

Datel Computing Limited

Financial statements
year ended 31 May 1997

Company number 1555529



Datel Computing Limited

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Datel Computing Limited**Directors and company information****Directors:**

A K Simpson
A G Pilkington
G B Currey
S Hampson

Secretary:

S Martin

**Registered
office:**

Pittman Court
Pittman Way
Fulwood
Preston
PR2 9ZG

Bankers:

National Westminster Bank plc
292 Garstang Road
Fulwood
Preston
PR2 4RQ

Auditors:

Ashworth Treasure & Co
Chartered Accountants
17-19 Park Street
Lytham
FY8 5LU

Datel Computing Limited**Report of the directors**

The directors present their report and the financial statements for the year ended 31 May 1997.

Results and dividend

The profit for the year after taxation amounted to £286,083 (1996 – £393,167). The directors do not recommend the payment of a final ordinary dividend.

Principal activity

The principal activity of the company is the retailing of computer equipment, software and programming services.

Review of the year and future developments

The current year has been one of consolidation with considerable emphasis being placed on Human Resource issues. This necessarily increased costs in this area resulting in a marginal downturn in pre tax profits. The directors however, regard this cost as an investment for the future and are confident that the 1998 results will show increases in both turnover and profitability.

Directors

The directors named on page 1 had no interest in the share capital of the company at the year end.

Statement of 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 results of the company for that period. 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;

Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

Datel Computing Limited**Report of the directors continued**

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

The company's auditors, Ashworth Treasure & Co, are willing to continue in office and a resolution proposing their re-appointment and authorising the directors to fix their remuneration will be put to the annual general meeting.

On behalf of the board

A handwritten signature in black ink, appearing to be 'A K Simpson', with a long horizontal flourish extending to the right.

A K Simpson
Director

3 September 1997

Datel Computing Limited**Report of the auditors to the members of Datel Computing Limited**

We have audited the financial statements on pages 5 to 14 which have been prepared under the historical cost convention and the accounting policies set out on page 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.

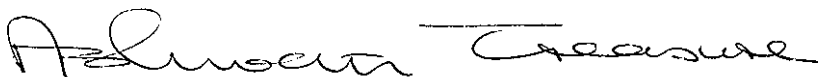
Basis of opinion

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 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 of the state of the company's affairs as at 31 May 1997 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

A handwritten signature in dark ink, appearing to read 'Ashworth Treasure & Co', written in a cursive style.

Ashworth Treasure & Co
Chartered Accountants
Registered Auditors
Lytham

3 September 1997

Datel Computing Limited**Profit and loss account for the year ended 31 May 1997**

		1 9 9 7		1 9 9 6	
	Note	£	£	£	£
Turnover	2		5,428,957		4,970,495
Cost of sales			2,255,178		2,057,837
Gross profit			<u>3,173,779</u>		<u>2,912,658</u>
Selling and distribution expenses		1,715,065		1,353,865	
Administrative expenses		<u>962,097</u>		<u>960,961</u>	
			2,677,162		2,314,826
Operating profit	4		<u>496,617</u>		<u>597,832</u>
Interest receivable	5	(6,184)		(9,085)	
Interest payable	6	<u>61,793</u>		<u>46,806</u>	
			55,609		37,721
Profit on ordinary activities before taxation			<u>441,008</u>		<u>560,111</u>
Tax on profit on ordinary activities	7		154,925		166,944
Profit for the financial year	17		<u>286,083</u>		<u>393,167</u>
Dividends: ordinary dividend on equity shares	8		—		125,000
Profit retained for the financial year	18		<u>286,083</u>		<u>268,167</u>

Continuing operations

None of the company's activities were acquired or discontinued during the above two financial years.

Total recognised gains and losses

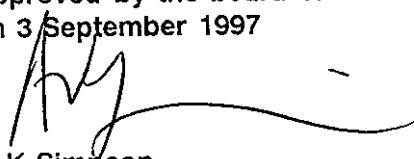
The company has no recognised gains or losses other than those stated above.

Datel Computing Limited

Balance sheet as at 31 May 1997

	Note	1997		1996	
		£	£	£	£
Tangible fixed assets	9		391,902		545,494
Current assets					
Stock	10	83,325		89,368	
Debtors	11	1,999,104		1,582,054	
Cash at bank and in hand		40,318		603,970	
		<u>2,122,747</u>		<u>2,275,392</u>	
Creditors (amounts due within one year)	12	<u>1,381,658</u>		<u>1,885,069</u>	
Net current assets			<u>741,089</u>		<u>390,323</u>
Total assets less current liabilities			<u>1,132,991</u>		<u>935,817</u>
Creditors (amounts due after more than one year)	13	64,528		153,437	
Provisions for liabilities and charges	15	<u>—</u>	<u>64,528</u>	<u>—</u>	<u>153,437</u>
			<u>1,068,463</u>		<u>782,380</u>
			=====		=====
Capital and reserves					
Called up share capital	16		25,000		25,000
Profit and loss account	17		1,043,463		757,380
Equity shareholders' funds	18		<u>1,068,463</u>		<u>782,380</u>
			=====		=====

Approved by the board of directors
on 3 September 1997


A K Simpson
Director

Datel Computing Limited

Cash flow statement for the year ended 31 May 1997

	Note	1997		1996	
		£	£	£	£
Net cash (outflow)/inflow from operating activities	20a)		(318,605)		893,600
Returns on investments and servicing of finance					
Interest received		(6,184)		(9,085)	
Interest paid		11,538		17,823	
Interest element of finance					
lease rental payments		50,255		28,983	
Dividends paid		—		125,000	
		-----		-----	
Net cash (outflow) from returns on investments and servicing of finance			(55,609)		(162,721)
Taxation					
Corporation tax paid		25,823		43,307	
		-----		-----	
Net tax paid			(25,823)		(43,307)
Capital expenditure					
Payments to acquire tangible fixed assets		163,232		267,198	
Receipts from sales of fixed assets		(95,550)		(53,664)	
		-----		-----	
Net cash outflow for capital expenditure			(67,682)		(213,534)
			-----		-----
			(467,719)		474,038
Financing					
New borrowings		58,103		220,948	
Repayment of borrowings		—		(40,000)	
Capital element of finance					
lease rental payments		(154,036)		(141,780)	
		-----		-----	
Net cash (outflow)/inflow from financing			(95,933)		39,168
			-----		-----
(Decrease)/increase in cash	20b)		(563,652)		513,206
			=====		=====

Datel Computing Limited

Notes to the financial statements

1 Accounting policies

The company has adopted the following accounting policies which should be read in conjunction with the financial statements set out on pages 5 to 15 which have been prepared under the historical cost convention, using applicable Accounting Standards.

a) Turnover

Turnover represents the invoice value of goods and services sold, less returns and allowances, excluding value added tax.

b) Fixed assets and depreciation

Fixed assets are stated at purchase price, less depreciation and amounts written off. Depreciation is calculated to write down the cost of tangible fixed assets to their estimated residual values over their estimated useful lives at the following annual rates:-

Leasehold improvements	2% on cost
Fixtures, fittings & equipment	15%-33.3% on written down value
Motor vehicles	25% on written down value
Computer equipment	33.3% on straight line basis

c) Leased assets and obligations

Tangible fixed assets operated under the terms of finance leases are capitalised at a value equal to the cost incurred by the lessor in acquiring the relevant assets and depreciated in the same manner as owned assets. Leases are regarded as finance leases where their terms transfer to the lessee, substantially all the benefits and burdens of ownership other than the right to title. The capital element of future lease payments is included under loans and term finance. In the case of other leases, the annual rentals are charged to trading profit on a straight line basis over the lease terms.

d) Repairs and maintenance

No provision is made for accrued maintenance work but full provision is made for repairs undertaken or in progress at the balance sheet date.

e) Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is calculated using the first in first out method.

f) Deferred taxation

Provision has been made using the liability method, for taxation at the current rate of corporation tax in respect of items where there is a material timing difference between their treatment for accounts and taxation purposes if, in the opinion of the directors, it is probable that a tax liability will crystallise in the foreseeable future.

Datel Computing Limited

Notes to the financial statements continued

g) Pension scheme

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension costs charged represents contributions paid by the company to the fund.

h) Maintenance contracts

The value of maintenance contracts is taken to income when the invoice is raised and the estimated cost of servicing these contracts is accrued.

2 Particulars of turnover and profit before taxation

The turnover and profit before taxation are attributable to the principal activity of the company.

1997 1996

3 Particulars of staff

The average number of persons (including directors) employed during the year was:

Sales, distribution and programming	44	36
Office and management	9	8
	-----	-----
	53	44
	=====	=====
	£	£

Staff costs (including directors)

Wages and salaries	1,364,605	1,168,600
Social security costs	136,051	107,215
Other pension costs (defined contribution scheme)	29,311	33,162
	-----	-----
	1,529,967	1,308,977
	=====	=====

Datel Computing Limited

Notes to the financial statements continued

4 Operating profit

	1997 £	1996 £
This is stated after charging:		
Depreciation – owned tangible fixed assets	121,885	118,725
– tangible fixed assets held under finance leases and hire purchase contracts	93,013	71,241
Loss on sale of fixed assets	6,376	178
Auditors remuneration	5,700	5,500
Operating lease rentals	64,248	22,145
	=====	=====

Details of the emoluments of the directors:

Management remuneration including pension contributions	160,755	213,715
	=====	=====

Additional particulars of the emoluments
(excluding pension contributions) of the
directors:

Highest paid director	85,893	92,063
	=====	=====

5 Interest receivable

Interest on directors loan	–	9,085
Interest on group loans	6,184	–
	-----	-----
	6,184	9,085
	=====	=====

6 Interest payable

Bank loans, overdrafts and other loans repayable within 5 years	11,538	17,823
On hire purchase and finance lease contracts	50,255	28,983
	-----	-----
	61,793	46,806
	=====	=====

Datel Computing Limited

Notes to the financial statements continued

7 Tax on profit on ordinary activities

	1997 £	1996 £
The charge for tax is made up as follows:-		
United Kingdom		
Current year		
Corporation tax at 33% (1996 - 30%)	163,549	37,050
Charge for group relief	3,446	137,355
	<u>166,995</u>	<u>174,405</u>
Prior year overprovision	(12,070)	(7,461)
	<u>154,925</u>	<u>166,944</u>
	=====	=====

8 Dividend

Equity dividend on ordinary shares:

Interim paid	-	125,000
	=====	=====

9 Tangible fixed assets

	Leasehold improvements £	Computer equipment £	Motor vehicles £	Fixtures & fittings £	1997 Total £
Cost					
1 June 1996	3,325	734,718	361,501	118,438	1,217,982
Additions	-	64,290	96,408	2,534	163,232
Disposals	-	-	(199,760)	-	(199,760)
	<u>3,325</u>	<u>799,008</u>	<u>258,149</u>	<u>120,972</u>	<u>1,181,454</u>
	-----	-----	-----	-----	-----
Depreciation					
1 June 1996	-	436,827	158,451	77,210	672,488
Provided this year	-	151,477	57,125	6,296	214,898
Disposals	-	-	(97,834)	-	(97,834)
	<u>-</u>	<u>588,304</u>	<u>117,742</u>	<u>83,506</u>	<u>789,552</u>
	-----	-----	-----	-----	-----
Net book value					
At 31 May 1997	3,325	210,704	140,407	37,466	391,902
	=====	=====	=====	=====	=====
At 31 May 1996	3,325	297,891	203,050	41,228	545,494
	=====	=====	=====	=====	=====

The net book value of £391,902 includes an amount of £209,615 (1996 £330,390) in respect of assets held under finance leases and hire purchase contracts.

Capital commitments

The company had no capital commitments at the year end.

Datel Computing Limited

Notes to the financial statements continued

	1997 £	1996 £
10 Stock and work in progress		
Goods for resale and maintenance stock	83,325 =====	89,368 =====
11 Debtors		
Trade debtors	1,786,331	1,304,793
Amount due from Group companies	83,554	64,238
Other debtors	15,993	12,174
Prepayments and accrued income	113,226	200,849
	----- 1,999,104 =====	----- 1,582,054 =====
12 Creditors (amounts due within one year)		
Obligations under finance leases and hire purchase contracts (note 14)	91,313	120,337
Trade creditors	486,471	953,725
Corporation tax	163,549	37,893
Other taxes and social security	215,690	187,675
Accruals and other creditors	402,635	376,892
Amount due to group companies	-	208,547
Other loans	22,000	-
	----- 1,381,658 =====	----- 1,885,069 =====
13 Creditors (amounts due after more than one year)		
Loan from Datel Self Administered Pension Scheme wholly repayable within five years	-	22,000
Obligations under finance leases and hire purchase contracts (note 14)	64,528	131,437
	----- 64,528 =====	----- 153,437 =====

Datel Computing Limited

Notes to the financial statements continued

	1997 £	1996 £
14 Obligations under finance leases and hire purchase contracts		
Amounts payable:		
Within one year	91,313	120,337
In one to two years	60,663	48,034
In two to five years	3,865	83,403
	-----	-----
	155,841	251,774
	=====	=====
Finance leases and hire purchase liabilities are secured on the assets to which they relate.		
15 Provision for liabilities and charges		
Deferred taxation	-	-
	=====	=====
There was no unprovided deferred tax at 31 May 1997.		
16 Called up share capital		
Authorised		
25,000 ordinary shares of £1	25,000	25,000
	=====	=====
Allotted, issued and fully paid		
25,000 ordinary shares of £1	25,000	25,000
	=====	=====
17 Profit and loss account		
At 1 June 1996	757,380	489,213
Profit for the financial year	286,083	393,167
Dividend	-	(125,000)
	-----	-----
At 31 May 1997	1,043,463	757,380
	=====	=====
18 Reconciliation of movements in shareholders funds		
Profit for the financial year	286,083	393,167
Dividends	-	(125,000)
	-----	-----
Net addition to shareholders funds	286,083	268,167
Opening shareholders funds	782,380	514,213
	-----	-----
Closing shareholders funds	1,068,463	782,380
	=====	=====

Datel Computing Limited

Notes to the financial statements continued

19 Related parties

The ultimate holding company is Datel Group plc, a company registered in England and Wales.

Exemption has been taken of related party disclosures in respect of group transactions on the grounds that details of the company are included in publicly available consolidated financial statements.

20 Notes to the cash flow statement

	1997 £	1996 £		
20a) Reconciliation of operating profit to net cash inflow from operating activities				
Operating profit	496,617	597,832		
Depreciation charges	214,898	189,966		
Loss on sale of tangible fixed assets	6,376	178		
Decrease/(increase) in stocks	6,043	(30,681)		
(Increase) in debtors	(420,496)	(190,365)		
(Decrease)/increase in creditors	(622,043)	326,670		
	-----	-----		
	(318,605)	893,600		
	=====	=====		
20b) Reconciliation of changes in net debt and cash flows				
	At 1.6.96 £	Cash flows £	Other changes £	At 31.5.97 £
Cash in hand, at bank	603,970	(563,652)	-	40,318
Debt due within one year	(120,337)	29,024	(22,000)	(113,313)
Debt due after one year	(153,437)	66,909	22,000	(64,528)
	-----	-----	-----	-----
	330,196	(467,719)	-	(137,523)
	=====	=====	=====	=====
		1997 £	1996 £	

21 Other financial commitments

At 31 May 1997 the company was committed to make the following payments under non-cancellable operating leases in the year to 31 May 1998.

Operating leases which expire:

Within one year	-	-
Within two to five years	61,035	2,250
	-----	-----
	61,035	2,250
	=====	=====