

Company Registration No.3515836 (England and Wales)

DWA CAPITAL PLC
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2002

COMPANIES HOUSE COPY



 **Hacker
Young**
Chartered Accountants

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DWA CAPITAL PLC

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DWA CAPITAL PLC

COMPANY INFORMATION

Directors	A C Drury M Warde-Norbury S L McNeill Ritchie M L Rosser (appointed 31 July 2001) D R Williamson (appointed 31 July 2001) G R Boot (appointed 30 November 2001)
Secretary	G R Boot FCA
Company Number	3515836
Registered Office	15 St Helen's Place London EC3A 6DE
Auditors	Hacker Young St Alphage House 2 Fore Street London EC2A 5DH
Business Address	15 St Helen's Place London EC3A 6DE
Bankers	Barclays Bank PLC PO Box 170 Winter Hill Milton Keynes MK6 1AL

DWA CAPITAL PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2002

The directors present their report and the financial statements of the group for the year ended 31 March 2002.

Change of name

The name of the company was changed from Capital Strategy Plc to DWA Capital Plc on 30 July 2001.

Review of the business

In March 2000 the technology bubble burst and the world stock markets began a downwards spiral which continues today. As I write this report the WorldCom disclosures in the United States, the falling dollar and a collapse in investor confidence means that the corporate finance sector is experiencing perhaps its worst period for many years.

Our trading losses and the write-down of our investments reflect this situation. It has been difficult to raise capital and generate fee income.

In July 2001 we acquired David Williamson Associates Limited and moved into their City offices. In January 2002 we received an approach from Voaden Sandbrook Limited to acquire David Williamson Associates Limited. Contracts were exchanged on 26 June 2002 and completion is expected to be in July/August. The consideration is £500,000 in cash.

The transaction underpins our business for the next year. Business opportunities are continuing and we are working hard to restore shareholder value.

Results and dividends

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

Turnover for the year was down from £1,110,551 in 2001 to £948,565, due to poor market conditions, and the loss before tax is £288,200 (2001: loss £626,417). Staff numbers decreased from an average of 17 in 2001 to 10 during 2002.

The directors do not propose a dividend to be paid at the year end.

Directors

The following directors have held office since 1 April 2001:

A C Drury	
M Warde-Norbury	
S L McNeill Ritchie	
M L Rosser	(appointed on 31 July 2001)
D R Williamson	(appointed on 31 July 2001)
G R Boot	(appointed on 30 November 2001)
R A Lockwood	(appointed on 31 July 2001 and resigned on 11 December 2001)
J Emery	(appointed on 31 July 2001 and resigned on 30 November 2001)
J W Loosley	(resigned on 30 November 2001)

DWA CAPITAL PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2002

Directors' interests

The directors' interests in the shares of the holding company were as stated below:

	Ordinary shares of 5p each 31 March 2002	Ordinary shares of 5p each 1 April 2001
A C Drury	2,675,000	2,700,000
S L McNeill Ritchie	6,000	6,000
M L Rosser	554,995	-
M Warde-Norbury	2,640,000	2,700,000
D R Williamson	3,520,865	-
G R Boot	-	-

An employee benefit trust holds a further 232,603 shares (2001: nil). A C Drury is a trustee.

Charitable contributions

During the year the group made charitable donations of £210 (2001: £660).

Creditor payment policy

It is the group's policy to settle all credit transactions in accordance with terms agreed with suppliers.

Auditors

In accordance with Section 385 of the Companies Act, a resolution proposing that Hacker Young be reappointed as auditors of the company will be put to the Annual General Meeting.

Directors' responsibilities

Directors are required by the Companies Act 1985 to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss for that period. It is also the directors' responsibility to maintain adequate accounting records, safeguard the assets of the company and take reasonable steps in preventing and detecting fraud and other irregularities.

The directors confirm that suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of the accounts on a going concern basis.

By order of the board



A C Drury
Chairman

1 July 2002

**INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF DWA CAPITAL PLC**

We have audited the financial statements of DWA Capital Plc on pages 4 to 19 for the year ended 31 March 2002. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications of our report if we become aware of any apparent misstatements within it.

Basis of opinion

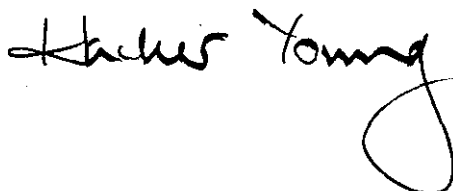
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates 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 affairs of the group and of the company as at 31 March 2002 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Hacker Young
Chartered Accountants
Registered Auditors



1 July 2002

DWA CAPITAL PLC

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2002

	Notes	2002 £	2001 £
Turnover	2	948,565	1,110,551
Cost of sales		(140,443)	(325,112)
Gross profit		808,122	785,439
Administrative expenses		(1,039,154)	(1,451,756)
Other operating income		2,800	9,695
Operating loss	3	(228,232)	(656,622)
Investment income	4	73,831	113,663
Other interest receivable and similar income	4	4,526	16,207
Amounts written off investments	5	(136,984)	(99,665)
Interest payable and similar charges	6	(1,341)	-
Loss on ordinary activities before taxation		(288,200)	(626,417)
Tax on loss on ordinary activities	7	-	28,871
Loss on ordinary activities after taxation	8 and 16	(288,200)	(597,546)

The group's operation in the year continued unchanged. The acquisition of the subsidiary undertaking has been accounted for as a merger as set out in note 1.2 to the accounts.

The group's losses per share were (2.33)p in 2002 and (4.83)p in 2001.

Losses per ordinary share are based on the loss after taxation, and on the number of shares in issue at the end of the period.

DWA CAPITAL PLC

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 MARCH 2002

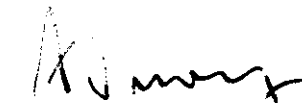
	2002 £	2001 £
Loss for the financial year	(288,200)	(597,546)
Unrealised gain on revaluation of investments	264,960	-
Amounts written off revalued investments	(264,960)	-
	<hr/>	<hr/>
Total recognised gains and losses for the year	<u>(288,200)</u>	<u>(597,546)</u>

DWA CAPITAL PLC

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2002

	Notes	2002		2001	
		£	£	£	£
Fixed assets					
Tangible assets	9		33,198		47,920
Investments	10		-		193,190
Current assets					
Debtors	11	276,690		187,692	
Investments	12	340,050		271,841	
Cash at bank and in hand		882		216,889	
			617,622		676,422
Creditors: amounts falling due within one year	13	(217,265)		(205,776)	
Net current assets			400,357		470,646
Total assets less current liabilities			433,555		711,756
Capital and reserves					
Called up share capital	15		618,819		618,819
Share premium	16		124,423		124,423
Revaluation reserve	16		-		-
Merger reserve	16		(260,273)		(270,272)
Profit and loss account	16		(49,414)		238,786
Shareholders' funds – equity interests	19		433,555		711,756

The financial statements were approved by the Board on 1 July 2002.



A C Drury
Director

DWA CAPITAL PLC

COMPANY BALANCE SHEET AS AT 31 MARCH 2002

	Notes	2002	2001
		£	£
Fixed assets			
Tangible assets	9	5,481	7,881
Investments	10	280,273	193,190
Current assets			
Debtors	11	55,024	59,494
Investments	12	189,611	24,850
Cash at bank and in hand		-	13,050
		<hr/>	<hr/>
		244,635	97,394
Creditors: amounts falling due within one year	13	(229,361)	(78,371)
		<hr/>	<hr/>
Net current assets		15,274	19,023
		<hr/>	<hr/>
Total assets less current liabilities		301,028	220,094
		<hr/> <hr/>	<hr/> <hr/>
Capital and reserves			
Called up share capital	15	618,819	338,547
Share premium	16	124,423	124,423
Revaluation reserve	16	-	-
Profit and loss account	16	(442,214)	(242,876)
		<hr/>	<hr/>
Shareholders' funds – equity interests	19	301,028	220,094
		<hr/> <hr/>	<hr/> <hr/>

The financial statements were approved by the Board on 1 July 2002.



A C Drury
Director

DWA CAPITAL PLC

CONSOLIDATED CASHFLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2002

	Notes	2002	2001
		£	£
Net cash outflow from operating activities	17	(395,695)	(499,532)
Returns on investments and servicing of finance			
Investment income		73,831	113,663
Interest received		4,526	16,207
Interest paid		(1,341)	-
Net cash inflow from returns on investments and servicing of finance		77,016	129,870
Taxation		28,871	(16,014)
Capital expenditure			
Payments to acquire tangible assets		-	(6,690)
Purchase of investments		-	(188,040)
Receipts from sale of investments		-	28,656
Net cash outflow from capital expenditure		-	(166,074)
Net cash inflow/(outflow) before management of liquid resources and financing		(289,808)	(551,750)
Financing			
Issue of ordinary share capital		-	362,970
Net cash inflow/(outflow) from financing		-	362,970
Increase/(decrease) in cash in the year	18	(289,808)	(188,780)

DWA CAPITAL PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

1 Accounting policies

1.1 Basis of accounting

The financial statements are prepared under the historical cost convention, as modified by the revaluation of current asset investments, and in accordance with applicable accounting standards.

1.2 Basis of consolidation

The consolidated accounts have been prepared using merger accounting principles, under which DWA Capital Plc and David Williamson Associates Limited are treated as having always been combined, and the corresponding amounts for the year ended 31 March 2001 have been restated accordingly. In the accounts of the company, investments in subsidiaries are stated at cost less any permanent diminution in value.

1.3 Turnover

Turnover represents amounts receivable for services net of value added tax.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings leasehold	straight line over the life of the lease
Fixtures, fittings and equipment	20% and 25% straight line
Computer equipment	33.33% straight line

1.5 Investments

Fixed asset investments are stated at cost less any provision for diminution in value.

Current asset investments are stated at market value, or at directors' valuation for investments not traded on a public market.

1.6 Leasing

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

1.7 Pensions

The pension costs charged in the financial statements represent the contributions payable by the group during the period.

1.8 Employee benefit trust

The group makes payments to an employee benefit trust. The assets of the trust are held separately from the group. The assets and liabilities of the trust have been recognised in the financial statements in accordance with UITF 32.

1.9 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

DWA CAPITAL PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

1.10 Deferred taxation

The accounting policy in respect of deferred tax has been changed to reflect the requirements of FRS 19 - Deferred tax. Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

The above amounts to a change in accounting policy. The previous policy was to provide deferred tax only to the extent that it was probable that liabilities would crystallise in the foreseeable future.

The adoption of the standard has not required a prior period adjustment. If the new policy had been in place in the previous period no asset or liability would have been recognised as the conditions for recognition would not have been satisfied.

2 Turnover

The total turnover of the group for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating loss

	2002	2001
	£	£
Operating loss is stated after charging:		
Depreciation of tangible assets	14,722	17,392
Hire of equipment	1,232	962
Operating lease rentals	95,238	116,629
Parent company auditors' remuneration		
Audit services	2,500	1,800
Other services	5,000	4,000
	<u> </u>	<u> </u>

4 Income from investments, other interest receivable and similar income

	2002	2001
	£	£
Profit/(loss) on disposal of unlisted investments	73,831	113,663
Bank interest	4,526	16,207
	<u> </u>	<u> </u>
	<u>78,357</u>	<u>129,870</u>

5 Amounts written off investments

	2002	2001
	£	£
Amounts written off current asset investments	<u>136,984</u>	<u>99,665</u>

DWA CAPITAL PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

6	Interest payable	2002 £	2001 £
	On bank loans and overdrafts	1,341	-
		<u>1,341</u>	<u>-</u>
7	Taxation	2002 £	2001 £
	UK current year taxation		
	UK corporation tax at 20% (2001 : 20%)	-	(28,871)
	Adjustment for prior years	-	-
		<u>-</u>	<u>-</u>
	Current tax charge / (credit)	<u>-</u>	<u>(28,871)</u>
	Factors affecting the tax charge for the year		
	(Loss)/profit on ordinary activities before taxation	(553,160)	(626,417)
		<u>(553,160)</u>	<u>(626,417)</u>
	(Loss)/profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20% (2001: 20%)	(110,632)	(125,283)
	Effects of:		
	Non deductible expenses	3,437	7,986
	Depreciation	3,648	3,613
	Capital allowances	(1,458)	(2,473)
	Amounts written off investments	63,678	20,000
	Tax losses	41,327	67,286
		<u>110,632</u>	<u>125,283</u>
	Current tax charge / (credit)	<u>-</u>	<u>(28,871)</u>

No deferred tax asset has been recognised as there is insufficient evidence available as at 31 March 2002 as to the timing or amount of any future recovery.

8 DWA Capital Plc

DWA Capital Plc has not presented its own profit and loss account as permitted by Section 230 of the Companies Act 1985. Of the group loss on ordinary activities after taxation for the year £464,298 loss (2001: £318,623 loss) has been dealt with in the accounts of the company.

DWA CAPITAL PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

9 Tangible fixed assets

Group	Land and buildings leasehold £	Computer equipment £	Fixtures, fittings and equipment £	Total £
Cost				
At 1 April 2001 and at 31 March 2002	59,571	19,192	51,955	130,718
Depreciation				
At 1 April 2001	25,195	19,099	38,504	82,798
Charge for the year	6,875	93	7,754	14,722
At 31 March 2002	32,070	19,192	46,258	97,520
Net book value				
At 31 March 2002	27,501	-	5,697	33,198
At 31 March 2001	34,376	93	13,451	47,920
Company			Fixtures, fittings and equipment £	
Cost				
At 1 April 2001 and 31 March 2002				9,601
Depreciation				
At 1 April 2001				1,720
Charge for the year				2,400
At 31 March 2002				4,120
Net book value				
At 31 March 2002				5,481
At 31 March 2001				7,881

DWA CAPITAL PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

10 Fixed asset investments

Group	Other investments £
Cost	
As at 1 April 2001	193,190
Additions	25,000
Transfer to current asset investments	(218,190)
	<hr/>
As at 31 March 2002	-
	<hr/> <hr/>

Company	Other investments £	Shares in subsidiary undertakings £
Cost		
As at 1 April 2001	193,190	-
Additions	25,000	280,273
Transfer to current asset investments	(218,190)	-
	<hr/>	<hr/>
As at 31 March 2002	-	280,273
	<hr/> <hr/>	<hr/> <hr/>

11 Debtors

	Group		Company	
	2002 £	2001 £	2002 £	2001 £
Trade debtors	221,763	103,933	4,250	18,245
Other debtors	50,835	22,627	50,254	7,466
Prepayments and accrued income	4,092	32,261	520	4,912
Corporation tax recoverable	-	28,871	-	28,871
	<hr/>	<hr/>	<hr/>	<hr/>
	276,690	187,692	55,024	59,494
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Included within other debtors is an amount of £50,254 (2001: £nil) in respect of the employee benefit trust.

DWA CAPITAL PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

12 Current asset investments

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
Unlisted investments	340,050	271,841	189,611	24,850

13 Creditors: amounts falling due within one year

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
Bank loans and overdrafts	98,813	25,012	79,613	-
Trade creditors	45,571	9,403	-	5,745
Amounts due to subsidiary undertakings	-	-	115,655	-
Directors' current accounts	363	363	-	-
Other taxes and social security costs	17,511	11,684	3,393	1,117
Other creditors	21,400	68,375	19,700	66,909
Accruals and deferred income	33,607	90,939	11,000	4,600
	<u>217,265</u>	<u>205,776</u>	<u>229,361</u>	<u>78,371</u>

Bank borrowings are secured by a legal charge over the company's assets.

14 Pension costs

The group operates 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 payable by the company to the fund and amounted to £29,012 (2001: £32,160)

15 Share capital

	2002	2001
	£	£
Authorised		
20,000,000 Ordinary shares of 5p each	<u>1,000,000</u>	<u>1,000,000</u>
Allotted, called up and fully paid		
12,376,392 (2001: 6,770,940) Ordinary shares of 5p each	<u>618,819</u>	<u>338,547</u>

On 30 July 2001, 5,605,452 ordinary shares were issued in payment for the acquisition of David Williamson Associates Limited. In the consolidated balance sheet these shares are treated as having been in issue throughout the current and corresponding periods in accordance with merger accounting principles.

DWA CAPITAL PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

16 Statement of movements on reserves

Group	Share premium account £	Revaluation reserve £	Merger reserve £	Profit and loss account £	Total £
At 1 April 2001	124,423	-	(270,272)	238,786	92,937
Revaluations in the year	-	264,960	-	-	264,960
Movement on merger reserve in the year	-	-	9,999	-	9,999
Amounts written off revalued investments	-	(264,960)	-	-	(264,960)
Retained loss for the year	-	-	-	(288,200)	(288,200)
At 31 March 2002	<u>124,423</u>	<u>-</u>	<u>(260,273)</u>	<u>(49,414)</u>	<u>(185,264)</u>

Company	Share premium account £	Revaluation reserve £	Profit and loss account £	Total £
At 1 April 2001	124,423	-	(242,876)	(118,453)
Revaluations in the year	-	264,960	-	264,960
Amounts written off revalued investments	-	(264,960)	-	(264,960)
Retained loss for the year	-	-	(199,338)	(199,338)
At 31 March 2002	<u>124,423</u>	<u>-</u>	<u>(442,214)</u>	<u>(317,791)</u>

17 Reconciliation of operating (loss)/profit to net cash inflow from operating activities	2002	2001 £	£
Operating (loss)		(228,232)	(656,622)
Provision for loss in value of fixed assets		-	100,000
Depreciation of fixed assets		14,722	17,392
Decrease/(increase) in work in progress		-	20,000
Net sales/(purchases) of current asset investments		(2,004)	(41,865)
Decrease/(increase) in debtors		(117,869)	28,947
Increase/(decrease) in creditors within one year		(62,312)	32,616
Net cash outflow from operating activities		<u>(395,695)</u>	<u>(499,532)</u>

DWA CAPITAL PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

18 Analysis of net debt

	1 April 2001 £	Cash flow £	31 March 2002 £
Cash at bank and in hand	216,889	(216,007)	882
Bank overdrafts	(25,012)	(73,801)	(98,813)
	<u> </u>	<u> </u>	<u> </u>
Net funds / (debt)	<u>191,877</u>	<u>(289,808)</u>	<u>(97,931)</u>

19 Reconciliation of movements in shareholders' funds

	Group		Company	
	2002 £	2001 £	2002 £	2001 £
Loss for the financial year	(288,200)	(597,546)	(199,338)	(318,623)
Issue of share capital	-	362,970	280,272	362,970
Movement on merger reserve	9,999	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net addition/(depletion) in shareholders' funds	(278,201)	(234,576)	80,934	44,347
Opening shareholders' funds	711,756	946,332	220,094	175,747
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Closing shareholders' funds	<u>433,555</u>	<u>711,756</u>	<u>301,028</u>	<u>220,094</u>

20 Financial commitments

At 31 March 2002 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2002 £	2001 £
Expiry date:		
Between two and five years	<u>76,500</u>	<u>75,700</u>

DWA CAPITAL PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

21 Directors' emoluments

	2002 £	2001 £
Emoluments for qualifying services	173,834	237,312
Contributions to money purchase pension scheme	12,620	11,514
	<u>186,454</u>	<u>248,826</u>
The above amounts include the following in respect of the highest paid director:		
Emoluments for qualifying services	66,250	79,062
Contributions to money purchase pension scheme	12,620	11,514
	<u>78,870</u>	<u>90,576</u>

22 Transactions with directors

Management and bookkeeping services were provided by Everett, Collins & Loosley, a firm in which J W Loosley, a director of DWA Capital Plc for part of the year, is a partner. During the year the company paid £22,898 (2001: £23,223) to Everett, Collins & Loosley.

Consultancy services were provided by Hamilton Laird Consulting of which S L McNeill-Ritchie, a director of DWA Capital Plc, is a proprietor. During the year the company paid £5,000 (2001: £13,488) to Hamilton Laird Consulting.

M Warde-Norbury, a director of DWA Capital Plc, was a director of STG Holdings Plc and of HTTP Technology, Inc. during the year. DWA Capital Plc holds shares in both of these companies.

Consulting services were provided by Robert Boot & Co, a firm of which Robert Boot, a director of the company, is the principal. During the year the company paid £20,604 to Robert Boot & Co (2001: £nil).

All transactions were carried out on an arms length basis.

23 Employees

Number of employees

	2002 Number	2001 Number
The average monthly number of employees (including directors) during the year was:	10	17
	<u>10</u>	<u>17</u>

Employment costs

	£	£
Wages and salaries	506,773	707,716
Social security costs	47,102	77,887
Other pension costs	29,012	32,160
	<u>582,887</u>	<u>817,763</u>

DWA CAPITAL PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

24 Control

The company is not controlled by any individual party.

25 Merger

On 30 July 2001 DWA Capital Plc ("DWA Plc") acquired the entire issued share capital of David Williamson Associates Limited ("DWA Limited") by way of a share for share exchange. Both companies are incorporated in England and Wales, and both companies conduct business as corporate finance advisers under the regulatory authorisation of the Financial Services Authority.

The business combination has been accounted for as a merger in accordance with the requirements of Financial Reporting Standard 6, Acquisitions and Mergers.

Principal components of the profit and loss account deriving from the individual entities prior to the merger, and from the combined entities following the merger, are as follows:

	Pre merger DWA Plc £'000	DWA Ltd £'000	Post merger £'000	Total £'000
Year ended 31 March 2002				
Turnover	27	289	632	948
Operating profit/(loss)	(48)	(28)	(152)	(228)
Profit/(loss) before tax	(48)	(28)	(212)	(288)
Tax	-	-	-	-
Year ended 31 March 2001				
Turnover	190	920		1,110
Operating profit/(loss)	(337)	(319)		(656)
Profit/(loss) before tax	(337)	(289)		(626)
Tax	29	-		29

DWA CAPITAL PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

25 Merger (continued)

The consideration given by the issuing company comprised 5,605,452 ordinary shares of 5p each. At the date of the transaction the average trading price of the company's shares on OFEX was 30p, giving a fair value of £1,681,000 for the consideration given. The book values of the net assets of the individual entities at the date of the transaction were:

	£'000
DWA Plc	437
DWA Limited	464
	<hr/>
	901
	<hr/> <hr/>

In order to achieve consistency of accounting policies, the group has adopted the policy set out in note 1.5 above regarding current asset investments, and the revaluation reserve shown in note 16 above arises directly from this policy alignment.

Consolidated shareholders' funds as at 31 March 2001 have been restated as a result of the merger as follows:

	£'000
DWA Plc, as originally reported	220
Reserves of DWA Limited at 31 March 2001	491
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Merged group, as now restated	711
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