

**Touche
Ross**

Deloitte Touche
Tohmatsu
International



Company Registration No. 2608610

THE DODGE GROUP LIMITED

Report and Financial Statements

30 September 1994

**Touche Ross & Co.
Hill House
1 Little New Street
London EC4A 3TR**



**REPORT AND FINANCIAL STATEMENTS 1994****CONTENTS****Page****Officers and professional advisers****1****Directors' report****2****Statement of directors' responsibilities****3****Auditors' report****4****Profit and loss account****5****Balance sheet****6****Notes to the accounts****7**



REPORT AND FINANCIAL STATEMENTS 1994

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Loretta S Henry
William J Fitzpatrick
Frank H Dodge
Alan D Hambrook
Thomas J Dolan

SECRETARY

Thomas J Dolan

REGISTERED OFFICE

Burgoine House
8 Lower Teddington Road
Kingston-Upon-Thames
Surrey KT1 4ER

BANKERS

The Royal Bank of Scotland plc
National Westminster Bank PLC

SOLICITORS

Lloyd Cooper Solicitors

AUDITORS

Touche Ross & Co.
Chartered Accountants
Hill House
1 Little New Street
London EC4A 3TR

**DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 30 September 1994.

PRINCIPAL ACTIVITIES

The principal activities of the company for the financial year ended 30 September 1994 were the marketing of the Open Series financial accounting suite, the sale of licences and advice relating to installation of software.

DIRECTORS

The present membership of the Board is set out on page 1. All directors served throughout the year.

The directors' interests, as defined by the Companies Act, in the shares of the company at 30 September 1993 and 30 September 1994 were as follows:

	Ordinary shares of £1 each	
	30 September 1994	30 September 1993
Alan D Hambrook	1 held in trust	1 held in trust

SMALL COMPANY EXEMPTIONS

Advantage has been taken in the preparation of this report of the special exemptions applicable to small companies under Part II of Schedule 8 to the Companies Act 1985.

AUDITORS

Touche Ross & Co. were appointed auditors by the directors during the year. Touche Ross & Co. have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board


Director

13th July 1995

**STATEMENT OF 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 as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on a 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. 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.



Chartered Accountants

Touche Ross & Co.
Hill House
1 Little New Street
London EC4A 3TR

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AUDITORS' REPORT TO THE MEMBERS OF THE DODGE GROUP LIMITED

We have audited the financial statements on pages 5 to 10 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of 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 state of the company's affairs as at 30 September 1994 and of its loss for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.

Touche Ross & Co.

Touche Ross & Co.

Chartered Accountants and Registered Auditors
London

18 July 1995


PROFIT AND LOSS ACCOUNT
Year ended 30 September 1994

	Note	1994 £	1993 (as restated - see Note 1) £
TURNOVER - continuing operations	1	422,407	-
Cost of sales	1	(838,454)	(553,121)
Gross loss		(416,047)	(553,121)
Administrative expenses		(376,195)	(622,255)
Other operating income		140,763	848,555
OPERATING LOSS - continuing operations		(651,479)	(326,821)
Interest receivable and similar income		4,411	8,749
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2	(647,068)	(318,072)
Tax on loss on ordinary activities	3	-	(2,506)
RETAINED LOSS TRANSFERRED FROM RESERVES	9	(647,068)	(320,578)

There are no recognised gains or losses for the current financial year and preceding financial year other than as stated in the profit and loss account.


BALANCE SHEET
30 September 1994

	Note	1994 £	1993 £
FIXED ASSETS			
Tangible assets	4	<u>57,793</u>	<u>88,164</u>
CURRENT ASSETS			
Debtors	5	284,720	86,179
Cash at bank and in hand		<u>21,936</u>	<u>70,387</u>
		306,656	156,566
CREDITORS: amounts falling due within one year	6	<u>(300,846)</u>	<u>(453,953)</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>5,810</u>	<u>(297,387)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		63,603	(209,223)
PROVISIONS FOR LIABILITIES AND CHARGES		<u>(100,794)</u>	<u>-</u>
		<u>(37,191)</u>	<u>(209,223)</u>
CAPITAL AND RESERVES			
Called up share capital	8	909,881	90,781
Profit and loss account	9	<u>(947,072)</u>	<u>(300,004)</u>
Total Equity Shareholders' Funds		<u>(37,191)</u>	<u>(209,223)</u>

Advantage has been taken in the preparation of these accounts of the special exemptions applicable to small companies under Part 1 of Schedule 8 to the Companies Act 1985. In the opinion of the directors the company is entitled to these exemptions on the grounds that it has met the qualifications for a small company specified in sections 246 and 247 of the Companies Act 1985.

These financial statements were approved by the Board of Directors on 11th July 1995.

Signed on behalf of the Board of Directors

Director



NOTES TO THE ACCOUNTS
Year ended 30 September 1994

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Turnover

Turnover represents licence fees, educational fees and consulting fees. Income is recognised when work has been completed and accepted by the customer.

Cost of sales

Development costs separately disclosed in the 1993 accounts have been included in the cost of sales figure. The comparative amount in respect of development costs has been reclassified as cost of sales accordingly.

Development costs are charged to the profit and loss account in the period in which they are incurred.

Tangible fixed assets

Depreciation is provided on cost in equal annual instalments over the estimated lives of the assets. The rates of depreciation are as follows:

Short-term leasehold improvements	20% per annum
Computer equipment	33 $\frac{1}{3}$ % per annum
Purchased software	33 $\frac{1}{3}$ % per annum
Equipment, fixtures and fittings	20% per annum

Leases

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the periods of the leases.

Deferred taxation

Deferred taxation is provided at the anticipated tax rates on differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

2. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	1994 £	1993 £
Loss on ordinary activities before taxation is after charging:		
Rentals under operating leases		
Hire of plant and machinery	39,767	34,187
Other operating leases	154,462	110,657
Depreciation and other amounts written off tangible fixed assets	46,923	49,546
Auditors' remuneration	5,000	5,500
	<u> </u>	<u> </u>

Included within administrative expenses is directors' remuneration of £72,160 (1993 - £63,600).


NOTES TO THE ACCOUNTS
Year ended 30 September 1994
3. TAX ON LOSS ON ORDINARY ACTIVITIES

	1994 £	1993 £
United Kingdom corporation tax at 25% (1992 - 25%) based on the loss for the year	-	5,897
Adjustment in respect of prior years	-	(3,391)
	<u>-</u>	<u>2,506</u>

No provision for deferred tax has been made as it would result in the creation of a deferred tax asset, the crystallisation of which is not reasonably certain.

4. TANGIBLE FIXED ASSETS

	Short-term leasehold improve- ments £	Computer equipment £	Purchased software £	Equipment, fixtures and fittings £	Total £
Cost					
At 1 October 1993	12,963	69,001	45,279	31,293	158,536
Additions	786	15,848	-	1,500	18,134
Disposals	-	(6,043)	-	-	(6,043)
At 30 September 1994	<u>13,749</u>	<u>78,806</u>	<u>45,279</u>	<u>32,793</u>	<u>170,627</u>
Accumulated depreciation					
At 1 October 1993	1,653	32,584	25,337	10,798	70,372
Charge for the year	2,697	22,749	15,093	6,384	46,923
Disposals	-	(4,461)	-	-	(4,461)
At 30 September 1994	<u>4,350</u>	<u>50,872</u>	<u>40,430</u>	<u>17,182</u>	<u>112,834</u>
Net book value					
At 30 September 1994	<u>9,399</u>	<u>27,934</u>	<u>4,849</u>	<u>15,611</u>	<u>57,793</u>
At 30 September 1993	<u>11,310</u>	<u>36,417</u>	<u>19,942</u>	<u>20,495</u>	<u>88,164</u>

5. DEBTORS

	1994 £	1993 £
Trade debtors	179,932	-
Amounts owed by parent company	2,200	-
Prepayments and other debtors	102,588	86,179
	<u>284,720</u>	<u>86,179</u>



NOTES TO THE ACCOUNTS
Year ended 30 September 1994

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1994 £	1993 £
Bank overdraft	-	9,582
Trade creditors	66,324	24,215
Amounts owed to parent company	-	377,648
Other creditors including taxation and social security	91,566	42,508
Accruals and deferred income	142,956	-
	<u>300,846</u>	<u>453,953</u>

Should any creditor balance arise in respect of the parent company, such debt would be subordinated to the debts of other creditors, under an agreement dated 30 September 1993.

7. PROVISIONS FOR LIABILITIES AND CHARGES

	Balance at 1 October 1993 £	Charged to profit and loss account £	Balance at 30 September 1994 £
Deferred lease provision	-	70,794	70,794
Other provisions	-	30,000	30,000
	<u>-</u>	<u>100,794</u>	<u>100,794</u>

The deferred lease provision has been established to enable property rental costs to be charged to the Profit and Loss Account evenly over the period of the leases.

8. CALLED UP SHARE CAPITAL

	1994 £	1993 £
Authorised:		
1,000,000 ordinary shares of £1 each	<u>1,000,000</u>	<u>250,000</u>
Allotted and fully paid:		
909,881 ordinary shares of £1 each	<u>909,881</u>	<u>90,781</u>

During the year 819,100 ordinary shares were allotted, converting debt to equity funding, to fund the continued expansion of the company.



NOTES TO THE ACCOUNTS
Year ended 30 September 1994

9. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1994 £	1993 £
Loss attributable to members of the company	(647,068)	(320,578)
Capital subscribed	<u>819,100</u>	<u>-</u>
Net addition/(reduction) to shareholders' funds	<u>172,032</u>	<u>(320,578)</u>
Opening shareholders' funds	<u>(209,223)</u>	<u>(111,355)</u>
Closing shareholders' funds	<u>(37,191)</u>	<u>(209,223)</u>

10. OPERATING LEASE COMMITMENTS

	Land and buildings £	Other £
Leases which expire:		
Within one year	-	25,213
Within two to five years	142,815	45,576
After five years	<u>-</u>	<u>-</u>
	<u>142,815</u>	<u>70,789</u>

11. PARENT COMPANY

The ultimate parent company is The Dodge Group Inc. a company incorporated in USA.

Copies of the group financial statements are available from The Dodge Group Inc. 303, Wyman Street, Waltham, MA 02154, USA.