

CAPSOFT UK LTD
ABBREVIATED FINANCIAL STATEMENTS
FOR
31ST JULY 2002



THE A9 PARTNERSHIP LIMITED
Chartered Accountants & Registered Auditors
22 North West Circus Place
Edinburgh
EH3 6SX

CAPSOFT UK LTD
ABBREVIATED FINANCIAL STATEMENTS
YEAR ENDED 31ST JULY 2002

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CAPSOFT UK LTD

INDEPENDENT AUDITORS' REPORT TO THE COMPANY

PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 2 to 5, together with the financial statements of the company for the year ended 31st July 2002 prepared under Section 226 of the Companies Act 1985.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

The directors are responsible for preparing the abbreviated accounts in accordance with section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and report our opinion to you.

BASIS OF OPINION

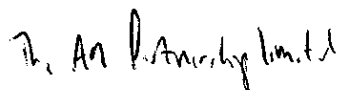
We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

OPINION

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Act, and the abbreviated accounts on pages 2 to 5 are properly prepared in accordance with those provisions.

22 North West Circus Place
Edinburgh
EH3 6SX

7th March 2003



THE A9 PARTNERSHIP LIMITED
Chartered Accountants
& Registered Auditors

CAPSOFT UK LTD

ABBREVIATED BALANCE SHEET

31ST JULY 2002

	Note	2002 £	£	2001 £	£
FIXED ASSETS	2				
Tangible assets			102,897		129,195
Investments			-		-
			<u>102,897</u>		<u>129,195</u>
CURRENT ASSETS					
Stocks		327		3,500	
Debtors		169,117		423,688	
Cash at bank and in hand		<u>1,128</u>		<u>187</u>	
		170,572		427,375	
CREDITORS: Amounts falling due within one year	4	<u>(245,405)</u>		<u>(643,361)</u>	
NET CURRENT LIABILITIES			(74,833)		(215,986)
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>28,064</u>		<u>(86,791)</u>
CREDITORS: Amounts falling due after more than one year	5		(50,300)		(112,304)
			<u>(22,236)</u>		<u>(199,095)</u>
CAPITAL AND RESERVES					
Called-up equity share capital	7		24,011		24,011
Share premium account			115,989		115,989
Profit and Loss Account			<u>(162,236)</u>		<u>(339,095)</u>
DEFICIENCY			<u>(22,236)</u>		<u>(199,095)</u>

These accounts have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

These financial statements were approved by the directors on the 7th March 2003 and are signed on their behalf by:

MR R SHEPHERD



CAPSOFT UK LTD

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 31ST JULY 2002

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

At the balance sheet date the company had a net deficiency of assets of £22,236. The directors are aware of the insolvent position of the company. The company has traded profitably during the year and the directors anticipate this will continue.

The directors therefore present these statements on a going concern basis.

Turnover

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

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:

Tenants improvements -	15% reducing balance
Plant & Machinery -	15% reducing balance
Fixtures & Fittings -	15% reducing balance

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the Profit and Loss Account on a straight line basis.

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 company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the Profit and Loss Account.

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.

CAPSOFT UK LTD

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 31ST JULY 2002

2. FIXED ASSETS

	Tangible Assets £
COST	
At 1st August 2001	179,455
Additions	3,879
Disposals	<u>(12,688)</u>
At 31st July 2002	<u>170,646</u>
DEPRECIATION	
At 1st August 2001	50,260
Charge for year	19,495
On disposals	<u>(2,006)</u>
At 31st July 2002	<u>67,749</u>
NET BOOK VALUE	
At 31st July 2002	<u>102,897</u>
At 31st July 2001	<u>129,195</u>

3. INVESTMENTS

The company disposed of its 65% investment in Protec (Computer Services) Ltd. The company was struck off on 22 October 2002. Capsoft UK Ltd received no proceeds from the disposal. As the carrying value of the investment was nil there is no profit or loss on disposal to report.

4. CREDITORS: Amounts falling due within one year

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	2002 £	2001 £
Bank loans and overdrafts	<u>75,267</u>	<u>180,326</u>

5. CREDITORS: Amounts falling due after more than one year

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	2002 £	2001 £
Bank loans and overdrafts	<u>50,000</u>	<u>96,250</u>

CAPSOFT UK LTD

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 31ST JULY 2002

6. RELATED PARTY TRANSACTIONS

The company was under the control of Mr R Shepherd throughout the current and previous year. Mr R Shepherd is the chairman and majority shareholder.

Transactions with related parties are as follows:

Russell Shepherd received loan interest of £5,780.

At the year end the company had a loan of £35,974 from Mr R. Shepherd a director of the company. The loan at 31 July 2001 was £77,862 which was the maximum outstanding during the year. Interest is charged at 2% over the bank's base rate.

7. SHARE CAPITAL

Authorised share capital:

	2002 £	2001 £
50,000 Ordinary shares of £1 each	50,000	50,000
50,000 Ordinary B shares shares of £1 each	50,000	50,000
	<u>100,000</u>	<u>100,000</u>

Allotted, called up and fully paid:

	2002		2001	
	No.	£	No.	£
Ordinary shares	20,000	20,000	20,000	20,000
Ordinary B shares shares	4,011	4,011	4,011	4,011
	<u>24,011</u>	<u>24,011</u>	<u>24,011</u>	<u>24,011</u>

8. OPTIONS

The option granted to Uberior Trading Limited was discharged on 22 August 2002. Uberior Trading Limited had been granted share options. The option was to purchase free of charge 2% of the Ordinary Share Capital on the event of a prospective Listing or change of control of the company. The option had certain voting rights and no dividend rights.