

PRESTIGE SYSTEMS PLC
REPORT AND ACCOUNTS
Accounting Period ended 31 March 2000

2323320

BURNLEY AND EVANS
CHARTERED ACCOUNTANTS
HALESOWEN



PRESTIGE SYSTEMS PLC
REPORT AND ACCOUNTS

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PRESTIGE SYSTEMS PLC

Company Information

Directors:	J A Dawson E D A Dawson R J Gould (from 1.7.99)
Secretary:	K J Grainger
Head Office:	Lygon Court Hereward Rise Halesowen West Midlands B62 8AN
Registered Office	7 Centre Court Vine Lane Halesowen West Midlands B63 3EB
Auditors:	Burnley and Evans Registered Auditor and Chartered Accountants 7 Centre Court Vine Lane Halesowen West Midlands B63 3EB
Bankers:	National Westminster Bank PLC 2 Hagley Road Halesowen West Midlands B63 4RQ

PRETIGE SYSTEMS PLC

Directors Report for the Period Ended 31 March 2000

The Directors present their Report and the Financial Statements for the period ended 31 March 2000.

Principal Activities and Review of the Business

The principal activity of the company continues to be the supply of computer systems. The results for the year are set out on page 4.

Dividends

Interim dividends of £ Nil were paid during the period. The directors do not recommend a final dividend.

Fixed Assets

Details of movements in fixed assets are set out in note 4 to the accounts.

Directors

The directors who served during the period and their beneficial interest in the company's issued ordinary share capital were:

		<u>31 March 2000</u>	<u>31 March 1999</u>
J A Dawson	Ordinary shares of £1 each	-	25,000
	Ordinary shares of 10p each	250,000	-
E D A Dawson	Ordinary shares of £1 each		25,000
	Ordinary shares of 10p each	250,000	-
R J Gould (from 1.7.99)		-	-

The authorised/issued share capital was subdivided by special resolution on 7 December 1999

Directors Responsibilities

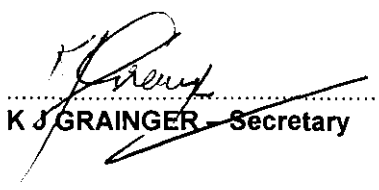
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statement, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements 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 financial statements 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.

This report was approved by the Board on 5 May 2000.

Signed on behalf of the Directors


K J GRAINGER Secretary

PRESTIGE SYSTEMS PLC

Auditors Report to the Members of Prestige Systems PLC

We have audited the financial statements on pages 4 to 13 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 2 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 2000 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



BURNLEY AND EVANS

Registered Auditors and Chartered Accountants
7 Centre Court
Vine Lane
Halesowen
West Midlands
B63 3EB

5 May 2000

PRESTIGE SYSTEMS PLC

Profit and Loss Account for the Period Ended 31 March 2000

	Notes	£ 2000	£ 1999
TURNOVER	2	7,023,922	12,952,359
Cost of Sales		<u>5,239,139</u>	<u>9,867,579</u>
GROSS PROFIT		1,784,783	3,084,780
Administrative Expenses		<u>2,034,551</u>	<u>2,377,012</u>
Operating Profit (Loss)	3	(249,768)	707,768
Interest Receivable		20,796	18,099
Interest Payable	6	<u>2,822</u>	<u>7,434</u>
Profit (Loss) on Ordinary Activities before Taxation		(231,794)	718,433
Tax on Profit (Loss)	7	(<u>65,074</u>)	<u>223,980</u>
PROFIT (LOSS) AFTER TAX		(166,720)	494,453
Dividends Paid	8	-	155,000
RETAINED PROFIT (LOSS) FOR THE YEAR	16	(166,720)	339,453

There were no recognised gains or losses other than those included in the profit and loss account.


The notes on pages 8 to 13 form part of these financial statements.

PRESTIGE SYSTEMS PLC

Balance Sheet as at 31 March 2000

	Notes	£ 2000	£ 1999
FIXED ASSETS	9	236,904	214,515
INVESTMENTS		45,000	-
<u>Current Assets</u>			
Stock	10	154,307	85,300
Debtors		1,869,432	1,821,864
Balance at Bank and in Hand		<u>296,057</u>	<u>476,555</u>
		2,319,796	2,383,719
<u>Current Liabilities</u>			
Trade Creditors		1,458,972	559,626
Other Creditors		<u>256,648</u>	<u>1,013,663</u>
	12	1,715,620	1,573,289
NET CURRENT ASSETS		604,176	810,430
Creditors – over 12 months	13	27,855	-
Provisions for Liabilities/Charges	14	<u>-</u>	<u>-</u>
		<u>858,225</u>	<u>1,024,925</u>
Represented by:			
Called up Share Capital	15	50,000	50,000
Revenue Reserves	16	<u>808,225</u>	<u>974,945</u>
Shareholders Funds	17	<u>858,225</u>	<u>1,024,945</u>

Approved by the Board of Directors on 5 May 2000 and signed on its behalf.


 J A DAWSON – Director


 E D A DAWSON – Director

The notes on pages 8 to 13 form part of these financial statements.

PRESTIGE SYSTEMS PLC

Cash Flow Statement for Period Ended 31 March 2000

	2000	1999
	£	£
<u>SOURCE OF FUNDS</u>		
Net cash flow from operating activities	147,533	90,063
Returns on investments and servicing of finance		
Interest (net)	17,974	10,665
Dividends (net)	<u>-</u>	(<u>155,000</u>)
Net Cash Flow from Returns on Investments and Servicing of Finance	<u>17,974</u>	(<u>144,335</u>)
Taxation		
UK Corporation Tax Paid	(<u>224,276</u>)	(<u>87,033</u>)
Investing Activities		
Purchase of Tangible Fixed Assets	175,534	210,772
Sale of Fixed Assets and Assets held for Sale	(70,950)	(41,225)
Investments	<u>45,000</u>	<u>-</u>
Net Cash Flow from Investing Activities	(149,584)	(169,547)
Net Cash Flow Before Financing	(208,353)	(310,850)
Financing		
Net Cash Flow from Financing	<u>27,855</u>	(<u>7,800</u>)
Increase/(Decrease) in Cash and Cash Equivalents	(180,498)	(318,650)

The notes on page 7 form part of this financial statement

PRESTIGE SYSTEMS PLC

Notes to the Cash Flow Statement – Period Ended 31 March 2000

	2000	1999
a) Reconciliation of Operating Profit to Net Cash Flow from Operating Activities		
Operating Profit (Loss) (see e) below	(249,768)	707,768
Disposal (Profit) Loss	(15,222)	(8,881)
Depreciation Charges	97,417	87,810
(Increase) Decrease in Debtors	17,802	(882,196)
(Increase) Decrease in Stocks & Work in Progress	(69,007)	(47,615)
Increase (Decrease) in Creditors and Provisions	<u>366,311</u>	<u>233,807</u>
Net Cash Inflow (Outflow) from Operating Activities	<u>147,533</u>	<u>90,063</u>
b) Analysis of Changes in Cash and Cash Equivalents during Period		
Balance at 1 April 1999	476,555	795,205
Net Cash Inflow (Outflow)	(<u>180,498</u>)	(<u>318,650</u>)
Balance at 31 March 2000	<u>296,057</u>	<u>476,555</u>
c) Balance of Cash and Cash Equivalents as shown in the Balance Sheet		
Change in Period : Cash at Bank (Bank Overdraft)		
At 31 March 2000	296,057	476,555
At 1 April 2000	<u>476,555</u>	<u>795,205</u>
Change in Period	(<u>180,498</u>)	(<u>318,650</u>)
d) Financing		
Lease Purchase over 12 months		
At 1 April 1999	-	7,800
At 31 March 2000	<u>27,855</u>	<u>-</u>
Change in Period	<u>27,855</u>	(<u>7,800</u>)
e) Operating Profit (Loss)		
Net profit before Tax	(231,794)	718,433
<u>Less</u> Interest Received less Interest Paid	<u>17,974</u>	<u>10,665</u>
	(<u>249,768</u>)	<u>707,768</u>

PRESTIGE SYSTEMS PLC

Notes to the Accounts for the Period Ended 31 March 2000

1) Accounting Policies

1.1 Basis of preparation of accounts

The financial statements are prepared under the historical cost convention and incorporate the results of the principal activity which is described in the directors report and which is continuing.

1.2 Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, net of Value Added Tax and trade discounts.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation.

Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following basis:

Motor Vehicles	- 25% straight line basis
Fittings and Equipment	- 25% straight line basis
Office Equipment	- 25% straight line basis
Office Software	- 33% straight line basis
In House Computers	- 33% straight line basis

1.4 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets and depreciated over the shorter of the lease term and their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.5 Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to profit and loss account as incurred.

1.6 Stock and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.7 Research and development

Expenditure on research and development is written off in the year that it is incurred.

1.8 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 ruling on the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

PRESTIGE SYSTEMS PLC

Notes to the Accounts for the Period Ended 31 March 2000

1.9 Deferred taxation

Provision is made for taxation deferred as a result of material timing differences between the incidence of income and expenditure for taxation and accounts purposes using the liability method, only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the near future.

1.10 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

2. Turnover

The whole of turnover and profit before taxation is attributable to the supply of computer systems. A geographical analysis of turnover is as follows

	<u>2000</u>	<u>1999</u>
United Kingdom	7,015,928	12,573,438
European Community	874	308,859
USA	4,914	34,139
Rest of the World	<u>2,205</u>	<u>35,923</u>
	<u>7,023,921</u>	<u>12,952,359</u>

3. Operating Profit

	<u>2000</u>	<u>1999</u>
Operating profit is after charging:		
Depreciation of tangible fixed assets		
- owned by the company	87,479	80,912
- held under finance leases and hire purchase contracts	9,938	6,268
Operating lease rentals		
- land and buildings	52,511	46,176
- plant and machinery	10,673	7,109
- vehicles	93,787	58,423
Auditors Remuneration	6,738	10,011
Interest element of finance leases	1,518	3,906

4. Staff Costs

Staff costs, including directors' remuneration, were as follows

	<u>2000</u>	<u>1999</u>
Wages and salaries	1,209,956	1,454,222
Social security costs	140,064	158,271
Other pension costs	<u>5,557</u>	<u>5,557</u>
	<u>1,355,577</u>	<u>1,618,050</u>

The average weekly number of employees, including directors, during the year was as follows:

	<u>7</u>	<u>8</u>
Office and administration	32	25
Sales	<u>39</u>	<u>33</u>

PRESTIGE SYSTEMS PLC

Notes to the Accounts for the Period Ended 31 March 2000

5.	Directors remuneration	<u>2000</u>	<u>1999</u>
	Emoluments	186,965	321,356
	Contributions to money purchase pension schemes	5,557	5,557
	The emoluments of directors disclosed above include the following amounts paid to the highest paid director		
	Emoluments	79,560	284,534
	Contributions to money purchase pension schemes	5,557	5,557
6.	<u>Interest Payable</u>	<u>2000</u>	<u>1999</u>
	On bank loans and overdrafts and other loans payable within five years	1,304	3,528
	Finance leases and hire purchase contracts	<u>1,518</u>	<u>3,906</u>
		<u>2,822</u>	<u>7,434</u>
7.	<u>Taxation</u>	<u>2000</u>	<u>1999</u>
	UK Current year taxation		
	UK Corporation Tax	(84,656)	223,980
	Transfer to (from) deferred taxation	<u>-</u>	<u>-</u>
		(84,656)	223,980
	Prior years		
	UK Corporation Tax	<u>19,582</u>	<u>-</u>
		<u>65,074</u>	<u>223,980</u>
8.	<u>Dividends</u>	<u>2000</u>	<u>1999</u>
	Interim Dividend	Nil	<u>155,000</u>

PRESTIGE SYSTEMS PLC

Notes to the Accounts for the Period Ended 31 March 2000

9. FIXED ASSETS

<u>Tangible Assets</u>	Motor Vehicles	Office Fixtures Fittings Equipment	Office Software	Total
	_____	_____	_____	_____
<u>Costs</u>				
At 1 April 1999	149,940	252,878	49,083	451,901
Additions	115,708	59,826	-	175,534
Disposals	(131,940)	(1,823)	(11,950)	(145,713)
At 31 March 2000	<u>133,708</u>	<u>310,881</u>	<u>37,133</u>	<u>481,722</u>
<u>Depreciation</u>				
At 1 April 1999	82,592	138,950	15,844	237,386
Charge for the period	31,810	53,540	12,067	97,417
Disposals	(87,593)	(1,064)	(1,328)	(89,985)
At 31 March 2000	<u>26,809</u>	<u>191,426</u>	<u>26,583</u>	<u>244,818</u>
<u>Net Book Value</u>				
At 31 March 2000	106,899	119,455	10,550	236,904
At 31 March 1999	67,348	113,928	33,239	214,515

The net book value of fixed assets includes assets held under finance leases or hire purchase contracts amounting to £102,708 (1999 £11,490).

<u>Investments</u>	Own shares	Listed	Unlisted	Total
	_____	_____	_____	_____
At 1 April 1999	-	-	-	-
Additions	-	-	45,000	45,000
Disposals	_____	_____	_____	_____
At 31 March 2000	_____	_____	<u>45,000</u>	<u>45,000</u>
<u>Provisions for Diminution in Value</u>				
At 1 April 1999	-	-	-	-
Charge for the Year	-	-	-	-
Amount written back	_____	_____	_____	_____
At 31 March 2000	_____	_____	_____	_____
<u>Net Book Value</u>				
At 31 March 2000	_____	_____	<u>45,000</u>	<u>45,000</u>
At 31 March 1999	_____	_____	_____	_____

The unlisted investments above include a 38.46% interest in the issued ordinary share capital of United Enterprise Solutions Limited a company registered in England and Wales. The cost of the investment is £45,000 (1999 £Nil) and it is valued by the directors at £45,000 (1999 £ Nil).

PRESTIGE SYSTEMS PLC

Notes to the Accounts for the Period Ended 31 March 2000

10.	<u>Stocks</u>	<u>2000</u>	<u>1999</u>
	Computer Systems	154,307	85,300
11.	<u>Debtors</u>	<u>2000</u>	<u>1999</u>
	Due after more than one year	-	-
	Due within one year		
	Trade Debtors	1,708,872	1,727,206
	Other Debtors (Corporation Tax)	65,370	-
	Prepayments and accrued income	<u>95,190</u>	<u>94,658</u>
		<u>1,869,432</u>	<u>1,821,864</u>
12.	<u>Creditors: amounts falling due within one year</u>	<u>2000</u>	<u>1999</u>
	Bank loans and overdrafts	-	-
	Obligations under finance leases and hire purchase contracts	2,394	7,800
	Trade creditors	1,458,972	559,626
	Corporation tax	-	223,980
	Other taxes and social security costs	124,071	259,06
	Accruals and deferred income	130,183	385,464
	Directors current accounts	<u> </u>	<u>137,354</u>
		<u>1,715,620</u>	<u>1,523,289</u>
13.	<u>Creditors: amounts falling due after more than one year</u>	<u>2000</u>	<u>1999</u>
	Obligations under finance leases and hire purchase contracts	<u>27,855</u>	<u>-</u>
		<u>27,855</u>	<u>-</u>
14.	<u>Deferred Taxation</u>	Provided	Maximum Potential Liability
		<u>2000</u>	<u>1999</u>
	Accelerated capital allowances	<u>0</u>	<u>0</u>
15.	<u>Called up Share Capital</u>	<u>2000</u>	<u>1999</u>
	Authorised		
	Ordinary shares of £1 each	-	50,000
	Ordinary shares of 10p each	500,000	-
	Allotted, called up and fully paid		
	Ordinary shares of £1 each	-	50,000
	Ordinary shares of 10p each	500,000	-

The authorised/issued share capital was subdivided by special resolution on 7 December 1999.

PRESTIGE SYSTEMS PLC

Notes to the Accounts for the Period ended 31 March 2000

16. **Profit and Loss Account**

	<u>2000</u>	<u>1999</u>
Balance at 1 April 1999	974,945	672,990
Profit (Loss) retained for the period	(166,720)	339,453
Less Bonus Issue of shares	<u>-</u>	(37,498)
Balance at 31 March 2000	<u>808,225</u>	<u>974,945</u>

17. **Reconciliation of movement in shareholders funds**

	<u>2000</u>	<u>1999</u>
Profit (Loss) for the period	(166,720)	494,453
Dividend	<u>-</u>	<u>155,000</u>
Retained profit (Loss) for the period	(166,720)	339,453
Other recognised gains or losses	<u>-</u>	<u>-</u>
Net additions during the period	(166,720)	339,453
Shareholders' funds at 1 April 1999	<u>1,024,945</u>	<u>685,492</u>
Shareholders' funds at 31 March 2000	<u>858,225</u>	<u>1,024,945</u>

18. **Contingent Liabilities**

None (1999 None)

19. **Capital Commitments**

At the year end the company had capital commitments not provided for in these accounts as follows:

	<u>2000</u>	<u>1999</u>
Contracted for	<u>-</u>	<u>-</u>
Authorised by directors but not contracted for	<u>-</u>	<u>-</u>

20. **Other Commitments**

At 31 March 2000 the company had the following annual commitments under non-cancellable operating leases as follows:

	Land and Buildings		Other	
	<u>2000</u>	<u>1999</u>	<u>2000</u>	<u>1999</u>
Expiry date				
Within one year	-	-	22,674	11,476
Between two and five years	22,340	-	43,828	47,943
After more than five years	22,340	34,250	-	-

21. **Pension Commitments**

The company operates a defined contribution pension scheme for its directors. The assets of the scheme are held separately from those of the company in an independently administered fund.

22. **Transactions with Directors**

None (1999 None)

23. **Post Balance Sheet Events**

None (1999 None)