

REGISTRAR.

SEVERNSIDE SOFTWARE LIMITED

**REPORT AND
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
30 JUNE 1998**

REGISTERED NUMBER: 2390821



SEVERNSIDE SOFTWARE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1998

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SEVERNSIDE SOFTWARE LIMITED

COMPANY INFORMATION
AS AT 30 JUNE 1998

DIRECTOR

Mr R D White

SECRETARY

Miss J S Humphreys

REGISTERED OFFICE

Gardener House
Olympus Business Park
Quedgeley
Gloucestershire
GL2 6NF

BUSINESS ADDRESS

Gardener House
Olympus Business Park
Quedgeley
Gloucestershire
GL2 6NF

AUDITORS

Harris Rule
Chartered Accountants
66-70 Oxford Street
SOUTHAMPTON
Hampshire
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 1998.

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 £16,289.

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) were as follows:

		Number of Shares	
		1998	1997
Mr R D White	Ordinary shares	1,000	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;
- comply with applicable accounting standards subject to any material departures disclosed and explained in the financial statements; and
- 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

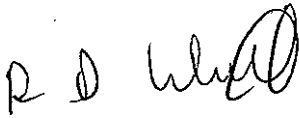
AUDITORS

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:



Mr R D White
Director

Approved by the director: 7/4/99

SEVERNSIDE SOFTWARE LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 5 to 13 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 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Harris Rule

8.4.99

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

SEVERNSIDE SOFTWARE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 1998

	Notes	1998 £	1997 £
TURNOVER		428,010	342,785
Cost of sales		(329,196)	(258,945)
GROSS PROFIT		98,814	83,840
Administrative expenses		(79,271)	(70,053)
OPERATING PROFIT	2	19,543	13,787
Investment income and interest receivable	3	437	655
Interest payable and similar charges	4	(1,398)	(186)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		18,582	14,256
Tax on profit on ordinary activities	7	(2,293)	(4,159)
PROFIT FOR THE FINANCIAL YEAR		16,289	10,097
Dividends	8	(10,000)	(25,000)
RETAINED PROFIT FOR THE FINANCIAL YEAR	17	6,289	(14,903)

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.

The notes on pages 7 to 13 form part of these financial statements.

SEVERNSIDE SOFTWARE LIMITED

BALANCE SHEET AT 30 JUNE 1998

	Notes	£	1998 £	£	1997 £
FIXED ASSETS					
Tangible assets	9		76,287		32,058
CURRENT ASSETS					
Stocks	10	19,191		28,523	
Debtors	11	41,155		32,711	
Cash at bank and in hand		12,177		13,829	
		<u>72,523</u>		<u>75,063</u>	
CREDITORS: amounts falling due within one year	12	(102,458)		(81,100)	
NET CURRENT LIABILITIES			(29,935)		(6,037)
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>46,352</u>		<u>26,021</u>
CREDITORS: amounts falling due after more than one year	13		(14,042)		-
NET ASSETS			<u>32,310</u>		<u>26,021</u>
CAPITAL AND RESERVES					
Called up share capital	16		1,000		1,000
Profit and loss account	17		31,310		25,021
TOTAL SHAREHOLDERS' FUNDS	18		<u>32,310</u>		<u>26,021</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 7/6/99
and signed by:

P. D. White

Mr R D White
Director

The notes on pages 7 to 13 form part of these financial statements.

SEVERNSIDE SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1998

1. STATEMENT OF ACCOUNTING POLICIES

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

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% reducing balance
Equipment, fixtures and tools	25% on cost

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.

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Pension costs

The company operates a money purchase (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.

SEVERNSIDE SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1998

2. OPERATING PROFIT

	1998	1997
	£	£
Operating profit		
After charging:		
Depreciation of fixed assets	12,450	14,965
Depreciation of leased assets	6,083	-
Loss on disposal of tangible assets	-	1,345
Auditors' remuneration	1,500	1,500
Operating lease rentals		
Land and buildings	11,100	11,520
	<u>11,100</u>	<u>11,520</u>
After crediting:		
Profit on disposal of tangible assets	422	-
	<u>422</u>	<u>-</u>

3. INVESTMENT INCOME AND INTEREST RECEIVABLE

	1998	1997
	£	£
Interest received and receivable		
Bank interest	437	655
	<u>437</u>	<u>655</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	1998	1997
	£	£
On bank loans and overdrafts	106	96
Lease finance charges and hire purchase interest	1,201	90
Other interest	91	-
	<u>1,398</u>	<u>186</u>

5. INFORMATION ON DIRECTOR AND EMPLOYEES

	1998	1997
	£	£
Staff costs		
Wages and salaries	81,886	59,111
Social security costs	7,895	5,567
Other pension costs	1,600	1,600
	<u>91,381</u>	<u>66,278</u>

SEVERNSIDE SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1998

5. INFORMATION ON DIRECTOR AND EMPLOYEES - (continued)

	1998 £	1997 £
Director's emoluments		
Emoluments, including pension contributions to money purchase (defined contribution) schemes	<u>35,956</u>	<u>35,722</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 (1997:£1,600).

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1998 £	1997 £
The taxation charge comprises:		
UK corporation tax at 21% (1997 - 21%)	<u>2,293</u>	<u>4,159</u>

8. DIVIDENDS PAID OR PROPOSED

	1998 £	1997 £
Final dividend paid 30/06/98	<u>10,000</u>	<u>25,000</u>
	<u>10,000</u>	<u>25,000</u>

SEVERNSIDE SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1998

9. TANGIBLE FIXED ASSETS

	Fixtures and fittings £	Motor vehicles £	Total £
Cost:			
At 1 July 1997	56,108	26,370	82,478
Additions	8,374	91,182	99,556
Disposals	(7,482)	(53,070)	(60,552)
At 30 June 1998	57,000	64,482	121,482
Depreciation:			
At 1 July 1997	35,549	14,870	50,419
Charge for year	11,617	6,916	18,533
On disposals	(6,689)	(17,068)	(23,757)
At 30 June 1998	40,477	4,718	45,195
Net book value:			
At 30 June 1998	16,523	59,764	76,287
At 30 June 1997	20,558	11,500	32,058

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

	1998 £	1997 £
Net book values:		
Motor vehicles	58,098	-

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

10. STOCKS

	1998 £	1997 £
Short term work in progress	7,295	7,619
Finished goods and goods for resale	11,896	20,904
	19,191	28,523

SEVERNSIDE SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1998

11. DEBTORS

	1998	1997
	£	£
Trade debtors	29,560	16,874
Prepayments and accrued income	8,605	13,164
	<u>38,165</u>	<u>30,038</u>

12. CREDITORS: amounts falling due within one year

	1998	1997
	£	£
Bank loans and overdrafts	5,910	4,925
Net obligations under finance leases and hire purchase contracts	15,250	-
Trade creditors	26,126	43,915
Corporation tax	201	4,159
Other taxes and social security costs	18,444	3,437
Other creditors	9,561	5,294
Accruals and deferred income	23,976	16,697
	<u>99,468</u>	<u>78,427</u>

13. CREDITORS: amounts falling due after more than one year

	1998	1997
	£	£
Net obligations under finance leases and hire purchase contracts	14,042	-

14. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

	1998	1997
	£	£
The company's net obligations are repayable as follows:		
Within one year or on demand	17,163	-
In two to five years	15,906	-
	<u>33,069</u>	<u>-</u>
Finance charges and interest allocated to future accounting periods	(3,777)	-
	<u>29,292</u>	<u>-</u>
Included in current liabilities	(15,250)	-
	<u>14,042</u>	<u>-</u>

SEVERNSIDE SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1998

15. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred tax is calculated at 21% (1997 - 21%) analysed over the following timing differences:

	Not provided		Provided	
	1998	1997	1998	1997
	£	£	£	£
On the excess of capital allowances over depreciation	(1,506)	3,134	-	-

16. SHARE CAPITAL

	1998	1997
	£	£
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

17. PROFIT AND LOSS ACCOUNT

	1998	1997
	£	£
Retained profit at 1 July 1997	25,021	39,924
Profit / (loss) at 30 June 1998	6,289	(14,903)
Retained profit at 30 June 1998	31,310	25,021

SEVERNSIDE SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1998

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1998	1997
	£	£
Profit for the financial year	16,289	10,097
Dividends	(10,000)	(25,000)
Net addition / (reduction) to shareholders' funds	6,289	(14,903)
Opening shareholders' funds	26,021	40,924
Closing shareholders' funds	32,310	26,021
Represented by:-		
Equity interests	32,310	26,021

19. 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	
	1998	1997	1998	1997
	£	£	£	£
More than one year and less than five years	-	11,520	-	-