

DROLE COMPUTING SERVICES LIMITED

FINANCIAL STATEMENTS

YEAR TO 31 DECEMBER 1996



DROLE COMPUTING SERVICES LIMITED

FINANCIAL STATEMENTS

YEAR TO 31 DECEMBER 1996

COMPANY INFORMATION

Directors: C.J.Lester-Smith
Mrs V.M.Lester-Smith

Secretary: C.J.Lester-Smith

Company Number: 1865914

Registered Office: Holcombe House
London Road
Sunningdale
Berkshire

Registered Auditors: Morrish & Co.
17 Garton Close
Ponders End
Enfield
EN3 4BZ

Bankers: Bank of Scotland

DROLE COMPUTING SERVICES LIMITED

FINANCIAL STATEMENTS

YEAR TO 31 DECEMBER 1996

CONTENTS

PAGE

| | |
|---|-----|
| Directors' report | 1-2 |
| Auditor's report | 3 |
| Profit and loss account | 4 |
| Balance sheet | 5 |
| Statement of source and allocation of funds. | 6 |
| Notes to the financial statements | 7-9 |
| Detailed Profit and Loss Account | 10 |

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year to 31 December 1996.

COMPANY NUMBER

The company registration number is 1865914.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company's principal business activity which has remained unchanged during the year under review was that of the provision of computer consultancy services.

No significant change in activity is envisaged in the ensuing year.

RESULTS AND DIVIDENDS

The results for the period under review are set out on page 4.

FIXED ASSETS

Full disclosure of all matters relating to fixed assets are set out in note 8 of the financial statements.

DIRECTORS' AND THEIR INTERESTS

The directors who served during the year and their interests in the company at 1 January 1996 and 31 December 1996 are stated as below:

| | <u>Class of share</u> | <u>Number of shares</u> |
|----------------------|-----------------------|-------------------------|
| C.J.Lester-Smith | Ordinary shares | 1 |
| Mrs.V.M.Lester-Smith | Ordinary shares | - |

cont'd.....

DIRECTORS' REPORT

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and profit or loss of the company for that period. The directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business;

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985, they are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

The company has by elective resolution under Section 386(1) of the Companies Act 1985 dispensed with the annual reappointment of the auditors. Messrs Morrish & Co. will be deemed to be reappointed for each succeeding financial year.

This report was approved by the Board on 10 October 1997 and signed on its behalf by Mr. C.J. Lester-Smith.

CHAIRMAN :
C.J. LESTER-SMITH

AUDITOR'S REPORT TO THE SHAREHOLDERS OF DROLE COMPUTING SERVICES LIMITED

We have audited the financial statements on pages 4 to 9, which have been prepared under the historical cost convention and accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on pages 1 to 2 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

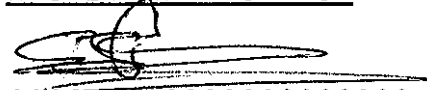
We conducted our audit in accordance with the Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or other irregularity or error. In forming our opinion we evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

S.S.PRAYAG, F.C.C.A.
REGISTERED AUDITOR



.....
MORRISH & CO.
17 GARTON CLOSE
PONDERS END
ENFIELD
EN3 4BZ

DATED: 10 October 1997

DROLE COMPUTING SERVICES LIMITEDPAGE 4PROFIT AND LOSS ACCOUNTFOR THE YEAR ENDED 31ST DECEMBER 1996

| | <u>Note</u> | <u>1996</u> £ | <u>1995</u> £ |
|--|-------------|------------------|------------------|
| TURNOVER | 2 | 11416784 | 13431044 |
| Less: Cost of Sales | | 11010154 | 13178043 |
| | | <hr/> | <hr/> |
| GROSS PROFIT | | 406630 | 253001 |
| Less: Administrative Expenses | | 147828 | 123070 |
| | | <hr/> | <hr/> |
| | | 258802 | 129931 |
| Add: Other Operating Income | 3 | 12929 | 17674 |
| | | <hr/> | <hr/> |
| PROFIT ON ORDINARY ACTIVITIES BEFORE MANAGEMENT CHARGES | | 271731 | 147605 |
| Less: Group Management Charges | | 120000 | 142000 |
| | | <hr/> | <hr/> |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | 4 | 151731 | 5605 |
| TAXATION | 6 | 33925 | 3100 |
| | | <hr/> | <hr/> |
| PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION | | 117806 | 2505 |
| ACCUMULATED RESERVES brought forward | | 50975 | 48470 |
| | | <hr/> | <hr/> |
| ACCUMULATED RESERVES carried forward | | 168781 | 50975 |
| | | <hr/> | <hr/> |

There were no recognised gains or losses other than the profit for the above financial period.

The notes on pages 7 to 9 form part of these financial statements.

DROLE COMPUTING SERVICES LIMITEDPAGE 5BALANCE SHEETAT 31ST DECEMBER 1996

| | <u>Note</u> | <u>1996</u> £ | <u>1995</u> £ |
|---|-------------|------------------|------------------|
| FIXED ASSETS | | | |
| Tangible Assets | 7 | 35504 | 53719 |
| CURRENT ASSETS | | | |
| Debtors | 8 | 982833 | 1182265 |
| Cash at bank and in hand | | 1020772 | 653932 |
| | | | |
| | | 2003605 | 1836197 |
| CREDITORS: Amounts falling due in less than one year | 9 | 1869328 | 1837941 |
| | | | |
| NET CURRENT ASSETS/(LIABILITIES) | | 134277 | (1744) |
| | | | |
| TOTAL ASSETS | | 169781 | 51975 |
| | | | |
| CREDITORS: Amounts falling due in more than one year | | - | - |
| | | | |
| NET ASSETS | | 169781 | 51975 |
| | | | |
| Financed by: | | | |
| CAPITAL & RESERVES | | | |
| Share Capital | 10 | 1000 | 1000 |
| Profit and Loss Account | | 168781 | 50975 |
| | | | |
| | | 169781 | 51975 |

The financial statements were approved by the Board on 10 October 1997 and signed on its behalf by the two directors:

DIRECTOR:.....

DIRECTOR:.....

The notes on pages 7 to 9 form part of these financial statements.

STATEMENT OF SOURCE AND APPLICATION OF FUNDSFOR THE YEAR ENDED 31ST DECEMBER 1996

| | <u>1996</u> £ | <u>1995</u> £ |
|--|------------------|------------------|
| SOURCE OF FUNDS | | |
| Profit on Ordinary Activities after Taxation | 117806 | 2505 |
| Adjustment for items not involving the movement of Funds: Depreciation | 29950 | 26581 |
| | <hr/> | <hr/> |
| | 147756 | 29086 |
| APPLICATION OF FUNDS | | |
| Net Purchase of Fixed Assets | 11735 | 78884 |
| | <hr/> | <hr/> |
| FUNDS GENERATED/(CONSUMED)BY OPERATIONS | 136021 | (49798) |
| | <hr/> | <hr/> |
| MOVEMENTS IN WORKING CAPITAL | | |
| Movement in Debtors | (199432) | 63360 |
| Movement in Creditors | (31387) | 62682 |
| | <hr/> | <hr/> |
| | (230819) | 126042 |
| Movement in net liquid funds: Increase in cash at bank | 366840 | (175840) |
| | <hr/> | <hr/> |
| | 136021 | (49798) |
| | <hr/> | <hr/> |

NOTES TO THE FINANCIAL STATEMENTSFOR THE YEAR ENDED 31ST DECEMBER 19961. ACCOUNTING POLICIES

The principal accounting policies of the company are set out below.

The accounts are prepared under the historical cost convention

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

Fixtures & Equipment- 33% per annum on a straight line basis.

2. TURNOVER

Turnover represents amounts invoiced to customers during the period net of Value Added Tax.

3. OTHER OPERATING INCOME

| | <u>1996</u> £ | <u>1995</u> £ |
|-----------------------|------------------|------------------|
| Bank Deposit Interest | 12929 | 17674 |
| | <hr/> | <hr/> |
| | 12929 | 17674 |
| | <hr/> | <hr/> |

4. PROFIT ON ORDINARY ACTIVITIES
is stated after accounting for:

| | | |
|-----------------------|-------|-------|
| Auditors remuneration | 1200 | 1200 |
| Depreciation | 29950 | 26581 |
| | <hr/> | <hr/> |

NOTES TO THE FINANCIAL STATEMENTSFOR THE YEAR ENDED 31ST DECEMBER 19965. STAFF COSTS

| | <u>1996</u> £ | <u>1995</u> £ |
|-----------------------|------------------|------------------|
| Wages and Salaries | 7945423 | 8462103 |
| Social Security Costs | 779811 | 776110 |
| | <hr/> | <hr/> |
| | 8725234 | 9238213 |
| | <hr/> | <hr/> |

6. TAXATION

| | | |
|---|-------|-------|
| U.K. corporation tax based on the profit for the year at 25% | 33925 | 3100 |
| | <hr/> | <hr/> |
| | 33925 | 3100 |
| | <hr/> | <hr/> |

7. TANGIBLE FIXED ASSETS

| | <u>Fixtures & Equip.</u> £ | <u>Total</u> £ |
|--------------------------------|---------------------------------------|-------------------|
| <u>COST</u> | | |
| At 1.1.1996 | 89562 | 89562 |
| Additions | 35340 | 35340 |
| (Disposals) | (52567) | (52567) |
| | <hr/> | <hr/> |
| At 31.12.1996 | 72335 | 72335 |
| | <hr/> | <hr/> |
| <u>DEPRECIATION</u> | | |
| At 1.1.1996 | 35843 | 35843 |
| Charge for year | 29950 | 29950 |
| (Disposals) | (28962) | (28962) |
| | <hr/> | <hr/> |
| At 31.12.1996 | 36831 | 36831 |
| | <hr/> | <hr/> |
| <u>NET BOOK VALUE 31.12.96</u> | 35504 | 35504 |
| | <hr/> | <hr/> |
| <u>NET BOOK VALUE 31.12.95</u> | 53719 | 53719 |
| | <hr/> | <hr/> |

DROLE COMPUTING SERVICES LIMITEDPAGE 9NOTES TO THE FINANCIAL STATEMENTSFOR THE YEAR ENDED 31ST DECEMBER 1996

| | <u>1996</u> £ | <u>1995</u> £ |
|--|------------------------------|--------------------|
| 8. <u>DEBTORS</u> | | |
| Trade Debtors | 982833 | 1182265 |
| | <hr/> | <hr/> |
| | 982833 | 1182265 |
| | <hr/> | <hr/> |
| 9. <u>CREDITORS</u> : Amounts falling due within one year | | |
| Trade Creditors | 225655 | 409396 |
| Corporation Tax | 33925 | 3100 |
| Other creditors including taxation and social security | 795748 | 699245 |
| Accruals | 814000 | 726200 |
| | <hr/> | <hr/> |
| | 1869328 | 1837941 |
| | <hr/> | <hr/> |
| 10. <u>SHARE CAPITAL</u> | | |
| | <u>Authorised</u> | |
| | <u>1996</u> No. | <u>1995</u> No. |
| | | |
| | <u>Issued and Fully Paid</u> | |
| | <u>1996</u> £ | <u>1995</u> £ |
| Ordinary Shares of £1 each | 1000 | 1000 |
| | <hr/> | <hr/> |
| 11. <u>HOLDING COMPANY</u> | | |

The ultimate holding company is Delarue Charterhouse Group Holdings Limited, a company incorporated in the U.K.