

ASCRIBE LIMITED**Balance sheet as at 24 November 2004**

	Note	£
Fixed assets		
Investment in subsidiary undertaking	2	2,928,862
Net assets		<u>2,928,862</u>
Financed by:		
Share capital	3	2,928,862
		<u>2,928,862</u>
Comprising		
Equity shareholders' funds		535,298
Non equity shareholders' funds		<u>2,393,564</u>

The balance sheet was approved by the board on 24 November 2004.



A S Critchlow
Director



J S W Lee
Director

The notes on pages 4 to 7 are an integral part of the balance sheet.



1 Accounting policies

The balance sheet has been prepared under the historical cost convention.

The company's normal accounting reference date is 30 June. However, this balance sheet has been drawn up in order to enable the company to apply to be re-registered as a public company

Investment in subsidiary undertaking

The cost of investment in the subsidiary undertaking is stated at cost less any provision for permanent diminution in value. The investment in the subsidiary undertaking is stated at the nominal value of the shares issued as permitted by Section 131 to 134 Companies Act 1985.

2 Investment in subsidiary undertaking	£
At cost:	
Addition during the period	2,928,862
At 24 November 2004	2,928,862

Details of subsidiary undertaking:

Name	Percentage of ordinary share capital owned	Year ended 30 June	
		Capital and reserves £	Loss for the year £
ASC Computer Software Limited	100%	311,723	(544,117)

The above information has been extracted from the audited financial statements of ASC Computer Software Limited for the year ended 30 June 2004.

3 Share capital

		At 24 November 2004 £
Authorised:		
100,000,000	A Ordinary shares of 1p each	1,000,000
15,000,000	B Ordinary shares of 1p each (non equity)	150,000
10,000,000	C Ordinary shares of 1p each	100,000
750,000	A Cumulative Redeemable Preference shares of £1 each (non equity)	750,000
2,150,000	B Cumulative Redeemable Preference shares of £1 each (non equity)	2,150,000
		<u>4,150,000</u>
Allotted, called up and fully paid:		
53,519,750	A Ordinary shares of 1p each	535,198
9,356,426	B Ordinary shares of 1p each (non equity)	93,564
10,000	C Ordinary shares of 1p each	100
150,000	A Cumulative Redeemable Preference shares of £1 each (non equity)	150,000
2,150,000	B Cumulative Redeemable Preference shares of £1 each (non equity)	2,150,000
		<u>2,928,862</u>
Dividend as follows:		
Equity		535,298
Non equity		2,393,564
		<u>2,928,862</u>

a) Movements in share capital

- On incorporation, 100 ordinary shares of £1 each were allotted at par.
- At an Extraordinary General Meeting held on 23 November 2004, the following changes took place:
 - (i) The existing ordinary share capital of 1,000 Ordinary shares of £1 each were divided and reclassified into 100,000 A Ordinary shares of 1p each;
 - (ii) The authorised share capital was increased from £1,000 to £4,150,000 divided into 100,000,000 A Ordinary Shares of 1p each, 15,000,000 B Ordinary Shares of 1p each, 10,000,000 C Ordinary Shares of 1p each, 750,000 A Cumulative Redeemable Preference Shares of £1 each and 2,150,000 B Cumulative Redeemable Preference Shares of £1 each; and
 - (iii) The directors were given the power to allot shares under section 80 of the Companies Act 1985.
- At a subsequent Extraordinary General Meeting held on 23 November 2004 the following changes took place pursuant to an agreement to acquire the entire share capital of ASC Computer Software Limited:
 - 53,509,750 A Ordinary shares of 1p each;
 - 9,356,426 B Ordinary shares of 1p each;
 - 10,000 C Ordinary shares of 1p each;
 - 150,000 A Cumulative Redeemable Preference shares of £1 each; and
 - 2,150,000 B Cumulative Redeemable Preference shares of £1 each
 were issued at par.

3 Share capital (*continued*)

b) Rights of different classes of shares

A Cumulative Redeemable Preference shares of £1 each

- (i) entitles holders, in equal priority to B Preference shareholders and in priority to all other classes of shares, to a fixed cumulative preferential dividend rate of £36,678 in respect of the period ending 31 December 2004 and at 7.5% per annum per share for periods between 1 January 2005 and 31 December 2006 and will be first payable on 31 December 2005. Thereafter, the dividend will be paid half yearly on 30 June and 31 December.
- (ii) on a return of capital on a winding up, or otherwise, will carry the right to repayment of capital together with an amount equal to all arrears or accruals of dividends; this right is in equal priority to B Preference shareholders and in priority to all other classes of shares.
- (iii) carry the right to receive notice of, to attend and speak at general meetings of the Company. The shares do not carry the right to vote at general meetings of the Company.

The A Cumulative Redeemable Preference shares will, in normal circumstances, be redeemed at par in equal half yearly amounts of 30,000 shares, commencing on 31 December 2004.

B Cumulative Redeemable Preference shares of £1 each

- (i) entitles holders, in equal priority to A Preference shareholders and in priority to all other classes of shares, to :
 - a fixed cumulative preferential dividend of £463,929 in respect of the period to 31 December 2004. The dividends accrued for this period will normally be first payable on the date of listing or sale of the company's shares;
 - a fixed cumulative preferential dividend rate at 9.0% per annum per share from 1 January 2005 and will be payable by two equal instalments on 30 June and 31 December each year;
- (ii) on a return of capital on a winding up, or otherwise, will carry the right to repayment of capital together with an amount equal to all arrears or accruals of dividends; this right is in equal priority to A Preference shareholders and in priority to all other classes of shares; and,
- (iii) carry the right to receive notice of, to attend and speak at general meetings of the Company. The shares only carry the right to vote at general meetings of the Company, if the company has either not paid any dividend payable or has not redeemed any of these shares on the date on which they become redeemable.

The B Cumulative Redeemable Preference shares will, in normal circumstances, be redeemed at par as follows:

- 475,000 shares on each of 30 June 2005, 30 June 2006 and 30 June 2007 and 725,000 shares on 30 June 2008. The Company may redeem the B Cumulative Redeemable Preference shares early in tranches of 50,000 shares.

3 Share capital (*continued*)

b) Rights of different classes of shares (*continued*)

B Ordinary shares of 1p each

- (i) entitles holders, in priority to all other ordinary shares, to :
 - a fixed cumulative dividend rate of £12,608 in respect of the period to 31 December 2004 and will be first payable on the date of listing or sale of the company's shares;
 - from 1 January 2005, the higher of a fixed cumulative dividend rate at 7.0% per annum per share or 5% of the adjusted profit for the respective accounting period. The dividends will be payable within 30 days after the annual general meeting of the Company at which the accounts for the relevant accounting period are presented.
- (ii) on a return of capital on a winding up, or otherwise, will carry the right to a maximum of 26.3% of any balance of surplus assets and retained profits;
- (iii) carry the right to receive notice of, to attend, speak and vote at general meetings of the Company.

C Ordinary shares of 1p each

The holders will rank pari passu with the holders of the A ordinary shares except that on a return of capital on a winding up, or otherwise, the C shareholders will only be entitled to receive a return of capital as set out in the Articles.

4 Ultimate controlling party

At 24 November 2004, there was no controlling party.