Craneware Limited

Annual report

for the year ended 30 June 2006

Registered Number SC196331

Craneware Limited

Annual report

for the year ended 30 June 2006

Contents

Craneware Limited

Directors and Advisors

Directors
K J Lyon (chairman)
K Neilson
W G Craig
N P Heywood
D W Paterson
H D McCartney (resigned 27 March 2006)
A M McDougall (appointed 22 August 2005)
J R Wilson (appointed 31 January 2006)

Secretary and registered office
A M McDougall (appointed 26 September 2005)
Rosebank Business Park
Kirkton Campus
Livingston
EH54 7EJ

Bankers
The Royal Bank of Scotland plc
36 St Andrew Square
Edinburgh
EH2 2YB

Registered Auditors
PricewaterhouseCoopers LLP
Erskine House
68 73 Queen Street
Edinburgh
EH2 4NH

Solicitors
McGrigors
Princes Exchange
1 Earl Grey Street
Edinburgh
EH3 9AQ

Craneware Limited

Directors' report for the year ended 30 June 2006

The directors present herewith their report and the audited financial statements for the year ended 30 June 2006

Business Review and Principal Activities
The Group's principal activity continues to be the development, licensing and post contract support of computer software for the healthcare industry

The Group has continued to enhance its product range and functionality, whilst increasing the number of hospitals using its software products within its main market in the USA Having exceeded $60m of sales under contract since incorporation, the directors are satisfied with the performance of the Company and Group for the year and expect this growth, as set out below, to continue in future years

	2002	2003	2004	2005	2006
Profit & Loss Account	$'000	$'000	$'000	$'000	$'000
Turnover	583	2,842	6,701	10,459	13,179
Profit/(loss) before taxation	(1,234)	(537)	1,527	2,708	3,596
Balance Sheets as at 30 June					
Cash and debtors less creditors	1,584	4,646	8,220	8,913	10,481
Deferred income (amounts received/ receivable in advance of recognising revenue)	1,135	4,919	9,650	10,671	9,482

As at 30th June 2006 the Company had future contractual entitlements to invoice of $20m in subsequent periods

Principal Risks and Uncertainties and Key Performance Indicators ("KPIs")
Under the amended provisions of The Company's Act 1985 (Sec 234ZZB), the directors are required to give a description of the principal risks and uncertainties faced by the business

The directors consider that the Group's risk profile is not significantly different from other companies of its size, and that further analysis using KPIs is not necessary for an understanding of the development, performance, or position of the business The directors continue to monitor any risks and uncertainties as they arise, and take whatever action is considered necessary to minimise the Group's exposure

Dividends
The directors do not propose a final dividend in respect of the year ended 30 June 2006 (2005 $3,911,534)

Going Concern
The directors have reviewed the financial forecast for the group and consider that it is appropriate to prepare the financial statements on the going concern basis

Research and development activities
The Group continues to develop software products for the US healthcare industry

Directors
The directors of the Company are listed on page 1, all of whom have been directors throughout the year ended 30th June 2006 except as shown

Craneware Limited

Directors' report for the year ended 30 June 2006 (continued)

Directors (continued)
The interests of the directors in the Ordinary shares of the Company were as follows

	2006	2005
K Neilson	**12,777**	12,777
W G Craig	**12,777**	12,777
	25,554	25,554

The Company granted options to D W Paterson, A M McDougall and J R Wilson on 11th May 2006, and has committed to grant options to other serving and former directors The interests of the directors and former directors in options and commitments to grant options over Ordinary and Incentive shares of the Company were as follows

	2006	2006	2005
	Ordinary shares	**Incentive shares**	Commitments to grant options over Ordinary shares
K J Lyon	**220**	**370**	0
N P Heywood	**500**	**0**	500
D W Paterson	**833**	**667**	1,000
A M McDougall	**690**	**260**	0
J R Wilson	**690**	**110**	0
W McCall	**757**	**0**	757
J G Watson	**500**	**0**	500
	4,190	**1,407**	2,757

The terms under which Incentive shares will be issued are set out in the Articles of Association adopted on 9th May 2006

Employment of Disabled Persons
Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and the appropriate training is arranged It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability

Statement of Directors' Responsibilities
The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year, and of the profit or loss of the Group for that year

The directors confirm that suitable accounting policies have been used and applied consistently, and that reasonable and prudent judgements and estimates have been made in the preparation of the financial statement for the year ended 30 June 2006 The directors also confirm that applicable accounting standards have been followed, and that the financial statements have been prepared on the going concern basis

The directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the Group, and to prevent and detect fraud and other irregularities

Craneware Limited

Directors' report for the year ended 30 June 2006 (continued)

Auditors and Disclosure of Information to Auditors

Each director, as at the date of this report, has confirmed that insofar as they are aware there is no relevant audit information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware, and they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

A resolution to reappoint PricewaterhouseCoopers LLP as auditors will be proposed at the annual general meeting

On behalf of the Board

A M McDougall
Director and Company Secretary
23 March 2007

Craneware Limited

Independent auditors' report to the members of Craneware Limited and its Subsidiary Company

We have audited the group and parent company financial statements of Craneware Limited for the year ended 30 June 2006 which comprise the Group Profit and Loss Account, the Group and Company Balance Sheets, the Group Cash Flow Statement and Group Statement of Total Recognised Gains and Losses and the related notes These financial statements have been prepared under the accounting policies set out therein

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland) This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

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 report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements We also report to you if, in our opinion, 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 is not disclosed

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements The other information comprises only the directors' report We consider the implications of our report if we become aware of any apparent misstatement of material inconsistencies with the financial statements Our responsibilities do not extend to any other information

Basis of audit opinion

We conducted our audit in accordance with the International Standards on Auditing (UK and Ireland) 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 group's and 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

Craneware Limited

Independent auditors' report to the members of Craneware Limited and its Subsidiary Company (continued)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 30 June 2006 and of the group's profit and cashflows of the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Edinburgh

27 March 2007

Craneware Limited

Consolidated profit and loss account for the year ended 30 June 2006

	Notes	2006 $'000	2005 $'000
Turnover	2	**13,179**	10,459
Cost of sales		**(4,109)**	(3,846)
Gross profit		**9,070**	6,613
Net operating expenses	3	**(5,709)**	(3,933)
Operating profit	4	**3,361**	2,680
Net interest receivable	7	**235**	28
Profit on ordinary activities before taxation		**3,596**	2,708
Tax charge on ordinary activities	8	**(1,253)**	(866)
Profit on ordinary activities after taxation		**2,343**	1,842
Dividends	9		(3,912)
Retained profit / (loss) for the year	17	**2,343**	(2,070)

The results relate to continuing operations

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above their historical cost equivalents

Statement of total recognised gains and losses for the year ended 30 June 2006

	Notes	2006 $'000	2005 $'000
Retained profit / (loss) for the financial year		**2,343**	(2,070)
Exchange movement on retranslation of share premium	17		21
Total recognised gains / (losses) for the year		**2,343**	(2,049)

Craneware Limited

Consolidated balance sheet as at 30 June 2006

	Notes	2006	2005
		$'000	$'000
ASSETS			
Fixed Assets			
Tangible assets	10	**178**	184
Intangible assets	11	**14**	250
		192	434
Current Assets			
Stock	13	**19**	123
Debtors	14	**3,035**	3,840
Deferred Tax	15	**47**	115
Cash	20	**10,167**	6,038
		13,268	10,116
		13,460	10,550
LIABILITIES			
Capital and Reserves			
Called up share capital	16	**1**	1
Share premium account	17	**1,823**	1,823
Profit and loss account	17	**(568)**	(2,911)
Equity shareholders' funds	18	**1,256**	(1,087)
Other Liabilities			
Deferred income (amounts received / receivable in advance of recognising revenue)	22	**9,482**	10,671
Creditors	23	**2,722**	966
		12,204	11,637
		13,460	10,550

The financial statements on pages 7 to 22 were approved by the board of directors on 23 March 2007 and were signed on its behalf by

K Neilson
Director

A M McDougall
Director and Company Secretary

Craneware Limited

Company Balance sheet as at 30 June 2006

	Notes	2006	2005
		$'000	$'000
ASSETS			
Fixed Assets			
Tangible assets	10	**95**	95
Intangible assets	11	**14**	250
		109	345
Current Assets			
Debtors	14	**2,968**	8,083
Deferred Tax	15	**8**	3
Cash		**9,474**	1,684
		12,450	9,770
		12,559	10,115
LIABILITIES			
Capital and Reserves			
Called up share capital	16	**1**	1
Share premium account	17	**1,823**	1,823
Profit and loss account	17	**(634)**	(2,836)
Equity shareholders' funds	18	**1,190**	(1,012)
Other Liabilities			
Deferred income (amounts received / receivable in advance of recognising revenue)	22	**9,482**	10,671
Creditors	23	**1,887**	456
		11,369	11,127
		12,559	10,115

The financial statements on pages 7 to 22 were approved by the board of directors on 23 March 2007 and were signed on its behalf by

K Neilson
Director

A M McDougall
Director and Company Secretary

Craneware Limited

Consolidated cashflow statement for the year ended 30 June 2006

	Notes	2006 $'000	2005 $'000
Net cash inflow from operating activities	19	2,489	5,281
Returns on investments and servicing of finance			
Interest received		235	28
Taxation			
Corporation tax credit / (paid)		1,516	(2,004)
Capital expenditure			
Purchase of tangible assets		(111)	(132)
Capitalised research & development			(255)
Equity dividends paid to shareholders			(3,912)
Financing			
Increase / (decrease) in cash		**4,129**	(994)

Craneware Limited

Notes to the financial statements for the year ended 30 June 2006

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom A summary of the more important accounting policies is set out below

Basis of accounting
The financial statements are prepared in accordance with the historical cost convention

Reporting currency
The Directors consider that as Group's revenues are primarily denominated in US dollars the principal functional currency is the US dollar The Group financial statements are therefore prepared in US dollars

Basis of consolidation
The consolidated profit and loss account and balance sheet include the accounts of the parent company and its subsidiary made up to the end of the financial year Intra group sales and profits are eliminated on consolidation and all sales and profit figures relate to external transactions only As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented

Revenue recognition
The Group recognises revenue when (i) persuasive evidence of an arrangement exists, (ii) delivery has occurred or services have been rendered, (iii) the sales price has been fixed and determinable, and (iv) collectability is reasonably assured For software arrangements with multiple elements, revenue is recognised dependent on whether vendor specific objective evidence ("VSOE") of fair value exists for each of the elements VSOE is determined by reference to sales to external customers made on a stand alone basis Where there is no VSOE revenue is recognised rateably over the full term of each contract

Tangible fixed assets
Depreciation is provided to write off the cost or valuation, less estimated residual values, of tangible fixed assets over their expected useful lives It is calculated at the following rates

Computer equipment	33% straight line
Tenants improvements	20% straight line
Office furniture	25% straight line

Taxation
Taxation is based on the results for the year, as adjusted for disallowable items, and for timing differences, to the extent that they are likely to result in tax liability in the foreseeable future Timing differences arise from the recognition for tax purposes of certain items of income and expenditure in a different accounting year from that in which they are recognised in the financial statements Provision is made at the rate which is expected to be applied when the liability or asset is expected to crystallise

Notes to the financial statements for the year ended 30 June 2006 (continued)

1 Principal accounting policies (continued)

Deferred taxation
The charge for taxation is based on the profit for the year and takes into account deferred taxation Deferred taxation has been recognised as a liability or asset if transactions have incurred at the balance sheet date that give rise to an obligation to pay more tax in the future, or a right to pay less tax in the future

An asset is not recognised to the extent that the transfer of economic benefits in the future is uncertain Deferred tax assets and liabilities recognised have not been discounted

Investments in subsidiary
The investment in subsidiary is valued at cost

Foreign currencies
Transactions denominated in foreign currencies are translated into US dollars at the exchange rate ruling when the transaction was entered into Assets, liabilities and shareholder funds expressed in foreign currencies are translated into US dollars at rates of exchange ruling at the end of the financial year Exchange gains or losses are included in operating profit Exchange gains or losses arising on share capital and share premium accounts are credited or charged directly to profit and loss reserves

Operating leases
The costs of operating leases are charged over the duration of the leases in arriving at operating profit

Grants
Grants of a revenue nature are credited to the profit and loss account in the period to which they relate

Research and Development
Expenditure on Research and Development is charged to the profit and loss account in the year in which it is incurred, with the exception of expenditure on the development of certain major new products where the outcome of these projects is assessed at inception, and continues thereafter to be viewed as being reasonably certain as regards viability and technical feasibility Such expenditure is capitalised and amortised over a period not exceeding 3 years commencing on first sales of the products

2 Turnover

The Group distributes its products entirely within the United States of America, with turnover being wholly attributable to the principal activity of the Group

3 Net operating expenses

Net operating expenses are made up as follows

	2006 $'000	2005 $'000
Administrative expenses	**5,774**	3,757
Exchange (gain) / loss	**(65)**	176
Net operating expenses	**5,709**	3,933

Notes to the financial statements for the year ended 30 June 2006 (continued)

4 Operating profit

Operating profit is stated after charging

		2006 $'000	2005 $'000
Auditor's remuneration for audit fees	Parent company	**36**	33
	Subsidiary company	**25**	19
Depreciation of tangible fixed assets		**117**	119
Amortisation of intangible assets		**236**	144
Operating lease rents for premises		**135**	110
Exchange (gain) / loss		**(65)**	176

The remuneration of the auditors for provision of non audit services to the Group during the year was $82,122 (2005 $18,000)

5 Directors' emoluments

Particulars of directors' emoluments disclosed in accordance with Part I of Schedule 6 to the Companies Act 1985 are as follows

	2006 $'000	2005 $'000
Aggregate emoluments	**858**	595
Defined contribution scheme		
Aggregate company contributions paid	**98**	18
Highest paid director	**196**	165

The above emoluments include fees paid to third parties on behalf of directors' services (see note 25) Retirement benefits are accruing to 3 directors (2005 2) under a money purchase scheme

6 Employee information

The average number of persons employed by the Group during the year, including executive directors, is analysed below

	2006 Number	2005 Number
Production	**22**	22
Sales and distribution	**16**	15
Administration	**14**	6
Research and development	**17**	15
	69	58

Employment costs of all employees including executive directors

	2006 $'000	2005 $'000
Wages and salaries	**4,479**	3,605
Social security costs	**465**	383
Total direct costs of employment	**4,944**	3,988

Craneware Limited

Notes to the financial statements for the year ended 30 June 2006 (continued)

7 Net interest receivable

	2006	2005
	$'000	$'000
Deposit interest receivable	**235**	28

8 Tax on profit on ordinary activities

	2006	2005
	$'000	$'000
Taxation on profit on ordinary activities		
Based on profit for the year		
UK corporation tax at 30% (2005 30%)		
current	**1,099**	(1,172)
adjustment in respect of prior year		50
Foreign corporation tax at 30% (2005 30%)		
current		
adjustment in respect of prior year	**86**	
Total current tax	**1,185**	(1,122)
Deferred tax at 30% (2005 30%)		
current	**68**	1,988
adjustment in respect of prior year		
Taxation charge	**1,253**	866

The difference between the current tax charge on ordinary activities for the period, reported in the profit and loss account, and the current tax charge that would result from applying a relevant standard rate of tax to the profit on ordinary activities before tax, is explained as follows

	2006	2005
	$'000	$'000
Profit on ordinary activities before tax	**3,596**	(2,708)
Standard rate of corporation tax at 30% (2005 30%)	**1,079**	812
After		
a) Adjustment in respect of prior periods	**86**	50
b) Expenses not deductible for tax purposes	**59**	77
c) Accelerated capital allowances and other timing differences	**41**	(2,103)
d) US state tax	**12**	2
e) Losses carried forward		40
f) Losses utilised	**(92)**	
g) Other		
Current tax charge / (credit) for period	**1,185**	(1,122)

Notes to the financial statements for the year ended 30 June 2006 (continued)

9 Dividends

	2006	2005
	$'000	$'000
Interim dividend		3,912

10 Tangible fixed assets

Group	Computer Equipment	Office Furniture	Tenants Improvements	Total
	$'000	$'000	$'000	$'000
Cost or valuation				
At 1 July 2005	413	73	83	569
Additions	99	11	1	111
At 30 June 2006	**512**	**84**	**84**	**680**
Depreciation				
At 1 July 2005	255	53	77	385
Charge for the year	98	15	4	117
At 30 June 2006	**353**	**68**	**81**	**502**
Net book value				
At 30 June 2006	**159**	**16**	**3**	**178**
At 30 June 2005	158	20	6	184

Company	Computer Equipment	Office Furniture	Tenants Improvements	Total
	$'000	$'000	$'000	$'000
Cost or valuation				
At 1 July 2005	266	56	83	405
Additions	53	8	1	62
At 30 June 2006	**319**	**64**	**84**	**467**
Depreciation				
At 1 July 2005	189	44	77	310
Charge for the year	48	10	4	62
At 30 June 2006	**237**	**54**	**81**	**372**
Net book value				
At 30 June 2006	**82**	**10**	**3**	**95**
At 30 June 2005	77	12	6	95

Notes to the financial statements for the year ended 30 June 2006 (continued)

11 Intangible assets

Research and development

	Group		Company	
	2006	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000
As at 1 July	**250**	139	**250**	139
Amounts capitalised during the year		255		255
Amortisation charge	**(236)**	(144)	**(236)**	(144)
	14	250	**14**	250

12 Fixed asset investments

Company

	$
Value at 1 July 2005	109
Net book value at 30 June 2006	**109**

The following information relates to the subsidiary which, in the opinion of the directors, principally affected the profits or assets of the Group

Name of Company	Class of Shares held	Proportion of Nominal Value of Issued Shares held by Craneware Limited	Nature of Business
Craneware Inc	Ordinary	100%	Sales & Marketing

The above company is incorporated in the United States of America The results of the subsidiary company have been included in the consolidated financial statements

13 Stock

Stocks of software protection hardware and software licenses acquired from third parties are valued at the lower of cost and net realisable value $19k (2005 $123k)

Craneware Limited

Notes to the financial statements for the year ended 30 June 2006 (continued)

14 Debtors: amounts falling due within one year

	Group		Company	
	2006	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000
Trade debtors	**2,756**	1,997	**2,756**	1,997
Amounts owed by group companies			**99**	4,573
Corporation tax		1,602		1,457
Other debtors	**26**	10	**26**	10
Prepayments and accrued income	**253**	231	**87**	46
	3,035	3,840	**2,968**	8,083

15 Deferred taxation

An analysis of the provision made and the full potential liability for deferred taxation is set out below, together with the movement on the provision Deferred taxation provided in the accounts comprises

	Group		Company	
	2006	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000
Accelerated capital allowance	**47**	3	**8**	3
Other timing differences				
Losses		112		
Deferred tax asset	**47**	115	**8**	3
Provision at 1 July	**115**	2,103	**3**	2,103
Deferred tax (charge) \ credit	**(68)**	(1,988)	**5**	(2,100)
Asset at 30 June	**47**	115	**8**	3

A deferred tax asset of $38,000 has arisen in respect of net operating losses and other timing differences in Craneware Inc This asset has been recognised in the Group balance sheet as the Directors are of the view that Craneware Inc will establish a sufficient pattern of profitability

16 Called up share capital

Allotted called up and fully paid

	2006		2005	
	Number	**$'000**	Number	$'000
Equity share capital				
Ordinary shares of 1p each	**50,500**	**1**	50,500	1
Ordinary 'A' shares of 1p each	**13,093**		13,093	

Craneware Limited

Notes to the financial statements for the year ended 30 June 2006 (continued)

16 Called up share capital (continued)

Authorised

	2006 Number	$'000	2005 Number	$'000
Equity share capital				
Ordinary shares of 1p each	**9,980,361**	**165**	9,980,361	165
Ordinary 'A' shares of 1p each	**19,639**		19,639	
Incentive shares of 0 1p each	**5,087**			

17 Share premium account and reserves

Group	**Share Premium Account $'000**	**Profit and Loss Account $'000**	**Total $'000**
At 1 July 2005	1,823	(2,911)	(1,088)
Retained Profit / (Loss) for the year		2,343	2,343
Exchange movement on retranslation of share premium			
At 30 June 2006	**1,823**	**(568)**	**1,255**

Company	**Share Premium Account $'000**	**Profit and Loss Account $'000**	**Total $'000**
At 1 July 2005	1,823	(2,836)	(1,013)
Retained Profit / (Loss) for the year		2,202	2,202
Exchange movement on retranslation of share premium			
At 30 June 2006	**1,823**	**(634)**	**1,189**

Notes to the financial statements for the year ended 30 June 2006 (continued)

18 Reconciliation of movements in shareholders' funds

Group	2006 $'000	2005 $'000
Shareholders' funds at 1 July	**(1,087)**	983
Profit / (loss) for the financial year	**2,343**	(2,070)
Shareholders' funds at 30 June	**1,256**	(1,087)

Company	2006 $'000	2005 $'000
Shareholders' funds at 1 July	**(1,012)**	1,009
Profit / (loss) for the financial year	**2,202**	(2,021)
Shareholders' funds at 30 June	**1,190**	(1,012)

19 Reconciliation of operating profit to net cash inflow from operating activities

Group	2006 $'000	2005 $'000
Group operating profit	**3,361**	2,680
Depreciation / amortisation	**353**	263
Decrease in stocks	**104**	(123)
(Increase) / decrease in debtors	**(797)**	999
(Decrease) / increase in creditors	**(532)**	1,462
Net cash inflow / (outflow) from operating activities	**2,489**	5,281

20 Reconciliation of net cashflow to movement in net debt

Group	2006 $'000	2005 $'000
Increase / (decrease) in cash in the period	**4,129**	(994)
Net cash outflow / (inflow) from decrease/ (increase) in debt		
Change in net debt resulting from cashflows	**4,129**	(994)
Opening net funds at 1 July	**6,038**	7,032
Closing net funds at 30 June	**10,167**	6,038

Notes to the financial statements for the year ended 30 June 2006 (continued)

21 Analysis of net debt

Group	At 1 July 2005	Cashflow	Other non cash movements	**At 30 June 2006**
	$'000	$'000	$'000	**$'000**
Cash at bank and in hand	6,038	4,129		**10,167**
Bank overdrafts				
	6,038	4,129		**10,167**
Debt due within 1 year				
Debt due after 1 year				
Total	6,038	4,129		**10,167**

22 Deferred income (amounts received / receivable in advance of recognising revenue)

	Group		**Company**	
	2006	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000
amounts falling due within one year	**7,231**	6,739	**7,231**	6,739
amounts falling due after more than one year	**2,251**	3,932	**2,251**	3,932
Total deferred income	**9,482**	10,671	**9,482**	10,671

23 Creditors: amounts falling due within one year

	Group		**Company**	
	2006	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000
Trade creditors	**119**	186	**57**	46
Social security and PAYE	**69**	47	**69**	46
Corporation tax	**1,099**		**1,048**	
Accruals	**1,272**	482	**551**	113
Advance receipts	**163**	251	**162**	251
	2,722	966	**1,887**	456

24 Contingent liabilities and financial commitments

(a) Capital commitments

The Group has no capital commitments at present (2005 $nil)

Notes to the financial statements for the year ended 30 June 2006 (continued)

(b) Lease commitments

The Group leases certain land and buildings The rents payable by the Group in the next year under these leases are as follows

	2006	2005
	$'000	$'000
Leases expiring within one year	166	12
Leases expiring between 2 and 5 years	368	134
	534	146

The rents payable under these leases are subject to renegotiation at various intervals specified in the leases The Group pays all insurance, maintenance and repairs of these properties

25 Related party transactions

During the period the Group has traded in its normal course of business with shareholders and consultancy businesses in which directors and former directors have a material interest as follows

	2006		2005	
	Fees for services provided as Directors	Outstanding at year end	Fees for services provided as Directors	Outstanding at year end
	$	$	$	$
3i plc	20,846		21,828	4,482
Scottish Equity Partners Limited	9,000	49,000	7,364	40,000
Lothian Investment Fund for Enterprise Limited	2,125	283	600	
N P Heywood	25,422	2,159	26,639	
W McCall			32,718	
C McCulloch			4,410	4,841
H D McCartney	32,400	32,400	7,431	7,172
K J Lyon	53,703	4,419	7,431	7,172

There were no other related party transactions in the period which require disclosure in accordance with FRS 8

Notes to the financial statements for the year ended 30 June 2006 (continued)

26 Ultimate Controlling Party

The directors consider that the controlling parties of the Company are K Neilson and W G Craig who have an interest in the share capital of the Craneware Limited as shown in the directors' report