

REGISTRARS COPY

COMPANY NUMBER 01616977

Bytes Technology Group Limited

Report and Financial Statements

Year Ended

28 February 2001



BDO

BDO Stoy Hayward
Chartered Accountants

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COMPANY NAME

Bytes Technology Group Limited

Annual report and financial statements for the year ended 28 February 2001

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Directors

Mr N R Murphy
Mr K Richardson
Mr S Virdi
Mr R Griggs
Mr G M Rochussen
Mr D N Maw
Mr P D Redshaw

Secretary and registered office

Mrs M Lane, 15-17 Chessington Road, West Ewell, Surrey, KT17 1TS

Company number

01616977

Auditors

BDO Stoy Hayward, Emerald House, East Street, Epsom Surrey, KT17 1HS

Bytes Technology Group Limited

Report of the directors for the year ended 28 February 2001

The directors present their report together with the audited financial statements for the year ended 28 February 2001.

Results and dividends

The profit and loss account is set out on page 5 and shows the profit for the year.

Principal activities, review of business and future developments

The company's principal activity is a specialist IT services company providing a range of technical skills and services to support corporate networks. These services include Consultancy, Project Services, Licensing, Site Services, Support, Training and Systems Supply.

Charitable and political contributions

During the year the company made charitable contributions of £425 (2000 - £4,000). There were no political contributions.

Directors

The directors of the company during the year were:

Mr D O S Frohlich	(Resigned 31 August 2000)
Mr T J S Hall	(Resigned 29 September 2000)
Ms G Hogg	(Resigned 23 November 2000)
Mr N R Murphy	
Mr S C P Ognall	(Resigned 31 August 2000)
Mr K Richardson	
Mr M Flynn	(Resigned 31 August 2000)
Mr S Virdi	(Appointed 22 February 2001)
Mr C Jacobs	(Appointed 13 June 2000 resigned 19 July 2000)
Mr R Griggs*	(Appointed 19 July 2000)
Mr G M Rochussen*	
Mr D N Maw*	(Appointed 23 November 2000)
Mr P D Redshaw*	

* - Non-executive directors

No director had any beneficial interest in the share capital of the company or had the right to subscribe for shares or debentures in the company.

Bytes Technology Group Limited

Report of the directors for the year ended 28 February 2001 (*Continued*)

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 affairs of the company and of the profit or loss of the company for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 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.

Auditors

BDO Stoy Hayward have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the board

 1/5/01

Mrs M Lane

Secretary

Bytes Technology Group Limited

Report of the auditors

To the shareholders of Bytes Technology Group Limited

We have audited the financial statements on pages 5 to 16 which have been prepared under the accounting policies set out on page 7 to 8.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of the 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.

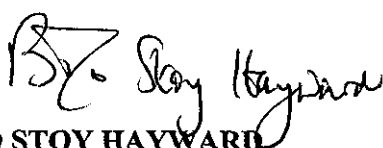
Basis of opinion

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 judgments 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 of the state of the company's affairs as at 28 February 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


BDO STOY HAYWARD
*Chartered Accountants
and Registered Auditors*
Epsom

8th May 2001

Bytes Technology Group Limited**Profit and loss account for the year ended 28 February 2001**

	Note	12 months ended 28 February 2001 £	5 months ended 29 February 2000 £
Turnover	2	42,940,801	14,973,067
Cost of sales		33,778,409	11,205,308
Gross profit		9,162,392	3,767,759
Administrative expenses		8,515,134	3,583,295
Operating profit	3	647,258	184,464
Other interest receivable and similar income	6	68,137	17,000
Interest payable and similar charges	7	(7,866)	(15,192)
Profit on ordinary activities before taxation		707,529	186,272
Taxation on profit on ordinary activities	8	212,258	84,802
Profit on ordinary activities after taxation for the year/period		495,271	101,470
Dividends	9	215,000	-
Retained profit for the financial year/period	17	280,271	101,470
Retained profit brought forward		975,470	874,000
Retained profit carried forward		1,255,741	975,470

All amounts relate to continuing activities.

All recognised gains and losses in the current year and prior period are included in the profit and loss account. There are no movements in shareholders' funds in the current year and prior period apart from the profit for the year/period.

The notes on pages 7 to 16 form part of these financial statements.

Bytes Technology Group Limited

Balance sheet at 28 February 2001

	Note	28 February 2001 £	28 February 2001 £	29 February 2000 £	29 February 2000 £
Fixed assets					
Tangible assets	10		517,639		617,796
Investments	11		110		3,766
			517,749		621,562
Current assets					
Stocks	12	143,168		114,322	
Debtors	13	4,004,485		3,750,570	
Cash at bank and in hand		5,163,985		2,015,724	
		9,311,638		5,880,616	
Creditors: amounts falling due within one year	14	7,985,223		4,892,290	
Net current assets			1,326,415		988,326
Total assets less current liabilities			1,844,164		1,609,888
Creditors: amounts falling due after more than one year	15		2,586		48,581
			1,841,578		1,561,307
Capital and reserves					
Called up share capital	16		29,921		29,921
Share premium account	17		555,916		555,916
Profit and loss account	17		1,255,741		975,470
Equity shareholders' funds			1,841,578		1,561,307

The financial statements were approved by the Board on 26 APRIL 2001


Director

The notes on pages 7 to 16 form part of these financial statements.

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Consolidated financial statements

The company is exempt under section 229(5) of the Companies Act 1985 from the requirement to prepare consolidated financial statements as the directors consider that the company's subsidiaries may be excluded from consolidation for the reasons set out in note 11. These financial statements therefore present information about the company as an individual undertaking and not about its group.

Cash flow statement

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that at least 90% of the voting rights in the company are controlled within the group headed by USKO (UK) Limited and the company is included in consolidated financial statements.

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets evenly over their expected useful lives. It is calculated at the following rates:

Short leasehold land and buildings	-	Period of the lease
Plant & machinery	-	33% straight line
Motor vehicles	-	25% straight line
Furniture and equipment	-	20% straight line

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less costs to disposal.

1 Accounting policies (*continued*)

Leased assets

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 amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor. All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Pensions

The company made payments to certain employees' individual pension plan during the year. These payments are made where the employee has made a salary sacrifice amounting to the contribution. These payments are charged to the profit and loss account, as a salary payment, in the year in which they are paid.

2 Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

3 Operating profit

This is arrived at after charging:

	12 months ended 28 February 2001 £	5 months ended 29 February 2000 £
Depreciation of tangible fixed assets	199,825	100,619
Hire of other assets - operating leases	322,054	156,501
Auditors' remuneration - audit services	15,200	15,000
Loss on disposal of fixed assets	18,488	1,935
Amortisation of debenture	-	921
	<u> </u>	<u> </u>

Bytes Technology Group LimitedNotes forming part of the financial statements for the year ended 28 February 2001 (*Continued*)**4 Employees**

Staff costs (including directors) consist of:

	12 months ended 28 February 2001 £	5 months ended 29 February 2000 £
Wages and salaries	4,717,136	2,663,612
Social security costs	526,955	230,983
Other pension costs	-	5,000
	<u>5,244,091</u>	<u>2,899,595</u>

The average number of employees (including directors) during the year was as follows:

	12 months ended 28 February 2001 Number	5 months ended 29 February 2000 Number
Administration	17	21
Sales	39	36
Technical	49	57
	<u>105</u>	<u>114</u>

5 Directors' remuneration

	12 months ended 28 February 2001 £	5 months ended 29 February 2000 £
Directors' emoluments	493,283	339,551
Compensation for loss of office	201,680	-
	<u>694,963</u>	<u>339,551</u>

The total amount payable to the highest paid director in respect of emoluments and amounts receivable under long term incentive schemes was £201,240 (2000 - £86,606).

Bytes Technology Group Limited

Notes forming part of the financial statements for the year ended 28 February 2001 (*Continued*)

6 Other interest receivable and similar income

	12 months ended 28 February 2001 £	5 months ended 29 February 2000 £
Bank deposits	68,137	17,000
	<u> </u>	<u> </u>

7 Interest payable and similar charges

	12 months ended 28 February 2001 £	5 months ended 29 February 2000 £
Bank loans and overdrafts	130	-
Finance leases and hire purchase contracts	7,733	15,192
Interest payable other	3	-
	<u> </u>	<u> </u>
	7,866	15,192
	<u> </u>	<u> </u>

8 Taxation on profit on ordinary activities

	12 months ended 28 February 2001 £	5 months ended 29 February 2000 £
<i>UK Corporation tax</i>		
<i>Current year</i>		
Current tax on income for the year	212,258	73,276
<i>Prior periods</i>		
UK Corporation tax	-	11,526
	<u> </u>	<u> </u>
	212,258	84,802
	<u> </u>	<u> </u>

Bytes Technology Group Limited

Notes forming part of the financial statements for the year ended 28 February 2001 (*Continued*)

9 Dividends

	12 months ended 28 February 2001 £	5 months ended 29 February 2000 £
<i>Equity shares</i>		
Ordinary shares		
Interim paid of £7.18 (2000 - £NIL) per share	215,000	-
	<u>215,000</u>	<u>-</u>

10 Tangible fixed assets

	Short leasehold land and buildings £	Plant and machinery £	Motor vehicles £	Furniture and equipment £	Total £
<i>Cost</i>					
At 1 March 2000	306,803	507,061	83,000	238,466	1,135,330
Additions	-	151,088	-	7,448	158,536
Disposals	-	(86,823)	(83,000)	(6,749)	(176,572)
	<u>306,803</u>	<u>571,326</u>	<u>-</u>	<u>239,165</u>	<u>1,117,294</u>
<i>Depreciation</i>					
At 1 March 2000	35,641	340,435	32,530	108,928	517,534
Provided for the year	21,372	124,683	10,375	43,395	199,825
Disposals	-	(72,960)	(42,905)	(1,839)	(117,704)
	<u>57,013</u>	<u>392,158</u>	<u>-</u>	<u>150,484</u>	<u>599,655</u>
<i>Net book value</i>					
At 28 February 2001	<u>249,790</u>	<u>179,168</u>	<u>-</u>	<u>88,681</u>	<u>517,639</u>
At 29 February 2000	<u>271,162</u>	<u>166,626</u>	<u>50,470</u>	<u>129,538</u>	<u>617,796</u>

The net book value of tangible fixed assets includes an amount of £10,572 (2000 - £64,973) in respect of assets held under finance leases and hire purchase contracts. The related depreciation charge on these assets for the year was £3,895 (2000 - £11,756).

Bytes Technology Group Limited

Notes forming part of the financial statements for the year ended 28 February 2001 (*Continued*)

11 Fixed asset investments

	Group undertakings	Other investments (other than loans)	Total
	£	£	£
<i>Cost or valuation</i>			
At 1 March 2000	104	6,638	6,742
Additions	6	-	6
Disposals	-	(6,638)	(6,638)
At 28 February 2001	110	-	110
<i>Provisions</i>			
At 1 March 2000	-	2,976	2,976
Provided for the year	-	645	645
Disposals	-	(3,621)	(3,621)
At 28 February 2001	-	-	-
<i>Net book value</i>			
At 28 February 2001	110	-	110
At 29 February 2000	104	3,662	3,766

Bytes Technology Group Limited

Notes forming part of the financial statements for the year ended 28 February 2001 (*Continued*)

11 Fixed asset investments (*continued*)

Subsidiary undertakings

The principal undertakings in which the company's interest at the year end is 20% or more are as follows:

	Country of incorporation or principal place of business	%	Nature of business
<i>Subsidiary undertakings</i>			
Pure Licensing Limited	England and Wales	100	Dormant
Ec-Co UK Limited	England and Wales	100	Dormant
Bytes Technology Training Limited	England and Wales	100	Dormant
Bytes Technology Solutions Limited	England and Wales	100	Dormant
Pure-I Group Limited	England and Wales	100	Dormant
Pure Training Limited	England and Wales	100	Dormant
Pure-ASP Limited	England and Wales	100	Dormant
Pure Technology Solutions Limited	England and Wales	100	Dormant
Pure-I.co.uk Limited	England and Wales	100	Dormant

Bytes Technology Group Limited is exempt from preparing consolidated financial statements under section 228 of the Companies Act 1985 as it is itself a subsidiary undertaking and its ultimate parent company prepares consolidated accounts.

12 Stocks

	28 February 2001 £	29 February 2000 £
Finished goods and goods for resale	143,168	114,322

There is no material difference between the replacement cost of stocks and the amounts stated above.

Bytes Technology Group Limited**Notes forming part of the financial statements for the year ended 28 February 2001 (Continued)****13 Debtors**

	28 February 2001 £	29 February 2000 £
Trade debtors	3,766,194	3,655,247
Amounts owed by group undertakings	127,438	15,416
Other debtors	40,499	-
Prepayments and accrued income	70,354	79,907
	<u>4,004,485</u>	<u>3,750,570</u>

All amounts shown under debtors fall due for payment within one year.

14 Creditors: amounts falling due within one year

	28 February 2001 £	29 February 2000 £
Bank loans and overdrafts (secured)	-	97,136
Trade creditors	5,028,880	2,934,502
Taxation and social security	452,846	395,218
Corporation tax	112,258	145,278
Obligations under finance lease and hire purchase contracts	5,839	17,017
Other creditors	9,272	24,567
Accruals and deferred income	2,376,128	1,278,572
	<u>7,985,223</u>	<u>4,892,290</u>

15 Creditors: amounts falling due after more than one year

	28 February 2001 £	29 February 2000 £
Obligations under finance lease and hire purchase contracts	2,586	48,581

Bytes Technology Group Limited

Notes forming part of the financial statements for the year ended 28 February 2001 (*Continued*)

15 Creditors: amounts falling due after more than one year (*Continued*)

Maturity of debt:

	Finance Leases		Other debt		Total	
	28 February 2001 £	29 February 2000 £	28 February 2001 £	29 February 2000 £	28 February 2001 £	29 February 2000 £
In one year or less, or on demand	5,839	17,017	-	97,136	5,839	114,153
In more than one year but not more than two years	2,586	17,017	-	-	2,586	17,017
In more than two years but not more than five years	-	31,564	-	-	-	31,564
	<u>8,425</u>	<u>65,598</u>	<u>-</u>	<u>97,136</u>	<u>8,425</u>	<u>162,734</u>

16 Share capital

	Authorised		Allotted, called up and fully paid	
	28 February 2001 £	29 February 2000 £	28 February 2001 £	29 February 2000 £
<i>Equity share capital</i>				
4,709,325 "A" Ordinary shares of 1p each	47,093	47,093	24,207	24,207
571,400 "B" Ordinary shares of 1p each	5,714	5,714	5,714	5,714
	<u>52,807</u>	<u>52,807</u>	<u>29,921</u>	<u>29,921</u>

Bytes Technology Group Limited

Notes forming part of the financial statements for the year ended 28 February 2001 (*Continued*)

17 Reserves

	Share premium account £	Profit and loss account £
At 1 March 2000	555,916	975,470
Profit for the year	-	280,271
At 28 February 2001	555,916	1,255,741

18 Pensions

The total employer contributions paid in the year amounted to £nil (2000 - £5,000).

19 Commitments under operating leases

As at 28 February 2001, the company had annual commitments under non-cancellable operating leases as set out below:

	28 February 2001	Other	29 February 2000	Other
	Land and buildings £	£	Land and buildings £	£
Operating leases which expire:				
Within one year	12,479	27,067	4,379	47,011
In two to five years	-	63,713	52,000	76,935
After five years	52,000	-	-	-
	64,479	90,780	56,379	123,946

20 Related party disclosures

Advantage has been taken of the exemption provided in Financial Reporting Standard 8 from disclosing details of transactions with the ultimate parent company Bytes Technology Group Limited and its' subsidiaries.

21 Ultimate parent company and parent undertaking of larger group

At 29 February 2000 the company's parent company was USKO (UK) Limited, a company incorporated in the United Kingdom. The ultimate parent company is Allied Electronics Corporation Limited, a company incorporated in the Republic of South Africa.