

K 2 SOFTWARE LIMITED

COMPANY INFORMATION
FOR THE PERIOD 25TH APRIL 1995 TO 24TH OCTOBER 1996

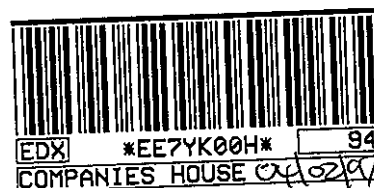
DIRECTOR: K Phillips

SECRETARY: Mrs K Phillips

REGISTERED OFFICE: 23 Camden Close
Grange Park
Swindon
Wiltshire

REGISTERED NUMBER: 03049739 (England and Wales)

ACCOUNTANTS: Ekins & Co (Swindon)
Chartered Accountants
31 Victoria Road
Swindon
Wiltshire



K 2 SOFTWARE LIMITED

REPORT OF THE DIRECTOR

FOR THE PERIOD 25TH APRIL 1995 TO 24TH OCTOBER 1996

The director presents his report with the financial statements of the company for the period 25th April 1995 to 24th October 1996.

INCORPORATION

The company was incorporated on 25th April 1995 and commenced trading on the same date.

PRINCIPAL ACTIVITY

The principal activity of the company in the period under review was that of computer programming consultants.

DIRECTOR

K Phillips was the sole director during the period under review.

His beneficial interest in the issued share capital of the company was as follows:

	24.10.96	25.4.95
Ordinary £1 shares	1	-

The director, being eligible, offers himself for election at the forthcoming first Annual General Meeting.

In preparing this report, the director has taken advantage of special exemptions applicable to small companies conferred by Part II of Schedule 8 to the Companies Act 1985.

ON BEHALF OF THE BOARD:

K Phillips

Mrs K Phillips - SECRETARY

Dated: *12/11/96*

K 2 SOFTWARE LIMITED

REPORT OF THE ACCOUNTANTS TO THE SHAREHOLDERS
ON THE UNAUDITED FINANCIAL STATEMENTS OF
K 2 SOFTWARE LIMITED

We report on the financial statements for the period ended 24th October 1996 set out on pages four to eight.

Respective responsibilities of director and reporting accountants

As described on page five the company's director is responsible for the preparation of the financial statements, and he considers that the company is exempt from an audit. It is our responsibility to carry out procedures designed to enable us to report our opinion.

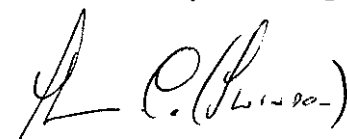
Basis of opinion

Our work was conducted in accordance with the Statement of Standards for Reporting Accountants, and so our procedures consisted of comparing the financial statements with the accounting records kept by the company, and making such limited enquiries of the officers of the company as we considered necessary for the purposes of this report. These procedures provide only the assurance expressed in our opinion.

Opinion

In our opinion:

- (a) the financial statements are in agreement with the accounting records kept by the company under Section 221 of the Companies Act 1985;
- (b) having regard only to, and on the basis of, the information contained in those accounting records:
 - (i) the financial statements have been drawn up in a manner consistent with the accounting requirements specified in Section 249C(6) of the Act; and
 - (ii) the company satisfied the conditions for exemption from an audit of the financial statements for the period specified in Section 249A(4) of the Act and did not, at any time within that period, fall within any of the categories of companies not entitled to the exemption specified in Section 249B(1).



Ekins & Co (Swindon)
Chartered Accountants
31 Victoria Road
Swindon
Wiltshire

Dated: 10/1/97

K2 SOFTWARE LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE PERIOD 25TH APRIL 1995 TO 24TH OCTOBER 1996

	Notes	£
TURNOVER	2	101,927
GROSS PROFIT		101,927
Administrative expenses		80,968
OPERATING PROFIT	3	20,959
Interest receivable and similar income	4	1,416
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		22,375
Tax on profit on ordinary activities		1,838
PROFIT FOR THE FINANCIAL PERIOD AFTER TAXATION		20,537
Dividends	5	14,400
RETAINED PROFIT CARRIED FORWARD		£6,137

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current period.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profit for the current period.

K 2 SOFTWARE LIMITED

BALANCE SHEET 24TH OCTOBER 1996

	Notes	£	£
FIXED ASSETS:			
Tangible assets	6		8,138
CURRENT ASSETS:			
Stocks	7	10,000	
Debtors	8	19,687	
Cash at bank		62,953	
		<hr/>	
		92,640	
CREDITORS: Amounts falling due within one year	9	94,639	
		<hr/>	
NET CURRENT LIABILITIES:			(1,999)
			<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES:			£6,139
			<hr/>
CAPITAL AND RESERVES:			
Called up share capital	10		2
Profit and loss account			6,137
			<hr/>
Shareholders' funds	11		£6,139
			<hr/>

The company is entitled to exemption from audit under Section 249A(2) of the Companies Act 1985 for the period ending 24th October 1996.

No notice has been deposited under Section 249B(2) of the Companies Act 1985 in relation to its financial statements for the financial period.

The director acknowledges his responsibilities for:

- ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985 and
- preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Section 226 and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements, so far as applicable to the company.

In preparing these financial statements, the director has taken advantage of special exemptions applicable to small companies conferred by Part I of Schedule 8 to the Companies Act 1985. The director has done so on the grounds that, in his opinion, the company is entitled to the benefit of those exemptions because it meets the qualifying conditions for small companies as stated in Section 247 of the Companies Act 1985.

ON BEHALF OF THE BOARD



K Phillips - DIRECTOR

Approved by the Board on 12/11/96

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 25TH APRIL 1995 TO 24TH OCTOBER 1996

1. **ACCOUNTING POLICIES**

Accounting convention

The financial statements have been prepared under the historical cost convention.

Financial Reporting Standard Number 1

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

Turnover

Turnover represents net invoiced sales of services, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Fixtures and fittings	- 20% on cost
Motor vehicles	- 20% on cost
Computer equipment	- 33% on cost

Stocks

Work in progress is valued at the lower of cost and net realisable value.

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

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 director, there is reasonable probability that the liability will not arise in the foreseeable future.

2. **TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the company.

3. **OPERATING PROFIT**

The operating profit is stated after charging:

	£
Depreciation - owned assets	3,506
Loss on disposal of fixed assets	2,400
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Director's emoluments	37,926
	<hr/>

4. **INTEREST RECEIVABLE AND SIMILAR INCOME**

	£
Deposit account interest	1,416
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K 2 SOFTWARE LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 25TH APRIL 1995 TO 24TH OCTOBER 1996****5. DIVIDENDS**

	£
Equity shares:	
Final - share type 1	14,400

6. TANGIBLE FIXED ASSETS

	Fixtures and fittings	Motor vehicles	Computer equipment	Totals
	£	£	£	£
COST:				
Additions	250	6,600	7,294	14,144
Disposals	-	(2,500)	-	(2,500)
At 24th October 1996	250	4,100	7,294	11,644
DEPRECIATION:				
Charge for period	50	1,025	2,431	3,506
At 24th October 1996	50	1,025	2,431	3,506
NET BOOK VALUE:				
At 24th October 1996	200	3,075	4,863	8,138

7. STOCKS

	£
Work in progress	10,000

**8. DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	£
Trade debtors	16,087
ACT recoverable	3,600
	19,687

K 2 SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 25TH APRIL 1995 TO 24TH OCTOBER 1996

9. **CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	£
Trade creditors	5,699
Directors current accounts	18,724
Other creditors	14,812
Dividend proposed	14,400
V.A.T.	16,087
Social security & other taxes	19,479
Taxation	5,438
	<hr/>
	94,639
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10. **CALLED UP SHARE CAPITAL**

Authorised:			
Number:	Class:	Nominal value:	£
100	Ordinary	£1	100
			<hr/>

Allotted, issued and fully paid:			
Number:	Class:	Nominal value:	£
2	Ordinary	£1	2
			<hr/>

11. **RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	£
Profit for the financial period	20,537
Dividends	(14,400)
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	6,137
Share Capital	2
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NET ADDITION TO SHAREHOLDERS' FUNDS	6,139
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CLOSING SHAREHOLDERS' FUNDS	6,139
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Equity interests	6,139
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