

Datel Computing Limited

**Financial statements
year ended 31 May 2001**

Company number 1555529



A23
COMPANIES HOUSE

AP9ER4S9

0635
10/10/01

Datel Computing Limited

Contents

Page

1	Directors and company information
2	Report of the directors
4	Report of the auditors
5	Profit and loss account
6	Balance sheet
7	Cash flow statement
8	Notes to the financial statements
16	Trading account

Datel Computing Limited**Directors and company information**

Directors: A K Simpson
D J Preston (appointed 31 October 2000)

Secretary: D J Preston

Registered office: Cinnamon Park
Fearnhead
Warrington
WA2 0XP

Bankers: National Westminster Bank plc
292 Garstang Road
Fulwood
Preston
PR2 9RQ

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 2001.

Results and dividend

The profit for the year after taxation amounted to £595,919 (2000 - loss of £824,128). Ordinary dividends paid during the year amounted to £Nil (2000 - 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

The directors are pleased to report that the company has returned to profitability. The previous year's losses were incurred principally in the SAP reseller division, which was disposed of in June 2000. There has also been a significant improvement in the company's core business, which is centred around Sage software products, resulting in operating profits from continuing operations of £660,494 (2000: loss £67,152). Trading and sales order intake for the current year are both encouraging.

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

7 September 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.

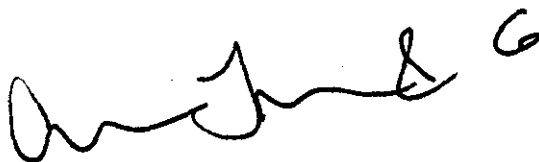
Basis of opinion

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 2001 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

7 September 2001

Datel Computing Limited
Profit and loss account for the year ended 31 May 2001

	Note	2 0 0 1		2 0 0 0	
		£	£	£	£
Turnover					
Continuing operations	2	11,628,328		8,350,894	
Discontinued operations	2	(3,594)		826,935	
			11,624,734		9,177,829
Cost of sales	3		5,923,413		4,064,492
Gross profit			5,701,321		5,113,337
Selling and distribution expenses	3	3,372,853		4,008,011	
Administrative expenses	3	1,794,464		1,887,624	
			5,167,317		5,895,635
			534,004		(782,298)
Other operating income	5		84,787		-
Operating profit/(loss)	6				
Continuing operations		660,494		(67,152)	
Discontinued operations		(41,703)		(715,146)	
			618,791		(782,298)
Interest payable	7		(18,372)		(23,713)
Profit/(loss) on ordinary activities before taxation			600,419		(806,011)
Tax on profit/(loss) on ordinary activities	8		4,500		18,117
Profit/(loss) for the financial year	16		595,919		(824,128)

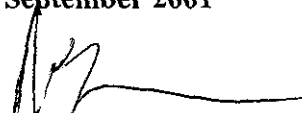
Total recognised gains and losses

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

Datel Computing Limited
Balance sheet as at 31 May 2001

		2001		2000	
	Note	£	£	£	£
Tangible fixed assets	9		305,065		426,288
Current assets					
Stock	10	16,789		41,082	
Debtors	11	3,201,370		3,108,191	
Cash at bank and in hand		808		110,533	
		3,218,967		3,259,806	
Creditors (amounts due within one year)	12	2,757,368		3,512,805	
Net current assets/(liabilities)			461,599		(252,999)
Total assets less current liabilities			766,664		173,289
Creditors (amounts due after more than one year)	13		-		2,544
			766,664		170,745
Capital and reserves					
Called up share capital	15		25,000		25,000
Profit and loss account	16		741,664		145,745
Equity shareholders' funds	17		766,664		170,745

Approved by the board of directors
on 7 September 2001


A K Simpson
Director

Datel Computing Limited

Cash flow statement for the year ended 31 May 2001

	Note	2001		2000	
		£	£	£	£
Net cash (outflow)/inflow from operating activities	19a)		(220,894)		1,038,343
Returns on investments and servicing of finance					
Interest paid		270		3,890	
Interest element of finance lease rental payments		18,102		19,823	
		-----		-----	
Net cash (outflow) from returns on investments and servicing of finance			(18,372)		(23,713)
Taxation					
Corporation tax paid		(15,645)		(9,972)	
		-----		-----	
Net tax paid			(15,645)		(9,972)
Capital expenditure					
Payments to acquire tangible fixed assets		96,766		298,446	
Receipts from sales of fixed assets		(39,278)		(24,126)	
		-----		-----	
Net cash (outflow) for capital expenditure			(57,488)		(274,320)
			(312,399)		730,338
Financing					
Repayment of borrowings		-		(10,353)	
Capital element of finance lease rental payments		(7,465)		(14,469)	
		-----		-----	
Net cash (outflow) from financing			(7,465)		(24,822)
(Decrease)/increase in cash	19b)		(319,864)		705,516
			=====		=====

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:-

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

	2001			2000		
	Continuing	Discontinued	Total	Continuing	Discontinued	Total
	£	£	£	£	£	£
Cost of sales	5,920,094	3,319	5,923,413	3,610,403	454,089	4,064,492
Selling and distribution expenses	3,277,396	95,457	3,372,853	3,137,656	870,355	4,008,011
Administrative expenses	1,770,344	24,120	1,794,464	1,669,987	217,637	1,887,624

4 Particulars of staff

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

Sales, distribution and programming	65	78
Office and management	23	24
	<u>88</u>	<u>102</u>

Staff costs

Wages and salaries	3,146,319	3,483,863
Social security costs	340,602	351,528
Other pension costs (defined contribution scheme)	66,174	63,671
	<u>3,553,095</u>	<u>3,899,062</u>

5 Other operating income

Profit on disposal of operation	<u>84,787</u>	<u>-</u>
---------------------------------	---------------	----------

Datel Computing Limited**Notes to the financial statements continued****6 Operating profit/(loss)**

	2001 £	2000 £
This is stated after charging:		
Depreciation - owned tangible fixed assets	164,540	157,852
- tangible fixed assets held under finance leases and hire purchase contracts	1,752	11,869
Loss on sale of fixed assets	12,419	602
Auditors remuneration	6,000	6,000
Operating lease rentals	166,659	200,847
	<u>74,516</u>	<u>-</u>
Directors emoluments		
Management remuneration	<u>74,516</u>	<u>-</u>

7 Interest payable

Bank and group interest	270	3,890
Other interest	1,168	-
Hire purchase and finance lease contract	16,934	19,823
	<u>18,372</u>	<u>23,713</u>

8 Tax on profit/(loss) on ordinary activities

The charge for tax is made up as follows:-

U K corporation tax

Current year @ 20%	4,500	-
Prior year	-	18,117
	<u>4,500</u>	<u>18,117</u>

Datel Computing Limited

Notes to the financial statements continued

9 Tangible fixed assets

	Computer equipment £	Motor vehicles £	Fixtures & fittings £	2001 Total £
Cost				
At 1 June 2000	1,126,997	29,470	301,723	1,458,190
Additions	60,454	20,320	15,992	96,766
Disposals	(26,249)	(49,790)	-	(76,039)
At 31 May 2001	1,161,202	-	317,715	1,478,917
Depreciation				
At 1 June 2000	904,145	13,735	114,022	1,031,902
Provided this year	130,625	1,752	33,915	166,292
Disposals	(8,855)	(15,487)	-	(24,342)
At 31 May 2001	1,025,915	-	147,937	1,173,852
Net book value				
At 31 May 2001	135,287	-	169,778	305,065
At 31 May 2000	222,852	15,735	187,701	426,288

The net book value of £305,065 includes an amount of £Nil (2000 £19,143) in respect of assets held under finance leases and hire purchase contracts.

Capital commitments

The company had no capital commitments at the year end.

	2001 £	2000 £
10 Stock and work in progress		
Goods for resale and maintenance stock	16,789	41,082
11 Debtors		
Trade debtors	2,839,678	3,011,419
Amount due from Group companies	100,000	183
Other debtors	-	9,653
Prepayments and accrued income	261,692	86,936
	3,201,370	3,108,191

Datel Computing Limited

Notes to the financial statements continued

	2001 £	2000 £
12 Creditors (amounts due within one year)		
Bank loans and overdrafts (secured)	210,139	-
Obligations under finance leases and hire purchase contracts (note 14)	2,910	7,831
Trade creditors	1,037,389	821,771
Corporation tax	4,500	15,645
Other taxes and social security	363,323	384,921
Accruals and deferred income	806,441	814,522
Amount due to group companies	332,666	1,468,115
	<u>2,757,368</u>	<u>3,512,805</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 14)	-	2,544
	<u>-</u>	<u>2,544</u>

14 Obligations under finance leases and hire purchase contracts

Amounts payable:		
Within one year	2,910	7,831
In two to five years	-	2,544
	<u>2,910</u>	<u>10,375</u>

Finance leases and hire purchase liabilities are secured on the assets to which they relate.

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

	2001 £	2000 £
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 2000	145,745	969,873
Profit/(loss) for the financial year	595,919	(824,128)
At 31 May 2001	<u>741,664</u>	<u>145,745</u>
17 Reconciliation of movements in shareholders funds		
Profit/(loss) for the financial year	595,919	(824,128)
Net addition to/(reduction in) shareholders funds	<u>595,919</u>	<u>(824,128)</u>
Opening shareholders funds	170,745	994,873
Closing shareholders funds	<u>766,664</u>	<u>170,745</u>

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.

Datel Computing Limited

Notes to the financial statements continued

19 Notes to the cash flow statement

		2001 £	2000 £		
19a)	Reconciliation of operating profit/(loss) to net cash (outflow)/inflow from operating activities				
	Operating profit/(loss)	618,791	(782,298)		
	Depreciation charges	166,292	169,721		
	Loss on sale of tangible fixed assets	12,419	602		
	Decrease in stocks	24,293	130,059		
	(Increase) in debtors	(93,179)	(80,449)		
	(Decrease)/increase in creditors	(949,510)	1,600,708		
		<u>(220,894)</u>	<u>1,038,343</u>		
19b)	Reconciliation of changes in net debt and cash flows				
	At 1.6.00 £	Cash flows £	Other changes £	At 31.5.01 £	
	Cash at bank and in hand	110,533	(319,864)	-	(209,331)
	Debt due within one year	(7,831)	4,921	-	(2,910)
	Debt due after one year	(2,544)	2,544	-	-
		<u>100,158</u>	<u>(312,399)</u>	<u>-</u>	<u>(212,241)</u>
				2001 £	2000 £

20 Other financial commitments

At 31 May 2001 the company was committed to make the following payments under non-cancellable operating leases in the year to 31 May 2002:

Other

Operating leases which expire:

Within one year	94,758	63,481
Within two to five years	67,277	142,981
	<u>162,035</u>	<u>206,462</u>

Datel Computing Limited**Notes to the financial statements continued****21 Contingent liability**

The company has entered into a group composite guarantee structure with its bankers. The amount of indebtedness of other group companies at 31 May 2001 was £61,684.

22 Transactions with directors

During the year, the company entered into the following transactions with Red Squared plc:

	2001	2000
	£	£
Sales	59,240	33,705
Purchases	61,186	-

The year end balances were as follows:

Trade debtors	-	39,603
Trade creditors	16,388	-

Red Squared plc is related by virtue of A K Simpson being a common director.

23 Ultimate controlling party

The ultimate controlling party throughout the year was A K Simpson.