

SEVERNSIDE SOFTWARE LIMITED

**REPORT AND
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
30 JUNE 1997**



SEVERNSIDE SOFTWARE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1997

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SEVERNSIDE SOFTWARE LIMITED

COMPANY INFORMATION **AS AT 30 JUNE 1997**

DIRECTOR

Mr R D White

SECRETARY

Miss J S Humphreys

REGISTERED OFFICE

Gardener House
Olympus Business Park
Quedgeley
Gloucestershire
GL2 6NF

REGISTERED NUMBER

2390821

BUSINESS ADDRESS

Gardener House
Olympus Business Park
Quedgeley
Gloucestershire
GL2 6NF

AUDITORS

Harris Rule
Chartered Accountants
66-70 Oxford Street
SOUTHAMPTON
SO14 3DL

PRINCIPAL BANKERS

Barclays Bank plc
Barclays Business Centre
18 Southgate Street
Gloucestershire
GL1 2DJ

SEVERNSIDE SOFTWARE LIMITED

DIRECTOR'S REPORT

The director presents his annual report with the financial statements of the company for the year ended 30 June 1997.

PRINCIPAL ACTIVITIES

The company is engaged in the business of computer consultancy and the supply of computer services. The director expects the company to continue in its current trading activities for the foreseeable future.

REVIEW OF THE BUSINESS

The net profit after providing for taxation amounted to £10,097.

DIRECTOR AND HIS INTERESTS

The director in office in the year and his beneficial interest in the company at the balance sheet date and the beginning of the year (or on appointment if later) was as follows:

		Number of Shares	
		1997	1996
Mr R D White	Ordinary shares	999	999

DIRECTOR'S RESPONSIBILITIES

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

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

The director is responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

POLITICAL AND CHARITABLE CONTRIBUTIONS

During the year the company did not make any political contributions nor any charitable contributions.

CLOSE COMPANY

The company is a close company, as defined by the Income and Corporation Taxes Act 1988.

SEVERNSIDE SOFTWARE LIMITED

DIRECTOR'S REPORT

AUDITORS

The auditors, Harris Rule, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

SMALL COMPANY EXEMPTIONS

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

Signed by:

.....  20/3/98
Mr R D White
Director

Approved by the director:

SEVERNSIDE SOFTWARE LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 5 to 12 which have been prepared under the historical cost convention and on the basis of accounting policies set out on page 7.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTOR AND AUDITORS

As described in the director's report, the company's director is responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

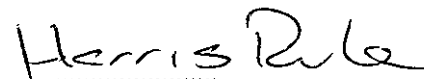
BASIS OF OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the director 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 as to whether the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 30 June 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

 25.3.98

Harris Rule
Chartered Accountants
Registered Auditors
66-70 Oxford Street
SOUTHAMPTON
SO14 3DL

SEVERNSIDE SOFTWARE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 1997

	Notes	1997 £	1996 £
TURNOVER		342,785	297,372
Cost of sales		(232,950)	(185,465)
GROSS PROFIT		109,835	111,907
Administrative expenses		(96,048)	(83,722)
OPERATING PROFIT	2	13,787	28,185
Investment income and interest receivable	3	655	800
Interest payable and similar charges	4	(186)	(554)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		14,256	28,431
Tax on profit on ordinary activities	7	(4,159)	(8,377)
PROFIT FOR THE FINANCIAL YEAR		10,097	20,054
Dividends	8	(25,000)	(15,000)
ACCUMULATED LOSS FOR THE FINANCIAL YEAR	16	(14,903)	5,054

Continuing operations

None of the company's activities were acquired or discontinued during the above two financial years.

Total recognised gains and losses

The company has no recognised gains or losses other than the profit or loss for the above two financial years.

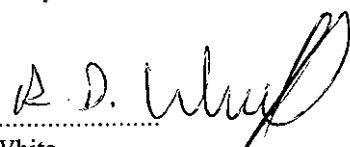
SEVERNSIDE SOFTWARE LIMITED

BALANCE SHEET AT 30 JUNE 1997

	Notes	£	1997 £	£	1996 £
FIXED ASSETS					
Tangible assets	9		32,058		41,191
CURRENT ASSETS					
Stocks	10	28,523		10,499	
Debtors	11	32,711		39,217	
Cash at bank and in hand		13,829		27,171	
		<u>75,063</u>		<u>76,887</u>	
CREDITORS: amounts falling due within one year	12	<u>(81,100)</u>		<u>(77,154)</u>	
NET CURRENT LIABILITIES			(6,037)		(267)
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>26,021</u>		<u>40,924</u>
CAPITAL AND RESERVES					
Called up share capital	15		1,000		1,000
Profit and loss account	16		<u>25,021</u>		<u>39,924</u>
TOTAL SHAREHOLDERS' FUNDS	17		<u>26,021</u>		<u>40,924</u>

The 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 on 20th March 1998
and signed by:


.....
Mr R D White
Director

The notes on pages 7 to 12 form part of these financial statements.

SEVERNSIDE SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1997

1. STATEMENT OF ACCOUNTING POLICIES

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

Cash flow

The accounts do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1 "Cash flow statements".

Turnover

Turnover represents the total invoice value, excluding value added tax, of goods sold and services rendered during the year.

Depreciation of tangible fixed assets

Depreciation is provided using the following rates and bases to reduce by annual instalments the cost less residual value of the tangible assets over their estimated useful lives:

Motor vehicles	33.3% Straight line
Equipment, fixtures and tools	25% Straight line

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is calculated as follows:

Work in progress and finished goods	—	Cost of raw materials and labour together with attributable overheads.
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Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their estimated useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease.

Pension costs

The company operates a defined contribution pension scheme. Contributions payable to this scheme are charged to the profit and loss account in the period to which they relate. These contributions are invested separately from the company's assets.

2. OPERATING PROFIT

Operating profit is stated:	1997 £	1996 £
After charging:		
Depreciation of fixed assets	14,965	19,165
Auditors' remuneration	1,500	1,500
Operating lease rentals		
Land and buildings	<u>11,520</u>	<u>11,380</u>

SEVERNSIDE SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1997

3. INVESTMENT INCOME AND INTEREST RECEIVABLE

	1997 £	1996 £
Interest received and receivable		
Bank interest	<u>655</u>	<u>800</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	1997 £	1996 £
On bank loans and overdrafts	96	17
Lease finance charges and hire purchase interest	<u>90</u>	<u>537</u>
	<u>186</u>	<u>554</u>

5. INFORMATION ON DIRECTOR AND EMPLOYEES

	1997 £	1996 £
Staff costs		
Wages and salaries	59,110	42,974
Social security costs	5,568	4,482
Other pension costs	<u>1,600</u>	<u>1,600</u>
	<u>66,278</u>	<u>49,056</u>

	1997 £	1996 £
Director's emoluments		
Remuneration for management services	34,122	27,752
Pension contributions to money purchase schemes	<u>1,600</u>	<u>1,600</u>
	<u>35,722</u>	<u>29,352</u>

6. PENSION COSTS

Defined contribution scheme

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 cost charge represents contributions payable by the company to the fund and amounted to £1,600 (1996:£1,600).

SEVERNSIDE SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1997

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1997 £	1996 £
The taxation charge comprises:		
UK Corporation tax at 21% (1996 - 24%)	4,159	8,223
Adjustment in respect of prior years	-	154
	<u>4,159</u>	<u>8,377</u>

8. DIVIDENDS PAID OR PROPOSED

	1997 £	1996 £
On ordinary shares:		
Final dividend paid 30 June 1997	<u>25,000</u>	<u>15,000</u>

9. TANGIBLE FIXED ASSETS

	Fixtures and fittings £	Motor vehicles £	Total £
Cost:			
At 1 July 1996	51,761	26,370	78,131
Additions	8,929	-	8,929
Disposals	(4,582)	-	(4,582)
At 30 June 1997	<u>56,108</u>	<u>26,370</u>	<u>82,478</u>
Depreciation:			
At 1 July 1996	23,755	13,185	36,940
Charge for year	13,281	1,685	14,966
On disposals	(1,486)	-	(1,486)
At 30 June 1997	<u>35,550</u>	<u>14,870</u>	<u>50,420</u>
Net book value:			
At 30 June 1997	<u>20,558</u>	<u>11,500</u>	<u>32,058</u>
At 30 June 1996	<u>28,006</u>	<u>13,185</u>	<u>41,191</u>

Included above are assets held under finance leases or hire purchase contracts as follows:-

	1997 £	1996 £
Net book values:		
Motor vehicles	<u>-</u>	<u>13,185</u>
Depreciation charge for the year:		
Motor vehicles	<u>-</u>	<u>6,593</u>

Net obligations under finance leases and hire purchase contracts are secured on the assets acquired.

SEVERNSIDE SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1997

9. TANGIBLE FIXED ASSETS

It is the opinion of the Director that the original accounting treatment of 25% depreciation straight line on cost of motor vehicles is not realistic. Therefore we are now calculating depreciation on motor vehicles at 33.3% straight line on cost less residual value. This results in a depreciation charge for the year on motor vehicles of £1685 to bring the total depreciation on the motor vehicles in line with the restated method. Before this change the depreciation charge on motor vehicles for the year would have been £6593 resulting in the profit for the year being £4908 higher than it would originally have been.

10. STOCKS

	1997 £	1996 £
Short term work in progress	7,619	261
Finished goods and goods for resale	20,904	10,238
	<u>28,523</u>	<u>10,499</u>

11. DEBTORS

	1997 £	1996 £
Trade debtors	16,874	31,113
Other debtors	2,673	-
Prepayments and accrued income	13,164	8,104
	<u>32,711</u>	<u>39,217</u>

12. CREDITORS: amounts falling due within one year

	1997 £	1996 £
Bank loans and overdrafts	4,925	6,203
Net obligations under finance leases and hire purchase contracts	-	852
Trade creditors	43,915	17,551
Corporation tax	6,832	8,224
Other taxes and social security costs	3,437	11,987
Director's current account	5,294	15,573
Accruals and deferred income	16,697	16,764
	<u>81,100</u>	<u>77,154</u>

SEVERNSIDE SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1997

13. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

	1997 £	1996 £
The company's net obligations under finance leases and hire purchase contracts are repayable as follows:		
Within one year or on demand	-	941
Finance charges and interest allocated to future accounting periods	-	(89)
	-	852
Included in current liabilities	-	(852)
	-	-

14. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred tax is calculated at 21% (1996 - 24%) analysed over the following timing differences:

	Not provided		Provided	
	1997 £	1996 £	1997 £	1996 £
On the excess of capital allowances over depreciation	3,134	2,756	-	-

15. SHARE CAPITAL

	1997 £	1996 £
Authorised:		
Equity interests:		
1,000 Ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid:		
Equity interests:		
1,000 Ordinary shares of £1 each	1,000	1,000

16. PROFIT AND LOSS ACCOUNT

	1997 £	1996 £
Retained profit at 1 July 1996	39,924	34,870
Loss for the year	(14,903)	5,054
Retained profit at 30 June 1997	25,021	39,924

SEVERNSIDE SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1997

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1997	1996
	£	£
Profit for the financial year	10,097	20,054
Dividends	(25,000)	(15,000)
Net reduction to shareholders' funds	(14,903)	5,054
Opening shareholders' funds	40,924	35,870
Closing shareholders' funds	<u>26,021</u>	<u>40,924</u>
Represented by:-		
Equity interests	<u>26,021</u>	<u>40,924</u>

18. REVENUE COMMITMENTS

At year end the company was committed to making the following payments during the next year in respect of operating leases with expiry dates as follows:

	Land and buildings		Other	
	1997	1996	1997	1996
	£	£	£	£
More than one year and less than five years	<u>11,520</u>	<u>11,520</u>	<u>-</u>	<u>-</u>