

Registered number
3805230

KCS GLOBAL PLC
(FORMERLY RJT260 LIMITED)
AND SUBSIDIARY UNDERTAKINGS

GROUP FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2004



KCS GLOBAL PLC (FORMERLY RJT260 LIMITED) AND SUBSIDIARY UNDERTAKINGS

COMPANY INFORMATION

Directors

A D Snell
Ms C M Rogers
Ms P M Watson
L Colliss

Secretary

A D Harris

Auditors

Spofforths
20 Old Mill Square
Storrington
West Sussex
RH20 4NQ

Registered office

20 Old Mill Square
Storrington
West Sussex
RH20 4NQ

Bankers

The Royal Bank of Scotland
City Branch
London

Registered number

03805230

KCS GLOBAL PLC (FORMERLY RJT260 LIMITED) AND SUBSIDIARY UNDERTAKINGS

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KCS GLOBAL PLC (FORMERLY RJT260 LIMITED) AND SUBSIDIARY UNDERTAKINGS

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2004

The directors' present their report together with the audited group financial statements for the year ended 31 March 2004.

Principal activities and review of business

The group's principal activity continued to be that of:

- (i) holding of investments
- (ii) development, marketing, installation and support of computer software for accounting personnel and payroll systems (principally KCS Management Systems Plc)
- (iii) provision of outsourced payroll and HR managed services (principally KCS Connect Limited)

Review of the business and future developments

KCS Global Plc's two trading subsidiaries KCS Management Systems Plc and KCS Connect Limited experienced spectacular growth in 2003/4. Group consolidated results highlighted revenue growth of 16% and with effective control on overheads Operating Profit growth of 160%. This generated sufficient cash to repay all outstanding third party debt (over £800k repaid in the year), leaving the business debt free.

This enviable position and continued strong cash generation has enabled KCS to fund strategic acquisitions out of its current account. In August 2004 KCS acquired JCS Management Services Limited located in Suffolk and transferred most of the operation to KCS Connect Limited in Cheltenham. The acquisition is already providing strong returns in both profit and cash. Several other acquisition targets are currently being investigated.

KCS's solutions are distinguished in the market place by their level of technological foresight and customer-focus. For example, the company has recently progressed to offer Intranet and Internet services and products that have changed KCS's approach from solutions to 'Total Solutions'. This has been achieved through KCS's introduction of a range of new modules, such as Time & Attendance, Reporting tools, Recruitment and - a central feature of KCS's latest 'Version 9.2' release - Workflow, together with services that utilise latest innovations, bringing forth advanced applications with Intranet 'Self Service' options for employees and managers. In addition, Internet based HR software for faster remote use, Internet based payroll Bureau services, and rental applications through ASP (Application Service Provider) technology are also provided.

The service ethos and growth of KCS continue to be recognised by the industry as a leading HR & Payroll software & service provider. This is demonstrated by the prestigious Pay Magazine Awards where KCS won 'Payroll Software Provider of the Year' for an unprecedented third year running, and runner up in 'Payroll Outsourcing'.

With the enhanced range of products and services now offered, the directors are confident that the company remains well placed to take advantage of the improving market, and thus predict another year of exceptional revenue and profit growth.

The holding company was re-registered from RJT260 Limited to KCS Global Plc in November 2003.

Results and dividends

The consolidated profit for the year, after taxation, amounted to:

KCS Global Plc £332,305 (2003: £1,847)

Group £502,839 (2003: £152,806).

The directors recommend dividends of £294,751.

KCS GLOBAL PLC (FORMERLY RJT260 LIMITED) AND SUBSIDIARY UNDERTAKINGS

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2004

Directors

The directors of the group who served during the year and their beneficial interest in the group's issued share capital were:

	Ordinary Shares	
	31	1
	March	April
	2004	2003
A D Snell	64,688	64,688
Ms C M Rogers	45,000	45,000
Ms P M Watson	7,000	7,000
L Colliss (appointed 31 October 2003)	-	-

Details of options held by the directors are given below. The board of directors are responsible for administering the share option schemes in accordance with rules approved by shareholders in general meeting.

The issue of share options are governed by the rules of the KCS Global plc Enterprise Management Incentives Scheme. Under these rules, the directors have an absolute discretion at any time to the selection for commercial reasons of employees to whom an option is granted by the company in order to recruit or retain an employee for the group. These rules further state that the aggregate market value, as defined in part VIII of Taxation of Chargeable Gains Act 1992, of shares in respect of which EMI schemes may be granted shall not exceed £3,000,000. Options granted under the rules are exercisable on the occurrence of the first of the following events:

- 1 The business of the Company being sold
- 2 Another company, which is not associated with any of the existing shareholders, acquiring control of the Company other than pursuant to a reconstruction of the Company
- 3 Certain other company reconstructions or reorganisations which are set out in the rules of the scheme.

The outstanding share options granted to each director of the company under the KCS Global plc Enterprise Management Incentives Scheme are as follows:

	Exercise price per share	Shares under option at 1 April 2003	Granted during the year	Shares under option at 31 March 2004	Date exercisable
L Colliss	189.00p	-	1,623	1,623	until 31/10/2013

Creditor payment policy

It is the Group's policy to pay all invoices as they fall due. Creditor days for the Group have been calculated at 59 days (2003: 59 days).

KCS GLOBAL PLC (FORMERLY RJT260 LIMITED) AND SUBSIDIARY UNDERTAKINGS

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2004

Directors' responsibilities

Company law requires the directors to prepare the financial statements for each financial year which give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group 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; and

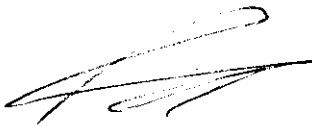
Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company or group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

A resolution to re-appoint Spofforths as auditors will be put to the members at the Annual General Meeting.

This report was approved by the board on 27/10/04, and signed on its behalf.



A D Snell
Director

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF KCS GLOBAL PLC (FORMERLY RJT260 LIMITED)

We have audited the accounts of KCS Global plc, for the year ended 31 March 2004 on pages 5 to 19.

This report is made solely to the group's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the group's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the group and the group's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the group's directors are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts 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 accounts, if the group 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 group are 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the group'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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the group's and company's affairs as at 31 March 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Spofforths
Chartered Accountants
20 Old Mill Square
Storrington
West Sussex
RH20 4NQ

Date: 27/10/09

KCS GLOBAL PLC (FORMERLY RJT260 LIMITED) AND SUBSIDIARY UNDERTAKINGS

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2004

	Notes	2004 £	2003 restated £
Turnover			
Continuing operations	2	4,464,211	3,852,025
Acquisitions		-	173,632
		<u>4,464,211</u>	<u>4,025,657</u>
Cost of sales	3	(519,401)	(415,137)
Gross profit		<u>3,944,810</u>	<u>3,610,520</u>
Administrative expenses	3	(3,250,700)	(3,343,665)
Operating profit			
Continuing operations	4	694,110	255,787
Acquisitions		-	11,068
		<u>694,110</u>	<u>266,855</u>
Interest receivable and similar income		3,358	64
Interest payable and similar charges	6	(52,748)	(78,883)
Profit on ordinary activities before taxation		<u>644,720</u>	<u>188,036</u>
Tax on profit on ordinary activities	7	(168,662)	(35,230)
Profit for the financial year		<u>476,057</u>	<u>152,806</u>
Dividends	8	(294,751)	-
Retained profit for the year	20	<u>181,306</u>	<u>152,806</u>

Statement of total recognised gains and losses

The company has no recognised gains or losses other than the profit for the above two financial periods.

KCS GLOBAL PLC (FORMERLY RJT260 LIMITED) AND SUBSIDIARY UNDERTAKINGS

GROUP BALANCE SHEET

AS AT 31 MARCH 2004

	Notes	2004	2003 restated
		£	£
Fixed assets			
Intangible assets	10	1,043,080	1,043,949
Tangible assets	11	202,994	114,413
		<u>1,246,074</u>	<u>1,158,362</u>
Current assets			
Debtors	14	1,032,012	949,632
Cash at bank and in hand		255,453	339,064
		<u>1,287,465</u>	<u>1,288,696</u>
Creditors: amounts falling due within one year	15	<u>(1,058,883)</u>	<u>(684,523)</u>
Net current assets		228,582	604,173
Total assets less current liabilities		<u>1,474,656</u>	<u>1,762,535</u>
Creditors: amounts falling due after more than one year	16	-	(737,500)
Provisions for liabilities and charges	18	(5,854)	(29,064)
Deferred income		(815,086)	(523,562)
		<u>653,716</u>	<u>472,409</u>
Capital and reserves			
Share capital	19	117,063	117,063
Capital redemption reserve	20	40,312	40,312
Profit and loss account	20	496,341	315,034
Shareholders' funds - equity	21	<u>653,716</u>	<u>472,409</u>



A D Snell

Director

Approved by the board on 27th October 2004

KCS GLOBAL PLC (FORMERLY RJT260 LIMITED) AND SUBSIDIARY UNDERTAKINGS

COMPANY BALANCE SHEET

AS AT 31 MARCH 2004

	Notes	£	2004 £	£	2003 £
Fixed assets					
Investments	12		<u>1,058,397</u>		<u>1,058,397</u>
			<u>1,058,397</u>		<u>1,058,397</u>
Current assets					
Debtors	14				
amounts falling due within one year		237,741		87,000	
Creditors: amounts falling due within one year	15	<u>(1,138,694)</u>		<u>(288,006)</u>	
Net current assets			(900,953)		(201,006)
Total assets less current liabilities			<u>157,444</u>		<u>857,391</u>
Creditors: amounts falling due after more than one year	16		-		(737,500)
			<u>157,444</u>		<u>119,891</u>
Capital and reserves					
Share capital	19		117,063		117,063
Capital redemption reserve	20		40,312		40,312
Profit and loss account	20		69		(37,484)
Shareholders' funds - equity	21		<u>157,444</u>		<u>119,891</u>

These accounts have been prepared in accordance with the special provisions relating to medium-sized companies within Part VII of the Companies Act 1985.

A D Snell

Director

Approved by the board on

27th OCTOBER 2004

KCS GLOBAL PLC (FORMERLY RJT260 LIMITED) AND SUBSIDIARY UNDERTAKINGS

GROUP CASHFLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2004

	Notes	2004 £	2003 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		694,110	266,854
Depreciation		60,712	55,303
Amortisation of intangible fixed assets		15,639	13,906
(Profit)/loss on sale of fixed assets		(150)	-
(Increase) in debtors		(82,380)	(69,882)
Increase in creditors		243,698	459,667
Net cash inflow from operating activities		931,628	725,848
CASH FLOW STATEMENT			
Net cash inflow from operating activities		931,628	725,848
Returns on investments and servicing of finance	23	(49,390)	(78,819)
Capital expenditure and financial investment	23	(163,913)	(113,455)
Tax paid		(34,763)	(2,907)
Equity dividends paid		(29,675)	-
Net cash flow before financing		653,887	530,667
Financing	23	(737,500)	(49,980)
Increase/(decrease) in cash		(83,613)	480,687
Reconciliation of net cash flow to movements in net debt			
Increase/(decrease) in cash		(83,613)	480,687
Decrease in debt and lease financing		737,500	56,980
		653,887	537,667
Net debt at 1 April 2003		(398,438)	(936,105)
Net surplus/(debt) at 31 March 2004	24	255,449	(398,438)

KCS GLOBAL PLC (FORMERLY RJT260 LIMITED) AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 MARCH 2004

1 Accounting policies

Basis of accounting

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

Basis of consolidation

The group accounts consolidate the accounts of KCS Global plc (formerly RJT260 Limited) and all its subsidiary undertakings drawn up to 31 March each year. No profit or loss account is presented for KCS Global plc (formerly RJT260 Limited) as permitted by section 230 of the Companies Act 1985.

Turnover

Turnover is the total amount receivable by the company in respect of the sale of licenses installed and accepted, and services provided, excluding VAT and trade discounts. Income arising in respect of maintenance contracts is recognised over a period based upon a proportion of the contract value being released to the profit and loss account when the invoice is raised with the balance being recognised on a straight line basis. During the year, the group's policy regarding the presentation of deferred income arising on specific contracts has changed. This deferred income is now presented within 'Deferred income' on the face of the balance sheet in order to show all deferred income in one place. There is no effect on the retained profit brought forward in the year ended 31 March 2003 or 31 March 2004.

Goodwill

Goodwill represents the excess of the fair value attributed to investments in businesses or subsidiary undertakings over the fair value of the underlying net assets at the date of their acquisition. In accordance with FRS 10, for acquisitions made on or after 1 October 1998, goodwill has been capitalised as an intangible fixed asset. If a subsidiary or business is subsequently sold or closed, any goodwill arising on consolidation that was eliminated against reserves or that has not been amortised through the profit and loss account is taken into account in determining the profit or loss on sale or closure.

The directors have concluded that the useful economic life of purchased goodwill arising on the acquisition of subsidiary undertakings is infinite. This is because the main intangible assets that the Group has acquired are customer bases, channels of distribution and brands. However none of these intangible assets qualify as a separable net assets under FRS 10, therefore they have not been accounted for separately. Goodwill which is not amortised is subject to an annual impairment review.

Software

The intangible fixed asset relates to computer software which is recorded at cost and amortised on a straight-line basis over its estimated useful economic life of 5 years.

Depreciation

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets over their expected useful lives. The rates and periods generally applicable are:

Furniture and equipment	over 5 to 10 years
Fixtures and fittings	over 10 years
Computer equipment	over 2 to 5 years

Contributions to pension plans

Contributions in respect of the company's defined contribution pension scheme are charged to the profit and loss account for the year in which they are payable to the scheme. Differences between contributions payable and contributions actually paid in the year are shown as either accruals or prepayments at the year end.

Deferred taxation

Deferred tax arises as a result of including items of income and expenditure in taxation computations in periods different from those in which they are included in the company's accounts. Deferred tax is provided in full on timing differences which result in an obligation to pay more (or less) tax at a future date, at the average tax rates that are expected to apply when the timing differences reverse, based on current tax rates and laws.

KCS GLOBAL PLC (FORMERLY RJT260 LIMITED) AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 MARCH 2004

Leasing and hire purchase commitments

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

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

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

Research and development

Research and development expenditure is charged to the profit and loss account in the period in which it is incurred.

2 Turnover

The geographical analysis of turnover is as follows:

	2004 £	2003 restated £
HR management systems and maintenance contracts UK	<u>4,163,611</u>	<u>3,852,025</u>
Payroll bureau services UK	<u>300,600</u>	<u>173,632</u>
Total UK	<u>4,464,211</u>	<u>4,025,657</u>

3 Analysis of profit and loss between continuing and discontinued activities

	2004		2003 restated	
	Continuing £	Total £	Continuing £	Total £
Cost of sales	519,401		405,947	
Acquisitions	-	519,401	9,190	415,137
Net operating expenses				
Administrative expenses	3,250,700		3,190,291	
Acquisitions	-	3,250,700	153,374	3,343,665

KCS GLOBAL PLC (FORMERLY RJT260 LIMITED) AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 MARCH 2004

4 Operating Profit

The operating profit is arrived at after charging:

	2004	2003 restated
	£	£
Depreciation of owned fixed assets	54,563	41,822
Depreciation of assets held under finance leases and hire purchase contracts	6,149	13,481
Amortisation of goodwill	10,800	10,804
Amortisation of other intangible fixed assets	4,839	3,102
Profit on disposal of fixed assets	150	-
Operating lease rentals - plant and machinery	8,891	18,994
Operating lease rentals - land and buildings	105,682	99,125
Operating lease rentals - motor vehicles	94,513	106,797
Research and development	300,916	198,655
Auditors' remuneration	13,800	12,500

Fees paid to Spofforths Chartered Accountants for non-audit services in the UK were £4,039 (2003: £6,450). These fees were attributable to taxation services and compliance work.

5 Directors and employees

Staff costs, including directors remuneration, were as follows:

	2004	2003 restated
	£	£
Wages and salaries	1,763,990	1,706,906
Social security costs	171,560	148,923
Other pension costs	71,068	69,688
	<u>2,006,618</u>	<u>1,925,517</u>

The average monthly number of employees, including directors, during the year was as follows:

	2004	2003
	No.	No.
Administration	3	3
Development	9	9
Customer services	27	27
Sales and marketing	12	10
Payroll bureau	4	4
Management	3	3
	<u>58</u>	<u>56</u>

Directors' emoluments

	2004	2003 restated
	£	£
Emoluments	211,110	236,691
Group contributions to money purchase pension schemes	11,600	11,100
Compensation to past directors for loss of office	-	33,233
	<u>222,710</u>	<u>281,024</u>

Highest paid director:

	2004	2003
	£	£
Emoluments	86,890	85,800
Company contributions to money purchase pension schemes	6,000	6,000
Share options exercised	-	-
Shares received / receivable under long term incentive schemes	-	-
	<u>92,890</u>	<u>91,800</u>

During the year the group paid £53,355 (2003: £56,628) to T R Executive Services Limited, a company in which Ms C M Rogers is a director and shareholder, in respect of the services of Ms C M Rogers, a director of the company. All transactions were carried out under normal commercial terms.

KCS GLOBAL PLC (FORMERLY RJT260 LIMITED) AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 MARCH 2004

Retirement benefits were accruing to directors under plans as follows:

	2004 No.	2003 No.
Money purchase plans	3	2

6 Interest payable and similar charges

	2004 £	2003 restated £
Bank loans and overdrafts repayable within five years	51,948	68,065
Bank loans and overdrafts repayable wholly or partly in more than five years	-	1,218
	51,948	69,283
Other interest payable	800	9,600
	52,748	78,883

7 Taxation

	2004 £	2003 restated £
Analysis of charge in the year		
Current tax:		
UK corporation tax on profits of the year	170,640	28,027
Adjustments in respect of previous years	(518)	6,687
Total current tax	170,122	34,714
Deferred tax:		
Origination and reversal of timing differences (Note 18)	(1,460)	516
Tax on profit on ordinary activities	168,662	35,230

Factors affecting the tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (30 per cent). The differences are explained below:

	2004 £	2003 restated £
Profit on ordinary activities before tax	644,720	188,036
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2003: 30%)	193,415	56,411
Effects of:		
Lower tax rates in group companies	(6,543)	(2,223)
Expenses not deductible for tax purposes	4,930	7,297
Accrued pension contributions	(177)	-
Capital allowances for year in excess of depreciation	6,362	6,168
Research and development tax credit	(14,921)	(28,978)
Marginal relief adjustment	(11,908)	(10,647)
Adjustments in respect of previous years	(518)	6,686
Current tax charge for year as above	170,640	34,714

8 Dividends

	2004 £	2003 restated £
Equity dividends on ordinary shares - in respect of the prior year	29,675	-
Equity dividends on ordinary shares - final proposed	265,076	-
	294,751	-

KCS GLOBAL PLC (FORMERLY RJT260 LIMITED) AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 MARCH 2004

9 Profit attributable to members of the parent company

As permitted by section 230 of the Companies Act 1985 the parent company's profit and loss account has not been disclosed in these financial statements.

The profit before dividends for the year in the accounts of the parent company was £332,305 (2003: £1,847).

10 Intangible fixed assets

Group	Software £	Goodwill £	Total £
Cost			
At 1 April 2003	45,885	1,051,049	1,096,934
Additions	14,771	-	14,771
At 31 March 2004	60,656	1,051,049	1,111,704
Amortisation			
At 1 April 2003	42,181	10,804	52,985
Provided during the year	4,839	10,800	15,639
At 31 March 2004	47,020	21,604	68,624
Net Book Values			
At 31 March 2004	13,636	1,029,445	1,043,080
<i>At 31 March 2003</i>	<i>3,704</i>	<i>1,040,245</i>	<i>1,043,949</i>

11 Tangible fixed assets

Group	Furniture and equipment £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 April 2003	70,467	69,381	382,745	522,593
Additions	29,875	101,059	18,358	149,292
Disposals	-	-	(284,639)	(284,639)
At 31 March 2004	100,342	170,439	116,464	387,246
Depreciation				
At 1 April 2003	36,763	46,642	324,775	408,180
Charge for year	10,074	16,329	34,309	60,712
Disposals	-	-	(284,639)	(284,639)
At 31 March 2004	46,837	62,971	74,445	184,252
Net book value				
At 31 March 2004	53,505	107,469	42,019	202,994
<i>At 31 March 2003</i>	<i>33,705</i>	<i>22,738</i>	<i>57,970</i>	<i>114,413</i>
			2004	2003
			£	£
Net book value of assets included above held under finance leases and hire purchase contracts			-	6,150

KCS Global Plc does not own any tangible fixed assets.

KCS GLOBAL PLC (FORMERLY RJT260 LIMITED) AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 MARCH 2004

12 Fixed asset investments

Company	Subsidiary undertakings £
Cost	
At 1 April 2003	1,058,397
At 31 March 2004	1,058,397
Net book value	
At 31 March 2004	1,058,397
<i>At 31 March 2003</i>	<i>1,058,397</i>

13 Subsidiary undertakings

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Name of Company	Country of registration	Holding	Proportion of voting rights and shares held	Nature of business
KCS Management Systems Plc	England	Ordinary	100%	Supplier of HR management software and hardware
KCS Connect Limited	England	Ordinary	100%	Payroll bureau

The share capital and reserves of the subsidiary undertakings at 31 March 2004 and the results for the year then ended were:

	Profit for the year £	Share capital & reserves £
KCS Management Systems Plc	89,958	497,532
KCS Connect Limited	53,797	60,108

KCS GLOBAL PLC (FORMERLY RJT260 LIMITED) AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 MARCH 2004

14 Debtors	Group 2004	2003 restated	Company 2004	2003
	£	£	£	£
Trade debtors	718,462	731,831	-	-
Amounts owed by group undertakings	-	-	37,134	80,000
Called up share capital not paid	-	7,000	-	7,000
Other debtors	25,201	-	200,607	-
Prepayments and accrued income	288,350	210,800	-	-
	<u>1,032,012</u>	<u>949,632</u>	<u>237,741</u>	<u>87,000</u>

15 Creditors: amounts falling due within one year

	Group 2004	2003 restated	Company 2004	2003
	£	£	£	£
Bank overdraft and loan (note 17)	-	50,000	-	50,000
Trade creditors	272,212	242,086	-	-
Amounts owed to group undertakings	-	-	825,382	194,940
Corporation tax payable	168,587	33,227	43,689	-
Other taxation and social security	283,385	225,651	-	-
Other creditors	7,920	62,412	4,547	40,667
Accruals and deferred income	61,703	71,147	-	2,399
Proposed dividend	265,076	-	265,076	-
	<u>1,058,883</u>	<u>684,523</u>	<u>1,138,694</u>	<u>288,006</u>

The group undertakings have agreed not to demand repayment to the detriment of other creditors.

16 Creditors: amounts falling due after more than one year

	Group 2004	2003 restated	Company 2004	2003
	£	£	£	£
Bank loan (note 17)	-	687,500	-	687,500
Other loans (unsecured)	-	50,000	-	50,000
	<u>-</u>	<u>737,500</u>	<u>-</u>	<u>737,500</u>

17 Loans

	Group 2004	2003 restated	Company 2004	2003
	£	£	£	£
Amounts repayable:				
In one year or less, or on demand	-	50,000	-	50,000
Between one and two years	-	50,000	-	50,000
Between two and five years	-	637,500	-	637,500
	<u>-</u>	<u>737,500</u>	<u>-</u>	<u>737,500</u>
In more than five years - repayable by installments	-	-	-	-
	<u>-</u>	<u>737,500</u>	<u>-</u>	<u>737,500</u>

The bank loan was discharged during the year.

KCS GLOBAL PLC (FORMERLY RJT260 LIMITED) AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 MARCH 2004

18 Provisions for liabilities and charges

Group	Deferred tax £	Other £	Total £
At the start of the year	5,064	24,000	29,064
Charged to the profit and loss account	(1,460)	(21,750)	(23,210)
At end of year	3,604	2,250	5,854

Deferred taxation provided in the accounts is as follows:

	Provided 2004 £	Potential 2004 £	Provided 2003 £	Potential 2003 £
Capital allowances in advance of depreciation	3,604	-	5,064	-

19 Share capital

	Group and Company 2004 £	2003 restated £
Authorised Equity shares		
150,000 ordinary shares of £1 each	150,000	150,000
37,500 preferred ordinary shares of 1p each	375	375
	150,375	150,375
Allotted Equity shares		
116,688 Allotted, called up and fully paid ordinary shares of £1 each	116,688	116,688
37,500 allotted, called up and fully paid preferred ordinary shares of 1p each	375	375
	117,063	117,063

Holders of 1p Preferred Ordinary shares are entitled to a cumulative participating dividend, with effect from 1 October 2000, equal to 10% of net profits for each accounting period. Net profit for these purposes is defined as consolidated profit for the Accounting Group less provisions for dividends, goodwill, reserves transfers and extraordinary or exceptional items. Excess remuneration should be added back also.

They are entitled to a further dividend based on any dividend declared on the £1 Ordinary shares in excess of the participating dividend detailed in the paragraph above. Holders of 1p Preferred Ordinary shares also have priority over capital in the event of the winding-up of the company. With regards to voting rights, holders are entitled to one vote per £1 Ordinary share held and one vote per 1p Preferred Ordinary share held.

Share options were granted during the year as part of an approved EMI scheme as follows:

	Exercise price per share	Shares under option at 1 April 2003	Granted during the year	Shares under option at 31 March 2004	Date exercisable
£1 Ordinary shares	189.00p	-	8,115	8,115	until 31/10/2013

KCS GLOBAL PLC (FORMERLY RJT260 LIMITED) AND SUBSIDIARY UNDERTAKINGS

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FOR THE YEAR ENDED 31 MARCH 2004

20 Reserves		Capital redemption reserve	Profit and loss account
Group		£	£
At 1 April 2003		40,312	315,034
Profit for the year		-	181,306
At 31 March 2004		40,312	496,341
Company			
		Capital redemption reserve	Profit and loss account
		£	£
At 1 April 2003		40,312	(37,484)
Profit for the year		-	37,553
At 31 March 2004		40,312	69

21 Reconciliation of shareholders' funds

	Group		Company	
	2004	<i>2003 restated</i>	2004	<i>2003</i>
	£	£	£	£
Profit for the financial year	476,057	152,806	332,305	1,847
Shares issued	-	7,000	-	7,000
Dividends	(294,751)	-	(294,751)	-
Increase in shareholders' funds	181,306	159,806	37,554	8,847
Opening shareholders' funds	472,409	312,603	119,891	111,044
Closing shareholders' funds	653,716	472,409	157,444	119,891

22 Operating leases

At the year end the company had annual commitments under non-cancellable operating leases as set out below:

	Group		Company	
	2004	<i>2003 restated</i>	2004	<i>2003</i>
	£	£	£	£
Plant and machinery				
Expiring within one year	20,764	36,659	-	-
Expiring within two to five years	53,640	170,077	-	-
Land and buildings				
Expiring within one year	-	68,944	-	-
Expiring within two to five years	102,438	-	-	-
Expiring in more than five years	9,600	9,600	-	-
	186,442	285,280	-	-

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FOR THE YEAR ENDED 31 MARCH 2004

23 Gross cash flows	2004	2003 restated
	£	£
Returns on investments and servicing of finance		
Interest received	3,358	64
Interest paid	(52,748)	(78,883)
Net cash outflow for returns on investments and servicing of finance	<u>(49,390)</u>	<u>(78,819)</u>
Capital expenditure		
Payments to acquire intangible fixed assets	(14,771)	(54,020)
Payments to acquire tangible fixed assets	(149,292)	(59,435)
Receipts on sale of fixed assets	150	-
Net cash inflow from investing activities	<u>(163,913)</u>	<u>(113,455)</u>
Financing		
Issue of share capital	-	7,000
Loan repayments	(737,500)	(50,000)
Capital element of finance lease repayments	-	(6,980)
	<u>(737,500)</u>	<u>(49,980)</u>

24 Analysis of changes in net debt	2003	Cash Flows	2004
	£	£	£
Cash at bank and in hand	339,064	(83,611)	255,453
Debt due within one year	(50,000)	50,000	-
Debt due after one year	(687,500)	687,500	-
	<u>(737,500)</u>	<u>737,500</u>	<u>-</u>
	<u>(398,436)</u>	<u>653,889</u>	<u>255,453</u>

25 Related parties

The following is a list of the related parties of the company and details of the transactions with them. All transactions were carried out at arms length.

Name	Nature of relation	Nature of transactions	Balance due to / (from) at 31 March 2004	Invoices from	Invoices to
British Application Software Designers Association	C M Rogers - common directorship	Membership subscriptions	1,469	1,580	-
TR Executive Solutions Limited	C M Rogers - common directorship	Management services and reimbursement of expenses	-	58,233	-
Convergent Network Solutions Limited	C M Rogers - common directorship	See below	-	26,643	4,844

Convergent Network Solutions Limited provided consultancy to KCS Management Systems plc. KCS Management Systems plc recharged a leased asset and consultancy to Convergent Network Solutions Limited.

KCS GLOBAL PLC (FORMERLY RJT260 LIMITED) AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 MARCH 2004

26 Contingent liabilities

During the year, KCS Management Systems plc, a 100% owned subsidiary of KCS Global plc was awarded a grant by the DTI. Under the terms of the Offer Letter, the income received from the DTI grant is repayable, in part or in full, if certain conditions as laid down within the letter are met. At the year end this contingent liability amounts to £99,813

27 Grant income	2004 £	2003 £
DTI grant income	99,813	-
Unamortised grant income at balance sheet date	-	-
	<u>99,813</u>	<u>-</u>

During the year KCS Management Systems plc, a 100% subsidiary of the company, was awarded a grant by the DTI in respect of Research and Development costs. Grant income is drawn down as relevant costs are defrayed. The income has been included in turnover in line with the accounting policy.