

Company No. 02369263

FUTURE HOLDINGS PLC
DIRECTORS REPORT AND FINANCIAL STATEMENTS
30TH SEPTEMBER, 1997



s h i p l e y s

chartered accountants

FUTURE HOLDINGS PLC
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FUTURE HOLDINGS PLC
COMPANY INFORMATION

Directors

A.F. Ryden
G.D. Bostock
Crewhall Limited

Secretary and Registered Office

I.G.T. Anderson
Bacchus House,
Calleva Park,
Aldermaston,
Berkshire RG7 4QW.

Registered Auditors

Shipleys,
10 Orange Street,
Haymarket,
London WC2H 7DQ.

Bankers

Lloyds Bank plc.,
21 High Street,
Uxbridge UB1 8JD.

FUTURE HOLDINGS PLC**DIRECTORS' REPORT**

The directors present their report and the audited financial statements of the company for the year ended 30th September, 1997.

PRINCIPAL ACTIVITIES

The company's principal activities are unchanged from the previous year, and are the investment in companies within the manufacturing and computer services industries and supply of consultancy and other services.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The profit and loss account for the year is set out on page 6.

The directors consider that both the level of business and the period end financial position were again disappointing. The company has suffered losses as a result of problems with its investments and subsidiary undertakings most of which have been disposed of or have ceased trading.

DIVIDEND AND TRANSFERS TO RESERVES

The loss for the year after taxation amounted to £23,417 (1996 : loss £133,419), which has been added to the adverse balance brought forward. The directors do not recommend a dividend.

POST BALANCE SHEET EVENTS

Details of post balance sheet events are shown in note 9 of the financial statements.

CHANGES IN FIXED ASSETS

Movements in fixed assets are shown in notes 8 and 9 of the financial statements.

DIRECTORS' AND THEIR INTERESTS

The directors who served during the period and their interests in the share capital of the company were:

	Ordinary Shares of £1 Each (50p paid)	
	30th September, 1997	1st October, 1996
R.J. Jones (Resigned 12th August, 1997)	-	38,501
A.F. Ryden	-	-
G.D. Bostock	6,500	6,500
Crewhall Limited	-	-

FUTURE HOLDINGS PLC**DIRECTORS' REPORT - CONTINUED****DIRECTORS' RESPONSIBILITIES**

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group at the end of the financial year and of the profit or loss of the group for that period. The directors consider that in preparing the financial statements the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates and confirm that all applicable accounting standards have been followed. The financial statements have been prepared on a going concern basis.

The directors are responsible for ensuring that the company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and for ensuring that the financial statements comply with the Companies Act 1985. The directors also have responsibility for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

A resolution to reappoint Shipleys as auditors will be proposed at the Annual General Meeting.

By Order of the Board

A handwritten signature in black ink, appearing to read 'A F Ryden', written in a cursive style.

A.F. Ryden
Director

29 April 1998

s h i p l e y s

c h a r t e r e d a c c o u n t a n t s

10 Orange Street, Haymarket, London WC2H 7DQ

Telephone (0171) 312 0000 Facsimile (0171) 312 0022

**AUDITORS' REPORT TO THE MEMBERS OF
FUTURE HOLDINGS PLC**

We have audited the financial statements on pages 6 to 25 which have been prepared under the historical cost convention and the accounting policies set out on pages 13 and 14.

Respective responsibilities of directors and auditors

As described on page 3 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 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 group'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.

However the evidence to us was limited:

- in respect of transactions with Future Holdings plc and its other subsidiaries (collectively "the Future Holdings Group") and their related parties and their potential impact on the company. Within the Future Holdings Group there is a significant number of transactions between subsidiary undertakings and the parent undertaking and the parent undertaking performs a number of activities on behalf of the other subsidiary undertakings. In the time available there were no satisfactory procedures that we could adopt to gain full knowledge of the Future Holdings Group and confirm that all transactions affecting the company and the Group had been properly recorded or assessed for the impact on the financial statements of the company and the Group.
- in considering the ability of the Group to continue trading it is dependent upon the continued support of the other creditors. In the time available we have been unable to confirm whether or not it is appropriate to prepare the financial statements on the going concern basis. The financial statements do not include any adjustments that would result from a failure to maintain the existing funding.

FUTURE HOLDINGS PLC**AUDITORS' REPORT - Continued**

As explained in Note 1 the company has not prepared consolidated financial statements for its group, which are required by section 227 of the Companies Act 1985 and Financial Reporting Standard No 2 *Accounting for subsidiary undertakings*. As a consequence the financial statements do not give all the information required about the economic activities of the group of which the company is the parent. It is not practicable to quantify the effects of the departure from this requirement.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Disclaimer of opinion on view given by financial statements

Because of the possible effect of any adjustments to the financial statements that might have been found to be necessary had we been able to obtain sufficient evidence concerning related party transactions and the applicability of the going concern basis we are unable to form an opinion as to whether the financial statements give a true and fair view of the state of affairs of the company as at 30th September 1997 and the loss of the company for the period then ended and whether the financial statements have been properly prepared in accordance with the Companies Act 1985.

In respect alone of the limitations on our work:

- we have obtained all the information and explanations that we considered necessary for our audit; and
- we were unable to determine whether proper accounting records have been kept.



Shipleys
10 Orange Street
Haymarket
London WC2H 7DQ
Registered Auditors

29 April 1998

FUTURE HOLDINGS PLC
PROFIT AND LOSS ACCOUNT
YEAR ENDED 30TH SEPTEMBER, 1997

	Notes	Year to 30 September 1997 £	Period to 30 September 1996 £
TURNOVER			
Continuing operations	1-2	70,670	108,430
COST OF SALES		(31,568)	(64,882)
GROSS PROFIT		39,102	43,548
OPERATING COSTS		(46,463)	(182,705)
OPERATING LOSS			
Continuing operations		(7,361)	(139,157)
Interest received	5	2,448	7,823
Interest payable and similar charges	6	(9,004)	(9,606)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(13,917)	(140,940)
Taxation	7	(9,500)	7,521
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		(23,417)	(133,419)
(ADVERSE BALANCE)/RETAINED PROFIT BROUGHT FORWARD		(118,295)	15,124
ADVERSE BALANCE CARRIED FORWARD		<u>£(141,712)</u>	<u>£(118,295)</u>

The notes on pages 13 to 25 form part of these financial statements.

FUTURE HOLDINGS PLC

BALANCE SHEET

AS AT 30TH SEPTEMBER, 1997

	Notes	30 September 1997 £	30 September 1996 £
FIXED ASSETS			
Tangible assets	8	382,242	182,442
Investments	9	<u>15,563</u>	<u>15,515</u>
		<u>397,805</u>	<u>197,957</u>
CURRENT ASSETS			
Debtors : amounts falling due after more than one year	10	-	13,247
Debtors : amounts falling due... within one year	10	72,140	167,677
Cash at bank and in hand		<u>19,183</u>	<u>111,171</u>
		<u>91,323</u>	<u>292,095</u>
CREDITORS: Amounts falling due within one year	11	<u>(605,838)</u>	<u>(483,345)</u>
NET CURRENT LIABILITIES		<u>(514,515)</u>	<u>(191,250)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		(116,710)	6,707
CREDITORS: Amounts falling due after more than one year	12	-	(100,000)
PROVISIONS FOR LIABILITIES AND CHARGES	13	-	-
NET ASSETS		<u>£(116,710)</u>	<u>£(93,293)</u>
CAPITAL AND RESERVES			
Called up share capital	14	25,002	25,002
Profit and loss account		<u>(141,712)</u>	<u>(118,295)</u>
EQUITY SHAREHOLDERS' FUNDS		<u>£(116,710)</u>	<u>£(93,293)</u>

Approved by the Board on 29 April 1998

A.F. Ryden - Director



The notes on pages 13 to 25 form part of these financial statements.

FUTURE HOLDINGS PLC

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30TH SEPTEMBER, 1997

	1997 £	1996 £
Reconciliation of operating profit to net cash inflow/(outflow) from operating activities:		
Operating loss	(7,361)	(139,157)
Depreciation on tangible fixed assets	26,178	7,562
Loss on sale of tangible fixed assets	-	(1,513)
Amounts written off investments	12,500	14,654
Decrease in stocks	-	5,641
Decrease/(increase) in leased assets	5,247	(13,247)
(Increase)/decrease in trade debtors	(9,643)	1,924
Decrease in other debtors	-	2,100
Increase in prepayments and accrued income	(316)	(2,366)
Decrease in amounts owed by subsidiary undertakings	111,205	105,277
Increase in trade creditors	18,194	310
Increase in amounts owed to related undertakings	68,351	67,814
Decrease in other taxation and social security	(5,509)	(2,328)
(Decrease)/increase in accruals and deferred income	(28,305)	35,145
(Decrease)/increase in other creditors	(31,636)	33,978
Net cash inflow from operating activities	£158,905	£115,794

CASH FLOW STATEMENT

Net cash inflow from operating activities		158,905	115,794
Returns on investments and servicing of finance	(a)	(6,556)	(1,783)
Taxation		-	(2,088)
Capital expenditure and financial investment	(b)	(225,978)	4,837
Acquisitions and disposals	(c)	(12,548)	(15,512)
Cash (outflow)/inflow before use of liquid resources and financing		(86,177)	101,248
Management of liquid resources		-	-
Financing	(d)	-	15,000
(Decrease)/increase in cash and cash equivalents		£(86,177)	£116,248

FUTURE HOLDINGS PLC

CASH FLOW STATEMENT - CONTINUED

FOR THE YEAR ENDED 30TH SEPTEMBER, 1997

		1997 £	1996 £
Reconciliation of net cash flow to movement in net funds	(e)		
(Decrease)/increase in cash in period	(86,177)	116,248	
Cash inflow from increase in debt and lease financing	<u>-</u>	<u>-</u>	
Change in net funds resulting from cash flows		(86,177)	116,248
New finance leases		<u>-</u>	<u>-</u>
Movement in net funds in the period		(86,177)	116,248
Net funds at 1st October, 1996		<u>105,360</u>	<u>(10,888)</u>
Net funds at 31st September, 1997		<u><u>£19,183</u></u>	<u><u>£105,360</u></u>

FUTURE HOLDINGS PLC

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 30TH SEPTEMBER, 1997

	1997	1996
	£	£
(a) Returns on investments and servicing of finance		
Interest received	2,448	7,823
Interest paid	(9,004)	(9,606)
Interest element of finance lease and hire purchase rental payments	<u>-</u>	<u>-</u>
Net cash outflow for returns on investments and servicing of finance	<u><u>£(6,556)</u></u>	<u><u>£(1,783)</u></u>
(b) Capital expenditure and financial investment		
Purchase on tangible fixed assets	(225,978)	(8,528)
Sale of tangible fixed assets	<u>-</u>	<u>13,365</u>
Net cash (outflow)/inflow for capital expenditure and financial investment	<u><u>£(225,978)</u></u>	<u><u>£4,837</u></u>
(c) Acquisition and disposals		
Payments on investment in subsidiary undertakings	<u>(12,548)</u>	<u>(15,512)</u>
Net cash outflow for acquisition and disposals	<u><u>£(12,548)</u></u>	<u><u>£(15,512)</u></u>
(d) Financing		
Debt due beyond one year:		
- new secured loan repayable in 1998	-	15,000
Capital element of finance lease rental payments	<u>-</u>	<u>-</u>
Net cash inflow from financing	<u><u>-</u></u>	<u><u>£15,000</u></u>

FUTURE HOLDINGS PLC

NOTES TO THE CASH FLOW STATEMENT - CONTINUED

FOR THE YEAR ENDED 31ST SEPTEMBER, 1997

(e) Analysis of net funds	At 1st October 1996 £	Cash Flow £	At 31st September 1997 £
Cash at bank	111,171	(91,988)	19,183
Overdrafts	<u>(5,811)</u>	<u>5,811</u>	<u>-</u>
	<u>105,360</u>	<u>(86,177)</u>	<u>19,183</u>

FUTURE HOLDINGS PLC

OTHER PRIMARY FINANCIAL STATEMENTS

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
YEAR ENDED 30TH SEPTEMBER, 1997

The retained loss for the year was the only recognised gain or loss in the year.

HISTORICAL COST PROFIT AND LOSS
YEAR ENDED 30TH SEPTEMBER, 1997

All assets are stated in the financial statements at historical cost. Therefore, no adjustments are required to the reported loss which is stated on an unmodified historical cost basis.

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
YEAR ENDED 30TH SEPTEMBER, 1997

	Year to 30 September 1997 £	Year to 30 September 1996 £
Loss for the financial period	(23,417)	(133,419)
Shareholders' funds at 1st October, 1996	<u>(93,293)</u>	<u>40,126</u>
Shareholders' funds at 30th September, 1997	<u>£(116,710)</u>	<u>£(93,293)</u>

FUTURE HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS

30TH SEPTEMBER, 1997

1. PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been consistently applied, is set out below.

1.1 Basis of Accounting

The financial statements are prepared in accordance with the historical cost convention.

1.2 Turnover

Turnover, which excludes value added tax and trade discounts, represents the invoiced value of goods and services supplied. Turnover is wholly attributable to the company's principal activity arising in the United Kingdom.

1.3 Comparatives

The financial statements cover the year 30th September, 1997 and the comparatives cover the period from 1st April, 1995 to 30th September, 1996.

1.4 Basis of non Consolidation

No consolidated accounts have been prepared as during the period or subsequent to the year end a number of subsidiary undertakings have gone into liquidation. It has not been possible to produce financial statements of those undertakings for the period. The directors are therefore of the opinion that consolidated financial statements would be misleading and their preparation would be unduly onerous.

1.5 Tangible Fixed Assets

The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition. Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a reducing balance basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Computer equipment	:	25%
Motor vehicles	:	25%
Fixtures, fittings, plant and equipment	:	25%
Freehold and leasehold buildings	:	1%

The long leasehold property has been depreciated over the lease term, and a boat costing £45,000 in plant and equipment has not been depreciated as the directors are of the opinion that the market value is in excess of the cost and that an annual programme of maintenance and enhancement work will prolong the useful life of the boat indefinitely.

FUTURE HOLDINGS PLC**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED****YEAR ENDED 30TH SEPTEMBER, 1997****1. PRINCIPAL ACCOUNTING POLICIES - continued****1.6 Finance and Operating Leases**

Costs in respect of operating leases are charged on a straight line basis over the lease term. Leasing agreements which transfer to the group substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest is charged against profit so as to give a constant periodic rate of charge on the remaining balance outstanding at each accounting period end. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

1.7 Stocks and Work in Progress

Stocks and work in progress are stated at the lower of cost and net realisable value. Where necessary, provision is made for obsolete slow-moving and defective stock.

1.8 Foreign Currencies

Assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial year. Foreign exchange differences are taken to the profit and loss account in the year in which they arise.

1.9 Deferred Taxation

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

1.10 Going Concern

The financial statements have been prepared on a going concern basis as certain of the creditors have expressed a willingness to continue to support the company for the foreseeable future.

FUTURE HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

30TH SEPTEMBER, 1997

2.	TURNOVER AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	Year to 30th September 1997 £	Period to 30th September 1996 £
	The loss on ordinary activities is arrived at after charging/(crediting)		
	Directors remuneration	2,400	8,562
	Directors pension costs	-	-
	Depreciation of owned assets	24,882	6,253
	Depreciation of leased assets	1,296	1,309
	Profit on disposal of fixed assets	-	(1,513)
	Auditors remuneration	3,000	5,000
		<u> </u>	<u> </u>
	Exceptional items:		
	Net provision against amounts owed by related undertakings	(2,523)	91,060
	Provision for diminution in value of investments	12,500	14,654
		<u> </u>	<u> </u>

The exceptional items relate to the realisation of items purchased from the receiver and provisions required following the liquidation of a number of the subsidiary undertakings and relate to amounts owed for trading items.

FUTURE HOLDINGS PLC**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED****30TH SEPTEMBER, 1997**

3. DIRECTORS' EMOLUMENTS	Year to 30 September 1997 £	Period to 30 September 1996 £
Directors remuneration	2,400	8,562
Pension contributions	-	-
	<u>£2,400</u>	<u>£8,562</u>

Fees and other emoluments (excluding pension contributions) include amounts paid to :

	Year to 30 September 1997	Period to 30 September 1996
The Chairman and highest paid director	<u>£1,200</u>	<u>£6,762</u>

The number of directors (including the chairman and the highest paid director) who received fees and other emoluments (excluding pension contributions) in the following ranges was:-

	Year to 30 September 1997 Number	Period to 30 September 1996 Number
£ 0 - £ 5,000	<u>3</u>	<u>3</u>

In addition the following directors received consultancy fees of:-

A. Ryden	£8,200	£4,000
R.J. Jones	<u>£ -</u>	<u>£30,000</u>

FUTURE HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

30TH SEPTEMBER, 1997

4. EMPLOYEE INFORMATION

The average weekly number of persons (including executive directors) employed during the year was:

	Year to 30 September 1997 Number	Period to 30 September 1996 Number
By activity		
Administration	3	3
Operational	-	-
	<u>3</u>	<u>3</u>

	Year to 30 September 1997 £	Period to 30 September 1996 £
Staff costs (for the above persons):		
Wages and salaries	2,400	8,562
Social security costs	-	-
Other pension costs	-	-
	<u>£2,400</u>	<u>£8,562</u>

FUTURE HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

ENDED 30TH SEPTEMBER, 1997

	Year to 30 September 1997	Period to 30 September 1996
5. INTEREST RECEIVED		
Bank interest	2,448	2,502
On loan to related undertaking	-	5,321
	<u>2,448</u>	<u>7,823</u>
6. INTEREST PAYABLE AND SIMILAR CHARGES	£	£
On bank loans, overdrafts and other loans: Repayable within 5 years, not by instalments	9,004	9,525
Interest on overdue tax	-	81
	<u>£9,004</u>	<u>£9,606</u>
7. TAX ON LOSS ON ORDINARY ACTIVITIES	£	£
The corporation tax (charge)/credit is made up as follows:-		
United Kingdom corporation tax at 22.5% (1996 : 24%)	(9,500)	-
Deferred tax	-	5,970
Over-provision in respect of prior years	-	1,551
	<u>£(9,500)</u>	<u>£7,521</u>

FUTURE HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

30TH SEPTEMBER, 1997

8. TANGIBLE FIXED ASSETS

Cost	Freehold Property £	Long Leasehold Property £	Motor Vehicles £	Plant and Equipment £	Total £
At 1st October, 1996	-	133,681	18,924	51,779	204,384
Additions	139,863	-	-	86,115	225,978
Disposals	-	-	-	-	-
At 30th September, 1997	<u>139,863</u>	<u>133,681</u>	<u>18,924</u>	<u>137,894</u>	<u>430,362</u>
Depreciation					
At 1st October, 1996	-	4,053	13,938	3,951	21,942
Charge for year	1,399	1,296	1,247	22,236	26,178
Eliminated in respect of disposals	-	-	-	-	-
At 30th September, 1997	<u>1,399</u>	<u>5,349</u>	<u>15,185</u>	<u>26,187</u>	<u>48,120</u>
Net Book Value					
At 30th September, 1997	<u>£138,464</u>	<u>£128,332</u>	<u>£3,739</u>	<u>£111,707</u>	<u>£382,242</u>
At 31st September, 1996	<u>£ -</u>	<u>£129,628</u>	<u>£4,986</u>	<u>£47,828</u>	<u>£182,442</u>

The freehold property is jointly owned by the Encotel Pension Scheme of which R. Jones is a trustee.

FUTURE HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

30TH SEPTEMBER, 1997

9. FIXED ASSET INVESTMENTS

Company	Subsidiary Undertakings £	Other Investments £	Total £
Cost			
At 1st April, 1995	29,471	1,450	30,921
Additions	<u>12,548</u>	<u>-</u>	<u>12,548</u>
At 30th September, 1996	<u>42,019</u>	<u>1,450</u>	<u>43,469</u>
Provision Against Diminution in Value			
At 1st April, 1995	13,957	1,449	15,406
Provided in period	<u>12,500</u>	<u>-</u>	<u>12,500</u>
At 30th September, 1996	<u>26,457</u>	<u>1,450</u>	<u>27,906</u>
Net Book Value			
At 30th September, 1996	<u>£15,562</u>	<u>£1</u>	<u>£15,563</u>
At 31st March, 1995	<u>£15,514</u>	<u>£1</u>	<u>£15,515</u>

Interests in Group Undertakings

Name of Undertaking	Country of Incorporation	Description of Shares Held	Proportion of nominal value of issued shares held
ISG (CAD) Ltd.	England	Ordinary	- In receivership
High Density Interconnect Ltd.	England	Ordinary	- In receivership
Keen Systems Ltd.	England	Ordinary	50 Dormant
Total Information Processing Systems Ltd (formerly Ultimate Technology in (Europe) Ltd)	England	Ordinary	87.50
Ultimate Technology Ltd. (formerly Total Information Processing Systems Ltd.)	England	Ordinary	50.02
Hy-Comp Ltd.	England	Ordinary	50

FUTURE HOLDINGS PLC**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED****30TH SEPTEMBER, 1997****9. FIXED ASSET INVESTMENTS - continued**

The company also has an interest in the following company by virtue of its holdings in subsidiary undertakings.

Total Information Processing Ltd.	England	Ordinary	100	Dormant
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The above company operates principally in its country of incorporation or registration, and its principal business activities is that of the supply of computer software and hardware, and related services.

Accounting for subsidiaries and post balance sheet events**ISG (CAD) Ltd**

On 11 December 1995 ISG (CAD) Ltd was placed into receivership.

The Receiver has now realised the majority of the assets and Future Holdings plc has received settlement of amounts that were owed to it. The provision for non recoverability made last year has thus been released.

The undertaking is no longer a subsidiary of Future Holdings plc as the share capital is in the hands of the Receiver.

High Density Interconnect Ltd

The company continued to trade throughout the period but its major customer let the company down and the Receiver was appointed in February 1997.

The Receiver is now responsible for the realisation of the assets of the company and it is not known whether there will be any moneys available to pay to Future Holding plc. It is not possible for the directors to produce any financial statements at this time and the company has therefore not been consolidated in these financial statements.

The undertaking is no longer a subsidiary of Future Holdings Plc as the share capital is in the hands of the receiver.

Total Information Processing Systems Ltd (formerly Ultimate Technology (Europe) Ltd)

The company has not been consolidated as the accounts are not yet available.

The financial statements for the year ended 30th September, 1996 showed a profit of £70,043 and net assets of £83,887.

Ultimate Technology Ltd (formerly Total Information Processing Systems Ltd)

The company ceased to trade on 1 October 1996. A liquidator was appointed in April 1997 and it is considered very unlikely that there will be any further payments made to the creditors. Future Holdings plc did received £14,600 against the £25,775 which they were owed and provision has been made against the remainder of the balance.

It has not been possible to prepare financial statements for this company and therefore no consolidation has been prepared.

FUTURE HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

30TH SEPTEMBER, 1997

9. FIXED ASSET INVESTMENTS - continued

Pierce-All International plc

In February 1997 Future Holdings plc acquired a 25% shareholding in the above company for £12,500. The principal activity of the company is the manufacture of computer controlled machine tools. The company was incorporated on 13th December, 1996 and its first accounting period will be 31st May, 1998.

Hy-Comp Ltd

During the year, the company acquired a 55.7% holding in the company for £68. The company was incorporated on 30th July, 1996 and its first accounting period will run to 30th September, 1997. No financial statements have yet been prepared.

Other Investments

Name of Undertaking	Country of Incorporation	% of class held	% of equity held
Horton Software Engineering Limited	England	26	26

Horton Software Engineering Limited has not been included in the consolidated accounts under the equity method of accounting because Future Holdings plc does not have the ability to exercise significant influence over the company.

Horton Software Engineering Limited writes computer software and provides computer consultancy. It operated principally in its country of incorporation throughout the year.

No current financial statements are available, the last accounts prepared covered the year to 31 March 1995 and showed adverse shareholders funds of £39,314. The value of the investment has been written down to £1.

10. DEBTORS

Amounts falling due after more than one year	£	£
Leased assets	-	13,247
	£ -	£13,247
The leased assets were sold during the year.		
Amounts falling due within one year	£	£
Trade debtors	9,782	139
Amounts owed by subsidiary undertakings	53,967	165,172
Other taxes and social security	5,709	-
Prepayments and accrued income	2,682	2,366
	£72,140	£167,677

FUTURE HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

30TH SEPTEMBER, 1997

	30 September 1997	30 September 1996
11. CREDITORS: Amounts falling due within one year	£	£
Bank overdrafts	-	5,811
Trade creditors	33,154	14,960
Amounts due to subsidiary undertakings	88,165	82,814
Amounts due to related undertakings	105,511	-
Corporation tax	9,700	-
Other creditors	340,105	186,938
Accruals and deferred income	26,203	54,508
Directors' current accounts	3,000	138,314
	<u>£605,838</u>	<u>£483,345</u>
12. CREDITORS : Amounts falling due after more than one year	£	£
Amounts owed to related undertakings	-	100,000
	<u>-</u>	<u>100,000</u>
13. PROVISIONS FOR LIABILITIES AND CHARGES		
Deferred Taxation		
	1997	Amount Provided
	£	1996
		£
Short term timing differences	-	5,970
Release in period	-	(5,970)
	<u>-</u>	<u>(5,970)</u>
Balance at 30 September 1996	£ -	£ -
	<u>-</u>	<u>-</u>

No deferred tax provision is considered necessary due to the availability of tax losses.

FUTURE HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

30TH SEPTEMBER, 1997

14.	CALLED UP SHARE CAPITAL	1997	1996
	Authorised		
	100,000 ordinary shares of £1 each	£100,000 =====	£100,000 =====
	Allotted, called up and fully paid		
	2 ordinary shares of £1 each	2	2
	Allotted, called up and 50 pence paid		
	50,000 ordinary shares of £1 each	25,000 =====	25,000 =====
		£25,002 =====	£25,002 =====

15. CAPITAL COMMITMENTS

The company did not have any capital commitments at the year end (1996 : nil).

16. RELATED PARTY TRANSACTIONS

The following related party transactions have been entered into:

Leased assets:

1. Computer equipment to the value of £8,000 had been purchased from Horton Software Engineering Limited and was being leased back. The value of this asset has been offset against other monies owed by that company.
2. Also included in Trade Debtors is a car which is being sold on extended credit terms to the daughter of R. Jones. The balance at 30 September 1997 was £5,322.

Other creditors

Other creditors include the following amounts owed to related parties:-

	30 September 1997 £	30 September 1996 £
Mere Developments a partnership in which R Jones is a partner	105,375 =====	134,825 =====

FUTURE HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

30TH SEPTEMBER, 1997

In addition there is a loan from the Encotel Pension Scheme of which R. Jones is a trustee.

Amounts due within one year	105,511	261
Amounts due after one year	-	100,000
	<u>£105,511</u>	<u>£100,261</u>

Interest of £5,958 (1996 : £9,525) was paid by the company on this loan during the period.

Trading with related parties

The following arms length transactions were entered into during the year:

Mere Developments

Turnover	-	1,076	Insurance recharge
Cost of sales	-	14,941	Car costs
Operating costs	-	30,000	R Jones Consultancy
	<u> </u>	<u> </u>	

Crewhall Ltd

Operating costs - invoiced	869	940	
- accrued	1,175	-	Travel costs
	<u> </u>	<u> </u>	

During the year A.F. Ryden also received consultancy fees of £8,200.