

BANNERBRIDGE PLC
DIRECTORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1999



Company No. 01554709 (England and Wales)

BANNERBRIDGE PLC

COMPANY INFORMATION

Directors

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

Secretary

D.P. Holyfield

Company number

01554709

Registered office

Squires House
81-87 High Street
Billericay
Essex
CM12 9AS

Auditors

Sinclair Croydon
Squires House
81 - 87 High Street
Billericay
Essex
CM12 9AS

BANNERBRIDGE PLC

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BANNERBRIDGE PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31ST DECEMBER 1999

The directors present their report and the audited accounts for the company for the year ended 31st December 1999.

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 4.

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

The directors recommend dividends amounting to £75,000 (1998: £60,000) and the retained profit of £90,405 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 1999	1st January 1999
D.P. Holyfield	Ordinary	40,000	40,000
M.P. Summers	Ordinary	20,000	20,000
P.A. Wheeler	Ordinary	40,000	40,000

Events since the end of the year

There were no post balance sheet events.

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 74.

Year 2000

Many computer systems which express dates using only the last two digits of the year may malfunction due to the date change to the Year 2000. This risk to the business relates not only to the company's computer systems, but also to some degree on those of the company's customers and suppliers.

The company reviewed its computer systems for the impact of the Year 2000 change, prepared an action plan to address the issue and carried out all necessary measures. All systems have continued to operate properly over the Year 2000 date change and through any roll-over procedures that occur at a later date. The issue is complex and no business can guarantee that there will be no Year 2000 problems. As all businesses are dependent on the compliance of their major customers, suppliers and other trading partners, any impact that has occurred on their systems will affect the company's business to a greater or lesser extent.

BANNERBRIDGE PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31ST DECEMBER 1999

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
10th July 2000

AUDITORS' REPORT TO THE SHAREHOLDERS OF BANNERBRIDGE PLC

We have audited the accounts on pages 4 to 14 which have been prepared under the historical cost convention and the accounting policies set out on page 7 to 8.

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.

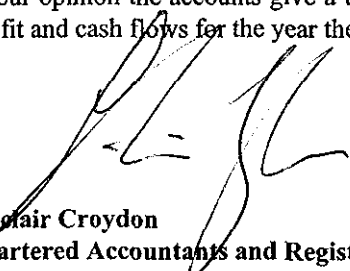
Basis of opinion

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 1999 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Singfair Croydon
Chartered Accountants and Registered Auditors
Squires House
81 - 87 High Street
Billericay
Essex
CM12 9AS

Date: 18 July 2000

BANNERBRIDGE PLC

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 1999

	Notes	1999 £	1998 £
Turnover	2	8,275,831	7,057,584
Cost of sales		(6,617,641)	(5,491,616)
Gross profit		1,658,190	1,565,968
Distribution costs		(763,157)	(799,982)
Administrative expenses		(710,559)	(633,270)
		184,474	132,716
Other operating income		37,426	8,790
Operating profit	3	221,900	141,506
Interest receivable	4	2,132	3,184
Interest payable and similar charges	5	(17,357)	(11,928)
Profit on ordinary activities before taxation		206,675	132,762
Tax on profit on ordinary activities	7	(41,270)	(27,439)
Profit for the financial year		165,405	105,323
Dividends	8	(75,000)	(60,000)
Retained profit for the year		90,405	45,323
Retained profit brought forward		500,548	455,225
Retained profit carried forward		590,953	500,548

All amounts relate to continuing activities.

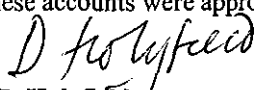
There were no recognised gains or losses for 1999 or 1998 other than those included in the profit and loss account.

BANNERBRIDGE PLC

BALANCE SHEET AS AT 31ST DECEMBER 1999

	Notes	£	1999 £	£	1998 £
Fixed assets					
Tangible assets	9		107,022		99,186
Investments	10		75		-
			<u>107,097</u>		<u>99,186</u>
Current assets					
Stocks	11	1,258,850		1,066,601	
Debtors	12	1,160,817		1,195,478	
Cash at bank and in hand		269,703		17,844	
		<u>2,689,370</u>		<u>2,279,923</u>	
Creditors: amounts falling due within one year	13	<u>(2,097,330)</u>		<u>(1,770,786)</u>	
Net current assets			<u>592,040</u>		<u>509,137</u>
Total assets less current liabilities			<u>699,137</u>		<u>608,323</u>
Provisions for liabilities and charges					
Deferred taxation	16		<u>(8,184)</u>		<u>(7,775)</u>
			<u>690,953</u>		<u>600,548</u>
Capital and reserves					
Share capital	17		100,000		100,000
Profit and loss account			<u>590,953</u>		<u>500,548</u>
Shareholders' funds	18		<u>690,953</u>		<u>600,548</u>

These accounts were approved by the board on 10th July 2000 and signed on its behalf by:


D.P. Holyfield
Director

BANNERBRIDGE PLC

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 1999

	Notes	1999 £	1998 £
Reconciliation of operating profit to net cash flow from operating activities			
Operating profit		221,900	141,506
Depreciation		21,430	22,243
Increase in stocks		(192,249)	(125,078)
Decrease/Increase in debtors		34,661	(156,555)
Increase in creditors		289,092	69,784
Net cash inflow/outflow from operating activities		374,834	(48,100)
CASH FLOW STATEMENT			
Net cash inflow/outflow from operating activities		374,834	(48,100)
Returns on investments and servicing of finance	22	(15,225)	(8,744)
Taxation		(26,776)	(46,313)
Capital expenditure and financial investment	22	(29,341)	(33,485)
Equity dividends paid		(75,000)	(60,000)
Cash inflow/outflow before use of liquid resources and financing		228,492	(196,642)
Financing	22	98,943	20,244
Increase/Decrease in cash		327,435	(176,398)
Reconciliation of net cash flow to movement in net debt			
Increase/Decrease in cash in the year		327,435	(176,398)
Increase in loans	23	(98,943)	(20,244)
Decrease in net debt	23	228,492	(196,642)
Net debt at 1st January 1999		(164,101)	32,443
Net funds/debt at 31st December 1999	23	64,391	(164,199)

BANNERBRIDGE PLC

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1999

1 Accounting policies

Basis of accounting

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

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.

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.

BANNERBRIDGE PLC

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1999

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:

	1999	1998
	£	£
Depreciation of tangible fixed assets:		
-owned assets	21,430	20,127
-assets held under finance leases and hire purchase	-	2,116
Operating leases:		
-motor vehicles	17,720	14,445
-plant and equipment	66,917	37,173
Auditors' remuneration	6,500	6,000

4 Interest receivable

	1999	1998
	£	£
Bank interest receivable	2,132	3,184

5 Interest payable and similar charges

	1999	1998
	£	£
Interest payable on bank loans and overdrafts	16,461	6,399
Finance leases and hire purchase contracts	713	5,494
Interest payable on other loans	183	35
	17,357	11,928

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NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1999

6 Directors and employees

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

	1999	1998
	£	£
Wages and salaries	725,772	712,595
Other pension costs	43,530	55,060
	<u>769,302</u>	<u>767,655</u>

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

	1999	1998
	Number	Number
Selling and distribution	21	24
Administration	8	8
Installation engineers	9	8
	<u>38</u>	<u>40</u>

Directors' emoluments

	1999	1998
	£	£
Aggregate emoluments	124,460	117,651
Directors' pension contributions under defined contribution schemes	43,111	54,570
	<u>167,571</u>	<u>172,221</u>

The number of directors that money purchase pension schemes accrued to during the period was 3.

7 Taxation

	1999	1998
	£	£
Based on the profit for the year:		
UK corporation tax at small companies rate	40,862	26,776
Deferred tax charge	408	2,326
	<u>41,270</u>	<u>29,102</u>
Prior periods		
UK corporation tax	-	(1,663)
	<u>41,270</u>	<u>27,439</u>

8 Dividends

	1999	1998
	£	£
Equity dividends		
Ordinary dividends - paid	<u>75,000</u>	<u>60,000</u>

BANNERBRIDGE PLC

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1999

9 Tangible fixed assets

	Plant and machinery	Motor vehicles	Furniture and equipment	Total
Cost	£	£	£	£
At 1st January 1999	88,782	15,035	116,263	220,080
Additions	23,977	-	5,289	29,266
At 31st December 1999	112,759	15,035	121,552	249,346
Depreciation				
At 1st January 1999	55,700	10,103	55,091	120,894
Charge for the year	10,423	1,233	9,774	21,430
At 31st December 1999	66,123	11,336	64,865	142,324
Net book value				
At 31st December 1999	46,636	3,699	56,687	107,022
<i>At 31st December 1998</i>	<i>33,082</i>	<i>4,932</i>	<i>61,172</i>	<i>99,186</i>

Assets held under finance leases and hire purchase originally cost £- (1998: £12,875) and have a net book value of £- (1998: £6,348). Depreciation charged for the year was £- (1998: £2,116).

10 Fixed asset investments

	Shares in group undertakings	Total
Cost	£	£
Additions	75	75
At 31st December 1999	75	75
Net book value		
At 31st December 1999	75	75
<i>At 31st December 1998</i>	<i>-</i>	<i>-</i>

The investment represents a 75% shareholding in Sky Blue Telecom Limited, a company incorporated in England, which did not trade in the period.

11 Stocks

	1999	1998
	£	£
Goods for resale	1,258,850	1,066,601

BANNERBRIDGE PLC

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1999

12	Debtors	1999	1998
		£	£
	Trade debtors	1,160,635	1,195,191
	Amounts owed by associated undertakings	182	287
		<u>1,160,817</u>	<u>1,195,478</u>

13	Creditors: amounts falling due within one year	1999	1998
		£	£
	Other loans (Note 14)	94,093	20,000
	Bank loans and overdrafts (Note 14)	-	75,576
	Obligations under hire purchase and finance lease (Note 15)	-	94
	Trade creditors	1,297,858	889,632
	Corporation tax	40,861	26,776
	Other taxes and social security	35,793	57,798
	Other creditors	508,843	598,458
	Accruals and deferred income	8,663	16,177
	Directors' loans	111,219	86,275
		<u>2,097,330</u>	<u>1,770,786</u>

Other creditors comprise the proceeds from factored debts.

14	Loans and borrowings	1999	1998
		£	£
	Analysis of loans		
	Other loans	94,093	20,000
	Bank loans and overdraft	-	75,576
	Directors' loans	111,219	86,275
	Obligations under hire purchase and finance lease	-	94
		<u>205,312</u>	<u>181,945</u>

Maturity of debt

In one year or less, or on demand	<u>205,312</u>	<u>181,851</u>
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15	Obligations under hire purchase and finance leases	1999	1998
		£	£
	Obligations under hire purchase contracts and finance leases are analysed between amounts payable:		
	In the next year	-	94

BANNERBRIDGE PLC

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1999

16 Deferred taxation

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

	1999	1998
	£	£
At 1st January 1999	7,775	5,449
Movement in the year	409	2,326
At 31st December 1999	8,184	7,775

Deferred taxation provided in the accounts is set out below.

	Amount provided	
	1999	1998
	£	£
Accelerated capital allowances	8,184	7,775

17 Share capital

Authorised

Equity shares

100,000 Ordinary shares of £1.00 each

	1999	1998
	£	£
	100,000	100,000

Allotted

Equity shares

100,000 Allotted, called up and fully paid ordinary shares of £1.00 each

	1999	1998
	100,000	100,000

18 Reconciliation of movement in shareholders' funds

	1999	1998
	£	£
Profit for the financial year	165,405	105,323
Dividends	(75,000)	(60,000)
Increase in the shareholders' funds	90,405	45,323
Opening shareholders' funds	600,548	555,225
Closing shareholders' funds	690,953	600,548

19 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 £43,530 (1998: £55,060).

BANNERBRIDGE PLC

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1999

20 Operating lease commitments

At 31st December 1999 the company had annual commitments under non-cancellable operating leases as set out below:

	Other	
	1999	1998
	£	£
Operating leases which expire:		
Within one year	26,612	8,616
Between two and five years	99,628	56,127
	<u>126,240</u>	<u>64,743</u>

21 Related parties

Rent of £50,080 and management charges of £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.

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

22 Gross cash flows

	1999	1998
	£	£
Returns on investments and servicing of finance		
Interest received	2,132	3,184
Interest paid	(16,644)	(6,434)
Interest element of finance lease rentals payment	(713)	(5,494)
	<u>(15,225)</u>	<u>(8,744)</u>
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	(29,266)	(33,485)
Purchase of investments	(75)	-
	<u>(29,341)</u>	<u>(33,485)</u>
Financing		
Increase in other loans due within one year	74,093	-
Increase in directors' loans due within one year	24,944	22,901
Capital element of finance lease rentals payments	(94)	(2,657)
	<u>98,943</u>	<u>20,244</u>

BANNERBRIDGE PLC

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1999

23 Analysis of changes in net debt

	1998 £	Cash flows £	1999 £
Cash at bank and in hand	17,844	251,859	269,703
Overdrafts	(75,576)	75,576	-
	(57,732)	327,435	269,703
Debt due within one year	(106,275)	(99,037)	(205,312)
Finance leases	(94)	94	-
	(106,369)	(98,943)	(205,312)
	(164,101)	228,492	64,391