

Company No: 1319086

MARCON SERVICES LIMITED
REPORTS AND ACCOUNTS
31 DECEMBER 1997



MARCON SERVICES LIMITED
REPORT OF THE DIRECTORS

The directors present their report and accounts for the year ended 31 December 1997.

PRINCIPAL ACTIVITY

The company provides administration and related services to overseas and UK companies.

RESULTS AND DIVIDENDS

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

DIRECTORS

The directors of the company during the year, none of whom had any interest in the issued share capital of the company were as follows :-

F Kamal (Swedish)
J E Mawad (French)
C M Richer

AUDITORS

Godfrey Allan have expressed their willingness to be reappointed as auditors in accordance with the Companies Act 1985.

EXEMPTION

Advantage has been taken in the preparation of the accounts, of special exemptions applicable to small companies.

Registered Office :
53 Mount Street
London
W1Y 5RE

By Order of the Board


.....
C M Richer - Director

Dated : 9 September 1998

MARCON SERVICES LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 1997

It is the responsibility of the directors to prepare financial statements for each 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 the year. In preparing those financial statements the directors are required to :

- i) select suitable accounting policies and then apply them consistently;
- ii) make judgements and estimates that are reasonable and prudent;
- iii) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- iv) 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 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
MARCON SERVICES LIMITED
FOR THE YEAR ENDED 31 DECEMBER 1997

We have audited the accounts on pages 4 to 9 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 2, the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion, the accounts give a true and fair view of the state of the company's affairs at 31 December 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985 applicable to small companies.

Godfrey Allan
Godfrey Allan
Chartered Accountants &
Registered Auditors
Knighton House
56 Mortimer Street
London
W1N 8BY

10...September..... 1998

MARCON SERVICES LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 1997

	NOTE	1997	1996
		£	£
TURNOVER	2	71,050	36,459
Administrative costs		(129,275)	(120,832)
Rent receivable		70,500	70,500
Interest Payable		-	-
Interest Receivable		636	322
		-----	-----
Profit/(Loss) on ordinary activities before tax	3	12,911	(13,551)
Taxation	4	(138)	-
		-----	-----
Profit/(Loss) on ordinary activities after tax		12,773	(13,551)
Retained deficit brought forward		(340,826)	(327,275)
		-----	-----
Retained deficit carried forward		(328,053)	(340,826)
		=====	=====

The company has no recognised gains or losses other than the profit and loss on ordinary activities disclosed above for 1997 and 1996.

All activities are in respect of continuing activities.

MARCON SERVICES LIMITED
BALANCE SHEET
31 DECEMBER 1997

	NOTE	1997	1996
		£	£
FIXED ASSETS			
Tangible assets	5	7,095	7,802
CURRENT ASSETS			
Debtors	6	11,477	10,917
Cash at bank and in hand		57,816	25,561
		<u>69,293</u>	<u>36,478</u>
CREDITORS : Amounts falling due within one year	7	<u>(69,675)</u>	<u>(50,340)</u>
NET CURRENT ASSETS		<u>(382)</u>	<u>(13,862)</u>
NET ASSETS/(LIABILITIES)		<u><u>£6,713</u></u>	<u><u>£(6,060)</u></u>
CAPITAL AND RESERVES			
Called up share capital - equity	8	300,100	300,100
Share premium account	9	34,666	34,666
Profit and loss account		(328,053)	(340,826)
Equity Shareholders Funds	10	<u><u>£6,713</u></u>	<u><u>£(6,060)</u></u>

The directors have taken advantage of special exemptions in the preparation of the accounts on the grounds that the company is a small company.

Approved by the Board of Directors on 9 September 1998 and signed on their behalf by:

 (Director)

F KAMAL

 (Director)
C M RICHER

MARCON SERVICES LIMITED
NOTES TO THE ACCOUNTS
31 DECEMBER 1997

1. ACCOUNTING POLICIES

Accounting Convention

The accounts are prepared under the historical cost convention in accordance with applicable Accounting Standards.

Turnover

Turnover represents the amount receivable for services provided to customers, excluding Value Added Tax.

Depreciation

Depreciation on the Leasehold Premises is calculated so as to write it down over the term of the lease.

Depreciation on the Motor Vehicle is 20% straight line.

Deferred Taxation

Deferred taxation is provided for on the liability basis, except where the directors are satisfied that no amount will become payable in the foreseeable future.

2. TURNOVER

The turnover and profit before taxation are attributable to the principal activity and are derived wholly in the UK.

3. PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

This is stated after charging :

	1997	1996
	£	£
Amortisation and depreciation	707	2,807
Auditors remuneration	1,500	1,500
	-----	-----

4. TAXATION

	1997	1996
	£	£
UK current year taxation	138	-
UK Corporation tax at 23 % (1996 - Nil)	=====	=====

There is no liability to deferred taxation.

MARCON SERVICES LIMITED
NOTES TO THE ACCOUNTS
31 DECEMBER 1997

5. FIXED ASSETS

	MOTOR VEHICLE	LEASEHOLD PREMISES	TOTAL
	£	£	£
COST			
Brought forward	10,500	16,492	26,992
Addition	-	-	-
	-----	-----	-----
Carried forward	10,500	16,492	26,992
	-----	-----	-----
DEPRECIATION			
Brought forward	10,500	8,690	19,190
Charge for the year	-	707	707
	-----	-----	-----
	10,500	9,397	19,897
	-----	-----	-----
NET BOOK VALUE			
31 December 1997	0	7,095	7,095
	-----	-----	-----
31 December 1996	0	7,802	7,802
	-----	-----	-----

6. DEBTORS

	1997	1996
	£	£
Trade debtors	6,329	9,023
Other debtors	898	1,894
Prepayment and accrued income	4,250	-
	-----	-----
	£ 11,477	£ 10,917
	=====	=====

7. CREDITORS : Amounts falling due within one year :

	1997	1996
	£	£
Trade creditors	18,828	21,612
Corporation tax	138	-
Amount owed to parent company	17,089	23,938
Social Security and other taxation	687	1,310
Accruals	8,078	1,500
Other creditors	24,855	1,980
	-----	-----
	£ 69,675	£ 50,340
	=====	=====

MARCON SERVICES LIMITED
NOTES TO THE ACCOUNTS
31 DECEMBER 1997

8. SHARE CAPITAL

	1997 £	1996 £
Authorised :	300,100	300,100
Ordinary shares of £1 each :		
Issued and fully paid	300,000	300,000
Deferred shares	100	100
	<u>£ 300,100</u>	<u>£ 300,100</u>

9. SHARE PREMIUM ACCOUNT

	1997	1996
Arising in 1989 on the issue of 100 deferred shares	<u>£34,666</u>	<u>£34,666</u>

**10. RECONCILIATION OF MOVEMENT IN
SHAREHOLDERS FUNDS**

	1997	1996
Opening Shareholders Funds	(6,060)	7,491
Profit/(Loss) for the year	12,773	(13,551)
Closing Shareholders Funds	<u>£ 6,713</u>	<u>(£ 6,060)</u>

11. HOLDING COMPANY

The company's ultimate holding company is Stowmarket Enterprises Inc., a company incorporated in Panama.

12. CAPITAL COMMITMENTS

At 31 December 1997 there were no outstanding commitments for capital expenditure (1996 : £ Nil).

13. CONTINGENT LIABILITIES AND OTHER FINANCIAL COMMITMENTS

At 31 December 1997 there were no contingent liabilities (1996 - £ Nil) .

At 31 December 1997 there were the following commitments under non-cancellable operating leases :

	Land and Buildings 1997 £	1996 £
Operating leases which expire : over five years	<u>70,500</u>	<u>70,500</u>

14 RELATED PARTY TRANSACTIONS

Management fees were charged to Stowmarket Properties Limited in 1997, a company in which F Kamal and C M Richer are directors, of £30,000.(1996 - £15,000)

The company owed Stowmarket Properties Limited £17,089 at 31 December 1997 (1996 - £23,938)