

REGISTRAR OF COMPANIES

GIROVEND LIMITED

Report and Financial Statements

31 March 2002

**Deloitte & Touche
Cardiff**



REPORT AND FINANCIAL STATEMENTS 2002

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DIRECTORS' REPORT

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

ACTIVITIES, REVIEW OF THE BUSINESS AND FUTURE PROSPECTS, RESULTS AND DIVIDENDS

The principal activity of the company continues to be the manufacture, sale and distribution of computer equipment to provide cashless systems and access control systems.

The results are shown in the profit and loss account on page 5. The loss has been transferred to reserves. The directors do not recommend the payment of a dividend for the year ended 31 March 2002 (2001 - £nil).

By 23 August 2002 78.39% of the issued share capital of Transacsys Plc had been acquired by Airtime Group Holdings Limited, therefore from this date, the company's ultimate parent undertaking became Airtime Group Holdings Limited.

The directors are satisfied that the company will return to trading profitably in the future.

THE INTERNATIONAL DISTRIBUTORSHIP BUSINESS OF GIROVEND LIMITED

On 28 June 2001, GiroVend Limited announced the phased disposal of its international distributorship business to a management team comprising Charles Trace, a former director of GiroVend Limited, and Bob Norton, a former employee of GiroVend Limited. A new company, GiroNet International Limited, was established to effect the transaction and acquired from GiroVend its existing international distributorship business, including the rights to its existing international distributorship contracts, for a consideration of £100,000, deferred in the form of a secured loan note redeemable within five years and bearing interest at 2% above Barclays Bank base rate. In addition, GiroNet assumed from GiroVend the existing employment contracts and obligations of the management team.

GiroVend has entered into an agreement with GiroNet for the distribution of GiroVend products in all territories outside the United Kingdom and France for a minimum of three years and it is anticipated that GiroNet will continue to purchase the majority of its customer product from GiroVend.

RESEARCH AND DEVELOPMENT

Internal expenditure is expensed as incurred and amounted to £382,545 (2001 - £304,967).

DIRECTORS' REPORT (continued)**DIRECTORS AND THEIR INTERESTS**

C W L Sargent	
S Campbell	
N Nwosu-Hope	
C L Trace	(resigned 31 December 2001)
L J M Morinay	(resigned 31 December 2001)
J A Gahagnon	(resigned 31 December 2001)
D Perkins	(resigned 31 December 2001)
P McGrane	(resigned 8 August 2001)
R Fieth	(resigned 13 September 2001)
B Ditchburn	(resigned 13 September 2001)
R Williams	(appointed 1 October 2001, resigned 31 May 2002)
A Neubauer	(appointed 2 August 2002)
I McNair	(appointed 1 November 2002)

None of the directors had any interests in the shares of the company. The interests of the directors in office at 31 March 2002 in the shares of the parent company, Transacsys plc were as follows:

	At 31 March 2002	At 1 April 2001 or date of appointment
	Ordinary shares of 2.5p each	Ordinary shares of 2.5p each
C W L Sargent	-	-
S Campbell	-	-
N Nwosu-Hope	-	-
R Williams	250,000	250,000

Share options held by the directors at 31 March 2002 under the Transacsys plc share option scheme were as follows:

	At 31 March 2002	At 1 April 2001 or date of appointment	Exercise price (pence)	Earliest date at which exercisable	Expiry date
C W L Sargent	67,415	67,415	44.5	25 Nov 2002	25 Nov 2009
S Campbell	166,666	-	18.0	8 Feb 2004	8 Feb 2011
N Nwosu-Hope	166,666	-	18.0	8 Feb 2004	8 Feb 2011
R Williams	-	-	-	-	-

DIRECTORS' REPORT (continued)**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

United Kingdom 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 as at the end of the financial year 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; 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 enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

Deloitte & Touche have expressed their willingness to continue in office.

By order of the Board



A Neubauer

Secretary

Date..... 24.01.03

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
GIROVEND LIMITED**

We have audited the financial statements of GiroVend Limited for the year ended 31 March 2002 which comprise the profit and loss account, the balance sheet and the related notes 1 to 20. These financial statements have been prepared under the accounting policies set out therein.

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 United Kingdom legal and regulatory requirements and 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 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 for the above year and consider the implications for our report if we become aware of any apparent misstatements.

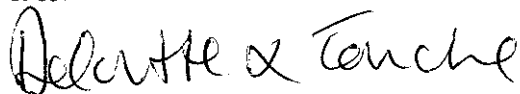
Basis of audit opinion

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 March 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche
Chartered Accountants and Registered Auditors
Cardiff

Date: 30 January 2003

PROFIT AND LOSS ACCOUNT
For the year ended 31 March 2002

	Note	2002 £	2001 £
TURNOVER	2	9,114,903	6,704,509
Cost of sales		<u>(6,488,388)</u>	<u>(4,364,263)</u>
GROSS PROFIT		2,626,515	2,340,246
Distribution costs		(451,473)	(577,226)
Administrative expenses		<u>(4,482,445)</u>	<u>(4,005,623)</u>
OPERATING LOSS	5	(2,307,403)	(2,242,603)
Interest receivable and similar income		4,923	2,662
Interest payable and similar charges	6	<u>(6,944)</u>	<u>(51,689)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(2,309,424)	(2,291,630)
Tax on loss on ordinary activities	7	<u>55,686</u>	<u>-</u>
RETAINED LOSS FOR THE FINANCIAL YEAR	16	<u><u>(2,253,738)</u></u>	<u><u>(2,291,630)</u></u>

All activities derive from continuing operations.

There were no recognised gains or losses other than the loss reported above, accordingly no statement of total recognised gains and losses is presented.

BALANCE SHEET

31 March 2002

	Note	£	2002 £	£	2001 £
FIXED ASSETS					
Intangible assets	8		666,308		1,405,015
Tangible assets	9		422,863		606,355
Investments	10		100		-
			<u>1,089,271</u>		<u>2,011,370</u>
CURRENT ASSETS					
Stocks	11	910,923		1,220,699	
Debtors	12	3,900,237		3,494,945	
Cash at bank and in hand		93,463		12	
		<u>4,904,623</u>		<u>4,715,656</u>	
CREDITORS: amounts falling due within one year	13	<u>(6,150,127)</u>		<u>(9,123,545)</u>	
NET CURRENT LIABILITIES			<u>(1,245,504)</u>		<u>(4,407,889)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>(156,233)</u>		<u>(2,396,519)</u>
CREDITORS: amounts falling due after more than one year	14		<u>-</u>		<u>(2,828)</u>
			<u>(156,233)</u>		<u>(2,399,347)</u>
CAPITAL AND RESERVES					
Called up share capital	15		100		100
Profit and loss account	16		<u>(156,333)</u>		<u>(2,399,447)</u>
TOTAL EQUITY SHAREHOLDERS' DEFICIT	17		<u>(156,233)</u>		<u>(2,399,347)</u>

These financial statements were approved by the Board of Directors on
Signed on behalf of the Board of Directors

29.01.03

S Campbell - Director



NOTES TO THE FINANCIAL STATEMENTS**For the year ended 31 March 2002****1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Turnover

Turnover comprises the value of goods and services supplied, excluding VAT.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost and are written off over their estimated useful lives (subject to periodic impairment reviews) using the straight line method of depreciation at the following annual rates:

Leasehold property	-	period of the lease
Fixtures, fittings, plant and machinery	-	10 - 33%
Motor vehicles	-	25%

Stocks and work in progress

Stocks are stated at the lower of cost and net realisable value. Work in progress is valued at the direct cost of materials and labour, including factory overheads or net realisable value, whichever is the lower.

Deferred taxation

Deferred taxation is provided in full in respect of timing differences arising from the different treatment of items for accounting and taxation purposes, in accordance with FRS 19.

Pension costs

Contributions under defined contribution schemes are charged to the profit and loss account as incurred.

Research and development

Research and development expenditure is charged to the profit and loss account as incurred, except where the specific criteria of SSAP 13 are met for capitalisation. Capitalised expenditure is amortised against sales of the relevant product or over three years if shorter.

Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Exchange gains or losses arising are taken to the profit and loss account.

Investments

Investments in subsidiary undertakings are stated in the balance sheet at cost less provision for impairment.

Leasing and hire purchase

Assets obtained under leases and hire purchase contracts are capitalised as tangible fixed assets as if they had been purchased outright and the corresponding liability is included as an obligation under finance leases. Depreciation on leased assets is charged to the profit and loss account on the same basis as for owned assets.

Operating lease rentals are charged to the profit and loss account as incurred.

Goodwill

Goodwill, being the difference between the fair value of the purchase consideration on acquisition of a business and the fair value of the separate net assets acquired, is capitalised and amortised over the lower of its estimated useful life and twenty years.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2002

1. ACCOUNTING POLICIES (Continued)

Cash flow statement

Under Financial Reporting Standard 1, the company is not required to prepare a cash flow statement as a group cash flow statement has been included in the financial statements of Transacsys Plc, the parent company.

Group accounts

Group financial statements have not been prepared as the company's interests are dealt with in the financial statements of Transacsys Plc, the ultimate parent company. These accounts therefore include the information in respect of the company only.

2. SEGMENTAL INFORMATION

Geographical segments

The geographical analysis of turnover was:

	2002 £	2001 £
United Kingdom	8,845,762	5,463,598
Continental Europe	269,141	1,239,807
Rest of the world	-	1,104
	<u>9,114,903</u>	<u>6,704,509</u>

All turnover is derived from the company's principle activity

3. DIRECTORS' EMOLUMENTS

The remuneration of the directors in respect of their services to the company was:

	Salaries £	Fees £	Performance bonuses £	Redundancy cost £	Benefits £	Sub total £	Pensions £	2002 Total £	2001 Total £
Emoluments	<u>308,245</u>	<u>12,000</u>	<u>5,136</u>	<u>53,248</u>	<u>53,047</u>	<u>430,677</u>	<u>17,353</u>	<u>448,030</u>	<u>493,706</u>
Highest paid director								<u>86,949</u>	

4. EMPLOYEES

Number of employees

2002
No.

2001
No.

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

Production and development	31	60
Administration	75	69
	<u>106</u>	<u>129</u>

Employment costs (including directors)

	£	£
Wages and salaries	2,943,016	2,351,042
Social security costs	310,830	249,958
Other pension costs	37,773	70,006
	<u>3,291,619</u>	<u>2,671,006</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2002

5. OPERATING LOSS

	2002 £	2001 £
Operating loss is stated after charging/(crediting):		
Depreciation		
- owned assets	219,005	174,244
- assets held under finance leases	3,797	7,643
Amortisation of goodwill	85,968	47,876
Amortisation of development costs	54,472	85,040
Operating lease rentals		
- plant and machinery	283,560	297,097
- other operating leases	179,301	228,603
Loss/(profit) on disposal of fixed assets	77,759	(2,549)
Foreign exchange losses	49,496	30,379
Research and development	382,545	304,967
Loss on disposal of business	619,100	-
Management charges	(157,000)	-
Exceptional costs in restructuring of company	-	578,862
	<u> </u>	<u> </u>

Auditors' remuneration is borne by the parent company.

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2002 £	2001 £
Interest on loans and overdrafts repayable within five years	6,944	2,551
Finance charges payable under finance leases terminating within five years	-	584
Other interest payable	-	48,554
	<u> </u>	<u> </u>
	6,944	51,689
	<u> </u>	<u> </u>

7. TAXATION

	2002 £	2001 £
Current period		
United Kingdom corporation tax at 30% (2001: 30%)	-	-
Adjustment in respect of prior years	55,686	-
	<u> </u>	<u> </u>
	55,686	-
	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2002

7. TAXATION (continued)

The tax assessed for the year is different from applying the standard rate of corporation tax in the United Kingdom: 30% (2001: 30%). The differences are explained below:

	2002 £	2001 £
Loss on ordinary activities before taxation	(2,301,234)	(2,291,630)
Tax credit at 30% thereon	(690,370)	(687,489)
Expenses not deductible for tax purposes	225,129	30,672
Capital allowances in excess of depreciation	38,131	49,763
Short term timing differences	2,430	1,951
Unutilised of losses	424,680	605,103
Adjustment in respect of prior years	55,686	-
Current tax (credit)/charge	55,686	-

A deferred tax asset has not been recognised in respect of timing differences relating to capital allowances and trading losses as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is £1.4m.

8. INTANGIBLE FIXED ASSETS

	Goodwill £	Development costs £	Total £
Cost			
At 1 April 2001	1,542,047	304,103	1,846,150
Additions	120,743	-	120,743
Disposals	(957,513)	(304,103)	(1,261,616)
At 31 March 2002	705,277	-	705,277
Amortisation			
At 1 April 2001	191,504	249,631	441,135
Charge for the year	85,968	54,472	140,440
Disposals	(238,503)	(304,103)	(542,606)
At 31 March 2002	38,969	-	38,969
Net book value			
At 31 March 2002	666,308	-	666,308
At 31 March 2001	1,350,543	54,472	1,405,015

On 28 June 2001, the company disposed of its international distributorship business to Gironet International Limited. Consideration was £100,000 deferred in the form of a secured loan note redeemable within five years and bearing interest at 2% above Barclays base rate. The loan note was repaid in July 2002.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2002

8. INTANGIBLE FIXED ASSETS (continued)

The book value and fair value of the assets and liabilities disposed of at 28 June 2002 were:

	Book and fair value
Goodwill	719,100
Consideration	(100,000)
	<hr/>
Loss on disposal	619,100
	<hr/>

9. TANGIBLE FIXED ASSETS

	Leasehold property £	Fixtures, fittings, plant and machinery £	Motor vehicles £	Total £
Cost				
At 1 April 2001	145,567	1,131,144	9,759	1,286,470
Additions	-	87,977	-	87,977
Disposals	-	(478,670)	(9,759)	(488,429)
Transfers from group companies	-	33,305	-	33,305
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2002	145,567	773,756	-	919,323
Depreciation				
At 1 April 2001	47,130	629,483	3,502	680,115
Charge for the year	13,009	203,536	6,257	222,802
Disposals	-	(396,698)	(9,759)	(406,457)
Transfers from group companies	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2002	60,139	436,321	-	496,460
Net book value				
At 31 March 2002	85,428	337,435	-	422,863
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2001	98,437	501,661	6,257	606,355
	<hr/>	<hr/>	<hr/>	<hr/>

The net book value of fixed assets held under finance leases is £3,165 (2001 - £16,244).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2002

10. INVESTMENTS

	2002 £	2001 £
Shares in subsidiary undertaking	100	-
Details of subsidiary undertaking		

Name	Description of shares held	Proportion of equity held by company	Nature of business
GiroNet International Limited	100 ordinary £1 shares	100%	International distributor of GiroVend products

11. STOCKS

	2002 £	2001 £
Raw materials	895,819	808,671
Work in progress	10,464	48,778
Finished goods held for resale	4,640	363,250
	910,923	1,220,699

12. DEBTORS

	2002 £	2001 £
Trade debtors	1,537,283	1,779,042
Amounts owed by fellow subsidiary undertakings	1,072,203	1,036,004
Amounts owed by subsidiary undertakings	770,522	128,470
Other debtors	126,582	551,429
Prepayments and accrued income	348,593	-
Corporation tax recoverable	45,054	-
	3,900,237	3,494,945

Amounts included above recoverable after more than one year:

	2002 £	2001 £
Trade debtors	23,712	24,654
Other debtors	-	22,000
	23,712	46,654

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2002

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002 £	2001 £
Bank overdraft	-	267,490
Trade creditors	983,393	1,087,086
Amounts owed to parent company	3,369,803	3,703,140
Amounts owed to fellow subsidiary undertaking	645,918	2,561,137
Amounts owed to subsidiary undertaking	5,091	-
Corporation tax	-	29,247
Other creditors	578,478	370,075
Finance leases	4,994	6,428
Accruals and deferred income	562,450	1,098,942
	<u>6,150,127</u>	<u>9,123,545</u>

The company is a party to group banking cross guarantees. At 31 March 2002 the aggregate amount of borrowings secured under these guarantees was £nil (2001 - £nil).

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2002 £	2001 £
Finance leases between one and two years	-	2,828

Obligations under finance lease and hire purchase contracts are secured by the related leased assets.

15. SHARE CAPITAL

	2002 £	2001 £
Authorised		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted and fully paid		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2002

16. PROFIT AND LOSS ACCOUNT

	Profit & loss account £
At 1 April 2001	(2,399,447)
Loss for the financial year	(2,253,738)
Forgiveness of intercompany debt	4,496,852
	<u>156,333</u>
At 31 March 2002	<u>156,333</u>

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002 £	2001 £
Loss for the financial year	(2,253,738)	(2,291,630)
Forgiveness of intercompany debt	4,496,852	-
Shareholders' deficit at 1 April	(2,399,347)	(107,717)
	<u>(156,233)</u>	<u>(2,399,347)</u>
Shareholders' deficit at 31 March		

The intercompany indebtedness forgiven has been credited directly to reserves in accordance with FRS 3 and FRS 4. The effect of the forgiveness does not reflect the performance of the company in the period. The forgiveness removes the company's obligation to repay the intercompany indebtedness, accordingly the credit has been taken directly to shareholders' funds.

18. FINANCIAL COMMITMENTS

Operating leases

At 31 March 2002 the company had annual commitments under non-cancellable operating leases as follows:

	2002		2001	
	Land and buildings £	Other £	Land and buildings £	Other £
Expiry date:				
Within one year	-	43,742	18,601	98,670
Between two and five years	-	155,959	-	98,925
After five years	186,716	-	181,350	-
	<u>186,716</u>	<u>199,701</u>	<u>199,951</u>	<u>197,595</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2002

18. FINANCIAL COMMITMENTS (continued)

Capital commitments

At 31 March 2002 the company had the following capital commitments:

	2002 £	2001 £
Contracted for but not provided	-	35,839

19. RELATED PARTY TRANSACTIONS

As the wholly owned subsidiary of Transacsys Plc, which prepares consolidated financial statements, the company has taken advantage of the exemption under Financial Reporting Standard 8 'Related Party Transactions' not to disclose transactions with entities, 90% or more of whose voting rights are controlled within the group.

20. PARENT COMPANY

The parent company is Transacsys plc, incorporated in England and Wales, and is the smallest and largest group of which the company is a member and for which group financial statements are prepared. Copies of the group financial statements may be obtained from the registered office:

The Company Secretary
Transacsys plc
GiroVend House
Knave's Beech Business Centre
Loudwater
High Wycombe
Buckinghamshire
HP10 9PB

By 23 August 2002 78.39% of the issued share capital of Transacsys Plc had been acquired by Airtime Group Holdings Limited, therefore from this date, the company's ultimate parent undertaking became Airtime Group Holdings Limited.