

SEVERNSIDE SOFTWARE LIMITED
DIRECTOR'S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2004

Company No. 2390821 (England and Wales)



SEVERNSIDE SOFTWARE LIMITED

Director's Report for the Year to 30 September 2004

The director presents his report and the financial statements for the year to 30 September 2004.

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

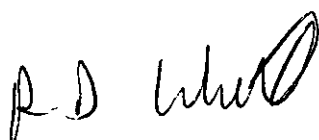
The director at 30 September 2004 and his interests in the share capital of the company were as follows:

	At 30 September 2004 Ordinary Shares	At 30 September 2003 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 22nd Dec 05, and signed on its behalf.



R D White (Director)

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Profit and Loss Account for the Year to 30 September 2004

	Notes	Year to 30 September 2004 £	Year to 30 September 2003 £
Turnover	1,2	337,576	360,541
Cost of Sales		<u>(210,324)</u>	<u>(231,431)</u>
Gross Profit		127,252	129,110
Administrative expenses		<u>(86,540)</u>	<u>(75,767)</u>
Operating Profit	3	40,712	53,343
Interest receivable		-	6
Interest payable		<u>(4,156)</u>	<u>(2,981)</u>
Profit on ordinary activities before taxation		36,556	50,368
Taxation on profit on ordinary activities	4	<u>(6,977)</u>	<u>(9,724)</u>
Profit on ordinary activities after taxation		29,579	40,644
Dividends		<u>(32,400)</u>	<u>(35,020)</u>
Retained (loss)/profit for the year		(2,821)	5,624
Retained profit brought forward		<u>15,269</u>	<u>9,645</u>
Retained profit carried forward		<u><u>£12,448</u></u>	<u><u>£15,269</u></u>

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

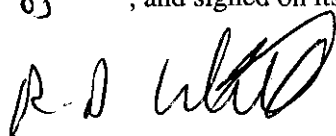
SEVERNSIDE SOFTWARE LIMITED

Balance Sheet as at 30 September 2004

	Notes	2004	2004	2003	2003
		£	£	£	£
Fixed assets					
Tangible assets	5		57,109		74,104
Current assets					
Stocks		46,697		26,927	
Debtors	6	50,186		43,927	
Cash at bank and in hand		<u>35</u>		<u>35</u>	
		96,918		70,889	
Creditors: amounts falling due within one year	7	<u>(119,917)</u>		<u>(93,681)</u>	
Net current (liabilities)			<u>(22,999)</u>		<u>(22,792)</u>
Total assets less current liabilities			34,110		51,312
Creditors: amounts falling due after more than one year	8		<u>(21,558)</u>		<u>(34,708)</u>
			12,552		16,604
Provisions for liabilities and charges					
Deferred taxation asset/(liability)	9		<u>896</u>		<u>(335)</u>
Net Assets			<u>£13,448</u>		<u>£16,269</u>
Capital and reserves					
Called up share capital	10		1,000		1,000
Profit and loss account			<u>12,448</u>		<u>15,269</u>
Shareholders' funds			<u>£13,448</u>		<u>£16,269</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 2004. 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 2004 and of its loss 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 22nd Sep 05, 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 2004

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.

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.

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 recovered against the reversal of deferred tax liabilities or other future 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 2004

2 Turnover

In the year to 30 September 2004, 5% of the company's turnover was to markets outside the United Kingdom (2003 - 0%).

3 Operating profit

The operating profit is stated after charging:

	2004 £	2003 £
Depreciation of tangible fixed assets		
- owned by the company	5,495	5,156
- held under finance leases	15,440	11,984
Directors emoluments	25,732	22,688
Pension costs	4,160	4,218

4 Taxation

	2004 £	2003 £
UK Corporation tax	8,208	9,389
Transfer (from)/to deferred taxation	(1,231)	335
	<u>6,977</u>	<u>9,724</u>

5 Tangible fixed assets

	Fixtures and fittings £	Motor Vehicles £	Total £
Cost			
At 1 October 2003	86,517	77,202	163,719
Additions	4,378	-	4,378
Disposals	(583)	-	(583)
At 30 September 2004	<u>90,312</u>	<u>77,202</u>	<u>167,514</u>
Depreciation			
At 1 October 2003	76,420	13,195	89,615
Charge for year	5,495	15,440	20,935
On disposals	(145)	-	(145)
At 30 September 2004	<u>81,770</u>	<u>28,635</u>	<u>110,405</u>
Net Book Values			
At 30 September 2004	<u>8,542</u>	<u>48,567</u>	<u>57,109</u>
At 30 September 2003	<u>10,097</u>	<u>64,007</u>	<u>74,104</u>

Included above are assets held under hire purchase contracts amounting to £48,567 (2003 £64,007).

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Notes to the financial statements for the year to 30 September 2004

6 Debtors

	2004	2003
	£	£
Due within one year		
Trade debtors	39,783	32,893
Other debtors	<u>10,403</u>	<u>11,034</u>
	<u>50,186</u>	<u>43,927</u>

7 Creditors: amounts falling due within one year

	2004	2003
	£	£
Bank loans and overdrafts	21,996	6,882
Net obligations under finance lease and hire purchase contracts	19,021	19,775
Trade creditors	37,208	23,598
Corporation tax	8,208	9,389
Other creditors	<u>33,484</u>	<u>34,037</u>
	<u>119,917</u>	<u>93,681</u>

Included within other creditors is an amount of £9,369 (2003 £16,272) 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 £28,799 (2003 £7,814) and the net obligations under finance lease and hire purchase contracts of £33,776 (2003 £53,551) are secured.

Bank loans outstanding at the year end amounted to £10,205 (2003 £3,316). There are no instalments due after more than five years.

8 Creditors: amounts falling due after more than one year

	2004	2003
	£	£
Bank loans	6,803	932
Net obligations under finance lease and hire purchase contracts	<u>14,755</u>	<u>33,776</u>
	<u>21,558</u>	<u>34,708</u>

9 Deferred taxation

	2004	2003
	£	£
Balance at 1 October	335	-
(Credit)/charge for the year	<u>(1,231)</u>	<u>335</u>
Balance at 30 September	<u>(896)</u>	<u>335</u>

The provision for deferred taxation is made up of accelerated capital allowances.

SEVERNSIDE SOFTWARE LIMITED

Notes to the financial statements for the year to 30 September 2004

10 Share capital

	2004 £	2003 £
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 2004 the company had annual commitments under non-cancellable operating leases as follows:-

	2004 £	2003 £
Expiry date:-		
Within one year	-	8,332
Between one and five years	-	-

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 £40,000 by Mr White.