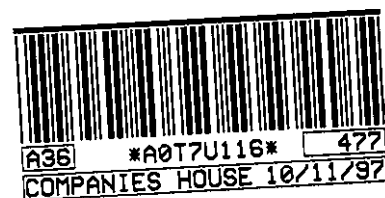


Registered no. 2788181

**DIRECT SOLUTIONS
INTERNATIONAL LIMITED**

**ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 JANUARY 1997**

**GARY SARGEANT & COMPANY
5 WHITE OAK SQUARE
LONDON ROAD
SWANLEY KENT
BR8 7AG**



DIRECT SOLUTIONS INTERNATIONAL LIMITED

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DIRECT SOLUTIONS INTERNATIONAL LIMITED

AUDITORS' REPORT TO THE MEMBERS OF DIRECT SOLUTIONS INTERNATIONAL LIMITED PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 2 to 6 together with the financial statements of DIRECT SOLUTIONS INTERNATIONAL LIMITED prepared under section 226 of the Companies Act 1985 for the year ended 31 January 1997.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with Schedule 8A to the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to deliver abbreviated accounts and whether the abbreviated accounts have been properly prepared in accordance with that schedule.

Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the audited financial statements, that the company is entitled to the exemptions and that the abbreviated accounts have been properly prepared from those financial statements. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the company is entitled under sections 246 and 247 of the Companies Act 1985 to deliver abbreviated accounts prepared in accordance with Schedule 8A to that Act in respect of the year ended 31 January 1997 and the abbreviated accounts on pages 2 to 6 have been properly prepared in accordance with that Schedule.


GARY SARGEANT & COMPANY
Registered Auditors

Date: 19-9-97

**5 WHITE OAK SQUARE
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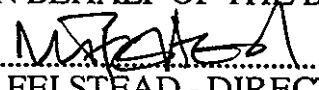
DIRECT SOLUTIONS INTERNATIONAL LIMITED

ABBREVIATED BALANCE SHEET AT 31 JANUARY 1997

	Note	1997 £	1996 £
FIXED ASSETS	2		
Tangible assets		804,752	360,590
CURRENT ASSETS			
Debtors	1,665,202	817,061	
Cash at bank and in hand	50	10,182	
	1,665,252	827,243	
CREDITORS			
Amounts falling due within one year	1,968,170	826,212	
NET CURRENT LIABILITIES		(302,918)	1,031
TOTAL ASSETS LESS CURRENT LIABILITIES		501,834	361,621
CREDITORS			
Amounts falling due after more than one year		(166,342)	(159,834)
NET ASSETS		335,492	201,787
CAPITAL AND RESERVES			
Called up share capital	3	2	2
Profit and loss account		335,490	201,785
SHAREHOLDERS' FUNDS		335,492	201,787

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

These financial statements were approved by the board on 19/9/97
ON BEHALF OF THE BOARD


M FELSTEAD - DIRECTOR

Date: 19/9/97

The annexed notes form part of these financial statements.

DIRECT SOLUTIONS INTERNATIONAL LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 JANUARY 1997

1. ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below and have remained unchanged from the previous year, and also have been consistently applied within the same accounts.

Cash Flow Statement

The company qualifies as a small company and advantage has therefore been taken of the exemption provided by the Financial Reporting Standard No 1 not to prepare a cash flow statement.

Basis of Preparation of Financial Statements

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

The effect of events in relation to the year ended 31 January 1997 which occurred before the date of approval of the financial statements by the Board of Directors, have been included in the statements to the extent required to show a true and fair view of the state of affairs at 31 January 1997 and of the results for the year ended on that date.

Depreciation

Depreciation has been computed to write off the cost of tangible fixed assets over their expected useful lives using the following rates:

Leasehold improvements	- not amortised
Plant and machinery	- 20% per annum reducing balance method
Fixtures and fittings	- 15% per annum reducing balance method
Motor vehicles	- 25% per annum reducing balance method

Deferred Taxation

Deferred taxation is provided on the liability method to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may crystallise.

Foreign Exchange

Transactions denominated in foreign currencies are translated into sterling and recorded at the rate of exchange ruling at the date of the transaction.

Balances at the year end denominated in a foreign currency are translated into sterling at the rate of exchange ruling at the balance sheet date.

DIRECT SOLUTIONS INTERNATIONAL LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 JANUARY 1997 (CONT)

Leasing

Tangible fixed assets acquired under finance leases or hire purchase contracts are capitalised and depreciated in the same manner as other tangible fixed assets. The related obligations, net of future finance charges, are included in creditors.

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Pension Costs

The company operates a pension scheme for the benefit of all its employees. The scheme is a defined contribution scheme, and the contributions are charged against profits as they are paid.

2. FIXED ASSETS

	Tangible fixed assets £
Cost	
At 1 February 1996	484,246
Additions	553,540
Revaluations	-
Disposals	(575)
Intra group transfers	-
At 31 January 1997	<u>1,037,211</u>
Depreciation	
At 1 February 1996	123,656
Charge for the year	108,814
Disposals	(11)
Revaluations	-
Intra group transfers	-
At 31 January 1997	<u>232,459</u>
Net book value	
At 31 January 1997	<u>804,752</u>
<i>At 31 January 1996</i>	<u>360,590</u>

DIRECT SOLUTIONS INTERNATIONAL LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 JANUARY 1997 (CONT)

3. SHARE CAPITAL

	1997 £	1996 £
Authorised 30,000 ordinary shares of £1 each	<u>30,000</u>	<u>30,000</u>
Allotted, called up and fully paid 2 ordinary shares of £1 each	<u>2</u>	<u>2</u>
Allotted, not called up and not paid 29,998 ordinary shares of £1 each	<u>29,998</u>	<u>29,998</u>

DIRECT SOLUTIONS INTERNATIONAL LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 JANUARY 1997 (CONT)

4. TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties

The company incurred cost of sales with the following related parties during the year:

Driscoll Direct Mail Limited, a company in which I Driscoll is also a director	£224,738
DSI Data Services, a partnership in which M Felstead and A Young are partners	£109,343
J Felstead, father of M Felstead, trading as J A Transport	£25,451
DSI International Distribution Limited, a company in which M Felstead and A Young are also directors	£22,480

The company made sales to the following related parties during the year:

Driscoll Direct Mail Limited, a company in which I Driscoll is also a director	£140,754
DSI International Distribution Limited, a company in which M Felstead and A Young are also directors	£3,293
Direct Envelopes Limited, a company in which I Driscoll is also a director	£366

The company owed the following amounts to related parties, as described above, at 31 January 1997:

DSI Data Services	£48,771
Driscoll Direct Mail Limited	£16,931
Direct Envelopes Limited	£4,284

The company was owed the following amounts from related parties, as described above, at 31 January 1997:

DSI Business Support Limited	£97,769
DSI International Distribution Limited	£26,262

The company acts as a surety for DSI International Distribution Limited, a company in which M Felstead and A Young are also directors, to guarantee any rents or other sums payable to the landlords for the period from 28 October 1996 to 27 October 1999.