

**ASTRAC Limited**

**Annual report**

**for the year ended 30 September 2001**

Registered no: 2110600



# **ASTRAC Limited**

## **Annual report for the year ended 30 September 2001**

	<b>Pages</b>
Directors' report	1-3
Auditors' report	4
Profit and loss account	5
Balance sheet	6
Cashflow statement	7
Notes to the financial statements	8-15

# **ASTRAC Limited**

## **Directors' report for the year ended 30 September 2001**

The directors present their report and the audited financial statements for the year ended 30 September 2001.

### **Principal activities**

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

The principal activity of the company is the development, distribution and servicing of enterprise-wide business intelligence software for international and domestic markets.

The company develops, services and markets its own Application System (AS) and related enterprise-wide management information software solutions. The development of these solutions arose as result of a long-term source-code agreement with the IBM Corporation in California, USA. Building on the investments in previous and current years, the company has successfully accelerated the execution of AS and related software licence agreements and has now completed installations for large enterprises located in eighteen countries, with the USA and Germany being the largest sources of revenue. Exports contributed to over 85% the company's revenues in the year. This was achieved through the development of suitably qualified and experienced agents and distributors in overseas markets, and by direct sales.

### **Review of business and future developments**

**Highlights** (all comparatives are between the year ended 30 September 2001 and the 14-month period ended 30 September 2000):

- Net revenue from operations increased from £1.9m to £2.8m
- Profit before tax rose from £0.6m to £1.2m
- Dividend payment increased from 25p to 40p per share
- Strong cash position of £3.3m
- Positive outlook for on-going growth

During the period under review the company continued to make substantial progress in meeting its objectives and reported a profit in line with forecasts. Operating profit was £1,083,502 compared with £530,219 in the previous 14-month accounting period. These increases reflected the company's ability significantly to increase sales of installations in spite of the recessionary pressures in the global software technology market.

The contribution made by ASTRAC's recently-developed core-complementary solutions has been valuable in stimulating new revenues from prospective and existing customers. The company continues to invest actively in AS, complementary software and support technologies in order to optimise profitable revenue opportunities from existing and future AS customers.

In the current year the Board is confident that the company will continue to increase the number of customer installations and to grow high quality maintainable revenue. The Board is determined to maintain a tight control upon fixed costs and currency risk.

The Board recognises the vital contribution that the management and staff make to the success of the business. The company operates incentive schemes based upon the company's sales and profitability and will continue to provide individuals with appropriate incentives and benefits as well as encourage long-term shareholder participation.

# ASTRAC Limited

## Directors' report (continued)

The Board is encouraged by the prospects open to the company and will respond realistically to opportunities where profitability and shareholder value can be enhanced.

### Results and dividends

The profit for the year after tax amounted to £885,043. The directors paid an interim ordinary dividend of 40p per share on 14 September 2001 date and do not propose a final dividend, (2000: 25p).

### Directors

The directors of the company during the year were as follows:

C J Titcomb BA, (Chairman)  
R W Cobley, (Managing Director)  
S J Titcomb FCA

### Directors' share interests

The directors who held office at 30 September 2001 had the following interests, including beneficial interests, in the shares of the company at the beginning and end of the year under review:

	<b>25p Ordinary shares fully paid 30 September 2001</b>	<b>25p Ordinary shares fully paid 30 September 2000</b>	<b>25p Deferred shares fully paid 30 September 2001</b>	<b>25p Deferred shares fully paid 30 September 2000</b>
	<b>Number</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>
C J Titcomb	99,000	99,000	132,000	132,000
R W Cobley	14,800	13,400	-	-
S J Titcomb	125,000	113,000	318,000	318,000

In addition to the above, Management Securities Limited, a company controlled by a discretionary settlement, and of which S J Titcomb is a director, holds 51,000 (2000 51,000) 25p Ordinary shares.

C J Titcomb, S J Titcomb and the Santhouse Pensioner Trustee Company Limited jointly own 21,681 25p Ordinary shares. (2000: 16,261).

Share options over 20,000 ordinary shares with an exercise price of £3.75 per share were issued to R W Cobley on 29 September 2000. The options may be exercised from 29 September 2002 to 29 September 2010.

### Directors' interests in contracts

The directors report no interests in contracts with the company.

### European Monetary Union

In relation to the Euro issue, the directors have developed and implemented plans to manage the associated risks. The directors do not anticipate any significant implications as a result of the introduction of the Euro.

# **ASTRAC Limited**

## **Directors' report (continued)**

### **Auditors**

The auditors PricewaterhouseCoopers have indicated their willingness to continue in office and accordingly a resolution to reappoint them will be proposed at the Annual General Meeting.

### **Directors' responsibilities**

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

The directors consider that in preparing the financial statements the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, and that all accounting standards which they consider to be applicable have been followed.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They also have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company to prevent and detect fraud and other irregularities.



**C J Titcomb**  
**Chairman**  
**20 November 2001**

# **ASTRAC Limited**

## **Independent auditors' report to the members of ASTRAC Limited**

We have audited the financial statements which comprises the profit and loss account, the balance sheet, the cashflow statement and related notes which was been prepared under the historical cost convention and the accounting policies set out in note 1.

### **Respective responsibilities of directors and auditors**

The directors' 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 directors' 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.

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. The other information comprises only the directors' report.

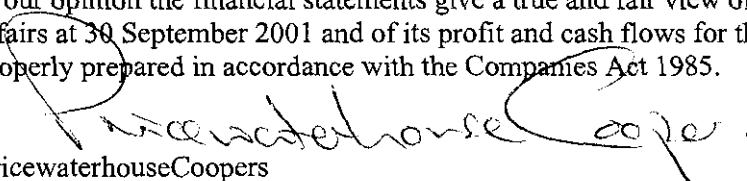
### **Basis of audit opinion**

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 judgments 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 September 2001 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
PricewaterhouseCoopers  
Chartered Accountants and Registered Auditors  
Birmingham  
20 November 2001

# ASTRAC Limited

## Profit and loss account for the year ended 30 September 2001

	Notes	Year ended 30 September 2001 £	14 months to 30 September 2000 £
Turnover	2	5,855,530	4,095,376
Cost of sales		(3,060,826)	(2,168,842)
<b>Gross Profit</b>		<b>2,794,704</b>	<b>1,926,534</b>
Administrative costs		(1,711,202)	(1,396,315)
<b>Operating profit</b>	3	<b>1,083,502</b>	<b>530,219</b>
Interest receivable		124,250	67,917
<b>Profit on ordinary activities before taxation</b>		<b>1,207,752</b>	<b>598,136</b>
Tax on profit on ordinary activities	4	(322,709)	(165,000)
<b>Profit on ordinary activities after taxation</b>		<b>885,043</b>	<b>433,136</b>
<b>Dividends</b>	5	<b>(142,240)</b>	<b>(82,661)</b>
<b>Retained profit for the year</b>	11	<b>742,803</b>	<b>350,475</b>

The company has no recognised gains and losses other than the results 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 year stated above, and their historical cost equivalents.

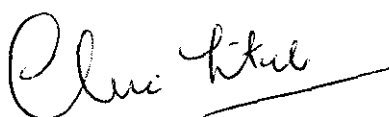
All the above activities refer to continuing operations.

# ASTRAC Limited

## Balance sheet at 30 September 2001

	Notes	30 September 2001 £	30 September 2000 £
<b>Fixed Assets</b>			
Intangible assets	7	39,045	108,489
Tangible assets	6	19,085	60,390
		<u>58,130</u>	<u>168,879</u>
<b>Current assets</b>			
Debtors	8	1,144,023	766,388
Cash at bank and in hand		3,360,461	1,677,256
		<u>4,504,484</u>	<u>2,443,644</u>
<b>Creditors: Amounts falling due within one year</b>	9	<u>(3,024,250)</u>	<u>(1,941,737)</u>
<b>Net current assets</b>		<u>1,480,234</u>	<u>501,907</u>
<b>Net Assets (Total assets less current liabilities)</b>		<u>1,538,364</u>	<u>670,786</u>
<b>Capital and reserves</b>			
Called up share capital	12	201,400	195,161
Share premium account	11	346,177	227,641
Profit and loss account	11	990,787	247,984
<b>Equity shareholders' funds</b>	13	<u>1,538,364</u>	<u>670,786</u>

The financial statements on pages 5 to 15 were approved by the board of directors on 20 November 2001 and were signed on its behalf by:



Director

# ASTRAC Limited

## Cashflow statement for the year ended 30 September 2001

	Notes	Year ended 30 September 2001 £	14 months to 30 September 2000 £
Net cash inflow from operating activities	14	1,894,985	917,733
Returns on investment and servicing of finance			
Interest received		88,098	67,917
Taxation		(160,002)	-
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(6,204)	(88,677)
Additions to intangible assets		-	(78,089)
		<u>(6,204)</u>	<u>(166,766)</u>
Equity dividends paid		<u>(224,901)</u>	<u>-</u>
Cash inflow before financing		1,591,976	818,884
Financing			
Issue of ordinary share capital		124,775	160,840
New loans		-	5,822
Repayment of loans		(33,546)	-
		<u>91,229</u>	<u>166,662</u>
Increase in cash in year	16	<u>1,683,205</u>	<u>985,546</u>

# **ASTRAC Limited**

## **Notes to the financial statements for the year 30 September 2001**

### **1 Principal accounting policies**

The principal accounting policies, all of which have been consistently applied throughout the year, are set out below.

#### **1.1 Basis of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards in the United Kingdom

#### **1.2 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis, unless otherwise stated, over its expected useful life as follows:

Computer hardware	-	over 3 years
Office equipment	-	over 4 years

#### **1.3 Intangible assets – Development costs**

Development expenditure is written off to Profit & Loss Account except where the Directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases direct labour costs and specific external costs are identified and 50% written off to the Profit & Loss Account in the year of expenditure with the balance carried forward on the Balance Sheet under the heading Intangible Assets to be written off equally over the next two years.

#### **1.4 Research expenditure**

Research expenditure is written off as incurred.

#### **1.5 Turnover**

Turnover is the sterling equivalent value of goods and services supplied. It also excludes VAT, similar sales-based tariffs or withholding taxes unless there exists a double taxation treaty between the United Kingdom and the country to which the export sale is made. Where invoices are sent to customers in advance an appropriate proportion relating to future periods is included in deferred income.

#### **1.6 Deferred taxation**

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to crystallise.

#### **1.7 Pension Scheme**

The company operates a defined contribution scheme, the assets of which are held separately from those of the company in an independently administered fund. Contributions are charged to the profit and loss account as they become payable.

#### **1.8 Leases**

Rentals paid under operating leases are charged against income on a straight-line basis over the lease term.

# ASTRAC Limited

## Notes to the financial statements (continued) for the year ended 30 September 2001

### 1.9 Foreign exchange

Assets and liabilities denominated in overseas currencies are translated at the rates ruling at the balance sheet date or the appropriate forward contract or other rate if hedging is used. Exchange differences arising in respect of revenue transactions in the accounting period are included in the profit and loss account.

### 2. Turnover

All turnover is derived within the UK. An analysis of turnover by destination is as follows:

	2001 £	14 months 2000 £
United Kingdom	515,286	360,393
Europe (excluding UK)	3,027,309	2,117,309
North America	1,633,692	1,142,609
Rest of the world	679,243	475,065
	<u>5,855,530</u>	<u>4,095,376</u>

### 3. Operating profit

Operating profit is stated after (crediting)/ charging:

	Notes	2001 £	14 months 2000 £
Directors' emoluments	17	396,258	278,782
Auditors' remuneration			
- audit		7,500	6,000
- other services		10,850	2,000
Amortisation of intangible fixed assets	7	69,444	61,149
Depreciation	6	17,016	52,647
Loss on write off of fixed assets		30,493	-
Hire of plant and machinery – operating leases		4,477	4,174
Foreign exchange (gains)/losses		<u>(50,443)</u>	<u>(20,021)</u>

### 4. Taxation

	2001 £	14 months 2000 £
UK Corporation Tax on profit of ordinary activities at 30% (2000: 30%)	350,505	165,000
Over provision in respect of prior years	(27,796)	-
	<u>322,709</u>	<u>165,000</u>

# ASTRAC Limited

## Notes to the financial statements (continued) for the year ended 30 September 2001

### 5. Dividends

	2001 £	14 months 2000 £
Interim dividend paid of 40p per ordinary share (2000: 25p). No final dividend is proposed. (2000: nil).	<u>142,240</u>	<u>82,661</u>

### 6. Tangible fixed assets

	Computer Hardware £	Office Equipment £	Total £
<b>Cost</b>			
1 October 2000	372,766	74,306	447,072
Additions	6,204	-	6,204
Written off during year	(327,921)	(74,306)	(402,227)
<b>30 September 2001</b>	<u>51,049</u>	<u>-</u>	<u>51,049</u>
<b>Depreciation</b>			
1 October 2000	320,143	66,539	386,682
Charge for year	17,016	-	17,016
Written off during the year	(305,195)	(66,539)	(371,734)
<b>30 September 2001</b>	<u>31,964</u>	<u>-</u>	<u>31,964</u>
<b>Net book value</b>			
<b>30 September 2001</b>	<u>19,085</u>	<u>-</u>	<u>19,085</u>
30 September 2000	<u>52,623</u>	<u>7,767</u>	<u>60,390</u>

### 7. Intangible Assets

	2001 £	2000 £
<b>Development expenditure</b>		
Balance brought forward 1 October 2000	108,489	91,549
Additions during year	-	78,089
Charge in year against revenue	(69,444)	(61,149)
<b>Net book value at 31 September 2001</b>	<u>39,045</u>	<u>108,489</u>

# ASTRAC Limited

## Notes to the financial statements (continued) for the year ended 30 September 2001

### 8. Debtors

	2001 £	2000 £
Trade debtors	1,057,173	746,717
Other debtors	47,254	6,150
Prepayments and accrued income	39,596	13,521
	<u>1,144,023</u>	<u>766,388</u>

### 9. Creditors: amounts falling due within one year

	2001 £	2000 £
Trade creditors	17,401	3,751
Other taxes and social security costs	32,159	32,661
Corporation Tax	327,707	165,000
Accruals and deferred income	2,612,893	1,590,028
Loan	34,090	67,636
Interim Dividend	-	82,661
	<u>3,024,250</u>	<u>1,941,737</u>

The loan is interest free, unsecured and is repayable in two equal instalments on 31 January and 30 April 2002.

### 10. Deferred taxation

In accordance with the company's accounting policies, no provision for deferred taxation has been made. The company does have an unrecognised deferred tax asset:

	2001 £	2000 £
Excess depreciation over capital allowances	13,567	15,800
Short term timing differences	5,560	41,695
	<u>19,127</u>	<u>57,495</u>

### 11. Reserves

	Share Premium Account £	Profit and loss Account £
1 October 2000	227,641	247,984
Retained earnings for the year	-	742,803
Premium on shares issued during year	118,536	-
30 September 2001	<u>346,177</u>	<u>990,787</u>

# ASTRAC Limited

## Notes to the financial statements (continued) for the year ended 30 September 2001

### 12. Share capital

<i>Authorised</i>	Number	£
25p Ordinary shares	500,000	125,000
25p Deferred shares	450,000	112,500
30 September 2000 and 2001	<u>950,000</u>	<u>237,500</u>
<i>Allotted, issued, called up and fully paid</i>		
<b>25p Ordinary shares</b>		
1 October 2000	330,644	82,661
Issued in year	24,955	6,239
30 September 2001	<u>355,599</u>	<u>88,900</u>
<b>25p Deferred shares</b>		
1 October 2000 and 30 September 2001	450,000	112,500
Total issued shares	<u>805,599</u>	<u>201,400</u>

During the year 24,955 25p ordinary shares were issued fully paid at a consideration of £5.00 per share.

The 25p Deferred shares have no right to receive a dividend and no right of notice of or to attend at any general meeting.

On winding up, the holders of the Deferred shares shall be entitled, out of surplus assets of the company to a return of capital paid up by them respectively on the Deferred shares after a total amount of £20,000,000 has been distributed in such winding up in respect of the ordinary shares.

### 13. Reconciliation of movements in shareholders' funds

	30 September 2001 £
Profit for the year	742,803
Opening shareholders' funds	670,786
New share issue	124,775
Closing shareholders' funds	<u>1,538,364</u>

# ASTRAC Limited

## Notes to the financial statements (continued) for the year ended 30 September 2001

### 14. Net cash flow from operating activities

	2001	2000
	£	£
Operating profit	1,083,502	530,219
Amortisation of intangible fixed assets	69,444	61,149
Depreciation on tangible fixed assets	17,016	52,647
Loss on write off of fixed assets	30,493	-
Increase in trade debtors	(310,456)	(475,661)
(Increase)/decrease in other debtors prepayments and accrued income	(31,027)	22,344
Increase in trade creditors	13,650	(32,922)
Increase in other creditors	1,022,363	759,957
<b>Net cash flow from operating activities</b>	<b>1,894,985</b>	<b>917,733</b>

### 15. Reconciliation of net cash flows to net funds

	£
Increase in cash in the year	1,683,205
Cash outflow from financing	33,546
Movement in net funds in the year	1,716,751
Net funds at 1 October 2000	1,609,620
<b>Net funds at 30 September 2001</b>	<b>3,326,371</b>

### 16. Analysis of net funds

	1 October 2000	Cash flow	30 September 2001
	£	£	£
Cash at bank	1,677,256	1,683,205	3,360,461
Loan	(67,636)	33,546	(34,090)
<b>Net funds</b>	<b>1,609,620</b>	<b>1,716,751</b>	<b>3,326,371</b>

# ASTRAC Limited

## Notes to the financial statements (continued) for the year ended 30 September 2001

### 17. Directors' emoluments

	2001 £	14 months 2000 £
Emoluments (including benefits in kind)	349,908	266,474
Pension contributions	46,350	12,308
	<u>396,258</u>	<u>278,782</u>

The number of directors who were members of pension schemes were:

	Number	Number
Money purchase schemes	<u>2</u>	<u>2</u>

The emoluments of the highest paid director are as follows:

	2001 £	14 months 2000 £
Emoluments (including benefits in kind)	215,020	141,692
Pension contributions	5,550	5,833
	<u>220,570</u>	<u>147,525</u>

### 18. Employee information

The average weekly number of persons (including executive directors) and calculated on a full-time equivalent basis, employed by the company during the year was 19 (2000: 17)

Their aggregate remuneration comprised:

	2001 £	14 months 2000 £
Wages and salaries	1,109,948	1,002,315
Social security costs	115,339	104,710
Pension costs	72,259	40,519
	<u>1,297,546</u>	<u>1,147,544</u>

# ASTRAC Limited

## Notes to the financial statements (continued) for the year ended 30 September 2001

### 19. Financial commitments

Amounts payable in the next year on operating leases, showing the lease termination period, are as follows:

	2001		2000	
	£	£	£	£
	Plant and machinery	Land and buildings	Plant and machinery	Land and buildings
Within one year	596	-	-	-
Between two and five years	-	37,590	4,447	-
	<u>596</u>	<u>37,590</u>	<u>4,447</u>	<u>-</u>