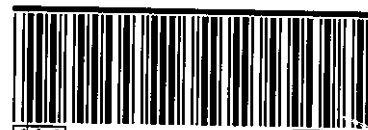


WTS Group Limited

Directors' report and financial statements

31 January 1998

Registered number 2311781



A14 *AS1MPC8Y* 204
COMPANIES HOUSE 18/12/98

A31 *AM6EYBZO* 669
COMPANIES HOUSE 09/12/98
K000000000 2973
COMPANIES HOUSE 30/11/98

Directors' report and financial statements

Contents

Directors' report	1
Statement of directors' responsibilities	3
Auditors' report to the members of WTS Group Limited	4
Profit and loss account	5
Balance sheet	6
Notes	7

Directors' report

The directors present their annual report and the audited financial statements for the fourteen month period ended 31 January 1998.

The company changed its accounting reference date during the period from 30 November to 31 January.

Principal activities

The principal activities of the company are a holding and management company.

Business review

The results of the company are set out on page 5.

Proposed dividend

The directors do not recommend the payment of a dividend.

Directors and directors' interests

The directors who held office during the period were as follows:

P Southgate
M Wickens
RA Fitch
IS Burroughs (appointed 30 June 1998)
C Watson (resigned 24 April 1998)

Directors interests in shares of the company during the period were as follows:

	Class	Nominal value	Number	£
P Southgate	Ordinary B shares	5p	178,330	8,916
M Wickens	Ordinary B shares	5p	178,330	8,916

Directors' report *(continued)*

Auditors

During the period, KPMG were appointed as auditors of the company, and in accordance with Section 388 of the Companies Act 1985, a resolution is to be proposed for the re-appointment of KPMG as auditors of the company.

By order of the board



Diana Legge
Secretary

27 November 1998

120 Campden Hill Road
London
W8 7AR

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 and of the profit or 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;
- 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 maintaining 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.



PO Box 695
8 Salisbury Square
London
EC4Y 8BB

Auditors' report to the members of WTS Group Limited

We have audited the financial statements on pages 5 to 11.

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 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.

Opinion

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

Chartered Accountants
Registered Auditors

27 November 1998

Profit and loss account

for the period ended 31 January 1998

	<i>Note</i>	Period ended 31 January 1998 £	Period ended 30 November 1996 £
Turnover	2	382,432	227,207
Administrative expenses		(405,218)	(328,435)
		<hr/>	<hr/>
Operating loss and retained loss for the period		(22,786)	(101,228)
Retained loss brought forward	10	(466,686)	(365,458)
		<hr/>	<hr/>
Retained loss carried forward		(489,472)	(466,686)
		<hr/> <hr/>	<hr/> <hr/>

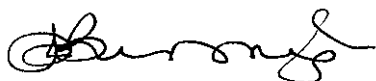
The company had no recognised gains or losses other than the loss for the period stated above, all of which was derived from continuing operations.

Balance sheet

at 31 January 1998

	Note	31 January 1998		30 November 1996	
		£	£	£	£
Fixed assets					
Investments	5		90,000		90,000
Current assets					
Debtors	6	453,528		-	
Creditors: amounts falling due within one year	7	<u>(831,564)</u>		<u>(355,250)</u>	
Net current liabilities			<u>(378,036)</u>		<u>(355,250)</u>
Net liabilities			<u>(288,036)</u>		<u>(265,250)</u>
Capital and reserves					
Called up share capital	8		89,165		89,165
Share premium account	9		112,271		112,271
Profit and loss account	9		<u>(489,472)</u>		<u>(466,686)</u>
Equity shareholders' funds			<u>(288,036)</u>		<u>(265,250)</u>

These financial statements were approved by the board of directors on 27 November 1998 and were signed on its behalf by:



I S Burroughs
Mark Wickens
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

The company is exempt by virtue of s248 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

Under Financial Reporting Standard 1 (revised) the company is exempt from the requirement to prepare a cash flow statement on the grounds of its size.

Pensions

The company participates in a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

Turnover

Turnover represents management charges levied upon subsidiary undertakings at invoiced amounts less value added tax.

2 Loss on ordinary activities before taxation

	Period ended 31 January 1998 £	Period ended 30 November 1996 £
<i>Loss on ordinary activities before taxation is stated after charging</i>		
Auditors' remuneration:		
Audit	3,750	4,000
Pension costs	27,700	13,981
Directors' remuneration - compensation for loss of office	2,920	68,654
	<hr/>	<hr/>

Notes (continued)

3 Remuneration of directors

	Period ended 31 January 1998 £	Period ended 30 November 1996 £
Directors' emoluments	265,376	124,771
Pension costs	27,700	13,981
	<u>293,076</u>	<u>138,752</u>

The highest paid director during the period received emoluments of £125,000 (1996: £51,799).

4 Staff numbers and costs

The average number of employees, including directors, during the period was 4 (1996 : 4).

The aggregate payroll costs of these persons were as follows:

	Period ended 31 January 1998 £	Period ended 30 November 1996 £
Wages and salaries	272,850	147,500
Social security costs	22,163	16,351
Other pension costs	27,700	13,981
Compensation for loss of office	2,920	68,654
	<u>325,633</u>	<u>246,486</u>

Notes (continued)

5 Fixed asset investment

	Shares in group undertaking £
<i>Cost</i>	
At beginning and end of period	90,000
	<u> </u>

Subsidiary	Country of registration	Principal activity	Class and percentage of shares held
Wickens Tutt Southgate Limited	England	Strategic planning and design consultancy	100%
Worldbrand Limited	England	Dormant	100%
Worldbrand Design Consultants (US) Inc	USA	Dormant	100%
Worldbrand Design Consultants (Can) Inc	Canada	Dormant	100%

6 Debtors

	31 January 1998 £	30 November 1996 £
Amounts owed by subsidiary undertaking	449,358	-
Prepayments	4,170	-
	<u> </u>	<u> </u>
	453,528	-
	<u> </u>	<u> </u>

Notes (continued)

7 Creditors: amounts falling due within one year

	31 January 1998	30 November 1996
	£	£
Bank overdraft	6,667	11,758
Trade creditors	14,504	2,938
Amounts owed to subsidiary undertaking	701,357	188,422
Other creditors including taxation and social security	62,590	81,115
Accruals and deferred income	46,446	71,017
	<u>831,564</u>	<u>355,250</u>

8 Called up share capital

	31 January 1998	30 November 1996
	£	£
<i>Authorised</i>		
A Ordinary shares of 5p each	71,332	71,332
B Ordinary shares of £1 each	28,668	28,668
	<u>100,000</u>	<u>100,000</u>
<i>Allotted, called up and fully paid</i>		
A Ordinary shares of 5p each	71,332	71,332
B Ordinary shares of 5p each	17,833	17,833
	<u>89,165</u>	<u>89,165</u>

9 Reserves

	Profit and loss account	Share premium account
	£	£
At 1 December 1996	(466,686)	112,271
Retained loss for the period	(22,786)	-
At 31 January 1998	<u>(489,472)</u>	<u>112,271</u>

Notes (continued)

10 Reconciliation of movement in shareholders' funds

	31 January 1998 £	30 November 1996 £
Loss for the financial year	(22,786)	(101,228)
Share capital issued	-	100,000
	<hr/>	<hr/>
Net addition to/(deduction from) shareholders' funds	22,786	(1,228)
Opening shareholders' funds	(265,250)	(264,022)
	<hr/>	<hr/>
Closing shareholders' funds	(288,036)	(265,250)
	<hr/> <hr/>	<hr/> <hr/>

11 Ultimate parent company and related party transactions

The parent company of WTS Group Limited is Rodney Fitch and Company Limited, a company registered in England.

The ultimate parent undertaking of WTS Group Limited is a joint venture arrangement between Virgin Management Limited and RA Fitch.

During the period the company charged management charges of £382,432 to Wickens Tutt Southgate Limited, a subsidiary undertaking.