

TECTRADE COMPUTERS LIMITED

ABRIDGED

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

TECTRADE COMPUTERS LIMITED

COMPANY INFORMATION

Directors	Shelagh Elkins (Chairman) Ken Hogan (CEO) Alexander Fagioli Mike Rickards Nicolai Kippersluis
Non-executive Directors	Paul Elkins Phillipa Hogan Rhonwen Fagioli
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 2011

The directors submit their report and financial statements for the year ended 31st March 2011.

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 £237,353 (2010 As restated:- £669,242).

Review of business and future developments

The Tectrade Group continued to feel the impact of weak growth in the UK and Dutch markets. Group turnover fell by 7.3%, gross margin fell by 7.7% and operating profit fell by 57%.

The results were impacted by a fall in the number of infrastructure projects and an increase managed services revenue allocated to future periods.

UK

The results for the UK reflect a 26% fall in hardware and software sales which was primarily the result of poor management of our key vendor relationships. The fall was partly off-set by continued growth in managed backup services and consulting days.

Following a management reorganisation in January 2011 the UK business implemented a number of important changes to both its vendor alliances and managed services business. In 2011/12 we expect a strong rebound in hardware and software sales to reverse the decline seen in the year ended 31st March 2011. Similarly we have re-engineered and re-launched our managed backup services and are currently experiencing strong demand and are on target for 40% growth in the current year.

Holland

The main feature of the Dutch business in the year ended 31st March 2011 was the lack of large infrastructure projects in our key accounts. Despite this, we still maintained a good volume of run-rate business although gross margins slipped from 27% of sales in 2009/10 to 22% in 2010/11. Operating profits were further depressed by higher sales costs, a situation that has now been addressed.

So far in 2011 we have seen a strong demand for new infrastructure projects as customers move away from short term, tactical purchases to longer term, strategic purchases. We are currently forecasting a 10%-15% increase in gross margins for the year to 31st March 2012.

TECTRADE COMPUTERS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2011

Outlook

The economic outlook remains challenging both in the UK and Holland. However, this has been the case for the last two years and consequently the Tectrade Group is executing a strategy to deliver growth in a slow-growth world. We have a talented and motivated team who are firmly focused on the future and in 2011/12 we expect to see turnover increase by 30% or more and operating profits well above the £1m level.

The Group is maintaining a tight control of costs and cash-flow and we believe our balance sheet provides us with the resources we need to fund growth and the demand swings of a fragile economy.

Political and charitable contributions

During the year charitable contributions of £120.00 (2010: £150.00) 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 auditor's

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 7th October 2011 and signed on its behalf.

Ken Hogan
Director

TECTRADE COMPUTERS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 MARCH 2011

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 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;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

TECTRADE COMPUTERS LIMITED

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

We have audited the financial statements of Tectrade Computers Limited for the year ended 31 March 2011 which comprise the group profit and loss account, the group statement of total recognised gains and losses, the group and parent company balance sheets, the group cash flow statement, the group and parent company reconciliation of movement in shareholders' funds 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 auditor

As explained more fully in the directors' responsibilities statement, 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2011 and of the group's 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 matter 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.

TECTRADE COMPUTERS LIMITED

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

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Rhodri Whitlock (Senior statutory auditor)
for and on behalf of PKF (UK) LLP, Statutory auditor

Guildford, UK

TECTRADE COMPUTERS LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 MARCH 2011**

	Note	2011 £	As restated 2010 £
TURNOVER	1,2	27,270,507	29,136,340
Cost of sales		<u>(20,066,246)</u>	<u>(21,458,621)</u>
GROSS PROFIT		7,204,261	7,677,719
Administrative expenses		<u>(6,743,192)</u>	<u>(6,581,938)</u>
OPERATING PROFIT	3	461,069	1,095,781
Interest receivable	6	22,220	33,601
Interest payable	7	<u>(6,333)</u>	<u>(7,353)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		476,956	1,122,029
TAX ON PROFIT ON ORDINARY ACTIVITIES	8	<u>(181,347)</u>	<u>(298,203)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		295,609	823,826
MINORITY INTERESTS		<u>(58,256)</u>	<u>(154,584)</u>
PROFIT FOR THE FINANCIAL YEAR	19	<u>237,353</u>	<u>669,242</u>

All amounts relate to continuing operations.

The notes on pages 11 to 25 form part of these accounts.

TECTRADE COMPUTERS LIMITED
REGISTERED NUMBER 2589951

CONSOLIDATED
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
YEAR ENDED 31 MARCH 2011

	2011	As restated
	£	2010
		£
Profit for the financial year	237,353	669,242
Exchange gains/(losses)	(29,904)	(92,266)
Total recognised gains and losses relating to the year	207,449	576,976

The notes on pages 11 to 25 form part of these financial statements.

TECTRADE COMPUTERS LIMITED
REGISTERED NUMBER 2589951

CONSOLIDATED BALANCE SHEET
31 MARCH 2011

	Note	2011		As restated 2010	
		£	£	£	£
FIXED ASSETS					
Intangible fixed assets	9		231,268		116,072
Tangible fixed assets	10		<u>154,311</u>		<u>214,564</u>
			385,579		330,636
CURRENT ASSETS					
Stocks	12	107,022		59,443	
Debtors	13	5,855,207		6,698,633	
Cash at bank and in hand		<u>2,444,438</u>		<u>3,301,686</u>	
		8,406,667		10,059,762	
CREDITORS: Amounts falling due within one year	14		<u>(5,428,835)</u>		<u>(6,509,077)</u>
NET CURRENT ASSETS			<u>2,977,832</u>		<u>3,550,685</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			3,363,411		3,881,321
CREDITORS: Amounts falling due after more than one year	15		<u>(239,264)</u>		<u>(361,492)</u>
NET ASSETS			<u>3,124,147</u>		<u>3,519,829</u>
CAPITAL AND RESERVES					
Called up share capital	17		184,350		204,350
Share premium	19		9,570		9,570
Capital redemption reserve	18		20,000		-
Profit and loss account	19		<u>2,471,773</u>		<u>2,851,664</u>
EQUITY SHAREHOLDERS' FUNDS	20		2,685,693		3,065,584
Minority interests			<u>438,454</u>		<u>454,245</u>
TOTAL SHAREHOLDERS' FUNDS			<u>3,124,147</u>		<u>3,519,829</u>

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 7th October 2011.

Ken Hogan
Director

The notes on pages 11 to 25 form part of these accounts.

TECTRADE COMPUTERS LIMITED

**BALANCE SHEET
AS AT 31 MARCH 2011**

	Note	2011		As restated 2010	
		£	£	£	£
FIXED ASSETS					
Intangible fixed assets	9		231,268		116,072
Tangible fixed assets	10		89,244		142,058
Fixed asset investments	11		<u>19,004</u>		<u>19,004</u>
			339,516		277,134
CURRENT ASSETS					
Stocks	12	47,400		8,022	
Debtors	13	3,244,499		4,897,332	
Cash at bank		<u>1,768,838</u>		<u>2,151,944</u>	
		5,060,737		7,057,298	
CREDITORS: Amounts falling due within one year	14		<u>(3,396,820)</u>		<u>(4,836,830)</u>
NET CURRENT ASSETS			<u>1,663,917</u>		<u>2,220,468</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			2,003,433		2,497,602
CREDITORS: Amounts falling due after more than one year	15		<u>(239,264)</u>		<u>(361,492)</u>
NET ASSETS			<u>1,764,169</u>		<u>2,136,110</u>
CAPITAL AND RESERVES					
Called up share capital	17		184,350		204,350
Share premium	19		9,570		9,570
Capital redemption reserve	18		20,000		-
Profit and loss account	19		<u>1,550,249</u>		<u>1,922,190</u>
SHAREHOLDERS' FUNDS – All equity	20		<u>1,764,169</u>		<u>2,136,110</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 7th October 2011.

Ken Hogan
Director

The notes on pages 11 to 25 form part of these financial statements.

TECTRADE COMPUTERS LIMITED

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2011**

	Note	2011 £	As restated 2010 £
Net cash in/(out) flow from operating activities	21	319,453	2,168,411
Returns on investments and servicing of finance	22	15,887	26,248
Taxation		(260,400)	(310,838)
Capital expenditure and financial investment	22	(271,083)	(323,555)
Equity dividends paid		(400,000)	(640,362)
Cash (out)/in flow before liquid resources and financing		(596,143)	919,904
Financing	22	(261,105)	115,861
(DECREASE) / INCREASE IN CASH IN THE YEAR	23	(857,248)	1,035,765

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE YEAR ENDED 31 MARCH 2011**

	2011 £	2010 £
(Decrease) / Increase in cash in the year	(857,248)	1,035,765
Cash inflow from increase in debt and lease financing	73,765	84,139
Change in net funds resulting from cashflows	(783,483)	1,119,904
New finance leases	-	(200,000)
(REDUCTION) / INCREASE IN NET FUNDS IN THE YEAR	(783,483)	919,904
Net funds at 1 April 2010	3,156,642	2,236,738
NET FUNDS AT 31 MARCH 2011	23	3,156,642

The notes on pages 11 to 25 form part of these financial statements.

TECTRADE COMPUTERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

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 2011. 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, provision of consultancy services and support offerings, including managed services. Income from the sale of software and hardware is recognised when the goods are delivered to the customer. Consultancy services and support 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 Intangible fixed assets and amortisation

Intangible fixed assets are stated at cost less amortisation. Amortisation is charged on the basis of 25% straight line from the date of purchase and reflects the useful economic life of the assets.

1.6 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

1.7 Stocks

The group's stock is comprised of hardware and ancillary components for delivery to customers.

Stock of hardware and ancillary components 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 in getting the stock to its current location and condition. Net realisable value is based on estimated selling price allowing for all further costs of completion and disposal.

1.8 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 2011

1. ACCOUNTING POLICIES (continued)

1.9 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.

1.10 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.

1.11 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.12 Operating leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

2. TURNOVER

Turnover is attributable to one class of business.

A geographical analysis of turnover is as follows:

	2011 £	2010 £
United Kingdom	12,291,243	15,536,524
Other EU countries	14,979,264	13,599,816
	<u>27,270,507</u>	<u>29,136,340</u>

TECTRADE COMPUTERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011**

3. OPERATING PROFIT

The operating profit is stated after charging:

	2011	2010
	£	£
Depreciation of tangible fixed assets:		
- owned by the group	215,089	142,285
Auditors' remuneration	21,549	18,000
Other fees paid to auditors	5,050	2,500
Operating lease rentals:		
- plant and machinery	272,489	259,343
- other operating leases	151,986	151,897
Difference on foreign exchange	215	248
Profit / Loss on sale of fixed asset	-	-
	<hr/>	<hr/>

4. STAFF COSTS

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

Group	2011	2010
	£	£
Wages and salaries	4,503,733	4,430,249
Social security costs	453,435	476,493
Other pension costs	156,176	141,130
	<hr/>	<hr/>
	5,113,344	5,047,872
	<hr/>	<hr/>

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

	2011	2010
	No	No
Sales	29	29
Technical	37	35
Administration	7	7
	<hr/>	<hr/>
	73	71
	<hr/>	<hr/>

TECTRADE COMPUTERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011**

4. STAFF COSTS (continued)

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

Company	2011 £	2010 £
Wages and salaries	2,458,101	2,414,938
Social security costs	284,377	314,140
Other pension costs	103,103	93,377
	2,845,581	2,822,455

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

	2011 No	2010 No
Sales	14	16
Technical	26	22
Administration	4	4
	44	42

5. DIRECTORS' REMUNERATION

Group	2011 £	2010 £
Emoluments	776,549	892,261

Company	2011 £	2010 £
Emoluments	509,652	625,782

TECTRADE COMPUTERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011**

6. INTEREST RECEIVABLE	2011 £	2010 £
Other interest receivable	22,220	33,601
7. INTEREST PAYABLE	2011 £	2010 £
On bank loans and overdrafts	692	266
On hire purchase and finance leases	214	1,634
On other loans	5,427	5,453
	6,333	7,353
8. TAXATION	2011 £	2010 £
Analysis of tax charge in the year		
Current tax (see note below)		
UK Corporation tax charge on profits of the year	44,923	152,672
Current year under provision	-	(1,028)
Adjustments in respect of prior periods	246	543
	45,169	152,187
Double taxation relief	-	-
Total UK Taxation	45,169	152,187
Foreign tax		
Current tax on income for the year	88,615	146,016
Adjustments in respect of prior periods	-	-
Total current tax	133,784	298,203
Deferred tax		
Changes in deferred tax balances arising from: Origination and reversal of timing differences	47,563	-
Tax on profit on ordinary activities	181,347	298,203

TECTRADE COMPUTERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011**

8. TAXATION (continued)

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 (28%). The differences are explained below:

	2011	As restated
	£	2010
		£
Profit on ordinary activities before tax	476,956	1,122,029
<hr/>		
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2010 – 28%)	133,548	314,168
Effects of:		
Losses not utilised	-	8,828
Expenses not deductible for tax purposes	10,678	4,381
Capital allowances for year in excess of depreciation	3,258	(8,243)
Lower rate taxes on overseas earnings	(19,607)	(25,631)
Adjustments to tax charge in respect of prior periods	-	1,257
Adjustments in respect of change of accounting policy	(2,153)	2,153
Small profits relief	(5,593)	-
Over provision of current taxes	-	1,290
Current year losses carried forward	13,653	-
<hr/>		
Current tax charge for the year (see note above)	133,784	298,203
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9. INTANGIBLE FIXED ASSETS

Group and Company

	Software licences	Total
	£	£
Cost		
At 31 March 2010	142,858	142,858
Additions	201,214	201,214
Disposals	-	-
<hr/>		
At 31 March 2011	344,072	344,072
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Amortisation		
At 31 March 2010	26,786	26,786
Charge for the year	86,018	86,018
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At 31 March 2011	112,804	112,804
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Net book value		
At 31 March 2011	231,268	231,268
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At 31 March 2010	116,072	116,072
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TECTRADE COMPUTERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011**

10. TANGIBLE FIXED ASSETS

Group	Demo equipment £	Furniture, fittings and equipment £	Leased Furniture & fittings £	Total £
Cost				
At 31 March 2010	275,025	580,137	82,453	937,615
Exchange adjustments	-	(3,720)	-	(3,720)
Additions	17,095	52,773	-	69,868
Disposals	-	-	-	-
At 31 March 2011	292,120	629,190	82,453	1,003,763
Depreciation				
At 31 March 2010	193,521	462,826	66,704	723,051
Exchange adjustments	-	(2,670)	-	(2,670)
Charge for the year	54,115	59,207	15,749	129,071
On disposals	-	-	-	-
At 31 March 2011	247,636	519,363	82,453	849,452
Net book value				
At 31 March 2011	44,484	109,827	-	154,311
At 31 March 2010	81,504	117,311	15,749	214,564
Company				
Cost				
At 31 March 2010	275,025	323,338	82,453	680,816
Additions	17,095	26,292	-	43,387
Disposals	-	-	-	-
At 31 March 2011	292,120	349,630	82,453	724,203
Depreciation				
At 31 March 2010	193,521	278,533	66,704	538,758
Charge for the year	54,115	26,337	15,749	96,201
Disposals	-	-	-	-
At 31 March 2011	247,636	304,870	82,453	634,959
Net book value				
At 31 March 2011	44,484	44,760	-	89,244
At 31 March 2010	81,504	44,805	15,749	142,058

TECTRADE COMPUTERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011**

11. FIXED ASSET INVESTMENTS

Company	Shares in group under-takings £
Cost	
At 1 April 2010 and 31 March 2011	19,004

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.

12. STOCKS

Group	2011 £	As restated 2010 £
Finished goods	<u>107,022</u>	<u>59,443</u>
	107,022	59,443
Company	2011 £	2010 £
Finished goods	<u>47,400</u>	<u>8,022</u>
	47,400	8,022

13. DEBTORS

Group	2011 £	2010 £
Trade debtors	5,083,540	6,114,946
Other debtors	96,220	95,299
Prepayments and accrued income	642,758	418,817
Deferred tax asset (see note 16)	20,858	69,571
Corporation tax	11,831	-
	<u>5,855,207</u>	<u>6,698,633</u>

TECTRADE COMPUTERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011**

13. DEBTORS (continued)

Company	2011	As restated
	£	2010
		£
Trade debtors	2,442,006	4,340,219
Amounts owed by group undertakings	127,046	119,285
Prepayments and accrued income	642,758	421,192
Deferred tax asset (see note 16)	20,858	16,636
Corporation tax	11,831	-
	3,244,499	4,897,332

14. CREDITORS: Amounts falling due within one year

Group	2011	2010
	£	£
Trade creditors	1,750,148	3,374,820
Obligations under finance lease and hire purchase contracts (note 14)	53,026	56,667
Corporation Tax	-	24,311
Social security and other taxes	559,968	730,610
Other creditors	61,479	62,383
Accruals and deferred income	3,004,214	2,260,286
	5,428,835	6,509,077

Company	2011	2010
	£	£
Trade creditors	1,159,402	2,666,320
Amounts owed by group undertakings	18,976	19,773
Obligations under finance lease and hire purchase contracts (note 14)	53,026	56,667
Corporation tax	-	63,000
Social security and other taxes	412,649	664,976
Accruals and deferred income	1,752,767	1,366,094
	3,396,820	4,836,830

Included in trade creditors is an amount of £512,153 (2010: £1,269,834) which is secured by a fixed and floating charge over the company's property, undertaking and assets.

TECTRADE COMPUTERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011**

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

Group	2011	2010
	£	£
Obligations under finance lease and hire purchase contracts	18,252	88,377
Other creditors	221,012	273,115
	239,264	361,492
<hr/>		
Company	2011	2010
	£	£
Obligations under finance lease and hire purchase contracts	18,252	88,377
Other creditors	221,012	273,115
	239,264	361,492
<hr/>		

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

16. DEFERRED TAX ASSET

Group	2011	As restated 2010
	£	£
At 31 March 2010	69,571	78,215
Decrease during the year	(47,563)	(8,644)
Exchange difference	(1,150)	-
	20,858	69,571
<hr/>		
Company	2011	2010
	£	£
Accelerated capital allowances	18,827	16,482
Short term timing differences	2,031	53,089
	20,858	69,571
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TECTRADE COMPUTERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011**

16. DEFERRED TAX ASSET (continued)

Company	2011	2010
	£	£
At 31 March 2010	16,636	25,280
Decrease during the year	4,222	(8,644)
	<hr/>	<hr/>
At 31 March 2011	20,858	16,636
	<hr/>	<hr/>

The deferred tax asset is made up as follows:

	2011	2010
	£	£
Accelerated capital allowances	18,827	16,482
Short term timing differences	2,031	154
	<hr/>	<hr/>
	20,858	16,636
	<hr/>	<hr/>

17. SHARE CAPITAL

Group and Company	2011	2010
	£	£
Allotted, called up and fully paid		
100,000 'A' ordinary shares of £1 each	100,000	100,000
84,350 'B' ordinary shares of £1 each (2010: 104,350)	84,350	104,350
	<hr/>	<hr/>
	184,350	204,350
	<hr/>	<hr/>

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.

18. CAPITAL REDEMPTION RESERVE

Group and Company	2011	2010
	£	£
20,000 'B' ordinary shares of £1 each (2010: £Nil)	20,000	-
	<hr/>	<hr/>
	20,000	-
	<hr/>	<hr/>

During the year the company repurchased 20,000 'B' ordinary shares for £187,340.

TECTRADE COMPUTERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011**

19. RESERVES

Group	Share premium account	Profit and loss account £
At 1 April 2010 (As restated)	9,570	2,851,664
Profit retained for the year	-	237,353
Shares repurchased (note 18)	-	(187,340)
Foreign exchange gain on translation	-	(29,904)
Dividends	-	(400,000)
	<hr/>	<hr/>
At 31 March 2011	9,570	2,471,773
	<hr/>	<hr/>
Company	Share premium account	Profit and loss account £
At 1 April 2010 (As restated)	9,570	1,922,190
Profit retained for the year	-	215,399
Shares repurchased	-	(187,340)
Dividends	-	(400,000)
	<hr/>	<hr/>
At 31 March 2011	9,570	1,550,249
	<hr/>	<hr/>
The company reserves comprise:	2011	As restated
	£	2010
		£
2002 Reserve	449,789	449,789
'A' Reserve Account	719,113	755,636
'B' Reserve Account	381,347	716,765
	<hr/>	<hr/>
Total	1,550,249	1,922,190
	<hr/>	<hr/>

20. RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS

Group	2011 £	As restated 2010 £
Opening shareholders' funds	3,065,584	2,988,608
Profit for the year	237,353	669,242
Shares repurchased	(187,340)	-
Exchange gains/(losses)	(29,904)	(92,266)
Dividends	(400,000)	(500,000)
	<hr/>	<hr/>
Closing shareholders' funds	2,685,693	3,065,584
	<hr/>	<hr/>

TECTRADE COMPUTERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011**

20. RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS

restated	2011	As 2010
Company	£	£
Opening shareholders' funds	2,136,110	1,884,450
Profit for the year	215,399	751,660
Shares repurchased	(187,340)	-
Dividends	(400,000)	(500,000)
	<hr/>	<hr/>
Closing shareholders' funds	1,764,169	2,136,110
	<hr/>	<hr/>

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own profit & loss account.

The profit for the year dealt with in the accounts of the company was £215,399 (2010: As restated £751,660)

21. CONSOLIDATED NET CASH FLOW FROM OPERATING ACTIVITIES

	2011	As restated 2010
	£	£
Operating profit	461,069	1,095,781
Depreciation of tangible fixed assets	215,089	169,072
Profit on disposal of tangible fixed assets	-	-
Increase in stocks	(47,579)	(26,454)
Decrease/(Increase) in debtors	898,170	1,328,537
Decrease in creditors	(1,164,967)	(242,846)
Foreign exchange (losses)/Gains	(42,329)	(155,679)
Investment write down	-	-
	<hr/>	<hr/>
Net cash inflow/(outflow) from operations	319,453	2,168,411
	<hr/>	<hr/>

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

	2011	2010
	£	£
Returns on investments and servicing of finance		
Interest received	22,220	33,601
Interest paid	(6,119)	(5,719)
Interest element of finance lease	(214)	(1,634)
	<hr/>	<hr/>
Net cash inflow from returns on investments and servicing of finance	15,887	26,248
	<hr/>	<hr/>

TECTRADE COMPUTERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011**

	2011 £	2010 £
Capital expenditure and financial investments		
Purchase of intangible fixed assets	(201,215)	(142,858)
Purchase of tangible fixed assets	(69,868)	(153,149)
Sale of tangible fixed assets	-	-
Investments	-	(27,548)
	(271,083)	(323,555)
Net cash outflow from capital expenditure	(271,083)	(323,555)
	2011 £	2010 £
Financing		
Repurchase of Ordinary Shares	(187,340)	-
Finance lease capital repayments	(73,765)	115,861
	(261,105)	115,861
Net cash outflow from financing	(261,105)	115,861

23. ANALYSIS OF CHANGES IN NET FUNDS

	1 April 2010 £	Cash flow £	Other non-cash changes £	31 March 2011 £
Cash in bank and in hand:	3,301,686	(857,248)	-	2,444,438
	3,301,686	(857,248)	-	2,444,438
Debt due within 1 year	(56,666)	73,765	(70,125)	(53,026)
Debt due over 1 year	(88,378)	-	70,125	(18,253)
	(145,044)	73,765	-	(71,279)
Net funds	3,156,642	(783,483)	-	2,373,159

24. 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 £156,175 (2010 - £141,130).

Contributions of £10,188 (2010 - £12,650) were unpaid at the year end and are included in creditors.

TECTRADE COMPUTERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011**

25. OPERATING LEASE COMMITMENTS

At 31 March 2011 the company had annual commitments under non-cancellable operating leases as follows:

Group	Land and Buildings		Other	Other
	2011	2010	2011	2010
	£	£	£	£
Expiry date:				
Within 1 year	-	1,219	7,129	47,084
Between 2 and 5 years	151,986	144,581	260,257	161,661
<hr/>				
Company	Land and Buildings		Other	Other
	2011	2010	2011	2010
	£	£	£	£
Expiry date:				
Within 1 year	-	-	915	915
Between 2 and 5 years	87,980	87,980	23,349	-
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26. RELATED PARTY TRANSACTIONS

Included in other creditors due after more than one year are amounts due to certain directors. It includes £38,988 due to K Hogan (2010 - £51,092) and £182,025 due to S Elkins (2010 - £222,025). 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 (2010 - £5,453).

27. CONTROLLING PARTY

The company is controlled by S Elkins.

28. RESTATEMENT

Due to a change in accounting policy, the 2010 stock has been restated to include software licences as intangible fixed assets. This has also resulted in an amendment to the cost of sales, admin expenses and prepayments in order to ensure that depreciation has been correctly recognised, and that the release of licences has been appropriately reversed.

The directors believe the restatement to provide a true and fair view of the licences purchased and that the amortisation policy of four years, correctly discloses the useful economic life of the licences.