

SEVERNSIDE SOFTWARE LIMITED
DIRECTOR'S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2002



Company No. 2390821 (England and Wales)

SEVERNSIDE SOFTWARE LIMITED

Director's Report for the Year to 30 September 2002

The director presents his report and the financial statements for the year to 30 September 2002.

Statement of directors' responsibilities

Company law requires the director 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 director is 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 the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

Principal activity

The company is engaged in the business of computer consultancy and the supply of computer services.

Director

The director at 30 September 2002 and his interests in the share capital of the company were as follows:

	At 30 September 2002 Ordinary Shares	At 30 September 2001 Ordinary Shares
Mr R D White	1,000	1,000

Small company rules

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

This report was approved by the board on 30TH JUNE 2003, and signed on its behalf.



R D White (Director)

SEVERNSIDE SOFTWARE LIMITED

Profit and Loss Account for the Year to 30 September 2002

	Notes	Year to 30 September 2002 £	Year to 30 September 2001 £
Turnover	1,2	356,152	355,544
Cost of Sales		<u>(239,159)</u>	<u>(239,568)</u>
Gross Profit		116,993	115,976
Administrative expenses		<u>(89,983)</u>	<u>(87,137)</u>
Operating Profit	3	27,010	28,839
Interest receivable		20	1
Interest payable		<u>(1,662)</u>	<u>(2,185)</u>
Profit on ordinary activities before taxation		25,368	26,655
Taxation on profit on ordinary activities	4	<u>(3,257)</u>	<u>(3,478)</u>
Profit on ordinary activities after taxation		22,111	23,177
Dividends		<u>(25,250)</u>	<u>(11,000)</u>
Retained (loss)/profit for the year		(3,139)	12,177
Retained profit brought forward		<u>12,784</u>	<u>607</u>
Retained profit carried forward		<u>£9,645</u>	<u>£12,784</u>

The notes on pages 4 to 7 form part of these financial statements.

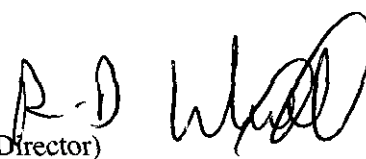
SEVERNSIDE SOFTWARE LIMITED

Balance Sheet as at 30 September 2002

	Notes	2002	2002	2001	2001
		£	£	£	£
Fixed assets					
Tangible assets	5		49,131		13,742
Current assets					
Stocks		30,474		24,819	
Debtors	6	55,838		45,482	
Cash at bank and in hand		<u>35</u>		<u>35</u>	
		86,347		70,336	
Creditors: amounts falling due within one year	7	<u>(103,677)</u>		<u>(70,294)</u>	
Net current (liabilities)/assets			<u>(17,330)</u>		<u>42</u>
Total assets less current liabilities			31,801		13,784
Creditors: amounts falling due after more than one year	8		<u>(21,156)</u>		<u>-</u>
			10,645		13,784
Provisions for liabilities and charges					
Deferred taxation	9		<u>-</u>		<u>-</u>
Net Assets			<u>£10,645</u>		<u>£13,784</u>
Capital and reserves					
Called up share capital	10		1,000		1,000
Profit and loss account			<u>9,645</u>		<u>12,784</u>
Shareholders' funds			<u>£10,645</u>		<u>£13,784</u>

The director considers that the company is entitled to exemption from the requirement to have an audit under the provisions of s.249A(1) of the Companies Act 1985. Members have not required the company, under s.249B(2) of the Companies Act 1985, to obtain an audit for the year to 30 September 2002. The director acknowledges his responsibilities for ensuring that the company keeps accounting records which comply with s.221 of the Companies Act 1985, and for preparing accounts which give a true and fair view of the state of affairs of the company as at 30 September 2002 and of its profit for the year then ended in accordance with the requirements of s.226, and which otherwise comply with the requirements of the Act relating to the accounts so far as applicable to the company. The financial statements, which have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies, were approved by the board on 30th June 2003, and signed on its behalf.

R D White (Director)



The notes on pages 4 to 7 form part of these financial statements.

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Notes to the financial statements for the year to 30 September 2002

1 Accounting policies

1.1 Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Small Entities (effective June 2002).

1.2 Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, net of Value Added Tax and trade discounts.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:-

Motor Vehicles	20% on cost
Equipment, Fixtures and Tools	25% on cost

1.4 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to profit and loss account as incurred.

1.5 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs together with attributable overheads.

1.6 Deferred taxation

The charge for taxation takes into account taxation deferred as a result of timing differences between the treatment of certain items for taxation and accounting purposes. In general, deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. However, deferred tax assets are recognised only to the extent that the director considers that it is more likely than not that they will be taxable profits. Deferred taxation is measured on a non-discounted basis at the average tax rates that would apply when the timing differences are expected to reverse, based on tax rates and laws that have been enacted by the balance sheet date.

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Notes to the financial statements for the year to 30 September 2002

2 Turnover

In the year to 30 September 2002 all of the company's turnover was to markets in the United Kingdom (2001 nil).

3 Operating profit

The operating profit is stated after charging:

	2002 £	2001 £
Depreciation of tangible fixed assets		
- owned by the company	9,242	5,137
- held under finance leases	1,211	3,607
Directors emoluments	32,866	44,055
Pension costs	4,262	4,020

4 Taxation

	2002 £	2001 £
UK Corporation tax	3,257	3,478
Transfer to (from) deferred taxation	-	-
	<u>3,257</u>	<u>3,478</u>

5 Tangible fixed assets

	Fixtures and fittings £	Motor Vehicles £	Total £
Cost			
At 1 October 2001	70,355	18,034	88,389
Additions	10,121	35,721	45,842
Disposals	-	-	-
At 30 September 2002	<u>80,476</u>	<u>53,755</u>	<u>134,231</u>
Depreciation			
At 1 October 2001	65,630	9,017	74,647
Charge for year	5,634	4,819	10,453
On disposals	-	-	-
At 30 September 2002	<u>71,264</u>	<u>13,836</u>	<u>85,100</u>
Net Book Values			
At 30 September 2002	<u>9,212</u>	<u>39,919</u>	<u>49,131</u>
At 30 September 2001	<u>4,725</u>	<u>9,017</u>	<u>13,742</u>

Included above are assets held under hire purchase contracts amounting to £34,509 (2001 £9,017).

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Notes to the financial statements for the year to 30 September 2002

6 Debtors

	2002 £	2001 £
Due within one year		
Trade debtors	44,375	37,022
Other debtors	<u>11,463</u>	<u>8,460</u>
	<u>55,838</u>	<u>45,482</u>

7 Creditors: amounts falling due within one year

	2002 £	2001 £
Bank loans and overdrafts	25,595	8,466
Net obligations under finance lease and hire purchase contracts	9,360	2,528
Trade creditors	43,529	30,500
Corporation tax	3,257	3,478
Other creditors	<u>21,936</u>	<u>25,322</u>
	<u>103,677</u>	<u>70,294</u>

Included within other creditors is an amount of £5,914 (2001 £9,312) relating to other taxes and social security. Of the creditors falling due within and after more than one year, the bank loans and overdrafts totalling £28,785 (2001 £8,466) and the net obligations under finance lease and hire purchase contracts of £27,326 (2001 £2,528) are secured.

Bank loans outstanding at the year end amounted to £5,583 (2001 £2,317). There are no instalments due after more than five years.

8 Creditors: amounts falling due after more than one year

	2002 £	2001 £
Bank loans	3,190	-
Net obligations under finance lease and hire purchase contracts	<u>17,966</u>	<u>-</u>
	<u>21,156</u>	<u>-</u>

SEVERNSIDE SOFTWARE LIMITED

Notes to the financial statements for the year to 30 September 2002

9 Deferred taxation

	2002 £	2001 £
Balance at 1 October	-	-
Charge (credit) for the year	-	-
Balance at 30 September	-	-

The provision for deferred taxation is made up of accelerated capital allowances. The company has applied the FRSSE (effective June 2002) for the first time in these financial statements. As a result, the accounting policy for deferred taxation has been changed and full provision has been made for timing differences arising from accelerated capital allowances, as opposed to the partial provision basis previously used. The application of the new policy has not resulted in any material change to figures reported in previous financial statements and therefore no prior year adjustment has been made. The resulting deferred tax asset has not been recognised and the effect of the change in policy on the current year's profit is not material.

10 Share capital

	2002 £	2001 £
Authorised		
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

11 Other commitments

At 30 September 2002 the company had annual commitments under non-cancellable operating leases as follows:-

	2002 £	2001 £
Expiry date:-		
Within one year	14,550	25,831
Between one and five years	7,352	21,902

12 Related parties

The controlling party is Mr R D White by virtue of his 100% ownership of the issued ordinary share capital in the company. The bank loan and overdraft are secured against a personal guarantee for £35,000 by Mr R D White.

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PROFIT AND LOSS ACCOUNT FOR THE YEAR TO 30 SEPTEMBER 2002

	Year to 30 September 2002		Year to 30 September 2001	
	£	£	£	£
SALES				
Hardware sales		98,827		91,737
Software sales		21,461		13,187
Sales of consumables		30,208		25,100
Fees receivable		174,979		196,979
Support contracts		26,456		24,287
Expenses recharged		1,121		1,254
Hire of equipment		<u>3,100</u>		<u>3,000</u>
		356,152		355,544
COST OF SALES				
Purchase of hardware and software	89,333		82,071	
Purchase of consumables	27,894		17,170	
Support	10,596		13,694	
Delivery costs	1,486		1,584	
Wages and salaries	52,721		61,099	
Subcontract labour	<u>57,129</u>		<u>63,950</u>	
		(239,159)		(239,568)
GROSS PROFIT		116,993		115,976
ADMINISTRATIVE EXPENSES		(89,983)		(87,137)
OPERATING PROFIT/(LOSS)		27,010		28,839
OTHER INCOME AND EXPENSES				
Interest receivable:				
Bank deposit interest		-		1
Other interest		20		-
Interest payable:				
Bank loans and overdrafts	1,192		1,246	
Hire purchase interest	456		585	
Other interest and penalties	<u>14</u>		<u>354</u>	
		(1,662)		(2,185)
NET PROFIT FOR THE YEAR		<u>£25,368</u>		<u>£26,655</u>

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ADMINISTRATIVE EXPENSES FOR THE YEAR TO 30 SEPTEMBER 2002

	Year to 30 September 2002 £	Year to 30 September 2001 £
ADMINISTRATIVE EXPENSES		
Wages and salaries (excluding N.I)	10,051	11,384
Employer's N.I contributions	300	414
Recruitment costs	383	-
Rent and service costs	12,063	11,763
Rates	3,213	2,658
Insurance	2,118	1,384
Light and heat	1,244	2,578
Repairs and maintenance	2,117	1,110
Computer costs	621	-
Cleaning	189	71
Printing, postage and stationery	1,479	1,444
Advertising	1,381	393
Telephone	6,602	6,510
Motor running expenses	13,420	13,198
Motor contract hire	15,663	15,932
Travelling and subsistence	1,887	1,274
Entertaining	261	38
Legal and professional fees	25	620
Accountancy	2,123	2,655
Bookkeeping	3,617	4,103
Bank charges	773	977
Bad and doubtful debts	-	85
Sundry expenses	-	128
Depreciation on fixed assets	9,242	5,137
Depreciation on leased assets	1,211	3,607
(Profit) on sale of tangible assets	-	(326)
	<u>89,983</u>	<u>87,137</u>