

Datel Computing Limited

**Financial statements
Year ended 31 May 2005**

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 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 2005.

Results and dividend

The profit for the year after taxation amounted to £275,083 (2004 – £796,384).

Principal activity

The principal activity of the company continues to be 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.

Policy and practice on payment of creditors

Amounts due to suppliers are settled as expeditiously as possible within the terms of payment.

In practice, the number of days taken to pay creditors, for the period covered by this report, calculated by dividing the total amount of trade creditors by the total value of supplies and multiplied by the number of days in the period was 129 days.

Charitable donations

Charitable donations made in the year amounted to £4,790.

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 20 December 2005
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 5 to 15 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 and 9.

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 2, 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 2005 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

20 December 2005

Datel Computing Limited**Profit and loss account for the year ended 31 May 2005**

	Note	2 0 0 5		2 0 0 4	
		£	£	£	£
Turnover	2		9,787,252		9,131,851
Cost of sales			(3,299,522)		(2,968,630)
Gross profit			6,487,730		6,163,221
Selling and distribution expenses		(3,650,330)		(3,293,258)	
Administrative expenses		(2,426,673)		(2,254,277)	
			(6,077,003)		(5,547,535)
Operating profit			410,727		615,686
Interest payable	5		(37,054)		(82,460)
Profit on ordinary activities before taxation			373,673		533,226
Tax on profit on ordinary activities	6		(98,590)		263,158
Retained profit for the year	18		275,083		796,384

Continuing operations

The company's activities all relate to continuing operations.

	2 0 0 5	2 0 0 4
	£	£
Statement of total recognised gains and losses		
Profit for the financial year	275,083	796,384
Total recognised gains relating to the year	275,083	796,384
Prior period adjusted (see note 7)	-	(1,453,582)
Capital contribution	-	700,000
Total gains recognised since last Annual Report	275,083	42,802

Datel Computing Limited**Balance sheet as at 31 May 2005**

	Note	2 0 0 5		2 0 0 4	
		£	£	£	£
Fixed assets					
Intangible fixed assets	8	363,749		565,321	
Tangible fixed assets	9	255,824		198,520	
		-----		-----	
			619,573		763,841
Current assets					
Stock	10	159,591		180,132	
Debtors	11	4,964,881		4,574,166	
Cash at bank and in hand		17,646		96,255	
		-----		-----	
		5,142,118		4,850,553	
Creditors (amounts due within one year)	12	(5,017,743)		(5,089,803)	
		-----		-----	
Net current assets/(liabilities)			124,375		(239,250)
			-----		-----
Total assets less current liabilities			743,948		524,591
Creditors (amounts due after more than one year)	13		(18,280)		(74,006)
			-----		-----
			725,668		450,585
			=====		=====
Capital and reserves					
Called up share capital	16		25,000		25,000
Profit and loss account	17		700,668		425,585
			-----		-----
Equity shareholders' funds	18		725,668		450,585
			=====		=====

Approved by the board on 20 December 2005
and signed on its behalf by


D J Preston
Director

Datel Computing Limited**Cash flow statement for the year ended 31 May 2005**

	Note	2 0 0 5		2 0 0 4	
		£	£	£	£
Net cash inflow from operating activities	20a)		240,564		803,547
Returns on investments and servicing of finance					
Interest paid		-		(514)	
Interest element of hire purchase finance lease rental payments		(37,054)		(81,946)	
		-----		-----	
Net cash (outflow) from returns on investments and servicing of finance			(37,054)		(82,460)
Taxation					
Corporation tax received/(paid)			132,998		(128,005)
Capital expenditure					
Payments to acquire tangible fixed assets		(135,454)		(91,710)	
Receipts from disposal of fixed assets		832		859	
		-----		-----	
Net cash (outflow) for capital expenditure			(134,622)		(90,851)
			-----		-----
			201,886		502,231
Financing					
Repayment of amounts borrowed		(62,500)		(62,500)	
Capital element of hire purchase and finance lease rental payments		(217,995)		(250,055)	
		-----		-----	
Net cash (outflow) from financing			(280,495)		(312,555)
			-----		-----
(Decrease)/increase in cash	20b)		(78,609)		189,676
			=====		=====

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) 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) 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

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.

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.

2 Particulars of turnover and profit before taxation

The turnover and profit before taxation are attributable to the principal activity of the company.

	2005	2004
3 Particulars of staff		
The average number of persons (including directors) employed during the year was:		
Sales, distribution and programming	77	69
Office and management	20	20
	<u>97</u>	<u>89</u>
Staff costs	£	£
Wages and salaries	3,958,826	3,416,806
Social security costs	430,434	364,449
Other pension costs (defined contribution scheme)	115,642	88,722
	<u>4,504,902</u>	<u>3,869,977</u>
4 Operating profit		
This is stated after charging / (crediting):-		
Depreciation - owned tangible fixed assets	75,989	68,680
Amortisation of customer databases – owned intangible fixed assets	19,006	19,003
Amortisation of software licences – intangible fixed assets held under finance leases and hire purchase contracts	182,566	182,567
Loss/(profit) on disposal of fixed assets	1,329	(750)
Auditors remuneration	6,000	6,000
Operating lease rentals	15,714	41,056
	<u>182,945</u>	<u>143,753</u>
Director's emoluments		
Management remuneration	<u>182,945</u>	<u>143,753</u>

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

	2005	2004
	£	£
5 Interest payable		
Bank and group interest	-	433
Hire purchase and finance lease contracts	37,054	81,946
Other	-	81
	<u>37,054</u>	<u>82,460</u>
6 Tax on profit on ordinary activities		
a) Analysis of charge in period		
Current tax		
UK corporation tax on profits of the period	103,380	-
Adjustments in respect of previous periods	(4,790)	(128,402)
Amounts received in respect of group relief	-	(134,558)
Over provision in prior year	-	(198)
	<u>98,590</u>	<u>(263,158)</u>
Tax on profit on ordinary activities	<u>98,590</u>	<u>(263,158)</u>
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:-		
Profit on ordinary activities before tax	373,673	533,226
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2004 30%)	112,102	159,968
Effects of:		
Prior year adjustment	(4,790)	(436,075)
Expenses not deductible for tax purposes	13,996	41,512
Small company rates	(3,915)	-
Capital allowances in excess of depreciation	(17,367)	(7,297)
Expenses deductible for tax	(1,436)	-
Utilisation of tax losses	-	(21,207)
Adjustments to tax charge in respect of previous periods	-	(59)
Current tax charge for period (see (a))	<u>98,590</u>	<u>(263,158)</u>

7 Prior period adjustment

The implementation of the new Application Note G in respect of the accounting standard FRS5, 'Reporting the Substance of Transactions', necessitated a restatement of prior year figures in respect of the company's recognition of income on maintenance contracts.

The 2003 financial statements were restated to include a net addition to turnover of £100,887 and a net reduction in cost of sales of £65,103 with a net addition to profit of £165,990. The restatement required to the brought forward reserves at 1 June 2002 was a reduction of £1,619,572. The effect on the profit and loss account for the previous year reported in the financial statements was a net reduction in profit of £99,219.

Datel Computing Limited**Notes to the financial statements continued****8 Intangible fixed assets**

	Customer Databases £	Software licences £	Total £
Cost			
At 1 June 2004	204,404	912,833	1,117,237
At 31 May 2005	204,404	912,833	1,117,237
Amortisation			
At 1 June 2004	65,054	486,862	551,916
Charge	19,006	182,566	201,572
At 31 May 2005	84,060	669,428	753,488
Net book value			
At 31 May 2005	120,344	243,405	363,749
At 31 May 2004	139,350	425,971	565,321

The net book value of £363,749 (2004 - £565,321) includes an amount of £243,405 (2004 - £425,971) in respect of assets held under finance leases and hire purchase contracts.

Customer databases have been 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.

	Computer equipment £	Fixtures & fittings £	Total £
9 Tangible fixed assets			
Cost			
At 1 June 2004	1,291,483	349,953	1,641,436
Additions	118,498	16,956	135,454
Disposals	(168,830)	-	(168,830)
At 31 May 2005	1,241,151	366,909	1,608,060
Depreciation			
At 1 June 2004	1,207,211	235,705	1,442,916
Charge	60,505	15,484	75,989
Disposals	(166,669)	-	(166,669)
At 31 May 2005	1,101,047	251,189	1,352,236
Net book value			
At 31 May 2005	140,104	115,720	255,824
At 31 May 2004	84,272	114,248	198,520

Capital commitments

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

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

	2005 £	2004 £
10 Stock and work in progress		
Goods for resale and maintenance stock	<u>159,591</u>	<u>180,132</u>
11 Debtors		
Trade debtors	3,130,104	3,142,025
Amount owed by group undertakings	142,387	-
Other debtors	50,137	75,750
Corporation tax	-	128,204
Prepayments and accrued income	1,642,253	1,228,187
	<u>4,964,881</u>	<u>4,574,166</u>
12 Creditors (amounts due within one year)		
Other loans	15,371	62,500
Obligations under finance leases and hire purchase contracts (note 15)	71,689	249,329
Trade creditors	1,575,924	1,405,501
Amounts owed to group undertakings	-	93,255
Corporation tax	103,380	-
Other taxes and social security	344,561	477,849
Accruals and deferred income	2,906,818	2,801,369
	<u>5,017,743</u>	<u>5,089,803</u>
13 Creditors (amounts due after more than one year)		
Other loans	-	15,371
Obligations under finance leases and hire purchase contracts (note 15)	18,280	58,635
	<u>18,280</u>	<u>74,006</u>
14 Analysis of debt maturity		
Amounts payable:		
In one year or less or on demand	15,371	62,500
In one to two years	-	15,371
	<u>15,371</u>	<u>77,871</u>

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

	2005 £	2004 £
15 Obligations under finance leases and hire purchase contracts		
Amounts payable:		
In one year or less	71,689	249,329
In two to five years	18,280	58,635
	<u>89,969</u>	<u>307,964</u>
Finance leases and hire purchase liabilities are secured on the assets to which they relate.		
16 Called up share capital		
Authorised		
25,000 ordinary shares of £1 each	<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>
17 Reserves		
At 1 June 2004	425,585	382,783
Prior year adjustment	-	(1,453,582)
	<u>425,585</u>	<u>(1,070,799)</u>
Profit for the year	275,083	796,384
Transfer of capital contribution	-	700,000
At 31 May 2005	<u>700,668</u>	<u>425,585</u>
18 Reconciliation of movements in shareholders' funds		
Profit for the financial year	275,083	796,384
Capital contribution	-	700,000
Net addition to shareholders' funds	<u>275,083</u>	<u>1,496,384</u>
Opening shareholders' funds	450,585	(1,045,799)
Closing shareholders' funds	<u>725,668</u>	<u>450,585</u>

Datel Computing Limited**Notes to the financial statements continued****19 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.

	2005 £	2004 £
20 Notes to the cash flow statement		
a) Reconciliation of operating profit to net cash inflow from operating activities		
Operating profit	410,727	615,686
Depreciation of tangible fixed assets	75,989	68,680
Amortisation of goodwill	19,006	19,003
Amortisation of software licences	182,566	182,567
Loss/(profit) on disposal of tangible fixed assets	1,329	(750)
Decrease in stocks	20,541	13,808
(Increase)/decrease in debtors	(518,919)	44,296
Increase/(decrease) in creditors	49,325	(139,743)
	<u>240,564</u>	<u>803,547</u>

b) Analysis of change in net debt

	At 1 June 2004 £	Cash flows	At 31 May 2005 £
Cash at bank and in hand	96,255	(78,609)	17,646
Debt due within one year	(311,829)	224,769	(87,060)
Debt due after one year	(74,006)	55,726	(18,280)
	<u>(289,580)</u>	<u>201,886</u>	<u>(87,694)</u>

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

	2005	2004
	£	£
21 Other financial commitments		
At 31 May 2005 the company was committed to make the following payments under non-cancellable operating leases in the year to 31 May 2006.		
Other		
Operating leases which expire:-		
Within one year	-	29,475
	<u> </u>	<u> </u>

22 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 2005 was £Nil.

23 Ultimate controlling party

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