

Bromcom Computers plc

FINANCIAL STATEMENTS

for the year ended

31 December 2008



Company Number 2040690

Bromcom Computers plc

DIRECTORS AND OFFICERS

DIRECTORS

A Guryel
I Guryel

Managing Director

SECRETARY

TC Chapman

COMPANY NUMBER

2040690 (England and Wales)

REGISTERED OFFICE

Kelvin House
Worsley Bridge Road
London SE26 5BX

AUDITOR

Baker Tilly UK Audit LLP
Lancaster House
7 Elmfield Road
Bromley
Kent BR1 1LT

Bromcom Computers plc

DIRECTORS' REPORT

The directors submit their report and the financial statements of Bromcom Computers plc for the year ended 31 December 2008.

PRINCIPAL ACTIVITY

The principal activity of the company during the year was totally within the education sector and consisted of the manufacturing and marketing of computer based systems and the provision of related services, including maintenance support and training.

RESULTS AND DIVIDENDS

The trading profit for the year before taxation was £345,326 and after taxation was £297,977. The company has successfully claimed R&D tax credits and the total claim payable since 2004 is £1,061,326.

The Directors do not recommend a dividend.

REVIEW OF THE BUSINESS, FUTURE DEVELOPMENTS AND EVENTS SINCE THE YEAR END

New Products

Management Information System (MIS) for schools:

The company continues the software developments in Bromcom Management Information System (MIS) for schools and piloting was underway with a growing number of schools under the "development partner scheme" to support this. The Bromcom MIS software is a suite of modules to service the complete needs of schools to manage their administrative work.

A number of schools across the UK are planning to go live any day and will certainly be fully operational in September 2009.

MyChildAtSchool.Com:

The company re-launched its parent portal product, MyChildAtSchool.Com, and received an overwhelmingly positive reaction to its extremely 'parent friendly' interface and usability. Parents are able to log in through Bromcom's hosted Internet portal to access a wide range of up to minute information about their child such as hourly attendance, behaviour, homework, grades and school announcements. We anticipate a major involvement in the coming years to underpin the company's lead in this area.

The government agency Becta set a target for all secondary schools to have an on-line parental reporting system by September 2010 and primary schools by September 2011. This provides an excellent opportunity as a new application area in the company's core market.

New markets - International

As reported in previous years, one major European country engaged with the company at Education Ministerial Department level with active cooperation to interface Bromcom products to the National software in use across their country. Numerous visits have taken place by both parties and piloting has been underway.

Since the end of December 2007, a major local authority committed to Bromcom products for piloting the system with plans to rollout the Bromcom solution to their schools in coming years.

Bromcom Computers plc

DIRECTORS' REPORT

Overall Summary

In conclusion despite a decline in sales revenue in the past few years since the cancellation of the e-Registration tender in 2002, (see below) the company now clearly sees turnaround in the coming years .

The sales of the Bromcom MIS in the UK and the new international market opportunity is anticipated to bring rapid growth and the company is expected to return to substantial growth in turnover and profits within 18 months.

Exceptional actions by DCSF (formerly DfES)

As a direct result of the cancellation of the e-registration tender in 2002, Bromcom suffered losses and has failed to return to growth and profitability from UK sales on the scale enjoyed in the early 2000s. It is hoped that, ongoing damages to Bromcom's UK business will be compensated soon and this matter will be also closed.

MONITORING AND MANAGING RISK

There are a number of potential risks and uncertainties, which could have a material impact on the company's long-term performance. These risks and uncertainties are monitored by the Board on a regular basis.

The Board and management team consider the risk implications of all significant business decisions and risks are re-assessed on a regular basis to ensure that any changes in the group's operations or the external environment are identified and appropriately managed. The key risks affecting the business are as follows: -

Operating Risk: The company's reputation and continued success depend on its ability to provide services to customers safely, efficiently and cost effectively. The company has procedures set up which provide a framework to ensure that the operational policies and procedures are communicated, understood and adhered to.

Market Risk: The market in which the company operates is specialised and highly competitive. The company maintains its competitive advantage by providing a high level of customer service. The company keeps abreast of developments in the market by maintaining good relationships with both its suppliers and its local authority customers.

Personnel Risk: The company is a privately owned business and places great emphasis on recruiting and training high quality competent staff from both within and outside the sector. The directors consider succession-planning issues on a regular basis

Financial Risk: As a privately owned company, Bromcom Computers plc is principally funded from retained profits and is reliant on converting these profits into cash. Financial monitoring, forecasting and planning are continuous processes, with particular emphasis on balancing the maintenance of the gross profit margin with the delivery of a high quality service to customers.

Bromcom Computers plc

DIRECTORS' REPORT

DIRECTORS

The following directors have held office since 1 January 2008:

A Guryel
I Guryel

RESEARCH AND DEVELOPMENT

The company maintains a research and development centre. In the opinion of the directors, continuity of investment in this area is essential to maintain the company's market position and to provide for future growth.

POLICY ON PAYMENT OF SUPPLIERS

All payments to suppliers and service providers are made on the basis of mutually agreed terms and conditions, which are established in advance of purchases. The amount due to creditors at the year end is not representative of actual number of days' purchases received from those creditors. This is due to the fluctuations in the levels of purchases throughout the year.

POLITICAL AND CHARITABLE DONATIONS

During the year the company made various charitable donations totalling £Nil.

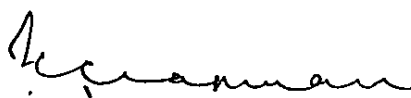
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the directors has confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

AUDITOR

The auditor, Baker Tilly UK Audit LLP, Chartered Accountants, has indicated its willingness to continue in office.

By order of the board


TC Chapman
Secretary 3/4/2009

Bromcom Computers plc

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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 those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- d. 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the requirements of 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BROMCOM COMPUTERS PLC

We have audited the financial statements on pages 7 to 21.

This report is made solely to the company's members, 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 members 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 members 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 Annual Report and 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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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.

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs at 31 December 2008 and of its profit for the year then ended and 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.

BAKER TILLY UK AUDIT LLP

Registered Auditor
Chartered Accountants
Lancaster House
7 Elmfield Road
Bromley
Kent BR1 1LT

Baker Tilly UK Audit LLP
7 April 2009

Bromcom Computers plc
PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2008

	<i>Notes</i>	2008 £	2007 £
TURNOVER	1	2,432,023	2,921,404
Cost of sales		321,093	463,737
Gross profit		<u>2,110,930</u>	<u>2,457,667</u>
Other operating expenses	2	1,763,081	2,248,966
OPERATING PROFIT		<u>347,849</u>	<u>208,701</u>
Loss on sale of fixed assets		(3,606)	(6,222)
Investment income	3	6,088	15,984
		<u>350,331</u>	<u>218,463</u>
Interest payable	4	5,005	4,022
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	<u>345,326</u>	<u>214,441</u>
Taxation	7	47,349	(988)
PROFIT FOR THE YEAR	16	<u><u>£297,977</u></u>	<u><u>£215,429</u></u>

The operating profit for the year arises from the company's continuing operations.

No separate statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the profit and loss account.

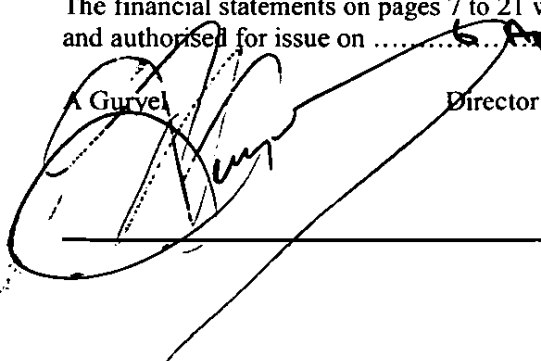
Bromcom Computers plc

BALANCE SHEET

31 December 2008

	Notes	2008 £	2007 £
FIXED ASSETS			
Intangible assets	8	3,931,552	3,144,473
Tangible assets	9	108,229	118,324
		<u>4,039,781</u>	<u>3,262,797</u>
CURRENT ASSETS			
Stocks	10	208,019	247,422
Debtors	11	500,416	731,207
Cash at bank and in hand		79	158,238
		<u>708,514</u>	<u>1,136,867</u>
CREDITORS: Amounts falling due within one year			
Obligations under finance leases	12	26,305	16,608
Other creditors	12	1,077,793	1,132,006
		<u>1,104,098</u>	<u>1,148,614</u>
NET CURRENT LIABILITIES		<u>(395,584)</u>	<u>(11,747)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,644,197</u>	<u>3,251,050</u>
CREDITORS: Amounts falling due after more than one year	13	341,847	426,657
PROVISIONS AND LIABILITIES	14	451,739	271,759
		<u>£2,850,611</u>	<u>£2,552,634</u>
CAPITAL AND RESERVES			
Called up share capital	15	100,000	100,000
Profit and loss account	16	2,750,611	2,452,634
EQUITY SHAREHOLDERS' FUNDS	17	<u>£2,850,611</u>	<u>£2,552,634</u>

The financial statements on pages 7 to 21 were approved by the board and authorised for issue on 6 April 2009 signed on its behalf by:

A Gurvel

Director

Bromcom Computers plc
CASH FLOW STATEMENT
for the year ended 31 December 2008

	<i>Notes</i>	2008 £	2007 £
Cash flow from operating activities	18	289,450	438,637
Returns on investments and servicing of finance	18	1,083	11,962
Taxation		230,335	573,968
Capital expenditure and financial investment	18	(785,706)	(1,150,535)
CASH OUTFLOW BEFORE FINANCING		<u>(264,838)</u>	<u>(125,968)</u>
Financing	18	(41,932)	(30,372)
DECREASE IN CASH IN THE PERIOD		<u>£(306,770)</u>	<u>£(156,340)</u>
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT		2008 £	2007 £
Decrease in cash in the period		(306,770)	(156,340)
Change in net funds resulting from cash flows		41,932	30,372
New finance leases		(68,369)	(12,127)
MOVEMENT IN NET DEBT IN THE PERIOD		<u>(333,207)</u>	<u>(138,095)</u>
NET FUNDS AT 1 JANUARY 2008		138,146	276,241
NET (DEBT)/FUNDS AT 31 December 2008	18	<u>£(195,061)</u>	<u>£138,146</u>

Bromcom Computers plc

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention in accordance with applicable UK accounting standards.

TANGIBLE FIXED ASSETS

Fixed assets are stated at historical cost.

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:-

Tooling	50% pa
Computer equipment	25% pa
Fixtures and fittings	20% pa
Motor vehicles	25% pa

STOCKS

Stocks are valued at the lower of cost and net realisable value. Provision is made for obsolete and slow moving items.

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

LEASED ASSETS AND OBLIGATIONS

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor.

Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding.

All other leases are "operating leases" and the annual rentals are charged to the profit and loss account on a straight line basis over the lease term.

TURNOVER

Turnover represents the invoiced value, net of Value Added Tax, of goods sold and services provided to customers. Maintenance Income is recognised equally over the term of the contract. Upgrades are recognised on delivery of goods.

GOVERNMENT GRANTS

Grants of a revenue nature are credited to income in the period to which they relate.

Bromcom Computers plc

ACCOUNTING POLICIES

RESEARCH AND DEVELOPMENT

Development expenditure is carried forward when its future recoverability can be foreseen with reasonable assurance in line with sales from the related costs. All research and other development costs are written off as incurred.

RETIREMENT BENEFITS

The company contributes to personal pension plans of its employees. The amount charged to the profit and loss in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and actually paid are shown as either prepayments or accruals in the balance sheet.

FOREIGN CURRENCY

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of transactions. All differences are taken to profit and loss.

Bromcom Computers plc

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008

1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The company's turnover and profit before taxation were all derived from its principal activity.

Sales were made in the following geographical markets:

	2008 £	2007 £
United Kingdom	2,405,427	2,921,404
EEC	26,596	-
	<u>£2,432,023</u>	<u>£2,921,404</u>

2 OTHER OPERATING EXPENSES (NET)

	2008 £	2007 £
Distribution costs	202,283	286,136
Administration expenses	1,560,798	1,962,830
	<u>£1,763,081</u>	<u>£2,248,966</u>

3 INVESTMENT INCOME

	2008 £	2007 £
Bank interest receivable	<u>£6,088</u>	<u>£15,984</u>

4 INTEREST PAYABLE

On bank loans, overdrafts and other loans repayable within 5 years:

	2008 £	2007 £
Finance leases	3,161	3,459
Other	1,844	563
	<u>£5,005</u>	<u>£4,022</u>

Bromcom Computers plc
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2008

5	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2008 £	2007 £
	Profit on ordinary activities before taxation is stated after charging:		
	Depreciation and amounts written off tangible fixed assets:		
	Charge for the year:		
	owned assets	55,662	56,671
	leased assets	17,823	15,532
	Operating lease rentals:		
	Plant and machinery	13,909	26,084
	Land and buildings	103,749	127,000
	Auditor's remuneration:		
	Audit work	19,000	19,000
	Non audit work	535	2,750
6	EMPLOYEES	2008 No.	2007 No.
	The average monthly number of persons (including directors) employed by the company during the year was:		
	Production and development	24	33
	Sales and marketing	5	7
	Administration and accounts	11	13
	Customer services	21	26
		61	79
		£	£
	Staff costs for the above persons:		
	Wages and salaries	1,577,512	1,995,306
	Social security costs	168,521	217,452
	Pension costs	27,564	31,662
		£1,773,597	£2,244,420
	DIRECTORS' REMUNERATION		
	Emoluments	90,104	101,171
	Money purchase pension contributions	2,866	3,605
		£92,970	£104,776

The number of directors to whom retirement benefits are accruing under money purchase schemes was 2 (2007: 2).

Bromcom Computers plc
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2008

	2008 £	2007 £
7 TAXATION		
Based on the profit for the year:		
Adjustments in respect of previous periods	-	(835)
Tax credits on R & D expenditure	(132,631)	(230,333)
Current taxation credit	(132,631)	(231,168)
Deferred taxation		
Origination and reversal of timing differences	166,392	227,992
Due to change in rate of taxation on opening figures	13,588	2,188
	179,980	230,180
Tax on profit on ordinary activities	£47,349	£(988)
Factors affecting tax charge for the year:		
The tax assessed for the year is lower than the small company rate of UK corporation tax of 21% (2007: 19%). The differences are explained below:		
Profit on ordinary activities before tax	£345,326	£214,441
Profit on ordinary activities multiplied by small company rate of UK corporation tax of 21% (2007: 19%)	72,518	40,744
Effects of:		
Expenses not deductible for tax purposes	1,641	2,480
Other short term timing differences	(73,240)	(38,294)
Depreciation in excess of capital allowances	(919)	(4,930)
Tax credits on R & D expenditure	(132,631)	(230,333)
Adjustments to tax charge in respect of previous periods	-	(835)
Current tax credit for the period	£(132,631)	£(231,168)

Bromcom Computers plc
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2008

8	INTANGIBLE FIXED ASSETS				<i>Research & Development</i> £
	Cost				
	1 January 2008				3,805,330
	Additions				787,079
	31 December 2008				4,592,409
	Amounts written down				
	1 January 2008				660,857
	Charged in the year - impairment				-
	31 December 2008				660,857
	Net book value				
	31 December 2008				£3,931,552
	31 December 2007				£3,144,473
9	TANGIBLE FIXED ASSETS				
	<i>Tooling</i>	<i>Computer</i>	<i>Fixtures and fittings</i>	<i>Motor vehicles</i>	<i>Total</i>
	£	£	£	£	£
	Cost				
	286,136	632,881	244,979	106,577	1,270,573
	616	2,777	46	68,369	71,808
	(231,820)	(561,933)	(199,027)	(63,950)	(1,056,730)
	54,932	73,725	45,998	110,996	285,651
	Depreciation				
	255,307	599,630	228,848	68,464	1,152,249
	22,895	16,525	7,472	26,593	73,485
	(231,820)	(559,700)	(199,027)	(57,765)	(1,048,312)
	46,382	56,455	37,293	37,292	177,422
	Net book value				
	8,550	17,270	8,705	73,704	£108,229
	30,829	33,251	16,131	38,113	£118,324

The net book value of motor vehicles includes £61,915 (2007 £38,113) in respect of assets held under finance leases.

Bromcom Computers plc
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2008

10	STOCKS	2008 £	2007 £
	Finished goods and goods for resale	£208,019	£247,422
		<u> </u>	<u> </u>
11	DEBTORS	2008 £	2007 £
	Due within one year:		
	Trade debtors	221,773	334,871
	Corporation tax recoverable	132,631	230,333
	Other debtors	25,135	13,341
	Prepayments and accrued income	120,877	152,662
		<u>£500,416</u>	<u>£731,207</u>
		<u> </u>	<u> </u>
12	CREDITORS: Amounts falling due within one year	2008 £	2007 £
	Obligations under finance leases	£26,305	£16,608
		<u> </u>	<u> </u>
	Other creditors:		
	Trade creditors	59,604	33,086
	Bank overdraft	148,611	-
	Other taxation and social security costs	50,718	78,482
	Other creditors	41,863	18,395
	Accruals and deferred income	776,997	1,002,043
		<u>£1,077,793</u>	<u>£1,132,006</u>
		<u> </u>	<u> </u>

The bank overdraft is secured by a fixed and floating charge over all the present and future fixed and current assets of the company.

Bromcom Computers plc
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2008

	2008	2007
	£	£
13 CREDITORS: Amounts falling due after more than one year		
Trade creditors	321,623	423,173
Obligations under finance leases	20,224	3,484
	<u>£341,847</u>	<u>£426,657</u>
Repayable by instalments:		
Obligations under finance leases		
in more than one but not more than two years	<u>£20,224</u>	<u>£3,484</u>
14 PROVISION FOR LIABILITIES AND CHARGES		£
Deferred taxation:		
Balance at 1 January 2008		271,759
Profit and loss account		179,980
Balance at 31 December 2008		<u>£451,739</u>
	2008	2007
	£	£
Provision for deferred tax has been made as follows:		
Accelerated capital allowances	790,507	594,584
Other timing differences	(819)	(968)
On tax losses carried forward	(337,949)	(321,857)
Deferred tax liability	<u>£451,739</u>	<u>£271,759</u>
15 SHARE CAPITAL	2008	2007
	£	£
Authorised:		
100,000,000 ordinary shares of 1p each	£1,000,000	£1,000,000
Allotted, issued and fully paid:		
10,000,000 ordinary shares of 1p each	<u>£100,000</u>	<u>£100,000</u>

On 1 May 2002 the company entered into an Employee Share Option Scheme, whereby the employee may acquire shares in the company under the provisions of Schedule 14, Finance Act 2000.

Bromcom Computers plc

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008

15 SHARE CAPITAL *(continued)*

The employee may exercise this option if, before the tenth anniversary, the company has floated on a recognised stock exchange or on the sale of the company shares such that the company becomes a 51% subsidiary of another company. The option will lapse on the day before the tenth anniversary of the agreement if neither of these conditions has been met.

Should the employee leave the company's employment for any reason prior to the exercise of this option, then the option shall lapse at the date the employee leaves employment.

Shares	Number	Number
Options	2008	2007
1 January 2008	45,500	57,800
Lapsed in year	(13,800)	(12,300)
31 December 2008	<u>31,700</u>	<u>45,500</u>
Option price	<u>50p</u>	<u>50p</u>
Option period ends	<u>30.4.2012</u>	<u>30.4.2012</u>
	2008	2007
	£	£
1 January 2008	2,452,634	2,237,205
Profit for the financial year	297,977	215,429
31 December 2008	<u>£2,750,611</u>	<u>£2,452,634</u>
	2008	2007
	£	£
Profit after taxation	297,977	215,429
Opening shareholders' funds	2,552,634	2,337,205
Closing shareholders' funds	<u>£2,850,611</u>	<u>£2,552,634</u>

Bromcom Computers plc
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2008

		2008 £	2007 £		
18	CASH FLOWS				
a	Reconciliation of operating profit to net cash inflow from operating activities				
	Operating profit	347,849	208,701		
	Depreciation	73,485	72,203		
	Decrease in stocks	39,403	105,347		
	Decrease/(increase) in debtors	133,087	(124,736)		
	(Decrease)/Increase in creditors	(304,374)	177,122		
	Net cash flow from operating activities	<u>£289,450</u>	<u>£438,637</u>		
b	Analysis of cash flows for headings netted in the cash flow				
	Returns on investments and servicing of finance				
	Interest received	6,088	15,984		
	Interest paid	(1,844)	(563)		
	Interest element of finance lease rental payments	(3,161)	(3,459)		
	Net cash inflow for returns on investments and servicing of income	<u>£1,083</u>	<u>£11,962</u>		
	Capital expenditure and financial investment				
	Purchase of tangible fixed assets	(3,439)	(57,662)		
	Sale of tangible fixed assets	4,812	21,260		
	Purchase of intangible fixed assets	(787,079)	(1,114,133)		
	Net cash outflow for capital expenditure and financial investment	<u>£(785,706)</u>	<u>£(1,150,535)</u>		
	Financing				
	Debt due within one year				
	Capital element of finance lease rental payments	(41,932)	(30,372)		
	Net cash outflow from financing	<u>£(41,932)</u>	<u>£(30,372)</u>		
c	Analysis of net (debts)/funds	<i>At 1.1.08</i>	<i>Cash flow</i>	<i>Other non cash changes</i>	<i>At 31.12.08</i>
		£	£	£	£
	Cash at bank and in hand	158,238	(158,159)	-	79
	Bank overdraft	-	(148,611)	-	(148,611)
	Finance leases	(20,092)	41,932	(68,369)	(46,529)
	Total	<u>£138,146</u>	<u>(264,838)</u>	<u>(68,369)</u>	<u>£(195,061)</u>

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d Major non-cash transactions

During the year the company entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of £68,369 (2007 £12,127).

	2008	2007
	£	£
19 CAPITAL COMMITMENTS		
Capital expenditure contracted for but not provided in the financial statements	£Nil	£Nil

20 COMMITMENTS UNDER OPERATING LEASES

At 31 December 2008 the company had annual commitments under non-cancellable operating leases as follows:

	2008	2007
	£	£
Plant and machinery		
expiring in one year	-	-
expiring in the second to fifth year	-	-
Land and buildings		
expiring in one year	-	95,250
expiring in the second to fifth year	60,000	-
	<u>£60,000</u>	<u>£95,250</u>

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21 RELATED PARTY TRANSACTIONS

- a) At the balance sheet date the company had balances due from/(to) related parties as follows:

				Balance due from/(to) related party	
	Relationship	Activity	Transactions in the year	2008 £	2007 £
Bromcom Technology Limited	Common ownership	Services	55,351	1,241	£1,241
Frontline Technology Limited	Common ownership	Loan	£100,000	£321,623	£(423,173)

Frontline Technology Limited has given assurances to the company that it will not require payment within the next 12 months.

- b) During and at the year end loans were outstanding from two shareholders amounting to £11,500 (2007 £11,500). Interest is charged at average base rate set by the Bank of England.
- c) During the year advances of salary were made to A Guryel and I Guryel. The maximum outstanding during the year was £12,059 (2007 £9,942) and the balances at the year end totalled a debtor of £304 (2007 Creditor £185).

22 PENSION COMMITMENTS

The company operates a stakeholders pension scheme whose assets are held separately from those of the company in independently administered funds. The pension cost represents contributions payable by the company and amounted to £27,564 (2007 £31,662). Contributions totalling £3,898 (2007 £4,842) were payable to the funds at the year end.

23 ULTIMATE CONTROLLING PARTY

The directors regard A Guryel to be the ultimate controlling party by virtue of his interest in the share capital of the company.