

Company Registration Number: 3776633

Old Broad Street Research Limited

Financial Statements

30th June 2002



CLB
Chartered
Accountants

LONDON

OLD BROAD STREET RESEARCH LIMITED

Financial Statements

Year ended 30th June 2002

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OLD BROAD STREET RESEARCH LIMITED

The Directors' Report

Year ended 30th June 2002

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

Principal activities

The principal activity of the company during the year was the provision of consultancy services and licensing of software to financial and professional bodies.

The directors and their interests in shares of the company

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Class of share	At 30 June 2002	At 1 July 2001
R B F Downs	'A' Ordinary shares	75,000	75,000
	Preference shares	10,000	10,000
P I Espenhahn	'B' Ordinary shares	155,000	155,000
	Preference shares	25,000	25,000
D M Harris	'A' Ordinary shares	45,000	45,000
	Preference shares	5,000	5,000
R P Romer-Lee	'A' Ordinary shares	35,000	35,000
	Preference shares	5,000	5,000
S R Stradling	'B' Ordinary shares	100,000	100,000
	Preference shares	<u>17,500</u>	<u>17,500</u>

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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on page 6, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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. The directors 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

A resolution to re-appoint CLB as auditors for the ensuing year will be proposed at the Annual General Meeting.

OLD BROAD STREET RESEARCH LIMITED

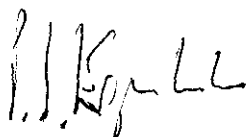
The Directors' Report *(continued)*

Year ended 30th June 2002

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Signed on behalf of the directors



P I Espenhahn
Director

Approved by the directors on 19th September 2002

OLD BROAD STREET RESEARCH LIMITED

Independent Auditors' Report to the Shareholders *(Continued)*

Year ended 30th June 2002

We have audited the financial statements on pages 4 to 11 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2002), under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of the directors and the auditors

As described on page 1, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

It is our responsibility 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.

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.

Opinion

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

Aldwych House
81 Aldwych
London
WC2B 4HP

19th September 2002



CLB
Chartered Accountants
& Registered Auditors

OLD BROAD STREET RESEARCH LIMITED

Profit and Loss Account

Year ended 30th June 2002

	Note	2002 £	2001 £
Turnover		535,603	319,310
Cost of sales		492,283	363,647
Gross profit/(loss)		43,320	(44,337)
Administrative expenses		331,240	291,186
Operating loss	2	(287,920)	(335,523)
Interest receivable		116	1,110
Interest payable		(3,651)	(4,921)
Loss on ordinary activities before taxation		(291,455)	(339,334)
Tax on loss on ordinary activities		-	-
Loss on ordinary activities after taxation		(291,455)	(339,334)
Dividends (including non-equity)	3	5,750	5,750
Loss for the financial year		(297,205)	(345,084)

The notes on pages 6 to 11 form part of these financial statements.

OLD BROAD STREET RESEARCH LIMITED

Balance Sheet

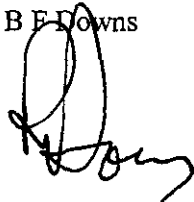
As at 30th June 2002

	Note	2002 £	2001 £
Fixed assets			
Tangible assets	4	157,192	253,272
Investments	5	2	1
		<u>157,194</u>	<u>253,273</u>
Current assets			
Debtors	6	102,052	103,078
Cash at bank		87,805	10,401
		<u>189,857</u>	<u>113,479</u>
Creditors: Amounts falling due within one year	7	<u>548,816</u>	<u>249,959</u>
Net current liabilities		<u>(358,959)</u>	<u>(136,480)</u>
Total assets less current liabilities		<u>(201,765)</u>	<u>116,793</u>
Creditors: Amounts falling due after more than one year	8	283,798	305,151
		<u>(485,563)</u>	<u>(188,358)</u>
Capital and reserves			
Called-up share capital	12	610,000	610,000
Share premium account		10,000	10,000
Profit and Loss Account	13	(1,105,563)	(808,358)
Deficiency (including non-equity interests)		<u>(485,563)</u>	<u>(188,358)</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective March 2002).

These financial statements were approved by the directors on the 19th September 2002 and are signed on their behalf by:

R B E Downs



The notes on pages 6 to 11 form part of these financial statements.

OLD BROAD STREET RESEARCH LIMITED

Notes to the Financial Statements

Year ended 30th June 2002

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2002).

Consolidation

In the opinion of the directors, the company and its subsidiary undertakings comprise a small group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

Turnover

Income from services to subscribers and the sale of software and consultancy services is accrued throughout the period to which it relates (usually 12 months). Sales which have been invoiced and received in advance will be held as deferred income and taken to the profit and loss account on a straight line basis over the period of the contract.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant & Machinery	- 3 years straight line
Fixtures & Fittings	- 1.5-3 years straight line
Software	- 5 years straight line

Finance lease agreements

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the Profit and Loss Account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Going concern

After making inquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

OLD BROAD STREET RESEARCH LIMITED

Notes to the Financial Statements

Year ended 30th June 2002

2. Operating loss

Operating loss is stated after charging:

	2002 £	2001 £
Directors' emoluments	197,294	167,353
Depreciation	97,919	94,323
Auditors' fees	<u>5,125</u>	<u>4,500</u>

3. Dividends

The following dividends have been proposed in respect of the year:

	2002 £	2001 £
Proposed dividend on preference shares	<u>5,750</u>	<u>5,750</u>

Cumulative preference dividends have been provided, but will not become payable until the company has positive distributable reserves. Therefore the dividend provided in the year ended 30 June 2002 of £5,750 remains unpaid.

4. Tangible fixed assets

	Plant & Machinery £	Fixtures & Fittings £	Software £	Total £
Cost				
At 1st July 2001	37,349	13,669	385,000	436,018
Additions	<u>1,839</u>	<u>—</u>	<u>—</u>	<u>1,839</u>
At 30th June 2002	<u>39,188</u>	<u>13,669</u>	<u>385,000</u>	<u>437,857</u>
Depreciation				
At 1st July 2001	19,697	9,049	154,000	182,746
Charge for the year	<u>16,498</u>	<u>4,421</u>	<u>77,000</u>	<u>97,919</u>
At 30th June 2002	<u>36,195</u>	<u>13,470</u>	<u>231,000</u>	<u>280,665</u>
Net book value				
At 30th June 2002	<u>2,993</u>	<u>199</u>	<u>154,000</u>	<u>157,192</u>
At 30th June 2001	<u>17,652</u>	<u>4,620</u>	<u>231,000</u>	<u>253,272</u>

Finance lease agreements

Included within the net book value of £157,192 is £Nil (2001 - £17,725) relating to assets held under finance lease agreements. The depreciation charged to the accounts in the year in respect of such assets amounted to £17,725 (2001 - £12,025).

OLD BROAD STREET RESEARCH LIMITED

Notes to the Financial Statements

Year ended 30th June 2002

5. Investments

	Contract Selector Limited	Forsyth OBSR Limited	
	£	£	£
Cost:			
At 1st July 2001	1	—	1
Additions	—	1	1
At 30th June 2002	<u>1</u>	<u>1</u>	<u>2</u>
Net book value:			
At 30th June 2002	<u>1</u>	<u>1</u>	<u>2</u>
At 30th June 2001	<u>1</u>	<u>—</u>	<u>1</u>

The Company owns 100% of the issued share capital of the Contract Selector Limited, a company incorporated in the United Kingdom and which was dormant throughout the year.

The Company owns 50% of the issued share capital of Forsyth OBSR Limited a company incorporated in the British Virgin Islands. Forsyth OBSR Limited is a joint venture between the Company and Forsyth ICT Solutions Limited.

6. Debtors

	2002 £	2001 £
Trade debtors	88,813	69,238
Other debtors	12,851	21,239
Prepayments and accrued income	388	12,601
	<u>102,052</u>	<u>103,078</u>

OLD BROAD STREET RESEARCH LIMITED

Notes to the Financial Statements

Year ended 30th June 2002

7. Creditors: Amounts falling due within one year

	2002 £	2001 £
Trade creditors	25,741	42,179
Finance lease agreements	—	10,265
Loan	25,000	—
PAYE and social security	10,884	9,723
VAT	14,726	11,625
Other creditors	21,921	14,849
Accruals and deferred income	450,544	161,318
	<u>548,816</u>	<u>249,959</u>

The loan relates to an interest free loan given to the Company by P I Espenhahn and S R Stradling, both of whom are directors and shareholders of the Company.

Included within accruals is £17,244 (2001 - £11,496) relating to cumulative preference dividends, which will not become payable until the Company has positive distributable reserves. Also included within accruals is £317,463 (2001 - £117,563) relating to deferred income.

8. Creditors: Amounts falling due after more than one year

	2002 £	2001 £
Other creditors	<u>283,798</u>	<u>305,151</u>

9. Commitments under finance lease agreements

Future commitments under finance lease agreements are as follows:

	2002 £	2001 £
Finance lease agreements are analysed as follows:		
Current obligations	<u>—</u>	<u>10,265</u>

10. Commitments under operating leases

At 30th June 2002 the company had aggregate annual commitments under non-cancellable operating leases as set out below.

	2002 £	2001 £
Operating leases which expire:		
Within 1 year	59,114	24,600
Within 2 to 5 years	—	8,215
	<u>59,114</u>	<u>32,815</u>

OLD BROAD STREET RESEARCH LIMITED

Notes to the Financial Statements

Year ended 30th June 2002

11. Related party transactions

On 9 October 2001 Old Broad Street Research Limited was lent £25,000 by P I Espenhahn and S R Stradling, both of whom are directors and shareholders of the Company. This loan is interest free with no fixed repayment date. However the directors expect to repay it within the financial year ending 30 June 2003.

12. Share capital

Authorised share capital:

	2002 £	2001 £
155,000 'A' Ordinary shares of £1 each	155,000	155,000
340,000 'B' Ordinary shares of £1 each	340,000	340,000
115,000 Preference shares of £1 each	115,000	115,000
	<u>610,000</u>	<u>610,000</u>

Allotted, called up and fully paid:

	2002		2001	
	No.	£	No.	£
'A' Ordinary shares	155,000	155,000	155,000	155,000
'B' Ordinary shares	340,000	340,000	340,000	340,000
Preference shares	115,000	115,000	115,000	115,000
	<u>610,000</u>	<u>610,000</u>	<u>610,000</u>	<u>610,000</u>

Dividends are determined solely at the directors' discretion. Any profits set aside as distributable are applied as dividends in the following order of priority:

- Cumulative Preference Shares at 5%
- 'A' Ordinary Shares and 'B' Ordinary Shares ranking equally

The general voting rights allow only the 'A' Ordinary and 'B' Ordinary Shareholders to vote.

On winding up, the rights to capital are in the following order:

- Preference Shareholders are entitled to £1 per share and all unpaid arrears and accruals of dividends.
- 'A' and 'B' Ordinary Shareholders are entitled to the par value of shares together with any arrears of dividends.
- Thereafter any balance is shared equally amongst the holders of the remaining 'A' and 'B' Ordinary Shares

13. Profit and loss account

	2002 £	2001 £
Balance brought forward	(808,358)	(463,274)
Accumulated loss for the financial year	(297,205)	(345,084)
Balance carried forward	<u>(1,105,563)</u>	<u>(808,358)</u>

OLD BROAD STREET RESEARCH LIMITED

Notes to the Financial Statements

Year ended 30th June 2002

14. Ultimate controlling party

In the directors's opinion there is no ultimate controlling party.