

Datel Computing Limited

**Financial statements
year ended 31 May 1999**

Company number 1555529



Datel Computing Limited

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

A K Simpson
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 1999.

Results and dividend

The (loss)/profit for the year after taxation amounted to £(98,743) (1998 - £165,153). Ordinary dividends paid during the year amounted to £nil (1998 - £140,000)

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

During recent years the provision of services, as opposed to pure products and licences, has been of increasing importance to the company and its customers. Software products remain the cornerstones of solutions but systems analysis, implementation, training and support services deliver the main added value for customers. Datel sees itself as a product-led service provider and believes that, while hardware and software product margins will continue to decline, customer satisfaction and retention will be achieved through excellence in service provision which will in turn lead to increased profitability and shareholder value.

Increasing efforts have been made to improve customer service including an enhancement of the internal quality systems function, ISO 9001 certification, better systems for delivering support to customers and a considerable investment in staff training.

The company's largest business area is in the delivery and support of Tetra and Protex ERP software and this continued to trade profitably. A reduction in the level of new business, in line with market trends, was counterbalanced by an increase in sales to existing customers.

A new division was formed to act as a solution provider for SAP, the world's leading ERP software. It was necessary to spend a substantial amount on overheads in establishing the business. Datel is specialising in providing solutions to companies in the food and drinks sector. Since the year end the first sales have been achieved and the division has good prospects of becoming profitable during the current financial year.

Directors

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

Datel Computing Limited

Report of the directors continued

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.

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.

Year 2000 costs

The company has conducted a full review of the potential effects of the Year 2000 problem on its own and its customers' computer systems. For each customer, a survey has been made of all hardware and software products supported by the group and as necessary they have been upgraded or software patches installed.

Following a similar checking process which was completed in the summer, the company believes that all of its systems are Year 2000 compliant and no disruption is anticipated.

The company's principal suppliers have confirmed that their own systems are Year 2000 compliant.

The costs of the review of customers' systems have been recharged to customers. There have been no significant incremental costs of checking the group's internal systems.

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 K Simpson

Director

24 November 1999

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 1999 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.



Ashworth Treasure & Co
Chartered Accountants
Registered Auditors
Lytham

24 November 1999

Datel Computing Limited**Profit and loss account for the year ended 31 May 1999**

		1 9 9 9		1 9 9 8	
	Note	£	£	£	£
Turnover	2		8,369,863		6,671,981
Cost of sales			3,580,314		3,042,306
			-----		-----
Gross profit			4,789,549		3,629,675
Selling and distribution expenses		2,971,861		2,160,048	
Administrative expenses	5	1,888,232		1,227,143	
		-----		-----	
			4,860,093		3,387,191
			-----		-----
Operating (loss)/profit	4		(70,544)		242,484
Interest receivable	6	-		(20,273)	
Interest payable	7	19,246		30,231	
		-----		-----	
			19,246		9,958
			-----		-----
(Loss)/profit on ordinary activities before taxation			(89,790)		232,526
Tax on profit on ordinary activities	8		8,953		67,373
			-----		-----
(Loss)/profit for the financial year	18		(98,743)		165,153
Dividends: ordinary dividend on equity shares	9		-		140,000
			-----		-----
(Loss)/profit retained for the financial year	19		(98,743)		25,153
			=====		=====
Continuing operations					

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

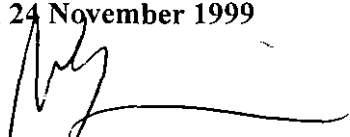
Total recognised gains and losses

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

Datel Computing Limited**Balance sheet as at 31 May 1999**

	Note	1999		1998	
		£	£	£	£
Tangible fixed assets	10		322,291		355,097
Current assets					
Stock	11	171,141		182,980	
Debtors	12	3,027,742		2,569,307	
Cash at bank and in hand		1,524		335,097	
		-----		-----	
		3,200,407		3,087,384	
Creditors (amounts due within one year)	13	2,517,871		2,331,485	
		-----		-----	
Net current assets			682,536		755,899
			-----		-----
Total assets less current liabilities			1,004,827		1,110,996
Creditors (amounts due after more than one year)	14	9,954		17,380	
Provisions for liabilities and charges	16	-	9,954	-	17,380
		-----	-----	-----	-----
			994,873		1,093,616
			=====		=====
Capital and reserves					
Called up share capital	17		25,000		25,000
Profit and loss account	18		969,873		1,068,616
			-----		-----
Equity shareholders' funds	19		994,873		1,093,616
			=====		=====

Approved by the board of directors
on 24 November 1999


A K Simpson
Director

Datel Computing Limited
Cash flow statement for the year ended 31 May 1999

		1999		1998	
	Note	£	£	£	£
Net cash (outflow)/inflow from operating activities	21a)		(644,235)		814,956
Returns on investments and servicing of finance					
Interest received		-		(20,273)	
Interest paid		706		-	
Interest element of finance lease rental payments		18,540		30,231	
Dividends paid		-		140,000	
		-----		-----	
Net cash (outflow) from returns on investments and servicing of finance			(19,246)		(149,958)
Taxation					
Corporation tax paid		(51,453)		180,922	
		-----		-----	
Net tax paid			(51,453)		(180,922)
Capital expenditure					
Payments to acquire tangible fixed assets		175,940		190,792	
Receipts from sales of fixed assets		(15,550)		(89,384)	
		-----		-----	
Net cash outflow for capital expenditure			(160,390)		(101,408)
			-----		-----
			(875,324)		382,668
Financing					
Repayment of borrowings		(10,353)		20,706	
Capital element of finance lease rental payments		(44,403)		(108,595)	
		-----		-----	
Net cash (outflow) from financing			(54,756)		(87,889)
			-----		-----
(Decrease)/increase in cash	21b)		(930,080)		294,779
			=====		=====

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 14 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	Nil
Fixtures, fittings & equipment	15% 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 at the commencement of the contract 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.

1999**1998****3 Particulars of staff**

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

Sales, distribution and programming

74

50

17

17

9167

£

£

Staff costs (including directors)

Wages and salaries

2,527,316

1,819,164

Social security costs

213,083

185,341

Other pension costs (defined contribution scheme)

51,859

37,373

2,792,2582,041,878

Datel Computing Limited**Notes to the financial statements continued****4 Operating profit**

	1999 £	1998 £
This is stated after charging:		
Depreciation - owned tangible fixed assets	16,813	69,797
under finance leases and hire		
purchase contracts	168,682	72,969
Loss/(profit) on sale of fixed assets	7,701	(4,552)
Auditors remuneration	5,700	5,700
Operating lease rentals	177,336	126,730
	<u>=====</u>	<u>=====</u>

Directors emoluments

Management remuneration including benefits in kind	1,370	131,522
Pension contributions	-	4,885
	<u>-----</u>	<u>-----</u>
	1,370	136,407
	<u>=====</u>	<u>=====</u>

5 Exceptional item

Included within administrative expenses is the following exceptional item:-

Development costs	<u>503,169</u>
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These above costs relate to expenditure incurred concerning the development of a new range of software products for which the company will act as an authorised re-seller

The effect on the tax charge for the year is a reduction of £155,982.

6 Interest receivable

Interest on group loans	<u>-</u>	<u>20,273</u>
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7 Interest payable

Interest on group loans	706	-
On hire purchase and finance lease contracts	18,540	30,231
	<u>-----</u>	<u>-----</u>
	19,246	30,231
	<u>=====</u>	<u>=====</u>

Datel Computing Limited

Notes to the financial statements continued

to the financial statements continued

	1999 £	1998 £			
8 Tax on profit on ordinary activities					
The charge for tax is made up as follows:-					
United Kingdom					
Current year					
Corporation tax at 20% (1998 - 29%)	7,500	50,000			
Charge for group relief	-	20,000			
	<u>7,500</u>	<u>70,000</u>			
Prior year	1,453	(2,627)			
	<u>8,953</u>	<u>67,373</u>			
9 Dividend					
Equity dividend on ordinary shares:					
Interim paid	-	140,000			
	<u>-</u>	<u>140,000</u>			
10 Tangible fixed assets					
	Leasehold improvements £	Computer equipment £	Motor vehicles £	Fixtures & fittings £	1999 Total £
Cost					
1 June 1998	3,325	838,052	129,996	145,687	1,117,060
Additions	-	145,140	27,995	2,805	175,940
Disposals	-	-	(70,110)	-	(70,110)
	<u>3,325</u>	<u>983,192</u>	<u>87,881</u>	<u>148,492</u>	<u>1,222,890</u>
Depreciation					
1 June 1998	-	600,776	70,567	90,620	761,963
Provided this year	-	158,083	19,026	8,386	185,495
Disposals	-	-	(46,859)	-	(46,859)
	<u>-</u>	<u>758,859</u>	<u>42,734</u>	<u>99,006</u>	<u>900,599</u>
Net book value					
At 31 May 1999	<u>3,325</u>	<u>224,333</u>	<u>45,147</u>	<u>49,486</u>	<u>322,291</u>
At 31 May 1998	<u>3,325</u>	<u>237,276</u>	<u>59,429</u>	<u>55,067</u>	<u>355,097</u>

The net book value of £322,291 includes an amount of £47,081 (1998 £93,501) 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**

	1999 £	1998 £
11 Stock and work in progress		
Goods for resale and maintenance stock	<u>171,141</u>	<u>182,980</u>
12 Debtors		
Trade debtors	2,852,624	2,312,824
Amount due from Group companies	85,117	195,665
Other debtors	15,535	14,830
Prepayments and accrued income	74,466	45,988
	<u>3,027,742</u>	<u>2,569,307</u>
13 Creditors (amounts due within one year)		
Bank loans and overdrafts (secured)	596,507	-
Obligations under finance leases and hire purchase contracts (note 15)	14,890	62,220
Trade creditors	856,907	676,384
Corporation tax	7,500	50,000
Other taxes and social security	261,065	258,987
Accruals and deferred income	770,649	871,831
Amount due to group companies	-	401,710
Other loans	10,353	10,353
	<u>2,517,871</u>	<u>2,331,485</u>
The bank overdraft is secured by an unscheduled mortgage debenture dated 16 November 1990 incorporating a fixed and floating charge over all current and future assets of the company.		
14 Creditors (amounts due after more than one year)		
Obligations under finance leases and hire purchase contracts (note 15)	9,954	7,027
Other loans	-	10,353
	<u>9,954</u>	<u>17,380</u>

Datel Computing Limited

Notes to the financial statements continued

	1999 £	1998 £
15 Obligations under finance leases and hire purchase contracts		
Amounts payable:		
Within one year	14,890	62,220
In two to five years	9,954	7,027
	<u>24,844</u>	<u>69,247</u>
Finance leases and hire purchase liabilities are secured on the assets to which they relate.		
16 Provision for liabilities and charges		
Deferred taxation	-	-
There was no unprovided deferred tax at 31 May 1999.		
17 Called up share capital		
Authorised		
25,000 ordinary shares of £1	<u>25,000</u>	<u>25,000</u>
Allotted, issued and fully paid		
25,000 ordinary shares of £1	<u>25,000</u>	<u>25,000</u>
18 Profit and loss account		
At 1 June 1998	1,068,616	1,043,463
(Loss)/profit for the financial year	(98,743)	165,153
Dividend	-	(140,000)
At 31 May 1999	<u>969,873</u>	<u>1,068,616</u>
19 Reconciliation of movements in shareholders funds		
(Loss)/profit for the financial year	(98,743)	165,153
Dividends	-	(140,000)
Net (reduction in)/ addition to shareholders funds	<u>(98,743)</u>	<u>25,153</u>
Opening shareholders funds	1,093,616	1,068,463
Closing shareholders funds	<u>994,873</u>	<u>1,093,616</u>

Datel Computing Limited**Notes to the financial statements continued****20 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.

21 Notes to the cash flow statement

	1999 £	1998 £		
21a) Reconciliation of operating profit to net cash inflow from operating activities				
Operating (loss)/profit	(70,544)	242,484		
Depreciation charges	185,495	142,766		
Loss/(profit) on sale of tangible fixed assets	7,701	(4,552)		
Decrease/(increase) in stocks	11,839	(99,655)		
(Increase) in debtors	(458,435)	(570,203)		
(Decrease)/increase in creditors	(320,291)	1,104,116		
	<u>(644,235)</u>	<u>814,956</u>		
21b) Reconciliation of changes in net debt and cash flows				
	At 1.6.98 £	Cash flows £	Other changes £	At 31.5.99 £
Cash in hand, at bank	335,097	(930,080)	-	(594,983)
Debt due within one year	(72,573)	47,330	-	(25,243)
Debt due after one year	(17,380)	7,426	-	(9,954)
	<u>245,144</u>	<u>(875,324)</u>	<u>-</u>	<u>(630,180)</u>
			1999 £	1998 £

22 Other financial commitments

At 31 May 1999 the company was committed to make the following payments under non-cancellable operating leases in the year to 31 May 2000.

Operating leases which expire:

Within one year	13,661	30,517
Within two to five years	136,527	107,497
	<u>150,188</u>	<u>138,014</u>