Company No 2174990

WARDSWIFT GROUP PLC

FINANCIAL STATEMENTS FOR THE 16 MONTHS

ENDED 31 JULY 1996

Faulkner House
Victoria Street
St Albans
Herts AL1 3SE

RAYNER ESSEX
CHARTERED ACCOUNTANTS

WARDSWIFT GROUP PLC

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 JULY 1996

Registered Office	1 Twyford Place Lincoln's Inn Lincoln Road High Wycombe Bucks HP12 3RE
Directors	P D J Kelly W J Kenny
Secretary	P D J Kelly
Bankers	National Westminster Bank Plc PO Box 17 33 High Street High Wycombe Bucks HP11 2AJ
Solicitors	George & George Dial House 14 Crendon Street High Wycombe Bucks HP13 6LW
Auditor	Rayner Essex Chartered Accountants Faulkner House Victoria Street St Albans Herts AL1 3SE

WARDSWIFT GROUP PLC

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 JULY 1996

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WARDSWIFT GROUP PLC

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 JULY 1996

The directors present their report together with financial statements for the period ended 31 July 1996.

Review of the business and future developments

The group is principally engaged in recruitment consultancy and selling computer software.

Results and dividends

The loss for the period after taxation is stated on page 4. The directors paid an interim dividend of 56 pence per share during the period.

Fixed assets

The movements in fixed assets during the period are set out in notes 7 to 9 to the accounts.

Directors

The directors in office during and at the end of the period are listed below.

The interests of the directors and their families in the shares of the company at 1 April 1995 and 31 July 1996 were as follows:

	31 July 1996 Ordinary Shares	1 April 1995 Ordinary Shares
P D J Kelly	50,000	50,000
A Newman (resigned 10 October 1995)	-	-
W J Kenny (appointed 1 May 1996)	-	-

Directors' responsibilities for the financial statements

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 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;
- 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 group will continue in business.

WARDSWIFT GROUP PLC

REPORT OF THE DIRECTORS (CONTINUED)

The directors are responsible for keeping proper accounting records for safeguarding the assets of the group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

On 30 August 1996 Grant Thornton resigned as auditor of the company and Rayner Essex were appointed in their place.

In accordance with Section 385(1) of the Companies Act 1985, a resolution proposing the re-appointment of Rayner Essex, Chartered Accountants, as auditor to the company will be put to the Annual General Meeting.

Creditor Payment Policy

The group's policy with regard to payment of creditors is that approved invoices are settled within the suppliers' terms.

BY ORDER OF THE BOARD

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P D J KELLY - DIRECTOR

26 February 1997

REPORT OF THE AUDITOR TO THE MEMBERS OF

WARDSWIFT GROUP PLC

We have audited the financial statements on pages 4 to 19 which have been prepared under the accounting policies set out on pages 8 and 9.

Respective responsibilities of directors and auditor

As described on page 1 the 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 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 at 31 July 1996 and the loss of the group for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Faulkner House
Victoria Street
St Albans
Herts AL1 3SE

Rayner Essex

RAYNER ESSEX
REGISTERED AUDITOR
CHARTERED ACCOUNTANTS

27 February 1997

WARDSWIFT GROUP PLC

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE PERIOD ENDED 31 JULY 1996

	Note	16 months to 31 July 1996 £	Year ended 31 March 1995 £
Turnover	2	3,395,736	1,832,905
Cost of sales		(2,399,822)	(1,370,833)
Gross profit		995,914	462,072
Administrative expenses		(946,922)	(442,817)
Exceptional item	2	(50,224)	-
Operating (loss)/profit		(1,232)	19,255
Interest payable and similar charges	3	(28,893)	(35,853)
Loss on ordinary activities before taxation	2	(30,125)	(16,598)
Tax on loss on ordinary activities	5	(5,288)	(6,401)
Loss on ordinary activities after taxation		(35,413)	(22,999)
Minority interest		19,417	-
Loss for the financial period	15	(15,996)	(22,999)
Dividends	16	(28,000)	-
Retained loss for the financial period		(43,996)	(22,999)
Retained profit b/fwd		56,982	79,981
Retained profit c/fwd		£12,986	£56,982

RECOGNISED GAINS AND LOSSES

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

CONTINUING ACTIVITIES

None of the group's activities were acquired or discontinued during the above two financial periods.

The notes on pages 8 to 19 form part of these accounts.

WARDSWIFT GROUP PLC

CONSOLIDATED BALANCE SHEET AT 31 JULY 1996

	Note	31 July 1996 £	31 March 1995 £
Fixed assets			
Intangible assets	7	5,553	16,659
Tangible assets	8	121,020	123,098
Investments	9	-	-
		126,573	139,757
Current assets			
Stocks	10	155,582	96,068
Debtors	11	588,869	351,566
Cash at bank and in hand		69	52
		744,520	447,686
Creditors: amounts falling due within one year	12	(827,675)	(490,724)
Net current liabilities		(83,155)	(43,038)
Total assets less current liabilities		43,418	96,719
Creditors: amounts falling due after more than one year	13	(3,485)	(3,373)
Minority interests	14	(1,572)	(10,989)
		£38,361	£82,357
Capital and reserves			
Called up share capital	15	21,875	21,875
Capital reserve	15	3,500	3,500
Profit and loss account	15	12,986	56,982
Shareholders' funds	15	£38,361	£82,357

The financial statements were approved by the board of directors on 26 February 1997

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P D J KELLY - DIRECTOR

The notes on pages 8 to 19 form part of these accounts.

WARDSWIFT GROUP PLC

COMPANY BALANCE SHEET AT 31 JULY 1996

	Note	31 July 1996 £	31 March 1995 £
Fixed assets			
Tangible assets	8	56,029	52,142
Investments	9	31,500	31,500
		87,529	83,642
Current assets			
Debtors	11	164,398	102,334
Cash at bank and in hand		6	52
		164,404	102,386
Creditors: amounts falling due within one year	12	(181,339)	(107,578)
Net current liabilities		(16,935)	(5,192)
Total assets less current liabilities		70,594	78,450
Creditors: amounts falling due after more than one year	13	(3,485)	(3,373)
		£67,109	£75,077
Capital and reserves			
Called up share capital	15	21,875	21,875
Profit and loss account	15	45,234	53,202
Shareholders' funds	15	£67,109	£75,077

The financial statements were approved by the Board of Directors on

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P D J KELLY - DIRECTOR

The notes on pages 8 to 19 form part of these accounts.

WARDSWIFT GROUP PLC

CONSOLIDATED CASH FLOW STATEMENT

FOR THE PERIOD ENDED 31 JULY 1996

	Note	£	16 months to 31 July 1996 £	£	Year ended 31 March 1995 £
Net cash inflow from operating activities	17		40,486		65,203
Returns on investments and servicing of finance					
Issue of shares to minority		10,000		-	
Interest paid		(28,893)		(35,853)	
Dividends paid		(28,000)		-	
Net cash outflow from returns on investments & servicing of finance			(46,893)		(35,853)
Taxation					
UK corporation tax paid			(2,508)		(14,582)
Investing activities					
Own work capitalised		-		(50,000)	
Purchase of intangible fixed assets		-		-	
Purchase of tangible fixed assets		(19,425)		(17,107)	
Sale of tangible fixed assets		-		2,000	
Net cash outflow from investing activities			(19,425)		(65,107)
Net cash outflow before financing			(28,340)		(50,339)
Financing					
Capital element of finance lease rentals	18		(8,021)		(4,163)
Decrease in cash and cash equivalents	19		£(36,361)		£(54,502)

The notes on pages 8 to 19 form part of these accounts.

WARDSWIFT GROUP PLC

NOTES TO THE FINANCIAL ACCOUNTS

FOR THE PERIOD ENDED 31 JULY 1996

1. ACCOUNTING POLICIES

(a) Accounting Convention

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention.

The principal accounting policies of the group have remained unchanged from the previous year and are set out below.

(b) Basis of Consolidation

The group financial statements consolidate those of the company and its trading subsidiary undertaking (see note 9) drawn up to 31 July 1996. The results of the subsidiary have been included using the acquisition method of accounting.

(c) Turnover

Turnover is the total amount receivable by the group in the ordinary course of business with outside customers for goods supplied as a principal and for services provided, excluding VAT and trade discounts.

(d) Depreciation

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets by annual instalments over their expected useful lives.

The rates generally applicable are:

Office equipment	15% reducing balance
Computer equipment	33% straight line
Motor vehicles	25% reducing balance

(e) Developments expenditure

Development costs incurred on specific projects are capitalised when recoverability can be assessed with reasonable certainty and are amortised in line with the expected sales arising from the projects. All other developments costs are written off in the year of expenditure.

WARDSWIFT GROUP PLC

NOTES TO THE FINANCIAL ACCOUNTS

FOR THE PERIOD ENDED 31 JULY 1996

1. ACCOUNTING POLICIES (CONTINUED)

(f) Leased assets

Where assets are financed by leasing agreements which give risks and rewards approximate to ownership("finance leases") they are treated as if they had been purchased outright on credit. They are therefore initially recorded as a fixed asset and a liability at a sum equal to the fair value of the asset. Leasing payments on such assets are regarded as consisting of a capital element which reduces the outstanding liability and an interest charge.

All other leases are regarded as operating leases and the total payments made under them are charged to the profit and loss account on a straight-line basis over the lease term.

(g) Contributions to pension funds

Defined contribution scheme.

The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

(h) Stocks

Stocks are stated at the lower of cost and net realisable value.

WARDSWIFT GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 JULY 1996

2. TURNOVER AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The turnover, loss before taxation and net assets are attributable to the following activities which are carried out in a single geographical market.

	Turnover		(Loss)/profit before taxation			
	16 months to 31 July 1996 £	Year ended 31 March 1995 £	16 months to 31 July 1996 £	Y/E 31 March 1995 £	31 July 1996 £	Net assets 31 March 1995 £
Recruitment consultancy	865,848	475,651	25,320	(16,915)	61,643	37,753
Computer software sales	2,529,888	1,357,254	(55,445)	317	(23,282)	44,604
	£3,395,736	£1,832,905	£(30,125)	£(16,598)	£38,361	£82,357

The loss on ordinary activities is stated after:

	16 months to 31 July 1996 £	Year ended 31 March 1995 £
Auditor's remuneration		
- audit services	5,500	7,750
- non audit services	1,250	1,855
Hire of plant and machinery	-	3,235
Other operating lease rentals	-	26,657
Amortisation of development costs	11,106	8,329
Depreciation of tangible fixed assets		
- owned	28,666	7,039
- held under finance leases	4,702	4,306
Exceptional bad debts	50,224	-

The exceptional bad debts relate to trade debts, outstanding at 1 April 1995 and not provided for, which subsequently proved to be irrecoverable.

3. INTEREST PAYABLE AND SIMILAR CHARGES

	16 months to 31 July 1996 £	Year ended 31 March 1995 £
On bank loans, overdrafts and other loans		
- repayable within 5 years, otherwise than by instalments	£28,893	£35,853

4. DIRECTORS AND EMPLOYEES

The average number of employees of the group during the year and their aggregate emoluments are shown below:

	16 months to 31 July 1996 £	Year ended 31 March 1995 £
Wages and salaries	523,115	257,499
Social security	53,068	31,543
Pension costs	8,355	2,789
	£584,538	£291,831

The average number of employees of the group during the period was 25 (1995: 18)

Staff costs include remuneration in respect of directors, as follows:

	16 months to 31 July 1996 £	Year ended 31 March 1995 £
Directors' fees	-	24,000
Management remuneration	82,364	21,566
Pension contributions	3,687	2,789
	£86,051	£48,355

The emoluments of directors, excluding pension contributions, were as follows:

16 months to 31 July 1996	
The chairman	£40,489
The highest paid director	£40,875
Year ended 31 March 1995	
The chairman and highest paid director	£21,566

	16 months to 31 July 1996 £ Number	Year ended 31 March 1995 £ Number
Other directors		
£0 to £5,000	1	-
£20,001 to £25,000	-	1

WARDSWIFT GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 JULY 1996

5. TAX ON LOSS ON ORDINARY ACTIVITIES

The tax (charge)/credit is based on the loss for the period and represents:

	1996 £	1995 £
Corporation Tax		
@ 25% (1995: 25%)	-	(6,401)
Under provision re prior years	(5,288)	-
	£(5,288)	£(6,401)

6. LOSS FOR THE FINANCIAL YEAR

The parent company has taken advantage of section 230 of the Companies Act 1985 and has not included its own profit and loss account in these financial statements. The group loss for the period includes a profit of £20,032 (1995: loss of £23,316) which is dealt with in the financial statements of the company.

7. INTANGIBLE FIXED ASSETS

	Development costs £
Cost	
At 1 April 1995 and at 31 July 1996	24,988
Depreciation	
At 1 April 1995	8,329
Provided in the period	11,106
At 31 July 1996	19,435
Net book value	
At 31 July 1996	£5,553
At 31 March 1995	£16,659

The development costs capitalised relate to the production of the first catalogue of the subsidiary, Software Catalogue Limited. The amount is to be written off over the life of the resulting income stream which is anticipated to be three years.

WARDSWIFT GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 JULY 1996

8. TANGIBLE FIXED ASSETS

The group	Total £	Office equipment £	Computer equipment £	Motor vehicles £
Cost				
At 1 April 1995	224,760	57,050	122,260	45,450
Additions at cost	31,290	15,280	16,010	-
Disposals	-	-	-	-
At 31 July 1996	256,050	72,330	138,270	45,450
Depreciation				
At 1 April 1995	101,662	30,422	37,397	33,843
Provided in the period	33,368	6,292	27,076	-
Disposals	-	-	-	-
At 31 July 1996	135,030	36,714	64,473	33,843
Net book value				
At 31 July 1996	£121,020	£35,616	£73,797	£11,607
At 31 March 1995	£123,098	£26,628	£84,863	£11,607

The company	Total £	Office equipment £	Computer equipment £	Motor vehicles £
Cost				
At 1 April 1995	149,781	51,858	52,473	45,450
Additions at cost	16,654	14,516	2,138	-
Disposals	-	-	-	-
	166,435	66,374	54,611	45,450
Depreciation				
At 1 April 1995	97,639	29,774	34,022	33,843
Provided in the year	12,767	5,580	7,187	-
Disposals	-	-	-	-
At 31 July 1996	110,406	35,354	41,209	33,843
Net book value				
At 31 July 1996	£56,029	£31,020	£13,402	£11,607
At 31 March 1995	£52,142	£22,084	£18,451	£11,607

WARDSWIFT GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 31 JULY 1996

8. TANGIBLE FIXED ASSETS (CONTINUED)

Included in the figures stated above are assets held under finance leases as follows:

The group and the company

	Office equipment £	Computer equipment £	Motor vehicles £
Net book value at 31 July 1996	£9,848	£2,014	£ -
Net book value at 31 March 1995	£ -	£9,149	£13,455

9. FIXED ASSET INVESTMENTS

	Cost of shares in subsidiary companies £
Cost at 1 April 1995 and 31 July 1996	£31,500

At 31 July 1996 the company held more than 10% of the equity of the following company:

Subsidiary	Country of registration	Class of share capital held	Proportion held	Nature of business
Software Catalogue Limited	England and Wales	Ordinary	64%	Computer Software

10. STOCKS

	The group 31 July 1996 £	31 March 1995 £
Goods for resale	£155,582	£96,068

WARDSWIFT GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 JULY 1996

11. DEBTORS

	The group		The company	
	31 July 1996 £	31 March 1995 £	31 July 1996 £	31 March 1995 £
Trade debtors	555,049	327,875	134,857	74,969
Amounts owed by group undertakings	-	-	-	5,824
Other debtors	-	13,199	-	13,199
Tax recoverable	7,000	5,003	7,000	5,003
Prepayments and accrued income	26,820	5,489	22,541	3,339
	£588,869	£351,566	£164,398	£102,334

Trade debtors include factored debts of £390,541.
There was a loan to P D J Kelly during the period, the maximum balance outstanding being £27,558. This loan was cleared by 31 July 1996.

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

		The group		The company	
		31 July 1996 £	31 March 1995 £	31 July 1996 £	31 March 1995 £
Bank overdrafts	(a)	155,836	119,458	68,621	46,365
Trade creditors		357,254	249,262	38,704	21,525
Amounts owed to group undertakings		-	-	22,549	-
Current taxation		7,285	2,508	7,285	2,508
Social security and other taxes		39,644	26,521	20,196	19,229
Accruals and deferred income		29,907	12,170	14,857	6,670
Other creditors		229,064	75,852	442	6,328
Amounts due under finance leases		8,685	4,953	8,685	4,953
		£827,675	£490,724	£181,339	£107,578

(a) The bank overdrafts are secured by mortgage debentures over the assets of the group and unlimited cross-guarantees between group companies.

WARDSWIFT GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 JULY 1996

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	The group & the company	
	31 July 1996 £	31 March 1995 £
Amount due under finance leases	£3,485	£3,373

Borrowings are repayable as follows:

	31 July 1996 £	31 March 1995 £
Between one and two years	£3,485	£3,373

14. MINORITY INTERESTS

	The group	
	31 July 1996 £	31 March 1995 £
Minority interests	£1,572	£10,989

15. SHAREHOLDERS' FUNDS

The group	Share capital £	Capital reserve £	Profit and loss account £	Total £
At 1 April 1994	21,875	3,500	79,981	105,356
Loss for the financial year	-	-	(22,999)	(22,999)
At 31 March 1995	21,875	3,500	56,982	82,357
Loss for the financial period	-	-	(15,996)	(15,996)
Dividends	-	-	(28,000)	(28,000)
At 31 July 1996	£21,875	£3,500	£12,986	£38,361

WARDSWIFT GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 JULY 1996

15. SHAREHOLDERS' FUNDS (CONTINUED)

The company	Share capital £	Profit and loss account £	Total £
At 1 April 1994	21,875	76,518	98,393
Loss for the financial year	-	(23,316)	(23,316)
At 31 March 1995	21,875	53,202	75,077
Profit for the financial period	-	20,032	20,032
Dividends	-	(28,000)	(28,000)
At 31 July 1996	£21,875	£45,234	£67,109

The share capital consists of 50,000 authorised, ordinary shares of £1 each, of which 12,500 are allotted, called up and fully paid and 37,500 are allotted, called up and quarter paid.

16. DIVIDENDS

	16 Months to 31 July 1996 £	Year end 31 March 1995 £
Interim dividend	£28,000	£ -

17. NET CASH INFLOW FROM OPERATING ACTIVITIES

	16 Months to 31 July 1996 £	Year end 31 March 1995 £
Operating (loss)/profit	(1,232)	19,255
Amortisation	11,106	8,329
Depreciation	33,368	11,345
Loss/(profit) on sale of tangible fixed assets	-	1,953
Increase in stocks	(59,514)	(39,988)
Increase in debtors	(235,306)	(91,834)
Increase in creditors	292,064	156,143
Net cash inflow from operating activities	£40,486	£65,203

WARDSWIFT GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 JULY 1996

18. ANALYSIS OF CHANGES IN FINANCING DURING THE PERIOD

	Total financing £	Share capital £	Loans and finance lease obligations £
Balance at 1 April 1994	34,364	21,875	12,489
Net cash outflow from financing	(4,163)	-	(4,163)
Balance at 31 March 1995	30,201	21,875	8,326
Net cash outflow from financing	(8,021)	-	(8,021)
Inception of finance leases	11,865	-	11,865
Balance at 31 July 1996	£34,045	£21,875	£12,170

19. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE PERIOD

	1996 £	1995 £
Balance at 1 April 1995/1994	(119,406)	(64,904)
Net cash outflow	(36,361)	(54,502)
Balance at 31 July 1996/31 March 1995	£(155,767)	£(119,406)

Cash and cash equivalents comprise:

	31 July 1996 £	31 March 1995 £	31 March 1994 £	Change in 1996 £	Change in 1995 £
Cash at bank & in hand	69	52	20	17	32
Bank overdrafts	(155,836)	(119,458)	(64,924)	(36,378)	(54,534)
	£(155,767)	£(119,406)	£(64,904)	£(36,361)	£(54,502)

WARDSWIFT GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 JULY 1996 (CONTINUED)

20. LEASING COMMITMENTS

Operating lease payments amounting to £63,760 (1995: £38,936) are due within one year. The leases to which these amounts relate expire as follows:

	1996		1995	
	Land and buildings £	Other £	Land and buildings £	Other £
Between two and five years	£63,760	£ -	£38,936	£-

21. PENSIONS

Defined contribution scheme.

The company operates a defined contribution pension scheme for the benefit of the senior employees and directors. The assets of the scheme are administered by trustees in a fund independent from those of the company.