

**ADVANCED COMPUTER GROUP LIMITED  
AND SUBSIDIARY UNDERTAKINGS**

**ANNUAL REPORT**

**YEAR ENDED 30 JUNE 1998**

**Registered Number : 02824670**

**PANNELL KERR FORSTER**  
Chartered Accountants



**ADVANCED COMPUTER GROUP LIMITED  
AND SUBSIDIARY UNDERTAKINGS**

**COMPANY INFORMATION**

<b>Directors</b>	Mr M H T Robinson Ms S N Nair
<b>Company Number</b>	02824670
<b>Registered Office</b>	15 St Helens Place London EC3A 6DE
<b>Auditors</b>	Pannell Kerr Forster Chartered Accountants Pannell House 6 Queen Street Leeds LS1 2TW
<b>Solicitors</b>	Peter Levine Solicitors Suite 23 6-8 York Place Leeds LS1 2DS
<b>Bankers</b>	Barclays Bank PLC Strand Business Centre Burleigh House PO Box 90 357 The Strand London WC2R 0NX

**ADVANCED COMPUTER GROUP LIMITED  
AND SUBSIDIARY UNDERTAKINGS**

**CONTENTS**

	<b>Page</b>
DIRECTORS' REPORT	1 - 2
STATEMENT OF DIRECTORS' RESPONSIBILITIES	3
AUDITORS' REPORT	4
CONSOLIDATED PROFIT AND LOSS ACCOUNT	5
CONSOLIDATED BALANCE SHEET	6
COMPANY BALANCE SHEET	7
NOTES TO THE FINANCIAL STATEMENTS	8 - 15

**ADVANCED COMPUTER GROUP LIMITED  
AND SUBSIDIARY UNDERTAKINGS  
DIRECTORS' REPORT  
YEAR ENDED 30 JUNE 1998**

The directors submit their report and the financial statements for the year ended 30 June 1998.

**Results and dividends**

The profit for the year, after taxation, amounted to £92,054 (1997 - £110,871 ).

The directors do not recommend the payment of a dividend for the year, leaving a balance of £98,006, after minority interests, which is transferred to retained reserves.

**Principal activity and review of business**

The principal activity of the company during the year was the provision of consultancy services and training.

**Directors**

The directors who served during the year and their interests in the company's issued share capital at the balance sheet date and at the start of the year were:

	Ordinary shares of £1 each	
	1998	1997
Mr S O'Donnell (resigned 3 October 1997)	-	70
Mr M H T Robinson	15	15
Ms S N Nair	15	15

No rights to subscribe for shares in the company were granted or exercised during the year.

No director has a shareholding in any other group company.

**Post balance sheet events**

From 1 July 1998 the trade of the group is to be accounted for through Advanced Computer Group Limited.

**Year 2000 conformity**

The company has assessed the potential impact of the year 2000 date change on its business, including its own systems and products, and on its suppliers and customers. The directors do not believe that there are any associated material risks or uncertainties, and will continue to keep the situation under review although no significant further action is anticipated.

**Auditors**

The auditors, Pannell Kerr Forster, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

**ADVANCED COMPUTER GROUP LIMITED**  
**DIRECTORS' REPORT (continued)**  
**YEAR ENDED 30 JUNE 1998**

**Basis of preparation**

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the board

20/4/99

Date 20 April 1999



Secretary

M H T Robinson

**ADVANCED COMPUTER GROUP LIMITED  
AND SUBSIDIARY UNDERTAKINGS  
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 the group, and of the profit or loss of the group 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 the group, 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' REPORT TO THE SHAREHOLDERS OF  
ADVANCED COMPUTER GROUP LIMITED  
AND SUBSIDIARY UNDERTAKINGS**

We have audited the financial statements on pages 5 to 15 which have been prepared under the accounting policies set out on page 8.

**Respective responsibilities of directors and auditors**

As described on page 3, 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. 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 and the group'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 affairs of the company and the group as at 30 June 1998, and of the group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PANNELL KERR FORSTER  
Chartered Accountants  
Registered Auditors

Leeds  
27 April 1999

**ADVANCED COMPUTER GROUP LIMITED  
AND SUBSIDIARY UNDERTAKINGS  
CONSOLIDATED PROFIT AND LOSS ACCOUNT  
YEAR ENDED 30 JUNE 1998**

	Notes	1998 £	1997 £
<b>TURNOVER</b>	<b>2</b>	<b>1,474,064</b>	<b>1,254,997</b>
Cost of sales		<u>(571,517)</u>	<u>(491,363)</u>
<b>GROSS PROFIT</b>		<b>902,547</b>	<b>763,634</b>
Administrative expenses		(791,732)	(583,091)
Other operating income		<u>5,592</u>	<u>-</u>
<b>OPERATING PROFIT</b>		<b>116,407</b>	<b>180,543</b>
Interest receivable and similar items		<u>4,744</u>	<u>714</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<b>4</b>	<b>121,151</b>	<b>181,257</b>
<b>TAXATION</b>		<b>(29,097)</b>	<b>(70,386)</b>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>92,054</b>	<b>110,871</b>
<b>MINORITY INTEREST</b>		<b>5,952</b>	<b>-</b>
<b>RETAINED PROFIT FOR THE YEAR</b>		<b>98,006</b>	<b>110,871</b>

All amounts relate to continuing operations, except as disclosed in note 3 to the accounts.  
There were no recognised gains or losses for the year other than those included in the profit and loss account.



**ADVANCED COMPUTER GROUP LIMITED  
AND SUBSIDIARY UNDERTAKINGS  
CONSOLIDATED BALANCE SHEET  
30 JUNE 1998**

	Notes	1998 £	1997 £
<b>FIXED ASSETS</b>			
Tangible	6	13,594	28,322
<b>CURRENT ASSETS</b>			
Stocks	8	13,000	4,900
Debtors	9	352,521	230,190
Cash at bank and in hand		89,523	180,126
		<u>455,044</u>	<u>415,216</u>
<b>CREDITORS: amounts falling due within one year</b>	10	<u>(232,665)</u>	<u>(249,991)</u>
<b>NET CURRENT ASSETS</b>		<u>222,379</u>	<u>165,225</u>
<b>NET ASSETS</b>		<u>235,973</u>	<u>193,547</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	11	30	100
Capital redemption reserve	12	70	-
Profit and loss account	12	241,453	193,447
<b>SHAREHOLDERS' FUNDS</b>	13	<u>241,553</u>	<u>193,547</u>
Minority interest		<u>(5,580)</u>	<u>-</u>
<b>SHAREHOLDERS' FUNDS (including minority interest)</b>		<u>235,973</u>	<u>193,547</u>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985.

The financial statements were approved by the board on 20/4/99 20 April 1999

M H T Robinson

Director

**ADVANCED COMPUTER GROUP LIMITED  
AND SUBSIDIARY UNDERTAKINGS**  
**BALANCE SHEET**  
**30 JUNE 1998**

	Notes	1998 £	1997 £
<b>FIXED ASSETS</b>			
Tangible	6	13,594	28,322
Investments	7	77	2
		<u>13,671</u>	<u>28,324</u>
<b>CURRENT ASSETS</b>			
Stocks	8	13,000	4,900
Debtors	9	372,560	193,164
Cash at bank and in hand	.	85,925	147,068
		<u>471,485</u>	<u>345,132</u>
<b>CREDITORS: amounts falling due within one year</b>	10	(225,847)	(330,171)
<b>NET CURRENT ASSETS</b>		<u>245,638</u>	<u>14,961</u>
<b>NET ASSETS</b>		<u><u>259,309</u></u>	<u><u>43,285</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	11	30	100
Capital redemption reserve	12	70	-
Profit and loss account	12	259,209	43,185
<b>SHAREHOLDERS' FUNDS</b>	13	<u><u>259,309</u></u>	<u><u>43,285</u></u>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985.

The financial statements were approved by the board on 20/4/99 20 April 1999

M H T Robinson

Director

**ADVANCED COMPUTER GROUP LIMITED  
AND SUBSIDIARY UNDERTAKINGS  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 30 JUNE 1998**

**1 ACCOUNTING POLICIES**

**(a) Basis of preparation of financial statements**

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

**(b) Basis of consolidation**

The financial statements of the company and its group undertakings have been consolidated to 30 June 1998. The profit and loss of the company is not presented as permitted by Section 230 of the Companies Act 1985.

**(c) Turnover**

Turnover comprises the invoiced value of goods and services supplied by the company, net of value added tax and trade discounts.

**(d) Tangible fixed assets and depreciation**

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

Computer and other equipment	33 % per annum straight line
------------------------------	------------------------------

**(e) Operating leases**

Operating lease rentals are charged in the profit and loss account on a straight line basis over the lease term.

**(f) Investments**

Fixed asset investments are included in the company's balance sheet at cost.

**(g) Stocks and work in progress**

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost is determined on a first in first out basis, and includes all direct costs incurred and attributable production overheads. Net realisable value is based on estimated selling price allowing for all further costs of completion and disposal.

**(h) Deferred taxation**

Provision is made for deferred tax using the liability method to the extent that it is probable that a liability will crystallise.

**2 TURNOVER**

Turnover is attributable to one class of business.

All turnover arose within the United Kingdom.

**ADVANCED COMPUTER GROUP LIMITED  
AND SUBSIDIARY UNDERTAKINGS  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 30 JUNE 1998**

**3 OPERATING PROFIT**

	1998 Continuing operations £	1998 Acquisitions £	1998 Total £	1997 Total £
Turnover	1,460,956	13,108	1,474,064	1,254,997
Cost of sales	568,753	2,764	571,517	491,363
Gross profit	892,203	10,344	902,547	763,634
Administration expenses	767,580	24,152	791,732	583,091
Other operating income	5,592	-	5,592	-
Operating profit (loss)	130,215	(13,808)	116,407	180,543

1997 relates wholly to continuing operations.

**4 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

Profit on ordinary activities before taxation is stated after charging:

	1998 £	1997 £
Depreciation of tangible fixed assets owned by the group	23,360	14,842
Audit fees	10,000	9,000
Operating lease rentals:		
- plant and machinery	10,516	12,356
- other	9,400	9,400

**5 DIRECTORS' EMOLUMENTS AND BENEFITS**

	1998 £	1997 £
Directors' emoluments	93,118	242,000

No directors (1997 - none) were members of company pension schemes.

The number of directors who received shares or became entitled to receive shares under long term incentive schemes was NIL (1997 - NIL).

A total of **£29,500** (1997 - £27,000) was paid to a former director as compensation for loss of office. An additional payment of **£63,000** was paid to a company controlled by the former director for consultancy services.

**ADVANCED COMPUTER GROUP LIMITED  
AND SUBSIDIARY UNDERTAKINGS  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 30 JUNE 1998**

**6 TANGIBLE FIXED ASSETS**

**THE GROUP AND THE COMPANY**

	<b>Computer and other equipment £</b>
At 1 July 1997	63,327
Additions	10,195
Disposals	(2,165)
	<hr/>
At 30 June 1998	71,357
	<hr/>
<b>Depreciation</b>	
At 1 July 1997	35,005
Charge for year	23,360
On disposals	(602)
	<hr/>
At 30 June 1998	57,763
	<hr/>
<b>Net book amount</b>	
At 30 June 1998	13,594
	<hr/> <hr/>
At 30 June 1997	28,322
	<hr/> <hr/>

**ADVANCED COMPUTER GROUP LIMITED  
AND SUBSIDIARY UNDERTAKINGS  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 30 JUNE 1998**

**7 FIXED ASSET INVESTMENTS**

**THE COMPANY**

	Shares in subsidiary undertakings £
<b>Cost</b>	
At 1 July 1997	2
Additions	75
	<hr/>
At 30 June 1997	77
	<hr/>

Investments represent the cost of shares in Advanced Computer Management Limited and Advanced Computer Education Limited. These companies are incorporated in Great Britain, and the investment comprises of a holding of 100% of the issued ordinary share capital and voting rights of each company. Both companies provide consultancy services and training in respect of computers.

The investment in a subsidiary, I. T. Integrity Limited, was acquired on 17 March 1998 for cash at par. The company was incorporated on 19 May 1997 and began trading on 20 November 1997. The results of the company prior to the date of acquisition were negligible, and the net assets of the company at this date totalled £472. This company is incorporated in Great Britain, and the investment comprises of a holding of 75% of the issued ordinary share capital and voting rights. The company provides computer recruitment services.

Advanced Computer Management Limited, Advanced Computer Education Limited and I. T. Integrity Limited have been fully consolidated in these group accounts using the acquisition method.

**8 STOCKS**

	<b>THE GROUP</b>		<b>THE COMPANY</b>	
	1998	1997	1998	1997
	£	£	£	£
Work in progress	13,000	4,900	13,000	4,900
	<hr/>	<hr/>	<hr/>	<hr/>

**ADVANCED COMPUTER GROUP LIMITED  
AND SUBSIDIARY UNDERTAKINGS  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 30 JUNE 1998**

**9 DEBTORS**

	<b>THE GROUP</b>		<b>THE COMPANY</b>	
	1998	1997	1998	1997
	£	£	£	£
<b>Due within one year</b>				
Trade debtors	333,355	197,372	317,954	160,346
Amounts due from group undertakings	-	-	35,440	-
Other debtors	11,967	13,685	11,967	13,685
Prepayments and accrued income	7,199	13,937	7,199	13,937
Tax recoverable	-	5,196	-	5,196
	<u>352,521</u>	<u>230,190</u>	<u>372,560</u>	<u>193,164</u>

**10 CREDITORS**

**Amounts falling due within one year**

	<b>THE GROUP</b>		<b>THE COMPANY</b>	
	1998	1997	1998	1997
	£	£	£	£
Bank loans and overdrafts	18,416	46,346	18,416	46,346
ACT payable	12,483	-	12,483	-
Trade creditors	76,643	22,824	76,643	22,824
Amounts owed to group undertakings	-	-	102	126,696
Corporation tax	43,037	50,444	43,037	22,161
Other tax and social security	49,521	82,780	43,601	66,547
Other creditors	8,415	20,329	8,415	20,329
Accruals and deferred income	24,150	27,268	23,150	25,268
	<u>232,665</u>	<u>249,991</u>	<u>225,847</u>	<u>330,171</u>

**11 SHARE CAPITAL**

	<b>Authorised</b>	<b>Allotted, called up and fully paid</b>	
	£	No.	£
At 1 July 1997			
Ordinary shares of £1 each	1,000	100	100
Movements in year:			
Capital redeemed during the year	-	(70)	(70)
At 30 June 1998	<u>1,000</u>	<u>30</u>	<u>30</u>

**ADVANCED COMPUTER GROUP LIMITED  
AND SUBSIDIARY UNDERTAKINGS  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 30 JUNE 1998**

**12 RESERVES**

	THE GROUP	THE COMPANY
	£	£
<b>Capital redemption reserve</b>		
At 1 July 1997	-	-
Capital redeemed during the year	70	70
	<u>70</u>	<u>70</u>
At 30 June 1998	<u>70</u>	<u>70</u>

During the year 70 ordinary £1 shares, representing 70% of the called up share capital, were purchased by the company for £50,000 in order to relieve a former director from his interest in the company.

	£	£
<b>Profit and loss account</b>		
At 1 July 1997	193,447	43,185
Profit for the year	98,006	266,024
Purchase of own shares	(50,000)	(50,000)
	<u>241,453</u>	<u>259,209</u>
At 30 June 1998	<u>241,453</u>	<u>259,209</u>

The profit of the group for the year consists of the following:

	1998	1997
	£	£
Retained by the company	259,209	43,185
Retained by subsidiary undertakings	(17,756)	150,262
	<u>241,453</u>	<u>193,447</u>



**ADVANCED COMPUTER GROUP LIMITED  
AND SUBSIDIARY UNDERTAKINGS  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 30 JUNE 1998**

**13 SHAREHOLDERS' FUNDS**

<b>THE GROUP</b>	<b>1998</b>	<b>1997</b>
	<b>£</b>	<b>£</b>
Shareholders' funds at 1 July 1997	193,547	82,676
Profit for the year	98,006	110,871
Other movements:		
Capital redeemed during the year	(50,000)	-
Shareholders' funds at 30 June 1998	<u>241,553</u>	<u>193,547</u>
 <b>THE COMPANY</b>	 <b>1998</b>	 <b>1997</b>
	<b>£</b>	<b>£</b>
Shareholders' funds at 1 July 1997	43,285	26,705
Profit for the year	266,024	16,580
Other movements:		
Capital redeemed during the year	(50,000)	-
Shareholders' funds at 30 June 1998	<u>259,309</u>	<u>43,285</u>

**14 OTHER COMMITMENTS**

At 30 June 1998 the group had annual commitments under operating leases as follows:

	<b>Land and buildings</b>		<b>Other</b>	
	<b>1998</b>	<b>1997</b>	<b>1998</b>	<b>1997</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Expiry date:</b>				
Within 1 year	-	-	-	10,516
Between 1 and 5 years	-	9,400	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

At 30 June 1998 the company had annual commitments under operating leases as follows:

	<b>Land and buildings</b>		<b>Other</b>	
	<b>1998</b>	<b>1997</b>	<b>1998</b>	<b>1997</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Expiry date:</b>				
Within 1 year	-	-	-	10,516
Between 1 and 5 years	-	9,400	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**15 TRANSACTIONS WITH DIRECTORS**

An amount of £50,000 was paid to a former director for shares redeemed during the year.

**ADVANCED COMPUTER GROUP LIMITED  
AND SUBSIDIARY UNDERTAKINGS  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 30 JUNE 1998**

**16 EMPLOYEE LOANS**

At the end of the year, there were £7,267 (1997 - £8,985) of loans due from 3 (1997 - 4) employees.

**17 PARENT UNDERTAKINGS AND CONTROLLING PARTIES**

The company is controlled by Mr M H T Robinson and Ms S N Nair.

Advanced Computer Group Limited is exempt from disclosing related party transactions with other group companies on the grounds that group accounts have been made available.