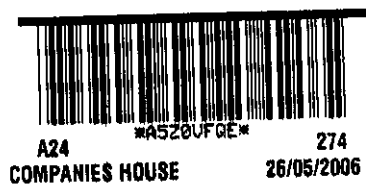


# Oracle Corporation UK Limited

## Report and Financial Statements

31 May 2005

 ERNST & YOUNG



# Oracle Corporation UK Limited

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Registered No: 1782505

## Directors

L J Ellison  
J Henley  
I Smith  
M Van de Molen  
J Hanley  
C Baker (appointed 1 September 2004)  
D Hudson (appointed 24 February 2005)  
G McDevitt (appointed 18 November 2005)

## Secretary

D Hudson

## Auditors

Ernst & Young LLP  
Apex Plaza  
Reading  
Berks  
RG1 1YE

## Registered Office

Oracle Parkway  
Thames Valley Park  
Reading  
Berks  
RG6 1RA

## Directors' report

The directors present their annual report and financial statements for the year ended 31 May 2005.

### Principal activities

Oracle Corporation UK Limited has, during the year, been involved in the licensing of software products for information management as well as offering consulting, education, support and systems integration services in support of its customers' use of those software products.

The primary information management products licensed by the company comprise three defined product families: Server Technologies (distributed database servers, connectivity products and gateways); Application Development and Business Intelligence Tools (application design, application development and data access tools) and Business Applications (modules for finance and administration, manufacturing, distribution and human resources). All of these products have been designed specifically to run via the internet.

The principal product licensed by the company is a multimedia, relational database management system ("RDBMS") marketed under the name Oracle 10g. Oracle 10g comprises Oracle 10g RDBMS and Oracle 10g Applications Server, an integrated server technology for developing and deploying e-business portals, transactional applications and web services.

Oracle 10g Developer Suite is a complete set of integrated application development and business intelligence tools.

The Oracle E-Business Suite is a complete set of scaleable business applications for managing and automating processes across business organisations.

### Business review and future development

Oracle Corporation UK Limited continues to represent a subsidiary of Oracle Corporation Incorporated in respect of two significant business lines, licensing and support, and as such earns commission on these activities, instead of bearing the full risks and rewards of fulfilling increasingly complex customer requirements in these areas.

During 2005 demand for Oracle Corporation UK Limited's database and applications products along with the related service businesses improved, aided by revenue resultant from the Peoplesoft acquisition. The directors expect this improvement, aided by subsequent acquisitions, to continue during the coming financial year as well as expecting operating margins to be maintained at a level consistent with recent years.

Oracle Corporation UK Limited acquired the trade and assets of the following companies on the following dates during the financial year:

Peoplesoft UK Limited- 1 March 2005. Nature of business: Marketing and application software and associated services.

Oblix Limited- 3 May 2005. Nature of business: A leading developer of identity based security for the heterogeneous environment.

The results and the assets and liabilities acquired of the above companies have been incorporated within the Oracle Corporation UK Limited financial statements for this financial year.

## Directors' report (continued)

### Business review and future development (continued)

Oracle Corporation UK Limited has also acquired the trade and assets of the following companies post year end. Details of acquired companies and associated legal transfer dates are as follows:

Retek Information Systems (UK) Limited- 1 July 2005

Webtrak Limited- 1 July 2005

Timesten Performance Software (UK) Limited- 1 July 2005

ProfitLogic Europe Limited- 1 August 2005.

G-Log UK Limited- 1 December

Siebel UK Limited- 1 March 2006.

SleepyCat Europe Limited- 15 March 2006.

Oracle Corporation UK Limited believes the above acquisitions will complement the suite of business products we are selling to the marketplace, and will therefore enhance our brand and quality of service to our customers. We will work to achieve the functional and cultural integrations relating to these, and other acquisitions, in as effective a manner as possible.

Research continues to play a vital role in the company's success.

During the financial year Oracle Corporation UK Limited's ultimate holding company, Oracle Corporation Incorporated, achieved annual revenues of \$11,799 million (2004: \$10,156 million).

### Results and dividends

Profit after tax for the year was £24,420,000 (2004: £23,587,000).

The directors paid an interim dividend during the year of £37,700,000 (2004: £49,532,000) and do not recommend payment of a final dividend.

## Directors' report (continued)

### Charitable and political donations

During the year the company made charitable donations of £750 (2004: £9,867). There were no political donations.

### Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

### Employee consultation

The company places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees and on various factors affecting the performance of the group. This is achieved through formal and informal meetings, the internal intranet and a weekly email news bulletin.

### Directors and their interests

The directors who served during the year and to the date of this report, are as follows:

L J Ellison	
J Henley	
I Smith	
M Van de Molen	
J Hanley	
C Baker	(appointed 1 September 2004)
D Hudson	(appointed 24 February 2005)
G McDevitt	(appointed 18 November 2005)
V Kearney	(resigned 12 August 2004)
R Lowther	(resigned 16 March 2005)
N Green	(resigned 18 November 2005)
W J Plant	(resigned 6 January 2006)

The directors have no interests in shares which are required to be disclosed pursuant to Schedule 7 of the Companies Act 1985.

### Creditor payment policy and practice

It is the company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the company and its suppliers, provided that trading terms and conditions have been complied with.

At 31 May 2005, the company had an average of 12 days purchases outstanding in trade creditors (2004: 11).

## Directors' report (continued)

### Auditors

A resolution which proposes that Ernst & Young LLP be reappointed as the company's auditors for the coming year will be put to the members at the Annual General Meeting.

By order of the Board



G McDevitt

Director

Date:

25/5/06

## **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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 Oracle Corporation UK Limited**

We have audited the company's financial statements for the year ended 31 May 2005, which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 18. 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.

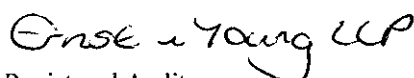
### **Basis of audit opinion**

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.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 May 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
Registered Auditor  
Reading  
Date: 26 May 2006



**Profit and loss account**

for the year ended 31 May 2005

	Note	2005 £'000	2004 £'000
<b>Turnover</b>	2	278,440	261,020
		<u>278,440</u>	<u>261,020</u>
Staff costs	6	(226,678)	(226,163)
Depreciation and other amounts written off fixed assets		(4,602)	(5,385)
Other operating charges		(19,841)	(4,212)
Restructuring costs in respect of Peoplesoft acquisition		(4,150)	-
		<u>23,169</u>	<u>25,260</u>
<b>Operating profit</b>			
Interest receivable and similar charges	3	5,638	4,549
Interest payable and similar charges	4	(1,672)	(1,050)
		<u>3,966</u>	<u>3,499</u>
<b>Profit on ordinary activities before taxation</b>	5	27,135	28,759
Taxation on profit on ordinary activities	7	(2,715)	(5,172)
		<u>24,420</u>	<u>23,587</u>
<b>Profit on ordinary activities after taxation</b>	15	24,420	23,587
Dividends paid	8	(37,700)	(49,532)
		<u>(13,280)</u>	<u>(25,945)</u>
<b>Retained profit/(loss)/ for the financial year</b>			

**Statement of total recognised gains and losses**

for the year ended 31 May 2005

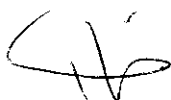
The company had no other recognised gains or losses other than the profit of £24,420,000 for the year ended 31 May 2005 (2004: £23,587,000).

**Balance sheet**

at 31 May 2005

	Note	2005 £'000	2004 £'000
<b>Fixed assets</b>			
Intangible assets	9	6,404	-
Tangible assets	10	55,680	56,320
Investments	11	-	-
<b>Current assets</b>			
Debtors	12	92,355	83,423
Cash at bank and in hand		79,950	82,301
		172,305	165,724
<b>Creditors: amounts falling due within one year</b>	13	(180,936)	(155,311)
<b>Net current (liabilities)/assets</b>		(8,631)	10,413
<b>Total assets less current liabilities</b>		53,453	66,733
<b>Capital and Reserves</b>			
Called up share capital	14	10,200	10,200
Profit and loss account	15	43,253	56,533
<b>Equity shareholders' funds</b>	15	53,453	66,733

Approved by the Board


G McDevitt  
Director

Date: 25/5/06

## Notes to the financial statements

at 31 May 2005

### 1. Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, is set out below.

#### **Basis of accounting**

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

In preparing the financial statements for the current year, the group has adopted the transitional arrangements of FRS 17 'Retirement Benefits'.

Certain prior year amounts have been reclassified to conform with current year presentation.

#### **Tangible fixed assets**

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

#### **Depreciation**

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life, as follows:

Freehold buildings	2.5% per annum
Short leasehold - buildings	20%-50% per annum
Computers	33%-50% per annum
Office equipment	33% per annum
Office furniture	10%-20% per annum
Catering equipment	33% per annum

#### **Fixed asset investments**

Fixed asset investments are shown at cost less provision for impairment.

#### **Leases**

Assets held under finance leases, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease term and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding.

#### **Rentals**

Rentals under operating leases are charged on a straight line basis over the lease term, even if the payments are not made on such a basis.

#### **Taxation**

Corporation taxation payable is provided on taxable profits at the current rate.

## Notes to the financial statements

at 31 May 2005

### 1. Accounting policies (continued)

#### **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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as 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 at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

#### **Foreign currency**

Transactions denominated in foreign currencies are recorded in the local currency at actual exchange rates as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

#### **Turnover**

Turnover is stated as the aggregate value of all sales achieved net of value added tax and trade discounts. Oracle software products are generally licensed under non-cancellable contracts of one year or longer. Commission from licence sales is recognised upon the signing of an irrevocable contract to purchase software and despatch of the software by a group company. The company also provides maintenance services for its software products, for which commission is recognised on a cost-plus basis over the period of the maintenance contracts concerned.

Training services revenue is recognised on completion of the course. Revenue from consultancy services is recognised proportionately to the percentage of completion as the services are provided.

#### **Research and development**

Research and development expenditure, other than on fixed assets, is treated as a charge against revenue in the year in which it is incurred.

#### **Pensions**

The company provides pensions to all employees through a defined contribution pension scheme.

Peoplesoft operated a number of different pension arrangements. All were Group Personal Pension Plans, with contribution rates varying significantly for a number of reasons. Oracle Corporation UK Limited continues to honour these plans.

Oblix operated a Group Personal Pension Plan. Members were offered the opportunity to retain their membership of the Group Personal Pension Plan or move to the Oracle Corporation UK Limited occupational pension plan.

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

## Notes to the financial statements

at 31 May 2005

### 1. Accounting policies (continued)

#### *Cash flow statement*

In accordance with the exemptions available under FRS 1 (Revised), "Cash Flow Statements", the company has not presented a cash flow statement.

#### *Goodwill*

Goodwill is the difference between the cost of an acquired entity, or the trade and assets thereof, and the aggregate of the fair value of that entity's identifiable assets and liabilities.

Positive goodwill is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Goodwill is amortised over the period of its useful life, identified as 5 years in accordance with the appropriate accounting standard, FRS10.

### 2. Turnover and segmental information

All turnover during the year was earned within the United Kingdom computer services sector.

The analysis of turnover and profit on ordinary activities before taxation by class of business has been omitted because the directors believe that to provide competition with access to this information would be seriously prejudicial to the company.

Turnover is stated as the aggregate value of all sales achieved net of value added tax and trade discounts.

### 3. Investment income

	2005 £'000	2004 £'000
Interest receivable from other group undertakings	1,028	779
Other interest receivable	4,610	3,770
	<u>5,638</u>	<u>4,549</u>

### 4. Interest payable and similar charges

	2005 £'000	2004 £'000
<i>On bank loans, overdrafts and other loans:</i>		
Repayable within five years, not by instalments	86	63
On loans from other group undertakings	1,586	987
	<u>1,672</u>	<u>1,050</u>

## Notes to the financial statements

at 31 May 2005

### 5. Profit on ordinary activities before taxation

This is stated after charging:

	2005	2004
	£'000	£'000
Depreciation of tangible assets - owned	4,603	5,385
Amortisation of goodwill in respect of Peoplesoft acquisition	337	-
Operating lease rentals - plant and machinery	4,464	5,305
- land and buildings	3,663	7,883
Auditors' remuneration - Ernst & Young	260	231
Amounts paid to auditors with respect to non audit services	8	34
Research and development	42,415	53,907
Severance pay	969	3,895

### 6. Staff costs

Particulars of employees (including executive directors) are shown as follows:

	2005	2004
	£'000	£'000
<i>Employee costs during the year amounted to:</i>		
Wages and salaries	188,951	188,561
Social security costs	21,997	17,689
Pension costs (see Note 17)	15,730	19,913
	226,678	226,163

The average monthly number of persons employed by the company during the year was as follows:

	2005	2004
	No.	No.
Sales	1,885	1,858
Research and development	356	420
General and administration	370	387
Marketing	53	55
	2,664	2,720

The remuneration of the directors was as follows:

	2005	2004
	£'000	£'000
Emoluments	1,522	1,413
Company contributions to money purchase pension schemes	149	164
	1,671	1,577

## Notes to the financial statements

at 31 May 2005

### 6. Staff costs (continued)

Mr. Ellison and Mr. Henley are employed by Oracle Corporation Inc. and Mr. Van de Molen is employed by Oracle Nederland B.V.

The emoluments of Mr Ellison and Mr Henley have been borne by the parent company, Oracle Corporation Inc. and Mr Van de Molen by Oracle Netherlands B.V. These directors of the company are also directors of a number of the companies within the Oracle group. The directors' services to the company do not occupy a significant amount of their time. As such, these directors do not believe they have received any remuneration for their incidental services to the company for the years ended 31 May 2004 and 31 May 2005.

The above amounts do not include any gains made on the exercise of share options. 5 directors exercised share options during the year (2004: 6).

The number of directors who were members of pension schemes was as follows:

	2005 No.	2004 No.
Money purchase and defined benefit schemes	8	6

The above amounts for remuneration include the following in respect of the highest paid director:

	2005 £'000	2004 £'000
Emoluments and long term incentive schemes	488	451
Company contributions to money purchase pension schemes	41	17
	<u>529</u>	<u>468</u>

The highest paid director did not exercise share options.

The highest paid director had accrued entitlements under defined benefit schemes as follows:

	2005 £'000	2004 £'000
Accrued pension	6	6

## Notes to the financial statements

at 31 May 2005

### 7. Taxation on profit on ordinary activities

#### a) Analysis of charge in year

	2005		2004	
	£'000	£'000	£'000	£'000
<i>Current tax:</i>				
UK corporation tax on profit for the year	1,200		7,382	
Adjustments in respect of previous periods	1,713		(1,520)	
Total current tax		2,913		5,862
<i>Deferred tax:</i>				
Origination and reversal of timing differences	(2,225)		(2,626)	
Adjustments in respect of previous periods	2,027		1,936	
Total deferred tax		(198)		(690)
Taxation on profit on ordinary activities		2,715		5,172

#### b) Factors affecting tax charge for period:

	2005	2004
	£'000	£'000
Profit on ordinary activities before taxation	27,135	28,759
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2004: 30%)	8,141	8,628
<i>Effects of:</i>		
Expenses not deductible for tax purposes	1,408	1,298
Enhanced relief re R&D tax credit	(572)	(500)
Employee share acquisition relief	(3,027)	(1,608)
Depreciation in excess of capital allowances for the year	635	(583)
Other timing differences	(5,385)	147
Adjustments to tax charge in respect of previous periods	1,713	(1,520)
Current tax charge for year	2,913	5,862

#### c) Factors that may affect future tax charges:

Based on current capital investment plans, the directors expect to be able to claim capital allowances in excess of depreciation in future years.

### 8. Dividends paid

	2005	2004
	£'000	£'000
Interim dividend paid of £37,700 (2004: £49,352)	37,700	49,532



## Notes to the financial statements

at 31 May 2005

### 9. Intangible fixed assets

#### Peoplesoft

Intangible fixed asset arising from the acquisition:

	<i>Goodwill</i> £'000
<i>Cost:</i>	
At 1 June 2004	-
Additions	6,741
At 31 May 2005	6,741
<i>Amortisation:</i>	
At 1 June 2004	-
Provided during the period	337
At 31 May 2005	337
<i>Net book value:</i>	
At 31 May 2005	6,404
At 31 May 2004	-

On 1 March 2005 Oracle Corporation UK Limited acquired the trade and net assets of Peoplesoft UK Limited as a going concern for a consideration of £35,280,000, satisfied by cash consideration.

Net assets at date of acquisition:

	<i>Book value</i> £'000	<i>Adjustments</i> <i>Revaluation</i> £'000	<i>Other</i> £'000	<i>Fair value</i> £'000
Tangible fixed assets	610	-	-	610
Debtors	30,858	-	-	30,858
Cash	35,146	-	-	35,146
Creditors due within one year	(51,007)	-	20,364 (i)	(30,643)
Creditors due in more than one year	(8814)	-	-	(8,814)
Deferred taxation	1,382	-	-	1,382
				28,539
Consideration				(35,280)
Goodwill				6,741

i) adjustments to deferred revenue acquired.

Goodwill is being amortised evenly over the directors' estimate of its useful economic life of five years.

## Notes to the financial statements

at 31 May 2005

### 9. Intangible fixed assets (continued)

#### Oblix

On 3rd May 2005 Oracle Corporation UK Limited acquired the trade and net assets of Oblix Limited as a going concern for a consideration of £74,246 to be satisfied by cash payment.

Net assets at date of acquisition:

	<i>Total; £'000</i>
Tangible fixed asset	16
Debtors	235
Cash	25
Creditors due within one year	(202)
Deferred taxation	-
	<hr/>
Net assets	74
	<hr/>
Consideration	(74)
	<hr/>
Goodwill	-
	<hr/> <hr/>

## Notes to the financial statements

at 31 May 2005

## 10. Tangible assets: Purchased

	Freehold land £'000	Short leasehold buildings £'000	Freehold buildings £'000	Computers £'000	Office equipment £'000	Office furniture £'000	Catering equipment £'000	Total £'000
<i>Cost:</i>								
At 31 May 2004	10,307	20,085	50,537	66,756	7,717	11,076	619	167,097
Additions	-	595	651	2,326	297	95	-	3,964
Disposals	-	(1,916)	-	(1,453)	(2,926)	(567)	(33)	(6,895)
At 31 May 2005	<u>10,307</u>	<u>18,764</u>	<u>51,188</u>	<u>67,629</u>	<u>5,088</u>	<u>10,604</u>	<u>586</u>	<u>164,166</u>
<i>Depreciation:</i>								
At 31 May 2004	-	19,972	8,443	63,355	7,425	10,989	593	110,777
Charge for year	-	208	1,788	2,342	126	126	13	4,603
Disposals	-	(1,916)	-	(1,453)	(2,925)	(567)	(33)	(6,894)
At 31 May 2005	<u>-</u>	<u>18,264</u>	<u>10,231</u>	<u>64,244</u>	<u>4,626</u>	<u>10,548</u>	<u>573</u>	<u>108,486</u>
<i>Net book value:</i>								
At 31 May 2005	<u>10,307</u>	<u>500</u>	<u>40,957</u>	<u>3,385</u>	<u>462</u>	<u>56</u>	<u>13</u>	<u>55,680</u>
At 31 May 2004	<u>10,307</u>	<u>113</u>	<u>42,094</u>	<u>3,401</u>	<u>292</u>	<u>87</u>	<u>26</u>	<u>56,320</u>

## Notes to the financial statements

at 31 May 2005

### 11. Investments

Investments are held at cost as follows:

	2005 £'000	2004 £'000
Subsidiary undertakings	-	-

The company has investments in the following subsidiary undertakings and other investments.

	<i>Country of incorporation or registration and business address</i>	<i>Principal activity and country of operation</i>	<i>Description and proportion of shares held by the company</i>
Oracle Resources Limited	England Thames Valley Park Reading	Dormant (UK)	£1 Ordinary shares 50%
Oracle Nominees Limited	England Thames Valley Park Reading	Holding Company (UK)	£1 Ordinary shares 50%
Oracle APSS Trustee Limited	England Thames Valley park Reading	Trustee Company (UK)	£1 Ordinary shares 100%
Oracle Corporation UK Trustee Company	England Thames Valley park Reading	Trustee Company (UK)	£1 Ordinary shares 100%

For each subsidiary, the proportion of voting rights is equal to the proportion of shares held by the company.

## Notes to the financial statements

at 31 May 2005

### 12. Debtors

	2005 £'000	2004 £'000
<i>Amounts falling due within one year:</i>		
Trade debtors	65,400	62,717
Prepayments and accrued income	12,067	10,220
Amounts owed by other group undertakings	37	-
Other debtors	12	-
Corporation Tax	9,169	3,836
	<u>86,685</u>	<u>76,773</u>
<i>Amounts falling due after more than one year:</i>		
Other debtors	91	70
Prepayments and accrued income	4,585	5,783
Deferred tax	994	797
	<u>92,355</u>	<u>83,423</u>
The deferred tax asset is analysed as follows:		
Excess of book depreciation over tax allowances on fixed assets	(1,014)	(1,649)
General provisions	2,008	2,446
	<u>994</u>	<u>797</u>
		£'000
Deferred tax asset at 31 May 2004		796
Deferred tax credit in profit and loss account for the year (Note 7)		198
		<u>994</u>
Deferred tax asset at 31 May 2005		

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

	2005 £'000	2004 £'000
Trade creditors	2,634	2,043
Amounts owed to other group undertakings	78,421	61,038
Other taxes and social security	33,983	34,698
Deferred income	5,779	4,466
Accruals	59,334	53,066
Other creditors	785	-
	<u>180,936</u>	<u>155,311</u>

# Notes to the financial statements

at 31 May 2005

## 14. Called up share capital

	2005 £'000	2004 £'000
<i>Authorised:</i>		
20,000,000 ordinary shares of £1 each	20,000	20,000
<i>Allotted, called up and fully paid:</i>		
10,200,000 ordinary shares of £1 each	10,200	10,200

## 15. Reconciliation of movement in equity shareholders' funds

	Share capital £	Profit and loss account £	Total share- holders' funds £
At 31 May 2003	10,200	82,478	92,678
Profit for the year	-	23,587	23,587
Dividend	-	(49,532)	(49,532)
At 31 May 2004	10,200	56,533	66,733
Profit for the year	-	24,420	24,420
Dividend	-	(37,700)	(37,700)
At 31 May 2005	10,200	43,253	53,453

## 16. Guarantees and other financial commitments

### a) Lease commitments

The minimum annual rentals in respect of operating leases are as follows:

	2005			2004		
	Motor vehicles £'000	Land and buildings £'000	Total £'000	Motor vehicles £'000	Land and buildings £'000	Total £'000
<i>Expiring:</i>						
- within one year	-	137	137	-	-	-
- two to five years	-	2,022	2,022	2	2,030	2,032
- after five years	-	5,105	5,105	-	3,787	3,787
	-	7,264	7,264	2	5,817	5,819

### b) Capital commitments

At the end of the year, company commitments were:

	2005 £'000	2004 £'000
Contracted but not provided for	14	390

## Notes to the financial statements

at 31 May 2005

### 17. Pensions

#### *SSAP 24 disclosures*

From 1st June 2004, the company operates a defined contribution pension scheme. Membership is by employee salary reduction with additional employer contribution. Contribution matching is dependent upon membership category. The related costs are assessed in accordance with the advice of professionally qualified actuaries.

Prior to this date, the company operated a hybrid pension scheme, which ended on 1<sup>st</sup> June 2004. For some members, the money purchase contribution was the dominant element; for other members, the defined benefit was the dominant element. The related costs are assessed in accordance with the advice of professionally qualified actuaries.

Details of the most recent actuarial valuation of the scheme, the Hewitt report, which was conducted as at 1 June 2004 using the current unit method, are as follows:

#### Major assumptions (% p.a.):

- rate of increase in salaries	4.5%
- rate of increase in pensions	2.8%
- return on scheme investments	7%

#### Results:

- market value of scheme assets	£219,900,000
- level of funding	102.0%

The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £15,729,802 (2004: £19,913,471). Contributions totalling £nil (2004: £nil) were payable to the fund at the year end. In the opinion of the scheme actuary, the employer's contribution for the accounting period is a reasonable estimate of the pension charge.

#### *FRS 17 disclosures*

The valuation used for FRS 17 disclosures has been based on the most recent actuarial valuation carried out at 1 June 2004 and updated by the scheme's actuaries to take account of the requirements of FRS 17 in order to assess the liabilities of the scheme at 31 May 2005. Scheme assets are stated at their market value at 31 May 2005.

	2005	2004
<i>Major assumptions (% p.a.):</i>		
- rate of increase in salaries	3.7%	4.0%
- rate of increase in pensions	2.7%	3.0%
- discount rate	5.1%	5.7%
- inflation assumption	2.7%	3.0%

## Notes to the financial statements

at 31 May 2005

## 17. Pensions (continued)

a) The assets and liabilities of the scheme and the expected rates of return at 31 May 2005 are:

	Long-term rate of return expected		Value	
	2005	2004	2005 £'000	2004 £'000
UK and overseas equities	7.2%	7.6%	187,011	160,080
UK fixed interest and overseas bonds	4.25%	4.9%	45,188	35,747
Cash	4.25%	3.5%	22,440	5,001
Total market value of scheme assets			254,639	200,828
Present value of scheme liabilities			(267,389)	(212,002)
Pension liability before deferred tax			(12,750)	(11,174)
Related deferred tax asset			3,825	3,352
Net pension liability			(8,925)	(7,822)

An analysis of the defined benefit cost for the year ended 31 May 2005 is as follows:

	2005 £'000
Current service cost	12,869
Past service cost	-
Total operating charge	12,869
Expected return on pension scheme assets	1,002
Interest on pension liabilities	(1,373)
Total other finance costs	(371)
Actual return less expected return on pension scheme assets	1,243
Experience losses arising on scheme liabilities	12,432
Gain arising from changes in assumptions underlying the present value of scheme liabilities	(17,741)
Actuarial loss recognised in the statement of total recognised gains	(4,066)



# Notes to the financial statements

at 31 May 2005

## 17. Pensions (continued)

Analysis of movement in deficit during the year:

	2005 £'000
At 31 May 2004	(11,174)
Excess of contributions paid over service cost	2,861
Curtailment cost	-
Net return on assets/(interest cost)	(371)
Actuarial loss	(4,066)
At 31 May 2005	(12,750)

History of experience gains and losses:

	2005 £'000
<i>Difference between expected return and actual return on pension scheme assets:</i>	
- amount	1,243
- percentage of scheme assets	0.5%
<i>Experience losses arising on scheme liabilities:</i>	
- amount	12,432
- percentage of the present value of scheme liabilities	4.6%
<i>Total actuarial loss recognised in the statement of total recognised gains and losses:</i>	
- amount	(4,066)
- percentage of the present value of scheme liabilities	(1.5%)

b) Reconciliations of net assets and reserves under FRS 17:

Net assets

	2005 £'000	2004 £'000
Net assets as stated in balance sheet excluding defined benefit liabilities	53,453	66,733
FRS 17 defined benefit liabilities	(8,925)	(7,822)
Net assets including defined benefit liabilities	44,528	58,911

Reserves

	2005 £'000	2004 £'000
Profit and loss reserve excluding amounts relating to defined benefit liabilities	43,253	56,533
FRS 17 defined benefit liabilities	(8,925)	(7,822)
Profit and loss reserve including amounts relating to defined benefit liabilities	34,328	48,711

## Notes to the financial statements

at 31 May 2005

### 17. Pensions (continued)

Peoplesoft operated a number of different pension arrangements. All were Group Personal Pension Plans, with contribution rates varying significantly for a number of reasons. Oracle continues to honour these plans.

Oblix operated a Group Personal Pension Plan. Members were offered the opportunity to retain their membership of the Group Personal Pension Plan or move to the Oracle occupational pension plan.

### 18. Related party disclosures

From 24 February 2005 the immediate parent company is Oracle Corporation UK Holdings Limited, a company incorporated in England and Wales, whose principal place of business is Oracle Parkway, Thames Valley Park, Reading, Berkshire RG6 1RA.

From 24 February 2005 the smallest group of which Oracle Corporation UK Limited is a member and for which group financial statements are drawn up is that headed by Oracle Corporation UK Holdings Limited whose financial statements will be available in due course at Companies House.

The largest group in which the results of Oracle Corporation UK Limited are consolidated is that headed by Oracle Corporation, a company incorporated in the State of Delaware, USA, whose principal place of business is 500 Oracle Parkway, Redwood Shores, California 94065. The financial statements of this company are available to the public from this address.

As a subsidiary undertaking of Oracle Corporation, the company has taken advantage of the exemption in FRS 8 "Related Party Disclosures" not to disclose transactions with other members of the group headed by Oracle Corporation.