

QUALITY SYSTEMS INTERNATIONAL (UK) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 1999

REGISTERED NUMBER 03039069



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QUALITY SYSTEMS INTERNATIONAL (UK) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 1999

DIRECTORS

H H Freier
F W Koester
C R Collier

SECRETARY

C R Collier

REGISTERED OFFICE

The Lodge
Station Road
Chinnor
Oxon
OX9 4HA

COMPANY NUMBER

03039069

AUDITORS

Fish Partnership
Chartered Accountants
and Registered Auditor
The Mill House
Boundary Road
Loudwater
High Wycombe
Bucks
HP10 9QN

QUALITY SYSTEMS INTERNATIONAL (UK) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 1999

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The following do not form part of the statutory financial statements:

14	Trading and Profit and Loss Account
15	Profit and Loss Account Summaries

QUALITY SYSTEMS INTERNATIONAL (UK) LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MAY 1999

The directors present their report and the audited financial statements of the company for the year ended 31 May 1999.

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 of the company for that period. In preparing those financial statements, the directors are required to:-

- 1) select suitable accounting policies and then apply them consistently.
- 2) make judgements and estimates that are reasonable and prudent.
- 3) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- 3) 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 are 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.

PRINCIPAL ACTIVITIES

The principal activity of the Company is the Distribution and Support of Computer Software Products.

DIRECTORS

The directors who served during the year are shown below:

H H Freier
F W Koester
C R Collier

The directors' have no beneficial interests in the issued ordinary share capital of the company which is wholly held by Quality Systems International Corporation, incorporated in U.S.A.

The directors do have beneficial interests in the share capital of Quality Systems International Corporation which represents 52.50% of the issued capital and these are as follows:

	1999	1998
	No.	No.
H H Freier	238	238
F W Koester	238	238
C R Collier	50	-

AUDITORS

The auditors, Fish Partnership, will be proposed for reappointment in accordance with Section 385 of the Companies Act 1985.

QUALITY SYSTEMS INTERNATIONAL (UK) LIMITED
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MAY 1999

SMALL COMPANY EXEMPTIONS

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

This report was approved by the board on 9 February 2000 and signed on their behalf.

A handwritten signature in dark ink, appearing to read 'C R Collier', written in a cursive style.

Signed
C R Collier

AUDITORS' REPORT
TO THE SHAREHOLDERS OF
QUALITY SYSTEMS INTERNATIONAL (UK) LIMITED
FOR THE YEAR ENDED 31 MAY 1999

We have audited the financial statements on pages 6 to 13 which have been prepared under the historical cost convention and under the accounting policies set out on page 9.

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.

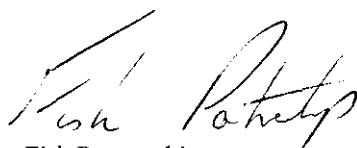
Basis of opinion

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 May 1999 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.



Fish Partnership
Chartered Accountants
and Registered Auditor

The Mill House
Boundary Road
Loudwater
High Wycombe
Bucks
HP10 9QN

9 February 2000

QUALITY SYSTEMS INTERNATIONAL (UK) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MAY 1999

	Notes	1999 £	1998 £
TURNOVER	2		
Continuing operations		571,580	412,309
Cost of sales		13,000	80,098
GROSS PROFIT		558,580	332,211
Net operating expenses		453,795	370,355
OPERATING (PROFIT)/LOSS	3		
Continuing operations		104,785	(38,144)
Interest receivable and similar income	4	2,878	5,152
Interest payable and similar charges	5	(1,190)	(1,190)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		106,473	(34,182)
Tax on ordinary activities	6	29,488	(7,001)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		76,985	(27,181)
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR		£ 76,985	£ (27,181)

The company made no recognised gains and losses other than those reported in the profit and loss account.

The notes on pages 9 to 13 form part of these financial statements

QUALITY SYSTEMS INTERNATIONAL (UK) LIMITED
BALANCE SHEET
AT 31 MAY 1999

	Note	1999 £	1998 £
FIXED ASSETS			
Tangible assets	7	26,840	32,406
CURRENT ASSETS			
Debtors	8	194,908	68,413
Cash at bank and in hand		148,012	179,157
		<u>342,920</u>	<u>247,570</u>
CREDITORS: Amounts falling due within one year	9	<u>198,826</u>	<u>181,306</u>
NET CURRENT ASSETS		144,094	66,264
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>170,934</u>	<u>98,670</u>
CREDITORS: Amounts falling due after more than one year	10	-	(4,721)
NET ASSETS		<u>£ 170,934</u>	<u>£ 93,949</u>
CAPITAL AND RESERVES			
Called up share capital	11	100	100
Profit and loss account	12	170,834	93,849
TOTAL EQUITY SHAREHOLDERS FUNDS		<u>£ 170,934</u>	<u>£ 93,949</u>

These accounts have been prepared in accordance with the special provisions relating to small companies within Part VII of the Companies Act 1985.

The accounts were approved by the board of directors on 9 February 2000



C Collier, Director

The notes on pages 9 to 13 form part of these financial statements

QUALITY SYSTEMS INTERNATIONAL (UK) LIMITED
RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
FOR THE YEAR ENDED 31 MAY 1999

	1999 £	1998 £
Profit/(Loss) for the financial year	76,985	(27,181)
	<hr/> 76,985	<hr/> (27,181)
Net addition to shareholders' funds	76,985	(27,181)
Opening shareholders' funds	93,949	121,130
Closing shareholders' funds	<hr/> £ 170,934 <hr/>	<hr/> £ 93,949 <hr/>

The notes on pages 9 to 13 form part of these financial statements

QUALITY SYSTEMS INTERNATIONAL (UK) LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MAY 1999

1. ACCOUNTING POLICIES

1a. Basis of accounting

The accounts have been prepared under the historical cost convention.

1b. Tangible fixed assets

Fixed assets are shown at historical cost.

Depreciation is provided, after taking account of any grants receivable, at the following annual rates in order to write off each asset over its estimated useful life by the reducing balance method.

	1999	1998
	%	%
Motor vehicles	30	30
Fixtures and fittings	25	25
Equipment	33	33

1c. Taxation

Corporation tax payable is provided on taxable profits at the current rate.

1d. Turnover

Turnover comprises the value of sales (excluding VAT and similar taxes and trade discounts) of goods and services in the normal course of business.

1e. Leased assets

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight-line basis over the lease term.

1f. Cash flow statement

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from producing a cash flow statement on the grounds that it is a small company.

2. TURNOVER

Turnover and profit on ordinary activities before taxation are attributable to 3

QUALITY SYSTEMS INTERNATIONAL (UK) LIMITED
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MAY 1999

3. OPERATING PROFIT/(LOSS)

	1999 £	1998 £
Profit/(Loss) on ordinary activities is stated after charging:		
Auditors' remuneration		
Audit services	2,450	2,150
Depreciation and amortisation		
Tangible assets: owned	18,795	24,504
Directors' remuneration and benefits in kind	71,557	55,490
	<hr/>	<hr/>

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	1999 £	1998 £
Bank Interest Receivable	2,878	5,152
	<hr/>	<hr/>
	£ 2,878	£ 5,152
	<hr/>	<hr/>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	1999 £	1998 £
On bank loans, overdrafts and other loans		
Repayable within five years, by instalments	1,190	1,190
	<hr/>	<hr/>
	£ 1,190	£ 1,190
	<hr/>	<hr/>

6. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	1999 £	1998 £
Corporation tax at 21%	30,766	(7,001)
	<hr/>	<hr/>
	30,766	(7,001)
Adjustment of current taxation in respect of prior years	(1,278)	-
	<hr/>	<hr/>
	£ 29,488	£ (7,001)
	<hr/>	<hr/>

QUALITY SYSTEMS INTERNATIONAL (UK) LIMITED
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MAY 1999

7. TANGIBLE FIXED ASSETS

	Fixtures & Equipment £	Total £
Cost		
At 1 June 1998	86,500	86,500
Additions	13,229	13,229
At 31 May 1999	<u>99,729</u>	<u>99,729</u>
Depreciation		
At 1 June 1998	54,094	54,094
For the year	18,795	18,795
At 31 May 1999	<u>72,889</u>	<u>72,889</u>
Net Book Amounts		
At 31 May 1999	£ 26,840	£ 26,840
At 31 May 1998	<u>£ 32,406</u>	<u>£ 32,406</u>

Hire Purchase Assets

Included in fixed assets are assets of net book amount £6,565 held under hire purchase contracts. The amount of depreciation provided in the year on these assets is £2,814.

8. DEBTORS

	1999 £	1998 £
Trade debtors	187,372	57,650
Corporation Tax	-	7,001
Other debtors	7,536	3,762
	<u>£ 194,908</u>	<u>£ 68,413</u>

QUALITY SYSTEMS INTERNATIONAL (UK) LIMITED
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MAY 1999

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1999	1998
	£	£
Finance leases and hire purchase contracts	4,721	5,665
Trade creditors	7,333	17,479
Corporation tax	30,766	-
Other taxes and social security	28,902	24,328
Other creditors	-	46,976
Accruals and deferred income	127,104	86,858
	<u>£ 198,826</u>	<u>£ 181,306</u>

10. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	1999	1998
	£	£
Finance leases and hire purchase contracts	-	4,721
	<u>£ -</u>	<u>£ 4,721</u>
Analysis of borrowings:		
Due within five years:		
within 1 year		
leases	-	5,665
other	4,721	-
within 2-5 years		
leases	-	4,721
	<u>£ 4,721</u>	<u>£ 10,386</u>

11. CALLED UP SHARE CAPITAL

	1999	1998
	£	£
Authorised:		
10000 Ordinary shares of £1 each	<u>£ 10,000</u>	<u>£ 10,000</u>
Allotted, issued and fully paid:		
100 Ordinary shares of £1 each	<u>£ 100</u>	<u>£ 100</u>

QUALITY SYSTEMS INTERNATIONAL (UK) LIMITED
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MAY 1999

12. RESERVES

	Profit & loss account £
At 1 June 1998	93,849
Profit for the year	76,985
At 31 May 1999	<u>£ 170,834</u>

13. LEASE COMMITMENTS

The company has entered into non-cancellable operating leases as follows

The minimum annual rentals under the leases are as follows:

	1999 £	1998 £
Property:		
- within 2-5 years	15,000	9,804
	<u>£ 15,000</u>	<u>£ 9,804</u>

14. ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary undertaking of Quality Systems International Corporation incorporated in U.S.A.