

**FlexiInternational Software Limited  
(formerly The Dodge Group Limited)  
(Registered Number 2608610)**

**Directors' Report and Accounts  
For Year Ended 31 December 1998**



# **FlexiInternational Software Limited**

## **Directors Report For The Year Ended 31 December 1998** (Continued)

The directors present their annual report and the audited financial statements for the year ended 31 December 1998.

### **Activities**

The principal activities of the company for the year ended 31 December 1998 were the marketing of the Open Series financial accounting software, the sale of licences and the installation of software.

### **Review Of The Business and Future Developments**

As described in Note 14, the parent company of The Dodge Group Limited was acquired by FlexiInternational Software Inc., a leading developer of financial accounting software systems and related tools for multinational companies. The acquisition is one of high synergy and will result in a more global penetration of the financial services industry, broader product solutions and increased levels of support to customers and will allow for greater marketing opportunities within the financial and banking sector.

The company changed its name from The Dodge Group Limited to FlexiInternational Software Limited on 9 July 1998.

As noted above, the immediate and ultimate parent company and the controlling party is FlexiInternational Software Inc., a company incorporated in the United States of America. FlexiInternational Software Inc. has agreed to provide such financial support as is necessary for the company to discharge its liabilities as they fall due for the foreseeable future and at least the next 12 months from the date these accounts have been signed. Accordingly these accounts have been prepared on a going concern basis. In the event that FlexiInternational Software, Inc. chooses to, or is unable to, offer continued financial support to FlexiInternational Software Limited, the preparation of the accounts on the going concern basis may prove to have been inappropriate.

### **Profits And Dividends**

The company made a loss for the year of £976,146 (1997: £981,377). No dividends were declared (1997:£nil).

### **Directors**

The directors who held office during the year were as follows:

John E Allen (resigned 30/6/98)  
Mark G Broadhead (resigned 13/7/99)  
Stefan Bothe  
Peter Lloyd-Cooper (resigned 29/3/99)  
Frank H Dodge (resigned 30/6/98)  
Alan D Hambrook (resigned 16/2/99)  
Jeremy Wood (resigned 30/6/98)

The directors' interests as defined by the Companies Act 1985, in the shares of the company at 31 December 1998 and 31 December 1997 were as follows:

Ordinary shares of £1 each	1998	1997
Alan D Hambrook (held in trust)	1	1

# FlexiInternational Software Limited

## Directors Report For The Year Ended 31 December 1998 (Continued)


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

By order of the Board



S. Bothe  
Director

20 March 2000

Registered office:  
Burgoin House  
Lower Teddington Road  
Kingston-upon-Thames  
Surrey  
KT1 4ER

**PricewaterhouseCoopers**  
Thames Court  
1 Victoria Street  
Windsor SL4 1HB  
Telephone +44 (0) 1753 752000  
Facsimile +44 (0) 1753 864826  
Direct phone +44 (0) 1753 752404  
Direct fax +44 (0) 1753 864826

## **Auditors' Report to the Members of FlexiInternational Software Limited**

We have audited the financial statements on pages 5 to 13 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 to 8.

### **Respective Responsibilities of Directors and Auditors**

The directors are responsible for preparing the Annual Report, including as described on page 2 the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

### **Basis of audit 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.

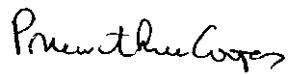
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Uncertainty – going concern**

In forming our opinion, we have considered the adequacy of the disclosures made in Note 1(3) of the financial statements ("Basis of Accounting") concerning securing additional financing and restructuring of FlexiInternational Software, Inc. group operations. The financial statements have been prepared on a going concern basis and the validity of this depends on additional financing being raised. The financial statements do not include any adjustments that would result from a failure to obtain this additional financing. In view of the significance of this fundamental uncertainty, we consider that it should be drawn to your attention but our opinion is not qualified in this respect.

### Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 1998 and of the loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**PricewaterhouseCoopers**  
Chartered Accountants  
and Registered Auditors  
Windsor

 March 2000

## FlexiInternational Software Limited

### Profit And Loss Account For The Year Ended 31 December 1998

	Note	1998 £	1997 £
Turnover	1	5,485,279	4,619,642
Cost of sales	1	(2,794,199)	(2,388,350)
<b>Gross profit</b>		<b>2,691,080</b>	<b>2,231,292</b>
Administrative expenses		(3,679,734)	(3,167,458)
<b>Operating loss</b>		<b>(988,654)</b>	<b>(936,166)</b>
Interest receivable and similar income		12,508	14,005
<b>Loss on ordinary activities before taxation</b>	2	<b>(976,146)</b>	<b>(922,161)</b>
Tax on loss on ordinary activities	4	-	(59,216)
<b>Loss on ordinary activities after taxation</b>			
Loss for the financial year	12	(976,146)	(981,377)
Profit and loss account brought forward		(3,896,594)	(2,915,217)
Profit and loss account carried forward		<u>(4,872,740)</u>	<u>(3,896,594)</u>

The company had no recognised gains or losses during the year other than those reflected in the profit and loss account above.

There is no difference between the reported loss as stated above and the amounts that would be reported under the historical cost basis.

All income and expenditures relate to continuing operations.

The notes on pages 7 to 13 form part of these accounts.

# FlexiInternational Software Limited

## Balance Sheet – 31 December 1998

	Note	1998 £	1997 £
<b>Fixed assets</b>			
Tangible assets	5	176,713	232,997
Investments	6	-	30,827
		<b>176,713</b>	<b>263,824</b>
<b>Current assets</b>			
Debtors	7	3,836,935	3,158,517
Cash at bank and in hand		79,925	592,489
		<b>3,916,860</b>	<b>3,751,006</b>
<b>Creditors - amounts falling due within one year</b>	8	<b>(554,549)</b>	<b>(1,561,602)</b>
<b>Net current assets</b>		<b>3,362,311</b>	<b>2,189,404</b>
<b>Total assets less current liabilities</b>		<b>3,539,024</b>	<b>2,453,228</b>
<b>Creditors - amounts falling due after more than one year</b>	9	<b>(2,217,753)</b>	<b>(544,664)</b>
<b>Accruals and deferred income</b>	10	<b>(1,077,380)</b>	<b>(2,209,507)</b>
<b>Net assets</b>		<b>243,891</b>	<b>(300,943)</b>
<b>Capital and reserves</b>			
Called up share capital	11	3,595,651	3,595,651
Capital contributions	12	1,520,980	-
Profit and loss account		<b>(4,872,740)</b>	<b>(3,896,594)</b>
<b>Total equity shareholders' funds</b>	12	<b>243,891</b>	<b>(300,943)</b>

Approved By The Board On 20 March 2000 and signed on its behalf by:



S Bothe  
Director

The notes on pages 7 to 13 form part of these accounts.

# **FlexiInternational Software Limited**

## **Note To The Accounts 31 December 1998** (Continued)

### **1 Accounting Policies**

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

#### **(1) Accounting Convention**

The financial statements are prepared under the historical cost convention

#### **(2) Group Accounts and Cash Flows**

Group accounts have not been prepared under the exemptions available to medium-sized companies. The financial statements present information about FlexiInternational Software Limited as a company and not as a group. A statement of cash flows has not been prepared as the company qualifies for exemptions taken in accordance with Financial Reporting Standard Number 1 (Revised 1996).

#### **(3) Basis Of Preparation**

The immediate and ultimate parent company and the controlling party is FlexiInternational Software Inc., a company incorporated in the United States of America. FlexiInternational Software Inc. has agreed to provide such financial support as is necessary for the company to discharge its liabilities as they fall due for the foreseeable future and at least the next 12 months. Accordingly these accounts have been prepared on a going concern basis.

The FlexiInternational Software, Inc. group of companies ("the Group") have incurred substantial losses in recent years. Therefore, the Group is dependent upon obtaining additional financing to fund its operations for the foreseeable future.

The Group has funded its activities by raising equity finance as and when required and FlexiInternational Software, Inc. is currently in the process of securing additional financing and restructuring the Group's operations to mitigate further losses.

There can be no assurance that FlexiInternational Software, Inc. will be successful in its efforts to raise additional financing or restructure the Group's operations and therefore be able to fulfil its obligations to provide the Company with the necessary finance to continue in operation. The financial statements of the Company do not include any adjustments that would result from additional financing not being available or the restructuring being unsuccessful. If the Company were unable to continue in operational existence for the foreseeable future, adjustments would have to be made to reduce the balance sheet values of assets to their recoverable amounts, to provide for further liabilities that might arise, and to reclassify fixed assets and long term liabilities as current assets and liabilities.

The Company's directors believe FlexiInternational Software, Inc. will be able to raise the additional financing to provide the Company with the necessary financing to continue in operation and therefore they consider it appropriate for the Company's financial statements to be prepared on a going concern basis.



# **FlexiInternational Software Limited**

## **Note To The Accounts 31 December 1998** (Continued)

### **1 Accounting Policies** (Continued)

#### **(4) Turnover**

Turnover represents licence fees, educational fees and consulting fees. The company bills portions of its software licence in advance of installation and defers the related revenue. Revenue from annual software licence contracts is deferred until work has been completed and accepted by the customer. Revenue from maintenance contracts is deferred and amortised over the period of the contract.

#### **(5) Cost Of Sales**

Development costs are charged to the profit and loss account, as part of cost of sales, in the period in which they are incurred.

#### **(6) Tangible Fixed Assets**

Depreciation is provided on cost on the straight-line method over the estimated lives of the assets from the date of acquisition. The estimated lives of the assets are as follows

Short-term leasehold improvements	5 years
Computer equipment	3 years
Purchased software	3 years
Equipment, fixtures and fitting	5 years

#### **(7) Leases**

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

#### **(8) 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.

#### **(9) Pensions**

The company contributes towards personal pension schemes on behalf of certain employees. Pensions costs are charged to the profit and loss account in the period in which they arise.

# FlexiInternational Software Limited

## Note To The Accounts 31 December 1998 (Continued)

### 2 Loss On Ordinary Activities Before Taxation

	1998 £	1997 £
Loss on ordinary activities before taxation is after charging:		
Rentals under operating leases	272,485	279,204
Depreciation and other amounts written off tangible fixed assets	132,756	122,855
Auditors' remuneration:		
- audit fees	16,500	18,000
- other		15,200
Write down of investment (see Note 6)	30,827	-

### 3 Information Regarding Directors and Employees

	1998 £	1997 £
<b>Directors' Remuneration</b>		
Emoluments (including benefits in kind)	383,082	592,420
Contributions to directors' personal pensions	37,000	33,185
	420,082	625,605

Emoluments in respect of the highest paid director:

Emoluments (including benefits in kind)	126,478	181,352
Contributions to personal pension scheme	10,000	10,000
	136,478	191,352

	1998 No.	1997 No.
Directors for whom contributions are paid to personal pension schemes	4	4

	£	£
Staff costs (including directors):		
Wages and salaries	3,464,328	2,834,523
Social security	344,313	301,872
Pension costs	161,907	104,802
	3,970,548	3,241,197

# FlexiInternational Software Limited

## Note To The Accounts 31 December 1998 (Continued)

### 4 Tax Charge On Loss On Ordinary Activities

	1998 £	1997 £
Overseas tax	-	59,216

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.

The tax charge for the prior year results from overseas tax, which is not relieved by losses in the United Kingdom.

### 5 Tangible Fixed Assets

	Short-term Leasehold Improvements £	Computer equipment £	Purchased software £	Equipment, fixtures and fittings £	Total £
<b>Cost</b>					
At 1 January 1998	21,305	434,839	7,379	97,834	561,357
Disposals	-	(21,844)	-	-	(21,844)
Additions	-	66,254	7,220	8,474	81,948
At 31 December 1998	21,305	479,249	14,599	106,308	621,461
<b>Accumulated depreciation</b>					
At 1 January 1998	15,968	252,438	5,337	54,617	328,360
Disposals	-	(16,367)	-	-	(16,367)
Charge for the period	2,034	114,966	1,778	13,977	132,755
At 31 December 1998	18,002	351,037	7,115	68,594	444,748
<b>Net book amount</b>					
At 31 December 1998	3,303	128,212	7,484	37,714	176,713
At 31 December 1997	5,337	182,401	2,042	43,217	232,997

## FlexiInternational Software Limited

### Note To The Accounts 31 December 1998 (Continued)

#### 6 Investments

	1998 £	1997 £
Shares in subsidiary	14	14
Loan to subsidiary	30,813	30,813
	30,827	30,827
Write down of investment	(30,827)	-
	-	30,827

The loan has been made to The Dodge Group Southern Africa (Proprietary) Limited, a wholly owned subsidiary company which was incorporated during March 1997. The principal activity of the subsidiary company is to market and distribute software and related services.

The Company's investment in The Dodge Group Southern Africa (Proprietary) Limited has been fully written down at 31 December 1998.

#### 7 Debtors

	1998 £	1997 £
Trade debtors	978,093	752,868
Amounts owed by group undertakings	2,764,970	2,323,125
Prepayments and other debtors	93,872	82,524
	3,836,935	3,158,517

#### 8 Creditors: Amounts Falling Due Within One Year

	1998 £	1997 £
Bank overdraft	-	141,192
Bank loan	-	243,043
Other loan	-	609,671
Trade creditors	528,518	555,875
Other creditors including taxation and social security	26,031	11,821
	554,549	1,561,602

The bank loan which was secured by a fixed and a floating charge over the assets of the company was repaid in full on 23 July 1998 and on this date, the bank released its interest in the assets of the company. The other loan was for amounts payable to shareholders of The Dodge Group, Inc.

# FlexiInternational Software Limited

## Note To The Accounts 31 December 1998 (Continued)

### 9 Creditors: Amounts Falling Due After More Than One Year

	1998 £	1997 £
<i>Amounts owed to parent undertaking</i>	<b>2,217,753</b>	544,664

### 10 Accruals And Deferred Income

	1998 £	1997 £
Accruals	<b>422,256</b>	477,047
Deferred income	<b>655,124</b>	1,732,460
	<b>1,077,380</b>	2,209,507

The deferred income relates to the amounts received under maintenance contracts and licence fees.

### 11 Called Up Share Capital

	1998 £	1997 £
Authorised:		
Ordinary shares of £1 each	<b>4,000,000</b>	4,000,000
Allotted, called up and fully paid:		
Ordinary shares of £1 each	<b>3,595,651</b>	3,595,651

### 12 Reconciliation Of Movements In Shareholder's Funds

	1998 £	1997 £
Loss for the year	<b>(976,146)</b>	(981,377)
Share capital issued	-	2,322,772
Capital contributions	<b>1,520,980</b>	-
Net increase to shareholders' funds	<b>544,834</b>	1,341,395
Opening shareholders' funds/(deficit)	<b>(300,943)</b>	(1,642,338)
Closing shareholders' funds/(deficit)	<b>243,891</b>	(300,943)

In the year ended 31 December 1998, FlexiInternational Software Inc. made capital contributions to the company of £1,520,980 to finance ongoing operations.

## FlexiInternational Software Limited

### Note To The Accounts 31 December 1998 (Continued)

#### 13 Operating Lease Commitments

	1998 Land and buildings £	1998 Other £	1997 Land and buildings £	1997 Other £
Leases which expire:				
Within one year	150,750	56,874	-	56,223
Within two to five years	-	-	150,750	58,087
After five years	339,188	32,560	-	-
	<b>489,938</b>	<b>89,434</b>	<b>150,750</b>	<b>114,310</b>

#### 14 Ultimate Parent Company and Related Parties

On 24 June 1998, the company's parent undertaking, The Dodge Group, Inc. was acquired by FlexiInternational Software Inc., which is now the ultimate parent company and controlling party. Copies of the group financial statements for FlexiInternational Software, Inc. are available from the following address:

Two Enterprise Drive  
Shelton, Connecticut  
06484  
USA

The company has taken advantage of the exemptions granted FRS 8, Related Party Disclosures, not to disclose transactions with other group companies.