

EZE CASTLE SOFTWARE LIMITED

Annual report for the year ended 31 December 2003

Registered company number: 4077774



EZE CASTLE SOFTWARE LIMITED

Annual report for the period ended 31 December 2003

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EZE CASTLE SOFTWARE LIMITED

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Director and advisers

Director

Sean McLaughlin

Secretary

TJG Secretaries

Registered office

Carmelite
50 Victoria Embankment
London
EC4Y 0DX

Solicitors

Taylor Joyson Garrett
Carmelite
50 Victoria Embankment
London
EC4Y 0DX

Registered Auditors

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Bank

Barclays Bank plc
London Corporate Banking
54 Lombard Street
London
EC3P 3AH

**Director's report
for the year ended 31 December 2003**

The director presents his report and the audited financial statements of the company for the year ended 31 December 2003.

Principal activity

The principal activity of the company in the period under review was the marketing of Eze Castle software products to the investment management market.

Review of business

The results for the period are set out in the profit and loss account on page 5.

Both the level of business and the year end financial position were satisfactory, and the directors expect that the present level of activity will be sustained for the foreseeable future.

Dividends and transfer to reserves

The director does not recommend the payment of a dividend.

Director

The director of the company at 31 December 2003, who has been a director for the whole of the year, is Sean McLaughlin.

Director's interests

During the year the director did not hold any interest in the shares of the company.

Director's responsibilities statement

The director is required by United Kingdom company law to prepare financial statements for each financial year that 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.

The director confirms that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 2003. The director also confirms that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

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The director is responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

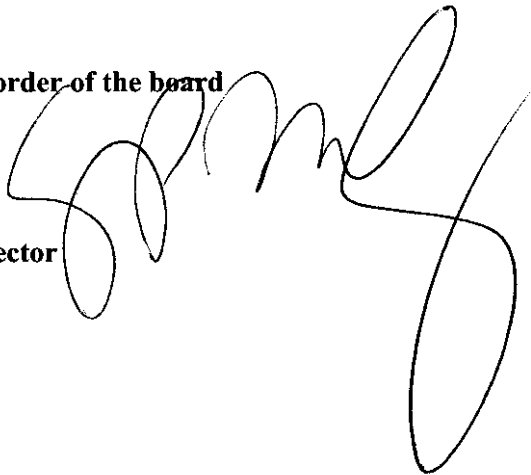
The director is responsible for the maintenance and integrity of the company's website. Information published on the Internet is accessible in many countries with different legal requirements. Legislation in the United Kingdom governing the preparation and dissemination of financial statements differs from legislation in other jurisdictions.

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the board

Director

A large, stylized handwritten signature in black ink, consisting of several loops and a long horizontal stroke, positioned to the right of the 'By order of the board' and 'Director' text.

Independent auditors' report to the members of EZE CASTLE SOFTWARE Limited

We have audited the financial statements, which comprise the profit and loss account, the balance sheet, and the related notes.

Respective responsibilities of directors and auditors

The director's responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of director's responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 1985. We also report to you if, in our opinion, the director's 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 director's remuneration and transactions is not disclosed.

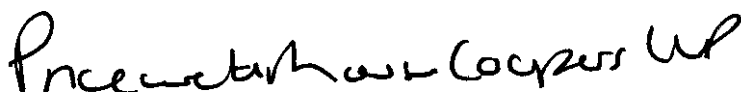
Basis of audit opinion

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 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors, London

20 June 2005

**Profit and loss account
for the year ended 31 December 2003**

	Notes	Year ended 31 December 2003 £	Year ended 31 December 2002 £
Turnover	2	123,026	105,958
Administrative expenses		<u>(115,842)</u>	<u>(96,326)</u>
Profit on ordinary activities before taxation		7,184	9,632
Taxation	7	<u>(726)</u>	<u>(1,497)</u>
Retained profit for the financial period		<u>6,458</u>	<u>8,135</u>

The above results relate to continuing operations.

The company had no gains or losses other than those included in the losses above. Therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and profit for the year stated above and their historical cost equivalents.

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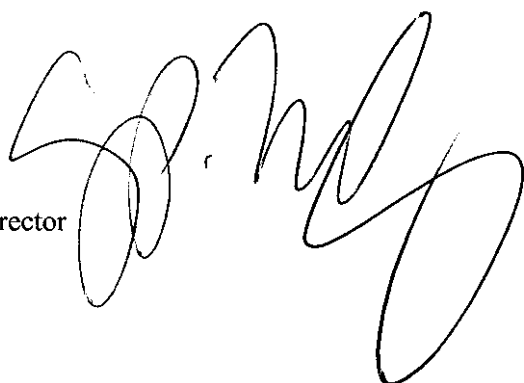
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Balance sheet At 31 December 2003

	Notes	31 December 2003 £	31 December 2002 £
Fixed assets			
Tangible fixed assets	7	5,416	17,416
Current assets			
Debtors	8	58,183	35,043
Cash at bank and in hand		1,264	1,118
		59,447	36,161
Creditors: amounts falling due within one year	9	(13,292)	(8,464)
Net current assets		46,155	27,697
Net assets		51,571	45,113
Capital and reserves			
Called up share capital	11	1,000	1,000
Profit and loss account	12	50,571	44,113
Equity shareholders' funds	13	51,571	45,113

The financial statements on pages 5 to 13 were approved by the board of directors on
1 June 2005 and were signed on its behalf by:

Director



**Notes to the financial statements
for the year ended 31 December 2003****1 Principal accounting policies**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom and under the historical cost convention. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Cash flow statement

The company has taken advantage of the exemptions in Financial Reporting Standard No.1 (revised 1996) from the requirement to produce a cash flow statement on the basis that it qualifies as a small company.

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

	%
Computer equipment	33
Fixtures and fittings	25

Turnover

Turnover, which excludes value added tax and trade discounts, represents the invoiced value of goods and services supplied.

Operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated, but not reversed, at the Balance Sheet date and that results in an obligation to pay more tax or the right to pay less in the future. An asset is not recognised to the extent that the transfer of economic benefits in the future is uncertain.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Pension scheme arrangements

The company operates a defined contribution scheme which is contracted out of the state scheme. Pension costs are accounted for on a basis of charging the actual costs of providing the company's fixed-rate contribution over the period during which the company benefits from the employees' service after the qualifying period. The company provides no other post retirement benefits to its employees.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

2 Turnover

Turnover consists entirely of sales made in the United States of America.

3 Director's emoluments

The director was not paid any emoluments by the company in the period.

4 Employees

The average monthly number of persons (including executive directors) employed by the company during the year was:

	Year ended 31 December 2003 Number	Year ended 31 December 2002 Number
By activity		
Selling and distribution	<u>1</u>	<u>1</u>
	<u>1</u>	<u>1</u>

	Year ended 31 December 2003 £	Year ended 31 December 2002 £
Staff costs (for the above persons)		
Wages and salaries	39,434	49,420
Social security costs	17,681	14,771
Pension costs	1,299	1,825
	<u>58,414</u>	<u>66,016</u>

5 Profit on ordinary activities before taxation

	Year ended 31 December 2003 £	Year ended 31 December 2002 £
Profit on ordinary activities before taxation is stated after charging:		
Depreciation charge for the period	12,000	11,998
Auditors' remuneration	4,500	4,500
Operating leases - rent	<u>13,509</u>	<u>21,521</u>

6 Tax on profit on ordinary activities

	Year ended 31 December 2003 £	Year ended 31 December 2002 £
(a) Analysis of charge for the year		
Current tax:		
United Kingdom corporation tax at 19% (2002: 30%)	2,762	3,261
Adjustment in respect of prior year	<u>(473)</u>	<u>(2,042)</u>
Total current tax	2,289	1,219
Deferred tax:		
Origination and reversal of timing differences	<u>(1,563)</u>	<u>278</u>
Total deferred tax	<u>(1,563)</u>	<u>278</u>
Tax on profit on ordinary activities	<u>726</u>	<u>1,497</u>

The tax assessed for the year is different from the standard rate of corporation tax in the UK (19%) (2002: 30%) applied to the pre-tax profit of the company. The differences are explained below:

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	Year ended 31 December 2003 £	Year ended 31 December 2002 £
Profit on ordinary activities	<u>7,184</u>	<u>9,632</u>
Profit on ordinary activities multiplied by standard rated corporation tax in the UK of 19% (2002: 30%)	1,365	2,889
Effects of:		
Expenses not deductible for tax purposes	112	1,972
Accelerated capital allowances and other timing differences	1,508	278
Adjustments to tax in respect of previous years	(473)	(2,042)
Effects of small company tax relief	(223)	(1,878)
Current tax charge for period	<u>2,289</u>	<u>1,219</u>

A deferred tax asset of £1,285 (2002 liability: £278) has been provided in respect of accelerated capital allowances.

7 Tangible fixed assets

	Computer equipment £	Fixtures and fittings £	Total £
Cost			
At 1 January 2003	<u>27,302</u>	<u>11,955</u>	<u>39,257</u>
At 31 December 2003	<u>27,302</u>	<u>11,955</u>	<u>39,257</u>
Depreciation			
At 1 January 2003	16,941	4,900	21,841
Charge for the period	<u>9,009</u>	<u>2,991</u>	<u>12,000</u>
At 31 December 2003	<u>25,950</u>	<u>7,891</u>	<u>33,841</u>
Net book value			
At 31 December 2003	<u>1,352</u>	<u>4,064</u>	<u>5,416</u>
At 31 December 2002	<u>10,361</u>	<u>7,055</u>	<u>17,416</u>

8 Debtors

	31 December 2003	31 December 2002
	£	£
Amounts due from parent undertaking	53,630	32,745
Other debtors	830	2,193
Prepayments and accrued income	2,438	105
Deferred taxation	1,285	-
	<u>58,183</u>	<u>35,043</u>

9 Creditors: amounts due within one year

	31 December 2003	31 December 2002
	£	£
Trade creditors	964	-
Corporation tax	2,769	3,261
Deferred taxation	-	278
Other taxation and social security costs	3,708	4,675
Accrual and deferred income	5,851	250
	<u>13,292</u>	<u>8,464</u>

10 Related party transactions

As the company is a wholly owned subsidiary of Eze Castle Software Inc., the company has taken advantage of the exemption contained in FRS8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Eze Castle Software Inc., within which the company is included, can be obtained from the address given in note 14.

11 Called up share capital

	31 December 2003	31 December 2002
	£	£
Authorised		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

12 Profit and loss account

	31 December 2003	31 December 2002
	£	£
At 1 January 2003	44,113	35,978
Retained profit for the period	6,458	8,135
At 31 December 2003	<u>50,571</u>	<u>44,113</u>

13 Reconciliation of movements in shareholders' funds

	31 December 2003	31 December 2002
	£	£
At 1 January 2003	45,113	36,978
Profit for the financial year	6,458	8,135
At 31 December 2003	<u>51,571</u>	<u>45,113</u>

14 Ultimate and immediate parent company

The immediate and ultimate parent company is Eze Castle Software Inc.. Eze Castle Software Inc. is registered in the United States of America, and its financial statements in which the company's results are included are available from Eze Castle Software Inc., 12 Farnsworth Street, 2nd floor, Boston, USA.