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RICHARDS COMPUTER PRODUCTS LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2004



[Stamp] 2003-2004

RICHARDS COMPUTER PRODUCTS LIMITED
CONTENTS TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2004

	Page
Directors' Report	1 - 2
Statement of Directors' Responsibilities	3
Independent Auditors' Report	4 - 5
Profit and Loss Account	6
Balance Sheet	7
Cash Flow Statement	8
Notes to the Financial Statements	9 - 15

RICHARDS COMPUTER PRODUCTS LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 JANUARY 2004

The directors present their report and financial statements for the year ended 31 January 2004.

PRINCIPAL ACTIVITIES

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

BUSINESS REVIEW

The results for the year ended 31 January 2004 are shown on page 6.

The main income for the company comes from the lease of its two freehold properties by its subsidiary, RCP Consultants Ltd. It is likely that one of these buildings, Dales, will not be needed by the subsidiary. The holding company expects to release RCP Consultants from its lease and to find another use for the site.

In the Directors' opinion, the market value of land and buildings is approximately £200,000 more than the carrying value.

During the year the company continued a 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

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.

A total dividend of £3,333 per share was paid to 'B' shareholders in the year. No final dividend is proposed.

The loss for the year transferred to reserves is £149 (2003: Loss £14,528).

DONATIONS

During the year the company made charitable donations of £5,000 (2003: £5,000).

DIRECTORS AND DIRECTORS' INTERESTS

	Class of share	31 January 2004	31 January 2003
J M Richards	Ordinary	58	58
C M Richards	Ordinary	42	42
G Richards	'B'	1	1
V Richards	'B'	1	1
Z Richards	'B'	1	1

No right to subscribe for shares or debentures in the company was granted to, or exercised by, any director during the year.

RICHARDS COMPUTER PRODUCTS LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 JANUARY 2004

AUDITORS

KPMG LLP resigned as auditors at the request of the company. Horwath Clark Whitehill expressed their willingness to act as auditors and they were duly appointed to act for the company under the provisions of Section 384 of the Companies Act 1985 at the Annual General Meeting held on 1st October, 2003.

Signed on behalf of the Board on 28/4/2004

J. M. Richards

J M RICHARDS

SECRETARY

Registered Office

Dales
High Street
Didcot
Oxon
OX11 8EQ

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RICHARDS COMPUTER PRODUCTS LIMITED
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. The directors are responsible for ensuring that the Directors' Report and other information included in the Annual Report is prepared in accordance with Company Law in the United Kingdom.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF RICHARDS COMPUTER PRODUCTS LIMITED

We have audited the financial statements of Richards Computer Products Limited for the year ended 31 January 2004, which comprise the Profit and Loss account, Balance Sheet, Cash Flow Statement and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's shareholders, 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 shareholders those matters we are required to state to them in an auditors' 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 shareholders as a body for our audit work, for this report, or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirement 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 misstatement within it.

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 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.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF RICHARDS COMPUTER PRODUCTS LIMITED
(CONTINUED)**

BASIS OF AUDIT OPINION (cont'd)

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 the information in the financial statements.

UNQUALIFIED AUDIT OPINION

In our opinion the financial statements give a true and fair view of the state of the company as at 31 January 2004 and of the result for the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



HORWATH CLARK WHITEHILL

Chartered Accountants and
Registered Auditors
40 Northbrook Street
Newbury
Berkshire
RG14 1HU

Date: 29 APRIL 2004.

RICHARDS COMPUTER PRODUCTS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JANUARY 2004

	Notes	2004 £	2003 £
Rental income	1	131,000	<i>131,000</i>
Administrative expenses		<u>(60,225)</u>	<u>(60,313)</u>
Operating profit		70,775	<i>70,687</i>
Other interest receivable and similar income	5	20,840	<i>22,960</i>
Interest payable and similar charges	6	<u>-</u>	<u>(72)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	91,615	<i>93,575</i>
Tax on profit on ordinary activities	7	<u>(11,764)</u>	<u>(28,103)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		79,851	<i>65,472</i>
Dividends paid	8	<u>(80,000)</u>	<u>(80,000)</u>
LOSS FOR THE FINANCIAL YEAR		(149)	<i>(14,528)</i>
Retained profit brought forward		<u>1,584,683</u>	<u><i>1,599,211</i></u>
RETAINED PROFIT CARRIED FORWARD		<u>1,584,534</u>	<u><i>1,584,683</i></u>

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

All of the above relate to continuing activities.

RICHARDS COMPUTER PRODUCTS LIMITED
BALANCE SHEET
31 JANUARY 2004

	Notes	2004 £	2003 £
FIXED ASSETS			
Tangible assets	9	1,065,317	1,077,053
Investments	10	<u>214,123</u>	<u>199,046</u>
		1,279,440	1,276,099
CURRENT ASSETS			
Debtors	11	1,174	6,629
Cash at bank and in hand		<u>397,679</u>	<u>391,995</u>
		398,853	398,624
CREDITORS: Amounts falling due within one year	12	<u>(65,024)</u>	<u>(61,069)</u>
NET CURRENT ASSETS		<u>333,829</u>	<u>337,555</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,613,269	1,613,654
PROVISIONS FOR LIABILITIES AND CHARGES	13	<u>(28,632)</u>	<u>(28,868)</u>
		<u>1,584,637</u>	<u>1,584,786</u>
CAPITAL AND RESERVES			
Called up share capital	14	103	103
Profit and loss account		<u>1,584,534</u>	<u>1,584,683</u>
SHAREHOLDERS' FUNDS		<u>1,584,637</u>	<u>1,584,786</u>

Approved by the Board on 28 April 2004.
and signed on its behalf by:-

J. M. Richards

J M RICHARDS

RICHARDS COMPUTER PRODUCTS LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JANUARY 2004

	Notes	2004 £	2003 £
Net cash inflow from operating activities	15	63,411	97,771
Returns on investments and servicing of finance			
Interest received		26,403	23,633
Interest paid		-	(72)
Dividends paid		<u>(80,000)</u>	<u>(80,000)</u>
Net cash outflow for returns on investments and servicing of finance		(53,597)	(56,439)
Taxation		(108)	(25,746)
Capital expenditure			
Purchase of investments		(114,297)	(99,462)
Purchase of tangible fixed assets		(4,945)	-
Sale of investments		<u>115,220</u>	<u>96,065</u>
Net cash outflow from capital expenditure		<u>(4,022)</u>	<u>(3,397)</u>
Increase in cash	16	<u>5,684</u>	<u>12,189</u>

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RICHARDS COMPUTER PRODUCTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2004

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.

a) Basis of preparation

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

The company and its subsidiary 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 alone and not about the group.

b) 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
Computer equipment	-	5 years straight line

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.

c) 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 likely that they will be recovered.

d) Turnover

Turnover represents the invoiced value of rental income received by the company, exclusive of value added tax, trade discounts and sales of fixed assets and is wholly attributable to the company's main activity.

e) Research and Development

Expenditure on research and development is written off against profits in the year which it is incurred.

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RICHARDS COMPUTER PRODUCTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2004

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2004 £	2003 £
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Auditors' remuneration		
Audit	3,080	2,300
Other	1,425	1,350
(Profit)/loss on disposal of investment	(16,000)	2,222
Depreciation	<u>16,681</u>	<u>15,692</u>
 <i>After crediting:</i>		
Rents receivable from property	<u>131,000</u>	<u>131,000</u>

3. REMUNERATION OF DIRECTORS

	2004 £	2003 £
Directors' emoluments:		
Remuneration as executives	<u>4,000</u>	<u>3,000</u>

4. STAFF NUMBERS AND COSTS

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

5. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2004 £	2003 £
Bank interest	<u>20,840</u>	<u>22,960</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2004 £	2003 £
On bank loans and overdrafts	<u>-</u>	<u>72</u>

RICHARDS COMPUTER PRODUCTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2004

9. TANGIBLE FIXED ASSETS

	Land and Buildings £	Computer Equipment £	Total £
Cost			
At 1 February 2003	1,466,872	-	1,466,872
Additions	<u>-</u>	<u>4,945</u>	<u>4,945</u>
At 31 January 2004	<u>1,466,872</u>	<u>4,945</u>	<u>1,471,817</u>
Depreciation			
At 1 February 2003	389,819	-	389,819
Charge for the year	<u>15,692</u>	<u>989</u>	<u>16,681</u>
At 31 January 2004	<u>405,511</u>	<u>989</u>	<u>406,500</u>
Net book value			
At 31 January 2004	<u>1,061,361</u>	<u>3,956</u>	<u>1,065,317</u>
<i>At 31 January 2003</i>	<u><i>1,077,053</i></u>	<u><i>-</i></u>	<u><i>1,077,053</i></u>

Included in the above are land and buildings with a cost of £1,466,872 and a net book value of £1,061,361 held for use in operating leases.

Included in the cost of land and buildings is £1,176,872 (2003: £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 1 February 2003	364	198,682	199,046
Additions	-	114,297	114,297
Disposals	<u>-</u>	<u>(99,220)</u>	<u>(99,220)</u>
Cost at 31 January 2004	<u>364</u>	<u>213,759</u>	<u>214,123</u>

Shares in group company:

	Country of Incorporation	Principal Activity	Class and Percentage of shares Held
Subsidiary undertaking			
RCP Consultants Limited	UK	Software design and consultancy	100% ordinary

The aggregate share capital and reserves of RCP Consultants Limited at 31 January 2004 were £906,422 (2003: £2,456,708). The loss after taxation of RCP Consultants Limited for the year ended 31 January 2004 was £1,550,286 (2003: £991,242).

Other investments

Other investments relate to treasury stocks held. The market value of these investments at the year end is £212,360 (2003: £215,609).

RICHARDS COMPUTER PRODUCTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2004

11. DEBTORS

	2004 £	2003 £
Other debtors	674	566
Prepayments and accrued income	<u>500</u>	<u>6,063</u>
	<u>1,174</u>	<u>6,629</u>

12. CREDITORS: Amounts falling due within one year

	2004 £	2003 £
Corporation tax	-	-
Amount owed to subsidiary	39,266	35,681
Accruals and deferred income	<u>25,758</u>	<u>25,388</u>
	<u>65,024</u>	<u>61,069</u>

13. PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred Taxation £
At 1 February 2003	28,868
Credit for the year in the profit and loss account	<u>(236)</u>
At 31 January 2004	<u>28,632</u>

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

	2004 Provided £	2004 Unprovided £	2003 Provided £	2003 Unprovided £
Difference between accumulated Depreciation and capital allowances	<u>28,632</u>	<u>-</u>	<u>28,868</u>	<u>-</u>

RICHARDS COMPUTER PRODUCTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2004

14. CALLED UP SHARE CAPITAL

	2004 £	2003 £
Authorised		
Ordinary shares of £1 each	100	100
'B' shares of £1 each	<u>3</u>	<u>3</u>
	<u>103</u>	<u>103</u>
Allotted, called up and fully paid		
Ordinary shares of £1 each	100	100
'B' shares of £1 each	<u>3</u>	<u>3</u>
	<u>103</u>	<u>103</u>

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.

15. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2004 £	2003 £
Operating profit	70,775	70,687
Depreciation charge	16,681	15,692
(Profit)/loss on disposal of fixed assets	(16,000)	2,222
(Decrease)/increase in creditors	<u>(8,045)</u>	<u>9,170</u>
	<u>63,411</u>	<u>97,771</u>

16. ANALYSIS OF CHANGES IN NET FUNDS

	At beginning of year £	Net cash flow £	At end of year £
Cash at bank and in hand	<u>391,995</u>	<u>5,684</u>	<u>397,679</u>

RICHARDS COMPUTER PRODUCTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2004

17. 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 (2003: £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 £41,862 (2003: £29,543).

18. CONTROLLING PARTY

The Company's ultimate controlling party is J.M. Richards by virtue of his majority shareholding.

RCP CONSULTANTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2004

22. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2004 £	2003 £
Decrease in cash in the year	(644,359)	(1,219,654)
Cash outflow from decrease in lease financing	-	4,591
Movement in net funds in the year	(644,359)	(1,215,063)
Net funds at 1 February 2003	<u>1,462,963</u>	<u>2,678,026</u>
Net funds at 31 January 2004	<u>818,604</u>	<u>1,462,963</u>

23. CONTINGENT LIABILITY

The company is currently defending a claim for Disability Discrimination and Unfair Dismissal by an ex employee. Hearing dates of 26, 27 and 29 April, 2004 have been scheduled for the Industrial Tribunal to consider the case. The solicitors representing the company consider it is more likely than not that the outcome will be in favour of the company and that no damages will be awarded to the claimant. However, the costs of defending the claim have been fully provided for in these accounts, as costs will not be awarded to the company, despite the anticipated successful outcome.

24. RELATED PARTY DISCLOSURES

During the year the company continued to pay rent on two leased properties to Richards Computer Products Limited, its parent company. The amounts invoiced during the year were £131,000 (2003: £131,000). The properties are on 20 year leases expiring in 2015 and there are rent reviews every 5 years from inception.

The company also provided a consultancy service to the parent company in respect of research and development being undertaken by the parent company. The amounts invoiced during the year were £41,862 (2003: £29,543).

25. PARENT UNDERTAKING AND CONTROLLING PARTY

The company's immediate and ultimate holding company is Richards Computer Products Limited, a company incorporated in Great Britain. In the directors' opinion the company's ultimate controlling party is J M Richards.