

**Prowess Limited**

Report and Accounts

*Year ended June 30, 1996*

PROWESS LIMITED

Directors

RM Scott  
JJ Cutmore

Secretary

RM Scott

Auditors

Rees Pollock  
7 Pilgrim Street  
London  
EC4V 6DR

Bankers

Barclays Bank  
93 Baker Street  
London

Registered Office

7 Pilgrim Street  
London  
EC4V 6DR

Registered Number

2783810

## PROWESS LIMITED

### DIRECTORS' REPORT

The directors present their report and accounts for the year ended June 30, 1996.

#### Results and dividends

The retained profit for the year amounted to £80,951 (1995: £2,341) and was transferred to reserves.

The directors recommend the payment of a £25,000 dividend.

#### Review of the business and future developments

The principal activity of the company is to identify, recommend and present persons for Non-Executive Directorships or similar part-time posts in the public and private sector.

#### Fixed assets

Changes in fixed assets are summarised in note 6 to the accounts.

#### Directors and their interests

The directors who served during the period and their interests in the share capital of the company at the end of the year were as follows:

|            | At June 30, 1996<br>1p Ordinary shares | At June 30, 1995<br>£1 Ordinary shares |
|------------|--|--|
| JJ Cutmore | 100                                    | 1                                      |
| RM Scott   | 100                                    | 1                                      |

#### Directors' Responsibilities

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that period. In preparing these accounts, 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 accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to presume the company will continue in business

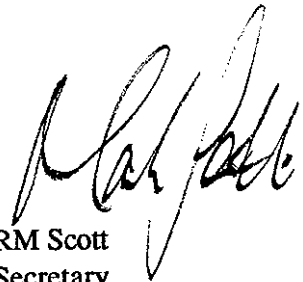
PROWESS LIMITEDDIRECTORS' REPORT  
(CONTINUED)

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 accounts 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 of fraud and other irregularities. The directors confirm that these accounts comply with these requirements.


Auditors

A resolution to re-appoint Rees Pollock as auditors will be put to the members at the Annual General Meeting.

BY ORDER OF THE BOARD



RM Scott  
Secretary



J.J. CUTHBERT

January 22, 1997

**REES POLLOCK***Chartered Accountants*

7 Pilgrim Street  
London EC4V 6DR  
Telephone 0171 329 6404  
Fax 0171 329 6408

**REPORT OF THE AUDITORS TO THE  
MEMBERS OF PROWESS LIMITED**

We have audited the accounts on pages 5 to 9 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on pages 2 and 3 the company's directors are responsible for the preparation of the audited accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company at June 30, 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Rees Pollock  
Chartered Accountants  
Registered Auditor

January 22, 1997

PROWESS LIMITEDPROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED JUNE 30, 1996

|                                   | Notes | 1996<br>£ | 1995<br>£ |
|-----------------------------------|-------|-----------|-----------|
| Turnover                          | 2     | 390,860   | 98,868    |
| Cost of sales                     |       | 134,620   | 53,219    |
|                                   |       | -----     | -----     |
| Gross profit                      |       | 256,240   | 45,649    |
| Administrative expenses           |       | 113,701   | 42,339    |
|                                   |       | -----     | -----     |
| Profit before taxation            | 3     | 142,539   | 3,310     |
| Tax                               | 5     | (36,588)  | (969)     |
| Profit after taxation             |       | 105,951   | 2,341     |
| Dividends                         |       | 25,000    | -         |
|                                   |       | -----     | -----     |
| Retained profit for the period    |       | 80,951    | 2,341     |
| Surplus/(Deficit) brought forward |       | 2,176     | (165)     |
|                                   |       | -----     | -----     |
| Surplus carried forward           |       | £83,127   | £2,176    |
|                                   |       | =====     | =====     |

There are no recognised gains and losses other than those shown above.

PROWESS LIMITEDBALANCE SHEET AS AT JUNE 30, 1996

|  | Notes | £       | 1996<br>£ | 1995<br>£ |
|--|-------|---------|-----------|-----------|
| Fixed assets                                   |       |         |           |           |
| Tangible assets                                | 6     |         | 190,126   | 3,660     |
| Current assets                                 |       |         |           |           |
| Debtors  | 7     | 89,455  |           | 38,470    |
| Cash at bank and in hand                       |       | 345     |           | 80,891    |
|  |       | -----   |           | -----     |
|  |       | 89,800  |           | 119,361   |
| Creditors: amounts falling due within one year | 8     | 196,797 |           | 120,843   |
|  |       | -----   |           | -----     |
| Net current liabilities                        |       |         | (106,997) | (1,482)   |
|  |       |         | -----     | -----     |
| Total assets less current liabilities          |       |         | £83,129   | £2,178    |
|  |       |         | =====     | =====     |
| Capital and reserves                           |       |         |           |           |
| Called up share capital                        | 9     |         | 2         | 2         |
| Profit and loss account                        |       |         | 83,127    | 2,176     |
|  |       |         | -----     | -----     |
|  |       |         | £83,129   | £2,178    |
|  |       |         | =====     | =====     |

  
RM Scott  
Director

  
J.J. CUTMORE

22 January, 1997

PROWESS LIMITEDNOTES TO THE ACCOUNTS AT JUNE 30, 19961. Accounting policiesAccounting convention

The accounts are prepared under the historical cost convention and in accordance with applicable Accounting Standards.

Depreciation

Depreciation is provided on all tangible assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life

|   |   |                     |
|---|---|---------------------|
| Computer equipment                      | - | 4 years             |
| Lease premium and property improvements | - | over the lease term |

2. Turnover

Turnover represents the amounts derived from the provision of goods and services which fall within the company's ordinary activities, and is stated net of value added tax. All turnover relates to activities within the UK.

3. Operating profit

|                                    | 1996<br>£         | 1995<br>£         |
|------------------------------------|-------------------|-------------------|
| This is stated after charging:     |                   |                   |
| Auditors' remuneration             | 1,000             | 750               |
| Depreciation of owned fixed assets | 6,243             | 1,156             |
| Directors' remuneration            | 10,000            | 10,000            |
|                                    | <u>          </u> | <u>          </u> |

4. Staff costs and directors' remuneration

|                       | 1996<br>£         | 1995<br>£         |
|-----------------------|-------------------|-------------------|
| Wages and salaries    | 27,366            | 31,160            |
| Social security costs | 3,647             | 2,018             |
|                       | <u>          </u> | <u>          </u> |
|                       | £31,013           | £33,178           |
|                       | <u>          </u> | <u>          </u> |

The average monthly number of employees including directors during the year was 3.



PROWESS LIMITEDNOTES TO THE ACCOUNTS AT JUNE 30, 1996  
(continued)5. Tax on profit on ordinary activities

|  | 1996<br>£      | 1995<br>£   |
|--|----------------|-------------|
| UK Corporation tax (at 25% of taxable profits) | 36,500         | 969         |
| Under provision in previous years              | 88             | -           |
|  | -----          | -----       |
|  | <u>£36,588</u> | <u>£969</u> |

6. Tangible fixed assets

|                                | Lease Premium and<br>Improvements<br>£ | Computer<br>equipment<br>£ | Total<br>£      |
|--------------------------------|--|----------------------------|-----------------|
| Cost: At June 30, 1995         | -                                      | 5,702                      | 5,702           |
| Additions                      | 192,709                                | -                          | 192,709         |
|                                | -----                                  | -----                      | -----           |
| At June 30, 1996               | <u>192,709</u>                         | <u>5,702</u>               | <u>198,411</u>  |
| Depreciation: At June 30, 1995 | -                                      | 2,042                      | 2,042           |
| Provided during the year       | 4,818                                  | 1,425                      | 6,243           |
|                                | -----                                  | -----                      | -----           |
| At June 30, 1996               | <u>4,818</u>                           | <u>3,467</u>               | <u>8,285</u>    |
| Net book value:                |  |                            |                 |
| At June 30, 1996               | <u>£187,891</u>                        | <u>£2,235</u>              | <u>£190,126</u> |
| At June 30, 1995               | <u>-</u>                               | <u>£3,660</u>              | <u>£3,660</u>   |

PROWESS LIMITEDNOTES TO THE ACCOUNTS AT JUNE 30, 1996

(continued)

7. Debtors

|                               | 1996    | 1995    |
|-------------------------------|---------|---------|
|                               | £       | £       |
| Trade debtors                 | 29,232  | 16,450  |
| Other debtors and prepayments | 53,973  | 22,020  |
| ACT debtor                    | 6,250   |         |
|                               | -----   | -----   |
|                               | £89,455 | £38,470 |
|                               | =====   | =====   |

Included in other debtors is £798 due from the Jamieson Scott partnership which is a partnership owned by the two directors of Prowess Limited. No interest was paid on this amount during the period.

Additionally, a loan of £25,000 was made jointly to M Scott and J Cutmore. This was still outstanding at June 30, 1996 but was repaid when the proposed dividend was paid on January 14, 1997.

8. Creditors: amounts falling due within one year

|                                       | 1996     | 1995     |
|---------------------------------------|----------|----------|
|                                       | £        | £        |
| Trade creditors                       | 13,861   | -        |
| Corporation tax                       | 36,500   | 969      |
| Other taxes and social security costs | 27,610   | 4,702    |
| Accruals and deferred income          | 92,200   | 115,172  |
| Other creditors                       | 1,626    | -        |
| Dividends payable                     | 25,000   | -        |
|                                       | -----    | -----    |
|                                       | £196,797 | £120,843 |
|                                       | =====    | =====    |

9. Share capital

|                            | Allotted, called up<br>and fully paid |       | Authorised |       |
|----------------------------|---------------------------------------|-------|------------|-------|
|                            | 1996                                  | 1995  | 1996       | 1995  |
|                            | £                                     | £     | No.        | No.   |
| Ordinary shares of £1 each | 2                                     | 2     | 10,000     | 100   |
|                            | -----                                 | ----- | -----      | ----- |
|                            | £2                                    | £2    | 10,000     | 100   |
|                            | =====                                 | ===== | =====      | ===== |

On January 2, 1996 the £1 ordinary shares were each sub-divided into 100 shares of 1p each.