

Consort Securities Systems Limited

(formerly Sherwood Consort Data Limited)

Annual report

for the 18 months ended 30 June 1995

Registered no: 1768508



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Consort Securities Systems Limited
(formerly Sherwood Consort Data Limited)

Annual report
18 months ended 30 June 1995

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Directors and advisers

Non-executive chairman

M V Baker (appointed
22 August 1995)

Executive directors

J N Everett (appointed 22 July 1994)
E Werner (appointed 22 July 1994)

Secretary and registered office

R A Burgess (appointed 22 July 1994)
Consort Securities Systems Limited
Consort House
15 De Montfort Place
Leicester
LE1 7GZ

Registered Auditors

Coopers & Lybrand
Abacus House
32 Friar Lane
Leicester
LE1 5RA

Solicitors

Maxwell Bately
27 Chancery Lane
London
WC2A 1PA

Bankers

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

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Directors' report

18 months ended 30 June 1995

The directors present their report and the audited financial statements for the period ended 30 June 1995.

Principal activities

The company is principally engaged in 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 7.

On 22 July 1994 the company was acquired by Consort Information Systems Limited and changed its name to Consort Securities Systems Limited.

The company is in a good position in terms of profitability and cash flow. The order book is encouraging, with recent SDS sales continuing the sales performance achieved during the second half of last year, and CREST orders beginning to flow. We have geared up our resources to ensure that we develop CREST products on time, and successfully implement the systems we have sold. The board is confident that revenue and profits will increase in the coming year, establishing Consort as a major service provider to the securities industry.

Dividends and transfers to reserves

The directors do not recommend the payment of a dividend. The retained profit for the period of £139,000 less tax will be transferred to reserves.

Changes in fixed assets

The movements in fixed assets during the period are set out in note 8 to the financial statements.

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Directors

The directors of the company at 30 June 1995 are listed on page 1. The following were directors of the company during the period under review:

R J Guy	(resigned 20 April 1994)
G B Matthews	(resigned 22 July 1994)
S G Bellamy	(appointed 20 April 1994)
	(resigned 22 July 1994)

The chairman of the company was formally appointed on 22 August 1995, but acted in that capacity from 22 July 1994.

J Munro was appointed as a director of the company on 22 August 1995.

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 period 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 1995. The directors also confirm that applicable accounting standards have been followed.

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 in the shares of the ultimate holding company, Consort Information Systems Limited, are disclosed in that company's financial statements.

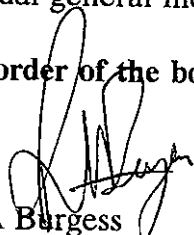
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Auditors

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

By order of the board

A handwritten signature in black ink, appearing to read 'R A Burgess', is written over the text 'By order of the board'.

R A Burgess
Company secretary
27 September 1995

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

We have audited the financial statements on pages 7 to 17.

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, except that the scope of our work was limited as explained below.

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. However, the evidence available to us was limited because £626,407 and £579,088 of the company's recorded turnover and expenses respectively, relating to the period from 1 January 1994 to 22 July 1994 could not be verified due to the lack of access to the accounting records for this period on which we could rely for the purpose of our audit. There were no other satisfactory audit procedures that we could adopt to confirm that turnover and expenses were properly recorded during the period from 1 January 1994 to 22 July 1994.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

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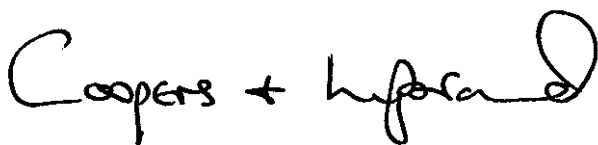
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Qualified opinion arising from limitation in audit scope

Except for any adjustments that might have been found to be necessary had we been able to obtain sufficient evidence concerning turnover and expenses during the period from 1 January 1994 to 22 July 1994, in our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 1995 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

In respect alone of the limitation on our work relating to turnover and expenses during the period from 1 January 1994 to 22 July 1994:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether proper accounting records had been maintained.



Chartered Accountants and Registered Auditors
Leicester

28 September 1995

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Profit and loss account 18 months ended 30 June 1995

	Notes	18 months ended 30 June 1995 £'000	12 months ended 31 December 1993 £'000
Turnover - continuing operations	2	1,815	835
Staff costs	4	(990)	(559)
Depreciation		(25)	(11)
Other operating charges		(610)	(266)
Operating profit/(loss) - continuing operations		190	(1)
Interest receivable and similar income		6	-
Interest payable and similar charges	5	(3)	-
Profit/(loss) on ordinary activities before taxation	6	193	(1)
Tax on profit on ordinary activities	7	(54)	-
Retained profit/(loss) for the period	13	139	(1)

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

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

Movements on reserves are set out in note 13.

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**Balance sheet
at 30 June 1995**

	Notes	30 June 1995 £'000	31 December 1993 £'000
Fixed assets			
Tangible assets	8	66	38
Current assets			
Debtors	9	617	472
		617	472
Creditors: amounts falling due within one year	10	(577)	(543)
Net current assets/(liabilities)		40	(71)
Total assets less current liabilities		106	(33)
Capital and reserves			
Called up share capital	12	25	25
Share premium account	13	5	5
Profit and loss account	13	76	(63)
Equity shareholders' funds	14	106	(33)

The financial statements on pages 7 to 17 were approved by the board of directors on 27 September 1995 and were signed on its behalf by:

E Werner
Director



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Notes to the financial statements for the 18 months ended 30 June 1995

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:

	%
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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Operating leases

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

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:

	18 months ended 30 June 1995	12 months ended 31 December 1993
	£'000	£'000
United Kingdom	1,728	816
Rest of Europe	86	19
	<u>1,814</u>	<u>835</u>

3 Directors' emoluments

	18 months ended 30 June 1995	12 months ended 31 December 1993
	£'000	£'000
Fees	32	-
Salary payments	92	-
Other emoluments (including pension contributions and benefits in kind)	34	-

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Fees and other emoluments (excluding pension contributions) include amounts paid to:

	18 months ended 30 June 1995 £'000	12 months ended 31 December 1993 £'000
The chairman (see directors on page 3)	32	-
The highest-paid director	54	-

The directors are satisfied that there was no charge to the company from Sherwood Computer Services plc for services as directors for the period 1 January 1994 to 22 July 1994.

The number of directors (including the chairman and the highest-paid director) who received fees and other emoluments (excluding pension contributions) in the following ranges was:

	18 months ended 30 June 1995 Number	12 months ended 31 December 1993 Number
£ 0 to £ 5,000	3	3
£30,001 to £35,000	1	-
£50,001 to £55,000	2	-

Three of the directors were also directors of Sherwood Computer Services Group PLC and no part of any remuneration they received from that company or its subsidiaries was in respect of duties performed relating to Consort Securities Systems Limited.

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4 Employee information

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

	18 months ended 30 June 1995	12 months ended 31 December 1993
	Number	Number
Computer services	29	24
	18 months ended 30 June 1995	12 months ended 31 December 1993
	£'000	£'000
Staff costs (for the above persons)		
Wages and salaries	853	491
Social security costs	88	49
Other pension costs (see note 11)	49	19
	990	559

5 Interest payable and similar charges

	18 months ended 30 June 1995	12 months ended 31 December 1993
	£'000	£'000
On overdrafts:		
Repayable within 5 years, not by instalments	3	-
	3	-

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6 Profit on ordinary activities before taxation

	18 months ended 30 June 1995 £'000	12 months ended 31 December 1993 £'000
Profit on ordinary activities before taxation is stated after crediting:		
Profit on disposal of tangible fixed assets	-	(9)
And after charging:		
Depreciation charge for the period:		
Tangible owned assets	25	11
Auditors' remuneration for:		
Audit	8	-
Other services to the company	2	-
Hire of other assets - operating leases	104	58
	<u>104</u>	<u>58</u>

7 Tax on profit on ordinary activities

	18 months ended 30 June 1995 £'000	12 months ended 31 December 1993 £'000
United Kingdom corporation tax at 25%		
Current	54	-
	<u>54</u>	<u>-</u>

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8 Tangible fixed assets

	Fixtures and fittings £'000	Computer equipment £'000	Total £'000
Cost			
At 1 January 1994	24	79	103
Additions	6	47	53
Disposals	-	(31)	(31)
At 30 June 1995	30	95	125
Depreciation			
At 1 January 1994	23	42	65
Charge for period	1	24	25
Disposals	-	(31)	(31)
At 30 June 1995	24	35	59
Net book value			
At 30 June 1995	6	60	66
At 31 December 1993	1	37	38

9 Debtors

	30 June 1995 £'000	31 December 1993 £'000
Trade debtors	500	282
Other debtors	-	19
Prepayments and accrued income	117	171
	617	472

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10 Creditors: amounts falling due within one year

	30 June 1995 £'000	31 December 1993 £'000
Bank loans and overdrafts	109	-
Trade creditors	80	-
Amounts due to parent company	180	416
Corporation tax payable	35	-
Other taxation and social security	74	-
Accruals and deferred income	99	127
	<u>577</u>	<u>543</u>

The bank loans and overdrafts are secured by a first and only debenture over the assets of Consort Securities Systems Limited and Consort Information Systems Limited.

11 Pension and similar obligations

Since 22 July 1994 retirement benefits for employees have been funded by contributions to a defined contribution scheme. The charge to the profit and loss account for the period from 22 July 1994 to 30 June 1995 was £40,466.

During the period 1 January 1994 to 22 July 1994 a charge of £8,885 was incurred in respect of employees as members of the Sherwood Computer Services Group PLC pension scheme, a defined benefit scheme.

12 Called up share capital

	30 June 1995 £'000	31 December 1993 £'000
Authorised		
25,000 ordinary shares of £1 each	<u>25</u>	<u>25</u>
Allotted, called up and fully paid		
24,434 ordinary shares of £1 each	<u>25</u>	<u>25</u>

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13 Share premium account and reserves

	Share premium account £'000	Profit and loss account £'000
At 1 January 1994	5	(63)
Retained profit for the period	-	139
	<hr/>	<hr/>
At 30 June 1995	5	76
	<hr/>	<hr/>

14 Reconciliation of movement in shareholders' funds

	18 months ended 30 June 1995 £'000	12 months ended 31 December 1993 £'000
Profit/(loss) for the period	139	(1)
	<hr/>	<hr/>
Net addition to shareholders' funds	139	(1)
Opening shareholders' funds	(33)	(32)
	<hr/>	<hr/>
Closing shareholders' funds	106	(33)
	<hr/>	<hr/>

15 Financial commitments

At 30 June 1995 the company had annual commitments under non-cancellable operating leases as follows:-

	30 June 1995		31 December 1993	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Expiring within one year	8	4	-	2
Expiring between two and five years inclusive	19	31	-	38
	<hr/>	<hr/>	<hr/>	<hr/>
	27	35	-	40
	<hr/>	<hr/>	<hr/>	<hr/>

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16 Ultimate parent company

The directors regard Consort Information Systems Limited, a company registered in England and Wales, as the ultimate parent company.