ROLFE & NOLAN GROUP LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

28 FEBRUARY 2005

COMPANY REGISTRATION NUMBER: 4641157

ROLFE & NOLAN GROUP LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 February 2005

INDEX **PAGE**

Report of the directors	1 - 3
Report of the independent auditors	4
Consolidated profit and loss account	5
Consolidated statement of total recognised gains and losses	6
Reconciliation of movement in group shareholders' funds	6
Balance sheets	7
Consolidated cash flow statement	8
Principal accounting policies	9 - 10
Notes to the financial statements	11 - 19

ROLFE & NOLAN GROUP LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 February 2005

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their Report together with the Financial Statements for the year ended 28 February 2005.

Principal activity and review of the business

The principal activity of the Company is the development, licensing and support of its derivatives accounting and administration software products whether supplied to clients directly, or for use on the Company's own computer bureau, or in conjunction with computer facilities management services.

Results and dividends

The results for the year ended 28 February 2005 are set out in the Profit and Loss Account on page 5. The profit after tax of £1,037,000 (2004: loss £603,000) has been transferred to reserves. An equity dividend of £6,000,000 was paid during the year (2004: £nil). Accrued preference dividends of £179,000 (2004: £nil) were also paid during the year.

Directors

The Directors who served during the year were as follows:

R N Freeman	
S Lacey	
N J Humphries	
L M Dee	(resigned 28th July 2004)
J R Hamer	
A Shivananda	(appointed 22 September 2004)

Details of Directors' shareholdings were as follows:

Director	**"A" shares 1 March 2004**	**"A" shares 28 February 2005**
R N Freeman	92,500	92,500
S Lacey	27,750	45,000
J R Hamer	37,000	37,000

Share capital

Details of the share capital of the Company and changes during the year are set out in Note 15 to the Financial Statements.

Donations

During the year the Company made no political or charitable donations.

REPORT OF THE DIRECTORS (cont.)

Employees

Employees are kept informed of matters of concern to them as employees by briefing meetings and other notices. Information on financial and economic factors affecting the performance of the Group is made available on a regular basis.

The Group is committed to developing a safe and healthy working environment for all employees consistent with the requirements of the Health and Safety at Work Act. Within the constraints of health and safety, disabled people are given full and fair consideration for appropriate job vacancies. Depending on their skills and abilities, disabled people enjoy the same career prospects as other employees and if employees become disabled every effort is made to ensure their continued employment with appropriate training where necessary.

Policies for recruiting employees are designed to ensure equal opportunities irrespective of colour, ethnic or natural origin, nationality, sex or marital status.

Directors' responsibilities for the financial statements

Company law in the United Kingdom requires the directors of the Company to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing those financial statements, the directors are required to:

x select suitable accounting policies and then apply them consistently,

x make judgements and estimates that are reasonable and prudent,

x prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and Group will continue in business; and

x state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements.

The Directors consider that suitable accounting policies have been applied consistently and that reasonable and prudent judgements and estimates have been made in the preparation of the Financial Statements for the year ended 28 February 2005.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Group and which enable them to ensure that the Financial Statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE DIRECTORS (cont.)

Auditors

On 1 July 2004, the Grant Thornton partnership transferred its business to a limited liability partnership, Grant Thornton UK LLP. Under section 26(5) of the Companies Act 1989, the directors consented to extend the audit appointment to Grant Thornton UK LLP from 1 July 2004.

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 OF DIRECTORS

S Lacey
Company Secretary
1/9 City Road
London
EC1Y 1AE

27 May 2005

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ROLFE & NOLAN GROUP LIMITED

We have audited the financial statements of Rolfe & Nolan Group Limited for the year ended 28 February 2005 which comprise the principal accounting policies, the consolidated profit and loss account, the balance sheets, the consolidated statement of total recognised gains and losses, the consolidated cash flow statement and notes 1 to 22. 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 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 AUDITORS

The directors' responsibilities for preparing the directors' report 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 group 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 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 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 and the Group as at 28 February 2005 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Grant Thornton UK LLP

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

LONDON

27 May 2005

Rolfe & Nolan Group Limited

Consolidated Profit and Loss Account

for the year ended 28 February 2005

		2005			2004		
		Before operating exceptionals and goodwill amortisation	Operating exceptionals and goodwill amortisation (Note 5)	Total	Before operating exceptionals and goodwill amortisation	Operating exceptionals and goodwill amortisation (Note 5)	Total
	Notes	£'000	£'000	£'000	£'000	£'000	£'000
Turnover	2	24,083	-	24,083	21,840	-	21,840
Operating expenses		18,951	1,497	20,448	18,806	1,384	20,190
Operating profit	3	5,132	(1,497)	3,635	3,034	(1,384)	1,650
Profit on disposal of investment	*11*			*151*			-
Net interest payable	6			(1,653)			(1,805)
Profit/(loss) on ordinary activities before taxation				2,133			(155)
Tax on profit/(loss) on ordinary activities	7			(1,096)			(448)
***Profit/(loss) on ordinary activities* after taxation**				1,037			(603)
Dividends	8			(6,097)			(97)
Retained loss for the year				(5,060)			(700)

All operations are continuing.

The accompanying notes form an integral part of these financial statements.

Rolfe & Nolan Group Limited

Consolidated Statement of Total Recognised Gains and Losses

for the year ended 28 February 2005

	2005 £'000	2004 £'000
Loss attributable to ordinary shareholders	**(5,060)**	(700)
Exchange adjustments on foreign currency net investments	**(178)**	(224)
Total recognised gains and losses for the year	**(5,238)**	(924)

Reconciliation of Movements in Group Shareholders' Funds

for the year ended 28 February 2005

	2005 £'000	2004 £'000
Profit/(loss) on ordinary activities after taxation	**1,037**	(603)
Issue of share capital in connection with acquisition of Rolfe & Nolan Plc	**-**	1,920
Further issue of share capital	**45**	-
Exchange adjustments on foreign currency net investments	**(178)**	(224)
Dividends	**(6,097)**	(97)
Dividend (debited from)/credited to separate reserve	**(97)**	97
Net (decrease)/increase in shareholders' funds	**(5,290)**	1,093
Opening shareholders' funds	**1,093**	-
Closing shareholders' (deficit)/funds	**(4,197)**	1,093

Rolfe & Nolan Group Limited

Balance Sheets

at 28 February 2005

	Notes	2005 Group £'000	2005 Company £'000	2004 Group £'000	2004 Company £'000
Fixed assets					
Intangible assets	9	13,501	-	14,723	-
Tangible assets	10	671	-	747	-
Investments	11	-	-	-	-
Investments in subsidiary undertakings	12	-	25,000	-	17,151
		14,172	25,000	15,470	17,151
Current assets					
Debtors - due within one year	13	6,723	8,554	6,819	235
Debtors - due after more than one year	13	607	-	1,222	-
Cash at bank and short term deposits		2,840	29	3,169	137
		10,170	8,583	11,210	372
Creditors: amounts falling due within one year	14	(8,384)	(5,314)	(7,418)	(2,249)
Net current assets/(liabilities)		1,786	3,269	3,792	(1,877)
Total assets less current liabilities		15,958	28,269	19,262	15,274
Creditors: amounts falling due after more than one year	14	(20,155)	(20,155)	(18,169)	(15,162)
Net (liabilities)/assets		(4,197)	8,114	1,093	112
Capital and reserves					
Called up share capital	15	19	19	18	18
Share premium account	16	44	44	1,902	1,902
Revaluation reserve	16	-	7,849	-	-
Preference dividend reserve	16	-	-	97	97
Profit and loss account	16	(4,260)	202	(924)	(1,905)
Shareholders' (deficit)/funds		(4,197)	8,114	1,093	112
Shareholders' (deficit)/funds are analysed as:					
Equity interests		(5,598)	6,713	(390)	(1,371)
Non-equity interests		1,401	1,401	1,483	1,483
		(4,197)	8,114	1,093	112

The accompanying notes form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 27 May 2005 and were signed on its behalf by:

S Lacey Finance Director

Rolfe & Nolan Group Limited

Consolidated Cash Flow Statement
for the year ended 28 February 2005

	Notes	2005 £'000	2005 £'000	2004 £'000	2004 £'000
Net cash inflow from operating activities	19		5,400		1,031
Returns on investments and servicing of finance					
Interest received		132		161	
Interest paid		(2,996)		(341)	
Preference dividends paid		(179)		-	
			(3,043)		(180)
Tax paid			(617)		(357)
Capital expenditure					
Purchase of tangible fixed assets	10		(321)		(450)
Acquisitions and disposals					
Payment of deferred consideration		(462)		(462)	
Disposal of investment		151		-	
Purchase of Rolfe & Nolan Plc and its subsidiaries	22	-		(17,151)	
Net cash balance acquired from Rolfe & Nolan Plc and its subsidiaries	22	-		2,043	
			(311)		(15,570)
Equity dividends paid	8		(6,000)		-
Cash outflow before financing and management of liquid resources			(4,892)		(15,526)
Financing					
Proceeds from issue of shares		23		1,685	
Proceeds from issue of loan notes		-		15,577	
Repayment of loan notes		(13,577)		(2,000)	
Repayment of term loans		(3,110)		-	
Increase in bank loans		22,000		3,366	
Refinancing costs		(760)		-	
			4,576		18,628
(Decrease)/increase in cash	21		(316)		3,102

The accompanying notes form an integral part of these Financial Statements.

Notes to the Accounts

for the year ended 28 February 2005

1. PRINCIPAL ACCOUNTING POLICIES

The Group's principal accounting policies are set out below. They have been applied consistently throughout the year, except for the valuation of subsidiaries. The Financial Statements have been prepared in accordance with applicable accounting standards and under the historical cost convention.

Basis of consolidation

The Group Financial Statements consolidate those of the Company and, where material, its subsidiary undertakings as referred to in Note 12 of the Accounts for the year ended 28 February 2005. New subsidiary undertakings are consolidated from the date of their acquisition.

Sales, profits and balances arising between Group companies are eliminated in the consolidated Financial Statements.

Goodwill

Goodwill, representing the excess of the fair value of the consideration over the fair value of the identifiable net assets of the subsidiary undertakings acquired, is capitalised as an intangible asset in accordance with FRS 10. The goodwill is amortised over its estimated useful economic life.

Turnover

Turnover represents amounts invoiced to customers, net of sales taxes, for goods and services.

Revenue from new licence sales is recognised based on the stage of completion of each installation with due regard for contract terms, anticipated future costs and outstanding vendor obligations. Total revenue is only recognised when there are no significant vendor obligations remaining and the collection of the resulting receivable is considered probable. All revenue from licence renewals is recognised at the point at which an irrevocable contract has been signed and the licence term has commenced.

Maintenance and software support fees are recognised over the period of the contract on a straight-line basis.
Turnover relating to future periods and payments received in advance of services performed are deferred and released to the profit and loss account over the relevant period.

Professional services such as implementation, training and consultancy are recognised when the services are performed.

Depreciation

Depreciation is calculated on a straight-line basis to write off the cost less the estimated residual value of fixed assets over their expected useful economic lives. The periods generally applicable are:

Computer facilities	2-5 years
Furniture, fixtures, fittings and office equipment	4-7 years
Short leasehold improvements	minimum remaining period of the lease

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed by the balance sheet date. Deferred tax assets are recognised to the extent that they are regarded as recoverable.

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Development expenditure

Development expenditure is charged to profits in the period in which it is incurred.

Foreign currencies

Profit and loss accounts of overseas subsidiary undertakings are translated at average exchange rates for the year. Assets and liabilities denominated in foreign currencies are translated into sterling at rates prevailing at the balance sheet date. Differences arising from the translation, at closing rates, of the net investment in overseas subsidiary undertakings, less the applicable foreign currency borrowings raised to finance the investments, are taken to reserves. Exchange differences on trading and other items are taken to the profit and loss account.

Investments

Investments are included at valuation.

Investments in subsidiary undertakings

Investments in subsidiary undertakings are included at directors' valuation.

Leased assets

Assets acquired under finance leases are recorded as tangible fixed assets together with corresponding obligations to pay future rentals. Leasing payments are regarded as consisting of a capital element which reduces the outstanding future rentals and an interest element which is charged against profits. All other leases and the total payments made under them are charged against profits on a straight-line basis over the period of the lease.

Pension costs

The Group makes contributions to pension plans in the UK and overseas which are charged against profits in the period to which they relate. The UK scheme is operated as a money purchase scheme. Overseas pension plans are provided by contributions to government or insured schemes. The assets of the UK scheme are held by the Trustees and are kept separate from those of the Group.

Notes to the Accounts
for the year ended 28 February 2005

2. SEGMENTAL ANALYSIS

Turnover relates to the principal activity of the Group and consists of managed data services and computer software charges.

	2005 Turnover £'000	2004 Turnover £'000
By origin:		
Europe	12,974	12,955
North America	9,907	8,085
Asia Pacific	1,202	800
	24,083	21,840

Turnover by destination is not significantly different from turnover by origin.

3. OPERATING PROFIT

Operating profit is stated after charging:	2005 £'000	2004 £'000
Auditors' remuneration	65	63
Other services provided by auditors	99	42
Operating lease costs - plant and equipment	185	213
- property	612	634
Depreciation	386	481
Development costs	1,100	1,090
Operating exceptionals and goodwill amortisation (Note 5)	1,346	1,384

4. DIRECTORS AND EMPLOYEES

	£'000	£'000
(a) Staff costs during the year were as follows:		
Wages and Salaries	11,307	10,646
Social Security costs	988	988
Other pension costs	455	474
	12,750	12,108

(b) The average number of employees of the Group during the year was 238 (2004: 238).

(c) Directors' remuneration, including benefits, was as follows:	£'000	£'000
Non-executive directors' fees	60	63
Emoluments for management	577	308
Pension contributions	54	49
	691	420

(d) The remuneration of the highest paid director, including benefits, was as follows:	£'000	£'000
Emoluments for management	294	189
Pension contributions	31	31
	325	220

During the year the Group operated a Group Personal Pension Scheme to which it contributes on behalf of members. One Director participates in a money purchase pension scheme.

5. OPERATING EXCEPTIONALS AND GOODWILL AMORTISATION

	2005 £'000	2004 £'000
Refinancing costs	**182**	167
Write down of licence fee advance	**93**	-
World Trade Centre grant income	**-**	(113)
Goodwill amortisation	**1,222**	1,330
	1,497	1,384

On 27 February 2003, the Company purchased Rolfe & Nolan Plc and the refinancing costs shown above relate to this transactior

6. NET INTEREST PAYABLE

	2005 £'000	2004 £'000
Payable:		
On bank overdraft repayable on demand	**5**	9
On term loans	**470**	152
On finance leases	**6**	8
On loan notes	**1,286**	1,784
Other	**1**	13
Financing costs written off	**24**	-
(Receivable):		
Bank and short term deposits	**(139)**	(161)
	1,653	1,805

7. TAXATION

	2005 £'000	2004 £'000
The tax charge represents:		
Current tax		
UK corporation tax at 30%	**-**	(23)
Overseas tax current year	**(850)**	(238)
prior years	**171**	-
	(679)	(261)
Deferred tax		
Origination and reversal of timing differences		
UK	**146**	(99)
Overseas	**(563)**	(88)
	(1,096)	(448)

7. TAXATION (continued)

The current tax charge for the period is higher than the standard rate of corporation tax in the UK. The differences are explained below:

	2005 £'000	2004 £'000
Profit/(loss) on ordinary activities before tax	2,133	(155)
Profit/(loss) on ordinary activities at standard UK rate of corporation tax of 30%	(640)	47
Effects of:		
Expenses not deductible for tax purposes (primarily goodwill amortisation)	(288)	(418)
Depreciation for the period in excess of capital allowances	(76)	76
Utilisation of tax losses	417	126
Losses not utilised	-	(8)
Difference in rates on overseas earnings	21	(22)
Foreign exchange differences	(3)	16
Research and development claim	113	39
Dividend from US subsidiary	(195)	-
Other overseas taxes due	(254)	-
Adjustments in respect of prior years	171	-
Other timing differences	55	(116)
Current tax charge	(679)	(261)

8. DIVIDENDS

	2005 £'000	2004 £'000
Ordinary dividends (1,380p per share)	6,000	-
Dividend payable on preference shares	97	97
	6,097	97

Dividends are payable on the preference shares at a rate of 7% of the subscription price of the preference shares in issue. (Note 16.)

9. INTANGIBLE FIXED ASSETS

Group	2005 Goodwill £'000	2004 Goodwill £'000
Cost		
Brought forward	16,053	-
Arising on acquisition of Rolfe & Nolan Plc	-	15,038
Purchased goodwill	-	1,015
At 28 February	16,053	16,053
Amortisation		
Brought forward	1,330	-
Provided in period	1,222	1,330
At 28 February	2,552	1,330
Net book value at 28 February	13,501	14,723

Goodwill arising on the acquisition of Rolfe & Nolan Plc is being amortised over 20 years.
Purchased goodwill relates to the RanOrder and eRoute products acquired by Rolfe & Nolan in 1999 and is being amortised over six years. Purchased goodwill was fully amortised by February 2005.

Notes to the Accounts
for the year ended 28 February 2005

10. TANGIBLE FIXED ASSETS

	Computer facilities £'000	Fixtures and fittings £'000	Short leasehold improvements £'000	Total £'000
Group				
Cost				
Brought forward at 1 March 2004	791	51	311	1,153
Additions	291	6	24	321
Disposals	(55)	(8)	-	(63)
Exchange adjustments	(57)	(7)	(3)	(67)
At 28 February 2005	**970**	**42**	**332**	**1,344**
Depreciation:				
Brought forward at 1 March 2004	325	22	59	406
Provided in the year	291	19	76	386
Disposals	(52)	(7)	-	(59)
Exchange adjustments	(54)	(5)	(1)	(60)
At 28 February 2005	**510**	**29**	**134**	**673**
Net book value at 28 February 2005	**460**	**13**	**198**	**671**
Net book value at 29 February 2004	466	29	252	747

11. INVESTMENTS

The Group held an investment in ITSECCO Holdings Limited which was valued at £1. During the year the Group disposed of this investment for £151,000.

12. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

	2005 Company £'000	2004 Company £'000
Brought forward at 1 March	**17,151**	-
Additions	-	17,151
Revaluation of investments	**7,849**	-
Valuation at 28 February 2005	**25,000**	17,151

Details of the Company's principal subsidiaries are shown on page 19. During the year the carrying value of investments in subsidiaries was valued by the Directors at £25,000,000.

Notes to the Accounts
for the year ended 28 February 2005

13. DEBTORS

	2005		2004	
	Group £'000	Company £'000	Group £'000	Company £'000
Amounts falling due within one year:				
Trade debtors	5,444	-	5,312	-
Amounts owed from group undertakings	-	8,297	-	-
Called up share capital not paid	257	257	235	235
Current taxation	-	-	22	-
Prepayments and accrued income	1,022	-	1,250	-
	6,723	8,554	6,819	235
Amounts falling due after more than one year				
Prepayments and accrued income	-	-	197	-
Deferred tax assets (see below)	607	-	1,025	-
	607	-	1,222	-
Deferred tax assets				
On losses carried forward in the USA	121	-	684	-
On accelerated depreciation and other timing differences in the UK	486	-	341	-
	607	-	1,025	-

A deferred tax asset has not been recognised in respect of losses being carried forward in Rolfe & Nolan Asia Pacific and in Rolfe & Nolan Ltd as the recovery of these is uncertain. At the year end, the total amount of such losses was £633,000 (2004:

14. CREDITORS

	2005		2004	
	Group £'000	Company £'000	Group £'000	Company £'000
Amounts falling due within one year:				
Bank overdraft and current proportion of term loans	1,158	1,158	619	-
Amounts owed to group undertakings	-	3,818	-	2,210
Trade creditors	491	-	508	-
Deferred acquisition consideration	462	-	462	-
Social security and other taxes	381	-	652	39
Current taxation	94	-	-	-
Dividends payable	15	15	-	-
Accruals and deferred income	5,783	323	5,177	-
	8,384	5,314	7,418	2,249
Amounts falling due after more than one year:				
Term loans due between one and two years	1,008	1,008	783	-
Term loans due between two and five years	5,574	5,574	1,762	-
Term loans due after five years	13,573	13,573	-	-
Loan notes due after five years (see below)	-	-	15,162	15,162
Deferred acquisition consideration due between one and two years	-	-	462	-
	20,155	20,155	18,169	15,162

Loan notes totalling £15,577,350 were issued to finance the acquisition of Rolfe & Nolan Plc in February 2003. In January 2004 loan notes with a value of £2m, plus accrued interest at a rate of 12% per annum, were repaid. The remainder of the loan notes, plus accrued interest, were repaid in full in December 2004.

14. CREDITORS (continued)

The Company has issued all-monies guarantees in favour of Lloyds TSB Bank Plc as security for borrowings. The bank borrowings of the US subsidiary are guaranteed by a standby Letter of Credit issued by Lloyds TSB Commercial on behalf of the Company.

In December 2004 the Company took out term loans totalling £22,000,000, with £16,000,000 being drawn down in December 2004 and a further £6,000,000 in February 2005. These loans were used in part to repay the loan notes. The loans consist of a Facility A loan in the sum of £10,500,000, a Facility B loan in the sum of £7,500,000 and a Mezzanine Facility in the sum of £4,000,000.

The Facility A loan is repayable in 12 variable instalments of between £625,000 and £1,150,000. The first instalment is due on 31 May 2005 and the loan is due to be fully repaid in November 2010. Interest is payable quarterly on this Facility at a rate of 2.25% over LIBOR. The Facility B loan is repayable in two equal instalments of £3,750,000 in May 2011 and November 2011. Interest is payable quarterly on this Facility at a rate of 2.75% over LIBOR. The Mezzanine Facility is repayable in one instalment in December 2012. Interest is charged quarterly on this Facility at a rate of 12.00% over LIBOR, of which an amount equal to the first 6.00% is rolled up into the Facility with the balance being payable.

The Company has hedged 90% of the amount drawn down on the loan facilities by transacting a five year interest rate swap. The notional amount of this swap is currently £19,800,000 and will reduce as the term loans are repaid. Interest is payable quarterly at a fixed rate of 4.99% and receivable quarterly at LIBOR.

The deferred acquisition consideration relates to the purchase of Contac Software Engineering Pte Ltd by Rolfe & Nolan Plc in February 2000.

15. SHARE CAPITAL

	2005		2004	
	Authorised	**Allotted & called up**	Authorised	Allotted & called up
	£	**£**	£	£
536,500 (2004: 527,250) 'A' Ordinary shares of 1p each	**5,365**	**-**	5,273	-
462,500 (2004: 434,750) 'A' Ordinary shares of 1p each	**-**	**4,625**	-	4,348
29,600 'B' Ordinary shares of 1p each	**296**	**296**	296	296
1,385,650 7% Preference shares of 1p each	**13,856**	**13,856**	13,856	13,856
	19,517	**18,777**	19,425	18,500

Of the 462,500 'A' Ordinary shares that have been allotted and called up, 397,750 have been partly paid to a level of 50%. The remainder are fully paid.

All 29,600 'B' Ordinary shares that have been allotted and called up have been partly paid to a level of 50%.

All share classes, including the 7% Preference shares, carry equal voting rights in the Company.

During the year ended 28 February 2005, the following shares were allotted:

	2005		2004	
	Number	**Consideration**	Number	Consideration
		£		£
Brought forward	**1,850,000**	**1,685,400**	-	-
On incorporation of the Company:				
'A' Ordinary shares	**-**	**-**	100	1
On the acquisition of Rolfe & Nolan Plc and its subsidiaries:				
'A' Ordinary shares	**-**	**-**	397,650	212,749
'B' Ordinary shares	**-**	**-**	29,600	50,000
7% Preference shares	**-**	**-**	1,422,650	1,422,650
Additional allotment of 'A' Ordinary shares	**27,750**	**45,000**	-	-
	1,877,750	**1,730,400**	1,850,000	1,685,400

Notes to the Accounts
for the year ended 28 February 2005

16. RESERVES

	Share premium account £'000	Revaluation reserve £'000	Preference dividend reserve £'000	Profit and loss account £'000
Group				
Brought forward at 1 March 2004	1,902	-	97	(924)
Retained loss for the year	-	-	-	(5,060)
Share premium converted to distributable reserves	(1,902)	-	-	1,902
Arising on shares issued in the year	44	-	-	-
Accumulated preference dividend paid	-	-	(97)	-
Exchange adjustments	-	-	-	(178)
At 28 February 2005	**44**	**-**	**-**	**(4,260)**
Company				
Brought forward at 1 March 2004	1,902	-	97	(1,905)
Retained profit for the year	-	-	-	205
Revaluation of investments in subsidiaries	-	7,849	-	-
Share premium converted to distributable reserves	(1,902)	-	-	1,902
Arising on shares issued in the year	44	-	-	-
Accumulated preference dividend paid	-	-	(97)	-
At 28 February 2005	**44**	**7,849**	**-**	**202**

In accordance with the exemption allowed by section 230 of the Companies Act 1985, the Company has not presented its own profit and loss account. The profit after tax of the Company for the year amounted to £205,000

Dividends are payable on the preference shares at a rate of 7% of the subscription price of the preference shares in issue. In the prior year the preference dividend was transferred to a separate reserve as the Company did not have sufficient distributable reserves to meet the liability. During the current year the outstanding liability was paid.

17. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Neither the Company nor the Group had entered into contracts for any capital commitments at 28 February 2005 (2004: £nil)

The Group had a contingent liability in respect of guarantees given on equipment leases of Rolfe & Nolan Systems Inc amounting to $nil at 28 February 2005 (2004: $17,520 (approximately £9,441)).

18. OPERATING LEASE COMMITMENTS

Annual commitments under operating leases were as follows:

	2005		2004	
Group	**Property £'000**	**Other £'000**	Property £'000	Other £'000
Operating leases which expire:				
Within one year	**-**	**4**	-	29
In the second to fifth years inclusive	**240**	**143**	240	68
After five years	**345**	**-**	348	-
	585	147	588	97

Notes to the Accounts
for the year ended 28 February 2005

19. RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOW

	2005 £'000	2004 £'000
Operating profit	**3,635**	1,650
Goodwill amortisation	**1,222**	1,330
Depreciation	**386**	481
Increase in debtors	**140**	(1,781)
Decrease in creditors	**17**	(649)
Net cash inflow from operating activities	**5,400**	1,031

20. ANALYSIS OF NET DEBT

	1 March 2004 £'000	Cash flow £'000	Exchange Movement £'000	**28 February 2005 £'000**
Cash	2,660	193	(13)	**2,840**
Short-term deposits	509	(509)	-	**-**
	3,169	(316)	(13)	**2,840**
Loan notes	(15,162)	15,162	-	**-**
Term loans	(3,164)	(18,203)	54	**(21,313)**
Total	(15,157)	(3,357)	41	**(18,473)**

21. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2005 £'000	2004 £'000
Decrease in cash for the year	**(316)**	(2,366)
Cash balances acquired from Rolfe & Nolan Plc	**-**	5,468
Net (decrease)/increase in cash for the year	**(316)**	3,102
Net debt brought forward at 1 March	**(15,157)**	-
Term loans acquired from Rolfe & Nolan Plc	**-**	(3,425)
Term loans repaid	**3,110**	59
Loan notes and interest repaid	**16,448**	2,199
Loan notes drawn down	**-**	(15,577)
Bank loans drawn down	**(22,000)**	-
Refinancing costs capitalised	**760**	-
Interest accrued	**(1,359)**	(1,784)
Exchange movement	**41**	269
Net debt at 28 February 2005	**(18,473)**	(15,157)

Notes to the Accounts

for the year ended 28 February 2005

22. CONTROLLING RELATED PARTIES

The largest and smallest group of undertakings, including the Company, for which group accounts have been drawn up is that headed by Rolfe & Nolan Group Ltd. Copies of the group accounts can be obtained at Lowndes House, 1/9 City Road, London EC1Y 1AE.

PRINCIPAL SUBSIDIARY UNDERTAKINGS

Company	Country of Incorporation	% Ord. shares held
Rolfe & Nolan Ltd (formerly Rolfe & Nolan Plc)	Great Britain	*100
Rolfe & Nolan Systems Ltd.	Great Britain	100
Rolfe & Nolan Computer-Services GmbH	Germany	100
Rolfe & Nolan S.r.l.	Italy	100
Rolfe & Nolan Systems Inc.	USA	100
Contac Software Engineering Pte. Ltd.	Singapore	100
Rolfe & Nolan (Malaysia) Sdn Bhd	Malaysia	100
Rolfe & Nolan (Asia Pacific) Pte Ltd.	Singapore	100
Rolfe & Nolan (Hong Kong) Ltd.	Hong Kong	100
Rolfe & Nolan International Ltd.	Great Britain	100

Rolfe & Nolan International Ltd. is a holding company. The principal activity of each of the other subsidiary undertakings is the development, licensing and support of the Group's derivatives accounting and administration software products.

Shareholdings marked * are directly owned by Rolfe & Nolan Group Ltd and the remainder are held through subsidiary companies.