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**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2000
FOR
ACTION FOR EMPLOYMENT LIMITED**



ACTION FOR EMPLOYMENT LIMITED

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FOR THE YEAR ENDED 31 MARCH 2000**

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ACTION FOR EMPLOYMENT LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2000**

DIRECTORS:	E L Cridland M Lovell N M Watson S J Galbraith
SECRETARY:	N M Watson
REGISTERED OFFICE:	Bessemer Road Sheffield S9 3XP
REGISTERED NUMBER:	02631340 (England and Wales)
AUDITORS:	Rees Wallis Chartered Certified Accountants Registered Auditors Cathedral Chambers 18-24 Campo Lane Sheffield S1 2EF
BANKERS:	National Westminster Bank Plc 244 Fulwood Road Sheffield S10 3BB

ACTION FOR EMPLOYMENT LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2000

The directors present their report with the financial statements of the company for the year ended 31 March 2000.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of provision of government work and training programmes.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The results for the year and financial position of the company are as shown in the annexed financial statements.

The level of business and the year end financial position are very healthy. This year has seen significant investment in the infrastructure of the business – in both physical resources and the people who lead, drive and deliver our services to customers – to keep pace with Action For Employment Limited's growth and set in place the foundation for the next phase of the development for the business.

There are significant opportunities in a variety of core and new market places and the directors expect continued growth for the foreseeable future.

DIVIDENDS

Interim dividends paid on the £1 ordinary shares were £650 per share on 1 September 1999 and £500 per share on 6 January 2000.

The directors recommend that no final dividend be paid.

DIRECTORS

The names of the directors who held office during the year and their interests in the shares of the company are shown below:-

		31 March 2000			1 April 1999
	25p ordinary	25p ordinary non-voting redeemable			£1 ordinary
		'A'	'B'	'C'	
E L Cridland	200,000	400	-	-	500
M Lovell	-	-	244	-	-
N M Watson	-	-	-	176	-
S J Galbraith	-	-	156	-	-
D P Dolman	-	-	-	-	-
(resigned 28/02/00)					

DISABLED PERSONS

The company's policy is to give full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities.

Disabled employees receive appropriate training to promote their career development within the company. Employees who become disabled are retained in their existing posts where possible or retrained for suitable alternative posts.

EMPLOYEE INVOLVEMENT

Employees are kept well informed about the progress and position of the company by means of regular departmental meetings, newsletters and journals. Regular staff training and development courses are run to ensure that the company's most valuable asset, its staff, are given every opportunity to realise their potential.

Next year will see the continued development of communication systems and consultative forums to ensure everyone has the opportunity for their ideas to influence the development of the business.

DONATIONS

The company works closely with charitable organisations assisting them as part of the government's New Deal programmes. In addition the company has contributed £1,950 for charitable purposes during the year.

ACTION FOR EMPLOYMENT LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 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

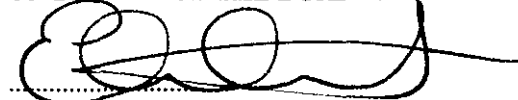
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 auditors, Rees Wallis, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to be 'E L Cridland', written over a dotted line.

E L Cridland - DIRECTOR

Dated: 14 December 2000

ACTION FOR EMPLOYMENT LIMITED

REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF ACTION FOR EMPLOYMENT LIMITED

We have audited the financial statements on pages five to seventeen which have been prepared under the historical cost convention and the accounting policies set out on page ten.

Respective responsibilities of directors and auditors

As described on page three 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.

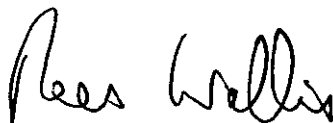
Basis of opinion

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 March 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Rees Wallis
Chartered Certified Accountants
Registered Auditors
Cathedral Chambers
18-24 Campo Lane
Sheffield
S1 2EF

Dated: 15 December 2000

ACTION FOR EMPLOYMENT LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2000**

		<u>2000</u>	<u>1999</u>
	Notes	£	£
TURNOVER	2	13,683,967	8,066,853
Cost of sales		<u>2,081,599</u>	<u>745,817</u>
GROSS PROFIT		11,602,368	7,321,036
Administrative expenses		<u>10,333,052</u>	<u>5,905,740</u>
		1,269,316	1,415,296
Other operating income		<u>34,532</u>	<u>17,067</u>
OPERATING PROFIT	4	1,303,848	1,432,363
Interest receivable and similar income		<u>118,078</u>	<u>69,156</u>
		1,421,926	1,501,519
Interest payable and similar charges	5	<u>864</u>	<u>2,670</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,421,062	1,498,849
Tax on profit on ordinary activities	6	<u>421,702</u>	<u>459,376</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		999,360	1,039,473
Dividends	7	<u>575,000</u>	<u>-</u>
		424,360	1,039,473
Retained profit brought forward		<u>1,213,744</u>	<u>174,271</u>
Bonus share issue		<u>1,638,104</u> <u>(49,500)</u>	<u>1,213,744</u> <u>-</u>
RETAINED PROFIT CARRIED FORWARD		<u><u>£1,588,604</u></u>	<u><u>£1,213,744</u></u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current and previous years.

The notes form part of these financial statements

ACTION FOR EMPLOYMENT LIMITED

BALANCE SHEET

31 MARCH 2000

		2000		1999	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	8		1,072,251		500,138
CURRENT ASSETS:					
Debtors	9	1,875,287		1,413,730	
Cash at bank and in hand		<u>2,034,002</u>		<u>3,297,491</u>	
		3,909,289		4,711,221	
CREDITORS: Amounts falling due within one year	10	<u>2,004,309</u>		<u>1,630,389</u>	
NET CURRENT ASSETS:			<u>1,904,980</u>		<u>3,080,832</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			2,977,231		3,580,970
CREDITORS: Amounts falling due after more than one year	11		(25,214)		-
ACCRUALS AND DEFERRED INCOME:	14		<u>(1,312,513)</u>		<u>(2,366,226)</u>
			<u>£1,639,504</u>		<u>£1,214,744</u>
CAPITAL AND RESERVES:					
Called up share capital	15		50,400		500
Capital redemption reserve	16		500		500
Profit and loss account			<u>1,588,604</u>		<u>1,213,744</u>
SHAREHOLDERS' FUNDS (including non-equity interests):	17		<u>£1,639,504</u>		<u>£1,214,744</u>

ON BEHALF OF THE BOARD



E L Cridland - DIRECTOR

Approved by the Board on 14 December 2000

The notes form part of these financial statements

ACTION FOR EMPLOYMENT LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2000**

		<u>2000</u>		<u>1999</u>	
	Notes	£	£	£	£
Net cash inflow from operating activities	1		260,434		3,627,323
Returns on investments and servicing of finance	2		117,214		66,486
Taxation			(459,332)		(10,469)
Capital expenditure	2		(597,289)		(345,860)
Equity dividends paid			<u>(575,000)</u>		<u>-</u>
			(1,253,973)		3,337,480
Financing	2		<u>(9,516)</u>		<u>(45,673)</u>
(Decrease)/Increase in cash in the period			<u>£(1,263,489)</u>		<u>£3,291,807</u>
<hr/>					
Reconciliation of net cash flow to movement in net funds	3				
(Decrease)/Increase in cash in the period		(1,263,489)		3,291,806	
Cash outflow from decrease in debt and lease financing		<u>9,915</u>		<u>45,648</u>	
Change in net funds resulting from cash flows			(1,253,574)		3,337,454
New finance leases			<u>(58,174)</u>		<u>-</u>
Movement in net funds in the period			(1,311,748)		3,337,454
Net funds/(debt) at 1 April			<u>3,292,164</u>		<u>(45,290)</u>
Net funds at 31 March			<u>£1,980,416</u>		<u>£3,292,164</u>

The notes form part of these financial statements

ACTION FOR EMPLOYMENT LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2000

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2000 £	1999 £
Operating profit	1,303,848	1,432,363
Depreciation charges	225,421	118,238
Loss on sale of fixed assets	1,983	11,052
Profit on sale of fixed assets	(1,355)	-
Government grants	(34,532)	(17,067)
Increase in debtors	(461,557)	(1,114,242)
(Decrease)/Increase in creditors	<u>(773,374)</u>	<u>3,196,979</u>
Net cash inflow from operating activities	<u>260,434</u>	<u>3,627,323</u>

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

	2000 £	1999 £
Returns on investments and servicing of finance		
Interest received	118,078	69,156
Interest element of hire purchase payments	<u>(864)</u>	<u>(2,670)</u>
Net cash inflow for returns on investments and servicing of finance	<u>117,214</u>	<u>66,486</u>
Capital expenditure		
Purchase of tangible fixed assets	(779,780)	(393,439)
Sale of tangible fixed assets	39,792	-
Receipts of government grants for tangible fixed assets	<u>142,699</u>	<u>47,579</u>
Net cash outflow for capital expenditure	<u>(597,289)</u>	<u>(345,860)</u>
Financing		
Loan repayments in year	(9,916)	(45,648)
Amount withdrawn by directors	-	(25)
Issue of share capital	<u>400</u>	<u>-</u>
Net cash outflow from financing	<u>(9,516)</u>	<u>(45,673)</u>

The notes form part of these financial statements

ACTION FOR EMPLOYMENT LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2000

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.4.99 £	Cash flow £	Other non-cash changes £	At 31.3.00 £
Net cash:				
Cash at bank and in hand	<u>3,297,491</u>	<u>(1,263,489)</u>		<u>2,034,002</u>
	<u>3,297,491</u>	<u>(1,263,489)</u>		<u>2,034,002</u>
Debt:				
Hire purchase	<u>(5,327)</u>	<u>9,915</u>	<u>(58,174)</u>	<u>(53,586)</u>
	<u>(5,327)</u>	<u>9,915</u>	<u>(58,174)</u>	<u>(53,586)</u>
Total	<u>3,292,164</u>	<u>(1,253,574)</u>	<u>(58,174)</u>	<u>1,980,416</u>
Analysed in Balance Sheet				
Cash at bank and in hand	3,297,491			2,034,002
Hire purchase				
within one year	(5,327)			(28,372)
after one year	-			(25,214)
	<u>3,292,164</u>			<u>1,980,416</u>

ACTION FOR EMPLOYMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2000

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention.

Turnover

Turnover consists of the invoiced value of work and training programmes and trainee placements, excluding V.A.T. where applicable, less the value attributable to subsequent periods, which is calculated according to the proportion of work committed to, but not completed, on such activities at the balance sheet date and which is disclosed as deferred income.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Freehold land and buildings	- 2% on cost
Fixtures and fittings	- 25% on reducing balance
Motor vehicles and plant	- 25% on reducing balance
Computer equipment	- 33% on cost

Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account as incurred.

Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions payable for the year are charged in the profit and loss account.

Government grants

Grants related to expenditure on tangible assets are credited to profit at the same rate as the depreciation on the assets to which the grants relate. The amounts shown in the balance sheet in respect of grants consist of the total grants receivable to date, less the amounts so far credited to profit. Grants of a revenue nature are credited to income in the period to which they relate.

Repairs and renewals

Expenditure on repairs and renewals is written off in the period during which the expense is incurred. No provision is made for future costs of repairs and renewals.

2. TURNOVER

The turnover, profit after taxation and net assets are attributable to the principal activities of the company as described on page 2. The company operates in the United Kingdom and the whole of its turnover is to the United Kingdom market.

ACTION FOR EMPLOYMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2000

3. STAFF COSTS

	2000	1999
	£	£
Wages and salaries	6,539,478	3,861,517
Social security costs	568,851	357,192
Other pension costs	52,799	40,742
	<u>7,161,128</u>	<u>4,259,451</u>

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

	2000	1999
Management	43	26
Administration	<u>366</u>	<u>184</u>
	<u>409</u>	<u>210</u>

4. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2000	1999
	£	£
Hire of plant and machinery	36,295	13,954
Depreciation - owned assets	221,353	101,574
Depreciation - assets on hire purchase contracts	4,068	16,664
Loss on disposal of fixed assets	628	11,052
Auditors' remuneration	10,750	10,750
Operating leases - land and buildings	601,285	371,493
Release of government grant	<u>(34,532)</u>	<u>(17,067)</u>
Directors' emoluments	1,261,516	1,273,614
Directors' pension contributions to money purchase schemes	32,640	31,350
Compensation to director for loss of office	<u>115,316</u>	<u>-</u>

The number of directors to whom retirement benefits were accruing was as follows:

	5	5
Money purchase schemes	<u>5</u>	<u>5</u>

Information regarding the highest paid director is as follows:

	2000	1999
	£	£
Emoluments etc	814,866	869,385
Pension contributions to money purchase schemes	<u>24,000</u>	<u>24,000</u>

ACTION FOR EMPLOYMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2000

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2000	1999
	£	£
Hire purchase interest	<u>864</u>	<u>2,670</u>

6. TAXATION

The tax charge on the profit on ordinary activities for the year was as follows:

	2000	1999
	£	£
UK corporation tax	422,456	459,376
Over provision in respect of prior years	<u>(754)</u>	<u>-</u>
	<u>421,702</u>	<u>459,376</u>

UK corporation tax has been charged at 30% (1999 - 31%).

7. DIVIDENDS

	2000	1999
	£	£
Ordinary dividends		
Interim dividends paid on equity shares		
£650 per £1 ordinary share	325,000	-
£500 per £1 ordinary share	<u>250,000</u>	<u>-</u>
	<u>575,000</u>	<u>-</u>

ACTION FOR EMPLOYMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2000

8. TANGIBLE FIXED ASSETS

	<u>Freehold land and buildings</u>	<u>Fixtures and fittings</u>	<u>Motor vehicles and plant</u>	<u>Computer equipment</u>	<u>Totals</u>
	£	£	£	£	£
COST:					
At 1 April 1999	-	333,877	165,792	175,485	675,154
Additions	211,905	129,239	171,252	325,558	837,954
Disposals	-	(3,812)	(51,690)	(14,992)	(70,494)
At 31 March 2000	<u>211,905</u>	<u>459,304</u>	<u>285,354</u>	<u>486,051</u>	<u>1,442,614</u>
DEPRECIATION:					
At 1 April 1999	-	92,880	53,289	28,847	175,016
Charge for year	2,786	77,250	48,441	96,944	225,421
Eliminated on disposals	-	(2,130)	(22,828)	(5,116)	(30,074)
At 31 March 2000	<u>2,786</u>	<u>168,000</u>	<u>78,902</u>	<u>120,675</u>	<u>370,363</u>
NET BOOK VALUE:					
At 31 March 2000	<u>209,119</u>	<u>291,304</u>	<u>206,452</u>	<u>365,376</u>	<u>1,072,251</u>
At 31 March 1999	<u>-</u>	<u>240,997</u>	<u>112,503</u>	<u>146,638</u>	<u>500,138</u>

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	<u>Motor vehicles and plant</u>
	£
COST:	
At 1 April 1999	75,818
Additions	66,505
Transferred to ownership	(75,818)
At 31 March 2000	<u>66,505</u>
DEPRECIATION:	
At 1 April 1999	25,827
Charge for year	4,068
Transferred to ownership	(25,827)
At 31 March 2000	<u>4,068</u>
NET BOOK VALUE:	
At 31 March 2000	<u>62,437</u>
At 31 March 1999	<u>49,991</u>

ACTION FOR EMPLOYMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2000**

**9. DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	2000 £	1999 £
Trade debtors	1,749,927	1,324,217
Other debtors	17,525	9,555
Prepayments & accrued income	107,835	79,958
	<u>1,875,287</u>	<u>1,413,730</u>

**10. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	2000 £	1999 £
Hire purchase contracts (see note 12)	28,372	5,327
Trade creditors	288,753	182,044
Other creditors	7,151	1,396
Other taxes & social security	346,714	737,669
Corporation tax	422,456	460,086
Accruals	910,863	243,867
	<u>2,004,309</u>	<u>1,630,389</u>

**11. CREDITORS: AMOUNTS FALLING
DUE AFTER MORE THAN ONE YEAR**

	2000 £	1999 £
Hire purchase contracts (see note 12)	25,214	-

ACTION FOR EMPLOYMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2000**

12. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

	Hire purchase contracts	
	2000	1999
	£	£
Gross obligations repayable:		
Within one year	31,276	5,639
Between one and five years	<u>26,129</u>	<u>-</u>
	<u>57,405</u>	<u>5,639</u>
Finance charges repayable:		
Within one year	2,904	312
Between one and five years	<u>915</u>	<u>-</u>
	<u>3,819</u>	<u>312</u>
Net obligations repayable:		
Within one year	28,372	5,327
Between one and five years	<u>25,214</u>	<u>-</u>
	<u>53,586</u>	<u>5,327</u>

The following payments are committed to be paid within one year:

	Land and buildings operating leases	
	2000	1999
	£	£
Expiring:		
Within one year	256,478	115,901
Between one and five years	<u>149,639</u>	<u>116,532</u>
	<u>406,117</u>	<u>232,433</u>

13. PROVISIONS FOR LIABILITIES AND CHARGES

The amounts for which no provision has been made in respect of deferred taxation, are as follows:

	2000	1999
	£	£
Capital allowances in excess of depreciation	<u>50,223</u>	<u>29,939</u>

ACTION FOR EMPLOYMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2000

14. ACCRUALS AND DEFERRED INCOME

	2000 £	1999 £
Deferred government grants		
Brought forward	54,602	24,090
Receivable in year	142,699	47,579
Released to profit for the year	<u>(34,532)</u>	<u>(17,067)</u>
	162,769	54,602
Deferred income	1,149,744	2,311,624
	<u><u>1,312,513</u></u>	<u><u>2,366,226</u></u>

15. CALLED UP SHARE CAPITAL

	2000 £	1999 £
Authorised:		
1,000,000 ordinary shares of £1 each	-	1,000,000
9,997,600 ordinary shares of 25p each	2,499,400	-
Redeemable shares:		
400 ordinary 'A' of 25p each	100	-
400 ordinary 'B' of 25p each	100	-
400 ordinary 'C' of 25p each	100	-
400 ordinary 'D' of 25p each	100	-
400 ordinary 'E' of 25p each	100	-
400 ordinary 'F' of 25p each	100	-
	<u>2,500,000</u>	<u>1,000,000</u>
	2000 £	1999 £
Allotted, issued and fully paid:		
500 ordinary shares of £1 each	-	500
200,000 ordinary shares of 25p each	50,000	-
Redeemable shares:		
400 ordinary 'A' of 25p each	100	-
400 ordinary 'B' of 25p each	100	-
400 ordinary 'C' of 25p each	100	-
400 ordinary 'D' of 25p each	100	-
	<u>50,400</u>	<u>500</u>

ACTION FOR EMPLOYMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2000

15. CALLED UP SHARE CAPITAL - continued

On 2 March 2000 the ordinary shares of £1 each in the capital of the company were sub-divided into shares of 25p each.

On the same day the nominal share capital of the company was increased from £1,000,000 to £2,500,000 by the creation of 6,000,000 new shares of 25p each.

Also on the same day, undivided profits of the company of £49,500 were capitalised as additional share capital and allotted to the existing members as 198,000 fully paid shares of 25p each in the same proportions as their existing shareholdings.

On 2 March 2000, a Special Resolution of the company was passed converting 2400 ordinary shares of 25p each into ordinary non-voting redeemable shares of 25p each as 'A', 'B', 'C', 'D', 'E', and 'F' shares in multiples of 400 shares of each class.

On 23 March 2000 the company issued 400 of each class of 'A', 'B', 'C' and 'D' ordinary redeemable shares for cash.

Summary of class rights

The ordinary 'A', 'B', 'C', 'D', 'E' and 'F' redeemable shares have no voting rights and no rights to dividends other than those that may be recommended by the company in general meeting. The shares are redeemable, if fully paid, at par, at any time, at the option of the holders of 30% of the ordinary shares.

The whole of the outstanding redeemable shares will be redeemed on 1 January 2050 or as soon as possible thereafter.

In the event of a winding up of the company, the shares will not participate in the assets of the company except to the extent of par value, but repayment of these shares shall be made, in alphabetical order, in priority to the ordinary shares.

16. CAPITAL REDEMPTION RESERVE

	2000 £	1999 £
Purchase of own shares	<u>500</u>	<u>500</u>

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000 £	1999 £
Profit for the financial year	999,360	1,039,473
Dividends	<u>(575,000)</u>	<u>-</u>
	424,360	1,039,473
New share capital subscribed	<u>400</u>	<u>-</u>
Net addition to shareholders' funds	424,760	1,039,473
Opening shareholders' funds	<u>1,214,744</u>	<u>175,271</u>
Closing shareholders' funds	<u>1,639,504</u>	<u>1,214,744</u>
Equity interests	1,639,104	1,214,744
Non-equity interests	<u>400</u>	<u>-</u>
	<u>1,639,504</u>	<u>1,214,744</u>