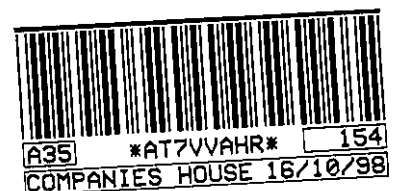


# Updata Software plc

## FINANCIAL STATEMENTS

31ST MARCH 1998

Company Registration Number 2095011



# **Updata Software plc**

## **FINANCIAL STATEMENTS**

**YEAR ENDED 31ST MARCH 1998**

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### **The following pages do not form part of the financial statements**

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Notes to the detailed profit and loss account	<b>17</b>

## **Updata Software plc**

### **OFFICERS AND PROFESSIONAL ADVISERS**

**The board of directors**                      W H N Pearce (Chairman - Non Executive)  
D B Linton (Managing Director)  
S O Onerhime (Technical Director)  
D I Rose (Non Executive Director)

**Company secretary**                      K Lassman  
Howard Kennedy Solicitors  
19 Cavendish Square  
London W1A 2AW

**Registered office**                      Park House  
233 Roehampton Lane  
London  
SW15 4LB

**Auditors**                      Liles Morris  
Chartered Accountants  
& Registered Auditors  
Park House  
233 Roehampton Lane  
Roehampton  
London SW15 4LB

**Bankers**                      National Westminster Bank plc  
PO Box 2 DG  
208 Picadilly  
London W1A 2DG

# Udata Software plc

## THE DIRECTORS' REPORT

### YEAR ENDED 31ST MARCH 1998

The directors present their report and the financial statements of the company for the year ended 31st March 1998.

### PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was software development and marketing of the Udata range of products. The company is registered under the Inland Revenue Enterprise Investment Scheme (EIS).

On 24 August 1997 the Ordinary shares of £1 each were subdivided into 10 Ordinary shares of 10 pence each. On 18 February 1998 a bonus issue was made of 370 shares for one.

The company re-registered as a public limited company on 19 February 1998. A prospectus to raise further capital through the issue of shares was issued on 2 March 1998. After the 31 March 1998, 100,213 Ordinary shares of 10p were issued at £6.74 per share raising £675,436.

### RESULTS AND DIVIDENDS

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

### FUTURE DEVELOPMENTS

The company will continue to invest strongly in the development and marketing of existing and new products, and to seek profitable strategic alliances.

### THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows: (The Ordinary £1 shares held at 1 April 1997 are restated as 10p shares)

		Ordinary Shares of £0.10 each	
		At 31 March 1998	At 1 April 1997 or later date of appointment
D B Linton		260,071	700
S O Onerhime		371	-
W H N Pearce	(Appointed 3 October 1997)	2,597	5
D I Rose	(Appointed 3 October 1997)	2,226	5

S O Onerhime has an option to subscribe for 18,550 ordinary shares at £4.04, exercisable between 31 March 2000 and 31 March 2002.

## Updata Software plc

### THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31ST MARCH 1998

#### DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to:

select suitable accounting policies, as described on page 9, and then apply them consistently;

make judgements and estimates that are reasonable and prudent;

state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

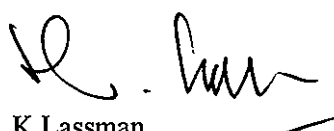
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding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

#### AUDITORS

A resolution to re-appoint Liles Morris as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:  
Park House  
233 Roehampton Lane  
London  
SW15 4LB

Signed by order of the directors

  
K Lassman  
Company Secretary

Approved by the directors on 17th September 1998

## **Updata Software plc**

### **AUDITORS' REPORT TO THE SHAREHOLDERS**

#### **YEAR ENDED 31ST MARCH 1998**

We have audited the financial statements on pages 5 to 14 which have been prepared under the historical cost convention and the accounting policies set out on page 9.

#### **RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS**

As described on pages 2 to 3, the company's directors are responsible for the preparation of the 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.

#### **BASIS OF 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 company's state of affairs as at 31st March 1998 and of its loss for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Park House  
233 Roehampton Lane  
Roehampton  
London SW15 4LB

17th September 1998

LILES MORRIS  
Chartered Accountants  
& Registered Auditors



**Udata Software plc****PROFIT AND LOSS ACCOUNT****YEAR ENDED 31ST MARCH 1998**

	Note	1998 £	1997 £
<b>TURNOVER</b>	<b>2</b>	381,711	359,666
Cost of sales		<u>138,890</u>	<u>107,596</u>
<b>GROSS PROFIT</b>		242,821	252,070
Administrative expenses		<u>526,062</u>	<u>313,471</u>
<b>OPERATING LOSS</b>	<b>3</b>	(283,241)	(61,401)
Interest receivable		514	-
Interest payable	<b>6</b>	(477)	(267)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>(283,204)</u>	<u>(61,668)</u>
Tax on loss on ordinary activities		-	-
<b>LOSS FOR THE FINANCIAL YEAR</b>		<u>(283,204)</u>	<u>(61,668)</u>
Balance brought forward		(132,075)	(70,407)
Share premium account reduction		<u>335,587</u>	<u></u>
Balance carried forward		<u>(79,692)</u>	<u>(132,075)</u>

The company has no recognised gains or losses other than the results for the year as set out above.

All of the activities of the company are classed as continuing.

# Updata Software plc

## BALANCE SHEET

31ST MARCH 1998

	Note	1998 £	1997 £
<b>FIXED ASSETS</b>			
Intangible assets	7	131,394	150,561
Tangible assets	8	19,865	13,380
		<u>151,259</u>	<u>163,941</u>
<b>CURRENT ASSETS</b>			
Stocks	9	1,416	7,850
Debtors	10	41,745	23,231
Cash at bank and in hand		14,929	80,190
		<u>58,090</u>	<u>111,271</u>
<b>CREDITORS: Amounts falling due within one year</b>	11	<u>(237,557)</u>	<u>(180,291)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(179,467)</u>	<u>(69,020)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(28,208)</u>	<u>94,921</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	12	-	(425)
		<u>(28,208)</u>	<u>94,496</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	14	50,308	129
Share premium account	15	1,176	226,442
Profit and loss account		(79,692)	(132,075)
<b>(DEFICIENCY)/SHAREHOLDER S' FUNDS</b>	16	<u>(28,208)</u>	<u>94,496</u>

These financial statements were approved by the directors on the 17th August 1998 and are signed on their behalf by:

D B LINTON





# **Udata Software plc**

## **CASH FLOW STATEMENT**

**YEAR ENDED 31ST MARCH 1998**

	1998		1997	
	£	£	£	£
<b>NET CASH OUTFLOW FROM OPERATING ACTIVITIES</b>		(209,662)		(41,518)
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>				
Interest received	514		-	
Interest paid	(477)		(267)	
	<hr/>		<hr/>	
Net cash outflow from returns on investments and servicing of finance		37		(267)
<b>CAPITAL EXPENDITURE</b>				
Payments to acquire tangible fixed assets	(14,565)		(14,814)	
	<hr/>		<hr/>	
<b>NET CASH OUTFLOW FROM CAPITAL EXPENDITURE</b>		(14,565)		(14,814)
		<hr/>		<hr/>
<b>CASH OUTFLOW BEFORE FINANCING</b>		(224,190)		(56,599)
<b>FINANCING</b>				
Issue of equity share capital	7		9	
Share premium on issue of equity share capital	160,493		134,991	
Net outflow from bank loans	(1,571)		(1,019)	
	<hr/>		<hr/>	
<b>NET CASH INFLOW FROM FINANCING</b>		158,929		133,981
		<hr/>		<hr/>
<b>(DECREASE)/INCREASE IN CASH</b>		(65,261)		77,382

This cash flow statement has been prepared in accordance with the revised Statement of Standard Accounting Practice set out in Financial Reporting Standard 1 (Revised 1996) issued in October 1996 by the Accounting Standards Board. All comparatives have been restated to comply with the new Standard.

# **Updata Software plc**

## **CASH FLOW STATEMENT** *(continued)*

**YEAR ENDED 31ST MARCH 1998**

### **RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES**

	1998 £	1997 £
Operating loss	(283,241)	(61,401)
Deferred development	19,167	4,747
Depreciation	8,080	5,100
Decrease/(Increase) in stocks	6,434	(6,190)
Increase in debtors	(18,514)	(16,568)
Increase in creditors	58,412	32,794
<b>Net cash outflow from operating activities</b>	<b>(209,662)</b>	<b>(41,518)</b>

### **RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**

	1998 £	1997 £
(Decrease)/Increase in cash in the period	(65,261)	77,382
Cash outflow from bank loans	1,571	1,019
<b>Net funds at 1st April 1997</b>	<b>78,619</b>	<b>218</b>
<b>Net funds at 31st March 1998</b>	<b>14,929</b>	<b>78,619</b>

### **ANALYSIS OF CHANGES IN NET FUNDS**

	At 1 Apr 1997 £	Cash flows £	At 31 Mar 1998 £
Net cash:			
Cash in hand and at bank	80,190	(65,261)	14,929
Debt:			
Debt due within 1 year	(1,146)	1,146	-
Debt due after 1 year	(425)	425	-
	<b>(1,571)</b>	<b>1,571</b>	<b>-</b>
<b>Net funds</b>	<b>78,619</b>	<b>(63,690)</b>	<b>14,929</b>

# Udata Software plc

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 31ST MARCH 1998

#### 1. ACCOUNTING POLICIES

##### Basis of accounting

The balance sheet shows that its liabilities exceed assets. After year end further share capital was received as noted in the Director's Report. The financial statements have therefore been prepared under the historical costs convention, on a going concern basis and in accordance with applicable accounting standards.

##### Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax. Support service income is deferred over the period to which it applies.

##### Development

Research expenditure is written off in the year in which it is incurred. Development expenditure for clearly defined projects is deferred. It is written off over three years or to the date at which sales are conservatively expected to cease, whichever is the shorter.

##### Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Computer Hardware	- 25% straight line
Fixtures & Fittings	- 25% straight line
Office Equipment	- 25% straight line

##### Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

#### 2. TURNOVER

The turnover and loss before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	1998 £	1997 £
United Kingdom	<u>381,711</u>	<u>359,666</u>
Invoiced income	396,090	360,760
Deferred income adjustment	(14,379)	(1,094)
	<u>381,711</u>	<u>359,666</u>

**Udata Software plc****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31ST MARCH 1998****3. OPERATING LOSS**

Operating loss is stated after charging:

	1998 £	1997 £
Depreciation	8,080	5,100
Auditors' remuneration - as auditors	1,950	1,400
Operating lease costs: Plant and equipment	<u>127</u>	<u>483</u>

**4. PARTICULARS OF EMPLOYEES**

The average number of staff employed by the company during the financial year amounted to:

	1998 No.	1997 No.
Average number of employees	<u>13</u>	<u>9</u>

The aggregate payroll costs of the above were:

	1998 £	1997 £
Wages and salaries	195,167	126,326
Social security costs	<u>17,396</u>	<u>10,606</u>
	<u>212,563</u>	<u>136,932</u>

**5. DIRECTORS' EMOLUMENTS**

The directors' aggregate emoluments in respect of qualifying services were:

	1998 £	1997 £
Emoluments receivable	<u>51,205</u>	<u>29,791</u>

**6. INTEREST PAYABLE**

	1998 £	1997 £
Interest payable on bank borrowing	<u>477</u>	<u>267</u>

# **Updata Software plc**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31ST MARCH 1998**

### **7. INTANGIBLE FIXED ASSETS**

	Development £
<b>COST</b>	
At 1st April 1997	150,561
Additions	72,002
Transfer	(91,169)
<b>At 31st March 1998</b>	<u>131,394</u>

### **8. TANGIBLE FIXED ASSETS**

	Computer Hardware £	Fixtures & Fittings £	Equipment £	Total £
<b>COST</b>				
At 1st April 1997	16,794	247	9,549	26,590
Additions	10,904	-	3,661	14,565
<b>At 31st March 1998</b>	<u>27,698</u>	<u>247</u>	<u>13,210</u>	<u>41,155</u>
<b>DEPRECIATION</b>				
At 1st April 1997	9,295	246	3,669	13,210
Charge for the year	5,321	-	2,759	8,080
<b>At 31st March 1998</b>	<u>14,616</u>	<u>246</u>	<u>6,428</u>	<u>21,290</u>
<b>NET BOOK VALUE</b>				
<b>At 31st March 1998</b>	<u>13,082</u>	<u>1</u>	<u>6,782</u>	<u>19,865</u>
At 31st March 1997	<u>7,499</u>	<u>1</u>	<u>5,880</u>	<u>13,380</u>

### **9. STOCKS**

	1998 £	1997 £
Stock	<u>1,416</u>	<u>7,850</u>

# Updata Software plc

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 31ST MARCH 1998

#### 10. DEBTORS

	1998 £	1997 £
Trade debtors	1,039	22,231
VAT recoverable	788	-
Other debtors	1,000	1,000
Prepayments and accrued income	38,918	-
	<u>41,745</u>	<u>23,231</u>

#### 11. CREDITORS: Amounts falling due within one year

	1998 £	1997 £
Bank loans and overdrafts	-	1,146
Trade creditors	158,653	113,497
Other creditors including taxation and social security:		
PAYE and social security	39,529	25,210
VAT	-	14,481
Provision for returns	5,777	7,500
Deferred income	26,573	12,194
Other creditors	<u>2,238</u>	<u>2,238</u>
	74,117	61,623
Accruals	<u>4,787</u>	<u>4,025</u>
	<u>237,557</u>	<u>180,291</u>

#### 12. CREDITORS: Amounts falling due after more than one year

	1998 £	1997 £
Bank loans and overdrafts	<u>-</u>	<u>425</u>

#### 13. RELATED PARTY TRANSACTIONS

The company as at 31 March 1998 was under the control of the Managing Director, D B Linton. Internet services of £20,000 were purchased from The Web Internet Services Limited, a business controlled by the non-executive Director W H N Pearce. Marketing services of £2,066 were received from Innovation Associates, a business controlled by the non-executive Director D Rose.

# Updata Software plc

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 1998

### 14. SHARE CAPITAL

#### Authorised share capital:

	1998 £	1997 £
1,000,000 Ordinary shares of £0.10 each	100,000	-
10,000 Ordinary shares of £1 each	-	10,000
	<u>100,000</u>	<u>10,000</u>

#### Allotted, called up and fully paid:

	1998		1997	
	No.	£	No.	£
Ordinary shares 10p	503,076	50,308	-	-
Ordinary shares £1	-	-	129	129
	<u>503,076</u>	<u>50,308</u>	<u>129</u>	<u>129</u>

### 15. SHARE PREMIUM ACCOUNT

	1998 £	1997 £
Balance brought forward	226,442	91,451
Premium on shares issued in the year	160,493	134,991
Issue of bonus shares	(50,172)	-
Reduction to profit and loss account	(335,587)	-
	<u>1,176</u>	<u>226,442</u>

### 16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1998 £	1997 £
Loss for the financial year	(283,204)	(61,668)
New equity share capital subscribed	7	9
Net premium on new share capital subscribed	160,493	134,991
	<u>160,500</u>	<u>135,000</u>
Net (reduction)/addition to funds	(122,704)	73,332
Opening shareholders' equity funds	94,496	21,164
Closing shareholders' equity funds	<u>(28,208)</u>	<u>94,496</u>

## **Udata Software plc**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **YEAR ENDED 31ST MARCH 1998**

##### **17. PENSIONS**

The company has not operated, or contributed to any pension scheme on behalf of its employees.

##### **18. CONTINGENCIES**

The directors have confirmed that there were no contingent liabilities which should be disclosed at 31st March 1998.

##### **19. CAPITAL COMMITMENTS**

The directors have confirmed that there were no capital commitments at the 31st March 1998.