

CMS COMPUTERS LIMITED
DIRECTORS' REPORT AND ACCOUNTS
for the year ended
31 December 2006

Company Registration Number 3236595



MITCHELL CHARLESWORTH
Chartered Accountants
Widnes

CMS COMPUTERS LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2006

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CMS COMPUTERS LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	D S Roberts I R Fraser M Faulkner
Company secretary	I R Fraser
Registered office	Unit 20 Glacier Buildings Brunswick Business Park Liverpool Merseyside L3 4BH
Auditor	Mitchell Charlesworth Chartered Accountants Registered Auditor 101 Albert Road Widnes WA8 6LB
Bankers	Barclays Bank plc Liverpool City Office P O Box No 107 4 Water Street Liverpool L69 2DU

CMS COMPUTERS LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2006

The directors present their report and the financial statements of the company for the year ended 31 December 2006

Principal Activities and Business Review

The principal activity of the company during the year was that of computer component sales

The company's balance sheet as detailed on page 8 shows a satisfactory position, shareholders funds amounting to £888,546

Given the straightforward nature of the business, the company's directors are of the opinion that the analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business

Results and Dividends

The profit for the year, after taxation, amounted to £83,871 Particulars of dividends paid are detailed in note 9 to the financial statements

Financial Risk Management Objectives and Policies

The company uses conventional forms of working capital to finance its day to day activities and as such the figures appearing in the accounts reflect the absolute value of amounts recoverable and payable The directors receive regular reports on these figures in order to manage the company's requirements

The Directors and their Interests in the Shares of the Company

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows

		At	At
Class of share		31 December 2006	1 January 2006
D S Roberts	Ordinary shares of £1 each	7,500	7,500
	Ordinary B shares of £1 each	50	50
I R Fraser	Ordinary shares of £1 each	2,500	2,500
	Ordinary B shares of £1 each	<u>50</u>	<u>50</u>

CMS COMPUTERS LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2006

Auditor

A resolution to re-appoint Mitchell Charlesworth as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985

Registered office
Unit 20
Glacier Buildings
Brunswick Business Park
Liverpool
Merseyside
L3 4BH

Signed by order of the directors



I R Fraser
Company Secretary

Approved by the directors on 9/7/07

CMS COMPUTERS LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES
YEAR ENDED 31 DECEMBER 2006

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.

Mitchell Charlesworth

Chartered Accountants
101 Albert Road Widnes

CMS COMPUTERS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CMS COMPUTERS LIMITED

YEAR ENDED 31 DECEMBER 2006

We have audited the financial statements of CMS Computers Limited for the year ended 31 December 2006 on pages 7 to 20, which have been prepared on the basis of the accounting policies set out on pages 11 to 12

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.

Mitchell Charlesworth

Chartered Accountants
101 Albert Road Widnes

CMS COMPUTERS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CMS COMPUTERS LIMITED *(continued)*

YEAR ENDED 31 DECEMBER 2006

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 as at 31 December 2006 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

101 Albert Road
Widnes
WA8 6LB

9/11/07

MITCHELL CHARLESWORTH
Chartered Accountants
Registered Auditor

CMS COMPUTERS LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2006

	Note	2006 £	2005 £
Turnover	2	17,795,118	17,509,650
Cost of sales		16,017,666	15,694,066
Gross Profit		1,777,452	1,815,584
Administrative expenses		1,725,967	1,781,859
Other operating income	3	(62,063)	(50,443)
Operating Profit	4	113,548	84,168
Interest receivable		2,208	3,094
Interest payable and similar charges	7	(5,815)	(4,898)
Profit on Ordinary Activities Before Taxation		109,941	82,364
Tax on profit on ordinary activities	8	26,070	16,926
Profit for the Financial Year		83,871	65,438

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the
year as set out above

The notes on pages 11 to 20 form part of these financial statements

CMS COMPUTERS LIMITED

BALANCE SHEET

31 DECEMBER 2006

	Note	2006 £	£	2005 £	£
Fixed Assets					
Tangible assets	10		195,856		220,284
Current Assets					
Stocks	11	1,703,539		1,189,979	
Debtors	12	2,537,548		1,530,507	
Cash at bank and in hand		102,360		121,081	
		<u>4,343,447</u>		<u>2,841,567</u>	
Creditors: Amounts Falling due Within One Year	13	<u>3,650,757</u>		<u>2,110,437</u>	
Net Current Assets			<u>692,690</u>		<u>731,130</u>
Total Assets Less Current Liabilities			<u>888,546</u>		<u>951,414</u>
Creditors: Amounts Falling due after More than One Year	14		<u>—</u>		<u>15,439</u>
			<u>888,546</u>		<u>935,975</u>
Provisions for Liabilities					
Deferred taxation	16		<u>—</u>		<u>1,300</u>
			<u>888,546</u>		<u>934,675</u>
Capital and Reserves					
Called-up equity share capital	20		10,100		10,100
Profit and loss account	21		<u>878,446</u>		<u>924,575</u>
Shareholders' Funds	22		<u>888,546</u>		<u>934,675</u>

These financial statements were approved by the directors and authorised for issue on 9/7/07 , and are signed on their behalf by

D S Roberts
Director



The notes on pages 11 to 20 form part of these financial statements.

CMS COMPUTERS LIMITED

CASH FLOW STATEMENT

YEAR ENDED 31 DECEMBER 2006

	2006		2005
	£	£	£
Net Cash (Outflow)/Inflow from Operating Activities		(28,536)	24,625
Returns on Investments and Servicing of Finance			
Interest received	2,208		3,094
Interest paid	(3,304)		(725)
Interest element of hire purchase	<u>(2,511)</u>		<u>(4,173)</u>
Net Cash Outflow from Returns on Investments and Servicing of Finance		(3,607)	(1,804)
Taxation		(17,627)	(29,968)
Capital Expenditure			
Payments to acquire tangible fixed assets	(48,589)		(13,690)
Receipts from sale of fixed assets	<u>13,250</u>		<u>53,200</u>
Net Cash (Outflow)/Inflow from Capital Expenditure		(35,339)	39,510
Equity Dividends Paid		(130,000)	(130,000)
Cash Outflow Before Financing		(215,109)	(97,637)
Financing			
Capital element of hire purchase	(41,131)		(28,632)
Net outflow from long-term accruals	<u>—</u>		<u>(1,283)</u>
Net Cash Outflow from Financing		(41,131)	(29,915)
Decrease in Cash		<u>(256,240)</u>	<u>(127,552)</u>
Reconciliation of Operating Profit to Net Cash (Outflow)/Inflow From Operating Activities			
	2006		2005
	£		£
Operating profit	113,548		84,168
Depreciation	60,849		100,466
Profit on disposal of fixed assets	(1,080)		(44,729)
Increase in stocks	(513,560)		(101,920)
(Increase)/decrease in debtors	(1,007,041)		146,439
Increase/(decrease) in creditors	<u>1,318,748</u>		<u>(159,799)</u>
Net cash (outflow)/inflow from operating activities		<u>(28,536)</u>	<u>24,625</u>

CMS COMPUTERS LIMITED

CASH FLOW STATEMENT *(continued)*

YEAR ENDED 31 DECEMBER 2006

Reconciliation of Net Cash Flow to Movement in Net Debt

	2006		2005	
	£	£	£	£
Decrease in cash in the period	(256,240)		(127,552)	
Cash outflow in respect of hire purchase	41,131		28,632	
Net outflow from from long-term accruals	<u>—</u>		<u>1,283</u>	
		(215,109)		(97,637)
Change in net debt		(215,109)		(97,637)
Net funds at 1 January 2006		<u>44,681</u>		<u>142,318</u>
Net debt at 31 December 2006		<u>(170,430)</u>		<u>44,681</u>

Analysis of Changes in Net Debt

	At 1 Jan 2006 £	Cash flows £	At 31 Dec 2006 £
Net cash			
Cash in hand and at bank	121,081	(18,721)	102,360
Overdrafts	<u>(19,830)</u>	<u>(237,521)</u>	<u>(257,351)</u>
	<u>101,251</u>	<u>(256,242)</u>	<u>(154,991)</u>
Debt			
Hire purchase agreements	<u>(56,570)</u>	<u>41,131</u>	<u>(15,439)</u>
Net debt	<u>44,681</u>	<u>(215,111)</u>	<u>(170,430)</u>

CMS COMPUTERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2006

1. Accounting Policies

Basis of Accounting

The financial statements have been prepared under the historical cost convention

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax

Fixed Assets

All fixed assets are initially recorded at cost

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Leasehold Property	-	Over the term of the lease
Plant & Machinery	-	At 10% straight line
Fixtures & Fittings	-	At 10% straight line
Motor Vehicles	-	At 33% straight line
Equipment	-	Between 20% and 33% 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

Hire Purchase Agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis

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

CMS COMPUTERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2006

1. Accounting Policies *(continued)*

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 tax

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 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

Financial Instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities

2. Turnover

The turnover and profit before tax are attributable to the one principal activity of the company. An analysis of turnover is given below

	2006	2005
	£	£
United Kingdom	17,687,090	17,328,032
Overseas	108,028	181,618
	<u>17,795,118</u>	<u>17,509,650</u>

3. Other Operating Income

	2006	2005
	£	£
Management charges receivable	61,013	48,810
Grant receivable	1,050	1,633
	<u>62,063</u>	<u>50,443</u>

CMS COMPUTERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2006

4. Operating Profit

Operating profit is stated after charging/(crediting)

	2006	2005
	£	£
Depreciation of owned fixed assets	36,499	63,493
Depreciation of assets held under hire purchase agreements	24,350	36,973
Profit on disposal of fixed assets	(1,080)	(44,729)
Auditor's remuneration		
- as auditor	7,000	7,350
Operating lease costs		
Other	<u>26,632</u>	<u>3,009</u>

5. Particulars of Employees

The average number of staff employed by the company during the financial year amounted to

	2006	2005
	No	No
Number of warehouse staff	14	14
Number of sales staff	13	13
Number of management and other staff	<u>31</u>	<u>33</u>
	<u>58</u>	<u>60</u>

The aggregate payroll costs of the above were

	2006	2005
	£	£
Wages and salaries	944,506	1,050,359
Social security costs	87,258	98,466
Other pension costs	9,108	36,129
	<u>1,040,872</u>	<u>1,184,954</u>

6. Directors' Emoluments

The directors' aggregate emoluments in respect of qualifying services were

	2006	2005
	£	£
Emoluments receivable	113,530	179,842
Value of company pension contributions to money purchase schemes	-	25,575
	<u>113,530</u>	<u>205,417</u>

CMS COMPUTERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2006

6. Directors' Emoluments *(continued)*

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

	2006	2005
	No	No
Money purchase schemes	<u>—</u>	<u>3</u>

7. Interest Payable and Similar Charges

	2006	2005
	£	£
Interest payable on bank borrowing	3,304	725
Finance charges	<u>2,511</u>	<u>4,173</u>
	<u>5,815</u>	<u>4,898</u>

8. Taxation on Ordinary Activities

(a) Analysis of charge in the year

	2006	2005
	£	£
Current tax		
In respect of the year		
UK Corporation tax based on the results for the year at 19% (2005 - 19%)	27,573	17,830
Over/under provision in prior year	<u>(203)</u>	<u>(4)</u>
Total current tax	27,370	17,826
Deferred tax		
Origination and reversal of timing differences	<u>(1,300)</u>	<u>(900)</u>
Tax on profit on ordinary activities	<u>26,070</u>	<u>16,926</u>

CMS COMPUTERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2006

8. Taxation on Ordinary Activities *(continued)*

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 19% (2005 - 19%)

	2006	2005
	£	£
Profit on ordinary activities before taxation	<u>109,941</u>	<u>82,364</u>
Profit/(loss) on ordinary activities by rate of tax	20,889	15,649
Expenses not deductible for tax purposes	1,524	701
Depreciation in excess of capital allowances	5,365	9,979
Profit on disposal of fixed assets	(205)	(8,499)
Adjustment in respect of previous period	<u>(203)</u>	<u>(4)</u>
Total current tax (note 8(a))	<u>27,370</u>	<u>17,826</u>

9. Dividends

Equity dividends

	2006	2005
	£	£
Paid		
Equity dividends on ordinary shares	<u>130,000</u>	<u>130,000</u>

CMS COMPUTERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2006

10. Tangible Fixed Assets

	Leasehold Property £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Equipment £	Total £
Cost						
At 1 Jan 2006	119,687	4,096	128,599	59,027	408,671	720,080
Additions	30,163	3,595	8,940	–	5,891	48,589
Disposals	–	(3,900)	(140)	(19,611)	–	(23,651)
Transfers	–	–	(50,447)	–	50,447	–
At 31 Dec 2006	<u>149,850</u>	<u>3,791</u>	<u>86,952</u>	<u>39,416</u>	<u>465,009</u>	<u>745,018</u>
Depreciation						
At 1 Jan 2006	22,798	1,999	54,538	31,762	388,697	499,794
Charge for the year	3,621	601	7,380	13,683	35,564	60,849
On disposals	–	(2,080)	(140)	(9,261)	–	(11,481)
Transfers	–	–	(19,628)	–	19,628	–
At 31 Dec 2006	<u>26,419</u>	<u>520</u>	<u>42,150</u>	<u>36,184</u>	<u>443,889</u>	<u>549,162</u>
Net Book Value						
At 31 Dec 2006	<u>123,431</u>	<u>3,271</u>	<u>44,802</u>	<u>3,232</u>	<u>21,120</u>	<u>195,856</u>
At 31 Dec 2005	<u>96,889</u>	<u>2,097</u>	<u>74,061</u>	<u>27,265</u>	<u>19,974</u>	<u>220,286</u>

Hire purchase agreements

Included within the net book value of £195,856 is £7,676 (2005 - £42,376) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £24,350 (2005 - £36,973).

11. Stocks

	2006 £	2005 £
Stock	<u>1,703,539</u>	<u>1,189,979</u>

CMS COMPUTERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2006

12. Debtors

	2006	2005
	£	£
Trade debtors	2,302,629	1,281,157
Other debtors	—	66,562
Directors current accounts	38,599	36,761
Prepayments and accrued income	196,320	146,027
	<u>2,537,548</u>	<u>1,530,507</u>

Details of overdrawn directors loan accounts are disclosed within note 18

13. Creditors: Amounts Falling due Within One Year

	2006	2005
	£	£
Bank loans and overdrafts	257,351	19,830
Trade creditors	2,965,831	1,850,502
Other creditors including taxation and social security		
Corporation tax	27,573	17,830
Other taxation and social security	193,356	173,233
Hire purchase agreements	15,439	41,131
Other creditors	181,761	—
Directors current accounts	15	15
	<u>3,641,326</u>	<u>2,102,541</u>
Accruals and deferred income	9,431	7,896
	<u>3,650,757</u>	<u>2,110,437</u>

14. Creditors: Amounts Falling due after More than One Year

	2006	2005
	£	£
Other creditors		
Hire purchase agreements	—	<u>15,439</u>

15. Commitments under Hire Purchase Agreements

Future commitments under hire purchase agreements are as follows

	2006	2005
	£	£
Amounts payable within 1 year	15,439	41,131
Amounts payable between 2 to 5 years	—	15,439
	<u>15,439</u>	<u>56,570</u>

The obligations under finance leases and hire purchase contracts are secured against the assets to which they relate

CMS COMPUTERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2006

16. Deferred Taxation

The movement in the deferred taxation provision during the year was

	2006 £	2005 £
Provision brought forward	1,300	2,200
Profit and loss account movement arising during the year	(1,300)	(900)
Provision carried forward	<u>-</u>	<u>1,300</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of

	2006 £	2005 £
Excess of taxation allowances over depreciation on fixed assets	-	1,300
	<u>-</u>	<u>1,300</u>

17. Commitments under Operating Leases

At 31 December 2006 the company had annual commitments under non-cancellable operating leases as set out below

	2006		2005	
	Land & Buildings £	Other Items £	Land & Buildings £	Other Items £
Operating leases which expire				
Within 1 year	-	-	-	416
Within 2 to 5 years	95,135	26,356	95,135	28,192
	<u>95,135</u>	<u>26,356</u>	<u>95,135</u>	<u>28,608</u>

18. Transactions With the Directors

Included within debtors note 12 are loans to I R Fraser amounting to £38,599 (The maximum outstanding during the year was £38,599) Interest on the loan is charged at 5% per annum, the loan has no fixed repayment terms

CMS COMPUTERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2006

19. Related Party Transactions

During the year the company had the following related party transactions

PC Nextday Limited

Sales to PC Nextday Limited during the year amounting to £3,209,890 (2005 £2,560,954)

Management charges received from PC Nextday Limited during the year amounting to £61,013 (2005 £48,810)

Amounts owed to the company by PC Nextday Limited as at 31st December 2006 amounted to £525,481 (2005 £455,353)

An unlimited guarantee has been given to Barclays Bank PLC by CMS Computers Limited dated 30th March 2001 in respect of PC Nextday Limited

PC Nextday Limited is a company in which D S Roberts, I R Fraser and M Faulkner are all shareholders and directors

20. Share Capital

Authorised share capital:

	2006	2005
	£	£
100,000 Ordinary shares of £1 each	100,000	100,000
100 Ordinary Class 2 shares of £1 each	100	100
	<u>100,100</u>	<u>100,100</u>

Allotted, called up and fully paid:

	2006		2005	
	No	£	No	£
Ordinary shares of £1 each	10,000	10,000	10,000	10,000
Ordinary Class 2 shares of £1 each	100	100	100	100
	<u>10,100</u>	<u>10,100</u>	<u>10,100</u>	<u>10,100</u>

21. Profit and loss account

	2006	2005
	£	£
Balance brought forward	924,575	989,137
Retained profit for the financial year	83,871	65,438
Equity dividends paid	(130,000)	(130,000)
Balance carried forward	<u>878,446</u>	<u>924,575</u>

CMS COMPUTERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2006

22. Reconciliation of Movements in Shareholders' Funds

	2006	2005
	£	£
Profit for the financial year	83,871	65,438
Equity dividends paid	<u>(130,000)</u>	<u>(130,000)</u>
Net reduction to shareholders' funds	(46,129)	(64,562)
Opening shareholders' funds	<u>934,675</u>	<u>999,237</u>
Closing shareholders' funds	<u>888,546</u>	<u>934,675</u>

23. Ultimate controlling party

The company was under the control of Mr D S Roberts throughout the year

CMS COMPUTERS LIMITED
DETAILED PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2006

	2006	2005
	£	£
Turnover	17,795,118	17,509,650
Cost of Sales		
Opening stock and work-in-progress	1,189,979	1,088,059
Purchases	16,531,226	15,795,986
	<u>17,721,205</u>	<u>16,884,045</u>
Closing stock and work-in-progress	<u>(1,703,539)</u>	<u>(1,189,979)</u>
	16,017,666	15,694,066
Gross Profit	1,777,452	1,815,584
Overheads		
Administrative expenses	1,725,967	1,781,859
	51,485	33,725
Other Operating Income	62,063	50,443
Operating Profit	113,548	84,168
Interest receivable	2,208	3,094
	115,756	87,262
Interest payable	(5,815)	(4,898)
Profit on Ordinary Activities	<u>109,941</u>	<u>82,364</u>

CMS COMPUTERS LIMITED

NOTES TO THE DETAILED PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2006

	2006 £	2005 £
Administrative Expenses		
Directors salaries	99,767	171,243
Directors pension contributions	—	25,575
Administrative staff salaries	844,739	879,116
Staff national insurance contributions	87,258	98,466
Staff pension contributions	9,108	10,554
Rent, rates and water	142,151	130,895
Heat, light and power	21,570	14,934
Insurance	31,553	41,892
Credit risk insurance	38,962	39,561
Repairs and maintenance	3,922	2,646
Cleaning	14,332	11,865
Building security	46,385	47,600
General office expenses	48,931	45,486
Motor expenses	13,966	17,820
Travel and subsistence	6,207	3,200
Vehicle leasing charges	26,632	3,009
Telephone and fax	15,576	14,664
Hire of equipment	11,376	13,943
Printing, stationery and postage	17,548	21,078
Health, insurance and life assurance	7,671	8,269
Recruitment and temporary staff	41,117	47,546
Donations	(305)	(56)
General expenses	5,062	1,229
Protective clothing & first aid	1,247	451
Distribution costs	68,652	11,793
Advertising and promotions	(66,495)	(75,893)
Entertaining	802	2,146
Legal and professional fees	2,624	2,205
Auditors remuneration	7,000	7,350
Depreciation	60,849	100,466
Profit on disposal of fixed assets	(1,080)	(44,729)
Bad debts written off	5,923	10,002
Factoring charges	22,956	10,402
Bank charges	89,961	107,131
	<u>1,725,967</u>	<u>1,781,859</u>
Other Operating Income		
Management charges receivable	61,013	48,810
Grant receivable	1,050	1,633
	<u>62,063</u>	<u>50,443</u>
Interest Receivable		
Bank interest receivable	370	1,344
Other interest	1,838	1,750
	<u>2,208</u>	<u>3,094</u>

CMS COMPUTERS LIMITED

NOTES TO THE DETAILED PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2006

	2006	2005
	£	£
Interest Payable		
Bank interest payable	3,304	725
Hire purchase and finance lease charges	<u>2,511</u>	<u>4,173</u>
	<u>5,815</u>	<u>4,898</u>