

**Consort Securities Systems Limited**  
**Annual report**  
**for the year ended 30 June 2002**

Registered no: 1768508



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COMPANIES HOUSE 16/01/03

# **Consort Securities Systems Limited**

## **Annual report for the year ended 30 June 2002**

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# **Consort Securities Systems Limited**

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## **Directors and advisers**

### **Executive directors**

E J Werner  
M Sidi  
K Barry  
J E Barnaby

### **Registered Auditors**

PricewaterhouseCoopers  
Charnwood Court  
New Walk  
Leicester  
LE1 6TE

### **Secretary and registered office**

A D Smith  
Consort Securities Systems Limited  
5 Granville Road  
Leicester  
LE1 7RU

### **Solicitors**

Maxwell Batley  
27 Chancery Lane  
London  
WC2A 1PA

### **Bankers**

Barclays Bank plc  
Leicester Corporate Banking Centre  
PO Box 54  
Town Hall Square  
Leicester  
LE1 9AA

## **Directors' report for the year ended 30 June 2002**

The directors present their report and the audited financial statements for the year ended 30 June 2002.

### **Principal activities**

The principal activities of the company have been the development and sale of computer programmes and consultancy.

### **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 loss for the year of £46,000 will be transferred from reserves (2001: profit £29,000).

### **Directors**

The directors of the company at 30 June 2002 are listed on page 1. There have been no changes during the year.

### **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 2002. 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' report  
for the year ended 30 June 2002 (continued)****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 (2001: nil).

The interests of the directors of the company in the shares of the ultimate holding company, Consort Information Systems Limited, at 30 June 2001 and 30 June 2002 were: -

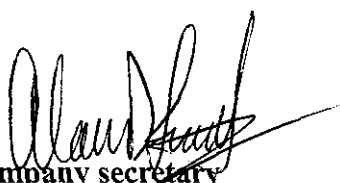
	<b>2002 Share options Number</b>	<b>2001 Share options Number</b>	<b>2002 Ordinary shares Number</b>	<b>2001 Ordinary shares Number</b>
E J Werner	16,500	12,000	125,729	123,673
M Sidi	13,800	10,000	11,206	11,206
K Barry	13,800	10,000	1,100	1,100
J E Barnaby	13,800	10,000	769	-

All movements in share options relate to options granted in the year.

**Auditors**

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

**By order of the board**

  
**Company secretary**  
Date: 1 October 2002

## Independent auditors' report to the members of Consort Securities Systems Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

### Respective responsibilities of directors and auditors

The director's responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of director's responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

### 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 2002 and of its loss 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: 1 October 2002

**Profit and loss account  
for the year ended 30 June 2002**

	Notes	2002 £'000	2001 £'000
<b>Turnover - continuing operations</b>	2	<b>3,810</b>	4,866
Staff costs	4	(2,949)	(3,639)
Depreciation	6	(86)	(111)
Other operating charges		(829)	(1,057)
		<hr/>	<hr/>
<b>Operating (loss)/profit - continuing operations</b>		<b>(54)</b>	59
Interest payable and similar charges	5	(3)	(18)
Interest receivable		4	6
		<hr/>	<hr/>
<b>(Loss)/profit on ordinary activities before taxation</b>	6	<b>(53)</b>	47
Tax on (loss)/profit on ordinary activities	7	7	(18)
		<hr/>	<hr/>
<b>(Loss)/retained profit for the year</b>	14	<b>(46)</b>	29
		<hr/>	<hr/>

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

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

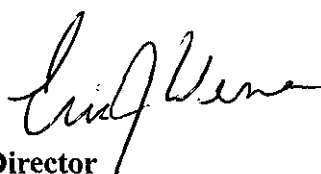
# Consort Securities Systems Limited

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## Balance sheet at 30 June 2002

	Notes	2002 £'000	2001 £'000
<b>Fixed assets</b>			
Tangible assets	8	148	210
<b>Current assets</b>			
Debtors	9	1,334	1,377
Cash at bank and in hand		16	75
		1,350	1,452
<b>Creditors: amounts falling due within one year</b>	10	(765)	(883)
<b>Net current assets</b>		585	569
Total assets less current liabilities		733	779
<b>Provisions for liabilities and charges</b>	11	-	-
<b>Net assets</b>		733	779
<b>Capital and reserves</b>			
Called up share capital	13	25	25
Share premium account	14	5	5
Profit and loss account	14	703	749
<b>Equity shareholders' funds</b>	15	733	779

The financial statements on pages 5 to 15 were approved by the board of directors on 1 October 2002 and were signed on its behalf by:



Director



## Notes to the financial statements for the year ended 30 June 2002

### 1 Principal accounting policies

#### Accounting Convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards all of which have been applied consistently throughout the year and the preceding year. Where a choice of treatment is available the directors apply the most appropriate accounting policy and estimation technique in accordance with Financial Reporting Standard Number 18.

#### 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 and maintenance expenditure is written off to profit and loss in full, as incurred.

## **Notes to the financial statements for the year ended 30 June 2002**

### **1 Principal accounting policies (continued)**

#### **Revenue recognition**

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the year.

In the case of software licences, the revenue is taken to profit when: -

- (a) software is delivered to the customer, or contractual obligations of the customer to pay have been satisfied and an invoice is raised.
- (b) occasionally, Consort will initiate a development of a licensed product that customers have already contracted to take, and are funding the project. In these circumstances the revenue is recognised monthly on the percentage of the project completed.

The company invoices customers in advance for the provision of maintenance and support contracts. Revenue is recognised monthly spread evenly over the period covered by the fee.

#### **Operating leases**

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

#### **Deferred taxation**

Deferred taxation has been recognised as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in future, or a right to pay less taxation in future. An asset is not recognised to the extent that the transfer of economic benefits in future is uncertain. Deferred tax assets and liabilities recognised have not been discounted.

#### **Pension costs**

Retirement benefits for employees are funded by contributions to individual personal pension schemes. The schemes are defined contribution. 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 2002 accounts, in accordance with Financial Reporting Standard No 1.

## Notes to the financial statements for the year ended 30 June 2002

### 1 Principal accounting policies (continued)

#### 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:

	2002 £'000	2001 £'000
United Kingdom	3,579	4,636
Rest of Europe	231	230
	<u>3,810</u>	<u>4,866</u>

### 3 Directors' emoluments

	2001 £'000	2001 £'000
Aggregate emoluments	353	468
Compensation for loss of office	-	73
	<u>353</u>	<u>541</u>
Company pension contributions to money purchase schemes	55	72
	<u>55</u>	<u>72</u>

Retirement benefits are accruing to four (2001: four) directors under a money purchase pension scheme.

Emoluments payable to the highest paid director are as follows:

	2002 £'000	2001 £'000
Aggregate emoluments	101	102
	<u>101</u>	<u>102</u>
Company pension contributions to money purchase scheme	20	19
	<u>20</u>	<u>19</u>

**Notes to the financial statements  
for the year ended 30 June 2002**

**4 Employee information**

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

	<b>2002 Number</b>	<b>2001 Number</b>
Administration	7	8
Computer services	76	92
	<hr/>	<hr/>
	<b>2002 £'000</b>	<b>2001 £'000</b>
<b>Staff costs (for the above persons)</b>		
Wages and salaries	2,533	3,143
Social security costs	246	306
Other pension costs (see note 12)	170	190
	<hr/>	<hr/>
	<b>2,949</b>	<b>3,639</b>
	<hr/>	<hr/>

**5 Interest payable and similar charges**

	<b>2002 £'000</b>	<b>2001 £'000</b>
Interest payable on bank loans and overdrafts	3	8
Interest payable on intercompany loans	-	10
	<hr/>	<hr/>
	<b>3</b>	<b>18</b>
	<hr/>	<hr/>

**Notes to the financial statements  
for the year ended 30 June 2002**

**6 (Loss)/profit on ordinary activities before taxation**

	2002 £'000	2001 £'000
(Loss)/profit on ordinary activities before taxation is stated after charging:		
Depreciation charge for the period:		
Tangible owned fixed assets	86	111
Auditors' remuneration for:		
Audit	11	11
Other services	3	6
Hire of other assets - operating leases:		
Plant & machinery	47	58
Other	103	103
Restructuring costs	72	-
Loss on disposal of fixed assets	1	-
	<u>          </u>	<u>          </u>

**7 Tax on (loss)/profit on ordinary activities**

	2002 £'000	2001 £'000
<b>Current tax:</b>		
United Kingdom corporation tax on (loss)/profits of the year	-	25
Adjustments in respect of prior years	(7)	(7)
	<u>          </u>	<u>          </u>
Tax on (loss)/profit on ordinary activities	<u>(7)</u>	<u>18</u>

The tax assessed for the year is higher than the standard rate of corporation tax in the UK (20%). The differences are explained below:

	2002 £'000	2001 £'000
(Loss)/profit on ordinary activities before tax	<u>(53)</u>	<u>47</u>
(Loss)/profit on ordinary activities multiplied by standard rate in the UK (20%).	(11)	9
<b>Effects of:</b>		
Expenses not deductible for tax purposes	11	16
Adjustments to tax charge in respect of previous years	(7)	(7)
	<u>          </u>	<u>          </u>
Current tax charge for the year	<u>(7)</u>	<u>18</u>

Deferred tax assets and liabilities have not been discounted.

**Notes to the financial statements  
for the year ended 30 June 2002**

**8 Tangible fixed assets**

	Improvements to leasehold properties £'000	Fixtures and fittings £'000	Computer Equipment £'000	Total £'000
<b>Cost</b>				
At 1 July 2001	57	73	340	470
Additions	10	-	15	25
Disposals	-	(5)	(28)	(33)
<b>At 30 June 2002</b>	<b>67</b>	<b>68</b>	<b>327</b>	<b>462</b>
<b>Depreciation</b>				
At 1 July 2001	24	47	189	260
Charge for year	-	12	74	86
Disposals	-	(5)	(27)	(32)
<b>At 30 June 2002</b>	<b>24</b>	<b>54</b>	<b>236</b>	<b>314</b>
<b>Net book value</b>				
<b>At 30 June 2002</b>	<b>43</b>	<b>14</b>	<b>91</b>	<b>148</b>
At 30 June 2001	33	26	151	210

**9 Debtors**

	2002 £'000	2001 £'000
Trade debtors	1,202	1,162
Prepayments and accrued income	132	215
	<b>1,334</b>	<b>1,377</b>

**Notes to the financial statements  
for the year ended 30 June 2002**

**10 Creditors: amounts falling due within one year**

	2002 £'000	2001 £'000
Trade creditors	74	207
Amounts due to parent company	110	110
Corporation tax payable	-	25
Other taxation and social security	220	255
Accruals and deferred income	361	286
	<u>765</u>	<u>883</u>

**11 Deferred taxation**

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

	Amount provided		Amount unprovided	
	2002 £'000	2001 £'000	2002 £'000	2001 £'000
Tax effect of timing differences:				
Excess of depreciation over tax allowances	-	-	2	1
	<u>-</u>	<u>-</u>	<u>2</u>	<u>1</u>

**12 Pension and similar obligations**

Retirement benefits for employees are funded by contributions to individual personal pension schemes. The schemes are defined contribution. The charge to the profit and loss account for the year was £170,000 (2001: £190,000).

**13 Called up share capital**

	2002 £'000	2001 £'000
<b>Authorised</b>		
25,000 ordinary shares of £1 each	25	25
<b>Allotted, called up and fully paid</b>		
24,434 ordinary shares of £1 each	25	25

**Notes to the financial statements  
for the year ended 30 June 2002**

**14 Share premium account and reserves**

	Share premium account £'000	Profit and loss account £'000
At 1 July 2001	5	749
Loss for the year	-	(46)
At 30 June 2002	<u>5</u>	<u>703</u>

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

	2002 £'000	2001 £'000
(Loss)/profit for the year	(46)	29
Opening shareholders' funds	<u>779</u>	<u>750</u>
Closing shareholders' funds	<u>733</u>	<u>779</u>

**16 Financial commitments and contingent liabilities**

At 30 June 2002 the company had annual commitments under non-cancellable operating leases as follows: -

	30 June 2002		30 June 2001	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Expiring within one year	4	6	13	1
Expiring between two and five years inclusive	<u>87</u>	<u>38</u>	<u>87</u>	<u>39</u>
	<u>91</u>	<u>44</u>	<u>100</u>	<u>40</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 2002 the total amount outstanding under the guarantee was £nil (2001: £nil).



**Notes to the financial statements  
for the year ended 30 June 2002**

**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. There is no ultimate controlling party.