

Ramesys (Travel) Limited

**Directors' report and financial
statements**

Registered number 2698763

31 May 2005



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 May 2005.

Principal activity

The principal activity of the company is the sale of computer equipment, software and other allied services.

Business review

The board is pleased to report another successful year with increased sales and profit continuing and improving on the strong performance of the last three years.

Our SABS internet booking and search application continues to expand rapidly in both the independent travel agency sector and well as with associations and high street multiples.

The company is delighted with the successful upgrade program for clients using a legacy product to Traveller a modern agency management system and the business continues to successfully grow this client base in a competitive and mature marketplace.

Proposed dividend

The directors recommend the payment of a dividend of £110,000 (2004: *£nil*). The profit retained for the financial year was £216,689 (2004: *profit of £201,305*), which has been transferred to reserves.

Directors and directors' interests

The directors who held office during the year and the interests of those serving at the end of the year in the shares of the ultimate parent company, Ramesys Holdings Limited, were as follows:

	Ramesys Holdings Limited Ordinary shares of 0.1p each	
	2005	2004 (or date of appointment)
B J Sheerin	-	-
R Wingfield	*	*
G Matthew	*	*
C Plucknett	-	-

* R Wingfield and G Matthew are directors of the ultimate parent company, Ramesys Holdings Limited, and their interest in shares of that company are shown in the financial statements of that company.

The options held by the directors over shares in the ultimate parent company, Ramesys Holdings Limited, were as follows:

	2004 or date of appointment	Vested in the year	Exercised in the year	2005
B J Sheerin	1,136,334	378,933	-	1,515,267
C Plucknett	2,323,167	504,917	-	2,828,084

The share options are exercisable in the event of a listing, sale or liquidation of Ramesys Holdings Limited at an exercise price of one penny per share.

Directors' report *(continued)*

In addition, the Directors have share options which may be vested in the future in the shares of the ultimate parent company, Ramesys Holdings Limited, as follows:

	1 June 2005
B J Sheerin	278,400
C Plucknett	504,916

All share options vested will be at an exercise price of one penny per share and will only be vested if certain performance criteria are satisfied.

No director had any interest in shares of the company or any other group undertaking, except as disclosed above.

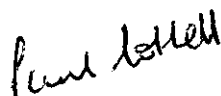
Political and charitable contributions

The company made no political contributions or charitable donations during the year (2004: £nil).

Auditors

As accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board



P Cottrell
Secretary

11 Glaisdale Drive East
Bilborough
Nottingham
NG8 4GU

Statement of directors' responsibilities

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 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

Arlington Business Park

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RG7 4SD

United Kingdom

Report of the independent auditors to the members of Ramesys (Travel) Limited

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

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 with the company 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 as at 31 May 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP

Chartered Accountants

Registered Auditor

14 November 2005

Profit and loss account
for the year ended 31 May 2005

	Notes	Before exceptional items 2005 £	Exceptional items 2005 £	Total 2005 £	Before exceptional items 2004 £	Exceptional items 2004 £	Total 2004 £
Turnover	2	2,369,471	-	2,369,471	2,196,663	-	2,196,664
Cost of sales		(464,928)	-	(464,928)	(414,844)	-	(414,844)
Gross profit		1,904,543	-	1,904,543	1,781,820	-	1,781,820
Administrative expenses		(1,464,407)	-	(1,464,407)	(1,426,770)	(147,046)	(1,573,816)
Operating profit before exceptional costs		440,136	-	440,136	355,050	-	355,050
Exceptional costs		-	-	-	-	(147,046)	(147,046)
Operating profit/(loss)		440,136	-	440,136	355,050	(147,046)	208,004
Interest payable and similar charges	5	-	-	-	(2,180)	-	(2,180)
Interest receivable	6	-	-	-	129	-	129
Profit on ordinary activities before taxation	4	440,136	-	440,136	352,999	(147,046)	205,953
Tax on profit on ordinary activities	7	(113,447)	-	(113,447)	(4,648)	-	(4,648)
Profit/(loss) for the year		326,689	-	326,689	348,351	(147,046)	201,305
Dividends on equity share	8	(110,000)	-	(110,000)	-	-	-
Retained profit for the year		216,689	-	216,689	348,351	(147,046)	201,305

The results shown above all relate to continuing operations.

There are no recognised gains or losses other than as shown above. Accordingly, no statement of total recognised gains and losses is given.

Balance sheet


At 31 May 2005

	Notes	£	2005 £	£	2004 £
Fixed assets					
Tangible fixed assets	9		69,296		41,567
Current assets					
Stocks	10	-		12,904	
Debtors	11	1,294,562		1,042,313	
Cash at bank and in hand		180,289		59,944	
		1,474,851		1,115,161	
Creditors: amounts falling due within one year	12	(682,774)		(452,141)	
Net current assets			792,077		663,020
Total assets less current liabilities			861,373		704,587
Provisions for liabilities and charges	14		(26,246)		(22,500)
Deferred Income	13		(320,036)		(383,685)
Net assets			515,091		298,402
Capital and reserves					
Called up share capital	15		400,000		400,000
Profit and loss account	16		115,091		(101,598)
Equity shareholders' funds	16		515,091		298,402

These financial statements were approved by the board of directors on
signed on its behalf by:

9 November 2005

and were


R Wingfield
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

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

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

As the company is a wholly owned subsidiary of Ramesys Holdings Limited the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transaction or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Ramesys Holdings Limited, within which this company is included, can be obtained from the address given in note 20.

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Short leasehold properties	Life of lease
Furniture, fittings and equipment	20% - 33% per annum
Motor vehicles	Life of lease

Turnover and revenue recognition

Turnover represents amounts invoiced to customers (net of value added tax) for the provision of goods and services.

Licence revenue is recognised upon despatch, when there are no significant vendor obligations remaining and the collection of the resulting receivable is considered probable. In circumstances where a considerable vendor obligation exists, revenue is accounted for using contract accounting principles.

Where existing customers re-licence software, the renewal licence revenue is recognised upon customer acceptance of the new licence terms when there are no significant vendor obligations remaining and any subsequent maintenance and support contract is priced on a fair value basis. The fair value of any subsequent maintenance and support contract is tested and is determined to operate independently of the renewal licence fee.

Maintenance and support contracts are invoiced in advance with revenue recognised rateably over the period of the contract.

For certain managed services, set up fees are recognised at the start of the contract where they are charged to the customer, payable, non-returnable and can be shown to operate independently of further charges for goods and services.

Services revenue, which is provided on a 'time and expense' basis, is recognised as the service is performed.

Hardware products revenue is recognised as units are delivered.

Research and development expenditure

Research and development expenditure, including the cost of software products developed in-house, is expensed in the year in which it is incurred.

Stocks

Stocks are valued at the lower of cost and net realisable value.

Notes (continued)

1 Accounting Policies (continued)

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which has arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Leases

Fixed assets held under finance leases are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under leases are included as liabilities in the balance sheet. The interest elements of the lease obligations are charged to the profit and loss account over the period of the leases.

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Post retirement benefits

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

2 Turnover by destination

	2005 £	2004 £
United Kingdom	2,236,798	2,077,457
Other Europe	132,673	113,439
Other	-	2,884
Asia Pacific	-	2,884
	<u>2,369,471</u>	<u>2,196,664</u>

All turnover is derived from the company's principal activity.

3 Information regarding directors and employees

The remuneration of the directors who are also directors of Ramesys Holdings Limited is borne by Ramesys Holdings Limited. The remuneration of the other directors comprises:

	2005 £	2004 £
Remuneration of directors		
Directors' emoluments	114,900	100,500
Company contributions to money purchase pension schemes (one director (2004: one))	9,700	5,600
Compensation for loss of office	-	-
	<u>124,600</u>	<u>106,100</u>
 Remuneration of highest paid director	 114,900	 100,500
Pension costs	9,700	5,600
	<u>124,600</u>	<u>106,100</u>

Notes (continued)

3 Information regarding directors and employees (continued)

Staff numbers

The average number of persons employed by the company during the year, analysed by category was as follows:

	Number of employees	
	2005	2004
Programming and engineering staff	7	8
Sales and marketing	3	3
Administrative and management staff	18	18
	<u>28</u>	<u>29</u>
	2005	2004
	£	£
Staff costs during the year		
Wages and salaries	887,801	847,931
Social security costs	85,635	104,685
Other pension costs	20,947	24,509
Compensation for loss of office	-	-
	<u>994,383</u>	<u>977,125</u>

4 Profit/(loss) on ordinary activities before taxation

	2005	2004
	£	£
<i>Profit/(loss) on ordinary activities before taxation is stated after charging:</i>		
Exceptional costs	-	147,046
Depreciation:		
Owned assets	28,700	11,441
Leased assets	-	4,319
Development expenditure	113,955	187,569
Rentals under operating leases		
Other operating leases	115,401	84,293
Auditors' remuneration		
Audit services	3,828	3,939
	<u></u>	<u></u>

Exceptional costs comprise a provision for a debt due from a group company £nil (2004: £147,046).

5 Interest payable and similar charges

	2005	2004
	£	£
Finance charges payable in respect of finance leases	-	2,180
	<u></u>	<u></u>

Notes (continued)

6 Interest receivable

	2005 £	2004 £
Other interest receivable	-	129

7 Tax on profit on ordinary activities

Analysis of charge in period

	2005 £	2004 £
<i>UK Corporation tax</i>		
Current tax on income for the period	77,012	-
Adjustments in respect of previous periods	46,469	4,648
Total current tax	123,481	4,648
<i>Deferred tax</i>		
Reversal of timing differences	(10,034)	-
	113,447	4,648

Factors affecting the tax charge for the period

The current tax charge for the period is lower (2004: lower) than the standard rate of corporation tax. The differences are explained below:

	2005 £000	2004 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before taxation	440,136	205,953
Current tax at 30% (2004: 30%)	132,041	61,786
<i>Effects of:</i>		
Expenses not deductible for tax purposes	3,791	46,774
Capital allowances for the period below depreciation/(in excess of depreciation)	(1,665)	(4,625)
Other adjustments	-	(14,068)
Adjustment to tax charge in respect of previous periods	46,469	4,648
Tax losses utilised	(57,155)	(89,867)
Total current tax charge	123,481	4,648

8 Dividends proposed

	2005 £	2004 £
Final proposed dividend on equity shares £0.275 per share (2004: nil)	110,000	-

Notes (continued)

9 Tangible fixed assets

	Short Leasehold Properties £	Furniture, fittings and equipment £	Total £
Cost			
At beginning of year	21,188	176,490	197,678
Additions	-	56,429	56,429
Disposals	-	(98,409)	(98,409)
	<hr/>	<hr/>	<hr/>
At end of year	21,188	134,510	155,698
	<hr/>	<hr/>	<hr/>
Accumulated depreciation			
At beginning of year	21,188	134,923	156,111
Charge for the year	-	28,700	28,700
Disposals	-	(98,409)	(98,409)
	<hr/>	<hr/>	<hr/>
At end of year	21,188	65,214	86,402
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 May 2005	-	69,296	69,296
	<hr/>	<hr/>	<hr/>
At 31 May 2004	-	41,567	41,567
	<hr/>	<hr/>	<hr/>

Included in the total net book value of motor vehicles is £nil (2004: £nil) in respect of assets held under finance leases. Depreciation for the year on these assets was £nil (2004: £4,319).

10 Stocks

	2005 £	2004 £
Finished goods and goods for resale	-	12,904
	<hr/>	<hr/>

11 Debtors

	2005 £	2004 £
Trade debtors	229,207	120,283
Amounts owed by group undertakings	1,009,607	799,197
Prepayments and accrued income	45,714	76,364
Corporation tax recoverable	-	46,469
Deferred tax	10,034	-
	<hr/>	<hr/>
	1,294,562	1,042,313
	<hr/>	<hr/>

Amounts due from group undertakings include £85,650 due after more than one year.

Notes (continued)

12 Creditors: amounts falling due within one year

	2005 £	2004 £
Trade creditors	57,421	60,022
Corporation tax	77,012	-
Other taxes and social security	109,370	102,350
Accruals	328,971	289,769
Dividend proposed	110,000	-
	<u>682,774</u>	<u>452,141</u>

13 Deferred income

	2005 £	2004 £
To be recognised within one year	320,036	383,685
	<u>320,036</u>	<u>383,685</u>

Deferred income represents amounts invoiced in advance in respect of contracts for the provision of software and hardware maintenance and support services.

14 Provision for liabilities and charges

	Provision for Dilapidations £
At beginning year	22,500
Charge to the profit and loss account during the year	3,746
	<u>26,246</u>
At end of year	<u>26,246</u>

Deferred taxation

The elements of deferred taxation are as follows:

	2005		2004
	Provided	Unprovided £	Provided Unprovided £
Depreciation in excess of capital allowances	(10,034)	-	(11,699)
Other timing differences	-	-	(64,189)
	<u>(10,034)</u>	<u>-</u>	<u>(75,888)</u>
Deferred tax asset	<u>(10,034)</u>	<u>-</u>	<u>(75,888)</u>

Notes (continued)

15 Called up share capital

	2005 £	2004 £
<i>Authorised, allotted, called up and fully paid:</i>		
Equity: 400,000 ordinary shares of £1 each	400,000	400,000
	<u>400,000</u>	<u>400,000</u>

16 Reconciliation of movements in shareholders' funds

	Share capital £	Profit and loss account £	Shareholders' funds £
At beginning of year	400,000	(101,598)	298,402
Operating profit for the financial year	-	326,689	326,689
Dividends	-	(110,000)	(110,000)
	<u>400,000</u>	<u>115,091</u>	<u>515,091</u>
At end of year	400,000	115,091	515,091

17 Commitments

Annual commitments under non-cancellable operating leases are as follows:

	Land and buildings 2005 £	2004 £	Other 2005 £	2004 £
Leases which expire:				
Within one year	-	-	-	-
In the second to fifth years inclusive	73,000	69,250	42,923	34,807
After five years	-	-	-	-
	<u>73,000</u>	<u>69,250</u>	<u>42,923</u>	<u>34,807</u>

	2005 £	2004 £
Capital commitments		
Contracted for but not provided	-	-
Committed for but not contracted for	-	44,000
	<u>-</u>	<u>44,000</u>

Notes *(continued)*

18 Contingent liabilities

The company has given guarantees covering bank borrowings of the ultimate parent company, Ramesys Holdings Limited, and its subsidiary undertakings. At 31 May 2005, the total amount guaranteed amounted to £30,866,000 (2004: £31,429,000).

19 Pension scheme

The company operates a defined contribution pension scheme. The pension cost charge of the period represents contributions payable by the company to the schemes and amounted to £20,947 (2004: £24,509). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

20 Ultimate parent company

The company's ultimate parent company and controlling party is Ramesys Holdings Limited, a company registered in England and Wales. Ramesys Holdings Limited produces consolidated accounts for itself and all its subsidiaries, representing the smallest and largest group for which financial statements are produced which include the company. Copies of the Group financial statements of Ramesys Holdings Limited may be obtained from The Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.