

PACIFIC MANUFACTURING (UK) LIMITED

Report and Accounts

31 March 1998

Registration number 2784764



PACIFIC MANUFACTURING (UK) LIMITED

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PACIFIC MANUFACTURING (UK) LIMITED
Directors and Officers

DIRECTORS

Mr J Ramos
Mr K Shahid

SECRETARY

Mr N Syed

REGISTERED OFFICE

300 Kingston Road
London SW20 8LX.

AUDITORS

Fairman Law
Chartered Certified Accountants
300 Kingston Road
London SW20 8LX.

PACIFIC MANUFACTURING (UK) LIMITED
Directors' Report

The directors present their report and accounts for the year ended 31 March 1998.

Principal activities and review of the business

The company's principal activity during the year continued to be that of exportation of chemicals and commodities including providing facilities of an export confirming house.

Turnover has decreased by 6.5% during the year. The company is in a good position to take advantage of any opportunities which may arise in the future.

Results and dividends

The profit for the year, after taxation, amounted to £14,779. The directors do not recommend a dividend for the year ended 31 March 1998.

Directors and directors' interests

The directors at the balance sheet date and their interests in the share capital of the company were as follows:

| | £1 Ordinary shares | |
|----------|--------------------|------|
| | 1998 | 1997 |
| J Ramos | Nil | Nil |
| K Shahid | Nil | Nil |

Auditors

A resolution to reappoint FAIRMAN LAW as auditors will be put to the members at the Annual General Meeting.

This report was approved by the board on 24 SEPTEMBER 1998


NAYED
Secretary

PACIFIC MANUFACTURING (UK) LIMITED
Statement of Directors' Responsibilities

Company law requires the directors to prepare accounts 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 for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining 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 accounts 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.

PACIFIC MANUFACTURING (UK) LIMITED
Auditors' Report

Report of the auditors
to the shareholders of PACIFIC MANUFACTURING (UK) LIMITED

We have audited the accounts on pages 5 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 3, the company's directors are responsible for the preparation of the 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 as at 31 March 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



FAIRMAN LAW
Chartered Certified Accountants
Registered Auditor

300 Kingston Road
London SW20 8LX.

Dated this the 30 Day of Sept 1998.

PACIFIC MANUFACTURING (UK) LIMITED
Profit and Loss Account
for the year ended 31 March 1998

| | Notes | 1998 £ | 1997 £ |
|--|-------|----------------|----------------|
| Turnover | 2 | 5,493,417 | 5,875,098 |
| Cost of sales | | (5,333,768) | (5,703,899) |
| Gross profit | | <u>159,649</u> | <u>171,199</u> |
| Administrative expenses | | (143,075) | (178,291) |
| Operating profit/(loss) | 3 | <u>16,574</u> | <u>(7,092)</u> |
| loss on the disposal of tangible fixed assets | 4 | (4,364) | - |
| | | <u>12,210</u> | <u>(7,092)</u> |
| Interest receivable | | 6,300 | 16,700 |
| Profit on ordinary activities before taxation | | <u>18,510</u> | <u>9,608</u> |
| Taxation on profit on ordinary activities | 7 | (3,731) | (1,600) |
| Profit on ordinary activities after taxation | | <u>14,779</u> | <u>8,008</u> |
| Retained profit for the year | 12 | <u>14,779</u> | <u>8,008</u> |

Continuing operations

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

Statement of total recognised gains and losses

The company has no recognised gains or losses other than the profit for the above two financial years.

PACIFIC MANUFACTURING (UK) LIMITED
Balance Sheet
as at 31 March 1998

| | Notes | 1998 £ | 1997 £ |
|---|-------|------------------|------------------|
| Fixed assets | | | |
| Tangible assets | 8 | 12,872 | 13,395 |
| Current assets | | | |
| Debtors | 9 | 2,371,548 | 2,233,485 |
| Cash at bank and in hand | | 267,851 | 739,014 |
| | | <u>2,639,399</u> | <u>2,972,499</u> |
| Creditors: amounts falling due within one year | 10 | (2,654,697) | (3,003,099) |
| Net current liabilities | | <u>(15,298)</u> | <u>(30,600)</u> |
| Total assets less current liabilities | | <u>(2,426)</u> | <u>(17,205)</u> |
| | | <u>(2,426)</u> | <u>(17,205)</u> |
| Capital and reserves | | | |
| Called up share capital | 11 | 30,000 | 30,000 |
| Profit and loss account | 12 | (32,426) | (47,205) |
| Shareholders' funds: | | | |
| Equity | | <u>(2,426)</u> | <u>(17,205)</u> |
| | 13 | <u>(2,426)</u> | <u>(17,205)</u> |

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J RAMOS
Director

Approved by the board on 24 SEPTEMBER 1998

PACIFIC MANUFACTURING (UK) LIMITED
Cash Flow Statement
for the year ended 31 March 1998

| | Notes | 1998 £ | 1997 £ |
|--|--------------|-------------------------|-------------------------|
| Reconciliation of operating profit to net cash inflow from operating activities | | | |
| Operating profit/(loss) | | 16,574 | (7,092) |
| Depreciation charges | | 3,002 | 2,364 |
| Increase in debtors | | (138,063) | (2,012,320) |
| (Decrease)/increase in creditors | | (20,605) | 128,195 |
| Net cash outflow from operating activities | | <u>(139,092)</u> | <u>(1,888,853)</u> |
| CASH FLOW STATEMENT | | | |
| Net cash outflow from operating activities | | (139,092) | (1,888,853) |
| Returns on investments and servicing of finance | 14 | 6,300 | 16,700 |
| Taxation | | (4,008) | - |
| Capital expenditure | 14 | <u>(6,843)</u> | <u>-</u> |
| | | (143,643) | (1,872,153) |
| Financing | 14 | (327,520) | 2,099,091 |
| (Decrease)/increase in cash | | <u>(471,163)</u> | <u>226,938</u> |
| Reconciliation of net cash flow to movement in net debt | | | |
| (Decrease)/increase in cash in the period | | (471,163) | 226,938 |
| Decrease/(increase) in debt and lease financing | | 327,520 | (2,099,091) |
| Change in net debt | 15 | <u>(143,643)</u> | <u>(1,872,153)</u> |
| (Net debt)/net funds at 1 April | | <u>(1,867,923)</u> | <u>4,230</u> |
| Net debt at 31 March | | <u>(2,011,566)</u> | <u>(1,867,923)</u> |

PACIFIC MANUFACTURING (UK) LIMITED
Notes to the Accounts
at 31 March 1998

1 Accounting policies

Accounting convention

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

| | |
|----------------------------------|-----------------------|
| Fixtures, Fittings and Equipment | 15% of Net Book Value |
|----------------------------------|-----------------------|

Computers and Equipments purchased during the year have been depreciated at 25% of Cost

Deferred taxation

Deferred taxation is provided on the liability method on all timing differences which are expected in the foreseeable future, calculated at the rate at which it is estimated that the tax will be payable.

Foreign currencies

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

2 Turnover

Turnover and pre-tax profit/loss are wholly attributable to the Company's principal activity.

The turnover arises wholly from sales to customers in the African Continent.

| | 1998 | 1997 |
|--|-------------|-------------|
| Turnover attributable to geographical markets outside the UK | 100.0% | 100.0% |

3 Operating profit

| | 1998 | 1997 |
|------------------------------------|-------------|-------------|
| | £ | £ |
| This is stated after charging: | | |
| Depreciation of owned fixed assets | 3,002 | 2,364 |
| Auditors' remuneration | 3,800 | 4,000 |

4 Loss on Disposal of Tangible Fixed Assets

| | 1998 | 1997 |
|---|-------------|-------------|
| | £ | £ |
| Loss on disposal of plant and machinery | (4,364) | - |

Directors' emoluments, excluding pension contributions, fell within the following ranges:

| | 1998 | 1997 |
|-------------------|---------------|---------------|
| | Number | Number |
| £10,001 - £15,000 | 1 | 1 |

PACIFIC MANUFACTURING (UK) LIMITED
Notes to the Accounts
at 31 March 1998

| 5 Directors' emoluments | 1998 | 1997 |
|--------------------------------|---------------|---------------|
| | £ | £ |
| Emoluments | <u>11,875</u> | <u>14,790</u> |

| 6 Staff costs | 1998 | 1997 |
|---------------------------------|---------------|---------------|
| | £ | £ |
| Wages and salaries | 52,000 | 35,266 |
| Social security costs | 5,314 | 4,203 |
| Employer's Pension Contribution | - | 327 |
| | <u>57,314</u> | <u>39,796</u> |

Average number of employees during the year

| | | |
|----------------|----------|----------|
| Administration | <u>5</u> | <u>5</u> |
|----------------|----------|----------|

| 7 Tax on profit on ordinary activities | 1998 | 1997 |
|---|--------------|--------------|
| | £ | £ |
| UK corporation tax at 21% | 1,323 | 1,600 |
| Under Provision - Prior Year | 2,408 | - |
| | <u>3,731</u> | <u>1,600</u> |

8 Tangible fixed assets

| | Plant and machinery £ |
|-----------------------|--------------------------------------|
| Cost | |
| At 1 April 1997 | 25,944 |
| Additions | 6,843 |
| Disposals | (8,753) |
| At 31 March 1998 | <u>24,034</u> |
| Depreciation | |
| At 1 April 1997 | 12,549 |
| Charge for the year | 3,002 |
| On disposals | (4,389) |
| At 31 March 1998 | <u>11,162</u> |
| Net book value | |
| At 31 March 1998 | <u>12,872</u> |
| At 31 March 1997 | <u>13,395</u> |

PACIFIC MANUFACTURING (UK) LIMITED
Notes to the Accounts
at 31 March 1998

| 9 Debtors | 1998 | 1997 |
|--------------------------------|------------------|------------------|
| | £ | £ |
| Trade debtors | 2,341,901 | 2,200,583 |
| Other debtors | 29,372 | 32,902 |
| Prepayments and accrued income | 275 | - |
| | <u>2,371,548</u> | <u>2,233,485</u> |

| 10 Creditors: amounts falling due within one year | 1998 | 1997 |
|--|------------------|------------------|
| | £ | £ |
| Shareholders' loans | 2,279,417 | 2,606,937 |
| Trade creditors | 366,516 | 387,986 |
| Corporation tax | 1,323 | 1,600 |
| Other taxes and social security costs | 1,233 | 1,310 |
| Other creditors | 1,241 | 566 |
| Accruals and deferred income | 4,967 | 4,700 |
| | <u>2,654,697</u> | <u>3,003,099</u> |

| 11 Share capital | 1998 | 1997 |
|-------------------------------------|---------------|---------------|
| | £ | £ |
| Authorised: | | |
| Ordinary shares of £1 each | <u>30,000</u> | <u>30,000</u> |
| | 1998 | 1997 |
| | No | No |
| Allotted, called up and fully paid: | | |
| Ordinary shares of £1 each | <u>30,000</u> | <u>30,000</u> |

| 12 Profit and loss account | 1998 | 1997 |
|-----------------------------------|-----------------|-----------------|
| | £ | £ |
| At 1 April | (47,205) | (55,213) |
| Retained profit | 14,779 | 8,008 |
| | <u>(32,426)</u> | <u>(47,205)</u> |
| At 31 March | | |

| 13 Reconciliation of movements in shareholders' funds | 1998 | 1997 |
|--|----------------|-----------------|
| | £ | £ |
| At 1 April | (17,205) | (25,213) |
| Profit for the financial year | 14,779 | 8,008 |
| | <u>(2,426)</u> | <u>(17,205)</u> |
| At 31 March | | |

PACIFIC MANUFACTURING (UK) LIMITED
Notes to the Accounts
at 31 March 1998

| 14 Gross cash flows | 1998 £ | 1997 £ |
|--|-------------------|-------------------|
| Returns on investments and servicing of finance | | |
| Interest received | <u>6,300</u> | <u>16,700</u> |
| Capital expenditure | | |
| Payments to acquire tangible fixed assets | <u>(6,843)</u> | <u>-</u> |
| Financing | | |
| Loan repayments | <u>(327,520)</u> | <u>2,099,091</u> |

| 15 Analysis of changes in net debt | At 1 Apr 1997 £ | Cash flows £ | Non-cash changes £ | At 31 Mar 1998 £ |
|---|--------------------------------|-------------------------|-----------------------------------|---------------------------------|
| Cash at bank and in hand | 739,014 | <u>(471,163)</u> | | 267,851 |
| Debt due within 1 year | (2,606,937) | <u>327,520</u> | | (2,279,417) |
| Total | <u>(1,867,923)</u> | <u>(143,643)</u> | <u>-</u> | <u>(2,011,566)</u> |

16 CONTROL

The controlling shareholders of the company are Mr N & Mrs H Jaffer, who are resident in The Republic of Congo.