

**REGISTRARS
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Dataline Software Limited

Report and Financial Statements

Year Ended

30 June 2002



BDO Stoy Hayward
Chartered Accountants



Dataline Software Limited

Annual report and financial statements for the year ended 30 June 2002

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Directors

A A Bleach
J P Cuthbert
M Robinson (Appointed 1 September 2002)

Secretary and registered office

L L Johnson, Nile House, PO Box 1034
Nile Street, Brighton, BN1 1JB

Company number

1717921

Auditors

BDO Stoy Hayward, Nile House, PO Box 1034
Nile Street, Brighton, BN1 1JB

Dataline Software Limited

Report of the directors for the year ended 30 June 2002

The directors present their report together with the audited financial statements for the year ended 30 June 2002.

Results

The profit and loss account is set out on page 5 and shows the loss for the year.

Principal activities

The company's principal activity continued to be the provision of technical services to corporate clients in the client/server business application and SQL database arena.

Charitable and political contributions

During the year the company made charitable contributions of £287. There were no political contributions.

Directors

The directors of the company during the year and their interests in the ordinary share capital of the company were:

	Ordinary shares of £1 each	
	30 June 2002	1 July 2001
A A Bleach	54	54
J P Cuthbert	36	36

M Robinson was appointed director on 1 September 2002.

Dataline Software Limited

Report of the directors for the year ended 30 June 2002 (Continued)

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

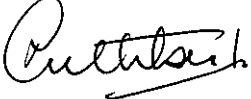
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

BDO Stoy Hayward have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the board



J P Cuthbert
Director

9 December 2002

Dataline Software Limited

Report of the independent auditors

To the shareholders of Dataline Software Limited

We have audited the financial statements of Dataline Software Limited for the year ended 30 June 2002 on pages 5 to 15 which have been prepared under the accounting policies set out on page 7 to 8.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

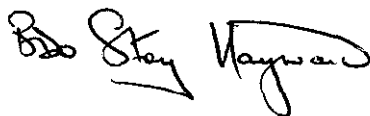
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Dataline Software Limited

Report of the independent auditors (*Continued*)

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in dark ink, appearing to read 'BDO Stoy Hayward', is written over the printed name.

BDO STOY HAYWARD

*Chartered Accountants
and Registered Auditors*
Brighton

12 December 2002

Dataline Software Limited**Profit and loss account for the year ended 30 June 2002**

	Note	2002 £	2001 £
Turnover	2	563,097	639,046
Raw materials and other consumables		89,669	61,888
Staff costs		358,430	320,985
Depreciation and other amounts written off fixed assets		27,259	21,344
Other operating charges		151,139	195,524
Operating (loss)/profit	3	(63,400)	39,305
Other interest receivable and similar income		42	949
Interest payable and similar charges	5	(2,002)	(799)
(Loss)/profit on ordinary activities before taxation		(65,360)	39,455
Taxation on (loss)/profit on ordinary activities	6	12,000	(6,791)
(Loss)/profit on ordinary activities after taxation		(53,360)	32,664
Dividends	7	-	34,500
Accumulated loss		(53,360)	(1,836)
Retained profit brought forward		61,463	63,299
Retained profit carried forward		8,103	61,463

All amounts relate to continuing activities.

All recognised gains and losses in the current and prior year are included in the profit and loss account.

There are no movements in shareholders' funds in the current and prior year apart from the loss/profit for the year.

The notes on pages 7 to 15 form part of these financial statements.

Dataline Software Limited

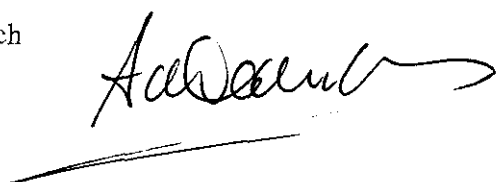
Balance sheet at 30 June 2002

	Note	2002 £	2002 £	2001 £	2001 £
Fixed assets					
Tangible assets	8		41,460		52,424
Fixed asset investments	9		100		-
			41,560		52,424
Current assets					
Stocks		-		7,175	
Debtors	10	180,660		109,905	
Cash at bank and in hand		39		47,868	
		180,699		164,948	
Creditors: amounts falling due within one year	11	210,089		149,161	
Net current (liabilities)/assets			(29,390)		15,787
Total assets less current liabilities			12,170		68,211
Creditors: amounts falling due after more than one year	12		3,967		6,648
			8,203		61,563
Capital and reserves					
Called up share capital	13		100		100
Profit and loss account			8,103		61,463
Equity shareholders' funds			8,203		61,563

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the Board on 9th Dec 2002

A A Bleach
Director



The notes on pages 7 to 15 form part of these financial statements.

Dataline Software Limited

Notes forming part of the financial statements for the year ended 30 June 2002

1 Accounting policies

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

The following principal accounting policies have been applied:

Consolidated financial statements

The company is exempt from the requirement to prepare consolidated financial statements by virtue of section 248 of the Companies Act 1985 as the group it heads qualifies as a small group. These financial statements therefore present information about the company as an individual undertaking and not about its group.

Cash flow statement

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that it is a 'small' company under the Companies Act 1985.

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets evenly over their expected useful lives. It is calculated at the following rates:

Motor vehicles	- 25% straight line
Fixtures, fittings & equipment	- 20%-33.33% straight line

Valuation of investments

Investments held as fixed assets are stated at cost less any provision for impairment.

Stocks

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

Foreign currency

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet dates. Any differences are taken to the profit and loss account.

1 Accounting policies (continued)

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components. The interest element of the payment is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Pension costs

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

Long term contracts

Long term contract work in progress is classified in the balance sheet as stocks stated at total costs incurred, net of amounts transferred to the profit and loss account in respect of work carried out to the balance sheet date. Full provision is made for any foreseeable losses.

Revenue which relates to work carried out to the balance sheet date including an appropriate proportion of foreseeable profit, is included in turnover. The amount by which turnover exceeds payments on account is classified within debtors as "amounts receivable on contracts".

Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred.

Dataline Software Limited**Notes forming part of the financial statements for the year ended 30 June 2002 (Continued)****2 Turnover**

The proportion of turnover that is attributable to markets outside the United Kingdom is 18% (2001 - 13%).

3 Operating (loss)/profit

	2002 £	2001 £
This is arrived at after charging:		
Depreciation of tangible fixed assets	27,260	21,344
Hire of other assets - operating leases	13,630	12,781
Audit services	3,450	3,150
	<u> </u>	<u> </u>

4 Directors' remuneration

	2002 £	2001 £
Aggregate emoluments, pension contributions and amounts receivable under long term incentive schemes	110,776	105,735
Company contributions to money purchase pension schemes	10,400	7,750
	<u> </u>	<u> </u>

There were 2 directors in the company's defined contribution pension scheme during the year (2001 - 2).

5 Interest payable and similar charges

	2002 £	2001 £
Bank loans and overdrafts	638	384
Finance leases and hire purchase contracts	1,364	415
	<u> </u>	<u> </u>
	2,002	799
	<u> </u>	<u> </u>

Dataline Software Limited

Notes forming part of the financial statements for the year ended 30 June 2002 (Continued)

6 Taxation on (loss)/profit on ordinary activities

	2002 £	2001 £
<i>Current tax</i>		
UK corporation tax on profits of the year	(6,504)	7,000
Adjustment in respect of previous periods	(496)	(209)
Total current tax	(7,000)	6,791
<i>Deferred tax</i>		
Origination and reversal of timing differences	(5,000)	-
Taxation on profit on ordinary activities	(12,000)	6,791

The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The differences are explained below:

	2002 £	2001 £
(Loss)/profit on ordinary activities before tax	(65,360)	39,455
(Loss)/profit on ordinary activities at the standard rate of corporation tax in the UK of 20% (2001 - 20%)	(13,072)	7,891
Effect of:		
Expenses not deductible for tax purposes	619	1,275
Capital allowances for period below/(in excess of) depreciation	673	(2,271)
Adjustment to tax charge in respect of previous periods	(496)	(209)
Marginal relief and rounding differences	-	105
Unutilised tax losses	5,276	-
Current tax charge for period	(7,000)	6,791

7 Dividends

	2002 £	2001 £
<i>Equity shares</i>		
Ordinary shares		
Interim paid of nil pence (2001 - 345 pence) per share	-	34,500

Dataliné Software Limited

Notes forming part of the financial statements for the year ended 30 June 2002 (Continued)

8 Tangible fixed assets

	Plant and machinery etc £
<i>Cost</i>	
At 1 July 2001	147,035
Additions	16,296
Disposals	(12,742)
At 30 June 2002	150,589
<i>Depreciation</i>	
At 1 July 2001	94,611
Provided for the year	27,260
Disposals	(12,742)
At 30 June 2002	109,129
<i>Net book value</i>	
At 30 June 2002	41,460
At 30 June 2001	52,424

The net book value of, and depreciation charge for the year on, tangible fixed assets includes assets held under finance leases and hire purchase contracts as follows:

	2002 £	2001 £
<i>Net book value</i>		
Motor vehicles	10,147	16,350
<i>Depreciation charged</i>		
Motor vehicles	6,203	3,589

9 Fixed asset investments

	Shares in group undertakings £
<i>Cost or valuation</i>	
Additions and at 30 June 2002	100
	—
<i>Net book value</i>	
At 30 June 2002	100
	—
At 30 June 2001	-
	—

Subsidiary undertakings, associated undertakings and other investments

The principal undertakings in which the company's interest at the year end is 20% or more are as follows:

	Class of share capital held	Proportion of share capital held	Nature of business
<i>Subsidiary undertakings</i>			
Redsite Limited	Ordinary	100%	Retail of technical support services (previously dormant)

The directors' valuation of these shares is not less than cost.

Unless otherwise stated, the following figures have been extracted from unaudited financial statements for the year ended 30 June 2002:

	Aggregate share capital and reserves		Profit for the year	
	2002 £	2001 £	2002 £	2001 £
<i>Subsidiary undertakings</i>				
Redsite Limited	1,835	-	1,735	-
	—	—	—	—

Notes forming part of the financial statements for the year ended 30 June 2002 (Continued)

10 Debtors

	2002 £	2001 £
Trade debtors	117,979	90,096
Amounts owed by group undertakings and undertakings in which the company has a participating interest	10,592	-
Other debtors	52,089	19,809
	<u>180,660</u>	<u>109,905</u>

Other debtors include a deferred tax asset of £5,000 (2001 - £Nil) which represents tax on losses available to be carried forward and set against future trading profits. This falls due after more than one year. Other than this, all amounts shown under debtors fall due for payment within one year.

11 Creditors: amounts falling due within one year

	2002 £	2001 £
Bank loans and overdrafts	21,873	2,727
Trade creditors	28,229	26,386
Corporation tax	-	7,000
Other taxation and social security	40,444	27,398
Obligations under finance lease and hire purchase contracts	3,166	4,601
Other creditors	116,377	81,049
	<u>210,089</u>	<u>149,161</u>

The bank loans and overdrafts are secured by a fixed and floating charge over all the assets of the company.

The obligations under finance leases and hire purchase charges are secured by a charge over the underlying assets.

12 Creditors: amounts falling due after more than one year

	2002 £	2001 £
Bank loans	485	-
Obligations under finance lease and hire purchase contracts	3,482	6,648
	<u>3,967</u>	<u>6,648</u>

12 Creditors: amounts falling due after more than one year (Continued)

Maturity of debt:

	Loans and overdrafts 2002 £	Loans and overdrafts 2001 £	Finance leases 2002 £	Finance leases 2001 £
In one year or less, or on demand	21,873	2,727	3,166	4,601
In more than one year but not more than two years	485	-	3,482	3,166
In more than two years but not more than five years	-	-	-	3,482
	485	-	3,482	6,648

The bank loans and overdrafts are secured by a fixed and floating charge over all the assets of the company.

The obligations under finance leases and hire purchase charges are secured by a charge over the underlying assets.

13 Share capital

	2002 £	Authorised 2001 £	Allotted, called up and fully paid 2002 £	2001 £
<i>Equity share capital</i>				
Ordinary shares of £1 each	100	100	100	100

14 Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge represents contributions payable by the company to the fund and amounted to £33,728 (2001 - £24,342).

15 Commitments under operating leases

The company had annual commitments under non-cancellable operating leases as set out below:

	2002	2002	2001	2001
	Land and	Other	Land and	Other
	buildings		buildings	
	£	£	£	£
Operating leases which expire:				
Within one year	8,099	-	-	-
In two to five years	-	754	9,718	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

16 Related party disclosures

Controlling parties

The company is controlled by its directors Messrs A A Bleach and J P Cuthbert.

Related party transactions and balances

a) Included in other creditors at 30 June 2002 are the following amounts representing loans from the directors: A A Bleach £Nil (2001: £13,630); J P Cuthbert £4,000 (2001: £7,420).

b) The company acquired 2 Ordinary £1 shares for £1 each being their estimated market value in Redsite Limited, from A A Bleach and J P Cuthbert.

c) A A Bleach and J P Cuthbert have given personal guarantees to the company's bank which are limited to £25,000.

d) During the year the company made sales to its subsidiary undertaking Redsite Limited amounting to £36,317. The balance owed by Redsite Limited at the year end was £10,592.