

REGISTERED NUMBER: 03039069

QUALITY SYSTEMS INTERNATIONAL (UK) LIMITED

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MAY 1997



QUALITY SYSTEMS INTERNATIONAL (UK) LIMITED

FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MAY 1997

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

B Fish & Partners
The Mill House
Boundary Road
Loudwater
High Wycombe
Bucks
HP10 9QN

QUALITY SYSTEMS INTERNATIONAL (UK) LIMITED

FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MAY 1997

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	6	Profit and Loss Account
	7	Balance Sheet
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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 PERIOD ENDED 31 MAY 1997

The Directors present their Report and the audited Financial Statements of the Company for the period ended 31 May 1997.

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 period are shown below.

H H Freier
F W Koster
C R Collier

QUALITY SYSTEMS INTERNATIONAL (UK) LIMITED

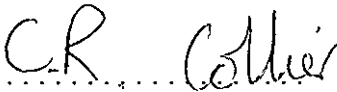
DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 MAY 1997

AUDITORS

The auditors, B Fish & Partners, 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 5th January 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 PERIOD ENDED 31 MAY 1997

We have audited the Financial Statements on pages 6 to 12 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.

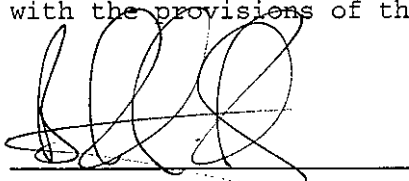
BASIS OF OPINION

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 1997 and of its profit for the period then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.



B Fish & Partners

Chartered Accountants
and Registered Auditor

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

5th January 1998

QUALITY SYSTEMS INTERNATIONAL (UK) LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 31 MAY 1997

	Notes	1997	1996
TURNOVER		383,944	218,836
Cost of Sales		(9,512)	23,663
GROSS PROFIT		393,456	195,173
Other Operating Expenses		279,447	154,621
OPERATING PROFIT		114,009	40,552
Interest Receivable and Similar Income	2	-	14,051
Interest Payable and Similar Charges		(263)	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	113,746	54,603
Tax on Profit on Ordinary Activities		36,268	11,051
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		77,478	43,552
Retained Profit Brought Forward		43,552	-
RETAINED PROFIT CARRIED FORWARD		£ 121,030	£ 43,552

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.

QUALITY SYSTEMS INTERNATIONAL (UK) LIMITED

BALANCE SHEET
AT 31 MAY 1997

	Notes	1997	1996
FIXED ASSETS			
Tangible Assets	4	32,527	17,286
CURRENT ASSETS			
Debtors	5	150,819	34,292
Cash at Bank and in Hand		106,875	25,743
		<u>257,694</u>	<u>60,035</u>
CREDITORS: Amounts falling due within one year	6	<u>158,705</u>	<u>33,669</u>
NET CURRENT ASSETS		<u>98,989</u>	<u>26,366</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		131,516	43,652
CREDITORS: Amounts falling due after more than one year	7	<u>(10,386)</u>	<u>-</u>
NET ASSETS		<u>£ 121,130</u>	<u>£ 43,652</u>
CAPITAL AND RESERVES			
Called up Share Capital	9	100	100
Profit and Loss Account	10	<u>121,030</u>	<u>43,552</u>
SHAREHOLDERS' FUNDS		<u>£ 121,130</u>	<u>£ 43,652</u>

Advantage has been taken of the exemptions conferred by Part I of Schedule 8 to the Companies Act 1985 on the grounds that, in the Directors' opinion, the Company is entitled to the benefit of those exemptions as a Small Company.

Signed on behalf of the Board

CR Collier

C Collier, Director

Approved by the Board: 5th January 1998

The Notes on Pages 8 to 12 form part of these Accounts

QUALITY SYSTEMS INTERNATIONAL (UK) LIMITED

NOTES TO THE ACCOUNTS
FOR THE PERIOD ENDED 31 MAY 1997

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.

		1997	1996
Motor Vehicles	- % written down value	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. INTEREST RECEIVABLE AND OTHER INCOME	1997	1996
Income from Group Dividends	-	14,051
	<u> </u>	<u> </u>
	£ -	£ 14,051
	<u> </u>	<u> </u>

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	1997	1996
Profit on Ordinary Activities before Taxation is stated after Charging:		
Depreciation	21,263	8,327
Auditors' Remuneration	2,000	1,800
Directors' Emoluments including Benefits and Pension Contributions	50,322	6,200
	<u> </u>	<u> </u>

4. TANGIBLE FIXED ASSETS	Motor Vehicle	Fixtures & Fittings	Office Equipment	Total
Cost				
At 1 May 1996	-	2,521	23,092	25,613
Additions	19,850	596	16,058	36,504
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 May 1997	19,850	3,117	39,150	62,117
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Depreciation				
At 1 May 1996	-	630	7,697	8,327
For the Period	6,451	674	14,138	21,263
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 May 1997	6,451	1,304	21,835	29,590
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net Book Amounts				
At 31 May 1997	£ 13,399	£ 1,813	£ 17,315	£ 32,527
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 30 April 1996	£ -	£ 1,891	£ 15,395	£ 17,286
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Finance Lease and Hire Purchase Assets

Included in tangible fixed assets are assets of net book amount £13,399 held under finance leases and hire purchase contracts. The amount of depreciation provided in the period on these assets is £6,451.

QUALITY SYSTEMS INTERNATIONAL (UK) LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

5. DEBTORS	1997	1996
Trade Debtors	130,104	31,120
Other Debtors	17,815	-
Prepayments	2,900	3,172
	<hr/>	<hr/>
	£ 150,819	£ 34,292
	<hr/>	<hr/>

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	1997	1996
Loans	-	5,006
Hire Purchase	5,665	-
Amounts owed to Group Company	-	1,200
Trade Creditors	8,370	5,340
Social Security and Other Taxes	21,302	9,272
Corporation Tax	36,268	11,051
Directors Loans	4,003	-
Accruals	26,855	1,800
Deferred Income	56,242	-
	<hr/>	<hr/>
	£ 158,705	£ 33,669
	<hr/>	<hr/>

7. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR	1997	1996
Hire Purchase	10,386	-
	<hr/>	<hr/>
	£ 10,386	£ -
	<hr/>	<hr/>

8. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS FOR THE PERIOD ENDED 31 MAY 1997	1997	1996
Profit for the Financial Period	77,478	43,552
	<hr/>	<hr/>
New Share Capital Subscribed	77,478	43,552
	-	100
	<hr/>	<hr/>
Net Addition to Shareholders' Funds	77,478	43,652
Opening Shareholders' Funds	43,652	-
	<hr/>	<hr/>
Closing Shareholders' Funds	£ 121,130	£ 43,652
	<hr/>	<hr/>

QUALITY SYSTEMS INTERNATIONAL (UK) LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

9. CALLED UP SHARE CAPITAL	1997	1996
Authorised:		
10000 Ordinary Shares of £1 each	£ 10,000	£ 10,000
	<u> </u>	<u> </u>
Allotted, Issued and Fully Paid:		
100 Ordinary Shares of £1 each	£ 100	£ 100
	<u> </u>	<u> </u>

On Incorporation of the Company 100 Ordinary £1 Shares were issued at par.

10. RESERVES	Profit and Loss Account
At 1 May 1996	43,552
Profit for the Period	77,478
	<u> </u>
At 31 May 1997	£ 121,030
	<u> </u>

11. OPERATING LEASE COMMITMENTS

At 31 May 1997 the company had annual commitments under non-cancellable operating leases as follows:

	1997	1996
Land and Buildings:		
Expiring within 2 and 5 years inclusive	£ 9,804	£ 9,804
	<u> </u>	<u> </u>

12. 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:

	1997	1996
Motor Vehicles		
- within 1 year	5,665	-
- within 2-5 years	10,386	-
	<u> </u>	<u> </u>
	16,051	-
	<u> </u>	<u> </u>

QUALITY SYSTEMS INTERNATIONAL (UK) LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

13. ULTIMATE PARENT COMPANY

The Company is a wholly owned Subsidiary undertaking of Quality Systems International Corporation incorporated in Nevis, West Indies.

14. RELATED PARTY TRANSACTIONS

Controlling Party

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

Transactions with Related Parties

Creditors falling due under one year include the following amounts owed to individuals who are Directors of the Company:

	1997	1996
C R Collier	4,003	-