

Company Number 2849560

**Deloitte  
& Touche**

**PRODAT SYSTEMS PLC**

**Report and Financial Statements**

**30 September 2001**

**Deloitte & Touche  
Queen Anne House  
69-71 Queen Square  
Bristol  
BS1 4JP**



**PRODAT SYSTEMS PLC****REPORT AND FINANCIAL STATEMENTS 2001****CONTENTS**

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**PRODAT SYSTEMS PLC**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

R H Barnes  
J W Cadoux-Hudson  
R W Fairchild  
M W H Morgan  
S D Pearce  
C Roper  
P Sykes  
A J Wrigley

**SECRETARY**

G R Terry

**REGISTERED OFFICE**

7 Abbey Court  
Eagle Way  
Sowton Industrial Estate  
Exeter  
Devon EX2 7HY

**BANKERS**

HSBC Bank plc  
58 Bromborough Village Road  
Bromborough  
Wirral L62 7ET

National Westminster Bank Plc  
15 Bishopsgate  
London  
EC2P2AP

**SOLICITORS**

Nabarro Nathanson  
50 Stratton Street  
London  
W1X 6NX

**AUDITORS**

Deloitte & Touche  
Queen Anne House  
69-71 Queen Square  
Bristol BS1 4JP

## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 30 September 2001.

## **RESULTS AND DIVIDENDS**

The results for the year are shown in the profit and loss account on page 5. The directors propose a final dividend on the ordinary shares of £5.40 per share (2000: £2.70).

## **PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS**

The principal activity of the company continued to be the provision of professional and scientific services, centred around the provision of software for the manipulation of Ordnance Survey mapping and certain data sets.

The company had a very successful year with sales revenues increasing by 45% on the previous twelve months. The company plans to continue to develop new products on CD Rom and for the Internet during the forthcoming year, which it is hoped will stimulate market demand for its services. All related research and development costs are written off to the profit and loss account as incurred.

The company's balance sheet as detailed on page 6 shows a satisfactory position with shareholders' funds amounting to £1,863,194 (2000: £1,073,790).

## **DIRECTORS AND THEIR INTERESTS**

The directors of the company during the year are shown on page 1. No directors had any interest in the share capital of the company in the current or preceding period.

P Sykes is director of DMG Information Limited and his interest in the shares of other group companies at 30 September 2001 is disclosed in those accounts. M W H Morgan is director of Daily Mail and General Holdings Limited and his interest in the shares of other group companies at 30 September 2001 is disclosed in those accounts. None of the other directors had any interest in any other group company incorporated in the United Kingdom.

## **CREDITOR PAYMENT POLICY**

It is the company's policy to maintain good relationships with its suppliers. Payment terms are agreed with each supplier in advance and their terms are adhered to. The average payment period was 31 days (2000: 31 days).

## **AUDITORS**

A resolution for the reappointment of Deloitte & Touche as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and  
signed on behalf of the Board



G R Terry  
Secretary

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom 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 as at the end of the financial year 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; and
- 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 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**

**PRODAT SYSTEMS PLC**

We have audited the financial statements of Prodat Systems Plc for the period ended 30 September 2001 which comprise the profit and loss account, the balance sheet and the related notes 1 to 19. These financial statements have been prepared under the accounting policies set out therein.

**Respective responsibilities of directors and auditors**

As described in the statement of directors' responsibilities, the company's directors' are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 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 specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

**Basis of opinion**

We conducted our audit in accordance with United Kingdom 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 30 September 2001 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**DELOITTE & TOUCHE**  
Chartered Accountants and  
Registered Auditors

8 January 2002

**PROFIT AND LOSS ACCOUNT**  
Year ended 30 September 2001

	Notes	2001 £	2000 £
<b>TURNOVER: continuing operations</b>	2	7,795,479	5,372,051
Cost of sales		(3,399,020)	(2,909,205)
<b>GROSS PROFIT</b>		4,396,459	2,462,846
Administrative expenses		(2,551,252)	(1,794,220)
<b>OPERATING PROFIT: continuing operations</b>	3	1,845,207	668,626
Interest payable	5	-	(848)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		1,845,207	667,778
Tax (charge)/credit on profit on ordinary activities	6	(555,811)	(165,788)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		1,289,396	501,990
Equity dividends	7	(500,000)	(250,000)
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR</b>	15	789,396	251,990

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
Year ended 30 September 2001

	2001 £	2000 £
Retained profit for the financial year	789,396	251,990
Total recognised gains and losses relating to the year	789,396	251,990
Prior year adjustment	37,825	-
<b>Total recognised gains and losses since last annual report</b>	827,221	251,990

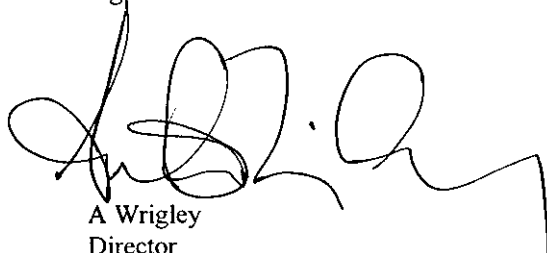
**BALANCE SHEET**  
**At 30 September 2001**

	Notes	2001 £	2000 As restated £
<b>FIXED ASSETS</b>			
Intangible assets	8	-	-
Tangible assets	9	178,071	157,626
		<u>178,071</u>	<u>157,626</u>
<b>CURRENT ASSETS</b>			
Debtors	10	3,949,077	3,068,063
Cash at bank and in hand		97,623	190,847
		<u>4,046,700</u>	<u>3,258,910</u>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	11	(2,361,581)	(2,342,742)
<b>NET CURRENT ASSETS</b>		<u>1,685,119</u>	<u>916,168</u>
<b>NET ASSETS</b>		<u>1,863,190</u>	<u>1,073,794</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	13	92,739	92,739
Share premium account		616,775	616,775
Profit and loss account	15	1,153,676	364,280
<b>TOTAL EQUITY SHAREHOLDERS' FUNDS</b>	15	<u>1,863,190</u>	<u>1,073,794</u>

The balance sheet as of 30 September 2000 has been restated for the adoption of FRS19 (see note 14).

These financial statements were approved by the Board of Directors on *4th December, 2001*

Signed on behalf of the Board



A Wrigley  
Director



**NOTES TO THE ACCOUNTS**  
**Year ended 30 September 2001**

**1. ACCOUNTING POLICIES**

**Basis of accounting**

The financial statements are prepared in accordance with applicable accounting standards and under the historical cost convention. The particular accounting policies adopted are described below.

**Goodwill**

On the acquisition of a business fair values are attributed to the Company's share of net tangible assets. Where the cost of acquisition exceeds the value attributable to such net assets, the difference is treated as purchased goodwill, is capitalised and amortised evenly over the directors' estimate of its useful economic life.

**Depreciation**

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value of each asset evenly over its expected useful lives at the following rates:

Short leasehold	the five year term of lease
Computer equipment	33.3% straight line
Fixtures and fittings	33.3% straight line
Motor vehicles	33.3% straight line

**Leasing and hire purchase commitments**

Assets held under finance leases and hire purchase contracts which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and are depreciated over their expected useful lives.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight-line basis over the lease term.

**Pension costs**

The company operates a defined contribution pension scheme. The pension cost represents the contributions payable to the pension scheme in respect of the accounting period.

**Research and development**

Expenditure on research and development incurred in the year other than on fixed assets is charged to the profit and loss account.

**NOTES TO THE ACCOUNTS**  
Year ended 30 September 2001

**1. ACCOUNTING POLICIES (continued)**

**Deferred taxation**

The company has adopted FRS 19 *Deferred tax* for this year's accounts. Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or the right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the assets, or on unremitted earnings of subsidiaries and associates there is no commitment to remit these earnings. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted. This change in accounting policy has given rise to a prior year adjustment to the reported figures in 2000.

**Cash flow statement**

The company is exempt from the requirement of FRS1 to produce a cash flow statement since it is a wholly controlled subsidiary of a parent company which produces group accounts incorporating a consolidated cash flow statement.

**2. TURNOVER**

Turnover which is stated net of value added tax represents amounts invoiced to third parties. The turnover for the year was derived from the company's principal activity and arose in the United Kingdom.

<b>3. OPERATING PROFIT</b>	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
Operating profit is stated after charging/(crediting):		
Auditors' remuneration	11,005	9,000
Operating leases - other	26,408	33,032
(Profit)/ loss on sale of tangible fixed assets	(2,200)	3,845
	<hr/>	<hr/>
Depreciation of tangible fixed assets		
- owned assets	104,237	81,933
Amortisation of intangible fixed assets	-	496
	<hr/>	<hr/>
	104,237	82,429
	<hr/>	<hr/>

**NOTES TO THE ACCOUNTS**  
Year ended 30 September 2001

<b>4. DIRECTORS AND EMPLOYEES</b>	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
Staff costs including directors:		
Wages and salaries	1,030,557	912,514
Social security costs	112,108	99,891
Pension costs	24,725	4,571
	<u>1,167,390</u>	<u>1,016,976</u>
 Average monthly number employed including executive directors:	 <b>No.</b>	 <b>No.</b>
Office and management	8	5
Sales and marketing staff	10	7
Technical support staff	10	5
	<u>28</u>	<u>17</u>
 Directors:	 <b>£</b>	 <b>£</b>
Emoluments	<u>171,001</u>	<u>255,081</u>
 Amounts in respect of highest paid director	 <u>95,670</u>	 <u>105,091</u>
 Contributions of £5,227 (2000: £1,950) were paid to a defined contribution pension scheme in respect of one director (2000: one)		
<b>5. INTEREST PAYABLE</b>	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
Hire purchase interest	<u>-</u>	<u>848</u>

**NOTES TO THE ACCOUNTS**  
Year ended 30 September 2001

**6. TAX ON PROFIT ON ORDINARY ACTIVITIES**

<b>a) Analysis of charge in year:</b>	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
Corporation tax:		
Charge in year	535,466	165,788
Deferred tax:		
Origination and reversal of timing differences	20,345	-
<b>Taxation charge</b>	<b>555,811</b>	<b>165,788</b>
<b>b) Factors affecting tax charge:</b>	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
Profit before tax	1,845,204	667,778
At standard rates of corporation tax of 30% (2000: 30%)	553,562	200,333
Other	2,249	(34,545)
	<b>555,811</b>	<b>165,788</b>
<b>c) Factors affecting future tax charges</b>		

The company is not aware of any factors which might materially affect the future tax charge.

<b>7. DIVIDENDS</b>	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
Dividends paid – £5.40 (2000: £2.70) per ordinary share	500,000	250,000

**NOTES TO THE ACCOUNTS**  
**Year ended 30 September 2001**

**8. INTANGIBLE FIXED ASSETS**

**Goodwill**  
**£**

**Cost**

At 1 October 2000 and 30 September 2001

4,946

**Amortisation**

At 1 October 2000 and 30 September 2001

4,946

**Net book value**

At 30 September 2001 and 30 September 2000

-

Goodwill is amortised evenly over its useful economic life of five years.

**9. TANGIBLE FIXED ASSETS**

	<b>Short leasehold £</b>	<b>Computer equipment £</b>	<b>Fixtures and fittings £</b>	<b>Motor vehicles £</b>	<b>Total £</b>
<b>Cost</b>					
At 1 October 2000	35,000	259,479	59,634	76,379	430,492
Additions	-	72,842	7,440	44,400	124,682
Disposals	-	-	-	(13,500)	(13,500)
At 30 September 2001	35,000	332,321	67,074	107,279	541,674
<b>Depreciation</b>					
At 1 October 2000	25,000	193,951	30,668	23,247	272,866
Charge for the year	10,000	44,990	15,867	33,380	104,237
Disposals	-	-	-	(13,500)	(13,500)
At 30 September 2001	35,000	238,941	46,534	43,127	363,603
<b>Net book value</b>					
At 30 September 2001	-	93,380	20,539	64,152	178,071
At 30 September 2000	10,000	65,528	28,966	53,132	157,626

**NOTES TO THE ACCOUNTS**  
**Year ended 30 September 2001**

**10. DEBTORS**

	2001	2000
	£	As restated £
Trade debtors	1,665,877	999,936
Amounts owed by group undertakings	2,227,025	2,008,937
Deferred tax (note 12)	17,480	37,825
Prepayments and accrued income	38,695	21,365
	<u>3,949,077</u>	<u>3,068,063</u>

Of the £37,825 relating to the 2000 deferred tax asset £17,480 was not due within one year.

**11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2001	2000
	£	£
Trade creditors	548,925	126,832
Amounts owed to group undertakings	45,955	164,049
Corporation tax	697,014	161,550
Other taxes and social security costs	183,338	146,995
Other creditors	790,598	1,369,448
Accruals and deferred income	95,751	123,868
Proposed dividends	-	250,000
	<u>2,361,581</u>	<u>2,342,742</u>

**12. DEFERRED TAXATION**

	2001	2000
	£	As restated £
The amounts provided for deferred taxation are set out as follows:		
Accelerated capital allowances	<u>17,480</u>	<u>37,825</u>

Deferred taxation is being provided this year for the first time due to the early adoption of FRS19. A deferred tax asset has been recognised, relating to accelerated capital allowances. The directors are of the opinion, based on recent and forecast trading, that the level of profits in the current and future financial years will be sufficient for the asset to be recovered. There is no unprovided deferred taxation.

	£
Balance as at 31 September 2000	-
Prior period adjustment	<u>37,825</u>
Balance at 31 September 2000 as restated	37,825
Movement in the year (note 6)	<u>(20,345)</u>
Balance as at 31 September 2001	<u>17,480</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 30 September 2001**

**13. CALLED UP SHARE CAPITAL**

	2001 £	2000 £
<b>Authorised</b>		
Ordinary shares of £1 each	100,000	100,000
	<u>          </u>	<u>          </u>
<b>Allotted, called up and fully paid</b>		
Ordinary shares of £1 each	92,739	92,739
	<u>          </u>	<u>          </u>

**14. RESTATEMENT OF COMPARATIVES**

The adoption of Financial Report Standard 19 '*Deferred Taxation*' has required changes in the method of accounting for deferred tax, assets and liabilities. As a result of these changes comparatives have been restated as follows:-

	Debtors £	Profit and loss account reserve £	Shareholders' funds £
2000 as previously reported	3,030,238	326,455	1,035,969
	<u>          </u>	<u>          </u>	<u>          </u>
Adoption of FRS19 at 30 September 2001	37,825	37,825	37,825
	<u>          </u>	<u>          </u>	<u>          </u>
2000 restated	3,068,063	364,280	1,073,794
	<u>          </u>	<u>          </u>	<u>          </u>

As a result of the restatement of comparatives a current year profit and loss taxation charge of £20,345 arises (note 6). This amount has been released from the restated deferred taxation debtor (see note 12).

**15. COMBINED RECONCILIATION OF SHAREHOLDERS FUNDS AND MOVEMENT ON RESERVES**

	Share capital	Share premium account	Profit and loss account	Total 2001	Total 2000
At beginning of year	92,739	616,775	326,455	1,035,969	783,979
Prior year adjustment	-	-	37,825	37,825	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
As restated	92,739	616,775	364,280	1,073,794	783,979
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Profit for the year	-	-	789,396	789,396	251,990
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At end of year	92,739	616,775	1,153,676	1,863,190	1,035,969
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**NOTES TO THE ACCOUNTS**  
**Year ended 30 September 2001**

**16. COMMITMENTS UNDER OPERATING LEASES**

At 30 September 2001 the company had annual commitments under non-cancellable operating leases as set out below:

	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
<b>Land and buildings</b>		
Operating lease which expires:		
- in the next year	-	24,200
	<u>          </u>	<u>          </u>
<b>Office Equipment</b>		
Operating lease which expires:		
- between two and five years	6,624	8,832
	<u>          </u>	<u>          </u>

**17. RELATED PARTY TRANSACTIONS**

The company has taken advantage of the exemption contained in Financial Reporting Standard No 8 from the requirement to disclose related party transactions within the group.

**18. IMMEDIATE AND ULTIMATE PARENT COMPANIES**

The directors regard the ultimate parent company as Rothermere Continuation Limited, which is incorporated in Bermuda.

The largest and smallest group of which the company is a member and for which group financial statements are drawn up is that of Daily Mail and General Trust plc, registered in England and Wales. Copies of the report and financial statements are available from The Company Secretary, Daily Mail and General Trust plc, Northcliffe House, 2 Derry Street, Kensington, London W8 5TT.

According to the register kept by the company, EDR Landmark Information Limited, a company incorporated in England and Wales, has a 100% interest in the equity share capital of the company at 30 September 2001.

**19. ULTIMATE CONTROLLING PARTY**

The directors regard the ultimate controlling party as The Viscount Rothermere of Rothermere Continuation Limited.