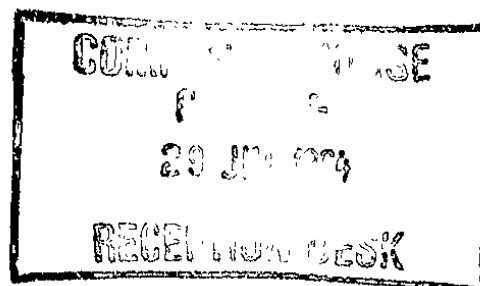


SAGESOFT LIMITED

DIRECTORS' REPORT AND ACCOUNTS

YEAR ENDED 30 SEPTEMBER 1993

(Registered Number : 1045967)



E13D93CC

ED21 RECEIPT DATE: 29/07/94

SAGESOFT LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 1993

The Directors have pleasure in presenting their report and accounts for the year ended 30 September 1993

ACTIVITIES

The Company's principal activity during the year was the development and publication of business software for personal computers and the sale of computer stationery and supplies. On 1 October 1992 the company acquired the trade and assets of Sky Software Limited, a fellow subsidiary undertaking of the Sage Group PLC.

REVIEW OF THE BUSINESS

The Company achieved a profit on ordinary activities before taxation of £8,907,853 on a turnover of £18,796,773.

RESULTS FOR THE YEAR

The trading results for the year and dividends proposed are set out on page 4.

DIRECTORS AND THEIR INTERESTS

The Directors who served during the year were as follows:

AD Goldman (Chairman)
TP Maxfield
PA Walker
AWG Wylie
MEW Jackson
BR Fisher
AJ Hughes (appointed 1 July 1993)
G Parker (appointed 1 January 1993)
S Stewart (resigned 8 December 1993)

The interests of Directors holding office at 30 September 1993 in the shares of The Sage Group plc are set out in the Directors' Report of that Company.

FIXED ASSETS

Movements in fixed assets are set out in Note 7 to the accounts.

RESEARCH AND DEVELOPMENT

The Company continues to develop business software applications for personal computers.

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Directors are required by the Companies Act 1985 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 for the financial year.

SAGESOFT LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 1993 (continued)

STATEMENT OF DIRECTORS' RESPONSIBILITY (continued)

The Directors confirm that appropriate accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made, in the preparation of the financial statements for the year ended 30 September 1993. The Directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

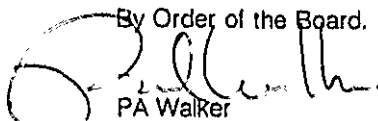
The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

AUDITORS

Price Waterhouse have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

By Order of the Board.



PA Walker
Secretary

25 July 1994



We have audited the financial statements on pages 4 to 12 which have been prepared under the historical cost convention and the accounting policies set out on pages 6 and 7.

As described on pages 1 and 2 the company's directors are 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.

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.

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 September 1993 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PRICE WATERHOUSE
Chartered Accountants
and Registered Auditors

25 JUN 1994

SAGESOFT LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 1993**

	<u>1993</u>	<u>1992</u>
TURNOVER (Note 2)	18,796,773	13,912,184
Cost of sales	<u>(2,492,793)</u>	<u>(2,240,066)</u>
GROSS PROFIT	16,303,980	11,672,118
Selling and administrative expenses	<u>(7,364,414)</u>	<u>(5,090,127)</u>
OPERATING PROFIT	8,939,566	6,581,991
Interest payable (Note 5)	<u>(31,713)</u>	<u>(10,443)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION (Note 3)	8,907,853	6,571,548
Taxation (Note 6)	<u>(2,188,241)</u>	<u>(1,424,401)</u>
PROFIT FOR THE FINANCIAL YEAR	6,719,612	5,147,147
Proposed dividend	<u>(6,719,612)</u>	<u>(5,147,147)</u>
AMOUNT TRANSFERRED TO RESERVES	<u>£-</u>	<u>£-</u>

All results refer entirely to continuing operations.

RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses, as defined in Financial Reporting Standard 3 ("FRS3"), Reporting Financial Performance, which are not included in the above profit and loss account.

HISTORICAL COST PROFITS AND LOSSES

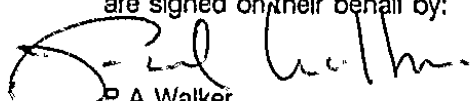
There is no material difference between the reported profits and the historical cost profits for 1993 and 1992.

SAGESOFT LIMITED

BALANCE SHEET AS AT 30 SEPTEMBER 1993

	<u>1993</u>	<u>1992</u>
FIXED ASSETS		
Tangible assets (Note 7)	4,858,153	4,564,342
CURRENT ASSETS		
Debtors (Note 8)	7,211,090	5,790,741
CREDITORS: amounts falling due within one year (Note 9)	<u>(9,017,470)</u>	<u>(8,063,991)</u>
NET CURRENT LIABILITIES	<u>(1,806,380)</u>	<u>(2,273,250)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	3,051,773	2,291,092
CREDITORS: amounts falling due or more than one year (Note 10)	(33,952)	(56,266)
DEFERRED MAINTENANCE INCOME	<u>(2,815,821)</u>	<u>(2,032,826)</u>
	£202,000	£202,000
CAPITAL AND RESERVES		
Called up share capital (Note 12)	202,000	202,000
Profit and loss account	<u>-</u>	<u>-</u>
	<u>£202,000</u>	<u>£202,000</u>

The financial statements on pages 4 to 12 were approved by the board of directors on 25 July 1994 and are signed on their behalf by:


P A Walker
Director

SAGESOFT LIMITED

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1993

1 ACCOUNTING POLICIES

(a) Basis of accounting

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

(b) Turnover

Turnover represents invoiced sales to third parties after deducting credit notes, allowances, trading discounts and Value Added Tax and is adjusted to include maintenance income on a straight line basis over the life of each maintenance agreement.

(c) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation on tangible fixed assets is provided for as follows:

Freehold land and buildings	- Nil
Plant and equipment	- 33% per annum on reducing balance
Motor vehicles	- 25% per annum on reducing balance
Fixtures & fittings	- 15% per annum on reducing balance

No depreciation is charged on the company's freehold land and building because the directors consider that the economic life of the property and its residual value are such that depreciation is not significant.

(d) Development costs

All costs associated with the development of software are written off as incurred.

(e) Stocks and work in progress

Stocks are stated at the lower of cost and net realisable value.

(f) Leasing

Where plant and equipment is acquired by finance leasing arrangements which give rights approximating to ownership the amount representing the purchase price of such assets is included in tangible fixed assets and the related obligations are included in creditors.

All other leases are classified as operating leases and the annual rentals are charged to the profit and loss account as they fall due.

(g) Foreign currency translation

Foreign currency assets and liabilities are translated into sterling at rates ruling at the balance sheet date. All profits and losses arising on exchange differences are reflected in the profit and loss account.

(h) Deferred taxation

Provision is made for deferred taxation to the extent that there is a reasonable probability that a liability will arise in the foreseeable future.

SAGESOFT LIMITED

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1993 (continued)

1 ACCOUNTING POLICIES (continued)

(i) Pensions

The company operates a defined contribution pension scheme for certain of its employees. The costs are charged to the profit and loss account as they fall due.

2 SEGMENT INFORMATION

The geographical analysis of turnover by market is as follows:

	<u>1993</u>	<u>1992</u>
United Kingdom	18,512,926	13,576,272
Rest of The World	<u>213,847</u>	<u>335,912</u>
	<u>£18,796,773</u>	<u>£13,912,184</u>

3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit on ordinary activities before taxation is stated after charging:

	<u>1993</u>	<u>1992</u>
Staff costs (including directors' emoluments):		
Wages & salaries	3,339,467	2,616,967
Social security costs	348,513	255,383
Other pension costs	155,793	97,361
Depreciation	389,971	335,884
Operating lease rentals	57,930	58,447
Loss on sale of tangible fixed assets	19,683	73,430
Auditors' remuneration	16,000	16,000

Non-audit services supplied by the company's auditors during the year amounted to £1,500.

The average number of people employed by the Company in the United Kingdom during the year was 222 (1992 - 162).

SAGESOFT LIMITED

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1993 (continued)

4 EMOLUMENTS OF DIRECTORS

Directors' emoluments totalled £886,324 (1992 - £772,655).

The emoluments of the chairman, who was also the highest paid director, were £162,407 (1992 - £157,087).

The number of directors whose emoluments (excluding pension contributions) were within the following bands were as follows:

	<u>1993</u>	<u>1992</u>
£10,001 - £15,000	1	1
£15,001 - £20,000	1	-
£20,001 - £25,000	-	1
£25,001 - £30,000	2	-
£30,001 - £35,000	1	-
£35,001 - £40,000	-	1
£40,001 - £45,000	-	1
£45,001 - £50,000	-	2
£50,001 - £55,000	1	-
£55,001 - £60,000	1	-
£60,001 - £65,000	1	-
£65,001 - £70,000	-	1
£70,001 - £75,000	1	-
£75,001 - £80,000	-	-
£80,001 - £85,000	-	-
£85,001 - £90,000	-	-
£90,001 - £95,000	-	-
£95,001 - £100,000	-	-
£100,001 - £105,000	-	-
£105,001 - £110,000	-	-
£110,001 - £115,000	-	-
£115,001 - £120,000	-	-
£120,001 - £125,000	-	-
£125,001 - £130,000	-	-
£130,001 - £135,000	-	-
£135,001 - £140,000	-	-
£140,001 - £145,000	-	-
£145,001 - £150,000	-	-
£150,001 - £155,000	-	-
£155,001 - £160,000	-	-
£160,001 - £165,000	-	-
£165,001 - £170,000	-	-
£170,001 - £175,000	-	-
£175,001 - £180,000	-	-
£180,001 - £185,000	-	-
£185,001 - £190,000	-	-
£190,001 - £195,000	-	-
£195,001 - £200,000	-	-
£200,001 - £205,000	-	-
£205,001 - £210,000	-	-
£210,001 - £215,000	-	-
£215,001 - £220,000	-	-
£220,001 - £225,000	-	-
£225,001 - £230,000	-	-
£230,001 - £235,000	-	-
£235,001 - £240,000	-	-
£240,001 - £245,000	-	-
£245,001 - £250,000	-	-
£250,001 - £255,000	-	-
£255,001 - £260,000	-	-
£260,001 - £265,000	-	-
£265,001 - £270,000	-	-
£270,001 - £275,000	-	-
£275,001 - £280,000	-	-
£280,001 - £285,000	-	-
£285,001 - £290,000	-	-
£290,001 - £295,000	-	-
£295,001 - £300,000	-	-
£300,001 - £305,000	-	-
£305,001 - £310,000	-	-
£310,001 - £315,000	-	-
£315,001 - £320,000	-	-
£320,001 - £325,000	-	-
£325,001 - £330,000	-	-
£330,001 - £335,000	-	-
£335,001 - £340,000	-	-
£340,001 - £345,000	-	-
£345,001 - £350,000	-	-
£350,001 - £355,000	-	-
£355,001 - £360,000	-	-
£360,001 - £365,000	-	-
£365,001 - £370,000	-	-
£370,001 - £375,000	-	-
£375,001 - £380,000	-	-
£380,001 - £385,000	-	-
£385,001 - £390,000	-	-
£390,001 - £395,000	-	-
£395,001 - £400,000	-	-
£400,001 - £405,000	-	-
£405,001 - £410,000	-	-
£410,001 - £415,000	-	-
£415,001 - £420,000	-	-
£420,001 - £425,000	-	-
£425,001 - £430,000	-	-
£430,001 - £435,000	-	-
£435,001 - £440,000	-	-
£440,001 - £445,000	-	-
£445,001 - £450,000	-	-
£450,001 - £455,000	-	-
£455,001 - £460,000	-	-
£460,001 - £465,000	-	-
£465,001 - £470,000	-	-
£470,001 - £475,000	-	-
£475,001 - £480,000	-	-
£480,001 - £485,000	-	-
£485,001 - £490,000	-	-
£490,001 - £495,000	-	-
£495,001 - £500,000	-	-
£500,001 - £505,000	-	-
£505,001 - £510,000	-	-
£510,001 - £515,000	-	-
£515,001 - £520,000	-	-
£520,001 - £525,000	-	-
£525,001 - £530,000	-	-
£530,001 - £535,000	-	-
£535,001 - £540,000	-	-
£540,001 - £545,000	-	-
£545,001 - £550,000	-	-
£550,001 - £555,000	-	-
£555,001 - £560,000	-	-
£560,001 - £565,000	-	-
£565,001 - £570,000	-	-
£570,001 - £575,000	-	-
£575,001 - £580,000	-	-
£580,001 - £585,000	-	-
£585,001 - £590,000	-	-
£590,001 - £595,000	-	-
£595,001 - £600,000	-	-
£600,001 - £605,000	-	-
£605,001 - £610,000	-	-
£610,001 - £615,000	-	-
£615,001 - £620,000	-	-
£620,001 - £625,000	-	-
£625,001 - £630,000	-	-
£630,001 - £635,000	-	-
£635,001 - £640,000	-	-
£640,001 - £645,000	-	-
£645,001 - £650,000	-	-
£650,001 - £655,000	-	-
£655,001 - £660,000	-	-
£660,001 - £665,000	-	-
£665,001 - £670,000	-	-
£670,001 - £675,000	-	-
£675,001 - £680,000	-	-
£680,001 - £685,000	-	-
£685,001 - £690,000	-	-
£690,001 - £695,000	-	-
£695,001 - £700,000	-	-
£700,001 - £705,000	-	-
£705,001 - £710,000	-	-
£710,001 - £715,000	-	-
£715,001 - £720,000	-	-
£720,001 - £725,000	-	-
£725,001 - £730,000	-	-
£730,001 - £735,000	-	-
£735,001 - £740,000	-	-
£740,001 - £745,000	-	-
£745,001 - £750,000	-	-
£750,001 - £755,000	-	-
£755,001 - £760,000	-	-
£760,001 - £765,000	-	-
£765,001 - £770,000	-	-
£770,001 - £775,000	-	-
£775,001 - £780,000	-	-
£780,001 - £785,000	-	-
£785,001 - £790,000	-	-
£790,001 - £795,000	-	-
£795,001 - £800,000	-	-
£800,001 - £805,000	-	-
£805,001 - £810,000	-	-
£810,001 - £815,000	-	-
£815,001 - £820,000	-	-
£820,001 - £825,000	-	-
£825,001 - £830,000	-	-
£830,001 - £835,000	-	-
£835,001 - £840,000	-	-
£840,001 - £845,000	-	-
£845,001 - £850,000	-	-
£850,001 - £855,000	-	-
£855,001 - £860,000	-	-
£860,001 - £865,000	-	-
£865,001 - £870,000	-	-
£870,001 - £875,000	-	-
£875,001 - £880,000	-	-
£880,001 - £885,000	-	-
£885,001 - £890,000	-	-
£890,001 - £895,000	-	-
£895,001 - £900,000	-	-
£900,001 - £905,000	-	-
£905,001 - £910,000	-	-
£910,001 - £915,000	-	-
£915,001 - £920,000	-	-
£920,001 - £925,000	-	-
£925,001 - £930,000	-	-
£930,001 - £935,000	-	-
£935,001 - £940,000	-	-
£940,001 - £945,000	-	-
£945,001 - £950,000	-	-
£950,001 - £955,000	-	-
£955,001 - £960,000	-	-
£960,001 - £965,000	-	-
£965,001 - £970,000	-	-
£970,001 - £975,000	-	-
£975,001 - £980,000	-	-
£980,001 - £985,000	-	-
£985,001 - £990,000	-	-
£990,001 - £995,000	-	-
£995,001 - £1,000,000	-	-

5 INTEREST PAYABLE

	<u>1993</u>	<u>1992</u>
Interest payable on borrowing repayable within five years	7,753	38,135
Finance charges on finance lease agreements	<u>23,960</u>	<u>10,443</u>
	31,713	48,578
Interest capitalised	<u>-</u>	<u>(38,135)</u>
	<u>£31,713</u>	<u>£10,443</u>

SAGESOFT LIMITED

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1993 (continued)

6 TAXATION

	<u>1993</u>	<u>1992</u>
Corporation tax on profits for the year at 33% (1992 - 33%)	2,167,532	1,391,377
Prior year	<u>20,709</u>	<u>33,024</u>
	<u>£2,188,241</u>	<u>£1,424,401</u>

The corporation tax charge for the year has benefited from the surrender of group relief at nil consideration from a fellow subsidiary of The Sage Group plc.

7 TANGIBLE FIXED ASSETS

	<u>Freehold land and building</u>	<u>Plant and equipment</u>	<u>Fixtures and fittings</u>	<u>Motor vehicles</u>	<u>Total</u>
<u>Cost:</u>					
At 1 October 1992	3,336,170	1,023,422	521,416	479,722	5,360,730
Additions	59,709	390,500	87,991	198,881	737,081
Disposals	-	(46,111)	-	(103,967)	(150,078)
Transfers from group undertakings	<u>-</u>	<u>40,212</u>	<u>-</u>	<u>-</u>	<u>40,212</u>
At 30 September 1993	<u>3,395,879</u>	<u>1,408,023</u>	<u>609,407</u>	<u>574,636</u>	<u>5,987,945</u>
<u>Depreciation:</u>					
At 1 October 1992	3,673	563,622	96,022	133,071	796,388
Provision for the year	-	221,630	68,701	99,640	389,971
Disposals	-	(33,817)	-	(54,458)	(88,275)
Transfers from group undertakings	<u>-</u>	<u>31,708</u>	<u>-</u>	<u>-</u>	<u>31,708</u>
At 30 September 1993	<u>3,673</u>	<u>783,143</u>	<u>164,723</u>	<u>178,253</u>	<u>1,129,792</u>
<u>Net book amount:</u>					
At 30 September 1993	<u>£3,392,206</u>	<u>£624,880</u>	<u>£444,684</u>	<u>£396,383</u>	<u>£4,958,153</u>
At 30 September 1992	<u>£3,332,497</u>	<u>£459,800</u>	<u>£425,394</u>	<u>£346,651</u>	<u>£4,564,342</u>

Tangible fixed assets include an amount of £42,026 (1992 - £62,740) in respect of assets held under finance lease contracts. The depreciation charge for the year on these assets amounted to £20,704 (1992 - £31,332).

SAGESOFT LIMITED

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1993 (continued)

8 DEBTORS

	<u>1993</u>	<u>1992</u>
Amounts due from group undertakings	£7,211,090	£5,790,741
	<u> </u>	<u> </u>

9 CREDITORS: amounts falling due within one year

	<u>1993</u>	<u>1992</u>
Amounts due to group undertakings	8,504	-
Proposed dividend	6,719,612	5,147,147
Finance lease obligations	22,319	19,624
Corporation tax	<u>2,267,035</u>	<u>2,897,220</u>
	£9,017,470	£8,063,991
	<u> </u>	<u> </u>

10 CREDITORS: amounts falling due after more than one year

	<u>1993</u>	<u>1992</u>
Finance lease obligations:		
One to two years	25,015	22,319
Two to five years	<u>8,937</u>	<u>33,947</u>
	£33,952	£56,266
	<u> </u>	<u> </u>

SAGESOFT LIMITED

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1993 (continued)

11 DEFERRED TAXATION

	<u>1993</u>	<u>1992</u>
The full potential deferred tax liability/(asset), which has not been provided for, is as follows:		
Tax deferred by accelerated capital allowances	(31,117)	13,261
Other timing differences	<u>(4,765)</u>	<u>(39,853)</u>
	<u>£(35,882)</u>	<u>£(26,592)</u>

12 CALLED UP SHARE CAPITAL

	<u>1993</u>	<u>1992</u>
202,000 Authorised, allotted and fully paid ordinary shares of £1 each	<u>£202,000</u>	<u>£202,000</u>

13 OPERATING LEASE COMMITMENTS

The annual commitment under non-cancellable operating leases for plant and equipment comprises:

	<u>1993</u>	<u>1992</u>
Expiring within one year	-	27,768
Expiring within one to two years	27,768	-
Expiring within two to five years	<u>38,936</u>	<u>38,936</u>
	<u>£66,704</u>	<u>£66,704</u>

14 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	<u>1993</u>	<u>1992</u>
Profit for the year	6,793,896	5,147,147
Dividends	<u>(6,793,896)</u>	<u>(5,147,147)</u>
	-	-
Opening shareholders' funds	<u>202,000</u>	<u>202,000</u>
Closing shareholders' funds	<u>£202,000</u>	<u>£202,000</u>

SAGESOFT LIMITED

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1993 (continued)

15 CASH FLOW STATEMENT

The company has not presented its own cash flow statement as permitted by FRS1. Details of the cash flows of the Group may be found in the accounts of the Sage Group plc.

16 ULTIMATE PARENT UNDERTAKING

The Company's ultimate parent undertaking is The Sage Group plc, a company registered in England. Copies of the group accounts can be obtained from the registered office at Sage House, Benton Park Road, Newcastle upon Tyne, NE7 7LZ.