

115768

# Contents

Directors and Officers	2
Five Year Financial Highlights	3
Chairman's Statement	4
Operational and Financial Review	7
Report of the Directors	12
Corporate Governance	16
Directors' Responsibilities for the Financial Statements	17
Report of the Auditors	17
Accounting Policies	18
Consolidated Profit and Loss Account	19
Consolidated Balance Sheet	20
Company Balance Sheet	21
Consolidated Cash Flow Statement	22
Statement of Total Recognised Gains and Losses	23
Reconciliation of Movements in Shareholders' Funds	23
Notes to the Accounts	24
Five Year Financial Statistics	33
Notice of Meeting	34



## Directors and Officers

### Directors

\*Timothy M. Hearley, M.A. (Oxon) (Chairman)  
Peter D. Day, F.B.I.M. (Chief Executive)  
\*Michael W. Warburg, M.A. (Oxon), F.C.I.S., F.B.C.S. (Deputy Chairman)  
\*Malcolm D. Rolfe, B.Sc., M. Tech. (Founder Director)  
\*Anthony G. Biddle, B.A., F.C.A.  
Paul S. E. Cleaver, B.Sc.  
Brian Cooke  
Graham E. Plant, B.Sc.  
Stephen C. Rapkin, B.Sc.  
W. D. Todd, B.A., C.A., (Resigned 30th June 1995)  
Paul K. Wright, B.A., F.C.A.  
\*Non-Executive

### Secretary

R. N. Freeman, F.C.I.S.

### Auditors

Grant Thornton, Grant Thornton House, Melton Street, Euston Square,  
London NW1 2EP.

### Bankers

Lloyds Bank Plc, 39 Threadneedle Street, London EC2R 8AU.

### Solicitors

Cameron Markby Hewitt, Sceptre Court, 40 Tower Hill, London EC3N 4BB.  
MacDonald Oates, Knockhundred Row, Midhurst, West Sussex GU29 9DQ.

### Stockbrokers

Credit Lyonnais Laing, Broadwalk House, 5 Appold Street, London EC2A 2DA.

### Registrars

Independent Registrars Group Limited, Balfour House, 390-398 High Road, Ilford,  
Essex IG1 1NQ.

### Registered office

Lowndes House, 1/9 City Road, London EC1Y 1AA.

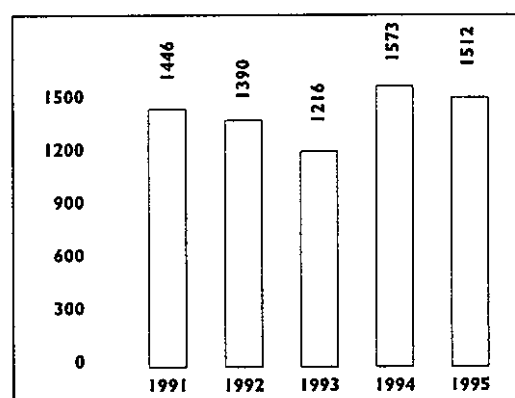
### Registered number

1157638

## Five Year Financial Highlights

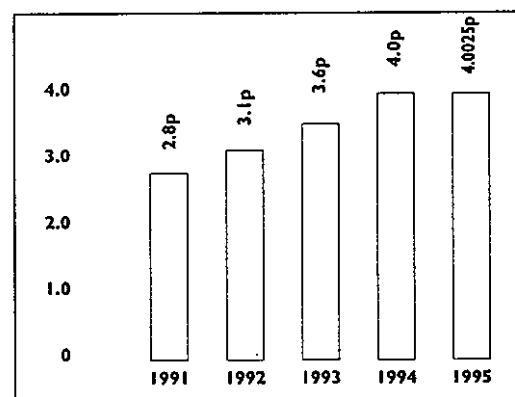
### Profit before tax / £'000

Year ended February



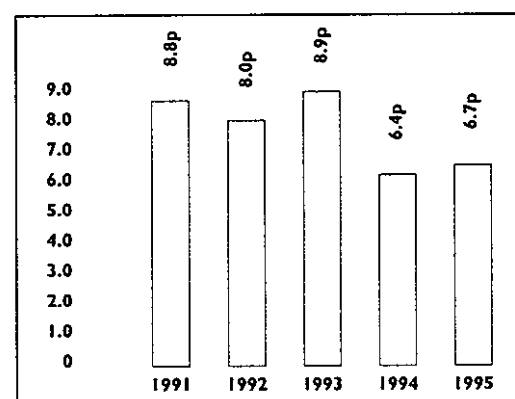
### Dividends per share / pence\*

Year ended February



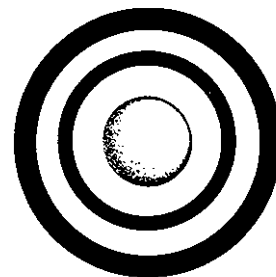
### Earnings per share / pence\*

Year ended February



\*adjusted for July 1994 one for one capitalisation issue

## Chairman's Statement



The Group achieved a year of steady progress. Turnover for the combined European and North American operations increased by 12% to £14,288m (1994: £12,720m).

In Europe, there was a strong improvement in trading volumes processed by the London Datacentre in the second half and this has continued into the new financial year. This, together with an increase in the number of clients, resulted in recurring revenues recovering to the 1994 level compared with the shortfall noted at the half year. All licences due for renewal during the year were successfully negotiated. While the underlying profit from the European operations improved from £2.658m last year to £2.905m, the continued high level of development cost for the new Lighthouse product reduced net profits to £1.861m.

A major improvement in trading performance from R&N USA resulted in a much reduced loss before tax of £349,000 for the year compared with a loss of £299,000 for the half year and a loss of £1.085m in 1994. The North American improvement stemmed from increases in licence, bureau and support revenues, which provided an overall revenue increase of 38% (43% in US dollar terms) during the year.

After charging the net Lighthouse development costs, Group profit before tax totalled £1.512m (1994: £1.573m).

Earnings per share were increased to 6.7p, compared with 6.4p (5.0p excluding minority interest write back) in 1994.

The Group tax charge was lower than last year but remained high at 46% (1994: 61.9%) due to R&N USA's losses not being relieviable in the year. The effective UK tax charge, excluding the prior year credit, was 37.7%.

Net Group cash balances remained strong at £2.080m at the year end (1994: £3.319m) after absorbing the continuing investment cost in Lighthouse and an increase in debtors.

### Dividends

The Board proposes to pay a final net dividend of 2.6p per share (1994: 2.5975p net) which, together with the interim net dividend of 1.4025p per share paid in January, makes a total of 4.0025p net (1994: 4.0p net) for the year.

The final dividend will be paid on 23rd August 1995, the date of the Annual General Meeting, to shareholders on the register at the close of business on 11th July 1995.

### Business Review

#### Europe

All twelve licence renewals due in the year were successfully negotiated, guaranteeing an ongoing support revenue stream for a further five years in the majority of cases. Furthermore, the success in obtaining twelve new London bureau users during the year was complemented by the

## Chairman's Statement

success of the Milan CED BORSA bureau service, which has now attracted twenty-seven users and is providing a steadily growing revenue stream. Three new facilities management users were added during the year; a particularly successful aspect of our sales campaign. Whilst two of these were conversions of existing bureau users, the third was completely new to our services.

The sales team is proving highly effective throughout Europe and particularly in London, where two conversions have been won from a major overseas competitor in this market place.

### **North America**

Significant progress has been achieved at R&N USA. The 1994/95 target was achieved with a substantially reduced loss, and this trend is continuing into the current financial year.

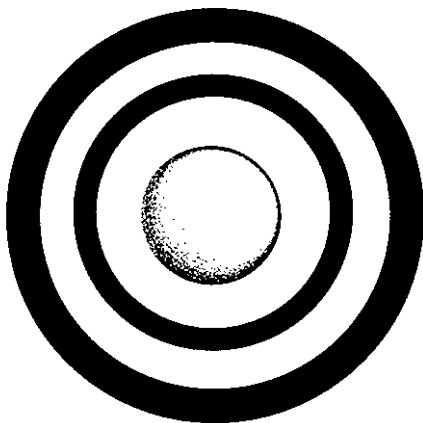
Recurring revenue increased by 39% compared with 1994. Such revenue covers 66% of costs.

Nineteen new RISC clients were added during the year and a further nine clients were migrated from the older TRACS system. The RISC system was also extensively enhanced, particularly for Asia Pacific requirements.

### **Asia Pacific**

In Malaysia, the Rolfe & Nolan System has been installed for bureau operations at KLOFFE, the new Kuala Lumpur Options and Financial Futures Exchange, which plans to open later this year. Some revenue relating to this was received early in 1995/96, with further payments due during the course of this financial year.

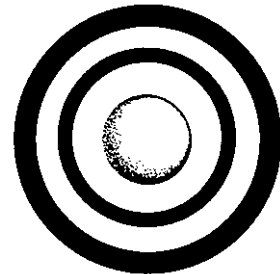
In several other Asian markets, including Singapore, Hong Kong and Tokyo, substantial RISC in-house licence sales and ongoing development revenues were secured.



### **Lighthouse**

Through renegotiation of the software contract a re-definition and expansion of the business relationship with Credit Suisse has been achieved. Heads of Agreement have now been signed pending full contract signature. This new agreement requires staged deliveries with project completion by 30th September 1996 and includes significant extensions to the scope of the original agreement. The overall value of the contract has increased from £2.352m to £3.275m, and the costs budgeted to be incurred to the end of the contract will be offset by staged payments.

## Chairman's Statement



### **Board Changes**

A number of Board changes took effect on 1st July 1995.

Dale Todd, who was the Group's Finance Director for almost seven years, has resigned from the Board. I would like to thank him for his contribution to the expansion of the Group over the years and wish him every success for the future. He was replaced by Paul Wright who joined the Board as Finance Director bringing with him ten years' experience gained at EXCO International Plc.

Paul Cleaver, previously an Associate Director with the Company, was appointed to the Board as Product Development Director.

Malcolm Rolfe, Founder Director, has expressed his desire to retire from the Board at the forthcoming AGM and will assume the role of Honorary President, initially for a three year term.

### **Employees**

I wish to thank all our management and staff for their significant contribution to the Group's further progress during the past year.

### **Current Outlook**

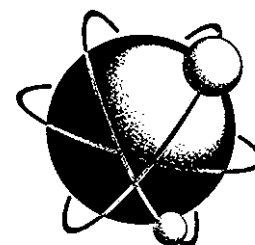
The 1995/96 financial year has started satisfactorily. We have signed a sixth facilities management user, one new licence, four new bureau users in London, new RISC in-house installations in the USA and Singapore, and the licence renewal programme continues successfully with our first renewal in Austria already secured. In addition, despite declines on some exchanges, London and New York bureau volumes continue to run at the levels established during 1994/95 and Chicago and CED BORSA volumes are ahead of expectations.

Lighthouse is now running in parallel at Credit Suisse and is shortly to go live. Active marketing of the product to further prospects has begun, in response to the growing demand for prudent control of trading in both the cash and derivatives markets.

Tim Hearley  
Chairman

# Operational and Financial Review

## Overview

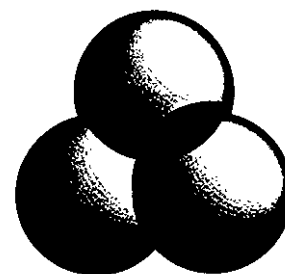


Market volumes during 1994/95 remained broadly in line with the levels reached during 1993/94. As a result, our recurring bureau revenue in Europe and the USA has maintained its importance as the financial bedrock of the Group. However, in many other ways, significant changes occurred during the year which have considerably extended the scope of our activities. Our development of the major new treasury system—Lighthouse—has continued throughout the year and the system has now reached production quality and is being parallel run by the first user, Credit Suisse.

The expertise gained from developing Lighthouse is already having spin-off benefits elsewhere in the Group. One element of our technical strategy is to redevelop major core functions of The Rolfe & Nolan System in a portable language, C++, and to licence these to banks who prefer to incorporate this functionality into their existing systems instead of implementing a package. This project has received a significant boost through the decision of a major US investment bank to licence from us a large number of such modules which we will be developing during the coming year. We intend that such software will increasingly form the core of both Rolfe & Nolan USA's RISC system and The Rolfe & Nolan System.

During the year we have been successful in expanding our bureau activities by signing up new users for our existing London, New York and Chicago bureau operations as well as licensing our bureau software for use in Italy and Malaysia. Also in the year we have signed three new facilities management users.

## **Product Development Strategy**



### **Technical**

Key elements of our strategy are contained within the development programmes for RISC and The Rolfe & Nolan System.

Important elements of functionality including margin calculations, exchange interfaces and exchange reconciliation, are being re-developed in C++ using object oriented design techniques. As these objects are completed they will be incorporated into The Rolfe & Nolan System and RISC. Also, where functionally appropriate, we will incorporate these into Lighthouse. In addition, this strategy will enable us to provide class libraries of functional modules to banks who wish to incorporate these into their existing systems. We consider that, with the increasing trend towards integration across a wide range of products, some major banks will wish to adopt this course of action rather than implement a number of stand-alone packages.

An equally important element of our technical strategy is RANbase, a development using an independent relational database, initially to provide a management information system, but ultimately to hold all data associated with The Rolfe & Nolan System and RISC. RANbase, which will enable users to use proprietary software tools for data access, reporting and enquiries, represents a key element in our plan to provide a Rolfe & Nolan system which is portable across a wide range of open systems platforms.



## Product Development Strategy

### Functional

The Rolfe & Nolan System is generally acknowledged to have very wide-ranging functional scope. Our objective is to retain this lead over our competitors and, in this context, we have implemented a significant number of functional enhancements during the year. Whilst some are minor in nature, the sum total represents a major on-going commitment to the development of the System.

Major projects have included significant enhancements for OTC products including exotic instruments such as Look-back and Asian options. Considerable progress has been made in moving the System towards support for full 24-hour trading, with a redevelopment of the System's option exercise, assignment and expiry functions.

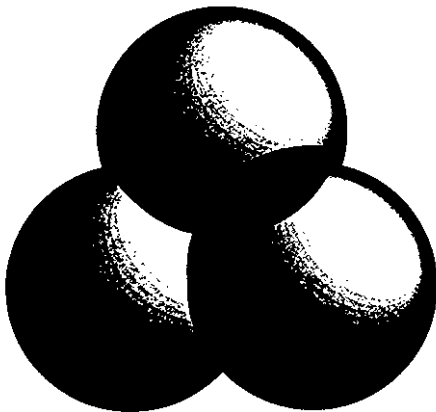
Further enhancements have been made to RANorder, the integrated order routing and management system, to improve its functionality for DTB members.

Also, during the year, changes have been made for the requirements of various new exchanges including IDEM, the Italian stock index and options market, The Kuala Lumpur Options and Financial Futures Exchange (KLOFFE) and The Stock Exchange of Hong Kong (SEHK). In addition, we have developed a new client/server DTB interface to run on IBM's RS6000 range of systems as well as Digital VAX systems and made enhancements for a range of other regulatory and market changes, with further developments planned to provide for the requirements of The Capital Adequacy and Investment Services Directives in EC countries.

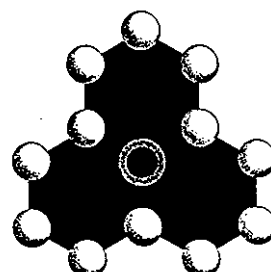
The RISC system has been extensively enhanced, particularly to include additional functionality for a range of Asia Pacific markets, including Japan and Singapore, as well as more general developments to improve its competitiveness. We have also introduced a new software release management system for RISC to improve the reliability and control of our regular releases of new software versions.

Lighthouse is at an advanced stage of development, and in its initial production version will provide a general purpose treasury system including integration across a wide range of cash and derivative products as well as between front, middle and back-office functions. Few existing

packages provide such a combination of functionality, state of the art technology and flexibility, through a toolkit approach, as Lighthouse. This, combined with continuing pressure on banks to implement more effective risk management systems, should ensure a successful future for Lighthouse.



## Operational Review



Significant progress has been achieved at R&N USA, which is now trading under the name Rolfe & Nolan. Nineteen new RISC clients were added during the year, including six bureau users and thirteen in-house installations, of which eight were in the Asia Pacific region. In addition a further nine clients migrated to RISC from the older TRACS system, six of those as bureau users. We have expanded our Chicago bureau with new AS/400 Series 310 hardware and have improved our disaster recovery capabilities in both Chicago and New York with the addition of off-site disaster recovery services.

In Europe all twelve licence renewals due in the year were successfully negotiated, guaranteeing ongoing support revenue for a further five years from the majority of such users.

Furthermore, our success in obtaining twelve new London bureau users during the year was complemented by the success of the Milan CED BORSA bureau service, which has now attracted twenty-seven users and is providing a steadily growing revenue stream.

Three new Facilities Management users were added in London during the year; a particularly successful aspect of our sales campaign. Whilst two of these were conversions of existing bureau users, the third was completely new to our services.

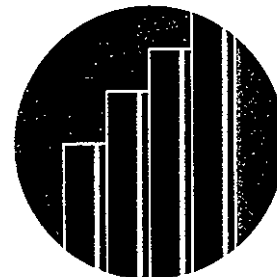
The sales team is proving highly effective throughout Europe and particularly in London, where two conversions have been won from a major overseas competitor in this market place.

To support this success we have continued the process of upgrading our London Datacentre. This included the introduction of an Uninterrupted Power Supply, an upgrade of our disc storage facilities to enhance our level of fault tolerance, and commissioning an alternative supplier of disaster recovery services to provide more comprehensive cover.

In Malaysia, The Rolfe & Nolan System has been installed for bureau operations at KLOFFE, the new Kuala Lumpur Options and Financial Futures Exchange, which plans to open later this year. Some revenue relating to this was received early in 1995/96, with further payments due during the course of this financial year.

In several other Pacific Rim markets, including Singapore, Hong Kong and Tokyo, substantial RISC in-house licence sales and ongoing development revenues were secured.

## Financial Review



The Chairman's Statement contains the main financial highlights for the year.

Group turnover increased by £1.568m (12%), with the European and North American operations showing improvements of 4% and 38% respectively. Group profit before tax fell slightly from £1.573m to £1.512m.

In Europe, an increase in new licence sales, FM services and licence renewals was responsible for the revenue increase, resulting in a profit before tax of £2.905m before net expenditure on Lighthouse of £1.044m. Overall, therefore, Europe returned a profit before tax of £1.861m compared with £2.658m last year.

In North America, recurring revenues increased by 39% which, together with a substantial increase in licence-related revenues, resulted in a significant reduction in R&N USA's loss to £349,000, from £1.085m last year.

The tax charge of 46% (1994: 61.9%) is again high due to R&N USA's losses not being relieviable in the year, although the reduction in these losses has improved the position compared with last year. The tax charge attributable to Rolfe & Nolan itself, excluding the prior year credit, was 37.7%.

The minority interest of £171,000 in the comparative figures relates to the minority share of R&N USA's losses for March and April 1993. A final net dividend of 2.6p per share (1994: 2.5975p net) is proposed, making a total of 4.0025p net for the year, compared with 4.0p net last year.

A one for one capitalisation issue was effected on 25th July 1994.

Debtors increased by £1.375m since the previous year end, the main factors being an increase in trade debtors due to high year end billings largely arising from healthy bureau volumes, a deferral of costs to match future revenues from the Malaysian contract and a further £256,000 loan to the Employee Trust.

Net Group cash balances remain strong at £2.080m at 28th February 1995 (1994: £3.319m) after absorbing the continuing investment in the Lighthouse product during the year, and the significant increase in debtors.

Peter Day  
Chief Executive

## Report of the Directors

The Directors have pleasure in presenting their report together with financial statements for the year ended 28th February 1995.

### Principal activity

The principal activity of the Company and of the Group is the development, production and licensing of its derivatives accounting and administration software products to clients directly, for use on its own computer bureaux, and in conjunction with computer facilities management arrangements with clients.

### Review of the year's operations and prospects

The Group continues to be one of the leading suppliers of back-office systems to banks and brokers throughout Europe and the USA dealing in futures and options, whilst significant progress was made during the year in developing the Asia Pacific marketplace. Substantial investment was made during the year in the Group's new Lighthouse product, aimed at the growing requirement for treasury management systems.

The Chairman's Statement and the Operational and Financial Review on pages 4 to 11 provide a more detailed review of the Group's business and future developments.

### Results and dividends

The results for the year ended 28th February 1995 are set out in the Profit and Loss Account on page 19.

The profit attributable to ordinary shareholders amounted to £816,000 (1994: £770,000).

The Directors recommend a final net dividend of 2.6p per 10p ordinary share in respect of the year (1994: 2.5975p net), absorbing £312,000 (1994: £314,000). An interim net dividend of 1.4025p per ordinary share was paid on 27th January 1995 (1994: 1.4025p net). The final dividend, if approved, will be paid on 23rd August 1995 to shareholders on the register at the close of business on 11th July 1995.

After taxation and dividends, £336,000 (1994: £286,000) is transferred to reserves.

### Capitalisation Issue

At the Company's Annual General Meeting on 25th July 1994, the necessary resolutions were passed to undertake the one for one capitalisation issue referred to in last year's Annual Report, which was subsequently effected.

Where appropriate, prior year figures have been restated to take account of the effects of the capitalisation issue.

### Directors' authority to allot

At last year's Annual General Meeting the Company granted the Directors authority to allot relevant securities up to a maximum nominal amount of £287,307 for a period of five years. Resolution 10 contained in the Notice of this year's Annual General Meeting proposes to renew this authority for a period of five years from the date of the meeting excepting that the upper limit to be proposed will be £277,729 which is the nominal value of the unissued authorised share capital.

### Pre-emption rights

The special business of the Annual General Meeting includes a special resolution to disapply Section 89(1) of the Companies Act 1985 with respect to certain allotments. The effect of this special resolution, if approved, would be to give the Directors power until the date of the next Annual General Meeting or until 22nd November 1996, whichever is the sooner, first to issue up to £277,729 of share capital by way of rights to ordinary shareholders pro rata to their holdings (subject to customary exceptions), secondly, to allot shares pursuant to the Company's share option schemes and thirdly, to allot for cash, otherwise than pro rata to existing shareholders, up to £61,113 nominal of share capital, which represents 5 per cent of the present issued share capital.

### Directors

The Directors of the Company at 28th February 1995 and who served throughout the year are listed below. The interests of the Directors in the shares of the Company at 1st March 1994 and 28th February 1995, all of which were beneficial, were as follows:

	28th February 1995			1st March 1994		
	Shares	Options (Note a)	Options (Note b)	Shares	Options (Note a)	Options (Note b)
T. M. Hearley	150,000	—	—	200,000	—	—
M. W. Warburg	1,000,000	—	—	1,100,000	—	—
M. D. Rolfe	500,000	—	—	500,000	—	—
A. G. Biddle	12,000	—	—	12,000	—	—
B. Cooke	—	51,324	48,676	—	51,324	48,676
P. D. Day	230,000	200,000	100,000	230,000	200,000	—
G. E. Plant	115,776	30,000	—	115,776	30,000	—
S. C. Rapkin	618,056	—	—	688,056	—	—
W. D. Todd	41,329	—	—	48,376	—	—
	<b>2,667,161</b>	<b>281,324</b>	<b>148,676</b>	<b>2,894,208</b>	<b>281,324</b>	<b>48,676</b>

a. Options under the Executive Share Option Scheme.

b. Options under the Executive Share Option Scheme (1993).

During the year, an option was granted to P. D. Day over 100,000 shares at an exercise price of 177p per share under the Executive Share Option Scheme (1993).

The terms of exercise relating to Directors' options are described in note 14 on page 29.

The only change in Directors' interests between 1st March 1995 and 30th June 1995 has been the sale of 30,000 shares in which Mr. T. M. Hearley had an interest on 22nd June 1995 and the sale of 65,000 shares in which Mr. S. C. Rapkin had an interest on 27th June 1995.

Mr. W. D. Todd resigned on 30th June 1995.

Mr. B. Cooke, Mr. S. C. Rapkin and Mr. A. G. Biddle retire by rotation in accordance with the Articles of Association and, being eligible, offer themselves for re-election.

Mr. P. S. E. Cleaver and Mr. P. K. Wright were appointed Directors on 1st July 1995, and in accordance with the Articles of Association will retire at the Annual General Meeting and, being eligible, offer themselves for re-election.

Mr. M. D. Rolfe will retire at the Annual General Meeting and will not be seeking re-election.

None of the Directors retiring by rotation has a service contract which is terminable, in normal circumstances, by more than one year's notice.

At no time during the year has a contract of significance subsisted in which any Director was materially interested.

### **Directors' details**

Tim Hearley, aged 53, is the non-executive Chairman of the Company. He is a director of a number of other companies. He was appointed to the board of the Company in 1980.

Malcolm Rolfe, aged 51, was joint founder of the Company and has been a director since its incorporation in 1974. He was previously Managing Director of the Company, and is now non-executive.

Tony Biddle, aged 46, was previously the Company's Finance Director, being appointed to the board in 1982. He is now a non-executive director and is also Chairman of Tilehouse Group plc.

Mike Warburg, aged 66, is the non-executive Deputy Chairman of the Company having retired as Chief Executive in September 1994. He was appointed to the board in 1987, having previously been Managing Director of Extel Financial Ltd.

Peter Day, aged 51, was appointed Chief Executive of the Company in September 1994 in succession to Mike Warburg. He was appointed to the board in 1987, having previously been a Director of Extel Financial Ltd.

Graham Plant, aged 40, has worked for the Company for 18 years, was appointed to the board in 1986, and is the Company's Technical Director.

Stephen Rapkin, aged 41, has worked for the Company for 20 years, was appointed to the board in 1978, and is responsible for Business Development.

Brian Cooke, aged 43, was appointed to the board in March 1992, with responsibility for the Company's North American interests. He was previously Director of the Investment Services Division of Extel Financial Ltd.

Paul Cleaver, aged 37, has worked for the Company for 15 years, was appointed to the board on 1st July 1995 and is responsible for Product Development.

Paul Wright, aged 38, was appointed to the board as Finance Director on 1st July 1995. He was previously Finance Director of the Moneybroking Division of Exco International PLC.

### **Substantial interests**

Apart from their own shareholdings, which are disclosed above, the Directors have been notified of the following holdings which amounted to more than 3 per cent of the issued ordinary share capital of the Company at 30th June 1995:

Prudential Assurance Co. Limited	970,000 shares (7.9%)
Equitable Life	829,000 shares (6.8%)
The Smaller Companies Investment Trust	663,000 shares (5.4%)
The Bankers Investment Trust	600,000 shares (4.9%)
British Telecom Staff Superannuation Scheme	559,100 shares (4.6%)
Friends Provident	524,000 shares (4.3%)
Post Office Staff Superannuation Scheme	376,900 shares (3.1%)

### **Share capital**

Details of the share capital of the Company and changes during the year, together with outstanding options, are set out in note 14 on pages 28 and 29.

### **Share schemes**

The Rolfe & Nolan Executive Share Option Scheme has reached the end of its ten year life. Resolution 9 contained in the Notice of the Annual General Meeting proposes the introduction of a new share option scheme. A summary of the provisions of the new scheme can be found in the separate letter to shareholders.

### **Fixed assets**

The movements in fixed assets during the year are summarised in note 9 to the accounts.

### **Research and development**

The Group intends to maintain and extend its commitment to research and development of new software products and services, as well as acquiring new products and development tools from external sources.

### **Directors' and officers' insurance**

Throughout the year the Company maintained insurance for directors and officers against liabilities in relation to the Company as permitted under Section 310 of the Companies Act 1985.

### **Donations**

During the year the Group made charitable donations amounting to £4,000 (1994: £3,300). No contributions were made to political organisations (1994: Nil).

### **Auditors**

In accordance with Section 385 of the Companies Act 1985 a resolution to re-appoint Grant Thornton as auditors to the Company will be proposed at the forthcoming Annual General Meeting.

By order of the Board,



R.N. Freeman,

Secretary,

5th July 1995.

## Corporate Governance

The Company has complied throughout the year with all aspects of the Code of Best Practice contained in the Report on the Financial Aspects of Corporate Governance, prepared by the Cadbury Committee, that were in force for the year. Guidelines relating to paragraph 4.5 of the Code (reporting on internal controls) were issued in December 1994; formal reporting of compliance with this aspect will be made for the next financial year.

### Board committees

Three Committees of the Board have been established in accordance with recommendations contained in the Code of Best Practice.

The Audit Committee comprises Messrs. Hearley (Chairman), Biddle, Rolfe and Warburg and deals with accounting and financial reporting matters and liaison with the Company's auditors. It is responsible for reviewing interim and final financial statements prior to their submission to the Board and considers any proposed changes in accounting policies.

The Nomination Committee comprises Messrs. Hearley (Chairman), Biddle, Day and Warburg and has been delegated to bring to the Board for consideration any recommendations regarding the appointment of any new directors, whether executive or non-executive.

The Remuneration Committee comprises Messrs. Hearley (Chairman), Biddle, Day and Warburg and is responsible for making recommendations to the Board on the salaries and benefits of the executive directors specifically and generally on such matters as they relate to the whole Company.

### Going concern

The Board is now required by the Code to make a statement on going concern. After making enquiries, the Directors have a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

### Auditors' review

The auditors have confirmed that, in their opinion, with respect to the directors' statement on going concern, the directors have provided the disclosures required by paragraphs 4.6 of the Code (as supplemented by the related guidance for directors) and that statement is not inconsistent with the information of which they are aware from their audit work on the financial statements; and that the directors' other statements appropriately reflect the Company's compliance with the other paragraphs of the Code specified for their review. They were not required to perform the additional work necessary to, and did not, express any opinion on the Company's corporate governance procedures nor on the ability of the Company to continue in operational existence.



## Directors' Responsibilities for the Financial Statements

Company law requires the Directors to prepare financial statements for each financial year which 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 those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 Group will continue in business.

The Directors are responsible for keeping proper accounting records, for safeguarding the assets of the Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Report of the Auditors

To the members of Rolfe & Nolan Plc

We have audited the financial statements on pages 18 to 32 which have been prepared under the accounting policies set out on page 18.

### Respective responsibilities of directors and auditors

As described above, the Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

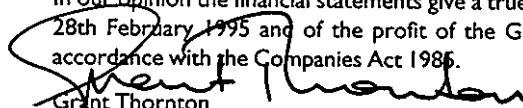
### Basis of opinion

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 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 28th February 1995 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Grant Thornton  
Registered Auditors  
Chartered Accountants  
London

5th July 1995

## Accounting Policies

for the year ended 28th February 1995

### Basis of accounting

The accounts have been prepared in accordance with the historical cost convention and in accordance with applicable accounting standards. A summary of the group accounting policies, which have been applied consistently, is set out below.

### Basis of consolidation

The Group financial statements consolidate those of the Company and, where material, its subsidiary undertakings as referred to in note 10 to the accounts for the year ended 28th February 1995.

The results of R&N USA for 1994 were included in full for the year, adjustment being made for the minority interest's share in the results up to the date of the acquisition of the minority interest, 27th April 1993.

### Goodwill

Goodwill arising on consolidation is written off to reserves in the year of acquisition.

### Turnover

Turnover is the total amount receivable by the Group, excluding value added tax and sales tax, in the ordinary course of business for goods and services provided. Credit is taken in respect of software licence sales based on the stage of completion of each installation with due regard for contract terms and anticipated future costs.

### Depreciation

Depreciation is calculated to write off the cost less estimated residual value of all fixed assets over their expected useful lives.

The periods generally applicable are:

Computer facilities	2–5 years
Furniture, fixtures, fittings and office equipment	4–7 years
Leasehold improvements	minimum remaining period of the lease

### Deferred taxation

Deferred taxation is provided, using the liability method, in respect of the taxation effect of all timing differences to the extent that the Directors consider that a liability is likely to arise.

### Investments

Short term investments are stated at the lower of cost and market value.

### Development expenditure

Development expenditure is charged to profits in the period in which it is incurred. It is not practical to meaningfully quantify development expenditure in the year.

### Foreign currencies

Transactions denominated in foreign currencies are recorded at the rates of exchange at the dates of the transactions. Monetary assets and liabilities are translated into sterling at the rates of exchange at the balance sheet date and, where material, resulting exchange differences are reflected in the results for the year.

On consolidation, the results and net assets of R&N USA are translated into sterling at the average rate of exchange for the year and at the rate of exchange at the Group's balance sheet date respectively. Exchange differences arising on translation are included as a movement on reserves.

### Leased assets

Where assets are financed by leasing agreements which give risks and rewards approximating to ownership (finance leases) they are treated as if they had been purchased and are recorded as a fixed asset and a liability at a sum equal to the fair value of the asset. Leasing payments are regarded as consisting of a capital element which reduces the outstanding liability and an interest element which is charged against profits.

All other leases are regarded as operating leases and the total payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

### Pensions

The pension costs charged against profits represent the amount of the contributions payable to the scheme, a money purchase arrangement operated by the Company in respect of the accounting period.

# Consolidated Profit and Loss Account

for the year ended 28th February 1995

	Notes	1995		1994	
		£'000	£'000	£'000	£'000
<b>Turnover</b>	1				
Rolf & Nolan		10,078		9,670	
R&N USA		4,210		3,050	
Total turnover			14,288		12,720
Administrative expenses	2		(12,893)		(11,244)
<b>Operating profit</b>					
Rolf & Nolan		1,654		2,443	
R&N USA		(259)		(967)	
Total operating profit			1,395		1,476
Interest receivable	3	172		179	
Interest payable	4	(55)		(82)	
			117		97
<b>Profit on ordinary activities</b>					
before taxation	5		1,512		1,573
Taxation on profit on ordinary activities	6		(696)		(974)
<b>Profit for the year</b>			816		599
Minority interest in R&N USA			—		171
<b>Profit for the financial year</b>					
attributable to ordinary shareholders			816		770
Dividends paid and proposed	7		(480)		(484)
<b>Transfer to reserves</b>	15		336		286
<b>Earnings per share</b>	8		6.7p		6.4p

Both Rolf & Nolan and R&N USA are continuing operations within the meaning of Financial Reporting Standard No. 3. Movements in reserves are set out in note 15 on page 30.

# **Consolidated Balance Sheet** at 28th February 1995

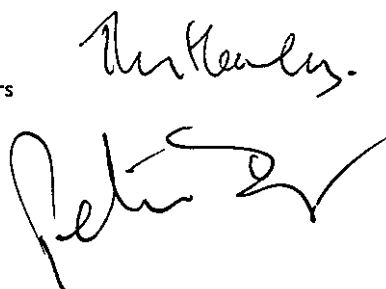
	Notes	1995		1994	
		£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Tangible assets	9		917		980
Investment in subsidiaries	10		28		28
<b>Current assets</b>					
Debtors	11	4,467		3,092	
Investments	12	1,751		3,100	
Cash at bank and in hand		619		639	
		<u>6,837</u>		<u>6,831</u>	
<b>Creditors: amounts falling due within one year</b>	13	<u>(4,659)</u>		<u>(5,042)</u>	
Net current assets			<u>2,178</u>		<u>1,789</u>
Total assets less current liabilities			<u>3,123</u>		<u>2,797</u>
<b>Creditors: amounts falling due after more than one year</b>	13		<u>(184)</u>		<u>(254)</u>
Net assets			<u>2,939</u>		<u>2,543</u>
<b>Capital and reserves</b>					
Called up share capital	14		1,221		606
Share premium account	15		29		238
Other reserves	15		(1,494)		(1,125)
Profit and loss account	15		3,183		2,824
Equity shareholders' funds			<u>2,939</u>		<u>2,543</u>

The financial statements were approved by the Board of Directors on 5th July 1995 and were signed on its behalf by:

T. M. Hearley

P. D. Day

Directors



# Company Balance Sheet

at 28th February 1995

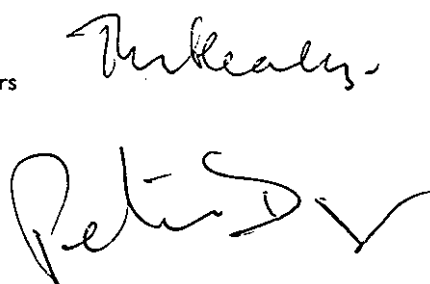
	Notes	1995		1994	
		£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Tangible assets	9		694		642
Investment in subsidiaries	10		3,533		1,829
<b>Current assets</b>					
Debtors	11	3,996		3,808	
Investments	12	1,751		3,100	
Cash at bank and in hand		489		639	
		<u>6,236</u>		<u>7,547</u>	
<b>Creditors: amounts falling due within one year</b>	13	<u>(3,694)</u>		<u>(4,022)</u>	
Net current assets			2,542		3,525
Total assets less current liabilities			<u>6,769</u>		<u>5,996</u>
<b>Creditors: amounts falling due after more than one year</b>	13		<u>(29)</u>		<u>—</u>
Net assets			<u>6,740</u>		<u>5,996</u>
<b>Capital and reserves</b>					
Called up share capital	14		1,221		606
Share premium account	15		29		238
Other reserves	15		465		834
Profit and loss account	15		5,025		4,318
Equity shareholders' funds			<u>6,740</u>		<u>5,996</u>

The financial statements were approved by the Board of Directors on 5th July 1995 and were signed on its behalf by:

T. M. Hearley

P. D. Day

} Directors



# Consolidated Cash Flow Statement for the year ended 28th February 1995

	Notes	1995		1994	
		£'000	£'000	£'000	£'000
Net cash inflow from operating activities	21		735		2,228
Returns on investments and servicing of finance					
Interest received		172		179	
Interest paid		(33)		(20)	
Finance lease interest paid		(22)		(62)	
Dividends paid		(482)		(452)	
Net cash outflow from returns on investments and servicing of finance			(365)		(355)
Taxation					
UK corporation tax paid			(944)		(636)
Investing activities					
Purchase of tangible fixed assets		(636)		(547)	
Sale of tangible fixed assets		—		5	
Purchase of investment in subsidiary undertaking		—		(457)	
Reduction in short term deposits		349		400	
Net cash outflow from investing activities			(287)		(599)
Net cash (outflow)/inflow before financing			(861)		638
Financing					
Issue of shares		37		72	
Capital element of finance lease rentals		(99)		(237)	
Net cash outflow from financing	21		(62)		(165)
(Decrease)/increase in cash and cash equivalents	21		(923)		473

# Statement of Total Recognised Gains and Losses

for the year ended 28th February 1995

	1995	1994
	£'000	£'000
Profit attributable to ordinary shareholders	816	770
Exchange adjustments on foreign currency net investments	23	28
Total recognised gains and losses for the year	839	798

# Reconciliation of Movements in Shareholders' Funds

for the year ended 28th February 1995

	1995	1994
	£'000	£'000
Profit attributable to ordinary shareholders	816	770
Ordinary dividends	(480)	(484)
	336	286
Exchange adjustments on foreign currency net investments	23	28
New share capital issued	37	938
Goodwill written off	—	(1,959)
Net addition to/(reduction in) shareholders' funds	396	(707)
Opening shareholders' funds	2,543	3,250
Closing shareholders' funds	2,939	2,543

# Notes to the Accounts

for the year ended 28th February 1995

## 1. Segmental analysis

Turnover relates to the principal activity of the Group and consists of computer software charges, including bureau charges, together with related hardware revenues. It is analysed geographically:

	1995 £'000	1994 £'000
By origin:		
UK	10,078	9,670
USA	4,210	3,050
	<u>14,288</u>	<u>12,720</u>
By destination:		
UK	6,143	5,627
Rest of Europe	3,958	4,079
North America	3,654	2,975
Asia Pacific	533	39
	<u>14,288</u>	<u>12,720</u>

The geographical split of operating profit between R&N USA and UK-based Rolf & Nolan is shown in the consolidated profit and loss account.

Net assets by location:

UK	3,235	4,264
USA	(296)	(1,721)
	<u>2,939</u>	<u>2,543</u>

## 2. Directors and employees

Staff costs during the year were as follows:

Wages and salaries	6,096	5,247
Social security costs	533	433
Other pension costs	236	189
	<u>6,865</u>	<u>5,869</u>

The average number of employees of the Group during the year was 178 (1994: 167).

Directors remuneration, including benefits, was as follows:

Non-executive directors' fees	46	42
Emoluments for management	605	581
Pension contributions	91	83
	<u>742</u>	<u>706</u>

The emoluments of the Directors whose work was carried out mainly in the UK excluding pension contributions were as follows:

The Chairman	18	17
The highest paid Director	121	114

	Number	Number
Other Directors		
£ 10,001 – £ 15,000	1	2
£ 15,001 – £ 20,000	1	—
£ 65,001 – £ 70,000	—	1
£ 70,001 – £ 75,000	1	—
£ 80,001 – £ 85,000	—	2
£ 85,001 – £ 90,000	3	—
£105,001 – £110,000	—	1

No performance-related remuneration was paid in the year or the previous year.



		1995 £'000	1994 £'000
<b>3. Interest receivable</b>	Interest receivable from short term deposits	<u>172</u>	<u>179</u>
<b>4. Interest payable</b>	On bank overdraft repayable on demand	33	20
	On finance leases	<u>22</u>	<u>62</u>
		<u>55</u>	<u>82</u>
<b>5. Profit on ordinary activities before taxation</b>	Profit on ordinary activities is stated after:		
	Auditors' remuneration	20	19
	Other services provided by auditors in UK	27	65
	Operating lease costs—plant and equipment	249	178
	—property	455	444
	Depreciation	<u>679</u>	<u>677</u>
<b>6. Taxation on profit on ordinary activities</b>	The taxation charge is based on the results for the year and is made up as follows:		
	UK corporation tax at 33%		
	—current year	701	974
	—prior years	(27)	—
	Overseas tax	<u>22</u>	<u>—</u>
		<u>696</u>	<u>974</u>

Credit has not been taken for the tax losses of R&N USA which are available for restricted offset against future taxable profits of R&N USA.

The Company has a deferred tax asset of £140,000 which, in accordance with SSAP 15, has not been recognised in these financial statements. This position contributes to the high tax charge for the year.

#### Close company legislation

The Company is not a close company as defined by section 414 of the Income and Corporation Taxes Act 1988.

<b>7. Dividends</b>	Interim dividend paid of 1.4025p per share (1994: 1.4025p)	<u>168</u>	<u>170</u>
	Final dividend proposed of 2.6p per share (1994: 2.5975p)	312	314
		<u>480</u>	<u>484</u>

The Trustee of the Rolfe & Nolan Employee Trust has, in accordance with the Trust Deed dated 31st December 1993, waived all rights to any future dividends which may be payable on any shares in the Company from time to time held by the Trust, save 0.01p per share. The dividends for the year have been reduced by £8,000 (1994: £1,400) in respect of this waiver.

<b>8. Earnings per share</b>	Calculated on the profit attributable to ordinary shareholders of £816,000 (1994: £770,000) and using a weighted average of 12,163,402 ordinary shares of 10p each in issue during the year (1994: 11,978,820). Dilution in earnings per share resulting from the issue of shares under the Company's share option schemes (note 14) would not be material.		
------------------------------	--	--	--

	Total £'000	Computer facilities £'000	Fixtures and fittings £'000	Short leasehold improvements £'000
<b>9. Tangible fixed assets</b>				
<b>Group</b>				
Cost:				
At 1st March 1994	4,092	3,153	562	377
Additions	636	479	56	101
Disposals	(99)	(72)	(25)	(2)
Exchange adjustments	(78)	(63)	(12)	(3)
At 28th February 1995	4,551	3,497	581	473
Depreciation:				
At 1st March 1994	3,112	2,443	386	283
Disposals	(99)	(72)	(25)	(2)
Provided in the year	679	541	70	68
Exchange adjustments	(58)	(49)	(8)	(1)
At 28th February 1995	3,634	2,863	423	348
Net book value at 28th February 1995	917	634	158	125
Net book value at 28th February 1994	980	710	176	94

Included under Computer facilities is equipment held under finance leases the net book value of which was £110,000 (1994: £250,000) at 28th February 1995. The depreciation charge for the year for this equipment was £93,000 (1994: £203,000).

#### Company

Cost:				
At 1st March 1994	2,741	2,046	361	334
Additions	573	417	55	101
Disposals	(99)	(72)	(25)	(2)
At 28th February 1995	3,215	2,391	391	433
Depreciation:				
At 1st March 1994	2,099	1,587	242	270
Disposals	(99)	(72)	(25)	(2)
Provided in the year	521	408	49	64
At 28th February 1995	2,521	1,923	266	332
Net book value at 28th February 1995	694	468	125	101
Net book value at 28th February 1994	642	459	119	64

Included under Computer facilities is equipment held under finance leases the net book value of which was £Nil (1994: £15,000) at 28th February 1995. The depreciation charge for the year for this equipment was £15,000 (1994: £81,000).

		1995 £'000	1994 £'000
<b>10. Investment in subsidiary undertakings</b>	<b>Group</b>		
	Investment in subsidiary undertakings	<u>28</u>	<u>28</u>

As at 28th February 1995 the Company owned 100% of the share capital of Rolfe & Nolan Computer Services GmbH, incorporated in Germany. On 1st March 1995 the shareholding was disposed of for nil consideration. The Company owns 100% of the share capital of Rolfe & Nolan Computer Services Ges.m.b.H., incorporated in Austria; and 100% of the share capital of Rolfe & Nolan (Malaysia) Sdn Bhd (formally known as Gopack Sdn Bhd), incorporated in Malaysia. None of these companies traded in the period to 28th February 1995 or has a significant level of net assets, and they have therefore not been consolidated.

#### Company

Investment in subsidiary undertakings		
Cost at 1st March 1994	1,829	505
Acquired during the year	<u>1,704</u>	<u>1,324</u>
Cost at 28th February 1995	<u>3,533</u>	<u>1,829</u>

In January 1995 the Company subscribed for 2,664,991 shares in Rolfe & Nolan (USA) Inc., for a consideration of £1,704,000. Rolfe & Nolan (USA) Inc. subsequently repaid loans totalling approximately this amount, previously extended to it by the Company.

On 27th April 1993 the Company acquired the 80.1% of issued share capital not already held in Brokerage Systems, Inc., whose country of incorporation and principal country of operation is the USA. Consideration consisted of 327,027 new Rolfe & Nolan ordinary shares plus \$465,000 cash. Brokerage Systems, Inc. was subsequently renamed Rolfe & Nolan (USA) Inc. Its principal activity is the same as that of the Company. The Company's 19.9% shareholding was acquired on 31st January 1992.

	Group		Company	
	1995 £'000	1994 £'000	1995 £'000	1994 £'000
<b>11. Debtors</b>				
Amounts falling due within one year:				
Trade debtors	3,116	2,397	2,641	1,955
Amounts owed by subsidiary undertakings	—	—	94	1,247
Prepayments and accrued income	917	517	827	428
Loan to Rolfe & Nolan Employee Trust	<u>356</u>	<u>100</u>	<u>356</u>	<u>100</u>
	<u>4,389</u>	<u>3,014</u>	<u>3,918</u>	<u>3,730</u>
Amounts falling due after more than one year:				
Advance corporation tax recoverable	<u>78</u>	<u>78</u>	<u>78</u>	<u>78</u>
	<u>4,467</u>	<u>3,092</u>	<u>3,996</u>	<u>3,808</u>

Further information relating to the Employee Trust is given in note 14.

	Group		Company	
	1995 £'000	1994 £'000	1995 £'000	1994 £'000
<b>12. Current asset investments</b>				
Unlisted short term deposits	<u>1,751</u>	<u>3,100</u>	<u>1,751</u>	<u>3,100</u>
<b>13. Creditors</b>				
Amounts falling due within one year:				
Bank overdraft	290	420	—	—
Trade creditors	874	769	550	488
Current taxation	725	970	701	970
Social security and other taxes	320	250	299	249
Proposed dividends	312	314	312	314
Accruals and deferred income	2,063	2,216	1,832	1,982
Obligations under finance leases	75	103	—	19
	<u>4,659</u>	<u>5,042</u>	<u>3,694</u>	<u>4,022</u>
Amounts falling due after more than one year:				
Obligations under finance leases due between one and two years	39	79	—	—
Obligations under finance leases due between two and five years	35	79	—	—
Other creditors due between one and two years	47	24	20	—
Other creditors due between two and five years	63	49	9	—
Other creditors due in more than five years	—	23	—	—
	<u>184</u>	<u>254</u>	<u>29</u>	<u>—</u>

Obligations under finance leases are secured by fixed charges over the assets concerned.

#### 14. Share capital

	1995		1994	
	Authorised £'000	Allotted called up and fully paid £'000	Authorised £'000	Allotted called up and fully paid £'000
12,213,526 Ordinary shares of 10p each (1994: 6,063,465)	<u>1,500</u>	<u>1,221</u>	<u>740</u>	<u>606</u>

6,063,465 shares were issued during the year as a result of the one for one capitalisation issue which was effected in order to establish a better balance between the Company's issued share capital and its reserves. 82,596 shares were allotted during the year under the Savings Related Share Option Scheme for an aggregate consideration of £35,557, and 4,000 shares under the Executive Share Option Scheme for a consideration of £2,000.

#### 14. Share capital—continued

At 28th February 1995, the following options had been granted and were still outstanding under the Company's Share Option Schemes:

##### Executive Share Option Scheme

	Number of shares	Option price	Dates normally exercisable
G. E. Plant	30,000	47p	December 1990 to December 1997
P. D. Day	80,000	50p	July 1992 to July 1999
P. D. Day	80,678	82p	January 1995 to January 2002
P. D. Day	39,322	113p	June 1996 to June 2003
B. Cooke	51,324	113p	June 1996 to June 2003

The exercise of these options is not dependent upon performance criteria, and there are no other constraints apart from the time limits.

##### Executive Share Option Scheme (1993)

Options over 148,676 shares, which have been bought on the open market by, and are held by, the Rolfe & Nolan Employee Trust, have been granted as follows:

	Number of shares	Option price	Dates normally exercisable
B. Cooke	48,676	181.25p	January 1997 to January 2004
P. D. Day	100,000	177p	December 1997 to December 2004

A further 52,500 unallocated shares were held by the Trust at 28th February and 5th July 1995.

Purchase of shares by the Trust is funded by an interest free loan from the Company amounting to £356,000 at 28th February 1995, and repayable in normal circumstances on or before December 2004.

The exercise of Mr. Cooke's option is not dependent upon performance criteria, and there are no other constraints apart from the time limit.

Mr. Day's option may only be exercised if, not less than three years following the date of grant, the earnings per share of the Group exceeds a target, set at 8.85p for the year to 28th February 1995 and increased annually by a percentage equivalent to the percentage increase in the Retail Prices Index for the preceding twelve months plus 5 percentage points.

##### Savings Related Share Option Scheme

Number of shares	Option price	Dates normally exercisable
9,184*	47p	June 1995 to January 1996
63,112	52p	August 1995 to February 1996
22,500	60p	February 1996 to August 1996
5,442	62p	August 1996 to February 1997
6,292	77.5p	February 1997 to August 1997
22,582	88p	August 1997 to February 1998
29,392	90p	February 1998 to August 1998
12,782	104p	August 1998 to February 1999

\*As at 5th July 1995, these options had been exercised.

# 15. Reserves

	Group			Company		
	Share premium account £'000	Other reserves £'000	Profit and loss account £'000	Share premium account £'000	Other reserves £'000	Profit and loss account £'000
At 1st March 1994	238	(1,125)	2,824	238	834	4,318
Retained profit for the year	—	—	336	—	—	707
Arising on shares issued in the year	29	—	—	29	—	—
Utilised by capitalisation issue	(238)	(369)	—	(238)	(369)	—
Exchange adjustments	—	—	23	—	—	—
At 28th February 1995	29	(1,494)	3,183	29	465	5,025

The opening balance on Other Reserves represents merger relief granted under section 131 of the Companies Act 1985, and in the case of the Group balance is net of Goodwill written off on the acquisition of Rofle & Nolan (USA).

The cumulative amount of goodwill written off to reserves at 28th February 1995 was £2,418,000.

In accordance with the exemption allowed by section 230 of the Companies Act 1985, the Company has not presented its own profit and loss account. The profit of the Company for the year amounted to £1,187,000.

	Group		Company	
	1995 £'000	1994 £'000	1995 £'000	1994 £'000
<b>16. Capital commitments</b>				
Authorised and contracted for	210	—	50	—
Authorised but not contracted for	—	124	—	124

**17. Guarantees** The Company had a contingent liability in respect of guarantees given on bank loans and equipment leases of Rofle & Nolan (USA) Inc. amounting to \$1,256,000 (approximately £795,000) at 28th February 1995. The comparative figure at 28th February 1994 was \$1,323,000 (£888,000). Since the year end a further \$365,000 (£231,000) has been guaranteed.

**18. Lighthouse** The terms of the original Lighthouse software development contract with Credit Suisse entered into in September 1993, have been renegotiated. Heads of Agreement were signed on 15th June 1995 and the definitive contract is in the course of preparation for signature. Under these signed Heads of Agreement, it has been agreed that, upon completion of the definitive contract, any liability that may have arisen under the original contract for the return of any licence fees paid to the Company will cease. To date, the total of such licence fees is £1,058,000.

The parties have agreed to revised delivery timings over the period to 30th September 1996, with a primary acceptance milestone at the end of November 1995. The Company has agreed to place £500,000 in escrow on 31st July 1995, which amount will be released upon a satisfactory acceptance test of the end November 1995 milestone delivery.

# 19. Operating lease commitments

At 28th February 1995 annual commitments under operating leases were as follows:

	1995		1994	
	Property £'000	Other £'000	Property £'000	Other £'000
<b>Group</b>				
Operating leases which expire:				
Within one year	5	23	—	46
In the second to fifth years inclusive	219	210	226	212
After five years	235	—	246	—
	<u>459</u>	<u>233</u>	<u>472</u>	<u>258</u>
<b>Company</b>				
Operating leases which expire:				
Within one year	—	23	—	46
In the second to fifth years inclusive	219	69	205	64
	<u>219</u>	<u>92</u>	<u>205</u>	<u>110</u>

# 20. Pensions

The Company operates an occupational pension scheme for certain employees and directors. This scheme is a defined contribution scheme, under which the majority of members are contracted out of the State Earnings Related Pension Scheme. The assets of the scheme are held separately from those of the Company and are invested in insurance policies and units in an insurance company pooled fund.

A previous arrangement, whereby members were able to contract out under a final salary scheme, was terminated at 31st July 1992, and was wound up on 21st September 1994, its assets having been reinvested at the election of individual members.

	1995 £'000	1994 £'000
<b>21. Cash flow</b>		
Reconciliation of operating profit to net cash flow from operating activities		
Operating profit	1,395	1,476
Depreciation	679	677
Profit on sale of tangible fixed assets	—	(4)
Increase in debtors	(1,375)	(383)
Increase in creditors	36	462
Net cash inflow from operating activities	<u>735</u>	<u>2,228</u>

## 21. Cash flow— continued

	1995		1994	
	Share capital including premium £'000	Loans and finance lease obligations £'000	Share capital including premium £'000	Loans and finance lease obligations £'000
Analysis of changes in financing during the year				
Balance at 1st March	844	261	740	517
Net cash inflow/(outflow) from financing	37	(99)	72	(237)
Nominal value of shares issued in respect of subsidiary undertaking acquired	—	—	32	—
Transfer from other reserves	369	—	—	—
Exchange adjustments	—	(13)	—	(19)
Balance at 28th February	<u>1,250</u>	<u>149</u>	<u>844</u>	<u>261</u>
			1995 £'000	1994 £'000
Analysis of changes in cash and cash equivalents during the year				
Balance at 1st March			1,219	738
Net cash (outflow)/inflow			(923)	473
Exchange adjustments			33	8
Balance at 28th February			<u>329</u>	<u>1,219</u>
	1995 £'000	1994 £'000	1993 £'000	Change in year £'000
Cash and cash equivalents comprise				Change in previous year £'000
Cash at bank and in hand	619	639	238	(20)
Bank overdraft	(290)	(420)	—	130
Short term deposits (original maturity less than 90 days)	—	1,000	500	(1,000)
	<u>329</u>	<u>1,219</u>	<u>738</u>	<u>(890)</u>
Short term deposits (original maturity more than 90 days)	1,751	2,100	2,500	(349)
Total net cash	<u>2,080</u>	<u>3,319</u>	<u>3,238</u>	<u>(1,239)</u>

The cash flow statement and the notes above have been compiled to comply with the requirements of FRS 1, although the Directors consider that the short term deposits with original maturity of more than 90 days more properly represent cash or cash equivalents, their maturity date in each of the years stated being 2nd March.



# Five Year Financial Statistics

<b>Profit and Loss Accounts</b>	<b>1995</b>	<b>1994</b>	<b>1993</b>	<b>1992</b>	<b>1991</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Turnover	<b>14,288</b>	12,720	11,232	6,737	6,298
Profit before taxation	<b>1,512</b>	1,573	1,216	1,390	1,446
Taxation	<b>(696)</b>	(974)	(613)	(507)	(496)
Profit after taxation	<b>816</b>	599	603	883	950
Extraordinary item	—	—	—	—	(51)
Minority interest in R&N USA	—	171	395	—	—
Dividends	<b>(480)</b>	(484)	(426)	(355)	(302)
Profit retained	<b>336</b>	286	572	528	597
Earnings per share	<b>6.7p</b>	6.4p	8.9p	8.0p	8.8p
Dividends per share	<b>4.0025p</b>	4.0p	3.6p	3.1p	2.8p

## Notice of Meeting

NOTICE IS HEREBY GIVEN that the twenty first Annual General Meeting of Rolfe & Nolan Plc will be held at the Chartered Accountants' Hall, Moorgate Place, London EC2, on Wednesday 23rd August 1995 at 12.30 p.m. for the following purposes:

### Ordinary Business

1. To receive and adopt the Directors' Report and Accounts for the year ended 28th February 1995 and the Report of the Auditors thereon.
2. To declare a final dividend.
3. To re-elect Mr. A. G. Biddle as a Director.
4. To re-elect Mr. P. S. E. Cleaver as a Director.
5. To re-elect Mr. B. Cooke as a Director.
6. To re-elect Mr. S. C. Rapkin as a Director.
7. To re-elect Mr. P. K. Wright as a Director.
8. To re-appoint Grant Thornton as the Company's Auditors and to authorise the Directors to fix their remuneration.

### Special Business

To consider and, if thought fit, to pass the following Resolutions which will be proposed as Ordinary and Special Resolutions respectively (as indicated below):

### Ordinary Resolutions

#### 9. THAT:

The Rolfe & Nolan Executive Share Option Scheme 1995, the provisions of which are summarised in the Appendix to the letter to members of the Company dated 21st July 1995, and to be constituted by the rules produced in draft to this meeting and for the purposes of identification initialled by the chairman hereof, be and is hereby approved and the directors be and are hereby authorised to do all acts and things which they may consider necessary or expedient for implementing and giving effect to the same.

#### 10. THAT:

The Directors be and are hereby generally and unconditionally authorised for the purposes of section 80 of the Companies Act 1985 to allot relevant securities (within the meaning of that section) up to a maximum aggregate nominal amount of £277,729 provided that this authority shall expire on 22nd August 2000 save that the Company may before such expiry make an offer or agreement which would or might require any such relevant securities to be allotted after such expiry.

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