

Intuita Limited

Annual report and financial statements
for the year ended 30 April 2002

Registered number: 3698167



Directors' report

For the year ended 30 April 2002

The directors present their annual report on the affairs of the company, together with the financial statements and auditors' report, for the year ended 30 April 2002.

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 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; 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 enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activities and business review

The principal activities of the company are the provision of consultancy, software and services to manufacturing and distribution industries and the builders' merchant market.

On the 30 April 2002 the company acquired the trade and assets of a company whose principal activity is the provision of consultancy, software and services to the construction industry.

The directors expect the general level of activity to increase in the forthcoming year.

Results and dividends

The audited financial statements for the year ended 30 April 2002 are set out on pages 5 to 17. The profit for the year after taxation was £292,000 (2001 as restated – £462,000).

The directors do not recommend payment of a dividend (2001 - 35.3 pence per ordinary share).

Directors' report (continued)

Directors and their interests

The directors who served during the year were as follows:

K.B. Byrne
N. Wenman
R. Beaton

All directors are also directors of Intuita Holdings Limited and accordingly their interests in the share capital is contained in the directors' report of that company.

The directors have no other interests required to be disclosed under Schedule 7 of the Companies Act 1985.

Charitable and political contributions

There were no charitable or political contributions in the year (2001 – £nil).

Auditors

On 31 July 2002 Arthur Andersen resigned as auditors of the company and the directors appointed Deloitte & Touche to fill the casual vacancy. A resolution re-appointing Deloitte & Touche as auditors for the ensuing year will be proposed at the Annual General Meeting.

Churchgate House
56 Oxford Street
Manchester
M1 6EU

By order of the Board,



K.B. Byrne
Director

28 August 2002

Independent auditors' report

To the shareholder of Intuita Limited:

We have audited the financial statements of Intuita Limited for the year ended 30 April 2002 which comprise the profit and loss account, statement of total recognised gains and losses, balance sheet, statement of total recognised gains and losses, statement of accounting policies and the related notes numbered 1 to 19. These financial statements have been prepared under the accounting policies set out therein.

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 Directors' report. 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 responsibilities do not extend to any other information.

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 circumstances of the company, 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.

Independent auditors' report (continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 30 April 2002 and of the company's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Deloitte & Touche

Chartered Accountants and Registered Auditors

Manchester

28 August 2002

Profit and loss account

For the year ended 30 April 2002

	Notes	2002 £'000	2001 As restated £'000
Turnover	1	3,614	4,089
Cost of sales		(2,011)	(2,274)
Gross profit		1,603	1,815
Distribution costs		(393)	(328)
Administrative expenses		(866)	(899)
Operating profit		344	588
Interest receivable		15	54
Profit on ordinary activities before taxation	2	359	642
Tax on profit on ordinary activities	5	(67)	(180)
Profit on ordinary activities after taxation		292	462
Dividends proposed	6	-	(353)
Retained profit for the year	14	292	109

All activities arose from continuing operations.

The accompanying notes are an integral part of this profit and loss account.

Statement of total recognised gains and losses

For the year ended 30 April 2002

	2002 £'000	2001 £'000
Profit for the financial year	292	462
Total recognised gains and losses relating to the year	292	462
Prior year adjustment (see note 19)	18	
Total gains and losses recognised since last annual report and accounts	310	

Balance sheet

30 April 2002

	Notes	2002 £'000	2001 As restated £'000
Fixed assets			
Intangible assets – goodwill	7	798	190
Tangible assets	8	283	142
		<u>1,081</u>	<u>332</u>
Current assets			
Stocks	9	-	121
Debtors	10	2,482	2,628
Cash at bank and in hand		433	983
		<u>2,915</u>	<u>3,732</u>
Creditors: Amounts falling due within one year	11	<u>(2,349)</u>	<u>(2,709)</u>
Net current assets		<u>566</u>	<u>1,023</u>
Net assets		<u>1,647</u>	<u>1,355</u>
Capital and reserves			
Called-up share capital	13	1,000	1,000
Profit and loss account	14	647	355
Equity shareholder's funds	15	<u>1,647</u>	<u>1,355</u>

The financial statements on pages 5 to 17 were approved by the board of directors on 28 August 2002 and signed on its behalf by:

K.B. Byrne
Director



The accompanying notes are an integral part of this balance sheet.

Statement of accounting policies

30 April 2002

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year with the exception of the policy for deferred taxation which is explained in note 19.

Basis of preparation

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

Intangible fixed assets – goodwill

Goodwill arising on the acquisition of companies and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight-line basis over its useful economic life, which is a maximum of ten years. Provision is made for any impairment.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, at rates calculated to write-off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful economic life, as follows:

Plant, equipment, fixtures and fittings	5% to 33 1/3% per annum on a straight line basis
Motor vehicles	25% per annum on a straight line basis

Residual value is calculated on prices prevailing at the date of acquisition.

Stocks and work in progress

Stocks and short term work in progress are stated at the lower of cost and net realisable value. Cost includes materials and, where relevant, direct labour and appropriate production overheads. Provision is made for any impairment.

Revenue recognition

The company's turnover is broken down into a number of elements. The revenue recognition policies followed are set out below:

Revenue generated from time and material contracts is recognised in line with when the work is performed.

Revenue from the sale of software relates mainly to perpetual licences, which provide the customer with the right to use the company's products. Where the additional services are not essential to the functionality of the software then revenue is recognised 50% on delivery and 50% on acceptance when the following conditions are met:

- persuasive evidence is available that a legally binding arrangement exists;
- the vendor's fee is fixed or determinable; and
- collection is probable.

Maintenance revenue is recognised on a straight-line basis over the life of the related agreement.

Statement of accounting policies (continued)

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Leases

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

Pension costs

The company operates a defined contribution scheme. Contributions are charged to the profit and loss account when they are payable. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Cash flow statement

Under the provisions of Financial Reporting Standard No. 1 (Revised 1996), the company has not produced a cash flow statement on the grounds that its ultimate parent company, Intuita Holdings Limited (formerly Hallco 586 Limited), has produced group financial statements including a consolidated cash flow statement.

Statement of accounting policies (continued)

Government grants

Income from government grants is matched against relevant project expenditure.

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate. All exchange differences are included in the profit and loss account.

Notes to the financial statements

30 April 2002

1 Turnover

Turnover represents the value of services provided on both completed and part-completed contracts and is derived from the company's principal activity.

Geographical analysis of turnover is as follows:

	2002 £'000	2001 £'000
UK	2,840	3,642
Rest of Europe	774	447
	<u>3,614</u>	<u>4,089</u>

2 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	2002 £'000	2001 £'000
Depreciation and amounts written off tangible fixed assets	86	65
Operating lease rentals		
- plant and machinery	68	76
- other	110	60
Amortisation of goodwill	24	25
Auditors' remuneration		
- audit services	6	10
	<u>6</u>	<u>10</u>

3 Staff costs

The average monthly number of employees (including executive directors) was:

	2002 Number	2001 Number
Technical	31	26
Administration and selling	12	10
	<u>43</u>	<u>36</u>

	2002 £'000	2001 £'000
Their aggregate remuneration comprised:		
Wages and salaries	1,491	1,544
Social security costs	163	150
Other pension costs (see note 17)	59	45
	<u>1,713</u>	<u>1,739</u>

Notes to the financial statements (continued)

4 Directors' remuneration

Remuneration

The remuneration of the directors was as follows:

	2002	2001
	£'000	£'000
Emoluments	226	154
Company contributions to money purchase pension schemes	13	7
	<u>239</u>	<u>161</u>

Pensions

The number of directors who were members of pension schemes was as follows:

	2002	2001
	Number	Number
Money purchase schemes	<u>1</u>	<u>1</u>

Highest paid director

The above amounts for remuneration include the following in respect of the highest paid director:

	2002	2001
	£'000	£'000
Emoluments	189	154
Company contributions to money purchase pension schemes	13	7
	<u>202</u>	<u>161</u>

5 Tax on profit on ordinary activities

The tax charge is based on the profit for the year and comprises:

	2002	2001
	£'000	As restated £'000
UK corporation tax	50	198
Deferred taxation	17	(18)
	<u>67</u>	<u>180</u>

Notes to the financial statements (continued)

5 Tax on profit on ordinary activities

Analysis of charge in period

	2002 £'000	2001 £'000
Profit on ordinary activities before tax	359	642
Profit on ordinary activities before tax multiplied by the standard rate of corporation tax in the UK of 30%	108	193
Effects of:		
Expenses disallowable for tax purposes	9	5
Research and development tax relief	(50)	-
Excess of depreciation over capital allowances for the period	(17)	-
Current tax charge for the period	50	198

6 Dividends proposed on equity shares

	2002 £'000	2001 £'000
Proposed dividend of nil pence (2001 – 35.3 pence) per ordinary share	-	353

7 Intangible fixed assets - goodwill

	£'000
Cost	
At 1 May 2001	243
Additions	632
At 30 April 2002	875
Amortisation	
At 1 May 2001	53
Charge for the year	24
At 30 April 2002	77
Net book value	
At 30 April 2002	798
At 30 April 2001	190

Notes to the financial statements (continued)

7 Intangible fixed assets – goodwill (continued)

Acquisition of business

On 30 April 2002 the company acquired part of the business and certain trade and assets of Unisys Construction, a division of Unisys Limited for total consideration of £562,000. The following table sets out the book values of the identifiable assets and liabilities acquired and their fair value to the company:

	Book value and fair value to company £'000
Fixed assets	
Tangible	43
Total assets	43
Creditors	
Deferred income	(113)
Net liabilities	(70)
Goodwill	632
	562
Satisfied by	
Cash	397
Deferred consideration	140
Acquisition costs	25
	562

The directors consider the book value of the assets and liabilities acquired to equate to the fair value.

Under FRS 6 disclosure is required of the profit after tax of acquired entities for the period from the beginning of the entity's financial year to the date of acquisition and the previous financial year. The nature of the transaction was that only certain trade and assets of Unisys Construction were acquired. Historic information relating to the performance of the trade acquired is not available as the trade was not separately reported by Unisys Limited.

Notes to the financial statements (continued)

8 Tangible fixed assets

	Plant, equipment, fixtures and fittings and motor vehicles £'000
Cost	
At 1 May 2001	547
Additions	184
Acquisition of business	43
Disposals	(75)
At 30 April 2002	699
Depreciation	
At 1 May 2001	405
Charge for the year	86
Disposals	(75)
At 30 April 2002	416
Net book value	
At 30 April 2002	283
At 30 April 2001	142

9 Stocks

	2002 £'000	2001 £'000
Work in progress	-	121

10 Debtors

Amounts falling due within one year:

	2002 £'000	2001 As restated £'000
Trade debtors	1,055	1,523
Amounts owed by group undertakings	1,349	1,035
Deferred taxation (see note 12)	1	18
Prepayments and accrued income	77	52
	2,482	2,628

Included above are amounts owed by group undertakings of £1,349,000 (2001 - £1,053,000) due after more than one year.

Notes to the financial statements (continued)

11 Creditors: Amounts falling due within one year

	2002 £'000	2001 £'000
Payments received on account	1,181	659
Trade creditors	208	507
Amounts owed to group undertakings	-	17
UK corporation tax	179	152
Other taxation and social security	175	196
Accruals and deferred income	606	825
Proposed dividends – equity shareholders	-	353
	<u>2,349</u>	<u>2,709</u>

12 Deferred taxation

A deferred taxation asset has been recognised as follows:

	As restated £'000
At 1 May 2001 – as previously stated	-
Prior year adjustment – see note	18
At 1 May 2001 – as restated	<u>18</u>
Charge for the year	(17)
At 30 April 2002	<u>1</u>

The deferred tax asset is included within debtors. It has arisen in respect of accelerated capital allowances as follows:

	2002 £'000	2001 As restated £'000
Accelerated capital allowances	<u>7</u>	<u>18</u>

13 Called-up share capital

	2002 £	2001 £
<i>Authorised</i>		
1,001,000 ordinary shares of £1 each	<u>1,001,000</u>	<u>1,001,000</u>
<i>Allotted, called-up and fully-paid</i>		
1,000,002 ordinary shares of £1 each	<u>1,000,002</u>	<u>1,000,002</u>

Notes to the financial statements (continued)

14 Profit and loss account

	£'000
At 1 May 2001 - as previously stated	337
Prior year adjustment - see note 19	18
At 1 May 2001 - as restated	355
Retained profit for the year	292
At 30 April 2002	647

15 Reconciliation of movements in shareholder's funds

	2002 £'000	2001 As restated £'000
Profit for the financial year	292	462
Dividend proposed	-	(353)
Net addition to shareholder's funds	292	109
Opening shareholder's funds (originally £1,337,000 before prior year adjustment of £18,000)	1,355	1,246
Closing shareholder's funds	1,647	1,355

16 Financial commitments

There were no outstanding capital commitments at the end of the financial year (2001 - £nil).

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

	2002		2001	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Expiry date				
- within one year	-	-	10	11
- between two and five years	-	70	-	48
- after five years	126	-	-	-
	126	70	10	59

Notes to the financial statements (continued)

17 Pension arrangement

The company operates a defined contribution scheme for which the pension cost charge for the year amounted to £59,000 (2001 - £45,000).

18 Ultimate controlling party

The directors regard Intuita Holdings Limited (formerly Hallco 586 Limited), a company incorporated in England and Wales, as the ultimate parent company and the ultimate controlling party at the year end.

Intuita Holdings Limited (formerly Hallco 586 Limited), is the parent company of the smallest and largest group of which the company is a member and for which group financial statements are drawn up. Copies of the financial statements are available from Intuita Holdings Limited (formerly Hallco 586 Limited), Churchgate House, 56 Oxford Street, Manchester M1 6EU.

As a subsidiary undertaking of Intuita Holdings Limited (formerly Hallco 586 Limited), the company has taken advantage of the exemption in FRS 8 "Related party disclosures" from disclosing transactions with other members of the group headed by Intuita Holdings Limited (formerly Hallco 586 Limited).

19 Prior year adjustment

The company's policy for deferred taxation was changed during the year in order to comply with Financial Reporting Standard No. 19. Further details of this change in policy are provided in note 5 and note 12. The comparative figures in the primary statements and notes have been restated to reflect this new policy. The effects of the change of policy are summarised below:

	2002 £'000	2001 £'000
Profit and loss account		
Tax – deferred taxation	(17)	18
(Decrease) increase in profit for the financial year	(17)	18
Balance sheet		
Increase in debtors – deferred taxation	1	18
Increase in net assets	1	18