

WICK HILL LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2003



A45
COMPANIES HOUSE

AMD13868

0700
30/01/04

WICK HILL LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2003

CONTENTS	PAGES
Officers and professional advisers	1
The directors' report	2 to 3
Independent auditors' report to the shareholders	4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7 to 14

WICK HILL LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

THE BOARD OF DIRECTORS

I. A. Kilpatrick
K. Ward
G. Hitchens
P.C. Oxley

COMPANY SECRETARY

G. Hitchens

REGISTERED OFFICE

River Court
Albert Drive
Woking
Surrey
GU21 5RP

AUDITORS

Menzies
Chartered Accountants
& Registered Auditors
Sandringham
Guildford Road
Woking
Surrey
GU22 7QL

BANKERS

The Royal Bank of Scotland PLC
62-63 Threadneedle Street
PO Box 412
London
EC2R 8LA

SOLICITORS

Mylles & Co
14 High Street
Sunninghill
Ascot
Berkshire
SL5 9NE

WICK HILL LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2003

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

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was the sale and maintenance of computer software, together with the provision of training and consultancy services.

Our security business revenue growth continued at over 30% and our focus on added value products and associated service offerings enabled us to maintain our margins despite a weak market. Projects were disappointing in the UK with postponement and delays impacting overall revenues. However increasing Security revenue growth continues to compensate for the decline in connectivity distribution. During the year we invested in channel development and new products and restructured our business teams to increase our focus on Security and bandwidth management. The relocation to Woking in February and centralising of group logistics will provide a range of customer and business benefits in 2004 and beyond.

For the coming year we will be investing in new product introductions and further strengthening our channel network in security and performance. We anticipate that despite continuing weak trading conditions our market share in security will continue to rise.

RESULTS AND DIVIDENDS

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

DIRECTORS

The directors who served the company during the year were as follows:

I. A. Kilpatrick
K. Ward
G. Hitchens

The company is a wholly owned subsidiary and the interests of the group directors are disclosed in the financial statements of the parent company.

P.C. Oxley was appointed to the board on 13 June 2003.

POLICY ON THE PAYMENT OF CREDITORS

The company's current policy concerning the payment of trade creditors is to:-

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

At the balance sheet date creditor days were 121 days (2002: 24 days).

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 at the end of the year and of the profit or loss for the year then ended. In preparing those financial statements, the directors are required to select suitable accounting policies, as described on pages 7 to 8, and then apply them consistently; make judgements and estimates that are reasonable and prudent; and prepare the financial statements 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 to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors 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.

WICK HILL LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MARCH 2003

AUDITORS

A resolution to re-appoint Menzies as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:
River Court
Albert Drive
Woking
Surrey
GU21 5RP

Signed by order of the directors



G. Hitchens
Company Secretary

Approved by the directors on26/1/2004.....

WICK HILL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

YEAR ENDED 31 MARCH 2003

We have audited the financial statements on pages 5 to 14 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 to 8.

This report is made solely to the company's shareholders, 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 shareholders those matters we are required to state to them in an auditors' 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 shareholders 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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards are set out in the Statement of Directors' Responsibilities on page 2.

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. Our responsibilities do not extend to any other information.

BASIS OF AUDIT OPINION

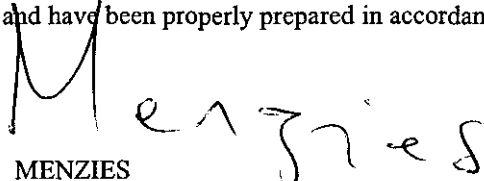
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates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

Sandringham
Guildford Road
Woking
Surrey
GU22 7QL


MENZIES
Chartered Accountants
& Registered Auditors

29 January 2004

WICK HILL LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 MARCH 2003

	Note	2003 £000	2002 £000
TURNOVER	2	8,785	12,735
Cost of sales		6,331	9,413
GROSS PROFIT		2,454	3,322
Administrative expenses		2,210	2,779
OPERATING PROFIT	3	244	543
Interest receivable		—	4
Interest payable	5	(8)	(8)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		236	539
Tax on profit on ordinary activities	6	18	(9)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		254	530
Dividends	7	—	450
RETAINED PROFIT FOR THE FINANCIAL YEAR		254	80

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 7 to 14 form part of these financial statements.


WICK HILL LIMITED

BALANCE SHEET

31 MARCH 2003

	Note	2003 £000	2002 £000
FIXED ASSETS			
Tangible assets	8	171	128
CURRENT ASSETS			
Stocks	9	606	317
Debtors	10	3,145	2,529
		<u>3,751</u>	<u>2,846</u>
CREDITORS: Amounts falling due within one year	12	<u>2,452</u>	<u>1,366</u>
NET CURRENT ASSETS		1,299	1,480
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,470</u>	<u>1,608</u>
CREDITORS: Amounts falling due after more than one year	13	25	6
		<u>1,445</u>	<u>1,602</u>
ACCRUALS AND DEFERRED INCOME	16	522	933
		<u>923</u>	<u>669</u>
CAPITAL AND RESERVES			
Called-up equity share capital	20	20	20
Profit and loss account	21	903	649
SHAREHOLDERS' FUNDS	22	<u>923</u>	<u>669</u>

These financial statements were approved by the directors on the 26/1/2004 and are signed on their behalf by:


I. A. Kilpatrick

The notes on pages 7 to 14 form part of these financial statements.

WICK HILL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2003

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

Turnover

The turnover in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Furniture and fittings	- 33% per annum on cost
Motor vehicles	- 33% per annum on cost
Computer equipment	- 20 - 33% per annum on cost

Stocks

Stock is valued at the lower of cost and net realisable value. Net realisable value is based upon estimated normal selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete and slow-moving items.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements.

Deferred tax is recovered at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

WICK HILL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2003

1. ACCOUNTING POLICIES *(continued)*

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

2. TURNOVER

The company's turnover and profit before taxation was all derived from its principal activity. In the opinion of the directors a geographical analysis of turnover would be seriously prejudicial to the interests of the company and as a result no such analysis has been disclosed.

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2003 £000	2002 £000
Directors' emoluments	--	--
Depreciation of owned fixed assets	49	71
Depreciation of assets held under hire purchase agreements	14	2
Auditors' remuneration		
- as auditors	8	12
- for other services	6	2
Operating lease costs:		
Plant and equipment	53	83
Net (profit)/loss on foreign currency translation	(59)	15

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2003 No	2002 No
Number of production staff	25	34
Number of administrative staff	9	9
	<u>34</u>	<u>43</u>

The aggregate payroll costs of the above were:

	2003 £000	2002 £000
Wages and salaries	1,004	1,231
Social security costs	102	140
Other pension costs	56	55
	<u>1,162</u>	<u>1,426</u>

WICK HILL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2003

5. INTEREST PAYABLE

	2003 £000	2002 £000
Interest payable on bank borrowing	7	8
Finance charges	1	—
	<u>8</u>	<u>8</u>

6a. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2003 £000	2002 £000
Deferred tax:		
Increase/(decrease) in deferred tax provision	<u>18</u>	<u>(9)</u>

b. FACTORS AFFECTING CURRENT TAX CHARGE

The tax assessed on the profit on ordinary activities for the period is higher than the standard rate of corporation tax in the UK of 30% (2002 - 30%).

	2003 £ 000	2002 £ 000
Profit on ordinary activities before taxation	<u>236</u>	<u>539</u>
Profit/(loss) on ord actvs by rate of tax	71	162
Depreciation for period in excess of capital allowances	(5)	(2)
Expenses not deductible for tax purposes	9	5
Utilised tax losses	—	(8)
Group relief claimed	<u>(75)</u>	<u>(157)</u>
Total current tax	<u>-</u>	<u>-</u>

7. DIVIDENDS

The following dividends have been proposed in respect of the year:

	2003 £000	2002 £000
Proposed dividend on ordinary shares	<u>—</u>	<u>450</u>

WICK HILL LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 MARCH 2003****8. TANGIBLE FIXED ASSETS**

	Furniture & Fittings £000	Motor Vehicles £000	Computer Equipment £000	Total £000
COST				
At 1 April 2002	339	22	511	872
Additions	56	45	11	112
Disposals	(323)	—	(331)	(654)
At 31 March 2003	<u>72</u>	<u>67</u>	<u>191</u>	<u>330</u>
DEPRECIATION				
At 1 April 2002	332	2	410	744
Charge for the year	8	14	41	63
On disposals	(326)	—	(322)	(648)
At 31 March 2003	<u>14</u>	<u>16</u>	<u>129</u>	<u>159</u>
NET BOOK VALUE				
At 31 March 2003	<u>58</u>	<u>51</u>	<u>62</u>	<u>171</u>
At 31 March 2002	<u>7</u>	<u>20</u>	<u>101</u>	<u>128</u>

Hire purchase agreements

Included within the net book value of £171,000 is £51,000 (2002 - £20,000) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £14,000 (2002 - £2,000).

WICK HILL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2003

9. STOCKS

	2003 £000	2002 £000
Finished goods	<u>606</u>	<u>317</u>

10. DEBTORS

	2003 £000	2002 £000
Trade debtors	1,678	1,346
Amounts owed by group undertakings	1,048	808
Prepayments and accrued income	371	346
Deferred taxation (note 11)	48	29
	<u>3,145</u>	<u>2,529</u>

11. DEFERRED TAXATION

	2003 £000	2002 £000
The movement in the deferred taxation account during the year was:		
Balance brought forward	(29)	(38)
Profit and loss account movement arising during the year	(19)	9
Balance carried forward	<u>(48)</u>	<u>(29)</u>

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	2003 £000	2002 £000
Excess of taxation allowances over depreciation on fixed assets	<u>48</u>	<u>29</u>
	<u>48</u>	<u>29</u>

WICK HILL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2003

12. CREDITORS: Amounts falling due within one year

	2003 £000	2002 £000
Bank loans and overdrafts	120	221
Trade creditors	1,515	632
Other taxation and social security	47	56
Hire purchase agreements	18	8
Other creditors	752	449
	<u>2,452</u>	<u>1,366</u>

13. CREDITORS: Amounts falling due after more than one year

	2003 £000	2002 £000
Hire purchase agreements	<u>25</u>	<u>6</u>

14. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows:

	2003 £000	2002 £000
Amounts payable within 1 year	21	9
Amounts payable between 2 to 5 years	25	7
	<u>46</u>	<u>16</u>
Less interest and finance charges relating to future periods	(3)	(2)
	<u>43</u>	<u>14</u>
Hire purchase agreements are analysed as follows:		
Current obligations	18	8
Non-current obligations	25	6
	<u>43</u>	<u>14</u>

15. PENSIONS

The company operates a defined contribution scheme for its employees, held in the name of the parent company, whose assets are held separately from the group in independently administered funds. The pension cost, disclosed under note 4, represents contributions payable by the company.

16. ACCRUALS AND DEFERRED INCOME

	2003 £000	2002 £000
Falling due within one year:		
Accruals and deferred income	<u>522</u>	<u>933</u>

WICK HILL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2003

17. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2003 the company had annual commitments under non-cancellable operating leases as set out below.

	2003		2002	
	Land & Buildings £000	Other Items £000	Land & Buildings £000	Other Items £000
Operating leases which expire:				
Within 1 year	–	17	–	35
Within 2 to 5 years	–	23	–	9
After more than 5 years	125	–	125	–
	<u>125</u>	<u>40</u>	<u>125</u>	<u>44</u>

18. CONTINGENCIES

At 31 March 2003, the company together with its parent company, had guaranteed jointly and severally, by way of cross guarantee, any bank loans or overdrafts.

The company is included in a group registration for VAT purposes and has joint and several liability with other members of the group should unpaid liabilities occur.

19. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption provided by FRS8 and has not disclosed transactions with group companies where over 90% of the voting rights are held within the group.

20. SHARE CAPITAL

Authorised share capital:

	2003 £000	2002 £000
40,000 Ordinary shares of £1 each	<u>40</u>	<u>40</u>

Allotted, called up and fully paid:

	2003		2002	
	No	£000	No	£000
Ordinary shares of £1 each	<u>20,000</u>	<u>20</u>	<u>20,000</u>	<u>20</u>

21. PROFIT AND LOSS ACCOUNT

	2003 £000	2002 £000
Balance brought forward	649	569
Retained profit for the financial year	254	80
Balance carried forward	<u>903</u>	<u>649</u>

WICK HILL LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 MARCH 2003****22. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2003 £000	2002 £000
Profit for the financial year	254	530
Dividends	—	(450)
	<hr/> 254	<hr/> 80
Opening shareholders' equity funds	669	589
Closing shareholders' equity funds	<hr/> 923	<hr/> 669

23. ULTIMATE PARENT COMPANY

The ultimate parent company is Wick Hill Group plc, a company incorporated in the United Kingdom. Copies of the group accounts can be obtained from the company's registered office.

The ultimate controlling party is I. A. Kilpatrick.