

SIMSCI INTERNATIONAL LIMITED

Abbreviated accounts

31 December 1995

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AUDITORS' REPORT TO THE DIRECTORS OF SIMSCI INTERNATIONAL LIMITED IN ACCORDANCE WITH PARAGRAPH 24 OF SCHEDULE 8 TO THE COMPANIES ACT 1985

We have examined the abbreviated financial statements on pages 3 to 5 together with the full financial statements of Simsci International Limited for the year ended 31 December 1995. The scope of our work for the purpose of this report was limited to confirming whether the company is entitled to the exemptions claimed in the directors' statement on page 3 and whether the abbreviated financial statements have been properly prepared from the full financial statements.

In our opinion the company is entitled to the exemptions claimed in the directors' statement on page 3 and the abbreviated financial statements have been properly prepared in accordance with Schedule 8 to the Companies Act 1985.

On 31 October 1996 we reported, as auditors to Simsci International Limited, to the members on the full financial statements prepared under Section 226 of the Companies Act 1985 for the year ended 31 December 1995 and our audit report was as follows:

"We have audited the financial statements on pages 5 to 13 which have been prepared under the accounting policies set out on page 8.

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.

**AUDITORS' REPORT TO THE DIRECTORS OF SIMSCI INTERNATIONAL
LIMITED IN ACCORDANCE WITH PARAGRAPH 24 OF SCHEDULE 8
TO THE COMPANIES ACT 1985 (continued)**

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 1995 and of its profit for the year and have been properly prepared in accordance with the Companies Act 1985."

The statement of directors' responsibilities referred to in our audit report on the full financial statements, referred to above, was as follows:

"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 as at the end of the financial year and of the profit of the company 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;
- 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. 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."

Deloitte & Touche

Chartered Accountants
and Registered Auditors

31 October 1996

BALANCE SHEET
31 December 1995

	Note	1995 £	1994 £
FIXED ASSETS			
Tangible assets	2	173,754	143,751
CURRENT ASSETS			
Debtors		325,846	369,246
Cash at bank and in hand		125,806	1,461
		<u>451,652</u>	<u>370,707</u>
CREDITORS: amounts falling due within one year		<u>(201,162)</u>	<u>(307,899)</u>
NET CURRENT ASSETS		<u>250,490</u>	<u>62,808</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>424,244</u>	<u>206,559</u>
PROVISIONS FOR LIABILITIES AND CHARGES		-	(5,999)
		<u>424,244</u>	<u>200,560</u>
CAPITAL AND RESERVES			
Called up share capital	3	67,115	67,115
Profit and loss account		357,129	133,445
Equity shareholders' funds		<u>424,244</u>	<u>200,560</u>

Advantage is taken of the exemptions conferred by section A of Part III of Schedule 8 of the Companies Act 1985 with respect to the delivery of individual financial statements. 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 sized company specified in Sections 246 and 247.

These financial statements were approved by the Board of Directors on 28 October 1996

Signed on behalf of the Board of Directors

- Director



NOTES TO THE ACCOUNTS**Year ended 31 December 1995****1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Tangible fixed assets

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Fixtures, fittings and equipment	20% per annum
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Deferred taxation

Deferred taxation is provided at the anticipated tax rates on timing differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

Leases

Operating lease rentals are charged to income in equal annual amounts over the lease term.

Pension costs

The company makes discretionary contributions to personal pension plans in respect of certain employees. These are linked to salaries and are charged to the profit and loss account in the period in which the related salary is earned.

2. TANGIBLE FIXED ASSETS

	Fixtures, fittings and equipment 1995 £
Cost	
At 1 January 1995	215,118
Additions	89,726
At 31 December 1995	<u>304,844</u>
Accumulated depreciation	
At 1 January 1995	71,367
Charge for the period	59,723
At 31 December 1995	<u>131,090</u>
Net book value	
At 31 December 1995	<u>173,754</u>
At 31 December 1994	<u>143,751</u>

NOTES TO THE ACCOUNTS
Year ended 31 December 1995

3. CALLED UP SHARE CAPITAL

	1995 £	1994 £
Authorised		
100,000 ordinary shares of £1 each	100,000	100,000
	<u> </u>	<u> </u>
Called up, allotted and fully paid		
67,115 ordinary shares of £1 each	67,115	67,115
	<u> </u>	<u> </u>

4. ULTIMATE PARENT COMPANY

The ultimate parent company is Simulation Sciences Inc., a company incorporated in U.S.A.