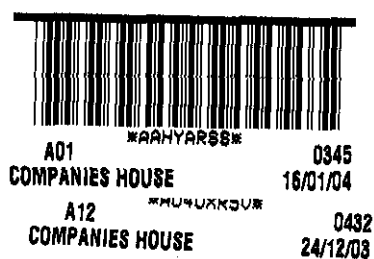


**Ramesys (AEC) Limited**

**Directors' report and financial  
statements**

**Registered number 1082593**

**31 May 2003**





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## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 May 2003.

### Principal activity

The principal activity of the company is the sale of computer equipment, software and other allied services. The company is a subsidiary of Ramesys Holdings Limited, a management buyout vehicle for a portfolio of companies.

### Business review

Ramesys (AEC) has again had a positive year with strong growth. The philosophy of consolidation of the various Ramesys businesses continued during the year with strong operational economies. With the bulk of management and administration maintained centrally and with the increasing closeness of the operations the directors decided to transfer the business and remaining assets to Ramesys (Construction) Ltd at net book value. This was completed by the end of the financial year and the company ceased trading. A subsequent name change of the company Ramesys (Construction Services) Ltd will define the future businesses as they aim to support and develop their dominant market position.

During the year the company traded using the services of its sister company Ramesys (Construction) Limited. The results and dividends of the company for the year are set out in detail on page 5. Profits of £719,879 (2002: £695,142) have been transferred to reserves.

### Proposed dividend

The directors do not recommend the payment of a dividend (2002: £nil).

### Directors and directors' interests

The directors who held office during the year and the interests of those serving at the end of the year in the shares of the ultimate parent company, Ramesys Holdings Limited, were as follows:

	Ramesys Holdings Limited Ordinary shares of 0.1p each	
	2003	2002
P Morgan (resigned 24 October 2002)	-	-
R Wingfield	*	*
G Matthew	*	*
C Norford	-	-
C Thomas (resigned 4 February 2003)	-	-
M Chambers	-	-

\* G Matthew and R Wingfield are directors of the ultimate parent company, Ramesys Holdings Limited, and their interest in shares of that company are shown in the financial statements of that company.

The options held by the directors over shares of the ultimate parent company, Ramesys Holdings Limited, were as follows:

	2002, or date of appointment	Vested in the year	Exercised in the year	2003
M Chambers	562,500	375,000	-	937,500
C Norford	45,833	59,556	-	105,389

The share options are exercisable in the event of a listing, sale or liquidation of Ramesys Holdings Limited at an exercise price of one pence per share.

## Directors' report *(continued)*

In addition, the directors have share options which may be vested in the future in the shares of the ultimate parent company, Ramesys Holdings Limited, as follows:

	1 June 2003	1 June 2004	1 June 2005
MR Chambers	93,750	93,750	-
C Norford	32,472	24,139	-

All share options vested will be at an exercise price of one pence per share and will only be vested if certain performance criteria are satisfied.

No director had any interest in shares of the company or any other group undertaking, except as disclosed above.

### Political and charitable contributions

The company made no political contributions or charitable donations during the year (2002: £nil)

### Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board



**P Cottrell**  
*Secretary*

Mentor House  
Ainsworth Street  
Blackburn  
BB1 6AY

## **Statement of 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 and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



**KPMG LLP**

Arlington Business Park

Theale

Reading

RG7 4SD

United Kingdom

**Report of the independent auditors to the members of Ramesys (AEC) Limited**

We have audited the financial statements on pages 5 to 14.

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 are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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.

**Basis of audit opinion**

We conducted our audit in accordance with 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 the company's affairs as at 31 May 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**KPMG LLP**

**KPMG LLP**

*Chartered Accountants*

*Registered Auditor*

*19 December 2003*

**Profit and loss account**  
*for the year ended 31 May 2003*

	<i>Notes</i>	<b>Before exceptional items 2003 £</b>	<b>Exceptional items 2003 £</b>	<b>Total 2003 £</b>	<b>Total 2002 £</b>
Turnover from discontinued operations		2,278,623	-	2,278,623	2,666,295
Cost of sales		(538,329)	-	(538,329)	(820,675)
<b>Gross profit</b>		<b>1,740,294</b>	<b>-</b>	<b>1,740,294</b>	<b>1,845,620</b>
Administrative expenses		(786,725)	(10,861)	(797,586)	(1,099,677)
<b>Operating profit before exceptional costs</b>		<b>953,569</b>	<b>-</b>	<b>953,569</b>	<b>745,943</b>
<b>Exceptional costs</b>		<b>-</b>	<b>(10,861)</b>	<b>(10,861)</b>	<b>-</b>
<b>Operating profit from discontinued operations</b>		<b>953,569</b>	<b>(10,861)</b>	<b>942,708</b>	<b>745,943</b>
Interest payable and similar charges	4	-	-	-	(4,789)
<b>Profit on ordinary activities before taxation</b>	3	<b>953,569</b>	<b>(10,861)</b>	<b>942,708</b>	<b>741,154</b>
Tax on profit on ordinary activities	5	(226,087)	3,258	(222,829)	(46,012)
<b>Retained profit for the year</b>		<b>727,482</b>	<b>(7,603)</b>	<b>719,879</b>	<b>695,142</b>

There are no recognised gains or losses other than as shown above. Accordingly, no statement of total recognised gains and losses is given.

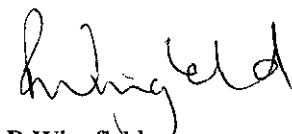


## Balance sheet

At 31 May 2003

	Notes	2003	2002
		£	£
<b>Fixed assets</b>	6	-	159,660
<b>Current assets</b>			
Debtors	7	1,955,365	2,384,704
Cash at bank and in hand		-	125,268
		<u>1,955,365</u>	<u>2,509,972</u>
<b>Creditors: amounts falling due within one year</b>	8	-	(655,960)
		<u>1,955,365</u>	<u>1,854,012</u>
<b>Net current assets</b>			
		<u>1,955,365</u>	<u>1,854,012</u>
<b>Total assets less current liabilities</b>		<u>1,955,365</u>	<u>2,013,672</u>
<b>Creditors: amounts falling due after more than one year</b>	9	-	(31,627)
<b>Provisions for liabilities and charges</b>	10	-	(5,000)
<b>Deferred income</b>	11	-	(741,559)
		<u>1,955,365</u>	<u>1,235,486</u>
<b>Net assets</b>		<u>1,955,365</u>	<u>1,235,486</u>
<b>Capital and reserves</b>			
Called up share capital	12	1,955,000	1,955,000
Profit and loss account	13	365	(719,514)
		<u>1,955,365</u>	<u>1,235,486</u>
<b>Shareholders' funds</b>			
Equity		1,805,365	1,085,486
Non equity		150,000	150,000
		<u>1,955,365</u>	<u>1,235,486</u>

These financial statements were approved by the board of directors on 5<sup>th</sup> December 2003 and were signed on its behalf by:



**R Wingfield**  
Director

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements except as noted below.

#### *Basis of preparation*

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

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

As the company is a wholly owned subsidiary of Ramesys Holdings Limited, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Ramesys Holdings Limited, within which this company is included, can be obtained from the address given in note 18.

#### *Fixed assets and depreciation*

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Furniture, fittings and equipment	20% - 33% per annum
Motor vehicles	25% - 33% per annum

#### *Turnover and revenue recognition*

Turnover represents amounts invoiced to customers (net of value added tax) for goods and services.

Licence revenue is recognised upon despatch when there are no significant vendor obligations remaining and the collection of the resulting receivable is considered probable.

In circumstances where a considerable vendor obligation exists, revenue is accounted for using contract accounting principles.

Maintenance and support contracts are invoiced in advance with revenue recognised rateably over the period of the contract.

Service revenue, which is provided on a 'time and expense' basis, is recognised as the service is performed.

Hardware products revenue is recognised as units are delivered.

All turnover is derived from the company's principal activity in the United Kingdom.

#### *Research and development expenditure*

Research and development expenditure including the cost of software products developed in-house, is expensed in the year in which it is incurred.

## Notes (continued)

### 1 Accounting policies (continued)

#### Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which has arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

#### Leases

Fixed assets held under finance leases are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under leases are included as liabilities in the balance sheet. The interest elements of the lease obligations are charged to the profit and loss account over the period of the leases.

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

#### Post retirement benefits

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

### 2 Information regarding directors and employees

The remuneration of the directors who are also directors of Ramesys Holdings Limited is borne by Ramesys Holdings Limited. During the year the remuneration of other directors and the staff costs were borne by Ramesys (Construction) Ltd and recharged to the company as an administrative cost.

	2003 £	2002 £
<b>Remuneration of directors</b>		
Directors' emoluments	-	25,238
Company contributions to money purchase pension schemes (2002: no directors)	-	1,498
	<hr/>	<hr/>
	-	26,736
	<hr/>	<hr/>

	Number of employees	Number of employees
--	------------------------	------------------------

#### Staff numbers

The average number of persons employed by the company no directors (including directors) during the year, analysed by category, was as follows:

Programming and engineering staff	-	23
Sales and marketing	-	7
Administrative and management staff	-	7
	<hr/>	<hr/>
	-	37
	<hr/>	<hr/>

## Notes (continued)

### 2 Information regarding directors and employees (continued)

	£	£
<b>Staff costs during the year</b>		
Wages and salaries	-	844,762
Social security costs	-	84,085
Other pension costs	-	24,363
	<u>-</u>	<u>953,210</u>

The staff costs for all employees were paid by Ramesys (Construction) Limited in 2003 and recharged to the company as a management charge.

### 3 Profit on ordinary activities before taxation

	2003 £	2002 £
<b>Profit on ordinary activities before taxation is stated</b>		
Exceptional items	10,861	-
Depreciation and amortisation:		
- Owned assets	-	50,904
- Leased assets	-	29,918
Rentals under operating leases:		
- Hire of plant and machinery	-	28,014
- Other operating leases	-	75,469
Auditors' remuneration:		
- Audit services	-	4,303
	<u>-</u>	<u>159,604</u>

Exceptional costs comprise the costs of redundancies and reorganisation. Administrative expenses were borne by Ramesys (Construction) Ltd during the current year and recharged to the company.

### 4 Interest

	2003 £	2002 £
Finance charges in respect of finance leases	-	4,789
	<u>-</u>	<u>4,789</u>

### 5 Tax on profit on ordinary activities

	2003 £	2002 £
Analysis of charge in period		
<i>UK Corporation tax</i>		
Current tax on income for the period	181,484	47,002
Adjustments in respect of previous periods	41,345	(990)
	<u>222,829</u>	<u>46,012</u>
Total current tax		

## Notes (continued)

### 5 Tax on profit on ordinary activities (continued)

The current tax charge for the period is lower (2002: lower) than the standard rate of corporation tax. The differences are explained below:

	2003 £	2002 £
Profit on ordinary activities before taxation	942,708	741,154
Current tax at 30% (2002: 30%)	282,812	222,346
Effects of:		
Expenses not deductible for tax purposes	689	(664)
Capital allowances for the period in excess of depreciation	(83,609)	(7,738)
Research and development credits	(18,408)	-
Utilisation of tax losses	-	(166,942)
Adjustment to tax charge in respect of previous periods	41,345	(990)
Total current tax charge	222,829	46,012

### 6 Tangible fixed assets

	Furniture, fittings and equipment £	Motor Vehicles £	Total £
<b>Cost</b>			
At beginning of year	434,046	177,222	611,268
Disposals	(434,046)	(177,222)	(611,268)
At end of year	-	-	-
<b>Depreciation</b>			
At beginning of year	362,734	88,874	451,608
Charge for year	-	-	-
On disposals	(362,734)	(88,874)	(451,608)
At end of year	-	-	-
<b>Net book value</b>			
At 31 May 2003	-	-	-
At 31 May 2002	71,312	88,348	159,660

Included in the total net book value of motor vehicles is £nil (2002: £88,348) in respect of assets held under finance leases. Depreciation for the year on those assets was £nil (2002: £29,918).



## Notes (continued)

### 7 Debtors

	2003 £	2002 £
Trade debtors	-	460,528
Amounts owed by group undertakings	1,955,365	1,850,562
Corporation tax	-	6,644
Prepayments	-	66,970
	<u>1,955,365</u>	<u>2,384,704</u>

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

	2003 £	2002 £
Obligations under finance leases	-	59,559
Trade creditors	-	108,382
Other taxes and social security	-	139,608
Corporation tax	-	194,401
Accruals	-	154,010
	<u>-</u>	<u>655,960</u>

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

	2003 £	2002 £
Obligations under finance leases repayable between two and five years	-	31,627
	<u>-</u>	<u>31,627</u>

### 10 Provision for liabilities and charges

	Provision for Dilapidations £
At beginning of year	5,000
Transferred to group company	(5,000)
	<u>-</u>
At end of year	<u>-</u>

## Notes (continued)

### 10 Provision for liabilities and charges (continued)

#### Deferred taxation

The elements of deferred taxation are as follows:

	2003 Unprovided £	2002 Unprovided £
Depreciation in excess of capital allowances	-	(44,137)
Other timing differences	-	(18,324)
Deferred tax asset	-	(62,461)

### 11 Deferred income

	2003 £	2002 £
To be recognised within one year	-	696,059
To be recognised after more than one year	-	45,500
	-	741,559

Deferred income represents amounts invoiced in advance of income recognition on contracts for the provision of software and hardware maintenance and other supplies and services.

### 12 Called up share capital

	2003 £	2002 £
<i>Authorised, allotted, called up and fully paid:</i>		
Equity: 1,805,000 ordinary shares of £1 each	1,805,000	1,805,000
Non equity: 150,000 preference shares of £1 each	150,000	150,000
	1,955,000	1,955,000

The resolution passed on 23 December 1991 creating the preference shares contained no reference to class rights attaching to them. Therefore it is assumed that the ordinary and preference shares have the same characteristics.



## Notes (continued)

### 13 Reconciliation of movement in shareholders' funds

	Share capital	Profit and loss account	Shareholders' funds
	£	£	£
At beginning of year	1,955,000	(719,514)	1,235,486
Retained profit for the financial year	-	719,879	719,879
	<hr/>	<hr/>	<hr/>
At end of year	1,955,000	365	1,955,365
	<hr/>	<hr/>	<hr/>

### 14 Commitments

Annual commitments under non-cancellable operating leases are as follows:

	Land and buildings		Other	
	2003	2002	2003	2002
	£	£	£	£
Leases which expire:				
Within one year	-	-	-	4,886
Within two to five years	-	-	-	16,142
After five years	-	67,000	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	-	67,000	-	21,028
	<hr/>	<hr/>	<hr/>	<hr/>

### 15 Contingent liabilities

The company has given guarantees covering bank borrowings of the ultimate parent company, Ramesys Holdings Limited, and fellow subsidiary undertakings. At 31 May 2003, the total amount guaranteed amounted to £31,658,000 (2002: £32,146,000).

### 16 Pension scheme

The Group operates a defined contribution pension scheme. The pension cost charge of the period represents contributions payable by the Group to the schemes and amounted to £nil (2002: £24,363). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

### 17 Transfer of trade and assets

During the year the company transferred its trade and assets to Ramesys (Construction Services) Limited (formerly Ramesys (Construction) Limited) a fellow subsidiary undertaking. This transfer was completed by the year end and the company ceased trading.

### 18 Ultimate parent company

The company's ultimate parent company and controlling party is Ramesys Holdings Limited, a company registered in England and Wales. Ramesys Holdings Limited produces consolidated accounts for itself and all its subsidiaries, representing the smallest and largest group for which financial statements are produced which include the company. Copies of the group financial statements of Ramesys Holdings Limited may be obtained from The Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.