

SOVEREIGN SOFTWARE SOLUTIONS LTD

ABBREVIATED ACCOUNTS

YEAR ENDED 31 JULY 1998

COMPANY REGISTERED NUMBER : 3199560



WHALLEY & CO
Registered Auditors
Chartered Accountants
Birmingham

REPORT OF THE AUDITORS TO THE DIRECTORS OF SOVEREIGN SOFTWARE SOLUTIONS LTD
PURSUANT TO PARAGRAPH 24 OF SCHEDULE 8 OF THE COMPANIES ACT 1985.

We have examined the abbreviated accounts on pages 3 to 5 together with the full financial statements of Sovereign Software Solutions Ltd for the year ended 31 July 1998. The scope of our work for the purposes of this report was limited to confirming that the company is entitled to the exemptions claimed in the Directors statement on page 3, and that the abbreviated accounts have been properly prepared from the full financial statements.

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 year ended 31 July 1998 and the abbreviated accounts on pages 3 to 5 have been properly prepared in accordance with that schedule.

On 14 October 1998 we reported as auditors of Sovereign Software Solutions Ltd., to the members on the full financial statements prepared under Section 226 of the Companies Act 1985 for the year ended 31 July 1998 and our report was as follows:-

AUDITORS REPORT TO THE SHAREHOLDERS OF:
SOVEREIGN SOFTWARE SOLUTIONS LTD

We have audited the financial statements on pages 4 to 10 which have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out on page 6.

Respective Responsibilities of Directors and Auditors

As described on page 2 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 - CONTINUED

Basis of Opinion

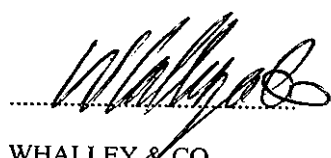
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements.

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 at 31 July 1998 and of its loss for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985, applicable to small companies.



WHALLEY & CO
Registered Auditors
Chartered Accountants
14 October 1998

29 Chester Road
Castle Bromwich
Birmingham
B36 9DA

SOVEREIGN SOFTWARE SOLUTIONS LTD

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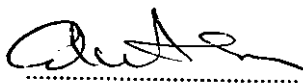
ABBREVIATED BALANCE SHEET - AS AT 31 JULY 1998

	Notes	1998 £	1997 £
FIXED ASSETS			
Tangible Assets	2	3,812	3,152
CURRENT ASSETS			
Stock		-	1,500
Debtors	3	11,383	6,218
Cash at Bank and in Hand		<u>2,747</u>	<u>6,373</u>
		<u>14,130</u>	<u>14,091</u>
 CREDITORS - Amounts Falling Due Within One Year	4	<u>20,279</u>	<u>22,291</u>
NET CURRENT LIABILITIES		<u>(6,149)</u>	<u>(8,200)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		(2,337)	(5,048)
 Creditors - Amounts Falling Due After More than One Year	4	<u>-</u>	<u>-</u>
CAPITAL AND RESERVES		<u>(£2,337)</u>	<u>(£5,048)</u>
Called Up Share Capital	5	996	996
Profit and Loss Account		<u>(3,333)</u>	<u>(6,044)</u>
		<u>(£2,337)</u>	<u>(£5,048)</u>

The directors have taken advantage of the exemptions conferred by Part III of Schedule 8 of the Companies Act 1985, and have done so on the grounds that, in their opinion, the company is entitled to those exemptions as a small company.

The directors have taken advantage of the special exemptions conferred by part 1 of Schedule 8 of the Companies Act 1985 and have done so on the grounds that in their opinion, the company is entitled to those exemptions as a small company.

Signed on behalf of the directors on 14 October 1998

 Director

The notes on pages 4 to 6 form an integral part of these documents.

NOTES TO THE ABBREVIATED ACCOUNTS - 31 JULY 1998

1 ACCOUNTING POLICIES

The principle accounting policies adopted in the preparation of the financial statements are set out below and have remained unchanged from the previous year, and also have been consistently applied within the same accounts.

(a) Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention.

The effect of events relating to the year ended cydatesmall which occurred before the date of approval of the financial statements by the Board of Directors, have been included in the statements to the extent required to show a true and fair view of the state of affairs at end of the results for the year ended on that date.

(b) Leasing

Tangible fixed assets acquired under finance leases or hire purchase contracts are capitalised and depreciated in the same manner as other tangible fixed assets. The related obligations, net of future finance charges, are included in creditors.

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

(c) Depreciation

Depreciation has been computed to write off the cost of tangible fixed assets over their expected useful lives using the following rates:

Office Equipment	-	25% per annum of cost
Plant and Machinery	-	25% per annum of cost
Fixtures and Fittings	-	25% per annum of cost

NOTES TO THE ABBREVIATED ACCOUNTS - 31 JULY 1998

2 TANGIBLE FIXED ASSETS

	Total £
Cost or Valuation:	
At 31 July 1997	4,202
Additions	<u>2,281</u>
At 31 July 1998	<u>6,483</u>
Depreciation:	
At 31 July 1997	1,050
Charge for the Year	<u>1,621</u>
At 31 July 1998	<u>2,671</u>
Net Book Value At:	
31 July 1998	<u>3,812</u>
31 July 1997	<u>3,152</u>

3 DEBTORS

The aggregate amount of debtors includes £Nil falling due after more than one year

4 CREDITORS

No liabilities were secured

Included in creditors are Directors Loans Accounts of £9,147 which have been subordinated to the claims of all other creditors.

5 CALLED UP SHARE CAPITAL

	1998 £	1997 £
Authorised	996	996
Allotted, Called Up and Fully Paid	996	996