

CUSTOMER SYSTEMS LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 JANUARY 2001

Company no 3509265

CUSTOMER SYSTEMS LIMITED

FINANCIAL STATEMENTS

For the year ended 31 January 2001

Company registration number: 3509265

Registered office: Clarke House
65 High Street
Egham
Surrey
TW20 9EY

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
Churchill House
Chalvey Road East
Slough
SL1 2LS

CUSTOMER SYSTEMS LIMITED

FINANCIAL STATEMENTS

For the year ended 31 January 2001

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CUSTOMER SYSTEMS LIMITED

REPORT OF THE DIRECTOR

The director presents his report together with financial statements for the year ended 31 January 2001.

Principal activities

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

Business review

The company's third period of operation has been successful and demand for the company's services has remained strong.

There was a profit for the year after taxation amounting to £1,032,784. Interim dividends of £592,388 (2000:nil) have been paid, leaving £440,396 retained.

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 2001 was as follows:

	Ordinary shares	
	31 January 2001	1 February 2000
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

S Austen

Director

3 April 2001

**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 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 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 2001 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
LONDON THAMES VALLEY OFFICE
SLOUGH**

3 April 2001

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.

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%
Fixtures and fittings	25% -50%
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 2001

	Note	2001 £	2000 £
Turnover	1	3,316,133	1,516,055
Gross profit		3,316,133	1,516,055
Administrative expenses		(1,877,897)	(931,532)
Operating profit		1,438,236	584,523
Other interest receivable and similar income		17,748	2,729
Profit on ordinary activities before taxation	1	1,455,984	587,252
Tax on profit on ordinary activities	3	(423,200)	(155,628)
Profit for the financial year	9	1,032,784	431,624
Dividends paid		(592,388)	-
Profit transferred to reserves	8	440,396	431,624

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 2001

	Note	2001 £	2000 £
Fixed assets			
Tangible assets	4	114,257	57,490
Current assets			
Debtors	5	661,453	404,265
Cash at bank and in hand		777,040	343,887
		<u>1,438,493</u>	<u>748,152</u>
Creditors: amounts falling due within one year	6	<u>(569,161)</u>	<u>(276,829)</u>
Net current assets		<u>869,332</u>	<u>471,323</u>
Total assets less current liabilities		<u>983,589</u>	<u>528,813</u>
Capital and reserves			
Called up share capital	7	56,043	52,316
Share premium account	8	26,273	15,620
Profit and loss account	8	901,273	460,877
Shareholders' funds	9	<u>983,589</u>	<u>528,813</u>

The financial statements were approved by the Board of Directors on 3 April 2001

S 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 2001

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:

	2001 £	2000 £
United Kingdom	1,525,421	668,277
Europe and the rest of the world	1,790,712	847,778
	<u>3,316,133</u>	<u>1,516,055</u>

The profit on ordinary activities is stated after:

	2001 £	2000 £
Auditors' remuneration	5,100	4,250
Depreciation of tangible fixed assets, owned	52,284	26,870
	<u>57,384</u>	<u>31,120</u>

2 DIRECTOR AND EMPLOYEES

Staff costs during the year were as follows:

	2001 £	2000 £
Wages and salaries	927,420	455,795
Social security costs	99,970	49,491
Other pension costs	40,802	16,783
	<u>1,068,192</u>	<u>522,069</u>

The average number of employees of the company during the year was 22 (2000:12).

Included in the above is director's remuneration of £75,043 (2000:£66,000).

3 TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge represents:

	2001 £	2000 £
UK Corporation tax at 30% (2000:30%)	423,200	155,628
	<u>423,200</u>	<u>155,628</u>

CUSTOMER SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2001

4 TANGIBLE FIXED ASSETS

	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 February 2000	47,565	-	44,597	92,162
Additions	5,151	24,960	78,940	109,051
At 31 January 2001	52,716	24,960	123,537	201,213
Depreciation				
At 1 February 2000	12,772	-	21,900	34,672
Provided in the year	12,964	3,985	35,335	52,284
At 31 January 2001	25,736	3,985	57,235	86,956
Net book amount at 31 January 2001	26,980	20,975	66,302	114,257
Net book amount at 31 January 2000	34,793	-	22,697	57,490

5 DEBTORS

	2001 £	2000 £
Trade debtors	644,326	375,248
Prepayments and accrued income	17,127	29,017
	661,453	404,265

6 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2001 £	2000 £
Corporation tax	423,200	155,628
Social security and other taxes	96,388	91,871
Other creditors	3,298	11,404
Accruals and deferred income	46,275	17,926
	569,161	276,829

CUSTOMER SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2001

7 SHARE CAPITAL

	2001 £	1999 £
Authorised £1 ordinary shares	<u>100,000</u>	<u>100,000</u>
Allotted, called up and fully paid £1 ordinary shares	<u>56,043</u>	<u>52,316</u>

Allotments during the year

The company made an allotment of 3,727 ordinary £1 shares during the year for a total consideration of £14,380 partly by way of the exercise of options. The difference between the consideration and the nominal value of £10,653 has been credited to the share premium account.

Contingent rights to the allotment of shares

The company has granted options to certain employees in respect of 312 ordinary shares during the year.

80 of these options are exercisable at £15 per share between 1 August 2000 and 6 February 2010.
64 of these options are exercisable at £15 per share between 1 October 2000 and 28 February 2010.
40 of these options are exercisable at £25 per share between 1 December 2000 and 5 March 2010.
64 of these options are exercisable at £15 per share between 1 October 2000 and 6 March 2010.
64 of these options are exercisable at £15 per share between 1 October 2000 and 21 March 2010.

At the year end 263 of these options remained unexercised.

266 further options granted in prior years remain unexercised:

60 of these are exercisable at £8 per share between 1 March 2000 and 1 September 2009.
70 of these are exercisable at £10 per share between 1 May 2000 and 7 September 2009.
56 of these are exercisable at £15 per share between 1 October 2000 and 6 December 2009.
32 of these are exercisable at £28 per share between 1 April 2001 and 15 December 2009
48 of these are exercisable at £20 per share between 1 December 2000 and 18 January 2010.

8 SHARE PREMIUM ACCOUNT AND RESERVES

	Share premium account	Profit and loss account
At 1 February 2000	15,620	460,877
Retained profit for the year	-	440,396
Premium on allotment during the year	10,653	-
At 31 January 2001	<u>26,273</u>	<u>901,273</u>

CUSTOMER SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2001

9 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2001 £	2000 £
Profit for the financial year	1,032,784	431,624
Dividends	(592,388)	-
	<hr/>	<hr/>
Issue of shares	440,396 14,380	431,624 2,925
	<hr/>	<hr/>
Net increase in shareholders' funds	454,776	434,549
Shareholders' funds at 1 February 2000	528,813	94,264
	<hr/>	<hr/>
Shareholders' funds at 31 January 2001	983,589	528,813
	<hr/> <hr/>	<hr/> <hr/>

10 CONTINGENT LIABILITIES

There were no contingent liabilities at 31 January 2001 or 1 February 2000.

11 CAPITAL COMMITMENTS

The company had no capital commitments at 31 January 2001 or 1 February 2000.

12 ULTIMATE CONTROLLING RELATED PARTY

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