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COMPANY NUMBER: 2944342

process benchmarking ltd

Financial Statements
For the year ended 30 June 1996

DIRECTORS:

L Vella
P Noble

SECRETARY:

P Noble

REGISTERED OFFICE:

Sovereign Court
202 Upper Fifth Street
Silbury Boulevard
Central Milton Keynes
MK9 2JB

AUDITORS:

Neville Russell Chartered Accountants
Sovereign Court
202 Upper Fifth Street
Silbury Boulevard
Central Milton Keynes
MK9 2JB

INDEX

Page

Report of the directors	1
Report of the auditors	3
Profit and Loss Account	4
Balance Sheet	5
Notes to the Financial Statements	6 - 11



process benchmarking ltd

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 30 June 1996. The company was incorporated as PROCESS BENCHMARKING LIMITED on 30 June 1994 and commenced to trade on 1 July 1994. On 24 March 1996 the company changed its name to process benchmarking ltd.

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;
- 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.

REVIEW OF THE BUSINESS

The principal activity of the company is that of the provision of management consultancy services.

Both the level of business and the year end financial position were satisfactory, and the directors expect that the present level of activity will be sustained for the foreseeable future.

RESULTS AND DIVIDENDS

The results of the company for the year ended 30 June 1996 are set out in the financial statements on pages 4 to 11.

An interim dividend of £40 per share on the issued ordinary share capital amounting to £40,000 was paid during the year.

REPORT OF THE DIRECTORS - Continued

DIRECTORS

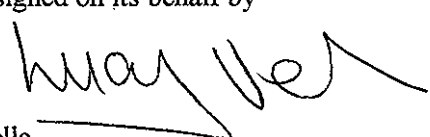
The directors set out in the table below have held office during the whole of the period from 1 July 1995 to the date of this report unless otherwise stated. The interests of the directors holding office on 30 June 1996 in the shares of the company according to the register of directors' interests, were as shown below:

	Ordinary share of £1 each 1 July 1995 and 30 June 1996
L Vella	1000
P Noble	-

AUDITORS

Neville Russell, having been appointed as auditors during the year, have signified their willingness to continue in office and a resolution to re-appoint them as auditors will be proposed at the forthcoming annual general meeting.

Approved by the board on 30 January 1997
and signed on its behalf by


L Vella
Director

NEVILLE RUSSELL

Chartered Accountants



Auditors' report to the shareholders of process benchmarking ltd

We have audited the financial statements on pages 4 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 1 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 June 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

NEVILLE RUSSELL
CHARTERED ACCOUNTANTS
and Registered Auditors

Milton Keynes

process benchmarking ltd

Profit and Loss Account
For the year ended 30 June 1996

	Notes	1996 £	1995 £
TURNOVER	2	380485	183567
Change in work in progress		(9240)	9240
VALUE OF WORK DONE		371245	192807
Administrative expenses		(299816)	(182845)
OPERATING PROFIT		71429	9962
Interest receivable and similar income		3444	425
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST		74873	10387
Interest payable and similar charges	3	(712)	(725)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	74161	9662
Taxation on profit on ordinary activities	6	(20000)	(3000)
PROFIT ORDINARY ACTIVITIES	12	54161	6662
DIVIDENDS PAID	7	(40000)	-
RETAINED PROFIT FOR THE YEAR		£14161	£ 6662

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

The company's turnover and expenses all relate to continuing operations.

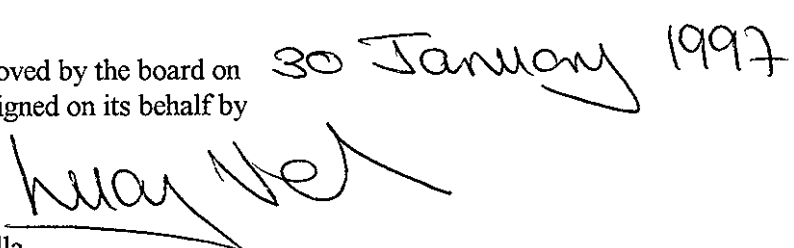
The profit for the year has been calculated on the historical cost basis.

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Balance Sheet at 30 June 1996

	Notes	1996 £	1995 £
FIXED ASSETS			
Tangible assets	8	19598	6871
CURRENT ASSETS			
Stocks	9	-	9240
Debtors	10	25809	57487
Cash at bank		119538	19882
		135347	86609
CREDITORS - amounts falling due within one year	11	(133122)	(85818)
NET CURRENT ASSETS		2225	791
		£21823	£ 7662
CAPITAL AND RESERVES			
Called up share capital	12	1000	1000
Profit and loss account	13	20823	6662
EQUITY SHAREHOLDERS' FUNDS	13	£21823	£ 7662

Approved by the board on
and signed on its behalf by


L Vella
Director

**Notes to the Financial Statements
For the year ended 30 June 1996**

1. ACCOUNTING POLICIES

(a) Accounting convention

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

(b) Turnover

Turnover represents the amounts invoiced, excluding value added tax, in respect of the sale of services to customers.

(c) Depreciation

Depreciation is calculated so as to write off the cost of fixed assets on a straight line basis over their estimated useful lives.

(d) Work in progress

Work in progress is stated at the lower of cost and net realisable value. Cost consists of labour together with an appropriate proportion of overheads.

(e) Deferred taxation

Deferred tax is provided in respect of the tax effect of all timing differences, to the extent that it is probable that a liability or asset will crystallise in the foreseeable future, at the rates of tax expected to apply when the timing differences reverse.

(f) Pension costs

Contributions payable to the defined contribution pension scheme are charged to the profit and loss account in the year to which they relate.

(g) Deferred income

For benchmarking consortiums, income is credited to the profit and loss account over the period of the contract. Income is deferred, and shown in creditors due within one year, to the extent that revenue has not been earned. Costs associated with these contracts are expensed as incurred.

2. SEGMENTAL INFORMATION

The turnover, profit before taxation and net assets are attributable to the principal activity of the provision of management consultancy services.

The company operates in the UK and the whole of the turnover is to the UK market.

process benchmarking ltd

Notes to the Financial Statements For the year ended 30 June 1996

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1996 £	1995 £
The profit on ordinary activities before taxation is stated after charging:-		
Depreciation of owned tangible fixed assets	9997	2337
Staff costs (see note 4)	206967	86558
Interest payable on directors loan account	712	725
Auditors' remuneration	1500	-

4. STAFF COSTS

	1996 £	1995 £
Staff costs including directors' emoluments:		
Wages and salaries	175194	66750
Social security costs	17773	6808
Other pension costs (see note 14)	14000	13000
	£206967	£ 86558

The average number of persons including executive directors employed by the company during the year was:

	1996	1995
Management	3	1

process benchmarking ltd

Notes to the Financial Statements For the year ended 30 June 1996

5. DIRECTORS

	1996 £	1995 £
Emoluments	122000	68354
Management charge paid in cash to a third party for services of a director	-	11020
Management services	£122000	£ 79374

The emoluments of directors disclosed above (excluding pensions and pension contributions) include amounts paid to:

The chairman and highest paid director	£108000	£55354

The number of directors who received emoluments (excluding pensions and pension contributions) in the following ranges was:

	Number	Number
Nil to £5000	1	3
£55001 to £60000	0	1
£105001 to £110000	1	0

6. TAXATION

	1996 £	1995 £
Based on the profit for the year:		
Corporation tax at 24.75% (1995:25%)	20000	3000

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Notes to the Financial Statements For the year ended 30 June 1996

7. DIVIDENDS

	1996 £	1995 £
Ordinary dividends paid	40000	-

8. TANGIBLE FIXED ASSETS

	Fixtures and Fittings £	Computer Equipment £	Office Equipment £	Total £
Cost				
At 1 July 1995	-	8709	499	9208
Additions	1832	20294	598	22724
At 30 June 1996	1832	29003	1097	31932
Depreciation				
At 1 July 1995	-	2171	166	2337
Charge for the year	389	9196	412	9997
At 30 June 1996	389	11367	578	12334
Net book value				
At 30 June 1996	£1443	£17636	£519	£19598
At 30 June 1995	-	£ 6538	£ 333	£ 6871
Depreciation rates	50%	50%	50%	

9. STOCKS

	1996	1995
Work in progress	£ -	£9240

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**Notes to the Financial Statements
For the year ended 30 June 1996**

10. DEBTORS

	1996	1995
	£	£
Trade debtors	23059	57487
Prepayments and accrued income	2750	-
	£25809	£57487

11. CREDITORS (AMOUNTS FALLING DUE WITHIN ONE YEAR)

	1996	1995
	£	£
Trade creditors	5401	25804
Corporation tax	10167	3000
Advance corporation tax	10000	-
Other taxation and social security costs	29530	26919
Director's loan account	7000	7000
Accruals and deferred income	71024	23095
	£133122	£85818

12. SHARE CAPITAL

	Authorised 1996 and 1995	Allotted, issued and fully paid 1996 and 1995
1000 ordinary shares of £1 each	£1000	£1000

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Notes to the Financial Statements For the year ended 30 June 1996

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share Capital £	Profit and Loss Account £	Total Shareholders Funds £
Balance at 1 July 1994	2	-	2
New share capital subscribed	998	-	998
Profit for the period	-	6662	6662
Balance at 30 June 1995	1000	6662	7662
Profit for the year	-	54161	54161
Dividend paid	-	(40000)	(40000)
Balance at 30 June 1996	£1000	£20823	£21823

14. PENSION COMMITMENTS

The company pays contributions to a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions paid by the company to the fund and amounted to £14000 (1995 : £13000).

15. CAPITAL COMMITMENTS

	1996	1995
Capital expenditure contracted for but not provided for in the financial statements	£ NIL	£ NIL

16. OTHER FINANCIAL COMMITMENTS

At 30 June 1996 the company was committed to making the following payments under non - cancellable operating leases in the year to 30 June 1997.

	Land and Buildings	
	1996	1995
Operating leases which expire:		
Within 1 year	£ 8069	£ -