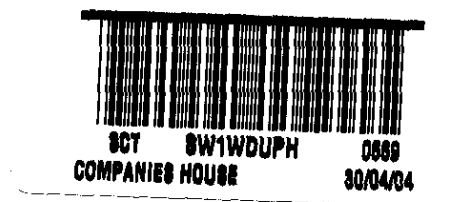


**Craneware Limited**  
**Annual report**  
**for the year ended 30 June 2003**

Registered Number SC196331



**Craneware Limited**  
**Annual report**  
**for the year ended 30 June 2003**  
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# **Craneware Limited**

## **Directors and Advisors for the year ended 30 June 2003**

### **Directors**

K Neilson

W G Craig

W McCall

N Heywood

J Watson (appointed 29 April 2004)

D Paterson (appointed 29 April 2004)

### **Secretary and registered office**

C J McCulloch

Unit 3B

Rosebank Business Park

Rosebank Road

Kirkton Campus

Livingston

EH54 7EJ

### **Bankers**

The Royal Bank of Scotland plc

36 St Andrew Square

Edinburgh

EH2 2YB

### **Registered Auditors**

PricewaterhouseCoopers LLP

Erskine House

68-73 Queen Street

Edinburgh

EH2 4NH

### **Solicitors**

McGrigor Donald

Erskine House

68-73 Queen Street

Edinburgh

EH2 4NF

# **Craneware Limited**

## **Directors' report for the year ended 30 June 2003**

The directors present herewith their report and the audited financial statements for the year ended 30 June 2003. These statements have been prepared on a consolidated basis for the first time. As a result of the growth of business in the United States of America the Group's earnings stream is primarily US dollars and with effect from 1 July 2002 the principal functional currency is the US dollar, being the most representative currency of the Group. The Group financial statements are therefore prepared in US dollars. In addition, the directors have changed their policy for recognising turnover and details are given on page 9.

### **Principal Activities**

The consolidated profit and loss account is set out on page 5.

The Group's principal activity continues to be the development and manufacture of computer software.

### **Review of Business and Future Developments**

The directors are satisfied with the performance of the Company and Group for the year, and expect to see this growth continue in the coming years.

### **Dividends**

The directors recommend approval of a final dividend proposed in respect of the year ended 30 June 2003 of \$500,000 (2002: \$nil.)

### **Research and development activities**

The Group has continued to develop its Chargemaster software product for use in the US medical industry.

### **Directors**

The directors of the Company at 30 June 2003 all of whom have been directors for the whole of the year ended on that date (except where indicated otherwise), are listed below.

The present directors of the company, who held office throughout the year, unless otherwise stated, are detailed on page 1.

The interests of the directors in the 1p Ordinary shares of the company at 30 June 2003 and 30 June 2002 were as follows:

|           | 2003   | 2002   |
|-----------|--------|--------|
| K Neilson | 15,575 | 15,575 |
| W G Craig | 15,575 | 15,575 |
| W McCall  | -      | -      |
| N Heywood | -      | -      |
|           | 31,150 | 31,150 |

### **Employment of Disabled Persons**

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

# **Craneware Limited**

## **Directors' report for the year ended 30 June 2003 (continued)**

### **Statement of Directors' Responsibilities**

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year, and of the profit or loss of the Group for that year.

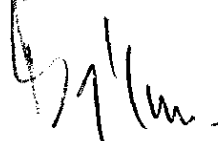
The directors confirm that suitable accounting policies have been used and applied consistently, and that reasonable and prudent judgements and estimates have been made in the preparation of the financial statement for the year ended 30 June 2003. The directors also confirm that applicable accounting standards have been followed, and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the Group, and to prevent and detect fraud and other irregularities.

### **Auditors**

During the course of the year, BDO Stoy Hayward resigned as auditors and PricewaterhouseCoopers LLP were appointed to fill the casual vacancy thereby created. A resolution to reappoint PricewaterhouseCoopers LLP as auditors will be proposed at the annual general meeting.

### **By order of the Board**



**William McCall**  
Chairman

30 April 2004

# **Craneware Limited**

## **Independent auditors' report to the members of Craneware Limited and its Subsidiary Companies**

We have audited the financial statements which comprise the consolidated profit and loss account, consolidated balance sheet, company balance sheet and related notes.

### **Respective responsibilities of directors and auditors**

The directors' responsibility 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.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This opinion has been prepared for and only for the company's members in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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 is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

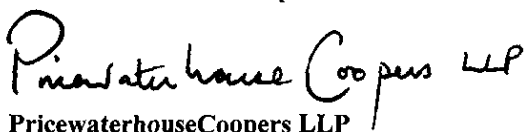
### **Basis of audit opinion**

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 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.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 30 June 2003 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Edinburgh

30 April 2004

## **Craneware Limited**

### **Consolidated profit and loss account for the year ended 30 June 2003**

|                                                             | Notes | 2003<br>\$'000 | 2002<br>\$'000 |
|-------------------------------------------------------------|-------|----------------|----------------|
| <b>Turnover</b>                                             | 2     | <b>4,540</b>   | 1,505          |
| <b>Cost of sales</b>                                        |       | <b>60</b>      | 13             |
| <b>Gross profit</b>                                         |       | <b>4,480</b>   | 1,492          |
| <b>Net operating expenses</b>                               | 3     | <b>3,314</b>   | 1,801          |
| <b>Operating profit/(loss)</b>                              | 4     | <b>1,166</b>   | (309)          |
| <b>Net interest payable</b>                                 | 7     | <b>5</b>       | 3              |
| <b>Profit/(loss) on ordinary activities before taxation</b> |       | <b>1,161</b>   | (312)          |
| <b>Tax charge on ordinary activities</b>                    | 8     | <b>330</b>     | 1              |
| <b>Profit/(loss) on ordinary activities after taxation</b>  |       | <b>831</b>     | (313)          |
| <b>Dividends</b>                                            | 9     | <b>500</b>     | -              |
| <b>Retained profit/(loss) for the year</b>                  | 18    | <b>331</b>     | (313)          |

All of the above figures relate to continuing operations.

The Group has no recognised gains or losses other than the profit above and therefore no separate statement of total recognised gains and losses has been presented.

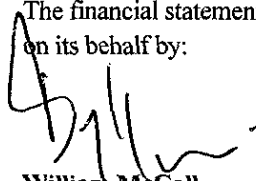
There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above their historical cost equivalents.

# Craneware Limited

## Consolidated balance sheet as at 30 June 2003

|                                                                | Notes | 2003<br>\$'000 | 2002<br>\$'000 |
|----------------------------------------------------------------|-------|----------------|----------------|
| <b>Fixed assets</b>                                            |       |                |                |
| Tangible assets                                                | 10    | 138            | 128            |
| Intangible assets                                              | 11    | 97             | -              |
|                                                                |       | <b>235</b>     | <b>128</b>     |
| <b>Current assets</b>                                          |       |                |                |
| Debtors                                                        | 13    | 1,921          | 654            |
| Cash at bank and in hand                                       |       | 2,725          | 952            |
|                                                                |       | <b>4,646</b>   | <b>1,606</b>   |
| <b>Creditors: amounts falling due within one year</b>          | 14    | <b>3,267</b>   | <b>556</b>     |
| <b>Net current assets</b>                                      |       | <b>1,379</b>   | <b>1,050</b>   |
| <b>Total assets less current liabilities</b>                   |       | <b>1,614</b>   | <b>1,178</b>   |
| <b>Creditors: amounts falling due after more than one year</b> | 15    | <b>-</b>       | <b>22</b>      |
| <b>Provisions for liabilities and charges</b>                  |       |                |                |
| Deferred taxation                                              | 16    | 12             | 10             |
| <b>Net assets</b>                                              |       | <b>1,602</b>   | <b>1,146</b>   |
| <b>Capital and reserves</b>                                    |       |                |                |
| Called up share capital                                        | 17    | 1              | 1              |
| Share premium account                                          | 18    | 1,681          | 1,556          |
| Profit and loss account                                        | 18    | (80)           | (411)          |
| <b>Equity shareholders' funds</b>                              | 19    | <b>1,602</b>   | <b>1,146</b>   |

The financial statements on pages 5 to 19 were approved by the board of directors on 30 April 2004 and were signed on its behalf by:

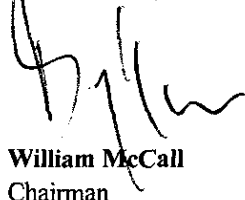
  
**William McCall**  
 Chairman

# Craneware Limited

## Company Balance sheet as at 30 June 2003

|                                                                | Notes | 2003<br>\$'000 | As restated 2002<br>\$'000 |
|----------------------------------------------------------------|-------|----------------|----------------------------|
| <b>Fixed assets</b>                                            |       |                |                            |
| Tangible assets                                                | 10    | 109            | 124                        |
| Intangible assets                                              | 11    | 97             | -                          |
|                                                                |       | 206            | 124                        |
| <b>Current assets</b>                                          |       |                |                            |
| Debtors                                                        | 13    | 3,249          | 1,747                      |
| Cash at bank and in hand                                       |       | 1,103          | 53                         |
|                                                                |       | 4,352          | 1,800                      |
| <b>Creditors: amounts falling due within one year</b>          | 14    | 2,506          | 509                        |
| <b>Net current assets</b>                                      |       | 1,846          | 1,291                      |
| <b>Total assets less current liabilities</b>                   |       | 2,052          | 1,415                      |
| <b>Creditors: amounts falling due after more than one year</b> | 15    | -              | 23                         |
| <b>Provisions for liabilities and charges</b>                  |       |                |                            |
| Deferred taxation                                              | 16    | 12             | 10                         |
| <b>Net assets</b>                                              |       | 2,040          | 1,382                      |
| <b>Capital and reserves</b>                                    |       |                |                            |
| Called up share capital                                        | 17    | 1              | 1                          |
| Share premium account                                          | 18    | 1,681          | 1,556                      |
| Profit and loss account                                        | 18    | 358            | (175)                      |
| <b>Equity shareholders' funds</b>                              | 19    | 2,040          | 1,382                      |

The financial statements on pages 5 to 19 were approved by the board of directors on 30 April 2004 and were signed on its behalf by:



**William McCall**  
Chairman

# **Craneware Limited**

## **Notes to the financial statements for the year ended 30 June 2003**

### **1 Principal accounting policies**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies is set out below.

#### **Basis of Accounting**

The financial statements are prepared in accordance with the historical cost convention.

#### **Reporting currency**

As a result of the growth of business in the United States of America the Group's earnings stream is primarily US dollars and with effect from 1 July 2002 the principal functional currency is the US dollar, being the most representative currency of the Group. The Group financial statements are therefore prepared in US dollars.

There was no material gain or loss on re-translation as a result of the change in reporting currency.

In accordance with UK generally accepted accounting principles, the opening balance sheet and prior year comparatives previously presented in sterling have been restated by translation into US dollars at the exchange rates shown below:

|                         | <b>Average rate</b> | <b>Closing rate</b> |
|-------------------------|---------------------|---------------------|
| Year ended 30 June 2002 | -                   | 1.530               |
| Year ended 30 June 2003 | 1.592               | 1.653               |

#### **Basis of Consolidation**

The consolidated profit and loss account and balance sheet include the accounts of the parent company and all its subsidiaries made up to the end of the financial year. Intra group sales and profits are eliminated on consolidation and all sales and profit figures relate to external transactions only. As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented.

#### **Cash flow statement**

A consolidated cash flow statement has not been presented in accordance with s248 of the Companies Act 1985 as the group qualifies as small although it has voluntarily elected to prepare consolidated financial statements.

#### **Revenue recognition**

During the year the Directors changed their policy for recognising turnover. Turnover represents amounts invoiced to customers, net of sales taxes, for goods and services. Revenue from licence sales are recognised upon delivery to a customer when there are no significant vendor obligations remaining and the collection of the resulting receivable is considered probable. In instances where a significant vendor obligation exists, revenue recognition is delayed until the obligation has been satisfied. Professional services, such as implementation, training and consultancy, are recognised when the services are performed. Previously, all revenue related to these goods and services was recognised at the invoice date. Under the revised policy maintenance fees are recognised rateably over the period of the contract. Previously maintenance fees were recognised on invoice in the first year and rateably from the start of the second year. The effect of this change in accounting policy is to reduce profits for the year by \$1,533,000 and to reduce the tax charge by £460,000. Profits would have been reduced by \$200,000 if consolidated accounts had been prepared for the prior year.

#### **Tangible Fixed Assets**

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

|                      |                     |
|----------------------|---------------------|
| Computer equipment   | - 33% straight line |
| Tenants improvements | - 20% straight line |
| Office furniture     | - 25% straight line |

# **Craneware Limited**

## **Notes to the financial statements for the year ended 30 June 2003 (continued)**

### **1 Principal accounting policies (continued)**

#### **Taxation**

Taxation is based on the results for the year, as adjusted for disallowable items, and for timing differences, to the extent that they are likely to result in an actual tax liability in the foreseeable future. Timing differences arise from the recognition for tax purposes of certain items of income and expenditure in a different accounting year from that in which they are recognised in the financial statements. Provision is made at the rate which is expected to be applied when the liability or asset is expected to crystallise.

#### **Deferred taxation**

The charge for taxation is based on the profit for the year and takes into account deferred taxation. Deferred taxation has been recognised as a liability or asset if transactions have incurred at the balance sheet date that give rise to an obligation to pay more tax in the future, or a right to pay less tax in the future.

An asset is not recognised to the extent that the transfer of economic benefits in the future is uncertain. Deferred tax assets and liabilities recognised have not been discounted.

#### **Investments in Subsidiaries**

The investments in subsidiaries are valued at cost.

#### **Foreign Currencies**

Trading transactions denominated in foreign currencies are translated into dollars at the exchange rate ruling when the transaction was entered into. Assets and liabilities expressed in foreign currencies are translated into dollars at rates of exchange ruling at the end of the financial year. Exchange gains or losses are included in operating profit.

#### **Operating Leases**

Costs in respect of operating leases are charged over the duration of the leases in arriving at the operating profit.

#### **Grants**

Grants of a revenue nature are credited to the profit and loss account in the period to which they relate.

#### **Research and development**

Expenditure on research and development is charged to the profit and loss account in the year which it is incurred with the exception of expenditure on the development of certain major new products where the outcome of these projects is assessed as being reasonably certain as regards viability and technical feasibility. Such expenditure is capitalised and amortised over a period not longer than 3 years commencing in the year sales of the product are first made.

### **2 Turnover**

Turnover is wholly attributable to the principal activity of the Group and arises solely within the United States of America.

# **Craneware Limited**

## **Notes to the financial statements for the year ended 30 June 2003 (continued)**

### **3 Net operating expenses**

Net operating expenses are made up as follows:-

|                              | 2003   | 2002   |
|------------------------------|--------|--------|
|                              | \$'000 | \$'000 |
| Distribution costs           | 1,491  | 668    |
| Administrative expenses      | 1,718  | 1,313  |
|                              | 3,209  | 1,981  |
| Exchange loss                | 132    | 39     |
| Less: Other operating income | (27)   | (219)  |
| Net operating expenses       | 3,314  | 1,801  |

### **4 Operating profit**

Operating profit/(loss) is stated after charging

|                                               | 2003   | 2002 |
|-----------------------------------------------|--------|------|
|                                               | \$'000 | \$   |
| Auditors' remuneration for audit fees:        |        |      |
| Parent company                                | 20     | 8    |
| Subsidiary companies                          | 8      | -    |
| Depreciation of tangible fixed assets – owned | 71     | 56   |
| Amortisation of intangible costs              | 49     | -    |
| Operating lease rents for premises            | 94     | 30   |
| FX gain/(loss)                                | 140    | 39   |

The remuneration of the Company's auditors for provision of non-audit services to the Group during the year was \$15,565 (2002: \$ 1,530).

### **5 Directors' emoluments**

Particulars of directors' emoluments disclosed in accordance with Part I of Schedule 6 to the Companies Act 1985, are as follows:

|                      | 2003   | 2002   |
|----------------------|--------|--------|
|                      | \$'000 | \$'000 |
| Aggregate emoluments | 269    | 192    |

The above emoluments include fees paid to third parties on behalf of directors' services (see note 21).

# **Craneware Limited**

## **Notes to the financial statements for the year ended 30 June 2003 (continued)**

### **6 Employee information**

The average number of persons employed by the Group during the year, including executive directors, is analysed below:

|                          | <b>2003</b>   | <b>2002</b>   |
|--------------------------|---------------|---------------|
|                          | <b>Number</b> | <b>Number</b> |
| Production               | 9             | 8             |
| Design                   | 1             | 1             |
| Selling and distribution | 11            | 8             |
| Administration           | 3             | 3             |
| Development              | 7             | 6             |
|                          | <b>31</b>     | <b>26</b>     |

Employment costs of all employees, including executive directors:-

|                                  | <b>2003</b>   | <b>2002</b>   |
|----------------------------------|---------------|---------------|
|                                  | <b>\$'000</b> | <b>\$'000</b> |
| Wages and salaries               | 1,843         | 942           |
| Social security costs            | 157           | 69            |
| Total direct costs of employment | <b>2,000</b>  | <b>1,011</b>  |

### **7 Net interest payable**

|                             | <b>2003</b>   | <b>2002</b>   |
|-----------------------------|---------------|---------------|
|                             | <b>\$'000</b> | <b>\$'000</b> |
| Deposit interest receivable | 1             | 6             |
| Interest payable on loans   | (6)           | (9)           |
|                             | <b>(5)</b>    | <b>(3)</b>    |

# Craneware Limited

## Notes to the financial statements for the year ended 30 June 2003 (continued)

### 8 Tax on profit/(loss) on ordinary activities

|                                                         | 2003<br>\$'000 | 2002<br>\$'000 |
|---------------------------------------------------------|----------------|----------------|
| <b>Taxation on profit/(loss) on ordinary activities</b> |                |                |
| Based on profit/(loss) for the year:                    |                |                |
| UK corporation tax at 30% (2002: 30%)                   |                |                |
| - current                                               | 284            | 4              |
| - adjustment in respect of prior year                   | 7              | -              |
| Foreign corporation tax at 30% (2002: 30%)              |                |                |
| - current                                               | 37             | -              |
| - adjustment in respect of prior year                   | -              | -              |
| <b>Total current tax</b>                                | <b>328</b>     | <b>4</b>       |
| Deferred tax at 30% (2002: 30%)                         |                |                |
| - current                                               | 2              | (6)            |
| - adjustment in respect of prior year                   | -              | 3              |
| <b>Taxation charge</b>                                  | <b>330</b>     | <b>1</b>       |

The difference between the current tax charge on ordinary activities for the period, reported in the profit and loss account, and the current tax charge that would result from applying a relevant standard rate of tax to the profit on ordinary activities before tax, is explained as follows:

|                                                          | 2003<br>\$'000 | 2002<br>\$'000 |
|----------------------------------------------------------|----------------|----------------|
| Profit/(loss) on ordinary activities before tax          | 1,161          | (312)          |
| Standard rate of corporation tax at 30% (2002: 30%)      | 348            | (96)           |
| After:                                                   |                |                |
| (a) Prior year adjustments in respect of under provision | 7              | -              |
| (b) Adjustment in respect of prior periods               | 90             | -              |
| (c) Expenses not deductible for tax purposes             | (25)           | 4              |
| (d) Accelerated capital allowance                        | (53)           | 1              |
| (e) Tax at marginal rate                                 | (39)           | (1)            |
| (f) Other                                                | -              | 96             |
| <b>Current tax credit charge for period</b>              | <b>328</b>     | <b>4</b>       |

### 9 Dividends

|                                                         | 2003<br>\$'000 | 2002<br>\$'000 |
|---------------------------------------------------------|----------------|----------------|
| Ordinary equity shares:                                 |                |                |
| Proposed final dividend of \$7.86 (2002: \$0 per share) | 500            | -              |

# Craneware Limited

## Notes to the financial statements for the year ended 30 June 2003 (continued)

### 10 Tangible fixed assets

| Group                    | Computer<br>Equipment<br>\$'000 | Office<br>Furniture<br>\$'000 | Tenants<br>Improvements<br>\$'000 | Total<br>\$'000 |
|--------------------------|---------------------------------|-------------------------------|-----------------------------------|-----------------|
| <b>Cost or valuation</b> |                                 |                               |                                   |                 |
| At 1 July 2002           | 123                             | 27                            | 75                                | 225             |
| Additions                | 54                              | 24                            | 2                                 | 80              |
| <b>At 30 June 2003</b>   | <b>177</b>                      | <b>51</b>                     | <b>77</b>                         | <b>305</b>      |
| <b>Depreciation</b>      |                                 |                               |                                   |                 |
| At 1 July 2002           | 61                              | 10                            | 25                                | 96              |
| Charge for the year      | 44                              | 11                            | 16                                | 71              |
| <b>At 30 June 2003</b>   | <b>105</b>                      | <b>21</b>                     | <b>41</b>                         | <b>167</b>      |
| <b>Net book value</b>    |                                 |                               |                                   |                 |
| <b>At 30 June 2003</b>   | <b>72</b>                       | <b>29</b>                     | <b>36</b>                         | <b>138</b>      |
| At 30 June 2002          | 62                              | 16                            | 50                                | 128             |

| Company                  | Computer<br>Equipment<br>\$'000 | Office<br>Furniture<br>\$'000 | Tenants<br>Improvements<br>\$'000 | Total<br>\$'000 |
|--------------------------|---------------------------------|-------------------------------|-----------------------------------|-----------------|
| <b>Cost or valuation</b> |                                 |                               |                                   |                 |
| At 1 July 2002           | 115                             | 27                            | 75                                | 217             |
| Additions                | 30                              | 14                            | 2                                 | 46              |
| <b>At 30 June 2003</b>   | <b>145</b>                      | <b>41</b>                     | <b>77</b>                         | <b>263</b>      |
| <b>Depreciation</b>      |                                 |                               |                                   |                 |
| At 1 July 2002           | 58                              | 10                            | 25                                | 93              |
| Charge for the year      | 37                              | 9                             | 16                                | 61              |
| <b>At 30 June 2003</b>   | <b>95</b>                       | <b>19</b>                     | <b>41</b>                         | <b>154</b>      |
| <b>Net book value</b>    |                                 |                               |                                   |                 |
| <b>At 30 June 2003</b>   | <b>50</b>                       | <b>22</b>                     | <b>36</b>                         | <b>109</b>      |
| At 30 June 2002          | 58                              | 16                            | 50                                | 124             |

# Craneware Limited

## Notes to the financial statements for the year ended 30 June 2003 (continued)

### 11 Intangible assets

#### Research and development

|                                     | Group  |        | Company |        |
|-------------------------------------|--------|--------|---------|--------|
|                                     | 2003   | 2002   | 2003    | 2002   |
|                                     | \$'000 | \$'000 | \$'000  | \$'000 |
| As at 1 July 2002                   | -      | -      | -       | -      |
| Amounts capitalised during the year | 146    | -      | 146     | -      |
| Amortisation charge                 | (49)   | -      | (49)    | -      |
|                                     | 97     | -      | 97      | -      |

### 12 Fixed asset investments

#### Company

|                                | \$  |
|--------------------------------|-----|
| Value at 1 July 2002           | 109 |
| Net book value at 30 June 2003 | 109 |

The following information relates to those subsidiaries which, in the opinion of the directors, principally affected the profits or assets of the Group:-

| Name of Company | Class of Shares held | Proportion of Nominal Value of Issued Shares held by Craneware Limited | Nature of Business |
|-----------------|----------------------|------------------------------------------------------------------------|--------------------|
| Craneware Inc   | Ordinary             | 100%                                                                   | Sales & Marketing  |

The above company is incorporated in the United States of America. The results of the subsidiary company have been included in the consolidated financial statements

### 13 Debtors

|                                      | Group  |        | Company |        |
|--------------------------------------|--------|--------|---------|--------|
|                                      | 2003   | 2002   | 2003    | 2002   |
|                                      | \$'000 | \$'000 | \$'000  | \$'000 |
| Amounts falling due within one year: |        |        |         |        |
| Trade debtors                        | 1,872  | 585    | 1,872   | 585    |
| Amounts owed by group companies      | -      | -      | 1,328   | 1,093  |
| Other debtors                        | 16     | 56     | 16      | 55     |
| Prepayments and accrued income       | 33     | 13     | 33      | 14     |
|                                      | 1,921  | 654    | 3,249   | 1,747  |

# Craneware Limited

## Notes to the financial statements for the year ended 30 June 2003 (continued)

### 14 Creditors: amounts falling due within one year

|                              | Group        |            | Company      |            |
|------------------------------|--------------|------------|--------------|------------|
|                              | 2003         | 2002       | 2003         | 2002       |
|                              | \$'000       | \$'000     | \$'000       | \$'000     |
| Bank overdraft               | -            | 7          | -            | 7          |
| Other loans (note 15)        | -            | 12         | -            | 12         |
| Trade creditors              | 192          | 59         | 113          | 37         |
| Corporation tax              | 320          | -          | 283          | 1          |
| Social Security and PAYE     | 54           | 18         | 54           | 18         |
| Accruals and deferred income | 2,201        | 460        | 1,556        | 434        |
| Dividend payable             | 500          | -          | 500          | -          |
|                              | <b>3,267</b> | <b>556</b> | <b>2,506</b> | <b>509</b> |

### 15 Creditors: amounts falling due after more than one year

This includes various loans, details of which are given below:-

|             | Group    |           | Company  |           |
|-------------|----------|-----------|----------|-----------|
|             | 2003     | 2002      | 2003     | 2002      |
|             | \$'000   | \$'000    | \$'000   | \$'000    |
| Other Loans | -        | 22        | -        | 22        |
|             | <b>-</b> | <b>22</b> | <b>-</b> | <b>22</b> |

A Business Growth Fund loan of £40,000 was received from Scottish Enterprise in March 2000, repayable in 60 monthly instalments with interest charged at 10% per annum. The loan was secured by a bond and floating charge over the assets of the company dated 31 March 2000. In the year to 30 June 2003, the company repaid the outstanding balance and released the floating charge.

# Craneware Limited

## Notes to the financial statements for the year ended 30 June 2003 (continued)

### 16 Deferred taxation

An analysis of the provision made and the full potential liability for deferred taxation is set out below, together with the movement on the provision.

Deferred taxation provided in the accounts comprises:

|                                  | Group     |           | Company   |           |
|----------------------------------|-----------|-----------|-----------|-----------|
|                                  | 2003      | 2002      | 2003      | 2002      |
|                                  | \$'000    | \$'000    | \$'000    | \$'000    |
| Accelerated capital allowance    | 12        | 10        | 12        | 10        |
| Other timing differences         | -         | -         | -         | -         |
| Losses                           | -         | -         | -         | -         |
| <b>Deferred tax liability</b>    | <b>12</b> | <b>10</b> | <b>12</b> | <b>10</b> |
| Provision at 1 July 2002         | 10        | 13        | 10        | 13        |
| Deferred tax charge              | 2         | (3)       | 2         | (3)       |
| <b>Provision at 30 June 2003</b> | <b>12</b> | <b>10</b> | <b>12</b> | <b>10</b> |

### 17 Called up share capital

Allotted called-up and fully paid

|                                | 2003   |        | 2002   |        |
|--------------------------------|--------|--------|--------|--------|
|                                | Number | \$'000 | Number | \$'000 |
| <b>Equity share capital</b>    |        |        |        |        |
| Ordinary shares of 1p each     | 50,500 | 1      | 50,500 | 1      |
| Ordinary 'A' shares of 1p each | 13,100 | -      | 13,100 | -      |

Authorised

|                                | 2003      |        | 2002      |        |
|--------------------------------|-----------|--------|-----------|--------|
|                                | Number    | \$'000 | Number    | \$'000 |
| <b>Equity share capital</b>    |           |        |           |        |
| Ordinary shares of 1p each     | 9,980,400 | 165    | 9,980,400 | 153    |
| Ordinary 'A' shares of 1p each | 19,600    | -      | 19,600    | -      |

# Craneware Limited

## Notes to the financial statements for the year ended 30 June 2003 (continued)

### 18 Share premium account and reserves

| <b>Group</b>                                           | <b>Share Premium<br/>Account<br/>\$'000</b> | <b>Profit and<br/>Loss Account<br/>\$'000</b> | <b>Total<br/>\$'000</b> |
|--------------------------------------------------------|---------------------------------------------|-----------------------------------------------|-------------------------|
| At 1 July 2002                                         | 1,556                                       | (211)                                         | 1,345                   |
| Prior year adjustment - revenue recognition            | -                                           | (200)                                         | (200)                   |
| At 1 July 2002 as restated                             | 1,556                                       | (411)                                         | 1,145                   |
| Retained profit for the year                           | -                                           | 331                                           | 331                     |
| Exchange movement on retranslation<br>of share premium | 125                                         | -                                             | 125                     |
| <b>At 30 June 2003</b>                                 | <b>1,681</b>                                | <b>(80)</b>                                   | <b>1,601</b>            |

| <b>Company</b>                                         | <b>Share Premium<br/>Account<br/>\$'000</b> | <b>Profit and<br/>Loss Account<br/>\$'000</b> | <b>Total<br/>\$'000</b> |
|--------------------------------------------------------|---------------------------------------------|-----------------------------------------------|-------------------------|
| At 1 July 2002                                         | 1,556                                       | (105)                                         | 1,451                   |
| Prior year adjustment - revenue recognition            | -                                           | (70)                                          | (70)                    |
| At 1 July 2002 as restated                             | 1,556                                       | (175)                                         | 1,381                   |
| Retained profit for the year                           | -                                           | 533                                           | 533                     |
| Exchange movement on retranslation<br>of share premium | 125                                         | -                                             | 125                     |
| <b>At 30 June 2003</b>                                 | <b>1,681</b>                                | <b>358</b>                                    | <b>2,039</b>            |

# Craneware Limited

## Notes to the financial statements for the year ended 30 June 2003 (continued)

### 19 Reconciliation of movements in shareholders' funds

|                                                   | 2003   | 2002   |
|---------------------------------------------------|--------|--------|
| Group                                             | \$'000 | \$'000 |
| Shareholders' funds at 1 July 2002                | 1,146  | 1,459  |
| Profit for the financial year                     | 331    | (313)  |
| Exchange movement on translation of share premium | 125    | -      |
| Shareholders' funds at 30 June 2003               | 1,602  | 1,146  |

| Company                                             |       |       |
|-----------------------------------------------------|-------|-------|
| Shareholders' funds at 1 July 2002                  | 1,382 | 1,459 |
| Profit for the financial year                       | 533   | (77)  |
| Exchange movement on retranslation of share premium | 125   | -     |
| Shareholders' funds at 30 June 2003                 | 2,040 | 1,382 |

### 20 Contingent liabilities and financial commitments

#### (a) Capital commitments

|                                                  | 2003   | 2002   |
|--------------------------------------------------|--------|--------|
|                                                  | \$'000 | \$'000 |
| Expenditure contracted for by subsidiary company | -      | -      |

#### (b) Lease commitments

The Group leases certain land and buildings. The rents payable by the Group in the next year under these leases are as follows:-

|                                       | 2003   | 2002   |
|---------------------------------------|--------|--------|
|                                       | \$'000 | \$'000 |
| Leases expiring within one year       | 21     | -      |
| Leases expiring between 2 and 5 years | 73     | 30     |
|                                       | 94     | 30     |

The rents payable under these leases are subject to renegotiation at various intervals specified in the leases. The Group pays all insurance, maintenance and repairs of these properties.

## **Craneware Limited**

### **Notes to the financial statements for the year ended 30 June 2003 (continued)**

#### **21 Related party transactions**

During the period the Group has traded in its normal course of business with consultancy businesses in which the related parties have a material interest as follows:

|             |        | <b>Purchases<br/>from director<br/>\$</b> | <b>Net<br/>creditor/(debtor)<br/>balance at year<br/>end<br/>\$</b> |
|-------------|--------|-------------------------------------------|---------------------------------------------------------------------|
| N Heywood   | ) 2003 | 19,098                                    | 1,942                                                               |
|             | ) 2002 | 14,045                                    | 10,787                                                              |
| W McCall    | ) 2003 | 23,873                                    | 2,426                                                               |
|             | ) 2002 | 22,950                                    | 2,246                                                               |
| C McCulloch | ) 2003 | 18,923                                    | 3,246                                                               |
|             | ) 2002 | 12,963                                    | 2,939                                                               |

There were no other related party transactions in the period which require disclosure in accordance with FRS 8.

#### **22 Ultimate Controlling Party**

The directors consider that the controlling parties of the company are the two directors with an interest in the share capital of the Craneware Limited as disclosed in the directors' report.