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BUSINESS COMPUTER SYSTEMS PLC

FINANCIAL STATEMENTS

COMPANIES HOUSE SEPTEMBER 1989  
- 3 MAY 1990  
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BUSINESS COMPUTER SYSTEMS PLC

DIRECTORS' REPORT

The directors have pleasure in submitting their report and the audited financial statements of the group for the year ended 30 September 1989.

Principal activity

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.

Company status

The company is not a close company as defined by the Income and Corporation Taxes Act 1988.

Tangible fixed assets

Movements in tangible fixed assets are shown in note 9 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

The present directors are as follows:

R J Jowitt                   - Chairman  
P B Lindley  
B R Wigley

BUSINESS COMPUTER SYSTEMS PLC

DIRECTORS' REPORT  
(continued)

Interests in shares

None of the directors had any interest in the shares of the company at 30 September 1989 or 30 September 1988.

Mr R J Jowitt and Mr P B Lindley are also directors of Electronic Data Processing PLC, the ultimate holding company. Their interests in the shares of Electronic Data Processing PLC are shown in the statements of that company.

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

Auditors

On 1 January 1990 our auditors changed the name under which they practise to KPMG Peat Marwick McLintock, and accordingly have signed their report in their new name. In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Peat Marwick McLintock as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

The proposed resolution will also give authority to the Directors to determine the remuneration of the auditors.

By Order of the Board

J H GREEN

Secretary

16 January 1990

AUDITORS' REPORT TO THE MEMBERS OF  
BUSINESS COMPUTER SYSTEMS PLC

We have audited the financial statements on pages 4 to 16 in accordance with 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 1989, 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.

KPMG Paul Maurice McInnes

Chartered Accountants

Sheffield  
16 January 1990

## BUSINESS COMPUTER SYSTEMS PLC

### ACCOUNTING POLICIES

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.

The effects of events relating to the year ended 30 September 1989 which occurred before 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 1989 and of the results for the period ended on that date.

#### 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 1989. 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 on a straight line basis 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.

BUSINESS COMPUTER SYSTEMS PLC

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.

BUSINESS COMPUTER SYSTEMS PLC  
CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30 SEPTEMBER 1989

	<u>Notes</u>	<u>1989</u> <u>£000</u>	<u>1988</u> <u>£000</u>
Turnover	1	6,463	6,394
Cost of sales		<u>(2,927)</u>	<u>(2,916)</u>
Gross profit		3,536	3,478
Distribution and marketing costs		<u>(2,378)</u>	<u>(2,204)</u>
Administration expenses		<u>(1,024)</u>	<u>(962)</u>
Trading profit	2-4	134	312
Interest receivable	5	4	10
Interest payable	6	<u>(49)</u>	<u>(45)</u>
Profit on ordinary activities before taxation		89	277
Taxation	7	<u>-</u>	<u>-</u>
Profit on ordinary activities after taxation	17	89	277
Amount set aside to reserves:			
The Company		129	273
Subsidiaries		<u>(40)</u>	<u>4</u>
		89	277

BUSINESS COMPUTER SYSTEMS PLC

CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 1989

	<u>Notes</u>	<u>1989</u>		<u>1988</u>	
		£000	£000	£000	£000
<b>FIXED ASSETS</b>					
Intangible assets	8		-		113
Tangible assets	9		<u>16</u>		<u>33</u>
			16		146
<b>CURRENT ASSETS</b>					
Stocks	11	565		740	
Debtors	12	2,083		1,595	
Cash at bank and in hand		<u>2</u>		<u>5</u>	
			2,650		2,340
<b>CREDITORS: Amounts falling due within one year</b>	13		<u>(1,510)</u>		<u>(1,329)</u>
<b>NET CURRENT ASSETS</b>			<u>1,140</u>		<u>1,011</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			1,156		1,157
<b>PROVISION FOR OTHER LIABILITIES AND CHARGES</b>	14		(53)		-
<b>DEFERRED INCOME</b>	15		<u>(643)</u>		<u>(786)</u>
			460		371
			*****		*****
<b>CAPITAL AND RESERVES</b>					
Called up share capital	16		611		611
Share premium			25		25
Profit and loss account	17		<u>(176)</u>		<u>(265)</u>
			460		371
			***		***

Approved by the board of directors on 16 January 1990

R J JOWITT

Director

P B LINDLEY

Director



BUSINESS COMPUTER SYSTEMS PLC

COMPANY BALANCE SHEET AS AT 30 SEPTEMBER 1989

	<u>Notes</u>	<u>1989</u>		<u>1988</u>	
		£000	£000	£000	£000
<b>FIXED ASSETS</b>					
Intangible assets	8		-		113
Tangible assets	9		16		33
Investments	10		<u>1</u>		<u>1</u>
			17		147
<b>CURRENT ASSETS</b>					
Stocks	11	216		319	
Debtors	12	1,806		1,230	
Cash at bank and in hand		<u>2</u>		<u>5</u>	
		2,024		1,554	
<b>CREDITORS: Amounts falling due within one year</b>	13	<b>(1,510)</b>		<b>(1,322)</b>	
<b>NET CURRENT ASSETS</b>			<b>514</b>		<b>232</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>531</b>		<b>379</b>
<b>PROVISION FOR OTHER LIABILITIES AND CHARGES</b>	14		<b>(53)</b>		<b>-</b>
<b>DEFERRED INCOME</b>	15		<b>(145)</b>		<b>(175)</b>
			<b>333</b>		<b>204</b>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	16		611		611
Share premium			25		25
Profit and loss account	17		<b>(303)</b>		<b>(432)</b>
			<b>333</b>		<b>204</b>

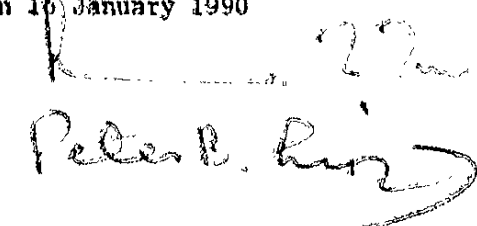
Approved by the board of directors on 16 January 1990

R J JOWITT

Director

F B LINDLEY

Director



BUSINESS COMPUTER SYSTEMS PLC

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED 30 SEPTEMBER 1989

	<u>1989</u> <u>£000</u>	<u>1988</u> <u>£000</u>
<b>SOURCE OF FUNDS</b>		
Profits on ordinary activities before taxation	89	277
Adjustments for items not involving the movement of funds:		
Depreciation and other amounts written off tangible and intangible fixed assets	130	166
Provision for pension liability	<u>53</u>	<u>-</u>
<b>FUNDS GENERATED BY OPERATIONS</b>	272	443
<b>FUNDS FROM OTHER SOURCES</b>		
Proceeds from disposal of fixed assets	<u>-</u>	<u>12</u>
	272	455
<b>APPLICATION OF FUNDS</b>		
Purchase of tangible fixed assets	-	(4)
Corporation tax paid	<u>(9)</u>	<u>-</u>
	263	451
<b>WORKING CAPITAL MOVEMENTS</b>		
(Decrease) in stocks	(175)	(190)
Increase in debtors	509	66
Decrease in creditors	<u>132</u>	<u>437</u>
	466	313
<b>MOVEMENT IN NET LIQUID FUNDS</b>		
(Increase)/Decrease in bank borrowings	(200)	138
Decrease in cash at bank and in hand	<u>(3)</u>	<u>-</u>
	263	451

BUSINESS COMPUTER SYSTEMS PLC

NOTES

(forming part of the financial statements)

1 **TURNOVER**

The Group's turnover is derived wholly from within the United Kingdom from the principal trading activity.

2 **TRADING PROFIT**

Trading profit is stated after charging:

	<u>1989</u> £000	<u>1988</u> £000
Amortisation of development costs	113	112
Depreciation of fixed tangible assets	17	54
Auditors' remuneration	27	25
Rentals payable under operating leases	498	456
Exceptional costs relating to High Court Action	223	109
	<u>      </u>	<u>      </u>

3 **EMPLOYEES**

Staff costs during the year were:

	<u>1989</u> £000	<u>1988</u> £000
Wages and salaries	2,002	1,930
Social security costs	201	189
Other pension costs	66	10
	<u>      </u>	<u>      </u>
	2,269	2,129
	<u>      </u>	<u>      </u>

The average number of persons employed by the group during the year was 144 (1988 - 160).

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>1989</u> Number	<u>1988</u> Number
£30,001 - £35,000	2	-
£35,001 - £40,000	1	1
£40,001 - £45,000	1	-
£45,001 - £50,000	1	-
£50,001 - £55,000	1	-
	<u>      </u>	<u>      </u>

BUSINESS COMPUTER SYSTEMS PLC

NOTES  
(continued)

4	DIRECTORS' REMUNERATION	<u>1989</u> <u>£000</u>	<u>1988</u> <u>£000</u>
	Emoluments (including pension contributions)	-	-
		==	==
5	INTEREST RECEIVABLE	<u>1989</u> <u>£000</u>	<u>1988</u> <u>£000</u>
	Bank interest	4	10
		==	==
6	INTEREST PAYABLE	<u>1989</u> <u>£000</u>	<u>1988</u> <u>£000</u>
	Bank interest	49	45
		==	==

7 TAXATION

The tax charge for the year has been reduced by £87,000 as a result of tax losses. At 30 September 1989 there were tax losses available for carry forward of approximately £575,000 (1988 - £824,000).

Deferred taxation

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

	<u>1989</u> <u>£000</u>	<u>1988</u> <u>£000</u>
At 35% (1988 - 35%)		
Accelerated capital allowances	(12)	28
Other timing differences	(19)	-
Tax losses carried forward	<u>(184)</u>	<u>(288)</u>
	<u>(215)</u>	<u>(260)</u>
	==	==

Accordingly no provision has been made.

BUSINESS COMPUTER SYSTEMS PLC

NOTES  
(continued)

8 **FIXED ASSETS - INTANGIBLE ASSETS**

<u>Group and company</u>	<u>Development expenditure</u> £000
Cost:	
At 30 September 1988 and 30 September 1989	342 ===
Accumulated depreciation:	
At 30 September 1988	229
Provided during the year	<u>113</u>
At 30 September 1989	342 ===
Net book value:	
At 30 September 1989	- ===
At 30 September 1988	113 ===

9 **FIXED ASSETS - TANGIBLE ASSETS**

<u>Group and company</u>	<u>Computer equipment</u> £000	<u>Other plant and equipment</u> £000	<u>Total</u> £000
Cost:			
At 1 October 1988 and 30 September 1989	88 ==	230 ===	318 ===
Accumulated depreciation:			
At 1 October 1988	79	206	285
Provision for the year	<u>9</u>	<u>8</u>	<u>17</u>
At 30 September 1989	88 ---	214 ---	302 ---
Net book value:			
At 30 September 1989	- ==	16 ==	16 ==
At 30 September 1988	9 ==	24 ==	33 ==

Neither the company nor the Group had any capital commitments at 30 September 1989 or 30 September 1988.

BUSINESS COMPUTER SYSTEMS PLC

NOTES  
(continued)

10	FIXED ASSETS - INVESTMENTS	<u>1989</u> £	<u>1988</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

11	STOCKS	<u>Group</u>		<u>Company</u>	
		<u>1989</u>	<u>1988</u>	<u>1989</u>	<u>1988</u>
		£000	£000	£000	£000
	Finished goods and computer equipment	555	719	206	298
	Consumables	<u>10</u>	<u>21</u>	<u>10</u>	<u>21</u>
		565	740	216	319

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

12	DEBTORS	<u>Group</u>		<u>Company</u>	
		<u>1989</u>	<u>1988</u>	<u>1989</u>	<u>1988</u>
		£000	£000	£000	£000
	Amounts falling due within one year:				
	Amount due from subsidiary company	-	-	41	-
	Trade debtors	1,789	1,407	1,473	1,042
	Prepayments and accrued income	120	103	120	103
	Other debtors	6	7	6	7
	Amounts owed by parent company	155	44	155	44
	Corporation tax	<u>13</u>	<u>34</u>	<u>11</u>	<u>34</u>
		2,083	1,595	1,806	1,230

BUSINESS COMPUTER SYSTEMS PLC

NOTES  
(continued)

13 CREDITORS

	<u>Group</u>		<u>Company</u>	
	<u>1989</u>	<u>1988</u>	<u>1989</u>	<u>1988</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Amounts falling due within one year:				
Corporation tax	-	30	-	-
Bank overdraft	554	354	554	354
Trade creditors	530	521	530	521
Amount due to subsidiary company	-	-	-	23
Other creditors	253	288	253	288
Other taxes and social security	<u>173</u>	<u>136</u>	<u>173</u>	<u>136</u>
	1,510	1,329	1,510	1,322
	*****	*****	*****	*****

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

14 PROVISION FOR OTHER LIABILITIES AND CHARGES

	<u>Group</u>		<u>Company</u>	
	<u>1989</u>	<u>1988</u>	<u>1989</u>	<u>1988</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Pension commitments	53	-	53	-
	**	**	**	**

The company participates in the two funded defined benefits pension schemes operated by the Electronic Data Processing Group. The level of contributions has been assessed in accordance with the advice of qualified actuaries, based on the pension costs across the group as a whole. Particulars of the latest actuarial valuations of the two schemes, which indicate that they are both in surplus, are contained in the accounts of Electronic Data Processing plc.

15 DEFERRED INCOME

	<u>Group</u>		<u>Company</u>	
	<u>1989</u>	<u>1988</u>	<u>1989</u>	<u>1988</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Due within one year	643	786	145	175
	***	***	***	***

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

BUSINESS COMPUTER SYSTEMS PLC

NOTES  
(continued)

16	CALLED UP SHARE CAPITAL	<u>1989</u>	<u>1988</u>
		£000	£000
	Authorised:		
	10,000,000 ordinary shares of 10p each	1,000	1,000
		<u>-----</u>	<u>-----</u>
	Allotted, called up and fully paid	611	611
		<u>-----</u>	<u>-----</u>

17	PROFIT AND LOSS ACCOUNT	<u>Group</u>	<u>Company</u>
		£000	£000
	At 30 September 1988	(265)	(432)
	Profit for the year	<u>89</u>	<u>129</u>
	At 30 September 1989	(176)	(303)
		<u>-----</u>	<u>-----</u>

18 LEASING COMMITMENTS

The commitment to payments within the next twelve months under operating leases is:

	<u>1989</u>		<u>1988</u>	
	<u>Vehicles</u>	<u>Buildings</u>	<u>Vehicles</u>	<u>Buildings</u>
	£000	£000	£000	£000
Contracts expiring:				
<u>Group</u>				
Within one year	25	-	56	-
Between 2 and 5 years	188	-	70	-
After more than 5 years	<u>-</u>	<u>213</u>	<u>-</u>	<u>155</u>
	<u>213</u>	<u>213</u>	<u>126</u>	<u>155</u>
	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>
<u>Company</u>				
Within one year	-	-	7	-
Between 2 and 5 years	60	-	17	-
After more than 5 years	<u>-</u>	<u>213</u>	<u>-</u>	<u>155</u>
	<u>60</u>	<u>213</u>	<u>24</u>	<u>155</u>
	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>



BUSINESS COMPUTER SYSTEMS PLC

NOTES  
(continued)

19 HOLDING COMPANY

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

20 CONTINGENT LIABILITIES

At 30 September 1988 the company was involved in a High Court action against a former supplier. The main action was settled during the year.

There were no contingent liabilities at 30 September 1989.