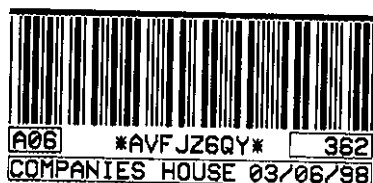


**STAFF TECHNOLOGY SYSTEMS LIMITED
FORMERLY KNOWN AS GWECO 80 LIMITED**

ANNUAL REPORT

**PERIOD FROM 8 OCTOBER 1996
TO 30 SEPTEMBER 1997**

REGISTERED NUMBER 3260170



**PANNELL KERR FORSTER
Chartered Accountants**

STAFF TECHNOLOGY SYSTEMS LIMITED

ANNUAL REPORT

PERIOD FROM 8 OCTOBER 1996 TO 30 SEPTEMBER 1997

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STAFF TECHNOLOGY SYSTEMS LIMITED

DIRECTORS' REPORT

The directors present their annual report together with the financial statements for the period 8 October 1996 to 30 September 1997.

PRINCIPAL ACTIVITY

The principal activity of the company was that of office equipment resellers.

RESULTS AND DIVIDENDS

The company was incorporated as GWECO Limited on the 8 October 1996, changed its name to Staff Technology Systems Limited on 20 December 1996 and commenced trade on the 23 March 1997. The loss for the financial period after tax amounted to £129,526.

DIRECTORS

The directors interests in the shares of the company were as follows:

	At the start of the period (or date of appointment if later) £	At 30 September 1997 £
Timothy Harvey (appointed 8 October 1996, resigned 29 January 1997)	1	-
Paul S Hudson (appointed 29 January 1997)	1	150,000
Peter L Langstaff (appointed 25 February 1997)	-	100,000
John R Yates (appointed 12 May 1997)	-	15,000

AUDITORS

The auditors Pannell Kerr Forster, Chartered Accountants, have signified their willingness to continue in office. A resolution to reappoint them will be proposed at the annual general meeting.

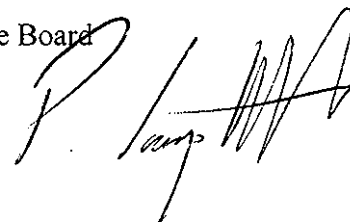
SPECIAL EXEMPTIONS

We have taken advantage in the preparation of the directors' report of the special exemptions applicable to small companies conferred by Part VII of the Companies Act 1985.

Date: 15 May 1998

By order of the Board

P L Langstaff
Director



STAFF TECHNOLOGY SYSTEMS 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 of the company 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 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
STAFF TECHNOLOGY SYSTEMS LIMITED**

**PANNELL
KERR
FORSTER**
CHARTERED ACCOUNTANTS

We have audited the financial statements on pages 4 to 10 which have been prepared under the accounting policies set out on page 6.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 2 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 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 as at 30 September 1997 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Pannell Kerr Forster

PANNELL KERR FORSTER
Chartered Accountants

Leeds

15 May 1998

STAFF TECHNOLOGY SYSTEMS LIMITED
PROFIT AND LOSS ACCOUNT
PERIOD FROM 8 OCTOBER 1996 TO 30 SEPTEMBER 1997

	Notes	1997 £
TURNOVER	2	65,561
Cost of sales		<u>(62,957)</u>
GROSS PROFIT		2,604
Administrative expenses		<u>(133,634)</u>
OPERATING LOSS		(131,030)
Interest payable		(674)
Interest receivable		<u>2,178</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	4	(129,526)
TAX ON PROFIT ON ORDINARY ACTIVITIES		<u>-</u>
LOSS FOR THE FINANCIAL PERIOD	12	<u>(129,526)</u>

The company commenced trading on 23 March 1997.

All amounts relate to continuing operations.

The company has no recognised gains or losses other than the loss for the period.

STAFF TECHNOLOGY SYSTEMS LIMITED

BALANCE SHEET

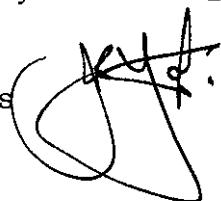
30 SEPTEMBER 1997

	Notes	1997
		£
FIXED ASSETS		
Tangible assets	5	23,170
CURRENT ASSETS		
Stocks	6	17,386
Debtors	7	24,384
Cash at bank and in hand		60,432
		<u>102,202</u>
CREDITORS		
Amounts falling due within one year	8	<u>87,072</u>
NET CURRENT LIABILITIES		<u>15,130</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		38,300
CREDITORS		
Amounts falling due after more than one year	9	<u>7,870</u>
NET ASSETS		<u>30,430</u>
CAPITAL AND RESERVES		
Called up share capital	11	118,798
Share premium account	12	41,158
Profit and loss account	12	<u>(129,526)</u>
SHAREHOLDERS' FUNDS	13	<u>30,430</u>

We have taken advantage in the preparation of the financial statements of the special exemptions conferred by Part VII of the Companies Act 1985 on the grounds that the company qualifies as a small company.

Approved by the board on 15 May 1998

J R Yates



Director

STAFF TECHNOLOGY SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 8 OCTOBER 1996 TO 30 SEPTEMBER 1997

1 ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material to the company's affairs.

(a) **Accounting convention**

The financial statements set out on pages 4 to 10 are prepared under the historical cost convention.

The company shows a loss of £129,526 for the period. The company is therefore dependent upon a change to profitability. The accounts are drawn up on the assumption that action being taken by the directors to improve profitability will be successful.

(b) **Turnover**

Turnover represents the amounts received or receivable for goods and services provided to customers, excluding VAT.

(c) **Depreciation**

Depreciation is provided at the following annual rate in order to write off each asset over its estimated useful life, or if held under a finance lease, over the lease term whichever is the shorter

Motor vehicle	33% on straight line
Fixtures and fittings	25% on reducing balance

(d) **Finance leases and hire purchase contracts**

Assets acquired under finance lease agreements or hire purchase are treated as tangible fixed assets and depreciation is provided accordingly. The present value of future rentals is shown as liability and the interest element of rental obligations is charged to the profit and loss over the period of the lease in proportion to the capital balance outstanding.

(e) **Stocks**

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

(f) **Deferred taxation**

Provision is made at current rates of taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

(g) **Pension costs**

The company operates a defined contribution pension scheme for one director. The pension cost charge represents contributions payable by the company in the year.

STAFF TECHNOLOGY SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 8 OCTOBER 1996 TO 30 SEPTEMBER 1997

2 TURNOVER

Turnover represents the amount derived from the provision of goods and services which fall within the company's ordinary activities stated net of value added tax.

All turnover arose from trading in the UK.

3 DIRECTORS REMUNERATION

Aggregate of directors' emoluments and other benefits as defined in paragraph 1 of the schedule 6 to the companies act 1985 was £25,711 for the period.

One director had benefits accruing under a defined contribution scheme.

4 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

1997
£

Loss on ordinary activities is stated after charging the following:

Depreciation:

Owned assets	1,286
Asset under hire purchase agreements	2,380

Directors remuneration:

Salary	20,750
Pension scheme and healthcare contributions	2,856

Auditors' remuneration	<u>2,725</u>
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5 FIXED ASSETS – TANGIBLE

	Motor Vehicle £	Office Equipment £	Total £
Cost			
Additions	<u>14,601</u>	<u>12,235</u>	<u>26,836</u>
At 30 September 1997			
Depreciation			
Charge	<u>2,380</u>	<u>1,286</u>	<u>3,666</u>
At 30 September 1997			
Net book amount			
At 30 September 1997	<u>12,221</u>	<u>10,949</u>	<u>23,170</u>

The net book amount of £23,170 above, includes £12,221 in respect of a motor vehicle held under a hire purchase contract.

STAFF TECHNOLOGY SYSTEMS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
PERIOD FROM 8 OCTOBER 1996 TO 30 SEPTEMBER 1997

6	STOCKS	1997 £
	Stocks comprised:	
	Equipment	<u>17,386</u>
7	DEBTORS	
	Debtors comprised:	
	Trade debtors	5,707
	Other debtors	6,417
	Prepayments	<u>12,260</u>
		<u>24,384</u>
8	CREDITORS	
	Amounts falling due within one year:	
	Bank overdraft	224
	Trade creditors	48,543
	Other taxation and social security	6,073
	Hire purchase	3,083
	Directors' current accounts	1,500
	Accruals & deferred income	<u>27,649</u>
		<u>87,072</u>
9	CREDITORS	
	Amounts falling due after more than one year:	
	Hire purchase due within five years	<u>7,870</u>
	Hire purchase creditors are secured on the assets to which they relate.	
10	FINANCE LEASES AND HIRE PURCHASE CONTRACTS	
	Net obligation under finance leases and hire purchase contracts fall due as follows:	
	Within one year	3,083
	Between one and five years	<u>7,870</u>
	Hire purchase due within five years	<u>10,953</u>

STAFF TECHNOLOGY SYSTEMS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
PERIOD FROM 8 OCTOBER 1996 TO 30 SEPTEMBER 1997

11 CALLED UP SHARE

	Authorised	Allotted, called up and fully paid	
	£	Number	£
At 8 October 1996			
Ordinary shares of 20p each	<u>1,000,000</u>	<u>10</u>	<u>2</u>
Movements in the year			
Ordinary shares of 20p each	<u>-</u>	<u>593,976</u>	<u>118,796</u>
At 30 September 1997			
Ordinary shares of 20p each	<u>1,000,000</u>	<u>593,986</u>	<u>118,798</u>

The initial subscriber shares were £1 shares, these were subdivided into 20p shares on the 29 January 1997.

During the year 593,976 ordinary shares with an aggregate nominal value of £118,796 were issued for cash at a total share premium of £41,158.

12 RESERVES

	Share premium reserve £	Profit and loss account £
At 8 October 1996	-	-
Retained loss for the period	-	(129,526)
Premium on shares during the period	<u>41,158</u>	<u>-</u>
At 30 September 1997	<u>41,158</u>	<u>(129,526)</u>

13 SHAREHOLDERS' FUNDS

The reconciliation of movements in shareholders' funds was as follows:

Initial shares issued	2
Loss for the period	(129,526)
New shares issued:	
Share capital	118,796
Share premium	<u>41,158</u>
Balance at 30 September 1997	<u>30,430</u>

STAFF TECHNOLOGY SYSTEMS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
PERIOD FROM 8 OCTOBER 1996 TO 30 SEPTEMBER 1997

14 PENSION SCHEME

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 pension charge represents contributions payable by the company to the fund and amounts to £2,478, the full amount is payable at 30 September 1997.

15 POST YEAR END RIGHTS ISSUE

The company is currently undertaking a rights issue offering 228,571 20p ordinary shares at 35p per share pro rata to existing shareholdings. The objective is to raise £80,000 by the time the rights issue closes on 16 April 1998.