

TECTRADE COMPUTERS LIMITED

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

TECTRADE COMPUTERS LIMITED

COMPANY INFORMATION

Directors	Shelagh Elkins (Chairman) Ken Hogan (CEO) Andrew Slater Alexander Fagioli Mike Rickards Nicolai Kippersluis
Non-executive Directors	Paul Elkins (appointed 8 May 2008) Phillipa Hogan (appointed 8 May 2008) Karen Slater (appointed 8 May 2008) Rhonwen Fagioli (appointed 8 May 2008)
Secretary	Ken Hogan
Company number	2589951
Registered office	1 Godalming Business Centre Woolsack Way Godalming Surrey GU7 1XW
Auditors	PKF (UK) LLP Pannell House Park Street Guildford Surrey GU1 4HN
Bankers	National Westminster Bank plc 73 High Street Walton-on-Thames Surrey KT12 1DW
Solicitors	Penningtons Highfield Brighton Road Godalming Surrey GU7 1NS

TECTRADE COMPUTERS LIMITED

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TECTRADE COMPUTERS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2009

The directors submit their report and financial statements for the year ended 31st March 2009.

Principal activities

The group delivers solutions for mid-market and large organisations that manage and protect data by creating flexible, agile and highly available storage and server infrastructures.

Results and dividends

The consolidated profit for the year, after taxation was £858,573 (2008: £761,480).

The directors have paid an interim dividend on the B ordinary shares of £250,000 (2008: £475,000).

Review of business and future developments

Both the UK and Dutch business performed strongly during the first half of the year but fell back during the second half as the impact of the financial crisis began to be felt. The fall in the value of sterling against the euro boosted the Dutch subsidiary operating profits by 14% (compared with a fall of 2% at constant currency). The group operating profits increased by 7.6% (fall of 0.08% at constant currency).

Turnover grew by 10% in the UK and 68% in Holland (or 45% at constant currency). The increase in turnover was principally attributable to a few exceptionally large projects closing in the year. The hardware and software element of these transactions resulted in a fall in our overall gross margin percentage from 29.1% to 24.3%. Gross margin was flat in the UK and increased by 34% in Holland (or 15% at constant currency). Expenses were flat in the UK but increased by 39% in Holland (20% at constant currency) primarily due to increased personnel costs.

UK

Despite a strong performance in the first two quarters, we started planning for a slowdown at the beginning of 2008/09 with a hiring freeze and non-replacement of leavers. As a result of the slowdown in the second half of the year, we reduced headcount further in March 2009. We believe our cost base is now at a level that reflects current business volumes and will enable us to continue to trade profitably through 2009/10.

The demand for backup and recovery and storage solutions remains strong but competition and increasing commoditisation is eroding margins and making new business more difficult to win. As a consequence we are accelerating the shift in the UK business towards higher value support and managed service activities. We will continue to provide low margin hardware and software upgrades to existing customers but new business will increasingly be driven by service-led rather than product-led engagements. Gross margin from these activities grew by 35% during the year and we are targeting a further 50% increase in 2009/10.

Holland

The business in Holland is more broadly based than the UK and includes all aspects of data centre simplification but server and storage consolidation in particular. Our ability to deliver turnkey consolidation solutions continues to drive strong demand as organisations look to reduce costs, complexity and improve business flexibility. By combining services and support with the hardware and software elements, we have been able to maintain margins despite increased competition and commoditisation.

The impact of the financial crisis has not hit the Dutch business as hard as in the UK and we do not believe that we have to reduce headcount in order to maintain profitability through 2009/10. Spending and gross margin is holding up in our key accounts and gross margins.

TECTRADE COMPUTERS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2009

Outlook

We anticipate difficult trading conditions throughout 2009/10 with a possible gradual improvement in the second half. Our core objective is to control costs, maintain a healthy cash-flow and maximise the available sales opportunities. We are also planning for and investing in the recovery and we have identified a number of areas that will deliver future growth over the next three to five years.

The group's key performance indicators during the year were as follows:

	2009 £'000	2008 £'000	Change %	Constant Currency %
Turnover	36,079	26,789	+34.7	+25.2
Gross Margin	8,799	7,793	+11.4	+5.6
Gross Margin %	24.39%	29.09%		
Operating Profit	1,331	1,246	+6.82	-0.08
Shareholders Funds	3,567	2,730		

Political and charitable contributions

During the year charitable contributions of £500.00 (2008: £Nil) were made.

Financial Instruments

The company does not actively use financial instruments as part of its financial risk management. It is exposed to the usual credit risk and cash flow risk associated with selling on credit and manages this through credit control procedures. The nature of its financial instruments means that they are not subject to price risk or liquidity risk.

Provision of information to auditors

So far as each of the directors is aware at the time the report is approved:

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

This report was approved by the board on 7 August 2009 and signed on its behalf.

Ken Hogan
Director

TECTRADE COMPUTERS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 MARCH 2009

The directors are responsible for preparing the annual 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). The financial statements are required to give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- 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 that disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

TECTRADE COMPUTERS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TECTRADE COMPUTERS LIMITED

We have audited the group and parent company financial statements ('the financial statements') of Tectrade Computers Limited for the year ended 31 March 2009 which comprise the consolidated profit and loss account, the company and consolidated balance sheets, the consolidated statement of total recognised gains and losses the consolidated cash flow statement and the related notes. The financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, 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 members 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom accounting standards ('United Kingdom Generally Accepted Accounting Practice') are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions 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.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations 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.

TECTRADE COMPUTERS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TECTRADE COMPUTERS LIMITED

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 March 2009 and of the group's and the parent company's profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985 and
- the information given in the directors' report is consistent with the financial statements.

PKF (UK) LLP

Registered auditors

Guildford, UK

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TECTRADE COMPUTERS LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 MARCH 2009**

	Note	2009 £	2008 £
TURNOVER	1,2	36,079,234	26,788,641
Cost of sales		<u>(27,280,196)</u>	<u>(18,996,087)</u>
GROSS PROFIT		8,799,038	7,792,554
Administrative expenses		<u>(7,467,566)</u>	<u>(6,546,301)</u>
OPERATING PROFIT	3	1,331,472	1,246,253
Interest receivable	5	91,442	45,250
Interest payable	6	<u>(15,253)</u>	<u>(21,684)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,407,661	1,269,819
TAX ON PROFIT ON ORDINARY ACTIVITES	7	<u>(371,414)</u>	<u>(363,066)</u>
PROFIT ON ORDINARY ACTIVITES AFTER TAXATION		1,036,247	906,753
MINORITY INTERESTS		<u>(177,674)</u>	<u>(145,273)</u>
PROFIT FOR THE FINANCIAL YEAR	16	858,573	761,480

All amounts relate to continuing operations.

The notes on pages 11 to 24 form part of these accounts.

TECTRADE COMPUTERS LIMITED
CONSOLIDATED
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
YEAR ENDED 31 MARCH 2009

	2009	2008
	£	£
Profit for the financial year	858,573	761,480
Exchange gains/(losses)	84,010	<u>106,685</u>
Total recognised gains and losses relating to the year	942,583	<u>868,165</u>

The notes on pages 11 to 24 form part of these financial statements.

TECTRADE COMPUTERS LIMITED
CONSOLIDATED BALANCE SHEET
31 MARCH 2009

	Note	2009		2008	
		£	£	£	£
FIXED ASSETS					
Tangible	8		<u>207,625</u>		<u>224,911</u>
			207,625		224,911
CURRENT ASSETS					
Stocks	10	32,989		25,941	
Debtors	11	8,082,217		7,703,061	
Cash at bank and in hand		<u>2,265,920</u>		<u>2,017,756</u>	
			10,381,126		9,746,758
CREDITORS: Amounts falling due within one year	12		<u>(6,908,962)</u>		<u>(6,888,403)</u>
NET CURRENT ASSETS			<u>3,472,164</u>		<u>2,858,355</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			3,679,789		3,083,266
CREDITORS: Amounts falling due after more than one year	13		<u>(112,527)</u>		<u>(352,381)</u>
NET ASSETS			<u>3,567,262</u>		<u>2,730,885</u>
CAPITAL AND RESERVES					
Called up share capital	15		204,350		203,225
Share premium	16		9,570		7,095
Profit and loss account	16		<u>2,774,687</u>		<u>2,082,105</u>
EQUITY SHAREHOLDERS' FUNDS	17		2,988,607		2,292,425
Minority interests			<u>578,655</u>		<u>438,460</u>
TOTAL SHAREHOLDERS' FUNDS			<u>3,567,262</u>		<u>2,730,885</u>

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 17 August 2009.

Ken Hogan
Director

The notes on pages 11 to 24 form part of these accounts.

TECTRADE COMPUTERS LIMITED

**BALANCE SHEET
AS AT 31 MARCH 2009**

	Note	2009	2008
		£	£
FIXED ASSETS			
Tangible fixed assets	8	103,034	163,379
Fixed asset investments	9	<u>19,004</u>	<u>19,004</u>
		122,038	182,383
 CURRENT ASSETS			
Stocks	10	7,860	5,447
Debtors	11	3,818,870	5,443,924
Cash at bank		<u>1,266,284</u>	<u>1,358,761</u>
		5,093,014	6,808,132
 CREDITORS: Amounts falling due within one year	12	<u>(3,268,978)</u>	<u>(5,203,794)</u>
 NET CURRENT ASSETS		<u>1,824,036</u>	<u>1,604,338</u>
 TOTAL ASSETS LESS CURRENT LIABILITIES		1,946,074	1,786,721
 CREDITORS: Amounts falling due after more than one year	13	<u>(61,622)</u>	<u>(308,679)</u>
 NET ASSETS		<u>1,884,452</u>	<u>1,478,042</u>
 CAPITAL AND RESERVES			
Called up share capital	15	204,350	203,225
Share premium	16	9,570	7,095
Profit and loss account	16	<u>1,670,532</u>	<u>1,267,722</u>
 SHAREHOLDERS' FUNDS – All equity	17	<u>1,884,452</u>	<u>1,478,042</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 17 August 2009.

Ken Hogan
Director

The notes on pages 11 to 24 form part of these financial statements.

TECTRADE COMPUTERS LIMITED

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2009**

	Note	2009 £	2008 £
Net cash flow from operating activities	19	1,030,686	2,727,029
Returns on investments and servicing of finance	20	74,812	19,685
Taxation		(472,421)	(428,936)
Capital expenditure and financial investment	20	(117,900)	(99,512)
Equity dividends paid		(250,000)	(475,000)
Cash flow before liquid resources and financing		265,177	1,743,266
Financing	20	(17,013)	(13,901)
INCREASE/(DECREASE) IN CASH IN THE YEAR	21	248,164	1,729,365

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE YEAR ENDED 31 MARCH 2009**

	2009 £	2008 £
Increase/(Decrease) in cash in the year	248,164	1,729,365
Cash outflow from increase in debt and lease financing	20,613	19,143
Change in net funds resulting from cashflows	268,777	1,748,508
New finance leases	-	-
MOVEMENT IN NET DEBT IN THE YEAR	268,777	1,748,508
Net funds at 1 April 2008	1,967,961	219,453
NET FUNDS AT 31 MARCH 2009	2,236,738	1,967,961

The notes on pages 11 to 24 form part of these financial statements.

TECTRADE COMPUTERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

1.2 Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 31 March 2009. The acquisition method of accounting has been adopted.

1.3 Turnover

Turnover is the total amount, excluding Value Added Tax, receivable by the Group in the ordinary course of business as derived from its principal activities. Included within turnover is income from the sale of computer software and hardware and provision of consultancy services. Income from the sale of software and hardware is recognised when the goods are delivered to the customer. Consultancy services are recognised as and when the services are provided.

1.4 Investments

Investments in subsidiaries are valued at cost less provision for impairment.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Demonstration Equipment	-	33.3%	straight line
Motor vehicles	-	25%	straight line
Fixtures, fittings & equipment	-	20%	- 33.3% straight line

1.6 Stocks

Stock is valued at the lower of cost and net realisable value. Cost is determined on a first in first out basis, and includes all direct costs incurred and attributable production overheads. Net realisable value is based on estimated selling price allowing for all further costs of completion and disposal.

1.7 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

TECTRADE COMPUTERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

1.8 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit and loss account.

1.9 Pensions

Employees participate in a money purchase scheme; the assets of the scheme are held separately from those of the Group in an independently administered fund. The amount charged against profits represents contributions payable to the scheme in respect of the accounting period.

2. TURNOVER

Turnover is attributable to one class of business.

A geographical analysis of turnover is as follows:

	2009 £	2008 £
UK	16,737,922	15,188,753
Other EU	<u>19,341,312</u>	<u>11,599,888</u>
	<u>36,079,234</u>	<u>26,788,641</u>

3. OPERATING PROFIT

The operating profit is stated after charging:

	2009 £	2008 £
Depreciation of tangible fixed assets:		
- owned by the group	146,902	130,483
Auditors' remuneration	17,000	27,600
Operating lease rentals:		
- plant and machinery	230,869	185,062
- other operating leases	147,833	135,420
Difference on foreign exchange	(1,039)	3,494
Profit / Loss on sale of fixed asset	<u>(1,572)</u>	<u>1,251</u>

TECTRADE COMPUTERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009**

4. STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

Group	2009 £	2008 £
Wages and salaries	5,178,275	4,608,286
Social security costs	506,081	435,305
Other pension costs	152,471	120,697
	5,836,827	5,164,288

The average monthly number of employees, including the directors, during the year was as follows:

	2009 No	2008 No
Sales	29	25
Technical	35	35
Administration	7	9
	71	69

Staff costs, including directors' remuneration, were as follows:

Company	2009 £	2008 £
Wages and salaries	2,777,203	2,847,187
Social security costs	336,727	325,429
Other pension costs	98,681	87,364
	3,212,611	3,259,980

The average monthly number of employees, including the directors, during the year was as follows:

	2009 No	2008 No
Sales	15	15
Technical	23	24
Administration	4	4
	42	43

TECTRADE COMPUTERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009**

5. INTEREST RECEIVABLE	2009	2008
	£	£
Other interest receivable	91,442	45,250
	<hr/>	<hr/>
6. INTEREST PAYABLE	2009	2008
	£	£
On bank loans and overdrafts	5,834	2,120
On hire purchase and finance leases	3,002	4,472
On other loans	6,417	15,092
	<hr/>	<hr/>
	15,253	21,684
	<hr/>	<hr/>
7. TAXATION	2009	2008
	£	£
Analysis of tax charge in the year		
Current tax (see note below)		
UK Corporation tax charge on profits of the year	259,521	263,424
Current year over provision	-	-
Adjustments in respect of prior periods	(1,606)	(9)
	<hr/>	<hr/>
	257,915	263,415
Double taxation relief	(55,923)	(51,424)
	<hr/>	<hr/>
Total UK Taxation	201,992	211,991
Foreign tax		
Current tax on income for the year	193,131	176,025
Adjustments in respect of prior periods	-	-
	<hr/>	<hr/>
Total current tax	395,123	388,016
Deferred tax		
Changes in deferred tax balances arising from:		
Origination and reversal of timing differences	(23,709)	(24,950)
	<hr/>	<hr/>
Tax on profit on ordinary activities	371,414	363,066
	<hr/>	<hr/>

TECTRADE COMPUTERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009**

Factors affecting tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2009	2008
	£	£
Profit on ordinary activities before tax	1,407,661	1,269,819
<hr/>		
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2008 – 30%)	394,145	380,946
Effects of:		
Losses not utilised	32,902	26,044
Expenses not deductible for tax purposes	5,549	4,579
Capital allowances for year in excess of depreciation	(1,385)	3,368
Other short term timing differences	-	914
Lower rate taxes on overseas earnings	(32,426)	(27,026)
Adjustments to tax charge in respect of prior periods	-	(9)
Over provision of current taxes	(3,662)	(800)
<hr/>		
Current tax charge for the year (see note above)	395,123	388,016
<hr/>		

8. TANGIBLE FIXED ASSETS

Group	Demo equipment £	Motor vehicles £	Furniture, fittings and equipment £	Leased Furniture & fittings £	Total £
Cost					
At 31 March 2008	129,773	6,995	434,827	82,453	654,048
Exchange adjustments	-	-	27,953	-	27,953
Additions	45,988	-	74,442	-	120,430
Disposals	-	(6,995)	(1,182)	-	(8,177)
<hr/>					
At 31 March 2009	175,761	-	536,040	82,453	794,254
<hr/>					
Depreciation					
At 31 March 2008	81,397	5,976	307,794	33,970	429,137
Exchange adjustments	-	-	17,809	-	17,809
Charge for the year	47,063	291	82,563	16,985	146,902
On disposals	-	(6,267)	(952)	-	(7,219)
<hr/>					
At 31 March 2009	128,460	-	407,214	50,955	586,629
<hr/>					
Net book value					
At 31 March 2009	47,301	-	128,826	31,498	207,625
<hr/>					
At 31 March 2008	48,376	1,019	127,033	48,483	224,911
<hr/>					

TECTRADE COMPUTERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009**

Company	Demo equipment £	Motor vehicles £	Furniture, fittings and equipment £	Leased Furniture & fittings	Total £
Cost					
At 31 March 2008	129,773	6,995	265,240	82,453	484,461
Additions	45,988	-	11,132	-	57,120
Disposals	-	(6,995)	(1,182)	-	(8,177)
	<hr/>				
At 31 March 2009	175,761	-	275,190	82,453	533,404
<hr/>					
Depreciation					
At 31 March 2008	81,397	5,976	199,739	33,970	321,082
Charge for the year	47,063	291	52,168	16,985	116,507
Disposals	-	(6,267)	(952)	-	(7,219)
	<hr/>				
At 31 March 2009	128,460	-	250,955	50,955	430,370
<hr/>					
Net book value					
At 31 March 2009	47,301	-	24,235	31,498	103,034
<hr/>					
At 31 March 2008	48,376	1,019	65,503	48,483	163,379
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9. FIXED ASSET INVESTMENTS

Group	Shares in group under-takings £
Cost	
At 1 April 2008	-
	<hr/>
At 31 March 2009	-
	<hr/>

Subsidiary undertaking

The investments relates to 85% of the share capital of Archsys BV, a company incorporated in Holland on 15 March 2007, held by Tectrade BV which cost €15,300.

Company	Shares in group under-takings £
Cost	
At 1 April 2008 and 31 March 2009	19,004
	<hr/>

TECTRADE COMPUTERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009**

Subsidiary undertaking

Unlisted investments relates entirely to 26,000 shares of € 0.45 each, being 65% of the issued share capital of Tectrade BV, a company incorporated in Holland.

10. STOCKS

Group	2009	2008
	£	£
Finished goods	32,989	25,941
	<hr/>	<hr/>
Company	2009	2008
	£	£
Finished goods	7,860	5,447
	<hr/>	<hr/>

11. DEBTORS

Group	2009	2008
	£	£
Trade debtors	7,795,109	7,377,180
Other debtors	96,667	80,072
Prepayments and accrued income	165,161	199,861
Deferred tax asset (see note 15)	25,280	45,948
	<hr/>	<hr/>
	8,082,217	7,703,061
	<hr/> <hr/>	<hr/> <hr/>
Company	2009	2008
	£	£
Trade debtors	3,477,965	5,084,378
Amounts owed by group undertakings	150,463	134,405
Prepayments and accrued income	165,162	199,861
Deferred tax asset (see note 15)	25,280	25,280
	<hr/>	<hr/>
	3,818,870	5,443,924
	<hr/> <hr/>	<hr/> <hr/>

TECTRADE COMPUTERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009**

12. CREDITORS: Amounts falling due within one year

Group	2009	2008
	£	£
Trade creditors	2,856,817	4,369,955
Obligations under finance lease and hire purchase contracts (note 14)	22,084	20,613
Corporation Tax	91,992	205,953
Social security and other taxes	824,923	654,906
Other creditors	81,019	69,555
Accruals and deferred income	3,032,127	1,567,421
	6,908,962	6,888,403
	<hr/>	<hr/>
Company	2009	2008
	£	£
Trade creditors	2,066,027	3,748,995
Amounts owed by group undertakings	-	6,527
Obligations under finance lease and hire purchase contracts (note 14)	22,084	20,613
Corporation tax	91,992	110,000
Social security and other taxes	396,067	608,183
Accruals and deferred income	692,808	709,476
	3,268,978	5,203,794
	<hr/>	<hr/>

Included in trade creditors is an amount of £Nil (2008: £38,264) which is secured by a fixed and floating charge over the company's property, undertaking and assets.

**13. CREDITORS:
Amounts falling due after more than one year**

Group	2009	2008
	£	£
Obligations under finance lease and hire purchase contracts	7,098	29,182
Other creditors	105,429	323,199
	112,527	352,381
	<hr/>	<hr/>
Company	2009	2008
	£	£
Obligations under finance lease and hire purchase contracts	7,098	29,182
Other creditors	54,524	279,497
	61,622	308,679
	<hr/>	<hr/>

Finance lease and hire purchase creditors are secured on the related assets.

TECTRADE COMPUTERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009**

14. DEFERRED TAX ASSET

Group	2009	2008
	£	£
At 31 March 2008	45,948	20,998
(Decrease)/increase during the year	(20,668)	24,950
	<hr/>	<hr/>
At 31 March 2009	25,280	45,948
	<hr/> <hr/>	<hr/> <hr/>
	2009	2008
	£	£
Accelerated capital allowances	23,557	23,557
Short term timing differences	1,723	1,723
Tax losses	-	20,668
	<hr/>	<hr/>
	25,280	45,948
	<hr/> <hr/>	<hr/> <hr/>
 Company	 2009	 2008
	£	£
At 31 March 2008	25,280	20,998
Increase during the year	-	4,282
	<hr/>	<hr/>
At 31 March 2009	25,280	25,280
	<hr/> <hr/>	<hr/> <hr/>
 The deferred tax asset is made up as follows:		
	2009	2008
	£	£
Accelerated capital allowances	23,557	23,557
Short term timing differences	1,723	1,723
	<hr/>	<hr/>
	25,280	25,280
	<hr/> <hr/>	<hr/> <hr/>

TECTRADE COMPUTERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009**

15. SHARE CAPITAL

	2009	2008
	£	£
Authorised		
400,000 'A' ordinary shares of £1 each	400,000	400,000
150,000 'B' ordinary shares of £1 each	150,000	150,000
	550,000	550,000
 Allotted, called up and fully paid		
100,000 'A' ordinary shares of £1 each	100,000	100,000
104,350 'B' ordinary shares of £1 each	104,350	103,225
	204,350	203,225

Profits will be credited to the 'A' and 'B' reserves in the following manner:

'A' Reserve: The first £100,000 of post tax profits in the company and post tax profits relating to the company's investment in Tectrade BV;

'B' Reserve: All profits in the company excluding the first £100,000 and excluding any profits relating to the company's investment in Tectrade BV.

Share options

At 31 March 2007 the company had granted options to A Fagioli over 4,350 "B" Ordinary shares at a price of £3.20 per share under an approved EMI scheme. The options were exercisable between 7 February 2006 and 6 February 2016 and have now been fully exercised.

16. RESERVES

Group	Share premium account	Profit and loss account
		£
At 1 April 2008	7,095	2,082,105
Profit retained for the year	-	858,572
Arising on shares issued	2,475	-
Foreign exchange gain on translation	-	84,010
Dividends	-	(250,000)
	9,570	2,774,687
 Company		
At 1 April 2008	7,095	1,267,722
Profit retained for the year	-	652,810
Arising on shares issued	2,475	-
Dividends	-	(250,000)
	9,570	1,670,532

TECTRADE COMPUTERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009**

The company reserves comprise:	2009	2008
	£	£
2002 Reserve	449,789	449,789
'A' Reserve Account	530,101	279,638
'B' Reserve Account	690,642	538,295
	<hr/>	<hr/>
Total	1,670,532	1,267,722
	<hr/> <hr/>	<hr/> <hr/>

17. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

Group	2009	2008
	£	£
Opening shareholders' funds	2,292,425	1,894,018
Profit for the year	858,572	761,480
New share capital subscribed	3,600	5,242
Exchange gains/(losses)	84,010	106,685
Dividends	(250,000)	(475,000)
	<hr/>	<hr/>
Closing shareholders' funds	2,988,607	2,292,425
	<hr/> <hr/>	<hr/> <hr/>

Company	2009	2008
	£	£
Opening shareholders' funds	1,478,042	1,350,030
Profit for the year	652,810	597,770
New share capital subscribed	3,600	5,242
Dividends	(250,000)	(475,000)
	<hr/>	<hr/>
Closing shareholders' funds	1,884,452	1,478,042
	<hr/> <hr/>	<hr/> <hr/>

The company has taken advantage of the exemption contained within section 230 of the Companies Act 1985 not to present its own profit & loss account.

The profit for the year dealt with in the accounts of the company was £652,810 (2008: £597,770)

TECTRADE COMPUTERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009**

18. DIVIDENDS

	2009	2008
	£	£
'A' ordinary		
Interim dividend of £Nil per share (2008: £2.25 per share)	-	225,000
'B' ordinary		
Interim dividend of £2.40 per share (2008: £2.42 per share)	<u>250,000</u>	<u>250,000</u>
	250,000	475,000

19. CONSOLIDATED NET CASH FLOW FROM OPERATING ACTIVITIES

	2009	2008
	£	£
Operating profit	1,331,472	1,246,254
Depreciation of tangible fixed assets	146,902	130,483
(Profit) / Loss on disposal of tangible fixed assets	(1,572)	1,251
(Increase)/Decrease in stocks	(7,048)	(16,251)
(Increase)/Decrease in debtors	(392,111)	1,530,486
(Decrease)/Increase in creditors	(175,827)	(342,452)
Foreign exchange gains/(losses)	128,870	166,877
Investment write down	-	10,381
Net cash inflow/(outflow) from operations	<u>1,030,686</u>	<u>2,727,029</u>

20. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2009	2008
	£	£
Returns on investments and servicing of finance		
Interest received	91,442	45,250
Interest paid	(13,628)	(21,093)
Interest element of finance lease	(3,002)	(4,472)
Net cash inflow from returns on investments and servicing of finance	<u>74,812</u>	<u>19,685</u>
Capital expenditure and financial investments		
Purchase of tangible fixed assets	(120,430)	(101,201)
Sale of tangible fixed assets	2,530	1,689
Investments	-	-
Net cash outflow from capital expenditure	<u>(117,900)</u>	<u>(99,512)</u>

TECTRADE COMPUTERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009**

	2009 £	2008 £
Financing		
Issue of Ordinary Shares	3,600	5,242
Finance lease payments	<u>(20,613)</u>	<u>(19,143)</u>
Net cash outflow from financing	<u>(17,013)</u>	<u>(13,901)</u>

21. ANALYSIS OF CHANGES IN NET DEBT

	1 April 2008 £	Cash flow £	Other non-cash changes £	31 March 2009 £
Cash in bank and in hand:	2,017,756	248,164	-	<u>2,265,920</u>
	2,017,756	248,164	-	2,265,920
Debt due within 1 year	(20,613)	20,613	(22,084)	<u>(22,084)</u>
Debt due over 1 year	(29,182)		22,084	<u>(7,098)</u>
	(49,795)	20,613	-	<u>(29,182)</u>
Net funds	1,967,961	268,777	-	<u>2,236,738</u>

22. PENSION COSTS

The group operates two personal pension plans, the assets of which are held separately from those of the company in independently administered funds.

Contributions made by the group to the scheme during the year amounted to £152,471 (2008 - £120,697).

Contributions of £1,249 (2008 - £5,748) were unpaid at the year end and are included in creditors.

23. OPERATING LEASE COMMITMENTS

At 31 March 2009 the company had annual commitments under non-cancellable operating leases as follows:

	Land and Buildings		Other	Other
Group	2009	2008	2009	2008
	£	£	£	£
Expiry date:				
Within 1 year	5,067	37,875	21,824	32,377
Between 2 and 5 years	141,002	97,545	225,596	172,053

TECTRADE COMPUTERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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Company	Land and Buildings		Other	Other
	2009	2008	2009	2008
	£	£	£	£
Expiry date:				
Within 1 year	-	37,875	-	3,773
Between 2 and 5 years	87,980	45,500	2,196	-

24. RELATED PARTY TRANSACTIONS

Included in other creditors due after more than one year are amounts due to certain directors. It includes £Nil due to K Hogan (2008 - £56,250) and £54,525 due to S Elkins (2007 - £223,275). The maximum loans outstanding during the year were the same as the opening balances.

Interest of £5,453 was paid to S Elkins during the year (2008 - £6,830).

25. CONTROLLING PARTY

The company is controlled by S Elkins.