
SERVICECARE SUPPORT SERVICES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2004



SERVICECARE SUPPORT SERVICES LIMITED

COMPANY INFORMATION

DIRECTORS	JM Day D Aspin G Furness S Cook R Van Delen (resigned 15/12/03)
SECRETARY	Mrs D Day & Mrs L Furness
COMPANY NUMBER	3024924
REGISTERED OFFICE	Hollinwood Works Manchester Road Hollinwood Oldham Lancashire OL9 7AA
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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DIRECTORS' REPORT
For the year ended 31 March 2004

The directors present their report and the financial statements for the year ended 31 March 2004.

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 - 2003/2004

During the course of 2003/2004 Servicecare completed several key strategies necessary for the company to move forward and expand its operations. In particular we completed negotiations with Oldham Borough Council for the surrender of the Bentfield site lease, allowing us to consolidate all operations in a single purpose built facility adjacent to the M60 motorway. Although the nature of the agreement was such that it adversely affected trading in the short-term, the long-term benefits are substantial.

Servicecare's results continued to show strong UK growth with turnover at £6.1m, representing an increase of 24% on the previous year of £4.9m. Profit on ordinary activities before interest and other costs for the year was £502k representing a 3% increase on the prior year.

Trading in the UK remains at a high level and we are pleased with the growth and progress made in our core activities.

As stated in last years Chairman's Statement trading in our Dutch subsidiary, acquired in 2000 was at a less than satisfactory level, culminating in a decision to close this operation in November 2003, giving rise to a write-off of £503k in the UK parent company resulting in an overall net loss of £102k in the year.

Having put this behind us, the company is able to concentrate on the continued growth and opportunities available within the UK, led by rapid advances in digital technology and the effect on the consumer products.

Servicecare's ongoing sales remain buoyant driven by the growing demand for warranty provision by manufacturers and in turn retailers. This is further enhanced by the ever increasing use of digital technology within products such as plasmas and LCD's. This has expanded our available market and we envisage this to continue throughout the coming year.

I would like to take this opportunity of thanking all our staff particularly during our transition to our new facility for all their hard work and dedication.

SERVICECARE SUPPORT SERVICES LIMITED

DIRECTORS' REPORT For the year ended 31 March 2004

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £101,633 (2003 - Profit £320,535) .

The directors recommend a final dividend of £300,000 (2003 - £250,000) .

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>31/3/04</u>	<u>1/4/03</u>	<u>31/3/04</u>	<u>1/4/03</u>	<u>31/3/04</u>	<u>1/4/03</u>
JM Day	7,076	7,076	-	-	-	-
D Aspin	-	-	-	-	-	-
G Furness	-	-	-	-	4,100	4,100
S Cook	-	-	-	-	-	-
R Van Delen (resigned 15/12/03)	-	-	1,143	1,143	-	-

	D Ordinary shares of £1 each		E Ordinary shares of £1 each		Redeemable shares of £1 each	
	<u>31/3/04</u>	<u>1/4/03</u>	<u>31/3/04</u>	<u>1/4/03</u>	<u>31/3/04</u>	<u>1/4/03</u>
JM Day	-	-	-	-	150	150
D Aspin	-	-	1,312	1,312	-	-
G Furness	-	-	-	-	-	-
S Cook	1,412	1,412	-	-	-	-
R Van Delen (resigned 15/12/03)	-	-	-	-	-	-

SUBSIDIARY

The company's wholly owned Dutch subsidiary was Servicecare B.V. which ceased to trade and went into liquidation on 14 November 2003. This company was incorporated in Holland.

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

22ND SEPTEMBER 2004 and signed on its behalf.


Mrs D Day & Mrs L Furness
Secretary

lynnie furness

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 2004 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 2004 and of its loss 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

27 SEP 2004



SERVICECARE SUPPORT SERVICES LIMITED

PROFIT AND LOSS ACCOUNT
For the year ended 31 March 2004

	Note	2004 £	2003 £
TURNOVER	1, 2	6,066,534	4,888,082
Cost of sales		<u>(4,032,927)</u>	<u>(2,826,273)</u>
GROSS PROFIT		2,033,607	2,061,809
Selling and distribution costs		(4,858)	(1,657)
Administrative expenses		<u>(1,795,464)</u>	<u>(1,574,002)</u>
OPERATING PROFIT	3	233,285	486,150
EXCEPTIONAL ITEMS	7		
Other exceptional items		<u>269,424</u>	<u>-</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST		502,709	486,150
Amounts written off investments		(503,588)	-
Interest receivable		25	128
Interest payable	6	<u>(25,391)</u>	<u>(12,185)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(26,245)	474,093
TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES	8	<u>(75,388)</u>	<u>(153,558)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		(101,633)	320,535
DIVIDENDS - On equity shares	9	<u>(300,000)</u>	<u>(250,000)</u>
RETAINED (LOSS)/PROFIT FOR THE FINANCIAL YEAR	19	<u>£ (401,633)</u>	<u>£ 70,535</u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2004 or 2003 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 2004

	Note	2004	2003
		£	£
FIXED ASSETS			
Intangible fixed assets	10	762,843	812,593
Tangible fixed assets	11	450,883	136,732
Investments	12	1,000	472,656
		<u>1,214,726</u>	<u>1,421,981</u>
CURRENT ASSETS			
Stocks	13	274,012	120,710
Debtors	14	1,260,263	1,346,604
Cash at bank and in hand		314,047	534
		<u>1,848,322</u>	<u>1,467,848</u>
CREDITORS: amounts falling due within one year	15	<u>(1,831,110)</u>	<u>(1,337,840)</u>
NET CURRENT ASSETS		<u>17,212</u>	<u>130,008</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,231,938</u>	<u>1,551,989</u>
CREDITORS: amounts falling due after more than one year	16	(95,145)	(27,097)
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	17	(20,340)	(6,806)
NET ASSETS		<u>£ 1,116,453</u>	<u>£ 1,518,086</u>
CAPITAL AND RESERVES			
Called up share capital	18	15,243	15,243
Share premium account		704,757	704,757
Profit and loss account	19	396,453	798,086
SHAREHOLDERS' FUNDS - All Equity	20	<u>£ 1,116,453</u>	<u>£ 1,518,086</u>

The financial statements were approved by the board on 22nd September 2004 and signed on its behalf.

JM Day
Director



D Aspin
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 2004

	Note	2004 £	2003 £
Net cash flow from operating activities	21	983,365	142,037
Returns on investments and servicing of finance	22	(25,366)	(12,057)
Taxation		(148,799)	(101,944)
Capital expenditure and financial investment	22	(526,197)	(127,317)
Equity dividends paid		(182,000)	-
CASH INFLOW/(OUTFLOW) BEFORE FINANCING		101,003	(99,281)
Financing	22	229,758	75,232
INCREASE/(DECREASE) IN CASH IN THE YEAR		£ 330,761	£ (24,049)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT (NOTE 23)
For the year ended 31 March 2004

	2004 £	2003 £
Increase/(Decrease) in cash in the year	330,761	(24,049)
Cash inflow from decrease in debt and lease financing	(229,758)	(75,232)
CHANGE IN NET DEBT RESULTING FROM CASH FLOWS	101,003	(99,281)
New finance lease	131,636	48,072
MOVEMENT IN NET DEBT IN THE YEAR	232,639	(51,209)
Net debt at 1 April 2003	(62,709)	(11,500)
NET FUNDS/(DEBT) AT 31 MARCH 2004	£ 169,930	£ (62,709)

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2004

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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2004

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:

	2004 £	2003 £
Sales - UK	6,045,058	4,841,323
Sales - Rest of European Union	21,476	46,759
	<u>£ 6,066,534</u>	<u>£ 4,888,082</u>

3. OPERATING PROFIT

The operating profit is stated after charging:

	2004 £	2003 £
Amortisation - intangible fixed assets	49,750	49,751
Depreciation of tangible fixed assets:		
- owned by the company	75,645	37,884
- held under finance leases	-	6,667
Auditors' remuneration	10,705	13,400
Operating lease rentals:		
- other operating leases	308,869	289,323
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 2004

4. STAFF COSTS

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

	2004 £	2003 £
Wages and salaries	2,922,582	2,605,836
Social security costs	240,434	202,635
Other pension costs	38,705	36,563
	<u>£ 3,201,721</u>	<u>£ 2,845,034</u>

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

	2004	2003
Production	167	154
Administration	35	32
	<u>202</u>	<u>186</u>

5. DIRECTORS' REMUNERATION

	2004 £	2003 £
Emoluments	<u>£ 344,982</u>	<u>£ 332,050</u>
Company pension contributions to money purchase pension schemes	<u>£ 11,037</u>	<u>£ 9,838</u>

During the year retirement benefits were accruing to 4 directors (2003 - 4) in respect of money purchase pension schemes.

The highest paid director received remuneration of £137,718 (2003 - £140,050).

6. INTEREST PAYABLE

	2004 £	2003 £
On bank loans and overdrafts	9,195	10,764
On other loans	12,579	-
On finance leases and hire purchase contracts	3,617	1,421
	<u>£ 25,391</u>	<u>£ 12,185</u>

SERVICECARE SUPPORT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2004

7. EXCEPTIONAL ITEMS

	2004 £	2003 £
Income on compulsory surrender of lease	725,000	-
Provision for future expenditure on rentals	(455,576)	-
	<u>£ 269,424</u>	<u>£ -</u>

8. TAXATION

	2004 £	2003 £
Analysis of tax charge in year		
Current tax (see note below)		
UK corporation tax on profits of the year	61,854	148,799
Deferred tax		
Origination and reversal of timing differences	13,534	4,759
Total deferred tax (see note 17)	13,534	4,759
Tax on profit on ordinary activities	<u>£ 75,388</u>	<u>£ 153,558</u>

Factors affecting tax charge for year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (24.56%). The differences are explained below:

	2004 £	2003 £
(Loss)/profit on ordinary activities before tax	(26,245)	474,093
(Loss)/profit on ordinary activities multiplied by the relevant standard rate of corporation tax in the UK of 24.56% (2003 - 28.8)	(6,446)	136,539
Effects of:		
Expenses not deductible for tax purposes	(48,040)	15,281
Capital allowances for period in excess of depreciation	(7,583)	(3,021)
Capital gain	61,847	-
Loss carried forward	62,076	-
Current tax charge for year (see note above)	<u>£ 61,854</u>	<u>£ 148,799</u>

There were no factors that may affect future tax charges.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2004

9. DIVIDENDS

	2004 £	2003 £
On equity shares		
Total dividends proposed	£ 300,000	£ 250,000

10. INTANGIBLE FIXED ASSETS

	Goodwill £	Total £
Cost		
At 1 April 2003 and 31 March 2004	995,013	995,013
Amortisation		
At 1 April 2003	182,420	182,420
Charge for the year	49,750	49,750
At 31 March 2004	232,170	232,170
Net book value		
At 31 March 2004	£ 762,843	£ 762,843
At 31 March 2003	£ 812,593	£ 812,593

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2004

11. TANGIBLE FIXED ASSETS

	Land and buildings	Motor vehicles	Furniture, fittings and equipment	Total
	£	£	£	£
Cost				
At 1 April 2003	29,056	15,350	280,781	325,187
Additions	190,296	-	204,265	394,561
Disposals	(11,806)	-	(49,781)	(61,587)
At 31 March 2004	<u>207,546</u>	<u>15,350</u>	<u>435,265</u>	<u>658,161</u>
Depreciation				
At 1 April 2003	29,056	4,159	155,240	188,455
Charge for the year	14,606	3,840	57,199	75,645
On disposals	(11,806)	-	(45,016)	(56,822)
At 31 March 2004	<u>31,856</u>	<u>7,999</u>	<u>167,423</u>	<u>207,278</u>
Net book value				
At 31 March 2004	<u>£ 175,690</u>	<u>£ 7,351</u>	<u>£ 267,842</u>	<u>£ 450,883</u>
At 31 March 2003	<u>£ -</u>	<u>£ 11,191</u>	<u>£ 125,541</u>	<u>£ 136,732</u>

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

	2004 £	2003 £
Motor vehicles	7,352	11,189
Furniture, fittings and equipment	106,388	38,088
	<u>£ 113,740</u>	<u>£ 49,277</u>

SERVICECARE SUPPORT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2004

12. FIXED ASSET INVESTMENTS

	Shares in group under- takings £	Total £
Cost		
At 1 April 2003	472,656	472,656
Amounts written off/repaid	(471,656)	(471,656)
	<u>£ 1,000</u>	<u>£ 1,000</u>
At 31 March 2004	<u>£ 1,000</u>	<u>£ 1,000</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 2004 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)	-	-
	<u>1,000</u>	<u>-</u>

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

Servicecare B.V. ceased to trade and went into liquidation on 14 November 2003.

13. STOCKS

	2004 £	2003 £
Raw materials	203,632	49,368
Work in progress	70,380	71,342
	<u>£ 274,012</u>	<u>£ 120,710</u>

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2004

14. DEBTORS

	2004 £	2003 £
Due within one year		
Trade debtors	1,149,170	1,239,003
Amounts owed by group undertakings	-	49,957
Other debtors	98,079	38,599
Prepayments and accrued income	13,014	19,045
	<u>£ 1,260,263</u>	<u>£ 1,346,604</u>

Included within other debtors due within one year is a loan to J Day, a director, amounting to £nil (2003 - £6,103). The maximum amount outstanding during the year was £31,241.

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

	2004 £	2003 £
Bank loans and overdrafts	2,475	20,623
Deferred purchase consideration	-	109,020
Net obligations under finance leases and hire purchase contracts	46,497	15,523
Trade creditors	557,869	251,300
Amounts owed to group undertakings	1,000	1,000
Corporation tax	61,854	148,799
Social security and other taxes	163,282	209,114
Proposed dividend	368,000	250,000
Other creditors	586,205	262,670
Accruals and deferred income	43,928	69,791
	<u>£ 1,831,110</u>	<u>£ 1,337,840</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 £130,056 (2003 - £257,459) which are secured on the company's trade debtors.

SERVICECARE SUPPORT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2004

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

	2004 £	2003 £
Net obligations under finance leases and hire purchase contracts	£ 95,145	£ 27,097

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

	2004 £	2003 £
Between two and five years	£ 95,145	£ 27,097

17. DEFERRED TAXATION

	2004 £	2003 £
At 1 April 2003	6,806	2,047
Charge for the year	13,534	4,759
At 31 March 2004	£ 20,340	£ 6,806

The deferred tax provision is made up as follows:

	2004 £	2003 £
Accelerated capital allowances	20,340	6,806
	£ 20,340	£ 6,806

18. SHARE CAPITAL

	2004 £	2003 £
Authorised, allotted, called up and fully paid		
7,076 A Ordinary shares of £1 each	7,076	7,076
1,143 B Ordinary shares of £1 each	1,143	1,143
4,100 C Ordinary shares of £1 each	4,100	4,100
1,412 D Ordinary shares of £1 each	1,412	1,412
1,312 E Ordinary shares of £1 each	1,312	1,312
200 Redeemable shares of £1 each	200	200
	£ 15,243	£ 15,243

SERVICECARE SUPPORT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2004

19. RESERVES

Profit and loss account	£
At 1 April 2003	798,086
Loss retained for the year	(401,633)
At 31 March 2004	£ 396,453

20. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2004	2003
	£	£
(Loss)/profit for the year	(101,633)	320,535
Dividends	(300,000)	(250,000)
	(401,633)	70,535
Opening shareholders' funds	1,518,086	1,447,551
Closing shareholders' funds	£ 1,116,453	£ 1,518,086

21. NET CASH FLOW FROM OPERATING ACTIVITIES

	2004	2003
	£	£
Operating profit	233,285	486,150
Exceptional items	269,424	-
Amortisation of intangible fixed assets	49,750	49,751
Depreciation of tangible fixed assets	75,645	44,551
Loss on disposal of tangible fixed assets	4,765	-
Increase in stocks	(153,302)	(65,702)
Decrease/(increase) in debtors	36,384	(463,093)
Decrease in amounts owed by group undertakings	18,025	37,175
Increase in creditors	449,389	53,205
NET CASH INFLOW FROM OPERATIONS	£ 983,365	£ 142,037

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2004

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

	2004 £	2003 £
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	25	128
Interest paid	(21,774)	(10,764)
Hire purchase interest	(3,617)	(1,421)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	£ (25,366)	£ (12,057)
	2004 £	2003 £
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of tangible fixed assets	£ (526,197)	£ (127,317)
	2004 £	2003 £
FINANCING		
Repayment of loans	(900)	(900)
Principal payment under finance lease	230,658	76,132
NET CASH INFLOW FROM FINANCING	£ 229,758	£ 75,232

23. ANALYSIS OF CHANGES IN NET DEBT

	1 April 2003 £	Cash flow £	Other non-cash changes £	31 March 2004 £
Cash at bank and in hand:	534	313,513	-	314,047
Bank overdraft	(17,248)	17,248	-	-
	(16,714)	330,761	-	314,047
DEBT :				
Finance leases	(42,620)	(230,658)	131,636	(141,642)
Debts due within one year	(3,375)	900	-	(2,475)
NET (DEBT)/FUNDS	£ (62,709)	£ 101,003	£ 131,636	£ 169,930

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2004

24. 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 £38,705 (2003 - £36,563), with no outstanding or prepaid contributions at the year end.

25. OPERATING LEASE COMMITMENTS

At 31 March 2004 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2004	2003
	£	£
Expiry date:		
After more than 5 years	421,978	253,549

26. RELATED PARTY TRANSACTIONS

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

	2004	2003
	£	£
Sales	-	24,205
Purchases	-	15,058
Year end debtor balance	-	49,957
Debtor balance written off	31,932	-

Servicecare B.V. ceased to trade and went into liquidation on 14 November 2003.