

# **Systems Union Limited**

## **Directors' report and financial statements**

**31 August 1995**

**Registered number 2766416**



# Systems Union Limited

## Directors' report and financial statements

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# **Systems Union Limited**

## **Directors' report**

The directors present their annual report and the audited financial statements for the year ended 31 August 1995.

### **Principal activities**

The principal activity of the company is the distribution of SunSystems, a business and accounting software package. The company also provides SunSystems support and maintenance and has a professional services group that offers consultancy.

### **Business review**

The company achieved a profit before tax of £2,333,000 (1994: £4,136,000).

### **Proposed dividend and transfers to reserves**

An interim dividend of £3,000,000 was paid during the year.

The directors do not propose the payment of a final dividend. The retained loss for the year was £1,544,000.

### **Significant changes in fixed assets**

Changes in fixed assets are set out in note 7 to the financial statements.

### **Directors and directors' interests**

The directors who held office during the year were as follows:

JL Pemberton  
JAC Paterson  
SG Daggett

No director holds any interest in the share capital of the company. The interests of JL Pemberton and JAC Paterson in the share capital of Systems Union Group Limited are disclosed in the accounts of that company.

### **Political and charitable contributions**

The company made no political contributions during the year. Donations to UK charities amounted to £251.

# Systems Union Limited

## Directors' report *(continued)*

### Auditors

On 6 February 1995 our auditors changed the name under which they practise to KPMG and, accordingly, have signed their report in their new name. In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company, is to be proposed at the forthcoming Annual General Meeting.

By order of the board

A handwritten signature in black ink, appearing to read 'Robert Arrowsmith', written in a cursive style.

**Robert Arrowsmith**  
*Secretary*

# Systems Union Limited

## 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 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 maintaining 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



PO Box 695  
8 Salisbury Square  
London  
EC4Y 8BB

## Auditors' report to the members of Systems Union Limited

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

### *Respective responsibilities of directors and auditors*

As described on page 3 the company's 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 as at 31 August 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG*

Chartered Accountants  
Registered Auditors

*15 March, 1995*

# Systems Union Limited

## Profit and loss account for the year ended 31 August 1995

|  | <i>Note</i> | <b>1995<br/>£000</b> | <b>1994<br/>£000</b> |
|--|-------------|----------------------|----------------------|
| <b>Turnover</b>                                      | <b>2</b>    | <b>16,681</b>        | <b>13,152</b>        |
| <b>Cost of sales</b>                                 |             | <b>(6,526)</b>       | <b>(4,455)</b>       |
| <b>Gross profit</b>                                  |             | <b>10,155</b>        | <b>8,697</b>         |
| Distribution costs                                   |             | (1,103)              | (1,637)              |
| Administrative expenses                              |             | (6,747)              | (4,122)              |
| Other operating income                               |             | 28                   | 1,198                |
| <b>Profit on ordinary activities before taxation</b> | <b>2-5</b>  | <b>2,333</b>         | <b>4,136</b>         |
| <b>Tax on profit on ordinary activities</b>          | <b>6</b>    | <b>(877)</b>         | <b>(1,028)</b>       |
| <b>Profit on ordinary activities after taxation</b>  |             | <b>1,456</b>         | <b>3,108</b>         |
| <b>Dividends</b>                                     |             | <b>(3,000)</b>       | <b>-</b>             |
| <b>Retained (loss)/profit for the financial year</b> |             | <b>(1,544)</b>       | <b>3,108</b>         |
| <b>Profit and loss account at 1 September 1994</b>   |             | <b>3,108</b>         | <b>-</b>             |
| <b>Profit and loss account at 31 August 1995</b>     |             | <b>1,564</b>         | <b>3,108</b>         |

The company made no material acquisitions and had no discontinued operations.

There are no gains or losses other than those included in the loss for the year of £1,544,000.

Historic profits are equal to reported profits.

# Systems Union Limited

## Balance sheet at 31 August 1995

|   | Note | 1995<br>£000   | 1994<br>£000   |
|---|------|----------------|----------------|
| <b>Fixed assets</b>                                   |      |                |                |
| Tangible assets                                       | 7    | 1,500          | 1,369          |
| <b>Current assets</b>                                 |      |                |                |
| Debtors   | 8    | 6,234          | 7,410          |
| Cash at bank and in hand                              |      | 3              | 5              |
|   |      | <u>6,237</u>   | <u>7,415</u>   |
| <b>Creditors: amounts falling due within one year</b> | 9    | <u>(2,323)</u> | <u>(2,980)</u> |
| <b>Net current assets</b>                             |      | <u>3,914</u>   | <u>4,435</u>   |
| <b>Total assets less current liabilities</b>          |      | <u>5,414</u>   | <u>5,804</u>   |
| Accruals and deferred income                          | 10   | (3,849)        | (2,695)        |
| <b>Net assets</b>                                     |      | <u>1,565</u>   | <u>3,109</u>   |
| <b>Capital and reserves</b>                           |      |                |                |
| Called up share capital                               | 12   | 1              | 1              |
| Profit and loss account                               |      | <u>1,564</u>   | <u>3,108</u>   |
| <b>Shareholders' funds</b>                            | 13   | <u>1,565</u>   | <u>3,109</u>   |

These financial statements were approved by the board of directors on 13th Nov 95 and were signed on its behalf by:



**JAC Paterson**  
Director



# Systems Union Limited

## 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.

Under Financial Reporting Standard 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly-owned subsidiary undertaking.

#### *Fixed assets and depreciation*

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

|                                  |   |                       |
|----------------------------------|---|-----------------------|
| Leasehold land and buildings     | - | life of lease         |
| Fixtures, fittings and equipment | - | 25% per annum on cost |
| Computer equipment               | - | 50% per annum on cost |

No depreciation is provided on freehold land.

#### *Foreign currencies*

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

#### *Leases*

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

# Systems Union Limited

## 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. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

#### *Turnover*

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the year.

### 2 Analysis of turnover by geographical market

|                | 1995<br>£000 | 1994<br>£000 |
|----------------|--------------|--------------|
| UK             | 10,663       | 8,363        |
| Rest of Europe | 3,158        | 2,444        |
| Asia           | 403          | 681          |
| Africa         | 1,522        | 952          |
| Americas       | 243          | 287          |
| Rest of World  | 692          | 425          |
|                | <hr/>        | <hr/>        |
|                | 16,681       | 13,152       |
|                | <hr/>        | <hr/>        |

All turnover and profits before taxation are derived from the distribution, support and maintenance of SunSystems.

# Systems Union Limited

## Notes (continued)

### 3 Profit on ordinary activities before taxation

|   | 1995<br>£000 | 1994<br>£000 |
|---|--------------|--------------|
| <i>Profit on ordinary activities before<br/>taxation is stated after charging</i> |              |              |
| Auditors' remuneration:   |              |              |
| Audit   | 15           | 14           |
| Other services  | 6            | 5            |
| Depreciation and other amounts written<br>off tangible fixed assets:              |              |              |
| Owned   | 480          | 139          |
| Hire of other assets: rentals payable<br>under operating leases                   | 603          | 277          |
|   | <hr/>        | <hr/>        |

### 4 Remuneration of directors

|                       | 1995<br>£000 | 1994<br>£000 |
|-----------------------|--------------|--------------|
| Directors' emoluments | 136          | 116          |
|                       | <hr/>        | <hr/>        |

The emoluments, excluding pension contributions, of the chairman were £Nil and those of the highest paid director were £136,306 (1994: £115,572).

The emoluments, excluding pension contributions, of the directors (including the chairman and highest paid director) were within the following ranges:

|                     | Number of directors |       |
|---------------------|---------------------|-------|
|                     | 1995                | 1994  |
| £0 - £5,000         | 2                   | 2     |
| £115,001 - £120,000 | -                   | 1     |
| £135,001 - £140,000 | 1                   | -     |
|                     | <hr/>               | <hr/> |

# Systems Union Limited

## Notes (continued)

### 5 Staff numbers and costs

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

|                        | Number of employees |       |
|------------------------|---------------------|-------|
|                        | 1995                | 1994  |
| Sales and marketing    | 63                  | 55    |
| Research and technical | 17                  | 2     |
| Administration         | 16                  | 12    |
| Consultancy            | 27                  | 16    |
| Management             | 4                   | 3     |
|                        | <hr/>               | <hr/> |
|                        | 127                 | 88    |
|                        | <hr/>               | <hr/> |

The aggregate payroll costs of these persons were as follows:

|                       | 1995  | 1994  |
|-----------------------|-------|-------|
|                       | £000  | £000  |
| Wages and salaries    | 4,293 | 2,928 |
| Social security costs | 433   | 293   |
|                       | <hr/> | <hr/> |
|                       | 4,726 | 3,221 |
|                       | <hr/> | <hr/> |

### 6 Taxation

|   | 1995  | 1994  |
|---|-------|-------|
|   | £000  | £000  |
| UK corporation tax at 33 % (1994: 33 %) on the profit for the year on ordinary activities | 914   | 1,028 |
| Adjustment to prior year  | (41)  | -     |
| Overseas withholding tax  | 4     | -     |
|   | <hr/> | <hr/> |
|   | 877   | 1,028 |
|   | <hr/> | <hr/> |

The corporation tax liability for the year has been reduced by £112,500 as a result of group relief for the parent company's advance corporation tax.

# Systems Union Limited

## Notes (continued)

### 7 Tangible fixed assets

|   | Short<br>leasehold<br>land and<br>buildings<br>£000 | Computer<br>equipment<br>£000 | Fixtures,<br>fittings<br>and<br>equipment<br>£000 | Total<br>£000 |
|---|---|-------------------------------|---|---------------|
| <b>Cost</b>                             |   |                               |   |               |
| At beginning of year                    | 798   | 497                           | 386   | 1,681         |
| Transfers from other group<br>companies | -   | 5                             | -   | 5             |
| Additions                               | 224   | 334                           | 51  | 609           |
| Disposals                               | -   | (2)                           | -   | (2)           |
| Transfers to other group<br>companies   | -   | (4)                           | -   | (4)           |
|   | <hr/>   | <hr/>                         | <hr/>   | <hr/>         |
| At end of year                          | 1,022   | 830                           | 437   | 2,289         |
|   | <hr/>   | <hr/>                         | <hr/>   | <hr/>         |
| <b>Depreciation</b>                     |   |                               |   |               |
| At beginning of year                    | -   | 308                           | 4   | 312           |
| Charge for year                         | 140   | 238                           | 102   | 480           |
| On disposals                            | -   | (1)                           | -   | (1)           |
| Transfers to other group<br>companies   | -   | (2)                           | -   | (2)           |
|   | <hr/>   | <hr/>                         | <hr/>   | <hr/>         |
| At end of year                          | 140   | 543                           | 106   | 789           |
|   | <hr/>   | <hr/>                         | <hr/>   | <hr/>         |
| <b>Net book value</b>                   |   |                               |   |               |
| At 31 August 1995                       | 882   | 287                           | 331   | 1,500         |
|   | <hr/>   | <hr/>                         | <hr/>   | <hr/>         |
| At 31 August 1994                       | 798   | 189                           | 382   | 1,369         |
|   | <hr/>   | <hr/>                         | <hr/>   | <hr/>         |

Short leasehold buildings are valued at cost.

### 8 Debtors

|                                    | 1995<br>£000 | 1994<br>£000 |
|------------------------------------|--------------|--------------|
| Trade debtors                      | 4,487        | 3,720        |
| Amounts owed by group undertakings | 1,353        | 2,920        |
| Other debtors                      | 162          | 440          |
| Prepayments and accrued income     | 232          | 330          |
|                                    | <hr/>        | <hr/>        |
|                                    | 6,234        | 7,410        |
|                                    | <hr/>        | <hr/>        |

# Systems Union Limited

## Notes (continued)

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

|   | 1995  |       | 1994  |       |
|---|-------|-------|-------|-------|
|   | £000  | £000  | £000  | £000  |
| Bank loans and overdrafts                               |       | 53    |       | 224   |
| Trade creditors   |       | 664   |       | 992   |
| Amounts owed to group undertakings                      |       |       |       |       |
| Group relief  |       | 113   |       | 295   |
| Other   |       | 51    |       | 99    |
| Other creditors including taxation and social security: |       |       |       |       |
| Corporation tax   | 802   |       | 733   |       |
| Other taxes and social security                         | 433   |       | 419   |       |
|   | <hr/> |       | <hr/> |       |
| Taxation and social security                            | 1,235 |       | 1,152 |       |
| Other creditors   | 207   |       | 218   |       |
|   | <hr/> |       | <hr/> |       |
|   |       | 1,442 |       | 1,370 |
|   |       | <hr/> |       | <hr/> |
|   |       | 2,323 |       | 2,980 |
|   |       | <hr/> |       | <hr/> |

The bank loans and overdrafts are secured by a first legal charge over the freehold land and buildings of Systems Union Group Limited, a charge over that company's present and future intellectual property rights and a charge over its fixed asset investments other than shares in subsidiary undertakings.

### 10 Accruals and deferred income

|                             | 1995  | 1994  |
|-----------------------------|-------|-------|
|                             | £000  | £000  |
| Accruals                    | 1,532 | 1,160 |
| Deferred maintenance income | 2,317 | 1,535 |
|                             | <hr/> | <hr/> |
|                             | 3,849 | 2,695 |
|                             | <hr/> | <hr/> |

# Systems Union Limited

## Notes (continued)

### 11 Provisions for liabilities and charges

The amounts not provided for deferred taxation are set out below:

|   | 1995     |            | 1994     |            |
|---|----------|------------|----------|------------|
|   | Provided | Unprovided | Provided | Unprovided |
|   | £000     | £000       | £000     | £000       |
| Difference between accumulated depreciation and amortisation and capital allowances | -        | 31         | -        | 5          |

### 12 Called up share capital

|   | 1995 | 1994 |
|---|------|------|
|   | £000 | £000 |
| <i>Authorised</i>                         |      |      |
| Ordinary shares of £1 each                | 1    | 1    |
| <i>Allotted, called up and fully paid</i> |      |      |
| Ordinary shares of £1 each                | 1    | 1    |

### 13 Reconciliation of movements in shareholders funds

|                                    | 1995    | 1994  |
|------------------------------------|---------|-------|
|                                    | £       | £     |
| Profit for the financial year      | 1,456   | 3,108 |
| Dividends                          | (3,000) | -     |
| Net addition to shareholders funds | (1,544) | 3,108 |
| Opening shareholders funds         | 3,109   | 1     |
|                                    | 1,565   | 3,109 |