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FOXWARE LIMITED

ABBREVIATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 1996

INDEX

FOXWARE LIMITED

STATEMENT OF 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:

i) select suitable accounting policies and apply them consistently;
ii) make judgements and estimates that are reasonable and prudent;
iii) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue to operate.

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.

AUDITORS' REPORT TO THE DIRECTORS OF FOXWARE LIMITED

Pursuant to Paragraph 24 of Schedule 8 to the Companies Act 1985

We have examined the abbreviated accounts on pages 3 to 7 together with the full financial statements of Foxware Limited prepared under section 226 of the Companies Act 1985 for the year ended 30th June 1996. The scope of our work for the purpose of this report was limited to confirming that the Company is entitled to the exemptions claimed in the Directors' Statement on page 3 and that the abbreviated accounts have been properly prepared from those financial statements.

In our opinion, the Company is entitled under Sections 246 and 247 of the Companies Act 1985 to the exemptions conferred by Section A of Part III of Schedule 8 to that Act, in respect of the year ended 30th June 1996, and the abbreviated accounts on pages 3 to 7 have been properly prepared in accordance with that Schedule.

On ..28th. January .1997... we reported, as auditors of Foxware Limited, to the members on the financial statements prepared under Section 226 of the Companies Act 1985 for the year ended 30th June 1996, and our audit report was as follows

We have audited the financial statements on pages 3 to 9 which have been prepared under the historical cost convention and the accounting policies set out on pages 5 to 9.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 1 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 as at 30th June 1996 and of its loss for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small Companies.

In our opinion the Company is entitled to the exemption under Section 248(1) of the Companies Act 1985 from the requirement to produce group accounts as the group to which it belongs qualifies as being a small sized group.

TIFFIN GREEN

Chartered Accountants

Registered Auditors

11, Queens Road,
Brentwood,
Essex.

28 January 1997

FOXWARE LIMITED

BALANCE SHEET

AT 30TH JUNE 1996

	Notes	1996 £	1996 £	1995 £	1995 £
FIXED ASSETS					
Tangible Assets	2		53,514		27,756
Investments in Subsidiaries	3		60		60
			53,574		27,816
CURRENT ASSETS					
Stocks		2,473		5,118	
Debtors	4	164,148		225,205	
Cash at Bank and in Hand		159		10,182	
		166,780		240,505	
CREDITORS: Amounts falling due within one year	5	151,394		194,822	
NET CURRENT ASSETS			15,386		45,683
TOTAL ASSETS LESS CURRENT LIABILITIES			68,960		£ 73,499
CREDITORS: Amounts falling due after more than one year	6		22,945		-
			£46,015		£73,499
CAPITAL AND RESERVES			£		£
Called up Share Capital	8		10,000		10,000
Profit and Loss Account			36,015		63,499
			£46,015		£ 73,499

The Directors have taken advantage, in the preparation of the Accounts, of special exemptions applicable to small Companies under Schedule 8 Part 1 of the Companies Act 1985. In the opinion of the Directors the Company qualifies as a small Company and is entitled to make use of the special exemptions.

Director:

.... E.A. Callaghan

Approved by the Board on 28th January 1997

FOXWARE LIMITED

NOTES TO THE ACCOUNTS

AT 30TH JUNE 1996

1. ACCOUNTING POLICIES

Accounting Convention

The accounts are prepared under the historical cost convention.

Cash Flow Statement

The Company qualifies as a Small Company under the Companies Act 1985. The Directors have elected to take advantage of the exemption under Financial Reporting Standard No. 1 not to prepare a cash flow statement.

Group Accounts

Group accounts have not been prepared as the Directors have claimed exemption under Section 248 of the Companies Act 1985 from the preparation of group accounts on the grounds that the group is small.

Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life, as follows:

Office Equipment	-	25% per annum on cost
Furniture and Fittings	-	25% per annum on cost
Motor Vehicles	-	25% per annum on cost

Stocks

Stocks are stated at the lower cost and net realisable value as follows:

Cost incurred in bringing each product to its present location and condition.

Deferred Taxation

No provision for deferred taxation has been made in the financial statements as, in the opinion of the directors, such a provision is unlikely to be required in the foreseeable future.

Foreign Currencies

Assets and liabilities denominated in foreign currencies are translated at the rate 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 the profit and loss account.

FOXWARE LIMITED

NOTES TO THE ACCOUNTS

AT 30TH JUNE 1996

Leasing and Hire Purchase Commitments
Assets obtained under finance and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives.

The interest element of the rental obligations is charged to profit and loss account over the period of the agreement and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income as incurred.

2. **TANGIBLE FIXED ASSETS**

	Furniture & Fittings	Office Equipment	Motor Vehicles	Leasehold	Total
	£	£	£	£	£
Cost at 1st July 1995	6,206	25,123	23,644	-	54,973
Additions	-	7,303	38,890	6,325	52,519
Disposals	-	-	(23,644)	-	(23,644)
At 30th June 1996	£6,206	£32,426	£38,890	£6,325	£83,848
Depreciation:					
At 1st July 1995	3,964	8,728	14,525	-	27,217
Provided during the Year	1,477	6,767	9,318	506	18,068
Disposals	-	-	(14,951)	-	(14,951)
At 30th June 1996	£5,441	£15,495	£ 8,892	£ 506	£30,334
Net book value at 30th June 1996	£ 765	£16,931	£29,998	£5,820	£53,514
Net book value at 30th June 1995	£2,242	£16,395	£ 9,119	£ -	£27,756

The net book amount of tangible fixed assets includes £29,998 (1995 £9,119) in respect of assets held under finance leases and hire purchase contracts. Depreciation charge on those assets amounted to £9,318 (1995 £5,911).

3. **INVESTMENTS**

	1996	1995
Foxwave (MR) Ltd at Cost	£ 60	£ 60

The investment in a subsidary comprises 60% holding of the issued share capital of Foxware (MR) Limited a company registered in England and Wales, which is concerned with the provision of Computer Services and Consultancy. At 30th June 1996 Foxware (MR) Limited made a profit of £27,868 and the aggregate of share capital and reserves amounted to £(4,942). The investment was increased to 100% in July 1996 and Foxware (MR) Limited ceased to trade in August 1996.

4. **DEBTORS**
Debtors all fall due within one year.

FOXWARE LIMITED

NOTES TO THE ACCOUNTS

AT 30TH JUNE 1996

5. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Notes	1996	1995
Borrowings	7	£21,614	£16,798

6. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Notes	1996	1995
Borrowings	7	£22,945	£ -

7. SUMMARY OF BORROWINGS

	1996 £	1995 £
Current Obligations		
Bank Overdraft	17,244	12,963
Obligations under Hire Purchase Contracts	4,370	3,835
	£21,614	£16,798
Wholly repayable by instalments: obligations under hire purchase contracts due within two to five years	£22,945	£ -

8. SHARE CAPITAL

	Equity Ordinary shares of £1 each 1996	1995
Authorised		
A Ordinary shares of £1 each	99,999	99,999
B Ordinary shares of £1 each	1	1
	100,000	100,000
	£	£
Allotted, called up and fully paid		
A Ordinary shares of £1 each	9,999	9,999
B Ordinary shares of £1 each	1	1
	£10,000	£10,000

FOXWARE LIMITED

NOTES TO THE ACCOUNTS

AT 30TH JUNE 1996

9. **RELATED PARTY TRANSACTIONS**

The following related companies charged or were charged amounts during the year ended 30th June 1996.

Charged by Foxware Limited		
Foxware (MR) Limited	- Consultancy Fees	£62,174
	- Training Fees	£ 4,660
	- Commissions	£ 145
	- Management Fees	£11,016
DeSoft (UK) Limited	- Management Fees	£36,500
Charged to Foxware Limited		
Foxware (MR) Limited	- Consultancy Fees	£ 7,069
	- Training Fees	£ 4,465