

**Company Registration No. 3231905 (England and Wales)**

**BROADVISION (UK) LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2004**

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## **BROADVISION (UK) LIMITED**

### **COMPANY INFORMATION**

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**Directors** P Chen (Appointed 26 May 2006)  
S C Adams (Appointed 26 May 2006)

**Secretary** Jordan Company Secretaries Limited

**Company number** 3231905

**Registered office** 2nd Floor Havell House  
62-66 Queens Road  
Reading  
Berkshire  
RG1 4AZ

**Auditors** Saffery Champness  
Lion House  
Red Lion Street  
London  
WC1R 4GB

**Bankers** Barclays Bank plc  
Slough Corporate Banking Centre  
P O Box 23  
258 Bath Road  
Slough  
SL1 4NX

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**BROADVISION (UK) LIMITED**

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## **BROADVISION (UK) LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2004**

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The directors present their report and financial statements for the year ended 31 December 2004

#### **Principal activities and review of the business**

The principal activity of the company continued to be that of the provision of software applications for use on the World Wide Web

The director considers the result for the year to be satisfactory

#### **Results and dividends**

The results for the year are set out on page 5

#### **Directors**

The following directors have held office since 1 January 2004

W E Meyer	(Resigned 26 May 2006)
P Chen	(Appointed 26 May 2006)
S Turner	(Appointed 16 June 2004 and resigned 25 November 2004)
S C Adams	(Appointed 26 May 2006)
P J Stanley	(Resigned 15 January 2004)

#### **Directors' interests**

There are no directors' interests requiring disclosure under the Companies Act 1985

Directors interests in the shares of the parent company, BroadVision Inc, are disclosed in the accounts of that company

#### **Auditors**

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Saffery Champness be reappointed as auditors of the company will be put to the Annual General Meeting

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**BROADVISION (UK) LIMITED**

**DIRECTORS' REPORT (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2004**

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**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

- 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 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.

On behalf of the board



P Chen

Director

27 June 2007

## **BROADVISION (UK) LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BROADVISION (UK) LIMITED**

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We have audited the financial statements of BroadVision (UK) Limited on pages 5 to 13 for the year ended 31 December 2004. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

#### **Respective responsibilities of the directors and auditors**

As described in the statement of directors' responsibilities on page 2, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom 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.

#### **Going concern**

BroadVision (UK) Limited is reliant on BroadVision Inc for future income streams and for ongoing financial support, as disclosed in Note 1 of the financial statements. The financial statements do not include any adjustments that would result if such support were withdrawn. Our opinion is not qualified in this respect.

**BROADVISION (UK) LIMITED**

**INDEPENDENT AUDITORS' REPORT (continued)  
TO THE SHAREHOLDERS OF BROADVISION (UK) LIMITED**

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**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 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985

**Saffery Champness**

Chartered Accountants  
Registered Auditors

28 June 2007

*Saffery Champness*

Lion House  
Red Lion Street  
London  
WC1R 4GB

**BROADVISION (UK) LIMITED****PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2004**

	Notes	2004 £	2003 £
<b>Turnover</b>	<b>2</b>	4,622,614	5,356,835
Administrative expenses		<u>(4,731,789)</u>	<u>(5,229,890)</u>
<b>Operating (loss)/profit</b>	<b>3</b>	(109,175)	126,945
Other interest receivable and similar income		13,674	29,835
Interest payable and similar charges	<b>4</b>	<u>-</u>	<u>35,182</u>
<b>(Loss)/profit on ordinary activities before taxation</b>		(95,501)	191,962
Tax on (loss)/profit on ordinary activities	<b>5</b>	<u>-</u>	<u>71,871</u>
<b>(Loss)/profit on ordinary activities after taxation</b>	<b>11</b>	<u><u>(95,501)</u></u>	<u><u>263,833</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

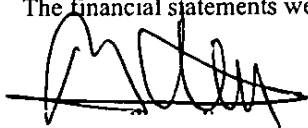
The notes on pages 7 to 13 form part of these financial statements

**BROADVISION (UK) LIMITED****BALANCE SHEET  
AS AT 31 DECEMBER 2004**

	Notes	2004 £	£	2003 £	£
<b>Fixed assets</b>					
Tangible assets	6		94,826		94,111
<b>Current assets</b>					
Debtors	7	535,244		728,504	
Cash at bank and in hand		70,167		414,331	
		<u>605,411</u>		<u>1,142,835</u>	
<b>Creditors: amounts falling due within one year</b>	8	<u>(1,452,703)</u>		<u>(1,893,911)</u>	
<b>Net current liabilities</b>			<u>(847,292)</u>		<u>(751,076)</u>
<b>Total assets less current liabilities</b>			<u>(752,466)</u>		<u>(656,965)</u>
<b>Capital and reserves</b>					
Called up share capital	10		20,000		20,000
Profit and loss account	11		<u>(772,466)</u>		<u>(676,965)</u>
<b>Shareholders' funds - equity interests</b>	12		<u>(752,466)</u>		<u>(656,965)</u>

The notes on pages 7 to 13 form part of these financial statements

The financial statements were approved by the board on 27 June 2007



P Chen  
Director

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## **BROADVISION (UK) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004**

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#### **1 Accounting policies**

##### **1.1 Accounting convention**

The financial statements are prepared under the historical cost convention

##### **Going Concern**

BroadVision (UK) Limited is reliant on BroadVision Inc for future income streams and for ongoing financial support. The directors of BroadVision Inc have confirmed their ongoing commitment to provide such support.

##### **1.2 Turnover**

##### **Services**

Revenue arising from professional service agreements with third parties is recognised as services are delivered.

##### **BroadVision Inc**

A sales representative agreement exists between BroadVision (UK) Limited and BroadVision Inc. Under this agreement, BroadVision (UK) Limited is reimbursed for all sales, marketing and operating costs incurred in relation to licence and support revenue earned in the UK on behalf of BroadVision Inc and a commission is received.

##### **European management charge**

A management charge is received from fellow European subsidiaries contributing to the cost of BroadVision (UK) Limited acting as European headquarters.

##### **1.3 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Leasehold improvements	over 3 years
Computer equipment and software	over 3 years
Office equipment, furniture and fittings	over 5 years

##### **1.4 Leasing**

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

##### **1.5 Pensions**

The company makes contributions to employee personal pension plans on a defined contribution basis. The pension costs charged in the financial statements represent the contributions paid by the company during the year.

**BROADVISION (UK) LIMITED****NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2004****1 Accounting policies****(continued)****1.6 Deferred taxation**

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax assets are only recognised to the extent that, on the basis of all evidence, it can be regarded as more likely than not, that there will be sufficient taxable profits from which the future reversal of underlying timing differences can be deducted.

**1.7 Foreign currency translation**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

**2 Turnover**

	<b>Turnover</b>	
	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
<b>Class of business</b>		
Third party UK sales	1,245,855	1,875,918
BroadVision Inc costs recharged and commission received	2,853,702	2,876,100
Management charge to European fellow subsidiaries	523,057	604,817
	<u>4,622,614</u>	<u>5,356,835</u>

**3 Operating (loss)/profit**

	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
Operating (loss)/profit is stated after charging		
Depreciation of tangible assets	50,788	129,853
Loss on foreign exchange transactions	707	4,365
Operating lease rentals	193,405	198,663
Auditors' remuneration	10,000	10,000
Remuneration of auditors for non-audit work	72,535	51,703
and after crediting		
Profit on disposal of tangible assets	-	(10,380)
	<u>-</u>	<u>(10,380)</u>

**4 Interest payable**

	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
On overdue tax	-	(35,182)
	<u>-</u>	<u>(35,182)</u>

**BROADVISION (UK) LIMITED****NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2004**

<b>5 Taxation</b>	<b>2004 £</b>	<b>2003 £</b>
<b>Domestic current year tax</b>		
Adjustment for prior years	-	(71,871)
<b>Current tax charge</b>	-	(71,871)
<b>Factors affecting the tax charge for the year</b>		
(Loss)/profit on ordinary activities before taxation	(95,501)	191,962
(Loss)/profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2003 30.00%)	(28,650)	57,589
Effects of		
Non deductible expenses	5,020	3,506
Depreciation add back	15,236	38,956
Capital allowances	(51,673)	(96,937)
Tax losses carried forward	60,067	-
Adjustments to previous periods	-	(71,871)
Loss on disposal	-	(3,114)
	28,650	(129,460)
<b>Current tax charge</b>	-	(71,871)

No provision has been made for the deferred tax asset arising from the accelerated depreciation charge. If provision were to be made for the deferred tax asset, the tax charge for the year would decrease by £ 126,784 (2003 £ 169,046)

In March 2005 the taxation position in regard to the transfer pricing matter for earlier years was formally agreed with the Inland Revenue. This has resulted in an overall tax repayment.

**BROADVISION (UK) LIMITED****NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2004****6 Tangible fixed assets**

	Leasehold improvements	Computer equipment and software	Office equipment, and furniture and fittings	Total
	£	£	£	£
<b>Cost</b>				
At 1 January 2004	252,112	541,619	136,827	930,558
Additions	-	51,503	-	51,503
At 31 December 2004	252,112	593,122	136,827	982,061
<b>Depreciation</b>				
At 1 January 2004	244,977	486,199	105,271	836,447
Charge for the year	3,550	40,337	6,901	50,788
At 31 December 2004	248,527	526,536	112,172	887,235
<b>Net book value</b>				
At 31 December 2004	3,585	66,586	24,655	94,826
At 31 December 2003	7,135	55,420	31,556	94,111

**7 Debtors**

	2004 £	2003 £
Trade debtors	212,190	407,960
Corporation tax	220,855	220,854
Other debtors	2,396	-
Prepayments and accrued income	99,803	99,690
	535,244	728,504

**BROADVISION (UK) LIMITED****NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2004**

<b>8 Creditors: amounts falling due within one year</b>	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
Trade creditors	253,918	152,784
Amounts owed to parent and fellow subsidiary undertakings	661,294	914,022
Taxes and social security costs	80,502	169,669
Other creditors	24,810	17,697
Accruals and deferred income	432,179	639,739
	<u>1,452,703</u>	<u>1,893,911</u>

**9 Pension costs****Defined contribution**

	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
Contributions payable by the company for the year	<u>123,700</u>	<u>106,418</u>

**10 Share capital**

	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
<b>Authorised</b>		
20,000 Ordinary shares of £1 each	<u>20,000</u>	<u>20,000</u>
<b>Allotted, called up and fully paid</b>		
20,000 Ordinary shares of £1 each	<u>20,000</u>	<u>20,000</u>

**11 Statement of movements on profit and loss account**

	<b>Profit and loss account £</b>
Balance at 1 January 2004	(676,965)
Retained loss for the year	<u>(95,501)</u>
Balance at 31 December 2004	<u>(772,466)</u>

**BROADVISION (UK) LIMITED****NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2004**

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<b>12 Reconciliation of movements in shareholders' funds</b>	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
(Loss)/profit for the financial year	(95,501)	263,833
Opening shareholders' funds	<u>(656,965)</u>	<u>(920,798)</u>
Closing shareholders' funds	<u><u>(752,466)</u></u>	<u><u>(656,965)</u></u>

**13 Financial commitments**

At 31 December 2004 the company had annual commitments under non-cancellable operating leases as follows

	<b>Land and buildings</b>	
	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
Expiry date		
Between two and five years	<u>241,348</u>	<u>241,348</u>

<b>14 Directors' emoluments</b>	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
Emoluments for qualifying services	274,505	225,271
Company pension contributions to money purchase schemes	<u>23,685</u>	<u>7,018</u>
	<u><u>298,190</u></u>	<u><u>232,289</u></u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 2 (2003- 2)

The number of directors who are entitled to receive shares under long term incentive schemes during the year was 2 (2003- 2)

Emoluments disclosed above include the following amounts paid to the highest paid director

Emoluments for qualifying services	172,985	155,431
Company pension contributions to money purchase schemes	<u>23,330</u>	<u>3,465</u>

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**BROADVISION (UK) LIMITED****NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2004**

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**15 Employees****Number of employees**

The average monthly number of employees (including directors) during the year was

	<b>2004</b>	<b>2003</b>
	<b>Number</b>	<b>Number</b>
Sales and support	18	20
BVGS	10	17
Finance and Administration	11	8
	<u>39</u>	<u>45</u>

**Employment costs**

	<b>£</b>	<b>£</b>
Wages and salaries	2,618,309	3,208,425
Social security costs	293,817	375,364
Other pension costs	123,700	106,418
	<u>3,035,826</u>	<u>3,690,207</u>

**16 Control**

The company's ultimate parent company and controlling party is BroadVision Inc , a company incorporated in the USA

**17 Related party transactions**

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with related parties within the group, as consolidated financial statements in the which the company is included are available from 585 Broadway, Redwood City, California, 94063, USA