
SERVICECARE SUPPORT SERVICES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
31 MARCH 2001**

Company Number: 3024924



SERVICECARE SUPPORT SERVICES LIMITED

Company Information

Directors J M Day
D Aspin
G Furness
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

Contents

	Page
Directors' Report and Chairman's Statement	1 - 2
Auditors' Report	3
Profit and Loss Account	4
Balance Sheet	5
Notes to the Financial Statements	6 - 13

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2001

The directors present their report and the financial statements for the year ended 31 March 2001.

CHAIRMAN'S STATEMENT - 2000/2001

Introduction

I am pleased to report that 2000-2001 was an excellent year for Servicecare. During the year we completed the integration of the Electrotec business acquired in August 1999 and this has resulted in positive effects on the business, in both terms of growth and penetration of the manufacturing support marketplace.

This has enabled us to make significant in-roads into the repositioning of the business as a comprehensive support company to manufacturers of both IT and Consumer Electronics products, in conjunction with the complimentary markets of retail and multi-vendor IT support.

Results

Servicecare achieved a pre-tax profit of £249,000 representing a substantial increase on last year's results (£153,000) with similar growth in turnover to £4.0m from our previous position of £3.2m.

The results are particularly satisfying given our growth in these new areas, against a backdrop of stabilisation in the IT marketplace resulting from changes in the world economy.

Future Outlook

Having successfully achieved our targets within the UK marketplace, the Board considered it the right time to review the opportunities in Europe. It has long been our aim to provide services on a European scale and became increasingly obvious that the manufacturing community demanded European support partners.

Following a period of co-operation commencing in January 2001 between Servicecare and NGP (Holland) B.V., and an agreement, in broad principle to acquire NGP was drawn up and agreed in March 2001.

I am pleased to announce as a post balance sheet event, that in April 2001 we concluded the acquisition of NGP (Holland) B.V., a £1.1m organisation involved in provision to support to IT manufacturers, in particular Far Eastern based companies.

This acquisition compliments our existing business in the UK whilst providing a platform to access European wide-scale opportunities and utilise our strengths built over the last 5 years in the UK.

I now believe Servicecare is well positioned to tap into a greater variety of opportunities to provide cost-effective alternatives to a marketplace that is currently dominated by a limited number of organisations.

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.

Principal activities and review of business

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

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

SERVICECARE SUPPORT SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2001

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>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
J M Day	150	150	7,076	7,076
D Aspin	-	-	1,312	1,312
G Furness	-	-	4,100	4,100
S Cook (appointed 7th April 2000)	-	-	1,412	1,412

Events since the end of the year

On 4 April 2001 the company acquired all of the share capital of N.G.P Holland B.V., a dutch company.

In accordance with the share purchase agreement the acquisition cost is to be as follows:

On 4 April 2001 being the closing date: Shares were issued and transferred to the seller so that the seller would hold 7.5% of the share capital of Servicecare Support Services Limited following the issue and transfer.

First instalment: GBP £65,000 paid on 4 April 2001 being the closing date

Second Instalment: GBP £35,000 paid 3 months after the closing date

Third Instalment: EUR 158,000 (Euro) to be paid 12 months after the closing date

Fourth Instalment: EUR 158,000 (Euro) to be paid 24 months after the closing date

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 22nd Oct 2001 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 13 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.

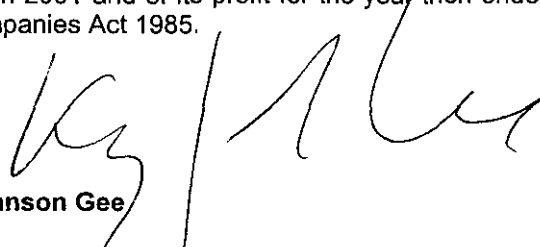
Basis of opinion

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 2001 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:

22/10/01

SERVICECARE SUPPORT SERVICES LIMITED

PROFIT AND LOSS ACCOUNT For the year ended 31 March 2001

			2001	2000
	Note	£	£	£
TURNOVER				
Continuing operations			4,004,384	1,903,857
Acquisitions			-	1,279,949
	1,2		<u>4,004,384</u>	<u>3,183,806</u>
Cost of sales			(2,542,762)	(2,072,316)
GROSS PROFIT			<u>1,461,622</u>	<u>1,111,490</u>
Selling and distribution costs			(2,704)	(6,973)
Administrative expenses			<u>(1,191,874)</u>	<u>(931,371)</u>
OPERATING PROFIT				
Continuing operations		267,044		109,589
Acquisitions		-		63,557
		<u>267,044</u>		<u>173,146</u>
	3		267,044	173,146
Loss on disposal of tangible fixed assets in continuing operations			-	(1,361)
			<u>267,044</u>	<u>171,785</u>
Income from other investments			-	1,140,599
Amounts written off investments			-	(1,140,599)
Interest receivable			734	299
Interest payable	6		<u>(18,425)</u>	<u>(18,928)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			<u>249,353</u>	<u>153,156</u>
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	7		<u>(63,381)</u>	<u>(39,917)</u>
RETAINED PROFIT FOR THE YEAR			<u>185,972</u>	<u>113,239</u>
RETAINED PROFIT BROUGHT FORWARD			<u>287,341</u>	<u>174,102</u>
RETAINED PROFIT CARRIED FORWARD			<u>£ 473,313</u>	<u>£ 287,341</u>

There were no recognised gains and losses for 2001 or 2000 other than those included in the profit and loss account.

The notes on pages 6 to 13 form part of these financial statements.

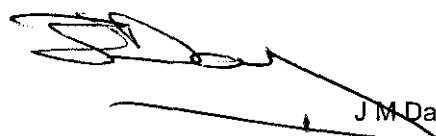
SERVICECARE SUPPORT SERVICES LIMITED

BALANCE SHEET As at 31 March 2001

	Note	£	2001 £	£	2000 £
FIXED ASSETS					
Intangible fixed assets	8		912,095		961,846
Tangible fixed assets	9		117,037		152,385
Investments	10		15,432		1,000
			<u>1,044,564</u>		<u>1,115,231</u>
CURRENT ASSETS					
Stocks	11	80,712		70,552	
Debtors	12	635,583		654,124	
Cash in hand		376		215	
		<u>716,671</u>		<u>724,891</u>	
CREDITORS: amounts falling due within one year	13	<u>(709,106)</u>		<u>(785,923)</u>	
NET CURRENT ASSETS/(LIABILITIES)			<u>7,565</u>		<u>(61,032)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,052,129</u>		<u>1,054,199</u>
CREDITORS: amounts falling due after more than one year	14		<u>(8,816)</u>		<u>(196,858)</u>
NET ASSETS			<u>£ 1,043,313</u>		<u>£ 857,341</u>
CAPITAL AND RESERVES					
Called up share capital	15		14,100		14,100
Share premium account			555,900		555,900
Profit and loss account			473,313		287,341
SHAREHOLDERS' FUNDS	16		<u>£ 1,043,313</u>		<u>£ 857,341</u>

Shareholders' Funds include non-equity interests

The financial statements were approved by the board on 22nd Oct 2001 and signed on its behalf


J M Day Director

The notes on pages 6 to 13 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2001

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.

SERVICECARE SUPPORT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2001

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

	2001 £	2000 £
Amortisation of intangible assets	49,751	33,167
Depreciation of tangible fixed assets		
- owned by the company	51,428	37,512
- held under finance leases and hire purchase contracts	24,122	25,166
Audit fees	6,925	8,350
Operating lease rentals		
- other	204,075	142,045

4. STAFF COSTS

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

	2001 £	2000 £
Wages and salaries	2,062,821	1,615,904
Social security costs	162,010	125,432
Other pension costs	26,408	17,223
	<u>£ 2,251,239</u>	<u>£ 1,758,559</u>

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

	2001	2000
Production	144	143
Administration	20	18
	<u>164</u>	<u>161</u>

5. DIRECTORS' REMUNERATION

	2001 £	2000 £
Aggregate emoluments	282,398	210,708
	<u>£ 282,398</u>	<u>£ 210,708</u>

SERVICECARE SUPPORT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2001

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

The chairman	£ 104,957	£ 105,795
Highest paid director	£ 104,957	£ 105,795

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

Highest paid director	£ 104,957	£ 105,795
-----------------------	------------------	------------------

6. INTEREST PAYABLE

	2001	2000
	£	£
On bank loans and overdrafts	13,863	12,678
On finance leases and hire purchase contracts	4,562	6,250
	£ 18,425	£ 18,928

7. TAXATION

	2001	2000
	£	£
Current year taxation		
UK Corporation Tax at 20% (2000 - 21%)	63,469	39,917
Prior years		
UK corporation tax	(88)	-
	£ 63,381	£ 39,917

SERVICECARE SUPPORT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2001

8. INTANGIBLE FIXED ASSETS

	Goodwill	Total
	£	£
Cost		
At 1 April 2000	995,013	995,013
At 31 March 2001	<u>995,013</u>	<u>995,013</u>
Amortisation		
At 1 April 2000	33,167	33,167
Charge for year	49,751	49,751
At 31 March 2001	<u>82,918</u>	<u>82,918</u>
Net Book Value		
At 31 March 2001	<u>£ 912,095</u>	<u>£ 912,095</u>
 <i>At 31 March 2000</i>	 <u>£ 961,846</u>	 <u>£ 961,846</u>

9. TANGIBLE FIXED ASSETS

	Leasehold Improvements	Fixtures & Equipment	Motor Vehicles	Total
	£	£	£	£
Cost or valuation				
At 1 April 2000	29,056	141,611	61,207	231,874
Additions	-	40,202	-	40,202
At 31 March 2001	<u>29,056</u>	<u>181,813</u>	<u>61,207</u>	<u>272,076</u>
Depreciation				
At 1 April 2000	20,311	43,398	15,780	79,489
Charge for year	-	51,428	24,122	75,550
At 31 March 2001	<u>20,311</u>	<u>94,826</u>	<u>39,902</u>	<u>155,039</u>
Net Book Value				
At 31 March 2001	<u>£ 8,745</u>	<u>£ 86,987</u>	<u>£ 21,305</u>	<u>£ 117,037</u>
 <i>At 31 March 2000</i>	 <u>£ 8,745</u>	 <u>£ 98,213</u>	 <u>£ 45,427</u>	 <u>£ 152,385</u>

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

	2001	2000
	£	£
Motor vehicles	21,303	45,426
Fixtures & equipment	9,253	14,644
	<u>£ 30,556</u>	<u>£ 60,070</u>

SERVICECARE SUPPORT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2001

10. FIXED ASSET INVESTMENTS

	Shares in group undertakings £	Total £
Cost		
At 1 April 2000	1,000	1,000
Additions	14,432	14,432
	<u>15,432</u>	<u>15,432</u>
At 31 March 2001	15,432	15,432
Net Book Value		
At 31 March 2001	£ 15,432	£ 15,432
	<u>15,432</u>	<u>15,432</u>
At 31 March 2000	£ 1,000	£ 1,000
	<u>1,000</u>	<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. Additions during the year of £14,432 comprise legal fees in respect of the acquisition of N.G.P. Holland B.V. which took place after the year end on 4 April 2001. The acquisition costs have been disclosed in note 19 below as a post balance sheet event.

11. STOCKS

	2001 £	2000 £
Raw materials	72,837	64,238
Work in progress	7,875	6,314
	<u>80,712</u>	<u>70,552</u>
	£ 80,712	£ 70,552

12. DEBTORS

	2001 £	2000 £
Due within one year		
Trade debtors	598,969	625,354
Other debtors	26,656	20,355
Prepayments and accrued income	9,958	8,415
	<u>635,583</u>	<u>654,124</u>
	£ 635,583	£ 654,124

Included within other debtors due within one year are loans of £1,452 (2000 - £1,918) to the directors. The maximum amount outstanding during the year was £1,452.

SERVICECARE SUPPORT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2001

13. CREDITORS:

Amounts falling due within one year

	2001 £	2000 £
Bank loans and overdrafts	13,629	158,774
Net obligations under finance lease and hire purchase contracts	13,042	23,255
Trade creditors	214,472	211,056
Amounts owed to group undertakings	1,000	1,000
Corporation tax	63,332	42,688
Social security and other taxes	124,411	128,768
Other creditors	54,761	20,010
Deferred purchase consideration	175,000	175,000
Accruals and deferred income	49,459	25,372
	<u>£ 709,106</u>	<u>£ 785,923</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.

14. CREDITORS:

Amounts falling due after more than one year

	2001 £	2000 £
Net obligations under finance lease and hire purchase contracts	8,816	21,858
Deferred purchase consideration	-	175,000
	<u>£ 8,816</u>	<u>£ 196,858</u>

Included within the above are amounts falling due as follows:

In 1 - 2 years:

Finance lease and hire purchase obligations	<u>8,816</u>	<u>21,858</u>
---	--------------	---------------

SERVICECARE SUPPORT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2001

15. CALLED UP SHARE CAPITAL

	2001 £	2000 £
Authorised		
13,900 ordinary shares of £1 each	13,900	13,900
200 redeemable shares of £1 each	200	200
	<u>£ 14,100</u>	<u>£ 14,100</u>
Authorised, allotted, called up and fully paid		
13,900 ordinary shares of £1 each	13,900	13,900
200 redeemable shares of £1 each	200	200
	<u>£ 14,100</u>	<u>£ 14,100</u>

16. SHAREHOLDERS' FUNDS

Reconciliation of movements on shareholders' funds

	2001 £	2000 £
Profit for the year	185,972	113,238
Shares issued during year	-	4,100
Share premium on shares issued	-	555,900
	<u>185,972</u>	<u>673,238</u>
Opening shareholders' funds	857,341	184,103
Closing shareholders' funds	<u>£ 1,043,313</u>	<u>£ 857,341</u>

Analysis of shareholders' funds

	2001 £	2000 £
Non-equity interests	200	200
Equity interests	1,043,113	857,141
	<u>£ 1,043,313</u>	<u>£ 857,341</u>

17. OTHER COMMITMENTS

At 31 March 2001 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2001 £	2000 £
Expiry date:		
Between 2 and 5 years	101,288	101,288
In more than 5 years	74,948	74,948

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2001

18. 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 £26,408 (2001 - £17,223), with no outstanding or prepaid contributions at the year end.

19. POST BALANCE SHEET EVENTS

On 4 April 2001 the company acquired all of the share capital of N.G.P Holland B.V., a dutch company. In accordance with the share purchase agreement the acquisition cost is to be as follows:

On 4 April 2001 being the closing date: Shares were issued and transferred to the seller so that the seller would hold 7.5% of the share capital of Servicecare Support Services Limited follow the issue and transfer.

First instalment: GBP £65,000 paid on 4 April 2001 being the closing date

Second Instalment: GBP £35,000 paid 3 months after the closing date

Third Instalment: EUR 158,000 (Euro) to be paid 12 months after the closing date

Fourth Instalment: EUR 158,000 (Euro) to be paid 24 months after the closing date

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.