

DILLISTONE SYSTEMS LIMITED
ABBREVIATED ACCOUNTS
31 DECEMBER 2004



DILLISTONE SYSTEMS LIMITED

ABBREVIATED ACCOUNTS

YEAR ENDED 31 DECEMBER 2004

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DILLISTONE SYSTEMS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE COMPANY

PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 2 to 5, together with the accounts of the company for the year ended 31 December 2004 prepared under Section 226 of the Companies Act 1985.

This report is made solely to the company, in accordance with Section 247B of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company those matters we are required to state to it in a special auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

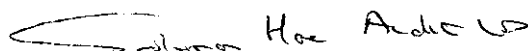
The directors are responsible for preparing the abbreviated accounts in accordance with section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and report our opinion to you.

BASIS OF OPINION

We have carried out the procedures we consider necessary to confirm, by reference to the accounts, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the accounts.

OPINION

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Act, and the abbreviated accounts on pages 2 to 5 are properly prepared in accordance with those provisions.



SOLOMON HARE AUDIT LLP
Chartered Accountants
Registered Auditors
Bristol

28 October 2005

DILLISTONE SYSTEMS LIMITED**ABBREVIATED BALANCE SHEET****31 DECEMBER 2004**

	Note	2004 £	2003 £
FIXED ASSETS	2		
Tangible assets		7,839	9,503
Investments		18,000	18,000
		<u>25,839</u>	<u>27,503</u>
CURRENT ASSETS			
Debtors	3	1,400,534	1,263,765
Cash at bank and in hand		32,784	19,813
		<u>1,433,318</u>	<u>1,283,578</u>
CREDITORS: Amounts falling due within one year		<u>(719,202)</u>	<u>(647,893)</u>
NET CURRENT ASSETS		714,116	635,685
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>739,955</u>	<u>663,188</u>
CAPITAL AND RESERVES			
Called-up equity share capital	5	25,000	25,000
Profit and loss account		714,955	638,188
EQUITY SHAREHOLDERS' FUNDS		<u>739,955</u>	<u>663,188</u>

These abbreviated accounts have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

These abbreviated accounts were approved by the directors on 28 October 2005 and are signed on their behalf by:


J McLaughlin
Director

The notes on pages 3 to 5 form part of these abbreviated accounts.

DILLISTONE SYSTEMS LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2004

1. ACCOUNTING POLICIES

Basis of accounting

The accounts have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

Consolidation

In the opinion of the directors, the company and its subsidiary undertakings comprise a small group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts. The accounts therefore present the results of the company and not its group.

Cash flow statement

Exemption has been taken from preparing a cash flow statement on the grounds that the company qualifies as a small company.

Turnover

The turnover in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Income from support contracts is received in advance and is allocated to the periods to which it relates.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Fixtures & Fittings	- 25% straight line
Office & Computer Equipment	- 50% straight line

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The company does not operate a pension scheme for its employees. However, the company does fund the pension contributions of some of its employees. Accordingly, the contributions are charged to the profit and loss account as they are incurred.

Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

DILLISTONE SYSTEMS LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2004

1. ACCOUNTING POLICIES *(continued)*

Foreign currencies

Assets and liabilities denominated 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.

Cost of investment

Investments in subsidiary undertakings are stated at cost less any provision for impairment in value.

2. FIXED ASSETS

	Tangible Assets £	Investments £	Total £
COST			
At 1 January 2004	176,926	18,000	194,926
Additions	15,675	—	15,675
Disposals	(22,406)	—	(22,406)
At 31 December 2004	<u>170,195</u>	<u>18,000</u>	<u>188,195</u>
DEPRECIATION			
At 1 January 2004	167,423	—	167,423
Charge for year	17,339	—	17,339
On disposals	(22,406)	—	(22,406)
At 31 December 2004	<u>162,356</u>	<u>—</u>	<u>162,356</u>
NET BOOK VALUE			
At 31 December 2004	<u>7,839</u>	<u>18,000</u>	<u>25,839</u>
At 31 December 2003	<u>9,503</u>	<u>18,000</u>	<u>27,503</u>

The investment represents the entire ordinary share capital of Dillistone Systems (Australia) Pty Limited, an unlisted company incorporated in Australia.

The principal activity of Dillistone Systems (Australia) Pty Limited is the sale of specialist computer software.

Details regarding Dillistone Systems (Australia) Pty Limited, taken from the most recent unaudited accounts, are as follows:

	2004 \$	2003 \$
Capital and Reserves	394,909	218,246
Profit for the year ended 31 December	176,663	77,889

DILLISTONE SYSTEMS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 DECEMBER 2004

3. DEBTORS

Debtors include amounts of £19,090 (2003 - £19,090) falling due after more than one year.

4. RELATED PARTY TRANSACTIONS

The company is a wholly owned subsidiary of Custom Business Systems Limited. As at 31 December 2004, the company was owed £4,412 by Custom Business Systems Limited (2003 - owed £5,712 to Custom Business Systems Limited).

During the year the company made sales of £6,411 (2003 - £12,341) to Dillistone Systems (US) Inc. In addition, the company raised management charges totalling £70,000 (2003 - £54,815) to Dillistone Systems (Australia) Pty Limited and £25,000 (2003 - £nil) to Dillistone Systems (US) Inc. As at 31 December 2004, the company owed £67,157 (2003 - £45,607) and was owed £43,009 (2003 - owed £4,557) by Dillistone Systems (Australia) Pty Limited and Dillistone Systems (US) Inc respectively. Dillistone Systems (US) Inc is a fellow subsidiary of Custom Business Systems Limited.

As at 31 December 2004 the company was owed £915,929 (2003 - £863,763) by Dillistone Group Limited.

5. SHARE CAPITAL

Authorised share capital:

	2004	2003
	£	£
25,000 Ordinary shares of £1 each	<u>25,000</u>	<u>25,000</u>

Allotted, called up and fully paid:

	2004		2003	
	No	£	No	£
Ordinary shares of £1 each	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>

6. ULTIMATE PARENT COMPANY

As at 31 December 2004, the ultimate parent company was Dillistone Group Limited. There is no one ultimate controlling party.