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COMPANY NUMBER 3093727

GIANT GROUP PLC

Report and Financial Statements

Year Ended

31 May 2000



BDO Stoy Hayward
Chartered Accountants

GIANT GROUP PLC

Annual report and financial statements for the year ended 31 May 2000

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Directors

M J Brown
Company Directors Limited

Secretary and registered office

Temple Secretaries Limited, Angel House, 338-346 Goswell Road, London, EC1V 7QN

Company number

3093787

Bankers

Barclays Bank Plc, 155 Bishopsgate, London EC2M 3XA

Solicitors

Finers Stephens Innocent, 179 Great Portland Street, London W1W 5LS

Auditors

BDO Stoy Hayward, Northside House, 69 Tweedy Road, Bromley, Kent BR1 3WA

GIANT GROUP PLC

Report of the directors for the year ended 31 May 2000

The directors present their report together with the audited financial statements for the year ended 31 May 2000.

Results and dividends

The results of the group for the year are set out on page 4.

The directors do not recommend the payment of a dividend for the year (1999 - £Nil per share).

Principal activities, trading review and future developments

The principal activity of the group is accountancy, tax and consultancy services and the provision of independent financial advice.

The directors are satisfied with the level of trading during the year and are confident that the company will increase profitability in the current year.

Directors

The directors of the company during the year and their beneficial interests in the ordinary share capital of the company were as follows:

	Ordinary shares of £1 each	
	31 May 2000	31 May 1999
M J Brown	50,199	50,199
Company Directors Limited	1	1

Creditors payment policy

The company's current policy concerning the payment of suppliers is to:

- settle the terms of payment when agreeing the terms of each transaction; and ensure that suppliers are made aware of these by inclusion in contracts.
- pay in accordance with its contractual and other legal obligations.

Wherever possible the company's subsidiaries follow the same policy.

The average days' purchases included within trade creditors at the year end is 32 days.

GIANT GROUP PLC

Report of the directors for the year ended 31 May 2000 (*Continued*)

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 year. 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.

Auditors

BDO Stoy Hayward have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the annual general meeting.

By order of the Board



M J Brown
Director

Date

28/6/00.

GIANT GROUP PLC

Report of the auditors

To the shareholders of Giant Group Plc

We have audited the financial statements on pages 4 to 17 which have been prepared under the accounting policies set out on pages 9 and 10.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and 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 misstatements, 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 and group's affairs at 31 May 2000 and of the results of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO Stoy Hayward 

BDO STOY HAYWARD
*Chartered Accountants
and Registered Auditors*

Bromley, Kent

29 June 2001

GIANT GROUP PLC**Consolidated profit and loss account for the year ended 31 May 2000**

		Year ended 31 May 2000 £	Period from 1 December 1997 to 31 May 1999 £
	Note		
Turnover	2	11,793,240	12,532,369
Cost of sales		7,819,627	5,349,292
		<hr/>	<hr/>
Gross profit		3,973,613	7,183,077
Administrative expenses		3,843,086	8,114,308
		<hr/>	<hr/>
Operating profit/(loss)	5	130,527	(931,231)
Interest receivable		265,726	343,231
		<hr/>	<hr/>
Profit/(loss) on ordinary activities before taxation		396,253	(588,000)
Taxation credit on results from ordinary activities	6	9,404	-
		<hr/>	<hr/>
Retained profit/(loss) for the year	13	405,657	(588,000)
		<hr/>	<hr/>

All amounts relate to continuing activities.

All recognised gains and losses are included in the profit and loss account.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

The notes on page 9 to 17 form part of these financial statements

GIANT GROUP PLC

Reconciliation of movement in shareholders' deficit for the year ended 31 May 2000

	Year ended 31 May 2000	Period from 1 December 1997 to 31 May 1999
	£	£
Profit/(loss) for the financial year	405,657	(588,000)
Opening shareholders' deficit	(651,751)	(63,751)
Closing shareholders' deficit	<u>(246,094)</u>	<u>(651,751)</u>


The notes on pages 9 to 17 form part of these financial statements.

GIANT GROUP PLC

Consolidated balance sheet as at 31 May 2000

	Note	31 May 2000		31 May 1999	
		£	£	£	£
Fixed assets					
Tangible assets	7		433,813		563,679
Current assets					
Debtors	9	1,078,777		670,680	
Cash at bank and in hand		1,141,389		538,152	
		<u>2,220,166</u>		<u>1,208,832</u>	
Creditors: amounts falling due within one year	10	<u>2,866,148</u>		<u>2,424,262</u>	
Net current liabilities			<u>(645,982)</u>		<u>(1,215,430)</u>
Total assets less current liabilities			<u>(212,169)</u>		<u>(651,751)</u>
Creditors: amounts falling due in more than one year	11		<u>(33,925)</u>		<u>-</u>
Net liabilities			<u>(246,094)</u>		<u>(651,751)</u>
Capital and reserves					
Called up share capital	12		12,700		12,700
Profit and loss account	13		<u>(258,794)</u>		<u>(664,451)</u>
Shareholders' deficit – equity interests			<u>(246,094)</u>		<u>(651,751)</u>

The financial statements were approved by the Board on 28/6 2001.



 M J Brown
 Director

The notes on pages 9 to 17 form part of these financial statements

GIANT GROUP PLC

Balance sheet as at 31 May 2000

	Note	31 May 2000		31 May 1999	
		£	£	£	£
Fixed assets					
Investments	8		204		204
Current assets					
Debtors	9	12,676		12,782	
Cash at bank and in hand		-		73	
		<u>12,676</u>		<u>12,855</u>	
Creditors: amounts falling due within one year	10	176		340	
		<u>176</u>		<u>340</u>	
Net current assets			12,500		12,515
Net assets			<u>12,704</u>		<u>12,719</u>
Capital and reserves					
Called up share capital	12	12,700		12,700	
Profit and loss account	13	4		19	
		<u>12,704</u>		<u>12,719</u>	
Shareholder's funds – equity interests			<u>12,704</u>		<u>12,719</u>

The financial statements were approved by the Board on 28/6 2001.



 M J Brown
 Director

The notes on pages 9 to 17 form part of these financial statements.

GIANT GROUP PLC

Consolidated cash flow statement for the year ended 31 May 2000

	Note	Year ended 31 May 2000 £	Period ended 31 May 1999 £
Net cash inflow/(outflow) from operating activities	15	512,965	(274,190)
Returns on investments and servicing of finance			
Interest received		265,726	343,231
Hire purchase interest paid		(1,992)	-
Corporation tax received		-	25,480
Capital expenditure			
Purchase of tangible fixed assets		(82,206)	(606,998)
Sale of tangible fixed assets		19,846	-
Financing			
Capital element of finance lease rental payments		(7,680)	-
Increase/(decrease) in net cash	16	706,659	(512,477)

The notes on pages 9 to 17 form part of these financial statements

GIANT GROUP PLC

Notes forming part of the financial statements for the year ended 31 May 2000

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Basis of consolidation

The consolidated financial statements incorporate the results of Giant Group Plc and all of its subsidiary undertakings as at 31 May 2000 using the acquisition method of accounting.

Turnover

Turnover, which is stated net of value added tax, represents commission and fees received.

Depreciation

Depreciation is provided to write off the cost, less estimated residual value, of all fixed assets over their expected useful life as follows:

Motor vehicles	-	Over 3 years on a straight line basis
Fixtures and fittings	-	$33\frac{1}{3}\%$ per annum on written down value.
Computer and office equipment	-	$33\frac{1}{3}\%$ per annum on written down value.

Deferred Taxation

Provision is made for material timing differences between the treatment of certain items of taxation and accounting purposes to the extent that it is probable that a liability or asset will crystallise.

Foreign currency

Foreign currency transactions are translated at the rates ruling when they occurred. Foreign currency monetary assets and liability are translated at the rate ruling at the balance sheet date. Any differences are taken to the profit and loss account.

Accruals

Included within accruals is a provision which is made for future clawback relating to commission received where the indemnity year is still outstanding. In this year the provision is calculated at 35 % (1999 - 35%) on the aggregate of commission income received less actual clawback.

Goodwill

Goodwill arising on an acquisition of a subsidiary undertaking is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. It is amortised through the profit and loss account over the directors' estimate of its useful economic life which ranges from 15 to 20 years.

GIANT GROUP PLC

Notes forming part of the financial statements for the year ended 31 May 2000

1 Accounting policies (*Continued*)

Investments

Fixed asset investments are stated at the lower of cost and net realisable value.

Pension costs

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

Going concern

These financial statements have been prepared on a going concern basis, due to the fact that the post year end trading results have moved the overall group into a positive net asset position.

Assets held under hire purchase and lease agreements

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. 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.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

2 Turnover

The turnover is wholly attributable to the principal activities of the group in the UK and the Republic of Ireland. The total turnover in the Republic of Ireland for the year ended 31 May 2000 was £129,321 (1999 – nil).

3 Employees

	2000 £	1999 £
Staff costs consist of:		
Wages and salaries	7,483,601	5,228,306
Social security costs	937,108	501,600
Pension costs	56,615	59,463
	<hr/>	<hr/>
	8,477,324	5,789,369
	<hr/>	<hr/>

GIANT GROUP PLC

Notes forming part of the financial statements for the year ended 31 May 2000

3 Employees (continued)

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

	2000 Number	1999 Number
Directors	2	2
Fixed term contract employees	100	22
Other staff	99	134
	<u>201</u>	<u>158</u>
	Year to 31 May 2000 £	Period to 31 May 1999 £

4 Directors

Directors' emoluments consist of:

Fees	126,218	160,363
Amounts paid to defined contribution schemes	-	19,710
	<u>126,218</u>	<u>180,073</u>

5 Operating profit/(loss)

This has been arrived at after charging:

Depreciation	196,987	362,845
Auditors remuneration - current year	21,624	12,200
- prior year	-	5,328
- non audit services	3,500	12,395
Operating leases – buildings	94,224	216,409
Exceptional item (see below)	-	64,492
	<u></u>	<u></u>

The provisions for future claw back of commission received by Giant Financial Services Limited relating to periods up to 30 November 1997 were reviewed by the directors at 31 May 1999. This resulted in an exceptional charge of £64,492.

6 Taxation credit on results from ordinary activities

UK corporation tax	(9,404)	-
	<u></u>	<u></u>

GIANT GROUP PLC

Notes forming part of the financial statements for the year ended 31 May 2000

7 Tangible fixed assets

	Motor Vehicles £	Computer and Office Equipment £	Fixtures and Fittings £	Total £
Group				
<i>Cost</i>				
At 31 May 1999	-	495,248	499,177	994,425
Additions	45,500	93,445	626	139,571
Disposals	(20,000)	(151,504)	(31,352)	(202,856)
	<u>25,500</u>	<u>437,189</u>	<u>468,451</u>	<u>931,140</u>
At 31 May 2000	25,500	437,189	468,451	931,140
<i>Depreciation</i>				
At 31 May 1999	-	222,982	207,764	430,746
Charge for the year	8,589	94,429	93,969	196,987
Disposals	(2,220)	(113,190)	(14,996)	(130,406)
	<u>6,369</u>	<u>204,221</u>	<u>286,737</u>	<u>497,327</u>
At 31 May 2000	6,369	204,221	286,737	497,327
<i>Net book value</i>				
At 31 May 2000	19,131	232,968	181,714	433,813
At 31 May 1999	-	272,266	291,413	563,679

The net book value of tangible fixed assets includes an amount of £47,339 (1999 - £Nil) in respect of assets held under finance leases. The related depreciation charge was £12,016 (1999 - £Nil).

8 Fixed asset investments

Group undertakings
£

Company

Cost and net book value

As at 31 May 1999 and 31 May 2000

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GIANT GROUP PLC

Notes forming part of the financial statements for the year ended 31 May 2000

8 Fixed asset investments (*Continued*)

Interests in group undertakings.

Name	Proportion of Voting rights and Ordinary share capital held	Country of incorporation	Nature of business
Giant UK Services Limited	100%	Great Britain	Provider of Accountancy and Tax Services
Giant International Services Limited	100%	Great Britain	Provider of Consultancy Services
Giant Financial Services Limited	100%	Great Britain	Provider of Independent Financial Advice
Giant Accountancy Services Limited	100%	Rep. Of Ireland	Provider of Accountancy and Tax Services
Giant Financial Services Limited	100%	Rep. Of Ireland	Provider of Independent Financial Advice
Giant Europe Management Limited	100%	Great Britain	Provider of Consultancy Services
Giant Consulting (UK) Limited	100%	Great Britain	Provider of Consultancy Services
Giant Europe Services Limited	100%	Great Britain	Provider of Consultancy Services
Giant Europe Limited	100%	Great Britain	Dormant
Giant Europe Consulting Limited	100%	Great Britain	Dormant
Giant Consulting Limited	100%	Great Britain	Dormant
Giant Contractors (Switzerland) Limited	100%	Great Britain	Dormant
Giant Contractors (Luxembourg) Limited	100%	Great Britain	Dormant

All the above companies operated principally in their country of incorporation and have been included in the consolidated financial statements.

GIANT GROUP PLC

Notes forming part of the financial statements for the year ended 31 May 2000

9 Debtors	2000		1999	
	Group £	Company £	Group £	Company £
Amounts due from subsidiary undertakings	-	12,673	-	12,779
Trade debtors	890,877	-	249,317	-
Corporation tax	6,279	3	6,372	3
Other taxes and social security costs	-	-	7,565	-
Other debtors	84,175	-	110,523	-
Prepayments and accrued income	97,446	-	296,903	-
	<u>1,078,777</u>	<u>12,676</u>	<u>670,680</u>	<u>12,782</u>

All amounts fall due for payment within one year.

10 Creditors: amounts falling due within one year

Bank overdrafts	1,464	176	104,886	-
Trade creditors	215,267	-	292,086	-
Amounts due to subsidiary undertakings	-	-	-	340
Other taxation and social security costs	1,184,345	-	496,011	-
Obligations under hire purchase	15,760	-	-	-
Other creditors	18,992	-	106,712	-
Accruals	1,430,320	-	1,424,567	-
	<u>2,866,148</u>	<u>176</u>	<u>2,424,262</u>	<u>340</u>

11 Creditors: amounts falling due in more than one year

Obligations under hire purchase	33,925	-	-	-
	<u>33,925</u>	<u>-</u>	<u>-</u>	<u>-</u>
In more than one year but not more than two years	15,759	-	-	-
In more than two years but not More than five years	18,166	-	-	-
	<u>33,925</u>	<u>-</u>	<u>-</u>	<u>-</u>

The obligations under hire purchase are secured upon the underlying assets.

GIANT GROUP PLC

Notes forming part of the financial statements for the year ended 31 May 2000

12 Share capital

	Authorised		Allotted, issued and part paid	
	2000 £	1999 £	2000 £	1999 £
Ordinary shares of £1 each	1,000,000	1,000,000	12,700	12,700

50,200 ordinary shares of £1 each have been issued by the company although 50,000 are only part paid.

13 Profit and loss account	2000		1999	
	Group £	Company £	Group £	Company £
At 31 May 1999	(664,451)	19	(76,451)	293
Retained profit/(loss) for the year	405,657	(15)	(588,000)	(274)
At 31 May 2000	(258,794)	4	(664,451)	19

14 Profit for the financial year

The company has taken advantage of the exemption allowed under section 230 of the Companies Act 1985 and has not presented its own profit and loss account in these financial statements. The group loss for the year includes a loss after tax of £15 (1999 – loss of £274) which is dealt with in the financial statements of the parent company.

15 Reconciliation of operating profit/(loss) to net cash inflow/(outflow) from operating activities

	2000 £	1999 £
Operating profit/(loss)	130,527	(931,231)
Depreciation	196,987	362,845
Loss on disposal of fixed assets	52,605	4,421
Hire purchase interest	1,992	-
Increase in debtors	(415,753)	(508,715)
Increase in creditors	546,607	798,490
Net cash inflow/(outflow) from operating activities	512,965	(274,190)

GIANT GROUP PLC

Notes forming part of the financial statements for the year ended 31 May 2000

16 Reconciliation of net cash inflow/(outflow) to movement in net funds

Increase/(decrease) in cash in the year	706,659	(512,477)
Cash outflow from decrease in debt	7,680	-
	<hr/>	<hr/>
Change in net funds/(debt) resulting from cashflows	714,339	(512,477)
New finance leases	(57,365)	-
	<hr/>	<hr/>
Movement in net funds/(debt) for the year	656,974	(512,477)
Opening net funds	433,266	945,743
	<hr/>	<hr/>
Closing net funds	1,090,240	433,266
	<hr/>	<hr/>

17 Analysis of changes in net funds

	At 1 June 1999	Cashflow	Other movement	At 31 May 2000
	£	£	£	£
Cash at Bank	538,152	603,237	-	1,141,389
Overdrafts	(104,886)	103,422	-	(1,464)
Finance leases	-	7,680	(57,365)	(49,685)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 May 2000	433,266	714,339	(57,365)	1,090,240
	<hr/>	<hr/>	<hr/>	<hr/>

18 Ultimate controlling party

The ultimate controlling party is M J Brown, a director of the company.

19 Related party transactions

The company has relied upon the exemption available under FRS 8 'Related Party Transactions' not to disclose transactions with its subsidiary undertakings where 90% or more of the voting rights are controlled by Giant Group Plc.

GIANT GROUP PLC

Notes forming part of the financial statements for the year ended 31 May 2000

20 Financial commitments

At 31 May 2000 the group had annual commitments under non cancellable operating leases as follows:

	Land and Buildings	
	2000	1999
	£	£
Expiring within one year	-	176,951
Expiring between one and two years	3,298	-
Expiring between two and five years	95,955	10,000
	<hr/>	<hr/>
	99,253	186,951
	<hr/>	<hr/>