

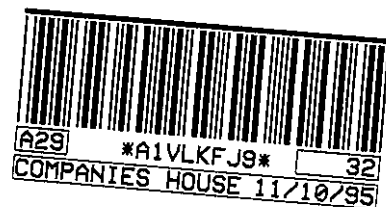
2686986

REPORT AND ACCOUNTS

KINGSWELL COMPUTER COMPANY LIMITED

30th April 1995

Kingswell Computer Company Limited
Cornwell Business Park, Salthouse 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 1995.

RESULTS AND DIVIDENDS

The profit for the year before taxation amounted to £726. An interim dividend of 8p per share was paid in September 1994. However, the directors do not recommend the payment of a final dividend and have funded the loss after taxation and dividend for the year from 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 continued to focus on the UK computer storage and back up market and overall turnover grew 15 % in the year. The directors are disappointed to report reduced profits for the year caused by continuing competitive pressures in the marketplace reducing margins.

During the year the company successfully relocated to new premises in Northampton and the directors consider that Kingswell is now well placed to take advantage of the expected growth in the UK storage and backup market in the coming year.

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 1995 and their interests in the share capital of the company were as follows:

	At 30th April 1995 Ordinary Shares	At 30th April 1994 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
20th September 1995

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.

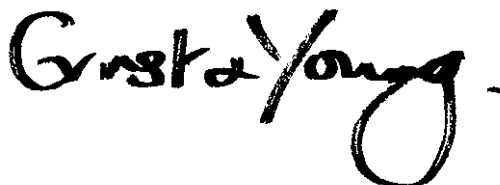
BASIS OF OPINION

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 1995 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

20th September 1995

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

for the year ended 30th April 1995

	Notes	1995 £	1994 £
TURNOVER	2	2,704,824	2,348,494
Cost of sales		1,973,830	1,633,352
Gross profit		730,994	715,142
Distribution costs		480,722	450,072
Administration expenses		244,974	250,239
		725,696	700,311
OPERATING PROFIT	3	5,298	14,831
Bank interest receivable		422	4,154
Interest payable	6	(4,994)	(2,803)
		(4,572)	1,351
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		726	16,182
Tax on profit on ordinary activities	7	3,021	4,988
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		(2,295)	11,194
Dividend paid	8	(5,120)	-
TAKEN FROM RESERVES/RETAINED PROFIT FOR THE FINANCIAL YEAR		(7,415)	11,194

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 18 to the accounts.

KINGSWELL COMPUTER COMPANY LIMITED**BALANCE SHEET**

at 30th April 1995

	Notes	1995 £	1994 £
FIXED ASSETS			
Tangible assets	9	44,512	35,509
CURRENT ASSETS			
Stocks	10	169,306	173,496
Debtors	11	572,020	505,788
Cash at bank and in hand	12	165,367	11,817
		906,693	691,101
CREDITORS: amounts falling due within one year	13	681,561	469,059
NET CURRENT ASSETS		225,132	222,042
TOTAL ASSETS LESS CURRENT LIABILITIES		269,644	257,551
CREDITORS: amounts falling due after one year			
	14	19,712	115
PROVISION FOR LIABILITIES AND CHARGES	16	2,014	2,103
		21,726	2,218
		247,918	255,333
CAPITAL AND RESERVES			
Called up share capital	17	64,000	64,000
Profit and loss account	18	183,918	191,333
		247,918	255,333



M R King
Director
20th September 1995

KINGSWELL COMPUTER COMPANY LIMITED**STATEMENT OF CASH FLOWS**

for the year ended 30th April 1995

	Notes	1995 £	1994 £
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	3(b)	196,469	(101,630)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Dividends paid		(5,120)	-
Interest paid	6	(4,245)	(2,125)
Interest element of finance lease rental payments	6	(749)	(678)
Interest received		422	4,154
NET CASH (OUTFLOW)/INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(9,692)	1,351
TAXATION			
Corporation tax paid		(4,790)	(71,461)
NET CASH OUTFLOW FROM TAXATION		(4,790)	(71,461)
INVESTING ACTIVITIES			
Payments to acquire tangible fixed assets		(29,153)	(9,178)
Receipts from sales of tangible fixed assets		2,377	560
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(26,776)	(8,618)
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING		155,211	(180,358)
FINANCING			
Repayment of capital element of finance lease rentals	15	1,661	1,547
NET CASH INFLOW FROM FINANCING		1,661	1,547
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	12	153,550	(181,905)
		155,211	(180,358)

NOTES TO THE ACCOUNTS

at 30th April 1995

1. ACCOUNTING POLICIES

Accounting convention

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

Goodwill

Goodwill is the difference between the amount paid on the acquisition of a business and the aggregate fair value of its separable assets. It is written off to reserves in the year of acquisition.

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.

NOTES TO THE ACCOUNTS

at 30th April 1995

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:

	1995 £	1994 £
United Kingdom	2,700,109	2,326,968
Africa	600	1,409
Europe	4,115	20,017
Other	-	100
	<u>2,704,824</u>	<u>2,348,494</u>

3. OPERATING PROFIT

	1995 £	1994 £
(a) This is stated after charging:		
Auditors' remuneration	8,200	8,200
Depreciation on owned fixed assets	10,930	7,556
Depreciation of assets held under finance leases	925	925
Hire of plant and machinery	3,411	4,541
Operating lease rentals		
- plant and machinery	68,323	59,477
- land and buildings	28,234	32,408
	<u>119,823</u>	<u>104,761</u>

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

Operating profit	5,298	14,831
Depreciation	11,855	8,481
Loss on disposal of tangible fixed assets	5,918	124
(Increase) in debtors	(66,232)	(243,221)
Decrease/(Increase) in stocks	4,190	(39,704)
Increase in creditors	235,440	157,859
	<u>196,469</u>	<u>(101,630)</u>

NOTES TO THE ACCOUNTS
at 30th April 1995

4. DIRECTORS' REMUNERATION

	1995 £	1994 £
Emoluments (including pension contributions)	141,072	133,355

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

	1995 No.	1994 No.
£30,001 - £35,000	0	1
£35,001 - £40,000	1	0
£40,001 - £45,000	0	1
£45,001 - £50,000	2	1

The emoluments, excluding pension contributions, of the Chairman, who was the highest paid director, were £49,001 (1994: £46,808).

5. STAFF COSTS

	1995 £	1994 £
Wages and salaries	495,015	476,515
Social security costs	53,489	52,802
Other pension costs	28,987	26,790
	577,491	556,107

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

	1995 No.	1994 No.
Administration	5	5
Sales	8	8
Engineering	8	8
	21	21

NOTES TO THE ACCOUNTS
at 30th April 1995

6. INTEREST PAYABLE

	1995 £	1994 £
Other loans repayable within five years	4,245	2,125
Finance charges payable under finance leases	749	678
	<u>4,994</u>	<u>2,803</u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1995 £	1994 £
Based on the profit for the year:		
Corporation tax at 25 %	3,110	4,793
Deferred taxation	(89)	195
	<u>3,021</u>	<u>4,988</u>

8. DIVIDENDS

	1995 £	1994 £
Ordinary shares - interim dividend paid	<u>5,120</u>	<u>0</u>

KINGSWELL COMPUTER COMPANY LIMITED

NOTES TO THE ACCOUNTS at 30th April 1995

9. TANGIBLE FIXED ASSETS

	Short Leasehold Improvements £	Plant & Machinery £	Fixtures & Fittings £	Computer Equipment £	Total £
Cost:					
At 30th April 1994	7,940	4,152	10,567	25,239	47,898
Additions	6,603	5,159	4,697	12,694	29,153
Disposals	(7,940)	(1,923)	(50)	(534)	(10,447)
At 30th April 1995	6,603	7,388	15,214	37,399	66,604
Depreciation:					
At 30th April 1994	1,121	709	3,371	7,188	12,389
Provided during the year	829	597	2,286	8,143	11,855
Disposals	(1,849)	(32)	(29)	(242)	(2,152)
At 30th April 1995	101	1,274	5,628	15,089	22,092
Net book value:					
At 30th April 1995	6,502	6,114	9,586	22,310	44,512
At 30th April 1994	6,819	3,443	7,196	18,051	35,509

Included in fixtures and fittings are finance leased assets of £4,625 with accumulated depreciation of £2,775 giving a net book value of £1,850.

10. STOCKS

	1995 £	1994 £
Finished goods and stock for resale	169,306	173,496

11. DEBTORS

	1995 £	1994 £
Trade debtors	491,835	444,464
Other debtors	12,236	13,523
Prepayments and accrued income	67,949	47,801
	572,020	505,788

KINGSWELL COMPUTER COMPANY LIMITED**NOTES TO THE ACCOUNTS**
at 30th April 1995**12. CASH AND CASH EQUIVALENTS**

	1995 £	1994 £
At 30th April 1994	11,817	193,722
Net cash inflow/(outflow)	153,550	(181,905)
At 30th April 1995	165,367	11,817

13. CREDITORS : amounts falling due within one year

	1995 £	1994 £
Trade creditors	425,070	286,551
Current corporation tax	3,110	4,790
Other taxes and social security costs	77,711	42,853
Accruals	49,251	42,395
Deferred income	126,419	90,924
Obligations under finance leases	0	1,546
	681,561	469,059

14. CREDITORS: amounts falling due after one year

	1995 £	1994 £
Deferred income	19,712	0
Obligations under finance leases (Note 15)	0	115
	19,712	115

NOTES TO THE ACCOUNTS
at 30th April 1995

15. OBLIGATIONS UNDER FINANCE LEASES

The maturity of these amounts is as follows:

	1995 £	1994 £
Amounts payable:		
within one year	0	2,225
within two to five years	0	171
	-----	-----
	0	2,396
Less: finance charges allocated to future periods	0	(735)
	-----	-----
	0	1,661
	-----	-----
Finance leases are analysed as follows:		
Current obligations	0	1,546
Non-current obligations	0	115
	-----	-----
	0	1,661
	-----	-----

Analysis of changes in finance leases during the current and previous years:

	1995 £	1994 £
At 30th April 1994	1,661	3,208
Inception of finance lease contracts	-	-
Capital element of finance lease rental payments	(1,661)	(1,547)
	-----	-----
	0	1,661
	-----	-----

16. PROVISION FOR LIABILITIES AND CHARGES

Deferred taxation

	£
At 30th April 1994	2,103
Released in the year	(89)

At 30th April 1995	2,014

Deferred taxation fully provided in the accounts is as follows:

	Provided 1995 £	Provided 1994 £
Capital allowances in advance of depreciation	2,006	2,089
Other timing differences	8	14
	-----	-----
	2,014	2,103
	-----	-----

KINGSWELL COMPUTER COMPANY LIMITED

NOTES TO THE ACCOUNTS

at 30th April 1995

17. CALLED UP SHARE CAPITAL

	Authorised, allotted, called up and fully paid 1995 £	Authorised, allotted, called up and fully paid 1994 £
Ordinary shares of £1 each	64,000	64,000

18. RECONCILIATION OF SHAREHOLDERS FUNDS

	Share Capital £	Profit & Loss account £	Total £
At 1st May 1993	64,000	180,139	244,139
Profit for the year	-	11,194	11,194
At 30th April 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

19. 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.

20. OTHER FINANCIAL COMMITMENTS

At 30th April 1995 the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings		Other	
	1995	1994	1995	1994
	£	£	£	£
Operating leases which expire:				
within one year	-	-	8,826	15,499
within two to five years	22,535	32,408	16,769	36,491
	22,535	32,408	25,595	51,990