

Consort Securities Systems Limited
Annual report
for the year ended 30 June 1999

Registered no: 1768508



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Consort Securities Systems Limited

Annual report for the year ended 30 June 1999

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Consort Securities Systems Limited

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Directors and advisers

Executive directors

E J Werner
M Sidi
S P A Massarella
G Carter

Secretary and registered office

A D Smith
Consort Securities Systems Limited
Consort House
15 De Montfort Place
Leicester
LE1 7GZ

Registered Auditors

PricewaterhouseCoopers
Charnwood Court
New Walk
Leicester
LE1 6TE

Solicitors

Maxwell Batley
27 Chancery Lane
London
WC2A 1PA

Bankers

Barclays Bank plc
Barclays House
PO Box 1500
Dominus Way
Meridian Business Park
Leicester
LE3 2RN

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Directors' report for the year ended 30 June 1999

The directors present their report and the audited financial statements for the year ended 30 June 1999.

Principal activities

The principal activities of the company have been the development of computer programmes and consultancy, including the sale of hardware and software.

Review of business

The profit and loss account is set out on page 5.

Dividends and transfers to reserves

The directors do not recommend the payment of a dividend.

The retained profit for the year of £224,000 will be transferred to reserves (1998: £61,000).

Directors

The directors of the company at 30 June 1999 are listed on page 1. There have been no changes in the directors of the company during the year other than the resignation of Mr J Munro on 31 March 1999.

Directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial period that give a true and fair view of the state of the company's affairs as at the end of the financial year and of the profit or loss for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 30 June 1999. The directors also confirm that applicable accounting standards have been followed and that the statements have been prepared on the going concern basis.

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

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Directors' interests in shares of the company

None of the directors who held office at the end of the year had any interest in the shares of the company.

The interests of the directors of the company in the shares of the ultimate holding company, Consort Information Systems Limited, at 30 June 1999 were:-

	1999 Ordinary shares Number	1998 Ordinary shares Number
E J Werner	98,123	97,123
M Sidi	5,356	5,356
S P A Massarella	5,000	5,000
G Carter	12,500	12,500

Millennium

As part of a group wide review, the company has completed its programme of software modifications for the year 2000 to all its current products. All clients have been issued with compliant versions of the software, though many still need to test these in their own environment.

The company's own internal systems are being upgraded, and the work should be completed shortly. The costs which have been incurred to date, and any future costs, which are expected to be immaterial, are being written off as incurred.

European monetary union

The company has also written EMU compliant systems for its existing products. The company has reviewed its internal systems for the introduction of the EMU. No significant costs have been incurred to date, but the ultimate cost which is currently unknown, is not expected to be material.

Auditors

A resolution to reappoint the auditors, PricewaterhouseCoopers, will be proposed at the annual general meeting.

By order of the board


Company Secretary

1 September 1999

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Report of the auditors to the members of Consort Securities Systems Limited

We have audited the financial statements on pages 5 to 13 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 and 8.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the annual report, including as described on page 2, the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and our profession's ethical guidance.

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. 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.

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 the company's affairs at 30 June 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

Chartered Accountants and Registered Auditors

Leicester:

Date

PricewaterhouseCoopers
7th September 1999

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Profit and loss account for the year ended 30 June 1999

	Notes	1999 £'000	1998 £'000
Turnover - continuing operations	2	4,628	3,390
Staff costs	4	(2,899)	(2,072)
Depreciation	6	(108)	(82)
Other operating charges		(1,252)	(1,060)
Operating profit - continuing operations		369	176
Interest payable and similar charges	5	(62)	(71)
Profit on ordinary activities before taxation	6	307	105
Tax on profit on ordinary activities	7	(83)	(44)
Retained profit for the period	14	224	61

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.

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

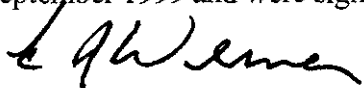
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Balance sheet at 30 June 1999

	Notes	1999 £'000	1998 £'000
Fixed assets			
Tangible assets	8	211	208
Current assets			
Debtors	9	1,643	1,879
Cash at bank and in hand		84	-
		1,727	1,879
Creditors: amounts falling due within one year	10	(1,430)	(1,801)
Net current assets		297	78
Total assets less current liabilities		508	286
Provisions for liabilities and charges	11	-	(2)
Net assets		508	284
Capital and reserves			
Called up share capital	13	25	25
Share premium account	14	5	5
Profit and loss account	14	478	254
Equity shareholders' funds	15	508	284

The financial statements on pages 5 to 13 were approved by the board of directors on 1 September 1999 and were signed on its behalf by:



Director

Consort Securities Systems Limited

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Notes to the financial statements for the year ended 30 June 1999

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Improvements to leasehold properties	Over the life of the lease
Fixtures and fittings	25%
Computer equipment	25%

Development expenditure

The cost of development expenditure is written off in full, as incurred.

Revenue recognition

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the period. Revenue is taken to profit when:

- (a) software is delivered to the customer; or
- (b) contractual obligations of the customer to pay are satisfied and an invoice is raised.

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Maintenance income

In respect of income recoverable from the provisions of maintenance contracts, income is credited to the profit and loss account as earned. Provision is made for the unexpired term of the contract within accruals and deferred income. Costs incurred under such contracts are charged to the profit and loss account as incurred.

Operating leases

Rent payable in respect of operating leases is charged on a straight line basis over the lease term.

Deferred taxation

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

Pension costs

Retirement benefits for employees are funded by contributions to a defined contribution scheme. Contributions are charged to the profit and loss account in the period in which they are made.

Cash flow statement

A cash flow statement is not included in these accounts because the company is a subsidiary undertaking of Consort Information Systems Limited, which has informed the company of its intention to prepare a consolidated cash flow statement, including the cash flow of the company, in its 1999 accounts, in accordance with Financial Reporting Standard No 1 (revised).

Related party transactions

The company has taken advantage of the exemption, available under Financial Reporting Standard 8, in respect of wholly owned subsidiaries not to disclose related party transactions with other group companies, 90% or more of whose voting rights are controlled within the group.

2 Turnover

The analysis by geographical area of the company's turnover by destination is set out below:

	1999 £'000	1998 £'000
United Kingdom	4,413	3,252
Rest of Europe	215	138
	<hr/> 4,628 <hr/>	<hr/> 3,390 <hr/>

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3 Directors' emoluments

	1999 £'000	1998 £'000
Aggregate emoluments	318	304
Compensation for loss of office	3	42
Company pension contributions to money purchase schemes	53	43

Retirement benefits are accruing to four directors under a money purchase pension scheme.

Emoluments payable to the highest paid director are as follows:

	1999 £'000	1998 £'000
Aggregate emoluments	86	73
Company pension contributions to money purchase scheme	15	12

4 Employee information

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

	1999 Number	1998 Number
Administration	6	6
Computer services	92	75

	1999 £'000	1998 £'000
Staff costs (for the above persons)		
Wages and salaries	2,517	1,799
Social security costs	248	177
Other pension costs (see note 12)	134	96
	2,899	2,072

5 Interest payable and similar charges

	1999 £'000	1998 £'000
On bank loans, overdrafts and other loans	24	71
Interest payable on intercompany loans	38	-
	62	71

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6 Profit on ordinary activities before taxation

	1999 £'000	1998 £'000
Profit on ordinary activities before taxation is stated after charging:		
Depreciation charge for the period:		
Tangible owned assets	108	82
Auditors' remuneration for:		
Audit	12	10
Other services	2	2
Hire of other assets - operating leases	146	156
	<u> </u>	<u> </u>

7 Tax on profit on ordinary activities

	1999 £'000	1998 £'000
United Kingdom corporation tax at 31% (1998: 21%)		
Current	85	42
Deferred (note 11)	(2)	1
Under provision in previous year		
Deferred	-	1
	<u> </u>	<u> </u>
	83	44
	<u> </u>	<u> </u>

8 Tangible fixed assets

	Improvements to leasehold properties £'000	Fixtures and fittings £'000	Computer equipment £'000	Total £'000
Cost				
At 1 July 1998	39	99	263	401
Additions	-	8	103	111
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 30 June 1999	39	107	366	512
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Depreciation				
At 1 July 1998	19	55	119	193
Charge for year	12	19	77	108
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 30 June 1999	31	74	196	301
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net book value				
At 30 June 1999	8	33	170	211
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 30 June 1998	20	44	144	208
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

9 Debtors

	1999 £'000	1998 £'000
Trade debtors	1,516	1,823
Prepayments and accrued income	127	56
	<u>1,643</u>	<u>1,879</u>

10 Creditors: amounts falling due within one year

	1999 £'000	1998 £'000
Bank loans and overdrafts	-	429
Trade creditors	176	178
Amounts due to parent company	660	360
Corporation tax payable	87	42
Other taxation and social security	244	305
Accruals and deferred income	263	487
	<u>1,430</u>	<u>1,801</u>

The bank overdraft is secured by a first and only debenture over the whole of the undertaking and assets of the company, and its parent, Consort Information Systems Limited.

The amounts owed to the parent company carry interest at 1% above LIBOR and the debt is repayable on demand.

11 Deferred taxation

Deferred taxation provided in the financial statements, and the amount unprovided of the total potential liability, are as follows:

	Amount provided		Amount unprovided	
	1999 £'000	1998 £'000	1999 £'000	1998 £'000
Tax effect of timing differences:				
Excess of tax allowances over depreciation	-	2	1	-
	<u>-</u>	<u>2</u>	<u>1</u>	<u>-</u>

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12 Pension and similar obligations

Retirement benefits for employees have been funded by contributions to a defined contribution pension scheme. The charge to the profit and loss account for the year was £134,000 (1998: £96,000).

13 Called up share capital

	1999 £'000	1998 £'000
Authorised		
25,000 ordinary shares of £1 each	25	25
Allotted, called up and fully paid		
24,434 ordinary shares of £1 each	25	25

14 Share premium account and reserves

	Share premium account £'000	Profit and loss account £'000
At 1 July 1998	5	254
Retained profit for the year	-	224
At 30 June 1999	5	478

15 Reconciliation of movement in shareholders' funds

	1999 £'000	1998 £'000
Profit for the year	224	61
Net addition to shareholders' funds	224	61
Opening shareholders' funds	284	223
Closing shareholders' funds	508	284

16 Financial commitments and contingent liabilities

At 30 June 1999 the company had annual commitments under non-cancellable operating leases as follows:-

	30 June 1999		30 June 1998	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Expiring within one year	13	29	48	11
Expiring between two and five years inclusive	16	32	12	54
	<u>29</u>	<u>61</u>	<u>60</u>	<u>65</u>

The company is party to a cross guarantee with its parent, Consort Information Systems Limited in respect of the bank borrowings of the group. At 30 June 1999 the total amount outstanding under the guarantee was £nil (1998: £nil).

17 Ultimate parent company

The directors regard Consort Information Systems Limited, a company registered in England and Wales, as the ultimate parent company. Copies of the parent company's consolidated accounts may be obtained from: The Company Secretary, Consort Information Systems Limited, Consort House, 15 De Montfort Place, Leicester, LE1 7GZ. There is no ultimate controlling party.