

KPMG Peat Marwick

Criterion Software Limited
(formerly Rapid 9562 Limited)
Directors' report and financial statements

31 December 1993

Registered number 2464484



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Directors' report and financial statements

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Criterion Software Limited

(formerly Rapid 9562 Limited)

Directors' report

The directors present their annual report and the audited financial statements for the 6 months ended 31 December 1993. The company was incorporated on 29 January 1990 but did not commence trading until 1 July 1993. Its name was changed from Rapid 9562 Limited on 21 July 1993.

Principal activities

The principal activities of the company are research, development, marketing and sales of computer software.

Business review

The directors report a loss for the period in line with that expected at the current stage of the development of the business.

Proposed dividend and transfer to reserves

The directors do not recommend the payment of a dividend. The loss for the period retained in the company is £244,259.

Significant changes in fixed assets

Changes in the company's fixed assets are detailed in note 6 to the financial statements.

Directors and directors' interests

The directors who held office during the year were as follows:

MF Laws	(Resigned 1 July 1993)
H Negishi	(Appointed 1 July 1993)
DA Lau-Kee	(Appointed 1 September 1993)
AM Billyard	(Appointed 1 September 1993)
GP Otto	(Appointed 1 September 1993)
MR King	(Appointed 1 October 1993)
T Takahashi	(Appointed 1 November 1993)

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company.

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the company were granted to any of the directors or their immediate families, or exercised by them, during the financial year.

Criterion Software Limited
(formerly Rapid 9562 Limited)

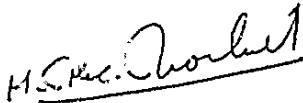
Directors' report *(continued)*

Auditors

KPMG Peat Marwick were appointed as auditors on 15 January 1994.

In accordance with Section 385 of the Companies Act 1985 a resolution for the reappointment of KPMG Peat Marwick as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board


M.J.M. Thornhill
Secretary

20 Alan Turing Road
Surrey Research Park
Guildford
Surrey
GU2 5YF

Criterion Software Limited (formerly Rapid 9562 Limited)

Statement of 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 for that period. In preparing those financial statements, 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 financial statements;
- 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 maintaining 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG Peat Marwick

Eastgate Court
Guildford
Surrey
GU1 3AE

Auditors' report to the members of Criterion Software Limited.

We have audited the financial statements on pages 5 to 12.

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 as at 31 December 1993 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Peat Marwick

Chartered Accountants
Registered Auditors

30 June 1994

Criterion Software Limited
(formerly Rapid 9562 Limited)

Profit and loss account
for the period ended 31 December 1993

	Note	6 months ended 31 December 1993 £
Turnover		151,300
Staff costs	4	(177,094)
Other operating charges		(218,933)
		<hr/>
Trading loss		(244,727)
Other interest receivable and similar income		698
		<hr/>
Loss on ordinary activities before taxation	2-4	(244,029)
Tax on loss on ordinary activities	5	-
		<hr/>
Retained loss for the financial year		(244,029)
		<hr/>

The company made no material acquisitions and had no discontinued operations in the period.

The company has no recognised gains or losses other than those included in the loss above and therefore no separate statement of total recognised gains and losses has been presented.

Criterion Software Limited
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Balance sheet
at 31 December 1993

	Note	£	1993	£
Fixed assets				
Tangible assets	6			20,849
Current assets				
Debtors	7	135,622		
Cash at bank and in hand		1,175		
			136,797	
Creditors: amounts falling due within one year	8	(1,675)		
Net current assets				135,122
Total assets less current liabilities				155,971
Net assets				155,971
Capital and reserves				
Called up share capital	9			400,000
Profit and loss account				(244,029)
				155,971

These financial statements were approved by the board of directors on 27 June 1994 and were signed on its behalf by:

M. Negishi
Mr H Negishi
Director

Criterion Software Limited

(formerly Rapid 9562 Limited)

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

The company is exempt from the requirement to prepare a cash flow statement by virtue of its status as a small company as defined by the Companies Act 1985.

Fixed assets and depreciation

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Equipment	-	3 years
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Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Leases

All leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

Pension costs

The company is a member of a group pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company.

Criterion Software Limited

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Notes (continued)

1 Accounting policies (continued)

Research and development expenditure

Expenditure on research and development is written off against profits in the year in which it is incurred.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Turnover

Turnover represents amounts (excluding value added tax) received for the provision of licensing and maintenance of computer software and the provision of research services to holding and fellow subsidiary companies. The turnover and pre-tax results are wholly attributable to the company's principal activities.

2 Loss on ordinary activities before taxation

6 months ended
31 December 1993
£

Loss on ordinary activities before taxation is stated after charging

Auditors' remuneration	- audit fees	1,500
	- other services	400
		<hr/>

3 Remuneration of directors

6 months ended
31 December 1993
£

Directors' emoluments:	
Remuneration as executives	<hr/> 50,005

The emoluments, excluding pension contributions, of the chairman were £NIL and those of the highest paid director were £18,333.

Criterion Software Limited

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Notes (continued)

3 Remuneration of directors (continued)

The emoluments, excluding pension contributions, of the directors (including the chairman and the highest paid director) were within the following ranges:

			Number of directors 1993
£	0 -	£ 5,000	3
£10,001	-	£15,000	1
£15,001	-	£20,000	2
			<hr/>

4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the period, analysed by category, was as follows:

	Number of employees 1993
Management and administration	2
	<hr/>
	2
	<hr/>

The aggregate payroll costs of these persons were as follows:

	6 months ended 31 December 1993 £
Wages and salaries	50,417
Social security costs	4,723
Other pension costs	4,588
	<hr/>
	59,728
Subcontracted labour	117,366
	<hr/>
	177,094
	<hr/>

Criterion Software Limited (formerly Rapid 9562 Limited)

Notes (continued)

5	Taxation	1993 £
	UK corporation tax at 33% on the profit for the year on ordinary activities	-
	Deferred taxation (see note 11)	-
		<hr/>
		-
		<hr/>
6	Tangible fixed assets	
		Equipment £
	<i>Cost</i>	
	Additions	20,849
		<hr/>
	At 31 December 1993	20,849
		<hr/>
	<i>Depreciation</i>	
	Charge for period	-
		<hr/>
	At 31 December 1993	-
		<hr/>
	<i>Net book value</i>	
	At 31 December 1993	20,849
		<hr/>

Criterion Software Limited
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Notes (continued)

7 Debtors

	1993 Due within one year £
Amounts owed by parent company	135,620
Other debtors	2
	<hr/>
	135,622
	<hr/>

8 Creditors: amounts falling due within one year

	1993 £
Other creditors	175
Accruals and deferred income	1,500
	<hr/>
	1,675
	<hr/>

9 Called up share capital

	1993 £
<i>Authorised</i>	
Ordinary shares of £1 each	500,000
	<hr/>
<i>Allotted, called up and fully paid</i>	
Ordinary shares of £1 each	400,000
	<hr/>

Criterion Software Limited

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Notes (continued)

10 Pension scheme

As explained in the accounting policies set out in note 1, the company is a member of the Canon Group pension scheme which is a defined benefit scheme providing benefits based on final pensionable pay. Contributions are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The contributions are determined by a qualified actuary. Details of the most recent valuation is contained in the accounts of Canon (UK) Limited.

The pension charge for the period was £4,588.

11 Ultimate holding company and parent undertaking of larger group of which the company is a member

The largest group of undertakings for which group accounts are drawn up is that of the company's ultimate holding company, Canon Inc: PO Box 5050 Dai Ichi Seimei Building, Shinjuku, Tokyo 160, Japan and is incorporated in Japan.

The smallest group of undertakings for which group accounts are drawn up is that of Canon Europa NV Bovenkerkerweg 59-61, 1180 EG AMSTELVEEN, The Netherlands and is incorporated in the Netherlands.

The accounts of these companies are available to the public and may be obtained from their registered offices as stated above.