

ZANEX LIMITED  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 1997  
Company No: 2992098

*Pearlman Rose*  
*Chartered Accountants*  
*116/117 Saffron Hill*  
*LONDON*  
*EC1N 8QS*



ZANEX LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 1997

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DIRECTORS	Dr S Ali Dr M Baker	
SECRETARY	Dr S Ali	
BANKERS	National Westminster Bank Plc 250 Regent Street London W1A 4RY	
ACCOUNTANTS	Pearlman Rose Chartered Accountants 116/117 Saffron Hill London EC1N 8QS	

## ZANEX LIMITED

### DIRECTORS' REPORT

#### YEAR ENDED 31 DECEMBER 1997

The directors present their annual report together with the financial statements for the year ended 31 December 1997.

#### PRINCIPAL ACTIVITY

The principal activity of the company is that of property ownership and management.

#### DIRECTORS' RESPONSIBILITIES (in respect of preparation of financial statements)

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

- select suitable accounting policies and then apply them consistently.
- make judgements and estimates that are reasonable and prudent.
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to assume 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 responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud or other irregularities.

The directors are of the opinion that the company is eligible to take advantage of the audit exemption as specified in S249A(1) of the Companies Act 1985.

The directors confirm that the above requirements have been complied with in the financial statements.

ZANEX LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 1997

DIRECTORS

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

31 December 1997  
Ordinary shares

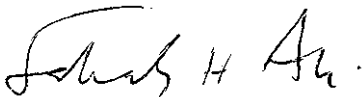
Dr S Ali  
Dr M Baker

-  
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SMALL COMPANY EXEMPTIONS

Advantage has been taken in the preparation of this report of special exemptions applicable to small companies provided by Part II of Schedule 8 to the Companies Act 1985.

By order of the board



Dr S Ali  
Secretary

25 February 1998

**ZANEX LIMITED**

**ACCOUNTANTS' REPORT TO THE SHAREHOLDERS**

**ON THE UNAUDITED FINANCIAL STATEMENTS**

We report on the financial statements for the year ended 31 December 1997 set out on pages 4 to 8.

**Respective responsibilities of directors and reporting accountants**

As described on page 1 the company's directors are responsible for the preparation of financial statements, and they consider that the company is exempt from an audit. It is our responsibility to carry out procedures designed to enable us to report our opinion.

**Basis of Opinion**

Our work was conducted in accordance with the Statement of Standards for Reporting Accountants, and so our procedures consisted of comparing the financial statements with the accounting records kept by the company, and making such limited enquiries of the officers of the company as we considered necessary for the purposes of this report. These procedures provide only the assurance expressed in our opinion.

**Opinion**

In our opinion:

- (a) the financial statements are in agreement with the accounting records kept by the company under Section 221 of the Companies Act 1985;
- (b) having regard only to, and on the basis of, the information contained in those accounting records:
  - (i) the financial statements have been drawn up in a manner consistent with the accounting requirements specified in Section 249C(6) of the Act; and
  - (ii) the company satisfied the conditions for exemption from an audit of the financial statements for the year specified in Section 249A(4) of the Act and did not, at any time within that year, fall within any of the categories of companies not entitled to the exemption specified in Section 249B(1) .

PEARLMAN ROSE  
Chartered Accountants  
116 - 117 Saffron Hill  
London  
EC1N 8QS

25 February 1998

ZANEX LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 1997

	Note	£	1997 £	£	1996 £
INCOME					
Rent receivable			28 500		25 000
Deduct					
Administrative costs			(5 970)		(6 793)
Operating profit	2		22 530		18 207
Other operating income		-		-	
Interest payable and other similar charges	3	(20 929)		(20 321)	
			(20 929)		20 321
Profit/(Loss) on ordinary activities before taxation			1 601		(2 114)
Taxation			-		(3 824)
Profit/(Loss) on ordinary activities after taxation			1 601		(5 938)

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

There are no recognised gains and losses in 1997 other than the loss for the period.

*The notes on pages 6 to 8 form part of the financial statements*

# ZANEX LIMITED

## BALANCE SHEET AS AT 31 DECEMBER 1997

	Note	£	1997 £	£	1996 £
Fixed assets					
Tangible assets	4		530 227		530 784
Current assets					
Debtors	5	-		1 490	
Cash at bank and in hand		-		1	
				<u>1 491</u>	
Creditors: Amounts falling due within one year	6	(516 217)		(519 866)	
				<u>=====</u>	
Net current liabilities			(516 217)		(518 375)
Total assets less current liabilities			<u>14 010</u>		<u>12 409</u>
			<u>=====</u>		<u>=====</u>
Capital and reserves					
Called up share capital	7		201		201
Profit and loss account	8		13 809		12 208
Shareholders' funds	9		<u>14 010</u>		<u>12 409</u>
			<u>=====</u>		<u>=====</u>

The exemption conferred by S249A(1) not to have these accounts audited applies to the company and the director confirms that no notice has been deposited under S249B(2) of the Companies Act. The directors acknowledge their responsibility of ensuring that:

- the company keeps accounting records which comply with section 221 of the Companies Act 1985.
- the accounts give a true and fair view of the state of affairs of the company, as at 31 December 1997 and of its loss for the year then ended in accordance with the requirements of S226 and which otherwise comply with the requirements of the Companies Act 1985 relating to accounts so far as applicable to the company.

Approved by the board on  
25 February 1998

  
Dr M Baker Director

The notes on pages 6 to 8 form part of the financial statements

## ZANEX LIMITED

### NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1997

#### 1. ACCOUNTING POLICIES

##### Basis of accounting

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

The company has taken advantage of the exemption from preparing a cash flow statement conferred by Financial Reporting Standard No. 1 on the grounds that it is entitled to the exemptions available in Section 246 to 247 of the Companies Act 1985 for small companies.

##### Depreciation

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

Office equipment 4 years

Freehold land and buildings

In the opinion of the directors the open market value of the freehold land and buildings is well in excess of the amount stated in the balance sheet and as the property is maintained in a continued state of repair, the directors do not believe it is necessary to provide any depreciation.

##### Deferred taxation

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

2. OPERATING PROFIT	1997	1996
	£	£
Operating profit is stated after crediting:		
Rent receivable	28 500	25 000
Interest receivable	-	-
	=====	=====
and after charging		
Accountancy fees	1 250	1 250
Depreciation of tangible assets	557	557
	=====	=====

ZANEX LIMITED

NOTES ON FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 1997 ACCOUNTS

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3.	INTEREST PAYABLE AND OTHER SIMILAR CHARGES	1997 £	1996 £
	Bank charges and interest	2 325	853
	Interest payable	18 604	19 468
		<u>20 929</u>	<u>20 321</u>
		=====	=====
4.	TANGIBLE ASSETS		
		Freehold land and buildings £	Plant and machinery £  Total £
	COST		
	As at 1 January 1997	529 660	2 228 531 888
	Additions	-	-
		<u>529 660</u>	<u>2 228 531 888</u>
		=====	=====
	At 31 December 1997	529 660	2 228 531 888
		<u>529 660</u>	<u>2 228 531 888</u>
		=====	=====
	DEPRECIATION		
	At 1 January 1997	-	1 104 1 104
	Charge for year	-	557 557
		<u>-</u>	<u>557 557</u>
		=====	=====
	At 31 December 1997	-	1 661 1 661
		<u>-</u>	<u>1 661 1 661</u>
		=====	=====
	NET BOOK VALUE		
	At 31 December 1997	529 660	567 530 227
		<u>529 660</u>	<u>567 530 227</u>
		=====	=====
	At 31 December 1996	529 660	1 124 530 784
		<u>529 660</u>	<u>1 124 530 784</u>
		=====	=====
5.	DEBTORS: AMOUNT FALLING DUE WITHIN ONE YEAR	1997 £	1996 £
	Other debtors	-	1 490
		<u>-</u>	<u>1 490</u>
		=====	=====

ZANEX LIMITED

NOTES ON FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 1997 ACCOUNTS

contd.....

6. CREDITORS: AMOUNTS FALLING  
DUE WITHIN ONE YEAR

	1997 £	1996 £
Bank overdraft	100	2 854
Bank loan	191 909	207 421
Amounts due to associated company	322 958	308 341
Accruals	1 250	1 250
	<u>516 217</u>	<u>519 866</u>
	=====	=====

7. CALLED UP SHARE CAPITAL

	£	£
Authorised		
Authorised ordinary shares of £1 each	1 000	1 000
	<u>1 000</u>	<u>1 000</u>
	=====	=====
Allotted called up and fully paid ordinary shares of £1 each	201	201
	<u>201</u>	<u>201</u>
	=====	=====

8. PROFIT AND LOSS ACCOUNT

	£	£
Balance brought forward	12 208	14 322
Profit/(Loss) for the year	1 601	(2 114)
	<u>13 809</u>	<u>12 208</u>
	=====	=====

9. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	£	£
Profit/(Loss) for the year period	1 601	(2 114)
Opening equity shareholders' funds	12 409	14 523
	<u>12 409</u>	<u>14 523</u>
Closing equity shareholders funds	14 010	12 409
	=====	=====