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SYSTEM CHYTEL GROUP LIMITED

ACCOUNTS

YEAR ENDED 31 MARCH 1997

RASHED SHAHEEDEE & CO

CHARTERED ACCOUNTANTS

AND

REGISTERED AUDITOR



SYSTEM CHYTEL GROUP LIMITED

DIRECTORS REPORT

YEAR ENDED 31 MARCH 1997

The directors are pleased to submit their report and audited accounts for the year ended 31 March 1997.

REVIEW OF ACTIVITIES

The principal activity of the company continues to be that of retail and distribution of mobile phones and accessories and there are no plans for any significant changes during the next financial year.

RESULTS AND DIVIDEND

The financial results for the year are set out in the attached Profit and Loss account. The directors do not recommend payment of any dividend.

FIXED ASSETS

Detail of fixed assets are set out in note 3 to the accounts.

DIRECTORS AND THEIR INTEREST

The directors who served during the year together with their interest in the capital of the company were as follows:

Ordinary Shares of £1 each
At the beginning and end of the year

A.I.Choudhury	10
O.R.Choudhury	10
S.Choudhury	10

STATEMENT OF DIRECTORS RESPONSIBILITIES

Company Law requires the directors to prepare financial statements for each year which give a true and fair view of the state of affairs of the company and of the profit and loss of the company for that period. In preparing those financial statements the directors are required to:

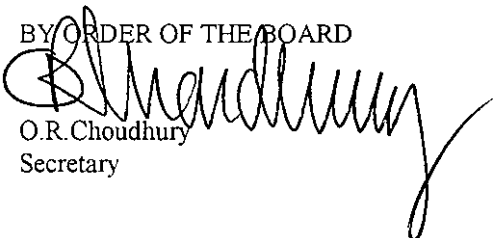
- select suitable accounting policies and apply them consistently,
- make reasonable and prudent judgements and estimates,
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

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 taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

The auditors, Messrs Rashed Shaheedee & Co., Chartered Accountants and Registered Auditors, of Premier House, 2 Gayton Road, Harrow, Middlesex HA1 2XU have expressed their willingness to continue in office. A resolution will be proposed at the Annual General meeting for their reappointment as auditors.

BY ORDER OF THE BOARD


O.R.Choudhury
Secretary

ChyTel House
160-164 Mile End Road
London E1 4LJ

24 February 1998

SYSTEM CHYTEL GROUP LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS OF SYSTEM CHYTEL GROUP LIMITED

We have audited the financial statements on pages 3 to 6 which have been prepared on the historical cost convention as per notes on the Accounting policies set out on page 5.

Respective responsibilities of Directors and Auditors

As described in page 1, the directors of the company are responsible for the preparation of Financial Statements for each financial year which give a true and fair view of the state of affairs at the end of the year. 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 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.

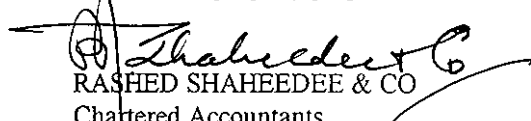
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error or other irregularity. 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 31 March 1997 and of its profit in the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Premier House
2 Gayton Road, Harrow
Middlesex HA1 2XU

24 February 1998


RASHED SHAHEEDEE & CO
Chartered Accountants
and
Registered Auditors

SYSTEM CHYTEL GROUP LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 1997

	NOTES		1996
Turnover	1	<u>509758</u>	<u>292904</u>
Less: cost of Sales		313922	200968
GROSS PROFIT		<u>195836</u>	<u>91936</u>
Net Operating expenses		163562	88700
Profit on ordinary activities before taxation		<u>33874</u>	<u>3236</u>
Taxation	6	4491	-
Profit on ordinary activities after taxation		<u>29383</u>	<u>3236</u>
Loss brought forward		-13327	-16563
Profit carried forward		<u>16056</u> =====	<u>-13327</u> =====

SYSTEM CHYTEL GROUP LIMITED

BALANCE SHEET

AS AT 31 MARCH 1997

	NOTE	£	£	1996
<u>FIXED ASSETS</u>				
Tangible Assets	3		14223	5745
<u>CURRENT ASSETS</u>				
Stock	1	35959		42916
Debtors and Prepayments		196842		40269
Bank and Cash		352		50
		<u>233153</u>		83235
<u>CURRENT LIABILITIES</u>				
Sundry Creditors and Accruals		167320		66342
Bank Overdraft		33738		4703
		<u>201058</u>		71045
NET CURRENT ASSETS			32095	12190
			<u>46318</u>	17935
Financed by				
Share Capital				
Ordinary Shares of £1 each				
Issued and fully paid			30	30
Profit and Loss Account			16056	-13327
			16086	-13297
Loans			30232	31232
			<u>46318</u>	17935

Mr A. Choudhury

Mr O.R. Choudhury

Mr S. Choudhury

Director

SYSTEM CHYTEL GROUP LIMITED

NOTES TO THE ACCOUNTS - YEAR ENDED 31 MARCH 1997

1. ACCOUNTING POLICIES

The principal accounting policies which have been adopted in the preparation of the company's accounts are as follows:

(a) ACCOUNTING CONVENTION

The accounts have been prepared under the historical cost convention

(b) TURNOVER

Turnover represents sale of mobile phones and accessories and commission received.

(c) DEPRECIATION

Depreciation is calculated to write off the cost of fixed assets over their estimated useful lives. The following rates have been applied:

Fixtures, Fittings and equipment - 20% on cost

(d) GOING CONCERN

The financial statements have been prepared on a going concern basis in the context of continued financial support from the company's Bankers, suppliers and directors.

(e) Stock has been valued by the directors.

2. SHARE CAPITAL

Authorised: 30,000 shares of £1 each 30000

Issued: 30 shares of £1 each 30

3. TANGIBLE FIXED ASSETS	Cost	Depreciation	Net Book Value	1996
Fixtures & Equipments:				
Balance b/f	7482	1737		
Additions	12445	3967		
	<u>19927</u>	<u>5704</u>	<u>14223</u>	<u>5745</u>

4. DEBTORS

Amount falling due within one year:

Trade Debtors	183842	25307
Other debtors and prepayments	13000	14962
	<u>196842</u>	<u>40269</u>

SYSTEM CHYTEL GROUP LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 1997 (Contd.)

5. CREDITORS		1996
Amount falling due within one year:		
Trade creditors	131069	45203
Other creditors and accruals	10704	3500
Credit card loan	2247	3505
Taxation and VAT	23300	14134
	<u>167320</u>	<u>66342</u>
	_____	_____

6. TAXATION

Provision for corporation tax has been made in the accounts based on profit for the year.