

CAC

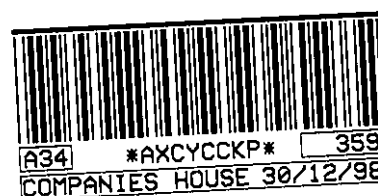
SEQUEL BUSINESS SOLUTIONS LIMITED

Company No. 2745421

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST MARCH 1998



Sequel Business Solutions Limited

Company Information

Directors

D.K. Smith
T.D. O'Connor
M.G. Ralph

Secretary

T.D. O'Connor

Business Address

100 Fenchurch Street
London
EC3M 5JB

Bankers

Lloyds Bank plc
72 Fenchurch Street
London
EC3P 3EH

Auditors

Kingston Smith
Devonshire House
60 Goswell Road
London
EC1M 7AD

Sequel Business Solutions Limited

Report of the Directors

The directors have pleasure in presenting their report and financial statements for the year ended 31st March 1998.

Principal activity and business review

The principal activity of the company throughout the year was that of insurance software consultancy.

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

Results and dividend

The results of the company for the year are set out on page 3.

Dividends totalling £150,000 were paid during the year. The directors do not recommend the payment of a final dividend.

Directors and their interests


The directors who served the company throughout the year together with their interests (including family interests) in the shares of the company, at the beginning and end of the year, were as follows:

	Ordinary shares of £1 each	
	31st March 1998	1st April 1997
D.K. Smith	51	51
T.D. O'Connor	49	49
M.G. Ralph	12	12

Auditors

Kingston Smith have indicated their willingness to continue in office and in accordance with the provisions of the Companies Act it is proposed that they be re-appointed auditors to the company for the ensuing year.

By Order of the Board


T.D. O'Connor
Secretary

100 Fenchurch Street
London
EC3M 5JB

Date: 23/2/98

Sequel Business Solutions Limited

Directors' Responsibilities and Report of the Auditors

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; and prepare the financial statements on a going concern basis unless it is inappropriate to assume 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 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.

Auditors' Report to the Members of Sequel Business Solutions Limited

We have audited the financial statements on pages 3 to 8 which have been prepared under the historical cost convention and the accounting policies set out on page 5.

Respective responsibilities of directors and auditors

As described above, the company's directors are responsible for the preparation of the 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.

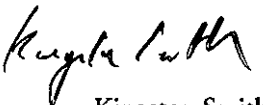
Basis of Opinion

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 31st March 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Kingston Smith
Chartered Accountants
and Registered Auditors

Devonshire House
60 Goswell Road
London
EC1M 7AD

Date: 23rd December 1998.

Sequel Business Solutions Limited
Profit and Loss Account
For the year ended 31st March 1998

	Note	1998 £	1997 £
Turnover	2	1,875,516	1,407,571
Administrative expenses		(1,544,620)	(1,173,267)
Operating profit	3	330,896	234,304
Interest receivable and similar income	5	18,591	16,497
Profit on ordinary activities before taxation		349,487	250,801
Taxation	6	(84,982)	(65,911)
Profit on ordinary activities after taxation		264,505	184,890
Dividends on equity shares	7	(150,000)	(150,000)
Retained profit transferred to reserves	8	114,505	34,890

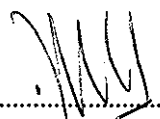
There are no recognised gains or losses in the year other than the profit for the year.

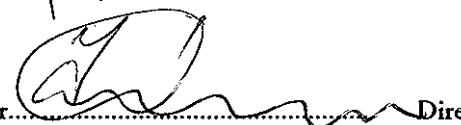
Sequel Business Solutions Limited

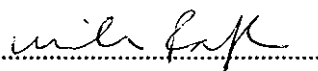
Balance Sheet at 31st March 1998

	Note	£	1998	£	1997	£
Fixed Assets						
Tangible assets	9			95,398		57,355
Current Assets						
Debtors	10	115,729			76,978	
Cash at bank and in hand		468,158			349,150	
		<u>583,887</u>			<u>426,128</u>	
Creditors: Amounts falling due within one year	11	<u>(329,522)</u>			<u>(248,225)</u>	
Net Current Assets				254,365		177,903
Total Assets Less Current Liabilities				<u>349,763</u>		<u>235,258</u>
Capital and Reserves						
Called up share capital - equity interests	8			130		130
Profit and loss account	8			349,633		235,128
Shareholders' Funds	8			<u>349,763</u>		<u>235,258</u>

Approved by the board on 23/12/98

D.K. Smith  Director

T.D. O'Connor  Director

M.G. Ralph  Director

Sequel Business Solutions Limited

Notes to the Financial Statements

For the year ended 31st March 1998

1 Principal Accounting Policies

Accounting basis and standards

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Turnover

Turnover represents the invoiced value of goods sold and services provided net of value added tax.

Depreciation

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

Computer equipment	33 1/3% reducing balance
Office equipment	25% reducing balance
Furniture and fittings	25% reducing balance

Deferred taxation

Deferred tax is accounted for under the liability method in respect of the taxation effects of all timing differences which are expected to reverse in the future, calculated at the rate at which it is estimated that tax will be payable.

2 Turnover

Turnover is attributable to the one principal activity of the company which arose wholly in the United Kingdom.

3 Operating Profit

1998	1997
£	£

The operating profit is stated after charging:

Auditors' remuneration	2,000	2,000
Depreciation - owned tangible fixed assets	44,905	27,130
	<u>46,905</u>	<u>29,130</u>

Sequel Business Solutions Limited
Notes to the Financial Statements
For the year ended 31st March 1998

4	Directors and Employees	1998 £	1997 £
	Staff costs during the year were as follows:		
	Wages and salaries	1,016,484	709,942
	Social security costs	101,752	72,345
	Other pension costs	30,000	30,000
		1,148,236	812,287

The average weekly number of persons employed by the company, including directors, during the year was as follows:

	Number	Number
Client services	25	17

Directors' Emoluments:

Emoluments (including pension contributions)	214,479	213,328
Company contributions to money purchase pension schemes	30,000	30,000
	244,479	243,328

The division of directors' emoluments, excluding pension contributions, is as follows:-

Highest paid director	74,479	73,328
-----------------------	--------	--------

The other directors fall within the following ranges:

	Number	Number
£65,001-£70,000	2	2

5	Interest Receivable and Similar Income	1998 £	1997 £
	Bank interest received	18,591	16,497

6	Taxation	1998 £	1997 £
	U.K. Corporation tax at the rate of 23.2% (1997 - 25%)	84,982	65,911

7	Dividends	1998 £	1997 £
	Interim dividends paid	150,000	150,000

Sequel Business Solutions Limited
Notes to the Financial Statements
For the year ended 31st March 1998

8 Shareholders' Funds

1998	Profit and Loss Account £	Share Capital £	Total £
At 1st April 1997	235,128	130	235,258
Profit for the year	114,505	-	114,505
At 31st March 1998	349,633	130	349,763

The share capital comprises:

Authorised:			
10,000 Ordinary shares of £1 each		10,000	10,000
Called up, allotted and fully paid:			
130 Ordinary shares of £1 each		130	130

The movements in shareholders' funds in the previous year are set out below:

1997	Profit and Loss Account £	Share Capital £	Total £
At 1st April 1996	200,238	130	200,368
Profit for the year	34,890	-	34,890
At 31st March 1997	235,128	130	235,258

9 Tangible Assets

	Furniture and Fittings £	Office Equipment £	Computer Equipment £	Total £
Cost				
At 1st April 1997	7,505	12,874	122,033	142,412
Additions	3,600	9,463	69,886	82,949
At 31st March 1998	11,105	22,337	191,919	225,361
Depreciation				
At 1st April 1997	4,729	6,357	73,972	85,058
Charge for the year	1,594	3,995	39,316	44,905
At 31st March 1998	6,323	10,352	113,288	129,963
Net Book Value				
At 31st March 1998	4,782	11,985	78,631	95,398
At 31st March 1997	2,776	6,517	48,061	57,354

Sequel Business Solutions Limited
Notes to the Financial Statements
For the year ended 31st March 1998

10	Debtors	1998	1997
		£	£
	Trade debtors	96,923	63,735
	Other debtors	1,056	2,628
	Prepayments and accrued income	17,750	10,615
		<u>115,729</u>	<u>76,978</u>

11	Creditors: Amounts Falling Due Within One Year	1998	1997
		£	£
	Trade creditors	14,669	18,961
	Corporation tax	84,982	65,911
	Social security and other taxes	141,902	124,738
	Accruals and deferred income	87,969	38,615
		<u>329,522</u>	<u>248,225</u>

12 Provisions for Liabilities and Charges
a) Deferred taxation

Provision for deferred taxation has been made in these financial statements in accordance with the accounting policy described in Note 1. The amounts provided and the full potential liability are as follows:

	1998 Amount provided £	1998 Potential liability £	1997 Amount provided £	1997 Potential (asset) £
Accelerated capital allowances	-	312	-	(2,632)

13 Future Financial Commitments
(a) Operating leases

At 31st March 1998 the company had annual commitments under operating leases as set out below:

	1998 Land and buildings £	1997 Land and buildings £
Operating leases which expire: in the second to fifth year	<u>36,518</u>	<u>28,950</u>

14 Controlling Party

The directors effectively control the company by virtue of their shareholdings.