

COMPANY REGISTRATION NUMBER 2708733

**VDC TRADING LIMITED
ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED
31 JULY 2003**



Blueprint Audit Limited
Chartered Accountants Registered Auditor
Sumner House
St Thomas's Road
Chorley
Lancashire
PR7 1HP

VDC TRADING LIMITED
ABBREVIATED ACCOUNTS
YEAR ENDED 31 JULY 2003

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VDC TRADING LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

| | |
|-------------------------------|--|
| The board of directors | N Holden D Guthrie |
| Company secretary | S Holden |
| Registered office | VDC House 4 Brandon Road London N7 9AA |
| Auditors | Blueprint Audit Limited Chartered Accountants Registered Auditor Sumner House St Thomas's Road Chorley Lancashire PR7 1HP |

VDC TRADING LIMITED
THE DIRECTORS' REPORT
YEAR ENDED 31 JULY 2003

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 July 2003.

Principal activities and business review

The company's principal activity during the year was the supply of electrical components.

The directors plan to continue with the management policies which have led to the satisfactory result achieved in the year.

Results and dividends

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

Directors

The directors who served the company during the year were as follows:

N Holden
D Guthrie

The company is a wholly owned subsidiary and the interests of the group directors are disclosed in the financial statements of the parent company.

The company is a wholly-owned subsidiary of VDC Holdings Limited and the interest in shares of Mr N Holden, who is a director of that company are disclosed in its directors' report.

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 at the end of the year and of the profit or loss for the year then ended. In preparing those financial statements, the directors are required to:

select suitable accounting policies, as described on page 7, and then apply them consistently;

make judgements and estimates that are reasonable and prudent; and

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. The directors 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.

VDC TRADING LIMITED
THE DIRECTORS' REPORT *(continued)*
YEAR ENDED 31 JULY 2003

Auditors

A resolution to re-appoint Blueprint Audit Limited as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:
VDC House
4 Brandon Road
London
N7 9AA

Signed by order of the directors



S Holden
Company Secretary

Approved by the directors on

18/05/04

VDC TRADING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE COMPANY

PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 5 to 13, together with the financial statements of the company for the year ended 31 July 2003 prepared under Section 226 of the Companies Act 1985.

This report is made solely to the company, in accordance with Section 247B of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and the auditors

The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and report our opinion to you.

Basis of opinion

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act, and the abbreviated accounts on pages 5 to 13 are properly prepared in accordance with those provisions.

Blueprint Audit Limited

Blueprint Audit Limited
Registered Auditor
Sumner House
St. Thomas's Road
Chorley
Lancashire
PR7 1HP

Date: *25 May 2004*

VDC TRADING LIMITED
ABBREVIATED PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 JULY 2003

| | Note | 2003 £ | 2002 £ |
|---|------|------------------|------------------|
| Gross profit | | 1,767,175 | 1,848,346 |
| Distribution costs | | (45,167) | (51,486) |
| Administrative expenses | | (1,714,435) | (1,486,435) |
| Administrative expenses – exceptional item | 2 | – | (575,998) |
| Operating profit | 3 | <u>7,573</u> | <u>(265,573)</u> |
| Interest receivable | | 35,338 | 46,112 |
| Interest payable | 6 | (248) | (4,715) |
| Profit/(loss) on ordinary activities before taxation | | <u>42,663</u> | <u>(224,176)</u> |
| Tax on profit/(loss) on ordinary activities | 7 | (23,798) | (87,944) |
| Profit/(loss) on ordinary activities after taxation | | <u>18,865</u> | <u>(312,120)</u> |
| Dividends | 8 | – | (100) |
| Retained profit/(loss) for the financial year | | <u>18,865</u> | <u>(312,220)</u> |
| Balance brought forward | | 1,544,966 | 1,857,186 |
| Balance carried forward | | <u>1,563,831</u> | <u>1,544,966</u> |

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.


VDC TRADING LIMITED
ABBREVIATED BALANCE SHEET

31 JULY 2003

| | Note | 2003 £ | 2002 £ |
|---|------|------------------|------------------|
| Fixed assets | | | |
| Tangible assets | 9 | 144,431 | 146,464 |
| Investments | 10 | 4 | 4 |
| | | <u>144,435</u> | <u>146,468</u> |
| Current assets | | | |
| Stocks | 11 | 780,855 | 795,489 |
| Debtors | 12 | 1,239,655 | 1,013,871 |
| Cash at bank and in hand | | 799,006 | 985,547 |
| | | <u>2,819,516</u> | <u>2,794,907</u> |
| Creditors: Amounts falling due within one year | 13 | <u>1,383,525</u> | <u>1,382,378</u> |
| Net current assets | | <u>1,435,991</u> | <u>1,412,529</u> |
| Total assets less current liabilities | | <u>1,580,426</u> | <u>1,558,997</u> |
| Provisions for liabilities and charges | | | |
| Deferred taxation | 14 | 10,313 | 7,749 |
| | | <u>1,570,113</u> | <u>1,551,248</u> |
| Capital and reserves | | | |
| Called-up equity share capital | 15 | 100 | 100 |
| Share premium account | | 6,172 | 6,172 |
| Other reserves | 16 | 10 | 10 |
| Profit and loss account | | 1,563,831 | 1,544,966 |
| Shareholders' funds | 17 | <u>1,570,113</u> | <u>1,551,248</u> |

These abbreviated financial statements have been prepared in accordance with the special provisions for medium-sized companies under Part VII of the Companies Act 1985.

These abbreviated accounts were approved by the directors on the _____ and are signed on their behalf by:

 18/04/04.
N Holden

VDC TRADING LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 JULY 2003

1. Accounting policies

Basis of accounting

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

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Fixed assets

All fixed assets are recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

| | |
|---------------------|------------------------|
| Leasehold Property | - 10% straight line |
| Fixtures & Fittings | - 25% reducing balance |
| Motor Vehicles | - 25% reducing balance |

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in periods in which timing differences reverse, based on tax rates and laws enacted at the balance sheet date.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

VDC TRADING LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 JULY 2003

2. Exceptional item

The exceptional item in 2002 relates to the write off of a loan owing from VDC Properties Limited. VDC Properties is a related party virtue of a common control.

3. Operating profit

Operating profit is stated after charging/(crediting):

| | 2003 | 2002 |
|--|---------------|-------------|
| | £ | £ |
| Depreciation of owned fixed assets | 31,038 | 37,094 |
| Profit on disposal of fixed assets | — | (10,466) |
| Auditors' remuneration | | |
| - as auditors | 8,125 | 6,750 |
| Net loss on foreign currency translation | <u>12,873</u> | <u>—</u> |

4. Particulars of employees

The average number of staff employed by the company during the financial year amounted to:

| | 2003 | 2002 |
|--------------------------------|-------------|-------------|
| | No | No |
| Number of production staff | 24 | 24 |
| Number of distribution staff | 10 | 10 |
| Number of administrative staff | 7 | 6 |
| Number of management staff | 2 | 2 |
| | <u>43</u> | <u>42</u> |

The aggregate payroll costs of the above were:

| | 2003 | 2002 |
|-----------------------|------------------|------------------|
| | £ | £ |
| Wages and salaries | 1,558,944 | 1,338,736 |
| Social security costs | 92,441 | 151,574 |
| | <u>1,651,385</u> | <u>1,490,310</u> |

5. Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were:

| | 2003 | 2002 |
|-----------------------|----------------|----------------|
| | £ | £ |
| Emoluments receivable | <u>649,579</u> | <u>527,917</u> |

Emoluments of highest paid director:

| | 2003 | 2002 |
|---|----------------|----------------|
| | £ | £ |
| Total emoluments (excluding pension contributions): | <u>593,724</u> | <u>490,044</u> |

VDC TRADING LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 JULY 2003

6. Interest payable

| | 2003 | 2002 |
|------------------------------------|-------------|--------------|
| | £ | £ |
| Interest payable on bank borrowing | <u>248</u> | <u>4,715</u> |

7. Tax on profit/(loss) on ordinary activities

(a) Analysis of charge in the year

| | 2003 | 2002 |
|--|---------------|-----------------|
| | £ | £ |
| Current tax: | | |
| In respect of the year: | | |
| UK Corporation tax based on the results for the year at 19% (2002 - 30%) | 14,724 | 133,491 |
| Under provision in prior year | <u>6,510</u> | <u>-</u> |
| Total current tax | 21,234 | 133,491 |
| Deferred tax: | | |
| Increase/(decrease) in deferred tax provision | <u>2,564</u> | <u>(45,547)</u> |
| Tax on profit/(loss) on ordinary activities | <u>23,798</u> | <u>87,944</u> |

(b) Factors affecting current tax charge

The tax assessed on the profit/(loss) on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 19% (2002 - 30%).

| | 2003 | 2002 |
|---|---------------|------------------|
| | £ | £ |
| Profit/(loss) on ordinary activities before taxation | <u>42,663</u> | <u>(224,176)</u> |
| Profit/(loss) on ordinary activities by the rate of tax | 8,106 | (67,253) |
| Expenses not deductible for tax purposes | 7,836 | 162,453 |
| Capital allowances for the year in excess of depreciation | (1,218) | (2,168) |
| Marginal relief | - | (7,255) |
| Other short term timing differences | - | 47,714 |
| Under provision of corporation tax in prior year | <u>6,510</u> | <u>-</u> |
| Total current tax (note 7(a)) | <u>21,234</u> | <u>133,491</u> |

VDC TRADING LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 JULY 2003

8. Dividends

The following dividends have been paid in respect of the year:

| | 2003 £ | 2002 £ |
|---|-----------|------------|
| Ordinary dividends - paid at £nil per share (2002: £1 per share) | <u>—</u> | <u>100</u> |

9. Tangible fixed assets

| | Leasehold Property £ | Fixtures & Fittings £ | Motor Vehicles £ | Total £ |
|------------------------|----------------------------|-----------------------------|------------------------|----------------|
| Cost | | | | |
| At 1 August 2002 | 43,979 | 235,632 | 28,063 | 307,674 |
| Additions | <u>9,390</u> | <u>19,615</u> | <u>—</u> | <u>29,005</u> |
| At 31 July 2003 | <u>53,369</u> | <u>255,247</u> | <u>28,063</u> | <u>336,679</u> |
| Depreciation | | | | |
| At 1 August 2002 | 2,199 | 139,045 | 19,966 | 161,210 |
| Charge for the year | <u>4,867</u> | <u>24,147</u> | <u>2,024</u> | <u>31,038</u> |
| At 31 July 2003 | <u>7,066</u> | <u>163,192</u> | <u>21,990</u> | <u>192,248</u> |
| Net book value | | | | |
| At 31 July 2003 | <u>46,303</u> | <u>92,055</u> | <u>6,073</u> | <u>144,431</u> |
| <i>At 31 July 2002</i> | <u>41,780</u> | <u>96,587</u> | <u>8,097</u> | <u>146,464</u> |

10. Investments

| | Shares in group undertakings £ |
|-----------------------------------|--------------------------------------|
| Cost | |
| At 1 August 2002 and 31 July 2003 | <u>4</u> |
| Net book value | |
| At 31 July 2003 | <u>4</u> |
| <i>At 31 July 2002</i> | <u>4</u> |

VDC TRADING LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 JULY 2003

10. Investments *(continued)*

| Name of company | Details of investment | Proportion held by company | Nature of business |
|-----------------------------|-----------------------|----------------------------|--------------------|
| Van Damme Cable Art Limited | £1 ordinary shares | 100% | Dormant |
| VDC EBT Limited | £1 ordinary shares | 100% | Dormant |

The company's voting rights in respect of the subsidiary are held in the same proportion as the company's share of the ordinary share capital of the subsidiary.

The capital and reserves and loss for the subsidiary as at its financial year ending with, or last before, the financial year of the holding company were as follows:

| Aggregate capital and reserves | 2003 £ | 2002 £ |
|--------------------------------|-----------|-----------|
| Van Damme Cable Art Limited | 2 | 2 |
| VDC EBT Limited | 2 | 2 |
| Profit and (loss) for the year | 2003 £ | 2002 £ |
| Van Damme Cable Art Limited | — | — |
| VDC EBT Limited | — | — |

11. Stocks

| | 2003 £ | 2002 £ |
|---------------|----------------|----------------|
| Raw materials | <u>780,855</u> | <u>795,489</u> |

12. Debtors

| | 2003 £ | 2002 £ |
|--------------------------------------|------------------|------------------|
| Trade debtors | 791,337 | 957,610 |
| Directors current account - N Holden | 412,000 | — |
| Prepayments and accrued income | 36,318 | 56,261 |
| | <u>1,239,655</u> | <u>1,013,871</u> |

VDC TRADING LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 JULY 2003

13. Creditors: Amounts falling due within one year

| | 2003 | 2002 |
|---------------------------------------|------------------|------------------|
| | £ | £ |
| Trade creditors | 583,315 | 709,880 |
| Amounts owed to group undertakings | 42,870 | 68,750 |
| Corporation tax | 14,724 | 133,491 |
| Other taxation and social security | 120,065 | 343,589 |
| Other creditors | 4,805 | 5,918 |
| Directors current account - D Guthrie | 600 | 600 |
| Accruals and deferred income | 617,146 | 120,150 |
| | <u>1,383,525</u> | <u>1,382,378</u> |

14. Deferred taxation

The movement in the deferred taxation provision during the year was:

| | 2003 | 2002 |
|--|---------------|--------------|
| | £ | £ |
| Provision brought forward | 7,749 | 53,296 |
| Profit and loss account movement arising during the year | 2,564 | (45,547) |
| Provision carried forward | <u>10,313</u> | <u>7,749</u> |

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

| | 2003 | 2002 |
|---|---------------|--------------|
| | £ | £ |
| Excess of taxation allowances over depreciation on fixed assets | 10,313 | 7,749 |
| | <u>10,313</u> | <u>7,749</u> |

The movement on deferred taxation charged to the profit and loss account in 2003, is made up of a credit of £1,217 in the current year and a prior year adjustment resulting in a charge of £3,781. The net movement is a charge of £2,564, as shown above.

VDC TRADING LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 JULY 2003

15. Share capital

Authorised share capital:

| | 2003 | 2002 |
|----------------------------------|--------------|--------------|
| | £ | £ |
| 1,000 Ordinary shares of £1 each | <u>1,000</u> | <u>1,000</u> |

Allotted, called up and fully paid:

| | 2003 | | 2002 |
|----------------------------|-------------|------------|-------------|
| | No | £ | No |
| | | | £ |
| Ordinary shares of £1 each | <u>100</u> | <u>100</u> | <u>100</u> |

16. Other reserves

| | 2003 | 2002 |
|----------------------------|-------------|-------------|
| | £ | £ |
| Capital redemption reserve | <u>10</u> | <u>10</u> |

17. Reconciliation of movements in shareholders' funds

| | 2003 | 2002 |
|--------------------------------------|------------------|------------------|
| | £ | £ |
| Profit/(Loss) for the financial year | 18,865 | (312,120) |
| Dividends | — | (100) |
| | <u>18,865</u> | <u>(312,220)</u> |
| Opening shareholders' equity funds | 1,551,248 | 1,863,468 |
| Closing shareholders' equity funds | <u>1,570,113</u> | <u>1,551,248</u> |

18. Ultimate parent undertaking

Throughout the whole of the period, the company was a wholly-owned subsidiary of VDC Holdings Limited and was controlled by it.

19. Control

The whole of the issued share capital of VDC Holdings Limited is controlled by Mr N J Holden.