
CONSTRUCTION ROBOTICS LIMITED

REPORT AND FINANCIAL STATEMENTS

◆ *Year ended 31 March 1999* ◆



CONTENTS

| | Page |
|-----------------------------------|-------------|
| Company information | 1 |
| Directors' report | 2 - 3 |
| Auditors' report | 4 |
| Profit and loss account | 5 |
| Balance sheet | 6 |
| Notes to the financial statements | 7 - 10 |

CONSTRUCTION ROBOTICS LIMITED

COMPANY INFORMATION

| | |
|-------------------|---|
| Directors | N A Eldred (Chairman) R H Allardice PA Gould B Hibbert |
| Secretary | C W Hodgson |
| Registered office | Olympic Court Third Avenue The Village Trafford Park Manchester M17 1AP |
| Registered number | 2680769 |
| Auditors | RSM Robson Rhodes Chartered Accountants Colwyn Chambers 19 York Street Manchester M2 3BA |
| Bankers | National Westminster Bank Plc Main Street Grange over Sands LA11 4DX |

REPORT OF THE DIRECTORS

The Directors present their report and the audited financial statements for the year ended 31 March 1999.

Principal activities

The principal activity of the company is the design, development, manufacture and sale of mechanical handling equipment.

Business Review

Commercialisation of the technology of the company continued during the year and discussions took place with various outside parties with regard to further commercialisation of the intellectual property of the company.

Directors

The directors of the company are set out on page 1. No Director has any interest in shares of the company.

Post Balance Sheet Event

In January 2000 the company disposed of its investment in Deneb Solutions Limited to Intelligent Systems Solutions.

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the company and of the profit and loss of the company for that period. In preparing these financial statements, the directors have:

- ♦ selected suitable accounting policies and applied them consistently;
- ♦ made judgements and estimates that are reasonable and prudent;
- ♦ followed applicable accounting standards; and
- ♦ prepared the financial statements on the going concern basis.

The directors are responsible for keeping proper accounting records which 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.

REPORT OF THE DIRECTORS (Continued)

Year 2000

The Directors and Senior Management are aware of the 2000 issue and of our responsibility to ensure the Company's Systems are Year 2000 compliant. We acknowledge our responsibility for evaluating the actual or potential effects of the Year 2000 issue on our business.

We have evaluated the actual or potential effects of the Year 2000 issue on our information and other systems, on the business or more generally on our relationships with trading parties. We have concluded that there are no material effects.


Auditors

The auditors changed their name to RSM Robson Rhodes on 18 October 1999 and accordingly have signed their audit report using the new name. They are willing to continue in office, and a resolution to re-appoint them will be proposed at the Annual General Meeting.

Approval

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

The report of the directors was approved by the Board on 20 January 2000 and signed on its behalf by:


R H Allardice
Director

AUDITOR'S REPORT

Auditors' Report to the Shareholders

We have audited the financial statements on pages 5 to 10 which have been prepared on the basis of the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards 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 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 March 1999 and of its loss for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.

RSM Robson Rhodes

RSM Robson Rhodes
Chartered Accountants and Registered Auditor

Manchester

21 January

2000

CONSTRUCTION ROBOTICS LIMITED

PROFIT AND LOSS ACCOUNT
for the year ended 31 March 1999

| | Note | 1999 £ | 1998 £ |
|---|------|-------------|-------------|
| Turnover | 2 | 11,000 | 15,000 |
| Net Operating expenses | | | |
| Development costs | | (9,606) | (13,659) |
| Administrative expenses | | (170,133) | (162,341) |
| | | <hr/> | <hr/> |
| Operating loss | | (168,739) | (161,000) |
| | | <hr/> | <hr/> |
| Profit on sale of associate company | | 189,834 | - |
| Profit/(loss) on ordinary activities before taxation | 3 | 21,095 | (161,000) |
| Taxation | | - | - |
| | | <hr/> | <hr/> |
| Profit (loss) on ordinary activities after taxation retained for the year | 10 | 21,095 | (161,000) |
| | | <hr/> <hr/> | <hr/> <hr/> |

There were no recognised gains or losses in the year other than those reported above.

RECONCILIATION OF MOVEMENT IN THE SHAREHOLDERS' FUNDS

| | 1999 £ | 1998 £ |
|---------------------------------|-------------|-------------|
| Total recognised gains/(losses) | 21,095 | (161,000) |
| Opening shareholders' funds | (226,116) | (65,116) |
| | <hr/> | <hr/> |
| Closing shareholders' funds | (205,021) | (226,116) |
| | <hr/> <hr/> | <hr/> <hr/> |

CONSTRUCTION ROBOTICS LIMITED**BALANCE SHEET**
at 31 March 1999

| | Note | 1999 | | 1998 | |
|---|------|--------------|------------------|--------------|------------------|
| | | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Tangible assets | 4 | | 80,438 | | 181,336 |
| Investments | 5 | | 2 | | 252 |
| | | | <u>80,440</u> | | <u>181,588</u> |
| Current assets | | | | | |
| Debtors | 6 | 1,028 | | - | |
| Cash at bank and in hand | | 2,659 | | 1,614 | |
| | | <u>3,687</u> | | <u>1,614</u> | |
| Creditors: Amounts falling due within one year | 7 | (289,148) | | (409,318) | |
| | | <u></u> | | <u></u> | |
| Net current liabilities | | | (285,461) | | (407,704) |
| Net liabilities | | | <u>(205,021)</u> | | <u>(226,116)</u> |
| Capital and reserves | | | | | |
| Share capital | 8 | | 100 | | 100 |
| Share premium account | 9 | | 19,970 | | 19,970 |
| Profit and loss account | 10 | | (225,091) | | (246,186) |
| | | | <u>(205,021)</u> | | <u>(226,116)</u> |
| Equity shareholders' funds | | | <u>(205,021)</u> | | <u>(226,116)</u> |

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the Board on 20 January 2000 and signed on its behalf by:



Robert Harold Allardice
Director

NOTES TO THE FINANCIAL STATEMENTS**31 March 1999****1. ACCOUNTING POLICIES****Basis of accounting**

The financial statements are prepared under the historical cost convention.

The company has taken advantage of the exemption from preparing a cash flow statement conferred by Financial Reporting Standard No. 1 on the grounds that it is entitled to the exemption available in Section 246 to 247 of the Companies Act 1985 for small companies.

The directors consider it appropriate to prepare the financial statements on the going concern basis.

Depreciation

Depreciation of fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives. The principal annual rates used are:

| | | |
|--|---|-----|
| Plant and machinery | - | 25% |
| Plant and machinery under construction | - | 50% |

Research and Development

Research and development is written off to Profit and Loss Account as incurred except where there is reasonable certainty that future sales directly relating to the expenditure will result.

2. TURNOVER

Turnover represents the amount derived from the provision of goods and services which fall within the company's ordinary activities stated net of value added tax.

3. OPERATING LOSS

Operating loss is arrived at after charging:

| | 1999 | 1998 |
|------------------------|-------------------|-------------------|
| | £ | £ |
| Depreciation | 100,898 | 100,416 |
| Auditors' remuneration | 750 | 1,000 |
| | <u> </u> | <u> </u> |

CONSTRUCTION ROBOTICS LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31 March 1999****4. TANGIBLE FIXED ASSETS**

| | Plant and machinery under construction £ | Plant and machinery £ | Total £ |
|--------------------------|--|-----------------------------|------------|
| Cost or valuation | | | |
| At 1 April 1998 | 278,342 | 10,576 | 288,918 |
| Additions | - | - | - |
| | <hr/> | <hr/> | <hr/> |
| At 31 March 1999 | 278,342 | 10,576 | 288,918 |
| | <hr/> | <hr/> | <hr/> |
| Depreciation | | | |
| At 1 April 1998 | 100,171 | 7,411 | 107,582 |
| Charge for year | 100,000 | 898 | 100,898 |
| | <hr/> | <hr/> | <hr/> |
| At 31 March 1999 | 200,171 | 8,309 | 208,480 |
| | <hr/> | <hr/> | <hr/> |
| Net book value | | | |
| At 31 March 1999 | 78,171 | 2,267 | 80,438 |
| | <hr/> | <hr/> | <hr/> |
| At 31 March 1998 | 178,171 | 3,165 | 181,336 |
| | <hr/> | <hr/> | <hr/> |

5. INVESTMENTS

| | 1999 £ | 1998 £ |
|------|-----------|-----------|
| Cost | 2 | 252 |
| | <hr/> | <hr/> |

The investment represents shares in group undertakings and participating interests.

| | Capital and Reserves 31.3.99 £ | Profit/(loss) for the Year ended 31.3.99 £ | Interest in ordinary shares |
|--------------------------------|---|---|-----------------------------------|
| Group Undertakings | | | |
| Deneb Solutions Limited | 192,396 | (38,221) | 2 |
| Participating Interests | | | |
| UK Robotics Limited | - | - | - |

The 25% shareholding in UK Robotics Limited was sold in December 1998 realising net proceeds of £188,399.

CONSTRUCTION ROBOTICS LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31 March 1999****6. DEBTORS**

| | 1999 £ | 1998 £ |
|---------------|--------------|-----------|
| Trade debtors | - | - |
| Other debtors | 1,028 | - |
| | <u>1,028</u> | <u>-</u> |
| | <u>1,028</u> | <u>-</u> |

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 1999 £ | 1998 £ |
|-------------------------------|----------------|----------------|
| Amount owed to parent company | 286,215 | 401,665 |
| Other creditors | 2,933 | 7,653 |
| | <u>289,148</u> | <u>409,318</u> |
| | <u>289,148</u> | <u>409,318</u> |

8. CALLED UP SHARE CAPITAL

| | 1999 | | 1998 | |
|-----------------------------------|---------------------|--------------|---------------------|--------------|
| | Number of shares | £ | Number of shares | £ |
| Authorised | | | | |
| Ordinary shares of £1 each | 1,000 | 1,000 | 1,000 | 1,000 |
| | <u>1,000</u> | <u>1,000</u> | <u>1,000</u> | <u>1,000</u> |
| Allotted called up and fully paid | 100 | 100 | 100 | 100 |
| | <u>100</u> | <u>100</u> | <u>100</u> | <u>100</u> |

9. SHARE PREMIUM ACCOUNT

| | £ |
|---------------------------------------|---------------|
| At 31 March 1998 and at 31 March 1999 | 19,970 |
| | <u>19,970</u> |

CONSTRUCTION ROBOTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS 31 March 1999

10. PROFIT AND LOSS ACCOUNT

| | £ |
|---------------------|-------------|
| At 1 April 1998 | (246,186) |
| Profit for the year | 21,095 |
| | <hr/> |
| At 31 March 1999 | (225,091) |
| | <hr/> <hr/> |

11. POST BALANCE SHEET EVENT

In January 2000 the company disposed of its investment in Deneb Solutions Limited to its parent company for £2.

12. ULTIMATE PARENT UNDERTAKING

Intelligent Systems Solutions Limited, a company incorporated in England owns 100% (1998 100%) of the issued ordinary shares of the company.

13. RELATED PARTY TRANSACTIONS

Intelligent Systems Solutions Limited has made loan advances during the year. These advances are interest free and are repayable on demand. In addition, the company paid management charges of £9,000 and received management charges of £11,000 during the year to (from) Intelligent Systems Solutions Limited, its ultimate parent company. The company owed £286,215 to Intelligent Systems Solutions Limited at 31 March 1999.

**The following pages do not form part of the
audited statutory financial statements and are for
management purposes only**