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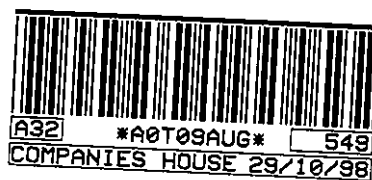
Registered No. 01347969

I.R.Reference 614/86140/08710

SCALA IMPEX LIMITED

FINANCIAL STATEMENTS  
YEAR ENDED 31ST DECEMBER 1997

CARTWRIGHT & COMPANY  
Chartered Accountants and  
Registered Auditors



SCALA IMPEX LIMITED  
FINANCIAL STATEMENTS  
year ended 31st December 1997

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SCALA IMPEX LIMITEDCOMPANY INFORMATION  
year ended 31st December 1997

INCORPORATED	England on 13th January 1978
NUMBER	01347969
DIRECTORS	Mrs S Zafaryab M Zafaryab
SECRETARY	Mrs S Zafaryab
REGISTERED OFFICE	106 High Street Stevenage Herts SG1 3DW
BANKERS	Barclays Bank plc Acton London
AUDITORS	Cartwright & Company Chartered Accountants and Registered Auditors 106 High Street Stevenage Herts SG1 3DW

SCALA IMPEX LIMITEDDIRECTORS' REPORT  
year ended 31st December 1997

The directors present their report and the audited financial statements for the year ended 31st December 1997.

**Principal activity**

The principal activity of the company is importers and exporters of surgical instruments.

**Business review**

The company's balance sheet as detailed on page 6 shows a satisfactory position, shareholders' funds amounting to £91,536.

**Results and dividends**

The results for the year are shown in the profit and loss account on page 5. An ordinary dividend amounting to £16,000 is proposed.

**Fixed assets**

In the opinion of the directors there is no significant difference between the present market value of the company's properties and the amounts at which they are stated in the accounts. Details are set out in note 8.

**Directors**

The directors of the company during the year and their interests in the shares of the company as recorded in the register of directors' interests were as follows

	31st December 1997	1st January 1997
	Ordinary shares	Ordinary shares
Mrs S Zafaryab	5,000	5,000
M Zafaryab	5,000	5,000

**Auditors**

The Company has elected to dispense with the annual appointment of auditors. In the absence of a specific resolution to the contrary Cartwright & Company will continue in office.

On behalf of the board



Mrs S Zafaryab  
Secretary

23.10.98

106 High Street  
Stevenage  
Herts  
SG1 3DW

SCALA IMPEX LIMITEDSTATEMENT 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 apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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.

On behalf of the board



Mrs S Zafaryab  
Director

23.10.98

SCALA IMPEX LIMITEDAUDITORS' REPORT

**Auditors' report to the members of  
Scala Impex Limited**

We have audited the financial statements on pages 5 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

**Respective responsibilities of directors and auditors**

As described on page 3, 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, except that the scope of our work was limited as explained below.

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 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. However, the evidence available to us was limited because no stock taking procedures were performed at the year end and in consequence we were unable to carry out auditing procedures necessary to obtain adequate assurance regarding the quantities and condition of stock and work in progress, appearing in the balance sheet at £61,000. Any adjustment to this figure would have a consequential significant effect on the profit for the year.

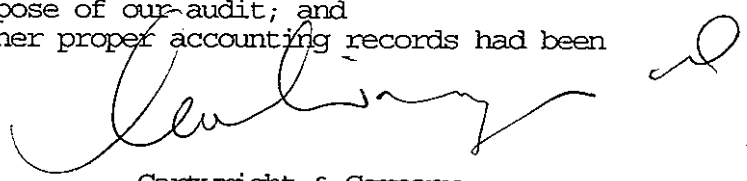
In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.


**Opinion: disclaimer on view given by financial statements**

Because of the possible effect of the limitation in evidence available to us, we are unable to form an opinion as to whether the financial statements give a true and fair view of the state of the company's affairs as at 31st December 1997 and of its profit for the year then ended. In all other respects, in our opinion the financial statements have been properly prepared in accordance with the Companies Act 1985.

In respect alone of the limitation on our work relating to stock and work in progress:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether proper accounting records had been maintained.

  
Cartwright & Company  
Chartered Accountants and  
Registered Auditors

26.10.98 

SCALA IMPEX LIMITEDPROFIT AND LOSS ACCOUNT  
year ended 31st December 1997

	Note	1997 £	1996 £
Turnover	2	444,811	488,777
Cost of sales		(317,448)	(377,588)
Gross profit		127,363	111,189
Net operating expenses			
Administrative expenses		(82,716)	(69,905)
Other operating income		-	637
Operating profit	3	44,647	41,921
Interest payable	5	(767)	(436)
Profit on ordinary activities before taxation		43,880	41,485
Taxation	6	(9,820)	(10,048)
Profit on ordinary activities after taxation		34,060	31,437
Dividends	7	(16,000)	(24,000)
Retained profit for the year	15	18,060	7,437

Movements in reserves are shown in note 15.

None of the company's activities were acquired or discontinued during the above two financial years.

There are no recognised gains and losses in 1997 or 1996 other than the profit for the year.

SCALA IMPEX LIMITEDBALANCE SHEET  
at 31st December 1997

	Note	£	1997 £	£	1996 £
<b>Fixed assets</b>					
Tangible assets	8		23,122		22,095
<b>Current assets</b>					
Stocks	9	61,000		89,950	
Debtors	10	112,611		91,554	
Cash at bank and in hand		5,279		382	
			178,890		181,886
Creditors: amounts falling due within one year	11	(109,272)		(129,541)	
<b>Net current assets</b>			69,618		52,345
<b>Total assets less current liabilities</b>			92,740		74,440
<b>Provision for liabilities and charges</b>	12		(1,204)		(964)
			91,536		73,476
<b>Capital and reserves</b>					
Called up share capital	14		10,000		10,000
Profit and loss account	15		81,536		63,476
<b>Total shareholders' funds</b>	13		91,536		73,476

These financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements on pages 5 to 11 were approved by the board of directors on 26th October 1998 and signed on its behalf by:

*S. Zafaryab*

Mrs S Zafaryab  
Director

Certified true copy.

23.10.98



SCALA IMPEX LIMITEDNOTES ON FINANCIAL STATEMENTS  
year ended 31st December 1997**1 Accounting policies****Basis of accounting**

The financial statements have been prepared under the historical cost accounting rules.

The company has taken advantage of the exemption from preparing a cash flow statement as conferred by Financial Reporting Standard No. 1 (Revised 1996) on the grounds that it qualifies as a small company under the Companies Act 1985.

**Turnover**

Turnover represents the amount derived from the provision of goods and services falling within the company's activities after deduction of trade discounts and value added tax.

**Tangible fixed assets**

Depreciation of fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives as follows:

Freehold buildings	2% straight line method
Plant and machinery	15% reducing balance method
Fixtures and fittings	15% reducing balance method

**Leases and hire purchase contracts**

Rentals paid under operating leases are charged to income as incurred.

**Stocks**

Stocks are valued at the lower of cost and net realisable value. Cost is computed on a first in first out basis.

Net realisable value is based on estimated selling price less the estimated cost of disposal.

**Deferred taxation**

Deferred taxation is provided on the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

**Pensions****Defined contribution scheme**

Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

**2 Turnover**

In the opinion of the directors, none of the turnover of the company is attributable to geographical markets outside the UK. (1996 nil)

SCALA IMPEX LIMITEDNOTES ON FINANCIAL STATEMENTS  
year ended 31st December 1997**3 Operating profit**

	1997 £	1996 £
Operating profit is stated after crediting		
Interest receivable	-	637
and after charging		
Auditors' remuneration	4,600	4,300
Operating leases		
Hire of assets other than plant & machinery	264	352
Depreciation of tangible fixed assets (note 8)		
Owned assets	3,111	2,919

**4 Directors**

	1997 £	1996 £
Directors' emoluments	9,527	9,426

**Defined contribution pension scheme**

The company operates a defined contribution 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 £2,400 (1996 £2,400).

**5 Interest payable**

	1997 £	1996 £
Interest payable	767	436

**6 Taxation**

	1997 £	1996 £
Corporation tax on profit on ordinary activities at 21% and 24% (1996 24% and 25%)	9,580	9,963
Deferred taxation	240	85
	9,820	10,048

**7 Dividends**

	1997 £	1996 £
Equity - ordinary/final	16,000	24,000

SCALA IMPEX LIMITEDNOTES ON FINANCIAL STATEMENTS  
year ended 31st December 1997

## 8 Tangible fixed assets

	Plant and Machinery £	Fixtures and Fittings £	Land and Buildings £	Total £
<b>Cost</b>				
1st January 1997	29,350	4,721	7,065	41,136
Additions	4,138	-	-	4,138
31st December 1997	33,488	4,721	7,065	45,274
<b>Depreciation</b>				
1st January 1997	15,181	3,226	634	19,041
Charge for year	2,746	224	141	3,111
31st December 1997	17,927	3,450	775	22,152
<b>Net book amount</b>				
31st December 1997	15,561	1,271	6,290	23,122
1st January 1997	14,169	1,495	6,431	22,095

## 9 Stocks

	1997 £	1996 £
Stocks	61,000	89,950

## 10 Debtors

	1997 £	1996 £
<b>Amounts falling due within one year</b>		
Trade debtors	63,868	82,860
Other taxation and social security	10,000	8,239
Prepayments and accrued income	38,743	455
	112,611	91,554

SCALA IMPEX LIMITEDNOTES ON FINANCIAL STATEMENTS  
year ended 31st December 199711. Creditors: amounts falling due  
within one year

	1997 £	1996 £
Bank overdraft	35,680	49,149
Trade creditors	22,351	40,123
Corporation tax	19,472	14,163
Other taxation and social security	18,458	6,000
Other creditors	512	7,234
Accruals and deferred income	12,799	12,872
	<u>109,272</u>	<u>129,541</u>

The bank overdraft is secured by an indemnity dated 20th October 1989.

## 12. Deferred taxation

	1997		1996	
	Amount unprovided £	Amount provided £	Amount unprovided £	Amount provided £
Corporation tax deferred by				
Capital allowances in excess	-	1,204	-	964
	<u>-</u>	<u>1,204</u>	<u>-</u>	<u>964</u>

Deferred taxation is based on a corporation tax rate of 21% and 24% (1996 24% and 25%).

## 13. Reconciliation of movements in shareholders' funds

	1997 £	1996 £
Profit for the financial year	34,060	31,437
Dividends	(16,000)	(24,000)
Net addition to shareholders' funds	<u>18,060</u>	<u>7,437</u>
Opening shareholders' funds	73,476	66,039
Closing shareholders' funds	<u>91,536</u>	<u>73,476</u>

SCALA IMPEX LIMITEDNOTES ON FINANCIAL STATEMENTS  
year ended 31st December 1997

## 14 Called up share capital

	1997		1996	
	Number of shares	£	Number of shares	£
<b>Authorised</b>				
Authorised share capital	10,000	10,000	10,000	10,000
<b>Allotted called up and fully paid</b>				
Issued share capital	10,000	10,000	10,000	10,000

## 15 Profit and loss account

	1997 £
1st January 1997	63,476
Retained profit for the year	18,060
31st December 1997	81,536