

**REGISTRAR OF
COMPANIES**

WTS Group Limited

Report and Financial Statements

Period Ended

30 November 1996



BDO Stoy Hayward
Chartered Accountants



WTS GROUP LIMITED

Annual report and financial statements for the period ended 30 November 1996

Contents

Directors

Page:

1	Report of the directors
3	Report of the auditors
4	Profit and loss account
5	Balance sheet
6	Notes forming part of the financial statements

Directors

M Wickens
P Southgate
C Watson
R Fitch

Secretary and registered office

D Legge
120 Campden Hill Road, London, W8 7AR.

Company number

2311781

Auditors

BDO Stoy Hayward, 8 Baker Street, London, W1M 1DA.

WTS GROUP LIMITED

Report of the directors for the period ended 30 November 1996

The directors present their report together with the audited financial statements for the period ended 30 November 1996.

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

Principal activities

The company continued to be a holding and management company during the period.

Results and dividends

The profit and loss account is set out on page 4 and shows the loss for the period.

Directors and their investments

The directors of the company during the period and their interests in the ordinary share capital of the company were as follows:

	'A' ordinary shares of 5p each		'B' ordinary shares of 5p each	
	30.11.96	31.3.96	30.11.96	31.3.96
M Wickens	-	152,490	175,000	-
P Southgate	-	152,490	175,000	-
R Fitch (appointed 28 November 1996)	-	-	-	-
C Watson (appointed 28 November 1996)	-	-	-	-

In accordance with the Articles of Association none of the directors retire by rotation.

Share capital

During the period, the following share capital movements occurred:

On 22 November 1996 a resolution was passed to convert 24,900 5p Ordinary 'B' shares, authorised but unissued, into 24,900 5p Ordinary 'A' shares, authorised but unissued.

On 27 November 1996 a resolution was passed to convert 304,980 issued 5p Ordinary 'A' shares into 304,980 issued 5p Ordinary 'B' shares. On the same date a resolution was passed to convert 206,720 5p Ordinary 'B' shares, authorised but unissued, into 206,720 5p Ordinary 'A' shares authorised but unissued. On 28 November 1996, 1,426,640 5p Ordinary 'A' shares were issued for a total consideration of £100,000.

WTS GROUP LIMITED

Report of the directors for the period ended 30 November 1996 *(Continued)*

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 year. In preparing those financial statements, the directors are required to:

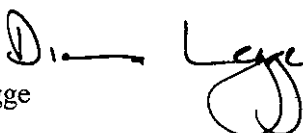
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and 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

BDO Stoy Hayward have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the Board


D Legge

Secretary

Date 7/1/98

WTS GROUP LIMITED

Report of the auditors

To the shareholders of WTS Group Limited

We have audited the financial statements on pages 4 to 10 which have been prepared under the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of the 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 misstatements, 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 30 November 1996 and of its result for the period ended and have been properly prepared in accordance with the Companies Act 1985 applicable to small companies.

BDO STOY HAYWARD

*Chartered Accountants
and Registered Auditors*

London

7 January 1998

WTS GROUP LIMITED**Profit and loss account for the period ended 30 November 1996**

	Note	Period ended 30 November 1996 £	Year ended 31 March 1996 £
Turnover		227,207	241,643
Cost of sales		-	17,886
		<u>227,207</u>	<u>223,757</u>
Administrative expenses	2	328,435	492,229
		<u>(101,228)</u>	<u>(268,472)</u>
Operating loss			
Bank interest payable	3	-	141
		<u>(101,228)</u>	<u>(268,613)</u>
Retained loss for the period	10		
Retained loss brought forward		(365,458)	(96,845)
		<u>(466,686)</u>	<u>(365,458)</u>
Retained loss carried forward		<u>(466,686)</u>	<u>(365,458)</u>

All recognised gains and losses are included in the profit and loss account.
All amounts relate to continuing activities.

The notes on pages 6 to 10 form part of these financial statements.

WTS GROUP LIMITED

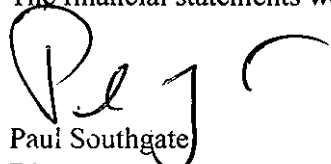
Balance sheet at 30 November 1996

	Note	30 November 1996		31 March 1996	
		£	£	£	£
Fixed assets					
Investments	6		90,000		90,807
Creditors: amounts falling due within one year	7	355,250		354,829	
Net current liabilities			(355,250)		(354,829)
			(265,250)		(264,022)
Capital and reserves					
Called up share capital	8		89,165		17,833
Share premium account	9		112,271		83,603
Profit and loss account			(466,686)		(365,458)
Shareholders' funds			(265,250)		(264,022)

All amounts included within capital and reserves relate to equity.

The financial statements were approved by the Board on

7/1/98


Paul Southgate
Director

The notes on pages 6 to 10 form part of these financial statements

WTS GROUP LIMITED

Notes forming part of the financial statements for the period ended 30 November 1996

1 Accounting policies

Accounting conventions

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Subsidiary undertaking

The company has not consolidated the results of its subsidiary undertaking because the group qualifies as a small sized group within the meaning of section 248 of the Companies Act 1985.

Turnover

Turnover represents sales to external customers and management charges levied upon subsidiary undertakings at invoiced amounts less value added tax.

Pension costs

The company operates a defined contribution scheme. Contributions are recognised in the profit and loss account when they become payable.

2 Administrative expenses

	Period ended 30 November 1996 £	Year ended 31 March 1996 £
Administrative expenses include:		
Pension costs	13,981	19,351
Auditors' remuneration - audit services	4,000	5,000
Directors' remuneration - compensation for loss of office	68,654	9,120
	<u> </u>	<u> </u>

3 Interest payable

Bank interest	-	141
	<u> </u>	<u> </u>

WTS GROUP LIMITED

Notes forming part of the financial statements for the period ended 30 November 1996 (*Continued*)

4 Employees

The average weekly number of employees, including directors, during the period was 4 (1996 - 5).

	Period ended 30 November 1996 £	Year ended 31 March 1996 £
Staff costs (including directors) consist of:		
Wages and salaries	147,500	336,667
Social security costs	16,351	34,020
Other pension costs	13,981	19,351
Compensation for loss of office	68,654	9,120
	<hr/>	<hr/>
	246,486	399,158
	<hr/>	<hr/>

5 Directors

Directors' emoluments

Remuneration	110,790	211,740
Pension contribution	13,981	16,000
	<hr/>	<hr/>
	124,771	227,740
	<hr/>	<hr/>
Emoluments (excluding pension contributions)		
Highest paid director	51,799	120,241
Pension	6,990	8,000
	<hr/>	<hr/>

6 Investments

	Subsidiary undertakings 30 November 1996 £	31 March 1996 £
Cost at 31 March 1996	90,807	4
Additions	-	90,803
Write off of Worldbrand set up costs	(807)	-
	<hr/>	<hr/>
Cost at 30 November 1996	90,000	90,807
	<hr/>	<hr/>

WTS GROUP LIMITED

Notes forming part of the financial statements for the period ended 30 November 1996 (*Continued*)

6 Investments (*Continued*)

The following were subsidiary undertakings during the period.

Name	Country of incorporation or registration	Proportion of share capital held	Nature of business
Wickens Tutt Southgate Limited	England	100%	Strategic planning and design consultancy
Worldbrand Limited (formerly known as Elos Limited)	England	100%	Dormant
Worldbrand Design Consultants (US) Inc	USA	100%	Dormant
Worldbrand Design Consultants (Cad) Inc	Canada	100%	Dormant
CATO WTS Limited	England	50%	Dormant

During the period ended 30 November 1996 Wickens Tutt Southgate Limited made a loss of £460,338 (31 March 1996 - profit of £149,886) and at 30 November 1996 it had net liabilities of (£171,197) (31 March 1996 - net assets of £289,141). All other companies were dormant throughout the year.

7 Creditors: amounts falling due within one year

	30 November 1996 £	31 March 1996 £
Bank overdraft (secured)	11,758	7,058
Trade creditors	2,938	23,513
Other creditors including taxation and social security	81,115	70,993
Accruals and deferred income	71,017	7,307
Due to subsidiary undertaking	188,422	245,958
	<hr/>	<hr/>
	355,250	354,829
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The bank overdraft is secured by a specific charge over the leasehold property.

WTS GROUP LIMITED

Notes forming part of the financial statements for the period ended 30 November 1996 (*Continued*)

8 Share capital

	30 November 1996 £	31 March 1996 £
<i>Authorised</i>		
5p 'A' Ordinary shares	71,332	75,000
5p 'B' Ordinary shares	28,668	25,000
	<hr/>	<hr/>
	100,000	100,000
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
5p 'A' Ordinary shares	71,332	15,249
5p 'B' Ordinary shares	17,833	2,584
	<hr/>	<hr/>
	89,165	17,833
	<hr/>	<hr/>

On 22 November 1996, a resolution was passed to convert 24,900 5p Ordinary 'B' shares, authorised but unissued, into 24,900 5p Ordinary 'A' shares authorised but unissued.

On 27 November 1996 a resolution was passed to convert 304,980 issued 5p Ordinary 'A' shares into 304,980 issued 5p Ordinary 'B' shares. On the same date a resolution was passed to convert 206,720 5p Ordinary 'B' shares, authorised but unissued, into 206,720 5p Ordinary 'A' shares authorised but unissued.

On 28 November 1996, 1,426,640 5p Ordinary 'A' shares were issued for a total consideration of £100,000.

Ordinary 'A' shares receive distributions ahead of Ordinary 'B' shares. Both 'A' and 'B' Ordinary shares entitle holders to one vote per share.

9 Share premium

	£
At 1 April 1996	83,603
Premium arising on the issue of 'A' ordinary shares of 5p each	28,668
	<hr/>
At 30 November 1996	112,271
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WTS GROUP LIMITED

Notes forming part of the financial statements for the period ended 30 November 1996 (*Continued*)

10 Movement in shareholders' funds

	30 November 1996 £	31 March 1996 £
Shareholders' funds at 31 March 1996	(264,022)	4,591
Loss for period	(101,228)	(268,613)
Share capital issued	100,000	-
	<hr/>	<hr/>
Shareholders' funds at 30 November 1996	(265,250)	(264,022)
	<hr/>	<hr/>

11 Contingent liabilities

The company has guaranteed the bank overdrafts of certain other group companies. At 30 November 1996 the amount guaranteed was £106,339 (1996 - £238,565).

12 Cash flow statement

The company has taken advantage of the exemption under Financial Reporting Standard 1, "Cash Flow Statements", not to prepare a cash flow statement.

13 Parent company

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

14 Related party transactions

During the period the company charged management charges of £227,207 to Wickens Tutt Southgate Limited, a subsidiary company.

15 Going concern

The financial statements have been prepared on a going concern basis which assumes the company will continue to trade. The validity of this assumption is dependent on the support of the shareholders of the ultimate parent company and the support of the company's bankers.

Rodney Fitch and Company Limited has undertaken to provide financial support to WTS Group Limited under an investment agreement in which it has agreed to provide additional funds up to the sum of £400,000 to the Group. At the period end £175,000 of this facility had been utilised by the Group.

If the company was unable to trade, adjustments would have to be made to reduce the value of assets to their recoverable amount and to provide for any further liabilities that may arise.