

SKY SOFTWARE LIMITED

DIRECTOR'S REPORT AND ACCOUNTS

FOR THE YEAR ENDED 30 SEPTEMBER 2004

Registered Number: 1781451



SKY SOFTWARE LIMITED

DIRECTOR'S REPORT AND ACCOUNTS

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SKY SOFTWARE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2004

The directors have pleasure in presenting their report and accounts for the year ended 30 September 2004.

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

P S Harrison (appointed on 27 July 2004)

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 2004.

Statement of Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 30 September 2004 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution that they be re-appointed will be proposed at the Annual General Meeting.

On behalf of the Board



P S Harrison
Director

12 July 2005

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. This report, including the opinion, has been prepared for and only for the company's members as a body 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.

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 the company's affairs at 30 September 2004 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers LLP', is written over the printed name of the firm.

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Newcastle upon Tyne

12 July 2005

SKY SOFTWARE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 2004

	Note	2004 £	2003 £
Interest receivable and similar income	2	4	4
Interest payable and similar charges	3	(4)	(4)
Profit on ordinary activities before and after taxation	7,8	-	-

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 results and the historical cost results for 2004 and 2003.

SKY SOFTWARE LIMITED**BALANCE SHEET AS AT 30 SEPTEMBER 2004**

	Note	2004 £	2003 £
Investments	4	55	-
Debtors - amounts due from group undertakings		599,156	599,156
Creditors - amounts falling due within one year		(155)	(100)
Net assets		599,056	599,056
Capital and reserves			
Called up equity share capital	5	175,000	175,000
Share premium account	6	241,936	241,936
Profit and loss account	7	182,120	182,120
Equity shareholders' funds	8	599,056	599,056

The financial statements on pages 4 to 9 were approved by the board of directors on 12 July 2005 and were signed on its behalf by:



P S Harrison
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.

Cashflow

The company is exempt under the provisions of Financial Reporting Standard 1 (revised 1996) from the requirement to prepare a cash flow statement, being a wholly owned subsidiary of a parent undertaking whose financial statements are publicly available.

Deferred taxation

Deferred tax is accounted for under FRS 19, which requires a form of full provision for accounting for deferred tax, called the incremental liability approach. Deferred tax is provided on timing differences where the Company has an obligation to pay more tax in the future as a result of those timing differences. Deferred tax assets are only recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted. As permitted by FRS 19, the Company has adopted a policy of not discounting deferred tax assets and liabilities

Foreign currency translation

Foreign currency assets and liabilities are translated into sterling at rates of exchange ruling at the year end. All gains and losses are dealt with in the profit and loss account.

Investments

Investments are stated at cost. The company has taken advantage of the exemption not to prepare consolidated financial statements per s228 Companies Act 1985, as it is included in the consolidated financial statements of The Sage Group plc.

SKY SOFTWARE LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2004

1. Employees and directors

Neither the directors nor the secretary received any emoluments during the year in respect of their services to the company (2003: £Nil).

No other persons were employed during the year (2003: Nil).

2. Interest receivable and similar income

	2004 £	2003 £
Interest on loans to group undertakings	4	4

3. Interest payable and similar charges

	2004 £	2003 £
Interest on loans from group undertakings	4	4

4. Investments

	2004 £	2003 £
Investment in subsidiary undertaking	55	-

The directors believe that the investment is stated at an amount not less than its carrying value.

During the year the company invested in Sage Benton Limited, another group company, the outstanding consideration is included within intercompany creditors at 30 September 2004.

The company has the following interests at 30 September 2004:

Company	Country of Incorporation	Holding	Nature of Business
Subsidiary:			
Sage Benton Limited	United Kingdom	Ordinary shares – 100%	Dormant

SKY SOFTWARE LIMITED**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2004 -
CONTINUED****5. Called up equity share capital**

	2004	2003
	£	£
Authorised		
92,000 'A' Ordinary shares of £1 each	92,000	92,000
120,000 'B' Ordinary shares of £1 each	120,000	120,000
Allotted, called up and fully paid		
70,000 'A' Ordinary shares of £1 each	70,000	70,000
105,000 'B' Ordinary shares of £1 each	105,000	105,000

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

6. Share premium account

£

At 30 September 2003 and 30 September 2004	241,936
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7. Profit and loss account

£

At 1 October 2003	182,120
Profit for the year	-
At 30 September 2004	182,120

SKY SOFTWARE LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2004 - CONTINUED

8. Reconciliation of movement in equity shareholders' funds

£

At 1 October 2003	599,056
Profit for the year	-
At 30 September 2004	599,056

9. 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 North Park, Newcastle upon Tyne, NE13 9AA.

10. 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 companies which are subsidiaries of The Sage Group plc. There are no other related party transactions.