

Datel Computing Limited

**Financial statements
year ended 31 May 2002**

Company number 1555529



Datel Computing Limited

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Datel Computing Limited**Directors and company information**

Directors:	A K Simpson D J Preston
Secretary:	D J Preston
Registered Office:	Cinnamon Park Fearnhead Warrington WA2 0XP
Bankers:	National Westminster Bank plc 292 Garstang Road Fulwood Preston PR9 9RQ
Auditors:	Ashworth Treasure Chartered Accountants 17-19 Park Street Lytham Lancashire FY8 5LU

Datel Computing Limited**Directors' report**

The directors present their report and the financial statements for the year ended 31 May 2002.

Results and dividend

The profit for the year after taxation amounted to £278,592 (2001 – £595,919). Ordinary dividends paid during the year amounted to £750,000 (2001 – 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 satisfied with the overall levels of trading and profitability of the company for the year.

It is anticipated that the current activity and profitability will continue for the ensuing year.

Directors

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

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;

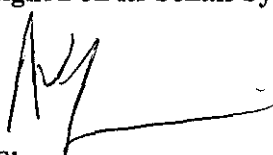
Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

Datel Computing Limited**Directors' report continued****Auditors**

The company's auditors, Ashworth Treasure, are willing to continue in office and a resolution proposing their appointment and authorising the directors to fix their remuneration will be proposed at the forthcoming annual general meeting.

**Approved by the board on 14 October 2002
and signed on its behalf by**



A K Simpson
Director

Datel Computing Limited**Independent Auditors' Report to the Shareholders of Datel Computing Limited**

We have audited the financial statements on pages 5 to 16 which have been prepared under the historical cost convention and the accounting policies set out on page 8 and 9.

Respective Responsibilities of the Directors and the Auditors

As described on page 3, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

It is our responsibility to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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, if in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the company 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 United Kingdom 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 2002 and of the result of the company for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



Ashworth Treasure
Registered Auditors
Lytham

14 October 2002

Datel Computing Limited**Profit and loss account for the year ended 31 May 2002**

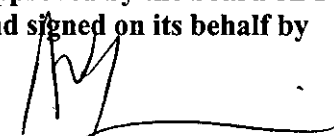
	Note	2 0 0 2		2 0 0 1	
		£	£	£	£
Turnover					
Continuing operations	2	10,076,648		11,628,328	
Discontinued operations	2	-		(3,594)	
		-----		-----	
			10,076,648		11,624,734
Cost of sales	3		3,813,553		5,923,413
			-----		-----
Gross profit			6,263,095		5,701,321
Selling and distribution expenses	3	3,430,350		3,372,853	
Administrative expenses	3	2,293,192		1,794,464	
		-----		-----	
			5,723,542		5,167,317
			-----		-----
			539,553		534,004
Other operating income	5		-		84,787
			-----		-----
Operating profit	6				
Continuing operations		539,553		660,494	
Discontinued operations		-		(41,703)	
		-----		-----	
			539,553		618,791
Interest payable	7		(120,883)		(18,372)
			-----		-----
Profit on ordinary activities before taxation			418,670		600,419
Tax on profit on ordinary activities	8		140,078		4,500
			-----		-----
Profit on ordinary activities after taxation	18		278,592		595,919
Dividends paid			750,000		-
			-----		-----
Retained (loss)/profit for the year			(471,408)		595,919
			=====		=====
Total recognised gains and losses					

The company has no recognised gains or losses other than the profits for the above periods.

Datel Computing Limited**Balance sheet as at 31 May 2002**

	Note	2 0 0 2		2 0 0 1	
		£	£	£	£
Fixed assets					
Intangible fixed assets	9	1,169,760		-	
Tangible fixed assets	10	302,092		305,065	
		<u> </u>		<u> </u>	
			1,471,852		305,065
Current assets					
Stock	11	242,281		16,789	
Debtors	12	3,352,427		3,201,370	
Cash at bank and in hand		91,085		808	
		<u> </u>		<u> </u>	
		3,685,793		3,218,967	
Creditors (amounts due within one year)	13	4,148,017		2,757,368	
		<u> </u>		<u> </u>	
Net current (liabilities)/assets			(462,224)		461,599
			<u> </u>		<u> </u>
Total assets less current liabilities			1,009,628		766,664
			<u> </u>		<u> </u>
Creditors (amounts due after more than one year)	14		714,372		-
			<u> </u>		<u> </u>
			295,256		766,664
			<u> </u>		<u> </u>
Capital and reserves					
Called up share capital	17		25,000		25,000
Profit and loss account	18		270,256		741,664
			<u> </u>		<u> </u>
Equity shareholders' funds	19		295,256		766,664
			<u> </u>		<u> </u>

Approved by the board on 14 October 2002
and signed on its behalf by


A K Simpson
Director

Datel Computing Limited**Cash flow statement for the year ended 31 May 2002**

	Note	2 0 0 2		2 0 0 1	
		£	£	£	£
Net cash inflow/(outflow) from operating activities	21a)		1,643,726		(220,894)
Returns on investments and servicing of finance					
Interest paid		23,916		270	
Interest element of hire purchase finance lease rental payments		96,967		18,102	
		-----		-----	
Net cash (outflow) from returns on investments and servicing of finance			(120,883)		(18,372)
Taxation					
Corporation tax paid		(16,957)		(15,645)	
		-----		-----	
Net tax paid			(16,957)		(15,645)
Capital expenditure					
Payments to acquire tangible fixed assts		1,445,636		96,766	
Receipts from sales of fixed assets		4,823		(39,278)	
		-----		-----	
Net cash (outflow) for capital expenditure			(1,450,459)		(57,488)
Equity dividends paid			(750,000)		-
			-----		-----
			(694,573)		(312,399)
Financing					
New loans repayable within five years		250,000		-	
Repayment of amounts borrowed		(46,875)		-	
New hire purchase and finance lease agreements		1,000,514		-	
Capital element of hire purchase and finance lease rental payments		(208,650)		(7,465)	
		-----		-----	
Net cash inflow/(outflow) from financing			994,989		(7,465)
			-----		-----
Increase/(decrease) in cash	21b)		300,416		(319,864)
			=====		=====

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) Goodwill

Goodwill represents the excess of cost of acquisition over the fair value of the separable net assets of the business acquired. Goodwill is amortised through the profit and loss account on a straight line basis over the estimated useful economic life of ten years.

c) Intangible fixed assets other than goodwill

Software licences have been capitalised and are amortised through the profit and loss account on a straight line basis over the estimated useful economic life of five years.

d) Tangible 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 economic useful lives at the following annual rates:-

Fixtures, fittings and equipment	15% on net book value
Motor vehicles	25% on net book value
Computer equipment	33.3% on straight line basis

e) Leased assets and obligations

Assets held under finance leases and the related lease obligations are included at the fair value of the leased assets at the inception of the lease. Depreciation on leased assets is calculated in the same manner as owned assets. Leases are regarded as finance leased where their terms transfer to the lessee, substantially all the benefits and burdens of ownership other than the right to title.

Rentals payable under operating leases are charged to profit on a straight line basis over the term of the lease.

f) 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.

g) Stocks

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

Datel Computing Limited**Notes to the financial statements continued****h) 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.

i) 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.

j) 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

	Continuing	Discontinued	2002 Total	Continuing	Discontinued	2001 Total
	£	£	£	£	£	£
Cost of sales	3,813,553	-	3,813,553	5,920,094	3,319	5,923,413
Selling and distribution expenses	3,430,350	-	3,430,350	3,277,396	95,457	3,372,853
Administrative expenses	2,293,192	-	2,293,192	1,770,344	24,120	1,794,464
	=====	=====	=====	=====	=====	=====

The total figure for continuing operations in 2002 includes the following amounts relating to acquisitions: cost of sales £352,017 and operating expenses £303,751 (being selling and distribution expenses £99,173 and administrative expenses £204,578).

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

	2002 £	2001 £
4 Particulars of staff		
The average number of persons (including directors) employed during the year was:		
Sales, distribution and programming	72	65
Office and management	25	23
	<u>97</u>	<u>88</u>
Staff costs	£	£
Wages and salaries	3,325,513	3,146,319
Social security costs	332,005	340,602
Other pension costs (defined contribution scheme)	73,072	66,174
	<u>3,730,590</u>	<u>3,553,095</u>
5 Other operating income		
Profit on disposal of operation	-	84,787
	<u>-</u>	<u>84,787</u>
6 Operating profit		
This is stated after charging:-		
Depreciation - owned tangible fixed assets	121,682	164,540
- tangible fixed assets held under finance leases and hire purchase contracts	8,391	1,752
Amortisation of goodwill - owned intangible fixed assets	27,048	-
Amortisation of software licences - intangible fixed assets held under finance leases and hire purchase contracts	121,728	-
Loss on disposal of fixed assets	4,823	12,419
Auditors remuneration	6,000	6,000
Operating lease rentals	116,184	166,659
	<u>-</u>	<u>-</u>
Director's emoluments		
Management remuneration	<u>154,182</u>	<u>74,516</u>

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

	2002	2001
	£	£
7 Interest payable		
Bank and group interest	14,142	270
Hire purchase and finance lease contracts	96,967	16,934
Other	9,774	1,168
	<u>120,883</u>	<u>18,372</u>

8 Tax on profit on ordinary activities

The charge for tax is based on the profit for the year and is made up as follows:-

UK corporation tax

Current year @ 29.59% (2001 – 20%)	127,621	4,500
Under provision in respect of prior years	12,457	-
	<u>140,078</u>	<u>4,500</u>

9 Intangible fixed assets

	Goodwill	Software	2002
	£	licences	Total
		£	£
Cost			
Additions	405,703	912,833	1,318,536
At 31 May 2002	<u>405,703</u>	<u>912,833</u>	<u>1,318,536</u>
Amortisation			
Provided this year	27,048	121,728	148,776
At 31 May 2002	<u>27,048</u>	<u>121,728</u>	<u>148,776</u>
Net book value			
At 31 May 2002	<u>378,655</u>	<u>791,105</u>	<u>1,169,760</u>

The net book value of £1,169,760 includes an amount of £791,105 in respect of assets held under finance leases and hire purchase contracts.

Goodwill arose on the purchase of a database of customers in 2002 and is being amortised over a period of 10 years. Software licences are being amortised over a period of 5 years. In the opinion of the directors, in both cases, this represents a prudent estimate of the period over which the company will derive direct economic benefit from the purchases.

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

	Computer equipment £	Motor vehicles £	Fixtures & fittings £	2002 Total £
10 Tangible fixed assets				
Cost				
At 1 June 2001	1,161,202	-	317,715	1,478,917
Additions	50,579	67,158	9,363	127,100
	-----	-----	-----	-----
At 31 May 2002	1,211,781	67,158	327,078	1,606,017
	-----	-----	-----	-----
Depreciation				
At 1 June 2001	1,025,915	-	147,937	1,173,852
Provided this year	89,183	8,391	32,499	130,073
	-----	-----	-----	-----
	1,115,098	8,391	180,436	1,303,925
	-----	-----	-----	-----
Net book value				
At 31 May 2002	96,683	58,767	146,642	302,092
	-----	-----	-----	-----
At 31 May 2001	135,287	-	169,778	305,065
	=====	=====	=====	=====

The net book value of £302,092 (2001 - £305,065) includes an amount of £58,767 (2001-nil) in respect of assets held under finance leases and hire purchase contracts.

Capital commitments

The company had no capital commitments at the year end.

	2002 £	2001 £
11 Stock and work in progress		
Goods for resale and maintenance stock	242,281	16,789
	=====	=====
12 Debtors		
Trade debtors	3,013,455	2,839,678
Amount owed by group companies	107,877	100,000
Other debtors	5,997	-
Prepayments and accrued income	225,098	261,692
	-----	-----
	3,352,427	3,201,370
	=====	=====

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

	2002	2001
	£	£
13 Creditors		
(amounts due within one year)		
Bank loans and overdrafts (secured)	-	210,139
Other loans	62,500	-
Obligations under finance leases and hire purchase contracts (note 16)	221,027	2,910
Trade creditors	1,196,350	1,037,389
Amounts owed to group companies	1,162,800	332,666
Corporation tax	127,621	4,500
Other taxes and social security	440,828	363,323
Accruals and deferred income	936,891	806,441
	<u>4,148,017</u>	<u>2,757,368</u>

The bank overdraft is secured by an unscheduled mortgage debenture dated 16 November 1990 incorporated a fixed and floating charge over all current and future assets of the company.

14 Creditors		
(amounts due after more than one year)		
Other loans	140,625	-
Obligations under finance leases and hire purchase contracts (note 16)	573,747	-
	<u>714,372</u>	<u>-</u>

15 Analysis of debt maturity

Amounts payable:		
In one year or less or on demand	62,500	210,139
In one to two years	62,500	-
In two to five years	78,125	-
	<u>203,125</u>	<u>210,139</u>

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

	2002 £	2001 £
16 Obligations under finance leases and hire purchase contracts		
Amounts payable:		
In one year or less	221,027	2,910
In two to five years	573,747	-
	<u>794,774</u>	<u>2,910</u>
Finance leases and hire purchase liabilities are secured on the assets to which they relate.		
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 each	<u>25,000</u>	<u>25,000</u>
18 Profit and loss account		
At 1 June 2001	741,664	145,745
Retained (loss)/profit for the year	(471,408)	595,919
	<u>270,256</u>	<u>741,664</u>
19 Reconciliation of movements in Shareholders' funds		
Profit for the financial year	278,592	595,919
Dividends paid	(750,000)	-
	<u>(471,408)</u>	<u>595,919</u>
Net (reduction in)/addition to Shareholders' funds		
Opening Shareholders' funds	766,664	170,745
	<u>295,256</u>	<u>766,664</u>
Closing Shareholders' funds		

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.

	2002 £	2001 £
21 Notes to the cash flow statement		
21a) Reconciliation of operating profit to net cash (outflow)/inflow from operating activities		
Operating profit	539,553	618,791
Depreciation of tangible fixed assets	130,073	166,292
Amortisation of goodwill	27,048	-
Amortisation of software licences	121,728	-
Loss on sale of tangible fixed assets	4,823	12,419
(Increase)/decrease in stocks	(225,492)	24,293
(Increase) in debtors	(151,057)	(93,179)
Increase/(decrease) in creditors	1,197,050	(949,510)
	<u>1,643,726</u>	<u>(220,894)</u>

21b) Analysis of change in net debt

	At 1 June 2001 £	Cash flows £	Other changes £	At 31 May 2002 £
Cash at bank and in hand	(209,331)	300,416	-	91,085
Debt due within one year	(2,910)	(280,617)	-	(283,527)
Debt due after one year	-	(714,372)	-	(714,372)
	<u>(212,241)</u>	<u>(694,573)</u>	<u>-</u>	<u>(906,814)</u>

21c) Major non-cash transactions

During the year the company entered into finance lease and loan arrangements in respect of assets with a total capital value at the inception of the leases of £1,367,159.

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

	2002 £	2001 £
22 Other financial commitments		
At 31 May 2002 the company was committed to make the following payments under non-cancellable operating leases in the year to 31 May 2003.		
Other		
Operating leases which expire:-		
Within one year	42,386	94,758
Within one to two years	4,812	-
Within two to five years	39,368	67,277
	-----	-----
	86,566	162,035
	=====	=====

23 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 2002 was £553,582.

24 Transactions with directors

During the year, the company entered into the following transactions with Red Squared plc. Red Squared plc is related by virtue of A K Simpson being a common director.

	2002 £	2001 £
Sales	-	59,240
Purchases	88,542	61,186
The year end balances were as follows:-		
Trade creditors	24,238	16,388

25 Ultimate controlling party

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