

SKY SOFTWARE LIMITED

DIRECTORS' REPORT AND ACCOUNTS

YEAR ENDED 30 SEPTEMBER 2001

(Registered Number: 1781451)



SKY SOFTWARE LIMITED
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SKY SOFTWARE LIMITED

DIRECTORS' REPORT

The directors have pleasure in presenting their report and accounts for the year ended 30 September 2001.

Review of activities and results

The results for the year are set out in the profit and loss account on page 4.

Directors and their interests

The directors who served during the year were as follows:

P A Walker

A W G Wylie (resigned 23 February 2001)

The directors who served during the year had no interest in the shares of the Company at any time during the year, or prior year. The interests of the directors in the shares of The Sage Group plc are set out in the annual report of that company for the year ended 30 September 2001.

Statement of Directors' responsibilities

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. It is also the directors' responsibility to maintain adequate accounting records for safeguarding assets of the company and for preventing and detecting fraud and other irregularities.

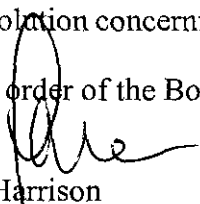
The directors confirm that the financial statements have been prepared on the going concern basis and that suitable accounting policies, consistently applied, and supported by reasonable and prudent judgements, have been used in the preparation of the financial statements and that applicable accounting standards have been followed.

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 2001. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

Auditors

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board



P Harrison

Company Secretary

30 April 2002

SKY SOFTWARE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SKY SOFTWARE LIMITED

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and 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.

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.

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 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.

SKY SOFTWARE LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SKY SOFTWARE
LIMITED (CONTINUED)**

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 30 September 2001 and of the result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers

Chartered Accountants and Registered Auditors

Newcastle upon Tyne

30 April 2002

SKY SOFTWARE LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 30 September 2001

	Note	2001 £	2000 £
Interest receivable and similar income	2	4	3
Interest payable and similar charges	3	(4)	(3)
Profit on ordinary activities before and after taxation		-	-

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 2001 and 2000.

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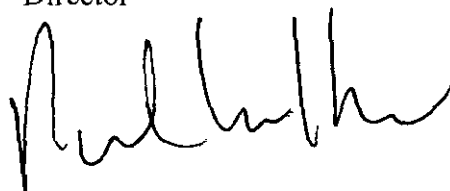
BALANCE SHEET

As at 30 September 2001

	Note	2001 £	2000 £
Current assets			
Amounts due from group undertakings		599,056	599,056
Net assets		<u>599,056</u>	<u>599,056</u>
Capital and reserves			
Called up equity share capital	4	175,000	175,000
Share premium account	5	241,936	241,936
Profit and loss account	6	182,120	182,120
Equity shareholders' funds	7	<u>599,056</u>	<u>599,056</u>

The financial statements on pages 4 to 8 were approved by the board of directors on 30 April 2002 and were signed on its behalf by:

P A Walker
Director



SKY SOFTWARE LIMITED

ACCOUNTING POLICIES

Accounting convention

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

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NOTES TO THE ACCOUNTS

For the year ended 30 September 2001

1. Employees and directors

Neither the directors nor the secretary received any emoluments during the year in respect of their services to the company (2000: Nil).

No other persons were employed during the year (2000: Nil).

2. Interest receivable

	2001 £	2000 £
Interest on loans to group undertakings	4	3

3. Interest payable

	2001 £	2000 £
Interest on loans from group undertakings	4	3

4. Called up equity share capital

At 30 September 2001 and 30 September 2000:

	Allotted, called up and fully paid £	Authorised £
'A' Ordinary shares of £1 each	70,000	92,000
'B' Ordinary shares of £1 each	105,000	120,000
	<u>175,000</u>	<u>212,000</u>

The 'A' and 'B' Ordinary shares rank pari passu in all respects.

5. Share premium account

	£
At 1 October 2000	241,936
Issue of shares	-
At 30 September 2001	<u>241,936</u>

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6. Profit and loss account

	£
At 1 October 2000	182,120
Profit for the year	-
At 30 September 2001	<u>182,120</u>

7. Reconciliation of movement in equity shareholders' funds

	£
At 1 October 2000	599,056
Profit for the year	-
At 30 September 2001	<u>599,056</u>

8. Parent undertaking and controlling party

The company's ultimate parent undertaking and controlling party 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.

9. Related party transactions

As the company is a wholly owned subsidiary of The Sage Group plc, the company has taken advantage of the exemption pursuant to paragraph 17 of FRS 8 "Related Party Disclosures", not to include details of transactions with other group companies which are subsidiaries of The Sage Group plc. There are no other related party transactions.

10. 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.