



# **Safeguard**

**Systems Europe**

**SAFEGUARD SYSTEMS EUROPE LIMITED**

**GROUP FINANCIAL STATEMENTS**

**31 MARCH 2002**

**Registered Number: 3451910**

**AMENDED**



**Baker Tilly**

**Chartered Accountants**

**Chester**



**BAKER TILLY**

**SAFEGUARD SYSTEMS EUROPE LIMITED**  
**GROUP FINANCIAL STATEMENTS**  
**for the year ended 31 March 2002**

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**SAFEGUARD SYSTEMS EUROPE LIMITED****COMPANY INFORMATION****31 MARCH 2002**

<b>Number</b>	3451910
<b>Directors</b>	A N Haase S T Boulton J Hilditch L Turner P Plant T Mulvaney (appointed 5 November 2001)
<b>Secretary</b>	S T Boulton
<b>Registered Office</b>	Duchy Road Crewe Cheshire CW1 6ND
<b>Bankers</b>	Barclays Bank Plc P O Box 3333 15 Colmore Road Birmingham B3 3WM
<b>Auditors</b>	Baker Tilly Chartered Accountants The Steam Mill Steam Mill Street Chester CH3 5AN

# SAFEGUARD SYSTEMS EUROPE LIMITED

## DIRECTORS' REPORT

31 March 2002

The directors present their report and the audited financial statements of the group for the year ended 31 March 2002.

### Principal activities

The principal activities of the group are the marketing and manufacture of business systems, accounting forms, continuous stationery and payroll bureau services.

### Business review

Details of the group's results are given in the profit and loss account on page 5. The financial position of the group at the end of the year is shown on page 7.

The struggling UK economy, the strong pound and the tragic events of September 11<sup>th</sup> have all contributed to creating difficult trading conditions through the last year. As a result, sales have been below expectation. However, prudent cost controls, improved efficiencies and effective purchasing policies have ensured a strong PBIT.

The introduction of electronic products, new software into the Payroll Division and a general move to supporting high margin products have created the platform for future growth in the coming years. Strengthening the senior management and continuing with the Management Development Programme for our middle management augur well for the future. Thus we look forward to the coming year with optimistic confidence.

### Dividends and transfers to reserves

The final dividend recommended by the directors is £28,132, which together with the interim dividend paid of £83,343 gives a total dividend for the year of £111,475 (2001 £32,375). The retained profit for the year of £603,883 (2001 £1,150,057) has been transferred to reserves.

### Directors

The directors of the company during the year and their interests in the shares of the company as recorded in the register of directors' interests were as follows. None of the directors held any interest in the shares of the subsidiary undertakings.

	Ordinary shares of £1 each	
	31 March 2002	31 March 2001
A N Haase	119,792	119,792
S T Boulton	7,292	7,292
J Hilditch	7,292	7,292
L Turner	7,292	7,292
P Plant	7,292	7,292
T Mulvaney (appointed 5 November 2001)	1,040	1,040

### Auditors

The company's previous auditors resigned during the year and were replaced by Baker Tilly who have agreed to offer themselves for re-election as auditors of the company.

On behalf of the board

*A N Haase*  
A N Haase  
Director

Duchy Road  
Crewe  
Cheshire CW1 6ND

5/8/ 2002

## **SAFEGUARD SYSTEMS EUROPE LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

We are required under company law 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 year.

In preparing these financial statements we are required to:

- select suitable accounting policies and apply them consistently
- make reasonable and prudent judgements and estimates
- prepare the financial statements on a going concern basis unless in our view the group will be unable to continue in business.

We are also responsible for:

- keeping proper accounting records
- safeguarding the group's assets
- taking reasonable steps for the prevention and detection of fraud and other irregularities.

# SAFEGUARD SYSTEMS EUROPE LIMITED

## INDEPENDENT AUDITORS' REPORT

to the members of Safeguard Systems Europe Limited

We have audited the financial statements on pages 5 to 23 which have been prepared under the accounting policies set out on pages 10 and 11.

### Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom 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 the Directors' Report and consider the implications for our report if we become aware of any apparent mis-statements or material inconsistencies with the financial statements.

### 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 and the group as at 31 March 2002 and of the profit and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Registered Auditors  
Chartered Accountants

Chester

8 August 2002

# SAFEGUARD SYSTEMS EUROPE LIMITED

## GROUP PROFIT AND LOSS ACCOUNT

for the year ended 31 March 2002

	Note	Year ended 31 March 2002 £	15 months ended 31 March 2001 £
Turnover	2	13,136,215	15,747,460
Cost of sales		(4,523,009)	(5,399,939)
Gross profit		8,613,206	10,347,521
Distribution costs		(4,908,377)	(6,055,955)
Administrative expenses		(2,423,693)	(3,263,845)
Operating profit	3	1,281,136	1,027,721
Profit on sale of fixed assets		-	1,143,621
Profit on ordinary activities before interest		1,281,136	2,171,342
Other interest receivable		-	79,962
Interest payable and similar charges	5	(258,805)	(997,161)
Profit on ordinary activities before taxation		1,022,331	1,254,143
Taxation	6	(306,973)	(71,711)
Profit on ordinary activities after taxation		715,358	1,182,432
Dividends paid and proposed	7	(111,475)	(32,375)
Retained profit for the financial year	19	603,883	1,150,057

All activities derive from continuing operations.

**SAFEGUARD SYSTEMS EUROPE LIMITED****STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES****for the year ended 31 March 2002**

	<b>Year ended 31 March 2002 £</b>	<b>15 months ended 31 March 2001 £</b>
<b>Profit for the financial year</b>	715,358	1,182,432
Foreign exchange translation difference	7,307	974
<b>Total gains and losses recognised since last annual report</b>	<u>722,665</u>	<u>1,183,406</u>

# SAFEGUARD SYSTEMS EUROPE LIMITED

## GROUP BALANCE SHEET

at 31 March 2002

	Note	2002		2001	
		£	£	£	£
<b>Fixed assets</b>					
Intangible assets	9	2,771,222		2,671,215	
Tangible assets	10	808,955		802,851	
			3,580,177		3,474,066
<b>Current assets</b>					
Stocks	12	556,522		569,316	
Debtors	13	3,399,896		3,684,924	
Cash at bank and in hand		97,114		113,231	
		4,053,532		4,367,471	
<b>Creditors: amounts falling due within one year</b>	14	(3,148,421)		(3,519,550)	
<b>Net current assets</b>			905,111		847,921
<b>Total assets less current liabilities</b>			4,485,288		4,321,987
<b>Creditors: amounts falling due after more than one year</b>	15		(2,105,070)		(2,552,959)
<b>Net assets</b>			2,380,218		1,769,028
<b>Capital and reserves</b>					
Called up share capital	18		312,500		312,500
Profit and loss account	19		2,067,718		1,456,528
<b>Total equity shareholders' funds</b>	20		2,380,218		1,769,028

The financial statements on pages 5 to 23 were approved by the board of directors on 5/8/ 2002.



A N Haase  
Director

# SAFEGUARD SYSTEMS EUROPE LIMITED

## COMPANY BALANCE SHEET

at 31 March 2002

	Note	2002		2001	
		£	£	£	£
<b>Fixed assets</b>					
Intangible assets	9	2,612,169		2,511,391	
Tangible assets	10	696,772		745,813	
Investments	11	3,669,063		3,669,063	
			6,978,004		6,926,267
<b>Current assets</b>					
Stocks	12	428,497		452,750	
Debtors	13	3,419,261		4,126,282	
		3,847,758		4,579,032	
<b>Creditors: amounts falling due</b>					
Within one year	14	(2,929,461)		(3,535,029)	
<b>Net current assets</b>			918,297		1,044,003
<b>Total assets less current liabilities</b>			7,896,301		7,970,270
<b>Creditors: amounts falling due after more</b>					
than one year	15		(5,774,132)		(6,222,021)
<b>Net assets</b>			2,122,169		1,748,249
<b>Capital and reserves</b>					
Called up share capital	18		312,500		312,500
Profit and loss account	19		1,809,669		1,435,749
<b>Total equity shareholders' funds</b>			2,122,169		1,748,249

The financial statements on pages 5 to 23 were approved by the board of directors on 5/8/2002.



A N Haase  
Director

# SAFEGUARD SYSTEMS EUROPE LIMITED

## GROUP CASH FLOW STATEMENT

for the year ended 31 March 2002

	Note	Year ended 31 March 2002		15 months ended 31 March 2001	
		£	£	£	£
Net cash inflow from operating activities	21		1,559,843		1,841,187
<b>Returns on investments and servicing of finance</b>					
Interest received		-		79,962	
Interest paid		(251,665)		(1,144,942)	
Interest element of finance lease rentals		(7,140)		(22,195)	
			(258,805)		(1,087,175)
<b>Taxation</b>					
UK corporation tax paid			(181,822)		(68,035)
<b>Capital expenditure and financial investment</b>					
Payments to acquire intangible fixed assets		(94,765)		(336,830)	
Payments to acquire tangible fixed assets		(316,834)		(232,453)	
Receipts from sales of tangible fixed assets		16,100		3,630,000	
			(395,499)		3,060,717
<b>Equity dividends paid</b>			(96,784)		(29,534)
<b>Financing</b>					
Capital element of finance lease rentals		(52,673)		(120,372)	
Repayment of borrowings		(316,433)		(5,842,132)	
New borrowings		-		2,244,656	
			(369,106)		(3,717,848)
<b>Increase/(decrease) in cash</b>			<u>257,827</u>		<u>(688)</u>

The notes to this statement are included in note 22.

# SAFEGUARD SYSTEMS EUROPE LIMITED

## NOTES ON GROUP FINANCIAL STATEMENTS

31 MARCH 2002

### 1 Accounting policies

#### Basis of accounting

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

#### Basis of consolidation

The group financial statements include the results of Safeguard Systems Europe Limited and its subsidiary companies drawn up to 31 March 2002. The acquisition method of consolidation has been used. Profits of companies entering the group are included from the date of acquisition. The net assets of subsidiaries acquired are included on the basis of their fair value at the date of acquisition being the date on which control passes. No separate profit and loss account has been presented for Safeguard Systems Europe Limited as permitted by Section 230 of Companies Act 1985.

#### Goodwill and intangible fixed assets

On the acquisition of a business, fair values are attributed to the company's share of net tangible assets. Where the cost of acquisition exceeds the values attributable to such net assets, the difference is treated as purchased goodwill and is capitalised as an intangible fixed asset and amortised over 20 years.

Certain costs of acquiring patents and know-how relating to the development of new and existing product lines are carried forward as deferred revenue expenditure and charged against future income arising there.

Intangible assets comprise the cost of sales territories purchased from distributors (Owned territories), loans made to distributors which entitle the company to a share in eventual sales proceeds of those territories (Share in territories), goodwill arising on acquisitions (Purchased goodwill) and goodwill on hive up. Amortisation of goodwill and intangible fixed assets is charged at the following rates:

Owned territories	Not exceeding 20 years
Share in territories	Infinite
Goodwill	20 years

The above useful economic lives are considered by the directors to be consistent with the period in which benefits are expected to accrue.

#### Foreign currencies

Transactions expressed in foreign currencies are translated into sterling and recorded at rates of exchange approximating to those ruling at the date of the transaction. Monetary assets and liabilities are translated at rates ruling at the balance sheet date. All differences are taken to the profit and loss account.

#### Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation of fixed assets is charged by equal quarterly instalments commencing with the quarter following the quarter in which the asset is first available for use, at rates estimated to write off their cost less any residual value over their expected useful lives as follows:

Plant and machinery	4 - 25% on cost
Fixtures and fittings	15 - 33% on cost

#### Investments

Investments in subsidiaries are stated in the company's balance sheet at cost less provision for impairment.

# SAFEGUARD SYSTEMS EUROPE LIMITED

## NOTES ON GROUP FINANCIAL STATEMENTS

31 MARCH 2002

(continued)

### 1 Accounting policies (continued)

#### Stocks and work in progress

Stocks are valued at the lower of cost and net realisable value. Cost is computed on a first in first out basis. The cost of work in progress and finished goods includes all production overheads and the attributable proportion of indirect overheads based on the normal level of activity. Net realisable value is based on estimated selling price less the estimated cost of disposal.

#### Deferred taxation

Deferred taxation is accounted for in accordance with Financial Reporting Standard 19 "Deferred Tax" which requires full provision to be made for material timing differences between the incidence of income and expenditure for taxation and accounts purposes.

#### Pension costs

##### Defined contribution scheme

Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

#### Finance leases and hire purchase contracts

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at the estimated fair value at the date of inception of each lease or contract. The total finance charges are allocated over the period of the lease in such a way as to give a reasonably constant charge on the outstanding liability.

#### Operating leases

Rentals paid under operating leases are charged to income as incurred.

### 2 Turnover

Turnover represents the amounts derived from the provision of goods and services which fall within the group's ordinary activities, stated net of value added tax.

	Year ended 31 March 2002 £	15 months ended 31 March 2001 £
Geographical analysis:		
United Kingdom	10,991,886	11,934,449
Rest of Europe	2,144,329	3,813,011
	<u>13,136,215</u>	<u>15,747,460</u>

# SAFEGUARD SYSTEMS EUROPE LIMITED

## NOTES ON GROUP FINANCIAL STATEMENTS

31 MARCH 2002

(continued)

### 3 Operating profit

	Year ended 31 March 2002 £	15 months ended 31 March 2001 £
Operating profit is stated after charging/(crediting):		
Auditors' remuneration		
Audit services	20,404	26,500
Other services	7,208	21,626
Rentals for buildings and property	362,256	260,461
Rentals under other operating leases	207,889	376,403
Depreciation of tangible fixed assets		
- owned assets	276,813	226,827
- assets held under finance leases and hire purchase agreements	26,262	154,533
Amortisation and amounts written off intangible assets	179,816	183,232
Profit on disposal of tangible fixed assets	(4,824)	-

### 4 Directors and employees

	Year ended 31 March 2002 £	15 months ended 31 March 2001 £
Staff costs including directors' emoluments		
Wages and salaries	3,825,909	3,167,858
Social security costs	377,952	459,961
Pension costs	75,336	108,393
	4,279,197	3,736,212

The average number of persons employed by the group (including executive directors) during the year

	Number	Number
Production	53	66
Sales and distribution	55	62
Administration	87	67
	195	195

Directors' emoluments

	£	£
Management remuneration	450,267	565,145
Pension contributions	23,239	28,792
Fees as directors	107,913	-
	581,419	593,937

# SAFEGUARD SYSTEMS EUROPE LIMITED

## NOTES ON GROUP FINANCIAL STATEMENTS

31 MARCH 2002

(continued)

### 4 Directors and employees (continued)

Directors emoluments includes £110,377 (2001 - £107,938) paid to a company in which Mr P Plant has an interest and a further £17,500 (2001 - £Nil) was paid to a company in which T Mulvaney has an interest.

	Year ended 31 March 2002 £	15 months ended 31 March 2001 £
Remuneration of highest paid director	234,934	197,508

### Pension costs

#### Defined contribution scheme

The company operates defined contribution schemes. The assets of the schemes are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the funds and amounted to £75,336 (2001 - £108,393). Five directors have contributions paid. The highest paid director had contributions amounting to £13,700 (2001 - £17,125).

### 5 Interest payable and similar charges

	Year ended 31 March 2002 £	15 months ended 31 March 2001 £
Debenture loan	13,119	455,684
Bank loans and overdrafts	223,765	506,771
Finance leases and hire purchase contracts	7,140	22,195
Other interest	14,781	12,511
	258,805	997,161

### 6 Taxation

#### (a) Analysis of charge for the year

The tax charge is based on the profit on ordinary activities for the year and comprises:-

	Year ended 31 March 2002 £	15 months ended 31 March 2001 £
United Kingdom corporation tax at 30% (2001 - 30%)	375,660	235,485
Adjustment in respect of prior years	(68,687)	(64,082)
	306,973	171,403
Deferred taxation (note 16)	-	(99,692)
	306,973	71,711

# SAFEGUARD SYSTEMS EUROPE LIMITED

## NOTES ON GROUP FINANCIAL STATEMENTS

31 MARCH 2002  
(continued)

### 6 Taxation (continued)

	Year ended 31 March 2002 £	15 months ended 31 March 2001 £
(b) Factors affecting tax charge for the year		
Profit on ordinary activities	1,022,331	1,254,143
<b>Tax at standard rate of 30%</b>	306,699	376,242
Effects of:		
Consolidation adjustments	-	10,854
Marginal rate relief	-	(1,273)
Expenses not deducted	43,211	74,163
Depreciation in excess of capital allowances	27,198	1,942
Profit on disposal of fixed assets	(1,448)	(343,083)
Chargeable gains	-	116,640
Adjustments in respect of prior periods	(68,687)	(64,082)
	<u>306,973</u>	<u>171,403</u>

### 7 Dividends on equity shares

	Year ended 31 March 2002 £	15 months ended 31 March 2001 £
In respect of 'A' Ordinary shares of £1 each		
Interim paid	83,343	18,934
Final proposed	28,132	13,441
	<u>111,475</u>	<u>32,375</u>

### 8 Results of parent company

The profit dealt with in the parent company amounted to £485,395 (15 months ended 31 March 2001 - £1,118,325).

# SAFEGUARD SYSTEMS EUROPE LIMITED

## NOTES ON GROUP FINANCIAL STATEMENTS

31 MARCH 2002

(continued)

### 9 Intangible fixed assets

Group	Owned territories £	Share in territories £	Purchased goodwill £	Total £
<b>Cost</b>				
1 April 2001	1,775,168	104,008	1,544,258	3,423,434
Acquisitions	159,485	-	-	159,485
Transfers	120,338	-	-	120,338
31 March 2002	2,054,991	104,008	1,544,258	3,703,257
<b>Amortisation</b>				
1 April 2001	500,506	-	251,713	752,219
Charge for the year	102,603	-	77,213	179,816
31 March 2002	603,109	-	328,926	932,035
<b>Net book amount</b>				
31 March 2002	1,451,882	104,008	1,215,332	2,771,222
31 March 2001	1,274,662	104,008	1,292,545	2,671,215
<b>Company</b>				
	Owned territories £	Share in territories £	Goodwill on hive-up £	Total £
<b>Cost</b>				
1 April 2001	1,765,145	104,008	1,350,056	3,219,209
Acquisitions	159,485	-	-	159,485
Transfers	120,338	-	-	120,338
31 March 2002	2,044,968	104,008	1,350,056	3,499,032
<b>Amortisation</b>				
1 April 2001	491,254	-	216,564	707,818
Charge for the year	101,832	-	77,213	179,045
31 March 2002	593,086	-	293,777	886,863
<b>Net book amount</b>				
31 March 2002	1,451,882	104,008	1,056,279	2,612,169
31 March 2001	1,273,891	104,008	1,133,492	2,511,391

# SAFEGUARD SYSTEMS EUROPE LIMITED

## NOTES ON GROUP FINANCIAL STATEMENTS

31 MARCH 2002

(continued)

### 10 Tangible fixed assets

Group	Fixtures and fittings £	Plant and machinery £	Total £
<b>Cost</b>			
1 April 2001	2,882,633	1,800,944	4,683,577
Additions	266,200	50,634	316,834
Disposals	(158,634)	(28,995)	(187,629)
Foreign exchange	(11,320)	-	(11,320)
31 March 2002	2,978,879	1,822,583	4,801,462
<b>Depreciation</b>			
1 April 2001	2,293,224	1,587,502	3,880,726
Charge for the year	232,803	70,272	303,075
Foreign exchange	(158,634)	(17,719)	(176,353)
Disposals	(14,941)	-	(14,941)
31 March 2002	2,352,452	1,640,055	3,992,507
<b>Net book amount</b>			
31 March 2002	626,427	182,528	808,955
31 March 2001	589,409	213,442	802,851
<b>Company</b>			
	Fixtures and fittings £	Plant and machinery £	Total £
<b>Cost</b>			
1 April 2001	2,634,829	1,800,944	4,435,773
Additions	176,808	50,634	227,442
Disposals	(158,634)	(28,995)	(187,629)
31 March 2002	2,653,003	1,822,583	4,475,586
<b>Depreciation</b>			
1 April 2001	2,102,458	1,587,502	3,689,960
Charge for the year	194,935	70,272	265,207
Disposals	(158,634)	(17,719)	(176,353)
31 March 2002	2,138,759	1,640,055	3,778,814
<b>Net book amount</b>			
31 March 2002	514,244	182,528	696,772
31 March 2001	532,371	213,442	745,813

Included in fixed assets are assets with a net book value of £29,136 (2001 - £90,598) held under finance leases and hire purchase contracts.

# SAFEGUARD SYSTEMS EUROPE LIMITED

## NOTES ON GROUP FINANCIAL STATEMENTS

31 MARCH 2002

(continued)

### 11 Fixed asset investments

Company	Shares in group undertakings £
<b>Cost</b>	
31 March 2001 and 2002	4,410,847
<b>Provisions</b>	
31 March 2001 and 2002	741,784
<b>Net book value</b>	
31 March 2001 and 2002	3,669,063

The parent company holds more than 20% of the equity share capital of the following:

Name of undertaking Subsidiaries	Country of incorporation and operation	% of ordinary share capital	Activities during the period
Safeguard Business Systems (Ireland) Ltd (Investment held by Safeguard Systems Isle of Man Ltd)	Ireland	100	Business Systems
Safeguard Benelux SA (Investment held by Safeguard Systems Isle of Man Ltd)	Belgium	100	Business Systems
Safeguard Trading Ltd	England & Wales	100	Dormant
Safeguard Systems Isle of Man Ltd	Isle of Man	100	Dormant

### 12 Stocks

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
Raw materials	87,796	112,890	87,796	112,890
Work in progress	51,983	39,485	51,983	39,485
Finished goods	416,743	416,941	288,718	300,375
	<u>556,522</u>	<u>569,316</u>	<u>428,497</u>	<u>452,750</u>

# SAFEGUARD SYSTEMS EUROPE LIMITED

## NOTES ON GROUP FINANCIAL STATEMENTS

31 MARCH 2002

(continued)

### 13 Debtors

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
Trade debtors	2,798,011	2,599,073	2,114,189	2,078,063
Amounts owed by subsidiary companies	-	-	832,323	1,130,888
Other debtors	353,703	881,536	240,449	756,989
Prepayments and accrued income	248,182	204,315	232,300	160,342
	<u>3,399,896</u>	<u>3,684,924</u>	<u>3,419,261</u>	<u>4,126,282</u>

### 14 Creditors: amounts falling due within one year

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
Bank loans and overdrafts	610,186	883,424	572,358	883,424
Debenture loan	103,440	-	103,440	-
Obligations under finance leases and hire purchase contracts	27,310	52,673	27,310	52,673
Trade creditors	796,016	925,411	713,585	866,562
Amounts owed to subsidiary undertakings	-	-	-	154,881
Other creditors	472,548	512,849	472,548	512,849
Corporation tax	375,660	250,509	375,660	250,509
Other taxation and social security	367,371	305,095	335,079	305,095
Accruals and deferred income	367,758	576,148	301,349	495,595
Dividends payable	28,132	13,441	28,132	13,441
	<u>3,148,421</u>	<u>3,519,550</u>	<u>2,929,461</u>	<u>3,535,029</u>

### 15 Creditors: amounts falling due after more than one year

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
Bank loans	1,606,852	1,923,991	1,606,852	1,923,991
Debenture loan	465,060	568,500	465,060	568,500
Obligations under finance leases and hire purchase contracts	3,158	30,468	3,158	30,468
Amounts owed to subsidiary undertakings	-	-	3,669,062	3,669,062
Other creditors	30,000	30,000	30,000	30,000
	<u>2,105,070</u>	<u>2,552,959</u>	<u>5,774,132</u>	<u>6,222,021</u>

# SAFEGUARD SYSTEMS EUROPE LIMITED

## NOTES ON GROUP FINANCIAL STATEMENTS

31 MARCH 2002

(continued)

### 15 Creditors: amounts falling due after more than one year (continued)

#### (a) Bank loans

The bank loans are repayable by instalments as follows:-

	Group and Company	
	2002	2001
	£	£
Within one year or on demand	321,371	320,665
Between one and two years	321,371	320,665
Between two and five years	964,113	961,996
After more than five years	321,368	641,330
	<u>1,928,223</u>	<u>2,244,656</u>

Bank loans are secured by a floating charge over the group's assets. Loan interest is charged at a rate of 2.5% above bank euro repo rate.

#### (b) Bank overdraft

	2002	2001
	£	£
Group		
On demand	<u>288,815</u>	<u>562,759</u>
Company		
On demand	<u>250,987</u>	<u>562,759</u>

The bank overdraft is secured by a charge over certain of the group's trade debtors.

The group's borrowing facility is secured by unlimited cross guarantees given by all group undertakings.

#### (c) Debenture loan

	£	£
Within one year	103,440	-
Between one and two years	129,300	103,440
Between two and five years	335,760	465,060
	<u>-</u>	<u>-</u>
	<u>568,500</u>	<u>568,500</u>

Interest on the debenture loan is charged at the equivalent of 1% above the higher of 5% and LIBOR.

#### (d) Obligations under finance leases and hire purchase contracts

Obligations are repayable by instalments as follows:

	£	£
Within one year	27,310	52,673
Between one and two years	3,158	30,468
	<u>30,468</u>	<u>83,141</u>

# SAFEGUARD SYSTEMS EUROPE LIMITED

## NOTES ON GROUP FINANCIAL STATEMENTS

31 MARCH 2002

(continued)

### 16 Provision for liabilities and charges

Group and company	Deferred taxation	
	2002 £	2001 £
At 1 April 2001	-	99,692
Released in period	-	(99,692)
At 31 March 2002	-	-

### 17 Deferred taxation

	Provided 31 March 2002 £	Unprovided 31 March 2002 £	Provided 31 March 2001 £	Unprovided 31 March 2001 £
Group and company				
Corporation tax deferred by:				
Capital allowances	-	(38,427)	-	(523,091)
Other timing differences	-	-	-	(6,836)
	-	(38,427)	-	(529,927)

### 18 Called up equity share capital

	2002		2001	
	Number of shares	£	Number of shares	£
<b>Authorised</b>				
'A' Ordinary shares of £1 each	162,500	162,500	162,500	162,500
Ordinary shares of £1 each	150,000	150,000	150,000	150,000
Deferred shares of 0.01p each	568,500	57	568,500	57
	881,000	312,557	881,000	312,557
<b>Allotted, called up and fully paid</b>				
'A' Ordinary shares of £1 each	162,500	162,500	162,500	162,500
Ordinary shares of £1 each	150,000	150,000	150,000	150,000
	312,500	312,500	312,500	312,500

# SAFEGUARD SYSTEMS EUROPE LIMITED

## NOTES ON GROUP FINANCIAL STATEMENTS

31 MARCH 2002

(continued)

### 18 Called up share capital (continued)

The 'A' Ordinary shares of £1 each entitle the holder to receive a fixed rate dividend of 70.21 pence per share per annum.

Holders of 'A' Ordinary shares may, at any time, convert these into an equal number of Ordinary shares.

Each share carries one vote with equal weighting unless arrears exist on payment of 'A' Ordinary dividends or loan repayments. In this case holders of the 'A' Ordinary shares will control 80% of the voting rights. In the event of winding-up, Ordinary shares rank after 'A' Ordinary shares in distribution of the assets.

The deferred shares of 0.01p each shall carry no right to receive any income or participate in any distribution nor to receive any sums on a return of capital, until the holders of all other classes of shares in the share capital of the company have received in aggregate not less than £50,000,000. Whereupon they shall be entitled to receive the sum of 0.01p per share. The deferred shares shall carry no right to attend, vote or speak at any general meetings of the company.

### 19 Profit and loss account

	Group £	Company £
1 April 2001	1,456,528	1,435,749
Retained profit for the year	603,883	373,920
Foreign exchange translation difference	7,307	-
31 March 2002	<u>2,067,718</u>	<u>1,809,669</u>

### 20 Reconciliation of shareholders' funds

Group	31 March 2002 £	31 March 2001 £
Profit for the period	715,358	1,182,432
Dividends	(111,475)	(32,375)
	<u>603,883</u>	<u>1,150,057</u>
Foreign exchange translation difference	7,307	974
Net addition to shareholders' funds	<u>611,190</u>	<u>1,151,031</u>
Opening shareholders' funds	1,769,028	617,997
Closing shareholders' funds	<u>2,380,218</u>	<u>1,769,028</u>

# SAFEGUARD SYSTEMS EUROPE LIMITED

## NOTES ON GROUP FINANCIAL STATEMENTS

31 MARCH 2002

(continued)

### 21 Reconciliation of operating profit to operating cash flows

	31 March 2002 £	31 March 2001 £
Operating profit	1,281,136	1,027,721
Depreciation charges	303,075	381,360
Amortisation	179,816	183,232
Profit on disposal of tangible fixed assets	(4,824)	-
Decrease/(increase) in stocks	12,794	(83,197)
Decrease/(increase) in debtors	99,970	(176,470)
(Decrease)/increase in creditors	(312,124)	507,165
Other non cash items	-	1,376
Net cash inflow from operating activities	<u>1,559,843</u>	<u>1,841,187</u>

### 22 Notes to the cash flow statement

#### (i) Reconciliation of net cash flow to movement in net debt

	2002 £	2001 £
Increase/(decrease) in cash in the year	257,827	(688)
Cash outflow from decrease in debt financing	316,433	3,597,476
Cash outflow from decrease in lease financing	<u>52,673</u>	<u>120,372</u>
	626,933	3,717,160
Net debt at 1 April 2001	<u>(3,345,825)</u>	<u>(7,062,985)</u>
	-	
Net debt at 31 March 2002	<u>(2,718,892)</u>	<u>(3,345,825)</u>

# SAFEGUARD SYSTEMS EUROPE LIMITED

## NOTES ON GROUP FINANCIAL STATEMENTS

31 MARCH 2002

(continued)

### 22 Notes to the cash flow statement (continued)

#### (ii) Analysis of net debt

	At 1 April 2001 £	Cash flows £	Other movements £	At 31 March 2002 £
Cash at bank and in hand	113,231	(16,117)	-	97,114
Overdrafts	(562,759)	273,944	-	(288,815)
	(449,528)	257,827	-	(191,701)
Debt due within one year	(320,665)	316,433	(420,579)	(424,811)
Debt due after more than one year	(2,492,491)	-	420,579	(2,071,912)
Finance leases	(83,141)	52,673	-	(30,468)
	(2,896,297)	369,106	-	(2,527,191)
	(3,345,825)	626,933	-	(2,718,892)

### 23 Capital commitments

	31 March 2002 £	31 March 2001 £
Group and company		
Contracted for but not provided in the financial statements	-	70,000

### 24 Operating lease commitments

	2002		2001	
	Land and buildings £	Other £	Land and buildings £	Other £
Leases which expire:				
Within one year	13,032	12,043	19,625	75,098
Between one and five years	53,984	208,901	30,755	108,692
After five years	325,500	-	325,500	-
	392,516	220,944	375,880	183,790

### 25 Transactions with directors

Other creditors includes £30,000 (2001 - £30,000) due to Arnold Haase, director, which bears interest at a fixed rate of 11% included within accruals and deferred income (note 14) is £14,294 (2001 - £10,994) of accrued interest in respect of this loan.