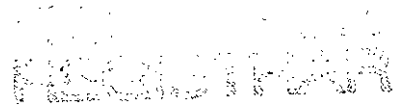


REGISTERED NUMBER: 03039069



QUALITY SYSTEMS INTERNATIONAL (UK) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 1998



QUALITY SYSTEMS INTERNATIONAL (UK) LIMITED

FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 1998

DIRECTORS

H H Freier  
F W Koster  
C R Collier

SECRETARY

C R Collier

REGISTERED OFFICE

The Lodge  
Station Road  
Chinnor  
Oxon  
OX9 4HA

COMPANY NUMBER

03039069

AUDITORS

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

QUALITY SYSTEMS INTERNATIONAL (UK) LIMITED

FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 1998

CONTENTS

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Pages	3	Report of the Directors
	5	Report of the Auditors
	6	Profit and Loss Account
	7	Balance Sheet
	8 to 12	Notes to the Accounts

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

13	Trading and Profit and Loss Account
14	Profit and Loss Account Summaries

QUALITY SYSTEMS INTERNATIONAL (UK) LIMITED

DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 MAY 1998

The Directors present their Report and the audited Financial Statements of the Company for the year ended 31 May 1998.

**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.
- 4) 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 Koster  
C R Collier

QUALITY SYSTEMS INTERNATIONAL (UK) LIMITED

DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MAY 1998

AUDITORS

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

In preparing the above Report, the Directors have taken advantage of the exemptions applicable to Small Companies.

This Report was approved by the Board on 22 December 1998 and signed on their behalf.



Signed  
C R Collier

QUALITY SYSTEMS INTERNATIONAL (UK) LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS OF QUALITY SYSTEMS INTERNATIONAL (U  
FOR THE YEAR ENDED 31 MAY 1998

We have audited the Financial Statements on pages 6 to 11 which have been prepared under the historical cost convention and 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.

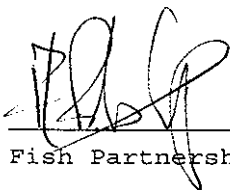
**BASIS OF OPINION**

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.

**OPINION**

In our opinion the Financial Statements give a true and fair view of the state of the Company's affairs at 31 May 1998 and of its loss 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

22 December 1998

QUALITY SYSTEMS INTERNATIONAL (UK) LIMITED

PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 MAY 1998

	Notes	1998	1997
TURNOVER		412,309	383,944
Cost of Sales		80,098	(9,512)
GROSS PROFIT		332,211	393,456
Other Operating Expenses		370,355	279,447
OPERATING (LOSS)/PROFIT		(38,144)	114,009
Interest Receivable and Similar Income		5,152	-
Interest Payable and Similar Charges		(1,190)	(263)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	(34,182)	113,746
Tax on (Loss)/Profit on Ordinary Activities		(7,001)	36,268
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		(27,181)	77,478
Retained Profit Brought Forward		121,030	43,552
RETAINED PROFIT CARRIED FORWARD		£ 93,849	£ 121,030

All activities of this and the previous year are in respect of continuing operations.

The Company made no recognised gains and losses other than those reported in the Profit and Loss Account.

The Notes on Pages 8 to 11 form part of these Accounts

QUALITY SYSTEMS INTERNATIONAL (UK) LIMITED

BALANCE SHEET  
AT 31 MAY 1998

	Notes	1998	1997
<b>FIXED ASSETS</b>			
Tangible Assets	3	32,406	32,527
<b>CURRENT ASSETS</b>			
Debtors	4	68,413	150,819
Cash at Bank and in Hand		179,157	106,875
		<u>247,570</u>	<u>257,694</u>
CREDITORS: Amounts falling due within one year	5	<u>181,306</u>	<u>158,705</u>
NET CURRENT ASSETS		<u>66,264</u>	<u>98,989</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>98,670</u>	<u>131,516</u>
CREDITORS: Amounts falling due after more than one year	6	<u>(4,721)</u>	<u>(10,386)</u>
NET ASSETS		<u>£ 93,949</u>	<u>£ 121,130</u>
<b>CAPITAL AND RESERVES</b>			
Called up Share Capital	8	100	100
Profit and Loss Account	9	<u>93,849</u>	<u>121,030</u>
SHAREHOLDERS' FUNDS		<u>£ 93,949</u>	<u>£ 121,130</u>

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

Signed on behalf of the Board

*C. P. Collier*

C Collier, Director

Approved by the Board: 22 December 1998

The Notes on Pages 8 to 11 form part of these Accounts



QUALITY SYSTEMS INTERNATIONAL (UK) LIMITED

NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 MAY 1998

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 at the following annual rates in order to write off each Asset over its estimated useful life.

		1998	1997
Motor Vehicles	- % written down value	30	30
Fixtures and Fittings	- % written down value	25	25
Equipment	- % cost	33	33

1c. Deferred Taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the Directors, there is reasonable probability that the liability will not arise in the foreseeable future.

1d. Turnover

Turnover represents the amount receivable for goods sold and services rendered in the ordinary course of business excluding Value Added Tax.

1e. Leases

Assets obtained under finance leases and hire purchase contracts are capitalised in the Balance Sheet and are depreciated over their estimated useful lives.

The interest element of the rental obligations is charged to Profit and Loss Account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals under operating leases are charged to the Profit and Loss Account as incurred.

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.

QUALITY SYSTEMS INTERNATIONAL (UK) LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

2. (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1998	1997
(Loss)/Profit on Ordinary Activities before Taxation is stated after Charging:		
Depreciation	24,504	21,263
Auditors' Remuneration	2,150	2,000
Directors' Emoluments including Benefits and Pension Contributions	55,490	50,322
	<u>55,490</u>	<u>50,322</u>

3. TANGIBLE FIXED ASSETS

	Motor Vehicle	Fixtures & Fittings	Office Equipment	Total
Cost				
At 1 June 1997	19,850	3,117	39,150	62,117
Additions	13,834	520	10,029	24,383
At 31 May 1998	<u>33,684</u>	<u>3,637</u>	<u>49,179</u>	<u>86,500</u>
Depreciation				
At 1 June 1997	6,451	1,304	21,835	29,590
For the Year	8,170	583	15,751	24,504
At 31 May 1998	<u>14,621</u>	<u>1,887</u>	<u>37,586</u>	<u>54,094</u>
Net Book Amounts				
At 31 May 1998	<u>£ 19,063</u>	<u>£ 1,750</u>	<u>£ 11,593</u>	<u>£ 32,406</u>
At 31 May 1997	<u>£ 13,399</u>	<u>£ 1,813</u>	<u>£ 17,315</u>	<u>£ 32,527</u>

**Finance Lease and Hire Purchase Assets**

Included in tangible fixed assets are assets of net book amount £9,379 held under finance leases and hire purchase contracts. The amount of depreciation provided in the year on these assets is £4,020.

4. DEBTORS

	1998	1997
Trade Debtors	57,650	130,104
Corporation Tax	7,001	-
Other Debtors	-	17,815
Prepayments	3,762	2,900
	<u>£ 68,413</u>	<u>£ 150,819</u>

QUALITY SYSTEMS INTERNATIONAL (UK) LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

5. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1998	1997
Hire Purchase	5,665	5,665
Trade Creditors	17,479	8,370
Social Security and Other Taxes	24,328	21,302
Corporation Tax	-	36,268
Directors Loans	1,538	4,003
Other Creditors	45,438	-
Accruals	41,696	26,855
Deferred Income	45,162	56,242
	<u>£ 181,306</u>	<u>£ 158,705</u>

6. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	1998	1997
Hire Purchase	4,721	10,386
	<u>£ 4,721</u>	<u>£ 10,386</u>

7. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS FOR THE YEAR ENDED 31 MAY 1998

	1998	1997
(Loss)/Profit for the Financial Year	(27,181)	77,478
	<u>(27,181)</u>	<u>77,478</u>
Net (Reduction in)/Addition to Shareholders' Funds	(27,181)	77,478
Opening Shareholders' Funds	121,130	43,652
Closing Shareholders' Funds	<u>£ 93,949</u>	<u>£ 121,130</u>

8. CALLED UP SHARE CAPITAL

	1998	1997
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)

9. RESERVES

	Profit and Loss Account
At 1 June 1997	121,030
Loss for the Year	(27,181)
	<hr/>
At 31 May 1998	£ 93,849
	<hr/>

10. OPERATING LEASE COMMITMENTS

At 31 May 1998 the company had annual commitments under non-cancellable operating leases as follows:

	1998	1997
Land and Buildings:		
Expiring within 2 and 5 years inclusive	£ 9,804	£ 9,804
	<hr/>	<hr/>

11. FINANCE LEASE COMMITMENTS

The Company has entered into non-cancellable Finance Leases in respect of Motor Vehicles, the payments for which extend over a period of up to 3 years.

The minimum annual rentals under the Leases are as follows:

	1998	1997
Motor Vehicles		
- within 1 year	5,665	5,665
- within 2-5 years	4,721	10,386
	<hr/>	<hr/>
	10,386	16,051
	<hr/>	<hr/>

12. ULTIMATE PARENT COMPANY

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

QUALITY SYSTEMS INTERNATIONAL (UK) LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

13. RELATED PARTY TRANSACTIONS

Controlling Party

The Company was controlled throughout the current and previous period by Quality Systems International Corporation, U.S.A., by virtue of the Company's 100% holding of the Ordinary Shares of the Company.

Transactions with Related Parties

During the year the Company entered into transactions with the following related parties:

The Company paid £45,438 for License Royalties to Quality Systems International Corporation, U.S.A. At 31 May 1998 the Company owed £45,438 to Quality Systems International Corporation U.S.A.