

ANVIL SOFTWARE LIMITED

REGISTERED NUMBER : 2294625

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 1996

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ANVIL SOFTWARE LIMITED

DIRECTORS AND ADVISORS

DIRECTORS

Mr A J Dalby
Mr J T M Nicholson
Mr M D Kelly
Dr S R Deal

COMPANY SECRETARY

Mr A J Dalby

REGISTERED OFFICE

51-53 Rivington Street
London
EC2A 3QQ

AUDITORS

Menzies
Sandringham
Guildford Road
Woking
Surrey
GU22 7QL

PRINCIPAL BANKER

Midland Bank Plc
138 Tottenham Court Road
London
W1P 0AY

ANVIL SOFTWARE LIMITED

REPORT OF THE DIRECTORS

FINANCIAL STATEMENTS

The directors submit their report and the audited financial statements for the year ended 30 September 1996.

DIVIDENDS

The company paid an interim dividend amounting to £23,411 during the year.

REVIEW OF BUSINESS

The company's principal activity during the year was the supply of computer services. The directors consider the results for the year to be satisfactory.

FUTURE DEVELOPMENTS

The directors are hopeful that the turnover and profitability of the company will be maintained for the forthcoming year.

FIXED ASSETS

The directors do not consider that there is any significant difference between the market value and net book value of the company's tangible fixed assets, other than the freehold land and buildings in respect of which the directors have been verbally advised by professional valuers that the property is likely to have a market value in excess of £200,000.

DIRECTORS

The directors in office at 30 September 1996 are listed on page 2, all of whom served on the Board throughout the year.

DIRECTORS' INTERESTS

The directors' interests in the share capital of the company at 1 October 1995 and at 30 September 1996 as recorded in the register maintained by the company in accordance with the provisions of the Companies Act 1985, were as follows:

	30 September 1996	1 October 1995
Ordinary shares of 25p each (1995 - £1 each)		
Mr A J Dalby	30,000	30
Mr J T M Nicholson	30,000	30
Mr M D Kelly	30,000	30
Dr S R Deal	30,000	30

ANVIL SOFTWARE LIMITED

REPORT OF THE DIRECTORS

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 the affairs of the company and of the profit of the company for that year. In preparing those financial statements the directors are required to:

- a) Select suitable accounting policies and then apply them consistently.
- b) Make judgements and estimates that are reasonable and prudent.
- c) State whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- d) 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 also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and 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

Menzies have expressed their willingness to continue in office as auditors and in accordance with Section 385(2) of the Companies Act 1985 a resolution proposing their re-appointment will be submitted to the forthcoming Annual General Meeting.

By Order of the Board



Mr A J Dalby
Secretary

20 February 1997

REPORT OF THE AUDITORS TO THE MEMBERS OF

ANVIL SOFTWARE LIMITED

We have audited the financial statements on pages 6 to 13 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of the company's financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial 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.

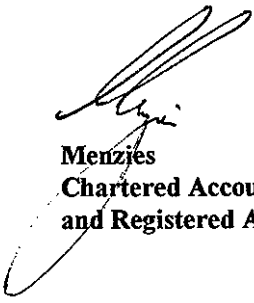
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 state of the company's affairs as at 30 September 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Sandringham
Guildford Road
Woking
Surrey
GU22 7QL

20 February 1997



**Menzies
Chartered Accountants
and Registered Auditors**

ANVIL SOFTWARE LIMITED**PROFIT AND LOSS ACCOUNT****YEAR ENDED 30 SEPTEMBER 1996**

		1996	1995
	Note	£	£
TURNOVER	2	964,194	718,796
Cost of sales		488,219	340,136
GROSS PROFIT		475,975	378,660
Administrative and other operating costs		210,718	186,842
OPERATING PROFIT		265,257	191,818
Interest receivable	3	19,466	20,634
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	284,723	212,452
Tax on profit on ordinary activities	4	70,602	51,025
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		214,121	161,427
Purchase of own shares	5	-	70,350
PROFIT FOR THE FINANCIAL YEAR		214,121	91,077
Dividends	6	23,411	19,245
RETAINED PROFIT TRANSFERRED TO RESERVES	14	190,710	71,832

All amounts above are derived from continuing operations and the company has no recognised gains or losses other than the profit for the financial periods detailed above.

The notes on pages 8 to 13 form part of these financial statements.

ANVIL SOFTWARE LIMITED**BALANCE SHEET****30 SEPTEMBER 1996**

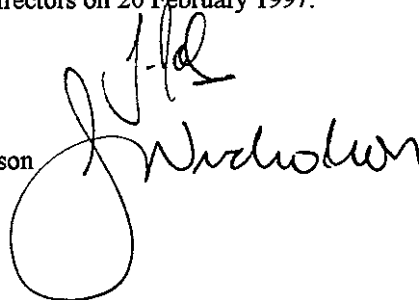
		1996		1995	
	Note	£	£	£	£
FIXED ASSETS					
Tangible fixed assets	9		260,761		21,368
CURRENT ASSETS					
Work in progress	10	-		26,345	
Debtors	11	303,393		83,241	
Cash at bank and in hand		257,453		408,987	
		560,846		518,573	
CREDITORS: amounts falling due within one year	12	182,535		91,579	
NET CURRENT ASSETS			378,311		426,994
			639,072		448,362
CAPITAL AND RESERVES					
Called up share capital	13		30,000		120
Profit and loss account	14		609,072		448,242
EQUITY SHAREHOLDERS' FUNDS			639,072		448,362

The financial statements were approved by the Board of Directors on 20 February 1997.

DIRECTORS

Mr A J Dalby

Mr J T M Nicholson



The notes on pages 8 to 13 form part of these financial statements.

ANVIL SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 1996

1 ACCOUNTING POLICIES

The principal accounting policies of the company have remained unchanged from the previous year and are set out below.

Accounting convention

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

Turnover

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

Depreciation

Depreciation is charged on a straight line basis to reduce the cost of the company's tangible fixed assets to their net realisable values over their estimated useful lives at the following rates:

Freehold land and building	- Nil
Motor vehicles	- 33 1/3%
Office fittings, furniture and equipment	- 25%
Computer equipment	- 33 1/3%

The company's freehold building is not depreciated contrary to Statement of Standard Accounting Practice Number 12, accounting for depreciation, and the accounting requirement of the Companies Act 1985. The directors are of the opinion that the ongoing maintenance work undertaken keeps the property to a high standard of repair. The directors also believe the residual value of the property is not materially less than the value at which the property is shown in the financial statements. For these reasons any provision for depreciation would be immaterial in the context of the company's financial statements, and such a policy would prevent the financial statements from showing a true and fair view as required by Section 226(2) of the Companies Act 1985.

Work in progress

Work in progress is valued at the lower of cost and net realisable value. Cost consists of direct materials, labour and attributable overheads. Net realisable value is based on the estimated contract value or selling price, less any further costs to completion and realisation.

ANVIL SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 1996

2 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The turnover and profit on ordinary activities before taxation is attributable to the principal activity of the company.

The profit is stated after charging:	1996	1995
	£	£
Operating lease rentals	(2,000)	(1,817)
Depreciation and amounts written off tangible fixed assets	21,904	13,935
Loss on disposal of tangible fixed assets	698	-
Auditors' remuneration	3,350	2,500
Directors' emoluments	169,029	179,805

The company's turnover and profit has not been analysed by class of business.

3 INTEREST RECEIVABLE

	1996	1995
	£	£
Deposit interest receivable	19,466	20,634

4 TAX ON PROFIT ON ORDINARY ACTIVITIES

	1996	1995
	£	£
U.K. corporation tax	70,602	51,025

5 EXTRAORDINARY ITEMS

	1996	1995
	£	£
Purchase of own shares	-	70,350

6 DIVIDENDS

	1996	1995
	£	£
Interim ordinary dividends	23,411	19,245

ANVIL SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 1996

7 STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

	1996	1995
	£	£
Wages and salaries	406,958	371,244
Social security costs	41,260	37,523
	<u>448,218</u>	<u>408,767</u>

The average monthly number of employees during the year was 12 (1995 - 10).

8 DIRECTORS' EMOLUMENTS

Directors' remuneration, included in staff costs note above, was as follows:

	1996	1995
	£	£
Management remuneration	<u>169,029</u>	<u>179,805</u>

Details of directors' emoluments, excluding pension contributions, were as follows:

	1996	1995
	£	£
Emoluments of highest paid director	<u>45,650</u>	<u>44,652</u>

Emoluments of the other directors fell within the following bands:

	1996	1995
	No.	No.
£15,001 - £20,000	-	1
£30,001 - £35,000	-	1
£40,001 - £45,000	<u>3</u>	<u>2</u>

ANVIL SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 1996

9 TANGIBLE FIXED ASSETS

	Freehold land and buildings	Motor vehicles	Office fittings, furniture and equipment	Computer equipment	Total
	£	£	£	£	£
COST					
At 1 October 1995	-	9,000	4,902	55,315	69,217
Additions	182,604	-	30,191	49,200	261,995
Disposals	-	(9,000)	(1,884)	(3,965)	(14,849)
At 30 September 1996	182,604	-	33,209	100,550	316,363
DEPRECIATION					
At 1 October 1995	-	9,000	3,017	35,832	47,849
Charge for the year	-	-	1,991	19,913	21,904
Released on disposals	-	(9,000)	(1,186)	(3,965)	(14,151)
At 30 September 1996	-	-	3,822	51,780	55,602
NET BOOK VALUE					
At 30 September 1995	-	-	1,885	19,483	21,368
At 30 September 1996	182,604	-	29,387	48,770	260,761

10 WORK IN PROGRESS

	1996	1995
	£	£
Work completed but unbilled	-	26,345
	-	26,345

There were no significant differences between the replacement cost and the values disclosed for all categories of work in progress.

ANVIL SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 1996

11 DEBTORS

	1996	1995
	£	£
Trade debtors	288,897	55,331
Sundry debtors and prepayments	14,496	27,910
	<u>303,393</u>	<u>83,241</u>

All amounts included above are considered receivable within one year of the balance sheet date.

12 CREDITORS: amounts falling due within one year

	1996	1995
	£	£
Trade creditors	24,688	-
Current corporation tax	64,750	28,714
Social security and other taxes	26,309	34,061
Sundry creditors and accruals	66,788	28,804
	<u>182,535</u>	<u>91,579</u>

13 CALLED UP SHARE CAPITAL

	1996	1995
	£	£
Authorised		
Ordinary shares of 25p each (1995 - £1 each)	<u>500,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
Ordinary shares of £1 each converted to ordinary shares of 25p each on 30 March 1996		
At 1 October 1995	120	150
Capitalisation of reserves	29,880	-
Shares cancelled during the year	-	(30)
At 30 September 1996	<u>30,000</u>	<u>120</u>

14 PROFIT AND LOSS ACCOUNT

	1996	1995
	£	£
At 1 October 1995	448,242	376,410
Profit for the financial year	190,710	71,832
Capitalisation to fund bonus issue	(29,880)	-
At 30 September 1996	<u>609,072</u>	<u>448,242</u>

ANVIL SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 1996

15 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	1996	1995
	£	£
Profit for the financial year	214,121	91,077
Dividends	23,411	19,245
	<hr/>	<hr/>
	190,710	71,832
Share issues	29,880	-
Share reductions	-	(30)
	<hr/>	<hr/>
	220,590	71,802
Capitalisation to fund bonus issue	(29,880)	-
	<hr/>	<hr/>
Net addition to shareholders' funds	190,710	71,802
Opening shareholders' funds	448,362	376,560
	<hr/>	<hr/>
Closing shareholders' funds	639,072	448,362
	<hr/>	<hr/>

16 COMMITMENTS UNDER OPERATING LEASES

The company is committed to making the following payments under operating leases:

	Other assets
	£
Contracts to expire:	
- within one year	5,378
- between two and five years	8,606
	<hr/>
	13,984
	<hr/>