

Company No. 2984631

**WPM SOLUTIONS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 1997**



**MALKIN & CO.
CHARTERED ACCOUNTANTS
WHITFIELD BUILDINGS
192 - 200 PENSBY ROAD
HESWALL
WIRRAL
L60 7RJ**

**WPM SOLUTIONS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 1997**

DIRECTORS

C. M. Weatherstone
A. F. Murray
S. McEvoy

SECRETARY

Mrs. C. Weatherstone

REGISTERED OFFICE

3 Dale Gardens
Heswall
Wirral
L60 6TQ

COMPANY NUMBER

2984631

BANKERS

Midland Bank plc
21 Pensby Road
Heswall
Wirral

AUDITORS

Malkin & Co
Whitfield Buildings
192 - 200 Pensby Road
Heswall
Wirral
L60 7RJ

**WPM SOLUTIONS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 1997**

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**WPM SOLUTIONS LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31ST MARCH 1997**

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

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:-

- 1) select suitable accounting policies and then apply them consistently.
- 2) make judgements and estimates that are reasonable and prudent.
- 3) 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 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.

PRINCIPAL ACTIVITIES

The principal activities of the company are the supply of professional services to the information technology industry.

BUSINESS REVIEW

The Company set a revenue target for the year of £600,000 which was achieved. This was substantially ahead of the 1995/96 total which was over a 16 month period. Pre-tax profits increased from £13,262 in 1995/96 to £40,362.

In addition to achieving our revenue targets the Company was able to bring forward a significant part of the investment requirements for the 1997/98 financial year. This was in the form of substantial investment in the Company fleet, IT infrastructure and office accommodation.

The increased level of activity and investment has resulted in increased overheads. The breakeven point for 1997/98 is estimated at £580,000. The Company has set a sales target for the coming year of £1.5 million with revenues expected to achieve at least £1.2 million. We have carried forward orders of £237,000 into 1997/98 and have exceeded the breakeven turnover for the first two months of trading.

**WPM SOLUTIONS LIMITED
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31ST MARCH 1997**

RESULTS AND DIVIDENDS

	1997 £	1996 £
Profit after tax for the year	30,110	9,584
Interim dividends	39,000	-
Transfer to reserves	£ (8,890)	£ 9,584

FIXED ASSETS

Acquisition and disposal of fixed assets during the year are shown in the notes to the accounts.

DIRECTORS

The directors who served during the year are shown below.

C. M. Weatherstone
A. F. Murray (appointed 1st June 1996)

The directors beneficial interests in the issued ordinary share capital were as follows:

	1997 No.	1996 No.
C. M. Weatherstone	900	1,000
A. F. Murray	100	-

Mr. S. McEvoy was appointed to the Board on 25th April 1997.

CLOSE COMPANY STATUS

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

AUDITORS

The auditors, Malkin & Co, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

This report was approved by the board on 6th June 1997 and signed on their behalf.

C. M. Weatherstone

Signed
Mrs. C. Weatherstone
6th June 1997

**WPM SOLUTIONS LIMITED
AUDITORS' REPORT TO THE SHAREHOLDERS OF WPM SOLUTIONS LIMITED
FOR THE YEAR ENDED 31ST MARCH 1997**

We have audited the financial statements on pages 6 to 15 which have been prepared under the historical cost convention and the accounting policies set out on page 9.

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 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 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.

Malkin & Co.

Malkin & Co
Chartered Accountants
Registered Auditor

Whitfield Buildings
192 - 200 Pensby Road
Heswall
Wirral
L60 7RJ

6th June 1997

**WPM SOLUTIONS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 1997**

	Note	£	1997 £	1996 £
TURNOVER	2			
Continuing operations			600,255	276,373
Cost of sales	3		220,552	68,663
GROSS PROFIT			<u>379,703</u>	<u>207,710</u>
Net operating expenses	3&4		338,270	195,117
OPERATING PROFIT	4			
Continuing operations			41,433	12,593
Interest receivable and similar income	6		-	669
Interest payable and similar charges	7		(1,071)	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			<u>40,362</u>	<u>13,262</u>
Tax on ordinary activities	8		10,252	3,678
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION			<u>30,110</u>	<u>9,584</u>
PROFIT FOR THE FINANCIAL YEAR			<u>30,110</u>	<u>9,584</u>
Dividends	9		39,000	-
RETAINED (LOSS)/PROFIT FOR THE FINANCIAL YEAR		£	<u><u>(8,890)</u></u>	<u><u>9,584</u></u>

The company made no recognised gains and losses other than those reported in the profit and loss account.

WPM SOLUTIONS LIMITED
BALANCE SHEET
AT 31ST MARCH 1997

	Notes	£	1997 £	1996 £
FIXED ASSETS				
Intangible assets	10		-	1,128
Tangible assets	11		48,211	12,012
			<u>48,211</u>	<u>13,140</u>
CURRENT ASSETS				
Debtors	12	104,933		20,138
Cash at bank and in hand		-		2,595
			<u>104,933</u>	<u>22,733</u>
CREDITORS: Amounts falling due within one year	13	125,113		25,289
NET CURRENT LIABILITIES			<u>(20,180)</u>	<u>(2,556)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>28,031</u>	<u>10,584</u>
CREDITORS: Amounts falling due after more than one year	14		26,337	-
NET ASSETS			<u>£ 1,694</u>	<u>£ 10,584</u>
CAPITAL AND RESERVES				
Called up share capital	15		1,000	1,000
Profit and loss account	16		694	9,584
TOTAL CAPITAL EMPLOYED			<u>£ 1,694</u>	<u>£ 10,584</u>

Signed on behalf of the board

C. M. Weatherstone

C. M. Weatherstone
6th June 1997

The notes on pages 9 to 15 form part of these accounts

WPM SOLUTIONS LIMITED
 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
 FOR THE YEAR ENDED 31ST MARCH 1997

	1997 £	1996 £
Profit for the financial year	30,110	9,584
Shares issued	-	1,000
Dividends	39,000	-
Net addition to shareholders' funds	(8,890)	10,584
Opening shareholders' funds	10,584	-
Closing shareholders' funds	£ 1,694	£ 10,584

The notes on pages 9 to 15 form part of these accounts

1. ACCOUNTING POLICIES

1a. Basis of accounting

The accounts have been prepared under the historical cost convention.

1b. Tangible fixed assets

Fixed assets are shown at historical cost.

Depreciation is provided, after taking account of any grants receivable, at the following annual rates in order to write off each asset over its estimated useful life.

	1997	1996
Fixtures & equipment	20%	15%
Computer equipment	30%	20%
Motor vehicles	25%	-

The depreciation rates were reviewed during the year in the light of experience and increased rates adopted for fixtures and equipment and for computer equipment. Assets purchased in the period to 31st March 1997 are being written off over their estimated remaining useful lives.

1c. Taxation

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

Advance corporation tax payable on dividends paid or provided for in the year is written off.

Deferred taxation (which arises from differences in the timing of the recognition of items, principally depreciation, in the accounts and by the tax authorities) has been calculated on the liability method. Deferred tax is provided on timing differences, which will probably reverse at the rates of tax likely to be in force at the time of reversal. Deferred tax is not provided on timing differences which, in the opinion of the directors, will probably not reverse. However, the amount of all deferred tax, including that which will probably not reverse, is shown in note .

1d. Turnover

Turnover comprises the value of sales (excluding VAT and similar taxes and trade discounts) of goods and services in the normal course of business.

1. ACCOUNTING POLICIES (CONTINUED)

1e. Leased assets

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight-line basis over the lease term.

1f. Cash flow statement

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from producing a cash flow statement on the grounds that it is a small company.

2. TURNOVER

Turnover and profit on ordinary activities before taxation are attributable to the principal activity.

3. COST OF SALES AND NET OPERATING EXPENSES

	1997 £	1996 £
Cost of sales	£ 220,552	£ 68,663
Net operating expenses:		
Distribution costs	5,158	714
Administrative expenses	319,609	190,437
Depreciation	13,703	3,966
Other operating income	(200)	-
	<u>£ 338,270</u>	<u>£ 195,117</u>

WPM SOLUTIONS LIMITED
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31ST MARCH 1997

4. OPERATING PROFIT

	1997 £	1996 £
Profit on ordinary activities is stated after charging:		
Auditors' remuneration		
Audit services	500	-
Non-audit services	543	1,000
Depreciation and amortisation		
Tangible assets: owned	13,703	3,966
Staff costs (note 5)	232,787	141,607
Operating leases - land & buildings	6,750	2,250
- other operating leases	16,229	4,971
	<hr/>	<hr/>
and after crediting:		
Other operating income	200	-
	<hr/>	<hr/>

5. DIRECTORS AND EMPLOYEES

Particulars of employees (including directors) are shown below:

Employee costs during the year amounted to:	1997 £	1996 £
Wages and salaries	225,587	141,607
Other pension costs	7,200	-
	<hr/>	<hr/>
	£ 232,787	£ 141,607
	<hr/>	<hr/>

The average monthly numbers of employees during the year were as follows:

	1997 No.	1996 No.
Management and administration	10	4
	<hr/>	<hr/>

Details of directors' emoluments are:

	1997 £	1996 £
Aggregate emoluments including benefits	65,132	73,432
Pension contributions to money purchase schemes	3,600	-
	<hr/>	<hr/>
	£ 68,732	£ 73,432
	<hr/>	<hr/>

Pension contributions are paid to money purchase schemes on behalf of two directors.

WPM SOLUTIONS LIMITED
 NOTES TO THE ACCOUNTS (CONTINUED)
 FOR THE YEAR ENDED 31ST MARCH 1997

6. INTEREST RECEIVABLE AND SIMILAR INCOME	1997	1996
	£	£
Bank interest receivable	£ -	£ 669
	<u> </u>	<u> </u>
 7. INTEREST PAYABLE AND SIMILAR CHARGES	 1997	 1996
	£	£
Interest on loans repayable within five years, not by instalments	£ 1,071	£ -
	<u> </u>	<u> </u>
 8. TAX ON PROFIT ON ORDINARY ACTIVITIES	 1997	 1996
	£	£
Corporation tax at 24% (1996: 25%)	£ 10,252	£ 3,678
	<u> </u>	<u> </u>
 9. DIVIDENDS	 1997	 1996
	£	£
Ordinary dividends:- Interim paid	£ 39,000	£ -
	<u> </u>	<u> </u>
 10. INTANGIBLE FIXED ASSETS		
	Development	Total
	Costs	£
	£	£
Cost		
At 1st April 1996	1,128	1,128
Disposals	(1,128)	(1,128)
	<u> </u>	<u> </u>
At 31st March 1997	-	-
	<u> </u>	<u> </u>
Depreciation		
At 31st March 1997	-	-
	<u> </u>	<u> </u>
Net Book Amounts		
At 31st March 1997	£ -	£ -
	<u> </u>	<u> </u>
At 31st March 1996	£ 1,128	£ 1,128
	<u> </u>	<u> </u>

WPM SOLUTIONS LIMITED
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31ST MARCH 1997

11. TANGIBLE FIXED ASSETS

	Fixtures & Equipment £	Computer Equipment £	Motor Vehicles £	Total £
Cost				
At 1st April 1996	4,429	11,549	-	15,978
Additions	9,780	14,889	25,233	49,902
At 31st March 1997	<u>14,209</u>	<u>26,438</u>	<u>25,233</u>	<u>65,880</u>
Depreciation				
At 1st April 1996	886	3,080	-	3,966
For the year	2,842	8,096	2,765	13,703
At 31st March 1997	<u>3,728</u>	<u>11,176</u>	<u>2,765</u>	<u>17,669</u>
Net Book Amounts				
At 31st March 1997	<u>£ 10,481</u>	<u>£ 15,262</u>	<u>£ 22,468</u>	<u>£ 48,211</u>
At 31st March 1996	<u>£ 3,543</u>	<u>£ 8,469</u>	<u>£ -</u>	<u>£ 12,012</u>

The net book value of motor vehicles above of £22,468 is all attributable to assets held under hire purchase contracts. The depreciation charged in the year on those assets was £2,765.

12. DEBTORS

	1997 £	1996 £
Trade debtors	91,029	13,750
Other debtors	2,000	2,500
Prepayments	11,904	3,888
	<u>£ 104,933</u>	<u>£ 20,138</u>

WPM SOLUTIONS LIMITED
 NOTES TO THE ACCOUNTS (CONTINUED)
 FOR THE YEAR ENDED 31ST MARCH 1997

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1997 £	1996 £
Hire purchase	5,590	-
UK corporation tax	502	3,678
Advanced Corporation Tax	9,750	-
Social security and other taxes	34,747	6,737
C. M. Weatherstone	15,250	700
A. F. Murray	3,750	-
Trade creditors	25,040	6,600
Other creditors	2,103	7,134
Accruals	21,462	440
Bank Overdraft	6,919	-
	<u>£ 125,113</u>	<u>£ 25,289</u>

The company has granted a fixed charge over its book debts and a floating charge on all its over assets to secure bank overdraft facilities of £50,000 (1996 -£50,000).

14. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	1997 £	1996 £
Other loans	20,000	-
Hire purchase agreements	6,337	-
	<u>£ 26,337</u>	<u>£ -</u>

The amounts due under hire purchase contracts are all payable between 2 and 5 years.

15. CALLED UP SHARE CAPITAL

	1997 £	1996 £
Authorised:		
1000 Ordinary shares of £1 each	<u>£ 1,000</u>	<u>£ 1,000</u>
Allotted, issued and fully paid:		
1000 Ordinary shares of £1 each	<u>£ 1,000</u>	<u>£ 1,000</u>

WPM SOLUTIONS LIMITED
 NOTES TO THE ACCOUNTS (CONTINUED)
 FOR THE YEAR ENDED 31ST MARCH 1997

16. RESERVES

	Profit & loss account £
At 1st April 1996	9,584
Loss for the year	(8,890)
At 31st March 1997	<u>£ 694</u>

17. LEASE COMMITMENTS

The company has entered into non-cancellable leases the payments for which extend over a period of up to 3 years.

The minimum annual rentals under the leases are as follows:

	1997 £	1996 £
Land and buildings:		
- within 1 year	11,000	9,000
- within 2-5 years	13,000	24,000
	<u>£ 24,000</u>	<u>£ 33,000</u>
	1997 £	1996 £
Motor vehicles:		
- within 1 year	22,031	9,214
- within 2-5 years	11,397	9,593
	<u>£ 33,428</u>	<u>£ 18,807</u>