

Company no. 3869665

**Issquared Limited (formerly Tricorn Technology
Management Limited)**

Financial statements

For the year ended 31 March 2003

Grant Thornton 



Company No. 3869665

Company information officers and professional advisers

Company registration number	3869665
Registered office	Spring Lane Malvern Link Malvern Worcester WR14 1DA
Directors	R Allsop A Fraser T Gilmour B Hewitt
Secretary	M Greensmith
Bankers	National Westminster Bank plc 30 Church Street Malvern Worcestershire WR14 2AD
Solicitors	Messrs Halliwell Landau St James Court Brown Street Manchester M2 2JF Orme, Dyke & Yates National Westminster Bank Chambers The Homend Ledbury HR8 1AB

Auditors

Grant Thornton
Chartered Accountants
Registered Auditors
Enterprise House
115 Edmund Street
BIRMINGHAM
B3 2HJ

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Report of the directors

The directors present their report and the financial statements of the company for the year ended 31 March 2003.

Principal activities and business review

The company is principally engaged in the provision of scientific systems engineering and project management skills in the area of ultrasonic radar and microwave technology.

On 1 July 2002 Tricorn Group plc acquired the entire share capital of Integrated Statistical Solutions Limited. On the same date the net assets of that company were transferred to Tricorn Technology Management Limited at their book value. On 9 October 2002 Tricorn Technology Management Limited changed its name to Issquared Limited.

There was a loss for the year after taxation amounting to £441,538 (2002 : £30,434).

Results and dividends

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

The directors do not recommend a dividend.

The directors and their interests in shares of the company

All of the directors served throughout the year except A Fraser, T Gilmour and B Hewitt who were appointed on 30 September 2002 and M Gorman and S C Moore who resigned on 30 September 2002, and A M Cowan who resigned on 22 January 2003.

The directors at 31 March 2003 together with his beneficial interests in the shares of the company was as follows:

	Ordinary Shares of £1 each	
	At 31 March 2003	At 1 April 2002
R Allsop	-	-
A Fraser	-	-
T Gilmour	-	-
B Hewitt	-	-

None of the directors who served during the year had any interest in the shares of the company. Directors' interest in the shares of the parent company are shown in that company's accounts.

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 pages 8 to 9, 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 Grant Thornton as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD

M Greensmith

Secretary

14/8/03

Report of the independent auditors to the members of Issquared Limited (Formerly Tricorn Technology Management Limited)

We have audited the financial statements of Issquared Limited (formerly Tricorn Technology Management Limited) for the year ended 31 March 2003 which comprise the principal accounting policies, the profit and loss account, the balance sheet and notes 1 to 25. These financial statements have been prepared under the accounting policies set out therein.

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 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 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 auditors

The directors' responsibilities for preparing the report of the directors and the financial statements in accordance with United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the Directors' Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.


Basis of 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 affairs of the company as at 31 March 2003 and of its loss for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



**GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
BIRMINGHAM**

Date 14 August 2003

Principal accounting policies accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention.

At 31 March 2003 the company had a deficiency of net assets amounting to £612,053, but its ultimate parent company, Tricorn Group plc, has given an undertaking to the directors of the company that it has no present intention to require repayment of the amounts due from Issquared Limited to Tricorn Group plc during the next twelve months and that it will continue to support its daily operations and finances. The financial statements have therefore been prepared on a going concern basis

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is consolidated within Tricorn Group plc's financial statements.

Turnover

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

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:

Motor Vehicles	- 20%
Equipment	- 20% to 25%

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.

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 over the period of the lease, 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.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the Profit and Loss Account.

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:

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	2003 £	2002 £
Turnover			
Continuing operations		230,303	574,555
Acquisitions		434,723	—
		<u>665,026</u>	<u>574,555</u>
Cost of sales	1	(240,822)	(292,683)
Gross profit		<u>424,204</u>	<u>281,872</u>
Other operating income and charges	1	<u>871,591</u>	<u>291,997</u>
Operating loss:	3		
Continuing operations		(410,618)	(10,125)
Acquisitions		(36,769)	—
		<u>(447,387)</u>	<u>(10,125)</u>
Interest payable	6	<u>4,626</u>	<u>2,596</u>
Loss on ordinary activities before taxation		<u>(452,013)</u>	<u>(12,721)</u>
Tax on loss on ordinary activities	7	(10,475)	17,713
Loss for the financial year	18	<u>(441,538)</u>	<u>(30,434)</u>

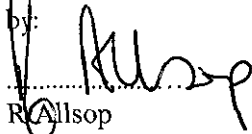
All of the activities of the company are classed as continuing.

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

Balance sheet

	Note	2003 £	2002 £
Fixed assets			
Tangible assets	8	<u>52,044</u>	<u>64,054</u>
Current assets			
Stocks	9	34,000	6,557
Debtors	10	397,921	304,441
Cash at bank		—	9,467
		<u>431,921</u>	<u>320,465</u>
Creditors: amounts falling due within one year	11	<u>923,103</u>	<u>532,925</u>
Net current liabilities		<u>(491,182)</u>	<u>(212,460)</u>
Total assets less current liabilities		<u>(439,138)</u>	<u>(148,406)</u>
Creditors: amounts falling due after more than one year	12	<u>172,915</u>	<u>22,109</u>
		<u>(612,053)</u>	<u>(170,515)</u>
Capital and reserves			
Called-up equity share capital	17	2	2
Profit and Loss Account	18	<u>(612,055)</u>	<u>(170,517)</u>
Deficiency	19	<u>(612,053)</u>	<u>(170,515)</u>

These financial statements were approved by the directors on 14/8/03..... and are signed on their behalf

by: 
R. Allsop

Notes to the financial statements

1 Analysis of cost of sales and net operating expenses

	Continuing Operations £	Acquired Operations £	Total £
Year ended 31 March 2003			
Cost of sales	<u>163,785</u>	<u>77,037</u>	<u>240,822</u>
Distribution costs	29	-	29
Administrative expenses	<u>477,107</u>	<u>394,455</u>	<u>871,562</u>
Net operating expenses	<u>477,136</u>	<u>394,455</u>	<u>871,591</u>
Year ended 31 March 2002			
Cost of sales	<u>292,683</u>	<u>-</u>	<u>292,683</u>
Distribution costs	23,391	-	23,391
Administrative expenses	<u>268,606</u>	<u>-</u>	<u>268,606</u>
Net operating expenses	<u>291,997</u>	<u>-</u>	<u>291,997</u>

2 Other operating income and charges

	2003 £	2002 £
Distribution costs	29	23,391
Administrative expenses	<u>787,595</u>	<u>268,606</u>
	<u>787,624</u>	<u>291,997</u>

3 Turnover and operating loss

The turnover and loss before taxation are attributable to the principal activity all within the UK.
Operating loss is stated after charging:

	2003	2002
	£	£
Depreciation	24,213	15,517
Auditors' remuneration:		
Audit fees	2,600	2,250
Non audit fees	1,000	1,000
Operating lease costs:		
Land and buildings	17,124	23,391
Plant and equipment	1,439	3,579

4 Directors and employees particulars of employees

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

	2003	2002
	No	No
Administrative staff	15	5

The aggregate payroll costs of the above were:

	2003	2002
	£	£
Wages and salaries	478,256	162,023
Social security costs	47,059	16,627
Other pension costs	23,693	7,329
	549,008	185,979

5 Directors

Remuneration in respect of directors was as follows:

	2003	2002
	£	£
Emoluments receivable	126,000	126,099
Value of company pension contributions to money purchase schemes	12,600	7,329
	138,600	133,428

The number of directors who are accruing benefits under company pension schemes was as follows:

	2003	2002
	No	No
Money purchase schemes	4	2

6 Interest payable

	2003	2002
	£	£
Interest payable on bank borrowing	2,080	921
Finance charges	2,546	1,675
	<u>4,626</u>	<u>2,596</u>

7 Tax on loss on ordinary activities

(a) Taxation

	2003	2002
	£	£
Current tax:		
UK Corporation tax based on the results for the year at 30% (2002 - 30%)	(10,475)	(11,116)
Under provision in prior year	—	28,829
Total current tax	<u>(10,475)</u>	<u>17,713</u>

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2002 - 30%).

	2003	2002
	£	£
Loss on ordinary activities before taxation	<u>(452,013)</u>	<u>(12,721)</u>
Loss on ordinary activities by rate of tax	(135,604)	(3,816)
Carry forward of tax losses	135,604	3,816
Adjustments to tax charge in respect of previous periods	—	(17,088)
Group relief	—	45,917
Credit in respect of research and development	(10,475)	(11,116)
Total current tax (note 7(a))	<u>(10,475)</u>	<u>17,713</u>

8 Tangible fixed assets

	Motor Vehicles £	Equipment £	Total £
Cost			
At 1 April 2002	60,623	31,507	92,130
Transfers from group undertakings	—	84,987	84,987
At 31 March 2003	<u>60,623</u>	<u>116,494</u>	<u>177,117</u>
Depreciation			
At 1 April 2002	7,820	20,256	28,076
Charge for the year	12,123	12,090	24,213
Transfers from group undertakings	—	72,784	72,784
At 31 March 2003	<u>19,943</u>	<u>105,130</u>	<u>125,073</u>
Net book value			
At 31 March 2003	<u>40,680</u>	<u>11,364</u>	<u>52,044</u>
At 31 March 2002	<u>52,803</u>	<u>11,251</u>	<u>64,054</u>

Finance leases and hire purchase agreements

Included within the net book value of £52,044 is £40,680 (2002 - £52,803) relating to assets held under finance leases and hire purchase agreements. The depreciation charged to the accounts in the year in respect of such assets amounted to £12,123 (2002 - £9,284).

9 Stocks

	2003 £	2002 £
Work in progress	<u>34,000</u>	<u>6,557</u>

10 Debtors

	2003 £	2002 £
Trade debtors	335,693	8,710
Amounts owed by group undertakings	—	253,845
Corporation tax repayable	31,586	28,204
Other debtors	17,419	13,682
Prepayments and accrued income	13,223	—
	<u>397,921</u>	<u>304,441</u>

11 Creditors: amounts falling due within one year

	2003	2002
	£	£
Bank loans and overdrafts	12,566	—
Trade creditors	88,702	6,636
Amounts owed to group undertakings	596,306	437,016
Other taxation and social security	81,554	64,392
Amounts due under finance leases and hire purchase agreements	16,284	16,284
Other creditors	998	—
Accruals and deferred income	126,693	8,597
	<u>923,103</u>	<u>532,925</u>

The following liabilities disclosed under creditors falling due within one year are secured by a fixed and floating charge over the company's assets:

	2003	2002
	£	£
Bank loans and overdrafts	<u>12,566</u>	<u>—</u>

12 Creditors: amounts falling due after more than one year

	2003	2002
	£	£
Amounts owed to group undertakings	167,338	—
Other creditors:		
Amounts due under finance leases and hire purchase agreements	5,577	22,109
	<u>172,915</u>	<u>22,109</u>

13 Commitments under finance leases and hire purchase agreements

Future commitments under finance leases and hire purchase agreements are as follows:

	2003	2002
	£	£
Amounts payable within 1 year	16,284	16,284
Amounts payable between 1 and 2 years	5,577	16,284
Amounts payable between 3 and 5 years	—	5,825
	<u>21,861</u>	<u>38,393</u>

14 Pensions

The company has operated a defined contribution scheme throughout the year. The company has made contributions of £23,693 (2002 : £7,329) on behalf of its employees.

15 Leasing commitments under operating leases

At 31 March 2003 the company had annual commitments under non-cancellable operating leases as set out below.

	2003		2002	
	Land & Buildings £	Other Items £	Land & Buildings £	Other Items £
Operating leases which expire:				
Within 1 year	37,883	—	—	—
Within 2 to 5 years	—	—	17,134	1,439
	<u>37,883</u>	<u>—</u>	<u>17,134</u>	<u>1,439</u>

16 Related party transactions

No transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8.

17 Share capital

Authorised share capital:

	2003 £	2002 £
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>
Allotted, called up and fully paid:		
2 Ordinary share capital	<u>2</u>	<u>2</u>

18 Profit and loss account

	2003 £	2002 £
Balance brought forward	(170,517)	(140,083)
Accumulated loss for the financial year	(441,538)	(30,434)
Balance carried forward	<u>(612,055)</u>	<u>(170,517)</u>

19 Reconciliation of movements in shareholders' funds

	2003	2002
	£	£
Loss for the financial year	(441,538)	(30,434)
Opening shareholders' equity deficit	(170,515)	(140,081)
Closing shareholders' equity deficit	<u>(612,053)</u>	<u>(170,515)</u>

22 Contingencies

The directors have confirmed that there were no contingent liabilities which should be disclosed at 31 March 2003.

23 Capital commitments

The directors have confirmed that there were no capital commitments at 31 March 2003.

24 Ultimate parent undertaking

The company's immediate and parent undertaking is Tricorn Group plc, a company incorporated in England and Wales. This is the largest and smallest group of which the company is a member and for which group accounts are prepared. Copies of the group accounts can be obtained from Spring Lane, Malvern Link, Malvern, Worcester, WR14 1DA.

25 Acquisitions

On 1 July 2002 Tricorn Group plc, the company's parent undertaking, acquired the entire share capital of Integrated Statistical Solutions Limited ("ISS"), a data capture and analysis company for the utilities industry, for an initial consideration of £679,500 settled by the allotment of 1,890,000 new shares at a market value of 35p each, and £18,000 in cash. The agreed terms provided for the issue of up to a further 1,149,999 ordinary shares of 10p each conditional upon the future price performance of the Group's shares. It has been assumed that no deferred consideration will be payable. On the same date the net assets of ISS were transferred to the company.

The loss before taxation of ISS for the year ended 30 June 2002 was £45,000.

The assets and liabilities of ISS transferred were as follows:

	Book and fair value £
Fixed assets	12,202
Current assets	
Stocks	42,400
Debtors	215,827
Total assets	<u>270,429</u>
Creditors	160,424
Total liabilities	<u>160,424</u>
Net assets	<u>110,005</u>
Satisfied by:	
Cash	<u>110,005</u>