

WARDSWIFT GROUP PLC  
FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 31 JULY 1997



Faulkner House  
Victoria Street  
St Albans  
Herts AL1 3SE

RAYNER ESSEX  
CHARTERED ACCOUNTANTS

**WARDSWIFT GROUP PLC**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JULY 1997**

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 YEAR ENDED 31 JULY 1997**

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**WARDSWIFT GROUP PLC****FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 JULY 1997**

The directors present their report together with financial statements for the year ended 31 July 1997.

**Review of the business and future developments**

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

**Results and dividends**

The profit for the year after taxation is stated on page 4. The directors do not recommend the payment of a dividend.

**Directors**

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

The interests of the directors and their families in the shares of the company at the beginning and end of the year were as follows:

	<b>31 July 1997</b>	<b>31 July 1996</b>
	<b>Ordinary Shares</b>	<b>Ordinary Shares</b>
P D J Kelly	50,000	50,000
W J Kenny	-	-

**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.

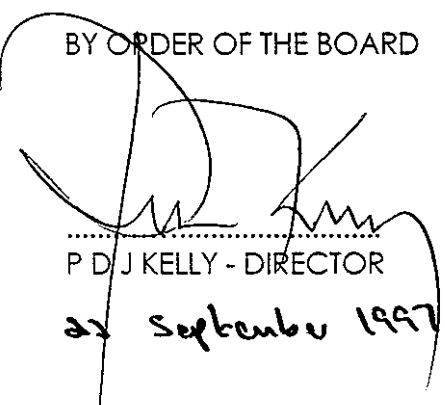
**Auditor**

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



.....  
P D J KELLY - DIRECTOR

22 September 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**

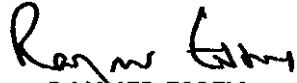
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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 1997 and the profit of the group for the year 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  
REGISTERED AUDITOR  
CHARTERED ACCOUNTANTS  
30 September 1997

## WARDSWIFT GROUP PLC

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 JULY 1997

	Note	Year ended 31 July 1997 £	16 months to 31 July 1996 £
Turnover	2	4,764,225	3,395,736
Cost of sales		(3,532,796)	(2,399,822)
<b>Gross profit</b>		<u>1,231,429</u>	<u>995,914</u>
Administrative expenses		(1,049,464)	(946,922)
Exceptional item	2	-	(50,224)
<b>Operating profit/(loss)</b>		<u>181,965</u>	<u>(1,232)</u>
Interest payable and similar charges	3	(40,014)	(28,893)
<b>Profit/(loss) on ordinary activities before taxation</b>	2	141,951	(30,125)
Tax on profit/(loss) on ordinary activities	5	(34,086)	(5,288)
<b>Profit/(loss) on ordinary activities after taxation</b>		<u>107,865</u>	<u>(35,413)</u>
Minority interest		(23,424)	19,417
<b>Profit/(loss) for the financial period</b>	15	84,441	(15,996)
Dividends	16	-	(28,000)
Retained profit/(loss) for the financial period		<u>84,441</u>	<u>(43,996)</u>
Retained profit b/fwd		<u>12,986</u>	<u>56,982</u>
Retained profit c/fwd		<u>£97,427</u>	<u>£12,986</u>

## 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.

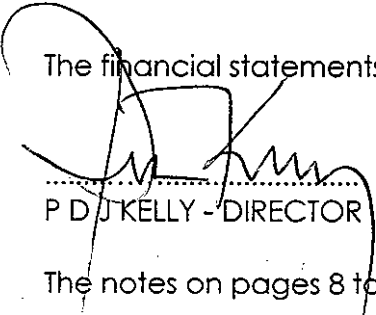
The notes on pages 8 to 19 form part of these accounts.

## WARDSWIFT GROUP PLC

## CONSOLIDATED BALANCE SHEET AT 31 JULY 1997

	Note	1997 £	1996 £
<b>Fixed assets</b>			
Intangible assets	7	-	5,553
Tangible assets	8	163,183	121,020
Investments	9	8,648	-
		<u>171,831</u>	<u>126,573</u>
<b>Current assets</b>			
Stocks	10	54,738	155,582
Debtors	11	1,257,294	588,869
Cash at bank and in hand		45,954	69
		<u>1,357,986</u>	<u>744,520</u>
<b>Creditors: amounts falling due within one year</b>	12	<u>(1,359,248)</u>	<u>(827,675)</u>
<b>Net current liabilities</b>		<u>(1,262)</u>	<u>(83,155)</u>
<b>Total assets less current liabilities</b>		<u>170,569</u>	<u>43,418</u>
<b>Creditors: amounts falling due after more than one year</b>	13	(22,771)	(3,485)
Minority interests	14	(24,996)	(1,572)
		<u>£122,802</u>	<u>£38,361</u>
<b>Capital and reserves</b>			
Called up share capital	15	21,875	21,875
Capital reserve	15	3,500	3,500
Profit and loss account	15	97,427	12,986
<b>Equity shareholders' funds</b>	15	<u>£122,802</u>	<u>£38,361</u>

The financial statements were approved by the board of directors on 22 September 1997

  
P D J KELLY - DIRECTOR

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

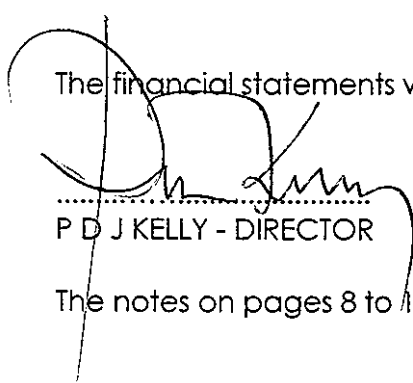


## WARDSWIFT GROUP PLC

## COMPANY BALANCE SHEET AT 31 JULY 1997

	Note	1997 £	1996 £
<b>Fixed assets</b>			
Tangible assets	8	79,856	56,029
Investments	9	40,148	31,500
		<u>120,004</u>	<u>87,529</u>
<b>Current assets</b>			
Debtors	11	191,608	164,398
Cash at bank and in hand		-	6
		<u>191,608</u>	<u>164,404</u>
Creditors: amounts falling due within one year	12	(186,282)	(181,339)
Net current assets/(liabilities)		<u>5,326</u>	<u>(16,935)</u>
Total assets less current liabilities		<u>125,330</u>	<u>70,594</u>
Creditors: amounts falling due after more than one year	13	(14,771)	(3,485)
		<u>£110,559</u>	<u>£67,109</u>
<b>Capital and reserves</b>			
Called up share capital	15	21,875	21,875
Profit and loss account	15	88,864	45,234
Equity shareholders' funds	15	<u>£110,559</u>	<u>£67,109</u>

The financial statements were approved by the Board of Directors on 22 September 1997

  
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 YEAR ENDED 31 JULY 1997

	Note	Year ended 31 July 1997 £	16 months to 31 July 1996 £
Net cash inflow from operating activities	21	253,385	40,486
Returns on investments and servicing of finance	22	(40,014)	(28,893)
Taxation		(4,493)	(2,508)
Capital expenditure and financial investment	22	(37,289)	(19,425)
Equity dividends paid		-	(28,000)
Cash inflow/(outflow) before use of liquid resources and financing		171,589	(38,340)
Financing - increase in debt	22	(21,789)	1,979
Increase/(decrease) in cash for the period		<u>£149,800</u>	<u>£(36,361)</u>
Reconciliation of net cashflow to movement in net debt	23		
Increase/(decrease) in cash in the period		(149,800)	36,361
Cash flow from increase in debt and lease financing		<u>152,311</u>	<u>145,191</u>
Change in net debt resulting from cash flows		2,511	181,552
New finance leases		<u>51,970</u>	<u>11,865</u>
Change in net debt in period		54,481	193,417
Net debt at 1.8.96		<u>397,001</u>	<u>203,584</u>
Net debt at 31.7.97		<u>£451,482</u>	<u>£397,001</u>

**WARDSWIFT GROUP PLC****NOTES TO THE FINANCIAL ACCOUNTS****FOR THE YEAR ENDED 31 JULY 1997****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 1997. 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) Development 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 development costs are written off in the year of expenditure.

**WARDSWIFT GROUP PLC****NOTES TO THE FINANCIAL ACCOUNTS****FOR THE YEAR ENDED 31 JULY 1997****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.

**(i) Deferred taxation**

Deferred taxation is provided on the liability method on all short term timing differences except where, in the opinion of the directors, a liability is unlikely to arise. Provision is also made for long term timing differences where those differences are expected to reverse in the foreseeable future.

## WARDSWIFT GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 JULY 1997

## 2. TURNOVER AND PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

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

	Turnover		Profit/(loss) before taxation		Net assets	
	Year ended to 31 July 1997 £	16 months 31 July 1996 £	Year ended to 31 July 1997 £	16 months 31 July 1996 £	31 July 1997 £	31 July 1996 £
Recruitment consultancy	733,471	865,848	57,646	25,320	92,296	61,643
Computer software sales	4,030,754	2,529,888	84,305	(55,445)	30,506	(23,282)
	<u>£4,764,225</u>	<u>£3,395,736</u>	<u>£141,951</u>	<u>£(30,125)</u>	<u>£122,802</u>	<u>£38,361</u>

The profit/(loss) on ordinary activities is stated after:

	Year ended to 31 July 1997 £	16 months 31 July 1996 £
Auditor's remuneration		
- audit services	5,500	5,500
- non audit services	6,050	1,250
Hire of plant and machinery	2,700	-
Other operating lease rentals	63,939	46,363
Amortisation of development costs	5,553	11,106
Depreciation of tangible fixed assets		
- owned	32,725	28,666
- held under finance leases	6,116	4,702
Exceptional bad debts	-	50,224
	<u></u>	<u></u>

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

	Year ended to 31 July 1997 £	16 months 31 July 1996 £
On bank loans, overdrafts and overdrafts		
- repayable within 5 years, otherwise than by instalments	5,215	10,578
Other loans		
- repayable within 5 years other than by instalments	31,505	17,659
Hire purchase interest	3,294	656
	<u>£40,014</u>	<u>£28,893</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 1997

4. DIRECTORS AND EMPLOYEES

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

	Year ended 16 months to 31 July 1997 £	31 July 1996 £
Wages and salaries	508,623	523,115
Social security	56,952	53,068
Pension costs	4,373	8,355
	<u>£569,948</u>	<u>£584,538</u>

The average monthly number of employees of the group during the period was 30 (1996: 25)

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

	Year ended 16 months to 31 July 1997 £	31 July 1996 £
Directors' fees	-	-
Management remuneration	63,909	82,364
Pension contributions	3,464	3,687
	<u>£67,373</u>	<u>£86,051</u>

5. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

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

	1997 £	1996 £
Corporation tax @ 21% (1996: 14%)	34,086	-
Under provision in previous years	-	5,288
	<u>£34,086</u>	<u>£5,288</u>

## WARDSWIFT GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 JULY 1997

## 6. PROFIT 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 profit for the year includes a profit of £57,646 (1996: profit of £20,032) which is dealt with in the financial statements of the company.

## 7. INTANGIBLE FIXED ASSETS

	Development costs £
<b>Cost</b>	
At 1 August 1996 and at 31 July 1997	24,988
<b>Depreciation</b>	
At 1 August 1996	19,435
Provided in the year	5,553
At 31 July 1997	24,988
<b>Net book value</b>	
At 31 July 1997	£ -
At 31 July 1996	£5,553

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 YEAR ENDED 31 JULY 1997

## 8. TANGIBLE FIXED ASSETS

The group	Total £	Office equipment £	Computer equipment £	Motor vehicles £
<b>Cost</b>				
At 1 August 1996	256,050	72,330	138,270	45,450
Additions at cost	85,811	8,293	25,548	51,970
Disposals	(29,950)	-	-	(29,950)
At 31 July 1997	<u>311,911</u>	<u>80,623</u>	<u>163,818</u>	<u>67,470</u>
<b>Depreciation</b>				
At 1 August 1996	135,030	36,714	64,473	33,843
Provided in the year	38,841	5,389	27,792	5,660
Disposals	(25,143)	-	-	(25,143)
At 31 July 1997	<u>148,728</u>	<u>42,103</u>	<u>92,265</u>	<u>14,360</u>
<b>Net book value</b>				
At 31 July 1997	<u>£163,183</u>	<u>£38,520</u>	<u>£71,553</u>	<u>£53,110</u>
At 31 July 1996	<u>£121,020</u>	<u>£35,616</u>	<u>£73,797</u>	<u>£11,607</u>
<b>The company</b>				
	Total £	Office equipment £	Computer equipment £	Motor vehicles £
<b>Cost</b>				
At 1 August 1996	166,435	66,374	54,611	45,450
Additions at cost	38,743	6,773	-	31,970
Disposals	(29,950)	-	-	(29,950)
At 31 July 1997	<u>175,228</u>	<u>73,147</u>	<u>54,611</u>	<u>47,470</u>
<b>Depreciation</b>				
At 1 August 1996	110,406	35,354	41,209	33,843
Provided in the year	10,109	4,492	2,624	2,993
Disposals	(25,143)	-	-	(25,143)
At 31 July 1997	<u>95,372</u>	<u>39,846</u>	<u>43,833</u>	<u>11,693</u>
<b>Net book value</b>				
At 31 July 1997	<u>£79,856</u>	<u>£33,301</u>	<u>£10,778</u>	<u>£35,777</u>
At 31 July 1996	<u>£56,029</u>	<u>£31,020</u>	<u>£13,402</u>	<u>£11,607</u>



## WARDSWIFT GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR 31 JULY 1997

## 8. TANGIBLE FIXED ASSETS (CONTINUED)

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

## The group

	Office equipment	Computer equipment	Motor vehicles
Net book value at 31 July 1997	<u>£8,592</u>	<u>£2,014</u>	<u>£47,110</u>
Net book value at 31 July 1996	<u>£9,848</u>	<u>£2,014</u>	<u>£ -</u>

## The company

	Office equipment	Computer equipment	Motor vehicles
Net book value at 31 July 1997	<u>£8,592</u>	<u>£2,014</u>	<u>£29,777</u>
Net book value at 31 July 1996	<u>£9,848</u>	<u>£2,014</u>	<u>£ -</u>

## 9. FIXED ASSET INVESTMENTS

	Loans to associates £	Shares in associates £	Shares in subsidiaries £	Total £
Cost at 1 August 1996	-	-	31,500	31,500
Additions	<u>8,647</u>	<u>1</u>	<u>-</u>	<u>8,648</u>
Cost of 31 July 1997	<u>£8,647</u>	<u>£1</u>	<u>£31,500</u>	<u>£40,148</u>

At 31 July 1997 the company held more than 10% of the equity of the following companies:

Subsidiary	Country of registration	Class of share capital held	Proportion held	Nature of business
Software Catalogue Limited	England and Wales	Ordinary	64%	Computer Software
<b>Associate</b> SDS Plc	England and Wales	Ordinary	33%	Computer Marketing

The results of Software Catalogue have been consolidated by virtue of the fact that Wardswift Group Plc holds the majority of the voting share capital.

SDS Plc has been treated as a trade investment because the trading results are negligible and the net assets are not materially different from the value of the investment.

## WARDSWIFT GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 JULY 1997

## 10. STOCKS

	The group	
	1997	1996
Goods for resale	<u>£54,738</u>	<u>£155,582</u>

## 11. DEBTORS

	The group		The company	
	1997	1996	1997	1996
	£	£	£	£
Trade debtors	1,188,865	555,049	153,053	134,857
Other debtors	1,150	-	1,150	-
Tax recoverable	7,000	7,000	7,000	7,000
Prepayments and accrued income	<u>60,279</u>	<u>26,820</u>	<u>30,405</u>	<u>22,541</u>
	<u>£1,257,294</u>	<u>£588,869</u>	<u>£191,608</u>	<u>£164,398</u>

Trade debtors include factored debts of £818,186. (1996: £390,541)

There was a loan to P D J Kelly during the year, the maximum balance outstanding being £9,141. The balance still outstanding at 31 July 1997 was £1,150, included in other debtors.

## 12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	The group		The company	
	1997	1996	1997	1996
	£	£	£	£
Bank overdrafts (a)	51,921	155,836	51,921	68,621
Trade creditors	641,651	357,254	29,555	38,704
Amounts owed to group undertakings	-	-	13,237	22,549
Current taxation	36,878	7,285	16,988	7,285
Social security and other taxes	87,733	39,644	42,048	20,196
Accruals and deferred income	118,321	29,907	18,953	14,857
Other creditors	403,164	229,064	-	442
Amounts due under finance leases	<u>19,580</u>	<u>8,685</u>	<u>13,580</u>	<u>8,685</u>
	<u>£1,359,248</u>	<u>£827,675</u>	<u>£186,282</u>	<u>£181,339</u>

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

(b) The other creditors are secured by cross company guarantees, the book debts of Software Catalogue Limited and a personal guarantee by Mr P D J Kelly, Director.

## WARDSWIFT GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 1997

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

	The group		The company	
	1997	1996	1997	1996
Amount due under finance leases	<u>£22,771</u>	<u>£3,485</u>	<u>£14,771</u>	<u>£3,485</u>
Borrowings are repayable as follows:	1997	1996	1997	1996
	£	£	£	£
Between one and two years	14,883	3,485	8,883	3,485
Between two and five years	<u>7,888</u>	<u>-</u>	<u>5,888</u>	<u>-</u>
	<u>£22,771</u>	<u>£3,485</u>	<u>£14,771</u>	<u>£3,485</u>

## 14. MINORITY INTERESTS

	The group	
	1997	1996
Minority interests	<u>£24,996</u>	<u>£1,572</u>

## 15. SHAREHOLDERS' FUNDS

The group	Share capital £	Capital reserve £	Profit and loss account £	Total £
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	<u>21,875</u>	<u>3,500</u>	<u>12,986</u>	<u>38,361</u>
Profit for the financial year	-	-	84,441	84,441
At 31 July 1997	<u>£21,875</u>	<u>£3,500</u>	<u>£97,427</u>	<u>£122,802</u>

## WARDSWIFT GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 1997

## 15. SHAREHOLDERS' FUNDS (CONTINUED)

The company	Share capital £	Profit and loss account £	Total £
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
Profit for the financial year	-	43,450	43,450
At 31 July 1997	<u>£21,875</u>	<u>£88,684</u>	<u>£110,559</u>

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

	Year end 31 July 1997	16 Months to 31 July 1996
Interim dividend	<u>£ -</u>	<u>£28,000</u>

## 17. LEASING COMMITMENTS

Operating lease payments amounting to £28,982 (1996: £63,760) are due within one year. The leases to which these amounts relate expire as follows:

	1997		1996	
	Land and buildings	Other	Land and buildings	Other
Within one year	<u>£28,982</u>	<u>£ -</u>	<u>£63,760</u>	<u>£-</u>

## 18. 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.

**WARDSWIFT GROUP PLC**

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENTS**

**FOR THE YEAR ENDED 31 JULY 1997**

**19. DEFERRED TAXATION**

No provision has been made for deferred taxation as, in the opinion of the directors, a liability is unlikely to arise.

**20. DISCLOSURE OF CONTROL**

The ultimate controlling party of the group is Mr P D J Kelly, Director.

As disclosed in note 12, Other Creditors of £403,164 (1996: £228,622) have been partly secured by a personal guarantee from Mr P D J Kelly.

**21. RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOW**

	Year ended 31 July 1997 £	16 months to 31 July 1996 £
Operating profit/(loss)	181,965	(1,232)
Depreciation charges	38,841	33,368
Amortisation charges	5,553	11,106
Decrease/(increase) in stock	100,844	(59,514)
Increase in debtors	(668,425)	(235,306)
Increase in creditors	595,000	292,064
Profit on disposal	(393)	-
	<u>£253,385</u>	<u>£40,486</u>

## WARDSWIFT GROUP PLC

## NOTES TO THE CONSOLIDATED CASH FLOW STATEMENTS - CONTINUED

FOR THE YEAR ENDED 31 JULY 1997

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

	Year ended 31 July 1997 £	16 months to 31 July 1996 £
Returns on investments and servicing of finance:		
Interest paid	5,215	10,578
Interest element of finance lease rental payments	3,294	656
Interest element of factor charges	31,505	17,659
	<u>          </u>	<u>          </u>
Net cash outflow for returns on investments and servicing of finance	<u>£40,014</u>	<u>£28,893</u>
Capital expenditure and financial investment:		
Purchase of tangible fixed assets	33,841	19,425
Purchase of trade investment	8,648	-
Sale of tangible fixed assets	(5,200)	-
	<u>          </u>	<u>          </u>
Net cash outflow for capital expenditure and financial investment	<u>£37,289</u>	<u>£19,425</u>
Financing:		
Capital element of finance lease repayments	(21,789)	(8,021)
Issue of ordinary share capital	-	10,000
	<u>          </u>	<u>          </u>
	<u>£(21,789)</u>	<u>£1,979</u>

## 23. ANALYSIS OF NET DEBT

	At 31 July 1996 £	Cash Flow £	At 31 July 1997 £
Cash in hand	(69)	(45,885)	(45,954)
Overdrafts	155,836	(103,915)	51,921
	<u>155,767</u>	<u>(149,800)</u>	<u>5,967</u>
Debt due within 1 year	229,064	174,100	403,164
Finance leases	12,170	30,181	42,351
	<u>£397,001</u>	<u>£54,481</u>	<u>£451,482</u>