

LOGICACMG ESIS LIMITED  
(formerly ESIS Limited)

Financial Statements for the 18 month period ended

31 December 2003



LOGICACMG ESIS LIMITED  
(formerly ESIS Limited)

FINANCIAL STATEMENTS 2003

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**LOGICACMG ESIS LIMITED**  
**(formerly ESIS Limited)**

**DIRECTORS AND ADVISERS**

**DIRECTORS**

P. Griffin  
K. Radley  
J.A.P. McKenna

**SECRETARY**

Logica International Limited

**REGISTERED OFFICE**

75 Hampstead Road  
London  
NW1 2PL

**AUDITORS**

PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
Harman House  
1 George Street  
Uxbridge  
Middlesex  
UB8 1QQ

# **LOGICACMG ESIS LIMITED** **(formerly ESIS Limited)**

## **DIRECTORS' REPORT**

The directors present their report, together with the audited financial statements, of LogicaCMG ESIS Limited ("the Company") for the 18 month period ended 31 December 2003.

## **CHANGE OF NAME**

On 25 September 2003, the name of the Company changed from ESIS Limited to LogicaCMG ESIS Limited.

## **PRINCIPAL ACTIVITIES**

The company provides leading and innovative business solutions to the Energy Industry by delivering a portfolio of cost effective quality products and services to both markets and market participants. ESIS is particularly active in providing New Electricity Trading Arrangements (NETA) business solutions for market participants and has an excellent reputation for the delivery of high quality business critical projects, software and services to exacting standards.

## **REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS**

Turnover amounted to £7.6 million, compared with £8.3 million for the previous year. Profit before tax was £2.6 million, compared with £3.8 million for the previous year.

This business is well positioned to take advantage of the trend towards out-sourcing applications management and business processes to managed service providers. In pursuit of these opportunities ESIS will work as part of LogicaCMG and build on its existing platform of values. In addition there is a strong international expansion path.

All new contracts will be established under LogicaCMG UK Limited, therefore revenue will continue to decline.

## **RESULTS AND DIVIDENDS**

Profit after tax was £1.8 million, compared with £2.7 million for the previous year. No final dividend was proposed and nothing was paid in 2002. The directors did not recommend payment of an interim dividend (2002: nil). £ 1.8 million was transferred to reserves compared to £ 2.7 million in the prior year.

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## DIRECTORS' REPORT (CONTINUED)

### DIRECTORS AND THEIR INTERESTS

The following directors held office during the year and up to the date of the signing of the financial statements:

P. Griffin	
K. Radley	
A.Cole	– resigned on 20 August 2004
J.A.P. McKenna	– appointed 22 September 2003
Logica International Limited	

As a director of LogicaCMG plc, the interests in the share capital of the ultimate holding company for J.A.P. McKenna are disclosed in that company's accounts.

The beneficial interests of the other directors in the share capital of LogicaCMG plc were as follows:

Ordinary Shares of 10p each	31 December 2003	30 June 2002*
K Radley	24,729	24,320
P Griffin	-	-

\* or date of appointment if earlier

#### Share options

Options to subscribe for ordinary shares of LogicaCMG plc were granted to the directors during the period as follows:

	At 1 July 2002	Granted during the period	Exercised during the period	Lapsed during the period	At 31 December 2003
K Radley	88,034	133,625	(79)	(10,037)	211,543
P Griffin	5,000	8,000	-	-	13,000

Options were granted during the period at the option prices between 92p and 271p, exercisable from Sep 2006 to Sep 2013. Other options outstanding are exercisable between Sep 2004 and Jun 2005, at prices ranging from 495p to 529p.

The directors had no other interests in the shares of the Company or any other company within the LogicaCMG group required to be disclosed other than those referred to above. The directors had no beneficial interest in any contract significant to the Company's business.

## DIRECTORS'REPORT (CONTINUED)

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial period that 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. The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

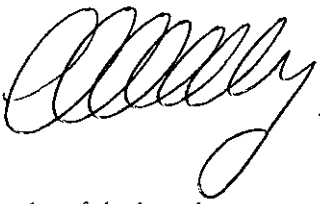
The directors confirm that suitable accounting policies have been used and applied consistently with the exception of any changes arising on the adoption of new accounting standards. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the period ended 31 December 2003 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that 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 safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### AUDITORS

PricewaterhouseCoopers LLP have indicated their willingness to continue in office. A resolution to re-appoint PricewaterhouseCoopers LLP as auditors of the Company will be proposed at the forth-coming annual general meeting.

Approved by the Board of Directors and signed on behalf of the Board



By order of the board

Director

11/11/2004

**LOGICACMG ESIS LIMITED**  
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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
LOGICACMG ESIS LIMITED**

We have audited the financial statements, which comprise the profit and loss account, the balance sheet and the related notes.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report including the opinion has been prepared for and only for the company's members in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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 United Kingdom Companies Act. 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 is not disclosed.

**BASIS OF AUDIT OPINION**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**OPINION**

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 2003 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

*PricewaterhouseCoopers LLP*

PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
West London

*1 November 2004*

**LOGICACMG ESIS LIMITED**  
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**PROFIT AND LOSS ACCOUNT**  
**18 MONTHS ENDED 31 DECEMBER 2003**

	Note	18 months ended 31 December 2003 £'000	Year ended 30 June 2002 (restated) £'000
TURNOVER	1	7,595	8,345
COST OF SALES		<u>(1,206)</u>	<u>(4,518)</u>
GROSS PROFIT		6,389	3,827
Administrative Expenses		<u>(3,769)</u>	<u>-</u>
OPERATING PROFIT		2,620	3,827
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	2,620	3,827
Tax on profit on ordinary activities	4	(786)	(1,148)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	8	<u>1,834</u>	<u>2,679</u>

All results above arise from continuing operations.

There are no recognised gains or losses other than those shown above, and therefore no separate statement of total recognised gains and losses has been presented.

There are no material differences between the profit on ordinary activities before taxation and the profit for the year stated above and their historical cost equivalents.



**LOGICACMG ESIS LIMITED**  
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**BALANCE SHEET**  
**31 DECEMBER 2003**

	Note	31 December 2003 £'000	30 June 2002 £'000
<b>CURRENT ASSETS</b>			
Debtors	5	21,062	18,730
<b>CURRENT LIABILITIES</b>			
Creditors: amounts falling due within one year	6	(1,128)	(630)
<b>NET ASSETS</b>		<u>19,934</u>	<u>18,100</u>
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	7	10,000	10,000
Profit and loss account	8	<u>9,934</u>	<u>8,100</u>
<b>SHAREHOLDER'S FUNDS</b>	9	<u>19,934</u>	<u>18,100</u>

The financial statements on pages 6 to 11 were approved by the Board of Directors on  
and were signed on their behalf by



Director

   /    / 2004

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2003

1 ACCOUNTING POLICIES

The following are the principal accounting policies which have been applied consistently throughout the period and the preceding period, except where noted.

**a) Basis of Accounting**

The accounts have been prepared, on the going concern basis, under the historical cost convention in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom which have been applied consistently throughout the period.

**b) Turnover**

Turnover represents the value of work done for clients including attributable profit and after adjusting for all foreseeable future losses but excluding local sales taxes. Revenue in respect of software product licences with no significant service revenue is recognised 100% on delivery. For other software product licences, revenue is recognised on a percentage completion basis based on the fair value of work performed. Where the time value of money is material, turnover is recognised as the present value of the cash inflow expected to be received from the customer in settlement. This is a change in policy due to the requirements of Application Note G of FRS 5 (Reporting the substance of transactions). The change in policy did not require a prior year adjustment.

Turnover was all derived from the United Kingdom.

**c) Recognition of Profits**

Profit on contracts for the supply of professional services at predetermined rates is taken as and when the work is performed, irrespective of the duration of the contract.

Profit is taken on fixed price contracts whilst the contract is in progress, having regard to the proportion of the total contract which has been completed at the balance sheet date and estimated costs by reference to the costs incurred to date versus total estimated costs to completion. Provision is made for all foreseeable future losses.

**d) Amounts Recoverable on Contracts**

Amounts recoverable on contracts represent turnover which has not yet been invoiced to clients on fixed price contracts. Such amounts are separately disclosed within debtors. The valuation of amounts recoverable on fixed price contracts is adjusted to take up profit to date or foreseeable losses in accordance with the accounting policy for recognition of profits. Other amounts recoverable on contracts are valued at cost, or at estimated net realisable amount if lower. Cost comprises:

- professional amounts recoverable valued at the cost of salaries and associated payroll expenses of employees engaged on assignments and a proportion of attributable overheads;
- unbilled expenses incurred and equipment purchased for clients in connection with specific contracts.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**31 DECEMBER 2003**

**1 ACCOUNTING POLICIES (CONTINUED)**

**e) Foreign Currency Translation**

Transactions denominated in foreign currencies are accounted for at the rate ruling at the date of the transaction or, if hedged, at the rate of exchange under the related forward contract. Monetary assets and liabilities at the balance sheet date are translated at the rates prevailing at that date or, if hedged, at the forward contract rate.

**f) Statement of Cash Flows**

In accordance with the exemptions set out in the Financial Reporting Standard No. 1 (Revised 1996), the Company has not prepared a cash flow statement on the basis that it is a wholly-owned subsidiary of Logica plc who publish a publicly available consolidated cash flow statement.

**g) Related Party Transactions**

The company has taken advantage of the exemption under paragraph 3(c) from the provisions of FRS 8, 'Related Party Disclosures', which requires the disclosure of the details of material transactions between the reporting entity and any related parties, on the grounds that it is a wholly owned subsidiary of a group headed by LogicaCMG plc whose accounts are publicly available.

**h) Taxation**

Corporation tax is provided on taxable profits at amounts expected to be paid, or recovered, under the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised to take account of timing differences between the treatment of transactions for financial reporting purposes and their treatment for tax purposes. A deferred tax asset is only recognised when it is 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 tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on the tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is measured on a non-discounted basis.

**LOGICACMG ESIS LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**31 DECEMBER 2003**

**2 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

The cost of auditor's remuneration is borne by LogicaCMG UK Limited.

**3 EMPLOYEE INFORMATION**

There were no employees during the period. None of the directors received any remuneration in respect of services to the Company. It is not possible to ascertain separately the element of the management charge that relates to staff costs.

**4 TAXATION**

	18 months ended 31 December 2003 £'000	Year ended 30 June 2002 £'000
<b>Current taxation:</b>		
Charge to UK Corporation tax 30% (2002: 30%)	786	1,148
<b>Total current tax</b>	<u>786</u>	<u>1,148</u>

There is no difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit on ordinary activities before tax.

**5 DEBTORS**

	31 December 2003 £'000	30 June 2002 £'000
Amounts recoverable on contracts	-	167
Trade debtors	781	542
Amounts owed by Group undertakings	20,281	18,021
	<u>21,062</u>	<u>18,730</u>

**6 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31 December 2003 £'000	30 June 2002 £'000
Payments received on account	342	630
Corporation tax	786	-
	<u>1,128</u>	<u>630</u>

**LOGICACMG ESIS LIMITED**  
(formerly ESIS Limited)

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**31 DECEMBER 2003**

<b>7</b>	<b>SHARE CAPITAL</b>	<b>31 December 2003 £'000</b>	<b>30 June 2002 £'000</b>
	Authorised share capital		
	10,000,000 ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
	Allotted and Fully Paid Up		
	10,000,000 ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
<b>8</b>	<b>PROFIT AND LOSS ACCOUNT</b>		<b>£'000</b>
	At 1 July 2002		8,100
	Retained profit for the period		<u>1,834</u>
	At 31 December 2003		<u>9,934</u>
<b>9</b>	<b>RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS</b>	<b>18 months ended 31 December 2003 £'000</b>	<b>Year ended 30 June 2002 £'000</b>
	At 1 July 2002	18,100	15,421
	Retained profit for the period	<u>1,834</u>	<u>2,679</u>
	At 31 December 2003	<u>19,934</u>	<u>18,100</u>
<b>10</b>	<b>ULTIMATE PARENT UNDERTAKING</b>		

The immediate parent undertaking is LogicaCMG UK Limited. The ultimate parent undertaking and controlling party is LogicaCMG plc, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the LogicaCMG plc financial statements can be obtained from 75 Hampstead Road, London NW1 2PL.