

Ramesys (Travel) Limited

**Directors' report and financial
statements**

Registered number 2698763

31 May 2002



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 May 2002.

Principal activities

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

The company is a subsidiary of Ramesys Holdings Limited, a management buyout vehicle for a portfolio of companies.

Business review

The Company suffered a significant reduction on sales with the loss of confidence that followed the events of September 11th. Actions were immediately taken to reduce the costs within the business and the performance of the business significantly improved in the second half of the year after the company won a number of new key contracts. The business has stabilised during this time, and continued to develop its key products. Given these steps the directors are confident about the immediate and longer term trading prospects for the company.

Results and dividends

The results and dividends of the company for the year are set out in detail on page 5. The directors do not recommend the payment of a dividend (2001: £160,000). Losses of £506,567 (2001: profits £10,208) have been transferred to reserves.

Directors and their interests

The directors who served 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	
		2002	2001
			(or date of appointment)
I M Briggs	(resigned 20 November 2001)	-	-
G M Moroney	(resigned 30 November 2001)	-	-
A R Pathak	(resigned 2 January 2002)	-	-
B J Sheerin		-	-
A J D Smart	(resigned 14 September 2001)	-	-
M J Bradley		-	-
R Wingfield		*	*
D Grovesnor	(appointed 1 October 2001)	-	-
G Matthew	(appointed 18 October 2001)	*	*

- * 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.

Directors report *(continued)*

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

	2002	Granted in The year	Exercised in the year	2001, or date of appointment
M J Bradley	1,687,500	421,875	-	2,109,375
B J Sheerin	33,333	-	-	33,333
D Grovesnor	87,500	-	-	87,500

The share options are exercisable in the event of a listing, sale or liquidation of Ramesys Holdings Limited at an exercise price of 1 penny per share.

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 2002	1 June 2003	1 June 2004
B J Sheerin	29,168	8,333	8,333
D Grovesnor	58,334	14,853	14,583
M J Bradley	843,750	421,875	-

All share options vested will be at an exercise price of 1 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.

Auditors

During the year Deloitte & Touche resigned as auditors and KPMG LLP were subsequently appointed in their place.

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

Mentor House
 Ainsworth Street
 Blackburn
 BB1 6AY

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.



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

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

Respective responsibilities of directors and auditor

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 2002 and of its loss 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

22 October 2002

Profit and loss account
for the year ended 31 May 2002

	Notes	Before exceptional items 2002 £	Exceptional items 2002 £	Total 2002 £	Before exceptional items 2001 £	Exceptional items 2001 £	Total 2001 £
Turnover	2	1,987,314	-	1,987,314	2,522,291	-	2,522,291
Cost of sales		(549,842)	-	(549,842)	(500,863)	-	(500,863)
Gross profit		1,437,472	-	1,437,472	2,021,428	-	2,021,428
Administrative expenses		(1,412,273)	(519,000)	(1,931,273)	(1,727,434)	(51,000)	(1,778,434)
Operating profit before exceptional costs		25,199	-	25,199	293,994	-	293,994
Exceptional costs		-	(519,000)	(519,000)	-	(51,000)	(51,000)
Operating (loss)/profit	4	25,199	(519,000)	(493,801)	293,994	(51,000)	242,994
Interest payable and similar charges	5	(7,966)	-	(7,966)	(6,287)	-	(6,287)
Interest receivable and similar income		-	-	-	-	-	-
(Loss)/profit on ordinary activities before taxation		17,233	(519,000)	(501,767)	287,707	(51,000)	236,707
Tax on profit on ordinary activities	6	(4,800)	-	(4,800)	(81,799)	15,300	(66,499)
(Loss)/profit on ordinary activities after taxation		12,433	(519,000)	(506,567)	205,908	(35,700)	170,208
Dividends on equity shares	7	-	-	-	(160,000)	-	(160,000)
Retained (loss)/profit for the year		12,433	(519,000)	(506,567)	45,908	(35,700)	10,208

There results for the year reflect trading from continuing operations.

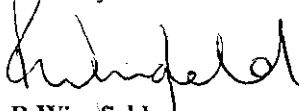
There are no recognised gains or losses for the current and preceding years other than as shown above. Accordingly, no statement of total recognised gains and losses is given.

Balance sheet

At 31 May 2002

	Notes	£	2002 £	£	2001 £
Fixed assets					
Tangible assets	8		81,261		117,615
			<u>8,472</u>		<u>16,311</u>
Current assets					
Stocks	9				
Debtors	10	785,744		1,797,954	
Cash at bank and in hand		153,658		105,769	
			<u>947,874</u>	<u>1,920,034</u>	
Creditors: amounts falling due within one year	11	(475,399)		(824,009)	
Net current assets			<u>472,475</u>		<u>1,096,025</u>
Total assets less current liabilities			<u>553,736</u>		<u>1,213,640</u>
Creditors: amounts falling due after more than one year	12		(33,168)		(66,654)
Deferred Income	13		(450,377)		(566,806)
Provisions for liabilities and charges	14		(22,746)		(26,168)
Net assets			<u>47,445</u>		<u>544,012</u>
Capital and reserves					
Called up share capital	15		400,000		400,000
Profit and loss account	16		(352,555)		154,012
Shareholders' funds	16		<u>47,445</u>		<u>554,012</u>

These financial statements were approved by the board of directors on 18 October 2002 and were signed on its behalf by:


R Wingfield
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Basis of preparation

The company is a subsidiary of Ramesys Holdings Limited, a management buyout vehicle for a portfolio of companies. At 31 May 2002, the group has both net current liabilities and net liabilities of £240,000 and £5,264,000 respectively. The deficit on shareholders' funds has arisen largely through a goodwill impairment charge in prior years.

During the year ended 31 May 2002 the group achieved operating profits before goodwill amortisation of £4,005,000 and generated cash from operating activities of £3,966,000. During the year the group balance sheet was restructured by converting loan stock into equity and rescheduling the senior debt payment terms.

There is a contingent liability in respect of a claim against a group company that the directors of Ramesys Holdings Limited believe will be covered by a counter claim against other parties. The directors of Ramesys Holdings Limited have been given support from the managers of the company's major shareholders in that they will use all reasonable endeavours to procure the funding to cover any settlement whilst the recovery process is underway.

The Directors of Ramesys Holdings Limited have prepared profit and cash flow projections for the group for the next financial year and on the basis of these believe that the Group can operate within the available facilities and terms set by the bankers and accordingly the directors have prepared the group's and subsidiaries' financial statements on a going concern basis.

The company has taken advantage of the exemption under FRS 8 Related Party Disclosures not to disclose transactions with group undertakings since Ramesys Holdings Limited is the beneficial owner of all of the equity share capital of the company.

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

Tangible fixed assets

Depreciation is provided at rates calculated to write off the costs, less estimated residual value of each asset, on a straight line basis over its expected useful life. The rates applied from the date of purchase are:

Short leasehold premises	Over lease term
Furniture, fittings and equipment	20% - 33% per annum
Motor vehicles	Over duration of lease

Turnover and revenue recognition

Turnover represents amounts invoiced to customers (net of value added tax) for 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.

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

Service 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.

Notes (continued)

1 Accounting Policies (continued)

Development expenditure

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.

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.

Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company 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 and origin

	2002 £	2001 £
United Kingdom	1,753,342	2,182,217
Other Europe	231,072	340,074
Other	2,900	-
	<hr/>	<hr/>
	1,987,314	2,522,291
	<hr/>	<hr/>

The results and net assets by geographical market have not been disclosed because in the opinion of the directors such disclosure would be seriously prejudicial to the interest of the company.

Notes (continued)

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:

	2002 £	2001 £
Directors' emoluments		
Management remuneration	253,014	289,413
Pension costs for five directors (2001: five)	55,107	17,076
Compensation for loss of office	7,650	-
	<u>312,771</u>	<u>306,489</u>
Remuneration of highest paid director	57,615	80,528
Pension costs	4,400	5,572
Compensation for loss of office	7,650	-
	<u>69,665</u>	<u>86,100</u>
	Number	Number
Average number of persons employed		
Programming and engineering staff	19	22
Sales and marketing	4	4
Administrative and management staff	17	10
	<u>40</u>	<u>36</u>
	2002 £	2001 £
Staff costs during the year		
Wages and salaries	844,355	1,242,015
Social security costs	101,018	112,390
Other pension costs	20,624	26,801
Compensation for loss of office	111,000	-
	<u>1,076,997</u>	<u>1,381,206</u>

4 Operating (loss)/profit

	2002 £	2001 £
Operating (loss)/profit is started after charging:		
Exceptional costs	519,000	51,000
Depreciation and amortisation		
Owned assets	17,393	20,628
Leased assets	22,719	14,796
Rentals under operating leases		
Hire of plant and machinery	13,600	23,931
Other operating leases	102,083	110,995
Auditors' remuneration		
Audit services	6,667	3,679
Non-audit services	-	442
	<u></u>	<u></u>

Exceptional costs comprise the costs of redundancies and reorganisation £160,000 and a provision for a debt due from a group company £359,000.

Notes (continued)

5 Interest

	2002 £	2001 £
Finance lease interest payable	7,966	6,287

6 Tax on (loss)/profit on ordinary activities

Taxation is based on the (loss)/profit for the year and comprises the following amounts charged/(credited):

	2002 £000	2001 £000
Corporation tax	-	71,012
Current tax on income for the period	4,800	(4,513)
Total current tax	4,800	66,499

The current tax charge for the period is higher (2001: lower) than the standard rate of corporation tax. The differences are explained below:

	2002 £000	2001 £000
(Loss)/profit on ordinary activities before taxation	(501,767)	236,707
Current tax at 30% (2001: 30%)	(150,530)	71,012
Effects of:		
Expenses net deductible for tax purposes	108,004	-
Capital allowances for the period below depreciation/(in excess of depreciations)	3,926	-
Adjustment to tax charge in respect of previous periods	4,800	(4,513)
Tax losses carried forward	38,600	-
Total current tax charge	4,800	66,499

Notes (continued)

7 Dividends

	2002 £	2001 £
Final proposed	-	160,000

8 Tangible fixed assets

	Short Leasehold Properties £	Furniture, fittings and equipment £	Motor vehicles £	Total £
Cost				
At 1 June 2001	21,188	121,003	116,879	259,070
Additions	-	3,758	-	3,758
At 31 May 2002	21,188	124,761	116,879	262,828
Accumulated depreciation				
At 1 June 2001	21,188	93,815	26,452	141,455
Charge for the year	-	17,393	22,719	40,112
At 31 May 2002	21,188	111,208	49,171	181,567
Net book value				
At 31 May 2002	-	13,553	67,708	81,261
At 31 May 2001	-	27,188	90,427	117,615

Included in the above analysis are motor vehicles held under finance leases with a net book value of £67,708 (2001: £90,427) depreciation £22,719 (2001: £14,796).

9 Stocks

	2002 £	2001 £
Finished goods and goods for resale	8,472	16,311

10 Debtors

	2002 £	2001 £
Trade debtors	278,267	521,817
Amounts owed by group undertakings	385,260	1,173,923
Other debtors	-	1,949
Prepayments and accrued income	75,748	53,796
Group relief receivable	46,469	46,469
	785,744	1,797,954

Notes (continued)

11 Creditors: Amounts falling due within one year

	2002 £	2001 £
Obligations under finance leases	39,026	25,933
Trade creditors	118,517	231,594
Corporation tax	75,834	150,355
Other taxes and social security	82,484	90,734
Accruals	159,538	165,393
Dividends	-	160,000
	<u>475,399</u>	<u>824,009</u>

12 Creditors: amounts falling due after more than one year

	2002 £	2001 £
Obligations under finance leases repayable between two and five years	<u>33,168</u>	<u>66,654</u>

13 Deferred income

	2002 £	2001 £
To be recognised within one year	427,797	564,945
To be recognised after more than one year	22,580	1,861
	<u>450,377</u>	<u>566,806</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 1 June 2001	26,168
Utilised during the year	(13,422)
Charge for the year	10,000
As at 31 May 2002	<u>22,746</u>

Notes (continued)

14 Provision for liabilities and charges (continued)

Deferred taxation

As explained in note 1, provision is only made for deferred taxation where, in the opinion of the directors, a liability could arise in the foreseeable future as a result of the reversal of timing differences.

The unprovided deferred tax assets are:

	2002 Unprovided £	2001 Unprovided £
Depreciation in excess of capital allowances	14,308	10,382
Other timing differences	41,347	-
	<hr/>	<hr/>
Deferred tax asset	55,655	10,382
	<hr/>	<hr/>

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

15 Called up share capital

	2002 £	2001 £
Authorised, allotted, called up and fully paid: 400,000 ordinary shares of £1 each	400,000	400,000
	<hr/>	<hr/>

16 Reconciliation of movement in shareholders' funds

	Share capital £	Profit and loss Account £	Shareholders' funds £
At 1 June 2001	400,000	154,012	554,012
Loss for the financial year	-	(506,567)	(506,567)
Dividends payable	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 May 2002	400,000	(352,555)	47,445
	<hr/>	<hr/>	<hr/>

17 Financial commitments

Operating lease commitments

The annual commitments under non-cancellable operating leases are as follows:

	Land and buildings 2002 £	2001 £	Other 2002 £	2001 £
Leases which expire:				
Within one year	17,000	-	17,032	14,625
Within two to five years	-	71,000	30,984	29,918
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	17,000	71,000	48,016	44,543
	<hr/>	<hr/>	<hr/>	<hr/>

Notes (continued)

18 Contingent liabilities

The company has given guarantees covering bank borrowing of the ultimate parent company, Ramesys Holdings Limited, and fellow subsidiary undertakings. At 31 May 2002, the total amount guaranteed amounted to £32,146,311 (2001: £31,385,858).

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 £20,624 (2001: £26,801). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

20 Ultimate parent company and group transactions

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.

The company has taken advantage of the exemption under FRS 8 Related Party Disclosures not to disclose transactions with group undertakings since Ramesys Holdings Limited is the beneficial owner of all of the equity share capital of the company.