

Company Registration No. 2595903 (England and Wales)

S M M SOFTWARE LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004



S M M SOFTWARE LIMITED

COMPANY INFORMATION

| | |
|--------------------------|---|
| Directors | M E Mitchell N J Herd |
| Secretary | M E Mitchell |
| Company number | 2595903 |
| Registered office | 5 Curfew Yard, Thames Street Windsor Berkshire SL4 1SN |
| Accountants | Foreman & Hill 5 Curfew Yard, Thames Street Windsor Berkshire SL4 1SN |
| Business address | 42A High Street Egham Surrey TW20 9DP |

S M M SOFTWARE LIMITED

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S M M SOFTWARE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2004

The directors present their report and financial statements for the year ended 31 December 2004.

Principal activities

The principal activity of the company continued to be that of computer print management software specialists.

Directors

The following directors have held office since 1 January 2004:

M E Mitchell

N J Herd

Directors' interests

The directors' interests in the shares of the company were as stated below:

| | Ordinary shares of £ 1 each | |
|--------------|-----------------------------|----------------|
| | 31 December 2004 | 1 January 2004 |
| M E Mitchell | 216,060 | 216,060 |
| N J Herd | 27,879 | 27,879 |

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the board



M E Mitchell

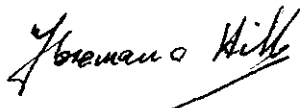
Director

6 May 2005

S M M SOFTWARE LIMITED

ACCOUNTANTS' REPORT TO THE DIRECTORS ON THE UNAUDITED ACCOUNTS OF S M M SOFTWARE LIMITED

As described on the balance sheet you are responsible for the preparation of the accounts for the year ended 31 December 2004, set out on pages 3 to 7 and you consider that the company is exempt from an audit. In accordance with your instructions, we have compiled these unaudited accounts in order to assist you to fulfil your statutory responsibilities from the accounting records and information and explanations supplied to us.



Foreman & Hill

Chartered Accountants

9 May 2005

5 Curfew Yard, Thames Street
Windsor
Berkshire
SL4 1SN

S M M SOFTWARE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2004

| | Notes | 2004 £ | 2003 £ |
|---|-----------|-----------|-----------|
| Turnover | | 145,155 | 202,054 |
| Cost of sales | | (1,746) | (6,168) |
| Gross profit | | 143,409 | 195,886 |
| Administrative expenses | | (171,658) | (165,816) |
| Operating (loss)/profit | 2 | (28,249) | 30,070 |
| Other interest receivable and similar income | 3 | 1 | - |
| Interest payable and similar charges | | (1,676) | (1,721) |
| (Loss)/profit on ordinary activities before taxation | | (29,924) | 28,349 |
| Tax on (loss)/profit on ordinary activities | 4 | - | - |
| (Loss)/profit on ordinary activities after taxation | 10 | (29,924) | 28,349 |

S M M SOFTWARE LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2004

| | Notes | 2004 £ | £ | 2003 £ | £ |
|---|-------|------------------|-----------------|------------------|-----------------|
| Fixed assets | | | | | |
| Intangible assets | 5 | | 39,601 | | 39,601 |
| Current assets | | | | | |
| Debtors | 7 | 49,649 | | 49,154 | |
| Cash at bank and in hand | | 377 | | 940 | |
| | | <u>50,026</u> | | <u>50,094</u> | |
| Creditors: amounts falling due within one year | 8 | <u>(103,460)</u> | | <u>(73,603)</u> | |
| Net current liabilities | | | <u>(53,434)</u> | | <u>(23,509)</u> |
| Total assets less current liabilities | | | <u>(13,833)</u> | | <u>16,092</u> |
| Capital and reserves | | | | | |
| Called up share capital | 9 | 278,787 | | 278,787 | |
| Profit and loss account | 10 | <u>(292,620)</u> | | <u>(262,695)</u> | |
| Shareholders' funds | | | <u>(13,833)</u> | | <u>16,092</u> |

In preparing these financial statements:

- The directors are of the opinion that the company is entitled to the exemption from audit conferred by Section 249A(1) of the Companies Act 1985;
- No notice has been deposited under Section 249B(2) of the Companies Act 1985, and
- The directors acknowledge their responsibilities for:
 - ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985, and
 - preparing accounts 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 its profit or loss for the financial year in accordance with the requirements of Section 226, and which otherwise comply with the requirements of this Act relating to accounts, so far as applicable to the company.

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The financial statements were approved by the Board on 6 May 2005



M E Mitchell
Director

S M M SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The company meets its day to day working capital requirements through an overdraft facility which is repayable on demand. The financial statements have been prepared on the going concern basis because the managing director has given assurance that his financial support of the company will continue for the foreseeable future, at least until 31 May 2006.

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.3 Goodwill

Acquired goodwill is stated at £1.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

| | |
|--------------------------------|---|
| Computer Equipment | 25% Straight line (currently fully depreciated) |
| Fixtures, fittings & equipment | 20% Straight line (currently fully depreciated) |

1.5 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

| 2 | Operating (loss)/profit | 2004 £ | 2003 £ |
|---|-------------------------|-----------|-----------|
|---|-------------------------|-----------|-----------|

Operating (loss)/profit is stated after charging:

| | | |
|-----------------------|--------|--------|
| Directors' emoluments | 26,000 | 34,000 |
|-----------------------|--------|--------|

| 3 | Investment income | 2004 £ | 2003 £ |
|---|-------------------|-----------|-----------|
|---|-------------------|-----------|-----------|

| | | |
|---------------|---|---|
| Bank interest | 1 | - |
|---------------|---|---|

4 Taxation

The company has estimated losses of £ 264,250 (2003: £ 231,590) available for carry forward against future trading profits.

S M M SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

5 Intangible fixed assets

| | Goodwill | Development Costs | Total |
|---|----------|----------------------|---------|
| | £ | £ | £ |
| Cost | | | |
| At 1 January 2004 & at 31 December 2004 | 1 | 366,679 | 366,680 |
| Amortisation | | | |
| At 1 January 2004 & at 31 December 2004 | - | 327,079 | 327,079 |
| Net book value | | | |
| At 31 December 2004 | 1 | 39,600 | 39,601 |
| At 31 December 2003 | 1 | 39,600 | 39,601 |

Development costs represents those costs associated with developing the new 'Ezze-Consumables' concept. These costs will remain in the Balance Sheet until a clearly defined commercial product has been identified at which time the costs will be written off over the estimated lifetime of the product.

6 Tangible fixed assets

| | Plant and machinery etc |
|---|----------------------------|
| | £ |
| Cost | |
| At 1 January 2004 & at 31 December 2004 | 44,013 |
| Depreciation | |
| At 1 January 2004 & at 31 December 2004 | 44,013 |
| Net book value | |
| At 31 December 2004 | - |

7 Debtors

| | 2004 £ | 2003 £ |
|---------------|-----------|-----------|
| Trade debtors | 46,780 | 45,527 |
| Other debtors | 2,869 | 3,627 |
| | 49,649 | 49,154 |

S M M SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

| 8 | Creditors: amounts falling due within one year | 2004 £ | 2003 £ |
|---|--|----------------|---------------|
| | Bank loans and overdrafts | 30,012 | 14,517 |
| | Trade creditors | 3,285 | 3,608 |
| | Taxation and social security | 6,842 | 10,784 |
| | Other creditors | 63,321 | 44,694 |
| | | <u>103,460</u> | <u>73,603</u> |

| 9 | Share capital | 2004 £ | 2003 £ |
|---|---|----------------|----------------|
| | Authorised | | |
| | 278,787 Ordinary shares of £1 each | <u>278,787</u> | <u>278,787</u> |
| | Allotted, called up and fully paid | | |
| | 278,787 Ordinary shares of £1 each | <u>278,787</u> | <u>278,787</u> |

| 10 | Statement of movements on profit and loss account | Profit and loss account £ |
|----|---|------------------------------------|
| | Balance at 1 January 2004 | (262,696) |
| | Retained loss for the year | <u>(29,924)</u> |
| | Balance at 31 December 2004 | <u>(292,620)</u> |

11 Financial commitments

At 31 December 2004 the company had annual commitments under non-cancellable operating leases as follows:

| | 2004 £ | 2003 £ |
|----------------------------|--------------|--------------|
| Expiry date: | | |
| Between two and five years | <u>8,950</u> | <u>8,950</u> |

12 Capital commitments

The company had no capital commitments at 31 December 2002.