

dabs.com plc

Annual report and financial statements
for the year ended 31 March 2003

Registered Number 2621728

dabs.com plc

Annual report and financial statements

for the year ended 31 March 2003

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Directors and Advisors

Directors

A D Atherton (Chairman)
J F Wall
D Dillon
S M T Brayshaw

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
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Registered Office

Direct House
30 Wingates Industrial Park
Westhoughton
Bolton
BL5 3XD

Registered Number

2621728

Chairman's report

In last year's report I highlighted the improvements that had been made in the core areas of the business. Consequently this year we have been able to increase our focus on business development, whilst continuing to increase operational efficiency.

These improvements have resulted in profit before tax increasing from £2.5m to £5.2m, an increase of 105%. Our increased market focus has resulted in an increase in sales from £117m to £152m, an increase of 30.2%. The operational efficiency has enabled us to manage this growth smoothly and obtain significant internal improvements that have resulted in the gross margin increasing from 14.1% to 16.1% of sales. This is all the more satisfying in a market environment that continues to experience price deflation and increased competition.

Our strategy of ensuring that we deliver value to price conscious customers continues, we believe, to be the best approach to growing our business.

The improvements that we have made over the last year represent the completion of the business reorganisation started two years ago. Consequently we have been able to implement the first stages of our strategy. In addition to establishing clear objectives for our core activities, we have acquired three businesses - SOS Developers SA (Paris and Sophie Antipolis, France), V-12 Limited (London) and Amicus Outsourcing Limited (Jarrow). Each of these represents e-business opportunities.

SOS Developers SA is the leading software development reseller in France and provides us with a bridgehead into continental Europe and a new product range to sell in the UK.

V-12 Limited is a provider of on-line consumer credit via UK retailers. It is our intention to develop V-12 to allow it to deliver a unique and cost-effective e-business consumer credit solution not currently available to traditional retailers.

Amicus Outsourcing Limited was started with a management team in March 2003. It has already obtained significant business for its contact centre services. It is our intention to develop this business into an end-to-end e-fulfilment business.

The acquisitions made and the continued development of our core business has put us in a very strong position to continue the successful and profitable growth experienced in the past few years. The first few months of our new financial year suggest that we will meet our high expectations.

In achieving all of the above and delivering our strategy it would be totally remiss of me not to highlight the contribution of everybody at dabs and our key business partners. I am particularly grateful to the people at dabs

Chairman's report (continued)

who have continued to raise their own standards and who have delivered the changes that are essential to our success. Whilst saying thank you is extremely important, we also believe it is critical to financially reward our people for their contribution. As a result of our excellent financial performance the company incentive schemes have paid out some £680K to employees in addition to their normal remuneration - this represents more than 10% of operating profits.



**A D Atherton
Chairman
24 June 2003**

Directors' report

The directors present their report and the audited financial statements of the group for the year ended 31 March 2003.

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 and the provision of outsourced services.

Review of business and future developments

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

Results and dividends

In the year to 31 March 2003 the group made a retained profit of £3,428,000 (2002: £1,538,000). An interim dividend of £250,000 has been paid. No final dividend is proposed (2002: £250,000 proposed).

Directors and their interests

The directors who held office during the year are given below:

A D Atherton (Chairman)

J F Wall

D Dillon

S M T Brayshaw

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

	Ordinary shares of £1 each	
	2003	2002
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.

Directors' report (continued)

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 93 days (2002: 48 days).

Contributions

The company has made charitable contributions in the year of £16,200 (2002, £15,600). 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 2003 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

Following the conversion of PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned as auditors and the directors appointed PricewaterhouseCoopers LLP as auditors to the company. A resolution confirming the reappointment of PricewaterhouseCoopers LLP will be proposed at the Annual General Meeting.

By order of the Board



A D Atherton
Director
24 June 2003

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

We have audited the financial statements which comprise the profit and loss accounts, the balance sheets, the 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 2003 and of the profit of the company and group 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
24 June 2003

Consolidated profit and loss account for the year ended 31 March 2003

	Note	2003 £'000	2002 £'000
Turnover:			
Continuing operations	1	149,416	116,543
Acquisitions	1	2,340	-
Turnover		151,756	116,543
Cost of sales	2	(127,289)	(100,085)
Gross profit		24,467	16,458
Net operating expenses			
Continuing operations	2	(18,879)	(13,913)
Acquisitions	2	(487)	-
Group operating profit	3	5,101	2,545
Profit on ordinary activities before interest for the financial year		5,101	2,545
Interest receivable and similar income	7	227	158
Interest payable and similar charges	7	(136)	(169)
Profit on ordinary activities before taxation		5,192	2,534
Overseas tax suffered on ordinary activities	8	(42)	-
Tax on profit on ordinary activities	8	(1,472)	(746)
Profit on ordinary activities after taxation		3,678	1,788
Dividends	9	(250)	(250)
Retained profit for the financial year	21	3,428	1,538

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 2003

	Note	2003 £'000	2002 £'000
Profit for the financial year		3,678	1,788
Exchange adjustments offset in reserves	21	55	-
Total recognised gains for the year		3,733	1,788

Company profit and loss account for the year ended 31 March 2003

	Note	2003 £'000	2002 £'000
Turnover from continuing operations	1	149,515	116,543
Cost of sales	2	(125,499)	(100,085)
Gross profit		24,016	16,458
Net operating expenses	2	(18,876)	(13,911)
Operating profit	3	5,140	2,547
Profit on ordinary activities before interest		5,140	2,547
Interest receivable and similar income	7	227	158
Interest payable and similar charges	7	(136)	(169)
Profit on ordinary activities before taxation		5,231	2,536
Tax on profit on ordinary activities	8	(1,472)	(746)
Profit for the financial year		3,759	1,790
Dividends	9	(250)	(250)
Retained profit for the financial year	21	3,509	1,540

The company has no recognised gains and losses other than the profits above and therefore no separate statement of total recognised gains and losses has been presented.

Consolidated balance sheet as at 31 March 2003

	Note	2003 £'000	2002 £'000
Fixed assets			
Intangible assets	10	4,320	-
Tangible assets	11	7,622	5,732
		11,942	5,732
Current assets			
Stocks	14	3,279	2,544
Debtors	15	7,097	4,328
Investments	16	187	-
Cash at bank and in hand		18,432	10,480
		28,995	17,352
Creditors: amounts falling due within one year	17	(32,899)	(20,857)
Net current liabilities		(3,904)	(3,505)
Total assets less current liabilities		8,038	2,227
Creditors: amounts falling due after more than one year	18	(2,347)	-
Provisions for liabilities and charges	19	17	90
Net assets		5,708	2,317
Capital and reserves			
Called up share capital	20	250	250
Profit and loss account	21	5,550	2,067
Total equity shareholders' funds	22	5,800	2,317
Equity minority interest		(92)	-
Capital employed		5,708	2,317

The financial statements on pages 6 to 28 were approved by the Board of Directors on 24 June 2003 and signed on their behalf by:



S M T Brayshaw
Director

Company balance sheet as at 31 March 2003

	Note	2003 £'000	2002 £'000
Fixed assets			
Tangible assets	12	7,052	5,730
Investments	13	5,521	70
		12,573	5,800
Current assets			
Stocks	14	2,949	2,544
Debtors	15	5,280	4,328
Cash at bank and in hand		17,667	10,480
		25,896	17,352
Creditors: amounts falling due within one year	17	(30,313)	(20,925)
Net current liabilities		(4,417)	(3,573)
Total assets less current liabilities		8,156	2,227
Creditors: amounts falling due after more than one year	18	(2,347)	-
Provisions for liabilities and charges	19	17	90
Net assets		5,826	2,317
Capital and reserves			
Called up share capital	20	250	250
Profit and loss account	21	5,576	2,067
Total equity shareholders' funds		5,826	2,317

Consolidated cash flow statement for the year ended 31 March 2003

	Note	2003 £'000	2002 £'000
Net cash inflow from operating activities	24	13,363	8,669
Returns on investments and servicing of finance			
Interest received		227	158
Interest paid		-	(169)
Net cash inflow/(outflow) from returns on investments and servicing of finance		227	(11)
Taxation (paid)/received		(770)	125
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(2,300)	(492)
Sale of tangible fixed assets		12	-
Net cash outflow for capital expenditure and financial investment		(2,288)	(492)
Acquisitions			
Purchase of subsidiary undertakings	23	(2,844)	-
Cash acquired with subsidiary undertakings	23	912	-
Net cash outflow for acquisitions		(1,932)	-
Equity dividends paid		(500)	-
Net cash inflow before use of liquid resources and financing		8,100	8,291
Financing			
Repayment of bank loan		-	(2,507)
Increase in net cash	25	8,100	5,784

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 £3,904,000 (2002: £3,505,000). 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 happy that the going concern basis is appropriate.

Turnover

Turnover represents the invoiced value of goods despatched during the year (invoice = 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 2003. 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.

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.

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%
Furniture 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.

Research and development

Expenditure on research and development is charged in the year in which it is incurred.

Accounting policies (continued)

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.

**Notes to the financial statements
for the year ended 31 March 2003**

1 Segmental analysis

(a) Group

	Turnover		Profit before tax and minority interest	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Geographical analysis of turnover by destination:				
UK				
- continuing operations	149,029	116,130	5,127	2,525
- acquisitions	102		2	-
Europe excluding UK				
- continuing operations	387	376	13	8
- acquisitions	2,238	-	50	-
Rest of world	-	37	-	1
	151,756	116,543	5,192	2,534
Geographical analysis of turnover by origin:				
UK				
- continuing operations	149,416	116,543	5,140	2,534
- acquisitions	102		2	
Europe excluding UK				
- continuing operations	-	-	-	-
- acquisitions	2,238	-	50	-
Rest of world	-	-	-	-
	151,756	116,543	5,192	2,534
Analysis of turnover by line of business:				
Retailing of technology equipment				
- continuing operations	149,416	116,543	5,140	2,534
- acquisitions	2,238		50	
Management of third party consumer credit				
- acquisitions	48	-	(1)	
Management of outsourced activities				
- acquisitions	54		3	
	151,756	116,543	5,192	2,534

(b) Company

	Turnover		Profit before tax	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Geographical analysis of turnover by destination:				
UK	149,128	116,130	5,127	2,527
Europe excluding UK	387	376	13	8
Rest of world	-	37	-	1
	149,515	116,543	5,140	2,536

2 Cost of sales, gross profit, distribution and administration costs

(a) Group

	Continuing operations £'000	Acquisitions £'000	2003 £'000	2002 £'000
Turnover	149,416	2,340	151,756	116,543
Cost of sales	(125,408)	(1,881)	(127,289)	(100,085)
Gross profit	24,008	459	24,467	16,458
Distribution costs	(12,670)	(48)	(12,718)	(6,792)
Administrative expenses	(6,209)	(439)	(6,648)	(7,121)
Operating profit	5,129	(28)	5,101	2,545

(b) Company

	2003 £'000	2002 £'000
Turnover	149,515	116,543
Cost of sales	(125,499)	(100,085)
Gross profit	24,016	16,458
Distribution costs	(12,670)	(6,792)
Administrative expenses	(6,206)	(7,119)
Operating profit	5,140	2,547

3 Operating profit

	Group 2003 £'000	2002 £'000	Company 2003 £'000	2002 £'000
Operating profit is stated after charging:				
Depreciation of tangible fixed assets:				
Owned assets	447	678	427	676
Amortisation of goodwill	91	-	-	-
Loss on disposal of fixed assets	8	-	8	-
Operating lease rentals incurred on:				
Land and buildings	160	-	74	-
Other	277	296	277	296
Auditors' fees:				
In respect of audit services	55	30	45	30
In respect of non audit services	32	51	32	51

4 Directors' emoluments

	Group 2003 £'000	2002 £'000	Company 2003 £'000	2002 £'000
Aggregate emoluments	831	891	831	891
Highest paid director	219	451	219	451

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	Group 2003 Number	2002 Number	Company 2003 Number	2002 Number
Selling and distribution	114	97	111	97
Administration	101	99	96	99
	215	196	207	196

6 Employee costs

	Group 2003 £'000	2002 £'000	Company 2003 £'000	2002 £'000
Wages and salaries	5,427	4,237	5,347	4,237
Social security costs	624	342	503	342
Staff costs	6,051	4,579	5,850	4,579

7 Interest and similar items

	Group 2003 £'000	2002 £'000	Company 2003 £'000	2002 £'000
Interest receivable and similar income				
- bank balances	227	158	227	158
Interest payable and similar charges				
- exchange loss on deferred consideration	(136)	-	(136)	-
- bank loans and overdrafts	-	(169)	-	(169)

8 Tax on profit on ordinary activities

	Group 2003 £'000	2002 £'000	Company 2003 £'000	2002 £'000
Taxation on the profit for the year				
UK corporation tax payable at 30% (2002: 30%)	1,496	885	1,496	885
Adjustment in respect of prior years	(97)	(23)	(97)	(23)
Overseas tax	42	-	-	-
Deferred tax	73	(116)	73	(116)
	1,514	746	1,474	746

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	Group		Company	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Profit on ordinary activities before tax	5,192	2,534	5,231	2,536
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2002 30%)	1,558	761	1,569	761
Effects of:				
Adjustment to tax in respect of prior period	(97)	(23)	(97)	(23)
Expenses not deductible for tax purposes	104	38	93	38
Adjustment in respect of foreign tax rates	42	-	-	-
Capital allowances in respect of depreciation	(166)	86	(166)	86
Total current tax	1,441	862	1,399	862
Deferred tax				
Origination and reversal of timing differences	73	(116)	73	(116)
Tax on profit on ordinary activities	1,514	746	1,472	746

9 Dividends

	Group		Company	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Equity – ordinary				
Interim paid (2002 – final proposed)	250	250	250	250
£1 per share (2002: £1 per share)				

10 Intangible assets

Group	Goodwill £'000
Cost	
At 1 April 2002	-
Additions (see note 23)	4,411
At 31 March 2003	4,411
Aggregate amortisation	
At 1 April 2002	-
Charge for the year	(91)
At 31 March 2003	(91)
Net book amount at 31 March 2003	4,320
Net book amount at 31 March 2002	-

11 Tangible assets

Group	Land and Buildings £'000	Office equipment £'000	Fixtures and fittings £'000	Motor vehicles £'000	Plant and machinery £'000	Total £'000
Cost						
At 1 April 2002	4,556	1,827	253	60	1,094	7,790
Acquisition of subsidiaries	8	45	2	-	-	55
Exchange differences	-	1	1	-	-	2
Additions	3	888	99	96	1,214	2,300
Disposals	-	-	-	(31)	-	(31)
At 31 March 2003	4,567	2,761	355	125	2,308	10,116
Accumulated depreciation						
At 1 April 2002	176	1,624	118	28	112	2,058
Charge for the year	92	184	29	30	112	447
Disposals	-	-	-	(11)	-	(11)
At 31 March 2003	268	1,808	147	47	224	2,494
Net book amount						
At 31 March 2003	4,299	953	208	78	2,084	7,622
At 31 March 2002	4,380	203	135	32	982	5,732

12 Tangible assets

Company

	Land and Buildings £'000	Office equipment £'000	Fixtures and fittings £'000	Motor vehicles £'000	Plant and machinery £'000	Total £'000
Cost						
At 1 April 2002	4,556	1,827	253	53	1,094	7,783
Additions	-	403	56	96	1,214	1,769
Disposals	-	-	-	(31)	-	(31)
At 31 March 2003	4,556	2,230	309	118	2,308	9,521
Accumulated depreciation						
At 1 April 2002	176	1,624	118	23	112	2,053
Charge for the year	91	168	28	28	112	427
Disposals	-	-	-	(11)	-	(11)
At 31 March 2003	267	1,792	146	40	224	2,469
Net book amount						
At 31 March 2003	4,289	438	163	78	2,084	7,052
At 31 March 2002	4,380	203	135	30	982	5,730

13 Investments

Company

	Subsidiary Undertakings £'000
Cost and net book value:	
As at 1 April 2002	70
Additions (see note 22)	5,451
At 31 March 2003	5,521

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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	65	Holding company
V-12 Finance Limited*	England and Wales	Ordinary	65	Provision of consumer finance
SOS Developers International S.A.R.L.	France	Ordinary	100	Retail of software
SOS Developers S.A.	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	Dormant

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

The above companies operated in their country of incorporation.

Playdirect.com plc produces financial statements for the year ended 31 March 2003 which have been consolidated in the group financial statements.

SOS Developers S.A. and SOS Developers International S.A.R.L., acquired on 17 January 2003, have an accounting reference date of 31 December 2003. The results for the two months following acquisition have been included in the consolidated results.

Amicus Outsourcing Limited, acquired on 2 March 2003, had been trading for one month by 31 March 2003 and has not produced a set of statutory financial statements; the management results for the period have been included. Amicus applies the accounting policies of the parent company.

V-12 Finance Limited, acquired on the 31 January 2003, has produced a 14 month set of financial statements for the period ended 31 March 2003; two months of these have been included in the consolidation.

14 Stocks

	Group 2003 £'000	2002 £'000	Company 2003 £'000	2002 £'000
Goods held for resale	3,279	2,544	2,949	2,544

15 Debtors

	Group		Company	
	2003	2002	2003	2002
	£'000	£'000	£'000	£'000
Due within one year:				
Trade debtors	5,538	3,707	4,245	3,707
Amounts owed by subsidiary undertakings	-	-	374	-
Other debtors	933	225	244	225
Prepayments and accrued income	626	396	417	396
	7,097	4,328	5,280	4,328

SOS Developers use a debt factoring service for their trade debtors. The total amount of factored debt at the balance sheet date was £942,008 (2002: £nil).

16 Investments

	Group		Company	
	2003	2002	2003	2002
	£'000	£'000	£'000	£'000
Short term bank deposits	187	-	-	-

17 Creditors: amounts falling due within one year

	Group		Company	
	2003	2002	2003	2002
	£'000	£'000	£'000	£'000
Trade creditors	26,562	17,072	24,315	17,072
Amounts due to subsidiary undertakings	-	-	70	70
Overseas tax	72	-	-	-
Corporation tax	1,582	907	1,578	907
Taxation and social security	444	102	323	102
Other creditors	1,276	876	1,248	874
Accruals and deferred income	2,342	1,650	2,158	1,650
Deferred consideration on acquisition	621	-	621	-
Dividend payable	-	250	-	250
	32,899	20,857	30,313	20,925

18 Creditors: amounts falling due after one year

	Group 2003 £'000	2002 £'000	Company 2003 £'000	2002 £'000
Deferred consideration on acquisition	2,347	-	2,347	-

The repayment profile of the deferred consideration on acquisition is as follows:

	Group 2003 £'000	2002 £'000	Company 2003 £'000	2002 £'000
Falling due in less than one year	621	-	621	
Falling due between one and two years	2,347	-	2,347	
	2,968	-	2,968	

The deferred consideration will become payable when SOS Developers achieves pre-defined objectives set out in the purchase agreement. The maximum amount of consideration has been provided for, which is the directors estimate of the final amount payable.

19 Provisions for liabilities and charges

Deferred taxation

Provision for deferred taxation has been made as follows:

	Group 2003 £'000	2002 £'000	Company 2003 £'000	2002 £'000
Balance at 1 April 2002	(90)	26	(90)	26
Profit and loss account	73	(116)	73	(116)
Balance at 31 March 2003	(17)	(90)	(17)	(90)

No amounts of deferred tax are unprovided.

20 Called up share capital

Group and Company	2003 £'000	2002 £'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 Retained profit for the financial year

	Group Profit and loss account £'000	Company Profit and loss account £'000
At 1 April 2002	2,067	2,067
Retained profit for the financial year	3,428	3,509
Net exchange adjustments	55	-
At 31 March 2003	5,550	5,576

22 Reconciliation of movements in shareholders' funds

	2003 £'000	Group 2002 £'000	Company 2003 £'000	2002 £'000
Profit attributable to shareholders	3,678	1,790	3,759	1,790
Dividends	(250)	(250)	(250)	(250)
Net exchange adjustments	55	-		
Net change in shareholders' funds	3,483	1,540	3,509	1,540
Opening shareholders' funds	2,317	777	2,317	777
Closing shareholders' funds	5,800	2,317	5,826	2,317

23 Acquisitions

On 17 January 2003 dabs.com acquired the whole of the issued share capital of SOS Developers S.A. and SOS Developers International S.A.R.L in return for €7.9m. On 31 January 2003 it also acquired a 65% holding in V-12 holdings limited in exchange for a loan of £225,000, and through its interests it acquired 65% of V-12 limited. On 3 March 2003 it incorporated Amicus Outsourcing Limited with share capital of £100,000.

The fair values of the assets and liabilities acquired were equal to their book values, with the exception of intangible fixed assets within SOS Developers which were written off in line with group accounting policies to the value of £17,000. Details of the acquisitions are set out below:

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	Amicus £'000	SOS £'000	V-12 £'000	Total £'000
Tangible fixed assets	-	37	18	55
Stocks	-	249	-	249
Debtors	-	2,079	69	2,148
Cash	100	794	18	912
Creditors due in less than one year	-	(2,048)	(143)	(2,191)
	100	1,111	(38)	1,173
Minority interest	-	-	92	92
Net assets acquired	100	1,111	54	1,265
Consideration	100	5,313	263	5,676
Goodwill	-	4,202	209	4,411
Consideration satisfied by:				
Cash	100	2,481	263	2,844
Deferred consideration	-	2,832	-	2,832

From the dates of acquisition to 31 March 2003 the acquisitions contributed £2,340,000 to turnover and £459,000 to gross profit and reduced profit on ordinary activities before taxation by £28,000.

The results of the acquisitions from the beginning of their new financial years to the dates of acquisition were:

SOS: period 1 January 2003 to 17 January 2003

V12: period 1 February 2002 to 31 January 2003.

Results for the period:	SOS	V-12
	£'000	£'000
Turnover	508	285
Cost of sales	(416)	(66)
Gross profit	92	219
Operating expenses	(63)	(220)
Operating profit/(loss)	29	(1)
Profit/(loss) before tax	29	(1)
Tax	(9)	-
Retained profit/(loss)	20	(1)

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The turnover, gross profit and profit or loss after taxation of the companies acquired for the previous financial years are as follows:

SOS: Financial year ended 31 December 2002

V-12: Financial year ended 31 January 2002

Financial year ended:	SOS	V-12
	£'000	£'000
Turnover	10,647	22
Gross profit/(loss)	2,161	(64)
Profit/(loss) after taxation	438	(42)

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

	2003	2002
	£'000	£'000
Operating profit	5,101	2,545
Depreciation	447	678
Goodwill amortisation	91	-
Loss on sale of fixed assets	8	-
Increase in stocks	(473)	(1,272)
Increase in debtors	(562)	(327)
Increase in creditors	8,751	7,045
Net cash inflow from operating activities	13,363	8,669

25 Analysis of changes in net cash

	At 1 April 2002	Cash flow	Acquisitions (excluding Cash)	Exchange movement	At 31 March 2003
	£'000	£'000	£'000	£'000	£'000
Cash at bank and in hand	10,480	7,920	-	32	18,432
Short-term investments	-	180	-	7	187
Total	10,480	8,100	-	39	18,619

26 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.

27 Capital and other commitments

	Group 2003 £'000	2002 £'000	Company 2003 £'000	2002 £'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	-	-	-	-

28 Financial commitments

At 31 March 2003 the group had annual commitments under non-cancellable operating leases as follows:

Group	2003		2002	
	Land and buildings £'000	Other £'000	Land and Buildings £'000	Other £'000
Expiring within one year	36	-	-	10
Expiring between two and five years	-	277	-	185
Expiring in over five years	124	-	-	-
	160	277	-	195

Company	2003		2002	
	Land and buildings £'000	Other £'000	Land and Buildings £'000	Other £'000
Expiring within one year	-	-	-	10
Expiring between two and five years	-	277	-	185
Expiring in over five years	74	-	-	-
	74	277	-	195