

Lakeview Computers Limited

Report and Financial Statements

Year Ended

31 October 2011

Company Number 05824170

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Lakeview Computers Limited

Report and financial statements for the year ended 31 October 2011

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Directors

M Greatrex
G McDonough

Registered office

Banks House, Banks Lane, Bexleyheath, Kent, DA6 7BH

Company number

05824170

Auditors

BDO LLP, 2 City Place, Beehive Ring Road, Gatwick Airport, West Sussex, RH6 0PA

Bankers

HSBC plc, Global House, High Street, Crawley, West Sussex, RH10 1DL

Lakeview Computers Limited

Chief Executive Officer's report for the year ended 31 October 2011

Introduction

The Company continues to build on the foundations for creating significant future shareholder and stakeholder value despite continued economic uncertainties facing the United Kingdom and Global economies

With the backdrop of a challenging economic environment facing our clients and continuing lower levels of investment within their IT infrastructures, the Company has increased its revenue and net shareholder value

The Company continues to invest heavily in new products and ensuring existing products remain at the leading front of technology. We believe our clients should have access to flexible and leading edge solutions to assist their business processes

The key highlights for the year are

- Successful marketing of our latest software, Lakeview LV, leading to a significant rise in new customers during the year,
- Launch of our Cloud based SaaS version of Lakeview LV, which has low start-up costs and will help to attract new customers particularly those with a smaller number of users,
- Launch of our web-browser interface following a period of significant development. This will enable a more flexible solution for our customers operating from multisite and overseas locations,
- Launch of our mobile software solution with the release of our iPhone & iPad applications. This will enable our clients' employees the ability to access and transact on their system whilst on location,
- Launch of our CRM module,
- Increase in shareholders' funds by 226%,

Business Review

The Company has successfully marketed and sold its LV software solution to a number of new customers. This has generated significant additional software licence income during the year. The LV product is innovative in that the design of the software uses the latest technology, enabling our clients to benefit from web interfaces and mobile solutions

The LV software is now available to clients as a traditional "on-premises" solution installed on servers located on clients' premises. Additionally, the software is available as a fully hosted solution or as a SaaS solution ("Software as a Service") version. This provides clients with a very flexible business solution and with Lakeview being the authors of the software enables us to build strong client relationships

Despite the launch of LV, the Company continues to invest in the development of LM and the marketing of this solution to new customers. We believe LM continues to be an extremely important product for the Company and a large number of our clients use this solution

The Company continues to target specific vertical markets where we believe our product already has a strong presence such as Food & Beverage, Wholesale & Distribution and Manufacturing. However, we do have clients in the retail and service industries which represents the ability of Lakeview to develop the software to meet clients' requirements

Despite the worsening economic environment, we are extremely confident in our products and believe we will continue to grow our customer base and revenues

Hardware sales have grown by 3.2% during the financial year, which we consider to be good given the competitive nature of this sector

Lakeview Computers Limited

Chief Executive Officer's report for the year ended 31 October 2011 *(continued)*

Maintenance contracts continue to be the main income stream for the Company. The marginal decrease in revenue is due to two of our larger clients going into liquidation during 2011. Our retention rates remain exceptionally high for our industry at approximately 97 per cent. Our retention rates are testimony to the emphasis we place on our support team and the business partnerships we build with our clients.

Training & consumables revenue has increased by 66% during the year. We have increased the number of employees in our Professional Services team to meet the increased demand from new clients.

Outlook

We believe we have positioned the Company well during the year by investing in the products we offer customers. The mobile, Cloud based and web-browser solutions offer our clients a solution outside of the confines of the office and our hosted solution provides a flexible proposition.

We enter 2012 having demonstrated LV to be both a scalable and a stable platform. We are confident we will continue to grow revenues and the profitability of the Company during the next 12 months.



Mark Greatrex
Chief Executive Officer

Lakeview Computers Limited

Report of the directors for the year ended 31 October 2011

The directors present their report and the audited financial statements for the year ended 31 October 2011

Principal activities

Lakeview Computers Limited is a trading company whose principal activity is supplying accounting (ERP) software and hardware and that of systems analysis. The trading company operates wholly within the United Kingdom.

There have been no changes to the company's activities during the year under review.

Review of the business

The Company's business objective is to increase shareholder value through ensuring the competitiveness of its software suite by using leading edge technology and delivering best service and client support.

The results for the year and the financial position of the company are as shown in the annexed financial statements.

The directors are satisfied with the financial performance for the year. Turnover has increased by 6.1% to £3,361,474. However, orders in the pipeline for the 2012 financial year are strong and the directors are confident turnover will increase during the forthcoming year.

The Company has recorded a net profit after taxation of £37,739 (2010: £354,390). The directors are confident that the Company will continue to trade profitably in the forthcoming year. No dividends were payable throughout the year (2010: £nil).

The UK market remains the sole area of operation for the company, accounting for 100% of sales. As a result of extensive market analysis, the company has adopted a vertical approach focussing on key verticals in which the directors believe the Company has a competitive advantage.

The Company has successfully launched its new suite of ERP software, Lakeview LV, to both new and existing clients. The LV product will continue to provide the Company with a competitive, technologically advanced and flexible ERP software product offering. Additionally, the Company has launched its web browser, Cloud based and mobile solutions during the year.

Future developments

During the forthcoming financial year, the Company will be investing further in LV and will further develop its SaaS (Software as a Service) solution to customers. The directors are confident the software will provide the Company with a growth in revenue through greater competitiveness within the ERP market.

Full marketing of the iPhone & iPad applications, the web-browser interface and the SaaS solution will occur in the forthcoming year.

Lakeview Computers Limited

Report of the directors for the year ended 31 October 2011 (*continued*)

Key performance indicators

The business has the following key performance indicators which the board consider are the most effective measures of progress towards achieving the Group's primary business objective

| | Long term target | 2011 | 2010 |
|-------------------------------|---------------------|-------|--------|
| Organic revenue growth (%) | + 5% to + 10% | 6.1% | - 1.1% |
| Customer retention rate (%) | 95% | 96.7% | 96.2% |
| Employee costs to revenue (%) | <50% | 47.8% | 49.2% |

Principal risks and uncertainties

The principal risks and uncertainties facing the business are

- Interest rate risk – The Company has no direct interest rate risk
- Credit risk - The Company's credit risk is primarily attributable to its trade debtors. Credit risk is managed by running credit checks on new customers and by monitoring payments against contractual agreements
- Liquidity risk – The Company's parent undertaking has a Term Loan of £550,000 repayable by instalments through to September 2012 and a Revolving Credit Facility of £2,450,000 of which £50,000 is repayable by September 2012 and the balance repayable in July 2013. The Company is the only trading company within the Group and is therefore subject to certain covenants and repayments. The Company has well established procedures for monitoring cash flow and ensuring sufficient cash is available to make the repayments. The Company also reviews covenant requirements each month as part of its monthly reporting and internal controls. Cash management will enable the Company to react to changes and take appropriate action to ensure sufficient cash flow is available for the business to meet its obligations
- Attraction and retention of directors and key employees – The success of the Company depends on the abilities and experience of the directors and key employees. The loss of directors or key employees or the inability to recruit replacements could have a significant adverse effect on the development of the business. The Company seeks to reward directors and key employees at appropriate levels through competitive remuneration packages and equity participation
- Competition and technology – The Company's principal business operates in a competitive market place where technology is constantly advancing. There is a risk that the business could see revenue decrease if the Company does not invest or develop its product range. To mitigate this risk, the Company invests in the development and improvement of its own software products to ensure they remain competitive. Additionally, the Company has a number of software and hardware partners in order to offer a large range of products to its clients
- General economic conditions and unforeseen events – The Company is exposed to the general economic conditions facing businesses within the UK. This risk includes general economic decline reducing the IT budgets and spending of clients and potential clients. Unforeseen events include other events that may impact the Group or its client base, including war, terrorist acts and disease. The Company mitigates this risk by ensuring it has a large and diverse client base and in the event of unforeseen events, the Company has developed business contingencies plans

Lakeview Computers Limited

Report of the directors for the year ended 31 October 2011 (*continued*)

Research and Development

The Company has a continuing commitment to a high level of research and development which continues to be directed towards the introduction of new and improved products in order to improve the company's service to its clients reflecting the need to be at the forefront of technological advance so ensuring future growth

Donations

No charitable or political donations were made during the year (2010 - £Nil)

Directors

The present directors of the company are set out on page 1

Directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

Lakeview Computers Limited

Report of the directors for the year ended 31 October 2011 (*continued*)

Going concern

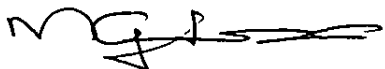
These financial statements have been prepared on a going concern basis as the board is confident that the group headed by Lakeview Computers Group Limited is in a stable financial position following the agreement of facilities with its lenders

Auditors

The directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purpose of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the next annual general meeting, in accordance with section 485 of the Companies Act 2006

On behalf of the Board



M Greatrex
Director

Date 12 January 2012

Lakeview Computers Limited

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LAKEVIEW COMPUTERS LIMITED

We have audited the financial statements of Lakeview Computers Limited for the year ended 31 October 2011 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 October 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Lakeview Computers Limited

Independent Auditor's Report (*continued*)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



*James Roberts (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Gatwick*

Date 12 January 2012

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Lakeview Computers Limited

Profit and loss account for the year ended 31 October 2011

| | Note | 2011 £ | 2010 (Restated) £ |
|---|------|----------------------|-------------------------|
| Turnover | 2 | 3,361,474 | 3,169,344 |
| Cost of sales | | <u>(509,198)</u> | <u>(413,403)</u> |
| Gross profit | | 2,852,276 | 2,755,941 |
| Depreciation | | (73,267) | (70,057) |
| Other administrative expenses | | (2,736,714) | (2,283,622) |
| Exceptional items | 3 | (4,556) | (47,904) |
| Administrative expenses | | <u>(2,814,538)</u> | <u>(2,401,583)</u> |
| Operating profit and profit on ordinary activities before taxation | 3 | 37,739 | 354,358 |
| Tax on profit on ordinary activities | 6 | - | 32 |
| Profit on ordinary activities after taxation | | <u>37,739</u> | <u>354,390</u> |

All amounts relate to continuing operations

All recognised gains and losses have been taken to the profit and loss account


The notes on pages 11 to 19 form part of these financial statements

Lakeview Computers Limited

Balance sheet at 31 October 2011

| Company number 05824170 | Note | 2011 £ | 2010 £ |
|---|-------------|--------------------|--------------------|
| Fixed assets | | | |
| Tangible assets | 7 | 52,068 | 111,891 |
| Current assets | | | |
| Stock | 8 | 24,769 | 17,438 |
| Debtors | 9 | 1,086,160 | 976,695 |
| Cash at bank and in hand | | 271,169 | 277,058 |
| | | 1,382,098 | 1,271,191 |
| Creditors: amounts falling due within one year | 10 | (333,890) | (283,949) |
| Net current assets | | 1,048,208 | 987,242 |
| Total assets less current liabilities | | 1,100,276 | 1,099,133 |
| Deferred income | | (1,045,826) | (1,082,422) |
| Net assets | | 54,450 | 16,711 |
| Shareholders' funds | | | |
| Called up share capital | 12 | 50,100 | 50,100 |
| Profit and loss reserve | 12 | 4,350 | (33,389) |
| Shareholders' funds | 13 | 54,450 | 16,711 |

The financial statements were approved by the Board of Directors and authorised for issue on 12 January 2012


G McDonough
Director

The notes on pages 11 to 19 form part of these financial statements

Lakeview Computers Limited

Notes forming part of the financial statements for the year ended 31 October 2011

1 Accounting policies

The financial statements are prepared under the historical cost convention and are in accordance with applicable UK accounting standards

Cash flow statement

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash flow statements (Revised 1996)' not to prepare a cash-flow statement on the grounds that at least 90% of the voting rights in the company are controlled by Lakeview Computers Group Limited and the company's results are included in those consolidated financial statements

Turnover

Turnover consists of the invoiced value (excluding VAT) for goods and services supplied by the company. Turnover is comprised of sales of software, hardware, consultancy, system installations and maintenance income. Software sales are comprised of Lakeview software and proprietary third party software. Hardware is sourced at component level and built to client specifications. Professional service revenues are typically derived from on-site product training and set up of system on-site. Maintenance income is derived from the renewal of annual contracts and typically covers all software and hardware provided by Lakeview.

Revenue on software licences is recognised upon delivery providing all of the following requirements are met:

- Persuasive evidence of an agreement exists (Signed paperwork, i.e. contract/purchase order)
- Delivery of software has occurred
- Collectibility is probable

Lakeview provides maintenance cover that includes telephone support, correction of errors/bug fixes, and product upgrades/enhancements. Customers that are on maintenance are notified of new product enhancements/upgrades and are shipped the products upon the customer's request.

Revenue is allocated to maintenance as an element of the contract based on vendor specific objective evidence (VSOE) of fair value, assessed as the retail price (20% of licence fee) based on the historical VSOE of the software being sold. The renewal price for maintenance is based on the original purchase price with an inflation adjustment (based on RPI).

Professional services revenue is recognised as services are performed on a time and material basis. If such services were invoiced prior to the services being rendered (i.e., invoiced along with the shipment of the software), then this revenue will be posted to the balance sheet under deferred services revenue until such time the service is performed.

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost or valuation of assets, less estimated residual values, evenly over their expected useful lives. It is calculated at the following rates:

| | | |
|------------------------|---|-----------|
| Leasehold improvements | - | 14% |
| Fixtures and fittings | - | 25% - 27% |
| Computer equipment | - | 33% |

Where there is evidence of impairment, fixed assets are written down to their recoverable amount.

Lakeview Computers Limited

Notes forming part of the financial statements
for the year ended 31 October 2011 (*continued*)

1 Accounting policies (*continued*)

Operating leases

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the terms of the leases

Research and development

Research and development expenditure is written off in the year in which it is incurred

Stock

Stock and work in progress are valued at the lower of cost and estimated net realisable value. Net realisable value is based on the estimated sales price after allowing for all further costs of completion and disposal.

Taxation

The charge for taxation is based on the loss for the year and takes into account taxation deferred.

Current tax is measured at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Going Concern

The group's day to day operations are financed through a combination of a term loan and a revolving credit facility from its bankers. These facilities were renegotiated successfully on 30 June 2010. The company has issued a cross guarantee to its parent company in respect of the facilities provided by the group's bankers.

The Directors have prepared cash flow forecasts which demonstrate that the group will operate within its facilities. On this basis the Directors consider it appropriate to prepare the group's financial statements on the going concern basis.

Lakeview Computers Limited

Notes forming part of the financial statements
for the year ended 31 October 2011 (*continued*)

2 Turnover by geographical market

| | 2011 £ | 2010 £ |
|---|------------------|------------------|
| The analysis of turnover by geographical market and by activity is as follows | | |
| <i>Turnover by business activity</i> | | |
| Software | 754,774 | 598,674 |
| Hardware | 233,656 | 226,308 |
| Maintenance | 2,127,173 | 2,146,563 |
| Training and consumables | 148,469 | 89,436 |
| Installations | 97,402 | 108,363 |
| | <u>3,361,474</u> | <u>3,169,344</u> |

Turnover is derived solely from the United Kingdom

3 Operating profit

| | 2011 £ | 2010 £ |
|---|-----------|-----------|
| Operating profit is arrived at after charging | | |
| Fees payable to the company's auditor for the audit of the financial statements | 6,000 | 7,583 |
| Fees payable to the company's auditor in respect of taxation services | 2,375 | 1,250 |
| Depreciation of tangible fixed assets | 73,267 | 70,057 |
| Operating lease payments | 123,775 | 121,463 |
| Exceptional items | 4,556 | 47,904 |
| | <u></u> | <u></u> |

Exceptional items incurred during the year and previous year relate to restructuring costs

Lakeview Computers Limited

Notes forming part of the financial statements
for the year ended 31 October 2011 *(continued)*

4 Employees

The average monthly number of employee's including executive directors

| | 2011 Number | 2010 Number |
|--------------------------|----------------|----------------|
| Development | 5 | 4 |
| Support | 5 | 5 |
| Administration and sales | 20 | 21 |
| | <u>30</u> | <u>30</u> |

Staff costs, (including directors) consists of

| | 2011 £ | 2010 £ |
|-----------------------|------------------|------------------|
| Wages and salaries | 1,434,054 | 1,370,504 |
| Social security costs | 171,122 | 155,690 |
| | <u>1,605,176</u> | <u>1,526,194</u> |

5 Directors remuneration

| | 2011 £ | 2010 £ |
|------------|----------------|----------------|
| Emoluments | <u>258,663</u> | <u>333,815</u> |

Emoluments of the highest paid director amounted to £161,057 (2010 - £134,257)

Lakeview Computers Limited

**Notes forming part of the financial statements
for the year ended 31 October 2011 (*continued*)**

6 Taxation

| | 2011 £ | 2010 £ |
|---|-----------|-----------|
| <i>Current taxation</i> | | |
| UK Corporation tax at 26.83% (2010 – 28%) | - | - |
| Adjustments in respect of prior periods | - | 32 |
| | <u>-</u> | <u>32</u> |
| | <u>-</u> | <u>32</u> |

The tax assessed for the year is higher than the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below:

| | 2011 £ | 2010 £ |
|--|-----------------|----------------|
| Profit on ordinary activities before tax | 37,739 | 354,358 |
| | <u>37,739</u> | <u>354,358</u> |
| Profit on ordinary activities at the standard rate of corporation tax in the UK of 26.83% (2010 - 28%) | 10,125 | 99,220 |
| Effects of: | | |
| Group relief claimed before payment | (24,003) | (98,858) |
| Depreciation in excess of capital allowances | 14,484 | 9,030 |
| Other short term timing differences | (1,076) | (10,746) |
| Expenses not deductible for tax purposes | 470 | 1,354 |
| Adjustments in respect of prior period | - | (32) |
| | <u>-</u> | <u>(32)</u> |
| Current tax credit for the year | <u>-</u> | <u>(32)</u> |

Lakeview Computers Limited

Notes forming part of the financial statements
for the year ended 31 October 2011 (*continued*)

7 Tangible assets

| | Fixtures and fittings £ | Leasehold improve- ments £ | Computer equipment £ | Total £ |
|--------------------------|-------------------------------|-------------------------------------|----------------------------|----------------|
| <i>Cost or valuation</i> | | | | |
| At 1 November 2010 | 23,309 | 298,272 | 42,474 | 364,055 |
| Additions | 3,324 | - | 10,120 | 13,444 |
| Disposals | - | - | (22,144) | (22,144) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| At 31 October 2011 | 26,633 | 298,272 | 30,450 | 355,355 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| <i>Depreciation</i> | | | | |
| At 1 November 2010 | 22,692 | 206,882 | 22,590 | 252,164 |
| Charged for the year | 869 | 60,926 | 11,472 | 73,267 |
| Disposals | - | - | (22,144) | (22,144) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| At 31 October 2011 | 23,561 | 267,808 | 11,918 | 303,287 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| <i>Net book value</i> | | | | |
| At 31 October 2011 | 3,072 | 30,464 | 18,532 | 52,068 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| At 31 October 2010 | 617 | 91,390 | 19,884 | 111,891 |
| | <hr/> | <hr/> | <hr/> | <hr/> |

8 Stock

| | 2011 £ | 2010 £ |
|-------------------------------------|---------------|-----------|
| Finished goods and goods for resale | 24,769 | 17,438 |
| | <hr/> | <hr/> |

The replacement cost of the above stock would not be significantly different from the values stated

Lakeview Computers Limited

**Notes forming part of the financial statements
for the year ended 31 October 2011 (continued)**

9 Debtors

| | 2011 £ | 2010 £ |
|--|-----------------|---------------|
| Trade debtors | 499,802 | 397,823 |
| Amounts owed from parent undertaking due within one year | 50,000 | 50,000 |
| Other debtors | 62 | - |
| Prepayments and accrued income | 53,452 | 79,960 |
| Corporation tax | - | - |
| | <hr/> 603,316 | <hr/> 527,783 |
| Amounts owed from parent undertaking due greater than one year | 482,844 | 448,912 |
| | <hr/> 1,086,160 | <hr/> 976,695 |

10 Creditors amounts falling due within one year

| | 2011 £ | 2010 £ |
|---------------------------------|---------------|---------------|
| Trade creditors | 49,695 | 67,647 |
| Social security and other taxes | 245,267 | 132,161 |
| Other creditors | - | 6,278 |
| Accruals | 38,928 | 77,863 |
| | <hr/> 333,890 | <hr/> 283,949 |

Lakeview Computers Limited

**Notes forming part of the financial statements
for the year ended 31 October 2011 (continued)**

11 Operating lease commitments

The company had annual commitments under non-cancellable operating leases as set out below

| | 2011 £ | 2010 £ |
|-------------------------------------|-----------|-----------|
| Land and buildings, leases expiring | | |
| In less than one year | 60,000 | - |
| In two to five years | - | 120,000 |
| | <hr/> | <hr/> |
| Equipment, leases expiring | | |
| In less than one year | 624 | - |
| In two to five years | 6,894 | 1,463 |
| | <hr/> | <hr/> |

12 Share capital and reserves

| | 2011 £ | 2010 £ |
|---------------------------------------|-----------|-----------|
| Share capital | | |
| <i>Authorised</i> | | |
| 50,000 Ordinary shares of £1 each | 50,000 | 50,000 |
| 10,000 'A' Ordinary shares of £1 each | 10,000 | 10,000 |
| | <hr/> | <hr/> |
| | 60,000 | 60,000 |
| | <hr/> | <hr/> |

| | 2011 £ | 2010 £ |
|------------------------------------|-----------|-----------|
| <i>Allotted and fully paid</i> | | |
| 50,000 Ordinary shares of £1 each | 50,000 | 50,000 |
| 100 'A' Ordinary shares of £1 each | 100 | 100 |
| | <hr/> | <hr/> |
| | 50,100 | 50,100 |
| | <hr/> | <hr/> |

Ordinary shares and Ordinary A shares rank pari passu

| | 2011 £ | 2010 £ |
|--------------------------------|-----------|-----------|
| Reserves | | |
| <i>Profit and loss account</i> | | |
| Balance brought forward | (33,389) | (387,779) |
| Profit for the year | 37,739 | 354,390 |
| | <hr/> | <hr/> |
| Balance carried forward | 4,350 | (33,389) |
| | <hr/> | <hr/> |

Lakeview Computers Limited

Notes forming part of the financial statements
for the year ended 31 October 2011 (*continued*)

13 Reconciliation of movement in shareholders' funds

| | 2011 £ | 2010 £ |
|-------------------------|-----------|-----------|
| Profit for the year | 37,739 | 354,390 |
| Balance brought forward | 16,711 | (337,679) |
| | <hr/> | <hr/> |
| Balance carried forward | 54,450 | 16,711 |
| | <hr/> | <hr/> |

14 Contingent liabilities

In connection with the groups loans from HSBC, the company has entered into a cross guarantee which gives a fixed and floating charge over all the assets of the company. At 31 October 2011, loans from HSBC covered by the company's cross guarantee amounted to £3,000,000 (2010 - £3,550,000)

15 Related party transactions

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 "Related party disclosures" not to disclose transactions with members of the group headed by Lakeview Computers Group Limited on the grounds that it is a wholly owned subsidiary of Lakeview Computers Group Limited

16 Control

The Company's immediate and ultimate controlling party is Lakeview Computers Group Limited, a company incorporated in England and Wales, which owns 100% of the issued share capital of the company

17 Prior year restatement

The comparative figures for 2010 have been restated in order to reclassify certain salary costs from cost of sales to administrative expenses