

887467

BUSINESS COMPUTER SYSTEMS PLC

FINANCIAL STATEMENTS

30 SEPTEMBER 1987

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DIRECTORS' REPORT

The directors have pleasure in submitting their report and the audited financial statements of the group for the year ended 30 September 1987.

Principal activities

The principal activity of the group continues to be the marketing of computer systems and software and the maintenance of computer systems and other related engineering work.

Trading results and dividend

The results for the period and the financial position of the group are shown in the annexed financial statements. The directors do not recommend the payment of a dividend.

Tangible fixed assets

Movements in tangible fixed assets are shown in note 7 to the financial statements.

Research and development

Group policy is to invest in product innovation and improvement at a level designed to enable it to retain and enhance its market position.

Directors

R J Jowitt	- Chairman
E T Gilliland	(resigned 31 December 1986)
P B Lindley	(appointed 28 October 1986)

Interests in shares

None of the directors had any interest in the shares of the company at 30 September 1987 or 30 September 1986.

The interests of the Chairman, who is also a director of Electronic Data Processing PLC, are shown in the statements of the ultimate holding company.

None of the directors during the period had a beneficial interest in any significant contract to which the company was a party.

DIRECTORS' REPORT (continued)

Auditors

Our auditors, KMG Thomson McLintock, have merged with Peat Marwick Mitchell & Co and are now practising under the name of Peat Marwick McLintock. Accordingly, they have signed the audit report in their new name. A resolution concerning the appointment of Peat Marwick McLintock as auditors (and their remuneration) will be submitted to the annual general meeting.

By Order of the Board

J GOULDSBROUGH

Secretary

2 February 1988

AUDITORS REPORT TO THE MEMBERS OF BUSINESS COMPUTER SYSTEMS PLC

We have audited the financial statements on pages 4 to 16 in accordance with approved auditing standards.

In our opinion the financial statements give a true and fair view of the state of the affairs of the Company and the Group at 30 September 1987, of the profit and source and application of funds of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Paul Maurice McInnes

Chartered Accountants

Sheffield

2 February 1988

ACCOUNTING POLICIES

The effects of events relating to the year ended 30 September 1987 which occurred before 2 February 1988, the date of approval of the financial statements by the Board of Directors, have been included in the statements to the extent required to show a true and fair view of the state of affairs at 30 September 1987 and of the results for the period ended on that date.

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with s230 of and Schedule 4 to the Companies Act 1985.

Basis of consolidation

The consolidated financial statements incorporate the accounts of Business Computer Systems PLC and all subsidiaries; such accounts are all made up to 30 September 1987. In accordance with the Companies Act 1985, s228(7), a separate profit and loss account of Business Computer Systems PLC is not presented, as the results of the company are disclosed in the consolidated profit and loss account.

Turnover

Turnover represents the sales of goods and services at invoiced value excluding both value added tax and transactions between Group companies.

Depreciation

Depreciation is provided so as to write off the cost of each fixed asset over its estimated life from the time it becomes operational at the following rates:

Computer equipment	25%
Other plant and equipment	25%
Motor vehicles	25%
Furniture and fittings	15%

Foreign currency

Amounts receivable and payable in foreign currency have been translated at the closing rate of exchange. All exchange differences are taken to the profit and loss account.

Deferred taxation

Provision is made for corporation tax deferred by timing differences only where there is a reasonable probability of such differences reversing and an actual corporation tax liability arising in the foreseeable future.

ACCOUNTING POLICIES (continued)

Research and development

Research costs and development expenditure relating to software products are written off in the year in which they are incurred. Development expenditure relating to specific hardware products and related operating systems is written off over the expected life of the product or three years, whichever is the shorter period.

Leasing transactions

Rentals received under operating lease agreements are credited to profit and loss account on a straight line basis over the period of the lease. Rentals paid under operating lease agreements are debited to profit and loss account on the same basis.

Stocks

Stocks are valued at the lower of cost and net realisable value.

Deferred income

Deferred income represents that portion of maintenance contracts taken out by customers but relating to a future period.

CONSOLIDATED PROFIT AND LOSS ACCOUNTFor the year ended 30 September 1987

	<u>Notes</u>	<u>30 September 1987</u>	<u>6 months ended 30 September 1986</u>
		£'000	£'000
Turnover	1	5,933	3,117
Cost of sales		(2,602)	(1,420)
Gross profit		<u>3,331</u>	<u>1,697</u>
Distribution and marketing costs		(2,135)	(1,079)
Administration expenses		(742)	(486)
Operating profit	2-4	<u>454</u>	<u>132</u>
Interest payable	5	(51)	(27)
Profit on ordinary activities before taxation		<u>403</u>	<u>105</u>
Taxation credit	6	4	15
Profit on ordinary activities after taxation		<u>407</u>	<u>120</u>
Amount set aside to reserves:			
The Company		432	119
Subsidiaries		(25)	1
		<u>407</u>	<u>120</u>

CONSOLIDATED BALANCE SHEETAs at 30 September 1987

	<u>Notes</u>	<u>1987</u>		<u>1986</u>
		£'000	£'000	£'000
<b>FIXED ASSETS</b>				
Tangible assets	7		95	178
Intangible assets	8		225	-
			<u>320</u>	<u>178</u>
<b>CURRENT ASSETS</b>				
Stocks	10	930		<u>877</u>
Debtors	11	1,529		1,275
Cash at bank and in hand		5		8
		<u>2,464</u>		<u>2,160</u>
<b>CREDITORS: Amounts falling due within one year</b>	12	<u>(1,607)</u>		<u>(1,375)</u>
<b>NET CURRENT ASSETS</b>			857	785
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>1,177</u>	<u>963</u>
<b>DEFERRED INCOME</b>	13		<u>(1,083)</u>	<u>(1,276)</u>
			<u>94</u>	<u>(313)</u>
<b>CAPITAL AND RESERVES</b>				
Called up share capital	14		611	611
Share premium	15		25	25
Profit and loss account	16		(542)	(949)
			<u>94</u>	<u>(313)</u>

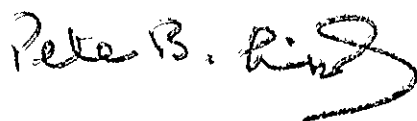
R J JOWITT

Director



P B LINDLEY

Director





## COMPANY BALANCE SHEET

As at 30 September 1987

	Notes	1987		1986
		£'000	£'000	£'000
<b>FIXED ASSETS</b>				
Tangible assets	7		95	178
Intangible assets	8		225	-
Investments	9		1	1
			<u>321</u>	<u>179</u>
<b>CURRENT ASSETS</b>				
Stocks	10	406		<u>356</u>
Debtors	11	1,097		797
Cash at bank and in hand		5		8
		<u>1,508</u>		<u>1,161</u>
<b>CREDITORS: Amounts falling due within one year</b>	12	<u>(1,655)</u>		<u>(1,566)</u>
<b>NET CURRENT LIABILITIES</b>			(147)	(405)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>174</u>	<u>(226)</u>
<b>DEFERRED INCOME</b>	13		(242)	(274)
			<u>(68)</u>	<u>(500)</u>
<b>CAPITAL AND RESERVES</b>				
Called up share capital	14		611	611
Share premium	15		25	25
Profit and loss account	16		(704)	(1,136)
			<u>(68)</u>	<u>(500)</u>

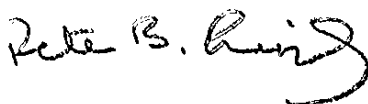
R J JOWITT

Director



P B LINDLEY

Director



CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDSFor the year ended 30 September 1987

	30 September 1987	6 months ended 30 September 1986
	£'000	£'000
<b>SOURCE OF FUNDS</b>		
Profits on ordinary activities before taxation	407	105
Adjustments for amounts not involving the flow of funds:		
Depreciation and other amounts written off tangible and intangible fixed assets	207	46
(Profit)/loss on sale of fixed assets	(4)	22
Development expenses capitalised	(342)	-
<b>FUNDS GENERATED/(ABSORBED) BY OPERATIONS</b>	<b>268</b>	<b>173</b>
<b>FUNDS FROM OTHER SOURCES:</b>		
Proceeds from disposal of fixed assets	22	16
Proceeds from issues of shares	-	49
Taxation repaid	-	15
	<b>290</b>	<b>253</b>
<b>APPLICATION OF FUNDS</b>		
Purchase of tangible and intangible fixed assets	(25)	(30)
	<b>265</b>	<b>223</b>
<b>WORKING CAPITAL MOVEMENTS:</b>		
Increase in stocks	53	25
Increase/(decrease) in debtors	254	(721)
Decrease in creditors	230	866
	<b>537</b>	<b>170</b>
<b>MOVEMENT IN NET LIQUID FUNDS:</b>		
(Increase)/decrease in bank borrowings	(269)	57
Decrease in cash in hand	(3)	(4)
	<b>265</b>	<b>223</b>

NOTES(forming part of the financial statements)

## 1 TURNOVER

The Group's turnover is derived wholly from within the United Kingdom from the main trading activities.

## 2 OPERATING PROFIT/(LOSSES)

	<u>1987</u> (12 months)	<u>1986</u> (6 months)
The profit/(loss) is stated after charging:	£'000	£'000
Depreciation of tangible fixed assets	90	46
Profit on sales of tangible fixed assets	4	-
Amortisation of intangible fixed assets	117	-
Vehicle leasing charges	328	142
Auditors' remuneration (including expenses)	20	15
	<u>***</u>	<u>***</u>

## 3 EMPLOYEES

	<u>1987</u> (12 months)	<u>1986</u> (6 months)
Staff costs during the period were:	£'000	£'000
Wages and salaries	1,990	978
Social security costs	205	114
Other pension costs	15	12
	<u>2,210</u>	<u>1,104</u>
	<u>*****</u>	<u>*****</u>

The average number of persons employed by the group during the period was 167 (1986: 167).

The number of employees, other than directors of the company, with emoluments in the period at a rate in excess of £30,000 per annum was as follows:

	<u>1987</u> (12 months)	<u>1986</u> (6 months)
	<u>Number</u>	<u>Number</u>
£30,001-£35,000	2	1
£35,001-£40,000	-	2
	<u>***</u>	<u>***</u>

NOTES (continued)

## 4 DIRECTORS' REMUNERATION

	<u>1987</u> (12 months)	<u>1986</u> (6 months)
	£'000	£'000
Emoluments (including pension contributions)	17	22
	==	==

The emoluments of the Chairman, excluding pension contributions, were £Nil (1986: £Nil).

The emoluments of the highest paid director, excluding pension contributions, were £17,292 (1986: £15,754).

Emoluments of other directors, excluding pension contributions, were in the following ranges:

	<u>1987</u> (12 months)	<u>1986</u> (6 months)
	<u>Number</u>	<u>Number</u>
Up to £5,000	1	2
£10,001-£15,000	-	1
£30,001-£35,000	-	1
£35,001-£40,000	-	1
	====	====

## 5 INTEREST PAYABLE

	<u>1987</u> (12 months)	<u>1986</u> (6 months)
	£'000	£'000
Bank	51	26
Other	-	1
	---	---
	51	27
	==	==

## 6 TAXATION

	<u>1987</u> (12 months)	<u>1986</u> (6 months)
	£'000	£'000
Overprovision in respect of prior periods	4	(15)
	----	----

The tax charge for the year has been reduced by £170,000 as a result of tax losses. At 30 September 1987 there were tax losses available for carry forward of approximately £1,163,000 (1986: £1,811,000).

NOTES (continued)

## 6 TAXATION (continued)

Deferred taxation

The Group's potential liability for taxation deferred by accelerated capital allowances is likely to be covered by losses not utilised as follows:

	<u>1987</u>	<u>1986</u>
	£'000	£'000
At 35% (1986: 35%)		
Accelerated capital allowances	19	40
Tax losses carried forward	(407)	(637)
	<u>(388)</u>	<u>(597)</u>
	===	===

Accordingly no provision has been made.

Company status

The company is not a close company as defined by the Income and Corporation Taxes Act 1970.

## 7 FIXED ASSETS - TANGIBLE ASSETS

Group and company

	<u>Computer equipment</u>	<u>Other plant and equipment</u>	<u>Total</u>
	£'000	£'000	£'000
At 30 September 1986	273	236	509
Additions	20	5	25
Disposals	(131)	(15)	(146)
At 30 September 1987	<u>162</u>	<u>226</u>	<u>388</u>
<u>Accumulated depreciation</u>			
At 30 September 1986	154	177	331
Provision for the period	67	23	90
On disposals	(113)	(15)	(128)
At 30 September 1987	<u>108</u>	<u>185</u>	<u>293</u>
<u>Net book value</u>			
At 30 September 1987	<u>52</u>	<u>41</u>	<u>95</u>
At 30 September 1986	<u>119</u>	<u>59</u>	<u>178</u>
	===	===	===

The directors had not authorised the expenditure of any capital at the end of either period.

NOTES (continued)

## 8 FIXED ASSETS - INTANGIBLE ASSETS

Group and company

<u>Cost</u>	<u>Research and development expenditure</u>	
	£'000	
Capitalised during the year	342	
At 30 September 1987	342	
<u>Accumulated amortisation</u>		
Provided during the year	117	
At 30 September 1987	117	
<u>Net book value</u>		
At 30 September 1987	225	
At 30 September 1986	-	

## 9 FIXED ASSETS - INVESTMENTS

	<u>1987</u>	<u>1986</u>
Shares in subsidiaries at cost	£200	£200

The company owns the whole of the called up share capital of the following subsidiaries, both of which are incorporated in Great Britain:

Business Computer Services Limited - involved in the provision of computer maintenance services

Business Computers Limited - dormant

## 10 STOCKS

	<u>Group</u>		<u>Company</u>	
	<u>1987</u>	<u>1986</u>	<u>1987</u>	<u>1986</u>
	£'000	£'000	£'000	£'000
Finished goods and computer equipment	897	877	373	356
Consumables	33	-	33	-
	<u>930</u>	<u>877</u>	<u>406</u>	<u>356</u>

The replacement cost of stocks does not differ materially from the balance sheet valuation.

NOTES (continued)

## 11 DEBTORS

Amounts falling due within one year

	<u>Group</u>		<u>Company</u>	
	<u>1987</u>	<u>1986</u>	<u>1987</u>	<u>1986</u>
	£'000	£'000	£'000	£'000
Trade debtors	1,264	941	832	463
Other debtors	265	164	265	164
Amounts owed by parent	-	170	-	170
	<u>1,529</u>	<u>1,275</u>	<u>1,097</u>	<u>797</u>

## 12 CREDITORS

Amounts falling due within one year

	<u>Group</u>		<u>Company</u>	
	<u>1987</u>	<u>1986</u>	<u>1987</u>	<u>1986</u>
	£'000	£'000	£'000	£'000
Bank overdraft	492	223	492	223
Trade creditors	587	775	587	775
Amounts due to:				
parent company	58	-	58	-
subsidiary	-	-	78	191
Other creditors	275	135	275	135
Tax and social security	195	242	165	242
	<u>1,607</u>	<u>1,375</u>	<u>1,655</u>	<u>1,566</u>

The bank overdraft is secured by a fixed charge over book debts and a floating charge over all other assets.

## 13 DEFERRED INCOME

All due within one year

	<u>Group</u>		<u>Company</u>	
	<u>1987</u>	<u>1986</u>	<u>1987</u>	<u>1986</u>
	£'000	£'000	£'000	£'000
	1,083	1,276	242	274

This represents that portion of maintenance contracts taken out by customers but relating to a future period.

NOTES (continued)

14 CALLED UP SHARE CAPITAL

	<u>1987</u>	<u>1986</u>
	£'000	£'000
Authorised:		
10,000,000 ordinary shares of 10p each	1,000	1,000
	=====	=====
Allotted, called up and fully paid:		
At 30 September 1986	611	587
Issued in period	-	24
	-----	-----
At 30 September 1987	611	611
	=====	=====

15 SHARE PREMIUM ACCOUNT

	<u>1987</u>	<u>1986</u>
	£'000	£'000
At 30 September 1986	25	-
On issues in period	-	25
	-----	-----
At 30 September 1987	25	25
	=====	=====

16 PROFIT AND LOSS ACCOUNT

	<u>Group</u>	<u>Company</u>
	£'000	£'000
At 30 September 1986	(949)	(1,136)
Profits for the period	407	432
	-----	-----
At 30 September 1987	(542)	(704)
	=====	=====



NOTES (continued)

## 17 COMMITMENTS

Commitments to operating leases

The commitment to payments on operating leases relates to the lease of buildings and contract hire of vehicles as follows:

	<u>Company and Group</u>			
	<u>1987</u>		<u>1986</u>	
	<u>Vehicles</u>	<u>Buildings</u>	<u>Vehicles</u>	<u>Buildings</u>
	£'000	£'000	£'000	£'000
Contracts expiring:				
Within one year	49	-	15	-
Between 2 and 5 years	133	-	171	1
After more than 5 years	-	155	-	153
	<u>182</u>	<u>155</u>	<u>186</u>	<u>154</u>
	===	===	===	===

There were no capital commitments (1986: none) or any obligations under finance leases (1986: none).

## 18 HOLDING COMPANY

The ultimate holding company is Electronic Data Processing PLC, a company incorporated in Great Britain.

Electronic Data Processing PLC has indicated its intention to continue to provide sufficient finance to the group to enable it to continue trading for at least one year from 2 February 1988.