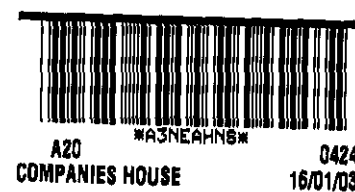


**Consort Information Systems Limited**  
**Annual report**  
**for the year ended 30 June 2002**

Registered no: 2929141



# **Consort Information Systems Limited**

## **Annual report for the year ended 30 June 2002**

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# **Consort Information Systems Limited**

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## **Directors and advisers**

### **Directors**

D A Mahony  
E J Werner  
R A Burgess

### **Registered Auditors**

PricewaterhouseCoopers  
Charnwood Court  
New Walk  
Leicester  
LE1 6TE

### **Secretary and registered office**

R A Burgess  
Consort Information Systems Limited  
5 Granville Road  
Leicester  
LE1 7RU

### **Solicitors**

Maxwell Batley  
27 Chancery Lane  
London  
WC2A 1PA

### **Bankers**

Barclays Bank plc  
Leicester Corporate Banking Centre  
PO Box 54  
Town Hall Square  
Leicester  
LE1 9AA

## Chairman's statement

The year to 30 June 2002 resulted in turnover of £3.8m (2001: £4.8m) and a pre-tax loss of £53,000. The pre-tax loss included non-recurring charges in respect of restructuring £72,000 and the settlement of a contractual dispute amounting to £76,000. The six months to 31 December 2001 gave rise to an operating loss of £132,000 but following the restructuring referred to above the second half saw an operating profit of £226,000. The directors do not recommend the payment of a dividend in respect of the year to 30 June 2002.

The restructuring undertaken by the group over the last two years has resulted in a reduction in total head count from 100 in 2000 to the current level of 73. Increased operational efficiency has enabled this marked reduction in staff to be made whilst improving levels of customer support and substantially completing the 4i development programme.

The 4i programme has resulted in the successful release of a number of new products including 4i OMR (Order Management and Routing) our front office product, and a link to the new London Stock Exchange R S P Gateway. Whilst market conditions continue to be very difficult these products have received a very positive reception from a number of existing and new customers.

The overall trend to consolidation within the smaller client stockbroker sector is one which we expect to continue but we are encouraged that, with the improved technology and functionality that our 4i range of products now offers, a number of significantly larger firms who are not currently Consort users are now actively appraising the enhanced system which we can now provide.

As a company we continue to seek to widen the range of products and services which we can offer; the year to 30 June 2002 saw the introduction of a Disaster Recovery/Business Continuity service operated from Leicester with E\* Trade as its first client. We believe that this is an area to which regulators will be giving increased attention over the forthcoming year.

I am pleased to be able to announce that an existing client, DAB Securities, is now able to offer a service whereby they will provide full back office outsourcing utilising Consort software. We and DAB anticipate a significant market demand for this service and we expect to derive a continuing revenue stream from this activity over the medium term.

Despite the necessary reduction in staff numbers which we were obliged to make, it is extremely gratifying that we have been able to retain all of our key staff. The contribution that all staff have made in enabling the company to weather what have been , and continue to be trying times, has been outstanding and on behalf of the board and shareholders I would like to thank them for their efforts.

The lower cost base of the company and the wider range of new products and services which we can now offer, when coupled with our continuing close address to controlling cash flow, leave us we believe, well placed to benefit when an improvement in sentiment in equity markets occurs.

## **Directors' report for the year ended 30 June 2002**

The directors present their report and the audited financial statements of the group for the year ended 30 June 2002.

### **Principal activities**

The principal activities of the group have been the development and sale of computer programmes and consultancy.

### **Review of business**

The profit and loss account is set out on page 6.

### **Dividends and transfers to reserves**

The directors do not recommend the payment of a dividend.

The loss for the year of £46,000 will be transferred from reserves (2001: profit £29,000).

### **Directors**

The directors of the company at 30 June 2002 are listed on page 1. There have been no changes during the year.

### **Statement of directors' responsibilities**

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and the group as at the end of the financial year and of the profit or loss of the group for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 30 June 2002. The directors also confirm that applicable accounting standards have been followed and that the statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Directors' report  
for the year ended 30 June 2002 (continued)****Directors' interests in shares of the company**

The interests of the directors of the company in the shares of the company at 30 June 2001 and 30 June 2002 were: -

|             | <b>2002<br/>Share<br/>options<br/>Number</b> | <b>2001<br/>Share<br/>options<br/>Number</b> | <b>2002<br/>Ordinary<br/>shares<br/>Number</b> | <b>2001<br/>Ordinary<br/>shares<br/>Number</b> |
|-------------|--|--|--|--|
| D A Mahony  | 5,500  | 4,000  | 12,607   | 10,550   |
| E J Werner  | 16,500                                       | 12,000                                       | 125,729  | 123,673  |
| R A Burgess | 11,000                                       | 8,000  | 15,206   | 13,150   |

All movements in share options relate to options granted in the year.

**Auditors**

A resolution to reappoint the auditors, PricewaterhouseCoopers, will be proposed at the annual general meeting.

**By order of the board**



**Company secretary**

Date: 1 October 2002

**Independent auditors' report to the members of  
Consort Information Systems Limited**

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes.

**Respective responsibilities of directors and auditors**

The director's responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of director's responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board.

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 is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report and the chairman's statement.

**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 affairs of the company and the group at 30 June 2002 and of its loss and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**PricewaterhouseCoopers**  
**Chartered Accountants and Registered Auditors**  
Leicester  
Date: 1 October 2002

**Consolidated profit and loss account  
for the year ended 30 June 2002**

|   | Notes     | 2002<br>£'000 | 2001<br>£'000 |
|---|-----------|---------------|---------------|
| Turnover – continuing operations                            | 2         | 3,810         | 4,841         |
| Staff costs   | 4         | (2,949)       | (3,639)       |
| Depreciation  | 6         | (86)          | (111)         |
| Other operating charges                                     |           | (829)         | (1,057)       |
| <b>Operating (loss)/profit - continuing operations</b>      |           | <b>(54)</b>   | <b>34</b>     |
| Interest payable and similar charges                        | 5         | (3)           | (18)          |
| Interest receivable   |           | 4             | 31            |
| <b>(Loss)/profit on ordinary activities before taxation</b> | <b>6</b>  | <b>(53)</b>   | <b>47</b>     |
| Tax on (loss)/profit on ordinary activities                 | 7         | 7             | (18)          |
| <b>(Loss)/retained profit for the year</b>                  | <b>17</b> | <b>(46)</b>   | <b>29</b>     |

The group has no recognised gains and losses other than the (loss)/profits above, and therefore no separate statement of total recognised gains and losses has been presented.

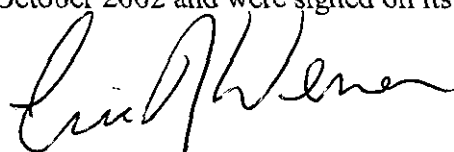
There is no difference between the (loss)/profit on ordinary activities before taxation and the (loss)/retained profit for the year stated above, and their historical cost equivalents.



**Balance sheets  
at 30 June 2002**

|   |       | 2002           |                  | 2001           |                  |
|---|-------|----------------|------------------|----------------|------------------|
|   | Notes | Group<br>£'000 | Company<br>£'000 | Group<br>£'000 | Company<br>£'000 |
| <b>Fixed assets</b>                                   |       |                |                  |                |                  |
| Tangible assets                                       | 9     | 148            | -                | 210            | -                |
| Investments   | 10    | -              | 481              | -              | 481              |
|   |       | <u>148</u>     | <u>481</u>       | <u>210</u>     | <u>481</u>       |
| <b>Current assets</b>                                 |       |                |                  |                |                  |
| Debtors   | 12    | 1,334          | 110              | 1,377          | 110              |
| Cash at bank and in hand                              |       | 16             | -                | 75             | -                |
|   |       | <u>1,350</u>   | <u>110</u>       | <u>1,452</u>   | <u>110</u>       |
| <b>Creditors: amounts falling due within one year</b> | 13    | (655)          | -                | (773)          | -                |
| <b>Net current assets</b>                             |       | <u>695</u>     | <u>110</u>       | <u>679</u>     | <u>110</u>       |
| <b>Total assets less current liabilities</b>          |       | <u>843</u>     | <u>591</u>       | <u>889</u>     | <u>591</u>       |
| <b>Provisions for liabilities and charges</b>         | 15    | -              | -                | -              | -                |
| <b>Net assets</b>                                     |       | <u>843</u>     | <u>591</u>       | <u>889</u>     | <u>591</u>       |
| <b>Capital and reserves</b>                           |       |                |                  |                |                  |
| Called up share capital                               | 16    | 544            | 544              | 544            | 544              |
| Share premium account                                 | 17    | 44             | 44               | 44             | 44               |
| Profit and loss account                               | 17    | 255            | 3                | 301            | 3                |
| <b>Equity shareholders' funds</b>                     | 18    | <u>843</u>     | <u>591</u>       | <u>889</u>     | <u>591</u>       |

The financial statements on pages 6 to 19 were approved by the board of directors on 1 October 2002 and were signed on its behalf by:



**Director**

# Consort Information Systems Limited

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## Consolidated cash flow statement for the year ended 30 June 2002

|   | Notes | 2002<br>£'000 | 2001<br>£'000 |
|---|-------|---------------|---------------|
| Net cash (outflow)/inflow from operating activities                         |       | (17)          | 597           |
| <b>Returns on investments and servicing of finance</b>                      |       |               |               |
| Interest received   |       | 4             | 31            |
| Interest paid   |       | (3)           | (18)          |
| <b>Net cash inflow from returns on investments and servicing of finance</b> |       | <u>1</u>      | <u>13</u>     |
| <b>Taxation</b>   |       |               |               |
| UK corporation tax paid   |       | (18)          | (121)         |
| <b>Capital expenditure</b>  |       |               |               |
| Purchase of tangible fixed assets   |       | (25)          | (41)          |
| <b>Net cash (outflow)/inflow before financing</b>                           |       | <u>(59)</u>   | <u>448</u>    |
| <b>Financing</b>  |       |               |               |
| Repayment of convertible term loan due 2008                                 |       | -             | (550)         |
| <b>Decrease in cash in the year</b>   | 19    | <u>(59)</u>   | <u>(102)</u>  |

## Reconciliation of operating (loss)/profit to net cash (outflow)/inflow from operating activities

|  | 2002<br>£'000 | 2001<br>£'000 |
|--|---------------|---------------|
| Operating (loss)/profit                                    | (54)          | 34            |
| Loss on disposal of fixed assets                           | 1             | -             |
| Depreciation on tangible fixed assets                      | 86            | 111           |
| (Increase)/decrease in trade debtors                       | (40)          | 586           |
| Decrease/(increase) in prepayments and accrued income      | 83            | (114)         |
| (Decrease)/increase in trade creditors                     | (133)         | 50            |
| Decrease in other taxation and social security             | (35)          | (28)          |
| Increase/(decrease) in accruals and deferred income        | 75            | (42)          |
| <b>Net cash (outflow)/inflow from operating activities</b> | <u>(17)</u>   | <u>597</u>    |

## **Notes to the financial statements for the year ended 30 June 2002**

### **1 Principal accounting policies**

#### **Accounting convention**

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards all of which have been applied consistently throughout the year and the preceding year. Where a choice of treatment is available the directors apply the most appropriate accounting policy and estimation technique in accordance with Financial Reporting Standard Number 18.

#### **Basis of consolidation**

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 30 June 2002. The results of subsidiaries sold or acquired are included in the consolidated profit and loss account up to, or from, the date control passes. Intra group sales and profits are eliminated fully on consolidation.

On acquisition of a subsidiary, all of the subsidiary's assets and liabilities that exist at the date of acquisition are recorded at their fair values reflecting their condition at that date. All changes to those assets and liabilities, and the resulting gains and losses, that arise after the group has gained control of the subsidiary, are charged to the post acquisition profit and loss account.

#### **Goodwill**

Goodwill arising on consolidation represents the excess of fair value of the consideration given over the fair value of the identifiable net assets acquired. Purchased goodwill arising on consolidation in respect of acquisitions prior to 23 December 1998 (the date from which FRS 10 'Goodwill and Intangible Assets' became effective), was written off to reserves in the year of acquisition. The balance on the other reserves for Group has been eliminated against profit and loss account reserves. When a subsequent disposal or termination of business occurs, the profit and loss on disposal is calculated after charging the amount of any related goodwill previously written off to reserves.

Purchased goodwill arising on consolidation in respect of acquisitions after 23 December 1998 will be capitalised and amortised over 20 years or its useful life if less.

**Notes to the financial statements  
for the year ended 30 June 2002****1 Principal accounting policies (continued)****Tangible fixed assets**

The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets on a straight-line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

|                                      |                            |
|--------------------------------------|----------------------------|
| Improvements to leasehold properties | Over the life of the lease |
| Fixtures and fittings                | 25%                        |
| Computer equipment                   | 25%                        |

**Development expenditure**

The cost of development and maintenance expenditure is written off to profit and loss in full, as incurred.

**Revenue recognition**

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

In the case of software licences, the revenue is taken to profit when: -

- (a) Software is delivered to the customer, or contractual obligations of the customer to pay have been satisfied and an invoice is raised.
- (b) occasionally, Consort will initiate a development of a licensed product that customers have already contracted to take, and are funding the project. In these circumstances the revenue is recognised monthly on the percentage of the project completed.

The company invoices customers in advance for the provision of maintenance and support contracts. Revenue is recognised monthly spread evenly over the period covered by the fee.

**Operating leases**

Rent payable in respect of operating leases is charged on a straight-line basis over the lease term.

**Notes to the financial statements  
for the year ended 30 June 2002****1 Principal accounting policies (continued)****Deferred taxation**

Deferred taxation has been recognised as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in future, or a right to pay less taxation in future. An asset is not recognised to the extent that the transfer of economic benefits in future is uncertain. Deferred tax assets and liabilities recognised have not been discounted.

**Pension costs**

Retirement benefits for employees are funded by contributions to individual personal pension schemes. The schemes are defined contribution. Contributions are charged to the profit and loss account in the period in which they are made.

**Related party transactions**

The company has taken advantage of the exemption, available under Financial Reporting Standard 8, for wholly owned subsidiaries not to disclose related party transactions with subsidiary undertakings, 90% or more of whose voting rights are controlled within the group.

**2 Turnover**

The analysis by geographical area of the group's turnover by destination is set out below:

|                | 2002<br>£'000 | 2001<br>£'000 |
|----------------|---------------|---------------|
| United Kingdom | 3,579         | 4,611         |
| Rest of Europe | 231           | 230           |
|                | <u>3,810</u>  | <u>4,841</u>  |

**3 Directors' emoluments**

|   | 2002<br>£'000 | 2001<br>£'000 |
|---|---------------|---------------|
| Aggregate emoluments                                    | 198           | 201           |
| Company pension contributions to money purchase schemes | <u>20</u>     | <u>19</u>     |

Retirement benefits are accruing to one (2001: one) director under a money purchase pension scheme.

# Consort Information Systems Limited

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## Notes to the financial statements for the year ended 30 June 2002

### 3 Directors' emoluments (continued)

Emoluments payable to the highest paid director are as follows:

|   | 2002<br>£'000 | 2001<br>£'000 |
|---|---------------|---------------|
| Aggregate emoluments                                    | 101           | 102           |
| Company pension contributions to money purchase schemes | 20            | 19            |

### 4 Employee information

The average monthly number of persons (including executive directors) employed by the group during the period was: -

|                   | 2002<br>Number | 2001<br>Number |
|-------------------|----------------|----------------|
| Administration    | 7              | 8              |
| Computer services | 76             | 92             |

|                                     | 2002<br>£'000 | 2001<br>£'000 |
|-------------------------------------|---------------|---------------|
| Staff costs (for the above persons) |               |               |
| Wages and salaries                  | 2,533         | 3,143         |
| Social security costs               | 246           | 306           |
| Other pension costs (see note 14)   | 170           | 190           |
|                                     | 2,949         | 3,639         |

### 5 Interest payable and similar charges

|   | 2002<br>£'000 | 2001<br>£'000 |
|---|---------------|---------------|
| Interest payable on bank loans and overdrafts | 3             | 8             |
| Interest payable on other loans               | -             | 10            |
|   | 3             | 18            |

**Notes to the financial statements  
for the year ended 30 June 2002**

**6 (Loss)/profit on ordinary activities before taxation**

|  | 2002<br>£'000     | 2001<br>£'000     |
|--|-------------------|-------------------|
| (Loss)/profit on ordinary activities before taxation is stated after charging: |                   |                   |
| Depreciation charged for the period:   |                   |                   |
| Tangible owned fixed assets  | 86                | 111               |
| Auditors' remuneration for:  |                   |                   |
| Audit (Company: £1,000 (2001: £1,000))   | 12                | 12                |
| Other services to the company and its UK subsidiary                            | 3                 | 6                 |
| Hire of assets - operating leases:   |                   |                   |
| Plant & machinery  | 47                | 58                |
| Other  | 103               | 103               |
| Restructuring costs  | 72                | -                 |
| Loss on disposal of fixed assets   | 1                 | -                 |
|  | <u>          </u> | <u>          </u> |

**7 Tax on (loss)/profit on ordinary activities**

|  | 2002<br>£'000     | 2001<br>£'000     |
|--|-------------------|-------------------|
| <b>Current tax:</b>  |                   |                   |
| United Kingdom corporation tax on (loss)/profits of the year | -                 | 25                |
| Adjustments in respect of prior years                        | (7)               | (7)               |
|  | <u>          </u> | <u>          </u> |
| Tax on (loss)/profit on ordinary activities                  | (7)               | 18                |
|  | <u>          </u> | <u>          </u> |

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (20%). The differences are explained below:

|   | 2002<br>£'000     | 2001<br>£'000     |
|---|-------------------|-------------------|
| (Loss)/profit on ordinary activities before tax                                   | (53)              | 47                |
|   | <u>          </u> | <u>          </u> |
| (Loss)/profit on ordinary activities multiplied by standard rate in the UK (20%). | (11)              | 9                 |
| <b>Effects of:</b>  |                   |                   |
| Expenses not deductible for tax purposes  | 11                | 16                |
| Adjustments to tax charge in respect of previous years                            | (7)               | (7)               |
|   | <u>          </u> | <u>          </u> |
| Current tax charge for the year   | (7)               | 18                |
|   | <u>          </u> | <u>          </u> |

Deferred tax assets and liabilities have not been discounted.

**Notes to the financial statements  
for the year ended 30 June 2002**

**8 Company profit and loss account for the year**

As permitted by section 230 of the Companies Act 1985, the parent company's profit and loss account has not been included in these financial statements. The parent company's profit after tax for the year was £nil (2001: £nil).

**9 Tangible fixed assets**

**Group**

|                        | Improvements<br>to leasehold<br>properties<br>£'000 | Fixtures<br>and<br>fittings<br>£'000 | Computer<br>equipment<br>£'000 | Total<br>£'000 |
|------------------------|---|--------------------------------------|--------------------------------|----------------|
| <b>Cost</b>            |   |                                      |                                |                |
| At 1 July 2001         | 57  | 73                                   | 340                            | 470            |
| Additions              | 10  | -                                    | 15                             | 25             |
| Disposals              | -   | (5)                                  | (28)                           | (33)           |
| <b>At 30 June 2002</b> | <b>67</b>   | <b>68</b>                            | <b>327</b>                     | <b>462</b>     |
| <b>Depreciation</b>    |   |                                      |                                |                |
| At 1 July 2001         | 24  | 47                                   | 189                            | 260            |
| Charge for year        | -   | 12                                   | 74                             | 86             |
| Disposals              | -   | (5)                                  | (27)                           | (32)           |
| <b>At 30 June 2002</b> | <b>24</b>   | <b>54</b>                            | <b>236</b>                     | <b>314</b>     |
| <b>Net book value</b>  |   |                                      |                                |                |
| <b>At 30 June 2002</b> | <b>43</b>   | <b>14</b>                            | <b>91</b>                      | <b>148</b>     |
| At 30 June 2001        | 33  | 26                                   | 151                            | 210            |

The company has no tangible fixed assets.



# Consort Information Systems Limited

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## Notes to the financial statements for the year ended 30 June 2002

### 10 Fixed asset investments

|                                       | 2002           |                  | 2001           |                  |
|---------------------------------------|----------------|------------------|----------------|------------------|
|                                       | Group<br>£'000 | Company<br>£'000 | Group<br>£'000 | Company<br>£'000 |
| Investment in subsidiary undertakings | -              | 481              | -              | 481              |

#### Interests in-group undertakings

| Name of undertaking                | Country of<br>incorporation or<br>registration | Description of<br>shares held | Proportion of nominal value<br>of issued shares held by the<br>company<br><br>% |
|------------------------------------|--|-------------------------------|---|
| Consort Securities Systems Limited | England and Wales                              | Ordinary £1 shares            | 100   |
| Consort Trustee Limited            | England and Wales                              | Ordinary £1 shares            | 100   |
| Consort ASP Limited                | England and Wales                              | Ordinary £1 shares            | 100   |

Consort Securities Systems Limited operates principally in its country of incorporation.

The principal business activity of Consort Securities Systems Limited is the development and sale of computer programmes and consultancy.

Consort Trustee Limited is trustee of the Consort Employee Share Trust.

Consort ASP Limited has not traded and is dormant.

### 11 Employee Benefits

During 1996, the Company established the Consort Employee Share Trust. The trustee is Consort Trustee Limited. This is a discretionary trust for the benefit of employees (including Directors and Officers) of the Group.

At 30 June 2002, the Trust did not own any shares in the Company.

**Notes to the financial statements  
for the year ended 30 June 2002**

**12 Debtors**

|  | 2002           |                  | 2001           |                  |
|--|----------------|------------------|----------------|------------------|
|  | Group<br>£'000 | Company<br>£'000 | Group<br>£'000 | Company<br>£'000 |
| Trade debtors                          | 1,202          | -                | 1,162          | -                |
| Amounts owed by subsidiary undertaking | -              | 110              | -              | 110              |
| Prepayments and accrued income         | 132            | -                | 215            | -                |
|  | <u>1,334</u>   | <u>110</u>       | <u>1,377</u>   | <u>110</u>       |

**13 Creditors: amounts falling due within one year**

|                                    | 2002           |                  | 2001           |                  |
|------------------------------------|----------------|------------------|----------------|------------------|
|                                    | Group<br>£'000 | Company<br>£'000 | Group<br>£'000 | Company<br>£'000 |
| Trade creditors                    | 74             | -                | 207            | -                |
| Corporation tax payable            | -              | -                | 25             | -                |
| Other taxation and social security | 220            | -                | 255            | -                |
| Accruals and deferred income       | 361            | -                | 286            | -                |
|                                    | <u>655</u>     | <u>-</u>         | <u>773</u>     | <u>-</u>         |

**14 Pension and similar obligations**

Retirement benefits for employees are funded by contributions to individual personal pension schemes. The schemes are defined contribution. The charge to the profit and loss account for the period ended 30 June 2002 was £170,000 (2001: £190,000).

**Notes to the financial statements  
for the year ended 30 June 2002**

**15 Deferred taxation**

Deferred taxation provided in the financial statements, and the amount unprovided of the total potential asset, are as follows:

**Group**

|  | Amount<br>provided |          | Amount<br>unprovided |          |
|--|--------------------|----------|----------------------|----------|
|  | 2002               | 2001     | 2002                 | 2001     |
|  | £'000              | £'000    | £'000                | £'000    |
| Tax effect of timing differences:          |                    |          |                      |          |
| Excess of depreciation over tax allowances | -                  | -        | 2                    | 1        |
|  | <u>-</u>           | <u>-</u> | <u>2</u>             | <u>1</u> |
|  | <u>-</u>           | <u>-</u> | <u>2</u>             | <u>1</u> |

**16 Called up share capital**

|  | 2002         | 2001         |
|--|--------------|--------------|
|  | £'000        | £'000        |
| <b>Authorised</b>                                      |              |              |
| 1,500,000 (2000: 1,500,000) ordinary shares of £1 each | 1,500        | 1,500        |
|  | <u>1,500</u> | <u>1,500</u> |
| <b>Allotted, called up and fully paid</b>              |              |              |
| 544,150 (2001: 544,150) ordinary shares of £1 each     | 544          | 544          |
|  | <u>544</u>   | <u>544</u>   |

At 30 June 2002 options had been granted and were still outstanding under the Company's share option scheme. These options are exercisable for a total of 124,000 (2001: 86,000) ordinary shares of £1 each in the period 30 December 2002 to 30 June 2007 at £3 per share.

**17 Share premium account and reserves**

**Group**

|                        | Share<br>premium<br>account<br>£'000 | Profit and<br>loss account<br>£'000 |
|------------------------|--------------------------------------|-------------------------------------|
| At 1 July 2001         | 44                                   | 301                                 |
| Loss for the year      | -                                    | (46)                                |
|                        | <u>44</u>                            | <u>255</u>                          |
| <b>At 30 June 2002</b> | <b>44</b>                            | <b>255</b>                          |

The cumulative amount of goodwill written off to reserves in respect of subsidiary undertakings at 30 June 2002 was £482,700 (2001: £482,700).

**Notes to the financial statements  
for the year ended 30 June 2002**

**17 Share premium account and reserves (continued)**

**Company**

|                                 | Share premium<br>account<br>£'000 | Profit and<br>loss account<br>£'000 |
|---------------------------------|-----------------------------------|-------------------------------------|
| At 30 June 2002 and 1 July 2001 | 44                                | 3                                   |

**18 Reconciliation of movement in shareholders' funds**

|                             | 2002<br>£'000 | 2001<br>£'000 |
|-----------------------------|---------------|---------------|
| (Loss)/profit for the year  | (46)          | 29            |
| Opening shareholders' funds | 889           | 860           |
| Closing shareholders' funds | 843           | 889           |

**19 Reconciliation of net cash flow to movement in net funds**

|                                   | 2002<br>£'000 | 2001<br>£'000 |
|-----------------------------------|---------------|---------------|
| Decrease in cash in the year      | (59)          | (102)         |
| Repayment of debt                 | -             | 550           |
| Movement in net funds in the year | (59)          | 448           |
| Net funds/(debt) at 1 July 2001   | 75            | (373)         |
| Net funds at 30 June 2002         | 16            | 75            |

**Notes to the financial statements  
for the year ended 30 June 2002****20 Financial commitments and contingent liabilities**

At 30 June 2002 the group had annual commitments under non-cancellable operating leases as follows: -

|  | 30 June 2002                   |                | 30 June 2001                   |                |
|--|--------------------------------|----------------|--------------------------------|----------------|
|  | Land and<br>buildings<br>£'000 | Other<br>£'000 | Land and<br>buildings<br>£'000 | Other<br>£'000 |
| Expiring within one year                         | 4                              | 6              | 13                             | 1              |
| Expiring between two and five years<br>inclusive | 87                             | 38             | 87                             | 39             |
|  | <u>91</u>                      | <u>44</u>      | <u>100</u>                     | <u>40</u>      |

The company is party to a cross guarantee for bank borrowings with its subsidiary, Consort Securities Systems Limited. At 30 June 2002 the total amount outstanding under the guarantee was £nil (2001: £nil).

**21 Ultimate controlling party**

The group has no ultimate controlling party.