

DataEase International Limited

Registered No. 2642975

DIRECTORS

S R Page (Chairman)
J R Franklin

SECRETARY

K R B (Secretaries) Limited

AUDITORS

Ernst & Young
Becket House
1 Lambeth Palace Road
London SE1 7EU

BANKERS

Barclays Bank PLC
155 Bishopsgate
London EC2M 3TQ

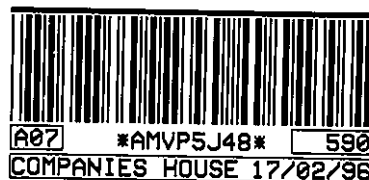
SOLICITORS

Kidd Rapinet
14/15 Craven Street
London WC2N 5PB

REGISTERED OFFICE

160 -162 Cranbrook Road
Ilford
Essex IG1 4PE

ERNST & YOUNG



DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 December 1994.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £191,000 (1993 – profit of £222,000). The directors do not recommend the payment of a dividend.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The group's principal activities during the year were the supply of packaged software and associated services to the business and professional sectors of the microcomputer market. With effect from 6 June 1994 the group's activities were expanded by the acquisition, as a going concern of the training operation Division of Sapphire U.K. Limited. This acquisition is summarised in note 22 to the accounts. Please refer to the post balance sheet events review which affects this acquisition.

POST BALANCE SHEET EVENT

The group liquidated its only trading subsidiary, Maxim Solutions Limited on 18 July 1995.

FIXED ASSETS

Fixed asset movements during the year are summarised in note 9 to the accounts.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year were as follows:

S R Page

J R Franklin (appointed 30 November 1994)

D J Gersuk (resigned 30 November 1994)

According to the register kept by the company pursuant to section 325 of the Companies Act 1985, the directors at 31 December 1994 and their families:

(a) Had the following interests in shares of DataEase Sapphire International Inc.

	<i>At 31 December 1994</i>	<i>At 31 December 1993</i>
Shares:		
S R Page	2,027,584	2,027,584
J R Franklin	7,567	7,567
Options to purchase shares under the terms of the DataEase International Inc. (DII) share option plan:		

	<i>At 31 December 1994</i>	<i>At 31 December 1993</i>
S R Page	—	—
J R Franklin	—	—

DIRECTORS' REPORT

DIRECTORS AND THEIR INTERESTS (continued)

Options to purchase shares under the terms of the DataEase Sapphire International Inc. share option plan:

	<i>At 31 December 1994</i>	<i>At 31 December 1993</i>
S R Page	1,263,453	733,453
J R Franklin	86,618	81,618

(b) Were granted, exercised or cancelled during the year, options for the following shares of DataEase Sapphire International Inc.:

	<i>Shares under the terms of the</i>					
	<i>DII Plan</i>			<i>DSI Plan</i>		
	<i>Cancelled</i>	<i>Granted</i>	<i>Exercised</i>	<i>Cancelled</i>	<i>Granted</i>	<i>Exercised</i>
S R Page	—	—	—	(100,000)	630,000	—
J R Franklin	—	—	—	(35,000)	40,000	—

Except as shown above, no director at 31 December 1994 held at that date (or when appointed) any interest in, or during the year was granted or exercised a right to subscribe for, the shares or debentures of this company or of DataEase Sapphire International Inc. or its subsidiaries

CHARITABLE CONTRIBUTIONS

During the year, the company made various charitable contributions totalling £1,500 (1993 – £2,730).

AUDITORS

A resolution to reappoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

By order of the board



P R Wild on behalf of K R B (Secretaries) Limited
Secretary

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE
ACCOUNTS

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the group 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 accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE AUDITORS

to the members of DataEase International Limited

We have audited the accounts on pages 7 to 23 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 11 and 12.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are 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 group'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.

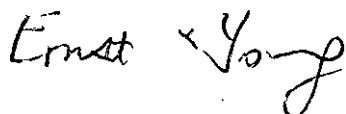
Going concern

In forming our opinion, we have considered the adequacy of the disclosures made in note 1 of the accounts concerning the renegotiation of banking facilities and the fact that the group has made operating losses. In view of the significance of the fact that the preparation of the accounts on the going concern basis assumes the continued availability of banking facilities and the return to profitability, we consider that these disclosures should be brought to your attention. Our opinion is not qualified in this respect.

REPORT OF THE AUDITORS
to the members of DataEase International Limited (continued)

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group as at 31 December 1994 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Chartered Accountants
Registered Auditor
London

10/11/95

DataEase International Limited

GROUP PROFIT AND LOSS ACCOUNT

for the year ended 31 December 1994

	Notes	1994 £000	1993 £000
TURNOVER	2		
Continuing operations:			
ongoing		6,616	8,036
acquisitions		250	—
		<u>6,866</u>	<u>8,036</u>
Cost of sales		<u>4,358</u>	<u>5,273</u>
Gross profit		<u>2,508</u>	<u>2,763</u>
Distribution costs		1,063	955
Administrative costs		1,582	1,450
		<u>2,645</u>	<u>2,405</u>
OPERATING (LOSS)/PROFIT	3	<u>(137)</u>	<u>358</u>
Continuing operations:			
ongoing		113	358
acquisitions		(250)	—
		<u>(137)</u>	<u>358</u>
Interest receivable		2	1
Interest payable	6	(28)	(53)
		<u>(26)</u>	<u>(52)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(163)</u>	<u>306</u>
Tax on (loss)/profit on ordinary activities	7	28	84
(LOSS)/PROFIT RETAINED FOR THE FINANCIAL YEAR		<u><u>(191)</u></u>	<u><u>222</u></u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the loss attributable to shareholders of the company of £191,000 in the year ended 31 December 1994 and profit of £222,000 in the year ended 31 December 1993.

DataEase International Limited

GROUP BALANCE SHEET

at 31 December 1994

	Notes	1994 £000	1993 £000
FIXED ASSETS			
Tangible assets	9	298	396
CURRENT ASSETS			
Stocks		19	27
Debtors	11	2,579	5,326
Cash at bank and in hand		10	—
		2,608	5,353
CREDITORS: amounts falling due within one year	13	1,553	4,150
NET CURRENT ASSETS		1,055	1,203
TOTAL ASSETS LESS CURRENT LIABILITIES		1,353	1,599
CREDITORS: amounts falling due after more than one year			
Loans	15	—	60
Obligations under finance leases and hire purchase contracts	14	24	19
		24	79
		1,329	1,520
CAPITAL AND RESERVES			
Called up share capital	17	137	137
Share premium account	21	241	241
Profit and loss account	21	951	1,142
		1,329	1,520



Director

DataEase International Limited

BALANCE SHEET

at 31 December 1994

	Notes	1994 £000	1993 £000
FIXED ASSETS			
Tangible assets	9	244	396
Investments	10	—	—
		<u>244</u>	<u>396</u>
CURRENT ASSETS			
Stocks		15	27
Debtors	11	2,472	5,326
Cash at bank and in hand		1	—
		<u>2,488</u>	<u>5,353</u>
CREDITORS: amounts falling due within one year	13	<u>1,212</u>	<u>4,150</u>
NET CURRENT ASSETS		<u>1,276</u>	<u>1,203</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,520</u>	<u>1,599</u>
CREDITORS: amounts falling due after more than one year			
Loans	15	—	60
Obligations under finance leases and hire purchase contracts	14	—	19
		<u>—</u>	<u>79</u>
		<u>1,520</u>	<u>1,520</u>
CAPITAL AND RESERVES			
Called up share capital	17	137	137
Share premium account	21	241	241
Profit and loss account	21	1,142	1,142
		<u>1,520</u>	<u>1,520</u>



Director

DataEase International Limited

GROUP STATEMENT OF CASH FLOWS

for the year ended 31 December 1994

	Notes	1994 £000	1993 £000
NET CASH INFLOW FROM OPERATING ACTIVITIES	3(b)	567	573
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		2	1
Interest paid		(15)	(25)
Interest element of finance lease rental payments		(17)	(23)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(30)	(47)
TAXATION			
Corporation tax paid		(140)	(513)
TAX PAID		(140)	(513)
INVESTING ACTIVITIES			
Repayment of intercompany loans		9	270
Payments to acquire tangible fixed assets		(61)	(122)
Payments to acquire goodwill		-	(10)
Receipts from sales of tangible fixed assets		1	53
NET CASH (OUTFLOW)/INFLOW FROM INVESTING ACTIVITIES		(51)	191
NET CASH INFLOW BEFORE FINANCING		346	204
FINANCING			
Repayments of capital element of finance lease rentals	14	114	153
NET CASH INFLOW FROM FINANCING		114	153
INCREASE IN CASH AND CASH EQUIVALENTS	12	232	51
		346	204

NOTES TO THE ACCOUNTS

at 31 December 1994

1. ACCOUNTING POLICIES

Fundamental accounting concept

The company has recently renegotiated its bank facilities, which are to be reviewed on a quarterly basis. Maintenance of these facilities is dependent on future trading, the level of which is uncertain.

In addition, the parent undertaking is currently not in a position to repay the outstanding balance of £1,571,000 at 31 December 1994. Recoverability of this balance is dependent on future US trading, the level of which is uncertain.

Although the banking facilities are being reviewed quarterly and the fact that the return to profitability is uncertain, the directors are confident that the company will be able to meet its obligations and believe that it is appropriate for the accounts to be prepared on a going concern basis.

Accounting convention

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards. The most significant accounting policies are described below.

Equipment and leasehold improvements

Equipment and leasehold improvements are stated at cost net of accumulated depreciation and amortisation. Depreciation and amortisation is computed on the straight-line method at rates intended to amortise the related assets over their estimated useful lives as follows:

Leasehold improvements	-	4 years
Furniture, fixtures and fittings	-	4 years
Motor vehicles	-	4 years
Computer equipment	-	3 years

Revenue recognition

Revenue is generally recognised at the time of shipment, net of provision for estimated future returns. The estimated costs for support during the warranty period are included in cost of revenues. Revenue from maintenance contracts is recognised over the life of the contract.

Stock

Stock, consisting primarily of diskettes and manuals, is valued at the lower of cost and net realisable value. Cost is determined on the first-in, first-out method.

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

Foreign currencies

Transactions in foreign currencies are recorded at the rates of exchange prevailing at the time of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

NOTES TO THE ACCOUNTS

at 31 December 1994

1. ACCOUNTING POLICIES (continued)

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

Pensions

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Goodwill

Depending on the circumstances of each acquisition, purchased goodwill is either set off directly against reserves or amortised through the profit and loss account over the directors' estimate of its useful life.

2. TURNOVER AND SEGMENTAL ANALYSIS

Turnover represents the amounts derived from the provision of goods and services which fall within the company's ordinary activities, stated net of value added tax and earned predominantly in the United Kingdom.

The company operates in two principal areas of activity, that of the provision of computer software goods and related training services, and the provision of consultancy services.

Turnover, company profit on ordinary activities before tax and net assets can be analysed as follows:

	1994 £000	1993 £000
TURNOVER		
Computer software goods and related training services	6,052	7,688
Consultancy services	814	348
	<u>6,866</u>	<u>8,036</u>
(LOSS)/PROFIT BEFORE TAX		
Computer software goods and related training services	(259)	311
Consultancy services	96	(5)
	<u>(163)</u>	<u>306</u>

DataEase International Limited

NOTES TO THE ACCOUNTS

at 31 December 1994

3. OPERATING (LOSS)/PROFIT

(a) This is stated after charging/(crediting):

	1994	1993
	£000	£000
Auditors' remuneration:		
Audit services	17	20
Non-audit services	10	30
Depreciation of owned fixed assets	155	158
Depreciation of assets held under finance leases and hire purchase contracts	71	79
Foreign currency	99	(5)
Operating lease rentals – motor vehicles	199	184
– land and buildings	187	106

(b) Reconciliation of operating (loss)/profit to net cash inflow from operating activities:

	1994	1993
	£000	£000
Operating (loss)/profit	(137)	358
Depreciation	226	237
Deferred revenue	(30)	71
Write off of inter-company loans	–	48
Profit/(loss) on disposal of fixed assets	(1)	14
Exchange loss/(gain)	99	(5)
Decrease in debtors	254	172
Increase in loan	–	25
Decrease in stocks	8	12
Increase/(decrease) in creditors	148	(359)
Net cash inflow from operating activities	567	573

4. DIRECTORS' EMOLUMENTS

	1994	1993
	£000	£000
Fees	–	–
Other emoluments (including pension contributions)	323	222
	323	222

NOTES TO THE ACCOUNTS

at 31 December 1994

5. STAFF COSTS

	1994	1993
	£000	£000
Wages and salaries	2,514	2,241
Social security costs	250	233
Other pension costs	91	79
Private health insurance	22	19
	<u>2,877</u>	<u>2,572</u>

The average weekly number of employees during the year was as follows:

	1994	1993
	No.	No.
Sales and marketing	32	38
Support, training, consultancy	54	38
Finance, administration and management	28	27
	<u>114</u>	<u>103</u>

6. INTEREST PAYABLE

	1994	1993
	£000	£000
Bank loans and overdrafts repayable within five years	11	22
Finance charges payable under finance leases and hire purchase contracts	17	23
Other interest payable	—	8
	<u>28</u>	<u>53</u>

7. (LOSS)/PROFIT ATTRIBUTABLE TO THE PARENT COMPANY

The loss dealt with in the accounts of the parent company was £nil (1993 – £222,000 profit). Advantage has been taken of the exemptions included in section 230 CA 1985 and a profit and loss account for the company has not been produced.

8. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

	1994	1993
	£000	£000
Based on the (loss)/profit for the year:		
Corporation tax at 33%	<u>28</u>	<u>84</u>

NOTES TO THE ACCOUNTS

at 31 December 1994

9. TANGIBLE FIXED ASSETS

Group

	<i>Leasehold improvements £000</i>	<i>Furniture & fittings £000</i>	<i>Computer equipment £000</i>	<i>Motor vehicles £000</i>	<i>Total £000</i>
Cost or valuation:					
At 1 January 1994	73	50	459	147	729
Additions	18	4	115	—	137
Disposals	—	—	(52)	(34)	(86)
At 31 December 1994	91	54	522	113	780
Depreciation:					
At 1 January 1994	3	30	237	63	333
Provided during the year	23	10	159	35	227
Disposals	—	—	52	26	78
At 31 December 1994	26	40	344	72	482
Net book value:					
At 31 December 1994	65	14	178	41	298
At 1 January 1994	70	20	222	84	396

The net book value of motor vehicles and computer equipment include amounts of £12,000 (1993 – £59,000) and £90,000 (1993 – £90,000) respectively, in respect of assets held under finance leases and hire purchase contracts. £8,000 (1993 – £25,000) is included in the motor vehicle depreciation charge and £11,000 (1993 – £54,000) in the computer equipment depreciation charge for the year in respect of these assets.

NOTES TO THE ACCOUNTS
at 31 December 1994

9. TANGIBLE FIXED ASSETS (continued)

<i>Company</i>	<i>Leasehold improvements £000</i>	<i>Furniture & fittings £000</i>	<i>Computer equipment £000</i>	<i>Motor vehicles £000</i>	<i>Total £000</i>
Cost or valuation:					
At 1 January 1994	73	50	459	147	729
Additions	8	1	62	—	71
Disposals	—	—	(52)	(34)	(86)
At 31 December 1994	<u>81</u>	<u>51</u>	<u>469</u>	<u>113</u>	<u>714</u>
Depreciation:					
At 1 January 1994	3	30	237	63	333
Provided during the year	20	9	151	35	215
Disposals	—	—	(52)	(26)	(78)
At 31 December 1994	<u>23</u>	<u>39</u>	<u>336</u>	<u>72</u>	<u>470</u>
Net book value:					
At 31 December 1994	<u>58</u>	<u>12</u>	<u>133</u>	<u>41</u>	<u>244</u>
At 1 January 1994	<u>70</u>	<u>20</u>	<u>222</u>	<u>84</u>	<u>396</u>

The net book value of motor vehicles and computer equipment include amounts of £12,000 (1993 – £59,000) and £45,000 (1993 – £90,000) respectively, in respect of assets held under finance leases and hire purchase contracts. £8,000 (1993 – £25,000) is included in the motor vehicle depreciation charge and £60,000 (1993 – £54,000) in the computer equipment depreciation charge for the year in respect of these assets.

10. INVESTMENTS IN GROUP UNDERTAKING

<i>Company</i>	<i>1994 £</i>	<i>1993 £</i>
Cost:		
At 1 January 1994	100	100
Additions	—	—
At 31 December 1994	<u>100</u>	<u>100</u>

DataEase International Limited

NOTES TO THE ACCOUNTS

at 31 December 1994

10. INVESTMENTS IN GROUP UNDERTAKING (continued)

Details of the investments in which the company holds more than 10% of the nominal value of any class of share capital are as follows:

<i>Name of the company</i>	<i>Country of registration</i>	<i>Holding</i>	<i>Proportion held at 31 December 1994</i>	<i>Nature of business</i>
Maxim Solutions Limited	England	Ordinary shares	100%	The provision of software training services

The aggregate amount of capital and reserves of Maxim Solutions Limited included in the consolidated accounts are net liabilities of £185,000.

This subsidiary was liquidated on 18 July 1995.

11. DEBTORS

	<i>1994</i>	<i>Group</i>	<i>1994</i>	<i>Company</i>
	<i>£000</i>	<i>1993</i>	<i>1994</i>	<i>1993</i>
		<i>£000</i>	<i>£000</i>	<i>£000</i>
Trade debtors	829	1,035	772	1,035
Amounts owed by parent undertaking	1,571	515	1,571	515
Amounts owed by fellow subsidiary undertakings	33	3,590	33	3,590
Amounts owed by subsidiary undertakings	—	—	—	—
Prepayments	91	130	83	130
Other debtors	55	56	13	56
	<u>2,579</u>	<u>5,326</u>	<u>2,472</u>	<u>5,326</u>

12. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET AND CHANGES IN THE YEAR

	<i>1994</i>	<i>1993</i>
	<i>£000</i>	<i>£000</i>
At 1 January 1994	(531)	(582)
Net cash inflow for the year	232	51
At 31 December 1994	<u>(299)</u>	<u>(531)</u>
Cash at bank and in hand	10	—
Bank overdrafts	(309)	(531)
	<u>(299)</u>	<u>(531)</u>

DataEase International Limited

NOTES TO THE ACCOUNTS

at 31 December 1994

13. CREDITORS: amounts falling due within one year

	<i>Group</i>		<i>Company</i>	
	<i>1994</i>	<i>1993</i>	<i>1994</i>	<i>1993</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Bank overdraft	309	531	309	531
Current instalment on loan (note 15)	—	30	—	30
Obligations under finance leases and hire purchase contracts (note 14)	50	94	28	94
Trade creditors	220	276	173	276
Current corporation tax	139	251	139	251
Deferred revenue	173	203	144	203
Amounts due to parent undertaking	119	—	—	—
Amount due to fellow subsidiary undertakings	63	2,485	63	2,485
Other taxes and social security costs	278	108	258	108
Accruals	202	172	98	172
	<u>1,553</u>	<u>4,150</u>	<u>1,212</u>	<u>4,150</u>

Included within other taxes and social security costs is £nil (1993 – £nil) relating to outstanding contributions payable to the pension scheme.

The bank overdraft is secured by a charge over the company's trade debtors and an unlimited guarantee from DataEase Sapphire International Inc.

14. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

The maturity of these amounts is as follows:

	<i>Group</i>		<i>Company</i>	
	<i>1994</i>	<i>1993</i>	<i>1994</i>	<i>1993</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Amounts payable:				
Within one year	56	109	32	109
Within two to five years	28	22	1	22
	<u>84</u>	<u>131</u>	<u>33</u>	<u>131</u>
Less: finance charges allocated to future periods	10	18	5	18
	<u>74</u>	<u>113</u>	<u>28</u>	<u>113</u>

DataEase International Limited

NOTES TO THE ACCOUNTS

at 31 December 1994

14. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS (continued)

This is analysed as follows:

	<i>1994</i>	<i>Group 1993</i>	<i>1994</i>	<i>Company 1993</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Due within one year	50	94	28	94
Due after more than one year	24	19	—	19
	<u>74</u>	<u>113</u>	<u>28</u>	<u>113</u>

Analysis of changes in finance leases during the year:

	<i>1994</i>	<i>Group 1993</i>	<i>1994</i>	<i>Company 1993</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
At 1 January 1994	113	244	113	244
Inception of finance lease contracts	75	22	15	22
Capital element of finance lease rental payments	(114)	(153)	(100)	(153)
At 31 December 1994	<u>74</u>	<u>113</u>	<u>28</u>	<u>113</u>

15. LOANS

Group and company

	<i>1994 £000</i>	<i>1993 £000</i>
Wholly repayable within five years:		
Unsecured interest free loan	—	90
	<u>—</u>	<u>90</u>
Amounts repayable by instalments:		
within five years	—	90
after five years	—	—
	<u>—</u>	<u>90</u>
Included in creditors: amounts falling due within one year	—	30
	<u>—</u>	<u>60</u>

DataEase International Limited

NOTES TO THE ACCOUNTS

at 31 December 1994

15. LOANS (continued)

Analysis of changes in loan financing during the current and previous years:

	1994 £000	1993 £000
At 1 January	90	-
Liability arising on acquisition of Consultancy Division	-	100
Repaid during the year	(90)	(10)
At 31 December	<u>-</u>	<u>90</u>

16. DEFERRED TAXATION

Deferred taxation provided in the accounts and the amounts not provided are as follows:

	Provided 1994 £000	Not provided 1994 £000	Provided 1993 £000	Not provided 1993 £000
Depreciation in advance of capital allowances	-	(33)	-	(19)
Short term	-	(10)	-	(26)
Deferred tax asset	-	(43)	-	(45)

17. SHARE CAPITAL

	Authorised	
	1994 £000	1993 £000
£1 ordinary	<u>250</u>	<u>250</u>
	Allotted, called up and fully paid	
	1994 No.	1993 No.
	1994 £000	1993 £000
£1 ordinary	<u>137,000</u>	<u>137,000</u>

18. PENSION COMMITMENTS

The company operates a defined contribution pension scheme for its directors and employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

19. CONTINGENT LIABILITIES

The company has guaranteed the finance lease and certain operating lease obligations of its subsidiary undertaking, Maxim Solutions Limited. The outstanding obligation in respect of these leases at 31 December 1994 was £64,000.

NOTES TO THE ACCOUNTS

at 31 December 1994

20. OTHER FINANCIAL COMMITMENTS

At 31 December 1994 the company had annual commitments under non-cancellable operating leases as set out below:

Group

	<i>Land and buildings 1994 £000</i>	<i>Other 1994 £000</i>	<i>Land and buildings 1993 £000</i>	<i>Other 1993 £000</i>
Operating leases which expire:				
within one year	—	69	—	33
within two to five years	90	67	—	122
in over five years	180	—	169	—
	<u>270</u>	<u>136</u>	<u>169</u>	<u>155</u>

Company

	<i>Land and buildings 1994 £000</i>	<i>Other 1994 £000</i>	<i>Land and buildings 1993 £000</i>	<i>Other 1993 £000</i>
Operating leases which expire:				
within one year	—	69	—	23
Within two to five years	—	67	—	122
In over five years	169	—	169	—
	<u>169</u>	<u>136</u>	<u>169</u>	<u>145</u>

21. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

Group

	<i>Share capital £000</i>	<i>Share premium account £000</i>	<i>Profit and loss account £000</i>	<i>Total £000</i>
At 1 January 1993	137	241	935	1,313
Profit for the year	—	—	222	222
Goodwill on acquisition	—	—	(15)	(15)
At 1 January 1994	137	241	1,142	1,520
Loss for the year	—	—	(191)	(191)
At 31 December 1994	<u>137</u>	<u>241</u>	<u>951</u>	<u>1,329</u>

NOTES TO THE ACCOUNTS

at 31 December 1994

21. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES (continued)

Company

	<i>Share capital £000</i>	<i>Share premium account £000</i>	<i>Profit and loss account £000</i>	<i>Total £000</i>
At 1 January 1993	137	241	935	1,313
Profit for the year	-	-	222	222
Goodwill on acquisition	-	-	(15)	(15)
At 1 January 1994	137	241	1,142	1,520
Profit for the year	-	-	-	-
At 31 December 1994	137	241	1,142	1,520

22. ACQUISITION OF ASSETS AND LIABILITIES CONSTITUTING A BUSINESS

With effect from 6 June 1994 the group acquired the Training Division of Sapphire U.K. Limited for a negative consideration of £90,000. In accounting for this business combination the acquisition method of accounting has been adopted.

Analysis of the acquisition of the training division.

	<i>Book value £000</i>	<i>Revaluation adjustment £000</i>	<i>Fair value to company £000</i>
Tangible fixed assets:			
Leasehold improvements	31	(21)	10
Computer equipment	50	(30)	20
Furniture and fittings	22	(19)	3
	103	(70)	33
Liabilities:			
Finance lease obligations	(33)	-	(33)
Uneconomic real estate obligation	-	(90)	(90)
	70	(160)	(90)
Goodwill arising on acquisition			-
			(90)

Discharged by:

Sapphire UK Limited released the group from £90,000 of loans payable as compensation for the liabilities acquired.

NOTES TO THE ACCOUNTS

at 31 December 1994

23. ULTIMATE PARENT UNDERTAKING

The directors regard DataEase Sapphire International Inc., a company registered in the State of Delaware, United States of America, as the company's ultimate parent undertaking as at 31 December 1994. The Group accounts of DataEase Sapphire International Inc. are the only Group accounts prepared of which the company is a member.