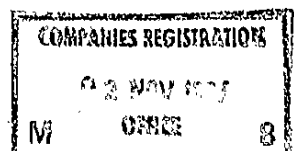


955321

BETACOM PRODUCTS LIMITED
(FORMERLY D M BAYLIN TRADING CO LIMITED)
AND SUBSIDIARY COMPANY
BALANCE SHEET
AND
ACCOUNTS
30TH NOVEMBER 1986



BETACOM PRODUCTS LIMITED
(FORMERLY D M BAYLIN TRADING CO LIMITED)
AND SUBSIDIARY COMPANY

INDEX TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH NOVEMBER 1986

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BETACOM PRODUCTS LIMITED
(FORMERLY D M BAYLIN TRADING CO LIMITED)
AND SUBSIDIARY COMPANY

DIRECTORS: D. M. Baylin
L. H. Baylin

SECRETARY: L. H. Baylin

REGISTERED OFFICE: Mortimer House, 37/41 Mortimer Street,
London W1N 7RJ.

COMPANY NUMBER: 995321

DIRECTORS REPORT

The Directors present their Report and the audited Financial Statements of the Group for the year ended 30th November 1986.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW: The principal activity of the Group is the distribution of electronic consumer goods. The level of business showed significant improvement resulting in a substantial increase in profitability. The Directors anticipate a continued expansion in both Turnover and Profits in the coming year.

RESULTS AND DIVIDENDS: The Group profit for the year before taxation amounted to £619,174. The directors do not recommend the payment of a dividend in respect of the year ended 30th November 1986 and recommend that the retained profits be added to Reserves.

FIXED ASSETS: Changes in Fixed Assets are shown in Note 5 on page 10

CHANGE OF NAME: With effect from 8th January 1987 the name of the Company was changed to Betacom Products Limited.

DIRECTORS: The Members of the Board who held office during the year together with details of their interests in the shares of the Company were:-

Name of Director	At end of Year		At beginning of year	
	Ordinary	Redeemable Preference	Ordinary	Redeemable Preference
D. M. Baylin	1,000	100,000	1,000	100,000
L. H. Baylin	1,000	100,000	1,000	100,000
G. Inglis	-	-	-	-

Mr G. Inglis resigned on 31st March 1986.

BETACOM PRODUCTS LIMITED

(FORMERLY D M BAYLIN TRADING CO LIMITED)

AND SUBSIDIARY COMPANY

DIRECTORS REPORT

(continued)

TAX STATUS:

In the opinion of the directors, the Company is a close Company within the meaning of S.282 Income and Corporation Taxes Act 1970.

AUDITORS:

In accordance with Section 384 of the Companies Act 1985, a resolution proposing the re-appointment of Messrs Arram Berlyn Gardner & Co as Auditors to the Company will be put to the Annual General Meeting.

BY ORDER OF THE BOARD



L H BAYLIN
SECRETARY

19th January 1987

REPORT OF THE AUDITORS TO THE MEMBERS OF
BETACOM PRODUCTS LIMITED
(FORMERLY D M BAYLIN TRADING CO LIMITED)

We have audited the Financial Statements on pages 4 to 13 in accordance with approved Auditing Standards.

In our opinion the Financial Statements, which have been prepared under the historical cost convention, give a true and fair view of the state of the Company and of the Group at 30th November 1986 and of the profit and source and application of funds of the Group for the year then ended, and comply with the Companies Act 1985.

MORTIMER HOUSE
37/41 MORTIMER STREET
LONDON W1N 7RJ

19th January 1987

ARRAM, DERYN, GARDNER & CO
CHARTERED ACCOUNTANTS

BETACOM PRODUCTS LIMITED
(FORMERLY D M BAYLIN TRADING CO LIMITED)
AND SUBSIDIARY COMPANY
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30TH NOVEMBER 1986

	Notes	£	1985 £
<u>TURNOVER</u>	1b	5,792,781	3,979,419
Cost of Sales		4,367,002	3,080,234
Gross Profit		1,425,779	899,185
Administrative Expenses		(672,153)	(652,699)
Other Operating Income		1,681	500
Income from Investments		(301)	12,443
Other Interest Receivable and Similar Income		5,651	7,183
Interest Payable and Similar Charges		(141,483)	(65,956)
Profit on Ordinary Activities before Taxation	3 *	619,174	200,656
Tax on Profit on Ordinary Activities	4	250,000	73,177
<u>Retained Profit for the year</u>	12	£ 369,174	£ 127,479

* Dealt with as follows:-

Subsidiary	48,864
Company	570,310
	£ 619,174

The attached Notes form an integral part of these Financial Statements.

BETACOM PRODUCTS LIMITED

(FORMERLY D M BAYLIN TRADING CO LIMITED)

AND SUBSIDIARY COMPANY

CONSOLIDATED BALANCE SHEET AS AT 30TH NOVEMBER 1986

				<u>1985</u>	
	<u>Notes</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
<u>FIXED ASSETS</u>					
Tangible Assets	5		104,495		60,482
Investments	6		203,338		75,000
			307,833		135,482
<u>CURRENT ASSETS</u>					
Stocks	7	1,352,614		663,186	
Debtors	8	2,027,725		1,187,700	
Investments	9	-		1,137	
Cash at Bank and in Hand		166,278		139,705	
		3,546,617		1,991,728	
<u>CREDITORS</u> (amounts due within one year)	10	2,703,043		1,346,554	
<u>NET CURRENT ASSETS</u>			843,574		645,174
<u>NET ASSETS</u>			£1,151,407		£780,656
<u>CAPITAL AND RESERVES</u>					
Called up Share Capital	11	202,000		202,000	
Profit and Loss Account	12	949,407		578,656	
			£1,151,507		£780,656

The attached Notes form an integral of these Financial Statements.

The Financial Statements on pages 4 to 13 were approved at a Directors Meeting held on 19th January 1987 and signed on behalf of the Board by:-

..... D M BAYLIN)
) Directors
 L H BAYLIN)

BETACOM PRODUCTS LIMITED
(FORMERLY D M BAYLIN TRADING CO LIMITED)
BALANCE SHEET AS AT 30TH NOVEMBER 1986

				<u>1985</u>	
	<u>Notes</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
<u>FIXED ASSETS</u>					
Tangible Assets	5		104,495		60,482
Investments	6		75,980		75,000
			180,475		135,482
<u>CURRENT ASSETS</u>					
Stocks	7	1,352,614		663,186	
Debtors	8	1,969,335		1,169,100	
Investments	9	-		1,137	
Cash at Bank and in Hand		160,009		139,654	
		3,481,958		1,973,077	
<u>CREDITORS</u> (amounts due within on year)	10	2,565,196		1,355,655	
<u>NET CURRENT ASSETS</u>			916,762		617,422
<u>NET ASSETS</u>			£1,097,237		£752,904
<u>CAPITAL AND RESERVES</u>					
Called up Share Capital	11	202,000		202,000	
Profit and Loss Account	12	895,237		550,904	
			£1,097,237		£752,904

The attached Notes form an integral part of these Financial Statements.

The Financial Statements on pages 4 to 13 were approved at a Directors Meeting held on 19th January 1987 and signed on behalf of the Board by:-

..... D M BAYLIN)
.....) Directors
..... L H BAYLIN)

BETACOM PRODUCTS LIMITED(FORMERLY D M BAYLIN TRADING CO LIMITED)AND SUBSIDIARY COMPANYCONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDSFOR THE YEAR ENDED 30TH NOVEMBER 1986

<u>SOURCE OF FUNDS</u>	<u>Notes</u>	<u>£</u>	<u>£</u>	<u>1985</u>	
				<u>£</u>	<u>£</u>
Profit before taxation			619,174		200,656
<u>Items not involving the movement of funds</u>					
Depreciation	5	25,624		20,164	
Foreign Currency Translation	12	1,577		(6,048)	
Profit on sale of Fixed Assets		(17,650)	9,551	-	14,116
<u>Funds Generated from Operations</u>			628,725		214,772
<u>Funds from other Sources</u>					
Sale of Fixed Assets			40,250		-
			668,975		214,772
<u>APPLICATION OF FUNDS</u>					
Taxation Paid		15,000		217	
Purchase of Fixed Assets	5	220,575	235,575	25,394	25,611
			£433,400		£189,161
<u>CHANGES IN WORKING CAPITAL</u>					
Increase/(Decrease) in Stocks			689,428		(63,310)
Increase in Debtors and Prepayments			840,025		230,436
(Increase)/Decrease in Creditors			(473,259)		479,725
<u>Movement in Net Liquid Funds</u>					
(Decrease) in Bank and Cash Balances			(621,657)		(450,921)
(Decrease) in Short-Term Investments			(1,137)		(6,769)
			£433,400		£189,161

The attached Notes form an integral part of these Financial Statements.

BETACOM PRODUCTS LIMITED
(FORMERLY D M BAYLIN TRADING CO LIMITED)
AND SUBSIDIARY COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH NOVEMBER 1986

1. ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the Group's Accounts:-

(a) Basis of Accounting

The Accounts have been prepared in accordance with the historical cost convention.

(b) Turnover

Turnover comprises invoiced sales and services less returns and VAT.

(c) Tangible Fixed Assets and Depreciation

(i) Fixed Assets are capitalised at cost.

(ii) Fixed Assets are depreciated over their estimated useful lives as follows:-

<u>Assets</u>	<u>Rate p.a.</u>	<u>Basis</u>
Fixtures, Fittings and Office Equipment	25%	Reducing Balance
Motor vehicles	25%	Reducing Balance

(d) Stock

Stock is stated at the lower of costs and realisable value.

(e) Deferred Taxation

The policy of providing for deferred taxation only to the extent that it is expected to fall due for payment in the foreseeable future has been adopted.

(f) Basis of Consolidation

The profit of the Group comprises the results of Betacom Products Limited and its subsidiary, Baylin International Limited. The Consolidated Accounts have been prepared in accordance with SSAP 14.

(g) Currency Translation

The Accounts of the subsidiary have been translated as follows:-

- (i) Revenue items have been translated at an average exchange rate for the year. The exchange difference on retranslation of the retained profits at closing rate has been transferred to Reserves.
- (ii) Assets and liabilities have been translated at the rate of exchange ruling at the Balance Sheet date.

BETACOM PRODUCTS LIMITED
(FORMERLY D M BAYLIN TRADING CO LIMITED)
AND SUBSIDIARY COMPANY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH NOVEMBER 1986

(Continued)

(h) Research and Development

Expenditure on research and development is matched with the appropriate income arising. When future income cannot be determined with reasonable certainty research and development costs are written off as incurred.

2. <u>SEGMENT INFORMATION</u> <u>Geographical Market</u>	<u>Group Turnover</u>		<u>Company Turnover</u>	
	<u>1986</u>	<u>1985</u>	<u>1986</u>	<u>1985</u>
United Kingdom	5,247,530	3,542,255	5,247,530	3,542,255
Overseas	545,251	437,164	-	-
	<u>5,792,781</u>	<u>£3,979,419</u>	<u>£5,247,530</u>	<u>£3,542,255</u>

3. PROFIT ON ORDINARY ACTIVITIES
BEFORE TAXATION Notes

After Charging:-

Directors Emoluments	13	54,952	148,800	54,952	148,800
Depreciation	5	25,624	20,164	25,624	20,164
Auditors Remuneration		13,567	7,654	13,000	7,000
Interest payable on bank and other borrowings repayable within five years		<u>98,427</u>	<u>49,727</u>	<u>98,427</u>	<u>49,727</u>

After Crediting:-

Profit on sale of Fixed Assets		17,650	-	17,650	-
Income from Listed Investments		<u>-</u>	<u>72</u>	<u>-</u>	<u>726</u>

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

UK Corporation Tax at appropriate rates	250,000	73,690
Tax on UK Dividends received	-	217
Overprovision in previous years	-	(730)
	<u>£250,000</u>	<u>£73,177</u>

BETACOM PRODUCTS LIMITED
(FORMERLY D M BAYLIN TRADING CO LIMITED)
AND SUBSIDIARY COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH NOVEMBER 1986

(Continued)

5. <u>TANGIBLE FIXED ASSETS</u>	<u>Fixtures, Fittings & Office Equipment</u>	<u>Motor Vehicles</u>	<u>Total</u>
<u>Company</u>			
<u>Cost</u>			
At 1st December 1985	61,793	83,403	145,196
Additions	9,587	82,650	92,237
Disposals	-	(58,910)	(58,910)
	<u> </u>	<u> </u>	<u> </u>
<u>At 30th November 1986</u>	<u>71,380</u>	<u>107,143</u>	<u>178,523</u>
	<u> </u>	<u> </u>	<u> </u>
<u>Depreciation</u>			
At 1st December 1985	41,142	43,572	84,714
Provision for the year	7,559	18,065	25,624
Eliminated on Disposals	-	(36,309)	(36,309)
	<u> </u>	<u> </u>	<u> </u>
<u>At 30th November 1986</u>	<u>48,700</u>	<u>25,328</u>	<u>74,028</u>
	<u> </u>	<u> </u>	<u> </u>
<u>Net Book Value</u>			
At 1st December 1985	<u>20,651</u>	<u>39,831</u>	<u>60,482</u>
At 30th November 1986	<u>22,680</u>	<u>81,815</u>	<u>104,495</u>

Note: The Company's subsidiary held no tangible fixed assets.

6. <u>FIXED ASSET INVESTMENTS</u>	<u>Company</u>	<u>Group</u>
(a) <u>Freehold Properties</u>		
<u>Cost</u>		
At 1st December 1985	75,000	75,000
Additions	980	128,338
	<u> </u>	<u> </u>
<u>At 30th November 1986</u>	<u>£75,980</u>	<u>£203,338</u>
	<u> </u>	<u> </u>

The Company property relates to a 12½% interest in Wake's Hall, Chigwell, Essex in which D M Baylin and L H Baylin reside. Mr and Mrs Baylin are the beneficial owners of the remaining 87½% of the property.

(FORMERLY D M BAYLIN TRADING CO LIMITED)

AND SUBSIDIARY COMPANY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH NOVEMBER 1986

(Continued)

6. FIXED ASSET INVESTMENTS (continued)

(b) Subsidiary

The Company held 2 shares of HK\$1.00 each at 30th November 1986 in the following wholly owned subsidiary company:-

	<u>Nature of Business</u>	<u>Country of Registration</u>	<u>Shares Held Class</u>	<u>Percentage</u>
Baylin International Limited	Distribution of Electronic Consumer Goods	Hong Kong	Ordinary	100

Following the year end the Company has acquired the total issued share capital of two dormant companies Beta Limited and D M Baylin Trading Co Limited which changed its name from Betacom Products Limited with effect from 8th January 1987.

7. STOCKS

	<u>Group</u>		<u>Company</u>	
	<u>1986</u>	<u>1985</u>	<u>1986</u>	<u>1985</u>
Finished goods and goods for Resale	£1,352,614	£663,186	£1,352,614	£663,186
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

8. DEBTORS

Trade Debtors	1,871,524	1,134,514	1,731,972	1,134,514
Prepayments and Accrued Income	45,794	20,326	45,794	20,124
Amounts Due from Group Company	-	-	81,162	-
Other Debtors	110,407	32,860	110,407	14,462
	<u>£2,027,725</u>	<u>£1,187,700</u>	<u>£1,969,335</u>	<u>£1,169,100</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

9. INVESTMENTS

Shares in Quoted Companies listed on a recognised Stock Exchange

£	-	£	1,137	£	-	£	1,137
	<u> </u>		<u> </u>		<u> </u>		<u> </u>

(FORMERLY D M BAYLIN TRADING CO LIMITED

AND SUBSIDIARY COMPANY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH NOVEMBER 1986

(Continued)

10. CREDITORS (AMOUNTS DUE WITHIN ONE YEAR)

	<u>1986</u>	<u>1985</u>	<u>1986</u>	<u>1985</u>
Bank Overdrafts	1,216,156	567,926	1,216,156	567,926
Trade Creditors	807,455	411,459	706,256	411,459
Amounts due to Group Companies	-	-	-	22,309
Corporation tax payable on 1st September 1986	308,690	73,690	272,619	61,642
Taxes (other than corporation tax) and Social Security	86,052	155,128	86,052	155,128
Accruals and Deferred Income	75,081	34,198	74,504	33,519
Other Creditors	209,609	104,153	209,609	103,672
	<u>£2,703,043</u>	<u>£1,346,554</u>	<u>£2,565,196</u>	<u>£1,355,655</u>

11. CALLED UP SHARE CAPITAL

Authorised

2,000 Ordinary Shares of £1 each	2,000	2,000
500,000 Redeemable Preference Shares of £1 each	500,000	500,000
	<u>£502,000</u>	<u>£502,000</u>

Allotted, Issued and Fully Paid

2,000 Ordinary Shares of £1 each	2,000	2,000
200,000 Redeemable Preference Shares of £1 each	200,000	200,000
	<u>£202,000</u>	<u>£202,000</u>

12. RESERVES

	<u>Company</u>	<u>Group</u>
At 1st December 1985	550,904	578,656
Profit for the year	344,333	369,174
Profit and Loss Reserves	895,237	947,830
Loss Arising on restating subsidiary company's retained profit	-	1,577
<u>At 30th November 1986</u>	<u>£895,237</u>	<u>£949,407</u>

UNKNOWN AND/OTHER PARTIAL
(FORMERLY D M BAYLIN TRADING CO LIMITED
AND SUBSIDIARY COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH NOVEMBER 1986
(Continued)

13. <u>INFORMATION REGARDING DIRECTORS</u>	<u>1986</u>	<u>1985</u>
(a) <u>Remuneration</u>		
<u>Directors emoluments amounted to:</u>		
Remuneration of Executives	54,952	128,800
Pension Scheme Premiums	20,000	20,000
	<hr/>	<hr/>
	£74,952	£148,800
	<hr/>	<hr/>
Directors remuneration, excluding pension contributions was as follows:-		
Chairman	£30,000	£ 59,200
	<hr/>	<hr/>
Other directors remuneration was within the following bands:-		
0-5,000	1	-
5001-10,000	-	1
15,001-20,000	1	-
25,001-30,000	1	-
45,001-50,000	-	2

(b) Financial Transactions

Certain directors Loan Accounts were overdrawn during the period, particulars of which are as follows:-

	<u>Balance at year end</u>	
	<u>1986</u>	<u>1985</u>
<u>Name</u>		
D.M. Baylin and L.H. Baylin	£107,704	£11,108
	<hr/>	<hr/>

The loan is interest free and repayable on demand.

14. CONTINGENT LIABILITIES AND FINANCIAL COMMITMENTS

(a) An unlimited guarantee has been given in respect of bank borrowings by the company, which carries out warranty claims in respect of watches sold by Betacom Products Limited. As at 30th November 1986 this amounted to £NIL.

(b) Other contingent liabilities not provided for:-

Forward Exchange Contracts and Documentary Credits amounting to £759,917 (1985 £1,532,209) which are expected to be fulfilled in the normal course of trade.

BETACOM PRODUCTS LIMITED
(FORMERLY D M BAYLIN TRADING CO LIMITED)
TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30TH NOVEMBER 1986

	£	£	£	1985	£
Sales		5,247,530			3,542,255
<u>Cost of Sales</u>					
Stock at 1st December 1985	663,186		726,496		
Purchases	4,453,881		2,666,054		
Carriage and Freight	138,114		100,676		
	5,255,181		3,493,226		
<u>Less: Stock at 30th November 1986</u>	<u>1,352,614</u>	<u>3,902,567</u>	<u>663,186</u>		<u>2,830,040</u>
<u>GROSS PROFIT</u>		1,344,963			712,215
<u>Other Operating Income</u>					
Management Charge	13,000		63,000		
Development Costs Recharged	-		26,505		
Share of Profits Receivable	1,681		500		
		14,681			90,005
<u>Other Interest and Similar Income</u>					
Bank Deposit Interest Received		5,389			4,323
<u>Income from Investments</u>					
(Loss)/Profit on sale of Investments	(301)		11,717		
Dividends Received	-	(301)	726		12,443
		1,364,732			818,986
<u>Establishment Expenses</u>					
Rent and Rates (less receivable)	19,530		22,295		
Lighting and Heating	2,400		1,781		
Telephone and Telex	16,098		11,211		
Insurance	12,934		11,179		
Repairs, Renewals and Maintenance	7,557		29,417		
	58,519		75,883		
<u>Balances Carried Forward</u>	<u>58,519</u>	<u>1,364,732</u>	<u>75,883</u>		<u>818,986</u>

BETACOM PRODUCTS LIMITED(FORMERLY D M BAYLIN TRADING CO LIMITED)TRADING AND PROFIT AND LOSS ACCOUNTFOR THE YEAR ENDED 30TH NOVEMBER 1986

(continued)

	£	£	£	1985	£
Balances brought forward	58,519	1,364,732	75,883		818,986
<u>Administrative and General Operating Expenses</u>					
Motor, Travelling and Subsistence	60,521		39,669		
Entertaining	3,671		5,404		
Carriage, Packing and Storage	81,042		49,928		
Advertising and Public Relations	35,481		42,775		
Bad Debts	5,407		3,687		
Commission Payable	74,510		36,075		
Research and Development	13,668		20,554		
Exhibition Expenses	19,331		4,473		
Directors Remuneration	54,952		128,800		
Salaries and National Insurance	118,981		71,166		
Pension Contributions	20,000		20,000		
Printing, Postage and Stationery	37,685		38,013		
Audit and Accountancy	36,338		9,785		
Legal and Professional Fees	14,253		5,844		
Sundry Expenses	16,637		11,219		
	592,477		487,392		
<u>Financial Charges</u>					
Bank Charges and Interest	106,238		49,671		
Loan Interest	30,174		13,132		
Hire Purchase Interest	1,153		761		
Exchange (Profit)/Loss	(2,349)		17,173		
Interest on Overdue Tax	236		-		
	135,452		80,737		
<u>Depreciation and Profit on Disposal</u>					
Motor Vehicles	18,065		13,279		
Furniture, Fittings and Office Equipment	7,559		6,885		
Profit on Sale of Motor Vehicle	(17,650)		-		
	7,974		20,164		
		794,422			664,176
<u>NET PROFIT FOR THE YEAR</u>		£570,310			£154,810