u>76,906</u>

### 9. Share capital

#### Authorised share capital:

	2007 £	2006 £
8,000,000 'A' Ordinary shares of £0.01 each	80,000	80,000
2,000,000 'B' Ordinary shares of £0.01 each	<u>20,000</u>	<u>20,000</u>
	<u>£100,000</u>	<u>£100,000</u>

#### Allotted, called up and fully paid.

	2007		2006	
	No	£	No	£
'A' Ordinary shares of £0.01 each	26,756	268	26,756	268
'B' Ordinary shares of £0.01 each	<u>5,000</u>	<u>50</u>	<u>5,000</u>	<u>50</u>
	<u>31,756</u>	<u>£318</u>	<u>31,756</u>	<u>£318</u>

# Aurora Computer Services Limited

## Notes to the Financial Statements

Year ended 31 December 2007

### 9. Share capital *(continued)*

#### 'A' Shares and 'B' Shares

The profits of the company available for distribution shall be used inter alia to pay dividends of such amounts as the directors may determine and recommend to the members of the Company and such dividends should be paid to the holders of 'A' Shares and 'B' Shares (pari passu as if the same constituted one class of share) in proportion to the number of shares held by them respectively

On a return of assets on liquidation or capital reduction or otherwise, the assets of the Company remaining after the payment of its liabilities shall be applied in the following order of priority -

First in paying to the holders of the 'B' Shares the amount of any premium paid on such shares. The balance of such assets shall be distributed amongst the holders of the 'A' Shares and 'B' Shares (pari passu as if the same constituted one class of share)

The 'A' Shares and 'B' Shares rank pari passu in all other respects

1,450 options were outstanding, held by nine employees, under the company's share option scheme at 31 December 2007 as follows

Number of 'A' Ordinary £0.01 shares	Date of Grant	Option Price
100	5 August 1999	£50
100	14 October 1999	£60
150	4 May 2000	£60
200	13 February 2001	£60
900	30 June 2005	£120

Options under the shares option scheme are exercisable during a period commencing on the third anniversary and ending on the tenth anniversary of the grant

### 10. Share premium account

There was no movement on the share premium account during the financial year

### 11. Profit and loss account

	2007 £	2006 £
Balance brought forward	(2,113,307)	(1,937,618)
Profit/(loss) for the financial year	165,326	(175,689)
Balance carried forward	<u>£(1,947,981)</u>	<u>£(2,113,307)</u>