

DCS Automotive Limited

**Directors' report and financial
statements**

Registered number 2377414

31 December 2001



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Directors

Directors	C P Bromley P Embley
Secretary	C P Bromley
Registered Office	Clarendon House Clarendon Square Leamington Spa CV32 5QJ
Auditors	KPMG Audit Plc 1 The Embankment Neville Street Leeds LS1 4DW

Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 2001.

Principal activities and business review

The principal activity is that of a holding and investment company.

The directors are satisfied with the result for the year and do not anticipate any significant changes in the forthcoming year.

Dividends

The directors do not recommend the payment of a dividend (2000: £nil).

Directors and directors' interests

The directors who held office during the year were as follows:

C P Bromley	(appointed 30 June 2001)
M Brown	(resigned 29 January 2001)
P Embley	
DR Soanes	(resigned 30 June 2001)
N Lawson	(appointed 1 February 2001; resigned 30 April 2001)

The directors who held office at the end of the financial year had the following interest in the ordinary shares of the company and other group companies according to the register of directors' interests:

	Company	Class of share	Interest at end of year	Interest at start of year or date of appointment
C P Bromley	DCS Group Plc	Ordinary	32,633	32,633

The directors of the Company and their interests in the share capital of the ultimate parent company, DCS Group Plc, at the beginning and end of the year were as follows

	Number of options during the year			
	At start of year	Granted	Surrendered	At end of year
P Embley	22,500	25,000	15,000	32,500
C P Bromley	27,850	7,500	2,850	32,500

Mr P Embley was granted options over 25,000 ordinary shares on 15 November 2001, at an exercise price of 31.8p. Mr C P Bromley was granted options over 7,500 ordinary shares on 15 November 2001, at an exercise price of 31.8p. These options are exercisable between 3 and 10 years from the date of the grant. Mr C P Bromley also surrendered his option over 2,850 shares (via the Share Save Scheme) in September 2001. No director held any interest in the shares or debentures of the Company.

Directors' report *(continued)*

Political and charitable donations

The company made no political or charitable donations during the year (2000: £nil).

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditor of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



C P Bromley
Secretary

Clarendon House
Clarendon Square
Leamington Spa
CV32 5QJ

25 March 2002

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 and of the profit or loss 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;
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG Audit Plc

1 The Embankment

Neville Street

Leeds

LS1 4DW

United Kingdom

Report of the independent auditors to the members of DCS Automotive Limited

We have audited the financial statements on pages 6 to 12.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 4, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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.

Basis of audit 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 31 December 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc

Chartered Accountants

Registered Auditor

25 March 2002

Profit and loss account

for the year ended 31 December 2001

	<i>Note</i>	2001 £000	2000 £000
Administrative expenses		(6)	(3)
Operating loss		(6)	(3)
Provision against investment	5	(2,364)	-
Income from shares in group undertakings		377	
Loss on ordinary activities before interest		(1,993)	(3)
Interest payable and similar charges	2	(309)	(309)
Loss on ordinary activities before taxation		(2,302)	(312)
Taxation on loss on ordinary activities	3	187	-
Retained loss for the financial year		(2,115)	(312)

All of the company's operations are continuing.

There were no recognised gains or losses other than the losses in the year.

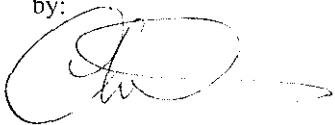
There is no difference between the results above and that calculated on an historical cost basis.

Balance sheet

at 31 December 2001

	Note	2001 £000	2000 £000
Fixed assets			
Investments	5	1,600	2,850
Current assets			
Debtors	6	853	601
		<u>853</u>	<u>601</u>
Creditors: amounts falling due within one year	7	<u>(1,286)</u>	<u>(1,283)</u>
		(433)	(682)
Total assets less current liabilities		<u>1,167</u>	<u>2,168</u>
Creditors: amounts falling due after more than one year	8	<u>(2,700)</u>	<u>(2,700)</u>
Net assets/(liabilities)		<u>(1,533)</u>	<u>(532)</u>
Capital and reserves			
Called up share capital	9	1,539	425
Share premium account	10	366	366
Profit and loss account	10	<u>(3,438)</u>	<u>(1,323)</u>
Equity shareholders' funds/(deficit)	11	<u>(1,533)</u>	<u>(532)</u>

These financial statements were approved by the board of directors on 25 March 2002 and were signed on its behalf by:


C P Bromley
Director


P Embley
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements are prepared in accordance with applicable accounting standards and under the historical cost convention.

The Company is exempt by virtue of S228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the Company as an individual undertaking and not about its group.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

As the company is a wholly owned subsidiary of DCS Group Plc and 100% of the company's voting rights are controlled within the group headed by DCS Group Plc, the company has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of DCS Group Plc, within which this company is included, can be obtained from the address given in note 12.

Going concern

The financial statements have been prepared on a going concern basis which the directors believe to be appropriate for the following reason. The company has net current liabilities and is dependent for its working capital upon funds provided by its ultimate parent company, DCS Group Plc. The directors of DCS Group Plc have provided assurance to the directors of DCS Automotive Limited that DCS Group Plc will, for at least the next 12 months, continue to make available whatever funds that may be required in order to enable the company to meet its liabilities as they fall due for payment in the normal course of business.

Therefore, the directors have continued to use the going concern basis of preparation for these financial statements, which do not include any adjustments that would result from this basis being inappropriate.

Investments

Fixed asset investments are stated at cost less any provision for diminution in value.

Notes (continued)

2 Interest payable and similar charges

	2001 £000	2000 £000
Group loan interest	309	309
	<u> </u>	<u> </u>

3 Taxation

	2001 £000	2000 £000
Group relief	(187)	-
	<u> </u>	<u> </u>

4 Staff numbers and costs

There were no employees other than the directors during the year (2000: nil). The directors did not receive any remuneration in the year (2000: £nil).

5 Fixed asset investments

	Shares in subsidiary undertakings	
	2001 £000	2000 £000
Cost		
At beginning of year	2,850	2,850
Additions	1,114	-
	<u> </u>	<u> </u>
At end of year	3,964	2,850
	<u> </u>	<u> </u>
Provisions		
At beginning of year	-	-
Provided in year	2,364	-
	<u> </u>	<u> </u>
At end of year	2,364	-
	<u> </u>	<u> </u>
Net book value	1,600	2,850
	<u> </u>	<u> </u>

On the 28 December 2001, the Company acquired 100% of the share capital of DCS Automedia Ltd from DCS Group Plc for a consideration of £1,114,000, satisfied by the issue of ordinary shares.

In the opinion of the directors the investments are worth at least the amounts stated in the balance sheet.

Notes (continued)

5 Fixed asset investments (continued)

The following companies were subsidiary undertakings at 31 December 2001:

Name	Country of registration and operation	Percentage of ordinary share capital held	Nature of business
DCS Automotive (UK) Limited	England & Wales	100%	Computer software house
DCS Automedia Limited	England & Wales	100%	Computer software house
Global Automotive (Northern) Limited	England & Wales	100%	Dormant
Businessman Computer Systems Limited	England & Wales	100%	Dormant

6 Debtors

	2001 £000	2000 £000
<i>Amounts falling due within one year</i>		
Amounts owed by group undertakings	853	601
	<u> </u>	<u> </u>

7 Creditors: amounts falling due within one year

	2001 £000	2000 £000
Accruals	2	-
Amounts owed to group undertakings	1,284	1,283
	<u> </u>	<u> </u>
	1,286	1,283
	<u> </u>	<u> </u>

8 Creditors: amounts falling due after more than one year

	2001 £000	2000 £000
Amounts owed to group undertakings	2,700	2,700
	<u> </u>	<u> </u>

The company incurs interest at 11.45% on long term loans with its parent undertaking.

The company is a party, together with other companies within the DCS Group, to a Composite Accounting and Guarantee Agreement with Barclays Bank plc, whereby the liabilities to Barclays of each subsidiary are cross guaranteed by each of the companies. The further exposure under the guarantee as at 31 December 2001 amounts to £10,425,000 (2000:£11,213,000) and the maximum exposure at that date is £13,500,000(2000:£20,000,000).

Notes (continued)

9 Share Capital

	2001 £000	2000 £000
<i>Authorised</i>		
3,500,000 Ordinary shares of 50p each (2000: 850,000)	1,750	425
<i>Allotted, called up and fully paid:</i>		
3,078,571 Ordinary shares of 50p each (2000: 850,000)	1,539	425
	<u>1,750</u>	<u>425</u>

On 28 December 2001, the Company passed an Ordinary Resolution increasing the authorised share capital to £1,750,000 by the creation of an additional 2,650,000 Ordinary shares of 50p each.

Also on 28 December 2001, 2,228,571 ordinary shares were allotted for the acquisition of DCS Automedia Limited.

10 Share premium and reserves

	Share premium £000	Profit and loss account £000
At beginning of year	366	(1,323)
Loss for the financial year	-	(2,115)
	<u>366</u>	<u>(3,438)</u>
At end of year	<u>366</u>	<u>(3,438)</u>

11 Reconciliation of movement in equity shareholders' funds/(deficit)

	2001 £000	2000 £000
(Loss) for financial year	(2,115)	(312)
New share capital subscribed	1,114	-
	<u>(1,001)</u>	<u>(312)</u>
Net reduction in/(addition to) shareholders' deficit	(1,001)	(312)
Opening shareholders' deficit	(532)	(220)
	<u>(1,533)</u>	<u>(532)</u>
Closing shareholders' funds/(deficit)	<u>(1,533)</u>	<u>(532)</u>

Notes *(continued)*

12 Ultimate parent undertaking and parent undertaking of larger group of which the company is a member

The company's immediate parent undertaking and ultimate parent undertaking is DCS Group Plc.

The largest and smallest group in which the results of the company are consolidated is that headed by DCS Group Plc.

The consolidated accounts of this group are available to the public and may be obtained from 1 Sun Street, London, EC2A 2EP.