

COMPANIES HOUSE

Grant Thornton 

ECEBS LIMITED

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED

30 SEPTEMBER 2001



Company no 3974521

ECEBS LIMITED

FINANCIAL STATEMENTS

For the period ended 30 September 2001

Company registration number: 3974521

Registered office: Ecebs House
68 Dobcroft Road
Millhouses
Sheffield
S7 2LS

Directors: D W Braddock
B Hochfield
S Naylor

Secretary: S Naylor

Bankers: Bank of Scotland

Auditors: Grant Thornton
Registered Auditors
Chartered Accountants

ECEBS LIMITED

FINANCIAL STATEMENTS

For the period ended 30 September 2001

INDEX	PAGE
Report of the directors	1 - 2
Report of the independent auditors	3
Principal accounting policies	4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7 - 10

ECEBS LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with financial statements for the period ended 30 September 2001.

Principal activities

The company is principally engaged in the supply of software and services particularly related to smartcard technology.

Business review

The company was incorporated as Broomco (2180) Limited on 17 April 2000 and changed its name to Ecebs Limited on 19 June 2000. The company commenced trading on 1 August 2000.

There was a loss for the period after taxation amounting to £407,990. The directors do not recommend the payment of a dividend.

Research and development

Research and development of innovative technology forms an integral part of the business. The directors anticipate continued research into new software systems and methodologies. The amount expended on research and development during the period is as stated in note 1 to these financial statements.

Directors

The present membership of the Board is set out below. The directors served for the periods stated.

The interests of the directors, who were all directors of the parent undertaking during the period, are disclosed in that company's financial statements.

D W Braddock (appointed 12 June 2000)
B Hochfield (appointed 15 March 2001)
S Naylor (appointed 12 June 2000)

DLA Nominees Limited was appointed the first director on incorporation and resigned on 12 June 2000. D T McGuire was appointed a director of the company on 11 August 2000 and resigned as a director on 24 September 2001.

Directors' responsibilities for the financial statements

Company law in the United Kingdom requires the directors to prepare financial statements for each financial period 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
- 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 maintaining proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ECEBS LIMITED

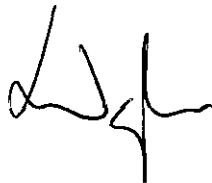
REPORT OF THE DIRECTORS

Auditors

Grant Thornton offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD

S Naylor
Secretary
12 February 2002

A handwritten signature in black ink, appearing to be 'S Naylor', written over a horizontal line.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF**ECEBS LIMITED**

We have audited the financial statements of Ecebs Limited for the period ended 30 September 2001 which comprise the principal accounting policies, profit and loss account, balance sheet and notes 1 to 14. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of the directors and auditors

The directors' responsibilities for preparing the directors' 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 other information contained in the directors' report, and consider whether it is consistent with the audited financial statements. 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.

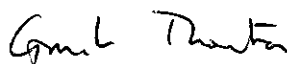
Basis of opinion

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.

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 September 2001 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



**GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS**

SHEFFIELD
12 February 2002

ECEBS LIMITED

PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention.

The financial statements have been prepared on the going concern basis. The directors, having considered the trading and cash forecasts for the next 12 months, have reasonable expectation that the borrowing facilities available to the company are sufficient to meet the requirements indicated by those forecasts.

TURNOVER

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

TANGIBLE FIXED ASSETS AND DEPRECIATION

Depreciation is calculated to write down the cost of all tangible fixed assets by equal annual instalments over their expected useful lives. The rates generally applicable are:

Fixtures, fittings and equipment	20% or 33%
Computer equipment	33%

RESEARCH AND DEVELOPMENT

Research and development expenditure is charged to profits in the period in which it is incurred. Development costs incurred on specific products are capitalised when recoverability can be assessed with reasonable certainty and amortised in line with the period over which sales are expected to arise from those products. All other development costs are written off in the year of expenditure.

RETIREMENT BENEFITS

Defined Contribution Pension Scheme

The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

LEASED ASSETS

Payments under leases regarded as operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

ECEBS LIMITED**PROFIT AND LOSS ACCOUNT**

For the period ended 30 September 2001

	Note	2001 £
Turnover	1	508,746
Cost of sales		<u>(8,022)</u>
Gross profit		500,724
Administrative expenses		<u>(948,789)</u>
Operating loss		<u>(448,065)</u>
Interest	2	<u>(34,925)</u>
Loss on ordinary activities before taxation	1	<u>(482,990)</u>
Taxation	4	<u>75,000</u>
Loss retained	10	<u><u>(407,990)</u></u>

There were no recognised gains or losses other than the loss for the financial period.

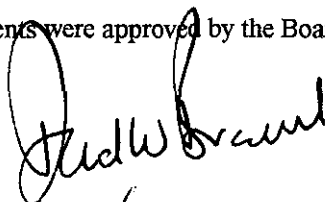
The accompanying accounting policies and notes form an integral part of these financial statements.

ECEBS LIMITED**BALANCE SHEET AT 30 SEPTEMBER 2001**

	Note	2001 £
Fixed assets		
Tangible assets	5	69,414
Current assets		
Debtors	6	266,917
Cash at bank and in hand		964
		<u>267,881</u>
Creditors: amounts falling due within one year	7	<u>(89,043)</u>
Net current assets		<u>178,838</u>
Total assets less current liabilities		<u>248,252</u>
Creditors: amounts falling due after more than one year	8	646,242
Capital and reserves		
Called up share capital	9	10,000
Profit and loss account	10	(407,990)
Shareholders' funds	11	<u>(397,990)</u>
		<u>248,252</u>

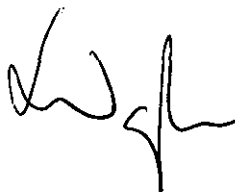
The financial statements were approved by the Board of Directors on 12 February 2002.

D W Braddock



Director

S Naylor



Director

The accompanying accounting policies and notes form an integral part of these financial statements.

ECEBS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 September 2001

1 TURNOVER AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The turnover and loss on ordinary activities before taxation are attributable to the principal activity of the company.

An analysis of turnover by geographical market is given below:

	2001 £
United Kingdom	9,800
Europe	468,511
USA	30,435
	<u>508,746</u>

The loss on ordinary activities is stated after:

	2001 £
Research and development:	
Current period expenditure	313,763
Auditors' remuneration	2,800
Depreciation:	
Tangible fixed assets, owned	26,257
Other operating lease rentals	26,718
	<u>26,718</u>

2 INTEREST

	2001 £
Interest payable to group undertakings	36,000
Other interest receivable and similar income	(1,075)
	<u>34,925</u>

3 DIRECTORS AND EMPLOYEES

Staff costs during the period were as follows:

	2001 £
Wages and salaries	624,356
Social security costs	66,771
Other pension costs	56,380
	<u>747,507</u>

ECEBS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 September 2001

The average number of employees of the company during the period was:

	2001 Number
Technical	11
Sales	2
Administration	2
	<u>15</u>

Remuneration in respect of directors was as follows:

	2001 £
Emoluments	161,275
Pension contributions to money purchase pension schemes	19,857
	<u>181,132</u>

During the period 4 directors participated in money purchase pension schemes.

4 TAXATION

The tax credit represents:

	2001 £
R&D tax credit	<u>(75,000)</u>

Unrelieved tax losses of approximately £400,000 remain available to offset against future taxable trading profits.

5 TANGIBLE FIXED ASSETS

	Fixtures, fittings and equipment £	Computer equipment £	Total £
Cost			
Additions and at 30 September 2001	<u>8,522</u>	<u>87,149</u>	<u>95,671</u>
Depreciation			
Provided in the period and at 30 September 2001	<u>1,395</u>	<u>24,862</u>	<u>26,257</u>
Net book amount at 30 September 2001	<u>7,127</u>	<u>62,287</u>	<u>69,414</u>

ECEBS LIMITED**NOTES TO THE FINANCIAL STATEMENTS**For the period ended 30 September 2001

6 DEBTORS

	2001 £
Trade debtors	25,052
Other debtors	76,738
Prepayments and accrued income	165,127
	<u>266,917</u>

7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2001 £
Trade creditors	9,565
Amounts owed to group undertakings	50,000
Social security and other taxes	15,156
Other creditors	6,172
Accruals and deferred income	8,150
	<u>89,043</u>

8 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2001 £
Amounts owed to group undertakings	<u>646,242</u>

9 SHARE CAPITAL

	2001 £
Authorised 10,000 ordinary shares of £1 each	<u>10,000</u>
Allotted, called up and fully paid 10,000 ordinary shares of £1 each	<u>10,000</u>

ECEBS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 September 2001

Allotments during the period

The company made an initial allotment of 2 ordinary £1 shares at par on incorporation. The initial authorised share capital of the company on incorporation was 1,000 ordinary £1 shares. This was increased to 10,000 ordinary £1 shares on 12 June 2000 and the additional 9,998 ordinary £1 shares were issued at par by way of a rights issue on 9 November 2000.

10 RESERVES

Profit and
loss account
£

Retained loss for the period and at 30 September 2001

(407,990)

11 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

2001
£

Loss for the financial period

(407,990)

Issue of shares

10,000

Net decrease in shareholders' funds

(397,990)

12 RETIREMENT BENEFITS

Defined Contribution Pension Scheme

The company operates a defined contribution pension scheme for the benefit of employees and directors. The assets of the scheme are administered by trustees in a fund independent from those of the company.

The pension cost charge for the period was £56,380.

13 RELATED PARTY TRANSACTIONS

As a wholly owned subsidiary of the group headed by Ecebs Group Limited, the company has taken advantage of the exemption from the requirements of FRS 8 to disclose transactions with other members of the group.

14 ULTIMATE PARENT UNDERTAKING

The directors consider that the ultimate parent undertaking of this company is its parent company Ecebs Group Limited.

The largest and smallest group of undertakings for which group accounts have been drawn up is that headed by Ecebs Group Limited which is registered in England and Wales.