

METHODS APPLICATION LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

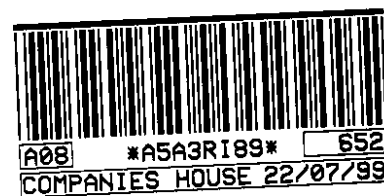
FOR THE YEAR ENDED 30 APRIL 1999

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METHODS APPLICATION LIMITED

COMPANY INFORMATION

COMPANY NUMBER

2485577

DIRECTORS

A B StJ Webb

V Webb

P J Rowllins

MPA Thompson (appointed 1 April 1999)

SECRETARY

A B StJ Webb

REGISTERED OFFICE

39 King Street
LONDON
WC2E 8JS

AUDITORS

Leiwy Sherman & Co
Registered Auditors
19 Downalong
Bushey Heath
Hertfordshire
WD2 1HZ

METHODS APPLICATION LIMITED

Directors' Report for the year ended 30 April 1999

The Directors present their report and the financial statements for the year ended 30 April 1999.

Statement of 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 statements, 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.

Principal activities and review of the business

The company's principal activity continues to be that of contract computer consultancy.

The company has continued to grow in both the private and public sectors. The results for the year are set out on page 5. The directors consider the growth in sales and the profit achieved to be satisfactory and the company continues to develop new marketing opportunities. Adequate finance has been obtained to take advantage of business opportunities, and the directors consider the state of affairs to be satisfactory.

Dividends

The directors do not recommend the payment of a final dividend.

Directors

The Directors who served during the year and their beneficial interests in the Company's shares at the beginning and end of the year (or date of appointment) were as follows:

	Ordinary shares of £1 each	
	30 April 1999	1 May 1998
AB St J Webb	92	99
V Webb	1	1
PJ Rowllins	11	11
MPA Thompson (appointed 1 April 1999)	0	0

Additionally, at 30 April 1999, ABSt J Webb and V Webb held 7 shares as joint trustees of a family trust (1 May 1998: 7).

Events since the end of the year

No significant events have occurred since the year end.

Auditors

The auditors, Leiwy Sherman & Co, will be proposed for reappointment in accordance with Section 385 of the Companies Act 1985.

This report was approved by the board on 30 June 1999, and signed on its behalf.

AB StJ Webb - Director



METHODS APPLICATION LIMITED

Auditors' Report to the Shareholders of Methods Application Limited

We have audited the financial statements on pages 5 to 12 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 3, 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.

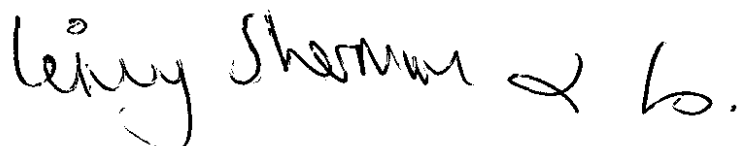
Basis of opinion

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 as at 30 April 1999 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.



Leiwu Sherman & Co
Accountants and
Registered Auditors
19 Downalong
Bushey Heath
Hertfordshire
WD2 1HZ

30 June 1999

METHODS APPLICATION LIMITED

Profit and Loss Account for the year ended 30 April 1999

	Notes	1999	1998
		£	£
Turnover (continuing operations)	1	16,414,838	12,682,622
Cost of sales		13,978,922	10,633,265
Gross Profit		<u>2,435,916</u>	<u>2,049,357</u>
Administrative expenses		<u>1,203,026</u>	<u>1,034,848</u>
Operating profit (continuing operations)	2	1,232,890	1,014,509
(Loss)/Profit on disposal of fixed assets in continuing operations (-)			<u>(2,106)</u>
Profit on ordinary activities before interest payable		1,232,890	1,012,403
Interest receivable		203	395
Rent receivable		<u>6,000</u>	<u>-</u>
Profit on ordinary activities before taxation		1,239,093	1,012,798
Taxation on profit on ordinary activities	5	386,739	305,227
Profit on ordinary activities after taxation		<u>852,354</u>	<u>707,571</u>
Dividends	6	849,490	310,800
Retained profit for the year		<u>2,864</u>	<u>396,771</u>
Retained profit brought forward		<u>661,616</u>	<u>264,845</u>
Retained profit carried forward		<u>664,480</u>	<u>661,616</u>

There were no recognised gains or losses for 1999 or 1998 other than those included in the profit and loss account.

The notes on pages 9 -12 form part of these financial statements.

METHODS APPLICATION LIMITED

Balance Sheet as at 30 April 1999

	Notes	1999	1999	1998	1998
		£	£	£	£
FIXED ASSETS					
Tangible assets	1,7		37,547		58,053
CURRENT ASSETS					
Debtors	1,8	3,042,541		2,601,842	
Cash at bank and in hand		654		43,772	
		<hr/>		<hr/>	
		3,043,195		2,645,614	
CREDITORS - amounts falling due within one year					
	1,9	2,385,835		2,011,624	
		<hr/>		<hr/>	
NET CURRENT ASSETS			<u>657,360</u>		<u>633,990</u>
NET ASSETS			<u>£694,907</u>		<u>£692,043</u>
CAPITAL AND RESERVES					
Called up share capital	10		111		111
Share premium	11		30,316		30,316
Profit and loss account			<u>664,480</u>		<u>661,616</u>
SHAREHOLDERS' FUNDS - all equity	12		<u>£694,907</u>		<u>£692,043</u>

The financial statements were approved by the board on 30 June 1999 and signed on its behalf.



AB St J Webb
Director

The notes on pages 9 - 12 form part of these financial statements.

METHODS APPLICATION LIMITED

Cash Flow Statement for the year ended 30 April 1999

	1999 £	1999 £	1998 £	1998 £
Net cash inflow from operating activities		1,121,401		499,288
Returns on investments & servicing of finance:				
Interest received	203		395	
Rent received	6,000		-	
		6,203		395
Taxation		(414,480)		(104,016)
Capital expenditure:				
Payments to acquire tangible fixed assets		(13,158)		(79,411)
Equity dividends paid		(849,490)		(310,800)
(Decrease)/increase in cash		(£149,524)		£5,456

Notes to the cash flow statement

1. *Reconciliation of operating profit to net cash inflow from operating activities*

Operating profit	1,232,890	1,012,403
Depreciation charges	33,664	32,331
Loss/(profit) on disposal of tangible fixed assets	-	2,106
Increase in debtors	(440,699)	(1,200,791)
Increase in creditors	295,546	653,239
Net cash inflow from operating activities	1,121,401	499,288

2. *Analysis of changes in net debt*

	At 1 May 1998	Cash flows	At 30 April 1999
Cash in hand and at bank	43,772	(43,118)	654
Bank overdraft	-	(106,406)	(106,406)
TOTAL	43,772	(149,524)	(105,752)

METHODS APPLICATION LIMITED

Notes to the financial statements for the year ended 30 April 1999

1. ACCOUNTING POLICIES

1.1 Basis of preparation of accounts

The financial statements are prepared under the historical cost convention and include the results of the company's operations which are described in the Directors' Report and all of which are continuing.

1.2 Turnover

Turnover comprises the invoiced value of services supplied by the company, net of Value Added Tax. The turnover is attributable to the one principal activity of the company, contract computer consultancy.

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 their cost by equal instalments over their expected useful economic lives, on the following bases:

Furniture and fittings	33% per annum
Office equipment	33% per annum

1.4 Deferred Taxation

No provision for deferred taxation has been made as the sum involved is immaterial.

1.5 Pensions

The company operates a defined, money purchase pension scheme and a Small Self Administered Pension Scheme and the pension charge represents the amounts payable by the company to the funds in respect of the year.

1.6 Factored debts

In order to comply with FRS 5, *Reporting the substance of transactions*, trade debtors (Note 8) and trade creditors (Note 9), reflect the total factored debts.

METHODS APPLICATION LIMITED

Notes to the financial statements for the year ended 30 April 1999

	1999	1998
2. Operating profit		
The operating profit is stated after charging/(crediting):		
Auditors' remuneration	29,050	15,500
Bank & factoring charges and interest	84,488	82,843
Depreciation of tangible fixed assets owned by the company	33,664	32,332
	<u> </u>	<u> </u>
3. Staff costs		
Staff costs, including directors, during the year was as follows:		
Salaries	673,286	540,916
Social security costs	66,636	51,747
Other pension costs	<u>25,925</u>	<u>146,663</u>
	<u>765,847</u>	<u>739,326</u>
The average monthly number of employees, including directors, during the year was as follows:		
Office and administration	8	7
Sales and marketing	<u>4</u>	<u>4</u>
	<u>12</u>	<u>11</u>
4. Directors' remuneration		
Emoluments	440,705	344,725
Contributions under money purchase schemes	<u>24,768</u>	<u>146,663</u>
	<u>465,473</u>	<u>491,388</u>
The highest paid director was paid £250,539 (1998: £151,725).		
5. Taxation		
<i>UK current year taxation</i>		
UK Corporation tax at 30% (1998 - 30%)		
based on the profit for the year	<u>386,739</u>	<u>305,227</u>
6. Dividends		
Interim dividends paid	849,490	310,800
Final dividend proposed	-	-
	<u> </u>	<u> </u>
	<u>849,490</u>	<u>310,800</u>

METHODS APPLICATION LIMITED

Notes to the financial statements for the year ended 30 April 1999

7. Tangible Fixed Assets

	Furniture & fittings	Office equipt	TOTAL
Cost:			
Balance at 1.5.98	47,074	61,793	108,867
Additions	390	12,768	13,158
Disposals	(-)	(-)	(-)
Balance at 30.4.99	47,464	74,561	122,025
Depreciation:			
Balance at 1.5.98	21,288	29,526	50,814
Disposals	(-)	(-)	(-)
Charge for the year	12,001	21,663	33,664
Balance at 30.4.99	33,289	51,189	84,478
Net Book Values:			
At 30 April 1999	<u>14,175</u>	<u>23,372</u>	<u>37,547</u>
At 30 April 1998	<u>25,786</u>	<u>32,267</u>	<u>58,053</u>

METHODS APPLICATION LIMITED

Notes to the financial statements for the year ended 30 April 1999

	1999	1998
	£	£
8. Debtors		
Due within one year:		
Trade debtors	3,024,787	2,589,096
Other debtors	8,404	4,286
Prepayments and accrued income	<u>9,350</u>	<u>8,460</u>
	<u>3,042,541</u>	<u>2,601,842</u>
9. Creditors		
Amounts falling due within one year:		
Bank overdraft	106,406	-
Trade creditors	1,114,999	706,797
Corporation tax	239,302	267,043
Other taxes and social security costs	163,327	195,613
Director's loan	86,275	170,206
Other creditors and accruals	<u>675,526</u>	<u>671,965</u>
	<u>2,385,835</u>	<u>2,011,624</u>
The bank has a fixed and floating charge on all the company's assets, to secure the overdraft.		
10. Share Capital		
Authorised:		
1000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called-up and fully paid:		
111 ordinary shares of £1 each	<u>111</u>	<u>111</u>
11. Share premium		
Balance at beginning and end of year	<u>30,316</u>	<u>30,316</u>
12. Movement on shareholders' funds		
Profit for the year	852,354	707,571
Less: dividends	<u>(849,490)</u>	<u>(310,800)</u>
	2,864	396,771
Shareholders' funds at 1 May 1998	<u>692,043</u>	<u>295,272</u>
Shareholders' funds at 30 April 1999	<u>694,907</u>	<u>692,043</u>

METHODS APPLICATION LIMITED

Notes to the financial statements for the year ended 30 April 1999

13. Contingent Liabilities

There are no material contingent liabilities to the knowledge of the directors, other than the factored recourse debts referred to in Note 1.6, which have been fully provided for.

14. Capital and other commitments

At 30 April 1999, the company had no capital or other annual commitments.

15. Pension commitments

The company operates a defined contribution pension scheme through an independent institution. At the balance sheet date unpaid contributions of £327 (1998: £327) were due to the fund. These are included in Other Creditors. Additionally, the company operates a defined contribution Small Self-administered Pension Scheme. The assets of this scheme are held separate from those of the company in an independently administered fund.

16. Transactions with Directors

There were no material transactions with the directors during the year.

17. Post Balance Sheet Events

There are no significant post balance sheet events.

18. Related party transactions

The controlling parties are Mr ABStJ Webb and Mrs V Webb by virtue of their control of 90% of the issued share capital.

During the year there were no other related party transactions.