

FITEC CONSULTANTS LIMITED
DIRECTORS' REPORT
AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 1997

MAURICE ANDREWS
Chartered Accountants
Grove House
25 Upper Mulgrave Road
Cheam
Surrey, SM2 7BE



FITEC CONSULTANTS LIMITED

DIRECTORS

N.R. Peek

S.B. Peek

SECRETARY

S.B. Peek

REGISTERED OFFICE

18, Anne Boleyns Walk,
Cheam,
Surrey, SM3 8DF.

REGISTERED NUMBER

2724920

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FITEC CONSULTANTS LIMITED

DIRECTORS' REPORT

The directors submit their report with the audited financial statements of the company for the year ended 31st March 1997.

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to have financial statements prepared for each financial period 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 having those financial statements prepared, the directors are required to:-

- (a) Select suitable accounting policies and then apply them consistently.
- (b) Make judgements and estimates that are reasonable and prudent.
- (c) Have the financial statements prepared on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for having proper accounting records kept, which disclose with reasonable accuracy at any time, the financial position of the company and to 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.

RESULTS AND DIVIDENDS

The state of the company's affairs at 31st March 1997 and the results of its operations for the year ended on that date are set out in the attached financial statements.

During the year, dividends of £12,600 were paid (1996-£5,700).

REVIEW OF THE BUSINESS AND PRINCIPAL ACTIVITY

The principal activity of the company during the year was that of computer and manufacturing consultancy and is unchanged since last year.

In the last year of trading, the level of business activity showed a continued improvement on that recorded for 1995/96. Orders for consultancy and the CAROUSEL 2000 product continue whilst levels of enquiries for consultancy, software design and the CAROUSEL 2000 product (sold through FITEC Ltd) indicate that the volume of business experienced in 1996/97 is likely to continue. Several long term projects for further sales are being pursued.

FIXED ASSETS

Movement in fixed assets during the year was as shown in the notes to the financial statements.

DIRECTORS AND THEIR INTERESTS

The directors throughout the year and their beneficial interests in the issued ordinary share capital were as follows:

	<u>Number of Shares</u>
N.R. Peek	1
S.B. Peek	1

FITEC CONSULTANTS LIMITED

DIRECTORS' REPORT

(continued)

CLOSE COMPANY STATUS

The company is a close company within the provisions of the Income and Corporation Taxes Act 1988.

AUDITORS

Maurice Andrews have indicated their willingness to continue in office as auditors and, in accordance with the Companies Act 1985, a resolution dealing with their re-appointment will be put to the members at the next Annual General Meeting.

The directors' report was approved by the Board on 12th September 1997 and signed on its behalf by:

A handwritten signature in dark ink, appearing to read 'S.B. Peek', written in a cursive style.

S.B. PEEK,
SECRETARY.

AUDITORS' REPORT
TO THE MEMBERS OF FITEC CONSULTANTS LIMITED

We have audited the financial statements on pages 4 to 9 which have been prepared on the basis of the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 1, the company's directors are responsible for having financial statements prepared. 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 31st March 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Grove House,
25 Upper Mulgrave Road,
Cheam,
Surrey, SM2 7BE.
12th September 1997

MAURICE ANDREWS
CHARTERED ACCOUNTANTS
REGISTERED AUDITORS

FITEC CONSULTANTS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 1997

	<u>Notes</u>	<u>1997</u> £	<u>1996</u> £
TURNOVER	2	41,819	34,281
Administrative expenses		<u>26,347</u>	<u>26,198</u>
OPERATING PROFIT	3	15,472	8,083
Other income	6	<u>54</u>	<u>32</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		15,526	8,115
Taxation	7	<u>3,730</u>	<u>2,066</u>
PROFIT FOR THE FINANCIAL YEAR		11,796	6,049
Retained profits brought forward		<u>813</u>	<u>464</u>
		12,609	6,513
Dividends paid		<u>12,600</u>	<u>5,700</u>
RETAINED PROFITS CARRIED FORWARD		<u>9</u>	<u>813</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or the previous year.

TOTAL RECOGNISED GAINS AND LOSSES

The company had no recognised gains or losses other than the profit for the current year and the previous year.

FITEC CONSULTANTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 1997

1. ACCOUNTING POLICIES

Basis of accounting

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

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is calculated on a straight line basis at the following annual rate in order to write off each asset over its estimated useful life:

Office equipment	25%
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Taxation

The charge for taxation takes into account taxation deferred or accelerated because of timing differences between the treatment of certain items for accounts and taxation purposes.

Provision for deferred taxation is made under the liability method only to the extent that it is probable that the liability will become payable in the foreseeable future.

2. TURNOVER

Turnover represents the invoiced amount of services provided, excluding Value Added Tax.

3. OPERATING PROFIT

The operating profit is stated after charging:

	<u>1997</u>	<u>1996</u>
	£	£
Directors' emoluments (Note 4)	15,500	17,850
Auditors' remuneration	800	700
Depreciation of tangible fixed assets	828	651
	<u> </u>	<u> </u>

4. DIRECTORS' EMOLUMENTS

	<u>1997</u>	<u>1996</u>
	£	£
Directors' emoluments comprise:-		
Salaries	15,500	17,850
	<u> </u>	<u> </u>

Particulars of directors' emoluments, were:

	<u>1997</u>	<u>1996</u>
	£	£
Chairman	15,000	17,000
	<u> </u>	<u> </u>

FITEC CONSULTANTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 1997
(continued)

4. DIRECTORS' EMOLUMENTS (continued)

For the other director, emoluments fell within the following band:

	<u>1997</u> No.	<u>1996</u> No.
£Nil - £5,000	<u>1</u>	<u>1</u>

5. STAFF COSTS (including directors)

	<u>1997</u> £	<u>1996</u> £
Wages and salaries	15,500	17,850
Social security costs	<u>1,503</u>	<u>1,760</u>
	<u>17,003</u>	<u>19,610</u>

The average number of employees during the year was as follows:

	No.	No.
Office and management	<u>2</u>	<u>2</u>

6. OTHER INCOME

	<u>1997</u> £	<u>1996</u> £
Bank deposit interest	<u>54</u>	<u>32</u>

7. TAXATION

The tax charge on the profit on ordinary activities for the year was as follows:

	<u>1997</u> £	<u>1996</u> £
Based on the profit for the year		
Corporation tax @ 24% (1996-25%)	<u>3,730</u>	<u>2,066</u>

FITEC CONSULTANTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 1997
(continued)

8. TANGIBLE FIXED ASSETS

Office Equipment

	£
Cost	
At 1.4.1996	2,604
Additions	1,811
Disposals	(45)
At 31.3.1997	<u>4,370</u>
Depreciation	
At 1.4.1996	1,481
Charge for the year	828
Disposals adjustment	(11)
At 31.3.1997	<u>2,298</u>
Net book value	
At 31.3.1997	<u>2,072</u>
At 31.3.1996	<u>1,123</u>

9. DEBTORS

	<u>1997</u>	<u>1996</u>
	£	£
Due within one year -		
Trade debtors	358	4,983
Sundry debtor	<u>42</u>	<u>-</u>
	<u>400</u>	<u>4,983</u>

10. CREDITORS: amounts falling due within one year:

	<u>1997</u>	<u>1996</u>
	£	£
Current corporation tax	622	641
ACT payable	650	925
Directors' loan account	566	566
Other taxes and social security costs	1,481	3,299
Accruals	<u>1,064</u>	<u>3,267</u>
	<u>4,383</u>	<u>8,698</u>

FITEC CONSULTANTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31ST MARCH 1997**(continued)**

11. SHARE CAPITAL

			<u>1997</u>	<u>1996</u>
			£	£
Authorised				
Number	Class	Nominal Value		
100	Ordinary	£1	100	100
			=====	=====
Allotted and fully paid				
Number	Class	Nominal Value		
2	Ordinary	£1	2	2
			=====	=====

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>1997</u>	<u>1996</u>
	£	£
Shareholders' funds at beginning of year	815	466
Profit for the financial year	11,796	6,049
Dividends paid	(12,600)	(5,700)
Shareholders' funds at end of year	11	815
	=====	=====

13. RELATED PARTY DISCLOSURE

During the year the company supplied services to Fitec Limited for £38,658, which was settled at the balance sheet date. The company's directors N.R. Peek and S.B. Peek have a 50% shareholding in Fitec Limited.