

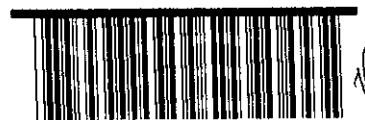


Richards Computer Products Limited

**Directors' report and financial
statements**

Registered number 1486021

31 January 2003



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 January 2003.

Principal activities

The principal activity of the company is that of a holding company.

Business review

The result for the year ended 31 January 2003 is in line with expectations.

During the year the company started a new venture aimed at researching and developing new techniques for recording and displaying historical data. Once the technique has been successfully demonstrated it is intended to seek commercial applications for this technology.

Proposed dividend and transfer to reserves

A total dividend of £3,334 per share was paid to 'B' shareholders in the year.

The directors do not recommend the payment of a final dividend on the ordinary shares. The total dividend on the ordinary shares paid in the year was £700 per share.

The loss for the year is £14,528 (2002: profit £35,245).

Donations

During the year the company made charitable donations of £5,000 (2002: £5,000).

Directors and directors' interests

The directors who held office at the end of the financial year and their interests in the shares of the company as recorded in the register of directors' share interests were as follows:

	Class of share	Interest at end of year	Interest at beginning of year
JM Richards	Ordinary	58	58
CM Richards	Ordinary	42	42
G Richards	'B'	1	1
V Richards	'B'	1	1
Z Richards	'B'	1	1

Auditors

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

By order of the board



JM Richards
Secretary

Registered office
Dales
High Street
Didcot
Oxon
OX11 8EQ

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.



Arlington Business Park
Theale
Reading RG7 4SD
United Kingdom

Independent auditors' report to the members of Richards Computers Products Limited

We have audited the financial statements on pages 4 to 12.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, 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 January 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

*Chartered Accountants
Registered Auditor*

30 April 2003

Profit and loss account
for the year ended 31 January 2003

	<i>Note</i>	2003 £	2002 £
Rental income		131,000	131,000
Administrative expenses		(60,313)	(36,627)
Operating profit		70,687	94,373
Other interest receivable and similar			
Income	5	22,960	26,873
Interest payable and similar charges	6	(72)	(1)
Profit on ordinary activities			
Before taxation	2-4	93,575	121,245
Tax on profit on ordinary activities	7	(28,103)	(6,000)
Profit on ordinary activities			
after taxation		65,472	115,245
Dividends paid	8	(80,000)	(80,000)
(Loss)/profit for the financial year		(14,528)	35,245
Retained profit brought forward		1,599,211	1,563,966
Retained profit carried forward		1,584,683	1,599,211

The company has no recognised gains or losses other than the profit as shown above.

All of the above relate to continuing activities.

Balance sheet
at 31 January 2003

	Note	2003	2002
		£	£
Fixed assets			
Tangible assets	9	1,077,053	1,092,745
Investments	10	199,046	197,871
		1,276,099	1,290,616
Current assets			
Debtors	11	6,629	7,294
Cash at bank and in hand		391,995	379,806
		398,624	387,100
Creditors: amounts falling due within one year	12	(61,069)	(50,321)
Net current assets		337,555	336,779
Total assets less current liabilities		1,613,654	1,627,395
Provisions for liabilities and charges	13	(28,868)	(28,081)
Net assets		1,584,786	1,599,314
Capital and reserves			
Called up share capital	14	103	103
Profit and loss account		1,584,683	1,599,211
Equity shareholders' funds		1,584,786	1,599,314

These financial statements were approved by the board of directors on 6th April 03 and were signed on its behalf by:

J.M. Richards

JM Richards
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. The company has adopted FRS 18 'Accounting Policies' and FRS 19 'Deferred Tax'.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules. Under Financial Reporting Standard 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds of its size.

The company and its subsidiaries qualify as a medium-sized group under the provisions of the Companies Act 1985. Accordingly, the company has taken advantage of the exemptions available under Section 248 Companies Act 1985 and has not prepared group financial statements. These financial statements therefore present financial information about the company standing alone and not about its group.

Fixed assets and depreciation

Depreciation is provided by the company to write off the cost or valuation less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Improvements to leasehold property	-	10 years straight line
Completed freehold buildings	-	75 years

Assets for which there is a permanent diminution in value are written down to the estimated recoverable amount.

No depreciation is provided on freehold land.

Taxation

The charge for taxation is based upon the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for all deferred tax timing differences in accordance with FRS19. Deferred tax assets are not recognised unless it is considered that it is more likely than not they will be recovered.

2 Profit on ordinary activities before taxation

	2003 £	2002 £
<i>Profit on ordinary activities before taxation is stated</i>		
<i>after charging:</i>		
Auditors' remuneration		
Audit	2,300	1,800
Other	1,350	1,000
Loss on disposal of investment	2,222	-
Depreciation	15,692	15,692
<i>After crediting:</i>		
Rents receivable from property	131,000	131,000

Notes (continued)

3 Remuneration of directors

	2003 £	2002 £
Directors' emoluments:		
Remuneration as executives	3,000	3,000

4 Staff numbers and costs

There were no employees paid by the company during the year.

5 Other interest receivable and similar income

	2003 £	2002 £
Bank interest	22,960	26,873

6 Interest payable and similar charges

	2003 £	2002 £
On bank loans and overdrafts	72	1

Notes (continued)

7 Taxation

Analysis of charge in year

	2003 £	2002 £
<i>Current UK corporation tax:</i>		
UK corporation tax charge at 20% (2002: 20%)	27,266	25,688
Adjustment in respect of prior years	50	(20,900)
	27,316	4,788
<i>Deferred tax:</i>		
Increase in provision	787	1,212
	28,103	6,000

The current tax charge for the year is higher (2002: lower) than the standard rate of corporation tax in the UK (20%, 2002: 20%) and the differences are explained below.

	2003 £	2002 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	93,575	121,245
	18,715	24,249
<i>Effects of:</i>		
Expenses not deductible for tax purposes	9,348	2,878
Depreciation in excess of capital allowances	(797)	(1,439)
Adjustment in respect of prior years	50	(20,900)
	27,316	4,788

8 Dividends

	2003 £	2002 £
Ordinary shares: interim dividend paid - £700 per share	70,000	70,000
'B' shares: interim dividend paid - £1,667 per share	5,000	5,000
: final dividend paid - £1,667 per share	5,000	5,000
	80,000	80,000

Notes (continued)

9 Tangible fixed assets

	Land and buildings £
<i>Cost</i>	
At beginning and end of year	1,466,872
<i>Depreciation</i>	
At beginning of year	374,127
Charge for the year	15,692
At end of year	389,819
<i>Net book value</i>	
At 31 January 2003	1,077,053
At 31 January 2002	1,092,745

All of the above is in respect of freehold land and buildings.

Included in the cost of land and buildings is £1,176,872 (2002: £1,176,872) relating to freehold buildings that are subject to depreciation. Freehold land is not depreciated.

10 Fixed asset investments

	Shares in group undertakings £	Other Investments £	Total £
Cost at the beginning and end of year	364	197,507	197,871
Additions	-	99,462	99,462
Disposals	-	(98,287)	(98,287)
	364	198,682	199,046

Notes (continued)

10 Fixed asset investments (continued)

Shares in group company:

	Country of Incorporation	Principal activity	Class and Percentage of shares held
<i>Subsidiary undertaking</i>			
RCP Consultants Limited	UK	Software design and consultancy	100% ordinary

The company holds the investment in RCP Consultants Limited directly.

The aggregate share capital and reserves of RCP Consultants Limited at 31 January 2003 were £2,456,708 (2002: £3,477,950). The loss after taxation of RCP Consultants Limited for the year ended 31 January 2003 was £991,242 (2002: profit £191,809).

Other investments:

Other investments relate to £99,220 invested in 2 1/2 % Index Linked Treasury Stock repayable on 20 May 2003 and £99,462 invested in 5% Treasury Stock repayable at par on June 2004.

11 Debtors

	2003 £	2002 £
Corporation tax	566	558
Prepayments and accrued income	6,063	6,736
	<u>6,629</u>	<u>7,294</u>

12 Creditors: amounts falling due within one year

	2003 £	2002 £
Corporation tax	-	25,688
Amount owed to subsidiary	35,681	-
Accruals and deferred income	25,388	24,633
	<u>61,069</u>	<u>50,321</u>

Notes (continued)

13 Provisions for liabilities and charges

	Deferred Taxation £
At beginning of year	28,081
Charge for the year in the profit and loss account	787
At end of year	28,868

The amounts provided for deferred taxation and the amounts not provided are set out below:

	2003		2002	
	Provided £	Unprovided £	Provided £	Unprovided £
Difference between accumulated Depreciation and capital allowances	28,868	-	28,081	-

14 Called up share capital

	2003 £	2002 £
<i>Authorised</i>		
Ordinary shares of £1 each	100	100
'B' shares of £1 each	3	3
	103	103
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	100	100
'B' shares of £1 each	3	3
	103	103

Ordinary shares

Rights to a dividend are determined by the directors from the profits available for distribution. The shares carry one vote each and upon a winding up of the company the ordinary shares rank *pari passu* with the 'B' shares.

'B' shares

The directors may declare dividends to 'B' shareholders independent of dividends to ordinary shareholders. All issued 'B' shares may be repurchased compulsorily by the company at face value on three months' notice and must be approved at a General Meeting. Ownership of 'B' shares confer no voting rights.

Notes *(continued)*

15 Related party transactions

During the year the company continued to receive rental income on two leased properties from RCP Consultants Limited, its wholly owned subsidiary. The amounts invoiced during the year were £131,000 (2002: £131,000). The properties are on 20 year leases expiring in 2015 and there are rent reviews every 5 years from inception.

The subsidiary provided consultancy services in support of the research programme being undertaken by the parent. The amount payable to RCP Consultants Limited by the holding company during the year totalled £29,543 (2002: nil).