

COMPANY REGISTRATION NUMBER 2323320

PRESTIGE SYSTEMS PLC
FINANCIAL STATEMENTS
FOR
31 MARCH 2004



HAINES WATTS
Chartered Accountants & Registered Auditors
49 Waterloo Road
Wolverhampton
West Midlands
WV1 4UZ

PRESTIGE SYSTEMS PLC
FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2004

CONTENTS	PAGE
The directors' report	1
Independent auditors' report to the shareholders	3
Profit and loss account	5
Group statement of total recognised gains and losses	6
Group balance sheet	7
Balance sheet	8
Notes to the financial statements	9
The following pages do not form part of the financial statements	
Detailed profit and loss account	18

PRESTIGE SYSTEMS PLC

THE DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2004

The directors have pleasure in presenting their report and the financial statements of the group for the year ended 31 March 2004.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year under review was the supply of computer systems.

The company has experienced another difficult year for trading as shown in the profit and loss account but the directors remain optimistic about the future performance in 2004/2005.

RESULTS AND DIVIDENDS

The trading results for the year, and the group's financial position at the end of the year are shown in the attached financial statements.

The directors have recommended the following dividends:

	2004 £	2003 £
Dividend paid on ordinary shares	<u>210,908</u>	<u>24,000</u>

THE DIRECTORS AND THEIR INTERESTS

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £0.10 each	
	At 31 March 2004	At 1 April 2003
J A Dawson	250,000	250,000
E D A Dawson	250,000	250,000
D Cleary	—	—
J Tully	—	—

POLICY ON THE PAYMENT OF CREDITORS

It is the company's policy to maintain good relationships with its suppliers. Suppliers are made aware of the terms of payment, which are agreed with them in advance and these terms are adhered to. The number of days' purchases included in trade creditors at 31 March 2004 was 30.

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 group at the end of the year and of the group's profit or loss for the year then ended. In preparing those financial statements, the directors are required to:

select suitable accounting policies, as described on page 9, and then apply them consistently;

make judgements and estimates that are reasonable and prudent; and

PRESTIGE SYSTEMS PLC
THE DIRECTORS' REPORT *(continued)*
YEAR ENDED 31 MARCH 2004

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 group and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

A resolution to re-appoint Haines Watts as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:
Lygon Court
Hereward Rise
Halesowen
West Midlands
B63 3EB

Signed by order of the directors



K J GRAINGER
Company Secretary

Approved by the directors on 15.3.04

PRESTIGE SYSTEMS PLC
INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS
YEAR ENDED 31 MARCH 2004

We have audited the financial statements on pages 5 to 17 which have been prepared under the historical cost convention and the accounting policies set out on page 9.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders 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 law and United Kingdom 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 group'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.

PRESTIGE SYSTEMS PLC

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS *(continued)*

YEAR ENDED 31 MARCH 2004

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs and of the group as at 31 March 2004 and of the loss of the group for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Haines Watts

HAINES WATTS
Chartered Accountants
& Registered Auditors

49 Waterloo Road
Wolverhampton
West Midlands
WV1 4UZ

15th September 2004

PRESTIGE SYSTEMS PLC
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 MARCH 2004

	Note	2004 £	2003 £
GROUP TURNOVER	2	4,718,434	7,288,113
Cost of sales		<u>3,180,715</u>	<u>5,272,722</u>
GROSS PROFIT		1,537,719	2,015,391
Administrative expenses		<u>1,800,436</u>	1,935,554
Other operating income	3	<u>(24,905)</u>	<u>(24,000)</u>
OPERATING (LOSS)/PROFIT	4	(237,812)	103,837
Exceptional item	7	<u>—</u>	160,000
		(237,812)	263,837
Interest receivable		<u>10,607</u>	10,782
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(227,205)	274,619
Tax on (loss)/profit on ordinary activities	8	<u>(16,581)</u>	43,713
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	9	(210,624)	230,906
Dividends	10	<u>210,908</u>	24,000
(LOSS)/RETAINED PROFIT FOR THE FINANCIAL YEAR		<u>(421,532)</u>	<u>206,906</u>

All of the activities of the group are classed as continuing.

The company has taken advantage of section 230 of the Companies Act 1985 not to publish its own Profit and Loss Account.

The notes on pages 9 to 17 form part of these financial statements.

PRESTIGE SYSTEMS PLC
GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
YEAR ENDED 31 MARCH 2004

	2004 £	2003 £
(Loss)/Profit for the financial year attributable to the shareholders of the parent company	(210,624)	230,906
Total recognised gains and losses relating to the year	<u>(210,624)</u>	<u>230,906</u>

The notes on pages 9 to 17 form part of these financial statements.

PRESTIGE SYSTEMS PLC

GROUP BALANCE SHEET

31 MARCH 2004

	Note	2004 £	2003 £
FIXED ASSETS			
Tangible assets	12	14,321	47,558
CURRENT ASSETS			
Stocks	13	15,378	99,754
Debtors	14	811,180	1,414,202
Cash at bank and in hand		480,137	642,315
		<u>1,306,695</u>	<u>2,156,271</u>
CREDITORS: Amounts falling due within one year	15	<u>998,249</u>	<u>1,471,541</u>
NET CURRENT ASSETS		<u>308,446</u>	<u>684,730</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>322,767</u>	<u>732,288</u>
CREDITORS: Amounts falling due after more than one year	16	<u>12,011</u>	<u>—</u>
		<u>310,756</u>	<u>732,288</u>
CAPITAL AND RESERVES			
Called-up equity share capital	19	50,000	50,000
Profit and loss account	20	260,756	682,288
SHAREHOLDERS' FUNDS	21	<u>310,756</u>	<u>732,288</u>

These financial statements were approved by the directors on the 15.9.04 and are signed on their behalf by:

J A DAWSON
DIRECTOR

The notes on pages 9 to 17 form part of these financial statements.

PRESTIGE SYSTEMS PLC

BALANCE SHEET

31 MARCH 2004

	Note	2004 £	2003 £
FIXED ASSETS			
Tangible assets	12	14,321	47,558
CURRENT ASSETS			
Stocks	13	15,378	99,754
Debtors	14	811,180	1,414,202
Cash at bank and in hand		480,137	641,674
		<u>1,306,695</u>	<u>2,155,630</u>
CREDITORS: Amounts falling due within one year	15	<u>998,249</u>	<u>1,469,234</u>
NET CURRENT ASSETS		308,446	686,396
TOTAL ASSETS LESS CURRENT LIABILITIES		322,767	733,954
CREDITORS: Amounts falling due after more than one year	16	12,011	—
		<u>310,756</u>	<u>733,954</u>
CAPITAL AND RESERVES			
Called-up equity share capital	19	50,000	50,000
Profit and loss account	20	260,756	683,954
SHAREHOLDERS' FUNDS		<u>310,756</u>	<u>733,954</u>

These financial statements were approved by the directors on the 15.9.04 and are signed on their behalf by:

J A DAWSON
DIRECTOR

The notes on pages 9 to 17 form part of these financial statements.

PRESTIGE SYSTEMS PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2004

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over five years from the year of acquisition. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 230 of the Companies Act 1985.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Office equipment	25% straight line basis
Motor vehicles	25% straight line basis
House software	33% & 50% straight line basis

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Maintenance and support income

Maintenance and support income is recognised fully to the profit and loss account at the date of invoicing. The related support expenditure is also accrued in its entirety at this point. This policy was changed in the preceding accounting period when previously, income and expenditure on support contracts were recognised in the profit and loss account by reference to the period of the support contract.

PRESTIGE SYSTEMS PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2004

2. TURNOVER

The turnover and loss before tax are attributable to the one principal activity of the group.
An analysis of turnover is given below:

	2004	2003
	£	£
United Kingdom	4,695,144	7,237,922
European Community	12,231	50,191
Australia	6,216	—
United States of America	4,843	—
	<u>4,718,434</u>	<u>7,288,113</u>

3. OTHER OPERATING INCOME

	2004	2003
	£	£
Rent receivable	24,000	24,000
Other operating income	905	—
	<u>24,905</u>	<u>24,000</u>

4. OPERATING (LOSS)/PROFIT

Operating (loss)/profit is stated after charging/(crediting):

	2004	2003
	£	£
Directors' emoluments	192,107	221,950
Depreciation of owned fixed assets	33,580	64,444
(Profit)/Loss on disposal of fixed assets	(1,578)	15,271
Auditors' remuneration		
- as auditors	7,190	7,140
Operating lease costs:		
Plant and equipment	<u>7,952</u>	<u>7,514</u>

PRESTIGE SYSTEMS PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2004

5. PARTICULARS OF EMPLOYEES

The average number of staff employed by the group during the financial year amounted to:

	2004	2003
	No	No
Number of distribution staff	19	19
Number of administrative staff	8	10
	<u>27</u>	<u>29</u>

The aggregate payroll costs of the above were:

	2004	2003
	£	£
Wages and salaries	973,317	1,123,929
Social security costs	117,476	129,651
Other pension costs	11,637	12,034
	<u>1,102,430</u>	<u>1,265,614</u>

6. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2004	2003
	£	£
Emoluments receivable	192,107	221,950
Value of company pension contributions to money purchase schemes	5,557	5,557
	<u>197,664</u>	<u>227,507</u>

The number of directors who are accruing benefits under company pension schemes was as follows:

	2004	2003
	No	No
Money purchase schemes	<u>1</u>	<u>1</u>

7. EXCEPTIONAL ITEM

	2004	2003
	£	£
Waiver of loan by minority interests	<u>-</u>	<u>(160,000)</u>

PRESTIGE SYSTEMS PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2004

8. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

	2004 £	2003 £
Current tax:		
UK Corporation tax based on the results for the year at 0% (2003 - 0%)	-	43,713
Over/under provision in prior year	<u>(16,581)</u>	<u>-</u>
Total current tax	<u>(16,581)</u>	<u>43,713</u>

9. LOSS ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The loss dealt with in the accounts of the parent company was £(212,290) (2003 - £(72,445)).

10. DIVIDENDS

The following dividends have been paid in respect of the year:

	2004 £	2003 £
Dividend paid on ordinary shares	<u>210,908</u>	<u>24,000</u>

11. PRIOR YEAR ADJUSTMENT

The prior year adjustment arose from a change in accounting policy on the recognition of income and expenditure on support contracts.

Support income is recognised fully at the date of invoicing and its related expenditure is accrued fully at this time.

Previously such items were recognised to the profit and loss account by reference to the period of the support contract.

The prior year effect was to include additional sales of £456,000 and related cost of sales of £349,000 by reference to the deferral of net income at 31st March 2002.

PRESTIGE SYSTEMS PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2004

12. TANGIBLE FIXED ASSETS

Group	Office & computer equipment £	Motor Vehicles £	House Software £	Total £
COST				
At 1 April 2003	370,454	39,729	52,418	462,601
Additions	6,488	—	—	6,488
Disposals	(136,431)	(39,729)	(19,792)	(195,952)
At 31 March 2004	<u>240,511</u>	<u>—</u>	<u>32,626</u>	<u>273,137</u>
DEPRECIATION				
At 1 April 2003	334,211	33,204	47,628	415,043
Charge for the year	28,246	544	4,790	33,580
On disposals	(136,267)	(33,748)	(19,792)	(189,807)
At 31 March 2004	<u>226,190</u>	<u>—</u>	<u>32,626</u>	<u>258,816</u>
NET BOOK VALUE				
At 31 March 2004	<u>14,321</u>	<u>—</u>	<u>—</u>	<u>14,321</u>
At 31 March 2003	<u>36,243</u>	<u>6,525</u>	<u>4,790</u>	<u>47,558</u>

Hire Purchase and finance lease agreements

Included within the net book value of £14,321 is £Nil (2003 - £Nil) relating to assets held under hire purchase and finance lease agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £Nil (2003 - £Nil).

Capital commitments

	2004 £	2003 £
Contracted but not provided for in the financial statements	<u>75,689</u>	<u>100,708</u>

PRESTIGE SYSTEMS PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2004

12. TANGIBLE FIXED ASSETS *(continued)*

Company	Office & computer equipment £	Motor Vehicles £	House Software £	Total £
COST				
At 1 April 2003	370,454	39,729	52,418	462,601
Additions	6,488	—	—	6,488
Disposals	(136,431)	(39,729)	(19,792)	(195,952)
At 31 March 2004	240,511	—	32,626	273,137
DEPRECIATION				
At 1 April 2003	334,211	33,204	47,628	415,043
Charge for the year	28,246	544	4,790	33,580
On disposals	(136,267)	(33,748)	(19,792)	(189,807)
At 31 March 2004	226,190	—	32,626	258,816
NET BOOK VALUE				
At 31 March 2004	14,321	—	—	14,321
At 31 March 2003	36,243	6,525	4,790	47,558

Hire Purchase and finance lease agreements

Included within the net book value of £14,321 is £Nil (2003 - £Nil) relating to assets held under hire purchase and finance lease agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £Nil (2003 - £Nil).

Capital commitments

	2004 £	2003 £
Contracted but not provided for in the financial statements	75,689	100,708

13. STOCKS

	Group		Company	
	2004 £	2003 £	2004 £	2003 £
Finished goods	15,378	99,754	15,378	99,754

PRESTIGE SYSTEMS PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2004

14. DEBTORS

	Group		Company	
	2004	2003	2004	2003
	£	£	£	£
Trade debtors	701,368	1,181,559	701,368	1,181,559
Other debtors	15,047	171,294	15,047	171,294
Prepayments and accrued income	94,765	61,349	94,765	61,349
	<u>811,180</u>	<u>1,414,202</u>	<u>811,180</u>	<u>1,414,202</u>

Included in other debtors are the following overdrawn directors loan accounts, Mr J A Dawson £7,035 (2003:£115,082) and Mr J Tully £2,413 (2003:£3,550). The maximum amounts outstanding during the year were Mr J A Dawson £115,082 (2003:£115,082) and Mr J Tully £4,000 (2003:£4,000).

15. CREDITORS: Amounts falling due within one year

	Group		Company	
	2004	2003	2004	2003
	£	£	£	£
Trade creditors	304,113	945,279	304,113	945,278
Hire Purchase and finance lease agreements	10,294	—	10,294	—
Other creditors	187,232	102,879	187,232	100,573
Accruals and deferred income	496,610	423,383	496,610	423,383
	<u>998,249</u>	<u>1,471,541</u>	<u>998,249</u>	<u>1,469,234</u>

16. CREDITORS: Amounts falling due after more than one year

	Group		Company	
	2004	2003	2004	2003
	£	£	£	£
Hire Purchase and finance lease agreements	12,011	—	12,011	—

17. COMMITMENTS UNDER LEASE AGREEMENTS

Future commitments under operating lease agreements by expiry date are as follows:

	2004	2003
	£	£
Group and Company		
Amounts payable within 1 year	12,353	3,799
Amounts payable between 1 and 2 years	53,042	41,320
Amounts payable between 2 and 5 years	10,294	55,589

18. RELATED PARTY TRANSACTIONS

During the year the company sold a motor vehicle to Mrs E Dawson for £6,500 giving rise to a loss on disposal of £131.

PRESTIGE SYSTEMS PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2004

19. SHARE CAPITAL

Authorised share capital:

	2004	2003
	£	£
500,000 Ordinary shares of £0.10 each	<u>50,000</u>	<u>50,000</u>

Allotted, called up and fully paid:

	2004		2003	
	No	£	No	£
Ordinary shares of £0.10 each	<u>500,000</u>	<u>50,000</u>	<u>500,000</u>	<u>50,000</u>

20. RESERVES

Group

	Profit and loss account £
At 1 April 2003	682,288
Loss for the year	<u>(421,532)</u>
	<u>260,756</u>

Company

	Profit and loss account £
At 1 April 2003	683,954
Loss for the year	<u>(423,198)</u>
	<u>260,756</u>

PRESTIGE SYSTEMS PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2004

21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2004	2003
	£	£
(Loss)/Profit for the financial year	(210,624)	230,906
Dividends	(210,908)	(24,000)
	<u>(421,532)</u>	<u>206,906</u>
Opening shareholders' equity funds	<u>732,288</u>	<u>525,382</u>
Closing shareholders' equity funds	<u><u>310,756</u></u>	<u><u>732,288</u></u>