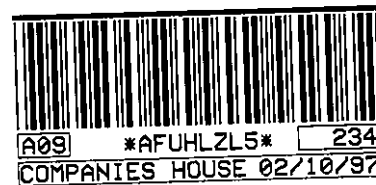


Reg

COMPACTYPIST LIMITED
ANNUAL REPORT
PERIOD ENDED 31 MAY 1997
Registered Number 3186421

Wright Hogg Eisen

WRIGHT HOGG EISEN
Chartered Accountants



COMPACTYPIST LIMITED
ANNUAL REPORT
PERIOD ENDED 31 MAY 1997

CONTENTS	PAGES
DIRECTORS' REPORT	1
STATEMENT OF DIRECTORS' RESPONSIBILITIES	2
AUDITORS' REPORT	3
PROFIT AND LOSS ACCOUNT	4
BALANCE SHEET	5
NOTES TO THE FINANCIAL STATEMENTS	6 - 9

COMPACTYPIST LIMITED

DIRECTORS' REPORT

The directors present their annual report together with the financial statements for the period ended 31 May 1997.

RESULTS AND DIVIDENDS

The profit for the financial period after tax amounted to £33,052. After deducting dividends of £29,000, £4,052 is transferred from reserves.

REVIEW OF THE BUSINESS

The company was incorporated on 16 April 1996 and commenced trading in September 1996.

The principal activity of the company was the provision of management services to its subsidiary Increase Computers Limited.

The principal activity of its subsidiary continued to be the sale of computer systems and software.

The directors are satisfied with the results for the period and anticipate that the company will continue to develop its established activities.

DIRECTORS

The directors at 31 May 1997 and their interests in the share capital of the company and its subsidiary company, Increase Computers Limited were as follows:

	Compactypist Limited 31 May 1997	Increase Computers Limited 31 May 1997
P M Short - appointed 24/5/96	34	5
A Matheson - appointed 24/5/96	33	-
P Fairless - appointed 24/5/96	33	-

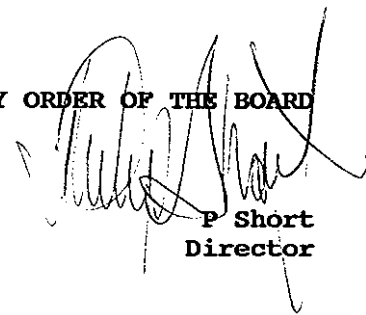
AUDITORS

The auditors Wright Hogg Eisen have signified their willingness to continue in office. A resolution to reappoint them will be proposed at the annual general meeting.

SPECIAL EXEMPTIONS

We have taken advantage in the preparation of the directors' report of the special exemptions applicable to small companies conferred by Part II of Schedule 8 to the Companies Act 1985.

BY ORDER OF THE BOARD



P Short
Director

Newcastle upon Tyne:

Date: 25-9-97

COMPACTYPIST LIMITED
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.



AUDITORS' REPORT TO THE SHAREHOLDERS OF
COMPACTYPIST LIMITED

WRIGHT
HOGG
EISEN

We have audited the financial statements on pages 4 to 9 which have been prepared under the accounting policies set out on page 6.

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

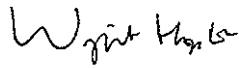
We conducted our audit in accordance with Auditing Standards. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation 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 affairs of the company as at 31 May 1997 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985 applicable to small companies.

Newcastle Upon Tyne
Date:


WRIGHT HOGG EISEN
Chartered Accountants
Registered Auditors

COMPACTYPIST LIMITED
 PROFIT AND LOSS ACCOUNT
 PERIOD ENDED 31 MAY 1997

	<u>1997</u> £
TURNOVER	50,284
ADMINISTRATIVE EXPENSES	(6,963)
OPERATING PROFIT	<u>43,321</u>
INTEREST PAYABLE AND SIMILAR CHARGES	(1,721)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	<u>41,600</u>
TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES	(8,548)
PROFIT FOR THE FINANCIAL PERIOD	<u>33,052</u>
DIVIDENDS	(29,000)
RETAINED LOSS FOR THE PERIOD	<u><u>4,052</u></u>

All amounts relate to continuing operations.

The company has no recognised gains or losses other than the profit for the period.

COMPACTYPIST LIMITED

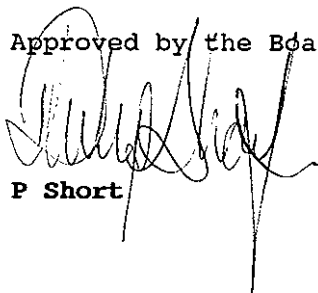
BALANCE SHEET

31 MAY 1997

	<u>Notes</u>	<u>1997</u>	
		£	£
FIXED ASSETS			
Investments	4		95,000
CURRENT ASSETS			
Debtors	5	7,250	
Cash at bank and in hand		1,288	
		8,538	
CREDITORS			
Amounts falling due within one year	6	(75,963)	
NET CURRENT LIABILITIES			(67,425)
TOTAL ASSETS LESS CURRENT LIABILITIES			27,575
CREDITORS			
Amounts falling due after more than one year	6		(23,423)
NET ASSETS			4,152
CAPITAL AND RESERVES			
Called up share capital	7		100
Profit and loss account	8		4,052
SHAREHOLDERS' FUNDS	9		4,152

We have taken advantage in the preparation of the financial statements of the special exemptions conferred by Part I of Schedule 8 to the Companies Act 1985 on the grounds that the company qualifies as a small company.

Approved by the Board on 25/9/97



P Short

Director

COMPACTYPIST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDED 31 MAY 1997

1 ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material to the company's affairs.

(a) Accounting convention

The financial statements set out on pages 4 to 9 are prepared under the historical cost convention.

(b) Turnover

Turnover represents management charges.

(c) Deferred taxation

Provision is made for deferred tax using the liability method to the extent that it is probable that a liability will crystallise.

2 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is
stated after charging the following:

1997
£

Auditors' remuneration - audit fees

850

3 DIVIDENDS

The dividend comprises two interim dividends totalling £290 per ordinary share.

COMPACTYPIST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDED 31 MAY 1997

4 FIXED ASSETS - INVESTMENTS

	Shares in subsidiary at cost
	£
The movement on fixed asset investments during the period was as follows:	
At 16 April 1996	-
Additions	<u>95,000</u>
At 31 May 1997	<u>95,000</u>

Shares in subsidiary represented:

An investment of 95% of the ordinary share capital of Increase Computers Limited, a company registered in England.

Basis of non-consolidation

The company has not prepared consolidated financial statements on the basis that it qualifies as a small group and is therefore entitled to the exemption conferred by section 248 of the Companies Act 1985 from the requirement to prepare group accounts. For this reason the financial statements present information about the company as an individual undertaking and not the group as a whole.

	Increase Computers Limited
	£
Information about the company's subsidiary undertaking is as follows:	
Aggregate of capital and reserves	<u>126,835</u>
Profit for the period	<u>34,880</u>

5 DEBTORS

	1997
	£
Debtors comprised:	
Corporation tax recoverable	<u>7,250</u>

COMPACTYPIST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDED 31 MAY 1997

6 CREDITORS

	Amounts falling due within one year	Amounts falling due after more than one year
	<u>1997</u> £	<u>1997</u> £
Creditors comprised:		
Bank loans and overdraft	6,680	23,423
Directors loan	16,903	-
Corporation tax	15,798	-
Other creditors	8,000	-
Loan from group undertaking	27,732	-
Accruals	850	
	<u>75,963</u>	<u>23,423</u>

The company's subsidiary company, Increase Computers Limited has entered into a debenture with the Royal Bank of Scotland guaranteeing the borrowings of Compactypist Limited.

The bank loans are repayable by monthly instalments as follows:

	<u>1997</u> £
In one year	6,680
Between two and five years	23,423
	<u>30,103</u>

Interest on the loans is charged at 1.5% over Royal Bank of Scotland Base Rate.

7 CALLED UP SHARE CAPITAL

Called up share capital comprised allotted, called up and fully paid ordinary shares of £1 each. The authorised share capital of the company throughout the period was £1,000 divided into 1,000 ordinary shares of £1 each.

8 PROFIT AND LOSS ACCOUNT

	<u>Profit and loss account</u>
The movement of reserves during the period was as follows:	£
At 16 April 1996	-
Profit for the period	4,052
	<u>4,052</u>
At 31 May 1997	<u>4,052</u>

COMPACTYPIST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDED 31 MAY 1997

9 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

The reconciliation of movements in shareholders' funds was as follows:

	<u>1997</u>
	£
Profit for the financial period	33,052
Share capital issued during period	100
Dividends paid	<u>(29,000)</u>
Net addition to shareholders' funds	4,152
Balance at 16 April 1996	<u>-</u>
Balance at 31 May 1997	<u><u>4,152</u></u>

10 RELATED PARTY TRANSACTIONS

Increase Computers Limited

During the period the company has provided management services to its subsidiary company, Increase Computers Limited. The total income due from the subsidiary amounted to £50,284. At the balance sheet date the amount owed to Increase Computers Limited was £27,732 and is wholly payable within one year. Details of the investment in the subsidiary company are disclosed in note 4 to the financial statements.

Directors

The directors of the company (P Short, A Matheson and P Fairless) are also directors of the subsidiary undertaking, Increase Computers Limited.

11 PROVISIONS FOR LIABILITIES AND CHARGES

There were no potential or actual liabilities for deferred taxation.