

CUSTOMER SYSTEMS LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 JANUARY 2000

Company no 3509265

CUSTOMER SYSTEMS LIMITED

FINANCIAL STATEMENTS

For the year ended 31 January 2000

Company registration number: 3509265

Registered office: 35 Murray Court
Ascot
Berks
SL5 9BP

Director: Mr S N Austen

Secretary: Mr R J Austen

Bankers: Barclays Bank
PO Box 631
19 High Street
Ascot
Berks
SL5 7LB

Auditors: Grant Thornton
Registered Auditors
Chartered Accountants
Edinburgh House
Windsor Road
Slough
Berks
SL1 2EE

CUSTOMER SYSTEMS LIMITED

FINANCIAL STATEMENTS

For the year ended 31 January 2000

INDEX

PAGE

Report of the director	1 - 2
Report of the auditors	3
Principal accounting policies	4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7 - 10

CUSTOMER SYSTEMS LIMITED

REPORT OF THE DIRECTOR

The director presents his report together with financial statements for the year ended 31 January 2000.

Principal activities

The company is principally engaged in the provision of IT services.

Business review

The company's second period of operation has been successful and demand for the company's services has continued to be strong. There was a profit for the year after taxation amounting to £431,624. The director does not recommend payment of a dividend and the profit has therefore been transferred to reserves.

Year 2000

The company suffered no impact from the year 2000 date change nor did any of its major customers, suppliers or trading partners.

Director

The present membership of the Board is set out below. The director served throughout the year.

The interests of the director and his family in the shares of the company as at 31 January 2000 was as follows:

	Ordinary shares	
	31 January 2000	1 February 1999
Mr S N Austen	51,001	51,001

Director's responsibilities for the financial statements

Company law requires the director 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 director is required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for maintaining proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

CUSTOMER SYSTEMS LIMITED

REPORT OF THE DIRECTOR

Auditors

Grant Thornton offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD

Mr S N Austen

Director
14 April 2000

**REPORT OF THE AUDITORS TO THE MEMBERS OF
CUSTOMER SYSTEMS LIMITED**

We have audited the financial statements on pages 4 to 10 which have been prepared under the accounting policies set out on page 4.

Respective responsibilities of the director and auditors

As described on page 1 the company's director is responsible for the preparation of the financial statements. 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 director 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 as at 31 January 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
SLOUGH
BERKSHIRE
18 April 2000**

CUSTOMER SYSTEMS LIMITED

PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

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

TURNOVER

Turnover is the total amount receivable by the company for services provided, excluding VAT and trade discounts.

TANGIBLE FIXED ASSETS AND DEPRECIATION

Depreciation is calculated to write down the cost or valuation less estimated residual value of all tangible fixed assets by equal annual instalments over their expected useful lives. The rates generally applicable are:

Motor vehicles	25%
Computer equipment	33 - 50%

DEFERRED TAXATION

Deferred tax is provided for using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise. Unprovided deferred tax is disclosed as a contingent liability.

Debit balances arising in respect of advance corporation tax on dividends payable or proposed are carried forward to the extent that they are expected to be recoverable.

FOREIGN CURRENCIES

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Where exchange differences result from the translation of foreign currency borrowings raised to acquire foreign asset they are taken to reserves and offset against the differences arising from the translation of those assets. All other exchange differences are dealt with through the profit and loss account.

CONTRIBUTIONS TO PENSION FUNDS

The pension costs charged against profits represent the amount of the contributions payable to the individual employees' schemes in respect of the accounting period.

CUSTOMER SYSTEMS LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 January 2000

	Note	2000 £	6 months to 31 January 1999 £
Turnover	1	1,516,055	343,741
Gross profit		1,516,055	343,741
Administrative expenses		(931,532)	(307,027)
Operating profit		584,523	36,714
Other interest receivable and similar income	2	2,729	548
Profit on ordinary activities before taxation	1	587,252	37,262
Tax on profit on ordinary activities	3	(155,628)	(8,009)
Profit transferred to reserves	9	431,624	29,253

There were no other recognised gains or losses other than the profit for the financial year.

The accompanying accounting policies and notes form an integral part of these financial statements.

CUSTOMER SYSTEMS LIMITED

BALANCE SHEET AT 31 JANUARY 2000

	Note	2000 £	1999 £
Fixed assets			
Tangible assets	4	57,490	34,469
Current assets			
Debtors	5	404,265	112,814
Cash at bank and in hand		343,887	99,001
		<u>748,152</u>	<u>211,815</u>
Creditors: amounts falling due within one year	6	<u>(276,829)</u>	<u>(85,961)</u>
Net current assets		<u>471,323</u>	<u>125,854</u>
Total assets less current liabilities		<u>528,813</u>	<u>160,323</u>
Creditors: amounts falling due after more than one year	7	<u>-</u>	<u>(66,059)</u>
		<u>528,813</u>	<u>94,264</u>
Capital and reserves			
Called up share capital	8	52,316	51,011
Share premium account	9	15,620	14,000
Profit and loss account	9	460,877	29,253
Shareholders' funds	10	<u>528,813</u>	<u>94,264</u>

The financial statements were approved by the Board of Directors on 14 April 2000.

Mr S N Austen

Director

The accompanying accounting policies and notes form an integral part of these financial statements.

CUSTOMER SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2000

1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The turnover and profit before taxation are attributable to one activity.

An analysis of turnover by geographical market is given below:

	2000	6 months to 31 January 1999
	£	£
United Kingdom	668,277	167,299
Europe and the rest of the world	847,778	176,442
	<u>1,516,055</u>	<u>343,741</u>

The profit on ordinary activities is stated after:

	2000	6 months to 31 January 1999
	£	£
Auditors' remuneration	4,250	3,500
Depreciation of tangible fixed assets, owned	26,870	7,802
	<u>26,870</u>	<u>7,802</u>

2 DIRECTOR AND EMPLOYEES

Staff costs during the year were as follows:

	2000	6 months to 31 January 1999
	£	£
Wages and salaries	455,795	151,588
Social security costs	49,491	15,370
Other pension costs	16,783	3,806
	<u>522,069</u>	<u>170,764</u>

The average number of employees of the company during the year was 12 (1999:5).

Included in the above is director's remuneration of £66,000.

3 TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge represents:

	2000	6 months to 31 January 1999
	£	£
UK Corporation tax at 21%	155,628	8,009
	<u>155,628</u>	<u>8,009</u>

CUSTOMER SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2000

4 TANGIBLE FIXED ASSETS

	Motor vehicles £	Computer equipment £	Total £
Cost			
At 1 February 1999	21,407	20,864	42,271
Additions	26,158	23,733	49,891
At 31 January 2000	47,565	44,597	92,162
Depreciation			
At 1 February 1999	2,388	5,414	7,802
Provided in the year	10,384	16,486	26,870
At 31 January 2000	12,772	21,900	34,672
Net book amount at 31 January 2000	34,793	22,697	57,490
Net book amount at 31 January 1999	19,019	15,450	34,469

5 DEBTORS

	2000 £	1999 £
Trade debtors	375,248	103,746
Prepayments and accrued income	29,017	9,068
	404,265	112,814

6 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000 £	1999 £
Corporation tax	155,628	8,009
Social security and other taxes	91,871	60,265
Other creditors	11,404	8,646
Accruals and deferred income	17,926	9,041
	276,829	85,961

CUSTOMER SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2000

7 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2000 £	1999 £
Loan from director due between one and two years from the balance sheet date	-	66,059

8 SHARE CAPITAL

	2000 £	1999 £
Authorised £1 ordinary shares	<u>100,000</u>	<u>100,000</u>
Allotted, called up and fully paid £1 ordinary shares	<u>52,316</u>	<u>51,011</u>

Allotments during the year

The company made a total allotment of 1,305 ordinary £1 shares during the year for a total consideration of £2,925.

Contingent rights to the allotment of shares

The company has granted options in respect of ordinary shares with a nominal value of £4,417

990 of these options are exercisable at a price of £1 per share after 1 September 1998.

1,200 of these options are exercisable at a price of £2 per share after 1 December 1998.

1,755 of these options are exercisable at a price of £5 per share between 1 April 1999 and 1 June 2009.

280 of these options are exercisable at a price of £8 per share between 1 January 2000 and 1 October 2010.

80 of these options are exercisable at a price of £10 per share between 1 May 2000 and 1 November 2010.

64 of these options are exercisable at a price of £15 per share between 1 October 2000 and 1 April 2011.

48 of these options are exercisable at a price of £20 per share between 1 December 2000 and 1 June 2011.

9 SHARE PREMIUM ACCOUNT AND RESERVES

	Share premium account	Profit and loss account
At 1 February 1999	14,000	29,253
Retained profit for the year	-	431,624
Premium on allotment during the year	1,620	-
At 31 January 2000	<u>15,620</u>	<u>460,877</u>

CUSTOMER SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2000

10 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000 £	1999 £
Profit for the financial year	431,624	29,253
Issue of shares	2,925	65,009
Net increase in shareholders' funds	434,549	94,262
Shareholders' funds at the beginning of the year	94,264	2
Shareholders' funds at the end of the year	<u>528,813</u>	<u>94,264</u>

11 CONTINGENT LIABILITIES

There were no contingent liabilities at 31 January 2000 or 1 February 1999.

12 CAPITAL COMMITMENTS

The company had no capital commitments at 31 January 2000 or 1 February 1999.

13 TRANSACTIONS WITH THE DIRECTOR

During the year, Customer Systems Limited repaid the loan of £66,059 owing to Steve Austen, the sole director.

14 ULTIMATE CONTROLLING RELATED PARTY

The ultimate controlling party is Steve Austen by virtue of being the sole director and the majority shareholder of the company.