

SOUTH WEST INVESTMENT GROUP SERVICES LIMITED

FINANCIAL STATEMENTS

for the year ended 31 March 2000

Registered Number 2688108



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South West Investment Group Services Limited

Directors Report and Financial Statements for the year ended 31 March 2000

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South West Investment Group Services Limited

Directors' Report

The directors present their annual report and the audited financial statements for the year ended 31 March 2000.

Principal Activity

The principal activities of the company during the year continued to be those of investment management and providing advice and consultancies to businesses in South West England

Business Review

The Company, a wholly owned Subsidiary of South West Investment Group Limited, undertakes fund management, consultancy and project management. Its income is derived from fees from companies and contracts with the public and private sector.

Results

The results for the year are set out in the profit and loss account on page 5.

Proposed Dividends

The directors do not recommend the payment of a dividend for the year (1999 : Nil).

Fixed Assets

Changes in fixed assets during the year are summarised in note 8 to the financial statements.

Directors

The directors who held office during the year were as follows :

Mr DTA Kitley	(resigned 1 Decemeber 1999)
Mr JR Berry	
Mr CH Williams	
Mr DM Pattison	(resigned 1 Decemeber 1999)
Mr A Quinell	
Mr J Sharpe	(resigned 24 July 2000)
Mr C Kerkin	(resigned 14 June 2000)
Mr R Hichens	

None of the directors who held office during the year had any disclosable interest in the shares of the company.

South West Investment Group Services Limited

Directors' Report (*continued*)

Year 2000

It is the assessment of the directors that, to date, the year 2000 issue has had no significant effect on the financial position of the Company or operating capabilities of the Company.

Auditors

In accordance with Section 385 of the Companies Act, a resolution for the re-appointment of Kelsall Steele as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board


JR Berry
Director

29 September 2000

Trevint House
Strangways Villas
TRURO
Cornwall

South West Investment Group Services Limited

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 of the profit or loss for the period. In preparing those financial statements, the directors are required to :

- select suitable accounting policies and then apply them consistently;
- make judgments 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 to enable them to ensure the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and irregularities.

Report of the Auditors to the Shareholders of South West Investment Group Services Limited

We have audited the financial statements on pages 5 to 14.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of the 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 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 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 the company's affairs as at 31 March 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Kelsall Steele
Chartered Accountants
Registered Auditors

20 Chapel Street
CAMBORNE
Cornwall

W. S. Steele
15/12/00

South West Investment Group Services Limited

Profit and Loss Account

for the year ended 31 March 2000

	Note	2000	1999
Turnover	2	303,557	446,809
Administrative Expenses		(296,239)	(444,155)
Other Operating Income		2,029	5,754
		<u>9,347</u>	8,408
Interest receivable and similar income		1,471	
Interest payable and similar charges	3	<u>(1,493)</u>	(311)
Profit on Ordinary Activities before Taxation		<u>9,325</u>	8,097
Tax on profit on Ordinary Activities		-	-
Profit on Ordinary Activities after Taxation		<u>9,325</u>	8,097
Retained Profit Brought Forward		62,703	54,606
Retained Profit Carried Forward		<u>72,028</u>	62,703

There were no acquisitions or discontinued operations during the year (1999 : Nil).

There are no recognised gains or losses other than the profit for the year.

The reported profit for the year does not differ materially from the profit on an unmodified historical cost basis.

South West Investment Group Services Limited

Balance Sheet

as at 31 March 2000

	Note	£	2000 £	£	1999 £
Fixed Assets					
Tangible Assets	8		36,826		51,683
Current Assets					
Stocks	9	8,338		9,170	
Debtors	10	206,778		310,335	
Cash at Bank and in Hand		70,134		32,197	
			<u>285,250</u>	<u>351,702</u>	
Creditors : Amounts Falling Due Within One Year	11	142,774		223,112	
Net Current Assets			<u>142,476</u>		128,590
Total Assets Less Current Liabilities			<u>179,302</u>		<u>180,273</u>
Creditors : Amounts Falling Due After More Than One Year	12	(55,535)		(66,069)	
Accruals And Deferred Income	14	(1,739)		(1,501)	
Net Assets			<u>122,028</u>		<u>112,703</u>
Capital And Reserves					
Called Up Share Capital	15	50,000		50,000	
Profit and Loss Account		72,028		62,703	
Equity Shareholders' Funds	16		<u>122,028</u>		<u>112,703</u>

These financial statements were approved by the board of directors on 29 September 2000 and were signed on its behalf by :


JR Berry
Director

South West Investment Group Services Limited

Cash flow statement

for the year ended 31 March 2000

	Note	£	2000 £	£	1999 £
Cash flow from operating activities	19		72,638		(37,527)
Returns on investments and servicing of finance					
Interest received		1,471		934	
Interest paid		(1,493)		(1,245)	
Net cash(outflows) from returns on investments and servicing of finance			(22)		(311)
Tax paid			-		-
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(1,929)		(50,580)	
Receipts from sales of tangible fixed assets		1,856		13,883	
Capital based grants received		948		248	
Net cash inflow/(outflow) for capital expenditure and financial investment			875		(36,449)
Cash inflow/(outflow) before financing			73,491		(74,287)
Financing					
New finance leases		-		31,705	
Capital element of finance lease rental payments		(10,534)		(14,378)	
Net cash inflow from financing			(10,534)		17,327
Increase/(decrease) in cash			62,957		(56,960)
Reconciliation of net cash flow to movement in net debt (note 20)					
Increase in cash in the period		62,957		(56,960)	
Cash outflow from decrease in debt and lease financing		10,534		14,378	
Change in net debt resulting from cash flows			73,491		(42,582)
New finance leases			-		(31,705)
Net debt at 1 April 1999			(19,427)		54,860
Net funds at 31 March 2000			54,064		(19,427)

South West Investment Group Services Limited

Notes

(forming part of the financial statement)

1 Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of Preparation

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

Depreciation

Depreciation is provided by the company to write off the cost less estimated residual value of tangible fixed assets by equal instalments over the estimated useful lives as follows :

Fixtures and fittings	15% per annum
Motor Vehicles	25% per annum
Computer Equipment	33% per annum

Taxation

The charge for taxation is based on the results for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made only to the extent that it is probable that an actual liability will crystallize.

Leasing Commitments

Assets held under finance leases are capitalized in the balance sheet and are depreciated over their useful lives. The capital element of future obligations under the leases are included as liabilities in the balance sheet.

The interest element of the rental obligations are charged to the profit and loss account over the period of the lease and represent a constant proportion of the balance of capital repayments outstanding.

Assets held under hire purchase agreements are capitalized and in the balance sheet and depreciated over their useful lives. The capital element of the future payments is treated as a liability and interest is charged to the profit and loss account.

Expenditure on operating leases is charged to the profit and loss account as rentals arise.

Stocks

Stocks, including work in progress is stated at the lower of cost and net realisable value. Cost includes a proportion of attributable overheads.

South West Investment Group Services Limited

Notes (continued)

1 Accounting Policies (continued)

Government Grants

Capital based government grants are included within accruals and deferred income in the balance sheet and credited to trading profit over the estimated useful lives of the assets to which they relate.

Pension And Other Post-retirement Benefits

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

Foreign Currency Translation

All transactions denominated in a foreign currency are translated at the exchange rate in operation on the date on which the transaction occurred. All monetary assets and liabilities at the balance sheet date are retranslated at the closing rate. Any exchange rate losses or gains arising are written off to the profit and loss account immediately.

Related party transactions

Exemption has been taken under the provisions of FRS 8 not to disclose inter-group transactions on the basis that the Company is a 100% subsidiary.

2 Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the year and can be classified as follows :

	2000 £	1999 £
Fees/grants	303,557	446,809
	<u>303,557</u>	<u>446,809</u>

3 Interest payable and similar charges

	2000 £	1999 £
Finance charges in respect of finance leases	<u>1,493</u>	<u>1,245</u>

South West Investment Group Services Limited

Notes (continued)

4 Profit on ordinary activities before taxation

This is stated after charging :

	2000 £	1999 £
(Profit) on disposal of fixed assets	-	(2,502)
Depreciation - owned assets	3,379	5,296
Depreciation - leased assets	11,551	9,081
Auditors' remuneration	1,600	1,600
Hire of plant and equipment	2,361	2,460
Managing Directors' emoluments		
Remuneration as executive	-	53,500
Pension Contributions	-	6,612

5 Staff costs

Total staff costs, including directors, are as follows :

	2000 £	1999 £
Wages and salaries	80,802	155,010
Social security costs	7,096	14,671
Other pension costs	3,432	11,922
	91,330	181,603

The average weekly number of employees, excluding non executive directors during the year was made up as follows :

	2000	1999
Managerial	1	3
Administration/project	4	4
	5	7

6 Directors' emoluments

Excluding pension contributions, the emoluments of directors were as follows :

	Nos	£	Nos	£
Chairman	1	-	1	-
Highest paid director	-	-	1	57,613
Others £0 - £5000	7	-	5	-
		-		57,613

South West Investment Group Services Limited

Notes (continued)

7 Taxation

	2000 £	1999 £
Based on the loss for the year		
UK corporation tax at 20%	-	-

The Company has tax losses totalling £93,000 available to carry forward or offset against profits of the same trade.

8 Tangible fixed assets

	Fixtures & Fittings £	Motor Vehicles £	Total £
<i>Cost</i>			
At 1 April 1999	40,370	46,204	86,574
Additions	1,929	-	1,929
Disposals	(3,834)	-	(3,834)
	<u>38,465</u>	<u>46,204</u>	<u>84,669</u>
<i>Depreciation</i>			
At 1 April 1999	30,085	4,806	34,891
Charge for the year	3,379	11,551	14,930
Eliminated on disposal	(1,978)	-	(1,978)
	<u>31,486</u>	<u>16,357</u>	<u>47,843</u>
<i>Net book value</i>			
At 31 March 2000	<u>6,979</u>	<u>29,847</u>	<u>36,826</u>
At 31 March 1999	<u>10,285</u>	<u>41,398</u>	<u>51,683</u>

Included in motor vehicles above are leased assets with a net book value of £29,847 (1999 - £41,398).

9 Stock

	2000 £	1999 £
Work In Progress	8,338	9,170
	<u>8,338</u>	<u>9,170</u>

South West Investment Group Services Limited

Notes (continued)

10 Debtors

Amounts falling due within one year

	2000 £	1999 £
Trade debtors	120,808	284,562
Amount owed by fellow subsidiary	78,766	14,858
Other debtors	643	2,721
Prepayments and accrued income	6,561	8,194
	206,778	310,335

11 Creditors : amounts falling due within one year

	2000 £	1999 £
Bank Overdraft	-	25,020
Trade creditors	84,778	123,608
Amount owed to fellow subsidiary	-	20,072
Accruals and deferred income	17,936	32,706
Other creditors	24,203	49
Taxation and social security	5,322	11,122
Finance Leases	10,535	10,535
	142,774	223,112

12 Creditors : amounts falling due after more than one year

	£	£
Loan due to fellow subsidiary	50,000	50,000
Finance leases	5,535	16,069
	55,535	66,069

The above loan is interest free and is due for repayment after more than five years.

13 Finance Leases

Future commitments under finance lease agreements are as follows :

	£	£
Repayable within one year	10,535	10,535
Repayable in years two to five	5,535	16,069
	16,070	26,604

South West Investment Group Services Limited

Notes (continued)

14 Accruals and deferred income

	2000 £	1999 £
Grants		
At 31 March 1999	1,501	3,209
Receivable in year	948	248
Credited to profit and loss account	(710)	(1,956)
At 31 March 2000	1,739	1,501

15 Share Capital

	2000 £	1999 £
<i>Authorised</i>		
Ordinary shares of £1 each	50,000	50,000
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	50,000	50,000

16 Reconciliation of movement in shareholders' funds

	2000 £	1999 £
Profit for the financial year	9,325	8,097
Opening shareholders' funds	112,703	104,606
Closing shareholders' funds	122,028	112,703

17 Commitments

Annual commitments under non-cancellable operating leases are as follows :

	Land and Buildings £	2000 Other £	Land and Buildings £	1999 Other £
Operating leases which expire Within two to five years	14,000	2,360	14,000	2,360

South West Investment Group Services Limited

Notes (continued)

18 Holding company

The company is a wholly owned subsidiary of South West Investment Group Limited, a company limited by guarantee and incorporated in Great Britain, registered in England and Wales.

19 Reconciliation of operating profit to operating cash flows

	2000 £	1999 £
Operating profit	9,347	8,453
Profit on disposal of fixed assets	-	(2,502)
Depreciation	14,930	14,377
Decrease/(increase) in work in progress	832	(1,941)
Decrease/(increase) in debtors	103,557	(37,933)
(Decrease)/Increase in creditors falling due within one year	(55,318)	(16,025)
Release of capital grant	(710)	(1,956)
Net cash inflow/outflow from operating activities	<u>72,638</u>	<u>(37,527)</u>

20 Analysis of changes in debt

	At 1 April 1999 £	Cash flows £	Other non cash changes £	At 31 March 2000 £
Cash at Bank and in hand	7,177	62,957	-	70,134
Finance leases	(26,604)	10,534	-	(16,070)
	<u>(19,427)</u>	<u>73,491</u>	<u>-</u>	<u>54,064</u>

21 Pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the fund amounted to £3432.

South West Investment Group Services Limited

Trading and profit and loss account

for the year ended 31 March 2000

	£	2000 £	£	1999 £
Income				
Fees/Grants Receivable		303,557		344,561
Service income		2,029		5,754
Project income		-		102,248
Bank Interest		1,471		934
		<u>307,057</u>		<u>453,497</u>
Less direct expenditure				
Project expenditure	28725		91568	
Wages	91330		181603	
Consultants fees	66731		59759	
		<u>186,786</u>		<u>332,930</u>
		120,271		120,567
Less overheads				
Rent	14000		14000	
Advertising and marketing	19555		13468	
Motor and travel expenses	7774		12596	
Printing, postage and stationery	10809		14512	
Legal and professional fees	1226		1559	
Bad debts (recovered)/written off	-		-	
Computer expenses	1755		3121	
Telephone charges	3899		6189	
Magazines and periodicals	993		1059	
Membership and subscriptions	2365		2644	
Cleaning	2266		2306	
Sundry expenses	3108		2482	
Rates and water	7937		7181	
Light and heat	2098		1512	
Repairs and renewals	1493		1056	
Insurance	1232		3355	
Interest	1493		1245	
Bank/finance charges	690		923	
Equipment rental	2361		2460	
Accountancy	6526		5960	
Auditors' remuneration	1850		3015	
Training and seminars	3296		1906	
Depreciation	14220		12423	
(Profit) on disposal of fixed assets	-		(2,502)	
		<u>110,946</u>		<u>112,470</u>
Net profit for the year		<u>9,325</u>		<u>8,097</u>