

Report of the Directors and
Financial Statements for the Year Ended 30 June 2003
for
Advanced Computer Installations Limited



Advanced Computer Installations Limited

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for the Year Ended 30 June 2003

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Advanced Computer Installations Limited

Company Information
for the Year Ended 30 June 2003

DIRECTORS:

A Davidson
G Miller

SECRETARY:

A Davidson

REGISTERED OFFICE:

Unit 1
Inner City Trading Estate
Kyle Street
Glasgow

REGISTERED NUMBER:

SC103713

AUDITORS:

McLay, McAlister & McGibbon
53 Bothwell Street
Glasgow
G2 6TS

SOLICITORS:

Clark Boyle & Co.
33A Gordon Street
Glasgow
G1 3PF

Advanced Computer Installations Limited

Report of the Directors for the Year Ended 30 June 2003

The directors present their report with the financial statements of the company for the year ended 30 June 2003.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the provision of data and voice cabling and the supply, maintenance and configuration of network products.

DIRECTORS

The directors during the year under review were:

A Davidson	
G Miller	- appointed 31.1.03
D F Sutherland	- appointed 7.8.02
	- resigned 31.1.03
G Fraser	- appointed 7.8.02
	- resigned 31.1.03
R G McKie	- appointed 11.9.02
	- resigned 31.1.03
E Hegarty	- appointed 11.9.02
	- resigned 31.1.03
M Smith	- resigned 7.8.02
M J Whiteford	- appointed 7.8.02
	- resigned 26.9.02

The directors holding office at 30 June 2003 did not hold any beneficial interest in the issued share capital of the company at 1 July 2002 (or date of appointment if later) or 30 June 2003.

The directors' interests in the share capital of the parent company are shown in its financial statements.

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.

AUDITORS

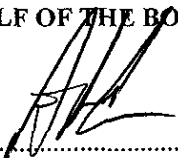
McLay, McAlister & McGibbon were appointed auditors to the company and in accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

Advanced Computer Installations Limited

Report of the Directors
for the Year Ended 30 June 2003

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

ON BEHALF OF THE BOARD:



.....
A Davidson - Secretary

Date: 16/10/03.

Advanced Computer Installations Limited

Report of the Independent Auditors to the Shareholders of
Advanced Computer Installations Limited

We have audited the financial statements of Advanced Computer Installations Limited for the year ended 30 June 2003 on pages five to eleven. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

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 auditors' 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 on page two the company's directors are responsible for the preparation of 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 Report of the Directors 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 Report of the Directors 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

McLay, McAlister & McGibbon

McLay, McAlister & McGibbon
53 Bothwell Street
Glasgow
G2 6TS

Date: 20 October 2003.

Advanced Computer Installations Limited

Profit and Loss Account
for the Year Ended 30 June 2003

		30.6.03	30.6.02
	Notes	£	£
TURNOVER		2,637,403	2,557,370
Cost of sales		1,854,207	2,087,829
GROSS PROFIT		783,196	469,541
Administrative expenses		713,008	702,063
OPERATING PROFIT/(LOSS)	2	70,188	(232,522)
Write off of sums due to former holding company and fellow subsidiaries	3	487,933	-
		558,121	(232,522)
Interest receivable and similar income		80	-
		558,201	(232,522)
Interest payable and similar charges	4	4,965	8,334
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		553,236	(240,856)
Tax on profit/(loss) on ordinary activities	5	-	(71,946)
PROFIT/(LOSS) FOR THE FINANCIAL YEAR AFTER TAXATION		553,236	(168,910)
Deficit brought forward		(245,170)	(76,260)
RETAINED PROFIT/(DEFICIT) CARRIED FORWARD		£308,066	£(245,170)

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profit for the current year and the loss for the previous year.

The notes form part of these financial statements

Advanced Computer Installations Limited

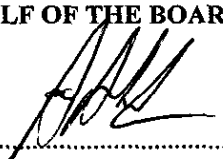
Balance Sheet

30 June 2003

		30.6.03		30.6.02	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	6		32,801		60,240
CURRENT ASSETS:					
Stocks	7	22,370		116,560	
Debtors	8	753,887		484,676	
Cash in hand		95		580	
		776,352		601,816	
CREDITORS: Amounts falling due within one year	9	410,887		815,773	
NET CURRENT ASSETS/(LIABILITIES):			365,465		(213,957)
TOTAL ASSETS LESS CURRENT LIABILITIES:			398,266		(153,717)
CREDITORS: Amounts falling due after more than one year	10		-		1,253
			£398,266		£(154,970)
CAPITAL AND RESERVES:					
Called up share capital	13		90,200		90,200
Profit and loss account			308,066		(245,170)
SHAREHOLDERS' FUNDS:	16		£398,266		£(154,970)

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

ON BEHALF OF THE BOARD:


.....
A Davidson - Director


.....
G Miller - Director

Approved by the Board on 16/10/03.

The notes form part of these financial statements

1. ACCOUNTING POLICIES

Accounting convention

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

Financial Reporting Standard Number 1

Exemption has been taken from preparing a cash flow statement on the grounds that the company qualifies as a small company.

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery etc	- 10%, 15% or 25% on cost, and over the term of the lease
-------------------------	--

Stocks

Stocks and work in progress are valued at the lower of cost and estimated net reliable value. Cost comprises the actual cost of raw materials and an appropriate proportion of labour and direct overheads in the case of work in progress.

Turnover and profit is not recognised on short-term contracts until these are complete. The net realisable value of long-term contracts has been arrived at having regard to estimated costs to completion. A prudent level of profit attributable to the contract activity is taken if the final outcome of such contracts can be easily assessed. On all contracts, full provision is made for any losses in the year in which they are foreseen.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Hire purchase and leasing commitments

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at the estimated fair value at the date of inception of each lease or contract. The total finance charges are allocated over the period of the lease in such a way as to give a reasonably constant charge on the outstanding liability. Rentals paid under operating leases are charged to the profit and loss account as incurred.

Pensions

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

Notes to the Financial Statements
for the Year Ended 30 June 2003

2. OPERATING PROFIT/(LOSS)

The operating profit (2002 - operating loss) is stated after charging:

	30.6.03	30.6.02
	£	£
Depreciation - owned assets	15,792	78,459
Loss on disposal of fixed assets	2,803	1,270
Auditors' remuneration	6,000	7,000
Pension costs	5,266	8,043
Operating lease rentals		
-Land & Buildings	42,205	51,580
-Other	18,519	15,053
	<u> </u>	<u> </u>
Directors' emoluments	68,094	47,160
Directors' pension contributions to money purchase schemes	6,068	5,000
	<u> </u>	<u> </u>

3. EXCEPTIONAL ITEMS

During the year, the company wrote off sums due to its former holding company and fellow subsidiaries.

4. INTEREST PAYABLE AND SIMILAR CHARGES

	30.6.03	30.6.02
	£	£
Bank interest	4,769	6,441
Hire purchase	196	1,893
	<u> </u>	<u> </u>
	4,965	8,334
	<u> </u>	<u> </u>

5. TAXATION

Analysis of the tax credit

The tax credit on the profit on ordinary activities for the year was as follows:

	30.6.03	30.6.02
	£	£
Current tax:		
UK corporation tax	-	(71,946)
	<u> </u>	<u> </u>
Tax on profit/(loss) on ordinary activities	-	(71,946)
	<u> </u>	<u> </u>

UK corporation tax has been charged at 30% (2002 - 30%).

Notes to the Financial Statements
for the Year Ended 30 June 2003

5. **TAXATION - continued**

Factors affecting the tax credit

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	30.6.03 £	30.6.02 £
Profit/(loss) on ordinary activities before tax	553,236	(240,856)
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2002 - 30%)	165,971	(72,257)
Effects of:		
Depreciation	4,738	23,388
Capital allowances	(7,152)	(13,479)
Decrease in general bad debt provision	(3,658)	(2,429)
Tax losses brought forward	(161,387)	-
Other tax adjustments	1,488	(7,169)
Current tax credit	-	(71,946)

6. **TANGIBLE FIXED ASSETS**

	Plant and machinery etc £
COST:	
At 1 July 2002	328,250
Disposals	(100,159)
At 30 June 2003	228,091
DEPRECIATION:	
At 1 July 2002	268,011
Charge for year	15,792
Eliminated on disposals	(88,513)
At 30 June 2003	195,290
NET BOOK VALUE:	
At 30 June 2003	32,801
At 30 June 2002	60,240

7. **STOCKS**

	30.6.03 £	30.6.02 £
Stock	19,681	68,532
Work in progress	2,689	48,028
	22,370	116,560

Notes to the Financial Statements
for the Year Ended 30 June 2003

8. **DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	30.6.03 £	30.6.02 £
Trade debtors	490,894	388,487
Amounts owed by group undertakings	246,000	27,990
Other debtors and prepayments	16,993	68,199
	<u>753,887</u>	<u>484,676</u>

9. **CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	30.6.03 £	30.6.02 £
Bank loans and overdrafts (see note 11)	56,078	119,373
Trade creditors	225,361	388,069
Directors current accounts	60,000	-
Amounts owed to other group undertakings	-	253,108
Hire purchase	-	1,447
V.A.T.	29,497	27,930
Social security & other taxes	23,824	29,527
Accrued expenses	16,127	(3,681)
	<u>410,887</u>	<u>815,773</u>

10. **CREDITORS: AMOUNTS FALLING
DUE AFTER MORE THAN ONE YEAR**

	30.6.03 £	30.6.02 £
Hire purchase	-	1,253
	<u>-</u>	<u>1,253</u>

11. **LOANS AND OVERDRAFTS**

An analysis of the maturity of loans and overdrafts is given below:

	30.6.03 £	30.6.02 £
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>56,078</u>	<u>119,373</u>

Notes to the Financial Statements
for the Year Ended 30 June 2003

12. OBLIGATIONS UNDER LEASING AGREEMENTS

The following payments are committed to be paid within one year:

	Operating leases			
	Land and buildings		Other	
	30.6.03 £	30.6.02 £	30.6.03 £	30.6.02 £
Expiring:				
Within one year	-	-	300	15,053
Between one and five years	32,830	51,580	17,039	1,600
	<u>32,830</u>	<u>51,580</u>	<u>17,339</u>	<u>16,653</u>

13. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal value:	30.6.03 £	30.6.02 £
100,000	Ordinary	£1	<u>100,000</u>	<u>100,000</u>
Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	30.6.03 £	30.6.02 £
90,200	Ordinary	£1	<u>90,200</u>	<u>90,200</u>

14. ULTIMATE PARENT COMPANY

Until 31 January 2003 the company's ultimate parent company and controlling party was Semple Holdings Limited, which is incorporated in Scotland. At this date the company was sold to Monreith (2003) Limited, a company which is controlled by A. Davidson, a director of Advanced Computer Installations Limited.

15. TRANSACTIONS WITH DIRECTORS

The directors current accounts represent loans from Mr. A. Davidson of £40,000 and from Mr. G. Miller of £20,000. These loans are interest free and repayable on demand.

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	30.6.03 £	30.6.02 £
Profit/(Loss) for the financial year	<u>553,236</u>	<u>(168,910)</u>
Net addition/(reduction) to shareholders' funds	553,236	(168,910)
Opening shareholders' funds	<u>(154,970)</u>	<u>13,940</u>
Closing shareholders' funds	<u>398,266</u>	<u>(154,970)</u>
Equity interests	<u>398,266</u>	<u>(154,970)</u>