

**Bannerbridge Plc****Company No. 01554709****Financial Statements****For the year ended****31 December 2003**

# **Bannerbridge Plc**

## **Company Information**

### **Directors**

D.P. Holyfield  
M.P. Summers  
P.A. Wheeler  
P. Buttress

### **Secretary**

P. Buttress

### **Registered Office**

Orbital House  
20 Eastern Road  
Romford  
Essex  
RM1 3DP

### **Auditors**

Kingston Smith  
Orbital House  
20 Eastern Road  
Romford  
Essex  
RM1 3DP

# Bannerbridge Plc

## Report of the Directors

The directors have pleasure in presenting their report and financial statements for the year ended 31 December 2003.

### Principal activities and review of the business

The principal activity of the company throughout the year was the provision of computer services.

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

### Results and dividends

The results for the year are set out on page 4. The directors declared an interim dividend of £12,500 during the year. A final dividend of £233,000 has been declared.

It is company policy to ensure that it is aware of the terms of payment of suppliers, and to abide by these terms. The number of days purchases outstanding was 40.

### Directors

The following directors have held office since 1 January 2003:

D.P. Holyfield  
M.P. Summers  
P.A. Wheeler  
P. Buttress

### Directors' interests

The directors who served the company during the year together with their interests (including family interests) in the shares of the company at the beginning (or subsequent date of appointment) and end of the year, were as follows:

	Ordinary shares of £ 1 each	
	31 December 2003	1 January 2003
D.P. Holyfield	40,000	40,000
M.P. Summers	20,000	20,000
P.A. Wheeler	40,000	40,000
P. Buttress	-	-

### Charitable donations

The company made charitable donations during the year of £25 to the Royal Veterinary College and £250 to the Castlepoint club.

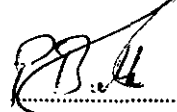
# Bannerbridge Plc

## Report of the Directors (continued)

### Auditors

The company has by elective resolution dispensed with the obligation to appoint auditors annually in accordance with section 386(1) of the Companies Act 1985. Therefore, the auditors, Kingston Smith, will be deemed to be reappointed for each succeeding financial year.

On behalf of the Board



P. Buttfress  
Director

Orbital House  
20 Eastern Road  
Romford  
Essex  
RM1 3DP

Date: 7/6/04

# Bannerbridge Plc

## Directors' Responsibilities & Report of the Auditors

### 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 profit or loss 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 assume 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.

### Independent Auditors' Report to the Shareholders of Bannerbridge Plc

We have audited the financial statements of Bannerbridge Plc, which comprise the Profit and Loss Account, the Balance Sheet, the Cashflow Statement and the related notes, for the year ended 31 December 2003. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

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 for no purpose other than to draw to the attention of the company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party 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 auditors

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

Our responsibility is 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

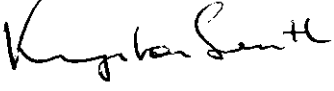
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates 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 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Orbital House  
20 Eastern Road  
Romford  
Essex  
RM1 3DP  
Date: 15<sup>th</sup> June 2004

  
**Kingston Smith**  
Chartered Accountants  
and Registered Auditors

**Bannerbridge Plc**  
**Profit and Loss Account**  
**For the year ended 31 December 2003**

	Notes	2003 £	2002 £
<b>Turnover</b>	2	6,519,717	6,690,824
Cost of sales		(4,898,786)	(5,105,603)
<b>Gross profit</b>		1,620,931	1,585,221
Distribution costs		(784,429)	(852,161)
Administrative expenses		(442,007)	(482,691)
<b>Operating profit</b>	3	394,495	250,369
Other interest receivable and similar income		6,484	174
Interest payable and similar charges	6	(24,314)	(17,491)
<b>Profit on ordinary activities before taxation</b>		376,665	233,052
Taxation	7	(96,137)	(44,739)
<b>Profit on ordinary activities after taxation</b>		280,528	188,313
Dividends	8	(245,500)	(157,500)
<b>Retained profit for the year</b>	16	35,028	30,813

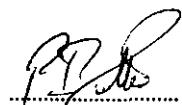
The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

**Bannerbridge Plc**  
**Balance Sheet**  
**As at 31 December 2003**

	Notes	2003 £	£	2002 £	£
<b>Fixed Assets</b>					
Tangible assets	9		268,745		146,826
<b>Current Assets</b>					
Stocks	10	959,645		1,133,122	
Debtors	11	1,074,611		1,193,261	
Cash at bank and in hand		291,287		43,006	
		<u>2,325,543</u>		<u>2,369,389</u>	
<b>Creditors: Amounts falling due within one year</b>	12	<u>(1,296,658)</u>		<u>(1,333,043)</u>	
<b>Net Current Assets</b>			<u>1,028,885</u>		<u>1,036,346</u>
<b>Total Assets Less Current Liabilities</b>			<u>1,297,630</u>		<u>1,183,172</u>
<b>Creditors: Amounts falling due after more than one year</b>	13		(201,445)		(125,000)
<b>Provisions for Liabilities and Charges</b>	14		<u>(11,983)</u>		<u>(8,998)</u>
			<u>1,084,202</u>		<u>1,049,174</u>
<b>Capital and Reserves</b>					
Called up share capital	15		100,000		100,000
Profit and loss account	16		984,202		949,174
<b>Shareholders' Funds - Equity Interests</b>			<u>1,084,202</u>		<u>1,049,174</u>

Approved by the Board on 7/6/04



P. Buttress

Director

**Bannerbridge Plc**  
**Cash Flow Statement**  
**For the year ended 31 December 2003**

	2003		2002
	£	£	£
<b>Net Cash Inflow from Operating Activities (Note 1)</b>	432,134		56,792
<b>Returns on Investments and Servicing of Finance</b>			
Interest received	6,484		174
Interest paid	(24,314)		(17,491)
	<hr/>		<hr/>
<b>Net Cash Outflow for Returns on Investments and Servicing of Finance</b>	(17,830)		(17,317)
<b>Taxation</b>	(45,662)		(21,736)
<b>Capital Expenditure</b>			
Payments to acquire tangible assets	(19,122)		(3,031)
	<hr/>		<hr/>
<b>Net Cash Outflow for Capital Expenditure</b>	(19,122)		(3,031)
<b>Equity Dividends Paid</b>	(71,700)		(100,000)
	<hr/>		<hr/>
<b>Net Cash Inflow/(Outflow) before Management of Liquid Resources and Financing</b>	277,820		(85,292)
<b>Financing</b>			
Debt falling due after one year	-		125,000
Debt falling due within one year	-		(41,931)
Capital element of hire purchase contracts	-		(5,308)
Capital element of finance lease contracts	(29,539)		-
	<hr/>		<hr/>
<b>Net Cash Inflow from Financing</b>	(29,539)		77,761
	<hr/>		<hr/>
<b>Increase/(Decrease) in Cash (Note 2)</b>	248,281		(7,531)
	<hr/>		<hr/>



**Bannerbridge Plc**  
**Notes to the Cashflow Statement**  
**For the year ended 31 December 2003**

1	<b>Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities</b>	<b>2003</b>	<b>2002</b>		
		<b>£</b>	<b>£</b>		
	Operating profit	394,495	250,369		
	Depreciation of tangible assets	34,195	33,839		
	Decrease in stocks	173,477	265,315		
	Decrease in debtors	118,650	54,423		
	Decrease in creditors within one year	(288,683)	(547,154)		
	<b>Net Cash Inflow from Operating Activities</b>	<b>432,134</b>	<b>56,792</b>		
2	<b>Reconciliation of Net Cash Flow to Movement in Net Funds/(Debt) (Note 3)</b>	<b>2003</b>	<b>2002</b>		
		<b>£</b>	<b>£</b>		
	Increase/(decrease) in cash in the year	248,281	(7,531)		
	Cash inflow from increase in debt and lease financing	(107,453)	(77,761)		
	<b>Movement in net funds/(debt) in the year</b>	<b>140,828</b>	<b>(85,292)</b>		
	Opening net debt	(93,005)	(7,713)		
	<b>Closing net funds/(debt)</b>	<b>47,823</b>	<b>(93,005)</b>		
3	<b>Analysis of Net Funds/(Debt)</b>	<b>1 January 2003</b>	<b>Cash flow</b>	<b>Other non-cash changes</b>	<b>31 December 2003</b>
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
	Net cash:				
	Cash at bank and in hand	43,006	248,281	-	291,287
	Debt:				
	Finance leases	(11,011)	(107,453)	-	(118,464)
	Debts falling due after one year	(125,000)	-	-	(125,000)
		(136,011)	(107,453)	-	(243,464)
	<b>Net (debt)/funds</b>	<b>(93,005)</b>	<b>140,828</b>	<b>-</b>	<b>47,823</b>

**Bannerbridge Plc**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2003**

**1 Accounting Policies**

**a) Accounting basis and standards**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

There have been no changes in accounting policies since the previous financial year.

**b) Depreciation**

Depreciation on fixed assets is provided at rates estimated to write off the cost, less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery	25% reducing balance
Fixtures, fittings & equipment	15% reducing balance
Motor vehicles	25% reducing balance

**c) Stocks**

Stocks are stated at the lower of cost and net realisable value. Cost includes all direct costs incurred in bringing the stocks to their present location and condition, including where appropriate, a proportion of manufacturing overheads.

**d) Turnover**

Turnover represents the invoiced value of goods and services provided net of value added tax.

**e) Deferred taxation**

In accordance with FRS 19, deferred tax is recognised as a liability or asset if transactions or events that give the company the obligation to pay more tax in future or a right to pay less tax in future have occurred by the balance sheet date.

**f) Foreign currencies**

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Where exchange differences result from the translation of foreign currency borrowings raised to acquire foreign assets they are taken to reserves and offset against the differences arising from the translation of those assets. All other exchange differences are dealt with through the profit and loss account.

**g) Leasing and hire purchase commitments**

Assets held under finance lease and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The interest element of the rental obligations is charged to profit and loss account over the period of the lease (and represents a constant proportion of the balance of capital repayments outstanding).

**h) Pension scheme arrangements**

The company makes contributions to a money purchase contribution scheme, the assets of the scheme being held separately from the assets of the company. The pension cost charge represents contributions paid to the scheme.

**2 Turnover**

In the year 22% of the company's turnover was to overseas markets.

**Bannerbridge Plc**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2003 (continued)**

<b>3</b>	<b>Operating Profit</b>	<b>2003</b>	<b>2002</b>
		<b>£</b>	<b>£</b>
	Operating profit is stated after charging:		
	Depreciation of tangible assets:		
	Owned assets	32,220	31,296
	Leased assets	1,975	2,542
	Operating lease rentals	-	5,248
	Auditors' remuneration	11,750	10,675
	and after crediting:		
	Profit on foreign exchange transactions	<u>(39,044)</u>	<u>(15,696)</u>

Operating lease rentals in respect of land and buildings amount to £79,660 in both the current and the previous year.

**4**   **Employee Information**

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

	<b>2003</b>	<b>2002</b>
	<b>Number</b>	<b>Number</b>
Administration	7	7
Installation engineers	10	11
Selling and distribution	12	15
	<u>29</u>	<u>33</u>

The total remuneration was:

	<b>£</b>	<b>£</b>
Wages and salaries	703,035	745,637
Social security costs	71,258	68,839
Contributions to defined contribution pension scheme	39,051	50,749
	<u>813,344</u>	<u>865,225</u>

<b>5</b>	<b>Directors' Emoluments</b>	<b>2003</b>	<b>2002</b>
		<b>£</b>	<b>£</b>
	Emoluments for qualifying services	156,231	181,154
	Company pension contributions to money purchase schemes	39,051	50,749
		<u>195,282</u>	<u>231,903</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 2 (2002 - 3).

**Bannerbridge Plc**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2003 (continued)**

<b>6</b>	<b>Interest Payable and Similar Charges</b>	<b>2003</b>	<b>2002</b>
		<b>£</b>	<b>£</b>
	On bank loans and overdrafts	12,250	11,740
	Hire purchase interest	3,221	5,751
	On overdue tax	95	-
	Other interest	8,748	-
		<u>24,314</u>	<u>17,491</u>
<b>7</b>	<b>Taxation</b>	<b>2003</b>	<b>2002</b>
		<b>£</b>	<b>£</b>
	<b>Domestic current year tax</b>		
	U.K. corporation tax	81,165	44,743
	Adjustment for prior years	11,987	-
	<b>Current tax charge</b>	<u>93,152</u>	<u>44,743</u>
	<b>Deferred tax</b>		
	Deferred tax charge credit current year	2,985	(4)
		<u>96,137</u>	<u>44,739</u>
	<b>Factors affecting the tax charge for the year</b>		
	Profit on ordinary activities before taxation	<u>376,665</u>	<u>233,052</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 21.71 % (2002 : 19.25 %)	<u>81,774</u>	<u>44,863</u>
	Effects of:		
	Non deductible expenses	87	255
	Depreciation	7,429	6,515
	Capital allowances	(426)	(6,890)
	Tax losses utilised	(7,702)	-
	Adjustments to previous periods	11,990	-
		<u>11,378</u>	<u>(120)</u>
	<b>Current tax charge</b>	<u>93,152</u>	<u>44,743</u>
<b>8</b>	<b>Dividends</b>	<b>2003</b>	<b>2002</b>
		<b>£</b>	<b>£</b>
	Ordinary interim paid	12,500	100,000
	Ordinary final proposed	233,000	57,500
		<u>245,500</u>	<u>157,500</u>

**Bannerbridge Plc**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2003 (continued)**

**9 Tangible Assets**

	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
<b>Cost</b>				
At 1 January 2003	154,774	231,914	18,435	405,123
Additions	15,428	140,686	-	156,114
At 31 December 2003	170,202	372,600	18,435	561,237
<b>Depreciation</b>				
At 1 January 2003	130,666	116,822	10,809	258,297
Charge for the year	13,449	19,316	1,430	34,195
At 31 December 2003	144,115	136,138	12,239	292,492
<b>Net book value</b>				
At 31 December 2003	26,087	236,462	6,196	268,745
At 31 December 2002	24,108	115,092	7,626	146,826

Included above are assets held under finance leases or hire purchase contracts as follows:

	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£
<b>Net book values</b>			
At 31 December 2003	135,017	-	135,017
At 31 December 2002	-	7,020	7,020
<b>Depreciation charge for the year</b>			
31 December 2003	1,975	-	1,975
31 December 2002	-	2,542	2,542

**10 Stocks**

	2003	2002
	£	£
Finished goods and goods for resale	959,645	1,133,122

**Bannerbridge Plc**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2003 (continued)**

<b>11 Debtors</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Trade debtors	801,623	916,597
Amounts owed by related undertakings	272,949	272,949
Other debtors	39	3,715
	<u>1,074,611</u>	<u>1,193,261</u>

Amounts falling due after more than one year and included in the debtors above are:

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Amounts owed by group undertakings	<u>272,949</u>	<u>272,949</u>

<b>12 Creditors: Amounts Falling Due Within One Year</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Net obligations under finance leases and hire purchase contracts	42,019	11,011
Trade creditors	640,680	795,789
Corporation tax	92,244	44,754
Other taxes and social security costs	66,500	83,686
Directors' current accounts	41,774	32,334
Other creditors	169,047	300,969
Accruals and deferred income	13,094	7,000
Proposed dividend	231,300	57,500
	<u>1,296,658</u>	<u>1,333,043</u>

The hire purchase contracts are secured on the assets to which they relate.

All sterling trade debtors are assigned to Lloyds TSB Commercial Finance Ltd. Other creditors represent amounts owed to them. Bannerbridge Plc have full recourse for bad debts. The debts and the bank overdraft facility are secured by a fixed and floating charge over all the assets of the company.

<b>13 Creditors: Amounts Falling Due After More Than One Year</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Other loans	125,000	125,000
Net obligations under finance leases and hire purchase contracts	76,445	-
	<u>201,445</u>	<u>125,000</u>
<b>Analysis of loans</b>		
Wholly repayable within five years	<u>125,000</u>	<u>125,000</u>
	<u>125,000</u>	<u>125,000</u>

**Bannerbridge Plc**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2003 (continued)**

**14 Provisions for Liabilities and Charges**

	Deferred taxation £
Balance at 1 January 2003	8,998
Profit and loss account	2,985
	<hr/>
Balance at 31 December 2003	11,983
	<hr/>

Deferred taxation provided in the financial statements is as follows:

	2003 £	2002 £
Accelerated capital allowances	11,983	8,998
	<hr/>	<hr/>

**15 Share Capital**

	2003 £	2002 £
<b>Authorised</b>		
100,000 Ordinary shares of £ 1 each	100,000	100,000
	<hr/>	<hr/>
<b>Allotted, called up and fully paid</b>		
100,000 Ordinary shares of £ 1 each	100,000	100,000
	<hr/>	<hr/>

**16 Shareholders' funds**

2003	Share capital £	Profit and loss account £	Total £
Balance at 1 January 2003	100,000	949,174	1,049,174
Retained profit for the year	-	35,028	35,028
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2003	100,000	984,202	1,084,202
	<hr/>	<hr/>	<hr/>
<b>2002</b>	<b>Share capital</b> £	<b>Profit and loss account £</b>	<b>Total £</b>
Balance at 1 January 2002	100,000	918,361	1,018,361
Retained profit for the year	-	30,813	30,813
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2002	100,000	949,174	1,049,174
	<hr/>	<hr/>	<hr/>

**Bannerbridge Plc**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2003 (continued)**

**17 Future Financial Commitments**

**a) Operating leases**

At 31 December 2003 the company had annual commitments under non-cancellable operating leases as follows:

	<b>Land and buildings</b>	
	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Operating lease which expire: in the second to fifth year	79,660	79,660

**b) Finance leases**

At 31 December 2003 the company had obligations under finance leases and hire purchase contracts which are set out below:

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Finance lease and hire purchase contracts are analysed as follows:		
due within one year (Note 12)	42,019	11,011
due after more than one year (Note 13)	76,445	-
	<b>118,464</b>	<b>11,011</b>

**c) Pension commitments**

**Defined contribution**

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Contributions payable by the company for the year	39,051	50,749

**18 Related Party Transactions**

Rent of £42,000 (2002: £42,000), advertising charges of £4,472 and management charges of £68,374 (2002: £26,396) were paid to WHS Associates during the year, a business in which the directors, David Holyfield and Philip Wheeler, are partners. Transactions took place at arms length.

Sky Blue Telecom Ltd, a company in which each of the shareholder directors hold a 25% interest, invoiced Bannerbridge Plc during the year for telephone charges to the value of £17,665 (2002: £12,746) and received purchase invoices for the value of £42,448 (2002: £42,039) from Bannerbridge Plc. At the balance sheet date a net balance of £270,561 (2002: £270,921) was due from Sky Blue Telecom Ltd. Bannerbridge Plc received £5,787 interest from Sky Blue Telecom Ltd in respect of this loan.

The long-term loan of £125,000 is from the pension scheme. It is due for repayment on 15 April 2005. Rent of £37,660 was paid to the pension scheme during the year.

£89,584 commission was paid to Charmideal Limited in the year, a company whose sole director is the wife of the Bannerbridge Plc director David Holyfield.



**Bannerbridge Plc**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2003 (continued)**

**19 Controlling Party**

The directors conclude that the company has no overall controlling party.