

Consort Securities Systems Limited  
Annual report  
for the year ended 30 June 1997

Registered no: 1768508



# **Consort Securities Systems Limited**

## **Annual report for the year ended 30 June 1997**

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# **Consort Securities Systems Limited**

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## **Directors and advisers**

### **Executive directors**

J N Everett - Chairman  
E J Werner - Managing Director  
J Munro  
M Sidi  
S P A Massarella

### **Secretary and registered office**

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

### **Registered Auditors**

Coopers & Lybrand  
Charnwood Court  
New Walk  
Leicester  
LE1 6TE

### **Solicitors**

Maxwell Batley  
27 Chancery Lane  
London  
WC2A 1PA

### **Bankers**

Bank of Scotland plc  
Hobs Branch  
2 Robertson Avenue  
Edinburgh  
EH11 1PZ

**Directors' report  
for the year ended 30 June 1997**

The directors present their report and the audited financial statements for the year ended 30 June 1997.

**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.

The impact of CREST had a major effect on the results for the year. The loss of £150,000 was very disappointing following the previous year's profit of £505,000.

The new Windows product 4I is now progressing well and commitments have been made by the bulk of the current SDS client base to upgrade. The continuing development of 4I has materially assisted in securing orders from new customers in the last six months.

**Dividends and transfers to reserves**

The Directors do not recommend the payment of a dividend.

The retained loss for the year of £110,000 will be transferred to reserves.

**Changes in fixed assets**

The movements in fixed assets during the period are set out in note 9 to the financial statements.

**Directors**

The directors of the company at 30 June 1997 are listed on page 1.

## 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 period ended 30 June 1997. 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.

## Directors' interests in shares of the company

None of the directors who held office at the end of the period 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 1997 were:-

|             | 1997                         |                                  | 1996                         |                                  |
|-------------|------------------------------|----------------------------------|------------------------------|----------------------------------|
|             | Ordinary<br>shares<br>Number | "A" ordinary<br>shares<br>Number | Ordinary<br>shares<br>Number | "A" ordinary<br>shares<br>Number |
| J N Everett | 50,000                       | 45,797                           | 50,000                       | 50,000                           |
| E J Werner  | 50,000                       | 43,526                           | 50,000                       | 43,526                           |
| J Munro     | -                            | 1,432                            | -                            | 432                              |
| M Sidi      | -                            | 356                              | -                            | 356                              |

## Auditors

A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the annual general meeting.

By order of the board

  
Company secretary  
30 September 1997

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

We have audited the financial statements on pages 5 to 14.

**Respective responsibilities of directors and auditors**

As described on page 3 the company's 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.

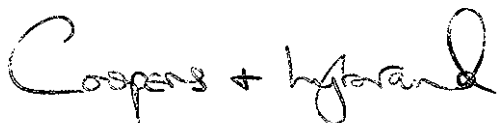
**Basis of opinion**

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 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 1997 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in cursive script that reads "Coopers + Lybrand".

**Chartered Accountants and Registered Auditors  
Leicester  
30 September 1997**

**Profit and loss account  
for the year ended 30 June 1997**

|   | Notes | 1997<br>£'000 | 1996<br>£'000 |
|---|-------|---------------|---------------|
| <b>Turnover - continuing operations</b>                     | 2     | <b>2,346</b>  | 2,729         |
| Staff costs   | 4     | (1,680)       | (1,533)       |
| Depreciation  | 9     | (70)          | (42)          |
| Other operating charges                                     |       | (752)         | (653)         |
|   |       | <hr/>         | <hr/>         |
| <b>Operating (loss)\profit - continuing operations</b>      |       | <b>(156)</b>  | 501           |
| Interest receivable and similar income                      |       | 12            | 7             |
| Interest payable and similar charges                        | 5     | (6)           | (3)           |
|   |       | <hr/>         | <hr/>         |
| <b>(Loss)\Profit on ordinary activities before taxation</b> | 6     | <b>(150)</b>  | 505           |
| Tax on (loss)\profit on ordinary activities                 | 7     | 40            | (149)         |
|   |       | <hr/>         | <hr/>         |
| <b>(Loss)\Profit on ordinary activities after taxation</b>  |       | <b>(110)</b>  | 356           |
| Dividends   | 8     | -             | (129)         |
|   |       | <hr/>         | <hr/>         |
| <b>Retained (loss)\profit for the period</b>                | 15    | <b>(110)</b>  | 227           |
|   |       | <hr/>         | <hr/>         |

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

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

Movements on reserves are set out in note 15.

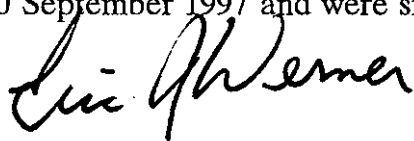
# Consort Securities Systems Limited

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## Balance sheet at 30 June 1997

|   | Notes | 1997<br>£'000 | 1996<br>£'000 |
|---|-------|---------------|---------------|
| <b>Fixed assets</b>                                   |       |               |               |
| Tangible assets                                       | 9     | <u>215</u>    | <u>150</u>    |
| <b>Current assets</b>                                 |       |               |               |
| Debtors   | 10    | 870           | 707           |
| Cash  |       | -             | 425           |
|   |       | <u>870</u>    | <u>1,132</u>  |
| <b>Creditors: amounts falling due within one year</b> | 11    | <u>(862)</u>  | <u>(949)</u>  |
| <b>Net current assets</b>                             |       | <u>8</u>      | <u>183</u>    |
| <b>Total assets less current liabilities</b>          |       | <u>223</u>    | <u>333</u>    |
| <b>Capital and reserves</b>                           |       |               |               |
| Called up share capital                               | 14    | 25            | 25            |
| Share premium account                                 | 15    | 5             | 5             |
| Profit and loss account                               | 15    | 193           | 303           |
| <b>Equity shareholders' funds</b>                     | 16    | <u>223</u>    | <u>333</u>    |

The financial statements on pages 5 to 14 were approved by the board of directors on 30 September 1997 and were signed on its behalf by:



Director



## Notes to the financial statements for the year ended 30 June 1997

### 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.

**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.

**2 Turnover**

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

|                | 1997<br>£'000 | 1996<br>£'000 |
|----------------|---------------|---------------|
| United Kingdom | 2,267         | 2,639         |
| Rest of Europe | 79            | 90            |
|                | <u>2,346</u>  | <u>2,729</u>  |

**3 Directors' emoluments**

|   | 1997<br>£'000 | 1996<br>£'000 |
|---|---------------|---------------|
| Aggregate emoluments                                    | 263           | 290           |
| Company pension contributions to money purchase schemes | <u>44</u>     | <u>37</u>     |

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

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Emoluments payable to the highest paid director are as follows:

|  | <b>1997</b><br><b>£'000</b> | <b>1996</b><br><b>£'000</b> |
|--|-----------------------------|-----------------------------|
| Aggregate emoluments                                   | <u>71</u>                   | <u>83</u>                   |
| Company pension contributions to money purchase scheme | <u>21</u>                   | <u>20</u>                   |

## 4 Employee information

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

|  | <b>1997</b><br><b>Number</b> | <b>1996</b><br><b>Number</b> |
|--|------------------------------|------------------------------|
| Computer services                          | <u>66</u>                    | <u>47</u>                    |
| <b>Staff costs (for the above persons)</b> |                              |                              |
| Wages and salaries                         | <b>1,429</b>                 | <b>1,351</b>                 |
| Social security costs                      | <b>160</b>                   | <b>116</b>                   |
| Other pension costs (see note 13)          | <b>91</b>                    | <b>66</b>                    |
|  | <u><b>1,680</b></u>          | <u><b>1,533</b></u>          |

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## 5 Interest payable and similar charges

|  | 1997<br>£'000 | 1996<br>£'000 |
|--|---------------|---------------|
| On overdrafts:                               |               |               |
| Repayable within 5 years, not by instalments | 6             | 3             |
|  | <u>6</u>      | <u>3</u>      |
|  | <u>6</u>      | <u>3</u>      |

## 6 (Loss)\Profit on ordinary activities before taxation

|   | 1997<br>£'000 | 1996<br>£'000 |
|---|---------------|---------------|
| (Loss)\Profit on ordinary activities before taxation is stated after crediting: |               |               |
| Profit on disposal of tangible fixed assets                                     | -             | 1             |
| And after charging:   |               |               |
| Depreciation charge for the year:   |               |               |
| Tangible owned assets   | 70            | 42            |
| Auditors' remuneration for:   |               |               |
| Audit   | 10            | 9             |
| Other services to the company   | 11            | 9             |
| Hire of other assets - operating leases   | 138           | 111           |
|   | <u>138</u>    | <u>111</u>    |

## 7 Tax on (loss)\profit on ordinary activities

|   | 1997<br>£'000 | 1996<br>£'000 |
|---|---------------|---------------|
| United Kingdom corporation tax at 35.5% (1996: 29%) |               |               |
| Current   | (42)          | 152           |
| Overprovision in previous year                      | 2             | (3)           |
|   | <u>(40)</u>   | <u>149</u>    |

## 8 Dividends

|   | 1997<br>£'000 | 1996<br>£'000 |
|---|---------------|---------------|
| Dividends on equity shares:                               |               |               |
| Ordinary - Interim paid of nil per share (1996: 445.40p)  | -             | 109           |
| Ordinary - Final proposed of nil per share (1996: 81.85p) | -             | 20            |
|   | <u>-</u>      | <u>129</u>    |

## 9 Tangible fixed assets

|                        | Improvements<br>to leasehold<br>properties<br>£'000 | Fixtures<br>and<br>Fittings<br>£'000 | Computer<br>equipment<br>£'000 | Total<br>£'000 |
|------------------------|---|--------------------------------------|--------------------------------|----------------|
| <b>Cost</b>            |   |                                      |                                |                |
| At 1 July 1996         | 15  | 50                                   | 171                            | 236            |
| Additions              | 13  | 36                                   | 86                             | 135            |
| Disposals              | -   | -                                    | -                              | -              |
| <b>At 30 June 1997</b> | <b>28</b>   | <b>86</b>                            | <b>257</b>                     | <b>371</b>     |
| <b>Depreciation</b>    |   |                                      |                                |                |
| At 1 July 1996         | 3   | 28                                   | 55                             | 86             |
| Charge for period      | 9   | 10                                   | 51                             | 70             |
| Disposals              | -   | -                                    | -                              | -              |
| <b>At 30 June 1997</b> | <b>12</b>   | <b>38</b>                            | <b>106</b>                     | <b>156</b>     |
| <b>Net book value</b>  |   |                                      |                                |                |
| <b>At 30 June 1997</b> | <b>16</b>   | <b>48</b>                            | <b>151</b>                     | <b>215</b>     |
| At 30 June 1996        | 12  | 22                                   | 116                            | 150            |

## 10 Debtors

|                                | 1997<br>£'000 | 1996<br>£'000 |
|--------------------------------|---------------|---------------|
| Trade debtors                  | 795           | 673           |
| Prepayments and accrued income | 35            | 34            |
| Corporation tax recoverable    | 40            | -             |
|                                | <u>870</u>    | <u>707</u>    |

## 11 Creditors: amounts falling due within one year

|                                    | 1997<br>£'000 | 1996<br>£'000 |
|------------------------------------|---------------|---------------|
| Bank overdraft                     | 403           | -             |
| Trade creditors                    | 120           | 43            |
| Amounts due to parent company      | 110           | 199           |
| Dividend payable                   | -             | 20            |
| Corporation tax payable            | -             | 179           |
| Other taxation and social security | 130           | 117           |
| Accruals and deferred income       | 99            | 391           |
|                                    | <u>862</u>    | <u>949</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.

## 12 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 |               |
|--|-----------------|---------------|-------------------|---------------|
|  | 1997<br>£'000   | 1996<br>£'000 | 1997<br>£'000     | 1996<br>£'000 |
| Tax effect of timing differences:          |                 |               |                   |               |
| Excess of tax allowances over depreciation | -               | -             | 1                 | 1             |
|  | <u>-</u>        | <u>-</u>      | <u>1</u>          | <u>1</u>      |
|  | <u>-</u>        | <u>-</u>      | <u>1</u>          | <u>1</u>      |

## 13 Pension and similar obligations

Retirement benefits for employees have been funded by contributions to a defined contribution scheme. The charge to the profit and loss account for the year was £91,000 (1996: £66,000).

**14 Called up share capital**

|   | <b>1997</b>  | <b>1996</b>  |
|---|--------------|--------------|
|   | <b>£'000</b> | <b>£'000</b> |
| <b>Authorised</b>                         |              |              |
| 25,000 ordinary shares of £1 each         | <b>25</b>    | <b>25</b>    |
|   | <hr/>        | <hr/>        |
| <b>Allotted, called up and fully paid</b> |              |              |
| 24,434 ordinary shares of £1 each         | <b>25</b>    | <b>25</b>    |
|   | <hr/>        | <hr/>        |

**15 Share premium account and reserves**

|                            | <b>Share<br/>premium<br/>account</b> | <b>Profit and<br/>loss account</b> |
|----------------------------|--------------------------------------|------------------------------------|
|                            | <b>£'000</b>                         | <b>£'000</b>                       |
| At 1 July 1996             | 5                                    | 303                                |
| Retained loss for the year | -                                    | (110)                              |
|                            | <hr/>                                | <hr/>                              |
| <b>At 30 June 1997</b>     | <b>5</b>                             | <b>193</b>                         |
|                            | <hr/>                                | <hr/>                              |

**16 Reconciliation of movement in shareholders' funds**

|                                     | <b>1997</b>  | <b>1996</b>  |
|-------------------------------------|--------------|--------------|
|                                     | <b>£'000</b> | <b>£'000</b> |
| (Loss)\Profit for the period        | (110)        | 356          |
| Dividends paid and proposed         | -            | (129)        |
|                                     | <hr/>        | <hr/>        |
| Net addition to shareholders' funds | (110)        | 227          |
| Opening shareholders' funds         | 333          | 106          |
|                                     | <hr/>        | <hr/>        |
| <b>Closing shareholders' funds</b>  | <b>223</b>   | <b>333</b>   |
|                                     | <hr/>        | <hr/>        |

**17 Financial commitments**

At 30 June 1997 the company had annual commitments under non-cancellable operating leases as follows:-

|  | 30 June 1997          |           | 30 June 1996          |           |
|--|-----------------------|-----------|-----------------------|-----------|
|  | Land and<br>buildings | Other     | Land and<br>buildings | Other     |
|  | £'000                 | £'000     | £'000                 | £'000     |
| Expiring within one year                         | 60                    | 13        | 29                    | 6         |
| Expiring between two and five<br>years inclusive | -                     | 63        | 27                    | 49        |
|  | <u>60</u>             | <u>76</u> | <u>56</u>             | <u>55</u> |

The company is a party to a cross guarantee of its bank overdraft with its parent, Consort Information Systems Limited.

**18 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.