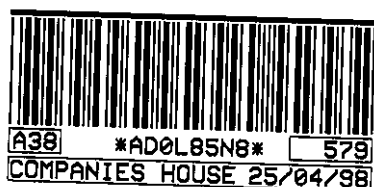


for signature &
100

PROWESS LIMITED
REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 1997



COMPANY NUMBER 2783810

INDEX TO FINANCIAL STATEMENTS

Page No.

1	Directors and Professional Advisors
2	Report of the Directors
3	Profit and Loss Account
4	Balance Sheet
5 – 9	Notes to the Financial Statements
10	Detailed Operating Statement
11 – 12	Notes to Detailed Operating Statement

The Detailed Operating Statement does not form part of the statutory accounts of the company

DIRECTORS

R M C Scott
J J Cutmore

COMPANY SECRETARY

R M C Scott

REGISTERED OFFICE

Silchester House
Silchester
RG7 2LT

BANKERS

Barclays Bank
93 Bakers Street
London

PROWESS LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 JUNE 1997

The directors present their report and financial statements for the year ended 30 June 1997.

PRINCIPAL ACTIVITIES

The company's principal activities continued to be that of identifying, recommending and training persons for non-executive directorships. To assist in this activity the directors authorised the investment by the company in a purpose-designed conference centre for use by the company in the activity of training would be non-executive directors and for the use by them for board meetings and away days for the boards on which they sit. The directors resolved, when spare capacity exists in the conference centre to make it available to other companies for this purpose.

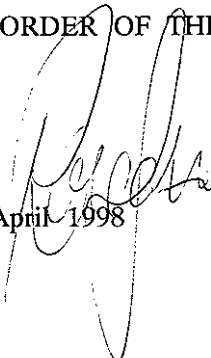
DIRECTORS

The directors of the company for the year under review together with a note of their interest in the securities of the company at the beginning and end of the year were as follows:-

	Ordinary shares of 1p each	
	1 July 1996	30 June 1997
R M C Scott	100	100
J J Cutmore	100	100

The above report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

BY ORDER OF THE BOARD


16 April 1998

PROWESS LIMITED
PROFIT AND LOSS ACCOUNT
30 JUNE 1997

	Notes	1997 £	1996 £
TURNOVER		200724	390860
Cost of sales		<u>—</u>	<u>(134620)</u>
GROSS PROFIT		200724	256240
Administrative expenses		<u>(69089)</u>	<u>(113701)</u>
OPERATING PROFIT	2	131635	142539
Interest payable and similar charges		<u>(236)</u>	<u>—</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		131399	142539
Tax on profit on ordinary activities	4	<u>(24568)</u>	<u>(36588)</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		106831	105951
Dividends	5	—	(25000)
RETAINED PROFIT BROUGHT FORWARD		<u>83127</u>	<u>2176</u>
RETAINED PROFIT CARRIED FORWARD		<u>189958</u>	<u>83127</u>

There were no recognised gains or losses other than those included in the profit and loss account.

All items included in the profit and loss account relate to continuing operations.

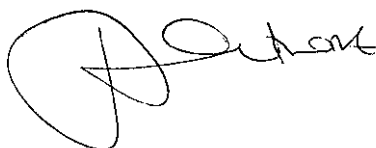
PROWESS LIMITED
BALANCE SHEET
30 JUNE 1997

	Notes	1997 £	1996 £
FIXED ASSETS			
Tangible assets	6	<u>278368</u>	<u>190126</u>
CURRENT ASSETS			
Debtors	7	8012	89455
Cash at bank and in hand		<u>-</u>	<u>345</u>
		<u>8012</u>	<u>89800</u>
CREDITORS: Amounts falling due within one year	8	<u>(96420)</u>	<u>(196797)</u>
NET CURRENT LIABILITIES		<u>(88408)</u>	<u>(106997)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>189960</u>	<u>83129</u>
CAPITAL AND RESERVES			
Called-up share capital	10	2	2
Profit and loss account		<u>189958</u>	<u>83127</u>
Shareholders funds		<u>189960</u>	<u>83129</u>
- all attributable to equity interests	11	<u>189960</u>	<u>83129</u>

The directors consider that the company is entitled to exemption from the requirement to have an audit under the provisions of section 249 A (1) of the Companies Act 1985. Shareholders holding 10% or more of the company's share capital have not issued a notice requiring an audit. The directors acknowledge their responsibilities for ensuring that the company keeps accounting records which comply with section 221 of the Companies Act 1985, and for preparing accounts which give a true and fair view of the state of affairs of the company as at 30 June 1997 and of its profit for the year then ended in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Act relating to the accounts so far as applicable to the company.

The accounts are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Approved by the Board on 16 April 1998 and signed on its behalf by:



The notes set out on pages 6 to 10 form an integral part of these accounts

1 ACCOUNTING POLICIES

(a) BASIS OF ACCOUNTS

These accounts have been prepared under the historical cost convention.

The company has taken advantage of the exemption from preparing a cash flow statement on the grounds that the company qualifies as a small company.

(b) DEPRECIATION

Depreciation is calculated to write off the cost of fixed assets over their estimated useful lives to the business at the following rates.

Computer	-	25% straight line
Equipment	-	15% reducing balance
Improvements to freehold property	-	over 50 years

(c) DEFERRED TAXATION

No provision has been made for deferred taxation as the directors have taken the view that deferred taxation arising from timing differences on capital allowances is unlikely to become payable in the foreseeable future.

(d) TURNOVER

Turnover comprises the invoiced value of goods and services supplied by the company, net of Value Added Tax and trade discounts.

2 OPERATING PROFIT

	1997 £	1996 £
Operating profit is stated after charging:		
Depreciation	8107	6243
Auditors' remuneration (including expenses)	<u>-</u>	<u>1000</u>

3 DIRECTORS' REMUNERATION

	1997 £	1996 £
Total emoluments to all directors are as follows:		
Aggregate emoluments	<u>-</u>	<u>10000</u>

4 TAXATION

	1997 £	1996 £
Taxation is based on profits for the year and comprises:		
UK corporation tax at 23.25% (1996 24.75%)	24996	36588
Over provided in previous year	<u>(428)</u>	<u>-</u>
	<u>24568</u>	<u>36588</u>

5 DIVIDENDS

	1997 £	1996 £
Dividends paid	<u>-</u>	<u>25000</u>

6 **FIXED ASSETS**

	Improve- ments to freehold property	Computer	Equipment	Total
	£	£	£	£
COST				
At 1 July 1996	192709	5702	–	198411
Additions	88670	–	7679	96349
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 30 June 1997	281379	5702	7679	294760
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
DEPRECIATION				
At 1 July 1996	4818	3467	–	8285
Charged in year	5531	1425	1151	8107
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 30 June 1997	10349	4892	1151	16392
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
NET BOOK VALUE				
At 30 June 1997	271030	810	6528	278368
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 30 June 1996	187891	2235	–	190126
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

7 **DEBTORS**

	1997 £	1996 £
Trade debtors	1762	29232
Amounts owed by the directors	–	798
Other debtors and prepayments	–	53175
Advance Corporation Tax	6250	6250
	<u> </u>	<u> </u>
	8012	89455
	<u> </u>	<u> </u>

8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1997 £	1996 £
Bank overdrafts	3567	-
Trade creditors	3464	13861
Other creditors	-	1626
U.K. corporation tax	24344	36500
Advance corporation tax	6250	6250
Tax and social security costs	7745	21360
Accruals and deferred income	51050	92200
Dividends payable	-	25000
	<u>96420</u>	<u>196797</u>

9 DEFERRED TAXATION

The amount of unprovided deferred tax is nil.

10 SHARE CAPITAL

	1997 £	1996 £
Authorised, issued and fully paid: 200 ordinary shares of 1p each	<u>2</u>	<u>2</u>

11 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	1997 £	1996 £
Shareholders' funds at 1 July 1996	83129	2178
Profit for the year	106831	80951
	<u>189960</u>	<u>83129</u>
Shareholders' funds at 30 June 1997		

12 CONTROLLING PARTIES

The company is under the joint control of R M C Scott and J J Cutmore, both of whom were directors throughout the whole of the year and the previous year. Their interest in the company's share capital is disclosed in the Directors Report.