Deloitte &
Touche

Deloitte Touche
Tohmatsu

Company Registration No. 2956436

PFA SYSTEMS LIMITED

Report and Financial Statements

30 April 1998

Deloitte & Touche
Hill House
1 Little New Street
London EC4A 3TR

Deloitte & Touche

Deloitte Touche Tohmatsu

PFA SYSTEMS LIMITED

REPORT AND FINANCIAL STATEMENTS 1998

CONTENTS

Deloitte & Touche

Deloitte Touche Tohmatsu

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 30 April 1998.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activity of the company during the year was the provision of computer software and consultancy services.

RESULTS AND DIVIDEND

Details of the results for the year are set out in the profit and loss account on page 4. The loss for the year of £175,953 has been transferred to reserves (1997: profit £4,549). The directors do not recommend the payment of a dividend (1997: £nil).

The directors consider the position of the company at the year end to be satisfactory.

DIRECTORS AND THEIR INTERESTS

The directors who served throughout the year, unless otherwise stated, were as follows:

G R Farren	(appointed 8 May 1998)
D P Hager	(resigned 8 May 1998)
R S Parkin	
G R L Penney	(resigned 17 July 1997)

G R Farren, D P Hager and R S Parkin are partners in Bacon & Woodrow, a partnership which ultimately owns the entire issued share capital of the company. G R L Penney had no beneficial interest in the share capital of the company, or any group company.

YEAR 2000

Planning to deal with the impact arising from the Year 2000 is well advanced and the estimated cost of necessary changes will not be significant for the company.

AUDITORS

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

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

AH Yeomans

A H Yeomans

Secretary

24 February 1999

STATEMENT OF 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 as at the end of the year 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 to 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.

Deloitte & Touche

Deloitte & Touche
Hill House
1 Little New Street
London EC4A 3TR

Telephone: National 0171 936 3000
International + 44 171 936 3000
Fax (Gp. 3): 0171 583 8517
LDE: DX 599

AUDITORS' REPORT TO THE MEMBERS OF

PFA SYSTEMS LIMITED

We have audited the financial statements on pages 4 to 8 which have been prepared under the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2, the company's directors are responsible for the preparation of 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 state of the company's affairs as at 30 April 1998 and of its loss for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

Deloitte & Touche
Chartered Accountants and
Registered Auditors

26 February 1999

Deloitte & Touche

Deloitte Touche Tohmatsu

PROFIT AND LOSS ACCOUNT
Year ended 30 April 1998

	Note	1998 £	1997 £
TURNOVER : continuing operations	1	912,079	1,654,799
Cost of sales		(454,587)	(1,058,496)
Gross profit		457,492	596,303
Administrative expenses		(713,871)	(588,902)
OPERATING (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST- continuing operations		(256,379)	7,401
Interest payable and similar charges		(183)	(236)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(256,562)	7,165
Tax credit/(charge) on (loss)/profit on ordinary activities	3	80,609	(2,616)
(LOSS)/PROFIT RETAINED FOR THE FINANCIAL YEAR TRANSFERRED (FROM)/TO RESERVES	7	(175,953)	4,549

There are no recognised gains or losses for the current and preceding financial year other than as stated in the profit and loss account.

STATEMENT OF MOVEMENT ON RESERVES
Year ended 30 April 1998

	Profit and loss account £
Balance at 1 May 1997	5,581
Loss transferred for the year	(175,953)
Balance at 30 April 1998 (deficit)	(170,372)

Deloitte & Touche

Deloitte Touche Tohmatsu

BALANCE SHEET
30 April 1998

	Note	1998 £	1997 £
CURRENT ASSETS			
Debtors	4	543,229	618,610
Cash at bank and in hand		195,072	31,632
		738,301	650,242
CREDITORS: amounts falling due within one year	5	(908,671)	(644,659)
TOTAL ASSETS LESS LIABILITIES		(170,370)	5,583
SHARE CAPITAL AND RESERVES			
Called up share capital	6	2	2
Profit and loss account (deficit)		(170,372)	5,581
TOTAL EQUITY SHAREHOLDERS' FUNDS	7	(170,370)	5,583

These financial statements were approved by the Board of Directors on 24 February 1999.

Signed on behalf of the Board of Directors

Director Name Signature

24 February 1999

NOTES TO THE ACCOUNTS
Year ended 30 April 1998

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Turnover

Turnover represents the amounts receivable in the ordinary course of business, net of value added tax, for services provided. In the prior year, turnover represents a proportion of the total value of long-term contracts as appropriate given the state of completion of those contracts for that period.

All turnover is generated in the UK.

Long-term contracts

For the prior year, work undertaken was subject to long-term contracts and these were stated at net realisable cost after deducting foreseeable losses and applicable payments on account.

Pensions

The Bacon & Woodrow Staff Pension Scheme in which the employees participate is administered on a Bacon & Woodrow group basis (fee rating) and total contributions are assessed by a qualified actuary on the cost of providing pensions across all participating companies. Contributions are charged to the profit and loss account in the year in which they become payable.

Cash flow statement

The company is a wholly owned subsidiary of Bacon & Woodrow Limited and the cash flows of the company are included in the consolidated cash flow statement of Bacon & Woodrow Limited. Consequently the company is exempt under the terms of Financial Reporting Standard No 1 (Revised) from publishing a cash flow statement.

2. INFORMATION REGARDING DIRECTORS AND AUDITORS

	1998	1997
	£	£
Directors' emoluments:		
Remuneration	32,097	106,562
Compensation for loss of office	72,000	-
Pension scheme contributions	4,462	6,580
	103,559	113,142
Employees:		
Average number of persons (excluding directors) employed by the company in the year:	10	11
Staff costs incurred during the year in respect of these employees were:	£	£
Wages and salaries	241,275	288,734
Social security costs	24,419	28,968
Other pension costs	15,032	25,533
	280,726	343,235

The auditors' remuneration is paid by the Bacon & Woodrow partnership.

Deloitte & Touche

Deloitte Touche Tohmatsu

NOTES TO THE ACCOUNTS
Year ended 30 April 1998

3. TAX (CREDIT)/CHARGE ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

	1998 £	1997 £
United Kingdom corporation tax (Group relief) at 31% (1997: 31%)	(80,609)	2,616

4. DEBTORS

	1998 £	1997 £
Amounts falling due within one year:		
Trade debtors	114,238	247,567
Amounts recoverable on contracts	-	356,066
Other debtors	16,089	14,977
Accrued income	334,518	-
Corporation tax (Group relief)	78,384	-
	543,229	618,610

5. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1998 £	1997 £
Amounts owed to ultimate parent undertaking	908,671	609,978
Social security	-	17,157
Corporation tax	-	2,565
Accruals and deferred income	-	14,959
	908,671	644,659

6. SHARE CAPITAL

	1998 £	1997 £
Authorised:		
100 ordinary shares of £1 each	100	100
Called up, allotted and fully paid:		
2 ordinary shares of £1 each	2	2

7. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS

	1998 £	1997 £
Opening shareholders' funds	5,583	1,034
Retained (loss)/profit for the financial year	(175,953)	4,549
Closing shareholders' funds	(170,370)	5,583

NOTES TO THE ACCOUNTS
Year ended 30 April 1998

8. RELATED PARTIES

The company entered into the following transactions during the year and has the following credit balances at 30 April 1998 with Bacon & Woodrow, a partnership, of which G R Farren, D P Hager and R S Parkin were partners throughout the year:

Nature of transaction	**£**
Turnover	13,519
Management charge	675,487

Nature of balance	**£**
Normal trading	-
Management charge	908,671

The management charge comprises amounts recharged by Bacon & Woodrow for staff time and related overheads expended by Bacon & Woodrow.

9. PENSION SCHEME

Bacon & Woodrow operates a pension scheme with defined benefit and defined contribution sections. The defined benefit section was closed to new employees with effect from 1 January 1998 and a significant proportion of existing staff opted to transfer from the defined benefit section to the defined contribution section with effect from 1 April 1998.

The scheme is funded and actuarially valued every three years. The latest actuarial valuation was performed as at 31 December 1996 and disclosed a funding level of 116% on assets with a market value of £27.5m at that date. This surplus has been used, in the main, to support a reduction in the ongoing cost of pension accrual to 8.5% of salaries with effect from 1 January 1997.

The scheme is valued on the projected unit basis with a three year control period. The main assumptions taken into account in the preparation of the valuation include an investment return of 8.75% pa (1993: 9% pa), salary increases of 6.5% pa with a promotional scale, inflation of 4.5% and pension increases of 4% pa. Investments were valued assuming notional re-investment of the assets in representative equity and gilt portfolios, assuming dividend growth of 4.75% and for UK equities a 10% loss in dividend income as a result of the removal of ACT tax credits (1993: 100% UK equities with dividend growth of 4.5%).

10. PARENT COMPANY AND ULTIMATE CONTROLLING UNDERTAKING

The parent company is Bacon & Woodrow Limited, a company incorporated in Great Britain and registered in England and Wales.

The ultimate controlling undertaking is Bacon & Woodrow, a partnership, which wholly owns Bacon & Woodrow Limited.

Group accounts are prepared by Bacon & Woodrow Limited and these can be obtained from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.