

2985716

# **Indus International Limited**

## **Report and Financial Statements**

15 months ended 31 March 2004



LD6  
COMPANIES HOUSE

\*LY3UN4U2\*

0492  
29/04/05

Registered No. 2985756

**Directors**

J Babka  
J Thistlewood  
M Vouille  
G Dukat

**Secretary**

A Naishloss

**Auditors**

Ernst & Young LLP  
1 More London Place  
London SE1 2AF

**Bankers**

Barclays Bank PLC  
99 Hatton Garden  
London EC1 8DN

**Solicitors**

Nicholson, Graham & Jones  
110 Cannon Street  
London EC4N 6AR

**Registered Office**

Britannia Wharf  
Monument Road  
Woking  
Surrey GU21 5LW

## Directors' report

The directors present their report and financial statements for the 15 months ended 31 March 2004.

### Results and dividends

The profit for the period, after taxation, amounted to £213,148 (2002 loss – £577,114).

The directors do not recommend the payment of a dividend for the 15 months ended 31 March 2004 (2002 – £nil).

### Principal activities and review of the business

The principal activities of the company during the year were the development and marketing of asset care and maintenance software and the provision of associated services to both new and existing clients, who consist of major blue chip companies in Britain and overseas.

During the period the company's year end was changed to 31 March. This followed a change in the year end of the company's parent.

### Future Development

The directors are pursuing the declared group strategy of continually developing and enhancing the quality of the group's products and services worldwide.

### Events since 31 March 2004

There are no events requiring disclosure.

### Fixed assets

Details of changes in fixed assets during the year are given in note 8 to the financial statements.

### Directors and their interests

The directors who served during and after the period ended 31 March 2004 were as follows:

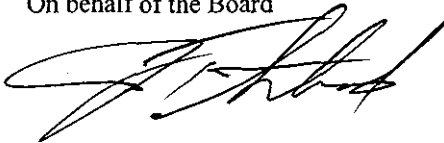
J M King	(resigned 20 October 2003)
M G Leese	(resigned 31 January 2004)
M Vouille	
J Thistlewood	(appointed 20 October 2003)
J Babka	(appointed 1 December 2003)
G Dukat	(appointed 15 March 2004)

None of the directors had any interest in the shares of the company throughout the period ended 31 March 2004, as defined by the Companies Act 1985.

### Auditors

A resolution to reappoint Ernst & Young LLP as the company's auditor will be put to the forthcoming Annual General Meeting.

On behalf of the Board



Director

21 APR 2005

## **Statement of directors' responsibilities in respect of the financial statements**

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; and
- 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. They 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.

# **Independent auditors' report**

**to the members of Indus International Limited**

We have audited the company's financial statements for the 15 months ended 31 March 2004, which comprise the Profit and Loss Account, Balance Sheet, Statement of Total Recognised Gains and Losses, and the related notes 1 to 16. These financial statements have been prepared on the basis of 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**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

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

## **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

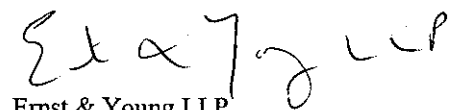
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

# Independent auditors' report

to the members of Indus International Limited (continued)

## 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 2004 and of its profit for the 15 months then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP  
Registered Auditor  
London

26 APR 2005

## Profit and loss account

for the 15 months ended 31 March 2004

		15 months ended 31 March 2004	Year ended 31 December 2002
	Notes	£	£
<b>Turnover</b>	2	12,980,455	14,636,461
Cost of sales		5,935,273	6,689,806
<b>Gross profit</b>		7,045,182	7,946,655
Distribution and selling costs		2,987,066	3,200,281
Administrative expenses		4,951,724	7,067,103
Other operating income		(736,827)	(1,250,272)
		7,201,963	9,017,112
<b>Operating Loss</b>	3	(156,781)	(1,070,457)
Interest payable and similar charges	6	(19,010)	(1,255)
Interest receivable		186,609	455,755
		167,599	454,500
<b>Profit/(loss) on ordinary activities before taxation</b>		10,818	(615,957)
Tax on profit on ordinary activities	7	202,330	38,843
<b>Profit/(loss) on ordinary activities after taxation</b>	13	213,148	(577,114)

## Statement of total recognised gains and losses

for the 15 months ended 31 March 2004

The company has no recognised gains or losses other than the profit of £213,148 on ordinary activities after taxation for the 15 months ended 31 March 2004 (2002 – loss of £577,114).

**Balance sheet**

at 31 March 2004

		31 March 2004	31 December 2002
	Notes	£	£
<b>Fixed assets</b>			
Tangible assets	8	237,394	641,053
<b>Current assets</b>			
Work in progress		413,960	523,355
Debtors	9	3,369,670	4,684,714
Cash at bank and in hand	10	394,620	7,614,324
		4,178,250	12,822,393
<b>Creditors: amounts falling due within one year</b>	11	7,228,873	16,489,823
<b>Net current liabilities</b>		(3,050,623)	(3,667,430)
<b>Total assets less current liabilities</b>		(2,813,229)	(3,026,377)
<b>Capital and reserves</b>			
Called up share capital	12	630,002	630,002
Profit and loss account	13	(3,443,231)	(3,656,379)
<b>Equity shareholders' funds</b>		(2,813,229)	(3,026,377)



Director

21 APR 2005



## Notes to the financial statements

at 31 March 2004

### 1. Accounting policies

#### Basis of preparation

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

#### Fundamental accounting concept

The company is dependent on continuing finance being made available by its ultimate parent undertaking, Indus International, Inc. Continuing finance is required both to enable the company to meet its liabilities as they fall due and to continue operating without immediate realisation of all its assets. The Chief Financial Officer of Indus International, Inc. has indicated that it is Indus International, Inc.'s intent to continue to support the company. The directors consider that it is therefore appropriate to prepare the financial statements on a going concern basis.

#### Statement of cash flow

Indus International Limited is a wholly owned subsidiary of Indus International, Inc. Under the conditions of FRS1, the company is exempt from preparing a statement of cash flow.

#### Goodwill

Goodwill is the difference between the amount paid on the acquisition of a business and the aggregate fair value of its separable net assets. It was written-off in equal instalments over its estimated economic life (five years).

#### Depreciation

Depreciation of the cost of tangible fixed assets is provided at the following annual rates on a straight line basis to write off the assets and their estimated useful lives from the date they were brought into use:

Fixtures and fittings & Computer equipment	–	20% - 33 $\frac{1}{3}$ % per annum
Computer software	–	33 $\frac{1}{3}$ % per annum
Motor vehicles	–	25% per annum

#### Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

#### Long-term contracts

Profit on long-term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year end, by recording turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for that contract. Full provision is made for losses on all contracts in the year in which they are first foreseen.

#### Work in progress

Work in progress is valued at the lower of cost and net realisable value and comprises unbilled labour costs and third party expenses.

## Notes to the financial statements

at 31 March 2004

### 1. Accounting policies (continued)

#### Lease and hire purchase contracts

Assets held under leases and hire purchase contracts and the related lease and hire purchase contract obligations are recorded in the balance sheet at the fair value of those assets at the inception of the lease or hire purchase contract. The amount by which lease or hire purchase payments exceed the recorded lease or hire purchase obligations are treated as finance charges which are amortised over each lease or hire purchase contract term to give a constant rate of charge on the remaining balance of the obligation.

Rental costs in operating leases are charged to the profit and loss account in equal amounts over the lease term.

#### Pensions

The company makes defined contributions to employees' pension schemes. These payments are charged to the profit and loss account in the year to which they relate.

#### Deferred tax

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 exception:

- Deferred tax assets are recognised only to the extent 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 a non-discounted basis at the tax rates that are expected to apply in the periods in which the timing differences reverse, based on the tax rates and laws enacted or substantively enacted at the balance sheet date.

### 2. Turnover

Turnover, which is stated net of value added tax and trade discounts and is in respect of continuing operations, represents amounts invoiced to third parties, except in respect of long-term contracts where turnover represents the sales value of work done in the period. Turnover in respect of long-term contracts is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for that contract.

Turnover is attributable to the principal continuing activity of Indus International Limited.

	<i>15 months</i>	
	<i>ended</i>	<i>Year ended</i>
	<i>31 March</i>	<i>31 December</i>
	<i>2004</i>	<i>2002</i>
	£	£
Geographical analysis of turnover:		
United Kingdom	10,861,941	12,557,985
Europe	1,483,726	1,456,887
Middle East	412,721	452,221
Africa	222,067	169,368
	<u>12,980,455</u>	<u>14,636,461</u>

## Notes to the financial statements

at 31 March 2004

### 3. Operating loss

This is stated after charging/(crediting):

	<i>15 months ended 31 March 2004 £</i>	<i>Year ended 31 December 2002 £</i>
Depreciation on tangible fixed assets	438,737	473,229
Auditors' remuneration	55,000	48,000
Operating lease rentals – land and buildings	728,334	1,162,363
Rental income from operating leases	(736,827)	(1,250,272)
	<u>          </u>	<u>          </u>

### 4. Directors' emoluments

	<i>15 months ended 31 March 2004 £</i>	<i>Year ended 31 December 2002 £</i>
Aggregate emoluments	486,384	393,520
Company contributions paid to money purchase pension scheme	12,286	10,355
Compensation for loss of office	81,012	–
	<u>579,682</u>	<u>403,875</u>

Within the above, £93,355 (2002 – £218,740) and £13,147 (2002 – £68,815) respectively were paid by Indus International, Inc. and Indus International SA and recharged to Indus International Limited.

The amounts in respect of the highest paid director are as follows:

	<i>15 months ended 31 March 2004 £</i>	<i>Year ended 31 December 2002 £</i>
Emoluments	283,378	200,645
Company contributions paid to money purchase pension scheme	5,201	–
Compensation for loss of office	30,000	–
	<u>318,579</u>	<u>200,645</u>

## Notes to the financial statements

at 31 March 2004

### 5. Staff costs

	<i>15 months</i>	
	<i>ended</i>	<i>Year ended</i>
	<i>31 March</i>	<i>31 December</i>
	<i>2004</i>	<i>2002</i>
	<i>£</i>	<i>£</i>
Wages and salaries	7,131,295	5,577,689
Social security costs	855,615	634,651
Other pension costs	239,683	205,800
	<u>8,226,593</u>	<u>6,418,140</u>

The average number of persons including executive directors, employed by the company during the year was as follows:

	<i>15 months</i>	
	<i>ended</i>	<i>Year ended</i>
	<i>31 March</i>	<i>31 December</i>
	<i>2004</i>	<i>2002</i>
	<i>£</i>	<i>£</i>
Finance and administration	14	20
Operations	29	37
Sales and marketing	11	11
	<u>54</u>	<u>68</u>

### 6. Interest payable and similar charges

	<i>15 months</i>	
	<i>ended</i>	<i>Year ended</i>
	<i>31 March</i>	<i>31 December</i>
	<i>2004</i>	<i>2002</i>
	<i>£</i>	<i>£</i>
Bank loans and overdrafts	—	91
Other	19,010	1,164
	<u>19,010</u>	<u>1,255</u>

## Notes to the financial statements

at 31 March 2004

### 7. Tax on profit on ordinary activities

#### (a) Analysis of tax charge/credit

	15 months ended 31 March 2004 £	Year ended 31 December 2002 £
UK Corporation Tax	—	—
Adjustments in respect of prior periods	(202,330)	(38,843)
Foreign Tax	—	—
Deferred Tax	—	—
Tax on profit on ordinary activities	(202,330)	(38,843)

#### (b) Factors affecting tax charge for the period

	15 months ended 31 March 2004	Year ended 31 December 2002
Profit/(loss) on ordinary activities before taxation	10,818	(615,957)
Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax (30%) (2002 30%)	3,245	(184,787)
Disallowed expenses and non-taxable income	6,348	13,838
Depreciation in excess of capital allowances	(44,903)	137,901
Other timing differences	(5,388)	9,499
Tax losses	40,698	23,559
Adjustments in respect of previous periods	(202,330)	(38,843)
Tax on profit on ordinary activities	(202,330)	(38,843)

The company has a deferred tax asset of £812,554 (2002 – £1,045,666) arising on accelerated capital allowances, other timing differences and carried forward tax losses that has not been recorded in these financial statements.

#### (c) Factors affecting future tax charges

The company has significant tax losses available to offset against future income, and the future tax charge should be lower than anticipated as a result of the benefit of these losses.

## Notes to the financial statements

at 31 March 2004

### 8. Tangible fixed assets

	Motor vehicles £	Fixtures, fittings and computer equipment £	Computer software £	Total £
Cost:				
At 1 January 2003	198,115	1,705,291	29,460	1,932,866
Additions	–	60,265	–	60,265
Disposals	(113,801)	(8,772)	–	(122,573)
At 31 March 2004	84,314	1,756,784	29,460	1,870,558
Depreciation:				
At 31 December 2002	112,754	1,169,271	9,788	1,291,813
Provided during the period	56,512	369,886	12,339	438,737
Disposals	(90,695)	(6,691)	–	(97,386)
At 31 March 2004	78,571	1,532,466	22,127	1,633,164
Net book value:				
At 31 March 2004	5,743	224,318	7,333	237,394
At 31 December 2002	85,361	536,020	19,672	641,053

### 9. Debtors

	31 March 2004 £	31 December 2002 £
Trade debtors	1,953,458	2,874,694
Amounts owed by group undertakings	325,726	319,825
Corporation tax	355,098	918,189
Other debtors	427,974	426,894
Prepayments and accrued income	307,414	145,112
	3,369,670	4,684,714

### 10. Cash at bank and in hand

The cash balance amounting to £1,750,000 subject to a retention bond on a major contract in 2002 was released during the period.

## Notes to the financial statements

at 31 March 2004

### 11. Creditors: amounts falling due within one year

	31 March 2004	31 December 2002
	£	£
Trade creditors	241,044	424,226
Amounts owed to parent undertaking	2,912,191	10,763,839
Amounts owed to fellow subsidiaries	2,213,860	3,256,852
Taxation and social security costs	397,574	45,216
Accruals and deferred income	1,464,204	1,999,690
	<u>7,228,873</u>	<u>16,489,823</u>

### 12. Share capital

	31 March 2004	31 December 2002
	£	£
<i>Authorised</i>		
1,000,000 ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
<i>Allotted, called up and fully paid</i>	£	£
630,002 ordinary shares of £1 each	<u>630,002</u>	<u>630,002</u>

### 13. Reconciliation of shareholders' funds and movements on reserves

	Share capital £	Profit and loss account £	Total £
At 1 January 2002	630,002	(3,079,265)	(2,449,263)
Loss for the year	–	(577,114)	(577,114)
At 31 December 2002	<u>630,002</u>	<u>(3,656,379)</u>	<u>(3,026,377)</u>
Profit for the period	–	213,148	213,148
At 31 March 2004	<u>630,002</u>	<u>(3,443,231)</u>	<u>(2,813,229)</u>

## Notes to the financial statements

at 31 March 2004

### 14. Operating lease commitments

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

	<i>Land and buildings</i>	
	<i>31 March</i>	<i>31 December</i>
	<i>2004</i>	<i>2002</i>
	<i>£</i>	<i>£</i>
Operating leases which expire:		
In less than one year	199,537	24,511
Between two and five years	732,006	942,651
In over five years	—	195,201
	<u>          </u>	<u>          </u>

### 15. Related party transactions

The company has taken advantage of the exemption under Financial Reporting Standard 8 – Related Party Disclosures – not to disclose related party transactions between group undertakings.

### 16. Ultimate parent undertaking

The smallest and largest undertaking for which group financial statements are prepared and of which Indus International Limited is a member, is Indus International, Inc., a company incorporated in Delaware, United States of America. This is also the ultimate parent undertaking. Group financial statements can be obtained from Indus International, Inc., 60 Spear Street, San Francisco, California, 94105 USA.