

**Appian Technologies (UK) Limited**

**Directors' Report and Financial Statements**

**Period Ended 30 September 2001**

**Registered No: 3530023**



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**DIRECTORS AND OTHER INFORMATION**

**Board of Directors as at 26 July 2002**

P Ryan  
M Duffin

**Bankers**

Allied Irish Bank (AIB)  
City Office  
12 Old Jewry  
London  
EC2R 8DP

**Secretary and Registered Office**

D Hearn  
Racal House  
Eastern Business Centre  
Eastern Road  
Bracknell  
Berks RG12 2UP

**Solicitors**

TLT Solicitors  
Bush House  
72 Prince Street  
Bristol  
BS99 7JZ

Registered Number: 3530023

**Auditors**

PricewaterhouseCoopers  
Chartered Accountants and Registered Auditors  
George's Quay  
Dublin 2

## DIRECTORS' REPORT

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

### Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the period ended 30 September 2001 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial situation 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.

### Principal activities and review of the business

The company is in the business of providing high technology solutions for modern traffic management, parking guidance and carpark management problems. On 31 August 2000 the company's parent Appian Traffic Technologies plc's entire issued share capital was acquired by Appian Technology plc. Therefore, the results for 13 months to 30 September 2001 are included within the consolidated accounts of Appian Technology plc.

### Books of account

The measures taken by the directors to secure compliance with the company's obligation to keep proper books of account are the use of appropriate systems and procedures and employment of competent persons. The books of account are kept at Eastern Business Centre, Eastern Road, Bracknell, Berkshire, UK.

### Staff

The company employed 2 people during the year. The Board wishes to record its appreciation for the efforts made by both the executive directors and the staff during the year under review.

### Result for the period

The loss after tax for the financial period amounted to Stg£244,645 (year ended 31 March 2000 profit after tax £18,383). The directors do not recommend the payment of any dividend.

### Subsequent events

There have been no material events since the balance sheet date.

### Going Concern

During the accounting period the company incurred a retained loss of Stg£279,830 and at the balance sheet date the company had net liabilities of Stg£279,828. The company is dependent on the ongoing financial support of its ultimate parent undertaking, Appian Technology plc, to enable it to meet its liabilities as they fall due. The parent company has indicated its intention to provide this support for the foreseeable future and accordingly, the directors believe that it is appropriate for the financial statements to be prepared on the going concern basis.

### Health and safety

It is the policy of the company to ensure the health and welfare of its employees by maintaining a safe place and system of work. This policy, which is set out in the safety statement required by the Safety, Health and Welfare at Work Act, 1989 is in place.

### Directors

The names of the persons who were directors at any time during the period ended 30 September 2001 are set out below. Except where indicated, they served for the entire period.

P Bottomley	Resigned	11 May 2001
K Kelly	Resigned	11 September 2001
E Griffith	Resigned	31 August 2001
P Ryan		
M Duffin	Appointed	14 June 2001

**DIRECTORS' REPORT - continued**

**Directors' and secretary's shareholdings**

The beneficial interests, including family interests, of the directors and secretary in office at 30 September 2001 in the share capital of the company and the company's ultimate parent Appian Technology plc at 30 September 2001 were:

	Ordinary shares 30 September 2001		Options 30 September 2001	
	Company	Group Stg£0.01	Company	Group
P Ryan	-	1,561,833	-	850,000
M Duffin	-	111,111	-	2,100,000
	<u>-</u>	<u>1,672,944</u>	<u>-</u>	<u>2,950,000</u>

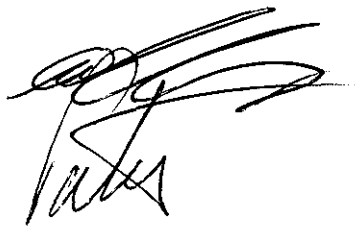
In addition, 6,697,000 shares in Appian Technology plc are owned by National Avionics Limited, in which, P N Ryan has an interest.

**Auditors**

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

**On behalf of the board**

M Duffin



P Ryan

26 July 2002

**PricewaterhouseCoopers**  
P.O. Box 1283  
George's Quay  
Dublin 2  
Telephone +353 (0) 1 678 9999  
Facsimile +353 (0) 1 704 8600  
Internet [www.pwcglobal.com/ie](http://www.pwcglobal.com/ie)

**Independent auditors' report to the members of Appian Technologies (UK) Limited**

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

**Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and 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 generally issued by the Auditing Practices Board.

We report to you if in 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 is not disclosed.

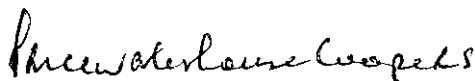
**Basis of audit opinion**

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 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.



**PricewaterhouseCoopers**  
**Chartered Accountants and Registered Auditors**  
**Dublin**

**26 July 2002**

## ACCOUNTING POLICIES

The significant accounting policies adopted by the company are as follows:

### **Basis of accounting**

The financial statements are prepared under the historical cost convention in accordance with accounting standards generally accepted in the UK. Accounting standards generally accepted in the UK in preparing financial statements giving a true and fair view are those published by the Institute of Chartered Accountants of England and Wales and issued by the Accounting Standards Board. The financial statements have been prepared in Sterling.

### **Going Concern**

During the accounting period the company incurred a retained loss of Stg£279,830 and at the balance sheet date the company had net liabilities of Stg£279,828. The company is dependent on the ongoing financial support of its ultimate parent undertaking, Appian Technology plc, to enable it to meet its liabilities as they fall due. The parent company has indicated its intention to provide this support for the foreseeable future and accordingly, the directors believe that it is appropriate for the financial statements to be prepared on the going concern basis.

### **Turnover**

Turnover arising from product and system sales is recognised in accordance with contractual arrangements entered into between the company and its customers which typically provide for payment against key milestones.

### **Tangible fixed assets**

Tangible fixed assets are shown at cost less accumulated depreciation.

Depreciation is calculated in order to write off the cost of tangible fixed assets over their estimated useful lives by equal annual instalments.

The estimated useful lives of tangible fixed assets by reference to which depreciation has been calculated are as follows:

Motor vehicles	3 years
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### **Leases**

Where tangible assets are financed by leasing agreements which give rights approximating to ownership ("finance leases") they are treated as if they had been purchased outright at the present values of the minimum lease payments and the corresponding leasing liabilities are shown in the balance sheet as finance leases.

Depreciation on leased assets is calculated on a straight-line basis over the estimated useful lives of the individual assets. Interest arising on finance leases is charged to the profit and loss account in proportion to the amounts outstanding under the leases.

### **Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into Sterling pounds at the exchange rates ruling at the balance sheet date and revenues, costs and non monetary assets at the exchange rates ruling at the dates of the transactions, except that where a transaction is covered by a forward exchange contract, the contracted exchange rate is used.

Profits and losses arising from foreign currency translations and on settlement of amounts receivable and payable in foreign currency are dealt with in the profit and loss account.

Monetary assets are money held and amounts to be received in money; all other assets are non monetary assets.

### **Research and development expenditure**

Research and development expenditure not recoverable under research contracts is written off in the year in which it is incurred.

**ACCOUNTING POLICIES - continued**

**Taxation**

Corporation tax is provided where applicable at current rates.

Deferred taxation is provided on timing differences to the extent that it is expected to become payable in the foreseeable future and any amount not provided is disclosed as a contingent liability.

Timing differences are temporary differences between profits as computed for timing differences and profits as stated in the financial statements which arise because of certain items of income and expenditure are dealt with in different periods for taxation purposes.



**PROFIT AND LOSS ACCOUNT**  
**Period Ended 30 September 2001**

	Notes	For the 18 month period ended 30 September 2001 Stg£	For the year ended 31 March 2000 Stg£
Turnover		383,267	353,947
Cost of sales		<u>(360,506)</u>	<u>(175,726)</u>
<b>Gross profit</b>		22,761	178,221
Administration expenses		(73,280)	(27,419)
Other operating expenses		<u>(174,126)</u>	<u>(132,419)</u>
<b>Operating (loss)/profit</b>	3	(224,645)	18,383
Interest payable and similar charges	4	<u>(20,000)</u>	<u>-</u>
Profit/(loss) on ordinary activities before taxation		(244,645)	18,383
Taxation	5	<u>-</u>	<u>-</u>
<b>(Loss)/profit for the financial period</b>		<u>(244,645)</u>	<u>18,383</u>
<b>Balance at beginning of period</b>		<u>(35,185)</u>	<u>(53,568)</u>
<b>Balance at end of period</b>		<u>(279,830)</u>	<u>(35,185)</u>

Income and the profit before taxation arose solely from continuing operations. There were no other recognised gains or losses for the year.

On behalf of the board

M Duffin



P Ryan



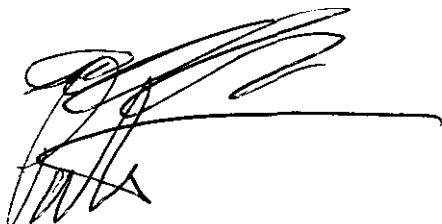
**BALANCE SHEET**  
30 September 2001

	Notes	2001 Stg£	2000 Stg£
<b>Fixed assets</b>			
Tangible assets	6	<u>-</u>	<u>3,835</u>
<b>Current assets</b>			
Cash at bank and in hand		17,457	-
Debtors	7	<u>240,230</u>	<u>317,743</u>
		257,687	317,743
<b>Creditors - Amounts falling due within one year</b>	8	<u>537,515</u>	<u>(354,052)</u>
<b>Net current liabilities</b>		<u>(279,828)</u>	<u>(36,309)</u>
<b>Total assets less current liabilities</b>		(279,828)	(32,474)
<b>Creditors - Amounts falling due after more than one year</b>	9	<u>-</u>	<u>(2,709)</u>
		<u>(279,828)</u>	<u>(35,183)</u>
<b>Capital and reserves</b>			
Called up share capital	11	2	2
Profit and loss account		<u>(279,830)</u>	<u>(35,185)</u>
<b>Equity shareholders' funds</b>	12	<u>(279,828)</u>	<u>(35,183)</u>

On behalf of the board

M Duffin

P Ryan



NOTES TO THE FINANCIAL STATEMENTS

**1 Accounting period**

The financial statements have been prepared for the 18 month period ended 30 September 2001.

**2 Holding company**

The parent and ultimate parent undertaking is Appian Technology plc which is incorporated in the United Kingdom. Group financial statements are prepared for Appian Technology plc and can be obtained from its premises at Racal House, Eastern Business Centre, Eastern Road, Bracknell, Berks RG12 2UP. Appian Technologies (UK) Limited participates in group trading, financing and management arrangements.

The company has availed of the exemptions in Financial Reporting Standard No 8 - "Related Party Disclosures" of disclosing transactions with entities within Appian Technology plc group, whose group financial statements are publicly available.

**3 (Loss)/profit on ordinary activities before taxation**

	For the 18 month period ended 30 September 2001 Stg£	For the year ended 31 March 2000 Stg£
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The (loss)/profit on ordinary activities before taxation has been arrived at after charging/(crediting):

Staff costs		
- wages and salaries	105,727	83,164
- social welfare costs	<u>11,755</u>	<u>8,488</u>
	117,482	91,652
Depreciation	<u>3,835</u>	<u>5,779</u>

**4 Interest payable and similar charges**

	2001 Stg£	2000 Stg£
Other interest	<u>20,000</u>	<u>-</u>

**5 Taxation**

There is no taxation charge due to tax losses carried forward.

NOTES TO THE FINANCIAL STATEMENTS - continued

6 Tangible assets	Motor vehicles Stg£
<b>Cost</b>	
At 1 April 2000	10,174
Additions	<u>-</u>
At 30 September 2001	<u>10,174</u>
<b>Accumulated depreciation</b>	
At 1 April 2000	6,339
Charge for period	<u>3,835</u>
At 30 September 2001	<u>10,174</u>
<b>Net book amounts</b>	
At 31 March 2000	<u>3,835</u>
At 30 September 2001	<u>-</u>

Included above are the following amounts in respect of motor vehicles held under finance leases:

	2001 Stg£	2000 Stg£
Net book amount at 30 September	<u>-</u>	<u>3,835</u>
Depreciation charge for period	<u>3,835</u>	<u>5,779</u>
<b>7 Debtors</b>	2001 Stg£	2000 Stg£
Amounts falling due within one year:		
Amounts due from group company	3,510	18,692
Trade debtors	236,720	290,991
Prepayments	<u>-</u>	<u>8,060</u>
	<u>240,230</u>	<u>317,743</u>
<b>8 Creditors (amounts falling due within one year)</b>	2001 Stg£	2000 Stg£
Finance leases (note 9)	-	3,066
Bank Overdraft	-	5,273
Trade creditors	41,312	81,946
Amounts due to fellow subsidiary	340,145	93,363
Creditors for taxation and social welfare	127,533	70,793
Accruals and Deferred Income	<u>28,525</u>	<u>99,611</u>
	<u>537,515</u>	<u>354,052</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

<b>9 Creditors</b> (amounts falling due after more than one year)	2001 Stg£	2000 Stg£
Finance leases (note 9)		
- amounts falling due between one and five years	-	2,709

**10 Finance leases**

The leases finance motor vehicles which remain in the legal ownership of the lessors (note 6).

<b>11 Share capital</b>	Authorised Stg£	Allotted and fully paid Stg£
At 30 September 2001 and 31 March 2000, ordinary shares of Stg£1 each	100	2

**12 Reconciliation of movement in shareholder funds**

	Profit and loss account Stg£
At 1 April 2000	(35,183)
Loss for the period	(244,645)
At 30 September 2001	(279,828)

<b>13 Employees</b>	2001 Number	2000 Number
The average number of persons employed by the company during the year was as follows:		
Marketing	1	2
Engineering	1	1
	2	3

**14 Group membership**

The company is ultimately a subsidiary of Appian Technology plc a company incorporated in Great Britain. This is also the largest and smallest group which includes the company and for which consolidated financial statements are prepared. Copies of the group financial statements of Appian Technology plc can be obtained from Eastern Business Centre, Eastern Road, Bracknell, Berkshire, RG12 2UP. The ultimate controlling party defined by FRS 8 "Related Party Disclosures", is Appian Technology plc.

**15 Approval of the financial statements**

The directors approved the financial statements on 26 July 2002.