

Datel Computing Limited

**Financial statements
Year ended 31 May 2003**

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
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 Limited
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 2003.

Results and dividend

The profit for the year after taxation amounted to £312,527 (2002 – £278,592). Ordinary dividends paid during the year amounted to £200,000 (2002 – £750,000).

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

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 Limited, 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 27 October 2003
and signed on its behalf by**



D J Preston
Director

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

We have audited the financial statements on pages 6 to 17 which have been prepared under the historical cost convention and the accounting policies set out on page 9 and 10.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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.

Datel Computing Limited**Independent Auditors' Report to the Shareholders of Datel Computing Limited****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 2003 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 Limited**

Registered Auditors

Lytham

27 October 2003

Datel Computing Limited**Profit and loss account for the year ended 31 May 2003**

	Note	2 0 0 3		2 0 0 2	
		£	£	£	£
Turnover	2		9,302,808		10,076,648
Cost of sales			3,246,026		3,813,553
			-----		-----
Gross profit			6,056,782		6,263,095
Selling and distribution expenses		3,171,705		3,430,350	
Administrative expenses		2,308,137		2,293,192	
		-----		-----	
			5,479,842		5,723,542
			-----		-----
Operating profit			576,940		539,553
Interest payable	5		(136,011)		(120,883)
			-----		-----
Profit on ordinary activities before taxation			440,929		418,670
Tax on profit on ordinary activities	6		128,402		140,078
			-----		-----
Profit on ordinary activities after taxation	16		312,527		278,592
Dividends paid			200,000		750,000
			-----		-----
Retained profit/(loss) for the year			112,527		(471,408)
			=====		=====

Continuing operations

The company's activities all relate to continuing operations.

Total recognised gains and losses

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

Datel Computing Limited**Balance sheet as at 31 May 2003**

	Note	2003 £	2002 £
Fixed assets			
Intangible fixed assets	7	766,891	1,169,760
Tangible fixed assets	8	175,600	302,092
		<u>942,491</u>	<u>1,471,852</u>
Current assets			
Stock	9	193,940	242,281
Debtors	10	3,667,883	3,352,427
Cash at bank and in hand		1,002	91,085
		<u>3,862,825</u>	<u>3,685,793</u>
Creditors (amounts due within one year)	11	<u>(4,011,606)</u>	<u>(4,148,017)</u>
Net current (liabilities)		<u>(148,781)</u>	<u>(462,224)</u>
Total assets less current liabilities		793,710	1,009,628
Creditors (amounts due after more than one year)	12	<u>(385,927)</u>	<u>(714,372)</u>
		<u>407,783</u>	<u>295,256</u>
Capital and reserves			
Called up share capital	15	25,000	25,000
Profit and loss account	16	382,783	270,256
Equity shareholders' funds	17	<u>407,783</u>	<u>295,256</u>

Approved by the board on 27 October 2003
and signed on its behalf by



D J Preston
Director

Datel Computing Limited**Cash flow statement for the year ended 31 May 2003**

	Note	2 0 0 3		2 0 0 2	
		£	£	£	£
Net cash inflow from operating activities	19a)		355,839		1,643,726
Returns on investments and servicing of finance					
Interest paid		9,492		23,916	
Interest element of hire purchase finance lease rental payments		126,519		96,967	
		-----		-----	
Net cash (outflow) from returns on investments and servicing of finance			(136,011)		(120,883)
Taxation					
Corporation tax paid			(127,621)		(16,957)
Capital expenditure					
Payments to acquire tangible fixed assets		(25,094)		(1,445,636)	
Receipts from sales of fixed assets		247,890		(4,823)	
		-----		-----	
Net cash inflow/(outflow) for capital expenditure			222,796		(1,450,459)
Equity dividends paid			(200,000)		(750,000)
			-----		-----
			115,003		(694,573)
Financing					
New loans repayable within five years		-		250,000	
Repayment of amounts borrowed		(62,754)		(46,875)	
New hire purchase and finance lease agreements		-		1,000,514	
Capital element of hire purchase and finance lease rental payments		(236,755)		(208,650)	
		-----		-----	
Net cash (outflow)/inflow from financing			(299,509)		994,989
(Decrease)/increase in cash	19b)		(184,506)		300,416
			=====		=====

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 6 to 17 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) Intangible fixed assets

Customer databases have been capitalised and are amortised through the profit and loss account on a straight-line basis over the estimated useful economic life of ten years.

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.

c) 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

d) 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.

e) 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.

f) 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****g) Deferred taxation**

Deferred taxation is recognised in respect of all timing differences which have originated but not reversed at the balance sheet date. Timing differences are differences between taxable profits and the results as stated in the financial statements which arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when it can be regarded as more likely than not that there will be suitable profits from which the future reversal of underlying timing differences can be deducted.

Deferred taxation is measured at the average tax rates which are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws which have been enacted or substantively enacted by the balance sheet date. Deferred taxation is measured on non-discounted basis.

h) 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.

i) 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 Particulars of staff

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

	2003	2002
Sales, distribution and programming	70	72
Office and management	24	25
	<u>94</u>	<u>97</u>

Staff costs

	£	£
Wages and salaries	3,272,523	3,325,513
Social security costs	319,956	332,005
Other pension costs (defined contribution scheme)	81,261	73,072
	<u>3,673,740</u>	<u>3,730,590</u>

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

	2003 £	2002 £
4 Operating profit		
This is stated after charging:-		
Depreciation - owned tangible fixed assets	92,777	121,682
- tangible fixed assets held under finance leases and hire purchase contracts	9,213	8,391
Amortisation of customer databases – owned intangible fixed assets	19,003	27,048
Amortisation of software licences – intangible fixed assets held under finance leases and hire purchase contracts	182,567	121,728
Loss on disposal of fixed assets	3,005	4,823
Auditors remuneration	6,000	6,000
Operating lease rentals – plant and machinery	51,601	116,184
	-----	-----
Director's emoluments		
Management remuneration	137,942	154,182
	=====	=====
5 Interest payable		
Bank and group interest	9,000	14,142
Hire purchase and finance lease contracts	126,519	96,967
Other	492	9,774
	-----	-----
	136,011	120,883
	=====	=====
	2003 £	2002 £
6 Tax on profit on ordinary activities		
a) Analysis of charge in period		
Current tax		
UK corporation tax on profits of the period	128,402	127,621
Adjustments in respect of previous periods	-	12,457
	-----	-----
	128,402	140,078
	=====	=====

Datel Computing Limited**Notes to the financial statements continued****b) Factors affecting tax charge for period**

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:-

	2003 £	2002 £
Profit on ordinary activities before tax	440,929	418,670
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2002 30%)	132,279	125,601
Effects of:		
Expenses not deductible for tax purposes	7,503	15,278
Depreciation in excess of capital allowances	-	7,446
Capital allowances in excess of depreciation	(2,099)	-
Small companies rates	(1,129)	(1,757)
Utilisation of tax losses	(8,152)	(18,947)
Adjustments to tax charge in respect of previous periods	-	12,457
Current tax charge for period (see (a))	128,402	140,078

7 Intangible fixed assets

	Customer Databases £	Software licences £	2003 Total £
Cost			
At 1 June 2002	405,703	912,833	1,318,536
Disposals	(201,299)	-	(201,299)
At 31 May 2003	204,404	912,833	1,117,237
Amortisation			
At 1 June 2002	27,048	121,728	148,776
Charge	19,003	182,567	201,570
At 31 May 2003	46,051	304,295	350,346
Net book value			
At 31 May 2003	158,353	608,538	766,891
At 31 May 2002	378,655	791,105	1,169,760

The net book value of £766,891 (2002 - £1,169,760) includes an amount of £608,538 (2002 - £791,105) in respect of assets held under finance leases and hire purchase contracts.

Customer databases are being amortised over a period of ten years. Software licences are being amortised over a period of five 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 £	2003 Total £
8 Tangible fixed assets				
Cost				
At 1 June 2002	1,211,781	67,158	327,078	1,606,017
Additions	21,465	-	3,629	25,094
Disposals	(1,512)	(67,158)	-	(68,670)
At 31 May 2003	1,231,734	-	330,707	1,562,441
Depreciation				
At 1 June 2002	1,115,098	8,391	180,436	1,303,925
Charge	58,282	9,213	34,495	101,990
Disposals	(1,470)	(17,604)	-	(19,074)
At 31 May 2003	1,171,910	-	214,931	1,386,841
Net book value				
At 31 May 2003	59,824	-	115,776	175,600
At 31 May 2002	96,683	58,767	146,642	302,092

The net book value of £175,600 (2002 - £302,092) includes an amount of £nil (2002- £58,767) in respect of assets held under finance leases and hire purchase contracts.

Capital commitments

The company had no capital commitments at the year-end.

	2003 £	2002 £
9 Stock and work in progress		
Goods for resale and maintenance stock	193,940	242,281
10 Debtors		
Trade debtors	3,368,045	3,013,455
Amount owed by group undertakings	44,220	107,877
Other debtors	351	5,997
Prepayments and accrued income	255,267	225,098
	3,667,883	3,352,427

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

	2003	2002
	£	£
11 Creditors		
(amounts due within one year)		
Bank loans and overdrafts (secured)	94,423	-
Other loans	62,500	62,500
Obligations under finance leases and hire purchase contracts (note 14)	249,963	221,027
Trade creditors	1,095,145	1,196,350
Amounts owed to group undertakings	1,237,138	1,162,800
Corporation tax	128,402	127,621
Other taxes and social security	429,082	440,828
Accruals and deferred income	714,953	936,891
	<u>4,011,606</u>	<u>4,148,017</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.

12 Creditors		
(amounts due after more than one year)		
Other loans	77,871	140,625
Obligations under finance leases and hire purchase contracts (note 14)	308,056	573,747
	<u>385,927</u>	<u>714,372</u>

13 Analysis of debt maturity

Amounts payable:		
In one year or less or on demand	62,500	62,500
In one to two years	62,500	62,500
In two to five years	15,371	78,125
	<u>140,371</u>	<u>203,125</u>

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

	2003 £	2002 £
14 Obligations under finance leases and hire purchase contracts		
Amounts payable:		
In one year or less	249,963	221,027
In two to five years	308,056	573,747
	-----	-----
	558,019	794,774
	=====	=====
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 each	25,000	25,000
	=====	=====
 Allotted, issued and fully paid		
25,000 ordinary shares of £1 each	25,000	25,000
	=====	=====
 16 Profit and loss account		
At 1 June 2002	270,256	741,664
Retained profit/(loss) for the year	112,527	(471,408)
	-----	-----
At 31 May 2003	382,783	270,256
	=====	=====
 17 Reconciliation of movements in Shareholders' funds		
Profit for the financial year	312,527	278,592
Dividends paid	(200,000)	(750,000)
	-----	-----
Net addition to/(reduction in) Shareholders' funds	112,527	(471,408)
Opening Shareholders' funds	295,256	766,664
	-----	-----
Closing Shareholders' funds	407,783	295,256
	=====	=====

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.

	2003 £	2002 £
19 Notes to the cash flow statement		
a) Reconciliation of operating profit to net cash inflow from operating activities		
Operating profit	576,940	539,553
Depreciation of tangible fixed assets	101,990	130,073
Amortisation of goodwill	19,003	27,048
Amortisation of software licences	182,567	121,728
Loss on disposal of tangible fixed assets	3,005	4,823
Decrease/(increase) in stocks	48,341	(225,492)
(Increase) in debtors	(315,456)	(151,057)
(decrease)/increase in creditors	(260,551)	1,197,050
	-----	-----
	355,839	1,643,726
	=====	=====

b) Analysis of change in net debt

	At 1 June 2002 £	Cash flows £	Other changes £	At 31 May 2003 £
Cash at bank and in hand	91,085	(184,506)	-	(93,421)
Debt due within one year	(283,527)	(28,936)	-	(312,463)
Debt due after one year	(714,372)	328,445	-	(385,927)
	-----	-----	-----	-----
	(906,814)	115,003	-	(791,811)
	=====	=====	=====	=====

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

	2003 £	2002 £
20 Other financial commitments		
At 31 May 2003 the company was committed to make the following payments under non-cancellable operating leases in the year to 31 May 2004.		
Other		
Operating leases which expire:-		
Within one year	4,812	42,386
Within one to two years	39,368	4,812
Within two to five years	-	39,368
	-----	-----
	44,180	86,566
	=====	=====

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 2003 was £564,039.

22 Ultimate controlling party

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

Datel Computing Limited
Trading account for the year ended 31 May 2003

	2 0 0 3		2 0 0 2	
	£	£	£	£
Turnover		9,302,808		10,076,648
Cost of sales		3,246,026		3,813,553
		-----		-----
Gross profit		6,056,782		6,263,095
 Selling and distribution expenses				
Staff costs and consultancy	2,870,844		3,006,176	
Motor and travel	65,060		67,503	
Vehicle leasing	43,514		101,623	
Advertising and promotion	154,596		197,735	
Recruitment costs	25,473		44,099	
Depreciation of motor vehicles	9,213		8,391	
Loss on disposal of assets	3,005		4,823	
	-----		-----	
	3,171,705		3,430,350	
	-----		-----	
 Administration expenses				
Salaries and staff costs	666,408		571,270	
Telephone	96,799		93,293	
Postage	6,580		6,423	
Printing and stationery	25,464		37,904	
Internet costs	10,228		4,848	
Sundry	95,117		70,592	
Charitable donations	3,395		836	
Meetings and subsistence	37,570		67,815	
Audit and accountancy	9,828		9,400	
Bad debts	107,092		152,194	
Bank charges	3,112		2,826	
Legal and professional	7,695		20,592	
Lease of equipment	8,087		17,978	
Depreciation on equipment and fixtures and fittings	92,777		121,682	
Management recharge	426,000		376,000	
Amortisation of goodwill	19,003		27,048	
Amortisation of software licences	182,567		121,728	
	-----		-----	
	1,797,722		1,702,429	
	-----		-----	
 Establishment expenses				
Rent and rates	262,176		321,619	
Heat and light	27,378		27,652	
Insurance	32,483		19,674	
Repairs	51,890		68,674	
	-----		-----	
	373,927		437,619	
	-----		-----	

Datel Computing Limited**Trading account for the year ended 31 May 2003 continued**

	2 0 0 3		2 0 0 2	
	£	£	£	£
Finance charges				
Bank and group interest	9,000		14,142	
Hire purchase and finance lease interest	126,519		96,967	
Other interest	492		9,774	
	-----		-----	
	136,011		120,883	
	-----		-----	
Directors' remuneration				
Directors remuneration	133,741		150,768	
Pension contributions	2,747		2,376	
	-----		-----	
	136,488		153,144	
	-----		-----	
Total overhead expenses		5,615,853		5,844,425
		-----		-----
Net profit for the year		440,929		418,670
		=====		=====