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REPORT OF THE DIRECTORS AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1996

FOR

G.I COMPUTER SERVICES LIMITED



G.I COMPUTER SERVICES LIMITED

**INDEX TO THE ABBREVIATED FINANCIAL STATEMENTS
for the Year Ended 31 December 1996**

	Page
Company Information	1
Report of the Accountants	2
Abbreviated Balance Sheet	3
Notes to the Abbreviated Financial Statements	5

G.I COMPUTER SERVICES LIMITED

COMPANY INFORMATION
for the Year Ended 31 December 1996

DIRECTORS: Mrs S E Jolley
P M Jolley

SECRETARY: P M Jolley

REGISTERED OFFICE: Greville House
10 Jury Street
Warwick
CV34 4EW

REGISTERED NUMBER: 01508966

ACCOUNTANTS: Michael Harwood & Co.
Chartered Accountants
Greville House
10 Jury Street
Warwick
CV34 4EW

G.I COMPUTER SERVICES LIMITED

**REPORT OF THE ACCOUNTANTS TO THE SHAREHOLDERS
ON THE UNAUDITED FINANCIAL STATEMENTS OF
G.I COMPUTER SERVICES LIMITED**

The following reproduces the text of the report prepared for the purposes of Section 249A(2) of the Companies Act 1985 in respect of the company's annual financial statements, from which the abbreviated financial statements (set out on pages three to seven) have been prepared.

We report on the financial statements for the year ended 31 December 1996 set out on pages four to twelve.

Respective responsibilities of directors and reporting accountants

As described on page six the company's directors are responsible for the preparation of the financial statements, and they consider that the company is exempt from an audit. It is our responsibility to carry out procedures designed to enable us to report our opinion.

Basis of opinion

Our work was conducted in accordance with the Statement of Standards for Reporting Accountants, and so our procedures 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 for the purposes of this report. These procedures provide only the assurance expressed in our opinion.

Opinion

In our opinion:

- (a) the financial statements are in agreement with the accounting records kept by the company under Section 221 of the Companies Act 1985;
- (b) having regard only to, and on the basis of, the information contained in those accounting records:
 - (i) the financial statements have been drawn up in a manner consistent with the accounting requirements specified in Section 249C(6) of the Act; and
 - (ii) the company satisfied the conditions for exemption from an audit of the financial statements for the year specified in Section 249A(4) of the Act and did not, at any time within that year, fall within any of the categories of companies not entitled to the exemption specified in Section 249B(1).



Michael Harwood & Co.
Chartered Accountants
Greville House
10 Jury Street
Warwick
CV34 4EW

Dated: 29 January 1998.

G.I COMPUTER SERVICES LIMITED

ABBREVIATED BALANCE SHEET
31 December 1996

		31.12.96		31.12.95	
	Notes	£	£	£	£
FIXED ASSETS:					
Intangible assets	2		13,000		19,633
Tangible assets	3		27,919		4,677
			<u>40,919</u>		<u>24,310</u>
CURRENT ASSETS:					
Stocks		24,374		67,214	
Debtors		6,611		14,177	
Cash at bank and in hand		28		37	
		<u>31,013</u>		<u>81,428</u>	
CREDITORS:Amounts falling due within one year		<u>36,090</u>		<u>35,142</u>	
NET CURRENT (LIABILITIES)/ASSETS:			<u>(5,077)</u>		<u>46,286</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			35,842		70,596
CREDITORS:Amounts falling due after more than one year			6,243		-
			<u>£29,599</u>		<u>£70,596</u>
CAPITAL AND RESERVES:					
Called up share capital	4		100		100
Profit and loss account			29,499		70,496
Shareholders' funds			<u>£29,599</u>		<u>£70,596</u>

The company is entitled to exemption from audit under Section 249A(2) of the Companies Act 1985 for the year ending 31 December 1996.

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:

- ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985 and
- 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.

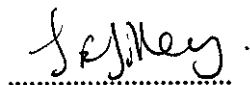
The notes form part of these financial statements

G.I COMPUTER SERVICES LIMITED

ABBREVIATED BALANCE SHEET
31 December 1996

These abbreviated financial statements have 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:



.....
Mrs S E Jolley – DIRECTOR

Approved by the Board on ...29 January 1998.

G.I COMPUTER SERVICES LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS for the Year Ended 31 December 1996

1. ACCOUNTING POLICIES

Accounting convention

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

Financial Reporting Standard Number 1

Exemption has been taken from preparing a cash flow statement on the grounds that the company qualifies as a small company.

Turnover

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

Turnover represents the invoiced value, net of Value Added tax, of goods sold and services provided to customers.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Fixtures & Fittings	- 20% on cost
Motor vehicles	- 25% on cost
Computer equipment	- 50% on cost

Stocks

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

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 transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

G.I COMPUTER SERVICES LIMITED

**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
for the Year Ended 31 December 1996**

1. ACCOUNTING POLICIES – continued

Pensions

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

Research & Development

Expenses relating to Research and Development are written off over 3 years .

2. INTANGIBLE FIXED ASSETS

	<u>Total</u>
	£
COST:	
At 1 January 1996	43,897
Additions	<u>12,000</u>
At 31 December 1996	<u>55,897</u>
AMORTISATION:	
At 1 January 1996	24,264
Charge for year	<u>18,633</u>
At 31 December 1996	<u>42,897</u>
NET BOOK VALUE:	
At 31 December 1996	<u><u>13,000</u></u>
At 31 December 1995	<u><u>19,633</u></u>

G.I COMPUTER SERVICES LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS for the Year Ended 31 December 1996

3. TANGIBLE FIXED ASSETS

	Total
	<u>£</u>
COST:	
At 1 January 1996	56,742
Additions	<u>50,196</u>
At 31 December 1996	<u>106,938</u>
DEPRECIATION:	
At 1 January 1996	52,065
Charge for year	<u>26,954</u>
At 31 December 1996	<u>79,019</u>
NET BOOK VALUE:	
At 31 December 1996	<u>27,919</u>
At 31 December 1995	<u>4,677</u>

4. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal value:	31.12.96	31.12.95
			£	£
1,000	Ordinary Shares	£1	<u>1,000</u>	<u>1,000</u>
Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	31.12.96	31.12.95
			£	£
100	Ordinary Shares	£1	<u>100</u>	<u>100</u>