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Vista Retail Support Limited

Report and Financial Statements

Year Ended

31 August 2005

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BDO Stoy Hayward
Chartered Accountants

Vista Retail Support Limited

Annual report and financial statements for the year ended 31 August 2005

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Directors

H J Barrell
H L F Williams
J Watson
R P Olds
I Gifford

Secretary and registered office

H L F Williams, Unit 1b, Pentwyn Business Centre, Wharfedale Road, Pentwyn, Cardiff, Wales
CF23 7HB

Company number

3009356

Auditors

BDO Stoy Hayward LLP, Connaught House, Alexandra Terrace
Guildford, Surrey, GU1 3DA

Bankers

HSBC Bank plc, 8 London Street, Basingstoke, Hampshire RG21 7NU

Vista Retail Support Limited

Report of the directors for the year ended 31 August 2005

The directors present their report together with the audited financial statements for the year ended 31 August 2005.

Results and dividends

The profit and loss account is set out on page 5 and shows the profit for the year.

The directors do not recommend the payment of a dividend for the year.

Principal activities, review of business and future developments

The principal activity of the company is that of the sale, maintenance and installation of Electronic Point of Sale (E-PoS) equipment.

It continued to trade successfully and maintained a sound financial position at the year end. The company will continue to develop its business in line with current activities.

With effect from 1 September 2004, all contracts in the name of Real Time Control International Limited were serviced fully by the company.

Directors

The directors of the company at the end of the year were:

H J Barrell	
H L F Williams	
J Watson	(appointed 29 November 2004)
R P Olds	
I Gifford	
K Chidley	(resigned 31 August 2005)
T S Bittleston	(resigned 14 September 2005)
P R Pepper	(resigned 30 June 2005)
M Palmer	(resigned 8 September 2005)

No director had any direct beneficial interest in the share capital of the company.

The interests of the directors in the share capital of International Retail Solutions Group Limited, the ultimate holding company, are shown in that company's financial statements.

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 year. 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; 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.

Auditors

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the board



Secretary

H L F WILLIAMS

Date: *December 20th 2005*

To the shareholders of Vista Retail Support Limited

We have audited the financial statements of Vista Retail Support Limited for the year ended 31 August 2005 on pages 5 to 19 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom 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 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.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit 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.

Report of the independent auditors (*Continued*)

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 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO Stoy Hayward LLP

BDO STOY HAYWARD LLP

*Chartered Accountants
and Registered Auditors
Guildford*

Date: 6 January 2006

Vista Retail Support Limited

Profit and loss account for the year ended 31 August 2005

	Note	2005 £	2004 £
Turnover	2	13,184,329	9,572,483
Cost of sales		<u>9,899,268</u>	<u>6,640,951</u>
Gross profit		3,285,061	2,931,532
Distribution costs		230,371	245,885
Administrative expenses before depreciation, amortisation and exceptionals		<u>1,822,559</u>	<u>1,635,588</u>
EBITDA*		1,232,131	1,050,059
Exceptional items	4	208,680	-
Depreciation		129,868	95,260
Amortisation of intangible assets		<u>179,619</u>	<u>-</u>
Operating profit	3	713,964	954,799
Costs of a fundamental reorganisation		-	(78,321)
Profit on ordinary activities before interest and other income		713,964	876,478
Interest payable and similar charges	7	-	(2,430)
Profit on ordinary activities before taxation		713,964	874,048
Taxation on profit on ordinary activities	8	171,779	268,127
Profit on ordinary activities after taxation		542,185	605,921

All amounts relate to continuing activities.

All recognised gains and losses in the current and prior year are included in the profit and loss account.

There are no movements in shareholders' funds in the current/prior year apart from the profit for the year.

* - EBITDA is earnings before interest, tax, depreciation, amortisation and exceptionals.

The notes on pages 7 to 19 form part of these financial statements.

Vista Retail Support Limited

Balance sheet at 31 August 2005

	Note	2005 £	2005 £	2004 £	2004 £
Fixed assets					
Intangible assets	9		1,346,279		-
Tangible assets	10		329,008		326,389
Fixed asset investments	11		20,473		20,473
			<u>1,695,760</u>		<u>346,862</u>
Current assets					
Stocks	12	489,275		625,067	
Debtors-due within one year	13	4,059,961		2,002,292	
Debtors-due after more than one year	13	-		2,251,000	
		<u>4,059,961</u>		<u>4,253,292</u>	
Total debtors					
Cash at bank and in hand		756,398		605,931	
		<u>5,305,634</u>		<u>5,484,290</u>	
Creditors: amounts falling due within one year	14	3,322,976		2,677,606	
		<u>3,322,976</u>		<u>2,677,606</u>	
Net current assets			1,982,658		2,806,684
Total assets less current liabilities			<u>3,678,418</u>		<u>3,153,546</u>
Creditors: amounts falling due after more than one year	15		55,418		72,731
Capital and reserves					
Called up share capital	16	72,391		72,391	
Share premium account	17	20,000		20,000	
Profit and loss account	17	3,530,609		2,988,424	
		<u>3,623,000</u>		<u>3,080,815</u>	
Equity shareholders' funds			<u>3,623,000</u>		<u>3,080,815</u>
			<u>3,678,418</u>		<u>3,153,546</u>

The financial statements were approved by the Board on *16 October 2005*

Director  H J BARRELL

Director  H L F WILLIAMS

The notes on pages 7 to 19 form part of these financial statements.

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards.

The following principal accounting policies have been applied:

Consolidated financial statements

The company is exempt under section 228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent. These financial statements therefore present information about the company as an individual undertaking and not about its group.

Cash flow statement

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that at least 90% of the voting rights in the company are controlled within the group headed by International Retail Solutions Group Limited and the company is included in consolidated financial statements.

Goodwill

Goodwill arising on an acquisition of a trade is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. It is capitalised and amortised through the profit and loss account over the directors' estimate of its useful economic life of 10 years. Impairment tests on the carrying value of goodwill are undertaken:

- at the end of the first full financial year following acquisition;
- in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales.

Depreciation

Depreciation is provided to write off the cost or valuation, less estimated residual values, of all tangible fixed assets evenly over their expected useful lives. It is calculated at the following rates:

Leasehold improvements	- Over the term of the lease
Plant and machinery	- 17% to 33% on a straight line basis
Motor vehicles	- 25% on a straight line basis
Fixtures and fittings	- 17% on a straight line basis
Computer equipment	- 33% on a straight line basis

Valuation of investments

Investments held as fixed assets are stated at cost less any provision for impairment.

1 Accounting policies (*continued*)

Stocks

Goods for resale stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

The cost of maintenance stocks less residual value is spread over the length of the contract for which the stock has been purchased.

Foreign currency

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet dates. Any differences are taken to the profit and loss account.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the group anticipates making sufficient distributable profits in the future to absorb the reversal of underlying timing differences.

Deferred tax balances are not discounted.

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components. The interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Pension costs

Contributions to individual's personal pension schemes are charged to the profit and loss account in the period in which they are paid.

Related party disclosure

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8, 'Related party disclosures', not to disclose transactions with members or investees of the group headed by International Retail Solutions Group Limited on the grounds that at least 90% of the voting rights in the company are controlled within that group and the company is included in consolidated financial statements.

2 Turnover

	2005 £	2004 £
Analysis by geographical market:		
United Kingdom	13,032,866	9,572,483
Europe	151,463	-
	<u>13,184,329</u>	<u>9,572,483</u>

Turnover is wholly attributable to the principal activity of the company.

3 Operating profit

	2005 £	2004 £
This is arrived at after charging/(crediting):		
Depreciation of tangible fixed assets	129,868	95,260
Amortisation of positive goodwill	179,619	-
Hire of plant and machinery - operating leases	625,423	546,734
Hire of other assets - operating leases	123,796	72,588
Audit services	18,500	11,500
Non-audit services	3,800	1,945
Exchange differences	4,719	(797)
	<u>1,086,725</u>	<u>1,237,824</u>

4 Exceptional item

During the year ended 31 August 2005, the group removed its chief executive officer and reorganised its management structure including dismissal of certain underperforming managers and removal of a layer of mid-management. The costs incurred by the company in this respect amounted to £208,750.

5 Employees

Staff costs (including directors) consist of:

	2005	2004
	£	£
Wages and salaries	4,751,669	3,515,261
Social security costs	558,565	416,791
Other pension costs	40,388	22,395
	<u>5,350,622</u>	<u>3,954,447</u>

The average number of employees (including directors) during the year was as follows:

	2005	2004
	Number	Number
Administration	15	18
Sales	18	13
Technical	144	115
Warehouse	11	7
	<u>188</u>	<u>153</u>

6 Directors' remuneration

	2005 £	2004 £
Directors' emoluments	284,620	179,548
Company contributions to money purchase pension schemes	14,291	19,585
Compensation for loss of office	123,580	-
	<u> </u>	<u> </u>

The total amount payable to the highest paid director in respect of emoluments was £204,547. Company pension contributions of £8,782 were made to a money purchase scheme on his behalf.

The company made monthly contributions into 3 director's personal pension scheme during the year (2004 - 1).

7 Interest payable and similar charges

	2005 £	2004 £
Interest payable	-	2,430
	<u> </u>	<u> </u>

8 Taxation on profit on ordinary activities

	2005 £	2004 £
<i>UK Corporation tax</i>		
Current tax on profits of the year	-	179,660
Adjustment in respect of previous periods	(16,409)	(13,482)
Group relief	228,724	101,949
	<u> </u>	<u> </u>
Total current tax	212,315	268,127
<i>Deferred tax</i>		
Origination and reversal of timing differences	(40,536)	-
	<u> </u>	<u> </u>
Taxation on profit on ordinary activities	171,779	268,127
	<u> </u>	<u> </u>

The tax assessed for the period is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	2005 £	2004 £
Profit on ordinary activities before tax	713,964	874,048
	<u> </u>	<u> </u>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2004 - 30%)	214,189	262,214
Effect of:		
Expenses not deductible for tax purposes	19,963	18,024
Depreciation for period in excess of capital allowances	44,972	(1,218)
Adjustment to tax charge in respect of previous periods	(16,409)	(13,482)
Transfer pricing adjustment	(50,400)	-
Other timing difference	-	2,589
	<u> </u>	<u> </u>
Current tax charge for period	212,315	268,127
	<u> </u>	<u> </u>

9 Intangible assets

	Purchased goodwill £
<i>Cost or valuation</i>	
Transfer from fellow subsidiary undertaking	1,725,077
	<hr/>
At 31 August 2005	1,725,077
	<hr/>
<i>Amortisation</i>	
Provided for the year	179,619
Transfer from fellow subsidiary undertaking	199,179
	<hr/>
At 31 August 2005	378,798
	<hr/>
<i>Net book value</i>	
At 31 August 2005	1,346,279
	<hr/>
At 31 August 2004	-
	<hr/>

Vista Retail Support Limited

Notes forming part of the financial statements for the year ended 31 August 2005 (Continued)

10 Tangible fixed assets

	Leasehold improvements £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
<i>Cost</i>						
At 1 September 2004	137,467	5,600	15,845	131,723	353,089	643,724
Additions	44,141	5,271	-	15,795	17,240	82,447
Disposals	-	-	(15,845)	-	(3,270)	(19,115)
Transfer from fellow subsidiary undertaking	2,100	19,808	-	13,180	47,100	82,188
At 31 August 2005	183,708	30,679	-	160,698	414,159	789,244
<i>Depreciation</i>						
At 1 September 2004	15,494	3,951	13,061	69,483	215,346	317,335
Provided for the year	10,425	5,317	779	17,053	96,294	129,868
Disposals	-	-	(13,840)	-	(1,254)	(15,094)
Transfer from fellow subsidiary undertaking	58	3,729	-	2,642	21,698	28,127
At 31 August 2005	25,977	12,997	-	89,178	332,084	460,236
<i>Net book value</i>						
At 31 August 2005	157,731	17,682	-	71,520	82,075	329,008
At 31 August 2004	121,973	1,649	2,784	62,240	137,743	326,389

11 Fixed asset investments

	Group undertakings £
<i>Cost</i>	
At 1 September 2004 and 31 August 2005	20,473

The principal undertakings in which the company's interest at the year end is 20% or more are as follows:

	Country of incorporation or registration	Voting rights and ordinary share capital held	Nature of business
Ideal Solutions Retail Limited	England	100%	Non-trading

12 Stocks

	2005 £	2004 £
Maintenance stock	415,775	533,765
Goods for resale	73,500	91,302
	<u>489,275</u>	<u>625,067</u>

There is no material difference between the replacement cost of stocks and the amounts stated above.

13 Debtors

	2005 £	2004 £
Amounts receivable within one year		
Trade debtors	1,899,045	711,496
Amounts owed by group undertakings	1,617,562	831,271
Corporation tax recoverable	11,992	-
Other debtors	74,643	54,967
Prepayments and accrued income	416,183	404,558
Deferred taxation	40,536	-
	<u>4,059,961</u>	<u>2,002,292</u>
Amounts receivable after more than one year		
Amounts owed by group undertakings	-	2,251,000
	<u>-</u>	<u>2,251,000</u>
Total debtors	<u>4,059,961</u>	<u>4,253,292</u>
		Deferred taxation £
Credited to profit and loss account		40,536
		<u>40,536</u>
At 31 August 2005		<u>40,536</u>
<i>Deferred taxation</i>		
The amount of deferred tax provided for is as follows:	2005 £	2004 £
Deferred capital allowances	35,043	-
Sundry timing differences	5,493	-
	<u>40,536</u>	<u>-</u>

14 Creditors: amounts falling due within one year

	2005 £	2004 £
Trade creditors	637,166	606,156
Amounts owed to group undertakings	734,764	172,645
Corporation tax	-	119,923
Other taxation and social security	463,984	428,273
Other creditors	34,328	-
Accruals and deferred income	1,452,734	1,350,609
	<u>3,322,976</u>	<u>2,677,606</u>

15 Creditors: amounts falling due after more than one year

	2005 £	2004 £
Amounts owed to group undertakings	54,051	54,051
Accruals and deferred income	1,367	18,680
	<u>55,418</u>	<u>72,731</u>

16 Share capital

	2005 No	Authorised 2004 No	Allotted, called up and fully paid 2005 £	2004 £
<i>Equity share capital</i>				
Ordinary shares of 1p each	7,239,130	7,239,130	72,391	72,391
	<u>7,239,130</u>	<u>7,239,130</u>	<u>72,391</u>	<u>72,391</u>

17 Reserves

	Share premium account £	Profit and loss account £
At 1 September 2004	20,000	2,988,424
Profit for the year	-	542,185
	<hr/>	<hr/>
At 31 August 2005	20,000	3,530,609
	<hr/> <hr/>	<hr/> <hr/>

18 Contingent liabilities

The company entered into a joint and several guarantee on 22 August 2003 with certain fellow group companies in relation to amounts owing to HSBC Bank plc. At 31 August 2005 the liabilities covered by these guarantees totalled £13,092,022 (2004 - £12,156,620).

19 Pensions

Contributions into private personal pension schemes during the year totalled £40,388 (2004 -£22,395). There were outstanding contributions at the year end of £1,834 (2004 - £Nil).

20 Commitments under operating leases

The company had annual commitments under non-cancellable operating leases as set out below:

	2005 Land and buildings £	2005 Other £	2004 Land and buildings £	2004 Other £
Operating leases which expire:				
Within one year	-	108,077	-	59,153
In two to five years	18,000	312,255	18,000	335,724
After five years	119,800	-	63,800	-
	<hr/>	<hr/>	<hr/>	<hr/>
	137,800	420,332	81,800	394,877
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

21 Ultimate parent company and parent undertaking of larger group

The company is a subsidiary of International Retail Services Limited and its ultimate parent company is International Retail Solutions Group Limited.

The largest and smallest group in which the results of the company are consolidated is that headed by International Retail Solutions Group Limited. The consolidated accounts of this group are available to the public and may be obtained from:

The Registrar of Companies
Companies House
3 Crown Way
Cardiff
CF4 3UZ