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International



CHEMWARE SYSTEMS LIMITED

Abbreviated accounts

29 February 1996

**Deloitte & Touche
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Chartered Accountants

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AUDITORS' REPORT TO THE DIRECTORS OF CHEMWARE SYSTEMS LIMITED PURSUANT TO PARAGRAPH 24 OF SCHEDULE 8 TO THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 3 to 6 together with the financial statements of Chemware Systems Limited prepared under section 226 of the Companies Act 1985 for the 8 months ended 29 February 1996.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with Schedule 8 to the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to the exemptions claimed in the directors' statement on page 3 and whether the abbreviated accounts have been properly prepared in accordance with that Schedule.

Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the audited financial statements, that the company is entitled to the exemptions and that the abbreviated accounts have been properly prepared from those financial statements. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the company is entitled under section 246 and 247 of the Companies Act 1985 to the exemptions conferred by Section A of Part III of Schedule 8 to that Act, in respect of the 8 months ended 29 February 1996, and the abbreviated accounts on pages 3 to 6 have been properly prepared in accordance with that Schedule.

Other information

On 27 August 1996 we reported, as auditors of Chemware Systems Limited, to the members on the financial statements prepared under Section 226 of the Companies Act 1985 for the 8 months ended 29 February 1996, and our audit report was as follows:

"We have audited the financial statements on pages 5 to 12 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.

**AUDITORS' REPORT TO THE DIRECTORS OF CHEMWARE SYSTEMS LIMITED
PURSUANT TO PARAGRAPH 24 OF SCHEDULE 8 TO THE COMPANIES ACT 1985
(continued)**

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 29 February 1996 and of its loss for the 8 months then ended and have been properly prepared in accordance with the Companies Act 1985."

The statement of directors' responsibilities referred to in our audit report on the full financial statements, reproduced above, was as follows:

"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 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. 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."

Deloitte & Touche

Chartered Accountants and
Registered Auditors

27 August 1996


BALANCE SHEET
29 February 1996

	Note	29 February 1996 £	30 June 1995 £
FIXED ASSETS			
Tangible assets	2	30,092	23,242
CURRENT ASSETS			
Stocks		1,322	-
Debtors		28,109	20,757
Cash at bank and in hand		13,261	19,573
		42,692	40,330
CREDITORS: amounts falling due within one year	3	64,250	45,484
NET CURRENT LIABILITIES		(21,558)	(5,154)
TOTAL ASSETS LESS CURRENT LIABILITIES		8,534	18,088
CAPITAL AND RESERVES			
Called up share capital	4	2,000	2,000
Share premium account		11,520	11,520
Profit and loss account		(4,986)	4,568
TOTAL EQUITY SHAREHOLDERS' FUNDS		8,534	18,088

Advantage is taken of the exemptions conferred by Section A of Part III of Schedule 8 of the Companies Act 1985 with respect to the delivery of individual accounts. In the opinion of the directors, the company is entitled to those 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.

Signed on behalf of the Board of Directors

N.S. Wilkes

15 August 1996

NOTES TO THE BALANCE SHEET
29 February 1996

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 and income recognition

Turnover represents the invoiced amounts of goods and services sold and provided, net of value added tax. Support and maintenance income is invoiced annually in advance and is recognised as income over the period of the contract. Where elements of such annual maintenance contracts are subcontracted to external hardware specialists, then these costs are also spread over the period of the contract.

Tangible fixed assets

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

Computer equipment	33% per annum
Office furniture and equipment	33% per annum
Leasehold property improvements	Evenly over the term of the lease

Investments

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value. Those held as current assets are stated at the lower of cost and net realisable value.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Deferred taxation

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounts and taxation purposes, which are expected to reverse in the future, calculated at rates at which it is estimated that tax will arise.

Leases

Operating lease rentals are charged to income in equal annual amounts over the lease term.


**NOTES TO THE BALANCE SHEET
29 February 1996**
2 TANGIBLE FIXED ASSETS

	£
Cost	
At 1 July 1995	34,694
Additions in period	13,401
	<hr/>
At 29 February 1996	48,095
	<hr/>
Accumulated depreciation	
At 1 July 1995	11,452
Charge in period	6,551
	<hr/>
At 29 February 1996	18,003
	<hr/>
Net book value	
At 29 February 1996	30,092
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3 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	29 February 1996 £	30 June 1995 £
Creditors, amounts falling due within one year includes:		
Directors' current accounts	5,000	17,776
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4 CALLED UP SHARE CAPITAL

	29 February 1996 £	30 June 1995 £
Authorised		
10,000 ordinary shares of £1.00 each	10,000	10,000
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Called up, allotted and fully paid		
2,000 ordinary shares of £1.00 each	2,000	2,000
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**NOTES TO THE BALANCE SHEET**
29 February 1996**5 ULTIMATE PARENT COMPANY**

The ultimate parent company is Episys Limited, a company registered in England and Wales.

Copies of group accounts are available from Companies House, Crown Way, Maindy, Cardiff CF4 3UZ.