

dabs.com plc

Annual report and financial statements
for the year ended 31 March 2004

Registered Number 2621728

dabs.com plc

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for the year ended 31 March 2004

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Directors and advisors

Directors

A D Atherton (Chairman)
J F Wall
D Dillon
S M T Brayshaw
P R Sharrock (appointed 30 January 2004)
D Platt (appointed 3 November 2003)

Secretary

S M T Brayshaw

Auditors

PricewaterhouseCoopers LLP
101 Barbirolli Square
Lower Mosley Street
Manchester
M2 3PW

Solicitors

Addleshaw Goddard
Sovereign House
PO Box 8
Sovereign Street
Leeds
L51 1HQ

Bankers

The Royal Bank of Scotland plc
46-48 Deansgate
Bolton
Lancashire
BL1 1BH

Registered Office

Direct House
30 Wingates Industrial Park
Westhoughton
Bolton
BL5 3XD

Registered Number

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Chairman's report

I am pleased to report another successful year that has seen dabs.com consolidate its position as a UK leading e-business. In addition we have been able to establish several new ventures that we intend to develop as standalone businesses in the coming year. It is with great pleasure that I am able to announce the fourth consecutive year of growth in both turnover and profits. Turnover increased by 29.8% to £196,999,000, whilst profit before tax increased by 9.8% to £5,703,000. I am pleased that we continue to generate cash, allowing us to close the year with £24,378,000 of cash balances.

The business sales and European strategies we have embarked upon are proceeding to plan. Both of these ventures will require significant investment in people and technology during the coming year. The development of these businesses will depress short-term profits due to the immediate amortisation of set-up costs. However, this investment will significantly enhance our businesses, both in the UK and Europe, and provide them with the investment necessary to grow rapidly in the coming years. Our consumer business has also had significant investment, including a complete redevelopment of our web site that has allowed us to incorporate the latest technologies to enhance customers' shopping experience. We have also created a completely new multi-country web site which is initially to serve the French consumer market. This was launched just after the year end and initial results are encouraging.

I continue to be extremely optimistic about e-business. The lower costs are self-evident, not only in customer self-service but also in the improved customer experience: open all hours, no queues, non-confrontational returns and service issues, unlimited pre-sales information and a stronger feeling of trust from a printed rather than a spoken proposition. This channel has the least cost, therefore the customer can get all this and the lowest price as well.

As with our suppliers, we are still waiting for most of our business customers to adopt e-procurement. However, it is on every corporate agenda and we are well placed to benefit. Also, the widespread availability and take up of ADSL broadband that has yet to come can only bring us more business and we are again well placed to exploit this.

We believe, as a retailer, that the continuing cost improvements should be translated into market share, not percentage margin. However, our investment, both monetary and in technology, allows us to offer benefits over some others in the areas of card fraud, parcel tracking, stock profiling and automated logistics which allow a new and unknown customer to order an expensive product that is not in our top 500, track the parcel through the night, and take delivery before noon the next day at home or work.

I thank my team sincerely as I do every year, but this year particularly I am immensely impressed by their efforts which have made us a true dot com success in the UK and now continental Europe. I was therefore pleased to share this success with them by way of profit-geared bonus payments totalling £683,000.

To ensure our future success I have invested in new people at all levels. To maintain our growth and time available at board level I appointed Daryl Platt as Corporate Sales Director and Paul Sharrock as IT Director during the year. This allows me to complete my transition from running the company to running the board, which I regard as my primary achievement.

An entrepreneur can build a small to medium business but from there the final job is in creating the team to take it forward, which I believe I have done. dabs.com is a team of people with common vision and I look

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forward to the future with confidence that they will exploit the dazzling technological complexity and new routes to market that deliver the ultimate value on the information superhighway.



A D Atherton
Chairman
31 January 2005

Directors' report

The directors present their report and the audited financial statements of the group for the year ended 31 March 2004.

Principal activities

The principal activity of the company is the retailing of technology equipment. Complementary to this, the activities of the subsidiary undertakings include the provision of consumer finance services to retailers, the provision of outsourced services and the provision of financial services.

Review of business and future developments

A review of business and future developments is included in the Chairman's report on pages 2 and 3.

Results and dividends

In the year to 31 March 2004 the group made a retained profit of £3,121,000 (2003: £3,428,000). Interim dividends of £683,000 have been paid (2003: £250,000). No final dividend is proposed (2003: £nil).

Directors and their interests

The directors detailed on page 1 held office throughout the year, other than P R Sharrock and D Platt who were appointed on 30 January 2004 and 3 November 2003 respectively.

The following directors' interests in the shares of the company at the beginning and end of the year were:

	Ordinary shares of £1 each	
	2004	2003
A D Atherton	249,999	249,999

Employees

The group's policy is to involve employees by way of appropriate consultation and discussion with staff in matters likely to affect employees' interests.

Information on matters of concern to employees is given through team briefings that seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

The group's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled to enable them to perform work identified as appropriate to their aptitudes and abilities.

Policy and practice on payment of creditors

The company's current policy concerning the payment of creditors is to:

- (a) meet the terms of payment agreed with suppliers in respect of each transaction;
- (b) pay in accordance with contractual and other legal obligations.

The payment policy applies to all payments to creditors for revenue and capital supplies of goods and services without exception. Whenever possible UK subsidiaries follow the same policy and overseas subsidiaries are encouraged to adopt similar policies by applying local best practice.

The number of days credit taken by the company at the end of the year was 54 days (2003: 93 days).

Directors' report (continued)

Contributions

The company has made charitable contributions in the year of £6,010 (2003: £16,200). No donations were made for political purposes.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare financial statements on the going concern basis, unless it is inappropriate to presume that the group will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 March 2004 and that applicable accounting standards have been followed.

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 company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the dabs.com plc website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution confirming their reappointment will be proposed at the Annual General Meeting.

By order of the Board



A D Atherton
Director
31 January 2005

Independent auditors' report to the members of dabs.com plc

We have audited the financial statements which comprise the group profit and loss account, the group and company balance sheets, the group cash flow statement, the statement of group total recognised gains and losses and the related notes, which have been prepared under the historical cost convention, and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards 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 United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report and the chairman's report.

Basis of audit opinion

We conducted our audit in accordance with auditing standards 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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 31 March 2004 and of the profit and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Manchester
31 January 2005

Consolidated profit and loss account for the year ended 31 March 2004

	Note	2004 £'000	2003 £'000
Turnover	1	196,999	151,756
Cost of sales		(164,398)	(127,289)
Gross profit		32,601	24,467
Net operating expenses	2	(27,124)	(19,366)
Group operating profit	3	5,477	5,101
Interest receivable and similar income	7	282	227
Interest payable and similar charges	7	(56)	(136)
Profit on ordinary activities before taxation		5,703	5,192
Overseas tax suffered on ordinary activities	8	(101)	(42)
Tax on profit on ordinary activities	8	(1,802)	(1,472)
Profit on ordinary activities after taxation		3,800	3,678
Equity minority interests		4	-
Profit for the financial year		3,804	3,678
Dividends	10	(683)	(250)
Retained profit for the financial year	21	3,121	3,428

All of the above operations are continuing.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

Statement of group total recognised gains and losses for the year ended 31 March 2004

	Note	2004 £'000	2003 £'000
Profit for the financial year		3,804	3,678
Exchange adjustments offset in reserves	21	(47)	55
Total recognised gains for the year		3,757	3,733

Consolidated balance sheet as at 31 March 2004

	Note	2004 £'000	2003 £'000
Fixed assets			
Intangible assets	11	2,208	4,320
Tangible assets	12	7,919	7,622
		10,127	11,942
Current assets			
Stocks	14	3,844	3,279
Debtors	15	10,710	7,097
Investments	16	-	187
Cash at bank and in hand		24,378	18,432
		38,932	28,995
Creditors: amounts falling due within one year	17	(39,101)	(32,899)
Net current liabilities		(169)	(3,904)
Total assets less current liabilities		9,958	8,038
Creditors: amounts falling due after more than one year	18	(42)	(2,347)
Provisions for liabilities and charges	19	(1,123)	17
Net assets		8,793	5,708
Capital and reserves			
Called up share capital	20	250	250
Profit and loss account	21	8,624	5,550
Total equity shareholders' funds	22	8,874	5,800
Equity minority interest		(81)	(92)
Capital employed		8,793	5,708

The financial statements on pages 7 to 24 were approved by the Board of Directors on 31 January 2005 and signed on their behalf by:



S M T Brayshaw
Director

Company balance sheet as at 31 March 2004

	Note	2004 £'000	2003 £'000
Fixed assets			
Tangible assets	12	7,271	7,052
Investments	13	3,629	5,521
		10,900	12,573
Current assets			
Stocks	14	3,667	2,949
Debtors	15	17,132	5,280
Cash at bank and in hand		19,428	17,667
		40,227	25,896
Creditors: amounts falling due within one year	17	(41,063)	(30,313)
Net current liabilities		(836)	(4,417)
Total assets less current liabilities		10,064	8,156
Creditors: amounts falling due after more than one year	18	-	(2,347)
Provisions for liabilities and charges	19	(1,123)	17
Net assets		8,941	5,826
Capital and reserves			
Called up share capital	20	250	250
Profit and loss account	21	8,691	5,576
Total equity shareholders' funds	22	8,941	5,826

Consolidated cash flow statement for the year ended 31 March 2004

	Note	2004 £'000	2003 £'000
Net cash inflow from operating activities	23	11,293	13,363
Returns on investments and servicing of finance			
Interest received		192	227
Interest paid		(56)	-
Net cash inflow from returns on investments and servicing of finance		136	227
Taxation paid		(3,258)	(770)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(1,073)	(2,300)
Sale of tangible fixed assets		8	12
Net cash outflow for capital expenditure and financial investment		(1,065)	(2,288)
Acquisitions			
Increase in interests in subsidiary undertakings	13	(18)	-
Payment of deferred consideration on acquisition	17	(633)	(2,844)
Cash acquired with subsidiary undertakings		-	912
Net cash outflow for acquisitions		(651)	(1,932)
Management of liquid resources			
Reduction in short term deposits		188	-
Equity dividends paid		(683)	(500)
Increase in net cash	24	5,960	8,100

Accounting policies

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

The financial statements have been prepared on the going concern basis. At the year end the balance sheet showed that current liabilities exceeded current assets by £169,000 (2003: £3,904,000). The directors believe that sufficient funds are available for the group to meet its requirements through the next phase of its development. For this reason they are satisfied that the going concern basis is appropriate.

Turnover

Turnover represents the invoiced value of goods despatched during the year (invoice represents price of goods plus any carriage charges), less all credit notes issued and allowances and trading discounts given and is stated net of value added tax.

Net operating expenses

Net operating expenses are split between distribution costs and administration costs on the basis of allocating all expenses including wages and salaries to the appropriate cost heading. Wages and salaries have been allocated by number of employees between each classification.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 March 2004. The acquisition method of accounting has been adopted. Under this method the results of the subsidiary undertakings acquired are included in the consolidated profit and loss account from the date of acquisition or the date on which control passed.

Goodwill

Goodwill arising on consolidation represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired. Goodwill arising on acquisitions is capitalised as an intangible fixed asset and amortised on a straight-line basis over its useful economic life in accordance with FRS 10.

Where directors have estimated the deferred consideration, and the actual consideration paid is different, the goodwill is adjusted accordingly.

Goodwill is being amortised over a period of 5 years for V-12 and 10 years for SOS Developers. This is based on management's best estimate of the useful life of the goodwill.

Fixed assets and depreciation

Fixed assets are stated at cost, net of accumulated depreciation. Depreciation is provided on a straight-line basis to write off the cost of fixed assets over their estimated useful lives as follows:

Computer equipment	33.3%
Motor vehicles	33.3%
Fixtures and fittings	10%
Buildings	2%
Plant and machinery	10%

Leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term.

Accounting policies (continued)

Research and development

Expenditure on research and development is charged to the profit and loss account in the year in which it is incurred.

Stocks

Stocks are valued at the lower of cost and net realisable value. Where necessary, provision is made for slow-moving and obsolete stocks.

Investments

Fixed asset investments in subsidiary undertakings are stated at cost, less any provision for permanent diminution in value.

Foreign currencies

Transactions denominated in foreign currencies are recorded in local currency at actual exchange rates as at the date of the transaction. Financial assets and liabilities at the balance sheet date expressed in foreign currencies are translated into sterling at the rate of exchange ruling at that date. Differences arising on translation are taken to the profit and loss account.

Assets and liabilities of subsidiaries in foreign currencies are translated into sterling at the rate of exchange at the year end. Differences on exchange arising from the retranslation of the opening net investment in subsidiary companies are reported in the statement of total recognised gains and losses if material.

Government grants

Capital grants are credited to deferred income and released to the profit and loss account in line with the depreciation charged on the fixed assets to which they relate. Revenue grants were credited to the profit and loss account in the year on achievement of a target number of people employed.

Notes to the financial statements for the year ended 31 March 2004

1 Segmental analysis

	Turnover		Profit before tax and minority interest	
	2004 £'000	2003 £'000	2004 £'000	2003 £'000
Geographical analysis of turnover by destination:				
UK	185,551	149,131	5,421	5,129
Europe excluding UK	11,448	2,625	282	63
	196,999	151,756	5,703	5,192
Geographical analysis of turnover by origin:				
UK	185,860	149,518	5,430	5,142
Europe excluding UK	11,139	2,238	273	50
	196,999	151,756	5,703	5,192
Analysis of turnover by line of business:				
Retailing of technology equipment	191,049	151,654	4,171	5,190
Management of third party consumer credit	503	48	(7)	(1)
Management of outsourced activities	1,475	54	70	3
Provision of financial services	3,972	-	1,469	-
	196,999	151,756	5,703	5,192

2 Net operating expenses

	2004 £'000	2003 £'000
Distribution costs	8,718	12,718
Administrative expenses	18,406	6,648
Net operating expenses	27,124	19,366

Costs that were previously allocated to distribution costs have been reassessed by management and are now considered administrative expenses. If this reallocation had not taken place, on a like for like basis, the distribution costs and administrative expenses would have been £14,104,000 and £13,020,000 respectively.

3 Operating profit

	2004	2003
	£'000	£'000
Operating profit is stated after charging/(crediting):		
Depreciation of tangible fixed assets:		
Owned assets	774	447
Amortisation of goodwill	234	91
(Profit)/loss on disposal of fixed assets	(8)	8
Onerous lease provision	314	-
Grant income	(82)	-
Operating lease rentals incurred on:		
Plant and machinery	67	160
Other	291	277
Auditors' fees:		
In respect of audit services	58	55
In respect of non-audit services	30	32

Fees paid by the company to the group's auditor for audit and non-audit services were £40,000 (2003: £35,000) and £30,000 (2003: £32,000) respectively.

4 Directors' emoluments

	2004	2003
	£'000	£'000
Aggregate emoluments	1,205	831
Highest paid director	225	219

None of the directors have any company funded retirement benefits accruing.

5 Employee information

The average monthly number of persons (including executive directors) employed during the year was:

By activity	2004	2003
	Number	Number
Selling and distribution	245	114
Administration	136	101
	381	215

6 Employee costs

	2004	2003
	£'000	£'000
Wages and salaries	8,698	5,427
Social security costs	1,102	624
Staff costs	9,800	6,051

7 Interest and similar items

	2004	2003
	£'000	£'000
Interest receivable and similar income		
- exchange gain on deferred consideration	90	-
- bank balances	192	227
	282	227
Interest payable and similar charges		
- exchange loss on deferred consideration	-	(136)
- bank loans and overdrafts	(56)	-
	(56)	(136)

8 Tax on profit on ordinary activities

	2004	2003
	£'000	£'000
Taxation on the profit for the year		
UK corporation tax payable at 30% (2003: 30%)	1,632	1,496
Adjustment in respect of prior years	42	(97)
Overseas tax	101	42
Total current tax	1,775	1,441
Deferred tax	128	73
	1,903	1,514

8 Tax on profit on ordinary activities (continued)

	2004	2003
	£'000	£'000
Profit on ordinary activities before tax	5,703	5,192
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2003: 30%)	1,711	1,558
Effects of:		
Adjustment to tax in respect of prior period	42	(97)
Expenses not deductible for tax purposes	95	104
Adjustment in respect of foreign tax rates	101	42
Capital allowances in excess of depreciation	(174)	(166)
Total current tax	1,775	1,441
Deferred tax		
Origination and reversal of timing differences	128	73
Tax on profit on ordinary activities	1,903	1,514

9 Profits of holding company

The profit for the financial year of the holding company is £3,798,000 (2003: £3,759,000). The directors have taken advantage of the exemption available under Section 230 of the Companies Act 1985 and not presented a profit and loss account for the company alone.

10 Dividends

	2004	2003
	£'000	£'000
Equity – ordinary		
Paid		
£2.73 per £1 share (2003: £1 per £1 share)	683	250

11 Intangible assets

Group	Goodwill £'000
Cost	
At 1 April 2003	4,411
Additions (see below)	32
Reduction of deferred consideration (see note 28)	(1,910)
At 31 March 2004	2,533
Aggregate amortisation	
At 1 April 2003	(91)
Charge for the year	(234)
At 31 March 2004	(325)
Net book amount at 31 March 2004	2,208
Net book amount at 31 March 2003	4,320

The company's interest in V-12 Holdings Ltd was increased by 5% to 70% on 10 February 2004 at a cost of £18,000 with net liabilities acquired being £14,000.

12 Tangible assets

Group	Freehold land and buildings £'000	Office equipment £'000	Fixtures and fittings £'000	Motor vehicles £'000	Plant and machinery £'000	Total £'000
Cost						
At 1 April 2003	4,567	2,761	355	125	2,308	10,116
Exchange adjustments	-	(1)	(1)	-	-	(2)
Additions	15	668	274	1	115	1,073
Disposals	-	-	-	(8)	-	(8)
At 31 March 2004	4,582	3,428	628	118	2,423	11,179
Accumulated depreciation						
At 1 April 2003	268	1,808	147	47	224	2,494
Charge for the year	91	411	55	33	184	774
Disposals	-	-	-	(8)	-	(8)
At 31 March 2004	359	2,219	202	72	408	3,260
Net book amount						
At 31 March 2004	4,223	1,209	426	46	2,015	7,919
At 31 March 2003	4,299	953	208	78	2,084	7,622

12 Tangible assets (continued)

Company	Freehold land and buildings £'000	Office equipment £'000	Fixtures and fittings £'000	Motor vehicles £'000	Plant and machinery £'000	Total £'000
Cost						
At 1 April 2003	4,556	2,230	309	118	2,308	9,521
Additions	15	495	216	-	115	841
At 31 March 2004	4,571	2,725	525	118	2,423	10,362
Accumulated depreciation						
At 1 April 2003	267	1,792	146	40	224	2,469
Charge for the year	91	277	38	32	184	622
At 31 March 2004	358	2,069	184	72	408	3,091
Net book amount						
At 31 March 2004	4,213	656	341	46	2,015	7,271
At 31 March 2003	4,289	438	163	78	2,084	7,052

13 Fixed asset investments

Company	Subsidiary Undertakings £'000
Cost and net book value:	
As at 1 April 2003	5,521
Additions	18
Reduction of deferred consideration (see note 28)	(1,910)
At 31 March 2004	3,629

13 Fixed asset investments (continued)

Name of undertaking	Country of incorporation or registration	Description of shares held	Proportion of nominal value of issued shares held %	Principal activity
playdirect.com plc	England and Wales	Ordinary	100	Dormant
V-12 Holdings Limited	England and Wales	Ordinary	70	Holding company
V-12 Finance Limited*	England and Wales	Ordinary	70	Provision of consumer finance
SOS Developers SA	France	Ordinary	100	Retail of software
Amicus Outsourcing Limited	England and Wales	Ordinary	100	Provision of outsource services
Dabs Financial Services Limited	England and Wales	Ordinary	100	Provision of financial services

* Held through the group's interest in V-12 Holdings Limited.

The above companies operated in their country of incorporation.

The company's interest in V-12 Holdings Ltd was increased by 5% to 70% on 10 February 2004 (see note 11).

SOS Developers SA has an accounting reference date of 31 December 2004. The results for the year ended 31 March 2004 have been included in the consolidated results.

SOS Developers International SARL, the 100% subsidiary of SOS Developers SA, was liquidated as at 30 November 2003.

14 Stocks

	Group		Company	
	2004 £'000	2003 £'000	2004 £'000	2003 £'000
Goods held for resale	3,844	3,279	3,667	2,949

15 Debtors

	Group		Company	
	2004 £'000	2003 £'000	2004 £'000	2003 £'000
Due within one year:				
Trade debtors	9,280	5,538	7,378	4,245
Amounts owed by subsidiary undertakings	-	-	8,731	374
Overseas tax	124	-	-	-
Corporation tax	-	-	196	-
Other debtors	273	933	17	244
Prepayments and accrued income	1,033	626	810	417
	10,710	7,097	17,132	5,280

16 Current asset investments

	Group		Company	
	2004 £'000	2003 £'000	2004 £'000	2003 £'000
Short-term bank deposits	-	187	-	-

17 Creditors: amounts falling due within one year

	Group		Company	
	2004 £'000	2003 £'000	2004 £'000	2003 £'000
Trade creditors	35,152	26,562	33,761	24,315
Amounts due to subsidiary undertakings	-	-	4,229	70
Overseas tax	-	72	-	-
Corporation tax	300	1,582	-	1,578
Taxation and social security	848	444	641	323
Other creditors	37	1,276	-	1,248
Accruals and deferred income	2,430	2,342	2,098	2,158
Deferred consideration on acquisition	334	621	334	621
	39,101	32,899	41,063	30,313

During the year the company paid £633,000 of the deferred consideration on the acquisition of SOS Developers SA. See also note 28.

18 Creditors: amounts falling due after one year

	Group		Company	
	2004 £'000	2003 £'000	2004 £'000	2003 £'000
Accruals and deferred income	42	-	-	-
Deferred consideration on acquisition	-	2,347	-	2,347
	42	2,347	-	2,347

19 Provisions for liabilities and charges

Group and Company

	VAT Scheme £'000	Property Lease £'000	Deferred Taxation £'000	Total £'000
Balance at 1 April 2003	-	-	(17)	(17)
Profit and loss account	698	314	128	1,140
Balance at 31 March 2004	698	314	111	1,123

The company operates a VAT scheme via its 100% owned subsidiary, dabs Financial Services Ltd, under which 2.5% of the VAT on all credit card transactions is recovered. However, due to the legal uncertainty regarding the validity of the scheme, provision has been made against all such amounts recovered.

In line with FRS 12 the company has made full provision for lease payments to the end of a contract on a vacant property it does not expect to sub-let.

No amounts of deferred tax are unprovided.

20 Called up share capital

Group and Company	2004 £'000	2003 £'000
Authorised		
500,000 ordinary shares of £1 each	500	500
Allotted and fully paid		
250,000 ordinary shares of £1 each	250	250

21 Profit and loss account

	Group £'000	Company £'000
At 1 April 2003	5,550	5,576
Retained profit for the financial year	3,121	3,115
Net exchange adjustments	(47)	-
At 31 March 2004	8,624	8,691

22 Reconciliation of movements in shareholders' funds

	Group		Company	
	2004 £'000	2003 £'000	2004 £'000	2003 £'000
Profit attributable to shareholders	3,804	3,678	3,798	3,759
Dividends	(683)	(250)	(683)	(250)
Net exchange adjustments	(47)	55	-	-
Net change in shareholders' funds	3,074	3,483	3,115	3,509
Opening shareholders' funds	5,800	2,317	5,826	2,317
Closing shareholders' funds	8,874	5,800	8,941	5,826

23 Reconciliation of operating profit to net cash flow from operating activities

	2004 £'000	2003 £'000
Operating profit	5,477	5,101
Depreciation	774	447
Goodwill amortisation	234	91
(Profit)/loss on sale of fixed assets	(8)	8
Increase in stocks	(570)	(473)
Increase in debtors	(3,555)	(562)
Increase in creditors	8,941	8,751
Net cash inflow from operating activities	11,293	13,363

24 Analysis of changes in net cash

	At 1 April 2003 £'000	Cash Flow £'000	Exchange Movement £'000	At 31 March 2004 £'000
Cash at bank and in hand	18,432	5,960	(14)	24,378
Short-term investments	187	(188)	1	-
Total	18,619	5,772	(13)	24,378

25 Related party disclosures

Transactions and balances with subsidiaries of the company are eliminated on consolidation and are not disclosed other than in notes 15 and 17 of the accounts as the company has taken advantage of the exemption under FRS 8 not to disclose intra-group transactions.

26 Capital and other commitments

The group and company have no capital expenditure that has been contracted for but has not been provided for in the financial statements (2003: £nil).

27 Financial commitments

At 31 March 2004 annual commitments under non-cancellable operating leases were as follows:

Group	2004		2003	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Expiring within one year	-	206	36	-
Expiring between two and five years	55	55	-	277
Expiring in over five years	-	-	124	-
	55	261	160	277

Company	2004		2003	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Expiring within one year	-	206	-	-
Expiring between two and five years	-	55	-	277
Expiring in over five years	-	-	74	-
	-	261	74	277

28 Post balance sheet events

On 30 July 2004 a final settlement figure of £334,000 to extinguish the liability for deferred consideration on the acquisition of SOS Developers SA was agreed and, in line with SSAP 17, this post balance sheet event has been adjusted for in the financial statements.