

Datel Computing Limited

**Financial statements
year ended 31 May 2000**

Company number 1555529



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Datel Computing Limited

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Datel Computing Limited**Directors and company information**

Directors:	A K Simpson S Hampson (resigned 30 June 2000)
Secretary:	D J Preston
Registered office:	Cinnamon Park Fearnhead Warrington WA2 0XP
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 2000.

Results and dividend

The loss for the year after taxation amounted to £824,128 (1999 - £98,743). Ordinary dividends paid during the year amounted to £Nil (1999 - Nil).

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

In common with much of the industry, the company experienced a slowdown in demand during the year. The directors believe this to have been a result of the Year 2000 microclimate, whereby customers had accelerated their IT purchasing requirements to ensure millennium compliance, with a resultant slowdown around year 2000 itself. Consequently turnover from the company's continuing business was static at £8.4 million. The company had planned to cater for expected growth and this, together with cost price increases, resulted in a small operating loss for the period of £67,000, compared with the previous year's profit of £432,000.

The directors expect the market to return gradually to more normal conditions. Management accounts for the first half of the current year indicate a profit before tax of over £300,000 on turnover of £5.9 million, and the directors are optimistic that the improvement will continue for the rest of the year.

In June 2000 the company disposed of its SAP reseller division, to a subsidiary of Diagonal plc. The directors believe that, whilst the foundations had been laid for a successful business, considerable further capital and effort would need to be invested before it would become profitable. The company chose to dispose of the division in order to focus on its Sage Enterprise business.

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.

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



9 January 2001

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

We have audited the financial statements on pages 5 to 15 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.

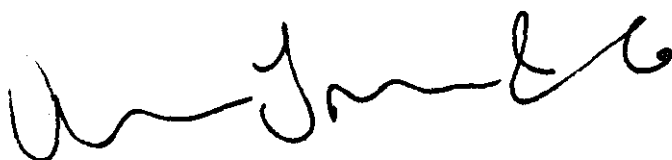
Basis of opinion

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 2000 and of its result 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

9 January 2001

Datel Computing Limited**Profit and loss account for the year ended 31 May 2000**

		2 0 0 0		1 9 9 9	
	Note	£	£	As restated	£
Turnover					
Continuing operations	2	8,350,894		8,369,863	
Discontinued operations	2	826,935		-	
		<u> </u>		<u> </u>	
			9,177,829		8,369,863
 Cost of sales	 3	 4,064,492		 3,580,314	
		<u> </u>		<u> </u>	
Gross profit		5,113,337		4,789,549	
 Selling and distribution expenses	 3	 4,008,011		 2,971,861	
 Administrative expenses	 3,6	 1,887,624		 1,888,232	
		<u> </u>		<u> </u>	
			5,895,635		4,860,093
		<u> </u>		<u> </u>	
Operating (loss)	5				
Continuing operations		(67,152)		432,625	
Discontinued operations		(715,146)		(503,169)	
		<u> </u>		<u> </u>	
			(782,298)		(70,544)
 Interest payable	 7	 23,713		 19,246	
		<u> </u>		<u> </u>	
(Loss) on ordinary activities before taxation		(806,011)		(89,790)	
 Tax on profit on ordinary activities	 8	 18,117		 8,953	
		<u> </u>		<u> </u>	
(Loss) for the financial year	16	(824,128)		(98,743)	
		<u> </u>		<u> </u>	

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 2000**

	Note	2000		1999	
		£	£	£	£
Tangible fixed assets	10		426,288		322,291
Current assets					
Stock	11	41,082		171,141	
Debtors	12	3,108,191		3,027,742	
Cash at bank and in hand		110,533		1,524	
		<u>3,259,806</u>		<u>3,200,407</u>	
Creditors (amounts due within one year)	13	3,512,805		2,517,871	
Net current (liabilities)/assets			(252,999)		682,536
Total assets less current liabilities			173,289		1,004,827
Creditors (amounts due after more than one year)	14		2,544		9,954
			<u>170,745</u>		<u>994,873</u>
Capital and reserves					
Called up share capital	17		25,000		25,000
Profit and loss account	18		145,745		969,873
Equity shareholders' funds	19		<u>170,745</u>		<u>994,873</u>

Approved by the board of directors
on 9 January 2001

A K Simpson
Director



Datel Computing Limited

Cash flow statement for the year ended 31 May 2000

	Note	2 0 0 0		1 9 9 9	
		£	£	£	£
Net cash inflow/(outflow) from operating activities	20a)		1,038,343		(644,235)
Returns on investments and servicing of finance					
Interest paid		3,890		706	
Interest element of finance lease rental payments		19,823		18,540	
		-----		-----	
Net cash (outflow) from returns on investments and servicing of finance			(23,713)		(19,246)
Taxation					
Corporation tax paid		(9,972)		(51,453)	
		-----		-----	
Net tax paid			(9,972)		(51,453)
Capital expenditure					
Payments to acquire tangible fixed assets		298,446		175,940	
Receipts from sales of fixed assets		(24,126)		(15,550)	
		-----		-----	
Net cash (outflow) for capital expenditure			(274,320)		(160,390)
			-----		-----
			730,338		(875,324)
Financing					
Repayment of borrowings		(10,353)		(10,353)	
Capital element of finance lease rental payments		(14,469)		(44,403)	
		-----		-----	
Net cash (outflow) from financing			(24,822)		(54,756)
			-----		-----
Increase/(decrease) in cash	20b)		705,516		(930,080)
			=====		=====

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	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.

3 Analysis of operations

	2000			1999		
	Continuing	Discontinued	Total	Continuing	Discontinued	Total
	£	£	£	£	£	£
Cost of sales	3,610,403	454,089	4,064,492	3,580,314	-	3,580,314
Selling and distribution expenses	3,137,656	870,355	4,008,011	2,971,861	-	2,971,861
Administrative expenses	1,669,987	217,637	1,887,624	1,385,063	503,169	1,888,232
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

4 Particulars of staff

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

Sales, distribution and programming	78	74
Office and management	24	17
	<u> </u>	<u> </u>
	102	91
	<u> </u>	<u> </u>

Staff costs

Wages and salaries	3,483,863	2,527,316
Social security costs	351,528	213,083
Other pension costs (defined contribution scheme)	63,671	51,859
	<u> </u>	<u> </u>
	3,899,062	2,792,258
	<u> </u>	<u> </u>

Datel Computing Limited**Notes to the financial statements continued****5 Operating profit**

	2000 £	1999 £
This is stated after charging:		
Depreciation - owned tangible fixed assets	157,852	168,682
under finance leases and hire		
purchase contracts	11,869	16,813
Loss on sale of fixed assets	602	7,701
Auditors remuneration	6,000	5,700
Operating lease rentals	200,847	177,336
	<u> </u>	<u> </u>
Directors emoluments		
Management remuneration including benefits in kind	-	1,370
Pension contributions	-	-
	<u> </u>	<u> </u>
	-	1,370
	<u> </u>	<u> </u>

6 Exceptional item

Included within administrative expenses is the following exceptional item:-

Development costs	-	503,169
	<u> </u>	<u> </u>

These above costs relate to expenditure incurred concerning the development of a new range of software products for which the company acted as an authorised re-seller

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

7 Interest payable

Interest on group loans	3,890	706
On hire purchase and finance lease contracts	19,823	18,540
	<u> </u>	<u> </u>
	23,713	19,246
	<u> </u>	<u> </u>

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

	2000 £	1999 £
8 Tax on profit on ordinary activities		
The charge for tax is made up as follows:-		
United Kingdom		
Current year		
Corporation tax at 20%	-	7,500
Charge for group relief	-	-
	-----	-----
	-	7,500
Prior year	18,117	1,453
	-----	-----
	<u>18,117</u>	<u>8,953</u>

9 Tangible fixed assets

	Leasehold improvements £	Computer equipment £	Motor vehicles £	Fixtures & fittings £	2000 Total £
Cost					
At 1 June 1999	3,325	983,192	87,881	148,492	1,222,890
Additions	-	145,215	-	153,231	298,446
Disposals	(3,325)	(1,410)	(58,411)	-	(63,146)
	-----	-----	-----	-----	-----
At 31 May 2000	-	1,126,997	29,470	301,723	1,458,190
	-----	-----	-----	-----	-----
Depreciation					
At 1 June 1999	-	758,859	42,734	99,006	900,599
Provided this year	-	145,638	9,067	15,016	169,721
Disposals	-	(352)	(38,066)	-	(38,418)
	-----	-----	-----	-----	-----
At 31 May 2000	-	904,145	13,735	114,022	1,031,902
	-----	-----	-----	-----	-----
Net book value					
At 31 May 2000	-	222,852	15,735	187,701	426,288
	=====	=====	=====	=====	=====
At 31 May 1999	3,325	224,333	45,147	49,486	322,291
	=====	=====	=====	=====	=====

The net book value of £426,288 includes an amount of £19,143 (1999 £47,801) 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**

	2000 £	1999 £
10 Stock and work in progress		
Goods for resale and maintenance stock	<u>41,082</u>	<u>171,141</u>
11 Debtors		
Trade debtors	3,011,419	2,852,624
Amount due from Group companies	183	85,117
Other debtors	9,653	15,535
Prepayments and accrued income	86,936	74,466
	<u>3,108,191</u>	<u>3,027,742</u>
12 Creditors (amounts due within one year)		
Bank loans and overdrafts (secured)	-	596,507
Obligations under finance leases and hire purchase contracts (note 15)	7,831	14,890
Trade creditors	821,771	856,907
Corporation tax	15,645	7,500
Other taxes and social security	384,921	261,065
Accruals and deferred income	814,522	770,649
Amount due to group companies	1,468,115	-
Other loans	-	10,353
	<u>3,512,805</u>	<u>2,517,871</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.		
13 Creditors (amounts due after more than one year)		
Obligations under finance leases and hire purchase contracts (note 15)	<u>2,544</u>	<u>9,954</u>

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

	2000 £	1999 £
14 Obligations under finance leases and hire purchase contracts		
Amounts payable:		
Within one year	7,831	14,890
In two to five years	2,544	9,954
	<u>10,375</u>	<u>24,844</u>
Finance leases and hire purchase liabilities are secured on the assets to which they relate.		
15 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>
16 Profit and loss account		
At 1 June 1999	969,873	1,068,616
Loss for the financial year	(824,128)	(98,743)
At 31 May 2000	<u>145,745</u>	<u>969,873</u>
17 Reconciliation of movements in shareholders funds		
(Loss) for the financial year	(824,128)	(98,743)
Net (reduction in) shareholders funds	<u>(824,128)</u>	<u>(98,743)</u>
Opening shareholders funds	994,873	1,093,616
Closing shareholders funds	<u>170,745</u>	<u>994,873</u>

Datel Computing Limited**Notes to the financial statements continued****18 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.

19 Notes to the cash flow statement

	2000 £	1999 £
20a) Reconciliation of operating profit to net cash inflow from operating activities		
Operating (loss)	(782,298)	(70,544)
Depreciation charges	169,721	185,495
Loss on sale of tangible fixed assets	602	7,701
Decrease in stocks	130,059	11,839
(Increase) in debtors	(80,449)	(458,435)
Increase/(decrease) in creditors	1,600,708	(320,291)
	<u>1,038,343</u>	<u>(644,235)</u>

20b) Reconciliation of changes in net debt and cash flows

	At 1.6.99 £	Cash flows £	Other changes £	At 31.5.00 £
Cash in hand, at bank	(594,983)	705,516	-	110,533
Debt due within one year	(25,243)	17,412	-	(7,831)
Debt due after one year	(9,954)	7,410	-	(2,544)
	<u>(630,180)</u>	<u>730,338</u>	<u>-</u>	<u>100,158</u>

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

	2000 £	1999 £
21 Other financial commitments		
At 31 May 2000 the company was committed to make the following payments under non-cancellable operating leases in the year to 31 May 2001.		
Other		
Operating leases which expire:		
Within one year	63,481	13,661
Within two to five years	142,981	136,527
	<u>206,462</u>	<u>150,188</u>
22 Transactions with directors		

During the year, the company made sales to Red Squared plc amounting to £33,705. Red Squared plc is related by virtue of A K Simpson being a common director. The year end balance was £39,603, presented in trade debtors.