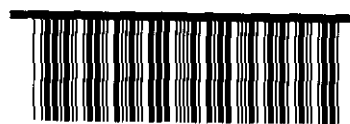


Computasoft Consulting Limited

**Directors' report and financial
statements**

Registered number 3091447

31 December 2000



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2000.

Principal activities and review of business developments

The company ceased trading in December 2000.

Proposed dividend and transfer to reserves

The loss transferred to reserves for the year is £738,084 (1999: loss of £109,523). The directors do not propose a dividend (1999: £Nil).

Political and charitable donations

The company made no political or charitable contributions during the year.

Directors and directors' interests

The directors who held office during the year are set out below.

S Hessel	(Chairman)
T Conrad-Angel	
R Farmer	(Secretary)

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the company were granted to any of the directors or their immediate families, or exercised by them, during the financial year except as follows:

Ordinary shares of 1p each

	31 December 2000	31 December 1999
T Conrad-Angel	1,000,000	1,000,000

Options to acquire ordinary shares

	Granted during year	At 31 December 2000	Exercise price	Date from which exercisable	Expiry date
T Conrad-Angel	-	500,000	1p	1/11/1999	31/10/2002

There is no performance criteria.

Directors' report *(continued)*

Employees

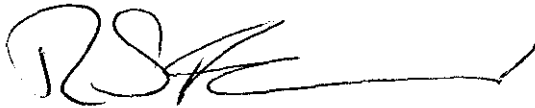
The company gives every consideration to applications for employment from disabled persons where the requirements of the job may be adequately covered by a handicapped or disabled person.

With regard to existing disabled employees and those who have become disabled during the year, the company has continued to examine ways and means of providing continuing employment under normal terms and conditions and to provide training and career development and promotion wherever appropriate.

Appointment of auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



R Farmer
Secretary

Aldwych House
81 Aldwych
London
WC2B 4HN

9 July 2001

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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



PO Box 695
8 Salisbury Square
London
EC4Y 8BB

Auditors' report to the members of Computasoft Consulting Limited

We have audited the financial statements on pages 5 to 13.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities as independent auditors, are established in the United Kingdom by statute, Auditing Practices Board and by 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 with the company is not disclosed.

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 affairs of the company as at 31 December 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG
Chartered Accountants
Registered Auditors

24 July 2001

Profit and loss account

for the year ended 31 December 2000

	Note	2000 (Discontinued operations) £	1999 (Discontinued operations) £
Turnover		171,819	1,547,180
Other operating income		54,250	3,591
Depreciation and other amounts written off tangible and intangible fixed assets	2	(12,088)	(29,099)
Staff costs	4	(540,936)	(900,065)
Other operating charges		(416,432)	(733,998)
Operating loss		(743,387)	(112,391)
Interest receivable and similar income		3,826	4,318
Interest payable and similar charges	5	(844)	(1,450)
Loss on ordinary activities before taxation	2	(740,405)	(109,523)
Tax on loss on ordinary activities	6	2,321	-
Retained loss for the financial year		(738,084)	(109,523)

The turnover and operating loss for the year arose from discontinued operations.

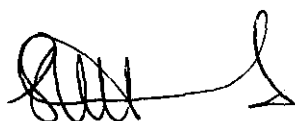
There are no recognised gains or losses in the year other than those passing through the profit and loss account.

Balance sheet

at 31 December 2000

	Note	2000 £	£	1999 £	£
Fixed assets					
Tangible assets	7		-		48,831
Current assets					
Debtors	8	1,790		439,890	
Cash at bank and in hand		87,420		39,232	
		<u>89,210</u>		<u>479,122</u>	
Creditors: amounts falling due within one year	9	(1,232,821)		(164,480)	
Net current (liabilities)/assets			(1,143,611)		314,642
Total assets less current liabilities			(1,143,611)		363,473
Creditors: amounts falling due after more than one year	10		-		(770,000)
Net liabilities			(1,143,611)		(406,527)
Capital and reserves					
Called up share capital	11	108,500		107,500	
Profit and loss account	12	(1,252,111)		(514,027)	
Equity shareholders' funds			(1,143,611)		(406,527)

These financial statements were approved by the board of directors on 9/7/01 and were signed on its behalf by:



S Hessel
 Director

Reconciliation of movements in shareholders' funds

for the year ended 31 December 2000

	2000 £	1999 £
Loss for the financial year	(759,824)	(109,523)
New share capital subscribed	1,000	7,500
	<hr/>	<hr/>
Net reduction in shareholders' funds	(758,824)	(102,023)
Opening shareholders' funds	(406,527)	(304,504)
	<hr/>	<hr/>
Closing shareholders' funds	(1,165,351)	(406,527)
	<hr/>	<hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements of the company.

Basis of preparation

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

Under FRS 1 (revised 1996) the company is exempt from the requirement to prepare a cash flow statement on the grounds of its size.

The accounts have been drawn up on the going concern basis. The directors believe this to be appropriate based on continued support from Computasoft Limited. The directors have received assurance from Computasoft Limited that it will, for the next financial year make available such financial support as is necessary to enable the company to meet its liabilities as they fall due.

Fixed assets and depreciation

Depreciation is provided by the company to write off the cost or valuation less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Computer equipment	-	3 years
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Computer software subscription income

Income received from software subscription contracts is included in the profit and loss account evenly over the period of the contracts.

Computer software development costs

Development costs of computer software packages for hire or resale are charged to the profit and loss account as incurred.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual asset or liability will crystallise.

Notes (continued)

2 Loss on ordinary activities before taxation

	2000 £	1999 £
<i>Loss on ordinary activities before taxation is stated after charging :</i>		
Auditors' remuneration:		
Audit	2,500	3,000
Depreciation and other amounts written off tangible fixed assets	12,088	29,099
Loss on disposal of tangible fixed assets	15,102	-
	<u> </u>	<u> </u>

3 Remuneration of directors

	2000 £	1999 £
Directors' emoluments	43,569	58,333
	<u> </u>	<u> </u>

	Number of directors	
	2000	1999
The number of directors who exercised share options was:	-	-
	<u> </u>	<u> </u>
The number of directors in respect of whose services shares were received or receivable under long term incentive schemes was:	-	-
	<u> </u>	<u> </u>

Notes *(continued)*

4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the period was 19 (1999: 14).

The aggregate payroll costs of these persons were as follows:

	2000 £	1999 £
Wages and salaries	491,760	811,705
Social security costs	49,176	88,360
	<u>540,936</u>	<u>900,065</u>

5 Interest payable and similar charges

	2000 £	1999 £
On bank loans and overdrafts	<u>844</u>	<u>1,450</u>

6 Taxation

	2000 £	1999 £
UK corporation tax at 30% (1999: 30.25%)	<u>2,321</u>	<u>-</u>

No provision has been made for deferred tax.

Notes (continued)

7 Tangible fixed assets

	Computer equipment £
<i>Cost</i>	
At beginning of year	178,514
Additions	31,121
Disposals	(209,635)
	<hr/>
At end of year	-
	<hr/>
<i>Depreciation and diminution in value</i>	
At beginning of year	129,683
Charge for year	12,088
Disposals	(141,771)
	<hr/>
At end of year	-
	<hr/>
<i>Net book value</i>	
At 31 December 2000	-
	<hr/>
At 31 December 1999	48,831
	<hr/>

8 Debtors

	2000 £	1999 £
Trade debtors	989	343,614
Amounts owed by group undertakings	-	-
Other debtors	606	5,970
Prepayments and accrued income	-	90,306
Provision for bad debts	195	-
	<hr/>	<hr/>
	1,790	439,890
	<hr/>	<hr/>

Notes (continued)

9 Creditors: amounts falling due within one year

	2000 £	1999 £
Trade creditors	-	35,926
Amounts owed to group undertakings	1,162,689	4,403
Corporation tax	-	2,321
Other taxation and social security	46,872	84,912
Accruals and deferred income	23,260	36,918
	<u>1,232,821</u>	<u>164,480</u>

10 Creditors: amounts falling due after more than one year

	2000 £	1999 £
Amounts owed to group undertakings	-	770,000
	<u>-</u>	<u>770,000</u>

The balance of £770,000 represents loans outstanding payable to the parent company, Computasoft Limited.

11 Called up share capital

	2000 £	1999 £
<i>Authorised</i>		
20,000,000 Ordinary shares of 1p each	200,000	200,000
	<u>200,000</u>	<u>200,000</u>
<i>Allotted, called up and fully paid</i>		
10,750,000 Ordinary shares of 1p each	108,500	107,500
	<u>108,500</u>	<u>107,500</u>

During the year the company issued 100,000 Ordinary 1p shares at nominal value, to employees who exercised their options under an employee share ownership scheme.

Notes (continued)

12 Reserves

	Profit and loss account £
At beginning of year	(514,027)
Retained loss for year	(738,084)
	<hr/>
At end of year	(1,252,111)
	<hr/>

13 Related party disclosures

Transactions with related parties were as follows:

	Related party	Amount £
<i>Balances at the period end</i>		
Amounts owed to group undertakings	Computasoft Limited	1,162,689

14 Parent company

The parent company is Computasoft Limited, which is registered in England and Wales. The group financial statements of Computasoft Limited may be obtained from Aldwych House, 81 Aldwych, London, WC2B 4HN.