



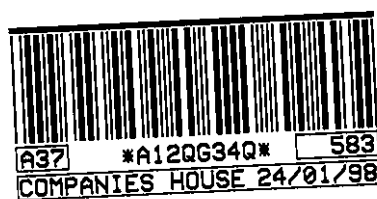
REGISTRAR OF COMPANIES

GIROVEND SYSTEMS LIMITED

Report and Financial Statements

31 March 1997

**Deloitte & Touche
Blenheim House
Fitzalan Court
Newport Road
Cardiff CF2 1TS**



DIRECTORS' REPORT

The directors presents the annual report and the audited financial statements for the year ended 31 March 1997.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the company continues to be the manufacture, sale and distribution of computer equipment to provide cashless systems.

Turnover for the year amounted to £3,952,990 (1996 - £2,935,902). The profit for the year after taxation amounted to £452,486 (1996 - loss of £98,718). The directors do not recommend the payment of a dividend for the year ended 31 March 1997 (1996 - £Nil).

DIRECTOR AND THEIR INTERESTS

R E Smart

R P Fieth (Appointed 16 October 1996)

The directors in office at 31 March 1997 were both directors of the ultimate holding company, GiroVend Cashless Systems PLC. Their interests in that company are disclosed in its financial statement. Neither of the directors held any interests in the shares of the company.

POST BALANCE SHEET EVENTS

With effect from 1 April 1997 the company acquired the assets, liabilities and business of GiroVend Cashless Systems (UK) Limited and the International business, assets and liabilities of GiroVend Cashless Systems PLC.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the director to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the director is required to:


- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act. He is 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.

AUDITORS

Deloitte & Touche have expressed their willingness to continue in office.

By order of the Board



R P Fieth

Secretary

17 June 1997



Chartered Accountants

Deloitte & Touche
Blenheim House
Fitzalan Court
Newport Road
Cardiff CF2 1TS

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AUDITORS' REPORT TO THE MEMBERS OF GIROVEND SYSTEMS LIMITED

We have audited the financial statements on pages 3 to 11 which have been prepared under the accounting policies set out on page 5.

Respective responsibilities of directors and auditors

As described on page 1 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 31 March 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Chartered Accountants and
Registered Auditors

17 June 1997

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PROFIT AND LOSS ACCOUNT
Year ended 31 March 1997

	Note	1997 £	1996 £
TURNOVER: continuing operations	2	3,952,990	2,935,902
Cost of sales		(2,706,311)	(2,389,995)
GROSS PROFIT		1,246,679	545,907
Administrative expenses		(628,325)	(539,491)
Other operating income		12,500	-
OPERATING PROFIT: continuing operations	5	630,854	6,419
Interest receivable and similar income		-	1,375
Interest payable and similar charges	6	(5,498)	(13,336)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		625,356	(5,545)
Tax on profit/(loss) on ordinary activities	7	(172,870)	(93,173)
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	14	452,486	(98,718)

There are no recognised gains or losses other than as stated above.

BALANCE SHEET
31 March 1997

	Note	£	1997 £	£	1996 £
FIXED ASSETS					
Tangible assets	8		19,473		21,317
CURRENT ASSETS					
Stocks	9	758,250		395,720	
Debtors	10	684,884		562,935	
Cash at bank and in hand		16,729		204	
		<u>1,459,863</u>		<u>958,859</u>	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	11	<u>(1,118,445)</u>		<u>(1,069,749)</u>	
NET CURRENT ASSETS/(LIABILITIES)			<u>341,418</u>		<u>(110,890)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			360,891		(89,573)
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	12		<u>(908)</u>		<u>(2,930)</u>
NET ASSETS/(LIABILITIES)			<u>359,983</u>		<u>(92,503)</u>
CAPITAL AND RESERVES					
Called up share capital	13		100		100
Profit and loss account	14		<u>359,883</u>		<u>(92,603)</u>
TOTAL EQUITY SHAREHOLDERS' FUNDS	15		<u>359,983</u>		<u>(92,503)</u>

These financial statements were approved by Board of Directors on 17 June 1997.
and are signed on their behalf by:



R P Fieth - Director

**BALANCE SHEET****31 March 1997****1. ACCOUNTING POLICIES****Accounting convention**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Turnover

Turnover comprises the value of goods and services supplied, excluding VAT.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost and are written off over their estimated useful lives using the straight line method of depreciation at the following annual rates:

Leasehold improvements	-	period of the lease
Fixtures, fittings, plant and machinery	-	10 - 33%
Motor vehicles	-	25%

Stocks and work in progress

Stocks are stated at the lower of cost and net realisable value. Work in progress is valued at the direct cost of materials and labour, including factory overheads, or market value, whichever is the lower.

Deferred taxation

Provision is made for deferred taxation at current rates of tax on timing differences to the extent that these timing differences are expected to reverse in the foreseeable future

Pension costs

Contributions under defined contribution schemes are charged to the profit and loss account as incurred.

Research and development

In house expenditure on research and development is written off as incurred. External costs incurred on specific product development projects are capitalised and amortised against sales of the relevant product or over three years if shorter.

Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Exchange gains or losses arising are taken to the profit and loss account.

Leasing and hire purchase

Assets obtained under leases and hire purchase contracts are capitalised as tangible fixed assets as if they had been purchased outright and the corresponding liability is included as an obligation under finance leases. Depreciation on leased assets is charged to the profit and loss account on the same basis as for owned assets.

Operating lease rentals are charged to the profit and loss account as incurred.


**BALANCE SHEET
31 March 1997**
2. SEGMENTAL INFORMATION

	1997 £	1996 £
Geographical segments		
The geographical analysis of turnover was:		
United Kingdom	2,153,915	1,784,267
Continental Europe	1,687,889	1,151,635
North America	111,186	-
	<u>3,952,990</u>	<u>2,935,902</u>

3. DIRECTORS' EMOLUMENTS

The remuneration of the directors in respect of their services to the services to the company was:

	Salaries £	Performance bonuses £	Benefits £	Sub Total £	Pensions £	Total £	1996 Total £
R E Smart	23,375	-	1,639	25,014	-	25,014	-
R P Fieth	4,500	3,000	673	8,173	135	8,308	-
	<u>27,875</u>	<u>3,000</u>	<u>2,312</u>	<u>33,187</u>	<u>135</u>	<u>33,322</u>	<u>-</u>

4. EMPLOYEES

Number of employees	1997 No.	1996 No.
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The average number of persons employed by the company during the year was:

Production and development	7	7
Administration	6	5
	<u>13</u>	<u>12</u>

Employment costs	£	£
Wages and salaries	287,903	172,659
Social security costs	32,651	15,441
Other pension costs	9,615	7,920
	<u>330,169</u>	<u>196,020</u>


**BALANCE SHEET
31 March 1997**
5. OPERATING PROFIT

	1997 £	1996 £
Operating profit is stated after charging/(crediting):		
Depreciation		
- owned assets	13,391	14,547
- assets held under finance leases	1,969	1,050
Operating lease rentals	4,357	3,572
- other operating leases	21,953	21,977
Auditors' remuneration:		
- audit services	5,196	5,228
- non audit services	2,017	3,772
Foreign exchange gains	(4,901)	(2,570)
Research and development	73,803	39,450

6. INTEREST PAYABLE AND SIMILAR CHARGES

	1997 £	1996 £
Interest on loans and overdrafts repayable within five years	5,170	12,997
Finance charges payable under finance leases terminating within five years	328	339
	5,498	13,336

7. TAXATION

	1997 £	1996 £
UK corporation tax at 33% (1996 - 33%)	208,267	-
Adjustment in respect of prior years	(35,397)	93,173
	172,870	93,173


**BALANCE SHEET
31 March 1997**
8. TANGIBLE FIXED ASSETS

	Leasehold property £	Fixtures, fittings, plant and machinery £	Motor vehicles £	Total £
Cost				
At 1 April 1996	32,482	57,717	38,059	128,258
Additions	-	8,391	-	8,391
Disposals	-	-	(7,995)	(7,995)
Transfers from group companies	-	2,634	15,995	18,629
Transfers to group companies	-	-	(15,995)	(15,995)
At 31 March 1997	<u>32,482</u>	<u>68,742</u>	<u>30,064</u>	<u>131,288</u>
Depreciation				
At 1 April 1996	32,482	44,696	29,763	106,941
Charge for the year	-	7,407	7,953	15,360
Disposals	-	-	(7,995)	(7,995)
Transfers from group companies	-	841	8,664	9,505
Transfers to group companies	-	-	(11,996)	(11,996)
At 31 March 1997	<u>32,482</u>	<u>52,944</u>	<u>26,389</u>	<u>111,815</u>
Net book amount				
At 31 March 1997	<u>-</u>	<u>15,798</u>	<u>3,675</u>	<u>19,473</u>
At 31 March 1996	<u>-</u>	<u>13,021</u>	<u>8,296</u>	<u>21,317</u>
Assets held under finance lease included in above				
Cost	-	-	6,300	6,300
Depreciation	-	-	(2,625)	(2,625)
31 March 1997	<u>-</u>	<u>-</u>	<u>3,675</u>	<u>3,675</u>
Cost	-	-	6,300	6,300
Depreciation	-	-	(656)	(656)
31 March 1996	<u>-</u>	<u>-</u>	<u>5,644</u>	<u>5,644</u>


BALANCE SHEET
31 March 1997
9. STOCKS

	1997 £	1996 £
Raw materials	577,675	366,911
Work in progress	15,820	3,650
Finished goods held for resale	164,755	25,159
	<u>758,250</u>	<u>395,720</u>

10. DEBTORS

	1997 £	1996 £
Trade debtors	286,528	217,732
Amounts owed by group undertakings	270,130	248,495
Amounts owed by related undertakings	17,693	-
Other debtors	85,248	72,957
Prepayments and accrued income	25,285	23,751
	<u>684,884</u>	<u>562,935</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1997 £	1996 £
Bank overdraft	302,275	235,826
Obligations under hire purchase contracts	1,999	1,828
Trade creditors	455,573	551,758
Amounts owed to group undertakings	99,006	123,300
Corporation tax	208,267	110,257
Other taxes and social security	-	6,619
Other creditors	11,187	-
Accruals and deferred income	40,138	40,161
	<u>1,118,445</u>	<u>1,069,749</u>

The company is a party to group banking cross guarantees. At 31 March 1997 the aggregate amount of borrowings, secured under these guarantees was £218,500.


**BALANCE SHEET
31 March 1997**
12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1997 £	1996 £
Obligations under hire purchase contracts	<u>908</u>	<u>2,930</u>
Analysis of borrowings		
Obligations under hire purchase contracts:		
- Due within one year	1,999	1,828
- Due between two and five years	<u>908</u>	<u>2,930</u>
	<u>2,907</u>	<u>4,758</u>

The hire purchase obligations are secured against the assets to which they relate.

13. SHARE CAPITAL

	1997 £	1996 £
Authorised		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted and fully paid		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

14. PROFIT AND LOSS ACCOUNT

	£
1 April 1996	(92,603)
Profit for the financial year	<u>452,486</u>
31 March 1997	<u>359,883</u>

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1997 £	1996 £
(Profit)/loss for the financial year	452,486	(98,718)
Shareholders' funds at 1 April	<u>(92,503)</u>	<u>6,215</u>
Shareholders' funds at 31 March	<u>359,983</u>	<u>(92,503)</u>


**BALANCE SHEET
31 March 1997**
16. FINANCIAL COMMITMENTS
Operating leases

At 31 March 1997 the company had annual commitments under non-cancellable operating leases as follows:

	1997		1996	
	Land and buildings £	Other £	Land and buildings £	Other £
Expiry date:				
Within one year	9,153	-	9,153	234
Between two and five years	-	4,717	-	3,494
After five years	-	4,113	-	685
	<u>9,153</u>	<u>8,830</u>	<u>9,153</u>	<u>4,413</u>

Capital commitments

There were no capital commitments authorised or contracted at the balance sheet date (1996 - £Nil).

17. POST BALANCE SHEET EVENT

With effect from 1 April 1997 the company acquired the assets, liabilities and business of GiroVend Cashless Systems (UK) Limited and the International business, assets and liabilities of GiroVend Cashless Systems PLC.

18. ULTIMATE PARENT COMPANY

The ultimate controlling party and parent company is GiroVend Cashless Systems PLC, incorporated in England and Wales, and is the smallest and largest group of which the company is a member and for which group financial statements are prepared. Copies of the group financial statements may be obtained from:

The Company Secretary
GiroVend Cashless Systems PLC
6 Progress Business Centre
Whittle Parkway
Bath Road
Slough
SL1 6DQ