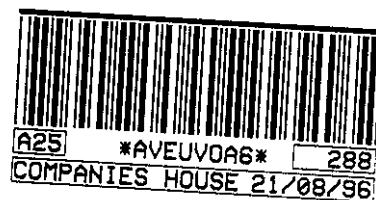


2686986

REPORT AND ACCOUNTS
KINGSWELL COMPUTER COMPANY LIMITED
30th April 1996



Kingswell Computer Company Limited
Cornwell Business Park, Salhouse Road
Brackmills
Northampton
NN4 7EX
Telephone No 01604-767636

KINGSWELL COMPUTER COMPANY LIMITED

Kingswell Computer Company Limited

Cornwell Business Park, Salthouse Road, Brackmills, Northampton NN4 7EX

Registered No. 2686986

DIRECTORS

M R King (Chairman)
G I Presswell ACA BSc
C G Benham

SECRETARY

G I Presswell ACA BSc

AUDITORS

Ernst & Young
Chartered Accountants
400 Capability Green
Luton
Beds
LU1 3LU

BANKERS

Barclays Bank plc
P.O. Box 23
St. Giles Square
Northampton
NN1 1DB

SOLICITORS

Kimbell & Co.
352 Silbury Court
Silbury Boulevard
Milton Keynes
Bucks
MK9 2HJ

REGISTERED OFFICE

400 Capability Green
Luton
Beds
LU1 3LU

KINGSWELL COMPUTER COMPANY LIMITED

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 30th April 1996.

RESULTS AND DIVIDENDS

The profit for the year before taxation amounted to £35,751. An interim dividend of 8p per share was paid in September 1995. The directors have not recommended the payment of a final dividend and have transferred the profit after taxation and dividends for the year to reserves.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company's principal activity during the year was the sale and support of computer systems and sub-systems.

The company has continued to focus its resources in the rapidly growing market of computer storage, back up and data archiving. The company's overall turnover grew 28% in the year and as a result, the directors are pleased to report improved profits.

The company is now established as one of the leading suppliers to end users in the specialist area of data back up and archiving and the directors feel the company is well placed to take advantage of the continuing growth in this market.

MOVEMENT IN FIXED ASSETS

The changes in fixed assets during the year are detailed in Note 9 to the accounts.

DIRECTORS' RESPONSIBILITIES FOR 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;
- 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.

KINGSWELL COMPUTER COMPANY LIMITED

DIRECTORS' REPORT

DIRECTORS AND THEIR INTERESTS

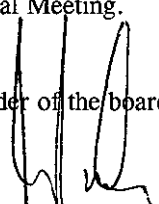
The directors at 30th April 1996 and their interests in the share capital of the company were as follows:

	At 30th April 1996 Ordinary Shares	At 30th April 1995 Ordinary Shares
M R King	20,000	20,000
G I Presswell	15,000	15,000
C G Benham	17,000	17,000

AUDITORS

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

By order of the board


G I Presswell
Secretary
14th August 1996

KINGSWELL COMPUTER COMPANY LIMITED

REPORT OF THE AUDITORS

to the members of Kingswell Computer Company Limited

We have audited the accounts on pages 5 to 15 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 8.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 2 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.

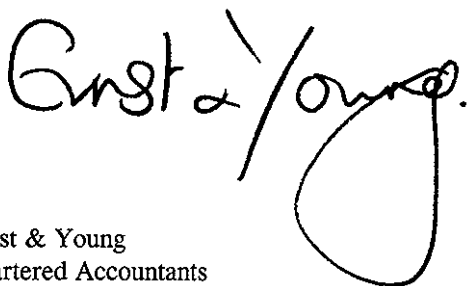
BASIS OF OPINION

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 judgements 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 evaluate 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 the company's affairs as at 30th April 1996 and of its result and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Chartered Accountants
Registered Auditor
Luton

14th August 1996

KINGSWELL COMPUTER COMPANY LIMITED**PROFIT AND LOSS ACCOUNT**

for the year ended 30th April 1996

	Notes	1996 £	1995 £
TURNOVER	2	3,462,087	2,704,824
Cost of sales		2,601,836	1,973,830
Gross profit		860,251	730,994
Distribution costs		554,030	480,722
Administration expenses		270,238	244,974
		824,268	725,696
OPERATING PROFIT	3	35,983	5,298
Bank interest receivable		2,194	422
Interest payable	6	(2,426)	(4,994)
		(232)	(4,572)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		35,751	726
Tax on profit on ordinary activities	7	10,077	3,021
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		25,674	(2,295)
Dividend paid	8	(5,120)	(5,120)
RETAINED PROFIT/TAKEN FROM RESERVES FOR THE FINANCIAL YEAR		20,554	(7,415)

There are no other gains or losses for the year other than those already dealt with in the profit and loss account above.

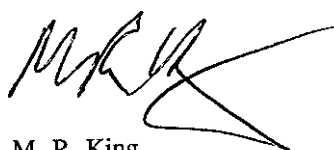
The historical cost profit is as shown above.

Movements on reserves are shown in note 17 to the accounts.

KINGSWELL COMPUTER COMPANY LIMITED

BALANCE SHEET at 30th April 1996

	Notes	1996 £	1995 £
FIXED ASSETS			
Tangible assets	9	55,512	44,512
CURRENT ASSETS			
Stocks	10	156,437	169,306
Debtors	11	730,482	572,020
Cash at bank and in hand	12	198,599	165,367
		1,085,518	906,693
CREDITORS: amounts falling due within one year	13	864,822	681,561
NET CURRENT ASSETS		220,696	225,132
TOTAL ASSETS LESS CURRENT LIABILITIES		276,208	269,644
CREDITORS: amounts falling due after one year			
PROVISION FOR LIABILITIES AND CHARGES	15	1,624	2,014
		7,736	21,726
		268,472	247,918
CAPITAL AND RESERVES			
Called up share capital	16	64,000	64,000
Profit and loss account	17	204,472	183,918
		268,472	247,918



M R King
Director
14th August 1996

KINGSWELL COMPUTER COMPANY LIMITED

STATEMENT OF CASH FLOWS

for the year ended 30th April 1996

	Notes	1996 £	1995 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	3(b)	68,783	196,469
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Dividends paid		(5,120)	(5,120)
Interest paid	6	(2,426)	(4,245)
Interest element of finance lease rental payments	6	-	(749)
Interest received		2,194	422
NET CASH (OUTFLOW) FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(5,352)	(9,692)
TAXATION			
Corporation tax paid		(3,154)	(4,790)
NET CASH OUTFLOW FROM TAXATION		(3,154)	(4,790)
INVESTING ACTIVITIES			
Payments to acquire tangible fixed assets		(27,395)	(29,153)
Receipts from sales of tangible fixed assets		350	2,377
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(27,045)	(26,776)
NET CASH INFLOW BEFORE FINANCING		33,232	155,211
FINANCING			
Repayment of capital element of finance lease rentals		-	1,661
NET CASH INFLOW FROM FINANCING		-	1,661
INCREASE IN CASH AND CASH EQUIVALENTS	12	33,232	153,550
		33,232	155,211

KINGSWELL COMPUTER COMPANY LIMITED

NOTES TO THE ACCOUNTS

at 30th April 1996

1. ACCOUNTING POLICIES

Accounting convention

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

Depreciation

Depreciation is provided on all tangible fixed assets 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:

Leasehold improvements	-	over the lease term
Plant and machinery	-	4-10 years
Fixtures and fittings	-	5 years
Computer equipment	-	4 years

Stocks

Stocks are stated at the lower of cost incurred in bringing each product to its present location and condition and net realisable value. Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

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.

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 translated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful life.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

Pensions

The company operates a defined contribution scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

KINGSWELL COMPUTER COMPANY LIMITED

NOTES TO THE ACCOUNTS

at 30th April 1996

2. TURNOVER

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties. Income from maintenance contracts is apportioned in equal instalments over the period of the contract.

Turnover is attributable to one continuing activity, the sale and support of computer systems and sub-systems.

An analysis of turnover by geographical market is given below:

	1996 £	1995 £
United Kingdom	3,358,604	2,700,109
Africa	100,059	600
Europe	3,424	4,115
	-----	-----
	3,462,087	2,704,824
	-----	-----

3. OPERATING PROFIT

	1996 £	1995 £
(a) This is stated after charging:		
Auditors' remuneration	8,200	8,200
Depreciation on owned fixed assets	15,374	10,930
Depreciation of assets held under finance leases	925	925
Hire of plant and machinery	3,834	3,411
Operating lease rentals		
- plant and machinery	51,653	68,323
- land and buildings	22,033	28,234
	-----	-----

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

Operating profit	35,983	5,298
Depreciation	16,299	11,855
(Profit)/Loss on disposal of tangible fixed assets	(254)	5,918
(Increase) in debtors	(158,462)	(66,232)
Decrease in stocks	12,869	4,190
Increase in creditors	162,348	235,440
	-----	-----
	68,783	196,469
	-----	-----

KINGSWELL COMPUTER COMPANY LIMITED

NOTES TO THE ACCOUNTS

at 30th April 1996

4. DIRECTORS' REMUNERATION

	1996 £	1995 £
Emoluments (including pension contributions)	154,276	141,072

Directors' emoluments in connection with the management services to the company, excluding pension contributions, fell within the following ranges:

	1996 No.	1995 No.
£35,001 - £40,000	0	1
£40,001 - £45,000	1	0
£45,001 - £50,000	0	2
£50,001 - £55,000	2	0

The emoluments, excluding pension contributions, of the Chairman, who was the highest paid director, were £54,825 (1995: £49,001).

5. STAFF COSTS

	1996 £	1995 £
Wages and salaries	545,192	495,015
Social security costs	57,242	53,489
Other pension costs	26,810	28,987
	629,244	577,491

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

	1996 No.	1995 No.
Administration	5	5
Sales	9	8
Engineering	8	8
	22	21

KINGSWELL COMPUTER COMPANY LIMITED

NOTES TO THE ACCOUNTS

at 30th April 1996

6. INTEREST PAYABLE

	1996 £	1995 £
Other loans repayable within five years	2,426	4,245
Finance charges payable under finance leases	-	749
	-----	-----
	2,426	4,994
	-----	-----

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1996 £	1995 £
Based on the profit for the year:		
Corporation tax at 25%	10,467	3,110
Deferred taxation	(390)	(89)
	-----	-----
	10,077	3,021
	-----	-----

8. DIVIDENDS

	1996 £	1995 £
Ordinary shares - interim dividend paid	5,120	5,120
	-----	-----

KINGSWELL COMPUTER COMPANY LIMITED

NOTES TO THE ACCOUNTS, at 30th April 1996

9. TANGIBLE FIXED ASSETS

	Short Leasehold Improvements £	Plant & Machinery £	Fixtures & Fittings £	Computer Equipment £	Total £
Cost:					
At 30th April 1995	6,603	7,388	15,214	37,399	66,604
Additions	438	-	7,534	19,423	27,395
Disposals	-	-	(300)	(160)	(460)
	-----	-----	-----	-----	-----
At 30th April 1996	7,041	7,388	22,448	56,662	93,539
	-----	-----	-----	-----	-----
Depreciation:					
At 30th April 1995	101	1,274	5,628	15,089	22,092
Provided during the year	678	741	4,055	10,825	16,299
Disposals	-	-	(225)	(139)	(364)
	-----	-----	-----	-----	-----
At 30th April 1996	779	2,015	9,458	25,775	38,027
	-----	-----	-----	-----	-----
Net book value:					
At 30th April 1996	6,262	5,373	12,990	30,887	55,512
	-----	-----	-----	-----	-----
At 30th April 1995	6,502	6,114	9,586	22,310	44,512
	-----	-----	-----	-----	-----

Included in fixtures and fittings are assets purchased by finance leases of £4,625 with accumulated depreciation of £3,750 giving a net book value of £925.

10. STOCKS

	1996 £	1995 £
Finished goods and stock for resale	156,437	169,306
	-----	-----

11. DEBTORS

	1996 £	1995 £
Trade debtors	656,375	491,835
Other debtors	7,954	12,236
ACT recoverable	1,280	-
Prepayments and accrued income	64,873	67,949
	-----	-----
	730,482	572,020
	-----	-----

KINGSWELL COMPUTER COMPANY LIMITED

NOTES TO THE ACCOUNTS

at 30th April 1996

12. CASH AND CASH EQUIVALENTS

	1996 £	1995 £
At 30th April 1995	165,367	11,817
Net cash inflow/(outflow)	33,232	153,550
At 30th April 1996	198,599	165,367

13. CREDITORS : amounts falling due within one year

	1996 £	1995 £
Trade creditors	589,565	425,070
Current corporation tax	10,423	3,110
Other taxes and social security costs	59,394	77,711
Accruals	70,869	49,251
Deferred income	134,571	126,419
	864,822	681,561

14. CREDITORS: amounts falling due after one year

	1996 £	1995 £
Deferred income	6,112	19,712

KINGSWELL COMPUTER COMPANY LIMITED

NOTES TO THE ACCOUNTS

at 30th April 1996

15. PROVISION FOR LIABILITIES AND CHARGES

Deferred taxation

	£
At 30th April 1995	2,014
Released in the year	(390)

At 30th April 1996	1,624

Deferred taxation fully provided in the accounts is as follows:

	Provided 1996 £	Provided 1995 £
Capital allowances in advance of depreciation	1,624	2,006
Other timing differences	-	8
	-----	-----
	1,624	2,014
	-----	-----

16. CALLED UP SHARE CAPITAL

	Authorised, allotted, called up and fully paid 1996 £	Authorised, allotted, called up and fully paid 1995 £
Ordinary shares of £1 each	64,000	64,000
	-----	-----

NOTES TO THE ACCOUNTS

at 30th April 1996

17. RECONCILIATION OF SHAREHOLDERS FUNDS

	Share Capital £	Profit & Loss account £	Total £
At 1st May 1994	64,000	191,333	255,333
Loss for the year	-	(2,295)	(2,295)
Dividend Paid	-	(5,120)	(5,120)
At 30th April 1995	64,000	183,918	247,918
Profit for the year	-	25,674	25,674
Dividend paid	-	(5,120)	(5,120)
At 30th April 1996	64,000	204,472	268,472

18. PENSION COMMITMENTS

The company operates a defined contribution pension scheme for its directors and employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

19. OTHER FINANCIAL COMMITMENTS

At 30th April 1996 the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings		Other	
	1996	1995	1996	1995
	£	£	£	£
Operating leases which expire:				
within one year	-	-	3,867	8,826
within two to five years	22,535	22,535	34,632	16,769
	22,535	22,535	38,499	25,595