

PROFESSIONAL ACCOUNTANTS COMPUTER SOFTWARE LIMITED
(Company No. 2381420)

REPORT AND ACCOUNTS

30TH JUNE 1997



RAWLINSON & HUNTER

CHARTERED ACCOUNTANTS

EAGLE HOUSE 110 JERMYN STREET LONDON SW1Y 6RH

PROFESSIONAL ACCOUNTANTS COMPUTER SOFTWARE LIMITED

COMPANY INFORMATION

Directors	G.D. May
Secretary	Mr D Armour
Company Number	2381420
Registered Office	32a High Street Esher Surrey KT10 9RT
Auditors	Rawlinson & Hunter Eagle House 110 Jermyn Street London SW1Y 6RH
Solicitors	Mundays Crown House Church Road Claygate Surrey KT10 OLP
Bankers	Midland Bank Plc 34 High Street Walton on Thames Surrey KT12 1DD

PROFESSIONAL ACCOUNTANTS COMPUTER SOFTWARE LIMITED

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PROFESSIONAL ACCOUNTANTS COMPUTER SOFTWARE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30TH JUNE 1997

The director presents his report together with the audited accounts for the year ended 30th June 1997.

Principal Activities and Review of Business

The company's principal activity continued to be that of developing, selling and supporting computer software.

Results and Dividends

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

The director considers the loss for the year and the state of the company's affairs to be in line with expectations. The director is confident that the company's level of business will increase in the foreseeable future and that the company will return to profitability.

Directors

The directors who served during the year and their beneficial interests in the company's issued share capital were:

	Ordinary shares of £1 each		Redeemable Preferred shares of £1 each	
	30th June 1997	1st July 1996	30th June 1997	1st July 1996
G.D. May	-	25,000	-	40,000
J.B.N. Kidson	-	25,000	-	-

On 24th March 1997 J.B.N. Kidson resigned as a director of the company and the options over the ordinary shares held were exercised.

On 14th April 1997 the entire issued share capital of the company was acquired by PACS Holding Limited in consideration for the allotment of shares in that company.

Full disclosure of the director's interests in PACS Holdings Limited have been provided in the individual company's accounts.

Taxation Status

The company is a close company within the meaning of the Income and Corporation Taxes Act 1988.

PROFESSIONAL ACCOUNTANTS COMPUTER SOFTWARE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30TH JUNE 1997

Directors' Responsibilities

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of the company's affairs and of the profit or loss for that year. In preparing these accounts the directors are required to:

Select suitable accounting policies 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 accounts;

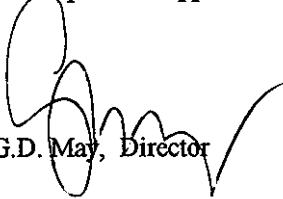
Prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the company and enable them to ensure that the accounts 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 director appointed Rawlinson & Hunter as auditors during the year and a resolution to reappoint them will be proposed at the Annual General Meeting.

This report was approved by the board on 23rd January 1998, and signed on its behalf.


G.D. May, Director

RAWLINSON & HUNTER

CHARTERED ACCOUNTANTS

EAGLE HOUSE 110 JERMYN STREET LONDON SW1Y 6RH

AUDITORS' REPORT TO THE MEMBERS OF PROFESSIONAL ACCOUNTANTS COMPUTER SOFTWARE LIMITED

We have audited the accounts on pages 4 to 13 which have been prepared following the accounting policies set out on page 6.

Respective responsibilities of Director and Auditors

As described on page 1, the company's director is responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 30th June 1997 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Rawlinson & Hunter
Registered Auditor

23rd January 1998

PROFESSIONAL ACCOUNTANTS COMPUTER SOFTWARE LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30TH JUNE 1997

	Notes	1997 £	1996 £
Turnover	2	695,403	533,793
Cost of Sales		206,367	98,490
Gross Profit		489,036	435,303
Administrative Expenses		619,673	486,228
Operating Loss	3	(130,637)	(50,925)
Exceptional Items			
Profit on sale of fixed assets		-	88,136
		(130,637)	37,211
Interest Receivable		1,409	310
Interest Payable and Similar Charges	4	(1,489)	(758)
Loss/Profit on Ordinary Activities before Taxation		(130,717)	36,763
Tax on loss/profit on ordinary activities	7	-	3,227
Loss/Profit for the Financial Year	16	(130,717)	33,536
Retained Profit Brought Forward		44,281	10,745
Retained Loss/Profit Carried Forward		(86,436)	44,281

All amounts relate to continuing activities.

There were no recognised gains or losses for 1997 or 1996 other than those included in the profit and loss account.


PROFESSIONAL ACCOUNTANTS COMPUTER SOFTWARE LIMITED

BALANCE SHEET

AS AT 30TH JUNE 1997

	Notes	1997 £	1996 £
Fixed Assets			
Intangible assets	8	2,104	2,104
Tangible assets	9	27,634	24,008
		<u>29,738</u>	<u>26,112</u>
Current Assets			
Stocks	10	-	3,609
Debtors	11	252,962	132,860
Cash at bank and in hand		353	78,441
		<u>253,315</u>	<u>214,910</u>
Creditors: Amounts Falling Due Within One Year	12	<u>277,730</u>	<u>98,908</u>
Net Current Liabilities/Assets		<u>(24,415)</u>	<u>116,002</u>
Total Assets Less Current Liabilities		<u>5,323</u>	<u>142,114</u>
Creditors: Amounts Falling Due After More Than One Year	13	<u>1,759</u>	<u>7,833</u>
		<u>3,564</u>	<u>134,281</u>
Capital and Reserves			
Share Capital - Equity	15	50,000	50,000
Share Capital - Non Equity	15	40,000	40,000
Profit and loss account	16	(86,436)	44,281
Shareholders' Funds			
Equity		(36,436)	94,281
Non-equity		<u>40,000</u>	<u>40,000</u>
	17	<u>3,564</u>	<u>134,281</u>

These accounts were approved by the board on 23rd January 1998 and signed on its behalf.



G.D. May
Director

PROFESSIONAL ACCOUNTANTS COMPUTER SOFTWARE LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30TH JUNE 1997

1 Accounting Policies

Basis of Accounting

The accounts have been prepared under the historical cost convention.

The company has taken advantage of the exemptions in Financial Reporting Standard No. 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

The company is exempt from the requirement to prepare group accounts by virtue of section 248 of the Companies Act 1985. These accounts therefore present information about the company as an individual undertaking and not about its group.

Turnover

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts. Non cancellable annual licences are recognised as income in full in the period in which they fall due.

Depreciation

Depreciation is calculated to write down the cost or valuation less estimated residual value of all tangible fixed assets other than freehold land by equal annual instalments over their expected useful lives. The rates and periods generally applicable are:

Motor vehicles	25% per annum straight line
Furniture and equipment	25% per annum straight line
Computer equipment	25% per annum straight line

Research and Development

Research and development costs are written off as incurred. If the conditions as specified in SSAP 13 are satisfied expenditure on research is written off as incurred and development costs are capitalised and amortised against reserves on a systematic basis. The rates and periods generally applicable are:

Development expenditure	25% per annum straight line
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Stocks

Stocks are stated at the lower of cost and net realisable value.

Contribution to Pension Funds

The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

PROFESSIONAL ACCOUNTANTS COMPUTER SOFTWARE LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30TH JUNE 1997

Leased Assets

Assets held under finance leases and hire purchase contracts are capitalised in the Balance Sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the Profit and Loss Account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the Profit and Loss Account on a straight line basis over the lease term.

2 Turnover

The turnover was derived from the company's principal activity which was carried out wholly in the UK.

3 Operating Loss

The operating loss is arrived at after charging:

	1997	1996
	£	£
Depreciation of owned assets	3,506	6,370
Depreciation of assets held under finance leases and hire purchase contracts	6,208	6,208
Amortisation	500	3,506
Hire of equipment - operating leases	38,138	6,974
Auditors' remuneration - non audit work	3,887	905
Auditors' remuneration	6,160	2,498

4 Interest Payable and Similar Charges

	1997	1996
	£	£
Bank overdrafts and loans	64	145
Finance leases and hire purchase contracts	1,307	613
Interest payable on loans other than bank loans and overdrafts	118	-

PROFESSIONAL ACCOUNTANTS COMPUTER SOFTWARE LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30TH JUNE 1997

5 Directors and Employees

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

	1997	1996
	£	£
Wages and salaries	315,195	255,513
Social security costs	26,107	24,667
Other pension costs	3,557	3,557
Other costs	1,244	520
	<u>346,103</u>	<u>284,257</u>

The average monthly number of employees, including directors, during the year was as follows:

	1997	1996
	Number	Number
Employees	<u>10</u>	<u>8</u>

Directors' emoluments

	1997	1996
	£	£
Emoluments	141,685	123,300
Company pension contributions to money purchase schemes	3,557	3,557
	<u>145,242</u>	<u>126,857</u>

The company operates a money purchase pension scheme for the benefit of the director. The assets of the scheme are administered by trustees in a fund independent from those of the company. The charge to the profit and loss account is £3,557 (1996 - £3,557) and this represents the amounts due in the period.

7 Taxation

	1997	1996
	£	£
Based on the loss/profit for the year		
UK corporation tax at 23.75% (1996 - 24.75%)	-	3,406
	-	3,406
Prior periods		
UK corporation tax	-	(179)
	-	3,227

Due to the loss for the year there is no corporation tax charge arising.

PROFESSIONAL ACCOUNTANTS COMPUTER SOFTWARE LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30TH JUNE 1997

8 Intangible Fixed Assets

	Development Expenditure
	£
Cost	
At 1st July 1996	2,500
Increase during the year	500
At 30th June 1997	3,000
 Amortisation	
At 1st July 1996	396
Provided during the year	500
At 30th June 1997	896
 Net Book Values	
At 30th June 1997	2,104
 <i>At 30th June 1996</i>	<i>2,104</i>

PROFESSIONAL ACCOUNTANTS COMPUTER SOFTWARE LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30TH JUNE 1997

9 Tangible Fixed Assets

	Motor Vehicles	Furniture and Equipment	Computer Equipment	Total
Cost	£	£	£	£
At 1st July 1996	24,830	10,310	15,788	50,928
Additions	-	8,847	10,804	19,651
Disposals	-	-	(12,842)	(12,842)
At 30th June 1997	24,830	19,157	13,750	57,737
Depreciation				
At 1st July 1996	9,690	9,492	7,738	26,920
Charge for the year	6,208	1,830	1,676	9,714
Disposals	-	-	(6,531)	(6,531)
At 30th June 1997	15,898	11,322	2,883	30,103
Net Book Value				
At 30th June 1997	8,932	7,835	10,867	27,634
<i>At 30th June 1996</i>	<i>15,140</i>	<i>818</i>	<i>8,050</i>	<i>24,008</i>

The net book value of fixed assets includes an amount of £8,932 (1996 - £15,140) in respect of assets held under finance leases.

	1997 £	1996 £
10 Stocks		
Finished goods	-	3,609
11 Debtors		
Trade debtors	234,621	125,125
Amounts owed by related company undertakings	-	260
Other debtors	183	147
Prepayments and accrued income	18,158	7,328
	252,962	132,860

PROFESSIONAL ACCOUNTANTS COMPUTER SOFTWARE LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30TH JUNE 1997

12	Creditors: Amounts Falling Due Within One Year	1997 £	1996 £
	Bank overdraft	7,123	-
	Obligations under hire purchase and finance lease contracts (Note 14)	5,952	6,200
	Trade creditors	39,431	38,197
	Amounts owed to group undertakings	25,000	-
	Corporation tax	3,406	6,250
	Other taxes and social security	32,991	15,940
	Other creditors	7,679	-
	Directors' loan accounts	549	1,554
	Accruals and deferred income	155,599	30,767
		<u>277,730</u>	<u>98,908</u>

The bank overdraft is secured by a fixed and floating charge over the assets of the company.

13	Creditors: Amounts Falling Due After One Year	1997 £	1996 £
	Obligations under hire purchase and finance lease contracts (Note 14)	<u>1,759</u>	<u>7,833</u>

14	Obligations Under Finance Leases and Hire Purchase Contracts	1997 £	1996 £
	Obligations under finance leases and hire purchase contracts are analysed:		
	Current obligations	5,952	6,200
	Obligations due between two and five years	<u>1,759</u>	<u>7,833</u>
		<u>7,711</u>	<u>14,033</u>

The total obligation under finance leases and hire purchase contracts, including interest of £1,613 (1996 - £2,891), due in future years is £9,324 (1996 - £16,924).

The assets held under these finance leases and hire purchase contracts are included in motor vehicles above.

PROFESSIONAL ACCOUNTANTS COMPUTER SOFTWARE LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30TH JUNE 1997

15	Share Capital	1997 £	1996 £
	Authorised Equity Shares		
	100,000 Authorised ordinary shares of £1 each	100,000	100,000
	Non Equity Shares		
	40,000 Redeemable preferred shares of £1.00 each	40,000	40,000
		<u>140,000</u>	<u>140,000</u>
	Allotted Equity Shares		
	50,000 Allotted, called up and fully paid ordinary shares of £1.00 each	50,000	50,000
	Non Equity Shares		
	40,000 Redeemable preferred shares of £1.00 each	40,000	40,000
		<u>90,000</u>	<u>90,000</u>

The ordinary shares have the right to participate in all dividends declared by the company and the right to receive notice, attend and speak at all general meetings of the company.

The redeemable preferred shares entitle the shareholders, in priority to any payment of a dividend to the holders of the ordinary shares, to a non-cumulative preferential dividend. The preferential dividend shall be 40% of the company's post tax profit available for distribution, inclusive of any associated tax credit available to the shareholders. If the preferential dividend is not paid on any Fixed Dividend Date, being 30th September or if later, 7 days after the date of adoption of the audited accounts for the year, then the company shall be under no liability to pay it in the future.

The holders of the redeemable preferred shares have the right to receive notice, attend, speak and vote at a general meeting where consideration of a resolution for winding up, the appointment of an administrator, approval of a voluntary arrangement, reduction in the capital of the company and varying or replacing any rights or privileges of the holders of preferred shares.

On winding up, the assets of the company available for distribution to the shareholders shall be applied in priority to any payment to the holders of the ordinary shares in repaying to the holders of the preferred shares a sum up to the nominal capital paid up on the preferred shares.

16 Reserves

	Profit and Loss Account
	£
At 1st July 1995	10,745
Profit for the year	33,536
	<u>44,281</u>
At 1st July 1996	(130,717)
Loss for the year	
	<u>(86,436)</u>
At 30th June 1997	

PROFESSIONAL ACCOUNTANTS COMPUTER SOFTWARE LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30TH JUNE 1997

17	Reconciliation of Shareholders' Funds	1997 £	1996 £
	Loss/Profit for the financial year	(130,717)	33,536
	Decrease/Increase in the shareholders' funds	(130,717)	33,536
	Closing shareholders' funds	3,564	134,281

18 Operating Lease Commitments

At 30 June 1997 the company had annual commitments under non-cancellable operating leases as set out below:

Other

	1997 £	1996 £
Operating leases which expire:		
Within one year	7,055	-
Between two and five years	24,396	15,244
	31,451	15,244

19 Parent Company

The director considers that the immediate and ultimate parent company is PACS Holdings Limited, a company registered in England and Wales

20 Related Party Transactions

During the year, the company paid £12,518 to P. Kidson, the wife of J.B.N. Kidson for professional services.

Consultancy fees of £9,800 were paid to Creative Technology, a partnership in which G.D. May is a partner.

At 30 June 1997, £25,000 was payable to PACS Holdings Limited.

The director is of the opinion that the ultimate controlling parties are Mr G. D. May and Mrs J. May.