

Genesis (UK) Limited

Financial statements

For the period from 1 January 2006 to
30 September 2006

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COMPANIES HOUSE

Company No. 3805650

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Report of the directors

The directors present their report and the financial statements of the company for the period from 1 January 2006 to 30 September 2006.

Principal activities and business review

The principal activities of the company during the period was that of the development, manufacture and sale of automated number plate recognition systems.

On 20 July 2006 the entire share capital of the company was acquired by Appian Technology plc a company incorporated in the United Kingdom.

Results and dividends

The trading results for the period and the company's financial position at the end of the period are shown in the attached financial statements.

The directors have not recommended a dividend.

Financial risk management objectives and policies

The company uses various financial instruments these include loans, cash, equity investments, preference shares and various items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations.

The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below.

The main risks arising from the company's financial instruments are market risk, cash flow interest rate risk, credit risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years.

Market risk

Market risk encompasses three types of risk, being currency risk, fair value interest rate risk and price risk. The company's policies for managing fair value interest rate risk are considered along with those for managing cash flow interest rate risk and are set out in the subsection entitled "interest rate risk" below.

Currency risk

Foreign sales are priced in sterling and invoiced in sterling. The company policy is to reduce currency exposures on any balance not expected to mature within 30 days of its arising through the use of an exchange rate which management consider will provide it sufficient margin to cover its risk at the date to make sure the exchange rate always moves in the company's favour.

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Short-term flexibility is achieved by overdraft and other bank facilities.

Report of the directors

Interest rate risk

The company finances its operations through a mixture of bank borrowings and the issue of ordinary shares. The company exposure to interest rate fluctuations on its borrowings is managed by the use of floating facilities.

Credit risk

The company's principal financial assets are cash and trade debtors. The credit risk associated with the cash is limited as the counterparties have high credit ratings assigned by international credit-rating agencies. The principal credit risk arises therefore from its trade debtors.

In order to manage credit risk the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the credit controller on a regular basis in conjunction with debt ageing and collection history.

Directors

The directors who served the company during the period were as follows:

D Dallas
P Keeling
N P Harris
A S Rose
D G Hearn
P N Ryan
T R Keene

The company is a wholly owned subsidiary of Appian Technology plc and the interests of the group directors are disclosed in the financial statements of the parent company.

D G Hearn was appointed as a director on 26 July 2006.
P N Ryan was appointed as a director on 26 July 2006.
T R Keene was appointed as a director on 26 July 2006.

D Dallas retired as a director on 30 April 2006.
N P Harris retired as a director on 20 July 2006.

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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
- 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, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditor

Grant Thornton were appointed auditors on 31 March 2006 to fill a casual vacancy in accordance with section 388(1) of the Companies Act 1985.

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD


D Hearn
Secretary

7/3/07

Grant Thornton 

Report of the independent auditor to the members of Genesis (UK) Limited

We have audited the financial statements of Genesis (UK) Limited for the period from 1 January 2006 to 30 September 2006 on pages 10 to 18. These financial statements have been prepared under the historical cost convention and the accounting policies set out on pages 8 to 9.

This report is made solely to the company'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 company's members those matters we are required to state to them in an auditor's 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

The directors' responsibilities for preparing the Report of the Directors and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland).

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 and the information given in the Report of the Directors is consistent with the financial statements. We also report to you if, in our opinion, 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 other transactions is not disclosed.

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

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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.

Report of the independent auditor to the members of Genesis (UK) Limited (continued)

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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 September 2006 and of its profit for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- *the information given in the Report of the Directors is consistent with the financial statements for the period ended 30 September 2006.*

Grant Thornton UK LLP

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
OXFORD
9 March 2007

Accounting policies

Basis of accounting

The financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 1985 and applicable standards.

In preparing the financial statements for the current year, the group has adopted the presentation requirements of 'FRS 25 Financial Instruments: Disclosure and Presentation'. FRS 25 requires financial instruments to be presented with regard to their substance. Therefore shares, which previously were always presented as part of shareholders' funds regardless of the substance of the instrument, may now be presented as a liability when in substance that share is equivalent to a liability. As a result of this change in recognition criteria, there is no longer a requirement to disclose the apportionment of shareholders' funds between equity and non-equity.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the parent company Appian Technology plc prepares a group cash flow statement.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the period, exclusive of Value Added Tax.

For both hardware and software maintenance contracts, income is credited to the profit and loss account over the period to which it relates. Costs associated with these contracts are expensed as incurred.

Engineering services, not the subject of an ongoing maintenance contract, such as repair, training and consultancy, are recognised when the services are performed.

Revenue and profit generated from fixed-price contracts whilst the contract is in progress, is recognised having regard to the proportion of the total contract which has been completed at the balance sheet date. Provision is made in full for any expected losses on uncompleted contracts.

Amortisation

Amortisation 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:

Research and development - 33% on cost

Fixed assets

All fixed assets are initially recorded at cost.

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:

Leasehold Property	- 33% on cost
Plant & Machinery	- 25% on reducing balance
Fixtures & Fittings	- 20% on cost
Equipment	- 33% on cost

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

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.

Deferred taxation

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax assets are recognised only to the extent that the directors consider that it is 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 on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Profit and loss account

	Note	30 Sep 06 £	Year to 31 Dec 05 £
Turnover	1	1,756,434	1,127,154
Cost of sales		987,275	406,603
Gross profit		769,159	720,551
Other operating charges	2	690,429	669,125
Other operating income	3	(1,396)	(2,427)
Operating profit	4	80,126	53,853
Interest payable and similar charges	7	21,032	19,016
Profit on ordinary activities before taxation		59,094	34,837
Tax on profit on ordinary activities	8	—	—
Profit for the financial period	20	59,094	34,837

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the period as set out above.

Balance sheet

	Note	30 Sep 06 £	31 Dec 05 £
Fixed assets			
Intangible assets	9	67,785	76,943
Tangible assets	10	8,438	7,214
		<u>76,223</u>	<u>84,157</u>
Current assets			
Stocks	11	185,601	160,743
Debtors	12	730,276	702,417
Cash at bank		191,434	186
		<u>1,107,311</u>	<u>863,346</u>
Creditors: amounts falling due within one year	13	1,082,778	895,644
Net current assets/(liabilities)		<u>24,533</u>	<u>(32,298)</u>
Total assets less current liabilities		<u>100,756</u>	<u>51,859</u>
Creditors: amounts falling due after more than one year	14	11,917	21,667
		<u>88,839</u>	<u>30,192</u>
Provisions for liabilities			
Deferred taxation	15	—	447
		<u>88,839</u>	<u>29,745</u>
Capital and reserves			
Called-up equity share capital	18	100	100
Profit and loss account	19	88,739	29,645
Shareholders' funds	20	<u>88,839</u>	<u>29,745</u>

These financial statements were approved by the directors on 7 March 2007 and are signed on their behalf by:


 D Hearn
 Director

Notes to the financial statements

1 Turnover

The turnover and profit before tax are attributable to the one principal activity of the company.

2 Other operating charges

	30 Sep 06	Year to 31 Dec 05
	£	£
Administrative expenses	<u>690,429</u>	<u>669,125</u>

3 Other operating income

	30 Sep 06	Year to 31 Dec 05
	£	£
Other operating income	<u>1,396</u>	<u>2,427</u>

4 Operating profit

Operating profit is stated after charging:

	30 Sep 06	Year to 31 Dec 05
	£	£
Amortisation	20,958	27,946
Depreciation of owned fixed assets	1,915	5,035
Auditor's fees	<u>7,000</u>	<u>—</u>

5 Directors and employees

The average number of staff employed by the company during the financial period amounted to:

	30 Sep 06 No	Year to 31 Dec 05 No
Number of administrative staff	<u>17</u>	<u>15</u>

The aggregate payroll costs of the above were:

	30 Sep 06 £	Year to 31 Dec 05 £
Wages and salaries	334,846	385,063
Social security costs	<u>34,804</u>	<u>49,288</u>
	<u>369,650</u>	<u>434,351</u>

6 Directors

Remuneration in respect of directors was as follows:

	30 Sep 06 £	Year to 31 Dec 05 £
Emoluments receivable	<u>104,153</u>	<u>146,933</u>

7 Interest payable and similar charges

	30 Sep 06 £	Year to 31 Dec 05 £
Other similar charges payable	<u>21,032</u>	<u>19,016</u>

8 Taxation on ordinary activities

Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the period is lower than the standard rate of corporation tax in the UK of 30% (2005 - 30%).

	30 Sep 06	Year to 31 Dec 05
	£	£
Profit on ordinary activities before taxation	<u>59,904</u>	<u>34,837</u>
Profit/(loss) on ordinary activities by rate of tax	16,983	10,451
Expenses not deductible for tax purposes	145	307
Capital allowances for period in excess of depreciation	198	1,510
Utilisation of tax losses	(17,716)	(8,077)
Unrelieved tax losses	390	-
Research and development tax credit	-	(4,191)
Total current tax	<u>-</u>	<u>-</u>

9 Intangible fixed assets

	Research and development £
Cost	
At 1 January 2006	121,833
Additions	11,800
At 30 September 2006	<u>133,633</u>
Amortisation	
At 1 January 2006	44,890
Charge for the period	20,958
At 30 September 2006	<u>65,848</u>
Net book value	
At 30 September 2006	<u>67,785</u>
At 31 December 2005	<u>76,943</u>

10 Tangible fixed assets

	Leasehold property £	Plant and machinery £	Fixtures and fittings £	Equipment £	Total £
Cost					
At 1 January 2006	4,344	1,420	3,000	15,296	24,060
Additions	1,298	391	267	1,183	3,139
At 30 September 2006	<u>5,642</u>	<u>1,811</u>	<u>3,267</u>	<u>16,479</u>	<u>27,199</u>
Depreciation					
At 1 January 2006	4,344	488	300	11,714	16,846
Charge for the period	72	284	502	1,057	1,915
At 30 September 2006	<u>4,416</u>	<u>772</u>	<u>802</u>	<u>12,771</u>	<u>18,761</u>
Net book value					
At 30 September 2006	<u>1,226</u>	<u>1,039</u>	<u>2,465</u>	<u>3,708</u>	<u>8,438</u>
At 31 December 2005	<u>—</u>	<u>932</u>	<u>2,700</u>	<u>3,582</u>	<u>7,214</u>

11 Stocks

	30 Sep 06 £	31 Dec 05 £
Work in progress	119,440	125,324
Finished goods	66,161	35,419
	<u>185,601</u>	<u>160,743</u>

12 Debtors

	30 Sep 06 £	31 Dec 05 £
Trade debtors	693,478	658,568
Other debtors	11,325	10
Prepayments and accrued income	25,473	43,839
	<u>730,276</u>	<u>702,417</u>

13 Creditors: amounts falling due within one year

	30 Sep 06 £	31 Dec 05 £
Bank loans and overdrafts	454,485	300,012
Trade creditors	286,919	233,737
Amounts owed to group companies	11,874	22,408
Other taxation and social security	85,981	116,669
Other creditors	1,793	9,589
Directors current accounts	—	18,736
Accruals and deferred income	241,726	194,493
	<u>1,082,778</u>	<u>895,644</u>

14 Creditors: amounts falling due after more than one year

	30 Sep 06 £	31 Dec 05 £
Bank loans and overdrafts	<u>11,917</u>	<u>21,667</u>

15 Deferred taxation

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	30 Sep 06 £	31 Dec 05 £
Other timing differences	<u>-</u>	<u>447</u>

16 Leasing commitments

At 30 September 2006 the company had annual commitments under non-cancellable operating leases as set out below.

	Land & buildings	
	30 Sep 06	31 Dec 05
	£	£
Operating leases which expire:		
Within 1 year	15,950	-
Within 2 to 5 years	-	15,950

There was a capital commitment of £210,000 relating to assets which are going to be supplied in the year ending September 2007 to a Maltese consortium.

17 Related party transactions

During the year UK Road Services Limited made charges of £25,398 (2005: £40,024) for trade purchases and for management services.

Included within creditors is an amount of £1,175 (2005: £22,408) due to UK Road Services Limited.

UK Road Services is a company with common shareholders and directors.

As a wholly owned subsidiary of Appian Technology plc, the company is exempt from the requirements of FRS 8 to disclose transactions with other members of the group headed by Appian Technology plc on the grounds that group accounts are publicly available from Companies House.

18 Share capital

Authorised share capital:

	30 Sep 06	31 Dec 05
	£	£
1,000 Ordinary shares of £1 each	1,000	1,000

Allotted, called up and fully paid:

	30 Sep 06		31 Dec 05	
	No	£	No	£
Ordinary shares of £1 each	100	100	100	100

19 Profit and loss account

	30 Sep 06	Year to 31 Dec 05
	£	£
Balance brought forward	29,645	(5,192)
Profit for the financial period	59,094	34,837
Balance carried forward	<u>88,739</u>	<u>29,645</u>

20 Reconciliation of movements in shareholders' funds

	30 Sep 06	31 Dec 05
	£	£
Profit for the financial period	59,094	34,837
Opening shareholders' funds/(deficit)	29,745	(5,092)
Closing shareholders' funds	<u>88,839</u>	<u>29,745</u>

21 Ultimate parent company

The company's controlling and ultimate controlling related party is Appian Technology plc, a company incorporated in England and Wales.

22 Guarantees

The bank loan and overdraft facility are secured by debentures over the company's assets.