

**BANNERBRIDGE PLC**  
**DIRECTORS' REPORT AND ACCOUNTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2000**



# **BANNERBRIDGE PLC**

## **COMPANY INFORMATION**

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**Directors**

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

**Secretary**

D.P. Holyfield

**Company number**

01554709

**Registered office**

Orbital House  
20 Eastern Road  
Romford  
Essex  
RM1 3DP

**Auditors**

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

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# BANNERBRIDGE PLC

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# BANNERBRIDGE PLC

## DIRECTORS' REPORT FOR THE YEAR ENDED 31ST DECEMBER 2000

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The directors present their report and the audited accounts for the company for the year ended 31st December 2000.

### Principal activities and review of business

The company's principal activity during the year was that of the provision of computer services.

### Results and dividends

The results for the year are set out in the profit and loss account on page 5.

The directors consider the state of the company's affairs to be satisfactory.

The directors do not recommend a dividend and the retained profit of £237,242 will be added to reserves.

### Fixed assets

Details of movements in fixed assets are set out in the notes to the accounts.

### Directors and their interests

The directors who held office during the year and their beneficial interests in the company's issued share capital are given below:

Name of director	Share type	31st December 2000	1st January 2000
D.P. Holyfield	Ordinary shares of £1 each	40,000	40,000
M.P. Summers	Ordinary shares of £1 each	20,000	20,000
P.A. Wheeler	Ordinary shares of £1 each	40,000	40,000

### Events since the end of the year

Subsequent to the balance sheet date the company has disposed of its interest in its subsidiary company, Sky Blue Telecom Limited.

### Policy for payment of 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 56.

# **BANNERBRIDGE PLC**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31ST DECEMBER 2000**

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### **Statement of directors' responsibilities**

Company law requires the directors to prepare accounts 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 for that year. In preparing those accounts the directors are required to:

Select suitable accounting policies and then apply them consistently;

Make judgements and estimates that are reasonable and prudent;

State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;

Prepare the accounts on the 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 enable them to ensure that the accounts 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.

By order of the Board



**D.P. Holyfield, Director**  
**22nd May 2001**

# AUDITORS' REPORT TO THE SHAREHOLDERS OF BANNERBRIDGE PLC

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

## **Respective responsibilities of directors and auditors**

As described on page 2 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and report our opinion to you.

## **Basis of opinion**

We conducted our audit in accordance with 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts 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 the information in the accounts.

## **Opinion**

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31st December 2000 and of its profit and cash flows 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: 27<sup>th</sup> June 2001

**AUDITORS' REPORT TO THE DIRECTORS OF  
BANNERBRIDGE PLC PURSUANT TO SECTION 248(3)  
OF THE COMPANIES ACT 1985**

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We have examined the accounts of the company and each of its subsidiaries for the year ended 31st December 2000.

**Basis of opinion**

The scope of our work for the purpose of this report was limited to confirming that the company is entitled to the exemption from preparing group accounts.

**Opinion**

In our opinion the company is entitled to the exemption from preparing group accounts on the grounds that the subsidiary company having been held for resale, has now been disposed of, and has never been consolidated.



**Kingston Smith**  
**Chartered Accountants and Registered Auditors**  
Orbital House  
20 Eastern Road  
Romford  
Essex  
RM1 3DP  
Date: 27<sup>th</sup> June 2001

# BANNERBRIDGE PLC

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2000

	Notes	2000 £	1999 £
<b>Turnover</b>	2	7,925,977	8,275,831
Cost of sales		(6,248,735)	(6,617,641)
<b>Gross profit</b>		<b>1,677,242</b>	<b>1,658,190</b>
Distribution costs		(792,439)	(763,157)
Administrative expenses		(629,197)	(710,559)
		<b>255,606</b>	<b>184,474</b>
Exchange gains		<b>9,092</b>	<b>37,426</b>
<b>Operating profit</b>	3	<b>264,698</b>	<b>221,900</b>
Interest receivable	4	3,217	2,132
Interest payable and similar charges	5	(30,036)	(17,357)
<b>Profit on ordinary activities before taxation</b>		<b>237,879</b>	<b>206,675</b>
Tax on profit on ordinary activities	7	(637)	(41,270)
<b>Profit for the financial year</b>		<b>237,242</b>	<b>165,405</b>
Dividends	8	-	(75,000)
<b>Retained profit for the year</b>		<b>237,242</b>	<b>90,405</b>
<b>Retained profit brought forward</b>		<b>590,953</b>	<b>500,548</b>
<b>Retained profit carried forward</b>		<b>828,195</b>	<b>590,953</b>

All amounts relate to continuing activities.

There were no recognised gains or losses for 2000 or 1999 other than those included in the profit and loss account.



# BANNERBRIDGE PLC

## BALANCE SHEET AS AT 31ST DECEMBER 2000

	Notes	£	2000 £	£	1999 £
<b>Fixed assets</b>					
Tangible assets	9		183,481		107,022
Investments	10		75		75
			<u>183,556</u>		<u>107,097</u>
<b>Current assets</b>					
Stocks	12	1,510,829		1,258,850	
Debtors	13	1,247,055		1,160,817	
Cash at bank and in hand		24,224		269,703	
		<u>2,782,108</u>		<u>2,689,370</u>	
<b>Creditors: amounts falling due within one year</b>	14	(1,970,472)		(2,097,330)	
<b>Net current assets</b>			<u>811,636</u>		<u>592,040</u>
<b>Total assets less current liabilities</b>			<u>995,192</u>		<u>699,137</u>
<b>Creditors: amounts falling due after more than one year</b>	15		(58,249)		-
<b>Provisions for liabilities and charges</b>					
Deferred taxation	18		(8,748)		(8,184)
			<u>928,195</u>		<u>690,953</u>
<b>Capital and reserves</b>					
Share capital	19		100,000		100,000
Profit and loss account			828,195		590,953
<b>Shareholders' funds</b>	20		<u>928,195</u>		<u>690,953</u>

These accounts were approved by the board on 22nd May 2001 and signed on its behalf by:



D.P. Holyfield  
Director

# BANNERBRIDGE PLC

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2000

	Notes	2000 £	1999 £
<b>Reconciliation of operating profit to net cash flow from operating activities</b>			
Operating profit		264,698	221,900
Depreciation		46,946	21,430
Loss on sale of fixed assets		991	-
Increase in stocks		(251,979)	(192,249)
(Increase)/decrease in debtors		(86,238)	34,661
(Decrease)/increase in creditors		(5,007)	289,092
<b>Net cash (outflow)/inflow from operating activities</b>		<b>(30,589)</b>	<b>374,834</b>

## CASH FLOW STATEMENT

<b>Net cash (outflow)/inflow from operating activities</b>		<b>(30,589)</b>	<b>374,834</b>
<b>Returns on investments and servicing of finance</b>	24	<b>(26,819)</b>	<b>(15,225)</b>
<b>Taxation</b>		<b>(40,934)</b>	<b>(26,776)</b>
<b>Capital expenditure and financial investment</b>	24	<b>(124,396)</b>	<b>(29,341)</b>
<b>Equity dividends paid</b>		<b>-</b>	<b>(75,000)</b>
<b>Cash (outflow)/inflow before use of liquid resources and financing</b>		<b>(222,738)</b>	<b>228,492</b>
<b>Financing</b>	24	<b>(22,741)</b>	<b>98,943</b>
<b>(Decrease)/increase in cash</b>		<b>(245,479)</b>	<b>327,435</b>
<b>Reconciliation of net cash flow to movement in net debt</b>			
<b>(Decrease)/increase in cash in the year</b>		<b>(245,479)</b>	<b>327,435</b>
Decrease /(increase) in loans	25	22,741	(98,943)
<b>Increase in net debt</b>	25	<b>(222,738)</b>	<b>228,492</b>
<b>Net debt at 1st January 2000</b>		<b>64,391</b>	<b>(164,101)</b>
<b>Net debt/funds at 31st December 2000</b>	25	<b>(158,347)</b>	<b>64,391</b>

# BANNERBRIDGE PLC

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2000

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### 1 Accounting policies

#### Basis of accounting

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

#### Consolidation

The accounts contain information about Bannerbridge Plc as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt from the requirement to prepare consolidated financial statements as its subsidiary company, having been held for resale has now been disposed of, and has never been consolidated.

#### Turnover

Turnover comprises the value of sales excluding value added tax and trade discounts.

#### Tangible fixed assets and depreciation

Depreciation has been provided at the following rates in order to write down the cost or valuation, less estimated residual value, of all tangible fixed assets, with the exception of freehold land, by reducing balance method over their expected useful lives:

Plant and machinery	25% Reducing balance
Motor vehicles	25% Reducing balance
Furniture and equipment	15% Reducing balance

#### Investments

Investments are included at cost less amounts written off. 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.

#### Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to crystallise.

#### 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.

# BANNERBRIDGE PLC

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2000

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### Contribution to pension funds

The company operates a defined contribution pension scheme. The amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

### Hire purchase and leased assets

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet at their fair value and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

## 2 Turnover

The turnover and operating profit for the year were derived from the company's principal activity.

## 3 Operating profit

*The operating profit is stated after charging or crediting:*

	2000	1999
	£	£
Depreciation of tangible fixed assets:		
-owned assets	42,696	21,430
-assets held under finance leases and hire purchase	4,250	-
Loss on disposal of fixed assets	991	-
Operating leases:		
-motor vehicles	12,050	17,720
-plant and equipment	68,685	66,917
Auditors' remuneration	7,675	6,500

## 4 Interest receivable

	2000	1999
	£	£
Bank interest receivable	3,217	2,132

## 5 Interest payable and similar charges

	2000	1999
	£	£
Interest payable on bank loans and overdrafts	7,655	16,461
Finance leases and hire purchase contracts	22,381	713
Interest payable on other loans	-	183
	30,036	17,357

# BANNERBRIDGE PLC

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2000

### 6 Directors and employees

Staff costs, including directors' remuneration, were as follows:

	2000	1999
	£	£
Wages and salaries	656,622	664,825
Social security costs	61,795	60,947
Other pension costs	42,725	43,530
	<u>761,142</u>	<u>769,302</u>

The average weekly number of employees, including directors, during the year was as follows:

	2000	1999
	Number	Number
Selling and distribution	17	21
Administration	8	8
Installation engineers	9	9
	<u>34</u>	<u>38</u>

Directors' emoluments

	2000	1999
	£	£
Aggregate emoluments	139,319	114,460
Directors' pension contributions under defined contribution schemes	42,725	43,111
	<u>182,044</u>	<u>157,571</u>

Retirement benefits were accruing to directors as follows:

	2000	1999
	Number	Number
Defined contribution pension scheme	3	3

### 7 Taxation

	2000	1999
	£	£
<b>Based on the profit for the year:</b>		
UK corporation tax at small companies rate	-	40,862
Deferred tax charge	564	408
	<u>564</u>	<u>41,270</u>
<b>Prior periods:</b>		
UK corporation tax	73	-
	<u>637</u>	<u>41,270</u>

# BANNERBRIDGE PLC

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2000

8	Dividends	2000 £	1999 £
	Equity dividends		
	Ordinary dividends - paid	-	75,000

9	Tangible fixed assets	Plant and machinery	Motor vehicles	Furniture and equipment	Total
	Cost	£	£	£	£
	At 1st January 2000	112,759	15,035	121,552	249,346
	Additions	12,187	17,000	97,109	126,296
	Disposals	-	(13,600)	-	(13,600)
	At 31st December 2000	124,946	18,435	218,661	362,042
	Depreciation				
	At 1st January 2000	66,123	11,336	64,865	142,324
	Charge for the year	33,230	4,452	9,264	46,946
	Disposals	-	(10,709)	-	(10,709)
	At 31st December 2000	99,353	5,079	74,129	178,561
	Net book value				
	At 31st December 2000	25,593	13,356	144,532	183,481
	At 31st December 1999	46,636	3,699	56,687	107,022

Assets held under finance leases and hire purchase originally cost £17,000 and have a net book value of £12,750. Depreciation charged for the year was £4,250.

10	Fixed asset investments	Shares in group undertakings	Total
	Cost	£	£
	At 1st January 2000	75	75
	At 31st December 2000	75	75
	Net book value		
	At 31st December 2000	75	75
	At 31st December 1999	75	75

# BANNERBRIDGE PLC

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2000

### 11 Shares in group undertakings

Name of company and registered office	Country incorporated	Proportion held by company
Sky Blue Telecom Limited Orbital House 20 Eastern Road Romford Essex RM1 3DP	England	75%

The capital and reserves and profit or loss for the subsidiary as at its financial year ending with, or last before, the financial year of the holding company were as follows :

	Profit/(loss) for the year £	Capital and reserves £
Sky Blue Telecom Limited	(277,823)	(277,723)
<b>12 Stocks</b>	<b>2000</b>	<b>1999</b>
	£	£
Goods for resale	<u>1,510,829</u>	<u>1,258,850</u>
<b>13 Debtors</b>	<b>2000</b>	<b>1999</b>
	£	£
Trade debtors	1,001,803	1,160,635
Amounts owed by subsidiary undertakings	245,252	-
Amounts owed by related undertaking	-	182
	<u>1,247,055</u>	<u>1,160,817</u>
Included in the above are amounts falling due after more than one year as follows:		
Amounts owed by subsidiary undertakings	<u>245,252</u>	<u>-</u>

# BANNERBRIDGE PLC

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2000

<b>14</b>	<b>Creditors: amounts falling due within one year</b>	<b>2000</b>	<b>1999</b>
		<b>£</b>	<b>£</b>
	Other loans (Note 16)	36,206	94,093
	Obligations under hire purchase and finance lease (Note 17)	4,465	-
	Trade creditors	1,124,598	1,297,858
	Amounts owed to related undertaking (Note 16)	26	-
	Corporation tax	-	40,861
	Other taxes and social security	104,593	35,793
	Other creditors	613,256	508,843
	Accruals and deferred income	3,703	8,663
	Directors' loans	83,625	111,219
		<u>1,970,472</u>	<u>2,097,330</u>
<b>15</b>	<b>Creditors: amounts falling due after more than one year</b>	<b>2000</b>	<b>1999</b>
		<b>£</b>	<b>£</b>
	Other loans (Note 16)	52,942	-
	Obligations under hire purchase and finance lease (Note 17)	5,307	-
		<u>58,249</u>	<u>-</u>
<b>16</b>	<b>Loans and borrowings</b>	<b>2000</b>	<b>1999</b>
		<b>£</b>	<b>£</b>
	<b>Analysis of loans</b>		
	Other loans	89,148	94,093
	Directors' loans	83,625	111,219
	Obligations under hire purchase and finance lease	9,772	-
	Amounts owed to joint venture	26	-
		<u>182,571</u>	<u>205,312</u>
	<b>Maturity of debt</b>		
	In one year or less, or on demand	119,857	205,312
	In more than two years, but not more than five years	52,942	-
		<u>172,799</u>	<u>205,312</u>
<b>17</b>	<b>Obligations under hire purchase and finance leases</b>	<b>2000</b>	<b>1999</b>
		<b>£</b>	<b>£</b>
	Obligations under hire purchase contracts and finance leases are analysed between amounts payable:		
	In the next year	4,465	-
	In the second to fifth years inclusive	5,307	-
		<u>9,772</u>	<u>-</u>



# BANNERBRIDGE PLC

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2000

### 18 Deferred taxation

The movements in deferred taxation during the current and previous years are as follows:

	2000	1999
	£	£
At 1st January 2000	8,184	7,775
Movement in the year	564	409
At 31st December 2000	8,748	8,184

Deferred taxation provided in the accounts is set out below.

	Amount provided	
	2000	1999
	£	£
Accelerated capital allowances	8,748	8,184

### 19 Share capital

	2000	1999
	£	£
Authorised Equity shares 100,000 Ordinary shares of £1.00 each	100,000	100,000
Allotted Equity shares 100,000 Allotted, called up and fully paid ordinary shares of £1.00 each	100,000	100,000

### 20 Reconciliation of movement in shareholders' funds

	2000	1999
	£	£
Profit for the financial year	237,242	165,405
Dividends	-	(75,000)
Increase in the shareholders' funds	237,242	90,405
Opening shareholders' funds	690,953	600,548
Closing shareholders' funds	928,195	690,953

### 21 Pension scheme

The company operates a defined contribution pension scheme for the benefit of the directors and employees. The assets of the scheme are administered by trustees in a fund independent from those of the company.

The total contributions paid in the year amounted to £42,725 (1999: £43,530).

# BANNERBRIDGE PLC

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2000

### 22 Operating lease commitments

At 31st December 2000 the company had annual commitments under non-cancellable operating leases as set out below:

	Other	
	2000	1999
	£	£
Operating leases which expire:		
Within one year	22,285	26,612
Between two and five years	14,097	99,628
	<u>36,382</u>	<u>126,240</u>

### 23 Related parties

Rent of £31,000 (1999: £50,080) and management charges of £39,320 (1999: £49,464) 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 invoiced Bannerbridge Plc during the year for telephone charges to the value of £18,054. At the year end date £245,252 was due from Sky Blue Telecom Limited.

Bannerbridge Estates Limited, a dormant company in which the directors own shares, transferred its reversionary interest in a property to Bannerbridge PLC during 1999.

### 24 Gross cash flows

	2000	1999
	£	£
<b>Returns on investments and servicing of finance</b>		
Interest received	3,217	2,132
Interest paid	(7,655)	(16,644)
Interest element of finance lease rentals payment	(22,381)	(713)
	<u>(26,819)</u>	<u>(15,225)</u>
<b>Capital expenditure and financial investment</b>		
Payments to acquire tangible fixed assets	(126,296)	(29,266)
Proceeds from the sale of tangible fixed assets	1,900	-
Purchase of investments	-	(75)
	<u>(124,396)</u>	<u>(29,341)</u>
<b>Financing</b>		
Decrease/Increase in other loans due within one year	(57,887)	74,093
Increase in amounts owed to undertakings in which the company has a participating interest due within one year	26	-
Decrease/Increase in directors' loans due within one year	(27,594)	24,944
Increase in other loans due in more than one year	52,942	-
Capital element of finance lease rentals payments	9,772	(94)
	<u>(22,741)</u>	<u>98,943</u>

# BANNERBRIDGE PLC

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2000

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### 25 Analysis of changes in net debt

	1999 £	Cash flows £	2000 £
Cash at bank and in hand	269,703	(245,479)	24,224
Debt due within one year	(205,312)	85,455	(119,857)
Debt due after one year	-	(52,942)	(52,942)
Finance leases	-	(9,772)	(9,772)
	(205,312)	22,741	(182,571)
	<u>64,391</u>	<u>(222,738)</u>	<u>(158,347)</u>