

2617729

LanBase plc

Report and Accounts

Year ended 31 December 1994

94



LanBase plc

Registered No. 2617729

DIRECTORS

K Berry (Chairman)
P Swan (resigned 13 September 1994)
A Berry (resigned 1 January 1994)
G Chapple (appointed 13 September 1994)

SECRETARY

K Berry

AUDITORS

Ernst & Young
Old Town Court
10-14 High Street
Swindon
Wiltshire
SN1 3EP

BANKERS

National Westminster Bank
30 Market Place
Newbury
Berkshire
RG14 5AJ

SOLICITORS

S C Bourge
Pembroke House
7 Brunswick Square
Bristol
Avon
BS2 8PE

REGISTERED OFFICE

Solutions House
Berkshire Business Centre
Berkshire Drive
Thatcham
Newbury
Berkshire
RG13 4EW

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 December 1994.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £302,096 (1993 - £193,576). The directors do not propose the payment of a dividend.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company's principal activity during the period continued to be the supply and installation of data networking products for value added Local Area Networks and Wide Area Networks.

FIXED ASSETS

Movements in fixed assets for the period are summarised in note 8 to the accounts.

DIRECTORS AND THEIR INTERESTS

The directors at 31 December 1994 and their interests in the share capital of the company were as follows:

	<i>At 31 December 1994</i>	<i>At 31 December 1993</i>
	<i>Ordinary shares</i>	<i>Ordinary shares</i>
Mr K Berry	-	-
Mr G Chapple	-	-

AUDITORS

A resolution to re-appoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

By order of the board

K Berry
Secretary



15 May 1995.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE
ACCOUNTS

Company law requires the directors to prepare accounts 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 accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts 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 accounts 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.

**REPORT OF THE AUDITORS
to the members of LanBase plc**

We have audited the accounts on pages 6 to 15, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 9.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

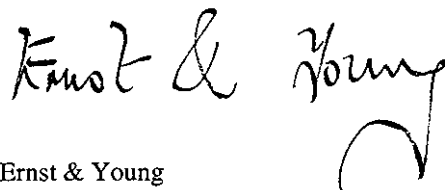
Basis of opinion

We conducted our audit in accordance with 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 accounts. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 December 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Chartered Accountants
Registered Auditor
Swindon



16 May 1995

LanBase plc

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 1994

	Notes	1994 £	1993 £
TURNOVER	2	6,227,841	5,400,211
Cost of sales		3,626,805	3,385,962
Gross profit		2,601,036	2,014,249
Distribution costs		91,154	64,181
Administrative expenses		1,999,937	1,648,724
OPERATING PROFIT	3	509,945	301,344
Interest payable and similar expense	6	99,519	111,833
Interest receivable		(1,061)	(4,065)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		411,487	193,576
Tax on profit on ordinary activities	7	109,391	-
PROFIT RETAINED FOR THE FINANCIAL YEAR	16	302,096	193,576

There are no recognised gains or losses other than the profit attributable to shareholders of the company of £302,096 for the year ended 31 December 1994 and the profit of £193,576 for the period ended 31 December 1993.

LanBase plc

BALANCE SHEET

at 31 December 1994

	Notes	1994 £	1993 £
FIXED ASSETS			
Tangible assets	8	77,765	86,794
CURRENT ASSETS			
Stocks	9	334,817	285,773
Debtors	10	1,635,554	1,260,514
Cash at bank and in hand	17	63,252	-
		<u>2,033,623</u>	<u>1,546,287</u>
CREDITORS: amounts falling due within one year	11	<u>1,713,882</u>	<u>1,537,671</u>
NET CURRENT ASSETS		<u>319,741</u>	<u>8,616</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>397,506</u>	<u>95,410</u>
CREDITORS: amounts falling due after more than one year			
Loan from parent company	13	<u>323,386</u>	<u>323,386</u>
		<u>323,386</u>	<u>323,386</u>
		<u>74,120</u>	<u>(227,976)</u>
CAPITAL AND RESERVES			
Called up share capital	15	25,100	25,100
Profit and loss account	16	49,020	(253,076)
		<u>74,120</u>	<u>(227,976)</u>

K Berry
Director

15 May 1995.

LanBase plc

STATEMENT OF CASH FLOWS
for the year ended 31 December 1994

	Notes	1994 £	1993 £
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	3(b)	311,351	(10,527)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest paid and factoring charges paid		(99,519)	(108,578)
Interest element of finance lease rental payments		-	(3,255)
Interest received		1,061	4,065
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(98,458)	(107,768)
TAXATION			
UK corporation tax paid		(657)	-
INVESTING ACTIVITIES			
Payments to acquire tangible fixed assets		(33,533)	(20,533)
Receipts from sale of tangible fixed assets		-	3,400
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(33,533)	(17,153)
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING		178,703	(135,448)
FINANCING			
Repayments of capital element of finance lease rentals	12	-	7,384
Repayment of Directors' and Employees' loan accounts		-	67,000
Receipt of loan from parent undertaking		-	(323,386)
NET CASH (INFLOW) FROM FINANCING		-	(249,002)
INCREASE IN CASH AND CASH EQUIVALENTS	18	178,703	113,554
		178,703	(135,448)

NOTES TO THE ACCOUNTS

at 31 December 1994

1. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Plant and machinery	-	over 4 years
Fixtures and fittings	-	over 5 years

Stocks

Stocks are stated at the lower of cost and net realisable value.

Work in progress

Work in progress incorporates any material and sub-contract costs incurred on site for installations that are in progress. No overheads are incorporated within work in progress.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

2. TURNOVER

Turnover represents the invoiced amount of goods sold and services provided, stated net of value added tax. The geographical split of turnover is as follows:

	1994 £	1993 £
United Kingdom	6,046,696	5,332,591
Eire	56,009	27,293
Other EEC countries	125,136	40,327
	<u>6,227,841</u>	<u>5,400,211</u>

NOTES TO THE ACCOUNTS

at 31 December 1994

3. OPERATING PROFIT

(a) This is stated after charging/(crediting):	1994 £	1993 £
Auditors' remuneration: - audit services	7,800	7,500
- other services	5,480	3,490
Depreciation of tangible fixed assets:		
- owned	42,562	35,839
- held under finance leases	-	2,547
Operating lease rentals - hire of plant and machinery	4,545	3,753
- other	85,602	70,105
Directors' remuneration	174,343	122,133
(Gain)/loss on exchange	(18,219)	29,555

(b) Reconciliation of operating profit to net cash inflow/(outflow) from operating activities

	1994 £	1993 £
Operating profit	509,945	301,344
Depreciation	42,562	38,386
Loss on disposal of tangible fixed assets	-	2,344
(Increase) in debtors	(375,040)	(110,860)
(Increase) in stocks	(49,044)	(53,447)
Increase/(decrease) in creditors	182,928	(188,294)
Net cash inflow/(outflow) from operating activities	311,351	(10,527)

4. DIRECTORS' REMUNERATION

	1994 £	1993 £
Emoluments (including pension contributions)	189,962	131,851

Directors' emoluments, excluding pension contributions, fell within the following ranges:

	1994 No.	1993 No.
£15,001 - £20,000	1	1
£40,001 - £45,000	1	1
£65,001 - £70,000	-	1
£85,001 - £90,000	1	-

The emoluments, excluding pension contributions, of the chairman, who was also the highest paid director, were £87,793.

LanBase plc

NOTES TO THE ACCOUNTS

at 31 December 1994

5. STAFF COSTS

	1994	1993
	£	£
Wages and salaries	910,551	715,217
Social security costs	84,588	66,255
	<u>995,139</u>	<u>781,472</u>

The average weekly number of employees during the year was as follows:

	1994	1993
	No.	No.
Administration	10	8
Sales and technical	22	17
	<u>32</u>	<u>25</u>

6. INTEREST PAYABLE AND SIMILAR EXPENSE

	1994	1993
	£	£
Bank overdraft	1,175	21,219
Finance charges payable under finance leases	-	3,255
Factoring charges	98,344	87,359
	<u>99,519</u>	<u>111,833</u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1994	1993
	£	£
Based on the profit for the year:		
Corporation tax at 33%	108,375	-
Corporation tax underprovided in previous years	1,016	-
	<u>109,391</u>	<u>-</u>

LanBase plc

NOTES TO THE ACCOUNTS

at 31 December 1994

8. TANGIBLE FIXED ASSETS

	<i>Fixtures and fittings</i> £	<i>Plant and equipment</i> £	<i>Total</i> £
Cost or valuation:			
At 1 January 1994	36,069	120,260	156,329
Additions	4,069	29,464	33,533
At 31 December 1994	<u>40,138</u>	<u>149,724</u>	<u>189,862</u>
Depreciation:			
At 1 January 1994	16,013	53,522	69,535
Provided during the year	7,898	34,664	42,562
At 31 December 1994	<u>23,911</u>	<u>88,186</u>	<u>112,097</u>
Net book value:			
At 31 December 1994	<u>16,227</u>	<u>61,538</u>	<u>77,765</u>
At 31 December 1993	<u>20,056</u>	<u>66,738</u>	<u>86,794</u>

9. STOCKS

	<i>1994</i> £	<i>1993</i> £
Work in progress	73,170	54,436
Finished goods and goods for resale	<u>261,647</u>	<u>231,337</u>
	<u>334,817</u>	<u>285,773</u>

10. DEBTORS

	<i>1994</i> £	<i>1993</i> £
Trade debtors	1,218,948	871,077
Amount due from parent company	319,793	263,140
Amount due from fellow subsidiary	15,129	54,615
Rent deposit	33,500	33,500
Prepayments and accrued income	48,184	38,182
	<u>1,635,554</u>	<u>1,260,514</u>

The rent deposit is repayable after more than one year.

NOTES TO THE ACCOUNTS

at 31 December 1994

11. CREDITORS: amounts falling due within one year

	1994	1993
	£	£
Trade creditors	760,262	764,133
Bank overdraft (secured)	-	115,451
Advances from factors	604,056	476,951
Corporation tax	108,272	-
Other taxes and social security	102,682	119,007
Other creditors	138,610	62,129
	<u>1,713,882</u>	<u>1,537,671</u>

The bank overdraft facility is secured by a debenture over the company's assets. In addition, it is supported by guarantees given by the company's two directors, in aggregate amounting to £275,000.

12. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

Analysis of changes in finance leases during the year:

	1994	1993
	£	£
At 1 January 1994	-	7,384
Capital element of finance lease rental payments	-	(7,384)
	<u>-</u>	<u>-</u>

13. LOAN FROM PARENT COMPANY

The directors have indicated that the amount due to the parent company is due in more than one year from the balance sheet date. The loan is unsecured, without specific terms of repayment and non-interest bearing.

14. DEFERRED TAXATION

The deferred taxation liability/(asset) provided and not provided is:

	Provided		Not provided	
	1994	1993	1994	1993
	£	£	£	£
Capital allowances in advance of depreciation	-	-	(11,267)	(9,531)
Losses	-	-	-	(36,686)
	<u>-</u>	<u>-</u>	<u>(11,267)</u>	<u>(46,217)</u>

NOTES TO THE ACCOUNTS

at 31 December 1994

15. SHARE CAPITAL

	<i>Authorised 1994 No.</i>	<i>Allotted and called up 1994 £</i>	<i>Authorised 1993 No.</i>	<i>Allotted and called up 1993 £</i>
Ordinary shares of £1 each	<u>100,000</u>	<u>25,100</u>	<u>100,000</u>	<u>25,100</u>

Allotted and called up share capital comprises 49,999 Ordinary shares of £1 called as to 50p per share, and 101 fully paid Ordinary shares of £1 each.

16. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	<i>Share capital £</i>	<i>Profit and loss account £</i>	<i>Total</i>
At 1 December 1992	25,100	(446,652)	(421,552)
Profit for the period	-	193,576	193,576
At 1 January 1994	25,100	(253,076)	(227,976)
Profit for the year	-	302,096	302,096
At 31 December 1994	<u>25,100</u>	<u>49,020</u>	<u>74,120</u>

17. OTHER FINANCIAL COMMITMENTS

At 31 December 1994 the company had annual commitments under non-cancellable operating leases as set out below:

	<i>Land and buildings 1994 £</i>	<i>Other 1994 £</i>	<i>Land and buildings 1993 £</i>	<i>Other 1993 £</i>
Within one year	-	30,876	-	16,524
Within two to five years	-	67,954	-	52,289
In over five years	33,500	-	33,500	-
	<u>33,500</u>	<u>98,830</u>	<u>33,500</u>	<u>68,813</u>

18. INCREASE IN CASH AND CASH EQUIVALENTS

	<i>1994 £</i>	<i>1993 £</i>
At 1 January 1994	(115,451)	(229,005)
Net cash inflow	<u>178,703</u>	<u>113,554</u>
At 31 December 1994	<u>63,252</u>	<u>(115,451)</u>

NOTES TO THE ACCOUNTS

at 31 December 1994

19. ULTIMATE HOLDING COMPANY

The parent undertaking of the smallest and largest group of which the company is a member and for which group accounts are prepared is LanBase European Holdings Limited, a company incorporated in England and Wales. Copies of the group accounts are available to the public from Solutions House, Berkshire Business Centre, Berkshire Drive, Thatcham, Newbury, Berkshire, RG13 4EW.