# SEVERNSIDE SOFTWARE LIMITED

## DIRECTOR'S REPORT AND FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 SEPTEMBER 2007

**Company No. 2390821 (England and Wales)**

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**SEVERNSIDE SOFTWARE LIMITED**

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## SEVERNSIDE SOFTWARE LIMITED

### Director's Report for the Year to 30 September 2007

The director presents his report and the financial statements for the year to 30 September 2007

**Statement of director's responsibilities**
The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) The financial statements are required by law to 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 during the year was as follows

Mr R D White

**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 28TH JULY 2008, and signed on its behalf

R D White

R D White (Director)

## SEVERNSIDE SOFTWARE LIMITED

### Profit and Loss Account for the Year to 30 September 2007

| | Notes | Year to 30 September 2007 £ | Year to 30 September 2006 £ |
|---|---|---|---|
| **Turnover** | 1,2 | 458,104 | 441,632 |
| Cost of Sales | | (317,106) | (285,172) |
| **Gross Profit** | | 140,998 | 156,460 |
| Administrative expenses | | (96,143) | (84,487) |
| **Operating Profit** | 3 | 44,855 | 71,973 |
| Interest receivable | | 33 | - |
| Interest payable | | (13,215) | (1,138) |
| **Profit on ordinary activities before taxation** | | 31,673 | 70,835 |
| **Taxation on profit on ordinary activities** | 4 | (8,880) | (13,755) |
| **Profit on ordinary activities after taxation being profit for the financial year** | | £22,793 | £57,080 |

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

## SEVERNSIDE SOFTWARE LIMITED

### Balance Sheet as at 30 September 2007

| | Notes | 2007 | 2007 | 2006 | 2006 |
|---|---|---|---|---|---|
| | | £ | £ | £ | £ |
| **Fixed assets** | | | | | |
| Tangible assets | 5 | | 343,858 | | 8,142 |
| **Current assets** | | | | | |
| Stocks | | 61,604 | | 66,145 | |
| Debtors | 6 | 71,002 | | 59,850 | |
| Cash at bank and in hand | | 39 | | 23 | |
| | | 132,645 | | 126,018 | |
| **Creditors:** amounts falling due within one year | 7 | (180,648) | | (108,954) | |
| **Net current assets/(liabilities)** | | | (48,003) | | 17,064 |
| **Total assets less current liabilities** | | | 295,855 | | 25,206 |
| **Creditors:** amounts falling due after more than one year | 8 | | (251,652) | | (285) |
| **Provisions for liabilities and charges** | | | | | |
| Deferred taxation | 9 | | (3,489) | | - |
| **Net Assets** | | | £40,714 | | £24,921 |
| **Capital and reserves** | | | | | |
| Called up share capital | 10 | | 1,000 | | 1,000 |
| Profit and loss account | 11 | | 39,714 | | 23,921 |
| **Shareholders' funds** | | | £40,714 | | £24,921 |

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 2007 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 2007 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 28TH JULY 2008 , and signed on its behalf

R D White

R D White (Director)

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

## SEVERNSIDE SOFTWARE LIMITED

### Notes to the financial statements for the year to 30 September 2007

**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 January 2005)

**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 |
| Office equipment | 25% on cost |
| Freehold property | 2% on cost |
| Fixtures and fittings | 10% 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

**1.4 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

**1.5 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

**2 Turnover**

In the year to 30 September 2007, 25% of the company's turnover was to markets outside the United Kingdom (2006 – 37%)

**Notes to the financial statements for the year to 30 September 2007**

## 3 Operating profit

The operating profit is stated after charging

| | 2007 £ | 2006 £ |
|---|---|---|
| Depreciation of tangible fixed assets | | |
| - owned by the company | 8,286 | 10,096 |
| - held under finance leases | 4,989 | - |
| Directors emoluments | 5,505 | 5,316 |
| Pension costs | 4,540 | 4,240 |

## 4 Taxation

| | 2007 £ | 2006 £ |
|---|---|---|
| UK Corporation tax | 3,990 | 14,622 |
| Transfer to/(from) deferred taxation | 4,890 | (867) |
| | 8,880 | 13,755 |

## 5 Tangible fixed assets

| | Freehold Property | Plant and Machinery £ | Motor Vehicles £ | Total £ |
|---|---|---|---|---|
| **Cost** | | | | |
| At 1 October 2006 | - | 91,824 | 35,720 | 127,544 |
| Additions | 267,027 | 40,819 | 44,365 | 352,211 |
| Disposals | - | (14,949) | (17,245) | (32,194) |
| At 30 September 2007 | 267,027 | 117,694 | 62,840 | 447,561 |
| **Depreciation** | | | | |
| At 1 October 2006 | - | 89,615 | 29,787 | 119,402 |
| Charge for year | 2,670 | 5,616 | 4,989 | 13,275 |
| On disposals | - | (14,890) | (14,084) | (28,974) |
| At 30 September 2007 | 2,670 | 80,341 | 20,692 | 103,703 |
| **Net Book Values** | | | | |
| At 30 September 2007 | 264,357 | 37,353 | 42,148 | 343,858 |
| At 30 September 2006 | - | 2,209 | 5,933 | 8,142 |

## 6 Debtors

| | 2007 £ | 2006 £ |
|---|---|---|
| **Due within one year** | | |
| Trade debtors | 63,466 | 38,114 |
| Other debtors | 7,536 | 21,736 |
| | 71,002 | 59,850 |

## 7 Creditors: amounts falling due within one year

| | 2007 £ | 2006 £ |
|---|---|---|
| Bank loans and overdrafts | 72,344 | 17,063 |
| Net obligations under finance lease and hire purchase contracts | 10,579 | - |
| Trade creditors | 47,910 | 47,350 |
| Corporation tax | 3,990 | 14,622 |
| Other creditors | 45,825 | 29,919 |
| | 180,648 | 108,954 |

Included within other creditors is an amount of £14,225 (2006 £9,972) 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 £294,902 (2006 £17,348), and the net obligations under finance leases and hire purchase contracts totalling £39,673 (2006 £nil) are secured

Bank loans outstanding at the year end amounted to £235,414 (2006 £3,712) and include instalments due after more than five years of £174,794 (2006 £nil)

## 8 Creditors: amounts falling due after more than one year

| | 2007 £ | 2006 £ |
|---|---|---|
| Bank loans | 222,558 | 285 |
| Net obligations under finance lease and hire purchase contracts | 29,094 | - |
| | 251,652 | 285 |

## 9 Deferred taxation

| | 2007 £ | 2006 £ |
|---|---|---|
| Balance at 1 October | (1,401) | (534) |
| Charge/(credit) for the year | 4,890 | (867) |
| Balance at 30 September | 3,489 | (1,401) |

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

## 10 Share capital

| | 2007 £ | 2006 £ |
|---|---|---|
| **Authorised** | | |
| Ordinary shares of £1 each | 1,000 | 1,000 |
| **Allotted, called up and fully paid** | | |
| Ordinary shares of £1 each | 1,000 | 1,000 |

## 11 Reconciliation of reserves

| | Called up share capital £ | Profit and loss account £ |
|---|---|---|
| Balance at 1 October 2006 | 1,000 | 23,921 |
| Profit for the year | - | 22,793 |
| Dividends paid | - | (7,000) |
| Balance at 30 September 2007 | 1,000 | 39,714 |

## 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 Mr R D White has given a personal guarantee of £40,000 against the company's bank borrowing