

Ramesys (Travel) Limited

**Directors' report and financial
statements**

Registered number 2698763

31 May 2003



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 May 2003.

Principal activity

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

Business review

This year has been a very successful period of consolidation following the difficult trading conditions of 18 months ago. The business has made further substantial investments in its products and their functionality which has enhanced sales to new and existing clients. The company is now operating with a more competitive cost base and it is better able to respond quickly and profitably to the demands of the marketplace. The company has achieved its goals in the last year and is starting the new year with a strong order book giving real confidence in both immediate and longer term trading prospects. The results of the company for the year are set out in detail on page 5. Profits of £49,652 (2002: losses £506,567) have been transferred to reserves.

Proposed dividend

The directors do not recommend the payment of a dividend (2002: £nil).

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	
	2003	2002 (or date of appointment)
B J Sheerin	-	-
M J Bradley (resigned 31 January 2003)	-	-
R Wingfield	*	*
D Grovesnor	-	-
G Matthew	*	*
C Plucknett (appointed 19 February 2003)	-	-

* 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:

	2002 or date of appointment	Vested in The year	Exercised in the year	2003
B J Sheerin	33,333	29,168	-	62,501
D Grovesnor	87,500	58,334	-	145,834
C Plucknett	25,000	125,000	-	150,000

The share options are exercisable in the event of a listing, sale or liquidation of Ramesys Holdings Limited at an exercise price of one pence 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 2003	1 June 2004	1 June 2005
B J Sheerin	8,333	8,333	-
D Grovesnor	14,853	14,583	-
C Plucknett	41,667	41,667	41,666

All share options vested will be at an exercise price of one pence 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 (2002: £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

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;
- 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
Theale
Reading
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 2003 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

19 December 2003

Profit and loss account
for the year ended 31 May 2003

	Notes	Before exceptional items 2003 £	Exceptional items 2003 £	Total 2003 £	Before exceptional items 2002 £	Exceptional items 2002 £	Total 2002 £
Turnover	2	1,816,284	-	1,816,284	1,987,314	-	1,987,314
Cost of sales		(442,986)	-	(442,986)	(549,842)	-	(549,842)
Gross profit		1,373,298	-	1,373,298	1,437,472	-	1,437,472
Administrative expenses		(1,272,796)	(48,510)	(1,321,306)	(1,412,273)	(519,000)	(1,931,273)
Operating profit before exceptional costs		100,502	-	100,502	25,199	-	25,199
Exceptional costs		-	(48,510)	(48,510)	-	(519,000)	(519,000)
Operating profit/(loss)	4	100,502	(48,510)	51,992	25,199	(519,000)	(493,801)
Interest payable and similar charges	5	(2,192)	-	(2,192)	(7,966)	-	(7,966)
Profit/(loss) on ordinary activities before taxation		98,310	(48,510)	49,800	17,233	(519,000)	(501,767)
Tax on profit/(loss) on ordinary activities	6	(148)	-	(148)	(4,800)	-	(4,800)
Retained profit/(loss) for the year		98,162	(48,510)	49,652	12,433	(519,000)	(506,567)

The results shown above all relate to continuing operations.

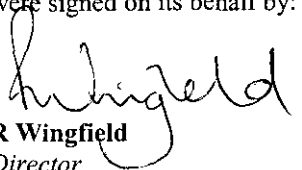
There are no recognised gains or losses other than as shown above. Accordingly, no statement of total recognised gains and losses is given.

Balance sheet

At 31 May 2003

	Notes	2003	2002
		£	£
Fixed assets			
Tangible fixed assets	7	29,658	81,261
Current assets			
Stocks	8	1,636	8,472
Debtors	9	760,515	785,744
Cash at bank and in hand		56,138	153,658
Creditors: amounts falling due within one year	10	818,289 (346,565)	947,874 (475,399)
Net current assets		471,724	472,475
Total assets less current liabilities		501,382	553,736
Creditors: amounts falling due after more than one year	11	-	(33,168)
Provisions for liabilities and charges	13	(22,746)	(22,746)
Deferred Income	12	(381,539)	(450,377)
Net assets		97,097	47,445
Capital and reserves			
Called up share capital	14	400,000	400,000
Profit and loss account	15	(302,903)	(352,555)
Equity shareholders' funds	15	97,097	47,445

These financial statements were approved by the board of directors on 5th December 2003 and were signed on its behalf by:


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 except as noted below.

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 19.

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 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.

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.

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.

Notes (continued)

1 Accounting Policies (continued)

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 and origin

	2003 £	2002 £
United Kingdom	1,725,478	1,753,342
Other Europe	90,806	231,072
Other	-	2,900
	<u>1,816,284</u>	<u>1,987,314</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:

	2003 £	2002 £
Remuneration of directors		
Directors' emoluments	144,518	253,014
Company contributions to money purchase pension schemes (two directors (2002: five))	9,145	55,107
Compensation for loss of office	35,293	7,650
	<u>188,956</u>	<u>315,771</u>
 Remuneration of highest paid director	 78,600	 57,615
Pension costs	4,365	4,400
Compensation for loss of office	-	7,650
	<u>82,965</u>	<u>69,665</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	
	2003	2002
Programming and engineering staff	7	19
Sales and marketing	2	4
Administrative and management staff	20	17
	<hr/>	<hr/>
	29	40
	<hr/>	<hr/>
	2003	2002
	£	£
Staff costs during the year		
Wages and salaries	719,098	844,355
Social security costs	92,496	101,018
Other pension costs	22,204	20,624
Compensation for loss of office	35,987	111,000
	<hr/>	<hr/>
	869,785	1,076,997
	<hr/>	<hr/>

4 Profit/(loss) on ordinary activities before taxation

	2003	2002
	£	£
<i>Profit/(loss) on ordinary activities before taxation is stated after charging:</i>		
Exceptional costs	48,510	519,000
Depreciation:		
Owned assets	12,274	17,393
Leased assets	7,384	22,719
Rentals under operating leases		
Hire of plant and machinery	-	13,600
Other operating leases	75,936	102,083
Auditors' remuneration		
Audit services	3,729	6,667
Non-audit services	-	-
	<hr/>	<hr/>

Exceptional costs comprise the costs of redundancies and reorganisation £48,510 (2002: £160,000) and a provision for a debt due from a group company £nil (2002: £359,000).

5 Interest payable and similar charges

	2003	2002
	£	£
Finance charges payable in respect of finance leases	2,192	7,966
	<hr/>	<hr/>

Notes (continued)

6 Tax on profit/(loss) on ordinary activities

Analysis of charge in period

	2003 £	2002 £
<i>UK Corporation tax</i>		
Current tax on income for the period	(4,648)	-
Adjustments in respect of previous periods	4,796	4,800
	<hr/>	<hr/>
Total current tax	148	4,800
	<hr/>	<hr/>

Factors affecting the tax charge for the period

The current tax charge for the period is lower (2002: higher) than the standard rate of corporation tax. The differences are explained below:

	2003 £000	2002 £000
<i>Current tax reconciliation</i>		
Profit/(Loss) on ordinary activities before taxation	49,800	(501,767)
	<hr/>	<hr/>
Current tax at 30% (2002: 30%)	14,940	(150,530)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	2,022	108,004
Capital allowances for the period below depreciation/(in excess of depreciation)	(3,275)	3,926
Research and development tax credits	(18,335)	-
Adjustment to tax charge in respect of previous periods	4,796	4,800
Tax losses carried forward	-	38,600
	<hr/>	<hr/>
Total current tax charge	148	4,800
	<hr/>	<hr/>

Notes (continued)

7 Tangible fixed assets

	Short Leasehold Properties £	Furniture, fittings and equipment £	Motor vehicles £	Total £
Cost				
At beginning of year	21,188	124,761	116,879	262,828
Additions	-	13,885	-	13,885
Disposals	-	-	(89,427)	(89,427)
At end of year	21,188	138,646	27,452	187,286
Accumulated depreciation				
At beginning of year	21,188	111,208	49,171	181,567
Charge for the year	-	12,274	7,384	19,658
Disposals	-	-	(43,597)	(43,597)
At end of year	21,188	123,482	12,958	157,628
Net book value				
At 31 May 2003	-	15,164	14,494	29,658
At 31 May 2002	-	13,553	67,708	81,261

Included in the total net book value of motor vehicles is £14,494 (2002: £67,708) in respect of assets held under finance leases. Depreciation for the year on these assets was £7,384 (2002: £22,719).

8 Stocks

	2003 £	2002 £
Finished goods and goods for resale	1,636	8,472

9 Debtors

	2003 £	2002 £
Trade debtors	119,746	278,267
Amounts owed by group undertakings	562,944	385,260
Group relief receivable	46,469	46,469
Prepayments and accrued income	31,356	75,748
	760,515	785,744

Notes (continued)

10 Creditors: amounts falling due within one year

	2003 £	2002 £
Obligations under finance leases	16,494	39,026
Trade creditors	22,183	118,517
Corporation tax	75,982	75,834
Other taxes and social security	36,709	82,484
Accruals	195,197	159,538
	<u>346,565</u>	<u>475,399</u>

11 Creditors: amounts falling due after more than one year

	2003 £	2002 £
Obligations under finance leases repayable between two and five years	-	33,168
	<u>-</u>	<u>33,168</u>

12 Deferred income

	2003 £	2002 £
To be recognised within one year	381,539	427,797
To be recognised in the second to fifth years	-	22,580
	<u>381,539</u>	<u>450,377</u>

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

13 Provision for liabilities and charges

	Provision for Dilapidations £
At beginning and end of year	<u>22,746</u>

Notes (continued)

13 Provision for liabilities and charges (continued)

Deferred taxation

The elements of deferred taxation are as follows:

	2003 Unprovided £	2002 Unprovided £
Depreciation in excess of capital allowances	16,323	14,308
Other timing differences	145,864	41,347
Deferred tax asset	<u>162,187</u>	<u>55,655</u>

14 Called up share capital

	2003 £	2002 £
<i>Authorised, allotted, called up and fully paid:</i>		
Equity: 400,000 ordinary shares of £1 each	<u>400,000</u>	<u>400,000</u>

15 Reconciliation of movements in shareholders' funds

	Share capital £	Profit and loss account £	Shareholders' funds £
At beginning of year	400,000	(352,555)	47,445
Retained profit for the financial year	-	49,652	49,652
At end of year	<u>400,000</u>	<u>(302,903)</u>	<u>97,097</u>

16 Commitments

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

	Land and buildings 2003 £	2002 £	Other 2003 £	2002 £
Leases which expire:				
Within one year	-	17,000	10,399	17,032
In the second to fifth years inclusive	51,000	-	-	30,984
	<u>51,000</u>	<u>17,000</u>	<u>10,399</u>	<u>48,016</u>

Notes *(continued)*

17 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 2003, the total amount guaranteed amounted to £31,658,000 (2002: £32,146,000).

18 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 £22,204 (2002: £20,624). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

19 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.