

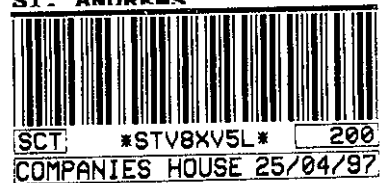
3E DEVELOPMENT LIMITED

Company Registration Number - SC 160955

ABBREVIATED ACCOUNTS FOR THE PERIOD FROM

11 OCTOBER 1995 (DATE OF INCORPORATION) TO 31 DECEMBER 1996

HENDERSON, BLACK & CO. - CHARTERED ACCOUNTANTS - ST. ANDREWS



3E DEVELOPMENT LIMITED

COMPANY REGISTRATION NUMBER: SC 160955

INDEX TO THE ABBREVIATED ACCOUNTS
FOR THE PERIOD ENDED 31 DECEMBER 1996

Page No.

1 - 2	Auditors' Report
3	Statement of Directors' Responsibilities
4	Abbreviated Balance Sheet
5 - 6	Notes to the Abbreviated Accounts

AUDITORS' REPORT TO 3E DEVELOPMENT LIMITED
PURSUANT TO PARAGRAPH 24 OF SCHEDULE 8 TO THE COMPANIES ACT 1985

PERIOD ENDED 31 DECEMBER 1996

We have examined the abbreviated accounts on pages 4 to 6 together with the full financial statements of 3E Development Limited prepared under section 226 of the Companies Act 1985 for the period from 11 October 1995 to 31 December 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 4 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 sections 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 period ended 31 December 1996, and the abbreviated accounts on pages 4 to 6 have been properly prepared in accordance with that schedule.

Other information

On 5 April 1997, we reported, as auditors of 3E Development Limited to the shareholders on the financial statements prepared under section 226 of the Companies Act 1985 for the period ended 31 December 1996 and our audit report was as follows:

We have audited the financial statements on pages 4 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

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.

Basis of opinion / (continued overleaf)

AUDITORS' REPORT TO 3E DEVELOPMENT 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 an examination, on a test basis, of evidence relevant to the accounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the director 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 31 December 1996 and of its profit for the period then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.

Henderson Black & Co.

**HENDERSON, BLACK & CO.
CHARTERED ACCOUNTANTS &
REGISTERED AUDITORS**

**CHESTNEY HOUSE
149 MARKET STREET
ST. ANDREWS**

5 April 1997

3E DEVELOPMENT LIMITED

PERIOD ENDED 31 DECEMBER 1996

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

Company law requires the director 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 of the company for that period. In preparing those financial statements, the director is required to

1. Select suitable accounting policies and then apply them consistently.
2. Make judgements and estimates that are reasonable and prudent.
3. Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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. He is 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.

3E DEVELOPMENT LIMITED

ABBREVIATED BALANCE SHEET
AS AT 31 DECEMBER 1996

	<u>Notes</u>	£	£
FIXED ASSETS			
Intangible assets	2		16,667
Investments	3		30,040
			<hr/>
			46,707
CURRENT ASSETS			
Debtors		14,363	
CREDITORS - amounts falling due within one year			
		(26,387)	
		<hr/>	
NET CURRENT (LIABILITIES)			(12,024)
TOTAL ASSETS LESS CURRENT LIABILITIES			
			<hr/>
			34,683
			<hr/>
Financed by:			
CAPITAL AND RESERVES			
Called up share capital	4		100
Share premium			29,940
Profit and loss account			4,643
			<hr/>
SHAREHOLDERS' FUNDS			34,683
			<hr/>



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

In preparing the financial statements advantage has been taken of the special exemptions provided in Companies Act 1985 Schedule 8 Part I. 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.

Signed on behalf of the board of directors:

Directors: R. Y. Brown

J. Bailey

Date: 1 April 1997

The financial statements were approved by the board of directors on 1 April 1997.

3E DEVELOPMENT LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE PERIOD ENDED 31 DECEMBER 1996

1. ACCOUNTING POLICIES

1.1 Accounting conventions

The financial statements are prepared under the historical cost convention.

1.2 Consolidated financial statements

The company is entitled to the exemptions available in section 248 of the Companies Act 1985 for small group companies, and is therefore not required to prepare group accounts.

The financial statements present information about 3E Development Limited as an individual undertaking and not about its group.

1.3 Turnover

This represents the invoiced amounts of goods and services sold and provided, net of value added tax.

1.4 Depreciation of intangible assets

The company's policy is to write off the patent and development rights evenly over its economic life of 2 years.

1.5 Cashflow statements

The company is entitled to the exemptions available in sections 246 to 249 of the Companies Act 1985 for small companies when filing accounts with the Registrar of Companies, and is therefore not required to prepare a Cashflow Statement under Financial Reporting Standard No. 1.

2. INTANGIBLE FIXED ASSETS

	£
<u>Cost:</u>	
Bought in period	40,000
	<hr/>
At 31 December 1996	40,000
	<hr/>
<u>Amortisation:</u>	
Charge for period	23,333
	<hr/>
At 31 December 1996	23,333
	<hr/>
<u>Net book value at 31 December 1996</u>	<u>16,667</u>

3E DEVELOPMENT LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

FOR THE PERIOD ENDED 31 DECEMBER 1996 (continued)

3. FIXED ASSET INVESTMENTS

	<u>1996</u> £
Shares in subsidiary undertaking:	
£1 ordinary shares at cost:	<u>30,040</u>

This investment represents the full issued share capital of 3E Europe Limited (registered in Scotland), a company selling software products and related services.

3E Europe Limited made a loss after tax of £89,394 for the year ended 31 December 1996 and the total of capital and reserves at 31 December 1996 was a net liability of £57,092.

4. SHARE CAPITAL

	<u>Authorised</u> £	<u>Allotted, issued and fully paid</u> £
Ordinary shares of £1 each	<u>50,000</u>	<u>100</u>

2 ordinary £1 shares were issued on incorporation at par, with a further issue of 98 ordinary shares made on 22 December 1995 for a total consideration of £30,038, both issues being made to form the capital base of the company.

5. TRANSACTIONS WITH DIRECTORS

In accordance with Schedule 6 Paragraph 15a of the Companies Act 1985 the following information is disclosed in connection with the subsidiary undertaking, 3E Europe Limited.

<u>Loans from directors</u>	£
Amounts due to directors at 11 October 1995	<u>16,971</u>
Amounts due to directors at 31 December 1996	<u>42,333</u>