

AK MARKETING (UK) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1995

F.W. Stephens & Co.
Chartered Accountants
10 Charterhouse Square
LONDON EC1M 6LQ



AK MARKETING (UK) LIMITED

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FOR THE YEAR ENDED 31ST DECEMBER 1995

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AK MARKETING (UK) LIMITED

OFFICERS AND ADVISERS

DIRECTORS	A.D. Kaye
SECRETARY	L. Fluxman
REGISTERED OFFICE	Unit 5, The Edge Business Centre, Humber Road, LONDON NW2 6EW
REGISTERED NUMBER	2823778
REGISTERED AUDITORS	F.W. Stephens & Co., 10 Charterhouse Square, LONDON EC1M 6LQ.
BANKERS	Barclays Bank Plc., P.O. Box No. 391, Bowater House, 68 Knightsbridge, LONDON SW1X 7NT
SOLICITORS	Jeffrey Green Russell Apollo House 56 New Bond Street LONDON W1Y 0SX

AK MARKETING (UK) LIMITED

DIRECTOR'S REPORT
FOR THE YEAR ENDED 31ST DECEMBER 1995

The director presents herewith his annual report, together with the audited financial statements of the company for the year ended 31st December 1995.

DIRECTOR'S RESPONSIBILITIES

Company law requires me 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, I am required to:

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

I am responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable me to ensure that the financial statements comply with the Companies Act 1985. I am 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.

PRINCIPAL ACTIVITY

The company's principal activity during the year was the sale of computer hardware, software and consumables.

REVIEW OF THE BUSINESS AND SUBSEQUENT EVENTS

The company is now trading profitably and is pursuing an expansion policy and anticipates substantially improved results in 1997.

In November 1995 the director increased from his own funds the paid up share capital of the company to £500,000.

DIRECTOR AND HIS INTEREST

The director of the company during the year and his interest in the share capital of the company at the beginning and end of the year was as follows:

	<u>Number of shares</u>	
	<u>31st December 1995</u>	<u>31st December 1994</u>
A.D. Kaye	499,999	1
A.D. Kaye (jointly with L. Fluxman)	1	1

REGISTERED AUDITORS

Messrs. F.W. Stephens & Co. have expressed their willingness to remain in office and in accordance with Section 385(2) Companies Act 1985, a resolution proposing their reappointment will be placed before the members at the forthcoming Annual General Meeting.

This report has been prepared taking advantage of the exemptions conferred by Part II of schedule 8 of the Companies Act 1985.

Signed on behalf of the Board



A.D. Kaye

Director

1st October 1996

AUDITORS' REPORT TO THE SHAREHOLDERS OF

AK MARKETING (UK) LIMITED

We have audited the financial statements 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 the director and auditors

As described on page 2 the company's director is responsible for the preparation of the 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. 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 director 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 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 financial statements 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 financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st December 1995 and of its loss for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.

10 Charterhouse Square
LONDON EC1M 6LQ

F W Stephens & Co.
F.W. Stephens & Co.
Registered Auditors and
Chartered Accountants

1st October 1996

AK MARKETING (UK) LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 1995

	<u>Notes</u>	<u>1995</u>	<u>1994</u>
		£	£
TURNOVER	2	1,755,336	1,542,175
COST OF SALES		1,632,174	1,479,785
GROSS PROFIT		123,162	62,390
Distribution costs		25,356	20,666
Administrative expenses		242,500	204,286
		267,856	224,952
OPERATING (LOSS)	3	(144,694)	(162,562)
Interest received	4	467	802
Interest payable	5	(8,021)	(1,707)
		(7,554)	(905)
(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		(152,248)	(163,467)
Tax on ordinary activities	6	-	-
RETAINED (LOSS) FOR THE YEAR		(152,248)	(163,467)
Retained (loss) brought forward		(164,700)	(1,233)
RETAINED (DEFICIT) CARRIED FORWARD		£ (316,948)	£ (164,700)

All amounts relate to continuing operations.

The company has no recognised gains or losses other than the loss for the year.

The attached notes form an integral part of these financial statements.

AK MARKETING (UK) LIMITED

BALANCE SHEET
AS AT 31ST DECEMBER 1995

	<u>Notes</u>	<u>1995</u>	<u>1994</u>
		£	£
FIXED ASSETS			
Tangible assets	8	155,039	171,702
CURRENT ASSETS			
Stocks	9	133,861	44,657
Debtors	10	292,880	214,356
Cash at bank and in hand		21,836	8,182
		<u>448,577</u>	<u>267,195</u>
CREDITORS - amounts falling due within one year	11	<u>(249,272)</u>	<u>(183,595)</u>
NET CURRENT ASSETS		<u>199,305</u>	<u>83,600</u>
ASSETS LESS CURRENT LIABILITIES		<u>354,344</u>	<u>255,302</u>
CREDITORS - amounts falling due after more than one year	12	<u>(171,292)</u>	<u>(420,000)</u>
NET ASSETS/(LIABILITIES)		<u>£ 183,052</u>	<u>£ (164,698)</u>

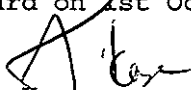
Financed by:

CAPITAL AND RESERVES

Called up share capital	13	500,000	2
Profit and loss account		(316,948)	(164,700)
		<u>£ 183,052</u>	<u>£ (164,698)</u>

The director has taken advantage of the exemptions conferred by Part I of Schedule 8 of the Companies Act 1985 and has done so on the grounds that in his opinion the company is entitled to these exemptions as a small company.

Approved and signed on behalf of the board on 1st October 1996 by:-


A.D. Kaye - Director

The attached notes form an integral part of these financial statements.

AK MARKETING (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31ST DECEMBER 1995

1. ACCOUNTING POLICIES

1.1 Accounting conventions

The financial statements are prepared under the historical cost convention and on a going concern basis. The director believes this basis is applicable as the company expects to return a small profit in 1996 and continued profits in future years.

1.2 Turnover

This represents goods invoiced less returns, net of value added tax.

1.3 Depreciation of tangible assets

Provision is made for depreciation on all tangible assets, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset over its expected useful life as follows:

Leasehold building:	evenly over 50 years
Fixtures and fittings:	20% per annum on cost
Furniture & office equipment:	33% per annum on cost
Motor vehicles:	25% per annum on cost

1.4 Stocks

Stock is valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving items.

1.5 Leasing and Hire Purchase Commitments

Assets obtained under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives.

Interest on finance leases and hire purchase contracts is charged to the profit and loss account on a reducing balance basis over the term of the agreement.

2. TURNOVER

Turnover is wholly attributable to the company's principal activity and is all attributable to continuing operations in the United Kingdom.

AK MARKETING (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
31ST DECEMBER 1995

3.	OPERATING (LOSS) FROM CONTINUING OPERATIONS	<u>1995</u>	<u>1994</u>
		£	£
	This is stated after charging:		
	Director's emoluments	25,901	22,098
	Auditors' remuneration	4,577	2,950
	Depreciation of owned assets	12,175	11,574
	Depreciation of assets held under finance leases and hire purchase contracts	860	5,141
	Loss/(Profit) on disposal of fixed assets	3,474	(1,585)
	Hire of equipment	369	3,268
		<u> </u>	<u> </u>
4.	OTHER INCOME	<u>1995</u>	<u>1994</u>
		£	£
	Bank interest	£ 467	£ 802
		<u> </u>	<u> </u>
5.	INTEREST PAYABLE	<u>1995</u>	<u>1994</u>
		£	£
	Bank loans and overdrafts repayable within 5 years	4,480	798
	Hire Purchase Interest	3,541	610
	VAT interest	-	299
		<u> </u>	<u> </u>
		£ 8,021	£ 1,707
		<u> </u>	<u> </u>
6.	TAXATION		
6.1	There is no charge to Corporation Tax due to losses incurred in the year. The company has available tax losses to carry forward against future trading profits.		
7.	RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	<u>1995</u>	<u>1994</u>
		£	£
	(Loss) for the financial year	(152,248)	(163,467)
	Issue of share capital	499,998	-
	Net increase/(reduction) in shareholders' funds	347,750	(163,467)
	Opening shareholders' deficit	(164,698)	(1,231)
	Closing shareholders' funds/(deficit)	<u>£ 183,052</u>	<u>£ (164,698)</u>

AK MARKETING (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
31ST DECEMBER 1995

8. TANGIBLE FIXED ASSETS

	<u>Land and buildings</u>	<u>Fixtures and fittings</u>	<u>Furniture & office equipment</u>	<u>Motor vehicles</u>	<u>Total</u>
	£	£	£	£	£
Cost:					
At 1st January 1995	144,380	4,768	23,196	17,125	189,469
Additions	-	3,916	9,425	20,250	33,591
Disposals	-	-	(9,971)	(37,375)	(47,346)
At 31st December 1995	<u>144,380</u>	<u>8,684</u>	<u>22,650</u>	<u>-</u>	<u>175,714</u>
Depreciation:					
At 1st January 1995	2,888	985	9,613	4,281	17,767
Charge for year	2,888	1,737	7,550	-	12,175
Disposals	-	-	(4,986)	(4,281)	(9,267)
At 31st December 1995	<u>5,776</u>	<u>2,722</u>	<u>12,177</u>	<u>-</u>	<u>20,675</u>
Net book value at 31st December 1995	<u>£138,604</u>	<u>£ 5,962</u>	<u>£10,473</u>	<u>£ -</u>	<u>£155,039</u>
Net book value at 31st December 1994	<u>£141,492</u>	<u>£ 3,783</u>	<u>£13,583</u>	<u>£ 12,844</u>	<u>£171,702</u>

	<u>1995</u>	<u>1994</u>
	£	£
The net book values of land and buildings comprise:		
Long leasehold	<u>138,604</u>	<u>141,492</u>

9. STOCKS

	<u>1995</u>	<u>1994</u>
	£	£
The amounts attributable to the different categories are as follows:		
Finished goods	<u>133,861</u>	<u>44,657</u>

10. DEBTORS

	<u>1995</u>	<u>1994</u>
	£	£
Trade debtors	287,691	208,350
Other taxes and social security costs	812	-
Other debtors	4,377	6,006
	<u>£292,880</u>	<u>£214,356</u>

AK MARKETING (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31ST DECEMBER 1995

11. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	<u>1995</u> £	<u>1994</u> £
Bank loans and overdraft	68,997	33,000
Obligations under hire purchase contracts	1,649	588
Trade creditors	140,059	106,520
Other taxes and social security costs	4,453	12,626
Loan account (see note 12)	20,285	20,636
Other creditors	13,829	10,225
	<u>£249,272</u>	<u>£183,595</u>

The bank loans and overdraft are secured by way of a fixed and floating charge over the assets of the company.

12. CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	<u>1995</u> £	<u>1994</u> £
Loan accounts	171,292	420,000

The above loan and the loan account included in note 11 have been provided interest-free by Mr. A.D. Kaye .

13. SHARE CAPITAL

	<u>Authorised</u>		<u>Allotted, Called up and fully paid</u>	
	<u>1995</u> £	<u>1994</u> £	<u>1995</u> £	<u>1994</u> £
Ordinary shares of £1 each	£ 500,000	£ 100	£ 500,000	£ 2

During the year, the company increased its authorised share capital to £500,000 and issued 499,998 ordinary £1 shares at par to provide additional working capital for the expansion of the company.

14. TRANSACTIONS WITH THE DIRECTOR

During the year the director purchased a motor vehicle from the company for £14,125.