

REGISTRAR'S
COPY

CORPORATE SYNERGY PLC

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30 NOVEMBER 2000**



CORPORATE SYNERGY PLC

Company Information

Directors	Edward Vandyk Lindsay K.A Mair A.C.A. Paul A Irby Justin L.G. Lewis F.S.I.
Secretary	Paul A. Irby
Company Number	2617599
Registered Office	12 Nicholas Lane London EC4N 7BN
Auditors	Silver Altman Chartered Accountants & Registered Auditors 8 Baltic Street East London EC1Y 0UP

DIRECTORS' REPORT FOR THE YEAR ENDED 30 NOVEMBER 2000

The directors present their report and the financial statements for the year ended 30 November 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 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;
- 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.

Results and dividends

The profit for the year after taxation, amounted to £345,438 (1999 - £292,863) .

A dividend of £225,000 was paid during the year (1999 - £116,375).

Principal activities and review of business

The company's principal activity continues to be that of a corporate finance advisory firm.

The Directors regard the state of affairs of the Company and its results for the year as satisfactory.

Supplier payment policy

The Company pays its suppliers in accordance with terms agreed with the suppliers.

Directors

The directors who served during the year and their beneficial interests in the company's issued share capital were :

	<u>Ordinary shares of 1p each</u>	
	<u>2000</u>	<u>1999</u>
Edward Vandyk	17,000,000	17,000,000
Lindsay K.A Mair	5,000,000	5,000,000
Paul A Irby	-	-
Justin L.G. Lewis (appointed 1 December 1999)	1,250,000	1,250,000

Oliver J. Vaughan resigned as a director on 28th July 1999, was reappointed on 1st December 1999 and resigned on 15th August 2000.

Christopher Roberts resigned as a director on 15th August 2000

Included in the share holding of Edward Vandyk are 8,500,000 ordinary shares (1999: 8,500,000) owned by his wife, which are shown below.

Included in the share holding of Lindsay K.A. Mair are 2,500,000 ordinary shares (1999: 2,500,000) owned by his wife, Jane Paciello, which are also shown below.

Share capital

In addition to the holdings of Edward Vandyk, Lindsay Mair and Justin Lewis, the Company had been notified of the following holdings representing 3% or more of the issued share capital:

Susan Vandyk	8,500,000 Ordinary shares of 1p each (28.3%)
Oliver Vaughan	5,000,000 Ordinary shares of 1p each (16.7%)
Jane Paciello	2,500,000 Ordinary shares of 1p each (8.3%)
William Vandyk	1,000,000 Ordinary shares of 1p each (3.3%)

DIRECTORS' REPORT FOR THE YEAR ENDED 30 NOVEMBER 2000

Auditors

The auditors, Silver Altman, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

Paul A. Irby
Secretary



7 February 2001

AUDITORS' REPORT TO THE SHAREHOLDERS OF CORPORATE SYNERGY PLC

We have audited the financial statements on pages 4 to 15 which have been prepared under the historical cost convention and the accounting policies set out on page 9.

Respective responsibilities of directors and auditors

As described on page 1 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

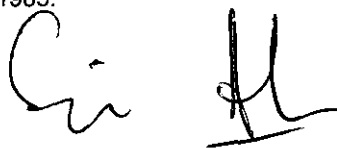
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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 30 November 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Silver Altman



Chartered Accountants & Registered Auditors
8 Baltic Street East
London
EC1Y 0UP

Date: 8 February 2001

PROFIT AND LOSS ACCOUNT
For the year ended 30 November 2000

	Note	2000 £	1999 as restated £
TURNOVER	1,2	1,650,467	1,190,816
Cost of sales		(888,626)	(836,555)
GROSS PROFIT		761,841	354,261
Administrative expenses (including aborted merger costs of £59,958, 1999:nil)		(392,240)	(219,107)
Other operating income		98,838	226,489
OPERATING PROFIT	3	468,439	361,643
Interest receivable	6	34,955	20,655
Interest payable	7	(286)	(215)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		503,108	382,083
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	8	(157,670)	(89,220)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		345,438	292,863
DIVIDENDS	9	(225,000)	(116,375)
RETAINED PROFIT FOR THE YEAR		120,438	176,488
RETAINED PROFIT BROUGHT FORWARD		262,105	98,117
Less: Capitalisation in the year		-	(12,500)
RETAINED PROFIT CARRIED FORWARD		£ 382,543	£ 262,105
EARNINGS PER SHARE		1.26p	1.17p

All amounts relate to continuing operations.

The notes on pages 9 to 15 form part of these financial statements.

STATEMENT OF RECOGNISED GAINS AND LOSSES
For the year ended 30 November 2000


	2000	1999 <i>as restated</i>
	£	£
Profit for the financial year after taxation	<u>345,438</u>	<u>292,863</u>
Total gains and losses relating to the year	<u>345,438</u>	<u>£ 292,863</u>
Prior year adjustment (note 20)	<u>91,000</u>	
Total gains and losses recognised since last annual report	<u>£ 436,438</u>	

CORPORATE SYNERGY PLC

BALANCE SHEET
As at 30 November 2000

		2000		1999 as restated	
	Note	£	£	£	£
FIXED ASSETS					
Tangible fixed assets	10		84,389		26,331
CURRENT ASSETS					
Debtors	11	196,909		331,277	
Investments	12	103,015		47,198	
Cash at bank and in hand		758,144		417,268	
		<u>1,058,068</u>		<u>795,743</u>	
CREDITORS: amounts falling due within one year	13	<u>(409,914)</u>		<u>(309,969)</u>	
NET CURRENT ASSETS			<u>648,154</u>		<u>485,774</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>£ 732,543</u>		<u>£ 512,105</u>
CAPITAL AND RESERVES					
Called up share capital	14		300,000		250,000
Share premium account	15		50,000		-
Profit and loss account			382,543		262,105
SHAREHOLDERS' FUNDS - All equity	16		<u>£ 732,543</u>		<u>£ 512,105</u>

The financial statements were approved by the board on 08 February 2001 and signed on its behalf

X 

Edward Vandyk

Director

X 

Lindsay K.A. Mair

Director

The notes on pages 9 to 15 form part of these financial statements.

CASH FLOW STATEMENT
For the year ended 30 November 2000

		2000	1999 as restated
	Note	£	£
Net cash inflow from operating activities (Page 8)		524,410	191,450
Returns on investments and servicing of finance	17	34,669	20,440
Taxation		(45,222)	(27,578)
Capital expenditure and financial investment	17	(47,981)	270,530
Equity dividends paid		(225,000)	(116,375)
Cash inflow before use of liquid resources and financing		240,876	338,467
Financing:	17		
Issue of shares		100,000	-
Decrease in debt		-	(400,000)
Increase/(decrease) in debt		100,000	(400,000)
Increase/(decrease) in cash in the period		£ 340,876	£ (61,533)

The notes on pages 9 to 15 form part of these financial statements.

CASH FLOW STATEMENT INFORMATION
For the year ended 30 November 2000

	2000	1999
	Note	<i>as restated</i>
	£	£
RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES		
Operating profit	468,439	361,643
Depreciation of tangible fixed assets	30,056	11,611
Loss on disposal of tangible fixed assets	2,887	1,148
Decrease/(increase) in debtors	134,368	(150,501)
(Decrease)/increase in creditors	(12,503)	189,038
Profit on disposal of investments	(98,837)	(221,489)
Net cash inflow from operating activities	£ 524,410	£ 191,450
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT		
Increase/(decrease) in cash in the period	340,876	(61,533)
Cash outflow from increase/(decrease) in debt and lease financing	-	400,000
Change in net funds resulting from cash flows	340,876	338,467
Net funds at 1 December 1999	417,268	78,801
Net funds at 30 November 2000	£ 758,144	£ 417,268

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 November 2000

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom.

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and include the results of the company's operations which are described in the Directors' Report and all of which are continuing.

1.2 Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, exclusive of Value Added Tax, recognised when the relevant transaction is completed.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Fixtures and fittings	17 - 25%	per annum
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1.4 Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to profit and loss account as incurred.

1.5 Deferred taxation

Provision is made for taxation deferred as a result of material timing differences between the incidence of income and expenditure for taxation and accounts purposes, using the liability method, only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the near future.

1.6 Pensions

The Company operates a defined contribution pension scheme. Payments due for the year are charged to the profit and loss account.

2. TURNOVER

The whole of the turnover is attributable to the one principal activity of the company being a corporate finance advisory firm

All turnover arose within the United Kingdom except for £25,000 (1999: nil) which arose in North America

3. OPERATING PROFIT

The operating profit is stated after charging:

	2000 £	1999 £
Depreciation of tangible fixed assets		
- owned by the company	30,056	11,611
Audit fees	8,000	3,500
Auditors' remuneration - non-audit services	11,970	3,032
Expenses relating to aborted merger	59,958	-
	<u>110,984</u>	<u>18,143</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 November 2000

4. STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

	2000 £	1999 £
Wages and salaries	553,021	219,463
Social security costs	63,166	22,383
Other pension costs	34,855	18,350
	<u>£ 651,042</u>	<u>£ 260,196</u>

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

	2000	1999
Office and management	8	6
	<u>8</u>	<u>6</u>

5. DIRECTORS' REMUNERATION

	2000 £	1999 £
Aggregate emoluments	463,705	90,350
	<u>£ 463,705</u>	<u>£ 90,350</u>

Included in the above are emoluments, excluding pension contributions, paid to:

Highest paid director	<u>£ 219,267</u>	<u>£ 62,000</u>
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6. INTEREST RECEIVABLE

	2000 £	1999 £
Other interest receivable	<u>£ 34,955</u>	<u>£ 20,655</u>

7. INTEREST PAYABLE

	2000 £	1999 £
On bank loans and overdrafts	286	215
	<u>£ 286</u>	<u>£ 215</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 November 2000

8. TAXATION

	2000	1999
	£	<i>as restated</i> £
Current year taxation		
UK Corporation Tax at 27% (1999 - 21%)	157,670	89,566
Prior years		
UK corporation tax	-	(346)
	<u>£ 157,670</u>	<u>£ 89,220</u>

Included in the current year's Corporation tax charge is £16,300 arising as a result of disallowed aborted merger costs.

9. DIVIDENDS

	2000	1999
	£	£
Ordinary - interim paid	<u>225,000</u>	<u>116,375</u>

10. TANGIBLE FIXED ASSETS

	Fixtures & Equipment £
Cost or valuation	
At 1 December 1999	46,440
Additions	91,001
Disposals	(4,383)
At 30 November 2000	<u>133,058</u>
Depreciation	
At 1 December 1999	20,109
Charge for year	30,056
On disposals	(1,496)
At 30 November 2000	<u>48,669</u>
Net Book Value	
At 30 November 2000	<u>£ 84,389</u>
At 30 November 1999	<u>£ 26,331</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 November 2000

11. DEBTORS

	2000 £	1999 £
Due within one year		
Trade debtors	141,656	320,943
Other debtors	41,074	1,765
Prepayments and accrued income	14,179	8,569
	<u>£ 196,909</u>	<u>£ 331,277</u>

12. CURRENT ASSET INVESTMENTS

	2000 £	1999 £
Quoted investments	38,942	18,125
Other Investments	64,073	29,073
	<u>£ 103,015</u>	<u>£ 47,198</u>

Included in the quoted investments are equity shares with a market value as at 30th November 2000 of £46,625 (1999 - £15,000).

Also included, at nil cost, in quoted investments are:

1,200,000 options to subscribe for ordinary shares in Hartest Holdings Plc. at a price of 10 pence per share. At 30 November the market price was 12.75 pence per share.

1,065,000 options to subscribe for ordinary shares in Hidefield PLC. at a price of 10 pence per share. At 30 November the market price was 15 pence per share.

13. CREDITORS:

Amounts falling due within one year

	2000 £	1999 <i>as restated</i> £
Trade creditors	17,777	158,575
Corporation tax	191,670	79,222
Social security and other taxes	113,003	16,452
Other creditors	76,027	51,027
Accruals and deferred income	11,437	4,693
	<u>£ 409,914</u>	<u>£ 309,969</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 November 2000

14. CALLED UP SHARE CAPITAL

	2000 £	1999 £
Authorised		
200,000,000 ordinary shares of 1p each	<u>£ 2,000,000</u>	<u>£ 2,000,000</u>
Allotted, called up and fully paid		
30,000,000 ordinary shares of 1p each	<u>£ 300,000</u>	<u>£ 250,000</u>

On the 20 December 1999 the directors authorised a new subscription for 5,000,000 new ordinary 1p shares at 2p per share.

15. RESERVES

	£
Share Premium Account	
Premium on shares issued during the year	50,000
	<u>£ 50,000</u>
Profit and loss account	
At 1 December 1999 as previously reported	171,105
Prior year adjustment (note 20)	91,000
As restated	<u>262,105</u>
Retained profit for the year	<u>120,438</u>
	<u>£ 382,543</u>

16. SHAREHOLDERS' FUNDS**Reconciliation of movements on shareholders' funds**

	2000 £	1999 £
Profit for the year	345,438	292,863
Dividends	<u>(225,000)</u>	<u>(116,375)</u>
	120,438	176,488
Shares issued during year	50,000	-
Share premium on shares issued	<u>50,000</u>	<u>-</u>
	220,438	176,488
Opening shareholders' funds (originally £421,105 before adding prior year adjustment of £91,000)	<u>512,105</u>	<u>335,617</u>
Closing shareholders' funds	<u>£ 732,543</u>	<u>£ 512,105</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 November 2000

**17. ANALYSIS OF CASH FLOWS FOR HEADINGS
NETTED IN THE CASH FLOW STATEMENT**

	2000 £	1999 £
Returns on investments and servicing of finance		
Interest received	34,955	20,655
Interest paid	(286)	(215)
Net cash inflow for returns on investments and servicing of finance	<u>£ 34,669</u>	<u>£ 20,440</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(91,001)	(18,094)
Movement on current asset investments	43,020	288,624
Net cash (outflow)/inflow for capital expenditure	<u>£ (47,981)</u>	<u>£ 270,530</u>
Financing		
Issue of ordinary shares	100,000	-
Repayment of loans	-	(400,000)
Increase/(decrease) in debt	<u>-</u>	<u>(400,000)</u>
Net cash inflow/(outflow) from financing	<u>£ 100,000</u>	<u>£ (400,000)</u>

18. ANALYSIS OF NET FUNDS

	At 1 Dec 1999 £	Cash flow £	At 30 Nov 2000 £
Net cash:			
Cash at bank and in hand	417,268	340,876	758,144
Debt:			
Debt due within 1 year	-	-	-
Debt due after 1 year	-	-	-
Net funds	<u>£ 417,268</u>	<u>£ 340,876</u>	<u>£ 758,144</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 November 2000

19. RELATED PARTIES

During the year, fees to the value of £200,000 (1999:£206,700) were payable to Mair Associates Limited, a company in which Lindsay Mair, a director, has a material interest, for the provision of services by Lindsay Mair. At 30th November 2000 the balance due to Mair Associates Limited, included in trade creditors, was nil (1999:£2).

During the year fees of £9,055 (1999:£10,261) were payable to Paul Irby, a director of the company, for the provision of services by Paul Irby. At 30th November 2000 the balance due to Paul Irby, included in trade creditors, was £41 (1999:£41).

During the year, fees of £130,000 (1999:£45,000) were payable to Blackbrook Estate, a partnership in which Oliver Vaughan, a director, has a material interest, for the provision of services by Oliver Vaughan. At 30th November 2000 there was no balance due to Blackbrook Estate (1999: Nil).

Included in other creditors is an unsecured loan of £Nil (1999:£50,000) from Oliver Vaughan, a director of the company. The loan was fully repaid in the year.

Included in dividends are payments made to the following people who are related to the company by virtue of their shareholding exceeding 20% of the issued share capital:

	2000 £	1999 £
Edward Vandyk	72,250	45,112
Susan Vandyk	72,250	45,112
	<u>72,250</u>	<u>45,112</u>

The ultimate controlling party is considered to be Edward Vandyk, a director of the company.

20. PRIOR YEAR ADJUSTMENT

The company changed its accounting policy in the year for the recognition of income received. Previously income was recognised when the relevant invoice was raised however this has been changed to recognise income when the relevant transaction is completed. The change in accounting policy has resulted in a reduction in the current year's profit before tax by £125,000 and tax charge by £34,000 and increasing the corresponding amounts in the previous year.

The prior year figures have been restated accordingly.