

CASTLE COMPUTER SERVICES (GLASGOW) LIMITED
Registered number: SC80997

Directors' Report and Financial Statements

For the year ended 31 December 2003



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COMPANIES HOUSE 23/06/04

CASTLE COMPUTER SERVICES (GLASGOW) LIMITED

Company information

Directors	A M Munro G A Strathie A Quinn G M Thomson (appointed 1 April 2004)
Secretary	P Munro
Company number	SC80997
Registered office	Stewart House Pochard Way Strathclyde Business Park Bellshill ML4 3HB
Auditors	Scott-Moncrieff Chartered Accountants Registered Auditors 17 Melville Street Edinburgh EH3 7PH
Bankers	Bank of Scotland 38 St Andrew Square Edinburgh EH2 2YR
Solicitors	Henderson Boyd Jackson WS Exchange Tower 19 Canning Street Edinburgh EH3 8EH

CASTLE COMPUTER SERVICES (GLASGOW) LIMITED

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CASTLE COMPUTER SERVICES (GLASGOW) LIMITED

The directors present their report and the financial statements for the year ended 31 December 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 principal activity of the group in the year under review was the supply, implementation and support of application and operating software and hardware.

The net profit after providing for taxation amounted to £228,568.

In 2003, we achieved all of our goals, which included completing the integration of all group activities. Concentrating on our strengths, we have restored our net profit position and, with firm cash collection, have strengthened the balance sheet. A major success during the year was to implement ITIL, the industry-recognised methodology for client service and support. We differentiate ourselves from our competitors by offering the highest quality value added support service. We plan to grow via both acquisition and organically with additional products complementing our existing offerings of SunSystems, Exchequer, Pegasus and Technical Network Services.

Directors

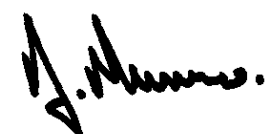
The directors in office in the year and their beneficial interests in the company at the balance sheet date and the beginning of the year were as follows:

	Ordinary shares of £1 each	
	31/12/03	1/1/03
A M Munro	50,589	50,589
G A Strathie	20,000	17,500
A Quinn	15,000	-
G M Thomson (appointed 1 January 2004)	-	-

Auditors

The auditors, Scott-Moncrieff, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

This report was approved by the board on 14/5/04 and signed on its behalf by:



A M Munro
Director

CASTLE COMPUTER SERVICES (GLASGOW) LIMITED

Independent auditors' report to the shareholders of CASTLE COMPUTER SERVICES (GLASGOW) LIMITED

We have audited the financial statements of Castle Computer Services (Glasgow) Limited for the year ended 31 December 2003 set out on pages 3 to 17. These financial statements have been prepared under the historical cost convention and the accounting policies set out on pages 7 to 8.

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 group 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 group'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 affairs of the group and the company as at 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Scott-Moncrieff
Chartered Accountants
Registered Auditors

17 Melville Street
Edinburgh
EH3 7PH

Date:

18 May 2004

CASTLE COMPUTER SERVICES (GLASGOW) LIMITED

Group profit and loss account For the year ended 31 December 2003

	Note	2003 £	2002 £
Turnover	1, 2	4,637,015	4,546,268
Cost of sales		(3,224,781)	(3,150,642)
Gross profit		<u>1,412,234</u>	<u>1,395,626</u>
Administrative expenses		(1,190,930)	(1,357,251)
		<u>221,304</u>	<u>38,375</u>
Operating profit	3	221,304	38,375
Interest receivable		13,943	4,988
Interest payable	5	(4,760)	(5,668)
		<u>230,487</u>	<u>37,695</u>
Profit on ordinary activities before taxation		230,487	37,695
Tax on profit on ordinary activities	6	(1,919)	(15,147)
		<u>228,568</u>	<u>22,548</u>
Retained profit for the financial year	15	<u>228,568</u>	<u>22,548</u>

All amounts relate to continuing operations.

The company has taken advantage of Section 230 of the Companies Act 1985 not to publish its own Profit and Loss Account.

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

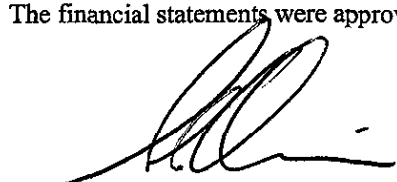
The notes on pages 6 to 17 form part of these financial statements.

CASTLE COMPUTER SERVICES (GLASGOW) LIMITED

Group balance sheet As at 31 December 2003

	Note	2003 £	2002 £
Fixed assets			
Intangible fixed assets	7	19,620	32,857
Tangible fixed assets	8	126,684	141,987
Investments	9	209,088	581
		<u>355,392</u>	<u>175,425</u>
Current assets			
Stocks	10	14,463	23,569
Debtors	11	959,441	932,840
Cash at bank and in hand		617,098	278,587
		<u>1,591,002</u>	<u>1,234,996</u>
Creditors: amounts falling due within one year	12	<u>(1,643,998)</u>	<u>(1,316,573)</u>
Net current (liabilities)/assets		(52,996)	(81,577)
Total assets less current liabilities		<u>302,396</u>	<u>93,848</u>
Creditors: amounts falling due after more than one year	13	<u>(19,340)</u>	<u>(33,060)</u>
Net assets		<u>283,056</u>	<u>60,788</u>
Capital and reserves			
Called up share capital	14	150,000	155,000
Share premium account		4,200	-
Other reserves		3,015	3,015
Profit and loss account	15	125,841	(97,227)
Shareholders' funds - all equity	16	<u>283,056</u>	<u>60,788</u>

The financial statements were approved by the board on 14/5/04 and signed on its behalf by:


A Quinn
Director


G A Strathie
Director

The notes on pages 6 to 17 form part of these financial statements.

CASTLE COMPUTER SERVICES (GLASGOW) LIMITED

Company balance sheet
As at 31 December 2003

	Note	£	2003	£	£	2002	£
Fixed assets							
Tangible fixed assets	8			-		95,710	
Investments	9			2		583	
				<u>2</u>		<u>96,293</u>	
Current assets							
Debtors	11	-			533,138		
Cash at bank and in hand		-			223,487		
					<u>756,625</u>		
Creditors: amounts falling due within one year	12				(852,159)		
					<u></u>		
Net current (liabilities)/assets				-		(95,534)	
Total assets less current liabilities				<u>-</u>		<u>759</u>	
Creditors: amounts falling due after more than one year	13			-		(22,013)	
				<u></u>		<u></u>	
Net assets				2		(21,254)	
Capital and reserves				<u></u>		<u></u>	
Called up share capital	14			150,000		155,000	
Share premium account				4,200		-	
Other reserves				3,015		3,015	
Profit and loss account	15			(157,213)		(179,269)	
				<u></u>		<u></u>	
Shareholders' funds - all equity	16			2		(21,254)	
				<u></u>		<u></u>	

The financial statements were approved by the board on 14/5/04 and signed on its behalf by:

A Quinn
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G A Strathie
Director

The notes on pages 6 to 17 form part of these financial statements.

CASTLE COMPUTER SERVICES (GLASGOW) LIMITED

Cash flow statement for the year ended 31 December 2003

		2003	2002
	Note	£	£
Net cash flow from operating activities	17	575,300	86,279
Returns on investments and servicing of finance	18	2,883	(680)
Taxation		(12,588)	(2,559)
Capital expenditure and financial investment	18	(208,507)	2,087
Cash outflow before management of liquid resources and financing		357,088	85,127
Financing	18	(18,577)	24,387
Increase in cash in the period		338,511	109,514

Reconciliation of net cash flow to movement in net debt (note 20) for the year ended 31 December 2003

	2003	2002
	£	£
Increase in cash in the period	338,511	109,514
Cash inflow from increase in liquid resources	18,577	(24,387)
Movement in net debt in the period	357,088	85,127
Net debt at 1 January 2003	211,461	126,334
Net debt at 31 December 2003	568,549	211,461

CASTLE COMPUTER SERVICES (GLASGOW) LIMITED

Notes to the financial statements For the year ended 31 December 2003

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention.

1.2 Basis of consolidation

The consolidated financial statements incorporate the results of Castle Computer Services (Glasgow) Limited and its subsidiary undertaking as at 31 December 2003 using the acquisition method of accounting.

1.3 Turnover

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

1.4 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to profit and loss account over its estimated economic life.

1.5 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:

Plant and machinery	-	33% straight line
Motor vehicles	-	25% straight line
Office furniture and fittings	-	20% straight line

1.6 Stocks

Stocks 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.

1.7 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 group. 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.

1.8 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 on the straight line basis over the lease term.

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

CASTLE COMPUTER SERVICES (GLASGOW) LIMITED

Notes to the financial statements For the year ended 31 December 2003

1. Accounting policies (continued)

1.11 Investment property

Investment properties are valued at their open market value at the balance sheet date. Any surplus on revaluation is transferred to the investment property revaluation reserve. Any deficit is deducted from the investment property revaluation reserve, except for permanent diminutions in value, which are charged to the profit and loss.

No depreciation is provided in respect of freehold investment property, in accordance with Statement of Standard accounting Practice 19: "Accounting for investment properties". This treatment is contrary to the requirements of the Companies Act 1985 to provide for depreciation but it is considered necessary to ensure the financial statements give a true and fair view. Depreciation is only one of the factors reflected at the balance sheet date valuation and the amount that might otherwise have been shown cannot be separately identified or quantified.

2. Turnover

Turnover is attributable to the one principal activity of the group.

All turnover arose within the United Kingdom.

3. Operating profit

The operating profit is stated after charging:

	Group	
	2003	2002
	£	£
Amortisation - intangible fixed assets	13,237	12,576
Depreciation of tangible fixed assets:		
- owned by the company	69,707	82,024
Auditors' remuneration	9,000	9,820
Operating lease rentals:		
- other operating leases	93,032	66,798
Difference on foreign exchange	250	-

CASTLE COMPUTER SERVICES (GLASGOW) LIMITED

Notes to the financial statements For the year ended 31 December 2003

4. Staff costs

The aggregate remuneration and associated costs of the group's employees were:

	Group	
	2003	2002
	£	£
Wages and salaries	1,896,568	1,812,116
Social security costs	48,004	127,419
Other pension costs	45,702	55,549
Compensation for loss of office	-	52,000
	<u>1,990,274</u>	<u>2,047,084</u>

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

	2003	2002
	No.	No.
Directors	3	3
Other staff	44	55
	<u>47</u>	<u>58</u>

5. Interest payable

	2003	2002
	£	£
On bank loans and overdrafts	306	107
On finance leases and hire purchase contracts	4,454	5,561
	<u>4,760</u>	<u>5,668</u>

CASTLE COMPUTER SERVICES (GLASGOW) LIMITED

Notes to the financial statements For the year ended 31 December 2003

6. Taxation

	2003 £	2002 £
UK corporation tax on profits of the year	1,919	12,588
Adjustments in respect of prior periods	-	2,559
	<u>1,919</u>	<u>15,147</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 (19%). The differences are explained below:

	2003 £	2002 £
Profit on ordinary activities before tax	202,931	37,695
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2002 – 19%)	<u>38,557</u>	<u>7,162</u>
Effects of:		
Expenses not deductible for tax purposes	14,404	5,820
Capital allowances for period in excess of depreciation	9,353	(1,091)
Utilisation of tax losses	(53,833)	-
Marginal relief	(566)	-
Tax credits	-	(82)
Income not taxable for tax purposes – tax adjustments	(6,801)	(22)
Short term timing differences	805	801
Adjustments in respect of previous period	-	2,559
Current tax charge for year (see note above)	<u>1,919</u>	<u>15,147</u>

Factors that may affect future tax charges

Historic losses have been fully utilised

7. Intangible fixed assets

Group	Goodwill £
Cost	
At 1 January 2003 and 31 December 2003	<u>52,948</u>
Amortisation	
At 1 January 2003	20,091
Charge for the year	<u>13,237</u>
At 31 December 2003	<u>33,328</u>
Net book value	
At 31 December 2003	<u>19,620</u>
At 31 December 2002	<u>32,857</u>

CASTLE COMPUTER SERVICES (GLASGOW) LIMITED

Notes to the financial statements For the year ended 31 December 2003

8. Tangible fixed assets

Group	Plant and machinery	Motor vehicles	Furniture, fittings and equipment	Total
	£	£	£	£
Cost				
At 1 January 2003	119,657	234,787	29,396	383,840
Additions	20,948	23,594	18,369	62,911
Disposals	(57,090)	(55,042)	-	(112,132)
	<u>83,515</u>	<u>203,339</u>	<u>47,765</u>	<u>334,619</u>
At 31 December 2003				
Depreciation				
At 1 January 2003	92,967	130,536	18,350	241,853
Charge for the year	22,765	39,285	7,657	69,707
On disposals	(57,090)	(46,535)	-	(103,625)
	<u>58,642</u>	<u>123,286</u>	<u>26,007</u>	<u>207,935</u>
At 31 December 2003				
Net book value				
At 31 December 2003	<u>24,873</u>	<u>80,053</u>	<u>21,758</u>	<u>126,684</u>
At 31 December 2002	<u>26,690</u>	<u>104,231</u>	<u>11,046</u>	<u>141,987</u>

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

	2003 £	2002 £
Motor vehicles	<u>71,025</u>	<u>93,272</u>

CASTLE COMPUTER SERVICES (GLASGOW) LIMITED

Notes to the financial statements For the year ended 31 December 2003

8. Tangible fixed assets (continued)

Company	Plant and machinery £	Motor vehicles £	Furniture, fittings and equipment £	Total £
Cost				
At 1 January 2003	90,390	200,249	24,123	314,762
Assets transferred to subsidiary company	(90,390)	(200,249)	(24,123)	(314,762)
At 31 December 2003	-	-	-	-
Depreciation				
At 1 January 2003	77,364	123,979	17,709	219,052
Depreciation transferred to subsidiary company	(77,364)	(123,979)	(17,709)	(219,052)
At 31 December 2003	-	-	-	-
Net book value				
At 31 December 2003	-	-	-	-
At 31 December 2002	13,026	76,720	6,414	95,710

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

	2003 £	2002 £
Motor vehicles	-	65,291

9. Fixed asset investments

Group	Listed investments £	Other investments £	Total £
Cost			
At 1 January 2003	581	-	581
Additions	11,600	196,907	208,507
At 31 December 2003	12,181	196,907	209,088

The company holds an investment with a value of £2 in Castle Computer Services (Edinburgh) Limited. The company transferred listed investments with a book value as at 1 January 2003 of £581 to its subsidiary undertaking.

Listed investments

The market value of the listed investments at 31 December 2003 was £13,410 (2002 - £725) .

CASTLE COMPUTER SERVICES (GLASGOW) LIMITED

Notes to the financial statements For the year ended 31 December 2003

10. Stocks

	Company		Group	
	2003	2002	2003	2002
	£	£	£	£
Finished goods and goods for resale	-	-	14,463	23,569

11. Debtors

	Company		Group	
	2003	2002	2003	2002
	£	£	£	£
Due within one year				
Trade debtors	-	401,797	691,933	757,734
Other debtors	-	-	8,476	2
Prepayments and accrued income	-	131,341	259,032	175,104
	-	533,138	959,441	932,840

Included within other debtors due within one year is a loan to Andrew Munro, a director, amounting to £8,476 (2002 - £nil). The maximum amount outstanding during the year was £8,476.

12. Creditors: amounts falling due within one year

	Company		Group	
	2003	2002	2003	2002
	£	£	£	£
Net obligations under finance leases and hire purchase contracts	-	25,249	29,209	34,066
Trade creditors	-	257,771	488,092	356,736
Corporation tax	-	12,552	1,919	12,588
Social security and other taxes	-	68,852	168,343	97,669
Other creditors	-	4,109	9,016	6,722
Accruals and deferred income	-	483,626	947,419	808,792
	-	852,159	1,643,998	1,316,573

CASTLE COMPUTER SERVICES (GLASGOW) LIMITED

Notes to the financial statements For the year ended 31 December 2003

13. Creditors: amounts falling due after more than one year

	Company		Group	
	2003	2002	2003	2002
	£	£	£	£
Net obligations under finance leases and hire purchase contracts	-	22,013	19,430	33,060

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

	Company		Group	
	2003	2002	2003	2002
	£	£	£	£
Between two and five years	-	22,013	19,430	33,060

14. Share capital

	2003	2002
	£	£
Authorised		
100,000 Ordinary shares of £1 each	100,000	100,000
55,000 Preference shares of £1 each	55,000	55,000
	<u>155,000</u>	<u>155,000</u>
Allotted, called up and fully paid		
95,000 Ordinary shares of £1 each	95,000	100,000
55,000 Preference shares of £1 each	55,000	55,000
	<u>150,000</u>	<u>155,000</u>

On 26 February 2003 22,500 ordinary shares of £1.00 each were bought back by the company for £28,000.

On 10 June 2003 17,500 ordinary shares of £1.00 were issued by the company for £21,700, giving rise to a share premium of £4,300.

Rights of equity and non-equity interests

Income

The ordinary shares are not entitled to a fixed dividend.

The preference shares are not entitled to any dividends or any distribution of the profits of the company.

On winding up, the shareholders are entitled to a return on capital.

Capital distribution

Any capital distribution shall be applied firstly in repaying the preference shareholders at £5.00 per share; thereafter the balance will be distributed among the holders of ordinary shares rateably according to the number of ordinary shares held by them respectively.

CASTLE COMPUTER SERVICES (GLASGOW) LIMITED

Notes to the financial statements For the year ended 31 December 2003

14. Share capital (continued)

Voting rights

Holders of the ordinary shares are entitled to one vote per ordinary share at the general meetings of the company.

Holders of the preference shares are not entitled to vote at the general meetings of the company.

Change of control

In the event of any offer being accepted for the whole of the ordinary issued share capital of the company which results in a change in control, the preference shares shall be immediately redeemed at a price of £5.00 per share.

15. Reserves

	Company £	Group £
Share premium account		
At 1 January 2003	-	-
Premium on shares issued during the year	4,200	4,200
At 31 December 2003	4,200	4,200
Profit and loss account	£	£
At 1 January 2003	(179,269)	(97,227)
Profit retained for year	27,556	228,568
Purchase of share capital	(5,500)	(5,500)
At 31 December 2003	(157,213)	125,841
Other reserves	£	£
At 1 January 2003	3,015	3,015
At 31 December 2003	3,015	3,015

In accordance with section 230 of the Companies Act, the Company has not presented its own profit and loss account. The Company's profit for the financial year was £27,556 (2002: loss £490,257).

16. Reconciliation of movement in shareholders' funds

Group	2003 £	2002 £
Profit for the year	228,568	22,548
Shares issued in the year	17,500	-
Share premium on shares issued	4,200	-
Shares redeemed during the year	(28,000)	-
	222,268	22,548
Opening shareholders' funds	60,788	38,240
Closing shareholders' funds	283,056	60,788

CASTLE COMPUTER SERVICES (GLASGOW) LIMITED

Notes to the financial statements For the year ended 31 December 2003

16. Reconciliation of movement in shareholders' funds (continued)

Company	2003 £	2002 £
Profit/(loss) for the year	27,556	(490,257)
Shares issued in the year	17,500	-
Share premium on shares issued	4,200	-
Shares redeemed during the year	(28,000)	-
	21,256	(490,257)
Opening shareholders' funds	(21,254)	469,003
Closing shareholders' funds	2	(21,254)

17. Net cash flow from operations

	2003 £	2002 £
Operating profit	221,304	38,375
Depreciation of tangible fixed assets	28,540	26,894
Loss on disposal of tangible fixed assets	-	(2,087)
Movement in stocks	9,106	1,953
Movement in debtors	(26,601)	147,621
Movement in creditors	342,951	(126,477)
Net cash inflow from operations	575,300	86,279

18. Analysis of cash flows for headings netted in the cash flow statement

	2003 £	2002 £
Returns on investments and servicing of finance		
Interest received	13,943	4,988
Interest paid	(4,760)	(5,668)
Issue of ordinary share capital	21,700	-
Redemption of share capital	(28,000)	-
Net cash outflow from returns on investments and servicing of finance	2,883	(680)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(208,507)	-
Sale of tangible fixed assets	-	2,087
Net cash outflow from capital expenditure	(208,507)	2,087

CASTLE COMPUTER SERVICES (GLASGOW) LIMITED

Notes to the financial statements For the year ended 31 December 2003

18. Analysis of cash flows for headings netted in the cash flow statement (continued)

	2003 £	2004 £
Financing		
Inflow from new hire purchase contracts	-	24,387
Capital element of hire purchase contracts	(18,577)	-
Net cash (outflow)/inflow from financing	(18,577)	24,387

19. Analysis of changes in net debt

	1 January 2003 £	Cashflow £	31 December 2003 £
Cash at bank and in hand:	278,587	338,511	617,098
	278,587	338,511	617,098
Debt :			
Debts due within one year	(34,066)	4,857	(29,209)
Debts falling due after more than one year	(33,060)	13,720	(19,340)
Net debt	221,461	357,088	568,549

20. Pension Commitments

The group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £45,702 (2002 £12,906).

21. Operating lease commitments

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

	Land and buildings		Other	
	2003 £	2002 £	2003 £	2002 £
Expiry date:				
Within 1 year	-	-	15,383	18,483
Between 2 and 5 years	-	-	13,138	31,811
After more than 5 years	50,568	44,460	-	-