

**FSS TRAVEL & LEISURE SYSTEMS LIMITED**

**DIRECTORS' REPORT AND  
FINANCIAL STATEMENTS**

**for the 13 month period ended  
30 April 2002**

**Company Number: 2464241**



**FSS TRAVEL & LEISURE SYSTEMS LIMITED**

**DIRECTORS**

J E Hawkins  
S A Hunt

**SECRETARY**

V R Hemming

**REGISTERED OFFICE**

100 Longwater Avenue  
GreenPark  
Reading  
RG2 6GP

**AUDITORS**

Arthur Andersen  
180 Strand  
London  
WC2R 1BL

**BANKERS**

Lloyds TSB Bank Plc  
City Office  
72 Lombard Street  
London  
EC3P 3BT

**SOLICITORS**

Olswang  
90 Long Acre  
London  
WC2E 9TT

**DIRECTORS' REPORT**  
**for the period ended 30 April 2002**

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The directors present their annual report on the affairs of the company, together with the financial statements and auditor's report, for the period ended 30 April 2002.

**PRINCIPAL ACTIVITIES**

The principal activities of the company are the provision of systems integration, business critical software and services in the travel, facilities management and commercial market.

**SHARE CAPITAL**

During the year the authorised and issued share capital remained unchanged.  
The beneficial ownership of all issued share capital is held by Anite Systems Holdings Limited.

**REVIEW OF BUSINESS**

The company made a loss after tax of £2,623,000 (2001: profit £114,000).

**RESULTS AND DIVIDEND**

The total dividend payment made was £Nil (2001: £Nil) in respect of the period under review. The directors also proposed that the loss for the period of £2,623,000 after taxation (2001 profit: £114,000) be transferred to reserves.

**DIRECTORS**

The directors during the period were as follows:

J E Hawkins	(appointed 05.12.01)
S A Hunt	(appointed 05.12.01)
E C Spiers	(resigned 04.12.01)
D Hayes	(resigned 04.12.01)
I Champness	(resigned 04.12.01)
L Hipwell	(resigned 04.12.01)
J Bains	(resigned 04.12.01)
M Tyler	(resigned 04.12.01)
M Wright	(resigned 04.12.01)

**DIRECTORS' INTERESTS**

Mr Hunt and Mr Hawkins are directors of Anite Group plc and accordingly their interests in the share capital thereof are contained in the Directors' Report of that company.

The directors do not have any interest in the share capital of the company, its holding company or any of its subsidiaries other than the interest disclosed in the Directors' Report of Anite Group plc.

**DIRECTORS' REPORT**  
**for the year ended 30 April 2002 (Continued)**

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**DISABLED PERSONS**

It is the policy of the company to support the employment of disabled persons where possible, both in recruitment and the retention of employees becoming disabled while in the employment of the company. Support is provided through training and career development where appropriate.

**EMPLOYEE INVOLVEMENT**

The company continues to provide employees with relevant information and to seek their views on matters of common concern. The Anite Group corporate structure, of which the company is a member, has helped to enhance the involvement of employees by transferring more of the operational decision making processes to the directors and employees directly concerned. In addition, certain of the company's employees participate in the Anite Executive Share Option Scheme.

**PAYMENT OF SUPPLIERS**

It is the policy of the company in respect of all its suppliers, where reasonably practicable, to settle the terms of payment with those suppliers when agreeing the terms of each transaction, to ensure that those suppliers are made aware of the terms of payment, and to abide by the terms of payment. The creditor payment period for the company is 38 days.

**AUDITORS**

In the UK an agreement for the partners and personnel of Arthur Andersen to join Deloitte & Touche has recently been concluded and regulatory consent has been received. As a consequence of this, the directors will place a resolution before the Annual General Meeting to appoint Deloitte & Touche as auditors for the ensuing year.

This report was approved by the Board on 30 JULY 2002.



**S A HUNT**  
Director

Registered Office:

100 Longwater Avenue  
GreenPark  
Reading  
RG2 6GP

**To the Shareholders of FSS Travel & Leisure Systems Limited**

We have audited the financial statements of FSS Travel & Leisure Systems Limited for the period ended 30 April 2002 which comprise the Profit and loss account, Balance sheet, Statement of total recognised gains and losses and the related notes numbered 1 to 21. These financial statements have been prepared under the accounting policies set out therein.

**Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom 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.

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 Companies Act 1985. 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 with the company is not disclosed.

We read the Directors' report and consider the implications for our report if we become aware of any apparent misstatements within it. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

**Basis of audit 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 judgments made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the company, 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 affairs of the company at 30 April 2002 and of the company's loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen  
Chartered Accountants and Registered Auditors  
180 Strand  
London  
WC2R 1BL

Date : 31 July '02

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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.

**PROFIT AND LOSS ACCOUNT**  
for the period ended 30 April 2002

	Notes	2002 £'000	2001 Restated £'000
Turnover	2	8,977	5,896
		<u>8,977</u>	<u>5,896</u>
Cost of sales		(5,593)	(1,492)
Gross profit		<u>3,384</u>	<u>4,404</u>
Net operating expenses		<u>(6,302)</u>	<u>(4,259)</u>
Operating (loss)/profit	3	(2,918)	145
(Loss)/profit on ordinary activities before finance charges		<u>(2,918)</u>	<u>145</u>
Finance charges – net	5	11	(20)
(Loss)/profit on ordinary activities before taxation		<u>(2,907)</u>	<u>125</u>
Taxation credit/(charge)	6	284	(11)
(Loss)/profit for the financial period transferred to reserves	16	<u>(2,623)</u>	<u>114</u>

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
for the period ended 30 April 2002

	2002 £'000	2001 £'000
(Loss)/profit for the financial period	(2,623)	114
Prior year adjustment	(11)	<u>      </u>
Total recognised gains since last annual report and accounts	<u>(2,634)</u>	<u>      </u>

The accompanying notes are an integral part of the Profit and Loss Account and Statement of total recognised gains and losses.

## BALANCE SHEET

As at 30 April 2002

	Notes	2002 £'000	2001 Restated £'000
<b>FIXED ASSETS</b>			
Tangible assets	8	1,970	2,730
<b>CURRENT ASSETS</b>			
Stock	9	228	7
Debtors	10	2,130	987
Cash		769	4
		<u>3,127</u>	<u>998</u>
<b>CREDITORS: amounts falling due within one year</b>	12	<u>(7,145)</u>	<u>(4,189)</u>
<b>Net current liabilities</b>		<b>(4,018)</b>	<b>(3,191)</b>
<b>Total assets less current liabilities</b>	13	<u><b>(2,048)</b></u>	<u><b>(461)</b></u>
<b>CREDITORS: amounts falling due More than one year</b>		<b>(51)</b>	<b>(52)</b>
Provisions for liabilities and charges	14	<u>(1,037)</u>	-
<b>Net Liabilities</b>		<u><b>(3,136)</b></u>	<u><b>(513)</b></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	15	2	2
Profit and loss account	16	<u>(3,138)</u>	<u>(515)</u>
<b>Equity Shareholders' Deficit</b>	17	<u><b>(3,136)</b></u>	<u><b>(513)</b></u>

The accompanying notes are an integral part of the Balance Sheet.

The financial statements on pages 5 to 16 were approved by the Board on




S A HUNT  
Director



**NOTES TO THE FINANCIAL STATEMENTS  
for the period ended 30 April 2002**

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**1. ACCOUNTING POLICIES****(a) Accounting convention**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards except for the adoption of FRS19, Deferred tax, as disclosed in note 7. The company is exempt from the requirement of FRS1(revised) to present a cash flow statement because it is a wholly owned subsidiary of Anite Group plc, which prepares consolidated accounts, which are publicly available.

**(b) Basis of preparation**

The company made a loss on ordinary activities before taxation of £2,907,000 (2001: profit £125,000) during the year ending 30 April 2002 and the company had net current liabilities of £4,018,000 (2001: £3,191,000) at 30 April 2002. The company is dependent on the continuing support of its parent company. The directors have received notification that the parent company will continue to support the company for one year from signing of these financial statements.

On this basis, the directors consider it appropriate to prepare the financial statements on a going concern basis.

**(d) Fixed assets and depreciation**

Fixed assets are shown at cost. Depreciation has been provided on the net cost of fixed assets on a straight line basis at rates designed to write them off over their estimated useful lives as follows:

Freehold property	- 2% per annum
Equipment and fixtures and fittings	- 3 to 10 years
Motor vehicles	- 4 years

**(e) Investments**

Fixed asset investments are shown at cost less provision for impairment.

**(f) Stocks and work in progress**

Stocks and short-term work in progress are stated at the lower of cost and net realisable value. Costs include materials and, where relevant, direct labour and appropriate overheads.

**NOTES TO THE FINANCIAL STATEMENTS**  
**for the period ended 30 April 2002 (continued)**

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**1. ACCOUNTING POLICIES (continued)****(g) Revenue recognition and long term contracts**

The turnover is broken down into a number of elements of which the revenue recognition policies followed are set out below:

Revenue generated from time and material contracts is recognised in line with when the work is performed.

Revenue generated from fixed priced contracts, including relevant licence fees where service essential to the functionality of the software is being performed, is recognised on a percentage-of-completion basis over the life of the contract. Provision is made in full for any expected losses on uncompleted contracts. Amounts recoverable on fixed priced contracts, which are included in debtors, are stated at the net sales value of the work done less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account. Cumulative costs incurred, net of amounts transferred to cost of sales, less provisions for contingencies and anticipated future losses on contracts, are included as fixed price contract balances in work in progress.

Revenue from sale of software relates mainly to perpetual licences, which provide the customer with the right to use the Company's products. Where the additional services are not essential to the functionality of the software then revenue is recognised on delivery and 50% on acceptance when the following conditions are met:

- persuasive evidence is available that a legally binding arrangement exists.
- The vendor's fee is fixed or determinable; and
- Collection is probable

Maintenance revenue is recognised on a straight-line basis over the life of the related agreement.

Managed services revenue is recognised over the life of the contract. Sales, operational and Administration costs are written off as incurred.

**NOTES TO THE FINANCIAL STATEMENTS**  
**for the period ended 30 April 2002 (continued)**

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**1. ACCOUNTING POLICIES (continued)****(h) Taxation**

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less or to receive tax, with the following exceptions:

- Provision is made for the gains on disposal of fixed assets that have been rolled over into replacement assets only where, at the balance sheet date, there is a commitment to dispose of the replacement assets.
- Provision is made for gains on revalued fixed assets only where there is a commitment to dispose of the revalued assets and the attributable gain can neither be rolled over nor eliminated by capital losses.
- Deferred tax assets are only recognised to the extent that the Directors consider that it is 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 on a non-discounted basis at the tax rates that are expected to apply in the periods in which the timing differences reverse, based on tax rates and laws enacted or substantively enacted by the balance sheet date.

**(i) Leases and hire purchase**

Fixed assets acquired under finance leases, which transfer to the lessee substantially all the benefits and risks of ownership and hire purchase contracts, are treated as if they had been purchased. The interest element of these obligations is charged against profit in proportion to the capital element outstanding.

Rentals applicable to operating leases are charged to profit and loss account as incurred where the properties are in current operational use.

**(j) Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of transaction. All differences are taken to the profit and loss account.

**(k) Pension costs**

The company operates a defined contribution scheme. Contributions to the defined contribution scheme are charged to the profit and loss account as they fall due.

**(l) Government grants**

Income from Government grants is matched against the relevant project expenditure.

**(m) Research and development expenditure**

Research and development expenditure is written off as incurred, except to the extent that such expenditure is recoverable on contracts with third parties.

**NOTES TO THE FINANCIAL STATEMENTS**  
for the period ended 30 April 2002 (continued)

**2. TURNOVER**

Turnover represents the value of services provided on both completed and part-completed contracts. Geographical analysis of turnover is as follows:

	2002 £'000	2001 £'000
UK	8,774	5,896
Europe	173	-
Rest of the World	30	-
	<u>8,977</u>	<u>5,896</u>

**3. OPERATING (LOSS)/ PROFIT**

(Loss)/profit on ordinary activities before taxation is stated after charging/(crediting):

	2002 £'000	2001 £'000
Depreciation: owned fixed assets	390	322
Auditors' remuneration - audit work	27	19
Loss/(profit) on sale of fixed assets	44	(32)

Depreciation includes £136,129 (2001 - £61,212) charge on assets held under hire purchase contracts

**4. EXCEPTIONAL ITEMS**

There were no exceptional items in the current financial period.

**5. INTEREST RECEIVABLE/(PAYABLE)**

	2002 £'000	2001 £'000
(a) Interest receivable		
Bank interest	11	6
Other	-	0
	<u>11</u>	<u>6</u>
(b) Interest payable	£'000	£'000
Interest payable on bank overdrafts	-	(3)
Other	-	(23)
	<u>-</u>	<u>(26)</u>
Net interest receivable/(payable)	<u>11</u>	<u>(20)</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
for the period ended 30 April 2002 (continued)

**6. TAXATION**

	2002 £'000	2001 £'000
<b>Tax on (loss)/profit on ordinary activities</b>		
<b>UK corporation tax</b>		
UK Corporation tax on profits of the period	(225)	-
Total current tax credit	(225)	-
<b>Deferred tax (asset)/liability</b>		
Originating and reversal of timing differences	(59)	11
	(284)	11
<b>Factors affecting the tax charge for the period</b>		
The tax assessed on the (loss)/profit on ordinary activities for the period differs from the standard rate of corporation tax in the UK. The differences are explained below:		
	£'000	£'000
(Loss)/profit on ordinary activities before tax	(2,907)	125
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30.00% (2001: 20.00%)	(872)	25
Effect of:		
Disallowed expenses and non-taxable income	207	4
Depreciation in excess of capital allowances	66	25
Tax losses carried forward	374	-
Group relief	-	(1)
Utilisation of tax losses	-	(53)
Current tax credit for the period	(225)	-

**7. PRIOR YEAR ADJUSTMENT**

The company has implemented the requirements for accounting for deferred tax under FRS 19. The figures in the primary statements have been restated to reflect the new policy. The effect in the change in policy is summarised below:

	2002 £'000	2001 Restated £'000
<b>Profit and loss account</b>		
-tax credit/(charge)	59	(11)
	59	(11)
<b>Balance sheet</b>		
- debtors	48	-
- Creditor: Amounts falling due within one year	-	(11)
	48	(11)

Deferred tax asset in respect of losses carried forward have not been recognised because at present, it is not envisaged that there will be sufficient future taxable profits from which future reversals of the underlying losses can be deducted.

The total unrecognised deferred tax asset in respect of losses carried forward is £519,000 (2001: £145,000).

**NOTES TO THE FINANCIAL STATEMENTS**  
for the period ended 30 April 2002 (continued)

**8. TANGIBLE FIXED ASSETS**

	Freehold Land & Building	Equipment, fixture and fittings and motor vehicles	TOTAL
	£'000	£'000	£'000
<b>Cost</b>			
At 1 April 2001	2,308	1,297	3,605
Additions	5	206	211
Disposals/write offs	(553)	(873)	(1,426)
<b>At 30 April 2002</b>	<b>1,760</b>	<b>630</b>	<b>2,390</b>
<b>Depreciation</b>			
At 1 April 2001	261	614	875
Charge for period	71	319	390
On disposals/write offs	(318)	(527)	(845)
<b>At 30 April 2002</b>	<b>14</b>	<b>406</b>	<b>420</b>
<b>Net book value</b>			
<b>At 30 April 2002</b>	<b>1,746</b>	<b>224</b>	<b>1,970</b>
At 31 March 2001	2,047	683	2,730

**9. STOCKS**

	2002 £'000	2001 £'000
Work in progress	228	7
	<b>228</b>	<b>7</b>

**10. DEBTORS**

	2002 £'000	2001 £'000
Trade debtors	1,491	583
Amounts due from holding company and fellow subsidiaries	49	231
Other debtors	49	-
Corporation tax	225	-
Deferred tax asset (per note 11)	48	-
Prepayments and accrued income	268	173
	<b>2,130</b>	<b>987</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**for the period ended 30 April 2002 (continued)**

**11. DEFERRED TAX LIABILITY/(ASSET)**

The company has applied FRS 19, Deferred Tax, in computing the current year taxation charge. This has had the effect of a prior year adjustment to the results for the year ended 31 March 2001. The movements on deferred tax are as follows:

	2002 £'000	2001 Restated £'000
Provision at 01 April 2001	11	-
(Credited)/charged to profit and loss account	(59)	11
Provision at 30 April 2002	(48)	11

The deferred tax consists of:

	2002 £'000	2001 Restated £'000
Accelerated capital allowances	(48)	11
Total deferred tax (asset)/liability	(48)	11

**12. CREDITORS: Amounts falling due within one year**

	2002 £'000	2001 £'000
Other creditors	28	0
Payments received on account	2,535	553
Bank overdraft	0	122
Trade creditors	0	476
Amounts due to holding company and fellow subsidiaries	3,065	2,580
Other taxes and social security	523	248
Accruals and deferred income	983	188
Deferred tax liability (per note 11)	0	11
Corporation tax	11	11
	<u>7,145</u>	<u>4,189</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 April 2002 (continued)**

<b>13. CREDITORS: Amounts falling due more than one year</b>	<b>2002 £'000</b>	<b>2001 £'000</b>
Finance leases and HP contracts - 2 to 5 years	51	52
	<u>51</u>	<u>52</u>

**14. PROVISIONS FOR LIABILITIES AND CHARGES**

	<b>Property provision £'000</b>
At 1 April 2001	-
Established during the year	1,037
<b>At 30 April 2002</b>	<u><b>1,037</b></u>

Property provision has been established to reflect cost of vacant property to the company.

**15. SHARE CAPITAL**

	<b>Authorised</b>		<b>Allotted, called up and fully paid</b>	
	<b>2002 Number</b>	<b>2001 Number</b>	<b>2002 £</b>	<b>2001 £</b>
Ordinary 'A' shares of £1 each	100,000	100,000	1,000	1,000
Ordinary 'B' shares of £1 each	1,000	1,000	1,000	1,000
	<u>101,000</u>	<u>101,000</u>	<u>2,000</u>	<u>2,000</u>

Ordinary 'B' shares rank pari passu with the 'A' shares in respect of distribution rights but are non-voting.

**16. PROFIT AND LOSS ACCOUNT**

	<b>Profit and loss account £'000</b>
At 1 April 2001	(504)
Prior year adjustment	(11)
At 1 April as restated	<u>(515)</u>
Loss for the year	(2,623)
<b>At 30 April 2002</b>	<u><b>(3,138)</b></u>



**NOTES TO THE FINANCIAL STATEMENTS**  
for the period ended 30 April 2002 (continued)

**17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2002 £'000	2001 £'000
(Loss)/profit for the year	(2,623)	114
Net decrease in shareholders' funds	(2,623)	114
Opening shareholders' funds as previously stated	(502)	(627)
Prior year adjustment	(11)	-
Opening shareholders' funds as restated	(513)	(627)
Net decrease in shareholders' funds	(2,623)	114
Closing shareholders' funds	(3,136)	(513)

**18. EMPLOYEES**

The average monthly number of persons (including directors) employed by the company during the year was:

	2002 Number	2001 Number
Production	80	57
Administration and selling	27	21
	107	78
Employment costs:	£'000	£'000
Wages and salaries	4,646	2,746
Social security costs	434	298
Other pension costs	146	77
	5,226	3,121

**19. DIRECTORS**

Emoluments	2002 £'000	2001 £'000
Fees and remuneration for management services	1,308	756
Amounts paid to defined contribution pension scheme	41	52
	1,349	808
Highest paid director		
Remuneration	218	165
Pension	22	14

**NOTES TO THE FINANCIAL STATEMENTS  
for the period ended 30 April 2002 (continued)**

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**20. RELATED PARTY TRANSACTIONS**

As a subsidiary undertaking of Anite Group plc, the company has taken advantage of the exemption in FRS8 'Related Party Disclosures' from disclosing transactions with other members of the group headed by Anite Group plc.

**21. ULTIMATE PARENT COMPANY**

The directors consider that Anite Group plc, a company registered in England and Wales, is the ultimate parent company. Anite Group plc is the parent company of the largest and smallest group of which Anite plc was a member and for which group financial statements are drawn up for the year ended 30 April 2002. Copies of the group's financial statements are available from the parent's registered office.