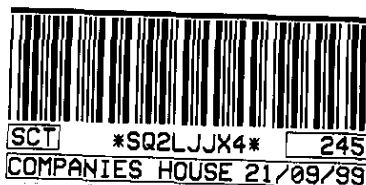


CASTLE COMPUTER SERVICES (EDINBURGH) LIMITED
ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1998



AUDITORS' REPORT TO CASTLE COMPUTER SERVICES (EDINBURGH) LIMITED

UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated financial statements set out on pages 2 to 5 together with the financial statements of Castle Computer Services (Edinburgh) Limited for the year ended 31st December 1998 prepared under section 226 of the Companies Act 1985.

Respective Responsibilities of Directors and Auditors

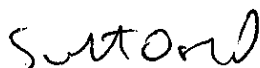
The directors are responsible for preparing the abbreviated financial statements in accordance with Section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated financial statements prepared in accordance with sections 246(5) and (6) of the Act to the registrar of companies and whether the financial statements to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

Basis of Opinion

We have carried out procedures we considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated financial statements and that the abbreviated financial statements to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated financial statements prepared in accordance with sections 246(5) and (6) of the Companies Act 1985, and the abbreviated financial statements on pages 2 to 5 are properly prepared in accordance with those provisions.



Scott Oswald
Chartered Accountants and Registered Auditors
1 Royal Terrace
Edinburgh
EH7 5AD
17th September 1999

CASTLE COMPUTER SERVICES (EDINBURGH) LIMITED

ABBREVIATED BALANCE SHEET

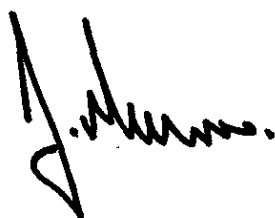
AS AT 31ST DECEMBER 1998

	Notes	£	1998 £	£	1997 £
Fixed Assets	2				
Tangible fixed assets			150,104		95,205
Current Assets					
Stock and work in progress		343		6,517	
Debtors		371,753		477,156	
Cash at bank and in hand		224,532		109,044	
		596,628		592,717	
Creditors: Amounts Falling Due Within One Year		527,106		550,689	
Net Current Assets			69,522		42,028
Total Assets Less Current Liabilities			219,626		137,233
Creditors: Amounts Falling Due After More Than One Year			27,041		31,731
			192,585		105,502
Capital and Reserves					
Share capital	4		155,000		17,085
Other reserves - equity			3,015		3,015
Profit and loss account			34,570		85,402
Shareholders' Funds			192,585		105,502

The abbreviated 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 2nd July 1999 and signed on its behalf by

A M Munro
Director



E J Doyle
Director



CASTLE COMPUTER SERVICES (EDINBURGH) LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1998

1 Accounting Policies

Basis of Accounting

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

The company has taken advantage of the exemptions in Financial Reporting Standard No. 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

Turnover

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT.

Depreciation

Depreciation is calculated to write down the cost or valuation less estimated residual value of all tangible fixed assets over their expected useful lives. The rates and periods generally applicable are:

Motor vehicles	25% straight line
Office equipment	20% straight line
Computer equipment	33.33% straight line

Stocks

Stocks are stated at the lower of cost and net realisable value.

Deferred Taxation

Deferred tax is provided for under the liability method using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise. Unprovided deferred tax is disclosed as a contingent liability.

Contribution to Pension Funds

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Hire Purchase and Finance Lease Contracts

Assets held under hire purchase and finance lease contracts are capitalised in the Balance Sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the Profit and Loss Account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the Profit and Loss Account on a straight line basis over the lease term.

CASTLE COMPUTER SERVICES (EDINBURGH) LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1998

2 Fixed Assets

	Tangible Fixed Assets
	£
Cost	
At 1st January 1998	232,805
Additions	105,950
Disposals	(45,174)
At 31st December 1998	293,581
Depreciation and Amortisation	
At 1st January 1998	137,600
Charge for the year	43,378
On disposals	(37,501)
At 31st December 1998	143,477
Net Book Value	
At 31st December 1998	150,104
<i>At 31st December 1997</i>	<i>95,205</i>

3 Loans

	1998 £	1997 £
Amounts repayable:		
In one year or less, or on demand	-	20,500
Between one and five years	-	10,831
	-	31,331

CASTLE COMPUTER SERVICES (EDINBURGH) LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1998

4	Share Capital	1998 £	1997 £
	Authorised		
	100,000 (1997: 25,000) Ordinary shares of £1.00 each	100,000	25,000
	55,000 (1997: nil) Preference shares of £1.00 each	55,000	-
		<u>155,000</u>	<u>25,000</u>
	Allotted		
	100,000 (1997: 17,085) Allotted, called up and fully paid ordinary shares of £1.00 each	100,000	17,085
	55,000 (1997: nil) Preference shares of £1.00 each	55,000	-
		<u>155,000</u>	<u>17,085</u>

Increase in authorised share capital

The company passed a resolution on 21st December 1998 to increase its authorised share capital to 100,000 ordinary shares of £1 each and 55,000 preference shares of £1 each

Capitalisation issue

During the year the company issued 82,915 ordinary shares of £1 each in the proportion of 4.8531 ordinary shares for every existing ordinary share held. The company also issued 55,000 shares of £1 each in the proportion of 3.219 preference shares for every existing ordinary share held. Both share issues were implemented by way of a capitalisation of reserves.