

Drole Computing Services Limited
Accounts and reports
for the year ended
31 December 1998



Drole Computing Services Limited

**Financial accounts
for the year ended 31 December 1998**

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Drole Computing Services Limited

Directors:	C J Lester-Smith Mrs V M Lester-Smith
Secretary:	Seymour Macintyre Limited
Registered office:	Worplesdon Chase Pitch Place Worplesdon Guildford
Registered number:	1865914
Bankers:	Bank of Scotland Telford House 3 Mid New Cultins Edinburgh
Auditors:	darbys certified accountants Portland House 154 Trinity Street Gainsborough Lincolnshire

**Report of the directors
for the year ended 31 December 1998**

The directors present their annual report with the accounts of the company for the year ended 31 December 1998.

Principal activity

The principal activity of the company in the year under review was provision of computer consultancy services and this remains unchanged from last year.

Review of business

A summary of the results for the year is given on page 5 of the accounts. The directors consider the state of affairs to be satisfactory.

Dividends

The directors do not recommend the payment of a dividend.

Directors

The directors in office in the year and their beneficial interests in the company's issued ordinary share capital were as follows:

**Ordinary Shares of £1 each
1997**

C J Lester-Smith	1	1
Mrs V M Lester-Smith	0	0

The above directors are also controlling directors of Delarue Charterhouse Holdings Limited who hold 974 ordinary shares.

Directors responsibilities

Company law requires the directors to prepare financial accounts 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 accounts the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial accounts 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.

Drole Computing Services Limited
Report of the directors (continued)
for the year ended 31 December 1998

Employees

The directors endeavour to ensure that as far as possible the training, career development and promotion of disabled persons is the same as for other employees. Should employees become disabled, every effort is made to ensure that their employment continues and appropriate retraining is received.

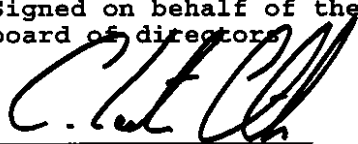
Events since the end of the year

No post balance sheet events have occurred since 31 December 1998.

Auditors

The auditors, Darbys were appointed on 7 May 1999 following the resignation of Morrish & Co and will be proposed for reappointment in accordance with section 285 of the Companies Act 1985.

Signed on behalf of the
board of directors



C J Lester-Smith
Director

21 October 1999

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**Auditors' report to the shareholders of
Drole Computing Services Limited**

We have audited the financial accounts on pages 5 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

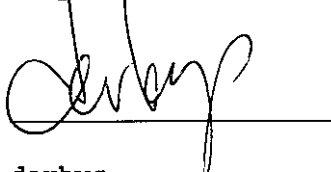
Basis of opinion

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial accounts, 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 accounts 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 accounts.

Opinion

In our opinion the financial accounts give a true and fair view of the state of the company's affairs as at 31 December 1998 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



darbys
registered auditors
certified accountants
Portland House
154 Trinity Street
Gainsborough
Lincolnshire

22 October 1999

Drole Computing Services Limited

Profit and loss account
for the year ended 31 December 1998

	Notes		1997
Turnover	2	16824749	12607558
Cost of turnover		1336753	955747
Gross profit		15487996	11651811
Net operating expenses			
Administrative expenses		15579200	11610154
Operating (loss)/profit	3	(91204)	41657
Income from investments	5	18900	10186
(Loss)/profit on ordinary activities before interest		(72304)	51843
Interest payable	6	102	-
(Loss)/profit on ordinary activities before interest		(72406)	51843
Tax on ordinary activities	7	(9146)	16100
(Loss)/profit on ordinary activities after taxation		£ (63260)	£ 35743
Statement of retained earnings			
Retained profit brought forward		204524	168781
Retained (loss)/profit for the year		(63260)	35743
Retained profit carried forward		£ 141264	£ 204524

None of the company's activities were acquired or discontinued during the above two financial years.

There were no recognised gains or losses other than the profit or loss for the above two financial years.

The notes on pages 8 to 11 form part of these accounts.

Drole Computing Services Limited

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Balance sheet
as at 31 December 1998

	Notes	1997	
Fixed assets			
Tangible assets	8	70579	62510
Current assets			
Debtors	9	1332085	1231315
Cash at bank and in hand		1184906	1092387
		<u>2516991</u>	<u>2323702</u>
Creditors: Amounts falling due within one year	10	<u>(2445306)</u>	<u>(2180688)</u>
Net current assets		<u>71685</u>	<u>143014</u>
Total assets less current liabilities		<u>£ 142264</u>	<u>£ 205524</u>
Capital and reserves			
Share capital	11	1000	1000
Profit and loss account		141264	204524
Total shareholders' funds	12	<u>£ 142264</u>	<u>£ 205524</u>

Signed on behalf of the
board of directors



C J Lester-Smith
Director

21 October 1999



Mrs V M Lester-Smith
Director

The notes on pages 8 to 11 form part of these accounts.

Drole Computing Services Limited
Cashflow Statement
for the year ended 31 December 1998

	Note		1997
Net cash inflow from operating activities	14	176390	179048
Returns on investments and servicing of finance			
Bank interest received	18900	10186	
Interest paid on taxation	(102)	-	
		18798	10186
Taxation			
Tax paid		(25419)	(33925)
Capital expenditure			
Purchase of tangible fixed assets	(106160)	83694	
Sale of tangible fixed assets	28910	-	
		(77250)	(83694)
Increase in cash		92519	71615

Drole Computing Services Limited

Notes to the accounts
for the year ended 31 December 1998**1 Accounting policies****Basis of accounting**

The accounts have been prepared under the historical cost convention.

Turnover

Turnover represents amounts invoiced to customers during the period net of value added tax.

Tangible fixed assets

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

Fixtures & equipment	33% per annum on a straight line basis
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Deferred taxation

Deferred Taxation is provided on the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating loss.

Pensions

Contributions paid during the year are charged to the profit and loss account.

2 Turnover

The turnover and loss (1997 - profit) before taxation for the year is attributable to the principal activity of the Company which is provision of computer consultancy services and this remains unchanged from last year.

Turnover attributable to each geographical market is as follows:

	£	1997 £
United Kingdom	15274705)
Europe	1233329) 12607558
United States of America	16715)
	<u>16824749</u>	<u>12607558</u>

Drole Computing Services Limited

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Notes to the accounts
for the year ended 31 December 1998

3 Operating (loss)/profit

The operating loss (1997 - profit) is stated
after charging:

	£	1997 £
Depreciation of tangible fixed assets	69181	56688
Staff costs - note 4	14125029	10410809
Auditors' remuneration	1200	1200
	<u> </u>	<u> </u>

4 Staff costs

The costs incurred

Wages and salaries	12892382	9501080
Social security costs	1232647	906729
Pension costs	20200	3000
	<u> </u>	<u> </u>
	14125029	10410809
	<u> </u>	<u> </u>

The average monthly number of employees
during the year was as follows:

Consultants	255	257
	<u> </u>	<u> </u>

5 Income from investments

Bank interest received	18900	10186
	<u> </u>	<u> </u>

6 Interest payable

Interest on late paid tax	102	-
	<u> </u>	<u> </u>

7 Taxation

The tax charge on the loss on ordinary
activities was as follows:

Corporation tax	(9146)	16100
	<u> </u>	<u> </u>

Corporation tax has been calculated on the loss at 21% (profit 1997 21%).

Notes to the accounts
for the year ended 31 December 1998

8 Tangible fixed assets

**Fixtures &
equipment**
£

Cost

At 1 January 1998	142156
Additions in the year	106160
Disposals in the year	(46262)

At 31 December 1998	<u>202054</u>
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Depreciation

At 1 January 1998	79646
Write off on disposal	(18303)
Charge for the year	70132

At 31 December 1998	<u>131475</u>
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Net book value

At 31 December 1998	<u>70579</u>
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At 31 December 1997	<u>62510</u>
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9 Debtors

1997

£

£

Amounts due within one year:

Trade debtors	810475	847716
Other debtors	241610	103599
	<u>1052085</u>	<u>951315</u>

Amounts due in more than one year:

Inter company loan	280000	280000
	<u>1332085</u>	<u>1231315</u>

10 Creditors: Amounts falling due within one year

Trade creditors	1305321	1117915
Other creditors:		
Taxation	-	16100
Social security and other taxes	1073135	981023
Loan Aleni	64450	64450
Accruals	2400	1200
	<u>2445306</u>	<u>2180688</u>

Drole Computing Services Limited

Notes to the accounts
for the year ended 31 December 1998

11 Share capital

	£	1997 £
Authorised, ordinary shares of £1 each	1000	1000
Allotted, issued and fully paid	1000	1000

12 Reconciliation of movements in shareholders' funds

(Loss)/profit for the financial year	(63260)	35743
Opening shareholders' funds	205524	169781
Closing shareholders' funds	142264	205524

13 Holding company

The ultimate holding company is Delarue Charterhouse Group Holdings Limited, which holds 974 shares in the company, and is incorporated in the United Kingdom.

14 Notes to the cash flow statement

Reconciliation of operating (loss)/profit to operating cash flows

Operating (loss)/profit	(91204)	41657
Depreciation	70132	56688
Profit on sale of fixed assets	(951)	-
Increase in debtors	(82305)	(144884)
Increase in creditors	280718	225587
Net cash inflow from operating activities	176390	179048

Analysis of changes in net debt

	At start of year £	Cash flows £	At end of year £
Cash at bank and in hand	1092387	92519	1184906