

SC242550

**REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006
FOR
PROSOURCE IT (UK) LIMITED**



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for the Year Ended 30 June 2006

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PROSOURCE IT (UK) LIMITED

COMPANY INFORMATION
for the Year Ended 30 June 2006

DIRECTORS

C I Adams
A Cowie
S Mackie
S Proctor
I Bruce

SECRETARY

S Mackie & Mrs M Cowie

REGISTERED OFFICE

1 Hilldowntree Business Centre
Banchory Devenick
Aberdeen
Aberdeenshire
AB12 5YL

REGISTERED NUMBER

242550 (Scotland)

AUDITORS

Acumen Accountants and Advisors Limited
Bon Accord House
Riverside Drive
Aberdeen
AB11 7SL

PROSOURCE.IT (UK) LIMITED

REPORT OF THE DIRECTORS for the Year Ended 30 June 2006

The directors present their report with the financial statements of the company for the year ended 30 June 2006

PRINCIPAL ACTIVITIES

The principal activities of the company in the year under review were those of the supply of IT personnel and computer consultancy services

DIRECTORS

The directors during the year under review were

C I Adams
A Cowie
S Mackie
S Proctor
I Bruce

The beneficial interests of the directors holding office on 30 June 2006 in the issued share capital of the company were as follows

'A' Ordinary £0.01 shares

C I Adams		
A Cowie		
S Mackie	328,392	328,392
S Proctor	328,392	328,392
I Bruce		

'B' Ordinary £0.01 shares

C I Adams	238,698	238,698
A Cowie	70,000	70,000
S Mackie		
S Proctor		
I Bruce		

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Acumen Accountants and Advisors Limited, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

PROSOURCE IT (UK) LIMITED

**REPORT OF THE DIRECTORS
for the Year Ended 30 June 2006**

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 handwritten signature in black ink, appearing to be 'S Mackie', written over a horizontal line.

S Mackie Secretary

Date 10 November 2006

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF PROSOURCE IT (UK) LIMITED

We have audited the financial statements of Prosource IT (UK) Limited for the year ended 30 June 2006 on pages five to ten. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2005).

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 (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 30 June 2006 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

In our opinion the information given in the report of the directors is consistent with the financial statements.

Acumen Accountants & Advisors Limited

Acumen Accountants and Advisors Limited
Bon Accord House
Riverside Drive
Aberdeen
AB11 7SL

Date *10 November 2006*

PROSOURCE IT (UK) LIMITED

**PROFIT AND LOSS ACCOUNT
for the Year Ended 30 June 2006**

		<u>2006</u>	<u>2005</u>
	Notes	£	£
TURNOVER		7,246,707	4,924,367
Cost of sales		<u>4,821,882</u>	<u>3,307,049</u>
GROSS PROFIT		2,424,825	1,617,318
Administrative expenses		<u>553,207</u>	<u>383,183</u>
		1,871,618	1,234,135
Other operating income		<u>187</u>	<u>34</u>
OPERATING PROFIT	2	1,871,805	1,234,169
Interest receivable and similar income		<u>9,414</u>	<u>5,575</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,881,219	1,239,744
Tax on profit on ordinary activities	3	<u>570,445</u>	<u>370,617</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		1,310,774	869,127
Retained profit brought forward		<u>514,127</u>	<u>368,383</u>
		1,824,901	1,237,510
Dividends	4	<u>(1,059,000)</u>	<u>(723,383)</u>
RETAINED PROFIT CARRIED FORWARD		<u><u>£765,901</u></u>	<u><u>£514,127</u></u>

The notes form part of these financial statements

PROSOURCE IT (UK) LIMITED

BALANCE SHEET

30 June 2006

		<u>2006</u>		<u>2005</u>	
	Notes	£	£	£	£
FIXED ASSETS					
Tangible assets	5		9,563		9,819
Investments	6				
			<u>9,563</u>		<u>9,819</u>
CURRENT ASSETS					
Debtors	7	1,959,662		984,037	
Cash at bank		<u>59,707</u>		<u>342,180</u>	
		2,019,369		1,326,217	
CREDITORS Amounts falling due within one year	8	<u>1,253,031</u>		<u>811,376</u>	
NET CURRENT ASSETS			<u>766,338</u>		<u>514,841</u>
TOTAL ASSETS LESS CURRENT LIABILITIES.			775,901		524,660
PROVISIONS FOR LIABILITIES:	10				<u>533</u>
			<u>£775,901</u>		<u>£524,127</u>
CAPITAL AND RESERVES.					
Called up share capital	11		10,000		10,000
Profit and loss account			<u>765,901</u>		<u>514,127</u>
SHAREHOLDERS' FUNDS			<u>£775,901</u>		<u>£524,127</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2005)

The financial statements were approved by the Board of Directors on **10 November 2006** and were signed on its behalf by



A Cowie Director

PROSOURCE IT (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the Year Ended 30 June 2006

1 ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005)

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 33% on cost

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

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

2 OPERATING PROFIT

The operating profit is stated after charging

	2006	2005
	£	£
Depreciation owned assets	7,714	5,170
Loss on disposal of fixed assets		499
Auditors' remuneration	6,750	4,395
Pension costs	<u>66,879</u>	<u>46,138</u>
Directors' emoluments and other benefits etc	<u>339,734</u>	<u>225,024</u>

The number of directors to whom retirement benefits were accruing was as follows

Money purchase schemes	<u>5</u>	<u>5</u>
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3 TAXATION

Analysis of the tax charge

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

	2006	2005
	£	£
Current tax		
UK corporation tax	570,978	370,735
Deferred taxation	<u>(533)</u>	<u>(118)</u>
Tax on profit on ordinary activities	<u>570,445</u>	<u>370,617</u>

PROSOURCE IT (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 30 June 2006**

4 DIVIDENDS

	2006 £	2005 £
'A' Ordinary shares of £0.01 each Interim Dividend	701,843	478,589
'B' Ordinary shares of £0.01 each Interim Dividend	<u>357,157</u>	<u>244,794</u>
	<u>1,059,000</u>	<u>723,383</u>

5 TANGIBLE FIXED ASSETS

	Plant and machinery
	£
COST.	
At 1 July 2005	18,827
Additions	<u>7,458</u>
At 30 June 2006	<u>26,285</u>
DEPRECIATION	
At 1 July 2005	9,008
Charge for year	<u>7,714</u>
At 30 June 2006	<u>16,722</u>
NET BOOK VALUE	
At 30 June 2006	<u>9,563</u>
At 30 June 2005	<u>9,819</u>

6 FIXED ASSET INVESTMENTS

	£
COST	
At 1 July 2005 and 30 June 2006	<u>779,968</u>
PROVISIONS	
At 1 July 2005 and 30 June 2006	<u>779,968</u>
NET BOOK VALUE	
At 30 June 2006	=
At 30 June 2005	=

PROSOURCE.IT (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 30 June 2006**

6 FIXED ASSET INVESTMENTS continued

The company's investments at the balance sheet date in the share capital of unlisted companies include the following

Promac Aberdeen Limited

Nature of business Supply of computer consultancy services

Class of shares	% holding	2006	2005
Ordinary	100.00	£	£
Loss for the year		<u> </u>	<u>(200)</u>

With effect from 1 July 2004 the trading activities of Promac Aberdeen Limited were taken over by the company

**7 DEBTORS AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	2006 £	2005 £
Trade debtors	1,808,637	974,164
Other debtors	134,885	1,424
Prepayments & accrued income	16,140	8,249
Directors current accounts		200
	<u>1,959,662</u>	<u>984,037</u>

**8 CREDITORS AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	2006 £	2005 £
Trade creditors	131,472	62,153
Other creditors	2,953	1,489
V A T	284,535	186,525
Social security & other taxes	79,754	56,603
Taxation	570,978	370,735
Accruals	183,339	133,871
	<u>1,253,031</u>	<u>811,376</u>

9 OPERATING LEASE COMMITMENTS

The following payments are committed to be paid within one year

	2006 £	2005 £
Expiring		
Within one year	690	
Between one and five years		690
In more than five years	<u>15,000</u>	<u>15,000</u>
	<u>15,690</u>	<u>15,690</u>

10 PROVISIONS FOR LIABILITIES

	2006 £	2005 £
Deferred taxation	<u> </u>	<u>533</u>

PROSOURCE IT (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 30 June 2006**

10 PROVISIONS FOR LIABILITIES continued

	Deferred tax £
Balance at 1 July 2005	533
Accelerated capital allowances	(533)
Balance at 30 June 2006	<u> </u>

11 CALLED UP SHARE CAPITAL

Authorised Number	Class	Nominal value	2006 £	2005 £
670,000	'A' Ordinary	£0 01	6,700	6,700
330,000	'B' Ordinary	£0 01	3,300	3,300
100,000	'C' Ordinary	£0 01	<u>1,000</u>	<u>1,000</u>
			<u>11,000</u>	<u>11,000</u>

Allotted, issued and fully paid Number	Class	Nominal value	2006 £	2005 £
670,000	'A' Ordinary	£0 01	6,700	6,700
330,000	'B' Ordinary	£0 01	<u>3,300</u>	<u>3,300</u>
			<u>10,000</u>	<u>10,000</u>

The 'A', 'B' and 'C' ordinary shares rank equally in all respects, except that in addition the 'C' shares do not carry voting rights and are subject to the rules of the Enterprise Management Incentive Scheme

12 RELATED PARTY DISCLOSURES

Craig Adams, a director of the company, is also a director and shareholder of Seven Two Nine Seven LLP t/a The Moorings Bar

At the year end, the trade balance between the companies was £Nil. The company made sales of £116 (2005: £Nil) to Seven Two Nine Seven LLP t/a The Moorings Bar during the year. The company was supplied goods and services totalling £2,015 (2005: £935) from Seven Two Nine Seven LLP t/a The Moorings Bar during the year.

Alan Cowie is a director and shareholder of Prosource IT (UK) Limited. On the 2 and 9 June 2006 the company advanced a total of £129,930 to Mr Cowie. The amount was repaid in full on 5 July 2006.

13 ULTIMATE CONTROLLING PARTY

The directors are of the opinion that there is no ultimate controlling party.