
SERVICECARE SUPPORT SERVICES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2000

Company Number: 3024924



SERVICECARE SUPPORT SERVICES LIMITED

Company Information

Directors J M Day
D Aspin
G Furness (appointed 11th August 1999)
S Cook (appointed 7th April 2000)

Secretary Mrs D Day & Mrs L Furness

Company Number 3024924

Registered Office Orme Mill
Greenacres Road
Oldham
OL4 3NS

Auditors Kay Johnson Gee
Griffin Court
201 Chapel Street
Salford
Manchester
M3 5EQ

SERVICECARE SUPPORT SERVICES LIMITED

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DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2000

The directors present their report and the financial statements for the year ended 31 March 2000.

CHAIRMAN'S STATEMENT - 1999/2000

Introduction

1999/00 was an exciting year for ServiceCare. Having completed our acquisition - highlighted in last years accounts, as a post balance sheet event, we were pleased to be able to complete the integration of the acquisition of Electrotec International Limited in August 1999. The resultant company combining the strategic strengths of the two organisations and allowing us to meet our objective of capturing opportunities in the converged technology marketplace.

ServiceCare have made significant inroads during the course of the year expanding our key markets by addressing new technology in particular in our IT sector where we increased our EPOS repair facilities.

In the Consumer Electronics marketplace we commenced the servicing of digital televisions, DVD's and other more complex products, taking advantage of our digital expertise.

Results

We achieved profits before tax of £153,000, after taking into account the goodwill amortisation of £33,000, representing a twofold increase on our prior year result of £76,000. Turnover increased by a similar proportion to £3.2m compared to £1.7m in the previous year.

These results were driven by the amalgamation of the two organisations and organic sales, resulting from access to a broader market.

The market for repair and support services continued to supply the major portion of ServiceCare's revenue, whilst opportunities to expand our value add services such as warehousing and courier exchange continues to grow within the overall revenue stream. In particular, we have been successfully delivering to the Consumer Electronics market place.

Future Outlook

Having successfully completed the integration of our two organisations resulting improved profitability we believe ServiceCare is well positioned to expand its business by leveraging off our existing manufacturer relationships by delivering service to both the IT and Consumer Electronics sector.

Notwithstanding the above, the establishing of home shopping as an accepted media for sale of computer and consumer goods, in particular brown goods which is expected to grow to £3.2 billion by the year 2003 presents ServiceCare with an exciting opportunity .

We believe there is still substantial scope to further reduce operating costs by consolidating operations to a single site facility, which we are presently reviewing in detail.

ServiceCare believes that the scope in all its core markets represents significant potential growth and it is our intention to continue to expand into these areas whilst reviewing any strategic opportunities which may arise *increasing our ability to achieve our growth potential.*

Statement of 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 and of the profit or loss of the company for that period. In preparing those financial statements, the directors are 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 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. 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.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2000

Principal activities and review of business

Throughout the year the company's main activity was the repair and support of computer peripheral equipment.

The results for the year are set out on page 4.

Dividends

The directors do not recommend that a dividend is paid

Directors

The directors who served during the year and their beneficial interests in the company's issued share capital were:

	<u>Redeemable shares of £1 each</u>		<u>Ordinary shares of £1 each</u>	
	<u>2000</u>	<u>1999</u>	<u>2000</u>	<u>1999</u>
J M Day	150	200	7,076	7,076
D Aspin	-	-	1,312	1,312
G Furness (appointed 11th August 1999)	-	-	4,100	-
S Cook (appointed 7th April 2000)	-	-	1,412	1,412

Auditors

The auditors, Kay Johnson Gee, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

This report was approved by the board on 9th August and signed on its behalf.

J M Day
Director

AUDITORS' REPORT TO THE SHAREHOLDERS OF SERVICECARE SUPPORT SERVICES LIMITED

We have audited the financial statements on pages 4 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

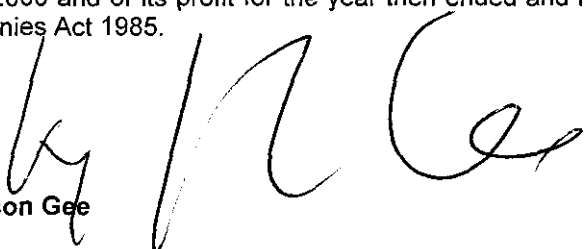
Basis of opinion

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 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

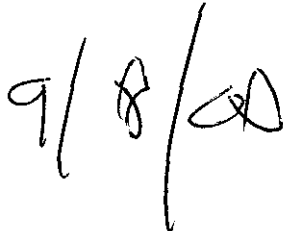
In our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Kay Johnson Gee

Chartered Accountants
and Registered Auditors
Griffin Court
201 Chapel Street
Salford
Manchester
M3 5EQ

Date:



9/8/00

SERVICECARE SUPPORT SERVICES LIMITED

PROFIT AND LOSS ACCOUNT
For the year ended 31 March 2000

			2000	1999
	Note	£	£	£
TURNOVER				
Continuing operations		1,903,857		1,723,669
Acquisitions		1,279,949		-
		<u>3,183,806</u>		<u>1,723,669</u>
	1,2		3,183,806	1,723,669
Cost of sales			(2,072,316)	(1,116,421)
GROSS PROFIT			1,111,490	607,248
Selling and distribution costs			(6,973)	(6,846)
Administrative expenses			(931,371)	(517,573)
OPERATING PROFIT				
Continuing operations		109,589		82,829
Acquisitions		63,557		-
		<u>173,146</u>		<u>82,829</u>
	3		173,146	82,829
Loss on disposal of tangible fixed assets in continuing operations			(1,361)	-
			171,785	82,829
Income from other investments			1,140,599	-
Amounts written off investments			(1,140,599)	-
Interest receivable			299	115
Interest payable	6		(18,928)	(6,598)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			153,156	76,346
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	7		(39,917)	(18,866)
RETAINED PROFIT FOR THE YEAR			113,239	57,480
RETAINED PROFIT BROUGHT FORWARD			174,103	116,623
RETAINED PROFIT CARRIED FORWARD			£ 287,342	£ 174,103

There were no recognised gains and losses for 2000 or 1999 other than those included in the profit and loss account.

The notes on pages 6 to 12 form part of these financial statements.

SERVICECARE SUPPORT SERVICES LIMITED

BALANCE SHEET As at 31 March 2000

	Note	£	2000 £	£	1999 £
FIXED ASSETS					
Intangible fixed assets	8		961,846		-
Tangible fixed assets	9		152,385		43,287
Investments	10		1,000		-
			<u>1,115,231</u>		<u>43,287</u>
CURRENT ASSETS					
Stocks	11	70,552		35,713	
Debtors	12	654,124		387,323	
Cash in hand		215		250	
		<u>724,891</u>		<u>423,286</u>	
CREDITORS: amounts falling due within one year	13	<u>(785,922)</u>		<u>(273,073)</u>	
NET CURRENT (LIABILITIES)/ASSETS			<u>(61,031)</u>		<u>150,213</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,054,200</u>		<u>193,500</u>
CREDITORS: amounts falling due after more than one year	14		<u>(196,858)</u>		<u>(9,397)</u>
NET ASSETS			<u>£ 857,342</u>		<u>£ 184,103</u>
CAPITAL AND RESERVES					
Called up share capital	15		14,100		10,000
Share premium account	16		555,900		-
Profit and loss account			<u>287,342</u>		<u>174,103</u>
SHAREHOLDERS' FUNDS	17		<u>£ 857,342</u>		<u>£ 184,103</u>

Shareholders' Funds include non-equity interests

The financial statements were approved by the board on

9 Aug 00

and signed on its behalf



J M Day Director

The notes on pages 6 to 12 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2000

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and include the results of the company's operations which are described in the Directors' Report.

The company is exempt from the requirement to prepare group accounts by virtue of section 248 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group.

The company has taken advantage of the exemption in Financial Reporting Standard No.1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

1.2 Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, exclusive of Value Added Tax

1.3 Tangible fixed assets and depreciation

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

Leasehold buildings	-	50%	straight line basis
Motor vehicles	-	25%	straight line basis
Fixtures & fittings	-	20%	straight line basis

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 Operating leases

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.

1.6 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 and an appropriate proportion of fixed and variable overheads.

1.7 Deferred taxation

Provision is made for taxation deferred as a result of material timing differences between the incidence of income and expenditure for taxation and accounts purposes, using the liability method, only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the near future.

1.8 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2000

1.9 Goodwill

Goodwill arising on the acquisition of Electrotec International Limited is being amortised on a straight line basis over 20 years in accordance with FRS10.

2. TURNOVER

The whole of the turnover and profit before taxation is attributable to the one principal activity of the company. All of the company's turnover arose within the United Kingdom

3. OPERATING PROFIT

	2000	1999
	£	£
Amortisation of intangible assets	33,167	-
Depreciation of tangible fixed assets		
- owned by the company	37,512	14,325
- held under finance leases and hire purchase contracts	25,166	16,753
Audit fees	8,350	3,800
Operating lease rentals		
- other	142,045	56,033

4. STAFF COSTS

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

	2000	1999
	£	£
Wages and salaries	1,615,904	873,661
Social security costs	125,432	68,964
Other pension costs	17,223	16,412
	<u>£ 1,758,559</u>	<u>£ 959,037</u>

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

	2000	1999
Production	143	68
Administration	18	10
	<u>161</u>	<u>78</u>

5. DIRECTORS' REMUNERATION

	2000	1999
	£	£
Aggregate emoluments	210,708	132,597
	<u>£ 210,708</u>	<u>£ 132,597</u>

SERVICECARE SUPPORT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2000

Included in the above are emoluments, excluding pension contributions, paid to:

The chairman	£ 105,795	£ 91,127
Highest paid director	£ 105,795	£ 91,127

Included in the above are emoluments, excluding pension contributions, paid to:

Highest paid director	£ 105,795	£ 91,127
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6. INTEREST PAYABLE

	2000	1999
	£	£
On bank loans and overdrafts	12,678	5,131
On finance leases and hire purchase contracts	6,250	1,467
	£ 18,928	£ 6,598

7. TAXATION

	2000	1999
	£	£
Current year taxation		
UK Corporation Tax at 21% (1999 - 21%)	39,917	19,181
Prior years		
UK corporation tax	-	(315)
	£ 39,917	£ 18,866

8. INTANGIBLE FIXED ASSETS

	Goodwill	Total
	£	£
Cost		
Additions	995,013	995,013
At 31 March 2000	995,013	995,013
Amortisation		
Charge for year	33,167	33,167
At 31 March 2000	33,167	33,167
Net Book Value		
At 31 March 2000	£ 961,846	£ 961,846

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2000

9. TANGIBLE FIXED ASSETS

	Leasehold Improvements £	Fixtures & Equipment £	Motor Vehicles £	Total £
Cost or valuation				
At 1 April 1999	15,939	25,593	56,885	98,417
Additions	13,117	116,018	61,207	190,342
Disposals	-	-	(56,885)	(56,885)
At 31 March 2000	<u>29,056</u>	<u>141,611</u>	<u>61,207</u>	<u>231,874</u>
Depreciation				
At 1 April 1999	15,939	10,258	28,933	55,130
Charge for year	4,372	33,140	25,166	62,678
On disposals	-	-	(38,319)	(38,319)
At 31 March 2000	<u>20,311</u>	<u>43,398</u>	<u>15,780</u>	<u>79,489</u>
Net Book Value				
At 31 March 2000	<u>£ 8,745</u>	<u>£ 98,213</u>	<u>£ 45,427</u>	<u>£ 152,385</u>
At 31 March 1999	<u>£ -</u>	<u>£ 15,335</u>	<u>£ 27,952</u>	<u>£ 43,287</u>

Included above are assets held under finance leases or hire purchase contracts as follows:

	2000 £	1999 £
Motor vehicles	45,426	27,952
Fixtures & equipment	14,644	-
	<u>£ 60,070</u>	<u>£ 27,952</u>

10. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
Cost	
Additions	1,141,599
Amounts written off	(1,140,599)
At 31 March 2000	<u>1,000</u>
Net Book Value	
At 31 March 2000	<u>£ 1,000</u>

Investments include an investment in a subsidiary, Electrotec International Limited Limited, comprising a holding of 100% of its issued ordinary capital. Following the acquisition of Electrotec International Limited all of its assets and liabilities were transferred to Servicecare Support Services Limited for a consideration of £1,141,599. As at 31 March 2000 the aggregate of its capital and reserves was £1,000.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2000

11. STOCKS

	2000 £	1999 £
Raw materials	64,238	32,016
Work in progress	6,314	3,697
	<u>£ 70,552</u>	<u>£ 35,713</u>

12. DEBTORS

	2000 £	1999 £
Due within one year		
Trade debtors	625,354	371,119
Other debtors	20,355	13,901
Prepayments and accrued income	8,415	2,303
	<u>£ 654,124</u>	<u>£ 387,323</u>

Included within other debtors due within one year are loans of £1,918 (1999 - £ NIL) to , directors. The maximum amount outstanding during the year was £1,918.

13. CREDITORS:**Amounts falling due within one year**

	2000 £	1999 £
Bank loans and overdrafts	158,774	39,941
Net obligations under finance lease and hire purchase contracts	23,255	14,409
Trade creditors	211,056	116,866
Amounts owed to group undertakings	1,000	-
Corporation tax	42,688	19,182
Social security and other taxes	128,768	61,720
Other creditors	20,010	4,812
Deferred purchase consideration	175,000	-
Accruals and deferred income	25,372	16,143
	<u>£ 785,923</u>	<u>£ 273,073</u>

The bank overdraft is secured by a fixed and floating charge over the company's assets dated 12 May 1995 and a debenture dated 3 August 1999. The hire purchase contracts are secured on the assets concerned.

SERVICECARE SUPPORT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2000

14. CREDITORS:

Amounts falling due after more than one year

	2000 £	1999 £
Net obligations under finance lease and hire purchase contracts	21,858	9,397
Deferred purchase consideration	175,000	-
	<u>£ 196,858</u>	<u>£ 9,397</u>

Included within the above are amounts falling due as follows:

In 1 - 2 years:

Finance lease and hire purchase obligations	<u>21,858</u>	<u>9,397</u>
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15. CALLED UP SHARE CAPITAL

	2000 £	1999 £
Authorised		
13,900 ordinary shares of £1 each	13,900	9,800
200 redeemable shares of £1 each	200	200
	<u>£ 14,100</u>	<u>£ 10,000</u>
Authorised, allotted, called up and fully paid		
13,900 ordinary shares of £1 each	13,900	9,800
200 redeemable shares of £1 each	200	200
	<u>£ 14,100</u>	<u>£ 10,000</u>

During the year 4100 ordinary shares of £1.00 each were issued fully paid for cash at a premium of £555,900.

16. RESERVES

	£
Share Premium Account	
Premium on shares issued during the year	555,900
	<u>£ 555,900</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2000

17. SHAREHOLDERS' FUNDS**Reconciliation of movements on shareholders' funds**

	2000 £	1999 £
Profit for the year	113,239	57,480
Shares issued during year	4,100	-
Share premium on shares issued	555,900	-
	<u>673,239</u>	<u>57,480</u>
Opening shareholders' funds	184,103	126,623
Closing shareholders' funds	<u>£ 857,342</u>	<u>£ 184,103</u>

Analysis of shareholders' funds

	2000 £	1999 £
Non-equity interests	200	200
Equity interests	857,142	183,903
	<u>£ 857,342</u>	<u>£ 184,103</u>

18. OTHER COMMITMENTS

At 31 March 2000 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2000 £	1999 £
Expiry date:		
Between 2 and 5 years	101,288	-
In more than 5 years	74,948	74,948

19. PENSION COMMITMENTS

The company makes contributions to defined contribution pension arrangements to secure retirement benefits for employees. The assets of the scheme are held separately from those of the company. The total pension cost charge for the year was £17,223 (2000 - £16,412), with no outstanding or prepaid contributions at the year end.

20. RELATED PARTIES

The company purchased all of the assets and liabilities from its subsidiary company Electrotec International Limited on 11 August 1999 for £1,141,599. On the same date a dividend was paid by the subsidiary company in the sum of £1,140,599 leaving a creditor balance due to the subsidiary company of £1,000 as at 31 March 2000.