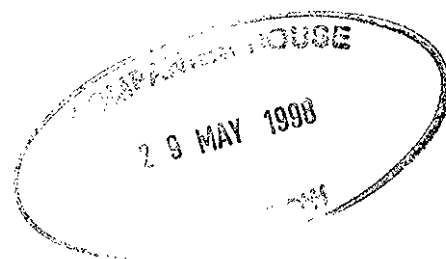


**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 1997
FOR
ARROWPOINT SERVICES LTD**



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FOR THE YEAR ENDED 31 JULY 1997**

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ARROWPOINT SERVICES LTD

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 JULY 1997**

DIRECTORS:	C Meggs Mrs A M Meggs
SECRETARY:	Anne M Meggs
REGISTERED OFFICE:	90 Mitchell Street Glasgow G1 3NQ
REGISTERED NUMBER:	99407 (Scotland)
ACCOUNTANTS:	Sinclair Wood & Co. Chartered Accountants Gordon Chambers 90 Mitchell Street Glasgow G1 3NQ
BANKERS:	The Royal Bank of Scotland 469 Paisley Road Glasgow G1 3NQ

ARROWPOINT SERVICES LTD

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 JULY 1997**

The directors present their report with the financial statements of the company for the year ended 31 July 1997.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the provision of electrical engineering services.

DIRECTORS

The directors during the year under review were:

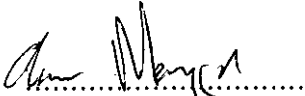
C Meggs
Mrs A M Meggs

The beneficial interests of the directors holding office on 31 July 1997 in the issued share capital of the company were as follows:

	31.7.97	1.8.96
Ordinary £1 shares		
C Meggs	1	1
Mrs A M Meggs	1	1

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

ON BEHALF OF THE BOARD:



Anne M Meggs - SECRETARY

Dated: 27-5-98

ARROWPOINT SERVICES LTD

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JULY 1997**

		1997	1996
	Notes	£	£
TURNOVER	2	34,999	61,278
Cost of sales		18,930	52,153
GROSS PROFIT		16,069	9,125
Administrative expenses		16,298	15,759
OPERATING LOSS	4	(229)	(6,634)
Interest payable and similar charges	5	106	96
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(335)	(6,730)
Tax on loss on ordinary activities	6	152	-
LOSS FOR THE FINANCIAL YEAR AFTER TAXATION		(487)	(6,730)
Retained profit brought forward		5,015	11,745
RETAINED PROFIT CARRIED FORWARD		£4,528	£5,015

CONTINUING OPERATIONS

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

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the losses for the current and previous years.

ARROWPOINT SERVICES LTD

**BALANCE SHEET
31 JULY 1997**

	Notes	1997		1996	
		£	£	£	£
FIXED ASSETS:					
Tangible assets	7		4,153		5,235
CURRENT ASSETS:					
Debtors	8	6,083		3,321	
Cash at bank		4,007		5,370	
			<u>10,090</u>		<u>8,691</u>
CREDITORS: Amounts falling due within one year	9	<u>9,713</u>		<u>8,909</u>	
NET CURRENT ASSETS/(LIABILITIES):			<u>377</u>		<u>(218)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			<u>£4,530</u>		<u>£5,017</u>
CAPITAL AND RESERVES:					
Called up share capital	10		2		2
Profit and loss account			4,528		5,015
Shareholders' funds	11		<u>£4,530</u>		<u>£5,017</u>

The company is entitled to exemption from audit under Section 249A(1) of the Companies Act 1985 for the year ending 31 July 1997.

No notice has been deposited under Section 249B(2) of the Companies Act 1985 in relation to its financial statements for the financial year.

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Section 226 and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements, so far as applicable to the company.

ON BEHALF OF THE BOARD:


.....
C Meggs - DIRECTOR

Approved by the Board on 27-5-98

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 1997

1. ACCOUNTING POLICIES

Accounting convention

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

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Pensions

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. Contributions payable for the year are charged in the profit and loss account.

2. TURNOVER

The turnover and loss before taxation are attributable to the one principal activity of the company.

3. STAFF COSTS

	1997	1996
	£	£
Wages and salaries	3,190	3,040
Other pension costs	3,180	3,180
	<u>6,370</u>	<u>6,220</u>

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

	1997	1996
Full time	1	1
Part time	1	1
	<u>2</u>	<u>2</u>

4. OPERATING LOSS

The operating loss is stated after charging:

	1997	1996
	£	£
Hire of plant and machinery	1,486	-
Depreciation - owned assets	1,082	1,304
	<u>2,568</u>	<u>1,304</u>
Directors' emoluments	<u>3,190</u>	<u>3,040</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 1997**

5. INTEREST PAYABLE AND SIMILAR CHARGES

	1997	1996
	£	£
Bank interest	106	96
	<u>106</u>	<u>96</u>

6. TAXATION

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

	1997	1996
	£	£
UK Corporation Tax	152	-
	<u>152</u>	<u>-</u>

UK Corporation Tax has been charged at 23% (1996 - not applicable).

7. TANGIBLE FIXED ASSETS

	Improvem- ents to property	Fixtures and fittings	Motor vehicles	Totals
	£	£	£	£
COST:				
At 1 August 1996 and 31 July 1997	2,211	9,168	3,900	15,279
	<u>2,211</u>	<u>9,168</u>	<u>3,900</u>	<u>15,279</u>
DEPRECIATION:				
At 1 August 1996	1,642	6,147	2,255	10,044
Charge for year	221	450	411	1,082
	<u>1,863</u>	<u>6,597</u>	<u>2,666</u>	<u>11,126</u>
At 31 July 1997	1,863	6,597	2,666	11,126
	<u>1,863</u>	<u>6,597</u>	<u>2,666</u>	<u>11,126</u>
NET BOOK VALUE:				
At 31 July 1997	348	2,571	1,234	4,153
	<u>348</u>	<u>2,571</u>	<u>1,234</u>	<u>4,153</u>
At 31 July 1996	569	3,021	1,645	5,235
	<u>569</u>	<u>3,021</u>	<u>1,645</u>	<u>5,235</u>

**8. DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	1997	1996
	£	£
Debtors	4,798	2,036
ACT recoverable	1,285	1,285
	<u>6,083</u>	<u>3,321</u>
	<u>6,083</u>	<u>3,321</u>

ARROWPOINT SERVICES LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 1997**

**9. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	1997	1996
	£	£
Trade creditors	645	1,828
Directors' loan account	4,820	1,214
Social security & other taxes	1,122	2,473
Taxation	306	2,594
Accrued expenses	2,820	800
	<u>9,713</u>	<u>8,909</u>

10. CALLED UP SHARE CAPITAL

Authorised:			1997	1996
Number:	Class:	Nominal value:	£	£
100	Ordinary	£1	<u>100</u>	<u>100</u>
Allotted, issued and fully paid:			1997	1996
Number:	Class:	Nominal value:	£	£
2	Ordinary	£1	<u>2</u>	<u>2</u>

11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1997	1996
	£	£
Loss for the financial year	(487)	(6,730)
NET REDUCTION OF SHAREHOLDERS' FUNDS	<u>(487)</u>	<u>(6,730)</u>
Opening shareholders' funds	5,017	11,747
CLOSING SHAREHOLDERS' FUNDS	<u>4,530</u>	<u>5,017</u>
Equity interests	<u>4,530</u>	<u>5,017</u>