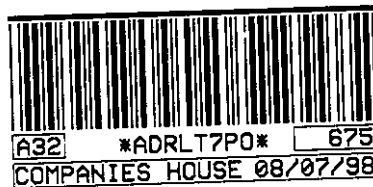


11/11/97  
Company No: 01460568 (England & Wales)

**LAND & WATER RESOURCE CONSULTANTS LIMITED**  
**ACCOUNTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 1997**



LAND & WATER RESOURCE CONSULTANTS LIMITED

Company Registration No:01460568 (England & Wales)

DIRECTORS

R Garner  
C M Wilson

COMPANY SECRETARY

C M Wilson

REGISTERED OFFICE

1 Lode Road  
Lode  
Cambridge  
CB5 9ER

INDEX TO ACCOUNTS

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2	Profit and Loss Account
3	Balance Sheet
4 - 5	Notes to the Accounts

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The following does not form part of the statutory accounts:

6	Trading and Profit and Loss Account
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LAND & WATER RESOURCE CONSULTANTS LIMITED

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31ST DECEMBER 1997

The directors submit their annual report and accounts for the year ended 31st December 1997.

Principal Activity

The company's principal activities during the year was that of exploration, development and use of land or water resources.

Directors

The directors during the year under review and the shares in the company in which they were beneficially interested at the beginning and end of the year were:

	<u>Ordinary shares of £1 each</u>	
	<u>At 1st January 1997</u>	<u>At 31st December 1997</u>
R Garner	500	500
C M Wilson	600	600

Directors' Responsibilities

Company law requires the directors to prepare accounts 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 for that period. In preparing those accounts the 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 reasonable steps for the prevention and detection of fraud and other irregularities.

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

Approved by the board and signed on its behalf on: 26 June 1998



C M Wilson - Director

LAND & WATER RESOURCE CONSULTANTS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 1997

	Notes	1997 £	1996 £
TURNOVER		87,861	96,131
Cost of sales		<u>7,830</u>	<u>-</u>
GROSS PROFIT		95,691	96,131
Administrative expenses		<u>(74,473)</u>	<u>(101,794)</u>
OPERATING PROFIT/(LOSS)	2	21,218	(5,663)
Loss on disposal of fixed assets		(20,296)	-
Interest payable and similar charges		<u>(1,411)</u>	<u>(2,605)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(489)	(8,268)
Tax on loss on ordinary activities		<u>(3,372)</u>	<u>1,294</u>
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		(3,861)	(6,974)
Retained profit brought forward		<u>5,744</u>	<u>12,718</u>
RETAINED PROFIT AT 31 DECEMBER 1997		<u>1,883</u>	<u>5,744</u>

The notes set out on pages 4 to 5 form an integral part of these accounts

LAND & WATER RESOURCE CONSULTANTS LIMITED

BALANCE SHEET

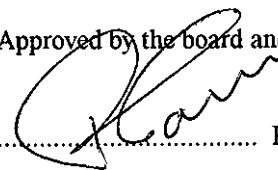
31ST DECEMBER 1997

	Notes	1997 £	1996 £
FIXED ASSETS			
Tangible assets	3	12,538	41,709
Investments	4	<u>400</u>	<u>400</u>
		12,938	<u>42,109</u>
CURRENT ASSETS			
Stocks		7,830	-
Debtors	5	<u>15,608</u>	<u>35,355</u>
		23,438	35,355
CREDITORS: Amounts falling due within one year	6	(33,268)	(50,495)
NET CURRENT LIABILITIES		(9,830)	(15,140)
TOTAL ASSETS LESS CURRENT LIABILITIES		3,108	26,969
CREDITORS: Amounts falling due after more than one year	7	-	(20,000)
		<u>3,108</u>	<u>6,969</u>
CAPITAL AND RESERVES			
Called-up share capital	8	1,225	1,225
Profit and loss account		<u>1,883</u>	<u>5,744</u>
		<u>3,108</u>	<u>6,969</u>

For the financial year ended 31 December 1997, the company was entitled to exemption from audit under section 249A(1) Companies Act 1985; and no notice has been deposited under section 249B(2). The directors acknowledge their responsibilities for ensuring that the company keeps accounting records which comply with section 221 of the Act and preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the year and of its profit or loss for the financial year in accordance with the requirements of section 226 and which otherwise comply with the requirements of the Companies Act 1985, so far as applicable to the company.

The accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities.

Approved by the board and signed on its behalf on: 26 June 1998

  
..... R Garner - Director

  
..... C.M. Wilson - Director

The notes set out on pages 4 to 5 form an integral part of these accounts

LAND & WATER RESOURCE CONSULTANTS LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 1997

1 ACCOUNTING POLICIES

(a) Basis of accounting

These accounts have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities.

(b) Depreciation

Depreciation is calculated to write off the cost or valuation, less estimated residual values, of tangible fixed assets over their estimated useful lives to the business. The annual depreciation rates and methods are as follows:

Land	- Nil
Premises Improvements	- over 10 years
Motor Vehicles	- 25% on net book value
Computer Equipment	- 20% on net book value
Office Equipment	- 20% on net book value

(c) Turnover : Turnover represents net invoiced sales of goods, excluding VAT.

(d) Stocks : Stocks are valued at the lower of cost and net realisable value.

2 OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated after charging:	<u>1997</u>	<u>1996</u>
	<u>£</u>	<u>£</u>
Depreciation of tangible fixed assets		
- owned by the company	2,747	1,629
Directors' emoluments	<u>17,300</u>	<u>17,100</u>

3 TANGIBLE FIXED ASSETS

	<u>Total</u>	<u>Freehold</u>	<u>Improvements</u>	<u>Plant and</u>
	<u>£</u>	<u>Land</u>	<u>Premises</u>	<u>Machinery etc.</u>
<u>COST</u>				
At 1st January 1997	63,043	33,796	-	29,247
Additions	8,872	-	4,245	4,627
Disposals	<u>(57,070)</u>	<u>(33,796)</u>	-	<u>(23,274)</u>
At 31st December 1997	<u>14,845</u>	-	<u>4,245</u>	<u>10,600</u>
<u>DEPRECIATION</u>				
At 1st January 1997	21,334	-	-	21,334
Charge for the year	2,747	-	426	2,321
Disposals	<u>(21,774)</u>	-	-	<u>(21,774)</u>
At 31st December 1997	<u>2,307</u>	-	<u>426</u>	<u>1,881</u>
<u>NET BOOK VALUE</u>				
At 31st December 1997	<u>12,538</u>	-	<u>3,819</u>	<u>8,719</u>
At 31st December 1996	<u>41,709</u>	<u>33,796</u>	-	<u>7,913</u>

# LAND & WATER RESOURCE CONSULTANTS LIMITED

## NOTES TO THE ACCOUNTS

### FOR THE YEAR ENDED 31ST DECEMBER 1997

4 <u>INVESTMENTS - Shares in associated undertaking</u>	<u>1997</u>	<u>1996</u>
	<u>£</u>	<u>£</u>
At 1 January 1997 and 31 December 1997	<u>400</u>	<u>400</u>

Details of the associated undertaking, incorporated in England and Wales, at the balance sheet date is as follows:

<u>Name of company and business</u>	<u>Class of Shares</u>	<u>Holding %</u>	<u>Year end</u>
Natural Systems Software (Cambridge) Limited	Ordinary	40.00	28 February 1997
Selling agents for computer software			
<u>Financial information about the associated undertaking</u>			<u>£</u>
Share Capital			1,000
Profit and Loss Account			<u>(25,922)</u>
Share Capital and Reserves			<u>(24,922)</u>
Loss for the year ended 28 February 1997			<u>(1,959)</u>

5 <u>DEBTORS</u>	<u>1997</u>	<u>1996</u>
	<u>£</u>	<u>£</u>
Trade debtors	3,938	27,551
Amounts owed by associated undertakings	11,670	6,686
Other debtors	-	1,118
	<u>15,608</u>	<u>35,355</u>

6 <u>CREDITORS: Amounts falling due within one year</u>	<u>1997</u>	<u>1996</u>
	<u>£</u>	<u>£</u>
Bank overdraft (secured)	13,763	4,794
U K Corporation Tax	3,400	-
Tax and social security costs	3,803	8,360
Other creditors	<u>12,302</u>	<u>37,341</u>
	<u>33,268</u>	<u>50,495</u>

The bank overdraft is secured on the personal guarantees given by the directors.

7 <u>CREDITORS: Amounts falling due after more than one year</u>	<u>1997</u>	<u>1996</u>
	<u>£</u>	<u>£</u>
Other creditors	-	20,000

8 <u>SHARE CAPITAL</u>	<u>Value</u>	<u>Value</u>
	<u>1997</u>	<u>1996</u>
	<u>£</u>	<u>£</u>
Authorised:		
10,000 Ordinary shares of £1 each	10,000	10,000
Allotted called-up and fully paid:		
1,225 Ordinary shares of £1 each	<u>1,225</u>	<u>1,225</u>

### 9 RELATED PARTY TRANSACTIONS

For the whole year, the company was under the control of Mr C M Wilson, a major shareholder and managing director of the company.

The company's freehold land was sold to Mr C M Wilson for £15,000. The land was valued by Messrs Westley & Huff, Chartered Surveyors, on 18 November 1996 at an open market value of £10,000.