

Company No. 2767639 (England and Wales)

DATA INTEGRATION LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2003



DATA INTEGRATION LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2003

CONTENTS	PAGES
Officers and professional advisers	1
<i>The directors' report</i>	2 to 3
Independent auditors' report to the shareholders	4 to 5
Profit and loss account	6
Balance sheet	7
Cash flow statement	8 to 9
Notes to the financial statements	10 to 16
The following pages do not form part of the financial statements	
Detailed profit and loss account	18
Notes to the detailed profit and loss account	19 to 20

DATA INTEGRATION LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	A R Brimson S R Crumplin J S W Grazebrook
Company secretary	J S W Grazebrook
Registered office	18 Northfields London SW18 1DD
Auditors	<i>Windsor Stebbing Marsh</i> Chartered Accountants & Registered Auditors Pinnacle House 17-25 Hartfield Road Wimbledon London SW19 3SE
Bankers	Barclays Bank PLC 54 Lombard Street London EC3P 3AH

DATA INTEGRATION LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2003

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

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company's principal activity during the year was the supply, installation and support of data communication equipment.

The directors consider the profit achieved on ordinary activities before taxation to be in accordance with expectations. The directors consider the state of the company's affairs to be satisfactory.

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 recommended the following dividends:

	2003 £	2002 £
Dividends paid on ordinary shares	<u>105,313</u>	<u>—</u>

RESEARCH AND DEVELOPMENT

The directors have committed to approximately £100,000 of research and development expenditure over the next 6 months, in order to develop an integrated multimedia system and to enable the delivery of voice, data, TV and video over IP networks. Having successfully completed a pilot project, the directors believe that there is a significant scope for the company in this new area of market development.

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £0.10 each	
	At 31 March 2003	At 1 April 2002
A R Brimson	2,000	2,000
S R Crumplin	120,670	120,670
J S W Grazebrook	<u>30,830</u>	<u>30,830</u>

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 pages 10 to 11, 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.

DATA INTEGRATION LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MARCH 2003

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.

DONATIONS

During the year the company made the following contributions:

	2003	2002
	£	£
Charitable	<u>1,292</u>	<u>60</u>

Signed by order of the directors



J S W GRAZEBROOK
Company Secretary

Approved by the directors on 24/07/03

DATA INTEGRATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

YEAR ENDED 31 MARCH 2003

We have audited the financial statements on pages 6 to 16 which have been prepared under the historical cost convention and the accounting policies set out on pages 10 to 11.

This report is made solely to the company's shareholders, 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 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' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards are set out in the Statement of Directors' Responsibilities on pages 2 to 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 Directors' Report is not 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 transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with United Kingdom 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 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.

DATA INTEGRATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS *(continued)*

YEAR ENDED 31 MARCH 2003

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2003 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



Pinnacle House
17-25 Hartfield Road
Wimbledon
London
SW19 3SE

WINDSOR STEBBING MARSH
Chartered Accountants
& Registered Auditors

1 August 2003

DATA INTEGRATION LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MARCH 2003

	Note	2003 £	2002 £
TURNOVER	2	7,246,059	8,530,535
Cost of sales		<u>4,846,935</u>	<u>6,179,899</u>
GROSS PROFIT		2,399,124	2,350,636
Administrative expenses		<u>2,117,175</u>	<u>1,926,762</u>
OPERATING PROFIT	3	281,949	423,874
Interest receivable		8,211	4,214
Interest payable	6	<u>(2,247)</u>	<u>(9,449)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		287,913	418,639
Tax on profit on ordinary activities	7	<u>47,705</u>	<u>130,000</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		240,208	288,639
Dividends	8	<u>105,313</u>	<u>—</u>
RETAINED PROFIT FOR THE FINANCIAL YEAR		134,895	288,639
Balance brought forward		<u>674,577</u>	<u>385,938</u>
Balance carried forward		<u>809,472</u>	<u>674,577</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.

The notes on pages 10 to 16 form part of these financial statements.

DATA INTEGRATION LIMITED

BALANCE SHEET

31 MARCH 2003

	Note	2003 £	2002 £
FIXED ASSETS			
Intangible assets	9	42,000	—
Tangible assets	10	83,336	133,650
		<u>125,336</u>	<u>133,650</u>
CURRENT ASSETS			
Stocks	11	163,378	181,057
Debtors	12	1,792,126	1,690,252
Cash at bank and in hand		237,887	337,817
		<u>2,193,391</u>	<u>2,209,126</u>
CREDITORS: Amounts falling due within one year	13	<u>1,445,735</u>	<u>1,604,679</u>
NET CURRENT ASSETS		<u>747,656</u>	<u>604,447</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>872,992</u>	<u>738,097</u>
CAPITAL AND RESERVES			
Called-up equity share capital	18	16,850	16,850
Share premium account	19	38,170	38,170
Capital redemption reserve	19	8,500	8,500
Profit and loss account		809,472	674,577
SHAREHOLDERS' FUNDS	20	<u>872,992</u>	<u>738,097</u>

These financial statements were approved by the directors on the 24 July 03 and are signed on their behalf by:

S. Crumplin

The notes on pages 10 to 16 form part of these financial statements.

DATA INTEGRATION LIMITED

CASH FLOW STATEMENT

YEAR ENDED 31 MARCH 2003

	2003	2002
	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	185,353	289,896
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	8,211	4,214
Interest paid	(96)	(907)
Interest element of hire purchase	(2,151)	(8,542)
NET CASH INFLOW/(OUTFLOW) FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	5,964	(5,235)
TAXATION	(118,816)	(45,598)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Payments to acquire intangible fixed assets	(42,000)	—
Payments to acquire tangible fixed assets	(24,563)	(43,691)
Receipts from sale of fixed assets	27,691	11,941
Disposal of Investments	—	180
NET CASH OUTFLOW FOR CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	(38,872)	(31,570)
EQUITY DIVIDENDS PAID	(75,191)	—
FINANCING		
Capital element of hire purchase	(58,368)	(29,709)
NET CASH OUTFLOW FROM FINANCING	(58,368)	(29,709)
(DECREASE)/INCREASE IN CASH	(99,930)	177,784

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2003	2002
	£	£
Operating profit	281,949	423,874
Depreciation	52,436	59,333
Profit on disposal of fixed assets	(5,250)	(1,338)
Decrease in stocks	17,679	27,831
Increase in debtors	(101,874)	(635,590)
(Decrease)/increase in creditors	(59,587)	415,786
Net cash inflow from operating activities	185,353	289,896

The notes on pages 10 to 16 form part of these financial statements.

DATA INTEGRATION LIMITED

CASH FLOW STATEMENT *(continued)*

YEAR ENDED 31 MARCH 2003

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2003		2002	
	£	£	£	£
(Decrease)/increase in cash in the period	(99,930)		177,784	
Cash outflow in respect of hire purchase	<u>58,368</u>		<u>29,709</u>	
		(41,562)		207,493
Change in net funds		(41,562)		207,493
Net funds at 1 April 2002		<u>279,449</u>		<u>71,956</u>
Net funds at 31 March 2003		<u>237,887</u>		<u>279,449</u>

ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Apr 2002	Cash flows	At 31 Mar 2003
	£	£	£
Net cash:			
Cash in hand and at bank	<u>337,817</u>	<u>(99,930)</u>	<u>237,887</u>
Debt:			
Hire purchase agreements	<u>(58,368)</u>	<u>58,368</u>	<u>-</u>
Net funds	<u>279,449</u>	<u>(41,562)</u>	<u>237,887</u>

The notes on pages 10 to 16 form part of these financial statements.

DATA INTEGRATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2003

1. ACCOUNTING POLICIES

Basis of accounting

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

The financial statements have also been prepared in accordance with applicable accounting standards.

Turnover

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

Software development

Software development costs are capitalised to the extent that they are expected to be recovered against future related turnover.

Software development is amortised from the commencement of the commercial production of the product, and over the period from which the company expects to sell the product.

Fixed assets

All fixed assets are initially 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 Improvements	-	25% per annum on a straight line basis
Fixtures & Fittings	-	20% to 25% per annum on a straight line basis
Motor Vehicles	-	25% per annum on a straight line basis

Stocks

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

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account at a constant rate of charge on the balance of capital repayments outstanding.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

DATA INTEGRATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2003

1. ACCOUNTING POLICIES *(continued)*

Deferred taxation

Deferred tax is recognised in respect of all material 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.

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.

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	2003 £	2002 £
United Kingdom	7,246,059	8,076,876
European Union	—	453,659
	<u>7,246,059</u>	<u>8,530,535</u>

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2003 £	2002 £
Depreciation of owned fixed assets	52,436	31,908
Depreciation of assets held under hire purchase agreements	—	27,425
Profit on disposal of fixed assets	(5,250)	(1,338)
Auditors' remuneration		
- as auditors	5,800	5,735
Net profit on foreign currency translation	<u>(4,243)</u>	<u>(101)</u>

4. PARTICULARS OF EMPLOYEES

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

	2003 No	2002 No
Number of administrative staff	<u>33</u>	<u>31</u>

The aggregate payroll costs of the above were:

	2003 £	2002 £
Wages and salaries	1,349,929	1,162,152
Social security costs	150,596	127,175
Other pension costs	37,358	40,120
	<u>1,537,883</u>	<u>1,329,447</u>

DATA INTEGRATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2003

5. DIRECTORS' EMOLUMENTS

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

	2003 £	2002 £
Aggregate emoluments	<u>257,563</u>	<u>210,616</u>

Emoluments of highest paid director:

	2003 £	2002 £
Total emoluments (excluding pension contributions):	<u>106,697</u>	<u>83,116</u>

The number of directors who are accruing benefits under company pension schemes was as follows:

	2003 No	2002 No
Money purchase schemes	<u>2</u>	<u>3</u>

6. INTEREST PAYABLE

	2003 £	2002 £
Interest payable on bank borrowing	96	907
Finance charges	<u>2,151</u>	<u>8,542</u>
	<u>2,247</u>	<u>9,449</u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2003 £	2002 £
Current tax:		
UK Corporation tax based on the results for the year at 19% (2002 - 30%)	53,291	130,000
Over/under provision in prior year	<u>(5,586)</u>	<u>-</u>
Total current tax	<u>47,705</u>	<u>130,000</u>

DATA INTEGRATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2003

7. TAX ON PROFIT ON ORDINARY ACTIVITIES *(continued)*

(b) Factors affecting current tax charge

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

	2003 £	2002 £
Profit on ordinary activities before taxation	<u>287,913</u>	<u>418,639</u>
Profit/(loss) on ord actvs by rate of tax	54,703	125,592
Capital allowances in excess of depreciation	(8,133)	5,681
Expenses not deductible for tax purposes	6,721	13,019
Marginal relief	—	(25,476)
Adjustment to tax charge in respect of previous years	<u>(5,586)</u>	<u>11,184</u>
Total current tax (note 7(a))	<u>47,705</u>	<u>130,000</u>

8. DIVIDENDS

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

	2003 £	2002 £
Dividend paid on ordinary shares	<u>105,313</u>	<u>—</u>

9. INTANGIBLE FIXED ASSETS

	Software Development £
COST	
Additions	42,000
At 31 March 2003	<u>42,000</u>
AMORTISATION	<u>—</u>
NET BOOK VALUE	
At 31 March 2003	<u>42,000</u>
At 31 March 2002	<u>—</u>

DATA INTEGRATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2003

10. TANGIBLE FIXED ASSETS

	Leasehold Improvements £	Fixtures & Fittings £	Motor Vehicles £	Total £
COST				
At 1 April 2002	4,700	193,970	69,864	268,534
Additions	—	24,563	—	24,563
Disposals	—	—	(69,864)	(69,864)
At 31 March 2003	4,700	218,533	—	223,233
DEPRECIATION				
At 1 April 2002	2,605	94,436	37,843	134,884
Charge for the year	1,175	41,681	9,580	52,436
On disposals	—	—	(47,423)	(47,423)
At 31 March 2003	3,780	136,117	—	139,897
NET BOOK VALUE				
At 31 March 2003	920	82,416	—	83,336
At 31 March 2002	2,095	99,534	32,021	133,650

Hire purchase agreements

Included within the net book value of £83,336 is £Nil (2002 - £59,409) relating to company held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £Nil (2002 - £27,425).

Capital commitments

	2003 £	2002 £
Contracted but not provided for in the financial statements	35,000	—

11. STOCKS

	2003 £	2002 £
Finished goods	163,378	181,057

12. DEBTORS

	2003 £	2002 £
Trade debtors	1,632,848	1,462,422
Other debtors	41,747	68,107
Prepayments and accrued income	117,531	159,723
	1,792,126	1,690,252

DATA INTEGRATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2003

13. CREDITORS: Amounts falling due within one year

	2003 £	2002 £
Trade creditors	785,422	820,709
Corporation tax	53,291	124,402
PAYE and social security	40,083	45,819
VAT	93,856	60,119
Hire purchase agreements	—	58,368
Dividends payable	30,122	—
Other creditors	13,219	33,226
Accruals and deferred income	429,742	462,036
	<u>1,445,735</u>	<u>1,604,679</u>

14. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows:

	2003 £	2002 £
Amounts payable within 1 year	—	58,368
	<u>—</u>	<u>58,368</u>

15. PENSIONS

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

The pension cost charge represents contributions payable by the company to the fund and amounted to £37,358 (2001 - £34,620).

16. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2003 the company had annual commitments under non-cancellable operating leases as set out below.

	2003		2002	
	Land & Buildings £	Other Items £	Land & Buildings £	Other Items £
Operating leases which expire:				
Within 1 year	—	21,870	—	22,220
Within 2 to 5 years	50,000	24,550	50,000	41,643
	<u>50,000</u>	<u>46,420</u>	<u>50,000</u>	<u>63,863</u>

DATA INTEGRATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2003

17. RELATED PARTY TRANSACTIONS

During the year, the company traded at an arms length basis with Ouija Media Limited, a company in which the directors Messrs A R Brimson, S R Crumplin and J S W Grazebrook hold an interest in the share capital.

During the year the company acquired goods from Ouija Media Limited totalling £246,709 (2002: £9,400). The company also made payments to Ouija Media Limited totalling £32,250 (2002: £nil) for assistance in the marketing and advertising of the company's services and products. At the balance sheet date the company owed Ouija Media Limited £29,965 (2002: £9,400).

During the year, the company provided a loan to Ouija Media Limited. At the balance sheet date, Ouija Media Limited owed the company £24,560 (2002: £27,234).

The company sold a vehicle to Mr J S W Grazebrook for the sum of £9,741 during the year.

18. SHARE CAPITAL

Authorised share capital:

	2003 £	2002 £
1,000,000 Ordinary shares of £0.10 each	<u>100,000</u>	<u>100,000</u>

Allotted, called up and fully paid:

	2003 No	£	2002 No	£
Ordinary shares of £0.10 each	<u>168,500</u>	<u>16,850</u>	<u>168,500</u>	<u>16,850</u>

19. RESERVES

	Share premium account £	Capital redemption reserve £
Balance brought forward	<u>38,170</u>	<u>8,500</u>
Balance carried forward	<u>38,170</u>	<u>8,500</u>

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2003 £	2002 £
Profit for the financial year	240,208	288,639
Dividends	(105,313)	—
	<u>134,895</u>	<u>288,639</u>
Opening shareholders' equity funds	738,097	449,458
Closing shareholders' equity funds	<u>872,992</u>	<u>738,097</u>

22. CONTROL

The company was under the control of Mr S Crumplin, the company's managing director and majority shareholder, throughout the current and previous year.