



GIROVEND LIMITED

(formerly Girovend Cashless Systems (UK) Limited)

Report and Financial Statements

31 March 2000



**Deloitte & Touche
Blenheim House
Fitzalan Court
Newport Road
Cardiff CF24 0TS**

DIRECTORS' REPORT (continued)

The directors present the annual report and the audited financial statements for the year ended 31 March 2000.

CHANGE OF NAME

On 4 February 2000 the company changed its name to Girovend Limited.

PRINCIPAL ACTIVITY, REVIEW OF THE BUSINESS AND FUTURE PROSPECTS

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

Turnover for the year amounted to £6,104,661 (1999 - £7,083,154). The loss for the year after taxation amounted to £366,905 (1999 - profit of £16,692). The directors do not recommend the payment of a dividend for the year ended 31 March 2000 (1999 - £Nil).

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

RESEARCH AND DEVELOPMENT

Internal expenditure is expensed as incurred and amounted to £212,653 (1999 - £312,281). External costs on project development amounted to £18,030 (1999 - £57,200) and is capitalised.

DIRECTORS AND THEIR INTERESTS

P S McGrane

R P Fieth

J B D Ditchburn (appointed 17 January 2000)

C L Trace (appointed 17 January 2000)

C W L Sargent (appointed 17 January 2000)

M J Barnsley (appointed 17 January 2000)

L J M Morinay (appointed 17 January 2000)

H H Butt (appointed 17 January 2000)

J A Gahagnon (appointed 17 January 2000)

R E Smart (resigned 30 April 1999)

Messrs McGrane, Fieth, Gahagnon and Ditchburn are all directors of the ultimate parent company, Transacsys plc. Their interests in that company are disclosed in its financial statements. On 17 January 2000, being the date of their appointment as directors of the company, the interests of Messrs Gahagnon and Ditchburn in Transacsys plc were:

	Ordinary shares of 2.5p each	Deferred shares of 2.5p each	Share options
J B Ditchburn	-	100,000	67,415
J A Gahagnon	146,485	100,000	182,415

Details of the terms of the above deferred shares and options are disclosed in the financial statements of Transacsys plc.

DIRECTORS' REPORT (continued)

The interests of the remaining directors at 31 March 2000 in the shares of Transacsys plc were as follows:

	At date of appointment and at 31 March 2000	
	Ordinary shares of 2.5p each	Deferred shares of 2.5p each
C L Trace	-	100,000
C W L Sargent	-	-
M J Barnsley	625	-
L J M Morinay	335	-
H H Butt	-	-

Share options held by the remaining directors at 31 March 2000 under the Transacsys plc (formerly Girovend Cashless Systems plc) 1999 share option scheme were as follows:

	At date of appointment and at 31 March 2000	Exercise price (pence)	Earliest date at which exercisable	Expiry date
C L Trace	67,415	44.5	25 Nov 2002	25 Nov 2009
C W L Sargent	67,415	44.5	25 Nov 2002	25 Nov 2009
M J Barnsley	67,415	44.5	25 Nov 2002	25 Nov 2009
L J M Morinay	6,000	44.5	25 Nov 2002	25 Nov 2009
H H Butt	-	-	-	-

On 6 April 2000 as part of a placing and open offer of ordinary shares in Transacsys plc, the remaining directors subscribed for additional ordinary shares in Transacsys plc at the offer price of 100p per share:

	Ordinary shares of 2.5p each
C L Trace	2,000
C W L Sargent	-
M J Barnsley	125
L J M Morinay	-
H H Butt	-

None of the directors held any interests in the shares of the company or of other group companies.

DIRECTORS' REPORT (continued)

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 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, subject to any material departures disclosed and explained in the financial statements.
- 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. 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.

YEAR 2000

Following their initial review, the directors continue to be alert to the potential risks and uncertainties surrounding the year 2000 issue. As at the date of this report, the directors are not aware of any significant factors which have arisen, or that may arise, which will affect the activities of the business. However the situation is still being monitored. Any future costs associated with this issue cannot be quantified but are not anticipated to be significant.

PAYMENT PRACTICES

It is the company's practice to comply with the terms of payment agreed with all suppliers. Where payment terms are not negotiated, the company will endeavour to adhere to the suppliers standard terms. Creditor days at 31 March 2000 were 55 days (1999 - 60 days).

AUDITORS

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

By order of the Board



R P Fieth
Secretary

20 June 2000

**AUDITORS' REPORT TO THE MEMBERS OF
GIROVEND LIMITED
(formerly Girovend Cashless Systems (UK) Limited)**

We have audited the financial statements on pages 5 to 14 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements which are required to be prepared in accordance with applicable United Kingdom Law and Accounting Standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

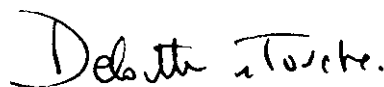
Basis of opinion

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 the company's affairs at 31 March 2000 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

20 June 2000

PROFIT AND LOSS ACCOUNT
Year ended 31 March 2000

	Note	2000 £	1999 £
TURNOVER	2	6,104,661	7,083,154
Cost of sales		(3,793,163)	(4,167,054)
GROSS PROFIT		2,311,498	2,916,100
Distribution costs		(635,030)	(695,582)
Administrative expenses		(2,040,946)	(2,186,031)
OPERATING (LOSS)/PROFIT	5	(364,478)	34,487
Interest receivable and similar income		53	976
Interest payable and similar charges	6	(2,480)	(28,311)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(366,905)	7,152
Tax on (loss)/profit on ordinary activities	7	-	9,540
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	15	(366,905)	16,692

All activities derive from continuing operations.

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

BALANCE SHEET
31 March 2000

	Note	£	2000 £	£	1999 £
FIXED ASSETS					
Intangible assets	8		929,756		1,037,472
Tangible assets	9		410,020		625,671
			<u>1,339,776</u>		<u>1,663,143</u>
CURRENT ASSETS					
Stocks	10	868,441		998,204	
Debtors	11	2,403,320		2,645,949	
Cash at bank and in hand		838		37,280	
		<u>3,272,599</u>		<u>3,681,433</u>	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	12	<u>(4,720,092)</u>		<u>(5,085,388)</u>	
NET CURRENT LIABILITIES			<u>(1,447,493)</u>		<u>(1,403,955)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>(107,717)</u>		<u>259,188</u>
CAPITAL AND RESERVES					
Called up share capital	14		100		100
Profit and loss account	15		<u>(107,817)</u>		<u>259,088</u>
TOTAL EQUITY SHAREHOLDERS' (DEFICIT)/FUNDS	16		<u>(107,717)</u>		<u>259,188</u>

These financial statements were approved by Board of Directors on 20 June 2000.
and are signed on their behalf by:



R P Fieth - Director

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2000

1. ACCOUNTING POLICIES

Accounting convention

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

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 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

Provision is made for deferred taxation at current rates of tax on timing differences to the extent that these timing differences are expected to reverse in the foreseeable future

Pension costs

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

Research and development

In house expenditure on research and development is written off as incurred. External costs incurred on specific product development projects are capitalised and 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.

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 2000

2. SEGMENTAL INFORMATION

	2000 £	1999 £
Geographical segments		
The geographical analysis of turnover was:		
United Kingdom	4,826,232	5,755,976
Continental Europe	1,262,876	1,248,898
Rest of the world	15,553	78,280
	<u>6,104,661</u>	<u>7,083,154</u>

3. DIRECTORS' EMOLUMENTS

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

	Salaries £	Fees £	Performance bonuses £	Benefits £	Sub total £	Pensions £	2000 Total £	1999 Total £
P S McGrane	43,304	-	-	4,755	48,059	1,299	49,358	3,154
R P Fieth	29,358	-	-	5,156	34,514	1,444	35,958	34,558
J B D Ditchburn	12,283	-	-	1,282	13,565	569	14,134	-
C L Trace	13,333	-	10,000	1,202	24,535	188	24,723	-
C W L Sargent	8,718	-	-	859	9,577	188	9,765	-
M J Barnsley	8,205	-	-	1,313	9,518	188	9,706	-
L J M Morinay	6,420	-	972	1,718	9,110	133	9,243	-
H H Butt	-	2,500	-	-	2,500	-	2,500	-
R E Smart	2,105	-	-	428	2,533	181	2,714	50,818
	<u>123,726</u>	<u>2,500</u>	<u>10,972</u>	<u>16,713</u>	<u>153,911</u>	<u>4,190</u>	<u>158,101</u>	<u>88,530</u>

4. EMPLOYEES

Number of employees	2000 No.	1999 No.
The average number of persons employed by the company during the year was:		
Production and development	11	12
Administration	64	60
	<u>75</u>	<u>72</u>
Employment costs (including directors)	£	£
Wages and salaries	1,647,592	1,769,188
Social security costs	167,021	162,161
Other pension costs	53,103	92,281
	<u>1,867,716</u>	<u>2,023,630</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2000

5. OPERATING (LOSS)/PROFIT

	2000 £	1999 £
Operating (loss)/profit is stated after charging/(crediting):		
Depreciation		
- owned assets	123,239	75,656
- assets held under finance leases	1,729	21,747
Amortisation of goodwill	47,876	47,876
Amortisation of development costs	77,870	101,800
Operating lease rentals		
- plant and machinery	216,374	189,619
- other operating leases	71,174	43,167
Auditors' remuneration:		
- audit services	-	-
- non audit services	-	-
Profit on disposal of fixed assets	(141,408)	-
Foreign exchange losses/(gains)	35,054	(12,327)
Research and development	212,653	312,281
Exceptional bad debt writt off on liquidation of fellow subsidiary	211,636	-
	<u>2,480</u>	<u>28,311</u>

Auditors remuneration is borne by the parent company.

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2000 £	1999 £
Interest on loans and overdrafts repayable within five years	2,058	23,993
Finance charges payable under finance leases terminating within five years	422	4,167
Other interest payable	-	151
	<u>2,480</u>	<u>28,311</u>

7. TAXATION

	2000 £	1999 £
UK corporation tax at 30% (1999 - 33%)	-	13,730
Adjustment in respect of prior years	-	(23,270)
	<u>-</u>	<u>(9,540)</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2000

8. INTANGIBLE FIXED ASSETS

	Goodwill	Development costs	Total
	£	£	£
Cost			
At 1 April 1999	957,513	262,432	1,219,945
Additions	-	18,030	18,030
At 31 March 2000	957,513	280,462	1,237,975
Amortisation			
At 1 April 1999	95,752	86,721	182,473
Charge for the year	47,876	77,870	125,746
At 31 March 2000	143,628	164,591	308,219
Net book value			
At 31 March 2000	813,885	115,871	929,756
At 31 March 1999	861,761	175,711	1,037,472

9. TANGIBLE FIXED ASSETS

	Leasehold property	Fixtures, fittings, plant and machinery	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 April 1999	390,982	657,546	73,197	1,121,725
Additions	11,828	293,478	-	305,306
Disposals	(350,000)	(90,828)	(73,197)	(514,025)
At 31 March 2000	52,810	860,196	-	913,006
Depreciation				
At 1 April 1999	53,398	397,329	45,327	496,054
Charge for the year	8,641	113,849	2,478	124,968
Disposals	(22,167)	(48,064)	(47,805)	(118,036)
At 31 March 2000	39,872	463,114	-	502,986
Net book value				
At 31 March 2000	12,938	397,082	-	410,020
At 31 March 1999	337,584	260,217	27,870	625,671

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2000

9. TANGIBLE FIXED ASSETS (continued)

	Motor Vehicles £
Assets held under finance lease included in above	
Cost	-
Depreciation	-
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At 31 March 2000	-
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Cost	58,995
Depreciation	(36,372)
	<hr/>
At 31 March 1999	22,623
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10. STOCKS

	2000 £	1999 £
Raw materials	753,059	676,527
Work in progress	37,837	25,478
Finished goods held for resale	77,545	296,199
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	868,441	998,204
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11. DEBTORS

	2000 £	1999 £
Trade debtors	1,734,044	1,946,204
Amounts owed by fellow subsidiary undertakings	280,230	502,982
Other debtors	61,873	57,336
Prepayments and accrued income	327,173	139,427
	<hr/>	<hr/>
	2,403,320	2,645,949
	<hr/>	<hr/>

Amounts included above recoverable after more than one year.

	2000 £	1999 £
Trade debtors	21,954	32,930
Other debtors	22,000	47,000
	<hr/>	<hr/>
	43,954	79,930
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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2000

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000	1999
	£	£
Bank overdraft	35,784	381,439
Obligations under hire purchase contracts	-	12,038
Trade creditors	998,685	802,082
Amounts owed to parent company	989,041	1,201,332
Amounts owed to fellow subsidiary undertaking	2,140,000	2,140,000
Corporation tax	26,094	56,316
Other creditors	147,623	211,791
Accruals and deferred income	382,865	280,390
	<u>4,720,092</u>	<u>5,085,388</u>

The company is a party to group banking cross guarantees. At 31 March 2000 the aggregate amount of borrowings, secured under these guarantees was £74,651 (1999 - £357,670).

13. ANALYSIS OF BORROWINGS

	2000	1999
	£	£
Obligations under hire purchase contracts:		
- Due within one year	-	12,038
	<u>-</u>	<u>12,038</u>

The hire purchase obligations were secured against the assets to which they relate.

14. SHARE CAPITAL

	2000	1999
	£	£
Authorised		
100 ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>
Allotted and fully paid		
100 ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2000

15. PROFIT AND LOSS ACCOUNT

	Profit & Loss Account £
At 1 April 1999	259,088
Loss for the financial year	(366,905)
	<hr/>
At 31 March 2000	(107,817)
	<hr/>

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000 £	1999 £
(Loss)/profit for the financial year	(366,905)	16,692
Shareholders' funds at 1 April	259,188	242,496
	<hr/>	<hr/>
Shareholders' funds at 31 March	(107,717)	259,188
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17. FINANCIAL COMMITMENTS

Operating leases

At 31 March 2000 the company had annual commitments under non-cancellable operating leases as follows:

	2000		1999	
	Land and buildings £	Other £	Land and Buildings £	Other £
Expiry date:				
Within one year	9,153	57,347	13,990	17,870
Between two and five years	-	120,431	-	158,273
After five years	73,232	-	-	-
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	82,385	177,778	13,990	176,143
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Capital commitments

At 31 March 2000 and 31 March 1999 there were no capital commitments.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2000

18. ULTIMATE PARENT COMPANY

The ultimate controlling party and parent company is Transacsys plc (formerly GiroVend Cashless Systems 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 Company Secretary
Transacsys plc
GiroVend House
Knaves Beech Business Centre
Loudwater
High Wycombe
Buckinghamshire
HP10 9PB