

# Prosoft Resources Limited

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Registered No. 1993280

## **DIRECTORS**

M Sevenoaks	(resigned 21 <sup>st</sup> October 1998)
D Watt	(resigned 21 <sup>st</sup> October 1998)
S Doney	(resigned 21 <sup>st</sup> October 1998)
A Hoy	(appointed 21 <sup>st</sup> October 1998)
D Bonsall	(appointed 21 <sup>st</sup> October 1998)

## **SECRETARY**

D Watt	(resigned 21 <sup>st</sup> October 1998)
G Wallace	(appointed 21 <sup>st</sup> October 1998)

## **AUDITORS**

Ernst & Young  
100 Barbirolli Square  
Manchester  
M2 3EY

## **REGISTERED OFFICE**

EQE House  
500 Longbarn Boulevard  
Birchwood  
Warrington  
Cheshire  
WA2 0XF

**ERNST & YOUNG**



## STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

The directors present their report and the group accounts for the 8 months ended 31 December 1998.

### RESULTS AND DIVIDENDS

The loss for the period, after taxation, amounted to £65,130 (1997: £17,496). The directors do not recommend a dividend in the current year.

### PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principle activity during the period continued to be computer software consultancy. During the period, the company was acquired by EQE International Limited.

### RESEARCH AND DEVELOPMENT

Prosoft Resources Limited remains committed to research and developments as an important activity which contributes to the future success of the company. R&D activities take the form of fully funded activities carried out on behalf of clients or groups of clients, part funded activities where Prosoft contributes resources or activities fully or partly funded by EQE International Ltd (or EQE International Inc.).

### EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

Subsequent to the balance sheet date, the company was hived up into EQE International Limited.

### YEAR 2000 COMPLIANCE

As is well known, many computer and digital storage systems express dates using only the last two digits of the year and will thus require modification or replacement to accommodate the year 2000 and beyond in order to avoid malfunctions and resulting widespread commercial disruption. This is a complex and pervasive issue. The operation of our business depends not only on our own computer systems, but also to some degree on those of our suppliers and customers. This could expose us to further risk in event that there is a failure by other parties to remedy their own year 2000 issues.

Subsequent to the year end, the company was combined with EQE International Limited. Therefore all year 2000 compliance issues were encompassed by EQE's year 2000 compliance.

Any costs associated with year 2000 compliance would be part of EQE's overall costs disclosed in EQE's accounts for the year end 31 December 1998.

### EURO COMPLIANCE

The directors have considered the implementation of the Euro and do not consider it to have a significant impact on the business.

### FUTURE DEVELOPMENTS

The company was merged into EQE International Limited during 1999 as part of the clear strategic plan which drives improvement and innovation across all aspects of the group. Software product sales are expected to increase significantly in 1999 opening up new channels and markets for consulting services within the group.

### DIRECTORS AND THEIR INTERESTS

The directors of the company during the year are noted on page 2.

No director at the year end had any interest in the share capital of the company during the year.

# Prosoft Resources Limited

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## STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

### AUDITORS

A resolution to re-appoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

By order of the Board

  
Secretary

G Wallace

Date 22 October 1999

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE  
ACCOUNTS

Company law requires the directors to prepare accounts for each financial period which give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts 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 group and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**REPORT OF THE AUDITORS**  
**to the members of Prosoft Resources Limited**

We have audited the accounts on pages 7 to 15 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 9 and 10.

**Respective responsibilities of directors and auditors**

As described on page 5 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

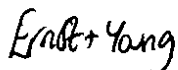
**Basis of opinion**

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

**Opinion**

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 December 1998 and of the loss of the company for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young  
Registered Auditor  
Manchester

Date 22 October 1999

# Prosoft Resources Limited

## PROFIT AND LOSS ACCOUNT for the period ended 31 December 1998

		<i>Period ended 31 December 1998</i>	<i>Year ended 30 April 1998</i>
	<i>Notes</i>	<i>£</i>	<i>£</i>
<b>TURNOVER</b>	2	200,673	481,828
Cost of sales		69,214	263,935
<b>GROSS PROFIT</b>		131,459	217,893
Administration expenses		180,953	225,244
<b>OPERATING LOSS</b>	3	(49,494)	(7,351)
Interest payable and similar charges	6	15,390	14,511
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(64,884)	(21,862)
Taxation expense (benefit) on loss on ordinary activities	7	246	(4,366)
<b>LOSS TRANSFERRED FROM RESERVES FOR THE FINANCIAL YEAR</b>		(65,130)	(17,496)

### STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the loss attributable to the shareholders of the company of £65,130 in the period ended 31 December 1998 (1997: £17,496).

# Prosoft Resources Limited

## BALANCE SHEET at 31 December 1998

		31 December 1998	30 April 1997
	Notes	£	£
<b>FIXED ASSETS</b>			
Intangible assets	8	34,305	-
Tangible assets	9	31,947	51,488
Investments	10	-	1
		<u>66,252</u>	<u>51,489</u>
<b>CURRENT ASSETS</b>			
Stock and work in progress		194,650	108,000
Debtors	11	85,009	153,184
		<u>279,659</u>	<u>261,184</u>
<b>CREDITORS: amounts falling due within one year</b>	12	360,847	258,700
<b>NET CURRENT ASSETS</b>		<u>(81,188)</u>	<u>2,484</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(14,936)</u>	<u>53,973</u>
<b>CREDITORS: amounts falling due after more than one year</b>	13	2,794	6,573
		<u>(17,730)</u>	<u>47,400</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	15 and 16	29,328	29,328
Profit and loss account	16	(47,058)	18,072
		<u>(17,730)</u>	<u>47,400</u>

Approved by the board on

22 October 1999

A.S.H.

Director

NOTES TO THE ACCOUNTS

at 31 December 1998

1. ACCOUNTING POLICIES

***Basis of preparation***

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

***Cash flow statement***

The company is exempt from the requirement of Financial Reporting Standard 1 to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of EQE International Limited and its cash flows are included within the consolidated cash flow of that company.

***Development costs***

Development costs on software, which is in commercial production, are capitalised. These costs are depreciated over the sales life of the software.

***Depreciation***

Depreciation is provided on all tangible fixed assets at rates calculated to write-off the costs of each asset evenly over its expected useful life, as follows:

Furniture and fixtures	15% on cost
Motor vehicles	25% on cost
Computer equipment	15% on cost

***Long term contracts***

Amounts recoverable on contracts are valued at anticipated net sales value of work done after provision for contingencies and anticipated future losses on contracts.

Payments received on account of contracts are deducted from amounts recoverable on contracts. Such amounts which have been received and exceed amounts recoverable are included in creditors

***Foreign currencies***

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

***Leasing and hire purchase commitments***

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

***Stocks***

Work in progress is valued at the lower of cost and net realisable value. Costs include all direct expenditures and an appropriate proportion of fixed and variable overhead.

NOTES TO THE ACCOUNTS  
at 31 December 1998

1. ACCOUNTING POLICIES

*Deferred taxation*

Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

*Pensions*

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

2. TURNOVER

The turnover and loss are attributable to one principal activity of the company.

3. OPERATING PROFIT

	<i>Period ended 31 December 1998 £</i>	<i>Period ended 30 April 1998 £</i>
(a) This is stated after charging:		
Auditors' remuneration - audit services	2,350	4,750
Depreciation of owned fixed assets	7,822	6,626
Depreciation of assets held under finance leases and hire purchase contracts	12,724	10,302
Loss on disposal of fixed assets	-	1,073
Pension costs	15,383	27,986
	<u>          </u>	<u>          </u>

4. DIRECTORS' REMUNERATION

	<i>Period ended 31 December 1998 £</i>	<i>Year ended 30 April 1998 £</i>
Emoluments	50,202	75,000
	<u>          </u>	<u>          </u>
Company contributions paid to money purchase pension schemes	8,831	15,461
	<u>          </u>	<u>          </u>
Members of money purchase pension scheme	3	3
	<u>          </u>	<u>          </u>
The amounts in respect of the highest paid director are as follows:		
Emoluments	18,394	25,000
	<u>          </u>	<u>          </u>
Company contributions paid to money purchase pension scheme	4,017	18,627
	<u>          </u>	<u>          </u>

# Prosoft Resources Limited

## NOTES TO THE ACCOUNTS at 31 December 1998

### 5. STAFF COSTS

	<i>Period ended 31 December 1998 £</i>	<i>Year ended 30 April 1998 £</i>
Wages and salaries	167,793	204,136
Social security costs	15,611	20,821
Other pension costs	6,552	12,525
	<u>189,956</u>	<u>237,482</u>

The average weekly number of employees during the year was as follows:

	<i>1998 No.</i>	<i>1998 No.</i>
All staff	<u>15</u>	<u>16</u>

### 6. INTEREST PAYABLE AND SIMILAR CHARGES

	<i>Period ended 31 December 1998 £</i>	<i>Year ended 30 April 1998 £</i>
Bank loans, overdrafts and other loans repayable within five years	6,733	5,361
Finance charges payable under finance leases and hire purchase contracts	2,476	3,316
Other	6,181	3,343
	<u>15,390</u>	<u>12,020</u>

### 7. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	<i>Period ended 31 December 1998 £</i>	<i>Year ended 31 December 1998 £</i>
Based on the profit for the year:		
Corporation tax at 33%	246	(4,366)
	<u>246</u>	<u>(4,366)</u>

# Prosoft Resources Limited

## NOTES TO THE ACCOUNTS at 31 December 1998

### 8. INTANGIBLE FIXED ASSETS

	<i>Software development £</i>
Cost:	
At 30 April 1998	-
Additions	34,305
At 31 December 1998	<u>34,305</u>
Amortisation:	
At 30 April 1998	-
Provided during the period	-
At 31 December 1998	<u>-</u>
Net book value:	
At 31 December 1998	<u>34,305</u>
At 30 April 1998	<u>-</u>

### 9. TANGIBLE FIXED ASSETS

	<i>Fixtures and fittings £</i>	<i>Motor vehicles £</i>	<i>Computer equipment £</i>	<i>Total £</i>
Cost:				
At 30 April 1998	5,872	24,938	67,066	97,876
Additions	-	-	2,503	2,503
Disposals	-	(8,950)	-	(8,950)
At 31 December 1998	<u>5,872</u>	<u>15,988</u>	<u>69,569</u>	<u>91,429</u>
Depreciation:				
At 30 April 1998	3,582	16,944	25,862	46,388
Provided during the year	974	4,748	14,825	20,544
Disposals	-	(7,450)	-	(7,450)
At 31 December 1998	<u>4,556</u>	<u>14,242</u>	<u>40,685</u>	<u>59,484</u>
Net book value:				
At 31 December 1998	<u>1,316</u>	<u>1,746</u>	<u>28,884</u>	<u>31,947</u>
At 30 April 1998	<u>2,290</u>	<u>7,994</u>	<u>41,204</u>	<u>51,488</u>

# Prosoft Resources Limited

## NOTES TO THE ACCOUNTS at 31 December 1998

### 10. INVESTMENTS

*Company*

*Subsidiary  
undertakings  
£*

Cost:

At 30 April 1998

1

Disposals

(1)

At 31 December 1998

-

### 11. DEBTORS

	<i>31 December 1998 £</i>	<i>30 April 1998 £</i>
--	-----------------------------------	--------------------------------

Trade debtors	62,571	141,526
Prepayments and accrued income	18,422	2,200
Directors loan account	-	3,842
ACT recoverable	-	5,616
Corporation tax debtor	4,016	-
	<u>85,009</u>	<u>153,184</u>

### 12. CREDITORS: amounts falling due within one year

	<i>31 December 1998 £</i>	<i>30 April 1998 £</i>
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Bank overdraft	166,690	78,491
Obligations under finance leases and hire purchase contracts	16 6,100	15,291
Trade creditors	33,991	40,930
Amounts owed to group undertakings	32,666	-
Current corporation tax	-	10,049
Other taxes and social security costs	57,440	39,274
Other creditors	31,827	43,629
Accruals	32,133	31,036
	<u>360,847</u>	<u>258,700</u>

The bank overdraft is secured by a floating charge debenture over the company debts.

# Prosoft Resources Limited

## NOTES TO THE ACCOUNTS at 31 December 1998

### 13. CREDITORS: amounts falling due after more than one year

	31 December 1998	30 April 1998
	£	£
Obligations under finance leases (note 16)	2,794	6,573
	<u>2,794</u>	<u>6,573</u>

### 14. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

The maturity of these amounts is as follows:

	31 December 1998	30 April 1998
	£	£
Amounts payable:		
Within one year	7,064	16,450
In two to five years	3,436	7,890
	<u>10,500</u>	<u>24,340</u>
Less: finance charges allocated to future periods	(1,606)	(2,476)
	<u>8,894</u>	<u>21,864</u>

Finance leases and hire purchase contracts are analysed as follows:

Current obligations (note 14)	6,100	15,291
Non-current obligations (note 15)	2,794	6,573
	<u>8,894</u>	<u>21,864</u>

### 15. SHARE CAPITAL

	Authorised		Allotted, called up and fully paid	
	1998	1997	1998	1997
	No.	No.	£	£
Ordinary shares	100,000	100,000	29,328	29,328
	<u>100,000</u>	<u>100,000</u>	<u>29,328</u>	<u>29,328</u>

# Prosoft Resources Limited

## NOTES TO THE ACCOUNTS

at 31 December 1998

### 16. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	<i>Share capital £</i>	<i>Profit and loss account £</i>	<i>Total £</i>
At 30 April 1997	29,328	35,568	64,896
Loss for the year	-	(17,496)	(17,496)
At 30 April 1998	29,328	18,072	47,400
Loss for the year	-	(65,130)	(65,130)
At 31 December 1998	29,328	(47,058)	(17,730)

### 17. PENSION COMMITMENTS

The company operates a defined contribution scheme for its employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The total pension cost for the year was £15,383 (1997: £27,896).

### 18. RELATED PARTY TRANSACTIONS

The company is taking advantage of the disclosure options under FRS8 not to disclose related party transactions in the accounts of 90% or greater owned subsidiary undertakings whose voting rights are controlled within the group.

### 19. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking of Prosoft Resources Limited is EQE Inc., a company incorporated in the United States of America.

### 20. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

Subsequent to the balance sheet date, the company was hived up into EQE International Limited.

THE FOLLOWING PAGE DOES  
NOT FORM PART OF THE  
AUDITED STATUTORY  
ACCOUNTS OF THE COMPANY

# Prosoft Resources Limited

## TRADING AND PROFIT AND LOSS ACCOUNT for the year ended 31 December 1998

	31 December 1998 £	30 April 1998 £
<b>SALES</b>	200,673	481,828
Cost of sales:		
Opening work in progress	108,000	62,500
Wages	167,793	204,136
Pensions	6,552	12,525
Commission paid	6,530	86,491
Software/hardware	9,294	5,918
Sub-contracting	-	175
Consultancy	-	190
Capitalised software development	(34,305)	-
	<u>263,864</u>	<u>371,935</u>
Closing work in progress	(194,650)	(108,000)
	<u>69,214</u>	<u>263,935</u>
<b>GROSS PROFIT</b>	131,459	217,893
Expenditure:		
Directors' remuneration	50,202	75,000
Social security	-	7,128
Pension contributions	8,831	15,461
Telephone	11,583	7,414
Postage, stationery and advert	5,271	10,304
Motor and travel expenses	16,276	16,520
Hire of equipment	2,278	4,189
Repairs and renewals	3,128	3,810
Training	880	991
Prosafe user group costs	-	1,562
Fixed asset investment w/o	-	150
Interest on ACT/CT	-	237
Loss on foreign exchange	-	103
General expenses	1,395	3,768
Auditors remuneration	10,997	4,750
Accountancy	2,800	1,115
Legal fees	6,259	-
Entertainment	583	1,693
Bad debts	8,720	7,633
Depreciation	20,544	16,928
Rent and rates	23,959	34,338
Insurance	4,957	8,495
Light and heat	2,290	2,582
	<u>180,953</u>	<u>224,171</u>
Carried forward	(49,494)	(6,278)

# Prosoft Resources Limited

## TRADING AND PROFIT AND LOSS ACCOUNT for the year ended 31 December 1998

	<i>31 December 1998 £</i>	<i>30 April 1998 £</i>
Brought forward	(49,494)	(6,278)
Finance costs:		
Bank interest	6,733	5,361
Loan interest	3,947	3,343
Hire purchase interest	2,476	3,316
Bank charges	2,234	2,491
	<u>15,390</u>	<u>14,511</u>
	(64,884)	(20,789)
Loss on disposal of fixed assets:		
Computer equipment	-	(1,073)
	<u>-</u>	<u>(1,073)</u>
Net loss before tax	<u>(64,884)</u>	<u>(21,862)</u>