

Procord Limited
Annual Report & Accounts 1992/3
Company Information
REGISTRAR *For the Year Ended 31.7.93*

Directors: J. J. Jack
R. P. Hodder
M. C. Loosemore
J. F. McClelland
R. G. Zipeure

Secretary: R. P. Hodder

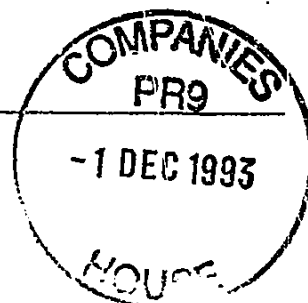
Auditors: Grant Thornton
Chartered Accountants
Enterprise House
Isambard Brunel Road
Portsmouth, Hants PO1 2RZ

Solicitors: Blake Lapthorn
New Court
1 Barnes Wallis Road
Segensworth,
Fareham, Hants PO15 5AU

Bankers: National Westminster Bank Plc
69 High Street
Cosham
Portsmouth, Hants PO6 3DA

Registered Office: 2 The Briars
Waterberry Drive
Waterlooville, Hants PO7 7YH

Company Number: 2609164



Report of the Directors

The Directors present their annual report and the audited financial statements of the Company for the year ended 31 July 1993.

Formation of the Company

The Company was incorporated on 9 May 1991, and began trading on 1 July 1991. The previous accounting period covers from 9 May 1991 to 31 July 1992; the comparatives included in these financial statements therefore represent the results for the thirteen months of trading.

Business review

The Company's principal activities are the management of property and facilities.

In the year to the 31st July 1993, Procord registered a profit before tax of £967,782 (1992 £453,033). Profit after tax of £612,486 (1992 £289,264) gives rise to a special dividend of £223,743 (1992 £239,411) payable to IBM United Kingdom Limited under the terms of the articles of association. £388,743 is to be transferred to reserves resulting in net assets of the Company increasing by 39% in the year under review.

Profit before tax more than doubled over the previous accounting period, whilst turnover grew 68%. The net effect on margin was therefore beneficial as overhead growth was contained.

The Directors outlook for 1993/4 is for continuing opportunities and strong growth in profit and turnover.

Procord Staff Services Limited

Procord Staff Services Limited is a wholly owned subsidiary of Procord Limited. It was incorporated on 28 September 1992 with a share capital of £1. Its business activity was the employment of service personnel and all revenue was inter company related. Before 31 July 1993 the Company ceased trading and transferred all employees to Procord Limited.

Report of the Directors

Fixed assets

Significant investments have been made to support current and planned growth of the company in computer hardware and software. The Company has also fitted out new office premises at Lancaster Place, London. Tangible fixed assets have therefore grown from £210,650 to £645,343 at cost.

Interest of Directors

The present membership of the board is set out below. All Directors served throughout the year. The interests of the Directors in the shares of the Company were as follows:

<i>As at 31 July 1993 and at 1 August 1992 Number of 'A' Ordinary Shares</i>	
J J Jack	65,000
R P Hodder	45,000
M C Loosemore	45,000
R G Zipeure	45,000
J F McClelland	0

Mr J F McClelland continues as non-executive director, representing IBM United Kingdom Limited's shareholding.

Report of the Directors

Director's responsibilities for the financial statements

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently.
- make judgements and estimates that are reasonable and prudent.
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Employees

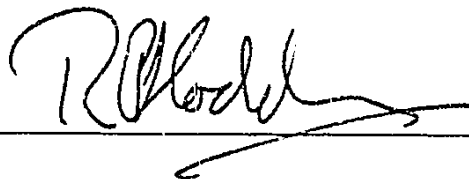
Employee remuneration is linked to the Company's profit performance and customer satisfaction. A tax free profit related pay bonus of £195,678 is payable to employees through an Inland Revenue approved scheme based on the results for the year ended 31 July 1993.

Auditors

Grant Thornton offer themselves for re-appointment as auditors in accordance with Section 385 (2) of the Companies Act 1985.

By Order of the Board

Secretary : R P Hodder



Dated: 18th October 1993

Report of the Auditors to the Members of Procord Limited

We have audited the financial statements on pages 6 to 19 which have been prepared under the accounting policies set out on pages 6 and 7.

Respective responsibilities of directors and auditors

As described on page 4 the 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 31 July 1993 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Grant Thornton
Registered Auditors
Chartered Accountants
Portsmouth

20th October 1993

Date

Procord Limited

Accounting Policies

For the year ended 31 July 1993

a) Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The principal accounting policies of the Company have remained unchanged from the previous period and are set out below.

b) Consolidation

The company has not consolidated the results of Procord Staff Services Limited (Note 8) on the grounds that it is immaterial in the context of the company's accounts.

c) Turnover

Turnover is the total amount receivable by the company for goods and services provided, excluding VAT and trade discounts.

d) Depreciation

Depreciation is calculated to write down the cost of all tangible fixed assets over their expected useful lives. The periods generally applicable are:

Fixtures and fittings	10 Years
Computer and other equipment	2-5 Years

e) Purchased goodwill

Purchased goodwill is amortised on a straight line basis over its estimated useful economic life of five years.

f) Deferred taxation

Deferred tax is provided for under the liability method using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will arise.

Procord Limited

Accounting Policies

For the year ended 31 July 1993

g) Contributions to the pension fund

The Company operates a fixed contribution scheme. The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

h) Leasing

All leases are regarded as operating leases and the payments made under them are charged to the Profit and Loss account on a straight line basis over the lease term.

Procord Limited

Profit and Loss Account

For the Year Ended 31 July 1993

	<i>Notes</i>	<i>1993</i> £	<i>1992</i> £
Turnover	1	44,038,232	26,212,331
Cost of Sales		<u>(41,177,119)</u>	<u>(24,227,465)</u>
Gross Profit		2,861,113	1,984,866
Other Operating Charges		<u>(1,982,073)</u>	<u>(1,628,170)</u>
Operating Profit		879,040	356,696
Interest Receivable		<u>88,742</u>	<u>96,337</u>
Profit on Ordinary Activities Before Tax		967,782	453,033
Taxation on Profit on Ordinary Activities	3	<u>(355,296)</u>	<u>(163,769)</u>
Profit on Ordinary Activities After Tax		612,486	289,264
Proposed Dividend	4	<u>(223,743)</u>	<u>(239,411)</u>
Retained Profit for the period	15	<u><u>388,743</u></u>	<u><u>49,853</u></u>
Earnings per share: "A" Shares	5	41.0p	5.3p
"B" Shares		89.2p	56.8p

The figures in the financial statements for 1992 represent the period from commencement of trading on 1 July 1991 to 31 July 1992.

Turnover, other operating charges and operating profit are all attributable to continuing operations. There are no recognised gains or losses other than the profit for the year. There is no difference between the profit disclosed in this profit and loss account and the profit on an unmodified historical cost basis.

The accompanying accounting policies and notes form an integral part of these financial statements.

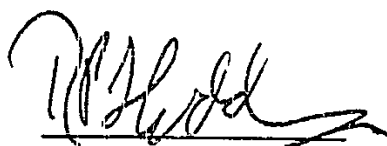
Procord Limited

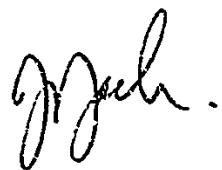
Balance Sheet

At 31st July 1993

	Notes	1993 £	1992 £
<i>Fixed Assets</i>			
Intangible assets	6	180,000	240,000
Tangible assets	7	508,200	162,880
Investments	8	<u>1</u>	<u>-</u>
		<u>688,201</u>	<u>402,880</u>
<i>Current Assets</i>			
Debtors	9	6,925,950	3,523,689
Cash at bank and in hand		<u>2,735,409</u>	<u>2,025,510</u>
		<u>9,661,359</u>	<u>5,549,199</u>
<i>Current Liabilities</i>			
Creditors (amounts falling due within one year)	10	<u>8,917,665</u>	<u>4,949,848</u>
<i>Net Current Assets</i>		<u>743,694</u>	<u>599,351</u>
<i>Total Assets Less Current Liabilities</i>			
		1,431,895	1,002,231
<i>Provisions for Liabilities & Charges</i>			
	11	<u>(45,260)</u>	<u>(4,339)</u>
		<u>1,386,635</u>	<u>997,892</u>
<i>Capital and Reserves</i>			
Share capital	13	948,039	948,039
Profit and loss	14	<u>438,596</u>	<u>49,853</u>
Shareholders funds	15	<u>1,386,635</u>	<u>997,892</u>

The financial statements were approved by the Board of Directors on 18th October 1993.


 R P Hodder
 Finance Director


 J J Jack
 Managing Director

Procord Limited

Cash Flow Statement

For the year ended 31 July 1993

		1993	1992
	<i>Notes</i>	£	£
Net cash inflow from operating activities	20	<u>1,532,850</u>	<u>1,497,063</u>
Returns on investment and servicing of finance			
Interest received		92,322	91,058
Dividend paid		<u>(239,411)</u>	<u>-</u>
Net cash (outflow)/inflow from returns on investments and servicing of finance		<u>(147,089)</u>	<u>91,058</u>
Taxation			
UK Corporation tax paid		<u>(239,172)</u>	<u>-</u>
Investing Activities			
Purchase of tangible fixed assets		(439,190)	(210,650)
Purchase of intangible fixed assets		-	(300,000)
Receipts for sales of fixed assets		<u>2,500</u>	<u>-</u>
Net cash (outflow) from investing activities		<u>(436,690)</u>	<u>(510,650)</u>
Net cash inflow before financing		709,899	1,077,471
Net cash inflow from financing	21	-	948,039
Increase in cash and cash equivalents	22	<u><u>709,899</u></u>	<u><u>2,025,510</u></u>

The accompanying accounting policies and notes form an integral part of these financial statements.

Procord Limited

Notes to the Financial Statements

For the year ended 31 July 1993

1. Turnover and Profit on Ordinary Activities Before Taxation

The turnover arises from the one trading activity of the company

The profit on ordinary activities is stated after charging:

	1993	1992
	£	£
Auditors remuneration: Audit services	11,000	11,500
Auditors remuneration: Non audit	26,026	15,900
Other accountants fees	407	5,715
Amortisation of goodwill	60,000	60,000
Depreciation	90,143	47,770
Hire of plant and machinery	264,270	179,660
Other operating lease rentals	27,899	31,920

2. Directors and Employees

Staff costs during the period were as follows:

	1993	1992
	£	£
Wages and salaries	4,815,647	3,040,559
Social security costs	511,674	320,937
Other pension costs	<u>327,726</u>	<u>207,665</u>
	5,655,047	3,569,161

The average number of employees was 163 (1992 - 100), all of whom were engaged in property and facilities management business.

Procord Limited

Notes to the Financial Statements

For the year ended 31 July 1993

Remuneration in respect of Directors was as follows:	1993	1992
	£	£
Management remuneration & pension contributions	315,494	273,966

The emoluments of the Directors, including benefits and performance related bonus, but excluding pension contributions are:

	1993	1992
	£	£
Highest paid Director	94,341	81,737
<i>Other Directors</i>		
£0 to £5,000	1	4
£55,001 to £60,000	-	3
£65,001 to £70,000	3	-

These reflect Procord's policy to increase the proportion of Directors remuneration that is related to business performance.

3. Tax on Profit on Ordinary Activities

The tax charge is based on the profit for the period and represents:

	1993	1992
	£	£
United Kingdom corporation tax at 33% (1992 33%)	314,437	159,430
Deferred tax	40,921	4,339
	<hr/>	<hr/>
	355,358	163,769
Adjustments to Corporation tax in respect of prior period	(62)	-
	<hr/>	<hr/>
	355,296	163,769

4. Dividends

A second period special dividend is payable to IBM United Kingdom Limited of 50% of profit after tax above £225,000 but before amortisation of goodwill. In 1991 a first period special dividend of 80% of profit after tax above £50,000 but before amortisation of goodwill was payable.

Procord Limited

Notes to the Financial Statements

For the year ended 31 July 1993

The second period dividend is 48.2 pence per share (1992 51.5 pence per share) for the 464,539 shares it holds. A final special dividend on a reduced proportion of profit is payable next financial year.

5. Earnings Per Share

The calculation of earnings per share is based on:

For "A" Shares: Profit after tax and after proposed dividend, which is attributable to the 483,500 "A" Shares of £198,259 (1992 25,425).

For "B" Shares: Profit after tax and after proposed dividend attributable to the 464,539 "B" Shares, plus the dividend payable on those shares of £414,227 (1992 £263,839).

6. Intangible Fixed Assets

	Purchased
	Goodwill
Cost:	£
At 1 August 1992 and 31 July 1993	<u>300,000</u>
Amortisation	
At 1 August 1992	60,000
Charge for the year	<u>60,000</u>
At 31 July 1993	<u>120,000</u>
Net book value at 31 July 1993	<u><u>180,000</u></u>
Net book value at 31 July 1992	<u><u>240,000</u></u>

Purchased goodwill included at cost relates to the acquisition of the property and facilities management business from IBM United Kingdom Limited, on the 6 August 1991 for £300,000. This is being amortised over 5 years, on the directors assessment of its useful economic life.

Procord Limited

Notes to the Financial Statements

For the year ended 31 July 1993

7. Tangible Fixed Assets

<u>Cost</u>	Fixtures & Fittings £	Computer & Other Equipment £	Total £
At 1 August 1992	19,085	191,565	210,650
Additions	105,421	333,769	439,190
Disposals	(4,497)	-	(4,497)
	<hr/>	<hr/>	<hr/>
At 31 July 1993	120,009	525,334	645,343
	<hr/>	<hr/>	<hr/>
<u>Depreciation</u>			
At 1 August 1992	(1,851)	(45,919)	(47,770)
Disposals	770	-	770
Charge for the year	(5,725)	(84,418)	(90,143)
	<hr/>	<hr/>	<hr/>
At 31 July 1993	(6,806)	(130,337)	(137,143)
	<hr/>	<hr/>	<hr/>
Net Book Value at 31 July 1993	113,203	394,997	508,200
	<hr/>	<hr/>	<hr/>
Net Book Value at 31 July 1992	17,234	145,646	162,880
	<hr/>	<hr/>	<hr/>

8. Investments

At 31 July 1993 the company held more than 10% of the allotted share capital of the following:

Subsidiary Undertaking	Country of Registration	Class of Share Capital Held	Proportion Held by Parent Company	Nature of Business
Procord Staff Services Limited	England	Ordinary	100%	Employment Services

Procord Limited

Notes to the Financial Statements

For the year ended 31 July 1993

9. Debtors	1993 £	1992 £
Trade debtors	3,919,260	511,887
ACT recoverable	64,958	79,804
Other debtors	41,645	6,200
Accrued income	2,517,889	2,767,607
Prepayments	382,198	158,191
	<u>6,925,950</u>	<u>3,523,689</u>

The figure for Other Debtors at 31 July 1993 represents monies loaned to the Procord Employee Share Trust in order to purchase the company's shares.

10. Creditors	1993 £	1992 £
Payments received on account	985,565	280,000
Trade creditors	4,074,177	2,280,148
Corporation tax	234,633	159,430
ACT payable	64,958	79,804
Social security & other taxes	876,850	187,548
Proposed dividend	223,743	239,411
Accruals	2,457,739	1,723,507
	<u>8,917,665</u>	<u>4,949,848</u>

11. Provisions for Liabilities and Charges

Deferred Taxation (Note 12)

	1993 £	1992 £
As at the beginning of the year	4,339	-
Provided during the period	40,921	4,339
As at the end of the year	<u>45,260</u>	<u>4,339</u>

Procord Limited

Notes to the Financial Statements

For the year ended 31 July 1993

12. Deferred taxation

Deferred taxation provided for in the financial statements is set out below.

	1993	1992
Accelerated capital allowances	42,957	2,597
Accrued interest income	<u>2,303</u>	<u>1,742</u>
	<u>45,260</u>	<u>4,339</u>

There were no amounts unprovided.

13. Share Capital

	1993 £	1992 £
Authorised:		
Ordinary 'A' shares of £1 each	489,600	489,600
Redeemable preferred 'B' shares of £1 each	<u>470,400</u>	<u>470,400</u>
	<u>960,000</u>	<u>960,000</u>
Allotted, called up and fully paid:		
Ordinary 'A' shares of £1 each	483,500	483,500
Redeemable preferred 'B' shares of £1 each	<u>464,539</u>	<u>464,539</u>
	<u>948,039</u>	<u>948,039</u>

Redeemable preferred 'B' shares are held by IBM United Kingdom Limited. Procord has the option to redeem tranches of the 'B' shares down to a 25.1% holding on the achievement of pre-arranged turnover and profit figures. The redemption price will be calculated as a prearranged multiple of original cost. Beyond the fifth anniversary of incorporation, IBM United Kingdom Limited may redeem the 'B' shares at nil premium. Full details of the redemption criteria are set out in the articles of association.

Procord Limited

Notes to the Financial Statements

For the year ended 31 July 1993

14. Reserves	<i>Profit & Loss Account £</i>
At August 1 1992	49,853
Retained for year	388,743
	<hr/>
At 31 July 1993	438,596
	<hr/> <hr/>

15. Reconciliation of Movements in Shareholders' Funds

	<i>1993 £</i>	<i>1992 £</i>
Profit for the financial year	612,486	289,264
Dividends	223,743	239,411
Retained profit for the period	<hr/> 388,743	<hr/> 49,853
Issue of shares	-	948,039
	<hr/>	<hr/>
Net increase in shareholders' funds	388,743	997,892
Shareholders' funds at the beginning of the year	997,892	-
	<hr/>	<hr/>
Shareholders' funds at the end of the year	1,386,635	997,892
	<hr/> <hr/>	<hr/> <hr/>

Procord Limited

Notes to the Financial Statements

For the year ended 31 July 1993

16. Capital Expenditure Commitments

The Company had no capital commitments at 31 July 1993 or at 31 July 1992.

17. Contingent Liabilities

There were no contingent liabilities at 31 July 1993 or at 31 July 1992.

18. Pensions

The company operates a fixed contribution pension scheme for the benefit of Employees and Directors. The assets of the scheme are administered by trustees in a fund independent from those of the company.

19. Operating Lease Commitments

Operating lease payments amounting to £304,011 (1992 £202,401) are due within one year. The commitments to make the payments included in this sum expire as follows:

	<i>Land & Buildings</i> £	<i>Cars</i> £	<i>Total</i> £
Within Next Year	-	20,803	20,803
Within 2-5 Years	67,415	215,793	283,208
	<u>67,415</u>	<u>236,596</u>	<u>304,011</u>

Procord Limited

Notes to the Financial Statements

For the year ended 31 July 1993

20. Net Cash Inflow From Operating Activities

	<i>1993</i>	<i>1992</i>
	<i>£</i>	<i>£</i>
Operating profit	879,040	356,696
Depreciation and goodwill amortised	150,143	107,770
Loss on sale of tangible fixed assets	1,227	-
Increase in debtors	(3,420,686)	(3,438,607)
Increase in creditors	<u>3,923,126</u>	<u>4,471,204</u>
Net cash inflow from operating activities	<u><u>1,532,850</u></u>	<u><u>1,497,063</u></u>

21. Change in Financing During the Year

	<i>1993</i>	<i>1992</i>
	<i>£</i>	<i>£</i>
Balance at the beginning of the year	948,039	-
Shares issued & fully paid	-	948,039
Balance at the end of the year	<u><u>948,039</u></u>	<u><u>948,039</u></u>

22. Change in Cash and Cash Equivalents

	<i>1993</i>	<i>1992</i>
	<i>£</i>	<i>£</i>
Balance at the beginning of the year	2,025,510	-
Net cash inflow	<u>709,899</u>	<u>2,025,510</u>
Balance at the end of the year	<u><u>2,735,409</u></u>	<u><u>2,025,510</u></u>

Cash and cash equivalent consist entirely of cash at bank and in hand.