
SERVICECARE SUPPORT SERVICES LIMITED AND ITS SUBSIDIARIES

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
31 MARCH 2003**



SERVICECARE SUPPORT SERVICES LIMITED AND ITS SUBSIDIARIES

COMPANY INFORMATION

DIRECTORS

J M Day
R v Dalen
G Furness
S Cook
D Aspin

SECRETARY

Mrs D Day & Mrs L Furness

COMPANY NUMBER

3024924

REGISTERED OFFICE

Orme Mill
Greenacres Road
Oldham
OL4 3NS

AUDITORS

Kay Johnson Gee
Chartered Accountants & Registered Auditors
Griffin Court
201 Chapel Street
Salford
Manchester
M3 5EQ

SERVICECARE SUPPORT SERVICES LIMITED AND ITS SUBSIDIARIES

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DIRECTORS' REPORT
For the year ended 31 March 2003

The directors present their report and the financial statements for the year ended 31 March 2003.

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

The groups principal activity continues to be that of the repair and support of computer peripheral equipment and also, the repair and service of electrical equipment.

Chairman's Statement

Introduction

I am very pleased to report that 2002-2003 was a good year for Servicecare with revenues rising to nearly £6m, which saw Servicecare's operations at near capacity. The effects of this and other changes in production techniques gave rise to an increased operating profit margin of 8.4%.

The key markets of manufacturer retail support showed continued growth, with strong retail sales demand driven by new technologies and consumer trends, giving rise to increased after-sales service requirements.

Whilst growth in the UK remained strong and indications this year are that we are set for further accelerated growth the converse continued to be true in the European mainland where growth has continued to elude our sales drive, this was particularly impacted by the large scale mergers of HP and Compaq which in turn has affected Servicecare's European client base of Original Equipment Manufacturers.

Results

Servicecare achieved a pre-tax profit of £477k in the year representing a 14% increase on the prior year on a corresponding increase in turnover to £5.8m.

Future Outlook

During the course of the year Servicecare spent considerable time on plans to relocate and amalgamate its UK operations to a purpose built operation of some 95,000 sq ft, which occurred in October 2003, and as such will generate significant efficiencies in terms of production layout. Early indications are that this investment will allow Servicecare to access larger scale opportunities focussing on our overall image and increased capacity.

I would like to take this opportunity to thank all members of staff for their continued efforts in maintaining Servicecare's high customer satisfaction.

SERVICECARE SUPPORT SERVICES LIMITED AND ITS SUBSIDIARIES

DIRECTORS' REPORT For the year ended 31 March 2003

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £322,461 (2002 - £279,761) .

The directors recommend a final dividend of £250,000 (2002 - £nil) .

DIRECTORS

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

	Ordinary A shares of £1 each		Ordinary B shares of £1 each		Ordinary C shares of £1 each	
	<u>31/3/03</u>	<u>1/4/02</u>	<u>31/3/03</u>	<u>1/4/02</u>	<u>31/3/03</u>	<u>1/4/02</u>
J M Day	7,076	7,076	-	-	-	-
R v Dalen	-	-	1,143	1,143	-	-
G Furness	-	4,100	-	-	4,100	-
S Cook	-	1,412	-	-	-	-
D Aspin	-	1,312	-	-	-	-

	Ordinary D shares of £1 each		Ordinary E shares of £1 each		Redeemable shares of £1 each	
	<u>31/3/03</u>	<u>1/4/02</u>	<u>31/3/03</u>	<u>1/4/02</u>	<u>31/3/03</u>	<u>1/4/02</u>
J M Day	-	-	-	-	150	150
R v Dalen	-	-	-	-	-	-
G Furness	-	-	-	-	-	-
S Cook	1,412	-	-	-	-	-
D Aspin	-	-	1,312	-	-	-

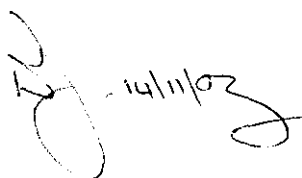
SUBSIDIARIES

The group wholly owns and controls Servicecare B.V. A company incorporated in Holland. The principal activity of the trading subsidiary is the repair and support of computer peripheral equipment and also, the repair and service of electrical equipment.

AUDITORS

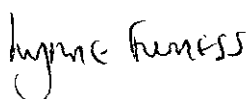
The auditors, Kay Johnson Gee, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

This report was approved by the board on

 14/11/03

and signed on its behalf.

Mrs D Day & Mrs L Furness
Secretary



SERVICECARE SUPPORT SERVICES LIMITED AND ITS SUBSIDIARIES

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SERVICECARE SUPPORT SERVICES LIMITED AND ITS SUBSIDIARIES

We have audited the financial statements of Servicecare Support Services Limited and its Subsidiaries for the year ended 31 March 2003 set out on pages 5 to 19. These financial statements have been prepared under the historical cost convention and the accounting policies set out on pages 8 to 9.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with United Kingdom 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.

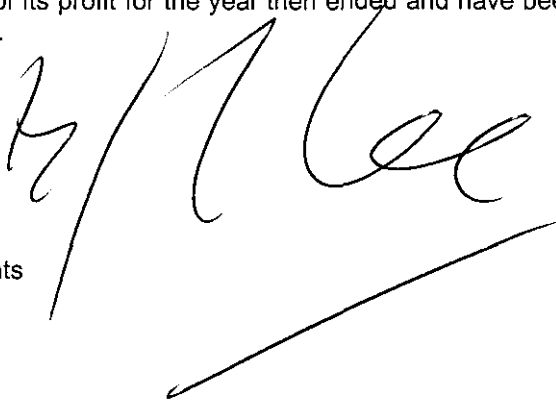
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

SERVICECARE SUPPORT SERVICES LIMITED AND ITS SUBSIDIARIES

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SERVICECARE SUPPORT SERVICES
LIMITED AND ITS SUBSIDIARIES**

OPINION

In our opinion the financial statements give a true and fair view of the state of the group's affairs as at 31 March 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A large, stylized handwritten signature in black ink, appearing to read 'K. Johnson Gee', is written over the text of the opinion and the company name.

Kay Johnson Gee

Chartered Accountants
Registered Auditors

Griffin Court
201 Chapel Street
Salford
Manchester
M3 5EQ

25 NOV 2003

SERVICECARE SUPPORT SERVICES LIMITED AND ITS SUBSIDIARIES

PROFIT AND LOSS ACCOUNT
For the year ended 31 March 2003

	Note	2003 £	2002 £
TURNOVER	1, 2	5,832,901	5,459,969
Cost of sales		<u>(2,989,941)</u>	<u>(2,756,475)</u>
GROSS PROFIT		2,842,960	2,703,494
Selling and distribution costs		(1,657)	(2,336)
Administrative expenses		<u>(2,347,013)</u>	<u>(2,252,579)</u>
OPERATING PROFIT	3	494,290	448,579
Interest receivable		1,008	541
Interest payable	6	<u>(18,095)</u>	<u>(31,926)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		477,203	417,194
TAX ON PROFIT ON ORDINARY ACTIVITIES	7	<u>(154,742)</u>	<u>(137,433)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		322,461	279,761
DIVIDENDS - On equity shares	8	<u>(250,000)</u>	-
RETAINED PROFIT FOR THE FINANCIAL YEAR	17	<u>£ 72,461</u>	<u>£ 279,761</u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2003 or 2002 other than those included in the profit and loss account.

The notes on pages 8 to 19 form part of these financial statements.

SERVICECARE SUPPORT SERVICES LIMITED AND ITS SUBSIDIARIES

BALANCE SHEET
As at 31 March 2003

	Note	2003 £	2002 £
FIXED ASSETS			
Intangible fixed assets	9	1,157,713	1,226,637
Tangible fixed assets	10	158,171	135,808
		<u>1,315,884</u>	<u>1,362,445</u>
CURRENT ASSETS			
Stocks	11	145,213	84,323
Debtors	12	1,578,460	1,186,177
Cash at bank and in hand		55,454	56,619
		<u>1,779,127</u>	<u>1,327,119</u>
CREDITORS: amounts falling due within one year	13	<u>(1,515,568)</u>	<u>(1,086,853)</u>
NET CURRENT ASSETS		<u>263,559</u>	<u>240,266</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,579,443</u>	<u>1,602,711</u>
CREDITORS: amounts falling due after more than one year	14	(27,097)	(127,585)
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	15	(6,806)	(2,047)
NET ASSETS		<u>£ 1,545,540</u>	<u>£ 1,473,079</u>
CAPITAL AND RESERVES			
Called up share capital	16	15,243	15,243
Share premium account		704,757	704,757
Profit and loss account	17	825,540	753,079
SHAREHOLDERS' FUNDS - All Equity	18	<u>£ 1,545,540</u>	<u>£ 1,473,079</u>

The financial statements were approved by the board on 14th November 2003 and signed on its behalf.

J M Day
Director



The notes on pages 8 to 19 form part of these financial statements.

SERVICECARE SUPPORT SERVICES LIMITED AND ITS SUBSIDIARIES

CASH FLOW STATEMENT
For the year ended 31 March 2003

	Note	2003 £	2002 £
Net cash flow from operating activities	19	167,057	615,358
Returns on investments and servicing of finance	20	(17,087)	(31,385)
Taxation		(124,821)	(73,897)
Capital expenditure and financial investment	20	(57,289)	(579,512)
CASH OUTFLOW BEFORE FINANCING		(32,140)	(69,436)
Financing	20	(9,003)	135,033
(DECREASE)/INCREASE IN CASH IN THE YEAR		£ (41,143)	£ 65,597

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT (NOTE 21)
For the year ended 31 March 2003

	2003 £	2002 £
(Decrease)/Increase in cash in the year	(41,143)	65,597
Cash outflow from decrease in debt and lease financing	9,003	14,967
CHANGE IN NET DEBT RESULTING FROM CASH FLOWS	(32,140)	80,564
New finance lease	(31,010)	(37,415)
MOVEMENT IN NET DEBT IN THE YEAR	(63,150)	43,149
Net funds/(debt) at 1 April 2002	8,038	(35,111)
NET (DEBT)/FUNDS AT 31 MARCH 2003	£ (55,112)	£ 8,038

The notes on pages 8 to 19 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2003

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and are prepared in accordance with applicable accounting standards and include the results of the group's operations which are described in the Director's Report and all of which are continuing.

1.2 Basis of consolidation

The Group financial statements incorporate the financial statements of Servicecare Support Services Limited and all its subsidiaries for the year ended 31st March 2003.

1.3 Turnover

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

1.4 Intangible fixed assets and amortisation

Goodwill arising on the acquisition of Electrotec International Limited and Servicecare B.V. is being amortised on a straight line basis over 20 years to the profit and loss account in accordance with FRS10.

1.5 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:

L/Term Leasehold Property	-	50%	straight line
Plant & Machinery	-	25%	straight line
Motor Vehicles	-	25%	straight line
Fixtures & Fittings	-	20%	straight line

1.6 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.

1.7 Operating leases

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

1.8 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.

SERVICECARE SUPPORT SERVICES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2003

1.9 Deferred taxation

Provision is made in full for all taxation deferred in respect of timing differences that have originated but not reversed by the balance sheet date, except for gains on disposal of fixed assets which will be rolled over into replacement assets. No provision is made for taxation on permanent differences.

Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered.

1.10 Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

1.11 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.

2. TURNOVER

The whole of the turnover is attributable to the one principal activity of the group being the repair and support of computer peripheral equipment and also, the repair and service of electrical equipment.

A geographical analysis of turnover is as follows:

	2003 £	2002 £
Sales - UK	4,802,060	4,204,640
Sales - Rest of European Union	1,030,841	1,255,329
	<u>£ 5,832,901</u>	<u>£ 5,459,969</u>

3. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2003 £	2002 £
Amortisation - intangible fixed assets	68,924	68,924
Depreciation of tangible fixed assets:		
- owned by the company	59,269	72,508
- held under finance leases	6,667	12,884
Auditors' remuneration	20,492	20,175
Operating lease rentals:		
- other operating leases	370,789	308,988
Difference on foreign exchange	(4,084)	3,464
	<u><u>£ 5,832,901</u></u>	<u><u>£ 5,459,969</u></u>

SERVICECARE SUPPORT SERVICES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2003

4. STAFF COSTS

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

	2003 £	2002 £
Wages and salaries	3,137,485	2,814,749
Social security costs	202,635	170,361
Other pension costs	49,778	47,369
	<u>£ 3,389,898</u>	<u>£ 3,032,479</u>

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

	2003	2002
Production	187	167
Administration	35	37
	<u>222</u>	<u>204</u>

5. DIRECTORS' REMUNERATION

	2003 £	2002 £
Emoluments	<u>£ 332,050</u>	<u>£ 294,852</u>
Company pension contributions to money purchase pension schemes	<u>£ 9,838</u>	<u>£ 9,766</u>

During the year retirement benefits were accruing to 4 directors (2002 - 4) in respect of money purchase pension schemes.

The highest paid director received remuneration of £140,050 (2002 - £119,011).

6. INTEREST PAYABLE

	2003 £	2002 £
On bank loans and overdrafts	12,815	24,487
On other loans	3,021	3,575
On finance leases and hire purchase contracts	2,259	3,864
	<u>£ 18,095</u>	<u>£ 31,926</u>

SERVICECARE SUPPORT SERVICES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2003

7. TAXATION

	2003	2002
	£	£
Analysis of tax charge in year		
Current tax (see note below)		
UK corporation tax on profits of the year	148,799	110,636
Foreign tax on income for the year	1,184	24,750
Total current tax	149,983	135,386
Deferred tax		
Origination and reversal of timing differences	4,759	2,047
Total deferred tax (see note 15)	4,759	2,047
Tax on profit on ordinary activities	£ 154,742	£ 137,433

SERVICECARE SUPPORT SERVICES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2003

7. TAXATION (continued)

Factors affecting tax charge for year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2003 £	2002 £
Profit on ordinary activities before tax	<u>477,203</u>	<u>417,194</u>
Profit on ordinary activities multiplied by the relevant standard rate of corporation tax in the UK of 30% (2002 - 27.514)	143,161	114,787
Effects of:		
Expenses not deductible for tax purposes	14,872	11,210
Capital allowances for period in excess of depreciation	(3,021)	(8,705)
Higher rate taxes on overseas earnings	1,226	10,918
Adjustment to provisional tax charge for prior periods	-	7,176
Marginal relief	(6,255)	-
Current tax charge for year (see note above)	<u>£ 149,983</u>	<u>£ 135,386</u>

There were no factors that may affect future tax charges.

8. DIVIDENDS

	2003 £	2002 £
On equity shares		
Total dividends proposed	<u>£ 250,000</u>	<u>£ -</u>

SERVICECARE SUPPORT SERVICES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2003

9. INTANGIBLE FIXED ASSETS

	Goodwill £	Total £
Cost		
At 1 April 2002 and 31 March 2003	<u>1,378,479</u>	<u>1,378,479</u>
Amortisation		
At 1 April 2002	151,842	151,842
Charge for the year	<u>68,924</u>	<u>68,924</u>
At 31 March 2003	<u>220,766</u>	<u>220,766</u>
Net book value		
At 31 March 2003	<u>£ 1,157,713</u>	<u>£ 1,157,713</u>
At 31 March 2002	<u>£ 1,226,637</u>	<u>£ 1,226,637</u>

10. TANGIBLE FIXED ASSETS

	Land and buildings £	Plant and machinery £	Motor vehicles £	Furniture, fittings and equipment £	Total £
Cost					
At 1 April 2002	29,056	174,282	48,836	211,405	463,579
Additions	-	9,054	-	79,245	88,299
Disposals	-	-	-	(9,868)	(9,868)
At 31 March 2003	<u>29,056</u>	<u>183,336</u>	<u>48,836</u>	<u>280,782</u>	<u>542,010</u>
Depreciation					
At 1 April 2002	29,056	155,162	19,154	124,399	327,771
Charge for the year	-	13,014	12,214	40,708	65,936
On disposals	-	-	-	(9,868)	(9,868)
At 31 March 2003	<u>29,056</u>	<u>168,176</u>	<u>31,368</u>	<u>155,239</u>	<u>383,839</u>
Net book value					
At 31 March 2003	<u>£ -</u>	<u>£ 15,160</u>	<u>£ 17,468</u>	<u>£ 125,543</u>	<u>£ 158,171</u>
At 31 March 2002	<u>£ -</u>	<u>£ 19,120</u>	<u>£ 29,682</u>	<u>£ 87,006</u>	<u>£ 135,808</u>

SERVICECARE SUPPORT SERVICES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2003

10. TANGIBLE FIXED ASSETS (continued)

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2003	2002
	£	£
Motor vehicles	11,189	15,026
Furniture, fittings and equipment	25,020	3,766
	<u>£ 36,209</u>	<u>£ 18,792</u>

11. STOCKS

	2003	2002
	£	£
Raw materials	57,786	63,482
Work in progress	87,427	20,841
	<u>£ 145,213</u>	<u>£ 84,323</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

12. DEBTORS

	2003	2002
	£	£
Due within one year		
Trade debtors	1,482,093	1,125,658
Other debtors	44,524	24,765
Prepayments and accrued income	51,843	35,754
	<u>£ 1,578,460</u>	<u>£ 1,186,177</u>

Included within other debtors due within one year is a loan to Mr J M Day, a director, amounting to £6,103 (2002 - £nil) . The maximum amount outstanding during the year was £7,429.

SERVICECARE SUPPORT SERVICES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2003

13. CREDITORS:
Amounts falling due within one year

	2003	2002
	£	£
Bank loans and overdrafts	60,470	19,534
Deferred purchase consideration	109,020	135,000
Net obligations under finance leases and hire purchase contracts	22,999	12,906
Trade creditors	324,461	316,394
Corporation tax	149,983	124,821
Social security and other taxes	216,874	142,406
Proposed dividend	250,000	-
Other creditors	269,707	203,553
Accruals and deferred income	112,054	132,239
	<u>£ 1,515,568</u>	<u>£ 1,086,853</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.

Included within other creditors are amounts due to HSBC Invoice Finance (UK) Ltd of £257,459 (2002 - £192,447) secured on the company's trade debtors. Obligations under finance leases and hire purchase contracts are secured on the relevant assets.

14. CREDITORS:
Amounts falling due after more than one year

	2003	2002
	£	£
Net obligations under finance leases and hire purchase contracts	27,097	16,141
Other creditors	-	111,444
	<u>£ 27,097</u>	<u>£ 127,585</u>

Obligations under finance leases and hire purchase contracts, included above, are payable as follows:

	2003	2002
	£	£
Between two and five years	<u>£ 27,097</u>	<u>£ 16,141</u>

15. DEFERRED TAXATION

	2003	2002
	£	£
At 1 April 2002	2,047	-
Charge for the year	4,759	2,047
At 31 March 2003	<u>£ 6,806</u>	<u>£ 2,047</u>

SERVICECARE SUPPORT SERVICES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

15. DEFERRED TAX (continued)

The deferred tax provision is made up as follows:

	2003 £	2002 £
Accelerated capital allowances	6,806	2,047
	<u>£ 6,806</u>	<u>£ 2,047</u>

16. SHARE CAPITAL

	2003 £	2002 £
Authorised, allotted, called up and fully paid		
7,076 Ordinary A shares of £1 each	7,076	13,900
1,143 Ordinary B shares of £1 each	1,143	1,143
4,100 Ordinary C shares of £1 each	4,100	-
1,412 Ordinary D shares of £1 each	1,412	-
1,312 Ordinary E shares of £1 each	1,312	-
200 Redeemable shares of £1 each	200	200
	<u>£ 15,243</u>	<u>£ 15,243</u>

17. RESERVES

Profit and loss account	£
At 1 April 2002	753,079
Profit retained for the year	72,461
	<u>£ 825,540</u>
At 31 March 2003	

SERVICECARE SUPPORT SERVICES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2003

18. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2003 £	2002 £
Profit for the year	322,461	279,761
Dividends	(250,000)	-
	<u>72,461</u>	<u>279,761</u>
Shares issued during the year	-	1,143
Share premium on shares issued (net of expenses)	-	148,857
	<u>72,461</u>	<u>429,761</u>
Opening shareholders' funds	1,473,079	1,043,318
Closing shareholders' funds	<u>£ 1,545,540</u>	<u>£ 1,473,079</u>

19. NET CASH FLOW FROM OPERATING ACTIVITIES

	2003 £	2002 £
Operating profit	494,290	448,579
Amortisation of intangible fixed assets	68,924	68,924
Depreciation of tangible fixed assets	65,936	225,205
Profit on disposal of tangible fixed assets	-	(10,509)
Increase in stocks	(60,890)	(3,611)
Increase in debtors	(392,283)	(536,162)
(Decrease)/increase in creditors	(8,920)	422,932
NET CASH INFLOW FROM OPERATIONS	<u>£ 167,057</u>	<u>£ 615,358</u>

20. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2003 £	2002 £
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	1,008	541
Interest paid	(15,836)	(28,062)
Hire purchase interest	(2,259)	(3,864)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	<u>£ (17,087)</u>	<u>£ (31,385)</u>

SERVICECARE SUPPORT SERVICES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

**20. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT
(continued)**

	2003 £	2002 £
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of intangible fixed assets	-	(383,466)
Purchase of tangible fixed assets	(57,289)	(215,294)
Sale of tangible fixed assets	-	19,248
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE	£ (57,289)	£ (579,512)
	2003 £	2002 £
FINANCING		
Issue of ordinary shares	-	150,000
New secured loans	958	15,259
Principal payment under finance lease	(9,961)	(30,226)
NET CASH (OUTFLOW)/INFLOW FROM FINANCING	£ (9,003)	£ 135,033

21. ANALYSIS OF CHANGES IN NET DEBT

	1 April 2002 £	Cash flow £	Other non-cash changes £	31 March 2003 £
Cash at bank and in hand:	56,619	(1,165)	-	55,454
Bank overdraft	(4,275)	(39,978)	-	(44,253)
	52,344	(41,143)	-	11,201
DEBT :				
Finance leases	(29,047)	9,961	(31,010)	(50,096)
Debts due within one year	(15,259)	(958)	-	(16,217)
NET FUNDS/(DEBT)	£ 8,038	£ (32,140)	£ (31,010)	£ (55,112)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2003

22. PURCHASE OF SUBSIDIARY UNDERTAKINGS

	2003	2002
	£	£
Net assets acquired	-	-
Tangible fixed assets	-	56,935
Stock	-	34,802
Debtors	-	341,711
Cash at bank and in hand	-	9,221
Creditors	-	(145,954)
Bank overdrafts and loans	-	(75,588)
Hire purchase	-	(22,065)
Other creditors	-	(66,033)
Corporation tax	-	(48,889)
	-	-
Satisfied by	-	-
Share capital	-	(11,477)
Profit and loss reserves	£ -	£ (72,663)
	<u> </u>	<u> </u>

23. PENSION COMMITMENTS

The group 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 group. The total pension cost charge for the year was £49,778 (2002 - £47,369), with no outstanding or prepaid contributions at the year end.

24. OPERATING LEASE COMMITMENTS

At 31 March 2003 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2003	2002
	£	£
Expiry date:		
Between 2 and 5 years	-	101,288
After more than 5 years	-	101,500
	<u> </u>	<u> </u>

25. SUBSIDIARY COMPANIES

The shares in group undertakings at 31 March 2003, represent 100% (2002 - 100%) of the issued share capital of the following companies:

	Nature of Business	Place of incorporation
Electrotec International Limited	Dormant	England and Wales
Servicecare BV	Repair of computer and electrical equipment	Holland

SERVICECARE SUPPORT SERVICES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
31 MARCH 2003**

SERVICECARE SUPPORT SERVICES LIMITED

COMPANY INFORMATION

DIRECTORS

JM Day
D Aspin
G Furness
S Cook
R Van Delen

SECRETARY

Mrs D Day & Mrs L Furness

COMPANY NUMBER

3024924

REGISTERED OFFICE

Orme Mill
Greenacres Road
Oldham
Lancashire
OL4 3NS

AUDITORS

Kay Johnson Gee
Chartered Accountants & Registered Auditors
Griffin Court
201 Chapel Street
Salford
Manchester
M3 5EQ

SERVICECARE SUPPORT SERVICES LIMITED

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Cash flow statement	7
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<i>The following pages do not form part of the statutory accounts:</i>	
Detailed profit and loss account and summaries	20 - 23

DIRECTORS' REPORT
For the year ended 31 March 2003

The directors present their report and the financial statements for the year ended 31 March 2003.

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

The company's principal activity continues to be that of the repair and support of computer peripheral equipment and also, the repair and service of electrical equipment.

CHAIRMAN'S STATEMENT - 2001/2002

Introduction

I am very pleased to report that 2002 - 2003 was a good year for Servicecare with revenues rising to nearly £6m, which saw Servicecare's operations at near capacity. The effects of this and other changes in production techniques gave rise to an increased operating profit margin of 8.4%.

The key markets of manufacturer retail support showed continued growth, with strong retail sales demand driven by new technologies and consumer trends, giving rise to increased after-sales service requirements.

Whilst growth in the UK remained strong and indications this year are that we are set for further accelerated growth the converse continued to be true in the European mainland where growth has continued to elude our sales drive, this was particularly impacted by the large scale mergers of HP and Compaq which in turn has affected Servicecare's European client base of Original Equipment Manufacturers.

Results

Servicecare achieved a pre-tax profit of £477k in the year representing a 14% increase on the prior year on a corresponding increase in turnover to £5.8m.

Future Outlook

During the course of the year Servicecare spent considerable time on plans to relocate and amalgamate its UK operations to a purpose built operation of some 95,000 sq ft, which occurred in October 2003, and as such will generate significant efficiencies in terms of production layout. Early indications are that this investment will allow Servicecare to access larger scale opportunities focussing on our overall image and increased capacity.

I would like to take this opportunity to thank all members of staff for their continued efforts in maintaining Servicecare's high customer satisfaction.

SERVICECARE SUPPORT SERVICES LIMITED

DIRECTORS' REPORT For the year ended 31 March 2003

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £320,535 (2002 - £254,238) .

The directors recommend a final dividend of £250,000 (2002 - £nil) .

DIRECTORS

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

	A Ordinary shares of £1 each		B Ordinary shares of £1 each		C Ordinary shares of £1 each	
	<u>31/3/03</u>	<u>1/4/02</u>	<u>31/3/03</u>	<u>1/4/02</u>	<u>31/3/03</u>	<u>1/4/02</u>
JM Day	7,076	7,076	-	-	-	-
D Aspin	-	1,312	-	-	-	-
G Furness	-	4,100	-	-	4,100	-
S Cook	-	1,412	-	-	-	-
R Van Delen	-	-	1,143	1,143	-	-

	D Ordinary shares of £1 each		E Ordinary shares of £1 each		Redeemable shares of £1 each	
	<u>31/3/03</u>	<u>1/4/02</u>	<u>31/3/03</u>	<u>1/4/02</u>	<u>31/3/03</u>	<u>1/4/02</u>
JM Day	-	-	-	-	150	150
D Aspin	-	-	1,312	-	-	-
G Furness	-	-	-	-	-	-
S Cook	1,412	-	-	-	-	-
R Van Delen	-	-	-	-	-	-

SUBSIDIARY

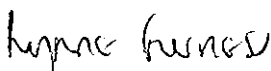
The company wholly owns and controls Servicecare B.V. A company incorporated in Holland. The principal activity of the trading subsidiary is the repair and support of computer peripheral equipment and also, the repair and service of electrical equipment

The company also wholly owns and controls Electrotec International Limited. A company incorporated in England and Wales. This company has remained dormant throughout this and the proceeding financial period.

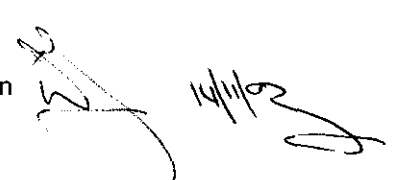
AUDITORS

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



Mrs D Day & Mrs L Furness
Secretary

 and signed on its behalf.

SERVICECARE SUPPORT SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SERVICECARE SUPPORT SERVICES LIMITED

We have audited the financial statements of Servicecare Support Services Limited for the year ended 31 March 2003 set out on pages 5 to 19. These financial statements have been prepared under the historical cost convention and the accounting policies set out on pages 8 to 9.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with United Kingdom 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.

SERVICECARE SUPPORT SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SERVICECARE SUPPORT SERVICES LIMITED

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 2003 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
Registered Auditors

Griffin Court
201 Chapel Street
Salford
Manchester
M3 5EQ

15 NOV 2003

SERVICECARE SUPPORT SERVICES LIMITED

PROFIT AND LOSS ACCOUNT
For the year ended 31 March 2003

	Note	2003 £	2002 £
TURNOVER	1, 2	4,888,082	4,308,833
Cost of sales		<u>(2,826,273)</u>	<u>(2,620,034)</u>
GROSS PROFIT		2,061,809	1,688,799
Selling and distribution costs		<u>(1,657)</u>	<u>(2,336)</u>
Administrative expenses		<u>(1,574,002)</u>	<u>(1,300,846)</u>
OPERATING PROFIT	3	486,150	385,617
Interest receivable		<u>128</u>	<u>541</u>
Interest payable	6	<u>(12,185)</u>	<u>(19,238)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		474,093	366,920
TAX ON PROFIT ON ORDINARY ACTIVITIES	7	<u>(153,558)</u>	<u>(112,682)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		320,535	254,238
DIVIDENDS - On equity shares	8	<u>(250,000)</u>	-
RETAINED PROFIT FOR THE FINANCIAL YEAR	18	<u><u>£ 70,535</u></u>	<u><u>£ 254,238</u></u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2003 or 2002 other than those included in the profit and loss account.

The notes on pages 8 to 19 form part of these financial statements.

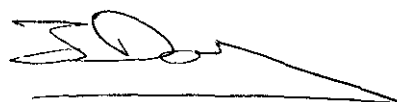
SERVICECARE SUPPORT SERVICES LIMITED

BALANCE SHEET
As at 31 March 2003

	Note	2003 £	2002 £
FIXED ASSETS			
Intangible fixed assets	9	812,593	862,344
Tangible fixed assets	10	136,732	102,038
Investments	11	472,655	472,655
		<u>1,421,980</u>	<u>1,437,037</u>
CURRENT ASSETS			
Stocks	12	120,710	55,008
Debtors	13	1,346,604	920,686
Cash at bank and in hand		534	7,335
		<u>1,467,848</u>	<u>983,029</u>
CREDITORS: amounts falling due within one year	14	<u>(1,337,839)</u>	<u>(860,989)</u>
NET CURRENT ASSETS		<u>130,009</u>	<u>122,040</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,551,989</u>	<u>1,559,077</u>
CREDITORS: amounts falling due after more than one year	15	(27,097)	(109,479)
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	16	(6,806)	(2,047)
NET ASSETS		<u>£ 1,518,086</u>	<u>£ 1,447,551</u>
CAPITAL AND RESERVES			
Called up share capital	17	15,243	15,243
Share premium account		704,757	704,757
Profit and loss account	18	798,086	727,551
SHAREHOLDERS' FUNDS - All Equity	19	<u>£ 1,518,086</u>	<u>£ 1,447,551</u>

The financial statements were approved by the board on 14th November 2003 and signed on its behalf.

JM Day
Director



The notes on pages 8 to 19 form part of these financial statements.

SERVICECARE SUPPORT SERVICES LIMITED

CASH FLOW STATEMENT
For the year ended 31 March 2003

	Note	2003 £	2002 £
Net cash flow from operating activities	20	142,037	447,247
Returns on investments and servicing of finance	21	(12,057)	(18,697)
Taxation		(101,944)	(72,023)
Capital expenditure and financial investment	21	(107,089)	(41,044)
Acquisitions and disposals	21	-	(457,223)
CASH OUTFLOW BEFORE FINANCING		(79,053)	(141,740)
Financing	21	55,004	162,327
(DECREASE)/INCREASE IN CASH IN THE YEAR		£ (24,049)	£ 20,587

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT (NOTE 22)
For the year ended 31 March 2003

	2003 £	2002 £
(Decrease)/Increase in cash in the year	(24,049)	20,587
Cash inflow from decrease in debt and lease financing	(55,004)	(12,327)
CHANGE IN NET DEBT RESULTING FROM CASH FLOWS	(79,053)	8,260
New finance lease	27,844	15,350
MOVEMENT IN NET DEBT IN THE YEAR	(51,209)	23,610
Net debt at 1 April 2002	(11,500)	(35,110)
NET DEBT AT 31 MARCH 2003	£ (62,709)	£ (11,500)

The notes on pages 8 to 19 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2003

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and are prepared in accordance with applicable accounting standards.

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.

1.2 Turnover

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

1.3 Intangible fixed assets and amortisation

Goodwill arising on the acquisition of Electrotec International Limited is amortised on a straight line basis to the profit and loss account in accordance with FRS10.

1.4 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:

L/Term Leasehold Property	-	50% straight line
Motor Vehicles	-	25% straight line
Fixtures & Fittings	-	20% straight line

1.5 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.

1.6 Operating leases

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

1.7 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.

1.8 Deferred taxation

Provision is made in full for all taxation deferred in respect of timing differences that have originated but not reversed by the balance sheet date, except for gains on disposal of fixed assets which will be rolled over into replacement assets. No provision is made for taxation on permanent differences.

Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered.

SERVICECARE SUPPORT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2003

1.9 Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

1.10 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.

2. TURNOVER

The whole of the turnover is attributable to the one activity of the company being the repair and support of computer peripheral equipment and also, the repair and service of electrical equipment.

A geographical analysis of turnover is as follows:

	2003 £	2002 £
Sales - UK	4,841,323	4,185,347
Sales - Rest of European Union	46,759	123,486
	<u>£ 4,888,082</u>	<u>£ 4,308,833</u>

3. OPERATING PROFIT

The operating profit is stated after charging:

	2003 £	2002 £
Amortisation - intangible fixed assets	49,751	49,751
Depreciation of tangible fixed assets:		
- owned by the company	37,884	38,318
- held under finance leases	6,667	12,884
Auditors' remuneration	13,400	9,675
Operating lease rentals:		
- other operating leases	289,323	227,122
Difference on foreign exchange	12,079	-
	<u> </u>	<u> </u>

SERVICECARE SUPPORT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2003

4. STAFF COSTS

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

	2003 £	2002 £
Wages and salaries	2,605,836	2,156,653
Social security costs	202,635	170,361
Other pension costs	36,563	34,738
	<u>£ 2,845,034</u>	<u>£ 2,361,752</u>

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

	2003	2002
Production	154	127
Administration	32	30
	<u>186</u>	<u>157</u>

5. DIRECTORS' REMUNERATION

	2003 £	2002 £
Emoluments	<u>£ 332,050</u>	<u>£ 294,852</u>
Company pension contributions to money purchase pension schemes	<u>£ 9,838</u>	<u>£ 9,766</u>

During the year retirement benefits were accruing to 4 directors (2002 - 4) in respect of money purchase pension schemes.

The highest paid director received remuneration of £140,050 (2002 - £119,011).

6. INTEREST PAYABLE

	2003 £	2002 £
On bank loans and overdrafts	10,764	16,683
On finance leases and hire purchase contracts	1,421	2,555
	<u>£ 12,185</u>	<u>£ 19,238</u>

SERVICECARE SUPPORT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2003

7. TAXATION

	2003 £	2002 £
Analysis of tax charge in year		
Current tax (see note below)		
UK corporation tax on profits of the year	148,799	110,635
Deferred tax		
Origination and reversal of timing differences	4,759	2,047
Total deferred tax (see note 16)	4,759	2,047
Tax on profit on ordinary activities	£ 153,558	£ 112,682

Factors affecting tax charge for year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (28.8%). The differences are explained below:

	2003 £	2002 £
Profit on ordinary activities before tax	474,093	366,920
Profit on ordinary activities multiplied by the relevant standard rate of corporation tax in the UK of 28.8% (2002 - 27.514)	136,539	100,954
Effects of:		
Expenses not deductible for tax purposes	15,281	11,210
Capital allowances for period in excess of depreciation	(3,021)	(8,705)
Adjustment to provisional tax charge for prior periods	-	7,176
Current tax charge for year (see note above)	£ 148,799	£ 110,635

There were no factors that may affect future tax charges.

8. DIVIDENDS

	2003 £	2002 £
On equity shares		
Total dividends proposed	£ 250,000	£ -

SERVICECARE SUPPORT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2003

9. INTANGIBLE FIXED ASSETS

	Goodwill £	Total £
Cost		
At 1 April 2002 and 31 March 2003	995,013	995,013
Amortisation		
At 1 April 2002	132,669	132,669
Charge for the year	49,751	49,751
At 31 March 2003	182,420	182,420
Net book value		
At 31 March 2003	£ 812,593	£ 812,593
At 31 March 2002	£ 862,344	£ 862,344

10. TANGIBLE FIXED ASSETS

	Land and buildings £	Motor vehicles £	Furniture, fittings and equipment £	Total £
Cost				
At 1 April 2002	29,056	15,350	211,405	255,811
Additions	-	-	79,245	79,245
Disposals	-	-	(9,868)	(9,868)
At 31 March 2003	29,056	15,350	280,782	325,188
Depreciation				
At 1 April 2002	29,056	318	124,399	153,773
Charge for the year	-	3,843	40,708	44,551
On disposals	-	-	(9,868)	(9,868)
At 31 March 2003	29,056	4,161	155,239	188,456
Net book value				
At 31 March 2003	£ -	£ 11,189	£ 125,543	£ 136,732
At 31 March 2002	£ -	£ 15,032	£ 87,006	£ 102,038

SERVICECARE SUPPORT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2003

10. TANGIBLE FIXED ASSETS (continued)

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2003 £	2002 £
Motor vehicles	11,189	15,031
Furniture, fittings and equipment	25,020	3,766
	<u>£ 36,209</u>	<u>£ 18,797</u>

11. FIXED ASSET INVESTMENTS

	Shares in group under- takings £	Total £
Cost		
At 1 April 2002 and 31 March 2003	<u>£ 472,655</u>	<u>£ 472,655</u>

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Electrotec International Limited	100%
Servicecare BV (incorporated in Holland)	100%

The aggregate of the share capital and reserves as at 31 March 2003 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves £	Profit/(loss) £
Electrotec International Limited	1,000	-
Servicecare BV (incorporated in Holland)	155,082	4,936
	<u>156,082</u>	<u>4,936</u>

Electrotec International Limited is a dormant company and has not traded since this or the proceeding financial year.

SERVICECARE SUPPORT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2003

12. STOCKS

	2003 £	2002 £
Raw materials	49,368	34,167
Work in progress	71,342	20,841
	<u>£ 120,710</u>	<u>£ 55,008</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

13. DEBTORS

	2003 £	2002 £
Due within one year		
Trade debtors	1,239,003	800,271
Amounts owed by group undertakings	49,957	87,132
Other debtors	38,599	24,765
Prepayments and accrued income	19,045	8,518
	<u>£ 1,346,604</u>	<u>£ 920,686</u>

Included within other debtors due within one year is a loan to J Day, a director, amounting to £6,103 (2002 - £nil) . The maximum amount outstanding during the year was £7,429.

SERVICECARE SUPPORT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2003

14. CREDITORS:
Amounts falling due within one year

	2003	2002
	£	£
Bank loans and overdrafts	20,623	4,275
Deferred purchase consideration	109,020	135,000
Net obligations under finance leases and hire purchase contracts	15,523	5,081
Trade creditors	251,300	225,812
Amounts owed to group undertakings	1,000	1,000
Corporation tax	148,799	101,944
Social security and other taxes	209,114	142,406
Proposed dividend	250,000	-
Other creditors	262,670	203,553
Accruals and deferred income	69,790	41,918
	<u>£ 1,337,839</u>	<u>£ 860,989</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.

Included within other creditors are amounts due to HSBC Invoice Finance (UK) Ltd of £257,459 (2002 - £192,447) which are secured on the company's trade debtors.

15. CREDITORS:
Amounts falling due after more than one year

	2003	2002
	£	£
Net obligations under finance leases and hire purchase contracts	27,097	9,479
Other creditors	-	100,000
	<u>£ 27,097</u>	<u>£ 109,479</u>

Obligations under finance leases and hire purchase contracts, included above, are payable as follows:

	2003	2002
	£	£
Between two and five years	<u>£ 27,097</u>	<u>£ 9,479</u>

16. DEFERRED TAXATION

	2003	2002
	£	£
At 1 April 2002	2,047	2,047
Charge for the year	4,759	-
At 31 March 2003	<u>£ 6,806</u>	<u>£ 2,047</u>

SERVICECARE SUPPORT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2003

16. DEFERRED TAX (continued)

The deferred tax provision is made up as follows:

	2003 £	2002 £
Accelerated capital allowances	6,806	2,047
	<u>£ 6,806</u>	<u>£ 2,047</u>

17. SHARE CAPITAL

	2003 £	2002 £
Authorised, allotted, called up and fully paid		
7,076 A Ordinary shares of £1 each	7,076	13,900
1,143 B Ordinary shares of £1 each	1,143	1,143
4,100 C Ordinary shares of £1 each	4,100	-
1,412 D Ordinary shares of £1 each	1,412	-
1,312 E Ordinary shares of £1 each	1,312	-
200 Redeemable shares of £1 each	200	200
	<u>£ 15,243</u>	<u>£ 15,243</u>

During the year the company re-classified its Ordinary £1 A Shares into Ordinary £1 C, D and E shares. These shares continue to hold the same voting rights.

Ordinary £1 B Shareholders shall not have any right to receive notice of all general meetings of the Company and shall not have the right to attend and vote thereat.

Redeemable shares carry no voting rights and shall be redeemable at the option of the Company at a price to be agreed at that time.

18. RESERVES

Profit and loss account	£
At 1 April 2002	727,551
Profit retained for the year	70,535
	<u>£ 798,086</u>

At 31 March 2003

SERVICECARE SUPPORT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2003

19. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2003 £	2002 £
Profit for the year	320,535	254,238
Dividends	(250,000)	-
	<u>70,535</u>	<u>254,238</u>
Shares issued during the year	-	1,143
Share premium on shares issued (net of expenses)	-	148,857
	<u>70,535</u>	<u>404,238</u>
Opening shareholders' funds	1,447,551	1,043,313
Closing shareholders' funds	<u>£ 1,518,086</u>	<u>£ 1,447,551</u>

20. NET CASH FLOW FROM OPERATING ACTIVITIES

	2003 £	2002 £
Operating profit	486,150	385,617
Amortisation of intangible fixed assets	49,751	49,751
Depreciation of tangible fixed assets	44,551	51,201
Profit on disposal of tangible fixed assets	-	(10,509)
(Increase)/decrease in stocks	(65,702)	25,704
Increase in debtors	(463,093)	(197,971)
Decrease/(increase) in amounts owed by group undertakings	37,175	(87,132)
Increase in creditors	53,205	230,586
NET CASH INFLOW FROM OPERATIONS	<u>£ 142,037</u>	<u>£ 447,247</u>

21. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2003 £	2002 £
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	128	541
Interest paid	(10,764)	(16,683)
Hire purchase interest	(1,421)	(2,555)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	<u>£ (12,057)</u>	<u>£ (18,697)</u>

SERVICECARE SUPPORT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2003

21. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT
(continued)

	2003 £	2002 £
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of tangible fixed assets	(107,089)	(60,292)
Sale of tangible fixed assets	-	19,248
	<u>£ (107,089)</u>	<u>£ (41,044)</u>
ACQUISITIONS AND DISPOSALS		
Purchase of fixed asset investments	£ -	£ (457,223)
	<u>£ -</u>	<u>£ (457,223)</u>
FINANCING		
Issue of ordinary shares	-	150,000
New secured loans	-	4,275
Repayment of loans	(900)	-
Principal payment under finance lease	55,904	8,052
	<u>£ 55,004</u>	<u>£ 162,327</u>

22. ANALYSIS OF CHANGES IN NET DEBT

	1 April 2002 £	Cash flow £	Other non-cash changes £	31 March 2003 £
Cash at bank and in hand:	7,335	(6,801)	-	534
Bank overdraft	-	(17,248)	-	(17,248)
	<u>7,335</u>	<u>(24,049)</u>	<u>-</u>	<u>(16,714)</u>
DEBT :				
Finance leases	(14,560)	(55,904)	27,844	(42,620)
Debts due within one year	(4,275)	900	-	(3,375)
	<u>£ (11,500)</u>	<u>£ (79,053)</u>	<u>£ 27,844</u>	<u>£ (62,709)</u>

SERVICECARE SUPPORT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2003

23. 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 £36,563 (2002 - £34,738), with no outstanding or prepaid contributions at the year end.

24. OPERATING LEASE COMMITMENTS

At 31 March 2003 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2003	2002
	£	£
Expiry date:		
Between 2 and 5 years	-	101,288
After more than 5 years	153,049	100,500
	<u>153,049</u>	<u>100,500</u>

25. RELATED PARTY TRANSACTIONS

During the year the company had the following transactions and balances with its subsidiary Servicecare B.V.:-

	2003	2002
	£	£
Sales	24,205	104,193
Purchases	15,058	15,058
Year end debtor balance	49,957	87,132
	<u>49,957</u>	<u>87,132</u>