

ADVANCED PROFESSIONAL SOLUTIONS LIMITED
FINANCIAL STATEMENTS
FOR
30 JUNE 2003

Company Registration Number 03081021



CONDY MATHIAS
Chartered Accountants & Registered Auditors
6 Houndiscombe Road
Plymouth
Devon
PL4 6HH

ADVANCED PROFESSIONAL SOLUTIONS LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2003

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ADVANCED PROFESSIONAL SOLUTIONS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	Mr B Coventry Ms S C Compton Mr J P Le Grange
Company secretary	Mr S Mai
Registered office	Atrium Court The Ring Bracknell Berkshire RG12 1BW
Auditors	Condy Mathias Chartered Accountants & Registered Auditors 6 Houndiscombe Road Plymouth Devon PL4 6HH
Bankers	Lloyds TSB Threadneedle Street London

ADVANCED PROFESSIONAL SOLUTIONS LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 30 JUNE 2003

The directors present their report and the financial statements of the company for the year ended 30 June 2003.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company's principal activity is that of the supply of software to the accounting profession.

The company operates in a highly competitive market, but has reported a significant growth in turnover compared with last period. The products and service offered by the company have been well received in the market place, with significant recurring income secured by way of annual maintenance contracts.

The directors believe that growth achieved to date is sustainable and that the company will continue to grow in future periods.

Whilst the company has reported results below expectations in the current period, the directors are confident that the company will return a profit in the near future as the company and the products become more established.

RESULTS AND DIVIDENDS

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

DIRECTORS

The directors who served the company during the year were as follows:

Mr B Coventry	
Ms S C Compton	
Mr J P Le Grange	(Appointed 28 February 2003)
I N Davidson	(Retired 28 February 2003)
J E Phillipson	(Retired 28 February 2003)
S P Nicholls	(Retired 28 February 2003)

The company is a wholly owned subsidiary and the interests of the group directors are disclosed in the financial statements of the parent company.

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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on page 10, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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. The directors 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.

ADVANCED PROFESSIONAL SOLUTIONS LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 30 JUNE 2003

AUDITORS

A resolution to re-appoint Condry Mathias as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:
Atrium Court
The Ring
Bracknell
Berkshire
RG12 1BW

Signed by order of the directors



MR S MAI
Company Secretary

Approved by the directors on 17/10/03.....

ADVANCED PROFESSIONAL SOLUTIONS LIMITED**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS****YEAR ENDED 30 JUNE 2003**

We have audited the financial statements on pages 6 to 16 which have been prepared under the historical cost convention and the accounting policies set out on page 10.

This report is made solely to the company's shareholders, 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 shareholders those matters we are required to state to them in an auditors' 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards are set out in the Statement of Directors' Responsibilities on page 2.

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. Our responsibilities do not extend to any other information.

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.

ADVANCED PROFESSIONAL SOLUTIONS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS *(continued)*

YEAR ENDED 30 JUNE 2003

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 2003 and of its loss for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Condry Mathias

6 Houndiscombe Road
Plymouth
Devon
PL4 6HH

CONDY MATHIAS
Chartered Accountants
& Registered Auditors

..... 20/10/03

ADVANCED PROFESSIONAL SOLUTIONS LIMITED**PROFIT AND LOSS ACCOUNT****YEAR ENDED 30 JUNE 2003**

	Note	Year to 30 Jun 03 £	Period from 1 Jan 01 to 30 Jun 02 £
Turnover	2	524,520	294,853
Cost of sales		<u>240,839</u>	130,838
Gross profit		283,681	164,015
Distribution Costs		25,213	14,538
Administrative expenses		<u>301,012</u>	172,643
Operating loss	3	(42,544)	(23,166)
Loss on participating interests		<u>1,697</u>	—
		(44,241)	(23,166)
Interest receivable		725	5
Interest payable	6	<u>(236)</u>	(6,498)
Loss on ordinary activities before taxation		(43,752)	(29,659)
Tax on loss on ordinary activities		—	—
Loss for the financial year		(43,752)	(29,659)
Balance brought forward		<u>(30,109)</u>	(450)
Balance carried forward		<u>(73,861)</u>	<u>(30,109)</u>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

The notes on page 6 form part of these financial statements.

ADVANCED PROFESSIONAL SOLUTIONS LIMITED

BALANCE SHEET

30 JUNE 2003

	Note	2003 £	£	2002 £	£
Fixed assets					
Intangible assets	7		—		—
Tangible assets	8		4,486		3,784
			<u>4,486</u>		<u>3,784</u>
Current assets					
Stocks	9	373		5,600	
Debtors	10	230,644		86,075	
Investments	11	300		1,997	
Cash at bank and in hand		90,966		84,545	
		<u>322,283</u>		<u>178,217</u>	
Creditors: Amounts falling due within one year	12	<u>103,334</u>		<u>212,106</u>	
Net current assets/(liabilities)			<u>218,949</u>		<u>(33,889)</u>
Total assets less current liabilities			<u>223,435</u>		<u>(30,105)</u>
Creditors: Amounts falling due after more than one year	14		<u>297,292</u>		<u>—</u>
			<u>(73,857)</u>		<u>(30,105)</u>
Capital and reserves					
Called-up equity share capital	16		4		4
Profit and loss account			(73,861)		(30,109)
Deficiency	17		<u>(73,857)</u>		<u>(30,105)</u>

These financial statements were approved by the directors on the 17/10/03..... and are signed on their behalf by:


MR B COVENTRY

ADVANCED PROFESSIONAL SOLUTIONS LIMITED**CASH FLOW STATEMENT****YEAR ENDED 30 JUNE 2003**

	Year to 30 Jun 03 £	£	Period from 1 Jan 01 to 30 Jun 02 £	£
Net cash (outflow)/inflow from operating activities		(281,692)		97,360
Returns on investments and servicing of finance				
Interest received	725		5	
Interest paid	(236)		(6,498)	
Net cash inflow/(outflow) from returns on investments and servicing of finance		489		(6,493)
Capital expenditure and financial investment				
Payments to acquire tangible fixed assets	(9,668)		(6,326)	
Net cash outflow for capital expenditure and financial investment		(9,668)		(6,326)
Cash (outflow)/inflow before financing		(290,871)		84,541
Financing				
Repayment of long-term amounts owed to group undertakings	297,292		—	
Net cash inflow from financing		297,292		—
Increase in cash		6,421		84,541
Reconciliation of operating loss to net cash (outflow)/inflow from operating activities				
	Year to 30 Jun 03 £		Period from 1 Jan 01 to 30 Jun 02 £	
Operating loss	(42,544)		(23,166)	
Depreciation	8,966		2,542	
Decrease/(increase) in stocks	5,227		(5,600)	
Increase in debtors	(144,569)		(86,075)	
(Decrease)/increase in creditors	(108,772)		209,659	
Net cash (outflow)/inflow from operating activities		(281,692)		97,360

The notes on page 8 form part of these financial statements.

ADVANCED PROFESSIONAL SOLUTIONS LIMITED**CASH FLOW STATEMENT** *(continued)***YEAR ENDED 30 JUNE 2003****Reconciliation of net cash flow to movement in net debt**

	2003		2002	
	£	£	£	£
Increase in cash in the period	6,421		84,541	
Net cash (inflow) from long-term amounts owed to group undertakings	(297,292)		—	
		(290,871)		84,541
Change in net debt		(290,871)		84,541
Net funds at 1 July 2002		84,545		4
Net debt at 30 June 2003		(206,326)		84,545

Analysis of changes in net debt

	At 1 Jul 2002 £	Cash flows £	At 30 Jun 2003 £
Net cash:			
Cash in hand and at bank	84,545	6,421	90,966
Debt:			
Debt due after 1 year	—	(297,292)	(297,292)
Net debt	84,545	(290,871)	(206,326)

ADVANCED PROFESSIONAL SOLUTIONS LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 30 JUNE 2003**

1. Accounting policies**Basis of accounting**

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

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

The company trademark is stated at cost after any permanent diminution in value.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Fixtures & Fittings	- 20% reducing balance
Equipment	- 100% straight line in the year of acquisition

Work in progress

Work in progress is valued on the basis of direct costs incurred on contracts less provision made against costs which are not likely to be recognised as revenues in a future period. No element of profit is included in the valuation of work in progress.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The pension costs charged to the Profit and Loss account represent contributions to the company's Group Personal Pension scheme. There were no outstanding obligations at the year-end, although £1,570 (2002: £1,270) was accrued at the year-end, representing the final month's contributions.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

ADVANCED PROFESSIONAL SOLUTIONS LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 30 JUNE 2003**

2. Turnover

The turnover and loss before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	Year to 30 Jun 03 £	Period from 1 Jan 01 to 30 Jun 02 £
United Kingdom	<u>524,520</u>	<u>294,853</u>

3. Operating loss

Operating loss is stated after charging/(crediting):

	Year to 30 Jun 03 £	Period from 1 Jan 01 to 30 Jun 02 £
Depreciation of owned fixed assets	8,966	2,542
Auditors' remuneration		
- as auditors	1,200	1,100
Operating lease costs:		
Land and buildings	17,747	8,420
Plant and equipment	-	404
Vehicles	-	1,470
Net loss/(profit) on foreign currency translation	<u>28,274</u>	<u>(121)</u>

ADVANCED PROFESSIONAL SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2003

4. Particulars of employees

The average number of staff employed by the company during the financial year amounted to:

	Year to 30 Jun 03 No	Period from 1 Jan 01 to 30 Jun 02 No
Number of administrative staff	1	1
Number of support	1	1
Number of consulting staff	2	2
Number of Advance sales	1	1
	<u>5</u>	<u>5</u>

The aggregate payroll costs of the above were:

	Year to 30 Jun 03 £	Period from 1 Jan 01 to 30 Jun 02 £
Wages and salaries	234,291	155,816
Social security costs	25,947	16,134
Other pension costs	6,654	3,376
Other pension costs	3,235	1,507
	<u>270,127</u>	<u>176,833</u>

5. Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were:

	Year to 30 Jun 03 £	Period from 1 Jan 01 to 30 Jun 02 £
Emoluments receivable	72,879	53,656
Value of company pension contributions to money purchase schemes	3,235	1,507
	<u>76,114</u>	<u>55,163</u>

The number of directors who are accruing benefits under company pension schemes was as follows:

	Year to 30 Jun 03 No	Period from 1 Jan 01 to 30 Jun 02 No
Money purchase schemes	<u>1</u>	<u>1</u>

ADVANCED PROFESSIONAL SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2003

6. Interest payable

	Year to 30 Jun 03 £	Period from 1 Jan 01 to 30 Jun 02 £
Other similar charges payable	<u>236</u>	<u>6,498</u>

The prior year figure represents a provision for interest that was ultimately not charged to the company and has therefore been credited in the current year.

7. Intangible fixed assets

	Patents and trademarks £
Cost	
At 1 July 2002 and 30 June 2003	<u>450</u>
Amortisation	
At 1 July 2002	<u>450</u>
At 30 June 2003	<u>450</u>
Net book value	
At 30 June 2003	<u>—</u>
At 30 June 2002	<u>—</u>

8. Tangible fixed assets

	Fixtures & Fittings £	Equipment £	Total £
Cost			
At 1 July 2002	281	6,045	6,326
Additions	—	9,668	9,668
At 30 June 2003	<u>281</u>	<u>15,713</u>	<u>15,994</u>
Depreciation			
At 1 July 2002	3	2,539	2,542
Charge for the year	56	8,910	8,966
At 30 June 2003	<u>59</u>	<u>11,449</u>	<u>11,508</u>
Net book value			
At 30 June 2003	<u>222</u>	<u>4,264</u>	<u>4,486</u>
At 30 June 2002	<u>278</u>	<u>3,506</u>	<u>3,784</u>

9. Stocks

	2003 £	2002 £
Work in progress	<u>373</u>	<u>5,600</u>

ADVANCED PROFESSIONAL SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2003

10. Debtors

	2003 £	2002 £
Trade debtors	209,756	78,747
Other debtors	17,138	3,578
Prepayments and accrued income	3,750	3,750
	<u>230,644</u>	<u>86,075</u>

11. Investments

	2003 £	2002 £
Other investments	<u>300</u>	<u>1,997</u>

The company owns 30% of the issued share capital of FDS Professional Solutions Limited.

Under the provision of section 248 of the Companies Act 1985 the company is exempt from preparing consolidated accounts and has not done so, therefore the accounts show information about the company as an individual entity.

12. Creditors: Amounts falling due within one year

	2003 £	2002 £
Trade creditors	9,120	2,130
Amounts owed to group undertakings	—	143,279
Other creditors including taxation and social security: PAYE and social security	15,758	22,064
VAT	42,779	6,486
Other creditors	4,198	5,827
Directors current accounts	—	2,447
	<u>71,855</u>	<u>182,233</u>
Accruals and deferred income	31,479	29,873
	<u>103,334</u>	<u>212,106</u>

13. Charges

On the 5th March 2003, a fixed and floating charge in favour of Strategic Finance Limited was created over the undertaking and all its current and future assets, the charge being registered on the 18th March 2003. This charge was satisfied and discharged on the 7th July 2003.

A further fixed and floating charge was created on the 26th June 2003 in favour of ASB Bank Limited over the undertaking and all its current and future assets, the charge being registered on the 14th July 2003.

14. Creditors: Amounts falling due after more than one year

	2003 £	2002 £
Amounts owed to group undertakings	<u>297,292</u>	<u>—</u>

ADVANCED PROFESSIONAL SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2003

15. Related party transactions

The directors of the company, Mr B Coventry, Ms S Compton and Mr J P Le Grange are also directors of the parent company APS Group Limited.

Included within creditors: amounts falling due after more than one year are the following;

- an amount of £297,292 (2002: £nil) from APS Group Limited which is the Parent Company of Advanced Professional Solutions Limited (APS Ltd). The amount relates to the inter group balances owed to companies in the group, which are held and administered in APS Group Limited. Included in this balance is the amount of £6,734 charged by APS Group Limited to APS Ltd in respect of interest on the inter group balance for the year ended 30th June 2003.

A significant restructuring of the group took place in March 2003 as a result of an MBO of APS Ltd from Stockford Ltd and the formation of the group holding company, APS Group Ltd.

Balances owed to Stockford Ltd at the date of the MBO were settled as part of that event. Amounts owed to fellow group undertakings APS (NZ) Ltd and APS Pty Ltd, £58,551 and £7,181 respectively at 30th June 2002, were consolidated into one intra-group balance with the holding company, APS Group Ltd.

- During the year Advanced Professional Solutions Limited were charged £101,520 (2002: £58,551) by APS (NZ) Ltd a wholly owned subsidiary of APS Group Limited. The amount relates to Royalty charges for the year.

- During the year, APS Ltd were charged £16,299 in respect of an apportioned recharge of central management and administration costs.

16. Share capital

Authorised share capital:

	2003	2002
	£	£
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

Allotted, called up and fully paid:

	2003		2002	
	No	£	No	£
Ordinary shares of £1 each	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>

17. Reconciliation of movements in shareholders' funds

	2003	2002
	£	£
Loss for the financial year	(43,752)	(29,659)
Opening shareholders' equity deficit	<u>(30,105)</u>	<u>(446)</u>
Closing shareholders' equity deficit	<u>(73,857)</u>	<u>(30,105)</u>

18. Ultimate parent company

The ultimate parent company is APS Group Limited, a company incorporated in New Zealand.

ADVANCED PROFESSIONAL SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2003

19. Going concern

As at the period end the company's balance sheet shows net current assets of £218,949 and an overall deficiency of assets amounting £73,857.

Accordingly, the directors have had to consider the basis upon which the accounts should be drawn up and determine whether a going concern basis remains appropriate. In the opinion of the directors the accounts have been prepared on a going concern basis for the following reasons:

- APS Group Limited have agreed that they will provide the necessary financial support should Advanced Professional Solutions Limited require additional assistance to meet any of its normal operating commitments as they fall due.
- The Directors have also prepared budgets and forecasts for the next twelve months and in their opinion, the company will reduce the balance sheet deficiency and start to return positive results for the next financial period.