

# **BANNERBRIDGE PLC**

**Company No. 01554709**

## **FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31ST DECEMBER 2001**



# **Bannerbridge PLC**

## **Company Information**

### **Directors**

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

### **Secretary**

Mr D.P. Holyfield

### **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 31st December 2001.

### Principal activity and business review

The principal activity of the company throughout the year was that of 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 dividend

The results of the company for the year are set out on page 3.

The directors do not recommend the payment of a dividend and the retained profit will be added to reserves.

### Directors and their interests

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

	Ordinary shares of £1 each	
	31st December 2001	1st January 2001
Mr D.P. Holyfield	40,000	40,000
Mr M.P. Summers	20,000	20,000
Mr P.A. Wheeler	40,000	40,000

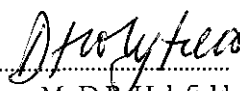
### Payments to Creditors

It is company policy to ensure that suppliers are made aware of the terms of payments; and to abide by the terms of payment. The number of days' purchases outstanding was 54.

### Auditors

Kingston Smith have indicated their willingness to continue in office and in accordance with the provisions of the Companies Act 1985 it is proposed that they be re-appointed auditors to the company for the ensuing year.

On behalf of the Board

  
.....  
Mr D.P. Holyfield  
Director

Orbital House  
20 Eastern Road  
Romford  
Essex  
RM1 3DP

Date: 23/7/02

# **Bannerbridge PLC**

## **Directors' Responsibilities and Report of the Auditors**

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; and 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 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 for the year ended 31st December 2001 on pages 3 to 12 which have been prepared under the historical cost convention, and the accounting policies set out on page 7.

#### **Respective responsibilities of 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 the 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 31st December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Kingston Smith**  
**Chartered Accountants**  
**and Registered Auditors**

**Orbital House**  
**20 Eastern Road**  
**Romford**  
**Essex**  
**RM1 3DP**

Date: ..... 23/7/02 .....

**Bannerbridge PLC**  
**Profit and Loss Account**  
**For the year ended 31st December 2001**

	Note	2001 £	2000 £
<b>Turnover- continuing activities</b>	2	7,510,577	7,925,977
Cost of sales		(5,994,746)	(6,248,735)
<b>Gross profit</b>		1,515,831	1,677,242
Distribution costs		(813,301)	(792,439)
Administrative expenses		(571,247)	(629,197)
Other operating income		13,005	9,092
<b>Operating profit- continuing activities</b>	3	144,288	264,698
Interest receivable and similar income	4	1,739	3,217
Interest payable and similar charges	5	(33,860)	(30,036)
<b>Profit on ordinary activities before taxation</b>		112,167	237,879
Taxation	7	(22,001)	(637)
<b>Retained profit transferred to reserves</b>	17	90,166	237,242

There are no recognised gains or losses in the year other than the profit for the year.

# Bannerbridge PLC

## Balance Sheet at 31st December 2001

	Note	2001 £	2000 £
<b>Fixed Assets</b>			
Tangible assets	8	177,634	183,481
Investments	9	-	75
		<u>177,634</u>	<u>183,556</u>
<b>Current Assets</b>			
Stock	10	1,398,437	1,510,829
Debtors	11	1,247,684	1,247,055
Cash at bank and in hand		50,537	24,224
		<u>2,696,658</u>	<u>2,782,108</u>
<b>Creditors: Amounts falling due within one year</b>	13	<u>(1,835,492)</u>	<u>(1,970,472)</u>
<b>Net Current Assets</b>		<u>861,166</u>	<u>811,636</u>
<b>Total Assets Less Current Liabilities</b>		<u>1,038,800</u>	<u>995,192</u>
<b>Creditors: Amounts falling due after more than one year</b>	14	(11,437)	(58,249)
<b>Provision for Liabilities and Charges</b>			
Deferred taxation	15	(9,002)	(8,748)
<b>Net Assets</b>		<u>1,018,361</u>	<u>928,195</u>
<b>Capital and Reserves</b>			
Called up share capital - equity interests	17	100,000	100,000
Profit and loss account	17	918,361	828,195
<b>Shareholders' Funds</b>		<u>1,018,361</u>	<u>928,195</u>

Approved by the board on 23/7/02

Mr D.P. Holyfield D Holyfield Director

# Bannerbridge PLC

## Cash Flow Statement for the Year Ended 31st December 2001

	Note	2001 £	2001 £	2000 £	2000 £
Net Cash Inflow from Operating Activities	1		139,078		(30,589)
Returns on Investment and Servicing of Finance					
Interest received		1,739		3,217	
Interest paid		(14,147)		(7,655)	
Interest element of finance lease repayments		<u>(19,713)</u>		<u>(22,381)</u>	
Net Cash Outflow from Returns on Investments and Servicing of Finance			(32,121)		(26,819)
Taxation					
Corporation tax paid		<u>-</u>		<u>(40,934)</u>	
			-		(40,934)
Capital Expenditure and Financial Investment					
Payments made to acquire tangible assets		(40,050)		(126,296)	
Proceeds from sale of assets		<u>75</u>		<u>1,900</u>	
Net Cash Outflow from Capital Expenditure and Financial Investment			<u>(39,975)</u>		<u>(124,396)</u>
Net Cash Inflow / (Outflow) before Financing			66,982		(222,738)
Financing					
(Decrease)/Increase in other loans payable in more than one year		(41,931)		52,942	
Increase/(decrease) in other loans payable within one year		5,726		(85,455)	
Repayment of capital element of finance leases		<u>(4,464)</u>		<u>9,772</u>	
			(40,669)		(22,741)
Increase / (Decrease) in cash	2		<u>26,313</u>		<u>(245,479)</u>

# Bannerbridge PLC

## Notes to the Cash Flow Statement for the year ended 31st December 2001

### 1 Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities

	2001	2000
	£	£
Operating profit	144,288	264,698
Depreciation charge	45,897	46,946
Decrease/(Increase) in stock	112,392	(251,979)
(Increase)/Decrease in debtors	(629)	(86,238)
(Decrease)/Increase in creditors	(162,870)	(5,007)
Loss on sale of fixed asset	-	991
Net Cash Inflow from continuing Operating Activities	<u>139,078</u>	<u>(30,589)</u>

### 2 Reconciliation of Net Cash Flow to movement in Net Debt

Increase in cash in the period	26,313	
Cash outflow from repayment of debt and lease financing	<u>40,669</u>	
Movement in net debt in the year		66,982
Net debt at 1st Jan 2001		(74,696)
Net debt at 31st December 2001		<u>(7,714)</u>

### 3 Analysis of changes in Net Debt

	At 1st Jan 2001 £	Cash Flow £	At 31st December 2001 £
Cash at bank and in hand	24,224	<u>26,313</u> 26,313	50,537
Loans due within 1 year	(36,206)	(5,726)	(41,932)
Loans due after 1 year	(52,942)	41,931	(11,011)
Finance leases	<u>(9,772)</u>	<u>4,464</u>	<u>(5,308)</u>
	(98,920)	40,669	(58,251)
Total	<u>(74,696)</u>	<u>66,982</u>	<u>(7,714)</u>

# **Bannerbridge PLC**

## **Notes to the Financial Statements**

### **For the year ended 31st December 2001**

#### **1 Principal Accounting Policies**

##### **Accounting basis and standards**

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

##### **Turnover**

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

##### **Depreciation**

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

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

##### **Investments**

Investments are included at cost. Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities.

##### **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.

##### **Deferred taxation**

Deferred tax is accounted for under the liability method in respect of the taxation effects of all timing differences which are expected to reverse in the future, calculated at the rate at which it is estimated that tax will be payable.

##### **Pension scheme arrangements**

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

##### **Leased Assets**

Assets held under finance leases and hire purchase contracts are capitalised in the Balance Sheet and depreciated over their expected useful lives. The interest element of the rental obligations is charged to the Profit and Loss Account over the period of the lease (and represents a constant proportion of the balance of capital repayments outstanding).

#### **2 Turnover**

Turnover is attributable to the one principal activity of the company which arose wholly in the United Kingdom.

**Bannerbridge PLC**  
**Notes to the Financial Statements**  
**For the year ended 31st December 2001**

<b>3</b>	<b>Operating Profit</b>	<b>2001</b>	<b>2000</b>
		<b>£</b>	<b>£</b>
	The operating profit is stated after charging:		
	Auditors' remuneration	11,500	7,675
	Depreciation - owned tangible fixed assets	42,709	42,696
	Depreciation - assets held under finance leases	3,188	4,250
	Other operating lease rentals	40,281	80,735
	Loss on sale of fixed assets	-	991
	Exchange Gains	13,005	9,092

<b>4</b>	<b>Interest Receivable and Similar Income</b>	<b>2001</b>	<b>2000</b>
		<b>£</b>	<b>£</b>
	Bank interest received	1,739	3,217

<b>5</b>	<b>Interest Payable and Similar Charges</b>	<b>2001</b>	<b>2000</b>
		<b>£</b>	<b>£</b>
	Bank overdraft and loan interest	14,147	7,655
	Finance leases and hire purchase contracts	19,713	22,381
		33,860	30,036

<b>6</b>	<b>Directors and Employees</b>	<b>2001</b>	<b>2000</b>
		<b>£</b>	<b>£</b>
	Staff costs during the year were as follows:		
	Wages and salaries	698,285	656,622
	Social security costs	65,624	61,795
	Pension costs - money purchase scheme	36,100	42,725
		800,009	761,142

The average monthly number of persons employed by the company, including directors, during the year was as follows:

	<b>Number</b>	<b>Number</b>
Administration	7	8
Installation engineers	9	9
Selling and distribution	17	17
	33	34

**Directors' Emoluments:**

Emoluments	169,166	139,319
Company contributions to money purchase pension schemes	36,100	42,725
	205,266	182,044

Retirement benefits accruing to 3 directors.

**Bannerbridge PLC**  
**Notes to the Financial Statements**  
**For the year ended 31st December 2001**

7	Taxation	2001 £	2000 £
	(a) Analysis of charge for the year		
	<b>Current tax:</b>		
	<i>UK Corporation tax</i>		
	Current tax on income for the year	21,747	-
	Adjustments in respect of prior years	-	73
	<b>Deferred tax:</b>		
	Origination and reversal of timing differences	254	564
	Tax on profit on ordinary activities	<u>22,001</u>	<u>637</u>

8	Tangible Assets	Plant and Machinery £	Motor Vehicles £	Fixtures and Fittings £	Total £
	<b>Cost</b>				
	At 1st January 2001	124,946	18,435	218,661	362,042
	Additions	27,457	-	12,593	40,050
	At 31st December 2001	<u>152,403</u>	<u>18,435</u>	<u>231,254</u>	<u>402,092</u>
	<b>Depreciation</b>				
	At 1st January 2001	99,353	5,079	74,129	178,561
	Charge for the year	16,816	3,188	25,893	45,897
	At 31st December 2001	<u>116,169</u>	<u>8,267</u>	<u>100,022</u>	<u>224,458</u>
	<b>Net Book Value</b>				
	At 31st December 2001	<u>36,234</u>	<u>10,168</u>	<u>131,232</u>	<u>177,634</u>
	At 31st December 2000	<u>25,593</u>	<u>13,356</u>	<u>144,532</u>	<u>183,481</u>

The net book value of fixed assets of £10,168 (2000 - £13,356) includes an amount of £9,562 (2000 - £12,750) in respect of assets held under finance leases and hire purchase contracts.

9	Investments	Shares in Group Undertakings £	Total £
	<b>Cost</b>		
	At 1st January 2001	75	75
	Disposals	(75)	(75)
	<b>Net Book Value</b>		
	At 31st December 2001	<u>-</u>	<u>-</u>
	At 31st December 2000	<u>75</u>	<u>75</u>

**Bannerbridge PLC**  
**Notes to the Financial Statements**  
**For the year ended 31st December 2001**

<b>10</b>	<b>Stocks</b>	<b>2001</b>	<b>2000</b>
		<b>£</b>	<b>£</b>
	Goods for resale	1,398,437	1,510,829
<b>11</b>	<b>Debtors</b>	<b>2001</b>	<b>2000</b>
		<b>£</b>	<b>£</b>
	Trade debtors	974,735	1,001,803
	Amounts owed by related undertakings	272,949	245,252
		1,247,684	1,247,055
<b>12</b>	<b>Debtors: Amounts Falling Due Outside of One Year</b>	<b>2001</b>	<b>2000</b>
		<b>£</b>	<b>£</b>
	Amounts owed by related undertakings	272,949	245,252
<b>13</b>	<b>Creditors: Amounts Falling Due Within One Year</b>	<b>2001</b>	<b>2000</b>
		<b>£</b>	<b>£</b>
	Bank loans and overdrafts	41,932	36,206
	Trade creditors	1,037,879	1,124,598
	Amounts owed to related undertakings	-	26
	Corporation tax	21,747	-
	Social security and other taxes	106,405	104,593
	Other creditors	617,647	696,881
	Obligations under hire purchase and finance lease contracts	4,882	4,465
	Accruals and deferred income	5,000	3,703
		1,835,492	1,970,472
	Included in other amounts is £70,411 (2000:£83,625) in respect of directors loan.		
<b>14</b>	<b>Creditors: Amounts Falling Due After More Than One Year</b>	<b>2001</b>	<b>2000</b>
		<b>£</b>	<b>£</b>
	Other creditors	11,011	52,942
	Obligations under finance leases and hire purchase contracts	426	5,307
		11,437	58,249

**Bannerbridge PLC**  
**Notes to the Financial Statements**  
**For the year ended 31st December 2001**

**15 Deferred tax**

	2001 Amount provided £	2001 Potential liability £	2000 Amount provided £	2000 Potential liability £
Accelerated capital allowances	9,002	9,002	8,748	8,748
			2001 £	2000 £
Provision at start of year			8,748	8,184
Deferred tax charge in profit and loss account for year (Note: 7)			254	564
Provision at end of year			9,002	8,748

**16 Share Capital**

The share capital comprises:

Authorised:

100,000 ordinary shares of £1 each

Called up, allotted and fully paid:

100,000 ordinary shares of £1 each

	2001 £	2000 £
	100,000	100,000
	100,000	100,000

**17 Shareholders' Funds**

**2001**

	Profit and Loss Account £	Share Capital £	Total £
At 1st January 2001	828,195	100,000	928,195
Profit for the year	90,166	-	90,166
At 31st December 2001	918,361	100,000	1,018,361

The movements in shareholders' funds in the previous year are set out below:

**2000**

	Profit and Loss Account £	Share Capital £	Total £
At 1st January 2000	590,953	100,000	690,953
Profit for the year	237,242	-	237,242
At 31st December 2000	828,195	100,000	928,195

**Bannerbridge PLC**  
**Notes to the Financial Statements**  
**For the year ended 31st December 2001**

**18 Pensions - Money Purchase Scheme**

The company operates a money purchase pension scheme for the benefit of the directors. The assets of the scheme are administered by trustees in a fund independent from those of the company.

**19 Controlling Party**

There is no one controlling party.

**20 Parent Undertakings and Related Parties**

Rent of £42,500 (2000: £31,000) and management charges of £48,134 (2000: £39,320) were paid to WHS Associates in the year, a business in which the three directors are partners. Transactions are at arm's length.

Sky Blue Telecom Limited, a company in which each of the directors hold a 25% interest, invoiced Bannerbridge Plc during the year for telephone charges to the value of £16,800 and received purchase invoices for the value of £27,000 from Bannerbridge Plc. At the year end date £272,949 was due from Sky Blue Telecom Limited.