

Company No :  
2765656

## DIRECTOR'S REPORT

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The Director presents his Report and the Financial Statements of the Company for the Year to 31 January 1995.

### DIRECTORS' RESPONSIBILITIES

Company law requires the Directors to prepare Financial Statements for each financial year which give a true and fair view of the Company's state of affairs and of its profit or loss for the year. When they prepare these statements the Directors are required to:

1. Select suitable accounting policies and apply them consistently.
2. Make judgements and estimates which are reasonable and prudent.
3. Prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose, at any time and with reasonable accuracy, the Company's financial position and which enable them to ensure that the Financial Statements comply with the Companies Act 1985. The Directors are also responsible for safeguarding the Company's assets and hence for taking reasonable steps to prevent and detect fraud and other irregularities.

### PRINCIPAL ACTIVITY

The Company was incorporated on 18 November 1992 as Kermode Business Systems Limited. Its name was changed to Tecnet Software Services Limited by a special resolution passed on 27 November 1992. Trading started on 1 January 1993. The Company's principal activity is the provision of computer services. The Director considers that the Company's state of affairs on 31 January 1995 was satisfactory.

### DIRECTORS

The sole director of the Company throughout the Year and his interests, all of which are beneficial, in its issued ordinary shares was:

AJ WATERS

ORDINARY SHARES HELD  
31.1.95          31.1.94

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DIRECTOR'S REPORT (Continued)

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## DIVIDENDS

Interim dividends totalling £12,000 were paid during the year which is £4,000 for each issued Ordinary Share. A final dividend is not proposed.

## CLOSE COMPANY PROVISIONS

The Directors consider that the company is a "Close Company" according to the provisions of the Income and Corporation Taxes Act 1988.

This report takes advantage of the special exemptions available to small companies.

On behalf of the Board



Secretary

ACCOUNTANTS REPORT TO THE MEMBERS

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We have examined but have not audited the Financial Statements which are on pages 4 to 11.

## RESPONSIBILITIES OF DIRECTORS AND REPORTING ACCOUNTANTS

The Directors' Report describes the Directors' responsibility for the preparation of Financial Statements. They believe that these Financial Statements are exempt from the statutory audit requirement. Our responsibility as reporting accountants is to examine the Financial Statements which the Directors have prepared and report our opinion on these Statements to you.

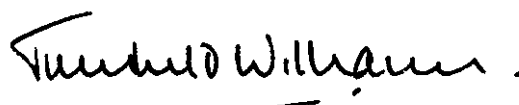
## BASIS OF OPINION

We have carried out our examination in accordance with the appropriate standards for reporting accountants issued by the Auditing Practices Board. The examination consisted of comparing the Financial Statements with the accounting records kept by the Company and making such limited enquiries of the officers of the Company as we considered necessary to enable us to report.

Our examination was not an audit conducted in accordance with Auditing Standards. Therefore we do not express an audit opinion on these Financial Statements and our examination does not provide any assurance that the accounting records are free from material misstatement.

## OPINION

In our opinion the Financial Statements are in agreement with the accounting records kept by the Company under Section 221 of the Companies Act 1985. And, solely on the basis of the information contained in these accounting records the Financial Statements have been drawn up in a manner consistent with the accounting requirements specified in Section 249C(6) of the Act. The Company satisfied the conditions specified by Section 249A(4) of the Act for exemption from an audit of its Financial Statements for the Year and did not, at any time during the Year, fall within any of the categories of Companies not entitled to the exemption specified in Section 249B(1).



TRENFIELD WILLIAMS  
CHARTERED ACCOUNTANTS  
REPORTING ACCOUNTANTS  
18 - 24 BALDWIN STREET  
BRISTOL BS1 1RR  
4 April 1995

## BALANCE SHEET - 31 JANUARY 1995

		31 January 1994
TANGIBLE FIXED ASSETS (Note 2)	2,248	2,891
CURRENT ASSETS		
Work in Progress (Note 1)	-	9,500
Debtors (Note 3)	6,694	26,187
Cash at bank and in hand	53,924	34,548
	<u>60,618</u>	<u>70,235</u>
CREDITORS		
Amounts falling due within one year (Note 4)	<u>26,783</u>	<u>32,732</u>
NET CURRENT ASSETS	33,835	37,503
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>36,083</u>	<u>40,394</u>
CREDITORS		
Amounts falling due after more than one year	-	-
PROVISIONS FOR LIABILITIES AND CHARGES (Note 5)	(181)	(214)
	<u>£35,902</u>	<u>£40,180</u>
CAPITAL AND RESERVES		
Called up Share Capital (Note 6)	3	3
Revenue Reserves	35,899	40,177
	<u>£35,902</u>	<u>£40,180</u>

## BALANCE SHEET - 31 JANUARY 1995 (Continued)

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For the year to 31 January 1995 this Company is entitled to take advantage of the audit exemption conferred by subsection 1 of S249A of the Companies Act 1985. No notice about the Accounts for the year has been deposited under subsection 2 of S249B of this Act.

The Director acknowledges his responsibility to ensure that the Company keeps accounting records which comply with S221 of the Act and for preparing Accounts which give a true and fair view of the Company's state of affairs at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of S226 of the Act and which otherwise comply with the requirements of the Companies Act 1985 relating to Accounts so far as they apply to the Company.

These Financial Statements take advantage of the special exemptions available to small companies. In the Director's opinion the Company is entitled to these exemptions on the grounds that it qualifies as a small company.

Signed on behalf of the Board

  
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DIRECTOR

These Financial Statements were approved by the Board on 4 April 1995

## PROFIT AND LOSS ACCOUNT FOR THE YEAR TO 31 JANUARY 1995

		18.11.92 to 31.1.94
TURNOVER (Note 7)	95,571	109,661
Change in Work in Progress	(9,500)	9,500
Raw Materials and Consumables	-	-
Other External Charges	(46,285)	(24,850)
GROSS PROFIT	39,786	94,311
Staff Costs (Note 8)	(23,224)	(25,248)
Depreciation	(643)	(321)
Other Operating Charges	(6,954)	(11,036)
OPERATING PROFIT	8,965	57,706
Interest receivable (Note 9)	1,388	113
Interest payable (Note 10)	(10)	(2)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION (Note 11)	10,343	57,817
TAXATION (Note 12)	(2,621)	(15,840)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	7,722	41,977
DIVIDENDS	(12,000)	(1,800)
RETAINED PROFIT FOR THE YEAR	(4,278)	40,177
REVENUE RESERVES BROUGHT FORWARD	40,177	-
REVENUE RESERVES CARRIED FORWARD	<u>£35,899</u>	<u>£40,177</u>

The Company had no recognized gains or losses during the Year apart from those reported in the Profit and Loss Account.

NOTES TO THE ACCOUNTS FOR THE YEAR TO 31 JANUARY 1995

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## 1. ACCOUNTING POLICIES

## Basis of accounting

The Financial Statements have been prepared according to the historical cost convention, prevailing Accounting Standards, and the terms of S228 and Schedule 4 of the Companies Act 1985

## Depreciation

Depreciation of Fixed Assets is provided to write off the net cost of each asset over the term of its useful life. Therefore Equipment is written off evenly over five years.

## Work in Progress

Short term Work in Progress is valued at cost. There is no long term Work in Progress.

## Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Deferred taxation (which arises from differences in the timing of the recognition of items, principally depreciation, in the accounts and by the tax authorities) is provided in full by the liability method.

## Pension costs

The Company operates a defined contribution scheme for the benefit of its director. Contributions are charged in the Profit and Loss Account when they are made. The Company has no obligation to make contributions.

## Cash Flow Statement

The Company has not published a cash flow statement. It has taken advantage of the exemption provided to small companies by Financial Reporting Standard No. 1.

## NOTES TO THE ACCOUNTS FOR THE YEAR TO 31 JANUARY 1995

## 2. TANGIBLE FIXED ASSETS

	Plant and Equipment
Cost	
1 February 1994	3,212
Additions	-
Disposals	-
31 January 1995	<u>3,212</u>
Depreciation	
1 February 1994	321
Eliminated on disposals	-
Charge for the Year	643
31 January 1995	<u>964</u>
Net Book Values	
31 January 1995	<u>£ 2,248</u>
31 January 1994	<u>£ 2,891</u>

3. DEBTORS	31.1.95	31.1.94
Trade Debtors	5,681	26,137
Loans to Directors	963	-
Other Debtors	50	50
	<u>£ 6,694</u>	<u>£ 26,187</u>

Loans to individual directors contravene the Companies Act 1985 if they exceed £5000. On 31 January 1995 £963 had been lent to AJ Waters. This loan is interest free and repayable on demand. The maximum lent to Mr. Waters during the year was £2657.



## NOTES TO THE ACCOUNTS FOR THE YEAR TO 31 JANUARY 1995

4. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	31.1.95	31.1.94
Trade Creditors	4,465	4,230
Accrued Charges and Deferred Income	1,340	3,600
Taxation and Social Security	4,708	6,391
Corporation Tax	2,654	15,610
Loans from Directors	-	1,343
Other Creditors	13,616	1,558
	<u>£ 26,783</u>	<u>£ 32,732</u>

## 5. PROVISIONS FOR LIABILITIES AND CHARGES

The provision is solely for deferred taxation which has been calculated according to the liability method. A deferred taxation liability arises because of differences in the times that the Accounts and prevailing tax legislation recognise some expenses - principally depreciation.

The movement in deferred taxation consists of:

	1995	1994
Balance on 1 February 1994	214	-
Transferred to Profit and Loss Account because of		
Capital Allowances	(33)	214
Other timing differences	-	-
Balance on 31 January 1995	<u>£ 181</u>	<u>£ 214</u>

6. CALLED UP SHARE CAPITAL	31.1.95	31.1.94
Authorised:		
100 Ordinary shares of £1 each	<u>£100</u>	<u>£100</u>
Allotted, Issued and Fully Paid:		
3 Ordinary shares of £1 each	<u>£ 3</u>	<u>£ 3</u>

## NOTES TO THE ACCOUNTS FOR THE YEAR TO 31 JANUARY 1995

## 7. TURNOVER

Turnover is the amount receivable for goods and services invoiced during the year. It excludes Value added tax and discounts given. Turnover was in geographically distinct markets as follows:

	1995	1994
United Kingdom	88,930	68,364
Europe	6,641	41,297
	<u>£ 95,571</u>	<u>£109,661</u>

## 8. STAFF COSTS

During the Year the average weekly number of employees (including directors) was two. Payroll costs were:

	1995	1994
Wages, Salaries, and Expenses	12,000	12,000
Social security costs	1,224	1,248
Other pension costs	10,000	12,000
	<u>£23,224</u>	<u>£25,248</u>

All pension contributions were to defined contribution schemes.

## 9 INTEREST RECEIVABLE

All Interest receivable is on bank and other short term deposits.

## 10 INTEREST PAYABLE

All interest payable is for bank loans and overdrafts and other facilities repayable in full within five years.

## NOTES TO THE ACCOUNTS FOR THE YEAR TO 31 JANUARY 1995

11.PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	31.1.95	31.1.94
The Profit on ordinary activities before taxation is stated after charging:		
Directors' Emoluments		
- remuneration as executives	£12,000	£12,000
- pension contributions	£10,000	£12,000
Auditors' Remuneration	£ -	£ 400
12.TAX ON PROFIT ON ORDINARY ACTIVITIES	1995	1994
The provision is wholly for UK Corporation Tax:		
On the taxable profit of the Year at 25%	2,654	15,626
Deferred taxation	(33)	214
	<u>£ 2,621</u>	<u>£ 15,840</u>
13.RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	1995	1994
Profit for the Financial Year	7,722	41,977
Dividends	(12,000)	(1,800)
Net change in shareholders' funds	(4,278)	40,177
Share Capital subscribed	40,180	3
Closing shareholders' funds	<u>£35,902</u>	<u>£40,180</u>

All Shareholders' Funds are attributable to equity interests.