

Company No. 2823778

AK MARKETING (UK) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1994

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 1994

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AK MARKETING (UK) LIMITED

OFFICERS AND ADVISORS

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

AK MARKETING (UK) LIMITED

DIRECTOR'S REPORT
FOR THE YEAR ENDED 31ST DECEMBER 1994

The director present herewith his annual report, together with the audited financial statements of the company for the year ended 31st December 1994.

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 1996.

The director intends to increase from his own funds the paid up share capital of the company to £500,000 in early November 1995.

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 were as follows:

	<u>Number of shares</u>	
	<u>31st December 1994</u>	<u>31st December 1993</u>
A.D. Kaye	1	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 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.

By Order of the Board


A.D. Kaye
Director

31st October 1995

AUDITORS REPORT TO THE MEMBERS 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 1994 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.
Registered Auditors and
Chartered Accountants

31st October 1995

AK MARKETING (UK) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 1994

		<u>Year ended 31.12.94</u>	<u>Period to 31.12.93</u>
	<u>Notes</u>	<u>£</u>	<u>£</u>
TURNOVER	2	1,542,175	440,937
COST OF SALES		1,479,785	381,497
GROSS PROFIT		62,390	59,440
Distribution costs		20,666	8,496
Administrative expenses		204,896	50,558
		224,952	59,054
OPERATING (LOSS)/PROFIT	3	(162,562)	386
Interest received	5	802	164
Interest payable	6	(1,707)	(1,783)
		(905)	(1,619)
(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		(163,467)	(1,233)
Tax on ordinary activities	7	-	-
RETAINED (LOSS) FOR THE YEAR		(163,467)	(1,233)
Retained (loss) brought forward		(1,233)	-
RETAINED (DEFICIT) CARRIED FORWARD		£ (164,700)	£ (1,233)

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 1994

	<u>Notes</u>	<u>1994</u>	<u>1993</u>
		£	£
FIXED ASSETS			
Tangible assets	9	171,702	15,525
CURRENT ASSETS			
Stocks	10	44,657	53,653
Debtors	11	214,356	94,660
Cash at bank and in hand		8,182	32,465
		<u>267,195</u>	<u>180,778</u>
CREDITORS - amounts falling due within one year	12	<u>(183,595)</u>	<u>(101,543)</u>
NET CURRENT ASSETS		<u>83,600</u>	<u>79,235</u>
ASSETS LESS CURRENT LIABILITIES		<u>255,302</u>	<u>94,760</u>
CREDITORS - amounts falling due after more than one year	13	<u>(420,000)</u>	<u>(95,991)</u>
NET (LIABILITIES)		<u>£(164,698)</u>	<u>£ (1,231)</u>
Represented by:			
CAPITAL AND RESERVES			
Called up share capital		2	2
Profit and loss account		(164,700)	(1,233)
		<u>£(164,698)</u>	<u>£ (1,231)</u>

The director has taken advantage of the exemptions conferred by Part I of Schedule 8 of the Companies Act 1985 and have 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 31st October 1995 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 1994

1. ACCOUNTING POLICIES

1.1 Accounting conventions

The financial statements are prepared under the historical cost convention.

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.

3. OPERATING (LOSS) FROM CONTINUING OPERATIONS

	<u>1994</u>	<u>1993</u>
	£	£
This is stated after charging:		
Director's emoluments	22,098	6,750
Auditor's remuneration	2,950	1,600
Depreciation of owned assets	11,574	2,906
Depreciation of assets held under finance leases and hire purchase contracts	4,281	-
(Profit) on disposal of fixed assets	(1,585)	-
Hire of equipment	3,268	-
	<u> </u>	<u> </u>

AK MARKETING (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
31ST DECEMBER 1994

4.	STAFF COSTS (including director's remuneration)	<u>1994</u>	<u>1993</u>
		£	£
	Wages and salaries	101,868	26,227
	Social security costs	11,439	2,687
	Other costs	8,002	-
		<u>£121,309</u>	<u>£ 28,914</u>

The average weekly number of employees during the year was made up as follows:

	No.	No.
Office and management (including the director)	6	4

5.	OTHER INCOME	<u>1994</u>	<u>1993</u>
		£	£
	Bank interest	£ 802	£ 164

6.	INTEREST PAYABLE	<u>1994</u>	<u>1993</u>
		£	£
	Bank loans and overdrafts repayable within 5 years	798	1,783
	Hire Purchase Interest	610	-
	VAT interest	299	-
		<u>£ 1,707</u>	<u>£ 1,783</u>

7. **TAXATION**

7.1 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.

8.	RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	<u>1994</u>	<u>1993</u>
		£	£
	(Loss) for the financial year/period	(163,467)	(1,233)
	Opening shareholders' deficit/funds	(1,231)	2
	Closing shareholders' deficit	<u>£(164,698)</u>	<u>£ (1,231)</u>

AK MARKETING (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31ST DECEMBER 1994

9. 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 1994	-	2,494	15,937	-	18,431
Additions	144,380	4,455	11,044	17,125	177,004
Disposals	-	-	(5,966)	-	(5,966)
Other movements	-	(2,181)	2,181	-	-
At 31st December 1994	<u>144,380</u>	<u>4,768</u>	<u>23,196</u>	<u>17,125</u>	<u>189,469</u>
Depreciation:					
At 1st January 1994	-	250	2,656	-	2,906
Charge for year	2,888	954	7,732	4,281	15,855
Disposals	-	-	(994)	-	(994)
Other movements	-	(219)	219	-	-
At 31st December 1994	<u>2,888</u>	<u>985</u>	<u>9,613</u>	<u>4,281</u>	<u>17,767</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>
Net book value at 31st December 1993	<u>£ -</u>	<u>£ 2,244</u>	<u>£13,281</u>	<u>£ -</u>	<u>£ 15,525</u>

	<u>1994</u>	<u>1993</u>
	£	£
The net book values of land and building comprises:		
Long leasehold	<u>141,492</u>	<u>-</u>

Included in the amounts for motor vehicles above are the following amounts relating to leased assets and assets which are subject to hire purchase contracts:

	<u>Hire purchase contracts</u>
	£
Depreciation charged during year	<u>£ 4,281</u>
Net book value at 31st December 1994	<u>£ 12,844</u>

10. STOCKS

	<u>1994</u>	<u>1993</u>
	£	£
The amounts attributable to the different categories are as follows:		
Finished goods	<u>44,657</u>	<u>53,653</u>

AK MARKETING (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
31ST DECEMBER 1994

11. DEBTORS	<u>1994</u>	<u>1993</u>
	£	£
Trade debtors	208,350	94,660
Other debtors	6,006	-
	<u>£214,356</u>	<u>£ 94,660</u>

12. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	<u>1994</u>	<u>1993</u>
	£	£
Bank loans and overdraft	33,000	4,225
Obligations under hire purchase contracts	588	-
Trade creditors	106,520	88,274
Other taxes and social security costs	12,626	7,444
Loan account	20,636	-
Other creditors	10,225	1,600
	<u>£183,595</u>	<u>£101,543</u>

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

13. CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	<u>1994</u>	<u>1993</u>
	£	£
Loan accounts	420,000	95,991

These loans have been provided interest-free by Mr. A.D. Kaye .

14. SHARE CAPITAL	<u>Authorised</u>		<u>Allotted, Called up and fully paid</u>	
	<u>1994</u>	<u>1993</u>	<u>1994</u>	<u>1993</u>
	£	£	£	£
Ordinary shares of £1 each	<u>£ 100</u>	<u>£ 100</u>	<u>£ 2</u>	<u>£ 2</u>