

Annual Report & Accounts 30 September 2007



ELECTRONIC DATA PROCESSING PLC

Electronic Data Processing PLC is a leading supplier of advanced technology Software Solutions. These include ERP solutions for the Merchanting/ Wholesale Distribution Industry, e-business, application hosting and Sales Intelligence Solutions together with a comprehensive range of customer support and education services.

- **We believe in conducting our business activities with integrity, building mutually beneficial long-term relationships with all our customers, providing the highest levels of professional service at every stage.**
- **We are committed to delivering superior value in our products and services to our customers, on a continuing basis.**
- **We respect the individuality of each member of our staff fostering an environment where creativity and productivity are encouraged, valued and rewarded.**
- **We are dedicated to creating value for shareholders by performing in a manner which will enhance return on investment.**

Electronic Data Processing PLC is incorporated in England and Wales under Registration Number 853560

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Financial Calendar

ANNUAL GENERAL MEETING	18 MARCH 2008
INTERIM RESULTS	JUNE 2008
DIVIDEND PAYMENT DATES	
FINAL 2006/2007	7 APRIL 2008
INTERIM 2007/2008	AUGUST 2008

Chairman's Statement

I am pleased to report a 5 per cent increase in Group revenue for the year to 30 September 2007 to £6.6 million (2006: £6.3 million). Group pre-tax profit was £700,000 compared with £446,000 (excluding £420,000 profit on the disposal of our East Grinstead property last year).

These results reflect increased demand for our Quantum VS and Vecta software products, set against the continued impact of our planned exit from the computer maintenance business which now accounts for less than 5 per cent of Group revenue. Our cost base has been actively managed to reflect this exit and the number of employees in the Group has fallen to 102 at the end of the financial year from 111 at the start.

We are continuing to see growth in our application hosting operation with more customers electing to outsource their IT facilities on long-term contracts with the Group. We currently host 56 customers and the revenue from this source now accounts for 16 per cent of our turnover (2006: 11 per cent).

Contracted recurring revenues, which relate mainly to annual software licences and hosting fees, account for 69 per cent of total revenues. Our investment in Research & Development has been maintained and £1.3 million has been charged in the Income Statement during the year. This has largely been focused on the continued development of our distribution software applications together with their integration with our Quantum VS software products.

In October 2006 we acquired the business and assets of Vecta Software Corporation Limited, a leading provider of complementary Sales Intelligence solutions. I am pleased to report that the acquisition of Vecta has been broadly earnings neutral, in line with our expectations, and that we expect it to be earnings enhancing in 2007/8. Vecta is discussed in more detail in the Operating and Financial Review. The Group continues to seek further compatible acquisition opportunities.

The Group balance sheet remains strong with net assets of £13.9 million as at 30 September 2007. The Group continues to be very cash generative from operations. Cash balances were £6.0 million compared with £6.4 million at 30 September 2006 which in part reflects the £919,000 cost of acquiring Vecta. A substantial part of the Group's balance sheet is represented by our freehold properties. The Board is currently reviewing the use of these properties with two of them being marketed for sale or to let.

The Board is proposing to pay a final dividend of 2.0p per share which, together with the interim dividend, would make a total for the year of 2.713p (2006: 2.613p), an increase of 3.8 per cent. If approved by shareholders, the final dividend will be paid on 7 April 2008 to those shareholders on the register at 7 March 2008. The shares will be ex-dividend on 5 March 2008.

On behalf of shareholders I would like to thank all our members of staff for their input over the year particularly following the very sudden death of Richard Jowitt on 23 May.

The market sector that the Group addresses remains very competitive. However, we are seeing increased demand for our software products and hosting services which, in turn, will translate into increased professional services revenues. Accordingly I look forward to the coming year with confidence.

Michael Heller

Chairman

13 December 2007

Operating and Financial Review

The increase in turnover and operating profit during the year is very welcome after a number of years of consolidation. Whilst we have seen continued reductions, as expected, in certain traditional revenues such as hardware and maintenance, this has been more than offset by increased software sales, particularly of the new Vecta product. The Group's cost base continues to be actively managed to reflect the changing requirements of the business.

I would very much like to thank all our members of staff for their hard work and dedication over the last 12 months. Their efforts are essential to the successful delivery of our software products and services and the continued development of the Group in the future.

Operational Review

Existing operations

Competition in the marketplace for our four core distribution software applications: Merchant, Charisma, Esprit and The Business Programme, remains robust. However, the continued development of these products ensures that they provide the additional functionality that our customers require. New releases of the applications are delivered to underpin our software recurring revenue streams.

Our customers are increasingly keen to obtain greater benefits from the use of their existing EDP distribution applications by integrating our other software products: Quantum VS Financials; QVS2, our e-business and catalogue management product; and Quantum Highway, our XML-based system integration tool.

The integration of these products with the EDP back-office applications has been one of the main areas of focus for our development teams over the last year. There has been a satisfactory increase in the number of customer demonstrations that we are currently involved in with the Quantum VS products.

Demand for our application hosting service, which operates out of our Milton Keynes location, has remained strong. This revenue stream now represents 16 per cent of Group revenues, up from 11 per cent last year. Where our customers elect to take advantage of this facility and outsource their IT requirements, they are able to effectively free themselves from the day-to-day issues involved in managing increasingly complex IT solutions. The Group's recurring revenue stream is strengthened through the long-term contracts associated with hosting, typically between 3 and 5 years.

We are in the process of upgrading the infrastructure supporting the hosting centre to allow us to accommodate increased customer numbers.

Vecta acquisition

As we reported last year, on 16 October 2006 we acquired the business and assets of Vecta Software Corporation Limited, a leading provider of Sales Intelligence solutions used by more than 200 companies. The Vecta business has been fully integrated into the Group and now operates out of our Milton Keynes location. The product utilises the Microsoft SQL database and is therefore readily adopted within the marketplace.

Operating and Financial Review (continued)

Over the past year, as part of a deliberate strategy, we have continued to offer software support to all existing users of the Vecta product, whether or not they have re-contracted with the Group. By the year end a total of 73 Vecta customers had entered into new agreements with the Group and we expect to see additional existing users of the product renewing their licences and support contracts with us for the first time over the coming year. As a result we continue to expect the run-rate of sales to existing users to steadily increase.

The reported turnover of £504,000 relates only to newly signed software licences and related professional services. Of this £169,000 arose in the first half and £335,000 in the second half.

The Vecta OnDemand service was introduced during the year as planned whereby customers are able to outsource delivery of the product using our application hosting facility.

In November 2007 we have also taken on additional sales resource in order to develop new business opportunities for both our Quantum VS product set and our Vecta product which we believe will contribute to revenue in the second half of the year.

Financial Review

Group pre-tax profit for the year was £700,000 which is after an amortisation charge of £50,000 associated with the acquisition of the Vecta business. Accordingly profit before tax and this amortisation charge was £750,000 for the year which compares with profit before tax (excluding profit on the disposal of our East Grinstead property of £420,000) last year of £446,000.

Operating profit at £411,000 compares with £166,000 last year. Our operating margin has improved to 6.2 per cent from 2.6 per cent and our strategy is to see this improved further.

Interest income for the year was £289,000 compared with £280,000. Whilst underlying cash flow was strong, overall cash balances fell due to the cost of acquiring Vecta. However, the effect of this has been more than offset by higher interest rates.

The tax charge for the year amounted to £222,000, an effective tax rate of 31.7 per cent. This is higher than the current rate of UK Corporation Tax reflecting disallowable depreciation on certain buildings. Last year's tax charge at £29,000 (3.3 per cent) was unusually low. This was due to a tax credit of £98,000 relating to prior periods, and a very low tax charge on the profit on disposal of property caused by indexation.

Earnings per share (EPS) amounted to 1.95p. Last year's basic EPS was 3.42p, however this included profit on disposal of property and one-off tax credits. Adjusting for these items gives a normalised EPS last year of 1.16p.

The level of Group recurring revenue, a principal key performance indicator, remained strong in relation to the Group's costs. Contracted recurring revenue at £4.54 million represented 69 per cent of total Group revenue and compares with £4.61 million last year. Our planned exit from hardware maintenance reduced recurring revenue by £150,000 whereas recurring revenues from software licences and hosting increased by £80,000.

Cash balances were £5.96 million at 30 September 2007 compared with £6.44 million at 30 September 2006. Including professional costs the Vecta acquisition accounted for £919,000. Cash inflows from operating activities were strong at £713,000 (2006: £231,000). Other significant cash movements were dividend payments of £639,000 and the deferred receipt of £200,000 relating to the disposal of a property in the previous financial year.

Operating and Financial Review (continued)

Group net assets have increased to £13.9 million from £13.1 million at 30 September 2006. This is largely due to the recognition under IAS 19 *Employee Benefits* of a surplus on the Group's defined benefit pension scheme of £823,000 less an associated deferred tax liability of £230,000. At 30 September 2006 the position was a scheme deficit of £579,000 together with a deferred tax asset of £174,000.

The Vecta acquisition resulted in an increase in intangible assets of £868,000 at 30 September 2007.

Net assets per share were 56.7p at 30 September 2007 compared with 53.5p. A final dividend of 2.0p per share is proposed which, together with the interim dividend of 0.713p, gives a total dividend for the year of 2.713p per share, an increase of 3.8 per cent.

Outlook

The Group has a strong portfolio of software products which has been complemented during the year by the introduction of Vecta. The current year has started well and, although we continue to face significant competition in our marketplace, we are well positioned to take advantage of new business opportunities.

Julian Wassell

Acting Chief Executive

13 December 2007

Directors and Advisers

Directors	M. A. Heller <i>Chairman (Non-Executive)</i>	
	J. H. Wassell <i>Acting Chief Executive and Finance Director</i>	
	P. A. Davey <i>Sales Director</i>	
	P. J. Davies <i>Application Software Products Director</i>	
	C. R. Spicer <i>Network Services Director</i>	
Secretary	J. H. Wassell	
Registered Office	Beauchief Hall Beauchief Sheffield S8 7BA	
Auditor	KPMG Audit Plc Chartered Accountants 1 The Embankment Neville Street Leeds LS1 4DW	
Bankers	HSBC Bank plc 17 Church Street Sheffield S1 1HH	
Solicitors	Irwin Mitchell Riverside House 1 Millsands Sheffield S3 8NH	Wake Smith & Tofields 68 Clarkehouse Road Sheffield S10 2LJ
Stockbrokers	Hanson Westhouse Ltd 12th Floor One Angel Court London EC2R 7HJ	
Registrars and Transfer Office	Capita Registrars Northern House Woodsome Park Fenay Bridge Huddersfield HD8 0LA	

Directors' Report

The Directors present their annual report and financial statements for the year ended 30 September 2007.

Group activity

The activity of the Group is the provision of computer solutions. This includes the supply of software, associated professional services and the provision of application hosting and outsourcing services.

Business review

A review of the Group's operations, its position at 30 September 2007 and indications of future developments and the principal risks and uncertainties in the Group's business are given in the Chairman's Statement and the Operating and Financial Review.

Financial statements and results

The Group financial statements for the period under review have been prepared under International Financial Reporting Standards as adopted by the EU. The Parent Company financial statements have been prepared under UK GAAP.

The Group Income Statement for the year to 30 September 2007 is shown on page 21. The Group profit for the year before taxation amounted to £700,000 (2006: £866,000 including £420,000 profit on disposal of property), with turnover of £6,618,000 (2006: £6,325,000).

After a tax charge of £222,000 (2006: £29,000), the profit for the year attributable to equity shareholders was £478,000 (2006: £837,000).

Dividends

An interim dividend of 0.713p per share was paid on 1 August 2007. The Directors propose the payment of a final dividend of 2.00p per share making a total of 2.713p per share (2006: 2.613p)

Subject to shareholders' approval, the final dividend will be paid on 7 April 2008 to shareholders whose names appear on the register at close of business on 7 March 2008.

Acquisition

On 16 October 2006 the Group acquired the business and certain assets of Vecta Software Corporation Limited for a total consideration of £919,000. Further details are contained in note 10 to the financial statements.

Share capital

Details of the authorised and issued share capital are contained in note 23 to the financial statements.

At the forthcoming Annual General Meeting, further to the ordinary business to be dealt with, the following resolutions will be considered:

An Ordinary Resolution will be proposed to give the Directors authority to allot ordinary shares representing 33⅓ per cent of the issued share capital of the Company. In addition a Special Resolution will be proposed to disapply the statutory pre-emption provisions of Section 89 of the Companies Act 1985 in respect of any rights issues and for cash issues up to an amount of 5 per cent of the issued share capital of the Company.

Directors' Report (continued)

The Directors consider that it would be advantageous for the Company to be in a position to purchase its own ordinary shares. Accordingly, a Special Resolution will be proposed at the Annual General Meeting to renew the authority to purchase up to 10 per cent of the issued share capital of the Company. The Directors intend to seek to renew the authority at each subsequent Annual General Meeting.

Directors

The Directors at the date of this report, all of whom served throughout the year, are shown on page 7. Mr R. J. Jowitt served as a Director until his death on 23 May 2007.

Under the Articles of Association, all of the Executive Directors retire by rotation and, being eligible, offer themselves for re-election.

Julian Wassell has been a Director for 10 years. He is a Chartered Accountant and was previously Finance Director of WBF Ltd, part of the Adare Printing Group.

Peter Davey has been a Director since 2001. He joined BML (Office Computers) Ltd in 1987 prior to its acquisition by the Group in 1995, having previously worked for Kleeman Plastics and Beecham Pharmaceuticals in various management roles.

Paul Davies has been a Director since 2001. He joined BML (Office Computers) Ltd in 1984 prior to its acquisition by the Group in 1995. Previously Paul worked in I.T. within the distribution sector for a number of years.

Chris Spicer has been a Director since 2001. He joined the EDP Group in 1986 following the acquisition of Business Computer Systems PLC. Chris is responsible for managing the Group's Hosting Centre in Milton Keynes.

Directors' interests in the issued share capital of the Company at 30 September 2007 and 30 September 2006 were as follows:

	<i>Number of shares</i>			
	2007		2006	
	<i>Beneficial</i>	<i>Non-beneficial</i>	<i>Beneficial</i>	<i>Non-beneficial</i>
M. A. Heller	2,671,050	897,500	2,671,050	897,500
J. H. Wassell	15,000	–	15,000	–
P. A. Davey	14,000	–	4,000	–
P. J. Davies	30,000	–	–	–
C. R. Spicer	10,000	–	–	–

Details of Directors' interests in share options are given in the Directors' Remuneration Report on pages 14 to 17. There were no changes in the Directors' interests in shares or share options up to 13 December 2007. There were no contracts of significance subsisting during or at the end of the financial year in which a Director of the Company is or was materially interested.

Directors' Report (continued)

Substantial shareholdings

At 13 December 2007 the only institutions or persons other than Directors to have notified the Company of holdings of 3 per cent or more are Oryx International Growth Fund Ltd (17.29 per cent), the Estate of R. J. Jowitt (10.45 per cent), AMVESCAP PLC (10.01 per cent), Herald Investment Management Limited (7.06 per cent) and Schroder Investment Management Limited (6.23 per cent).

Research and development

Group policy is to invest in product innovation and improvement at a level designed to enable it to retain and enhance its market position.

Employees

It is Group policy to ensure that equal opportunity is given for the employment, training and career development of disabled persons, including persons who become disabled whilst in the Group's employment.

The Group ensures that all employees are kept as fully informed as is feasible and practicable with regard to the activities of the Group by circularisation of interim and final results to all subsidiaries and branches and by periodic meetings between Directors, line managers and employees.

Charitable and political contributions

The Group made no charitable or political contributions during the year.

Payment policy and practice

The Company and the Group do not follow a prescribed payment code. The Company's and the Group's policy is to pay suppliers generally by the end of the month following the date of receipt of goods or services. This policy is made known to staff who handle payments to suppliers and is made known to suppliers on request. Overseas subsidiaries are expected to establish terms consistent with this policy and with the markets in which they operate. At the year end the Group had an average of 66 days purchases outstanding in trade payables and the Company had an average of 59 days.

Auditor

A resolution to re-appoint KPMG Audit Plc as auditor will be put to shareholders at the Annual General Meeting.

Directors' statement as to disclosure of information to auditors

The Directors who were members of the Board on the date the Directors' Report was approved have confirmed the following:

- to the best of each Director's knowledge and belief there is no information relevant to their report of which the auditor is unaware, and
- each Director has taken all the steps a Director might reasonably be expected to take to be aware of relevant audit information and to establish that it has been communicated to the auditor.

By order of the Board

J. H. Wassell

Secretary

13 December 2007

Corporate Governance

The Group is committed to high standards of Corporate Governance appropriate to its size and structure. The Board is responsible to the Company's shareholders for good corporate governance and has accordingly given careful consideration to the principles of the Combined Code on Corporate Governance (the code).

Board structure and meetings

During the year under review the Board of Directors comprised five executive Directors and the non-executive Chairman until 23 May 2007, thereafter it comprised four executive Directors and the non-executive Chairman. Their details appear on pages 7 and 9.

The Board met on two occasions during the year and have met on one occasion since the year end. The meetings were attended by all Directors.

In addition the executive Directors met on 8 occasions during the year. The meetings were attended by all executive Directors.

These meetings allow prompt decision making and assist in the control of strategic, financial and operational issues. To enable them to carry out their responsibilities, all Directors have full and timely access to all relevant information.

Directors are able to seek independent advice at the expense of the Company.

Internal control

The Directors are responsible for establishing and maintaining the Group's system of internal control and have a process, which is updated, for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide reasonable, but not absolute, assurance against material misstatement or loss.

There is an organisational structure in place, with clearly defined lines of responsibility and delegated authority, which is incorporated within the Policy and Procedure directives that are issued to Group personnel.

Board approval is required for a number of matters, the most significant of which are:

- published financial statements
- acquisitions policy
- dividend policy

The following matters require the approval of the Executive Directors:

- capital expenditure and disposals
- treasury procedures and investment policy
- banking arrangements

Corporate Governance (continued)

A detailed budget is prepared covering all of the Group's operations. This budget is reviewed and approved by the Board. Detailed monthly management accounts are prepared on a timely basis in respect of each operating company comparing actual performance with budget and prior year. Any significant variances are investigated and appropriate action taken. Management reports are produced daily which include information on sales, gross profit, overheads, cumulative performance, cash flow and treasury matters.

The Board has reviewed the effectiveness of the Group's system of internal controls during the period. Together with senior management, the Board has identified, evaluated and managed the significant risks facing the Group.

The Board will amend the specific control procedures which are put in place to reduce these risks whenever appropriate in order to meet the demands imposed by the business sector in which the Group operates.

Audit and remuneration committees

Prior to 23 May 2007 the Company had audit and remuneration committees whose members were Mr M. A. Heller and Mr R. J. Jowitt. Subsequent to that date the audit committee has comprised Mr M. A. Heller and the remuneration committee has comprised Mr M. A. Heller and Mr J. H. Wassell.

The remuneration committee is responsible for determining the remuneration packages and other terms and conditions for the executive Directors. The Directors' Remuneration Report on pages 14 to 17 contains details of remuneration policy and terms of appointment. Individual Director's remuneration is also detailed in the Directors' Remuneration Report. The remuneration committee held two meetings during the year which were attended by both members.

The audit committee is responsible for monitoring the adequacy of the Group's internal controls and financial performance. It is also responsible for monitoring the scope, results and cost-effectiveness of the audit together with the objectivity of the auditor and its independence in relation to non-audit services. The policy is to ensure that the nature of non-audit services performed or the fee income relative to the audit fee does not compromise or is seen to compromise the auditor's independence, objectivity or integrity. The auditor is excluded from undertaking a range of work on behalf of the Group which includes appraisal or valuation services, management functions, litigation support, legal accounting and remuneration services. The committee also monitors the nature and extent of non-audit services provided by the auditor. The audit committee held two meetings during the year which were attended by both members.

The external auditor has direct access to the audit committee.

Going concern

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Internal audit

The Board reviews from time to time whether there is a need for an internal audit function and on its last review concluded that, due to the size of the Group and the internal controls which are currently in place, no specific function is required at the present time.

Corporate Governance (continued)

Investor relations

The Group enters into dialogue with both institutional and private shareholders at the AGM and also on an ad-hoc basis during the year. A separate resolution is held for each issue at the AGM. It is the Directors' intention that all shareholders will receive at least 20 working days notice of the AGM.

Further information regarding the Group can be found on its website at www.edp.co.uk

Compliance

The Group complied with the provisions of the code throughout the period under review other than as detailed below:

- a) There is currently only one non-executive Director, which the Board considers to be appropriate given the size of the Group. The code prescribes that independent non-executive Directors should comprise not less than one third of the Board (A.3.1).
- b) The size of the current Board of Directors, which is based on the overall assessment of the Company's requirements, limits the Group's ability to structure the audit and remuneration committees as envisaged by the code. The code prescribes that the audit committee should comprise at least three Directors, all non-executive (D.3.1), and that all members of the remuneration committee should be independent non-executive Directors (B.2.2).
- c) The Group's non-executive Chairman has not been appointed for a specified term. The code prescribes that non-executive Directors should be appointed for specified terms, be subject to re-election and that re-appointment should not be automatic (A.6.1).

Directors' Remuneration Report

The Directors have prepared a Remuneration Report for the year ended 30 September 2007. In accordance with Schedule 7A of the Companies Act 1985, the report contains both audited and unaudited information. The audited information is identified as such and is contained at the end of this report. An Ordinary Resolution, Resolution 7, to approve this report will be proposed at the forthcoming Annual General Meeting.

Members of the remuneration committee

The composition of the remuneration committee is stated on page 12. The committee is responsible for determining the pay and benefits for the executive Directors other than Mr J. H. Wassell, who is not involved in determining his own remuneration. The salary of the Chairman, who is the non-executive Director, is determined by the executive Directors on a basis which is reasonable in relation to the duties and responsibilities undertaken.

Remuneration policy

The remuneration policy adopted by the committee is designed to ensure that the Directors' interests are allied to the long-term growth of the Group and its pre-tax profits and, therefore, to the interests of shareholders as a whole. This policy also takes into account the specific long-term goals of the Group. Remuneration packages are set at a level considered appropriate to attract, retain and motivate Directors of the quality required by the Group. The committee also takes into account pay and employment conditions elsewhere in the Group. The Board has fully considered the requirements of Schedule A of the Combined Code on Directors' remuneration in framing its policy.

Main components

Basic salary

Basic salary for the executive Directors is determined by reference to the sector and markets in which the Group operates. Basic salaries are reviewed annually or when a change in responsibility occurs.

Bonus

A performance related bonus scheme operates for all executive Directors. The bonus is based on the Group's operating profit and is not pensionable.

Other benefits

All Directors are provided with a fully expensed company car. The executive Directors receive private healthcare and life insurance arrangements in schemes available to all employees. Directors are also entitled to certain telephone costs and subscriptions to relevant professional bodies.

External appointments

External appointments are dealt with on an individual basis with Board approval being required. Directors are allowed to retain fees paid to them in relation to external appointments.

Pensions

Mr C. R. Spicer and Mr R. J. Jowitt participated in the Group's contributory, defined benefit pension scheme. Pensionable salary is defined in the scheme rules as basic salary plus the average of other remuneration over the previous three years. However, under the terms of the Directors' bonus scheme, the bonus is not pensionable. Pension entitlement is accrued at the rate of 1/60th of pensionable pay for each year's service, up to a maximum of 40 years. The scheme provides a pension of up to two-thirds of pensionable salary at a retirement age of 65, death-in-service life assurance at 4 times salary and widows' pension benefits. The Directors' contribution to this scheme amounts to 5 per cent of pensionable salary. This scheme is closed to new entrants.

Directors' Remuneration Report (continued)

The other executive Directors are entitled to receive contributions to personal pension arrangements. Mr J. H. Wassell is entitled to a Company contribution of 7 per cent of basic salary provided he contributes 5 per cent. Mr P. A. Davey and Mr P. J. Davies are entitled to company contributions of 3 per cent of basic salary provided they contribute 3 per cent.

Share options

In 1985, when the Company was floated on the Unlisted Securities Market, an approved share option scheme was introduced. Options granted under this scheme are not subject to the achievement of performance criteria but are subject to individual limits. These limits are effective at the date of grant and broadly amount to the lower of four times current remuneration, other than benefits, and £100,000. At 30 September 2007 there were no outstanding share options.

There are no other long-term incentive schemes.

Directors' contracts

Each executive Director has a contract terminable on no more than three months' notice. The Company is entitled to receive similar notice from each Director. The non-executive Chairman, Mr M. A. Heller, does not have a contract.

The Directors' contracts are not for a fixed duration and do not contain any specific provisions for compensation in the event of early termination.

Performance graph

The following graph shows the Group's performance, measured by total shareholder return compared with the FTSE Small Cap Index since 2002.

Directors' Remuneration Report (continued)

Audited information

Directors' individual remuneration

Details of Directors' individual remuneration are as follows:

	Salary £	Bonus £	Benefits £	Total 2007 £	Total 2006 £
Executive:					
R. J. Jowitt*	106,666	–	15,407	122,073	180,555
J. H. Wassell	65,000	9,750	8,068	82,818	68,107
P. A. Davey	58,000	9,750	8,491	76,241	66,555
P. J. Davies	58,000	9,750	8,493	76,243	66,557
C. R. Spicer	59,500	9,750	8,245	77,495	66,276
Non-executive:					
M. A. Heller	20,000	–	13,840	33,840	33,748
	<u>367,166</u>	<u>39,000</u>	<u>62,544</u>	<u>468,710</u>	<u>481,798</u>

*until 23 May 2007.

Benefits comprise fully expensed cars, private healthcare, certain telephone costs and professional subscriptions.

No payments relating to compensation for loss of office were made during the year.

Directors' share options

Details of the Directors share options are shown in the table below. All outstanding options were exercised during the year at the exercise price of 40p.

	Date of grant	Number of options at 30.09.07	Number of options at 30.09.06	Exercise price	Earliest date of exercise	Expiry date
P. A. Davey	22.02.02	–	30,000	40p	22.02.05	22.02.12
P. J. Davies	22.02.02	–	30,000	40p	22.02.05	22.02.12
C. R. Spicer	22.02.02	–	30,000	40p	22.02.05	22.02.12

Details of options exercised during the year are as follows:

	Number of options	Exercise price	Market price at exercise date	Gain on exercise 2007	Gain on exercise 2006
P. A. Davey	30,000	40p	67p	£ 8,100	–
P. J. Davies	30,000	40p	77p	£11,100	–
C. R. Spicer	30,000	40p	77p	£11,100	–

The market price of shares in Electronic Data Processing PLC at 30 September 2007 was 66.50p. During the year to 30 September 2007 the market price ranged from 59.0p to 81.0p. As described above, the options are not subject to performance criteria but are subject to individual limits.

Directors' Remuneration Report (continued)

Directors' pension entitlements

Details of the pension entitlements of those Directors who participate in the Group's defined benefit pension scheme are as follows:

	Increase in accrued pension during the year £	Transfer value of increase £	Accrued pension at 30.09.07 £	Accrued pension at 30.09.06 £
R. J. Jowitt	–	–	–	83,110
C. R. Spicer	965	10,500	9,000	7,730

The increase in accrued pension includes an allowance for inflation over the financial year. The transfer value is calculated in accordance with Actuarial Guidance Note GN11 excluding inflation and less Directors' contributions.

Details of accrued pensions valued on a transfer basis are as follows:

	Transfer value at 30.09.07 £	Transfer value at 30.09.06 £	Increase in transfer value less Directors' contributions £
R. J. Jowitt	–	1,668,900	–
C. R. Spicer	125,300	111,200	11,100

The above increases reflect the changes to the Transfer Value Regulations made in 2003.

Following the death of Mr R. J. Jowitt on 23 May 2007, his pension benefits were paid out of an insurance policy. Therefore there is no accrued benefit or transfer value at the end of the year.

Certain Directors are entitled to have contributions paid by the Group into personal pension arrangements. The amounts payable in respect of the years to 30 September 2007 and 2006 are as follows:

	2007 £	2006 £
P. A. Davey	1,740	1,740
P. J. Davies	1,740	1,740
J. H. Wassell	4,550	4,200
	8,030	7,680

The Directors' Remuneration Report was approved by the Board of Directors and signed on its behalf by:

J. H. Wassell

Secretary

13 December 2007

Statement of Directors' Responsibilities

in respect of the annual report and the financial statements

The Directors are responsible for preparing the Annual Report and the Group and Parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with IFRS as adopted by the EU and applicable law and have elected to prepare the Parent Company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The Group financial statements are required by law and IFRS as adopted by the EU to present fairly the financial position and the performance of the Group; the Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

The Parent Company financial statements are required by law to give a true and fair view of the state of affairs of the Parent Company and of the profit or loss of the Parent Company for that period.

In preparing each of the Group and Parent Company 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;
- for the Group financial statements, state whether they have been prepared in accordance with IFRS as adopted by the EU;
- for the Parent Company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Parent Company financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Parent Company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its 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 Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that comply with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor's Report

to the members of Electronic Data Processing PLC

We have audited the Group and Parent Company financial statements (the "financial statements") of Electronic Data Processing PLC for the year ended 30 September 2007 which comprise the Group Income Statement, the Group and Parent Company Balance Sheets, the Group Cash Flow Statement, the Group Statement of Recognised Income and Expense and the related notes. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

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' responsibilities for preparing the Annual Report and the Group financial statements in accordance with applicable law and International Financial Reporting Standards (IFRS) as adopted by the EU, and for preparing the Parent Company financial statements and the Directors' Remuneration Report in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 18.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the Group financial statements, Article 4 of the IAS Regulation. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. The information given in the Directors' Report includes that specific information presented in the Chairman's Statement and the Operating and Financial Review that is cross referred from the Business Review section of the Directors' Report.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We review whether the Corporate Governance Statement reflects the Company's compliance with the nine provisions of the 2003 Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual 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.

Independent Auditor's Report (continued)

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 and the part of the Directors' Remuneration Report to be audited. 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 Group's and 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 and the part of the Directors' Remuneration Report to be audited 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 and the part of the Directors' Remuneration Report to be audited.

Opinion

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRS as adopted by the EU, of the state of the Group's affairs as at 30 September 2007 and of its profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation;
- the Parent Company financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the Parent Company's affairs as at 30 September 2007;
- the Parent Company financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG Audit Plc

Chartered Accountants

Registered Auditor

Leeds

13 December 2007

Consolidated Income Statement

for the year ended 30 September 2007

	Note	2007 £'000	2006 £'000
Revenue	3	6,618	6,325
Gross Profit		6,089	5,762
Administrative expenses		(5,678)	(5,596)
Operating profit	3/4	411	166
Profit on disposal of property		–	420
Finance revenue	6	289	280
Profit before tax		700	866
Income tax expense	7	(222)	(29)
Profit for the period attributable to equity holders of the parent		478	837
Earnings per share – basic and diluted	8	1.95p	3.42p

Consolidated Statement of Recognised Income and Expense

for the year ended 30 September 2007

	2007 £'000	2006 £'000
Actuarial gains/(losses) on defined benefit pension scheme	1,352	(364)
Tax on items recognised directly in equity	(391)	109
Foreign exchange translation difference	(5)	(1)
Net income/(expense) recognised directly in equity	956	(256)
Profit for the period	478	837
Total recognised income and expense attributable to equity holders of the parent	1,434	581

Consolidated Balance Sheet

at 30 September 2007

	Note	2007 £'000	2006 £'000
Non-current assets			
Property, plant and equipment	11	6,480	6,648
Investment property	12	660	668
Deferred tax asset	22	15	205
Employee benefits	21	823	–
Intangible assets	13	924	71
		<u>8,902</u>	<u>7,592</u>
Current assets			
Assets held for sale	14	1,082	1,082
Inventories	15	162	210
Trade and other receivables	16	2,436	2,276
Cash and cash equivalents	17	5,963	6,439
		<u>9,643</u>	<u>10,007</u>
Current liabilities			
Deferred income	18	(2,528)	(2,347)
Income tax payable		(154)	(19)
Trade and other payables	19	(1,333)	(1,444)
		<u>(4,015)</u>	<u>(3,810)</u>
Net current assets		<u>5,628</u>	<u>6,197</u>
Total assets less current liabilities		<u>14,530</u>	<u>13,789</u>
Non-current liabilities			
Deferred income	18	(242)	(22)
Employee benefits	21	–	(579)
Deferred tax liability	22	(375)	(106)
		<u>(617)</u>	<u>(707)</u>
Net assets		<u>13,913</u>	<u>13,082</u>
Equity			
Issued capital	23	1,226	1,222
Share premium	24	119	87
Capital redemption reserve	24	88	88
Translation reserve	24	(3)	2
Retained earnings	24	12,483	11,683
Total equity attributable to equity holders of the parent		<u>13,913</u>	<u>13,082</u>

These financial statements were approved by the Board of Directors on 13 December 2007 and were signed on its behalf by:

M. A. HELLER }
J. H. WASSELL } Directors

Consolidated Cash Flow Statement

for the year ended 30 September 2007

	2007 £'000	2006 £'000
Cash flows from operating activities		
Profit for the period	478	837
Adjustments for:		
Depreciation	292	370
Amortisation	88	34
Net loss/(profit) on disposal of property, plant and equipment	9	(416)
Pension charge	140	117
Pension fund payments	(190)	(297)
Finance revenue	(289)	(280)
Income tax expense	222	29
Change in inventories	48	36
Change in receivables	(287)	(141)
Change in payables	(199)	109
Change in deferred income	401	(167)
	<hr/>	<hr/>
Cash received from operations	713	231
Interest received	285	272
Income taxes (paid)/received	(19)	41
	<hr/>	<hr/>
Net cash from operating activities	979	544
Cash flows from investing activities		
Acquisition of business	(919)	-
Purchase of property, plant and equipment	(115)	(96)
Purchase of intangible assets	(23)	-
Proceeds from sale of property, plant and equipment	210	1,302
	<hr/>	<hr/>
Net cash (used in)/generated from investing activities	(847)	1,206
Cash flows from financing activities		
Sale of own shares	36	-
Dividends paid	(639)	(580)
	<hr/>	<hr/>
Net cash used in financing activities	(603)	(580)
Net (decrease)/increase in cash and cash equivalents	(471)	1,170
Cash and cash equivalents at beginning of period	6,439	5,269
Effect of exchange rate fluctuations on cash held	(5)	-
	<hr/>	<hr/>
Cash and cash equivalents at end of period (note 17)	5,963	6,439
	<hr/> <hr/>	<hr/> <hr/>

Notes

(Forming part of the financial statements)

1. Authorisation of financial statements and statement of compliance with IFRS

The Group's financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU ("adopted IFRS") as they apply to the financial statements of the Group for the year ended 30 September 2007 applied in accordance with the provisions of the Companies Act 1985. The principal accounting policies of the Group are set out in note 2. The Company has elected to prepare its Parent Company financial statements in accordance with UK GAAP and these are presented on pages 45 to 55.

2. Accounting policies

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Group financial statements.

Basis of preparation

The financial statements have been prepared under the historical cost convention, except for certain property which is stated at deemed cost, and in accordance with adopted IFRS.

Basis of consolidation

The consolidated financial statements incorporate the accounts of Electronic Data Processing PLC and all its subsidiaries. Such accounts are all made up to 30 September 2007.

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control passes.

Foreign currency

The assets and liabilities of foreign operations are translated at exchange rates ruling at the Balance Sheet date.

The revenues and expenses of foreign operations are translated at the exchange rate ruling at the date of the transaction. Translation differences are separately recorded in a Translation Reserve in equity. On disposal of a foreign operation the cumulative translation differences for that operation are released into the Income Statement as part of the gain or loss on disposal.

Revenue

Revenue represents the sales of goods and services at invoiced value less amounts relating to future periods and excluding value added tax and transactions between Group Companies. Revenue is recognised to the extent that it is probable that economic benefits will flow to the Group and the revenue can be reliably measured.

Revenue from the sale of initial licences for software products is recognised upon delivery of the product to customers. Recurring licence fees are recognised evenly over the period to which they relate. Revenue from the provision of professional services, including training, implementation and consultancy, is recognised when the services have been performed and invoiced. Computer equipment sales are recognised on delivery to customers. Equipment maintenance charges are recognised evenly over the period to which they relate.

Notes (continued)

2. Accounting policies (continued)

Goodwill

Goodwill represents the excess of the fair value of the purchase price over the fair value of the identifiable assets, liabilities and contingent liabilities acquired as part of a business combination. Goodwill is reviewed for impairment on an annual basis. The amount of any such impairment is charged to the Income Statement. On the subsequent disposal of a business, any gain or loss on disposal includes the carrying amount of goodwill relating to that business.

Property, plant and equipment

Property, plant and equipment is stated at cost or deemed cost less accumulated depreciation and impairment losses. Land is not depreciated. The Directors assess the residual values and useful economic lives of the properties on an annual basis. Depreciation is provided so as to write off the cost, or deemed cost, less the estimated residual value of each asset in equal instalments over its estimated useful life from the time it becomes operational, at the following rates:

Freehold property	– 1 to 2 per cent
Motor vehicles	– 20 to 33 per cent
Equipment, fixtures and fittings	– 15 to 25 per cent

Investment property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are stated at cost less accumulated depreciation.

Depreciation is provided so as to write off the cost, or deemed cost, less the estimated residual value of each property in equal instalments over its estimated useful life, at a rate of 1 to 2 per cent.

Intangible assets

Intangible assets are initially carried at cost, including any incidental expenses of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Software intellectual property rights are amortised over a period of between 4 and 10 years on a straight line basis and amortised from the time the software is brought into use.

Research and development

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an individual project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditure during the development.

Following the initial recognition of the development expenditure, the asset is carried at cost less any accumulated amortisation and any accumulated impairment losses. Any expenditure capitalised is amortised over the period of expected future sales from the related project.

The carrying value of development costs is reviewed for impairment annually, for both assets not yet in use and those being utilised, or more frequently when an indication of impairment arises during the reporting year.

Notes (continued)

2. Accounting policies (continued)

Assets held for sale

A non-current asset is classified as held for sale if, at the Balance Sheet date, its carrying value will be recovered principally through sale rather than through continuing use, it is available for immediate sale and that sale is highly probable within one year. On initial classification as held for sale, non-current assets are measured at the lower of previous carrying amount and fair value less costs to sell, with any adjustments taken to the Income Statement. The same applies to gains and losses on subsequent re-measurement.

Inventories

Inventories are valued at the lower of cost and net realisable value.

Trade and other receivables

Trade receivables, which generally have terms of up to 30 days, are recognised and carried at original invoice amount less an allowance for any uncollectable amounts. Provision is made where there is objective evidence that the Group will not be able to collect part or all of a debt. Bad debts are written off as identified.

Cash and cash equivalents

Cash and cash equivalents at the Balance Sheet date comprise cash on hand and short-term deposits, net of bank overdrafts.

Leasing transactions

Where the Group enters into a finance lease, the asset is recorded in the Balance Sheet within property, plant and equipment and is depreciated over its estimated useful life or the term of the lease. Future instalments under such leases, net of finance charges, are included within liabilities in the Balance Sheet. Rentals payable are apportioned between the finance element, which is charged to the Income Statement, and the capital element which reduces the outstanding obligation for future instalments.

Operating lease rental charges are charged to the Income Statement on a straight line basis over the period of the lease.

Rentals receivable under operating leases are credited to the Income Statement on a straight line basis over the period of the lease.

Rent free periods are amortised over the period from the date of grant to the end of the lease.

Deferred income

Deferred income represents that portion of licence fees and maintenance contracts taken out by customers but which relate to a future period.

Significant judgements and estimates

Judgements made by the Directors in the application of these accounting policies that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in notes 21 and 26.

Notes (continued)

2. Accounting policies (continued)

Taxes

Tax on the Group's profit or loss for the period comprises current and deferred tax. Tax is recognised in the Income Statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the Balance Sheet date, and any adjustments to tax payable in respect of future years.

Deferred tax is provided on the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities enacted at the Balance Sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Employee benefits – pensions

The Group operates both defined contribution and defined benefit pension schemes. The premiums relating to defined contribution schemes are charged to the Income Statement in the period in which they accrue.

The Group's net obligation in respect of its defined benefit pension plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods: that benefit is discounted to determine its present value, and the fair value of any plan. The calculation is performed by a qualified actuary using the projected unit credit method.

Actuarial gains and losses occur when the actual returns on scheme assets differ from those previously expected by the actuary. All actuarial gains and losses as at 1 October 2004 were recognised in full. The Group recognises actuarial gains and losses arising subsequent to 1 October 2004 directly into equity through the Statement of Recognised Income and Expense in the period they occur. All other movements in the pension liability are recognised in the Income Statement for the relevant period.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Notes (continued)

2. Accounting policies (continued)

New Standards and Interpretations not applied

During the year, the IASB and IFRIC have issued the following standards and interpretations with an effective date after the date of these financial statements:

International Accounting Standards (IAS/IFRS)		Effective for accounting periods beginning on or after
IFRS 8	Operating Segments	1 January 2009
IAS 23	Borrowing Costs	1 January 2009
International Financial Reporting Interpretations Committee (IFRIC)		
IFRIC 11	IFRS2 Group and Treasury Share Transactions	1 March 2007
IFRIC 12	Service Concession Arrangements	1 January 2008
IFRIC 13	Customer Loyalty Programmes	1 July 2008
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2008

With the exception of IFRIC 14 which may impact on the carrying value of any pension surplus recognised, the Directors do not anticipate that the adoption of these standards and interpretations will have a material effect on the Group's financial statements in the period of initial application.

Notes (continued)

3. Segment information

Geographical segments

The Group is considered to have one class of trade. The Group is principally a supplier of software and associated professional services, such that substantially all of its revenues are derived from this single source.

The following table presents revenue and expenditure and certain assets and liabilities information by geographical segment for the periods ended 30 September 2007 and 30 September 2006. The Group's geographical segments are based on the location of the Group's assets.

	2007	2006	2007	2006	2007	2006
	£'000	£'000	£'000	£'000	£'000	£'000
	UK	UK	USA	USA	TOTAL	TOTAL
Revenue	6,506	6,210	112	115	6,618	6,325
Operating profit/(loss)	475	181	(64)	(15)	411	166
Assets	18,176	17,137	369	462	18,545	17,599
Liabilities	(4,616)	(4,490)	(16)	(27)	(4,632)	(4,517)
	13,560	12,647	353	435	13,913	13,082
Capital expenditure	114	94	1	2	115	96
Depreciation	290	367	2	3	292	370

4. Operating profit

	2007	2006
	£'000	£'000
This is stated after charging:		
Auditor's remuneration:		
– Audit of these financial statements	18	36
– Audit of financial statements of subsidiaries	12	12
– Taxation services	16	–
Depreciation	292	370
Amortisation of intangible assets	88	34
Operating leases rentals:		
– plant and machinery	4	4
– property	98	101
Research and Development expenditure	1,339	1,461

Notes (continued)

5. Employee information

The average number of persons employed by the Group (including Directors) during the year, analysed by category, was as follows:

	<i>Number of employees</i>	
	2007	2006
Sales and Administration	30	32
Support, development and network services	84	83
	114	115

At 30 September 2007 the Group employed 102 people.

The aggregate payroll costs of these persons were as follows:

	2007	2006
	£'000	£'000
Salaries	3,103	3,093
Social security costs	338	340
Other pension costs	257	348
	3,698	3,781

Aggregate Directors' emoluments amounted to £468,710 (2006: £481,798). Details of Directors' remuneration are given in the Directors' Remuneration Report.

6. Finance revenue

	2007	2006
	£'000	£'000
Interest on bank deposits	288	255
Other interest	1	25
	289	280

Notes (continued)

7. Income tax expense

	2007	2006
	£'000	£'000
Income tax expense comprises:		
Current tax		
United Kingdom corporation tax	154	19
Tax under provided in previous years	–	(5)
	<hr/>	<hr/>
Group current tax	154	14
	<hr/>	<hr/>
Deferred tax		
Origination and reversal of temporary differences	75	108
Adjustments in respect of prior years	(7)	(93)
	<hr/>	<hr/>
Group deferred tax	68	15
	<hr/>	<hr/>
Income tax expense	222	29
	<hr/> <hr/>	<hr/> <hr/>

Factors affecting the tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 30% (2006: 30%). The differences are explained below:

	2007	2006
	£'000	£'000
Profit before tax	700	866
	<hr/>	<hr/>
Profit multiplied by standard rate of corporation tax of 30%	210	260
<i>Effects of:</i>		
Expenses not deductible for tax purposes	38	32
Chargeable gains adjustment	–	(162)
Effect of tax rate change to 28% on deferred tax	(10)	–
Deferred tax – adjustment in respect of prior periods	(7)	–
Other timing differences	–	3
Benefit of marginal rate of tax	(9)	(6)
Prior years' tax credit	–	(98)
	<hr/>	<hr/>
Total income tax expense	222	29
	<hr/> <hr/>	<hr/> <hr/>

Factors affecting future tax charges

The Group had unutilised trading tax losses carried forward at 30 September 2007 of £227,000 (2006: £371,000).

Notes (continued)

8. Earnings per share

Earnings per share is calculated by dividing the profit for the period attributable to equity holders of the parent of £478,000 (2006: £837,000) by 24,460,800 (2006: 24,432,362) being the weighted average number of shares in issue during the year.

Basic and diluted earnings per share are both 1.95p (2006: 3.42p).

9. Dividends paid and proposed

		2007	2006
		£'000	£'000
The following dividends were declared and paid during the year:			
Final dividend for 2006	– 1.900p (2005: 1.663p)	465	406
Interim dividend for 2007	– 0.713p (2006: 0.713p)	174	174
		639	580
Proposed for approval by shareholders at the AGM			
Final dividend for 2007	– 2.000p (2006: 1.900p)	490	465

10. Acquisition

On 16 October 2006 the Group acquired the business and certain assets of Vecta Software Corporation Ltd for £900,000 cash and costs of £19,000. The business is a provider of Sales Intelligence solutions. For the period to 30 September 2007, the business contributed £504,000 to Group turnover and made a profit of £59,000. If the acquisition had taken place on 1 October 2006, management estimates that the impact on Group results at both revenue and profit level would not have been significantly different.

The acquisition had the following effect on the Group's assets and liabilities on acquisition date:

	<i>Values recognised on acquisition</i>
	£'000
Property, plant and equipment	20
Intangible assets	918
Trade and other receivables	69
Trade and other payables	(88)
Net identifiable assets and liabilities	919
Consideration paid, satisfied in cash	919

Pre-acquisition carrying amounts were determined based on applicable IFRS immediately before the acquisition. The book values of assets and liabilities recognised on acquisition are their estimated fair values. No fair value adjustments to the pre-acquisition carrying amounts were required. Intangible assets identified above relate to software intellectual property rights.

Notes (continued)

11. Property, plant and equipment

	<i>Freehold property</i> £'000	<i>Motor vehicles</i> £'000	<i>Equipment</i> £'000	<i>Total</i> £'000
<i>Cost</i>				
At 1 October 2006	7,027	559	3,467	11,053
Additions through business combinations	–	–	20	20
Other additions	–	23	92	115
Disposals	–	(42)	(305)	(347)
Exchange adjustment	–	–	(28)	(28)
At 30 September 2007	7,027	540	3,246	10,813
<i>Depreciation</i>				
At 1 October 2006	1,015	275	3,115	4,405
Charge for the year	69	109	106	284
On disposals	–	(28)	(300)	(328)
Exchange adjustment	–	–	(28)	(28)
At 30 September 2007	1,084	356	2,893	4,333
<i>Net book value</i>				
At 30 September 2007	5,943	184	353	6,480
<i>Cost</i>				
At 1 October 2005	9,272	615	3,392	13,279
Additions	–	–	96	96
Transfer to assets held for resale	(2,245)	–	–	(2,245)
Disposals	–	(56)	–	(56)
Exchange adjustment	–	–	(21)	(21)
At 30 September 2006	7,027	559	3,467	11,053
<i>Depreciation</i>				
At 1 October 2005	1,049	182	2,965	4,196
Charge for the year	80	112	170	362
Transfer to assets held for resale	(114)	–	–	(114)
On disposals	–	(19)	–	(19)
Exchange adjustment	–	–	(20)	(20)
At 30 September 2006	1,015	275	3,115	4,405
<i>Net book value</i>				
At 30 September 2006	6,012	284	352	6,648

Notes (continued)

12. Investment property

	£'000
<i>Cost</i>	
At 1 October 2006 and 30 September 2007	758
	<hr/> <hr/>
<i>Depreciation</i>	
At 1 October 2006	90
Charge for the year	8
	<hr/>
At 30 September 2007	98
	<hr/> <hr/>
<i>Net book value</i>	
At 30 September 2007	660
	<hr/> <hr/>
<i>Cost</i>	
At 1 October 2005 and 30 September 2006	758
	<hr/> <hr/>
<i>Depreciation</i>	
At 1 October 2005	82
Charge for the year	8
	<hr/>
At 30 September 2006	90
	<hr/> <hr/>
<i>Net book value</i>	
At 30 September 2006	668
	<hr/> <hr/>

Investment property comprises the Group's former head office building which is now let to a third party on a 40 year lease. The fair value of the investment property at 30 September 2007 was £1.0 million (2006: £1.0 million). The property generates rental income of £65,000 per annum (2006: £65,000).

Notes (continued)

13. Intangible assets

	<i>Software intellectual property rights</i> £'000
<i>Cost</i>	
At 1 October 2006	778
Additions through business combinations (note 10)	918
Other additions	23
At 30 September 2007	<u>1,719</u>
<i>Amortisation</i>	
At 1 October 2006	707
Charge for the year	88
At 30 September 2007	<u>795</u>
<i>Net book value</i>	
At 30 September 2007	<u>924</u>
At 30 September 2006	<u>71</u>

The amortisation charge is included within administrative expenses within the Consolidated Income Statement.

The additions through business combinations relate to the acquisition of the business and certain assets of Vecta Software Corporation Ltd. The carrying value of the software intellectual property rights has been calculated based on discounted cash flows. It will be amortised over its estimated useful life, which is seven years from the date of it being brought into use.

14. Assets held for resale

	2007	2006
	£'000	£'000
Property	<u>1,082</u>	<u>1,082</u>

At the year end a decision had been taken to dispose of one of the Group's properties and marketing efforts had commenced.

Notes (continued)

15. Inventories

	2007	2006
	£'000	£'000
Computer equipment	162	210

16. Trade and other receivables

	2007	2006
	£'000	£'000
Trade receivables	1,954	1,558
Other receivables	482	718
	2,436	2,276

There are no receivables due after more than one year (2006: nil).

17. Cash and cash equivalents

	2007	2006
	£'000	£'000
Bank balances	92	102
Short-term deposits	5,871	6,337
	5,963	6,439

18. Deferred income

This represents the portion of annual licence fees and maintenance contracts taken out by customers but which relate to a future period.

	2007	2006
	£'000	£'000
To be recognised:		
Within one year	2,528	2,347
After more than one year	242	22
	2,770	2,369

Notes (continued)

19. Trade and other payables

	2007	2006
	£'000	£'000
Trade payables	624	789
Other payables	709	655
	<u>1,333</u>	<u>1,444</u>

20. Financial instruments

Foreign currency

The Group's financial instruments comprise cash and liquid resources, and various items, such as trade debtors, trade creditors etc, that arise directly from its operations. There is no material difference between book value and fair value of these financial instruments.

The Group does not have any significant borrowings and it has been the Group's policy throughout the period under review that no trading in financial instruments shall be undertaken.

The main risk arising from the Group's financial instruments is foreign currency risk. The Group has two overseas trading subsidiaries (note 27) which operate in the USA and whose revenues and expenses are denominated almost exclusively in US dollars. Due to the relatively small size of these subsidiaries in the context of the Group, representing less than 2 per cent of turnover, the Group does not enter into any hedging transactions. This position is reviewed regularly.

Substantially all of the sales of the Group's UK businesses to overseas customers are denominated in sterling and therefore they do not present a foreign currency risk.

The Group does not have any significant monetary assets and liabilities that are not denominated in the functional currency of the operating unit involved.

Interest rates

As the Group has significant cash deposits, changes in interest rates could have a significant impact on the Group's results.

Bank deposits are invested at a variable interest rate based on base rate. This position is constantly monitored by the Board.

Undrawn committed facilities

At 30 September 2007 and 30 September 2006 the Group had undrawn committed borrowing facilities amounting to £1,750,000. Such facilities expire within one year and are subject to review.

Notes (continued)

21. Employee benefits – pensions

The Group operates both defined benefit and defined contribution pension schemes.

Defined contribution pension schemes

The Group operates a number of defined contribution pension schemes, the principal scheme being a grouped personal pension scheme through an insurance company. The pension costs of these arrangements were £50,000 (2006: £56,000). There were no outstanding contributions at the end of the year (2006: nil).

Defined benefit pension scheme

The Group operates a defined benefit scheme called the Electronic Data Processing PLC Pension and Life Assurance Scheme (the Scheme).

The last full actuarial valuation of the Scheme was performed at 1 August 2004 by a professionally qualified actuary. A full actuarial valuation of the Scheme as at 1 August 2007 is currently being prepared by a professionally qualified actuary.

Members have paid contributions at a rate in line with the Scheme's documentation over the accounting period.

The Group's policy for recognising actuarial gains and losses is to recognise them immediately through the Consolidated Statement of Recognised Income and Expense.

The full actuarial valuation of the Scheme was updated on an IAS 19 basis at 30 September 2007 by Scottish Equitable using the following assumptions:

	2007	2006	2005
	% p.a	% p.a	% p.a
Inflation rate	3.4%	3.2%	2.9%
Discount rate	5.9%	5.1%	5.0%
Expected return on assets	5.9%	5.1%	5.0%
Rate of increase in pay	3.0%	2.0%	2.0%
Rate of increase of pensions in payment	5.0%	5.0%	5.0%
Rate of increase for deferred pensioners	3.4%	3.2%	2.9%

The most significant non-financial assumption is the rate of post retirement mortality. For the period ended 30 September 2007, this is based on the standard tables known as PMA92mc for males and PFA92mc for females. These tables produce life expectancy at age 65 of 21.9 years (2006: 21.8 years) for males and 24.8 years (2006: 24.7 years) for females.

The assumed rate of return on Bonds is the yield available on AA rated corporate bonds at 30 September 2007.

Notes (continued)

21. Employee benefits – pensions (continued)

Categories of assets

	2007	2006	2005
Bonds	100%	100%	100%

Funding status

	2007	2006	2005
	£'000	£'000	£'000
Present value of Scheme obligations	(4,108)	(6,566)	(6,555)
Fair value of Scheme assets	4,931	5,987	6,160
Surplus/(deficit)	823	(579)	(395)

Amounts recognised in the Income Statement

The following amounts have been included within administrative expenses within the Consolidated Income Statement:

	2007	2006
	£'000	£'000
Current service cost	157	106
Interest cost	288	324
Expected return on assets	(305)	(313)
	140	117

Amounts recognised in the Statement of Recognised Income and Expense

	2007	2006
	£'000	£'000
Actuarial gains/(losses) in period	1,352	(364)
Cumulative actuarial gain at beginning of period	443	807
Cumulative actuarial gains at end of period	1,795	443

Reconciliation of present value of Scheme obligations

	2007	2006
	£'000	£'000
Present value of obligations at 1 October	6,566	6,555
Interest cost	288	324
Current service cost	157	125
Benefits paid	(141)	(295)
Actuarial gain	(2,762)	(143)
Present value of obligations at 30 September	4,108	6,566

Notes (continued)

21. Employee benefits – pensions (continued)

Reconciliation of the fair value of Scheme assets

	2007	2006
	£000	£000
Fair value of assets at 1 October	5,987	6,160
Expected return on plan assets	305	313
Contributions	190	316
Benefits paid	(141)	(295)
Actuarial loss	(1,410)	(507)
	<u>4,931</u>	<u>5,987</u>

Experience gains and losses

	2007	2006
	£'000	£'000
Experience gain on Scheme obligations	(2,762)	(143)
Experience loss on Scheme assets	1,410	507

The surplus has arisen following the death of one of the members of the Scheme which has substantially reduced the Scheme obligations. However, under the circumstances, it has also been appropriate to re-assess the basis on which the Scheme assets have been measured.

Estimated contribution in the financial year starting 1 October 2007

Estimated contributions to the Group Scheme for the year commencing 1 October 2007 are nil.

Notes (continued)

22. Deferred income tax

The deferred income tax included in the Group Income Statement is as follows:

	2007	2006
	£'000	£'000
Origination and reversals of temporary differences	75	108
Adjustments in respect of prior periods	(7)	(93)
	<u>68</u>	<u>15</u>

The deferred income tax included in the Group Balance Sheet is as follows:

	2007	2006
	£'000	£'000
Taxation deferred by capital allowances	(209)	(200)
Temporary differences – losses	64	106
– other	15	19
Taxation on pension (asset)/liability	(230)	174
Deferred income tax	<u>(360)</u>	<u>99</u>
Deferred income tax asset	15	205
Deferred income tax liability	<u>(375)</u>	<u>(106)</u>
	<u>(360)</u>	<u>99</u>

23. Issued capital

	<i>Ordinary shares of 5p each</i>	
	Number	£'000
<i>Authorised:</i>		
At 1 October 2006 and 30 September 2007	<u>35,000,000</u>	<u>1,750</u>
<i>Allotted, called up and fully paid:</i>		
At 1 October 2006	24,432,362	1,222
Issued during the year	90,000	4
At 30 September 2007	<u>24,522,362</u>	<u>1,226</u>

Notes (continued)

24. Reconciliation of movement in equity and reserves

	<i>Issued capital</i>	<i>Share premium</i>	<i>Capital redemption reserve</i>	<i>Translation reserve</i>	<i>Retained earnings</i>	<i>Total</i>
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 October 2006	1,222	87	88	2	11,683	13,082
Arising on shares issued during the year	4	32	–	–	–	36
Total recognised income and expense	–	–	–	(5)	1,439	1,434
Dividends paid	–	–	–	–	(639)	(639)
At 30 September 2007	1,226	119	88	(3)	12,483	13,913

Issued capital

The balance classified as issued capital includes the nominal value on issue of the Company's equity share capital, comprising 5p ordinary shares.

Share premium

The balance classified as share premium represents the premium paid on the issue of the Company's equity share capital.

Capital redemption reserve

The balance classified as capital redemption reserve represents the nominal value of issued share capital re-purchased by the Company.

Translation reserve

The translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

25. Lease obligations

Operating leases:

Future minimum rentals payable under non-cancellable operating leases are as follows:

	2007	2006
	£'000	£'000
Amounts payable:		
Within 2–5 years	477	484
After 5 years	195	286
	672	770

26. Contingent liabilities

The Group is party to legal actions and claims which have arisen from normal trading activities. The outcome of these disputes cannot be forecast with certainty, but the Directors believe that the outcome will have no material effect on the Group's net assets.

Notes (continued)

27. Group entities

The Group's entities at 30 September 2007, all of which were wholly owned, were:

<i>Trading</i>	<i>Place of registration</i>
BML (Office Computers) Ltd	England
BCT Software Solutions Ltd	England
Disys Associates Ltd	England
Vecta Sales Solutions Ltd	England
Objectware Inc.	USA
Via Systems Inc.	USA
 <i>Non-trading</i>	
Business Computer Services Ltd	England
Business Computer Systems PLC	England
Business Computers Ltd	England
fastfreenet.com Ltd	England
Electronic Data Processing Systems Ltd	England
Ibex Computer Services Ltd	Isle of Man
Open Inc.	USA

The investments in all of the subsidiaries are directly held by Electronic Data Processing PLC with the exception of Via Systems Inc. and Open Inc. which are directly held by Objectware Inc.

All the subsidiaries' activities are conducted in the United Kingdom with the exception of those registered in the United States of America which are conducted in that country.

The principal activity of all companies within the Group is the sale of computer software and related services.

Five Year Statistical Record

Summarised financial information for the Group for the five years ended 30 September 2007 is set out below. The information for 2007, 2006 and 2005 has been presented under IFRS. The information for earlier years has not been restated and is as previously reported under UK GAAP. However, had IFRS been applied the significant adjustments to the Group's results would have related to pensions and goodwill.

	Year to 30 September				
	2007	2006	2005	2004	2003
	IFRS	IFRS	IFRS	UK GAAP	UK GAAP
	£'000	£'000	£'000	£'000	£'000
Revenue	6,618	6,325	6,964	8,319	8,686
Gross profit	6,089	5,762	6,338	7,531	7,765
Administrative expenses	(5,678)	(5,596)	(6,185)	(6,710)	(7,143)
UK GAAP exceptional items	–	–	–	(124)	(563)
Operating profit	411	166	153	697	59
Profit on sale of property	–	420	–	89	–
Finance revenue	289	280	278	246	225
Profit before tax	700	866	431	1,032	284
Income tax expense	(222)	(29)	(143)	(396)	691
Profit for the period	478	837	288	636	975
Earnings per share	1.95p	3.42p	1.18p	2.61p	3.97p
Net assets per share	56.7p	53.5p	53.5p	54.5p	59.4p

Company Balance Sheet

at 30 September 2007

	Note	2007 £'000	2006 £'000
Fixed assets			
Intangible assets	3	56	71
Tangible assets	4	8,186	8,366
Investments	5	3,951	4,870
		<u>12,193</u>	<u>13,307</u>
Current assets			
Stock	6	131	178
Debtors	7	1,808	1,366
Cash at bank and in hand		5,912	6,405
		<u>7,851</u>	<u>7,949</u>
Creditors: amounts falling due within one year	8	<u>(4,069)</u>	<u>(4,073)</u>
Net current assets		<u>3,782</u>	<u>3,876</u>
Total assets less current liabilities		<u>15,975</u>	<u>17,183</u>
Provisions for liabilities and charges	9	(154)	(107)
Deferred income	10	(872)	(957)
Net assets excluding pension asset/(liability)		<u>14,949</u>	<u>16,119</u>
Pension asset/(liability)	11	<u>593</u>	<u>(405)</u>
Net assets including pension asset/(liability)		<u>15,542</u>	<u>15,714</u>
Capital and reserves			
Called up share capital	12	1,226	1,222
Share premium account		119	87
Revaluation reserve	13	892	902
Capital redemption reserve		88	88
Profit and loss account	14	13,217	13,415
Equity shareholders' funds		<u>15,542</u>	<u>15,714</u>

These financial statements were approved by the Board of Directors on 13 December 2007 and were signed on its behalf by:

M. A. HELLER }
J. H. WASSELL } Directors

Statement of Total Recognised Gains and Losses

for the year ended 30 September 2007

	2007	2006
	£'000	£'000
(Loss)/profit for the financial year	(530)	1,638
Actuarial gain/(loss) recognised on pension liabilities	1,352	(364)
Tax thereon	(391)	110
	<hr/>	<hr/>
Total recognised gains and losses for the year	431	1,384
Prior year adjustment	-	(277)
	<hr/>	<hr/>
Total recognised gains and losses since last annual report	431	1,107
	<hr/> <hr/>	<hr/> <hr/>

Notes

(Forming part of the financial statements)

1. Accounting policies

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain land and buildings and in accordance with applicable accounting standards and with S226 and S227 of and Schedules 4 and 4A to the Companies Act 1985. The following principal accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Turnover

Turnover represents the sales of goods and services at invoiced value less amounts relating to future periods and excluding value added tax. Turnover is recognised when there are no significant vendor obligations remaining and the collection of the resulting receivable is considered probable.

Turnover from the sale of initial licences for software products is recognised upon delivery of the product to customers. Recurring licence fees are recognised evenly over the period to which they relate. Turnover from the provision of professional services, including training, implementation and consultancy, is recognised when the services have been performed and invoiced. Computer equipment sales are recognised on delivery to customers. Equipment maintenance charges are recognised evenly over the period to which they relate.

Investments in subsidiaries

Investments in subsidiary undertakings are stated at cost less any diminution in value.

Intangible fixed assets

The cost of intangible fixed assets is their purchase cost together with any incidental expenses of acquisition and is amortised over a period of between four and ten years on a straight line basis. In the case of software intellectual property rights, amortisation commences from the time the software is brought into use.

The Directors review the useful economic lives of the intangible fixed assets at each reporting date and revise them as necessary in accordance with FRS 10.

Tangible fixed assets

Depreciation is provided so as to write off the cost or valuation less the estimated residual value of each tangible fixed asset in equal instalments over its estimated useful life from the time it becomes operational at the following rates:

Freehold property	– 1 to 2 per cent
Motor vehicles	– 20 to 33 per cent
Equipment, fixtures and fittings	– 15 to 25 per cent

The Company applied the transitional provisions of FRS 15 *Tangible Fixed Assets* during a previous year.

For tangible fixed assets carried at a valuation the book amounts have been retained. The last valuation of these assets was carried out at 30 September 1988.

Foreign currency

Assets and liabilities expressed in foreign currencies are translated into sterling at year end rates. All trading exchange differences are taken to the profit and loss account.

Notes (continued)

1. Accounting policies (continued)

Deferred tax

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the Balance Sheet date, except as otherwise required by FRS 19.

Deferred tax assets are only recognised where, on the basis of all available evidence, it is more likely than not that there will be suitable taxable profits from which they can be recovered.

Research and development

Research and development costs relating to software products are written off in the year in which they are incurred.

Leasing transactions

Where the Company enters into a finance lease, the asset is recorded in the Balance Sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

Operating lease rental charges are charged to the profit and loss account on a straight line basis over the period of the lease.

Rentals receivable under operating leases are credited to the profit and loss account on a straight line basis over the period of the lease.

Stock

Stock is valued at the lower of cost and net realisable value.

Deferred income

Deferred income represents that portion of licence fees and maintenance contracts taken out by customers but which relate to a future period.

Pensions

The assets of the Company's defined benefit pension scheme are administered by its trustee and are kept separate from those of the Company. Independent actuaries prepare a valuation of this scheme on a triennial basis and, in accordance with their recommendations, contributions are made which are charged to profits on a systematic and rational basis over the expected remaining working life of the employees. Any differences between the actuarial valuation and the value of assets in the scheme are similarly charged or credited to profit before tax over the expected remaining working life of employees in the scheme. The premiums relating to the Company's defined contribution schemes are charged to profits in the period in which they accrue.

Notes (continued)

2. Employee information

The average number of persons employed by the Company (including Directors) during the year, analysed by category was as follows:

	<i>Number of employees</i>	
	2007	2006
Sales and Administration	23	24
Support, development and network services	53	56
	76	80

At 30 September 2007 the Company employed 69 people.

The aggregate payroll costs of these persons were as follows:

	2007	2006
	£'000	£'000
Salaries	1,876	1,978
Social security costs	201	215
Other pension costs	224	311
	2,301	2,504

Aggregate Directors' emoluments amounted to £468,710 (2006: £481,798). Details of Directors' remuneration are given in the Directors' Remuneration Report.

3. Intangible assets

Software intellectual property rights

	£'000
<i>Cost</i>	
At 1 October 2006	778
Additions	23
At 30 September 2007	801
<i>Amortisation</i>	
At 1 October 2006	707
Charge for the year	38
At 30 September 2007	745
<i>Net book value</i>	
At 30 September 2007	56
At 30 September 2006	71

Notes (continued)

4. Tangible fixed assets

	<i>Freehold property</i> £'000	<i>Motor vehicles</i> £'000	<i>Equipment</i> £'000	<i>Total</i> £'000
<i>Cost or valuation</i>				
At 1 October 2006	8,928	558	2,673	12,159
Additions	–	23	91	114
Disposals	–	(42)	–	(42)
At 30 September 2007	<u>8,928</u>	<u>539</u>	<u>2,764</u>	<u>12,231</u>
<i>Depreciation</i>				
At 1 October 2006	1,172	274	2,347	3,793
Charge for the year	89	109	82	280
On disposals	–	(28)	–	(28)
At 30 September 2007	<u>1,261</u>	<u>355</u>	<u>2,429</u>	<u>4,045</u>
<i>Net book value</i>				
At 30 September 2007	<u>7,667</u>	<u>184</u>	<u>335</u>	<u>8,186</u>
At 30 September 2006	<u>7,756</u>	<u>284</u>	<u>326</u>	<u>8,366</u>

All the freehold property belonging to the Company at 30 September 1988 was professionally valued at that date on an open market value for existing use basis. The 1988 valuation has been incorporated in the financial statements with the surplus on valuation being credited to a revaluation reserve.

Freehold property may be analysed between that included at 1988 valuation and that subsequently acquired at cost, as follows:

	2007 £'000	2006 £'000
At 1988 valuation	3,200	3,200
At cost	5,728	5,728
	<u>8,928</u>	<u>8,928</u>

The net historical cost of freehold property is as follows:

	2007 £'000	2006 £'000
Cost	7,881	7,881
Accumulated depreciation	(1,085)	(1,007)
Net book value	<u>6,796</u>	<u>6,874</u>

Notes (continued)

5. Investments in subsidiary undertakings

Details of the Company's subsidiary undertakings can be found in note 27 to the Group's financial statements.

	2007 <i>Gross</i>	2007 <i>Provision for diminution in value</i>	2007 <i>Net</i>	2006 <i>Gross and net</i>
	£'000	£'000	£'000	£'000
At 30 September	4,870	(919)	3,951	4,870

6. Stock

	2007 £'000	2006 £'000
Computer equipment	131	178

7. Debtors

	2007 £'000	2006 £'000
Trade debtors	531	665
Other debtors	39	236
Amounts owed by subsidiary undertakings	893	81
Prepayments and accrued income	345	384
	1,808	1,366

There are no debtors recoverable after more than one year (2006: nil).

8. Creditors: amounts falling due within one year

	2007 £'000	2006 £'000
Trade creditors	465	609
Amounts owed to subsidiary undertakings	3,266	3,243
Corporation tax	115	17
Other taxes and social security	144	146
Other creditors	79	58
	4,069	4,073

Details of financial instruments are set out in note 20 to the Group's financial statements.

Notes (continued)

9. Provisions for liabilities and charges

	2007	2006
	£'000	£'000
Deferred taxation	154	107
	<u> </u>	<u> </u>
	<i>Short-term</i>	<i>Accelerated</i>
	<i>timing</i>	<i>capital</i>
	<i>differences</i>	<i>allowances</i>
	£'000	£'000
At 1 October 2006	(106)	213
Transfer to profit and loss account	38	9
	<u> </u>	<u> </u>
At 30 September 2007	(68)	222
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>
	154	107

The Company has, in accordance with the provisions of FRS 19, recognised deferred tax assets in respect of short-term timing differences and accelerated capital allowances.

10. Deferred income

This represents the portion of annual licence fees and maintenance contracts taken out by customers but which relate to a future period.

	2007	2006
	£'000	£'000
To be recognised:		
Within one year	870	955
After more than one year	2	2
	<u> </u>	<u> </u>
	872	957
	<u> </u>	<u> </u>

Notes (continued)

11. Pensions

The Company operates both defined benefit and defined contribution pension schemes.

Defined benefit pension scheme

The Company operates a defined benefit pension scheme which is based on final pensionable pay.

The most recent full valuation of the scheme took place on 1 August 2004.

A full actuarial valuation of the scheme as at 1 August 2007 is currently being prepared by a professionally qualified actuary.

The assumptions used in the 2004 valuation of the scheme were as follows:

Investment return	5.7% per annum
Increase in pensions in payment	5.0% per annum
Increase in salaries	2.0% per annum

The 1 August 2004 valuation was updated on an FRS 17 basis at 30 September 2007 by Scottish Equitable. The major assumptions used by the actuary at 30 September 2007 were:

Financial Assumptions

	2007	2006	2005
Inflation	3.4%	3.2%	2.9%
Rate of salary increase	3.0%	2.0%	2.0%
Rate of increase of pensions in payment	5.0%	5.0%	5.0%
Rate of revaluation of deferred pensions	3.4%	3.2%	2.9%
Discount rate	5.9%	5.1%	5.0%

The valuation method used was the Projected Unit Method.

Pension liability

The fair value of the scheme assets, and the present value of the scheme liabilities were:

	2007	2006	2005
	£'000	£'000	£'000
Fair value of scheme assets	4,931	5,987	6,160
Present value of scheme liabilities	(4,108)	(6,566)	(6,555)
Surplus/(deficit) in the scheme – pension asset/(liability)	823	(579)	(395)
Related deferred tax (liability)/asset	(230)	174	118
Net pension asset/(liability)	593	(405)	(277)

The scheme assets are invested in an insurance policy and are wholly comprised of bonds.

Notes (continued)

11. Pensions (continued)

Movement in the deficit during the year

	2007 £'000	2006 £'000
Deficit at beginning of year	(579)	(395)
Current service cost	(157)	(125)
Contributions	190	316
Other financial costs	17	(11)
Actuarial gain/(loss)	1,352	(364)
Surplus/(deficit) at end of year	<u>823</u>	<u>(579)</u>

Defined contribution pension schemes

The Company operates a number of defined contribution pension schemes, the principal scheme being a grouped personal pension scheme through an insurance company. The pension costs of these arrangements were £17,000 (2006: £18,000). There were no outstanding contributions at the end of the year (2006: nil).

12. Share capital

Details of the Company's authorised, allotted and fully paid share capital is given in note 23 to the Group's financial statements.

13. Revaluation reserve

	2007 £'000	2006 £'000
At 1 October	902	912
Transfer to profit and loss	(10)	(10)
At 30 September	<u>892</u>	<u>902</u>

Notes (continued)

14. Profit and loss reserve

	2007 £'000	2006 £'000
At 1 October	13,415	12,601
(Loss)/profit for the year	(530)	1,638
Dividends	(639)	(580)
Transfer from revaluation reserve	10	10
Actuarial gain/(loss) on pension	1,352	(364)
Tax on actuarial (gain)/loss	(391)	110
At 30 September	<u>13,217</u>	<u>13,415</u>

15. Commitments and contingencies

Operating leases:

The commitment to payments within the next twelve months is as follows:

	2007 £'000	2006 £'000
Property		
Leases which expire:		
Within 2-5 years	7	7
After more than 5 years	6	6
	<u>13</u>	<u>13</u>

16. Reconciliation of movements in shareholders' funds

	2007 £'000	2006 £'000
(Loss)/profit for the year	(530)	1,638
Dividends	(639)	(580)
Retained (loss)/profit for the year	(1,169)	1,058
Shares issued	36	-
Other recognised gains/(losses)	961	(254)
Net (decrease)/increase in shareholders' funds	(172)	804
Opening shareholders' funds	15,714	14,910
Closing shareholders' funds	<u>15,542</u>	<u>15,714</u>

Notice of Meeting

Notice is hereby given that the forty-first Annual General Meeting of members will be held at Tapton Masonic Hall, Shore Lane, Sheffield S10 3BU on 18 March 2008 at 12.00 noon for the purposes of considering and, if thought fit, passing the following Resolutions:

Resolution 1

That the Directors' Report, statement of accounts and Independent Auditor's Report for the year ended 30 September 2007 be received and approved.

Resolution 2

That a final dividend of 2.0p per share be declared for the year ended 30 September 2007.

Resolution 3

That Mr J. H. Wassell be re-elected a Director of the Company.

Resolution 4

That Mr P. A. Davey be re-elected a Director of the Company.

Resolution 5

That Mr P. J. Davies be re-elected a Director of the Company.

Resolution 6

That Mr C. R. Spicer be re-elected a Director of the Company.

Resolution 7

That the Directors' Remuneration Report be approved.

Resolution 8

That KPMG Audit Plc be and are re-appointed as Auditor of the Company to hold office from the conclusion of this meeting until the conclusion of the next general meeting at which accounts are laid before the Company at a remuneration to be fixed by the Directors.

To transact any other ordinary business of an Annual General Meeting and as special business to consider the following Resolutions, Resolution 9 being proposed as an Ordinary Resolution and Resolutions 10 and 11 as Special Resolutions:

Resolution 9

That, for the purposes of Section 80 of the Companies Act 1985, the Directors be and they are hereby generally and unconditionally authorised to exercise all the powers of the Company to allot relevant securities (within the meaning of the said Section 80) up to an aggregate nominal amount of £408,706 provided that this authority shall expire at the conclusion of the next Annual General Meeting of the Company or the date falling 15 months after the passing of this Resolution, whichever is the earlier, except that the Company may before the expiry of such period make an offer or agreement which would or might require relevant securities to be allotted after the expiry of such period and the Directors may allot relevant securities in pursuance of any such offer or agreement as if the authority conferred hereby had not expired, this authority to replace any existing like authority which is hereby revoked with immediate effect.

Notice of Meeting (continued)

Resolution 10

That, subject to the passing of the preceding Resolution, the Directors be and they are hereby empowered pursuant to Section 95 of the Companies Act 1985 to allot equity securities (as defined in Section 94 of the said Act) pursuant to the authority conferred upon them by the preceding Resolution as if Section 89(1) of the said Act did not apply to any such allotment provided that the power conferred by this Resolution shall be limited:

- (a) to the allotment of equity securities in connection with a rights issue in favour of ordinary shareholders where the equity securities respectively attributable to the interests of all such shareholders are proportionate (as nearly as may be) to the respective number of ordinary shares held by them subject only to such exclusions or other arrangements as the Directors may consider appropriate to deal with fractional entitlements or legal and practical difficulties under the laws of, or the requirements of any recognised regulatory body in, any territory, and
- (b) to the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal amount of £61,306

and shall expire at the conclusion of the next Annual General Meeting of the Company or the date falling 15 months after the passing of this Resolution, whichever is the earlier, unless renewed or extended prior to or at such meeting except that the Company may before the expiry of any power contained in this Resolution make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

Resolution 11

That the Company is hereby generally and unconditionally authorised to make market purchases (within the meaning of Section 163 of the Companies Act 1985) of ordinary shares of 5p each in the capital of the Company ("ordinary shares") provided that:

- (a) the maximum aggregate number of ordinary shares authorised to be purchased is 2,452,236 representing 10 per cent of the issued share capital of the Company;
- (b) the maximum price which may be paid for an ordinary share excluding expenses is not more than 5 per cent above the average of the middle market quotations for an ordinary share as derived from the London Stock Exchange Daily Official List for the ten business days immediately preceding the day on which that ordinary share is purchased;
- (c) the minimum price which may be paid for an ordinary share excluding expenses is 5p per share;
- (d) the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company or the date falling 15 months after the passing of this Resolution, whichever is the earlier, unless such authority is renewed or revoked prior to such time, and
- (e) the Company may make a contract to purchase ordinary shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of ordinary shares in pursuance of any such contract.

By order of the Board

REGISTERED OFFICE

J. H. Wassell
Secretary

Beauchief Hall
Beauchief
Sheffield
S8 7BA

13 December 2007

Notice of Meeting (continued)

Notes

1. A member entitled to attend and vote at this Meeting is entitled to appoint one or more proxies to attend and vote in his/her stead. A proxy need not be a member of the Company. Should you wish to appoint more than one proxy please return this form and attach to it a schedule detailing the names of the proxies you wish to appoint, the number of shares each proxy will represent and the way in which you wish them to vote on the Resolutions that are to be proposed.
2. A proxy form is enclosed with this notice. Proxies must be lodged at Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, not less than 48 hours before the time of the Meeting.
3. The completion and return of a proxy will not prevent a member from attending and voting in person at the Meeting if so desired.
4. In accordance with Section 325 of the 2006 Act, the right to appoint proxies does not apply to persons nominated to receive information rights under Section 146 of the 2006 Act. Persons nominated to receive information rights under Section 146 of the 2006 Act who have been sent a copy of this notice of meeting are hereby informed, in accordance with Section 149(2) of the 2006 Act, that they may have a right under an agreement with the registered member by whom they were nominated to be appointed, or to have someone else appointed, as a proxy for this meeting. If they have no such right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the member as to the exercise of voting rights. Nominated persons should contact the registered member by whom they were nominated in respect of these arrangements.
5. Copies of the executive Directors' contracts of service are available for inspection at the Registered Office of the Company during usual business hours, and will also be available for inspection at the Annual General Meeting from 11.45 a.m. until the conclusion of the Meeting.

Proxy Form

Proxy Form for use at the Annual General Meeting to be held on 18 March 2008

I/We (Note 1)

of (Note 2).....

being (a) shareholder(s) of Electronic Data Processing PLC, hereby appoint the Chairman of the Meeting (Note 3)

..... of

as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on 18 March 2008 and at any adjournment thereof. I/We desire to vote in relation to the Resolutions set out in the Notice of Meeting as indicated below (Note 4).

Dated 2008.

Signature (Notes 7 and 8)

	FOR	AGAINST	WITHHELD
Resolution 1			
Resolution 2			
Resolution 3			
Resolution 4			
Resolution 5			
Resolution 6			
Resolution 7			
Resolution 8			
Resolution 9			
Resolution 10			
Resolution 11			

(tick appropriate box)

NOTES

1. Please insert FULL NAME IN BLOCK CAPITALS.
2. Please insert ADDRESS IN BLOCK CAPITALS.
3. Any person may be appointed as proxy. If you wish to appoint another person, please delete "the Chairman of the Meeting" and insert the name and address of the person in the space provided.
4. Please indicate how you wish your proxy to vote on the Resolutions set out in the Notice of Meeting. In the absence of any direction your proxy may in his/her discretion vote or abstain from voting in respect of your holding. Should you wish to appoint more than one proxy please return this form and attach to it a schedule detailing the names of the proxies you wish to appoint, the number of shares each proxy will represent and the way in which you wish them to vote on the Resolutions that are to be proposed.
5. The "Withheld" option is provided to enable you to abstain on any particular Resolution. However, it should be noted that a vote withheld is not a vote in law and will not be counted in the calculation of the proportion of votes "For" and "Against" a Resolution.
6. The completion and return of a proxy will not prevent a member from attending and voting at the Meeting if so desired.
7. If the shareholder is a corporation this proxy form must be under its common seal or under the hand of an officer or attorney duly authorised in writing.
8. In the case of joint holders the signature of the first named will be accepted to the exclusion of other joint holders.
9. Any alteration made to this proxy form should be initialled.
10. This proxy form must be lodged at Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, not later than 48 hours before the time of the Meeting, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified or office copy of such power or authority.

Third fold and tuck in

BUSINESS REPLY SERVICE
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First fold

Capita Registrars
PO Box 25
Beckenham
Kent
BR3 4BR

Second fold



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