



**Marshall-Wilkins**

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## **REPORT AND FINANCIAL STATEMENTS**

### **MARSHALL-WILKINS LIMITED**

Company No: 1977487

**28 November 1999**



LD4  
COMPANIES HOUSE

0118  
26/09/00



## REPORT OF THE DIRECTORS

The directors present their report and the audited accounts for the 52 weeks ended 28 November 1999.

### PRINCIPAL ACTIVITY

The principal activities of the Company comprise the provision of the services of information technology consulting, contract computer staff and the recruitment of permanent information technology staff.

### REVIEW OF THE BUSINESS AND FUTURE PROSPECTS

The results for the period have benefited from the transfer of a trade previously conducted by another Group company, Sequellogic Limited.

After the uncertainties surrounding the millennium issue that have affected the IT market, the directors are pleased to report that activity levels are improving in the current period.

### RESULTS AND DIVIDENDS

The results of the Company for the period are set out on page 5 and the movements in reserves are shown in note 13 on page 11. The directors do not recommend the payment of a dividend (1998: nil).

### DIRECTORS

The directors who served during the period and the beneficial interests of those serving at the end of the period in the shares of the parent company, DIAGONAL PLC, were as follows:

	<b>10p Ordinary Shares</b>	
	<b>28 November 1999</b>	<b>29 November 1998</b>
S M Bailey	-	-
R E L Cocks	264,000	280,000
S L Drake	-	-
R Stratford	-	-

M T Samuels, who also served throughout the period, is a Director of the parent company and his interest in the shares of that company is disclosed in the accounts of Diagonal PLC.

The share options held at 28 November 1999 and at the date of this Report, were as follows

	<b>1997 options held at 68.75p per share</b>	<b>1998 options held at 191p per share</b>	<b>1999 options held at 241.25p per share</b>	<b>Exercise date</b>	<b>Expiry date</b>
S M Bailey	-	2,040	-	April 2001	October 2001
S M Bailey	-	-	800	April 2002	October 2002
R E L Cocks	25,088	-	-	April 2002	October 2002
S L Drake	-	5,104	-	April 2001	October 2001
R Stratford	-	5,104	-	April 2001	October 2001

No Director has any interest in the shares of the Company or any other subsidiary of Diagonal PLC.

### YEAR 2000

As anticipated, the Company did not incur exceptional costs above its normal replacement expectations and no problems related to this issue have so far been experienced. The directors continue to be alert to the potential risks and uncertainties surrounding the Year 2000 issue but they do not expect future costs to be significant.

The Company is not significantly involved in the correction of clients' Year 2000 issues, and, consequently, the directors believe that the Company has minimal exposure to financial risk.



**Marshall-Wilkins**

## **AUDITORS**

A resolution for the re-appointment of Deloitte & Touches as auditors of the Company will be proposed at the forthcoming Annual General Meeting.

By order of the board

J Farrelly

Secretary

19 September 2000



## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit and loss of the Company for that period. In preparing those financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed
- 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 for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# AUDITORS' REPORT TO THE MEMBERS OF MARSHALL-WILKINS LIMITED



**Marshall-Wilkins**

We have audited the financial statements on pages 5 to 11 which have been prepared under the accounting policies set out on page 7.

## RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 3 the Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

## BASIS OF OPINION

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

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

## OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the Company as at 28 November 1999 and of its profit for the 52 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.

DELOITTE & TOUCHE

Chartered Accountants and Registered Auditors

Hill House  
1 Little New Street  
London EC4A 3TR

25 September 2000

# PROFIT AND LOSS ACCOUNT

52 weeks ended 28 November 1999



**Marshall-Wilkins**

	<i>Note</i>	<i>Continuing Operations</i>	<i>Acquired Operations</i>	<i>52 weeks ended 28 November 1999</i>	<i>52 weeks ended 29 November 1998</i>
		£	£	£	£
<b>TURNOVER</b>	1(a)	3,443,165	4,198,263	7,641,428	4,588,866
<b>COST OF SALES</b>		(2,591,827)	(3,517,850)	(6,109,677)	(3,712,089)
<b>GROSS PROFIT</b>		851,338	680,413	1,531,751	876,777
<b>ADMINISTRATIVE EXPENSES</b>					
Amount written off goodwill	7	(91,000)	-	(91,000)	(1,000)
Other administrative expenses		(590,917)	(562,601)	(1,153,518)	(850,868)
<b>Total administrative expenses</b>		(681,917)	(562,601)	(1,244,518)	(851,868)
<b>OPERATING PROFIT</b>	2	169,421	117,812	287,233	24,909
Interest payable and similar charges	5			(25,792)	(22,249)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>				261,441	2,660
<b>TAX ON PROFIT ON ORDINARY ACTIVITIES</b>	6			(107,149)	(1,637)
<b>RETAINED PROFIT FOR THE FINANCIAL PERIOD</b>	13			154,292	1,023

All activities derive from continuing operations.

There are no recognised gains or losses other than the profit for the current and preceding financial periods. Accordingly, no statement of total recognised gains and losses is given.

There are no movements in shareholders' funds other than the profit for the current and preceding financial periods. Accordingly, no reconciliation of movement of shareholders' funds is given.

# BALANCE SHEET

28 November 1999



**Marshall-Wilkins**

	Note	28 November 1999 £	29 November 1998 £
<b>FIXED ASSETS</b>			
Intangible assets	7	1,721,000	12,000
Tangible assets	8	69,402	85,621
		<u>1,790,402</u>	<u>97,621</u>
<b>CURRENT ASSETS</b>			
Debtors	9	2,656,658	2,114,330
Cash at bank and in hand		-	76,288
		<u>2,656,658</u>	<u>2,190,618</u>
<b>CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	10	<u>(4,197,906)</u>	<u>(2,040,515)</u>
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		<u>(1,541,248)</u>	<u>150,103</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>249,154</u>	<u>247,724</u>
<b>CREDITORS – AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	11	<u>(13,813)</u>	<u>(166,675)</u>
<b>TOTAL NET ASSETS</b>		<u>235,341</u>	<u>81,049</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	1,000	1,000
Profit and loss account	13	234,341	80,049
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<u>235,341</u>	<u>81,049</u>

APPROVED BY THE BOARD OF DIRECTORS

*M T Samuels*

M T Samuels

19 September 2000



# 1. ACCOUNTING POLICIES

These financial statements have been prepared in accordance with applicable Accounting Standards, using the historical cost convention. The particular accounting policies which the Directors have adopted within that convention are set out below.

## a) Turnover

Turnover is the amount derived from the provision of services falling within the Company's ordinary activities after deduction of value added tax. All turnover arises in the United Kingdom.

## b) Foreign currency transactions

Transactions in foreign currencies are translated at the rate of exchange on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the balance sheet date. Exchange differences are taken to the profit and loss account.

## c) Tangible fixed assets and depreciation

Depreciation is calculated to write down the cost of fixed assets to their estimated residual values over the period of their estimated useful economic lives. The following rates have been used

Motor vehicles	- 30% per annum reducing balance
Furniture, fixtures and fittings	- 15% per annum straight line
Office equipment	- 20% per annum straight line
Computer equipment	- 25% per annum straight line.

## d) Goodwill

Goodwill arising on the acquisition of other group companies' businesses is being amortised over the estimated useful economic life through the profit and loss account. Useful economic life is determined by the Directors as twenty years.

## e) Leased assets

Fixed assets held under finance leases, including hire purchase contracts, are capitalised and depreciated over their expected useful economic lives. The finance charges are allocated over the primary period of the lease in proportion to the capital element outstanding. The costs of operating leases are charged to the profit and loss account as they accrue.

## f) Deferred taxation

Deferred tax is provided at anticipated tax rates in respect of significant timing differences to the extent that it is probable that such tax will become payable.

# 2. OPERATING PROFIT

52 weeks ended	52 weeks ended
28 November	29 November
1999	1998
£	£

The operating profit is arrived at after charging or crediting

Amortisation of intangible assets		1,000	1,000
Depreciation	- owned assets	14,400	15,201
	- leased assets	12,454	20,325
Loss/(profit) on sale of fixed assets		799	(4,652)
Auditors' remuneration	- audit	5,000	3,500
Operating lease charges	- hire of machinery	11,000	672
Profit on foreign exchange		(7,292)	(741)

# NOTES TO THE ACCOUNTS

28 November 1999



**Marshall-Wilkins**

## 3. EMPLOYEES

The average number employed by the Company during the period, including those Directors whose employment costs were borne by the Company, was as follows

	<b>52 weeks ended 28 November 1999</b>	<b>52 weeks ended 29 November 1998</b>
	<i>No. of employees</i>	
Sales	16	12
Administration	7	5
	<u>23</u>	<u>17</u>
	£	£

The costs incurred in respect of these employees were as follows

Wages and salaries	704,620	523,451
Social security costs	73,920	53,378
	<u>778,540</u>	<u>576,829</u>

## 4. DIRECTORS

Aggregate remuneration of those Directors whose emoluments were borne by the Company

<b>52 weeks ended 28 November 1999</b>	<b>52 weeks ended 29 November 1998</b>
£	£
<u>153,473</u>	<u>192,678</u>

## 5. INTEREST PAYABLE AND SIMILAR CHARGES

Group interest in respect of bank overdraft  
Finance lease charges  
Other interest

<b>52 weeks ended 28 November 1999</b>	<b>52 weeks ended 29 November 1998</b>
£	£
24,000	20,004
1,762	2,245
30	-
<u>25,792</u>	<u>22,249</u>

## 6. TAX ON PROFIT ON ORDINARY ACTIVITIES

UK corporation tax at 31% and 30% (1998 – 31%)  
Group relief  
Under/(over) provision in prior years

<b>52 weeks ended 28 November 1999</b>	<b>52 weeks ended 29 November 1998</b>
£	£
6,099	1,793
100,404	-
646	(156)
<u>107,149</u>	<u>1,637</u>

# NOTES TO THE ACCOUNTS

28 November 1999



**Marshall-Wilkins**

## 7. INTANGIBLE FIXED ASSETS

£

Goodwill arising on transfer of trade

### Cost

At 30 November 1998

20,000

Trade transferred from Sequelagic Limited

1,800,000

and 28 November 1999

1,820,000

### Amortisation

At 30 November 1998

8,000

Provided in the period

91,000

At 28 November 1999

99,000

### Net book value

At 28 November 1999

1,721,000

At 30 November 1998

12,000

## 8. TANGIBLE FIXED ASSETS

	<i>Motor vehicles</i>	<i>Furniture, fixtures and fittings</i>	<i>Office equipment</i>	<i>Computer equipment</i>	<i>Total</i>
	£	£	£	£	£
<b>Cost</b>					
At 30 November 1998	87,497	8,952	17,961	79,821	194,231
Additions	18,000	-	276	7,680	25,956
Disposals	(36,489)	-	-	(2,278)	(38,767)
Intercompany transfers	-	-	599	-	599
At 28 November 1999	69,008	8,952	18,836	85,223	182,019
<b>Depreciation</b>					
At 30 November 1998	38,417	7,701	13,458	49,034	108,610
Charge for the period	12,454	482	1,833	12,085	26,854
Disposals	(22,418)	-	-	(949)	(23,367)
Intercompany transfers	-	-	520	-	520
At 28 November 1999	28,453	8,183	15,811	60,170	112,617
<b>Net book value</b>					
At 28 November 1999	40,555	769	3,025	25,053	69,402
At 30 November 1998	49,080	1,251	4,503	30,787	85,621

Motor vehicles with a net book value of £40,555 (1998 - £49,080) are held under hire purchase agreements.

# NOTES TO THE ACCOUNTS

28 November 1999



**Marshall-Wilkins**

## 9. DEBTORS

	28 November 1999 £	29 November 1998 £
Trade debtors	1,745,943	1,297,411
Amounts owed by fellow subsidiary companies	879,122	803,503
Other debtors	51	7,000
Corporation tax receivable	21,197	187
Prepayments and accrued income	10,345	6,229
	<u>2,656,658</u>	<u>2,114,330</u>

## 10. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	28 November 1999 £	29 November 1998 £
Bank overdraft	9,981	-
Obligations under finance leases	15,313	13,809
Trade creditors	545,960	554,821
Amounts owed to Group companies	3,370,080	1,388,175
Corporation tax payable	-	1,793
Group relief payable	100,404	-
Other taxation and social security	130,967	53,904
Other creditors	3,515	177
Accruals and deferred income	21,686	27,836
	<u>4,197,906</u>	<u>2,040,515</u>

The bank overdraft is secured by a fixed and floating charge over the assets of the Company.

## 11. CREDITORS – AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	28 November 1999 £	29 November 1998 £
Amounts owed to parent company	-	150,000
Obligations under finance leases	13,813	16,675
	<u>13,813</u>	<u>166,675</u>

Obligations under finance leases fall due as follows

Between one and two years	8,191	14,728
Between two and five years	5,622	1,947
	<u>13,813</u>	<u>16,675</u>

## 12. SHARE CAPITAL

	28 November 1999 £	29 November 1998 £
Authorised, called up, allotted and fully paid 1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

## NOTES TO THE ACCOUNTS

28 November 1999



**Marshall-Wilkins**

### 13. PROFIT AND LOSS ACCOUNT

£

Balance at 30 November 1998	80,049
Retained profit for the financial period	154,292
	<hr/>
Balance at 28 November 1999	234,341
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### 14. RELATED PARTY TRANSACTIONS

The Company is taking advantage of the exemption granted by paragraph 3.(c) of Financial Reporting Standard No.8, 'Related Party Transactions', not to disclose transactions with group companies which are related parties.

### 15. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The ultimate parent company and controlling party is Diagonal PLC, a company registered in England and Wales, the accounts of which can be obtained from the Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff, Wales, CF4 3UZ.