

709846

BEARWOOD CORPORATE SERVICES LIMITED

**REPORTS AND ACCOUNTS
FOR THE PERIOD ENDED 31 MARCH 1999**



BEARWOOD CORPORATE SERVICES LIMITED

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REGISTERED NUMBER: 709846

BEARWOOD CORPORATE SERVICES LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the accounts for the 11 months ended 31 March 1999.

PRINCIPAL ACTIVITIES

The company is principally engaged in merger broking, and associated management consultancy services.

BUSINESS REVIEW

A summary of the results of the period's trading is given on page 4 of the accounts.

RESULTS AND DIVIDENDS

The profit for the period after taxation was £103,014. The directors recommend that no dividend be paid and that the profit of £103,014 be added to reserves.

DIRECTORS DURING THE PERIOD

The directors of the company during the period were as follows:-

L J Austen

P J Coleman - appointed 30 October 1998

T W Godfray - resigned 30 October 1998

DIRECTORS' INTERESTS

Neither director had a disclosable interest in shares at 31 March 1999 or 30 April 1998.

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts 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 preparing those accounts directors are required to:-

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- follow applicable accounting standards, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts 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 accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking steps for the prevention and detection of fraud and other irregularities.

BEARWOOD CORPORATE SERVICES LIMITED

REPORT OF THE DIRECTORS (continued)

YEAR 2000 COMPLIANCE

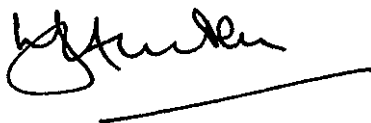
As is well known, many computer and digital storage systems express dates using only the last two digits of the year and will thus require modification or replacement to accommodate the Year 2000 and beyond in order to avoid malfunctions and resulting widespread commercial disruption. This is a complex and pervasive issue. The operation of our business depends not only on our own computer systems, but also to some degree on those of our suppliers and customers. This could expose us to further risk in the event that there is a failure by other parties to remedy their own Year 2000 issues.

We have considered the impact on our business and have taken steps to ensure that our computer systems are Year 2000 compliant. We have also considered our reliance on the systems of our suppliers and customers. Given the complexity of the problem, it is not possible for any organisation to guarantee that no Year 2000 problems will remain, because at least some level of failure may still occur. We believe we will have the resources to deal promptly with significant failures or issues that might arise. The cost of ensuring our systems are Year 2000 compliant, was negligible.

AUDITORS

On 1 January 1999, the auditors, Lyon Pilcher, changed their name to BDO Stoy Hayward. In accordance with Section 385 of the Companies Act 1985, a resolution proposing the re-appointment of BDO Stoy Hayward as auditors to the company will be put to the Annual General Meeting.

BY ORDER OF THE BOARD



25 June 1999

**REPORT OF THE AUDITORS
TO THE MEMBERS OF BEARWOOD CORPORATE SERVICES LIMITED**

We have audited the accounts on pages 5 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 2, the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements by the directors in the preparation of the accounts, 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 accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming an opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

OPINION

In our opinion, the accounts give a true and fair view of the state of affairs of the company at 31 March 1999 and of the profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO Stoy Hayward

BDO STOY HAYWARD
REGISTERED AUDITORS

Southampton

30 June 1999

BEARWOOD CORPORATE SERVICES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31 MARCH 1999

	Notes	11 Months to 31 March 1999 £	Year to 30 April 1998 £
TURNOVER	1	326,610	307,066
Net operating expenses		337,838	210,187
OPERATING (LOSS)/PROFIT	2	(11,228)	96,879
Other operating income	5	149,621	338
Interest receivable	6	9,262	5,210
PROFIT on ordinary activities before taxation		147,655	102,427
Taxation	7	44,641	29,691
PROFIT for the period	14	£103,014	£72,736

All amounts relate to continuing activities.

All recognised gains and losses are included in the profit and loss account.

A separate movement on shareholders' funds statement is not provided as there are no changes for the current or previous year other than the profit on ordinary activities after taxation within the profit and loss account.

BEARWOOD CORPORATE SERVICES LIMITED

BALANCE SHEET AS AT 31 MARCH 1999

	Notes	31 March 1999 £	30 April 1998 £
FIXED ASSETS			
Tangible assets	8	29,430	10,962
Investments	9	3,000	3,000
		<u>32,430</u>	<u>13,962</u>
CURRENT ASSETS			
Debtors	10	32,985	18,360
Unlisted investments	11	637	637
Cash at bank and in hand		478,481	352,143
		<u>512,103</u>	<u>371,140</u>
CREDITORS : Amounts falling due within one year	12	197,697	141,280
NET CURRENT ASSETS		<u>314,406</u>	<u>229,860</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>£346,836</u>	<u>£243,822</u>
CAPITAL AND RESERVES			
Called up share capital - equity	13	9,900	9,900
Share premium account		35,100	35,100
Profit and loss account	14	301,836	198,822
SHAREHOLDERS' FUNDS		<u>£346,836</u>	<u>£243,822</u>

The accounts were approved by
the Board of Directors on 25 June 1999
and are signed on its behalf by:



DIRECTOR

BEARWOOD CORPORATE SERVICES LIMITED

ACCOUNTING POLICIES

Basis of Accounting

The accounts are prepared on the historical cost basis of accounting.

Turnover

Turnover represents the value of services provided, excluding value added tax.

Tangible Fixed Assets

Tangible fixed assets are stated in the balance sheet at cost, less depreciation.

Depreciation

The cost of fixed assets is written off on the straight line basis over their expected useful lives as follows:-

Fixtures and fittings	5 years
Motor vehicles	4 years
Computer equipment	1 year

Investments

Investments are stated at cost, less amounts written off.

Foreign Currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Deferred Taxation

Deferred tax is provided in respect of the tax effect of all timing differences, to the extent that it is probable that a liability or asset will crystallise in the foreseeable future, at the rates of tax expected to apply when the timing differences reverse.

Pension Costs

Contributions payable to staff personal pension schemes are charged to the profit and loss account in the period to which they are related.

BEARWOOD CORPORATE SERVICES LIMITED

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 MARCH 1999

1. TURNOVER AND PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

Turnover and profit/(loss) on ordinary activities before taxation is derived from the company's principal activities undertaken in the United Kingdom.

2. OPERATING PROFIT/(LOSS)

	1999 £	1998 £
Operating profit/(loss) is stated after charging/(crediting):		
Depreciation of tangible fixed assets	7,090	6,264
Staff costs (Note 3)	248,359	143,057
Auditors' remuneration - audit	5,400	4,000
- non audit	3,556	350
Exchange (gain)/loss	(3,540)	3,249
Profit on disposal of motor vehicle	(5,854)	
Provision against investment	-	1,000

3. STAFF COSTS

	1999 £	1998 £
Wages and salaries	218,011	127,728
Social security costs	22,408	12,469
Other pension costs	7,940	2,860
	<u>£248,359</u>	<u>£143,057</u>

Average number of employees during the year

5 3

4. DIRECTORS' EMOLUMENTS

	1999	1998
The remuneration (including pension contributions) paid to directors was:-	£94,053	£92,154

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

The Chairman	£Nil	£Nil
The highest paid director	£91,053	£89,294

During the year, the company also paid £6,500 (1998: £3,500) to Mandate Services Limited, a company controlled by Mr T W Godfray, in respect of services provided by that company. This amount is not included in the table above.

BEARWOOD CORPORATE SERVICES LIMITED

NOTES TO THE ACCOUNTS (continued)

5. OTHER OPERATING INCOME

	1999 £	1998 £
Other income	149,604	303
Dividends received	17	35
	<hr/>	<hr/>
	£149,621	£338
	<hr/>	<hr/>

6. INTEREST RECEIVABLE

	1999	1998
Bank interest receivable	£9,262	£5,210
	<hr/>	<hr/>

7. TAXATION

	1999 £	1998 £
The tax charge in the profit and loss account is made up as follows:-		
UK Corporation tax	45,000	34,000
In respect of prior years	(359)	(4,309)
	<hr/>	<hr/>
	£44,641	£29,691
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BEARWOOD CORPORATE SERVICES LIMITED

NOTES TO THE ACCOUNTS (continued)

8. TANGIBLE FIXED ASSETS

	Motor vehicles £	Fixtures and fittings £	Total £
COST			
At 1 May 1998	25,076	6,914	31,990
Additions	29,770	5,184	34,954
Disposals	(25,076)	-	(25,076)
At 31 March 1999	29,770	12,098	41,868

	Motor vehicles £	Fixtures and fittings £	Total £
DEPRECIATION			
At 1 May 1998	14,114	6,914	21,028
Provided	6,528	562	7,090
Eliminated on disposal	(15,680)	-	(15,680)
At 31 March 1999	4,962	7,476	12,438

NET BOOK VALUE

At 30 April 1999	£24,808	£4,622	£29,430
At 30 April 1998	£10,962	£-	£10,962

9. FIXED ASSET INVESTMENT

	Freehold land held for investment
At 1 May 1998 and 31 March 1999	£3,000

BEARWOOD CORPORATE SERVICES LIMITED

NOTES TO THE ACCOUNTS (continued)

10. DEBTORS

	1999 £	1998 £
Amount due from group company	573	-
Trade debtors and prepayments	32,412	18,360
	<hr/>	<hr/>
	£32,985	£18,360
	<hr/>	<hr/>

11. UNLISTED INVESTMENTS

	1999 £	1998 £
Cost	1,637	1,637
Provision	(1,000)	(1,000)
	<hr/>	<hr/>
Net book value	£637	£637
	<hr/>	<hr/>

12. CREDITORS : Amounts falling due within one year

	1999 £	1998 £
Trade creditors	2,314	-
Amounts due to group companies	58,000	58,000
Social security and other taxes	40,647	17,789
Accruals	51,736	31,491
Corporation tax	45,000	34,000
	<hr/>	<hr/>
	£197,697	£141,280
	<hr/>	<hr/>

13. CALLED UP SHARE CAPITAL

	1999 £	1998 £
<u>Authorised</u>		
410,000 ordinary shares of 10p each	41,000	41,000
9,000 ordinary deferred shares of £1 each	9,000	9,000
	<hr/>	<hr/>
	£50,000	£50,000
	<hr/>	<hr/>
<u>Allotted, issued and fully paid</u>		
9,000 ordinary shares of 10p each	900	900
9,000 ordinary deferred shares of £1 each	9,000	9,000
	<hr/>	<hr/>
	£9,900	£9,900
	<hr/>	<hr/>

BEARWOOD CORPORATE SERVICES LIMITED

NOTES TO THE ACCOUNTS (continued)

14. PROFIT AND LOSS ACCOUNT

	1999 £	1998 £
At 1 May 1998	198,822	126,086
Retained profit/(loss) for the year	103,014	72,736
	<hr/>	<hr/>
At 31 March 1999	£301,836	£198,822
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15. PENSION COMMITMENTS

The company does not operate a company pension scheme but contributes 5% of salary towards an individual's personal pension scheme.

The pension cost charge represents contributions paid by the company and amounted to £7,940 (1998: £2,860).

16. HOLDING COMPANY

The immediate holding company is Belize Holdings Limited, a company registered in England and Wales.

The ultimate holding company is BHI Corporation Inc, a company incorporated in Belize.