

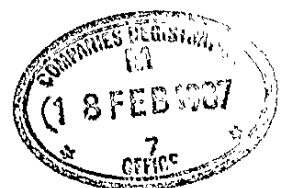
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TOPEXPRESS LIMITED

31st December 1985



AUDITORS' REPORT TO THE DIRECTORS' UNDER PARAGRAPH 10 OF SCHEDULE 8
TO THE COMPANIES ACT 1985

We have reviewed the modified accounts set out on pages 2 to 5 for the year ended 31st December 1985. In our opinion, the directors are entitled to deliver accounts modified as for a small company in respect of the year, as claimed in their statement on page 2, and the modified accounts have been properly prepared as such in accordance with Schedule 8 to the Companies Act 1985.

We have not carried out an audit on these modified accounts. However, as auditors of Topexpress Limited, we reported to the members on 9th October 1986 on the company's financial statements prepared under s.227 of the Companies Act 1985 for the year ended 31st December 1985 as follows:

"We have audited the financial statements on pages 3 to 12 in accordance with approved Auditing Standards.

In our opinion the financial statements, which have been prepared under the historical cost convention, give a true and fair view of the state of the company's affairs at 31st December 1985 and of its profit and source and application of funds for the year then ended and comply with the Companies Act 1985."

37 Hills Road,
Cambridge.
11th December 1986

CHATER & MYHILL
Chartered Accountants

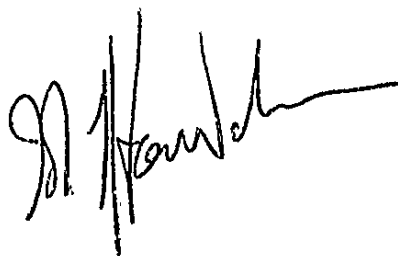
BALANCE SHEET
31st December 1985

	Note	1985	1984
FIXED ASSETS			
Tangible assets		414,740	443,553
CURRENT ASSETS			
Stock	-		5,240
Debtors	323,547		159,194
Investments	-		62,310
Cash at bank and in hand	18,204		55,382
	<u>341,751</u>		<u>282,126</u>
CREDITORS - amounts falling due within one year			
Corporation tax	39,897		18,000
Other creditors	212,030		188,318
	<u>251,927</u>		<u>206,318</u>
NET CURRENT ASSETS		89,824	75,808
TOTAL ASSETS LESS CURRENT LIABILITIES		504,564	519,361
CREDITORS - amounts falling due after more than one year	1	(16,074)	(74,981)
PROVISIONS FOR LIABILITIES AND CHARGES		(124,496)	(132,812)
		<u>£363,994</u>	<u>£311,568</u>
CAPITAL AND RESERVES			
CALLED UP SHARE CAPITAL	2	100	100
RESERVES			
Share premium account	24,451		24,451
Profit and loss account	339,443		287,017
	<u>363,894</u>		<u>311,468</u>
	<u>£363,994</u>		<u>£311,568</u>

The directors have relied on the exemptions for individual accounts contained in ss.247 to 249 of the Companies Act 1985 on the basis that Topexpress Limited is entitled to the benefit of those exemptions as a small company.

J. E. FFOWCS WILLIAMS

26th September 1986



ACCOUNTING POLICIES

31st December 1985

CONVENTION

These financial statements have been prepared in accordance with the historical cost convention. The principal accounting policies which the directors have adopted are set out below.

TURNOVER

Turnover represents the invoiced value exclusive of value added tax of consultancy services, sales of computer software products and software maintenance services.

DEVELOPMENT EXPENDITURE

Expenditure on development of computer software systems is written off in the year in which it is incurred.

DEPRECIATION OF FIXED ASSETS

Depreciation is calculated to write off the purchase cost of fixed assets on the straight line basis over the expected useful lives of the assets concerned. A full year's depreciation is charged in the year assets are acquired. The following rates are applied:

Freehold buildings	5%
Short lease premium	over 10 years of lease term
Computer and laboratory equipment	25%
Telephone and telex machinery	25%
Office furniture and fittings	15%
Motor vehicles	25%

Freehold land is not depreciated.

LEASED ASSETS

Fixed assets leased under finance leases are capitalised and depreciated. The finance charges are allocated over the primary period of the lease in proportion to the capital element outstanding. The cost of operating leases are charged to the profit and loss account as they accrue. Finance leases expiring during or shortly after the accounting period have, as allowed in the transitional arrangements, not been capitalised. The comparative figures for 31st December 1984 have not been restated for this change of accounting policy as the net effect is not considered significant.

ACCOUNTING POLICIES
31st December 1985

WORK IN PROGRESS

Work in progress is valued at the lower of cost or net realisable value. Cost represents the employment costs and attributable overheads for staff working on contracts plus the cost of computer and laboratory facilities and any other expenditure incurred for the contract.

DEFERRED TAXATION

Provision is made for tax liabilities arising from the allocation of items to different periods for tax and for accounting purposes, except where these are expected to be deferred for some considerable period due to the availability of tax allowances for fixed asset expenditure in advance of depreciation. In establishing the likelihood of continuing deferment, the directors undertake a review at the balance sheet date of past investment patterns and expected future levels of capital expenditure and depreciation.

PENSION SCHEME ARRANGEMENTS

The company's pension schemes are externally funded. Payments made to the fund and charged annually in these accounts comprise current service contributions and back service contributions which are estimates based upon actuarial advice.

NOTES TO THE ACCOUNTS
31st December 1985

	1985	1984
1. CREDITORS - amounts falling due after more than one year		
Bank loan	-	79,691
Less repayments due in following year	-	7,700
	-	71,991
Obligations under finance leases, due in the second to fifth years inclusive	16,074	-
Hire purchase agreement	-	2,990
	<u>£16,074</u>	<u>£74,981</u>

The bank loan bears interest at 15.5%, is repayable by annual instalments until March 1991 and is secured upon the company's freehold land and buildings.

2. CALLED UP SHARE CAPITAL

Authorised, allotted and fully paid

Ordinary shares of £1 each	<u>£100</u>	<u>£100</u>
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