

THE · 1991 · PRAXIS



ANNUAL

REPORT & ACCOUNTS



'QUALITY BEGINS

WITH DELIGHTING
THE CUSTOMER

*Quality Guideline 1, from
'A Practical Guide to Quality'
by P. R. Scholtes &
Heero Hacquebord,
Joiner Associates Inc (1987)*

OUR ANNUAL REVIEW THIS YEAR CONCENTRATES ON
QUALITY. IT DESCRIBES OUR ACHIEVEMENTS IN
QUALITY MANAGEMENT SINCE THE COMPANY WAS
ESTABLISHED IN 1983 AND DETAILS RECENT STEPS
TAKEN TOWARDS OUR GOAL OF DELIGHTING OUR
CLIENTS.

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*P*RAXIS IS A SOFTWARE ENGINEERING COMPANY providing bespoke software, turnkey systems and consultancy. Our clients are drawn from all areas of industry, commerce and government.

We specialise in data management systems, critical systems such as security and air traffic control, and infrastructure software (operating systems, communications, and development tools). We have specialist knowledge of Oracle and Ingres, SSADM and Prince, UNIX and C, formal methods, OSI communications, and object-oriented development.

We have a team of experienced and highly skilled consultants to help improve our clients' businesses through the effective use of information systems. We provide a full range of consultancy services, including the development of IS strategies, management of entire IS programmes, and procurement of systems.

We were founded in 1983 and have rapidly become leading suppliers of high-quality computer systems. Praxis employs 180 staff, working from offices in Bath, Staines and Warwick.

Our commitment to quality, the maturity of our development processes, and our advanced engineering and management technologies have brought us international recognition as one of the industry leaders.

For Praxis, quality is not an abstract or introspective issue – we believe that it must be the central obsession of any successful business. Quality, to us, means providing the best possible service to the client at the best possible price – this time, next time and every time.

If we can serve you in any way, or serve you better, please let us know.

CHAIRMAN'S STATEMENT



1990/91 HAS BEEN AN EXCELLENT YEAR FOR PRAXIS, with record turnover and record profits. Our turnover exceeded £10 million for the first time, helped by a strong order book at the start of the year.

The severity of the general UK recession has created unprecedented difficulties for the software industry. As recent surveys have shown, companies have been reducing or deferring investment, including investment in new computer systems. The contraction of the defence market has increased the competition for civil contracts too, as defence suppliers seek alternative work.

Despite these factors, our software development services continue to be in demand, as our results show. I believe that this is because of our reputation for quality and value. Our aim is always to delight our clients with the quality of our work, and we take particular trouble to understand the needs of the end users of our systems and to propose the most cost-effective solutions.

Quality and cost-effectiveness are always important, but never more so than in a recession, when every investment decision has to be justified as the best use of scarce resources, and when it is especially important that new systems deliver their promised benefits on time. The thoroughness of our requirements analysis and our professional approach to managing risk and quality ensure that we deliver what our clients need.

When the recession started, we responded by recruiting additional sales staff, because we knew that a small increase in our market share would easily compensate for any contraction in our overall market. As the UK economy begins to recover, we shall be well placed to continue our strong growth.

Our consultancy services made good progress in the past year, to reach £2m turnover. We provide strategic consultancy, programme and project management, requirements capture and system procurement, in addition to specific technical consultancy in database systems, software engineering methods, and quality management.

Our growth in the healthcare sector has been a particular success for Praxis Systems' Consultancy division and for Praxis South-East. Healthcare consultancy has grown in three years to £1m turnover – 10% of our overall business.

Praxis has always been a leader in software quality, as we illustrate later in this Annual. During the year, Praxis Warwick and Praxis South-East successfully achieved BS 5750, and our Bath offices were reassessed, all by TickIT-qualified assessors from BSI. Five years of continuous operation under BS 5750 Part 1 – longer than any other software house – means that we have confidence that our processes are well controlled and well managed. This provides a solid foundation, on which we are building Total Quality Management, a discipline and philosophy which emphasises client satisfaction and continuous quality improvement.

In introducing TQM, we have been much assisted by our experiences as a Co-Founder Member of the European Foundation for Quality Management (EFQM). Many European organisations are adopting TQM programmes as part of their competitive strategy for the 1990s and several of our consultancy clients are interested in learning from our experiences in applying TQM to software development.

At the end of September 1990, we sold our electronic design subsidiary, Praxis ED, to Computer General, recognising that we could not provide the marketing channels, management time, or investment needed to make ELLA[®] AND LOCAM[™] successful in world markets. We wish these staff, several of whom had been with Praxis since the beginning, great success as Computer General Electronic Design Ltd.

In the eight years since we were founded in 1983, we have grown a £10m business, delivered many important systems to our clients, established three offices (Bath, Staines and Warwick) and built a national and international reputation for the quality of our work.

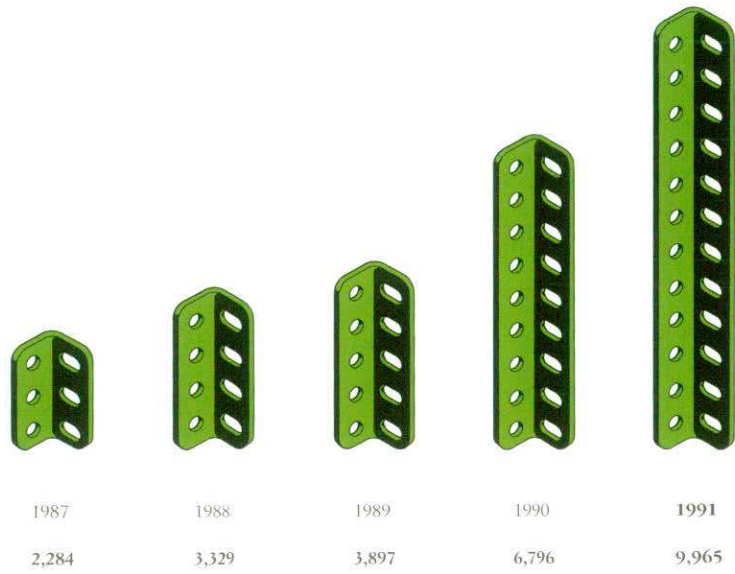
The software industry faces continuing challenges throughout the 1990s, as software development becomes a professional engineering discipline with all that this implies about standardisation of processes, the qualifications and training of staff, and the rigour of development methods. Praxis will be in the vanguard of these changes, because we believe that they represent the best way to deliver high-quality, professional and cost-effective services to our clients.



MARTYN THOMAS

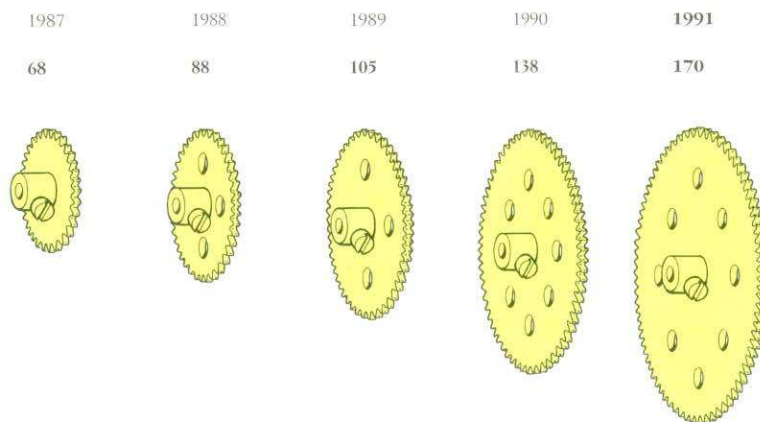
Chairman Praxis plc

"IN OUR BATH OFFICES, WE ARE ASSEMBLING AN AIR TRAFFIC CONTROL SYSTEM FOR THE CIVIL AVIATION AUTHORITY, CONTAINING 95 IBM PS/2 PROCESSORS, 55 HIGH RESOLUTION DISPLAYS, 12 KILOMETRES OF NETWORK CABLE, 893 OTHER CABLES, AND 280 MAINS SUPPLY LEADS."



Revenue (£000)

Average staff numbers

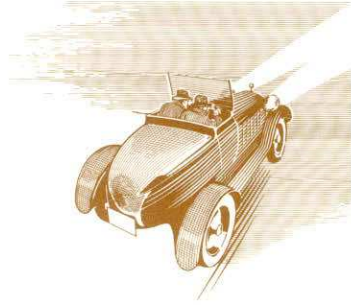


PRAXIS

SYSTEMS FOR TOMORROW'S WORLD



QUALITY MILESTONES



1983

PRAXIS IS SET UP BY MARTYN THOMAS AND DAVID BEAN, TO PROVIDE HIGH-QUALITY SOFTWARE SERVICES THROUGH RIGOROUS TECHNICAL METHODS AND BS 5750 QUALITY MANAGEMENT.

1984

PRAXIS IS NOW 25 PEOPLE, AND CHRIS MILLER IS APPOINTED AS FULL-TIME QUALITY MANAGER, TO ENSURE THAT QUALITY BECOMES A PERMANENT PART OF PRAXIS' CULTURE AND TO DEVELOP A FORMAL QUALITY MANAGEMENT SYSTEM (QMS).



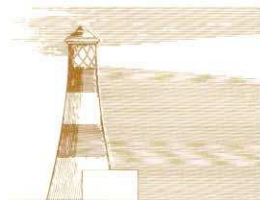
1986

PRAXIS SUCCESSFULLY ACHIEVES BS 5750 PART 1 CERTIFICATION AT THE FIRST APPLICATION, THEREBY BECOMING THE FIRST INDEPENDENT SOFTWARE COMPANY TO ACHIEVE BS 5750 FOR ALL ITS ACTIVITIES.



1987

CCTA ISSUES THE FIRST INVITATION TO TENDER FOR WHICH BS 5750 CERTIFICATION IS MANDATORY. PRAXIS WINS THE WORK – A CASE TOOL DEVELOPMENT FOR SSADM.



1987

PRAXIS PILOTS THE BRITISH COMPUTER SOCIETY'S PROFESSIONAL DEVELOPMENT SCHEME, TO HELP STAFF TO ACHIEVE PROFESSIONAL RECOGNITION AS CHARTERED ENGINEERS.

1987

PRAXIS' BS 5750 PART 1 CERTIFICATION IS UPDATED TO THE NEW BS 5750 (1987), WHICH IS ALSO THE EUROPEAN STANDARD EN 29001 AND THE WORLD STANDARD ISO 9001.

1988

THE OPEN UNIVERSITY RELEASES "Approaches to Software Project Management" WHICH FEATURES THE DAILY WORK OF CHRIS MILLER, PRAXIS QUALITY DIRECTOR, FILMED AT PRAXIS.

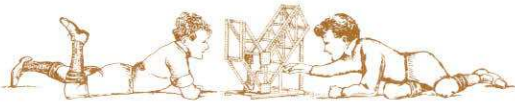


1988

DTI LAUNCHES IT STARTS, A PROGRAMME TO INTRODUCE BEST-PRACTICE IN DEVELOPING IT SYSTEMS. PRAXIS CHAIRS THE GROUP WHICH WRITES THE QUALITY CHAPTER OF THE DEVELOPER'S GUIDE. MARTYN THOMAS IS A MEMBER OF THE STEERING COMMITTEE FOR THE GUIDE AND IS ASKED TO PRESENT THE GUIDE'S APPROACH TO SOFTWARE ENGINEERING AND QUALITY AT THE DTI PRESS LAUNCH.

1988

THE DTI INTRODUCES A SOFTWARE SECTOR SPECIFIC SCHEME FOR CERTIFYING COMPLIANCE WITH ISO 9001. CHRIS MILLER HELPS THE COMPUTING SERVICES ASSOCIATION DRAFT THEIR GUIDELINES ON SOFTWARE QUALITY, BASED ON THE PRAXIS QUALITY SYSTEM. MARTYN THOMAS INVENTS THE NAME CHOSEN FOR THE SCHEME – *TickIT*.



1989

THE EUROPEAN FOUNDATION FOR QUALITY MANAGEMENT (EFQM) IS SET UP BY SOME OF EUROPE'S LARGEST AND MOST QUALITY-CONSCIOUS COMPANIES, TO ACT AS A FOCUS FOR TOTAL QUALITY MANAGEMENT IN EUROPE. PRAXIS IS ELECTED AS A KEY MEMBER, BECAUSE OF OUR EXCEPTIONAL COMMITMENT TO QUALITY IN SOFTWARE DEVELOPMENT.



1990

PRAXIS WARWICK AND PRAXIS SOUTH-EAST, WHICH WERE ESTABLISHED IN 1989, ACHIEVE BS 5750 PART 1 CERTIFICATION ON THEIR FIRST APPLICATION. ALL OF PRAXIS IS REASSESSED BY BSI'S TICKIT-QUALIFIED ASSESSORS, AND PASSES REASSESSMENT.



1990

PRAXIS FORMALLY ADOPTS A TQM PROGRAMME, FOCUSSED ON CUSTOMER SATISFACTION AND QUALITY IMPROVEMENT.

1991

PRAXIS CELEBRATES FIVE YEARS OF OPERATING UNDER BS 5750/ISO 9001 – LONGER THAN ANY OTHER INDEPENDENT SOFTWARE COMPANY IN THE WORLD.



1991

PRAXIS AND MOTOROLA ARE INVITED TO BE THE KEYNOTE COMPANIES AT INTERNATIONAL SOFTWARE QUALITY EXCHANGE 1992, A CONFERENCE SPONSORED BY THE JURAN INSTITUTE.

– our commitment to our clients

Praxis will deliver services and products of the highest quality: on time, to specification, and within budget.

THIS IS THE CORNERSTONE OF OUR POLICY, stating our commitment to meeting our clients' needs in a timely, cost-effective and professional manner.

We judge our quality achievement by the satisfaction of our clients . . .

Our ultimate quality goal is to have customers who are delighted with every aspect of our service. We aim to be efficient and to meet expectations consistently. We are constantly striving for improvement.

In July 1991 we conducted a survey to measure our achievement in satisfying our clients and to provide a baseline for measuring future improvements. This survey covered all aspects of our service that contribute to client satisfaction: meeting system requirements, understanding the client's business, technical skills, project management skills, and inter-personal skills. We thank our clients for taking the time to help us in this exercise.

50 per cent of respondents to the survey are "very satisfied" with the quality of service provided by Praxis, and a further 37 per cent are "fairly satisfied"; the survey asked a number of detailed questions about particular aspects of our work, and the answers to these questions are helping us identify ways to improve our services. Further surveys will be conducted next year to assess the improvements.

. . . and our staff . . .

The quality of service we give to clients depends heavily on the skill, commitment and enthusiasm of our staff. Naturally, we maintain high standards of recruitment and training, but we also wish to measure and improve other factors that contribute to staff satisfaction.

In March 1991 we carried out our first staff satisfaction survey, asking for feedback on whether staff feel they are treated as individuals, are given opportunities for growth, and are managed professionally. The results of the survey were excellent, in that the general level of staff satisfaction was shown to be high, and specific areas were identified where improvements are needed. Activities are under way to make these improvements.

. . . and the strength of our company.

Praxis needs to be financially strong to be able to undertake substantial projects, sometimes fixed-price, and lasting many months or years. We must be profitable, and maintain a healthy balance sheet. 1990/91 has been an excellent year, which is reflected in our accounts on later pages.

Every individual at Praxis takes responsibility for the quality of their own work.

Quality cannot be added at the end of a piece of work, it has to be built in throughout the work process. Quality is therefore everyone's individual responsibility, within the supportive framework of our ISO 9001 quality system.

We recognise that we can always do better. We therefore invite and welcome suggestions for improvement, and we respond to them.

The surveys of our clients and our staff, described above, are one way in which we ensure we get suggestions for improvement. By working in partnership with our clients and our suppliers, we shall be able to offer a better service each year.

QUALITY IMPROVEMENT IS A NEVER-ENDING PROCESS.

What is Total Quality Management?

TQM IS THE WAY WE MANAGE THE BUSINESS so that client satisfaction and continuous quality improvement are always among our highest priorities. It involves:

- setting a top-level *quality policy* which defines client satisfaction as the way we measure the quality of our services.
- using the quality policy to derive top-down objectives for every group and individual in Praxis.
- identifying and implementing improvements in the way we carry out our work.

Our quality policy is set out earlier in this Annual; it is supported by a *quality strategy* which states our commitment to staff development, software engineering, ISO 9001 quality management, and TQM. These are the four cornerstones of our quality programme.

Why is TQM important?

Developing computer software is a complex and difficult task: creating a new computer system for a client can be as difficult an engineering design problem as creating a canal, a concert hall, or a camera. If the computer industry is to deliver high quality systems to its clients, at reasonable prices and with acceptable risks, it needs to use well qualified and skilled staff, who understand the scientific basis of computing and work within well defined processes of development and quality assurance.

These are the characteristics of engineers, and as the computer industry matures it is becoming less of a craft industry and more recognisably engineering. Praxis welcomes this change, and aims to be at the forefront of the emerging profession of software engineering. We welcome the change because we believe that it will benefit clients, who will get what they want at the price they expect. It will also benefit our industry, by creating a climate of professionalism and trust. And it will benefit the UK, because information systems are vital to a modern economy, and improving the quality of these systems reduces waste, increases efficiency, and enhances the quality of life.

These changes in our industry mean that we must find ways to give better service to our clients by improving our software engineering processes. Our quality management system has given us the means to control and standardise our processes – now we need a way of improving them, while concentrating on the benefit to our clients. *This is exactly what TQM provides.*

TQM is important for two more reasons. Firstly, at a time of change, organisations need to find a single focus which can act as the rallying-point for all staff, whatever their role. Quality, in the form of TQM, provides that focus, for everyone has customers – external or internal – and everyone is also someone else's customer. This means that everyone can identify with the importance of providing the best possible service, and delighting their customers.

Secondly, the TQM philosophy is sweeping through European industry, as the growing list of member companies of EFQM illustrates. Increasingly, our clients themselves are adopting TQM, so they want to buy from suppliers who share their commitment to total quality and customer service.

TODAY, TOTAL QUALITY IS A COMPETITIVE ADVANTAGE. TOMORROW IT WILL BE A PREREQUISITE FOR SURVIVAL.

PRAXIS EMPLOYS THE DISCIPLINES AND PHILOSOPHY OF TOTAL QUALITY MANAGEMENT, WHICH EMPHASISE CLIENT SATISFACTION AND CONTINUOUS QUALITY IMPROVEMENT
from The Praxis Quality Strategy



Praxis is:

ALAIN AH-KEE
DAVID ALLEN
RICHARD ANDREWS
SUSAN APPLEBY
BRIAN ARMSTRONG
KIM BAILY
ALAN BANKS
SALLY BANKS
ANGELA BARFORD
DAVID BARKER
ANDREW BARROW
MICHAEL BARTLEY
DAVID BEAN
ANNE BECK
ALAN BENTALL
HILDA BLOWES
ANDREW BOND
RICHARD BOTTLE
BOB BREWER
LAUREEN BROMWICH
CHRIS BROOKES
DAVID BROWNBRIDGE
DUNCAN CAMERON
ANDREW CAMPBELL
SARAH CAMPBELL
MICHAEL CHACE
TREVOR CHAPPEL
JAYASRI CHAUDHURI
ANTHONY CLARK
JO CLIFFORD
PHILIPPA COOKE
PETER CORCORAN
JENNY COWARD
DAVID CRANE
DAVID CREES
AMANDA CULLEN
GRAÈME CUTLER
JUDITH DAVEY
PAUL DAVIES
PETER DAVIS
SIMON DAWSON
DAVID DEANS
TIM DENVIR
BEN DILLISTONE
WENDE DRINKWATER
BRUCE ELLIOTT
JEAN ELLIOTT
DAVID ELLIS
KEVIN ELLISON
DAVID EVANS
JOHN EVANS
RICHARD FIELDHOUSE
GAVIN FINNIE
JESSICA FLOWER
SUSAN FRANCIS
ROBERT FRENCH
HAYLEY GILDER
RICHARD GODFREY
DAVID GOURLEY

JACQUELINE GRAY
MICHAEL GREENAN
PAUL GRIFFITHS
SIMON GUEST
ANTHONY HALL
JONATHAN HAMMOND
MARTIN HANLEY
JOHN HARVEY
RACHEL HAWKINS
DANIEL HAWTHORNE
NICOLA HAYHURST
CHRIS HAYWARD
MIKE HEWSON
FRANK FITCHENS
BRIAN HOLMES
TIM HUCKVALE
JAMIE HUTCHESON
JOHN IBISON
MEL JACKSON
FIONA JACKSON-DAVIS
LYN JANCZAK
NICOLA JEFFERIES
ALUN JONES
DAFYDD JONES
ROBERT JONES
TRUDI JONES
KATE KEIR
TREVOR KING
AMANDA KINGSCOTE
ROGER KNIGHT
FIONA LAIRD
GREG LAMBERT
HAZEL LAMBERT
NEIL LANCASTER
HILARY LAWTON
PATRICIA LEA
PAUL LOVE
BARRY LUPTON
MICHAEL MANNION
TRACY MARSHALL
STUART MATTHEWS
GEORGE MAY
DAVID McDONALD
MICHAEL McHUGH
CHRIS MILLER
GORDON MILLER
DUNCAN MILNE
DIANE MILTON
DOMINIC MOORHOUSE
PAUL MORDUE
VICTORIA MORTON
MARC MUNRO
DANIEL NATHAN
ERIC NELSON
PAUL NEWMAN
MARTYN OULD
BERYL OVERTON
CHRISTINE OWEN
DAVID OWEN

GEORGE OWEN
GILL OWEN
RACHEL PARDOE
TOM PARKE
JON PEARSON
LORETTA PHILLIPS
JIM PIMPERNELL
JULIET PITT
SUSAN POTTON
JEREMY PRIOR
ROSAMUND RAWLINGS
MADELEN REA
NIGEL RECKLESS
DEBBIE RICHARDSON
IAN RICHARDSON
SEAN RILEY
MARK RITCHIE
CLIVE ROBERTS
MICHAEL ROBERTS
STEPHEN ROBERTSON
PETER ROSE
NICHOLAS ROZANSKI
SANJAY RUPARELL
LOUISE RYAN
TIM RYLANCE
ANN SAUNDERS
SIMON SEELY
DEAN SHEEHAN
FRED SMITH
IAN SPALDING
RICHARD STARK
LUCY STEWART
DAVID STOKES
JOHN STRAIN
STEPHEN SUMMERS
SIMON TAIT
RICHARD TAVENDALE
CHRIS TAYLOR
MARTYN THOMAS
JOHN THORNTON
NIGEL TOWERS
MARK TOWNLEY
SIMON TYLER
DAVID VAUDIN
WILLIAM WALKER
CHRIS WARREN
COLIN WASHBOURN
JOHN WATTS
DAVID WELSBY
RICHARD WENDLAND
RODNEY WHARTON
PETER WHITE
DEWI WILLIAMS
JENNY WILLIAMS
JIM WILSON
JOHN WITHERS
PAUL WOODMAN
BOB WORKMAN
IAN WRIGHT

"THE NEA'S COMPUTING SYSTEM HAS BEEN SUCCESSFULLY INSTALLED AND IT HAS DELIVERED VIRTUALLY EVERY GCSE RESULT ON THE DAY. FOR THIS WE AND SOME 400,000 PUPILS ARE EXTREMELY GRATEFUL!"
Northern Examining Association

“OUR CONSULTANCY DIVISION
HELPS CLIENTS TO MAP OUT THE
FUTURE AS WELL AS TO MANAGE
THE PRESENT. WE AIM TO
PROVIDE INDEPENDENT,
PROFESSIONAL ADVICE TOWARDS
PRACTICAL AND COST-EFFECTIVE
SOLUTIONS.”

Praxis clients include:

ABBEE NATIONAL
BASS INNS AND TAVERNS
BP
BRITISH GAS
BULL
CCTA
CIVIL AVIATION AUTHORITY
CIVIL SERVICE COMMISSION
CROWN PROSECUTION SERVICE
DEFENCE RESEARCH AGENCY ELECTRONICS DIVISION
DEPARTMENT OF HEALTH
DEPARTMENT OF TRADE AND INDUSTRY
THE EMPLOYMENT SERVICE
FOREIGN AND COMMONWEALTH OFFICE
GLAXO
HARRODS
HER MAJESTY’S CUSTOMS AND EXCISE
IBM
ICL
INDUSTRY STANDARD SOFTWARE
INFORMATION TECHNOLOGY SERVICES AGENCY
INGRES
INLAND REVENUE
JAGUAR
LORD CHANCELLOR’S DEPARTMENT
LUCAS
MARKS AND SPENCER
METEOROLOGICAL OFFICE
MINISTRY OF DEFENCE
NATIONAL GRID COMPANY
NATIONAL RADIOLOGICAL PROTECTION BOARD
NATIONAL WESTMINSTER HOME LOANS
NORTH EAST THAMES REGIONAL HEALTH AUTHORITY
NORTH WEST THAMES REGIONAL HEALTH AUTHORITY
NORTHERN EXAMINING ASSOCIATION
OXFORD REGIONAL HEALTH AUTHORITY
PHILIPS SEMICONDUCTORS
POST OFFICE iT
POST OFFICE RESEARCH
ROVER GROUP
ROYAL BANK OF SCOTLAND
ROYAL MAIL PARCELFORCE
SHELL
TRAINING AGENCY
WEST MIDLANDS REGIONAL HEALTH AUTHORITY

PRAIXIS

PUTS THE CUSTOMER FIRST





After-Cool-Off

REPORT AND ACCOUNTS
FOR THE
YEAR ENDED 30TH JUNE 1991

DIRECTORS AND ADVISORS

Directors

MARTYN THOMAS *Chairman*
DAVID BEAN *Managing Director*
DAVID ALLEN *Sales Director*
KEVIN ELLISON *Finance Director*
MARTYN OULD *Quality and Technical Director*
GEORGE OWEN *Director*
DAVID JOHNSTONE *Non-Executive Director*
DAVID THOMSON *Non Executive Director*

Registered Office

20 MANVERS STREET
BATH BA1 1PX

Auditors

NEVILLE RUSSELL
CHARTERED ACCOUNTANTS
246 BISHOPSGATE
LONDON EC2M 4PB

Bankers

COUTTS & CO
CAVENDISH SQUARE BRANCH
16 CAVENDISH SQUARE
LONDON W1A 1EE
DARTINGTON & CO
70 PRINCE STREET
BRISTOL BS1 4QD

Solicitors

HOPKINS & WOOD
2-3 CURSITOR STREET
LONDON EC4A 1NE
CLIFFORD CHANCE
ROYEX HOUSE
ALDERMANBURY SQUARE
LONDON EC2V 7LA

REGISTERED IN ENGLAND AND WALES NO. 1728198

FIVE YEAR RECORD

Year Ending	1987	1988	1989	1990	1991
Revenue (£000)	<u>2,284</u>	<u>3,329</u>	<u>3,897</u>	<u>6,796</u>	<u>9,965</u>
Operating Profit before interest (£000)	374	374	292	41	745
Profit/(Loss) before tax and Extraordinary Items, Profit Share (£000)	336	323	242	(153)	543
Average staff numbers	68	88	105	138	170

THESE FIGURES ARE FOR THE CONTINUING BUSINESS. THEY ARE BASED ON THE ANNUAL FINANCIAL STATEMENTS ADJUSTED FOR THE ELECTRONIC DESIGN BUSINESS WHICH WAS DISPOSED OF IN NOVEMBER 1990.

DIRECTORS' REPORT

Directors	DAVID ALLEN DAVID BEAN KEVIN ELLISON MARTYN OULD GEORGE OWEN MARTYN THOMAS
Non-Executive Directors	DAVID JOHNSTONE DAVID THOMSON
Secretary	KEVIN ELLISON

The Directors present their Report and the audited accounts of the Group for the year ended 30th June 1991.

Principal Activities

The Company acts as a holding company. The Group's principal activities are the provision of software engineering services, which include the design, implementation and support of bespoke hardware and software systems, as well as the provision of technical, quality and management consultancy.

All activities concerned with electronic design tools ceased during the year on the disposal of Praxis Electronic Design Limited.

Review of the Year

From the previous year's loss, the business bounced back to produce a record profit. Revenues also reached a record level, up 27% to £10.3m, despite the disposal of our electronic design business at the end of the first quarter. The continuing business, our core software and services activities, increased its revenues by 47% to £10m and produced a profit of £542,645 (1990 – £152,578 loss).

The disposal of the electronic design business reduced staff numbers by 25. Some of this reduction was matched by recruitment in the services companies. Overall, average staff numbers fell from 179 to 176. Helped by a historically high value of hardware sales, revenue per head increased to £58,658 (1990 – £45,420).

The successful completion of our fund-raising activities last Autumn together with payments resulting from the achievement of milestones on major fixed-price projects substantially improved the Group's working capital position in the second half of the year.

In the current recessionary climate, the Group has recruited and organised itself to maximise the effectiveness of its sales skills and capability. This has involved the move of David Allen from his position as Managing Director of Praxis Systems to become Group Sales Director.

Good progress has been made with CDIS, the central display system for the new London Air-Traffic Control Centre; the sales value to the Group of this and related projects is now over £7m. We completed and delivered the first phase of a software tools development for IBM Hursley; work on a second phase was won and started during the year. We successfully delivered a Drug Stability Testing System to Glaxo Research.

Our annual revenues from consultancy activities have grown to over £2m, with much interest in our knowledge and experience in the application of Total Quality to IT strategy and business.

Rover Group, Abbey National and HM Customs and Excise continue to be satisfied customers for our software services. We have now established a strong position in the health sector, working for the Department of Health and a number of Regional and District Health Authorities.

Although current market conditions are more difficult than at any time in the Group's history, the directors consider that the Group is well positioned to take advantage of any upturn.

All three companies: Systems, Warwick and South-East, have grown their businesses and improved their profitability during the year. Warwick led with revenues up 96% to over £1m.

Disinvestment

Praxis Electronic Design Limited was sold to CGI Computer General Ltd on 12th November 1990. The electronic design business in Germany was closed down in December 1990.

Share Issue

During the year funds were raised to provide additional working capital for the Group. An Open Offer to existing shareholders, and an issue of Convertible Preference Shares to the Company's institutional investors raised £660,384 after expenses.

Research and Development

Because of our reputation for advanced technical knowledge and innovation, some clients award us projects which have a substantial R&D content. This project work, in turn, helps us to maintain our position in the forefront of software technology. In this way, we have advanced our understanding of the use of mathematically formal methods for specifying, developing and analysing reliable software.

The Group's R&D activities in electronic design ceased on the sale of Praxis Electronic Design Ltd.

The Group continued to invest internally in the application of Total Quality Management technology to software processes, and through its participation in a collaborative DTI-sponsored project for the Introduction of Process Technology (IOPT) which is part-funded under the JFIT programme.

The details of R&D expenditure reported in Note 5 to the Accounts excludes the investment in TQM and all R&D funded by clients.

Directors and Their Interests

The current directors are shown at the head of this report; they served throughout the period. Their interests in the share capital of the Company are as follows:-

	Ordinary shares of 10 pence each			
	30/06/91		01/07/90	
	Beneficial	Contingent* Beneficial Interest	Beneficial	Contingent* Beneficial Interest
DAVID ALLEN	43,019	968	12,250	968
DAVID BEAN	760,775	714	721,525	714
KEVIN ELLISON	79,179	4,374	61,120	7,049
DAVID JOHNSTONE	10,000	—	10,000	—
MARTYN OULD	66,136	2,748	50,752	2,748
GEORGE OWEN	262,957	8,567	247,427	11,884
MARTYN THOMAS	812,340	714	773,840	714
DAVID THOMSON	—	—	—	—

*PROFIT-SHARING SCHEME APPROVED UNDER THE FINANCE ACT 1978.

On 30th January 1991, options were granted to David Allen and Kevin Ellison over 107,692 and 15,385 Ordinary Shares of 10 pence each respectively, at a price of 65 pence per share. The options are subject to the rules of the Praxis Executive Share Option Scheme approved by the Company on 20th December 1990.

The executive directors are entitled to receive shares under the Profit-Sharing Scheme.

Substantial Holdings

Apart from the holdings of the Directors above, on 28th August 1991 the following shareholders had interests in 3% or more of each class of the Company's issued share capital:-

	Number of 10p Ordinary Shares	%	Number of 10p 'A' Ordinary Shares	%	Number of £1 Cum Pref Shares	%
JIM BROOKES	350,600	10.8	—	—	—	—
BARNES THOMSON MANAGEMENT SERVICES LIMITED <i>(managers of the Syntech Information Technology Second Fund)</i>	—	—	727,731	66.7	100,000	16.7
CIN VENTURE NOMINEES LTD	—	—	241,640	22.1	330,476	55.1
RAILWAY PENSION INVESTMENTS LTD PRAXIS TRUSTEES LTD <i>(Profit Sharing Trust)</i>	—	—	121,288	11.1	166,666	27.8
<i>(Employee Share Trust)</i>	160,732	5.0	—	—	—	—
	165,511	5.1	—	—	—	—

Health and Safety at Work

The Group encourages staff to become involved in matters concerning health and safety at work. There is an active Health and Safety Committee and the Group encourages staff to attend first aid courses which are provided within the standard training programme.

Employee Involvement

The Group encourages employee shareholding through two share schemes, one of which is an Approved Profit-Sharing Scheme under the Finance Act 1978. Both of the share schemes have been well subscribed and over 70% of the staff are shareholders. On 20th December 1990, the Company authorised two further share schemes for staff, a save-as-you-earn share option scheme and an executive share option scheme.

All staff receive the Annual Report and Accounts and are kept closely in touch with the sales and financial position of the Group through briefings and presentations at staff meetings. All staff are further given the opportunity to question management and to contribute to the making of significant decisions.

The Group adopts a policy of non-discrimination in the employment of disabled persons. Should an employee become disabled every effort is made to ensure continuity of employment.

Charitable Subscriptions and Donations

The Group paid charitable subscriptions and donations of £3,011 during the year.

Taxation Status

The Directors are of the opinion that Praxis plc is a close company within the provisions of section 414 of the Income and Corporation Taxes Act 1988.

Auditors

A resolution to reappoint Neville Russell will be proposed at the Annual General Meeting.

For and on behalf of the Directors



DAVID BEAN
MANAGING DIRECTOR

Dated: 28TH AUGUST 1991



MULTIPLY 123456789 BY 8 AND ADD 9
CAN YOU BELIEVE YOUR EYES?

AUDITOR'S REPORT TO THE MEMBERS OF PRAXIS plc

We have audited the financial statements set out on pages 22 to 34 in accordance with Auditing Standards.

In our opinion these financial statements give a true and fair view of the state of affairs of the Company and the Group at 30th June 1991 and of the profit and source and application of funds of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

NEVILLE RUSSELL
CHARTERED ACCOUNTANTS
LONDON

Dated: 28TH AUGUST 1991

NEVILLE RUSSELL
Chartered Accountants



Neville Russell is a member of Nexia International,
a worldwide network of independent accounting firms

CONSOLIDATED PROFIT AND LOSS ACCOUNT*For The Year Ended 30th June 1991*

	Note	1991 £	1990 £
Turnover	<i>1c</i>	10,759,842	7,165,865
Change in work-in-progress		(437,887)	959,335
Other operating income		1,793	4,995
Revenue		<u>10,323,748</u>	<u>8,130,195</u>
Operating Profit/(Loss) before interest	<i>2</i>	713,918	(190,033)
Net interest	<i>3</i>	<u>211,776</u>	<u>232,663</u>
Operating Profit/(Loss) before exceptional item		502,142	(422,696)
Arising from:			
Continuing business		<u>542,645</u>	<u>58,052</u>
Discontinued business		<u>(40,503)</u>	<u>(480,748)</u>
Exceptional item	<i>4</i>	<u>—</u>	<u>210,630</u>
Profit/(Loss) on ordinary activities before tax	<i>5</i>	502,142	(633,326)
Tax on profit on ordinary activities	<i>7</i>	<u>192,972</u>	<u>(52,800)</u>
Profit/(Loss) before extraordinary item		309,170	(580,526)
Extraordinary item	<i>8</i>	<u>(197,258)</u>	<u>—</u>
Retained Profit/(Loss) for the year	<i>19</i>	<u>111,912</u>	<u>(580,526)</u>

CONSOLIDATED BALANCE SHEET*At 30th June 1991*

	Note	1991 £	1990 £
Fixed Assets			
Tangible assets	9	1,912,614	2,153,779
Current Assets			
Stocks	12	534,892	1,062,965
Debtors	13	1,720,992	1,583,174
Cash at bank and in hand		175,682	27,709
		2,431,566	2,673,848
Creditors: Amounts falling due within one year	14	1,770,365	2,709,057
Net Current Assets/ (Liabilities)		661,201	(35,209)
Total Assets Less Current Liabilities		2,573,815	2,118,570
Creditors: Amounts falling due after one year	15	635,362	935,598
Provisions for Liabilities and Charges	16	185,244	210,630
		(820,606)	(1,146,228)
		1,753,209	972,342
Capital and Reserves			
Called up share capital	17	1,032,147	403,547
Share premium account	18	679,661	639,306
Profit and loss account	19	41,401	(70,511)
		1,753,209	972,342

On Behalf of the Board


KEVIN ELLISON
DIRECTOR

Approved on: 28TH AUGUST 1991

BALANCE SHEET*At 30th June 1991*

	<i>Note</i>	1991 £	1990 £
Fixed Assets			
Tangible assets	9	636,136	780,612
Investments	11	12,706	12,707
		<u>648,842</u>	<u>793,319</u>
Current Assets			
Debtors	13	1,330,198	387,244
Cash at bank		170,000	—
		<u>1,500,198</u>	<u>387,244</u>
Creditors: Amounts falling due within one year	14	<u>361,386</u>	<u>557,644</u>
Net Current Assets/ (Liabilities)		<u>1,138,812</u>	<u>(170,400)</u>
Total Assets Less Current Liabilities		1,787,654	622,919
Creditors: Amounts falling due after one year	15	<u>35,362</u>	<u>112,160</u>
		<u>1,752,292</u>	<u>510,759</u>
Capital and Reserves			
Called up share capital	17	1,032,147	403,547
Share premium account	18	679,661	639,306
Profit and loss account	19	40,484	(532,094)
		<u>1,752,292</u>	<u>510,759</u>

On Behalf of the Board


KEVIN ELLISON
DIRECTOR

Approved on: 28TH AUGUST 1991

CONSOLIDATED SOURCE AND APPLICATION OF FUNDS*For the Year Ended 30th June 1991*

	1991 £	1990 £
Source of Funds		
Funds generated from operations:		
Profit/(Loss) on ordinary activities before taxation	502,142	(633,326)
Adjustments for items not involving the movement of funds:		
Depreciation	371,347	357,763
Provision for foreseeable loss on long term contracts	(25,386)	210,630
Profit on sale of fixed assets	(1,676)	(26,685)
Exchange differences	—	(3,470)
	<u>344,285</u>	<u>538,238</u>
	846,427	(95,088)
Funds from other sources:		
Proceeds from sale of fixed assets	120,860	350,420
Proceeds from shares allotted	738,759	300,000
	<u>859,619</u>	<u>650,420</u>
	1,706,046	555,332
Application of Funds		
Extraordinary item*	197,258	—
Costs of share issue	69,803	—
Tax paid	12,872	—
Purchase of tangible fixed assets	249,366	679,376
Creditors: amounts falling due after more than one year	300,236	87,009
	<u>829,535</u>	<u>766,385</u>
	876,511	(211,053)

CONSOLIDATED SOURCE AND APPLICATION OF FUNDS *continued*

(Decrease)/Increase in Working Capital

Represented by movements in:

Stock	(528,073)	959,335
Debtors	137,818	162,220
Creditors	865,321	(1,107,789)
	<u>475,066</u>	<u>13,766</u>
Net liquid funds:		
Cash at bank and in hand	147,975	27,005
Bank overdraft	253,470	(251,824)
	<u>401,445</u>	<u>(224,819)</u>
	<u>876,511</u>	<u>(211,053)</u>

*Summary of the effects of the sale of Praxis Electronic Design Ltd.

Net liabilities disposed of:	£	£
Fixed Assets	96,225	—
Work-in-progress	90,186	—
Debtors	318,852	—
Creditors	(505,262)	—
	<u>1</u>	
Discharged by sale proceeds		<u>1</u>



IN PSALM 46 (KING JAMES
AUTHORISED VERSION), THE 46TH
WORD IS "SHAKE", AND THE 46TH
WORD FROM THE END IS "SPEAR".
IN 1610, WHEN THE KING JAMES
VERSION WAS COMPLETED,
SHAKESPEARE WAS 46!

NOTES TO THE ACCOUNTS*For the Year Ended 30th June 1991***1 ACCOUNTING POLICIES****a Basis of Accounting**

The Accounts have been prepared under the historical cost convention as modified by the revaluation of certain investments and in accordance with statements of standard accounting practice.

b Consolidation

The accounts include the results of the Company and its subsidiary companies all of which are made up to 30th June 1991. The results of the subsidiary company sold during the year are included up to the effective date of disposal.

By virtue of Section 228(7) of the Companies Act 1985 the Company is exempt from presenting a profit and loss account.

c Turnover

Turnover represents the net value of services and goods provided by the Group excluding value added tax.

All turnover for the continuing business is generated in the UK market and in the directors' opinion relates to one business segment.

d Depreciation

Tangible fixed assets are depreciated to write down their cost to their estimated residual values by equal annual instalments over the period of their estimated useful economic lives which are considered to be:-

Motor vehicles	– Between 3 and 4 years
Equipment	– Between 3 and 5 years
Fixtures and fittings	– Between 5 and 10 years

Depreciation is not provided on freehold buildings as the buildings are maintained to a standard such that any depreciation charge would be insignificant.

e Stocks

Long Term Fixed Price Contracts

Work in progress on long term contracts represents the cost of work done including attributable profit where the outcome of the contract can be assessed with reasonable certainty less amounts which have been included in turnover and less payments on account. Provision is made immediately for all anticipated future losses.

Time and Materials Contracts

Work in progress represents the sales value of work done to date including attributable profit less amounts invoiced to clients to date.

f Foreign Currency

Transactions undertaken in foreign currencies are translated at the rate of exchange ruling at the date of the transaction. Balances outstanding at the year end are translated at the exchange rate ruling at the balance sheet date.

On consolidation, the trading results of the foreign subsidiary are translated at the average rate of exchange for the year. Exchange differences arising on consolidation are dealt with in retained profits.

g Research and Development

Expenditure on research and development funded by the group is written off as incurred.

h Deferred Taxation

Provision is made for deferred taxation using the liability method on all timing differences except for those which are not expected to reverse in the foreseeable future.

i Pensions

The Group has a contributory pension scheme designed to provide retirement benefits on a money purchase basis for all group employees who wish to participate. Contributions are normally charged against profits as they are made.

j Operating Leases

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the periods of the leases.

2 Operating Profit/(Loss) before interest

The operating profit/(loss) is stated as follows:

	1991	1990
	£	£
Revenue	10,323,748	8,130,195
External charges	2,942,152	1,113,597
Staff costs (note 6)	4,859,111	4,569,916
Depreciation	371,347	357,763
Other operating charges	1,437,220	2,278,952
	<u>9,609,830</u>	<u>8,320,228</u>
Operating profit/(loss) before interest	713,918	(190,033)

3 Net Interest

	1991	1990
	£	£
Interest and charges on bank overdraft repayable within five years	81,004	73,485
Interest on loan repayable by instalments	128,454	138,014
Hire purchase interest	29,130	36,024
Interest receivable	(26,812)	(14,860)
	<u>211,776</u>	<u>232,663</u>

4 Exceptional Items

	1991	1990
	£	£
Provision for foreseeable loss on long term contract	—	210,630

5 Profit/(Loss) on ordinary activities before taxation

	1991	1990
	£	£
The profit/(loss) is stated after charging:		
Auditors' remuneration	23,250	15,000
Hire of plant and equipment	23,568	35,549
Payments made under operating leases	270,389	215,713
Research and Development Expenditure	77,498	225,022

6 Information Regarding Directors and Staff

Directors' Emoluments

The total emoluments of the Directors for the year ended 30th June 1991, including pension contributions were £361,438.

Details of these emoluments, excluding pension contributions were as follows:-

Chairman and highest paid Director	£ 64,847	£ 60,154
------------------------------------	-------------	-------------

Other directors

Ranges of emoluments excluding pension fund arrangements:-

	1991 No	1990 No
£60,001 – £65,000	1	–
£55,001 – £60,000	1	1
£50,001 – £55,000	1	1
£45,001 – £50,000	2	1
£40,001 – £45,000	–	2
£0 – £ 5,000	2	3

Fees of £1,250 were payable to a non-executive director by the Company during the year (1990 – nil).

Management fees of £12,000 were payable to Barnes Thomson Management Services Limited for the services of non-executive director David Thomson and £3,750 to Dartington & Co Corporate Finance Limited for the services of David Johnstone. David Thomson is a director and shareholder of Barnes Thomson Management Services Limited. David Johnstone is a non-executive director of Dartington & Co Group plc.

	1991 £	1990 £
Staff (including directors) costs during the year:-		
Salaries	4,243,773	3,989,431
Social security costs	357,800	342,850
Other pension costs	257,538	237,635
	<u>4,859,111</u>	<u>4,569,916</u>
The average number of people employed during the year was:-	1991	
Professional	112	103
Administration & Support	64	76
	<u>176</u>	<u>179</u>

7 Taxation

	1991 £	1990 £
Based on the profit/(loss) for the year:-		
Corporation Tax at 34% (1990 – 25%)	254,905	–
Utilisation of Group Relief	(74,805)	–
Deferred Tax	–	(52,800)
Underprovision of tax on prior years	12,872	–
	<u>192,972</u>	<u>(52,800)</u>

8 **Extraordinary Item**

	1991	1990
	£	£
Costs of disposal of subsidiary company and movement on inter-company loans	97,369	—
Costs of closure of subsidiary company	99,889	—
	<u>197,258</u>	<u>—</u>

During the year the Group sold its Electronic Design business in the UK, and closed its Electronic Design business in Germany.

9 **Tangible Fixed Assets**

<i>Group</i>	Freehold Property	Equipment	Fixtures & Fittings	Motor Vehicles	Total
	£	£	£	£	£
Cost					
At 1st July 1990	1,025,842	1,366,088	862,434	8,375	3,262,739
Additions	—	219,828	29,538	—	249,366
Disposals	—	(212,093)	(14,898)	(8,375)	(235,366)
At 30th June 1991	<u>1,025,842</u>	<u>1,373,823</u>	<u>877,074</u>	<u>—</u>	<u>3,276,739</u>
Depreciation					
At 1st July 1990	—	810,073	291,908	6,979	1,108,960
Charge for year	—	265,068	105,407	872	371,347
Disposals	—	(108,331)	—	(7,851)	(116,182)
At 30th June 1991	<u>—</u>	<u>966,810</u>	<u>397,315</u>	<u>—</u>	<u>1,364,125</u>
Net book value					
At 30th June 1991	<u>1,025,842</u>	<u>407,013</u>	<u>479,759</u>	<u>—</u>	<u>1,912,614</u>
At 30th June 1990	<u>1,025,842</u>	<u>556,015</u>	<u>570,526</u>	<u>1,396</u>	<u>2,153,779</u>

Included in the above are assets held under hire purchase contracts with a net book value amounting to £109,700 (1990 – £180,864).

Tangible Fixed Assets

<i>Company</i>	Equipment	Fixtures & Fittings	Motor Vehicles	Total
	£	£	£	£
Cost				
At 1st July 1990	1,207,527	621,859	8,375	1,837,761
Inter group transfer	(97,048)	117,357	—	20,309
Additions	102,134	2,697	—	104,831
Disposals	(25,270)	—	(8,375)	(33,645)
At 30th June 1991	<u>1,187,343</u>	<u>741,913</u>	<u>—</u>	<u>1,929,256</u>
Depreciation				
At 1st July 1990	777,293	272,877	6,979	1,057,149
Inter group transfer	(49,230)	11,902	—	(37,328)
Charge for year	223,661	74,829	872	299,362
Disposals	(18,212)	—	(7,851)	(26,063)
At 30th June 1991	<u>933,512</u>	<u>359,608</u>	<u>—</u>	<u>1,293,120</u>
Net book value				
At 30th June 1991	<u>253,831</u>	<u>382,305</u>	<u>—</u>	<u>636,136</u>
At 30th June 1990	<u>430,234</u>	<u>348,982</u>	<u>1,396</u>	<u>780,612</u>

Included in the above are assets held under hire purchase contracts with a net book value amounting to £100,203 (1990 – £100,231).

10 Capital Commitments

	1991	1990
<i>Group</i>	£	£
Capital expenditure authorised by the Directors for which no provision has been made in the accounts amounted to:-		
Contracted	<u>21,929</u>	<u>23,533</u>

11 Investments

	1991	1990
<i>Company</i>	£	£
Shares in subsidiary companies		
Cost at 1st July 1990	61,814	12,806
Additions	—	49,008
Disposals	100	—
Cost at 30th June 1991	<u>61,714</u>	<u>61,814</u>
Provision for diminution in value		
At 1st July 1990	49,107	—
Charge for the year	(99)	49,107
At 30th June 1991	<u>49,008</u>	<u>49,107</u>
Net book value at 30th June 1991	<u>12,706</u>	<u>12,707</u>

The company owns the entire issued share capital of Praxis Trustees Limited, Praxis Systems plc, Praxis Business Systems Limited, Praxis Warwick Limited and Praxis South-East Limited, all of which are registered in England, and of Praxis GmbH, which is a dormant company incorporated in Germany.

Praxis Systems plc, Praxis Warwick Limited and Praxis South-East Limited provide software engineering services. Praxis Trustees Limited and Praxis Business Systems Limited have not traded since incorporation.

12 Stocks

	1991	1990
<i>Group</i>	£	£
Work in progress	54,753	84,306
Long term contract balances	480,139	978,659
	<u>534,892</u>	<u>1,062,965</u>

13 Debtors

	GROUP		COMPANY	
	1991	1990	1991	1990
	£	£	£	£
Trade debtors	1,297,933	1,354,510	51,344	—
Amounts owed by Subsidiary				
Companies	—	—	938,008	193,925
Other debtors	227,016	134,532	218,105	125,400
Other taxation	—	—	25,434	27,145
Prepayments and accrued income	196,043	94,132	97,307	40,774
	<u>1,720,992</u>	<u>1,583,174</u>	<u>1,330,198</u>	<u>387,244</u>

Included in other debtors for the group and company is a loan of £120,053 due from the Employee Share Trust for the purchase of shares in the company (1990 – Group £68,663).

The amount owed by subsidiary companies is not expected to be repaid until after more than one year.

14 **Creditors:***Amounts falling due within one year*

	GROUP		COMPANY	
	1991	1990	1991	1990
	£	£	£	£
Bank overdraft (secured) (note 21)	116,472	369,942	33,359	301,785
Bank Loan (note 15)	250,000	26,562	—	—
Payments received on account on work-in-progress	176,157	1,305,449	39,852	—
Trade creditors	362,763	181,309	117,962	48,497
Taxation and social security	604,387	440,719	26,058	19,063
Other creditors	112,850	123,495	62,224	97,486
Accruals and deferred income	147,736	261,581	81,931	90,813
	<u>1,770,365</u>	<u>2,709,057</u>	<u>361,386</u>	<u>557,644</u>

Included in other creditors is £52,439 (1990 – £89,405) in respect of hire purchase liabilities.

15 **Creditors:***Amounts falling due after more than one year*

	GROUP		COMPANY	
	1991	1990	1991	1990
	£	£	£	£
Hire purchase liabilities	35,362	112,160	35,362	112,160
Bank loan (secured) repayable by instalments:-				
– between one and five years	425,000	425,000	—	—
– after five years	175,000	398,438	—	—
	<u>635,362</u>	<u>935,598</u>	<u>35,362</u>	<u>112,160</u>

The bank loan is secured by way of a mortgage over the freehold property. It is repayable in quarterly instalments of £50,000 commencing in July 1992. Interest is payable on the loan at 1.5% over Courtts Base Rate, with a minimum of 8.5%.

16 **Provision for Liabilities and Charges**

<i>Group</i>	£
At the 1st July 1990	210,630
Utilised	(210,630)
Provided for foreseeable losses on long term contracts	185,244
At the 30th June 1991	<u>185,244</u>

17 **Share Capital**

	1991	1990
	£	£
a) Authorised share capital		
17,908,404 Ordinary Shares of 10p each	1,790,840	2,390,840
1,091,596 'A' Ordinary Shares of 10p each	109,160	109,160
600,000 Convertible Preference Shares of £1 each	600,000	—
	<u>2,500,000</u>	<u>2,500,000</u>
Allotted, called up and fully paid:-		
3,229,876 Ordinary Shares of 10p each	322,987	302,959
1,091,596 'A' Ordinary Shares of 10p each	109,160	100,588
600,000 Convertible Preference Shares of £1 each	600,000	—
	<u>1,032,147</u>	<u>403,547</u>

On 15th October 1990 it was resolved to offer up to 400,000 Ordinary Shares of 10 pence each at 65 pence per share and to issue up to 600,000 Convertible Preference Shares of £1 each at par. Between 16th October 1990 and 30th November 1990, 200,289 Ordinary Shares of 10 pence each were allotted at 65 pence each to rank pari passu with the existing issue and 600,000 Convertible Preference Shares of £1 each were allotted for cash at par. The Convertible Preference Shares rank pari passu with the 'A' Ordinary Shares, and convert to 'A' Ordinary Shares at a rate depending on the Company's consolidated profits for the two financial years ending 30th June 1992.

Options over 85,714 'A' Ordinary Shares, granted on 25th September 1989 at par, were exercised on 22nd December 1990 and 1st February 1991 over 57,143 and 28,571 'A' Ordinary Shares respectively. On 30th January 1991, options were granted over 192,308 Ordinary Shares at a price of 65 pence per share subject to the rules of the Praxis Executive Share Option Scheme approved by the Company on 20th December 1990. The options may be exercised between 30th January 1994 and 29th January 2001. Options over 53,846 of the Ordinary Shares are dependent on the consolidated profits of Praxis plc for the two financial years ending 30th June 1992. Options over 46,154 of the Ordinary Shares are dependent on the profits of Praxis Warwick Limited for the two financial years ending 30th June 1992.

18 **Share Premium Account**

	1991	1990
	£	£
At 1st July 1990	639,306	369,306
Premium on allotment of 200,289 Ordinary Shares	110,159	270,000
Cost of share issue	(69,804)	—
At 30th June 1991	<u>679,661</u>	<u>639,306</u>

19 **Profit and Loss Account**

	1991	
	GROUP	COMPANY
	£	£
At 1st July 1990	(70,511)	(532,094)
Retained profit for the year	111,912	572,578
At 30th June 1991	<u>41,401</u>	<u>40,484</u>

20 **Leasing Commitments**

The annual commitment under non-cancellable operating leases was as follows:-

	GROUP		COMPANY	
	1991	Land and Buildings 1990	1991	1990
	£	£	£	£
Leases expiring				
Within 1 year	—	34,345	—	—
Within 2-5 years	69,750	69,750	—	—
More than 5 years	<u>280,335</u>	<u>225,000</u>	<u>225,000</u>	<u>225,000</u>
			Other	
Leases expiring				
Within 1 year	113,575	16,833	32,771	8,582
Within 2-5 years	<u>190,945</u>	<u>300,557</u>	<u>31,026</u>	<u>80,264</u>

21 **Contingent Liabilities and Guarantees***Company*

- a* The Company has provided guarantees to Lloyds Bowmaker Limited and Lombard North Central plc against any loss resulting or arising from any hire purchase agreements entered into by Praxis Systems plc.

At the balance sheet date amounts outstanding under these agreements totalled £28,292 and £21,316 respectively.

- b* The group has provided Coutts & Co. with a composite guarantee and mortgage debenture over all of the assets of the group in respect of the combined bank borrowing facilities of the group. At the 30th June 1991 other Group companies had overdrafts totalling £83,113.

22 **Pension Schemes**

The Group operates a defined contribution pension plan. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £257,538. Contributions totalling £42,820 were payable to the fund at the year end and are included in other creditors.

A report on the Actuarial Valuation of the Praxis Group Pension Plan as at 1st October 1990 was issued by Antony Gibbs Actuarial & Advisory Services Limited on 8th August 1991. The Report confirms that the benefits likely to emerge from the Plan do not exceed those allowable from a pension plan approved under the Income and Corporation Taxes Act 1988, and that the value of the assets of the Plan did not exceed 105 per cent of the value of the liabilities of the Plan.

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