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Bytes Technology Group Limited

Report and Financial Statements

Year Ended

28 February 2005



IBDO

BDO Stoy Hayward
Chartered Accountants

Bytes Technology Group Limited

Annual report and financial statements for the year ended 28 February 2005

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Directors

K Richardson
NR Murphy
PD Redshaw
SS Virdi
PR Riskowitz

Secretary and registered office

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

Company number

01616977

Auditors

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

Bytes Technology Group Limited

Report of the directors for the year ended 28 February 2005

The directors present their report together with the audited financial statements for the year ended 28 February 2005.

Results and dividends

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

The directors do not recommend the payment of a dividend.

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, Software Licensing, Software Asset Management, Site Services, Training and Systems Supply.

The directors are satisfied with their performance and expect the company to remain profitable in the future.

Charitable and political contributions

During the year the company made charitable contributions of £2,432. There were no political contributions.

Policy and practice on the payment of creditors

The company will follow its code on payment practice, known as "Bill Code", during the next year. This code is available at our registered office and sets out the company's policy of settling terms of payment with its suppliers when agreeing the terms of transactions and of ensuring suppliers are made aware of them. The company has a successful record of abiding by the terms of "Bill Code" and this is expected to continue.

The number of average days purchases of the company represented by trade creditors at 28 February 2005 was 19.

Directors

The directors of the company during the year were:

K Richardson
NR Murphy
PD Redshaw
SS Viridi
PR Riskowitz

No director had any beneficial interest in the share capital of the company.

Bytes Technology Group Limited

Report of the directors for the year ended 28 February 2005 (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 judgements and estimates that are reasonable and prudent; 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 LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

On behalf of the board



K Richardson

Director

Date: 18 July 2005

Bytes Technology Group Limited

Report of the independent auditors

To the shareholders of Bytes Technology Group Limited

We have audited the financial statements of Bytes Technology Group Limited for the year ended 28 February 2005 on pages 5 to 16 which have been prepared under the accounting policies set out on pages 7 to 8.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards 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 United Kingdom Auditing Standards.

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 transactions with the company 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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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.

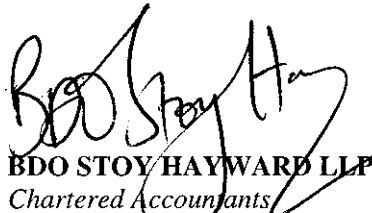
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

Bytes Technology Group Limited

Report of the independent auditors (*Continued*)

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 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BDO STOY HAYWARD LLP
*Chartered Accountants
and Registered Auditors*
Epsom

Date: 21 November 2005

Bytes Technology Group Limited

Profit and loss account for the year ended 28 February 2005

	Note	2005 £	2004 £
Turnover	2	40,108,362	44,592,250
Cost of sales		34,814,408	38,811,078
Gross profit		5,293,954	5,781,172
Administrative expenses		4,736,734	4,470,840
Operating profit	3	557,220	1,310,332
Other interest receivable and similar income	6	37,733	131,816
Interest payable and similar charges	7	(2,029)	(388)
Profit on ordinary activities before taxation		592,924	1,441,760
Taxation on profit on ordinary activities	8	204,099	-
Profit on ordinary activities after taxation		388,825	1,441,760
Dividends	9	-	2,500,000
Retained profit/(accumulated loss)	16	388,825	(1,058,240)
Retained profit brought forward	16	3,468,839	4,527,079
Retained profit carried forward	16	3,857,664	3,468,839

All amounts relate to continuing activities.

All recognised gains and losses in the current and prior year are included in the profit and loss account.

There are no movements in shareholders' funds in the current and prior year apart from the profit for the year.

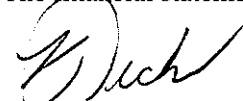
The notes on pages 7 to 16 form part of these financial statements.

Bytes Technology Group Limited

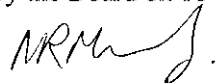
Balance sheet at 28 February 2005

	Note	2005 £	2005 £	2004 £	2004 £
Fixed assets					
Tangible assets	10		299,278		368,619
Fixed asset investments	11		106		106
			<u>299,384</u>		<u>368,725</u>
Current assets					
Stocks	12	13,606		14,576	
Debtors	13	8,499,669		7,290,687	
Cash at bank and in hand		657,250		2,050,435	
		<u>9,170,525</u>		<u>9,355,698</u>	
Creditors: amounts falling due within one year	14	5,026,408		5,669,747	
		<u>5,026,408</u>		<u>5,669,747</u>	
Net current assets			4,144,117		3,685,951
			<u>4,144,117</u>		<u>3,685,951</u>
Total assets less current liabilities			4,443,501		4,054,676
			<u>4,443,501</u>		<u>4,054,676</u>
Capital and reserves					
Called up share capital	15		29,921		29,921
Share premium account	16		555,916		555,916
Profit and loss account	16		3,857,664		3,468,839
			<u>4,443,501</u>		<u>4,054,676</u>
Equity shareholders' funds			4,443,501		4,054,676
			<u>4,443,501</u>		<u>4,054,676</u>

The financial statements were approved by the Board on 18 July 2005.



K Richardson
Director



NR Murphy
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 228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent. 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 Bytes Technology Group Holdings Limited and the company is included in consolidated financial statements.

Turnover

Turnover represents either sales to external customers at invoiced amounts less value added tax, or commissions and incentive payments obtained from a third party for the sale of licences.

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
Computer hardware and software	-	33% straight line
Office 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.

Foreign currency

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet dates. Any differences are taken to the profit and loss account.

1 Accounting policies (*continued*)

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Leased assets

All 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.

Pension costs

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

	2005 £	2004 £
Analysis by geographical market:		
United Kingdom	39,544,025	44,317,180
Europe	564,337	275,070
	40,108,362	44,592,250

Turnover is wholly attributable to the principal activity of the company.

Bytes Technology Group Limited

Notes forming part of the financial statements for the year ended 28 February 2005 (Continued)

3 Operating profit

	2005	2004
	£	£
This is arrived at after charging/(crediting):		
Depreciation of tangible fixed assets	128,033	146,444
Loss on disposal of tangible fixed assets	271	283
Hire of plant and machinery - operating leases	3,344	25,483
Hire of other assets - operating leases	64,976	85,392
Audit services	24,603	14,500
Exchange differences	(95)	10,703
	_____	_____

4 Employees

Staff costs (including directors) consist of:

	2005	2004
	£	£
Wages and salaries	2,944,946	3,526,097
Social security costs	315,926	407,736
	_____	_____
	3,260,872	3,933,833
	=====	=====

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

	2005	2004
	Number	Number
Administration	39	20
Sales	35	42
Technical	-	18
	_____	_____
	74	80
	=====	=====

Bytes Technology Group Limited**Notes forming part of the financial statements for the year ended 28 February 2005 (Continued)**

5 Directors' remuneration

	2005	2004
	£	£
Directors' emoluments	194,352	568,918

The total amount payable to the highest paid director in respect of emoluments and amounts receivable under long term incentive schemes was £194,352 (2004 - £216,854).

6 Other interest receivable and similar income

	2005	2004
	£	£
Interest receivable	37,733	131,816

7 Interest payable and similar charges

	2005	2004
	£	£
Bank loans and overdrafts	2,029	110
Finance leases and hire purchase contracts	-	278
	2,029	388

Bytes Technology Group Limited

Notes forming part of the financial statements for the year ended 28 February 2005 (*Continued*)

8 Taxation on profit on ordinary activities

	2005 £	2004 £
<i>UK Corporation tax</i>		
Current tax on profits of the year	18,781	-
Adjustment in respect of previous periods	5,318	-
Group relief	180,000	-
Total current tax	204,099	-

The tax assessed for the period is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	2005 £	2004 £
Profit on ordinary activities before tax	592,924	1,441,760
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2004 - 30%)	177,877	432,528
Effect of:		
Expenses not deductible for tax purposes	16,033	18,190
Capital allowances for period in excess of depreciation	827	1,567
Utilisation of tax losses	-	(452,285)
Adjustment to tax charge in respect of previous periods	5,318	-
Increase in provisions	4,044	-
Current tax charge for period	204,099	-

9 Dividends

	2005 £	2004 £
<i>Equity shares</i>		
Ordinary shares		
Interim paid of 0p (2004 - 83.55p) per share	-	2,500,000

Bytes Technology Group Limited

Notes forming part of the financial statements for the year ended 28 February 2005 (*Continued*)

10 Tangible fixed assets

	Short leasehold land and buildings £	Computer hardware and software £	Office furniture and equipment £	Total £
<i>Cost</i>				
At 1 March 2004	326,206	686,401	264,820	1,277,427
Additions	-	60,820	1,800	62,620
Disposals	(1,417)	(27,030)	-	(28,447)
At 28 February 2005	324,789	720,191	266,620	1,311,600
<i>Depreciation</i>				
At 1 March 2004	123,650	542,191	242,967	908,808
Provided for the year	20,114	96,817	11,102	128,033
Disposals	-	(24,519)	-	(24,519)
At 28 February 2005	143,764	614,489	254,069	1,012,322
<i>Net book value</i>				
At 28 February 2005	181,025	105,702	12,551	299,278
At 29 February 2004	202,556	144,210	21,853	368,619

Bytes Technology Group Limited

Notes forming part of the financial statements for the year ended 28 February 2005 (Continued)

11 Fixed asset investments

	Group undertakings £
<i>Cost or valuation</i>	
At 1 March 2004 and 28 February 2005	106

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 registration	Proportion of voting rights and ordinary share capital held	Nature of business
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 Training Limited	England and Wales	100	Dormant

12 Stocks

	2005 £	2004 £
Goods for resale	13,606	14,576

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 2005 (Continued)****13 Debtors**

	2005 £	2004 £
Trade debtors	2,952,667	3,773,904
Amounts owed by group undertakings	5,328,751	3,435,242
Corporation tax recoverable	144,005	-
Other debtors	42,342	45,944
Prepayments and accrued income	31,904	35,597
	8,499,669	7,290,687

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

14 Creditors: amounts falling due within one year

	2005 £	2004 £
Bank loans and overdrafts (secured)	-	476,127
Trade creditors	1,823,316	2,210,689
Amounts owed to group undertakings	-	52,785
Corporation tax	-	106
Other taxation and social security	766,573	485,284
Other creditors	12,247	9,480
Accruals and deferred income	2,424,272	2,435,276
	5,026,408	5,669,747

Bytes Technology Group Limited

Notes forming part of the financial statements for the year ended 28 February 2005 (*Continued*)

15 Share capital

	2005 £	2004 £
<i>Authorised</i>		
<i>Equity share capital</i>		
9,000,000 Ordinary shares of 1p each	90,000	90,000
	2005 £	2004 £
<i>Allotted, called up and fully paid</i>		
<i>Equity share capital</i>		
2,992,216 Ordinary shares of 1p each	29,921	29,921

At 21 July 2003 'A' and 'B' shares were redeemed and replaced by a single class of ordinary share.

16 Reserves

	Share premium account £	Profit and loss account £
At 1 March 2004	555,916	3,468,839
Profit for the year	-	388,825
At 28 February 2005	555,916	3,857,664

17 Commitments under operating leases

The company had annual commitments under non-cancellable operating leases as set out below:

	2005 Land and buildings £	2005 Other £	2004 Land and buildings £	2004 Other £
Operating leases which expire:				
Within one year	5,496	-	5,288	1,473
After five years	66,000	-	52,000	-
	71,496	-	57,288	1,473

18 Related party disclosures

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 "Related party disclosures" not to disclose transactions with members of the group headed by Allied Electronics Corporation on the grounds that at least 90% of the voting rights in the company are controlled within that group and the company is included in consolidated financial statements.

19 Ultimate parent company and parent undertaking of larger group

At 28 February 2005, the company's immediate parent company was Bytes Technology Group Holdings Limited, a company incorporated in the United Kingdom. The consolidated accounts for the UK group can be obtained from 15 - 17 Chessington Road, West Ewell, Surrey, KT17 1TS. The ultimate parent company is Allied Electronics Corporation Limited, a company incorporated in the Republic of South Africa. The consolidated accounts for the group can be obtained from 4 Sherborne Road, Parktown, Houghton 2041, South Africa.

The pages which follow do not
form part of the statutory
financial statements of the company

Bytes Technology Group Limited

Detailed profit and loss account for the year ended 28 February 2005

	28 February 2005		29 February 2004	
	£	£	£	£
Turnover		40,108,362		44,592,250
Cost of sales		34,814,408		38,811,078
Gross profit		5,293,954		5,781,172
Administrative expenses				
Staff salaries	2,944,946		3,526,097	
National insurance	315,926		407,736	
Depreciation - furniture & equipment	12,737		21,658	
Depreciation - leasehold	20,114		22,311	
Depreciation - plant & machinery	95,182		102,475	
Auditors remuneration	24,603		14,500	
Loss on disposal of fixed assets	271		283	
Telephone	32,495		12,534	
Staff recruitment	44,857		73,222	
Medical and insurances	3,132		2,260	
Vehicle leasing	3,490		25,493	
Travelling, subsistence and vehicle expenses	95,023		121,726	
Entertaining	36,580		39,615	
Training costs	42,076		29,525	
Legal and professional	15,592		22,412	
Bank charges	8,815		11,277	
Repairs and maintenance	(107)		697	
Rent, rates and services	127,042		143,400	
Temporary staff	14,595		37,830	
Staff welfare	9,619		8,035	
Consultancy and external contractors	73,040		133,707	
Couriers and carriage	30,140		24,055	
Marketing	(47,726)		(63,367)	
Office costs	834,387		(257,344)	
Exchange gains/(losses)	(95)		10,703	
		4,736,734		4,470,840
Operating profit		557,220		1,310,332
Other interest receivable and similar income		37,733		131,816
Interest payable and similar charges		(2,029)		(388)
Profit on ordinary activities		592,924		1,441,760