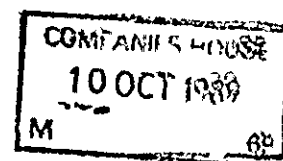


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SCALA IMPEX LIMITED

MODIFIED REPORT AND ACCOUNTS
year ended 31st December 1988

Cartwright & Company
Chartered Accountants



REPORT OF THE AUDITORS
TO THE DIRECTORS OF SCALA IMPEX LIMITED
UNDER SCHEDULE 8(10) OF THE COMPANIES ACT 1985
year ended 31st December 1988

We have examined the Modified Accounts set out on pages 2 to 4 which have been properly prepared in accordance with Schedule 8 of the Companies Act 1985. In our opinion the Company satisfies the requirements of Sections 247 to 249 of the Companies Act 1985 for exemption as a small Company for the year ended 31st December 1988.

As auditors to Scala Impex Limited on 21st September 1989 we reported to the members on the Accounts of the Company prepared under Section 227 of the Companies Act 1985 for the year ended 31st December 1988 as follows:

"We have audited the financial statements on pages 3 to 8 in accordance with approved Auditing Standards.

The company did not carry out a physical count of stock at 31st December 1988 and there were no practicable alternative auditing procedures that we could apply to confirm quantities. Accordingly, we have been unable to obtain all the information and explanations considered necessary to satisfy ourselves as to the existence of the stock quantities valued at £222,495 at 31st December 1988. In our opinion, in the case of stock, proper accounting records have not been kept as required by section 221 Companies Act 1985.

In common with many businesses of similar size and organisation the company's system of control is dependent upon the close involvement of the directors. Where independent confirmation of the completeness of the accounting records was therefore not available we have accepted assurances from the directors that all the company's transactions have been reflected in the records.

Subject to the foregoing, 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 affairs of the Company at 31st December 1988 and of the Profit and Source and Application of Funds of the company for the year ended on that date and comply with the Companies Act 1985."

Cartwright & Company
Chartered Accountants

21st September 1989

SCALA IMPEX LIMITEDBALANCE SHEET
31st December 1988

	<u>Notes</u>	£	<u>1988</u>	£	£	<u>1987</u>	£
FIXED ASSETS							
Tangible Assets				6,488			5,396
CURRENT ASSETS							
Stock and Work in Progress			225,495			190,560	
Debtors	2		49,078			64,532	
Cash at Bank and in Hand			3,675			4,279	
			<u>278,248</u>			<u>259,371</u>	
CREDITORS							
Amounts due within one year	3		<u>256,639</u>			<u>244,346</u>	
NET CURRENT ASSETS				21,609			15,025
TOTAL ASSETS LESS CURRENT LIABILITIES				<u>£ 28,097</u>			<u>£ 20,421</u>
CAPITAL AND RESERVES							
Share Capital	4		7,000			7,000	
Reserves			21,097			13,421	
				<u>£ 28,097</u>			<u>£ 20,421</u>

In preparing these Modified Accounts as set out on pages 2 to 4, we have relied upon the exemptions for individual Accounts provided by Section 247 to 249 of the Companies Act 1985 and we have done so on the grounds that the Company is entitled to the benefit of those exemptions as a Small Company.

.....
M Zafaryab)
.....) DIRECTORS
Mrs S Zafaryab)
.....
.....
..... DATE

CERTIFIED A TRUE COPY

SCALA IMPEX LIMITEDNOTES TO THE FINANCIAL STATEMENTS
year ended 31st December 19881. ACCOUNTING POLICIES

- a. The Accounts have been prepared under the Historical Cost convention
- b. Turnover represents the net amount of invoices to customers less credit notes for goods returned, excluding VAT.
- c. Depreciation is provided on other assets in equal instalments over their useful lives. The following rates have been applied :

Motor Vehicles	25%
Office Equipment	15%

- d. Stock and Work in Progress is valued at the lower of Cost and Net Realisable Value after making due allowance for obsolete and slow-moving items.

2. DEBTORS

	<u>1988</u> £	<u>1987</u> £
Amounts due within one year		
Trade Debtors	48,311	64,389
Prepayments	767	143
	<u>49,078</u>	<u>64,532</u>

3. CREDITORS

	<u>1988</u> £	<u>1987</u> £
Amounts due within one year		
Barclays Current Account	39,074	35,578
Trade Creditors	123,551	124,667
Other Creditors	-	135
Corporation Tax	5,033	2,285
PAYE	3,848	3,856
Accruals	4,700	6,413
Director's Loan Account	49,525	43,161
Director's Loan account	30,046	30,046
Value Added Tax	862	(1,795)
	<u>256,639</u>	<u>244,346</u>

SCALA IMPEX LIMITEDNOTES TO THE FINANCIAL STATEMENTS
year ended 31st December 19884. SHARE CAPITAL

	<u>1988</u> <u>£</u>	<u>1987</u> <u>£</u>
Authorised	10,000	10,000
Allotted, Issued and Fully Paid	7,000	7,000