

## Utimaco Safeware Limited

Financial Statements 30 June 1999  
together with directors' and auditors' reports

Registered number: 2969632



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## Directors and Officers

### Directors

H Goertz

R Wassermann

P McDermott

### Secretary

P McDermott

### Registered office

165-175 Farnham Road

Slough

Berkshire

### Auditors

Arthur Andersen

3 Victoria Square

Victoria Street

St Albans

Herts AL1 3TF

### Bankers

Barclays Bank plc

11 Bank Court

Hemel Hempstead

Hertfordshire

### Solicitors

Field Seymour Parkes

No 1 London Street

Reading

Berkshire

# Directors' report

For the year ended 30 June 1999

The directors present their annual report on the affairs of the company, together with the financial statements and auditors' report, for the year ended 30 June 1999.

## 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 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; and
- 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 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.

## Principal activity

The company's principal activity is that of a distributor of IT security systems within the UK and Europe.

## Business review

The past business year was marked by strong growth with record increases in turnover, profit and shareholder dividend.

We have continued to strengthen our market position in the UK as companies become increasingly aware of the competitive value of data and the need to secure it at all points within and outside the organisation. The growth of e-mail, electronic document transfer, electronic funds transfer, digital signatures and electronic commerce in general has created a vast market for even more secure solutions.

Utimaco is uniquely positioned to meet these market needs and those of tomorrow. With our SafeGuard solutions, based upon recognised international standards, we enable organisations to secure their most valuable assets – information – anywhere, anytime.

## Directors' report (continued)

### Results and dividends

The audited financial statements for the year ended 30 June 1999 are set out on pages 5 to 11. The company profit for the year, after taxation was £638,611 (1998 - £216,220).

The directors propose a dividend of £450 per ordinary share (1998 - £160).

It is proposed that the retained profit of £188,611 (1998 - £56,220) be transferred to reserves.

### Directors

The directors who served during the year were:

H Goertz

R Wasserman

P McDermott

The directors of the company do not have any interest in the shares of the company required to be disclosed under Schedule 7 of the Companies Act 1985.

### Year 2000

All Utimaco products have been extensively tested to ensure Year 2000 compliance and a compliance statement in respect of each product is available from the web-site <http://www.utimaco.com> Utimaco internal customer support systems have also been tested and are fully compliant.

Any costs associated with ensuring year 2000 compliance are therefore expected to be minimal.

### Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Arthur Andersen be reappointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Board on 4 October 1999.



P McDermott

Director

## Auditors' report

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St Albans

### To the Shareholders of Utimaco Safeware Limited :

We have audited the financial statements on pages 5 to 11 which have been prepared under the historical cost convention and 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 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 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 company's state of affairs at 30 June 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen  
Chartered Accountants and Registered Auditors

3 Victoria Square  
Victoria Street  
St Albans  
AL1 3TF

4 October 1999

## Profit and loss account

For the year ended 30 June 1999

	Notes	1999 £	1998 £
Turnover	1(b)	2,909,620	1,373,020
Cost of sales		<u>(1,500,701)</u>	<u>(714,948)</u>
Gross profit		1,408,919	658,072
Administrative expenses		<u>(489,114)</u>	<u>(351,305)</u>
Operating profit		919,805	306,767
Interest receivable		<u>10,716</u>	<u>9,293</u>
Profit on ordinary activities before taxation	2	930,521	316,060
Tax on profit on ordinary activities	4	<u>(291,910)</u>	<u>(99,840)</u>
Profit on ordinary activities after taxation		638,611	216,220
Dividends proposed	5	<u>(450,000)</u>	<u>(160,000)</u>
Retained profit for the year	12	<u>188,611</u>	<u>56,220</u>

There were no acquired or discontinued operations in either period. The company has no recognised gains or losses other than those recognised in the profit and loss account in either period.

The accompanying notes form an integral part of this profit and loss account.

# Balance sheet

30 June 1999

	Notes	1999 £	1998 £
<b>Fixed assets</b>			
Tangible assets	7	<u>16,246</u>	<u>21,752</u>
<b>Current assets</b>			
Stock		3,314	-
Debtors			
- due within one year	8	2,055,616	751,777
- due after one year	8	-	40,000
Cash at bank and in hand		<u>451,323</u>	<u>290,100</u>
		2,510,253	1,081,877
<b>Creditors: amounts falling due within one year</b>	9	<u>(2,132,261)</u>	<u>(898,002)</u>
<b>Net current assets</b>		<u>377,992</u>	<u>183,875</u>
<b>Net assets</b>		<u>394,238</u>	<u>205,627</u>
<b>Capital and reserves</b>			
Called-up share capital	11	1,000	1,000
Profit and loss account	12	<u>393,238</u>	<u>204,627</u>
<b>Shareholders' funds - all equity</b>	13	<u>394,238</u>	<u>205,627</u>

The accompanying notes form an integral part of this balance sheet.

The financial statements on pages 5 to 11 were approved by the Board on 4 October 1999.



P McDermott

Director



## Notes to the financial statements

### 1 Accounting policies

#### a) Basis of accounting

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

The company has taken advantage of the exemption in Financial Reporting Standard 1 (Revised) from the requirement to prepare a cash flow statement on the grounds that it is a small company.

#### b) Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, net of Value Added Tax and trade discounts. Software licence revenue is recognised when customers have been issued with the related software.

#### c) Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation.

Depreciation is calculated to write off the cost or valuation, less estimated residual values, of tangible fixed assets over their estimated useful lives to the business. The annual depreciation rates and methods are as follows:

Furniture and Fittings	15%	Straight line method
Computer Software	20%	Straight line method
Computer Equipment	33%	Straight line method

#### d) Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling on the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

#### e) Taxation

Corporation tax payable is provided on taxable profits at the current rate. Provision is made for taxation deferred as a result of material timing differences between the incidence of income and expenditure for taxation and accounts purposes, using the liability method, only to the extent that, in the opinion of the directors, there is reasonable probability that a liability will crystallise in the foreseeable future.

#### f) Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss account on a straight line basis over the lease term even if payments are not made on such a basis.

#### g) Pension contributions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

## Notes to the financial statements (continued)

### 2 Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after charging/(crediting):	1999	1998
	£	£
Depreciation of tangible fixed assets	15,173	8,434
Equipment/vehicle lease rentals	8,016	-
Directors' remuneration	97,991	99,203
Exchange rate (gains)/loss	(42,918)	468
Operating lease rentals - other	27,875	27,875
Auditors' remuneration for audit services	5,000	4,500
	<u>          </u>	<u>          </u>

### 3 Staff costs

	1999	1998
	£	£
Wages and salaries	269,327	167,139
Social security costs	25,492	19,900
Other pension costs	7,525	7,000
	<u>          </u>	<u>          </u>
	302,344	194,039
	<u>          </u>	<u>          </u>

The average monthly number of employees (including directors) was 6.5 (1998: 6).

### 4 Taxation

	1999	1998
	£	£
UK corporation tax at 31% (1998: 31%)	291,290	99,196
Under provision in prior year	620	644
	<u>          </u>	<u>          </u>
	291,910	99,840
	<u>          </u>	<u>          </u>

The full potential liability for deferred taxation is £Nil (1998: £558), which is due to accelerated capital allowances. No provision has been made in either year.

## Notes to the financial statements (continued)

### 5 Dividends proposed on equity shares

	1999 £	1998 £
Dividend of £450 proposed (1998: £160 per ordinary share)	<u>450,000</u>	<u>160,000</u>

### 6 Directors' remuneration

	1999 £	1998 £
Management emoluments	90,991	92,203
Pension contributions - money purchase scheme	<u>7,000</u>	<u>7,000</u>
	<u>97,991</u>	<u>99,203</u>

There was one director who was a member of the money purchase scheme (1998:1).

### 7 Tangible fixed assets

	Computer software £	Computer equipment £	Furniture and fittings £	Total £
<b>Cost</b>				
At 1 July 1998	-	35,501	4,167	39,668
Additions	<u>1,621</u>	<u>3,519</u>	<u>4,527</u>	<u>9,667</u>
At 30 June 1999	<u>1,621</u>	<u>39,020</u>	<u>8,694</u>	<u>49,335</u>
<b>Depreciation</b>				
At 1 July 1998	-	17,115	801	17,916
Charge for the year	<u>281</u>	<u>13,674</u>	<u>1,218</u>	<u>15,173</u>
At 30 June 1999	<u>281</u>	<u>30,789</u>	<u>2,019</u>	<u>33,089</u>
<b>Net book value</b>				
At 30 June 1999	<u>1,340</u>	<u>8,231</u>	<u>6,675</u>	<u>16,246</u>
At 30 June 1998	<u>-</u>	<u>18,386</u>	<u>3,366</u>	<u>21,752</u>

## Notes to the financial statements (continued)

### 8 Debtors

	1999 £	1998 £
Due within one year:		
Trade debtors	1,957,689	710,654
Prepayments and deposits	97,927	41,123
	<u>2,055,616</u>	<u>751,777</u>
Due after one year:		
ACT recoverable	-	40,000
	<u>-</u>	<u>40,000</u>

### 9 Creditors: amounts falling due within one year

	1999 £	1998 £
Bank overdraft	-	-
Trade creditors	13,153	28,068
UK corporation tax	292,530	99,196
Taxation and social security	2,209	80,325
Amounts owed to group undertakings	1,023,132	277,177
Accruals and deferred income	351,237	213,236
ACT on proposed dividends	-	40,000
Proposed dividends	450,000	160,000
	<u>2,132,261</u>	<u>898,002</u>

### 10 Deferred taxation

	1999		1998	
	Maximum potential liability £	Provided for £	Maximum potential liability £	Provided for £
Accelerated capital allowances	<u>-</u>	<u>-</u>	<u>558</u>	<u>-</u>

### 11 Called up share capital

	1999		1998	
	Number	Value £	Number	Value £
Authorised ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
Allotted, called-up and fully paid ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

## Notes to the financial statements (continued)

### 12 Reserves

	Profit and loss account £
At 1 July 1998	204,627
Retained profit for the year	<u>188,611</u>
At 30 June 1999	<u><u>393,238</u></u>

### 13 Reconciliation of movements in shareholders' funds

	1999 £	1998 £
Profit for the year	<u>188,611</u>	<u>56,220</u>
Net additions during the period	188,611	56,220
Shareholders' funds at 1 July 1998	<u>205,627</u>	<u>149,407</u>
Shareholders' funds at 30 June 1999	<u><u>394,238</u></u>	<u><u>205,627</u></u>

### 14 Operating lease commitments

	1999		1998	
	Land and Buildings £	Other £	Land and Buildings £	Other £
Expiry date:				
Within one year	-	1,173	-	-
Between two and five years	<u>27,875</u>	<u>-</u>	<u>6,902</u>	<u>20,475</u>
	<u><u>27,875</u></u>	<u><u>1,173</u></u>	<u><u>6,902</u></u>	<u><u>20,475</u></u>

### 15 Ultimate holding company and related party transactions

The ultimate holding company is Utimaco Safeware AG, a company registered in Germany. Its place of business is Dornbachstrasse 30, D-61440 Oberursel, Germany and consolidated accounts are available from this address.

Transactions within the Utimaco Safeware AG group have not been disclosed by virtue of the exemption granted in FRS 8.